

## Chapter 3. Pillar B – Entrepreneurial human capital

*This chapter looks at the progress made by the Eastern Partner countries since the last SBA assessment in advancing the entrepreneurial potential of their human capital. Enhancing citizens' entrepreneurial skills and competences can not only boost their career and employment opportunities, but can also strengthen the competitive power of enterprises and stimulate overall economic growth. The assessment reviews developments at policy and practice levels with reference to three sub-dimensions of the Small Business Act for Europe: entrepreneurial learning, women's entrepreneurship and enterprise skills.*

*The analysis focuses on the entrepreneurship key competence as one of the imperatives for transforming education and training systems in Europe, supported from a lifelong learning perspective through the modernisation of curricula, teacher training and development of an entrepreneurial culture and mindset.*

*Another area of primary importance is gender-sensitive policy making sustained by cross-sectoral vision and coordinated stakeholder action in support of women's entrepreneurship. This chapter also explores the latest developments and challenges in enhancing the quality of human capital for making SMEs strong, competitive and innovative through relevant policies and effective support measures.*

## Introduction

With the launch of the Europe 2020 Strategy (European Commission, 2010<sup>[1]</sup>), the Small Business Act review (European Commission, 2013<sup>[2]</sup>) and of the Industrial Policy Communication<sup>1</sup>, EU policies have focused increasingly on support for entrepreneurship to put Europe on track in terms of growth dynamics and employment creation. To achieve this ambitious objective, the Entrepreneurship 2020 Action Plan<sup>2</sup> (Elson and Seth, 2019<sup>[3]</sup>) has made nurturing new skills and capabilities of citizens one of its key priorities. This would require, among other things, developing entrepreneurial education and training, creating role models and reaching out to specific groups. While fast economic development is a major trigger of demand for skills and competences of citizens, it depends greatly on the availability of relevant skills, and lack of human capital represents a serious obstacle to overcoming the employability challenges and promoting economic growth and prosperity.

World Bank research in this area recognises education as a critical input into high-quality human capital and of improving the population's attitudes toward entrepreneurship, defining human capital as an important determinant of entrepreneurial development and demonstrating the link between the entrepreneur's education level and more sophisticated forms of entrepreneurial activity – including the creation of innovative, high-growth businesses in the most technologically-advanced industries (Acemoglu and Angrist, 1999<sup>[4]</sup>). International studies provide evidence of the importance of investments in skills, knowledge and know-how and their complementarity to investments in physical capital (Angrist et al., 2019<sup>[5]</sup>). To make this investment effective and efficient, governments need to use relevant and good-quality data and other evidence in tailoring policy reforms to the needs of specific groups (such as youth, adults and seniors) to ensure that human capital development policies are inclusive and responsive to citizens' needs.

The current momentum is critical to the human capital development agenda for both the European Union and its neighbours. Rapidly changing economic conditions are prompting an irreversible transformation of demand for skills and competences of the labour force. The evaluation of the implementation outcomes and action plans conducted under this SBA assessment represents an opportunity for the EaP countries to modernise their human capital policies in response to this changing demand for skills. The recent World Bank analysis signals a gap in human capital formation in that students are in school but are not learning; closing this gap thus offers an important opportunity to drive economic development (Angrist et al., 2019<sup>[5]</sup>). Both the quality and relevance of the supply of education and training services are essential for developing human capital, which will require massive public and private investment and cross-sectoral policy partnership around common objectives.

The human capital dimensions are at the core of the economic and SME development agenda, and policies addressed under Pillar B of this report cut across all dimensions of the Small Business Act. Adequate skills and competences are key enabling factors of entrepreneurial activity, business innovation, SME sector governance and public-private partnership. The focus on skills reflects synergies within the SBA framework: skills development is an integral part of SME support services, green skills underpin strategies for sustainable development and resource efficiency, financial literacy is essential for SME access to capital, and digital skills are one of the strong assets for the Eastern Partnership enterprises joining the EU single digital market.

This chapter looks into the state of policies and government measures in the EU's Eastern Partner region that support opportunities for citizens to learn and develop their

entrepreneurial skills and competences in line with the EU policy frameworks for human capital and SME development. It identifies successful practices that could underpin policy design. It focuses on advanced, modern skills and competences – including key competence and occupation-related competences – that support youth and adults in managing life and work transitions, as well as in finding high-quality employment, succeeding in self-employment and creating jobs for others.

This chapter will address the three dimensions of Pillar B: 1) entrepreneurial learning and entrepreneurship key competence development, 2) support for women's entrepreneurship and 3) strengthening skills for SMEs.

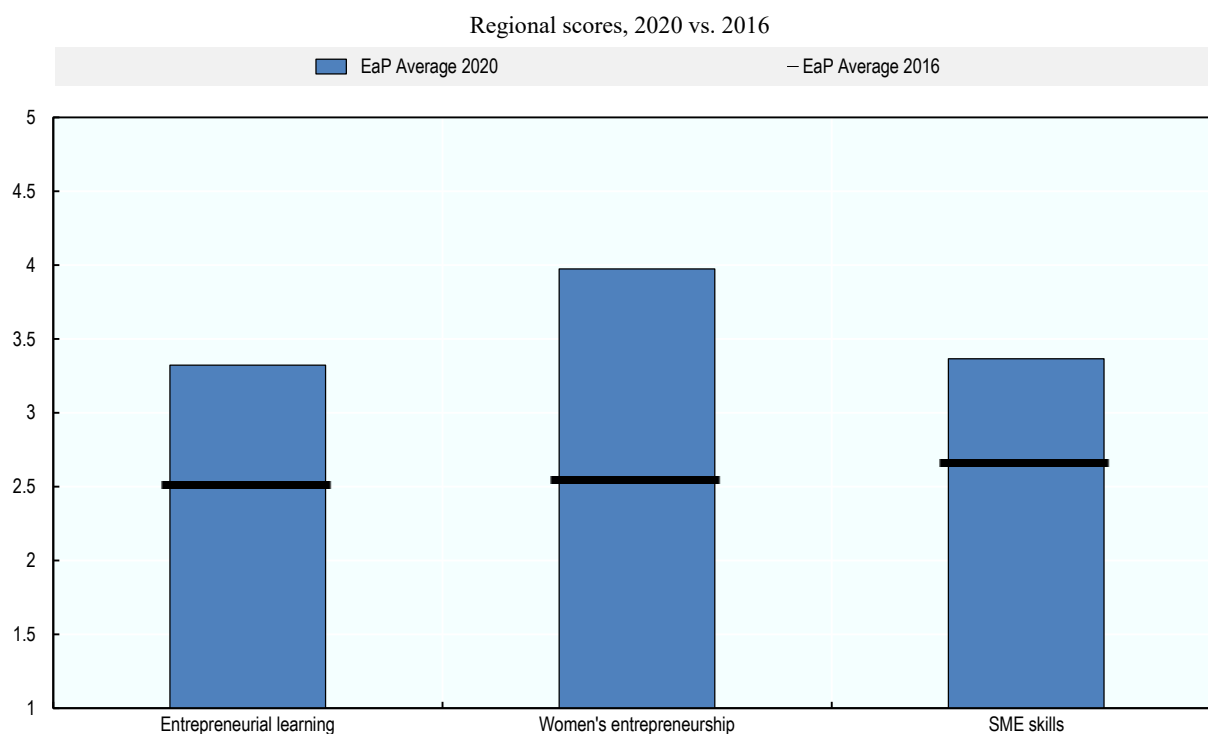
### *Methodological changes to the assessment framework*

The new assessment framework has been developed with the broad participation of human capital policy experts and practitioners and was first piloted in 2016 in the Western Balkans and Turkey (WBT) region (OECD et al., 2019<sup>[6]</sup>).

For the human capital sub-dimensions, the EaP governments first implemented self-assessments led by the National SBA Co-ordinators with support from European Training Foundation (ETF) national experts. Following the collection of draft self-assessment questionnaires, the ETF organised focus groups in each country around the human capital sub-dimensions during which preliminary findings of the self-assessment were discussed and additional evidence provided.

Due to the transition to the new methodology between two assessments, comparison of scores between 2016 and 2020 under the Entrepreneurial Human Capital dimension should be approached with caution.

**Figure 3.1. SME Policy Index scores for Pillar B: Entrepreneurial human capital**



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Table 3.1. Country scores by dimension and sub-dimension, 2020

	ARM	AZE	BLR	GEO	MDA	UKR	EaP average 2020	EaP average 2016
<b>Entrepreneurial learning/ women's entrepreneurship</b>	<b>2.84</b>	<b>3.41</b>	<b>2.79</b>	<b>4.24</b>	<b>4.25</b>	<b>3.98</b>	<b>3.59</b>	<b>2.52</b>
<i>Entrepreneurial learning</i>	2.53	3.02	2.46	3.86	3.97	4.09	3.32	2.51
<i>Women's entrepreneurship</i>	3.31	3.99	3.28	4.80	4.65	3.81	3.97	2.54
<b>Enterprise skills</b>	<b>3.37</b>	<b>2.62</b>	<b>3.06</b>	<b>4.03</b>	<b>3.86</b>	<b>3.19</b>	<b>3.36</b>	<b>2.66</b>

Note: Dimension's score is the weighted average of sub-dimensions' scores.

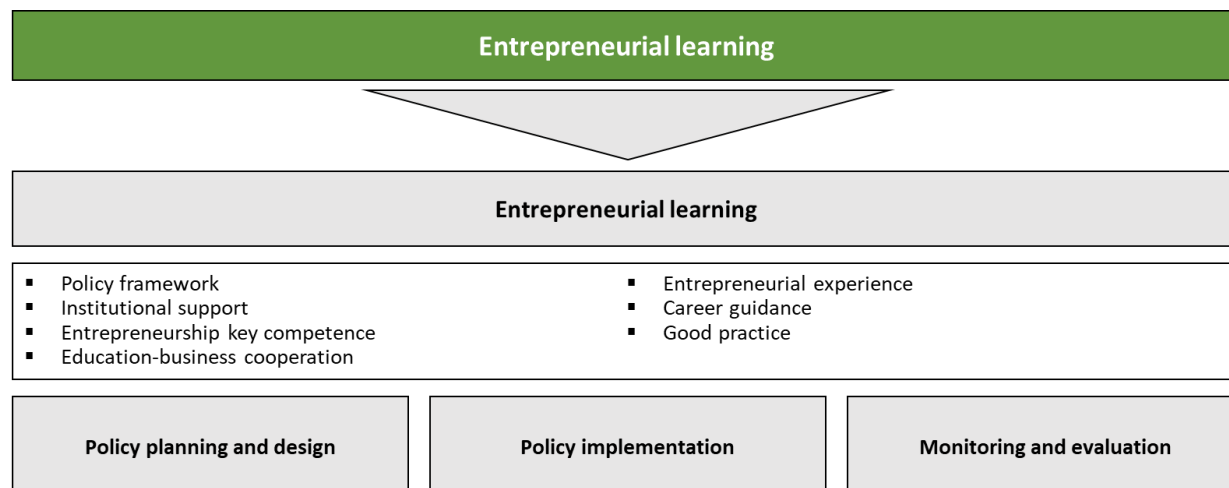
## Entrepreneurial learning

Developments in entrepreneurial learning are increasingly considered an imperative for sustainable economic growth in both transition and developed economies (Gribben, 2018<sup>[7]</sup>) (OECD, 2018<sup>[8]</sup>). Given the region's growing interest in developing a more entrepreneurial workforce and more and better jobs, particular attention is given to entrepreneurship as a key competence (Council of the European Union, 2018<sup>[9]</sup>). Unlike more-developed entrepreneurship skills (e.g. marketing, sales, business management), the entrepreneurship key competence comprises a range of traits that are both cognitive (e.g. opportunity spotting, risk assessment) and behavioural (teamwork, mobilising resources) – traits which employers increasingly seek in their bid for greater competitiveness (Sozuer, Altuntas and Semercioz, 2017<sup>[10]</sup>). It is also important for enhancing employability (Bell, 2016<sup>[11]</sup>).

### *Assessment framework*

Overall, the revised 2020 assessment framework reflects the sets of indicators applied in 2016. First, in terms of planning and design, the assessment focuses on the policy context and institutional support arrangements for entrepreneurship across all levels of education (primary, secondary, vocational and higher). Second, on policy implementation, particular attention is given to the curriculum arrangements for the entrepreneurship key competence, including teacher training, career guidance and education-business co-operation. Pupil-tracer studies is a new variable in the present assessment. The assessment also considers how each of the countries has responded to the European Commission's recommendation that all young people should have acquired at least one practical entrepreneurial experience prior to leaving school (European Commission, 2012<sup>[12]</sup>). Wider issues of awareness raising and good-practice sharing are also addressed. Finally, the assessment considers how entrepreneurial learning is monitored and evaluated specifically at the system level.

Figure 3.2. Assessment framework – entrepreneurial learning



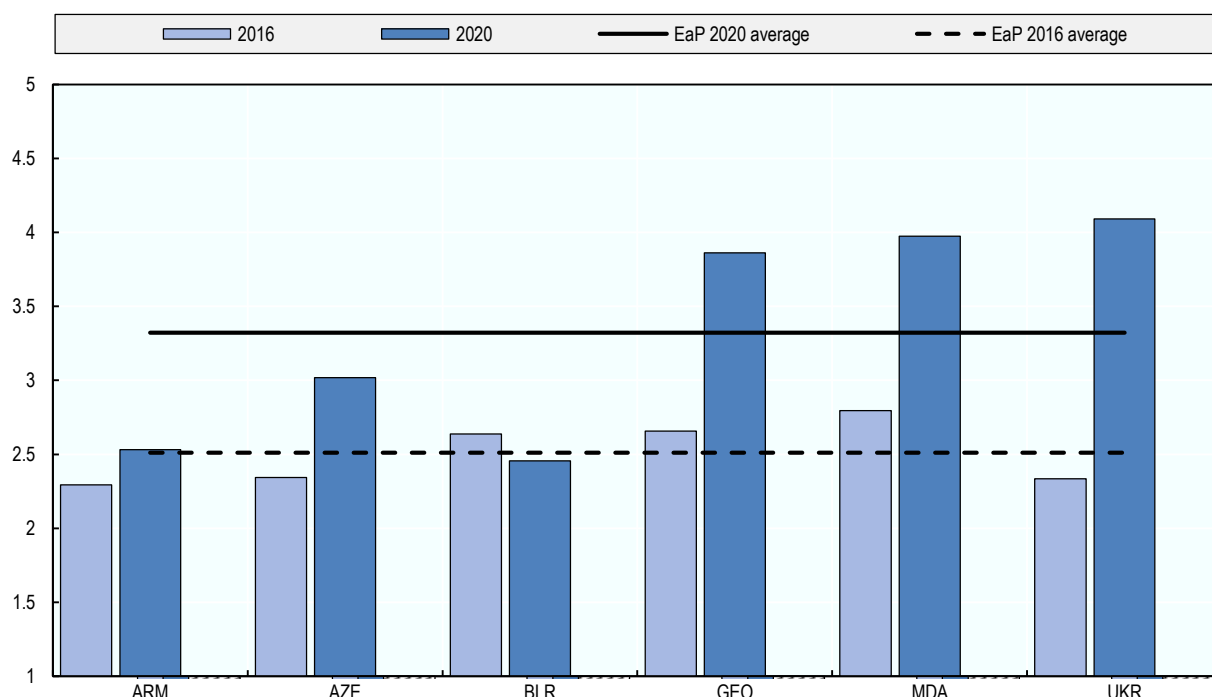
### *Analysis*

With most of the EaP countries entering a period of growth (EBRD, 2017<sup>[13]</sup>), the attention of all governments should now focus on medium- to long-term growth prospects, in particular, in generating more entrepreneurial value from the region's economies. A key factor in sustaining the growth momentum will be more dedicated commitment and investment in entrepreneurial learning to ensure SMEs can meet the challenges of flexibility, competitiveness, efficiency and innovation.

This section reviews the EaP countries' progress in promoting entrepreneurial learning. Important policy references in this drive are:

- The European Entrepreneurship Action Plan (European Commission, 2013<sup>[2]</sup>) which underscores the importance of education for wider SME development policy; and
- The European Entrepreneurship Competence Framework, or EntreComp (Bacigalupo et al., 2016<sup>[14]</sup>) and supporting tools (McCallum et al., 2018<sup>[15]</sup>), the objective of which is to help policymakers and the education communities generate more entrepreneurial value from national education systems.

Overall, the assessment identifies two distinct groupings, with Georgia, Moldova and Ukraine ahead on almost all variables across the three thematic blocks (see Table 3.2). In terms of developments within each country since 2016, the greatest progress was made by Ukraine, Azerbaijan and Georgia.

**Figure 3.3. Scores for the *Entrepreneurial learning* dimension compared to 2016**

*Note:* Methodological changes have been introduced to the 2020 assessment and should be taken into account when observing trends in SME Policy Index scores.

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**Table 3.2. Scores for the *Entrepreneurial learning* sub-dimension**

	ARM	AZE	BLR	GEO	MDA	UKR	EaP Average
Planning and design	2.45	1.00	2.09	3.91	3.55	3.55	2.76
Implementation	3.44	3.44	3.67	4.33	4.11	3.44	3.74
Monitoring and evaluation	4.00	3.00	3.00	4.00	4.00	2.00	3.33
<b>Weighted average</b>	<b>3.26</b>	<b>2.62</b>	<b>3.06</b>	<b>4.14</b>	<b>3.92</b>	<b>3.19</b>	<b>3.36</b>

*Note:* see Annex A for information on the assessment methodology.

### *Reinforce policy and partnership arrangements to include employment authorities*

A country's policy position on entrepreneurial learning provides a critical basis for all developments in the area. All the EaP countries except Belarus have a defined policy commitment to entrepreneurial learning. Policy instruments vary, from the inclusion of entrepreneurial learning in the national curriculum (e.g. Armenia, Georgia) or as part of education legislation (e.g. Azerbaijan, Ukraine) to a more comprehensive, cross-policy package involving education and SME legislation (e.g. Moldova). These trends reflect wider policy approaches to entrepreneurial learning across EU member states (Eurydice, 2018<sup>[16]</sup>). The value of a cross-policy approach – as in Moldova, where entrepreneurial learning is an integral feature of the national Education Code and SME strategy, as well as enshrined in SME legislation – is that a mutually-reinforcing package of education and

economic policies facilitates implementation in areas such as school-business co-operation. It also prompts diverse stakeholders (e.g. education authorities, SME agencies, schools, businesses) to cooperate in the development of entrepreneurial learning, ensuring that economic and education policies are consistent, coherent and complementary.

Partnership arrangements also enable the education community, in particular, to be embedded in a country's entrepreneurship eco-system (Gribben, 2013<sup>[17]</sup>).

In looking at the degree to which partnership arrangements are in place to support entrepreneurial learning, the assessment found that only three countries demonstrate mechanisms for co-operation. Both Georgia and Moldova have dedicated cross-ministerial partnership arrangements (education and economy) including SME agencies and education services, while in Azerbaijan entrepreneurial learning policy interests feature within several institutions, such as the Lifelong Learning Commission and the Standing Committee on Education and Employment.

Overall, across all countries, entrepreneurial learning policy and support could be improved by ensuring that the ministries and key agencies responsible for education, employment and enterprise, as well as private-sector and civic groups, communicate and co-ordinate in a more structured way, with education partners leading the process.

### *Attention should turn to pre-service teacher training for the entrepreneurship key competence*

A particular feature of the assessment was the focus on EntreComp – entrepreneurship as a key competence. Since the last assessment, this has taken on greater significance at the EU level with the publication of a dedicated competence framework (Bacigalupo et al., 2016<sup>[14]</sup>). Unlike traditional entrepreneurship education and training, which is characterised by curricula addressing economics or business (e.g. business planning, managing cash flow or taxation legislation), the entrepreneurship key competence focuses on promoting the entrepreneurial mindset. The aim is to ensure that learners develop a set of cognitive and behavioural traits associated with the entrepreneurial character (e.g. opportunity identification, risk-taking, creativity, resilience, teamwork). The rationale in prioritising the entrepreneurship key competence in the SBA assessment is that it will provide impetus and potential for more 1) start-up activity (competitiveness), 2) entrepreneurial employees bringing innovation and value into businesses (productivity), and 3) enhancements to the labour market prospects particularly of young people (employability).

Armenia, Georgia, Moldova and Ukraine have adapted their curricula frameworks to include the entrepreneurship key competence. Armenia, for example, has integrated the key competence within primary school curricula, with plans to pilot it in secondary education in 2020. Both Georgia and Ukraine have integrated the key competence within their curricula (primary, secondary, vocational), specifically applying the EU's EntreComp provisions. Moldova has applied a modular approach, with the competence introduced across all compulsory education curricula. The piloting of the competence in vocational education by the Minsk City Institute for Educational Development provides an opportunity for the Belarusian authorities to explore options for bringing the key competence forward in the country. Similarly, Azerbaijan's efforts to promote the entrepreneurship key competence in vocational education could be leveraged through to primary and secondary education.

Overall, teacher training specifically addressing the entrepreneurship key competence is underdeveloped, with Ukraine in particular making good efforts to support teachers,

particularly through in-service teacher training (see Box 3.1). Pre-service teacher training will need to be given greater consideration to ensure that those joining the profession have the head start needed to address the pedagogic challenges of the entrepreneurship key competence. An important point here is that teacher training should reinforce the vocation of future teachers in committing to a reformed model of teaching and learning and to include the development of the teachers' entrepreneurship key competence (Keen et al., 2019<sup>[18]</sup>).

### **Box 3.1. Embedding the entrepreneurship key competence in Ukraine's school curriculum**

In 2016, the Ukrainian government announced an ambitious education reform programme under the banner “the New Ukrainian School”. At the centre of the reforms is the development of competence-based, student-centred learning across all schools. Set against EU key competence developments, this work is led by the Ministry of Education in co-operation with representatives from teacher-training institutes (pre- and in-service), the Ukrainian Centre for Assessment of Education Quality, the National Academy for Pedagogical Sciences and educational and civic interest groups. The work of the group is particularly inspired by the European Entrepreneurship Competence Framework (EntreComp) and the European Digital Competence Framework (DigComp). These are considered important for 1) the strategic promotion on competence-based education and key competences for LLL, but also 2) allowing education experts and policy makers to focus on career opportunities for pupils and students which include entrepreneurship.

Ukrainian education experts used EntreComp to design a progression model for the overall education standards. In 2017, the focus was on primary education with reforms implemented via extensive curriculum re-design defined by EntreComp, piloting processes and teacher-training. A key lesson from the piloting was that EntreComp learning outcomes were too complex, and they have been simplified. A roll-out to the remaining primary school community took place in 2108. The expert group also adapted curriculum for lower secondary education; upper secondary education will be addressed in a next phase. Across all levels of secondary education and vocational education and training (VET), the DigComp and EntreComp frameworks will be co-worked within the curriculum.

Three lessons were learnt:

EntreComp can be used to support ‘light’ improvements to standards and curricula.

Moving into large-scale revision inevitably brings the need to engage large groups of experts into a multi-annual work plan involving step-by-step integration of new approaches into the standards and curricula.

Teacher training is key to all reforms, with the need for changes in teacher qualifications and career promotion systems.

Once each phase is fully developed, the new education standard and the competence-based approach will be reflected across all levels of education. EntreComp has been a model for building understanding across different stakeholder groups, integrating entrepreneurial outcomes and reflecting how these progress across the different levels of learning.

Source: <https://mon.gov.ua/ua/osvita/zagalna-serednya-osvita/navchalni-programi/naskrizni-zmistovi-liniyi>



*Practical entrepreneurial experience continues to rely primarily on student mini-company approaches*

A critical factor in adapting the teaching and learning paradigm to accommodate a country's wider entrepreneurship drive will be to ensure that the learner is at the core of entrepreneurial learning and that an entrepreneurial task is the vehicle for learning (O'Dwyer, Costin and Hynes, 2019<sup>[19]</sup>). It is this factor which prompted the European Commission to recommend that all young people should have a practical entrepreneurial experience before leaving school (European Commission, 2012<sup>[12]</sup>).

As in the previous assessment, the school-based student mini-company continues to be the most prominent mechanism for developing the entrepreneurial experience in the region. Junior Achievement, an international non-profit education support institution, works in partnership with education authorities and schools in most of the countries, supporting school-business co-operation (see below).

The practical entrepreneurial experience is better addressed in vocational education programmes either as a compulsory activity in the curriculum (e.g. Armenia, Azerbaijan, Georgia), as an elective subject or as an *ad hoc* project within the curriculum (Belarus, Moldova, Ukraine). The introduction of FabLabs (a support mechanism to inspire university students to develop ideas and translate these into products and prototypes for the market) to vocational education pupils in Georgia is good practice. These address both the entrepreneurship key competence (ideas, opportunity seeking) and more applied entrepreneurship skills (relevance of product to market).

Aside from vocational education, more should be done to ensure that pupils following general secondary education also have the opportunity for practical entrepreneurial experience. This may not necessarily need to be market-driven but particularly set against the provisions of the entrepreneurship key competence, it may address wider societal concerns, reflecting real world contexts and where EntreComp learning principles could be applied.

*Education-business co-operation improving particularly in vocational education*

Education-business co-operation in the region is best developed around vocational schools. The thrust of the co-operation drive is primarily in terms of reinforcing vocational skills. Equal attention should be given to entrepreneurship skills through school-based learning and work placements. This should address classic entrepreneurship skills such as accounting, taxation, sales, business ethics and social responsibility (European Commission, 2009<sup>[20]</sup>) and should be developed alongside the entrepreneurship key competence (Asghar, Kyrö and Gul, 2019<sup>[21]</sup>). One practice that particularly stands out in the assessment is the engagement of young entrepreneurs by vocational schools in Georgia, where role-modelling is a central plank in preparing young people for an entrepreneurship career. This serves four inter-related purposes: 1) inspiration and motivation (awareness), 2) increased self-efficacy (confidence), 3) learning by example (peer influence) and 4) learning by support (hands-on guidance and support) (Bosma et al., 2012<sup>[22]</sup>).

It was not always apparent during the assessment how and to what extent vocational and entrepreneurship skills reflected the wider economic development agendas of each country. In this regard, recommendations that Georgia engage SME exporters in the teaching of entrepreneurship in vocational schools, set against Deep and Comprehensive Free Trade Agreement with the EU, are good (Babiashvili, 2018<sup>[23]</sup>) and could also be considered by Moldova and Ukraine.

Turning to general secondary education, the Junior Achievement network plays an important role in facilitating school-business co-operation in the region. Activities include engaging entrepreneurs as guest speakers and involving local businesses into business plan competitions.

#### *Extend entrepreneurship career guidance to general education*

Since 2016, good progress has been made by all countries in upgrading their career guidance services to include entrepreneurship as a career option. Within the school system, this is most developed around vocational schools. Azerbaijan stands out for combining career guidance with entrepreneurship practice within its Career Guidance Action Plan. Such exposure to entrepreneurship practice directly contributes to career direction by improving confidence and self-efficacy with knock-on implications for entrepreneurship career intentions (Liguori et al., 2019<sup>[24]</sup>). Tracking of secondary education graduates into the labour market remains an area to be addressed by all countries, apart from Azerbaijan. Data developments would not only support impact assessments but also allow address wider policy concerns on skills mismatches<sup>3</sup> (Rubal Maseda, 2017<sup>[25]</sup>).

#### *Government and private sector should reach out to higher education institutions*

The 2016 SBA report highlighted how higher education institutions did not feature in the assessment drive. It argued that higher education was too important to be outside the SBA policy dialogue, given its potential for innovation and economic development. The report also put forward a number of proposals to prompt better integration of the higher education community in SBA developments in-country. These included government-university dialogue on promoting entrepreneurship in higher education, the use of a European Commission support tool (HEInnovate<sup>4</sup>) to further entrepreneurship in higher education, good practice sharing, and the establishment of a multi-country forum to kick-start higher education engagement in SBA developments. None of the proposals has been followed up.

While entrepreneurship is addressed in all countries (particularly in business and technical faculties), the assessment nonetheless demonstrates that there are initiatives around individual universities concerning entrepreneurship promotion in wider subject areas. One good example is the entrepreneurship courses available at Brusef University (Armenia) in social sciences and language programmes. Ukraine, nonetheless, stands out for taking steps to include the entrepreneurship key competence in higher education programmes through education standards. This is important, given growing evidence that transferable skills are in growing demand in fast-changing economies (Israel-Cohen and Kaplen, 2019<sup>[26]</sup>).

While the recommendations from the 2016 assessment still stand, a greater understanding of the non-engagement of the higher education community in the SBA assessment and wider economic policy drive is required. If governments and the private sector do not have sufficient influence to engage with the higher education community, bolder initiative and leadership from public authorities and employers' organisations is required. If the university establishment is not convinced of the potential of strategic entrepreneurship promotion in higher education, good-practice compilation and research on entrepreneurship, in the specific context of a market transition, may spur the higher education community to consider strategic economic reforms.

### *Reinforce awareness-raising and good-practice sharing, and extend advocacy networks*

The assessment points to increasing efforts in all EaP countries to promote visibility and raise awareness of entrepreneurship, through teacher awards as well as promoting good practice through high-profile events (e.g. conferences). Of particular interest in this assessment is the wider range of advocates and support organisations engaged in entrepreneurial learning developments, including national, regional and local bodies. The National Youth Council in Moldova, for example, is behind a youth entrepreneurship campaign. In the assessment, the Guba Khachmaz regional development centre in Azerbaijan was noted for its social media developments around youth entrepreneurship. Meanwhile, Rivne Municipality in Ukraine promotes awareness raising events through its Week of Creative Entrepreneurship. Finally, the Junior Achievement network sponsors business plan competitions and awards for teachers across the region.

### *Improved capacity and tools to support monitoring and evaluation*

Monitoring of all entrepreneurial learning efforts remains underdeveloped and is confined to general reporting by ministries and agencies on education within annual reports. Primary data (e.g. the numbers of teachers trained on entrepreneurship provisions) is not available in any of the countries while student tracer mechanisms are underdeveloped. Moreover, while entrepreneurial learning featured in a range of policy instruments (e.g. education, SME strategies) it was unclear how the monitoring arrangements were co-ordinated. Given the newness of the policy area, and with implementation in its early stages, particularly on the entrepreneurship key competence, a more dedicated monitoring effort (with clearly defined responsibilities by a range of stakeholders) is necessary. This would allow for specific data to be established to track ongoing reforms. This would also provide a basis on which to assess the value and impact of revised pedagogic methods and learning outcomes through evaluation.

The focus group discussions employed in the assessment suggest that evaluation continues to be misunderstood. Evaluation is considered more in terms of individual assessments of pupils or trainees, with little attention given to impact (e.g. entrepreneurial intention, employment status, start-ups). A second factor from the focus group highlighted that institutional capacity for evaluation was often underdeveloped. Drawing on expertise outside education and economy ministries was one way to address this. In this regard, plans in Moldova to engage the National Institute for Economic Research for an evaluation of entrepreneurial learning developments are good.

Finally, because monitoring and evaluation are integral features of donor-supported projects in most of the countries, the capacity developed and tools applied through donor-supported projects should be embedded into national monitoring and evaluation frameworks. Results, including good practice, should also be made available on platforms. This will allow the range of players involved in education and the wider entrepreneurship ecosystem to draw on the analysis and experience.

### *The way forward*

Moving forward consideration should be given to the following:

- **Structured coordination at both policy and system level:** Entrepreneurial learning should be supported at system level by structured coordination of policies and support measures between ministries and key agencies responsible for education,

employment and enterprise; this should include more effective communication and coordination with representatives of private-sector and civic-interest groups, with education partners leading the process.

- ***EntreComp and teacher training:*** Dialogue between the policy and teaching communities is required to ensure that teachers and schools are aware of the complexity of the teaching and learning processes for the entrepreneurship key competence. This should preface wider policy discussions on the organisational backing required for the teaching profession (e.g. by pedagogic institutes or similar) and the financial resources required to ensure teacher training reforms are carried out.
- ***Compulsory practical entrepreneurial experience:*** Measures are required to ensure that all students in general secondary education have access to practical entrepreneurial experience. These may be market-driven or address wider societal concerns, reflecting real world contexts where EntreComp learning principles could be applied.
- ***Engaging higher education in the promotion of entrepreneurial learning:*** Education authorities and employers' organisations in each country should jointly engage the higher education community in dialogue to determine more systemic and across-campus developments (all students, all faculties) in entrepreneurial learning.
- ***Monitoring and evaluation:*** All countries should examine the potential for engaging research institutes or other bodies outside of government which have the expertise to provide services to support monitoring and evaluation of systemic entrepreneurial learning developments.

## Women's entrepreneurship

While women's entrepreneurship support has been a topic of policy debate worldwide for decades, recent initiatives have been fragmented on an international scale. Challenges of female labour market entry (including through entrepreneurship) have also increasingly been gaining the attention of policy makers in both the European Union and its Eastern Partner countries despite a severe lack of gender-sensitive SME data in most countries. It is an undeniable fact that the share of women entrepreneurs' remains around 30% globally (Bekh, 2014<sup>[27]</sup>) whereas women constitute almost half of the world's population, and a similar dynamics is observed in the EaP region. To close the gender gap in entrepreneurship, policy makers need to deal with a broad variety of factors – including legal barriers for women, institutional bias, socio-cultural norms, and disproportionate responsibility for unpaid housework and family care, all of which limit the time women can dedicate to their businesses; the net result is lower growth and revenue (Chin, 2017<sup>[28]</sup>). To overcome stereotypes in defining the traditional roles of women and men in society and to encourage women's entrepreneurship, a “key competence” (Council of the European Union, 2018<sup>[9]</sup>) gap needs to be closed. It is important to ensure that education, training and career guidance are gender- and entrepreneurship-sensitive from an early age and to support the development of the entrepreneurship key competence in girls and boys, women and men, in both formal education and non-formal learning contexts (Bekh, 2014<sup>[27]</sup>).

This publication builds on recent policy research that recognises the equal value and contribution of both women and men to the development of entrepreneurship, including the foreseen impact of gender diversity – when achieved – on global productivity,

competitiveness and innovation (Bekh, 2014<sup>[27]</sup>). Studies confirm that women own over a third of all businesses worldwide, generating millions of employment opportunities and spurring local development. They also control about \$20 trillion in annual consumer spending and, by 2028, are likely to control nearly 75% of consumer discretionary spending globally (Chin, 2017<sup>[28]</sup>). UN research proves that closing the gender gap would add \$10-17 trillion to the global economy.

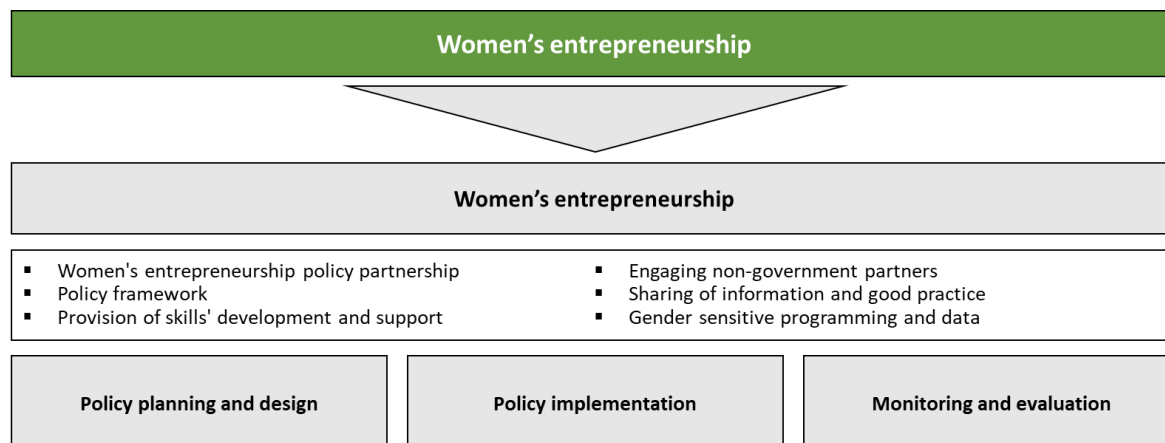
Policy design aiming to increase women's contribution to entrepreneurship should connect different parts of the policy agenda. This will ensure an effective policy response to the complexity of factors that manifest themselves in low numbers of women entrepreneurs (Bekh, 2014<sup>[27]</sup>). A strategic focus on the gender-responsive development of entrepreneurial human capital should inform policy making throughout the policy cycle, from design and implementation to monitoring and evaluation.

### *Assessment framework*

The Small Business Act for Europe puts women's entrepreneurship among its priorities under dimension 1 in view of its great potential for boosting economic growth and societal well-being. Women's economic participation and entrepreneurship development represent serious policy challenges both within the EU and in the EaP region.

The assessment framework for the women's entrepreneurship sub-dimension addresses evidence-based policy making. It looks at policy partnership for women's entrepreneurship promotion, while assigning equal value to a variety of partnership formats: both structured and actively working, non-formal partnership, engaging key players and networks of women's entrepreneurship support. It reviews the availability of strategies and dedicated action plans. A "whole of government" approach requires close co-ordination and division of labour between different parts of the government and policy partners, as well as quality data for policy making that enable identification of specific challenges for women's entrepreneurship in each country's context. This assessment looks for the availability of a holistic framework of women's entrepreneurship policy implementation, including cross-sectoral co-ordination in the government and cross-references between sectoral policies. The assessment reviews institutional arrangements for provision of training and support services and public incentives for non-government organisations and peer networks to provide support for women's entrepreneurship. This chapter also addresses the critical enabling factors of women's entrepreneurship support, e.g. strategic investment in communication, awareness raising measures and good practice exchange. Finally, the chapter reviews monitoring and evaluation arrangements for women's entrepreneurship policies and advocates gender-sensitive policy making based on high-quality, sex-disaggregated data.

For the women's entrepreneurship sub-dimension, the change of methodology was first piloted in the 2016 and 2018 SBA assessments in the WBT region (OECD et al., 2016<sup>[29]</sup>; OECD et al., 2019<sup>[6]</sup>). For this assessment, some new questions were introduced relating to non-formal policy partnerships, cross-sectoral co-ordination of policies addressing women's entrepreneurship, government support for the non-government sector in women's entrepreneurship, incentives for strengthening women's participation in the formal sector, data availability and gender sensitivity of policies.

**Figure 3.4. Assessment framework – Women’s entrepreneurship**

### *Analysis*

The promotion of women’s participation in the SME sector is a fundamental element for sustainable economic growth. During the last decade, women’s entrepreneurship has been gradually gaining a priority status in the policy agenda of EaP countries. However, declarations of strategic importance have not translated into the generation of gender-sensitive data and analysis, which are both essential for evidence-based policy making, especially for understanding the deep roots of the state of women’s entrepreneurship in each country and specific policy measures to cope with the current challenges. Despite data scarcity, little available data in the Eastern Partnership indicates a gender gap in employment, self-employment and entrepreneurship.

Incidence of self-employment among women ranges between 2.8% in Belarus to 72.8% in Azerbaijan (World Bank, 2018<sup>[30]</sup>). The share of self-employed among women is comparable to the share among men, although lower except for Azerbaijan. Men are also more likely than women to work as employers. The share of employers among women ranges between 0.3% (2017) of the employed women in the Republic of Moldova to 10.2% (2018) of the employed women in Azerbaijan (ETF, 2019<sup>[31]</sup>). Economically active women in the EaP region tend to be highly educated, but this does not always translate into labour market performance. Women are more likely to work in agriculture and as family workers, pointing to more precarious working conditions (ETF, 2019<sup>[31]</sup>).

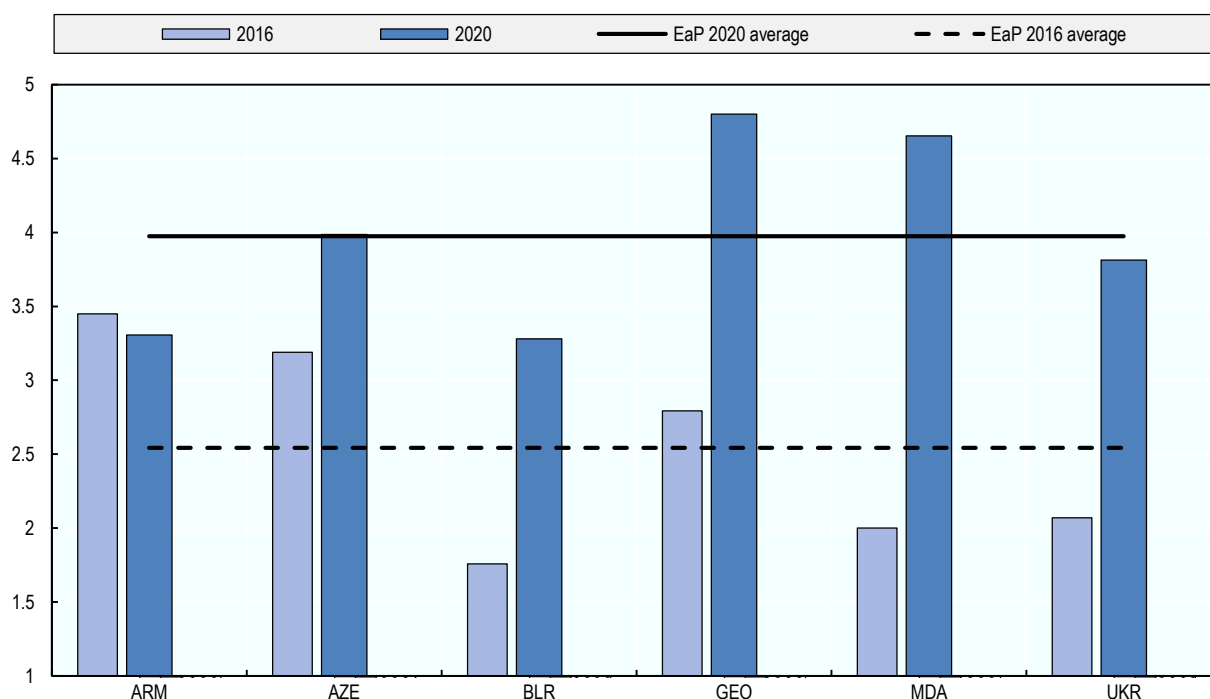
Some EaP countries are part of international indexes measuring women’s entrepreneurship, but it is hard to find comparable data sets across the region. Several EaP countries were included into the 2016 World Bank’s comparative analysis of the gap between female and male entrepreneurship, which, again, confirmed that the share of new female and male LLC owners is less than 30% in Georgia and Belarus, and the share of new female sole proprietors in Belarus, Georgia and Azerbaijan is around 30% (Meunier, Krylova and Ramalho, 2017<sup>[32]</sup>).

Since the 2016 SBA assessment, women’s entrepreneurship has become a priority in all EaP countries (Figure 3.5). Georgia and Moldova are taking the lead, due to the maturity of their women’s entrepreneurship support policy frameworks and persistent investment into this area. Communication actions for raising awareness have been included among the women’s entrepreneurship support measures in Armenia, Azerbaijan, Georgia and Moldova. In all EaP countries except for Azerbaijan, women’s entrepreneurship is now

supported by non-formal policy partnerships, such as the Armenian Young Women's Association (AYWA), the Women's Business & Art Co-operation (WBAC) group in Belarus and the regional Chambers of Commerce and Industry in Ukraine. The only few examples of structured, formal women's entrepreneurship policy partnerships at the national level can be found in Azerbaijan, Moldova and Georgia. Since the 2016 assessment, significant progress has been registered in the provision of training and support to women entrepreneurs and plenty of excellent practices can be found in all EaP countries. Moreover, there have been impressive developments in all countries in terms of good practice sharing on women's entrepreneurship support.

As shown in Table 3.3, all EaP countries tend to do well in the *Implementation* thematic block. In particular, Azerbaijan, Georgia and Moldova reach the highest possible score. Georgia also scores 5 in the *Monitoring and evaluation* thematic block.

**Figure 3.5. Scores for the *Women's entrepreneurship* dimension compared to 2016**



*Note:* Methodological changes have been introduced to the 2020 assessment and should be taken into account when observing trends in SME Policy Index scores.

StatLink  <http://dx.doi.org/10.1787/888934086869>

**Table 3.3. Scores for the *Women's entrepreneurship* sub-dimension**

	ARM	AZE	BLR	GEO	MDA	UKR	EaP Average
Planning and design	3.80	3.40	3.27	4.33	4.73	3.27	3.80
Implementation	3.40	5.00	4.20	5.00	5.00	4.20	4.47
Monitoring and evaluation	2.33	2.33	1.00	5.00	3.67	3.67	3.00
<b>Weighted average</b>	<b>3.31</b>	<b>3.99</b>	<b>3.28</b>	<b>4.80</b>	<b>4.65</b>	<b>3.81</b>	<b>3.97</b>

*Note:* see Annex A for information on the assessment methodology.

*Women's entrepreneurship policies moved up in the national policy agenda*

The 2016 SBA assessment concluded that women's entrepreneurship has received increasing attention in the policy discourse of EaP countries, but concrete measures have been rather fragmented and driven mainly by a gender equity agenda. Since then, women's entrepreneurship has become an official priority in all EaP countries. This is a major development, and the inclusion of women's entrepreneurship in all EaP countries – as either a special pillar or a dedicated section of formal national policies, strategies, programmes and action plans – deserves strong support. Support actions are still spread across sectors and strategies; however, the economic dimension of women's entrepreneurship is the focus of growing attention across the region, as EaP countries have included it in the agendas of government offices dealing with socio-economic, SME development and employment policies.

Georgia and Moldova became top performers in the region due to the maturity of their women's entrepreneurship support policy frameworks and persistent investment into a dedicated set of implementation measures since the 2016 assessment. Georgia drastically improved its performance between the two assessments and demonstrated concentrated efforts to raise the effectiveness of women's entrepreneurship policy design, co-ordination and evaluation of policy effectiveness. Azerbaijan stands out due to the impressive scope and spread of policy measures and earmarked women's entrepreneurship support actions addressing the challenges facing the government. Ukraine has also made a big step forward since the last assessment (where it received the lowest score, reflecting its lack of government policies supporting women's entrepreneurship) by introducing a set of completely new policy measures as part of recently adopted SME and export promotion policy frameworks.

Georgia, Moldova, Ukraine and Azerbaijan each have four or more official policy documents (belonging to different government domains) containing policy measures and actions designed to support women's entrepreneurship. Armenia has implemented a separate women's entrepreneurship strategy that has set a basis for developing a new strategic vision for the next period.

Increasingly, EaP governments appreciate the importance of communication actions for raising awareness of interested population groups and broader society about the challenges and the high returns of investment in women's economic participation, including entrepreneurship and self-employment in the context of national, regional and local socio-economic strategies. Communication actions have been included among the women's entrepreneurship support measures in most of the countries – Armenia, Azerbaijan, Georgia and Moldova.

At the same time, building an over-arching, comprehensive policy vision that extends across economic sectors and encompasses all parts of the government remains a serious challenge in all countries. The lack of sex-disaggregated data makes it hard to design gender-responsive policies, which should be based on a rigorous analysis of the structural and socio-cultural factors behind the lack of women's entrepreneurship.

The complex nature of the problem requires cross-sectoral policy co-ordination. According to recent studies, gender gaps in female business entry and ownership in many economies worldwide (Meunier, Krylova and Ramalho, 2017<sup>[32]</sup>) are reinforced by the gender differences in key forms of human, social, and financial capital (Kauffman Foundation, 2018<sup>[33]</sup>). These gender differences are born in existing societal perceptions, cultural norms and traditions, and are reinforced by gender-blind policy measures belonging to education,



employment, labour market, social protection and other sectors, legal provisions and institutional frameworks. One of the areas having a strong impact on career choices and wellbeing of people, both women and men, is the integration of the entrepreneurship key competence development in the curricula of formal education and non-formal learning in a gender-sensitive way.<sup>5</sup>

Cross-linkages between policy documents addressing women's entrepreneurship have been found in Armenia, Belarus, Georgia and Moldova. Ukraine has set an excellent example of how to improve the effectiveness and efficiency of the women's entrepreneurship policy approach by introducing direct cross-referencing of women's entrepreneurship support measures between the SME, gender-equity and export-promotion policies and implementation plans. Azerbaijan is using series of Strategic Roadmaps to promote women's entrepreneurship support actions across policy areas of socio-economic development of regions, production of consumer goods and agricultural products. Action plans for women's entrepreneurship have been adopted as part of sectoral policies in Armenia, Azerbaijan, Georgia (see Box 3.2) and Moldova.

Women's entrepreneurship policy co-ordination has also substantially improved in the region due to the development of policy partnerships. Policy partnership represents a platform for investigation into the root causes of the lack of women's engagement in entrepreneurship. It allows peer networks, non-government experts and civic interest groups to be part of relevant policy formulation, monitoring and evaluation, and provision of feedback on the effectiveness of government actions and the implementation of gender-sensitivity checks of existing and new policies. It also allows policy makers to tap into the models represented by innovative practitioners and to apply good practices in designing new policies and planning government support measures.

### **Box 3.2. Evaluation of women's entrepreneurship support policies in Georgia**

Women's entrepreneurship development is one of the high policy priorities of the government of Georgia. The first step towards a strategic approach to developing women's entrepreneurship in the country was carried out through the elaboration of the SME Development Strategy of Georgia 2016-2020 and its relevant Action Plan in order to define clear objectives and measures necessary for women's economic empowerment.

It is this SME development strategy that places relatively higher emphasis on the issue of support of women's entrepreneurship in the country. Coordination, monitoring and evaluation of policies supporting women's engagement in business is put under the responsibility of the Private Sector Development Advisory Council (PSDAC) under the Ministry of Economy and Sustainable Development of Georgia. The Council ensures a dialogue between the state and the private sector representatives and oversees public-private co-operation, including the area of women's entrepreneurship in the wider context of economic and SME sector policies. The Council's membership envisages broad representation of government bodies, comprising the key ministries and agencies, as well as a large spectrum of non-government stakeholders: employers, business associations – among them the “Woman and Business” association – as well as international partners and NGOs. As a member of the Council, the Georgia's Innovation and Technology Agency (GITA) fosters the economic potential of women by facilitating their participation in innovative projects. Besides, GITA conducts campaigns and public meetings, as well as

special training programs for women to raise their awareness of existing possibilities in the fields of entrepreneurship, innovation and technology. These comprehensive measures ensure women's engagement in both relevant entrepreneurship support programs and innovative projects. In 2018 the Council established a dedicated Sub-council of Women Entrepreneurship Promotion (SCWEP) that lays the groundwork for creating an institutional framework to support the promotion of women in business in Georgia and gradually close the gender gap in entrepreneurship. SCWEP conducts, among other things, gender-gap assessments of women's economic engagement, training and support needs analyses, and provides recommendations for further strengthening of women's entrepreneurship. In Georgia, gender analysis of policies, strategies and programmes is an integral feature of the government's policy process.

The monitoring and evaluation block is featured in the design of policies and support measures. There is an internal, government evaluation process covering women's entrepreneurship policies and support measures addressed within the SME Development Strategy Action Plan implementation cycle. Women's entrepreneurship is also evaluated by the policy partners, such as non-governmental organizations and international donors. They evaluate women's entrepreneurship support policies through in-depth interviews with representatives of responsible state agencies and with beneficiaries of the programs. The evaluation reports of the strategies are publicly available online.

*Source:* Ministry of Economy and Sustainable Development of Georgia.

### *Engaging with women's entrepreneurship civic interest groups at the policy and practice levels*

In all EaP countries except Azerbaijan, women's entrepreneurship is now supported by non-formal policy partnerships. These partnerships play a policy-supporting role and engage in joint implementation of programmes and projects with other stakeholders. They include women's business associations, networks and international partners and actively co-operate with the government. This is an important achievement, in line with the most up-to-date policy approaches in women's entrepreneurship support.

The Armenian Young Women's Association (AYWA), the Women's Business & Art Co-operation (WBAC) in Belarus, and the regional Chambers of Commerce and Industry in Ukraine (e.g. Donetsk, Lviv, Chernihiv, Vinnytsya and other regional CCIs) are active policy partners driving co-operation for women's entrepreneurship support in the countries. Examples of structured, formal women's entrepreneurship policy partnerships at national level are few. In Moldova, a structured partnership has existed since 2015 in the form of the National Co-ordination Council for Women's Entrepreneurship, which is now facing transformation as part of ongoing public administration reform. In Azerbaijan, the Ministry of Economy and the State Committee for Family, Women and Children's Affairs are two major players that steer structured policy partnership on women's entrepreneurship, while the co-ordination function belongs to the Social Council under the Agency for the Development of SMEs. In Georgia, structured policy partnership functions under the umbrella of the Sub-council for Women's Entrepreneurship Promotion of the Private Sector Development Advisory Council under the Ministry of Economy and Sustainable

Development, and it is responsible for supporting the policy dialogue between state and private sector representatives, evaluating policies, and providing policy recommendations.

The role of partnerships is also critical in ensuring that public policies are gender-sensitive and respond to the specific needs of women and men. This is done by applying a procedure of gender-sensitivity checks to all new and existing policies, as well as gender expertise<sup>6</sup> of legislation. Such procedures are in place in Georgia, Moldova and Ukraine, and should become a standard practice across the region.

### *Planning women's entrepreneurship policies with the impact in mind*

The availability and quality of gender-sensitive data on SMEs remains a major challenge in the region. Data are needed to support both the design of policy and effective targeting of policies and women entrepreneurs' support measures. The lack of individual-level, disaggregated data available that would allow the analysis of the state of women's entrepreneurship, the scope and quality of training, and the specific support needs of entrepreneurial women at national, regional or sectoral levels signals a lack of true policy attention to these aspects, and could reduce the impact of budget-financed support measures in the medium and long terms.

Specific challenges for women entrepreneurs may differ from country to country because of socio-economic context and cultural factors. However, only two EaP countries have declared the availability of gender-sensitive SME skills intelligence. In Moldova, ODIMM has since 2017 collected and used sex-disaggregated data for policy making, and in Belarus, a recent study applied a gender-sensitive approach at the company and sectoral levels. Moldova, as well as Armenia, Belarus and Georgia, also confirmed the availability of SME training statistics in disaggregated format, and these data cover training programmes supported by state budgets.

To the same degree as for policy design, high-quality data are critical for monitoring and evaluation (M&E) of policies and programmes. Although monitoring of women's entrepreneurship support policies and programmes is implemented in most countries (except Belarus), policy evaluation remains a challenge. A leader in women's entrepreneurship policy evaluation is Georgia, which has established an institutional framework for monitoring and evaluation of women's entrepreneurship policies under the Sub-council of the Advisory Council for Private Sector Development. For the other countries, evaluation of women's entrepreneurship programmes remains a challenge.

Where implemented, monitoring in most cases has a somewhat "blurred", unclear focus. It covers implementation of general, sectoral (e.g. SME) policies and action plans without zooming into specific dimensions of policy agenda (e.g. women's entrepreneurship within the national SME strategy). Moreover, results of "parallel" monitoring of programmes that benefit self-employment or entrepreneurial activities of women and implemented by different government bodies may never be shared or put together to ensure consistency of results and co-ordination of actions. In many cases, monitoring is confined to a simple reporting by implementing organisations, while policy makers miss a chance to apply corrective measures. The evaluation aspect is vital for the quality of policy interventions in the area of women's entrepreneurship, and the authorities should seek the engagement of independent experts and stakeholders. The results should be publicly available for feedback and policy input from policy partners and beneficiaries.

Looking forward, monitoring and evaluation need to become an imperative of women's entrepreneurship policy design. If it is implemented in a focused and systematic manner

and supported by high-quality data – and if its results are shared with policy partners – monitoring and evaluation could be of critical importance in achieving efficiency and effectiveness of government spending and for making a strategic impact on the state of women’s entrepreneurship in the EaP countries.

*Improving the quality and relevance of women entrepreneurs’ training and support actions*

Significant progress since the last SBA assessment has been also demonstrated across the region with regard to the provision of training and support to women entrepreneurs. Whereas the 2016 report recorded a lack of a systematic approach to women entrepreneurs’ training, the current assessment has found in all countries a variety of training programmes both supported by the state and financed from the local budget.

There are plenty of excellent practices in all countries. These include women’s start-up bootcamps in Georgia, implemented by GITA; the “Entrepreneurial Landowner” programme implemented by the Youth Social Service in the Orsha region of Belarus; the “She exports” programme on internationalisation for women-owned businesses provided by the Export Promotion Office in Ukraine; and the Self-employment program implemented by the Ministry of Labour and Social Protection of Population in Azerbaijan. All countries actively co-operate with international organisations and donors as well as join forces with private partners. For example, in Armenia, SMEDNC has a joint programme with the Asian Development Bank; in Moldova, ODIMM is collaborating with EBRD’s Women in Business programme; and in Ukraine, the “Women’s Business School” is a joint programme between the Bila Tserkva City Council and USAID. Overall, governments provide funding for women’s entrepreneurship development, including training and other forms of support, in all countries of the EaP region.

Up-to-date information on women’s entrepreneurship support can be found on dedicated web portals in Azerbaijan, Belarus, Georgia, Moldova and Ukraine, and all countries were able to demonstrate a strong focus on sharing good practices, including the organisation of a dedicated national event annually. For example, in Georgia, all relevant information can be found on the websites of Enterprise Georgia and GITA, while in Moldova ODIMM and its partners (EBRD, UN-Women) put all relevant information on the web. In Ukraine, the Export Promotion Office website has dedicated information for women entrepreneurs, and more information for women entrepreneurs can be found on the websites of its partners, i.e. CUTIS (the Canada-Ukraine Trade and Investment Support Project). In Azerbaijan, the SME agency’s website has a specific section dedicated to the “Development of Women’s Entrepreneurship” with regularly updated information; and in Belarus, a website of the recent initiative PROWOMAN contains well-developed information on business support services for women.

There have been impressive developments in all countries in terms of sharing good practices in women’s entrepreneurship support. The diversity of actions spans from annual conferences (“Women’s Role in Economic Growth and Policy Development” in Georgia, or a National Forum for Women from Moldova under the National Platform of Women in Moldova, or “New opportunities in the horizon: green light for women entrepreneurs” in Azerbaijan), to “The Best Woman Entrepreneurs” Award by the Prime Minister organised annually in Armenia – or a variety of events organised at the national and local levels in Ukraine (e.g. the celebration of the World Women’s Day) with the participation of a former President of Ukraine or regional actions organised by PROWOMAN in Belarus.

There is an overall positive trend in the governments' financial support for strengthening the capacity of women's entrepreneurship NGOs and networks in Azerbaijan, Belarus, Moldova and Ukraine. This opens the door to strengthening the quality and impact of service provision for women in business by engaging active peer organisations with solid know-how and diversifying the service providers chosen for government-financed programmes.

Despite the wealth of excellent initiatives and fast-developing partnerships, to cope with the existing gender gap in all EaP countries, governments often approach the design of women's entrepreneurship measures from a generalised (but simultaneously fragmented) policy perspective. This could result in "labelling" women as a vulnerable population group and applying a segregated approach to the implementation of basic entrepreneurship support programmes, which should be offered as gender-neutral in most of the countries.

Achieving maximum quality and relevance of women's entrepreneurship support should be the next objective. There is no argument for developing the basic entrepreneurial skills of women and men separately. Non-segregated learning environments allow both men and women to take advantage of interactive peer-learning in mixed groups (Bekh, 2014<sup>[27]</sup>). A training needs analysis should help to distinguish between gender-neutral skills development objectives (e.g. start-up training for women and men) and highly relevant actions (pre-start-up, awareness raising and role models for young women, mentorship and coaching for women entrepreneurs, growth mindset, incentives for accomplished female business managers, access to finance, etc.). Women entrepreneurs training should be linked to the sensitisation and awareness aspects (Bekh, 2014<sup>[27]</sup>).

This provides another argument in favour of the urgency and importance of applying a concentrated effort in all EaP countries to generate and collect gender-sensitive evidence for designing women's entrepreneurship policies and support programmes.

### ***The way forward***

Moving forward consideration by all EaP countries should be given to the following:

- ***Development of a cross-sectoral vision to support women's entrepreneurship:*** To improve the effectiveness and efficiency of government investment in women's entrepreneurship, policy makers should engage in cross-sectoral co-ordination at all levels both, within and outside of the government, towards a common vision aimed at holistic results cutting across programmes and implementation arrangements. This includes strategic focus on making evaluation an integral feature of policy design. The role of policy partnerships for women's entrepreneurship should not be limited to participation in policy discussions and implementation of projects. They must provide inputs into policy development and improvement at the system level, as well as participate in independent evaluation of government programmes. Attention to well-targeted communication measures should be strengthened for engaging in the change process broad groups of population, raising their awareness of the economic and social value of women's entrepreneurship and strengthening the entrepreneurial spirit of the population.
- ***Apply gender-sensitive data and analysis to inform evidence-based policy making:*** Policy measures to support the development of women's entrepreneurship address the root causes of existing gender gaps in entrepreneurship – to achieve a long-term impact on the state of women's entrepreneurship. Quality data are

essential for designing effective legal, financial and institutional measures addressing the gender gap.

- ***Development of key competences should be seen through a gender-sensitive lens:*** Education and training programmes need to support the gender-sensitive development of key competences for women and men from a lifelong learning perspective. This could substantially reduce the gender gap in entrepreneurship and employment by focusing on the root causes, making a strong impact on the entrepreneurial spirit of women and men and entrepreneurial culture of the society. Development of women's key competences – first and foremost the entrepreneurship competence – should be supported by strategic communication actions that build awareness among the wider population and deal with deeply-rooted misconceptions regarding the traditional role and place of women in society.
- ***Gender-neutral vs. gender-specific support:*** Based on the results of gender-sensitive needs analysis of training and support, policy makers should design appropriate instruments that clearly distinguish between gender-neutral and gender-specific development objectives, with a view to achieving maximum quality and relevance of women's entrepreneurship support measures. These decisions require the analysis of specific evidence in terms of the local, context-defined needs of various groups of women, existing barriers and socio-economic inequalities.

## Enterprise skills

The EU's "Europe 2020" strategy<sup>7</sup> is the EU's growth strategy. It states the EU's policy commitment to human capital, underlining the role of SMEs as the cornerstone of the EU's drive for job creation, economic growth and competitiveness.

The number of SMEs in the EU increased by 13.8% between 2008 and 2017 (European Commission, 2018<sup>[34]</sup>). Internationalisation contributed to this growth, with SME exports of goods having increased by 20% since 2012. Between 2014 and 2016 the number of high-growth businesses increased by 24% (European Commission, 2018<sup>[34]</sup>).

SMEs contribution to employment in the EU is 60%.<sup>8</sup> Although the unemployment rate in Europe has recovered to pre-recession levels, the quality and availability of skilled workers remains key to the competitive edge of SMEs in Europe.

Although the significance of SMEs in most EaP economies is undeniable, many SMEs remain tied to low-valued-added sectors due to lack of skills in management, quality control or financial management (European Commission, 2018<sup>[35]</sup>). Building stronger, diversified and vibrant economies will require that SMEs acquire the enterprise skills necessary to grow, create jobs and contribute to wealth generation. Enterprise skills, obtained and developed by SME staff and managers through training, will allow businesses to make effective use of their full potential and enhance competitiveness. Meaningfully investing in enterprise skills requires multi-level, collaborative governance by 1) government bodies responsible for economic policy, 2) education and training providers, and 3) civil society organisations active in the field. The collaboration lays the foundation for comprehensive and systematic intelligence that then enables the design of policies and education and training provision that meets the skills needs of SMEs (European Commission, 2016<sup>[36]</sup>).

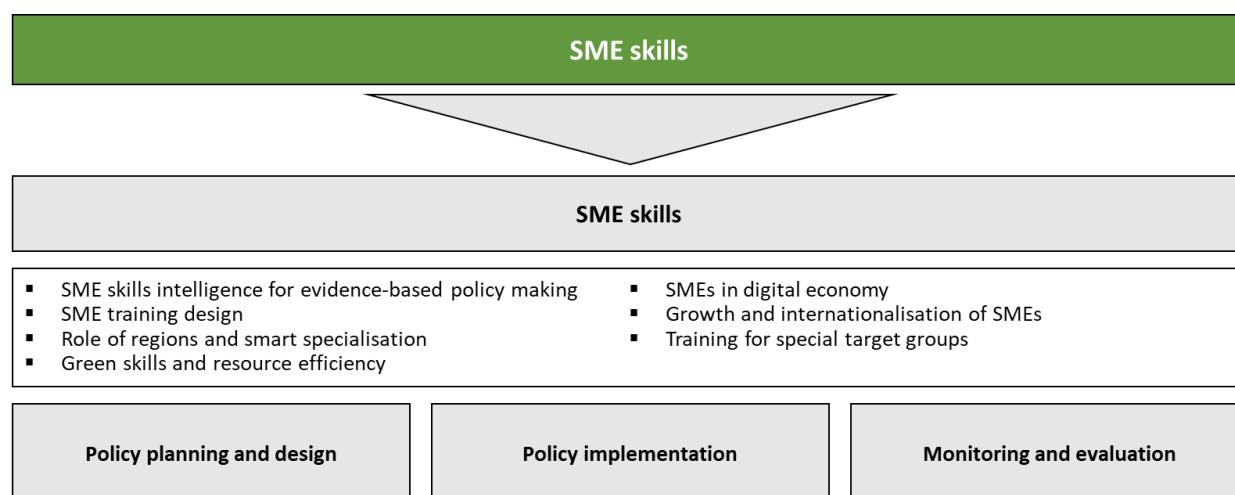
### Assessment framework

For the purposes of this assessment, *enterprise skills* comprise business skills (e.g. marketing and finance), entrepreneurship as a key competence (e.g. creativity, innovation and risk management) and vocational skills (i.e. professional skills for specific sectors). All three areas are necessary in order for companies to deliver their business plans, operate effectively and add value in increasingly open and competitive global value chains. A company's demand for skills will change as it advances from start-up to growth phases; it will also constantly evolve due to external factors such as technological change or the transition to a green economy. To be able to trade internationally, businesses need to be aware of and meet international trading standards for their respective sectors (Gribben and Lasku, 2013<sup>[37]</sup>).

Specific training is required to equip innovative and growth-oriented businesses with the right knowledge and skills for them to be able to compete in international markets. While the general areas assessed under this dimension remain the same, there have been notable changes in assessing the individual progress of each EaP country. For example, a new element under SME training is the recognition of the value of good practices in informing *training provision* and policies. *Smart specialisation* is another new element in the assessment brought on by the rapid expansion of the concept to Georgia, Belarus, Moldova and Ukraine.

Under the current methodological approach, government policy and/or financing of SME training is examined specifically in new areas such as the digital and green economy. Government financial support for SME training is now broken down into types of SMEs throughout the lifecycle of a business. Finally, the indicator on quality assurance has been replaced by questions on statistics and the addition of a new area on monitoring and evaluation.

Figure 3.6. Assessment framework – SME skills



### Analysis

Enterprise skills are important for businesses to make effective use of their full potential and enhance competitiveness. This dimension assesses the EaP governments' respective support for SMEs in terms of the development of enterprise skills – which, as explained earlier, comprise business skills, entrepreneurship as a key competence, and vocational skills. Effective investment in skills in the SME sector requires multi-level governance

among government bodies, training providers, civic interest groups and the enterprises themselves.

In general, the EaP economies are similar to those of the OECD in terms of SMEs' share of employment generation. With SMEs responsible for 68% of jobs in Armenia, 64% in Georgia, 63% in Ukraine, and 60% in Moldova, SME enterprise skills are an important determinant of employment levels. In spite of the relatively small contribution of SMEs to employment in Belarus (47%) and Azerbaijan (43%), where the number of SMEs has increased exponentially in recent years (European Commission, 2018<sup>[35]</sup>), SMEs are an important driver of economic diversification and prosperity.

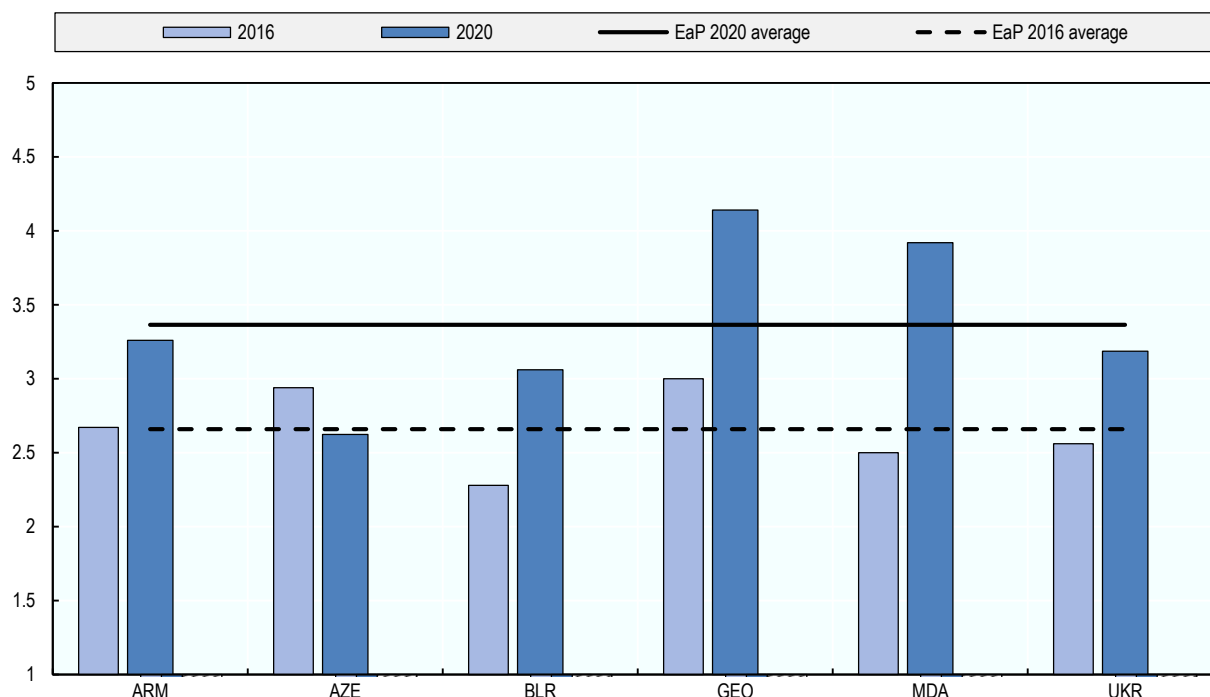
Although their job creation potential is important, the majority of SMEs in EaP economies operate in low-value-added activities, with retail, trade and agriculture being the most common. During the assessment period, SME contribution to value added was significant in four EaP economies: Moldova (71%), Georgia (61%), Armenia (60%), and Ukraine (49%). In the other two EaP economies the SME contribution to value added is more modest and a shift towards a stronger contribution of SMEs to the economy is needed: Belarus (29%), and Azerbaijan (13%).<sup>9</sup> Enterprise skills are essential in expanding the potential of SMEs to contribute to GDP, value added, and employment, and thus to increase the wealth and standard of living of citizens.

Irrespective of the country context, across the region, disruptive technological change is opening up new growth prospects which skills gaps and mismatches risk damaging. Employers already generally lack sufficient high-quality skills, particularly for growing enterprises and export-oriented companies (Gribben and Lasku, 2013<sup>[37]</sup>).

As shown in Figure 3.7, during the current assessment period Georgia, Moldova and Ukraine progressed, while an institutional change has disrupted previously attained progress in Azerbaijan, pushing its score down, especially in the *Planning and design* thematic block (see Table 3.4). Although Armenia and Belarus also advanced, skills intelligence in those countries remains ad hoc, and the available data are often not pooled together and analysed.

In 2017 in Georgia, the first nationwide Establishment Skills Survey was conducted, and a dedicated labour market information web portal was also put in place. Azerbaijan and Ukraine made attempts to develop quantitative forecasts with a longer time horizon. Disruptive technological changes are causing skills gaps, which are being addressed in Belarus, Georgia, Moldova and Ukraine by implementing smart specialisation. In all EaP countries, a wide range of training for SMEs is available, targeting different groups. For instance, in Azerbaijan, Georgia and Moldova, special attention is given to small and medium-sized family-owned businesses. Moreover, in Armenia, Belarus, Georgia and Moldova, training is available for SMEs to increase their digital skills. Finally, in Armenia, Azerbaijan, Georgia and Moldova, monitoring of government-financed SME training is regularly conducted – although it is often focused on quantitative factors, and only rarely focused on the quality of the training offer.



Figure 3.7. Scores for the *Enterprise skills* dimension compared to 2016

*Note:* Methodological changes have been introduced to the 2020 assessment and should be taken into account when observing trends in SME Policy Index scores.

StatLink  <http://dx.doi.org/10.1787/888934086888>

Table 3.4. Scores for the *Enterprise skills* dimension

	ARM	AZE	BLR	GEO	MDA	UKR	EaP Average
Planning and design	2.45	1.00	2.09	3.91	3.55	3.55	2.76
Implementation	3.44	3.44	3.67	4.33	4.11	3.44	3.74
Monitoring and evaluation	4.00	3.00	3.00	4.00	4.00	2.00	3.33
<b>Weighted average</b>	<b>3.26</b>	<b>2.62</b>	<b>3.06</b>	<b>4.14</b>	<b>3.92</b>	<b>3.19</b>	<b>3.36</b>

*Note:* see Annex A for information on the assessment methodology.

*Deliberate steps are needed to ensure that skills intelligence generates deeper insights on SME capabilities and training needs*

The 2016 assessment concluded that enterprise skills intelligence in the EaP region was still rather *ad hoc* and that all countries were holding discussions on the importance of reliable data for ensuring the quality of training programs for SMEs. During the current assessment period three countries (Georgia, Moldova and Ukraine) progressed in this area, while an institutional change disrupted previously attained progress in Azerbaijan. In two countries (Armenia and Belarus) skills intelligence remains *ad hoc* and the data that is available is often not pooled together and analysed.

There are large differences between the data collection and dissemination practices of Public Employment Services (PES) in the various EaP countries. In most of them, PES regularly prepare short-term labour market forecasts (based on administrative data and

vacancy registers) and conduct employer surveys. In Moldova and Armenia, PES implement annual employer surveys to identify workforce requirements and labour shortages and publish the results in a labour market barometer.

Georgia stands out by having conducted, in 2017, its first nationwide Establishment Skills Survey. Over 6 000 companies from all sectors of the economy took part in the survey, which was published on the Labour Market Information System (LMIS) section of the Ministry of Economy and Sustainable Development (MoESD) website ([www.labour.gov.ge](http://www.labour.gov.ge)). A dedicated labour market information web portal ([www.lmis.gov.ge](http://www.lmis.gov.ge)) was also put in place and can be accessed in both Georgian and English.

Azerbaijan and Ukraine made attempts to develop quantitative forecasts with a longer time horizon. Ukraine, with the support of the ETF, developed a skills forecasting model based on modern international methodological approaches. This will enable forecasting of labour force demand and supply in the medium term, considering occupational and qualification developments, and using different scenarios of economic growth (ETF, 2019<sup>[38]</sup>). Ukraine also implements an annual business survey on training needs.

In addition to data collection and analysis, governance of enterprise skills through institutionalised public-private dialogue platforms progressed in the EaP region – in Armenia via the SME Development Council, in Belarus via the Council for Entrepreneurship Development, in Georgia via the Private Sector Development Advisory Council, and in Moldova via the Consultative Council for SMEs. The other EaP economies are currently creating or reforming their SME agencies in the wake of recently adopted or upcoming SME strategies.

Four countries (Armenia, Georgia, Moldova and Ukraine) use skills analysis for planning government policies, but only Georgia uses skills analysis to design SME training. However, good practices are used in Armenia, Georgia and Moldova to help design new training programs. Feedback mechanisms in EaP are generally not designed to support the improvement of government policies and identifying relevant modalities for their implementation. All EaP economies are planning and implementing actions to strengthen skills anticipation; however, SME skills needs anticipation is not systematically conducted.

### *Smart specialisation is opening new ways to boost SMEs' skills*

The impact of the innovation drive on enterprise skills is well understood in the EaP region, which continues to suffer from limited innovation assets<sup>10</sup> and poor enterprise skills, in particular. Belarus, Georgia, Moldova and Ukraine are implementing smart specialisation<sup>11</sup> by designing national and/or regional development strategies that focus on innovation and investment in areas of national and regional strength. This approach enables regions to connect to knowledge flows and collaborative networks both nationally and internationally to boost regional innovation.

Co-operation is key in smart specialisation. In the EU, smart specialisation has changed cross-regional co-operation. Regions developing links and promoting business co-operation beyond regional and national borders have in turn changed how SMEs learn and innovate. While SMEs use both formal and informal training, they get better outcomes from informal training through dialogue and coaching.

In the EaP region, there is similar demand for supporting dialogue and facilitating partnerships for SMEs. Smart specialisation is creating opportunities, based on matching smart-specialisation priorities, for EaP economies to collaborate with the EU and other regions in competitive priority areas. New training and mentoring pathways in high-value-

added activities are opening up not only in such areas as the digital or green economy, but also in traditional sectors where innovative technology or manufacturing processes are unlocking new opportunities with higher value-added.

In combination with smart specialisation, two other elements support Georgia, Moldova and Ukraine in boosting innovation, growth and competitiveness. First, their respective Association Agreements with the EU require them to harmonise innovation policy instruments in line with EU standards and principles. Second, the Deep and Comprehensive Free Trade Area (DCFTA) is enabling SMEs from these three countries to benefit from liberalised trade in goods and services (European Commission, 2015<sup>[39]</sup>). In doing so, new levels of interaction, information sharing, and SME collaboration, innovation and skills development are opened up.

In Ukraine, smart specialisation strategies are being developed at both the national and regional levels. The three pilot regions are Kharkiv, Odesa and Zaporizhzhya. In 2018 smart specialisation was made a part of the State Strategy of Regional Development 2020, and a requirement for regions to follow this approach when designing their regional development plans was incorporated into a new law on regionalisation. While human capital and skills are part and parcel of regional development planning mechanisms, during the assessment period it was not yet clear how enterprise skills will be reflected in the new regional development strategies.

In Moldova, a national smart specialisation strategy is being developed. The low overall level of innovation and technical development within business in Moldova is one of the key issues affecting the development of SMEs there (European Commission, 2017<sup>[40]</sup>). The Ministry of Education is working with the ETF to analyse the skills implications of smart specialisation, while also addressing the specific implication for enterprise skills.

Georgia and Belarus started the smart specialisation process later than Moldova and Ukraine and have opted for a regional approach. In Georgia, smart specialisation is addressed in four regional development plans. In Belarus, the State Committee on Science and Technology's request for the support of the Joint Research Centre of the European Commission in developing a smart specialisation strategy was accepted only in late 2018. Armenia and Azerbaijan have not adopted the smart specialisation approach.

### *Training provision has improved across economies but important gaps remain*

The importance of SME training is recognised in all EaP countries. Various training courses for SMEs are widely available, including those for targeted groups – such as youth, for whom training is widely available across EaP countries.

Azerbaijan, Georgia and Moldova recognise the potential of small and medium-sized family-owned businesses, which often prefer informal means of learning, and provide targeted training for them. In Azerbaijan, a project by the State Agency for Public Service and Social Innovations, the Simplified Support for Family Businesses (ABAD) programme, assists with the establishment of family businesses. In Georgia, support for family businesses is a priority within the new rural development strategy (2017). In Moldova, a “diaspora excellence groups” programme of the Bureau for Diaspora Relations aims to capitalise on the diaspora's human capital to upskill and reskill family businesses. (Another Moldovan programme, one directed by ODIMM, is aimed at members of the returning diaspora; see Box 3.3).

**Box 3.3. Create your future at home (Moldova)**

In Moldova, a dedicated programme is persuading Moldovan expatriates to return home to start businesses. Using the slogan “Create your future at home”, it has resulted in an increase in the number of returning migrants, allowing the country to capitalise on their entrepreneurial potential.

The PARE 1+1 Programme (Support for the Programme to Attract Remittances into the Economy of the Republic of Moldova) is targeted at returning migrants and their first-degree relatives. The programme consists of financial and logistical support, training and, most important, the instilling of confidence that the returning citizens can succeed in their own country. It uses remittances to redirect the financial resources of returning migrants from consumption (e.g. real estate) to investing in starting a business. In doing so, the program directly contributes to the achievement of the objectives of the government's social and economic policy.

Under the programme, entrepreneurs have initiated and developed new, innovative business ideas in the domestic market. Thus, companies from PARE 1 + 1 have been among the first to develop businesses in such areas as biomass (pellets and briquettes, green energy); the cultivation of paulownia trees, white sea buckthorn and dog-rose; and the creation of interactive applications in virtual reality. The beneficiaries of the program were oriented towards activities that bring more added value to agricultural products by creating greenhouses, refrigerators, mills, sorting and processing lines for agricultural products, agro-tourism, etc.

The PARE 1+1 Programme is implemented ODIMM with the financial support of the European Union.

*Sources:*

- Official web page: <https://odimm.md/en/component/content/article/70-programul-pare.html>
- PARE as success story: <https://www.euneighbours.eu/en/east/eu-in-action/stories/moldova-pare-1-1-encouraging-migrants-return-home>
- EU4Business Press Release on PARE 1+1 results as per June 2018: <http://eu4business.eu/news/1246-moldovan-businesses-funded-through-pare-1-1-programme-2010>

Across the EaP region, good progress has been made in providing training to businesses, beginning with start-ups and extending all the way throughout the firms' lifecycles. However, while youth is well catered for, senior entrepreneurs – the so-called “silver” entrepreneurs between the ages of 50 and 64 – are a forgotten demographic group. Yet demographic changes are just as relevant in EaP as they are in the EU. In the EU seniors are more likely to be self-employed than the overall adult population (15-64 years old) (OECD/EU, 2017<sup>[41]</sup>) and their economic importance is reflected in the European Commission policies (European Commission, 2018<sup>[42]</sup>). Senior entrepreneurship could be a mean to address some of the challenges of an ageing population – but it will necessitate relevant policies and support measures. No debate on how senior entrepreneurs could help boost the EaP region's job creation, innovation, growth and competitiveness is currently taking place in the region.

Ensuring that SMEs receive relevant and high-value-added training can encourage SMEs to invest more time and resources in upskilling and reskilling their workforce – with a positive spillover in terms of productivity and competitiveness. During the assessment period, across the region, persistent gaps in skills intelligence and the absence of feedback from training, combined with weak co-operation with SMEs, continued to hamper the design of targeted training (for SMEs with growth potential, for example), which remains rather generic across economies. In implementing smart specialisation strategies, it will

become increasingly important to identify needs and to provide dedicated training to SMEs that have innovation and growth potential.

*Digitalisation, an important driver of globalisation, is an area with still untapped potential*

Digitalisation can be understood as the changes that digital technology causes or influences in all aspects of human life (Stolterman and Fors, 2004<sup>[43]</sup>). It has been identified as one of the major trends changing society and business in the near- and long-term future (Parviainen et al., 2017<sup>[44]</sup>). The relentless pace of advances in artificial intelligence, robotics and other technologies is changing the skills required faster than SMEs can acquire them. With technical skills mismatches predicted to increase, the most alarming talent shortages in Europe are in digital skills, with cybersecurity (48%), and artificial intelligence and robotics (48%) identified as the scarcest skills (Ernst & Young, 2018<sup>[45]</sup>).

All EaP economies have in place policies that recognise the importance of SMEs in the evolving digital economy. While most jobs are created by SMEs in Armenia, Georgia, Moldova and Ukraine, they are less likely to participate in workforce development and conduct up to 50% (Parviainen et al., 2017<sup>[44]</sup>) less training than larger companies, thus compromising their own productivity and competitiveness.

In Armenia, Belarus, Georgia and Moldova, training is available for SMEs in the digital skills that will enable them to introduce and be able to absorb new productivity-enhancing technologies and ways of working. Government financing is available for SME training on integrating global value chains in Azerbaijan and Belarus.

In Georgia, Moldova and Ukraine, the DCFTA is changing the business rules and regulations for all businesses. This has particular implications for SMEs, which need extra skills and more financial resources to adapt to the new regulatory environment (European Commission, 2015<sup>[46]</sup>)

*Monitoring and evaluation need to be systematically implemented*

Monitoring and evaluation are an important part of the SME skills policy process. They are essential for assessing the effectiveness of SME skills policies and for adjusting them to the needs of specific target groups and priority areas. Monitoring and evaluation need to be systematically implemented and are closely connected with skills intelligence, which serves as a feedback loop on policy effectiveness.

All the EaP economies regularly monitor government-financed SME training. However, the existing monitoring activities are often limited to quantitative factors such as measuring participation in training events (e.g. Belarus, Moldova and Ukraine), with little attention being paid to the quality of the training offer. This limits the value of the current monitoring for improving the efficiency of SME training.

Monitoring reports on government commitments and expenditures for SME training are generally not publicly available. Even if made public, their relevance to improving the effectiveness of SME training is limited because 1) targets are either missing or not ambitious enough and 2) the overall focus of the monitoring is on implementation monitoring and not results monitoring.

In Armenia the SME Development National Centre (SME DNC), which is the implementing arm of state support for SMEs, tracks trainees e.g. in terms of new

registrations, investments and jobs created. Monitoring of state SME support programs is built into the agreement between the Ministry of Economy and the SME DNC.

Evaluation of SME training programs is conducted in Armenia, Azerbaijan, Georgia and Moldova. The impact of training on SME performance is captured in evaluations in Armenia and Georgia.

### ***The way forward***

Moving forward, consideration should be given to the following:

- ***Improving SME skills intelligence:*** All countries need to build on the progress made in skills intelligence to strengthen data on the specific needs of SMEs in priority areas for growth and competitiveness (including regional smart specialisation). In order to maximise SMEs' potential to drive innovation, growth and job creation, all economies need consistent, reliable and up-to-date intelligence on the supply of entrepreneurship support schemes such as business counselling and entrepreneurship, training needs, and gaps in provision.
- ***Addressing the gaps in training provision:*** Training provision should be better targeted in all EaP economies to address the specific needs of various types of SMEs and cover the training needs at different phases of the life-cycle of an enterprise (e.g. family businesses, “silver” entrepreneurs, fast growing enterprises, green skills, etc.).
- ***Making use of new learning opportunities offered to SMEs through actions related to smart specialisation:*** SME networks and collaboration, both nationally and internationally, need targeted support to facilitate their integration into global value chains. All countries need to strategically improve access to high-quality training on internationalisation (import and export) and global value chains in priority areas for growth and competitiveness (including regional smart specialisation). Connecting SMEs to global value chains opens up new training and learning pathways, technological transfer, skills upgrading, and innovation that would give a much-needed boost to SMEs and encourage them to move from low- to high-valued-added activities.

## Policy instruments – Entrepreneurial Human Capital

**Table 3.5. Dimension challenges and policy instruments – Entrepreneurial Human Capital**

Dimension	Challenges / Opportunities	Policy instruments
Entrepreneurial learning	Teacher training specifically addressing the entrepreneurship key competence (EntreComp) is underdeveloped, while little attention is being given to EntreComp in pre-service teacher training.	<b>EntreComp and teacher training:</b> Increased dialogue between the policy and teaching communities is required to ensure that teachers and schools are aware of the complexity of the teaching and learning processes for the entrepreneurship key competence. This should preface wider policy discussions on the organisational backing required for the teaching profession (e.g. by pedagogic institutes or similar) and the financial resources required to see through teacher training reforms.
	Monitoring of entrepreneurial learning developments is underdeveloped, while evaluation is often confused with student assessment.	<b>Monitoring and evaluation:</b> All countries should examine the potential for engaging with research institutes or other bodies outside of government that have the expertise to support the monitoring and evaluation of systemic entrepreneurial learning developments.
Women's entrepreneurship	Lack of gender-sensitive data hinders evidence-based policy making, monitoring and evaluation. High-quality data should be used to formulate policy designed to remove the legal, financial, social, institutional, and other barriers associated with the gender gap.	<b>Gender-sensitive data and analysis for evidence-based policy making:</b> Policy measures to support the development of women's entrepreneurship should be based on the analysis of hard evidence and address the root causes of existing gender gap in entrepreneurship – to achieve a long-term impact on the state of women's entrepreneurship.
	To improve the effectiveness and efficiency of government investment in women's entrepreneurship, policy makers should engage in cross-sectoral co-ordination at all levels within and outside of the government towards a common vision and focus on global results that cut across programmes and implementation arrangements.	<b>Cross-sectoral vision to support women's entrepreneurship:</b> This includes a strategic focus on making evaluation an integral feature of policy design, with a focus on impact and with the view of specific challenges for the state of women's entrepreneurship in a country context.
Enterprise skills	All countries need to build on the progress made in skills intelligence to strengthen data on the specific needs of SMEs in priority areas for growth and competitiveness (e.g. smart specialisation).	<b>Improving SME skills intelligence:</b> In order to maximise SMEs' potential to drive innovation, growth and job creation, all economies need consistent, reliable and up-to-date intelligence on the supply of entrepreneurship support schemes such as business counselling and entrepreneurship, training needs and gaps in provision.
	SME networks and collaboration, both nationally and internationally, need targeted support to integrate into global value chains. All countries need to strategically improve access to high-quality training on internationalisation (import and export) and global value chains in priority areas for growth and competitiveness (e.g. smart specialisation).	<b>Making use of new learning opportunities offered to SMEs through smart specialisation:</b> Connecting SMEs to global value chains opens up new training and learning pathways, technological transfer, skills upgrading, and innovation that would give a much-needed boost to SMEs and encourage them to move from low- to high-valued-added activities.

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## Notes

<sup>1</sup> [https://ec.europa.eu/growth/content/public-consultation-industrial-policy-communication-2012\\_en](https://ec.europa.eu/growth/content/public-consultation-industrial-policy-communication-2012_en)

<sup>2</sup> [https://ec.europa.eu/growth/smes/promoting-entrepreneurship/action-plan\\_en](https://ec.europa.eu/growth/smes/promoting-entrepreneurship/action-plan_en)

<sup>3</sup> This issue is addressed further in the enterprise skills section later in this chapter.

<sup>4</sup> <https://heinnovate.eu/en>.

<sup>5</sup> The policy area of entrepreneurship key competence development is given a substantial place in the first part of this chapter, and in individual economy profiles.

<sup>6</sup> *Gender expertise* in this context refers to the social-legal analysis of legislation for the purpose of identifying the extent of equality irrespective of sex.

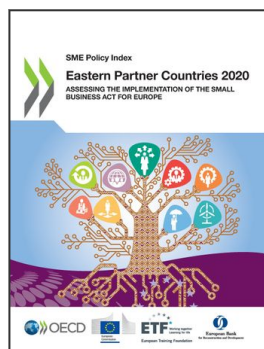
<sup>7</sup> See <https://ec.europa.eu/eurostat/web/europe-2020-indicators>.

<sup>8</sup> OECD calculations based on data from Eurostat.

<sup>9</sup> OECD calculations based on data from national statistical offices of the six EaP countries.

<sup>10</sup> “Everything that has to do with an innovation or an innovation process can become an innovation asset. Patents, copyrights, licenses, trade secrets, knowhow and production processes” - <https://www.zacco.com/innovation-assets>

<sup>11</sup> *Smart specialisation* is part of the EU’s cohesion policy and aims to boost growth and jobs by enabling regions to identify and develop their areas of competitive advantage. It is a strategic way to create productive collaboration between actors with the objective of stimulating innovation-driven growth. It requires all actors to work together across all levels. For more information, see <https://s3platform.jrc.ec.europa.eu/>



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