

From classroom to boardroom

Creating a culture for high-impact entrepreneurship

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EY

Building a better working world



How can we create a culture for high-impact entrepreneurship?



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Strong culture, strong impact focuses on the role of culture in driving high-impact entrepreneurship in G20 countries. The report provides actionable recommendations for governments and a clear, time-bound path for achieving support for young entrepreneurs. Our report, released alongside this year's G20 Young Entrepreneurs' Alliance (YEA) Summit in Turkey, builds on our *Avoiding a lost generation* reports. It drills down on the one driver that is at once omnipresent, yet difficult to quantify or capture, for an entrepreneurial ecosystem: entrepreneurial culture.

Culture is one of the five pillars to the EY model of an entrepreneurial ecosystem, alongside access to funding, education, coordinated support, regulation and taxation. Our research on the ecosystem confirms the importance of culture for supporting high-impact entrepreneurship. For example, in our G20 Entrepreneurship Barometer, which included survey information from some 1,500 entrepreneurs, we see that a supportive culture is associated with access to funding, mentorship and innovation.

With high youth unemployment persisting in some G20 countries and with ever-present demands for innovation, sustainability and

social inclusion, governments across the G20 are increasingly focused on channeling support to high-impact entrepreneurship among youth. The challenge then for policymakers is to uncover best-in-class policies to foster real improvement in entrepreneurial culture in their respective economies.

In our view, education policy is a major channel for governments to drive changes to entrepreneurial culture. This is the primary recommendation to G20 governments in our report. It builds on our agenda of policy recommendations in *Avoiding a lost generation, Part 2*, and in the G20 YEA communique for 2015, where this was one of the final recommendations. In pivoting education to focus on the tools and skills necessary for entrepreneurship, policies can support a culture supportive of entrepreneurship through a youth's lifetime.

At EY, we firmly believe the solution lies in the "Power of Three," where government, business and entrepreneurs join forces to create new opportunities for young entrepreneurs and drive lasting change. Any education policy initiative focused on culture needs to involve industry and entrepreneurs. We propose some action points here for governments, on experiential and vocational education, mentorship, and mobility. These initiatives can provide comprehensive learning opportunities for young entrepreneurs and really drive home a supportive culture through experience.

Change to education and culture will take time. This is all the more reason to start today, working across government, enterprise and entrepreneurs to drive investment in young entrepreneurs and create a shift in culture.



Rahmi Çuhaci
Chairman, G20
YEA Summit,
İstanbul 2015
and President
of TUGIAD

The G20 YEA is a global network of young entrepreneurs and the organizations that support them, representing over 500,000 young entrepreneurs across G20 countries and the European

Union. The G20 YEA members have already created an estimated 10 million jobs.

It is critical to provide a supportive culture for young people to convert their brilliant ideas into projects and action, and make important contributions to their economies. An entrepreneur is someone who sees the world differently from others. They see opportunity in depressed times, they have far-reaching vision and they believe in their ideas when nobody else does. They often work harder than anyone will ever know, and they are often alone, all of which can create immense self-doubt. Creating a supportive culture is key.

In 2008, Turkey had a 6% entrepreneurship rate. This increased to 8.6% in 2010. It is an improvement, but still a very low rate, considering that 52% of Turkish people are below the age of 29.

Overall, the concept of entrepreneurship is still new in Turkey. Taking a government job is seen as a safer, steadier way to start a career. Educating young people and providing role models for them is key to increasing the entrepreneurship rate.

Government support is also crucial to encouraging entrepreneurship. Tax systems need to support entrepreneurship. Governments also have a role to play in encouraging more angel investors and seed funds. Accessing capital is one of the hardest problems to transcend. According to a TUGIAD survey, in Turkey, 55% of the entrepreneurs have benefited from government support programs.

All of the things that I mentioned are outcomes of a strong entrepreneurship culture. If a culture of entrepreneurship can be created, education, access to funding, coordinated support and good regulation have the strong foundation they need.

The G20 YEA is very pleased to include the ideas presented in this report in the 2015 G20 Leaders' declaration, B20, T20 and Y20 recommendations. We look forward to supporting the Turkish Government in the improvement of entrepreneurship culture with a focus on high-impact entrepreneurship.



Strong culture, strong impact: policy to drive high-impact entrepreneurship

In a global economic environment characterized by disproportionately high youth unemployment, governments are searching for sustainable answers to this major labor market and social challenge. Any solutions with lasting impact need to be self-sustaining. Policymakers need to boost the business ecosystems in their economies to effectively stimulate economic growth and employment over the longer term. Entrepreneurship is a significant catalyst for job creation and innovation. “High impact” entrepreneurial companies bring disproportionately large economic benefits, reflected in their contribution to job creation, innovation or customer benefits, wealth creation, and societal impact.¹

From a policy perspective, fostering the establishment and growth of high-impact entrepreneurship is critical to generating gains in income, employment, productivity and competitiveness. There are well-established, broad-based policy prescriptions for stimulating entrepreneurship – for example, increasing access to capital. However, to really drive impact through successful and scalable entrepreneurship, a less tangible but omnipresent factor needs to be addressed: culture. A positive entrepreneurship culture is crucial to advancing the development and scaling of high-impact firms. Of course, culture is inextricably linked to education, and governments can follow clear, actionable strategies to promote culture and high-impact entrepreneurship.

High-impact entrepreneurship is a policy priority

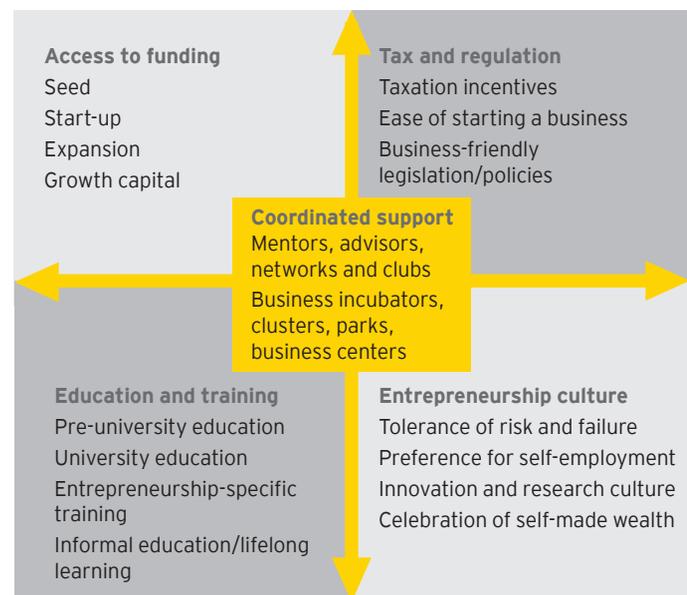
For policymakers, stimulating high-impact entrepreneurship is a priority as it promotes job creation, innovation, wealth creation and positive societal impact.² High-impact firms are estimated to drive the lion’s share of job creation among start-up firms, with a recent global study showing that the top 1% of firms contribute 44% of total revenue and 40% of total jobs.³ Entrepreneurship can also provide an important link between R&D and economic growth through its role in knowledge transfer and commercialization. “Entrepreneurial capital”⁴ can provide incumbent companies with innovation and creative thinking. Furthermore, high-impact entrepreneurs often make a difference to their society beyond their immediate business, with new innovation or business activity driving wider positive benefits,

in turn indirectly expanding wealth, opportunity and economic empowerment for those in their community.⁵

“High-impact” policy solutions are systemic

Having set a clear objective of high-impact entrepreneurship, governments are continually focused on effective policy solutions. New interventions cannot be considered in a vacuum. Just as an entrepreneur exists in a network of peers, mentors, investors, competitors and policymakers, entrepreneurship policies are part of an ecosystem. It is generally accepted that there are five major pillars to this ecosystem: access to funding, education, coordinated support, regulation and taxation, and culture.⁶

The entrepreneurial development framework: five pillars that foster entrepreneurship⁷



Each pillar is equally important in building a stable and sustainable ecosystem.⁸ Parts of the ecosystem are tightly connected. Policy initiatives can drive effects throughout the ecosystem. As a result, any support needs to be holistic, with markets, infrastructure and regulatory initiatives working in tandem with other critical factors, such as culture and mentorship, to drive growth in entrepreneurship.

1 “The Bold Ones: High-Impact Entrepreneurs Who Transform Industries,” EY and the World Economic Forum, 2014.

2 Ibid.

3 “Report: Top 1% of Entrepreneurial Firms Responsible for Largest Share of Job Creation among Start-ups,” World Economic Forum, www.weforum.org/news/report-top-1-entrepreneurial-firms-responsible-largest-share-job-creation-among-start-ups, accessed July 2015.

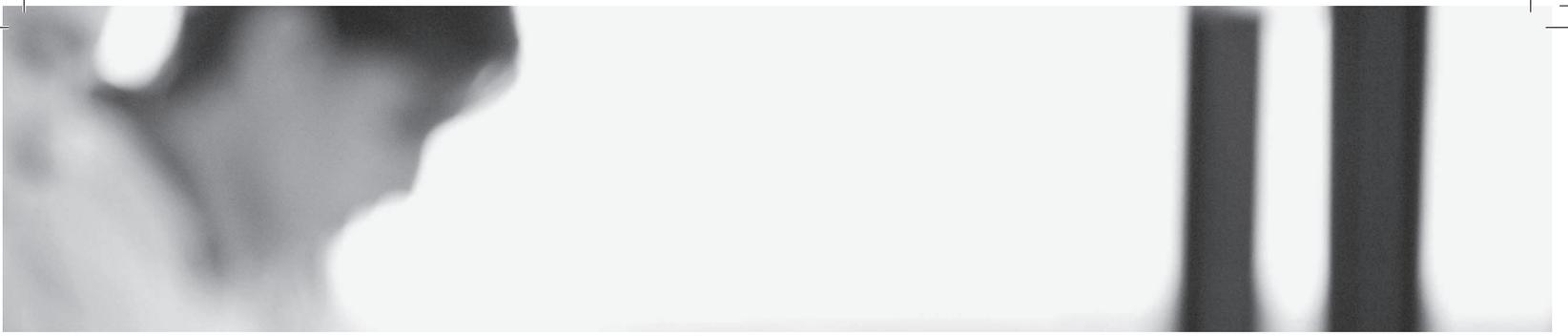
4 K. Kukoc and D. Regan, “Measuring Entrepreneurship,” Australian Treasury, 2008.

5 “The Bold Ones: High-Impact Entrepreneurs Who Transform Industries,” EY and the World Economic Forum, 2014.

6 Innovation and globalization are two additional enablers that are expected to continue to grow in importance in terms of their impact on the entrepreneurship environment. While not captured as stand-alone pillars in this model, these drivers are assumed to be integrated across activities in all of the five pillars listed here.

7 *The Power of Three: together, governments, entrepreneurs and corporations can spur growth across the G20*, EY, 2014.

8 Equal weight in the EY Entrepreneurship Barometer Model (2013).



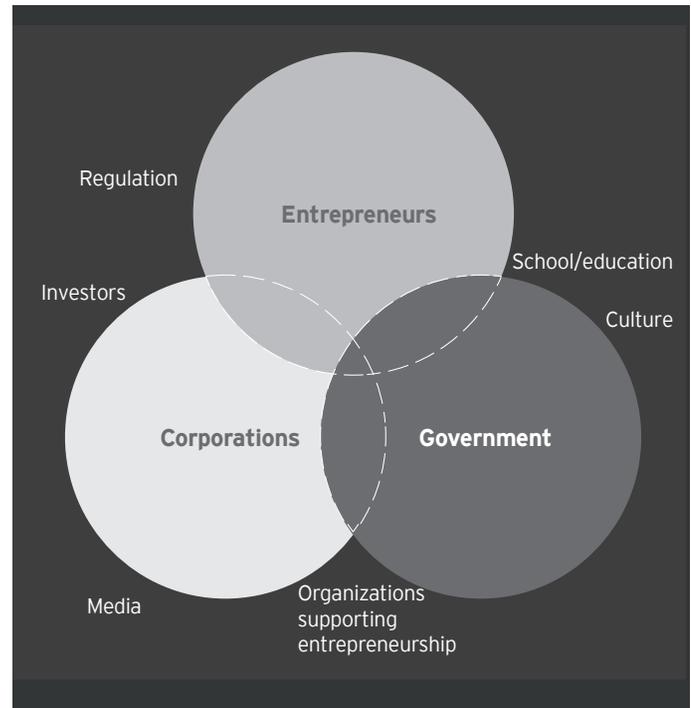
The “Power of Three” for high-impact entrepreneurship

No one can go it alone when it comes to high-impact entrepreneurship. The “Power of Three” is critical for effecting positive change. With all elements of the ecosystem closely interlinked, fostering an effective entrepreneurial ecosystem is clearly a joint effort between government, entrepreneurs and enterprise. Working together, these three actors can support a thriving entrepreneurial ecosystem, providing different strengths and capabilities to drive results.

“Canada provides a truly unique entrepreneurial ecosystem to build a company. With access to some of the brightest minds from top globally ranked universities and some of the best venture capital firms in the world, Canada has started to shape and impact the future of the global economy. Without the incredible support of revolutionary education programs like The Next 36 and high-impact programs like FounderFuel and Futurpreneur Canada, my business wouldn’t be where it is today.”

Mike Schmidt
SFX Entertainment

The Power of Three is central to an effective entrepreneurial ecosystem⁹



The EY G20 Entrepreneurship Barometer

The EY G20 Entrepreneurship Barometer is a comprehensive study on the entrepreneurial ecosystem in G20 countries. The report provides quantitative and qualitative assessment of entrepreneurial ecosystems across the G20. It is designed to help G20 countries benchmark their performance and progress on the vital issue of supporting entrepreneurs. It enables each G20 nation to identify current strengths in its entrepreneurial environment, as well as the main opportunities for further development.

The report includes assessment and best-practice recommendations across the five pillars of the entrepreneurial ecosystem: access to funding, entrepreneurship culture, tax and regulation, education and training, and coordinated support. It includes a model for scoring countries across the five pillars, taking input from:

- ▶ A survey of more than 1,500 leading entrepreneurs across the G20 countries
- ▶ Business environment indicators directly influencing the entrepreneurship ecosystem in each country

Barometer scores are corroborated with unique qualitative insights, including:

- ▶ Exclusive insights from more than 250 entrepreneurs, independent academics and experts, and EY partners across the G20 countries
- ▶ An analysis of more than 200 government leading practices from across the G20 countries

As a result, the Barometer provides a powerful framework to enable governments, entrepreneurs and businesses to assess their environment, identify opportunities and improve entrepreneurial ecosystems in the future.

⁹ EY Barometer report.



Culture can supercharge high-impact entrepreneurship

The development of entrepreneurship culture stands out as one pillar in the ecosystem. This has enormous untapped potential to strengthen support for entrepreneurial activity.

Unlike tax policies, government grants or education reform, the explicit levers for creating a positive “entrepreneurship culture” are not well-defined. As a result, it presents a significant opportunity for policymakers. Entrepreneurship culture is intertwined with entrepreneurial attitudes¹⁰ and education, and the initial challenge is to truly understand its role and significance in entrepreneurial activity in order to design impactful policy initiatives that help support it.

With the right support, governments can help individuals adopt an “entrepreneurial mindset” in which they strive to be job creators rather than job seekers and drive entrepreneurial activity higher. The presence of strong role models, high status of entrepreneurs, and social tolerance of business risk and failure are important in spurring a supportive culture.¹¹

“Entrepreneurial culture is not just about starting a start-up. It is about culture, mindset, values, principles, etc. Now this is needed. I can imagine Indonesia to be a country that will really flourish and be one of the largest world economies if this culture is instilled in every worker in the country as well. But it has to start from the leaders of the country – from the government.”

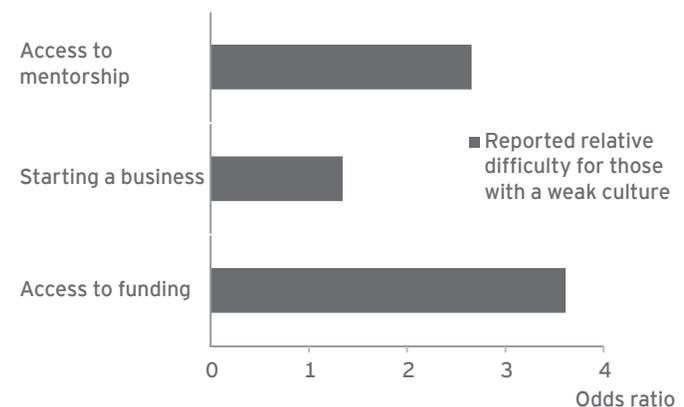
Muhammad Md Rahim

qiscus Pte Ltd./PT Global Komunikasi Teknologi Digital,
Singapore and Malaysia

G20 entrepreneurs speak: supportive culture is critical to their growth

Entrepreneurs confirm anecdotal feedback that culture matters to their decision-making and activities. This is also clear in the survey results in the EY G20 Entrepreneurship Barometer,¹² which show a significant relationship between culture and other dimensions of the ecosystem and provides more color on the link between culture and success. For example, there is an important association between entrepreneurship culture and access to funding in the Barometer survey. Respondents with a reportedly weak culture are almost four times as likely to report problems accessing capital as those with a very supportive culture. Those entrepreneurs in a country with weak culture were more than 1.5 times more likely to suggest that the ease of starting a business had become more difficult in recent years, compared to those with a highly supportive culture. Also, those entrepreneurs in weak cultures were more than twice as likely to report deterioration in access to mentorship in recent years, relative to those in a supportive culture.

EY G20 Entrepreneurship Barometer results suggest an important relationship between culture and other entrepreneurship drivers



¹⁰ Per the construction of the Global Entrepreneurship Development Institute (GEDI) Index, this is one of the sub-pillars for entrepreneurial attitudes.

¹¹ P. Vogel, “The employment outlook for youth: building entrepreneurial ecosystems as a way forward,” World Entrepreneurship Forum, www.world-entrepreneurship-forum.com/content/download/9326/170210/version/2/file/Ecosystems_Paper_PeterVogel.pdf, accessed May 2015.

¹² G20 Entrepreneurship Barometer, EY, 2013.

The importance of entrepreneurship culture by the numbers: insight from the EY G20 Entrepreneurship Barometer

The EY G20 Entrepreneurship Barometer scores show an association between culture and overall ecosystem strength.

The G20 Barometer overall country rankings ...

Quartile 1	Quartile 2	Quartile 3	Quartile 4
Australia	EU	Brazil	Argentina
Canada	France	China	India
South Korea	Germany	Mexico	Indonesia
United Kingdom	Japan	Russia	Italy
United States	South Africa	Saudi Arabia	Turkey

Note: Countries are listed in **alphabetical order** per quartile.

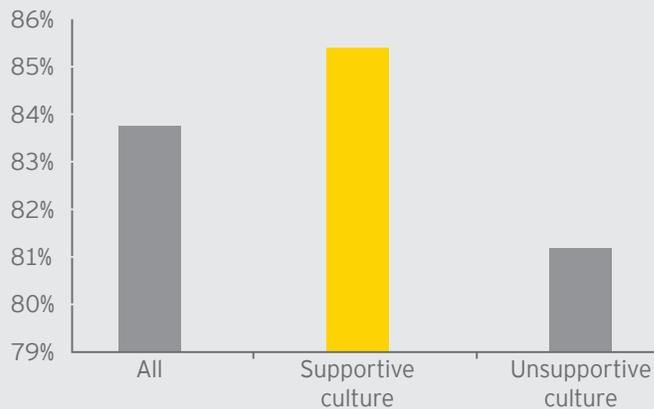
Overall country rankings are closely aligned with rankings on culture. For those top-performing Quartile 1 countries in the G20 Entrepreneurship Barometer, entrepreneurship culture is one pillar, alongside access to funding, where the overall top-performers are also top-ranked. In fact, while the index is equally weighted across the five pillars, the relatively close association between the overall score and culture score for the Quartile 1 countries highlights the importance of culture in reinforcing the total performance of the entrepreneurial ecosystem.

Top performers in the Barometer are also top performers on culture

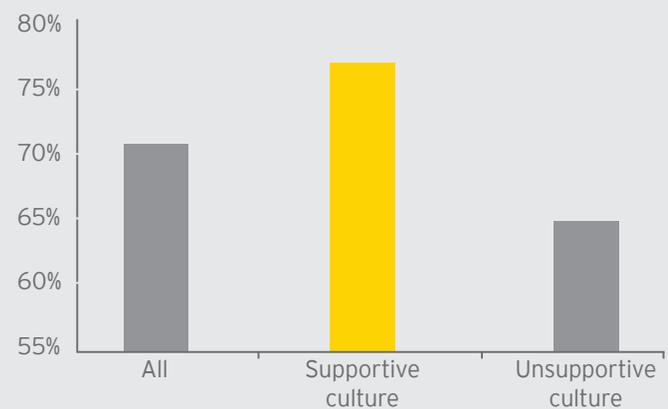
Ranking	Access to funding	Score	Entrepreneurship culture	Score	Tax and regulation	Score	Education and training	Score	Coordinated support	Score
1	United States	7.12	United States	7.67	Saudi Arabia	6.40	France	6.58	Russia	6.23
2	United Kingdom	6.86	South Korea	7.53	Canada	6.34	Australia	6.53	Mexico	5.89
3	China	6.75	Canada	7.45	South Korea	6.34	United States	6.50	Brazil	5.87
4	Canada	6.62	Japan	7.28	United Kingdom	6.19	South Korea	6.40	Indonesia	5.84
5	Australia	6.48	Australia	7.18	South Africa	6.10	EU	6.25	India	5.76

The EY G20 Entrepreneurship Barometer also shows an important link between entrepreneurship culture and innovation, which is an important contributor to high-impact entrepreneurship.¹³ Comparing the survey results for those entrepreneurs who identify a supportive¹⁴ vs. an unsupportive¹⁵ environment in their home country is telling. Those backed by a supportive culture report more positive sentiment on innovation, by a clear margin. In fact, these firms see more opportunity in innovation and report a greater willingness to collaborate with external partners on innovation.

“Innovative companies see opportunity where others see risk” (yes responses)

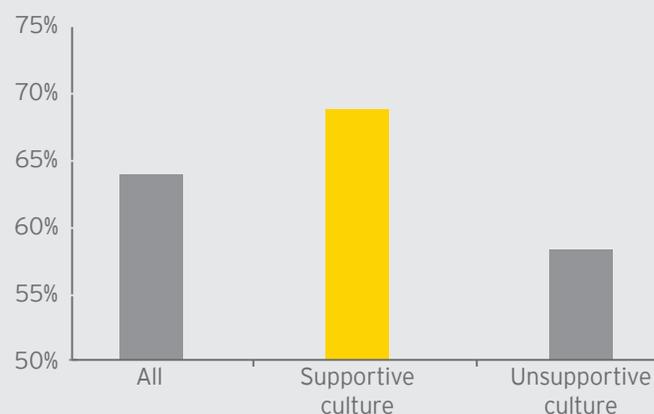


“We collaborate externally to drive innovation” (yes responses)

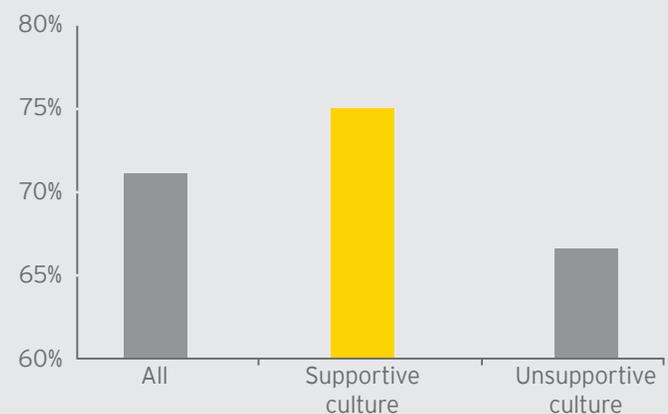


The two groups also reveal important differences in how innovation is integrated in internal business structures and processes. Those entrepreneurs in a supportive culture show stronger performance. For example, more than 75% of entrepreneurs surveyed in a country with a supportive culture reported a formalized approach to innovation in their company. This compares to 66% of firms where the culture is reportedly unsupportive.

“We currently have a strategy for innovation in place within the company” (yes responses)



“We have a formalized approach where everyone contributes to innovation” (yes responses)



¹³ “The Bold Ones: High-Impact Entrepreneurs Who Transform Industries,” EY and the World Economic Forum, 2014.

¹⁴ “Supportive culture” is defined here as those survey respondents who indicate that “business failure in my country is perceived as a learning opportunity.”

¹⁵ “Unsupportive culture” is defined here as those survey respondents who indicate that “business failure in my country is perceived as a career failure.”

“Regeneron has a strict commitment to removing all forms of bureaucracy. Every employee is encouraged to challenge other’s ideas and carve out their own path. The sense of collaboration is so strong that when an innovation is celebrated, the team often has a hard time pinpointing the originator. There is only so much leadership that can come from the top. What we do is value and incentivize innovation.”

Leonard Schleifer
CEO, Regeneron

EY Entrepreneur Of The Year™ Culture Case Study: Regeneron

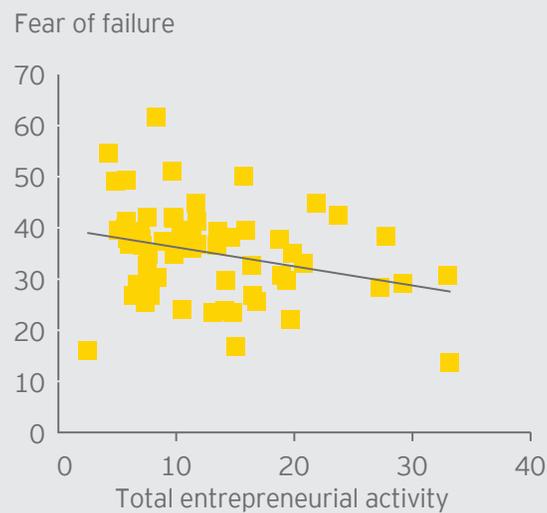
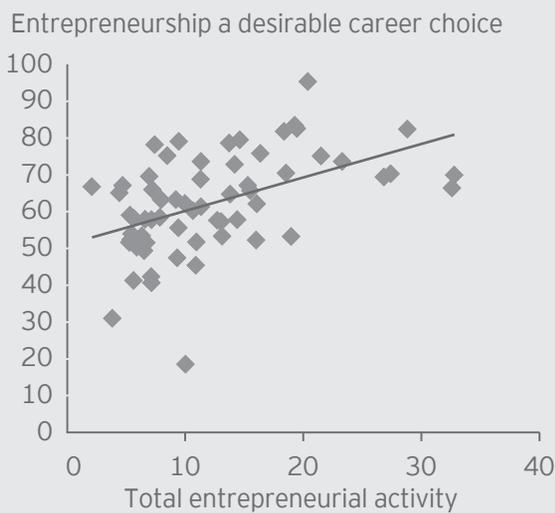
The July-December 2014 edition of *Exceptional* magazine (Americas) profiled Regeneron Pharmaceuticals, a US-based biotechnology company. Its co-founders Leonard Schleifer and George Yancopoulos indicated that the company operates differently than other biotech giants due to its ideas-driven culture.

The G20 Barometer survey results corroborate with other studies that highlight the unequivocal importance of culture. For example, Global Entrepreneurship Monitor (GEM) data shows a higher presence of nascent and new entrepreneurs in countries with a supportive entrepreneurship culture. At the same time, the GEM survey results also reflect lower entrepreneurship activity levels in those countries where fear of failure is more elevated.

“The entrepreneurial culture is the most important thing to consider when starting a new company or initiatives. This culture must drive the creativity and represents the company’s mission. The culture stems from the founder, but it must be well received by the whole team. The best way to do is to ask them: what do they care about? What do they believe? What are their expectations joining on board? The founder must encompass them in his mission and values, so the answers will be under the company’s mission. In addition, the culture also leads all people not only to know but also to believe what the most important value is for the company in the future.”

William Suryawan
Del Mare Snack, Indonesia

Global survey data highlights the association between entrepreneurial culture and entrepreneurship activity



Source: Global Entrepreneurship Monitor Database, 2015

Total entrepreneurial activity is the percentage of those aged 18-64 who are either a nascent entrepreneur or owner-manager of a new business.

“Entrepreneurship is a desirable career choice” reflects the percentage of those aged 18-64 who agree with the statement that, in their country, most people consider starting a business as a desirable career choice.

“Fear of failure” reflects the percentage of those aged 18-64 with positive perceived opportunities who indicate that fear of failure would prevent them from setting up a business.



National studies also confirm the strong connection, including the TUGIAD Survey in Turkey (2014). The survey helps assess innovative small and medium-sized enterprises (SMEs) and entrepreneurial firms in the country. It reveals a clear link between an innovative business culture and government support programs aimed to scale up the innovation activities. Notably, 55% of the respondents have been part of government-supported R&D/innovation programs. At the same time, 40% of the SMEs state that what makes these SMEs different is their success in launching new products to the Turkish market. These two findings in the TUGIAD Survey suggest that in Turkey, innovation culture is directly affected by the Government, and the incentives programs run by the Government are the main tools in setting the innovation culture.

For governments, there is a clear takeaway that effective policy actions to strengthen to entrepreneurship culture are critical to boosting the entrepreneurial ecosystem and supporting high-impact entrepreneurship.

Supportive entrepreneurship culture is also a critical catalyst for inclusive, and sustainable, economic growth

Culture also has an important social impact in strengthening the entrepreneurial ecosystem. Creating “decent work” for youth is an important objective for any job creation program. The connection between good jobs and social cohesion is clear, with uprisings in some economies in recent years highlighting the importance of employment opportunities that enable youth to reach their full potential.¹⁶ IFC research also finds that quality private sector jobs help contribute to the creation of global public benefits such as respect for rights, increased levels of trust, human capital, gender equality, poverty reduction and peace.¹⁷

The meaning of “good” or “decent” jobs varies depending the economy or level of development of a country. Whatever the context, the promotion of entrepreneurship culture is central to the creation of these opportunities. Entrepreneurs can gain satisfaction from developing an independent business, creating value for customers and generating their own wealth.¹⁸

The EY G20 Entrepreneurship Barometer shows that a supportive culture is one that provides a level playing field for all entrepreneurs. The culture should be inclusive to young people – for example, in accessing finance. In those countries where the culture is supportive, young entrepreneurs are relatively equal to entrepreneurs overall in terms of access to funding. The spread in

response between those young entrepreneurs reporting difficulty in accessing funding, and entrepreneurs overall, is relatively narrow in those countries with a supportive culture vs. where the culture is a hindrance.

Spotlight: Entrepreneurship culture in Turkey

In recent years, Turkey has experienced strong economic growth and is increasingly interconnected with international markets. As result, the Turkish entrepreneurial culture has made big advances, though there is still significant room for growth.

Business life in Turkey used to be dominated by private holding companies and state economic enterprises. Paternalistic cultural values appear to be dominant among Turkish managers (Aycan et al., 2001; Pasa et al., 2001). Professionalism and rationalism orientations, together with a cultural emphasis on power, hierarchy and relationships, for instance, can be seen in most Turkish firms (Danışman & Özgen, 2008).

The state has been an important institution in shaping the business structure (Kabasakal & Bodur, 1998). Turkish private companies remained highly dependent on the state for financial incentives, and the state often intervenes with frequent and unpredictable policy changes, which introduce uncertainties in business life (Bugra, 1990). Yet, in the last decade, Turkey has widely reformed its institutions. This effort led to a strong, fast-improving entrepreneurial environment. In July 2011, based on 1,001 interviews of G20 entrepreneurs, Turkish respondents described their country as the most business friendly of the G20 (G20 Entrepreneurship Barometer, 2011).

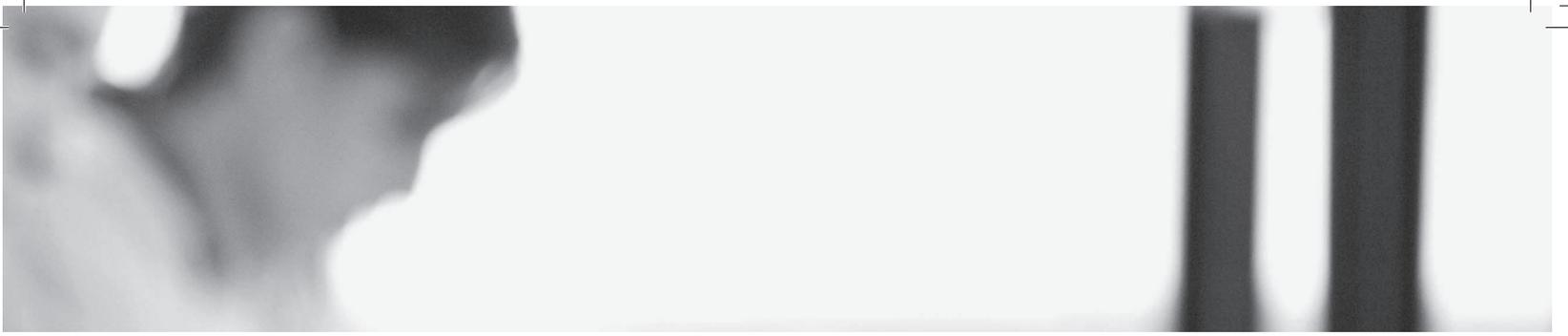
While this entrepreneurship climate is increasingly favorable, new business density – a measure of new businesses registered per 1,000 people aged 15-64 – is lower than the average for the rapid-growth markets in the G20; this could be a result of traditional conglomerates, rather than small enterprises, having driven much of the growth in economic activity in Turkey (G20 Entrepreneurship Barometer, 2011).

However, the entrepreneurial culture in Turkey has significantly improved, and the country reportedly has many more opportunities for education and training in entrepreneurship than it did five years ago. In the end, 80% of the entrepreneurs interviewed indicated that Turkish culture encourages business, and 90% are convinced that job creation by entrepreneurs greatly enhances the culture (G20 Entrepreneurship Barometer, 2011). Other major indicators of the entrepreneurial ecosystem are also on a trajectory of improvement. Entrepreneurs do still find it difficult to access funding in Turkey, yet this has improved markedly in recent years. The regulatory and taxation environment has also become more favorable.

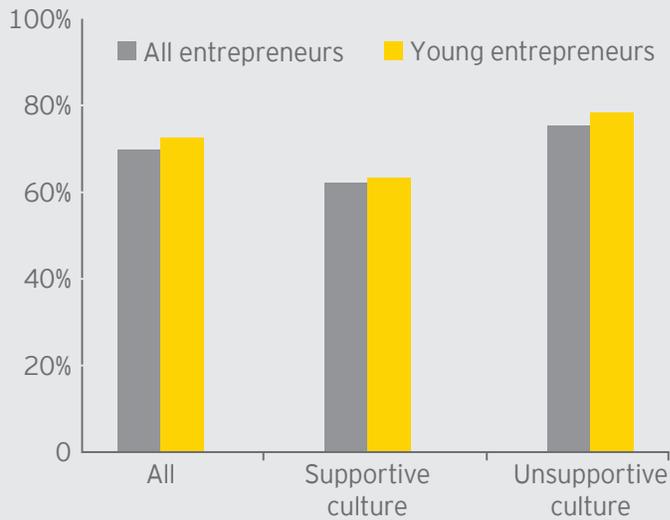
¹⁶ “Quality of Jobs: IFC Jobs Study 2013,” IFC, www.ifc.org/wps/wcm/connect/1c91a5804e6f1b89aceeacfce4951bf6/IFC_FULL+JOB+REPORT_REV2_JYC.pdf?MOD=AJPERES, accessed June 2015.

¹⁷ Ibid.

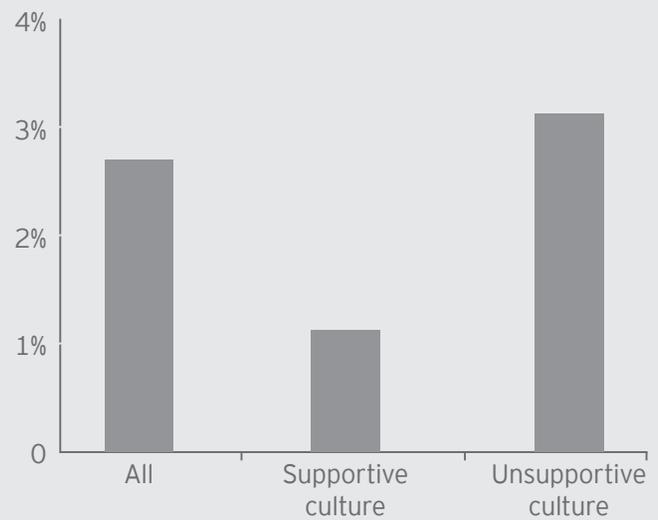
¹⁸ M. Hitt, et al., “Strategic Entrepreneurship: Creating Value for Individuals, Organizations and Society,” Texas A&M University, 2012.



“Accessing funding is difficult” (yes responses)



Relative difficulty for young entrepreneurs to access funding



EY best-practice culture case study: Network for Teaching Entrepreneurship (NFTE)

In the January-June 2014 edition of *Exceptional* magazine (EMEIA), Amy Rosen, CEO of the US-based NFTE, talked about how these programs inspire young people from low-income communities to stay in schools, recognize business opportunities and plan for a successful future.

“I have the privilege of meeting more and more of our program alumni every day. There is a great young man named Rodney Walker who is now at Yale Graduate School. When he was 5, his parents were arrested on drug charges, and he spent the next decade in foster homes until he ran away and began living on the streets.

“So how did he go from there to here? He walked into an NFTE classroom after coming into school for food. Through this class, he started a video production business. He is a powerful example of what can be achieved.”

Effective policy needs a deep understanding of cultural needs, particularly education

For governments, the case for policy initiatives to support entrepreneurial culture, from economic and social standpoints, is clear. Of course, linking inputs to outcomes is a major challenge, particularly in relation to policies aimed at creating a supportive culture. The design and delivery of effective policy rests on a deep understanding of what will really impact the culture in a given economy. This is where education comes to the forefront.

The EY G20 Entrepreneurship Barometer Survey asked respondents to identify initiatives that would most improve students' perceptions of entrepreneurship as a career path.¹⁹ The results highlighted the significant interrelationship between culture and education. Entrepreneurs saw education as their number one priority in terms of key initiatives that could support the long-term growth of entrepreneurship in their economies. In total, more than one-third of respondents identified educators, teaming, and mentoring programs and industry-specific training as the top initiatives.

“If there is one thing that needs to be done, we need to start early. This culture needs to be encouraged and facilitated right from school days. Students needs to be encouraged to think, read, share ideas, debate, research, talk to seniors, talk to successful people, expose them to things beyond the country to open their minds to new ideas.”

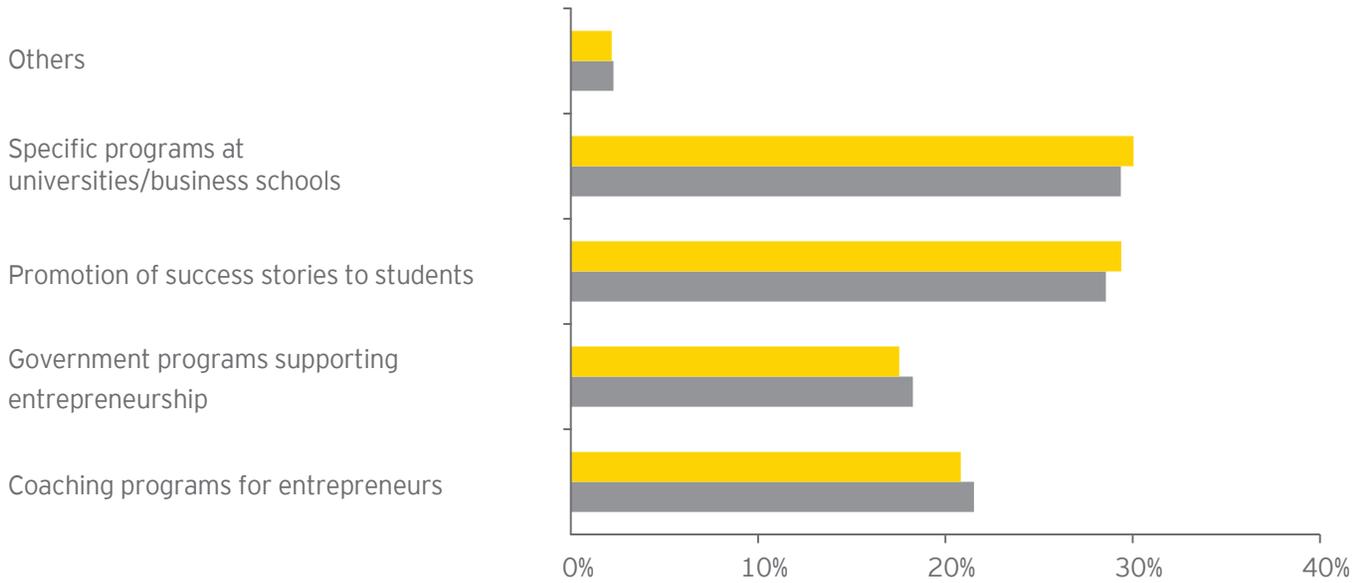
Muhammad Md Rahim

qiscus Pte Ltd./PT Global Komunikasi Teknologi Digital, Singapore and Malaysia

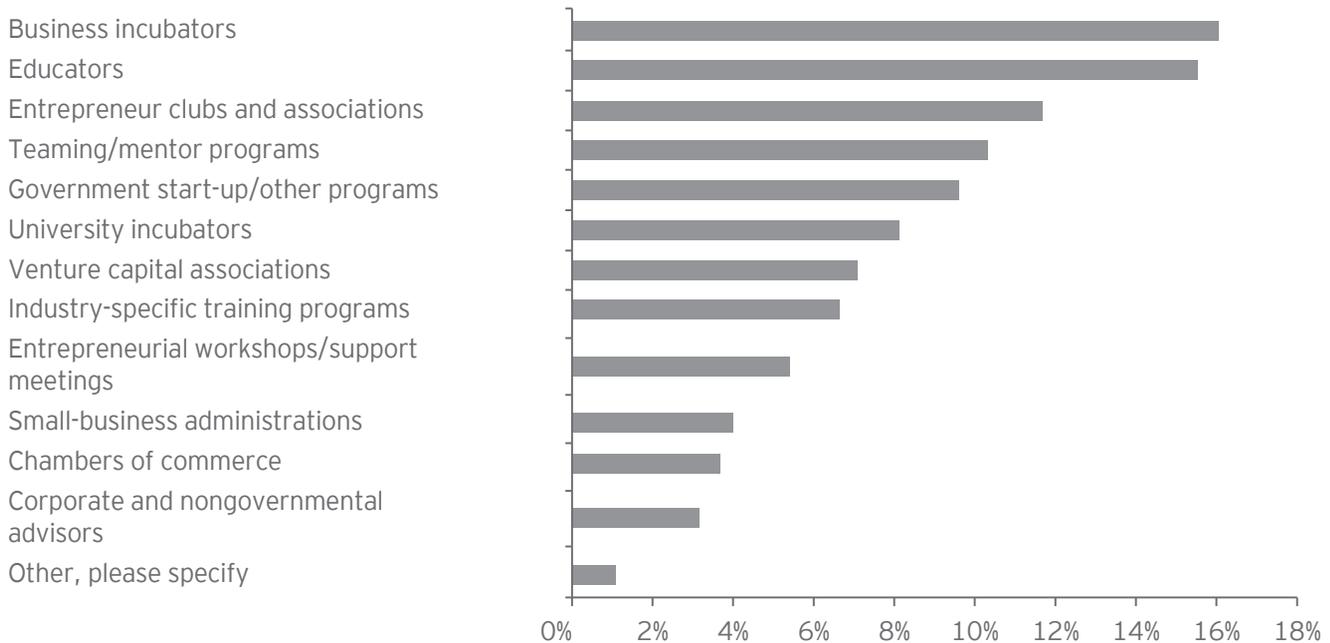
¹⁹ Indicator taken here as a proxy for entrepreneurship culture, in line with GEM data.

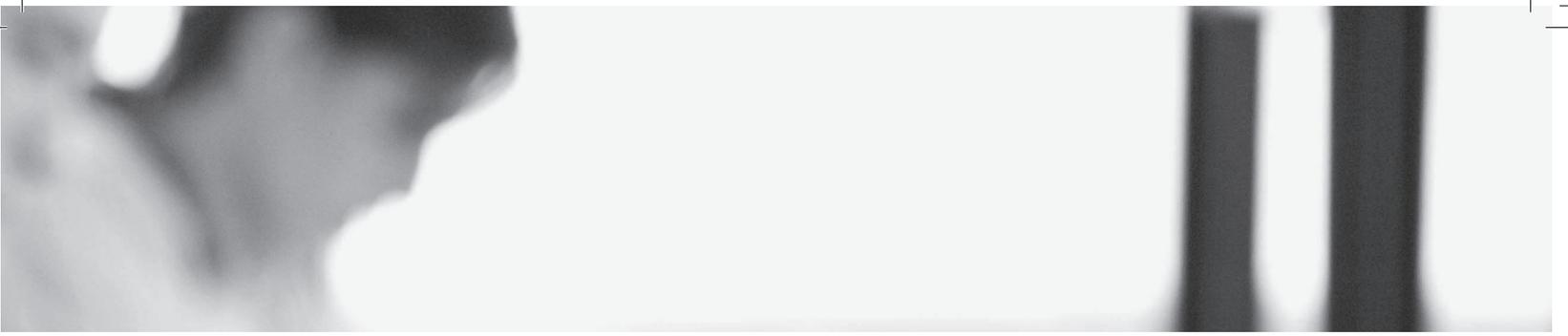


What would most improve students' perceptions on entrepreneurship as a career path?

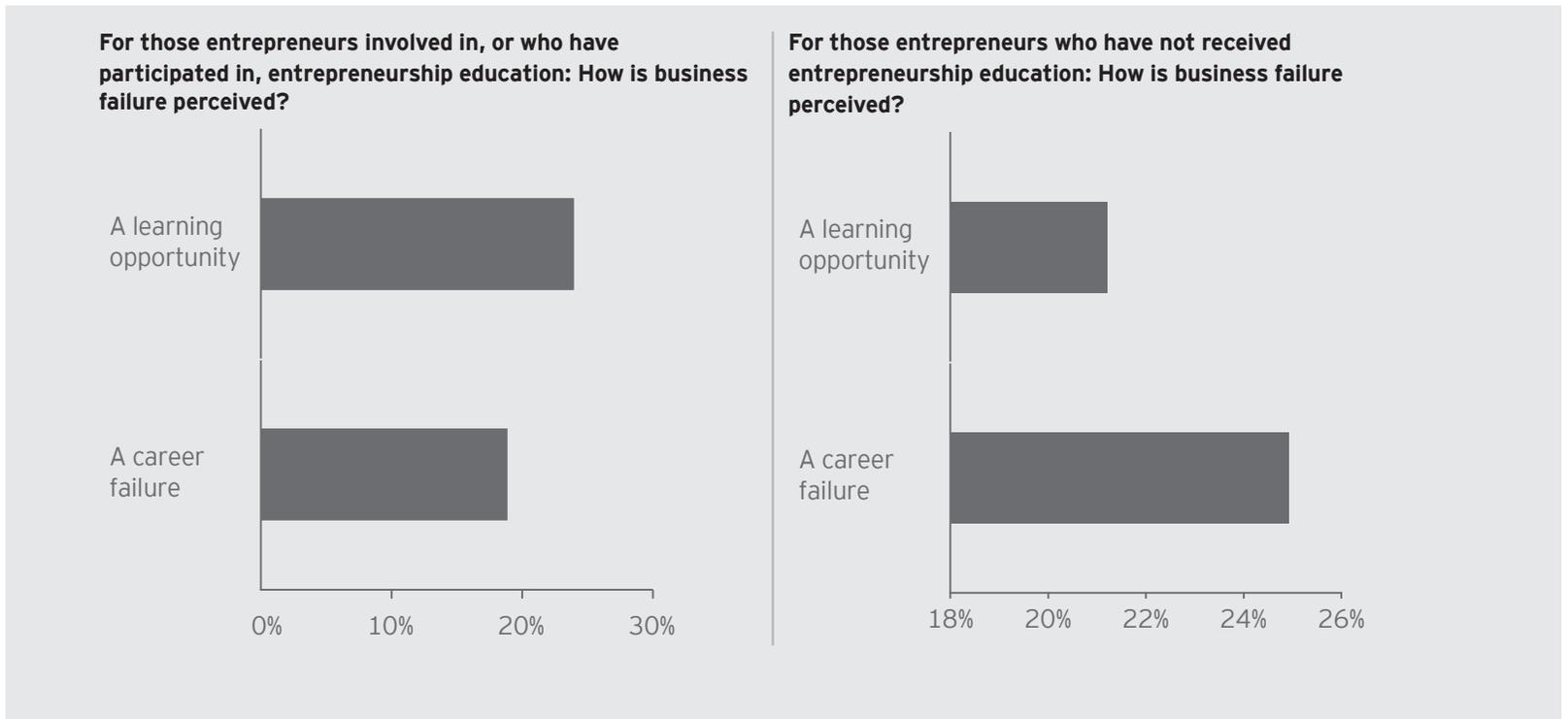


What are the top initiatives and organizations that could improve long-term growth in entrepreneurship/entrepreneurs in your country?





More generally, the link between culture and education highlights that economies with stronger entrepreneurial cultures are more tolerant and understanding of business failure and do not perceive this as a barrier to entry, but as an opportunity to learn. The G20 Barometer shows that business failure is perceived considerably more constructively among those entrepreneurs who have received entrepreneurship education than among those who have not, per the figures below. This suggests that entrepreneurial initiatives taught at school can reinforce risk-taking and a disposition toward entrepreneurial activity.



To grow high-impact entrepreneurship, culture policies should focus on learning

To grow and sustain high-impact entrepreneurship, individuals, government institutions and businesses all have an important role to play in fostering a supportive entrepreneurial culture. It is clear from the G20 Entrepreneurship Barometer survey that entrepreneurs welcome a role for government, particularly in education, to provide an institutional framework that can “supercharge” the entrepreneurial ecosystem and drive sustainable gains.



Our key recommendation on culture to G20 governments is to increasingly align the learning ecosystem with workforce needs

This builds on our agenda of policy recommendations in our report on youth unemployment and entrepreneurship, *Avoiding a lost generation, Part 2*, and in the G20 YEA communique for 2015, where this was one of the final recommendations. In focusing education policy on relevant tools for entrepreneurship, governments can foster a culture supportive of entrepreneurship, from elementary stages of learning through to adulthood.

While no “quick fix” for culture, education can support culture in several stages

A new paradigm for education, and the cultural shift it can foster, will not happen overnight – in fact, it will likely manifest over a generation, if not more. For governments, this means that a long-term commitment to supporting entrepreneurship through education is crucial. New policy can be enacted in stages, with some near-term initiatives possible to set the course for deepening changes in entrepreneurship culture, through education, over time.

We see new policy to support culture, through the education system, as working along a continuum. Governments can generate some “quick wins” now, and also start to put in place the foundations for a transformational shift in entrepreneurship culture over the long term. To get this change process moving, we highlight six specific recommendations for governments to drive stronger entrepreneurship culture through education in the coming months, years and even decades.



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Culture is a very important part of the entrepreneurial environment. To encourage more entrepreneurs, a country needs a set of beliefs that make entrepreneurship a valid and respected career choice. To develop an entrepreneurship culture, you have to create an infrastructure and for that, you have to start from the basics. At this point, the right place to start is education and lifelong training.



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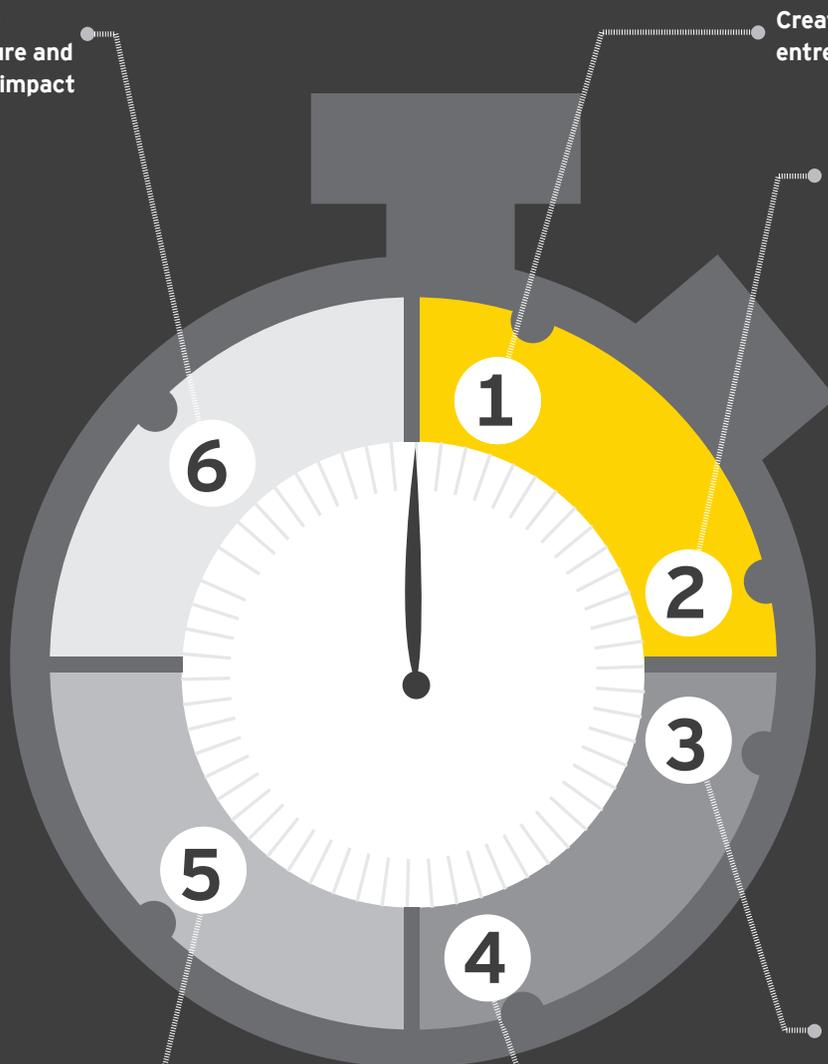
Six specific recommendations

Establish longitudinal programs to link culture and education through to impact

Create a G20 multilateral entrepreneurs start-up visa

Encourage international networking

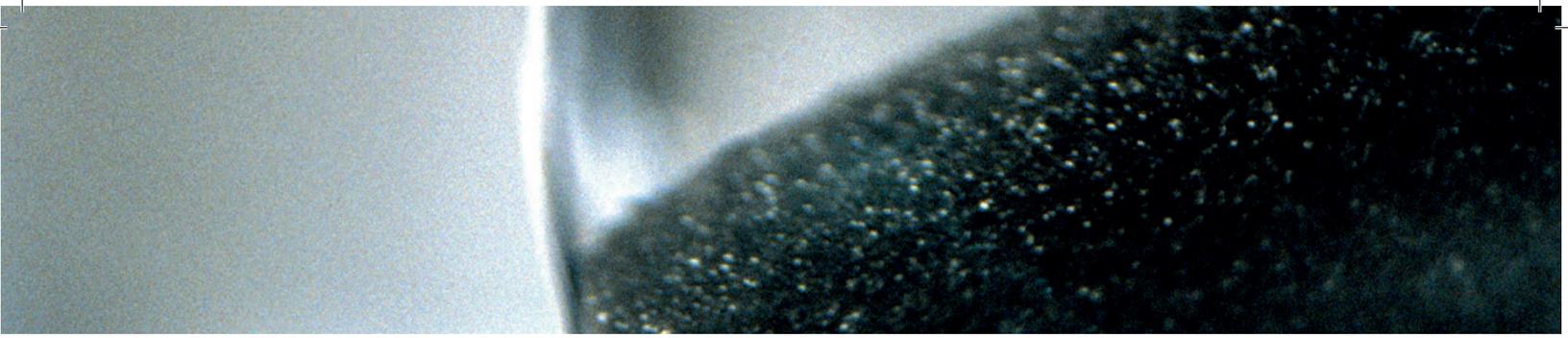
- Now
- Near term
- Medium term
- Long term



Start teaching entrepreneurship early

Focus on "quality" entrepreneurship and "quality" employment

Foster these programs through the secondary/tertiary education system with a pivot toward vocational education and industry partnerships



1. Create a G20 multilateral entrepreneurs start-up visa (now)

Multilateral visas, or regional visa programs, are crucial to improve labor mobility, conduct business internationally, and transfer positive entrepreneurial culture and norms throughout the G20.

Entrepreneur visas (UK): The UK Government provides three types of visas for budding entrepreneurs: **Tier 1 (Entrepreneur) visa** is for eligible applicants who want to set up or run a business in the UK, with access to at least £50,000 in investment funds.²⁰ **Tier 1 (Graduate Entrepreneur) visa** is applicable for eligible graduates who have been officially endorsed as having a genuine and credible business idea.²¹ Lastly, a **Standard Visitor visa** is issued to people interested in getting start-up funding or taking over, joining or running a business in the UK.²² During 2008-13, the number of Tier 1 visas issued jumped from 27 to 1,171.²³

Start-up visa (Canada): The Canadian Government launched a Start-Up Visa Program for immigrant entrepreneurs on 1 April 2013. The five-year pilot program is the first of its kind in the world, linking innovative foreign entrepreneurs who want to launch a business in Canada with experienced Canadian private sector firms.²⁴ Foreign entrepreneurs (or an entrepreneurial team of up to five individuals) are considered for the program if they have a commitment (1) from a designated business incubator, (2) of at least C\$75,000 from a designated angel investor group or (3) of at least C\$200,000 from a designated venture capital fund. The entrepreneurial team and the investing entity are required to have an equity stake in the business of over 50%, and each individual member of the entrepreneurial team is required to have at least a 10% equity stake. Applications to the Start-Up Visa Program have been increasing, with 16 foreign entrepreneurs having received permanent residence through the program, and dozens more are currently in the process.²⁵ The first recipients experienced success: three

20 "Tier 1 (entrepreneur) visa," UK Government, www.gov.uk/tier-1-entrepreneur, accessed May 2015.

21 "Tier 1 (graduate entrepreneur) visa," UK Government, www.gov.uk/tier-1-graduate-entrepreneur-visa, accessed May 2015.

22 "Tier 1 (standard visitor) visa," UK Government, <https://www.gov.uk/standard-visitor-visa>, accessed May 2015.

23 "Migration statistics," UK Government, <https://www.gov.uk/government/collections/migration-statistics>, accessed May 2015.

24 "Canada open to business for start-up entrepreneurs," Government of Canada, <http://news.gc.ca/web/article-en.do?nid=833229>, accessed May 2015.

25 "Startup visa," Government of Canada, www.cic.gc.ca/english/immigrate/business/start-up, accessed June 2015.

months after launching their technology company that enables voice conversations on social media, they were acquired by Hootsuite Media Inc. for an undisclosed price.²⁶

2. Encourage international networking (now)

New and young entrepreneurs need the opportunity to participate in international networking and collaboration with other entrepreneurs to exchange knowledge, mentor each other and transmit entrepreneurship culture. Young entrepreneurs need to be exposed to international markets, through trade missions, to drive their commercial education, network and also support cultural exchange. An exchange program, and access to tailored trade missions, would be powerful initiatives.

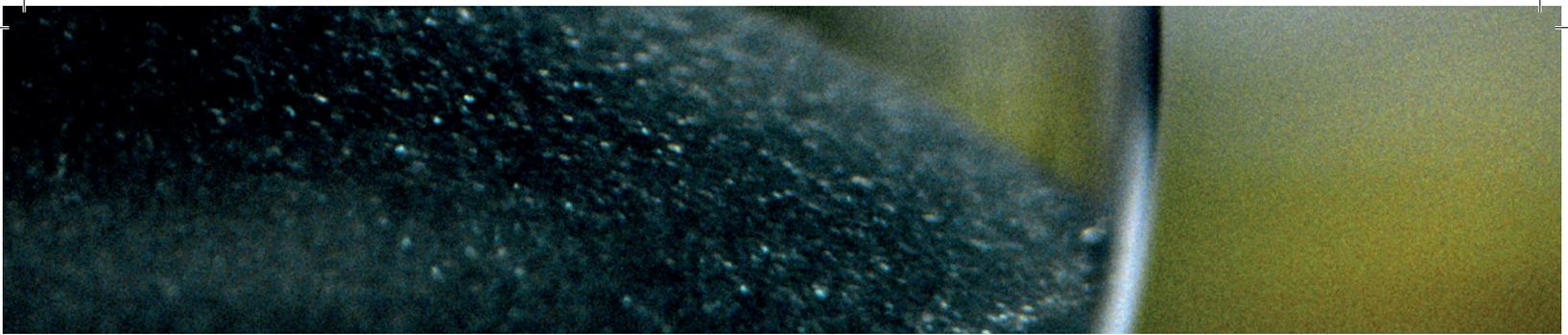
Student mobility programs (EU): The Erasmus for Young Entrepreneurs program, initiated by the European Union in 2009, aims to help new entrepreneurs acquire relevant skills for managing an SME by spending time in another European Union country. As of May 2015, more than 3000 exchanges have taken place, involving more than 6,000 entrepreneurs. The program aims to achieve 10,000 exchanges by 2020.²⁷

Targeted trade missions (France): France is undergoing a start-up renaissance driven by a new generation of entrepreneurs, investors, engineers, designers and other talented people. It is a new Start-up Republic, home to vibrant tech hubs and a hotbed of talent, filled with a strong entrepreneurial culture. The name of this movement is "La French Tech," a banner shared by French start-ups and the French Government, which supports them. Launched in 2013, the €200 million initiative promotes French start-ups under a single brand, both in France and abroad. It also offers mentoring, funding, recruitment advice and other resources to ensure the ecosystem has the right tools to grow. At CES 2015, France was the best-represented nation in Europe, with 120 exhibitors from a wide range of sectors.

Targeted trade missions (Canada): The Canadian Trade Commissioner Services offers the Business Women in International Trade (BWIT) Program. BWIT offers products to assist export-ready Canadian women-owned businesses to expand their enterprises into international markets. The Canadian Government facilitated the Canadian Business Women Trade Mission to Brazil during 17-20 May 2015. It aimed to increase the profile of Canadian women and help them network

26 B. Bouw, "Visa program opens doors to overseas talent," *The Globe and Mail*, October 2014.

27 "Erasmus for young entrepreneurs," European Commission, https://ec.europa.eu/easme/sites/easme-site/files/info_day_presentation_eye_2015.pdf, accessed June 2015.



with the local business community in Sao Paulo, Brazil. The focus of this trade mission was key sectors, including agriculture and agri-food products, education, information and communications technology (ICT), and life sciences. During the visit, over 50 business-to-business (B2B) meetings were organized with Brazilian companies and organizations for the Canadian participants. The networking reception attracted more than 75 Brazilian contacts to meet with the Canadian delegation.²⁸ At least one negotiation is underway for a Canadian business to expand into Brazil.

3. Start teaching entrepreneurship early (near term)

Governments need to support entrepreneurship education from the elementary school level to engender an “entrepreneurial mindset” and expand entrepreneurial culture. This comes through experiential learning and entrepreneurship training in schools, as well as extracurricular programs. An important complement will also be informal learning opportunities for youth, including workshops, other experiential learning and online tools.

“The Fiver Challenge” (UK): The UK Government is supporting “The Fiver Challenge,” where thousands of school pupils aged 5-11 are given £5 to set up their own mini-business and encouraged to make a profit while engaging with the local community.²⁹ The scheme, launched in 2014, recorded over 30,000 registrations from 500+ schools, far exceeding its initial target of 20,000 registrations by mid-June. The plan is to double this program by next year.^{30, 31}

Entrepreneurship studies in primary schools (Slovenia): The Slovenian Government funded and implemented a pilot extracurricular course, called UPI (*Ustvarjalnost, Podjetnost, Inovativnost*), in primary schools to be held over two

consecutive years between 2010 and 2012. The UPI courses aimed to encourage students to explore creativity, innovation and entrepreneurship in school by raising their awareness and knowledge about entrepreneurship. During 2010-12, 35 primary schools participated in the project, with 1,135 students developing 84 business plans. Based on survey results, UPI courses had a positive impact on the flexibility, innovation, process management and creativity of the students.³²

4. Foster these programs through the secondary/tertiary education system with a pivot toward vocational education and industry partnerships (near term)

Education initiatives to foster skills learned in elementary and primary school years are critical at the secondary and tertiary level to deepen students’ “entrepreneurial mindset” and convert this thinking into commercial practice.

Start-up funding for tertiary students (China): In 2011, the Zhejiang Government in China established a US\$5.5 million fund to support new start-ups by fresh graduates in the province. The Government provides seed capital in addition to subsidized loans provided by the Bank of Hangzhou and Hangzhou United Bank.³³ University graduates operating their own businesses are exempted from registration, license and administration fees for the first three years from the registration date, and the students can get two-year loans ranging from US\$3,164 to US\$7,910.³⁴ The initiative has helped establish the Hangzhou College Student Entrepreneur Association and has over 2,180 members taking regular lessons on entrepreneurship from experienced instructors.

Spotlight on Turkey – a student-centric approach to entrepreneurship

The Turkey Ministry of National Education developed “A Lifelong Learning Strategy” paper in 2009, which highlights entrepreneurship as one of the key competencies. Entrepreneurship education is recognized as a separate optional subject, and a student-centered approach is adopted to teach it. Project work and other assigned non-curricular tasks promote

28 “Canadian Business Women: Trade Mission to Brazil,” Foreign Affairs, Trade and Development Canada, www.international.gc.ca/commerce/visit-visite/women_brazil-femmes_bresil_2015.aspx?lang=eng, accessed June 2015; “Harper Government creating export opportunities for Canadian business women,” PR Newswire, www.kusi.com/story/29115545/harper-government-creating-export-opportunities-for-canadian-business-women-labour-and-status-of-women-minister-kellie-leitch-concludes-first-ever, 20 May 2015.

29 “The Fiver Challenge,” UK Government, www.gov.uk/government/news/the-fiver-challenge-pupils-to-start-own-business-with-a-5-loan, accessed June 2015.

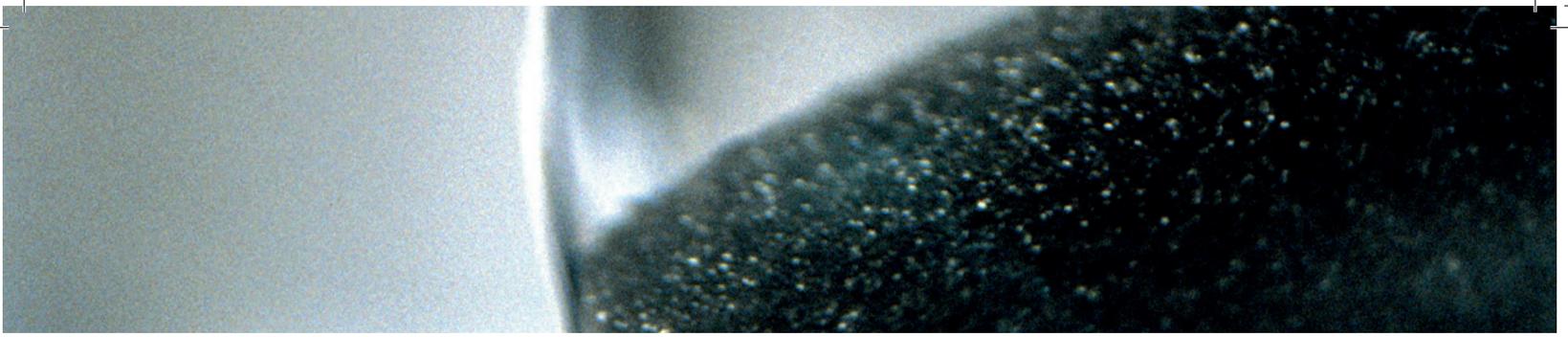
30 “Enterprise for all: the relevance of enterprise in education,” UK Government, www.gov.uk/government/uploads/system/uploads/attachment_data/file/338749/EnterpriseforAll-lowres-200614.pdf, accessed June 2015.

31 J. Gurney-Read, J., “Sir Richard Branson: Want to be an entrepreneur? Start a primary school,” *The Telegraph*, September 2014.

32 “Entrepreneurship education: a road to success,” European Commission, <http://ec.europa.eu/DocsRoom/documents/8565/attachments/1/translations/en/renditions/native>, accessed May 2015.

33 S. Jing, “Headstart for budding business,” *China Daily*, February 2011.

34 *G20 Entrepreneurship Barometer: China Country Report*, EY, [www.ey.com/Publication/vwLUAssets/EY-G20-country-report-2013-China/\\$FILE/EY-G20-country-report-2013-China.pdf](http://www.ey.com/Publication/vwLUAssets/EY-G20-country-report-2013-China/$FILE/EY-G20-country-report-2013-China.pdf), accessed May 2015.



student creativity and interaction, with the teachers acting as a facilitator.³⁵ From 2008 to 2012, Turkey's early-stage entrepreneurship activity doubled (from 6% to 12%), as did nascent entrepreneurship activity (from 3.2% to 7%).³⁶

5. Focus on "quality" entrepreneurship and "quality" employment (medium term)

Governments can use culture as a key driver to support growth in high-impact entrepreneurs, not "lifestyle" entrepreneurs. This includes targeted grants, celebration of successes, and enablement of networks to support knowledge transfer and risk taking.

Mentorship for the next generation (US): In February 2011, the US Government launched Entrepreneurial Mentor Corps (EMC), a new program designed to mobilize the current generation of entrepreneurs to help build and support the next generation of entrepreneurs. The program will facilitate mentor matching and provide ongoing support. The first phase of the EMC program was a clean-energy sector pilot, which provided funding to four private accelerators to identify and match mentors for 100 start-up companies.³⁷

Mentorship for the next generation (Canada): Futurpreneur Canada (formerly the Canadian Youth Business Foundation, or CYBF) has been helping young entrepreneurs launch and grow successful businesses for nearly two decades. It is the only national nonprofit organization that provides integrated services to aspiring business owners aged 18-39 by providing them with pre-launch coaching, business planning support, requisite financing and an ongoing mentoring program. The program has so far supported 7,800 entrepreneurs, creating more than 31,000 jobs and generating over C\$194 million in tax revenue.³⁸ The program recently received a C\$14 million Government of Canada investment to help an estimated 2,700 young entrepreneurs over the next two years.³⁹

6. Establish longitudinal programs to link culture and education through to impact (long term)

Entrepreneurial education programs need a sound evidence base, linking education and culture through to impact, including innovation and job creation. Initiatives that encourage knowledge-sharing and community development are also important to replicate learnings, scale programs and provide longitudinal data on programs.

Start-up ecosystem development (Brazil): The State Government of Minas Gerais in Brazil launched Start-ups and Entrepreneurship Ecosystem Development (SEED), an accelerator program to foster entrepreneurial culture and support new and innovative tech ventures. The program, entitled to US\$6.2 million of government funding, offers benefits to the program participants to share their experiences and help develop an entrepreneurial community. It has helped in incubating 73 companies from 12 different countries with combined revenue of US\$10 million at the end of 2014.^{40, 41, 42}

35 "Entrepreneurship education at school in Europe," European Commission, http://eacea.ec.europa.eu/education/eurydice/documents/thematic_reports/135EN.pdf, accessed May 2015.

36 Global Entrepreneurship Monitor, <http://www.gemconsortium.org>, accessed May 2015.

37 "Entrepreneurial Mentor Corps," United States Small Business Administration, www.sba.gov/sites/default/files/files/EMC_FactSheet.pdf, accessed May 2015.

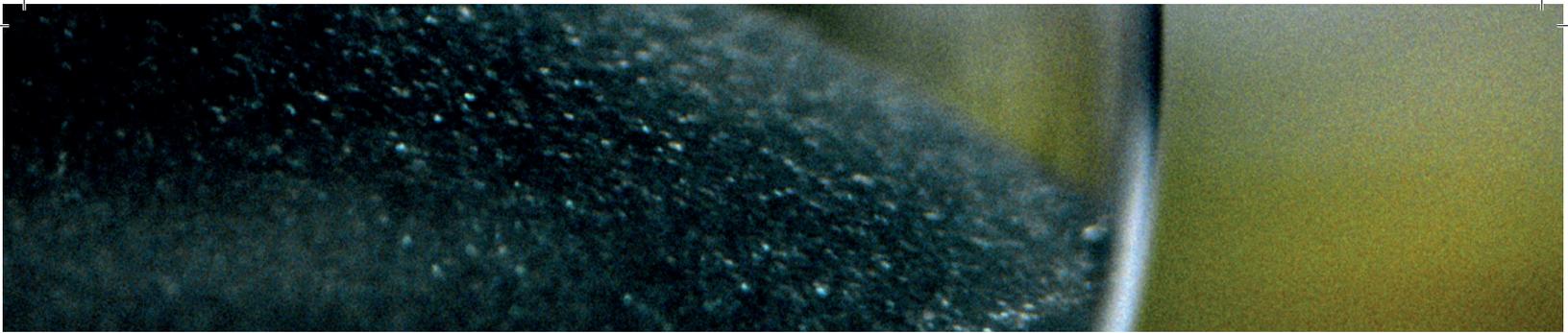
38 "What does the future of entrepreneurship look like?" Futurpreneur Canada, www.futurpreneur.ca/wp-content/uploads/2014/05/BrandBook_EN_web.pdf, accessed May 2015.

39 "Federal government announces \$14m investment in Futurpreneur Canada," Futurpreneur Canada, www.futurpreneur.ca/en/press-media/fed-gov-announcement, accessed May 2015.

40 "Seed call for applications," Impacthub.net, www.impacthub.net/stories/programs/seed-call-for-applications, accessed May 2015.

41 "Minas Gerais kicks off multimillion-dollar tech startup program," ZDNet, www.zdnet.com/article/minas-gerais-kicks-off-multimillion-dollar-tech-startup-program, accessed May 2015.

42 "How the greatest startup program in Brazil is being killed by politics," Medium.com, <https://medium.com/startup-down/how-the-greatest-startup-program-in-brazil-is-being-killed-by-politics-cfce46034027>, accessed May 2015.



To “make” high-impact entrepreneurship, governments need to drive a supportive culture through education

Supporting the growth of high-impact entrepreneurship is critical to generating gains in income, employment, productivity and competitiveness gains. At the same time, a positive entrepreneurship culture is needed to advance the development and scaling of high-impact firms. For G20 governments, education is the key conduit for strengthening culture.

Lasting change in education systems, and real change in culture, takes time. As a result, governments need to make a long-term commitment to reform their education systems to support culture and start now to implement new policies. In the near term, new visas to enable mobility and international networking initiatives can build bridges across the G20 and drive positive change in entrepreneurship culture through peer-to-peer, and experiential, learning. Over the medium term, entrepreneurship needs to be embedded in formal education systems, from primary through to tertiary, with industry a crucial partner in the process. This should be part of a broader economic development plan focused on “quality” entrepreneurship. In the long term, measuring culture in education, and linking it through to impact, will help to define effective policies and refine initiatives over time.

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