



# ARENE'S ENTREPRENEURSHIP RECOMMENDATIONS

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## 1. Introduction and premises

The aim of Arene's entrepreneurship recommendations is to support the development of entrepreneurship activities in universities of applied sciences. Universities of applied sciences can utilise the recommendations as a tool for preparing their own entrepreneurship strategies and developing their activities. The recommendations include perspectives for new entrepreneurship, competence of entrepreneurs and the development of entrepreneurship competence, educating labour force with expertise and proficiency, and increasing the competitiveness of businesses and their ability to reinvent themselves.

Entrepreneurship is a multidimensional concept that is difficult to measure. Nevertheless, it is important to take entrepreneurship into account in education and learning. The promotion of entrepreneurship is a focal part of the operations of universities of applied sciences:

- Entrepreneurship is a form of new, innovative activities, where an idea is developed into a profitable solution.
- Entrepreneurship involves managing risks connected to innovations and having the courage to seize the opportunity gained through competence.
- Entrepreneurship involves being proactive and having the ability to gather mental and material resources for the necessary actions in order to produce profitable operations.

The entrepreneurial spirit involves taking on tasks without certainty about resources and outcomes. It is also important for the staff of a university of applied sciences to have this kind of an attitude so that they would not be afraid to let their students take on challenges whose final results cannot be predetermined. A university of applied sciences provides a good and safe environment for testing and transforming one's limitations.

Innovativeness, risk assessment and courage to experiment form the core of entrepreneurial activities. The characteristics of an entrepreneur also include taking responsibilities and working in a disciplined way in order to introduce ideas, new competences, operating models and business ideas to real-life contexts. Ethical responsibility to the society and social entrepreneurship are also connected to entrepreneurship and entrepreneurship recommendations at universities of applied sciences.

Based on the results of a survey conducted among the members of the Federation of Finnish Enterprises (2013), over half of the companies that responded the survey had cooperated with universities of applied sciences. Representatives of companies evaluated that those graduating from universities of applied sciences possessed good competences and readiness to enter the labour market. The survey concluded that it was recommended that the aims and contents of cooperation should be defined in the future while taking company sizes into account.

Cooperation with small businesses should be strengthened. It is also important to note that there are diverse competence requirements for entrepreneurs during different phases of the business life cycle; different readiness and skills are required from budding entrepreneurs and entrepreneurs looking for growth, and those dealing with transfer of business ownership or ending business activities. Universities of applied sciences play a central role in

developing these competences. Moreover, the role of universities of applied sciences in developing skills related to business acquisition should also be made stronger.

## **2. Entrepreneurship as a part the of strategic management of a university of applied sciences**

The promotion of entrepreneurial operations is not solely connected to the contents of education, but is a course of action and method linked to all instruction and learning in universities of applied sciences. Entrepreneurship pedagogy, developed in different universities of applied sciences, meets this challenge well.

Universities of applied sciences are tasked with conducting research for promoting employment and regional development and reforming the economic structure of the region. The promotion of entrepreneurship has a key role in realising this task. Universities of applied sciences and businesses cooperate to carry out versatile research, development and innovation activities, which include both product development and improvement of working methods and competences.

Therefore, entrepreneurship should be viewed as an issue affecting the entire higher education institution and supporting the accomplishment of the aims for outcomes. Entrepreneurship should be taken into account when reforming or updating the strategy of a university of applied sciences. Arene thus recommends that universities of applied sciences utilise the OECD's entrepreneurial framework for higher education institutions (OECD 2012) in their own strategic management and development of their own culture of entrepreneurship. According to the framework, the promotion of entrepreneurship and entrepreneurial operational culture are taken into account in the following areas:

- management and administration (e.g. the commitment of upper management to developing an entrepreneurial higher education institution)
- competence of the organisation, staff, and rewarding (e.g. entrepreneurship competence and experience as the basis for hiring employees)
- development of entrepreneurship (e.g. the operating structure supports entrepreneurial activities and the promotion of entrepreneurship)
- entrepreneurship paths (e.g. result-oriented support services for entrepreneurship)
- cooperation with the labour market (e.g. strong links to those supporting entrepreneurship)
- internationality (e.g. internationality is a strong part of the entrepreneurship strategy)
- evaluation of effectiveness (e.g. continuous assessment of activities for promoting entrepreneurship).

### 3. Universities of applied sciences as promoters of student entrepreneurship

Universities of applied sciences must have readiness and operating models to aid students in promoting their own business ideas as entrepreneurs with the support of their studies and as a part of them. Entrepreneurship studies and activities support different needs of students:

- Entrepreneurial activities and attitudes are needed and required in the labour market regardless of the tasks and role of the person.
- Entrepreneurship is becoming an increasingly feasible career choice or part of other employment.
- Some students of universities of applied sciences already have a desire to become an entrepreneur or have an idea for a business as early as when they enter the higher education institution.

All universities of applied sciences are recommended to take into account the following issues promoting entrepreneurship:

- All universities of applied sciences offer certain studies and services that promote the creation and development of a business idea and establishing a business. The studies and services are produced either independently or in cooperation with partners in the region.
- Entrepreneurship has been integrated into studies, i.e. universities of applied sciences offer versatile pedagogic solutions for conducting studies in one's own business. These issues have been found to lower the threshold for becoming an entrepreneur. The models can either encompass entire studies (e.g. Tiimiakatemia entrepreneurship centre of excellence), be applied to degree programmes as a part of them, e.g. Junior Achievement enterprises, new business incubator and venture accelerator studies, or platforms that enable experimenting with entrepreneurship, to which commercial services are also available. The utilisation of cooperatives as a learning platform is also a good method for accommodating business experiments.
- Entrepreneurship and related skills are offered as content areas or implementation methods in degree curricula.
- In addition to offering entrepreneurship studies in the official languages of Finland, they are also available in English. This promotes opportunities for international students to also develop their business ideas and entrepreneurship competences.
- Growth entrepreneurship tracks have been described in all universities of applied sciences. The higher education institutions have also recognised their own profiles and tasks in the regional ecosystem for entrepreneurship.
- Universities of applied sciences create dialogue between experienced entrepreneurs, particularly growth entrepreneurs, and alumni as well as students and student entrepreneurs.

The promotion of entrepreneurship is a strategic priority to some universities of applied sciences, one that is furthered in a number of ways. Entrepreneurship among students and the development of qualities required by entrepreneurship from students can be furthered through the following methods, which universities of applied sciences are recommended to take into account:

- Entrepreneurship is an integral part of the process of student guidance.
- Students have opportunities to learn in projects realised to actual clients.
- Students' interest in entrepreneurship is awoken by versatile methods and they are informed about entrepreneurship as a career alternative.
- The entrepreneurship studies also include developing international business competences, preconditions for growth entrepreneurship and a *Born Global* attitude. This supports building future growth entrepreneurship skills already during studies.
- Students are given the possibility to gain experience on establishing and managing business activities.
- In addition to growth entrepreneurship and rapidly growing start-up companies, there is high appreciation of sustainable entrepreneurship. The opportunities provided by social entrepreneurship are also highlighted in this context.
- In order to promote entrepreneurship, international partners are selected from higher education institutions and networks so that students can benefit from their expertise.
- In order to promote entrepreneurship cooperation between different fields within a university of applied sciences, an operation model crossing education borders is developed.
- Students have been proactive in commencing different association activities for promoting entrepreneurship (e.g. entrepreneurship societies and unions in different fields of study), which are often cross-disciplinary and join students from different higher education institutions. The value and significance of these activities is recognised, and students are encouraged and supported in developing them.
- Master's degrees from universities of applied sciences are completed alongside work. The degrees involve deepening one's competence and developing one's business activities and/or renewing working communities also from the perspectives of entrepreneurship and business opportunities.
- When developing the competence of staff at higher education institutions, entrepreneurship education and pedagogy competences and entrepreneurship and growth entrepreneurship knowledge are furthered. The topic is also included in the contents of education in higher education institutions providing vocational teacher education.
- Students and staff at the university of applied science are encouraged to recognise and develop business ideas.

#### **4. Universities of applied sciences as reformers of entrepreneurship and promoters of the competitiveness of businesses**

Universities of applied sciences can further reforming entrepreneurship on one hand by supporting transfer of business ownership and on the other by initiating research, development and innovation activities supporting entrepreneurship.

Economic growth and the creation of new jobs are largely dependent on small and medium-sized enterprises in Finland. According to the Finnish Business Register maintained by Statistics Finland, microenterprises (personnel size category of 1–9 persons) covered 93.3% of the total number of businesses in 2013. This makes up 264,000 companies of the total 283,000. When small enterprises (10–49 persons) are included in the number, this group represents 98.8% of the total number of active enterprises. These companies also offer jobs: when examining changes in the number of personnel in 2001–2012, the majority of growth in the number of staff occurred in small and medium-sized enterprises, particularly microenterprises.

There is also a large number of businesses in Finland where transfer of business ownership is sought after the retirement of the entrepreneur. During the following ten years, over 70,000 companies are faced with the transfer of business ownership. In total, these companies employ well over 200,000 people. Annually, these companies pay approximately €1.2 billion in local income tax and their state tax accrual totals €300 million. Universities of applied sciences have a special opportunity to find new entrepreneurs to continue running these companies. Currently, around 5 per cent of students of universities of applied sciences work as entrepreneurs upon graduation.

Together, universities of applied sciences and other local institutions form a functional ecosystem supporting the preconditions for entrepreneurship and growth entrepreneurship, e.g. in the following ways:

- There are internationally top-rate entrepreneurship competence networks and services for individual companies available for enterprises with growth potential.
- Universities of applied sciences can provide training and business market competences to those continuing business activities in a situation of transfer of business ownership or when a company is passed on to the next generation.
- Universities of applied sciences provide education supporting business activities according to the needs in their region (Open University of Applied Sciences studies, specialisation studies, degree-awarding education, continuing education).
- Universities of applied sciences offer services connected to entrepreneurship and its development in cooperation with partners in the area, such as vocational education institutions and universities. Universities of applied sciences form an active part of the innovation ecosystem in their regions.

- The expertise of the staff of universities of applied sciences is used more extensively than currently in order to promote the development of businesses (partner relationships, research and development projects, participation in strategic work etc.)
- Universities of applied sciences recognise their competence as top experts of innovative entrepreneurship education and pedagogy, and build their entrepreneurship education into an international education export product.

Reforming entrepreneurship also requires research information. Universities of applied sciences conduct applied research and development and research activities that are founded on needs and based on phenomena. High-quality RDI activities are characterised by trust, multidisciplinary expertise, shared meeting spaces for those involved in activities, participation of students, and an inspiring and open culture of innovation and operations. Higher education institutions, businesses and communities collaborate to refine the outcomes of RDI activities into business ideas, operating models and business activities. RDI projects include agreeing on rights already during the preparation phase together with partners involved in the RDI process.

All universities of applied sciences are recommended to take into account the following issues promoting entrepreneurship as part of RDI activities:

- The aims of RDI activities include promoting entrepreneurship and achieving sustainable growth and innovations that create new business activities.
- Universities of applied sciences offer businesses and communities a possibility to develop products and services by utilising user-friendly innovation methods. In addition, universities of applied sciences provide a forum for the further refinement of ideas by businesses and communities.
- The outcomes of expertise and RDI activities are commercialised and utilised better than presently in cooperation with staff, students, businesses, communities and intermediary organisations.
- Universities of applied sciences develop the utilisation of the outcomes of their RDI activities in order to be able to support partners in contract and ownership issues and in the invention registration process related to RDI activities.
- Universities of applied sciences develop publication activities on entrepreneurship in cooperation with research institutes, universities and research and development communities.
- The number of start-up and small and medium-sized enterprises participating in RDI activities is increased by raising awareness on the opportunities provided by RDI cooperation.
- Universities of applied sciences and Arene can influence small and medium-sized enterprises' permission to use service vouchers (so-called innovation vouchers) for acquiring RDI services from universities of applied sciences and higher education institutions as a part of the RDI support for small and medium-sized enterprises.

## **5. Universities of applied sciences and the promotion of the effectiveness of entrepreneurship**

A lot of work is done to further entrepreneurship, but developing suitable indicators for assessing the promotion of entrepreneurship has proven to be a challenging task. It is important for universities of applied sciences to report on their activities and results in order to make visible the central role of universities of applied sciences in the promotion of the effectiveness of entrepreneurship. All cooperation between universities of applied sciences as well as with the surrounding society is particularly important for furthering the effectiveness of entrepreneurship.

- Universities of applied sciences can influence making the promotion of entrepreneurship a part of discussion of higher education institutions. They can also affect furthering the promotion of entrepreneurship in cooperation with different ministries, stakeholders and contributors in the society.
- Appropriate indicators are used to monitor the development of entrepreneurship in universities of applied sciences. Internationally developed indicators (see references) are used to create a set of indicators approved by universities of applied sciences and those funding their operations.
- Universities of applied sciences increase joint strategic and practical cooperation to promote the effectiveness of entrepreneurship.
- Universities of applied sciences advance cooperation with the regional organisations of the Federation of Finnish Enterprises.