



Guidance Note: Expanding Networks for Entrepreneurs Starting from Unemployment

Overview

This note describes the steps that policy makers can take to create, or support access to, entrepreneurship networks for entrepreneurs starting from unemployment. The policy guidance is structured around the good practice statements that comprise the “Expanding Networks for Entrepreneurs Starting from Unemployment” module in the Inclusive Entrepreneurship component of the Better Entrepreneurship Policy Tool. For further discussion of these issues and additional examples of relevant policy actions, please see:

*OECD/European Union (2017), *The Missing Entrepreneurs 2017: Policies for Inclusive Entrepreneurship*, OECD Publishing, Paris. <http://dx.doi.org/10.1787/9789264283602-en> [1]*

*OECD/European Union (2016), *Inclusive Business Creation: Good Practice Compendium*, OECD Publishing, Paris. <http://dx.doi.org/10.1787/9789264251496-en> [2]*

*OECD/European Union (2015), *The Missing Entrepreneurs 2015: Policies for Self-employment and Entrepreneurship*, OECD Publishing, Paris. <http://dx.doi.org/10.1787/9789264226418-en> [3]*

*OECD/The European Commission (2014), *The Missing Entrepreneurs 2014: Policies for Inclusive Entrepreneurship in Europe*, OECD Publishing, Paris. <http://dx.doi.org/10.1787/9789264213593-en> [4]*

OECD/European Union (2014), “Policy Brief on Expanding Networks for Inclusive Entrepreneurship”, Publications Office of the European Union, Luxembourg. <https://doi.org/10.1787/23114886> [5]

*OECD/The European Commission (2013), *The Missing Entrepreneurs: Policies for Inclusive Entrepreneurship in Europe*, OECD Publishing, Paris. <http://dx.doi.org/10.1787/9789264188167-en> [6]*

6.1. Needs assessments are used to identify how policy can address gaps in existing business networks for potential entrepreneurs who had been unemployed.

A needs assessment should be undertaken at the beginning of the development of any inclusive entrepreneurship networking initiative. When assessing the gaps in the availability and accessibility of entrepreneurship networks for entrepreneurs from under-represented and disadvantaged groups (e.g. women, youth, immigrants, the unemployed), policy makers need to conduct research, surveys and consultations to understand how current networks are meeting entrepreneurs’ needs. In assessing how policy can address the networking needs of the unemployed, policy makers should identify existing entrepreneurship networks and work with public employment services, trade unions, labour organisations, entrepreneurship support providers and

entrepreneurs to understand the existing gaps.

Setting out clear and appropriate policy objectives for building and supporting entrepreneurship networks is an essential part of their design. These objectives will shape the actions to be taken, the delivery model for implementation and the criteria used to measure success. In developing such objectives, policy makers should undertake a needs-diagnosis, or assessment, to ensure that the policy is underpinned by robust evidence and a sound rationale.

A needs assessment should be completed in the initial stage in the life cycle of developing policies and programmes that support entrepreneurship networks. It should include activities such as: collecting information and evidence on the challenges faced by entrepreneurs from under-represented and disadvantaged groups in business creation; reviewing current inclusive entrepreneurship networks; and identifying gaps in current inclusive entrepreneurship networks and options for strengthening them. These activities will inform proposals for the most appropriate policy actions and targets.

To create a robust evidence-base for proposed inclusive entrepreneurship networking initiatives, decision makers can draw upon three key sources of evaluation information:

- *Benchmarking and meta-evaluations*: This involves compiling and assessing the results achieved in inclusive entrepreneurship networks in the past in various contexts (benchmarking), bringing together all the relevant evaluations of similar networks (meta-evaluation). Both positive and negative results should be included to avoid repetition of project designs that have failed to generate the expected impact.
- *Existing data and background research*: Statistical data and background research can be a valuable source of evaluation information. This could involve data on the characteristics of under-represented and disadvantaged groups and the networking barriers they face in starting and running a business. Such data is often crucial in building a solid evidence-base for inclusive entrepreneurship policy interventions.
- *Stakeholder consultation*: Consultations with relevant stakeholders on the effectiveness and relevance of existing inclusive entrepreneurship networks and the gaps and issues in current provision is also an important source of diagnostic evidence. Stakeholder consultation is crucial in developing a shared vision of future inclusive entrepreneurship networks. Policy makers should engage with relevant stakeholders from the outset to identify the challenges faced in building networks and actions that are needed, and how such actions can be integrated with existing policy and other stands of policy.

Based on the needs assessment of skills for inclusive entrepreneurship, the proposed policy interventions and programmes can subsequently be evaluated by giving consideration to the following key criteria:

- *Relevance*: The extent to which the proposed networking initiative is suited to the needs and priorities of the target group, recipient and government.
- *Effectiveness*: The extent to which the proposed network's objectives are expected to be achieved, considering their relative importance.
- *Efficiency*: The extent to which the intervention uses the least costly resources to achieve the desired results.
- *Expected impact*: The positive and negative changes produced by the network, directly or indirectly, intended or unintended.
- *Sustainability*: The extent to which the benefits of the network initiative will continue after public funding has been withdrawn.

Policy makers can measure the success of their needs assessment exercise through a continuous monitoring of entrepreneurship networks for the target groups of inclusive entrepreneurship. This could involve web surveys and regular reviews of the latest statistical data and background research to assess whether the initial gaps in support provision still remain, or whether different needs have been identified.

In undertaking a needs assessment of entrepreneurship networks for the unemployed, policy makers should:

- Identify existing entrepreneurship networks that are dedicated to, or heavily used by, the unemployed.

- Consult with entrepreneurs and organisations that deliver entrepreneurship support to understand the challenges faced by the unemployed in engaging with entrepreneurship networks.
- Account for the different profiles of the unemployed in the identification of gaps in the support offer and areas for improvement, e.g. long-term unemployed, recent graduates.
- Map the strengths and weaknesses of existing entrepreneurship networks against the needs of different profiles of the unemployed.
- Assess the relevance and adequacy of mainstream entrepreneurship networking initiatives.
- Identify access issues, e.g. high cost of attending networking events.

6.2. Public networking initiatives are promoted to build connections between aspiring entrepreneurs starting out of unemployment, and existing entrepreneurs and mainstream business networks.

Different profiles of entrepreneurs will likely operate different types of businesses, and will have different motivations and aspirations. These will all shape the role that entrepreneurship networks have in supporting their business. In supporting the development of entrepreneurship networks for the unemployed who aspire to create a business, it is important to promote networks in partnership with entrepreneurship ambassadors from similar backgrounds and business organisations that encourage entrepreneurship among the unemployed.

Entrepreneurial networks are groups of interconnected entrepreneurs, business service providers and various other relevant people who entrepreneurs can access for information and ideas for the operation of their businesses in reciprocal relationships. Networks can help entrepreneurs access financing, find business partners, suppliers, employees and customers, and get ideas for new products, processes, organisational methods and business models. They can also influence an individual's perception of the desirability and feasibility of entrepreneurship.

People from social groups that are under-represented or disadvantaged in entrepreneurship (e.g. women, youth, immigrants, the unemployed) tend to have weaker entrepreneurial networks because they typically have had fewer opportunities to build professional relationships in educational, workplace and social contexts. They also stand to benefit more from entrepreneurial networks than other entrepreneurs as they may help overcome shortcomings in their entrepreneurship skills and/or own financial and other resources.

To develop inclusive entrepreneurship networks, policy makers should identify:

1. The networks that already exist. An array of close-knit networks may already exist and provide important vehicle to develop and provide support and advice.
2. Gaps in inclusive entrepreneurship networks for different target groups.
3. How existing networks can be further developed, or whether new networks are needed.

Three main types of public policy programmes have been identified in the development of networks for under-represented and disadvantaged groups:

- *Building networks within the target group and linking them to the mainstream business community:* The objective is three-fold: (1) to expand entrepreneurs' resources by helping them connect with the local business communities, e.g. suppliers, business partners and customers; (2) to help start-up entrepreneurs to build credibility and trust with customers and other external key agents and institutions; and (3) to provide entrepreneurial role models that help increase perceptions of the desirability and feasibility of business creation as a career choice among the target groups.
- *Integrating network creation with in the delivery of business support.* Another approach is to build networks

around business support programmes, e.g. training programmes. This approach of building networks in parallel to another support programme can be particularly helpful in supporting network development among hard-to-reach groups that may have distrust of public support. See the Launch Pads for Employment and Entrepreneurship in Spain, which builds networks around training sessions and workshop.

Case study: Launching Pads for Employment and Entrepreneurship (*Las Lanzaderas de Empleo y Empleo*), SPAIN

This scheme aims to improve the employability of participants with training, strengthening self-esteem, building networks and developing entrepreneurship skills. It also aims to strengthen linkages among business development support providers.

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- *Broadening the scope of mainstream entrepreneurship networks:* Policy makers can seek to extend the scope of business networks to a more diverse group of entrepreneurs and service providers.

Policy makers should also consider the following factors in designing and implementing initiatives that support development of inclusive entrepreneurship networks:

- *The level and types of interaction:* Policy makers need to decide how network members interact (e.g. online, face-to-face meetings, conferences), as well as how frequently these interactions should occur. More frequent interactions require a greater commitment from network members.
- *Clearly defined objectives:* Having a clear objective will help shape the structure and processes of the network. The clarity of purpose will also help improve outreach and awareness-raising activities in the process of building and developing a network.
- *The quality of network(s):* Creating a large number of networks to support different groups of entrepreneurs may not be the best policy. Poor quality and a large number of networks that crowd each other out may undermine the benefits of entrepreneurship networking initiatives.
- *Use of online platforms:* Online entrepreneurial networks can provide a low-cost, easy-access support for inclusive entrepreneurship. The success of virtual entrepreneurship networks, however, can depend on the ability of a network facilitator to keep it dynamic so that members remain engaged. Such networks may also be most effective in combination with more traditional, face-to-face interactions.
- *Management and ownership of network(s):* It is important for policy makers to design networking initiatives so that the management and ownership of the network can eventually be transferred to the members. The long-term success and sustainability of an entrepreneurship network will depend on the level of trust between its members and their commitment, which can be strengthened through mutual engagement in the running of the network.

In addition, policy makers can have a role in supporting entrepreneurship networks that have been created and developed by entrepreneurs and businesses. This includes promotion, referrals from public programmes, and financial support.

Publicly-supported networking initiatives that seek to build connections between established entrepreneurs, mainstream business networks and aspiring entrepreneurs from under-represented and disadvantaged groups, including different profiles of the unemployed, should:

- Partner with organisations that work with the unemployed (e.g. public employment services), as well as role models and champions, to promote networking initiatives.
- Develop partnerships with mainstream entrepreneurship networks to improve access for the unemployed.
- Educate the unemployed on the benefits of actively participating in entrepreneurship networks with information brochures, websites, etc.
- Offer training for network managers to help them understand the needs and challenges faced by different

profiles of the unemployed, e.g. long-term unemployed, recent graduates.

6.3. Public entrepreneurship networking initiatives aimed at the unemployed who aspire to create a business build connection with entrepreneurship support organisations.

Entrepreneurship networks can help individual entrepreneurs access a range of resources, including identifying professional business supports. To effectively connect entrepreneurs from under-represented and disadvantaged groups (e.g. women, youth, immigrants, the unemployed) with entrepreneurship support organisations through entrepreneurship networks, policy makers need to ensure that partnerships are built with support organisations. To connect the unemployed with professional support services through entrepreneurship networks, it is important for policy makers to build partnerships with key stakeholders such as public employment services, trade unions and other relevant organisations.

Networks and networking alone are unlikely to meet all the needs of all entrepreneurs. Specialist professional support is often needed and cannot be fully replaced by peer interactions. However, entrepreneurship networks can support their members by developing connections with entrepreneurship support organisations that offer specialist advice, training, coaching, mentoring, and other business development services. These connections can sometimes be initiated by the support organisations themselves; existing entrepreneurship networks may be approached to facilitate access to potential service users, e.g. manufacturing firms seeking to grow.

Representatives of established public inclusive entrepreneurship networks can undertake a number of steps to actively build connections with entrepreneurship support organisations. An effective co-operation and partnership will involve, but is not limited to, the following:

- *Identifying the right partners:* This should be organisations with a shared vision and with the necessary resources and infrastructure to deliver support. This preparatory stage should also involve clarification of roles and responsibilities of all partners.
- *Getting formal commitment:* A formal commitment involves signing of a partnership contract. However, the success of an initiative will also depend on the ability of all parties to develop and maintain trust throughout the project duration.
- *Developing a shared, long-term strategy:* A partnership should create a long-term strategy setting out a vision of the outcomes to be achieved at the local, regional or national level, an action plan to identify short-term priorities, a co-ordination mechanism to ensure effective communication, and arrangements for monitoring and reporting progress.

Inclusive entrepreneurship networks that successfully build and establish connections with relevant support organisations should subsequently raise awareness about the range of support services on offer and communicate to their members how the support can be accessed. This could be done by inviting support programme managers to the networking events. These events act as a way of informing about the available supports and build trust between entrepreneurs and programme managers. Moreover, an effective referral system could be developed to further encourage the take up of support services. A referral system is a framework for connecting relevant organisations within a network so that their services, and steps that need to be taken to access those services, are clearly communicated.

In helping the unemployed connect with entrepreneurship support organisations through entrepreneurship networks, it is important for policy makers to:

- Seek partners who have experience in delivering entrepreneurship support to the unemployed, including public employment services, trade unions, chambers of commerce, etc.
- Ensure that the support offered matches the needs of the unemployed.

6.4. Public networks for entrepreneurs starting from unemployment are actively animated.

To ensure that network members can maximise the benefits of being in the entrepreneurship network, active participation is needed. To effectively animate entrepreneurship networks aimed at the unemployed, policy makers should ensure regular engagement with members through regular events and information / newsletters. To ensure success and long-term sustainability of inclusive entrepreneurship networks, facilitator(s) responsible for organising and actively promoting the network have an important supporting role in the process of creating and developing such networks. Facilitators co-ordinate with a range of stakeholders, including government agencies, entrepreneurs and community leaders from the target groups, business support agencies and chambers of commerce, to ensure that the purpose of the network is clearly communicated and effectively promoted. They must build rapport and trust with the key stakeholders to successfully reach out to the target groups of entrepreneurs, mentors, sponsors and others.

The key actors or facilitators in the creation and development of inclusive entrepreneurship network initiatives are: (1) non-government and private sector organisations; (2) national government schemes and networking programmes; and (3) transnational organisations, such as the European Commission, working in co-operation with national governments. Government agencies can have an important broker role, particularly in the initial stages of building inclusive entrepreneurship networks by, for example, providing contacts to help market events, to organise speakers and to facilitate networking opportunities. Engaging with community organisations and leaders from the target groups can help policy implementers in reaching out to entrepreneurs from under-represented and disadvantaged groups (e.g. women, youth, immigrants, the unemployed) to effectively promote networking opportunities and to identify potential network facilitators.

The success of a facilitator or intermediary responsible for promoting inclusive entrepreneurship networks can be monitored through information collected regularly from the network members. The key evaluation indicators could include members' views on the network quality. Assessments of network intermediaries could also be included, gauging effectiveness in terms of transferring and exchanging information, facilitating learning, acting as a linking agent, supporting capacity building, solving problems, identifying collective goals, clarifying expectations, motivating, transferring ownership to members, and ensuring that network members achieve individual as well as collective outcomes.

Entrepreneurship networks and networking initiatives often take the form of a face-to-face interaction. However, increasing opportunities are available for entrepreneurs to communicate and network with others through online platforms and virtual networks facilitated by information and communication technologies, such as the Internet and social media. Virtual networks or network communities can facilitate learning and access to resources, e.g. information and advice, by connecting entrepreneurs from diverse geographical locations. Newsletters can be used to maintain regular contact with network members. There is a positive relationship between entrepreneurial orientation and social network usage in SMEs. Moreover, cross-national virtual networks can be particularly important in facilitating SME internationalisation. Depending on circumstances, entrepreneurs may be both enabled and constrained by online platforms in the process of business creation. It is important that policy makers consider platform accessibility, as well as user capabilities, in creating online entrepreneurial networks.

To effectively animate entrepreneurship networks for the unemployed, policy makers should:

- Animate the network so that the potential entrepreneurs have multiple ways of actively and/or passively participating in network activities, e.g. online, face-to-face.
- Ensure that network animators can effectively communicate with different profiles of the unemployed.

6.5. Public networking initiatives opportunities for entrepreneurs starting from unemployment to interact with other entrepreneurs through online platforms.

Online platforms allow entrepreneurship networks to have a greater reach than networks that rely on face-to-face interactions. They also offer greater flexibility for how members engage with each other. However, there is a danger that this flexibility will lead to a lower level of commitment to the network and therefore less engagement. To be effective, online networks need strong management and outreach to keep members engaged. To maximise the potential benefits of online entrepreneurship networks for the unemployed, it is important that appropriate promotion channels are used, e.g. public employment services.

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Online platforms and virtual networks have significantly changed the way entrepreneurs and businesses communicate and build relationships by compressing time and space, and removing the distance barriers and cost of interaction. Communication through virtual networks can create trust and mutual reciprocity as well as reducing the digital divide among under-represented and disadvantaged groups of entrepreneurs (e.g. women, youth, immigrants, the unemployed). However, online information and communication platforms can also constrain access to entrepreneurship networks where individual entrepreneurs lack computer literacy skills or where such platforms are inaccessible to those with language difficulties or sight impairments. Moreover, the differences in entrepreneurs' computer literacy skills often vary by socio-economic background.

Virtual entrepreneurship networks, facilitated through information and communication technologies, can involve setting up of web pages, email, social media and web chat tools, such as Skype. There are two main policy options for promoting inclusive entrepreneurship through virtual networks:

- Policy makers can promote online entrepreneurship networks by, for example, developing virtual communities that connect experienced entrepreneurs from the target groups with novice entrepreneurs from similar backgrounds. This can, for example, involve online matching based on entrepreneurs' needs and profiles completed upon registration. The approach can also complement other types of networking initiatives based on face-to-face contacts in seminars, mentoring and training programmes. To create such online networks, policy makers must design an appropriate online platform, direct members to the platform, and animate core network activities to keep the network alive and thriving.
- Policy makers can increase entrepreneurs' capacities and motivations for engaging in online networking. Policy actions can focus, for example, on facilitating access to adapted online networking tools and developing basic skills for using them, through training initiatives. Online networking services promoted to entrepreneurs through publicly-funded schemes can be inaccessible to some social target groups. Capacity-building efforts should, therefore, help improve participation of entrepreneurs from under-represented and disadvantaged groups in online networking. Virtual networks, however, should not be the sole form of networking support but rather a complementary service, to traditional face-to-face network initiatives, that may be crucial for people who are less likely to operate online.

A number of indicators specific to online social networking can be looked at to measure success of virtual inclusive entrepreneurship networks. These can be grouped into four areas:

1. Design of an online platform, including accessibility to all users, mobile compatibility, easy-read content, effective navigation, and usability features such as blogging, live chat sessions, instant messaging, mail, video or photo sharing, commenting on or editing content uploaded by others;
2. Attractiveness of the online platform, including the level of membership from the target group(s), number of website visits and downloads;
3. Animation of core network activities, including members' frequency of using the platform, the level of engagement with other members, the extent of using platform tools and applications; and
4. Development of users' capacities, for example, learning from more experienced entrepreneurs or expansion of the business network diversity.

Virtual entrepreneurship networks may not be equally accessible to all. Some groups of people may be constrained from participating in online networking if they lack the necessary computer literacy skills, or resources to access digital technologies. Additionally, poorly designed tools and applications may restrict access to online networks.

To maximise the benefits of online entrepreneurship networks aimed at the unemployed, policy makers should:

- Promote online entrepreneurship networks through public employment services, trade unions, labour organisations, online channels and platforms, business associations, mainstream media, universities, chambers of commerce, etc.
- Ensure that different profiles of the unemployed have the digital skills needs to participate in online entrepreneurship networks.
- Ensure that the unemployed can easily access internet, e.g. at chambers of commerce, libraries, public employment centres.
- Complement online engagement with face-to-face events and networking opportunities.

6.6. Monitoring and evaluation are used to measure the impact, effectiveness and efficiency of public entrepreneurship networking initiatives for different profiles of the unemployed.

Monitoring and evaluation are important tools for understanding the impact and effectiveness of inclusive entrepreneurship networks. When assessing entrepreneurship networks for the unemployed, it is important to evaluate the impact on business creation and growth, as well as estimating the impact on employability.

The process of designing and implementing inclusive entrepreneurship networks should include monitoring and evaluation to measure progress against the objectives and targets. Policy makers should want to understand what works, what does not work, and to ensure that lessons can be learned and shared with others.

Basic monitoring is done with key performance indicators (KPIs) by programme or project managers. KPIs measure progress of a policy or project against the objectives and targets. Indicators can be grouped into three main types:

1. *Impact* (i.e. changes in the problem or other outcomes of concern);
2. *Cost-effectiveness* (i.e. costs for a given level of impact); and

3. *Net Benefits* (i.e. all beneficial impacts minus all costly impacts).

Mid-term and *ex-post* evaluations can help identify the ways in which the policy can be improved or developed to increase its impact. These evaluations are typically undertaken by external experts to ensure independence and objectivity. Such evaluations should be built into the policy design process from the outset. Furthermore, the lessons learned from evaluations should be available and accessible to other policy makers in order to share good practice.

Effective policy evaluation should include several features. It should be systematic and analytical, focused on actual effects and provide judgement of the level of success. Moreover, they should aim to improve decision making, help resource allocation, enhance accountability, and bring about organisational learning. Six principles for evaluation practice can be highlighted:

1. Evaluation should lead to policy change;
2. Evaluation should be part of the policy debate;
3. Evaluators should be “in at the start”;
4. Evaluation techniques should always use the most appropriate methodology;
5. Evaluation should apply to all policies and programmes; and
6. International comparisons should be made where necessary.

The process of policy evaluation may vary, depending on the circumstances. Some government departments and organisations have a dedicated unit with responsibility for evaluating policies, while others may commission evaluations in-house or from outside organisations, as required. Although best practice principles exist, the context of the policy and the target audience requires particular attention against these broader best practice guidelines.

To monitor and measure success of the initiatives that support the creation and development of inclusive entrepreneurship networks, policy makers can look at several indicators, including the level of membership from the target group(s) and the long-term network sustainability accomplished through engagement and commitment of its members. Additionally, a number of outcome-focused indicators can help measure success of an entrepreneurial network:

1. There is a change in attitude by business owners towards networking activity;
2. Firms involved in the networks are relatively successful, for example, in terms of increased sales, profitability, and export activity;
3. Networking activities have a positive impact on the local economy in terms of increased employment, sales and profits.

When evaluating the impact and effectiveness of entrepreneurship networks for the unemployed, it is important for policy makers to:

- Assess the impact of the network on business performance of the aspiring entrepreneurs.
- Ensure that networking activities are adjusted to reflect the demands and use of the target group of entrepreneurs.
- Estimate the impact of networking initiatives in stimulating new entrepreneurship activities by the unemployed.

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Links

- [1] <http://dx.doi.org/10.1787/9789264283602-en>
- [2] <http://dx.doi.org/10.1787/9789264251496-en>
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