

Barrier and Solution Cards for Entrepreneurship: Instructions

These cards can both be used with the '*Behavioural Insights Toolkit for Entrepreneurship programming*', as well as independently, to run workshops and training sessions on behaviourally informed interventions in the field of entrepreneurship.

These cards outline some of the common barriers that can discourage a behaviour or prevent behaviour change in entrepreneurs, as well as some of the main behavioural insights that could be applied to overcome these barriers.

The **barrier cards** can be used to identify and categorise the behavioural barriers that are preventing entrepreneurs to have a specific behaviour that you want to encourage.

The **solution cards** can be used to identify the behavioural insights that could encourage the desired behaviour for entrepreneurs.

Both cards are tools to help you shape behaviour change interventions.

How to play:

1. Define a specific and measurable behaviour that you would like to change within entrepreneurship.

Section 1 of the 'Behavioural Insights Toolkit for Entrepreneurship programming' can help you define it.

2. Shuffle the **barrier cards**. Draw a card from the deck and read it.
3. Take a minute to consider if the behavioural barrier on the card applies to the behaviour you want to change. Use the description on the card to consider how the barrier may apply.

4. Repeat steps 1-3 until you have identified three barriers.
5. Shuffle the **solution cards**. Draw a card from the deck and read it.
6. Take a minute to consider if the behavioural solution on the card applies to the barriers that you have chosen to address. Use the description on the card to consider how the solution may apply.
7. Repeat steps 1-3 until you have identified three solutions that could help you overcome the barriers previously identified.
8. Once you have linked three solution cards to three barrier cards you can start thinking about a behaviourally informed intervention.

Solution

Leverage positive or dynamic social norms



Leverage positive or dynamic social norms

We are more likely to adopt behaviours that are 'normal' or that we think most others are doing. For example, female students in Saudi Arabia who were provided with information about their female peers' (quite high) labour market aspirations reported greater expectations about their own labour market participation. Two types of norms can be communicated to encourage behaviour change: *injunctive* norms describe acceptable or desirable behaviours and *descriptive* norms describe what most others are doing. They need to be used with caution to avoid a backfire effect (such as regressing to undesirable behaviours).

Solution

Adapt loan and grant processes to minimise bias



Adapt loan and grant processes to minimise bias

Women and other underrepresented groups face additional barriers when applying for business finance. For example, in the context of business loans, applying techniques that have shown to be successful in mitigating gender bias in recruitment could help to reduce discrimination against marginalised entrepreneurs. Examples of such techniques include blinding processes, setting specific equality targets, appointing diversity leads / taskforces to hold staff accountable, running structured and skills-based assessments with applicants, and increasing process transparency.

Solution

Simplify application forms

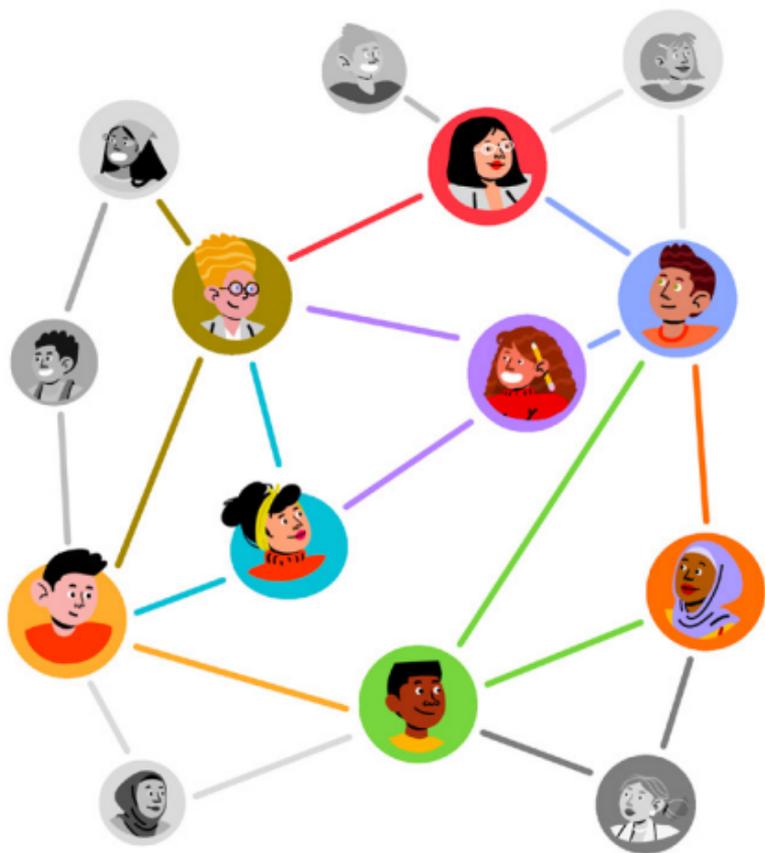


Simplify application forms

Applications for new business registrations, grants, and training courses can often be long, complex, and require information that is not readily at hand. Removing friction and simplifying processes can increase completion. For example, you can remove unnecessary steps or pre-fill application forms with existing data already held by governments and agencies. Streamlining processes have been successful in reducing errors in tax submissions and increasing applications for college aid.

Solution

Create opportunities for structured peer networking



Create opportunities for structured peer networking

Connecting with other business owners can allow an entrepreneur to learn from their peers and identify new opportunities. Facilitate opportunities for entrepreneurs to connect with their peers through networking programmes. Entrepreneurs can be assigned by default to a peer with conversation prompts to ease the interaction. For example, an intensive and focused networking programme in China increased small business revenues by 8.1%. In another study, young manufacturing entrepreneurs in Ethiopia, Tanzania, and Zambia who connected with their peers engaged in more best-practice business formalisation activities.

Solution

Match potential entrepreneurs with relatable mentors



Match potential entrepreneurs with relatable mentors

Timely and effective one-to-one mentorship can encourage people to pursue entrepreneurial activities and develop their business. Mentees should be matched with successful entrepreneurs who come from a similar background and have market-specific localised information that usually isn't available via formal class training. For example, female microenterprise owners in Kenya who were mentored by experienced women entrepreneurs in the same community saw a 20% increase in profits compared to the control group. However, the effects diminished after mentorship finished, so this solution should be supplemented with other strategies.

Solution

Find and expose entrepreneurs to role models



Find and expose entrepreneurs to role models

Role models can influence individuals' choices about whether to become entrepreneurs and their business decisions thereafter. For example, participants in an entrepreneurship programme who were exposed to presentations from successful previous course participants showed a 15% increase in income one year later compared to those with no role model exposure. Role models increased entrepreneurs' confidence, in turn influencing their investment decisions, resulting in better business results. For under-represented groups who have limited role models (e.g. women), exposure is likely to be particularly powerful.

Solution

Set smart defaults



Set smart defaults

People have a strong tendency to follow the pre-set option. Consider whether you can set smart defaults based on 'what works' to improve entrepreneurial outcomes.

For example, you can automatically enrol students into training or mentoring programmes, or default newly registered business owners into receiving support. You can also review existing processes and forms and ensure that any existing defaults are helpful. A default is different to a mandate and it should not limit choice i.e. people should still be easily able to opt-out and choose a different option for themselves if they want to.

Solution

Personalise and customize training and support



Personalise and customise training and support

We are more likely to pay attention and respond to information which is personalised or tailored to us. In one example from Chile, personalised (compared with group) assistance in a training programme increased business income by 15%.

Understanding target groups and their main barriers to entrepreneurship will help to develop customised materials to address these. Personalisation can also be incorporated into communications, for example by including the person's name, which can help attract attention.

Solution

Encourage action planning



Encourage action planning

Action planning has been positively linked to the creation and performance of successful businesses. Encourage entrepreneurs to develop action plans that break down complex goals into small practical steps, and that specify how, when, and where actions should occur. You can also encourage them to include opportunities to monitor progress and gather feedback, so that they can be responsive to changes in the business environment.

Solution

Encourage a personal initiative mindset



Encourage a personal initiative mindset

A personal initiative mindset (being self-starting, future-oriented, proactive, and persistent) can help entrepreneurs to overcome barriers and increase their chances of success. Skills such as exploiting new opportunities, anticipating problems, better overcoming setbacks, and fostering better planning can be taught. Personal initiative training works and can sometimes lead to better outcomes (such as increasing sales and profit) than traditional business training that focuses on basic financial and marketing practices.

Barrier

Missing conceptual models



Does the entrepreneur know what they need to do to start and run a business ?

Missing conceptual models

Starting and running a business venture requires knowledge of what steps are required and how to perform them successfully (e.g. understanding the competitive landscape, identifying a gap in the market, exploring the viability of the product or service, seeking market feedback, choosing the right employees and incentivising them, accessing resources, and developing and growing one's business). When entrepreneurs have little or no conceptual understanding of how to start a business, they may be less successful.

Barrier

Frictions



How complex and demanding is the process that the entrepreneur needs to engage with?

Frictions

Entrepreneurs are often faced with administrative processes and requirements when starting, operating, and growing a business. Real or perceived regulatory complexity may prevent them from undertaking these tasks, despite being initially motivated to complete them. Even small frictions in a process such as one extra step in a form or unnecessarily complex language on a website can make the difference between taking action and not.

Barrier

Lack of self-efficacy



Does the entrepreneur believe they have the ability to succeed?

Lack of self-efficacy

Self-efficacy is the belief that one has the necessary abilities and skills to succeed. Entrepreneurs' self-perceptions influence how interested and likely they are to start a business, and how motivated and likely they are to succeed at it. It also impacts their perceived control, how much stress and self-blame they experience, and how long they persevere for. Finally, it predicts the scope of career options and occupational interests considered (especially for girls and women).

Barrier

Poor goal-setting



Does the entrepreneur
set ambitious goals for their
business?

Poor goal-setting

Setting goals and committing to them affects performance because they focus attention and lead to greater efforts and persistence.

Entrepreneurs who set specific and challenging growth goals for their ventures (e.g., regarding sales and employment) achieve higher growth rates and new venture survival rates.

Goal-setting can also increase and nurture motivation among prospective entrepreneurs.

Barrier

Choice overload



Does the entrepreneur have too many choices available?

Choice overload

Having too many choices available in any given situation can impact the decision-making process because it takes more time and effort to choose. We have limited cognitive resources to process complex information and to weigh up pros and cons. When it takes too much time and effort to decide, entrepreneurs may stick to the status quo and the default option - even if it's not in our best interests. They may also defer or avoid making this decision altogether, or make poor decisions because of decision fatigue.

Barrier

Feeling helpless



Does the entrepreneur feel
helpless and discouraged when
they fail?

Feeling helpless

Business ventures are associated with high risks and therefore high failure rates. Repeated failure may negatively impact a person's perceived ability to solve a given task and lead to a lack of motivation to even try. When faced with repeated failure, entrepreneurs may become discouraged and give up on their entrepreneurial endeavours. Feeling helpless may worsen the entrepreneur's performance and lead to higher exit rates.

Barrier

Scarcity mindset



Are the entrepreneur's decision-making abilities affected because of pressing needs ?

Scarcity mindset

Poverty and associated stressors can be a source of cognitive load, leading people to 'tunnel' their attention towards their most pressing needs (such as food or money), leaving limited mental bandwidth for other important issues. Entrepreneurs who face this 'scarcity mindset' may be less able to focus on business activities, especially those that involve planning for the future. As a result, they can make suboptimal decisions (e.g. not saving enough, overborrowing, or not investing enough in education). Unnecessarily complicated processes may therefore particularly discriminate against entrepreneurs from low income or otherwise marginalized backgrounds.

Barrier

Negative emotions



Does the entrepreneur experience negative emotions that impede performance?

Negative emotions

The uncertainty of entrepreneurial environments can make people more susceptible to negative emotions such as stress, fear of failure, loneliness, mental strain, and grief. These emotions may cause severe emotional strain and impede one's ability to perform at their best. If entrepreneurs are too afraid of failing, for instance, their likelihood of starting a new venture decreases. Entrepreneurs need suitable coping strategies to manage these emotions, such as cognitive reappraisal of a situation to lessen its emotional impact.

Barrier

Self-identity



Does the entrepreneur
think of themselves as an
entrepreneur?

Self-identity

Self-identifying as an entrepreneur is an important motivator of entrepreneurial activity (beyond monetary incentives which are often low and/or uncertain). When 'being an entrepreneur' is central to a person's identity, they experience more *entrepreneurial passion* and work harder to pursue their business goals. Individuals who have been socialised in an entrepreneurial environment (through parental and peer influence) and identify with the prevailing values of these groups are more likely to start a venture themselves. Because entrepreneurship is often associated with masculine norms of success, women may find it harder to strongly identify as entrepreneurs.

Barrier

Optimism and overconfidence bias



Does the entrepreneur
overestimate their chances of
success?

Optimism and overconfidence bias

Overconfidence or optimism bias is the tendency to overestimate one's abilities and chances of success. Optimism is required for entrepreneurs to believe in the feasibility and success of their enterprise and provides impetus for them to start their business. But too much confidence or optimism may be a barrier to success, especially later in the entrepreneurial process. It can lead entrepreneurs to set unrealistic goals, overestimate the demand for their products and services; underestimate risks or the competitive response, ignore important cues that a business venture may fail, make flawed decisions, and persist with unsuccessful strategies longer than is helpful.

Barrier

Lack of support from family and friends



Does the entrepreneur have support from family and friends?

Lack of support from family and friends

Support from close friends and family, including spouses, in-laws), relatives and friends and peers, as well as mentors and close business contacts, can provide access to human and financial capital. These strong affective ties are particularly important during the emergence phase of an enterprise and can help entrepreneurs access input, knowledge and resources that lead to improved performance and potential customers. Emotional support (i.e. the provision of reassurance and encouragement) can also reinforce self-esteem and reduce work-life conflict. The lack of such support is a particularly strong barrier for women, who are often carrying more care responsibilities and may not identify as strongly as entrepreneurs.

Barrier

Lack of networks



Does the entrepreneur
have many acquaintances
and/or connections?

Lack of networks

Weak ties or acquaintances (such as former employers, co-workers, bankers, venture capitalists, etc.) are important to acquire insights, advice and material benefits, and to access alternative sources of capital. They are particularly important for newly established or mature businesses. Not having enough weak ties may impede an entrepreneur's ability to discover and identify new business opportunities, gather resources and establish their venture within the market. The lack of these economic and instrumental ties is especially challenging for youth and women entrepreneurs.

Barrier

Negative and harmful stereotypes



How do negative stereotypes harm entrepreneurs' prospects and/or activities?

Negative and harmful stereotypes

Gender stereotypes, whether explicit or implicit, affect women's aspirations to become entrepreneurs, but also affect the decision-making of suppliers, clients and other members of entrepreneurs' networks and make financing or growing their business more difficult.

Women are associated with gender-based stereotypes (e.g. personality traits such as being emotional, or behaviours such as being expected to take on domestic roles) which can lead to gender-based discrimination towards women from institutions and clients (e.g. investors being less likely to provide finance to women). Some traits are generally perceived as positive in male entrepreneurs (e.g. confidence) but negative for women.

Barrier

Implicit bias



Does implicit bias get in the way of accessing finance or resources for certain groups?

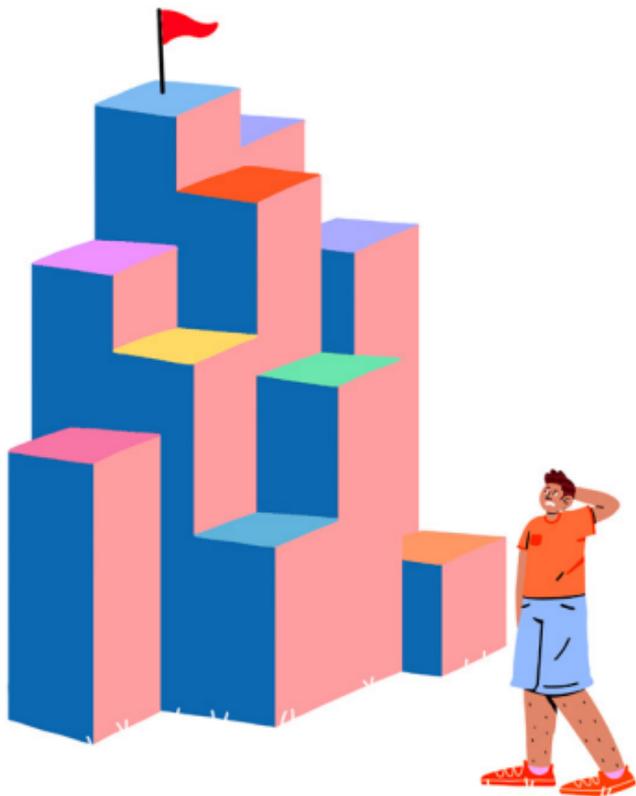
Implicit bias

Implicit bias, which can be based on stereotypes and attitudes, affects our behaviours and actions and can impede women's ability to access finance to uptake or grow their ventures.

Financial capital is an important prerequisite for entrepreneurial activity. Yet, the lack of fair access to financial resources (loans, credits, investments etc) is a particularly strong barrier for youth, women and minority entrepreneurs. Implicit gender bias has been found in loan officers, which can lead to lesser likelihood of receiving credit or higher interest rates. Implicit bias is subconscious and automatic - people may not be aware that they are biased against women entrepreneurs.

Barrier

Planning fallacy



Have entrepreneurs adequately planned for how they will achieve their goals?

Planning fallacy

Entrepreneurs may be full of good ideas and big intentions, but one key finding from behavioural science is that intentions do not always translate into action. One common reason for this is the *planning fallacy*, the tendency for people to underestimate the time, effort or risk required for an action.

When entrepreneurs don't have plans - particularly specific, action-focused plans - to calibrate these estimations, they are less likely to follow through on their goals and succeed in their business endeavours.