

Up-To-Date Awareness of Entrepreneurship Policy: Focus on Innovation

Kristina Balkienė, Jonas Jagminas

*Mykolas Romeris University
Valakupių str. 5, 10101 Vilnius, Lithuania*

Abstract. *The entrepreneurship-oriented initiatives in the field of public policy are often related just to business activities, including all stages of its development, without the link to innovation. This could be named as the one of main causes of low business innovation performance rate in such developing countries as Lithuania. Therefore, this article is directed towards an analysis of the main directions of entrepreneurship policy implementation in order to identify their linkages with the possibilities to promote innovation development in business.*

The paper explains entrepreneurship as a public policy area, analyses the existing public initiatives of entrepreneurship development and their implementation results, suggests the preconditions to integrate both the entrepreneurship and innovation policies into one interdependent public policy framework.

Keywords: *entrepreneurship, innovations, public policy, innovative entrepreneurship.*

Raktažodžiai: *antreprenerystė, inovacijos, viešojo politika, inovatyvi antreprenerystė.*

Introduction

In 2010 the European Commission [14] identified the requirement to focus the efforts on the development of an economy based on knowledge and innovation as one of the most important priorities in the area of public policy, seeking to turn the European Union into a smart, sustainable and inclusive economy delivering high levels of employment, productivity and social cohesion.

At the same time, the new European strategy for smart, sustainable and inclusive growth set the “Innovation Union” flagship [13] with the main focus on the improvement of framework conditions for business to innovate in order to ensure that innovative ideas can be turned into products and services that create growth and jobs. Thus, it is widely recognized that enterprises make a vital contribution to innovation,

and the dynamic business sector is a main source of and channel for both technological and non-technological innovation [34, 89p]. This highlights entrepreneurship as the key for the development of innovation activity.

The *entrepreneurship* defined in this article is the mindset and process to create and develop economic activity by blending risk-taking, creativity and/or innovation with sound management, within a new or an existing organization. As it is stated, entrepreneurship is relevant for all firms, despite their size, sectors and activities [22].

However, entrepreneurship-oriented initiatives in the context of public policy often are related just to business activity, including all stages of its development, without the link to innovation. That could be named as the one of main causes of low business innovation performance rate in such developing countries as Lithuania. In 2008 only 30.3% of all Lithuanian enterprises were based on innovation activity compared with the 51.6% of average of European Union countries [42].

Despite the fact, that the issues related to innovations and entrepreneurship are increasingly discussed, there is a lack of research exploring the role of entrepreneurship policy for the development of innovative business sectors and evaluating the possibilities to integrate both the entrepreneurship and innovation policies into the one interdependent public actions system. Consequently, **the key problem** of this paper is the question about the possibilities to promote \ business innovation activities by the initiatives of entrepreneurship policy.

The purpose of this article is to explore the main directions of entrepreneurship policy implementation in order to identify their linkages with the possibilities to promote innovation development in business.

Thus **the goals** are as follows: (1) to define entrepreneurship as a public policy area; (2) to analyze the existing initiatives related to the development of entrepreneurship and evaluate their implementation results in national and EU contexts; (3) to identify the main areas of entrepreneurship policy which should be strengthened, seeking faster promotion of innovations in business.

The object is entrepreneurship policy. **The used research method** is a systemic and comparable analysis of scientific literature and political documents as well as statistical data.

1. The entrepreneurship as a public policy area

1.1. A rationale for entrepreneurship policy

A variety of strategic documents in the area of European Union policy and different scientific research underline the significant role of entrepreneurship in economic and social contexts as a rationale for entrepreneurship policy development.

Audretsch (2003) stated that a positive and robust correlation between entrepreneurship and economic performance has been found in terms of growth, firm survival, innovation, employment creation, technological change, productivity increases and exports [3].

In the Action plan for entrepreneurship (2004) entrepreneurship is designated as a major driver of innovation, competitiveness and growth [1].

The Organization for Economic Co-operation and Development (OECD, 2008) maintained that the entrepreneurship policy strengthens the innovations by underpinning firm creation and firm expansion, increasing productivity in the enterprise sector [17].

Global Entrepreneurship Monitor (GEM) [20] emphasized that high-growth entrepreneurship is a key contributor to new employment in an economy, and national competitiveness depends on innovative and cross-border entrepreneurial ventures. Moreover, GEM related entrepreneurship development to the phases of economic development is identified by the World Economic Forum (WEF) [18]. According to WEF, the initiatives aimed towards improving entrepreneurship should consider the economic development level (figure 1).

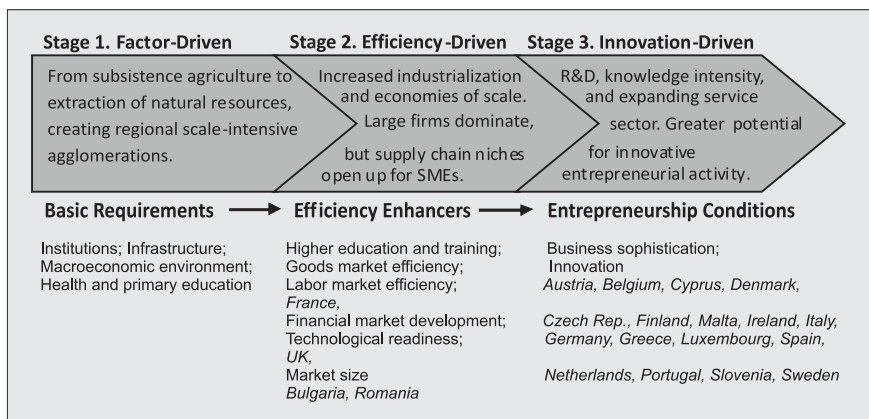


Figure 1. Characteristics of Economic Groups and Key Development Focus

Source: Formed by authors according to GEM and WEF [18, 20]

In consideration of a description of economic development phases, the entrepreneurship could be named as a necessity for the creation of innovation-driven economy. Furthermore, the attention in this case is drawn to the importance of innovative entrepreneurial activity, what could be also the allusion for public policy to strengthen the efforts for the development of innovative business sector.

1.2. Distinguishing features: entrepreneurship policy versus SME policy

Entrepreneurship as a broad public policy area calls for the development of an integrated framework of government actions, in which the individuals, enterprises and environmental facets jointly play important roles. However, entrepreneurship policy not always is directed towards the stimulation of all its elements as well as all phases of the entrepreneurial process. In a variety of recent strategic documents the entrepreneurship policy is equated with the small and medium enterprises (SME) policy. Therefore, there is a need to define both these policies and the relation between them.

The SME is interpreted here as it has been defined by European Commission (2003), i.e. this is the category of micro, small and medium-sized enterprises (SMEs) which employ fewer than 250 persons and which have an annual turnover not exceeding EUR 50 million, and/or an annual balance sheet total not exceeding EUR 43 million [41].

It is recognized, that entrepreneurship policy is the base of SME policy. Without efforts to foster the development of positive attitudes, motivated individuals, start-ups, and young emerging firms, the foundation for an efficient SME policy is limited [27].

According to Audretsch (2003), SME policy is almost exclusively targeted towards the existing stock of enterprises and virtually all of the instruments included in the policy portfolio are designed to promote the viability of the SMEs. Meanwhile, entrepreneurship policy is explained as being much broader and directed towards the stimulation of entrepreneurial behaviour in a country or a region [3].

Stevenson and Lundstrom (2001, 2002) indicated two main ways to distinguish entrepreneurship policy from SME policy [28; 45]. The first is the breadth of policy orientation and instruments. While SME policies focus on firms (predominantly already existing SMEs), entrepreneurship policy focuses more on entrepreneurs who may be at different stages of the process of developing a new or early stage business [45, 4p]. The second way is the fact that virtually every country has a ministry or governmental agency charged with promoting the viability of the SME sector. In contrast, no such agencies exist to promote entrepreneurship [3, 47p].

In accordance to the distinctions mentioned above, Stevenson and Lundstrom (2001) defined entrepreneurship policy as: (1) policy measures taken to stimulate entrepreneurship; (2) that are aimed at the pre-start, the start-up and post-start-up phases of the entrepreneurial process; (3) designed and delivered to address the areas of motivation, opportunity and skills; (4) with the primary objective of encouraging more people to start their own businesses [28].

Furthermore, the roles of motivation (through awareness), skills (through knowledge, skills and abilities necessary for exploitation of opportunities) and opportunity (through the startup supports) are emphasized here as the key foundations of entrepreneurship policy [27, 45-46p].

Thus, the entrepreneurship policy is more directed towards the entrepreneurial development of society as the whole for possible potential of entrepreneurship activity. It highlights the “soft” policy measures [27], including entrepreneurial education, consultations, improvement of skills and capacities, promotion of entrepreneurial culture and the like, as a vital force in order to enhance the willingness and opportunities of people to start their own business. At the same time, entrepreneurship policy also refers to the improvement of general business environment in which all kinds of business activities can flourish.

In the meanwhile, the SME policy often focuses on already existing enterprises in a limited size scale and refers more to “hard” policy measures such as finance, infrastructure and equipment.

The most important distinguishing features and the existing relation between entrepreneurship policy and SME policy is proposed in table 1 and figure 2.

Table 1: Entrepreneurship Policy versus SME Policy

Main Distinctions		
Features	Entrepreneurship policy	SME Policy
Scope	Broad and horizontal policy domain	Part of entrepreneurship policy
Focus	More focus on potential entrepreneurs (individuals) than existing firms	More focus on existing firms then individuals
Direction of support	Support to pre-start, the start-up and post-start-up phases of the entrepreneurial process	Support to established firms
Measures	More use of “soft” policy measures	More use of “hard” policy measures
Coordination	Does not exist the one institution caring for entrepreneurship policy a	Established government’s body responsible for SME policy

Sources: Formed by authors according to Lundstrom A., Stevenson, L. (2001, 2002, 2005); Audretsch D. B. (2003).

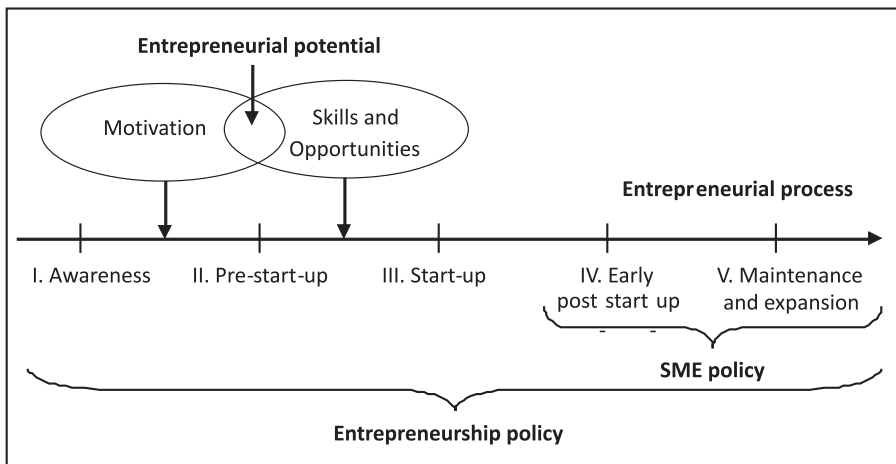


Figure 2. Relationship between Entrepreneurship Policy and SME Policy

Source: Formed by authors according to Lundstrom A., Stevenson, L. (2001, 2002, 2005)

In conclusion, the entrepreneurship policy is an integrated set of government measures strongly related to other public policy areas and the SME policy is here as the one of the most important parts.

2. The facets of the entrepreneurship policy implementation

2.1. Strategic initiatives in global entrepreneurship policy context

The European Commission in the Green Paper on Entrepreneurship in Europe (2003) emphasized, that Europe needs more new and thriving firms willing to reap the benefits of market opening and to embark on creative or innovative ventures for commercial exploitation on a larger scale [22, 4p]. It took notice to the importance of horizontal and coordinated entrepreneurship policy faced on three levels—individual, firms and society. Accordingly, the Action plan for entrepreneurship [1] identified such strategic areas for public policy actions: *Fuelling entrepreneurial mindsets* through the promotion of entrepreneurship education; *Encouraging more people to become entrepreneurs*, including groups with specific needs such as women and entrepreneurs from ethnic minorities; *Gearing entrepreneurs for growth and competitiveness* through the promotion of national and international networks and partnerships as the way for better access to knowledge; *Improving the flow of finance* through the development of different financial instruments; *Creating a more SME-friendly regulatory and administrative framework*.

OECD (2008) denoted such determinants of entrepreneurial activity as the potential areas for entrepreneurship policy [17]: (1) *Resources*: access to new technology, including information and communications technologies (ICT), and finance. ICT is indicated here as a key player in the interplay between entrepreneurial policy and innovative activity, when the access to finance is named as crucial limitation for firm creation and innovation; (2) *Skills*; (3) *Cultural factors*; (4) *Opportunities* related to market conditions; (5) *Regulatory framework*.

The Small Business Act for Europe emphasized the important role of society's recognition of entrepreneurs for the creation and development of best framework conditions for SMEs [40].

The GEM (1999) took note of the requirement to ensure the careful coordination and harmonization of government programs oriented towards the encouragement and support of entrepreneurial activity [19].

In accordance to the analyzed strategic documents suggested in table 2, there can be identified such main areas of essential initiatives for entrepreneurship promotion as follows: **entrepreneurship culture** through the development of entrepreneurial mindset; **entrepreneurial skills** through the improvement of education and training systems; **business activity based on new knowledge and technologies, and oriented to innovation; favourable business environment, especially for SMEs**, through reduction of administrative and regulatory barriers, and ensuring access to finance; **national and global networking** through fostering of various partnerships in business and science sectors and between them. Hereinafter, table 3 provides the interrelation between main challenges, strategic priorities and declared actions in entrepreneurship policy area.

Table 2: Priorities of Entrepreneurship Policy in Different Strategic Documents (formed by authors)

Public Policy Priorities in Entrepreneurship Area	Fostering... 1998 [7]	Lisbon [35;51;37]	Charter 2000 [46]	Green Paper 2003 [22]	Action plan 2004 [1]	Implementing 2005 [23]	SMEs... 2007 [39]	OECD 2008 [17]	SBA 2008 [40]	OECD 2010 [42]	Europe 2020 [14]	EIP 2011 [12] EIP 2011
Entrepreneurial culture and skills	+	+	+	+	+	+	+	+	+	+	+	+
Better coordination of entrepreneurship policy				+		+					+	
Entrepreneurship accessible to all including woman and ethnic minorities	+			+		+	+					+
Favourable environment for starting and doing business including improvement of business legislation, finance, risk-sharing and promotion activities	+	+	+	+	+	+	+		+	+	+	+
Better orientation to SME needs	+	+		+	+	+	+		+	+	+	+
Focus to innovation and new technologies	+	+	+	+	+	+	+	+	+	+	+	+
Focus to fast-growing and innovative enterprises	+				+					+	+	
Collaboration culture between science and business sectors	+	+	+	+				+		+	+	+
National and global networking including internationalization of SMEs	+		+	+	+			+		+	+	+

Table 3: The main Challenges and initiatives in European Entrepreneurship Policy Area

Main Challenges	Strategic priorities	Suggested Actions
<i>Low entrepreneurial culture and skills</i>	<ul style="list-style-type: none"> ➤ Entrepreneurship promoting culture and skills ➤ Innovations and new technologies including ICT 	<ul style="list-style-type: none"> - enhance the entrepreneurship education and training in all levels of learning and teaching; - promote exchanges of experience and best practice; - create integrated training strategies combining training located in higher education, vocational education and training, and formal and informal training in SME; - fostering entrepreneurial interest and positive attitudes of all society to business start up and growth; - provide mentoring and support for female entrepreneurs and immigrants who want to become entrepreneurs.
<i>Limited access to finance and high risk</i>	<ul style="list-style-type: none"> ➤ Favourable environment for starting and doing business ➤ SME needs 	<ul style="list-style-type: none"> - easing access of the firm to finance, including grants and subsidies, credits, loan guarantees, venture capital, business angel and micro-angels finance; - tax concessions (e.g. tax breaks); - development of business support services including consultations, preparation of self-evaluation tests, mentoring and support for business transfers.
<i>Administrative and regulatory barriers</i>		<ul style="list-style-type: none"> - regulation and framework conditions differentiated according to specific needs of entrepreneurship and SME activity; - dialogue and consultations with SMEs; - minimizing costs and burdens for business activity; - promoting e-government and one-stop-shop solutions.
<i>Limited networks and knowledge flow</i>	<ul style="list-style-type: none"> ➤ Networking and collaboration culture 	<ul style="list-style-type: none"> - fostering networks and partnerships between businesses, including national and global collaboration; - creation of clusters, business incubators, and science and technologies parks; - increase collaboration between business and science for better knowledge and technology transfer, access to public research infrastructure, and use of R&D services; - encouraging mobility of staff between universities and industry.

Sources: formed by authors according to Green paper (2003); Action Plan (2004); OECD (2008, 2010); SBA (2008)

2.2. The assessment of entrepreneurship development in EU level: indicators and results

In 2008 the OECD in cooperation with Eurostat proposed a framework of relevant indicators for the assessment of entrepreneurial activity with focus on three main areas of concern: determinants, entrepreneurial performance, and impact (figure 3). Summarizing the detailed list of such indicators, the assessment of the implementation of entrepreneurship policy could be divided into three main fields of analysis: **willingness** (interpreted as the result of entrepreneurial culture and general conditions for starting business), **capabilities** and **opportunities for business activity**.

The willingness and capabilities. One of the most important tasks, seeking to promote entrepreneurship, is an analysis of positive and negative attitudes of personality towards the initiatives to engage business. In this regard, the Flash Eurobarometer (2009) has indicated the following factors as the main reasons for willingness to have a self-employment status [16, 16p]: personal independence, self-fulfillment and interesting tasks, freedom to choose place and time of working, better income prospects and other less significant facets (e.g. realization of a business opportunity; favourable economic climate and others). At the same time, the status of the employee is related mainly to a regular and fixed income, stability of employment, fixed working hours, protection by social security or insurance.

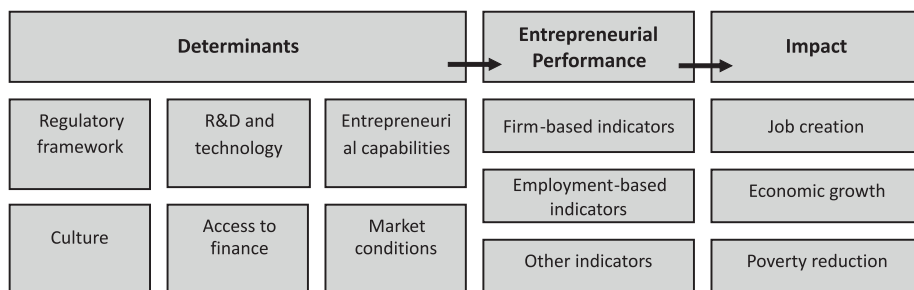


Figure 3. Topic Categories for Entrepreneurship Indicators

Source: OECD - Eurostat Entrepreneurship Indicators Programme (2008) [32]

It could be assumed, that the personal attitudes towards doing business depends largely on knowledge, skills, and some experience gained personally or known from others. In this instance, education and learning play a significant role here.

According to the fact, that the educational attainment level directly determines the pool of potential entrepreneurs [33], the countries with higher rates of tertiary education have more preconditions for continual development of entrepreneurial economies. Moreover, the fast technological changes, unstable economical environment as well as employment tendencies highlight the requirement to improve knowledge and skills constantly, which also shows the potential of each country to direct their human potential towards entrepreneurial activities. Consequently, the figure 4 shows the possibilities of EU countries to develop their entrepreneurial force.

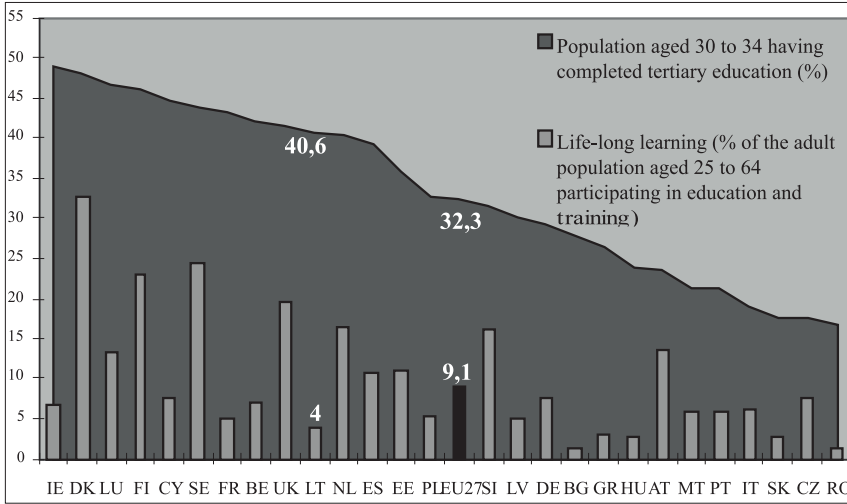


Figure 4. Tertiary Education and Life-long Learning in EU27 (%)

Source: Innovation Union Scoreboard 2010 (2009) [24]; Eurostat's data (2010)

Additionally, figure 5 presents the rate of Internet usage in EU27 countries. These days progress in this area is crucial for receiving different information, collaboration and easing daily works, which is necessary for starting and doing business. Statistics show, that a large number of people in some EU countries still have never used the Internet (the worst situation is in Romania, Greece and Bulgaria where over 50% of all individuals aged 16 to 74 have never used the Internet).

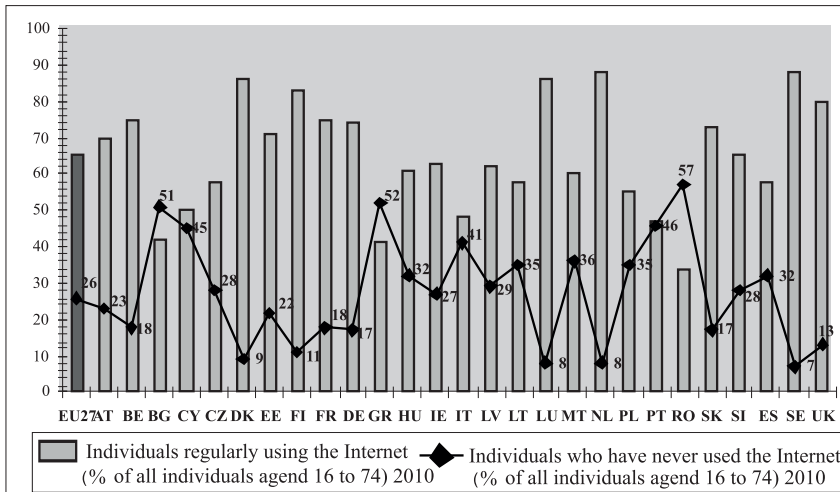


Figure 5. Usage of the Internet

Source: Eurostat's data (2010)

Opportunities for doing business. The main indicators illustrating changes within the number of enterprises are indicated as following: birth of new enterprises; death of existing enterprises; mergers of two or more enterprises; split-up of an enterprise in two or more new enterprises [15]. Agreeably, figure 6 proposes the comparison of EU27 countries by two of such indicators, which are named as the most important [15].

Despite the different periods of data, it can be seen, that the enterprises' birth and death rates were alike in some countries. Furthermore, analyzing the statistical data of enterprises' survival can be seen, that in 2007 the lowest rate by this indicator was in Bulgaria, Lithuania, Czech Republic and Slovakia. Therefore, it can be supposed, that these countries have problems related to the business environment including a tax base, regulations and other issues concerned with the decisions and actions of government.

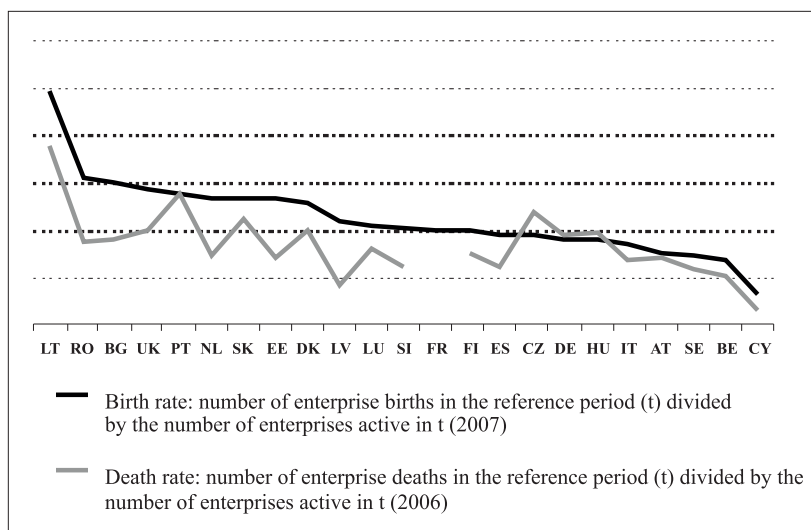


Figure 6. Enterprises' Birth and Death Rates in EU27¹

Source: Eurostat's data. Note: Not available data of IE, GR, FR, MT, PL

It is important also to note, that more than 99% of all EU enterprises are classified as SMEs, and about two-third of total employment in the private sector is found in SMEs [15; 25]. Micro enterprises composed the biggest piece of all SME in all EU27

1 EU27 countries: Belgium (BE), Bulgaria (BG), Czech Republic (CZ), Denmark (DK), Germany (DE), Estonia (EE), Ireland (IE), Greece (GR), Spain (ES), France (FR), Italy (IT), Cyprus (CY), Latvia (LV), Lithuania (LT), Luxembourg (LU), Hungary (HU), Malta (MT), Netherlands (NL), Austria (AT), Poland (PL), Portugal (PT), Romania (RO), Slovenia (SI), Slovakia (SK), Finland (FI), Sweden (SE), United Kingdom (UK).

countries. Therefore, the most attention and initiatives are directed at such enterprises as having the biggest potential for economic development.

In conclusion, it could be stated that the most significant requirement for progressive development of entrepreneurship are the purposeful and continual actions of government in all analyzed areas influencing all levels of entrepreneurship, i.e. individual, business and public sectors.

2.3. Lithuanian intentions towards entrepreneurship development

Lithuanian intentions concerned with entrepreneurship promotion could be interpreted ambivalently. On the one side, Lithuania has a variety of strategic initiatives regarding the development of entrepreneurship, which corresponds to the European priorities in this field (table 4). But, on the other side, the majority of these initiatives are implemented too slowly, what will eventually become a serious obstacle seeking to adapt to recent economic and social challenges. Therefore, in order to identify the main problematic areas of entrepreneurship development in Lithuania, the short analysis is provided below.

Table 4: Initiatives of Entrepreneurship Policy in Various Lithuanian Strategic Documents

Public Policy Priorities in Entrepreneurship Area	Strategy...2002 [49]	Description ...2005 [9]	Programme...2008 [48]	Lisbon...2008 [30]	Government...2008 [21]	LIS...2010 [26]	Priorities... 2010 [36]	Programme...2011 [31]
	Corresponding EU documents							
Entrepreneurial culture and skills	+	+	+	+	+	+	+	+
Better coordination of entrepreneurship policy			+					
Entrepreneurship accessible to all including woman and ethnic minorities		+		+				
Favourable environment for starting and doing business including improvement of business legislation, finance, risk-sharing and promotion activities	+	+		+	+		+	+
Better orientation to SME needs	+	+		+				

Focus to innovation and new technologies	+	+		+	+	+	+	+
Focus to fast-growing and innovative enterprises					+	+		
Collaboration culture between science and business sectors	+	+		+		+		+
National and global networking including internationalization of SMEs	+	+		+	+	+		+
Other								
Entrepreneurship promotion in regions	+	+						
Creativity development		+		+	+			
Better opportunities for SMEs to participate in public procurement		+			+			+
Promotion of corporate social responsibility		+		+				

Entrepreneurial culture. This is one of the most important facets requiring systemic and strategic-integrated actions from public policy side, seeking effectively to develop entrepreneurship, starting from the individual entrepreneurial mindset and willingness concerned with entrepreneurial activities, and ending with the creation of environment where entrepreneurial society can flourish.

According to the survey presented in the Flash Eurobarometer (2009) [16], Lithuanian respondents agree with the role of entrepreneurs as the job creators (96% of all respondents) and understand their usefulness for all (86%), but at the same time only about 50% of all respondents indicate the image of entrepreneurs as favourable. More than half of all respondents relate the entrepreneurs to the self-interested features.

Moreover, the Lithuanian respondents indicated personal independence as the main reason for self-employment. Despite this, the stability is designated as the essential factor for employee status including facets of income, working time and social security. Thus, these examples denote the requirement to develop the favourable attitude of society towards entrepreneurship, where the important role play not only the advantageous general conditions for starting and developing business, but also the attention to the promotion of the corporate social responsibility and social justice.

Entrepreneurial skills. As mentioned in chapter 2.2, the indicator of population with tertiary education is the one of the main factors for the assessment of entrepreneurial capabilities. In this regard, Lithuania has a great advantage. In 2009 the value of indicator of population having completed tertiary education was over 40% and exceeded the EU average [24]. Furthermore, according to the Statistics Lithuania, in 2009 the majority of all businessmen (62,4%) had the tertiary education [8].

However, analyzing the data of life-long learning in Lithuania, the lack of growing tendencies is observed. The value of this indicator is more than two times lower compared to the EU average.

Hence, the tendencies of life-long learning show the need to develop the society awareness about the importance of continual improvement of knowledge and skills. This is the one of the main preconditions for successful entrepreneurship development.

Favourable business environment. According to the Doing Business survey presented by the World Bank [50] Lithuania is in the 23rd position by ranking on the ease of doing business across 183 economies. This could be interpreted as a result of better implementation of public policy initiatives regarding business promotion. However, this reflects only the general conditions of business environment concerned with starting and closing the business, getting credits, trading and so on.

The data of enterprises' profitability aggregated by the Statistics Lithuania show, that in 2009 only 25,6% of all Lithuanian enterprises considered their profitability positively. The low profitability is also indicated as the one of important obstacles for business development in Lithuania (in 2009 63,4% of all respondents in business sector indicated this factor as the obstacle) [8].

Additionally, in 2009 the businessmen in Lithuania denoted also such obstacles for business as: corruption in public institutions (44,1%); insolvent customers (66,7%); personnel costs (67,8%); qualified employees (64,4%), finding of partners (54,5%); regulatory and administrative burden (45,9%); existing procedures for obtaining bank loans (42,7%), and others.

Therefore, there is the task for government to find the ways for the elimination or reducing of these obstacles as the possibility to accelerate the entrepreneurship development.

Orientation to innovation. In the ranking scale of Global Innovation Index (2011) [47] the business sophistication in Lithuania is ranked at 74 position calculated by three main groups of indicators: knowledge workers (41 position), innovation linkages (82 position), and knowledge absorption (116 position).

According to the data provided by Statistics Lithuania, in 2009 only 34% of all SMEs performed innovation activity (8,4% lower than in 2008). The distribution by the different categories of innovation activity in SMEs was the following: product innovation – 59,8%; technological innovation – 36,1%; organizational innovation – 38,9%; marketing innovation – 52,8% [8].

Furthermore, in 2009 only 1485 researchers worked in business enterprise sector, including 177 researchers with a scientific degree or an academic title (i.e. only 2,8% of all researchers).

In consequence, it is true to say that enterprises' innovation activity is the one of the main weaknesses of Lithuania. As it is stated, at the heart of entrepreneurial activity is innovation: the effort to create purposeful, focused change in an enterprise's economic or social potential [11]. Therefore, in order to ensure the progressive development of entrepreneurship, it is necessary to focus on the promotion of innovation activity. At the same time, this leads to the requirement to conjoin the entrepreneurship and innovation policies into one integrated framework of public actions.

3. Towards the innovative entrepreneurship

In consideration of the previous discussions above, the public policy role in entrepreneurship development area is reflected through business promotion initiatives, where the general environmental conditions for SME are highlighted the most. However, as it is stated in many definitions of entrepreneurship (Schumpeter, 1934; Baumol, 1968; Drucker, 1985 and other), this concept is related not only to an initiation and development of business, but also refers to the capabilities to find and exploit the new opportunities through the knowledge, innovations and creativity. In regard to this perception and analysis of entrepreneurship and innovation policies' priorities, there could be identified such common areas of actions, in which should be strengthened the efforts of government seeking faster promote the business innovation activity (table 5):

Culture by which the business innovation activity is encouraged and the importance of new knowledge and technologies is highlighted. This should promote not only the initiatives for business activity, but at the same time to identify and exploit the economic opportunities with using new knowledge, creativity and know-how. As stated Michael and Pearce (2009), entrepreneurs who do not innovate do not create wealth [29, 290-291p].

Human potential building not only through the development of skilled labour, but also focusing on innovation capabilities of enterprises, especially SMEs. There is important to note, that the education and training programmes should be better geared to specific needs and challenges of business innovation activity. Also, the greater attention should be given to the development of scientific human potential in R&D area seeking to ensure the generation of new knowledge and technologies, especially in high technology sector.

General business conditions, necessary for innovation development, refer to access to general resources including finance, technologies and regulatory framework as well as the system of innovation support services.

Partnerships and knowledge transfer. According to the OECD [42], the knowledge exchange between explorers and exploiters, particularly for the exploitation of new, science-based knowledge, is named as the one of the key drivers of SME innovation and innovative entrepreneurship. Moreover, it is highlighted, that the new firms and SMEs do not innovate alone but rather in collaboration with others, including with their suppliers and customers, and with universities and research organisations. Therefore, the collaboration is one of the most important aspects which can help to solve the majority of problems related to innovation activity including the lack of ideas, skills, and finance.

As the one of the main sources of new knowledge and technologies transfer to the market is the inducement of **spin-offs**, including corporative and academic spin-offs. The spin-offs defined as the new companies based on results from R&D or innovation in large firms, universities or research institutes, which they do not want to exploit themselves, and managed by (former) employees [22]. By the Green Paper (2003), spin-offs demonstrated higher than average levels of innovation and growth in a comparison with other SMEs.

Table 5. The Interface Between Entrepreneurship and Innovation Policies: Common Strategic Areas

Entrepreneurship policy priorities (agreeably to table 3)	Innovation policy priorities [4]	Common areas of actions
Entrepreneurship promoting culture and skills	Innovation and entrepreneurship culture	Culture and human potential
Innovations and new technologies including ICT	Sufficient investment in R&D&I	General business environment conditions: - Finance - Regulation and administration - Technologies
Favourable environment for starting and doing business, especially for SMEs	Favourable regulatory framework	
Networking and collaboration culture	Collaboration culture	Partnerships and knowledge transfer

In summary it could be stated, that the perception of the requirement to integrate entrepreneurship and innovation policies into one systematic-approach-based framework of public actions could be one of the most important steps for productive and effective development of innovation activity. This is the way to transform traditional business into an innovative enterprise sector in front with increased competitive abilities and fast adaptation to changeable environment [5].

Conclusions

1. The promotion of entrepreneurship is widely recognized as one of the main tools seeking to ensure the economic, social and technological progress which leads to the state's prosperity. Therefore, many public initiatives are directed to the development of this area. In this context, entrepreneurship policy could be defined as an integrated set of the government's measures mostly focusing on potential entrepreneurs, but acting in all stages of the entrepreneurship process (pre-start, the start-up and post-start-up), and largely using the "soft" policy tools.

2. The main priorities of entrepreneurship policy could be named as the following: entrepreneurship promoting culture and skills; business activity based on new knowledge and technologies, and oriented towards innovation; favourable business environment, especially for SMEs; networking and collaboration culture.

3. The assessment of the implementation of entrepreneurship policy could be divided in the three main fields of analysis as: willingness (personal attitudes, image of entrepreneur in society), capabilities (knowledge and skills) and opportunities

for business activity (general business environment). Analyzing these fields, such observations could be highlighted:

- There is the requirement to develop the favourable attitude of society towards entrepreneurship.
- Despite the fact, that many EU countries have high rates of tertiary education, there is weak life-long learning.
- Countries having similar rates of enterprise birth and death should pay more attention to the improvement of the business environment including a tax base, regulations and other issues concerned with the decisions and actions of government.

4. Lithuanian initiatives in entrepreneurship policy area correspond to the European priorities in the same field. However, the majority of these initiatives are implemented too slowly:

- only about 50% of all respondents indicate the image of entrepreneurs as favourable;
- the level of life-long learning in Lithuania is more than two times lower compared to the EU average and doesn't show the consistent growing tendencies;
- the main exciting bottlenecks for business development in Lithuania are denoted as: low profitability, corruption, insolvent customers, personnel costs and qualification, and others;
- low business innovation performance indicates one of the most significant weaknesses of entrepreneurship policy development in Lithuania.

5. The following main areas of entrepreneurship policy which should be strengthened seeking faster promote the innovations in business can be identified: culture (more focused on the usage of new knowledge, know-how and the development of creativity); human potential (better attention to the enterprises' innovation capabilities, especially SMEs, and the development of scientific human potential in R&D area); general business conditions (better access to finance, technologies, and the improvement of regulatory framework as well as the innovation support services); partnerships and knowledge transfer (collaboration culture, especially between business and science). The development of these areas is the precondition for the transition from entrepreneurship policy to innovative entrepreneurship policy in order to build an innovation-driven economy and ensure the growth of national competitiveness.

References

1. Action Plan: The European Agenda For Entrepreneurship. Commission of the European Communities. COM(2004) 70 final. [accessed 2011-06-05] <http://eur-lex.europa.eu/smartapi/cgi/sga_doc?smartapi!celexplus!prod!DocNumber&lg=en&type_doc=COMfinal&an_doc=2004&nu_doc=70>

2. Ahmad, N., Seymour, R. G. Defining Entrepreneurial Activity: Definitions Supporting Frameworks for Data Collection. OECD, 2008. [accessed 2011-06-05] <<http://circa.europa.eu/Public/irc/dsis/entrepreneurshipindicators/info/data/information/ahmad%20seymour%20paper%20final%20january%202008.doc>>
3. Audretsch D. B. Entrepreneurship: A survey of the literature. European Commission: Enterprise Papers, 2003/14.
4. Balezentis, A., Balkiene, K. Analysis of Lithuanian Innovation Policy Priorities in the Context of European Union Initiatives. Public Policy and Administration, 2011, Vol. 10, No. 2, p. 212-230.
5. Balkienė, K., Jagminas, J. Allusion to Public Policy: Innovative Entrepreneurship. Public Policy and Administration. Mykolas Romeris University and Kaunas University of Technology: 2010, No. 34, p. 32-46.
6. Baumol, W. J. Entrepreneurship in Economy Theory. American Economic Review, May 1968, 58(2): 64.
7. Communication from the Commission of 7 April 1998 on Fostering Entrepreneurship in Europe: priorities for the future, COM (98) 222 final. [accessed 2011-06-20] <http://ec.europa.eu/enterprise/policies/sme/documents/index_en.htm>
8. Conditions of small and medium-sized business. Statistics Lithuania, 2009. [accessed 2011-08-04] <<http://www.stat.gov.lt/lt/catalog/viewfree/?id=1607>>
9. Description of Strategic Directions of Small and Medium-business Development to the Year 2008. [accessed 2011-08-03] <http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc_bin?p_id=264150>
10. Drucker, P. F. Innovation and entrepreneurship: Practice and Principles. 1985.
11. Drucker, P.F. The Discipline of Innovation. Harvard Business Review. August 2002, 80(8): 95-103.
12. Entrepreneurship and Innovation Programme (EIP): Work Programme 2011. European Commission, 18 July 2011. [accessed 2011-06-18] <http://ec.europa.eu/cip/documents/work-programmes/index_en.htm>
13. Europe 2020 Flagship Initiative: Innovation Union. European Commission, COM(2010) 546 final. [accessed 2011-05-14] <http://ec.europa.eu/enterprise/policies/innovation/innovation_union/communication/iu_en.pdf>
14. Europe 2020. A European strategy for smart, sustainable and inclusive growth, Communication from the Commission. European Commission, COM(2010) 2020. [accessed 2011-05-14] <<http://ec.europa.eu/eu2020/pdf/COMPLET%20EN%20BARROSO%20%20%20007%20-%20Europe%202020%20-%20EN%20version.pdf>>
15. First Section of the Annual Report on EU Small and Medium-sized enterprises, 2009 (2008). [accessed 2011-07-25] <http://ec.europa.eu/enterprise/policies/sme/documents/facts-figures-analysis/index_en.htm>
16. Flash Eurobarometer. Entrepreneurship in the EU and beyond—Analytical report. European Commission, 2009. [accessed 2011-07-29] <http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/eurobarometer/index_en.htm>
17. Fostering Entrepreneurship for Innovation. OECD, STI Working Paper 2008/5.
18. Global Competitiveness Report 2010-2011. World Economic Forum. [accessed 2011-06-20] <http://www3.weforum.org/docs/WEF_GlobalCompetitivenessReport_2010-11.pdf>

19. Global Entrepreneurship Monitor, 1999 Executive Report. Reynolds, P. D., Michael H., Michael Camp, S. [accessed 2011-06-20] <<http://www.gemconsortium.org/download/1313484281840/GEM%20Global%201999%20report.pdf>>
20. Global Entrepreneurship Monitor: 2010 Global Report. [accessed 2011-06-20] <<http://www.gemconsortium.org/download/1314042396199/GEM%20GLOBAL%20REPORT%202010rev.pdf>>
21. Government programme of Republic of Lithuania. Resolution No. XI-52 of 9 December, 2008. [accessed 2011-08-03] <http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc_bin?p_id=333778>
22. Green Paper: Entrepreneurship in Europe. Commission of the European Communities. COM(2003) 27 final. [accessed 2011-05-14] <http://europa.eu/documentation/official-docs/green-papers/index_en.htm#2002>
23. Implementing the Community Lisbon Programme—Modern SME Policy for Growth and Employment. Commission Communication of 11 November 2005, COM (2005) 551 final. [accessed 2011-07-25] <http://ec.europa.eu/enterprise/policies/sme/documents/sba/index_en.htm>
24. Innovation Union Scoreboard 2010. [accessed 2011-07-26] <<http://www.proinno-europe.eu/inno-metrics/page/innovation-union-scoreboard-2010>>
25. Key figures on European business—with a special feature on SMEs. Eurostat, 2011. [accessed 2011-07-25] <http://epp.eurostat.ec.europa.eu/portal/page/portal/product_details/publication?p_product_code=KS-ET-11-001>
26. Lithuanian Innovation Strategy for the Year 2010-2010. Resolution of the Government of the Republic of Lithuania, February 17, 2010, No. 163. [accessed 2011-08-03] <http://www.ukmin.lt/lt/veikla/veiklos_sritys/ino/LIS_ENG.doc>
27. Lundstrom A., Stevenson, L. A. Entrepreneurship Policy: Theory and Practice. 2005, 310 p.
28. Lundstrom, A., Stevenson, L. Entrepreneurship Policy for the Future. 2001, Stockholm: Swedish Foundation for Small Business Research.
29. Michael S. C., Pearce J. A. The need for innovation as a rationale for government involvement in entrepreneurship. *Entrepreneurship & Regional Development*. May 2009, 21(3): 285-302.
30. National Lisbon Strategy Implementation Programme for 2008-2010. Resolution No. 1047 of 1 October, 2008 of Republic of Lithuania. [accessed 2011-08-03] <http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc_l?p_id=329187&p_query=&p_tr2=>>
31. National Reform Programme of Lithuania, 2011. [accessed 2011-08-03] <http://ec.europa.eu/economy_finance/sgp/pdf/20_scps/2011/01_programme/lt_2011-04-29_nrp_en.pdf>
32. OECD—Eurostat Entrepreneurship Indicators Programme. Measuring Entrepreneurship: A Digest of Indicators. OECD, 2008. [accessed 2011-06-18] <http://circa.europa.eu/Public/irc/dsis/entrepreneurshipindicators/info/data/information/oecd%20measuring_entrepreneurship%20digest%20no%201%202008.pdf>
33. OECD—Eurostat Entrepreneurship Indicators Programme. Measuring Entrepreneurship: A Collection of Indicators. OECD, 2009. [accessed 2011-06-18] <<http://www.oecd.org/dataoecd/43/50/44068449.pdf>>
34. OECD Innovation Strategy: Getting a Head Start on Tomorrow, OECD, 2010, 224 p.

35. Presidency Conclusions. Lisbon European Council, 23 and 24 March 2000. [accessed 2011-07-25] <http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/en/ec/00100-r1.en0.htm>
36. Priorities of the Government of the Republic of Lithuania for the Year 2011. Resolution No. 1448 of 14 October, 2010. [accessed 2011-08-03] <http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc_bin?p_id=383409>
37. Proposal for a Community Lisbon Programme 2008–2010. Commission of the European Communities, COM(2007) 804 final. [accessed 2011-07-25] <<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2007:0804:FIN:EN:PDF>>
38. Schumpeter, J. *The Theory of Economic Development*. Cambridge: Harvard University Press, 1934.
39. Small and medium-sized enterprises—Key for delivering more growth and jobs. A mid-term review of Modern SME Policy. Commission Communication of 4 October 2007, COM (2007) 592 final. [accessed 2011-06-20] <http://ec.europa.eu/enterprise/policies/sme/documents/sba/index_en.htm>
40. Small Business Act for Europe. Commission of the European Communities. COM(2008) 394 final.
41. SME definition: Commission Recommendation of 06 May 2003, OJ L 124 of 20.5.2003, p. 36.
42. SMEs, Entrepreneurship and Innovation. OECD Studies on SMEs and Entrepreneurship, 2010.
43. Statistical Office of the European Union. *Science, technology and Innovation in Europe*. Luxembourg: Publications Office of the European Union, 2011.
44. Statistics Lithuania. Research and development personnel. [accessed 2011-08-07] <<http://www.stat.gov.lt/lt/pages/view/?id=1210>>
45. Stevenson, L., Lundstrom, A. *On the Road to Entrepreneurship Policy: Summary*. 2002, Stockholm: Swedish Foundation for Small Business Research.
46. The European Charter for Small Enterprises. European Council, 19-20 June 2000. [accessed 2011-06-20] <http://ec.europa.eu/enterprise/policies/sme/documents/charter/index_en.htm>
47. The Global Innovation Index. [accessed 2011-08-05] <<http://www.globalinnovationindex.org/gii/main/fullreport/index.html>>
48. The National Programme for Youth Entrepreneurship Education and Promotion for the Year 2008-2012. [accessed 2011-08-03] <http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc_bin?p_id=358099>
49. The State's Long-term Development Strategy. Resolution No. IX-1187 of 12 November, 2002 of the Republic of Lithuania. [accessed 2011-08-03] <http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc_l?p_id=193888>
50. The World Bank and the International Finance Corporation. *Doing business 2011: Making a Difference for Entrepreneurs*. [accessed 2011-08-05] <<http://www.doingbusiness.org/>>
51. Working together for growth and jobs. Integrated guidelines for growth and jobs (2005–08). European Commission. [accessed 2011-07-25] <http://ec.europa.eu/archives/growthandjobs/pdf/integrated_guidelines_en.pdf>

Kristina Balkienė, Jonas Jagminas

Šiuolaikinis antrenerystės politikos supratimas: dėmesys inovacijoms

Anotacija

Į antrenerystę orientuotos viešosios politikos iniciatyvos dažnai siejamos su tiesioginiu verslininkystės plėtojimu be išskirtinio dėmesio inovacijoms. Tai galima įvardyti kaip vieną iš pagrindinių žemo verslo inovacinės veiklos lygio priežasčių tokiose besivystančiose šalyse kaip Lietuva. Todėl šis straipsnis nukreiptas į pagrindinių antrenerystės politikos įgyvendinimo krypčių analizę, siekiant nustatyti jų sąsajas su verslo inovacijų plėtros skatinimo galimybėmis.

Straipsnyje apibrėžiamas antrenerystės vaidmuo viešojoje politikoje, analizuojamos esamos viešosios politikos iniciatyvos antrenerystės plėtros srityje bei jų įgyvendinimo rezultatai, siūlomos prielaidos antrenerystės ir inovacijų politikos integracijai į bendrą viešosios politikos sistemą. Straipsniu siekiama plėtoti prielaidas inovatyvios antrenerystės politikos formavimui ir įgyvendinimui.

Jonas Jagminas – Mykolo Romerio universiteto Politikos ir vadybos fakulteto Strateginio valdymo katedros docentas, gamtos mokslų daktaras.

E. paštas: jjagminas@gmail.com

Kristina Balkienė – Mykolo Romerio universiteto Strateginio valdymo katedros doktorantė; Ūkio ministerijos Inovacijų politikos skyriaus vyriausioji specialistė.

E. paštas: kristinabalkiene@gmail.com

Jonas Jagminas, Doctor of Natural Sciences, is an Associate Professor at the Department of Strategic Management, Faculty of Politics and Management, Mykolas Romeris University.

E-mail: jjagminas@gmail.com

Kristina Balkienė – Ph.D. student at the Department of Strategic Management, Faculty of Politics and Management, Mykolas Romeris University; is a Chief Official of Innovation Policy Division, Ministry of Economy of the Republic of Lithuania.

E-mail: kristinabalkiene@gmail.com

Straipsnis įteiktas redakcijai 2011 m. rugpjūčio mėn.; recenzuotas; parengtas spaudai 2011 m. lapkričio mėn.