



On the Road to Entrepreneurship Policy

Summary

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SUMMARY OF ON THE ROAD TO ENTREPRENEURSHIP POLICY

by
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During the April 2000-June 2001 we undertook a study of the state and nature of entrepreneurship-oriented policies and measures in ten economies, six members of the European Union (Finland, Ireland, the Netherlands, Spain, Sweden and the United Kingdom) and four members of the Asia-Pacific Economic Cooperation (Australia, Canada, Taiwan and the United States). The major objectives of the study were to:

- explore issues of definition in the entrepreneurship field, including a definition for entrepreneurship policy;
- explore the latest thinking on the role of small and medium-sized enterprises (SMEs) and entrepreneurship in economic growth and the factors influencing the emergence of entrepreneurship in a society;
- develop a conceptual framework for considering the impact of 'context' when comparing countries on their level of entrepreneurial activity, and display the problem of complexity in trying to understand the relationships between motivation, opportunity and skill factors and the incidence of business entry;
- identify the major features and elements of entrepreneurship policy, including related policy measures and the process by which a number of governments arrive at their positions with respect to this;
- explore the structures used for delivery of an entrepreneurship policy agenda;
- propose an integrated entrepreneurship policy framework based on convergence of the latest thinking combined with the 'best-practice' experience of the ten economies.

SME policy: a long-term tradition, lack of focus, and limited evaluation

In all modern economies a high percentage of all firms will fall within the definition used for SMEs. SMEs accounted for 97.7%-99.9% of all firms in the countries in our study. This means there are a very small number of large firms. Since the area of interest for SME policy is so wide and heterogeneous, many different projects and programme have been developed over the years, adding up to a fairly complex structure of implemented actions. Thus, as a policy area, it is difficult to define, as well as to create objectives for.

Having said that, a number of economies studied in this project have been working with SME policy for many years, at least between 25 to 30 years. Measures have been taken in a number of areas, such as access to financing, reduction of administrative burdens, and provision of advisory, counselling, information and training services. At the same time, not very much knowledge has been created on the effects and impacts of these types of measures on venture development and performance. This is an area where a great deal of trial and error persists.

SME policy has a lack of theory base

One conclusion drawn in this research, supported by earlier studies, is that the area of SME policy lacks a theoretical base. Neo-classical economic arguments have been used to justify different measures, i.e., introducing measures to reduce market imperfections or negative external effects. However, these rationale are weak from a theoretical point of view and in practice will give little guidance on how to create effective measures in the area.

Entrepreneurship policy vs SME policy

We have attempted to illustrate the connection between the two sets of what we consider to be inter-related, while at the same time, distinctive policy areas, namely SME policy and entrepreneurship policy. In doing this, we draw attention to a number of differences between the features, objectives and orientations of SME-oriented and entrepreneurship-oriented policies. To a great extent SME policies focus on firms (predominantly already existing SMEs), while entrepreneurship policy focuses more on entrepreneurs who may be at different stages of the process of developing a new or early stage business. Thus, entrepreneurship policy is broader in context, starting with measures to stimulate an entrepreneurial culture, and to create widespread promotion of entrepreneurship as an employment choice, as well as providing support to nascent and early stage

entrepreneurs. Understanding more clearly where entrepreneurship policy is situated in relationship to the more established SME policy area will be helpful to governments who want to move towards a more integrated economic development approach.

Entrepreneurship policy: a definition

As a result of this study, we define entrepreneurship policy as policy measures:

- *aimed at the pre-start, the start-up and post-start-up phases of the entrepreneurial process,*
- *designed and delivered to address the areas of Motivation, Opportunity and Skill,*
- *with the primary objective of encouraging more people in the population to consider entrepreneurship as an option, to move into the nascent stage of taking the steps to get started and then to proceed into the infancy and early stages of a business.*

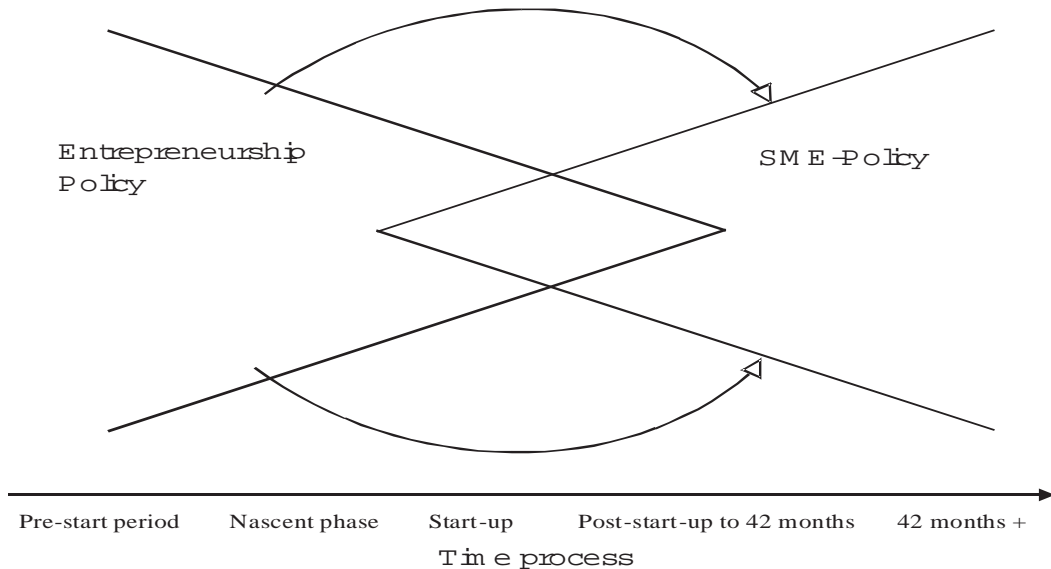
The parameters for entrepreneurship policy span a range of measures aimed at addressing the needs of people as they take the journey from awareness of the option, to exploring the option, to planning and starting the business, through to the critical three and a half years (42 months) survival period of a fledgling business. SME policy measures traditionally emphasise measures geared more to the later stages of business development. The overlap between these two policy domains is illustrated in Figure 3.1 (taken from Lundstrom & Stevenson, *On the Road to Entrepreneurship Policy*, 2002).

The role of SMEs and entrepreneurship in economic growth and the factors influencing the emergence of entrepreneurship in a society

A number of factors have been identified in the research literature as being associated with the level of entrepreneurial activity in a country or region, acting as either promoters or inhibitors. From this literature, we identified at least 25 multifaceted and varied influencers, including social and cultural factors, attitudinal factors (fear and 'stigma' of failure; risk-taking), taxation and ease of business entry and exit factors, population, immigration, GDP growth factors, labour market and regulation factors, the relative size of the public to the private sector, the density of small firms, and the prevalence of entrepreneur role-models, just to mention a few. These studies provide a great deal of important input to our understanding of factors influencing the entrepreneurial behaviour in a society,

however, given the large number of possible influencers, it is difficult to ascertain the precise impact of any one factor on a country's level of entrepreneurial activity. Similarly, we

Figure 3.1 The Interconnection Between SME and Entrepreneurship Policies



conclude that it is difficult to find simple correlations between the level of entrepreneurial activity and, for example, economic growth. In addition, we have very little understanding of how these factors and influencers, individually or in combination, work to produce a certain level of entrepreneurial activity relative to another country with a different combination of those factors and influencers. One of the conclusions from our study is that in making entrepreneurship policy, context certainly matters. These differing contexts also suggest that the act of transferring isolated 'best practices' from one country to another without consideration of contextual differences, may not meet similar success.

The problem of country context and impact on entrepreneurial activity: a conceptual framework

'Context', for the purposes of this discussion, refers to the range of economic, social, cultural, attitudinal, and structural aspects of a country. Primarily from secondary sources, we collected a set of indicators that would enable some kind of comparison of the countries in this study. These included such indicators as: A) GDP growth, unemployment rate, labour force participation rates, B) population size and growth, private and public sector employment, service sector output as a percentage of

GDP, and C) self-employment rates, SME share of total employment, business entry, survival and exit rates, and annual SME growth rate. We categorized these into three groupings: we labelled the A grouping 'Outcomes Variables', the B grouping 'Structure Variables', and the C grouping 'SME and Entrepreneurial Vitality Variables'.

Since international comparisons of data are very difficult due to lack of consistency and accuracy, we applied a ranking procedure for each variable in each group for the set of ten countries. For each country, we arrived at an average ranking value for the composite set of indicators in each of the three groups of variables. From this procedure we noted a number of peculiarities, for example that the highest ranking countries on the Outcomes Variable were not necessarily the highest ranking countries on the SME and Entrepreneurial Vitality Variable. In fact, it was more likely to be the reverse. The bottomline insight from this analysis was the lack of a clear picture of the relative importance of different contexts. Our overall conclusions from this exercise were that:

- the importance of different contexts for entrepreneurship development is poorly understood;
- different contexts will produce different structures; this will demand tailored entrepreneurship policy approaches;
- a best practice approach or measure in one context will not obviously produce a best practice result in another context;
- no single context appears to be superior to any other in our study;
- different results would likely be achieved, depending on the variables chosen for measuring interdependencies;
- the level of economic development of a country is an important variable in explaining some of the context differences between countries;
- in order to develop an effective entrepreneurship policy, a context description of a country should be properly done; normally, regional differences in level of entrepreneurial activity within one economy could be greater than differences between nations (finding from earlier research).

Understanding the relationships between motivation, opportunity and skill factors and the incidence of business entry: a complex problem

The second issue which compelled us was one of trying to measure the relationships between the Entrepreneurship Policy Foundations in one of

our models, Motivation, Opportunity and Skill, and the incidence of business entry in a country. Each of these three aspects encompasses a number of elements, which in combination, will work to either trigger someone to make the decision to pursue entrepreneurship or not. To develop this theory further, we developed a series of functions to capture all those variables or factors that influence: A) a person's propensity to pursue entrepreneurship (e.g., exposure to role models, dissatisfaction); B) the opportunity structure for starting a business (e.g., profits, barriers to entry, growth potential, industry concentration); C) skill (e.g., education, competence, personal networks, training) AND the incidence of business entry. Most of these variables are assumed to have a time dimension and to be mainly individual and sectorial orientated. They are also difficult, if not impossible, to quantify and measure.

The elaboration of our functions and equations is primarily intended to demonstrate the need to focus on the complexity of each functional variable. How do these interact to produce an entrepreneurial event? Some of the conclusions we drew from this exercise are:

- there is no simple linear relationship between the incidence of business entries and the different three sets of variables described; these are not easy correlations;
- there are obviously a large number of measuring problems for many of the variables;
- the variables could not be expected to behave similarly for different sectors or time periods;
- some variables are also complex functions of other variables;
- the value of the variables would not always be known by every individual;
- values, even if they could be determined for individuals, are not easily summed up to a group of individuals, a sector or a time period.

Arriving at 'entrepreneurship policy': features, elements and government approaches

During the process of this research, we observed rapid developments in the area of entrepreneurship policy within a number of economies. Certainly the 'emergence of an entrepreneurial society', as a result of the restructuring of the economy, has been a significant factor. As the pace of innovation becomes more rapid, and the dynamic of business birth and

death rates accelerates, governments everywhere recognize the need for a growing supply of new entrepreneurs. In addition, several governments are pursuing policies to improve their 'innovation performance'. One objective of such policies is to stimulate higher levels of commercialization of publically-funded and other R&D through support for the development of new technology-oriented firms and 'spin-offs'. Thus, entrepreneurship is of growing importance as a critical element of future economic growth.

The collective framework of measures comprising 'entrepreneurship policy', derived from an analysis of our ten case governments, fall within six major categories: 1) the regulatory environment for start-ups; 2) promotion of entrepreneurship, 3) entrepreneurship education, 4) business start-up support measures, 5) access to financing and seed-capital, and 6) target group strategies. A move towards entrepreneurship policy is associated with stated policy objectives to promote an entrepreneurial culture and increase business start-up rates, and embraces four specific areas of policy not routinely found in SME policy: a) integration of entrepreneurship education in schools, b) reduction of business entry and exit barriers, c) widespread promotion of an entrepreneurial culture, and d) specific strategies to support entrepreneurs in the nascent and start-up stages.

Structures for delivery of the entrepreneurship policy agenda

Irrespective of differing social, economic, political or cultural contexts, we found elements of entrepreneurship policy in each of our ten cases, but only a few governments were addressing policy issues in each of the framework areas. Their reasons for pursuing these policy areas varied, but fell within a narrow band of objectives, either to stimulate employment creation, regional development, innovation, wealth creation and/or economic growth. This seems to depend on the country's economic structure and circumstance, the views held by individual governments about where economic growth comes from and what factors lead to it, and its economic and social priorities.

Governments have one of four basic orientations to entrepreneurship policy. The most traditional way of entering the field is to 'add-on' measures to the existing SME policy, particularly in the area of business support for new starters, however, some governments have embarked on a full transition from a SME policy to an entrepreneurship policy approach. Each of these is further elaborated in our Entrepreneurship Policy Typology. Briefly these typologies are:

- *SME Policy 'Extension'*: in the 'extension' approach to entrepreneurship policy, any measures to support the creation of new firms or to more broadly stimulate entrepreneurship, are 'added-on' to existing SME programmes and services. These tend to be initiatives, programmes or services delivered through existing SME support channels, somewhat marginalised and weakly resourced. The broader areas of addressing regulatory barriers to entry, entrepreneurship education and promotion of an entrepreneurship culture are not normally strategically addressed.

'Niche' Entrepreneurship Policy: these policies focus on stimulating the start-up rates among particular segments of the population. The impetus may be to improve the business ownership levels within under-represented groups, such as women, young people or ethnic minorities (Type 1) or to accelerate the take-up of high-tech entrepreneurship among scientific researchers, inventors, university graduates, and people with technology experience (Type 2). In Type 1, the objective is to address specific barriers these groups have to business start-up, as a way of solving unemployment or labour market integration problems or advancing social inclusion objectives. In Type 2, a 'techno-entrepreneurship policy', the objective is to generate high-growth potential businesses based on R&D, technology or knowledge inputs.

- *New Firm Creation Policy*: this approach emphasises policies in favour of reduced barriers to business entry and exit in order to facilitate the business creation process. This could include a review of incorporation and business creation processes and procedures, a review of bankruptcy, competition and labour market policies, simplification of the business registration process (to reduce an entrepreneur's time and costs), the creation of one-stop shops, and the streamlined delivery of start-up information and advisory services, etc.

'Holistic' (or generic) Entrepreneurship Policy: this 'ideal' type involves policies to strengthen entrepreneurial culture and capacity. It is a cohesive and comprehensive approach to entrepreneurship policy and encompasses all of the policy objectives and measures incorporated in the other three policy types. It addresses the challenge of integrating entrepreneurship within the education system and building an entrepreneurship culture, as well as reducing entry and exit barriers, improving access to start-up support and financing, and tailoring strategies

to the needs of target groups, all for the stated purpose of increasing the overall level of entrepreneurial activity in the country.

The approaches taken by individual governments do not fall neatly within one of these categories, however, they tend to exhibit a dominant approach which may be complemented by a secondary approach. For example, governments that ‘add-on’ an entrepreneurship focus to their existing SME support structure will often offer special programmes and services to identified target groups, i.e., a ‘niche’ entrepreneurship policy element. We were able to categorize each of our case governments into this typological framework.

We also observed that governments function with three different organizational structures to deliver the entrepreneurship policy agenda. In one set of cases, the responsibility for SMEs (and by default for entrepreneurship) rests with an ‘umbrella’ government agency officially authorized by Government (Congress, Parliament or its equivalent) to develop and deliver SME policy and programmes. In a second set of cases, the primary responsibility for SMEs rests with a department of government, most often the industry or economic affairs department, but other departments may also deliver SME/entrepreneurship programmes and services (vertical or ‘silo’ structure). A third set of governments has adopted a more horizontal structure. In these cases, one department of government may have the lead on policy development but this is developed and implemented in cooperation with several other departments, levels of government, and possibly major business or industry associations. Governments closer to the ‘holistic’ entrepreneurship policy approach are more likely to have adopted horizontal policy structures.

An integrated entrepreneurship policy framework

We examined the practices of each of the ten case governments according to the six areas of the collective entrepreneurship policy framework outlined earlier in this report. The purpose of this analysis was to flesh out the policy area and map its component activities and measures. From this analysis, we were also able to identify the ‘best-practice’ experiences that are further described in Volume 2 of this series (Stevenson & Lundstrom, *Beyond the Rhetoric: Defining Entrepreneurship Policy and its Best Practice Components*, forthcoming, 2002). This next section highlights the major elements of the each of the entrepreneurship policy framework components.

1. Regulatory environment for start-ups

In all of our cases, the central government is engaged in a process of examining the impact of administrative, legislative, and regulatory burden both on existing small firms and new business entries. The primary reason for this attention is to reduce the disproportionate burden of regulatory and administrative requirements on small versus large firms. All economies have Deregulation or Better Regulation Task Forces of one type or another in place, and most are using Business Impact Assessment Tests or checklists to monitor and measure the impact of proposed new legislation and regulations on small businesses. A major problem in this area is the measurement of both direct and indirect costs of a new regulation or piece of legislation. Another major problem is enforcing the requirement for all government departments to comply with the impact assessment testing process.

When a government embraces the entrepreneurship policy agenda, it becomes more focused on the administrative and regulatory barriers to new firm creation. This entails undertaking reforms to Company Law, bankruptcy law and insolvency rules, competition policy, and labour regulations. It may also entail a review of licensing and permit requirements, zoning laws, and taxation and social security policies that discriminate against the self-employed. In addition, governments in many countries have implemented initiatives to simplify government-reporting requirements (including rationalising the reporting requirements of separate government departments) and in some cases, have established one-stop regulation shops, Single Business Windows and ‘one-stop’, entry point shops for new entrepreneurs. Others have set up government regulation websites that take interested parties through the regulatory maze and provide advisory support, as well as other web-based portals (e.g., Start-Up Assistant).

2. Promotion of entrepreneurship

The area of ‘promotion’ is one of the more underdeveloped strategic areas of entrepreneurship policy development. It is not well articulated in policy terms and the area most subject to rhetoric. Practically every minister of industry or the economy talks about the importance of promoting an entrepreneurial culture, but concrete action to do so is actually quite limited. It is widely recognized that exposure to credible role-models is an important aspect of entrepreneurship development, as is the premise that the more exposure one has to information and knowledge about entrepreneurship, the more likely they are to choose it as an option. An effective strategy to affect widespread awareness of entrepreneurship in

society and to increase its legitimacy, is mass media coverage. Newspaper features, stories about the role of entrepreneurship in the economy and profiles of entrepreneurial activity serve to stimulate discussion, raise awareness, and demystify the process. A few governments are actively engaged in the promotion of entrepreneurship in this way. The sponsorship of entrepreneurship/small business awards is the most commonly employed entrepreneurship promotion tool. These programmes exist in each of our cases.

3. Entrepreneurship education

The importance of entrepreneurship education in creating a more entrepreneurial society cannot be underestimated. Policies to integrate entrepreneurship education in the curriculum throughout the school system at all levels, from primary school through to university are being pursued in a few of our case economies. One of the difficulties in doing this on a national level is the lack of coordination mechanisms between departments of industry or economic affairs and education. However, the experiences of some countries demonstrate that this can be overcome. Based on our good practice examples, it appears that successful implementation of a comprehensive entrepreneurship education approach requires:

- inclusion of entrepreneurship as a component in national curriculum guidelines
- the development of curriculum, teaching resources and teaching models that emphasise student-centred learning and ‘hands-on’ project-oriented activities
- professional development of teachers
- building of resource centres and networks for the exchange of best practice
- business-education partnerships
- entrepreneurial orientation of schools and administrations
- building of community support
- opportunities for students to experiment with venture projects and activities
- student venture programmes and student business loans
- significant budget allocations to fund initiatives
- commitment from both the ministries of industry or economic affairs and education

At the post-secondary level, one finds more examples of entrepreneurship education programmes, but several major issues have to be addressed before all students at the post-secondary level have the opportunity to

take entrepreneurship-related courses. Current developments include moving entrepreneurship out from the Business Schools of colleges/universities into other areas of study, such as engineering, science, arts, media studies, etc., building 'venturing' into the graduation requirements of entrepreneurship students, and educating and in-servicing the growing number of professors and instructors on the pedagogies appropriate to entrepreneurship teaching.

4. Start-up business support infrastructure and measures

There are several new trends in the provision of start-up support to nascent and new entrepreneurs, both in terms of institutional structures and products and services. Every country has a business support infrastructure consisting of economic development offices, small business development centres, enterprise centres and business service centres. Traditionally the objective of these offices and centres has been to provide counselling, advisory and business planning services to fledgling and existing small businesses in order to improve their chances of survival and growth. A significant amount of this activity was to assist SMEs in the process of gaining access to resources – financing, markets, technology, etc. With advances in information technology and a shift in government attention towards the business entry agenda, we see some changes in the small business support landscape. Summarised below are some of the emerging innovations and approaches geared towards reducing the barriers for new entrepreneurs and business starters and providing them with the necessary business information, know-how, networks, expertise and quality advice.

One-stop shops: one of the most widespread developments is the move towards 'one-stop shops', places where entrepreneurs can go to conclude all their dealings with government in the registration of a new business (e.g. Spain's business 'guichets'), complete all their dealings with government regulators and business providers, and access one-stop information and advice.

Online portals: with the advent of the Internet, governments are also developing a range of websites and portals both to provide information and services to new and existing entrepreneurs. This may include training, mentoring and counselling.

Mentoring: based on research indicating the entrepreneur's preference for peer learning, governments have launched mentoring programmes to match experienced entrepreneurs and business leaders with novice entrepreneurs.

Incubators: a number of governments have launched national incubator programmes as part of their start-up policies. These ‘third generation’ incubators are structured for knowledge-based start-ups, are often located on university campuses, are totally wired with high-speed access to the Internet and networked to a rich and deep circle of experts – researchers, technology experts, venture capitalists, experienced entrepreneurs and large corporations. Clients have access to information, counselling, technical assistance, financing, R&D facilities, potential partners and peer support.

Specialty enterprise centres: another institutional innovation is the rise of specialty enterprise centres to serve identified target groups. Women’s enterprise centres and youth enterprise centres exist in some economies, as examples.

Professional development for business advisers: a growing area of government policy attention is the quality of business support services. With the increasing demand for more individualised solutions to a broader range of entrepreneurs’ needs, the requirement for quality service has come to the fore. This is thought to be particularly critical in the case of business advisers and counsellors who are employed by government or quasi-government organisations.

Networks: Certain governments have specifically made ‘the building of SME and entrepreneur networks’ a policy issue.

5. Identification of target groups

Based on evidence that entrepreneurs are a heterogeneous group with different backgrounds, experience, motivations, behaviour and needs, and that certain demographic segments of society are under-represented in business ownership, governments in each of the countries have targeted special groups for focused attention. Countries differ on which target groups have priority, the degree of support and the rationale for their interventions. This will depend on the demographic make-up of a country’s population, labour force and business owners and what gaps need to be addressed. The most prevalent target group is young entrepreneurs, followed by women, ethnic minorities and immigrants, and the unemployed. Some governments also target techno-starters and fast-growth entrepreneurs as a source of innovation and wealth creation. Regardless of target group make-up, policy measures include promotion, training, mentoring, enterprise centres or incubation facilities, micro-loan or seed capital funds, and networking support.

6. Access to start-up financing and seed capital

Although central governments in all of our cases have policies related to improving access to SME financing, they differ in the length of time they have focused on it, the multiplicity of policy measures, the extent of direct government financial assistance, the emphasis on loans versus equity, and the degree to which they attempt to reduce the asymmetry of information about types and sources of financing. Historically, the major rationale for government intervention was 'market failure'. Conventional lenders preferred to make larger loans (lower transaction costs) and deal with established firms (lower risk). Small firms were disadvantaged in capital markets because they lacked the collateral security or knowledge to secure conventional financing, were perceived as higher risk and deemed less profitable. Therefore, small firms lacked access to the resources necessary to expand, modernise or grow. Their stunted growth prevented small firms from increasing employment and productivity, and contributing fully to overall economic growth in the economy. Governments responded with policy measures to address these financing gaps.

In today's economy, capital markets are much more developed. Myths about the higher risk and lower profitability of small business lending are being debunked and traditional lenders are increasingly targeting the small business sector as a profitable growth market. However, financing gaps still exist in segments of the market, defined either in terms of stage of business development, target group, sectors or geographic region. As governments move to an entrepreneurship policy agenda, they begin to examine the extent to which existing financing finds its way into new and early-stage businesses versus existing and more established firms. This leads to the development of more diverse types of financing, tailored to the needs of entrepreneurs at different stages of business development. There is a growing emphasis in all countries towards micro-loan funds and equity forms of financing. The trend is gradually shifting in most countries from formal venture capital to informal angel investment; the latest focus is on bridging the gap between informal private investors, or business 'angels', and entrepreneurs in need of equity. Another trend is to reduce the cost of small firm lending by simplifying loan approval processes, using online loan applications, using credit-scoring techniques, and prequalifying loan approvals.

One of our conclusions is that, whilst a large amount of government resources are being allocated to address SME financing gaps, whether for new or existing firms, not much is known about the extent to which they are solving the problem or the having an actual impact.

Conclusion

Gradually governments are finding their way along the path from small business to entrepreneurship policy. The economies in this study have diverse structures, diverse philosophical underpinnings, diverse ideologies and social goals. Some are led by Conservative/Republican governments, some by Liberal governments, some by Social Democrats and some by Labour. This means that they fall along the continuum from right to left, from 'entrepreneurial economy' to 'managed economy', from individualistic to collective, etc. But, regardless of this, entrepreneurship plays an important role in society, not just because entrepreneurs create jobs, but because, at the end of the day, it is not just about business; it is about people having the freedom to express their creativity, to imprint their style on the work they do, to turn their knowledge, skills and abilities into their own businesses, to create flexibility around their life conditions and personal interests, and to make choices over which they have more control.

Moreover, on the economic side, as governments realise the significant implications of business entry and exit 'churn rates' and the dynamism of the small business sector for innovation and growth, it will be hard for them to ignore the need for enhanced entrepreneurship support in all the areas outlined in this book. The average life of a business is getting shorter, innovation is being driven at a faster rate and businesses are in the constant process of starting, expanding, contracting and disappearing. With this activity, jobs are also being created and lost. We know that small businesses are creating jobs faster than they are losing them. We know that new young firms are responsible for a significant share of gross and net new jobs. We need new businesses to replace the ones exiting for reasons of bankruptcy, retirement, marginality and lack of competitiveness and innovation, and to help create new jobs to replace the old ones. It is therefore essential to increase the supply of new entrepreneurs. There is evidence in this study that governments are seeking to be more strategic in this task. In this era of rapid technological change, globalisation and virtual mobility of money, ideas, and people across borders, governments must adopt new approaches. Granted, there is still a lot we do not know about the entrepreneurial process but further research and continuing efforts to benchmark against the experiences and performance of other countries will serve to fill some gaps and perhaps stimulate efforts to renew the search for more innovative approaches.

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On the Road to Entrepreneurship Policy is Volume 1 of the Entrepreneurship Policy for the Future series, which describes, analyses and discusses the development of entrepreneurship policy perspectives and measures in a group of ten economies - six members of the European Union (EU) and four members of the Asia-Pacific Economic Cooperation (APEC). The overall objective of the project is to explore the efforts of a number of economies to meet the challenge of increasing the level of their entrepreneurial vitality and economic performance by facilitating the development of entrepreneurs and new, young firms.

In Volume 1 the authors briefly analyse and describe the move in different economies from a traditional SME policy towards an entrepreneurship policy. The area of entrepreneurship policy is defined as an important policy area on its own merits. Furthermore, the different areas of Entrepreneurship policy are defined and illustrated with what is ongoing in the ten economies. There is also a presentation of a special policy typology based on the ten case studies.

Special attention is devoted to the concept of context and the importance of the context of an economy to fully understand what can be done to move an economy towards a more integrated Entrepreneurship policy. Furthermore, a conceptual framework is presented to give some insights into the functional complexity between different variables and the number of entries and exist in an economy.

The authors of the book are Professor Anders Lundström and Professor Lois Stevenson, representing the Swedish Foundation for Small Business Research (FSF). Lois Stevenson has been on leave from the Canadian Government and Anders Lundström is President of FSF



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