The Missing Entrepreneurs 2019

POLICIES FOR INCLUSIVE ENTREPRENEURSHIP

OECD

European Commission

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Preface by the OECD

Many people in OECD countries remain excluded from the labour market where wage inequality is rising. Entrepreneurship must be part of the solution. Entrepreneurs innovate, finding new solutions to social and economic problems, they identify and exploit growth opportunities, they provide jobs for themselves and others, and with good projects they generate good incomes. But for the full potential of entrepreneurship to be achieved for growth, innovation and inclusion, entrepreneurship needs to be a feasible opportunity for all people, whatever social group they come from, including those currently unemployed and inactive. Today this is not the case. The share of the population involved in entrepreneurship, and particularly entrepreneurship with innovation and growth prospects, is lower for many groups such as women, youth, migrants and the formerly unemployed, who tend to face greater barriers in areas such as skills, finance, networks and institutions. We need to break down the barriers to entrepreneurship for all populations, so that we can tap into the creativity, dynamism and innovation of more people.

Inclusive entrepreneurship policies can play an important role in giving more people the chance to be entrepreneurs and seek to support the creation of sustainable businesses by people belonging to groups that are under-represented in entrepreneurship. Reports such as *the Missing Entrepreneurs* have an important role in raising the profile of these challenges and advising governments on potential actions. The new *Better Entrepreneurship Policy Tool* (www.betterentrepreneurship.eu) goes even further by providing an interactive self-assessment exercise and learning materials for policy makers to help them strengthen the design and implementation of inclusive entrepreneurship policies.

This edition of *the Missing Entrepreneurs* includes updated data on the trends in self-employment and entrepreneurship activities by women, youth, seniors, the unemployed and immigrants. We can see that the composition of entrepreneurs in the European Union is changing, notably that more women are becoming self-employed. The number of self-employed women increased by 4.3% over the past decade whereas the number of self-employed men declined by 4.9%. Moreover, the self-employed population is aging in the European Union as the population ages. The number of self-employed seniors (50-64 years old) increased by nearly 20% between 2009 and 2018.

This report also looks at the potential for leveraging the opportunities created by digital transformation to increase the scope of entrepreneurship for these population groups. Digital transformation is having a growing impact on the daily operations of businesses and the self-employed, yet only 2% of SMEs in the European Union are taking full advantage of the digital economy. Policy makers are therefore exploring what can be done to help more entrepreneurs and SMEs leverage the potential of the digital economy, including tailored schemes to support entrepreneurs from under-represented and disadvantaged groups. Policy makers must monitor and evaluate these schemes so that we can learn about what works and what does not. The report also examines a related issue, business growth by entrepreneurs from population groups that are disadvantaged and under-represented in entrepreneurship. Businesses that transform into larger businesses are important for economies because they are responsible for a disproportionate share of job creation and innovation. While very few entrepreneurs are successful at achieving high-

growth for their businesses, women, youth, seniors, immigrants and those starting from unemployment are even less likely to do so.

The OECD would like to thank the European Commission for their partnership on this important programme of work. Together we have built up an evidence base on entrepreneurship activities undertaken by people who face the greatest challenges in the labour market, and on the various policy approaches to facilitate inclusive entrepreneurship. We are committed to continue offering national, regional and local policy makers sound evidence and tools to design and implement effective inclusive entrepreneurship policies and programmes.

Lamia Kamal-Chaoui

Director,

Centre for Entrepreneurship, SMEs, Regions and Cities, OECD

Preface by the European Commission

This joint OECD/EU publication is released at a moment in time where global overarching issues such as climate change, social fairness, technological changes and ageing need appropriate policy answers more than ever. Policy makers stand at a crossroads and should now take the turn to a well-thought-through mix of sustainable and socially fair policies.

Policies supporting entrepreneurs should be part of the mix as we need entrepreneurial innovators to come up with new solutions to help tackling the global challenges we are faced with as citizens. There is an undeniable link between strong economies, prosperity, social fairness and sustainable development. In other words, we need an economy that works for people.

Entrepreneurship and self-employment increasingly receive attention in Commission policies. The European Pillar of Social Rights, the compass for upward convergence in the EU, sets encouraging entrepreneurship and self-employment as one way of bringing about secure and adaptable employment. Relatedly, the Commission proposal for a Council Recommendation on social protection seeks to encourage Member States to ensure that everyone who works has access to social protection coverage and employment services based on their contributions.

We need to mobilise all entrepreneurial talent in all its forms. This encompasses the solo self-employed, those running or owning a business, and entrepreneurial thinking among employees. A widespread development of entrepreneurial mind-sets and culture benefits individuals and society as a whole. This is why this report focuses on inclusive entrepreneurship policies, which aim at reaching the target groups (e.g. women, migrants, youth, seniors) for whom the usual barriers to start and grow a business are even larger than average.

I thank the OECD for its partnership on the inclusive entrepreneurship policies work programme. We hope that local, regional and national authorities, as well as social partners, and civil society at large will read and use this report. It is intended to provide inspiration and advice for developing strong policies and programmes that provide support for everyone interested in entrepreneurship, irrespective of their background. The joint OECD/EU website Better Entrepreneurship Policy Tool is another place where policy-makers and stakeholders can find relevant material to make their entrepreneurship policies more inclusive and social. Building an inclusive, fair and competitive European Union is a joint responsibility that we all share.

Joost Korte

Director-General,

Directorate General for Employment,
Social Affairs and Inclusion,
European Commission

Foreword

Inclusive entrepreneurship policies seek to give everyone an opportunity to create a successful and sustainable business, regardless of their gender, age, place of birth, work status or other personal characteristics. This is an important requirement for achieving a new type of growth that is more inclusive, sustainable and people-centred. Expanding entrepreneurship can create jobs, fight social and financial exclusion, leverage technologies and help respond to economic challenges. Among the key targets of inclusive entrepreneurship policies and programmes are women, immigrants, youth, seniors, the unemployed, and people with disabilities, who all continue to face challenges in the labour market and are under-represented or disadvantaged in entrepreneurship. *The Missing Entrepreneurs* series of publications of the Organisation for Economic Co-operation and Development (OECD) and the European Union discuss how public policies and programmes can support inclusive entrepreneurship. This includes:

- Refining regulatory and welfare institutions;
- Facilitating access to finance:
- Building entrepreneurship skills through training, coaching and mentoring;
- Strengthening entrepreneurial culture and networks for target groups, and;
- Putting strategies and actions together for inclusive entrepreneurship in a co-ordinated and targeted way.

Governments are increasingly recognising the challenge of inclusive entrepreneurship, but there is still much to do to spread good practice.

This fifth edition of *The Missing Entrepreneurs* has three parts. Part I presents data on the level and quality of self-employment and entrepreneurship activities by key social target groups such as women, immigrants, youth, seniors and the unemployed, as well as on the barriers that they face. Part II contains two chapters that examine timely policy issues, namely the potential for digital entrepreneurship to make entrepreneurship more inclusive and helping entrepreneurs from disadvantaged groups create businesses with growth potential. Finally, Part III provides a snapshot of inclusive entrepreneurship policy in each European Union Member State. Each Country Profile presents recent trends in self-employment and entrepreneurship activities by women, youth and seniors, as well as the key policy issue and recent policy developments. Key inclusive entrepreneurship indicators are also included in each country profile.

This edition also contains several new features. The data chapters are expanded to include new sources, including more data on start-up financing for women. The chapters with data and indicators also contain new country spotlight examples to showcase more detailed indicators from national-level research.

Complementary to the Missing Entrepreneurs series, the OECD and European Union have produced a new online tool for policy makers to help them design and implement inclusive and social entrepreneurship policies and programmes. *The Better Entrepreneurship Policy*

Tool (https://www.betterentrepreneurship.eu/) provides an interactive platform for learning from and engaging with other policy makers from around the EU and beyond. This collaboration also produces policy briefs, country-level policy reviews and capacity building seminars.

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Acknowledgements

This report is the fifth edition in the series of Missing Entrepreneurs reports produced through an ongoing collaboration on inclusive entrepreneurship policies between the Centre for Entrepreneurship, SMEs, Regions and Cities (CFE) of the Organisation for Economic Co-operation and Development (OECD) led by Lamia Kamal-Chaoui, Director, and the Directorate General for Employment, Social Affairs and Inclusion (DG EMPL) of the European Commission, led by Joost Korte, Director-General.

This report is part of the programme of work of the OECD Local Economic and Employment Development (LEED) Programme within the CFE, led by Karen Maguire, acting Head of the Local Employment, Skills and Social Innovation Division. It was approved by the Local Economic and Employment Development Committee in November 2019.

The report was prepared by David Halabisky, Economist, under the direction of Jonathan Potter, Head of the OECD CFE Entrepreneurship Policy and Analysis Unit. Contributions were made by Cynthia Lavison of the Entrepreneurship Policy and Analysis Unit, as well as Sebastian Ptok, Susanne Schlepphorst and Friederike Welter of IfM Bonn, Karl Wennberg of Linköping University, and Michel Elmoznino Laufer of the Stockholm School of Economics. Research assistance was provided by Victor Backer Gonzalez of the Entrepreneurship Policy and Analysis Unit.

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Reader's Guide

Contents and structure

This publication consists of three main parts. Part I contains cross-country data on entrepreneurship and self-employment indicators, including activity rates, characteristics and barriers to business creation. Data are presented in five chapters, each covering one of the key target groups of inclusive entrepreneurship policy: women (Chapter 2), youth (Chapter 3), seniors (Chapter 4), the unemployed (Chapter 5) and immigrants (Chapter 6). To the extent possible, these chapters present harmonised data for European Union and OECD countries.

Part II of the publication contains two thematic chapters that focus on two policy issues, namely the potential for public policy to support digital entrepreneurship for people from under-represented and disadvantaged groups (Chapter 7) and the potential for public policy to improve the scale-up potential of businesses started by entrepreneurs from under-represented and disadvantaged groups (Chapter 8). Each chapter presents the key issues and policy challenges, examples of potential policy approaches and advice for policy makers.

Part III presents country profiles for each European Union Member State. These profiles present current policy priorities related to inclusive entrepreneurship and highlight some of the recent policy actions taken to strengthen inclusive entrepreneurship. Each profile also contains key inclusive entrepreneurship indicators for each country, benchmarked against the European Union average.

The section below describes the main data sources used for Parts I and III of the publication.

Key data sources

It is important to note that since this book draws on several data sources, the concepts and definitions used in the different sources are not always consistent. Efforts have been made to harmonise the data reported to the greatest extent possible but differences remain. The figures and text clearly highlight the definitions presented and discussed.

This section provides information on the main data sources used in this book. It also provides methodological notes and explains the key statistical concepts used. Links and references are provided for readers who wish to obtain further information.

OECD-Eurostat Entrepreneurship Indicators Programme

The OECD-Eurostat Entrepreneurship Indicators Programme (EIP), jointly conducted by the OECD Statistics Directorate and Eurostat, is aimed at the development of policy-relevant and internationally-comparable indicators of entrepreneurship to support analytical and policy work on entrepreneurship (Box 1). To that purpose, the programme has developed a *framework for addressing and measuring entrepreneurship* and a *methodology for the production of harmonised entrepreneurship statistics* (Box 2). The

framework introduces a conceptual distinction between entrepreneurial performance (i.e. how much entrepreneurship, what type), the determinants of entrepreneurship (i.e. what factors affect entrepreneurial performance), and the social and economic impacts of entrepreneurship.

Box 1. The OECD-Eurostat definition of entrepreneurship

The OECD-Eurostat Entrepreneurship Indicators Programme, launched in 2006, has developed definitions of the entrepreneur, entrepreneurship and entrepreneurial activity for the purpose of supporting the development of related indicators. The programme acknowledges the contention and different perspectives between researchers who confront this issue. It deliberately adopts a pragmatic approach based on two principles, relevance and measurability. Importantly, the definitions set out by the OECD and Eurostat emphasise the dynamic nature of entrepreneurial activity and focus attention on action rather than intentions. They are proposed to guide the collection and analysis of data sets:

- *Entrepreneurs* are those persons (business owners) who seek to generate value, through the creation or expansion of economic activity, by identifying and exploiting new products, processes or markets.
- *Entrepreneurial activity* is the enterprising human action in pursuit of the generation of value, through the creation or expansion of economic activity, by identifying and exploiting new products, processes or markets.
- *Entrepreneurship* is the phenomenon associated with entrepreneurial activity.

These definitions differentiate entrepreneurial activity from "ordinary" business activity, and additionally:

1. Indicate that corporations and other enterprises can be entrepreneurial, though only the people in control and owners of organisations can be considered entrepreneurs;
2. Emphasise that entrepreneurial action is manifested rather than planned or intended;
3. Do not equate entrepreneurial activity with the formation of any particular "vehicle", whether formal, such as an incorporated entity, or informal, although they do allow measurement to reflect particular vehicles as embodying entrepreneurial activity, and;
4. Although defined in the context of businesses they incorporate economic, social and cultural value-created.

Source: (Ahmad and Seymour, 2008[4])

A feature of the programme, which clearly differentiates the EIP from other international initiatives, is the direct involvement of the National Statistical Offices (NSOs) of OECD, other European Union and partner countries in the production of harmonised statistics on entrepreneurship. Thus far, the production has concerned a core set of indicators of entrepreneurial performance, namely business demography statistics on the birth, death, survival and growth of enterprises, as well as statistics on the contribution of firm births and deaths to employment creation and destruction. The official statistics are produced annually by the NSOs, according to the methodology of the *Eurostat-OECD Manual on*

Business Demography Statistics (Eurostat and OECD, 2007[1]). The database covers approximately 25 countries and is updated annually (*http://stats.oecd.org/*).

As a long-term programme, the EIP has been designed to respond to emerging information needs expressed by policy makers and the research community. From that perspective, the programme has recently addressed the question of measuring green entrepreneurship and started a collection of indicators for women entrepreneurship. Also, to respond to the request for up-to-date, quarterly information, the programme has developed a new series of "Timely Indicators of Entrepreneurship", which provide recent trends in new firm creations and bankruptcies. In the area of determinants, the EIP has undertaken research to deepen the understanding of the international comparability of venture capital data.

The publication *Entrepreneurship at a Glance* presents the main results and developments of the EIP (OECD, 2017[2]), and the data are also included in the *OECD SME and Entrepreneurship Outlook 2019* (OECD, 2019[3]).

Box 2. The Entrepreneurship Indicators Programme (EIP) framework for addressing and measuring entrepreneurship

The EIP recognises that no single indicator can adequately cover the complexity of entrepreneurship, and therefore it has developed a set of measures to capture different aspects or different types of entrepreneurship. These measures are indicators of entrepreneurial performance and are conceived to assist the analysis of key questions such as: What is the rate of creation of new businesses in a country? How many jobs do they create? How many start-ups survive in the first years following creation? Will young firms innovate or export? Are there more firms created by men or women? Do they set up businesses in the same sectors?

Also, the programme takes a more comprehensive approach to the measurement of entrepreneurship by looking not only at the manifestation of the entrepreneurial phenomenon but also at the factors that influence it. These factors range from market conditions and regulatory frameworks, to culture and the conditions of access to finance. Some of the determinants are more easily measured (e.g. the existence and restrictiveness of anti-trust law or the administrative costs to set-up a new business in a country), while for other determinants the difficulty resides in finding suitable measures (e.g. venture capital and angel capital) and/or in comprehending the exact nature of their relationship with entrepreneurship (e.g. culture). The EIP aims to advance research on these less understood, less measurable determinants of entrepreneurship.

Source: (OECD, 2017[2])

Eurostat Labour Force Survey

The Eurostat Labour Force Survey (LFS) is a monthly household survey in all EU Member States that captures information on labour market activities (Eurostat, 2019[5]). It is the largest European household sample survey, providing quarterly and annual results on persons aged 15 and over, on persons inside and outside the labour market. The sample size is about 1.8 million persons per quarter. Data collection is through individual interviews and proxy interviews (i.e. an interview with another person in the household) are allowed in most countries. Only private households are included in the published data.

This report focuses on the self-employment data available from the Labour Force Survey. Eurostat defines self-employed people as those who work in their own business, farm or professional practice and receive some form of economic return for their labour. This includes wages, profits, in-kind benefits or family gain (for family workers). Volunteer workers are excluded from this definition. The purpose of the business has no bearing on the self-employment status of individuals; in other words the business could have profit motives or be a non-profit or social enterprise.

It is possible for self-employed workers to own a business with one or more people. This does not have an impact on their status as a self-employed person as long as they are working directly for the business. In these cases, there could be more than one self-employed person in the same business. For example, each member of a partnership would be counted as self-employed as long as the business was their principal labour market activity. However, business owners are excluded from the count of self-employed people if they are not involved in the day-to-day operation of the business.

There are different self-employment concepts:

- Own-account self-employed are those self-employed people that do not have other employees working for them;
- Employers are self-employed people that have employees;
- The self-employment rate is defined as the number of self-employed people, both own-account self-employed and employers (i.e. self-employed people with employees), relative to the number of employed people.

Box 3. LFS ad-hoc module on self-employment

Since 1999, Eurostat has used "ad hoc modules" to collect complementary information on selected themes. These modules add up to 11 variables to the core survey on a clearly defined labour market relevant topic. Topics are select in co-operation between the National Statistical Institutes, various policy Directorate Generals of the European Commission and Eurostat, on the basis of policy and analysis needs.

The main aim of 2017 ad-hoc module was to provide important information on the self-employed and on persons in an ambivalent professional status (at the border between employment and self-employment) in order to complement information from the core LFS.

Source: (European Union, 2018[6])

For more information on the Eurostat Labour Force Survey, please refer to: http://ec.europa.eu/eurostat/web/labour-market/methodology.

The Global Entrepreneurship Monitor

The Global Entrepreneurship Monitor (GEM) is an international initiative that measures entrepreneurship activities and attitudes around the world through annual surveys of the adult population (ages 18 and older) in participating countries.

It provides responses from interviewed adults on their reported attitudes towards entrepreneurship, their pre-start-up activities, their work on the initial phase of their firm, their involvement in the established phase of the firm and their business closures. Since 1999, nearly 100 countries have been surveyed.

Unlike business enterprise surveys, the GEM surveys people so it can identify those involved in different phases of entrepreneurship. Since the unit of analysis in this survey is the individual rather than the enterprise, it allows for the collection of information on entrepreneurial motivations, aspirations and other individual characteristics (Box 4).

Box 4. Distinctions between self-employment, business creation and ownership data

The self-employment data presented in this book come from the Eurostat Labour Force Survey. Those data cover owner-managers of businesses who pay themselves profits or salaries from work that they undertake on their own account in the business and who declare themselves as self-employed. Self-employment data pick up people who generally employ only themselves or very few people in non-incorporated businesses. People running larger incorporated businesses generally do not declare themselves self-employed because they appear on the payrolls of their businesses and are considered employees. The data also exclude individuals who are in the process of setting up a business but have not yet realised its creation and business owners who are not active in the day-to-day operations of the business.

Other data in this book come from the Global Entrepreneurship Monitor. These data cover individuals who report that they are actively trying to start or are already operating their own business or any type of self-employment or selling goods or services to others.

This is a broader definition than that used for the self-employment data. Self-employed people are included together with all other types of business owners. In particular, owner-managers of incorporated businesses are included here, whereas they are excluded from the self-employment data. The Global Entrepreneurship Monitor also includes individuals who may be running businesses as a secondary activity, whereas the data from the Labour Force Survey report on the principal labour market activity. Therefore, the self-employment counts will only capture those who spend more time in self-employment than employment, whereas the GEM data include part-time entrepreneurs.

Overall, the GEM survey covered 49 countries in 2018, the most recent year for which data are available. To improve the reliability of the results for the different social target groups (i.e. men, women, youth and seniors), data presented in this report were pooled (i.e. combined) for each country over the years 2014 to 2018.

Over the 2014-18 period, 26 of the 28 EU Member States participated in the survey in at least one year and 13 participated in all years. The Member States that did not participate in the GEM survey during this period were Czech Republic and Malta. The total sample size for European Union Member States for this period was 364 928.

Among the 36 OECD countries, 33 participated at least once between 2014 and 2018 and 16 participated in all years. Those countries that did not participate were Czech Republic, Iceland and New Zealand. The total sample size for OECD countries for this period was 430 272.

Survey responses are weighted by age and gender to make the results representative of the national populations. The averages for the European Union and OECD were computed using weighted country averages for the period.

Several GEM indicators are presented in this report:

- The *Nascent Entrepreneurship Rate* is the proportion of the population that is actively involved in setting up a business they will own or co-own; this business has not paid salaries, wages or any other payments to the owners for more than three months.
- The *New Business Ownership Rate* is the proportion of the population that is currently an owner-manager of a new business that has paid salaries, wages or any other payments to the owners for more than three months, but not more than 42 months.
- The most well-known measure that the GEM publishes is the *Total Early-stage Entrepreneurial Activity (TEA) Rate,* which is the sum of the proportion of the population involved in nascent entrepreneurship activities and those who have started new business within the last 42 months. This is a measure of the stage in advance of the start of a new firm (nascent entrepreneurship) and the stage directly after the start of a new firm (owning-managing a new firm).
- The GEM's *Established Business Ownership Rate* measures the proportion of the population that is currently an owner-manager of an established business that has paid salaries, wages or any other payments to the owners for more than 42 months. This measure provides information on the stock of businesses in an economy.

For more information on methodologies used by the Global Entrepreneurship Monitor, please see (Global Entrepreneurship Monitor, 2019[7]).

Future of Business Survey

The Future of Business Survey was a survey launched in February 2016 by Facebook, the OECD and the World Bank.

The Facebook Survey Team administers the survey to managers and owners of Facebook-designated small business pages twice per year in more than 90 countries. Target sample size ranges between 200 and 400 enterprises per country, depending on the size of the Facebook page owners' population. The survey sample is a simple random sample; sampling errors are within the standard margins. Country samples are not stratified; shares present unweighted data with respect to enterprise size, age and economic activity. The sample is meant to reflect the population of businesses on Facebook, and not the business population in general.

For more information, please refer to (Facebook, 2019[8]).

Flash Eurobarometer No. 438: The use of collaborative platforms

The Flash Eurobarometer survey "The use of collaborative platforms" was used to collect information on the perceptions, attitudes and practices of EU citizens as part of a European

Commission assessment of the regulatory framework for collaborative platforms. The survey examined the level of awareness and frequency of use of collaborative platforms, including a focus on the use of platforms to provide services in EU countries. It also inquired about views on the main advantages and disadvantages of collaborative platforms compared to traditional ways of buying and selling goods or services.

This survey was carried out in the 28 EU Member States on 15 and 16 March 2016. 14 050 respondents from different social and demographic groups were interviewed via telephone (landline and mobile phone) in their mother tongue on behalf of the European Commission, Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs.

For more information, please refer to (European Commission, 2016[10]).

OECD country-level inclusive entrepreneurship policy assessment notes

The OECD Centre for Entrepreneurship, SMEs, Regions and Cities prepares regular notes (every one or two years) on inclusive entrepreneurship policies and programmes in each of the 28 EU Member States, with support from the Directorate-General for Employment, Social Affairs and Inclusion of the European Commission. Each note provides an overview and assessment of policies and programmes that support people from under-represented and disadvantaged groups in business creation and self-employment, and offers suggestions on how to address gaps in the support system and to improve the quality of available support offers. The notes cover national-level policies and programmes and, where relevant, sub-national initiatives and actions by the non-governmental sector.

For more information and to access the collection of notes, please visit: https://www.oecd.org/cfe/smes/inclusive-entrepreneurship-policies-country-assessment-notes.htm.

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Executive summary

Inclusive entrepreneurship is an integral part of inclusive growth. Business creation by people from under-represented and disadvantaged groups (e.g. women, youth, seniors, immigrants, the unemployed) helps generate jobs, thereby fighting social and financial exclusion while stimulating economic growth. Inclusive entrepreneurship policies and programmes aim to address market and institutional failures preventing equal opportunities in entrepreneurship for those with realistic potential, regardless of origin.

Policy needs to start early to reduce the gender gap in entrepreneurship

Women are almost half as likely as men to be involved in starting a new business. Between 2014 and 2018, 2.9% of women and 5.3% of men in the European Union (EU) (5.3% of women and 7.9% of men in OECD countries) were actively working to start a business. There is also a substantial gender gap among those who are already self-employed. In 2018, women were about 60% as likely as men to be self-employed in the EU and this gender gap starts young. Young women (20-29 years old) were also about 60% as likely to be self-employed as young men. While the gender gap closed slightly across all age groups since 2002, it is due to a decline in male self-employment rather than growth in female self-employment.

Women entrepreneurs tend to operate different types of businesses than men (e.g. different sectors, work fewer hours) and only 23.3% of self-employed women in the EU had employees in 2018 compared to 30.9% of men. These differences are explained by many factors, including greater barriers faced in the areas of skills and finance (e.g. women entrepreneurs are only 75% as likely as men to report using bank financing). Unsupportive social attitudes can also reduce the ambitions and intentions of women entrepreneurs. Policy needs to do more by cultivating women's entrepreneurial aspirations, addressing market failures in the areas of skills and finance, and improving access to networks and support for growth-oriented entrepreneurs.

Senior entrepreneurship holds promise for longer working lives

Seniors are the largest group of self-employed people in the EU. In 2018, 14.5 million self-employed people were over 50 years old, accounting for 48% of all self-employed people. This number has grown rapidly over the past decade, especially among those aged 65-74 years old, and this growth will continue as the population ages. More than 31% of these self-employed seniors employ others, so policy makers will need to support business transfers as they retire to prevent the loss of these businesses and jobs. Furthermore, an ageing population puts growing stress on pension and healthcare systems. Entrepreneurship offers an opportunity to extend meaningful working lives, reducing some of these pressures. Policy can do more to raise awareness about this potential and encourage more senior entrepreneurs to use their experience to support other entrepreneurs.

Immigrant entrepreneurs more likely to create businesses that employ others

Immigrants are another rapidly growing group of entrepreneurs. The number of self-employed immigrants in the EU has nearly doubled since 2002, increasing from 1.9 million to 3.6 million in 2018. While most of this increase is due to growth in the immigrant population more generally, immigrants are about one percentage point more likely to be self-employed than one decade ago. Nearly one-third of these self-employed immigrants are job creators, which is slightly below the proportion of non-immigrants. Moreover, this share is trending downwards. Policy makers need to ensure that this entrepreneurial talent is harnessed by adapting policies and programmes to the needs of immigrant entrepreneurs, notably by providing language training and supporting the development of stronger entrepreneurship networks.

Youth have high ambitions for entrepreneurship

While nearly half of youth express an interest in entrepreneurship, only 4.7% of youth in the EU (7.4% in OECD countries) were actively trying to start a business between 2014 and 2018. Those who successfully start a business tend to be more growth-oriented than older entrepreneurs. About 11.1% of new youth entrepreneurs in the EU (14.6% in OECD countries) reported that they expected that their new business would create at least 19 jobs over the next five years compared to 9.8% (13.5% in OECD countries) of new entrepreneurs overall. Yet, business survival rates for youth entrepreneurs tend to be low and few create jobs for others. Policy makers could do more to help youth entrepreneurs create sustainable businesses by supporting innovative ideas, which will increase the chances of success.

Entrepreneurship is a path out of unemployment

In 2018, 567 600 people in the EU who were unemployed in the previous year started a business, accounting for about 2.5% of the unemployed. This proportion has declined slightly since the economic crisis (2.8% in 2008 and 2009). Nonetheless, this signals some potential for the unemployed to return to work through business creation. However, it is important for policy makers to offer pathways to business creation for the unemployed quickly since interest in business creation is highest for those who have been unemployed for short periods of time.

Can digital entrepreneurship increase inclusiveness?

Digital entrepreneurship may help make entrepreneurship more inclusive with advantages like low start-up costs and access to wider markets through the internet. However, women, youth and seniors are under-represented among digital entrepreneurs in the EU due to several factors including few digital entrepreneurship role models and lack of digital skills. These challenges appear to affect seniors and women disproportionately – only 51% of men and 42% of women between 55 and 75 years old use computers daily. These digital barriers compound traditional barriers to business creation faced by these groups.

Policy makers must do more to address these digital-specific barriers in parallel to addressing traditional barriers to business creation, including building both digital and entrepreneurial skills. It is also critical to foster the development of stronger networks so that digital entrepreneurs can improve their access to funds, opportunities, clients, partners and suppliers. These actions need to be complemented with broader initiatives aimed at

improving digital connectivity, stimulating digital innovation, and strengthening the regulatory environment for digital businesses.

Improving the growth potential of entrepreneurs from under-represented groups

Most country-level evidence shows that entrepreneurs from under-represented and disadvantaged groups are, on average, less likely to operate high-growth firms because they lack the skills, networks and access to finance needed for growth. However, they are also less likely to express motivation to grow their business. For example, between 2014 and 2018, new female entrepreneurs in the EU were only 44.7% as likely as new male entrepreneurs (57.5% in OECD countries) to expect to create at least 19 jobs over the next five years. For inclusive entrepreneurship, the concept of scale-up should be extended beyond rapid employment and revenue growth to include less dramatic growth. This approach also provides social impacts including job creation and is more achievable for a wider range of entrepreneurs.

Dedicated policy actions have been introduced internationally to address the barriers to scale-up, often targeting women and youth entrepreneurs. However, these schemes need to be better linked to other business support such as incubators and accelerators. Policy also needs to do more to build growth ambitions among under-represented groups using inspiring role models from the target group populations and provide more business management training for groups with sufficient programme demand (e.g. women, youth). Access to finance for business growth can be improved by supporting dedicated business angel networks and addressing gender biases in risk capital decision-making.

How can policy better support under-represented entrepreneurs?

Recent developments in inclusive entrepreneurship in the EU focus on improving access to parental supports for the self-employed and strengthening youth entrepreneurship programmes, particularly among students in higher education. Overall, inclusive entrepreneurship programmes need to better respond to multiple disadvantages faced by the target groups, notably by offering flexible packages of support, boosting financial literacy, increasing the provision of coaching and mentoring, and increasing the diversity among those who run programmes.

1. Key findings and recommendations

This chapter presents key findings from the Missing Entrepreneurs 2019 report. This includes data on self-employment and entrepreneurship rates for seniors, immigrants, youth, women and the unemployed, as well as key characteristics of the businesses operated by entrepreneurs from these groups. Key findings and policy recommendations are presented from the chapters on the potential for digital entrepreneurship to make entrepreneurship more inclusive and how policy can increase the number of start-ups with growth potential run by entrepreneurs from disadvantaged or under-represented groups. Finally, the chapter also presents some key policy developments, drawing on the country profiles in the report and a set inclusive entrepreneurship policy assessment notes.

Who are the "missing entrepreneurs" in the EU?

Entrepreneurship plays a vital role in our economies and societies. New businesses help bring innovations to the market, create the bulk of new net jobs and are an engine of productivity growth (OECD, 2017[1]). At the same time, entrepreneurship and self-employment are important as forms of labour market attachment for many people, even where their businesses are not highly innovative. This report shows that all sections of the population take part in entrepreneurship activities, but there are important variations in their participation rates and the constraints they face.

A number of important sections of the population are less active in entrepreneurship than might be expected. In particular, women, youth, and immigrants are under-represented in entrepreneurship activity and even more so in entrepreneurship with high-growth, income generation and sustainability prospects (Figure 1.1). Entrepreneurship becomes an increasingly important form of labour market activity for seniors who remain in the labour market, and offers a labour market attachment route for a small number of the unemployed. There are untapped opportunities for growth and labour market inclusion from well-designed and targeted policies that help overcome specific barriers faced by all of these groups in entrepreneurship.

How active are different population groups in self-employment?

Women and youth are under-represented in self-employment. In 2018, women represented 48.2% of employees but only 32.7% of self-employed workers in the European Union (EU). Similarly, youth (20-29 years old) made up 18.2% of the employed workforce but only 8.2% of self-employed workers (Figure 1.2). Moreover, women are less likely than men to employ others (23.3% vs. 30.9% in 2018) and only 15.9% of self-employed youth had employees in 2018. Women are also less likely to be working towards starting a business. Only 2.9% of women in the EU were actively trying to start a business between 2014 and 2014 compared to 5.3% of men (5.3% vs. 7.9% in OECD countries).

Similarly, immigrants are slightly under-represented in self-employment relative to the share of immigrants among employees. Those born outside of the EU accounted for 8.4% of employees but only 7.3% of the self-employed, while those born in another EU Member State represented 4.9% of employees and 4.4% of the self-employed. Moreover, the self-employment rate of immigrants who were born outside of the EU was 13.1% in 2018, while it was 13.7% for those born in other EU Member States. These rates were slightly below the self-employment rate for those born in the reporting country (14.9%). Immigrants have been slightly under-represented in self-employment for much of the past decade, but between 2013 and 2016 they were slightly over-represented or about as likely as the native-born population to be self-employed.

In contrast, seniors (50-64 years old) are over-represented in self-employment but face strong barriers to business creation rate and could play an even greater role in entrepreneurship. Among seniors, the share of the self-employed among those active in the labour market tends to increase with age. More than half of the working population between 70 and 74 years old (50.5%) were self-employed in 2018. More than 31% of these self-employed seniors employ others, so policy makers will need to support business transfers as they retire to prevent the loss of these businesses and jobs.

Entrepreneurship offers some a potential route out of unemployment. In total, 563 600 of the self-employed in the EU in 2018 had been unemployed in 2017. While the majority of the unemployed enter the labour market through employment, the potential of

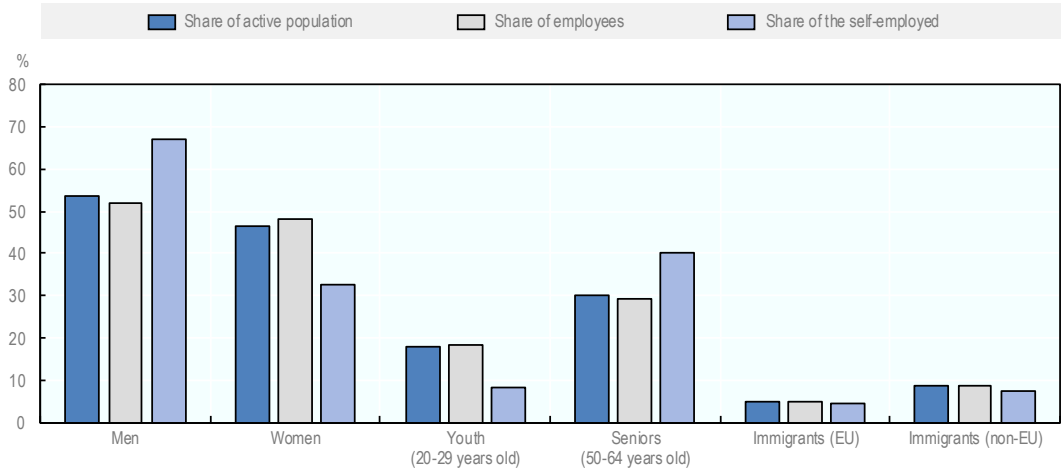
entrepreneurship should not be neglected for those who are motivated to start a business and have access to adequate resources.

Figure 1.1. Who are the "missing entrepreneurs" in the EU?

Note: The data for "How many are self-employed?" and "Do self-employed workers have employees?" are from 2018. The data on growth expectations and barriers present the average for the period 2014-18. Self-employed youth are defined as those between 20 and 29 years old. Data for growth expectations and obstacles to entrepreneurship among youth covers those between 18 and 30 years old. Seniors are defined as 50-64 years old for all indicators. Immigrants refers to adults (18-64 years old) who were born in the EU but outside of the reporting country, or outside of the EU. The number of unemployed people refers to those who were unemployed in 2017 and had moved into self-employment in 2018. This count does not capture the full stock of self-employed workers who were unemployed prior to becoming self-employed. Data for "do they expect high growth?" presents the proportion of new entrepreneurs (i.e. those with businesses less than 42 months old) that report that they expect their business to create at least 19 jobs over the next five years.
Source: (Eurostat, 2019[2]; Global Entrepreneurship Monitor, 2019[3])

Figure 1.2. Women, youth and immigrants from non-EU countries are under-represented among the self-employed in the EU

Share among active population, employees and self-employed workers (15-64 years old), 2018



Note: Active population refers to people working as employees, self-employed and family workers, as well as those actively seeking employment, i.e. registered unemployed people. Immigrants refers to people born outside of the reporting country, either in another EU country (EU) or elsewhere in the world (non-EU).
Source: (Eurostat, 2019[2])

StatLink http://dx.doi.org/10.1787/888934064544

Recent trends in entrepreneurship activity rates by social group

Among the target groups of inclusive entrepreneurship policy, the greatest change over the past 15 years was a substantial increase in the number of self-employed seniors. Between 2002 and 2018, the number of self-employed seniors (50-64 years old) increased by 35%, and even more so for those 65-74 years old (40%). Despite this increase, the share of the self-employed among working seniors decreased because the number of those working as employees increased even more.

The number of self-employed immigrants nearly doubled between 2002 and 2018, increasing from 1.9 million in 2002 to 3.6 million in 2018. This growth is due largely to an increase in immigration flows. The growth was fairly constant over the entire period but was boosted in 2017 and 2018, likely due in part the growth in the number of refugees in 2015-16.

The gender gap in self-employment is decreasing but this is mostly due to a decline in male self-employment. The number of self-employed women in the EU increased by about 1.5 million since 2002, but female employment also increased at the same rate during the period. Therefore, the share of women that were working as self-employed remained constant. The number of self-employed men, however, declined from 21.4 million in 2009 to 20.4 million in 2018.

The gender gap starts early. The gender gap in self-employment is more pronounced among youth – young men were almost twice as likely as young women to be self-

employed in 2018 (4.8% vs. 8.0%) – although the gaps have been very slowly closing since 2002.

The number of self-employed youth has declined since the onset of the economic crisis in 2008. The number of self-employed youth in the EU remained stable at about 2.9 million between 2002 and 2008 but had dropped over the decade to 2.5 million by 2018. However, youth employment also dropped over the past decade so the self-employment rate for youth stayed relatively constant. Moreover, the share of self-employed youth with employees declined from 17.6% in 2007 to 15.9% in 2018.

Similarly, the number of unemployed people returning to work as self-employed has declined since peaking in 2011. It is difficult to estimate the overall number of self-employed workers who were unemployed before starting their activity. Overall, unemployed people show a limited interest in self-employment – only 2.4% of the unemployed in 2018 indicated that they sought to become self-employed, and only 1.1% of youth. Although these are small shares of the total unemployed population there is nonetheless a significant absolute level of entrepreneurship by the unemployed.

The businesses operated by the "missing entrepreneurs" vary greatly in terms of scale of activity, ambition and economic impact. On average, women and youth entrepreneurs tend to start businesses in sectors with lower barriers to entry, greater levels of competition and less potential for growth.

What problems do the missing entrepreneurs face?

Entrepreneurs from under-represented and disadvantaged groups are more likely to report barriers in the areas of entrepreneurship skills and access to finance. For example, women and youth were less likely than average to believe they have sufficient skills to start a business – only 34.5% of women and 36.3% of youth indicated that they have the skills and knowledge to start a business. Nonetheless, many entrepreneurs from these groups are successful at operating businesses that create jobs and contribute to local economies. This suggests the importance of further developing policies that build entrepreneurship competences and confidence in these population groups.

Women and youth are less likely to create businesses that grow. Only about one-quarter of self-employed women and self-employed immigrants, and one-third of self-employed seniors have created jobs for others. Self-employed youth are much less likely to have employees. These shares are significantly lower than for the self-employed population as a whole. On the other hand, youth and seniors who start a business are as confident as other entrepreneurs in their ability to hire employees. During 2014-18, about one-in-ten new youth and senior entrepreneurs expected that their start-ups would create at least 19 jobs in the first five years, which is about equal to the overall average. However, only 5.5% of new women entrepreneurs expected this level of growth compared with 12.3% of men. This suggests the need for policies to encourage a greater orientation to growth in business start-ups from some sections of the population.

The report also identifies a number of other constraints to entrepreneurship among the specific target populations including in the areas of access to finance, lack of business networks, entrepreneurial culture and the regulatory environment.

What policy support is typically available in the EU?

Dedicated entrepreneurship support programmes are typically available for youth, women and the unemployed

Government-led programmes tailored to youth, women and the unemployed are widespread across the EU, while dedicated programmes are less developed in support of other groups such as immigrants and seniors.

Financial and skills development programmes are available for youth outside of the initial education system in most EU Member States, and include schemes for sub-groups of youth including disadvantaged youth (i.e. those not in employment, education or training – NEETS) and high-potential graduates.

Tailored entrepreneurship support for women is common. About two-fifths of Member States operate dedicated funding support programmes for women entrepreneurs or include a gender component in programmes open to all. About half of EU Member States offer training or business development support tailored to women.

Many Member States also offer support programmes for business creation by unemployed people. Approximately half of the EU Member States offer entrepreneurship training and counselling to the unemployed, often as part of active labour market programmes. The unemployed also have access to financial support instruments, with about half of the Member States having either a programme allowing for the capitalisation of future unemployment benefits or a grant programme in place.

The availability of entrepreneurship programmes tailored for immigrants varies across the EU, which likely reflects differences in the size of immigrant populations. Overall, entrepreneurship programmes targeting immigrants tend to focus on skills development and refer participants to other institutions for funding (e.g. microfinance institutions) (OECD, 2019[4]; European Commission, 2016[5]). The non-governmental sector continues to play an important role in serving immigrants, especially refugee populations.

Dedicated funding schemes, training programmes and business development support dedicated to senior entrepreneurs are rare in the EU. Nonetheless, in the context of adapting to ageing societies, the potential of entrepreneurship for prolonging working lives in a way that is adapted to people's needs offers significant potential. In non-EU OECD countries such as Japan, seniors are one of the three main groups targeted by inclusive entrepreneurship policies (Box 1.1).

Box 1.1. Example of recent inclusive entrepreneurship policy developments in non-EU OECD countries – Japan

In **Japan,** the suite of initiatives that support new start-ups includes several programmes that provide tailored support to youth, female and senior entrepreneurs. For example, the Japan Finance Corporation offers preferential rates to these three groups through its *Loan Programme for Supporting Female, Young, and Senior Entrepreneurs*. A network of support organisations for female entrepreneurs is also in place, with a budget of JPY 210 million (approximately EUR 1.75 million) for fiscal year 2018. Japan introduced the *Lifelong Start-up Support Subsidy* to cover part of the cost of starting a business and hiring staff for middle-aged and senior entrepreneurs. *The Programme for Discovery of*

Potential Entrepreneurs was introduced to encourage young graduates to become entrepreneurs. The programme will grant a label to business schools offering quality entrepreneurship education, supports training and organises an entrepreneurship competition. These measures are part of wider efforts to increase the business entry rate from 5% in 2012 to 10% in 2020 (Global Entrepreneurship Monitor, n.d.[6]), in a context of decreasing self-employment and entrepreneurial intentions (OECD, 2018[7]).

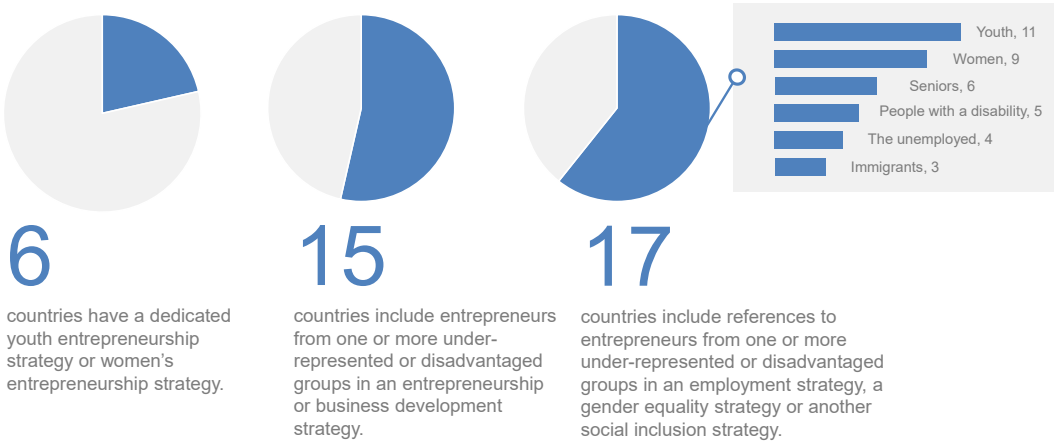
Alongside government-led support, non-governmental organisations play an important role in providing dedicated support to all groups. For some groups, tailored support is only available in the non-governmental sector. While these providers may be better-placed to reach out to some groups than public agencies, public provisions may be needed to support operations, especially for groups of smaller size such as entrepreneurs with disabilities.

What recent developments are there in inclusive entrepreneurship policy in the EU?

Inclusive entrepreneurship objectives are increasingly visible in strategic policy documents across the EU

Inclusive entrepreneurship policy interventions span different policy portfolios (Figure 1.3). This reflects the way that inclusive entrepreneurship appears in national priorities across the EU. While no Member State has a standalone "inclusive entrepreneurship" strategy that covers a range of target groups, virtually all EU Member States include inclusive entrepreneurship policy objectives in national strategic documents and action plans. Strategic documents on inclusive entrepreneurship policy are also often prepared at sub-national levels, as is common in Belgium, Germany, Spain and the United Kingdom. For some target groups such as refugees, entrepreneurship is often most successfully developed at the local level due to the spatial concentration of refugee communities (OECD, 2019[8]).

Figure 1.3. Inclusive entrepreneurship objectives span across various policy portfolios



Note: Estimates include only national level strategies.
Source: Estimates based on OECD (2018) country notes on inclusive entrepreneurship policy. See reader's guide for details.

Inclusive entrepreneurship objectives are being introduced into strategic entrepreneurship documents in three main ways. These are not mutually exclusive and inclusive entrepreneurship objectives are usually present in more than one strategic document in over half of EU Member States.

- **A first approach is to use group-specific entrepreneurship strategies**. About one-third of EU Member States have such strategies in place for women's entrepreneurship and/or youth entrepreneurship (e.g. Belgium introduced the Plan in Support of Women's Entrepreneurship in 2016). Such strategies are also used in non-EU OECD countries (Box 1.2). There seem to be currently no national group-specific entrepreneurship strategies dedicated to population segments other than women and youth (e.g. seniors, the unemployed, immigrants, people that experience disability) in the EU. This use of group-specific strategies gives the most visibility to the issue and signals a strong commitment by the government to stakeholders about its intentions.
- **A second approach used is to include inclusive entrepreneurship priorities in general entrepreneurship or business development strategies**. More than half of EU Member States include group-specific references to entrepreneurship in such documents (e.g. the Action Plan Entrepreneurship 2020 for Bulgaria puts a strategic emphasis on supporting youth and women in entrepreneurship).
- **A third method used is to introduce entrepreneurship-specific objectives in target group-specific strategic documents covering other policy areas**, often focused on labour market integration. This is the most common approach across the EU, present in nearly two-thirds of EU Member States. This approach is particularly common in support of youth entrepreneurship as many Member States cover entrepreneurship in youth employment or youth development strategies, e.g. the Plan for Youth Employment 2019-2021 in Spain (*Plan de Empleo Joven 2019-2021*). As part of their commitment to the Youth Guarantee, all EU Member States have introduced Youth Guarantee Implementation Plans, which often include objectives related to supporting entrepreneurship. It is also relatively common for EU Member States to take this approach for other target groups, including embedding support for women's entrepreneurship in gender equality strategies, support for senior entrepreneurship in active ageing strategies, support for entrepreneurship among people who experience disability in labour market or social integration strategies.

Regardless of the approach taken, inclusive entrepreneurship objectives rarely define quantitative targets. Unfortunately, this makes it difficult to determine the scale and scope of actions needed and to measure the impact of a strategy.

Box 1.2. Example of recent inclusive entrepreneurship policy strategies in non-EU OECD countries – Canada Women Entrepreneurship Strategy

In **Canada**, women's entrepreneurship has been at the forefront of recent policy priorities. The government launched its first Women Entrepreneurship Strategy (WES) in 2018 with the aim to double the number of women-owned business by 2025. The WES will increase support to women entrepreneurship with a CAD 2 billion (approximately EUR 1.4 billion) investment. It includes a wide range of programmes, including the Women Entrepreneurship Fund which supports women-led businesses, the WES Ecosystem Fund which supports institutions offering business support to women entrepreneurs, and a range

of thematic initiatives such as the Business Women in International Trade (in support of exports) and Farm Credit Canada's Women Entrepreneur Program. An expert panel was also set-up to identify gaps in support and options to bridge them (Government of Canada, 2019[9]).

Support to student entrepreneurship is growing, often in relation to innovation objectives

With the onset of the economic crisis in 2008, youth unemployment increased rapidly and the number of initiatives introduced to support NEETs increased in the EU. Many of these schemes focussed on business creation with the objectives to support youth in creating their own jobs and to increase their employability through upskilling.

With improving labour market conditions for youth, there is currently less emphasis on supporting unemployed youth in entrepreneurship and a greater focus on youth entrepreneurship programmes that stimulate innovation. These interventions take the form of training, mentoring and business incubation services as well as entrepreneurship competitions, often targeting students or higher education graduates. They sometimes also target researchers, supporting wider goals of commercialising research. Several factors may be responsible for this shift, including a decline in youth unemployment, and a broader shift in policy towards promoting innovation and regional development. Often, these schemes are aimed at higher education students and graduates who have the potential to go on to create an innovative business that can create many jobs and generate substantial economic activity.

Another recent development is the creation of a specific legal status for student-entrepreneurs in some Member States such as France and Belgium (please see the country profile for Belgium in Part III for further information). This provides some relief for young entrepreneurs in terms of taxation and social security contributions.

Efforts to strengthen parental leave for the self-employed are ongoing

Self-employed workers are legally eligible for some type of paid maternity leave scheme in most EU Member States but access remains insufficient in practice. Schemes vary widely in terms of access criteria (e.g. previous contributions, minimum number of worked hours) and entitlements (OECD, 2019[10]; Barnard and Blackham, 2015[11]). Some maternity leave programmes are voluntary for the self-employed, which is typically associated with low enrolment rates (European Commission, 2018[12]). Across the EU, an estimated 46% of self-employed women between 15 and 49 years old were at risk of not qualifying for maternity benefits in 2014, compared to 8% of employed women overall (in this age group) (European Commission, 2015[13]). The European Commission's "Council Recommendation on Access to Social Protection for Workers and the Self-employed" (adopted on 8 November 2019) seeks to increase effective coverage for all-workers and close gaps in entitlements (European Commission, 2019[14]; European Commission, 2019[15]).

Access to paternity leave and parental leave for second parents also affect opportunities for female entrepreneurs who become mothers. The use of leave by all second parents around childbirth is associated with several better well-being outcomes for all family members as well as better labour market outcomes for women (OECD, 2017[16]). Almost all EU Member States (27 out of 28 in 2018) offer some paid paternity leave (taken

around childbirth) or paid parental and home care leave (leave to be taken respectively in supplement of maternity and/or paternity leave, or to raise a child up to its second or third birthday) reserved for fathers or second parents (OECD, 2019[10]).

Some EU Member States offer tailored provisions to make maternity leave more responsive to the needs of entrepreneurs, notably to avoid lengthy suspension of business activity, which can lead to loss of clients. For example, Denmark offers self-employed women the option to take part-time maternity leave (receiving maternity benefits while working a reduced amount). In Austria, self-employed women on maternity leave may qualify for a subsidy to hire a replacement. Other examples of recent actions can be found in the country profiles for Italy, Netherlands and the Slovak Republic in Part III of this report.

Can digital technology help level the entrepreneurship playing field?

Digital transformation is radically altering the way businesses function and organise production. The advance of new digital technologies such as the Internet of Things, Blockchain, Artificial Intelligence, Big Data, Cloud Computing, Next-generation Wireless Networks and more, drives this transformation. Each of these is enabled by dramatic increases in computing power and a simultaneous decline in cost (OECD, 2015[17]).

Digital entrepreneurship – the creation of digital businesses and the adoption of digital technologies by existing entrepreneurs – may hold potential for helping to make entrepreneurship more inclusive. Under-represented groups in entrepreneurship could benefit from certain features of digital technologies for business creation and growth, including the lower start-up costs required for many digital businesses and the wider access to external markets offered by the internet. However, the evidence to date on whether people from under-represented and disadvantaged groups in entrepreneurship are realising these benefits is mixed and the potential of digital technologies is not yet observed in actual digital start-up and adoption rates of these groups.

International surveys indicate that women, immigrants, youth and seniors are greatly under-represented among digital entrepreneurs in the EU. For example, it is estimated that women accounted for only 15.6% of digital start-ups in 2018, which was essentially unchanged from 2016 (14.8%) (Steigertahl and Mauer, 2018[18]). This is well below their share among entrepreneurs.

These gaps are due to many factors, including a lack of digital entrepreneurship role models and a lack of digital skills, which affects seniors and women disproportionately. Further, some researchers argue that many of the obstacles faced by entrepreneurs in traditional start-ups carry over to the digital world, including a lack of entrepreneurship skills, discrimination and small and ineffective networks for digital entrepreneurship (Pappas et al., 2018[19]; Cook et al., 2019[20]; Martinez Dy, Martin and Marlow, 2018[21]).

Digital entrepreneurship will not be a panacea for making entrepreneurship more inclusive but public policy can play a role in addressing obstacles to the creation of digital businesses by potential entrepreneurs from under-represented and disadvantaged groups. Most schemes that are offered in EU Members States are focussed on supporting women, youth and immigrants (Box 1.3), which are the groups that are the most likely to have digital skills.

Key policy actions to increase the inclusivity of digital entrepreneurship include building digital and entrepreneurship skills in parallel. While most public initiatives

are very new, experiences to date suggest that in addition to building digital and entrepreneurship skills, it is important to help entrepreneurs from under-represented and disadvantaged groups build stronger networks so that they can improve their access to funds, opportunities, clients, partners and suppliers. These targeted actions should be complemented by broad policy actions aimed at improving connectivity, stimulating innovation and strengthening the regulatory environment.

Box 1.3. Examples of policy approaches to support digital start-ups by entrepreneurs from under-represented and disadvantaged groups

Female entrepreneurs of the future (Germany) is a coaching programme for digital women entrepreneurs. Its mission statement is "no digitalisation without diversity!" The initiative was launched in February 2018 by the Association of German Businesswomen (*Verband deutscher Unternehmerinnen, Vdu*), Global Digital Women (an international network of female digital pioneers), BRIGITTE Academy (a personal development initiative of the magazine BRIGITTE) and Amazon. After one year, the first cohort of 20 participants had created 19 new jobs. This programme illustrates that developing partnerships with private sector actors can improve the quality of support provided.

Goteo (Barcelona, Spain) is a crowdfunding platform for entrepreneurs with projects in the areas of technology, design, science, communication, culture, education, and the environment. Between 2011 and 2018, the platform collected more than EUR 6 million for project funding from more than 84 500 backers. The overall funding success rate is 75%. Although operated by a foundation, the partnership with the local government is a critical success factor for providing entrepreneurship coaching and workshops, as well as increasing the credibility of the platform.

Key policy recommendations:

Build a more inclusive culture towards digital start-ups:

- Combat stereotypes in digital entrepreneurship with **diverse role models from different target groups**.
- Include **entrepreneurship modules** in **digital-intensive** subjects in schools and higher education.

Support the development of digital and entrepreneurship skills:

- Embed **digital entrepreneurship** modules in entrepreneurship education.
- Offer **tailored digital entrepreneurship training** programmes for women, immigrants, youth and seniors when demand is sufficiently high.

Improve access to finance for digital entrepreneurship for under-represented and disadvantaged groups:

- Support and/or promote **crowdfunding platforms** to improve access to start-up financing for digital entrepreneurs, particularly women and youth.

For more information, please see Chapter 7.

Should policy support disadvantaged entrepreneurs in scaling-up their business?

Scale-ups are important for job generation and innovation but some parts of the population are under-represented in growth-oriented businesses. Overall, entrepreneurs from disadvantaged and under-represented population groups are less likely to create high-growth enterprises than the average. However, there are also many examples of success. For example, monitoring data from growth-oriented support programmes for women entrepreneurs in Ireland show that most participants hire several new employees and reach new markets shortly after completing the programme (OECD/EU, 2018[22]). Evidence from the United States (Azoulay et al., 2018[23]) shows that older entrepreneurs are much more likely than young entrepreneurs to operate high-growth firms – a 50 year old business starter is 1.8 times more likely to achieve high-growth than a 30 year old.

The majority of entrepreneurs from under-represented and disadvantaged groups may not operate formally defined high-growth businesses, but nevertheless have potential to create jobs at a smaller scale. Labour Force Survey data show that about one-quarter of self-employed women in the EU had employees in 2018. The proportion was even greater among seniors (50-64 years old), who over-performed relative to the overall average. The evidence base on the performance of businesses operated by other target groups such as immigrants and the unemployed is thinner but also suggests some modest growth prospects.

In the context of inclusive entrepreneurship, the concept of scale-up should be extended beyond fast growth to include sustainability and job creation. The expected thresholds for scale-up activity vary across programmes and countries and the OECD has definitions of scale-ups as having grown by either 10% or 20% per annum in employment or turnover in a three-year period. While some entrepreneurs from under-represented and disadvantaged groups will meet these definitions, it is important that policies also seek to support more modest growth of enterprises, especially among inclusive entrepreneurship policy target populations where the share of rapid scale-ups is smaller.

Entrepreneurs from disadvantaged groups face similar barriers to scale-up as other entrepreneurs, but often to a greater extent. A key barrier that policy needs to seek to address is a lack of motivation for scaling-up. This is especially significant among women: only 5.5% of new female led start-ups expect to create at least 19 jobs over the next five years relative to 12.3% of those led by men. In addition, women, immigrants, youth and senior entrepreneurs are less likely to have management skills, face greater obstacles to obtaining external finance for growth and have small and less effective networks. Another policy issue concerns disincentives in regulations about access to welfare benefits (e.g. unemployment insurance benefits) and tax measures (e.g. income splitting in households), which can also have a negative impact on business growth for inclusive entrepreneurship policy target groups.

A range of policy actions have been implemented in EU Member States to increase the growth potential of businesses operated by entrepreneurs from disadvantaged groups, targeting mostly women and youth. Key areas of action to promote scale-ups in specific population groups include management training, access to finance and strengthening networks to improve access to opportunities and resources (Box 1.4). These types of initiatives can be adopted more widely. Policy makers can also do more to link tailored initiatives and mainstream business development support services.

Box 1.4. Examples of policy approaches to support the creation of start-ups with scale-up potential by entrepreneurs from under-represented and disadvantaged groups

SPEED UP (Antwerp, Belgium) is an international peer-learning programme for entrepreneurship ecosystems. Seven regions in Belgium, France, Italy, Germany, Poland, Portugal and Spain participate and each selects a theme for the events that they host. The City of Antwerp is the lead actor for the Region of Flanders and it selected "target audiences" as its theme, which focuses on tailored entrepreneurship support for innovative businesses led by women, youth and immigrants. A two-day international conference was organised in Antwerp for business development support organisations and local government from participating regions in 2017. Participants reported learning about inspiring new practices and key success factors for tailored entrepreneurship supports.

Starting Strong (Ireland) is an initiative for women entrepreneurs with growth ambitions launched in 2014. It provides an integrated package of training, mentoring and peer coaching. Starting Strong operated by the Going for Growth initiative, winner of European Enterprise Promotion Award 2015, and receives financial support from Enterprise Ireland and in-kind support from corporate sponsors. The initiative uses peer-learning, which can help participants build their networks with similarly ambitious entrepreneurs, and has been successful at using former participants as "Lead Entrepreneurs" that deliver much of the support.

Key policy recommendations:

Foster an environment that is conducive to scale-ups by diverse entrepreneurs:

- Increase use of *ex ante* **regulatory impact assessments** to examine the impact of changes of different population groups.
- **Build growth ambitions** with inspiring role models from the target group populations.
- Support **dedicated business angel networks** and addressing gender biases in risk capital decision-making.

Adapt scale-up support programmes to better support entrepreneurs from under-represented and disadvantaged groups:

- Offer management **training and mentoring** to entrepreneurs from under-represented and disadvantaged groups with sufficient programme demand (e.g. women, youth).
- Deliver support to growth-oriented entrepreneurs from disadvantaged groups **progressively**.
- Design tailored and targeted initiatives as a method to **bridge into mainstream support programmes**.

For more information, please see Chapter 8.

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Part I. Inclusive entrepreneurship indicators: Activity rates and barriers

2. Women's self-employment and entrepreneurship activities

This chapter presents a range of data on the self-employment and entrepreneurship activities by women in the European Union. It also presents recent evidence on the barriers that women face in entrepreneurship, including the proportions of women that report that they lack the skills for entrepreneurship and that a fear of failure is a barrier to business creation. Data are reported for European Union Member States and OECD countries, as well as averages for the European Union and OECD.

Key messages

- **A substantial gender gap in self-employment remains** in the European Union (EU). Less than one in ten (9.6%) working women were self-employed women in 2018, significantly below the share for men (16.9%). Although this gender gap has closed slightly over the past decade, it is due to a decline in the number of self-employed men.
- **Women are less likely than men to be active in starting a business**. Over the period 2014-18, 2.9% of women in the EU were trying to start a business. This was almost half of the share seen for men (5.3%). Similar gaps occur across OECD economies, where 5.3% of women were actively working to start a business over the period, compared to 7.9% of men.
- **Those women who do go on to successfully start a business typically operate smaller businesses**. Self-employed women are less likely to have employees than self-employed men – approximately one-third of self-employed men in the EU had at least one other employee in 2018, whereas less than one quarter of women did. In addition, new women entrepreneurs in the EU were only half as likely to report an expectation that they would create at least 19 jobs over the next five years (5.5% vs. 12.3%). The proportions were similar in OECD countries.
- **Self-employed women also tend to operate different types of businesses than men**. Self-employed women were more likely than self-employed men to be working in personal and household services in 2018 (31.6% vs. 27.1%). Moreover, they were more likely to be working as Professionals (28.3% vs. 18.2%) or as Service and sales workers (27.0% vs. 11.1%).
- **Women entrepreneurs were as likely as men to offer new products and services for potential customers** over the 2014-18 period. About 27% of early-stage female and male entrepreneurs in the EU introduced new products and services. This was slightly below the average for OECD countries (31.3% of early-stage female entrepreneurs and 32.0% of males).
- **The net median annual income for women and men who worked full-time in self-employment was approximately equal** in the EU in 2018. However, women that worked full-time in self-employment earned less, on average, than those who worked full-time as employees.
- **Women face several barriers to entrepreneurship**, notably in the area of entrepreneurship skills. Over the 2014-18 period, only 34.5% of (all) women in EU Member States and 37.7% of women in the OECD countries felt that they had the knowledge and skills to start a business, compared to about half of men in the EU and OECD countries. Furthermore, women were more likely to report a fear of failure than men (49.3% vs. 40.6%).
- **Even though the gender gap is has closed slightly over the past decade, policy makers can do much more to unleash the potential of women entrepreneurs**. More can be done to boost entrepreneurship skills among women and to improve access to start-up financing. Policy is also increasingly supporting growth-oriented entrepreneurship by women and addressing gaps in family policies.

The policy context for female self-employment and entrepreneurship

Public policy support for women's entrepreneurship dates back to the 1970s as a response to the growing numbers of women entering the labour market. Since this time, women's entrepreneurship policies and programmes have become common in both developed and developing countries. While much progress has been made in helping women overcome barriers to business creation and self-employment, women, on average, continue to face disproportionate barriers. This calls for continued public policy action. Within the European Union (EU), this is clearly articulated in the Entrepreneurship 2020 Action Plan, which calls for awareness raising, entrepreneurship training, improved access to financing, stronger networks and support in reconciling business and family life (European Commission, 2013[1]).

The rationale for targeted policies and programmes to promote women's entrepreneurship and to support women in business creation and self-employment is generally based on three arguments. First, women are under-represented in entrepreneurship relative to men and closing this gap would result in welfare gains for the economy, society and for individual women. Second, there is evidence that women are held back in entrepreneurship by institutional and market failures. This includes social attitudes that discourage women from creating businesses or self-selecting into certain activities (e.g. personal service sector), as well as market failures that make it more difficult for women entrepreneurs to access resources (e.g. finance, skills). Finally, there is some evidence to suggest that women are under-represented in public support programmes in many countries (OECD/The European Commission, 2013[2]), and that in-take mechanisms favour men entrepreneurs (ICIC (Initiative for a Competitive Inner City), 2016[3]; Jaffee and Johnson, 2015[4]).

While the specific policy aims of different governments vary, they tend to include:

- Addressing under-representation among business owners;
- Offering an option to integrate women into the labour force;
- Increasing economic independence through empowerment;
- Promoting job creation and economic growth;
- Promoting equity and social inclusion;
- Reducing poverty;
- Creating more equal access to resources, skills and experience, opportunities, and business networks; and
- Improving access to mainstream business support mechanisms.

It is clear that women tend to be less involved in entrepreneurship and that women entrepreneurs often operate different types of businesses than men (please see: Characteristics of the self-employed). However, this, at least in part, reflects different motivations and intentions of women in entrepreneurship (please see: Women are more likely to report that their motivation for self-employment was flexible working hours). Therefore, policy makers should not aim to eliminate all differences between men and women entrepreneurs but instead focus on removing institutional influences that may negatively affect motivations and intentions and correct market failures that constrain women's entrepreneurship.

Self-employment

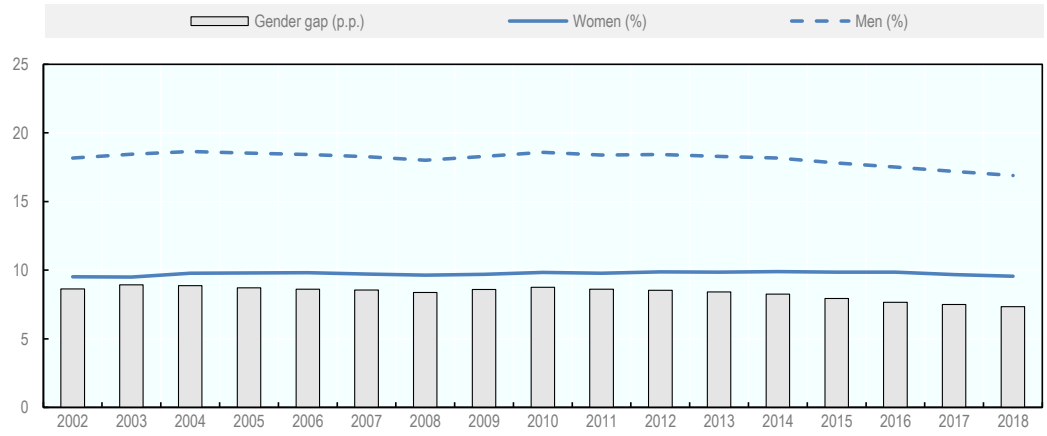
Women are less likely to be self-employed than men

The self-employment rate (i.e. the share of the self-employed relative to the total number of people in employment) for women in the EU was essentially constant between 2002 and 2018 (Figure 2.1). Of the 224.4 million employed people in the EU in 2018, 30.3 million people were self-employed. Of these, 9.9 million were women. Thus, 9.6% of employed women were self-employed compared to 16.9% of employed men. The share of men in self-employment has declined (by 1.3 percentage points, p.p.) since 2002, while the share of women has remained constant. The result is that the gender gap has closed from 8.6 p.p. to 7.4 p.p.

Among EU Member States, the self-employment rates in 2018 were highest in southern Member States, notably in Greece (22.1%) and Italy (14.9%) (Figure 2.2). The rates were lowest in Denmark (4.4%) and Sweden (5.0%). Over the past decade, self-employment rates for women increased at least one percentage point in nine EU Member States. This includes modest increases in Greece (20.5% in 2009 to 22.1% in 2018) and the Netherlands (10.1% to 12.0%). However, women self-employment rates decreased by at least one percentage point in six EU Member States, notably in Croatia (13.5% in 2009 to 7.8% in 2018) and Portugal (16.1% to 9.8%).

Figure 2.1. Women in employment in the EU are 60% as likely as men to be self-employed

Self-employment as a percentage of employment, 15-64 year olds



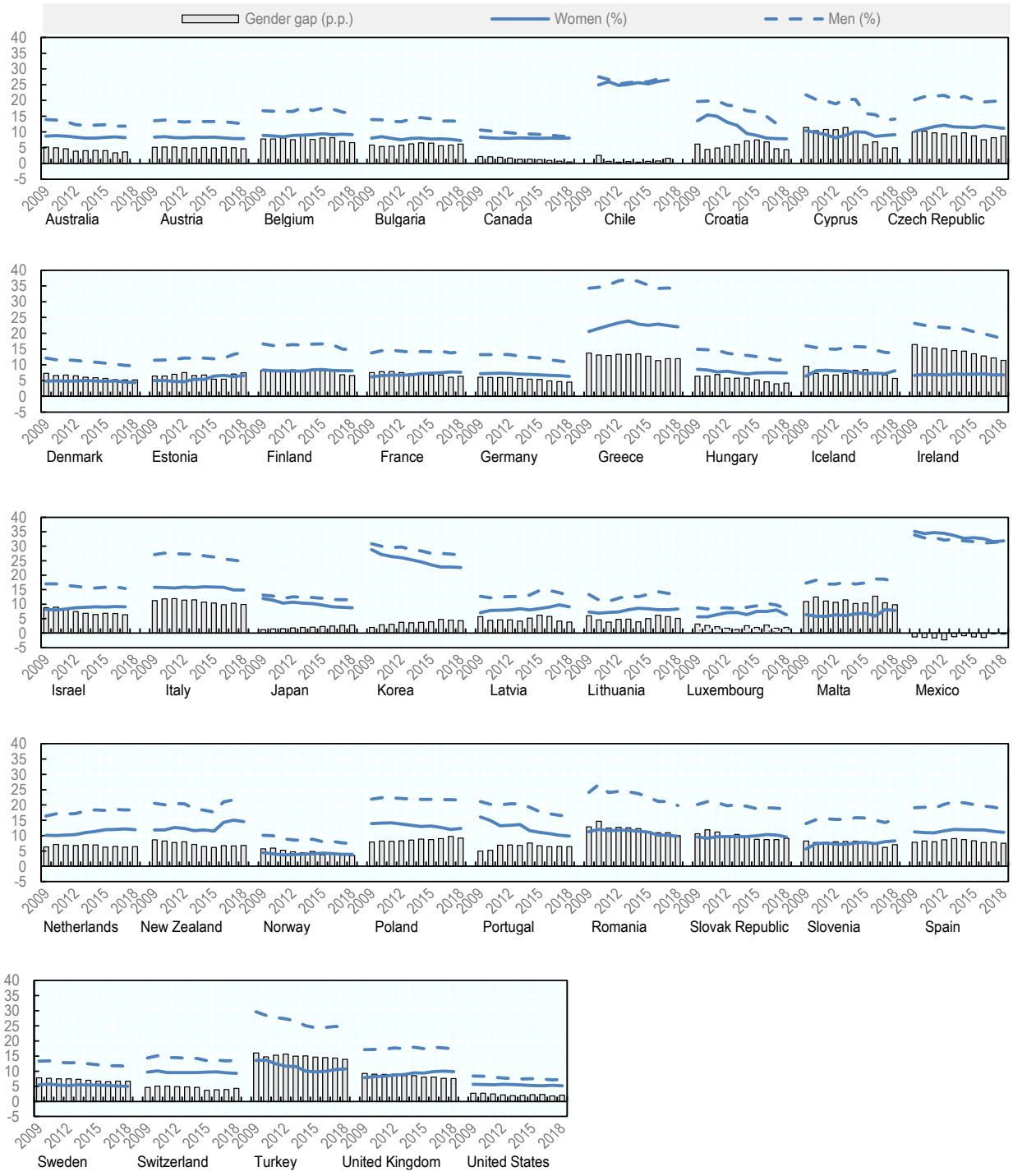
Source: (Eurostat, 2019[5])

StatLink http://dx.doi.org/10.1787/888934064563

On average, self-employment rates were slightly higher in EU countries than in OECD countries. But among all countries, the rates were highest in non-EU OECD countries in 2018 – Mexico (31.8%) and Chile (26.5%). Non-EU OECD countries also tended to have smaller gender gaps, including in Chile (1.7 p.p.) and Canada (0.5 p.p.), and was even negative in Mexico, i.e. the self-employment rate for women exceeded that of men.

Figure 2.2. Self-employment rates for women vary by country

Self-employment as a percentage of employment, 15-64 years olds



Source: (OECD, 2019[6])

StatLink http://dx.doi.org/10.1787/888934064582

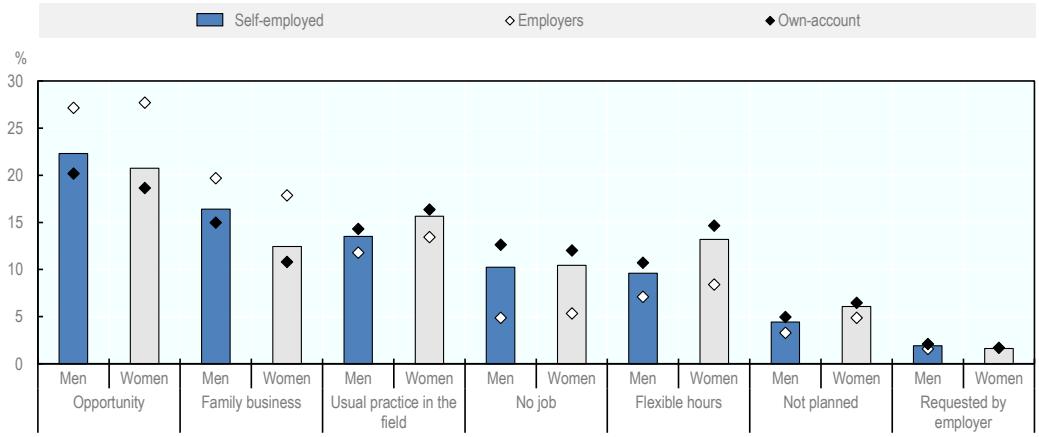
Women are more likely to report that their motivation for self-employment was flexible working hours

Women identify many of the same motivations for self-employment as men, but there are some notable differences. Women were more likely to report being motivated to become self-employed by flexible working hours (13.2% vs. 9.6%) (Figure 2.3). This was relatively more important for women who were own-account workers (i.e. those self-employed workers that do not employ others) than for those who were employers (14.7% vs. 8.4%).

About one-fifth of self-employed women indicated in 2017 that their main motivation was to pursue an opportunity marginally below the comparable rate for men (22.3%). Among self-employed women, those that are employers were more likely to be motivated by opportunity than those without employees (27.7% vs. 18.6%). Self-employed women were also as likely as self-employed men to report that they started their business because they could not find a job (10.3% vs. 10.5% for men).

Figure 2.3. Self-employed women in the EU are nearly 40% more likely than men to be motivated by flexible working hours

Percentage of self-employed, 15-64 years old, 2017



Source: (Eurostat, 2018[7])

StatLink http://dx.doi.org/10.1787/888934064601

Self-employed women are less likely to be employers

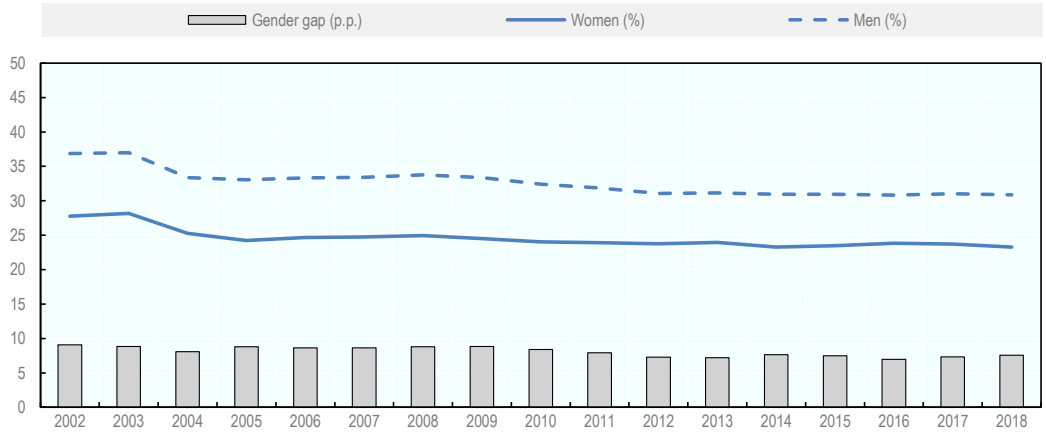
Overall, self-employed women are less likely than self-employed men to have employees. In 2018, 2.3 million self-employed women in the EU had employees, accounting for 23.3% of those in self-employment (Figure 2.4). This was lower than the proportion of self-employed men with employees in 2018 (30.9%). The proportion of self-employed workers with employees is declining, but the rate of decline has been greater for self-employed men than for self-employed women. Thus, the gap between the two is closing. In 2002, the gender gap was 9.1 p.p. and it had closed to 7.6 p.p. in 2018. The decline in the share of employers among the self-employed is indicative of a growing trend towards solo self-employment. A partial explanation for this is the increase in part-time self-employment to generate income that supplements income earned in employment, and the growth of freelance workers (OECD/EU, 2017[8]).

There were substantial differences across countries in the share of self-employed women who are employers (Figure 2.5). The EU Member States where self-employed women were the most likely to have employees in 2018 were Croatia (43.8%), Hungary (34.4%) and Germany (34.1%). The gap between men and women was greatest in Cyprus (2.1 times), the Czech Republic (1.6 times) and the Netherlands (1.6 times), while it was essentially zero in Romania. Ireland was the only Member State where self-employed women were more likely to have employees than self-employed men.

Among non-European OECD countries, the countries with the greatest shares of self-employed women that were employers were Australia (33.7%), New Zealand (25.2%) and Korea (25.0%).

Figure 2.4. Fewer than one-quarter of self-employed women in the EU have employees

Percentage of self-employed, 15-64 year olds

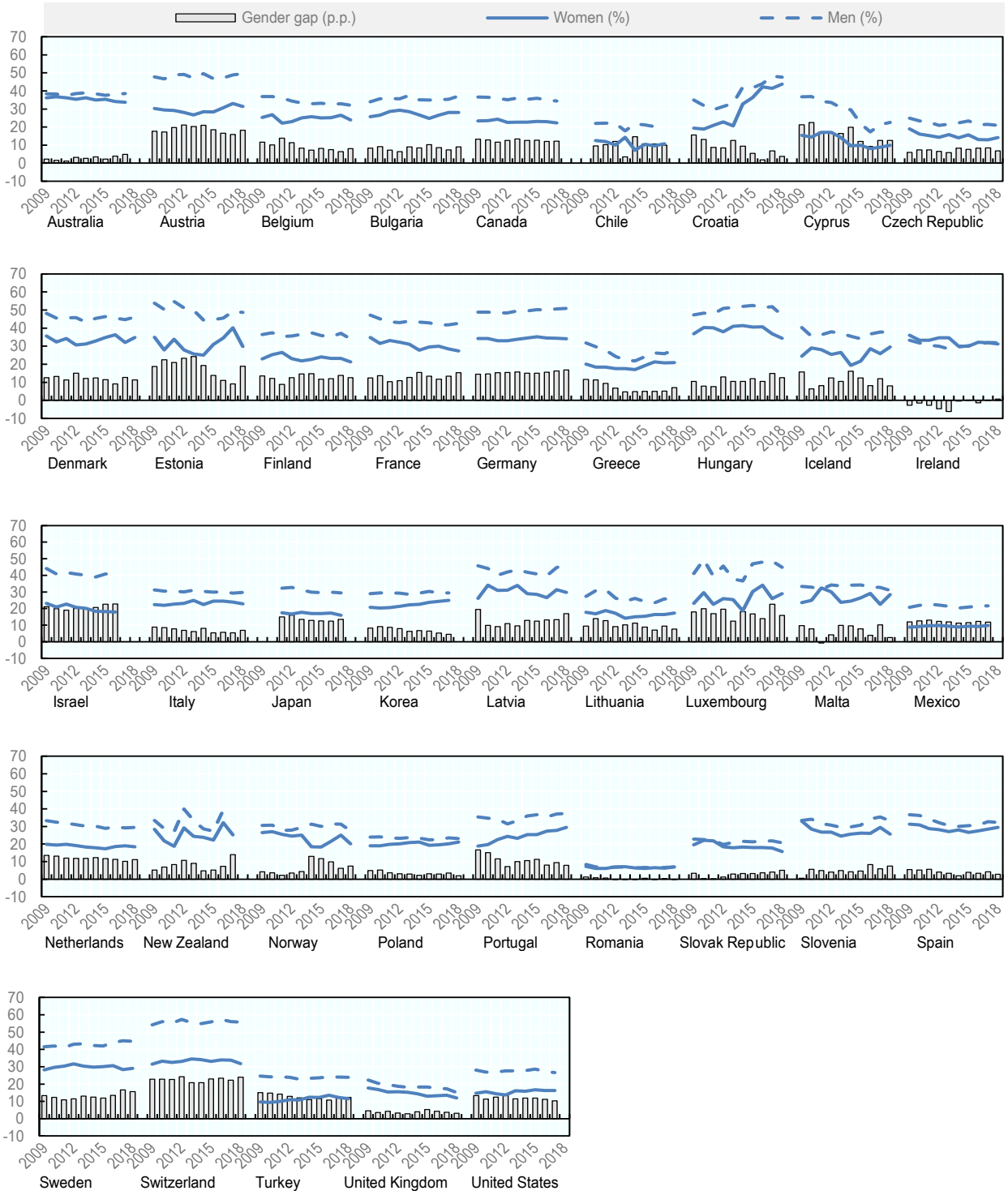


Source: (Eurostat, 2019[5])

StatLink http://dx.doi.org/10.1787/888934064620

Figure 2.5. The share of women as employers varies greatly by country

Percentage of the self-employed, 15-64 years old



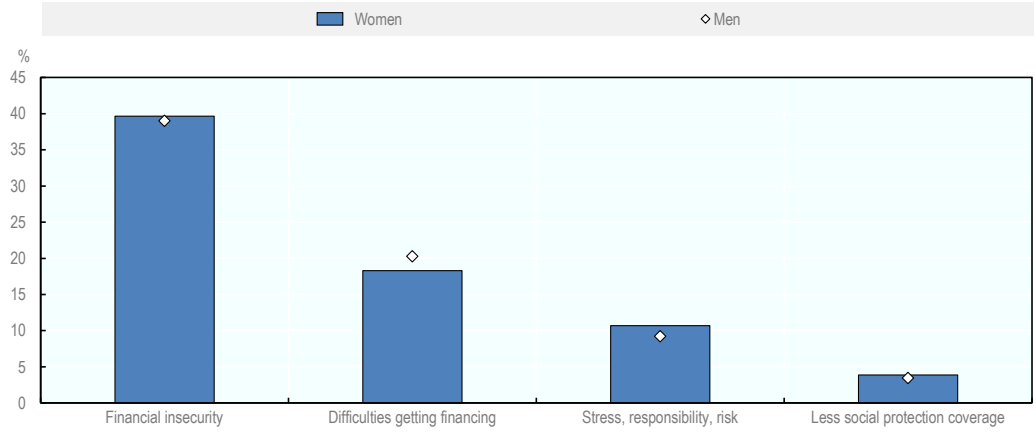
Source: (OECD, 2019[6])

StatLink http://dx.doi.org/10.1787/888934064639

There are many reasons why self-employed women do not hire employees. The most commonly cited reasons in 2017 were that there was not enough work (30.5%) and that they preferred to work alone (25.5%) (Figure 2.6). The shares of self-employed men who gave these responses were essentially the same. However, self-employed women were slightly more likely to report that it was not possible due to their occupation (12.5% vs. 9.3%).

Figure 2.6. Self-employed women and men in the EU report similar reasons for not taking on employees

Share of self-employed without employees, 2017



Source: (Eurostat, 2018[7])

StatLink http://dx.doi.org/10.1787/888934064658

Entrepreneurship cycle

Another way to examine entrepreneurship activities by women is to consider the proportion of women who are involved in starting or managing businesses. The Global Entrepreneurship Monitor (GEM) is an international study of entrepreneurship that is produced by a consortium of researchers and research institutions using a common population survey. This survey divides entrepreneurship activities into four stages: nascent entrepreneurship, new business ownership, established business ownership and business exit. For more information, please see the Reader's Guide at the beginning of the report.

Women are less likely than men to be involved in starting a business

The *nascent entrepreneurship rate* measures the proportion of the population who are actively involved in setting up a business they will own or co-own but have not yet paid salaries, wages or any other payments to the owner(s) for more than three months. The data were pooled over a five-year period to increase the sample size and reliability of the estimates.

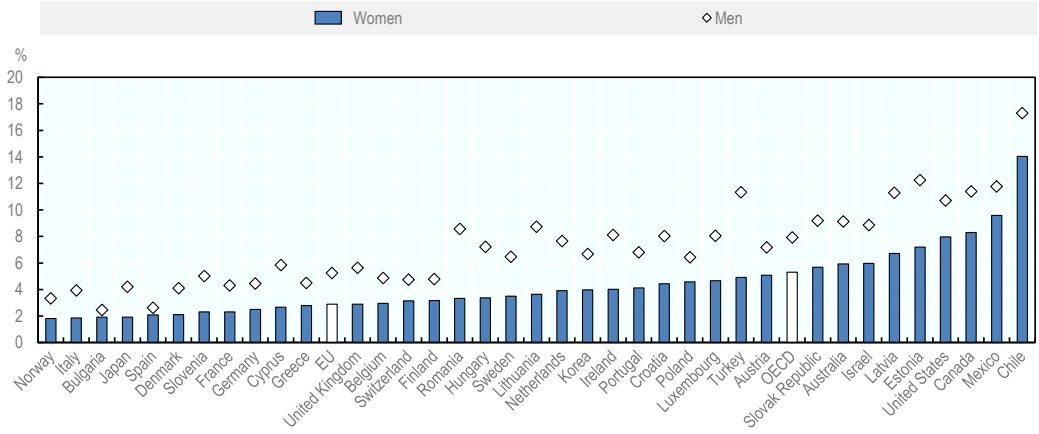
Between 2014 and 2018, about 2.9% of women in the EU (18-64 years old) were involved in nascent entrepreneurship activities (Figure 2.7). This was about half of the proportion of men during this period (5.3%). Women were the most active in nascent entrepreneurship

activities in Estonia (7.2%) and Latvia (6.7%), and the least active in Italy (1.8%) and Bulgaria (1.9%). The gender gap in the nascent entrepreneurship rate was the largest in Romania (3.3% vs. 8.6%) and Lithuania (3.7% vs. 8.7%) during this period. The gap was smallest in Bulgaria (1.9% vs. 2.5%) and Spain (2.1% vs. 2.6%).

Across OECD countries, women were about twice as likely to be involved in nascent entrepreneurship activities over this period (5.3%) than in the EU (2.9%). Nonetheless, a gender gap was observed over this period in most OECD countries, although the gap was relatively smaller than among EU Member States.

Figure 2.7. Less than 3% of women in the EU are involved in business creation

Nascent entrepreneurship as a percentage of the population, 18-64 years old, 2014-18



Note: The nascent entrepreneurship rate is defined as the proportion of the adult population (18-64 years old) that is actively involved in setting up a business they will own or co-own; this business has not paid salaries, wages or any other payments to the owners for more than three months. All EU and OECD countries participated in the GEM survey between 2014 and 2018 except the Czech Republic and Malta. Several countries did not participate in the survey in every year: Australia (2018), Austria (2015, 2017), Belgium (2016-18) Bulgaria (2014), Cyprus (2014-15), Denmark (2015-18), Estonia (2018), Finland (2017-18), France (2015), Hungary (2017-18), Japan (2015-16), Korea (2014), Latvia (2014, 2018), Lithuania (2015-18), Mexico (2018), Norway (2016-18), Portugal (2017-18), Romania (2016-18), Turkey (2014-15, 2017).
Source: (Global Entrepreneurship Monitor, 2019[9])

StatLink http://dx.doi.org/10.1787/888934064677

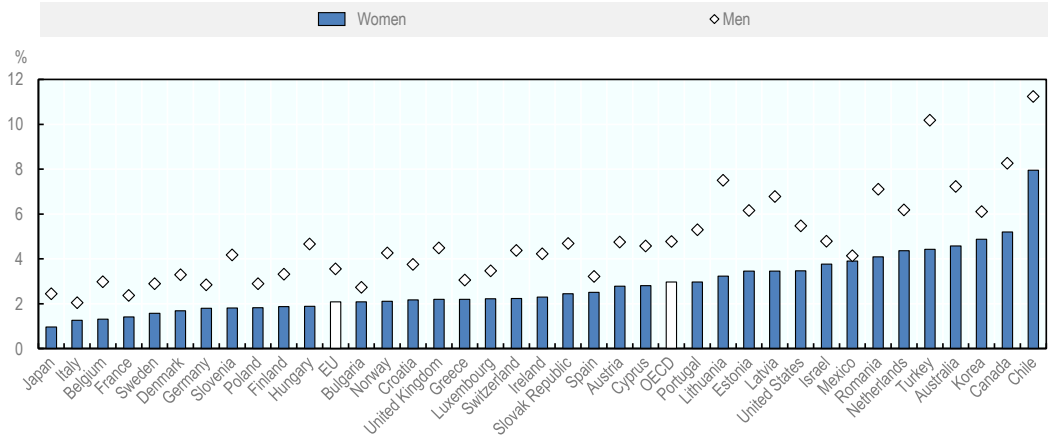
Women are two-thirds as likely as men to be new business owners

The second stage of entrepreneurship defined by the GEM is *new business ownership*. That is, the proportion of the population that is currently the owner-manager of a new business that has paid salaries, wages or any other payments to the owners for more than three months, but not more than 42 months. Between 2014 and 2018, women in the EU were about two-thirds as likely as men to be the owner-manager of a new company (2.1% vs. 3.6%) (Figure 2.8). Among EU Member States, the new business ownership rate was highest in the Netherlands (4.4%) and lowest in Italy (1.3%) and Belgium (1.3%).

Overall, women in the EU were slightly less likely to be new business owners than women in OECD countries over this period. About 3.0% of women were new business owners in OECD countries, and as in the EU, this was about two-thirds of the share of men (4.8%).

Figure 2.8. About 2% of women in the EU are new business owners

New business ownership as a percentage of the population, 18-64 years old, 2014-18



Note: The new business ownership rate measures the proportion of the population (18-64 years old) that is currently the owner-manager of a new business that has paid salaries, wages or any other payments to the owners for more than three months, but not more than 42 months. All EU and OECD countries participated in the GEM survey between 2014 and 2018 except the Czech Republic and Malta. Several countries did not participate in the survey in every year: Australia (2018), Austria (2015, 2017), Belgium (2016-18) Bulgaria (2014), Cyprus (2014-15), Denmark (2015-18), Estonia (2018), Finland (2017-18), France (2015), Hungary (2017-18), Japan (2015-16), Korea (2014), Latvia (2014, 2018), Lithuania (2015-18), Mexico (2018), Norway (2016-18), Portugal (2017-18), Romania (2016-18), Turkey (2014-15, 2017).
Source: (Global Entrepreneurship Monitor, 2019[9])

StatLink http://dx.doi.org/10.1787/888934064696

Few women are established business owners

The third phase of the GEM entrepreneurship cycle is *established business ownership*. This is defined as the proportion of the adult population that is currently the owner-managers of an established business that has paid salaries, wages or any other payments to the owners for more than 42 months.

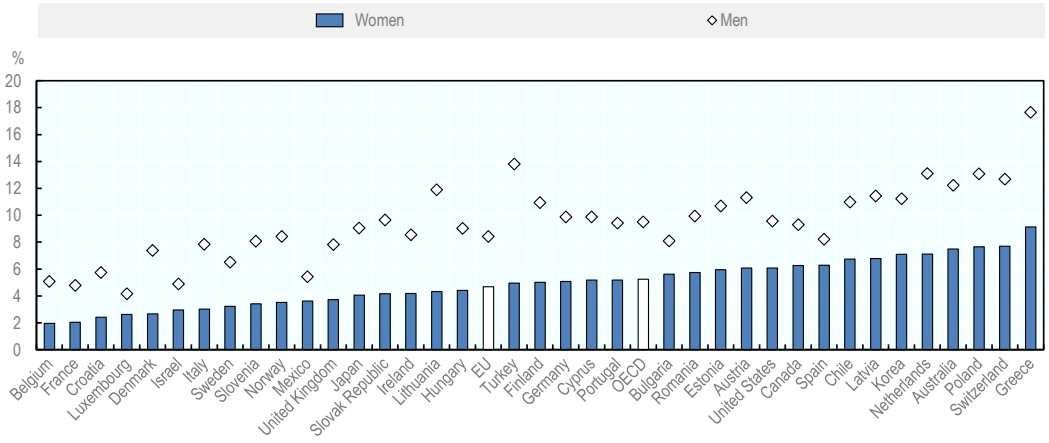
Just under 5% of women in the EU were established business owners between 2014 and 2018, which was below the share of men (8.4%) (Figure 2.9). The rate of established business ownership for women was the highest in Greece during this period (9.1%) and lowest in Belgium (2.0%). The gender gap was significant in all EU Member States, notably Greece (9.1% vs. 17.7%), Lithuania (4.3% vs. 11.9%), Denmark (2.7% vs. 7.4%), Croatia (2.4% vs. 5.7%) and Belgium (2.0% vs. 5.1%).

A similar picture emerges in OECD countries over this period. Overall, 5.2% of women were established business owners relative to 9.5% of men. Besides Greece, the rate for women was highest in Korea (7.1%), the Netherlands (7.1%), Australia (7.5%), Poland (7.7%), and Switzerland (7.7%). In addition to the already noted countries, there was a

large gender gap in the established business ownership rate in Turkey over this period (4.9% vs. 13.8%).

Figure 2.9. About 5% of women are established business owners in the EU

Established business ownership as a percentage of the population, 18-64 years old, 2014-18



Note: The established business ownership rate is defined as the proportion of the adult population (18-64 years old) that is currently the owner-manager of an established business that has paid salaries, wages or any other payments to the owners for more than 42 months. All EU and OECD countries participated in the GEM survey between 2014 and 2018 except the Czech Republic and Malta. Several countries did not participate in the survey in every year: Australia (2018), Austria (2015, 2017), Belgium (2016-18) Bulgaria (2014), Cyprus (2014-15), Denmark (2015-18), Estonia (2018), Finland (2017-18), France (2015), Hungary (2017-18), Japan (2015-16), Korea (2014), Latvia (2014, 2018), Lithuania (2015-18), Mexico (2018), Norway (2016-18), Portugal (2017-18), Romania (2016-18), Turkey (2014-15, 2017).
Source: (Global Entrepreneurship Monitor, 2019[9])

StatLink http://dx.doi.org/10.1787/888934064715

Most women entrepreneurs exit their business because it is not profitable

The GEM survey also asks questions about *business exit*, covering the frequency of business exit as well as the reasons for exit. Perhaps not surprisingly, in general, there is a correlation between rates of business exit and measures of early-stage entrepreneurship (i.e. nascent entrepreneurship activities and new business ownership). Where early-stage entrepreneurship rates are relatively low, business exit rates are also typically relatively low (Global Entrepreneurship Monitor, 2019[10]).

The most frequently cited reason for business exit by women in the EU between 2014 and 2018 was that the business was not profitable (Figure 2.10). Nearly 30% of women reported this, which was about the same proportion as men. The second most cited reason was personal reasons (20.2%), which was less frequently reported by men (15.7%). Otherwise, there was little difference in the motivations behind an exit between men and women, including both positive (e.g. an opportunity to sell the business, retirement) and negative factors (e.g. problems getting finance, another job or business opportunity).

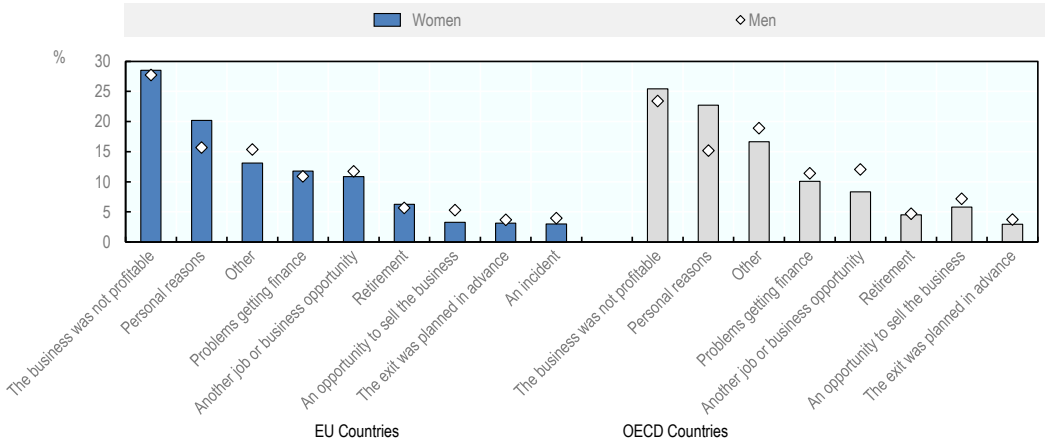
Overall, a similar picture emerges in OECD countries. About one-quarter (25.4%) of women involved in a business exit reported that the reason for exiting was that the business

was not profitable. This was about the same as the proportion for men (23.4%). Relative to EU countries, women in OECD countries were slightly more likely to report that they exited for personal reasons (22.4% vs. 20.2%).

Figure 2.10. Women exit their business mostly because it is not profitable

"What was the most important reason for quitting this business?"

Share of entrepreneurs that exited in the past 12 months, 18-64 years old, 2014-18



Note: All EU and OECD countries participated in the GEM survey between 2014 and 2018 except the Czech Republic and Malta. Several countries did not participate in the survey in every year: Australia (2018), Austria (2015, 2017), Belgium (2016-18) Bulgaria (2014), Cyprus (2014-15), Denmark (2015-18), Estonia (2018), Finland (2017-18), France (2015), Hungary (2017-18), Japan (2015-16), Korea (2014), Latvia (2014, 2018), Lithuania (2015-18), Mexico (2018), Norway (2016-18), Portugal (2017-18), Romania (2016-18), Turkey (2014-15, 2017).
Source: (Global Entrepreneurship Monitor, 2019[9])

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Barriers to business creation and sustainable self-employment

Women are less likely to report that they have the skills for business creation

A lack of entrepreneurship skills is often considered to be one of the most significant barriers to successful business creation. This set of skills refers to business management skills (e.g. business and financial planning), personal skills and traits (e.g. a sense of initiative, risk management) and technical skills (e.g. problem solving). Although these skills will increase the chances of business survival and growth, formal education and training in these areas do not guarantee success.

About one-third of women in the EU (34.5%) reported during the period 2014-18, that they had the skills and knowledge to start a business, relative to about half of men (49.4%) (Figure 2.11), in other words, about two-thirds of women believe that they do not have the skills to successfully start a business. This is clearly an area where policy can have an important impact. There is currently a great deal of momentum behind the inclusion of entrepreneurship in formal school curricula at all levels in the EU (OECD/EU

(forthcoming), n.d.[11]). Entrepreneurship education is the most developed within higher education, but the quality of entrepreneurship training and start-up support varies greatly across countries. Similarly, entrepreneurship education at lower education levels is also uneven in terms of availability and quality. There is, however, also scope for policy makers to improve entrepreneurship training programmes (outside of education) and to increase the use of coaching and mentoring.

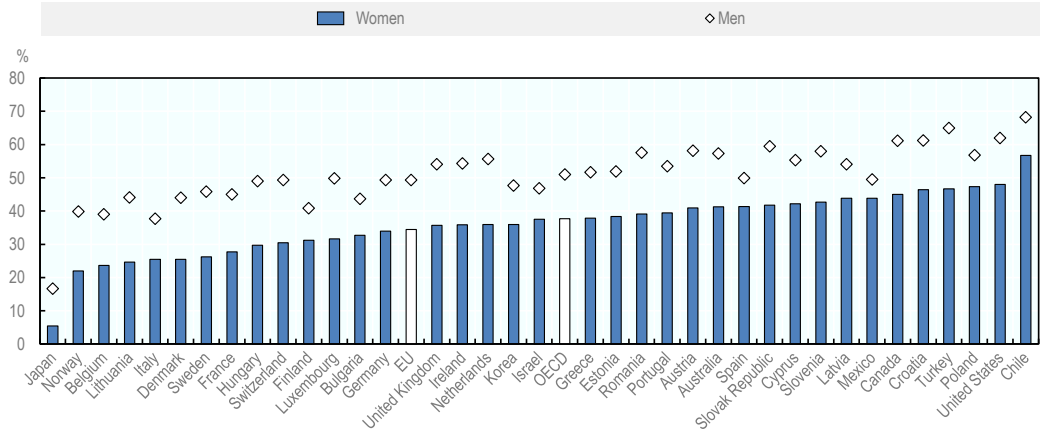
Among EU Member States, women were the most likely to report that they had the skills and knowledge to start a business in Croatia (46.4%) and Poland (47.3%). Conversely, fewer than one quarter of women reported having sufficient skills to start a business in Belgium (23.6%) and Lithuania (24.7%). The gender gap in the proportion of entrepreneurs indicating that they had the skills and experience for business creation ranged, in absolute terms, from 9.6 p.p. in Poland and Finland to 16.7 p.p. in the Netherlands.

Women were slightly more likely to report having entrepreneurship skills in OECD countries than in EU Member States during this period (37.7% vs. 34.5%). Nonetheless, a substantial gender gap also exists in OECD countries since half of men (51.0%) reported having the skills to start a business.

Figure 2.11. Only one-third of women in the EU indicate that they have entrepreneurship skills needed to start a business

"Do you have the knowledge and skills to start a business?"

Percentage of population who responded "yes", 18-64 years old, 2014-18



Note: All EU and OECD countries participated in the GEM survey between 2014 and 2018 except the Czech Republic and Malta. Several countries did not participate in the survey in every year: Australia (2018), Austria (2015, 2017), Belgium (2016-18) Bulgaria (2014), Cyprus (2014-15), Denmark (2015-18), Estonia (2018), Finland (2017-18), France (2015), Hungary (2017-18), Japan (2015-16), Korea (2014), Latvia (2014, 2018), Lithuania (2015-18), Mexico (2018), Norway (2016-18), Portugal (2017-18), Romania (2016-18), Turkey (2014-15, 2017).
Source: (Global Entrepreneurship Monitor, 2019[9])

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Women are more likely to report a fear of failure

A "fear of failure" is also an important barrier to entrepreneurship because it can prevent people from considering entrepreneurship as a career or part-time activity. It can also lead to people down-sizing their ambitions.

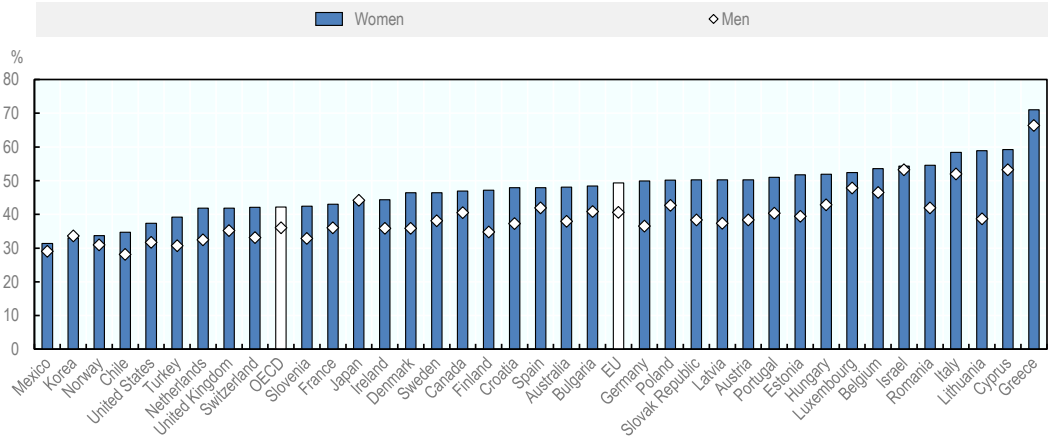
Between 2014 and 2018, women in the EU were more likely than men to report that a fear of failure prevented them from starting a business (49.3% vs. 40.6%) (Figure 2.12). Women were the most likely to cite this barrier in Greece, where 71.0% of women reported this obstacle relative to 66.4% of men. The gender gap, however, was greatest in Lithuania where 58.9% of women indicated that a fear of failure was an obstacle to business creation relative to 38.7% of men.

On average, women were more likely to indicate that a fear of failure is a barrier to business creation in EU Member States than in OECD countries (49.3% vs. 42.2%). However, women in OECD countries were also more likely than men to cite this barrier (42.2% vs. 36.0%). There was no gender gap in the share of population reporting this barrier in Korea, Japan and Israel.

Figure 2.12. Nearly half of women in the EU report that a fear of failure prevented them from starting a business

"Does a fear of failure prevent you from starting a business?"

Percentage of population who responded "yes", 18-64 years old, 2014-18



Note: All EU and OECD countries participated in the GEM survey between 2014 and 2018 except the Czech Republic and Malta. Several countries did not participate in the survey in every year: Australia (2018), Austria (2015, 2017), Belgium (2016-18) Bulgaria (2014), Cyprus (2014-15), Denmark (2015-18), Estonia (2018), Finland (2017-18), France (2015), Hungary (2017-18), Japan (2015-16), Korea (2014), Latvia (2014, 2018), Lithuania (2015-18), Mexico (2018), Norway (2016-18), Portugal (2017-18), Romania (2016-18), Turkey (2014-15, 2017).
Source: (Global Entrepreneurship Monitor, 2019[9])

StatLink http://dx.doi.org/10.1787/888934064772

Financial insecurity prevents many women employees from moving into self-employment

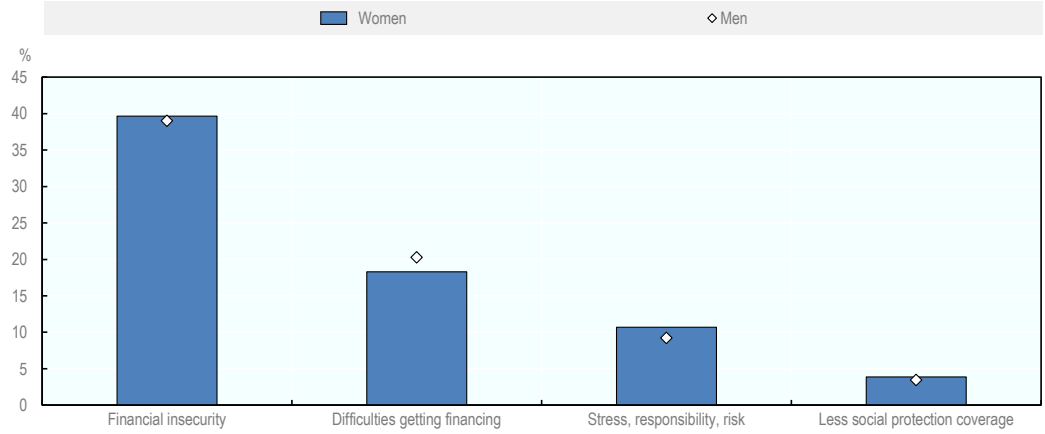
All entrepreneurs face a range of challenges when setting-up and sustaining their business. While many of these barriers are common to both men and women, in many cases they are

more significant for women entrepreneurs. As a result, many women entrepreneurs scale-down their business plans and ambitions (OECD/EU, 2016[12]).

Financial insecurity was the most frequently cited barrier to self-employment in the EU for those working as employees or family workers (Figure 2.13). However, there was essentially no difference in the share of women (39.6%) and men (39.0%) who cited this barrier in 2017. Similarly, there was no substantial gender gap in the share of people who expected to have difficulties getting financing (18.3% of women vs. 20.3% of men), likely, at least in part, because women entrepreneurs are less likely to seek external finance (OECD/EU, 2016[12]). Stress, responsibility and risk were cited by about 10% of men and women, while fewer than 4% citied lower levels of social protection.

Figure 2.13. Financial insecurity is the main reason that female employees and family workers in the EU are not self-employed

Percentage of employees and family workers, 15-64 years old, 2017



Source: (Eurostat, 2018[7])

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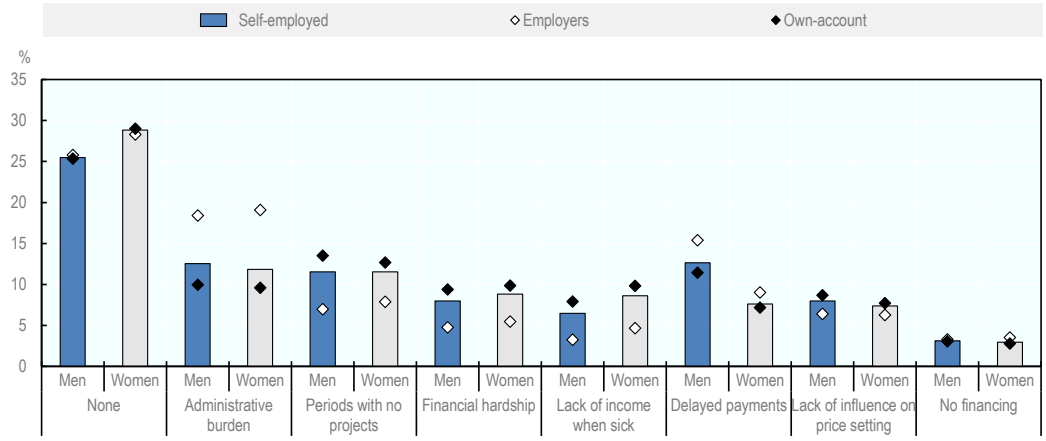
There are little gender differences in the main challenges to sustaining self-employment

The 2017 Eurostat Labour Force Survey had an *ad-hoc* module on self-employment, which asked self-employed people about their greatest challenge. Women were slightly more likely than men to report that they did not face any challenges (28.8% vs. 25.5%) (Figure 2.14). Women were also slightly more likely to report that a lack of income when sick was a challenge (8.6% vs. 6.5%), but less likely to report that collecting delayed payments from customers was a challenge (7.6% vs. 12.6%). Otherwise, the gender gaps were small for difficulties related to administrative burden, periods with no projects, financial hardship, lack of influence on pricing and no financing.

Figure 2.14. Women are more likely than men in the EU to self-report no difficulties in self-employment

Percentage of self-employed, 15-64 years old, 2017



Source: (Eurostat, 2018[7])

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Characteristics of the self-employed

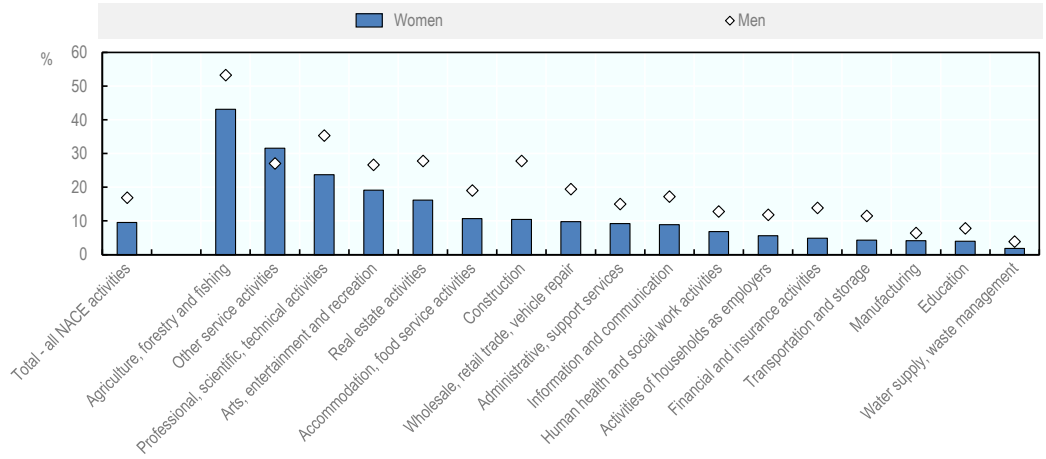
Women have lower self-employment rates across all sectors except Other services

Women tend to operate different types of businesses than men. For example, the first section in this chapter showed that women often operate smaller businesses than men, i.e. self-employed women are less likely to have employees. Other characteristics also tend to vary because, on average, women tend to have different motivations and intentions for their businesses. This influences the nature of the activities undertaken, including the sector, hours worked and more.

Women were the most likely to be self-employed in Agriculture, forestry and fishing, where 43.1% of women working in this sector were self-employed (Figure 2.15). However, this was below the share of men (53.1%). Women were more likely than men to be self-employed in Other service activities (31.6% vs. 27.1%), which includes activities of membership organisations, repair of computers, personal and household goods and other personal service activities (e.g. Washing and (dry-)cleaning of textile and fur products, Hairdressing and other beauty treatment, Physical well-being activities). The greatest gap in the self-employment rate between men and women was in Construction (10.0% vs. 27.8%).

Figure 2.15. Women in the EU are more likely than men to be self-employed in personal service activities

Self-employment as a percentage of employment, 15-64 years old, 2018



Note: The following sectors were excluded because the self-employment rate was less than 1% or the data were could not be reported due to a low reliability of the estimate: Public administration and defence, compulsory social security; Mining and quarrying; and Electricity, gas, steam and air conditioning supply.
Source: (Eurostat, 2019[5])

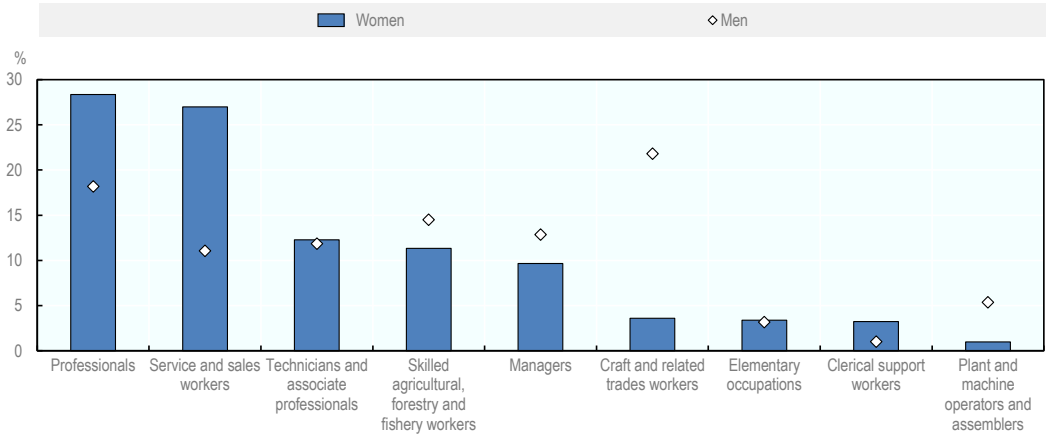
StatLink http://dx.doi.org/10.1787/888934064829

The majority of self-employed women are working as Professionals or Service and sales workers

Differences in the industries where self-employed men and women are active also drive differences in occupations, (Figure 2.16). More than half of self-employed women worked as Professionals (28.3%) or Service and sales workers (27.0%) in 2018, compared to 29.3% of men (18.2% as Professionals and 11.1% as Service and sales workers). Conversely, women were much less likely than men to be working as Craft and related trades workers (3.6% vs. 21.8%).

Figure 2.16. More than half of self-employed women in the EU are Professionals or Service and sales workers

Distribution of self-employed people, 15-64 years old, 2018



Source: (Eurostat, 2019[5])

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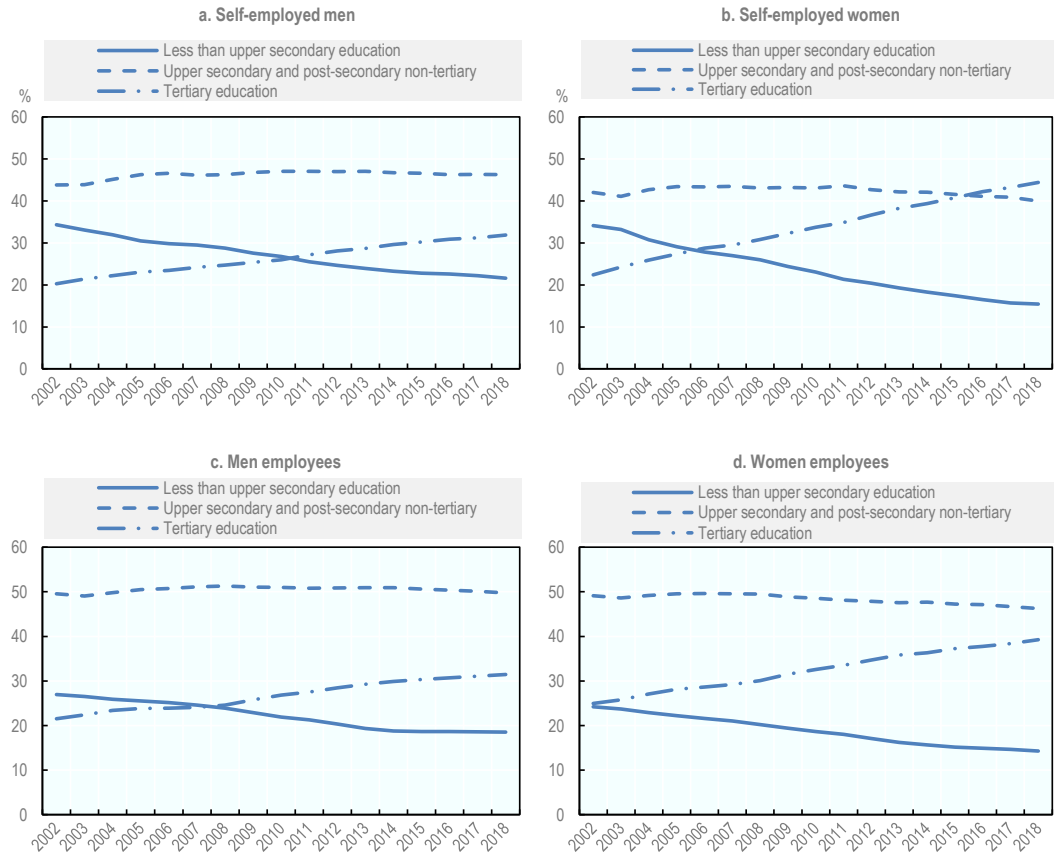
The share of self-employed women with a tertiary education is growing much faster than for men

Overall, the share of the self-employed with a tertiary education increased from 20.9% in 2002 to 36.0% in 2018. At the same time, the share with less than an upper secondary education decreased from 33.1% in 2002 to 19.6% in 2018. These trends were broadly similar among self-employed men and women (Figure 2.17), but the increase in the share of the self-employed with a tertiary education was greater among self-employed women than among self-employed men. The share of self-employed women with a tertiary education doubled between 2002 and 2018 (22.4% in 2002 to 44.4% in 2018), whereas it only increased 50% for self-employed men (20.3% in 2002 to 31.9% in 2018). The increase in the share of self-employed women with a tertiary education was also greater than it was among women working as employees, which increased from 24.9% in 2002 to 39.3% in 2018.

Among EU Member States, self-employed women were more likely than women working as employees to have a tertiary education. However, the share of women with a tertiary education who were working as employees in 2018 was greater that the share who were self-employed in Croatia, Finland, Greece, Lithuania, Poland, Portugal, Romania, Spain and Sweden. In 2018, self-employed women were the most likely to have a tertiary education in Belgium (62.0%), France (60.7%), Cyprus (56.4%), the United Kingdom (54.3%) and Estonia (50.8%) (Figure 2.18).

Figure 2.17. The share of self-employed women in the EU with a tertiary education is increasing faster than for men



Source: (Eurostat, 2019[5])

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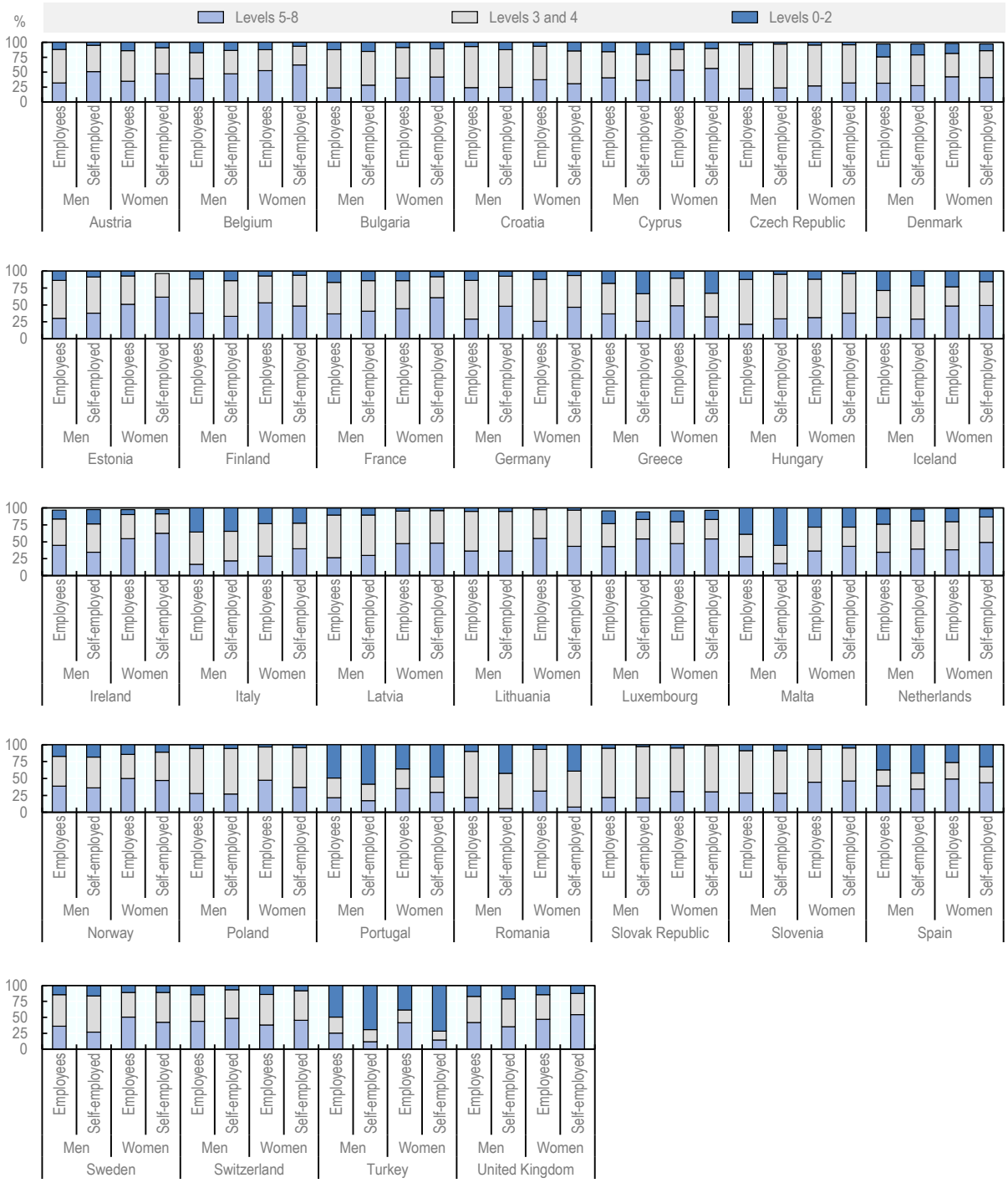
Figure 2.18. Educational attainment of self-employed women varies greatly by country

2018



Note: Levels 0-2 refers to less than upper secondary education, while Levels 3-4 refers upper secondary and post-secondary non-tertiary education. Levels 5-8 refers to tertiary education.
Source: (Eurostat, 2019[5])

StatLink http://dx.doi.org/10.1787/888934064886

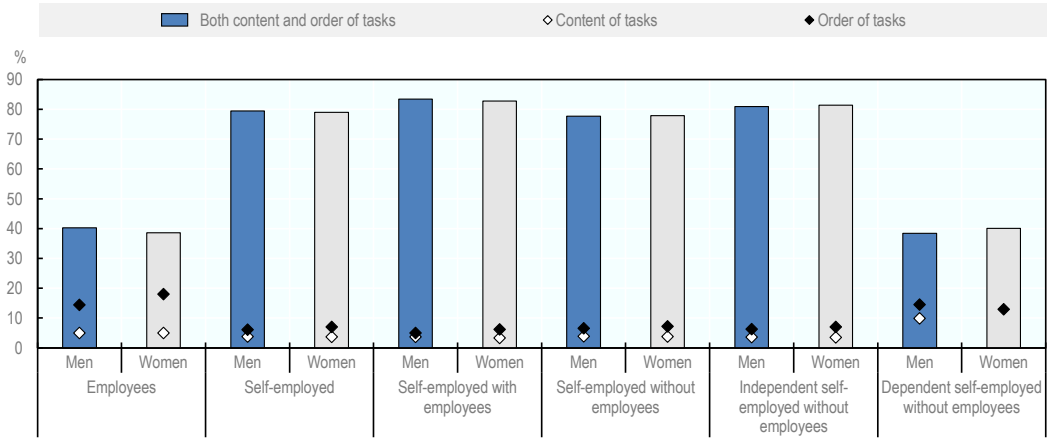
Self-employed women have as much control over their work as self-employed men

Nearly 80% of the self-employed in the EU reported autonomy in both content and order of tasks in their work in 2017, which was twice as likely as employees at 40% (Figure 2.19). Those self-employed that employ others reported a slightly higher level of autonomy than those without employees. However, there does not appear to be a substantial gender gap in the reporting of job autonomy among the self-employed with or without employees.

Furthermore, the independent self-employed appear to have much higher levels of job autonomy than so-called dependent self-employed, i.e. those who have only one or two clients. The dependent self-employed appear to have job autonomy levels similar to those who work as employees. The gender gaps were very small across these categories of work.

Figure 2.19. Self-employed women in the EU are as likely as men to report job autonomy

Percentage of self-employed, 15-64 year olds, 2017



Source: (Eurostat, 2018[7])

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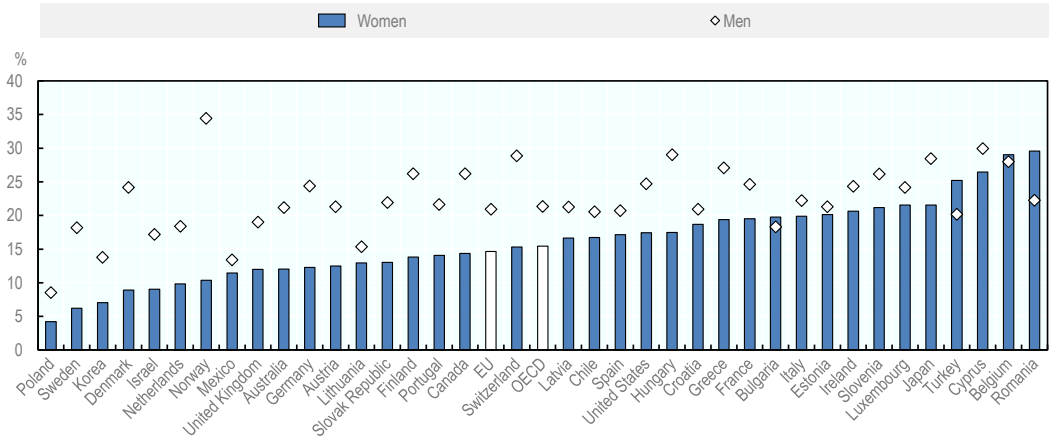
Women are less likely to start businesses in teams

New women entrepreneurs were less likely to work in teams than new men entrepreneurs between 2014 and 2018 (Figure 2.20). In EU Member States, 14.6% of nascent women entrepreneurs were working in teams relative to 20.9% of nascent men entrepreneurs. These proportions were essentially the same as the proportions in OECD countries – 15.4% for new women entrepreneurs and 21.4% of new men entrepreneurs.

EU Member States where nascent women entrepreneurs were the most likely to be working in teams were Belgium (29.0%) and Romania (29.6%). However, nascent women entrepreneurs were not likely to be working in teams in Poland (4.2%) and Sweden (6.2%). Nascent women entrepreneurs were more likely than nascent men entrepreneurs to be working in teams in Romania (29.6% vs. 22.2%), while they were about as likely in Bulgaria (19.7% vs. 18.3%) and Belgium (29.0% vs. 28.0%).

Figure 2.20. New female entrepreneurs in the EU are about 75% as likely as new male entrepreneurs to work in teams

Percent of nascent entrepreneurs, 2014-18



Note: All EU and OECD countries participated in the GEM survey between 2014 and 2018 except the Czech Republic and Malta. Several countries did not participate in the survey in every year: Australia (2018), Austria (2015, 2017), Belgium (2016-18) Bulgaria (2014), Cyprus (2014-15), Denmark (2015-18), Estonia (2018), Finland (2017-18), France (2015), Hungary (2017-18), Japan (2015-16), Korea (2014), Latvia (2014, 2018), Lithuania (2015-18), Mexico (2018), Norway (2016-18), Portugal (2017-18), Romania (2016-18), Turkey (2014-15, 2017).
Source: (Global Entrepreneurship Monitor, 2019[9])

StatLink http://dx.doi.org/10.1787/888934064924

Performance of self-employed women and female entrepreneurs

Self-employed women tend to work fewer hours than self-employed men

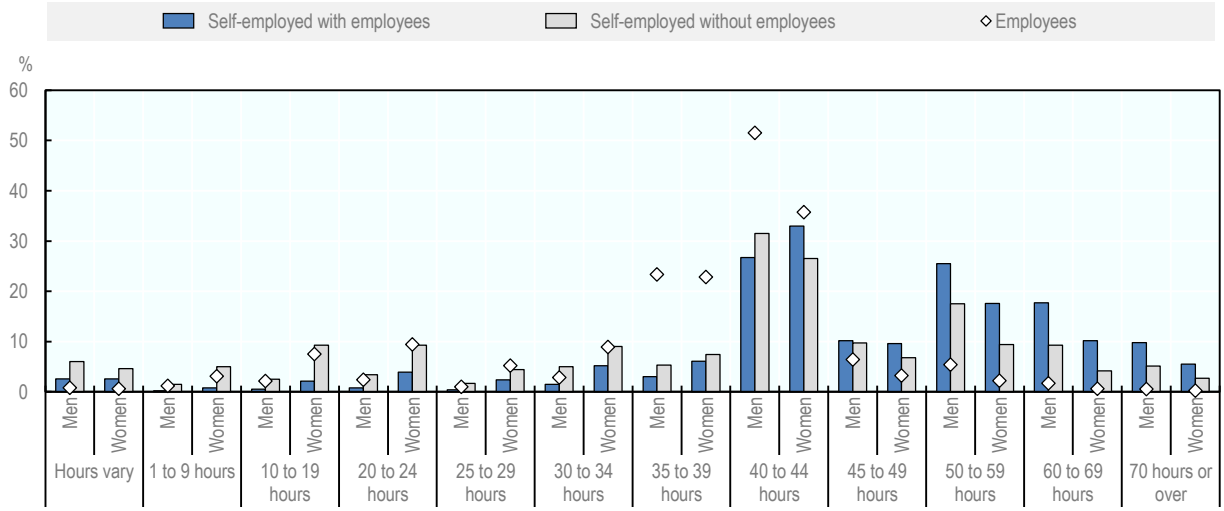
In 2018, about one-third of self-employed women with employees worked, on average, 40 to 44 hours per week (Figure 2.21). This was more than the share of self-employed without employees (26.5%) and slightly less than the share of women who worked this much as employees (35.7%).

Self-employed women were more likely to work part-time than self-employed men. About 10% of self-employed women with employees and 28% of those without employees worked less than 30 hours per week relative to 1.9% of self-employed men with employees and 9.1% of those without employees.

Self-employed women were also less likely than self-employed men to work more than 60 hours per week, on average. In 2018, 15.7% of self-employed women with employees and 6.9% of those without employees worked, on average, more than 60 hours per week. More than one-quarter of self-employed men with employees worked (27.5%), on average, more than 60 hours per week, which was about double the share of those without employees (14.4%).

Figure 2.21. Self-employed women in the EU are more likely to work part-time

2018



Source: (Eurostat, 2019[5])

StatLink http://dx.doi.org/10.1787/888934064943

The median earnings of self-employed women are about the same of those of self-employed men

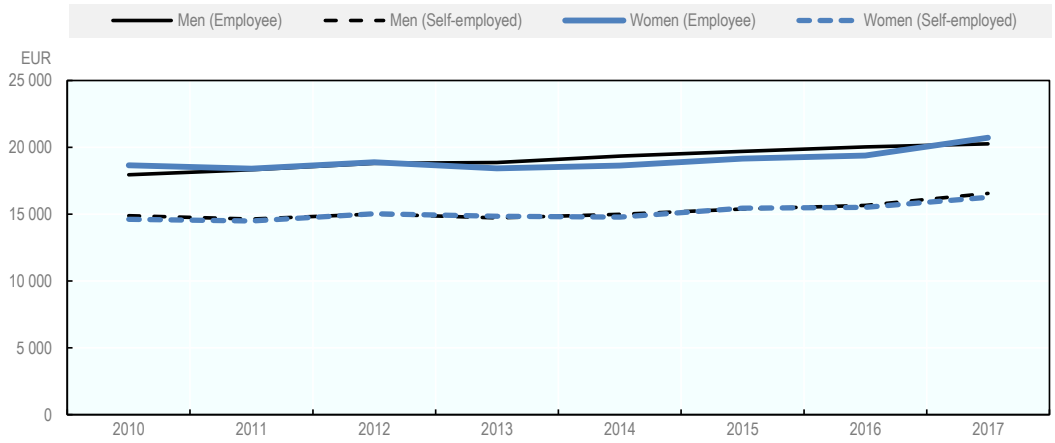
The median net income for self-employed women and self-employed men working full-time was approximately equal between 2010 and 2017 (Figure 2.22). However, it is clear that the median net income of self-employed women was below that of women who worked as employees (EUR 16 266 vs. EUR 20 716). However, several cautionary notes are needed when examining the earnings of the self-employed, particularly when comparing them with the earnings of employees. First, the self-employed are more likely to work more hours per week than employees and they undertake different types of activities. Moreover, the self-employed have much greater latitude in terms of what they report as earnings to their tax authorities than employees whose salaries are often taxed at source and are more likely to have non-salary earnings (e.g. business profits for the self-employed that operate incorporated businesses). There is now an established body of international evidence that identifies that the self-employed under-report their earnings (OECD/EU, 2017[8]). This income under-reporting reflects a number of issues. For example, the taxation system present difficulties for many self-employed people, making it difficult for them to understand their tax obligations. There may also be opportunities to under-report earnings if tax information is not collected in real time or if the tax system struggles to identify who amongst the self-employed are more likely to under-report their earnings.

A second issue is that the earnings of the self-employed are more likely to be found among the upper and low tails of the income distribution than those working as employees (OECD/EU, 2017[8]). Since the earnings of the most successful self-employed people can be several thousand times that of those at the lower end of the income distribution, the

median is likely a better representation of the "average" self-employed person than the mean.

Figure 2.22. There is little gender gap in the median income of the self-employed in the EU

Median net income for those working full-time, 15-64 years old



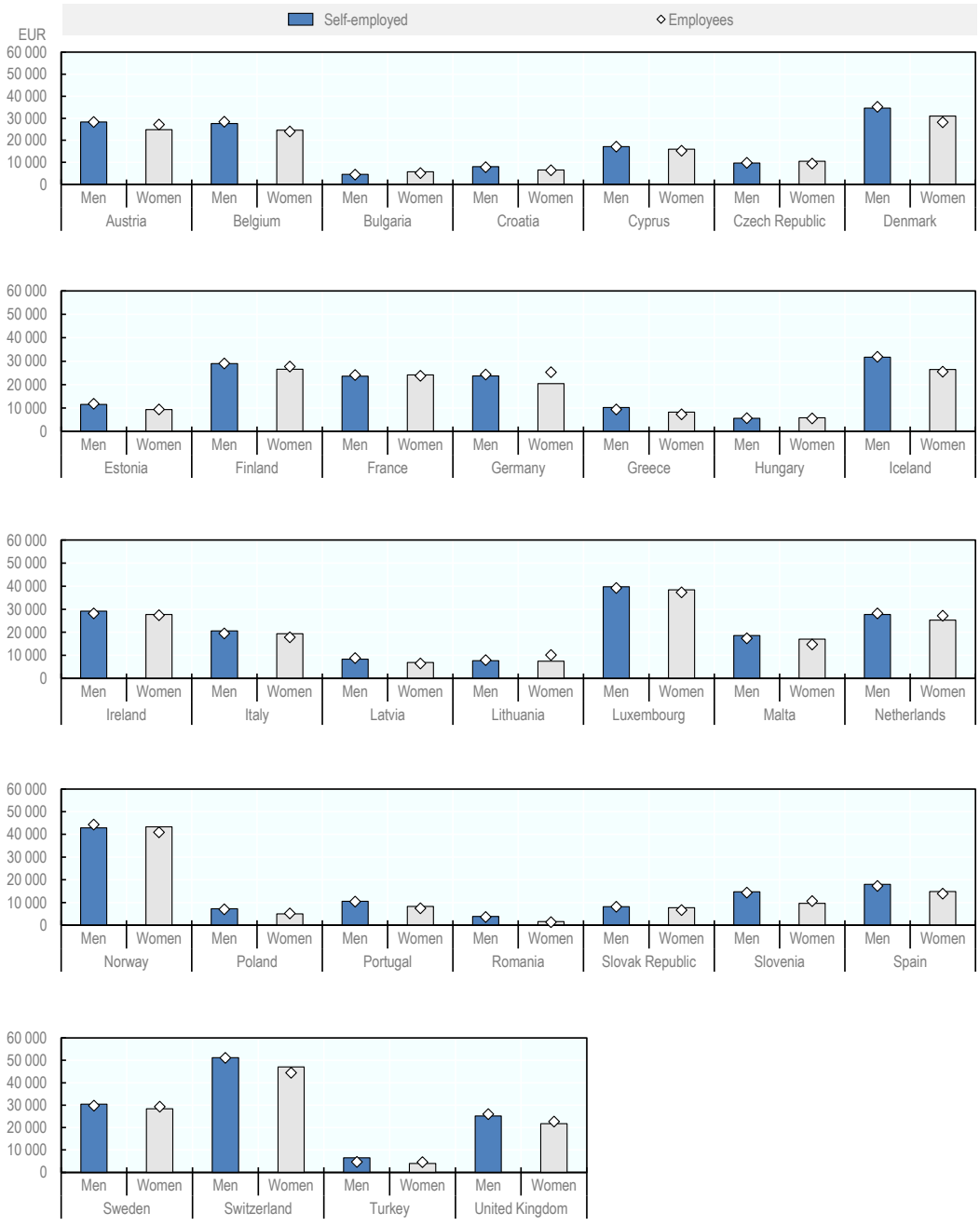
Source: (Eurostat, 2019[5])

StatLink http://dx.doi.org/10.1787/888934064962

Self-employed women earned slightly less, on average, than those working as employees in all EU Member States (Figure 2.23). There were EU Member States where, on average, the median net income was higher for self-employed women than for self-employed men: Bulgaria and Germany. The gap was the largest between self-employed men and women in Denmark (EUR 7 056).

Figure 2.23. Earnings of the self-employed vary by country

Median net earnings for those working full-time, 15-64 years old, 2017



Note: Data reported for Iceland and Switzerland are for 2016.
Source: (Eurostat, 2019[5])

StatLink http://dx.doi.org/10.1787/888934064981

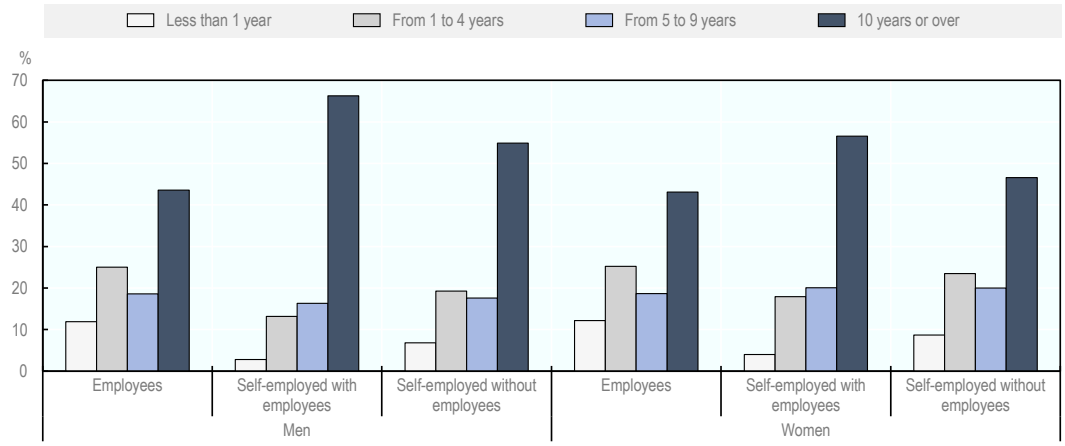
Self-employed women are less likely than self-employed men to have a long job tenure

One of the stylised features of self-employment is that there are very high exit rates, reflecting difficulties in assessing future returns and over-estimating the likelihood of success (OECD/EU, 2017[8]). As a result of high exit rates for new businesses, data on job tenure show that the self-employed were about half as likely as employees to have been in their "job" for four years or less in 2018 (Figure 2.24). At the same time, the self-employed were also much more likely to have been in their "job" for more than ten years, particularly those who employed others. More than half of self-employed women with employees (56.6%) had been in their jobs for at least ten years, whereas 46.6% of self-employed women without employed had been working in their jobs for at least ten years. These proportions are lower than those of men – 66.3% for those with employees and 54.9% for those without employees.

These broad conclusions were true in many countries (Figure 2.25). The countries where self-employed women were the most likely to be in their jobs for at least ten years in 2018 were: Belgium (62.8% for employers), Czech Republic (64.3% for employers), Greece (64.2% for employers and 71.8% for those without employees), Italy (64.6% for employers), the Netherlands (63.2% for employers) and the Slovak Republic (63.2% for employers).

Figure 2.24. Self-employed women in the EU are less likely to have worked at their job for more than 10 years than self-employed men

25 years older and above, 2018

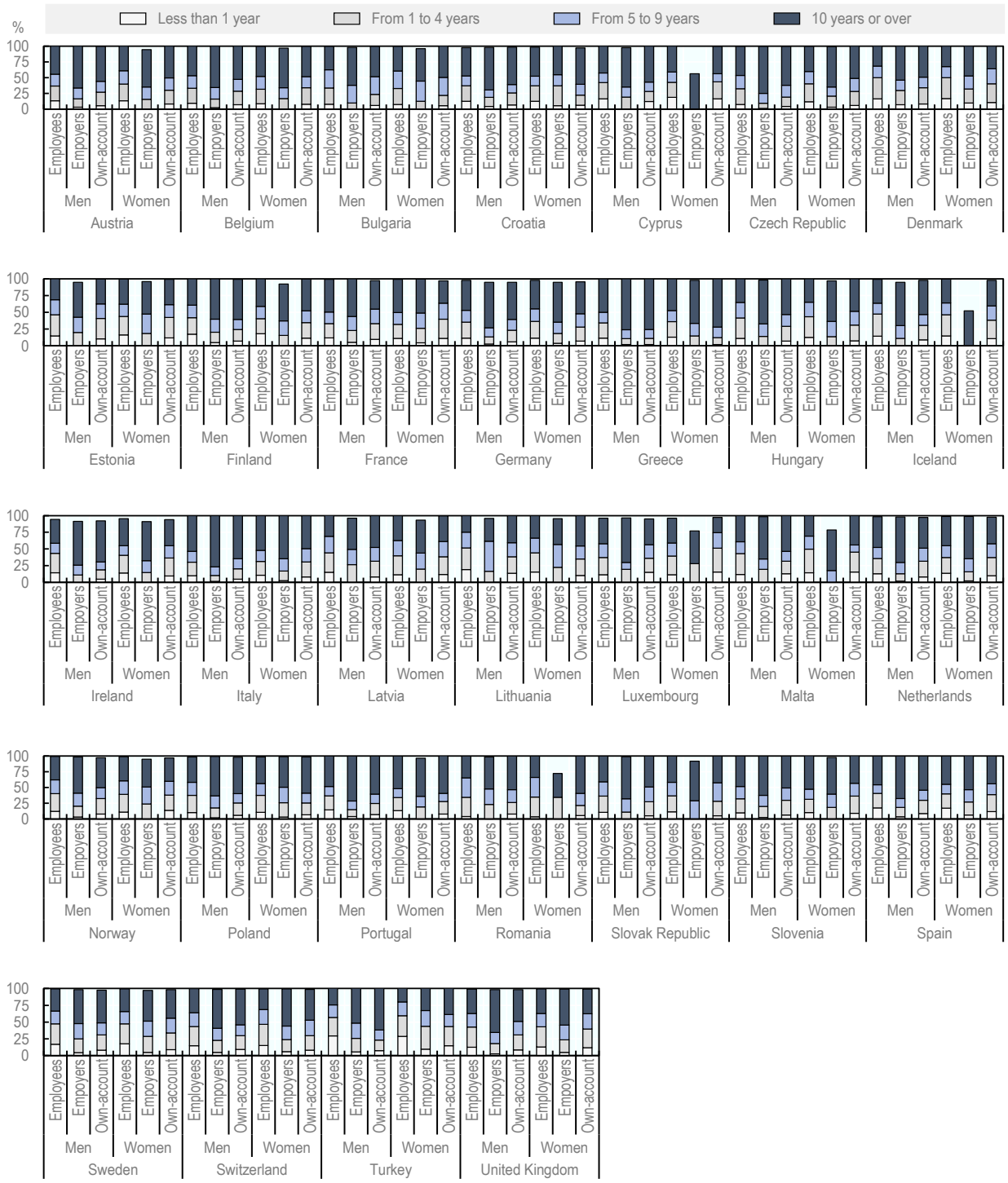


Source: (Eurostat, 2019[5])

StatLink http://dx.doi.org/10.1787/888934065000

Figure 2.25. Job tenure of the self-employed varies greatly by country

25 years older and above, 2018



Note: Own-account workers are those self-employed people who do not have any employees.
Source: (Eurostat, 2019[5])

StatLink http://dx.doi.org/10.1787/888934065019

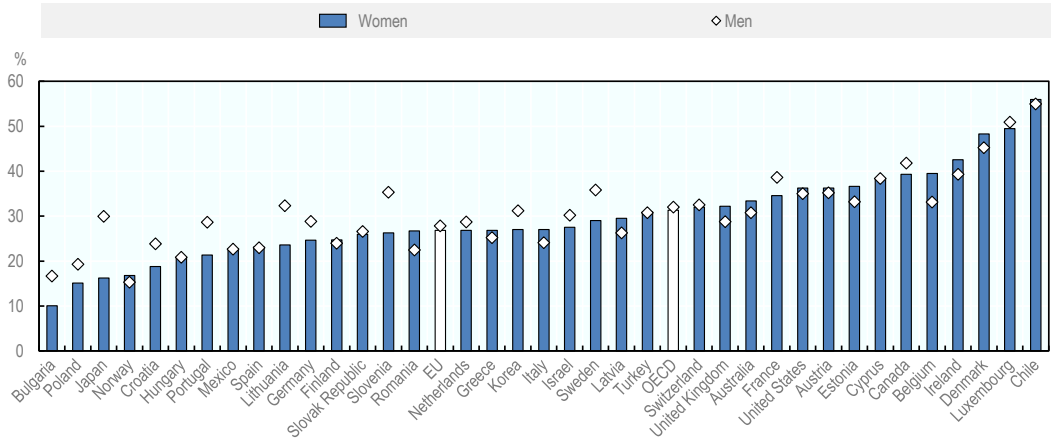
Women entrepreneurs appear as likely to be innovative

Overall, early-stage women entrepreneurs were about as likely as early-stage men entrepreneurs during the 2014-18 period to indicate that they offered new products and services to potential customers (Figure 2.26). In EU Member States, about 27% of early-stage men and women entrepreneurs offer new products and services, which was slightly below the proportion that did in OECD countries (31.3% of early-stage women entrepreneurs and 32.0% of early-stage men entrepreneurs).

About half of early-stage women entrepreneurs offers new products and services in Denmark (48.3%) and Luxembourg (49.4%). However, early-stage entrepreneurs were less likely to be innovative in Bulgaria (10.1%) and Poland (15.1%).

Figure 2.26. About one-third of women entrepreneurs in the EU offer new products and services

Percent of the early stage entrepreneurs, 2014-18



Note: All EU and OECD countries participated in the GEM survey between 2014 and 2018 except the Czech Republic and Malta. Several countries did not participate in the survey in every year: Australia (2018), Austria (2015, 2017), Belgium (2016-18) Bulgaria (2014), Cyprus (2014-15), Denmark (2015-18), Estonia (2018), Finland (2017-18), France (2015), Hungary (2017-18), Japan (2015-16), Korea (2014), Latvia (2014, 2018), Lithuania (2015-18), Mexico (2018), Norway (2016-18), Portugal (2017-18), Romania (2016-18), Turkey (2014-15, 2017).
Source: (Global Entrepreneurship Monitor, 2019[9])

StatLink http://dx.doi.org/10.1787/888934065038

Female entrepreneurs are less likely than male entrepreneurs to export

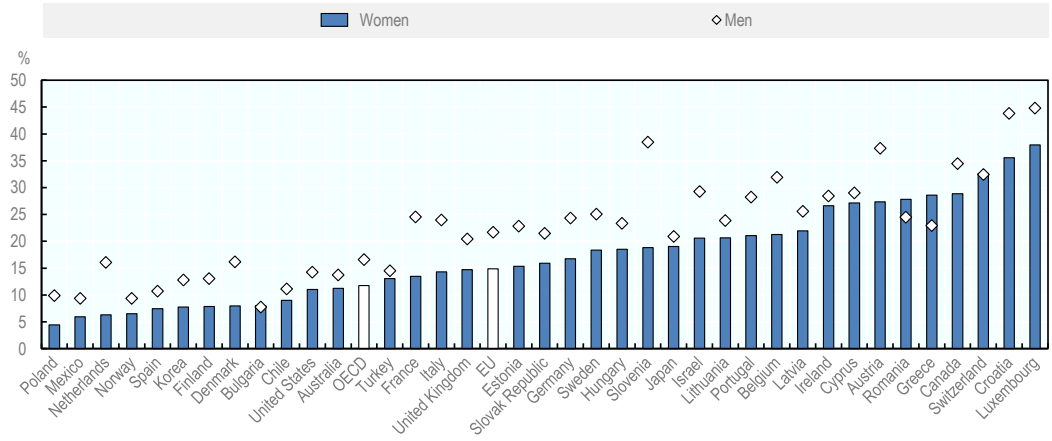
Between 2014 and 2018, 14.9% of early-stage women entrepreneurs in the EU sold to customers in another country (inside or outside of the EU) while 21.7% of early-stage men entrepreneurs did. In OECD countries, the proportions were slightly lower – 11.8% of early-stage women entrepreneurs and 16.6% of early-stage men entrepreneurs sold to foreign customers.

Among EU Member States, the country with the highest shares of early-stage women entrepreneurs that exported was Luxembourg (37.9%). Moreover, early-stage women entrepreneurs were more likely than early-stage male entrepreneurs to sell to foreign customers in Romania (27.8% vs. 24.5%) and Greece (28.6% vs. 22.9%). In Bulgaria, the

proportion of early-stage men and women entrepreneurs that sold to foreign customers was essentially the same (8%).

Figure 2.27. Less than 15% of women entrepreneurs in the EU export

Percent of early-stage entrepreneurs that sold to customers in another country, 2014-18



Note: All EU and OECD countries participated in the GEM survey between 2014 and 2018 except the Czech Republic and Malta. Several countries did not participate in the survey in every year: Australia (2018), Austria (2015, 2017), Belgium (2016-18) Bulgaria (2014), Cyprus (2014-15), Denmark (2015-18), Estonia (2018), Finland (2017-18), France (2015), Hungary (2017-18), Japan (2015-16), Korea (2014), Latvia (2014, 2018), Lithuania (2015-18), Mexico (2018), Norway (2016-18), Portugal (2017-18), Romania (2016-18), Turkey (2014-15, 2017).
Source: (Global Entrepreneurship Monitor, 2019[9])

StatLink http://dx.doi.org/10.1787/888934065057

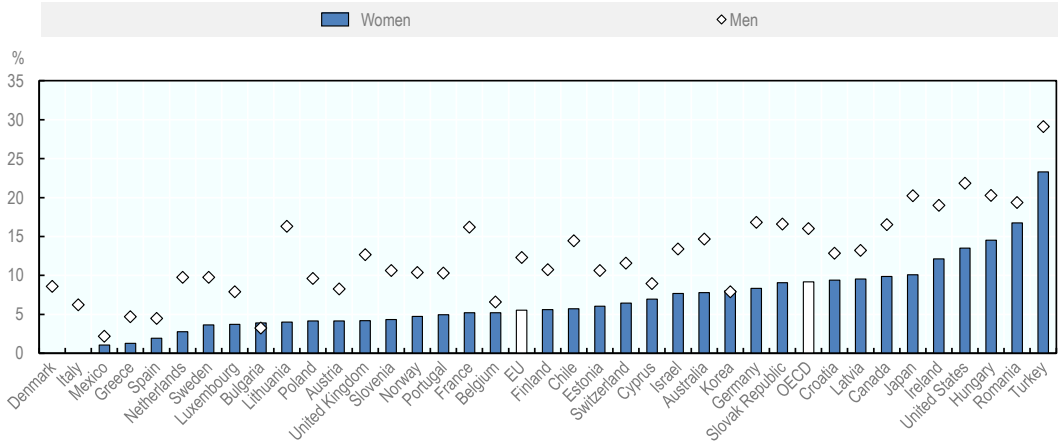
Less than 10% of early-stage women entrepreneurs pursue growth

Overall, women entrepreneurs were less likely than men entrepreneurs to expect that their business would create a substantial number of new jobs over the next five years (Figure 2.28). In the EU, 5.5% of early-stage women entrepreneurs reported in the 2014-18 period that they expected to create at least 19 jobs over the next five years. This was less than half of the proportion of early-stage men entrepreneurs that reported this level of expected growth (12.3%). The share of early-stage women entrepreneurs that expected this level of job creation was higher in OECD countries, where 9.2% of early-stage women entrepreneurs expected this level of job creation relative to 16.8% of men.

The EU Member State where early-stage women entrepreneurs were the most likely to report an expectation to create at least 19 jobs in the next five years was Romania, where 16.7% reported this expected level of job creation.

Figure 2.28. Women entrepreneurs in the EU are half as likely as men to pursue growth

Percent of early-stage entrepreneurs reporting that they expected to create at least 19 jobs over the next five years, 2014-18



Note: All EU and OECD countries participated in the GEM survey between 2014 and 2018 except the Czech Republic and Malta. Several countries did not participate in the survey in every year: Australia (2018), Austria (2015, 2017), Belgium (2016-18) Bulgaria (2014), Cyprus (2014-15), Denmark (2015-18), Estonia (2018), Finland (2017-18), France (2015), Hungary (2017-18), Japan (2015-16), Korea (2014), Latvia (2014, 2018), Lithuania (2015-18), Mexico (2018), Norway (2016-18), Portugal (2017-18), Romania (2016-18), Turkey (2014-15, 2017).
Source: (Global Entrepreneurship Monitor, 2019[9])

StatLink http://dx.doi.org/10.1787/888934065076

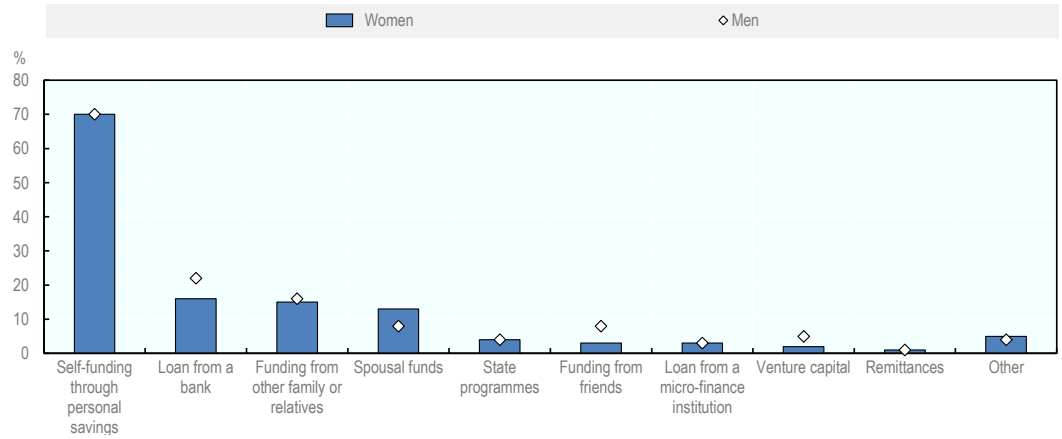
Start-up financing

Most self-employed women use self-funding

By far the most commonly used source of funding identified by self-employed men and women globally is own-finance (Figure 2.29). Among external sources of financing, bank loans are the most commonly used source, followed closely by friends and family and funds from their space. Very few firms report that they venture capital.

Figure 2.29. The most common source of financing for self-employed women is self-funding

Source of start-up finance reported globally, 2018



Note: Respondents could identify more than one source of funding.
Source: (Facebook / OECD / The World Bank, 2018[13])

StatLink http://dx.doi.org/10.1787/888934065095

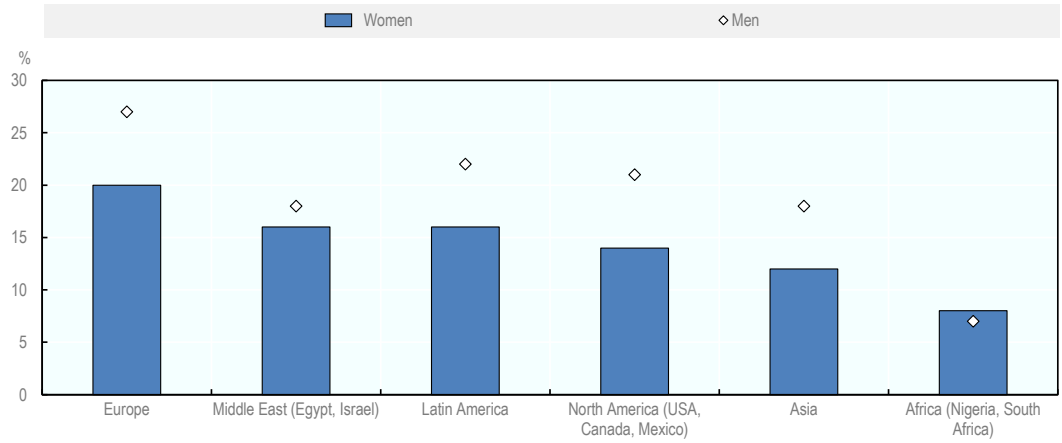
Less than 20% of women entrepreneurs use bank financing

The proportion of entrepreneurs using bank loans was high in EU countries in 2018. About 20% of women entrepreneurs in the EU indicated that they used bank loans, relative to 27% of men entrepreneurs (Figure 2.30). Women were less likely to report using bank loans than men in the Latin America (16% vs. 22%), North America (14% vs. 21%) and Asia (12% vs. 7%). However, the differences between men and women were not statistically significant in the Middle East or Africa.

There were differences across sectors in the shares of entrepreneurs reporting that they used bank loans. Globally, the use of bank loans was most frequent in Goods production and repair (22% of women entrepreneurs vs. 26% of men entrepreneurs), Personal and hospitality services (20% vs. 27%) and Retail (17% vs. 27%) (Figure 2.31).

Figure 2.30. Bank financing for women entrepreneurs is the most common funding source in Europe

Proportion of business funding using bank loans, 2018

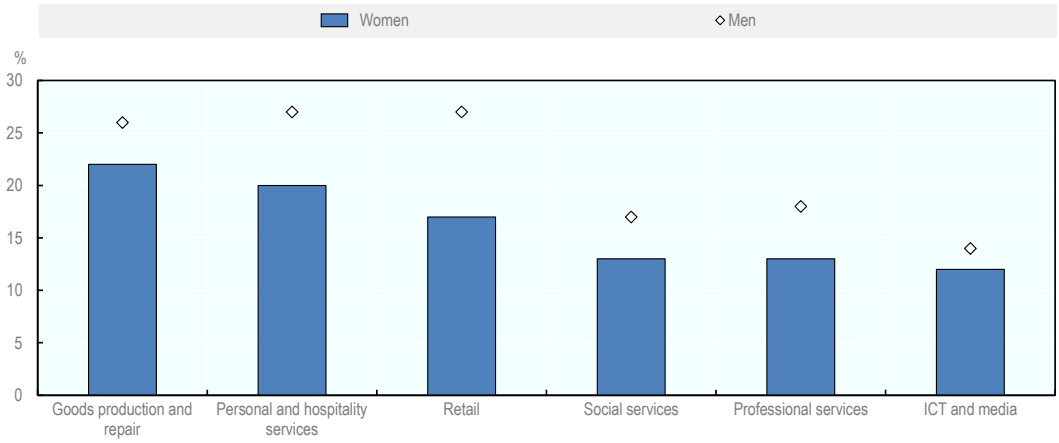


Note: Gender differences for the Middle East and Africa are not statistically significant at 95% level.
Source: (Facebook / OECD / The World Bank, 2018[13])

StatLink http://dx.doi.org/10.1787/888934065114

Figure 2.31. Bank loans to women entrepreneurs are most likely to go to the goods production and repair sector

Proportion of business funding using bank loans by sector, 2018



Source: (Facebook / OECD / The World Bank, 2018[13])

StatLink http://dx.doi.org/10.1787/888934065133

Box 2.1. Country spotlight: Bank loans to women entrepreneurs, Romania

Romania was hit relatively hard by the financial crisis, with decreasing employment, falling productivity and a credit crunch (IFC, 2019[14]). These challenges were felt disproportionately by the SMEs sector. While access to finance has improved since the crisis, the SME finance gap in Romania was estimated to be USD 32.7 billion in 2017 (approximately EUR 31.0 billion, or 18% of GDP); and of this, the finance gap for women-led SMEs was USD 2.6 billion (approximately EUR 2.5 billion) (IFC, 2019[14]).

Garanti Bank is one of the largest private banks in Romania. It has operated since 1998. With a diverse portfolio of personal and commercial banking products and services, it received support from the International Finance Corporation (IFC) in 2011 to develop a loan product for seniors. This quickly expanded into women-specific products and led to the Garanti Bank lending more than EUR 145 million to women-owned enterprises as of end-December 2017.

To better understand the needs of women entrepreneurs, the Garanti Bank and IFC conducted a survey of women entrepreneurs. This included those that benefited from the Garanti Bank Romania's Women SME Banking Programme, as well as a control group of women entrepreneurs that used loans and financial services at other banks in Romania.

About 60% of women entrepreneurs used a credit line between 2011 and 2015 (Figure 2.32), which was true of clients of Garanti Bank and other banks. Other frequently used financial products were medium-term loans, savings accounts and investment loans. The first two products were used substantially more frequently by Garanti Bank clients than by clients at other banks.

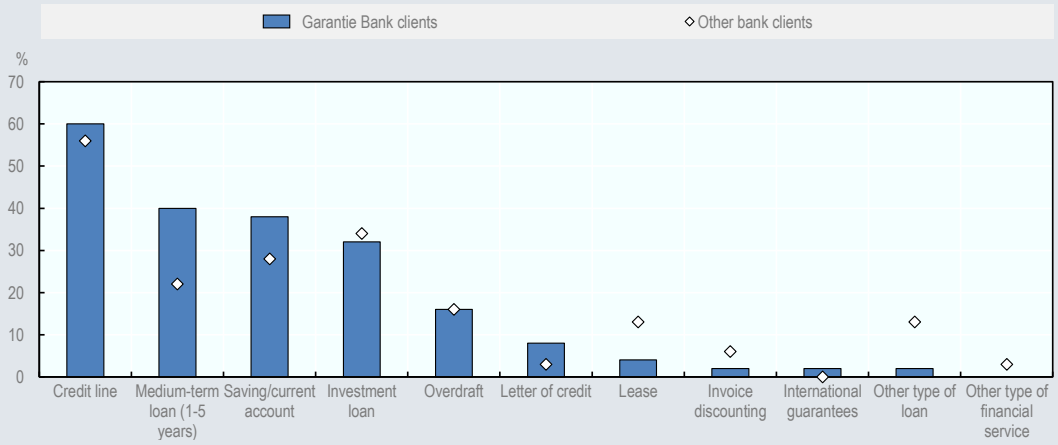
The most common use of bank loans was for working capital (Figure 2.33). Nearly 45% of women entrepreneurs that banked with Garanti Bank cited this relative to about one-third of women entrepreneurs that banked elsewhere. The purchase or upgrade of equipment was the second most cited reason for obtaining a bank loan, followed closely by acquiring premises.

The reported impact of financial services by Garanti Bank clients on employment was mixed. About 36% reported an increase, 60% indicated no change, and 4% reported a decline in employment, partly driven by mechanisation. The clients of other banks also

reported a similar impact from the financial services they received on their business performance.

Figure 2.32. The most common bank financial service used by women entrepreneurs in Romania is a credit line

Percent of clients (firms) using financial services between 2011 and 2015

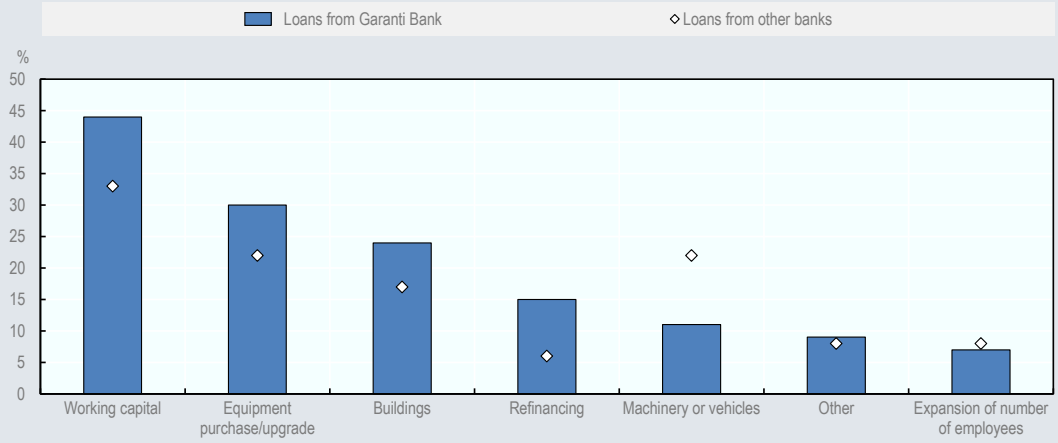


Source: (IFC, 2019[14])

StatLink http://dx.doi.org/10.1787/888934065152

Figure 2.33. Most loans to women entrepreneurs in Romania are for working capital

Purpose of loan, 2011-15



Source: (IFC, 2019[14])

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Women are a major target group of the microfinance sector

Another approach that is used to support women entrepreneurs is microcredit, which aims to improve financial inclusion by overcoming market and social barriers in the financial market for disadvantaged groups. These are small loans of up to EUR 25 000 to finance

income-generating activities and are often packaged with business development support such as entrepreneurship training, mentoring, coaching, financial education and business advice. When microcredit is coupled with "soft" business development support, it is typically referred to as microfinance.

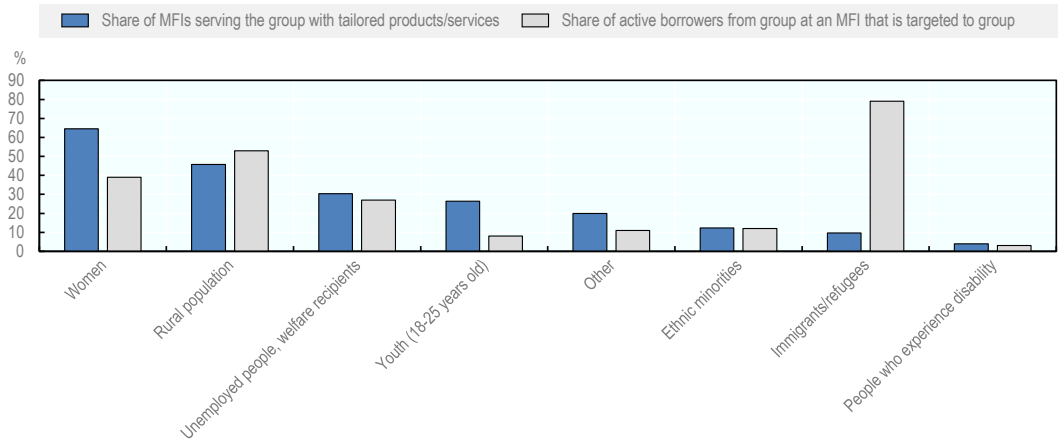
The advantage of microfinance is that, as a credit product, entrepreneurs have strong incentives for creating a sustainable business since they must repay the loan. Another advantage is that, unlike other financial products (e.g. loan guarantees, bank loans), the instrument is designed specifically for the needs of people who experience difficulties in obtaining access to conventional credit. However, the loans are typically offered at higher interest rates than mainstream financial products given the higher levels of risk involved. The sector has been steadily growing over recent years and in 2017 microfinance institutions in the EU reported almost one million total active borrowers, with a gross microloan portfolio outstanding of more than EUR 3.1 billion (Diriker, Landoni and Benaglio, 2018[15]).

Women are one of the most important target groups for microfinance in the EU (Figure 2.34). About two-thirds of microfinance institutions have tailored products for women, and nearly 40% of women using microfinance used tailored products from one of these specialised institutions. Moreover, women accounted for slightly more than 40% of business and personal borrowers, which is above the share in self-employment (Figure 2.35).

Different types of institutions offer microfinance, including NGOs, private banks, co-operatives and credit unions, government agencies and institutions, and non-bank financial institutions. For women borrowers, NGOs account for the greatest share of loans followed by private banks (Figure 2.36).

Figure 2.34. Women are the most important target group served by microfinance in the EU

Share of European Microfinance Network members, 2016-17

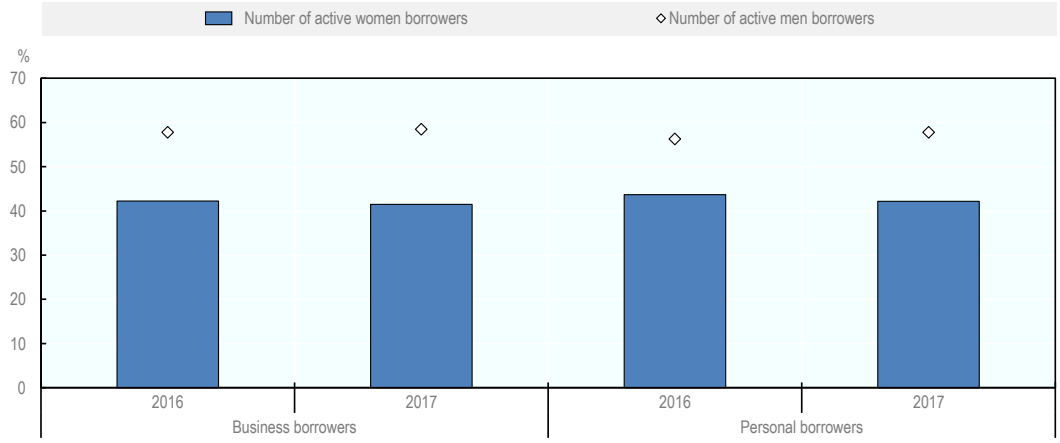


Source: (Diriker, Landoni and Benaglio, 2018[15])

StatLink http://dx.doi.org/10.1787/888934065190

Figure 2.35. Women account for about 40% of business microfinance loans in the EU

Share of European Microfinance Network members, 2016-17

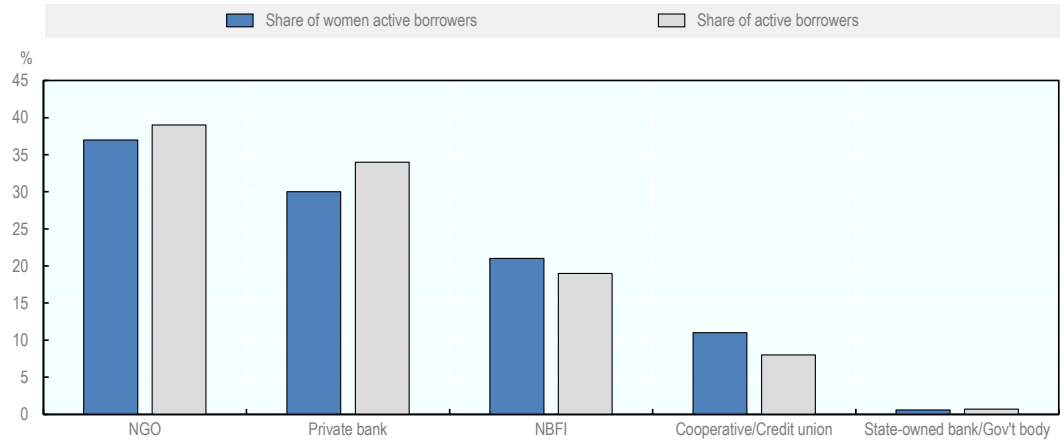


Source: (Diriker, Landoni and Benaglio, 2018[15])

StatLink http://dx.doi.org/10.1787/888934065209

Figure 2.36. Most microfinance loans are made by NGOs in the EU

Microloan activity by institution type, 2016-17



Source: (Diriker, Landoni and Benaglio, 2018[15])

StatLink http://dx.doi.org/10.1787/888934065228

On average, female-owned businesses are as likely as male-owned businesses to receive venture capital but receive less

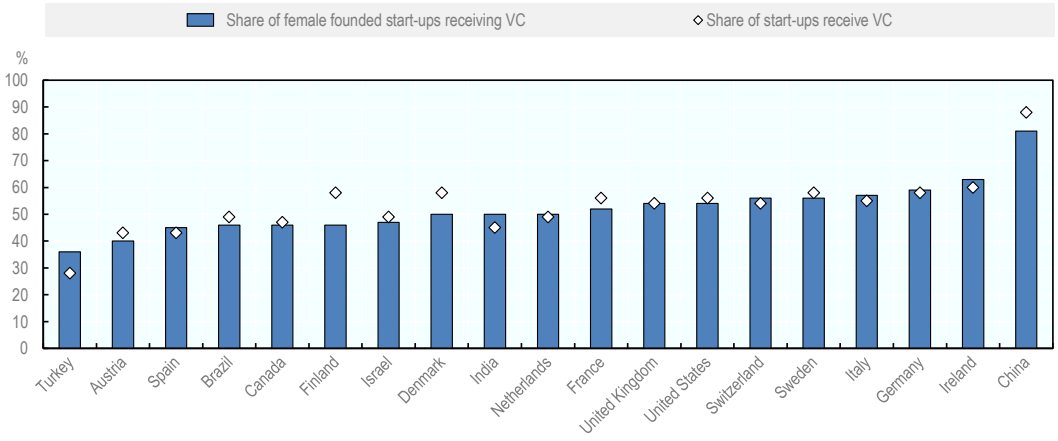
Venture capital (VC) can be broadly defined as a form of equity financing that is particularly important for young companies with innovation and growth potential but untested business models and no track record (OECD, 2017[16]). This includes equity investments made to support the pre-launch, launch and early-stage development phases of a business. VC is often used by new firms with limited access to other forms of financing. They are typically innovative, high-potential (and also high-risk) start-ups with no or few physical assets that could serve as collateral and no credit history.

A recent OECD study examined the gender gap in VC using the Crunchbase database (Lassébie et al., 2019[17]). This database is a popular online platform that connects venture capitalists with seed stage start-ups. It defined female-led businesses as those with at least one founder or co-founder that is female. Overall 15% of start-ups have at least one woman as the founder, while less than 6% have only female founders.

There is only a very small difference in terms of likelihood of receiving VC between men and women founders, and the gap is not statistically significant in most countries (Figure 2.37). However, on average, women founders in OECD countries receive considerably less than male founders (USD 9 million vs. USD 13 million) (Figure 2.38). Further, female founders are less likely than male founders to have a successful exit (9% vs. 13%) (Lassébie et al., 2019[17]).

Figure 2.37. Women entrepreneurs are about as likely as men to receive VC

2018

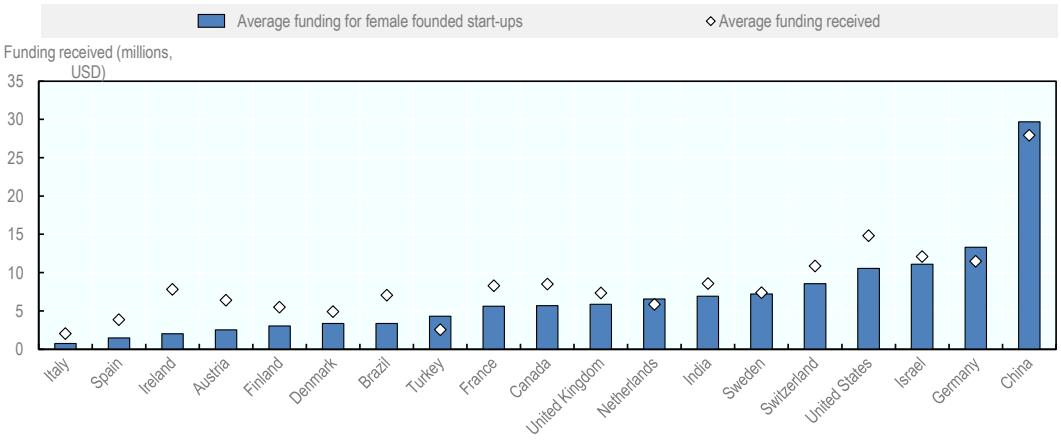


Note: Female founded start-ups are those with at least one female founder.
Source: (Lassébie et al., 2019[17])

StatLink http://dx.doi.org/10.1787/888934065247

Figure 2.38. Women entrepreneurs receive less venture capital

2018



Note: Data for the United Kingdom is for Great Britain.
Source: (Lassébie et al., 2019[17])

StatLink http://dx.doi.org/10.1787/888934065266

Conclusions

Women are clearly under-represented in self-employment and entrepreneurship and the available evidence suggests that they tend to operate smaller and less dynamic businesses than men. However, the reasons for this gender gap are not so clear-cut. Some of the gender differences can be explained by the institutional barriers that constrain women in entrepreneurship, including family and tax policies that discourage labour market participation and entrepreneurship, and negative social attitudes towards women's entrepreneurship. Further, there are market failures that make it more difficult for women to be successful in business creation and self-employment. Notable examples of market failure include bias in financial markets and public policy initiatives that are not effective at reaching potential women entrepreneurs. However, it is important not to overlook the element of personal choice. Women can have different motivations for self-employment, including the ability to better manage work-life balance and avoiding the "glass ceiling" in employment. Policy makers should therefore not aim to eliminate all differences between men and women entrepreneurs, but instead attempt to remove institutional influences that affect motivations and intentions and correct market failures that constrain women's entrepreneurship.

For further policy discussion on women's self-employment and entrepreneurship activities, please see (OECD/EU, 2016[12]). Examples of recent policy actions to support women's entrepreneurship can be found in several country profiles in Part III of this report: Austria, Bulgaria, Croatia, Cyprus, Estonia, France, Ireland, the Netherlands, Poland, Romania, the Slovak Republic and the United Kingdom.

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3. Youth self-employment and entrepreneurship activities

This chapter presents data on self-employment and entrepreneurship activities by youth, including self-employment rates and the proportion involved in starting a business. The chapter also presents data on the characteristics of the businesses operated by youth, including the sector, the proportion of new businesses that offer new products and services, and the proportion of new entrepreneurs who expect to create a substantial number of jobs. Data are also presented on some of the key barriers to entrepreneurship for youth such as fear of failure and a lack of entrepreneurship skills. Data are presented for European Union Member States and OECD countries along with the averages for the European Union and the OECD.

Key messages

- **Youth have a high level of interest in self-employment but only 6.5% of working youth (20-29 years old) in the European Union (EU) were self-employed in 2018**. Further, the number of self-employed youth has declined over the past decade, falling from 2.7 million in 2009 to 2.5 million in 2018.
- **The gender gap in self-employment starts early**. In 2018, young women in the EU were only about 60% as likely as young men to be self-employed (4.8% vs. 8.0%).
- **Youth are slightly more likely than adults to be involved in starting a business**. In the EU, survey data indicate that 4.7% of youth (18-30 years old) were actively working on setting up a business between 2014 and 2018, compared to 4.0% overall. However, youth in OECD countries were more active in business creation over this period (7.4%).
- **Few self-employed youth are employers**. In 2018, only 15.9% of self-employed youth (20-29 years old) in the EU employed other people compared to 28.5% overall.
- **However, new young entrepreneurs in the EU were optimistic about their job creation potential**: 11.1% indicated that they expected to create at least 19 additional new jobs over the next five years compared to 9.8% overall. The share of new youth entrepreneurs expecting this level of growth was higher in OECD countries over this period (14.6%).
- **Approximately half of new youth entrepreneurs reported that they introduced new products and services to their customers** over the 2014-18 period, which was slightly above the proportion of adults over this period.
- **Youth face a number of key barriers to business creation and self-employment**. Youth (18-30 years old) in the EU were slightly less likely than adults to feel that they had the knowledge and skills for entrepreneurship over the 2014-18 period (36.3% vs. 41.9% for adults). A similar result was found in OECD economies over the same period (38.7% vs. 44.5% for adults). Further, 44.5% of youth in the EU viewed fear of failure as a barrier to entrepreneurship over this period. This proportion was above the proportion for OECD countries (39.2%).
- **Public policy can address many of the market and institutional failures in youth entrepreneurship** by increasing awareness about the potential of entrepreneurship, embedding entrepreneurship teaching at all levels of education, offering training and coaching outside of education, improving access to finance and supporting the development of entrepreneurship networks for young people.

The policy context for youth self-employment and entrepreneurship

Youth unemployment has been a major crisis over the past decade…

One of the greatest policy challenges of the past decade for many European Union (EU) Member States (and non-EU OECD countries) has been the youth unemployment crisis. In the EU, the youth unemployment rate peaked in 2013 at 23.7%, but it reached much higher levels in several Member States such as Greece (58.3%), Spain (55.5%) and Croatia (50.0%). In Italy, the youth unemployment rate peaked a year later at 42.7%. At the same time, the number of youth who were not in employment, education or training (i.e. NEETs) was also increasing rapidly.

This challenge led to a range of policy actions in the EU, including the EU's Youth Guarantee (European Union, 2013[1]), which was a commitment by all EU Member States in the form of a Council Recommendation. It aims to ensure that all young people under the age of 25 years old receive a good quality offer of employment, continued education, apprenticeship, or traineeship within four months of becoming unemployed or leaving formal education. The main financial instrument used to implement Youth Guarantee schemes in Member States is the Youth Employment Initiative (YEI). It was launched in 2012 and supports youth living in regions where the youth unemployment rate is higher than 25%. The YEI provides financial resources to complement actions funded by national budgets in Member States, as well as those supported by EU funds, notably the European Social Fund (ESF). In 2017, the Council and the Parliament agreed to increase the budget of the YEI by EUR 2.4 billion for eligible Member States for the period 2017-20, bringing the total budget to EUR 8.8 billion for 2014-20 (European Commission, 2018[2]).

Although the youth unemployment challenge has not yet been fully resolved, youth unemployment has returned to pre-crisis levels (i.e. 2007) in most Member States. Moreover, the proportion of youth (15-29 years old) that are not in employment, education or training (i.e. NEETs) has declined in the EU since 2011, falling from 15.4% to 13.4% in 2017 (Eurostat, 2018[3]). However, it must be recognised that these trends vary greatly at the regional level and many regions continue to face high levels of youth unemployment.

Moreover, labour market participation rates for youth continue to decline, having fallen nearly 10 percentage points over the last decade in the EU (Eurostat, 2018[3]). Participation rates have also declined in OECD countries over the last decade, but to a much lesser extent (three percentage points) (OECD, 2019[4]). This is likely a response to tightening labour markets, which is expected to continue in the coming years (OECD, 2018[5]). Youth are one of the most affected groups because their lack of experience makes it difficult to enter the labour market, particularly those with low skill levels (OECD, 2018[6]). Consequently, many youth delay entry into the labour market by pursuing post-secondary education.

Youth unemployment and delayed entry into the labour market are a concern for policy makers because the short- and long-term consequences can be great. The long-term impacts of youth unemployment include serious negative effects on earnings and employment opportunities, even after 20 years (Schmillen and Umkehrer, 2017[7]). Moreover, prolonged periods without a job can reduce civic engagement, lower trust in society and other citizens and potentially lead young people into crime (Carcillo et al., 2015[8]). Youth unemployment also has a substantial cost to economies. For example, estimates suggest that NEETs aged 15 to 29 years old cost the EU economy EUR 142 billion per year (Eurofound, 2019[9]).

…and other challenges are emerging

A number of structural changes are unfolding in the labour market. A growing number of workers have non-standard work arrangements, including temporary work, part-time work and self-employment. The number of workers with temporary contracts has increased in most EU countries, and this has affected youth disproportionately. Further, the proportion of workers in part-time work has also increased, especially among youth (Eurostat, 2018[3]).

The increase in non-standard work represents an opportunity for some workers. For example, some people that have difficulty entering the labour market may have opportunities to take a first step into work and gain experience that can lead to other opportunities. This is particularly relevant for youth. However, the increase in non-standard work can also be associated with "false" self-employment and deteriorating working conditions, notably reduced employment and income stability and fewer prospects for

career development. For youth, the increases in temporary and part-time work have been largely involuntary (European Commission, 2017[10]). The consequence is income instability, which can delay major decisions such as home-ownership or starting a family.

Self-employment activities by youth

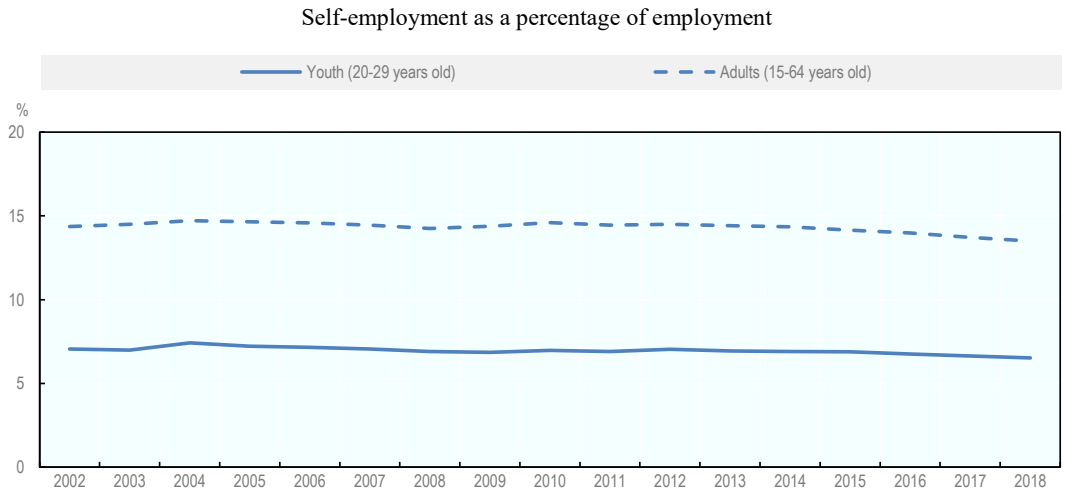
Youth are interested but not active in self-employment

Survey data often indicate that youth are very interested in becoming self-employed (OECD/EU (forthcoming)[11]; Halabisky, 2012[12]). Recent surveys show that almost half of youth would prefer to work as self-employed rather than working as an employee (European Commission, 2012[13]). However, very few youth work as self-employed. In 2018, only 6.5% of employed youth between 20 and 29 years old were self-employed in the EU (Figure 3.1). This was less than the overall self-employment rate for adults overall (15-64 years old) – 13.5%. The self-employment rate for youth has remained fairly constant despite a decline in the absolute number of self-employed youth from 2.7 million in 2009 to 2.5 million in 2018.

At the country level, youth self-employment rates varied greatly across EU Member States and non-EU OECD countries (Figure 3.2). The proportion of youth working as self-employed was relatively high in 2018 in Italy (12.6% for youth vs. 20.6% for adults), Lithuania (6.9% vs. 10.8%), Romania (10.5% vs. 15.5%) and the Slovak Republic (10.2% vs. 14.6%). At the same time, it was relatively low in Austria (3.3% vs. 10.4%), Croatia (2.9% vs. 10.2%), Ireland (2.9% vs. 12.9%) and Switzerland (3.2% vs. 11.6%).

Over the past decade, the youth self-employment rate declined in many EU Member States, likely due to the improving labour market conditions following the economic crisis that allowed more youth to move into paid employment. Nonetheless, there were marginal increases in the youth self-employment rate some countries over the past decade: Estonia, Latvia, the Netherlands, Slovenia and the United Kingdom. Countries with high youth unemployment tend to also have high youth self-employment rates, which often reflects necessity entrepreneurship (Figure 3.3).

Figure 3.1. Youth in the EU are half as likely as adults to be self-employed

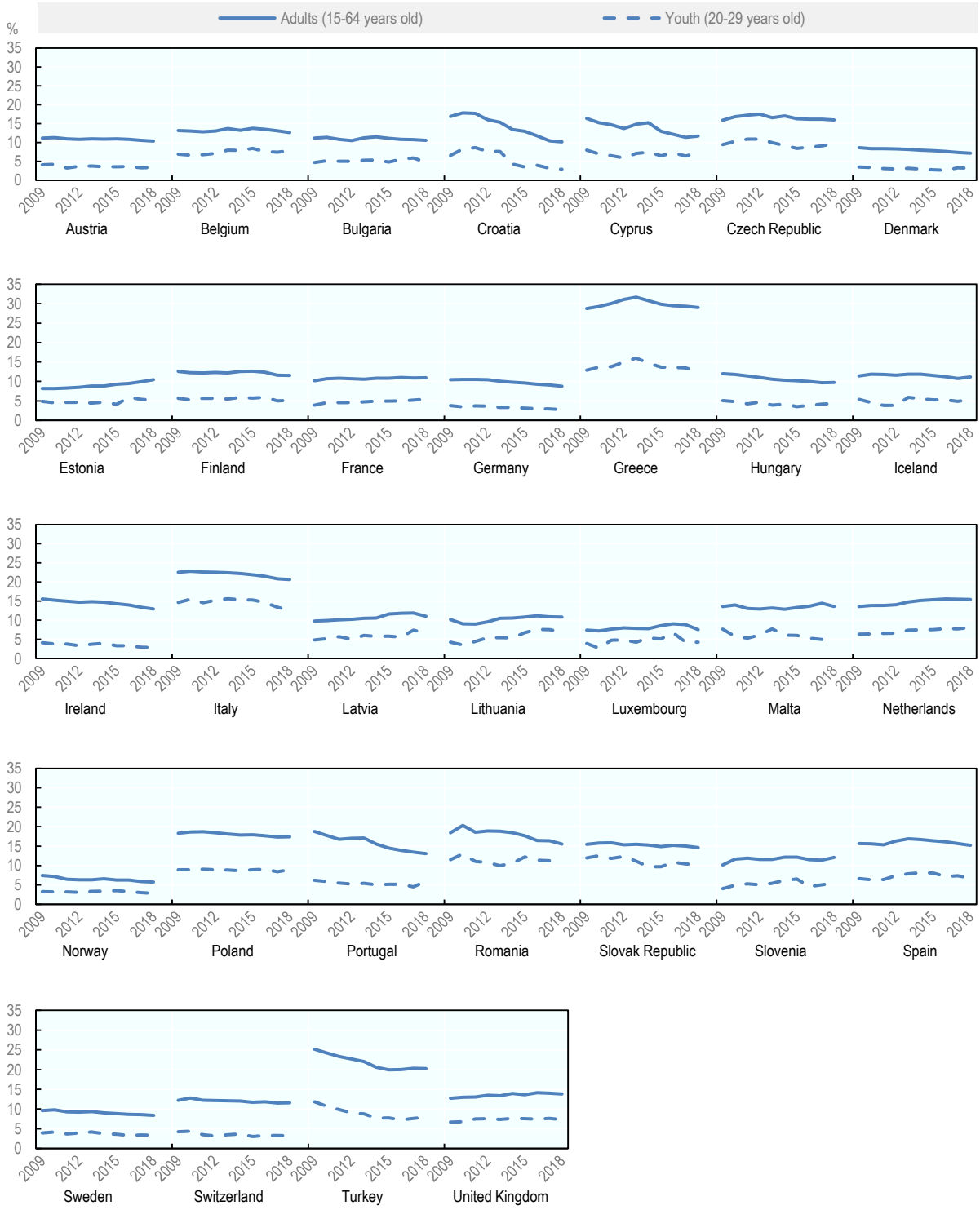


Source: (Eurostat, 2019[14])

StatLink http://dx.doi.org/10.1787/888934065285

Figure 3.2. Youth self-employment rates vary greatly by country

Self-employment as a percentage of employment

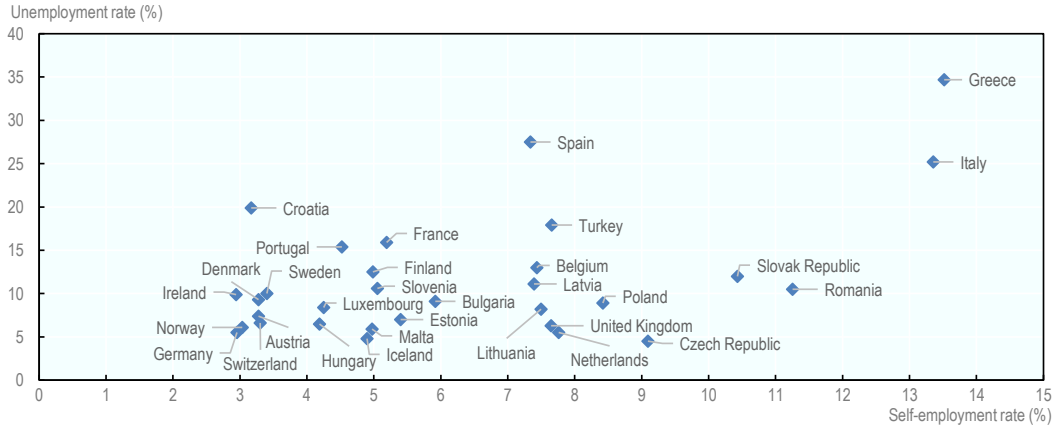


Source: (Eurostat, 2019[14])

StatLink http://dx.doi.org/10.1787/888934065304

Figure 3.3. Youth self-employment is higher in countries with high youth unemployment

Share of active youth (20-29 years old) that are unemployed and the proportion of employed youth (20-29 years old) that are self-employed, 2018



Source: (Eurostat, 2019[14])

StatLink http://dx.doi.org/10.1787/888934065323

Box 3.1. Country spotlight – the difference in motivations for youth entrepreneurs starting from unemployment, selected EU Member States

The EU project Cultural Pathways to Economic Self-Sufficiency and Entrepreneurship sought to undertake a comparative analysis of youth unemployment in Europe. The project ran from February 2014 until January 2018.

As part of this project, a survey was undertaken between January and June 2016 about labour market activities of youth aged 18 to 35 years old. The United Kingdom, Denmark, Switzerland, Germany, Austria, the Czech Republic, Hungary, Spain, Italy, Greece, and Turkey participated in the survey. For each country, data for a stratified random sample of at least 1 000 youth aged 18–35 years was collected. The data comes with post-stratification weights according to age, gender, educational attainment, NUTS2 region, and country population size.

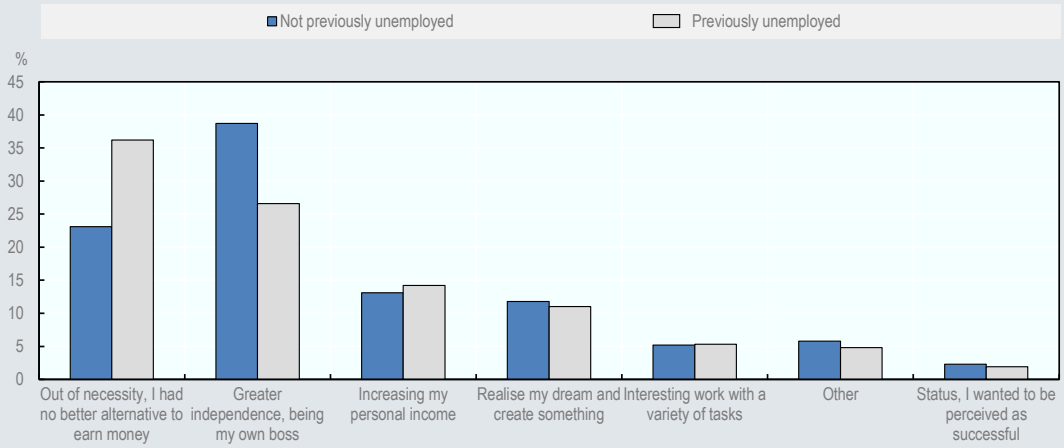
One of the issues explored by the survey was motivations for self-employment and whether they differed between those who started a business out of unemployment and those who were not unemployed (Figure 3.4). Self-employed youth who were not previously unemployed were most frequently motivated by greater independence or the opportunity to become their own boss (38.7%). However, for those who were previously unemployed, the main driver was a necessity for earning money (36.2%). Only 23.1% of those who were not unemployed were motivated by necessity. Other differences in motivations between the two groups of self-employed youth were minimal.

However, differences in the types of activities done in self-employment were also observed. About one-fifth of the self-employed without unemployment experience worked as managers while only 12.1% of those who were unemployed did. Furthermore, relatively

more of the self-employed with unemployment experience worked in services and sales (especially as sales managers) or elementary occupations.

Figure 3.4. One-third of self-employed youth that were formerly unemployed started their business out of necessity

Motivation for becoming self-employed for individuals with and without unemployment experience (relative frequency in %), 2018



Note: Results are weighted by age, gender, education, NUTS2 region and country population size.
Source: (Dvouletý et al., 2018[15])

StatLink http://dx.doi.org/10.1787/888934065342

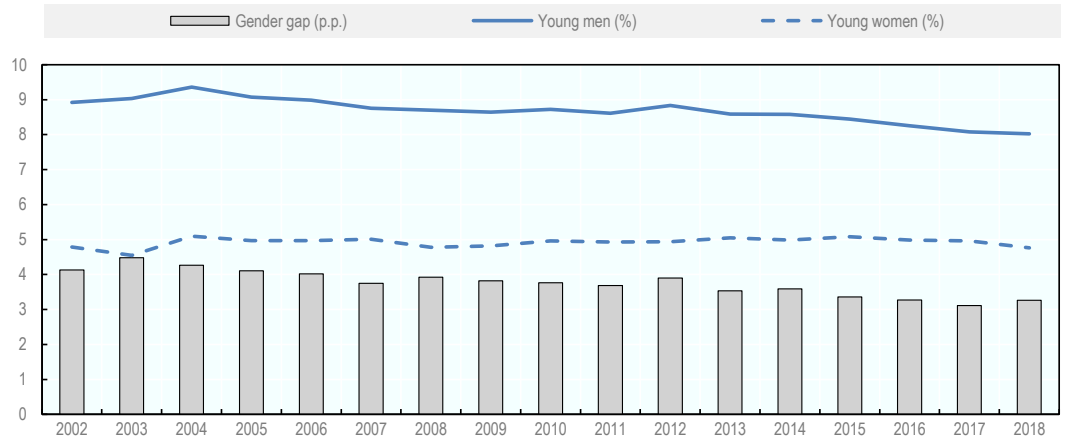
The gender gap is also significant among self-employed youth

The gender gap, which was noted in Chapter 2, also appears significantly among self-employed youth. In the EU, young men (20-29 years old) were nearly twice as likely to be self-employed than young women in 2018 (8.0% vs. 4.8%) (Figure 3.5). The gender gap among self-employed youth has closed one percentage point since 2002 (i.e. about 25%).

There were only a small number of countries where young women were about as likely as young men to be self-employed over the past decade (Figure 3.6). The gap was very small in 2018 in Cyprus (0.2 percentage points, p.p.), Hungary (0.3 p.p.) and Estonia (0.9 p.p.), and was negative in Luxembourg, i.e. young women were more likely to be self-employed than young men. Over the past decade, the gender gap closed slightly in Cyprus, Ireland, Romania, Slovenia, Spain and Turkey, while it increased in Greece, Poland and the Slovak Republic.

Figure 3.5. The gender gap in youth self-employment in the EU has been decreasing

Self-employment as a percentage of employment

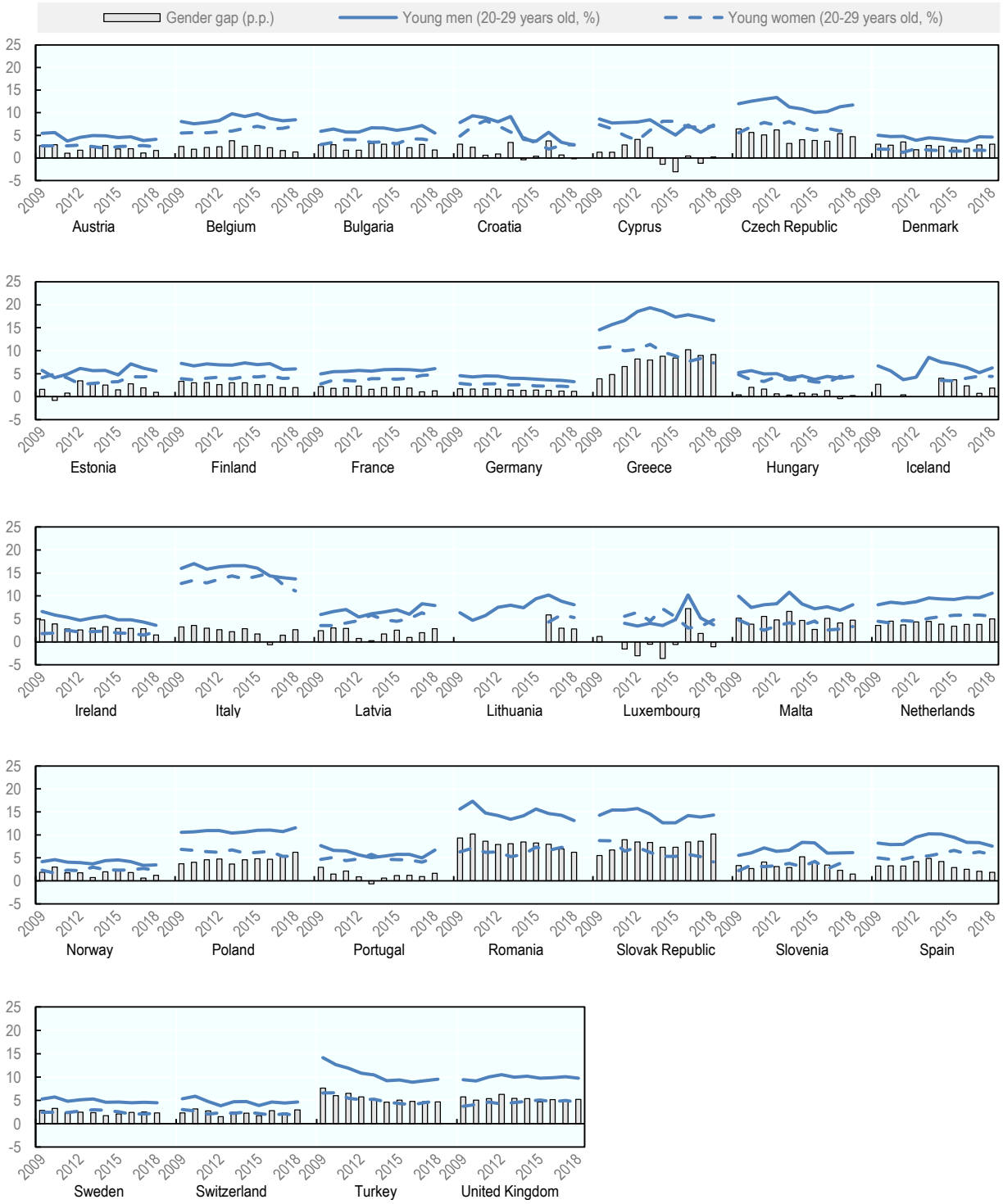


Source: (Eurostat, 2019[14])

StatLink http://dx.doi.org/10.1787/888934065361

Figure 3.6. The gender gap in youth self-employment varies greatly by country

Self-employment as a percentage of employment



Source: (Eurostat, 2019[14])

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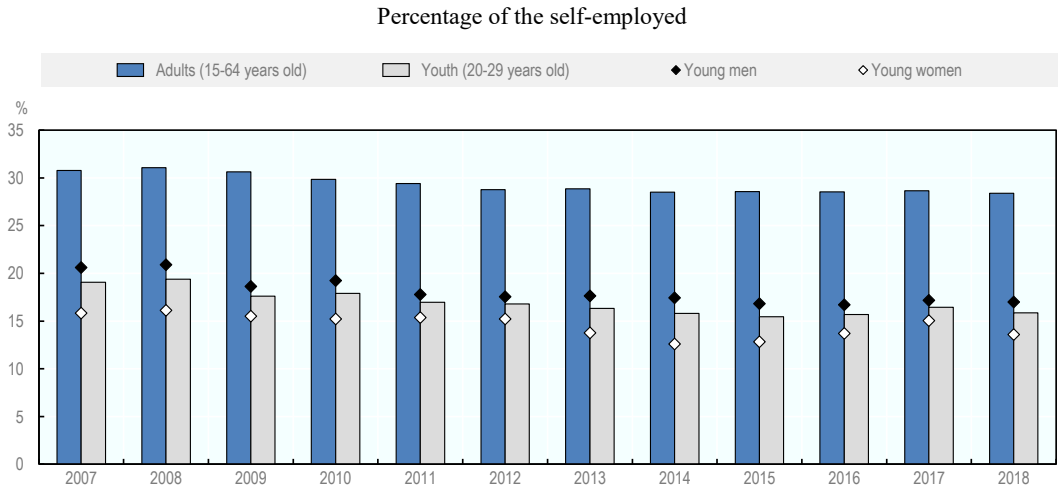
Self-employed youth are less likely to have employees

Overall, 15.9% of self-employed youth (20-29 years old) in the EU employed other people in 2018 (Figure 3.7). This was about half of the proportion of self-employed adults (28.4%). Since 2007, the share of self-employed youth with employees has declined from 19.1% to 15.9%, which is slightly faster than the overall decline among all self-employed over this period (30.8% to 28.4%).

Young self-employed women in the EU were less likely than young self-employed men over the 2007-18 period to have employees, although the gap narrowed over this period. In 2018, 13.6% of young self-employed women had employees, relative to 17.0% of young self-employed men.

Despite the overall decrease in the share of self-employed youth that had employees, the proportion increased over the past decade in Austria, Croatia, Denmark and Sweden (Figure 3.8). Furthermore, there were a number of countries where young self-employed women were as likely as young self-employed men to have employees, notably in Belgium, the Czech Republic and Norway.

Figure 3.7. The proportion of self-employed youth with employees in the EU is declining



Source: (Eurostat, 2019[14]).

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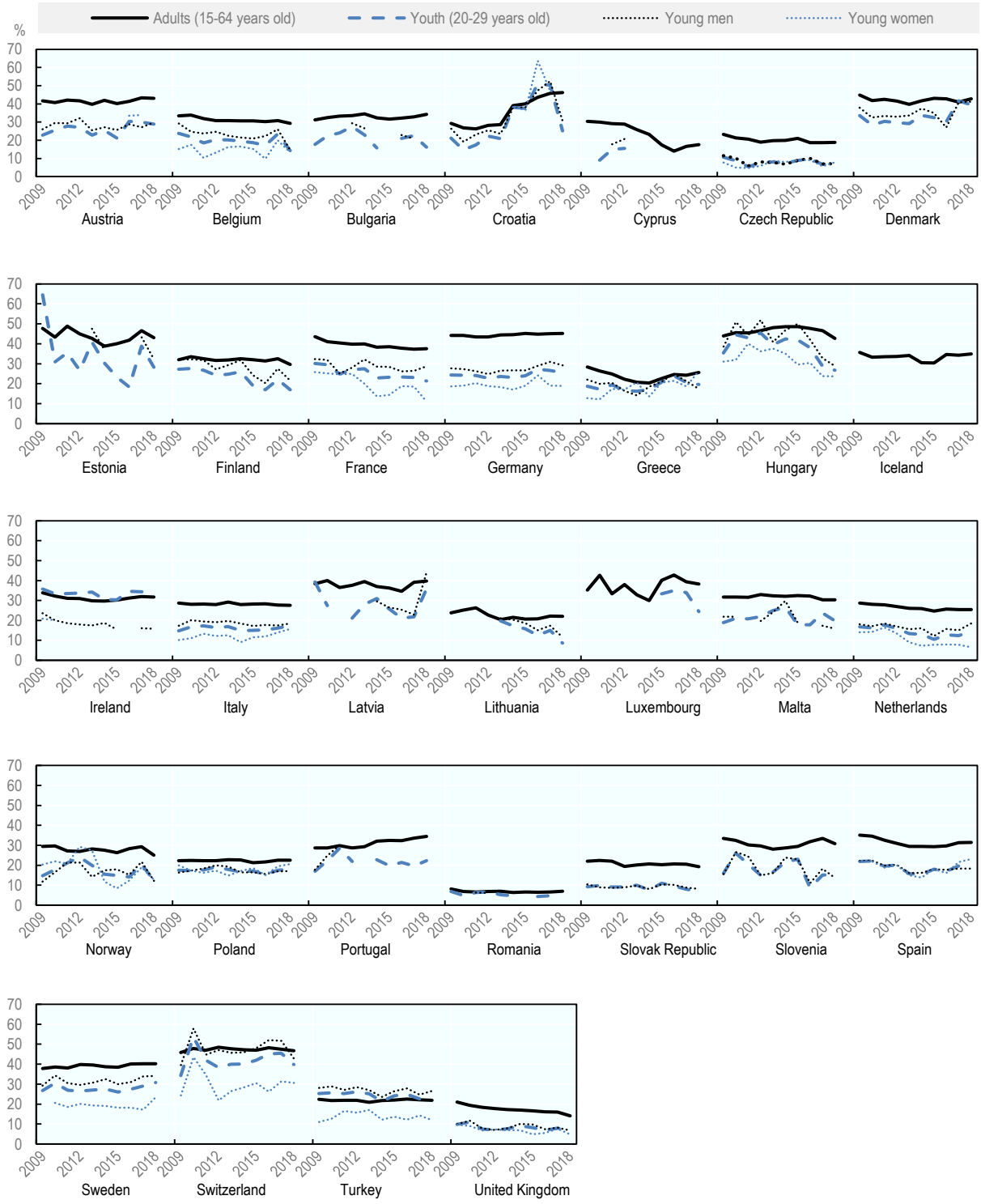
Figure 3.8. The proportion of self-employed with employees varies greatly by country

Percentage of the self-employed



Source: (Eurostat, 2019[14])

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Entrepreneurship cycle

Another approach to estimating the level of entrepreneurship activities in an economy is through household surveys. The most well-known international survey on entrepreneurship is the Global Entrepreneurship Monitor (GEM). It is composed of a network of researchers and research institutes that manage the annual household survey. For more information on GEM, please refer to the Reader's Guide at the beginning of this report.

Many youth are involved in pre start-up activities

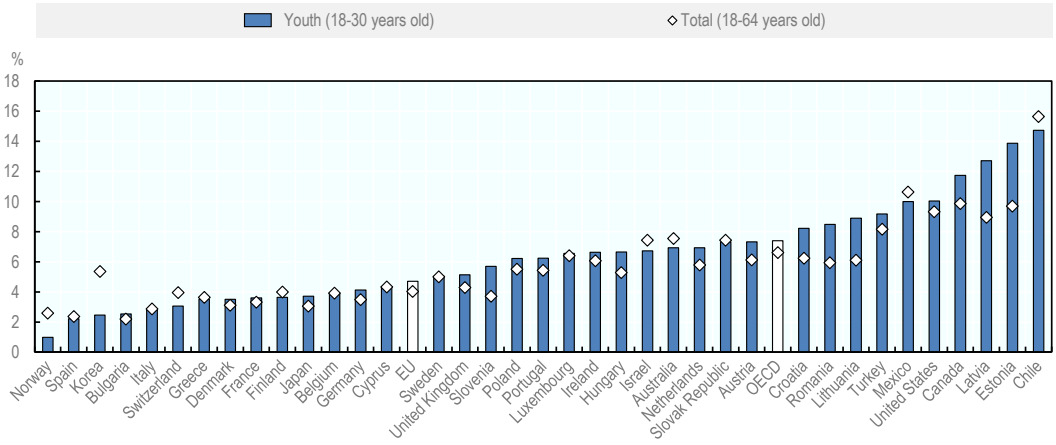
The GEM framework measures four stages of entrepreneurship: nascent entrepreneurship, new business ownership, established business ownership and business discontinuation. The first stage of entrepreneurship activities, *nascent entrepreneurship*, measures the proportion of the adult population (18-64 years old) that are actively involved in setting up a business they will own or co-own. To be considered in this stage, the business must not have paid salaries, wages or any other payments to the owners for more than three months. For more information, please see the Reader's Guide at the beginning of the book.

According to this measure, youth (18-30 years old) were slightly more active in nascent entrepreneurship than the overall adult population between 2014 and 2018 (Figure 3.9). Among EU Member States, 4.7% of youth were nascent entrepreneurs relative to 4.0% of the overall adult population. The proportions were slightly higher among OECD countries during this period – 7.4% of youth and 6.6% of adults.

Among EU Member States, nascent entrepreneurship rates among youth were highest between 2014 and 2018 in Latvia (12.7%) and Estonia (13.9%), and lowest in Spain (2.2%) and Bulgaria (2.5%). The nascent entrepreneurship rate for youth was lower than the rate for adults in only one EU Member State over this period – Finland (3.6% vs. 4.0% for adults).

Figure 3.9. Youth are more likely than adults to be involved in pre start-up activities

Nascent entrepreneurship as a percentage of the population, 2014-18



Note: The nascent entrepreneurship rate is defined as the proportion of the adult population (18-64 years old) that is actively involved in setting up a business they will own or co-own; this business has not paid salaries, wages or any other payments to the owners for more than three months. All EU and OECD countries participated in the GEM survey between 2014 and 2018 except the Czech Republic and Malta. Several countries did not participate in the survey in every year: Australia (2018), Austria (2015, 2017), Belgium (2016-18) Bulgaria (2014), Cyprus (2014-15), Denmark (2015-18), Estonia (2018), Finland (2017-18), France (2015), Hungary (2017-18), Japan (2015-16), Korea (2014), Latvia (2014, 2018), Lithuania (2015-18), Mexico (2018), Norway (2016-18), Portugal (2017-18), Romania (2016-18), Turkey (2014-15, 2017).
Source: (Global Entrepreneurship Monitor, 2019[16])

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Youth are more likely to be new business owners

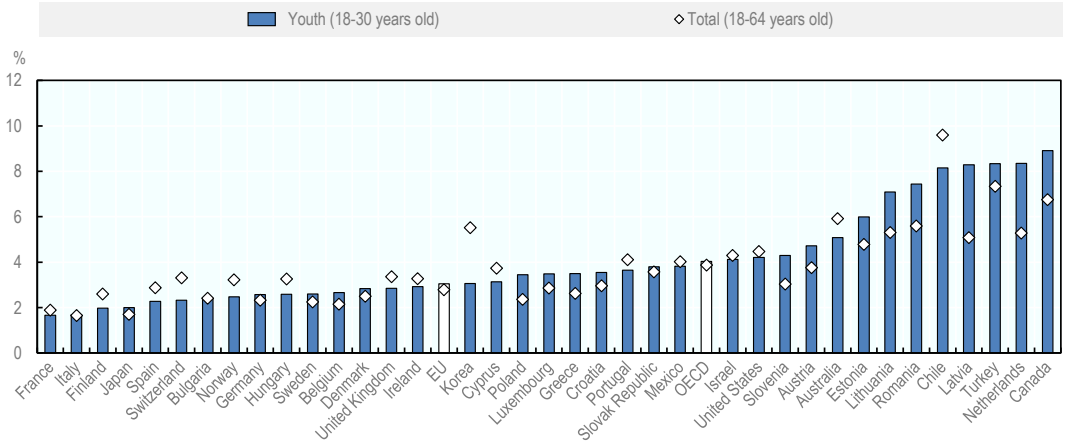
The second phase of entrepreneurship activities in the GEM framework is *new business ownership*, which measures the proportion of the population (18-64 years old) that is currently the owner-manager of a new business that has paid salaries, wages or any other payments to the owners for more than three months, but not more than 42 months.

Overall, there was little difference between youth and adults according to this measure. In EU Member States, the new business ownership rate among youth was 3.1% for the period 2014-18, which was essentially the same as the rate for adults (2.8%) (Figure 3.10). As with the nascent entrepreneurship rate, the new business ownership rate for youth was slightly higher in OECD countries during this period (4.0%). But again, the rate for youth was approximately the same as the rate for adults (3.9%).

Among EU Member States, the new business ownership rate for youth was highest in Latvia (8.3%) and the Netherlands (8.3%) between 2014 and 2018. It was 2% or lower in Italy (1.7%) and Finland (2.0%). The gap between youth and adults was the largest in Latvia (3.2 percentage points, p.p.) and the Netherlands (3.1 p.p.).

Figure 3.10. Youth are as likely to be new business owners as adults

New business ownership as a percent of the population, 2014-18



Note: The new business ownership rate measures the proportion of the population (18-64 years old) that is currently the owner-manager of a new business that has paid salaries, wages or any other payments to the owners for more than three months, but not more than 42 months. All EU and OECD countries participated in the GEM survey between 2014 and 2018 except the Czech Republic and Malta. Several countries did not participate in the survey in every year: Australia (2018), Austria (2015, 2017), Belgium (2016-18) Bulgaria (2014), Cyprus (2014-15), Denmark (2015-18), Estonia (2018), Finland (2017-18), France (2015), Hungary (2017-18), Japan (2015-16), Korea (2014), Latvia (2014, 2018), Lithuania (2015-18), Mexico (2018), Norway (2016-18), Portugal (2017-18), Romania (2016-18), Turkey (2014-15, 2017).
Source: (Global Entrepreneurship Monitor, 2019[16])

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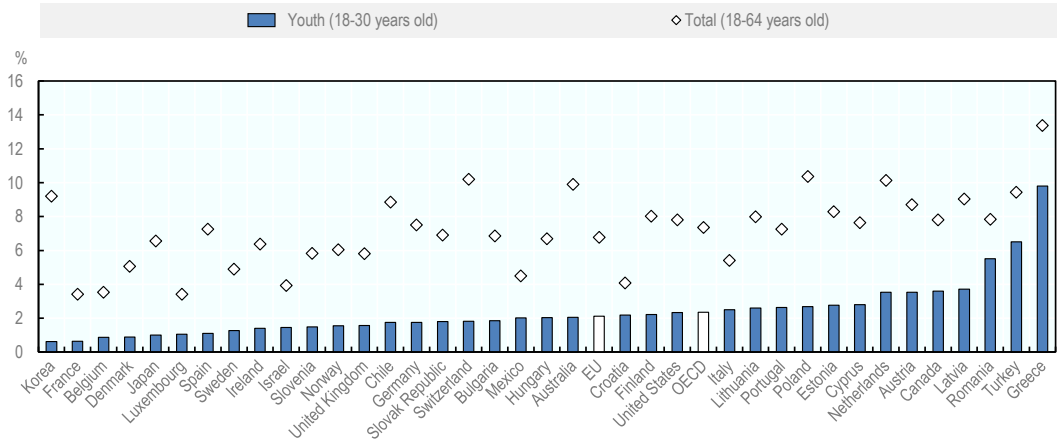
Youth are not likely to be established business owners

The next phase of entrepreneurship activities in the GEM model is the *established business ownership rate*. This is defined as the proportion of the adult population that is currently the owner-manager of an established business that has paid salaries, wages or any other payments to the owners for more than 42 months.

Between 2014 and 2018, youth were much less likely than adults to be established business owners (Figure 3.11). In EU Member States, 2.1% of youth were established business owners relative to 6.8% of adults over this period. Similarly, 2.4% of youth and 7.4% of adults were established business owners in OECD countries. Among EU Member States, the proportion was the greatest in Romania (5.5%) and Greece (9.8%).

Figure 3.11. Youth are unlikely to be owners of established businesses

Established business ownership as a percent of the population, 2014-18



Note: The established business ownership rate is defined as the proportion of the adult population (18-64 years old) that is currently owner-manager of an established business that has paid salaries, wages or any other payments to the owners for more than 42 months. All EU and OECD countries participated in the GEM survey between 2014 and 2018 except the Czech Republic and Malta. Several countries did not participate in the survey in every year: Australia (2018), Austria (2015, 2017), Belgium (2016-18) Bulgaria (2014), Cyprus (2014-15), Denmark (2015-18), Estonia (2018), Finland (2017-18), France (2015), Hungary (2017-18), Japan (2015-16), Korea (2014), Latvia (2014, 2018), Lithuania (2015-18), Mexico (2018), Norway (2016-18), Portugal (2017-18), Romania (2016-18), Turkey (2014-15, 2017).
Source: (Global Entrepreneurship Monitor, 2019[16])

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Youth are more likely to discontinue their business because it was not profitable

The final stage of entrepreneurship is *business discontinuation* or exit. There are many reasons why businesses may stop operating and some of the reasons are positive (e.g. the business was sold for a profit), while others are negative (e.g. the business was not profitable).

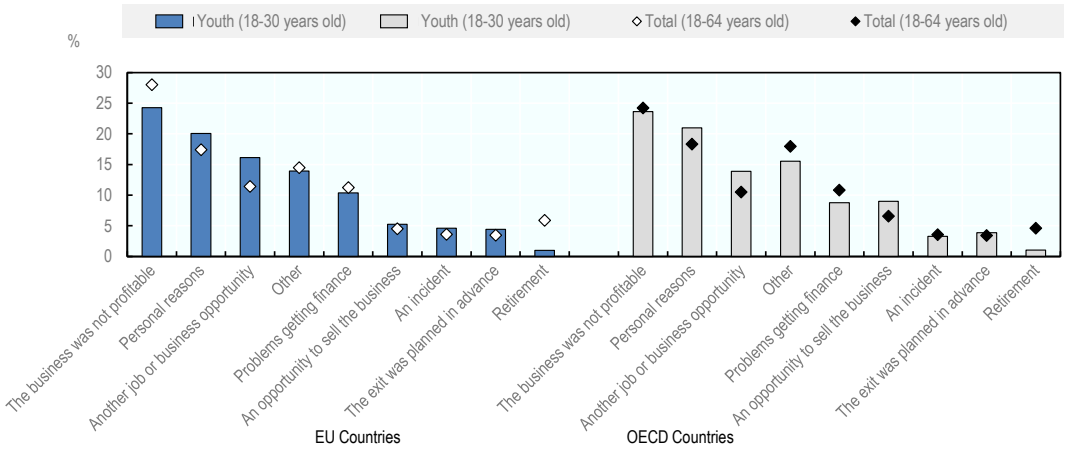
Over the period 2014-18, the most common reason cited by youth entrepreneurs in EU Member States and non-EU OECD countries for business exit was that it was not profitable (Figure 3.12). Nearly one-quarter of youth entrepreneurs cited this as the reason for business exit, which was approximately the same proportion as adult entrepreneurs. Youth were more likely to cite personal reasons (20.1% in EU Member States and 21.0% in OECD countries) than adults (17.4% in EU and 18.3% in OECD), as well as that they had pursued another job or entrepreneurship opportunity (16.1% vs. 11.4% in EU and 13.9% vs. 10.5% in OECD).

The frequency of the various reasons for business discontinuation varies greatly across countries. For example, the proportion of youth who discontinued their business because it was not profitable was very high in some countries such as Greece (64.1%), Spain (49.7%) and Bulgaria (48.6%) – which are countries with high youth unemployment rates – but was low in others such as Belgium (4.5%), Germany (11.3%), Finland (13.0%) and Slovenia (13.6%).

Figure 3.12. Most youth entrepreneurs discontinue because their business was not profitable

"What was the most important reason for quitting the business?"

Share of entrepreneurs that exited in a business exit in the past 12 months, 2014-18



Note: All EU and OECD countries participated in the GEM survey between 2014 and 2018 except the Czech Republic and Malta. Several countries did not participate in the survey in every year: Australia (2018), Austria (2015, 2017), Belgium (2016-18) Bulgaria (2014), Cyprus (2014-15), Denmark (2015-18), Estonia (2018), Finland (2017-18), France (2015), Hungary (2017-18), Japan (2015-16), Korea (2014), Latvia (2014, 2018), Lithuania (2015-18), Mexico (2018), Norway (2016-18), Portugal (2017-18), Romania (2016-18), Turkey (2014-15, 2017).
Source: (Global Entrepreneurship Monitor, 2019[16])

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Barriers to business creation for youth

Entrepreneurship skills and experience are greater barriers to business creation for youth than for adults

Overall, entrepreneurship skills is one of the most frequently cited barriers to successful business creation and this barrier is relatively greater for youth since they are less experienced in the labour market than older age cohorts.

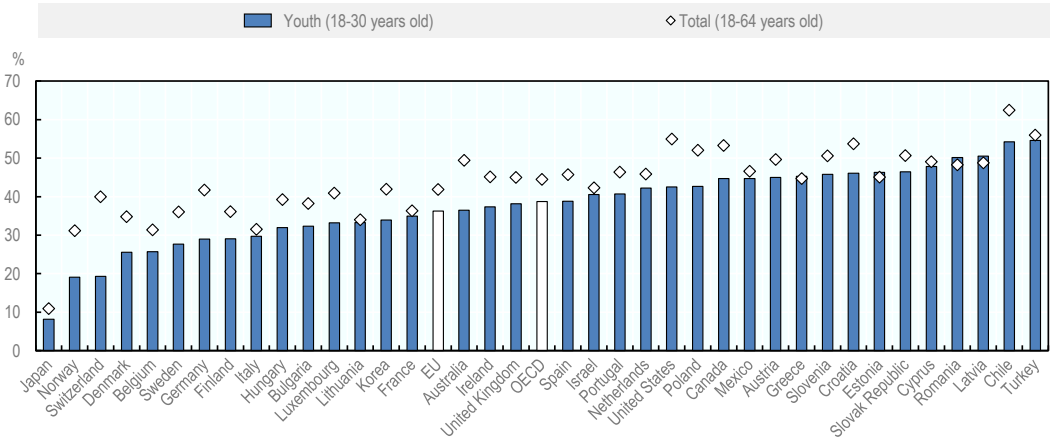
Between 2014 and 2018, 36.3% of youth in the EU and 38.7% of youth in OECD countries indicated that they had the entrepreneurship skills and experience needed to start a business (Figure 3.13). Both of these proportions were slightly below the proportions of adults that indicated that they had sufficient entrepreneurship skills and experience to start a business – 41.9% in EU Member States and 44.5% in OECD countries.

Among EU Member States, youth were the most confident about their entrepreneurship skills in Romania (50.1%) and Latvia (50.6%), while they were the least confident in Denmark (25.6%). These differences are likely explained by social attitudes towards entrepreneurship and work, as well as the extent to which entrepreneurship education has been embedded in the formal education system.

Figure 3.13. Youth are less likely to have entrepreneurship skills than adults

"Do you have the knowledge and skills to start a business?"

Percentage of population who responded "yes", 2014-18



Note: All EU and OECD countries participated in the GEM survey between 2014 and 2018 except the Czech Republic and Malta. Several countries did not participate in the survey in every year: Australia (2018), Austria (2015, 2017), Belgium (2016-18) Bulgaria (2014), Cyprus (2014-15), Denmark (2015-18), Estonia (2018), Finland (2017-18), France (2015), Hungary (2017-18), Japan (2015-16), Korea (2014), Latvia (2014, 2018), Lithuania (2015-18), Mexico (2018), Norway (2016-18), Portugal (2017-18), Romania (2016-18), Turkey (2014-15, 2017).
Source: (Global Entrepreneurship Monitor, 2019[16])

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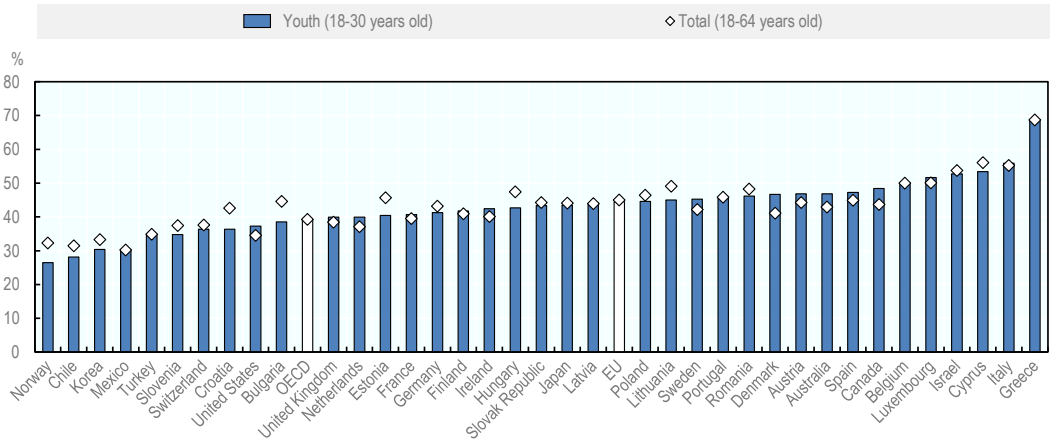
Youth are as likely as adults to cite "fear of failure" as a barrier to start-up

Another barrier to business creation that is frequently cited is a fear of failure. Over the 2014-18 period, however, youth were not more likely to report that a fear of failure prevented them from starting a business. In EU Member States, 44.5% of youth cited this barrier and in OECD countries, the proportion was 39.2%. Both of these proportions were essentially equal to those of adults (Figure 3.14). During this period, more than half of the youth indicated that a fear a failure was a barrier to business creation in Luxembourg (51.7%), Cyprus (53.4%), Italy (55.9%) and Greece (68.5%). The EU Member State with the lowest proportion of youth that cited this barrier was Slovenia (34.8%).

Figure 3.14. Youth are as likely as adults to report a fear of failure

"Does a fear of failure prevent you from starting a business?"

Percentage of population who responded "yes", 2014-18



Note: All EU and OECD countries participated in the GEM survey between 2014 and 2018 except the Czech Republic and Malta. Several countries did not participate in the survey in every year: Australia (2018), Austria (2015, 2017), Belgium (2016-18) Bulgaria (2014), Cyprus (2014-15), Denmark (2015-18), Estonia (2018), Finland (2017-18), France (2015), Hungary (2017-18), Japan (2015-16), Korea (2014), Latvia (2014, 2018), Lithuania (2015-18), Mexico (2018), Norway (2016-18), Portugal (2017-18), Romania (2016-18), Turkey (2014-15, 2017).
Source: (Global Entrepreneurship Monitor, 2019[16])

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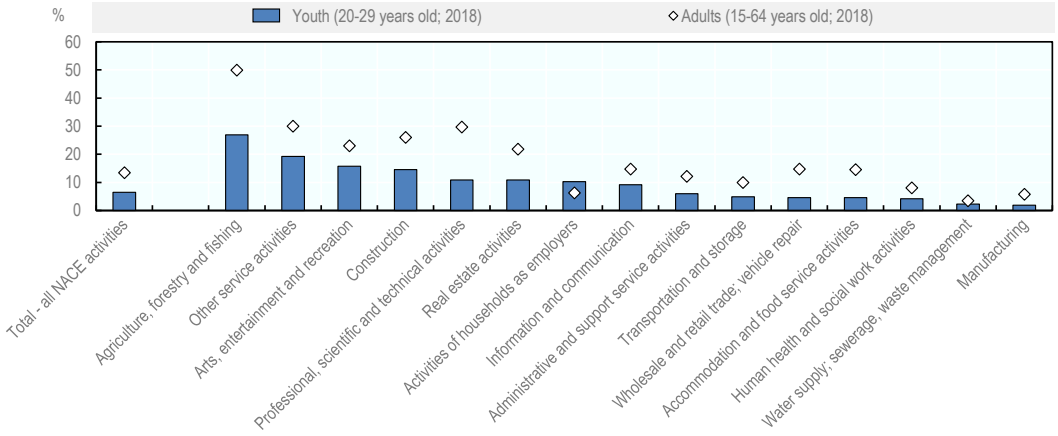
Characteristics of self-employed youth

Youth are less likely to be self-employed in all sectors except "households as employers"

Overall, self-employed youth in the EU are more likely to operate in less capital-intensive sectors that have low entry barriers. With the exception of "Activities of households as employers" (e.g. babysitters, gardeners, tutors), the self-employment rates for youth were for all sectors below those of adults (Figure 3.15). In 2018, youth working in agriculture, forestry and fishing were the most likely to be self-employed (26.9%) and the least likely in Manufacturing (1.9%).

Figure 3.15. Youth self-employment rates vary by sector in the EU

Self-employment as a percent of employment by sector, 2018



Source: (Eurostat, 2019[14])

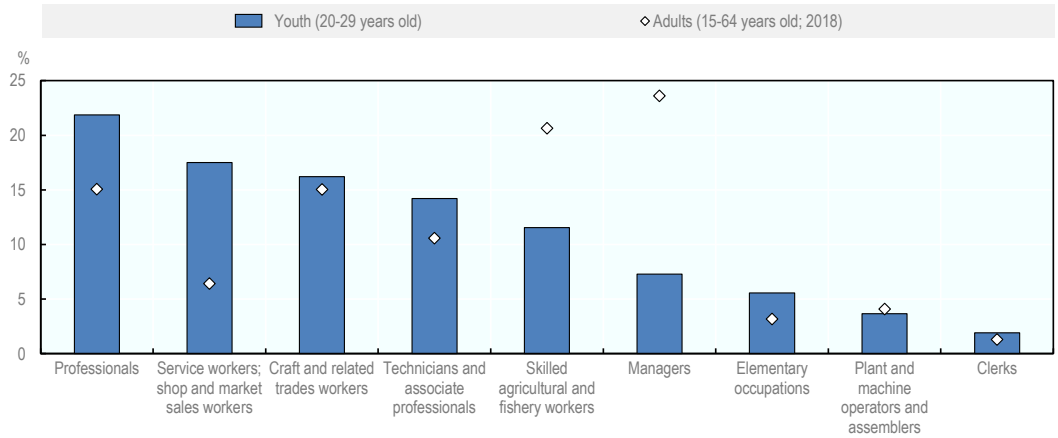
StatLink http://dx.doi.org/10.1787/888934065551

Most self-employed youth are professionals

The distribution of self-employed youth (20-29 years old) by occupation varied substantially from that of adults in 2018 (Figure 3.16). In the EU, self-employed youth were more likely than the overall average to be working as Professionals (e.g. business and administration professionals, ICT professionals) (21.9% vs. 15.1%), Service workers (e.g. personal care services, shop salesperson) (17.5% vs. 6.4%), and in Elementary occupations (e.g. cleaners, labourers, food preparation assistants) (5.6% vs. 3.2%). Conversely, they were likely to be less working in occupations that require greater levels of skills and experience such as Managers (7.3% vs. 23.6%) and Skilled agricultural and fishery workers (11.5% vs. 20.6%).

Figure 3.16. Most self-employed youth in the EU are professionals or service workers

Distribution of self-employed workers by occupation, 2018



Source: (Eurostat, 2019[14])

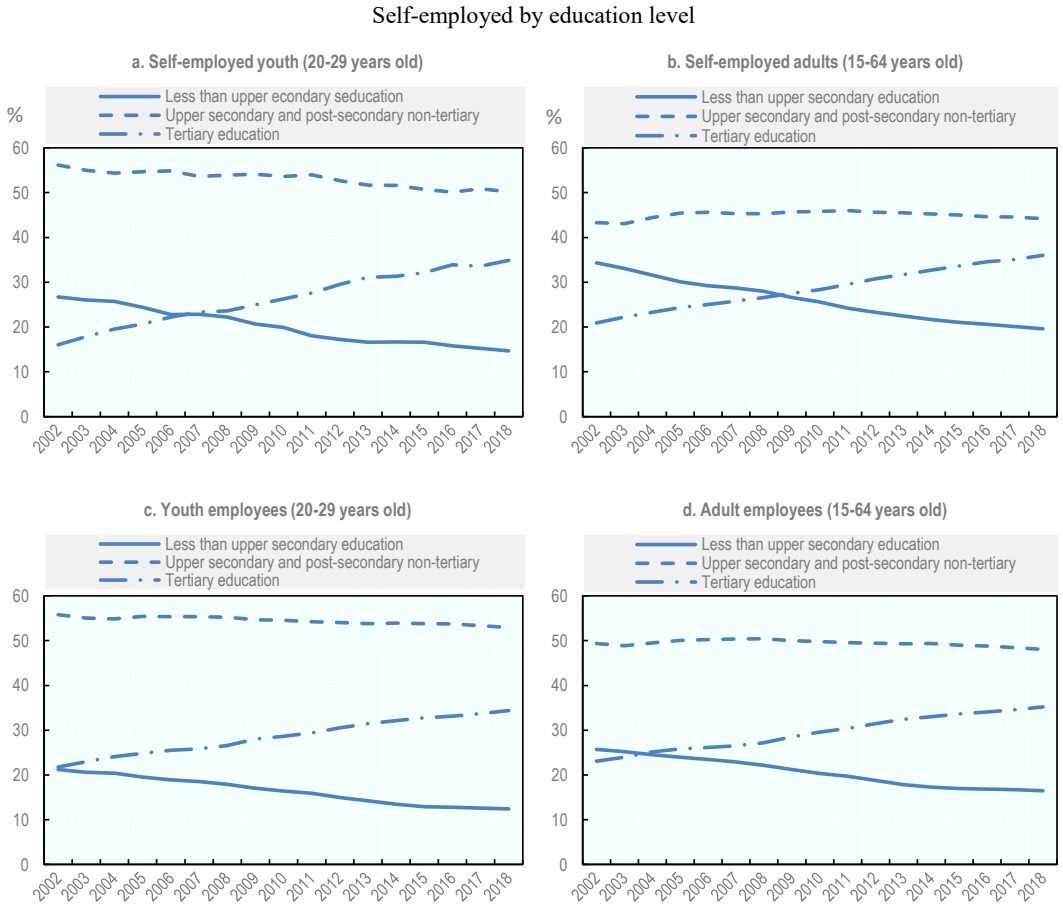
StatLink http://dx.doi.org/10.1787/888934065570

A growing share of self-employed youth have a tertiary education

The share of self-employed youth (20-29 years old) with a tertiary education more than doubled between 2002 and 2018, increasing from 16.1% to 34.9% (Figure 3.17). This increase was greater than the increase in the overall proportion of self-employed with a tertiary education, which grew from 20.9% to 36.0%. It was also greater than the increase in the share of youth employees that had a tertiary education (21.8% in 2002 to 34.4% in 2018).

The EU Member States where the greatest share of self-employed youth had a tertiary education were: Luxembourg (63.6% vs. 41.4% of youth employees), Ireland (58.8% vs. 47.8%), Cyprus (57.6% vs. 53.3%), Belgium (56.8% vs. 46.1%), France (56.7% vs. 46.0%) and Austria (52.0% vs. 36.2%) (Figure 3.18).

Figure 3.17. Self-employed youth in the EU are more likely to have a tertiary education than employees



Source: (Eurostat, 2019[14])

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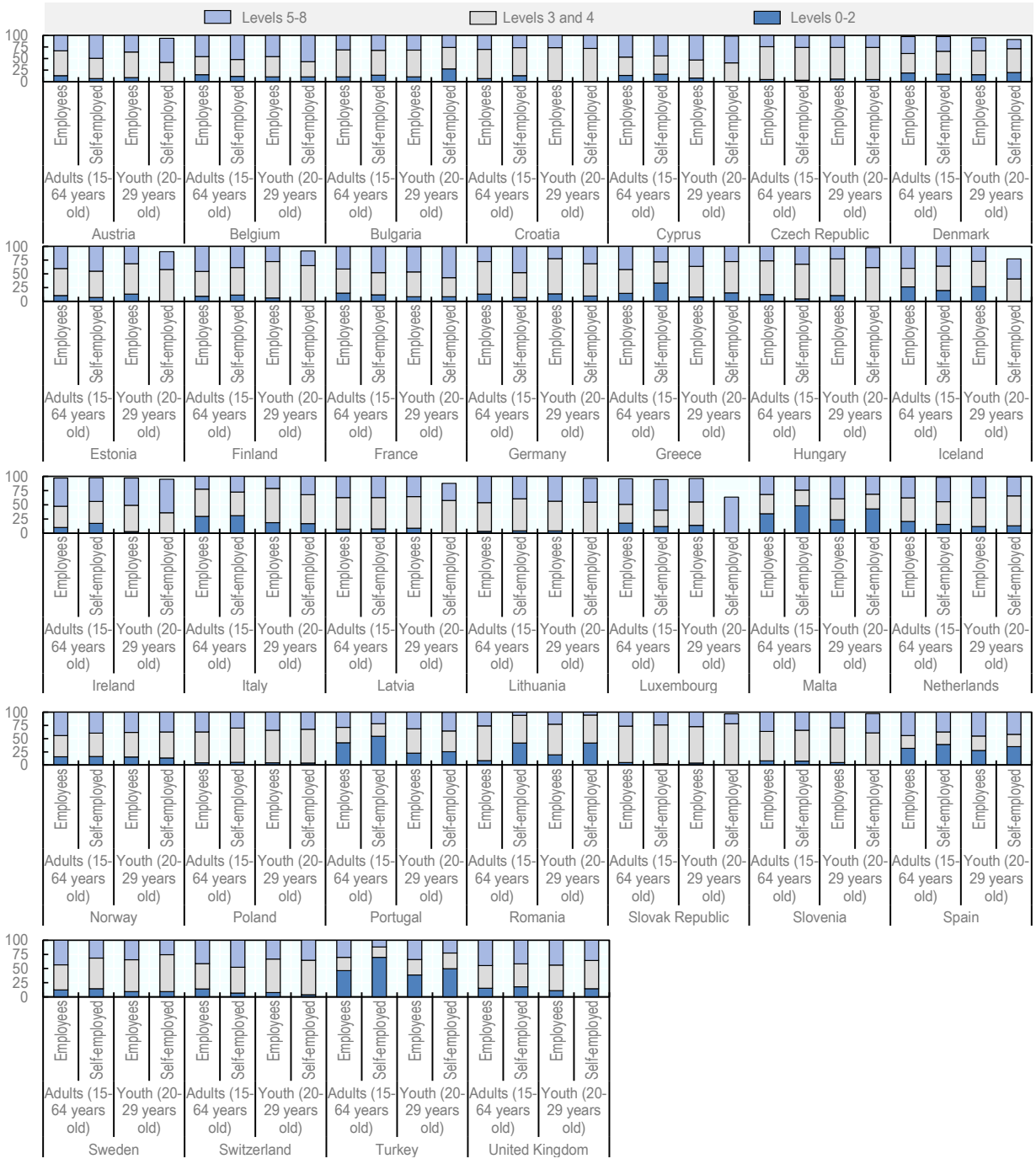
Figure 3.18. Self-employed youth are more likely to have a tertiary education than employees in most countries

Self-employed by education level, 2018



Note: Levels 0-2 refers to less than upper secondary education, while Levels 3-4 refers upper secondary and post-secondary non-tertiary education. Levels 5-8 refers to tertiary education.
Source: (Eurostat, 2019[14])

StatLink http://dx.doi.org/10.1787/888934065608

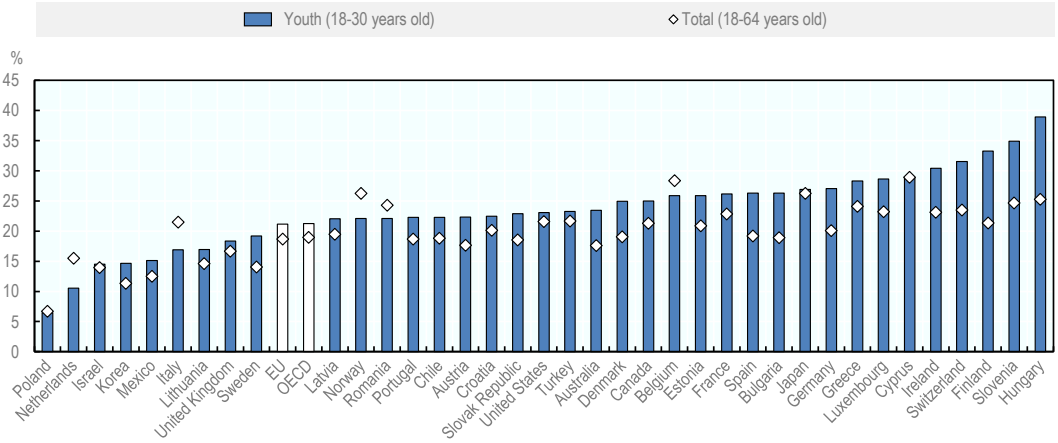
Youth are more likely to start businesses in teams

Youth (18-30 years old) were slightly more likely to be working in teams on their new start-ups than adults. Between 2014 and 2018, 21.2% of new youth entrepreneurs in both EU and OECD countries indicated that they were working in teams. This proportion was slightly above the EU average (18.7%) and OECD average (19.0%) for this period.

Among EU Member States, youth entrepreneurs were most likely to be working in teams in Finland (33.3%), Slovenia (34.9%) and Hungary (38.9%). Conversely, few new youth entrepreneurs worked in teams in Poland (6.5%) and Netherlands (10.5%).

Figure 3.19. About 20% of new youth entrepreneurs started their business in teams

Percent of nascent entrepreneurs, 2014-18



Note: All EU and OECD countries participated in the GEM survey between 2014 and 2018 except the Czech Republic and Malta. Several countries did not participate in the survey in every year: Australia (2018), Austria (2015, 2017), Belgium (2016-18) Bulgaria (2014), Cyprus (2014-15), Denmark (2015-18), Estonia (2018), Finland (2017-18), France (2015), Hungary (2017-18), Japan (2015-16), Korea (2014), Latvia (2014, 2018), Lithuania (2015-18), Mexico (2018), Norway (2016-18), Portugal (2017-18), Romania (2016-18), Turkey (2014-15, 2017).
Source: (Global Entrepreneurship Monitor, 2019[16])

StatLink http://dx.doi.org/10.1787/888934065627

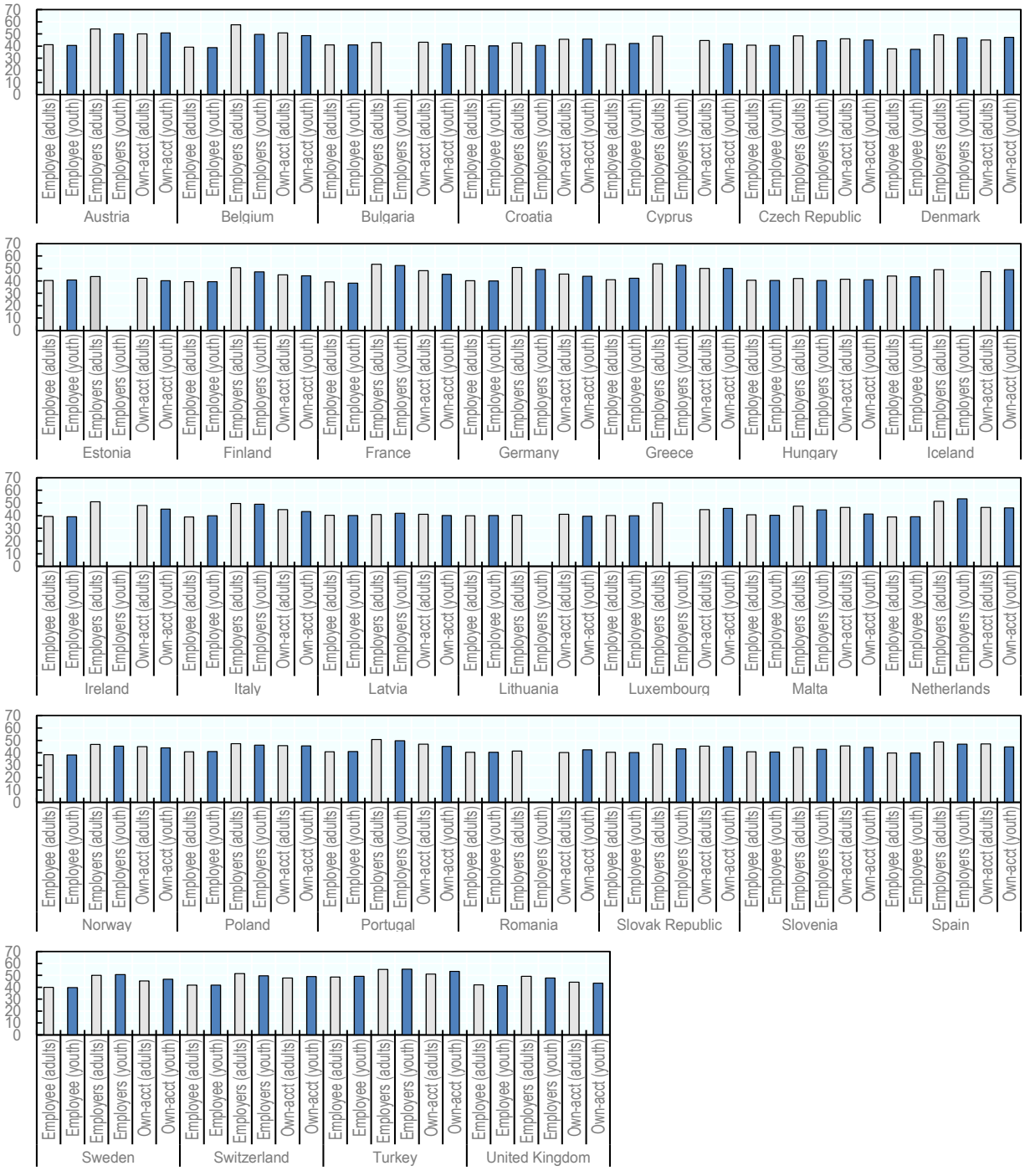
Business performance

Self-employed youth work longer hours than those working as employees

Self-employed youth (20-29 years old) tend to work more hours per week than those working as employees. Moreover, among self-employed youth that worked full-time at their business, those who employ others tend to work, on average, more hours per week than those who do not have employees. Among EU Member States, self-employed youth worked the most hours per week in Greece (52.6 hours for employers and 49.9 hours for those without employees), France (52.4 hours for employers and 42.2 hours for hose without employees) and Austria (50.1 hours for employers and 50.9 hours for those without employees) (Figure 3.20).

Figure 3.20. Self-employed youth work more hours per week than those working as employees

Number of average weekly hours for full-time work, 2018



Note: Own-account workers are those self-employed people who do not have any employees.
Source: (Eurostat, 2019[14])

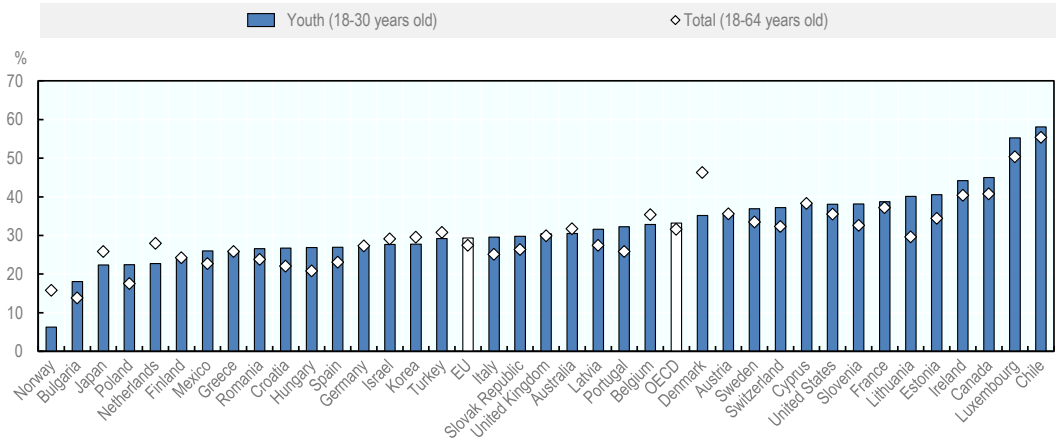
StatLink http://dx.doi.org/10.1787/888934065646

Youth entrepreneurs are slightly more likely to be innovative

New youth entrepreneurs (18-30 years old) were slightly more likely to report introducing new products and services than the overall average between 2014 and 2018 (Figure 3.21). Nearly 30% of new youth entrepreneurs in the EU reported that they offered new products and services to their customers (29.4%) relative to 27.5% of adults (18-64 years old). Similarly, 33.2% of new youth entrepreneurs in OECD countries reported offering new products and services, which was slightly more than the overall average of 31.6%. Among EU Member States, new youth entrepreneurs were the most likely to report offering new products and services in Luxembourg (55.3%) and the least likely in Bulgaria (18.1%).

Figure 3.21. Nearly one-third of new youth entrepreneurs offer new products and services

Percent of early-stage youth entrepreneurs that offer products and services that are new to potential customers, 2014-18



Note: All EU and OECD countries participated in the GEM survey between 2014 and 2018 except the Czech Republic and Malta. Several countries did not participate in the survey in every year: Australia (2018), Austria (2015, 2017), Belgium (2016-18) Bulgaria (2014), Cyprus (2014-15), Denmark (2015-18), Estonia (2018), Finland (2017-18), France (2015), Hungary (2017-18), Japan (2015-16), Korea (2014), Latvia (2014, 2018), Lithuania (2015-18), Mexico (2018), Norway (2016-18), Portugal (2017-18), Romania (2016-18), Turkey (2014-15, 2017).
Source: (Global Entrepreneurship Monitor, 2019[16])

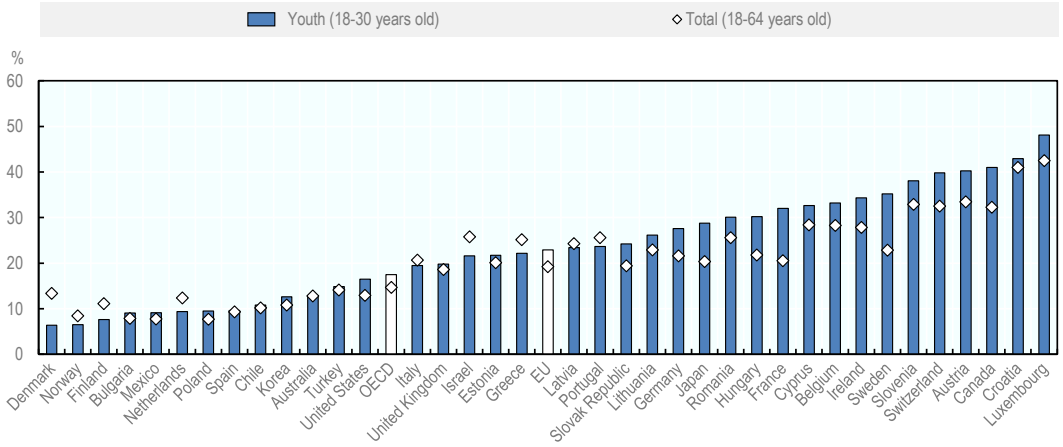
StatLink http://dx.doi.org/10.1787/888934065665

Youth entrepreneurs are more likely to export

New youth entrepreneurs (i.e. nascent entrepreneurs and new entrepreneurs) (18-30 years old) appear to be more likely to operate internationally-oriented businesses than older entrepreneurs (Figure 3.22). In EU Member States, 22.9% of new youth entrepreneurs reported having customers in other countries, which was slightly above the overall average (19.2%) between 2014 and 2018. In OECD countries, new youth entrepreneurs were slightly less likely to have customers in other countries (17.5%) during this period. Among EU Member States, youth entrepreneurs that operate new businesses were the most likely to report having customers in other countries in Austria (40.2%), Croatia (42.9%) and Luxembourg (48.1%). Conversely, they were the least likely to report having foreign customers in Denmark (6.4%) and Finland (7.6%).

Figure 3.22. About one-fifth of early-stage youth entrepreneurs export

Percent of early-stage youth entrepreneurs that sold to customers in other countries, 2014-18



Note: All EU and OECD countries participated in the GEM survey between 2014 and 2018 except the Czech Republic and Malta. Several countries did not participate in the survey in every year: Australia (2018), Austria (2015, 2017), Belgium (2016-18) Bulgaria (2014), Cyprus (2014-15), Denmark (2015-18), Estonia (2018), Finland (2017-18), France (2015), Hungary (2017-18), Japan (2015-16), Korea (2014), Latvia (2014, 2018), Lithuania (2015-18), Mexico (2018), Norway (2016-18), Portugal (2017-18), Romania (2016-18), Turkey (2014-15, 2017).
Source: (Global Entrepreneurship Monitor, 2019[16])

StatLink http://dx.doi.org/10.1787/888934065684

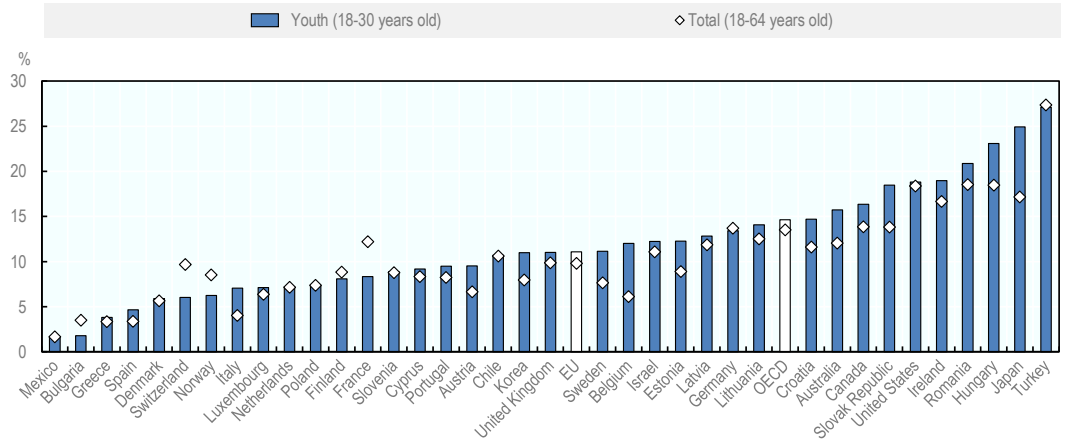
Youth are more likely to pursue business growth

Between 2014 and 2018, youth entrepreneurs (18-30 years old) that operated businesses that were less than 42 months old were slightly more likely than older entrepreneurs to report an expectation of creating at least 19 jobs over the next five years (Figure 3.23). In the EU, 11.1% of new youth entrepreneurs expected to create at least 19 jobs over the next five years during this period, which was slightly above the proportion of adults (9.8%) but lower than the proportion of new youth entrepreneurs in OECD countries expecting this level of employment growth (14.6%). It is important to note that expected job creation does not necessarily translate into actual jobs created, and it is likely that youth entrepreneurs overestimate their business management abilities and underestimate the challenges that will likely be encountered.

Among EU Member States, new youth entrepreneurs were the most likely to report an expectation of high growth in Romania (20.9%) and Hungary (23.1%). Conversely, those in Bulgaria (1.8%), Greece (3.8%) and Spain (4.6%) were the least likely to expect high levels of employment creation.

Figure 3.23. More than 10% of youth entrepreneurs expect high-growth

Percent of early-stage youth entrepreneurs that expect to create at least 19 jobs over the next five years, 2014-18



Note: All EU and OECD countries participated in the GEM survey between 2014 and 2018 except the Czech Republic and Malta. Several countries did not participate in the survey in every year: Australia (2018), Austria (2015, 2017), Belgium (2016-18) Bulgaria (2014), Cyprus (2014-15), Denmark (2015-18), Estonia (2018), Finland (2017-18), France (2015), Hungary (2017-18), Japan (2015-16), Korea (2014), Latvia (2014, 2018), Lithuania (2015-18), Mexico (2018), Norway (2016-18), Portugal (2017-18), Romania (2016-18), Turkey (2014-15, 2017).
Source: (Global Entrepreneurship Monitor, 2019[16])

StatLink http://dx.doi.org/10.1787/888934065703

Conclusions

Overall, about 40% of youth express an interest in entrepreneurship but very few youth are self-employed. This gap signals untapped entrepreneurial potential. It is clear that youth face many barriers, including a lack of entrepreneurship skills. Other key barriers include a lack of entrepreneurship role models, little entrepreneurship and work experience, few financial resources, limited business networks and market barriers such as low credibility with potential customers (Halabisky, 2012[12]; OECD/EU (forthcoming), n.d.[11]). Common public policy responses to these barriers include entrepreneurship training, grants and loans for business start-up, coaching and mentoring and support in network building. It is also important for public policy to go beyond helping youth start businesses by helping them develop and grow their businesses. Many youth indicate that their businesses introduced new products and services to their customers and that they sell to customers in other countries. It is important to help these youth exploit these opportunities to maximise the economic impact of their businesses.

For further policy discussion on youth entrepreneurship and related policy actions, please refer to (OECD/EU (forthcoming), n.d.[11]). Examples of recent policy actions to support youth entrepreneurs are highlighted in several country profiles in Part III of this report: Croatia, Estonia, Hungary, Malta, Portugal, Romania, Spain, Sweden, and the United Kingdom.

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4. Senior's self-employment and entrepreneurship activities

This chapter presents evidence on self-employment and entrepreneurship activities by seniors, including data on the proportion of seniors that are active in self-employment and entrepreneurship. Data are also presented on the characteristics of businesses operated by seniors, including the industry, proportion that introduce new products or services, and the proportion that expect to create a large number of jobs. The chapter also presents data on the key barriers to business creation for seniors such as a lack of entrepreneurship skills and fear of failure. These indicators are presented for European Union Member States and OECD countries along with the averages for the European Union and OECD.

Key messages

- **Seniors are active in self-employment**. In 2018, seniors (50-64 years old) were more likely to be self-employed than the overall adult population (15-64 years old) in the European Union (EU) (17.7% vs. 13.5% for adults). The self-employment rate for older age categories was higher: 39.2% for 65-69 years old and 50.5% for 70-74 year olds.
- **The number of self-employed seniors is increasing**. Between 2002 and 2018, the number of self-employed seniors (50-64 years old) in the EU increased by 35%, and even more so for those 65-74 years old (40%). This increase is due mostly to the aging of the self-employed population.
- **However, few seniors are actively involved in trying to set up a business**. In the EU, only 2.6% of seniors (50-64 years old) were engaged in starting a business over the 2014-18 period relative to 4.0% of adults. The OECD average for seniors for the same period was 4.7%.
- **Self-employed seniors are slightly more likely to have employees than the overall average**. In the EU, nearly one-third of self-employed seniors (31.0%) had at least one employee in 2018, relative to 28.4% for the overall self-employed population. It will be important for policy makers to look for ways to sustain these businesses and jobs as these seniors look to retire.
- **Older people are the most likely group to indicate that they have the skills and knowledge needed for business creation**. More than four in ten seniors in the EU (40.2%) reported that they had the knowledge and skills to start a business over the 2014-18 period. This was slightly below the OECD average for the same period (44.0%).
- **Nearly 30% of new older entrepreneurs in the EU offered new products and services to the customers** between 2014 and 2018 (27.5%), which was the same proportion as the overall population of new entrepreneurs. Similarly, 30.4% of new senior entrepreneurs in OECD countries reported offering new products and services during this period.
- **Seniors face a number of barriers to business creation**, including low levels of retirement savings, the opportunity cost of business creation and outdated business networks. A lack of entrepreneurship skills and a "fear of failure" are less significant barriers, on average, for seniors than other age groups.
- **There is a growing population of healthy older people** with the skills, financial resources and time available to contribute to economic activity through extending their working lives, including through entrepreneurship. Policy makers could do more to support this through by increasing awareness about the potential of entrepreneurship, providing training to fill knowledge gaps on entrepreneurship skills, and ensuring that tax and social security systems do not contain disincentives to entrepreneurship for older people, including investment in other businesses.

The policy context for senior self-employment and entrepreneurship

Supporting business creation among seniors can have several benefits for the economy and society. It can be a way to maintain labour market attachment of some older people and, in the short-run, partially offsetting the expected labour and skill shortages in some regions

and sectors. Keeping these older workers attached to the labour market can also help to facilitate a transfer of human capital across generations. Successful business creation by seniors can also increase tax revenue, thereby potentially partially offsetting rising social and health care costs. Senior entrepreneurship can also have other social and health benefits, including improved quality of life, enhanced social inclusion and reduced risk for older people of landing in poverty (OECD/EC, 2012[1]).

Senior entrepreneurs can access programmes that are targeted at the general population of entrepreneurs, but there are a small number of entrepreneurship initiatives and schemes designed specifically to support older people in business start-up activities, such as by raising awareness about entrepreneurial opportunities for seniors and by tackling skills and financing gaps.

Self-employment

A high proportion of working seniors are self-employed

The proportion of seniors (50-64 years old) that are working as self-employed has decreased since 2002 in the European Union (EU), falling from 21.3% in 2002 to 17.7% in 2018 (Figure 4.1). Despite this decline in the share of seniors in self-employment, the absolute number of self-employed seniors increased since 2002. Relative to the overall adult population, the share of seniors in self-employment was about 33% higher than the overall self-employment rate for adults (15-64 years old) in 2018. The overall self-employment rate for adults also declined in the EU over this period but to a much lesser extent – falling from 14.4% in 2002 to 13.5% in 2018.

Examining the self-employment rates for different age cohorts among the oldest segments of the population shows that the self-employment rate tends to increase with age (Figure 4.2). More than half of the working population between 70 and 74 years old (50.5%) were self-employed in 2018. This was nearly four times the proportion of adults. These high self-employment rates among the older age groups are likely explained by two key factors. First, these may be workers that have been self-employed for most or all of their career and therefore do not have a pension plan that would allow them to retire. Second, these may be part-time self-employment activities that operate more as a hobby than a business, generating very little revenue.

With an aging population in the EU, there is growing interest in the potential for senior entrepreneurship as one method to keep older people active in the labour market. While the high self-employment rates among older people may suggest that there is a lot of potential for older people to become self-employed, it is important to recall that the absolute numbers of older self-employed people are quite low. In 2018, there were 14.5 million self-employed people between 50 and 74 years old in the EU, of which 1.5 million were 65-69 years old and 740 000 were 70-74 years old (Figure 4.3).

There is a large gender gap among the self-employed seniors. In 2018, older men (50-64 years old) in the EU were twice as likely as older women to be self-employed (22.7% vs. 11.9%) (Figure 4.4). This gender gap has closed only slightly since 2002 and remains above the overall gender gap in self-employment (10.8 percentage points, p.p. vs. 7.4 p.p.) – see Chapter 2 for more.

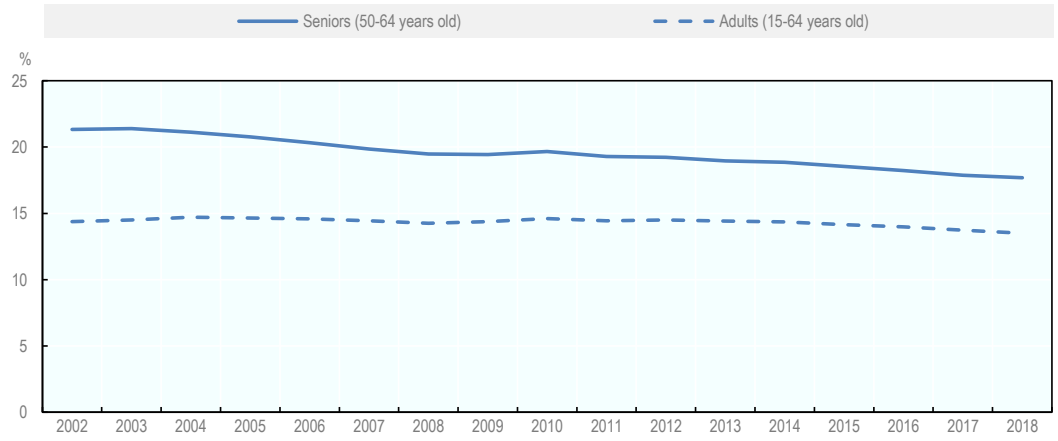
The self-employment rate for seniors varied substantially across countries between 2009 and 2018 (Figure 4.5). Nonetheless, many of the overall trends frequently hold in the majority of countries. For example, the self-employment rate increases with age in nearly

all EU Member States (and non-EU OECD countries), i.e. the self-employment rate is greatest for those between 70 and 74 years old. Furthermore, the self-employment rates tend to decline for the older age groups between 2009 and 2018 in most countries. The exceptions were in Austria, Germany, Hungary and Spain. In Austria and Germany, the self-employment rate increased from 23.6% in 2009 to 39.3% in 2018 and from 37.3% to 40.8% for those 70-74 years old. The self-employment rate increased from 36.9% to 41.9% for those 65 to 69 years old in Hungary. The self-employment rate increased for 65-69 year olds (44.6% to 48.7%) and 70-74 years old. (53.7% to 67.4%) over this period in Spain.

Overall, the self-employment rate for seniors (50-64 years old) is typically higher in EU Member States with lower labour market participation rates (Figure 4.5) Greece is the exception since self-employment rates for seniors are very high relative to other EU Member States, while activity rates are low.

Figure 4.1. The self-employment rate for seniors in the EU is declining

Self-employment as a percentage of employment

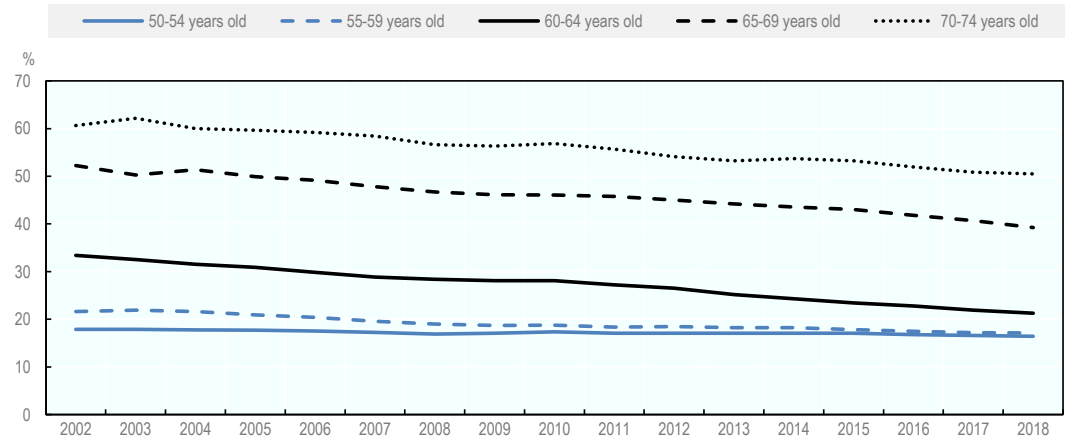


Source: (Eurostat, 2019[2])

StatLink http://dx.doi.org/10.1787/888934065722

Figure 4.2. Self-employment rates for seniors in the EU increase with age, but have declined over time

Self-employment as a percentage of employment

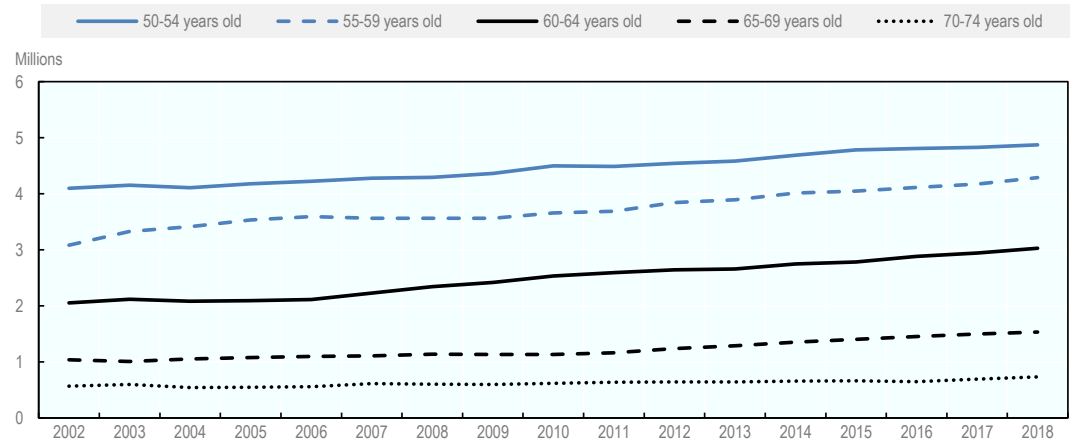


Source: (Eurostat, 2019[2])

StatLink http://dx.doi.org/10.1787/888934065741

Figure 4.3. The number of self-employed seniors is growing in the EU

Number of those working in self-employment

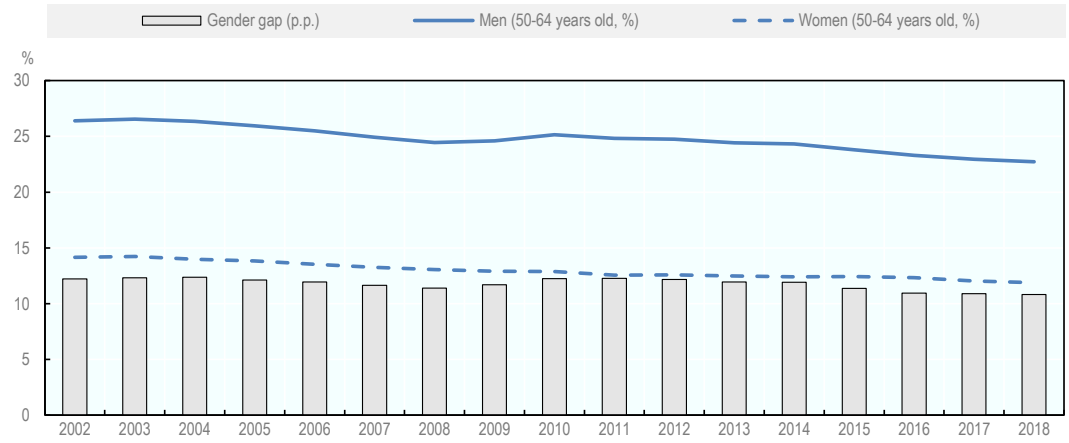


Source: (Eurostat, 2019[2])

StatLink http://dx.doi.org/10.1787/888934065760

Figure 4.4. The gender gap in senior self-employment in the EU is greater than the gap for the overall self-employed population

Self-employment as a percentage of employment

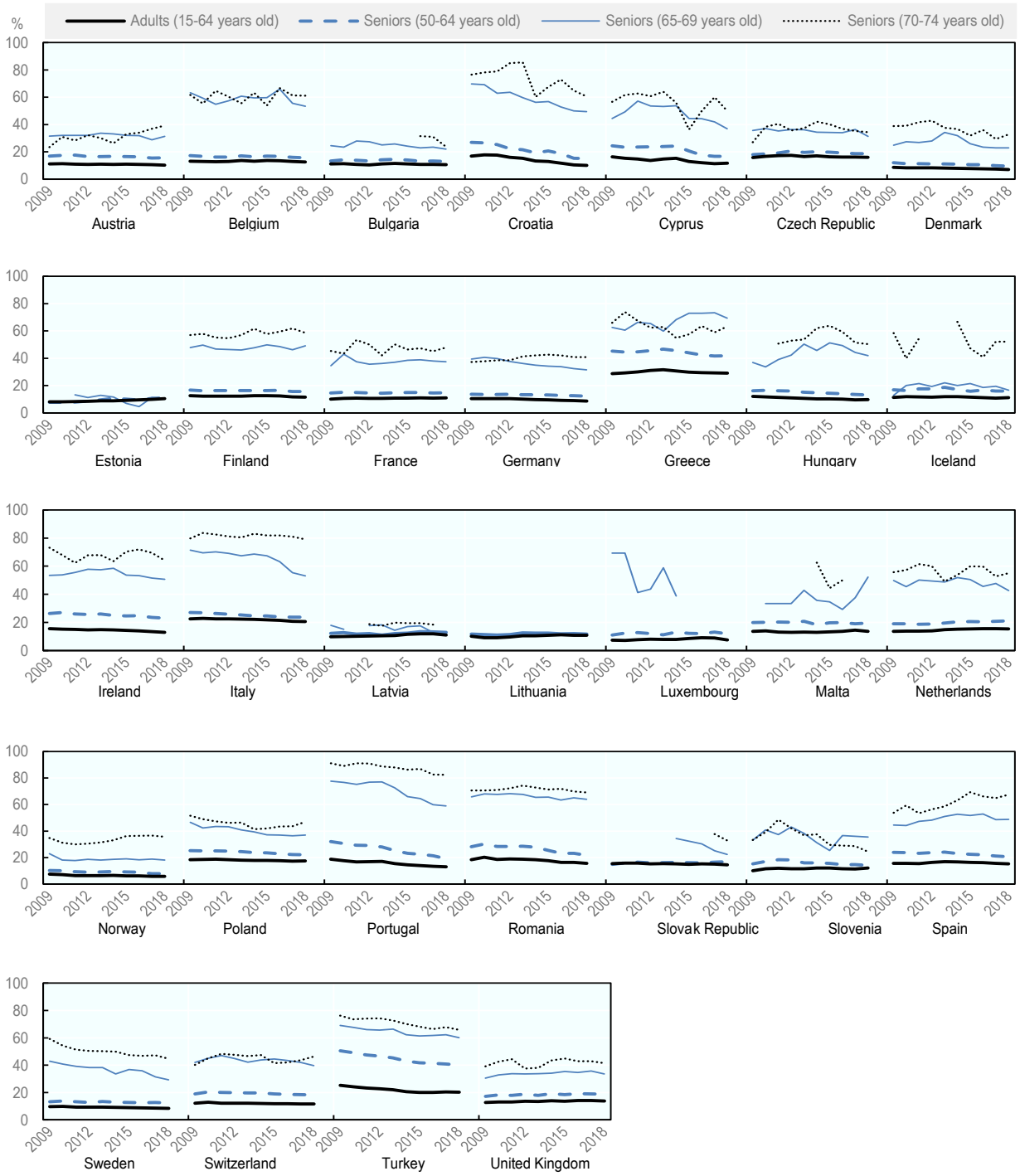


Source: (Eurostat, 2019[2])

StatLink http://dx.doi.org/10.1787/888934065779

Figure 4.5. Self-employment rates for seniors vary greatly but country

Self-employment as a percentage of employment

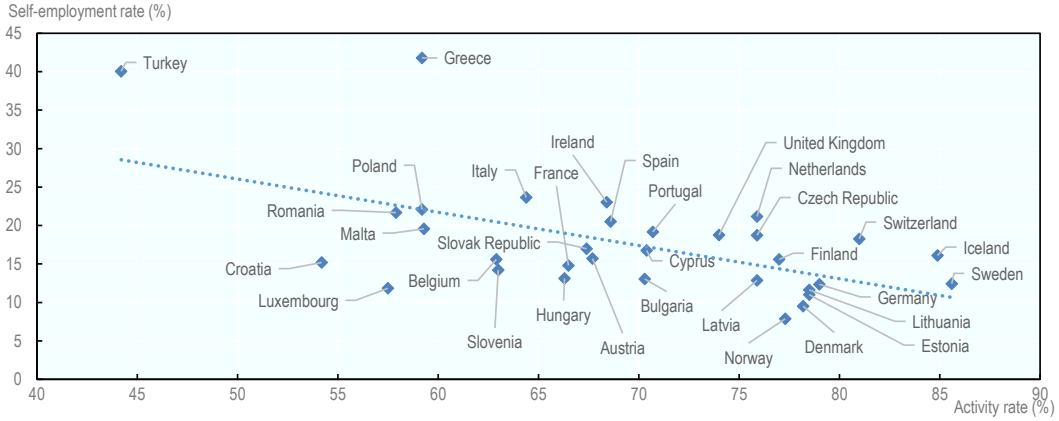


Source: (Eurostat, 2019[2])

StatLink http://dx.doi.org/10.1787/888934065798

Figure 4.6. Self-employment rates for seniors are lower when activity rates are high

Self-employment as a percentage of employment (50-64 years old) and labour market activity rate (50-64 years old), 2018



Source: (Eurostat, 2019[2])

StatLink http://dx.doi.org/10.1787/888934065817

Self-employed seniors are more likely to have employees

Nearly one-third (31.0%) of self-employed older people (50-64 years old) had at least one employee in 2018 (Figure 4.7). The share of self-employed older people with employees has declined slightly since 2002, falling from 34.2%. Nonetheless, this was slightly above the overall proportion of self-employed people (15-64 years old) with employees (28.4%).

There is also a substantial gender gap in the share of older self-employed people that have employees. In 2018, 33.4% of self-employed older men had employees while 25.6% of self-employed older women did. Both of these proportions were above the shares of the overall population of the self-employed that employed others (30.9% for men and 23.3% for women). The share of self-employed older men with employees has declined since 2002, but the proportion has been fairly constant since 2012. Similarly, the share of self-employed older women with employees declined between 2002 and 2012, but increased slightly between 2012 and 2018.

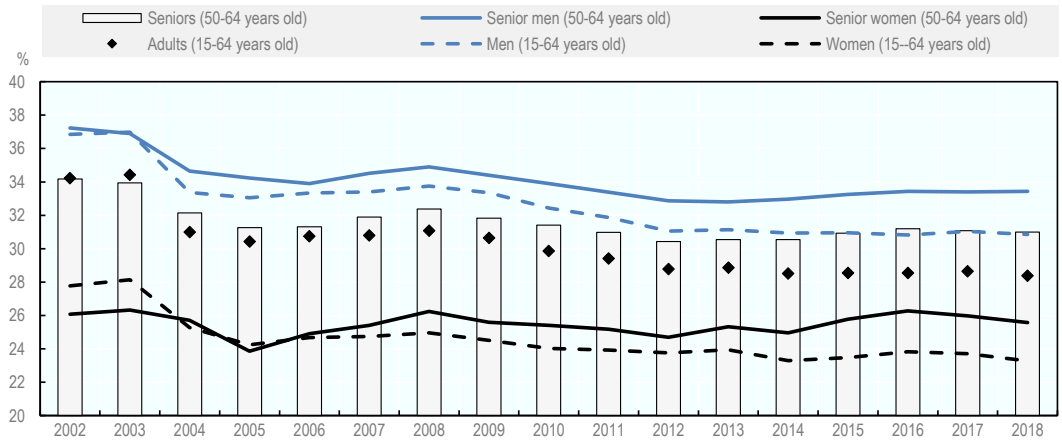
Looking at the self-employed who are 65 years old and older, the share with employees is lower than those between 50 and 64 years old (Figure 4.8). In 2018, the likelihood of having at least one employee decreased with age – about 32.1% of those between 50 and 54 years old had at least one employee, which was above the share of other cohorts of older self-employed people: 31.0% of those 55 to 59 years old; 28.4% of those 60 to 64 years old; 25.1% of those 65 to 69 years old; and 20.8% of those 70 to 74 years. Since 2002, the share of those with employees decreased for the age cohorts 50 to 54 years old and 55 to 59 years old, but increased for the older age groups, notably among those 70 to 74 years where the share increased from 15.9% to 20.8%.

The share of older self-employed people with employees varied greatly across countries, and greatly by age within each country (Figure 4.9). Older self-employed people were the most likely to have employees than the overall average in Austria, Estonia, France, Germany, Hungary, Latvia, Luxembourg, and Switzerland. There were also several countries where the share of the older self-employed people with employees did not vary

substantially, including the Czech Republic, Greece, Italy, Malta, Poland and the United Kingdom.

Figure 4.7. The share of self-employed seniors in the EU with employees has declined since 2002

Percentage of the self-employed with employees

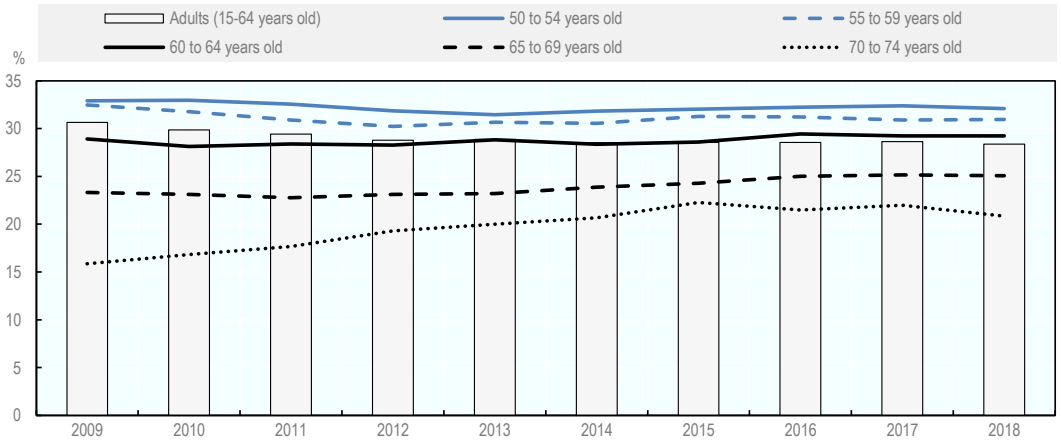


Source: (Eurostat, 2019[2])

StatLink http://dx.doi.org/10.1787/888934065836

Figure 4.8. Older seniors in the EU are less likely to have employees but a growing number do

Percentage of the self-employed with employees

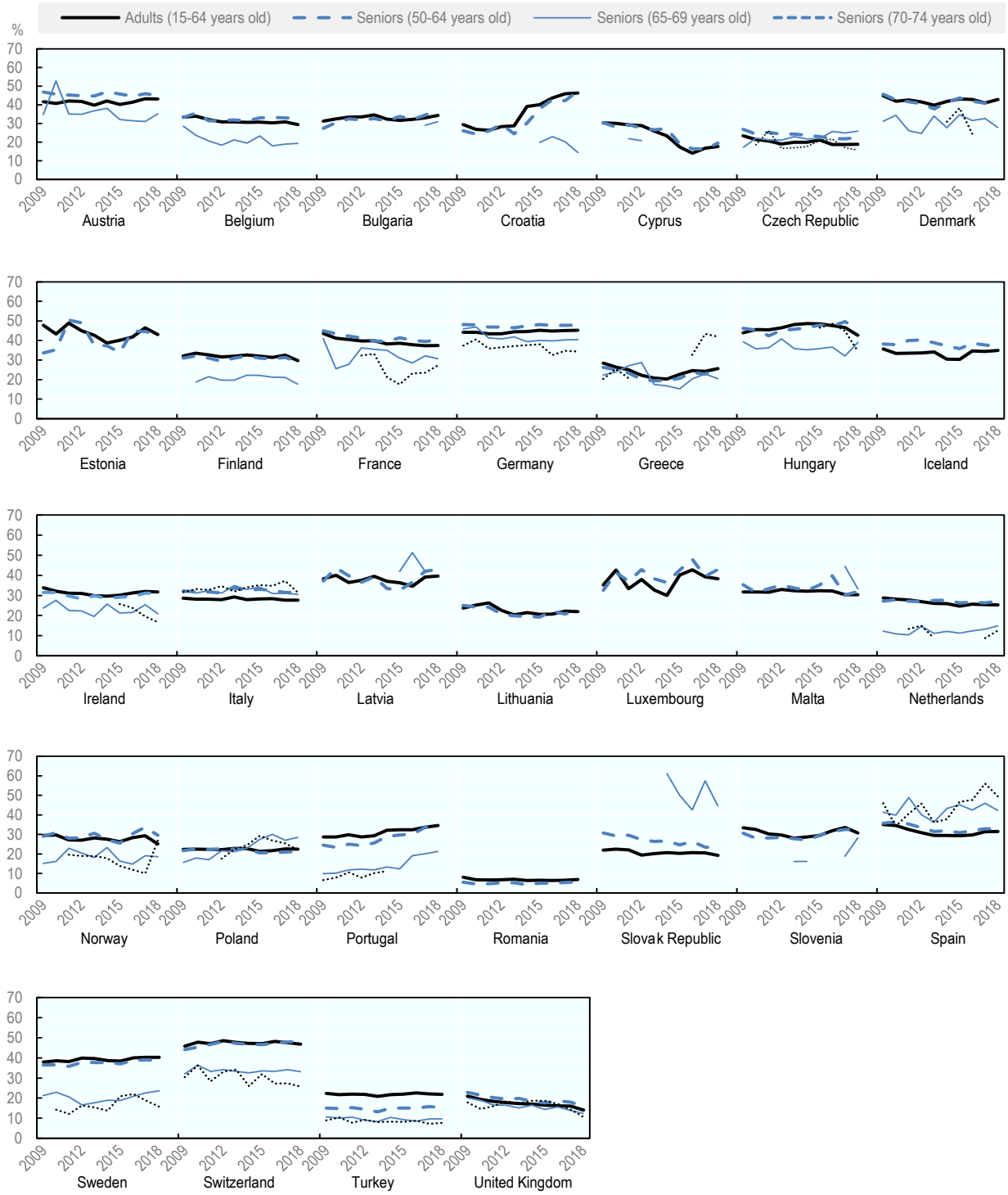


Source: (Eurostat, 2019[2])

StatLink http://dx.doi.org/10.1787/888934065855

Figure 4.9. The share of self-employed seniors with employees varies greatly by country

Percentage of the self-employed



Source: (Eurostat, 2019[2])

StatLink http://dx.doi.org/10.1787/888934065874

Entrepreneurship cycle

The scale and scope of entrepreneurship activities by seniors can also be estimated using surveys. One of the most well-known entrepreneurship survey is the annual international population survey by the Global Entrepreneurship Monitor (GEM), which is a network of entrepreneurship researchers and research institutions. The model used by the GEM considers four stages of entrepreneurship activity: nascent entrepreneurship, new business ownership, established business ownership and business discontinuation. Please refer to the Reader's Guide at the beginning of this report for more information on the GEM survey.

Seniors are not likely involved in pre start-up activities

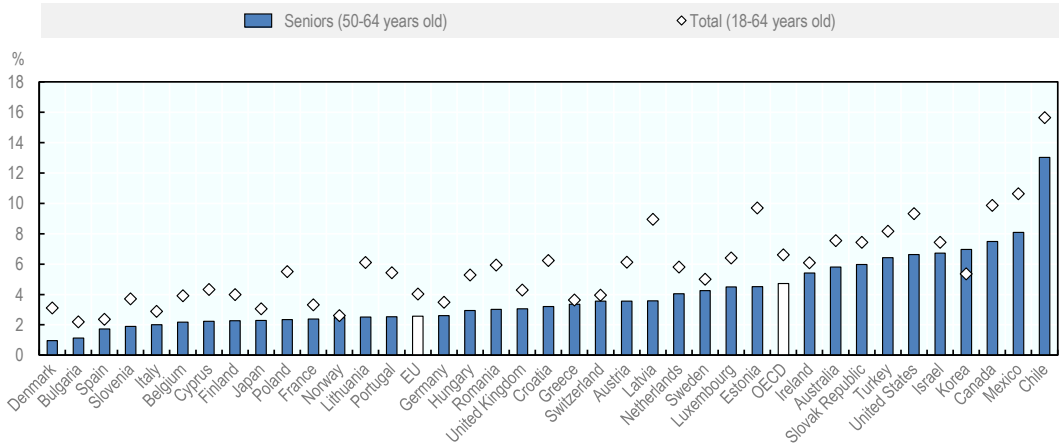
Nascent entrepreneurship, the first stage of the GEM entrepreneurship cycle, is defined as the proportion of the adult population (18 to 64 years old) that are actively involved in setting up a business they will own or co-own. This business must not have paid salaries, wages or any other payments to the owners for more than three months.

The nascent entrepreneurship rate for seniors (50-64 years old) over the period 2014-18 was 2.6% in the EU (Figure 4.10). In other words, about 2.6% of the population between 50 and 64 years old were involved in nascent entrepreneurship activities. This proportion was two-thirds of the proportion of the adult population over this period (4.0%). The nascent entrepreneurship rate for seniors was slightly higher in the OECD during this period (4.7%), which is consistent with a higher nascent entrepreneurship rate for the overall population (6.6%).

Between 2014 and 2018, the nascent entrepreneurship rate for seniors was the highest in the Slovak Republic (6.0%) among EU Member States. Conversely, only about 1% of seniors in Denmark (1.0%) and Bulgaria (1.1%) were involved in pre start-up activities over this period.

Figure 4.10. Less than 3% of seniors are involved in pre start-up activities in the EU

Nascent entrepreneurship as a percentage of the population, 2014-18



Note: The nascent entrepreneurship rate is defined as the proportion of the adult population (18-64 years old) that are actively involved in setting up a business they will own or co-own; this business has not paid salaries, wages or any other payments to the owners for more than three months. All EU and OECD countries participated in the GEM survey between 2014 and 2018 except the Czech Republic and Malta. Several countries did not participate in the survey in every year: Australia (2018), Austria (2015, 2017), Belgium (2016-18) Bulgaria (2014), Cyprus (2014-15), Denmark (2015-18), Estonia (2018), Finland (2017-18), France (2015), Hungary (2017-18), Japan (2015-16), Korea (2014), Latvia (2014, 2018), Lithuania (2015-18), Mexico (2018), Norway (2016-18), Portugal (2017-18), Romania (2016-18), Turkey (2014-15, 2017).
Source: (Global Entrepreneurship Monitor, 2019[3])

StatLink http://dx.doi.org/10.1787/888934065893

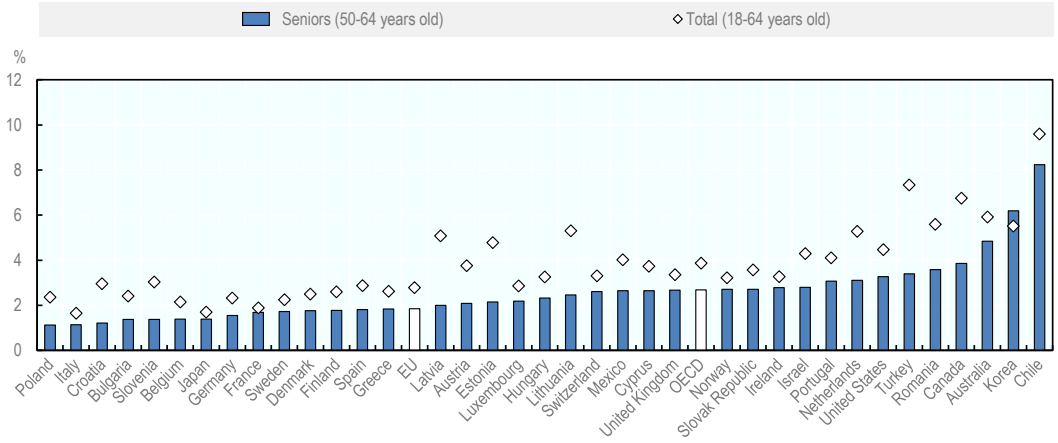
Very few seniors are new business owners

New business ownership is the second phase of entrepreneurship activity in the GEM model. The new business ownership rate measures the proportion of the population that is currently the owner-manager of a new business that has paid salaries, wages or any other payments to the owners for more than three months, but not more than 42 months.

The new business ownership rate for seniors in the EU for the period 2014-18 was 1.9%, while it was slightly higher in OECD countries (2.7%) (Figure 4.11). In both cases below the new business ownership rate for the overall population (2.8% in the EU; 3.9% in the OECD). Among EU Member States, the new business ownership rates for seniors were the highest in Romania (3.6%) and lowest in Poland and Italy (1.1% in both countries).

Figure 4.11. Less than 2% of seniors are new businesses owners in the EU

New business ownership as a percentage of the population, 2014-18



Note: The new business ownership rate measures the proportion of the population (18-64 years old) that is currently the owner-manager of a new business that has paid salaries, wages or any other payments to the owners for more than three months, but not more than 42 months. All EU and OECD countries participated in the GEM survey between 2014 and 2018 except the Czech Republic and Malta. Several countries did not participate in the survey in every year: Australia (2018), Austria (2015, 2017), Belgium (2016-18) Bulgaria (2014), Cyprus (2014-15), Denmark (2015-18), Estonia (2018), Finland (2017-18), France (2015), Hungary (2017-18), Japan (2015-16), Korea (2014), Latvia (2014, 2018), Lithuania (2015-18), Mexico (2018), Norway (2016-18), Portugal (2017-18), Romania (2016-18), Turkey (2014-15, 2017).
Source: (Global Entrepreneurship Monitor, 2019[3])

StatLink http://dx.doi.org/10.1787/888934065912

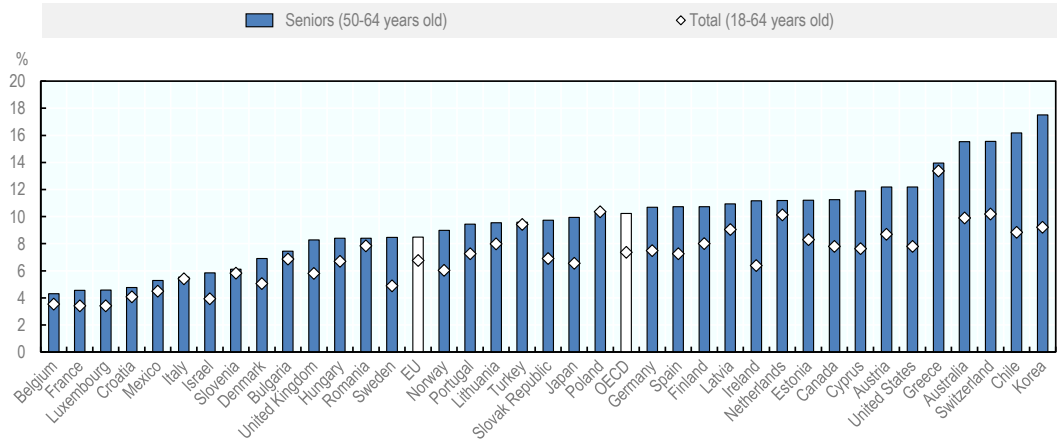
Seniors are more likely than all adults to be established business owners

Established business ownership is the third stage of entrepreneurship activities in the GEM model. Established business owners are those who are owner-managers of a business that has paid salaries, wages or any other payments to the owners for more than 42 months. The proportion of seniors that were established business owners in the EU between 2014 and 2018 was 8.5% (10.2% in the OECD), which was above the share for the overall population (6.8%) (Figure 4.12).

Among EU Member States, seniors were the most likely to be established business owners during this period in Greece (14.0%). The established business ownership rate was the lowest in Belgium (4.3%), France (4.6%), Luxembourg (4.6%) and Croatia (4.8%). In all countries except Italy and Poland, the established business ownership rate for seniors was greater than the rate for the overall population. In Italy and Poland, the rate for seniors was approximately equal to the average for the population – 5.5% for seniors and 5.4% for the population in Italy, and 10.2% for seniors and 10.4% for the population in Poland.

Figure 4.12. Less than 9% of seniors are established business owners in the EU

Established business ownership as a percentage of the population, 2014-18



Note: The established business ownership rate is defined as the proportion of the adult population (18-64 years old) that is currently the owner-manager of an established business that has paid salaries, wages or any other payments to the owners for more than 42 months. All EU and OECD countries participated in the GEM survey between 2014 and 2018 except the Czech Republic and Malta. Several countries did not participate in the survey in every year: Australia (2018), Austria (2015, 2017), Belgium (2016-18) Bulgaria (2014), Cyprus (2014-15), Denmark (2015-18), Estonia (2018), Finland (2017-18), France (2015), Hungary (2017-18), Japan (2015-16), Korea (2014), Latvia (2014, 2018), Lithuania (2015-18), Mexico (2018), Norway (2016-18), Portugal (2017-18), Romania (2016-18), Turkey (2014-15, 2017).
Source: (Global Entrepreneurship Monitor, 2017[4])

StatLink http://dx.doi.org/10.1787/888934065931

Box 4.1. Country spotlight: Motivations for senior entrepreneurs, Portugal

A new report on senior entrepreneurship in Portugal used a survey to explore the motivations and expectations of senior entrepreneurs, as well as several other issues such as the entrepreneurs' background and firm characteristics (Matos, 2018[5]). The survey was administered in 2015 to entrepreneurs in Portugal who were at least 50 years old and had started or acquired their company between 2004 and 2009. The questionnaire was sent by mail and e-mail, with follow-up by telephone. In total 1 671 questionnaires were sent and 181 complete and valid responses were returned.

The results shows that most senior entrepreneurs who started or acquired their company were motivated by positive factors (Figure 4.13). The most frequently cited motivations were that they wished to remain active through work (82%); wished to become an entrepreneur (76%); and wished to develop their own ideas (72%). Negative factors were much less frequently reported: unwillingness to take other less attractive jobs (36%); dissatisfaction with previous job (25%); and insufficient salary or retirement funds (19%).

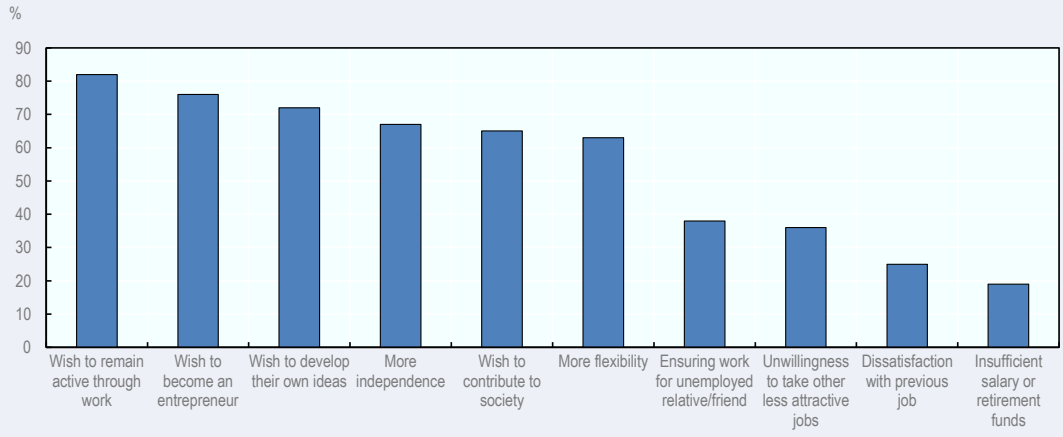
On average, surveyed entrepreneurs operated firms with two owners and three employees. About 57% of senior entrepreneurs in the sample report profits, while 21% report net losses. The most common category of annual turnover reported was "up to EUR 49 999", which was below the average of turnover the Portuguese employers (Matos, 2018[5]). This suggests that many senior entrepreneurs are likely motivated by factors other than company growth and financial gain.

Responses about achievements confirm this. While 72% of responding senior entrepreneurs indicated that they considered their business to be a success, only 14% reported that their business generated a high income. It appears that the surveyed senior entrepreneurs were more interested in flexible working hours and being able to be creative (Figure 4.13).

Figure 4.13. Senior entrepreneurs are mostly motivated by positive factors

"You decided to create/acquire this company because…"

Percent of respondents, 2015



Source: (Matos, 2018[5])

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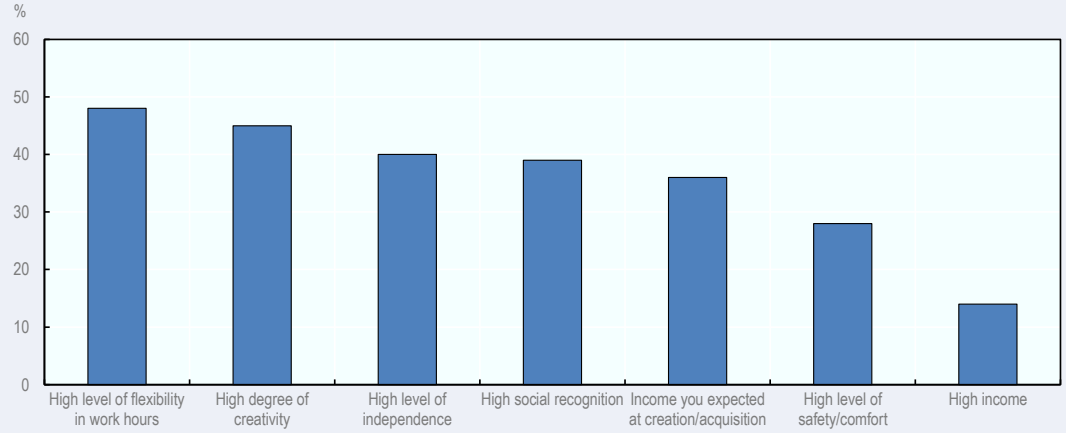
Figure 4.14. Senior entrepreneurs were most likely to achieve flexibility in working hours but few generated high income

"Would you agree that with the establishment of your company you have achieved…"

Percent of respondents, 2015



Source: (Matos, 2018[5])

StatLink http://dx.doi.org/10.1787/888934065969

Business exits were mostly due to a lack of profits

Business discontinuation is the final stage of the entrepreneurship cycle. The GEM survey asks those in the population who exited a business in the past 12 months the reason for ceasing business operations.

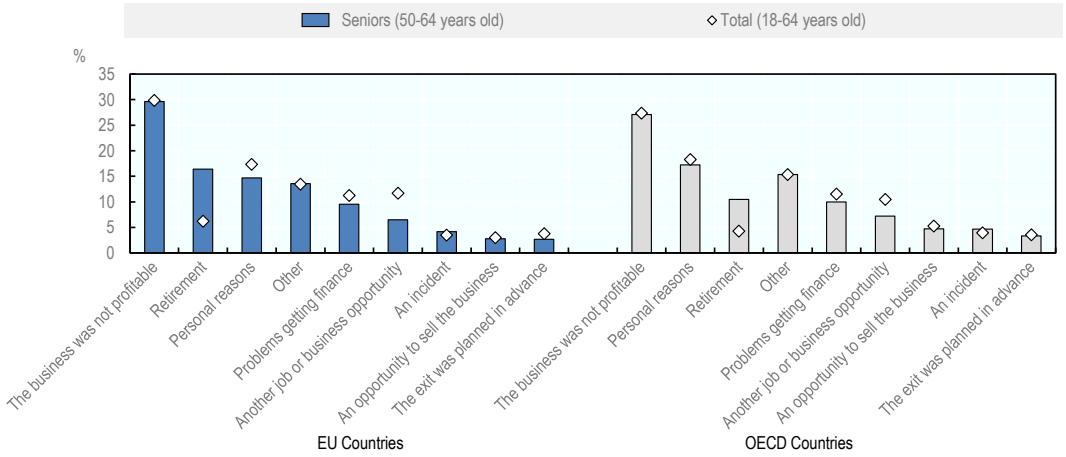
Senior entrepreneurs in the EU were most likely to report that they exited because it was not profitable (29.7%), which was also true for the overall population (29.8%) (Figure 4.15). Unsurprisingly, senior entrepreneurs in the EU were much more likely than the overall population to have exited their business due to retirement (16.4% vs. 6.2%). Conversely, they were less likely than the population to report that they exited due to another job or business opportunity (6.5% vs. 11.7%).

A similar patterns emerges among senior entrepreneurs in the OECD during this period. The most common reason for business exit was that it was not profitable (27.1%). This was followed by personal reasons (17.2%) and retirement (10.5%). As in the EU, senior entrepreneurs in the OECD were less likely than the overall population to report that they exited their business to pursue another job or business opportunity (7.2% vs. 10.5%).

Figure 4.15. About twice as many seniors exited their business due to a lack of profits than for retirement

"What was the most important reason for quitting the business?"

Share of entrepreneurs that exited in a business exit in the past 12 months, 2014-18



Note: All EU and OECD countries participated in the GEM survey between 2014 and 2018 except the Czech Republic and Malta. Several countries did not participate in the survey in every year: Australia (2018), Austria (2015, 2017), Belgium (2016-18) Bulgaria (2014), Cyprus (2014-15), Denmark (2015-18), Estonia (2018), Finland (2017-18), France (2015), Hungary (2017-18), Japan (2015-16), Korea (2014), Latvia (2014, 2018), Lithuania (2015-18), Mexico (2018), Norway (2016-18), Portugal (2017-18), Romania (2016-18), Turkey (2014-15, 2017).
Source: (Global Entrepreneurship Monitor, 2019[3])

StatLink http://dx.doi.org/10.1787/888934065988

Barriers to business creation for seniors

Seniors are as likely as adults to have entrepreneurship skills

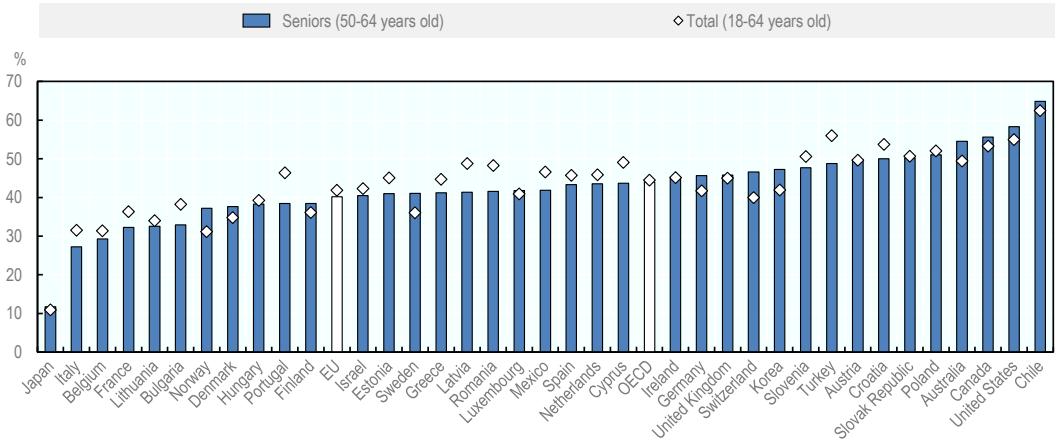
One of the most frequently cited barriers to business creation is a lack of entrepreneurship skills (see also Chapters 2 and 3). However, on average, this does not appear to be a barrier for seniors since they are as likely as the overall population to report that they have sufficient skills and experience for business creation. Between 2014 and 2018, 40.2% of seniors in the EU (44.0% in the OECD) reported having the skills needed for business creation (Figure 4.16). These proportions were essentially the same as the overall averages (41.9% in the EU and 44.5% in the OECD).

Between 2014 and 2018, more than half of the senior population in the Slovak Republic (50.2%) and Poland (51.1%) reported that they had the skills and experience to start a business. However, in Italy only 27% were confident that they had the skills to start a business.

Figure 4.16. About 40% of seniors report having entrepreneurship skills

"Do you have the knowledge and skills to start a business?"

Percentage of population who responded "yes", 2014-18



Note: All EU and OECD countries participated in the GEM survey between 2014 and 2018 except the Czech Republic and Malta. Several countries did not participate in the survey in every year: Australia (2018), Austria (2015, 2017), Belgium (2016-18) Bulgaria (2014), Cyprus (2014-15), Denmark (2015-18), Estonia (2018), Finland (2017-18), France (2015), Hungary (2017-18), Japan (2015-16), Korea (2014), Latvia (2014, 2018), Lithuania (2015-18), Mexico (2018), Norway (2016-18), Portugal (2017-18), Romania (2016-18), Turkey (2014-15, 2017).

Source: (Global Entrepreneurship Monitor, 2019[3])

StatLink http://dx.doi.org/10.1787/888934066007

Seniors are less likely than adults to report a fear of failure

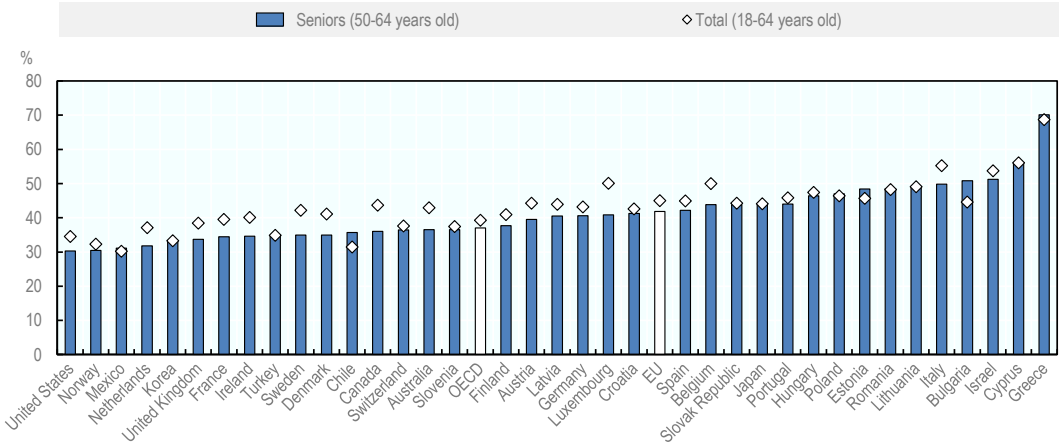
Fear of failure can also be a strong barrier to business creation because entrepreneurship is an activity that entails risk. However, seniors (50-64 years old) were slightly less likely than the overall average to report that a fear of failure was a barrier to business creation between 2014 and 2018. In the EU, 41.8% of older people reported this barrier, compared to the overall average (45.0%). In OECD countries, seniors were slightly less likely to report this barrier (37.1% compared to an OECD average of 39.3%) (Figure 4.17).

More than half of seniors reported this barrier over this period in Bulgaria (50.8%), Cyprus (55.8%) and Greece (70.1%). In Bulgaria and Greece, the proportion of seniors that reported this barrier was greater than the overall average for the population. Relatively few seniors reported this barrier in the Netherlands (31.8%).

Figure 4.17. About 40% of seniors reported that a fear of failure was an obstacle to business creation

"Does a fear of failure prevent you from starting a business?"

Percentage of population who responded "yes", 2014-18



Note: All EU and OECD countries participated in the GEM survey between 2014 and 2018 except the Czech Republic and Malta. Several countries did not participate in the survey in every year: Australia (2018), Austria (2015, 2017), Belgium (2016-18) Bulgaria (2014), Cyprus (2014-15), Denmark (2015-18), Estonia (2018), Finland (2017-18), France (2015), Hungary (2017-18), Japan (2015-16), Korea (2014), Latvia (2014, 2018), Lithuania (2015-18), Mexico (2018), Norway (2016-18), Portugal (2017-18), Romania (2016-18), Turkey (2014-15, 2017).
Source: (Global Entrepreneurship Monitor, 2019[3])

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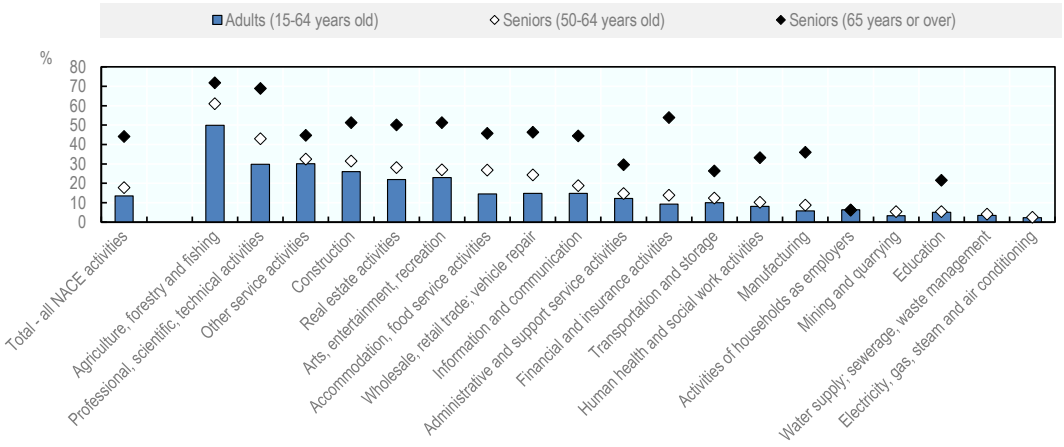
Characteristics of self-employed seniors

Self-employment rates by sector vary among different age cohorts of seniors

In the EU, self-employment rates for those 50-64 years old and those 65 years and older were highest in Agriculture, forestry and fishing (61.0% for those 50-64 years old and 71.7% for those 65 years old and over) and Professional, scientific and technical activities (43.0% and 68.8%) in 2018 (Figure 4.18). For those aged 65 years old and older, the self-employment rate was also high in Financial and insurance activities – 53.9% relative to 9.3% overall.

Figure 4.18. Seniors in the EU were most likely to be self-employed in Agriculture, forestry and fishing

Self-employment as a percent of employment by sector, 2018



Source: (Eurostat, 2019[2])

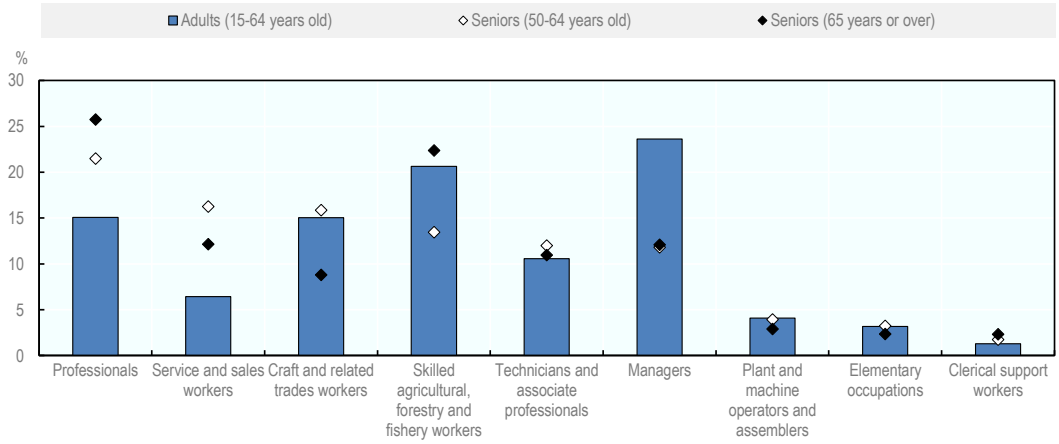
StatLink http://dx.doi.org/10.1787/888934066045

Most self-employed seniors are working as Professionals

The distribution of self-employed seniors by occupation was substantially different than that of adults in the EU in 2018 (Figure 4.19). Self-employed seniors were mostly working as Professionals[1]. More than one-fifth were working in this occupation (21.5% for those 50-64 years old and 25.7% for those 65 years old and older) relative to 15.1% of the total self-employed population. Self-employed seniors were also much more likely than the total self-employed population to be working as Service and sales workers – 16.3% of those 50-64 years old and 12.1% of those over 65 years old, relative to 6.4% overall. Conversely, they were much less likely to be working as managers – 11.8% for those 50-64 years old and 12.1% for those over 65 years old, relative to 23.6% of the total self-employed population.

Figure 4.19. Older self-employed seniors in the EU were more likely to be working as Professionals

Distribution of the self-employed by occupation, 2018



Source: (Eurostat, 2019[2])

StatLink http://dx.doi.org/10.1787/888934066064

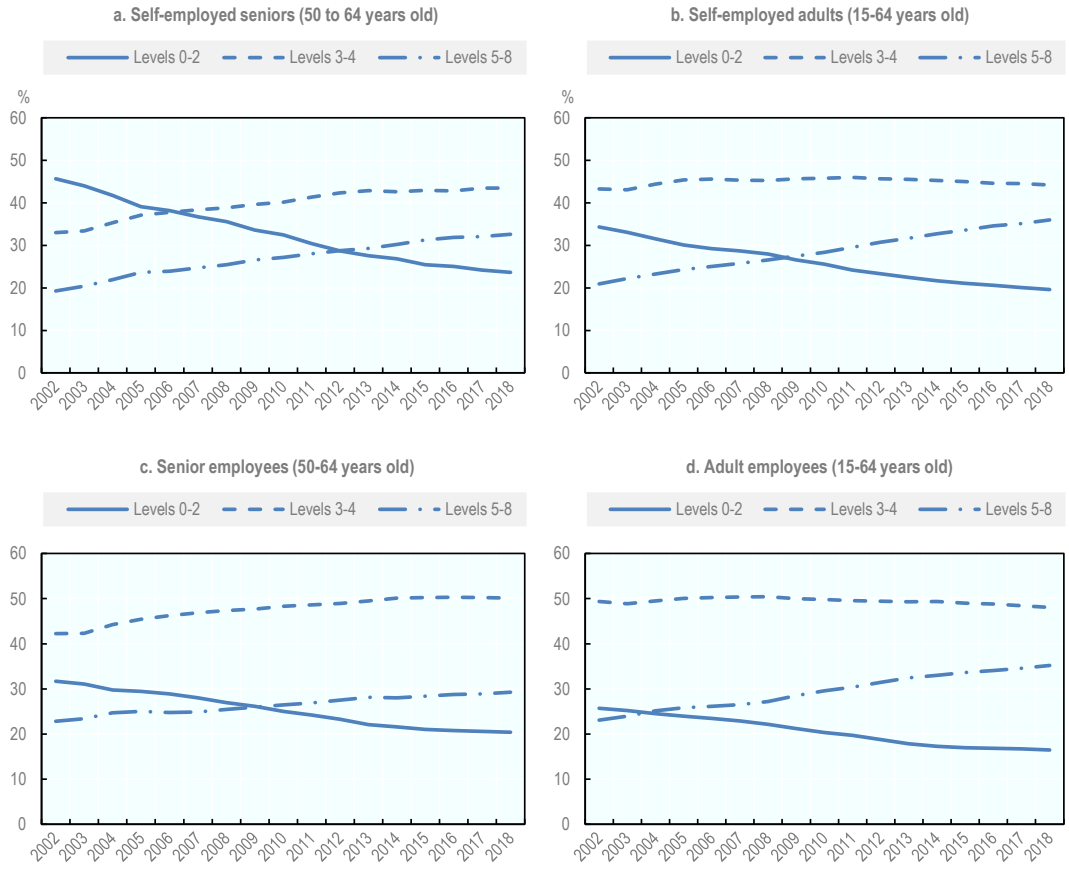
More self-employed seniors in the EU had a tertiary education than those working as employees

The overall share of self-employed people with a tertiary education grew from 20.9% to 36.0% between 2002 and 2018 (Figure 4.20). A similar trend can be observed among older self-employed people (50-64 years old) but the growth was at a lower rate. Over this period, the share of older self-employed people with a tertiary education increased from 10.3% to 32.6%. This increase, however, was greater among older self-employed people than among older employees, which increased from 22.8% to 29.2%.

The countries where the greatest share of older self-employed people had a tertiary education in 2018 were: Belgium (50.0% relative to 40.6% for those who worked as employees), Estonia (51.2% relative to 42.0% for those who worked as employees) and Germany (50.5% relative to 26.8% for those who worked as employees) (Figure 4.21).

Figure 4.20. The share of self-employed seniors in the EU with a tertiary education grew faster than for those working as employees

Distribution of the self-employed and employees by educational attainment

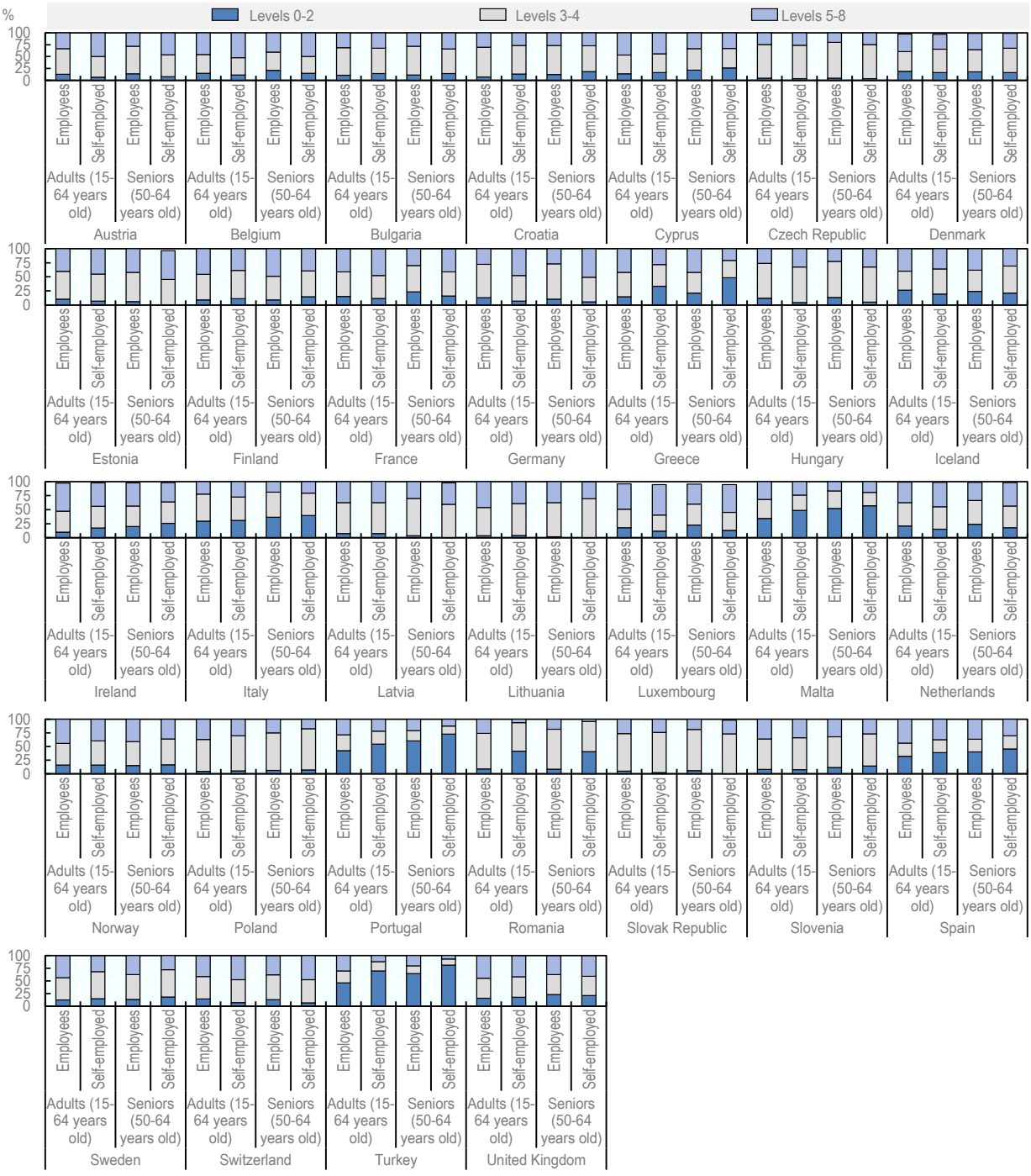


Note: Levels 0-2 refers to less than upper secondary education, while Levels 3-4 refers upper secondary and post-secondary non-tertiary education. Levels 5-8 refers to tertiary education.
Source: (Eurostat, 2019[2])

StatLink http://dx.doi.org/10.1787/888934066083

Figure 4.21. Educational attainment of self-employed seniors varies greatly by country

Distribution of the self-employed and employees by educational attainment, 2018



Note: Levels 0-2 refers to less than upper secondary education, while Levels 3-4 refers upper secondary and post-secondary non-tertiary education. Levels 5-8 refers to tertiary education.
Source: (Eurostat, 2019[2])

StatLink http://dx.doi.org/10.1787/888934066102

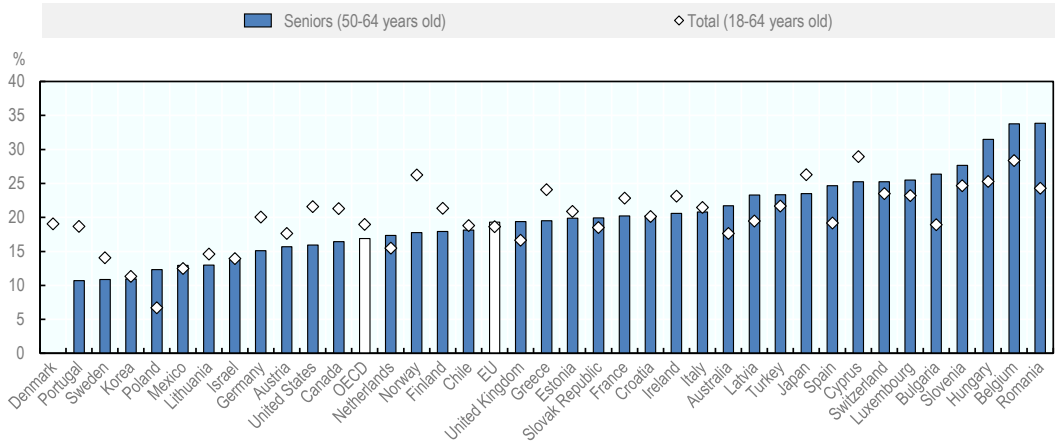
Seniors are less likely to start businesses in teams

In the EU, senior entrepreneurs (50-64 years old) were slightly less likely than other adults to be involved in business creation with a team. Over the 2014-18 period, 16.9% of seniors reported that they were involved in starting a new business (i.e. less than 42 months old) with a team of three of more people (Figure 4.22). This proportion was slightly below the proportion of adults involved in team entrepreneurship (19.0%). In OECD countries, a slightly higher proportion of seniors reporting working in new in their new start-up projects (19.3%).

Among EU Member States, team entrepreneurship among seniors was most common in Hungary (31.5%), Belgium (33.8%) and Romania (33.9%). In each of these countries, seniors were also substantially more likely than the adult population to be working in teams. Conversely, seniors were the least likely to be working in teams in Portugal (10.7%) and Sweden (10.9%).

Figure 4.22. The proportion of senior entrepreneurs working in teams varies greatly by country

Percentage of nascent entrepreneurs, 2014-18



Note: All EU and OECD countries participated in the GEM survey between 2014 and 2018 except the Czech Republic and Malta. Several countries did not participate in the survey in every year: Australia (2018), Austria (2015, 2017), Belgium (2016-18) Bulgaria (2014), Cyprus (2014-15), Denmark (2015-18), Estonia (2018), Finland (2017-18), France (2015), Hungary (2017-18), Japan (2015-16), Korea (2014), Latvia (2014, 2018), Lithuania (2015-18), Mexico (2018), Norway (2016-18), Portugal (2017-18), Romania (2016-18), Turkey (2014-15, 2017).
Source: (Global Entrepreneurship Monitor, 2019[3])

StatLink http://dx.doi.org/10.1787/888934066121

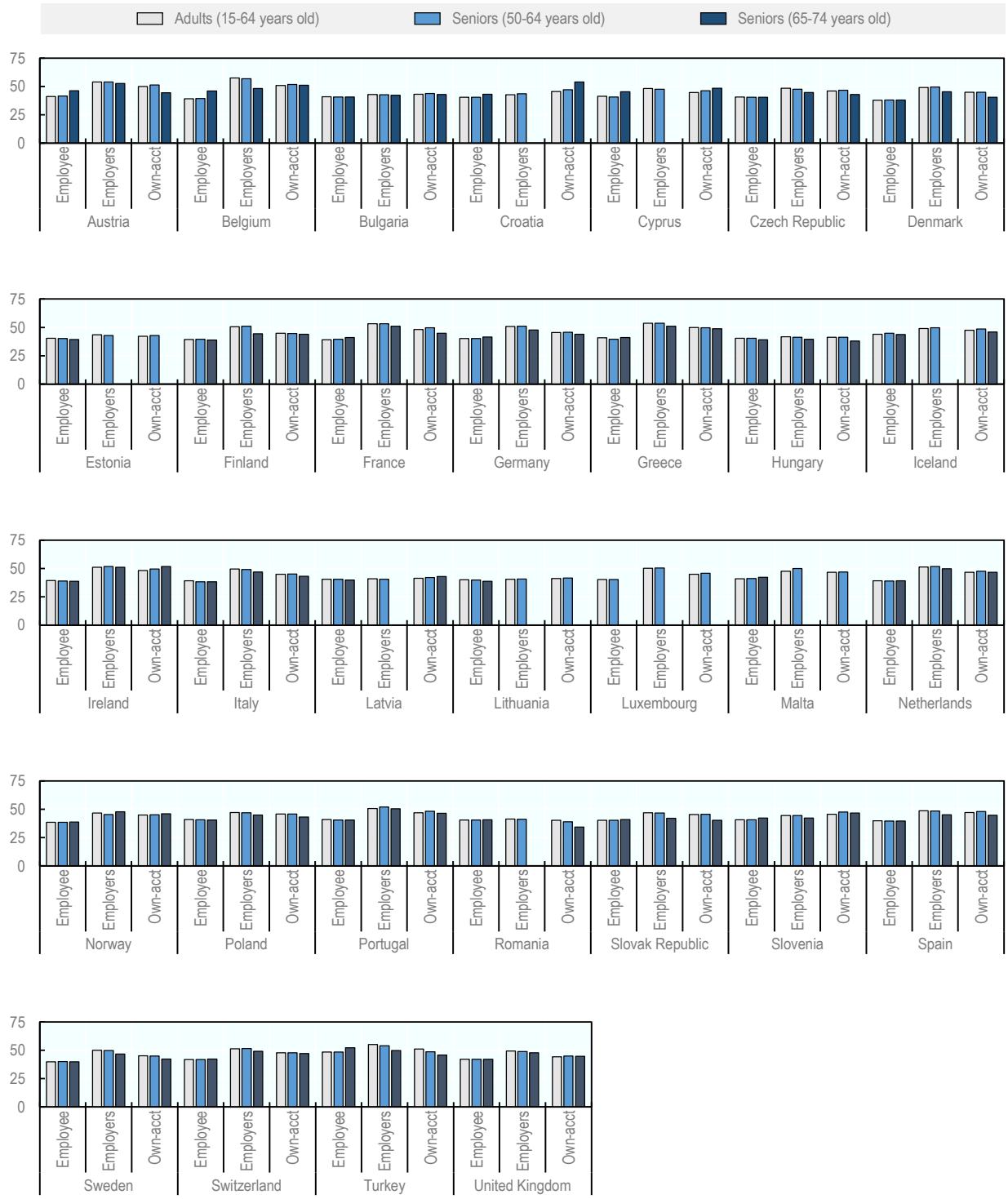
Business performance

Self-employed seniors typically work longer hours than those who are employees

Self-employed seniors tend to work more hours per week, on average, than those working as employees. Furthermore, self-employed seniors with employees typically work more hours per week than those without employees (Figure 4.23).

Figure 4.23. Self-employed seniors tend to work more than those working as employees

Number of average weekly hours for full-time workers, 2018



Source: (Eurostat, 2019[2])

StatLink http://dx.doi.org/10.1787/888934066140

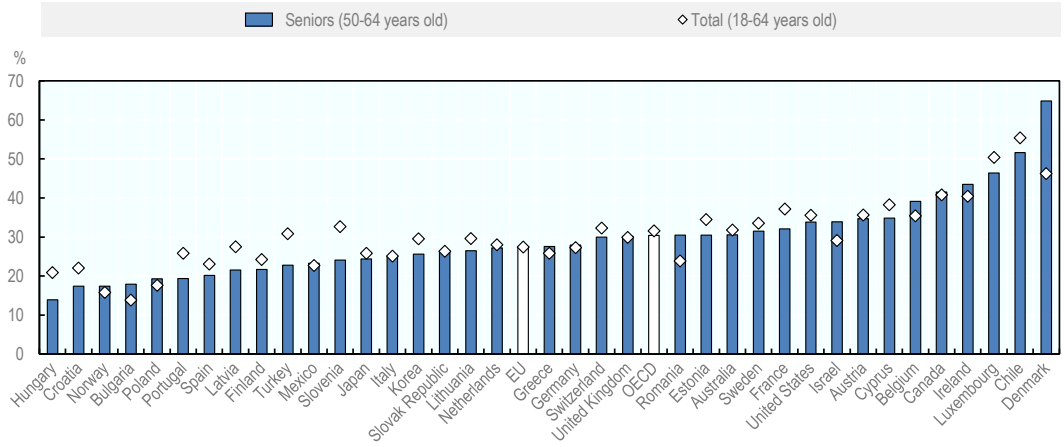
Senior entrepreneurs are as likely as the population of entrepreneurs to offer new products and services

Over the period 2014-18, 27.5% of nascent entrepreneurs and new business owners in the EU that were 50-64 years old reported offering products and/or services that were new to potential customers (Figure 4.24). This share was about the same as the share for all nascent entrepreneurs and new business owners in the EU for this period (27.5%), but slightly below the OECD average (30.4%).

Among EU Member States, seniors were the most likely to offer new products and services in Denmark (64.9%) and the least likely in Hungary (13.9%).

Figure 4.24. About 30% of early-stage senior entrepreneurs offered new products and services

Percent of early-stage youth entrepreneurs that offered products and services that are new to potential customers, 2014-18



Note: All EU and OECD countries participated in the GEM survey between 2014 and 2018 except the Czech Republic and Malta. Several countries did not participate in the survey in every year: Australia (2018), Austria (2015, 2017), Belgium (2016-18) Bulgaria (2014), Cyprus (2014-15), Denmark (2015-18), Estonia (2018), Finland (2017-18), France (2015), Hungary (2017-18), Japan (2015-16), Korea (2014), Latvia (2014, 2018), Lithuania (2015-18), Mexico (2018), Norway (2016-18), Portugal (2017-18), Romania (2016-18), Turkey (2014-15, 2017).
Source: (Global Entrepreneurship Monitor, 2019[3])

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Senior entrepreneurs are less likely to have customers in other countries

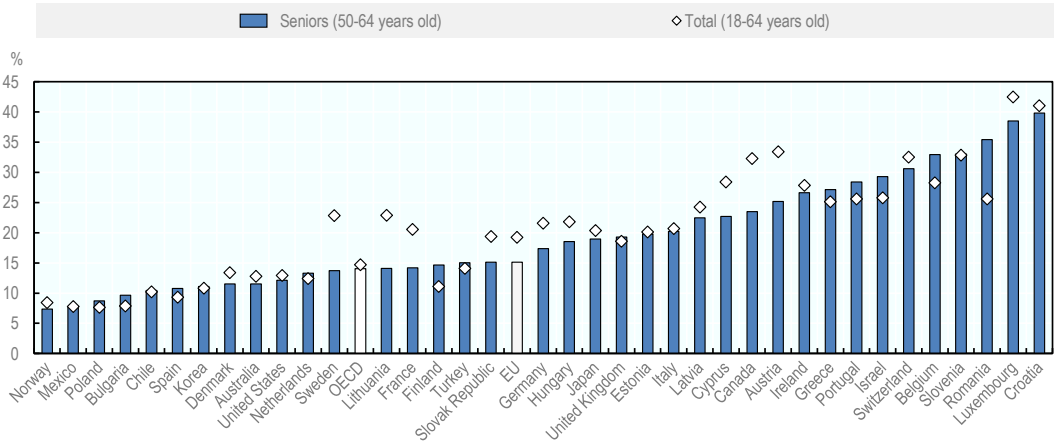
Early-stage senior entrepreneurs (50-64 years old) appear to be less likely to operate internationally-oriented business than the overall population of nascent entrepreneurs and new business owners (Figure 4.25). In the EU, 15.1% of early-stage senior entrepreneurs reported having customers in other countries (14.0% in the OECD), which was below the overall average (19.2%) between 2014 and 2018.

Early-stage senior entrepreneurs were the most likely to report having customers in other countries during this period in Belgium (32.9%), Slovenia (33.0%), Romania (35.4%), Luxembourg (38.5%) and Croatia (39.8%). Conversely, they were the least likely to report having customers in foreign countries in Poland (8.7%) and Bulgaria (9.7%). The countries where early-stage senior entrepreneurs were more likely than the overall population were

Greece (27.1% vs. 25.1%), Portugal (28.4% vs. 25.6%), Belgium (32.4% vs. 28.3%) and Romania (35.4% vs. 25.6%).

Figure 4.25. About 15% of early-stage senior entrepreneurs sold to customers in other countries

Percent of early-stage entrepreneurs that sell to customers in other countries, 2014-18



Note: All EU and OECD countries participated in the GEM survey between 2014 and 2018 except the Czech Republic and Malta. Several countries did not participate in the survey in every year: Australia (2018), Austria (2015, 2017), Belgium (2016-18) Bulgaria (2014), Cyprus (2014-15), Denmark (2015-18), Estonia (2018), Finland (2017-18), France (2015), Hungary (2017-18), Japan (2015-16), Korea (2014), Latvia (2014, 2018), Lithuania (2015-18), Mexico (2018), Norway (2016-18), Portugal (2017-18), Romania (2016-18), Turkey (2014-15, 2017).
Source: (Global Entrepreneurship Monitor, 2019[3])

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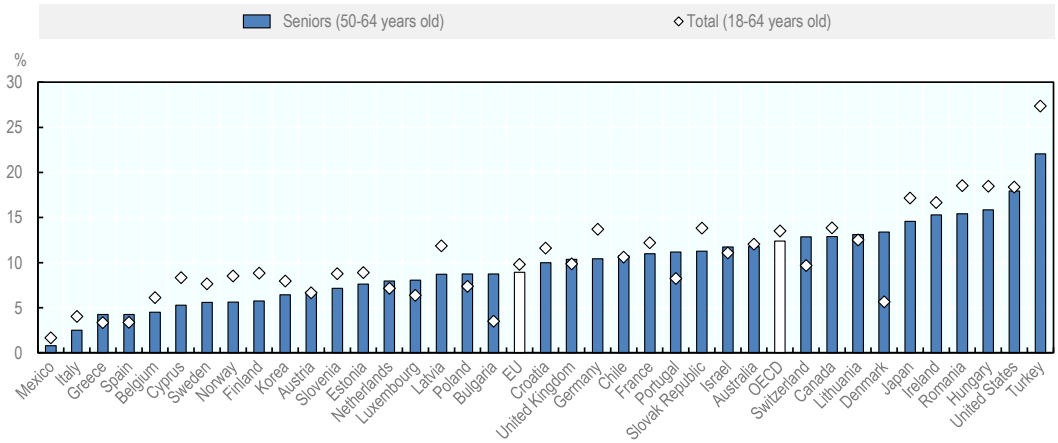
Senior entrepreneurs are slightly less likely to expect to create a high number of jobs

Early-stage senior entrepreneurs (50-64 years old) were about as likely as the overall average to expect to create at least 19 jobs over the next five years. Between 2014 and 2018, 8.9% of early-stage senior entrepreneurs in the EU reported an expectation to meet this level of job creation, which was slightly below the rate for the overall population during this period (9.8%) (Figure 4.26). The proportion of seniors who expected high-growth in OECD countries was slightly higher (12.4%).

Early-stage senior entrepreneurs were the most likely to expect to create at least 19 jobs over the next five years in Romania (15.4%) and Hungary (15.9%). Fewer than 5% of early-stage senior entrepreneurs expected this level of job creation in Italy (2.5%), Greece (4.2%), Spain (4.3%) and Belgium (4.5%).

Figure 4.26. Almost 9% of senior entrepreneurs expected to create a high number of jobs in the EU

Percent of early-stage entrepreneurs that expect to create at least 19 jobs over the next five years, 2014-18



Note: All EU and OECD countries participated in the GEM survey between 2014 and 2018 except the Czech Republic and Malta. Several countries did not participate in the survey in every year: Australia (2018), Austria (2015, 2017), Belgium (2016-18) Bulgaria (2014), Cyprus (2014-15), Denmark (2015-18), Estonia (2018), Finland (2017-18), France (2015), Hungary (2017-18), Japan (2015-16), Korea (2014), Latvia (2014, 2018), Lithuania (2015-18), Mexico (2018), Norway (2016-18), Portugal (2017-18), Romania (2016-18), Turkey (2014-15, 2017).
Source: (Global Entrepreneurship Monitor, 2019[3])

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Conclusions

Seniors are more active than the adult population in self-employment and senior entrepreneurs are an extremely diverse group. They include people who have spent their entire career in self-employment, those transitioning into retirement by starting a part-time business and those who have had to start a business to earn income due to a lack of retirement savings. Accordingly, the challenges faced by this group are diverse. Some lack entrepreneurship skills, while others lack financial resources and many will have small or outdated business networks. Public policy has a role in addressing these barriers by offering entrepreneurship training, improving access to start-up financing and supporting the development of entrepreneurship networks. In addition, many seniors have experience in self-employment and can remain engaged in entrepreneurship by mentoring and supporting younger entrepreneurs. Therefore, public policy can also match senior entrepreneurs with younger entrepreneurs to facilitate a transfer of knowledge between the generations.

For more information and policy discussion on senior entrepreneurship activities, please refer to (OECD/EC, 2012[1]) and (European Commission, 2016[6]). Examples of recent policy action to support senior entrepreneurs are contained in the country profiles in Part III of this report, notably the profile for Spain.

Notes

[1] Professionals increase the existing stock of knowledge; apply scientific or artistic concepts and theories; teach about the foregoing in a systematic manner; or engage in any combination of these activities, see the classification of European Skills, Competences, Qualifications and Occupations (ESCO), https://ec.europa.eu/esco/portal/occupation.

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5. Self-employment and entrepreneurship from unemployment

This chapter presents data on the proportion of unemployed people who seek to return to work through self-employment, as well as the proportion that are successful at transitioning from unemployment to self-employment. Data on the unemployed are presented by gender and age at both the European Union (EU) and EU Member State levels. Selected OECD countries are covered to the extent possible.

Key messages

- **Very few unemployed people in the European Union (EU) move back to work via self-employment**. In 2018, there were 16.9 million unemployed people in EU countries and about 400 000 reported that they were seeking to return to work as self-employed. This represents 2.4% of the unemployed.
- **However, not all unemployed people seeking to become self-employed will successfully start a business**. Further, some unemployed people will become self-employed without seeking it. In 2018, about 563 600 self-employed people in the EU were unemployed in 2017. This is 2.5% of the number of unemployed people in 2017, which is slightly above the proportion who indicated that they were seeking to become self-employed (2.2%).
- **Over the past decade, unemployed men were about 1.5 times as likely as unemployed women to seek self-employment and to successfully make this transition**. Young unemployed people (15-24 years old) in the EU were not likely to seek self-employment (1.1%).
- **The proportion which seeks self-employment is highest among those who have been unemployed for short durations**. This suggests that policies to support the unemployed in business creation should try to support those interested in business creation to realise their ambitions quickly. It is also important to stimulate ambitions for self-employment among a greater share of the unemployed. Evidence from France suggests that reforms to the unemployment insurance system to stimulate business creation by the unemployed were successful at increasing the number of businesses created without reducing the quality of businesses started.

The policy context for business creation from unemployment

There were 16.9 million unemployed people (15-64 years old) in the European Union (EU) in 2018. This is down from a post-crisis peak of 26.1 million in 2013. In parallel to the decline in unemployment, the share of the population that was active in the labour market increased. During the early stages of the economic crisis, the overall activity rate for adults (15-64 years old) in the EU was 70.8% (in 2009). The rate increased steadily to 73.7% in 2018.

Policy makers have long been interested in the potential of entrepreneurship and self-employment to be used as a mechanism for moving unemployed people back into work. The most common approach to supporting the unemployed in business creation is through welfare bridge programmes that provide a combination of start-up training and a subsistence allowance. There are many successful examples of welfare bridge programmes including programmes in Denmark, France, Germany, Hungary, the Netherlands, Poland, Spain, Sweden and the United Kingdom. Evaluation evidence generally suggests that businesses started by people from this target group can have similar business survival rates as those started by the rest of the population (OECD/EU, 2014[1]; Caliendo and Künn, 2011[2]).

Seeking self-employment from unemployment

Less than 3% of the unemployed want to be self-employed

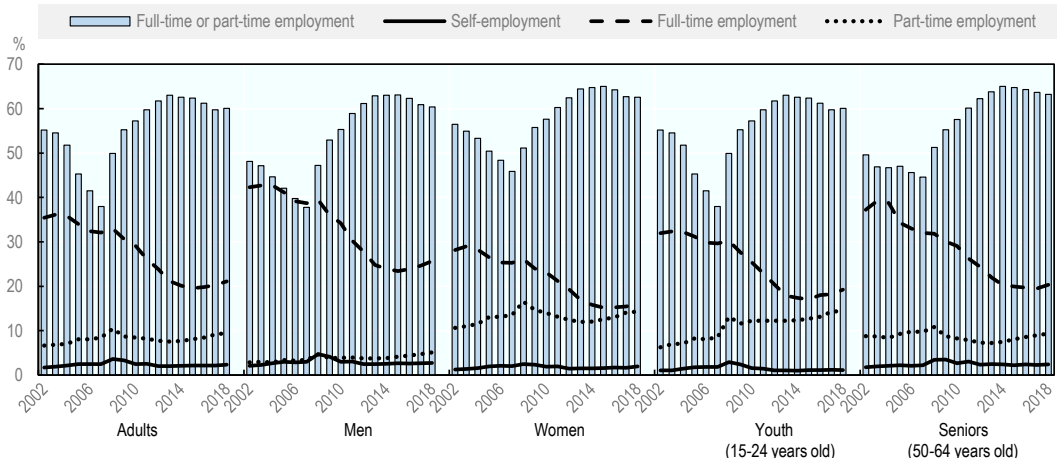
Of the 16.9 million unemployed people in 2018, 395 600 were seeking to return to work as a self-employed person. This represented only 2.4% of the total number of unemployed people (Figure 5.1). This compares to 606 500 people (3.6% of all unemployed) in 2008 and 710 500 (3.3%) in 2009, during the early stages of the economic crisis. Before the economic crisis, the proportion of unemployed people that were seeking to return to work via self-employment was approximately 2.5% between 2005 and 2007, and 2.0% between 2002 and 2004.

In 2018, unemployed men were nearly 1.5 times more likely to seek self-employment than unemployed women (2.7% vs. 2.0%). Leading up to the economic crisis, the share of unemployed men seeking self-employed was generally between 2.7% and 3.0%. This proportion increased with the onset of the crisis and peaked in 2008 at 4.7%. Since then, the share has fallen back to pre-crisis levels. A similar pattern is observed among unemployed women, but the proportion seeking self-employment is about half that of men. In addition, the decline in the proportion since the crisis was less pronounced.

Young unemployed people are the least likely target group to seek self-employment. In 2018, only 1.1% of unemployed people between the ages of 15 and 24 years old were seeking to become self-employed.[1] As with the other target groups, the proportion of young unemployed people seeking to become self-employed peaked in 2008 at 2.9%. However, this proportion dropped to 2.4% in 2009 and 1.6% in 2010. From 2011 onwards, the proportion stabilised around 1.0%.

Figure 5.1. Few unemployed people seek self-employment

Primary type of employment sought by unemployed men, women, youth and seniors in the EU, percent of the unemployed (15-64 years old), 2002-18



Source: (Eurostat, 2019[3]).

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Unemployed seniors appear to be as interested in self-employment as a way back to work as the average for all ages. In 2018, 2.4% of unemployed people aged 50-64 years old sought to return to work as self-employed. This share has been constant since 2012. Following the onset of the economic crisis, the proportion was 3.5% in 2008 and 2009. Between 2002 and 2007, about 2.0% were seeking to become self-employed.

There was substantial variation across countries in the proportion of unemployed people that sought to return to work as self-employed (Figure 5.2). In 2018, the proportions ranged from 1.5% to 4.0%. The share was slightly higher in Ireland (4.5%), Romania (5.4%) and Malta (5.6%), and much higher in Croatia (11.2%), Luxembourg (13.9%). Conversely, many of the countries where the share of unemployed people seeking self-employment was the lowest were the countries with the highest unemployment rates during the economic crisis, notably Greece, Spain and Italy. The proportion of the unemployed seeking self-employment was fairly constant in Spain and Italy, but it declined in Greece from a peak of 7.7% in 2009.

Unemployed women were less likely than unemployed men to seek self-employment in all EU Member States (Figure 5.2). In 2018, there were only five EU Member States where more than 3% of unemployed women were seeking to become self-employed: Germany (3.0%), Ireland (3.4%), Romania (6.8%), Croatia (8.5%), and Luxembourg (11.1%).

Data on the proportion of young unemployed people seeking to become self-employed is very limited at the country level. In nearly all countries where data are available, fewer than 1.5% of unemployed youth would like to become self-employed.

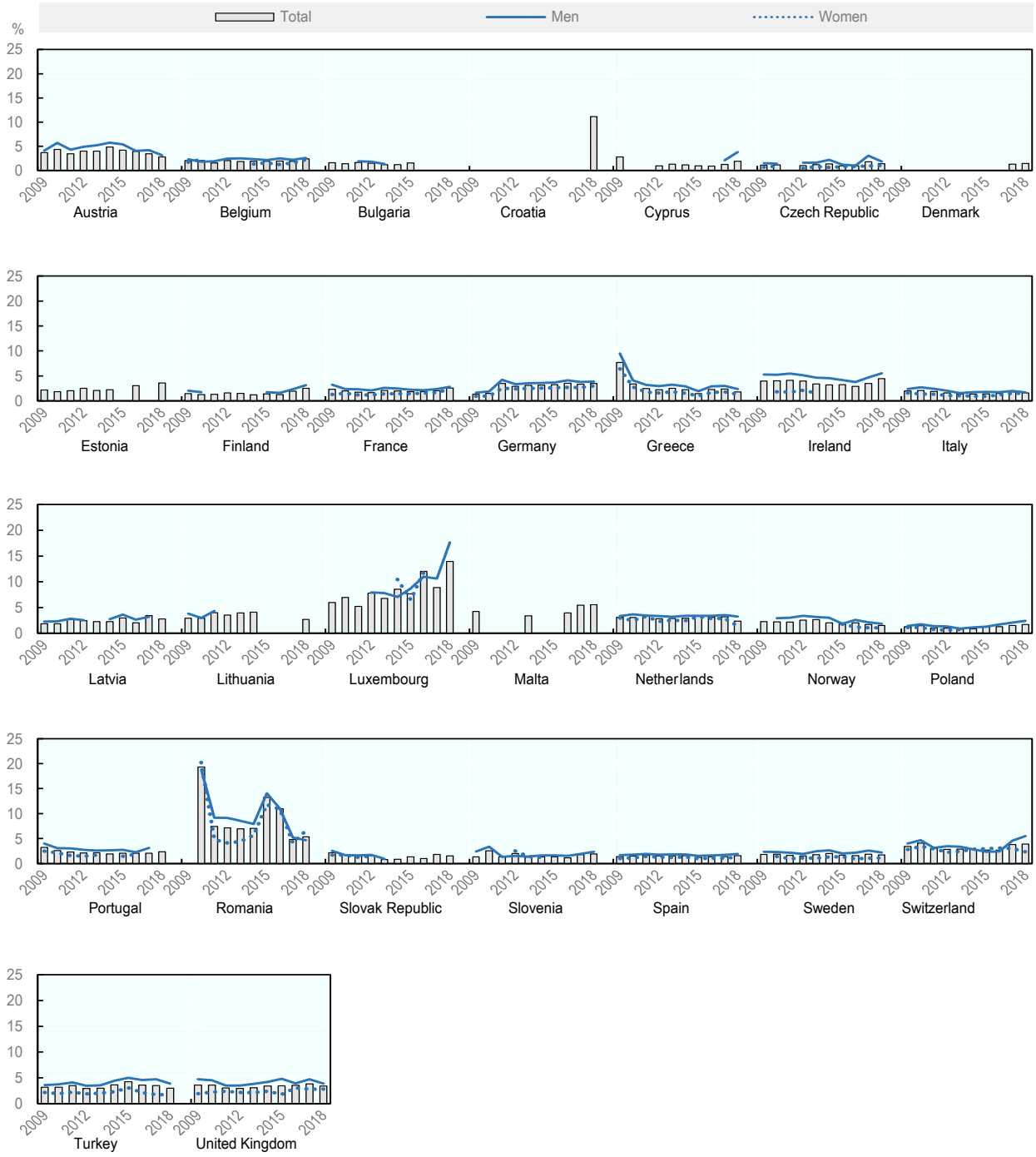
Interest in self-employment is greatest at the early stages of unemployment

The likelihood of unemployed people seeking self-employment tends to decline as the duration of unemployment increases (Figure 5.3). This is likely caused by declining savings, skills attrition and shrinking professional networks. This is consistent with the decline in the likelihood of returning to employment over time, but the proportion seeking to return to self-employment may be expected to increase for some people as they realise that they may not find work. This would increase their openness to business creation. A slight increase can be observed for those who lost their job during the early stages of the crisis, i.e. those with unemployment durations of two or more years in 2011 to 2013. Moreover, the gender gap grows slightly among those who are unemployed for longer durations.

Country-level on the share of older unemployed people (50-64 years old) seeking self-employment are more limited. However, like the other target groups, there is some variation in the share of older people seeking to return to work as self-employed. In 2018, the proportions were the highest in the United Kingdom (5.5%), Switzerland (5.9%), Ireland (8.5%) and Croatia (8.8%).

Figure 5.2. Unemployed women are less likely than unemployed men to seek self-employment

Proportion of unemployed men and women seeking self-employment by country, 15-64 years old, 2009-18



Source: (Eurostat, 2019[3])

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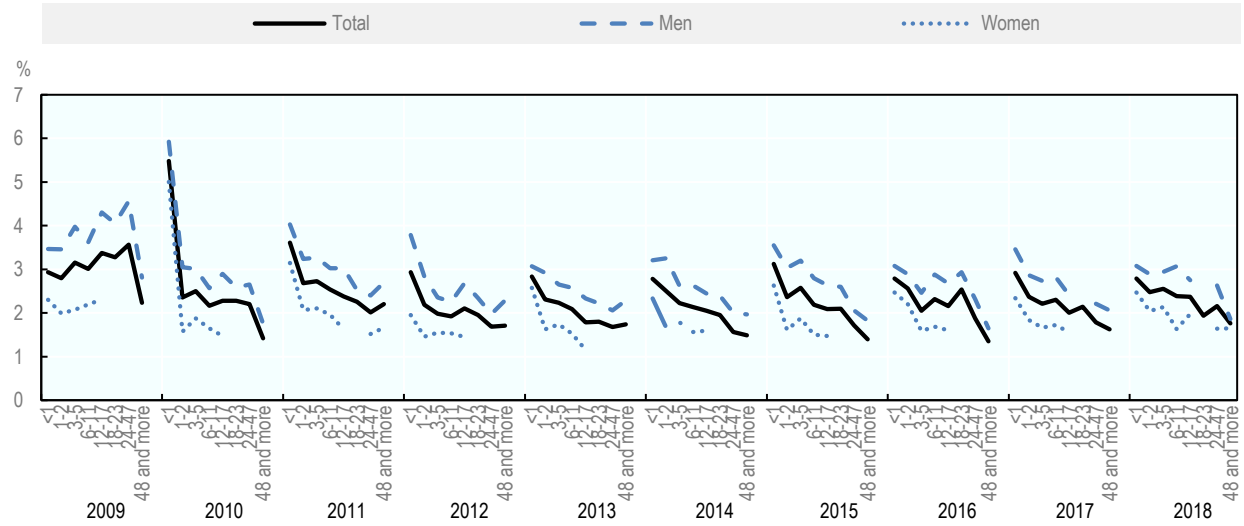
Figure 5.3. Likelihood of seeking self-employment decreases with duration of unemployment

Proportion of unemployed seeking self-employment in the European Union by duration of unemployment in months, 15-64 years old



Source: (Eurostat, 2019[4])

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Entering self-employment from unemployment

More unemployed people become self-employed than the number seeking it

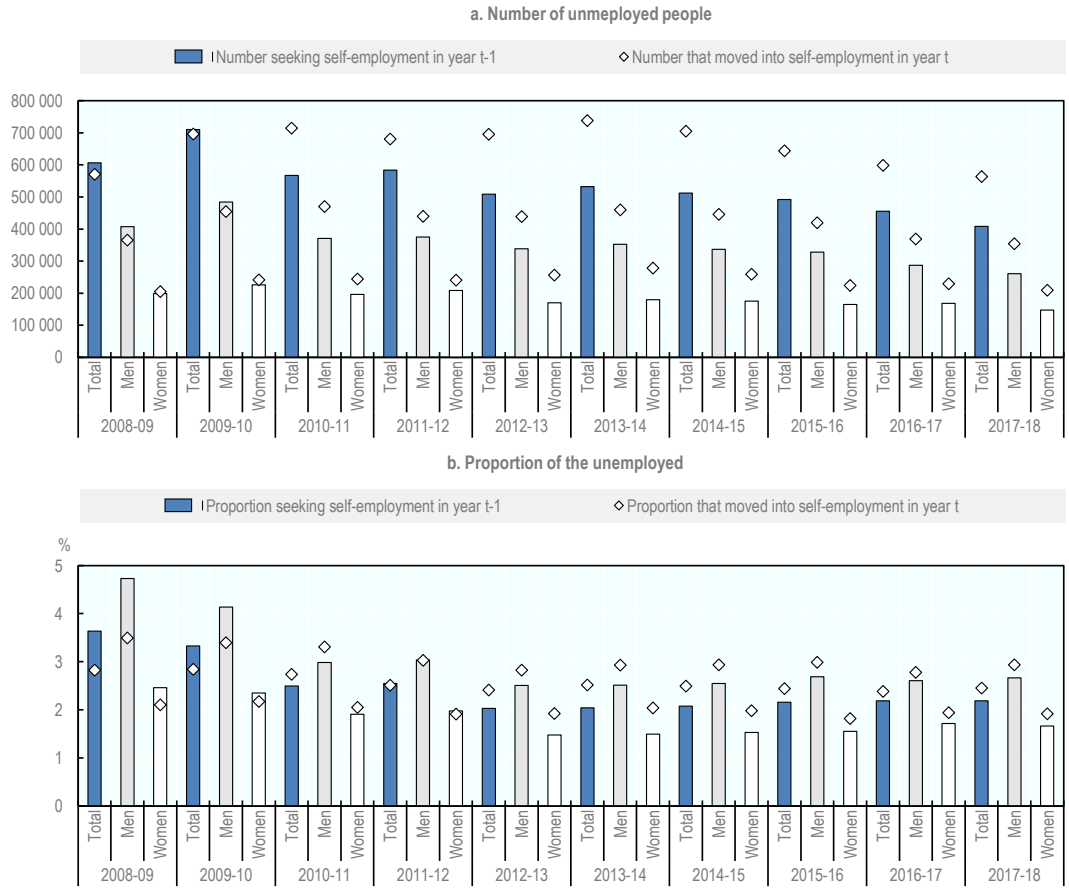
While between 2% and 3% of the unemployed indicate that they are seeking to become self-employed, a greater proportion return to work as self-employed. In 2018, 563 600 people were self-employed in the EU after being unemployed in 2017 (Figure 5.4). This represented 2.5% of the unemployed in 2017, which was more than the proportion of the unemployed in 2017 who indicated that they were seeking to become self-employed (2.2%). This suggests that about 10% of the unemployed people who returned to work as a self-employed worker were not seeking to become self-employed. It is likely that many of these people could not find an employment opportunity that met their expectations (e.g. skills, experience, working conditions, wages) so they became self-employed to generate some income. However, it is also possible that some of these people identified a business opportunity and decided to pursue it even though it was not initially sought out.

Over the past decade, the share of unemployed people moving into self-employment has been relatively constant. However, the number of unemployed people seeking to return to work through self-employment in 2018 has declined relative to the early years of the crisis.

Some gender differences can be observed. The number of unemployed men who moved into self-employment in each year was approximately double the number of unemployed women who did the same. This ratio was constant over the past decade.

Figure 5.4. More unemployed people become self-employed than those seeking it

Number and percentage of unemployed people moving into self-employment (15-64 years old)



Source: (Eurostat, 2019[4])

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Country-level research finds high survival rates but little job creation and some displacement

Comparable data on the characteristics of the businesses started by the unemployed are difficult to obtain due to the small number of people in this situation identified by Labour Force Survey estimates. However, some in-depth research has been undertaken using national data sources. Recent research in France indicates that about 70% of businesses started by the unemployed are in three industries: services, construction and retail trade (Box 5.3). This research also notes that businesses created by the unemployed displaced some employment from incumbent firms, but that these businesses were more productive and had higher value-added than those firms where employment was displaced (Hombert et al., 2017[5]).

Box 5.1. Country spotlight – The role of unemployment insurance in spurring entrepreneurship, France

Several regulatory reforms have been undertaken in France over the past 25 years to stimulate more entrepreneurship. One of the most important was called PARE (*Plan d'Aide au Retour à l'Emploi*), which was implemented in 2002 to facilitate (small) business creation by those who were unemployed.

The reform consisted of a new agreement between labour unions and employer organisations to provide more generous benefits for unemployed workers that were active in searching for work. One element of the reform was to reduce the disincentives for business creation by allowing unemployed people to retain the rights to their unemployment benefits for up to three years in the event that their business was not successful. Thus, this downside insurance reduced the cost of starting a business for those in unemployment. Moreover, the reform allowed unemployed people to generate income to supplement their unemployment benefits if the income derived from self-employment was below 70% of their pre-unemployment income.

A recent study found that the reform significantly increased business creation by the unemployed but did not worsen the quality of new entrants. Businesses created by the unemployed after the reform were initially smaller, but employment growth, productivity, and survival rates were similar to those businesses created by the unemployed before the reform (Hombert et al., 2017[5]). Most of the businesses created by the unemployed were in services, construction and retail trade (Table 5.1), which are the sectors with greatest number of self-employed people and the lowest barriers to entry. Combined, these industries accounted for about 70% of firms created. The jobs created by new entrants crowded-out employment in incumbent firms at a rate of nearly one-for-one. However, the new entrants were found to have higher productivity and value-added levels than those that had employees displaced. Overall the reform had an estimated positive impact on the French economy of about EUR 350 million per year, while the cost to the unemployment agency was about EUR 100 million per year.

Table 5.1. Most unemployed people start businesses in services, construction and retail

Industry composition

	Number of businesses created pre-reform (1999-2001)	Share of all pre-reform business created	Number of businesses created post-reform (2003-05)	Share of all post-reform business created	Growth in number of businesses created
	(1)	(2)	(3)	(4)	(5)
Transportation - Utilities	4 937	3.3	5 031	2.6	2%
Wholesale trade	11 942	7.9	12 711	6.6	6%
Manufacturing	9 119	6.0	10 006	5.2	10%
Mining	21	0.0	19	0.0	10%
Services	68 266	45.0	84 317	44.0	23%
Retail trade	25 498	16.8	34 683	18.1	36%
Construction	25 454	16.8	34 970	183.	37%
FIRE (Finance, Insurance and Real Estate)	65 45	4.3	9 768	5.1	49%
Total	151 787	100.0	191 506	100.0	26%

Note: This table reports the number of firms created by the unemployed before the reform (1999–2001, Column 1) and immediately after it (2003–2005, Column 3) at the 1-digit industry level. Columns 2 and 4 present these numbers as a share of total number of firm creation in the pre- and the post-reform period, respectively. Column 5 reports the growth in new firm creation in the post-reform period relative to the pre-reform period.
Source: (Hombert et al., 2017[5])

Conclusions

Policy makers should limit their expectations for the impact that entrepreneurship can have on reducing unemployment since few unemployed people go on to start a sustainable business. However, it is important not to dismiss entrepreneurship as irrelevant for the unemployed because entrepreneurship programmes can have many benefits even if the participants do not go on to create a business. These include the acquisition of skills and experience, as well as building larger professional networks, which all increase employability.

For more information and policy discussion on self-employment and entrepreneurship activities by the unemployed, please refer to (OECD/EU, 2014[1]). Examples of recent policy actions to support the unemployed in business creation are contained in the country profiles in Part III of this report, notably the profiles for Greece and Luxembourg.

Notes

[1] This definition of youth does not match the one used in other chapters due to data availability.

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6. Self-employment and entrepreneurship indicators for immigrants

This chapter presents self-employment indicators for immigrants in the European Union (EU), including self-employment rates and the proportion of self-employed immigrants with employees. Data are presented for immigrants born in another EU Member State and for those born outside of the EU and whenever possible, they are disaggregated by gender. Data are presented for EU Member States and selected Non-EU OECD countries to the extent possible. Averages are also presented for the EU overall.

Key messages

- **The self-employment rate for immigrants in the European Union (EU) in 2018 was slightly below that of those born in the country of residence.** Of the 18.5 million people that were born in another country working in the EU, about 13% were self-employed in 2018. This was slightly below the share of self-employed among those born in the reporting country (14.9%).
- **The number of self-employed immigrants increased in the EU from nearly 2.2 million in 2009 to 2.9 million in 2018** (these data exclude Germany because data are not available prior to 2017). This growth was driven by a 47% increase in the number of self-employed immigrant women. Despite the absolute increase in the number of self-employed immigrants, the self-employment rate was essentially constant between 2009 and 2018.
- **There is a substantial gender gap in self-employment for immigrants**, which is consistent with the gender gap in the overall population of the self-employed. In the EU, immigrant men were about 1.5 times more likely than immigrant women to be self-employed in 2018 – 17.0% of working immigrant men born in another EU Member State and 16.2% of those born outside of the EU were self-employed relative to 10.3% and 9.4% of immigrant women. This is about the same as the overall gender gap in self-employment (16.9% vs. 9.6%).
- **Self-employment rates of immigrants varied substantially across the EU in 2018**. Self-employment rates for immigrants were the highest in the Czech Republic (15.1% for those born in another EU Member State and 34.9% for those born outside of the EU) and the lowest in Norway (6.2% and 6.0%).
- **Overall, immigrant entrepreneurs in the European Union are about as likely to be job creators as non-immigrants**. In 2018, 26.2% of the self-employed born outside of the EU had one or more employees, which was the same proportion as non-immigrant self-employed people (26.3%). However, those born in another EU Member State were slightly less likely to have employees (22.9%).

The policy context for entrepreneurship and self-employment by immigrants

There were approximately 58 million immigrants in the European Union (EU) in 2018, two-thirds of which were born in a non-EU country. The number of immigrants has increased by 28% over the last decade (OECD/EU, 2018[1]). This growth has been partly driven by the increase in the number of asylum seekers and refugees after 2013 which has started to taper down in 2017 (OECD, 2019[2]). Immigrants face higher rates of unemployment in all EU Member States than non-immigrants (11.5% vs. 7.5% on average in 2018), and those from outside of the EU are particularly affected. The gap in unemployment between the native-born and immigrants has widened in recent years (OECD/EU, 2018[1]). Moreover, employed immigrants with a tertiary education are also more likely than natives to be overqualified for the job that they hold, and have lower wages on average. As a result, labour market integration is a major policy priority in the EU. With the decreasing inflows of refugees, integration policies are also regaining importance compared to other reception policies for this subset of the immigrant population (OECD, 2019[2]).

Self-employment among immigrants

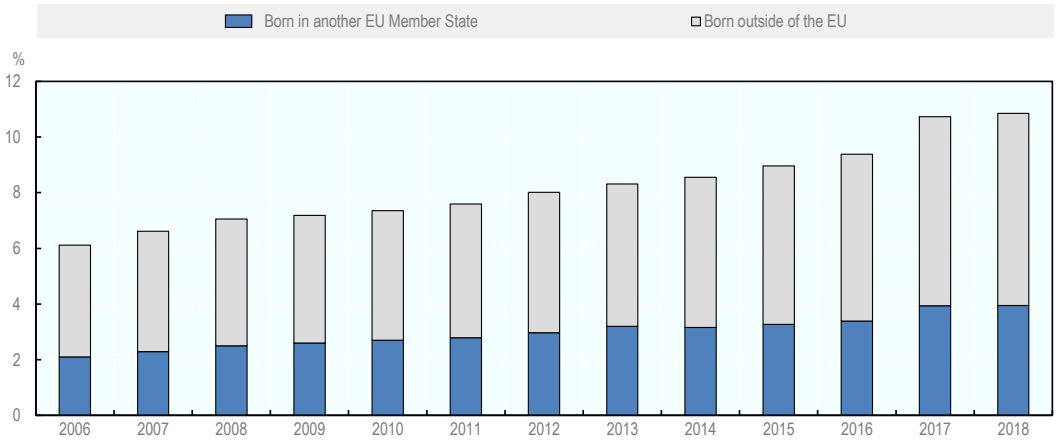
The share of immigrants is increasing faster among the self-employed than among employees

In 2018, there were 30.3 million self-employed people in the EU and approximately 3.6 million of them were born outside of their current country of residence (11.7%). Slightly more than 60% of these self-employed immigrants were born outside of the EU (Figure 6.1). This picture is very similar to that of immigrants who worked as employees; 12.2% of those working as employees in the EU in 2018 were born in another country and 63% of foreign-born employees were born in non-EU countries.

The share of immigrants among the self-employed nearly doubled between 2006 and 2018. In 2006, 6.1% of self-employed people in the EU were immigrants and approximately 65% of these were born outside of the EU. Thus, over this 13-year period, the share of the self-employed who were born in another country increased by about 90%.[1] This increase is greater than the increase that was observed among those working as employees over this period (approximately 65%).

Figure 6.1. Immigrants account for a growing share of the self-employed in the EU

Share of immigrants among the self-employed (15-64 years old) by place of birth



Note: Self-employment data by place of birth were not reported for Germany prior to 2017. Therefore Germany has been excluded from the EU total in 2017 and 2018 to maintain comparability over time.
Source: (Eurostat, 2019[3])

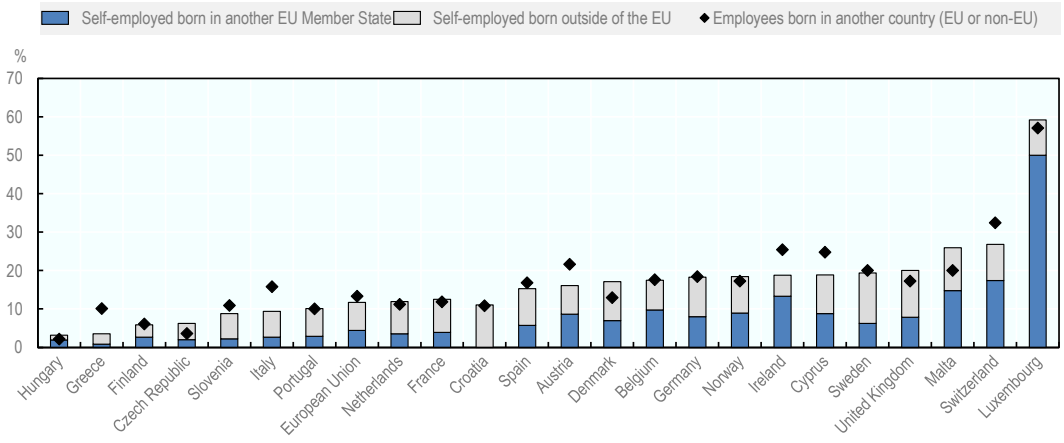
StatLink http://dx.doi.org/10.1787/888934066292

The proportion of self-employed people who were born in another country varied substantially across EU Member States in 2018 (Figure 6.2). However, it is clear that there is a close relationship between the overall share of immigrants in the labour market and the share of self-employed people that were born in another country. Immigrants accounted for the greatest share in Luxembourg in 2018 (59.2%), but this is due to the high share of foreign-born people in the population – about 57% of people working as employees were born in another country. A few countries were exceptions to this trend, notably Greece, Italy, Austria, Ireland, Cyprus and Switzerland where the share of immigrants among the self-employed was relatively low compared to their overall share in the labour market.

Conversely, the share of immigrants among the self-employed is greater than the share working as employees in the Czech Republic, Croatia, Denmark, the United Kingdom and Malta.

Figure 6.2. Levels of immigrants among the self-employed are largely driven by overall levels of immigrants in the labour market

Share of immigrants among the self-employed and employees (15-64 years old), 2018



Note: The EU average does not match the data in Figure 6.1 because data for Germany is included in this total. Data for Bulgaria, Estonia, Latvia, Lithuania, Poland, Romania, Slovenia and the Slovak Republic are not reported because the estimates are unreliable due to a small sample size. Similarly, the share of immigrants to Croatia that were born in other EU Member States among the self-employed is not reported due to reliability issues.
Source: (Eurostat, 2019[3])

StatLink http://dx.doi.org/10.1787/888934066311

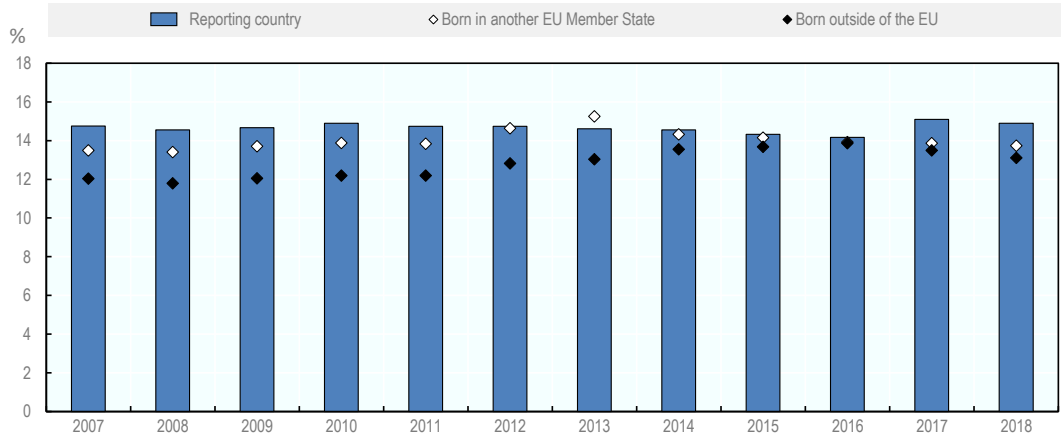
Immigrants were slightly less likely to be self-employed in 2018 than non-immigrants

The self-employed accounted for 14.9% of total employment among those born in the reporting country and slightly less for those born in another EU Member State (13.7%) or outside of the EU (13.1%) (Figure 6.3). These rates have been relatively stable since 2007, but a small increase in the self-employment rate for immigrants was observed between 2009 and 2013. This was followed by a slight decline until 2018, which was a period where the overall self-employment rate in the EU declined slightly.

Men who were born in another country are more than 1.5 times as likely to be self-employed than foreign-born women (Figure 6.4). The self-employment rate for immigrant men in 2018 was 17.0% for those born in other EU Member States and 16.2% for those born outside of the EU, compared with 10.3% and 9.4% for women. This gender gap is approximately the same as the overall gender gap, which was 7.3 percentage points in 2018 (see Chapter 2). The number of self-employed immigrant women increased nearly 50% over the past decade but the self-employment rate for immigrant women increased only by about one percentage point because there was a similar increase in employment. The number of self-employed immigrant men increased by about 27% and the self-employment rate was essentially constant.

Figure 6.3. Immigrants are less likely to be self-employed than non-immigrants in the EU

Self-employed as a percentage of total employment (15-64 years old), 2007-18

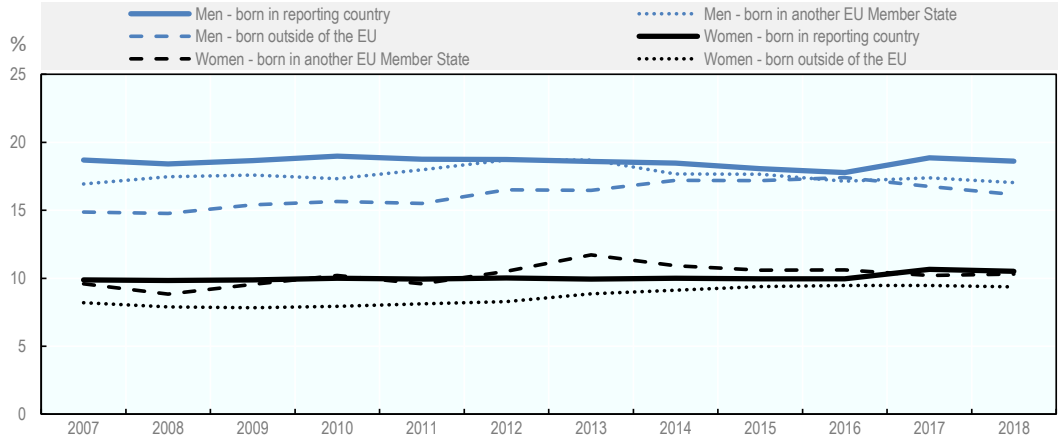


Note: The data presented in this figure do not include Germany to maintain comparability over time since self-employment data by place of birth were not reported for Germany prior to 2017.
Source: (Eurostat, 2019[3])

StatLink http://dx.doi.org/10.1787/888934066330

Figure 6.4. Immigrant men are more than twice as likely to be self-employed than immigrant women in the EU

Self-employed as a percentage of total employment (15-64 years old)



Note: The data presented in this figure do not include Germany to maintain comparability over time since self-employment data by place of birth were not reported for Germany prior to 2017.
Source: (Eurostat, 2019[31])

StatLink http://dx.doi.org/10.1787/888934066349

Self-employment rates for immigrants varied greatly across EU Member States between 2009 and 2018 (Figure 6.5). In 2018, self-employment rates for immigrants were highest in the Czech Republic, Malta and the Netherlands. Over the past decade, the greatest increases in the self-employment rate for immigrants occurred in Estonia, France, Greece, Latvia, the Netherlands and Spain.

It is also important to recognise that immigrant entrepreneurs have a range of different profiles. Some are wealthy investors that immigrate on special economic or investor visas and may have businesses in several countries. These self-employed immigrants often operate larger businesses that have greater potential for creating employment. Other immigrant entrepreneurs have a much lower level of resources at their disposal (i.e. human capital, social capital, financial capital). However, even among groups such as refugees, some appear to have the potential to create successful businesses that create employment for others (Box 6.1).

Figure 6.5. Self-employment rates for immigrants vary greatly by country

Self-employed as a percentage of total employment (15-64 years old)

Notes: The estimates reported contain series breaks in some countries: Belgium (break in 2017); Czech Republic (2011), Denmark (2016, 2017), France (2014), Greece (2009), Ireland (2017), Luxembourg (2009, 2015), Portugal (2011), Spain (2009), Switzerland (2010), and Turkey (2014). Estimates of the self-employment rate of immigrants born in other EU Member States are not reported for Bulgaria, Croatia, Estonia, Latvia, Lithuania, Poland, Romania, Slovak Republic, and Slovenia. Furthermore, estimates for Iceland are not reported in 2012 due to reliability issues. Estimates of the self-employment rate of immigrants born outside of the EU are not reported for Bulgaria, Poland, Romania, and the Slovak Republic. Furthermore, estimates for Lithuania are not reported for 2009-14, Luxembourg for 2010 and Iceland for 2012 due to reliability issues.
Source: (Eurostat, 2019[3])

StatLink http://dx.doi.org/10.1787/888934066368

Box 6.1. Entrepreneurship by refugees in EU and OECD countries

Refugees are a sub-group of immigrants, defined as persons who are in need of protection from outside their country of nationality due to a "well-founded fear of being persecuted for reasons of race, religion, nationality, political opinion or membership of a particular social group" (UNHCR, 2011[4]). Before these individuals' request for refugee status has been formally processed and approved by the host country, they are referred to as asylum seekers.

The evidence on the proportion of refugees who start a business is mixed, suggesting that the scale of self-employment activities by refugees is context-specific. Key determinants include the culture and country of origin and the institutional and regulatory environment in the host country.

Recent figures from the Australian Bureau of Statistics suggest that around 10% of refugees had started their own business after staying in the country for five years and 30% had done so after ten years of stay (Legrain, 2016[5]). Evidence from Canada shows that refugees are less likely to be self-employed than the native population during their first three years in the country, but the proportion of refugees who are self-employed doubles after five years and exceeds the proportion of the native population (Green, Liu and Ostrovsky, 2016[6]). However, a recent survey of 305 Syrian refugees in Austria, the Netherlands, and the United Kingdom found that although as many as 32% had owned a business in their home country, only a few had started a business in their host country and less than 12% had intentions to become entrepreneurs after their relocation (Deloitte, 2017[7]).

Overall, the existing evidence suggests that many refugee entrepreneurs operate low value-added businesses. Consequently, few are likely to create employment for others. This is confirmed by programme monitoring data in Austria, Australia, Canada, Italy, and the Netherlands (Betts, Omata and Bloom, 2017[8]).

Many refugee entrepreneurs start businesses due to obstacles faced in the labour market. They often imitate others in their community, and operate in markets with low barriers to entry such as retail and wholesale trade or restaurants (Wauters and Lambrecht, 2008[9]; Wauters and Lambrecht, 2006[10]; Lyon, Sepulveda and Syrett, 2007[11]). These markets tend to have excess supply and do not offer substantial growth opportunities. Consequently, the earnings of refugee entrepreneurs are, on average, much lower than other entrepreneurs (Wauters and Lambrecht, 2006[10]).

Nonetheless, refugee entrepreneurs can be well-placed to cater to niche "ethnic" markets but there is a risk that this strategy can also limit earnings since these markets are small (Achidi Ndofor and Priem, 2011[12]). Refugee entrepreneurs with higher human and financial capital are typically more successful in targeting mainstream markets, which are more profitable (Achidi Ndofor and Priem, 2011[12]). Accessing these markets is a key to success for refugee entrepreneurs (Kloosterman, Rusinovic and Yeboah, 2016[13]).

Source: (OECD, 2019[14])

Proportion of self-employed immigrants with employees

Self-employed immigrants in the EU are slightly less likely to have employees

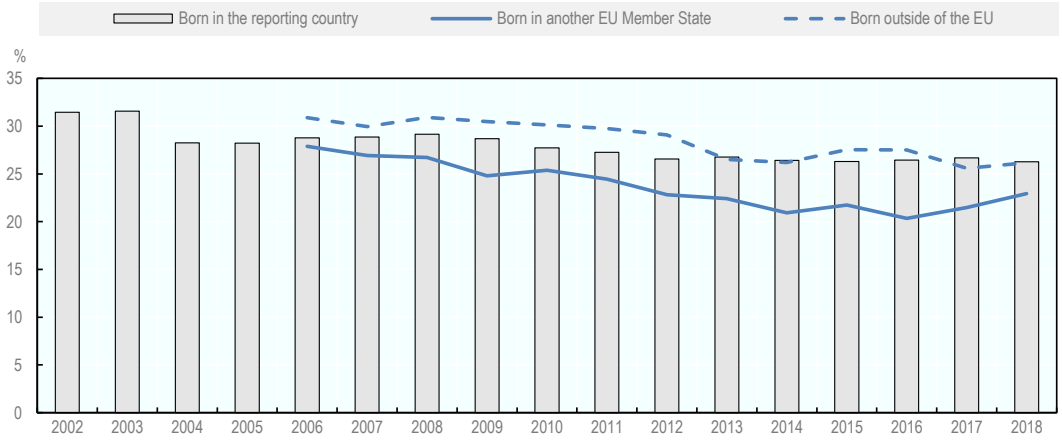
In 2018, 26.2% of self-employed immigrants that were born outside of the EU had employees, which was essentially the same proportion as those self-employed who were born in the reporting country (26.3%) (Figure 6.6). However, a slightly lower proportion of self-employed immigrants that were born in another Member State had employees (22.9%).

As with the self-employment rate, the proportion of the self-employed with employees varied greatly by country between 2009 and 2018 (Figure 6.7). For example, the share self-employed people born outside of the EU with employees in 2018 ranged from 13.7% in the United Kingdom to more than half in Croatia (51.1%), Latvia (51.9%), Estonia (56.1%), Austria (56.5%), and Hungary (72.5%).

The share of self-employed immigrants who are employers declined slightly between 2006 and 2014, but has increased slightly since. Over the past decade the share of self-employed immigrants with employees increased in Austria among both those born in another Member State and those born outside of the EU. The share of employers among self-employed immigrants born in the EU increased in Denmark, Slovenia and Sweden. Among those born outside of the EU, the share of employers among the self-employed increased in Croatia, Cyprus and Poland.

Figure 6.6. Self-employed immigrants born-outside of the EU are more likely to have employees than those born in other EU Member States

Percentage of the self-employed with employees (15-64 years old), 2002-18



Note: The data presented in this figure do not include Germany to maintain comparability over time since self-employment data by place of birth were not reported for Germany prior to 2017.
Source: (Eurostat, 2019[3])

StatLink http://dx.doi.org/10.1787/888934066387

There is new evidence from Canada that self-employed immigrants can be a substantial source of job creation (Picot and Rollin, 2019[15]). Between 2003 and 2013, immigrant-owned firms had higher levels of job creation because they operated, on average, newer companies. Immigrant entrepreneurs were also found to be more likely to operate high-growth companies than Canadian-born entrepreneurs (Box 6.2).

Figure 6.7. The proportion of self-employed immigrants with employees varies greatly by country

Percentage of the self-employed with employees (15-64 years old)

Note: The estimates reported contain series breaks in some countries: Belgium (break in 2017), Czech Republic (2011), Denmark (2016, 2017), France (2014), Greece (2009), Ireland (2017), Luxembourg (2015), Poland, (2010), Portugal (2011), Spain (2009), Switzerland (2010), and Turkey (2014). Estimates of the share of the self-employed with employees that were born in another EU Member States are not reported for the following countries due to reliability issues: Bulgaria, Croatia, Cyprus, Czech Republic (2012, 2016, 2018), Denmark (2009-15), Estonia, Finland, Greece, Hungary (2011), Iceland, Latvia, Lithuania, Malta (2009-14), Norway, (2009-10, 2012-13), Poland, Portugal (2010-13, 2015), Romania, Slovak Republic, Slovenia, Turkey (2009-11). Estimates of the share of the self-employed with employees that were born outside of the EU are not reported for the following countries due to reliability issues: Bulgaria, Estonia (2009-14, 2017-18), Finland, Iceland, Latvia (2010), Lithuania, Luxembourg, Poland, Romania, Slovak Republic, and Slovenia. Data for Germany are not reported for 2009-16 because they were not collected.
Source: (Eurostat, 2019[3])

StatLink http://dx.doi.org/10.1787/888934066406

Box 6.2. Country spotlight – Immigrant entrepreneurs as job creators, Canada

A recent analysis by Statistics Canada examined job creation by immigrant entrepreneurs (Picot and Rollin, 2019[15]). It is the first study to provide a comprehensive overview of business ownership by immigrants and the employment trends associated with these businesses.

The study had two objectives:

1. Determine whether immigrant-owned private incorporated companies had lower or higher levels of job creation or destruction than firms with Canadian-born owners;
2. Determine whether immigrant-owned firms were more likely to be high-growth or rapidly shrinking firms than those with Canadian-born owners.

Overall, immigrant-owned firms were more likely than firms with Canadian-born owners to be job creators (including entrants, incumbents and exits). On average, immigrant-owned firms accounted for one-quarter of net job creation between 2003 and 2013, while accounting for 17% of the firms. This was primarily because immigrant-owned firms were younger. Among all firms, young firms (i.e. those less than five years old) accounted for 40.5% of gross job creation and only 17.2% of job losses. Among immigrant-owned firms, those under five years old accounted for 62.6% of gross job creation but 32.9% of job losses (Figure 6.8).

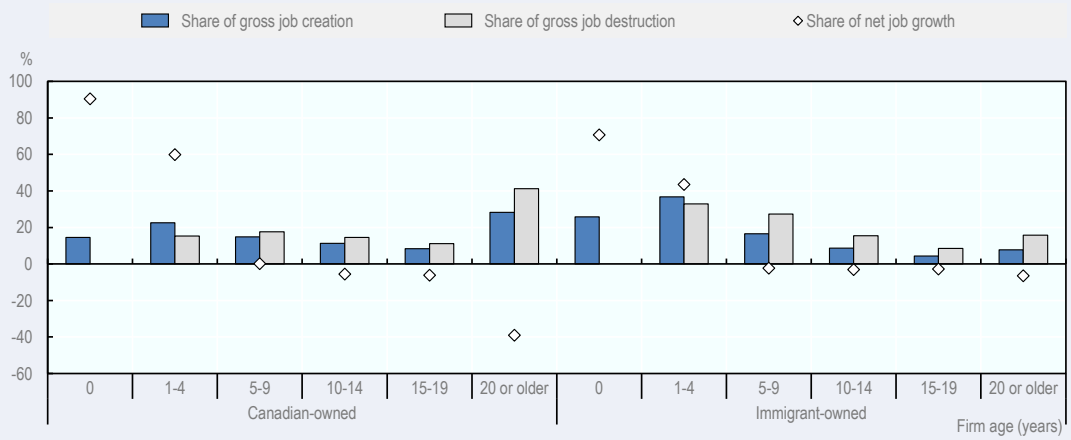
To assess the second objective, the study used the OECD definition of high-growth firms when determining the likelihood that immigrant-owned firms were high-growth, i.e. firms with 20% average annualised growth over three consecutive years (OECD, 2017[16]). New entrants were excluded from this sample because of the methodological issues of computing growth rates from zero.

Among firms that were job creators, 27.3% of immigrant-owned firms met the threshold of being a high-growth firm compared with 21.3% of firms with Canadian-born owners. Thus, immigrant-owned firms were 28% more likely to be high-growth firms. Logistic regressions examined potential factors that could determine the likelihood of being a high-growth firm (Table 6.1). Educational attainment of the immigrant business owner made very little difference, as did their immigration class with the exception of refugees being about one percentage point more likely to have a high-growth firm relative to economic and family class immigrants. Country of origin had only a small effect of approximately one percentage point.

The main conclusion of the study is that immigration led to the creation of new, young and dynamic private incorporated firms over the period studied. This positive finding is likely due to the overall success of the immigration system in integrating immigrants into the labour market. Canada admits the largest number of skilled labour migrants in the OECD and has the most carefully designed and longest-standing skilled migration system in the OECD (OECD, 2019[17]).

Figure 6.8. Immigrant-owned firms were more likely to be job creators

Share of gross job creation, gross job destruction and net growth, by firm age and firm ownership status, pooled data from 2003 to 2013



Note: The numbers for gross job creation include firm-year observations with a strictly positive change in employment. The numbers for gross job destruction include firm-year observations with a strictly negative change in employment. The numbers for net job growth consider all firm-year observations, including those with unchanged employment. Percentages may not add up to 100% because of rounding.
Source: (Picot and Rollin, 2019[15])

StatLink http://dx.doi.org/10.1787/888934066425

Table 6.1. More than one quarter of immigrant-owned businesses are high growth firms

Estimated probability of immigrant-owned firms being high-growth or rapidly shrinking incumbent (continuing) firms based on logistic regression, by owner characteristic

	Probability of being high-growth firms (%)	Probability of being rapidly shrinking firms (%)
Immigration class of the owners		
Economic	27.0	19.9
Family	27.3 **	19.6 *
Refugee	28.2 ***	19.7
Other	27.0	19.8
Mixed	27.6 **	19.4 *
Region of origin		
English-speaking regions (all)	26.1	19.7
Western Europe	27.7 ***	18.9 **
Eastern Europe	26.8 **	18.9 ***
North Africa and the Middle East	28.1 ***	20.4 ***
Africa (except North Africa and the Middle East)	26.2	20.4
India (including other countries in the region)	27.9 ***	19.8
China (including other countries in the region)	28.0 ***	19.8

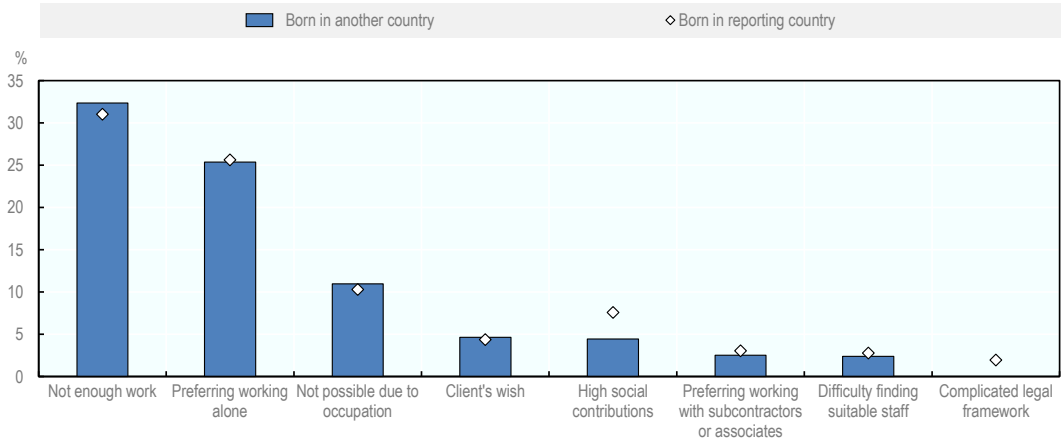
Note: * indicates significantly different from reference category ($p < 0.05$); ** significantly different from reference category ($p < 0.01$); *** significantly different from reference category ($p < 0.001$).
Source: (Picot and Rollin, 2019[15])

Self-employed immigrants are slightly more likely to not have enough work to hire employees

It is important to recognise that not all self-employed people want to hire employees. In 2017, about one-third of self-employed immigrants in the EU indicated that they did not have enough work to hire employees (Figure 6.9). This reason was reported by 32.4% of self-employed immigrants without employees who were born in another country and by 31.0% of those born in the reporting country. Another important reason for working alone is simply the preference for working alone. This was cited by about one-quarter of the self-employed without employees, regardless of where they were born.

Figure 6.9. One-third of self-employed immigrants in the EU do not have employees because they do not have enough work

Percentage of the self-employed that do not have employees, 15-64 years old, 2017



Note: Data for Germany are included in the EU total in this figure.
Source: (Eurostat, 2017[18])

StatLink http://dx.doi.org/10.1787/888934066444

Conclusions

Overall, immigrants are slightly less likely to be self-employed in the EU than those who were born in their country of residence. While many immigrants come from more entrepreneurial cultures, immigrant entrepreneurs often face greater barriers to entrepreneurship than the non-immigrants. These challenges are linked to language barriers, adjusting to a new culture, navigating a new institutional environment, a lack of credit history, legal status and eligibility to work, and small professional networks. These obstacles compound the typical barriers to business creation. Moreover, immigrants often have low levels of awareness of available support (e.g. entrepreneurship training programmes, grant schemes), and report that it is not accessible (e.g. support is not provided in multiple languages) or sufficiently adapted to their needs. However, these barriers vary greatly within the population of immigrants since some have very high levels of human, social and financial capital (e.g. international investors), while others typically have low levels of capital (e.g. refugees).

To be effective, public policy actions must account for the complexity of immigrant's needs since they go beyond business start-up support. Keys to success for immigrant

entrepreneurship support are effective outreach and strong linkages with social and labour market integration policies and programmes for immigrants.

For more information and policy discussion on immigrants' self-employment and entrepreneurship activities, please refer to (OECD/EU, 2014[19]), (European Commission, 2016[20]) and (OECD, 2010[21]). For more information about entrepreneurship by refugees, please refer to (OECD, 2019[14]). Examples of recent policy actions to support immigrants and refugees in entrepreneurship are contained in the country profiles in Part III of this report, notably the profiles for Germany, Lithuania, Luxembourg and Sweden.

Notes

[1] This growth rate was computed by excluding Germany from the EU total in 2018 because data by place of birth for Germany were not reported before 2017.

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Part II. Policies for inclusive entrepreneurship

7. What potential does digital entrepreneurship have for being inclusive?

This chapter examines the extent to which policy makers should encourage and support digital start-ups as a way to "level the playing field" for entrepreneurs groups that are under-represented or disadvantaged in entrepreneurship. The chapter identifies and discusses the challenges that women, immigrants, youth, seniors and the unemployed face in starting digital businesses, as well as the policy actions that can be used to address market failures. Policy advice is provided for national, regional and local governments.

Key messages

Digital transformation is radically altering the way businesses function and organise production. This transformation is driven by the advance of new digital technologies such as the Internet of Things, Blockchain, Artificial Intelligence, Big Data, Cloud Computing, Next-generation Wireless Networks and more. Each of these is enabled by dramatic increases in computing power and a simultaneous decline in its cost.

Digital entrepreneurship – the creation of digital businesses and the adoption of digital technologies by existing entrepreneurs – may hold potential for helping to make entrepreneurship more inclusive. Under-represented population groups in entrepreneurship could be more likely to benefit from certain features of digital technologies for business creation and growth, including the lower start-up costs required for many digital businesses and the wider access to external markets offered by the internet. However, international surveys indicate that women, immigrants, youth and seniors are greatly under-represented among digital entrepreneurs in the EU. For example, it is estimated that women accounted for only 15.6% of digital start-ups in 2018, which was essentially unchanged from 2016 (14.8%). This is well below their share among entrepreneurs.

These gaps are due to many factors, including a lack of digital entrepreneurship role models and a lack of digital skills, which affects seniors and women. Moreover, several recent studies show that many obstacles to business creation (e.g. lack of skills, access to finance, small and ineffective networks) carry over into the digital economy. Data on computer usage clearly show that women and seniors have gaps in basic digital skills, as do some groups of youth. These skills barriers reinforce the obstacles to start-up financing and networks.

Digital entrepreneurship will not be a panacea for making entrepreneurship more inclusive but public policy can play a role in addressing obstacles to the creation of digital businesses by potential entrepreneurs from under-represented and disadvantaged groups. Nonetheless, there is a role for policy in addressing the barriers to digital entrepreneurship through schemes that build digital and entrepreneurship skills, including through education, training programmes and facilitating peer-learning. While most public initiatives are very new, experiences to date suggest that in addition to building digital and entrepreneurship skills, it is important to help entrepreneurs from under-represented and disadvantaged groups build stronger networks so that they can improve their access to funds, opportunities, clients, partners and suppliers. These targeted actions should be complemented by broad policy actions aimed at improving connectivity, stimulating innovation and strengthening the regulatory environment.

Policy recommendations

- Build a more inclusive culture towards digital start-ups:
    - Combat the stereotype that digital entrepreneurs are young males by showcasing a wide range of role models and success stories in entrepreneurship campaigns and entrepreneurship education. However, be careful not to promote it as an activity that will be suitable for all since digital start-ups tend to have lower survival rates.
    - Include entrepreneurship modules in science-based programmes in higher education to increase awareness about the potential of entrepreneurship for these students, particularly young women.

    - Design tailored digital entrepreneurship schemes for women, youth and immigrants so that they convert participants into role models and ambassadors after successful completion of the initiative.
    - Collect more gender and age disaggregated data on the digital economy and digital self-employment.
- Support the development of digital and entrepreneurship skills:
    - Embed digital entrepreneurship modules in entrepreneurship education to help youth develop digital and entrepreneurship skills in parallel. This would also require developing teaching materials and training teachers on the digital economy.
    - Offer digital entrepreneurship training programmes for women, youth and immigrants, covering the identification of opportunities in the digital economy, effective use of social media, reaching international markets and understanding regulatory differences across jurisdictions. It is important to ensure that training initiatives include opportunities to build networks and gain access to business development service providers.
- Improve access to resources for the creation of digital businesses and the digitalisation for the self-employed:
    - Include clear targets for different population groups in national digital plans and strategies to ensure that internet accessibility does not exclude people from digital entrepreneurship.
    - Ensure that digital entrepreneurship schemes increase awareness about digital entrepreneurship and digital business networks and their benefits.
- Improve access to finance for digital entrepreneurship:
    - Support and/or promote crowdfunding platforms to improve access to start-up financing for digital entrepreneurs, particularly women and youth.
    - Use award programmes to provide small grants and visibility digital entrepreneurs from under-represented and disadvantaged groups. Use the application and selection process to provide workshops on key topics (e.g. pitching business ideas, identifying opportunities), as well as coaching.
    - Promote gender balance in the financial sector, especially those receiving public funding.

The digital transformation

The digital transformation is well underway, impacting many facets of daily life and changing the way firms organise and manage production. This transformation is driven by the advance of digital technologies, which has been enabled by dramatic increases in computing power and a simultaneous decline in the cost of computing power (OECD, 2015[1]). A good example to illustrate this is the evolution of the telephone. It took more than 70 years for phone penetration to go from 10% to 90% in US households, but it took only about 15 years for mobile phones and just over eight years for smartphones to reach this level of take-up (OECD, 2019[2]).

This transformation is underpinned by an ecosystem of interdependent digital technologies (see Box 7.1), which will continue to evolve and drive economic and societal changes (OECD, 2019[3]). Some of these technologies have already been integrated into daily life and many of these new technologies holds promise for driving innovation, improving productivity, stimulating economic growth, as well as enhancing individual well-being and quality of life (OECD, 2019[2]). While it is widely agreed that the benefits of digital transformation are far from being reached, it is important to recognise that the benefits will likely not be shared by all. There is a risk that inequalities between people, firms and places will increase since the diffusion of digital technologies and benefits of digitalisation are uneven. Productivity and income gaps may widen, and it is likely that digital transformation will have losers since the impact on labour markets is mixed. Digitalisation allows many workers to perform their tasks more efficiently, and creates new jobs in both new and traditional sectors. However, automation and artificial intelligence will eliminate some types of work (OECD, 2019[2]; OECD, 2018[4]).

Box 7.1. Key technologies that drive digital transformation

Digital transformation refers to the economic and societal effects of digitisation (i.e. the conversion of analogue data and process into machine-readable format) and digitalisation (i.e. the use of digital technologies and data, as well as interconnections that result in new or modified activities) (OECD, 2019[3]). Key technologies driving the digital transformation include:

1. **Internet of Things** (IoT): An extension of internet connectivity into devices and objects, allowing them to be remotely monitored and controlled. This enables new business models, applications and services based on data collected from devices and objects.
2. **Next-generation wireless networks** (5G and beyond): Improvements in wireless networks include higher speeds (i.e. 200 times faster than 4G) and networks that better support diverse applications through the virtualisation of the physical layers (i.e. "network slicing"). This will improve connectivity between devices and objects, and is critical for applications such as self-driving vehicles.
3. **Cloud computing**: A service that offers flexible, on-demand access to a range of online computing resources (e.g. software applications, storage capacity, networking and computing power) (OECD, 2014[5]). These resources can be used (and priced) in an adaptable manner to enable customers to better meet their needs, as well as transform fixed costs into lower marginal costs.
4. **Big data analytics**: Data that is characterised by high volume, velocity and variety, often sourced from IoT. "Big data" can be used to develop new products and services, processes, organisational methods and markets, and enables data-driven innovation (OECD, 2015[1]).
5. **Artificial intelligence** (AI): The ability of machines and systems to acquire and apply knowledge, including performing a variety of cognitive tasks such as sensing, processing language, pattern recognition, learning, and making decisions and predictions. AI is already part of daily life (e.g. recommendations from streaming entertainment services) and will increasingly drive new kinds of

software and autonomous robots (i.e. they can make and execute decisions without human input) (OECD, 2019[3]; OECD, 2019[6]).

6. **Blockchain**: A ledger or spreadsheet that is maintained and stored across a network of computers. The network regularly updates the database in all locations so that all copies are always identical, which allows records to be visible and verifiable by everyone. Should someone try to change information stored in the block, the "chain" is broken and all nodes in the network would be aware of it. Applications of blockchain technology includes smart contracts, cryptocurrencies and supply chain management.
7. **Computing power**:
    - *High-performance computing* (HPC): The aggregation of processing power to deliver far greater performance than a single computer.
    - *Quantum computing* (QC): The use of "qubits" that are organised in "states" that represent a combination of 0 and 1, rather than the traditional processing of binary data, i.e. 0 or 1. While still an emerging field with substantial obstacles, QC potentially offers an enormous leap in processing power that could be applied to AI and cloud computing (OECD, 2019[3]).

What is digital entrepreneurship?

Defining digital entrepreneurship – like defining entrepreneurship – is not an easy task and many definitions are used in practice. Several attempts were made to define digital entrepreneurship in 2015 as part of the European Commission's suite of policy initiatives to harness the potential of the digital economy. The first definition was fairly broad and difficult to measure:

> *Digital entrepreneurship embraces all new ventures and the transformation of existing businesses that drive economic and/or social value by creating and using novel digital technologies. Digital enterprises are characterised by a high intensity of utilisation of novel digital technologies (particularly social, big data, mobile and cloud solutions) to improve business operations, invent new business models, sharpen business intelligence, and engage with customers and stakeholders. They create the jobs and growth opportunities of the future (European Commission, 2015[7]).*

A second concept was put forth in the European Commission's Digital Entrepreneurship Scoreboard in 2016. This definition considers digital entrepreneurship to include the digitalisation of entrepreneurs and SMEs (i.e. the adoption of cloud computing, mobile technologies, social media and big data by entrepreneurs and SMEs, as well as the share of firms' revenue deriving from e-commerce), as well as start-ups in ICT sectors (European Commission, 2016[8]). While this definition is slightly more tangible than the 2015 definition, it presents some measurement challenges. First, it is difficult to measure the adoption of digital technologies in new and existing firms because adoption rates vary greatly across sectors, and across firms within sectors. Second, while measuring start-ups in ICT sectors is feasible, the ability to assess the digitalisation of the self-employed and SMEs is currently limited to a small number of basic indicators (e.g. daily computer usage).

A third definition was proposed by the European Commission's Joint Research Council around the same time. It defined digital entrepreneurship as "the phenomenon associated

with digital entrepreneurial activity, which is the enterprising human action in pursuit of the generation of value, through the creation or expansion of economic activity, by identifying and exploiting new ICT or ICT-enabled products, processes and corresponding markets" (Bogdanowicz, 2015[9]). This definition builds on the definition of entrepreneurship used by the OECD-Eurostat Entrepreneurship Indicators Programme (Box 7.2). Estimating the number of digital entrepreneurs with this definition would be a momentous task given the difficulties with defining ICT-enable products, processes and markets. Nonetheless, the definition acknowledges that digital entrepreneurship is not confined to the ICT sector. This point is underlined in other recent academic and policy literature (van Welsum, 2016[10]).

Box 7.2. What is entrepreneurship?

The OECD-Eurostat Entrepreneurship Indicators Programme defines entrepreneurship as "the phenomenon associated with entrepreneurial activity, which is the enterprising human action in pursuit of the generation of value, through the creation or expansion of economic activity, by identifying and exploiting new products, processes or markets" (OECD, 2017[11]). This definition considers that entrepreneurship can manifest itself in the economy, but also in other ways that are not necessarily related to the creation of wealth. This could include, for example, increasing employment, tackling inequality or social challenges.

Although a consensus on the definition of digital entrepreneurship has yet to emerge, it is important for policy makers to understand that digital transformation is relatively new and will continue to evolve, likely at a rapid pace. The impact will be uneven across firms and sectors, but those who are able to adopt these new technologies will likely find themselves in stronger competitive positions. Therefore, policy makers should seek to ensure that all entrepreneurs have similar access to the skills and resources needed to successfully use digital technologies. This chapter will examine the potential for inclusive entrepreneurship policy to support women, immigrants, youth, seniors and the unemployed in the creation of digital start-ups, or to boost the adoption of digital business technologies for those who are self-employed.

What are the potential benefits of digital entrepreneurship?

Digitalisation can drive innovation, creating new opportunities for entrepreneurs

Digital technologies are radically altering the ways that research and innovation are undertaken. The digital transformation has improved access to scientific publications and information through new tools and platforms, enhanced access to research data and strengthen engagement with a wider range of stakeholders (OECD, 2019[12]). These can be illustrated by four key trends. First, data is becoming a key input for innovation because it provides insights on market trends, allows for the optimisation of production and distribution processes, and facilitates the adjustment of products and services to market demand. Second, data enables services innovation since new services are (and will be) required, e.g. the Internet of Things has enabled predictive maintenance services. Third, digital innovations such as 3D printing increase the speed of innovation cycles since product design, prototypes and testing can all be accelerated. Finally, innovation is increasingly collaborative, which helps share the costs and reduces the risks of digital innovation.

These trends are creating more opportunities for start-ups to be born global, or have the ability to grow and scale across borders very quickly (van Welsum, 2016[10]). Public policy can have an important role in maximising this potential by ensuring that entrepreneurs and SMEs have the digital skills to adopt these innovations and investing in appropriate infrastructures (e.g. 5G) (OECD, 2019[12]).

However, policy makers need to recognise that not all potential entrepreneurs have the same access to these opportunities. It is well documented that there are wide gender gaps in STEM fields and in the use of digital tools for business (OECD, 2017[13]).

The self-employed can boost their productivity and access more opportunities

Digital transformation offers many opportunities for the firms, including the self-employed, but only about 2% are taking full advantage of the digital economy (European Commission, 2014[14]) and there is large gap in adoption rates of digital tools between small and large firms (OECD, 2019[15]). The benefits broadly fall into two categories: creating opportunities to access new markets (i.e. customers in other regions or countries, new products and services) and boosting productivity by reducing business operating costs. These benefits are summarised in Table 7.1.

Table 7.1. Expected benefits of digital entrepreneurship for entrepreneurs and the self-employed

Expected benefit	Source
Improved access to market research, business data and networks	(Hair, 2012[16]); (Kollmann, 2006[17]); (Thompson Jackson, 2009[18]); (Shoham, 2006[19])
Wider reach and lower cost of client-facing operational functions, e.g. advertising, communications and distribution	(Fairlie, 2006[20]) ; (Hull, 2007[21]); (Hair, 2012[16]); (Nambisan, 2016[22])
Lower cost of internal operational functions; e-creation of value	(Thompson Jackson, 2009[18]); (Nambisan, 2016[22]); (Kollmann, 2006[17]); (Sussan and Acs, 2017[23])
Improved customer relations through social media	(Fischer and Reuber, 2014[24]); (Hair, 2012[16]); (Nambisan, 2016[22])
Improved access to existing sales channels	(Chandra and Coviello, 2010[25]); (Hair, 2012[16])
Creation of new sales channels	(Mahadevan, 2000[26])
New platform development, existing platform transformation	(Chandra and Coviello, 2010[25]), (Giones and Brem, 2017[27]); (Mahadevan, 2000[26]); (Nambisan, 2016[22])
Greater ability to locate, contact and develop reputation with investors	(Chandra and Coviello, 2010[25]); (Shoham, 2006[19])
Creation of economies of scale	(Giones and Brem, 2017[27]); (Nambisan, 2016[22]); (Sussan and Acs, 2017[23])

Source: Adapted from (Martinez Dy, Martin and Marlow, 2018[28])

This combination of new opportunities and reduced costs potentially opens-up entrepreneurship to more people. The lower costs of starting and running a business makes it more feasible for those with lower levels of savings and capital to pursue digital entrepreneurship. This includes, for example, the potential to operate a digital business without a physical location and relatively little equipment. However, these lower barriers to entry would be expected to lead to more entrants, increasing competition. This is an important consideration for inclusive entrepreneurship policy because increased competition will likely have a negative impact on business survival rates. It is therefore unwise for policy makers to direct public resources towards supporting entrepreneurs with little chance of success in highly competitive industries that may already be characterised by an oversupply of goods and/or services.

Digital transformation is also facilitating new types of work and self-employment. For example, the "gig" economy has led to a new type of work being created that blurs the line between employment and self-employment (Box 7.3). This type of work accounts for a small but growing share of the labour market and although these workers are organised through digital platforms, they are not generally considered to be digital entrepreneurs. Nonetheless, this type of work does hold some potential for improving access to work for those on the margins of the labour market. However, there are some concerns among policy makers that work in the "gig" economy is often precarious since many of these workers have low earnings, relatively low levels of autonomy and little chance for career progression (OECD/EU, 2017[29]).

Box 7.3. Are workers in the "gig" economy entrepreneurs?

Digital transformation has facilitated the creation of the gig economy (also known as the collaborative economy or the platform economy), which is often defined as economic and social activities that are facilitated by online platforms (OECD, 2018[30]). These platforms typically facilitate transactions that occur outside of traditional business structures by (OECD, 2019[31]):

1. Individual sellers of goods and services (including self-employed) to individual consumers, i.e. the sharing and gig economy;
2. Business sellers of goods and services to individual consumers – business-to-customer (B2C);
3. Business sellers of goods and services to business consumers – business-to-business (B2B).

This has led to an increase in business creation because many workers in the gig economy operate as self-employed workers that are co-ordinated through online platforms that are operated by large, well-resourced firms. This work typically involves performing very short-term tasks (e.g. short-term driver services, food delivery) and has blurred the relationship between workers and firms because it combines elements of self-employment and employment (OECD/EU, 2017[29]). Most of these workers do not work in the digital economy and should not be considered digital entrepreneurs.

The number of people working in the gig economy has grown over the past decade (European Commission, 2019[32]) and many millions of people worldwide are now working on platforms. For example, Uber had more than three million active drivers worldwide who completed about four billion rides in 2017 (Bhuiyan, 2018[33]). More broadly, the COLLEEM survey[1] of 14 EU Member States indicates that at most, just under 2% of the entire labour force, on average, report platform work as their primary activity (Pesole et al., 2018[34]). In the United States, a recent estimate indicates that platform workers accounted for 1% of total employment in May 2017 (BLS, 2018[35]). Most of the other existing studies covering a range of countries have typically produced estimates that vary between 0.5% and 3.0% of the labour force (OECD, 2018[36]). However, it is likely that many of these workers are working part-time to generate a second income.

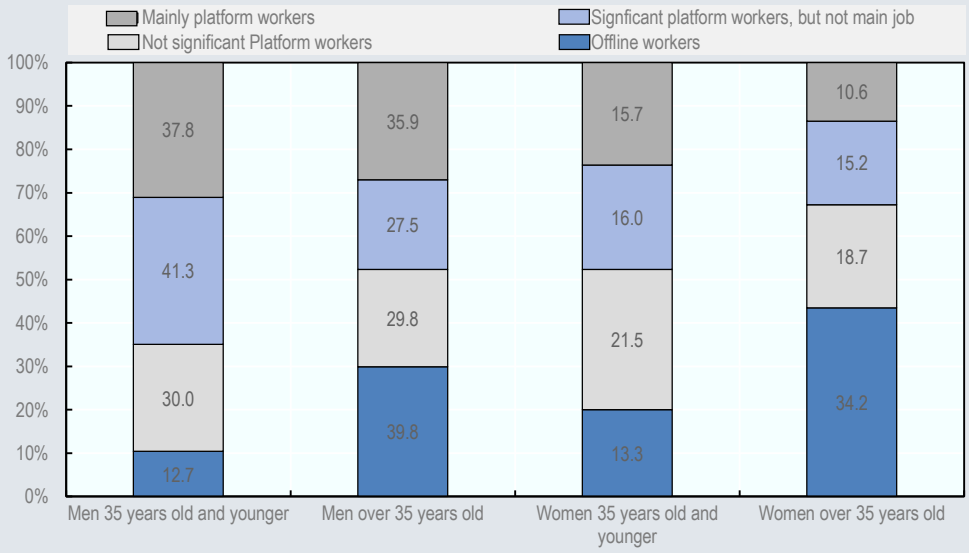
The gig economy holds potential for providing a level playing field for all, since the work is distributed by algorithms. This may reduce any discrimination in the market as long as the algorithms themselves do not discriminate. There is a growing body of research that

suggests that those who work in platform economy are likely those who face disadvantages in employment. For example, Uber drivers that work the most tend to be those with the fewest options in employment (Cook et al., 2019[37]). Further insights into platform workers can be gleaned from the COLLEEM survey (Pesole et al., 2018[34]). First, it is clear that young workers are disproportionately represented among platform workers. Second, the more intensively the individual does the platform work, the more likely they are young. Moreover, when age and gender are examined together, there is an even more dramatic split, with the share of older women progressively decreasing as the intensity of platform work intensifies (Figure 7.1).

This type of self-employment has both benefits and drawbacks for individuals and society. More people can access flexible work through these platforms but these workers tend to enjoy few of the advantages of employment (e.g. social security protection), few of the advantages of self-employment (e.g. task diversity) and all of the disadvantages that are associated with self-employment (e.g. low income, financial insecurity, long working hours) (OECD/EU, 2017[29]). Moreover, there is evidence that workers in the gig economy are not able to overcome some of the gaps in labour market outcomes. Research on Uber drivers found that gender gaps in earnings persisted and were mostly due to gender-based preferences such as the value of time not spent at paid work and driving speed (Cook et al., 2019[37]).

Figure 7.1. Platform workers are mostly young males

Characterisation of labour market activities by age and gender, 2018



Source: (Pesole et al., 2018[34])

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Productivity growth can be boosted through innovation and firm-level efficiencies

At the macro level, digital transformation may be able to increase productivity growth by enabling innovation and reducing the costs of a range of business processes. Although

aggregate productivity growth has slowed over the past decade, there is evidence to show that the digital transformation is having an impact on firm-level productivity (OECD, 2019[38]). Greater impacts at the economy-level are expected to emerge as digital transformation evolves and digital technologies, business models and practices are adopted by more firms and industries, and as digital-intensive firms gain market share (OECD, 2019[38]). Public policy can have a role in unlocking this potential productivity growth by ensuring that complementary investments are made in digital skills, process innovations and new business models.

Digital transformation impacts different industries and firms differently. Accordingly, the way in which digital transformation also affects productivity varies since adoption rates of digital technologies vary greatly across sectors, and also across firms within sectors. There is evidence that the most advanced firms have not slowed their rate of productivity growth, but the aggregate productivity slowdown due to laggard firms and the growing productivity divide between frontier firms and those with limited capabilities or incentives (Andrews, Criscuolo and Gal, 2016[39]). This productivity gap may be driven partly by digitalisation, but also by differences in access to skills since less productive firms may have greater difficulties attracting workers with the skills needed to adopt digital technologies.

New technologies and platforms may hold potential for strengthening social and economic inclusion

Given the potential lower barriers to entry for many digital businesses, many suggest that digital entrepreneurship holds potential for making entrepreneurship more inclusive (Pappas et al., 2018[40]; van Welsum, 2016[10]). This argument is underpinned by three points. First, reduced costs of starting and managing a digital business so that more people can afford to consider business creation. Second, digital entrepreneurship can conceal visible disadvantages, which can boost the entrepreneurs' self-confidence and reduce any discrimination in consumer and financial markets. (Dy, Marlow and Martin, 2017[41]) Third, the rise of the digital economy has led to new types of finance and new ways of accessing start-up finance. This democratised access to capital will create new opportunities to access start-up financing, especially for women entrepreneurs (Greenberg and Mollick, 2017[42]; Sorenson et al., 2016[43]). These all combine to create an opportunity for potential entrepreneurs from under-represented and disadvantaged groups to overcome many of the barriers faced in business creation.

However, this perspective is not universally accepted. For example, an empirical study from the United Kingdom on women digital entrepreneurs challenges the notion that the Internet is a neutral platform for entrepreneurship and argues that social class has a significant impact on resource acquisition also for digital businesses (Martinez Dy, Martin and Marlow, 2018[28]). Similarly, a recent analysis of the recent Belgian law on the "sharing economy" found that regulatory exemptions for platform-mediated employment reinforced labour market exclusion rather than reducing it (Zanoni, 2019[44]). This is consistent with broader labour market research that finds that women's under-representation in the ICT sector is largely due to wider structural inequalities, including cultural norms and practices (Maclean, Marks and Chillas, 2017[45]). Therefore, the small but growing body of research suggests that many of the challenges faced by women in the digital economy carry over into digital entrepreneurship. It is, however, important to recall that some of these differences may be due, at least in part, to gender-based preferences as noted by research on Uber drivers (see Box 7.3).

The evidence base for other social groups such as minorities, immigrants, seniors, youth is very thin and has been noted as an important gap for researchers to address (Zaheer, Breyer and Dumay, 2019[46]).

How many digital start-ups are there?

Estimates suggest the number of digital start-ups is increasing

It is estimated that the digital economy already contributes up to 8% of GDP in G20 countries (European Commission, 2014[14]) and accounts for just under 10% of value added, income or employment in most economies (IMF, 2018[47]). Further, recent estimates in the EU indicate that 13.6% of firm's turnover comes from e-commerce (European Commission, 2016[8]). These estimates come with several caveats. First, definitions of the digital economy vary so estimates are likely not perfectly comparable. Second, current statistical classification systems were developed to measure economic activity in a pre-digital world so many digital activities are not probably quantified (Ahmad and Ribarsky, 2018[48]). This is further complicated by the varying impact of the digital transformation across all sectors.

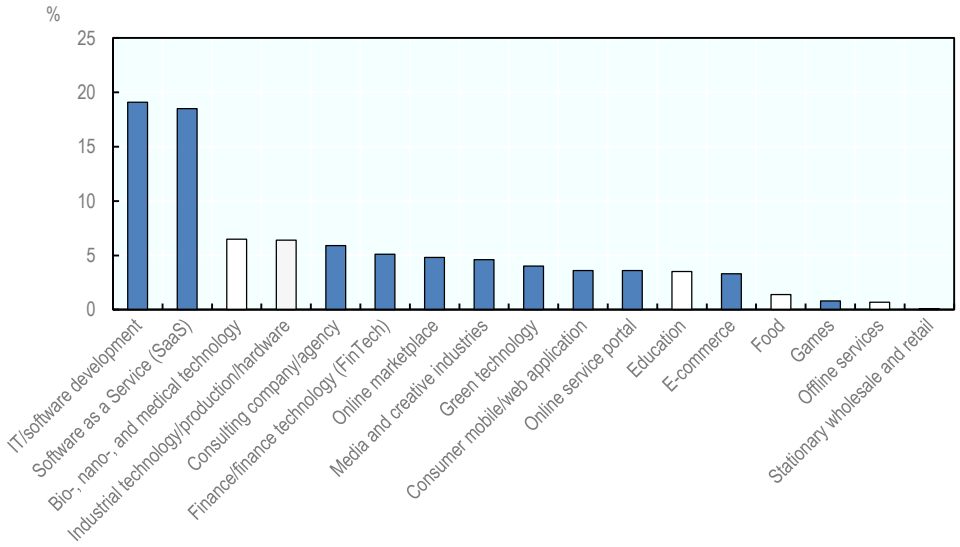
There is also a body of work that shows that digital sectors tend to have high entry and exit rates and disproportionately contribute to job creation. Between 2006 and 2016, about 40% of new jobs in OECD countries were created in highly digital-intensive sectors (OECD, 2019[49]). However, the entry rates and job reallocation rates (i.e. the sum of job creation and job destruction rates) in highly digital-intensive sectors are declining because advanced technologies are maturing (Calvino and Criscuolo, 2019[50]). These findings are consistent with earlier results published in the European Commission's Digital Entrepreneurship Scoreboard 2015, which noted high birth rates in ICT sectors in many EU Member States such as Latvia, France and Lithuania (European Commission, 2016[8]).

In 2018, an international survey by the European Startup Monitor (an umbrella organisation for start-up associations) found that five of the top seven sectors in terms of new firms in 2018 were digital sectors. This survey covered new start-ups, business development service providers and business associations, and sought to identify firms that: i) are less than ten years old; ii) use innovative technologies and/or business models; iii) seek significant employee and/or sales growth. While this is not perfectly aligned with the concept of the digital start-ups, an attempt is made to identify digital businesses.

More than one-third of the innovative start-ups surveyed were in the IT/software development sector (19.1%) or software as a service (18.5%) (Figure 7.2). Of the 18 countries surveyed in 2018, the IT/software development sector was the most common sector in eight countries and software as a service in another eight (Steigertahl and Mauer, 2018[51]). Overall, the survey suggests that digital start-ups account for the majority of new businesses created and that this share is growing (Steigertahl and Mauer, 2018[51]). However, it is likely that this survey over-estimates the share of digital businesses in the economy because the sample frame is not fully comprehensive. Moreover, the survey is conducted online so there is a bias towards digital businesses.

Figure 7.2. Digital start-ups account for a growing share of new businesses

Distribution of innovative start-ups by sector, 2018.



Note: Blue bars indicate sectors that are defined as digital sectors.
Source: (Steigertahl and Mauer, 2018[51])

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A small number of national studies have attempted to estimate the number of active digital businesses. In the Netherlands, for example, estimates suggest that businesses with an online presence in 2015 accounted for 87% of turnover and 86% of employment in the business sector (Ostrom et al., 2016[52]). However, when the online economy is defined more narrowly as online stores, online services and Internet-related ICT services, the shares of turnover and employment were 7.7% and 4.4%.

Moreover, some research has investigated the different profiles and motivations of digital entrepreneurs. A large survey was undertaken in the United Kingdom and a cluster analysis based on a large survey identified six profiles and four motivations (Box 7.4). These insights can be helpful for policy makers in designing and targeting digital entrepreneurship policies and programmes.

Box 7.4. Who are the digital entrepreneurs in the United Kingdom?

GS1, a business organisation in the United Kingdom with more than 39 000 members working in retail, foodservice, healthcare and more, conducted a digital entrepreneurship survey of its membership in 2017. The aim of the survey was to better understand the different profiles of digital entrepreneurs, including their characteristics and motivations (GS1 UK, 2017[53]).

There are many different profiles of digital entrepreneurs…

- *Traders* (account for 38% of digital entrepreneurs): These entrepreneurs identified an opportunity to generate income, often using a strategy of identifying new products and

trends. They often offer lower cost products at high volumes and sell through multiple online channels.

- *Creatives* (25%): These entrepreneurs were usually relative new to online markets and tended to focus on a single online marketplace. Many had created their business from a hobby, operated out of their home and used the activity for supplementary income.
- *Innovators* (14%): These entrepreneurs often started as an online business and continuously look to expand. They often focus on niche products and services, and offer a smaller range of products and worked with small teams of people who are committed to helping them operate and grow their business.
- *Growers* (12%): These entrepreneurs often started a traditional business offline and recognised the need to move online. Their focus is on expanding sales of their products and services to new customers through online marketplaces.
- *Pioneers* (8%): These are experienced users of online marketplaces who were likely early adopters. They often selectively use a range of marketplaces based on their products and customers. Many have enjoyed stable growth and are looking to increase sales as well as internal processes.
- *Leaders* (3%): These are often larger businesses with many sales channels. International growth is a priority.

…and they tend to have different motivations

- *As a hobby*: These businesses usually sell simple items in small quantities. The products might be home-made, personalised or have a very small amount of value added. These include entrepreneurs selling on platforms such as Etsy. Sellers may expand their business to larger platforms such as Amazon or eBay.
- *As a testing bed for new products*: Entrepreneurs with a more established presence may develop new products for sale on platforms such as Amazon or Ebay to test consumer demand before integrating these products with existing offers.
- *As a platform to grow their customer base*: Entrepreneurs who are established on several marketplaces tend to use Google Shopping to help with marketing and reach a broader customer base. Online marketplaces provide a platform to scale-up businesses that focus on online sales.
- *As an additional sales channel*: Entrepreneurs that primarily operate offline may open up a new sales channel by offering some products in online marketplaces to complement existing sales channels.

Source: (GS1 UK, 2017[53])

Women, youth and seniors are under-represented among digital entrepreneurs

The European Startup Monitor survey suggests that women, youth and seniors are under-represented among "startup founders" (see previous section for a brief description of how start-ups are identified). In 2018, women accounted for only 15.6% of start-up founders, which was essentially unchanged from 2016 (14.8%) (Steigertahl and Mauer, 2018[51]). At the country-level, the proportion of women among "startup founders" ranged from 5.1% in

Portugal to 23.9% in Poland. Similarly, youth and seniors appear to be fairly unlikely to operate innovative and digital businesses. In the 2018 survey, the average age of "startup founders" was 35 years old (Steigertahl and Mauer, 2018[51]), which is slightly outside of the definition of youth used in this report (20-29 years old). Further insights are available in the 2016 European Startup Monitor results where the sample allowed for a distribution of "startup founders" by age. Approximately 5% were under 25 years old and 4.5% were over 55 years old (Kollmann et al., 2016[54]). As noted in the previous section, it is difficult to assess the reliability of these estimates given that the sample used for the survey may not be representative.

These findings are broadly consistent with the results from the 2015 European Working Conditions Survey, which found that females accounted for 23.4% of entrepreneurs in the ICT sector (European Commission, 2016[55]). Although the use of the ICT sector is a rather narrow measure of digital entrepreneurship, it is noteworthy that investments in women-founded firms in the ICT sector perform 63% better than those in ICT firms founded by men (European Commission, 2016[55]). This survey also found that the average age for female entrepreneurs in the ICT sector was 43 years old, which was slightly below the average age in non-ICT firms (46.5 years old).

Obstacles to digital entrepreneurship for people from under-represented and disadvantaged groups

All entrepreneurs face barriers in business creation, including access to finance, a lack of entrepreneurship skills and high levels of administrative and regulatory burden. Many of these barriers also apply to digital entrepreneurship, but in slightly different ways because the organisational structures, processes and activities are likely different in digital intensive businesses. It is therefore necessary to consider the specific barriers to digital entrepreneurship, which may differ from the traditional barriers to business creation. Barriers to digital entrepreneurship tend to be greater for those from under-represented and disadvantaged groups – including women, immigrants, youth, seniors, the unemployed, and people with disabilities – as digital inequality often mirrors offline resource inequality (Ignatow and Robinson, 2017[56]).

In addition to considering the barriers that individuals face, it is also important for policy makers to consider how the regulatory environment affects digital entrepreneurship. Existing regulations have largely been implemented for non-digital industries and may stifle digital entrepreneurship. Three key regulatory areas that affect digital entrepreneurship are product market regulations (PMRs) (i.e. regulations for business entry and foreign entry, public ownership, vertical integration and price regulations), competition policy and regulatory harmonisation across jurisdictions.

Strictness in PMRs has been found to be important for the efficient allocation of resources, the growth of successful firms and the exit of unsuccessful establishments thereby contributing to overall aggregate growth (DeStefano, De Backer and Moussiegt, 2017[57]). Less restrictive PMRs can induce greater ICT use since competitive pressure induces firms to adjust to productivity shocks by investing in new technologies (DeStefano, De Backer and Moussiegt, 2017[57]).

Competition policy is also important for stimulating innovation and business creation, particularly in the telecom sector which often facilitates digital entrepreneurship. More competitive telecom sectors are more encouraging of technology adoption by reducing the price of telecom products and services and therefore enabling for more ICT use (DeStefano,

De Backer and Moussiegt, 2017[57]). It is also important with respect to new technologies, products and sectors. Blockchain technology and cryptocurrencies such as Bitcoin have a large potential for innovation but have been adversely affected by unclear legal status (Orcutt, 2019[58]; NESTA, 2016[59]).

Furthermore, since digital start-ups are very often international, regulations often vary across jurisdictions making it difficult for digital entrepreneurs to operate relatively seamlessly across jurisdictions. This is particularly important for entrepreneurs from disadvantaged groups who typically lack knowledge about the regulatory environment and have more difficulty accessing legal advice and support from the networks or professionals (OECD/The European Commission, 2013[60]).

Women, seniors and the unemployed lack of digital skills

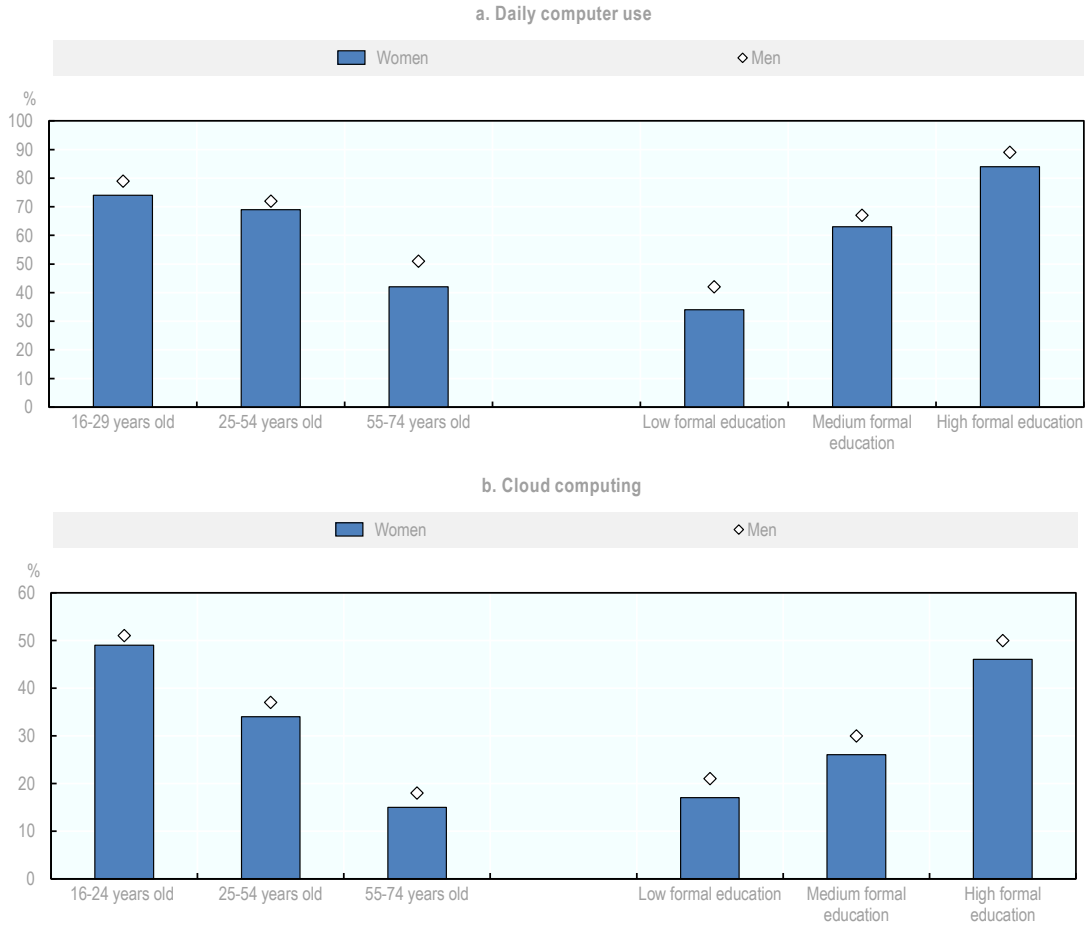
A lack of basic digital skills significantly hinders an individual's ability to be successful in creating digital businesses, or adopting digital technologies if they are already self-employed. This includes the ability to identify technology-enabled business opportunities and exploit them (van Welsum, 2016[10]).

Overall, it is estimated that 37% of the workforce in the EU do not have basic digital skills (European Commission, 2017[61]), and disaggregated data reveal gender and age gaps. Those between 55 and 74 years old were the least likely age group to use computers daily (51% of men and 42% of women), and very few used cloud computing in 2017 (18% of men and 15% of women) (Figure 7.3). These low usage rates suggest that older people have low levels of digital skills and this is confirmed by research that examines abilities to use technology. Only one in ten people in OECD countries between 55 and 65 years old can complete tasks involving multiple steps and requiring the use of specific technology applications such as online forms relative to 42% of those between 25 and 34 years old (OECD, 2015[62]). This is consistent with academic research that has found that seniors tend to lack basic digital skills (Kadefors, 2011[63]).

Although the vast majority of youth use computers daily and about half use cloud computing, some youth lack basic digital skills. Children that live in households with parents that have low levels of digital literacy are less likely to be able to maximise use of technology (Thompson Jackson, 2009[18]). In addition, a recent survey by the Prince's Trust in the United Kingdom suggests that about half of youth that are not in employment, education or training (i.e. NEETs) do not consider themselves "very good" at using computers relative to 71% of a broader sample of youth (Jones, Brinkley and Crowley, 2015[64]). Moreover, about one-quarter of NEETs lack confidence when undertaking basic tasks with a computer such as creating a spreadsheet (Jones, Brinkley and Crowley, 2015[64]). A lack of basic digital skills would greatly diminish the chances of launching a sustainable digital business.

Figure 7.3. Young people are most likely to be regular users of computers and cloud computing

Percent of the population (16-74 years old) in the European Union, 2017



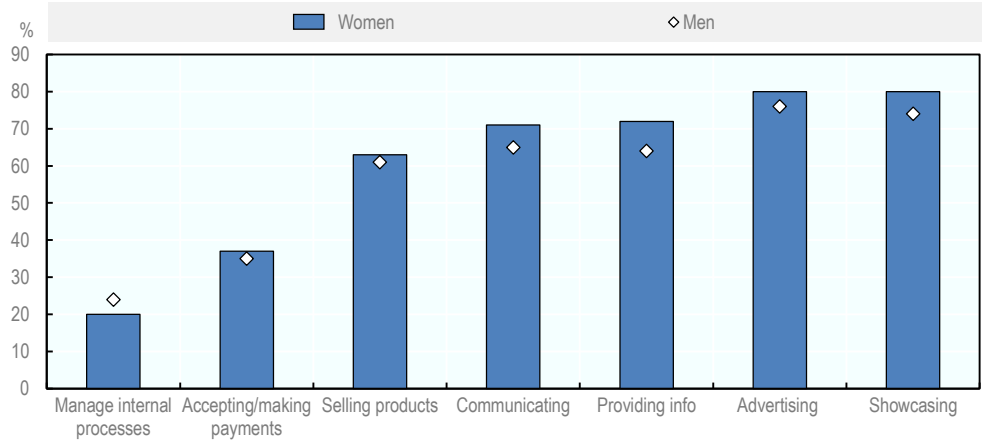
Note: Low formal education refers to levels ISCED 0 (less than primary education), ISCED 1 (primary education) and ISCED 2 (lower secondary education). Medium formal education refers to ISCED 3 (upper secondary education) and ISCED 4 (post-secondary non-tertiary education). High formal education refers to ISCED 5 (short-cycle tertiary education), ISCED 6 (bachelor's or equivalent level), ISCED 7 (master's or equivalent level), and ISCED 8 (doctoral or equivalent level).
Source: (Eurostat, 2019[65])

StatLink http://dx.doi.org/10.1787/888934066501

While the gender gaps in Figure 7.3 are quite small, other data suggest that men and women entrepreneurs use digital tools differently. Men entrepreneurs appear to be slightly more likely to use online tools to improve business operations, whereas women entrepreneurs appear slightly more likely to use online tools for interacting with customers (Figure 7.4). This is consistent with earlier academic studies that found that women entrepreneurs were as likely as men entrepreneurs to use computers but less likely to use them to pursue business opportunities such as accessing online marketplaces and streamlining business processes (Braun, 2008[66]).

Figure 7.4. Women entrepreneurs appear more likely to use online tools to communicate with customers than men but slightly less likely to use them for internal processes

Percent of entrepreneurs with an online presence that use online tools, March 2018



Source: (Facebook / OECD / The World Bank, 2018[67])

StatLink http://dx.doi.org/10.1787/888934066520

Evidence on digital skill levels for other population groups (e.g. the unemployed, immigrants) is very thin and it is therefore difficult to draw strong conclusions about the extent to which digital skills are a barrier to digital entrepreneurship. In general, the long-term unemployed are likely to have low skills levels (OECD/EU, 2014[68]) and it is clear from Figure 7.3 that those with lower educational attainments are less likely to use computers regularly. Therefore, digital skills appear likely to be a barrier to the creation of digital businesses for the unemployed. Immigrants are a mixed group and many are likely to have high levels of digital skills, including those who immigrate on economic classes and as students in higher education. However, others who immigrate as family or humanitarian immigrants likely have low levels of digital skills (OECD, 2019[69]). Digital skills therefore appear to be a barrier to the creation of digital businesses for the latter group, as well as adoption of digital technologies by those that are self-employed.

Social attitudes can lead to self-selection away from digital sectors, particularly for women

Social attitudes often discourage certain population groups from considering entrepreneurship as a labour market activity (OECD/The European Commission, 2013[60]) and this is also true for digital entrepreneurship. There is some evidence that, on average, social attitudes play a strong role in shaping women's desire to pursue digital entrepreneurship (Pappas et al., 2018[40]). This is often explained by three key factors: a lack of suitable digital role models, discrimination and the role of education in shaping social attitudes and labour market decisions.

There are few digital entrepreneurship role models for people from disadvantaged groups

A lack of role models in digital entrepreneurship can have a negative influence on an individual's decision to start a digital business or adopt digital technologies for those who

are self-employed. This is a strong barrier for women, as they are greatly under-represented in science, technology, engineering and mathematics – both in education and in the labour market (OECD, 2017[13]). This under-representation in digital fields overall leads to fewer women pursuing digital entrepreneurship and reduces the visibility of those who are active. Other women entrepreneurs and young women are therefore deprived of being exposed to strong role models in digital entrepreneurship, which has a negative impact on how digital entrepreneurship is viewed.

This issue also affects other under-represented and disadvantaged groups such as seniors for the same reasons. Seniors are much less likely to use digital technologies due to low levels of digital skills and lower levels of confidence with technology. Consequently, there are relatively fewer older digital entrepreneurs and they are less visible to other senior entrepreneurs.

However, there are many digital entrepreneurship role models for youth and immigrants. Both of these groups are over-represented in this sector, but gender remains an issue in both social groups.

Discrimination can discourage digital entrepreneurship

A second element of an unsupportive entrepreneurship culture is discrimination. This can come in the form of discrimination from consumers that is based on misperceptions about innovativeness or digital skills. This type of discrimination is frequently reported by women (Pappas et al., 2018[40]), seniors (Kibler et al., 2012[70]) and people with disabilities (Halabisky, 2014[71]). For example, cultural norms and practices in the ICT sector can present challenges to females due to a male-dominated work culture and pressures to prioritise work-life over family-life (Pappas et al., 2018[40]).

Further, "statistical discrimination" is common in digital and ICT sectors (European Commission, 2013[72]). This phenomenon is where the average behaviour for women, for example, is viewed as the characteristic of all women. While it is true for women's entrepreneurship overall (Muravyev, Talavera and Schäfer, 2009[73]), it is particularly strong in digital entrepreneurship due to the small number of women involved in running digital businesses and a lack of role models.

Formal education can reinforce stereotypes in digital and technology fields

The formal education system has a strong role creating social attitudes that are supportive of entrepreneurship by increasing the understanding of the role of entrepreneurship in an economy, building entrepreneurial mindsets and start-up intentions, and developing entrepreneurship skills (OECD/The European Commission, 2013[60]). Efforts to embed entrepreneurship education in the formal education system have increased significantly in the past two decades (European Commission/EACEA/Eurydice, 2016[74]).

However, several challenges remain with respect to promoting digital entrepreneurship. One of the challenges to building digital skills among youth is modernising education and training systems to ensure that teachers are equipped with the skills and resources to teach basic and advanced digital skills to students (Thompson Jackson, 2009[18]). A second important challenge is the gender bias that influences male and female students to take different learning pathways and study different subjects. Women are under-represented in STEM subjects (Mostafa, 2019[75]; Pappas et al., 2018[40]) because they make different educational choices (OECD, 2017[13]), often due to a lack of suitable role models (Bettinger and Long, 2005[76]). Moreover, there is some research that suggests that female students

are less likely to use e-learning and digital tools during their education (Pappas et al., 2018[40]).

External finance is a greater challenge for digital female entrepreneurs and those with low skills levels

Not all digital start-ups seek external investment due to the lower entry costs (see earlier section on the benefits of entrepreneurship), but those who do often find it to be difficult. Digital businesses are typically characterised by a relatively high risk with a lack of tangible assets that can be used as collateral to obtain bank loans. The need for personal capital is more likely to be difficult for potential entrepreneurs from under-represented and disadvantaged groups since they are less likely to have savings and personal assets that can be used to obtain financing.

The small but growing evidence base on digital businesses supports this. Women entrepreneurs have been found to have greater difficulties accessing start-up financing for digital businesses than men due to the male-dominated environment in the ICT sector and male dominated networks (Hampton, McGowan and Cooper, 2010[77]; Alakaleek and Cooper, 2018[78]). Another important factor is the under-representation of women on the supply side of the financial market, notably among business angles and venture capitalists that typically invest in digital-intensive businesses (Cain-Miller, 2010[79]).

It is also important to consider the interrelatedness of barriers (OECD/The European Commission, 2013[60]). Those with low levels digital skills and entrepreneurship skills among groups such as women, youth and seniors are likely to have difficulty convincing investors and lenders about the quality of their business idea since financiers typically assess the skills and previous experiences of the founders among their assessment criteria.

How can public policy support digital entrepreneurship for people from under-represented and disadvantaged groups?

Public policy has a role in encouraging and supporting the adoption and effective use of digital technologies by entrepreneurs and SMEs by addressing market failures, notably in the areas of access to finance, skills and information. It is also important to adopt a long-term strategy to address many of the cultural obstacles that cause individuals to self-select out of technology fields.

Overall, the environment for digital entrepreneurship needs to be strengthened. Digital entrepreneurship can be highly innovative, leading to the development of new products, markets and processes. This, along with the rapid pace of change, can create challenges for regulators due to the need to balance their role of enforcing safety and standards, and/or protecting consumers without stifling innovation.

One of the main regulatory challenges in the EU is to improve the coherence of regulations across jurisdictions. This includes actions at the EU-level such as the EU Digital Single Market (European Commission, 2019[80]), which seeks to create a single market in the EU with free movement of goods, persons, services, capital and data, as well as update rules around data and privacy, and improve connectivity. This would facilitate digital entrepreneurship by making it easier to operate a digital business across the EU, including those from under-represented and disadvantaged groups even though there are no targeted actions. There are also many actions at the national level that aim to facilitate digital entrepreneurs, including "regulatory sandboxes" that engage entrepreneurs, SMEs and larger companies in the development of regulations to allow for experimentation and

greater flexibility in the development of regulations in sectors that evolve rapidly (NESTA, 2016[59]). These complement ongoing efforts to reduce tax compliance costs and harmonising tax regimes across jurisdictions (see Chapter 8 for further discussion).

In addition, there are some specific actions that can be used to support inclusive entrepreneurship.

Build a more inclusive culture towards digital start-ups

Increase awareness among policy makers about the digital entrepreneurship

The first step to building positive and supportive social attitudes towards digital entrepreneurs from different backgrounds is to better inform decision-makers about the digital economy and to collect more information and data on the scale of digital entrepreneurship activities. Many efforts are already ongoing at international organisations such as the OECD (Box 7.5), including work to better define the digital economy and digital entrepreneurship. This also includes international discussions on how to improve measurement of digital economic activities such as the proposed framework for satellite accounts in national accounting systems to measure digital economic activities (Ahmad and Ribarsky, 2018[48]).

Box 7.5. OECD Going Digital Initiative

The OECD has been examining how the digital transformation affects policymaking across a large spectrum of policy areas since 2017, including competition; consumer policy; digital economy policy (privacy, security, infrastructure, economic impact); science, technology and innovation; industry and entrepreneurship; insurance and private pensions; financial markets; fiscal affairs and taxation; statistics; economic policy (monetary, fiscal and structural); education and skills; employment and social affairs; public governance; and trade. The project draws on national experiences and policy experimentation occurring across the OECD's member countries, accession countries, key partners and many other economies involved in the OECD's work. These countries offer a rich diversity of approaches, challenges and levels of development. The OECD has also been engaging policy makers and stakeholders in a variety of ways. The OECD welcomes the active involvement and contributions of governments and stakeholders in this work.

The March 2019 Going Digital Summit marked the end of the first phase of the project. Over 2019 and 2020, Phase II aims to help countries implement an integrated policy approach to the digital transformation, especially through further development of the Going Digital Toolkit (including indicators, policy notes and innovative policy examples) and Going Digital national reviews. Phase II will also address new opportunities and challenges through analysis of frontier technologies, notably artificial intelligence and blockchain, with an ongoing focus on jobs, skills and social inclusion, and on productivity, competition and market structures (including the evolving role of platforms and SMEs).

A key achievement of this work was the formal adoption of intergovernmental policy guidelines on Artificial Intelligence (AI), which sets out international standards that aim to ensure AI systems are designed to be robust, safe, fair and trustworthy (OECD, 2019[81]). The 36 OECD countries, as well as Argentina, Brazil, Colombia, Costa Rica, Peru and

Romania adopted these principles in May 2019. These principles also have the backing of the European Commission.

For more information, please see: https://www.oecd.org/going-digital/

A number of EU-level actions have been launched by the European Commission to promote digital entrepreneurship. Key recent actions include the Digital Entrepreneurship Monitor to raise awareness about digital entrepreneurship and identify relevant policy actions, the Strategic Policy Forum on Digital Entrepreneurship (2014-16), and the Enabling Digital Entrepreneurship policy framework (European Commission, 2014[14]). In addition, the Entrepreneurship 2020 Action Plan was launched in 2012 to stimulate entrepreneurship in the EU, including digital entrepreneurship, and also make entrepreneurship more inclusive (Box 7.6). However, there are mixed views on the impact of the Action Plan. Entrepreneurship education is generally considered to have been strengthened since 2012 (European Commission/EACEA/Eurydice, 2018[82]) but challenges remain, including addressing the unevenness of adoption. However, others have pointed out that efforts to reduce regulatory burden are unclear, access to finance appears to have become more difficult for most and little impact on culture can be observed since most EU initiatives are online or are still in the early stages of implementation within the Member States (Ganderson, Giulla and Gauci, 2019[83]).

Box 7.6. Entrepreneurship 2020 Action Plan

The Entrepreneurship 2020 Action Plan was launched in 2012 to support the EU 2020 Strategy. It aims to stimulate growth and create new jobs by removing obstacles to business creation and building a culture of entrepreneurship. The Entrepreneurship 2020 Action Plan identified three areas for immediate intervention:

1. Entrepreneurial education and training to support growth and business creation;
2. Removing existing administrative barriers and supporting entrepreneurs in crucial phases of the business lifecycle;
3. Reigniting the culture of entrepreneurship in Europe and reaching out to women, seniors, migrants, the unemployed, and young people.

The Action Plan also outlines several actions to support digital entrepreneurship. It notes that the Commission will strengthen digital skills, develop an online market monitoring mechanism to build a knowledge base on market trends and innovative business models, promote the benefits of digital transformation to entrepreneurs and SMEs and building

European networks such as a European Mentors Networks. The Action Plan also contains launch specific for digital entrepreneurs, such as:

- Creating the Start-up Europe Partnership to offering mentoring, technology adoption services to help entrepreneurs and SMEs scale-up;
- Launching a Web Entrepreneurs Leaders Club to bring together world-class digital entrepreneurs and strengthen the web entrepreneurial culture in Europe;
- Build a European network of web business accelerators;
- Work with European investors in order to increase the flow of venture capital and crowd-funding into web start-ups; and
- Foster digital talent by stimulating the emergence of Massive Online Open Courses and the setting up of platforms for mentoring, and skill building.

The Action Plan also calls on Member States to:

- Reinforce national or regional support for digital start-ups, including alternative financing instruments for early-stage technology start-ups, e.g. ICT innovation voucher schemes;
- Promote access for entrepreneurs to big data, e.g. cultural data set "Europeana";
- Support the talented entrepreneurs, e.g. by encouraging, the brightest graduates to begin their career in start-ups;
- Adopt on-going policy initiatives such as the data protection reform;
- Use of European funds to foster digital entrepreneurship.

For more information, please see: https://ec.europa.eu/growth/smes/promoting-entrepreneurship/action-plan_en.

Source: (European Commission, 2013[84])

Local, regional and national governments also have an important role to play in promoting the digital entrepreneurship and digitalisation for the self-employed. One approach used by government to improve their awareness about the digital economy and the potential for digital entrepreneurship is through roundtables with the private sector. This approach is part of Canada's innovation policy called "Innovation for a Better Canada". The public-private sector roundtable "Compete in a Digital World" included a range of public and private sector representative and was an opportunity for a mutual learning experience that led to the development of a set of policy recommendations for the federal government (Box 7.7).

Box 7.7. Compete in a Digital World Roundtable, Canada

Target group: Public and private sector stakeholders in the digital economy.

Intervention type: Roundtable discussion to explore key policy challenges.

Description: The roundtable was held in August 2016 and aimed to generate ideas to improve Canada's competitive position in the digital economy. Participants included

representatives from the federal government, private sector and higher education. The four key questions discussed were:

- How can the Government support and engender an entrepreneurial society?
- How can Canada attract, retain and develop high-end talent?
- How can the government ensure that Canada, its students and companies can compete in a digital world?
- Is there a role for Government to help encourage investment in specific sectors of the digital economy?

Entrepreneurship was an important theme covered in the discussion as many participants noted the importance of fostering an entrepreneurial society. Sweden was highlighted as a successful example of creating entrepreneurship/innovation districts, attracting foreign talent and strengthening the relationship between large and small companies. Other topics discussed included digital infrastructure, commercialisation of applied research and digital skills.

Results achieved: Participants developed six recommendations for government following the day of discussions:

- Create innovation zones in major urban areas to promote collaboration between business and universities, including the development of common objectives and working groups with start-ups, SMEs, universities and other stakeholders.
- Create a forum to improve knowledge sharing around IT adoption.
- Strengthen entrepreneurship skills and digital literacy among entrepreneurs, researchers and businesses by (i) creating linkages between students and SMEs to help disseminate digital skills and knowledge and (ii) increasing flexibility in immigration policies to attract and retain highly talented individuals.
- Improve the quality of the digital infrastructure to improve innovation and data sharing.
- Consider relaxing foreign-ownership rules in telecommunication regulations to improve funding for digital infrastructures.
- Review data sharing regulations to ensure that they do not deter foreign parties from working in Canada and fund "open labs" at universities to allow businesses to test new technologies.

Lessons for other initiatives: This is an example of a public-private sector dialog that is a mutual learning experience. The public sector has an opportunity to learn about trends, new development and challenges faced from the private sector. At the same time, the private sector can learn about policy priorities and has an opportunity to potentially influence future policy directions. It is also an occasion to raise issues about inclusion so that future policies and programmes can meet the needs of different stakeholders.

Source: (Innovation, Science and Economic Development Canada, 2016[85])

Use role models to inspire future digital entrepreneurs from under-represented and disadvantaged groups

Role models can play a crucial role in developing entrepreneurial spirit. Research shows that they have demonstrated an ability to impact an individual's entrepreneurial propensity, including through positive representations and stories in the media, through direct interactions and through learning material and case studies used in entrepreneurship education and training programmes (Bijedić et al., 2014[86]).

Having diverse role models is especially important for digital entrepreneurship, as media tend to portray entrepreneurs as young male technology-oriented entrepreneurs. It is therefore important for policy makers to use role models to combat stereotypes and inspire potential digital entrepreneurs, particularly for women, migrants, seniors and youth still in school, see also (OECD/The European Commission, 2013[60]). These groups, particularly women, tend to be more strongly influenced by role models than the mainstream population (OECD/The European Commission, 2013[60]).

There are various approaches that governments can take for promoting digital entrepreneurship role models, including promoting them through media campaigns, at public events (e.g. conferences, business networking meetings), and in education and training programmes. The promotion of role models is a low-cost activity so the use of multiple channels can improve the reach and influence of role models. It is important to showcase digital entrepreneurs with different backgrounds and characteristics to demonstrate that it can be feasible for many people to be successful digital entrepreneurs. One approach used in Germany is to using digital entrepreneurship support programmes for women to create role models out of the participants (Box 7.8).

An example of a broader approach to creating female digital entrepreneurship role models is WeHubs, which was launched in 2015 as part of the EU's strategy on Women in Digital (Box 7.9). WeHubs is a European community that connects business ecosystems to support women entrepreneurs in the digital sector. Its objective is to showcase the potential of women entrepreneurs in the digital sector and to encourage ecosystems to support them in realising their potential. A major component of this project was gender-sensitisation of existing business and innovation centres (including business incubators and accelerators) to enable them to increase their representation of women clients, especially those with web-based start-ups.

Box 7.8. Female entrepreneurs of the future, Germany

Target group: Women entrepreneurs that have businesses with up to 30 employees.

Intervention type: Coaching to support the development and implementation of an action plan digitalisation.

Description: Female entrepreneurs of the future was launched in February 2018 by the Association of German Businesswomen (*Verband deutscher Unternehmerinnen, Vdu*), Global Digital Women (an international network of female digital pioneers), BRIGITTE Academy (a personal development initiative of the magazine BRIGITTE) and Amazon. The mission statement of the initiative is "No Digitalisation without diversity!".

There were 160 applicants to the first round and 20 participants are selected based on an application letter or video that describes the applicant's business and challenges in the digital economy. Participants can access 20 coaches and digital experts for six months to

help them develop and implement a digital plan for their business. This includes strategies such as increasing brand awareness, optimising processes, identifying new sales channels, reaching new customers. Experts and coaches act as role models and the initiative aims to have participants be digital role models for other women entrepreneurs.

At the end of the programme, four winners are selected to receive greater visibility on Amazon platforms. The selection process is based on a multi-stage evaluation that focusses on commitment, approaches, progress made and decision making. The selection includes a jury from government, media, business sector and entrepreneurs.

Results achieved: Among the first cohort of 18 participants, nine launched an online shop or professionalised an existing one. All participants expanded their activities in online market places and expanded their customer base, including 16 who had new sales in other countries. After one year, these 18 women entrepreneurs had created 19 new jobs.

Lessons for other initiatives: This programme illustrates that developing partnerships with private sector actors can improve the quality of support provided, and also creates the potential of offer valuable prizes to help participants advance their business.

Source: (Deutsche Welle, 2019[87])

Box 7.9. WeHubs (Women Web Entrepreneurs Hubs), European Union

Target group: Women web entrepreneurs and business support organisations.

Intervention type: Promotion and support of female digital entrepreneurship.

Description: WeHubs is part of the European Commission initiative Startup Europe, and receives funding from the EU's Horizon 2020 research and innovation programme. It aims to connect business ecosystems and offers tools to provide dedicated support and services to digital women entrepreneurs. Activities include direct support to women entrepreneurs, as well as webinars that encourage mutual learning among women's entrepreneurship support organisations.

WeHubs is a consortium of eight partner organisations led by the European Business and Innovation Centre Network (EBN) in Belgium. It has local hubs in Austria, France, Germany, Greece, Lebanon, Lithuania, Malta, Norway, Slovenia, Sweden and United Kingdom.

Results achieved: WeHubs has built a community of more than 800 business support organisations and more than 700 women digital entrepreneurs.

Lessons for other initiatives: WeHubs is an example of how policy makers can engage business support organisations that work with women to leverage the existing infrastructure rather than building a new one to provide digital support in parallel to the support infrastructure for offline businesses.

Source: (WeHubs, 2019[88])

Support the development of digital and entrepreneurship skills

Build digital entrepreneurship skills in formal education

Education and training programmes need to offer youth opportunities to learn about and work with new technologies. The EU has been active in stimulating the use of digital technologies in education, including through the EntreComp and DigComp frameworks (Box 7.10). These were complemented by the Digital Education Action Plan (European Commission, 2018[89]) to support the use of technology in education across the EU.

Education programmes for digital entrepreneurship need to simultaneously help students acquire digital skills and entrepreneurship skills, and understand how these skillsets can be used together. This can be accomplished in the classroom, or through extra-curricular activities such as student clubs, hackathons and start-up weekends. A new international programme led by the University of Tartu's (Estonia) Centre of Educational Innovation provides digital entrepreneurship education to students that are 14 to 19 years old (Box 7.11). This education programme is built around group work with students in other countries and provides individual mentoring for each student. An important element of this initiative is the training that is provided to teachers and mentors.

The success of digital entrepreneurship education depends largely on the capabilities of the teachers, which should have strong digital skills and entrepreneurship skills. The EU's Digital Skills and Job Coalition brings together EU Member States, private sector companies, social partners, non-profit organisations and education providers to develop solutions to address the lack of digital skills in Europe (European Commission, 2018[90]). One key area of focus is strengthening digital skills in education and supporting teachers in delivering education for the digital economy, including MOOCs (i.e. Massive Open Online Courses, which are free online courses available for anyone to enrol) for teachers.

It is important for policy makers to address the gender gap in STEM subjects in education, which will help increase the share of women among digital entrepreneurs. Across OECD countries, boys are more than twice as likely than girls to expect to go on to have careers in technology related fields (OECD, 2017[13]). Key policy actions to address this gap include addressing lower confidence levels in STEM subjects by providing more positive feedback to young girls and removing gender biases in teaching materials and methods.

Moreover, digital entrepreneurship can be boosted by strengthening entrepreneurship education in STEM subjects.

Box 7.10. EU frameworks to support the development of digital skills

EntreComp

The Entrepreneurship Competence Framework (EntreComp) is a reference framework that was developed by the Joint Research Centre (JRC) and the European Commission. It was designed to help students, and people more generally, understand what is meant by entrepreneurship as a key competence for lifelong learning. This framework seeks to support and inspire actions to improve the entrepreneurial capacity of EU citizens and organisations, by creating a shared understanding of the knowledge, skills and attitudes necessary to be entrepreneurial. The framework cover the support of digital skills and

supporting the training of educators, trainers and teachers to be able to deliver digital skills programmes.

For more information, please see: https://ec.europa.eu/social/main.jsp?catId=1317&langId=en.

DigComp

The European Digital Competence Framework (DigComp) offers a tool to improve digital competences. DigComp describes which competences are needed today to use digital technologies in a confident, critical, collaborative and creative way to achieve goals related to work, learning, leisure, inclusion and participation in our digital society. More specifically it identifies the following five key digital dimensions: i) information and data literacy, ii) communication and collaboration, iii) digital content creation, iv) safety and v) problem solving. An interesting case on the application of DigComp can be found in Emilia Romagna and their Digital Literacy and Inclusion Project (*Pane e Internet*) initiated in 2009, with the objective of enhancing citizens' digital competence and reduce digital exclusion – focusing especially on the elderly, unemployed adults and housewives. In this program, DigComp was used as a "knowledge tool" in the training of e-facilitators, improving their understanding of the importance of digital competence for inclusion.

For more information, please see: https://ec.europa.eu/jrc/en/digcomp.

Source: (European Commission, 2018[91]; European Commission, 2018[92])

Box 7.11. DigiYouth: Estonia, Finland, Latvia and Sweden

Target group: Students aged 14-19 years old.

Intervention type: Entrepreneurship education, experiential learning programme.

Description: DigiYouth is an international student start-up programme for schools that was launched in 2018. The programme brings together 220 students from Estonia, Finland, Latvia and Sweden to engage in development of digital products or services. The students start with idea creation and formation of teams, continue with prototyping and marketing and sales, providing practical experience.

The study module on digital entrepreneurship lasts for 1.5 years (three semesters). Students meet together every six months and between the meetings, they work with their colleagues regularly using video-conferencing and collaboration tools. The programme also includes activities such as hackathons and business idea and innovation competitions.

Another important element of the project is training for teachers and mentors. The project aims to provide training to 45 teachers and mentors so that they can better support the participating students in the entrepreneurship projects. Each student is paired with an individual mentor.

DigiYouth is co-funded by the EU's INTERREG Central Baltic Programme (with funding from the European Regional Development Fund) and has a total budget of EUR 1.6 million.

Results achieved: The aim of the programme for 2020 is to have 40 cross-border start-ups created by the 220 students. It also seeks to train 45 teachers and mentors in digital entrepreneurship education.

Lessons for other initiatives: The programme provides the students with practical skills combining the development of both digital skills and entrepreneurship as well as cross-border cooperation skills.

Source: https://www.digiyouth.eu/

Develop tailored digital entrepreneurship training and mentoring programmes for the self-employed from under-represented and disadvantaged groups

In addition to providing digital entrepreneurship education, policy makers should also develop digital entrepreneurship training programmes to reach potential entrepreneurs and the self-employed outside of formal education. The objectives of these programmes are to develop both digital and entrepreneurship skills, typically through applied projects or a digital business start-up. These programmes offer both traditional entrepreneurship training modules that cover business planning and financial skills, as well as specialised digital modules that cover digital media skills and digital marketing. An important element of programmes should be to boost digital literacy so that potential entrepreneurs and the self-employed can understand how digitalisation can improve their business operations and increase opportunities.

Where there are a sufficient number of potential participants, tailored training programmes should be used to address the gaps in digital skills (e.g. seniors, women) and entrepreneurship skills. The use of tailored programmes will also help make the programmes more attractive to participants because many people in these groups have lower levels of self-confidence in their ability to use digital technologies (OECD, 2019[3]; OECD, 2018[93]).

Experiments in UK, Austria, Slovenia and Macedonia with people between the ages of 57 and 84 years old demonstrate that the use of tactile technologies and a game-based method can be effective at teaching digital skills (Blažič and Blažič, 2018[94]). This set of experiments shows that digital skills can be acquired by those who have not used technology and have low levels of self-confidence in working with digital technologies. The keys to success in this research were to ensure that the learning was fun and to help the participants overcome the instinct to overthink what they were doing.

A critical success factor for any digital entrepreneurship training programme is the quality of the trainers. It is therefore important that policy makers also ensure that adequate support is available to ensure that trainers are well-equipped with skills and training materials. An example of a training programme for trainers is TREND (Box 7.12), which is led by *Foreningen Mikrofinans Norge* (Microfinance Association of Norway). Other project partners are located in Belgium, Germany, Ireland and Greece. The aim of the scheme is to provide support to trainers working with immigrants and refugees.

Box 7.12. Training Refugees in Entrepreneurial Skills Using Digital Devices (TREND): Norway, Belgium, Germany, Ireland and Greece

Target group: Entrepreneurship trainers that work with refugees.

Intervention type: Entrepreneurship training for trainers.

Description: TREND is an initiative that provides training to support staff that work with refugees so that they can be better supported in business creation and self-employment. The objectives of the initiative are to provide trainers with attractive tools using mobile learning techniques and linking trainers and refugees using mobile and web applications.

Launched in 2017, the first stage of the project (for six months) included a mapping exercise to identify relevant tools and methods of providing entrepreneurship training to refugees. This mapping would be the basis of developing training material and tools for entrepreneurship trainers.

TREND is funded by the European Union and is part of the European Commission's Erasmus+ adult learning programme. It is expected to run for three years. The consortium is led by Norway's *Foreningen Mikrofinans Norge*, and other members are the Academy of Entrepreneurship (AKEP) (Greece), Iepscf Jemappes (Belgium), KulturLife GmbH (Germany) and Dun Laoghaire Institute of Art, Design & Technology (Ireland).

Results achieved: The work of the consortium is ongoing and the support materials for entrepreneurship trainers are under development.

Lessons for other initiatives: The initiative is innovative in that it aims at training the trainers of refugee entrepreneurs by using modern digital technology.

Source: (The Academy of Entrepreneurship -- AKEP, 2019[95])

Further, business incubators and accelerators are another common method for supporting digital entrepreneurs. While many are operated by the private sector and non-profit organisations, there are a small number of publicly-operated incubators and accelerators operating in the EU (OECD/EU, 2019[96]) as well as some that are operated by public-private partnerships.

Improve access to resources for the creation of digital businesses and the digitalisation for the self-employed

Enhance access to and improve the affordability of digital technologies

Many women, immigrants, youth and seniors are not connected to the internet, which prevents them from participating in the digital economy. Public national or regional broadband plans, public tenders and (municipal) networks provided through private-public partnerships, as well as the promotion of competition and private investment, coupled with the design and implementation of suitable regulations can help enhance both access and affordability, particularly in rural areas (OECD, 2018[93]).

Access-related policies could be coupled with group-specific targets, particularly for women and seniors. While this approach is frequently included in national broadband plans, innovation plans or digital agendas of about half of the countries worldwide, more countries could use this approach (OECD, 2018[93]).

Improve access to digital entrepreneurship networks for under-represented and disadvantaged groups

One of the benefits of the digital economy is that access to resources such as start-up finance and networks are democratised, allowing easier access to the resources to more people. Barriers and market failures that make it difficult for women, immigrants, youth, seniors, the unemployed, and people with disabilities to access resources are inter-related. Those with low levels of digital entrepreneurship skills will have difficulties identifying funding opportunities and convincing investors and lenders that they will be successful. Similarly, those with small or inefficient networks will also be ineffective at identifying resources (Halabisky, 2015[97]). It is therefore important to do more to build entrepreneurship networks and clubs (Alakaleek and Cooper, 2018[78]).

Digital entrepreneurs are likely to be comfortable using digital networks and platforms, but networks for digital entrepreneurs do not necessarily need to be online. There are several examples of business associations or networks for digital and internet businesses (e.g. Internet Merchants Association in the US, Singapore Online Business Association, Korea Mobile Internet Business Association), but this appears to be more common in North America and Asia than in the EU. These organisations typically organise workshops and conferences for their members. Policy makers can help to promote such networks during support programmes so that participants are aware of them and the potential benefits that they hold.

It is also possible to support or organise digital networks. These types of networks hold great potential because they eliminate physical distances between entrepreneurs and offer many of the key characteristics of traditional networks, e.g. trust-based connections with other entrepreneurs. Little is known about the effectiveness of online networks but they offer a potentially important opportunity for policy because of their low-cost structures. However, these types of networks require active animation and likely need to be complemented with face-to-face interactions to keep members engaged (OECD/EU, 2015[98]).

Improve access to finance for digital entrepreneurship

Use targeted small grants and financial awards in combination with training

Many countries have established direct financial support (e.g. business R&D and innovation grants, institutional funding for public research) to promote research and innovation in key areas for the digital transformation of industry (Planes-Satorra and Paunov, 2019[99]). These are often awarded through calls from enterprise agencies. Entrepreneurs can apply according to the eligibility criteria. An example of this type of mechanism are the Competitive Start Funds that are distributed by Enterprise Ireland. Criteria vary for different calls and they typically focus on specific sectors or target groups such as women (OECD/EU, 2016[100]).

Another approach are award programmes, which provide both recognition and financial support. An example of a growing awards programme is the EIT Awards (Box 7.13), which recognise innovative and digital entrepreneurs, including recent graduates and women. Financial support varies across the different categories. While these types of awards programmes can also support the development of an entrepreneurial culture, they are likely less effective for supporting new start-ups since the awards are given based on achievements, which new start-ups likely have not yet had.

Box 7.13. EIT Awards

Target group: Innovators, digital entrepreneurs and women entrepreneurs.

Intervention type: Award with cash prizes.

Description: The European Institute of Innovation & Technology (EIT) is an independent body of the European Union set up in 2008 to deliver innovation across Europe. It has established "Innovation Communities" with leading business, education and research organisations to find solutions to various global challenges. EIT seeks to empower innovators and entrepreneurs through various programmes.

One programme is the EIT Awards, which promote and support innovation and entrepreneurship by showcasing innovative entrepreneurs, including young graduates and women. Each of Innovation Community selects two nominees for the following categories:

1. The EIT CHANGE Award recognises graduates of EIT education programmes who spur innovation and entrepreneurship, inspiring change for a sustainable future.
2. The EIT INNOVATORS Award recognises teams from our Innovation Communities that develop high-impact products and services for a sustainable future.
3. The EIT VENTURE Award recognises successful start-ups and scale-ups that have been supported by the EIT's Innovation Communities through dedicated business creation and acceleration programmes.
4. The EIT WOMAN Award recognises the outstanding achievements of women entrepreneurs and leaders from our Innovation Communities.

Results achieved: In 2018, 38 nominees were selected across the four categories, of which 42% were women. Seven of the nominees had projects that were digital technologies and another seven were about sustainable energy. The other nominees were worked on healthy living, climate change, raw materials and sustainable food. The total prize money awarded in 2018 was EUR 140 000.

Lessons for other initiatives: The structure of the awards programme is essentially a very short integrated programme. Nominees receive pitch training, then pitch their project to the jury and winners receive a cash prize. The process provides both valuable experience and exposure and visibility.

Source: (European Institute of Innovation & Technology, 2019[101])

Leverage crowdfunding platforms to improve access to debt and equity

Crowdfunding is becoming a major channel for entrepreneurs to raise debt and equity financing for the start-ups. This type of fundraising is relevant for inclusive entrepreneurship because some of the entrepreneurs' disadvantages can be masked by the platform (e.g. lack of self-confidence), which greatly reduces the likelihood of facing discrimination. In addition, low intermediation costs can make crowdfunding a much cheaper source of finance than microfinance institutions or bank loans. These platforms

can also benefit from "activist choice homophily", where groups such as women want to support each other and so they invest in each other as a way to counter industry trends (Greenberg and Mollick, 2017[42]).

A key role for policy in helping to exploit the opportunities of crowdfunding for entrepreneurs from disadvantaged and under-represented groups is provision of information and advice about this financing mechanism to entrepreneurs in the target group. This is particularly important since crowdfunding is a very new market and entrepreneurs are not always up-to-date with the latest evolutions in business finance. Policy makers also need to keep up with developments in crowdfunding to ensure that the regulatory environment is appropriate and provides sufficient investor protection. Information on business projects is limited to what entrepreneurs are willing to disclose, whereas more structured and homogenous information requirements would help investors make a better choice. Finally, the support of equity-based crowdfunding should also encourage the parallel development of senior investors (e.g. business angels) and secondary markets to secure exit options for people investing in equity through crowdfunding platforms.

There are a growing number of crowdfunding platforms that are used to support inclusive entrepreneurship, and many of these involve public sector partners. One example is the Goteo crowdfunding platform in Barcelona, Spain (Box 7.14), which is largely aimed at digital, science and cultural entrepreneurs. The platform is operated by a non-profit foundation with public partners that provide financial support for many of the services offered. However, one of the most important contributions of the public sector is to provide credibility to the platform, which was made it more attractive to entrepreneurs and funders.

Box 7.14. Goteo, Barcelona, Spain

Target group: Entrepreneurs with projects in the areas of technology, design, science, communication, culture, education, and the environment.

Intervention type: Local crowdfunding platform that uses a model based on rewards and donations.

Description: Goteo started in 2011 by a non-profit foundation with co-funding from the local government. It is a crowdfunding platform that helps entrepreneurs raise funding by seeking donations or by offering rewards to funders. The platform also offers a range of other services, including coaching, workshops on crowdfunding and communication, match-funding tools and communication support for campaigns.

Entrepreneurs can list their projects in two rounds of crowdfunding. They have the option to use match-funding schemes that allow funders to provide funding as a "matcher". This means that they contribute EUR 1 for each EUR 1 that is donated, up to a maximum of EUR 100 per individual donation. The project must receive the minimum crowdfunding goal in order to receive the matching funds. If financial objectives are not met in the first round, the entrepreneurs can re-list their project for a second round. The maximum length of each round of funding is 40 days.

An example of a successful project on the platform is *Pose men marxa Som Mobilitat a Barcelona* ("We launch *Som Mobilitat* in Barcelona"), which is an online car sharing platform. The entrepreneurs ran a 12 week campaign and successfully raised EUR 31 975. Prior to launching the campaign, the entrepreneurs completed the programme *La*

Comunificadora, which is operated by the Goteo Foundation. One of the keys to success for the entrepreneurs was their ability to use the platform to build their network and to promote their business.

Results achieved: Between 2011 and 2018, the platform has collected more than EUR 6 million for project funding from more than 84 500 backers. The overall funding success rate is 75%.

Lessons for other initiatives: The partnership of the local government is viewed as a critical element. First, the financial support is important offering coaching and workshops. Second, the engagement of the public sector brings legitimacy to the platform, which helps attract projects and investors. In addition, the platform has stringent reporting requirements that allow funders to closely track project, which helps boost trust among the community of funders and entrepreneurs.

Source: (European Crowdfunding Network, 2018[102])

Conclusions

Digital entrepreneurship can facilitate business creation for many individuals because it often has lower barriers to entry than traditional entrepreneurship. Thus, many argue that there is potential for digital entrepreneurship to help "level the playing field" in entrepreneurship, making it more inclusive. However, there is a growing body of research that suggests that many barriers faced by entrepreneurs from disadvantaged groups carry over into the digital economy, including difficulty access financing due to low levels of savings and collateral, low skill levels (both digital and entrepreneurship skills), and small and ineffective entrepreneurship networks. Moreover there are strong social and cultural factors that negatively influence the potential for digital entrepreneurship by some groups such as women and seniors.

But caution is needed in encouraging digital entrepreneurship as a means of addressing exclusion because socially constructed disadvantages often appear to be reproduced within the digital context (Cook et al., 2019[37]; Pappas et al., 2018[40]; Martinez Dy, Martin and Marlow, 2018[28]). Many new entrants are encouraged by very positive messaging about the potential of digital entrepreneurship but have little realistic potential for success and no "plan B" (Martinez Dy, Martin and Marlow, 2018[28]). Nonetheless, there are strong gender gaps in digital entrepreneurship and seniors are greatly under-represented given that they are a large and growing population.

Policy should do more to address some of the broad issues, including addressing gender and age gaps in basic digital skill levels, boosting the self-confidence of young girls in STEM fields and improving increase access to the internet and digital business support services, particularly in rural areas. More could also be done to harmonise regulations across EU Member States so that digital entrepreneurs have fewer barriers to operating across countries. While these actions will help improve the environment for digital entrepreneurship, more tailored support is needed to help the self-employed from under-represented and disadvantaged groups in adopting digital technologies to improve their business and also to support new digital business start-ups by these groups.

Tailored policy actions are needed to support digital entrepreneurship, particularly for women, youth and seniors. Currently, most schemes focus on boosting digital and entrepreneurship skills, improving access to resources and facilitating access to finance for

women and youth. This is consistent with targeting support at those who have the greatest levels of digital skills. However, there is also a rationale for doing more to support seniors in digital entrepreneurship since they are a large and growing population of entrepreneurs and most have the capability to acquire basic digital skills that could help them in digital entrepreneurship. Regardless of the group targeted, the scale of policy action needs to be aligned with the scale of market failures and take-up of support initiatives.

Many of the public initiatives that support digital business creation among disadvantaged and under-represented groups are new, and some announced ones have not started yet. Therefore, there is a lack of evaluations on such initiatives. Policy makers must do more to strengthen definitions about the digital economy and digital entrepreneurship, and improve data collection to better inform policy and regulations.

Notes

[1] The COLLEEM survey contains a direct measure of service provision via platforms by the respondents in 14 EU countries. It asks whether the respondent has ever gained income from different online sources, among which there are two corresponding to labour service platforms: "providing services via online platforms, where you and the client are matched digitally, payment is conducted digitally via the platform and the work is location independent, web-based" and "providing services via online platforms, where you and the client are matched digitally, and the payment is conducted digitally via the platform, but work is performed on-location".

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8. Increasing the scale-up potential for disadvantaged entrepreneurs

This chapter examines the role that public policy can have in increasing the number of new start-ups with scale-up potential that were launched by women, immigrants, youth, and senior entrepreneurs, as well as those starting businesses out of unemployment. It discusses scale-up, the role that it has in promoting economic growth, innovation and job creation. The chapter discusses the barriers to scale-up faced by entrepreneurs from groups that are under-represented or disadvantaged in entrepreneurship and the ways that policy can address these obstacles. Policy advice is provided for national, regional and local governments and is illustrated with good practice examples from European Union (EU) Member States and non-EU OECD countries.

Key messages

Scale-ups are important for job generation and innovation but some parts of the population are under-represented in growth-oriented businesses. For example, monitoring data from growth-oriented support programmes for women entrepreneurs in Ireland show that most participants hire several new employees and reach new markets shortly after completing the programme. Evidence from the United States shows that older entrepreneurs are much more likely than young entrepreneurs to operate high-growth firms – a 50 year old business starter is 1.8 times more likely to achieve high-growth than a 30 year old.

In the context of inclusive entrepreneurship, scale-up should be viewed differently. While many entrepreneurs from under-represented and disadvantaged groups do create high-growth firms, they are, on average, less likely to do so. Therefore policies that seek to support growth for inclusive entrepreneurship should seek to create higher quality start-ups and to increase the share of those that have the potential to create jobs and have economic and social impacts.

Scale-up policies address a wide range of policy areas, including the regulatory and institutional environment, skills, innovation, digital economy, access to finance and more. Therefore, policy makers need to consider a holistic approach to developing policies and programmes to enable scale-ups to realise their potential.

Policy makers need to better understand these challenges faced by entrepreneurs from under-represented and disadvantaged groups, including how overall framework conditions impact these groups differently. Other key challenges faced by these entrepreneurs in establishing businesses with growth potential include a lack of growth ambitions, greater risk aversion, a lack of skills to manage a growing business, difficulties access suitable financing and ineffective networks.

Entrepreneurs from disadvantaged groups face similar barriers to scale-up as other entrepreneurs, but often to a greater extent. A key barrier that policy needs to seek to address is a lack of motivation for scaling-up. This is especially significant among women: only 5.5% of new female led start-ups expect to create at least 19 jobs over the next five years relative to 12.3% of those led by men. In addition, women, immigrants, youth and senior entrepreneurs are less likely to have management skills, face greater obstacles to obtaining external finance for growth and have small and less effective networks, and are more likely to be risk averse. Another barrier to scale-up is regulatory disincentives concerning access to welfare benefits (e.g. unemployment insurance benefits) and tax measures (e.g. income splitting in households), which can also have a negative impact on business growth for inclusive entrepreneurship policy target groups.

A range of policy action have been implemented in European Union Member States to increase the growth potential of businesses operated by entrepreneurs from under-represented and disadvantaged groups. The vast majority are targeted at women and youth entrepreneurs and key areas of action include management training and strengthening networks. These types of initiatives can be adopted more widely and used to bridge specific groups of entrepreneurs into mainstream supports. It is also important for policy makers to do more to link tailored initiatives and mainstream business development support services.

Policy recommendations

Foster an environment that is conducive to scale-ups by diverse entrepreneurs.

- Use regulatory impact assessments to identify and minimise the negative impacts of regulatory changes that impact business growth for different profiles of entrepreneurs, including motivations to grow. Priority should be given to gender assessments.
- Increase the share of entrepreneurs from under-represented and disadvantaged groups that have motivations for scale-up by promoting role models with different backgrounds and through entrepreneurship education (in the formal education system).
- Support dedicated business angel networks to improve access to external finance, notably for women entrepreneurs. This could include some financing to build up networks (e.g. operating costs) and promotion.

Adapt scale-up support programmes to better support entrepreneurs from under-represented and disadvantaged groups.

- Offer management training and mentoring to help entrepreneurs from under-represented and disadvantaged groups with growth motivations acquire entrepreneurship and management skills to manage a rapidly growing business.
- Offer tailored training programmes and bootcamps on digital skills, internationalisation and investor readiness for entrepreneurs from under-represented and disadvantaged groups.
- Design tailored and targeted initiatives as a method to bridge entrepreneurs from under-represented and disadvantaged groups into mainstream support programmes.
- Deliver support to growth-oriented entrepreneurs from disadvantaged groups in a progressive manner that requires a demonstration of success before more intensive support is offered.

Strengthen the evidence base on the effectiveness of policies and programmes.

- Develop disaggregated data on business performance and programme evaluation to better understand the impacts of different profiles of entrepreneurs.
- Undertake systematic and rigorous evaluations of programmes that support growth-oriented entrepreneurs. This is particularly true for finance programmes as there is a need to better understand the effectiveness of allocating risk capital investments to entrepreneurs from under-represented and disadvantaged groups.

Scaling-up in the context of under-represented and disadvantaged groups

What is a scale-up?

Scale-up broadly refers to the transformation of start-ups into larger enterprises. However, the term is used inconsistently in policy literature, which can create some confusion. Some literature uses the term in a general sense to imply business growth, without necessarily defining it precisely (see, for example (OECD, 2019[1])). Other policy documents, including the European Union's Start-up Scale-up Initiative, use the terms "scale-up" and "high-

growth" interchangeably (see Box 8.1 for recent definitions of high-growth) while the technology and innovation literature often makes an association between scale-up and ICT. Other research measures the relative performance of firms by looking at the top proportion of performers rather than using a fixed benchmark (Lopez-Garcia and Puente, 2012[2]).

Box 8.1. Measuring high-growth

The concept of a "high-growth firm" is widely known and has been defined by Eurostat and the OECD as enterprises with at least ten employees and an average annual growth in employment or revenue exceeding 20% over three consecutive years (Eurostat and OECD, 2007[3]). The European Commission subsequently introduced a new definition that sets a lower threshold – enterprises with 10% annualised growth in employment over three consecutive years, starting from at least 10 employees at the beginning of their growth (European Commission, 2014[4]).

However, there are other metrics that are also used, to measure growth including level of capitalisation, changes in market share and more. For example, academic research in Canada has proposed a new framework for analysing scale-up in Canada using a funnel approach to examine different stages of growth based on a firm's level of capital: Start-up (under EUR 680 000[1]); Emerging (EUR 680 000 to EUR 6.8 million); Growth (EUR 6.8 million to EUR 68 million); Scaling (EUR 68 million to EUR 680 million); World Class (over EUR 680 million) (University of Toronto Impact Centre, 2018[5]). These types of approaches can be useful because different stages of growth present different challenges for the business, but it can be a challenge to obtain accurate data for small firms.

Regardless of how scale-up is measured, it must be recognised that business development is a process with varying phases of steady growth, stagnation, high growth and declines. This means that rapid growth does not have to be sustainable over a long period, even though it is often the focus of the discussion on scaling-up. The growth path can also take different forms, including organic (i.e. internally generated) and non-organic growth (i.e. through mergers and acquisitions, joint ventures or alliances). The latter is an often overlooked channel for growth, but SMEs accounted for 20% of mergers and acquisitions in the EU and US between 1996 and 2007 (OECD, 2019[1]).

While such approaches to measuring scale-up are useful for understanding macro-economic policy, labour markets and industrial change, they are likely unsuitable in the context of inclusive entrepreneurship for two reasons (see (Welter et al., 2017[6]) for a broader discussion on entrepreneurial diversity):

1. It is impossible to predict *ex ante*, which businesses will grow fast. They can be found across a wide distribution of different sectors and are not limited to the tech-sector (Brown, Mawson and Mason, 2017[7]). This is especially important to note in the context of inclusive entrepreneurship as women, immigrants, youth and immigrant entrepreneurs may self-select themselves into different sectors with lower growth potential, but this does not necessarily preclude them from growing their business. This decision is not only influenced by personal preferences but also by cultural norms and conventions.
2. A narrow understanding of business growth and scaling-up also overlooks the wider impact of business development going beyond pure growth figures (i.e. turnover or number of employees). That includes, for example, the development of highly

innovative, environmentally or socially sustainable products and services. Impactful business development does not even need to be directly correlated to the business output. For example, migrant-led enterprises are on average more likely to employ immigrants, which can improve their integration into society (Bijedić et al., 2017[8]).

Therefore, this chapter considers scale-up in a broader sense. Much of the discussion will use the term "business growth" to refer to substantial growth but not at the same level as described in Box 8.1. Very few firms reach this rate of growth, and it would be expected that entrepreneurs from under-represented and disadvantaged groups are, on average, less likely to operate businesses that achieve high-growth. However, some will, and others are capable of growing their businesses at lower rates.

Why are policy makers interested in scale-up?

Start-ups are a key source of radical and disruptive innovations, and young firms contribute disproportionately to net job creation – the share of young SMEs in total job creation is about twice as large as their share in total job destruction or in total employment (OECD, 2019[1]). Older SMEs and older large firms account for the bulk of employment across EU Member States and non-EU OECD countries, but typically create fewer jobs than they destroy. This is confirmed by recent empirical research covering 20 EU Member States that found that young-small firms accounted for 40% of job creation despite accounting for 15% of total employment (Hallak and Harasztosi, 2019[9]). Moreover, the same study found that high-growth firms accounted for only a few percentage points of the population of firms but tended to create about 60% of new jobs across most countries and sectors. Among OECD countries, these few firms account for between 22% (the Netherlands) and 53% (France) of new job creation over five-year periods between 2001 and 2012 (Criscuolo, Gal and Menon, 2017[10]).

The impacts of these firms goes well-beyond job creation. Start-ups that grow in terms of employment, turnover, profitability or market share can also drive innovation, productivity growth and the competitiveness of national and sub-national economies. This can occur directly through their innovations and investments in human capital (Du and Temouri, 2014[11]), or indirectly through the generation of new demand for advanced products and services, generating knowledge spill-overs and strengthening the local entrepreneurship culture (OECD, 2010[12]; OECD, 2019[1]). There is also evidence that they can contribute to raising wage and income levels (OECD, 2019[1]).

There are considerable differences across countries in the extent to which younger firms are able to scale-up (OECD, 2019[1]). Rapid expansion of successful young firms appears to be more common in the United States than other OECD countries (Calvino, Criscuolo and Menon, 2016[13]), and there appears to be a gap between non-EU OECD countries and EU Member States (European Commission, 2016[14]). These differences can be explained by the industrial structure and size of the economy, as well as the institutional and policy settings (OECD, 2010[12]) and cultural attitudes towards entrepreneurship and risk (OECD/EU, 2015[15]).

These cross-country differences, combined with low productivity growth, persistent productivity gaps between micro-firms, SMEs and large firms, and widening wage and income gaps, have led to scale-up being a policy priority in many EU Member States and other OECD countries (OECD, 2019[1]). This is particularly true within EU Member States, where there has been a long-standing gap with the US in terms of start-up rates, availability of capital, and entrepreneurship culture (Braunerhjelm et al., 2016[16]). Consequently, there is a strong interest among policy makers in the EU to do more to promote and facilitate

scale-up for start-ups with growth potential (see Box 8.2). There is, however, a need to do more to raise awareness about the untapped potential for business growth among groups that are under-represented or disadvantaged in entrepreneurship.

Box 8.2. Europe's next leaders: the Start-up and Scale-up Initiative

The European Commission's Start-up and Scale-up Initiative seeks to create opportunities for innovative entrepreneurs to become world-class leading companies. The Initiative brings together a range of existing and new actions, including:

- Improved access to finance (e.g. a new Pan-European Venture Capital Fund of Funds was launched in April 2018);
- Second chance for entrepreneurs (e.g. new insolvency law allows companies in financial difficulties to restructure as a way to prevent bankruptcy and avoid laying-off staff);
- Simpler tax filings across multiple jurisdictions (e.g. simplifications of the EU VAT system).

Other key actions in the initiative include the Single Digital Gateway to facilitate online access to the information, administrative procedures and assistance services, the Enterprise Europe Network to improve connections between businesses and business support experts, and a set of measures to support the use of Intellectual Property Rights by SMEs and take action to support access by start-ups to the European public procurement market.

Source: (European Commission, 2016[14])

How many start-ups grow?

It is estimated that only 3% of start-up in EU countries grow (Svenssonn and Rodert, 2017[17]), and about the same proportion of micro-start-ups grow in OECD countries (4%) (OECD, 2019[1]). There are no consistent patterns across countries as to where firm growth occurs. Evidence from across EU and OECD countries shows that high-growth firms are in most economic sectors (Hallak and Harasztosi, 2019[9]; OECD, 2019[1]). Although high-growth firms are more common in regions with a high population density and a labour force with high skill levels (i.e. large urban areas), they can also operate in peripheral regions where their impact on net job creation and social inclusion can be significant (OECD, forthcoming[18]).

The impact of high-growth firms in the EU appears to be declining over the past two decades, likely due to the decline in the likelihood that new start-ups become high growth firms. Three possible explanations are offered by a recent study on business dynamics and job creation (Hallak and Harasztosi, 2019[9]). First, firms may be operating below their optimal scale due to imperfect information about their productivity, demand or credit constraints. Second, young innovative firms may be increasingly likely to be bought by larger companies rather than growing as independent firms. Finally, the decline in employment dynamism may be partly due to the aggregate productivity slowdown, which is linked with how labour is allocated across firms.

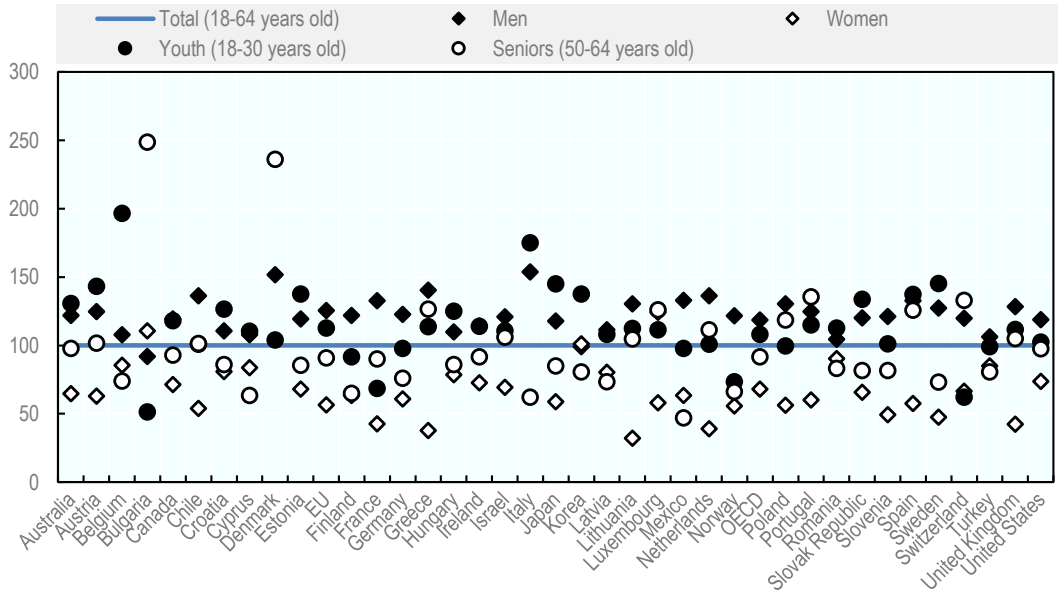
What is the scale-up potential among women, immigrant, youth and senior entrepreneurs?

There is mixed evidence on the potential for businesses operated by women, immigrants, youth and seniors to make substantial contributions to job creation, innovation and productivity growth. Some research suggests that, on average, many entrepreneurs in this groups do not create jobs. For example, longitudinal analysis in Austria shows that few women-operated businesses without employees grow (Korunka et al., 2011[19]), few high-growth firms in the US are operated by people under 25 years old (Azoulay et al., 2018[20]), and few refugee entrepreneurs have employees (Betts, Omata and Bloom, 2017[21]). This is also consistent with other metrics that are often associated with business growth and innovation. For example, only 3% of patent applications in Germany are made by women (Bundesministerium für Wirtschaft, 2012[22]).

Moreover, internationally comparable data show that women and seniors are less likely to have growth ambitions than the overall average (Figure 8.1). They are also less likely, on average, to introduce new products and services that could be used to give their firms a competitive advantage (Figure 8.2) and sell to customers in other markets (Figure 8.3). This would suggest that entrepreneurs from these groups, on average, have lower potential for growth.

Figure 8.1. Women and senior entrepreneurs are less likely to have high-growth ambitions

Relative proportion of early-stage entrepreneurs that reported an expectation to create at least 19 jobs over the next five years (overall average = 100), 2014-18

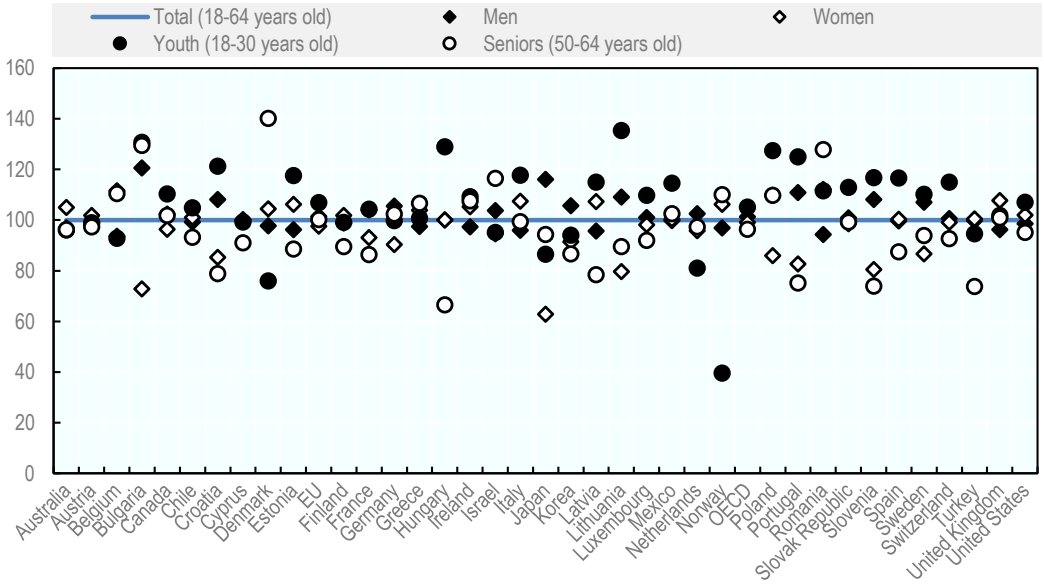


Note: Early-stage entrepreneurs are those who are in the process of setting up a business or managing a business that is less than 42 months old.
Source: (Global Entrepreneurship Monitor, 2019[23]).

StatLink http://dx.doi.org/10.1787/888934066539

Figure 8.2. Women and senior entrepreneurs are less likely to offer new products and services

Relative proportion of early-stage entrepreneurs that reported offering products and services that were new and unfamiliar to their potential customers (overall average = 100), 2014-18

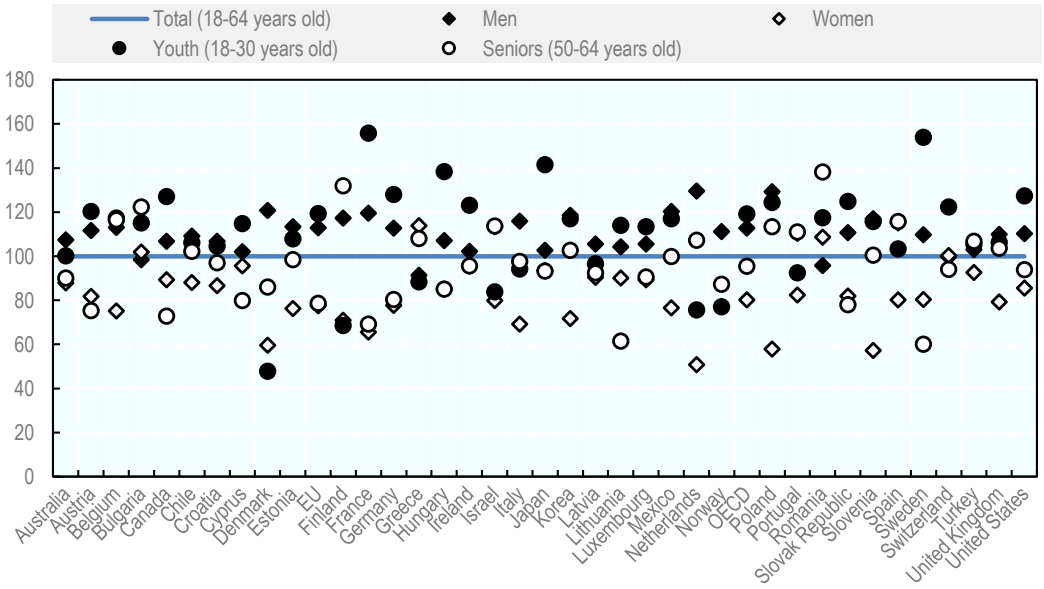


Note: Early-stage entrepreneurs are those who are in the process of setting up a business or managing a business that is less than 42 months old.
Source: (Global Entrepreneurship Monitor, 2019[23])

StatLink http://dx.doi.org/10.1787/888934066558

Figure 8.3. Women and senior entrepreneurs are less likely to export

Relative proportion of early-stage entrepreneurs that reported having customers in other countries (overall average = 100), 2014-18



Note: Early-stage entrepreneurs are those who are in the process of setting up a business or managing a business that is less than 42 months old.
Source: (Global Entrepreneurship Monitor, 2019[23])

StatLink http://dx.doi.org/10.1787/888934066577

There is, however, evidence that some entrepreneurs in these groups do have potential for creating businesses with scale-up potential. Looking at high-growth firms, the academic literature is recognising that the factors that influence the growth motivations for women are increasingly similar to those of men (Saridakis, Marlow and Storey, 2014[24]). Programmes that support women entrepreneurs in growing their business have demonstrated some success, including Going for Growth in Ireland. In 2018, 66 participants participated in the completed the programme between January and June, and hired an additional 90 full-time and 20 part-time employees during this period (OECD/EU, 2018[25]). Nonetheless, women are less likely to operate growth-oriented firms and are more likely to operate businesses in sectors with lower growth potential (OECD/EU, 2016[26]; Lassébie et al., 2019[27]).

Evidence by entrepreneurs' age from the US (Azoulay et al., 2018[20]) shows that older entrepreneurs appear to be much more likely that young entrepreneurs to operate high-growth firms. Although the average age of an entrepreneur that achieved high-growth in the US is 45 years old, the probability is fairly constant between 46 and 60 years old. Moreover, conditional on starting a firm, a 50 year old business starter is 1.8 times more likely to achieve high-growth than a 30 year old. Among young high-growth entrepreneurs, the probability of achieving high growth increases sharply between the ages of 25 years old and 35 years old.

Taking a broader perspective on growth, it is clear that some entrepreneurs from under-represented and disadvantaged groups have the potential to create jobs even if they are not operating high-growth firms (Box 8.3). Part I of this book shows that about one-quarter of self-employed women had employees in 2018, while the proportion was even greater

among seniors (50-64 years old) and immigrants. The share among self-employed youth with employees is lower but some evidence from the EU shows that among businesses that operated between 2002 and 2005, those operated by youth had an average growth rate that was double that of businesses run by those over 40 years old (Eurostat, 2006[28]).

The evidence base on the performance of businesses operated by other target groups such immigrants and the unemployed is thinner but suggests that there are some growth prospects, particularly among high-skilled immigrants. Recent evidence from the US shows that immigrants are over-represented among entrepreneurs as well as among high-tech growth-oriented entrepreneurs (Pekkala Kerr, Kerr and Xu, 2017[29]). Research on entrepreneurs that started their business out of unemployment suggests that few are likely to generate businesses that create a substantial number of jobs. This is likely due to less access to information about business opportunities and lower opportunity costs, i.e. the decision to create a business does not detract from other income generating activities (Shane, 2003[30]). This is consistent with recent quantitative evidence from Germany, where recipients of start-up subsidies for the unemployed started businesses that generated less income, created fewer jobs and were less innovative (e.g. fewer patents filed) relative to unsubsidised start-ups (i.e. average start-ups) (Caliendo et al., 2015[31]). Nonetheless, businesses started by the unemployed had higher business survival rates, which is likely due, at least in part, to the financial subsidy.

Box 8.3. The advantage of being an entrepreneur from a disadvantaged group

The varied backgrounds of entrepreneurs from disadvantaged groups can also be a source potential advantages. For example, migrant entrepreneurs may be able to identify international markets, bridge cultural gaps more easily and have access to different sources of financial and/or social capital. Or, mobility restrictions may require alternate working solutions for entrepreneurs who experience disability. As such, depending on the target group, adaptation may require a stronger reliance on creative and unusual approaches, reliance on social networks or a higher effort compared to other groups (Kasperová and Blackburn, 2018[32]; Miller and Le Breton-Miller, 2017[33]).

Those who are forced to adapt to personal restrictions or specific challenges can show increased work discipline and risk tolerance. However, risk tolerance is both a positive and a negative attribute in the context of scaling-up. While it should increase the likelihood of realising intentions to scale-up, it can possibly increase the probability of business failure.

Having to rely on others can strengthen personal social skills and social networks. For example, if an entrepreneur has to rely on support from others in certain aspects of everyday life, they may become more adept at establishing contact with business partners. Facing uncommon challenges can lead to creative solutions, therefore enabling disruptive innovations (Miller and Le Breton-Miller, 2017[33]). The same duality holds true for the institutional framework. Inclusive entrepreneurship policy can act as an enabler for faster business development by reducing transaction costs, uncertainty and risks of individual behaviour (Welter and Smallbone, 2012[34]).

Challenges to scale-up for entrepreneurs from disadvantaged groups

Scaling-up a business is a complex, dynamic process that depends on continuous adaptation and learning (see Box 8.4 for a brief overview of the factors that influence business growth). The process typically involves an evolution of the role of the entrepreneur, moving from a role that controls all aspects of the business to a position that likely requires delegating decision-making and authority. This evolution, and managing a growing number of clients, partners, suppliers, employees, products and services, and more, presents challenges for all entrepreneurs. However, entrepreneurs from under-represented and disadvantaged groups face most barriers to firm growth to a greater extent, on average. The key barriers include lower growth motivations, disincentives to scale-up in the regulatory environment, lower skill levels of entrepreneurship skills, difficulties accessing finance for business growth, and smaller and less effective entrepreneurship networks.

Box 8.4. What are the factors that influence scale-up?

A number key factors impact the scale-up process, including the business environment, entrepreneur-specific characteristics and firm-specific characteristics (Welter, 2001[35]; Welter, 2006[36]).

Environmental factors

There are essentially three environmental factors that influence a firm's ability to scale-up: market conditions, cultural norms and social attitudes, and the regulatory environment:

1. Market conditions determine the optimal size of firms within the market. This includes whether or not it is easy for new firms to enter and for incumbents to grow. The optimal firm size and firm size distribution within an industry, region or country is determined by several factors, notably economies of scale, market transaction costs, market structure, network effects and agglomeration externalities (OECD, 2019[37]). Likewise, current and expected market conditions affect entrepreneurs' aspirations on business growth. It is important to recognise that these dynamics are changing rapidly with the emergence of the digital economy, which may lead to the emergence of winner-take-most dynamics with a small number of firms being able to exploit opportunities for enormous growth (the implications of which are subject to ongoing debate) (Andrews, Criscuolo and Gal, 2016[38]).
2. Cultural norms and social attitudes (i.e. normative institutions) can influence the availability of resources, i.e. human, financial and social capital. They can also negatively impact self-perceptions about whether entrepreneurship is a suitable activity, reduce self-confidence and even lead to discrimination. For inclusive entrepreneurship, these can have strong effects on individuals who are different from the "average" (OECD/The European Commission, 2013[39]).
3. Regulations include any rules that influence business activity, including direct (e.g. taxation, business registration, licensing) and indirect regulations (e.g. the influence of education on entrepreneurship). A restrictive regulatory environment can increase the costs of doing business and reduce opportunities. These hurdles are typically more significant for entrepreneurs from under-represented and disadvantaged groups because these individuals often have below-average skill

levels and less experience in the labour market so they are less able to navigate the regulatory environment (OECD/The European Commission, 2013[39]).

Entrepreneur-specific factors

The characteristics of the entrepreneur can decisively influence the trajectory and pace of business development (Renko, Harris and Cardwell, 2015[40]; Welter, 2006[36]). For individuals, the intention to scale-up the business is crucial and can be described as how much effort an individual is willing to exert to achieve a certain outcome. It has been recognised as an important factor for successful business development (Delmar and Wiklund, 2008[41]). An entrepreneur without growth ambitions will most likely not initiate a scaling-up process despite identifying a profitable opportunity. This may be the case if entering entrepreneurship was a temporary solution (e.g. to avoid or exit unemployment) or lifestyle entrepreneurship. Long-term commitment to scaling-up may then be viewed as unsuitable (Welter, 2006[36]).

Firm-specific factors

A firm's ability to scale-up is also impacted by its ability to access and utilise resources, i.e. skills, finance and social capital. In most cases, external resources will be required for scale-up. It should be noted, that there are various interdependencies between the individual and the business. Access to external resources for the business can be facilitated by individual resources (e.g. extensive business specific knowledge, a stable credit record, an extensive professional network).

In addition, a number of business strategies can enable scale-up, including exploiting opportunities from digitalisation and pursuing market opportunities in new markets in other countries:

1. Innovation can help companies grow through the introduction of new or improved products and services, and/or new or more efficient processes and business models that allow them to undertake their activities more efficiently and at a lower cost. To realise this potential, firms will need to invest in developing new products, services, processes and business models, or adopting those developed by other firms. Both approaches require investments in knowledge development, as well as potentially strengthening collaboration with partners and other firms, particularly within local innovation ecosystems (OECD, 2019[1]).
2. Digitalisation has created a range of new opportunities for scaling-up, including cost reductions and the creation of new business models that can challenge existing ones in radically novel ways (OECD, 2019[1]; Goldfarb and Tucker, 2017[42]). However, there is a gap in the take-up of ICT among SMEs since they face greater barriers to adoption (OECD, 2017[43]) and this gap is even greater for many entrepreneurs from under-represented and disadvantaged groups since they typically have lower levels of digital skills and fewer financial resources to facilitate the adopt new technologies (see Chapter 7). To realise the scale-up potential of the digitalisation, firms need to invest in digital skills for workers and management, and to invest in complementary knowledge-based capital, such as research and development (R&D), data, and new organisational processes (OECD, 2019[1]).
3. Internationalisation can also drive scale-up by reaching more customers (including businesses) and/or accessing new inputs at a better cost/quality ratio that reduces

production costs. (These can also be facilitated through digitalisation). A related strategy is to integrate into global value chains (GVCs), which present opportunities for entrepreneurs since they allow small firms to input into production networks rather than compete on outputs (OECD, 2019[1]). This can stimulate complementary investments in technology, process innovation or organisational change (Caliendo and Rossi-Hansberg, 2012[44]). Moreover, participation in GVCs can also lead to improved productivity through competitive pressures from foreign companies, access to new inputs, and knowledge spill-overs from foreign firms (Saia, Andrews and Albrizio, 2015[45]). To fully leverage the benefits of GVCs, entrepreneurs need to be able to invest in skills, management and processes (Brynjolfsson and Hitt, 2000[46]).

Women and seniors entrepreneurs are less likely to have scale-up motivations

Entrepreneurial motivations and intentions are influenced to a large degree by cultural norms and conventions (i.e. normative institutions). This includes decisions to pursue different business activities and strategies, as well as decisions to grow a business. Typically, businesses are perceived to be more likely to have a high-growth potential if they are young and small, or are located in the typical venture-backed, high-technology sectors. This view, however, contradicts empirical evidence (Brown, Mawson and Mason, 2017[7]).

These influences of cultural norms and conventions on entrepreneurs from under-represented and disadvantaged groups seeking to scale-up manifest in four ways. First, they self-select into activities and sectors that have lower growth potential. For example, entrepreneurs who experience disability tend to self-select into social entrepreneurship (Cardwell, Parker and Renko, 2016[47]), and women entrepreneurs towards less innovative sectors (e.g. the services sector) (OECD, 2017[48]). Second, discriminatory social norms may also negatively alter the self-perception of an individual. As a result, lower self-confidence can lead to missed opportunities for business development since risks are more likely to be avoided (Welter, 2006[36]). Third, social norms can lead to discriminatory behaviour towards several groups of entrepreneurs, notably people with disabilities. This can negatively affect self-perception, but also severely hinder access to human and financial capital. Finally, cultural norms and conventions influence how entrepreneurs interact with their networks, clients, partners, suppliers and business support services (Welter and Smallbone, 2012[34]).

The gender effects of cultural norms and conventions are strong. Media coverage on female entrepreneurs often focuses on characteristics and attributes which are stereotypical perceived as feminine (Byrne, Fattoum and Garcia, 2019[49]). This may in turn promote images of types of entrepreneurship that are seen as typical or socially acceptable for female entrepreneurs (Achtenhagen and Welter, 2011[50]). High-growth potential is commonly associated with masculine terms (Gupta, Wieland and Turban, 2019[51]). This can in turn discourage female entrepreneurs from entrepreneurial activity outside of typical female domains or lower their self-confidence.

There are also differences in risk aversion. Women and youth are more likely to report a "fear of failure" (see Chapters 2 and 3), which suggests that they would be less likely to pursue riskier activities such as growing a business. This negative self-perception is a commonly cited barrier among women entrepreneurs (OECD/EU, 2016[26]), which can lead them to scale-down their growth plans despite having strong business ideas.

Moreover, entrepreneurial intentions change over the course of life. For example, younger entrepreneurs are more likely to express high growth expectations than older ones (Davis and Shaver, 2012[52]). Entrepreneurial intentions of seniors are significantly positively influenced if it is perceived as socially acceptable (Kautonen, 2013[53]; Kautonen, Down and Minniti, 2014[54]; Kautonen, Tornikoski and Kibler, 2011[55]). Older entrepreneurs more frequently pursue non-pecuniary goals (Matos, Amaral and Baptista, 2018[56]) and are less likely to focus on business growth (De Kok, Ichou and Verheul, 2010[57]; Gielnik, Zacher and Frese, 2012[58]). A shift to entrepreneurship in later life is often accompanied by a reduction in income, but a higher quality of life (Kautonen, Kibler and Minniti, 2017[59]). They also have a shorter planning horizon compared to younger entrepreneurs (Schott et al., 2017[60]). Long-term benefits of business development may be less relevant to them, especially if they are accompanied by high financial risks. In the case of failure, a senior entrepreneur might lose her life savings (Trettin et al., 2007[61]). Therefore, monetary incentives for senior entrepreneurs to focus on business growth are often of lower importance. If an entrepreneur plans to retire in the near future, the question of business succession is likely to influence the decision to invest in business development as well. The entrepreneur cannot be certain that their successor will follow their strategies, nor can they be certain that a buyer will value their investment (Pahnke, Kay and Schlepphorst, 2017[62]).

Regulations about access to benefits and tax measures can contain disincentives to scale-up for many population groups

Regulatory institutions affect business development and the influence can be both enabling and restrictive. Regulatory institutions describe any laws or rules that govern business activities such as rules regarding market entry and setting up new businesses, labor market laws, tax policies or property rights. For example, if labor market regulations are too rigid they can negatively affect entrepreneurship, especially high-growth entrepreneurship (Baughn, Sugheir and Neupert, 2010[63]). Strong protection of employees and high wages can discourage entrepreneurs from hiring additional employees. But, deregulation does not necessarily always fuel growth and innovation because this can also create insecurity and lower commitment to employers, harming long-term efficiency (Henrekson, 2014[64]).

For inclusive entrepreneurship, the strongest disincentive typically come from regulations that determine access to various benefits (e.g. unemployment benefits). Regulations that set certain limits for the eligibility of receiving benefits can also have an impact on business development. While they aim to support entrepreneurs in certain situations, they also form a barrier if the beneficiaries avoid losing the benefits. For example, entrepreneurs who experience disability may fear the loss of regular public benefits for persons who experience disability if they extend their business and pass a certain threshold (Cooney, 2008[65]).

Income splitting tax policies show contrary effects on female entrepreneurship. They can discourage female entrepreneurs from entrepreneurial activity in general or from intensifying efforts towards business development through family and tax policies promoting traditional gender roles (Sjöberg, 2004[66]).

Women, youth and senior entrepreneurs often have lower levels of entrepreneurship and management skills

Scaling-up requires, among others, restructured business processes, additional know-how or delegating tasks and responsibilities to employees. The entrepreneur's individual resource endowments can facilitate this process and minimise the need for additional

external resources. Entrepreneurs from under-represented and disadvantaged groups, on average, have lower levels of human capital. For example, migrant entrepreneurs can lack knowledge on local consumer behaviour or regulations, the latter reinforced by linguistic difficulties. Female entrepreneurs are more likely to have less business experience when they have taken parental leave (OECD/EU, 2016[26]). Senior entrepreneurs may be at a disadvantage as part of their knowledge, especially on digitisation and current trends may be outdated. Relevant sources of information, such as websites, are perceived to focus more on a younger audience (Kautonen, 2013[53]).

Moreover, acquiring human capital may be hindered due to restricted mobility, language barriers or lacking knowledge on relevant institutions. This is especially relevant for people who experience disability (Drakopoulou Dodd, 2015[67]) and, again, migrant entrepreneurs. For the former, the lack of suitable public transportation, or classes that take place in floors without elevators can exclude them from participation in regular education (Cooney, 2008[65]). For the latter, especially for first-generation migrants, it can be more difficult and time-consuming to obtain information in an unfamiliar environment (Bijedić et al., 2017[8]).

Scale-ups have higher risk, which increases the already high barriers to finance for women, immigrant, youth and senior entrepreneurs

Hiring employees and investing in new business processes and innovations need appropriate funding to fuel the scaling-up process. Entrepreneurs often have to make considerable up-front investments that only pay off at a later stage of the business development, e.g. through the realisation of innovative product ideas or business concepts. External financial capital can therefore become a significant obstacle for scaling-up, even though some entrepreneurs may be able to postpone the need for external financial resources.

In credit markets, adverse selection and moral hazard are exacerbated in the case of young, innovative businesses without loan history or collateral to secure a loan (OECD, 2019[1]). Due to their higher risk profile, fast-growing companies also typically suffer from higher loan rejection rates than averagely performing firms (OECD, 2015[68]). At the same time, traditional debt may be ill suited for new, innovative and fast-growing companies, which have a higher risk return profile.

Furthermore, the personal financial situation and the ability to acquire additional funding can be limited for entrepreneurs from under-represented and disadvantaged groups. Those who experience disability (Drakopoulou Dodd, 2015[67]) and migrant entrepreneurs (Kay and Schneck, 2012[69]) can face increased difficulties in this regard. Limited career opportunities can lower the financial capacity of entrepreneurs who experience disability, in turn hampering access to external financial means. If their disability is seen as a risk factor, this can increase interest rates (Cooney, 2008[65]). For senior entrepreneurs, their age can perceived as a risk for potential investors due to the potential health risks and shorter period to earn future returns (OECD/EC, 2012[70]).

Sector specific differences may be an important factor as well, especially regarding gender differences. Typically, technology-intensive sectors are perceived to have the highest growth potential, while female entrepreneurs are predominantly active in trade and services sectors and sectors that are less capital-intensive (OECD, 2017[48]). Low capitalisation has been a reason why banks frequently refuse credit applications of female entrepreneurs (OECD, 2016[71]; OECD/EU, 2016[26]).

Similar issues arise when entrepreneurs from under-represented and disadvantaged groups seek debt financing. In 2017, the business angel market in the EU was worth about EUR 7.3 billion, mostly concentrated in the United Kingdom, Germany, France and Spain (EBAN, 2017[72]). Generally, these investments are targeted at growth-oriented sectors (Levratto and Tessier, 2014[73]). In 2017, nearly half of business angel investment in the EU was concentrated in FinTech (25.2%) and ICT (21.3%) sectors (EBAN, 2017[72]). Entrepreneurs from under-represented and disadvantaged groups are less likely to operate in these sectors (see Chapters 2-6), which partially explains why women, immigrant, youth, senior entrepreneurs, and the (formerly) unemployed receive a small fraction of business angel investments.

Recent OECD analysis based on Crunchbase data found that raising capital is even more difficult for female-owned firms (Breschi, Lassébie and Menon, 2018[74]). Using a sample of 25 000 start-ups across a wide set of countries and sectors, female-led business ventures (i.e. those with at least one female founder) are significantly less likely to be funded. Even when they receive funding, the receive 23% less, on average, than male-led start-ups event after controlling for the location and the nature of the start-up, as well as for the education level and professional background of the founders. Female-led start-ups are also 30% less likely to have a positive exit, i.e. be acquired or to issue an initial public offering (Breschi, Lassébie and Menon, 2018[74]).

Women, immigrant, youth and senior entrepreneurs tend to have smaller and less effective networks

There is long-standing evidence that entrepreneurs from under-represented and disadvantaged groups have small and less diverse networks. Networks are groups of actors with a relationship or tie that connects them and they have an important role in facilitating access to resources, ideas and opportunities for entrepreneurs (OECD/EU, 2015[75]). A large number of factors influence access to networks, including cultural norms and conventions, discrimination, educational attainment, workplace experience and more.

The challenges to building entrepreneurship networks vary across different population groups. Women entrepreneurs, on average, tend to have informal networks with strong-tie connections, whereas men tend to have larger networks with weak-tie connections, involving business service providers and other entrepreneurs (OECD/EU, 2015[75]). Youth entrepreneurs typically lack experience in the labour market and in self-employment. This lack of experience means that they have had fewer opportunities to build connections. They also have difficulty entering networks since they have little to offer other network members. Conversely, senior entrepreneurs likely have many connections and a wealth of experience to offer others. However, their connections tend to have diminishing value if they have been out of the labour market for some time and can also face unsupportive attitudes from their closest strong ties (i.e. family and friends) and others in the community (e.g. partners, suppliers and customers). Immigrant entrepreneurs may face language challenges when interacting with relevant connections, which hinders their ability to build relationships. Moreover, there is evidence to suggest that immigrants are more likely to mistrust government and public initiatives (OECD/EU, 2014[76]). The long-term unemployed typically face multiple forms of deprivation, including difficulties accessing housing, education, health, work opportunities, and physical infrastructure.

What can policy do to stimulate the creation of businesses with scale-up potential by disadvantaged entrepreneurs?

Build motivations and intentions for growth when appropriate

The first step to improving the scale-up potential of businesses started by entrepreneurs from disadvantaged groups is to try to increase the proportion of entrepreneurs that want to grow their business. However, this is not without caveats. Firstly, influencing the intention to scale-up can possibly result in problems regarding self-selection. Entrepreneurs that do not have the capabilities or initial intention to scale-up should possibly not be coerced into business development. Secondly, intentions cannot, for the most part, be changed in the short-term as the underlying factors are only to be influenced in a longer time-period. In the long-term, information and awareness campaigns can promote both growth ambitions and knowledge about relevant programmes.

Use role models to inspire growth

Role models are often used in promotional campaigns for entrepreneurship and they are also important when seeking to build motivations for scale-up. This is particularly important for entrepreneurs from under-represented and disadvantaged groups who may not be able to relate to a successful mainstream entrepreneur because the context around the success may be completely different (OECD/EU, 2015[15]). It is therefore important to have examples of success that are representative of the population as a whole, and specifically the target audience.

Facilitate the acquisition of entrepreneurship skills for growth

At individual and business level, policies aimed at stimulating scaling-up of entrepreneurs from under-represented and disadvantaged groups should facilitate acquiring the resources required for business growth, i.e., human, social and financial capital. Adequate training possibilities can help to build the human capital of both entrepreneurs and employees. As some entrepreneurs from under-represented and disadvantaged groups face the challenge of restricted mobility or language barriers, comprehensive and easily accessible services that are available in multiple languages, can be a viable approach.

Develop business management skills for growth

Firms that scale-up need to adjust their management practices to manage the changes in organisational dynamics brought on by growth. This likely requires new leadership and management skills to be able to cope with the rapid growth and emerging complexities such as growing sales (e.g. marketing, building new relationships); project management (e.g. logistics), finance (e.g. capital and cash flow management) and strategic thinking (e.g. building internal leadership, coordinating a growing number of actions) (OECD, 2010[77]). Entrepreneurs from under-represented and disadvantaged groups face greater challenges in these areas due to their lower level of entrepreneurship skills and less experience in entrepreneurship (OECD/The European Commission, 2013[39]).

Starting Strong in Ireland (Box 8.5) is geared toward women entrepreneurs with high-growth ambitions. The strength of this approach is that the initiative leverages coaching and peer-learning simultaneously, which is both cost-effective and also enables participants to build their entrepreneurship networks.

Box 8.5. Starting Strong, Ireland

Target group: Women entrepreneurs with growth ambitions

Intervention type: Training, mentoring and peer coaching

Description: Starting Strong is designed for ambitious female entrepreneurs who are at an early-stage of business development. Participants' businesses have typically moved well beyond the concept stage but remain in the early revenue stage. The initiative was developed in 2014 by the Going for Growth initiative, which was the winner of a European Enterprise Promotion Award 2015 in the Investing In Entrepreneurial Skills category. Starting Strong was launched in response to a clear demand by those who had very strong growth potential, but had not yet achieved two years revenues, which was part of the criteria for acceptance for participation in Going for Growth. To qualify for Starting Strong, candidates were required to be highly innovative, to have a longer development cycle than the norm and to have very significant growth ambitions from the outset. Having tested the initiative over two cycles, a further criterion was added- candidates must have generated at least some sales.

The initiative uses a similar approach to Going for Growth, which leverages volunteer contributions from successful entrepreneurs, who facilitate peer support round tables through a structured approach in six-month cycles. These are referred to as Lead Entrepreneurs. They share their experience with their group, nurture a culture of trust and collaboration and facilitate the sharing of experiences and challenges. This approach provides support and "good" peer pressure and inspires women entrepreneurs to achieve their goals.

There are two key differences between Starting Strong and Going for Growth. First, as the Going for Growth businesses are well established, on average six years old, they tend to have positive cash flows and an established relationship with key stakeholders, including funders and customers. The opposite is the case for the more recently established Starting Strong businesses. Related to this are differences in relation to perceived barriers to growth. The barriers that all the Starting Strong participants identify most frequently relate to funding, access to finance and cash flow. This barrier is mentioned by just over one third of Going for Growth participants. People related issues (recruitment and management) are most frequently cited by Going for Growth participants. Reflecting these differences, a set of tailored agendas and workshops have been developed to meet the specific stage of development needs and concerns of Starting Strong participants.

The initiative receives financial support from Enterprise Ireland, and financial and in-kind support from corporate sponsors.

Results achieved: The 2019 cohort has 17 participants. Total combined turnover for the businesses is EUR 2.4 million, which is an increase of almost EUR 500 000 over the cycle (21%). At the end of the cycle, nine of the participants had export experience and there were 75 people employed in the participants' businesses.

Lessons for other initiatives: This initiative uses peer-learning, which can help participants build their networks with similarly ambitious entrepreneurs. This environment can also create some positive peer pressure to help motive the entrepreneurs to achieve their goals. As they achieve their initial growth goals and begin to grow significantly, participants of Starting Strong can apply for participation in Going for Growth. An

important element of the structure of the initiative is the use of "Lead Entrepreneurs", who may be graduates of the related initiative Going for Growth. This giving-back element reduces the need to recruit new successful entrepreneurs to help run the initiative.

Source: (Going for Growth, 2019[78])

It is important for policy makers to use hands-on learning methods such as mentoring and networking to provide the opportunities to build skills needed to manage rapidly growing businesses and expand social capital endowments by establishing contacts with more experienced entrepreneurs. While some entrepreneurs from under-represented and disadvantaged groups have networks within their groups, access to other networks can generally be difficult (Halabisky, 2015[79]). Mentoring and raising awareness towards existing business networks can be an entry point for the further development of social capital. Mentoring initiatives can be used to draw upon synergies between different types of entrepreneurs.

For example, young entrepreneurs can provide up-to-date formal education and knowledge regarding current trends and digitisation, whereas senior entrepreneurs can contribute accumulated experience. The mentors do not only need proven business experiences, but should also have been trained in working with under-represented and disadvantaged groups to ensure they understand their specific needs and potentials. For example, *Unternehmerinnenbrief NRW* (Box 8.6) offers business knowledge and access to networks to female entrepreneurs. It also facilitates access to potential investors.

Box 8.6. *Unternehmerinnenbrief NRW*, Germany

Target group: Female entrepreneurs

Intervention type: Network, certification programme

Description: The *Unternehmerinnenbrief NRW* is an initiative of the North Rhine-Westphalian Ministry of Home Affairs, Local Government, Construction and Equal Opportunities. It aims to build a network to support women in starting and growing businesses and women across all sectors.

Women entrepreneurs can apply to *Unternehmerinnenbrief NRW* in eight regions in the Federal State North Rhine-Westphalia (NRW). Applicants must have already finished the planning phase of their business. The application process includes submitting a business plan, which is verified by an independent expert committee. Acceptance into the network is signalled by a certificate to indicate that they have a verified business plan with potential for growth.

This certificate opens up a network for other entrepreneurs, banks, business associations, chambers of commerce and business consultants that can provide advice. Each certified member is assigned a mentor for one year to provide support and advice. Those entrepreneurs that are not certified, can also access support to improve their business plan.

Results achieved: More than 300 women entrepreneurs have been awarded a certificate.

Lessons for other initiatives: The initiative can operate with few resources because it largely operates as a matchmaking system for entrepreneurs and business development support organisations. The awarding of a certificate provides can help provide additional incentives because it unlocks further business support.

Source: (Ministry of Homeland, Municipal Affairs, 2019[80])

Support the acquisition of innovation and digital skills

To increase their chances of seizing market opportunities to grow their business, entrepreneurs need to have, or be able to access, state-of-the-art knowledge and technologies that can be implemented in their business operations. It is important to recognise that innovation not only involves research and development (R&D) activities, but also the adoption of new technologies and processes, as well as the introduction of new products, services, processes and business models (OECD, 2019[1]).

Policy makers can use training programmes to build entrepreneurship, innovation and digital skills for entrepreneurs from under-represented and disadvantaged groups (see Chapter 7).

Another approach is to leverage existing innovation infrastructures such as science parks and business incubators (OECD/EU, 2019[81]). Overall, there is evidence that business incubators and business accelerators can be effective supports for new and growing businesses (i.e. improved business survival rates, greater employment creation, greater revenue growth) and evaluations suggest that similar results can be achieved in business incubators that focus on supporting entrepreneurs from under-represented and disadvantaged groups. The keys to success for these initiatives include offering strong pre-incubation services, building strong linkages with mainstream business support providers and investors, delivering support in flexible modules, and ensuring that incubator staff are trained to support the targeted entrepreneurs (OECD/EU, 2019[81]).

In addition, policy makers can help entrepreneurs link with universities and research institutions to improve their access to technical knowledge and technologies. These types of initiatives are increasingly common in the EU, and several good examples are in Austria (OECD/EU, 2019[82]) and the Netherlands (OECD/EU, 2018[83]). These types of arrangements also offer valuable learning opportunities for youth entrepreneurs in higher education. Policy makers and higher education institutions can seek inspiration and guidance on strengthening the linkages between higher education and the business community from the OECD/EU HEInnovate framework and tool (www.heinnovate.eu).

Enhance access to finance for business growth

Difficulties in accessing finance are widely recognised as one of the major obstacles for starting and growing a business and these barriers are often greater for entrepreneurs from under-represented and disadvantaged groups (OECD/The European Commission, 2013[39]; Marchese, 2014[85]). A lack of finance prevents entrepreneurs and SMEs from investing in innovative projects, improving their productivity, and seizing opportunities in expanding or accessing new markets (OECD, 2019[1]). There are several ways that policy makers can facilitate access to debt and credit for scale-up for entrepreneurs from under-represented and disadvantaged groups.

Address failures in equity markets

A common form of equity financing for growing firms is business angel investments (OECD/EU, 2015[15]). Business angels are typically individuals with a high net worth who invest in start-ups and growing businesses with the goal of making a profit in the medium to long-term. Often, business angels invest between EUR 25 000 and EUR 500 000, but can reach a much larger scale if individual investors pool their funds through networks, clubs or syndicates (EBAN, 2017[72]). It is also common for business angels to support the businesses that they invest in in other ways, including mentoring and providing access to networks and other professional resources.

Policy makers can facilitate business angel investment in businesses operated by entrepreneurs from under-represented and disadvantaged groups in several ways. First, they can facilitate the creation of business angel networks that are focused on social inclusion by subsidising the start-up and operational costs of these networks. This is most common in business angel networks that invest in growth-oriented women entrepreneurs (Box 8.7). Second, policy makers can provide training to growth-oriented entrepreneurs to improve their investment readiness. A study of proposed investment opportunities that were rejected by business angels in the United Kingdom indicates three principal reasons for rejection: (i) weakness in the entrepreneur or management team, (ii) poor marketing and (iii) flawed financial estimates and projections (Mason and Kwok, 2010[86]). Investment readiness training could address these issues. Third, governments could stimulate business angel investment by providing tax breaks, particularly for those investments in entrepreneurs from under-represented and disadvantaged groups. Fourth, governments could facilitate and improve matchmaking between investors and entrepreneurs from under-represented and disadvantaged groups. Fifth, governments could offer matching funding for business angel investments in inclusive entrepreneurship projects with scale-up potential.

Another issue is that few business angel investors are from under-represented and disadvantaged groups. For example, women account for only a small proportion of angel investors. In Central and Eastern Europe, women accounted for a lower proportion than in Western European (30% vs. 11%) and in the US, it is estimated that 20% of angel investors are women (EBAN, 2017[72]). Most research suggests that investor homophily leads to under-investment in businesses operated by entrepreneurs from under-represented and disadvantaged groups (i.e. investors are more likely to invest in entrepreneurs like themselves) (Lassébie et al., 2019[27]).

Box 8.7. Femmes Business Angels, France

Target group: The business angel network targets women investors; the network invests in innovative entrepreneurs (male and female) seeking between EUR 100 000 and EUR 1 million.

Initiative type: Early-stage funding for start-ups.

Description: *Femmes Business Angels* was created in 2003 by a small group of women investors who were interested in promoting and supporting women in the economy and entrepreneurship. The network aims to invest in both male and female entrepreneurs.

Femme Business Angels is the only women business angels network in France, and the largest in Europe. There are currently about 150 women business angels who are members.

To become a member, the business angels must commit EUR 20 000 to invest over two years and apply for membership after attending at least one of the network's monthly meetings and meeting the board of directors. Members are also obliged to follow a code of ethics.

The projects that the network supports must be innovative and seeking between EUR 100 000 and EUR 1 million. Potential projects are reviewed by a team of angels but the investments are made independently as individuals.

The group was initially founded with support from the France Angels network and *Conseil général d'Ile de France* (i.e. local government). It now has a large number of partnerships with private sector corporations and business incubators. The network also receives support from Bpifrance, a public investment bank

Results achieved: Since its creation, network members have invested more than EUR 10 million in more than 150 start-ups.

Lessons for other initiatives: This is an example of a bottom-up initiative that has slowly grown with support from both public and private partners. It is an example of how policy makers can leverage initiatives launched by the private or non-profit sectors rather than creating something new and potentially duplicating ongoing activities.

Source: (Femmes Business Angels, 2019[88])

Venture capital (VC) is a form of early-stage investment that specifically seeks to support new start-ups with high-growth ambitions. This form of finance is receiving growing interest from policy makers because access to early-stage financing is a key determinant of success for high-potential start-ups (Lassébie et al., 2019[27]). It is, however, very rare for start-ups to receive formal venture capital investments, and even rarer for entrepreneurs from under-represented and disadvantaged groups. For example, a recent analysis of Crunchbase data (i.e. a private database with micro data on venture capital investments) found that women-operated start-ups are less likely to receive venture capital than male-founded ones and tend to receive less capital when they do receive financing (Lassébie et al., 2019[27]). This represents a missed opportunity to harness the growth potential of many new start-ups.

Policy can address barriers on both the entrepreneur side (e.g. improving investor readiness) and the investor side (e.g. increasing diversity among those making investment decisions) of the market (OECD/The European Commission, 2013[39]). In addition to closing gaps in terms of growth ambitions and the types of businesses operated, policies to improve access to venture capital for entrepreneurs from under-represented and disadvantaged groups should focus on training to boost investor readiness. Investor-homophily can be mitigated through government-backed VC funds that target specific groups or entrepreneurs, or have quotas. There is a growing number of examples of public institutions that seek to improve access to risk capital by directly offering funding (e.g. Competitive Start Fund for Female Entrepreneurs, which is operated by Enterprise Ireland). However, there are few evaluations of such approaches so it is not clear if this approach leads to an effective allocation of funds.

Improve access to debt financing for business growth

Debt financing also has a role in supporting business growth. Policy support for loan programmes that are geared to support growth are often delivered through business

agencies or microfinance institutions. The most important element of public support and funds used in debt financing is to ensure that the screening mechanisms are able to select the business projects with reasonable chances of success. This can be difficult because growth-oriented projects typically have higher levels of risk associated with them. Supporting entrepreneurs from under-represented and disadvantaged groups introduces an additional element of risk since these entrepreneurs, on average, are less likely to succeed. In addition, the often have personal characteristics that make it more difficult assess past behaviour, e.g. many lack a credit history.

To improve access to debt financing for business growth, an effective approach is to operate small targeted funds for groups that have the greatest chances of success. In practice most examples are targeted at youth and women. One example of an initiative for growth-oriented youth entrepreneurs is the ENISA Young Entrepreneurs Facility (Box 8.8). This programme provides loans to innovative youth entrepreneurs and offers lower interest rates to more profitable businesses. One of the keys to success for this loan programme is that it provides incentives and rewards for borrowers that perform well.

More generally, the evaluation evidence points to two important success factors of loan programmes: strong monitoring efforts and timely interventions by the lender when repayment instalments are delayed (Marchese, 2014[85]). It is important that financial support is packaged with appropriate training, business development services, coaching and mentoring to help ensure that entrepreneurs can effectively use the financing (OECD/The European Commission, 2013[39]; Marchese, 2014[85]).

Box 8.8. ENISA Young Entrepreneurs Facility, Spain

Target group: Entrepreneurs under 40 years old

Initiative types: Loans

Description: ENISA is a state-owned company under the responsibility of the General Directorate of Industry and SMEs in the Ministry of Industry, Commerce and Tourism. Its mandate is to provide financial support start-ups and newly created SMEs that are seeking to bolster their innovation activities.

The Young Entrepreneurs line of credit offers loans of EUR 25 000 to EUR 75 000, repayable over seven years. The interest rate charged is the Euribor rate + 3.25%, plus a variable rate (between three and six percentage points) that inversely depends on the profitability of the company. A bank endorsement is not needed to secure a loan.

Eligible firms are those that are under 24 months old and operated by someone under the age of 40 years old. Entrepreneurs are required to provide at least 50% of the value of the approved loan in financial capital or own funds.

The loans can be used to acquire fixed assets and fund operating activities. Firms operating in real estate and financial sectors are not eligible for loans.

Results achieved: A recent evaluation (Martí Pellón, 2018[89]) reported that the Young Entrepreneur Facility issued a total EUR 63.7 million to 1 380 borrowers between 2009 and 2013. By 2015, these entrepreneurs had created 2 494 additional new jobs. From a

cost-benefit perspective, 57.6% of the principal borrowed had been paid back by June 2017 and the estimated cost per job created was EUR 3 800.

Lessons for other initiatives: There are strong incentives for the young entrepreneurs to succeed because the cost of the loan is related to the success of the company. Those that are more profitable are provided financing with lower interest rates.

For more information, please see: https://www.enisa.es/en

Build networks and eco-systems that support growth for all entrepreneurs

The concept of the local entrepreneurship ecosystem has gained traction in recent years as a way to conceptualise and build a supportive business climate. This concept focusses on the individual entrepreneur, rather than the "cluster" or "industrial district" approaches that focus on firms (Stam, 2015[90]; Stam and Spigel, 2016[91]; Autio, 2011[92]). Fostering entrepreneurship ecosystems means seeking to improve the setting and conditions within which entrepreneurs work (Malizia and Motoyama, 2016[93]).

While the literature on entrepreneurship ecosystems is largely descriptive, it is believed that the success of ecosystems is dependent on the number, diversity and capabilities of actors – including entrepreneurs, business development organisations, etc. – the strength of networks and learning opportunities between them, level of innovation, the governance and co-ordination of actors and a culture of risk-taking (OECD, 2019[94]).

Local authorities often play a key role in the development of a conducive business environment, including through partnership with the business community, research organisations and investors. Multilevel governance is an important dimension of any coordinated policy approach to SME growth (OECD, 2019[1]). The SPEED UP programme (Box 8.9) is an example of how cities and regions are working together to share good practice and learn about innovations in the delivery of business development. One of the participating regions is Flanders in Belgium, led by the City of Antwerp. It has selected the theme of supporting "target audiences" as its key issue, notably supporting the development of businesses led by women, youth and immigrants.

Box 8.9. SPEED UP, Antwerp, Belgium

Target group: Innovative businesses operated by youth, women and immigrant entrepreneurs.

Intervention type: Peer-learning project for cities about supporting entrepreneurs business development infrastructure, notably business incubators.

Description: SPEED UP is an international programme that aims to trigger policy change and improve the implementation of the policy instruments that support entrepreneurship in participating cities and regions. The programme facilitates a learning process that engages policy makers, partner organisations and relevant stakeholders in an exchange of experiences about what works in supporting entrepreneurs through business incubators and other support infrastructure. The objective is to develop a shared ownership of programmes and ensure that encourage ecosystems to learn from each other. The programme is support by the EU Interreg Programme. Participating regions are: Tuscany Region (Italy), Region of Lisbon (Portugal), State of Brandenburg (Germany), Region of Flanders (Belgium),

Champagne-Ardenne (France), Andalusia (Spain), and Mazowieckie Voivodeship (Poland). Each participating region selects a special theme that will be explored when they host the other regions for study visits.

In Flanders, the City of Antwerp is the leading organisation, but other key stakeholders that are engaged in SPEED UP, including Start it @kbc, imec, Startups.be, University of Antwerp, TakeOffAntwerp_Alliance, The CoFoundry, Netwerk Ondernemen, The Birdhouse, VOKA Bryo, Duval Union, and the BlueHealth Innovation Center. One of the most significant activities organised by the City of Antwerp was an international conference on "target audiences", which looked at specific actions for promoting entrepreneurship among youth, women or immigrants. The city received seven international delegations for the event (Berlin, Lisbon, Tallinn, Warsaw, Reims, Seville and Florence), including key stakeholders from each city. On 21 and 22 March 2017, participants presented and exchanged on best practices on stimulating entrepreneurship among these target groups and visited man of the business development actors in Antwerp.

Results achieved: Participants in the two-day event in Antwerp reported an increased awareness about the challenges faced by innovative businesses, especially those operated by youth and women. They also learned about how different actors in the ecosystem provide targeted support to youth, women and immigrant entrepreneurs and the key success factors for different types of interventions.

Lessons for other interventions: This example demonstrates the importance of peer-learning across entrepreneurship ecosystems. While context is important, these types of events can help build connections across actors and provide inspiration about new approaches and innovations in entrepreneurship support.

Source: (City of Antwerp, 2017[95]; City of Antwerp, 2018[96])

Remove hindrances to growth in the regulatory environment

Policy makers continue to simplify administrative obligations for entrepreneurs and SMEs. The aim is to reduce the costs and amount of time spent on complying with regulations. These ongoing efforts are important but there are several other areas where more can be done to facilitate business growth.

The efficiency of the court and legal system is particularly important for SMEs, which typically need to divert a higher share of resources than large firms to resolving disputes (OECD, 2017[98]). Efficient judicial systems are intrinsically related to larger average firm size and tend to improve the predictability of business relationships. Conversely, there is some evidence that weak judicial systems hamper firm growth because firms are less willing to establish partnerships with other firms (Johnson, McMillan and Woodruff, 2002[99]). Moreover, weak contract enforcement also leads to low levels of relationship-specific investments, which can further constrain growth prospects (Nunn, 2007[100]).

Intellectual property rights (IPRs) are useful tools for entrepreneurs SMEs to protect their innovations and intellectual property, especially when products can be easily replicated by others. Strong IPRs can increase the perceived value of the firm, which can improve access to external sources of finance as well as attract knowledge and commercial partners (OECD, 2019[1]). Weak property rights have a negative impact on high growth aspirations (Estrin, Korosteleva and Mickiewicz, 2011[101]; Estrin, Korosteleva and Mickiewicz, 2009[102]). Entrepreneurs and SMEs often encounter challenges using IPRs when operating

internationally, due to high costs, the need for multiple filings, regulatory and technical differences across countries and the robustness of IP enforcement in different jurisdictions (OECD, 2019[1]). Policy makers could do more to streamline procedures and reduce application costs and time, particularly in industries where innovation occurs at a rapid rate. It is also important to improve litigation and enforcement mechanisms for entrepreneurs and SMEs that operate internationally. This requires improved IP information, coordination and enforcement across jurisdictions, likely provided by international treaties (OECD, 2019[1]).

Policy makers also need to ensure that employment protection legislation (i.e. the rules of hiring and firing) is appropriate. While they have an important role in labour markets by protecting workers' rights and building long-term relationships between employers and employees, they can restrict high-potential entrepreneurship (Baughn, Sugheir and Neupert, 2010[63]). Evidence shows that stricter employment protection legislation leads to slower firm growth in sectors which are more labour-intensive, more innovative, or characterised by greater uncertainty (OECD, 2019[1]). Moreover, strict labour protections appears to reduce growth among the best performing firms and contraction among the underperforming ones (Calvino, Criscuolo and Menon, 2016[13]; Bravo-Biosca, Criscuolo and Menon, 2016[103]).

Most of these actions would support scale-up for all growth-oriented entrepreneurs, but it is likely that entrepreneurs from under-represented and disadvantaged groups would benefit disproportionately since many have greater difficulties navigating the regulatory environment due to a lack of experience and/or lack of language skills (OECD/The European Commission, 2013[39]). There are also some actions that policy makers can use to address the challenges for specific groups.

Ensure bankruptcy laws are entrepreneur-friendly, particularly for youth entrepreneurs

Bankruptcy laws that ensure strong guarantees for investors without posing an excessive burden on entrepreneurs in case of failure can help stimulate investment for growing businesses (OECD, 2019[1]). Moreover, personal bankruptcy regulations that are entrepreneur-friendly can help support business creation and growth as the consequences of business failure are less damaging for personal finances (Lee et al., 2011[104]). Improving the efficiency of bankruptcy procedures for corporations can help reallocate resources to more efficient uses, improving labour productivity and value-added growth (Succurro, 2012[105]). This is particularly true in sectors that are most dependent on external finance. Several OECD countries have reformed their bankruptcy regulation to allow for automatic discharge, i.e. discharge takes place at the payment of the quota agreed upon in the enterprise insolvency proceeding, with no need for an additional court decision (OECD, 2017[98]). These issues can have a positive impact on youth entrepreneurs, as they are the most likely to have their personal financial situation impacted, i.e. they have major life events in the future.

Use regulatory impact analysis to assess impacts of new policies and regulations on under-represented and disadvantaged groups

Institutional and regulatory settings are crucial to ensure that businesses of all sizes compete on a level playing field and can also have a role in facilitating business growth. A growing number of countries are adopting regulatory impact analysis (RIA) to assess the effects of proposed and existing regulations on businesses and different population groups.

Among all of the target groups, it is most common that policy makers will undertake an explicit analysis of the gender impact. For example, a gender impact analysis is required in all Regulatory Impact Analysis Statements in Canada, which are required for all proposed policies and regulations (Treasury Board of Canada Secretariat, 2018[106]).

A similar approach is taken in the EU to help implement the "Think Small Principle". The SME Test was developed to identify and assess the potential effects of EU legislative proposals on SMEs, including through: (i) consultation of SME stakeholders; (ii) identification of affected businesses; (iii) measurement of the impact on SMEs (cost-benefit analysis); and (iv) assessment of alternative mechanisms and mitigating measures.

Delivering scale-up support to disadvantaged entrepreneurs

Identify entrepreneurs with scale-up potential

Public policies that aim to support business growth are likely to be more effective and efficient when they target individuals who manifest growth willingness. Support can then be given to translate this growth willingness into a growth motivation and to facilitate the acquisition of important growth resources, including finance, skills and networks.

One common approach to identifying entrepreneurs with scale-up potential is to use self-selection mechanisms and to provide more intensive support to those who have demonstrated success. An effective approach is "funnel" approach, which provides very light support to a large number of entrepreneurs and follow-up support is increasingly intensive and provided to those who can demonstrate success. This approach is effective because it likely delivers the most costly support to the few with the strongest motivation and track record. Furthermore, it also reduces the exposure to unnecessary risk for those with little chances of successfully creating a sustainable business.

Alternatively, individuals with growth motivations can be identified using interviews and surveys during programme in-take mechanisms. Although it will not identify all individuals with growth willingness, those who seek out support from programmes for business growth can be expected to have growth willingness. Furthermore, the most motivated participants in broader programmes for entrepreneurship education or start-up support could also be identified and offered business support if operational staff working on the programmes are alert to, or charged with, this task. On the other hand, it is not advisable to seek to promote growth across a full cohort of business starters or existing small business owners without some selection process, since many entrepreneurs are only interested in supporting themselves.

Build bridges to mainstream supports

There are different options for delivering policy actions to entrepreneurs from under-represented and disadvantaged groups (OECD/The European Commission, 2013[39]):

1. offering the same access to mainstream programmes as other groups;
2. offering targeted outreach and marketing to draw under-represented and disadvantaged groups into standard services that they may not otherwise access;
3. offering specialist actions for under-represented and disadvantaged groups through mainstream programmes and agencies; and
4. creating specialist agencies to deliver specialist support.

Support for business growth is generally likely to be delivered best by mainstream support agencies since the target client base is small. Moreover, support for growth is typically focused on the needs of the business rather than the individual characteristics of the entrepreneur so the support is more uniform than start-up support. However, entrepreneurs from under-represented and disadvantaged groups are under-represented in mainstream growth support schemes. The reasons for this are: (i) self-selection of participants with access, knowledge, and perceived benefits from mainstream growth support schemes, i.e. that under-represented and disadvantaged groups of entrepreneurs are less likely to apply; and (ii) various screening and eligibility schemes tend to winnow out these groups.

When entrepreneurs from under-represented and disadvantaged groups are less likely to apply to mainstream growth support schemes, this may be addressed by outreach activities so that information on growth support schemes actually reaches these groups. An approach that demonstrates this is the Fierce Founders initiative in the Communitech incubator in Canada (Box 8.10). The initiative is a tailored bootcamp within a business incubator, which helps attract more women into the incubator to address the gender imbalance among tenants since some participants are invited to other programmes in the incubator. Therefore, the bootcamp acts as a tailored stand-alone initiative and an additional in-take mechanism for the incubator.

Box 8.10. Fierce Founders Bootcamp at Communitech, Ontario (Canada)

Target group: Women technology entrepreneurs.

Intervention type: Bootcamp within a business incubator.

Description: Communitech was founded in 1997 by a group of local entrepreneurs that wanted to make the Waterloo Region in Ontario a global innovation leader. It has grown into a public-private innovation hub that supports more than 1 400 companies.

Communitech supports entrepreneurs and businesses by offering a physical space to network and learn, delivering programmes and advisory services covering a wide range of topics (e.g. funding, market intelligence, industry-academic collaboration support, customer development), and building a strong local eco-system to support business creation and growth.

One of the new programmes offered by Communitech is Fierce Founders Bootcamp for women technology entrepreneurs. It offers digital women entrepreneurs a two-part, six-day bootcamp focussed on customer validation, business fundamentals and pitching business ideas. The bootcamp uses a rolling application format. Applicants are required to submit an application form and selected applicants are selected for interviews. It accepts 25 participants that receive mentoring and feedback from experts on their business ideas and models. The programme also provides workshops on business fundamentals and opportunities to network with investors, advisors and other business service providers. At the end of the bootcamp, CDN 100 000 (approximately EUR 68 000) is awarded to the top performers. One winner is offered a place in a six-month accelerator programme.

Communitech operates with support from a range of partners, including financial support from the City of Waterloo, Ontario Centres of Excellence Industry-Academic Collaboration Program, and the federal programme Networks of Centres of Excellence. Overall, 42% of Communitech's revenue is public funding.

Results achieved: Overall, Communitech has 1 468 members and hosts more than 250 events per year. It provided 12 112 hours of mentoring in 2018 and recent evaluations found that the incubator has an economic impact of 22 times the amount of public investment received.

The Fierce Founders Bootcamp had one cohort of 25 participants in 2016 and two cohorts in 2017. Combined, these participants increased revenues by CDN 850 000 (approximately EUR 578 000) and created 15 new jobs by the end of 2018.

Lessons for other initiatives: The approach used by Fierce Founders serves multiple purposes for the incubator. First, it delivers tailored and targeted support to digital women entrepreneurs. Second, it uses the bootcamp as an in-take into more intensive support programmes. More broadly, governments can support initiatives such as this one to utilise existing infrastructure and expertise rather than creating a parallel support system.

Source: (Communitech, 2019[107])

Conclusions

The policies and frameworks that influence SME scale-up are inter-connected and often cut across the boundaries of different ministries, government agencies, levels of government and administration. Furthermore, supporting business growth requires a long-term perspective and coherence over time, since the impact of policies on firm growth performance are mainly visible in the mid- to long-run. In this sense, a whole-of-government perspective is needed, taking into account policy synergies and trade-offs across different domains.

Isolated measures that focus on a subset of these areas are in most cases not appropriate to stimulate the process of scaling-up of businesses operated by entrepreneurs from under-represented and disadvantaged groups. Scaling-up should be viewed as a dynamic and complex process, with different capital requirements at each point in time. Therefore, each entrepreneur will face a different set of challenges, depending on the individual's background and the characteristics of their enterprise. Rather than isolated measures, building an entrepreneurial ecosystem that is inclusive and provides and adequate access to human, financial and social capital should be a long-term goal of successful policy design.

At the start of every scaling-up process, an entrepreneur needs to actively decide if they are willing to further develop the business. The intention of entrepreneurs to pursue growth-oriented objectives is therefore a vital prerequisite, and can tend to be lower amongst the under-represented and disadvantaged. Beyond that, entrepreneurs generally need to have certain resources at their disposal: human, financial and social capital are required for businesses to develop and grow (Rocha et al., 2016[108]; Florin, Lubatkin and Schulze, 2003[109]). Policy initiatives have demonstrated success in accomplishing this, and integrated schemes that address multiple barriers tend to be more effective (OECD/The European Commission, 2013[39]).

An important first step to stimulate scaling-up of businesses of entrepreneurs of under-represented and disadvantaged groups should be to evaluate the existing (national) framework conditions to ensure that regulations do not deter entrepreneurs from under-represented and disadvantaged groups from scaling-up their businesses. This can be the case for regulations on income and social security. For example, female entrepreneurs can

be discouraged from participation in the labour market and business development through tax income splitting if increased earnings are highly taxed (Smith et al., 2003[110]; Steiner and Wrohlich, 2004[111]).

Notes

[1] The ranges of different growth stages were described in terms of Canadian dollars. As of September 2019, EUR 1.00 was approximately equal to CDN 1.46.

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Part III. Country profiles: Key inclusive entrepreneurship trends, issues and recent policy actions

9. Reader's guide for the country profiles

This section presents a short overview of inclusive entrepreneurship trends, issues and recent policy developments in each of the 28 European Union Member States. Each profile includes a set of key indicators that benchmark entrepreneurship activity rates and barriers in each country relative to the European Union average for men, women, youth and seniors.

This section of the book provides a short overview of inclusive entrepreneurship trends and recent policy actions in each European Union Member State. Each Country Profile presents recent trends for key inclusive entrepreneurship indicators, focusing on self-employment and entrepreneurship activity rates, motivations for business creation and growth aspirations for female, youth and senior entrepreneurs. In addition, the Country Profiles highlight a current policy issue relevant for inclusive entrepreneurship policy development and describe a recent policy development to strengthen entrepreneurship support for women, youth, seniors, the unemployed or immigrants.

The Profiles also include a common set of country-specific data that benchmark key inclusive entrepreneurship indicators against the European Union average. Data are presented for men, women, youth, seniors and the overall population. These data help to show the scale of the challenge and its recent evolution. Each profile contain six figures:

- Panel A: Self-employment rate, 2009 vs. 2018. This presents the proportion of those aged 15-64 years old in employment who are self-employed. Data are presented for the overall population, women, youth (20-29 years old) and seniors (50-64 years old).
- Panel B: Proportion of self-employed people that have employees, 2009 vs. 2018. This presents the share of the self-employed (15-64 years old) that employ at least one other person. Data are presented for the overall population, women, youth (20-29 years old) and seniors (50-64 years old).
- Panel C: Women's self-employment rate by location, 2017. This presents the proportion of working women (15-64 years old) that are self-employed by local, i.e. cities, towns and suburbs, and rural areas.
- Panel D: Total Early-stage Entrepreneurship Activity (TEA) rate, 2009-13 vs. 2014-18. This presents the proportion of the population (18-65 years old) who is actively involved in starting a business or who is the owner-operator of a business that is less than 42 months old. Data are presented for the overall population, women, youth (18-30 years old) and seniors (50-64 years old).
- Panel E: Proportion of TEA that is necessity entrepreneurship, 2009-13 vs. 2014-18. This presents the proportion of early-stage entrepreneurs (18-64 years old) who launched their business due to a lack of other opportunities in the labour market. Data are presented for the overall population, women, youth (18-30 years old) and seniors (50-64 years old).
- Panel F: Proportion of early-stage entrepreneurs who expect to create more than 19 jobs in five years, 2009-13 vs. 2014-18. This presents the proportion of early-stage entrepreneurs (18-64 years old) who anticipate the creation of at least 19 additional new jobs over the next five years. Data are presented for the overall population, women, youth (18-30 years old) and seniors (50-64 years old).

This set of Country Profiles draw on country-specific reports that are produced by the OECD and European Commission on inclusive entrepreneurship policies and programmes. These reports are available at: https://www.oecd.org/cfe/smes/inclusive-entrepreneurship-policies-country-assessment-notes.htm.

10. Austria

This country profile benchmarks key self-employment and entrepreneurship indicators for women, youth, seniors and immigrants in Austria against the average for the European Union. It also describes recent policy actions and current issues in the national policy debate about inclusive entrepreneurship.

Key trends

Self-employment rates for women (7.9%), youth (3.3%), seniors (15.5%) and immigrants (5.4%) were below the European Union (EU) averages for each group in 2018 (9.6% for women, 6.5% for youth, 17.7% for seniors, 7.8% for immigrants). However, people from these target groups appear to be more active in business creation and early-stage entrepreneurship than the EU average over the period 2014-18, especially women (7.7% vs. 4.9%) and youth (11.8% vs. 7.7%). Overall, the share of entrepreneurial activities driven by necessity rather than opportunity was much lower than the EU average over the period 2014-18 (13.7% vs. 19.2%), which was also true for women (14.0% vs. 21.1%) and seniors (15.5% vs. 23.7%), and youth to a lesser extent (13.8% vs. 15.6%).

Hot issue

According to Austrian Federal Economic Chamber, the share of enterprises started by women has increased from 39.5% in 2010 to 44.5% in 2017, notably reaching 49% in Vienna. This increase has led to greater attention being paid to women's entrepreneurship support, by the public, private and non-profit sectors. New initiatives include "Women Entrepreneur Go to School" (*Unternehmerin macht Schule*), which was launched by the Federal Economic Chamber's Platform "Women in Business" and the Federal Ministry for Digital and Economic Affairs, with the support of the Ministry of Education. It aims to inspire young women to consider entrepreneurship through visits and speeches from inspiring women entrepreneurship role models.

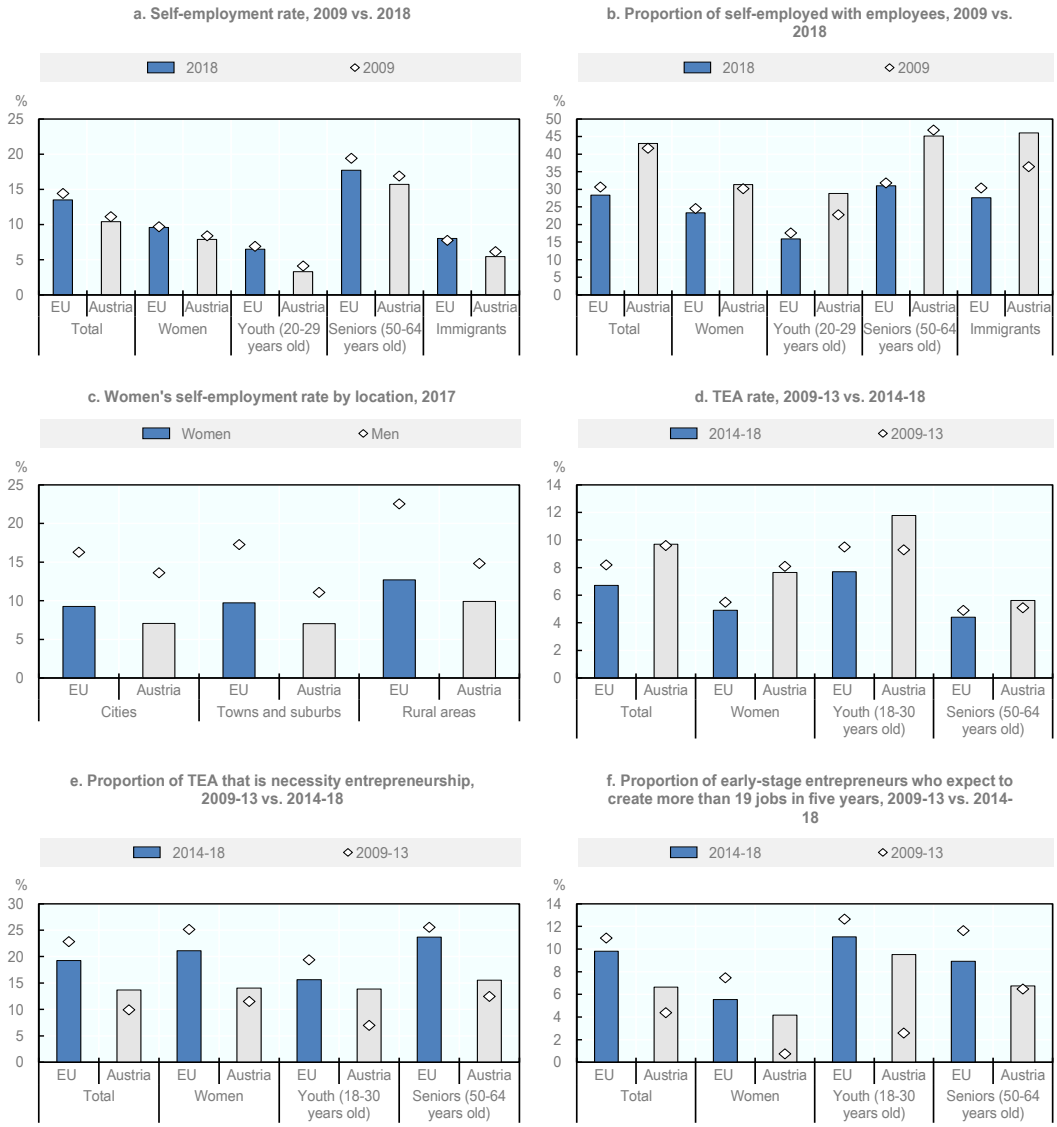
Recent policy developments

The Federal Government amended the Alternative Financing Act in June 2018, to remove restrictions on the eligibility of the self-employed, shift the focus from financing instruments to investments, and raise the thresholds that require information disclosures from EUR 100 000 to EUR 250 000 for those seeking less than EUR 5 million. These changes are expected to improve access to crowdfunding for very small companies, particularly those operated by youth entrepreneurs.

This profile is based on a recent country assessment report, which can be found at: www.oecd.org/cfe/leed/inclusive-entrepreneurship.htm.

Key inclusive entrepreneurship data

Figure 10.1. Entrepreneurship and self-employment data for Austria



Notes: The self-employment rate is defined as the number of self-employed people (15-64 years old) divided by the number of people in employment. The TEA rate is the proportion of adults (18-64 years old) involved in setting up a business or managing a business that is less than 42 months old. Necessity entrepreneurship is defined as entrepreneurship activities that were launched because there were no other options in the labour market. Early-stage entrepreneurs are those who are in the process of setting up a business or managing a business that is less than 42 months old. The EU average in Panels D-F excludes Czech Republic and Malta for the period 2014-18 and Malta for the period 2009-13.

Sources: Panels A and B: Eurostat (2019), Labour Force Survey, https://ec.europa.eu/eurostat/web/lfs/data/database; Panel C: Eurostat (2018), Self-employment, Labour Force Survey ad-hoc module, https://ec.europa.eu/eurostat/web/lfs/data/database; Panels D-F: Global Entrepreneurship Monitor (2019), *Special tabulations of the GEM survey 2014-18*.

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11. Belgium

This country profile highlights current inclusive entrepreneurship policy issues and recent developments in Belgium. It also presents self-employment and entrepreneurship data for women, youth, seniors and immigrants relative to the average for the European Union.

Key trends

The self-employment rate has been approximately equal to the European Union (EU) average over the last decade. In 2018, 12.7% of those in employment were working as self-employed, relative to the EU average of 13.5%. Belgian youth were slightly more likely to be self-employed than the EU average for youth in 2018 (7.8% vs. 6.5%) but they were slightly less likely to have employees (14.2% vs. 15.9%). This proportion has dropped significantly since 2009, when it was 23.8%. One possible factor is that a growing proportion of youth entrepreneurs indicate that they started their business due to a lack of employment opportunities (24.8% over the period 2009-13 vs. 32.7% for 2014-18).

Hot issue

Structural barriers to entrepreneurship continue to pose an important obstacle to under-represented groups. The federal government is seeking to simplify and modernise company and association law to help make Belgian companies more competitive and to attract investments. The new Code for Companies and Associations came into force on 1 May 2019 and it reduces the number of legal forms that businesses can take, simplifies the business registration requirements, eliminates capital requirements for most legal forms, and permits companies to be created by a single person. In addition to simplifying administrative requirements for businesses, these changes are also expected to open up entrepreneurship to more people.

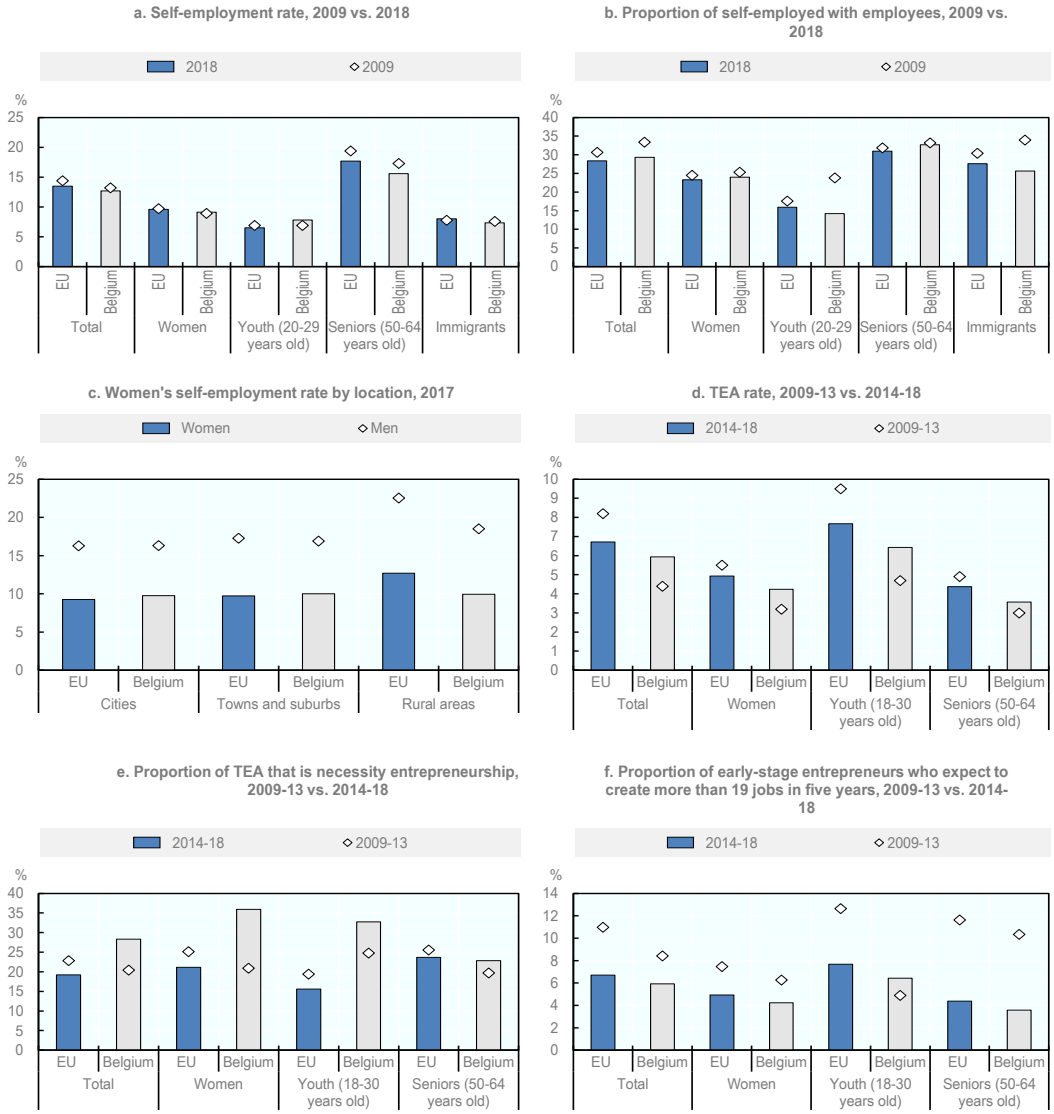
Recent policy developments

Efforts to support youth entrepreneurs continue to be strengthened. In 2017, a new "student entrepreneur" status came into effect. Young people under 25 years old who are enrolled at a higher education institution in Belgium can receive several benefits including the elimination of social security contributions when annual income is below EUR 6 505.33 and a reduction in the contribution rate (to 20.5%) for income between EUR 6 505.33 and EUR 13 010.66. Further, student entrepreneurs maintain their rights to health care as a dependent if their annual income is less than EUR 6 505.33.

This profile is based on a recent country assessment report, which can be found at: www.oecd.org/cfe/leed/inclusive-entrepreneurship.htm.

Key inclusive entrepreneurship data

Figure 11.1. Entrepreneurship and self-employment data for Belgium



Notes: The self-employment rate is defined as the number of self-employed people (15-64 years old) divided by the number of people in employment. The TEA rate is the proportion of adults (18-64 years old) involved in setting up a business or managing a business that is less than 42 months old. Necessity entrepreneurship is defined as entrepreneurship activities that were launched because there were no other options in the labour market. Early-stage entrepreneurs are those who are in the process of setting up a business or managing a business that is less than 42 months old. The EU average in Panels D-F excludes Czech Republic and Malta for the period 2014-18 and Malta for the period 2009-13.

Sources: Panels A and B: Eurostat (2019), Labour Force Survey, https://ec.europa.eu/eurostat/web/lfs/data/database; Panel C: Eurostat (2018), Self-employment, Labour Force Survey ad-hoc module, https://ec.europa.eu/eurostat/web/lfs/data/database; Panels D-F: Global Entrepreneurship Monitor (2019), *Special tabulations of the GEM survey 2014-18*.

StatLink http://dx.doi.org/10.1787/888934066615

12. Bulgaria

This country profile presents key trends in entrepreneurship by women, youth and seniors, including indicators that benchmark data for Bulgaria against the European Union average. It also highlights current inclusive entrepreneurship policy issues and recent developments.

Key trends

Self-employment rates have been below the European Union (EU) average for the past decade. This gap is observed across all of the key target groups in 2018: women (7.3% vs. 9.6%), youth (4.8% vs. 6.5%), and seniors (13.0% vs. 17.7%). However, self-employed Bulgarians were more likely to have employees in 2018, especially women (28.1% vs. 23.3%) and seniors (37.1% vs. 31.0%). Few Bulgarians appear to be involved in starting and managing new businesses over the period 2014-18. The gap with the EU average was greatest among youth (4.9% vs. 7.7%).

Hot issue

Considerable resources in recent years have been concentrated on support of youth through the Youth Guarantee and the Youth Employment Initiative, including youth entrepreneurship support. However, two key challenges have been faced in implementing youth entrepreneurship support. First, monitoring data suggest that the take-up rates of schemes launched under the Youth Guarantee have been very low and are declining. Second, most support initiatives are targeted at youth with a secondary or tertiary education, leaving drop-outs and other groups (e.g. low-skilled Roma youth) with little support. Policy makers are looking to address these challenges.

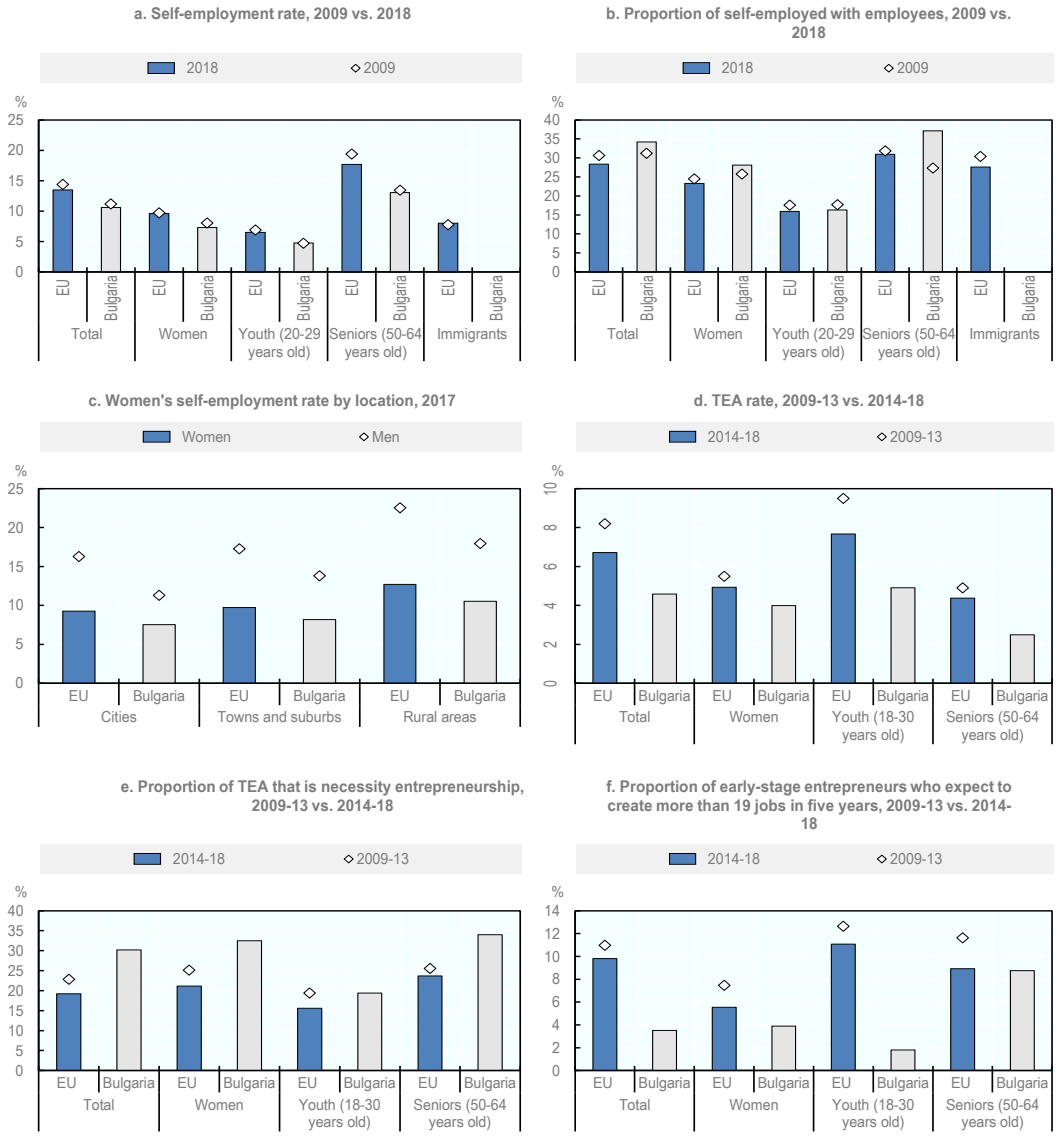
Recent policy developments

Several actions have been launched to offer more people an opportunity to pursue entrepreneurship, particularly women. One of the goals of the national Strategy for Promoting Gender Equality 2017-23 is to promote entrepreneurship for women and the Action Plan of the Strategy for Promotion of Women Entrepreneurship in Bulgaria 2017-2023 was developed to provide a framework for support initiatives. Initiatives to boost and strengthen women's entrepreneurship include participation in "The Women in Entrepreneurship Roadshow", which was launched in 2019 by the European Commission, United States Mission to the European Union and others. It is a series of ten events across the EU that aim to connect 300 women entrepreneurs with investors.

This profile is based on a recent country assessment report, which can be found at: www.oecd.org/cfe/leed/inclusive-entrepreneurship.htm.

Key inclusive entrepreneurship data

Figure 12.1. Entrepreneurship and self-employment data for Bulgaria



Notes: The self-employment rate is defined as the number of self-employed people (15-64 years old) divided by the number of people in employment. The TEA rate is the proportion of adults (18-64 years old) involved in setting up a business or managing a business that is less than 42 months old. Necessity entrepreneurship is defined as entrepreneurship activities that were launched because there were no other options in the labour market. Early-stage entrepreneurs are those who are in the process of setting up a business or managing a business that is less than 42 months old. The EU average in Panels D-F excludes Czech Republic and Malta for the period 2014-18 and Malta for the period 2009-13.

Sources: Panels A and B: Eurostat (2019), Labour Force Survey, https://ec.europa.eu/eurostat/web/lfs/data/database; Panel C: Eurostat (2018), Self-employment, Labour Force Survey ad-hoc module, https://ec.europa.eu/eurostat/web/lfs/data/database; Panels D-F: Global Entrepreneurship Monitor (2019), *Special tabulations of the GEM survey 2014-18*.

StatLink http://dx.doi.org/10.1787/888934066634

13. Croatia

This country profile presents recent policy developments in Bulgaria and highlights current inclusive entrepreneurship policy issues. Key self-employment and entrepreneurship data for women, youth, seniors and immigrants are benchmarked against the European Union average.

Key trends

The self-employment rate declined over the last decade, from 17.1% in 2008 to 10.5% in 2018, below the 13.7% European Union (EU) average. This decline was particularly pronounced for youth – the rate fell from 10.1% in 2013 to 2.2% in 2017. Croatians are more likely than the EU average to be involved in early stage entrepreneurship between 2014 and 2018 (9.1% vs. 6.7%) but were much more likely to have started their activity due to a lack of other opportunities (34.9% vs 19.2%). Senior entrepreneurs were the most likely to indicate that they had started their business out of "necessity" over this period (52.7%), which was above the EU average (23.7%). Moreover, about four-in-ten new female entrepreneurs reported being a "necessity" entrepreneur over this period (39.9% vs. 21.1%).

Hot issue

Gender equality is a key topic for policy makers following the publication of "Gender Equality Policies in Croatia" in 2017, which was commissioned by the European Parliament's Committee on Women's rights and Gender Equality. It found that while strategic policy documents and plans cover gender equality in the labour market (including entrepreneurship), women in decision-making positions, gender violence, health and rights, pay and pension gaps, and education, progress in many areas has been slow and unsatisfactory. Policy makers are now looking to close these gender gaps.

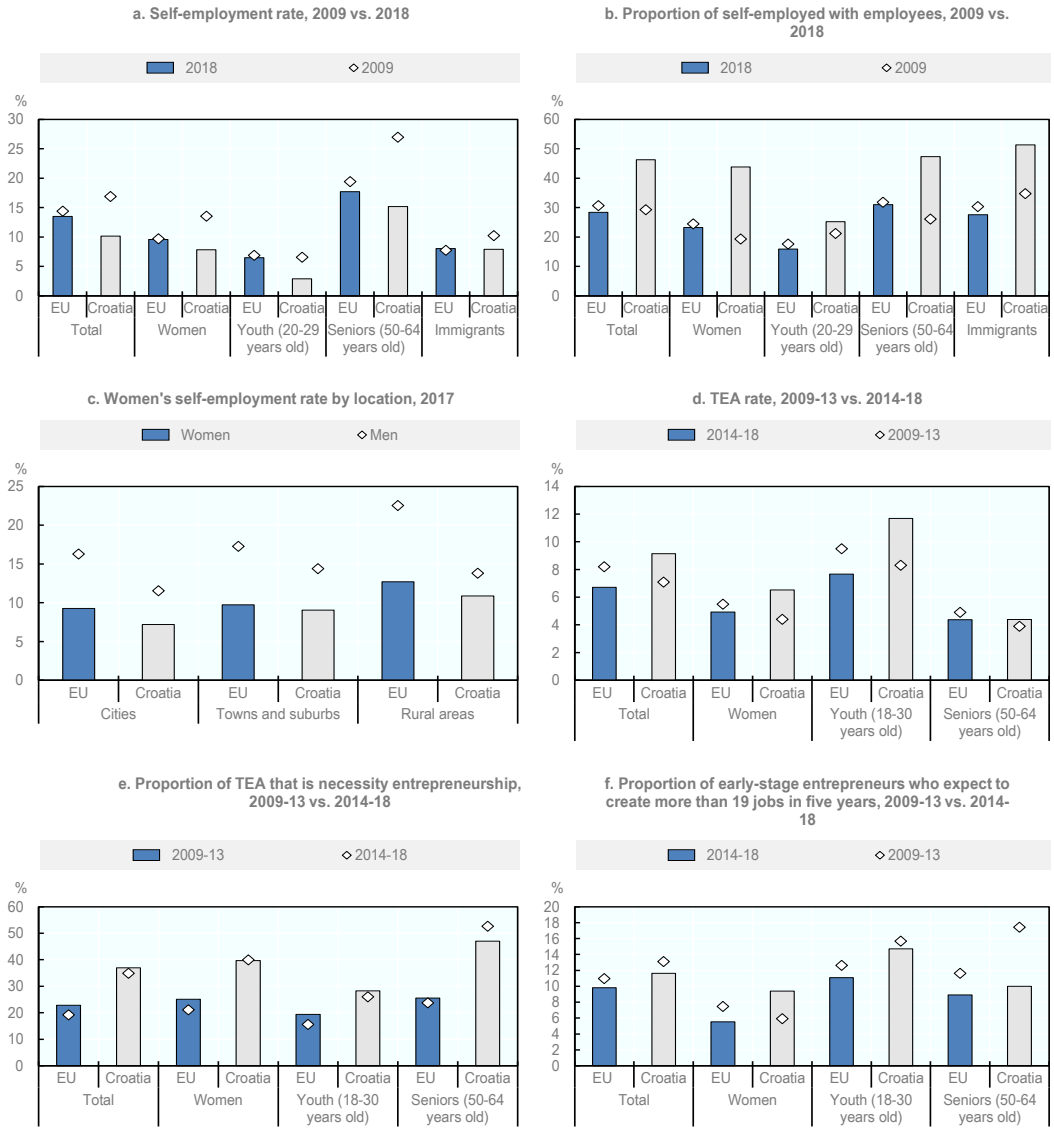
Recent policy developments

A revised implementation plan for 2017-18 was developed for the Youth Guarantee Implementation Plan (YGIP), which includes employment incentives, direct job creation measures and business creation incentives and support. Specialised support is offered to some sub-groups of youth including those not in employment, education or training (NEETs), young Roma people and youth with disabilities. New measures in the 2017-18 YGIP include entrepreneurship events for youth that are organised by the Croatian Employment Service and local partners such as the Croatian Chamber of Economy, the Croatian Chamber of Trades and Crafts and entrepreneurship centres.

This profile is based on a recent country assessment report, which can be found at: www.oecd.org/cfe/leed/inclusive-entrepreneurship.htm.

Key inclusive entrepreneurship data

Figure 13.1. Entrepreneurship and self-employment data for Croatia



Notes: The self-employment rate is defined as the number of self-employed people (15-64 years old) divided by the number of people in employment. The TEA rate is the proportion of adults (18-64 years old) involved in setting up a business or managing a business that is less than 42 months old. Necessity entrepreneurship is defined as entrepreneurship activities that were launched because there were no other options in the labour market. Early-stage entrepreneurs are those who are in the process of setting up a business or managing a business that is less than 42 months old. The EU average in Panels D-F excludes Czech Republic and Malta for the period 2014-18 and Malta for the period 2009-13.

Sources: Panels A and B: Eurostat (2019), Labour Force Survey, https://ec.europa.eu/eurostat/web/lfs/data/database; Panel C: Eurostat (2018), Self-employment, Labour Force Survey ad-hoc module, https://ec.europa.eu/eurostat/web/lfs/data/database; Panels D-F: Global Entrepreneurship Monitor (2019), *Special tabulations of the GEM survey 2014-18*.

StatLink http://dx.doi.org/10.1787/888934066653

14. Cyprus

This country profile highlights current inclusive entrepreneurship policy issues and recent developments in Cyprus. It also presents self-employment and entrepreneurship data for women, youth, seniors and immigrants.

Key trends

Overall, 11.7% of workers were self-employed in 2018, down from 16.4% in 2009. This decrease was greatest among those over 50 years old (16.8% in 2018 and 24.6% in 2009). The self-employed were much less likely than the European Union average to have employees in 2018 (17.5% vs. 28.4%), and this gap was greatest among self-employed women (9.9% vs. 23.3%). One-quarter (25.6%) of early-stage entrepreneurs started their venture because they could not find employment between 2014 and 2018, and this proportion was particularly high among women entrepreneurs (32.8%) and senior entrepreneurs (25.4%).

Hot issue

Entrepreneurship has risen up the political agenda in recent years, signalled by key strategic policy documents such as the 2015 National Policy Statement for the Entrepreneurial Ecosystem. The 2017 National Reform Programme outlines a series of regulatory initiatives to streamline business regulations and strengthen the entrepreneurship ecosystem, which will be implemented during the period up to 2020. These regulatory reforms are expected to make it easier to create a business, which should help make entrepreneurship more inclusive.

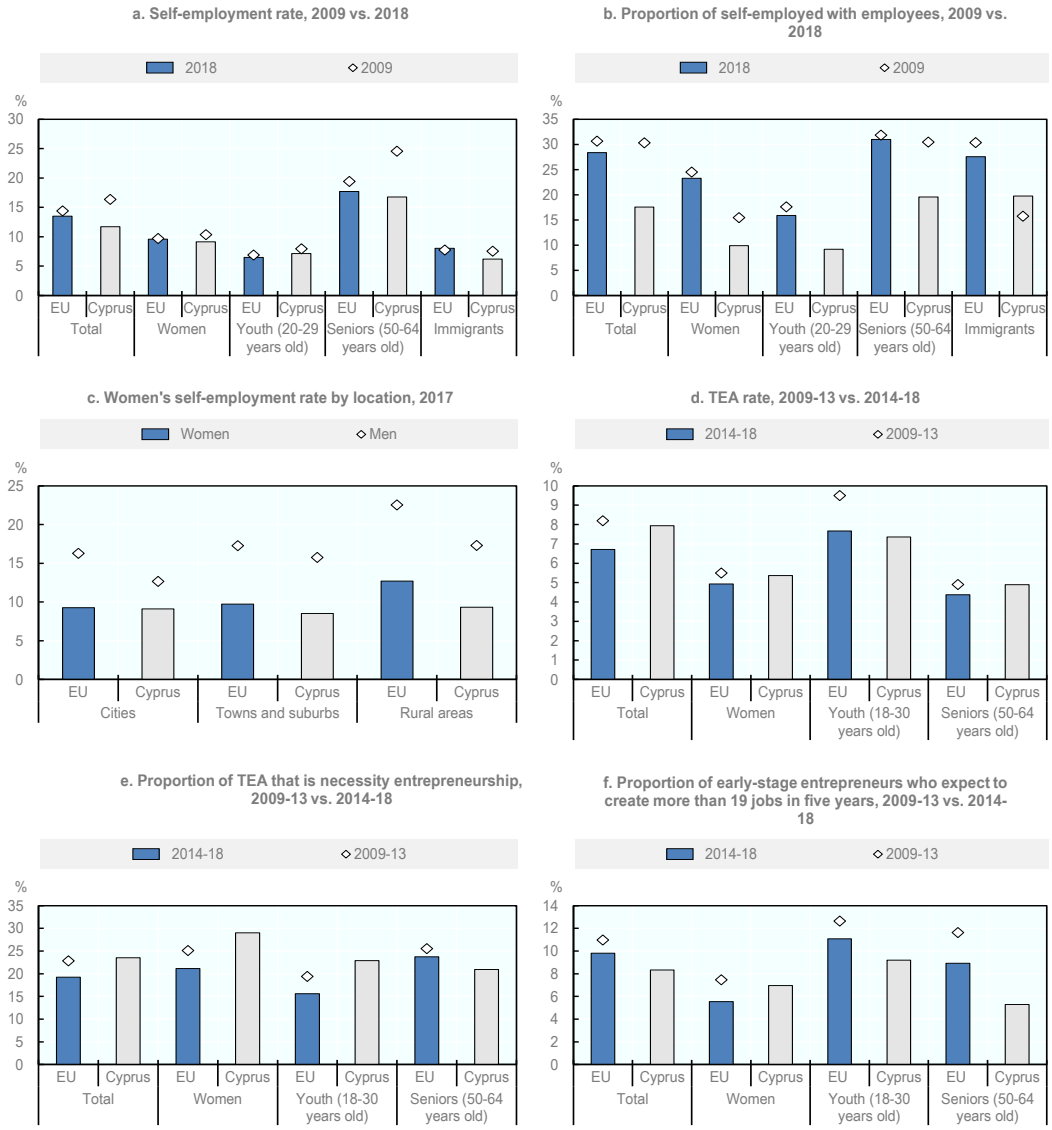
Recent policy developments

While Cyprus has a population of less than 900 000 people, some tailored entrepreneurship programmes have been launched for youth and women. A notable new initiative is the Women in Business Programme, which was launched in February 2018. The initiative includes a mentoring scheme for 20 women entrepreneurs, as well as tailored entrepreneurship training for women. The Programme is managed by the Ministry of Energy, Commerce, Industry and Tourism, with support from the European Bank for Reconstruction and Development.

This profile is based on a recent country assessment report, which can be found at: www.oecd.org/cfe/leed/inclusive-entrepreneurship.htm.

Key inclusive entrepreneurship data

Figure 14.1. Entrepreneurship and self-employment data for Cyprus



Notes: The self-employment rate is defined as the number of self-employed people (15-64 years old) divided by the number of people in employment. The TEA rate is the proportion of adults (18-64 years old) involved in setting up a business or managing a business that is less than 42 months old. Necessity entrepreneurship is defined as entrepreneurship activities that were launched because there were no other options in the labour market. Early-stage entrepreneurs are those who are in the process of setting up a business or managing a business that is less than 42 months old. The EU average in Panels D-F excludes Czech Republic and Malta for the period 2014-18 and Malta for the period 2009-13.

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StatLink http://dx.doi.org/10.1787/888934066672

15. Czech Republic

This country profile highlights current inclusive entrepreneurship policy issues and recent developments in the Czech Republic. It also benchmarks key self-employment indicators for women, youth, seniors and immigrants against the average for the European Union.

Key trends

The self-employment rate was slightly above European Union (EU) average in 2018 (16.0% vs. 13.5%). It was also above the EU average for women (11.1% vs. 9.6%), youth (9.7% vs. 6.5%), seniors (18.7% vs. 17.7%) and immigrants (19.4% vs. 8.0%). However, the self-employed were less likely than the EU average to have employees, notably women (14.1% vs. 23.3%), seniors (22.4% vs. 31.0%) and immigrants (16.3% vs. 27.6%).

Hot issue

There are ongoing efforts to promote entrepreneurship to youth. In recent years, entrepreneurship education has been slowly embedded throughout the mandatory education system. This has been complemented with several extra-curricular initiatives including a series of business contests such as "Economic Team", which was organised by the Ministry of Education, Youth, and Sports starting in 2016-17, and Junior Achievement's "Firm of the Year" content in grammar and trade schools. Moreover, many industry associations are active in promoting youth entrepreneurship, including the Association of Small and Medium-Sized Enterprises and Crafts which has a programme called "Young Business".

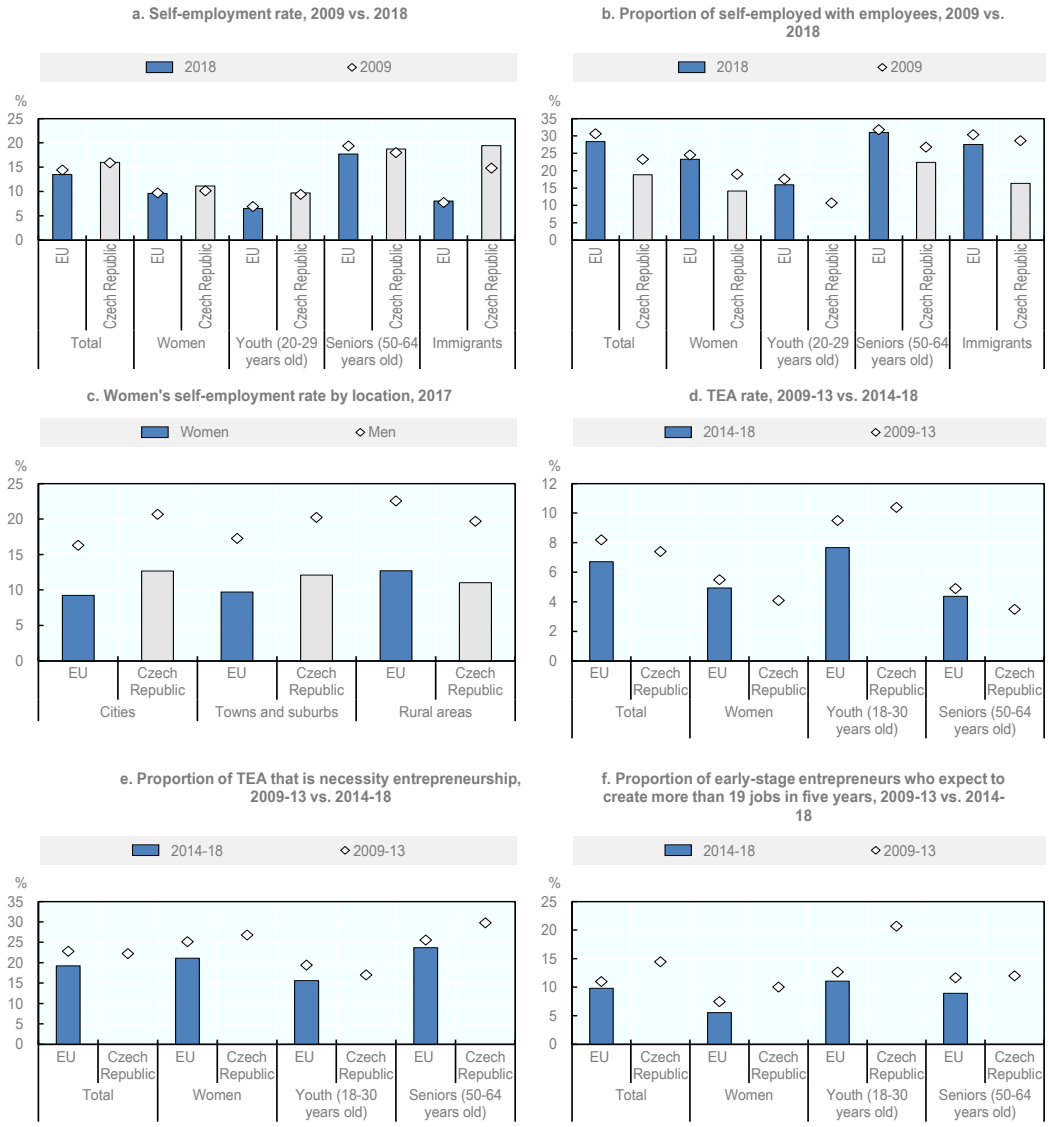
Recent policy developments

Several initiatives have been launched to support entrepreneurs in small and outlying regions. These include the 2017 SME Support Action Plan, which had a measure to support of entrepreneurs from small municipalities (under 3 000 inhabitants) because they face more difficult conditions for starting a business than entrepreneurs from large cities. Moreover, the Czech-Moravian Guarantee and Development Bank introduced the EXPANSION programme in 2017, which focuses on facilitating business loans to entrepreneurs and SMEs in economically disadvantaged regions. The total allocation of the first call was CZK 2.2 billion (EUR 84 million).

This profile is based on a recent country assessment report, which can be found at: www.oecd.org/cfe/leed/inclusive-entrepreneurship.htm.

Key inclusive entrepreneurship data

Figure 15.1. Entrepreneurship and self-employment data for Czech Republic



Notes: The self-employment rate is defined as the number of self-employed people (15-64 years old) divided by the number of people in employment. The TEA rate is the proportion of adults (18-64 years old) involved in setting up a business or managing a business that is less than 42 months old. Necessity entrepreneurship is defined as entrepreneurship activities that were launched because there were no other options in the labour market. Early-stage entrepreneurs are those who are in the process of setting up a business or managing a business that is less than 42 months old. The EU average in Panels D-F excludes Czech Republic and Malta for the period 2014-18 and Malta for the period 2009-13.

Sources: Panels A and B: Eurostat (2019), Labour Force Survey, https://ec.europa.eu/eurostat/web/lfs/data/database; Panel C: Eurostat (2018), Self-employment, Labour Force Survey ad-hoc module, https://ec.europa.eu/eurostat/web/lfs/data/database; Panels D-F: Global Entrepreneurship Monitor (2019), *Special tabulations of the GEM survey 2014-18*.

StatLink http://dx.doi.org/10.1787/888934066691

16. Denmark

This country profile presents current inclusive entrepreneurship policy issues and recent developments in Denmark. It also provides key self-employment and entrepreneurship data for women, youth, seniors and immigrants, benchmarked against the European Union average.

Key trends

Danes were about half as likely to be self-employed as the European Union (EU) average in 2018 (7.2% vs. 13.5%) and the self-employment rate has been relatively stable over the last decade. This gap can be observed among women (4.4% vs. 9.6%), youth (3.1% vs. 6.5%), and seniors (9.5% vs. 17.7%), but is much smaller among immigrants (6.1% vs. 8.0%). While a smaller proportion of the population is involved in starting and managing new businesses (5.5% vs. 6.7%), the vast majority report that they are pursuing opportunities that they have identified. Only 5.0% of women and 8.6% of youth reported that they started their business due to a lack of employment opportunities, relative to 21.1% and 15.6% of women and youth across the EU.

Hot issue

The government released the 2017 "White Paper on Growth and Competitiveness" to outline key policy priorities on entrepreneurship. The policy priorities are now being examined in light of the 2018 evaluation of the overall business promotion system by the "Simplification Committee" (*Forenklingsudvalget*), which was initiated by the Ministry for Industry, Business and Financial Affairs and also included representatives from the business sector and higher education system. It is expected that policy priorities revised around existing priorities such as entrepreneurship education, digitalisation and innovation.

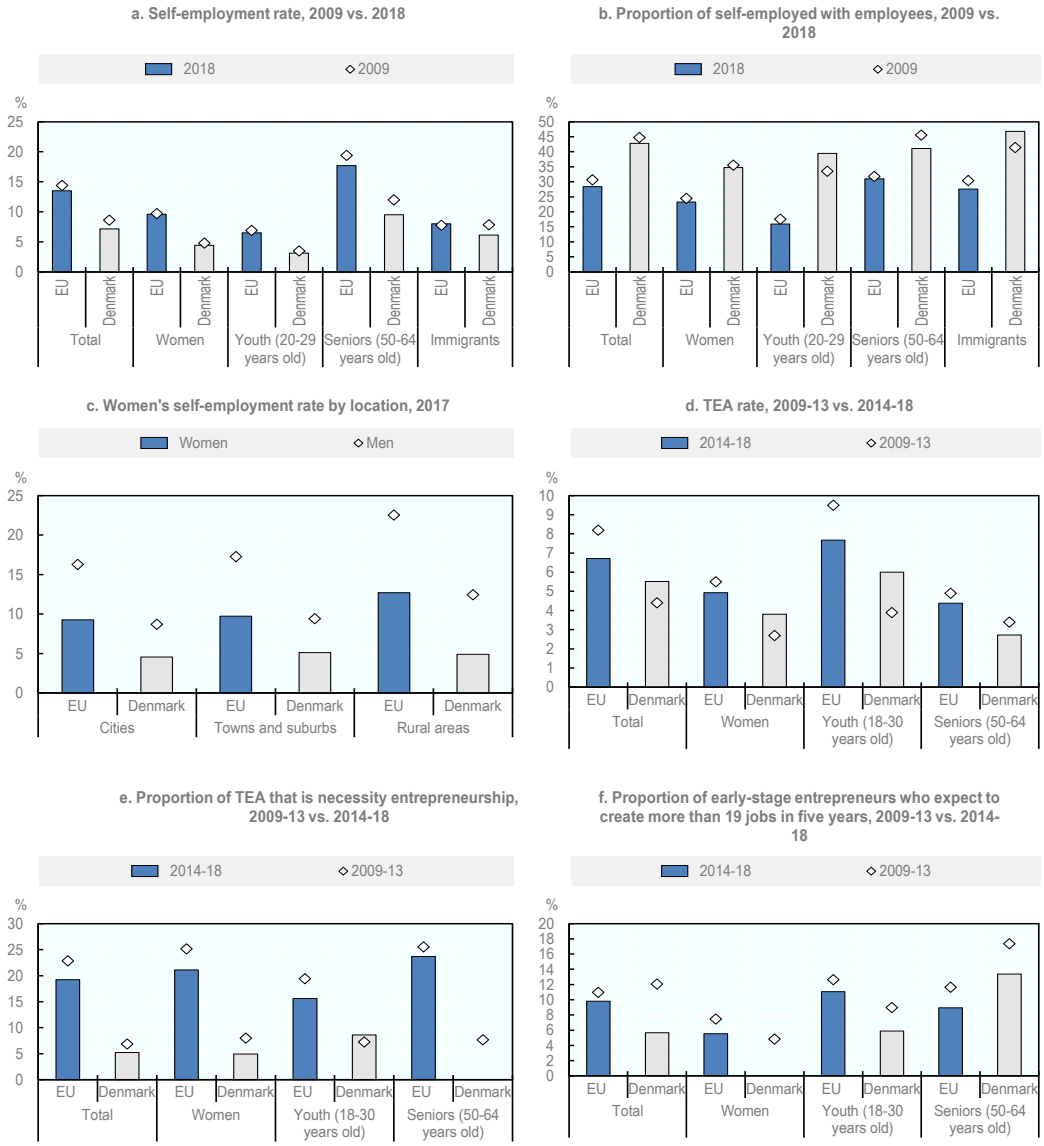
Recent policy developments

In line with national priorities on entrepreneurship skills development, two training programmes were introduced in 2017 by the Danish Business Authority to support students in entrepreneurship. The Teaching Entrepreneurship programme (*Undervisning i iværksætteri*) offers grants for projects that improve entrepreneurship training in vocational education. The Practical Start-up programme (*Start-op i praksis*) aims to encourage entrepreneurship in university students and help them acquire practical skills through internships and other means. Both programmes are co-financed by the European Social Fund.

This profile is based on a recent country assessment report, which can be found at: www.oecd.org/cfe/leed/inclusive-entrepreneurship.htm.

Key inclusive entrepreneurship data

Figure 16.1. Entrepreneurship and self-employment data for Denmark



Notes: The self-employment rate is defined as the number of self-employed people (15-64 years old) divided by the number of people in employment. The TEA rate is the proportion of adults (18-64 years old) involved in setting up a business or managing a business that is less than 42 months old. Necessity entrepreneurship is defined as entrepreneurship activities that were launched because there were no other options in the labour market. Early-stage entrepreneurs are those who are in the process of setting up a business or managing a business that is less than 42 months old. The EU average in Panels D-F excludes Czech Republic and Malta.
Sources: Panels A and B: Eurostat (2019), Labour Force Survey, https://ec.europa.eu/eurostat/web/lfs/data/database; Panel C: Eurostat (2018), Self-employment, Labour Force Survey ad-hoc module, https://ec.europa.eu/eurostat/web/lfs/data/database; Panels D-F: Global Entrepreneurship Monitor (2019), *Special tabulations of the GEM survey 2014-18*.

StatLink http://dx.doi.org/10.1787/888934066710

17. Estonia

This country profile benchmarks key self-employment and entrepreneurship indicators for women, youth, seniors and immigrants against the European Union average. It also presents current inclusive entrepreneurship policy issues and highlights recent developments in Estonia.

Key trends

The self-employment rate has increased over the past decade and was 10.4% in 2018 – the highest rate since 2006 – but was still slightly below the European Union (EU) average (13.5%). Similarly, Estonians were more likely to report being engaged in early-stage entrepreneurship activities over the 2014-18 period (14.1% vs. 6.7% for the EU), particularly women (10.5% vs. 4.9%) and youth (19.5% vs. 7.7%). Many of these entrepreneurship activities by women and youth appear to be high quality activities since a slightly higher than average proportion of early-stage women (6.1%) and youth (12.3%) entrepreneurs expected to create at least 19 jobs over the next five years.

Hot issue

While women's entrepreneurship support has a long history in Estonia, many new activities have been introduced in recent years. These include, for example, the training programme "Everything is possible!" (*Kõik on Võimalik!*), launched in 2018 by BWP Estonia with support from The Estonian Business School and several foundations. It will operate in five cities, complemented with online training material that is open to all. In addition to new support initiatives, several high profile events have been organised to raise the profile of women's entrepreneurship. Examples include the conference "Full speed to female entrepreneurship!" (*Hoogu naisettevõtlusele!*), which was organised by The Estonian Women's Studies and Resource Centre in November 2017 and featured many key stakeholders such as the Minister of Entrepreneurship.

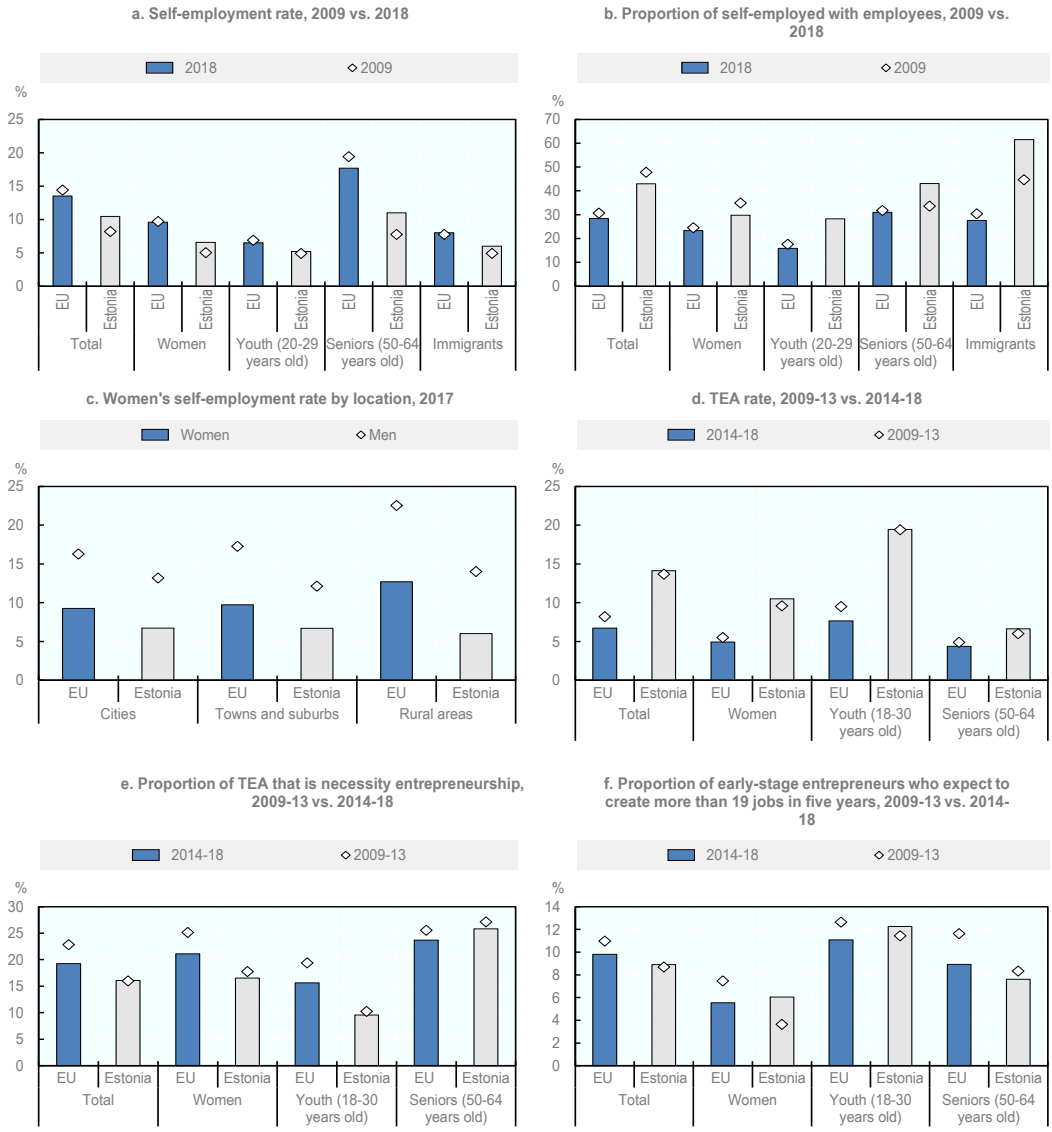
Recent policy developments

Many new policy developments focus on building entrepreneurship skills among people from specific under-represented and disadvantaged groups. Two calls for project proposals were announced by the government in 2017-18, including "Support to co-operation between the schools, community and entrepreneurs to make entrepreneurial studies more practical" for youth and the "Key Competences Programme" for adults with low skill levels and older people. The programmes are co-funded by the European Social Fund and managed by Innove Foundation.

This profile is based on a recent country assessment report, which can be found at: www.oecd.org/cfe/leed/inclusive-entrepreneurship.htm.

Key inclusive entrepreneurship data

Figure 17.1. Entrepreneurship and self-employment data for Estonia



Notes: The self-employment rate is defined as the number of self-employed people (15-64 years old) divided by the number of people in employment. The TEA rate is the proportion of adults (18-64 years old) involved in setting up a business or managing a business that is less than 42 months old. Necessity entrepreneurship is defined as entrepreneurship activities that were launched because there were no other options in the labour market. Early-stage entrepreneurs are those who are in the process of setting up a business or managing a business that is less than 42 months old. The EU average in Panels D-F excludes Czech Republic and Malta for the period 2014-18 and Malta for the period 2009-13.

Sources: Panels A and B: Eurostat (2019), Labour Force Survey, https://ec.europa.eu/eurostat/web/lfs/data/database; Panel C: Eurostat (2018), Self-employment, Labour Force Survey ad-hoc module, https://ec.europa.eu/eurostat/web/lfs/data/database; Panels D-F: Global Entrepreneurship Monitor (2019), *Special tabulations of the GEM survey 2014-18*.

StatLink http://dx.doi.org/10.1787/888934066729

18. Finland

This country profile highlights current inclusive entrepreneurship policy issues and recent developments in Finland. It also presents self-employment and entrepreneurship data for women, youth, seniors and immigrants and benchmarks the indicators against the European Union average.

Key trends

The overall self-employment rate declined slightly over the past decade, falling from 12.6% in 2009 to 11.6% in 2018. This decline was observed among key under-represented and disadvantaged groups such as women, youth and seniors. Moreover, the proportion of the self-employed with employees also declined slightly, notably among self-employed immigrants – this proportion declined from 34.1% to 26.2%. However, Finnish entrepreneurs were more likely to self-report an expectation to create at least 19 jobs over the next five years between 2014 and 2018 than the previous five-year period (2009-13). It is notable that women entrepreneurs closed the gap relative to the EU average for both measures.

Hot issue

It is estimated that up to 1.9 million working age people experience a disability or chronic disease and about one-third of them find that their work or work opportunities are affected. This number is expected to rise as the population ages. The government launched the OTE key project "Career opportunities for people with partial work ability" (2015-18) to identify solutions for keeping people who experience disability active in the labour market. The project made a series of recommendations in 2018, including improving access to labour market information and addressing incentive traps, which will help people learn about labour market opportunities and self-employment. The project also developed new online information resources and service offices.

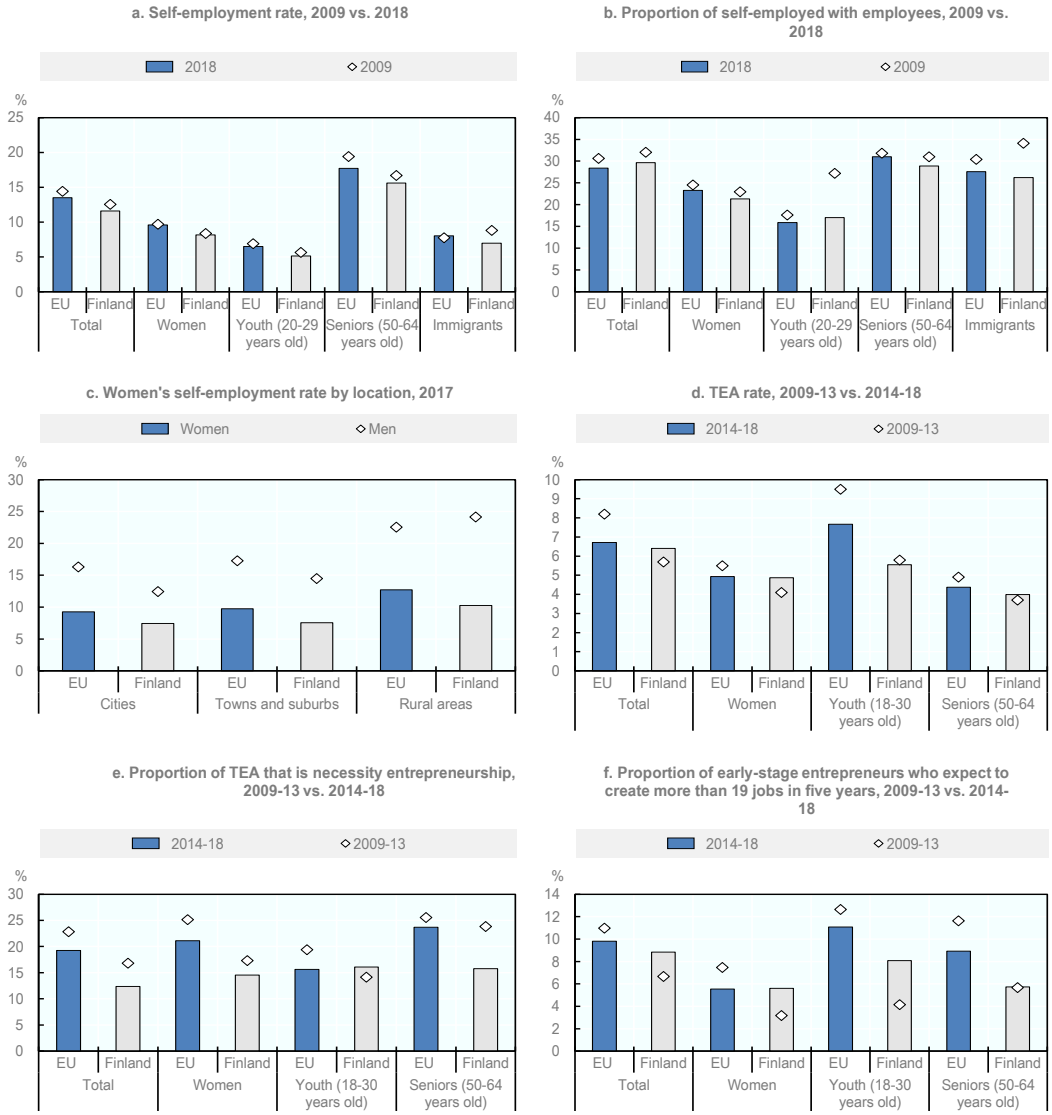
Recent policy developments

The updated Government Programme was launched in May 2018. It includes an updated "Entrepreneurship Package" focusing on new forms of entrepreneurship and working modes such as the platform economy and combinations of entrepreneurship and waged work. Rapporteurs appointed by the Ministry of Economic Affairs released a proposed strategic action plan for entrepreneurship in late 2018. It included 45 proposals to modernise entrepreneurship policy, notably through reforming the social security system for more equal treatment of the self-employed relative to employees.

This profile is based on a recent country assessment report, which can be found at: www.oecd.org/cfe/leed/inclusive-entrepreneurship.htm.

Key inclusive entrepreneurship data

Figure 18.1. Entrepreneurship and self-employment data for Finland



Notes: The self-employment rate is defined as the number of self-employed people (15-64 years old) divided by the number of people in employment. The TEA rate is the proportion of adults (18-64 years old) involved in setting up a business or managing a business that is less than 42 months old. Necessity entrepreneurship is defined as entrepreneurship activities that were launched because there were no other options in the labour market. Early-stage entrepreneurs are those who are in the process of setting up a business or managing a business that is less than 42 months old. The EU average in Panels D-F excludes Czech Republic and Malta for the period 2014-18 and Malta for the period 2009-13.

Sources: Panels A and B: Eurostat (2019), Labour Force Survey, https://ec.europa.eu/eurostat/web/lfs/data/database; Panel C: Eurostat (2018), Self-employment, Labour Force Survey ad-hoc module, https://ec.europa.eu/eurostat/web/lfs/data/database; Panels D-F: Global Entrepreneurship Monitor (2019), *Special tabulations of the GEM survey 2014-18*.

StatLink http://dx.doi.org/10.1787/888934066748

19. France

This country profile presents self-employment and entrepreneurship data for women, youth, seniors and immigrants. It also highlights current inclusive entrepreneurship policy issues and recent developments in France.

Key trends

The self-employment rate was slightly below the European Union (EU) average in 2018 (11.0% vs. 13.5%). While the self-employment rate has declined slightly at the EU level over the past decade, it has increased slightly in France. This increase is greatest among youth (3.9% in 2009 to 5.5% in 2018). Early-stage entrepreneurs were slightly more likely to expect to create at least 19 jobs over the next five years between 2014 and 2018 (12.2% vs. 9.8%). Among the key target groups, senior entrepreneurs were the most likely to report an expectation of this level of job creation (11.0%), which was above the EU average (8.9%).

Hot issue

Developing the country's entrepreneurial spirit is a central policy priority. The new Action Plan for Business Growth and Transformation (*Le plan d'action pour la croissance et la transformation des entreprises*) aims to enable businesses to grow and create more jobs, and seeks to encourage entrepreneurs and businesses to give back more to society through stronger profit sharing and more active participation in society. It also contains concrete measures that simplify administrative requirements for entrepreneurs, including online business registration, reduced bankruptcy procedures and new mechanisms for business transfer. The Law was adopted in April 2019 following nearly two years of public consultation and parliamentary review.

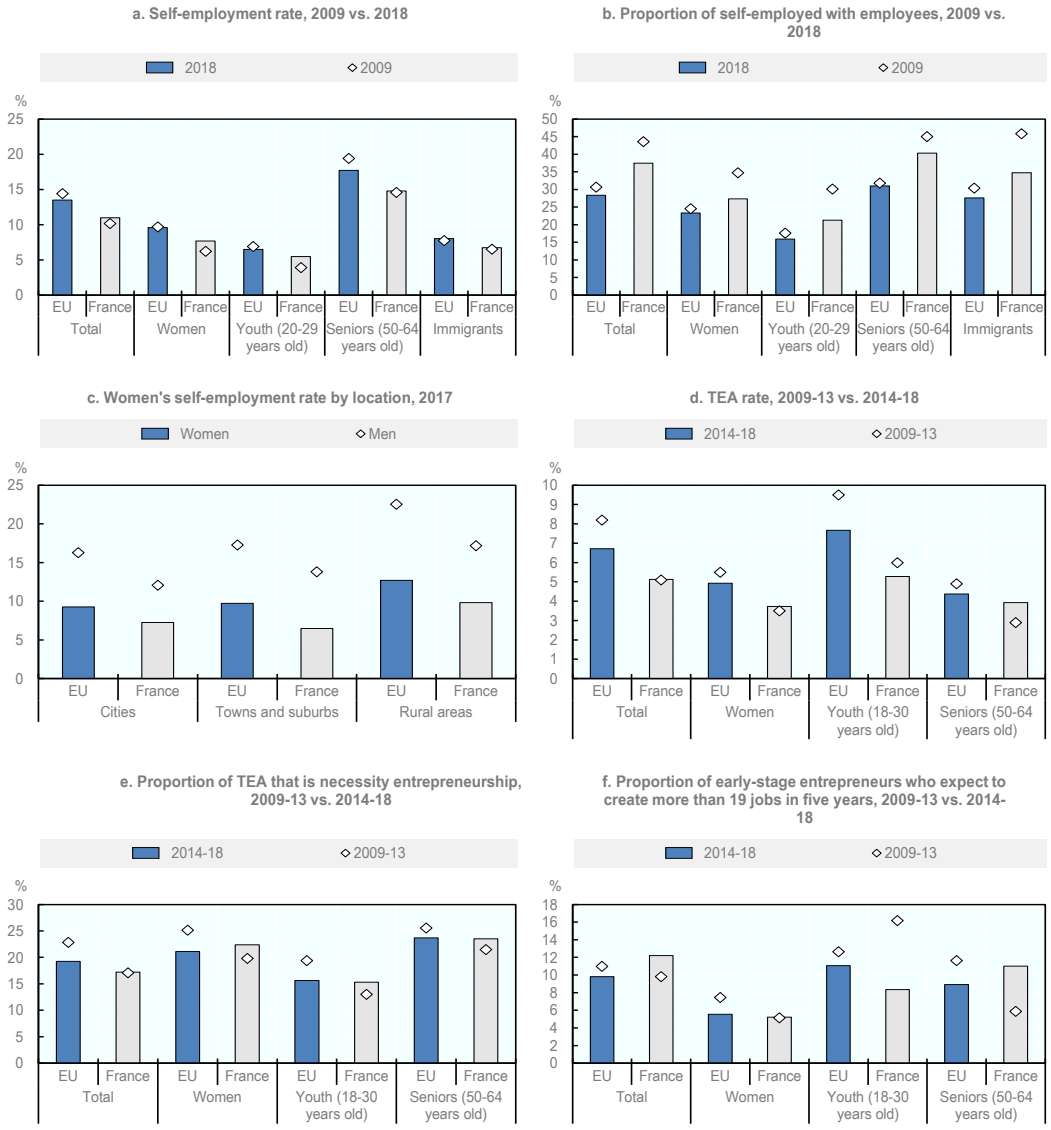
Recent policy developments

In 2018, the National Plan on Female Entrepreneurship (*Le plan « Entreprendre au féminin »*) was extended until 2020 as part of the First Inter-ministerial Plan for Professional Equality (*1er Plan interministériel en faveur de l'égalité professionnelle*). The Plan was introduced in August 2013 and aims to increase the share of female entrepreneurs.

This profile is based on a recent country assessment report, which can be found at: www.oecd.org/cfe/leed/inclusive-entrepreneurship.htm.

Key inclusive entrepreneurship data

Figure 19.1. Entrepreneurship and self-employment data for France



Notes: The self-employment rate is defined as the number of self-employed people (15-64 years old) divided by the number of people in employment. The TEA rate is the proportion of adults (18-64 years old) involved in setting up a business or managing a business that is less than 42 months old. Necessity entrepreneurship is defined as entrepreneurship activities that were launched because there were no other options in the labour market. Early-stage entrepreneurs are those who are in the process of setting up a business or managing a business that is less than 42 months old. The EU average in Panels D-F excludes Czech Republic and Malta for the period 2014-18 and Malta for the period 2009-13.

Sources: Panels A and B: Eurostat (2019), Labour Force Survey, https://ec.europa.eu/eurostat/web/lfs/data/database; Panel C: Eurostat (2018), Self-employment, Labour Force Survey ad-hoc module, https://ec.europa.eu/eurostat/web/lfs/data/database; Panels D-F: Global Entrepreneurship Monitor (2019), *Special tabulations of the GEM survey 2014-18*.

StatLink http://dx.doi.org/10.1787/888934066767

20. Germany

This country profile presents current inclusive entrepreneurship policy issues and recent developments in Germany. It also benchmarks self-employment and entrepreneurship indicators for women, youth, seniors and immigrants against the European Union average.

Key trends

The self-employed rate has declined over the past decade (from 10.5% in 2009 to 8.8% in 2018) and remains below the European Union (EU) average (13.5% in 2018). The proportion of self-employed people was one of the lowest among EU countries. The self-employment rate was particularly low among youth in 2018 (2.8%). However, self-employed youth were more likely to have employees than the EU average (25.5% vs. 15.9%). Moreover, early-stage youth entrepreneurs were more likely than the EU average for the period 2014-18 to expect to create at least 19 jobs over the next five years (13.4% vs. 11.1%). Women (8.4% vs. 5.5%) and senior (10.4% vs. 8.9%) entrepreneurs were also more likely to report an expectation to create this level of jobs.

Hot issue

The Federal Ministry for Economic Affairs and Energy released a new entrepreneurship strategy in November 2018 called "Go!!! Business creation offensive: Good for you and good for Germany" (*Go!!! Gründungs offensive, gut für Dich und gut für Deutschland*). The new plan is built around ten key points, and many highlight objectives to make entrepreneurship more inclusive. This includes boosting self-employment among women, creating more tailored financial instruments for different types of entrepreneurs, strengthening entrepreneurship skills among immigrants and facilitating business transfers.

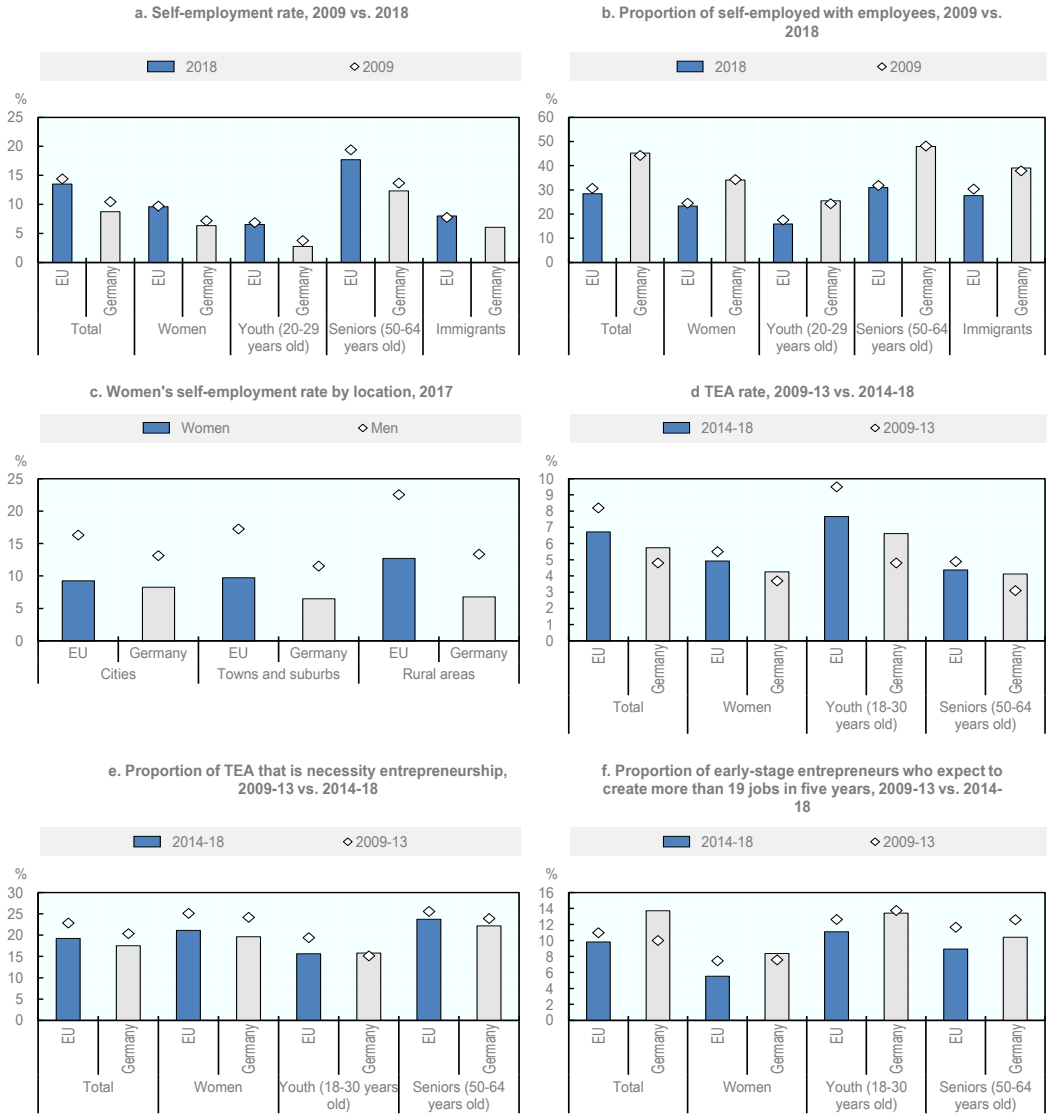
Recent policy developments

Policy support for measures that use entrepreneurship as a mechanism for helping to integrate migrants into the labour market and society are ongoing. For example, the pilot project called "Start-up Your Future" (*Gründerpatenschaften*) was launched in 2017 in Berlin-Brandenburg with financial support from the Federal Ministry for Economic Affairs and Energy. It is an entrepreneurship mentoring programme for migrant entrepreneurs, which also provides cultural training and support with business planning. The pilot will be evaluated in 2019 to assess potential for a national rollout.

This profile is based on a recent country assessment report, which can be found at: www.oecd.org/cfe/leed/inclusive-entrepreneurship.htm.

Key inclusive entrepreneurship data

Figure 20.1. Entrepreneurship and self-employment data for Germany



Notes: The self-employment rate is defined as the number of self-employed people (15-64 years old) divided by the number of people in employment. The TEA rate is the proportion of adults (18-64 years old) involved in setting up a business or managing a business that is less than 42 months old. Necessity entrepreneurship is defined as entrepreneurship activities that were launched because there were no other options in the labour market. Early-stage entrepreneurs are those who are in the process of setting up a business or managing a business that is less than 42 months old. The EU average in Panels D-F excludes Czech Republic and Malta for the period 2014-18 and Malta for the period 2009-13.

Sources: Panels A and B: Eurostat (2019), Labour Force Survey, https://ec.europa.eu/eurostat/web/lfs/data/database; Panel C: Eurostat (2018), Self-employment, Labour Force Survey ad-hoc module, https://ec.europa.eu/eurostat/web/lfs/data/database; Panels D-F: Global Entrepreneurship Monitor (2019), *Special tabulations of the GEM survey 2014-18*.

StatLink http://dx.doi.org/10.1787/888934066786

21. Greece

This country profile benchmarks key self-employment and entrepreneurship data for women, youth, seniors and immigrants against the European Union average. It also highlights current inclusive entrepreneurship policy issues and recent developments in Greece.

Key trends

Nearly one-third of working Greeks were self-employed in 2018 (29.1%), which was more than double the European Union (EU) average (13.5%). This was also observed across most of the key target groups: women (22.9% vs. 9.6%), youth (12.6% vs. 6.5%) and seniors (41.8% vs. 17.7%). However, the self-employment rate for immigrants was below the EU average (6.8% vs. 8.0%). The self-employed were slightly less likely than the EU average to have employees. However, very few early-stage entrepreneurs expected to create at least 19 jobs over the next five years. Only 1.3% of new women entrepreneurs, 3.8% of new youth entrepreneurs and 4.2% of senior entrepreneurs reported this level of expected job creation between 2014 and 2018.

Hot issue

The effects of the economic crisis and bailouts continue to linger. Entrepreneurship policy increasingly focuses on strengthening the entrepreneurship ecosystem, innovative start-ups and graduate entrepreneurs. The European Commission's third post-bailout assessment was published in June 2019 and it highlights several positive developments, including increased acceptance of payment cards by very small businesses and improvements in the regulatory environment that boost economic activity such as allowing small businesses to open on Sundays in the peak tourism season (May to October).

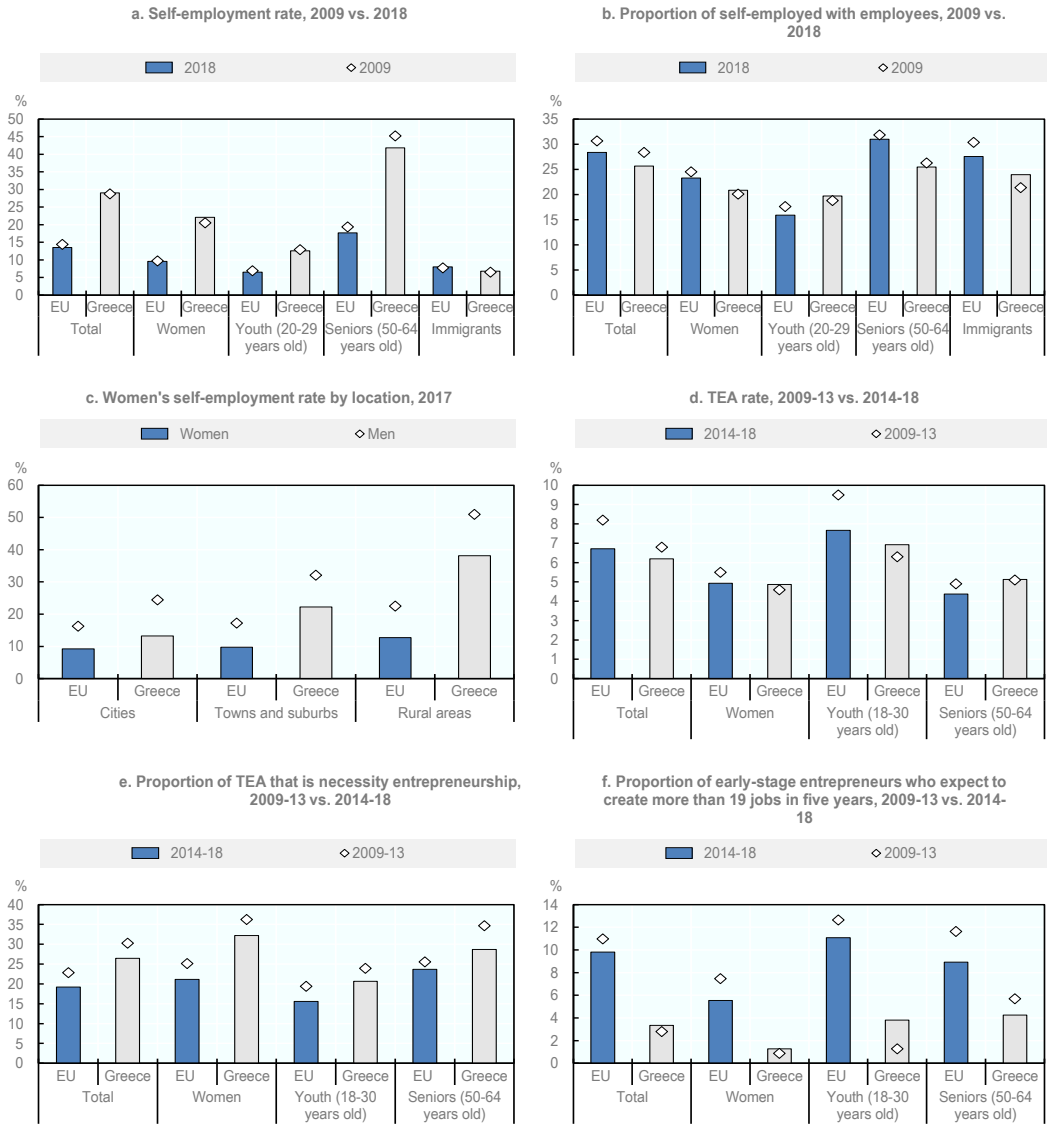
Recent policy developments

A recent development is the introduction by the Ministry of Economy, Development and Tourism of the Support of self-employment graduates of higher education (B' Cycle) measure (*Ενίσχυση της αυτοαπασχόλησης Πτυχιούχων Τριτοβάθμιας Εκπαίδευσης [Β' Κύκλος]*) in 2017. The measure supports the business creation by unemployed graduates as well as already self-employed graduates with grants of EUR 5 000 to EUR 25 000. The measure aims at creating new jobs and is co-financed by the European Social Fund and the national government.

This profile is based on a recent country assessment report, which can be found at: www.oecd.org/cfe/leed/inclusive-entrepreneurship.htm.

Key inclusive entrepreneurship data

Figure 21.1. Entrepreneurship and self-employment data for Greece



Notes: The self-employment rate is defined as the number of self-employed people (15-64 years old) divided by the number of people in employment. The TEA rate is the proportion of adults (18-64 years old) involved in setting up a business or managing a business that is less than 42 months old. Necessity entrepreneurship is defined as entrepreneurship activities that were launched because there were no other options in the labour market. Early-stage entrepreneurs are those who are in the process of setting up a business or managing a business that is less than 42 months old. The EU average in Panels D-F excludes Czech Republic and Malta for the period 2014-18 and Malta for the period 2009-13.

Sources: Panels A and B: Eurostat (2019), Labour Force Survey, https://ec.europa.eu/eurostat/web/lfs/data/database; Panel C: Eurostat (2018), Self-employment, Labour Force Survey ad-hoc module, https://ec.europa.eu/eurostat/web/lfs/data/database; Panels D-F: Global Entrepreneurship Monitor (2019), *Special tabulations of the GEM survey 2014-18*.

StatLink http://dx.doi.org/10.1787/888934066805

22. Hungary

This country profile presents self-employment and entrepreneurship data for women, youth, seniors and immigrants in Hungary and benchmarks the indicators against the European Union average. It also highlights current inclusive entrepreneurship policy issues and recent policy actions.

Key trends

Self-employment has declined over the past decade from 12.0% in 2009 to 9.7% in 2018, and was below the European Union (EU) average for the past decade. The gender gap in the self-employment rate is shrinking, but this is being driven by a decline in the self-employment rate for men rather than an increase in the rate for women. The proportion of people involved in starting and managing new businesses was above the EU average between 2014 and 2018 (8.6% vs. 6.7%). This proportion was relatively high among youth over this period (9.1% vs. 7.7%).

Hot issue

Regulatory burden continues to receive attention from policy makers. Efforts at simplifying business regulations continue and an e-taxation system was introduced in 2018, complemented with technical assistance for new start-ups. Similarly, efforts are also ongoing to simplify administrative requirements for programmes receiving European Union support. The aim is to limit potential adverse incentives linked to grant-allocation mechanisms.

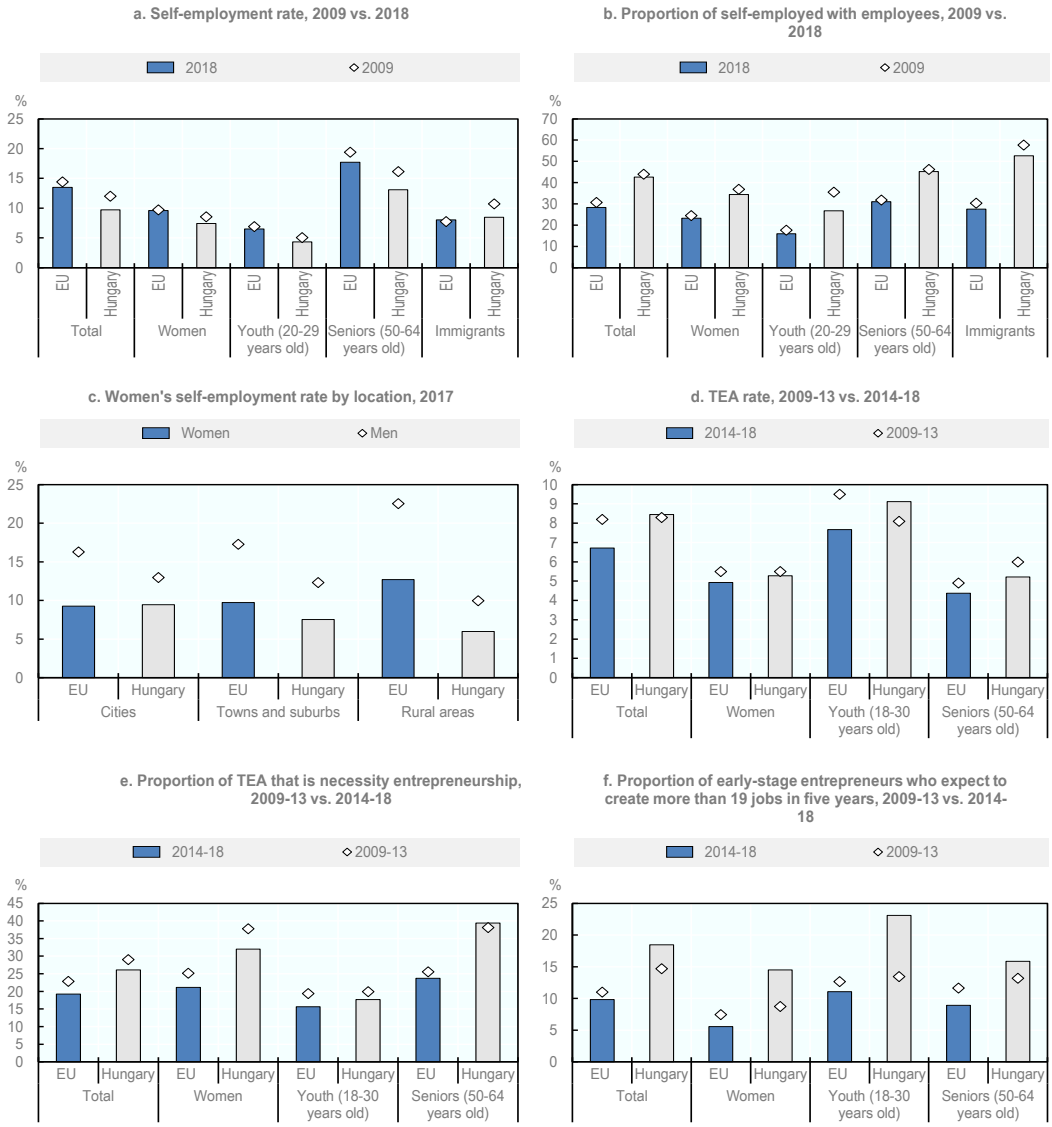
Recent policy developments

Policy makers continue to boost support for youth entrepreneurs. The Ministry of Finance launched new calls in 2018 under updated measures in the Youth Entrepreneurship Programme. The programme is delivered as VEKOP in Central Hungary and GINOP in other regions, but they are essentially the same programme. They offer entrepreneurship training and start-up financing, and youth are now required to contribute at least 10% of the start-up financing needed. While implementation is done at the regional level to provide flexibility to adapt the programme's content to the local needs, the entry point is through the National Employment Service since the programmes are part of the Youth Guarantee scheme. The programmes are co-financed by the European Social Fund.

This profile is based on a recent country assessment report, which can be found at: www.oecd.org/cfe/leed/inclusive-entrepreneurship.htm.

Key inclusive entrepreneurship data

Figure 22.1. Entrepreneurship and self-employment data for Hungary



Notes: The self-employment rate is defined as the number of self-employed people (15-64 years old) divided by the number of people in employment. The TEA rate is the proportion of adults (18-64 years old) involved in setting up a business or managing a business that is less than 42 months old. Necessity entrepreneurship is defined as entrepreneurship activities that were launched because there were no other options in the labour market. Early-stage entrepreneurs are those who are in the process of setting up a business or managing a business that is less than 42 months old. The EU average in Panels D-F excludes Czech Republic and Malta for the period 2014-18 and Malta for the period 2009-13.

Sources: Panels A and B: Eurostat (2019), Labour Force Survey, https://ec.europa.eu/eurostat/web/lfs/data/database; Panel C: Eurostat (2018), Self-employment, Labour Force Survey ad-hoc module, https://ec.europa.eu/eurostat/web/lfs/data/database; Panels D-F: Global Entrepreneurship Monitor (2019), *Special tabulations of the GEM survey 2014-18*.

StatLink http://dx.doi.org/10.1787/888934066824

23. Ireland

This country profile benchmarks self-employment and entrepreneurship data for women, youth, seniors and immigrants in Ireland against the European Union average. It also highlights current inclusive entrepreneurship policy issues and recent policy developments.

Key trends

Overall, the self-employment rate was approximately equal to the European Union (EU) average in 2018 (12.9% vs. 13.5%). Women were slightly less likely to be self-employed than the EU average in 2018 (6.8% vs. 9.6%), while youth were much less likely (2.9% vs. 6.5%) and seniors much more likely (23.0% vs. 17.7%). Women, youth and seniors were more likely to be involved in starting and managing new businesses between 2014 and 2018, and were much more likely to expect to create at least 19 jobs over the next five years. This proportion was the highest among youth entrepreneurs as nearly one in five expected this level of job creation.

Hot issue

Entrepreneurship continues to be a policy priority for the national government. The main entrepreneurship policy was renewed in 2018 with the release of "Enterprise 2025 Renewed: Resilient – Innovative – Globally Connected." The strategic document note that the fundamentals of Ireland's enterprise policy remain sound but that further actions are needed to use entrepreneurship as a way to increase labour force participation rates for the unemployed, youth, women, older people and people with disabilities. The overall objective is to promote growth and innovation, but also create sustainable employment and higher living standards for all.

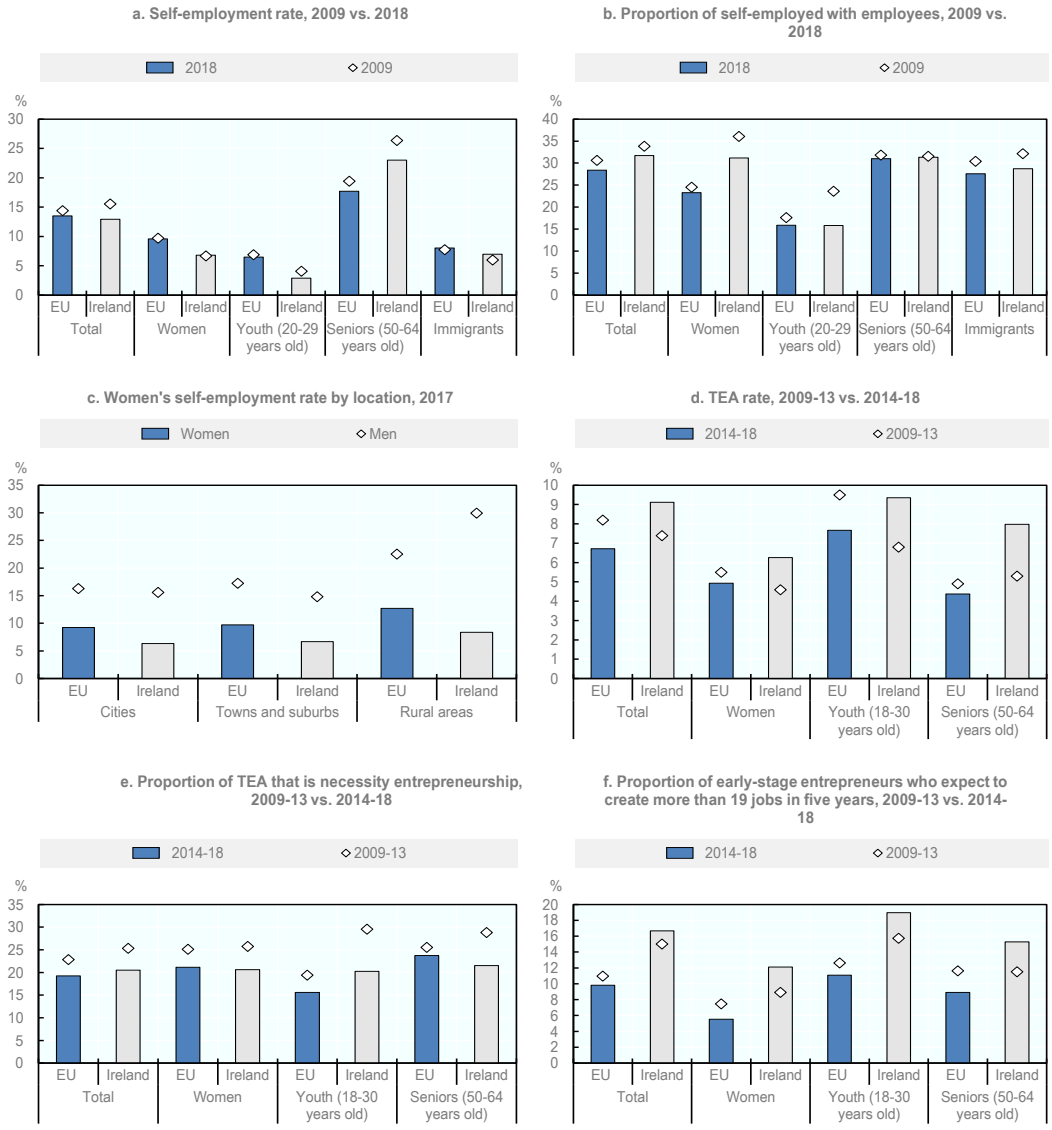
Recent policy developments

Policy actions to boost women's entrepreneurship continue. Enterprise Ireland launched the 2019 women-only call for applications to the Competitive Start Fund in June 2019. The Fund provides up to EUR 50 000 to a maximum of 15 applicants. Successful applicants will also be provided a place in the 12-week Innovate accelerator programme that is delivered by the Dublin Business Innovation Centre. Eligible entrepreneurs must have not started selling products or services, or have generated less than EUR 60 000 in revenue. Business should be capable of realising at least EUR 1 million within three years and create at least ten jobs during this period.

This profile is based on a recent country assessment report, which can be found at: www.oecd.org/cfe/leed/inclusive-entrepreneurship.htm.

Key inclusive entrepreneurship data

Figure 23.1. Entrepreneurship and self-employment data for Ireland



Notes: The self-employment rate is defined as the number of self-employed people (15-64 years old) divided by the number of people in employment. The TEA rate is the proportion of adults (18-64 years old) involved in setting up a business or managing a business that is less than 42 months old. Necessity entrepreneurship is defined as entrepreneurship activities that were launched because there were no other options in the labour market. Early-stage entrepreneurs are those who are in the process of setting up a business or managing a business that is less than 42 months old. The EU average in Panels D-F excludes Czech Republic and Malta for the period 2014-18 and Malta for the period 2009-13.

Sources: Panels A and B: Eurostat (2019), Labour Force Survey, https://ec.europa.eu/eurostat/web/lfs/data/database; Panel C: Eurostat (2018), Self-employment, Labour Force Survey ad-hoc module, https://ec.europa.eu/eurostat/web/lfs/data/database; Panels D-F: Global Entrepreneurship Monitor (2019), *Special tabulations of the GEM survey 2014-18*.

StatLink http://dx.doi.org/10.1787/888934066843

24. Italy

This country profile presents key self-employment and entrepreneurship indicators for women, youth, senior and immigrant entrepreneurs in Italy and benchmarks them against the European Union average. It also highlights recent policy developments and current issues related to inclusive entrepreneurship.

Key trends

While the self-employment rate has declined slightly over the past decade (22.5% in 2009 to 20.6% in 2018), it remained well-above the European Union (EU) average in 2018 (13.5%). Similarly, the proportions of women (14.9%), youth (12.6%) and seniors (23.7%) that are self-employed are relatively high. However, the self-employment rate for immigrants is approximately equal to the EU average. Although few new entrepreneurs over the period 2014-18 appear to be motivated by a lack of employment opportunities, the proportion of new entrepreneurs that expected to create at least 19 jobs over the next five years was below the EU average. The gap was particularly large among youth (7.1% vs. 11.1%) and senior entrepreneurs (2.5% vs. 8.9%).

Hot issue

A new bill was enacted in May 2017 called the *Jobs Act for Self-employment and Smart Working*, which is part of a suite of reforms that aim to reduce the differences in the protection granted to self-employed workers and employees. Key provisions pertain to the self-employed who work in a dependent relationship with one client (i.e. *lavoratori parasubordinati)*. The bill protects these self-employed workers in the case of injury, sickness or maternity leave by "suspending" their work arrangement for up to a maximum of 150 days without giving up rights to payment.

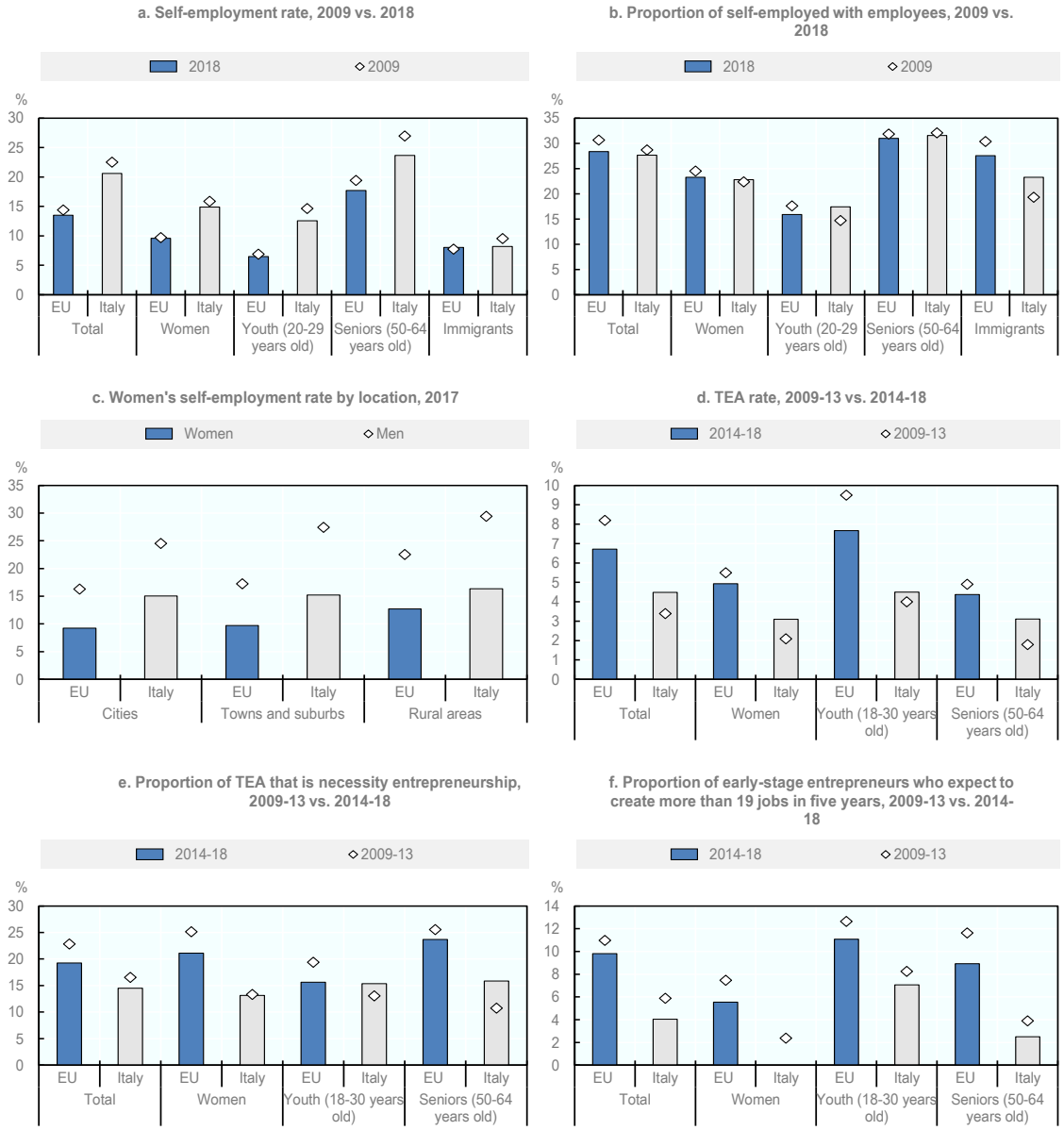
Recent policy developments

Support for youth entrepreneurs continues to be strengthened. For example, the measure *Resto al Sud* ("I remain in the South") was introduced in 2017 to support youth entrepreneurs (18-35 years old) in Abruzzo, Basilicata, Calabria, Campania, Molise, Puglia, Sardegna and Sicilia. The support is expected to be expanded in the 2019 Budget Law. Support will be open to entrepreneurs under 46 years old, as well as freelance workers. The measure offers up to EUR 40 000 (35% is non-repayable and 65% is repayable with a subsidised interest rate) and consulting services. The measure is managed by Invitalia.

This profile is based on a recent country assessment report, which can be found at: www.oecd.org/cfe/leed/inclusive-entrepreneurship.htm.

Key inclusive entrepreneurship data

Figure 24.1. Entrepreneurship and self-employment data for Italy



Notes: The self-employment rate is defined as the number of self-employed people (15-64 years old) divided by the number of people in employment. The TEA rate is the proportion of adults (18-64 years old) involved in setting up a business or managing a business that is less than 42 months old. Necessity entrepreneurship is defined as entrepreneurship activities that were launched because there were no other options in the labour market. Early-stage entrepreneurs are those who are in the process of setting up a business or managing a business that is less than 42 months old. The EU average in Panels D-F excludes Czech Republic and Malta for the period 2014-18 and Malta for the period 2009-13.

Sources: Panels A and B: Eurostat (2019), Labour Force Survey, https://ec.europa.eu/eurostat/web/lfs/data/database; Panel C: Eurostat (2018), Self-employment, Labour Force Survey ad-hoc module, https://ec.europa.eu/eurostat/web/lfs/data/database; Panels D-F: Global Entrepreneurship Monitor (2019), *Special tabulations of the GEM survey 2014-18*.

StatLink http://dx.doi.org/10.1787/888934066862

25. Latvia

This country profile highlights current inclusive entrepreneurship policy issues and recent developments in Latvia. It also benchmarks key self-employment and entrepreneurship indicators for women, youth, seniors and immigrants against the European Union average.

Key trends

Self-employment rates for women (9.1% vs. 9.6%), youth (6.6% vs. 6.5%) and immigrants (7.4% vs. 8.0%) were approximately equal to the European Union (EU) averages, while the rate for seniors was below (12.2% vs. 17.7%). Relative to 2009, the self-employment rates for these groups increased slightly. Similarly, the proportions of women, youth and seniors involved in starting and managing new businesses increased over the past decade. Relative to the EU average, new women, youth and senior entrepreneurs were slightly more likely to expect to create at least 19 jobs over the next five years. However, this proportion has declined over the past decade.

Hot issue

The Ministry of Environmental Protection and Regional Development created four Special Economic Zones (SEZ) – Riga Free Port, Ventspils Free Port, Liepaja Special Economic Zone and Rezekne Special Economic Zone. A fifth SEZ was created in 2017 for Latgale. The aim of these SEZ is to promote regional development and promote entrepreneurship activities in the regions. While the benefits vary slightly across the regions, entrepreneurs and firms can receive tax rebates and reduce administrative requirements. Discussions are ongoing in some of the regions to expand the relief measures to also include support wage costs and leasing of assets, and to expand the sectors covered.

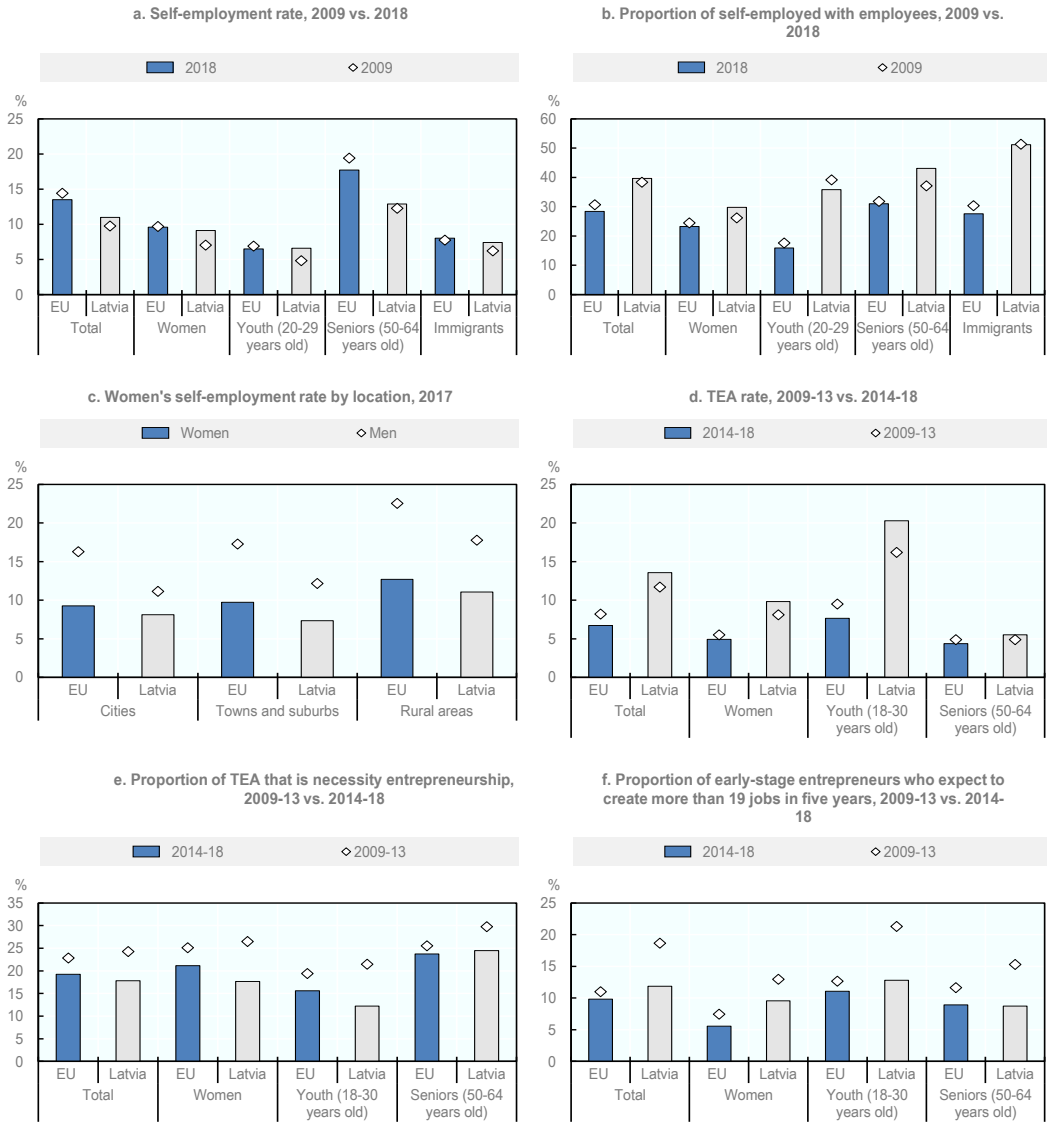
Recent policy developments

New amendments to the Micro-enterprise Tax Law came into force on 1 January 2017. The respective amendments reduce the tax rate to 12% for enterprises with turnover less than EUR 7 000 per year and to 15% for enterprises with turnover between EUR 7 001 to EUR 100 000. This regime also reduces the mandatory State Social Insurance payments. This reduced tax burden is expected to provide an incentive for business creation and improve the conditions for very small businesses.

This profile is based on a recent country assessment report, which can be found at: www.oecd.org/cfe/leed/inclusive-entrepreneurship.htm.

Key inclusive entrepreneurship data

Figure 25.1. Entrepreneurship and self-employment data for Latvia



Notes: The self-employment rate is defined as the number of self-employed people (15-64 years old) divided by the number of people in employment. The TEA rate is the proportion of adults (18-64 years old) involved in setting up a business or managing a business that is less than 42 months old. Necessity entrepreneurship is defined as entrepreneurship activities that were launched because there were no other options in the labour market. Early-stage entrepreneurs are those who are in the process of setting up a business or managing a business that is less than 42 months old. The EU average in Panels D-F excludes Czech Republic and Malta for the period 2014-18 and Malta for the period 2009-13.

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StatLink http://dx.doi.org/10.1787/888934066881

26. Lithuania

This country profile benchmarks key self-employment and entrepreneurship data for women, youth, seniors and immigrants in Lithuania against the European Union average. It also highlights recent inclusive entrepreneurship policy developments and current policy issues.

Key trends

The self-employment rate was slightly lower than the European Union (EU) average in 2018 (10.9% vs. 13.7%). The self-employment rate has increased slightly over the past decade, notably among youth (4.3% vs. 6.9%). The proportion of people involved in starting a business in Lithuania was among the highest in the EU over the 2014-18 period (11.3% vs. 6.7%). Youth were very active in starting businesses and managing new businesses (15.6% vs. 6.8% for the EU). Moreover, youth were slightly less likely than the EU average to report that they started their business due to a lack of employment opportunities (14.2% vs. 15.6%) and were more likely to expect to create at least 19 jobs over the next five years (14.1% vs. 11.1%).

Hot issue

A key government priority is the promotion of an attractive investment environment and a business-friendly ecosystem for regional development and innovation. Municipalities have been supporting this priority, including through local inclusive entrepreneurship measures and initiatives. For example, Vilnius City Municipality reduced the fees for business certificates in 2016 by 70% for students and 50% for retired people, people with disabilities, registered unemployed and families with children.

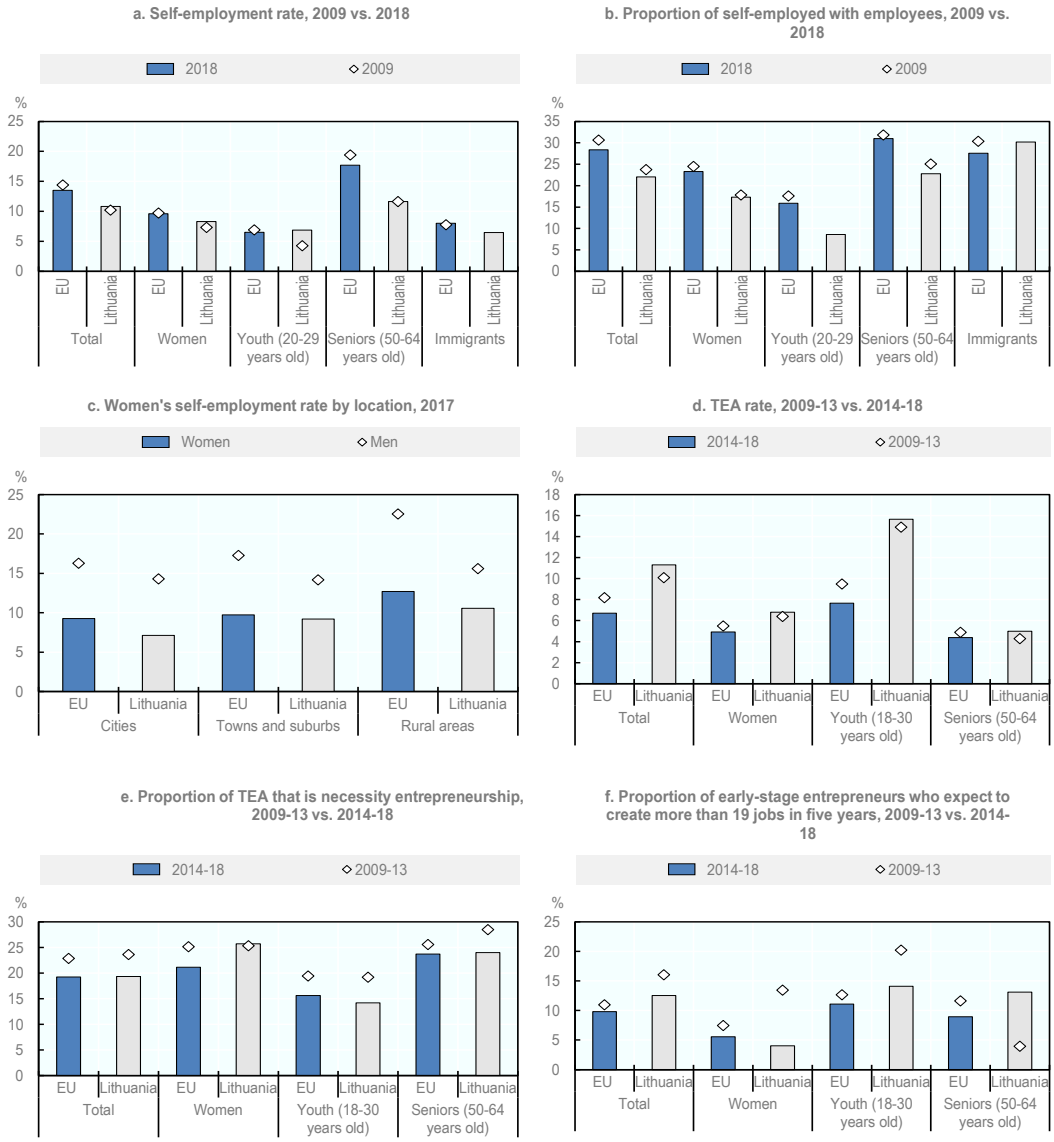
Recent policy developments

The Ministry of Social Security and Labour has prepared the Strategy for the Demographic, Migration and Integration Policy for 2018-30. One of the major goals of the Strategy is to ensure that seniors are integrated in society and have opportunities to contribute to social and political life, as well as in the labour market – both as employees and as entrepreneurs. The Strategy also aims to increase support for immigrants to improve their integration in the labour market, including through self-employment, and to increase life-long opportunities for Lithuanians to reduce emigration.

This profile is based on a recent country assessment report, which can be found at: www.oecd.org/cfe/leed/inclusive-entrepreneurship.htm.

Key inclusive entrepreneurship data

Figure 26.1. Entrepreneurship and self-employment data for Lithuania



Notes: The self-employment rate is defined as the number of self-employed people (15-64 years old) divided by the number of people in employment. The TEA rate is the proportion of adults (18-64 years old) involved in setting up a business or managing a business that is less than 42 months old. Necessity entrepreneurship is defined as entrepreneurship activities that were launched because there were no other options in the labour market. Early-stage entrepreneurs are those who are in the process of setting up a business or managing a business that is less than 42 months old. The EU average in Panels D-F excludes Czech Republic and Malta for the period 2014-18 and Malta for the period 2009-13.

Sources: Panels A and B: Eurostat (2019), Labour Force Survey, https://ec.europa.eu/eurostat/web/lfs/data/database; Panel C: Eurostat (2018), Self-employment, Labour Force Survey ad-hoc module, https://ec.europa.eu/eurostat/web/lfs/data/database; Panels D-F: Global Entrepreneurship Monitor (2019), *Special tabulations of the GEM survey 2014-18*.

StatLink http://dx.doi.org/10.1787/888934066900

27. Luxembourg

This country profile present self-employment and entrepreneurship data for women, youth, seniors and immigrants in Luxembourg and benchmarks these indicators against the European Union average. It also highlights current inclusive entrepreneurship policy issues and recent policy actions.

Key trends

The self-employment rate remained fairly constant over the past decade (7.4% in 2009 and 7.5% in 2018) but remained below the European Union (EU) average in 2018 (13.5%). Similarly, the self-employment rates for women, youth, seniors and immigrants were all slightly below the EU average in 2018. However, women, youth and seniors were more likely than the EU average between 2014 and 2018 to be involved in starting or managing a new business. However, these new entrepreneurs were less likely than the EU average to expect to create at least 19 jobs over the next five years.

Hot issue

The 2018 National Reform Programme (NRP) outlines a series of measures that aim to enable long-term "smart, sustainable and inclusive growth." These measures support key policy priorities in the areas of: (i) education and training; (ii) R&D and innovation, (iii) efficient use of resources; and (iv) social cohesion and inclusion, including gender equality as a cross-disciplinary objective. These government priorities are implemented through a range of measures and initiatives, including the establishment of a new legal framework for business creation, measures to attract immigrant investors, and activities to promote and support self-employment (e.g. provision of training and business counselling). The NPR also includes activities to support disadvantaged population groups in society, including the transversal objective to foster inclusive entrepreneurship as a mechanism to increase employment rates and reduce crisis-related unemployment.

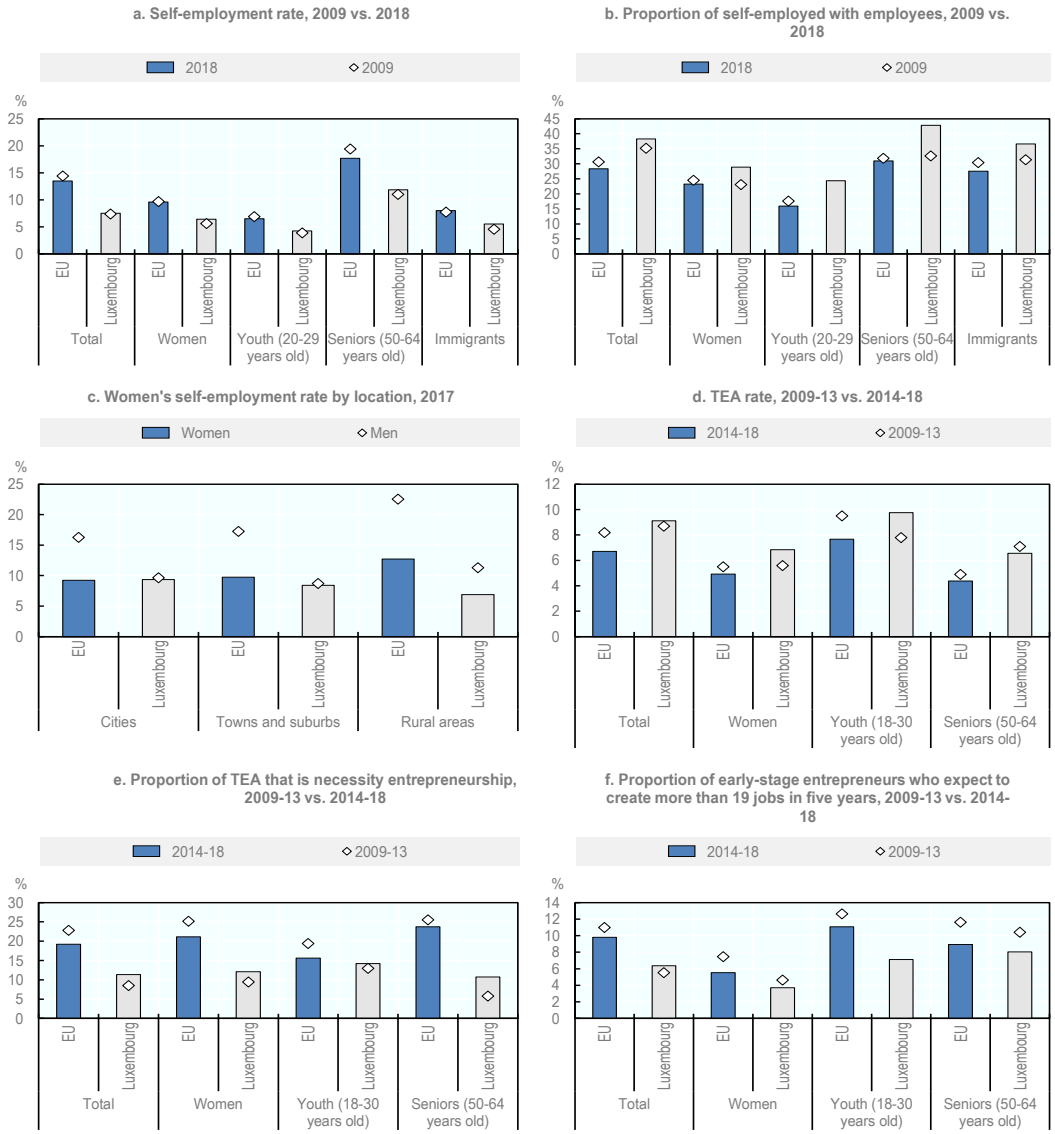
Recent policy developments

Although Luxembourg is a small country, a number of tailored and targeted entrepreneurship supports have been introduced in recent years. New legislation was introduced in April 2018 to allow jobseekers who are in the process of creating business to continue receiving employment benefits for a period of six months without accepting job offers. In addition, entrepreneurship support is included in the "Connections" project for refugees. This initiative is led by the *Association de Soutien aux Travailleurs Immigrés*, with support from the Chamber of Crafts, the Public Employment Service.

This profile is based on a recent country assessment report, which can be found at: www.oecd.org/cfe/leed/inclusive-entrepreneurship.htm.

Key inclusive entrepreneurship data

Figure 27.1. Entrepreneurship and self-employment data for Luxembourg



Notes: The self-employment rate is defined as the number of self-employed people (15-64 years old) divided by the number of people in employment. The TEA rate is the proportion of adults (18-64 years old) involved in setting up a business or managing a business that is less than 42 months old. Necessity entrepreneurship is defined as entrepreneurship activities that were launched because there were no other options in the labour market. Early-stage entrepreneurs are those who are in the process of setting up a business or managing a business that is less than 42 months old. The EU average in Panels D-F excludes Czech Republic and Malta for the period 2014-18 and Malta for the period 2009-13.

Sources: Panels A and B: Eurostat (2019), Labour Force Survey, https://ec.europa.eu/eurostat/web/lfs/data/database; Panel C: Eurostat (2018), Self-employment, Labour Force Survey ad-hoc module, https://ec.europa.eu/eurostat/web/lfs/data/database; Panels D-F: Global Entrepreneurship Monitor (2019), *Special tabulations of the GEM survey 2014-18*.

StatLink http://dx.doi.org/10.1787/888934066919

28. Malta

This country profile highlights current inclusive entrepreneurship policy issues and recent policy developments. It also benchmarks self-employment and entrepreneurship data for women, youth, seniors and immigrants in Malta against the European Union average.

Key trends

The self-employment rate was approximately equivalent to the average European Union (EU) rate in 2018 (13.2% vs. 13.7%). Youth self-employment has declined over the past decade – 4.9% of working youth were self-employed in 2009 and only 2.1% were in 2018. Conversely, the proportion of working women who were self-employed has also risen slightly, from 6.1% in 2009 to 7.6% in 2018. The self-employment rate for older people had been slightly above the EU average for the past decade, but has declined from 20.5% in 2009 to 17.9% in 2018. Self-employed women and youth were more likely than the EU average to have employees, while self-employed immigrants were less likely.

Hot issue

The availability of entrepreneurship support initiatives has increased in recent years, largely due to the number of new youth entrepreneurship support initiatives that were launched as part of the National Youth Policy: Towards 2020 – including an increased availability of entrepreneurship education. In parallel, there has also been a number of new family-friendly measures aimed at encouraging and supporting women in the labour market.

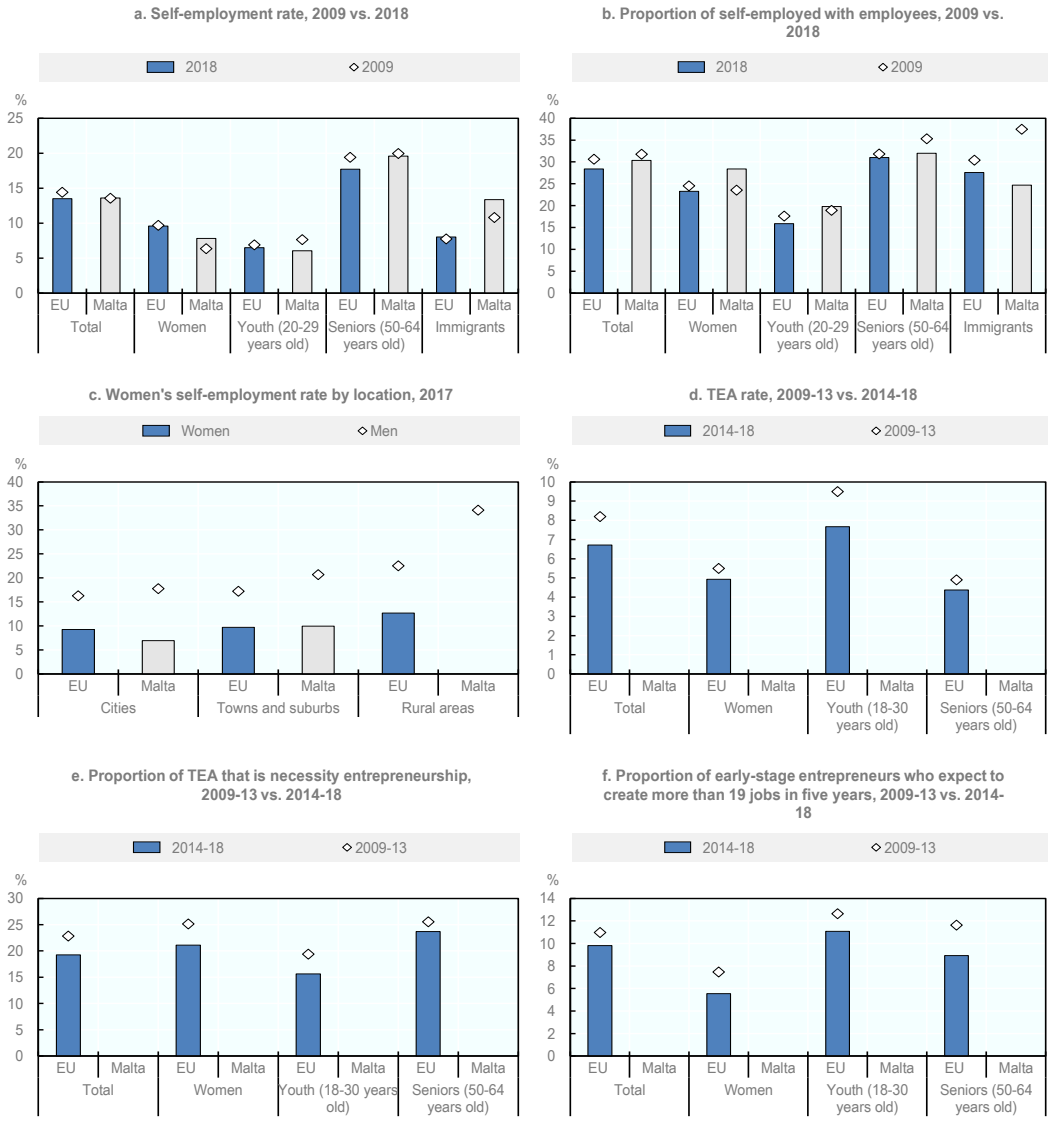
Recent policy developments

In December 2018, the Malta Business Disability Forum (MBDF), was launched as a joint initiative between the Commission for the Rights of Persons with Disability, Malta Chamber of SMEs, Malta Employers' Association, and Malta Chamber of Commerce. It aims to strengthen the relationship between the disability and business sectors to increase the labour market participation of those who experience disability. There is a special focus on creating a supportive environment for entrepreneurship through the provision of entrepreneurship training to people who experience disability and creating accessible business incubation structures.

This profile is based on a recent country assessment report, which can be found at: www.oecd.org/cfe/leed/inclusive-entrepreneurship.htm.

Key inclusive entrepreneurship data

Figure 28.1. Entrepreneurship and self-employment data for Malta



Notes: The self-employment rate is defined as the number of self-employed people (15-64 years old) divided by the number of people in employment. The TEA rate is the proportion of adults (18-64 years old) involved in setting up a business or managing a business that is less than 42 months old. Necessity entrepreneurship is defined as entrepreneurship activities that were launched because there were no other options in the labour market. Early-stage entrepreneurs are those who are in the process of setting up a business or managing a business that is less than 42 months old. The EU average in Panels D-F excludes Czech Republic and Malta for the period 2014-18 and Malta for the period 2009-13.

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StatLink http://dx.doi.org/10.1787/888934066938

29. Netherlands

This country profile presents self-employment and entrepreneurship rates for women, youth, seniors and immigrants in the Netherlands and benchmarks them against the European Union average. It also presents current inclusive entrepreneurship policy issues and recent policy developments.

Key trends

The proportion of working people who were self-employed in 2018 was slightly above the European Union (EU) average (15.5% vs. 13.7%). There was a gender gap in self-employment as men were about 1.5 times more likely to be self-employed than women (18.4% vs. 12.2%). Women, youth and seniors were more active than the EU average between 2014 and 2018 at starting and managing new businesses, especially youth (14.8% vs. 7.7%). While new women, youth and senior entrepreneurs were less likely than the EU average to report over this period that they started their business due to a lack of employment opportunities, they were also less likely to expect to create at least 19 jobs over the next five years.

Hot issue

There is an ongoing policy debate about "false" self-employment. In an effort to combat false self-employment, the Law Deregulating the Evaluation of Working Relationships (*Wet Deregulering Beoordeling Arbeidsrelaties*) introduced Model contracts (*modelcontracten*) to clarify working relationships when solo-entrepreneurs have one client. However, the measure seems to have had mixed results after being introduced in 2016 (fully in force in July 2018). Further measures are planned concerning the assessment of the nature of labour relations.

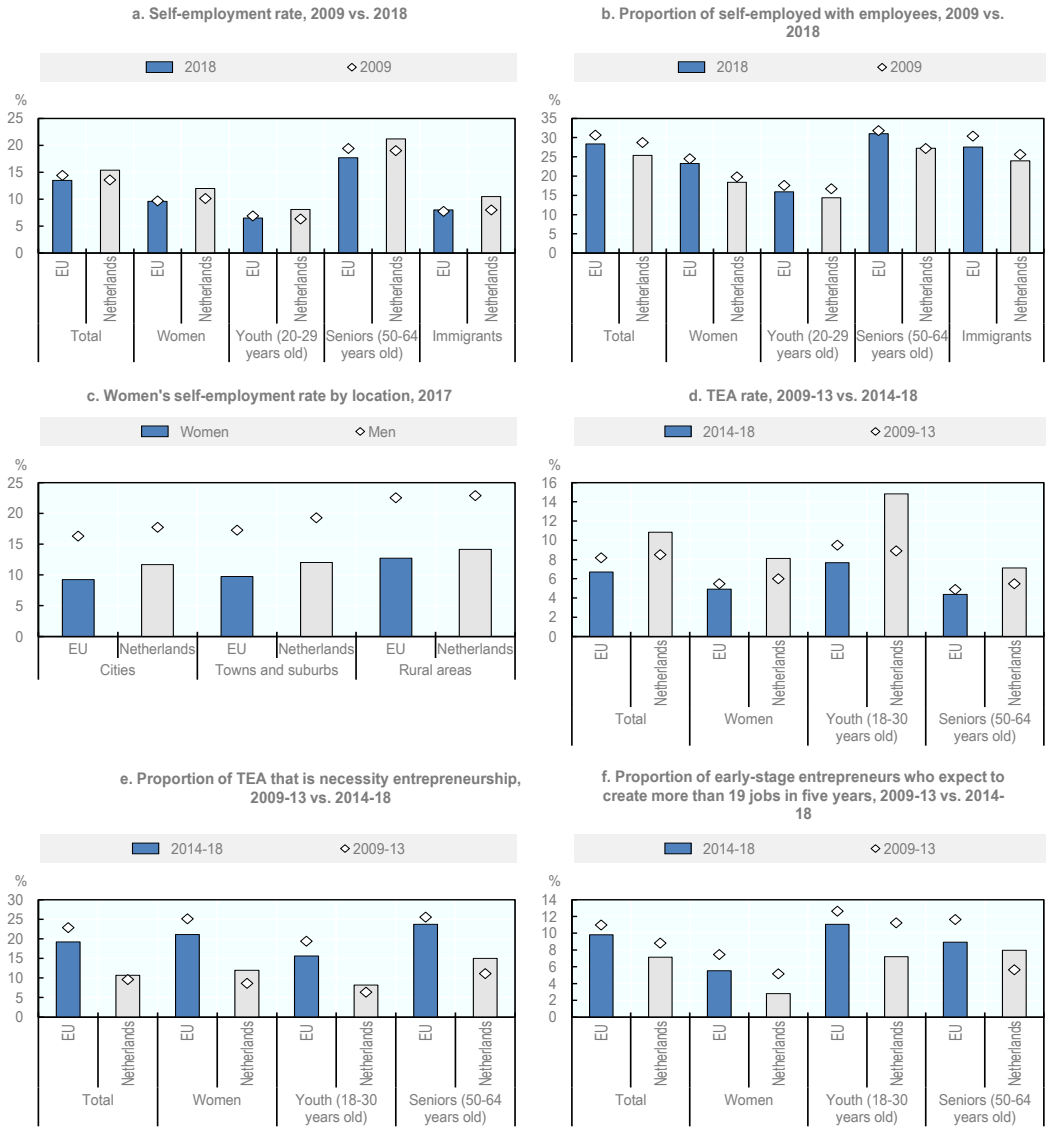
Recent policy developments

Support for women entrepreneurs was strengthened with the 2017 regulation "Entrepreneur and Pregnant" (*Zelfstandig en Zwanger-regeling* – ZEZ). This regulation states that pregnant entrepreneurs are eligible for financial coverage for maternity and parental leave for at least 16 weeks. Depending on the specific case, this could be up to 100% of the legal minimum wage. To qualify, the entrepreneur must be able to demonstrate their working time and that the enterprise is the main source of income. The husband, wife, or partner of a female entrepreneur can also apply for support under this regulation, but they are eligible for less support.

This profile is based on a recent country assessment report, which can be found at: www.oecd.org/cfe/leed/inclusive-entrepreneurship.htm.

Key inclusive entrepreneurship data

Figure 29.1. Entrepreneurship and self-employment data for Netherlands



Notes: The self-employment rate is defined as the number of self-employed people (15-64 years old) divided by the number of people in employment. The TEA rate is the proportion of adults (18-64 years old) involved in setting up a business or managing a business that is less than 42 months old. Necessity entrepreneurship is defined as entrepreneurship activities that were launched because there were no other options in the labour market. Early-stage entrepreneurs are those who are in the process of setting up a business or managing a business that is less than 42 months old. The EU average in Panels D-F excludes Czech Republic and Malta for the period 2014-18 and Malta for the period 2009-13.

Sources: Panels A and B: Eurostat (2019), Labour Force Survey, https://ec.europa.eu/eurostat/web/lfs/data/database; Panel C: Eurostat (2018), Self-employment, Labour Force Survey ad-hoc module, https://ec.europa.eu/eurostat/web/lfs/data/database; Panels D-F: Global Entrepreneurship Monitor (2019), *Special tabulations of the GEM survey 2014-18*.

StatLink http://dx.doi.org/10.1787/888934066957

30. Poland

This country profile reports self-employment and entrepreneurship data for women, youth, seniors and immigrant entrepreneurs in Poland and benchmarks the indicators against the European Union average. It also describes current policy issues and recent policy developments related to inclusive entrepreneurship.

Key trends

The self-employment rate was below the European Union (EU) average in 2018 (17.4% vs. 13.7%). Women were less likely to be self-employed than men in 2018 (12.0% vs. 21.8%), and this proportion declined since 2009. The self-employment rate for older people was 22.7% – the lowest rate over the past decade – but was still the fifth highest in the EU. The proportion of new women, youth and senior entrepreneurs that expected to create at least 19 jobs over the next five years declined over the past decade.

Hot issue

Developing an entrepreneurial society is part of the government priorities, outlined in the *Plan for Responsible Development* (2016) ("Morawiecki's Plan"). Several legal reforms have been introduced subsequently to reform and improve the legal framework for operating a business in Poland. This includes new measures (2018) that provide additional incentives for business creation, including an exemption from social security contributions for new businesses. The exemption expires after six months, but entrepreneurs can apply for a partial exemption for two additional years. Moreover, the new "Business Constitution" that was launched in 2018 allows for setting up businesses for a trial period. Entrepreneurs from under-represented and disadvantaged groups stand to benefit greatly from these new measures.

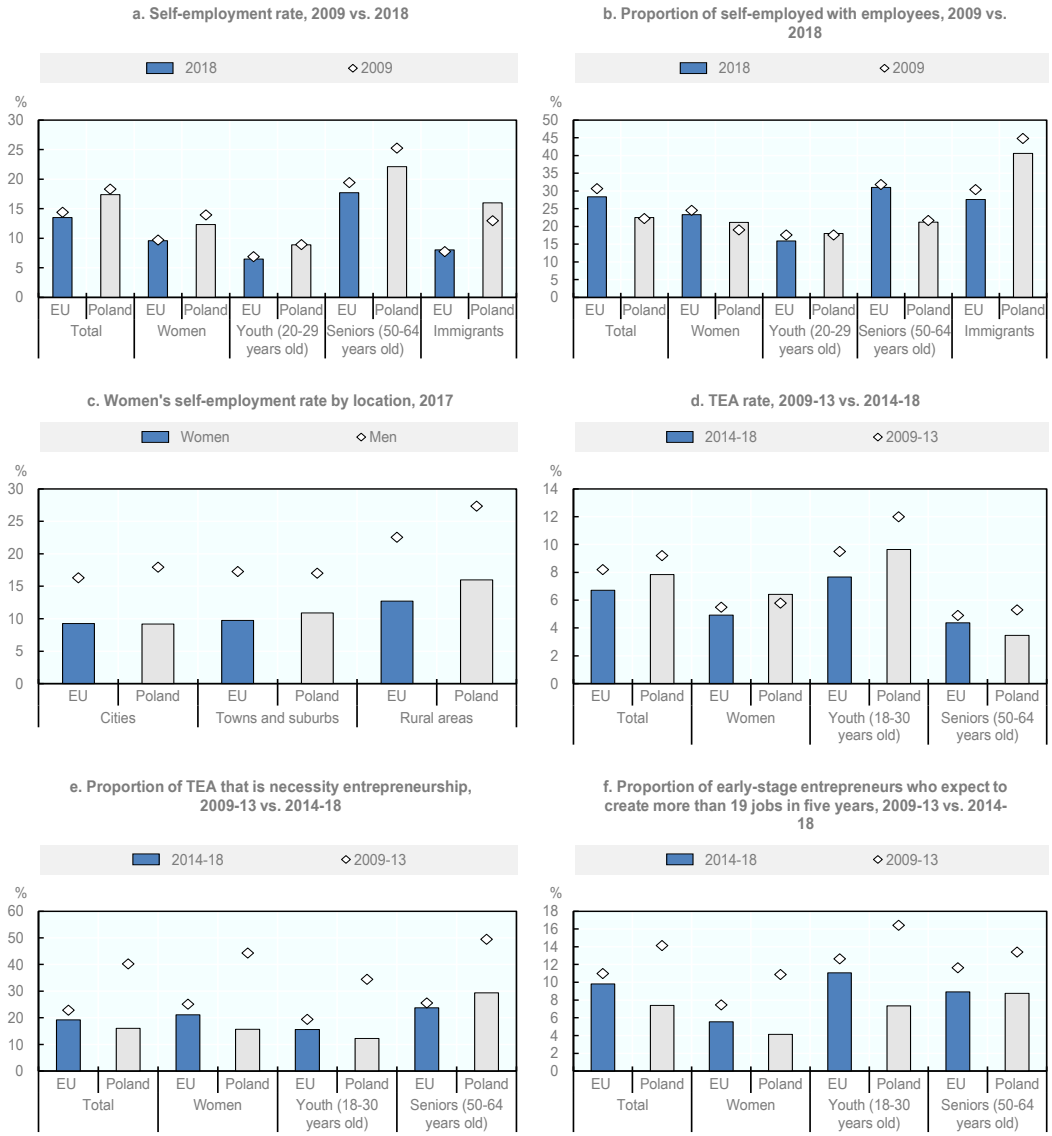
Recent policy developments

Poland is participating in the two-year project "Cross EU Women Business Angels", which is co-funded by the European Union. The project was launched in March 2018 and its overall objective is to facilitate the funding of women entrepreneurs through women business angels and to build a sustainable base of private investment in Europe. Project activities are structured around three pillars: (i) Information, awareness raising and communication; (ii) Training and mentoring; and (iii) Community-building, matchmaking and networking. Other countries participating are Germany, Slovak Republic, Spain and Greece. In Poland, the project is managed by the Polish Agency for Enterprise Development (PARP).

This profile is based on a recent country assessment report, which can be found at: www.oecd.org/cfe/leed/inclusive-entrepreneurship.htm.

Key inclusive entrepreneurship data

Figure 30.1. Entrepreneurship and self-employment data for Poland



Notes: The self-employment rate is defined as the number of self-employed people (15-64 years old) divided by the number of people in employment. The TEA rate is the proportion of adults (18-64 years old) involved in setting up a business or managing a business that is less than 42 months old. Necessity entrepreneurship is defined as entrepreneurship activities that were launched because there were no other options in the labour market. Early-stage entrepreneurs are those who are in the process of setting up a business or managing a business that is less than 42 months old. The EU average in Panels D-F excludes Czech Republic and Malta for the period 2014-18 and Malta for the period 2009-13.

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StatLink http://dx.doi.org/10.1787/888934066976

31. Portugal

This country profile benchmarks self-employment and entrepreneurship data for women, youth, seniors and immigrants in Portugal against the European Union average. It also notes current inclusive entrepreneurship policy issues and recent policy actions.

Key trends

Overall, the proportion of the self-employed among the working population has declined over the last decade from 18.7% to 13.5%. Nonetheless, women, youth and seniors were more likely than the European Union (EU) average to be involved in starting a business or managing one that is less than 42 months old between 2014 and 2018 – 7.0% vs. 4.9% for women, 9.7% vs. 7.7% for youth, and 5.4% vs. 4.4% for seniors. However, these groups were also slightly more likely to be involved in entrepreneurship because they could not secure suitable employment. This was especially true for women since nearly one-third (32.1%) reported starting their business out of "necessity".

Hot issue

Youth entrepreneurship continues to receive a great deal of support in Portugal. This includes investments in entrepreneurship education and several major youth entrepreneurship programmes, including the Programme of Support for Entrepreneurship and Self-employment Creation (PAECPE) and the Youth Investment Programme (*Programa Investe Jovem*). Monitoring tends to show that many programmes have exceeded their uptake targets, likely due to persistent high youth unemployment.

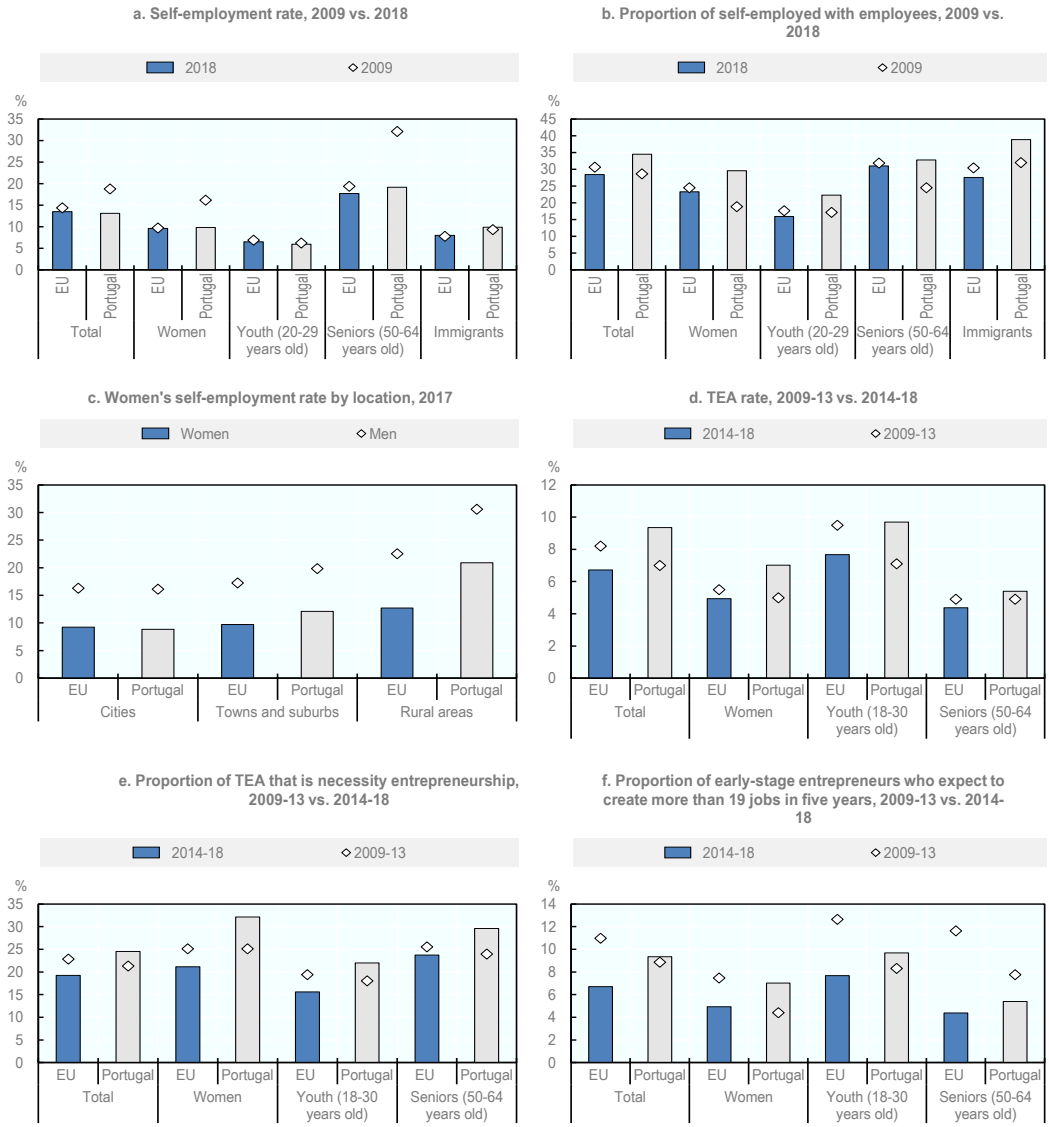
Recent policy developments

As part of the National Programme of Reforms for the period 2016-21, the government created a national entrepreneurship strategy – "Startup Portugal". In 2018, a new version of this strategy, "Startup Portugal+" was launched to give a new impetus to the initial strategy. The new strategy adds 20 new measures to the original five and provides an additional EUR 300 million to the original budget of EUR 200 million. Some of the initiatives under the new measures are targeted at people who have difficulties in accessing the labour market and/or are at risk of social exclusion (e.g. women, people with disabilities). These include the Programme of Support for Entrepreneurship and Self-employment Creation (*Programa de Apoio ao Empreendedorismo e à Criação do Próprio Emprego* – PAECPE) implemented by the Institute of Employment and Professional Training (*Instituto do Emprego e Formação Profissional* – IEFP).

This profile is based on a recent country assessment report, which can be found at: www.oecd.org/cfe/leed/inclusive-entrepreneurship.htm.

Key inclusive entrepreneurship data

Figure 31.1. Entrepreneurship and self-employment data for Portugal



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StatLink http://dx.doi.org/10.1787/888934066995

32. Romania

This country profile benchmarks self-employment and entrepreneurship data for women, youth, seniors and immigrants in Romania against European Union averages. It also highlights current inclusive entrepreneurship policy issues and recent policy actions.

Key trends

The proportions of women, youth, seniors and immigrants that were self-employed in 2018 were slightly above the European Union (EU) average, but they were much less likely to have employees. For example, only 7.0% of self-employed women had at least one other employee in 2018 relative to the EU average of 23.3%. Overall, the proportion of the population that is involved in starting and managing new businesses has increased over the past decade, notably among youth. Over the period 2014-18, 15.5% of youth were involved in new business creation or managing a business that was less than 42 months old relative to 9.9% over the period 2009-13.

Hot issue

Women's entrepreneurship is currently topical and several new support initiatives have been launched, including the Women Entrepreneurs Programme (2018) and a loan of EUR 5 million from the European Investment Bank to *Garanti Bank Romania* in 2019 to invest in women entrepreneurs. There have also been several high profile reports released, including "Taking Women Entrepreneurs to the Bank in Romania" by the International Finance Corporation (2019) – a member of the World Bank Group – and *Garanti Bank Romania*. It shows that women entrepreneurs supported by the Women SME Banking Programme had average real sales growth of over five per cent per year, higher than the national average for firms in Romania.

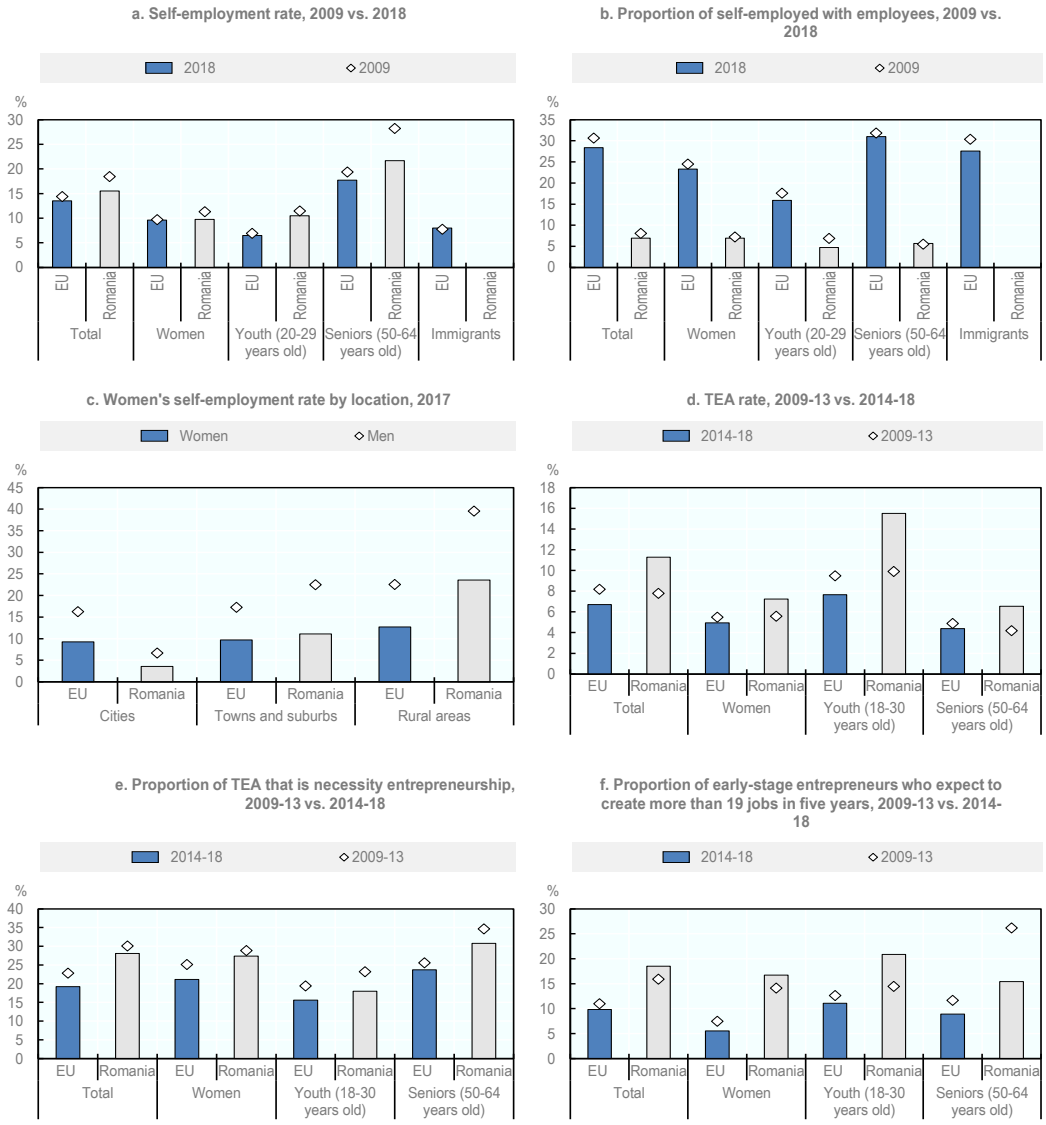
Recent policy developments

In 2018, the Ministry of Business, Commerce and Entrepreneurship launched the "Romania HUB" programme. It aims to support youth and students entrepreneurs, as well as facilitating the development of partnerships and collaborations among government organisations, non-governmental organisations, educational institutions and the private sector to support young entrepreneurs. The programme includes a series of workshops for youth entrepreneurs and a national tour to promote young successful entrepreneurs. It also creates web platforms for entrepreneurship education and training and provides entrepreneurship training for teachers.

This profile is based on a recent country assessment report, which can be found at: www.oecd.org/cfe/leed/inclusive-entrepreneurship.htm.

Key inclusive entrepreneurship data

Figure 32.1. Entrepreneurship and self-employment data for Romania



Notes: The self-employment rate is defined as the number of self-employed people (15-64 years old) divided by the number of people in employment. The TEA rate is the proportion of adults (18-64 years old) involved in setting up a business or managing a business that is less than 42 months old. Necessity entrepreneurship is defined as entrepreneurship activities that were launched because there were no other options in the labour market. Early-stage entrepreneurs are those who are in the process of setting up a business or managing a business that is less than 42 months old. The EU average in Panels D-F excludes Czech Republic and Malta for the period 2014-18 and Malta for the period 2009-13.

Sources: Panels A and B: Eurostat (2019), Labour Force Survey, https://ec.europa.eu/eurostat/web/lfs/data/database; Panel C: Eurostat (2018), Self-employment, Labour Force Survey ad-hoc module, https://ec.europa.eu/eurostat/web/lfs/data/database; Panels D-F: Global Entrepreneurship Monitor (2019), *Special tabulations of the GEM survey 2014-18*.

StatLink http://dx.doi.org/10.1787/888934067014

33. Slovak Republic

This country profile highlights recent policy developments and current policy issues related to inclusive entrepreneurship. It also presents self-employment and entrepreneurship indicators for women, youth, seniors and immigrants for the Slovak Republic and benchmarks these indicators against the European Union average.

Key trends

The self-employment rate for youth was above the European Union (EU) average in 2018 (10.0% vs. 6.5%), while the rates for women and seniors were approximately equal to the EU average. However, the proportion of youth that are self-employed has decreased slightly over the past decade while it increased for seniors. The proportion of the population that reports being involved in starting and managing new businesses was above the EU average for the period 2014-18, including for women (8.0% vs. 4.9%), youth (11.0% vs. 7.7%) and seniors (8.6% vs. 4.4%). While many of these entrepreneurship activities were started due to a lack of employment opportunities, the proportion that expects to create at least 19 jobs over the next five years was above the EU average for this period. This was especially true for women and youth entrepreneurs.

Hot issue

Developing entrepreneurship skills throughout society has been a policy priority in recent years. This includes embedding entrepreneurship in secondary and tertiary education, developing hands-on entrepreneurship training for youth (e.g. Young Entrepreneurs Association of Slovakia), offering entrepreneurship training for the unemployed through employment offices and more broadly by the Slovak Business Agency. This is complemented by coaching and mentoring programmes, but these are currently largely targeted at youth and offered in large cities or through higher education institutions.

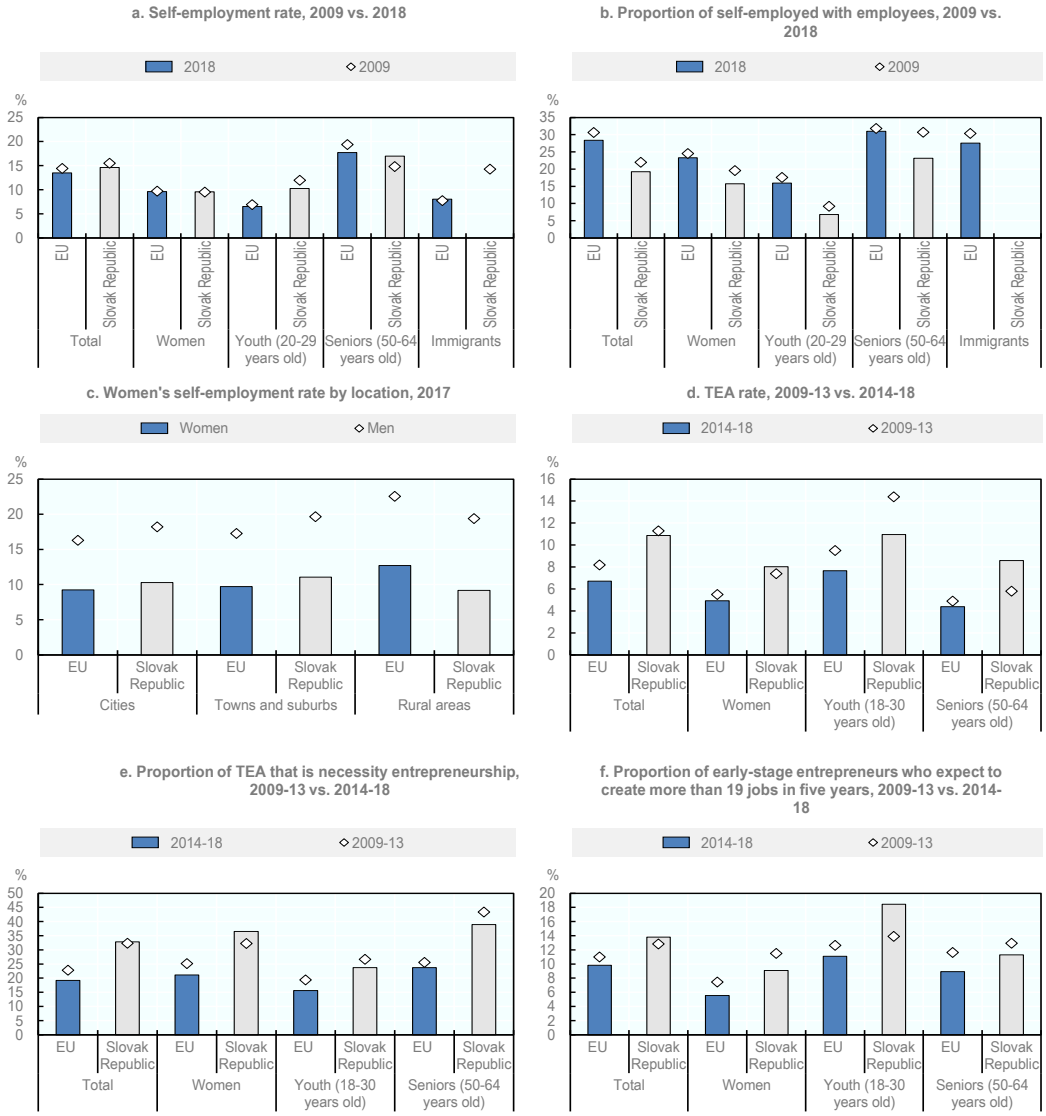
Recent policy developments

Support for women's entrepreneurship has been strengthened in recent years. An important regulatory change was made in March 2017 (Amendment No. 40/2017) to Act No. 448/2008 on Social Services, which is expected to facilitate access to childcare for women entrepreneurs by relaxing the conditions for using public childcare. In addition, the Slovak Business Agency is implementing the international project "Cross EU Women Business Angels", which is co-funded by the European Union. Launched in March 2018, the project aims to support the growth and development of new and early-stage businesses run by women through investments by female angel investors.

This profile is based on a recent country assessment report, which can be found at: www.oecd.org/cfe/leed/inclusive-entrepreneurship.htm.

Key inclusive entrepreneurship data

Figure 33.1. Entrepreneurship and self-employment data for Slovak Republic



Notes: The self-employment rate is defined as the number of self-employed people (15-64 years old) divided by the number of people in employment. The TEA rate is the proportion of adults (18-64 years old) involved in setting up a business or managing a business that is less than 42 months old. Necessity entrepreneurship is defined as entrepreneurship activities that were launched because there were no other options in the labour market. Early-stage entrepreneurs are those who are in the process of setting up a business or managing a business that is less than 42 months old. The EU average in Panels D-F excludes Czech Republic and Malta for the period 2014-18 and Malta for the period 2009-13.

Sources: Panels A and B: Eurostat (2019), Labour Force Survey, https://ec.europa.eu/eurostat/web/lfs/data/database; Panel C: Eurostat (2018), Self-employment, Labour Force Survey ad-hoc module, https://ec.europa.eu/eurostat/web/lfs/data/database; Panels D-F: Global Entrepreneurship Monitor (2019), *Special tabulations of the GEM survey 2014-18*.

StatLink http://dx.doi.org/10.1787/888934067033

34. Slovenia

This country profile highlights recent policy issues and developments related to inclusive entrepreneurship in Slovenia. It also benchmarks key self-employment and entrepreneurship indicators for women, youth, seniors and immigrants against the European Union average.

Key trends

Self-employment rates for women, youth, seniors and immigrants were below the European Union (EU) averages in 2018. However, self-employed people from these groups were slightly more likely than the EU average to have employees in 2018. This was particularly true for self-employed immigrants since 47.1% had at least one employee in 2018 relative to the EU average of 27.6%. A relatively high share of youth self-reported that they are involved in creating and managing new businesses between 2014 and 2018 (9.8% vs. 7.7% for the EU). This is up from 6.2% over the 2009-13 period, but this increase is likely due to the greater number of youth entrepreneurs who reported that they started their business due to a lack of employment opportunities.

Hot issue

"False" self-employment is a growing concern as the Slovenian Statistical Office estimates that the number of people in "false" self-employment nearly doubled between 2012 and 2015. Trade unions are particularly vocal about this issue as these workers typically have less job security, lower earnings, fewer training opportunities and lower quality working conditions.

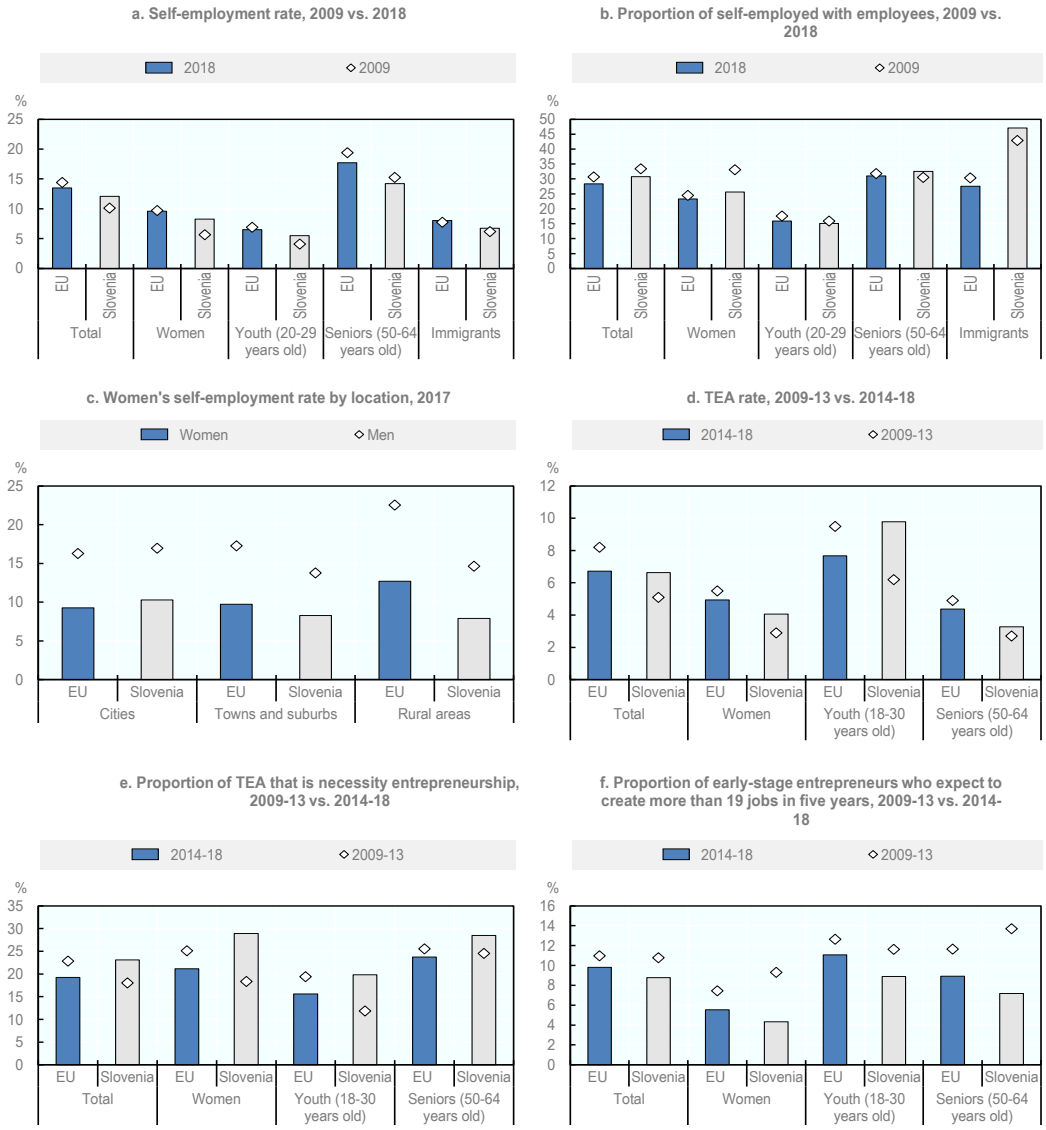
Recent policy developments

SPIRIT Slovenia (Public Agency for Entrepreneurship, Internationalisation, Foreign Investments and Technology) supports entrepreneurship, including through targeted programmes for youth and women. In 2018, SPIRIT introduced a new network of Slovenian Business Points (SPOT Points) to help entrepreneurs understand and meet their regulatory obligations. It is open to all entrepreneurs but it is expected to be used heavily by entrepreneurs from disadvantaged groups. The initiative has a five-year budget of EUR 11.8 million. SPOT portals will offer free information, training and counselling and 12 regional SPOT offices will be developed to offer business counselling, workshops, training and networking.

This profile is based on a recent country assessment report, which can be found at: www.oecd.org/cfe/leed/inclusive-entrepreneurship.htm.

Key inclusive entrepreneurship data

Figure 34.1. Entrepreneurship and self-employment data for Slovenia



Notes: The self-employment rate is defined as the number of self-employed people (15-64 years old) divided by the number of people in employment. The TEA rate is the proportion of adults (18-64 years old) involved in setting up a business or managing a business that is less than 42 months old. Necessity entrepreneurship is defined as entrepreneurship activities that were launched because there were no other options in the labour market. Early-stage entrepreneurs are those who are in the process of setting up a business or managing a business that is less than 42 months old. The EU average in Panels D-F excludes Czech Republic and Malta for the period 2014-18 and Malta for the period 2009-13.

Sources: Panels A and B: Eurostat (2019), Labour Force Survey, https://ec.europa.eu/eurostat/web/lfs/data/database; Panel C: Eurostat (2018), Self-employment, Labour Force Survey ad-hoc module, https://ec.europa.eu/eurostat/web/lfs/data/database; Panels D-F: Global Entrepreneurship Monitor (2019), *Special tabulations of the GEM survey 2014-18*.

StatLink http://dx.doi.org/10.1787/888934067052

35. Spain

This country profile presents recent policy actions that aim to make entrepreneurship more inclusive and highlights current policy issues. It also benchmarks key self-employment and entrepreneurship indicators for women, youth, seniors and immigrants in Spain against the European Union average.

Key trends

The self-employment rate was slightly higher in Spain than the European Union (EU) average in 2018 (15.7% vs. 13.7%), and this was true for women (11.1% vs. 9.6%) and seniors (20.5% vs. 17.7%). The rates for youth (6.7% vs. 6.5%) and immigrants (8.6% vs. 8.0%) were approximately the same as the EU average. Self-employed women, youth, seniors and immigrants were slightly more likely than the EU average to have at least one employee in 2018. However, very few people involved in creating and managing new businesses between 2014 and 2018 expected to create at least 19 jobs over the next five years. Only 1.9% of new women entrepreneurs (vs. 5.5% for the EU), 4.6% of new youth entrepreneurs (vs. 11.1% for the EU) and 4.3% of new senior entrepreneurs (vs. 8.9% for the EU).

Hot issue

Youth entrepreneurship continues to be prominent in policy discussions as the youth entrepreneurship challenge persists. The Government launched the Youth Employment Plan 2019-21 in December 2018, which is the follow-up to the Entrepreneurship and Youth Employment Strategy 2013-16. The new plan contains 50 measures framed in six axes, including one on entrepreneurship. Overall, it seeks to promote quality employment, fight the gender gap in employment and reduce youth unemployment by 10%.

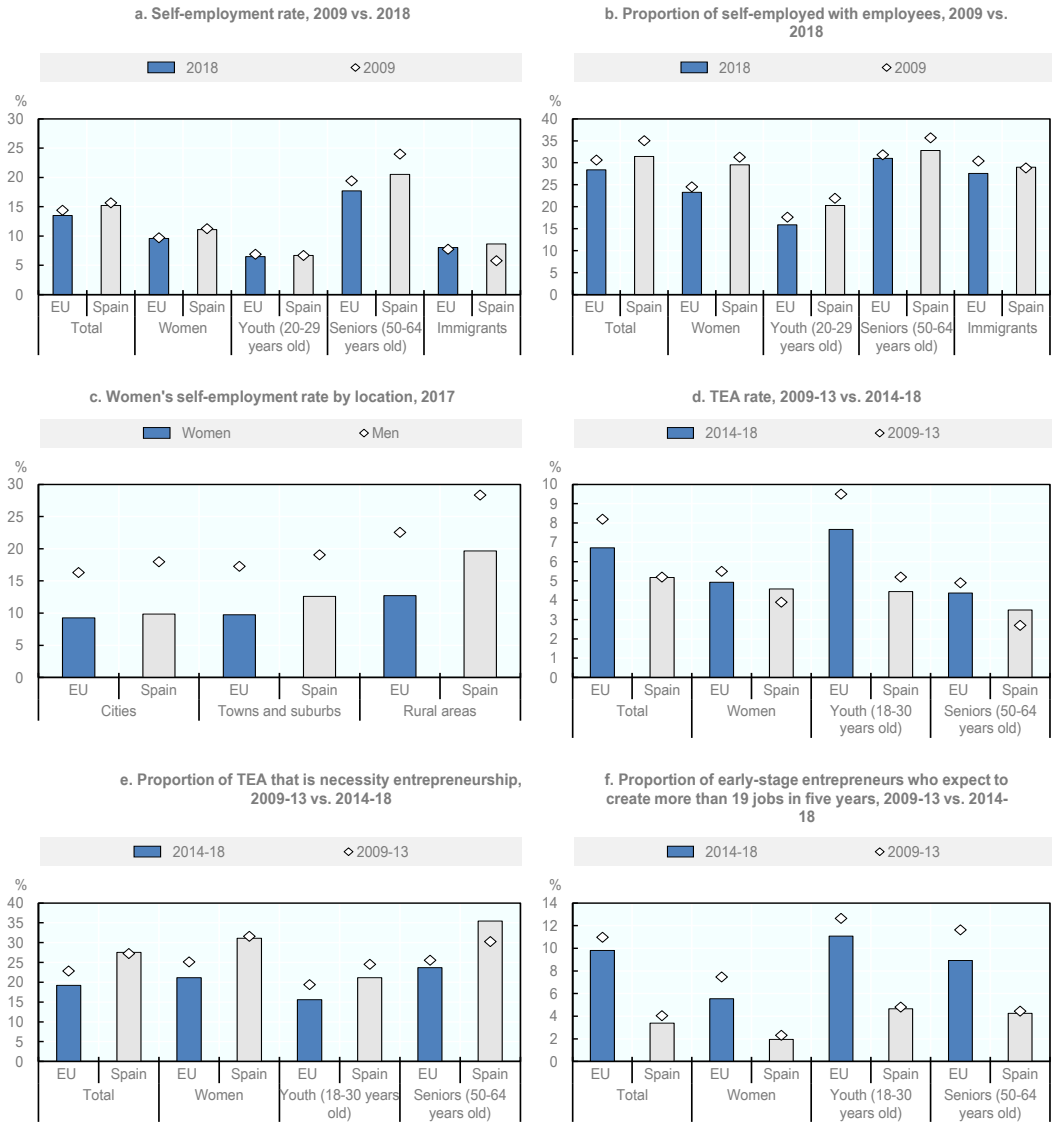
Recent policy developments

As the population ages, several policy issues related to senior entrepreneurship are emerging. It is estimated that the retirement savings and pensions of the retired self-employed are 41% lower to those of retired employees in Spain. This gap is even greater among older people who experience disabilities. In 2018, a notable change in the retirement system for the self-employed was introduced, allowing the self-employed with employees to collect their public pension when they reach retirement age even if they continue to work as self-employed and maintain their employee(s).

This profile is based on a recent country assessment report, which can be found at: www.oecd.org/cfe/leed/inclusive-entrepreneurship.htm.

Key inclusive entrepreneurship data

Figure 35.1. Entrepreneurship and self-employment data for Spain



Notes: The self-employment rate is defined as the number of self-employed people (15-64 years old) divided by the number of people in employment. The TEA rate is the proportion of adults (18-64 years old) involved in setting up a business or managing a business that is less than 42 months old. Necessity entrepreneurship is defined as entrepreneurship activities that were launched because there were no other options in the labour market. Early-stage entrepreneurs are those who are in the process of setting up a business or managing a business that is less than 42 months old. The EU average in Panels D-F excludes Czech Republic and Malta for the period 2014-18 and Malta for the period 2009-13.

Sources: Panels A and B: Eurostat (2019), Labour Force Survey, https://ec.europa.eu/eurostat/web/lfs/data/database; Panel C: Eurostat (2018), Self-employment, Labour Force Survey ad-hoc module, https://ec.europa.eu/eurostat/web/lfs/data/database; Panels D-F: Global Entrepreneurship Monitor (2019), *Special tabulations of the GEM survey 2014-18*.

StatLink http://dx.doi.org/10.1787/888934067071

36. Sweden

This country profile presents key self-employment and entrepreneurship indicators for women, youth, seniors and immigrants in Sweden and benchmarks them against the European Union average. It also describes recent policy actions and current issues in the policy debate about inclusive entrepreneurship.

Key trends

Overall, 8.7% of the working population was self-employed in 2018 relative to 13.7% across the European Union (EU). Women, youth, seniors and immigrants were less likely than the EU average to be self-employed in 2018, but those that were self-employed were more likely to have at least one employee. This was particularly true for self-employed youth, who were twice as likely as the EU average to have employees in 2018 (30.8% vs. 15.9%). While women and youth were as likely as the EU average to indicate that they were involved in starting or managing a new business between 2014 and 2018, seniors were slightly more likely (5.9% vs. 4.4% for the EU). Only a small and declining proportion of new women, youth and senior entrepreneurs indicated that they started their business due to a lack of employment opportunities.

Hot issue

While Sweden accepted the most refugees per capita in 2015, immigration policy has been debated in recent years. Business creation is one mechanism that has been used to help immigrants and refugees integrate into society and the labour market. However, a 2018 report by the Swedish Agency for Economic and Regional Growth (*Tillväxtverket*) found that entrepreneurs with a foreign background have more difficulty getting business loans than native-born entrepreneurs. Access to finance was identified as a barrier to growth for entrepreneurs who are immigrant youth and immigrant women.

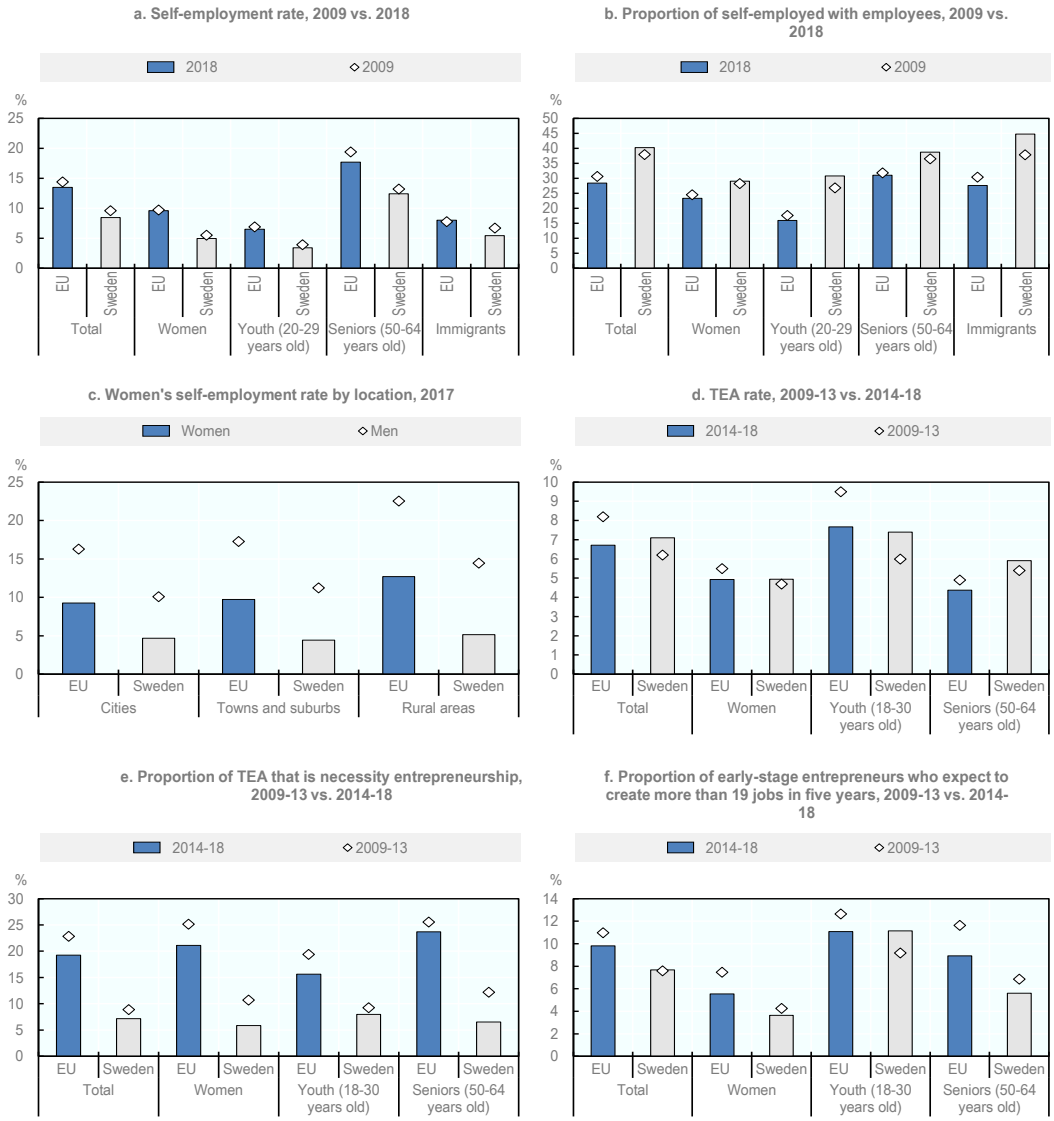
Recent policy developments

Entrepreneurship education for youth was strengthened in 2018 with an investment of SEK 20 million (approximately EUR 1.9 million). The National Agency for Education received SEK 10 million (approximately EUR 950 000) for boosting entrepreneurship in compulsory and upper secondary schools. The Swedish Agency for Economic and Regional Growth will receive SEK 7 million (approximately EUR 660 000) for developing a digital education programme aimed at young entrepreneurs. The Royal Swedish Academy of Engineering Sciences was tasked with creating a pilot initiative for students in grades 8 and 9 to learn about operating a business.

This profile is based on a recent country assessment report, which can be found at: www.oecd.org/cfe/leed/inclusive-entrepreneurship.htm.

Key inclusive entrepreneurship data

Figure 36.1. Entrepreneurship and self-employment data for Sweden



Notes: The self-employment rate is defined as the number of self-employed people (15-64 years old) divided by the number of people in employment. The TEA rate is the proportion of adults (18-64 years old) involved in setting up a business or managing a business that is less than 42 months old. Necessity entrepreneurship is defined as entrepreneurship activities that were launched because there were no other options in the labour market. Early-stage entrepreneurs are those who are in the process of setting up a business or managing a business that is less than 42 months old. The EU average in Panels D-F excludes Czech Republic and Malta for the period 2014-18 and Malta for the period 2009-13.

Sources: Panels A and B: Eurostat (2019), Labour Force Survey, https://ec.europa.eu/eurostat/web/lfs/data/database; Panel C: Eurostat (2018), Self-employment, Labour Force Survey ad-hoc module, https://ec.europa.eu/eurostat/web/lfs/data/database; Panels D-F: Global Entrepreneurship Monitor (2019), *Special tabulations of the GEM survey 2014-18*.

StatLink http://dx.doi.org/10.1787/888934067090

37. United Kingdom

This country profile presents self-employment and entrepreneurship data for women, youth, seniors and immigrants in the United Kingdom and benchmarks these indicators against the European Union average. It also highlights current inclusive entrepreneurship policy issues and recent policy actions.

Key trends

The self-employment rates for women, youth, seniors and immigrants were each approximately equal to the European Union (EU) average in 2018. Moreover, the self-employment rates for each of these groups increased slightly since 2009. However, the proportions of self-employed women (12.0%), youth (6.2%), seniors (15.7%) and immigrants (11.9%) with employees were below the EU averages in 2018 and have fallen since 2009. However, the proportion of women, youth and seniors that report being involved in creating and managing a new business was slightly above the EU average during the period 2014-18 and has increased over the past decade. New women, youth and senior entrepreneurs were less likely than the EU average to report that they started their business due to a lack of employment opportunities during the period 2014-18.

Hot issue

As part of the new Industrial Strategy, a policy review was launched in March 2019 to investigate the obstacles to youth entrepreneurship. The review focuses on obstacles to business creation and development faced by young people from all backgrounds, and also seeks to ensure that there is a strong entrepreneurial culture across all of society. It is being led by the Prince's Trust, under the auspices of the Small Business Minister. Recommendations will be made to ministers in the third quarter of 2019.

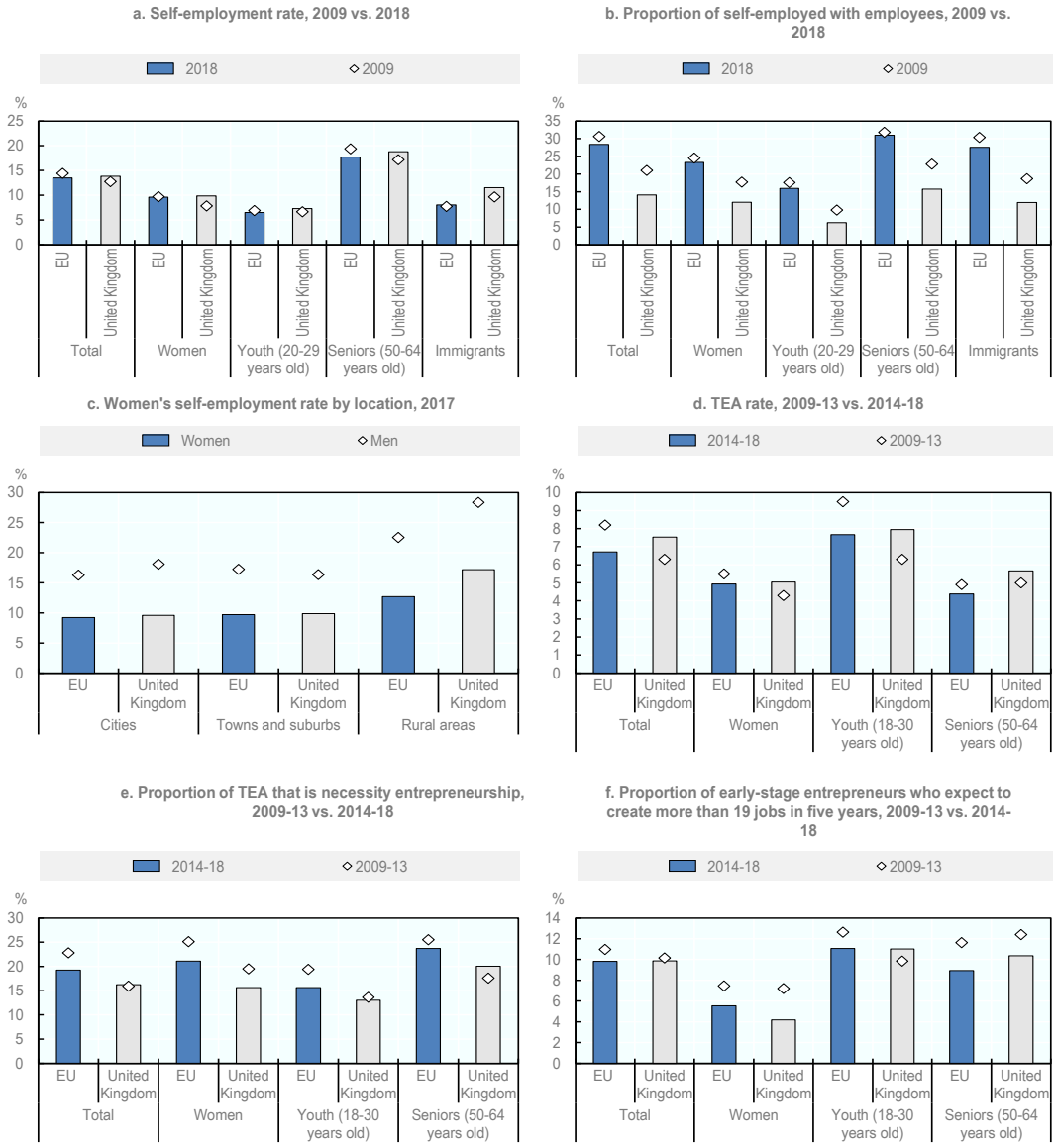
Recent policy developments

Inclusive entrepreneurship is supported by a wide range of policy actions at the national, regional and local levels, as well as the non-government sector. Support for women's entrepreneurship was strengthened in 2014 by the Scottish Government's Framework and Action Plan for Women's Enterprise, which includes an ambassador programme that promotes entrepreneurship through successful women role models. This approach was replicated in 2019 by the Welsh Government with the "Supporting entrepreneurial women in Wales: An approach for Wales" strategy. It includes ten recommendations and a four-step action plan for strengthening women's entrepreneurship in Wales.

This profile is based on a recent country assessment report, which can be found at: www.oecd.org/cfe/leed/inclusive-entrepreneurship.htm.

Key inclusive entrepreneurship data

Figure 37.1. Entrepreneurship and self-employment data for United Kingdom



Notes: The self-employment rate is defined as the number of self-employed people (15-64 years old) divided by the number of people in employment. The TEA rate is the proportion of adults (18-64 years old) involved in setting up a business or managing a business that is less than 42 months old. Necessity entrepreneurship is defined as entrepreneurship activities that were launched because there were no other options in the labour market. Early-stage entrepreneurs are those who are in the process of setting up a business or managing a business that is less than 42 months old. The EU average in Panels D-F excludes Czech Republic and Malta for the period 2014-18 and Malta for the period 2009-13.

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StatLink http://dx.doi.org/10.1787/888934067109

Glossary

Active labour market measures: Measures to assist the unemployed and others to participate in the labour market. These measures typically include job brokering (matching vacancies and job seekers), training (to upgrade and adapt the skills of job applicants), and direct job creation (either public-sector employment or subsidisation of private-sector work).

Business counselling: This business development service provides professional advice. A common approach is to offer business counselling services as part of integrated support schemes and make business counselling a condition for receiving financial support.

Business development support services: These are services that aim to improve the performance of the enterprise by improving its ability to compete and access markets. Support services typically include training, mentoring, coaching, consultancy, marketing assistance, information, technology development and transfer assistance and networking. Both strategic (medium to long-term issues that improve performance) and operational (day-to-day) issues are included.

Business start-up indicators: A set of quantitative measures that indicates the number of people that move from thinking about starting a business to realising the creation of a registered business. In other words, these indicators relate to business start-up, which is the point where entrepreneurial ideas become reality and firms make an economic contribution. Policy makers can use these indicators as one measure of the strength of entrepreneurial culture.

Business operation indicators: A set of quantitative measures that indicates the number of people that have established on-going business operations. Examples include number of businesses, turnover, export levels, employees, etc. Policy makers can use such indicators to measure the stock of entrepreneurs and businesses in an economy.

Coaching: A typically short-term relationship aimed at developing the skills of an entrepreneur. It is a collaborative process in which the participants have clearly defined roles. The coach is responsible for developing short-term goals and guiding the coachee towards the goals by providing constructive feedback. The coachee is responsible for generating ideas and options, taking action to achieve the goal, and reporting progress.

Deadweight costs: The extent to which participants would have set up a new business without the subsidy. Since behaviour of these "deadweight participants" is unaffected by the scheme, their participation does not contribute to the economic value generated by the scheme but involves a public outlay. The social cost of this outlay is the sum of the distortionary cost or excess burden of the tax that finances it.

Dependent self-employment: Self-employment where the self-employed person is reliant on one or a small number of clients. These self-employed people typically work under conditions that are similar to employees but do not benefit from the protection offered by labour law, including minimum wage rates, social security coverage and paid sick leave.

Digital entrepreneurship: Entrepreneurship that is based on identifying and exploiting new ICT or ICT-enabled products, processes and corresponding markets identifying and exploiting new ICT or ICT-enabled products, processes and corresponding markets. This includes the creation of digital businesses, as well as the adoption of digital technologies by the self-employed to improve their productivity.

Displacement effects: The extent to which subsidised businesses take business from and displace employment in unsubsidised business.

Disabled entrepreneurs: Entrepreneurs with a disability. The vast majority of disabled people have "hidden" disabilities, including mental health conditions, chronic pain and muscular/skeletal conditions. A very small proportion has obvious disabilities, such as wheelchair users or visually impaired people. Many countries have now identified systemic barriers affecting people with disabilities in entrepreneurship such as negative attitudes and exclusion by society (purposely or inadvertently).

Disadvantaged groups: Those facing additional barriers to full participation in the labour market and society. Disadvantage often originates from individual characteristics such as limited experience of business, low levels of qualifications, or limited social capital, but the disadvantage may be linked to shared characteristics across a group. As a result, disadvantaged groups face intentional or unintentional discrimination.

Entrepreneur: A person (business owner) who seeks to generate value, through the creation or expansion of economic activity, by identifying and exploiting new products, processes or markets (see the OECD Entrepreneurship Indicators Programme). It is possible to behave in an entrepreneurial manner in the public sector, in a social enterprise, or as an employee within a business.

Entrepreneurship skills: A combination of technical skills, business management skills and personal skills required for starting and operating in business and self-employment. For example, they include team building, negotiation, strategy development, financial planning, and marketing.

Established Business Ownership Rate: This measures the proportion of the adult population that are currently owner-managers of an established business that has paid salaries, wages or any other payments to the owners for more than 42 months. This measure was develop by the Global Entrepreneurship Monitor and helps inform on the level of entrepreneurship activities in an economy.

Ethnic minority entrepreneurs: Ethnic minority entrepreneurs are those born in their country of residence, belonging to an ethnic minority group and retaining strong links to their ethnic culture. Immigrant entrepreneurs have migrated to another country. They may be from the same ethnic group as the majority of residents in the country but are unlikely to be as familiar with its rules, culture and institutions.

Evaluation: The objective of evaluation is to measure the relevance, impact, effectiveness and efficiency of a programme or policy action. Evaluations can be qualitative, quantitative or a combination of the two. Successful evaluations are planned during the policy design and indicators are collected throughout the implementation to feed into the evaluation. Evaluation should be designed and implemented in ways that provide useful information to decision-makers, given the political circumstances, programme constraints and available resources. Results of evaluation should be used to improve policy design.

False self-employment: A work arrangement where the worker is registered as self-employed but has a relationship with one or few clients that is more analogous to an

employee-employer relationship. These arrangements are set-up to reduce tax and social security obligations.

Financial exclusion: Lack of, or limited, access to financial services. For example, those without a bank account can find it difficult to obtain loans for business establishment and those without collateral are charged much more for loans. Financial exclusion increases the likelihood of poverty.

Freelance workers: This term is often used to refer to self-employed workers in occupational groups that provide skilled non-manual services and require little capital, often referred to as "knowledge workers". This usually includes those working in creative and media occupations, but could also cover own-account workers in managerial, professional, scientific, technical and creative occupations. Freelance workers operate under a range of legal business forms: as self-employed sole proprietors or partners in unincorporated businesses, as directors of their own companies and as umbrella company employees.

Hybrid entrepreneurs: Hybrid entrepreneurs are those who combine entrepreneurship with employment. The entrepreneurship activity could be full-time or part-time.

Immigrant entrepreneurs: These entrepreneurs are those born outside of their country of residence.

Inclusive entrepreneurship: Entrepreneurship that contributes to social inclusion and gives all people an equal opportunity to start up and operate businesses. Target groups are those who are under-represented and disadvantaged in entrepreneurship and self-employment, including youth, women, seniors, ethnic minorities and immigrants, disabled people and many other groups.

Incubators: Business incubators are facilities designed to support the creation and growth of entrepreneurial companies through an array of business support resources and services, offered both directly in the incubator and through its network of contacts. Incubators vary in the way they deliver their services, in their organisational structure, and in the types of clients they serve. While virtual/online incubators exist, most programmes host start-up companies on their premises for a limited period of time. Successful completion of a business incubation programme increases the likelihood that a start-up company will survive and grow.

Labour market participation: A measure of the active portion of an economy's labour force. The labour market participation rate refers to the proportion of people who are either employed or are actively looking for work. People who are no longer actively searching for work are not included in the participation rate. An individual's circumstance will affect their likelihood of being in work or seeking work. For example, those in education or retirement are often not looking for work and are therefore excluded from published labour market activity and unemployment rates. During an economic recession, the participation rate typically decreases as many workers become discouraged with the lack of opportunities in paid employment and stop looking for work.

Loan guarantee: Commitment by a third party to cover part of the losses related to a loan default. It can be provided by the government and/or or by a private business association. It is backed up by a fund acting as collateral.

Mentoring: Mentoring is a professional relationship in which an experienced person (the mentor) assists another (the mentee) in developing skills and knowledge that will enhance

the less-experienced person's professional and personal growth. These relationships are typically more long-term than the coaching relationship.

Microcredit: Small-sized loans to borrowers who find it difficult to obtain credit from traditional banks. It consists in small sums generally at higher interest rates than those available at traditional banks to reflect the riskier profile of the borrower. In the EU, the microcredit threshold is set at EUR 25 000.

Nascent Entrepreneurship Rate: The proportion of the population that is actively involved in setting up a business they will own or co-own. This business has not paid salaries, wages or any other payments to the owners for more than three months. It is one of the measures developed by the Global Entrepreneurship Monitor to quantify entrepreneurship activities in an economy.

New Business Ownership Rate: The proportion of the population that is currently an owner-manager of a new business that has paid salaries, wages or any other payments to the owners for more than three months, but not more than 42 months. It is one of the measures developed by the Global Entrepreneurship Monitor to quantify entrepreneurship activities in an economy.

Outreach: A systematic attempt to provide services beyond conventional limits to reach particular segments of a community. Outreach services can be employed to raise the profile of (more mainstream) services and inform people of the provision. Outreach services can also be used to reach and engage specific groups and those who do not tend to use mainstream services. One approach is to deliver services in locations where people from the target communities already go (e.g. community centres, youth centres, places of worship, shopping centres) rather than establishing an outreach office and attempting to attract people to it.

Pre-business start-up indicators: These measures capture society's attitude towards entrepreneurship and the level of interest that people have in starting a business and are an important policy tool in determining the cultural disposition towards entrepreneurship.

Role models: An experienced entrepreneur who can inspire others to business start-up or self-employment activities.

Self-employment: An employment status where people work in their own business on their own account and receive an economic return for their labour in the form of wages, profits, in-kind benefits or family gain (for family workers). The self-employed may work alone or employ others. They tend to be running their own business as a sole proprietorship, independent contractor, member of a partnership, or a non-incorporated company.

Senior entrepreneurs: Typically categorised as entrepreneurs over 50 years of age, they are also variously known as "grey entrepreneurs," "silver entrepreneurs", "older entrepreneurs," "third age entrepreneurs," "elder entrepreneurs" and "senior-preneurs." They are predicted to play an increasingly important part of economic activity, as populations age and the traditional workforce age cohort declines.

Serial entrepreneurship: The process of successively starting businesses and selling them while they are young rather than operating a business over its full life cycle.

Sign-posting: To make information available to direct potential and actual entrepreneurs to professional sources of information and assistance.

Social capital: Social capital is the value of social networks, involving the family, friends, colleagues, and business and personal contacts through which opportunities are received.

In entrepreneurship, social capital provides access to knowledge, networks of clients, suppliers and professional support, and can therefore increase an individual's chances of business success.

Social entrepreneurship: This is a form of entrepreneurship where the main objective is to have a social impact rather than make a profit for their owners or shareholders. Social enterprises operate by providing goods and services for the market in an entrepreneurial and innovative fashion and use any profits primarily to achieve social objectives. They are managed in an open and responsible manner and, in particular, involve employees, consumers and stakeholders affected by their commercial activities.

Social inclusion: Positive action taken to include all sectors of society in economic and social activity. This includes ensuring that the marginalised and those living in poverty have greater participation in decision making which affects their lives, allowing them to improve their living standards and their overall well-being.

Total early-stage Entrepreneurial Activity (TEA): A measure used by the Global Entrepreneurship Monitor and computed by summing the proportion of the population involved in nascent entrepreneurship activities and those who have started new business within the last 42 months.

Under-represented groups: Those segments in society that are less represented in the enterprise economy than their proportions in the overall population, for example women and people with disabilities.

Youth entrepreneurs: Entrepreneurs in their late teens and twenties. The exact definition of age range depends on the context. For example, the Global Entrepreneurship Monitor defines young entrepreneurs as those from 18 to 30 years old, while the Eurostat Labour Force Survey focuses on those from 15 to 24 years old.

The Missing Entrepreneurs 2019

POLICIES FOR INCLUSIVE ENTREPRENEURSHIP

The Missing Entrepreneurs 2019 is the fifth edition in a series of biennial reports that examine how public policies at national, regional and local levels can support job creation, economic growth and social inclusion by overcoming obstacles to business start-ups and self-employment by people from disadvantaged or under-represented groups in entrepreneurship. It shows that there is substantial potential to combat unemployment and increase labour market participation by facilitating business creation in populations such as women, youth, the unemployed, and immigrants. However, the specific problems they face need to be recognised and addressed with effective and efficient policy measures. The 2019 edition contains two thematic policy chapters on the potential of digital entrepreneurship for making entrepreneurship more inclusive and increasing the scale-up potential of start-ups by entrepreneurs from disadvantaged groups. These thematic chapters discuss current policy issues and present the range of policy actions currently used in EU and OECD countries. The chapters also offer policy advice to national, regional and local policy makers. Finally, the report contains country profiles that highlight recent trends in entrepreneurship by women, youth, seniors and immigrants, key policy issues and recent policy actions in each of the 28 EU Member States.

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