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Entrepreneurship for Development and the SDGs

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Citation

Ennis, C. A. (2017). *Entrepreneurship for Development and the SDGs*. Retrieved from <https://hdl.handle.net/1887/4308196>

Version: Publisher's Version

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Note: To cite this publication please use the final published version (if applicable).



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Fridays With MUNPlanet United Nations, Entrepreneurship, and 2 more

Entrepreneurship for Development and the SDGs

Upvoted by: Velimir Radovanovic, Vlado Damjanovic



*This article is published as part of **Fridays With MUNPlanet**, and its special series dedicated to world politics. The aim of this series is to bring you the analysis of global affairs by the established and upcoming scholars, decision-makers and policy analysts from various world regions. This week, **Crystal Ennis** (Leiden University) writes about the relationship between entrepreneurship and development in the context of the Sustainable Development Goals. In the article the author raises "three broad critiques of the entrepreneurship for development narrative with the hope that by thinking through these problems, scholars and practitioners can better understand, facilitate, and support meaningful entrepreneurship within an ethical and social-justice committed development framework."*

Entrepreneurship has emerged as a universal elixir for economic development and employment growth problems plaguing developing and post-crisis countries alike. Its promotion and facilitation has the potential to be a meaningful contribution for the millennial generation. Yet as

economic protections for labour in the name of freeing the market. Its prescription to countries across a wide range of regional contexts with varying economic histories and unequal access to global power is unlikely to produce its promised outcomes. This short article raises three broad critiques of the entrepreneurship for development narrative with the hope that by thinking through these problems, scholars and practitioners can better understand, facilitate, and support meaningful entrepreneurship within an ethical and social-justice committed development framework.

Entrepreneurship in the SDGs

The UN formally recognizes entrepreneurship as a critical component of development, enshrining it within the Sustainable Development Goals (SDGs). Adopted in 2015, the SDGs cover a laudable and ambitious range of target areas from poverty to gender and the environment to health across 17 goals. Goals 4, 8, and 9 explicitly integrate entrepreneurship within this universal agenda.

SDG Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.
4.4: By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.

SDG Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalisation and growth of micro-, small- and medium-sized enterprises, including through access to financial services.

SDG Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation.
9.3 Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets.

(UN 2015: 17, 19, and 20)

Together these goals point to entrepreneurship as both a means and an objective of development policy, emphasizing its special significance for the developing world. This is noteworthy given the SDGs status and marketing as ‘the’ global development agenda.

Why Entrepreneurship?

Entrepreneurship is widely characterised as a driver for economic and employment growth, and as an enabler for individual empowerment, self-sufficiency, and sustainable development. International institutions like the IMF, World Bank, and OECD have been promoting entrepreneurship within their policy reforms on privatisation and market liberalisation since the turn of the millennium. This accelerated after the global financial crisis and the Arab uprisings. Today, there is no shortage of policy advice on promoting ‘entrepreneurship for development’ (UNCTAD 2015).

They can create their own employment and their small businesses can employ others. Entrepreneurship is viewed as a crucial part of innovation policy that can stimulate “productivity and economic competitiveness” ([UNCTAD 2005](#) : 3). Millennials are the first digital-economy generation, and their entrepreneurship is expected to both contribute to employment and help foster innovation-driven economies.

Enshrining entrepreneurship into the global development agenda at the highest global governance levels appears positive. Many could benefit from environments which support business start-ups by removing bureaucratic hurdles, easing access to finance, and restricting monopoly. This could be especially favourable if such environments facilitate opportunity and necessity-driven entrepreneurs across class, gender, race, and age divisions.

Entrepreneurship *can* be empowering! What’s the problem?

Few would argue that environments which support both innovative ideas and self-employment would not be welcome. Yet the way in which this advice is crafted, disseminated, and operationalised often fails to recognize diverse economic contexts and escape the mistakes of earlier development policy grounded in neoliberal economic ideology. I focus the critique below on three areas.

1. Youth & the Labour Market

The youth entrepreneurship agenda overlooks other critical factors that need consideration. First, the focus on youth conceals social categories other than age that may be equally or more relevant to understanding experiences with entrepreneurship and development like class, race, or gender ([Sukariah and Tannock 2016](#)). Second, centering on youth entrepreneurship will have limited results without addressing the existing weaknesses of labour markets after years of deregulation.

The second point requires elaboration. The promise of youth entrepreneurship is often tied to solving labour market problems. UNCTAD’s policy framework on entrepreneurship for development claims education should better prepare youth for the demands of the labour market and “inculcate entrepreneurship skills” ([2015](#): 6). This advice is common in policy papers. Yet how exactly can educators better prepare youth? After years of neoliberal deregulation and privatization, labour markets prefer flexible, temporary, and inexpensive labour.

This linkage between entrepreneurship and employment is especially salient in contexts with large youth bulges like many African and Middle Eastern economies which struggle to provide employment for school leavers. However, it fails to recognize the impact of failed employment policies and years of structural adjustment reforms. In fact, the “dramatic impact on wages and

Development Report (AHDR) also highlights youth entrepreneurship. According to the report, the Arab region needs to create more than 60 million new jobs in the next decade in order to absorb youth entering the labour force (32). What remains unclear is what percentage of these jobs should be generated by self-employment, and how much entrepreneurship is practically feasible? Rather than solve the underlying problems of employment conditions, entrepreneurs may simply be joining the ranks of precarious labour market participants in another fashion.

2. Individualism & Responsibility

Empower young people and solve massive employment problems, developing countries are advised. Similar advice is given to millennial graduates in Western contexts who are told that if they cannot find a job in their chosen field, they can create their own (Vogel 2013).

Entrepreneurship centres on the person, their drive, and creativeness. Economies that struggle with high unemployment are advised to encourage entrepreneurship, and this becomes a way that the employment burden shifts from the state to the individual. The state remains involved insofar as it is tasked with laying the necessary ground work, but it is individual tenacity which will create jobs and ultimately contribute to economic growth.

It sounds like an easy fix to poor employment indicators. Yet narratives of individual empowerment and self-employment whitewash the historical record of structural adjustment and austerity. It shifts the responsibility for weak employment outcomes from failed economic policies to labour market participants. The problem is not the encouragement of entrepreneurship, but offloading the shared responsibility for failed economic policies from the international community and national governments onto the shoulders of individuals.

3. Work in a Global Economy & Universal Prescriptions

Supporting entrepreneurship is pitched as a country's "secure investment in empowering its citizens, in long-term well-being and prosperity as well as in building resilience" (UNCTAD 2015). These factors will not emerge from entrepreneurship alone. Policies need to consider changes in the global economy and be cautious of cookie-cutter prescriptions to economic ailments.

The 21st century digital economy, technology change, and globalisation have transformed the world of work, and connect labour markets in multiple ways. Supply and demand dynamics cross borders, and impact transnational labour flows. Global interconnectedness means that advancements or failures in one country can impact economic outcomes in others. For example, a growing Indian economy with more economic opportunities in the high-tech industry necessarily impacts labour-importing economies that rely on the expertise of high-skilled Indian technology workers and entrepreneurs.

same. Because entrepreneurship and SMEs are regarded as the backbone of European economies, providing the bulk of employment, economic, and value-added growth, this experience is viewed as a model ([EU 2016](#) ; [Ennis 2015](#)). This policy prescription is applied across national contexts (developing, emerging, industrialised, resource poor and resource wealthy) with little regard to diverse histories, social practices of economic life, political and economic structures, or the scale and scope of interaction with the global economy. This results in paradoxes in its application to different situations as the two examples below illustrate.

First, entrepreneurship should be recognized where it exists rather than forcing a formalised, idealised image from elsewhere. Developing countries on the African continent as diverse as Rwanda and Tunisia are rife with entrepreneurial promotion. Meanwhile security forces penalise street businesses and informality, often a critical component of self-sustenance in weak economies. The difficulty of doing business remains high while informal micro-enterprises are removed to construct the image of clean, modern urban environments perceived to be earmarks of innovative, fresh economies ([Honeyman 2014](#)).

Second, structural factors that make diversification in resource-dependent economies difficult cannot be resolved by simply encouraging entrepreneurs to create new businesses in the private sector. Innovation does not always follow entrepreneurship. Creating Silicon Valleys requires appropriate and elaborate ecosystems. Moreover, factors like established business interests monopolising sectors and constructing steep barriers to entry need to be addressed ([Ennis 2015](#)). Certainly, innovation is critical to development, growth, and change. However, lip service to innovation under the guise of entrepreneurship promotion will not remedy development challenges and weak employment outcomes if such policies do not recognize governance, institutional, and economic structural issues.

Concluding thoughts

Facilitating entrepreneurship is certainly an important aspect of development policy frameworks, and can absolutely be empowering under the right circumstances. The promotion of entrepreneurship, like other policies for development, must be contextually-grounded and diagnostically-sophisticated ([Rodrik 2010](#)). Moreover, we must not allow this narrative to be conflated with neoliberal discourse justifying the erosion of social protections, or to be part of development prescriptions that fail to address social justice and a fair labour market for all participants, citizens and migrants alike.

Crystal Ennis *is a scholar of international political economy, global governance, and development whose research examines the political economy of dependency on hydrocarbon revenue and migrant labour in Gulf economies. Two central directions guide her research, and bring it into dialogue: (1) development paths alongside the policies and practices of segmented labour markets and migration governance, (2) Gulf states / emerging economies relations. This*

migration to the Gulf, among others.

DISCUSSION:

What are some meaningful ways entrepreneurship can be integrated into development advice? Is entrepreneurship inevitably tied to neoliberal development advice or can it be framed and implemented in new ways that are not contradictory to diversity, equality, social justice, and sustainability? In what ways can entrepreneurship be genuinely empowering? In what ways may the opposite hold true?

Have a say, share your thoughts in the comments below.

Cover image: Secretary-General Ban Ki-moon is interviewed by Kimberley A. Strassel, Editorial Board Member of The Wall Street Journal, during ECO:nomics 2016. UN Photo/Mark Garten, 06 April 2016, Santa Barbara, United States [[via Flickr](#)]

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