

Business and entrepreneurship skills and experience

Business and entrepreneurship skills and experience affect the propensity of individuals to become entrepreneurs and the likelihood of their success. There is some evidence pointing to the importance of these skills for innovative entrepreneurship. The issue of business and entrepreneurship skills and competencies is closely related to broader questions related to skilled labour, migration and attitudes toward entrepreneurship). Suitable education programmes to help develop entrepreneurial mindsets and company training in entrepreneurship skills are considered critical.

What are business and entrepreneurship skills and experience?

Skills refer to the abilities and capacities of people who perform tasks demanded of them in a work environment. Skills can either be generic, referring to general transferable skills, or specific to certain work functions, such as managing people, computing, dealing with risk and uncertainty, or developing a new product or service (Tether et al., 2005).

Generally, there are three broad categories of skills: basic, advanced and converging. **Basic skills** are generic and routine skills present in most industries and organisations. **Advanced skills** require more knowledge. These can be technical skills required in some occupations and management positions, or they can be social and communication skills needed for teamwork. They can also refer to specific language and cultural skills that are of growing importance in certain multicultural working environments. **Converging skills** require a combination of basic and advanced skills, such as entrepreneurship skills (OECD, 2010).

Entrepreneurship skills are required for creating and running new business ventures or innovative projects in existing firms. They include **risk assessment, strategic thinking, self-confidence, the ability to make the best of personal networks, motivating others to achieve a common goal, and the ability to deal with other challenges and requirements** (OECD, 2010). More specific examples of entrepreneurship skills are provided in Table 1.

Business and entrepreneurship skills can be acquired from the formal education system (schools, higher education and vocational education) **and in work environments** (training or informal learning through experience). It is often argued that the work environment is where entrepreneurs learn the most, as opposed to formal education.

Table 1: Skills required for entrepreneurship

Technical Skills	Business Management Skills	Personal Entrepreneurial Skills
Written and oral communication	Planning and goal setting	Inner control/discipline
Monitoring environment	Decision making	Risk taking
Technical business management	Human Relations	Innovative
Technology	Marketing	Change orientated
Interpersonal	Finance	Persistent
Listening	Accounting	Visionary leader
Ability to organise	Management	Ability to manage change
Network building	Control	

Management style	Negotiation	
Coaching	Venture Launch	
Being a team player	Managing Growth	

Source: Hisrich, R.D. and Peters, M.P. (1992) – Entrepreneurship: Starting, Developing, and Managing a New Enterprise – Irwin, Boston, MA

How do business and entrepreneurship skills and experience affect innovative entrepreneurship?

As noted in Table 1, there are a number of entrepreneurship and business skills and experience that will have a positive influence on innovative entrepreneurship. Innovative entrepreneurship will require **management skills** and the **ability to manage change**. A number of personal attributes are also critical for innovative entrepreneurship, including **the ability to be innovative, being change oriented** and **visionary leadership**.

Advanced knowledge-intensive skills and converging skills are more important to innovation than basic skills (OECD, 2010). More specifically, **entrepreneurship skills** include two components related to innovation: an active component comprising the **entrepreneur's propensity to drive innovation**, and an absorptive component comprising the **entrepreneur's capacity to recognize and welcome innovation** delivered by external factors (Green et al., 2007). Entrepreneurship involves the impulse to create and innovate, recognizing innovation by others, the desire to implement innovation (e.g. starting a new venture, finding new markets, introducing new organisational models) and the drive to motivate others to succeed in its implementation (OECD, 2010).

Entrepreneurship and advanced business skills and experience are important to the innovation process, and can be a more important factor than access to financing. For example, research suggests that **innovative SMEs in the United Kingdom are more constrained by a lack management skills than by financial constraints**, which hinders their development of innovation and high-growth strategies (OECD, 2010b).

Evidence on the importance of businesses and entrepreneurship skills and experience to success

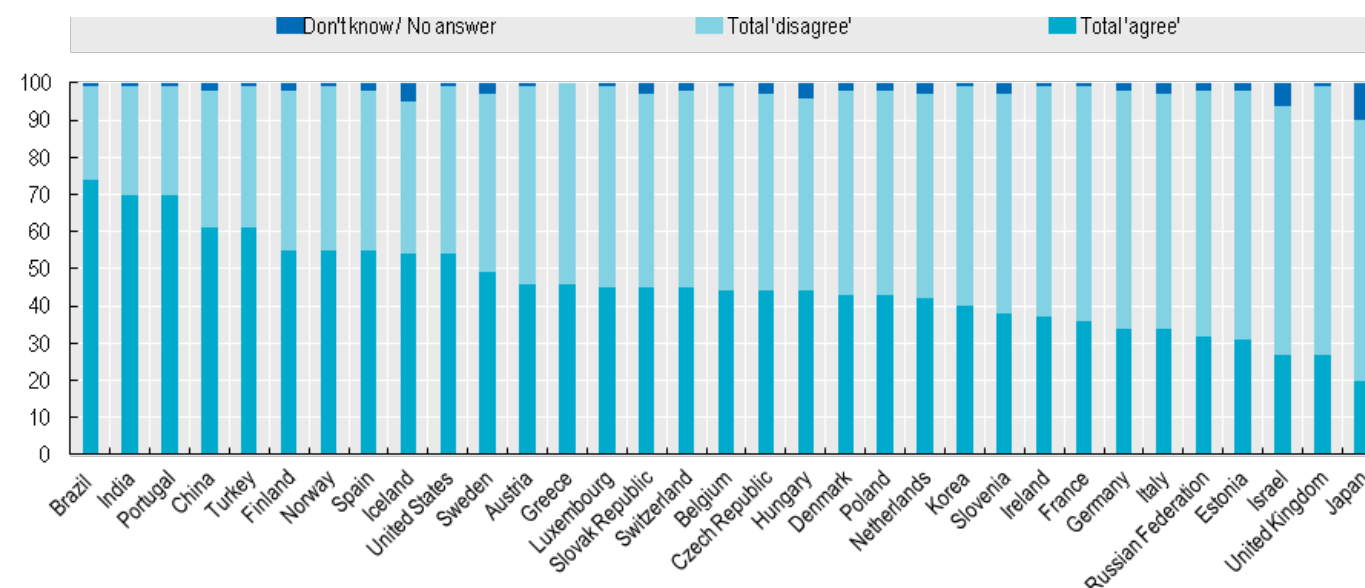
Skills and experience have a positive effect on entrepreneurship because they provide the basis for a company's dynamic capabilities, the ability to learn and adapt to changing circumstances (Teece et al., 1997). Business and entrepreneurship skills are essential for the formation, survival and growth of a new business, as well as for the upgrading of existing SMEs. A number of recent studies underline this connection and point out that the capacity to **continually learn and acquire knowledge are essential qualities of successful entrepreneurs** (Smilor, 1997; Minniti and Byrgave, 2001; World Economic Forum, 2009). Successful entrepreneurs and small business owners/managers can be viewed as "jacks-of-all-trades" since they require a combination of horizontal and vertical skills (Lazear, 2004).

What is the evidence on business and entrepreneurship skills and experience and innovative entrepreneurship?

Figure 1 shows that only ten countries had a majority of people who believed that their education gave them the skills and know-how to run a business. Brazil (74%), India (70%) and Portugal (70%) had the highest level of agreement, followed by China, Finland, Norway, Spain, Iceland and the United States, where between 50% and 65% of interviewees agreed that their school education gave

them the requisite skills to run a business (OECD, 2013). The share of people preferring employment because they felt they lacked the skills for self-employment also significantly varies across countries, from less than 5% in Italy and Turkey, to more than 25% in South Korea (figure 2).

Figure 1. School education provided enabling skills and know-how to run a business, in percentage, 2012

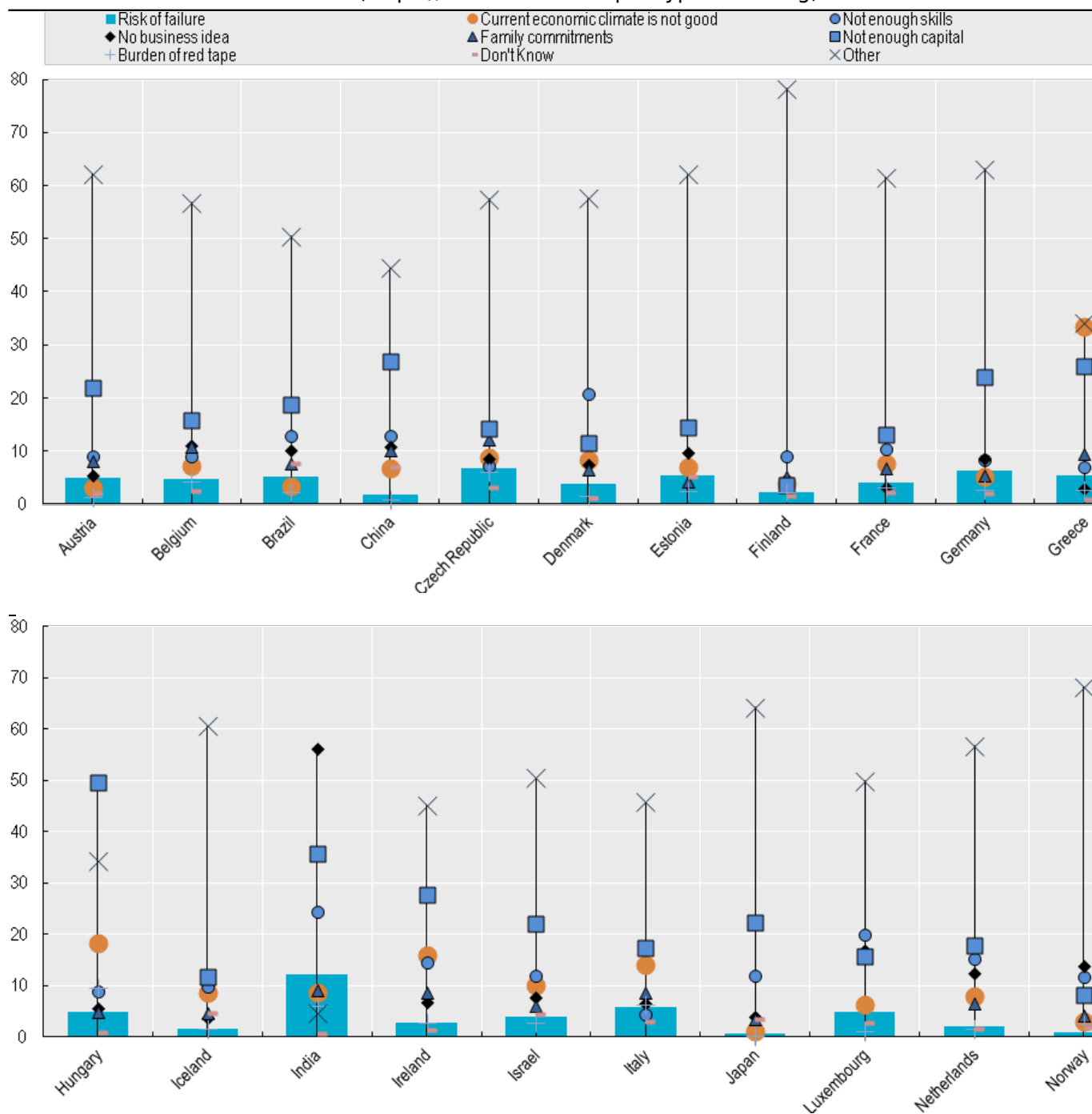


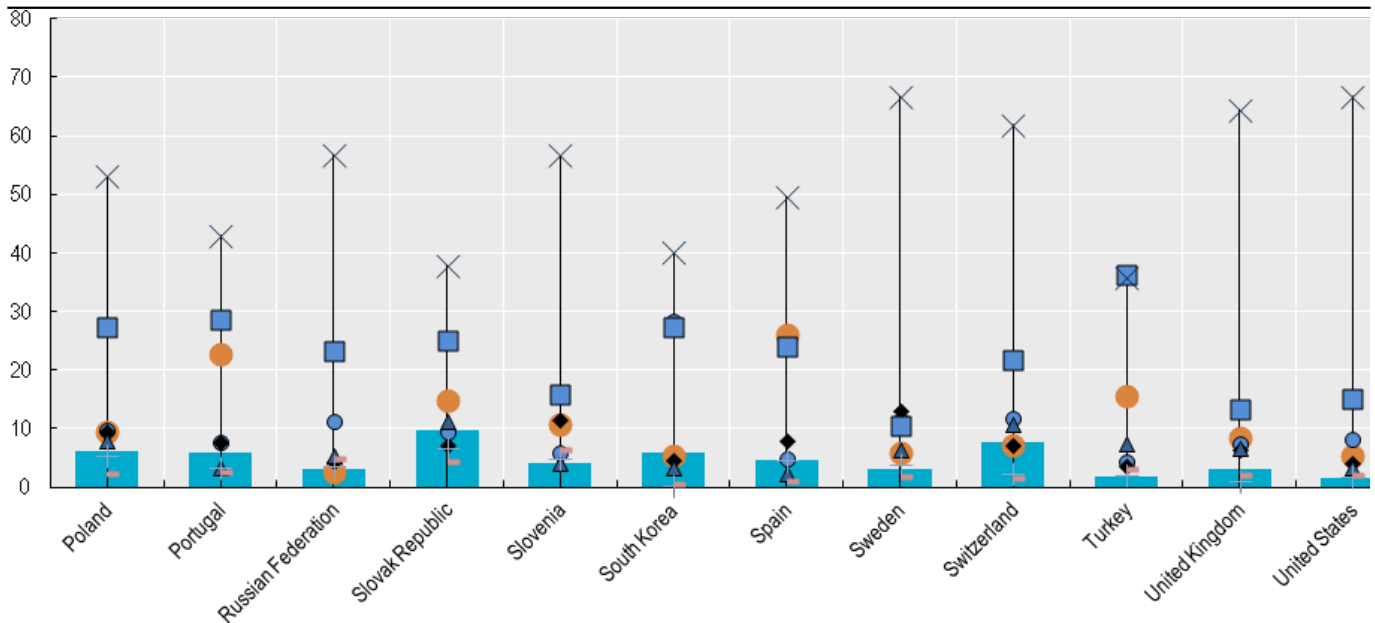
Source: Entrepreneurship at a Glance 2013 - © OECD 2013

StatLink: <http://dx.doi.org/10.1787/888932829457>

Note: The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

Figure 2. Why is it not feasible to become an entrepreneur? Percentage, 2012





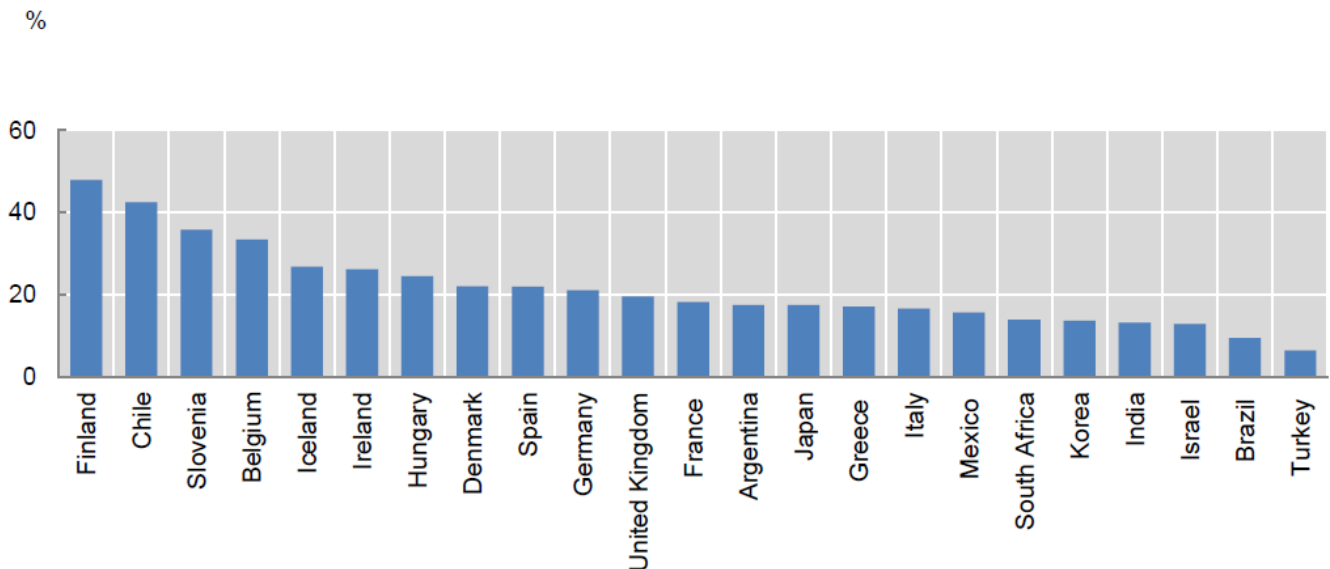
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Note: The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities.

Until recently, entrepreneurship education was very rarely provided (OECD, 2010a). In most OECD countries, less than a quarter of the population aged 18 to 64 indicated having participated in training for starting a business (OECD, 2010c), as shown in Figure 3. OECD research shows that entrepreneurship teaching activities are increasing (Potter, 2008). More universities, faculties and students are becoming involved, and the variety of content and pedagogies is growing. There are nonetheless some international differences in the extent and nature of teaching about entrepreneurship. Evidence suggests that entrepreneurship education in US universities is relatively advanced (Hoffman et al., 2008). For example, at Stanford University and Cornell University in the US, student participation in entrepreneurship programmes was 15% and 20% respectively. In comparison, the participation rate in Canadian universities was between 5% and 7%, while none of the Danish universities reported participation rates above 2.5%.

Figure 3. Percentage of the population aged 18 to 64 years old who received any type of training in starting a business, during or after school, 2008.



Source: Bosma, N., Z.J. Acs, E. Autio, A. Coduras and J. Levie (2009), Global Entrepreneurship Monitor: 2008 Executive Report, Global Entrepreneurship Research Association (GERA)
StatLink <http://dx.doi.org/10.1787/835542183283>

What other topics relate to business and entrepreneurship skills and experience and innovative entrepreneurship?

Skilled labour (see [Skilled labour](#) [1]). Business and entrepreneurship skills and competencies allow innovative entrepreneurs to better identify and pursue business opportunities. They have specific skills critical to the success of innovative entrepreneurship, as they improve the ability of innovative entrepreneurs to manage risk and best utilize their resources.

Migration (see [Migration](#) [2]). Immigrants can bring business and entrepreneurship skills and experience to their host country. However, the skills and competencies that migrant entrepreneurs bring from their home countries might need to be adapted to the host country's environment. Limited language and business skills specific to the host country, and lack familiarity with the overall functioning of the host country's markets, institutions and regulations, can be a challenge.

Attitudes towards entrepreneurship (see [Attitudes towards entrepreneurship](#) [3]). On the one hand, the development of entrepreneurship and business skills (e.g. through education) can play an essential role in shaping attitudes toward entrepreneurship in a positive way (i.e. exposing students to entrepreneurship can contribute to making it a feasible and accepted career option). On the other hand, it may be more difficult to obtain relevant skills and experience in a culture that has negative views of entrepreneurship.

What policies relate to business and entrepreneurship skills and experience and innovative entrepreneurship?

Education policies

Some argue that entrepreneurship cannot be taught because entrepreneurial behaviour is rooted in the character and personality of the entrepreneur and success is often due to chance. However, there is a widespread view that entrepreneurship can be facilitated and that exposure to entrepreneurship can have positive effects, even if students do not become self-employed. Education policies can promote the development of business and entrepreneurship skills and experience to help potential entrepreneurs overcome common challenges.

Policy can support and implement entrepreneurship education in the school systems, higher education and in vocational education. Entrepreneurship education should have the goal of developing the entrepreneurial mindset, as well as delivering specific skills. Policy should aim to increase the number of entrepreneurship courses and participating students, where there is evidence that these courses have been successful. It is also important to ensure that entrepreneurship teaching meets high quality standards and extends across a broad range of subjects to reach a wide range of potential entrepreneurs. Teachers should be trained and supported in using interactive methods that emphasise “learning by doing.”

Policy can also support closer links between education institutions and the private sector. This is particularly important for innovative entrepreneurship and there are a number of ways to achieve this. First, policy should support more widespread use of entrepreneurs in the delivery of education through guest lectures, or through coaching and mentoring students. This could also include working with students on short-term projects through “start-up weekends.” Second, policy can encourage and support the integration of entrepreneurs into faculty and staff at universities to bring more entrepreneurship experience into higher education institutions. Third, policy can facilitate private sector funding and involvement in entrepreneurship chairs and incubation facilities at universities. Fourth, policy can support better integration between the private sector and university start-up support facilities, which can be accomplished through coaching and mentoring, and also through networking events and business competitions.

Use of the vocational education and training system requires a different approach from that commonly used for teaching more technical subjects and appropriate policies for changing teaching methodologies, and not just curricula, need to be formulated (Gibb, 2009).

Training policies

Policy should encourage a greater emphasis on the challenges of enterprise growth in training programmes, rather than business plan development and business management skills. In doing so, training should focus on opportunity identification, risk taking, strategy making, leadership, negotiation, networking, building strategic alliances and intellectual property protection.

Training policies can also support the development of entrepreneurship and business skills in the staff of new small enterprises to help facilitate the development of business and management skills. These skills are needed during a company’s growth and having staff equipped with these skills can help businesses deal with pressures as they arise. Training could be used to develop team leaders, impart entrepreneurship skills across occupations involved in product and process development, and increase project management skills.

In addition, policy could support increasing the number of apprenticeships in SMEs, since apprenticeships are ideal for developing entrepreneurship skills among students.

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- [1] <https://www.innovationpolicyplatform.org/content/skilled-labour>
- [2] <https://www.innovationpolicyplatform.org/content/migration>
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- [4] http://dx.doi.org/10.1787/entrepreneur_aag-2013-en
- [5] <http://dx.doi.org/10.1787/9789264080355-49-en>
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