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Inclusive entrepreneurship policies aim to offer all people an equal opportunity to create a sustainable business, whatever their social group. This is an important requirement for achieving the goal of smart, sustainable and inclusive growth set out in the Europe 2020 strategy. It is also a means to respond to new economic challenges, to create jobs and to fight social and financial exclusion. Among the key targets of inclusive entrepreneurship policies and programmes are women, youth, older people, the unemployed, migrants and people with disabilities, who all continue to face challenges in the labour market and are under-represented or disadvantaged in entrepreneurship activities. ‘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.

The rates of self-employment in Slovenia are below the European Union (EU) average, although it continuously increases and the gap is slowly closing. The highest self-employment rates are exhibited by men and older people (over 14%), whereas young people exhibit very low self-employment rate (2.3%). High-skill group of workers represent 54.2% of self-employed workers, which is above EU average (44.5%). There are a number of remaining challenges for inclusive entrepreneurship policy. The overall business environment remains cumbersome for all entrepreneurs. This affects under-represented and disadvantaged groups disproportionally since they are less likely equipped to navigate the regulatory environment. More can also be done to address access to finance issues.

This note is the third country assessment note prepared by the OECD in collaboration with the Directorate-General for Employment, Social Affairs and Inclusion of the European Commission on the state of inclusive entrepreneurship policies and programmes in each European Union Member State. 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 suggests policy actions 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. The 2018 notes include an additional section on female entrepreneurship support, which provides an overview of the entrepreneurship activity levels, obstacles faced and policy responses.

The notes are part of a wider programme of work by the OECD and the European Commission that includes “The Missing Entrepreneurs” publications, the Better Entrepreneurship Policy Tool (www.betterentrepreneurship.eu), a series of Policy Briefs on specific target groups, policies and issues, and country reviews of youth entrepreneurship and women entrepreneurship. For more information please refer to: www.oecd.org/employment/leed/inclusive-entrepreneurship.htm.
ACKNOWLEDGEMENTS

This note is part of a series of notes on country-level inclusive entrepreneurship policies and programmes prepared by the Organisation for Economic Co-operation and Development (OECD) for the European Commission. These notes were prepared as part of the programme of work of the OECD Local Economic and Employment Development (LEED) Programme of the Centre for Entrepreneurship, SMEs, Regions and Cities (CFE) led by Lamia Kamal-Chaoui, Director. They provide an overview of current and planned policy actions and identify some actions that could be implemented to address gaps in the current support offering, or improve current offerings.

This note was prepared by Prof. dr. Karin Sirec of the University of Maribor. David Halabisky and Cynthia Lavison of the CFE undertook additional drafting and editing of the note under the direction of Dr. Jonathan Potter, also of the CFE. A draft version of this note was discussed with a steering group at a workshop in Ljubljana on 6 June 2018. The steering group was co-led by the OECD and Urška Kovač Zlobko and Tomislava Arh (Ministry of Labour, Family, Social Affairs & Equal Opportunities). Other members of the steering group included: Zoran Kotolenko, Lidija Kramar, Nuša Majhenc and Damjana Šarčević (Ministry of Labour, Family, Social Affairs & Equal Opportunities); Robert Drobnič, Urška Bitenc, Mojca Štepic, and Marko Drofenik (Ministry of Economy); Mojca Skalar and Boris Kunilo (Agency SPIRIT); Metka Cerar and Iris Lojevec (Employment Service Slovenia); Jasmina Šubic (Adult Centre Radovljica) Much of the data contained in this note were prepared under the direction of Dr. Jonathan Levie of the Global Entrepreneurship Monitor. This note benefited from feedback and suggestions provided by Guy Lejeune of Directorate-General for Employment, Social Affairs and Inclusion of the European Commission.
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Key messages

- Inclusive entrepreneurship policies and programmes in Slovenia have been well defined for youth, women and the unemployed. The responsibility for their implementation falls under several ministries (e.g. Ministry of Economic Development and Technology, Ministry of Labour, Family, Social Affairs and Equal Opportunities, Ministry for Education, Science and Sport, Ministry of Public Administration) or directorates as well as national agencies. These actions are complemented also by the non-governmental sector. For other disadvantaged groups (e.g. seniors, people with disabilities and migrants) there is no specific focus on entrepreneurial inclusion.

- The rates of self-employment in Slovenia are below the European Union (EU) average, although it continuously increases and the gap is slowly closing. The highest self-employment rates are exhibited by men and older people (over 14%), whereas young people exhibit very low self-employment rates (2.3%). High-skill group of workers represent 54.2% of self-employed workers, which is above European Union average (44.5%). Total Entrepreneurial Activity (TEA) rate as well as female involvement in early-stage entrepreneurial activity lags behind the European Union average. A continuous decrease in early-stage entrepreneurial activity is also observed in the older people group. The necessity-driven entrepreneurial activity in Slovenia is lower than the EU average. Slovenian entrepreneurs are more likely to offer new products and services relative to the EU average and are very actively engaged in export activities. These points to the fact that Slovenian entrepreneurs are well aware of the importance of international markets, since Slovenia is a rather small economy.

- It is recommended to (i) continue to simplify and reduce business regulations; (ii) increase the use of targeted outreach to attract disadvantaged groups into mainstream entrepreneurship training programmes; (iii) integration of entrepreneurship education into the entire educational vertical (primary, secondary, tertiary education); (iv) introduce more training on financial literacy and access to finance for people from under-represented and disadvantaged groups; (v) build entrepreneurial networks that are open to new entrepreneurs, including those starting from disadvantaged groups; (vi) increase more support to help entrepreneurs from under-represented and disadvantaged groups develop and grow their businesses; and (vii) promote success stories and role models of disadvantaged individuals who have been successful in entrepreneurship.
1. INCLUSIVE ENTREPRENEURSHIP OBJECTIVES AND TARGETS

Business start-up support is identified in numerous governmental strategic policy documents in Slovenia. The Slovenian Industrial Policy sets priorities for the development of industry and the economy for the period 2014 to 2020. It contains a range of measures intended to increase the competitiveness in the business environment, to strengthen entrepreneurship and the innovative capability of the economy as well as activities for the sustainable development of industry. The Slovene Smart Specialisation Strategy (S4) is implementing document relating to the already-adopted strategic documents on research and innovation, industrial policy and digital agenda, as well as other specific and relevant strategies in the field of nature protection, energy, education, etc. The Operational Programme for the Implementation of the EU Cohesion Policy in the Period 2014-2020 plays a decisive role in encouraging economic development taking into account the specific characteristics of regions, and contributing to the achievement of the national targets for smart, sustainable and inclusive growth. Among others, the measures are designed to provide support for entrepreneurship. Specific result indicator is improved entrepreneurial activity index (TEA index) – the target value for the 2023 is set by the 7.00%. The Programme contains many other measures aimed at disadvantaged groups of people. For example, individuals older than 50, young people at various levels of education, unemployed young people aged up to 29, women with tertiary education, people with disabilities etc.

With respect to labour market objectives, according to the European Commission Staff Working Document (2018) Slovenia has made some progress in intensifying efforts to increase the employability of low-skilled and older workers, particularly through targeted lifelong learning and activation measures. In 2017 two measures (a subsidy scheme and support activities to help companies for active ageing of the workforce) aimed at older workers and an in-work incentive scheme for the low-skilled were introduced. In December 2017 the Intervention Act was adopted by the parliament. The labour market continues to face challenges. The activity and employment rates of older workers remain among the lowest in the EU. Adult learning, although still slightly above the EU average, has been falling for the last seven years. Evaluation of active labour market policies shows that the majority of programmes are performing well. However, the participation rate of unemployed in the programmes is low. Improvements on life-long learning should be made as improving skills through adult learning could increase employment of vulnerable groups (European Commission, 2018).

Slovenia is implementing its Smart Specialisation Strategy (S4), which also aims to improve access to finance and reduce administrative burden. It will support 8 500 SMEs. Furthermore, Slovenia’s public agency SPIRIT (Public Agency for Entrepreneurship, Internationalization, Foreign Investments and Technology) has announced measures to promote R&D, internationalisation and entrepreneurship, aiming to complement its previous measures to back institutional capacity building for entrepreneurship. The business environment and access to finance have improved but challenges remain. While useful new funding instruments have been devised, alternative sources of financing for start-ups, small businesses and scale-ups have only started to develop. Legislation to ease the planning and building processes has been adopted but administrative burden and restrictive product and service market regulation remain obstacles to growth and investment. There is room to enhance competition, professionalisation and independent oversight in public procurement. Certain anti-corruption reforms are still pending. Efficiency in public research is hindered by difficulties to attract domestic and foreign talent and a lack of performance-based funding (European Commission, 2018).
2. KEY INCLUSIVE ENTREPRENEURSHIP INDICATORS

Economic outcomes have improved considerably since Slovenia’s serious economic crisis ended in 2013. Looking ahead, the government designed Slovenian Development Strategy 2030 to create a faster growing and more inclusive economy with competitive globally integrated companies (OECD, 2017). Slovenia has experienced robust economic growth in recent years which will continue this year (5.1%); a continuation of favourable economic trends is also expected for 2019 (3.8%). The forecast is based on the very favourable economic developments at home and internationally, and a continuation of high business and consumer expectations. The key reasons of strong growth will remain the still high growth of exports and investment, coupled with accelerated growth in private consumption as a result of higher growth in disposable income (IMAD, 2018a).

2.1. Labour market context

In 2017 the number of registered unemployed persons fell for the third consecutive year (Figure 1), this time even more notably than previously. The inflow into unemployment dropped again, largely because fewer people registered as unemployed due to the expiry of their temporary employment contracts. There were also fewer first-time jobseekers, which has to do with better economic conditions and smaller generations of young people finishing school. With higher economic activity, registered unemployment will decline further in 2018–20 (IMAD, 2018a). The recovery has led to tighter labour market conditions, as employment has risen, while fewer people are in the labour market. Labour market participation of older and low skilled workers remains a challenge. Slovenia has successfully maintained an inclusive society. Income distribution is amongst the most equal in the OECD.

The unemployment rate in Slovenia has been below the OECD average since 2001. Since its peak in 2013 (10.3%) it dropped to 6.7% of registered unemployment in 2017. It is expected to fall further to 5.2% in 2019. The unemployment rates are unequally distributed among different demographic groups. Youth unemployment rate remains the highest, although it dropped significantly from 15.2% in 2016 to 11.2% in 2017. Both men, as well as women unemployment rates decreased in 2017, whereas seniors’ unemployment rates hardly changed. Due to less favourable structure of unemployment, long-term unemployment still accounts for over half of total unemployment. Older and low-skilled workers’ participation in active labour market policies remains low. The Employment Service of Slovenia (ESS) offers additional services and activities to those vulnerable groups of the unemployed and also young people. In particular, two new active labour market policy measures aimed at older workers and in-work incentive schemes for the low-skilled were introduced, and measures promoting employment of persons over 55 years were extended (European Commission, 2018). It is important to adequately support the vulnerable population groups in order to address persistent structural imbalances on the labour market as the current pattern of ALMP resources risks underinvestment in the skills of the disadvantaged.
2.2. Self-employment and entrepreneurship rates

Figure 2a presents the self-employment rates in the EU and Slovenia between 2008 and 2017. The share of self-employed in total employment has been slowly increasing from 9.3% in 2008 to 11.4% in 2017, which is below the European Union average (13.7%). Self-employed persons in Slovenia are not covered by labour legislation and perform their activities based on civil law. Self-employed workers without employees are organised in different associations (according to occupation/profession or area of activity), but their negotiation power is relatively limited. The main problem remains that the self-employment in Slovenia hides an enormous range of working situations, ranging from poorly-treated and poorly-paid people whose self-employed status is effectively bogus, to well-paid and well-educated autonomous workers, for example in consultancy sectors. Some people who are self-employed operate their own micro-enterprises and are themselves the employers. (Plachtej, Trbanc, 2009).

In the second quarter of 2017, there were 114 000 self-employed persons (67% of men and 33% of women). As in other countries the notion of self-employment covers different groups of persons in employment and covers a wide range of statuses, working conditions and opportunities in the labour market. Official statistics recognise three different statuses (individual private entrepreneurs (mostly craftsmen), farmers and own account workers) which contribute differently to the share of the self-employed in the Slovenian labour market. The highest share of self-employed in Slovenia represents the group of individual private entrepreneurs (70.6% in 2017) followed by farmers (22.1%). The number of own account workers is almost negligible (7.3%). About two-thirds of self-employed (76 000 or 67%) did not employ anyone; more than half of them did not employ anyone, because there was not enough work. Most self-employed (98 000 or 86%) did not intend to do so in the next 12 months nor to hire new workers or to hire subcontractors. Most self-employed persons became self-employed due to a suitable opportunity (30.7%), 25.5% overtook the family business, and 13.3% because they did not find a job. 50.3% of the self-employed were very satisfied with the current work. 19.7% (22 000) self-employed, would rather be employed (SORS, 2018).
Figure 2. Entrepreneurship rates by target group

a. Self-employment rate, 2008-17

b. TEA-Rate, 2013-17
c. Proportion of TEA that is necessity entrepreneurship, 2013-17

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d. Proportion who expect to start a business in the next 3 years, 2013-17

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Note: The self-employment rate is defined as the proportion of those in employment who are self-employed. The TEA rate is the Total early-stage Entrepreneurial Activity rate, which is defined as the proportion of the population actively involved in pre-start-up activities and those who have started a new business within the last 42 months. The proportion of TEA that is necessity entrepreneurship is the proportion of entrepreneurs involved in setting-up a new business or operating a business that is less than 42 months old, who were motivated to start their business because they had no better options for work. Data for panels b, c, and d were pooled for the period 2013-17, producing an unweighted average. The EU27 average in panels b, c, and d covers all EU Member States except Malta because it is not covered by the GEM survey.

Source: Panel a contains data from Eurostat (2018), Labour Force Survey; Panels b, c, and d contain data from the 2013 to 2017 Global Entrepreneurship Monitor household surveys that were tabulated for the OECD (2018).

Self-employment has a dual meaning in Slovenian labour market. On the one hand it offers an exit from the unemployment situation for many unemployed persons and is promoted as a means of creating job vacancies also by active employment policy measures (Ignjatović, Kanjuo Mrčela, 2016). On the other hand, although self-employment is intended for the conduct of entrepreneurial activity, it is often used as a way of masking dependent employment in an entrepreneurial legal form in order to evade the labour rights associated with a regular employment contract and gain on flexibility (Bembič, Stanojević, 2015). The Slovenian Statistical Office estimates that the share of possible bogus self-employment
almost doubled between 2012 and 2015 (SORs, 2016). Most recent data show the considerable drop in this type of self-employment. The largest number of self-employed persons, 19.4%, identified the loss of income in the case of illness as the biggest problem in self-employment, while the second most common problem was the lack of influence on the determination of the price, of the value of their work (by 14.9% of self-employed), and the third by non-payment of delayed payments (by 13.8% of self-employed). 28.1% of self-employed did not encounter problems (SORs, 2018).

The overall self-employment rate varies among presented demographic groups. The highest self-employment rates are exhibited by men (14.3%) and older people (14.6%) in 2017. In contrast, young people exhibit very low self-employment rate (2.3%). The self-employment rate for women in 2017 was 8.1% in Slovenia. The women self-employment rates are substantially lower than the rates for men (8.1% and 14.3% respectively). In terms of change, the self-employment rate has increased somewhat since the start of the crisis (from 9.3% in 2008 to 12.1% in 2015). During the last two years however, rates has followed a slightly decreasing trend. The only two groups that recorded growth in the last year are women (from 7.4% in 2016 to 8.1% in 2017) and youth (from 1.9% in 2016 to 2.3% in 2017). As already stated, there is a gender bias reflected in a higher presence of men in comparison to women self-employed (67% in relation to 33%). The female self-employment rate in Slovenia was lower (8.1%) than the female self-employment rate for European Union (9.7%). Young people in the EU and Slovenia are much less likely to be self-employed than adults overall (15-64 years old). In 2017, in Slovenia the self-employment rate for youth was only 2.3%, which is far below the rate for adults (11.4%). The reasons may lie in the lack of experience and skills, low level of human as well as physical capital and greater difficulties in obtaining finances needed to start a business. The proportion of self-employed seniors in Slovenia is lower (14.6%) than the EU average (18.2%). As shown in Figure 2a, self-employment is an important means for seniors to stay in employment. In Slovenia, 14.6% of older people in employment were self-employed in 2017, relative to 11.4% of all adults. According to Active Ageing Index, which shows how much the capacity of older people is exploited, Slovenia ranks below the EU average (in 23rd place) mostly due to the low value of the indicator employment (IMAD, 2018b). In some countries it is also often promoted by public policies. The motives for self-employment are very different: some want to continue with the work activity after terminating their career; some opt for self-employment, because otherwise they do not get a properly paid job. Nevertheless, it should be remembered that the self-employment of older people often means a form of hidden unemployment (Great Britain), so this is not a measure that would drastically solve the unemployment problem of the elderly (Kavaš et al., 2015).

The share of people with disabilities among self-employed is rather low in Slovenia, but exhibit constant increase (from 0.76% in 2010 to 2.12% in 2016) (SORs, 2017).

In addition to examining self-employment rates, the Global Entrepreneurship Monitor (GEM) research offers another lens to assess entrepreneurship and specific characteristics of individuals, e.g. the perception of their own abilities for entrepreneurial activities, the ability to perceive opportunities, entrepreneurial intentions and fear of failure. As GEM monitors entrepreneurial activity throughout the phases of the life cycle (nascent, new businesses and established businesses, discontinuation), according to impact (high growth, innovation, internationalization) and by type (early-stage entrepreneurship activity, employee entrepreneurship activity), the picture is much richer than the one that is based only on data gathered from ordinary statistical databases.

The Total early-stage Entrepreneurial Activity (TEA) index is one of the basic measures of GEM research, which measures the percentage of the adult population aged between 18 and 64 that are in the process of starting or who have just started a business venture. Figure 1g shows that people in Slovenia are less likely to be involved in these activities than the European Union average. Total early-stage entrepreneurial activity includes nascent and new entrepreneurs. In 2017 in Slovenia there were 6.85%
nascent and new business owners. In entrepreneurial processes there is a noticeable decrease in activities when the next stage is entered, with a share of nascent entrepreneurs never to become new business owners. The ratio between these two groups of entrepreneurs is shown with mortality index, which was rather high in Slovenia in 2017 and amounted to 1.36, which tells us that there were 36% more nascent entrepreneurs than new entrepreneurs. It can be concluded that out of four nascent entrepreneurs only three will continue to operate after three months (new business owners) (Rebernik et al., 2018b).

Whereas men entrepreneurial activity is in Slovenia the same as the European Union average (Figure 2b), female involvement in early-stage entrepreneurial activity lags behind. This means that women still present an important entrepreneurial potential which has not yet been fully exploited. In Slovenia, the age group 25 - 34 years has the highest prevalence of early-stage entrepreneurial activity (32.4%) in 2017. Early-stage entrepreneurial activity of the age group of 55 to 64 year olds increased in 2017 (from 5.5% to 7.4%). This is an encouraging indicator, because Slovenia has one of the lowest working activity of people between 55 and 64 years in the EU (Rebernik et al., 2018b). The changing age structure of the population, which will result in the proportion of the elderly almost doubling in the next 35 years, presents a challenge for government policymakers. Because people in this age group have a lot of experience, resources, and networks of connections, it would be wise to support them via relevant policies so that they would exploit these advantages as entrepreneurs.

The proportion of necessity-driven entrepreneurial activity in Slovenia is lower than the European Union average (Figure 2c). Not every entrepreneurial activity is equally desirable. Despite the fact that in all age groups in Slovenia opportunity-based entrepreneurship is most common, a considerable increase of necessity-based entrepreneurship has been noticed in the oldest age group in comparison with the year 2016 (from 0.7% to 3.3%). The lowest level of entrepreneurial activity out of necessity can be found in the youngest age group (1%). Considerably more entrepreneurship out of opportunity in comparison with 2016 was recorded in the age group of 45 - 54 year olds.

With regard to entrepreneurial intentions (Figure 2d) within the next three years Slovenia is ranked 6th among GEM countries in 2017. Entrepreneurial intentions of individuals in Slovenia are on the rise: in 2016, there were 14.3% of adult population, who planned to start a business within the next three years, as compared with 16.7% in 2017. Entrepreneurial intentions can be understood as a first step of individuals to enter entrepreneurship and setting up a business venture, which are linked to different motives for entering entrepreneurship (Rebernik et al., 2017, 2018b). Youth are more likely to expect to create a business than the European Union average. The fact that only 4.02% of the individuals actually created their new ventures and that they were in business for less than three months (nascent entrepreneurs) points to a gap between high entrepreneurial aspirations and the actual activities for setting up new ventures and commencing with their business operations. This result also suggests that youth face relatively high barriers to business creation in Slovenia.

2.3. A profile of the self-employed

The distribution of the self-employed by sector of economic activity shows substantial variation across both EU and Slovenia (Figure 3a). In Slovenia, the largest proportion of self-employed are engaged in agriculture, forestry and fishing (15.9%) followed by the wholesale and retail trade (14.5%) and professional, scientific and technical activities (13.7%). This does not reflect the share of overall economic activity in Slovenia, where almost one-fifth (19.7%) of all enterprises are engaged in wholesale and retail trade; repair of motor vehicles and motorcycles, 16.9% in the professional, scientific and technical activities and 13.7% in construction (Širec et al., 2018). In relation to the distribution of the self-employed in the EU, the self-employed in Slovenia are over-represented in agriculture, forestry and fishing, professional, scientific and technical activities, manufacturing, transportation and storage, information and communication as well as and in arts, entertainment and recreation. In contrast, they
are underrepresented in the wholesale and retail trade, construction, human health and social work activities, administrative and support service activities and education. In accommodation and food service activities as well as real estate activities, Slovenia and the EU have very similar distributions of self-employed workers. Examining self-employment across a gender and sector nexus, self-employed women are most likely to be working in professional, scientific and technical sector (18.4% vs. 11.3%). Women over represent men also in wholesale and retail trade, accommodation and food service activities, arts, entertainment and recreation, human health and social work activities, administrative and support service activities and education. In contrast, men self-employed outnumber women self-employed in agriculture, forestry and fishing, manufacturing, construction, transportation and storage, as well as in information and communication activities. Older people are most active in agriculture, forestry and fishing, wholesale and retail trade and manufacturing.

The structure of the self-employed workers’ educational category (Figure 3b) reveals, that Slovenia exhibits a higher proportion of self-employed people with upper secondary and post-secondary non tertiary education (ISCED 3–4, 58.1% in relation to 44.6% in EU) and lower proportions of self-employed people with secondary education or lower (ISCED 0–2, 7.3% as opposed to 20.1%). The proportion of tertiary educated self-employed is almost the same in Slovenia (34.6%) as in EU. The overall education of Slovenian active population is quite similar; 9.3% have ISCED 0–2, 56.9% ISCED 3–4 and 33.8% ISCED 5–8 (Eurostat, internal data, calculated by IMAD, 2016). Although the share of adults with tertiary education is high, their employment rate by sectors is fairly uneven. Shortages are emerging, particularly in the manufacturing sector, across a range of vocational occupations and for ICT specialists. A third of all private-sector employers, and half of larger firms, report difficulties in finding enough staff (IMAD, 2016). By international comparison, a relatively large share of persons with tertiary education is employed in the public sector. Their employment rate in the private sector, on the other hand, remains below the European average. The demand of companies for highly educated personnel is restricted by the considerable progressivity of labour tax. The reduction of the tax burden on high incomes introduced at the beginning of 2017 is one of the ways to increase the employment rate of highly educated persons in the private sector (IMAD, 2017).

In terms of gender, women self-employed are more likely than men to have acquired tertiary education (45.6% in relation to 29.2%), and less likely to have achieved medium or basic education only. The educational structure of self-employed med and older people is very similar in Slovenia with prevailing level of upper secondary and post-secondary non-tertiary education.

The breakdown of the self-employed by occupational category also reveals some interesting dissimilarities between Slovenia and the EU (Figure 3c). The largest occupational group in Slovenia are managers (23.2%), followed by professionals (20.2%) and skilled agricultural, forestry and fishery workers (14.6%). In contrast, the largest occupational group in the EU is professionals (21%), followed by service and sales workers (16.5%). In Slovenia, a high-skill group of workers (comprising of managers, professionals, and technicians and associate professionals) represent 54.2% of self-employed workers, which is above EU average (44.5%). A mid-skill group (clerical workers, agricultural, forestry and fishery workers, craft and related trades workers and plant and machine operators, and assemblers) represents 34.7% of self-employed workers in Slovenia and almost the same (35.6%) in EU. Slovenia has a substantial lower share of low-skilled self-employed workers (service and sales workers and elementary occupations) (10.9%) comparing to 19.8% in the EU countries. Women are significantly over represented as professionals (30.6% versus 15.1% of self-employed men) and service and sales workers (16.4% vs. 4.6% of men). This result is in line with their higher tertiary educational attainment. The larger occupational group of older people is represented by skilled agricultural, forestry and fishery workers.
Figure 3. Characteristics of self-employed workers by target group

a. Proportion of self-employed by economic activity, 2017

b. Proportion of self-employed by educational attainment, 2017
2.4. Barriers to entrepreneurship

Fear of failure can be a strong deterrent when deciding to enter entrepreneurship. However, evidence on the “fear of failure” suggests that this is less of a barrier to business creation in Slovenia than in other EU countries (Figure 4a). Women were the most likely group to report this barrier.

One of the key conditions for the exploitation of perceived business opportunities are required skills and knowledge. Slovenians were more likely than the European Union average to report that they had the skills to start a business (Figure 4b). This holds, irrespective of gender or age. Slovenians believe that they possess the required competences even more than in 2016, because 53.3% of the population believe they have required skills and knowledge for entrepreneurship. This ranks Slovenia 18th globally and 1st among the European countries that participated in the survey. It may be that individuals assess their capabilities and capacities too high, but the enhancement of entrepreneurial potential is very important. Of course, this is not sufficient if the activities are not focused on new job creation or on the increase in added value. It is impossible to force creativity and entrepreneurial spirit on individuals; we may only motivate them with adequate economic and developmental policies to consider entrepreneurial career as a realistic option (Rebernik et al., 2017).
Figure 4. Barriers to entrepreneurship by target group

a. Proportion who report that a fear of failure prevents them from starting a business, 2013-17

<table>
<thead>
<tr>
<th>%</th>
<th>Slovenia</th>
<th>EU27</th>
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<tbody>
<tr>
<td>Overall average</td>
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<tr>
<td>Men</td>
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<td>Women</td>
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<tr>
<td>Youth (18-30 years old)</td>
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<tr>
<td>Older people (50-64 years old)</td>
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b. Proportion who perceive that they have the skills to start a business, 2013-17

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<tr>
<th>%</th>
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<td>Older people (50-64 years old)</td>
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Note: Data were pooled for the period 2013-17. Responses were weighted to reflect the population in each year, but no weighting was used when pooling the time series data, i.e. all years have the same weight regardless of the sample size in each year. The EU27 average covers all EU Member States except Malta because it is not covered by the GEM survey.


2.5. Entrepreneurship performance

Slovenian entrepreneurs were more likely to offer new products and services relative to the EU average (Figure 5a). More than 42% of youth indicated that they were innovative, which was well above the EU average. However, there was a gap between men and women. Approximately 37% of men entrepreneurs were innovative, whereas only 31.1% of women did. Slovenia also ranks high with regard to the focus on new market niches; 50% of early-stage entrepreneurs believe that their products or services are new on the market, as there are few or no other competitive businesses on the market. The use of new technologies can greatly contribute to the success of business operations of individual
companies and the society as a whole. In Slovenia, the percentage of nascent and new entrepreneurs who believe that they use relatively new technologies (i.e. technologies available for less than five years), was 38% in 2017. But it should be emphasised that the answers provided by entrepreneurs are subjective and reflect the environment in which these entrepreneurs operate. Most likely, entrepreneurs from economically less developed countries perceive the use of new technologies more loosely than their counterparts in highly developed economies and more innovative and technologically stronger environments (Rebernik et al., 2018b).

Slovenia as a small economy has traditionally exhibited a relatively high level of international orientation, which points to the fact that Slovenian entrepreneurs are well aware of the importance of international markets. This results (Figure 5b) are also supported by the data published by the European Commission which show that Slovenian SMEs are very actively engaged in export activities because 52% of them stated that they had exported at least some of their products or services to other EU countries in the last three years (European Commission, 2015). Without internationalisation it is neither possible to achieve appropriate company size nor appropriate economy of scale and scope. Clearly, at the approximately same level of development in a large economy, there will be fewer international companies, because it is possible to grow on the domestic market.

Figure 5. Self-employment and entrepreneurship activities by target group

a. Proportion of new entrepreneurs whose products or services are new to all or some customers, 2013-17
b. Proportion who sell to customers in another country, 2013-17

![Bar chart showing proportions who sell to customers in another country for Slovenia and EU27 by gender and age group (2013-17).]

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<td>Older people (50-64 years old)</td>
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c. Proportion of early-stage entrepreneurs who expect to create more than 19 jobs in 5 years, 2013-17

![Bar chart showing proportions of early-stage entrepreneurs expecting to create more than 19 jobs in 5 years for Slovenia and EU27 by gender and age group (2013-17).]

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<td>Overall average</td>
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<td>Youth (18-30 years old)</td>
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<td>Older people (50-64 years old)</td>
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</table>

Note: Data were pooled for the period 2013-17. Responses were weighted to reflect the population in each year, but no weighting was used when pooling the time series data, i.e. all years have the same weight regardless of the sample size in each year. The EU27 average covers all EU Member States except Malta because it is not covered by the GEM survey.


As expected, Slovenian new entrepreneurs were slightly more likely to expect to create at least 19 jobs in the next five years (Figure 5c). Men were the most likely to expect to create a high number of jobs (11.9%), while women were the least optimistic (7.6%). GEM asks early-stage and new entrepreneurs how many employees they expect to have in the next five years. As this is their subjective assessment, it can be based on their professional estimates regarding the growth potential of their businesses, but also on their wishful thinking about growth lacking a firm foundation. We should therefore be aware of the limitations when researching entrepreneurial growth aspirations, because entrepreneurs very often do not have realistic expectations about the future growth of their businesses.
when they set foot on the entrepreneurial path. Often, growth expectations are not met in practice, but it certainly matters that entrepreneurs exhibit growth aspirations, because the lack of growth aspirations often results in poor company growth. It can thus be concluded that in countries with considerably higher level of entrepreneurial growth aspiration more new jobs are likely to be created (Rebernik et al., 2018b).

Not all start-ups are successful, which is evident from the fact that in 2017 there were only 2.96% of businesses that were older than three months (new entrepreneurs/owner-managers of new firms). Therefore, the overall TEA index in Slovenia in 2017 was 6.85%. The percentage of individuals who had a running business for more than three years and a half was 6.76% (established business owners).

This shows that not all new businesses survive beyond the first crucial years of their operations. Last year, business discontinuation rate in Slovenia was 2.29% (Rebernik et al., 2018a) which is below the EU average. The most frequent reason for the discontinuation of business is the lack of profitability. The comparison of Slovenia with other countries reveals significant deviations. In Slovenia, in addition to the lack of profitability (22%) an equally important reason is a transition to a different activity or a new business opportunity (22%), followed by the discontinuation of business activities due to government/taxation policies or bureaucracy (19%). The last two reasons seem to be less important in other countries. In Slovenia, a transition to a different activity means that the entrepreneurs look for other possibilities for earning income or career development, which is not a viable basis for a long-term development of a business venture. A large share of discontinuation of business activities due to policies and bureaucracy requires a simplification of business regulation, the elimination of bureaucratic obstacles and a reduction of tax burdens. Only attractive business conditions will make entrepreneurs remain in the business processes. The under-represented and disadvantaged groups of people present a rather small amount of people, identified as potential entrepreneurs. But it needs to be emphasised, that these groups typically face even greater barriers to business creation and to growing their business than those in the mainstream and more could be achieved if these barriers could be overcome. Furthermore, entrepreneurs and the self-employed from disadvantaged and under-represented groups tend to have lower quality businesses, for example in terms of income and revenue, and businesses that are more likely to be unsuccessful (OECD/EU, 2015, p. 13).
3. ASSESSMENT OF CURRENT AND PLANNED INCLUSIVE ENTREPRENEURSHIP POLICIES AND PROGRAMMES

3.1. Policy framework

There are a range of policies and programmes, under the auspices of different ministries and agencies that aim to ensure that women, youth, seniors, unemployed, immigrants and people with disabilities have an equal opportunity to make a contribution in the labour market and society. Different target groups have diverse policy framework. Especially for youth and women there are precisely defined policies and programmes, whereas for others (e.g. people with disabilities), there is no specific focus on entrepreneurial inclusion. SPIRIT Slovenia - Public Agency for Entrepreneurship, Internationalisation, Foreign Investments and Technology supports Slovenian entrepreneurship in most brother sense. They prepare and implement programmes to facilitate the development of entrepreneurial sector in Slovenia and measure the results of the programmes. Some of their programmes are specifically targeted to two disadvantaged target groups, namely youth and women.

The plan for the implementation of the SPIRIT’s activities in the years 2018 and 2019 is ambitious. It is aimed at a wide spectrum of the population, young, future female entrepreneurs, nascent and new entrepreneurs and well-established companies and diversified accordingly. In addition, the SPIRIT will also support some of its new programmes, such as the business opportunity platform addressing the problem of business transfer and numerous new training activities, as well as international networking, which will also be implemented within the new network of Slovenian Business Points (SPOT points) who succeeded and upgraded the network of VEM points.

Table 1 presents the scope of their activities within the programme of Entrepreneurship and Technological Development. SPIRIT anticipate to organise more than one thousand events in 2018 including at least 15 000 participants. According to their estimates, the number of companies that will receive support will amount to over 35 000, while the number of consultants will approach 20 000. High numbers are the result of activities implemented by the SPOT network (the former VEM network) and the SIO network.

<table>
<thead>
<tr>
<th>Indicators</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
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<tbody>
<tr>
<td>No. of supported newly established companies</td>
<td>3 484</td>
<td>3 525</td>
<td>3 530</td>
</tr>
<tr>
<td>No. of incubated companies</td>
<td>120</td>
<td>125</td>
<td>130</td>
</tr>
<tr>
<td>No. of participants in competence programmes</td>
<td>3 306</td>
<td>3 390</td>
<td>3 390</td>
</tr>
<tr>
<td>Customer satisfaction rating</td>
<td>4</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>No. of website visitors</td>
<td>309 411</td>
<td>310 000</td>
<td>310 500</td>
</tr>
</tbody>
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Source: SPIRIT 2018.

Current strategic document Resolution on the National Programme for Equal Opportunities for Women and Men, 2015-2020 (ReNPEMZM) outlines an approach to gender mainstreaming. This strategy is under the responsibility of the Ministry of Labour, Family, Social Affairs and Equal Opportunities and the Ministry of Economic Development and Technology who are carrying out programmes aimed at promoting new employment opportunities by encouraging the self-employment of women and female entrepreneurship (e.g. a programme promoting the professional advancement of women and other programmes to develop equal employment opportunities funded by the European Social Fund).
For youth, Slovenia has a national youth policy. The National Youth Programme 2013-2022 is the thematic guide to policy and programmes in Slovenia. It focuses on five key areas: Employment & Entrepreneurship; Housing; Health and Wellness; Society and the Youth Sector; Culture, creativity, heritage and the media. Youth and non-governmental organisations conducting youth work programmes on non-formal education and training in youth work, voluntary youth work, information and advice for young people, participation, active citizenship, human rights, international youth work, mobility and research can access financing (Youth Factsheet Slovenia, 2014).

The Office of the Republic of Slovenia for Youth within the Ministry for Education, Science and Sport “monitors the situation of the young people and implements the measures in the field of non-formal education, leisure time and participation of young people in society”, with activities on policy; education; culture; international co-operation; research; youth organisations; information and counselling and inclusion. A Council of the Government for Youth advises the government and can suggest new initiatives or changes to policy (Youth Factsheet Slovenia, 2014).

In June 2016, The Implementation Plan for a Resolution on the National Programme for Youth 2013-2022 (ReNPM13-22) for the years 2016 and 2017 has been adopted. ReNPM13-22 presents overall objectives in specific priority areas. For each objective benchmarks are set and expected developmental impact with the achievements of targets is presented. The priority sub-areas of the national programme for youth under employment and entrepreneurship include promoting a sense of initiative, entrepreneurship and self-employment of young people and the increasing importance of developing entrepreneurial attitudes and skills.


In July 2017, Slovenian government introduced an Active Ageing Strategy. It is focused on four pillars: (i) employment/activity; (ii) independent, healthy and safe life of all generations; (iii) social inclusion, and; (iv) creating an environment to foster activity throughout the lifespan (IMAD and MoLFSASEO, 2017). The relevant ministries have not yet prepared their six-month action plans with concrete proposals although these were due by the end of 2017 (European Commission, 2018).

Active Employment Policy (AEP) is one of the measures by which Slovenia increase employment and thus reduces unemployment in the labour market. Labour Market Regulation Act (LMRA) provides guidelines for the implementation of active employment policy measures, which represent a strategic document in this area. AEP priority guidelines for the period 2016-20 include reducing long-term unemployment, activating the most vulnerable groups (i.e. youth, older people and those with low skills levels) and reducing structural unemployment. AEP guidelines for the period 2016-2020 (MoLFSASEO, 2015a) provide indicators for monitoring and evaluating the effectiveness of active employment policy measures in the period 2016-20. The fifth measure within the implementation plan for 2016-17 is for example aimed at unemployed people who want to become self-employed and thus realise their business idea. ESF funds will support projects promoting entrepreneurship among young people. In order to enable to overcome initial financial obstacles to potential women entrepreneurs, some assets of the integrated budget will be intended to promote women's entrepreneurship. The achievement of planned effects and results is also presented within the Plan for the implementation of active employment policy for the years 2016 and 2017 (MoLFSASEO, 2015b). Responsible institutions are the Ministry of Labour,
Family, Social Affairs and Equal Opportunities and Employment Service of Slovenia. Currently there are no measures that directly support entrepreneurship for older people.

According to most recent AEP Catalog of Measures in 2018, the programme of Co-financing projects for promoting entrepreneurship among young people 2017-2019, came into force. The purpose of the call for tenders is to promote entrepreneurial activity among young unemployed persons up to and including 28 years old, to exploit their abilities as well as to promote their innovation and creativity, in order to achieve greater employment of young people. The public tender is intended to co-finance the following project activities:

- Implementation of targeted training and individual consulting for the preparation of a business plan, for a total duration of no more than 2 months, but a total of less than 100 hours, out of which an average of 20% of hours of individual consultancy is aimed for the preparation of an entrepreneurial plan.
- Advice to the person who has successfully completed the training and employ themselves in a newly created business entity.

In 2010, Slovenia adopted the Strategy of Economic Migration 2010-20 (MoLFSAEo, 2010). This document provides an analysis of the situation in various contexts of economic migration, thus listing 10 guidelines in terms of economic migration management. The second guideline is “The promotion of immigrants’ entrepreneurship”. This guideline encourages immigration of migrants with financial capital or investors who would encourage the development investments with the effect of creating new jobs or the transfer of technology and innovative skills. The guideline also promotes entrepreneurship of immigrants and migrants. Actions to be taken include improving information about migrant entrepreneurship opportunities, developing measures for growth-oriented entrepreneurship by migrants and strengthening business development supports. The institutions responsible are SPIRIT Slovenia (Public Agency for Entrepreneurship, Internationalization, Foreign Investments and Technology), Ministry of Economic Development and Technology and Ministry of Labour, Family, Social Affairs and Equal Opportunities and other ministries within their jurisdiction.

Slovenia adopted the Action Programme for Persons with Disabilities 2014-21 (API 2014-2021) (MoLFSAEo, 2014b), which is aimed at promoting, protecting and providing full and equal implementation of human rights for disabled persons, and at encouraging respect for their dignity. It is a programme of measures for all disabled persons, regardless of the type of their disability or their age, in all fields, which considerably influence their lives (education, employment, health, culture, accessibility, self-organisation in organisations for the disabled). The programme includes 12 basic objectives, with 124 measures, which comprehensively regulate all areas of life of disabled persons (API 2014-21). Different incentives (state aid) are available to employers for employing disabled people. In a particularly easy way, state aid is granted to all self-employed disabled persons, according to the so-called the principle of deminimis.

The above overview revealed that each disadvantaged target group has its own policy framework where different focus has been given to the support for their inclusive entrepreneurship engagement. For some of the groups (for example youth) the extensive and precise policies and programmes are defined, whereas for others (for example people with disabilities) the specific focus on their entrepreneurial inclusion is still not present.

3.2. Government regulations

In 2017, 67% of entrepreneurial framework conditions improved in Slovenia. The highest score was given to the access to physical infrastructure, which was followed by the dynamics of internal market. Slovenian experts rated, on average, lowest government regulatory policies and entrepreneurial
education at the primary and secondary level of education. According to national experts Slovenia lags behind European countries in the field of government policies (taxation, bureaucracy) and cultural and social norms (Rebernik et al., 2018a; GEM Slovenia 2017, NES). The 2018 World Bank’s “Doing Business” ranks Slovenia at 46 among 190 economies on the “ease of starting a business”. Starting a business in Slovenia still requires 4 procedures that have no cost but take seven days and require paid-in minimum capital of 39.6% of income per capita (World Bank, 2017).

The Slovenian authorities have taken action to improve the business environment but administrative burden remains an obstacle to growth and investment in Slovenia. Red tape is considered to be one of the most problematic factors in terms of doing business in Slovenia. The OECD Product market regulation index shows that Slovenia's regulation is more restrictive than OECD average and in peer countries such as Hungary, Slovakia, Czech Republic and Poland. Also, the country ranks only 118th out of 137 countries in the burden of government regulation (World Economic Forum, 2017). The World Bank’s “Doing business” report 2018 found that administrative process with respect to tax compliance in Slovenia takes considerably longer than the EU average. There is also high uncertainty regarding the length of tax procedures (PWC and World Bank, 2018), particularly with respect to tax appeals and potential tax audits. Companies also face continued difficulties in directly transferring their registered offices into and out of Slovenia due to a lack of national rules and procedures. In order to reduce administrative burden, Slovenia presented the “Single Document”. The implementation of this instrument is progressing, but more than a third of measures still need to be implemented. One important implemented measure is regulatory impact assessments (including an SME test). These are now compulsory for legislative initiatives (laws) under regular parliamentary procedure, but sometimes failed to appropriately quantify overall economic impacts. In October 2017, a new legislation is being adopted, aiming to simplify and accelerate the acquisition of building permits and at the same time, to decrease legal and environmental risks and administrative burden for SMEs. It also envisages regional spatial plans which will improve the coordination between the municipalities and improve the use of resources (European Commission, 2018).

The national government has launched several initiatives to improve the business environment for all entrepreneurs and business owners. These actions are not targeted to any particular group but people from under-represented and disadvantaged groups stand to gain disproportionately because they often have lower levels of skills. These initiatives include E-VEM contact points (offering services related to business creation and registration), E-davki (e-tax portal enables convenient, easy and secure completion and submission of tax forms from the user’s computer at home or in the office) and “Stop birokraciji” website (“Stop bureaucracy” is intended for all entrepreneurs and citizens who have contact with administrative procedures where they encounter obligations they have to fulfil to meet the requirements of legislation).

In 2018, SPIRIT introduced the network of Slovenian Business Points - SPOT Point. The project is part of a wider government strategic project VEM 6.3 One-stop shop for businesses. The purpose of the project is to increase the coordination and the quality of the supportive environment measures, to improve the transparency of support services and communication to users through the national portal, and to enrich existing ones as well as to introduce new programmes. The value of the project is estimated at EUR 11.8 million, lasting five years and enabling the employment of 21 experts. SPOT points will offer the free information, training and counselling services to potential entrepreneurs and established entrepreneurs. 12 regional SPOT points will be developed. SPOT will succeed the VEM points network, but SPOT points will significantly upgrade and expand their activities. The planned activities of SPOT points, include systematic interconnection with the local environment in the implementation of activities, cooperation with important actors of the local environment, such as schools, local entrepreneurs and municipalities, and for entrepreneurs it is certainly interesting also the possibility of cross-border networking and business visits by potential business partners abroad (SPIRIT, 2018).
Another area where the regulatory environment could be improved is the dissemination of information about business creation and self-employment for disadvantaged groups. For the unemployed, youth, women, seniors, immigrants and disabled persons, various service officers can play a significant role in informing clients about the potential of entrepreneurship and direct them to where they can obtain support in starting and developing a business. This process isn’t systematically done in Slovenia. Some groups (especially unemployed and youth) receive much more targeted approach and support. Current initiatives aiming to make information easily accessible through web portals include Slovenia Business Point (http://eugo.gov.si/), the Entrepreneurship Portal (Podjetniški portal, https://www.podjetniski-portal.si/), the portal Initiatives Slovenia (http://www.startup.si/), the portal Young Entrepreneur (Mladi podjetnik; https://mladipodjetnik.si/) among others. The Entrepreneurship Portal managed by SPIRIT provides the latest information concerning the entrepreneurial path from the idea of entrepreneurial activity to the operation of a healthy and stable business. The portal has over 300 000 visits annually. Through the portal users also can access the weekly My Online Manual, which reaches over 80 000 users. Nevertheless, all those websites contain general information and are not always relevant for inclusive entrepreneurship target groups.

3.3. Financing entrepreneurship

Despite some progress over the last few years, access to finance remains a challenge for SMEs in Slovenia (SBA Fact Sheet, 2017). Progress is evident in the access to alternative sources of financing. Financial support has been directed to SMEs through the Slovene Enterprise Fund (SEF) financial instruments (both debt- and also equity-type of instruments) as well as the national development bank SID Bank. In autumn 2017 the SEF invested 8 million euros into a new cross-border equity initiative called the Central Europe Fund of Funds (CEFoF), aimed at boosting equity investments in the region’s SMEs and small mid-caps. In mid-November 2017 European Investment Fund (EIF) and the national promotional bank SID Bank launched the first Slovenian capital growth investment programme. EUR 100 million, backed by the European Fund for Strategic Investments (EFSI) guarantee, will be made available for innovative and fast-growing SMEs (European Commission, 2018).

Slovenia is a beneficiary of European Structural and Investment Funds (ESI Funds) support and can receive up to EUR 3.9 billion until 2020. ESI Funds help address structural policy challenges and implement country-specific recommendations. Among other they support SMEs by direct investments through debt and equity instruments, grants and also by creating an entrepreneurial-support ecosystem providing them with a good working environment and increasing the ease of doing business. ESI Funds, in particular the European Social Fund play a key role in supporting older, low-skilled or long-term unemployed with tailor-made programmes to improve their employment prospects. Activities introducing forms of work which respond to demographic and societal challenges enable workers to work longer and therefore support the future pension reform. Various reforms were undertaken already as precondition for ESI Funds support. A Smart Specialisation Strategy (S4) for research and innovation was developed to focus efforts on strengthening the competitiveness of the economy by enhancing its innovation capacity, diversifying the existing industries and boost growth of new and fast-growing enterprises. It also aims to improve cooperation between enterprises and public research institutions. The Public Administration Development Strategy 2015–2020 aims at modernising public administration by improving its efficiency, transparency and the quality of services. Slovenia is advancing the take up of the European Fund for Strategic Investments (EFSI). As of December 2017, overall financing volume of operations approved under the EFSI amounted to EUR 59 million, which is expected to trigger total private and public investment of EUR 490 million. Under the SME Window, one agreement with financial intermediaries has been approved so far. European Investment Fund financing enabled by the EFSI amounts to EUR 8 million, which is expected to mobilise approximatively EUR 388 million in total investment. About 1 500 smaller companies or start-ups will benefit from this support (European Commission, 2018).
According to the survey on the availability of financial resources for companies, Slovene SMEs are mainly financed by their own internal resources (i.e. saved earnings and sales of assets). Bank loans are the most used external financial source. However, SMEs report that the financing conditions of banks are unfavourable because of the great caution that banks still exercise when financing SMEs (Bank of Slovenia, 2018). Financial incentives are important for only about one out of nine SMEs, due to the limited amount of funding available in the Slovene Enterprise Fund, SID Bank and in the other SME-supporting institutions (Bank of Slovenia, 2017). On the other hand, banks are cautious in lending because they estimate that the creditworthiness of companies, despite some improvement, is still relatively low (IMAD, 2016). SMEs do not expect substantially changes regarding access to finance in 2018.

Access to finance presents even bigger barrier for disadvantaged groups. Therefore, awareness should be raised and appropriate regulations introduced to support alternative financial instruments (such as microfinance, crowd funding and peer-to-peer lending) specifically targeted to disadvantaged groups. In September 2016, the European Investment Fund (EIF) and the Slovene Enterprise Fund (SEF) have signed the first microfinance guarantee agreement aimed at supporting micro enterprises in Slovenia under the EU Programme for Employment and Social Innovation (EaSI). The microfinance agreement enables SEF to provide a total of EUR 21 million loans for a period of 2.5 years to micro-entrepreneurs, many of whom face difficulties in accessing finance. The microfinance guarantee transaction will support the promotion of entrepreneurship in the country, especially in rural areas, for young people and women, as well as focusing on the development of certain sectors such as creative industries or enterprises which maximise on Slovenian natural resources. It will have a dedicated focus on deprived areas characterised by high unemployment rates. Microenterprises have easier access to affordable sources of funding through lower interest rates, grace periods for loan repayment and a simplified credit approval procedure (European Investment Fund, 2016).

Alternative financial instruments like crowdfunding are only emerging in Slovenia, and represent a minor share of financial resources available for SMEs. Active involvement of Slovenia in the EU Capital Markets Union and increased use of the European Fund for Strategic Investments for supporting risk finance for SMEs could contribute significantly to improving Slovene SMEs’ access to finance.

The one-stop shop (Fina EU točka) was established by the Government Office for the Development and European Cohesion Policy in September 2016. It provides user-friendly information on funding opportunities from EU funding resources or other international financial mechanisms (Norway and EEA grants, Swiss contribution). As a result, it increases companies’ and other beneficiaries’ participation and successful use of funding opportunities.

Since July 1, 2013 when self-employed persons register their services in the national registry for the first time, they can claim a partial exemption from payment for Pension and Disability insurance. The same incentive is granted to a self-employed disabled person. The purpose of the partial exemption is to reduce the burden on self-employed persons when starting the business and encouraging entrepreneurship.

It needs to be emphasised that it is questionable if entrepreneurs from disadvantaged groups will be able to access these new instruments, since many of these programmes focus on innovative and high-potential business start-ups. These are not appropriate for most disadvantaged individuals. Instead a more developed microfinance sector is needed to provide modest credit to a large number of entrepreneurs, including those who have difficulty accessing the formal financial system.

In addition to challenge on the supply side, there is also a need to work with entrepreneurs to help them become investment ready. This is especially true for entrepreneurs from under-represented and
disadvantaged groups. Their access to finance is also hindered by their lack of financial literacy and the lack of business finance advice to help them deal with highly complex procedures for obtaining bank loans and emerging alternative financial sources, and for benefiting from the various public financial incentives. Therefore, more efforts are required to improve the business finance advisory network for entrepreneurs from disadvantaged groups in the near future.

3.4. Entrepreneurship skills

Entrepreneurship education in Slovenia is most broadly regulated through two policy documents, Slovenia’s Development Strategy 2030 and the Basic School Act. There is no current national strategy addressing entrepreneurship education, however this is in development and a strategic group has already been established. In the meantime, entrepreneurship education is included in the National Programme for Youth 2013-22 (European Commission/EACEA/Eurydice, 2016), where one of the six key areas emphasises the importance of understanding entrepreneurship education and their relationship to social responsibility and the development of social enterprises. In terms of specific objectives, the importance of encouraging entrepreneurship education through school curricula is mentioned.

However, Slovenian schools have started to prepare students for careers in entrepreneurship. According to the latest Global Entrepreneurship Monitor (GEM) data Slovenians believe that they possess the required competences to start a business. 53.3% of the population believe they have required skills and knowledge for entrepreneurship. This ranks Slovenia 18th globally and 1st among the European countries that participated in the survey in 2017. If this self-perceived potential is objectively measured is another question. Unfortunately, no mechanism exists to verify such opinion, because entrepreneurial knowledge and skills are tested in entrepreneurial practice, so we cannot know what would happen if these individuals had their knowledge and skills tested in practice (Rebernik et al., 2018a).

In the GEM 2017 report the entrepreneurship education in Slovenia scored below the EU average. Items related to the entrepreneurial education on tertiary level were rated fairly high. The highest score was given to the statement that business and management education in Slovenia gives graduates adequate knowledge and skills for setting up new enterprises and ensuring their growth. It does not come as a surprise that experts ranked entrepreneurial education on primary and secondary level very low, which is a problem observed also in other European countries. Slovenian experts believe that in primary and secondary schools entrepreneurship does not get the necessary attention, and that teaching at this level does not encourage creativity, independence and personal initiative (Rebernik et al., 2018a).

But efforts to promote entrepreneurship in schools are under way, and involve developing, testing and implementing a model that promotes entrepreneurial skills in primary schools. To reach this goal a public tender “Strengthening the competence of entrepreneurship and promoting a flexible transition between education and the environment in primary schools” was published by the Ministry of Education, Science and Sport in February 2017. A measure for secondary schools and universities is in the pipeline.

Many young individuals with vocational education embark on an independent entrepreneurial path very early, but they are exposed to many risks related to potential failure because they most often lack the business knowledge needed for the long-term survival of the business. In vocational education, the link between studies and practical experience has been improved. The Law on Apprenticeship is in use since December 2017, defining apprenticeships as part of the vocational education system. An apprentice has the status of a secondary school student, and must receive at least 50% practical education (work) with the employer. The practical education may be carried out with more than one employer, within international mobility programmes and educational centres. Apprentice status can also be obtained by unemployed people or workers in order to obtain a secondary vocational education or when they need further training or retraining. In school year 2017/2018, apprentice status can be obtained in
four programs: metalworker-toolmaker, stonecutter, carpenter, and gastronomic hotelier. This is one of ways how can young individuals become engaged in entrepreneurial activity with more adequate experience and receive support via mentoring and real life practice.

Most entrepreneurship training and coaching support for those from under-represented and disadvantaged groups is delivered by the Employment Service of Slovenia (ZRSZ/ESS) and SPIRIT Slovenia, the Public Agency for Entrepreneurship, Internationalisation, Foreign Investments and Technology often in co-operation with other governmental and non-governmental organisations. The majority of the initiatives target unemployed, youth and women (European Commission, 2014; Širec, 2014). There is, however, no tailored training or coaching support available for entrepreneurs from other groups such as seniors, immigrants and people with disabilities. The latest group garnering some attention in September 2017 as the Ministry of Labour, Family, Social Affairs and Equal Opportunities announced a public call for co-financing projects to develop and implement the transition of young people with special needs to the labour market, which aims to tackle the problem of a high proportion of unemployed persons with special needs for the labour market, which aims to tackle the problem of a high proportion of unemployed persons with special needs and help with their transition from school to the labour market. On the basis of the call, contracts were signed on the co-financing of projects "Youth Transition" (Prehod mladih) with fifteen partners of the National Project Partnership. The selected projects are evenly geographically dispersed across the whole of Slovenia and envisage the inclusion of 2 100 young people with special needs under the age of 29. Funding for the project is partly provided form the state budget as well as European Social Fund. The total available amount of funds for co-financing the national project partnership amounts to EUR 4.2 million for the years 2018 to 2022 (MoLFSAEEO, 2017).

One of the overall challenges that the entrepreneurship skills support system has is that most of the available offers focus only on business start-up. There is a need for increased attention on business sustainability and growth, particularly for entrepreneurs from under-represented and disadvantaged groups. There are currently very few opportunities for coaching and mentoring, and business counselling.

3.5. Entrepreneurial culture and social capital

The difference between countries regarding the perception of entrepreneurial capacity can be, to some extent, explained by the differences in their systems of cultural and social norms and different attitude of societies towards entrepreneurship. In order to get a clear picture about that, GEM observes the status of successful entrepreneurs, positive perception of entrepreneurship as a career, media support for entrepreneurship and the aspect of egalitarian society. Successful entrepreneurs are respected in Slovenian society. Such opinion is shared by 73.4% of adults, which ranks Slovenia 5th in European context, where Ireland ranks 1st with 81.9% (globally ranked 4th). In Slovenia in 2017 the percentage of people who believe entrepreneurship is a good career choice slightly decreased (from 56.8% to 55.1%), which ranks Slovenia in the middle of the European scale. Slovenians perceive a positive media attention for entrepreneurship – more than 70% of adults believe that stories about successful entrepreneurs can often be found in media, which places Slovenia 2nd among European countries. Media only have a limited influence on values, because transforming of entrepreneurial values – just like any other values – is an extremely long process. The biggest share should be contributed by the state through appropriate governance of economic policies, enforcement of the rule of law and by setting up favourable conditions for business operations, which will encourage and not hinder entrepreneurship (Rebernik et al., 2018b).

In 2017 GEM launches the new GEM’s Entrepreneurship Spirit Index (GESI). The index is based on a combination of three polar questions related to entrepreneurial awareness, opportunity perception, and entrepreneurial self-efficacy and is comparable across countries. With a slight negative value of the GESI index Slovenia ranked in the middle of the scale, alongside Croatia and Latvia (Rebernik et al., 2018b).
According to national experts (GEM; NES survey 2017) Slovenia lags behind European countries regarding cultural and social norms. Contrary to the situation in EU member states and most developed economies cultural and social norms influencing entrepreneurial activity in Slovenia are ranked high on the scale of obstacles. Slovenia has been lagging behind in this area for a number of years. On the other hand, it is encouraging that the average ratings for this entrepreneurial framework condition increased in 2017 in comparison to 2016. Media support for entrepreneurial projects, high profile entrepreneurial competitions and the promotion of good practices were main reasons for the improvement in this area (Rebernik et al., 2018b).

The co-creation of entrepreneurship friendly culture is possible through intensive awareness-raising and the spreading of positive entrepreneurship stories via the media and through entrepreneurship-related events and informal meetings, which are frequent in Slovenia. The Initiative Start:up Slovenia is one of the founders of the rapidly developing regional community Start:up Alpe Adria and a member of the esteemed European Start-up Network. When co-creating Europe as a strong, closely linked start-up ecosystem, the voice of Slovenian start-ups is represented and the Initiative widely opens their doors into the world in collaboration with private and public partners. In 2018, Venture Factory, business incubator of University of Maribor obtained the status of an ambassador of the programme Start-up Europe, led by the European Commission.

In the area of awareness building various conferences, competitions and awards may play an important role. The PODIM conference is the most influential and biggest start-up conference in the Alps-Adriatic region, co-created in collaboration with numerous partners of the Slovenian and regional ecosystem. At this event the “Slovenian Start:up of the Year” is annually chosen. This is a national competition that wishes to recognize the best business teams and start-up companies, support them professionally as well as in media, and introduce them to potential investors and partners. National secondary school competition “Young Entrepreneur” is organised by private business school Gea College. “POPRI” (the acronym means “The Company for the Future”) is a Slovenian entrepreneurial competition for young people with bold ideas and entrepreneurial spirit. The annual competition has been taking place since 2005.

Another method to build an entrepreneurial culture is to build entrepreneurial networks of people that can support each other and promote entrepreneurship. In Slovenia, the integration of women is particularly popular in recent years. We have numerous associations, councils, societies and groups organised within different organisations and institutions. Slovenia also hosts more and more events aimed specifically at women in entrepreneurship. These include for example: an international meeting of the Women’s Innovation Council, the event 500 female entrepreneurs, a traditional Female entrepreneurial conference of the Styrian Regional Women’s Council, the Conference of the Women Manager’s Section, the annual meeting of women managers in Bled and many more (Turk et al., 2016).

Last but not least, Slovenia is a vibrant place when speaking about possibilities to work within co-working spaces. There are many places ensuring optimal conditions for this segment of professionals to effectively exploit their potential and actively contribute to the economic rebound in Slovenia (e.g. Poligon, Kovacnica, Geek House, ABC Hub, MP coworking, Atol’s International Consultant Community in Ljubljana, Aurora coworking, Tekstilnica).

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1 http://startup.si/sl-si/startup-leta/startup-leta/iscemo-pogumne-vizijarje-2017
2 http://gea-college.si/o-gea-college/drzavno-tekmovanje-mladi-podjetnik/
3 http://popri.si/english/
There is lack of similar entrepreneurship networks for other disadvantaged groups (e.g. seniors, immigrants and people with disabilities). They can benefit from the mainstream entrepreneurship networks, training programmes etc., but since typically people from disadvantaged groups use and participate in the mainstream entrepreneurship programmes less than other, a targeted outreach to attract and engage them it is of utmost importance.
4. OVERVIEW OF WOMEN’S ENTREPRENEURSHIP

In line with the Europe 2020 Strategy, Slovenia’s target for 2020 is to increase the activity rate of women and men to 75% of the population aged 20–64. In view of the fact that the female employment rate (65.8%) is lower than the male employment rate (72.5%), greater attention must be devoted to the inclusion of women, in particularly young and elderly women (Eurostat, 2017).

Gender distribution according to GEM results for the period 2015 to 2017 shows that the male to female participation in early-stage, as well as established, entrepreneurial activity remained consistently low over last three years. Men were more likely to be involved in both, early-stage and established entrepreneurial activity than woman. Table 2 shows the percentage of early-stage and established female entrepreneurs among all entrepreneurs in the period 2015–2017 in comparison with all GEM countries and the EU average.

<table>
<thead>
<tr>
<th>Year</th>
<th>Slovenia</th>
<th>GEM countries</th>
<th>European Union</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>28.0</td>
<td>39.5</td>
<td>34.9</td>
</tr>
<tr>
<td>2016</td>
<td>31.8</td>
<td>39.5</td>
<td>36.5</td>
</tr>
<tr>
<td>2017</td>
<td>31.3</td>
<td>40.6</td>
<td>37.3</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Slovenia</th>
<th>GEM countries</th>
<th>European Union</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>26.7</td>
<td>35.5</td>
<td>33.4</td>
</tr>
<tr>
<td>2016</td>
<td>27.2</td>
<td>35.2</td>
<td>34.1</td>
</tr>
<tr>
<td>2017</td>
<td>29.6</td>
<td>35.8</td>
<td>31.8</td>
</tr>
</tbody>
</table>

Source: Rebernik et al., 2018a.

During the period 2015–2017 early-stage entrepreneurial activity of women in Slovenia stabilised at approximately 30% and is considerably lower than in other surveyed group of countries. With regard to the participation of women in early-stage entrepreneurial activity, Slovenia ranked 49th among 54 GEM countries in 2017. The lowest share of new and nascent early-stage female entrepreneurs among all entrepreneurs was recorded in Italy (27.6%) in France (30.7%) and in Slovenia (31.3%). Among 20 surveyed countries Slovenia ranked 18th (Rebernik et al., 2018b).

In Slovenia, the majority of female early-stage entrepreneurs were between 25 and 34 years old in 2017. The largest discrepancies between genders were recorded in the age group 35 to 44 year olds, where there is considerably fewer entrepreneurially active women than men. Other age groups do not show considerable differences among genders (Rebernik et al., 2018a).

According to GEM data for the period between 2012 to 2016 female entrepreneurs have fewer growth aspirations for their enterprises than male entrepreneurs. At EU level, in the observed period, 6% of female entrepreneurs predicted that they will create at least 19 new jobs in the next five years. This is less than half of the jobs announced by male entrepreneurs (12.3%) (OECD/EU, 2017a).
In response to the gender gap in entrepreneurship, a programme was launched in 2016 to boost women entrepreneurship named Subsidy for Self-employment. The purpose of the programme is to promote the entry of unemployed women with tertiary education into an independent entrepreneurship path in the form of subsidies for self-employment, having previously completed training for this purpose. The goal of the programme is to maintain the self-employment continuously for a period of 24 months. In 2016, 443 tertiary educated women were enrolled in entrepreneurship training and in 2017 additional 486. So far in 2018, 225 women joined the programme (from the planned 450). In 2016, 249 women obtained a subsidy for self-employment in the amount of 5 000 EUR, and according to data of June 1st 2018, 89.1% are still self-employed. In 2017, the subsidy for self-employment was acquired by 411 women among whom 94.9% are still self-employed. In 2018, the subsidy for self-employment was acquired by 125 women who were involved in entrepreneurial training in 2017 and according to latest data, 2 persons stopped the self-employment.

The training programme involved 16 mentors and trainers with extensive knowledge in the field of individual training modules. The participants in all locations rated the training programme with the highest marks. The programme was also approved and evaluated by the Employment Service of Slovenia, the Ministry of Economic Development and Technology and the Ministry of Labor, Family and Social Affairs. It is a partnership between several institutions, which proved to be very effective and could serve as an example to other programs across Slovenia.

In addition, the Ministry of Economic Development and Technology and the Ministry of Labour, Family and Social Affairs carried out different programmes aimed at promoting new employment opportunities by encouraging the self-employment of women and female entrepreneurship also in the past (e.g. a programme promoting the professional advancement of women and other programmes to develop equal employment opportunities funded by the European Social Fund). In most of the programmes carried out the participation of women was higher than that of men. As many as 191,789 persons, of whom 64% were women, were included in the activities carried out under the Operational Programme for Human Resources Development in 2012. The share of young participants was 21.2%, of whom 56.5% were women. A higher share of women (61.3%) was also recorded among participants with disabilities. Roma people were also included in the AEP programmes; the share of Roma men was slightly higher than that of Roma women.
5. POLICY RECOMMENDATION

To strengthen inclusive entrepreneurship policy in Slovenia, the following recommendations are offered:

1. **Continue to simplify and reduce business regulations (e.g., deregulate some specific occupational groups).** These improvements to the regulatory environment will help all SMEs but especially entrepreneurs from disadvantaged groups who start businesses and who could benefit the most since they typically have low levels of entrepreneurship and workplace skills. They also are less likely to have experience with business creation and self-employment.

2. **Increase the use of targeted outreach to attract disadvantaged groups into self-employment and mainstream entrepreneurship training programmes.** An effective approach is to use the ESF to develop and promote success stories and role models of individuals from disadvantaged groups who have been successful in entrepreneurship.

3. **Continue integration of entrepreneurship education and training at the primary, secondary and tertiary level education curriculums, irrespective of the study field or orientation (general/vocational; social sciences/natural sciences).**

4. **Introduce more training on financial literacy and access to finance for people from under-represented and disadvantaged groups.** Building stronger links between potential investors and entrepreneurs from disadvantaged groups would further improve their possibilities for successful entrepreneurial engagement. Slovenia needs to further develop debt instruments like microfinance and ensure that disadvantaged target groups can access these funds. It could for example provide a welfare bridge (i.e. a continuation of unemployment benefits after business start-up) for those with a sustainable business.

5. **Build entrepreneurial networks that are open to new entrepreneurs, including those starting from disadvantaged groups.** One approach could be to construct networks around existing support provisions such as training programmes.

6. **Increase more support to help entrepreneurs from under-represented and disadvantaged groups develop and grow their businesses.** Establish coaching and mentoring programmes and business advisory services to help new entrepreneurs build sustainable businesses.

7. **Develop and promote success stories and role models of disadvantaged individuals who have been successful in entrepreneurship.** In this way self-employment and entrepreneurial activity will gain a positive attitude within the society and enhance the self-employment and entrepreneurship as a viable carrier choice.
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ANNEX: METHODOLOGY

Each note was prepared by a national expert in co-operation with the OECD Secretariat. Information was collected through desk research and interviews (i.e. telephone, face-to-face, email) with key stakeholders and government representatives. The information was then verified by government partners, programme managers and other inclusive entrepreneurship stakeholder groups through email exchanges and one-day seminars in selected countries.

The notes are based on an assessment framework that was developed by the OECD Secretariat. The assessment framework provided a common analytical framework and report structure for the 28 notes that are in this series.

The framework contains five pillars:

1. **Policy framework**
   - Is there an entrepreneurship strategy or action plan that explicitly covers the promotion and support of entrepreneurship for people in under-represented and disadvantaged groups?
   - Is there a mechanism for co-ordinating inclusive entrepreneurship policy actions across relevant national ministries, and with regional and local governments and civil society organisations?
   - Is there a systematic monitoring and evaluation process for the policies, programmes and schemes that promote and support entrepreneurship for people in under-represented and disadvantaged groups?

2. **Government regulations**
   - To what extent are entrepreneurs from under-represented and disadvantaged groups treated equally with employees by social security schemes?
   - Do measures exist that temporarily cover the loss of state income supports (e.g. unemployment benefits, disability allowances) for entrepreneurs amongst under-represented and disadvantaged groups when they start a business?
   - Do measures exist to support under-represented and disadvantaged entrepreneurs in dealing with administrative procedures for entrepreneurship amongst under-represented and disadvantaged groups (e.g. information provision, support with administrative requirements)?
   - Are there any entrepreneurship policy initiatives or schemes to address group-specific institutional challenges related to dependents (e.g. childcare, eldercare)?

3. **Financing entrepreneurship**
   - Are there grants for business creation offered to support entrepreneurs from under-represented and disadvantaged groups?
   - Is microcredit for business creation available to support entrepreneurs from under-represented and disadvantaged groups?
   - Are there loan guarantee schemes for business creation to support entrepreneurs from under-represented and disadvantaged groups?
   - Are there self-financing groups for business creation to support entrepreneurs from under-represented and disadvantaged groups?
- Are there public policy schemes that encourage and support business angel networks to support entrepreneurs from under-represented and disadvantaged groups?
- Are there schemes that encourage and support crowdfunding and peer-to-peer lending to support entrepreneurs from under-represented and disadvantaged groups?
- Is financial literacy training offered to support entrepreneurs from under-represented and disadvantaged groups?

4. **Entrepreneurship skills**
   - Are there entrepreneurship training initiatives for entrepreneurs from under-represented and disadvantaged groups?
   - Do high potential entrepreneurs from under-represented and disadvantaged groups have access to one-to-one or group coaching and mentoring?
   - Are there public initiatives that provide information on available support programmes or on business start-up procedures for entrepreneurs from under-represented and disadvantaged groups?
   - Are there business consultancy and advisory services for entrepreneurs from under-represented and disadvantaged groups?
   - Are there business incubators for entrepreneurs from under-represented and disadvantaged groups?

5. **Entrepreneurial culture and social capital**
   - Is entrepreneurship actively promoted as an employment opportunity amongst under-represented and disadvantaged groups through the education system, media, role models, etc.?
   - Are there public policy actions that attempt to build specific business networks for entrepreneurs amongst under-represented and disadvantaged groups?
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