



RESEARCH NETWORK DEBATE

SWEDISH ENTREPRENEURSHIP  
FORUM

# The Future of Entrepreneurship and SME Policy Theory and Practice



RESEARCH NETWORK DEBATE  
SWEDISH ENTREPRENEURSHIP  
FORUM

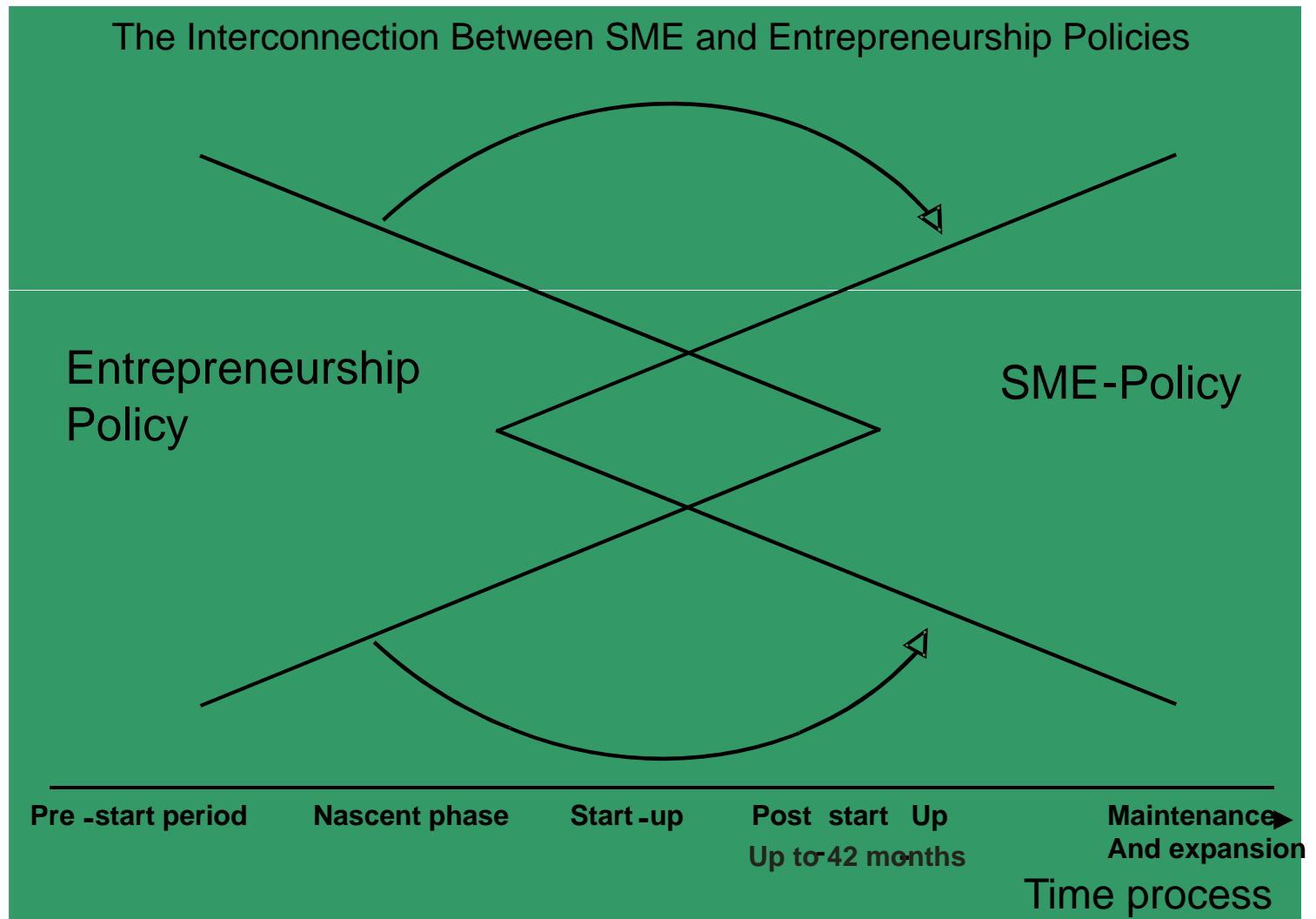
## What is entrepreneurship policy?

Entrepreneurship policy is primarily concerned with creating an environment and support system that will foster the emergence of new entrepreneurs and the start-up and early-stage growth of new firms

(Lundström and Stevenson, 2005)



## The Interconnection Between SME and Entrepreneurship Policies





RESEARCH NETWORK DEBATE  
SWEDISH ENTREPRENEURSHIP  
FORUM





RESEARCH NETWORK DEBATE

SWEDISH ENTREPRENEURSHIP  
FORUM

## Entrepreneurship and SME policy areas

- Promotion
- Entrepreneurship education
- Counselling and information
- Financing
- Administrative burden (rule simplification)
- Target groups (unemployed, women, immigrants, young people, elderly people)
- Policy relevant research
- Training
- Innovative entrepreneurship



## How can policy measures be structured and described?

- There are a huge number of projects and programs in these policy areas
- No unified definition or structure of what can be seen as parts of these policy areas
- Initiatives can be taken at EU-, national-, regional- and/or local-levels
- Experiences mainly from studies in different European countries



## How can the subareas be described?

- Comprehensiveness index method. What are countries doing then they doing entrepreneurship and/or SME policy?
- Built on an assumption that there is a relation between policy measures taken and level of costs
- However, more policy not obviously better than less
- No country or region are able to present the costs of different policies
- Minor interest of the context of a country or region then formulating policy measures

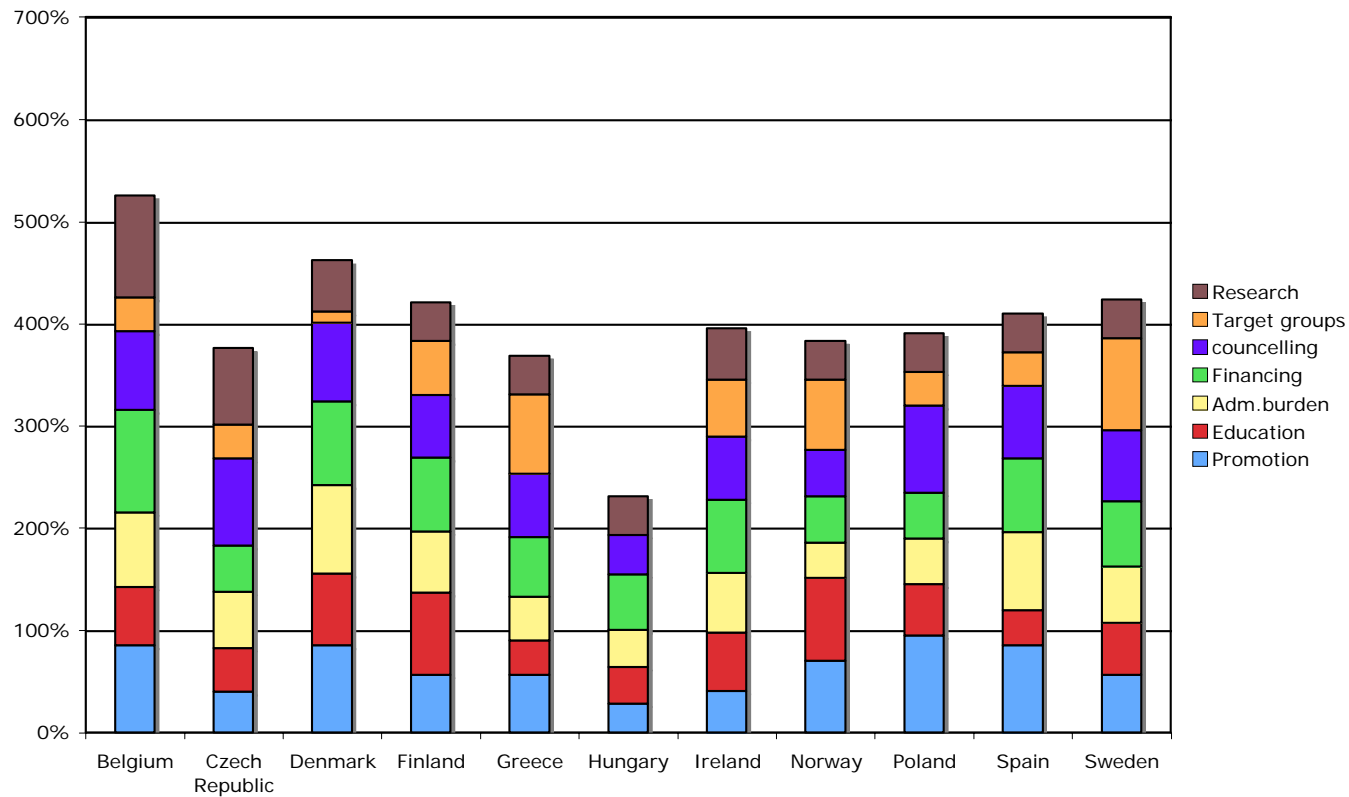


## Objectives for entrepreneurship policy

- *Most qualitative objectives such as*
  - Increase the number of growing companies
  - Create more positive attitudes towards entrepreneurship
  - Increase the number of female entrepreneurs
- *More quantitative objectives have been introduced such as*
  - Reduce the costs for administrative burden with x % up to year x
  - Increase the number of start-ups with y % to year y



## Country differences in Entrepreneurship policy





## Sub-areas - Entrepreneurship Policy

- Promotion (Belgien, Denmark, Poland and Spain high, Sweden average)
- Education (Finland and Norway high, Sweden average)
- Adm.burden (Denmark and Spain high, Sweden average)
- Financing (Belgien and Denmark high, Sweden average)
- Counselling and information (Poland and Czech rep high, Sweden average)
- Target groups (Sweden and Greece high)
- Research (Belgien and Czech rep high, Sweden low)
- *Level of activities not costs or results*



RESEARCH NETWORK DEBATE

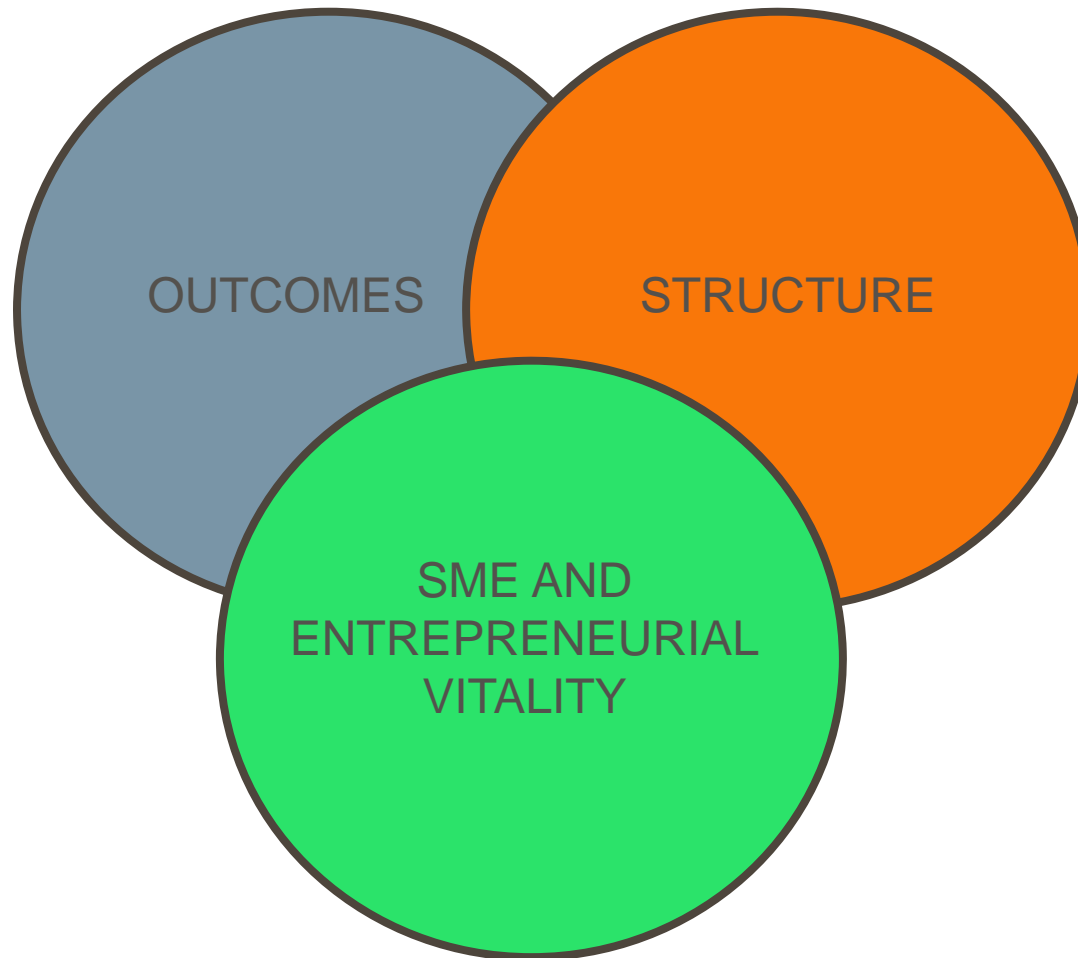
SWEDISH ENTREPRENEURSHIP  
FORUM

## What would governments like to achieve?

- Increased growth, high productivity or increased employment, i e Outcome indicators
- To take in to consideration the context e g the size of the public sector or the level of taxes, i e Structure indicators
- However, results in the area of entrepreneurship and SMEs are measured by Vitality indicators e g the number of innovative entrepreneurship or the number of new firms
- Problems to analyze the relation between Outcome, Structure and Vitality indicators
- How to measure effects from policy measures on Vitality indicators one concrete problem



RESEARCH NETWORK DEBATE  
SWEDISH ENTREPRENEURSHIP  
FORUM





RESEARCH NETWORK DEBATE  
SWEDISH ENTREPRENEURSHIP  
FORUM

## Context for Sweden in a recent European study

- Outcomes - ranking 3 of 14
- Structure - ranking 7 of 14 for entrepreneurship and 7 of 14 for innovation
- Vitality - ranking 11 of 14, thereof 11 of 14 for entrepreneurship in general and 2 of 14 for innovative entrepreneurship

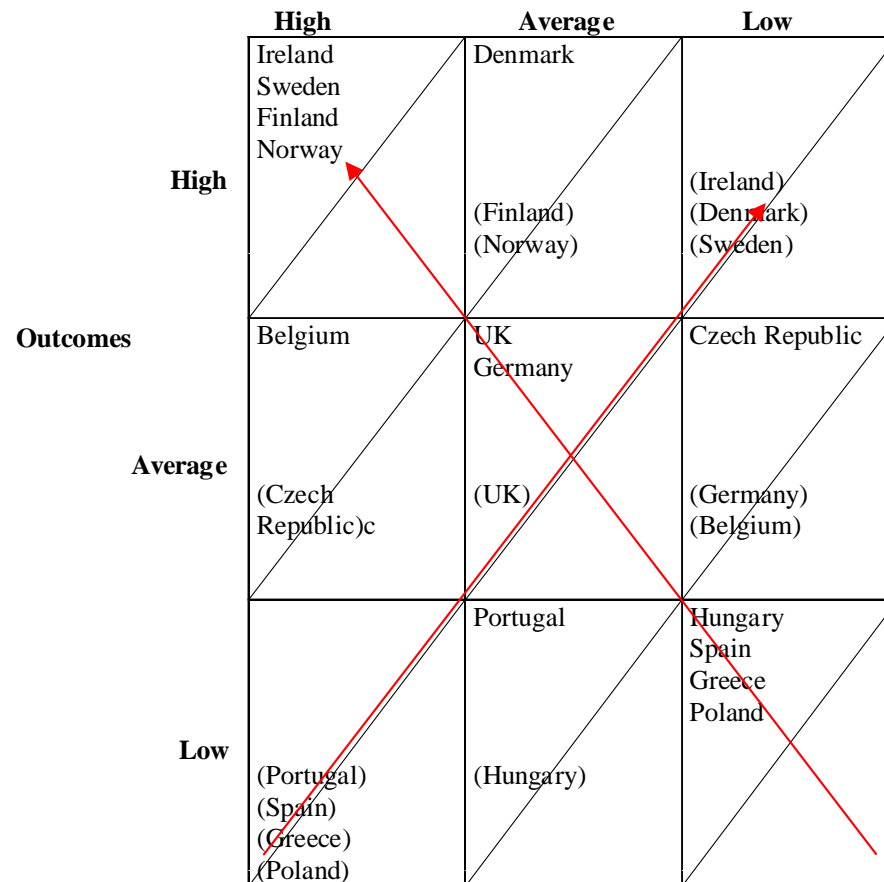


## Relationships between subsets of context

- No simple correlation between Vitality and Outcome indicators
- Indicators for innovative entrepreneurship seem to be positive related to Outcome indicators
- Indicators for general entrepreneurship seem to be negative related to Outcome indicators



**Innovative entrepreneurship/general entrepreneurship**





RESEARCH NETWORK DEBATE

SWEDISH ENTREPRENEURSHIP  
FORUM

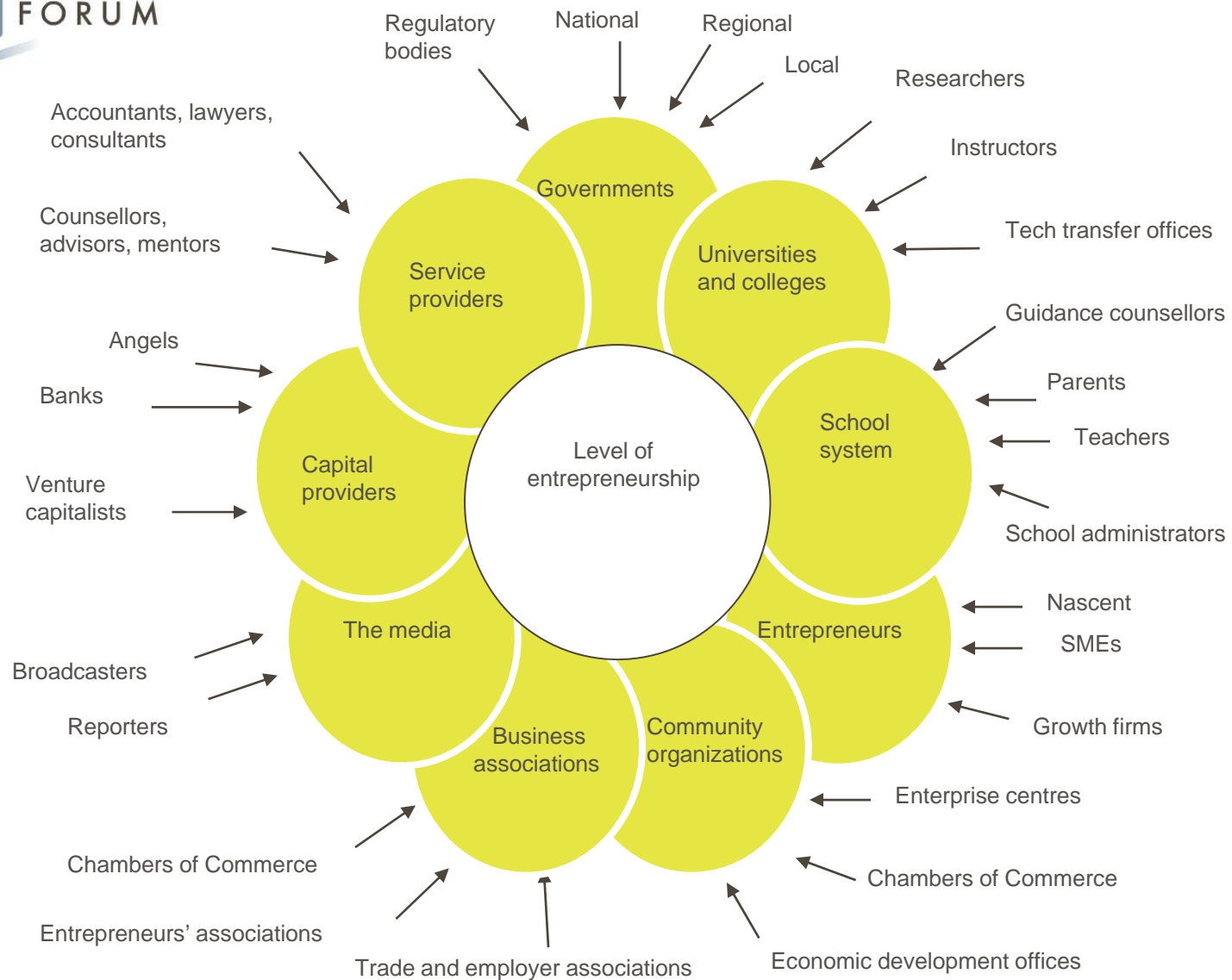
## Evaluation impacts

- The policy area is not properly defined
- It is not possible to calculate resources invested
- It is not possible to do systematic evaluations
- Lack of knowledge concerning the impact of the policy measures taken, but
- Annual investments of at least 10-15 billion euros in EU countries



RESEARCH NETWORK DEBATE  
SWEDISH ENTREPRENEURSHIP  
FORUM

# The Entrepreneurship System

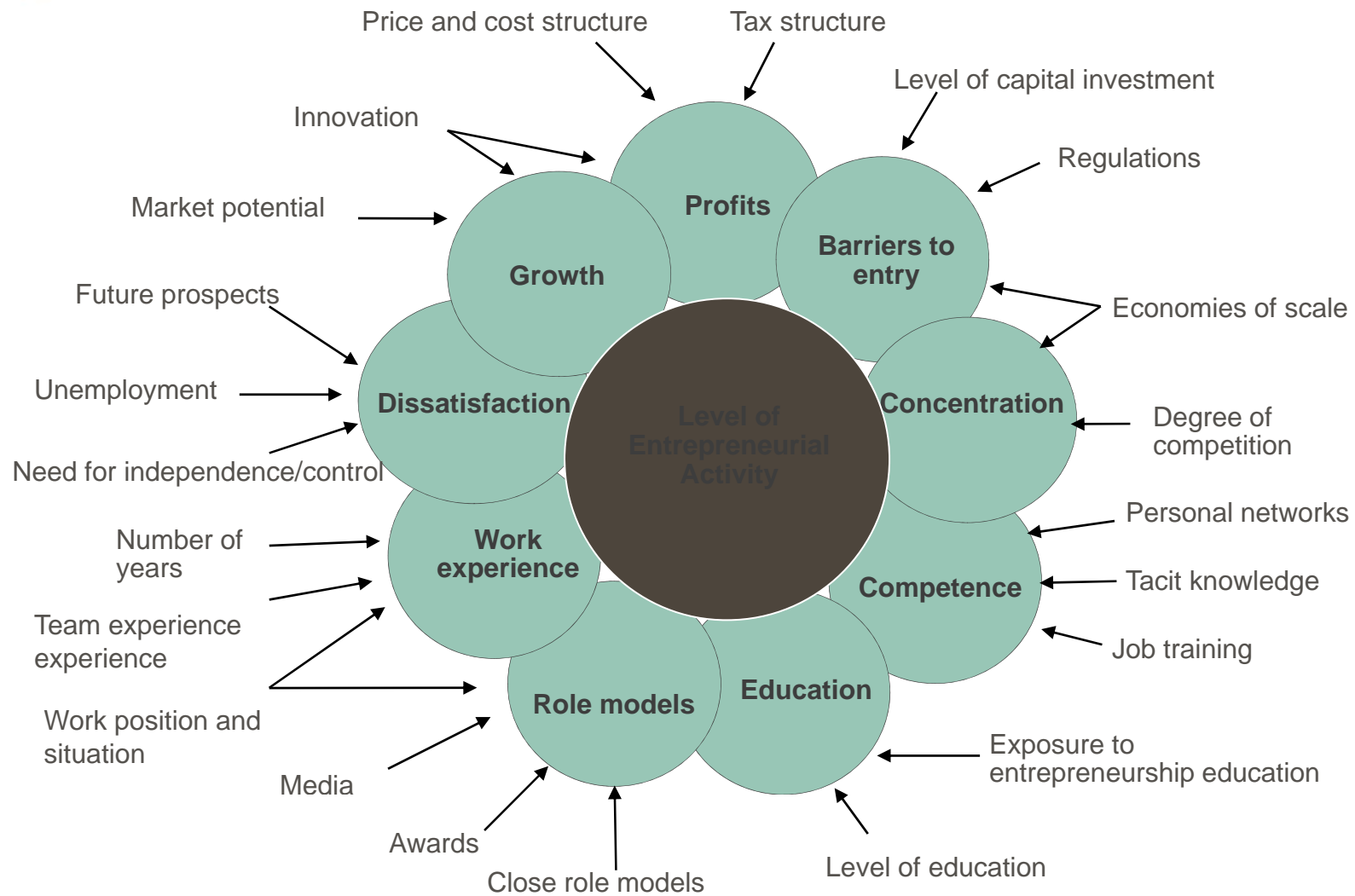




RESEARCH NETWORK DEBATE

SWEDISH ENTREPRENEURSHIP  
FORUM

# Conceptual Model Approach





RESEARCH NETWORK DEBATE

SWEDISH ENTREPRENEURSHIP  
FORUM

Entrepreneurship education - long-term effects  
continuous effects

Administrative burden - a high number of alternatives

Target groups - identifying and isolating

Entrepreneurship promotion - small  
investments

Networking - defining the unit to be evaluated



## Conclusions

- Increased interest in innovative entrepreneurship
- More quantitative objectives
- Developing competence at local and regional levels
- Concentration to the supply side, less interest in the demand side
- Lack of knowledge from research



RESEARCH NETWORK DEBATE  
SWEDISH ENTREPRENEURSHIP  
FORUM

## Looking forward

- Increased interest of entrepreneurship in existing companies
- Increased interest of innovations in existing companies
- Globalization is more an issue for SMEs than for start-ups
- There will be an increased policy interest for existing SMEs
- Start-ups are about employment issues and dynamics
- High level of failures for start-ups
- Few spin-offs from technical universities



## Looking forward (cont'd)

- Rule simplification mainly for existing SMEs
- Time dimensions for effects of entrepreneurship policy are of vital importance, e.g. measures taken in the area of entrepreneurship education can only have long term effects
- Increasing interest of financing sustainable products and services
- Increasing interest of social entrepreneurship
- Increased importance of local and regional actors
- Increased importance of private professional organisations



RESEARCH NETWORK DEBATE  
SWEDISH ENTREPRENEURSHIP  
FORUM

## Entrepreneurship and SME policies across Europe - a coming project 2010/2011

- Estimating the total costs of Entrepreneurship and SME policies
- Mapping the comprehensiveness of Entrepreneurship and SME policies
- Researching the importance of the context of a region or a nation for  
Entrepreneurship and SME policy measures taken



## Benefits of the new research projects

- Increasing our knowledge of costs and what countries are doing in the area of Entrepreneurship and SME policies
- Possible to relate costs to objectives
- Possible to relate costs to measures taken in different policy subareas
- Possible to increase our knowledge about relationships between context and policy measures
- Increased knowledge as a base for future policy decisions