

POLICIES FOR DEVELOPING ENTREPRENEURSHIP SKILLS AND CULTURE

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Introduction

Entrepreneurship is more about people than about firms, institutions and programmes. If previous recommendations are to be achievable, it is important that regional inhabitants accept them and are prepared to invest both personally and collectively. This is precisely the subject of this chapter, which attempts to answer a basic question, namely: how can Croatians be encouraged to launch projects, create new ventures and develop existing firms with a view to repositioning their country on the European checkerboard? Generally speaking, it is a matter of improving the existing entrepreneurial fabric and preparing it for the free market through general policies, programmes and instruments delivered primarily by the public sector, but also by the private sector.

In this chapter we will be studying two possible responses, both of which constitute individual challenges and require sustained commitment and perseverance if they are to succeed. They are to stimulate an entrepreneurial culture among the general population, and to develop the skills of entrepreneurs and small business support staff. While separate, these two challenges are nevertheless connected. The former involves a much broader audience, while the latter requires the availability of competent personnel able to support and train existing and future entrepreneurs, identify their needs, provide them with the right information and, especially, help them find the right methods.

First of all, it should be noted that the two targets addressed in this chapter have been discussed extensively in official documents and in the GEM study.⁵³ Our goal here is to trace an overall profile of the situation as we understood it in the short time available to us during the study visit, and highlight the strengths and weaknesses of responses to the general political orientations. Lastly, given the intangible nature of the subject, we propose a number of highly pragmatic recommendations, as well as some practical learning models that produce results in the short or medium term and have officially proven their worth in the past.

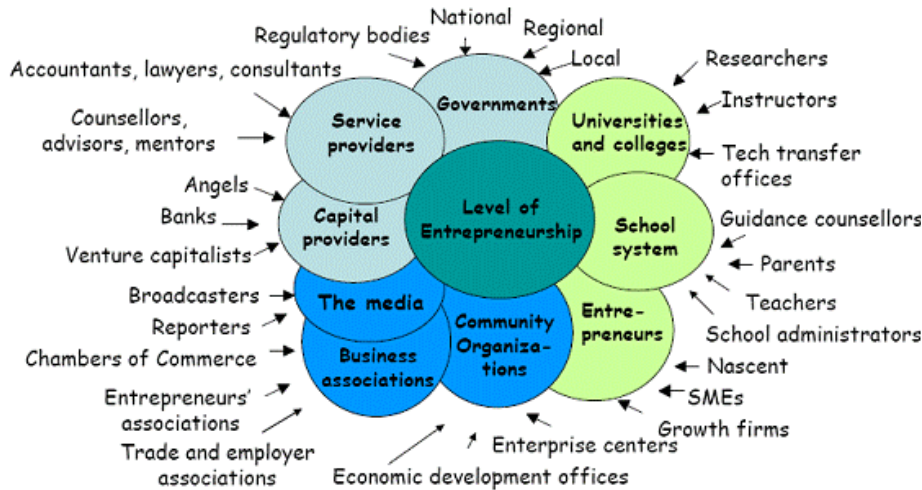
Analysis of the existing system and its supply of entrepreneurship promotion and education

If entrepreneurship is more about people than about firms and programmes, the first questions we should be asking are: who are the key players in Croatia's entrepreneurial system? Are they doing their job? And how could their actions be improved to strengthen the entrepreneurial culture in the regions of Croatia, and develop the entrepreneurial skills of existing and future entrepreneurs, and ultimately of the next generation of entrepreneurs?

⁵³ Bosma and Harding (2007), p. 30.

Figure 2 shows the system structure and illustrates the large number of players available to help build an entrepreneurial society in Croatia.

Figure 2. A systematic view of entrepreneurship



Source: Stevenson, L. (2006), *An analysis of entrepreneurship policies in 13 countries: where does Canada fit?*, 23rd Annual Conference, Fondation de l'entrepreneurship, Quebec City, February 14, 2006.

Our first comment is that the steps taken so far to stimulate an entrepreneurial culture and develop the entrepreneurial and managerial skills of entrepreneurs and small business owner-managers have been either timid or completely non-existent. In reality, many programmes have been introduced in the last three years, and the system is still a long way from having reached cruising speed. Policies and programmes must first reach their target client groups and generate action. This, we feel, has not yet been achieved.

A brief examination of the country's entrepreneurial system suggests that some key entrepreneurship players are virtually absent from the profile, while other important players have much more active roles. The education system, local elected officials, the media and the firms themselves are the players most likely to develop an entrepreneurial culture and entrepreneurial skills.⁵⁴ We found no tangible proof of their involvement in entrepreneurship awareness-raising or training, either in the field or in the official documentation.

The role of the education system

At first glance, the absence of the country's Ministry of Education from the list of key players in Croatia's entrepreneurial system appears to be a weak link. The people we met did not seem surprised by this absence, however, and expressed strong doubts as to the education community ability to "progress quickly" and introduce new teaching approaches conducive to entrepreneurship. Yet,

⁵⁴ Fortin (2002), p. 248.

official EU documentation clearly highlights the important priority role of the education community in this respect, and lists it as the first line for action in the European Charter for Small Enterprises.⁵⁵ Throughout Europe and America alike, successful entrepreneurship education initiatives abound and have produced some excellent results.⁵⁶

In such a context, it is highly unlikely that Croatia's Ministry of Science, Education and Sport will be able to avoid playing role in the effort to convert the country's economy, through entrepreneurship among other things. Indeed, in a 2005 programme known as *The Croatian National Educational Standard (CNES)*⁵⁷, the Ministry undertook to change its teaching approaches with a view to fostering creativity, learning through problem solving, and entrepreneurship.

A brief field trip revealed that the community appears to be ready for its new role. Extracurricular initiatives such as Junior Achievement –Young Entrepreneurs (JA-YE) already exist in many high schools⁵⁸. As the Croatia Junior Achievement website⁵⁹ shows, the initiative reached 16% of high school students in 2006. Clearly, initiatives such as these are becoming more popular within the education system, but are still not widely known outside the education community, and have not yet been fully integrated into other schools. However, the student response in schools that offer the programme has been excellent.

Even more importantly, none of the many stakeholders we interviewed mentioned the role currently played by the country's universities in entrepreneurship education. It is somewhat surprising to note that very few people were able to say which universities offer entrepreneurship or small business programmes. A review of websites and the GEM report reveals that some universities, including one private university, offer courses in administration, but the extremely high enrolment costs combined with lecture-based teaching methods do not attract the average entrepreneur. In any case, entrepreneurs are not part of the target client group. So far, the business schools have tried to recruit elite students and have not targeted small business owner-managers or future entrepreneurs.⁶⁰ Generally speaking, in science and management faculties, the traditional lecture-based teaching methods do not allow students to develop skills such as creativity, autonomy, initiative or tolerance of risk, but encourage them to be reactive instead. In other words, it is simply not possible to develop entrepreneurial knowledge, skills or experimentation in the type of university system we observed.

⁵⁵ *Charte européenne des petites entreprises: rapport 2004*, p. 60.

⁵⁶ European Commission (2004), p. 50.

⁵⁷ "We have clear educational goals. We have a framework for a systematic improvement of education-the CNES-through which we shall relieve the student work load, enable a more creative education and enhance the capability for problem solving and entrepreneurship." CNES (2005), <http://public.mzos.hr/Default.aspx?sec=2501>.

⁵⁸ "JA-YE enterprise and economic education programmes are designed for young people ages 6-30 and are implemented through a partnership between local businesses and schools. JA-YE organisations teach enterprise, entrepreneurship, and "economic literacy", focussing on the importance of market-driven economies; the role of business in the economy; the relevance of education in the workplace; the impact of economics on a child's future; and the commitment of business to social, environmental, and ethical issues.", www.ja-ye.org.

⁵⁹ "Junior Achievement uses hands-on experiences to help young people understand the economics of life. In partnership with business and educators, Junior Achievement brings the real world to students, opening their minds to their potential.", www.ja.org.

⁶⁰ There are, however, nearly 700 students in the Entrepreneurship Economics program. <http://www.vern.hr/>.

Policies for developing entrepreneurship skills and culture

Entrepreneurship as a subject area has not yet been able to penetrate what is essentially a scientific community. And yet, it is one of the targets identified by the EU. More specifically, the EU encourages additional scientific research into firms with strong growth potential.⁶¹ When the challenge of entrepreneurship is eventually taken up by the education system, there is a good chance that some major changes will be required, especially with regard to the TEA. Despite a university system that perpetuates tradition, however, CEPOR⁶² and SOROS⁶³ appear to be the most advanced in terms of developing entrepreneurial skills and recognising entrepreneurship as a lever for development.

In short, if the country is to develop human resources who are able to improve the entrepreneurial system, this line of action must become a priority. In the meantime, other tools are being developed to speed up the process, and this is proving to be highly conducive to entrepreneurship.

The venture creation agency (HAMAG)

HAMAG, which plays the leading role in entrepreneurship in Croatia, is extremely dynamic. It has introduced a number of interesting programmes, including a certification programme for advisory staff which consists in the “*development of promotional and advisory personnel on the state and local level, who will permanently educate, inform and train participants in the area, and who will design and implement measures and activities for the development of small entrepreneurship, with special attention to the support of the development of operators in small entrepreneurship*”. The programme is delivered by SOROS-Institute Open Society-Croatia and receives financial support from USAID.

The programme addresses the uneven skill levels among personnel throughout Croatia who provide front-line support for entrepreneurs. They are employed in Entrepreneurship Centres, incubators and entrepreneurial zones – in short, in the various institutions that work with entrepreneurs and small businesses. The agency uses opinion polls to carry out systematic assessments of the training needs of entrepreneurs and support staff.

The institutional structure is therefore ready to welcome skilled people – but are those people available? The task of recruiting people to become entrepreneurship pioneers is proving difficult. Entrepreneurs want to meet with people who speak the same direct, practical language. Peer experience is still one of the cornerstones of credibility. Moreover, it is widely accepted that local development needs a local component. Will these people be able to integrate and be accepted by the business community? Clearly, additional effort will be needed to forge contacts with business communities and build mutual trust between the formal and informal private sectors and the public sector. We observed that recruitment is difficult even for well-known organisations, and even in the more dynamic regions.

The presence of international agencies

The presence of international agencies is important and their role is essential at several levels, because if expertise is not available in the country, it must be imported, or must be developed through training abroad. USAID plays an active role in the skill development process by providing skilled trainers. It goes without saying that the United States’ expertise in entrepreneurship and international trade is a major advantage in this respect.

⁶¹ *Charte européenne des petites entreprises: rapport 2004*, p. 60.

⁶² SMEs and Entrepreneurship Policy Centre, www.cepor.hr.

⁶³ Soros Institute Open Society for Croatia, www.soros.hr.

The private sector

The private sector has made only timid inroads into a market that could produce some profitable business opportunities in the medium term. At the present time it is difficult to assess the profitability of this economic sector because the country's small firms have not responded in large numbers to the consultation opportunities and training sessions offered. It is still too soon to regard this as a market of the future. So far, small firms do not have the financial resources required to use professional consultants, who tend in most cases to be from abroad. Leading-edge expertise, in other words.

The Chambers of Commerce, Chamber of Crafts and employer associations are officially recognised by the State and work together to improve the products and services available to their members. Membership is mandatory for both Chambers.

The Economic Chamber offers training sessions and works generally on labour development. The chambers also qualify for European Union programmes, including the Life Long Learning Programme supported by CARDS.⁶⁴ The PUMA programme⁶⁵ provides a model in this respect. The programme is offered by Croatia's Association of Employers and is aimed mainly at managers in larger firms.

The media

The messages we received concerning media presentation of small business and entrepreneurship were mostly negative. This observation is corroborated by Slavica Singer's study⁶⁶, presented in the introduction. It shows that, generally speaking, the media publishes very few positive models of entrepreneurs. However, HAMAG and the Chamber of Craft told us they made systematic contributions to the public interest media.

Activities in the entrepreneurial system

We briefly reviewed a number of successful initiatives, such as the *National Conference on Small Business and Entrepreneurship* held every year in June and attended by entrepreneurship stakeholders. There is also a competition to acknowledge the successes of the country's best entrepreneurs, with awards in six categories (micro, small, medium-sized, innovator, exporter and female entrepreneur).

⁶⁴ The goals of CARDS: Community assistance is provided through investment and institutional reinforcement programmes. Among other things, CARDS focuses on:

- Reconstruction, help with returning refugees and displaced persons, and regional stabilisation.
- The creation of an institutional and legislative framework in support of democracy, the constitutional State, human rights, minority rights, reconciliation and consolidation of the civil society, media independence and support for the fight against organised crime.
- Sustainable economic development and economic reforms aimed at building a market economy.
- Social development, including prevention of poverty, gender equality, education, teaching and training, and environmental rehabilitation.
- Regional cooperation.
- CARDS should result in greater coordination, visibility and efficiency for EU assistance. To qualify for CARDS programmes, countries must uphold democratic principles and the constitutional State, as well as human rights, minority rights and fundamental freedoms.

⁶⁵ Croatian Employers' Association (CEA) Managers Education Program, a modern system of continuous education of managers, www.hup.hr/default.asp?ru=19.

⁶⁶ Singer (2007).

Current policy approach in Croatia: strengths and weaknesses

Strengths and future prospects

Entrepreneurial activity in Croatia has grown significantly and the arrival of a new generation of entrepreneurs has been extremely beneficial in this respect (TEA increased from 2.56% in 2003 to 8.58% in 2006). Similarly, Croatians themselves confirm the existence of business opportunities in their country. There is currently a trend towards entrepreneurship in Croatia. The institutions we visited spoke of a clear national desire to do whatever is necessary to introduce the various entrepreneurship support measures and programmes offered by the EU. Many of the world's economies find it difficult to justify their investments in entrepreneurship and to adjust or alter their existing structures – especially in the education community – when they are also facing other concerns of a social or ecological nature. In such cases, significant economic progress is clearly required, and this operates in favour of entrepreneurship. The current political system is working on change and creativity. In addition, it has a young and highly qualified workforce, which is a prerequisite for change and innovation. While in the field, we met with dynamic individuals who had developed project after project and used every programme at their disposal to stimulate their communities.

Rural communities also provide fertile ground for entrepreneurship because farmers, in their activities and lifestyle, have a tradition of self-sufficiency, leaving room for other types of production, especially for future generations.

The presence of champions who continually develop innovative projects also helps to generate an entrepreneurial development and support dynamic based on the successful models produced by the champions. Recent entrepreneurial results suggest that a new generation of entrepreneurs is currently emerging, and will probably go on to convey entrepreneurial values in the future, at the same time rehabilitating the image of entrepreneurs and strengthening Croatia's entrepreneurial culture.

Weaknesses and threats

The value system of a society evolves over the centuries, as a result of its experience. The system is impacted by different influences and value subsystems such as religion and the political and economic ideology. The Socialist system and the Catholic religion, both of which have influenced Croatia in the past, are not known for encouraging entrepreneurial values such as independence, self-accomplishment, control, marginality and so on. In Croatia, these are not the only cultural barriers. We also found that the business community's image is currently in a crisis situation. Moonlighting, corruption, failure to pay and financial scandals have all had a negative impact on the population's view of entrepreneurship. What parent would want or encourage a child to choose corruption as a career path? Scandals, regardless of their scope, tarnish the entire value chain.

We observed a general lack of effort to raise awareness of entrepreneurship among different client groups. This, however, is the stage in the process that takes the longest. The study by Singer⁶⁷ revealed that entrepreneurial success is not yet valued by a large percentage of the population; some 45.1% of respondents said entrepreneurial success did not confer social status. The same can be said of the media, which virtually ignores entrepreneurial success (36.8 %).

We also observed a total lack of integration between the educational community and the business community. At the present time, the universities do not meet the needs of businesses, and even less of entrepreneurs. Teaching methods are accused of being classical, theory-based, and far removed from

⁶⁷ Singer (2007).

practice and the field. Yet, our own observations suggest that the university system is by no means immutable (Varaždin, Osjek, Zagreb). There are prospects for advantageous pairings between the private and scientific sectors. So far, like most other successful initiatives, they depend on the people concerned.

Threats

Most local, regional and even national interventions focus principally – or perhaps in priority – on infrastructures (zones, industrial estates, incubators) and business support (see Table 1). We also observed that, generally speaking, very little effort, in the form of sustained programmes, has yet been directed towards creating an entrepreneurial culture, improving the business environment or introducing entrepreneurship education into the educational system.

But in order to have a broader impact, it is very important to achievement different steps and to go further as illustrated in the table 1. There are numerous activities that need to be done on infrastructure, we observe a large interventionism on this particular ground but fewer on climate and support. In order to develop a very entrepreneurial community or region (or even country) there are three levels of activities that could be initiate. All these have an important role to play. The first level consist to put in place the required infrastructures and services to be able to physically install enterprises. But when you have the infrastructure, your population is not necessarily prepared to do businesses. So that why the climate that stimulate and entrepreneurship is important. Beside, because entrepreneurship is not an easy path, the support and resources in the environment of entrepreneurs can play a key role.

Table 20. Entrepreneurial community - Checklist

Infrastructure
<ul style="list-style-type: none"> • Property • Public services • Services • Taxes and regulations • Demand-focused approach
Climate
<ul style="list-style-type: none"> • Awareness • Recognition • Culture • Anonymity • Quality of life
Support
<i>Basic Supply:</i>
<ul style="list-style-type: none"> • Positive climate and infrastructures • Business services • Emphasis on entrepreneurs • Networks and mentors
<i>Specialist Supply:</i>
<ul style="list-style-type: none"> • Entrepreneurship training • Financing • Market development • Young entrepreneurs
<i>High-Performance Supply:</i>
<ul style="list-style-type: none"> • Customised facilitation and support • Risk capital • Entrepreneurship in schools • Entrepreneurship support agencies

Source: Centre for the Rural Entrepreneurship (2003), *Community environment for entrepreneurship*, Monograph, p. 5.

The private sector has not yet found its path or its role in promoting entrepreneurship, transferring knowledge and generating socio-economic commitment. The Chamber does this, but from the standpoint of big business, and consequently finds it difficult to reach entrepreneurs. USAID promotes private foundations and emphasises the important role played by foundations in American development.⁶⁸

Examples of good practices in Croatia

In spite of these threats, we identified a number of excellent initiatives such as the Annual Small Business Conferences and the Entrepreneurship Competition⁶⁹. They are still in their infancy, however, and it is too early for them to produce real results or alter the value system of the Croatian population. However, these events gain to be considered like the roots of a dynamic entrepreneurial community of practices and a place for networking and exchange of experiences. This community of practitioners and entrepreneurs has the potential to explore what needs to be done and propose to Hamag or other structure, they can also merge their resources to develop projects in order to respond to entrepreneurs needs. It has been expose that entrepreneur in Croatia needs different channels to reach the public sector.

AZRA is one example of the potential that exists for supporting local entrepreneurship through intrapreneurship rather than through programmes. It has managed to incorporate several dimensions (local, national and international) and generate real action in response to local needs. Its human resources management approach is dynamic, encouraging practical learning, continuous training and collective learning – a strategy that has proved to be a winner in a context where staff recruitment is difficult. The comments of their pairs about their leadership in actions suggest us that this is a model for them so it is a clear sign that it can be qualify as a good practice in this country.

Policy recommendations

As mentioned earlier, a number of programmes have been introduced in the last three years, but the system has still not reached cruising speed. Policies and programmes must reach their target audiences and generate action, and this, in our opinion, has not yet occurred. The purpose of these recommendations is to reinforce existing activities, encourage players who are absent from the arena, and add elements we believe are both urgent and essential to stimulate the creation of an entrepreneurial culture and the development of entrepreneurial skills in small firms.

General recommendations

- Adopt a programme-driven approach. In policies, programmes and instruments, structures appear to be imposed and very few initiatives truly originate in the communities or as a result of the communities' needs. To inject dynamism into the entrepreneurial system, there must be room for new, private initiatives to emerge. If the present dynamic is not reversed, there is a danger that the new generation of entrepreneurs and support staff will depend systematically on central Government funds for their survival. This is not much better than enriching a system of employment insurance or social assistance. The Government should not become the depository for a series of programmes introduced to deal with potential problems.

⁶⁸ ACS, Zoltan *et al.* (2007), p. 28.

⁶⁹ There are two activities linked together. The winner of the competition are announces during the conference, every year in June.

- Build an entrepreneurial culture that is concerned with the common good and the social role of entrepreneurs. This involves encouraging a dynamic based on sustainable collective enrichment – a difficult task, but one that is perfectly achievable because the window is presently wide open. Given the recent political and economic scandals that have tarnished the reputation of the economic elite, the time is right to refocus the general view of entrepreneurship on the work of small firms and their importance, and to change the legal system quickly, so that the market can operate within the rules. It is also the right time to involve the economic community in an extensive campaign to clean up the corruption currently flourishing within its ranks. This requires accountability for all those involved. The answer may be individual or collective entrepreneurship throughout the country's various regions. Entrepreneurship is a powerful way of achieving social and economic democracy.

Cultivate an entrepreneurial culture

- Encourage *champions, successful initiatives and project proponents* wherever possible, and capitalise on their success. It is possible to introduce a process that will encourage successful organisations to teach, exchange and extend their projects into other regions or other organisations. This would not only speed up the knowledge transfer process, but would also help forge contacts between stakeholders and take advantage of the experience accumulated by model initiators. In short, it is a strategy that has advantages for everyone concerned, provided it includes financial or other types of incentives.
- Improve the current *Entrepreneurship Competition* and introduce a new *National Entrepreneurship Contest* involving a wide range of entrepreneurial players and recognising a variety of different entrepreneurial projects. This would help capitalise on the entrepreneurial successes of recent years.
- Use the media more intensively to enhance the value of entrepreneurship and entrepreneurs and reposition their role in the current economic and political transformation; inform (educate) the population and the entrepreneurial community through ongoing activities in the entrepreneurial system (Créativallée model⁷⁰).
- Organise events at which stakeholders can gather, discuss and make collective progress. This will speed up the learning process and allow the existing system, which is already fairly dynamic, to reach maturity more quickly: e.g. conference; convey good practices; website.

Incorporate entrepreneurship education into the educational system

Especially in the vocational schools, which have a more practical orientation:

- By presenting a range of entrepreneurial models and inviting teachers to use the models that most resemble their own lives, so as to avoid culture shock: e.g. the social economy, cooperatives, environmental micro-firms, etc.
- By introducing different teaching methods that allow students to experiment and learn by solving problems. These methods should encourage creativity, autonomy, tolerance for risk, mutual support and social responsibility, individual commitment and so on.

⁷⁰ See learning model "Informing the local entrepreneurial system: Créativallée".

- It is important to find innovative ways of involving the scientific community and introducing entrepreneurship into the universities as quickly as possible by supporting university research in order to create a community of interest and a national movement in university circles towards the development of entrepreneurship knowledge⁷¹. In the short term, a possible solution that may be both effective and useful for the community would be to produce the Global Entrepreneurship Monitor (GEM) study in Croatia's various regions and to delegate responsibility for it to different universities and/or private institutions in each region. In addition to meeting the need for information in the regions, this would stimulate academics' interest in entrepreneurship and force them to propose real solutions to the problems identified.
- It may also be possible to create an entrepreneurship and small business university (like Advancia in France, created by the Paris Chamber of Trade and Industry).

Develop entrepreneurial and managerial skills

There are different levels of learning, and teaching methods must be adjusted accordingly. The first level is knowledge development. This can be done through a variety of channels, including the media, conferences and so on. There are a host of subject areas that would help enrich the entrepreneurial toolbox:

- Knowledge acquisition: One-off and continuous training, conferences, continuous information, distance education, etc.
 - Good stewardship practices (e.g. how to set up a board of directors);
 - Business ethics;
 - Marketing products and services;
 - Foreign markets;
 - Foreign languages;
 - How to sell, negotiate and get to know customers;
 - Case opportunity;
 - Accounting and finance;
 - Regulations; and
 - Etc.
- The second level of learning involves the development of attitudes and skills: Continuous training, practical cases, project testing, etc. It has been shown that entrepreneurs, because of their specific profile, would rather learn by starting a real-life project, preferably their own. It

⁷¹ <http://www.advancia.fr/>.

is therefore easier to motivate entrepreneurs by offering continuous interactive training that will allow them to develop their own projects.

- The third level of training involves experimentation: This allows entrepreneurs to test their acquired knowledge and use their new skills. Experience is obtained through action and over time, but there are ways of speeding up the process, such as sharing experience through mentoring, coaching and networking:
 - In our opinion, the creation of a business mentoring programme would be the best short-term strategy in every region of Croatia. Clearly, the country's entrepreneurial fabric is still in its infancy, especially in terms of technology start-ups and exploration firms. However, it is precisely by pairing these entrepreneurs with domestic or foreign resources that it will be possible to speed up the development of their entrepreneurial skills;
 - Fostering the development of contacts by setting up groups of entrepreneurs with shared business interests. Even if they are supported by the Government, entrepreneurs will be unable to meet the challenges they now face if they do not have opportunities to talk to their counterparts in other firms.
- Organise economic missions to familiarise entrepreneurs with other economic situations and prepare them to face new competitors. Target groups for the missions include students, development officers and entrepreneurs.

International learning models in OECD Countries

The Québec Entrepreneurship Contest, Québec, Canada

Description of the approach

In many respects the Québec Entrepreneurship Contest⁷² is unique. It addresses a niche not served by other entrepreneurship competitions in the Province of Québec – namely youngsters in schools and brand new entrepreneurs who are often still at the business plan stage. In addition, it provides high-value grants and awards that are presented at 17 separate regional events and a national gala. The **Student Entrepreneurship component** is aimed specifically at pupils and students from elementary to university level who have carried out projects requiring entrepreneurial skills during the school year. The **Venture Creation component** is aimed at men and women aged 18 and over who have business projects in the early stages of implementation. By entering the Contest, they give themselves a head start by working hard on the preparation and presentation of their business plans, thereby bringing themselves to the attention of financial institutions and standing out from the crowd.

The Contest takes place in Québec's 17 administrative regions. In every region, it has managed to bring together communities that had not previously been used to working with one another, but that now realise they can achieve great things by pooling their resources. In 2007, 6 773 projects were entered in the Contest, some 5 780 of which were from the student component. In all, more than 150 000 participants were directly involved in real entrepreneurship projects that were officially presented during the last edition of the Contest.

⁷² Baronet and St-Pierre (2004), p. 57.

Policies for developing entrepreneurship skills and culture

Rationale for the intervention policy

Between 1988 and 1997, three entrepreneurship competitions were available to pupils, students and new entrepreneurs in Québec. In 1997, at the request of the Ministry of Education and other partners, the leaders of the three competitions set up a task force to create a single entity that would be known as the Québec Entrepreneurship Contest. The first permanent team was created, and the first edition of the Contest was launched in 1998. It has a number of ambitious goals:

For the student entrepreneurship component:

- Encourage project-based pedagogy;
- Ensure that young people start projects in which they are interested and motivated;
- Acknowledge the entrepreneurial value of student projects;
- Stimulate creativity and self-achievement, two of the basic entrepreneurial competencies; and
- Stimulate new projects.

For the venture creation component:

- Enable new entrepreneurs to locate financial assistance;
- Help new entrepreneurs to become known in the regional and national community;
- Bring regional development workers into contact with entrepreneurship projects; and
- Enable entrepreneurs of all ages to celebrate their achievements.

Why the approach is relevant to Croatia

The Contest is both an entrepreneurship awareness tool and a training tool, especially its Student Entrepreneurship component, which is open to the entire school system from elementary level to university. The Contest is not mandatory, but thanks to the interest shown by teachers and schools, which receive financial support in return, it has nevertheless made significant inroads into the school system. The regional community celebrates the successes of its students, creating a “copycat” effect in other educational institutions. The Contest is particularly interesting in that it contributes significantly to the creation of a web of entrepreneurship support stakeholders drawn from a broad range of communities (private and public education) both regionally and nationally. It also provides support for teachers and helps develop their entrepreneurial competencies as well as their interest in entrepreneurship. The various players involved are able to share their vision of entrepreneurship and generate a collective vision of the regional ideal. All these aspects provide ample justification for the introduction of a similar initiative in Croatia.

Reasons for the success or failure of the approach

The Contest is a positive experience for everyone concerned. It is extremely motivating to see 10-year-old students collect their awards at regional and national galas, in front of influential players from the business community. At the same time, in an under-funded educational system, the \$50 subsidy

per student granted to participating schools provides an incentive for institutions at all levels to become involved. Thanks to the generosity of the business community and the perseverance of the Contest leaders in seeking private sponsorship, the awards are of significant interest to would-be entrepreneurs, who participate in large numbers. More importantly, young participants enjoy the experience because it focuses on projects for which they themselves are responsible from start to finish.

The obstacles faced in implementation and the quality of the response

Some individuals and some schools took longer to admit the importance of the process and its educational nature. However, the basic idea underlying the Contest was to work with people who were positive, to achieve successes and to maintain an open-minded attitude to those who were less enthusiastic.

Considerations for successful adoption in Croatia

The current National Entrepreneurship Contest is aimed at existing firms in six separate fields (micro, small, medium-sized, innovator, exporter and female entrepreneur). What we are suggesting is not a contest aimed at celebrating the successes of existing firms, but one that enhances the image of people, regardless of age, who have projects in mind, and gives them a helping hand to bring them to fruition.

Contact details and web-site for further information:

Québec Entrepreneurship Contest:

Web-site: <http://www.concours-entrepreneur.org/>

Entrepreneurship awareness measure:

Web-site: <http://www.inforoutefpt.org/entrepreneuriat/default.htm>

Business Mentoring – Sharing the entrepreneurial experience

The Business Mentoring programme offered by the Fondation de l'entrepreneurship du Québec, Canada

The *Fondation de l'entrepreneurship*'s Business Mentoring Service⁷³ is acknowledged to be the largest business mentoring network in Canada, with more than 75 local cells scattered throughout Québec's 17 administrative regions. The Service has created close to 2 500 business pairings since July 2000.

Business mentoring is currently regarded as one of the most effective ways of supervising and structuring the activities entrepreneurs and business leaders in every sphere of the economy. Through mentoring, entrepreneurs and business leaders are better able to acquire good managerial skills and ensure both the growth and survival of their firms. Mentoring helps break down the isolation that all new entrepreneurs and business leaders experience, preventing them from losing hope and making

⁷³ www.entrepreneurship.qc.ca/fr/accueil/mentorat.asp.

Policies for developing entrepreneurship skills and culture

hasty, poorly thought-out decisions while enabling them to develop their full potential and determination to succeed.

Since it was first created in 2000, the *Fondation de l'entrepreneurship's* Business Mentoring programme has been adjusted to meet the needs of its clients. Eighty-three percent of respondents were satisfied with the Programme and would have no hesitation in recommending it to other entrepreneurs.

The Programme's mentors are people with business sense and business experience. Their role is to provide guidance and feedback. They are skilled listeners and communicators, and are available to help less experienced entrepreneurs.

The Programme's mentorees are the owners of companies that have been in existence for less than five years and have at least two employees. They are anxious to evolve, learn and develop their expertise and know-how thanks to advice from experienced entrepreneurs or managers (their mentors). **Mentorees obtain many benefits from the process.** Among other things, mentoring helps them to clarify their personal goals and the goals of their firm, confirm their choices, learn about new prospects, obtain access to a broader range of contacts, develop their business sense and improve their chances of success.

Rationale for the intervention policy

The primary goal of the business mentoring programme is to help new entrepreneurs acquire basic managerial skills, and to generate positive impacts for beneficiary organisations. In 66% of cases, the recipient firms' turnover improved following the mentoring experience. At the same time, 78% of the firms that received mentoring services were still in operation at the time of the survey and 70% had survived for five years or more, which is double the rate for unmentored entrepreneurs in Québec as a whole.⁷⁴

With regard to the economic impacts of business mentoring, the statistics show that 1 260 of the firms are still in existence, compared to 550, more than \$25mn in bankruptcy losses have been avoided since 2000, more than \$11mn per year have been invested by mentors in the form of time, and lastly, business mentoring has helped maintain or create 6 000 jobs in the recipient firms.

Why the approach is relevant to Croatia

One of the principal weaknesses of Croatia's entrepreneurial system is the private sector and its ability to play a role in the emergence of an entrepreneurial culture in a healthy, prosperous environment. And yet, the private sector is the main source of entrepreneurial experience. It is therefore important to find a way of optimising and sharing its valuable knowledge.

Business mentoring is an excellent way of improving the expertise of youngsters over a short period, by using the knowledge of more experienced people. In addition, the decentralized structure of the programme would also be of benefit in Croatia, which needs a system that would encourage local involvement.

Mentoring coordinators could easily be incorporated into the existing local structures supervised by HAMAG.

⁷⁴ Mélançon and Alarie (2001), p. 25.

Reasons for the success or failure of the approach

The meetings between mentors and mentorees must be structured, confidential and governed by a code of ethics. Mentors do not have answers to everything, but they are able to provide considerable support within the limits of their own experience. They can also call on the resources available in their own circles. Ethics is therefore one of the key factors for success.

The specific goal of the Programme is to work on the development of the individual so that he or she can become a better entrepreneur and a better employer.

The support system developed by the *Fondation de l'entrepreneurship*, through a network of 75 cells, has enabled the Programme to take root in numerous local host communities.

The obstacles faced in implementation and the quality of the response

The Programme requires the cooperation of partners from a variety of communities, who act as local coordinators. Initially, the communities' response to the Programme was somewhat lukewarm. A significant educational effort was required to convince and then direct the coordinators.

Programme funding is another obstacle that enhances the fragility of the local cells.

Considerations for successful adoption in Croatia

Mentoring is based on a formal, ethical commitment and a relationship of trust that allows for discussion. The Foundation's experience has shown that it is possible to create suitable conditions for discussion by carefully selecting mentors and mentorees, and providing information and ongoing training to both groups. Again, however, a gigantic effort will be required in Croatia to clean up the system first.

Contact details and web-site for further information:

Web-site: www.entrepreneurship.qc.ca

Informing the local entrepreneurial system: Créativallée - An entrepreneurship awareness model with a regional flavour

Description of the approach: what is Créativallée?

Créativallée⁷⁵ was launched in France in 2000, with support from public and private sector partners, including the Regional Programme for the Creation and Transmission of Companies. It works on raising awareness of the entrepreneurial spirit among the four million inhabitants of the Nord-Pas de Calais region and developing their ambition and desire to launch businesses. To do this, it highlights and encourages present and future regional initiatives conducive to entrepreneurial intention. In its approach, it regards all entrepreneurs as creators of jobs and wealth, and encourages people not only to consider venture creation or business reactivation as potential professional projects, but also to regard failure as an enriching step in the entrepreneurial process.

Créativallée uses all the means at its disposal to publicise good examples and carry out the actions required to transform Nord-Pas de Calais into a veritable land of creativity. "A feature is

⁷⁵ www.creativallee.com.

Policies for developing entrepreneurship skills and culture

broadcast on regional radio stations as part of an aggressive communications policy aimed at informing the public and raising awareness of venture creation. Information on good entrepreneurial practice is gathered continuously and systematically and then disseminated through different channels, including the Internet, radio, newspapers, special events, partner institutions and occasional support media. The purpose is to enhance public knowledge and motivation in order to foster the emergence of a strong entrepreneurial culture in the Nord-Pas-de-Calais region⁷⁶.

The agency's activities also stimulate local awareness spin-off efforts; an example is the Créativallée project devised by ERNST & YOUNG, through which the company's staff in the Lille region of France are encouraged to communicate with and talk to students about their passion for business.

Rationale for the policy intervention

This particular region of France underwent massive deindustrialisation and was grappling with high unemployment rates. There was everything to be gained from investing in new avenues and reviving the local economy. The people concerned focused on entrepreneurship, even though there was no obvious likelihood of success because the region was dominated by the employee culture. This meant they had to change the culture and create a flexible regional system that was capable of learning continuously.

Why the approach is relevant to Croatia

Croatia must also intensify its efforts to create a new business culture. It needs ways of speeding up the identification and introduction of the right models, resources and practices for support workers and entrepreneurs alike.

In a similar sized region, Créativallée was able to develop a model that stimulated the circulation of information and encouraged people to emulate success.

Reasons for the success or failure of the approach

As we said earlier, local development is primarily an individual affair, and the population needs to become involved in development initiatives. The Créativallée group achieved strong involvement by all its partners from the outset, and focused on communication to reach not only the entrepreneurial actors, but also the entire population of the region.

Considerations for successful adoption in Croatia

Créativallée has become a catalyst for existing initiatives and a source of new initiatives tailored to the region's particular features. It was, of course, necessary to harmonise existing programmes around a core integrated plan.

Contact details and web-site for further information:

Créativallée:

Web-site: <http://www.creativallee.com>

⁷⁶ Riverin (2005).

Conclusions

Croatia is currently receiving support from a number of international agencies to help it respond to the demands of the European Union. The entire economic and political system is involved in facilitating the transition and helping stimulate entrepreneurial activity in the country. In the field, it is clear that every effort is being made to generate business development and internationalisation. Similarly, the regions are rolling out the red carpet to welcome foreign firms, which will have access to the country's natural resources and a cheap, available labour force.

The general public and existing firms must realise that they are best-placed to generate their own development, according to their own rules. At the same time, it is important to work on individual development through entrepreneurship awareness-raising and skill development initiatives, so that local entrepreneurs are able to take advantage of the business opportunities created by the changes.

Because of the short timeframe, it will be necessary to use existing agencies and infrastructures currently working with the target groups to be approached and trained. Similarly, it will be more effective to identify and develop existing practices in Croatia, rather than trying to reproduce models developed elsewhere. Entrepreneurship interventions are dependent on the people concerned, the means available, the contexts in which they are applied, and the demands of the target groups. Existing initiatives, even if not perfect, are easier to transfer because they were set up in similar contexts and face similar constraints.

Although it is a generally accepted fact that education and training are beneficial to economic development, it is more difficult to link entrepreneurial culture initiatives with tangible results. The impacts usually only become clear after several years of hard work and coordination. Political cycles, however, are much shorter-lived, hence the importance of working at the local level, where the direct results will be more easily visible.

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