

Chapter 7

Policies for entrepreneurship skills

This chapter examines variations in entrepreneurship skills levels and challenges across disadvantaged and under-represented groups in entrepreneurship. It also examines policy actions that help entrepreneurs to develop entrepreneurship skills through formal education, stand-alone training and counselling, coaching and mentoring.

Entrepreneurship skills

Entrepreneurs need to use a range of skills in starting up and operating successfully in business, including both the workplace skills required of employees and further skills that reflect the additional demands of running a business. While some of these skills may not be absolutely necessary for business success, possessing them is likely to increase the quality of an entrepreneur's business and the chances that it will be sustainable and grow. It is therefore important to identify the skills used by entrepreneurs and consider how they may be strengthened by policy.

A good starting point is the workplace skills that are generally required of any worker. They combine generic skills, referring to skills used in the work environment that are transferable to different jobs and industries, as well as to other aspects of life, such as communication, team work and planning and organising skills, and skills that are specific to certain jobs or work functions such as computing, plumbing, or interpretation skills.

Generic skills are classified by the OECD's Programme for the International Assessment of Adult Competencies (PIAAC) according to the following three categories (please refer to Box 7.1 for further information on PIAAC):

- **Literacy:** The ability to understand, evaluate, use and engage with written text to develop knowledge for the purposes of participating in society and achieving personal goals. Literacy skills are essential for accessing information and services to make informed decisions, especially in a work environment.
- **Numeracy:** The ability to access, use, interpret and communicate mathematical information and ideas, to be able to engage in and manage the mathematical demands of a range of situations, including the work environment (e.g. managing schedules, budgets and project resources; working with spread sheets; taking and recording measurements; tracking expenditures; and, forecasting costs).
- **Problem solving:** A problem can be defined as a situation where the goal cannot immediately and routinely be reached due to a challenge or obstacle. The ability to solve problems is one of the most complex and sophisticated aspects of human cognition. In problem solving, one has to understand the current situation and then identify the proper decisions and actions that may lead to a solution. This process typically requires the use of a range of tools and information resources, which usually facilitates the resolution of the problem. However, the tools and resources may add to the difficulty of a problem when a person has limited knowledge and experience with them. In the work environment, problems and problem solving often involve interaction with other individuals.

Generic skills are becoming increasingly important in the workplace as employment shifts away from jobs that require routine and manual tasks towards jobs that require deeper thinking (problem solving) and complex communication (interacting with others

to acquire or explain information, or persuade others of its implications for action) (OECD, 2012; Statistics Canada-OECD, 2005). In particular, technological change, including the increasing presence of information and communication technologies (ICT), and the shift of economic activities towards knowledge-based activities, have led to a growing demand for higher-level cognitive skills involving the understanding, interpretation, analysis and communication of complex information.

Box 7.1. **The Programme for the International Assessment of Adult Competencies**

The OECD's Programme for the International Assessment of Adult Competencies (PIAAC) aims to collect and analyse data on the level and distribution of skills within the adult population of OECD countries and to understand the utilisation of skills in different contexts. This programme follows two previous international surveys of adult skills – the International Adult Literacy Survey (1994-98) and the Adult Literacy and Life Skills Survey (2003-06). PIAAC expands the scope of the measurement of adult skills in these previous surveys to place more emphasis on skills relevant to the digital age, particularly in the areas of literacy and problem solving.

PIAAC will provide evidence not only on the current level and distribution of skills, but also on the change in literacy and numeracy skills profiles over time. For the first time, PIAAC will offer a measure of problem solving that is directly linked to the ICT-rich environments that characterise jobs with a high information-processing content. Moreover, PIAAC is collecting considerably more information on the use of skills in the workplace than did previous surveys. That, in turn, will facilitate investigation of the effectiveness of matching workers to jobs and of the extent to which the skills possessed by individuals are used in their work.

The first results from PIAAC are expected to be published in 2013. For more information, please refer to: www.oecd.org/site/piaac/.

Alongside generic skills, entrepreneurs require certain job-specific skills related to the development, production and delivery of the specific products or services that their business offers. Job-specific skills are often used to distinguish one industry or workplace from another. For example, an entrepreneur that operates a hair salon business will need specific skills related to hair cutting and styling, including knowledge and use of hair products and instruments used to cut and style hair.

Furthermore, operating as entrepreneurs rather than employees puts a premium on a number of business management and personal entrepreneurial skills, such as business planning, self-motivation, assessing and managing risk, strategic thinking, making the best of personal networks, and motivating others (OECD, 2010). Table 7.1 outlines the types of skills required by entrepreneurs.

Table 7.1. **Types of skills required by entrepreneurs**

Technical skills	Business management skills	Personal entrepreneurial skills
Written and oral communication	Planning and goal setting	Self-control/discipline
Environment monitoring	Decision making	Risk management
Problem solving	Human resource management	Innovation
Technology implementation and use	Marketing	Persistence
Interpersonal	Finance	Leadership
Ability to organise	Accounting	Change management
	Customer relations	Network building
	Quality control	Strategic thinking
	Negotiation	
	Business launch	
	Growth management	
	Compliance with regulations	

Source: Hisrich and Peters (1992); OECD (2010); OECD (2013).

Entrepreneurs from disadvantaged groups: The same but different

The motivation for policy to facilitate the acquisition of entrepreneurship skills for people in disadvantaged and under-represented groups is the same as for mainstream entrepreneurs – to help them acquire the skills to start and run successful business operations. However, there are some specific challenges that people from disadvantaged and under-represented groups face in acquiring entrepreneurship skills. These are discussed in this chapter.

Box 7.2. **Key findings**

- Women are achieving increasingly high levels of educational attainment, and now reach higher levels than men in many countries. They therefore have significant exposure to entrepreneurship skills development in formal education.
- Women have less managerial and business ownership experience than men, which impacts negatively on their ability to acquire entrepreneurship skills.
- Young people tend to have had relatively limited work and business experience, which limits their opportunities to acquire relevant skills for starting and operating businesses.
- There is a strong opportunity to support entrepreneurship skills acquisition among young people through appropriate courses in the school, vocational and higher education systems. However, there are gaps in the coverage and quality of entrepreneurship education provision.
- Older people tend to have substantial work experience and networks that can support them in many aspects of successfully starting and operating businesses.
- Seniors have not necessarily had the chance to acquire entrepreneurship-specific skills if they have been working as employees and have not been involved in management.
- Entrepreneurship skills decay with time, and there are important differences among senior entrepreneurs in line with the length of time they have been out of the labour market.
- Limited entrepreneurship skills help to explain why many ethnic minority and immigrant businesses are in low-margin sectors.
- There are important differences in entrepreneurship skills levels across different ethnic minority and immigrant groups.

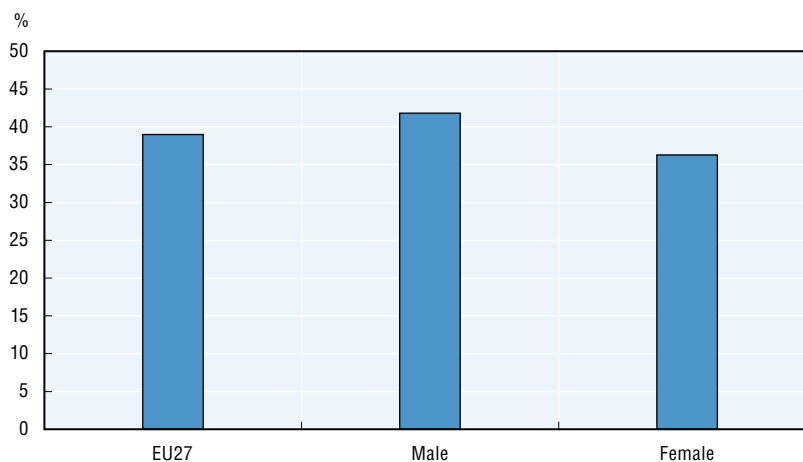
Women entrepreneurs

Women's formal education levels on average increasingly resemble or exceed those of men. However, women still face challenges accessing the same labour market and entrepreneurship experiences. Furthermore, women continue to have fewer opportunities than men in management, which acts as a barrier to gaining management experience and skills that can be used in entrepreneurship (Boden and Nucci, 2000). These barriers can be compounded by more limited entrepreneurship-relevant networks, which might otherwise permit women to compensate for some deficiencies in their entrepreneurship skills. Such issues are reflected in Figure 7.1, which shows that women are somewhat more likely than men to seek paid employment because they feel that they lack entrepreneurship skills.

Entrepreneurship classes in formal education – schools, vocational education and training colleges and universities – offer one possible route for women to acquire entrepreneurship skills. Indeed, this opportunity is increasing as differences in formal educational attainments between men and women reduced and even disappeared or reversed in many countries, and as women's involvement in university and vocational education has increased (Ganguli et al., 2011). However, despite high educational attainment, Figure 7.2 shows that women are less likely than men to believe that their school education provided them with entrepreneurship skills.

Figure 7.1. **Preference for paid employment due to a lack of entrepreneurship skills in the EU, 2009**

Why would you prefer to be an employee rather than self-employed? Proportion who answered "Lack of skills for self-employment"



Source: European Commission, 2009, "Entrepreneurship in the EU and beyond – A survey in the EU, EFTA countries, Croatia, Turkey, the US, Japan, South Korea and China", Flash Eurobarometer 283.


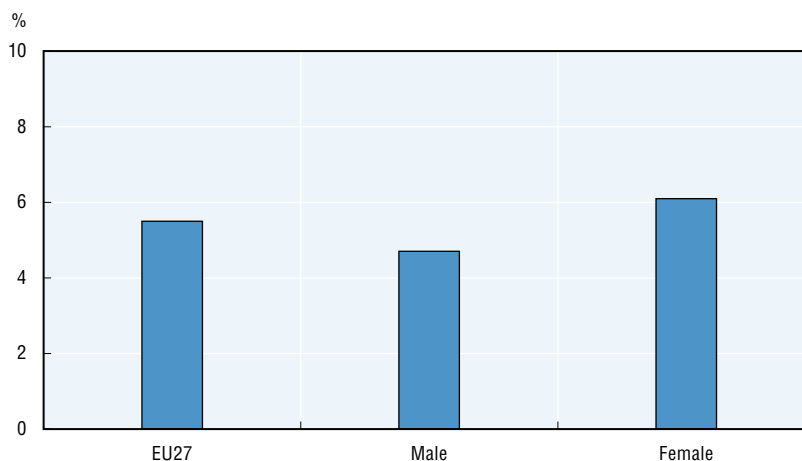

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Figure 7.2. Entrepreneurship skills learned at school in the EU, 2009
Proportion who strongly agree or agree with the following: “My school education gave me skills and know-how that enable me to run a business”



Source: European Commission, 2009, “Entrepreneurship in the EU and beyond – A survey in the EU, EFTA countries, Croatia, Turkey, the US, Japan, South Korea and China”, Flash Eurobarometer 283.

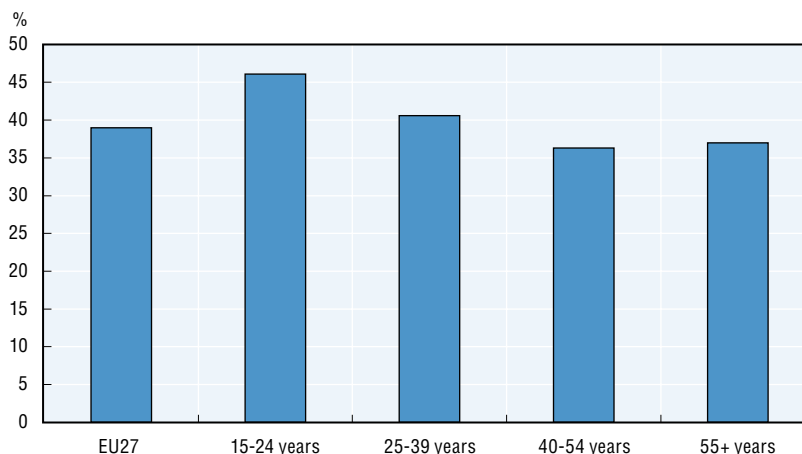
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Young entrepreneurs


Young people often have little work experience, either as employees or entrepreneurs, and are unlikely to have been able to acquire significant specialised technical, business management or personal entrepreneurial experience. This puts them at a disadvantage when seeking to start and run businesses. Furthermore, young people are less likely to have relevant business networks that could enable them to seek assistance that could compensate for their lack of skills. These issues appear to be reflected in evidence that young people are more likely to say that they prefer to work as an employee due to a lack of entrepreneurship skills (Figure 7.3).

Figure 7.3. Preference for paid employment due to a lack of entrepreneurship skills in the EU, 2009

Why would you prefer to be an employee rather than self-employed? Proportion who answered “Lack of skills for self-employment”

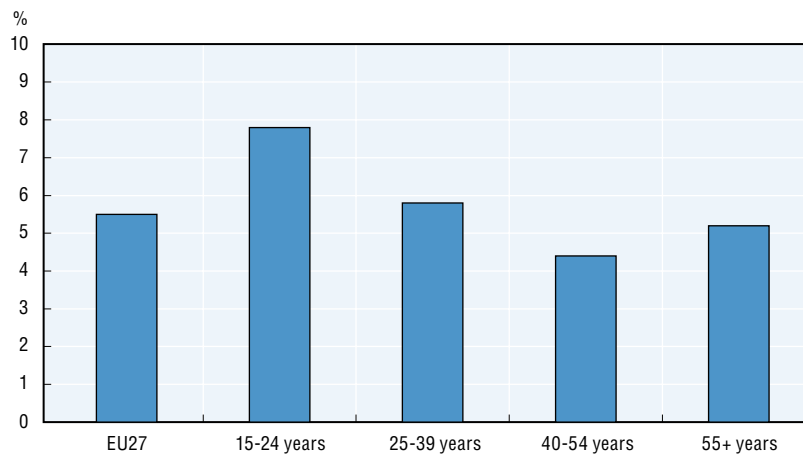


Source: European Commission, 2009, “Entrepreneurship in the EU and beyond – A survey in the EU, EFTA countries, Croatia, Turkey, the US, Japan, South Korea and China”, Flash Eurobarometer 283.


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On the other hand, young people tend to have recent exposure to formal education. Nearly one-half of those between the ages of 15 and 24 years indicate that their school education helped them to acquire entrepreneurship skills, a higher proportion than for other age groups (Figure 7.4).

Figure 7.4. Entrepreneurship skills learned at school in the EU, 2009
Proportion who strongly agree or agree with the following: “My school education gave me skills and know-how that enable me to run a business”



Source: European Commission, 2009, “Entrepreneurship in the EU and beyond – A survey in the EU, EFTA countries, Croatia, Turkey, the US, Japan, South Korea and China”, Flash Eurobarometer 283.

StatLink  <http://dx.doi.org/10.1787/888932927326>

It is nonetheless important to recognise that young people are not a homogeneous group. Some young people, such as those who are “not in employment, education or training” (NEETs) face multiple sources of disadvantage in their attempts to become entrepreneurs or self-employed (Blackburn and Ram, 2006). In particular, early school leavers face even greater challenges than other young people in acquiring entrepreneurship skills because they have exited the formal education system and have difficulty accessing the labour market to acquire skills through experience. Table 7.2 confirms that people without a secondary school certificate are less likely to be involved in business ownership or self-employment, while on the other hand, graduates are more likely to be involved.

Table 7.2. Total Early-Stage Entrepreneurial Activity (TEA) rates for EU countries 2007-2011

	None to some secondary	Secondary degree	Post-secondary degree	Graduate experience
Total (18-64 years old)	4.1	5.6	6.4	8.5
18-30 years old	4.9	6.6	6.8	9.5
50-64 years old	2.3	3.5	4.3	6.4

Note 1. The data cover all EU countries except Bulgaria, Cyprus, Estonia, Luxembourg, and Malta.

Source: Global Entrepreneurship Monitor, special tabulations of the 2007-2011 adult population surveys.

StatLink  <http://dx.doi.org/10.1787/888932929796>

Senior entrepreneurs

Senior entrepreneurs can take advantage of a wealth of knowledge, practice, learning and experience that they have acquired through their working lives, together with an accumulated web of formal and informal work-related networks giving access to customers, suppliers, investors, business advice and support and other resources (European Commission – OECD, 2012a; Weber and Schaper, 2003; Fisher, 2006; de Bruin and Firkin, 2001). This provides them with substantial technical skills and in-depth industry knowledge that can help them to make a success of business ownership. For example, Kautonen (2012) argues that senior entrepreneurs have greater competences to recognise business opportunities by identifying gaps in current business offerings and avoid many mistakes that would be encountered by other, inexperienced entrepreneurs, and there is evidence to suggest that these advantages make older people more capable of starting and running businesses than youth (Singh and DeNoble, 2003; Weber and Schaper, 2004; Baucus and Human, 1994).

However, while seniors may have acquired the technical skills needed for entrepreneurship, they have not necessarily developed business management and personal entrepreneurial skills (see Table 7.1) if they have spent most of their years working as employees rather than business owners, and have not worked in management. Thus Cooney (2012) notes that older people who have not been entrepreneurs often lack experience in the market, possess a “nine-to-five” working hours mentality and lack small business knowledge. Moreover, older people will not have had the same chances as many younger people to acquire basic entrepreneurship skills through the education system (Figure 7.4).

Furthermore, some of the work-related skills and networks of seniors can diminish quickly if they have already left the labour market, putting a premium on supporting seniors into entrepreneurship early on. In this respect, older entrepreneurs are not a homogeneous group, and there are significant differences between someone who is 55 years of age and still working, for example, and someone who is 70 years of age and has been retired for several years.

Ethnic minority and immigrant entrepreneurs

Many of the barriers faced by ethnic minority and immigrant entrepreneurs in starting, operating and growing businesses are directly related to skill levels, particularly entrepreneurship skills. For example, research in Ireland has found that entrepreneurs from ethnic minority groups have difficulties in building business networks and have low levels of management skills (Cooney and Flynn, 2008). Such skills gaps help to explain why many ethnic minority and immigrant businesses are in labour-intensive and low-wage or low-margin sectors (Ram and Jones, 2008).

However, there are significant differences in entrepreneurship skills across ethnic and immigrant populations depending on their ethnicity, location and generation, which pose challenges for policy makers (Ram et al., 2013). Different ethnic groups vary in their degree of comfort in dominant languages outside of their communities, and new immigrants often have less relevant skill relative to second and third generations (Beckers and Blumberg, 2011). Such differences can have an impact on the performance of businesses run by ethnic minorities (Bates, 1985).

Policy actions to improve entrepreneurship skills

Box 7.3. Key policy messages – Policy actions to improve entrepreneurship skills

- Support for entrepreneurship skills is important not just for increasing start-up rates but also for enhancing the quality of business creation by disadvantaged and under-represented groups.
- Entrepreneurship education in schools, vocational education and training and universities helps to build entrepreneurship skills in youth, but the proportions of students receiving this teaching should be increased, particularly at young ages, and more experiential learning methods introduced.
- Entrepreneurship training outside of formal education can be targeted on specific groups of motivated entrepreneurs and can focus more on practical skills development. It is one of the key means of reaching older people and disadvantaged youth who do not participate in education. There is significant scope for the development of on-line courses.
- Peer counselling, coaching and mentoring is an effective approach to strengthening entrepreneurship skills. It is particularly effective when peers are used from the same communities as the supported entrepreneurs. However, policy needs to build up the scale and capacities of the network of counsellors, coaches and mentors.

Policies that help entrepreneurs and potential entrepreneurs to acquire entrepreneurship skills generally fall into one of three categories: entrepreneurship education within the formal education system; stand-alone entrepreneurship training; and counselling, coaching and mentoring offered through business development services.

Formal education

The group that benefits from entrepreneurship education in schools, vocational education and training colleges and universities is younger people. Entrepreneurship education can help young people to overcome the barrier of their more limited labour market and business experience, and over time, will increase entrepreneurship skills in the population as a whole over time. In Europe, entrepreneurship education is seen as an integral part of policies to support small and medium sized enterprises, and is promoted by national governments and the European Union, for example through the Small Business Act for Europe, the Oslo Agenda for Entrepreneurship in Europe and the Best Procedure Project on Vocational Education and Training (European Commission, 2009; European Commission, 2012b). However, there is evidence that only a few younger people start a business compared with those who express an interest in doing so (European Commission – OECD, 2012b).

The typical approach to entrepreneurship education involves a combination of specialised entrepreneurship courses, smaller entrepreneurship modules embedded within other courses, and practical projects that provide young people with entrepreneurship experiences (Pittaway and Cope, 2007). More recently, some entrepreneurship educators have sought to expand the learning experience for the student by introducing experiential assignments (such as organising charity events or undertaking fieldwork), while other entrepreneurship educators have sought to use the Internet and technology generally to intensify student learning through business simulation activities.

Use of the Internet in formal learning activities generally adopts one of two approaches, e-learning or blended learning. E-learning involves the use of information and communications technologies (e.g. Internet) to deliver teaching and learning activities to students (Statistics Canada-OECD, 2005). This learning method has several benefits: students can complete the learning activities any time and from any location; the interactions and activities are succinct; group collaboration is typically facilitated; and it is often a relatively low-cost method of delivering education and training. While students often express satisfaction with e-learning (e.g. Paechter and Maier, 2010), its effectiveness has been questioned. A meta-analysis of empirical research in the United States indicates that purely online learning is equally as effective as previous generations of distance learning (involving earlier technologies such as correspondence courses, educational television and videoconferencing), which in turn can be as effective as classroom instruction but not better (Means et al., 2010). One of the most well-known examples of e-learning is Coursera, which is an online organisation that partners with universities and training organisations to offer free online courses (see Box 7.4 for further information).

However, the trend in recent years has been to favour learning models that combine e-learning with face-to-face methods. This so-called “blended learning” includes a combination of local and online learning activities such as in-person meetings, teleconferences, email communication and virtual meetings (Fischer, 2010). Empirical evidence suggests that blended learning is better than pure e-learning and is also more effective even than classroom learning (Means et al., 2010). This reflects the combination of the strengths of e-learning (e.g. easy access to information) with face-to-face interaction with instructors and other students (Paechter and Maier, 2010).

Box 7.4. Coursera

Coursera is an online educational organisation that partners with universities and training organisations from across the world to offer free online courses. The online courses cover a wide range of subjects including the humanities, medicine, biology, social sciences, mathematics, business and computer science.

Classes are taught with online video lectures and reading material. Students advance through the learning material at their own pace and learning is reinforced through interactive exercises. The learning activities are based on a pedagogy that allows for multiple attempts to learn and demonstrate the new knowledge and uses interactive methods that ensure student engagement. This approach also increases the chances of long-term retention of the material. Frequent feedback is provided to allow students to monitor their progress and understand when learning objectives have been achieved.

One of the unique elements of Coursera is that assessment is done by peer review. In other words, students evaluate and provide feedback to each other, which provides another learning opportunity for students. Students are assessed by multiple peers and an overall grade is assigned by an averaging system. This removes one of the constraints of online approaches in terms of the time taken for tutors to grade large numbers of assignments, while results and feedback from fellow students often match those that can be offered by regular tutors.

For more information please see: www.coursera.org/.

International best practice pedagogies are increasingly blurring the distinction between the classroom and the local economy, making more use of entrepreneurs as guest

teachers, securing internships in small businesses, and setting up short-term business start-ups for students.

Some countries such as Denmark, Norway and Finland have developed comprehensive and integrated strategies for entrepreneurship education across all levels of the education system so that students learn to become entrepreneurial throughout their academic lifetime. Box 7.5 gives the example of the entrepreneurship education approach used in the Finnish school system.

Box 7.5. Entrepreneurship education at primary and secondary education levels, Finland

Entrepreneurship education is included as an obligatory subject in all primary (ISCED 1) and secondary schools (ISCED 2 and 3 – lower and upper general secondary education) in Finland, and is strongly emphasised in the latest five year development plan for education and research (2011-2016) elaborated by the Ministry of Education and Culture.

The main objective is promoting entrepreneurship at all levels of education and improving co-operation between education and business. Guidelines for Entrepreneurship Education, 2009, have been published by the Ministry of Education and Culture in co-operation with other ministries and stakeholders, including objectives to be attained by 2015, e.g. a stronger focus on entrepreneurship and a better collaboration between key players in the development of teaching methods to develop entrepreneurship.

The national core curriculum for basic education includes a cross-curriculum thematic called “participatory citizenship and entrepreneurship” (for ISCED 1 and 2) and “active citizenship and entrepreneurship” (for ISCED 3). Its implementation depends on teachers, schools and the local educational authorities and environment. Due to school autonomy, methods of implementation may vary. However, guidelines are included as part of the core curriculum and these specify that the main focus should be on practical exercises and the creation of personal participation experiences.

A key component of entrepreneurship education is the learning environment, which is aimed at activating pupils and students and increasing their awareness of entrepreneurship and the world of work. The learning environment may be developed in co-operation with various organisations and enterprises and should be based on the following principles:

- The focus is on the learner’s own activity.
- Learning also takes place in a simulated or real-world setting.
- Learners can directly interact with entrepreneurship.
- Instruction is based on problem-solving and interaction.

In primary and secondary schools, the learning outcomes concern attitudes (self-awareness, self-confidence, taking initiative and responsibility, risk-taking, critical thinking, creativity and problem solving) and knowledge about entrepreneurship, career opportunities and the world of work and business. For some students (upper secondary education), learning outcomes may concern practical exploration of entrepreneurial opportunities.

For more information please see: www.minedu.fi/export/sites/default/OPM/Julkaisut/2009/liitteet/opm09.pdf.

Entrepreneurship education has been shown to increase interest in entrepreneurship (ILO, 2006; Lepoutre et al., 2010). For example, evidence from Denmark shows that students who received entrepreneurship education were more likely to seek further training in

entrepreneurship (Danish Foundation for Entrepreneurship, 2010). On the other hand, students who participated in the Dutch Association Jong Ondernemen (part of the Junior Achievement programme) were more likely to form negative intentions towards entrepreneurship and have lower self-assessed enterprise skills (Oosterbeek et al., 2010). This latter finding may nonetheless be interpreted in a positive way, in the sense that entrepreneurship is not for everybody and entrepreneurship education helps students realise this.

There is scope to increase the role of entrepreneurship education in building both positive attitudes to entrepreneurship and entrepreneurship skills among young people by addressing some common weaknesses in provision. First, very few courses exist that deliver entrepreneurship skills and many students do not have the opportunity to take them. This is particularly true for younger students, since entrepreneurship education is more common in universities than at school and vocational education and training levels. Even in universities, the majority of students tend not to have pursued an entrepreneurship course, although proportions vary by country and institution.

Second, formal education often takes a narrow view of the entrepreneurship skills that it seeks to provide. Table 7.1 showed the range of skills involved in entrepreneurship, covering technical, business management and personal entrepreneurial skills. However, traditional courses have generally focused on the development of business management skills (which is primarily achieved by requiring participants to develop a business plan). There are few courses currently available that develop the personal entrepreneurial skills such as leadership, innovation, risk taking and change management, which are also critical to business success.

Third, despite the recent development of new techniques, most existing entrepreneurship courses use traditional teaching methods that rely on classroom learning and exercises. More experiential teaching approaches – such as role playing, business simulations, business games and actual business start-ups – are much better liked by students and more effective in delivering personal entrepreneurial skills. Entrepreneurship education that does not provide students with an opportunity to gain entrepreneurship experience is falling short of its potential because students are not able to put into practice what they learn with the support and guidance of experienced teachers.

Furthermore, it must be recognised that approaches to entrepreneurship skills development that work through the formal education system may not be able to address the needs of more disadvantaged youth, including early school leavers and people who do not go on to vocational or university education. Responding to their needs requires other kinds of support. Older entrepreneurs, too, are more likely to attend a training programme or make use of business development support services than to participate in entrepreneurship courses in the formal education system.

On the other hand, women's increasing participation in higher education suggests that entrepreneurship education can be an important route to help many of them to acquire entrepreneurship skills. However, more effort is needed to ensure that entrepreneurship courses provide role models (e.g. entrepreneurship teachers and entrepreneurs as guest speakers) that are balanced between male and females, in order not to send the wrong signals to female students who might consider entrepreneurship and self-employment as a career.

Training outside of education

The advantages of entrepreneurship training outside of formal education are that it can be targeted at business owners and potential business owners, reach people who are not in formal education, and focus more on practical entrepreneurship skills than formal education courses, which are as much about generating entrepreneurial mind sets as they are about imparting entrepreneurship skills to people with start-up intentions or existing businesses. It is also relatively easy to design and/or deliver entrepreneurship training courses to particular communities of disadvantaged or under-represented people in entrepreneurship.

The most common forms of entrepreneurship training outside of formal education include online classes, thematic workshops and structured courses taught in person. They can teach various business management skills such as accounting and finance, law and legal issues, and also support personal development. A significant amount of delivery of this type of training is through online courses, which requires the development of web-based platforms and course materials. Online learning has the advantages of allowing business owners and potential business owners to develop their skills flexibly and low marginal cost of delivery once fixed costs have been met.

There are a number of successful entrepreneurship training programmes across Europe that can provide inspiration for policy makers. One is “Going for Growth” in Ireland (for further details see Part IV of this book), which offers training to women entrepreneurs through a peer learning approach. In this environment participants share their experiences with a female “lead entrepreneur”, who leads group sessions, and with other participants facing common challenges. The most important attributes of the “lead entrepreneurs” are that they have experience of growing a business and have personal experience of the growth journey on which the participants are embarking. The main form of training is round table discussions, which enable the participants to develop their entrepreneurship skills by sharing their experiences and receiving advice from the “lead entrepreneur.”

A different kind of example is the Women Entrepreneurs School in Valnalón, Spain, outlined in Box 7.6. This programme also includes experience sharing and mentoring, but the emphasis is more on standard classroom teaching than participative round tables.

Entrepreneurship training programmes are generally not offered alone, but combined in a package of support for enterprise development, including mentoring and finance. Box 7.7 provides an example of such an integrated programme with an important training element, aimed at young adults under the age of 27, namely “enterprise” in Germany.

One of the problems often faced by entrepreneurs from disadvantaged and under-represented groups is that they create low potential businesses, which are relatively small and focused on low barrier to entry markets with high competition and low margins. For example, immigrant entrepreneurs and entrepreneurs from ethnic minorities often focus on markets in their own communities (Cooney and Flynn, 2008). Entrepreneurship training courses and workshops can help develop skills that would not only help entrepreneurs from disadvantaged and under-represented to create and manage businesses successfully but also to develop strategic planning skills that will help their businesses to grow. A successful programme example in this respect is EMERGE in Ireland, which helps entrepreneurs from ethnic minority groups to learn about business planning, marketing and sales strategies, network development and how to seek financing (see Box 7.8).

Box 7.6. Equality Creates Enterprise, Spain

The Women Entrepreneurs Schools was set up as part of an EU Equality initiative funded project called Equality Creates Enterprise supported by the city of Valnalón (in Asturias), Regional Women's Institute, Women's World Bank, and several trade unions and employers federations. It sought to utilise 20 years of Valnalón's experience in building entrepreneurial culture to support women set up their own businesses. The Valnalón approach considers that entrepreneurship training is broader than developing a set of technical skills such as book-keeping. Instead, entrepreneurship is viewed as a much broader set of attitudes and competences such as the team working, decision making and risk taking. Those who do not go on to start businesses can apply their entrepreneurial skills as employees.

Equality Creates Enterprises had three parts: 1) a study on the causes of discrimination against women in the Asturian job market; 2) an e-commerce platform to help the women promote and sell their products; and 3) the Women Entrepreneurs School. The study helped the project identify six key barriers faced by women entrepreneurs in Asturias and the School, based in the premises of an old steel company, has tried to find solutions to each of them. The School was launched in 2011 and is oriented towards meeting the following objectives: encouraging entrepreneurship among women through direct action by energising, motivating and attracting entrepreneurs; developing training programmes covering all phases of the enterprise, with special emphasis on skills, leadership and empowerment of women entrepreneurs and managers; assessing the processes of implementing the business idea; and, supporting the consolidation and growth processes through mentoring and networking.

For more information, please see: www.emprendeastur.es.

Box 7.7. “enterprise”, Germany

The project “enterprise” is an integrated start-up support system for young adults under the age of 27 in the Federal States of Brandenburg and Saxony-Anhalt. The project provides training in four phases and complements the training with micro-credit:

1. Orientation and profiling: This phase informs potential entrepreneurs about the risks and opportunities of business start-up, where to obtain support, and the skills needed to be a successful entrepreneur. The objective is to motivate young people to view entrepreneurship as a long-term career option. Approximately half of the potential entrepreneurs complete the orientation and profiling stage.

2. Planning and training: The second phase assists potential entrepreneurs with the development of their business concept with support from professional consultants and business coaches. Additional support is available through optional seminars and workshops. Only half of the potential entrepreneurs that enter this phase develop a commercially viable concept that can be used to launch a business.

3. Business launch: “enterprise” provides individual support with professional consultants and coaches through the start-up process to help ensure the success of participants.

4. Growth and consolidation: Following the business start-up, “enterprise” maintains contact with the entrepreneurs and helps them monitor their business. Specialised seminars and networking events are also provided.

An important tool of “enterprise” is its integrated offer of micro-credit. Although, most entrepreneurs need only between EUR 5 000 and EUR 15 000 for their business, the micro-credit can help launch their business and provide some financial stability during the early

Box 7.7. “enterprise”, Germany (cont.)

phases of business development. An important feature of the micro-credit offer is that the assessment is undertaken by an independent loan officer and rather than the coach that is involved in the start-up to ensure that the financial assessment is impartial.

To date, “enterprise” has achieved the following results:

- More than 10 000 young adults have used “enterprise” and more than 1 500 have started a business.
- More than 70% of start-ups are still operating after three years after; the majority of those that are no longer operating have been abandoned in favour of a paid employment.
- Half of the business start-ups have created at least one other new job.

The cost of operating “enterprise” is approximately 5 000 EUR per business start-up (including the training costs of those who did not create a business).

For more information on “enterprise”, please see: <http://iq-consult.com/>.

Box 7.8. EMERGE, Ireland

The EMERGE programme showed that “lack of entrepreneurial spirit” is not one of the main obstacles for ethnic minority entrepreneurs. Ethnic minorities tend to have higher rates of entrepreneurship and more positive attitudes to entrepreneurship than the population as a whole. Rather, the problem relates to the profitability and growth performance of many of the businesses they create.

EMERGE therefore developed an ambitious initiative comprising a best practice training programme for ethnic minority participants, a networking strategy to improve access of ethnic minorities towards mainstream business and financial networks, and improved connections between mainstream business services providers and ethnic minority entrepreneurs.

All of the training materials were developed with the involvement of a consultative committee that included ethnic minority representatives. The modules included business planning, marketing and sales, finance and tax, and sources of funding, all designed to make participants familiar with how things work in Ireland. From October 2005 to June 2007, Emerge delivered pre-enterprise, start-up and growth training to a total of 207 participants who were interested in starting their own business or were already operating early stage businesses. This support generated excellent enterprise creation impacts: by the end of the programme, 68 participants were in business, as compared to 24 at its outset.

The project also allowed financial institutions to learn about the problems faced by ethnic minority entrepreneurs and to take action on them. It was found that banks needed to provide clearer criteria to applicants on how they make their lending decisions, that they needed to clarify the information that they provided on how to get loans, that there was a need for translators and that they should see their clients more as individuals.

In addition, EMERGE’s Policy Sub-Committee contributed two policy position papers for the Small Business Forum and the Department of Justice on the “Immigration and residence in Ireland” Bill. In the latter paper EMERGE called for an awareness raising campaign with the relevant state agencies which do not know about the requirement for third-country nationals to obtain business permission and greater flexibility regarding the rules for granting business permissions.

For more information, please refer to: www.partas.ie/EUProjects/Emerge.aspx.

Counselling, coaching and mentoring

A key element of many business start-up support initiatives is counselling, coaching and mentoring to improve business survival and growth prospects. It is common practice to attach loans or grants to this type of training, although unfortunately there are still too many finance programmes that offer support without accompanying training (see Chapter 8). Counselling, coaching and mentoring provide one-to-one support from an advisor across a range of areas like marketing, financing and planning where entrepreneurs are facing specific problems in starting and running a business that they may or may not already have recognised. The advice is adapted to the particular needs of each individual based on an initial diagnosis made by an advisor. It is typical for the support to be delivered face-to-face, but it can also effectively be delivered entirely or in part via the Internet, for example through social networks, which offers great potential to extend the scope of the population covered given the high costs of face-to-face contact.

Most of the schemes in operation are aimed at the general population as a whole, with a number that target particular disadvantaged and under-represented groups. As pointed out in Chapter 9, it is important to ensure that targeted socio-economic groups are aware of and can access these programmes and that the programmes are designed and delivered in such a way as to enable their effective participation. It can be very effective to develop specific schemes for particular target groups, e.g. coaching by women for women or by seniors for seniors, while recently attention has also been placed on the potential for coaching by seniors for youth.

One such long-standing scheme, focused on youth, is the Shell Livewire programme which provides information, advice and signposting to young entrepreneurs. While it operates in more than 20 countries, evaluations of this programme remain limited and little is known at this time about the long-term benefits of the programme. However, one evaluation did show that mentoring assistance increased the likelihood that young people would enter self-employment but that those already in self-employment were less likely to be satisfied with the support services provided by Shell Livewire (Greene and Storey, 2004).

An example of a scheme for older entrepreneurs is Work for Yourself (see Box 7.9), which provides two phases of support. First, entrepreneurship training is given to potential entrepreneurs to help them develop a foundation of entrepreneurship skills. Following the training, more intensive coaching is provided to help them during and post start-up.

Box 7.9. Work for Yourself, The Netherlands

The aim of this initiative is to provide support and guidance on self-employment for unemployed people over 45 years old in and around Amsterdam. It offers a short introductory programme (the orientation phase) lasting six weeks, focusing on basic business management skills such as planning and budgeting while working towards the development of a business plan. During this phase there are two sessions a week and participants are expected to complete homework assignments. The orientation phase finishes with interviews where participants present their business plans. The second stage of support (the continuation phase) emphasises self-development and consists of intensive coaching and workshops to support the entrepreneurs after business start-up. In total, the scheme provides up to six months of support. During the first 18 months of this scheme, 390 candidates participated, and 130 successfully started their own businesses or found a job.

For more information on this scheme, please refer to: www.projecteigenwerk.nl.

Finally, there are several examples of business counselling, coaching and mentoring targeted at entrepreneurs from ethnic minority and immigrant groups. They include “Mingo Migrant Enterprises” in Austria and coaching programmes in Denmark that reach their target participants through existing community networks and institutions (please see Part IV of this book for more details).

One of the issues in developing effective counselling, coaching and mentoring programmes is ensuring that there are sufficient numbers of coaches and mentors and that they provide good quality services. Yet this is a general problem in the population as a whole, since it is hard for an entrepreneur to judge the quality of an advisor and they therefore depend on some external accreditation and quality control, which is a function of public policy. It can be even more of a constraint for programmes that target disadvantaged and under-represented entrepreneurs using coaches and mentors from the same communities, since the numbers of experienced successful entrepreneurs can be low in any individual group and they will not necessarily have experience or training in providing advice to others. A key role for policy is therefore to help build up the numbers and capacities of coaches and mentors through appropriate training of trainers, network building and quality control.

Conclusions and policy recommendations

Entrepreneurship skills are an important determinant of people’s ability to successfully start and run businesses, and encompass technical, personal and business management skills. Increased entrepreneurship skills can be expected not just to boost the volume of business start-ups by increasing the people’s perceptions of the feasibility of entrepreneurship, but also to improve the quality of start-ups, by encouraging and supporting people to make decisions that will increase the growth and survival prospects of their businesses. However, people coming from disadvantaged or under-represented groups in entrepreneurship often face significant gaps in their entrepreneurship skills and access to resources to improve these skills.

This calls for adapted public policy actions and a scale of policy effort that matches the scale of the issue. The policy effort should combine expanded and enhanced entrepreneurship courses within formal education, stand-alone entrepreneurship training for entrepreneurs and potential entrepreneurs, and counselling, coaching and mentoring for entrepreneurs through business development services. The policy examples provided in this chapter highlight some successful approaches. Among the effective approaches are interactive and hands-on entrepreneurship education such as business simulations and role playing, online stand-alone training programmes, and peer-to-peer learning using other entrepreneurs as advisors and coaches. Where programmes are costly, such as face-to-face coaching, the application of strong selection criteria for participants can be used to secure results that are in line with the costs.

All disadvantaged and under-represented groups in entrepreneurship face challenges in acquiring entrepreneurship skills and each group has specific needs. Young people face significant barriers because of their age and lack of experience in the labour market, although they may have access to formal entrepreneurship education. Those who are not in employment, education or training and those who are early school leavers have even less access to opportunities to acquire entrepreneurship skills, putting them at an even greater disadvantage. Older entrepreneurs typically have high levels of workplace skills, acquired

over an extensive work history, but often have difficulties acquiring entrepreneurship-specific skills. Women tend to have less management and entrepreneurship experience than men, although the gap in formal education is closing. Different communities of ethnic and immigrant entrepreneurs have differing levels of entrepreneurship skills and face different barriers, reflecting cultural differences, but a common problem that training needs to address is a lack of growth-oriented businesses. Disabled entrepreneurs often have high levels of formal education, but face barriers accessing opportunities in the labour market to gain workplace and entrepreneurship skills.

Policy needs to provide ways of overcoming these challenges, both through access to mainstream entrepreneurship skills-building support and through specially-designed initiatives to meet the needs of specific population groups. To date, only a small number of programmes have been specifically designed for disadvantaged and under-represented target groups, but recent years have seen a number of new approaches introduced (Blackburn et al., 2008). It is important to scale up these approaches based on learning from previous experiences.

These key messages lead to the following policy recommendations.

Key policy recommendations

Formal education

- Offer comprehensive and integrated entrepreneurship education at all levels of the formal education system, filling gaps for students in younger age groups and for others who have not had the opportunity of taking courses.
- Shift the balance of teaching methods from classroom teaching to more interactive, hands-on, and experiential methods such as role playing, simulations, games, and short-term business start-ups. These entrepreneurship experiences should be increasingly complex and realistic at higher levels of the education system.

Training programmes

- Tailor programmes to meet the additional and distinctive challenges faced by disadvantaged and under-represented groups and organise delivery in partnership with organisations that work with the targeted groups.
- Make use of opportunities to deliver tailored training online through web-based platforms.

Business development support services

- Offer counselling, coaching and mentoring to entrepreneurs and potential entrepreneurs as part of business development support packages, including at pre-start, start and post-start phases.
- Build up a body of accredited, trained and experienced coaches and mentors from within the various target communities to deliver support that will have better credibility and impact with disadvantaged and under-represented groups.

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