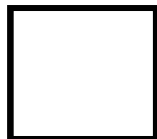


ENTREPRENEURSHIP POLICY TOOLKIT

PART 5.7: HUMAN CAPITAL



Prepared by:



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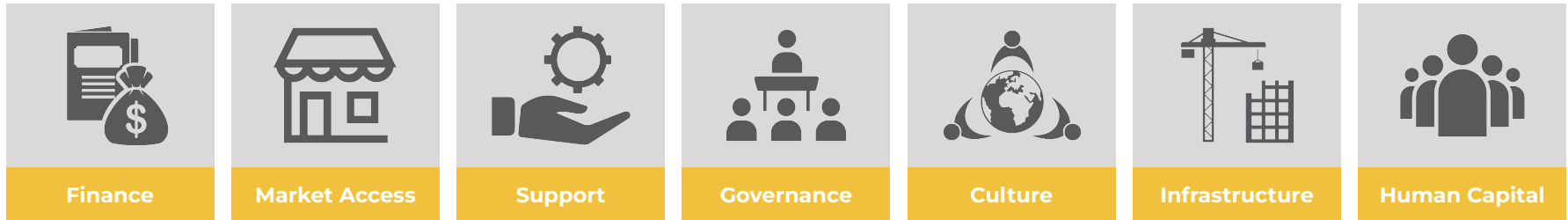
**Make-IT
in Africa**

How to read Part 5 of the toolkit?

Part 5 of the Entrepreneurship Policy Toolkit addresses the main challenges faced by entrepreneurs across the continent.

In the previous part of the toolkit, i4Policy analyzed the challenges covered by fourteen entrepreneurial ecosystem diagnostic tools. We concluded that, despite wide variation in sources, the evaluative approaches are relatively consistent and seven challenges are considered the main categories in most of the methodologies reviewed.

These seven provide us with a well-researched typology of challenges faced by entrepreneurs across the world:



How to read Part 5 of the toolkit?

Part 5 of the Entrepreneurship Policy Toolkit is divided into seven sub-sections, tackling each of the challenges mentioned in the previous slide, as follows:

1. **Finance**
2. **Market Access**
3. **Support**
4. **Governance**
5. **Culture**
6. **Infrastructure**
7. **Human Capital**

It is up to you to read through the sub-sections as you desire. You can either download or read the entirety of Part 5, if you want to have a broad understanding and bird-eye view of all challenges faced by entrepreneurs. However, if only a specific challenge is of interest to you, feel free to go through one (or several) sub-sections.

Each subsection contains policy interventions, focusing first on the objectives the policy must meet in order to effectively tackle a challenge, then on the policy's expected impacts and KPIs. Throughout all subsections, examples of successful national policy interventions will be provided per challenge.

What will I learn?

Part 5.7 - Human Capital

In this section, we will focus on the acquisition and management of talent.

You will learn:

- How to facilitate the acquisition of theoretical and practical skills needed by entrepreneurs to increase the productivity of their employees and grow their business;
- How regulating the labour market can foster business growth and job creation.



Part 5.7

Part 5.7 - Human Capital

- 5.7.1 Basic Skills
 - 5.7.2 Advanced Skills
 - 5.7.3 Business Skills
 - 5.7.4 Labour Market
-

5.7.1 Basic Skills

These interventions intend to promote the acquisition of basic skills that are required for a productive workforce. Lack of access to quality basic education at primary & secondary school and basic on-the-job training makes it difficult for businesses to find and hire productive employees, even for low-skilled jobs.

Policy Objectives Addressed

- Facilitate the acquisition of theoretical and practical skills

Expected Impacts

- Increase in the number of qualified employees
- Better management and growth for companies

KPIs

- Adult literacy rate
- Learning adjusted rate of years in school
- Ease of finding skilled employees
- ICT Skills

5.7.1 Basic Skills



- **Develop entrepreneurial curricula:** Prepare education material on basic entrepreneurial skills through tailored local material, case studies and role models.

In 2016 the Ministry of Education of Rwanda introduced a new competence based curriculum with a course on entrepreneurship and business development. This course was made necessary for completion of secondary school and includes learnings on entrepreneurial attitudes, firm management, book-keeping, etc.

- **Train Teachers:** Encourage training for teachers and promote entrepreneurship educators' networks.

Educate! has partnered with the Ugandan and Rwandan Ministries of Education to support their transformation to entrepreneurial training in schools. It advises governments on teacher training and trains at least two teachers and one administrator in their teaching method.

- **Training Programs:** Promote technical and vocational trainings.

The objective of Tanzania's policy is to introduce entrepreneurial programs in vocational and technical training institutions and target selected groups/sectors like school leavers.



5.7.1 Basic Skills

- **Partner with private sector:** Encourage private sector sponsorship for entrepreneurial training.

The INJAZ Company Program is a program for secondary students focusing on financial literacy, work readiness and entrepreneurship. It is implemented in 14 African member states in partnership with national education authorities and executed under the umbrella of Junior Achievement Worldwide.

- **Training for Practicing Entrepreneurs:** Promote training for entrepreneurs in informal, SMEs and high-growth potential firms to enhance their capabilities.

Nigeria's National Information Technology Development Agency (NITDA) offers capacity building training to women, people with disabilities and CEOs to improve utilisation of ICT, increase access to e-business tools and encourage entrepreneurial spirit.

- **Internships & Apprenticeships:** Promote apprenticeship programmes.

Mauritius' University-SME Internship Program encourages students to participate in three to nine month internships with SMEs with high growth potential. This provides practical experience while assisting SME owners and entrepreneurs with basic management, financial management, marketing and the application of new technologies.



Skills match and training curricula in Mauritius



- ❖ Following a skills assessment, Mauritius' policies propose an analysis of existing national vocational and technical training curricula to assess their relevance to priority sectors.
- ❖ The objective is to refocus Technical and Vocational Education and Training (TVET) and Young Entrepreneurs Programs to ensure that beneficiaries are mainstreamed in the supply side of the skill matching exercise.
- ❖ Its Professional Assistance Voucher Scheme (PAVS) may be used in specific areas to match skill requirements.



5.7.2 Advanced Skills

These interventions intend to promote the acquisition of advanced skills. Quality advanced education and training, including specialized STEM (Science, Technology, Engineering, and Mathematics) courses ensure future entrepreneurs possess the skills necessary to fulfill their ambitions as well as to hire well-skilled, competitive employees.

Policy Objectives Addressed

- Facilitate the acquisition of theoretical and practical skills

Expected Impacts

- Increase in the number of qualified employees
- Better management and growth for companies

KPIs

- Tertiary enrollment rate
- Technicians and professionals in workforce
- Labor productivity per employee
- Ease of finding skilled workers

5.7.2 Advanced Skills



- **STEM education in secondary education:** Enhance quality of skills provided in STEM subjects to increase the competitiveness of future entrepreneurs.

South Africa's Department of Basic Education is creating a coding & robotics program for school children. Its purpose is to equip learners with digital literacy and raise awareness about virtual reality, augmented reality, machine learning, artificial intelligence and the Internet of Things.

- **STEM education at tertiary level:** Enhance the quality of tertiary education in STEM subjects to create mechanisms to stimulate students to become entrepreneurs.

Nigeria has several agencies promoting the commercialisation of inventions from scientific and engineering research. These agencies are funded by the government and their roles are to ensure that scientific ideas become inventions through the development and commercialisation of prototypes and research output.

- **Improve marketability of tertiary academic programs:** Address the technical needs of firms in targeted sectors and integrate industry linkages in the curricula.

Rwanda's Ministry of Education has partnered with technology-enabled companies such as Microsoft, O'Genius Panada, Zora Robotics and Class VR, and the Keza company, among others, towards incorporating STEM and ICT-enabled learning in the educational system.



5.7.2 Advanced Skills

- **Shift from STEM to STEAM education:**

Promote inclusion of Arts in STEM to promote creativity, habit of risk taking, problem solving and experiential learning among future leaders, innovators, entrepreneurs, educators and learners.

SAYAP Africa, a non-profit organisation headquartered in California, is promoting the inclusion of Arts in STEM subjects through its pioneer STEAM program. The integration of arts into STEM education and fields could help encourage more participation by women in what have been male-dominated areas.

- **Strengthen innovation capabilities of enterprises:**

Strengthen links between research and development from higher education institutions, science councils, public entities and the private sector.

South Africa's Technology Innovation Agency has a Technology Stations Programme that facilitates interaction between industry and academia, in order to enable innovation and improve competitiveness.

- **Improve scientific and technical competences:**

Build capacity in the creation, management and use of intellectual property.

Namibia's Science, Technology and Innovation (STI) Policy provides for training of Namibian researchers, technicians, legal practitioners, and entrepreneurs in the management and use of intellectual property rights.



Namibia Science, Technology and Innovation (STI) Policy 2020-2030



Namibia's STI Policy aims to enhance national competitiveness in science, technology and innovation. Some of the most relevant objectives and strategies have been highlighted below.

Improve scientific and technical competencies in Science, Technology, Engineering and Mathematics (STEM):

- Invest in postgraduate and postdoctoral programmes;
- Establish postdoctoral fellowships in key research fields;
- Fund postgraduate training programmes in STEM;
- Train Namibian researchers, technicians, legal practitioners, and entrepreneurs in the management and use of intellectual property rights.

Promote a culture of science, technology, innovation, and entrepreneurship:

- Establish a techno-preneurship promotion programme to promote technology audits by enterprises;
- Provide innovation vouchers to companies, particularly SMEs, to procure R&D services from HEI and R&D institutions.



Ireland - Limerick website dedicated to lifelong learners

- ❖ The city of Limerick in Ireland has launched a website dedicated to lifelong learners. It provides information on the availability of courses and learning opportunities in the area of Limerick.
- ❖ The website will have an important role for the promotion of the city as a Learning City-Region which goes beyond national borders.
- ❖ The portal will enable citizens to adapt to societal changes and help Learning Limerick to reach its communication goals. One of those is to show that learning is already taking place in communities and colleges, but also at the workplace.
- ❖ The website facilitates collaboration between all parties concerned with improving the access to lifelong learning.



5.7.3 Business Skills

These interventions are focused on the development of business skills. Those are skills required for starting, growing and maintaining a healthy business. They are learned through quality business and operational education and training at school or work (including employee development). Fostering the development of business skills will help entrepreneurs to fulfill their ambitions as well as to hire well-skilled, competitive employees, which results in a positive impact on business development, innovation, and growth potential.

Policy Objectives Addressed

- Facilitate the acquisition of theoretical and practical skills

Expected Impacts

- Increase in the number of qualified employees
- Better management and growth for companies

KPIs

- Training in starting a business
- Entrepreneurship competencies in national curriculum
- ICT skills
- Quality of management schools
- Startup skills
- Human Capital



5.7.3 Business Skills

- **Management training:** Support the training of SMEs managers.

Benin's law seeks to facilitate training for SME managers and staff in managerial techniques, quality approaches, export techniques, creativity, and innovation. The training will also seek to improve corporate culture by strengthening management structures.

- **Youth training:** Facilitate the creation of enterprises by the youth.

Rwanda seeks to introduce a youth entrepreneurship course for young people who find themselves outside of the formal education system. The course will target existing associations of out-of-school or vulnerable youth who are interested in starting their own business. Topics to be covered include financial management, marketing, risk and innovation.

- **Learning in social spaces:** Create spaces where entrepreneurship can be addressed on a national level and bridge gaps between academia and industry.

The City of Chengdu in China has invested in creating social spaces such as digital labs.



Kenya Institute of Business Training (KIBT)



- ❖ Kenya Institute of Business Training (KIBT) is an institution under the State Department of Trade, Ministry of Industry, Trade and Cooperatives. The objective of the institute is to provide Business and Management Development Services to MSMEs and other Interest Groups through: Training, Research, Consultancy.¹
- ❖ The training programs are offered and organised through tailor-made courses for different target groups. The different courses offered are listed below:
 - **Aspiring Entrepreneurs** - Introduction to Entrepreneurship (level 1), Generate your Business Ideas (GYBI), Business startup for youth
 - **Owners, managers and employees of SMEs** - Effective Business Management (level 2), Business Growth and Expansion (level 3), etc.
 - **Women entrepreneurs** - Small Business Management for Women
 - **SME operators, managers and employees** - Business Plan Development, Marketing and Sales Management

¹ <https://www.industrialization.go.ke/index.php/departments/state-department-of-trade/431-kenya-institute-of-business-training-kibt>



5.7.4 Labour market

These interventions are focused on talent acquisition, employment contracts, startup leave, remuneration and sensitization of SMEs on existing legislation.

Policy Objectives Addressed

- Regulating labour market to foster SMEs growth and job creation

Expected Impacts

- Increase of job creations

KPIs

- Prevalence of gig economy
- Labour freedom index

5.7.4 Labour Market



- **Recruiting / talent acquisition:**
Promoting recruitments and targeting of talents.

In Benin, SMEs who create jobs for the youth or hire unemployed youth are rewarded with tax benefits.

- **Flexible employment contracts:**
Easing of employment rules.

Startup India allows companies to raise the hiring limit of apprentices to 15% of the total workforce. The laws also raised apprentice stipends to up to Rs 9,000 per month.

- **Leave:** Making it easier for employees to start their own business.

Tunisia's Startup Act introduced a Startup Sabbatical. This is a long-term leave-of-absence for anyone (civil servant or a private sector employee) who would like to launch a startup.



5.7.4 Labour Market

- **Skills assessments:** Identifying skill gaps and ways of mitigation.

Nigeria intends to conduct annual Skills Needs Assessment (SNA) surveys specifically designed for the SME sector to identify skill shortages and future skill requirements. Nigeria's strategy also encourages MSMEs to conduct regular skills audits for skill gaps and finding a way to mitigate them.

- **Flexible remuneration:** Easing of employment rules.

Italy offers a flexible remuneration system that supports startups. It allows innovative startups and incubators to base salaries on a variable component e.g. efficiency or profitability of the company, the productivity of the employee or the team, stock options, work-for-equity schemes or other outputs agreed on between the parties.

- **Review of existing laws & sensitization of SMEs:** Improvement of the labour law enforcement.

Nigeria's policy calls for sensitization of MSMEs on labor legislation (e.g. the Workmen Compensation Act, Factories Act, etc.).



Italy Startup Act - Flexible employment policy for Startups



- ❖ In Italy, startups have a tailor-made labor law on fixed-term contracts which gives them the ability to hire a staffer on a fixed-term contract for flexible lengths of duration. Within 36 months, the contract can be renewed as many times as needed, however after 36 months, it can be renewed only once for 12 months maximum (duration of 48 months overall). By the end of the 4-year period, the contract is automatically converted into an open-ended one.
- ❖ Startups with more than 5 employees are also not required to maintain the ratio between fixed-term and active open-ended contracts.

The Italian Startup Act

Italy's national strategy to support **innovative startups** and **innovative SMEs**

July 2019





Tunisia Startup Act - the Startup Sabbatical innovation



- ❖ A civil servant or a private sector employee who would like to launch a startup, may be entitled to a leave for a period of one year that is renewable once. This right is limited to three founding shareholders per startup who are full-time employees elsewhere.
- ❖ The employer cannot oppose the departure of the employee approved for the leave with the exception of a private employer with less than 100 employees. In this case, the employer's prior authorization is required for approval.
- ❖ Employees granted a leave to set up a startup have the right to maintain their contractual and statutory relationship with the employer but will receive no salary, compensation or annual leave from the prior role.



Key Performance Indicators



Human Capital KPIs



| Sub Challenge | Description | Indicators | Source |
|------------------------|--|--|--|
| Basic skills | Measures the basic quality of human capital. Access to quality basic education at primary & secondary school and/or to basic training in work experiences, is needed for productive employees. | Learning adjusted years of school | www.worldbank.org/en/publication/human-capital |
| | | Adult literacy rate | www.data.uis.unesco.org |
| Advanced skills | Measures the quality and access to advanced education and training at schools or at work. Skilled, competitive employees are needed for high-growth business, especially in knowledge-intensive sectors. | Tertiary enrolment rate | www.data.uis.unesco.org |
| | | Technicians and professionals in workforce | https://ilostat.ilo.org/ |
| | | Labor productivity per employee | www.conference-board.org |
| | | Ease of finding skilled employees | www.doingbusiness.org |



Human Capital KPIs



| Sub Challenge | Description | Indicators | Source |
|------------------------|--|--|--|
| Business skills | Captures the extent of business savvy workers and access to training in entrepreneurship skills in a country. These skills are needed to bring a good idea to market, adapt to consumer demands and grow businesses. | Training in starting a business | Expert opinion |
| | | Entrepreneurship competencies in national curriculum | Expert opinion |
| | | ICT Skills | www.weforum.org |
| | | Quality of management schools | www.weforum.org |
| | | Startup skills | www.thegeedi.org |
| | | Human capital | www.thegeedi.org |
| Labour market | Indicates the conduciveness of labour regulation to business growth. It includes the ease of hirings and dismissals, minimum wages and openness to new forms of labour such as the gig economy. | Prevalence of gig economy | www.weforum.org |
| | | Labour freedom index | www.heritage.org |



FURTHER READING

Entrepreneurship Education

- ❑ **World Bank Group (2014). Entrepreneurship Education and Training**
<https://documents1.worldbank.org/curated/en/845181468030266720/pdf/Entrepreneurship-education-and-training-insights-from-Ghana-Kenya-and-Mozambique.pdf>
- ❑ **OECD (2015) Entrepreneurship in Education**
https://www.oecd.org/cfe/leed/BGP_Entrepreneurship-in-Education.pdf

Education Innovation and Research

- ❑ **OECD (2016). Innovating Education and Educating for Innovation**
<https://www.oecd.org/education/cei/GEIS2016-Background-document.pdf>
- ❑ **UNCTAD (2018). Science, technology and innovation for enterprise development**
https://unctad.org/system/files/official-document/ciid39_en.pdf

FINAL CONCLUSION



Well done on coming this far on the platform! We hope you enjoyed the content and examples. We would love to hear your thoughts on areas of improvement or simply a comment on which parts of the platform/toolkit you enjoyed the most or would like more information on.


>> Drop us a line here: ept@i4policy.org


Now that you have navigated each part of the Entrepreneurship Policy Toolkit, you may be interested in learning more about the HOW of the policy-making process. Keep an eye out for our forthcoming Policy Handbook via <https://ecosystem.build/>

CREATIVE COMMONS

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