



Mutual Learning Programme

DG Employment, Social Affairs and Inclusion

Peer Country Comments Paper – Norway

Entrepreneurship programme for the unemployed: methods, tools and digital support

**Peer Review on
"Entrepreneurship training for the unemployed:
the Austrian Entrepreneurship Lab example"
Austria, 24-25 October 2019**



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Table of Contents

1	Introduction	1
2	Situation in the peer country	1
2.1	Low unemployment rate and generous unemployment benefits	1
2.2	Group and individual entrepreneurship training for the unemployed.....	1
3	National policies and measures	1
3.1	Unemployment benefit during the establishment of business	1
3.2	Online incubation programme	3
4	Assessment of success factors and transferability	4
4.1	A shift from traditional business ideas to new innovative ideas	4
4.2	Group or individual programmes	4
4.3	Support programmes, mentoring and ex-post evaluation.....	5
5	Questions	5
6	List of references	5
	Annex 1 Summary table	6
	Annex 2 Example of relevant practice.....	7

1 Introduction

This paper has been prepared for the Peer Review on "Entrepreneurship training for the unemployed: the Austrian Entrepreneurship Lab example" within the framework of the Mutual Learning Programme. It provides a comparative assessment of the policy example of the host country and the situation in Norway. For information on the host country policy example, please refer to the Host Country Discussion Paper.

2 Situation in the peer country

2.1 Low unemployment rate and generous unemployment benefits

The unemployment rate in Norway is stable and relatively low. In June 2019, the unemployment rate was 3.4 % according to Statistics Norway.

Unemployed and those who were temporarily laid-off for a specific period of time, are entitled to receive an unemployment benefit from the Norwegian Labour and Welfare Administration (NAV). The length of receiving the unemployment benefit varies from 52 weeks (for gross annual earners below NOK 199 716 (EUR 19 951)) or 104 weeks if the gross salary in the last year was higher. NAV takes into consideration an average for the past three years, if that gives a higher salary. The unemployment benefit is rather generous and constitutes 62 % of persons previous gross salary (cap on gross annual salary of NOK 599 148 (EUR 59 000¹)).

To receive unemployment benefit the unemployed must be an "active job seeker", meaning that they are not allowed to work (even without pay) or be in education. The active job seekers should also at any time be able to respond to any job and/or occupational training scheme offered by NAV.

2.2 Group and individual entrepreneurship training for the unemployed

Both group and individual entrepreneurship training programmes have been available for unemployed in Norway for many years.

In the past the focus was on more traditional group based entrepreneurship training for the unemployed. The group entrepreneurship training has been conducted as labour market courses (AMO-kurs). These were short occupational courses – often 8 to 12 weeks – arranged by NAV. The courses often combined practical tasks with theoretical learning, and often involved some form of traineeship in an ordinary business or organization as a part of preparation to set up own business by the participants.

For the last three years there has been an overall focus on entrepreneurship training for individuals. The main reason for this is a general reduction of funding for labour market measures due to low unemployment rate, and a growing demand for more flexibility and individual follow-up of the entrepreneurship training.

Currently the group based programmes like the Austrian Entrepreneurship Lab do not exist in Norway.

3 National policies and measures

3.1 Unemployment benefit during the establishment of business

In Norway, people who already receive unemployment benefit are entitled to continue to receive them while setting up their own business. This programme is called

¹ Income exceeding this amount is not included when the 62 % unemployment benefit is calculated.

"Unemployment benefit during the establishment of your own business" (in Norwegian: *Dagpenger når du etablerer egen virksomhet*).

To be granted access to the programme the unemployed must submit a separate application to NAV, and fulfil the following conditions:

- Person must already have been granted unemployment benefit;
- The establishment of a new business must lead to self-sufficiency;
- The business must be new;
- Person must either own more than half of the business alone, or together with one or more other beneficiaries;
- The business must be established and run in Norway;
- The business must be registered in the necessary public registers during the establishment period.

As part of an application for the entrepreneurship programme, the unemployed must prepare a standardised business plan in co-operation with a public or private consulting agency approved by NAV. The business plan is digitalized and contains an assessment of the applicant's competences, the feasibility of the business idea, estimated investment needs and an assessment whether the project will allow the applicant to economically support themselves through the project and after 12 months.

The applications – including the business plan – are evaluated by NAV in the municipality where the applicant lives. This is considered as an important feature of the support because the feasibility of the business idea is linked to the conditions on the local labour market and demand for new business.

In May 2016, the participation in the programme was prolonged from 9 to 12 months. This was considered as great success, contributing to almost double increase in the number of participants: from approximately 1 500 participants per year to 2 700.

Over the last year changes were introduced to increase the flexibility of programme. In the past the first 8 months of the programme were strictly defined as a development phase and the last 4 months as a start-up phase. The participants were not expected to make commercial sales during the first phase, only after the beginning of the start-up phase. From January 2019, the unemployed person can decide for themselves how long the development phase should last and when they can start earning money.

The unemployed can receive unemployment benefit during the establishment of a new business for a period up to 12 months. Once they are granted access to the programme they are free to follow-up their business idea for the whole period. But, if they are not entitled to receive unemployment benefit for 12 months, the participation in the entrepreneurship programme does not prolong the duration of unemployment benefit.

An important feature is that the participants are allowed to have income from their business while receiving unemployment benefit without reduction of the benefit.

The follow up of the participants in the entrepreneurship programme takes place locally in a form of one-to-one guidance. The participants meet with their consultants approximately every 2 months during the 12 month period. Local NAV is responsible to provide guidance. The task is often performed by a NAV job specialists or delegated to other public or private business consulting companies.

The number of participants in the programme is stable, with an average of 2 700 participants per year in last three years (Table 1).

Table 1. The number of unemployed in Norway receiving unemployment benefit during the establishment of their own business (2016-2018)

Year	Women	Men	Total
2016	989	1 895	2 884
2017	1 093	2 060	3 153
2018	803	1 374	2 177

Source: Norwegian Labour and Welfare Administration.

In general, more men than women in Norway choose to run their own business. This is also reflected in the number of men (65 %) represented in the programme. The government has taken actions to increase the number of women entrepreneurs. For example many state loans and support schemes for business have been prioritizing companies with women managers or owners.

Many women are concerned that the rights to sickness pay and childcare are weaker for self-employed than for ordinary employees. The government has therefore taken measures that increase from 2019 the coverage of sickness for self-employed workers and reduce the cost of own sickness insurance. Low unemployment and high wages are important explanatory factors why not more women choose entrepreneurship. When one loses a job, the likelihood of establishing own business increases dramatically and the impact is strongest for women².

The programme is seldom used for people below the age of 30. Typical participants are unemployed between 35-55 years of age with practical experience from working life.

There are no valid statistics regarding the success rate after finishing the programme but according to NAV observations a minimum of 80 % of the participants are not receiving unemployment benefits after the end of the programme. However, there are no valid statistics showing if they are working in their own business or are employed elsewhere.

3.2 Online incubation programme

It is a political aim in Norway to get more unemployed people to choose entrepreneurship as a option for new work.

To help structure and support the individuals in establishing their business, NAV in cooperation with Lean Business International AS developed a new online platform. It offers online incubation programme which replaces business plan assessment phase and training provided locally in the regular programme.

Since September 2018 NAV Vestland (Bergen) tested the online platform in a pilot project. Since April 2019, the platform have been rolled out throughout the region and from November, it will be expanded to the region of Rogaland (Stavanger).

The online incubation programme develops entrepreneurial competences of the participants, giving them the skills to create and validate viable business ideas.

The platform is available 24/7 and consist of two modules. First module "Clarification and professional assessment" lasts for 4 weeks and consists of online training and individual mentoring. The training and development offered in it gives the participants the tools and skills to sharpen their business idea, test it in real life and evaluate whether they would like to proceed with their business idea or not. In addition, the participants

² Røed og Skogstrøm (2013).

are offered 1 hour per week of individual mentoring to discuss their progress and business ideas.

The main idea of the online incubation programme is that this should be fully digitalized and offered only online. This includes the weekly individual mentoring sessions, but for those who live nearby the city of Bergen an option was given of face-to-face mentoring.

Upon completion of this module, the mentor and job consultant make an assessment based on criteria such as commitment, business idea tests, acquired competences and progression. The assessment determines whether the participant can continue on second module.

In the second module "Action plan, company start-up and mentoring" the participants work primarily on getting to market with their product or service and establishing their own company. During 22 weeks of training participants have access to 1 hour per week of individual mentoring.

The online incubation programme so far has been a success and will be rolled out to other regions in Norway. It is cost efficient compared to the traditional entrepreneurship programme, offers more flexibility and allows for more personal follow-up with the participants.

It also emphasizes the importance of being able to offer a geographically independent product that enables participants to take part in the programme regardless of place of residence.

This is especially important since many of the entrepreneurial ideas are linked to entrepreneurial workplaces that are established locally in connection with the participant's place of residence.

Since this is a new product, currently only 81 participants took part in the digital programme. Among them 7 (or 9 %) found employment and 24 (or 30 %) has got the first sales and established a full-time company. It is difficult to assess the effectiveness of the online programme due to lack of reliable information for the traditional programme offered by NAV. Nevertheless, the low drop out rates in module one (21 %) and two (8.1 %) are encouraging.

4 Assessment of success factors and transferability

4.1 A shift from traditional business ideas to new innovative ideas

Both the Austrian Entrepreneurship Lab and the Norwegian programme support unemployment who want to start their own business during early stage of establishing it.

The Austrian Lab has a strong focus on innovation and the skills needed to cope with the upcoming Fourth Industrial Revolution. While in the Norwegian example there are no valid statistics regarding the relationship between traditional business and more new and innovative business ideas as result of the programme.

Since Norway generally has a shortage of labour force in many traditional occupations, the job consultants from NAV do not see it as a huge issue that approximately 60 % of the participants aim for more traditional business ideas such as carpenters, shop owners, tattoo specialists, etc. However, the need to focus on more modern and innovative business ideas, as in the Austrian Entrepreneurship Lab, is also shared by NAV job consultants.

4.2 Group or individual programmes

The Austrian Entrepreneurship Lab is group based while the Norwegian programme offers individualised support.

The benefits of group training, mentioned in the host country paper, result in more joint cooperatives established by the participants. In the Norwegian example, the lack of this group-effect is often mentioned as a challenge. The participants working independently on their own business ideas often lack of an operational network. To help to overcome this challenge NAV often links the unemployed entrepreneurs with local entrepreneurship environments (*Gründerier*) or local business associations where they can share a workspace.

4.3 Support programmes, mentoring and ex-post evaluation

The need for more close monitoring and personal support throughout participation in the programme is a challenge in Norway. Low number of meetings, check-ins with mentors and the lack of close monitoring is often mentioned as shortcoming of the Norwegian programme. In a group based programmes, such as the Austrian Entrepreneurship Lab, the close relationship between trainers and other participants were mentioned as potential solution.

The new online incubation programme that is tested in Norwegian will hopefully address these challenges. Individuals supported virtually will be able to form groups and social networks geographically independent. Since each individual business case can be linked online to a specialist anywhere in Norway, and is not limited to capacity of a local NAV office, unemployed will be able to find a relevant specialist to help with their business idea.

The need for an ex-post evaluation to assess the success rate one or two years after the end of the entrepreneurship programme also is a good practice that could be transferred to Norwegian online incubation programme. The platform could offer a possibility for continuous monitoring and ex-post evaluation at any time.

5 Questions

- How to motivate more women to participate in the entrepreneurship programmes?
- How to create more innovative business ideas in the programmes?
- How to ensure a good system for mentoring and follow up before, during and after the programmes?
- How to ensure a good ex-post evaluation after the programmes?
- How to ensure "group effect" in individually based programmes?

6 List of references

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Annex 1 Summary table

The main points covered by the paper are summarised below.

Situation in the peer country

- Low unemployment rate (3.4 %).
- Generous unemployment benefit system. The unemployment benefit constitutes 62 % of previous gross salary and can be provided for up to 104 weeks.
- The unemployed must be an "active job seeker".

Assessment of the policy measure

- In the last three years, there has been an overall focus on individual entrepreneurship training programmes.
- People who receive unemployment benefits can continue to receive them while setting up their own business and having income from the new company.
- The number of participants in the programme has been stable for the last ten years. To balance gender representation among participants (65 % constitute men), the government has taken actions to increase the number of women entrepreneurs.

Assessment of success factors and transferability

- A shift from traditional business ideas to new innovative business ideas.
- Provision of support in a digital form, through online platform, allows to tailor support to individual needs by matching participants with most relevant mentors, not only those who are available in close proximity.
- A better system for ex-post evaluation and follow-up after end of the programmes could be transferred to Norwegian practice to make the programmes more flexible and successful.

Questions

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- How to ensure a good ex-post evaluation after the programmes?
- How to ensure "group effect" in individually based programmes?

Annex 2 Example of relevant practice

Name of the practice:	Digital entrepreneurship program for unemployed
Year of implementation:	2018-2019 (on-going)
Coordinating authority:	Lean Business International AS and the Norwegian Labour and Welfare Administration (NAV).
Objectives:	To help structure entrepreneurship support programmes by developing an online incubation program that increase the participants competence within entrepreneurship and business development
Main activities:	<p>A simple step-by-step program consist of two modules:</p> <ul style="list-style-type: none"> • First aims to sharpen and test the business idea through online training on the platform and consultations with a mentor. • In the second module participants establish the companies and work to place their products on the market. Throughout this phase the participants are also supported by mentor. <p>The online platform provides a space and establishes contact between the entrepreneur and the job specialist. It provides access to digital support tools, analytics and statistics, best practise examples and relevant research.</p> <p>The platform contains video support, e-learning, communication tools, statistics, a complete case management tool and a case portfolio for job councillors.</p>
Results so far:	<p>So far this year the program can document the following results:</p> <p>Number of participants: 81</p> <p>35 % of the participants are still inside the program, while 40 % has a job and / or have established their own company.</p>



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