

The Role of the Development Bank in Creating an Entrepreneurial Ecosystem in Bahrain

What is an Entrepreneurial Ecosystem

- *Is a set of different individuals who can be potential or existing Entrepreneurs, organizations that support Entrepreneurship {Mason and Brown (2014),.*
- *Takes form of businesses, venture capitalist, business angels, and banks, as well as institutions like universities, and public sector agencies.*
- *Creates an entrepreneurial processes that occur inside the ecosystem such as the business birth rate, the number of high potential growth firms, the serial entrepreneurs and their Entrepreneurial ambition.”*

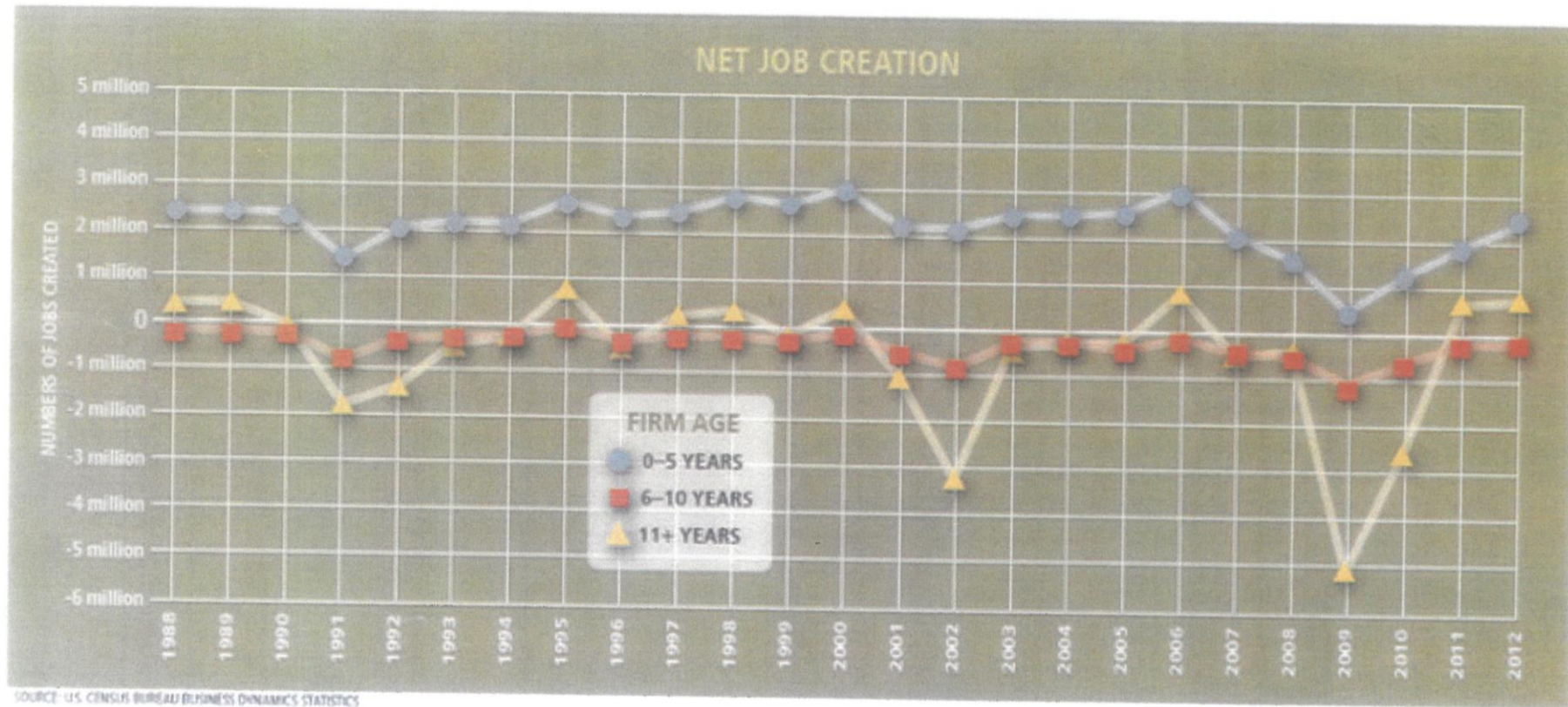
The Role of Entrepreneurs

Entrepreneurs drive economic growth by:

- Set and grow profitable businesses and make significant contribution to job creation
- Stimulate innovation;
- Challenge existing business to increase their productivity, create economic growth



Entrepreneurs as Job-Creators



Entrepreneurs as innovators

- The entrepreneur create novelty in the society
- The entrepreneur become the driver in knowledge economy – University can play a role
- The entrepreneur use national resources for productive activities



Entrepreneurs impact on the economy

- Entrepreneurs can produce cascading effect where it stimulate related business sectors, and new ventures
- With platform driven businesses, entrepreneurs design disruptive processes that increases market share .
- The entrepreneur is a rational risk taker who help establish industries and take risk (Meredith & Nelson)



Policy Challenges for Enterprise

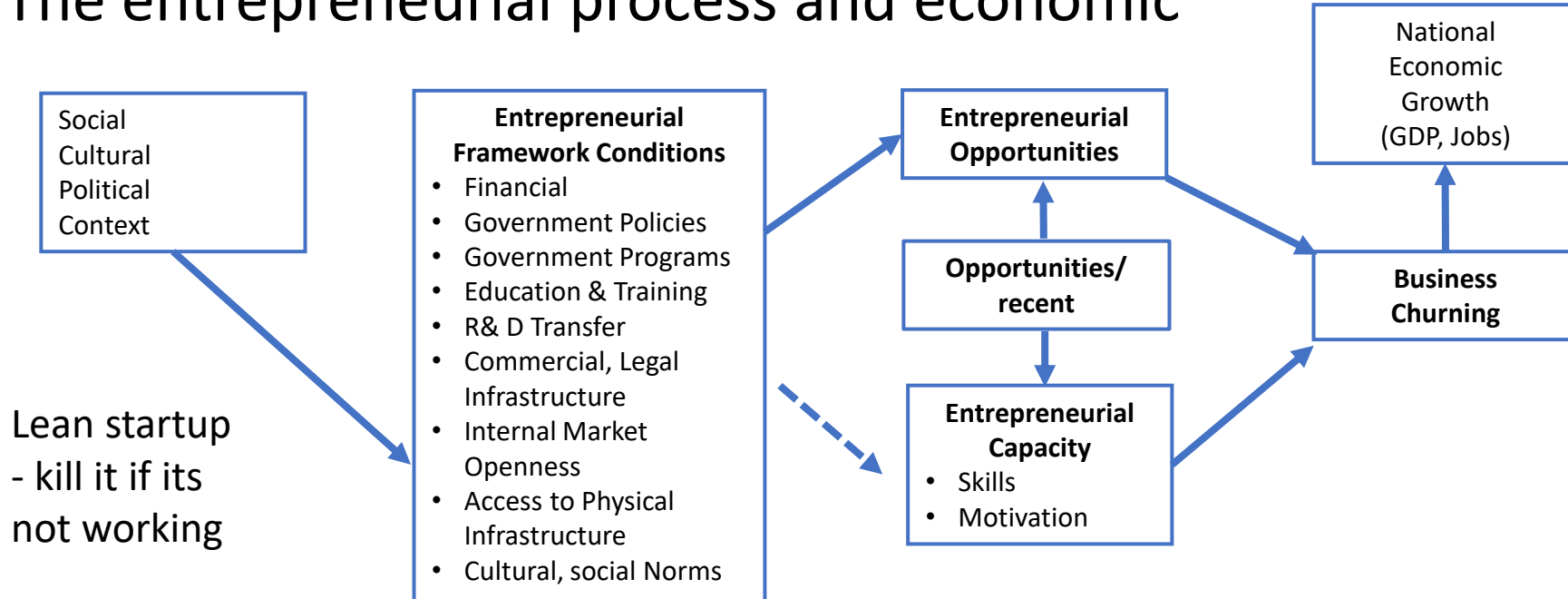
- Entrepreneurship cultures
- Entrepreneurship framework conditions
- Firm dynamics
- Access to finance
- High-employment-growth firms
- Innovation in the bulk of SMEs- develop incremental business
- Knowledge transfer
- Workforce skills in SMEs – schools' college do not create
- Entrepreneurship skills
- World economic forum business social entrepreneurship
social entrepreneurship skill force



The entrepreneurial process and economic growth

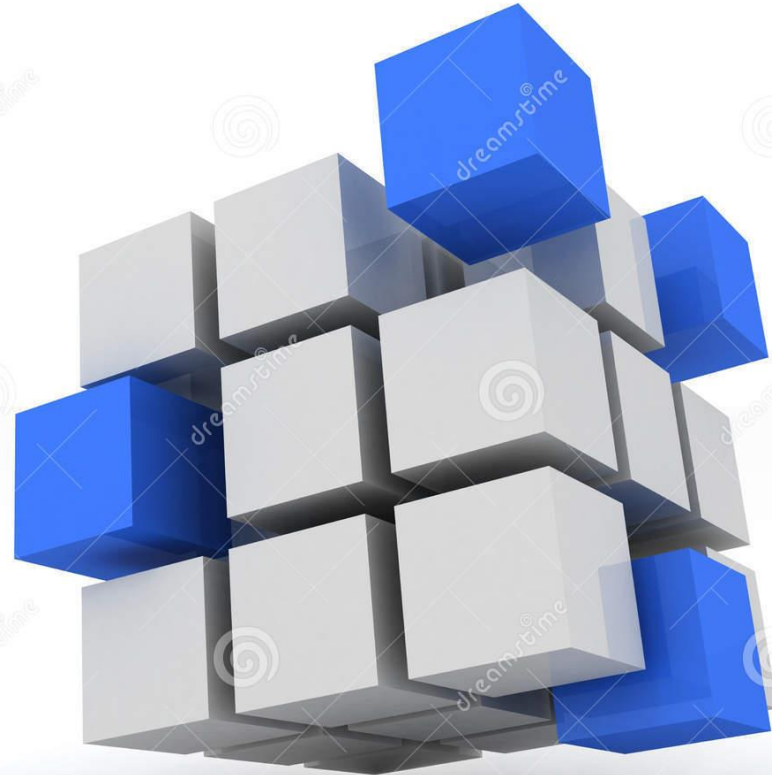
FIGURE 2

The entrepreneurial process and economic



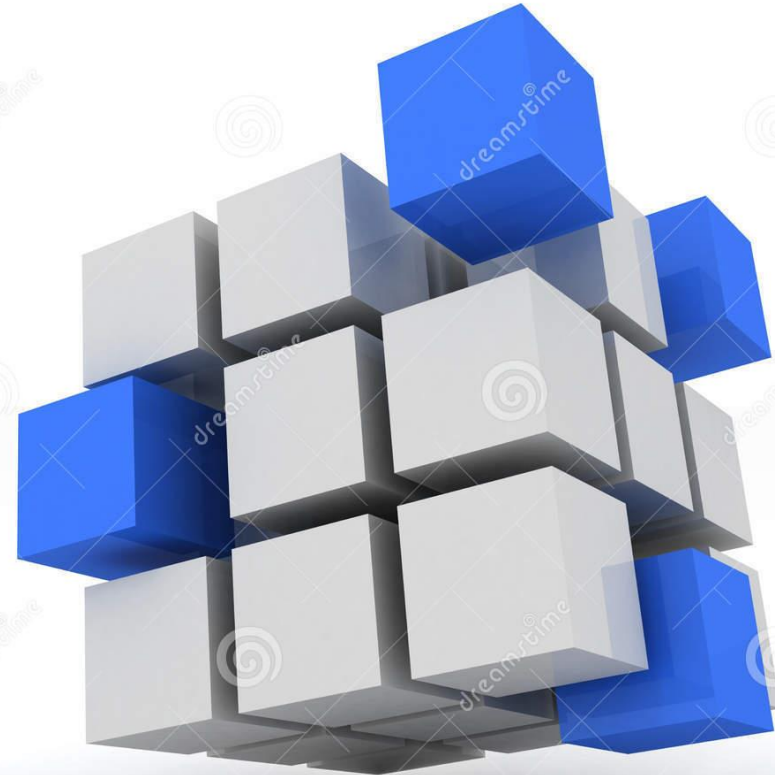
Entrepreneurship Framework Conditions

- *Entrepreneurial Finance*: The availability of financial resources (equity and debt) for SMEs (including grants and subsidies)
- *Government Policy*: The availability of public supporting enterprise: a) integrating entrepreneurship as part of economic policies entrepreneurship and b) taxes/regulations encourage new firms and SMEs.
- *Government Entrepreneurship Programs*: The presence of quality of programs directly assisting SMEs at all levels of government (national, regional, municipal) –
- Education & training –the presence of SME & entrepreneurial education is incorporated in the school and colleges



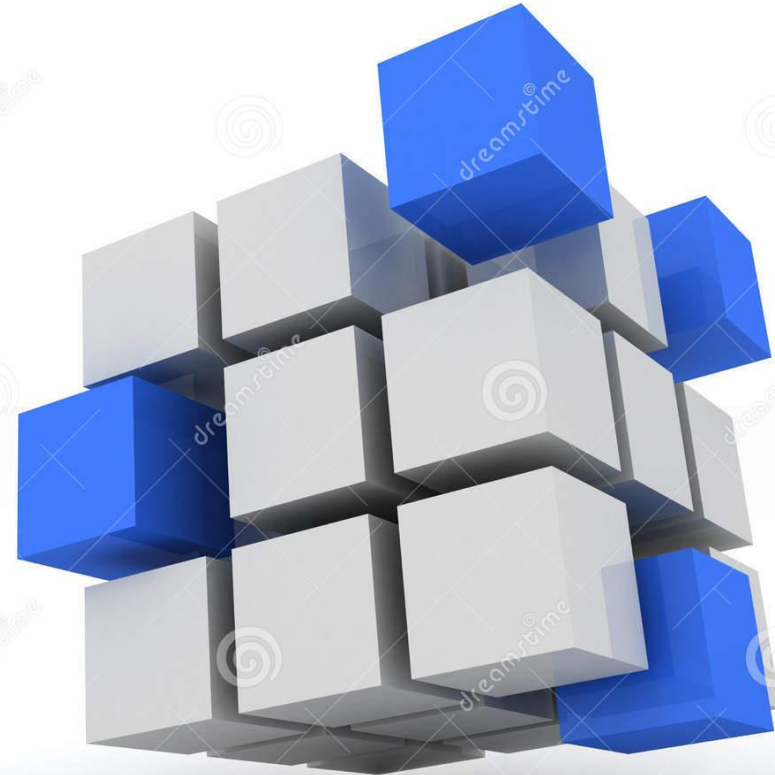
Entrepreneurship Framework Conditions

- *Entrepreneurial Education:* The extent to which training in creating and managing SMEs is incorporated within education system and is integrated within schools.
- *R&D Transfer:* The extent to which R&D will lead to new commercial opportunities and is available to SMEs.
- *Commercial and Legal Infrastructure:* The presence of property rights, commercial, accounting, other legal / assessment services and institutions that support or promote SMEs.

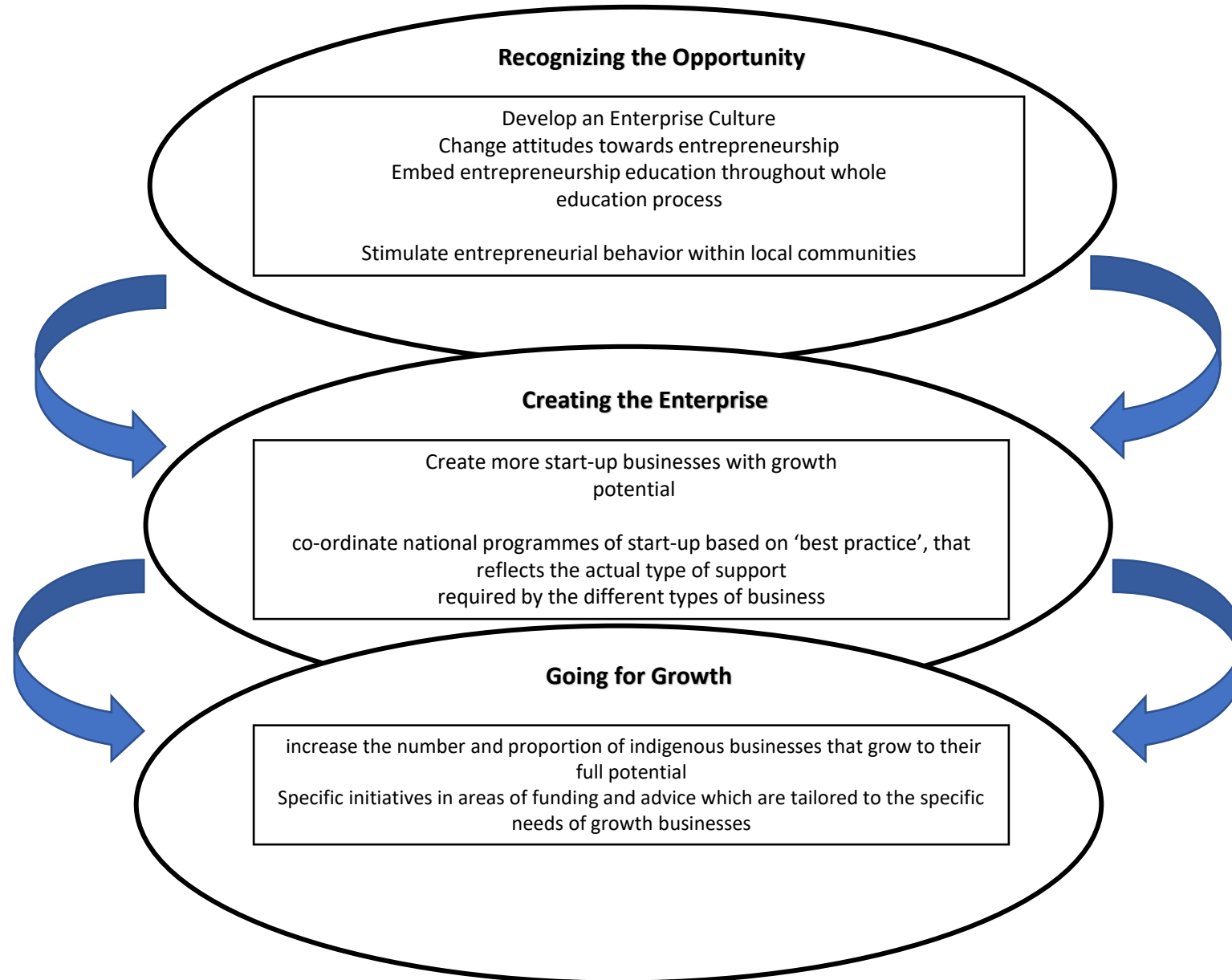


Entrepreneurship Framework Conditions

- *Entry Regulation:* How to manage changes in regulation; market openness: extent to which new firms can enter existing markets.
- *Physical Infrastructure:* Ease of access to physical resources ,utilities, communication, transportation, land or space at prices that are affordable to SMEs.
- *Cultural and Social Norms:* The extent to which social and cultural norms encourage entrepreneurs for risk taking leading to more entrants businesses and or activities.



An Enterprise Strategy



A Vision for Entrepreneurship in the ecosystem

“A bold and confident nation where entrepreneurship is valued, celebrated and exercised throughout society and in the widest range of economic circumstances”



Promote enterprise as a way of life

- Develop interest in entrepreneurship as a career choice
- Utilize social media to promote entrepreneurship
- Get local role models to participate in events
- Collaborate with market players to highlight role of entrepreneurs in job creation, innovation and support local communities

Entrepreneurial Culture



- Are entrepreneurs seen to create wealth and growth that will benefit all?
- Do entrepreneurs have a high status in society
- Is entrepreneurship seen by the society as a good career option.
- To what degree failure is seen as something to fear
- Do individuals perceive barriers to starting up businesses and if so, what are they?

Education and Entrepreneurship

- Create cohesive enterprise education system from primary school to university
- Consolidate effort through central organization to provide :
 - Strategic approach to talent and enterprise education nationwide
 - Collaborate across all industries for public and private sector to promote entrepreneurship .



Education and Entrepreneurship

- Development of entrepreneurship teaching
- Development of study programmes, courses and teaching methods for students
- Development of tests and examinations
- Talent development
- Collecting and transfer knowledge on education and training in entrepreneurship
- International and cross-national initiatives



Education and Entrepreneurship

- Developing and co-financing entrepreneurship strategies in the education system
- Dialogue with educational institutions
- Implementing activities to foster a culture of entrepreneurship
- Operator of future national and regional initiatives



Education and Entrepreneurship

- Enterprise Education enhance skills development for the entrepreneurs
- Embarking on diverse training programs will support the engagement of entrepreneurs .
- Creative programs such as peer-to-peer learning, mentorship programmes and entrepreneur clubs can support vibrant community learning



Entrepreneurship is Everywhere...

- Enterprise Education must be stimulated across all parts of the economy and groups of societies
- Encourage universities to attract overseas students to develop their innovative ideas whilst studying .



Entrepreneurship is Everywhere...

GLOBAL ENTREPRENEURSHIP MONITOR 2014

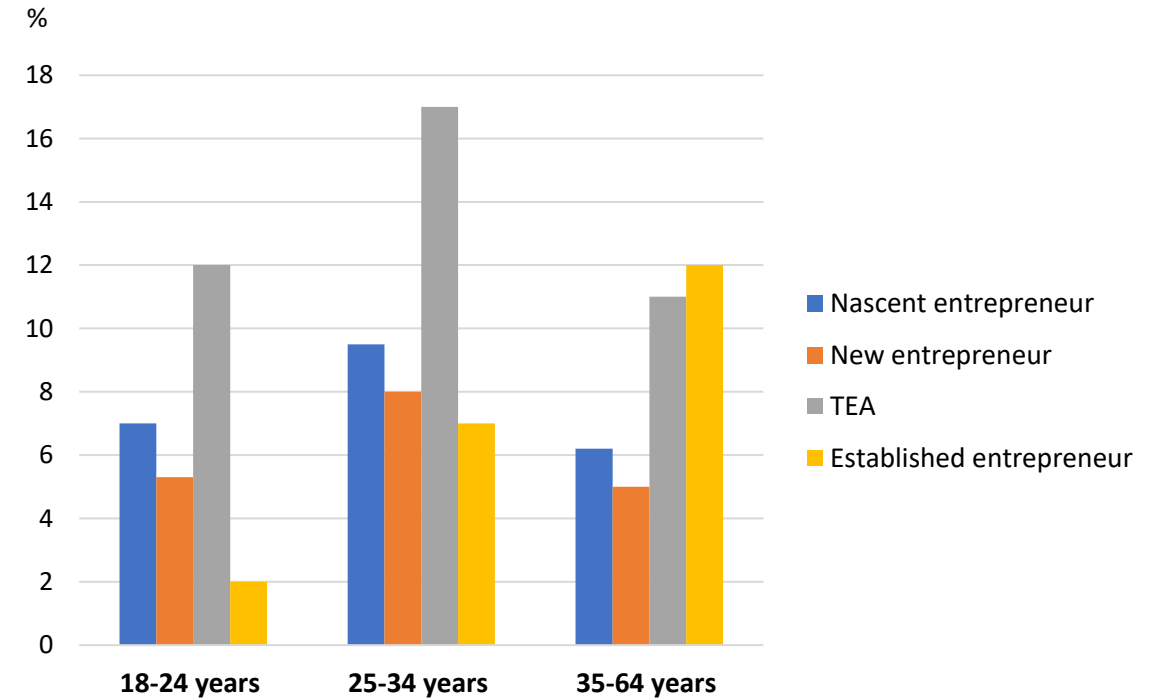
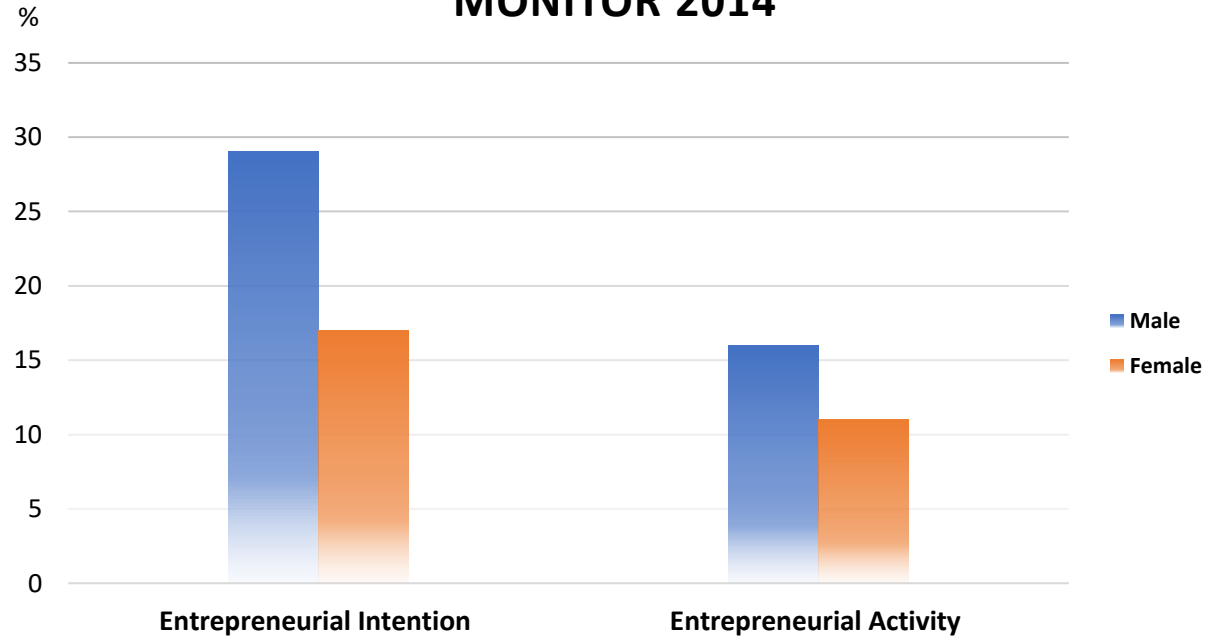


Figure 2.5: Early-stage and established entrepreneurial activity (%), by age, 2012-2014

Benefit of focus on growth potential?

- Policymakers, understanding factors that help develop growth firms to increase the contribution of the SME sector
- Private sector providers, need to support growing businesses as business growth is likely to be associated with a demand for services
- Majority of small firms do not scaleup, with the majority not wishing to grow at all and only small proportion growing to be larger firms.



Benefit of focus on growth potential

- **High growth companies are , generating jobs –** They represent only 6 per cent of all UK firms employing ten or more people generating highest number of jobs,
- **It's not just about startups –** Although young firms are more likely to be high-growth, the majority of high-growth firms (70 per cent) are at least five years old.
- **High growth firms run across different sector –** They are present in the 'high tech' and 'low tech' sectors.
- **Innovation drives firm growth –** Innovative firms grow twice as fast, both in employment and sales,



Benefit to focus on growth potential

- How can the small number of businesses classified as growth firms be signaled and nurtured
- Are we accelerating high potential businesses to grow and develop in areas of innovation and internationalization?
- how can we support the moderate growth of some micro-enterprises and small firms



Building sectors of excellence

- The needs of start-ups and SMEs will differ across different sectors
- Very rarely is there a strong relationship between entrepreneurship and innovation policy
- What are key sectors within the Bahrain economy and what role do entrepreneurs play?
- Start-ups, existing companies, universities and the public sector to work together to build conducive environment for start ups.



Building sectors of excellence

- What are the key sectors within the Bahrain economy and what role do entrepreneurs play in developing these sectors?
- How do you get start-ups, existing companies, universities and the public sector to work together to build competitive ecosystem to support a specific cluster?



Supporting Environment for Entrepreneurs



- Increasing scope for finance
- Promoting cooperation between researchers and the private sector
- Promoting cooperation between researchers and the private sector
- Reducing the regulatory burden on entrepreneurs
- Developing IT tools for entrepreneurs
- Helping entrepreneurs access venture
- Better links between education and the labour market
- Better cooperation with the franchise sector
- T
- Retail Agents - offer programs that support entrepreneurs through better training

- Entrepreneurs need access to expertise, to knowledge, to seed capital and to a supportive community
- The aim is ensuring that they acquire the skills, resources and networks they need to become self-sufficient
- This can be done through encouraging and supporting incubators, mentoring services and local networks of entrepreneurs

Access to finance

- Ensure that right type of capital is available at every stage of the entrepreneur's life cycle
- A mix of start-up loans but loans and guarantees for existing businesses and finance for high growth start-ups through angel and equity investment
- Structure for finance need combination of business and enterprise support, best practice shows best schemes combine money with coaching and practical advice



Access to finance

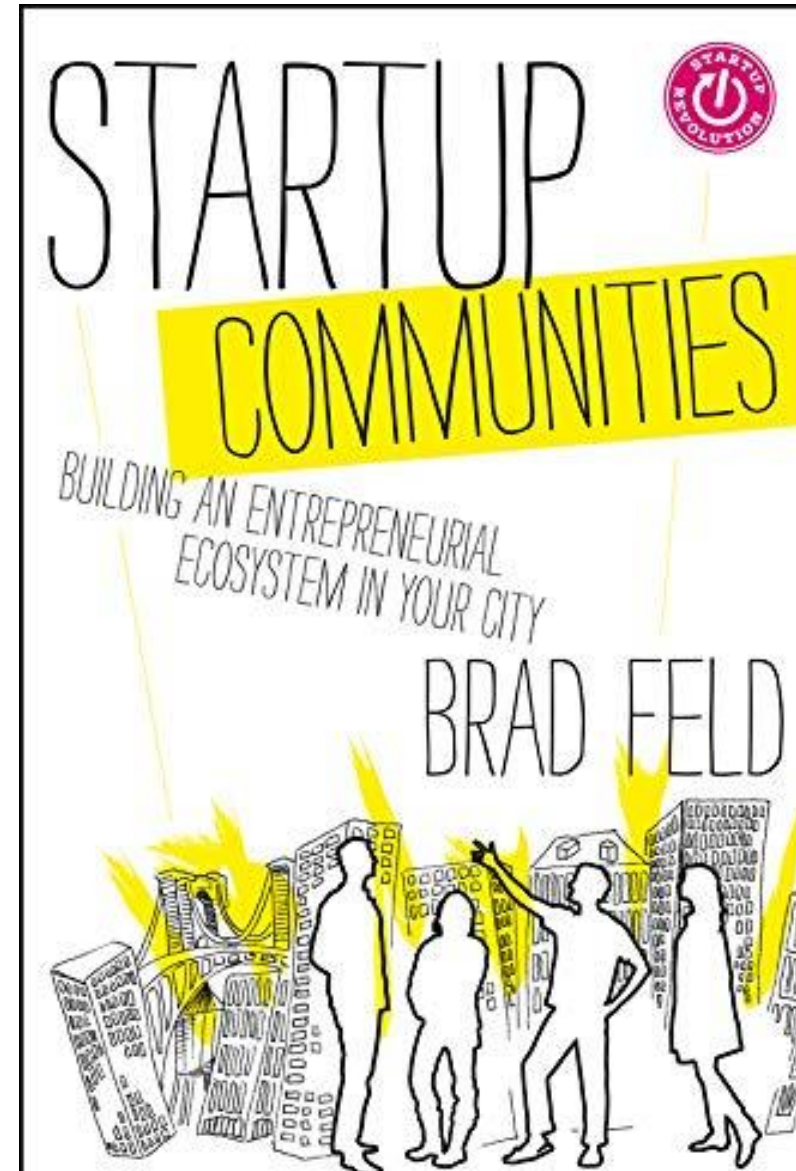
OECD Ministers report on innovation (2015) noted that access to finance is crucial if innovation is to flourish. In particular:

- Financing innovation requires well-developed financial markets
- Policies to ease access to finance for new and small innovative firms.
- Policy to support early-stage financing and networks for venture capital and business angels.



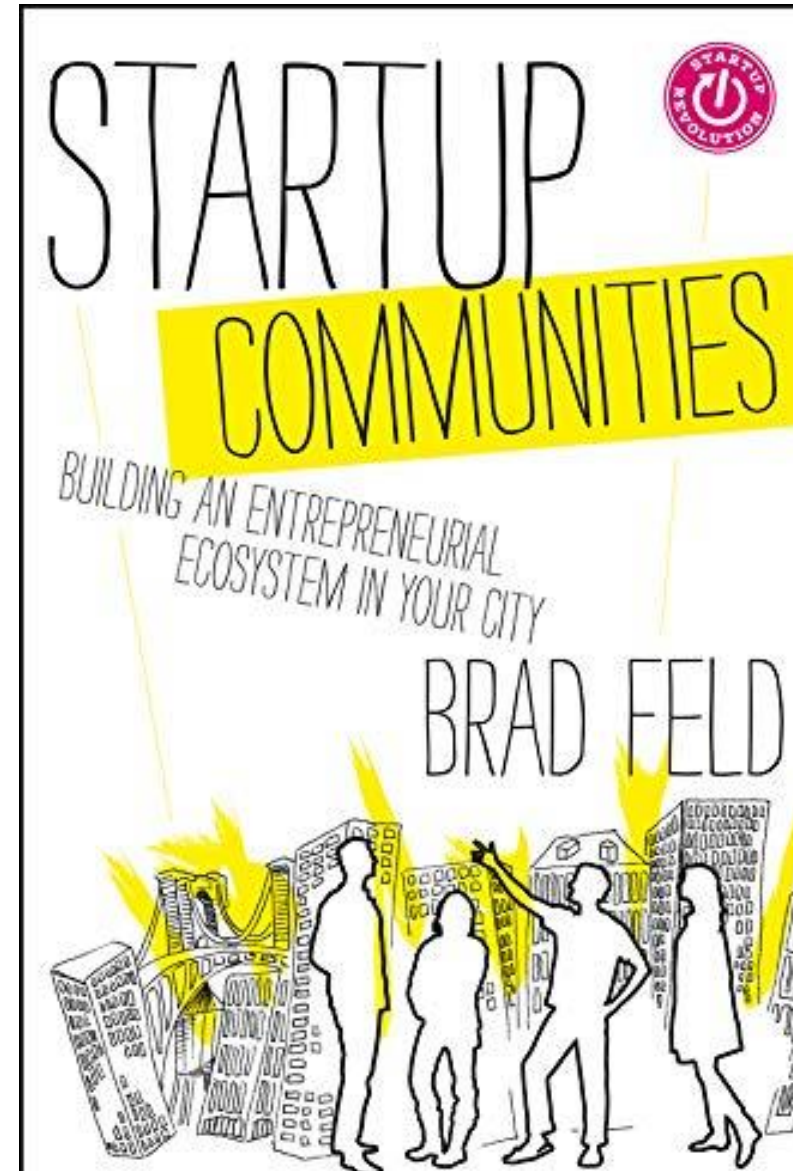
Entrepreneurial Ecosystem

- A robust ecosystem for entrepreneurship fosters links between the public, private, large centers and large multinationals the ecosystem.
- The development of an ecosystem could significantly contribute to developing a stronger entrepreneurial culture that leads to more sustainable business starts and, through these, more wealth and jobs in the economy
- Boulder Colorado became a hub for start-up and entrepreneurs .

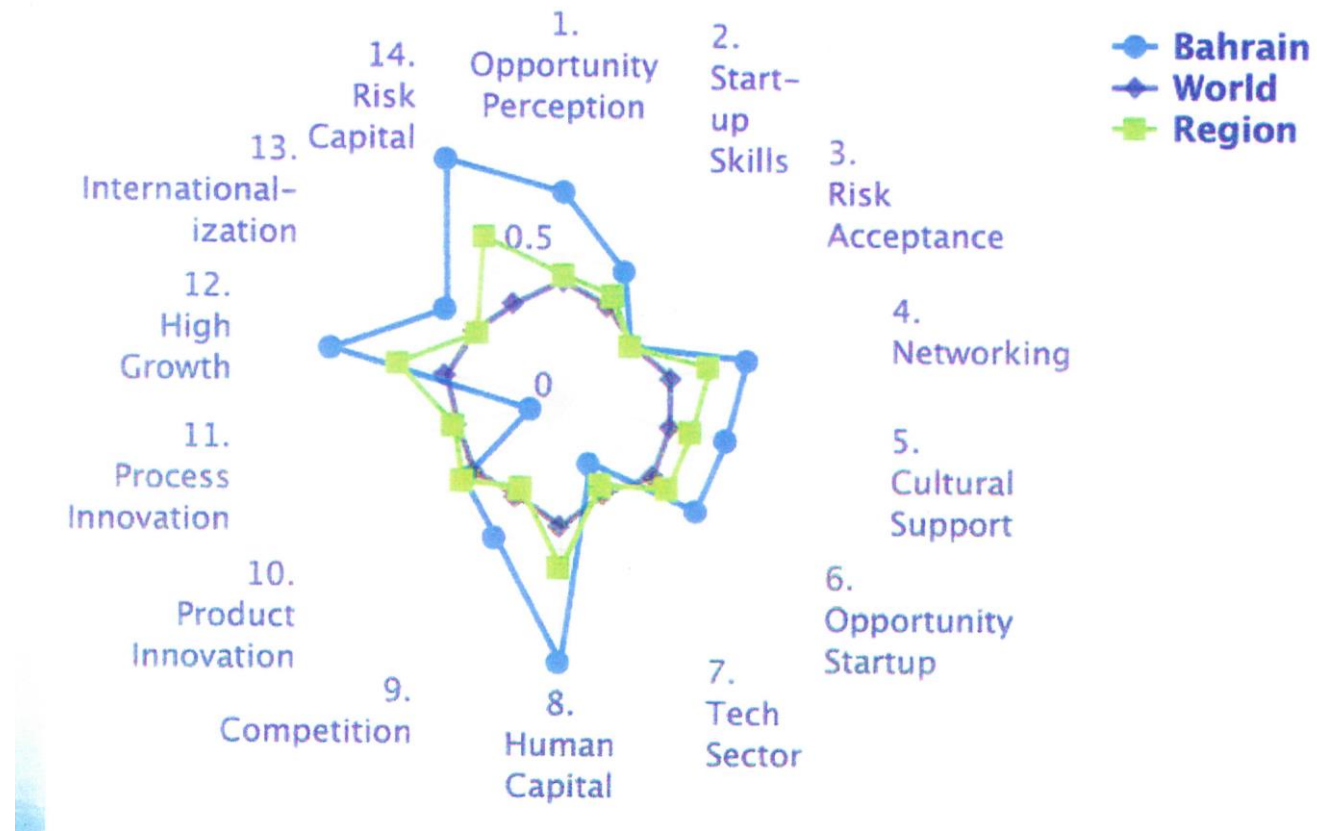


Entrepreneurial Ecosystem

- The ecosystem should involve a range of actors e.g. private firms, banks, business intermediaries, schools, HE, private sector investors, research centres and large multinationals. ecosystem should:
 - tailored around its own unique environment
 - Operate in an environment with no bureaucratic obstacles
 - Actively encourage and support financial institutions to participate in new ventures
 - reinforce government, academic or commercial organisations collaboration .
 - Seek to free from cultural biases against failure



Entrepreneurship in Bahrain



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