

Entrepreneurship Works, Belgium (Flanders)

This case study presents a one-year coaching project for the unemployed to help them start a business. The description includes the project objectives, rationale and activities. It also presents the challenges faced when implementing the scheme and the impact that it has had. The conditions for transferring this practice to another context are included.

Objectives

Entrepreneurship Works (“Ondernemen Werkt”) was a 1-year coaching scheme that ran from 2008 until 2013 in Flanders, a Dutch-speaking region of Belgium. It aimed to help unemployed job-seekers start their own business. The coaching combined business advisory, personal development and entrepreneurship skills enhancement. Compared with group training courses, this individualised approach allowed for better guidance during the pre-start-up phase and for more responsive referrals to other support providers (e.g. business professions, microcredit).

The project aimed to screen 650 potential participants in each year over a 4-year period and to have 25% of these people start a business.

Rationale

In Flanders, very few unemployed job seekers returned to work through self-employment. The project was therefore launched to address two obstacles that unemployed people often faced starting a business. *First*, unemployed people generally lack the motivation and skills for self-employment. *Second*, the employment services for unemployed people in Flanders in the mid-2000s were provided by multiple actors that worked independently. This system was fragmented and little support was offered to unemployed people who were interested in self-employment.

Activities

Initial screening

An initial screening of interested potential entrepreneurs was undertaken by VDAB using business professionals (i.e. external consultants) specialised in self-employment. Potential participants were invited to an interview for an assessment of their entrepreneurial skills, business ideas and motivations. The business professionals used a tool called “Entre Mirror”, which is a self-assessment questionnaire that scores respondents on entrepreneurial skills like decisiveness, independence, persuasiveness, perseverance, financial literacy, networking and organisational skills. In addition, the screening interview was used to assess their business idea because the scheme was only available for

unemployed job seekers with a concrete, feasible business idea that could be implemented within one year. Candidates were also required to possess the necessary professional and occupational-specific knowledge and the necessary start-up capital.

Based on this screening interview, the VDAB made one of three recommendations: those who passed the screening were referred to UNIZO for participation in “Entrepreneurship Works”. Candidates who passed the screening but appeared to require more intensive support were directed to a Flemish Activity Co-operative (i.e. a social enterprise) for training before entering ‘Entrepreneurship Works’. Finally, those who did not pass the screening were declined admittance into the scheme.

Phase 1: Exploratory phase

The initial phase lasted a maximum of 6 months and included an in-depth intake assessment and orientation in order to identify entrepreneurial skills and training needs. Based on this analysis, the applicant was provided with a coach to develop a Personal Development Plan and an Action Plan to ensure the feasibility of starting the business within the time foreseen by the project.

During the Exploratory phase, participants had to take the necessary steps to obtain a business management certificate, which is mandatory for starting a business in Flanders. This involved taking a course (132 hours) that covered a wide range of topics that an entrepreneur needs to master to manage his or her own business. One key focus was the development of a business plan. The course took 3 months to complete and individuals with a low skill level could take a preparatory course of 40 hours. Non-native speakers were guided by a language coach.

The aim of this phase was to develop the entrepreneurial competences and to explore the feasibility of the business idea. At the end of the phase, the participants decided whether they wanted to go to the second phase of Entrepreneurship Works or withdraw from the scheme and return to seeking a job in the labour market.

Phase 2: Preparatory phase

This phase lasted a maximum of 6 months and included intensive guidance towards the actual setting up of the self-employed activity. In the Preparatory phase the entrepreneur received individual coaching and could also attend group workshops. The objective of this phase was to execute the skills acquisition plan that was developed during the Exploratory phase and focused on practical tasks such as applying for a loan, searching for a commercial property, contacting suppliers and potential customers and preparing a marketing strategy. Furthermore, candidates were offered workshops and information sessions from which they could choose to gather knowledge about pitfalls for start-ups and ways to reduce them to a minimum.

Project partners

Entrepreneurship Works was a partnership between UNIZO (the Union of Self-Employed and SME's), VDAB (the Flemish Public Employment Service) and Syntra (the Entrepreneurial Training Network). UNIZO provided a team of 5 coaches to give free coaching during 1 year to people who were unemployed and were interested in self-employment (candidate entrepreneurs). These coaches were located at regional offices in each of the 5 Flemish provinces.

The VDAB offices are spread over Flanders; all unemployed jobseekers are registered with the VDAB. VDAB has 40 self-employment counsellors that screened candidate entrepreneurs who were interested to participate in the scheme.

There was intensive co-operation with Syntra Flanders and 4 regional Syntra offices to enhance the competences of the candidate entrepreneurs. Amongst others, Syntra offers the course “Business Management”, which is mandatory to start a business in Flanders.

Participant profile

Table 5.1 presents administrative data that were collected on participants that entered the Exploratory phase of the project. The table shows a number of socio-demographic characteristics of the participants. As a benchmark exercise, the table also includes data for the Flemish population of unemployed job seekers and self-employed entrepreneurs. In that way, it is not only possible to verify which type of participants the scheme attracted, but also to examine to what extent the participants represent the typical unemployed jobseeker or the typical self-employed person.

Table 5.1. **Profile of the participants in Entrepreneurship Works, 2009-14**

Characteristics	Proportion of total (%)		Unemployed jobseekers VDAB population ¹	Flemish population of self-employed entrepreneurs ²
	Entrepreneurship works (Phase 1) N = 2 589	(Phase 2) N = 534		
Female	39.4	43.6	47.4	33.7
50 years old or older	7.3	6.7	25.0	34.8
No high school degree	33.3	27.0	49.1	-
High school degree	39.9	38.7	34.7	-
Bachelor's or Master's degree	26.8	34.3	16.2	-
Persons with an occupational disability	6.3	4.1	13.9	4.6
Ethnic minority	18.7	10.6	24.3	6.4
Groups at risk in the labour market	52.8	42.1	72.0	-
< 6 months unemployed	43.8	12.5	39.3	-
6-12 months unemployed	27.4	31.1	18.5	-
> 1 year unemployed	28.8	56.4	42.3	-

1. The VDAB-data reflect the composition of the population of unemployed jobseekers in the observed period. The average percentage was calculated based on Arvastat-data for the period going from January 2009 to June 2014.
2. 2012 data from the Action Plan Entrepreneurship of the Flemish Government (Department of Economy, Science and Innovation).

The data show that the group of participants was very diverse and included a substantial share (52.8%) of people belonging to at least one group considered to be “at risk” in the labour market according to the VDAB. This includes those at least 50 years old (7.3%), those without a secondary school degree (33%), those with an occupational disability (6.3%), those belonging to an ethnic minority group (18.7%) and women (39.4%). Furthermore, 28.8% of the participants had been unemployed for at least one year at the start of the first phase of the scheme. When comparing these shares with the population of unemployed job seekers, it is clear that there was an under-representation of women, people 50 years old or older, those with low education levels, people with an occupational disability, ethnic minorities and long-term unemployed compared with the population of self-employed people, the scheme had an under-representation of seniors but a slight over-representation of women, people with a disability and ethnic minorities.

Table 5.1 also shows a number of differences in the profiles of participants for the first and second phase of the scheme. As UNIZO closely monitored the trajectory of every participant, it was possible to analyse the dropout during the scheme. After the first phase, 386 participants (15%) received a negative assessment, 102 participants (4%) were transferred to another counselling project and 1 117 participants (45%) decided to quit the scheme. Furthermore, 371 (41%) of the remaining 905 participants who had completed the first phase and received a positive assessment, decided not to start the second phase of the scheme. Logistic regression analysis showed that people with an occupational disability and ethnic minorities were significantly more likely to drop out (due to a negative evaluation or transfer to another scheme) (IDEA, 2014). These groups also had a higher likelihood to quit the scheme themselves. This was also the case for youth under 25 years old and people with a low education level (i.e. participants who did not have a high-school degree).

Project financing

The Entrepreneurship Works project was developed through 3 consecutive European Social Fund (ESF) projects jointly funded by the ESF-Agency Flanders, the Flemish government as well as additional co-funding. Table 5.2 shows the evolution of the budget over the entire period of the project, namely Entrepreneurship Works I (1 November 2008 to 30 September 2009), Entrepreneurship Works II (1 October 2009 to 31 October 2010) and Entrepreneurship Works III (1 November 2010 to 28 February 2013).

Table 5.2. **Financing of Entrepreneurship Works I, II and III**

		Entrepreneurship Works I (1 year)	Entrepreneurship Works II (1 year)	Entrepreneurship Works III (2.5 years)
Requested budget	ESF-financing	EUR 270 000	EUR 292 500	EUR 585 000
	Flemish co-financing	EUR 330 000	EUR 357 500	EUR 765 000
	Additional funding	EUR 66 692	EUR 65 000	EUR 130 000
	Total requested amount	EUR 666 692	EUR 715 000	EUR 1 480 000
Total amount granted		EUR 648 525	EUR 710 600	n/a

Source: IDEA Consult, based on data from the ESF-Agency Flanders.

Based on these data, the average cost per initiated counselling trajectory can be calculated. The project call for Entrepreneurship Works (I, II and III) budgeted an average cost of EUR 1 100 per initiated trajectory. This estimation turns out to be quite accurate if the total amount granted (EUR 2 839 125) is divided over the total number of intakes (i.e. 2 611 participants) (see Table 5.3).

Table 5.3. **Average cost per counselling trajectory in Entrepreneurship Works**

	Entrepreneurship Works I (1 year)	Entrepreneurship Works II (1 year)	Entrepreneurship Works III (2.5 years)
Total amount granted	EUR 648 525	EUR 710 600	EUR 1 480 000 ¹
Number of participants that started the first phase of the scheme	442	475	1 184
Average cost per actually initiated scheme of 12 months (phase 1)	EUR 1 467	EUR 1 496	EUR 1 250

1. For Entrepreneurship Works III, the final invoice had not been made at the time of the evaluation. Therefore, the planned budget has been used in the calculation.

Source: IDEA Consult based on data from the ESF-Agency Flanders

Challenges encountered

As the Entrepreneurship Works project comprised three generations of ESF projects, a number of learning effects could be taken into account when developing the counselling component.

First, Entrepreneurship Works had a difficult time reaching some candidate entrepreneurs, such as those with an occupational disability and ethnic minority groups. Since all the training courses were organised in Dutch, language was a considerable barrier for many candidate entrepreneurs, even though there was a language coach for non-native speakers in the main course of business management. Furthermore, throughout the three editions of scheme, it remained difficult to reach the group of bankrupt entrepreneurs.

A second challenge was providing professional coaching for 650 participants. A team of only 5 coaches was responsible for managing the entire counselling component. Even though there was a clear path leading to the start-up of a new business, each candidate entrepreneur was coached both individually and in a group together with other candidate entrepreneurs. Since every start-up process is very specific, the implementation of the scheme and training needs of the participants differed strongly according to the situation of the candidate entrepreneurs. The flexible approach was a challenge for the small team of coaches, especially since every participant should be able to get in touch with his or her personal coach in an easy and quick way.

A third challenge was finding an appropriate balance between the need to stimulate independence and creativity while providing enough structure to guide the participants through the scheme. In some cases the individual relationships fostered a dependence which hindered the ability of the participant to develop entrepreneurship skills and to leverage other resources.

Impact

Since Entrepreneurship Works was an activation project, the impact was mainly assessed by evaluating the participants' transition to self-employment (and employment). Table 5.4 shows the transition rates for participants that completed and participants that stopped the scheme. For most participants, the measure after 6 months coincides with the end of the scheme (as the second phase could take up to 6 months). Hence, the measure after 18 months shows the result one year after completing the scheme.

The impact of the scheme in terms of moving people back to employment was very high. The average transition rate to employment (measured 1 year after registration at the VDAB) for unemployed jobseekers (overall in the Flemish provinces) was 52.4% for the period 2011-13. The scheme achieved transition rates of 66.6% after one year for those seeking self-employment and 81.3% for those who sought employment following completion of at least the first phase of the scheme.

Logistical regression analysis showed the factors that contributed to the likelihood of finding employment or self-employment (IDEA, 2014). The analyses were performed for four groups of participants:

1. all participants that initiated the first phase of the scheme;
2. candidate entrepreneurs that did not pass the intake interview or were transferred to another counselling project;
3. participants that completed the entire scheme; and
4. participants that did not complete the scheme.

Table 5.4. **Number of Entrepreneurship Works participants transitioning to self-employment and employment**

		Months after completing the first phase	%
All participants that completed at least the first phase of the scheme	Transition to employment	6 months	73.6
		12 months	81.3
		18 months	83.7
	Transition to self-employment	6 months	61.4
		12 months	66.6
		18 months	63.8
At-risk groups that completed at least the first phase of the scheme	Transition to employment	6 months	74.1
		12 months	79.4
		18 months	82.4
	Transition to self-employment	6 months	62.2
		12 months	64.2
		18 months	62.4
Participants that stopped the scheme	Transition to employment	6 months	46.5
		12 months	55.8
		18 months	57.8
	Transition to self-employment	6 months	10.7
		12 months	13.8
		18 months	15.0

Source: Monitoring data from the PES (VDAB), processed by IDEA Consult.

The results from the analyses among all participants that initiated the first phase of Entrepreneurship Works clearly show that completing the scheme had a strong, positive relationship with both the likelihood of finding employment and the chance of becoming self-employed. However, the analysis could not identify whether this can be ascribed to the content of the scheme or whether this was due to a selection bias because the data could not determine whether only the stronger profiles gained access to the scheme.

The socio-demographic characteristics determining the probability to make the transition to employment or self-employment differed according to the extent of experience with the scheme:

- For participants who completed the scheme, female candidate entrepreneurs and participants who were unemployed for at least one year at the start of the scheme appeared to be significantly less likely to have made the transition to employment or self-employment 6 or 12 months after completing the scheme.
- Candidate entrepreneurs that ended their participation in the scheme, turned out to be less likely to be employed if they had an occupational disability, were at least 50 years old or had been unemployed for at least one year. In addition to people with an occupational disability, those with a low educational attainment were less likely to become self-employed when they dropped out of the scheme.
- Among the participants that transferred to another counselling project, the likelihood to make the transition to employment was significantly lower for people with an occupational disability, ethnic minorities, people over 50 years old and the long-term unemployed. However, in this group of participants, only people without a high-school degree were significantly less likely to become self-employed.

Box 5.1. Looking forward: Entrepreneurship Works – The sequel

After three generations of Entrepreneurship Works, a new coaching project was launched in October 2013 to help unemployed job seekers start up their own business: “Make your business work” (“Maak werk van je zaak”). Like Entrepreneurship Works, this scheme is also funded via the ESF-Agency Flanders with Syntra-Limburg as promoter. Like Entrepreneurship Works, it targets unemployed jobseekers, but also targets people at risk of collective layoffs.

The main features of Entrepreneurship Works return in the new scheme. That is, it consists of two phases and has a maximum duration of one year. Before entering the scheme, there are initial screenings and information sessions at the regional Syntra offices. These are organised on a weekly basis. If candidate entrepreneurs pass the intake, they enter the orientation phase (up to 6 months), which is about creating a Personal Training Plan and a Personal Action Plan. This phase results in a business plan, a feasibility study, and – if no exemption is made – a business management certificate. The second phase is the coaching phase (up to 6 months). This phase is about the implementation of the Personal Action Plan, it comprises concrete actions towards the actual start-up.

An important difference between this scheme and Entrepreneurship Works is that each participant is entitled to customised coaching throughout the scheme via a virtual backpack (i.e. funds for training) of EUR 500 for training from an exhaustive menu. This menu comprises short-term training initiatives from both private and public providers.

The total funding for this scheme is EUR 600 000 to coach 800 candidate entrepreneurs and EUR 400 000 for the training backpacks (i.e. EUR 500 per participant). Since the scheme attracted a lot of candidate entrepreneurs, both the targets and the funding have been increased. Since the initial 800 trajectories were started in June 2014, another EUR 334 147 were budgeted for the coaching of 250 extra participants together with EUR 125 000 to fund the training backpacks. This extension of the budget was financed by the VDAB. If the budget from the training backpacks is ultimately not fully used, it will be used to finance an additional scheme.

The intake period for “Make your business work” ended in June 2015. More than 1 600 unemployed jobseekers were reached (twice as much as originally planned), of which 43% belonged to groups at risk in the labour market. Thanks to the coaching and guidance about 400 unemployed jobseekers started as a self-employee, a success ratio of 25%.

Due to the success, a new project “Make your business work 2” was launched, funded by ESF with co-financing from VDAB, SYNTRA Flanders and Enterprise Flanders. From July 2015 until the end of 2017, the promoter SYNTRA Limburg coaches 1 250 to 1 500 unemployed jobseekers in starting a business.

Conditions for transfer

Key design features of Entrepreneurship Works that could be important to include when transferring this approach to another context are:

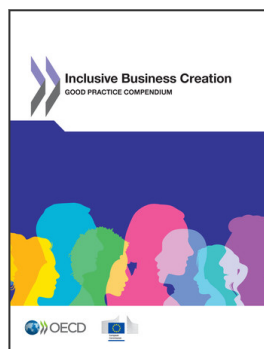
1. A well-developed network of partners. There was a strong partnership between several organisations (i.e. UNIZO, VDAB and Syntra). The close co-operation with VDAB facilitated access to the target group (job seekers), whereas the partnership with Syntra created opportunities regarding competence enhancement. As Syntra primarily focuses on entrepreneurial training, shared activities made it possible for participants of Entrepreneurship Works to get in touch with other candidate entrepreneurs. In this way,

the partnership stimulated networking and peer support. It moreover created direct links with experts. Using such a network of experts, the coaches of Entrepreneurship Works could customise individual counselling trajectories to the needs of each candidate entrepreneur.

2. *Continued access to benefits.* An important characteristic of the scheme was that participants remained entitled to unemployment benefits. The financial risk of starting up a business forms a significant hurdle to taking the step towards entrepreneurship. Even though unemployment benefits decrease over time, this kind of financial support is key to entice people to give the scheme a chance and to support them while their business develops.
3. *High-quality coaches.* Throughout the evaluation, the key role played by the coach in the scheme was repeatedly emphasised. Coaches' knowledge about entrepreneurship was at least as important as their experience as counsellors. This suggests that coaches should be knowledgeable about potential partners in the marketplace and have contacts within support organisations to efficiently refer the participants during, or even after, the scheme. Ideally, the participants were brought into contact with the right people within the organisations that could provide efficient further assistance.

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