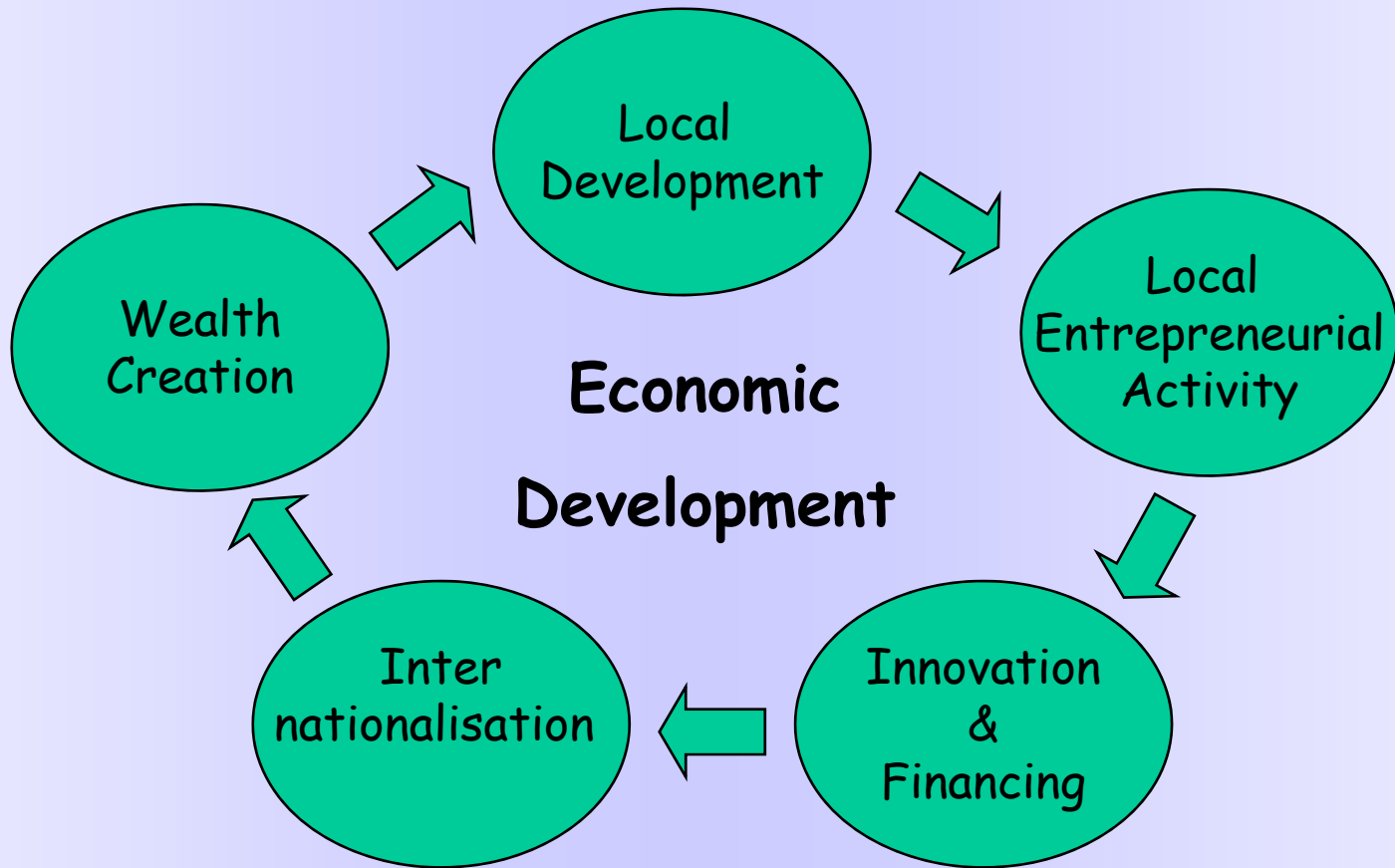


OECD Workshop: The Walloon case

**From SME policy
to entrepreneurship
policy**

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Innovation and entrepreneurship



1. Evidence based policy

- Gap between policy and evidence
⇒ Solution: ‘Evidence based policy’
- Definition: ‘Policy making’ based on:
 - Systematic use of analytical data
 - Analysis of the existing measures
 - Ex-ante analysis of new measures
 - General overview and synergy

2. Some evidences

- Employment policy does not create jobs
- “ One can not *love* employment and *hate* enterprises and entrepreneurs”
- Employment can be created by stimulating entrepreneurship
- Failure is forbidden (chinese proverb: failure is basis to succes)

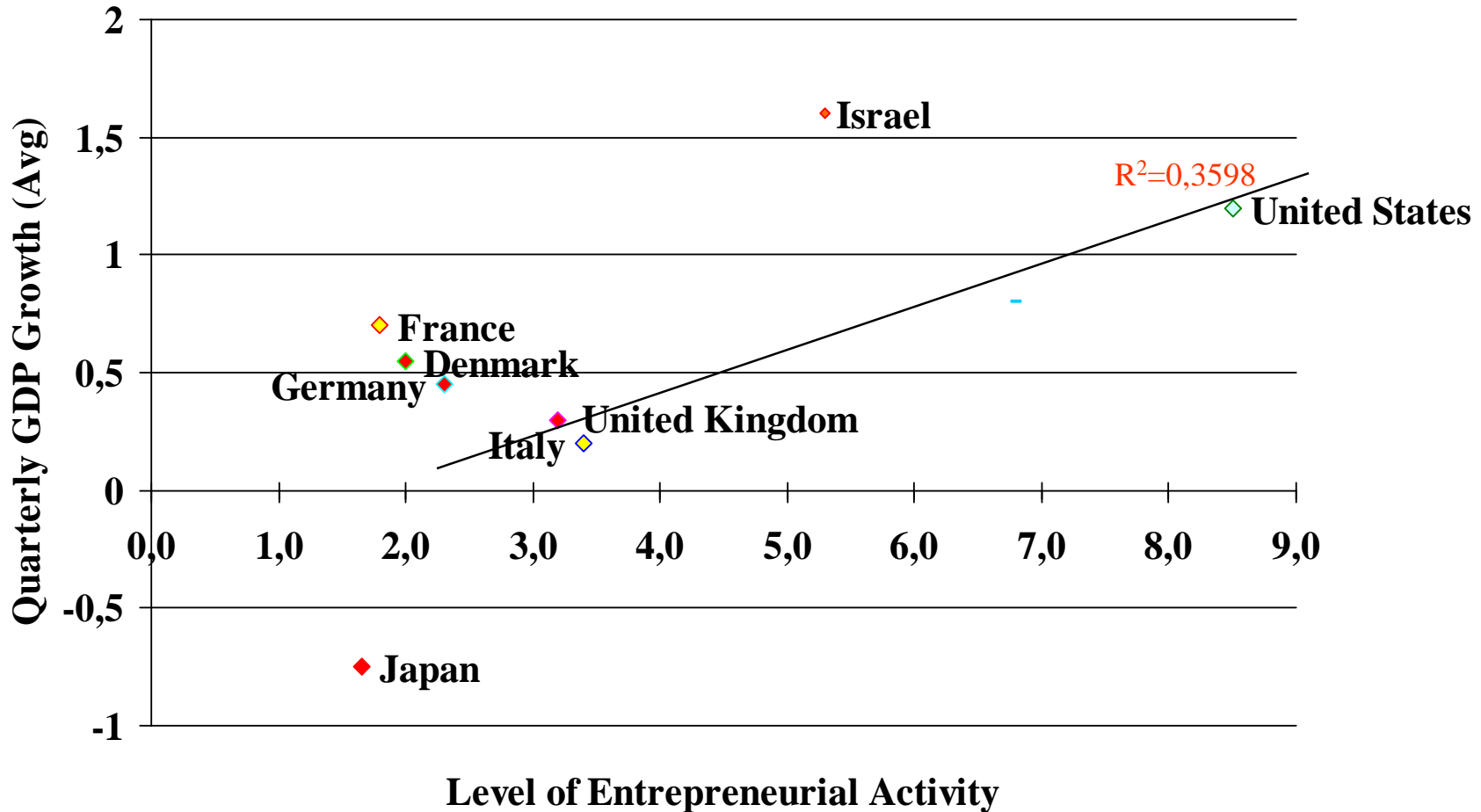
3. Entrepreneurship

	TEA 2006	TEA 2003	TEA 2001
Ireland	7,35	8,1	12,1
Spain	7,27	6,8	7,8
UK	5,77	6,4	7,7
Danmark		5,2	8,1
Germany	4,21	5,2	7,0
Belgium	4,6	3,9	4,6
Netherlands		3,6	6,4
Italy	3,47	3,2	10,2

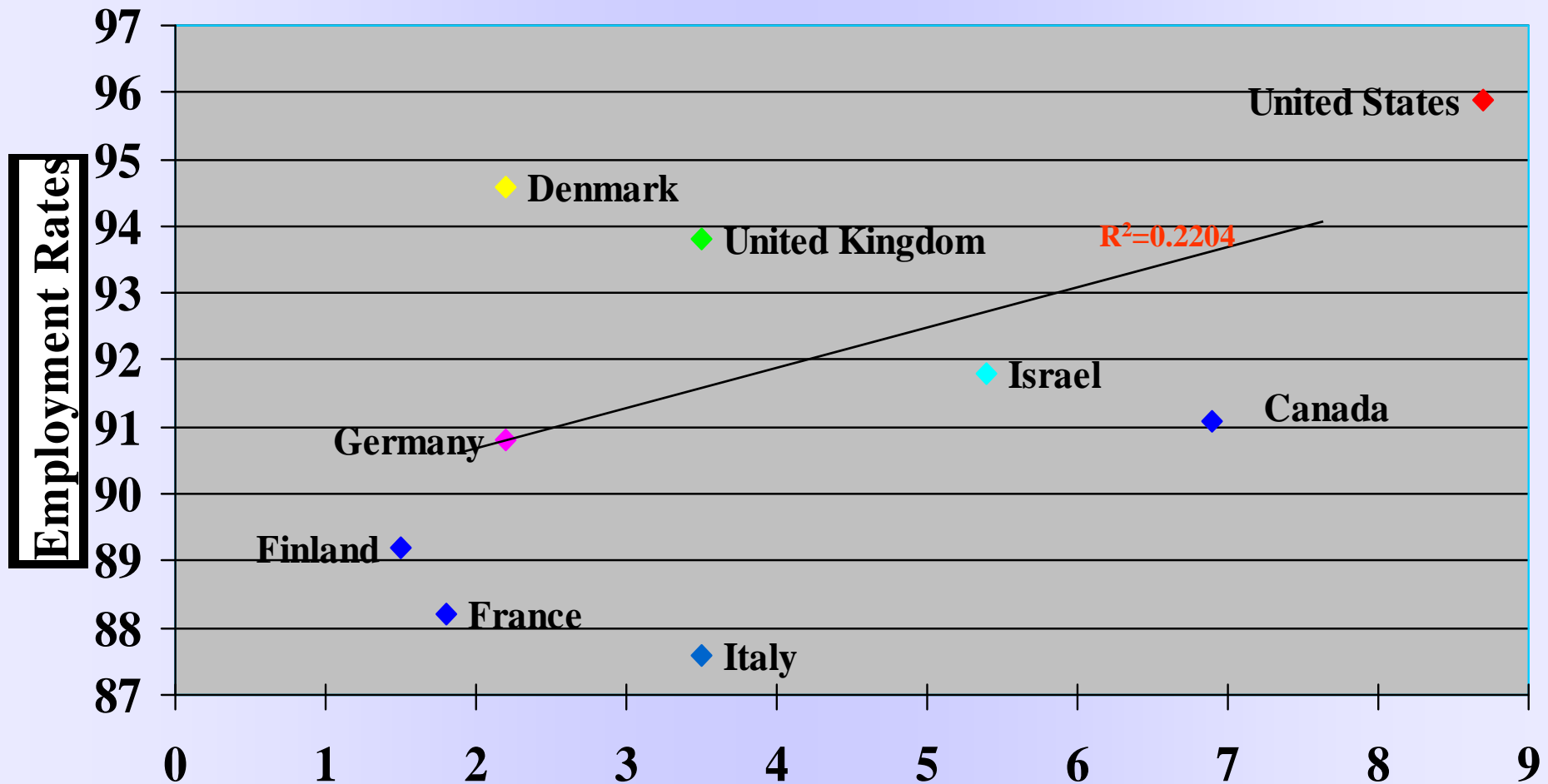
3. Entrepreneurship (2)

- Positive correlation between TEA and economic growth ($R^2=0,36$)
- Positive correlation between TEA and employment ($R^2=0,22$)
- Negative correlation between TEA and salary gap ($R^2= -0,49$)
- Negative correlation between TEA and public expenses ($R^2 = -0,61$)

3. Entrepreneurship (3) and economic growth



3. Entrepreneurship (4) and employment



4. From SME policy to entrepreneurship policy (1)

- Constraints of an SME policy:
 - Patchwork of measures
 - Lack of synergy
 - Based on subsidy policy with contra productive effects:
 - too complex
 - too expensive/heavy application procedure
 - Only few SMEs willing to accept support
 - Creates discrimination amongst subs.and non subs.

4. From SME policy to entrepreneurship policy (2)

SME policy  *Entrepreneurship policy*

- Help SMEs to overcome
- Focused on enterprises
- Business environnement
- Encourage people to set up business to think entrepreneurial
- Focused on entrepreneurs
- Entrepreneurial culture

4. From SME policy to entrepreneurship policy (3)

Policy	SME	Entrepreneurship
Legitimizing	Market failure	Lack of entrepreneurs
Objective	To help SME's with their relative disadvantage (compared to big E)	Be undertaking (start a business, grow, mentality)
Target	businesses	entrepreneurs
Levers	Financial (subs.)	Mainly non financial
Focus on	Business environ.	Entrepr. culture

source: R. Aernoudt, European enterprise policy, Intersentia New York, www.amazon.com

5. Entrepreneurship is a mindset

SME policy will be more efficient in entrepreneurial context

Individuals

- *to consider entrepreneurship as a career option*

Firms


- *to adapt to change for survival and seize new opportunities*
- *to organise the business to exploit human capital*

▪ **Society**

- *to provide a supportive environment, where entrepreneurial initiative and risk-taking is appreciated*
- *to value the contribution of enterprise to society*

6. Policy Implications and benchmarking

The role of policy makers

 An holistic approach to entrepreneurship policy is needed,

to take into consideration that entrepreneurship determinants cover such a wide range of issues.

 Actions are needed at European, national and local level.

The Walloon case

Action plan to undertake 4X4:

A holistic approach!

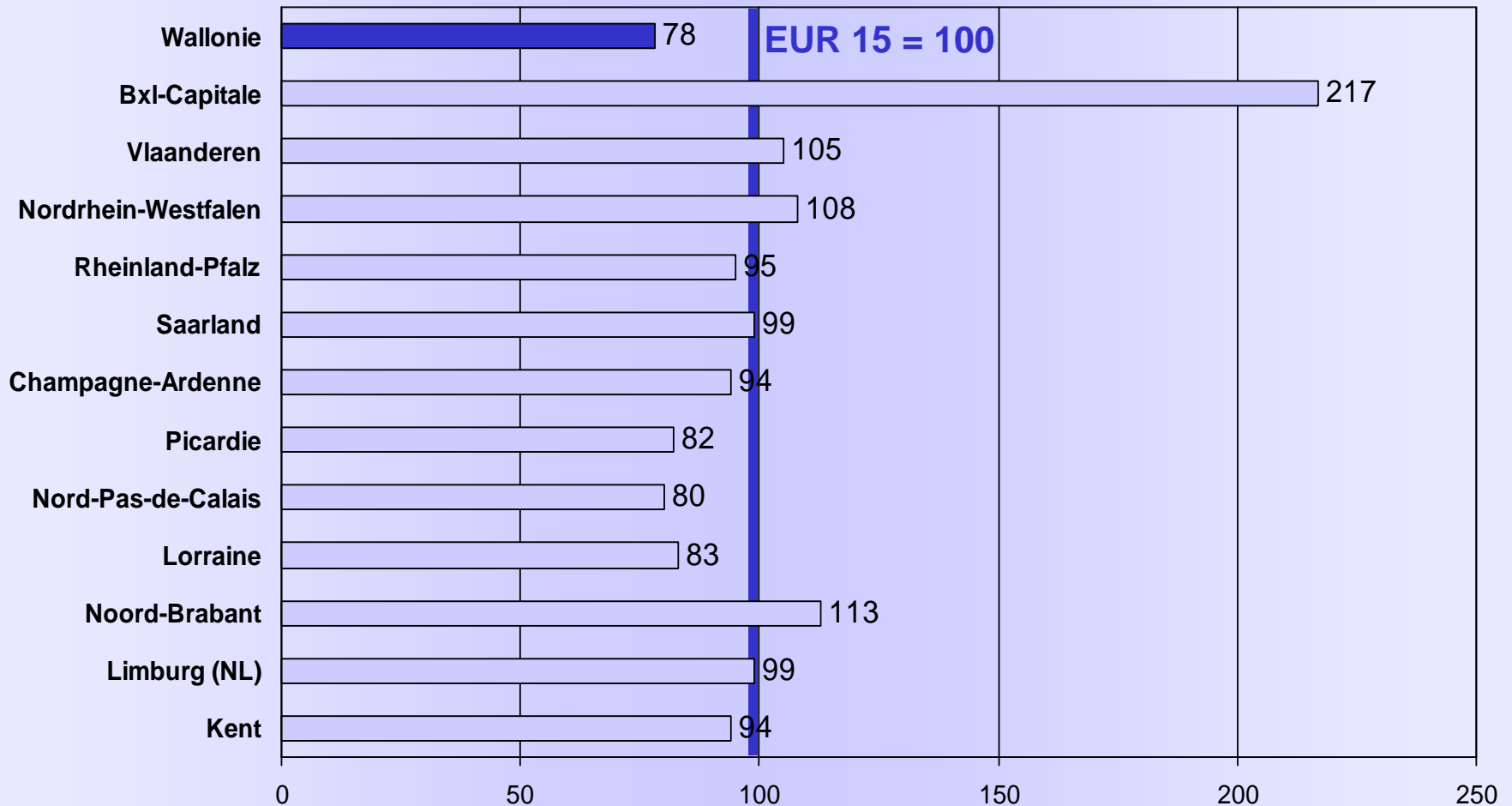
The case: Wallonia

- 3,5 million inhabitants
- Until 1960 amongst the richest regions in the world (steel, coal)
- Sharp decline from 1960 to 2000
- Strong trade unions
- Policy: coalition governments but until 2007 socialists as biggest party (by far)
- **2001: launching of the action plan for entrepreneurship (4X4)**

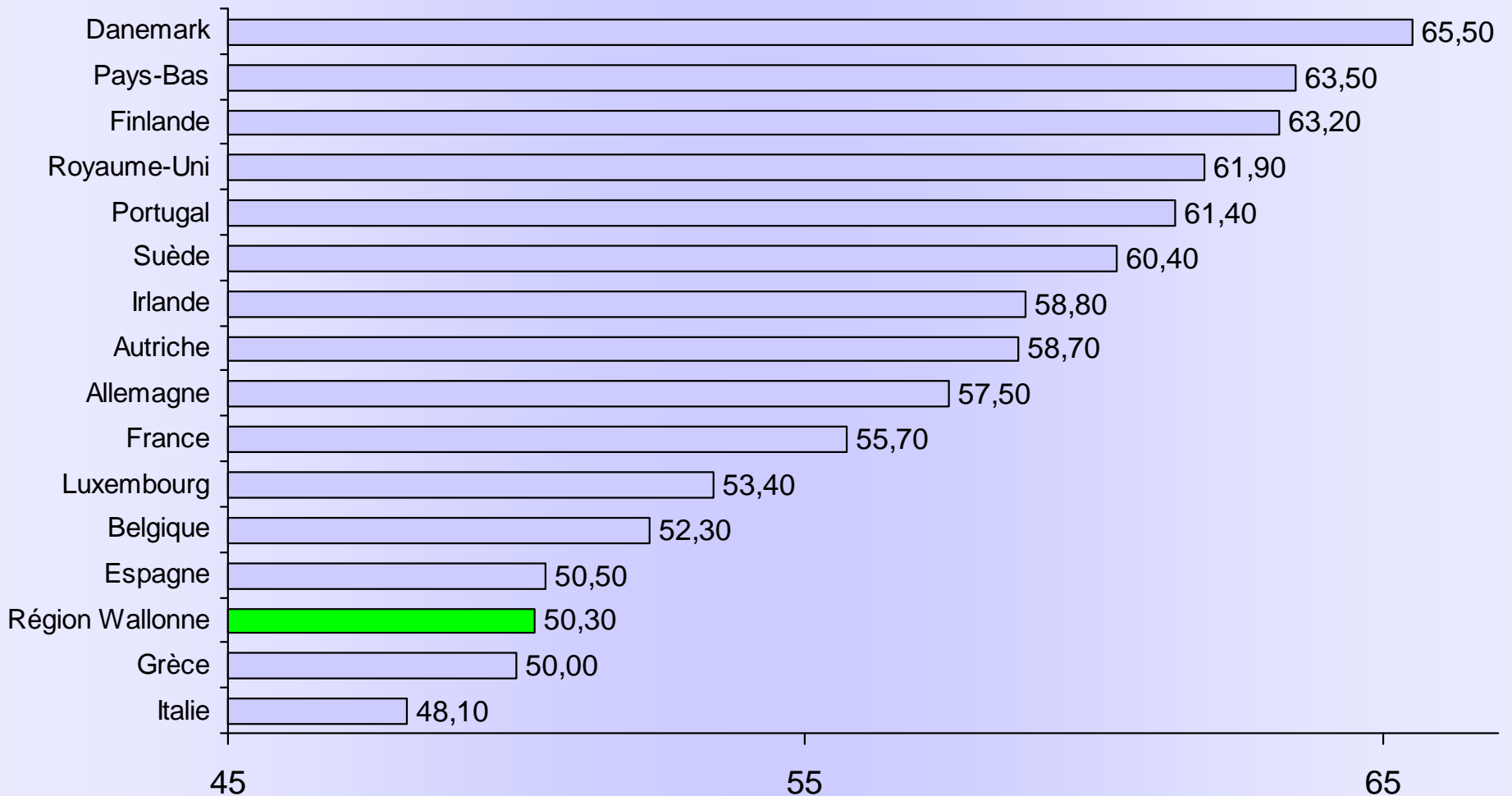
A poor region: PIB per capita

EUR 15, Régions limitrophes (1999)

Base = Standard de Pouvoir d'Achat



Unemployment: Participation rate (2000)



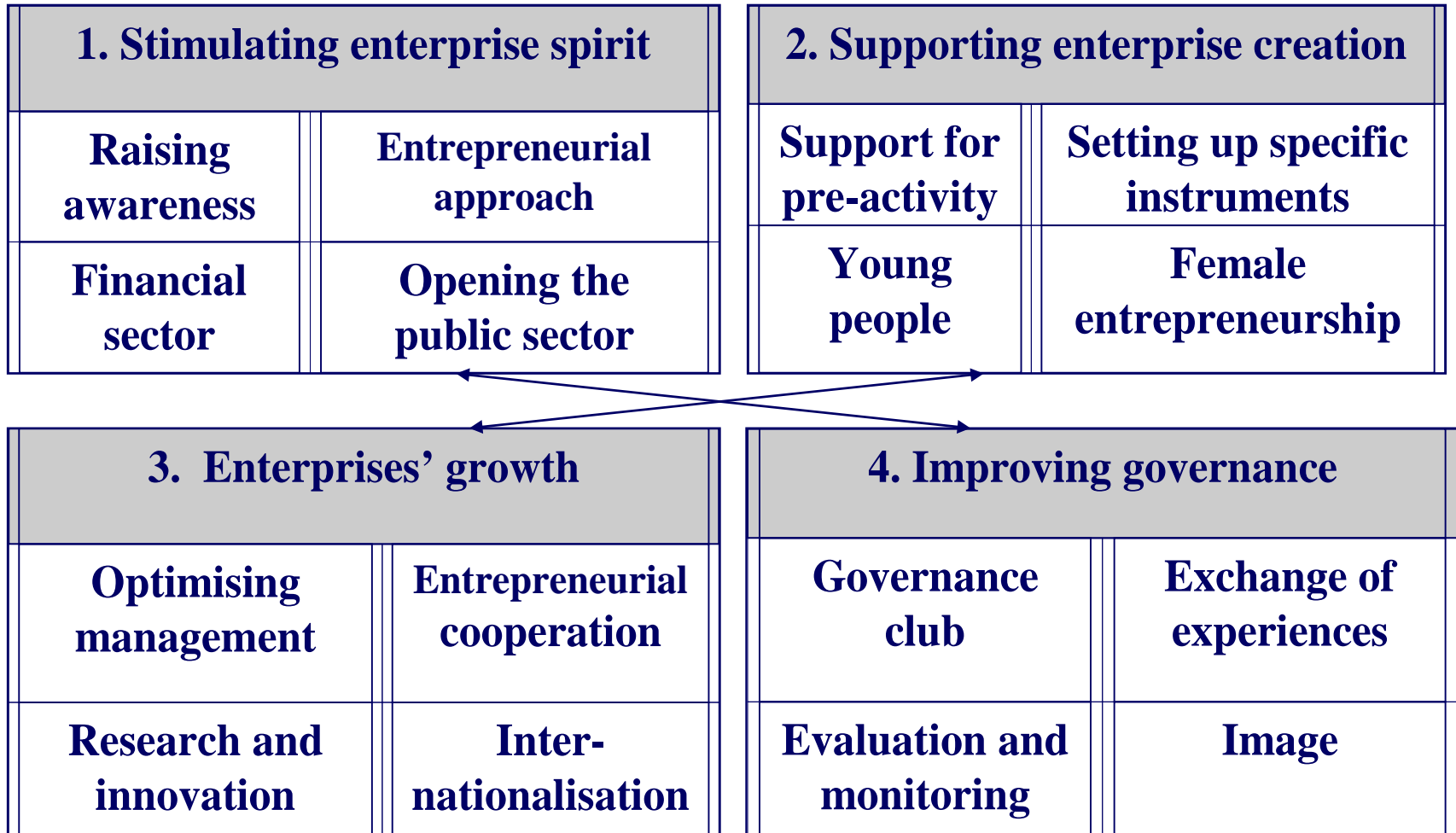
Need for cultural change

- In companies:
 - Gazelles  “lifestyle companies” (Birch)
- In financial institutions:
 - Bankers  should focus on payback capacity rather than on collateral
 - Venture capitalists  should take economic risks rather than MBO-financing
 - Business Angels  do focus on start-ups
 - Business Angels  they give monitoring (< money)

Need for cultural change

- In political institutions:
 - away from subsidy culture towards e.g. financial engineering
- In universities:
 - case approach
 - incentive to professors setting up their own business
 - seed capital & spin-off funds e.g.:
 - Scottish experience
 - Schumpeter projects (creative destruction)
- for students:
 - a SME is not a second choice

WALLONIA Action plan 4 X 4



Some elements

- Around 120 integrated actions
- Monitoring table and activity reports
- Target group: starters, youngsters, women, the public, public institutions, enterprise with growth potential

Some examples

- Sensibilisation campaign (TV spots, site internet, concurs, etc)
- FREE (foundation for entrepreneurship; EC award for best initiative 2006)
- Conference in LLN (18/19 nov. 2007)
- Corporate Governors Institute
- Women witnesses
- site « creation of SME »

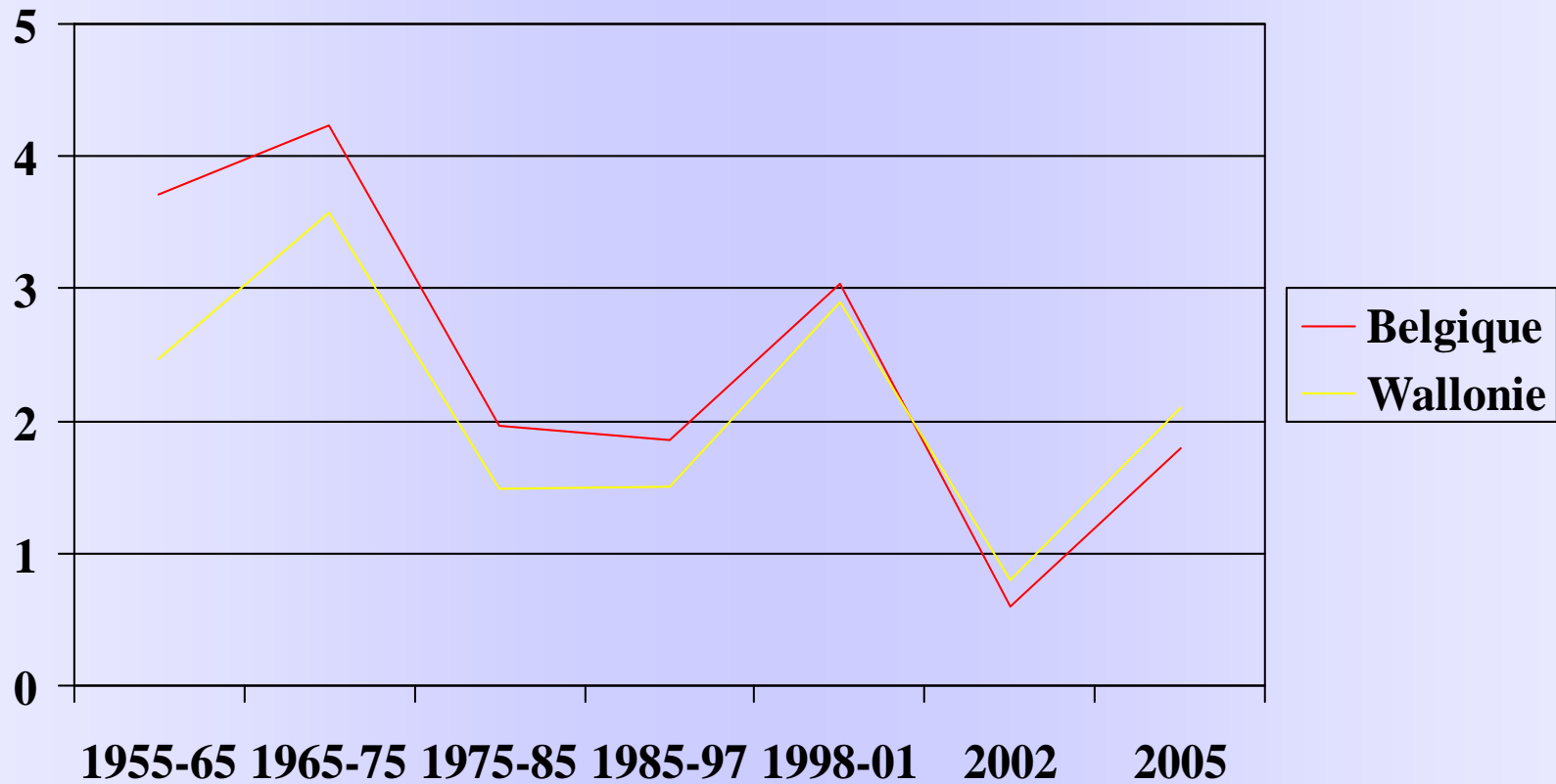
Some exemples (2)

- New financial instrument (seed levy, business angel guarantee; SBIC inspired expansion money)
- Chairs « Goût d 'entreprendre » ;
- Transmission white book;
- NFTE ;
- Café de l'entrepreneur ;
- Second chance culture;
- Club diaspora.

First results?



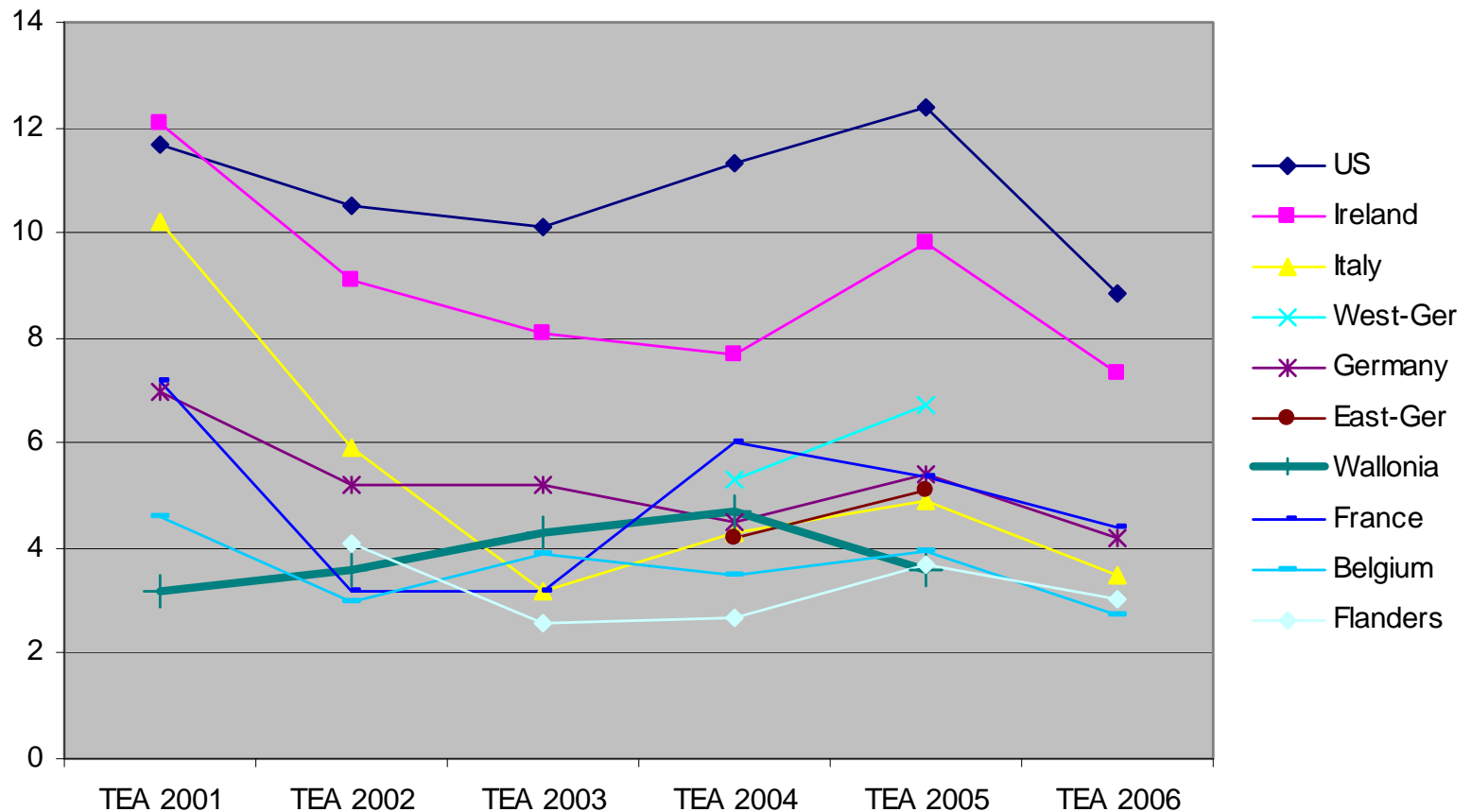
Economic growth (%)



East Germany versus Wallonia

	TEA 2001	TEA 2002	TEA 2003	TEA 2004	TEA 2005	TEA 2006	
US	11,7	10,5	10,1	11,3	12,4	8,82	
Ireland	12,1	9,1	8,1	7,7	9,8	7,35	
Italy	10,2	5,9	3,2	4,3	4,9	3,47	
West-Ger				5,3	6,7		
Germany	7	5,2	5,2	4,5	5,39	4,21	
East-Ger				4,2	5,1		
Wallonia	3,2	3,6	4,3	4,7	3,6		
France	7,2	3,2	3,2	6	5,35	4,39	
Belgium	4,6	3	3,9	3,47	3,93	2,73	
Flanders		4,1	2,6	2,7	3,71	3,05	

East Germany versus Wallonia



Lessons to be learned!

- Avoid fragmentation (holistic approach)
- Be persistent (launching is easy)
- Imply all local actors
- Measure and monitor
- Establish measurement instruments
- Evaluate local strategy
- Long term strategy