



# 7th International Skills Forum

## Anticipating and Preparing for Emerging Skills and Jobs

12-14 December 2017  
Asian Development Bank  
Manila, Philippines

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# Promoting entrepreneurship and innovation: contemporary debate

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## Why entrepreneurship and innovation now?

- Global mega-competition of innovative entrepreneurship
- Innovative firms tend to create more and better jobs
- SMEs' share of employment on the rise (35% in 2016)

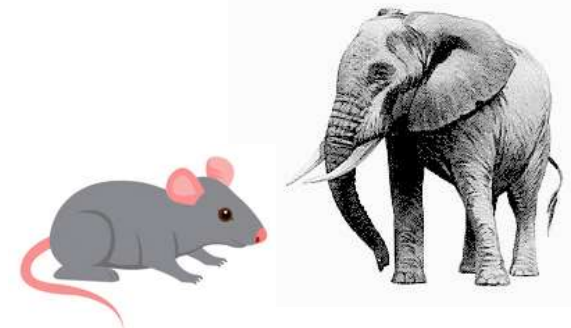
However...

- Not every country has innovation clusters
- Large informal economy
- Job-slow growth, and “jobless future” concerns
- Low survival rate of young firms



# Heterogeneity of entrepreneurship and policy objectives

- Necessity, Opportunity, High Growth entrepreneurs
- Diverse composition across countries
- Growth engine vs. inclusiveness of development
- From training to ecosystem
- Registration or formalization of informal economy
- An instrument of youth employment & ALMP
- Consumer benefits through BOP businesses





# The “gazelle” profile and policies



- Predicting future gazelles (but many disagreements)
  - High educ, industry exp, mid-career, psychological traits
  - Young small high-tech firms
  - Regulatory framework; human capital; access to finance for innovation; social capital and access to markets (e.g., growth clusters); individualistic, low-uncertainty avoidance culture
- Conventional SME policy promotes: MF, level playing field, red tape, productivity; for firm survival
- Innovative entrepreneurship policy promotes: Univ-PS linkage; investor capacities; entrepreneur awards; remove tax disincentives to growth; quality infrastructure; incentivize R&D expenditure; orient risk capital to innovation; skills devt; SEZs; management upgrading



# Gazelle questions and missing links

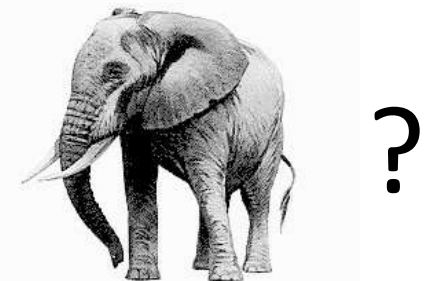
- **Some outdated theories? Applicable in LICs/MICs today?**
- Only young & small firms create most of jobs?
- Only in high-tech sector?
- Can we really identify gazelles ex-ante?
- Should the support to necessity entrepreneurs be deprioritized in favor of gazelles?
- Entrepreneurship as an instrument of youth employment & ALMP - for decent work?



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## ILO's recent study found that:

- Innovative firms : more productive, create more jobs, employ more skilled workers, hire more female workers, a major driver of enterprise transformation.
- Considerable job contraction is observed in non-innovative low-skilled firms, suggesting an adverse impact on low-skilled workers.
- In some cases, innovation has also led to more intense use of temporary workers. The employment impact may depend on types of innovation (product, process, marketing and organizational). The *winner-take-all markets* lead to disconnect between productivity growth and job growth.
- Firm-level innovation:
  - Determinants: public subsidies and knowledge exchange; OJT; export
  - Limited impact: firm size, formal education

[*World Employment Social Outlook 2017 – Sustainable enterprises and jobs*]



# ILO's SIYB training: global impact & new practices

**Startup ratio** varies (22% - 50+% ) by age, gender, job availability, selection

Youth emp  
& ALMP in  
China

**Differential impact:**  
Profit remains high  
among SIYB trainees  
in Uganda (Fiala 2015)

● SIYB currently active ● SIYB introduced



Source: ILO (2017) The Next 15 Million

## **New/Emerging areas:**

- Biz plan contests
- Unconventional channels
- "Creative commons"
- Going social & green
- In conflict setting
- High-growth enterprises (HGE) & online businesses





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## ILO's Sustainable Enterprises Programme

<http://www.ilo.org/global/topics/employment-promotion/sustainable-enterprises/lang--en/index.htm>

