

PUBLIC POLICY TO SUPPORT ENTREPRENEURS: APPROACHES AND FUTURE TRENDS

20 April 2021

Webinar organised by the OECD Centre for Entrepreneurship, SMEs, Regions and Cities (CFE) and the Global Entrepreneurship Network (GEN)

The issue:

What public policies are needed to harness the potential of entrepreneurship to renew our economies following the COVID-19 crisis and make them more resilient in the future? What are the important policy instruments? How can we ensure that policy is delivered successfully? What is the best practice in building entrepreneurial ecosystems, creating favourable institutions and cultures, and ensuring that entrepreneurs can access the resources they need, such as finance and networks?

This webinar discussed the international state of practice in entrepreneurship policy, the key policy success factors and pitfalls and future policy directions. It drew on the evidence of the GEN Atlas – an online compendium of public policies and programmes – and a new OECD publication the International Compendium of Entrepreneurship Policies.

1. Opening presentations on context and policy options

Ms. Lamia Kamal-Chaoui, Director, Centre for Entrepreneurship, SMEs, Regions and Cities, OECD launched the event with an overview of priorities for strengthening entrepreneurship policies internationally, offering highlights from the OECD SME and Entrepreneurship Outlook, the OECD/European Union publications in The Missing Entrepreneurs series and ongoing OECD work to track the impact of COVID-19 on entrepreneurs and related policy responses. She noted some sharp declines in start-up rates at the outset of the COVID-19 crisis, and an increase in the share of necessity as opposed to opportunity-driven entrepreneurship as start-up rates recovered. She emphasised the need to re-boot start-up policy to help drive economic recovery and renewal and introduced the OECD International Compendium of Entrepreneurship Policies and the GEN Atlas as valuable sources of information on entrepreneurship policy issues and approaches.

Ms. Kamal-Chaoui outlined four primary challenges for effective and coherent entrepreneurship policy going forward:

- *Deal with the residual effects of the COVID-19 crisis:* Investment will continue to be constrained in the years to come and the issues of solvency will remain. This may require further reform of insolvency regimes;
- *Improve the targeting of start-up policies and integrate the lessons learned from COVID-19 policy responses:* Public expenditure programmes to support entrepreneurs should be targeted to where they make the most difference. More intensive support programmes should target productive entrepreneurship, which can occur in all sectors. Policies should incorporate lessons from policy evaluation, using reliable methods as set out in the OECD Framework for the Evaluation of SME and Entrepreneurship Policies;
- *Increase coherence in entrepreneurship policy:* Governments need to address barriers to entrepreneurship across a range of areas – taxation, regulation, education, access to finance, internationalisation, innovation, etc. They need the right institutional frameworks and support for entrepreneurial ecosystems at regional level. An overarching strategy for entrepreneurship can also be helpful.
- *Ensure that entrepreneurship is inclusive:* Too many potential entrepreneurs with bright ideas and energy do not go on to produce enterprises. Youth, women, and migrants for example are less



likely to start impactful businesses and face bigger barriers in business creation. Policy must address these barriers to provide equal opportunities in entrepreneurship. Youth entrepreneurship is even more important now with the disproportionate impact of the COVID-19 pandemic on the availability of jobs for young people.

She concluded with an overview of the three main types of interventions found in the OECD International Compendium of Entrepreneurship Policies:

1. Actions to improve institutional conditions for entrepreneurship;
2. Provisions of direct support to entrepreneurs and start-ups; and
3. Building entrepreneurship ecosystems with a holistic approach to policy development and implementation.

Ms. Suzuka Mohri, Assistant Director, Startup and New Business Promotion Division, Business Support Department, Small and Medium Enterprise Agency, METI, Japan welcomed the OECD Compendium, whose development was supported by the Japanese government. She noted that one of the important messages of the Compendium, relevant in Japan as in other countries, is that entrepreneurship policy initiatives in different areas should not be developed separately, but developed together as part of an integrated packages. She highlighted the objective of raising the start-up rate in Japan from some 4% to 10% and strengthening the country's entrepreneurial culture.

Ms. Mohri also provided an overview of the framework for entrepreneurship policy in Japan, focusing on taxation, culture, coaching and mentoring, and holistic policy development. The Angel Tax System and the Japan Finance Corporation's low-interest loan programme (up to YEN 30 million without a guarantor) aim to improve access to finance for entrepreneurs. Policy has addressed entrepreneurial culture through pre-entrepreneurial events and programmes at the high school level. Moreover, coaching and mentoring programmes have been introduced in municipalities through one-stop consulting services.

Ms. Mohri concluded by explaining the holistic approach undertaken to create and foster two entrepreneurship ecosystems. The J-Start-Up Programme helps start-ups access venture capital and accelerators and to network with large corporations and governmental agencies. Moreover, Start Up City has created the foundations for global start-up ecosystems in Tokyo, Aichi, Osaka and Fukuoka and domestically-focused ecosystems in Sapporo, Sendai, Hiroshima and Kyusyu.

2. Panel on country entrepreneurship policy approaches

David Halabisky, Entrepreneurship Policy and Analysis Unit, Centre for Entrepreneurship, SMEs, Regions and Cities, OECD introduced and moderated a panel discussion on future directions for entrepreneurship policy.

Ms. Cristina Fernandez, Vice President for Policy and Research, Global Entrepreneurship Network (GEN)

Ms. Fernandez presented the GEN Atlas, an online compendium of implemented good practice entrepreneurship policy instruments from around the world. The Atlas can be searched on various criteria, like target of instrument, type of support, and level of intervention, and lessons can be gleaned together with information on results. GEN Atlas includes material from both OECD and World Bank reports as well as country submissions that are subsequently updated with outcomes where possible.

Mr. Jordi García, Chief Operations and Strategy Director, ENISA (National Innovation Company), Ministry of Industry, Trade, and Tourism, Spain

Mr. García introduced the strategies that have been implemented in Spain for innovative entrepreneurs such as participative loans and support for women entrepreneurs. Future policy aims to target green and socially conscious businesses and start-ups as well as rolling out the Next Generation Europe Fund. Moreover, he introduced four mission-oriented policies, that will help finance networks of cities to work together to support local entrepreneurial ecosystems in a holistic way. The four mission areas are new mobility, housing for all, rural/urban equilibrium and social responsibility. Mr. García concluded by addressing the challenges of developing action plans to connect city networks and create a more holistic approach to supporting innovative entrepreneurship.

Dr. Syahira Hamidon, Undersecretary for Policy & International Relations at the Ministry of Entrepreneur Development and Cooperatives, Malaysia

Dr. Hamidon provided a brief overview of the Malaysian context before explaining the National Entrepreneurship Policy (NEP) 2030 – a long term strategy for entrepreneurship development in Malaysia. The policy involves overarching strategic thrusts to foster entrepreneurship culture across society; improve regulatory environment and access to finance; stimulate holistic entrepreneurship development; support innovation-driven enterprises; strengthen entrepreneurial capacities in SMEs; and internationalise high growth enterprises. Dr. Hamidon outlined a range of specific targets, strategies and initiatives to deliver these policy thrusts. She highlighted the importance of developing holistic and inclusive ecosystems, developing entrepreneurial communities and increasing the number of high quality and resilient entrepreneurs.

Ms. Daina Klepone, Managing Director, Enterprise Lithuania, Lithuania

Ms. Klepone introduced the Lithuanian approach to entrepreneurship policy and identified several challenges including fragmentation. Current efforts focus on enacting large-scale change and developing a more integrated, holistic approach to policy. Strategies include the consolidation of several entrepreneurship support organisations and engaging with regional and municipal partners. Ms. Klepone concluded that scaling digitalisation and providing entrepreneurship skills and competences are key. Lithuania is among the top five countries in the world for the share of the adult population with interest in entrepreneurship as a career (80%), but has a very low entrepreneurship competence level. Therefore, e-learning programmes and entrepreneurship support for nascent and new entrepreneurs must continue to expand.

Mr. Ahmad Dading Gunadi, Director for SME and Cooperative Development, Ministry of National Development Planning, Indonesia

Mr. Gunadi provided an overview of the 5-year policy plan for micro-enterprises and SMEs in Indonesia. He introduced three primary aspects to the accelerated development plan: institutional spending, ecosystem creation and regulatory support. Mr. Gunadi also discussed the need to streamline policy and administrative support. Indonesia is in the process of consolidating SME support into one ministry - the Ministry of Cooperative Development and Small-Medium Enterprises.

The discussion further explored aspects of the holistic approach to entrepreneurship policy and the importance of inclusive entrepreneurship policy, open to all sections of society. Coordination among ministries and organisations supporting entrepreneurship frequently needs to be improved. Rationalisation across entrepreneurship support organisations can also be relevant in some countries to streamline support and improve co-ordination and accessibility of entrepreneurs to the broader support system. Evaluation is also important, although can be difficult to evaluate programmes that cut across different focus areas and different agencies. Participants were also keen to discuss policies to support entrepreneurs during the COVID-19 crisis.

3. Key takeaway policy messages

Dr. Jonathan Potter, Head, Entrepreneurship Policy and Analysis Unit, CFE, OECD

returned to the issue of why entrepreneurship policy is important. It has a key role to play in rebuilding the economy and responding to COVID-19 in the years ahead. It can raise the productivity rate of small businesses by replacing low productivity incumbent businesses with higher productivity new starts. It is also important for generating more green and social start-ups. He identified two overarching questions for consideration for future entrepreneurship policy development.

What sort of start-up support packages are needed? As there is no silver bullet single policy action that can release entrepreneurship, policy packages should be implemented. The International Compendium of Entrepreneurship Policies sets out three principal elements for these entrepreneurship policy packages: 1) strengthening institutional conditions (entrepreneurial culture, taxation, competition policy, regulatory framework, etc.); 2) programmes for entrepreneurs (entrepreneurship education, training, advice, coaching and mentoring, access to finance, internationalisation; technology and innovation etc.); and 3) policies for entrepreneurial ecosystems.

How can policy packages be put together? He identified three key issues. A first issue is improving the targeting of policies. There are different options, such as focusing on technological entrepreneurs, growth entrepreneurs, green entrepreneurs, firms with owners from under-represented groups etc. The target of each policy intervention needs to be made clear. Furthermore, the most intensive support needs to be channelled to productive entrepreneurship, with careful consideration of potential policy displacement and deadweight effects.

A second issue is achieving more coherence in entrepreneurship policy. Governments have to address barriers in a range of areas: culture, taxation, competition, regulation, education and training, advice and mentoring, access to finance, internationalisation, and technology and innovation. So methods are needed to bring policy together in packages. This includes creating the right frameworks for policy, such as consolidating entrepreneurship support organisations as in Lithuania or creating a strategic policy document like the National Entrepreneurship Policy 2030 in Malaysia. Key performance indicators (KPIs) and monitoring and evaluation are also important. And national and regional entrepreneurial ecosystems also need support, as for example with Japan's start-up cities policy, which creates an ecosystem building

consortium, with local government, university and private sector, or Spain's support for networks of cities with a common action plan to support entrepreneurship.

A third issue is to ensure that entrepreneurship is inclusive. For example, support for entrepreneurship and financial education is needed for youth businesses and support is needed for women entrepreneurs, such as through the women mentor initiative in Lithuania.

Dr. Potter concluded that the key lesson is to learn from experience, which both GEN and the OECD support through their work and their entrepreneurship policy development tools.

Read More

The OECD has produced extensive work on entrepreneurship policy, including reports on inclusive entrepreneurship, entrepreneurship ecosystems and more.

- [International Compendium of Entrepreneurship Policies](#)
- [The Missing Entrepreneurs 2019](#)
- [OECD SME and Entrepreneurship Outlook 2019](#)

GEN has developed a compendium of entrepreneurship policies and programmes to help policymakers, advisors and opinion leaders to learn from international experience:

- [Atlas: GEN's Research + Policy Portal](#)

OECD contacts

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