



WWW.DIFME.EU

DIFME

December 2019

Digital
Internationalisation
and Financial Literacy
Skills for
microentrepreneurs

IN THIS ISSUE

Understanding microentrepreneurs

Microentrepreneurs are self-employed, entrepreneurs owning and running a business with less than ten employees/co-workers. The economic activity of entrepreneurs depends on their aspirations, entrepreneurial capabilities and their asset base. That asset base can be further differentiated into three types of capital: human, financial/material and social capital. However, not all entrepreneurial individuals possess the same capability mix. As a result, the type of businesses they create and manage will differ. Entrepreneurial activities range from survival activities that generate some additional income to self-employment, and micro-enterprises that exploit opportunities and target high growth.

Our European society is rapidly changing, and citizens are also reacting to the new social and work environments. People look more critically at options related to "life-long employment" and "life-long self-employment." Today, men and women might seek new options to become economically active and develop new forms of entrepreneurship. These options may be either part-time or intermittent, leading to hybrid forms of entrepreneurship where an individual combines formal wage employment (or social welfare benefits) with

self-employment (either as freelancer or as small or micro entrepreneur) simultaneously.

These new forms of entrepreneurship may include:

Part-time entrepreneurship:

a person without wage employment who often may take-up unpaid work or who operates a few days a week as an entrepreneur (or self-employed person);

Intermittent entrepreneurship

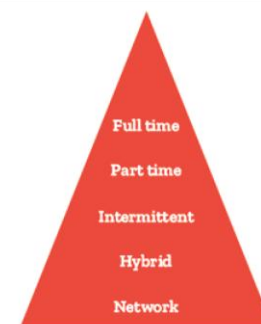
a person who engages in wage employment for a given period, becomes self-employed and will perhaps seek employment again at a later time and may repeat such several times in life;

Hybrid entrepreneurship:

a new entrepreneur who combines formal wage employment with self-employment (either as freelancer or as small or micro-entrepreneur) simultaneously. Hybrid entrepreneurial forms might represent a new way to start a business; and,

Network entrepreneurship:

individuals who seek to collaborate with other self-employed where collaboration makes sense for both.



Source: (Molenaar, 2016)

Understanding the background to microentrepreneurs

Page 1

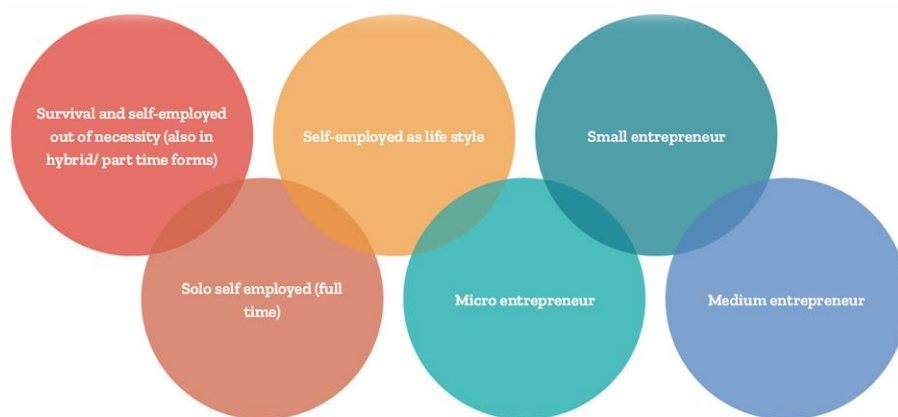
What challenges do microentrepreneurs face?

Page 2



DIFME Updates

Page 3



Source: Based on the classification of Farbman and Lessik (Gosses, 1989) and further adapted by (Molenaar, 2013)

Another aspect relates to the various motives of people to set up an enterprise and become self-employed. Some are driven into self-employment out of necessity (e.g. to survive in society seeking ways to generate some income through self-employment without actual aspiring such), others may wish to exploit an opportunity, set up a business with a clear drive to grow or consider it as an

integral part of a (modern) lifestyle. The report 'Enhancing the Financial Health of Micro-entrepreneurs: Beyond a mere assessment' defines these as four distinct options:

Necessity driven entrepreneurs: individuals who have no access to formal wage employment or with relatively low social security benefits and decide to engage in income-generating activities survive thus

become "entrepreneurs" to sustain their livelihood by necessity rather than choice;

Opportunity driven entrepreneurs: people who decide to exploit an opportunity and engage in self-employment or create an enterprise. These individuals start their own business with a clear plan and pursue the idea, ultimately continuing, stopping or selling the business at an attractive price, as often observed in the IT sector);

Growth oriented entrepreneurs: individuals with clear entrepreneurial talents and capabilities who decide to deliberately start and develop a business with relatively high capital accumulation or job creation potential, often with great innovation capacity and clear market orientation; and,

Lifestyle entrepreneurs: individuals for whom working independently and for one's own purpose is seen as an investment in self-development, which are often realised in creative industries and through social enterprises.

Source :Enhancing the Financial Health of Micro-entrepreneurs Klaas Molenaar / Timpoc Consultants Mathilde Bauwin/ ADA

What challenges to microentrepreneurs face?

In 2016, 30.6 million individuals were self-employed in the EU-28, accounting for 14 % of total EU-28 employment. While data for the surviving firms show that the vast majority of firms created by the self-employed do not substantially increase employment in the five years following their creation, there is a sub-set of up to 20 % of firms that manages to increase employment by more than 5 employees.

The Facebook-OECD 'Future of Business Survey' pinpoints that large firms have a more positive evaluation of the state of their business than smaller firm. The Eurobarometer survey (2015) also highlights that complicated administrative procedures, high delivery costs and identifying business partners were indicated as the major barriers for exporting. This presents a learning curve challenge to start up microentrepreneurs, which may be overcome with access to

factual and useful data related to their business development,

The late 2015 European Commission Report 'A Digital Single Market Strategy for Europe - Analysis and Evidence' clearly outlines that the European market for mobile applications is growing fast and there is an increasing need for mobile application developers. Europe lags behind its main competitors in ICT research and in digital innovation.

The OECD 2017 report ENTREPRENEURSHIP AT A GLANCE outlines that the development of affordable digital tools and platforms has provided new opportunities for micro-enterprises to tap into foreign markets in a way that would previously have been unimaginable.

Furthermore, the report 'Enhancing the Financial Health of Micro-entrepreneurs' looks into sixteen organisations studied in eight countries France, Italy, Spain, UK, Brazil, Mexico Peru and South Africa and outlines that the financial issues faced by micro-entrepreneurs are quite uniform. Across the eight countries surveyed, entrepreneurs face a broad range of challenges and problems. Many of these challenges have both direct and indirect effects on the financial performance of the business and on the financial well-being of the entrepreneur. An in-depth assessment of

the various financial issues mentioned in the survey questionnaires and observed during the field work indicates that micro-entrepreneurs and the self-employed struggle with similar issues. . At the aggregate level, the most common issues include:

- Knowing how to separate private and business finance;
- Managing and dealing with personal and business cash budgets (including setting a salary for the entrepreneur);
- Costing and pricing of services and products;
- Setting up and using a (simple) administrative system;
- Dealing with debtors/creditors;
- Financial planning (including setting aside funds for future needs/investments); and,
- Dealing with traditional and new financiers.

Sources

EU report 'SME Performance Review' 2017

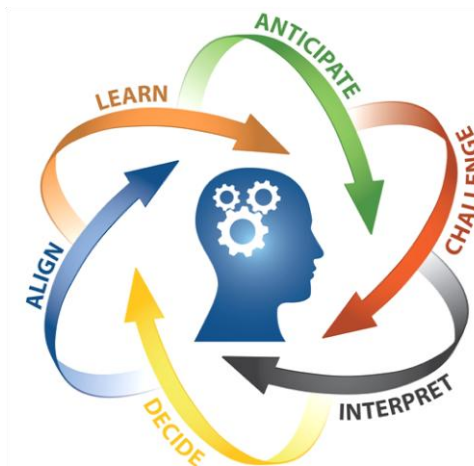
Facebook-OECD 'Future of Business Survey'

Eurobarometer survey (2015)

OECD 2017 report ENTREPRENEURSHIP AT A GLANCE

Enhancing the Financial Health of Micro-entrepreneurs Klaas Molenaar / Timpoc Consultants Mathilde Bauwin/ ADA

DIFME Updates



Using Skype meetings as the channel for communication, partners are working on the identification of the the selection of disciplines to develop the new cooperative learning model and the revised learning outcomes. This has been based on the survey results wherein the partners successfully received over the targeted amount of 350 responses related to micro entrepreneur feedback. All countries prepared a country report as the basis of the synthesis report developed by the University of Malta . The WP leader Inqubator Leewarden has presented a proposal of the disciplines to be adapted to the new learning cooperative process, their curricula and the first draft off the model . Led by Inqubator Leeuwarden, the partners identified the learning outcomes and divided the tasks to work on the outline for their content.



At the end of November 2019, DIFME partners met up in Regensburg , home to hosting partner, the University Ostbayerische Technische Hochschule Regensburg and DIFME's Quality and Evaluation partner ISOB. Once again all the partners attended and agreed to the

training conceptualization, and the main characteristic of the profile . The tasks divided among partners for the actual development of the contents were assessed and discussed at length on the basis that contents are to provide micro entrepreneurs with an agile toolkit wherein the description of the learning objectives and skills are to be developed together with the indicative timetable for own learning and the theoretical oriented learning.

To date all the partners have worked on the content , and are in the process of reviewing their work as assessed by ISOB prior to peer reviewing partners' content once again . The DIFME peer review involves subjecting the work and research to the scrutiny of other DIFME partner who are experts in the same field to check its validity and evaluate its suitability for publication. Furthermore the peer review will involve non experts to ensure that the content is simplified rather than theoretical for the target audience . The peer review will help the partners decide whether the work is of the required standard acceptable to the target audience of students and microentrepreneurs or if it should be revisited once again.

Once the content is accpeted by the DIFME partners , this will be translated into the constortuim languages Italian, Greek , Bulgarian , Dutch and German.

FOR MORE INFORMATION

Check out our website

www.difme.eu

Contact us on email

info@difme.eu



Co-funded by the
Erasmus+ Programme
of the European Union

The DIFME project was selected from a number of submissions presented to the EACEA under the call for Erasmus Knowledge Alliances
Project Reference 600834-EPP-1-2018-1-MT-EPPKA2-KA.

