The Missing Entrepreneurs 2015

POLICIES FOR SELF-EMPLOYMENT AND ENTREPRENEURSHIP

OECD

European Commission

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OECD
BETTER POLICIES FOR BETTER LIVES

European Commission

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Preface

The economic crisis has left us with a number of challenging legacies, including high unemployment – particularly for youth. In many European countries, youth unemployment averages around twice the adult rates. Other groups are also affected. Women, immigrants and seniors all have higher levels of labour market inactivity or poorer labour market outcomes. OECD projections suggest that these challenges are unlikely to be resolved soon.

We need an "all on board" approach to ensure a future built on both inclusion and growth. The OECD's Inclusive Growth initiative has pinpointed a number of policy areas that can achieve this, including skills and entrepreneurship. This book focuses on inclusive entrepreneurship, i.e. ensuring that people from all backgrounds have the opportunity to start up in business or self-employment. Government policy can help people who are unemployed or disadvantaged in the labour market to create their own jobs by helping them gain entrepreneurship skills and motivations, access to finance and entrepreneurial networks so that they can have a chance to create their own job. At the same time, it is important that policy makers complement such efforts by continuing to support the development of entrepreneurial attitudes and culture.

The book provides data on rates of entrepreneurship and self-employment by women, youth, seniors, the unemployed and the foreign-born in European Union countries and the nature of the barriers they face. It also examines two key policy themes, namely the potential of entrepreneurs from disadvantaged and under-represented groups to create strong, growth-oriented businesses and the keys to designing effective entrepreneurship coaching and mentoring schemes for disadvantaged groups.

There is evidence that policies for inclusive entrepreneurship can work. But we must be careful in maintaining reasonable expectations. Entrepreneurship is not a suitable activity for everybody and it will not resolve all of the labour market challenges in the European Union. The cost of doing nothing, however, is extraordinarily high, and the opportunity should be seized to boost entrepreneurship and self-employment support in the tools used by governments to promote labour market participation.

I would like to thank the Directorate General for Employment, Social Affairs and Inclusion of the European Commission for partnering with the OECD on this important project and hope that policy makers at the national, regional and local levels use the policy advice in this book while they are designing and delivering actions to promote and support inclusive entrepreneurship.

Stefan Kapferer,
Acting Director, Centre for Entrepreneurship,
SMEs and Local Development, and Deputy Secretary-General
of the Organisation for Economic Co-operation and Development

In June 2015, more than 23 million people were unemployed in the European Union and half of them have been unemployed for more than one year. Job creation is clearly a top priority for the EU and its Member States, and entrepreneurship is one of the most promising ways to create jobs.

The European Union strongly supports the development of entrepreneurship across all the population. The Europe 2020 Strategy recognises entrepreneurship and self-employment as critical levers for achieving smart, sustainable and inclusive growth, and several flagship European Union initiatives explicitly support entrepreneurship, including the Agenda for New Skills and Jobs, Youth on the Move and the European Platform Against Poverty and Social Exclusion. This strategy is further reinforced by the Entrepreneurship 2020 Action Plan.

As we move into the new programming period 2014-20, we must not overlook some of the key structural funds available to deliver these initiatives. The European Social Fund (ESF) is available to support entrepreneurship and self-employment through the thematic objective of promoting sustainable and quality employment and supporting labour mobility. European Union countries can use the ESF to co-finance entrepreneurship training programmes and to build an entrepreneurship support infrastructure. An extremely important initiative for the new programming period is the Youth Employment Initiative (YEI), which includes the Youth Guarantee. This initiative offers additional funds for efforts, including self-employment initiatives, to help young people enter the labour market in the regions hit hardest by youth unemployment.

However, as of now, Member States are not taking full advantage of the European Union and national resources available and are under-exploiting the potential of the entrepreneurship component of their active labour market policies. It is my hope that this book increases awareness amongst policy makers about the various approaches that can be taken to promote inclusive entrepreneurship. The book, produced in partnership with the OECD, provides an evidence base and a source of inspiration for policy makers. I encourage them to use the policy guidance and recommendations when designing and implementing inclusive entrepreneurship projects, and to use the policy examples as a source of inspiration.

Finally, I would like to thank the OECD for their partnership on this very important work programme.

Michel Servoz,
Director-General,
Directorate General for Employment,
Social Affairs and Inclusion, European Commission

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The report was prepared and edited under the direction of Jonathan Potter, Senior Economist at the OECD Centre for Entrepreneurship, SMEs and Local Development. He was supported by David Halabisky, Economist in the LEED Programme of the OECD, who undertook substantial drafting and editing and co-ordinated written inputs from various contributors.

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Executive Summary

The job creation challenge

Despite some signs of recovery from the recent economic crisis, European labour markets continue to face many challenges. Unemployment continues to be one of the top political priorities of European governments and the question on everybody's mind is "how can we create jobs?". The jobless recovery has made it very difficult for young people to enter the labour market for the first time and difficult for unemployed and inactive people to move into employment. This will have lasting effects, for both the individuals and for society.

There is no silver bullet solution to solving this employment challenge. A multi-pronged approach will be needed that includes measures to improve the macroeconomic environment and stimulate investment as well as policy actions that address labour market challenges more specifically. Inclusive entrepreneurship policies can be part of this suite of policy actions. These policies aim to ensure that all groups of people, regardless of their background and personal characteristics have an opportunity to create businesses and work in self-employment.

Entrepreneurship among under-represented and disadvantaged groups

In 2014, there were 30.6 million self-employed people in the European Union. Of these, 24.5 million were women, youth (15-24 years old), seniors (50-64 years old), those who were unemployed in the previous year or were born outside of the European Union. Although this accounts for the majority of self-employment activities, people in these groups typically face 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.

Policies for inclusive entrepreneurship

Growing businesses

Inclusive entrepreneurship policies have an important role to play in helping overcome the barriers to quality business start-ups by under-represented and disadvantaged groups. They can focus on several areas: improving institutions (including culture) and regulations, access to finance and entrepreneurship skills. However, one area that is often overlooked is supporting business growth by improving the quality of start-ups. This and survival is one of the special focus areas this report. It is often assumed that the businesses of groups touched by social exclusion are single-person operations in low growth industries.

This is, of course, not always the case. Women entrepreneurs, youth entrepreneurs, senior entrepreneurs and ethnic minority and migrant entrepreneurs are nearly as likely to have employees as core-age male (25-49 years old) entrepreneurs (27% vs. 29%). Moreover, many entrepreneurs from these groups seek high growth. For example, young entrepreneurs (18-30 years old) are 30% more likely than the overall population of entrepreneurs to expect to create at least 19 jobs in their business during the first 5 years of business operation. The policy role here is two-fold. First, more emphasis is needed in self-employment and start-up advice, financing, consultancy, training on promoting and sustaining growth rather than promoting start-ups as an end in itself. Second, more people can be encourage to start growth-oriented enterprises, for example by actions to build self-confidence and stimulate motivation for growth. Schemes such as Going for Growth in Ireland motivate and support women who are growing their businesses with peer groups. This particular initiative is delivered at a relatively low cost – EUR 1 500 per participant – while one cohort (60 women) of the 2013 programme cycle created 50 additional jobs in the following year. In addition to motivation, growing businesses need financing. Special funds such as the Seed Money Fund in the Province of Trento in Italy are effective at supporting innovative and growing businesses that are operated by entrepreneurs from outside of the mainstream. This Fund uses targeted calls to seek proposals for funding for innovative projects; these calls have been targeted at specific groups of entrepreneurs such as youth and women. In 2011, 40 businesses were financed with EUR 4.5 million.

Coaching and mentoring

One of the most effective ways of helping entrepreneurs acquire the necessary skills for success is through coaching and mentoring. Most public policy initiatives seek volunteer coaches and mentors from the local business community. To increase the chances of being effective, these initiatives should provide training to coaches and mentors and use a matching process that considers both individual and business characteristics. An example is the Ergani Center in Northern Greece. It was established in 1991 and offers women entrepreneurs mentoring programme using volunteer women from the local business communities. An alternative approach that has demonstrated success for entrepreneurs from outside of the mainstream is peer-coaching and mentoring. This can achieve a high take-up rate because participants are more likely to identify with their peers than professional coaches. It is particularly important for groups such as ethnic minority entrepreneurs who typically have low rates of participation in public sector support programmes.

Key policy recommendations

- Support both business creation and business growth with inclusive entrepreneurship policy actions. Focus growth support on those individuals who are motivated for growth.
- Promote successful role models from all social groups involved in entrepreneurship, especially groups such as women, youth, seniors, people with disabilities and ethnic minority and migrant groups. Aim to inspire potential entrepreneurs and demonstrate that it is possible to start and grow businesses.
- Build the entrepreneurial networks of growth-oriented entrepreneurs from outside the mainstream to help fill gaps in their access to entrepreneurship skills and finance. Although developing networks within each social group can help create a supportive

community, it is important also to build links to the mainstream business community so that the pool of potential knowledge and resources is maximised.

- Aim to deliver support for growing businesses through mainstream support channels. This will require the provision of targeted outreach and support to make initial contact with clients from under-represented and disadvantaged groups.
- Support the development of entrepreneurship skills and the development of self-confidence with coaching and mentoring relationships. Use a matching process that adopts clearly defined criteria such as gender, ethnicity, and business sector. Limit coaching and mentoring relationships to periods of one or two years to discourage a relationship built on dependence.
- Provide training for coaches and mentors that includes sensitivity training to issues and challenges faced by disadvantaged entrepreneurs and aims to improve communication skills.
- Increase the use of robust evaluations to measure the impact of inclusive entrepreneurship schemes to build an evidence-base that can inform policy development. Such evaluations should not only examine efficiency and cost-effectiveness, but also deadweight (i.e. supporting an entrepreneur who would have behaved in the same way without support) and displacement effects (e.g. when supporting one entrepreneur puts another out of business).

Reader's Guide

This reader's guide provides information and methodological notes on the data sources used in this book: (1) OECD-Eurostat Entrepreneurship Indicators Programme, (2) Eurostat Labour Force Survey, (3) Global Entrepreneurship Monitor, and (4) Statistics on Income and Living Conditions.

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

It is important to note that since this book draws on several data sources, the concepts and definitions used in the different sources are not always consistent. This is most apparent when presenting data by age. For example, Eurostat covers people in the labour force survey as young as 15. Thus, Eurostat defines youth as those 15-24 years old. Other data sources, such as the Global Entrepreneurship Monitor survey those 18-64 years old and consequently define youth differently. The Global Entrepreneurship Monitor defines youth as those aged 18-30 years old. The same issue arises for data covering older entrepreneurs. Efforts are made to harmonise the data reported to the greatest extent possible but differences remain. The figures and text clearly highlight the definitions presented and discussed.

OECD-Eurostat Entrepreneurship Indicators Programme

The OECD-Eurostat Entrepreneurship Indicators Programme (EIP), jointly conducted by the OECD Statistics Directorate and Eurostat, is aimed at the development of policy-relevant and internationally-comparable indicators of entrepreneurship to support analytical and policy work on entrepreneurship. To that purpose, the programme has developed a *framework for addressing and measuring entrepreneurship* and a *methodology for the production of harmonised entrepreneurship statistics*. The framework introduces a conceptual distinction between entrepreneurial performance (i.e. how much entrepreneurship, what type), the determinants of entrepreneurship (i.e. what factors affect entrepreneurial performance), and the social and economic impacts of entrepreneurship.

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

Business Demography Statistics (2007 – *http://www.oecd.org/std/39974460.pdf*). The database, available on *OECD.Stat (http://stats.oecd.org/)*, covers some 25 countries and is updated on a yearly basis.

The methodology recommends the use of business registers to compute business demography indicators. In order to increase international comparability, and in light of the exclusion of non-employer firms from the business register of some countries, the relevant statistical unit for the EIP business demography data is the enterprise with at least one employee. Employer firms are also economically more relevant for their contribution to job creation and higher likelihood to innovate.

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

The annual publication *Entrepreneurship at a Glance* (*http://www.oecd-ilibrary.org/industry-and-services/entrepreneurship-at-a-glance_22266941*) presents the main results and developments of the EIP.

Box 1. **The OECD-Eurostat definition of entrepreneurship**

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

Entrepreneurs are those persons (business owners) who seek to generate value, through the creation or expansion of economic activity, by identifying and exploiting new products, processes or markets.

Entrepreneurial activity is the enterprising human action in pursuit of the generation of value, through the creation or expansion of economic activity, by identifying and exploiting new products, processes or markets.

Entrepreneurship is the phenomenon associated with entrepreneurial activity.

These definitions differentiate entrepreneurial activity from "ordinary" business activity, and additionally: (i) indicate that corporations and other enterprises can be entrepreneurial, though only the people in control and owners of organisations can be considered entrepreneurs, (ii) emphasise that entrepreneurial action is manifested rather than planned or intended, (iii) do not equate entrepreneurial activity with the formation of any particular "vehicle", whether formal, such as an incorporated entity, or informal, although they do allow measurement to reflect particular vehicles as embodying entrepreneurial activity, and (iv) although defined in the context of businesses they incorporate economic, social and cultural value created.

Source: Ahmad, A. and R. Seymour (2008), "Defining Entrepreneurial Activity: Definitions Supporting Frameworks for Data Collection", OECD Statistics Working Papers 2008/1, OECD Publishing.

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

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

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

Determinants						Entrepreneurial performance	Impact
Regulatory framework	Market conditions	Access to finance	Knowledge creation and diffusion	Entrepreneurial capabilities	Culture	Firm based	Job creation
Administrative burdens for entry	Anti-trust laws	Access to debt financing	R&D investment	Training and experience of entrepreneurs	Risk attitude in society	Employment based	Economic growth
Administrative burdens for growth	Competition	Business angels	University/ industry interface	Business and entrepreneurship education (skills)	Attitudes towards entrepreneurs	Wealth	Poverty reduction
Bankruptcy regulations	Access to the domestic market	Access to VC	Technological co-operation between firms	Entrepreneurship infrastructure	Desire for business ownership		Formalising the informal sector
Safety, health and environmental regulations	Access to foreign markets	Access to other types of equity	Technology diffusion	Immigration	Entrepreneurship education (mind-set)		
Product regulation	Degree of public involvement	Stock markets	Broadband access				
Labour market regulation	Public procurement						
Court and legal framework							
Social and health security							
Income taxes; wealth/bequest taxes							
Business and capital taxes	Patent system; standards						

Firms	Employment	Wealth
Employer enterprise birth rates	Share of high growth firms (by employment)	Share of high growth firms (by turnover)
Employer enterprise death rates	Share of gazelles (employment)	Share of gazelles (by turnover)
Business churn	Ownership rate start-ups	Value added, young or small firms
Net business population growth	Ownership rates business population	Productivity contribution, young or small firms
Survival rates at 3 and 5 years	Employment in 3 and 5 year old firms	Innovation performance, young or small firms
Proportion of 3 and 5 year old firms	Average firm size after 3 and 5 years	Export performance, young or small firms

Source: OECD (2014), Entrepreneurship at a Glance 2014, OECD Publishing.

Eurostat Labour Force Survey

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

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

There are different self-employment concepts:

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

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

The Global Entrepreneurship Monitor

The Global Entrepreneurship Monitor (GEM) is an international initiative that measures entrepreneurship activities and attitudes around the world through annual household surveys of the adult population (ages 18 and older) in participating countries. It provides responses from interviewed adults on their reported attitudes towards entrepreneurship, their pre-start-up activities, their work on the initial phase of their firm, their involvement in the established phase of the firm and their business closures.

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

In 2013, the most recent years for which data were available for this report, the GEM covered 70 countries. It has surveyed 90 countries since 1999. All European Union countries were covered in 2013 except Austria, Bulgaria, Cyprus, Denmark, and Malta.

In 2013 the sample size ranged from 2 000 in most countries to 24 600 in Spain. The total sample for the European Union was 86 237. Survey responses are weighted by age and gender to make the results representative of the national population. To improve the

reliability of the results, data presented in this chapter were pooled (i.e. combined) for each country for the years 2009 to 2013, which increases the sample size greatly and allows for more detail to be presented.

Several GEM indicators are presented in this report:

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

Box 3. **Distinctions between self-employment and business creation and ownership data**

- The self-employment data presented in Part I of this book come from the Labour Force Survey. Those data cover owner-managers of businesses who pay themselves profits or salaries from work that they undertake on their own account in the business and who declare themselves as self-employed. Self-employment data pick up people who generally employ only themselves or very few people in non-incorporated businesses. People running larger incorporated businesses generally do not declare themselves self-employed because they appear on the payrolls of their businesses and are therefore considered employees. The data also exclude individuals who are in the process of setting up a business but have not yet realised its creation and business owners who are not active in the day-to-day operations of the business.
- Other data in this book come from the Global Entrepreneurship Monitor. These data cover individuals who report that they are actively trying to start or are already operating their own business or any type of self-employment or selling goods or services to others. This is a broader definition than that used for the self-employment data. Self-employed people are included together with all other types of business owners. In particular, owner-managers of incorporated businesses are included here, whereas they are excluded from the self-employment data. The Global Entrepreneurship Monitor also includes individuals who may be running businesses as a secondary activity, whereas the data from the Labour Force Survey report on the principal labour market activity. Therefore, the self-employment counts will only capture those who spend more time in self-employment than employment, whereas the GEM data include part-time entrepreneurs.

For more information on methodologies used by the Global Entrepreneurship Monitor, please refer to the 2013 GEM Global Report, available at: *www.gemconsortium.org/docs/cat/1/global-reports*.

Statistics on Income and Living Conditions

The European Union Statistics on Income and Living Conditions (EU-SILC) is a framework that allows for the collection of timely and comparable data on income, poverty, social exclusion and living conditions. The data are collected in all 28 European Union countries, as well as Iceland, Norway, Switzerland and Turkey.

Two types of data are collected. Cross-sectional data are obtained from approximately 130 000 households and 270 000 people over the age of 16 in the European Union. In addition, longitudinal data are collected from approximately 100 000 households and 200 000 people over the age of 16 in European Union countries. Social exclusion and housing condition data are gathered from households and labour, education and health information is gathered from individuals.

For more information on Statistics on Income and Living Conditions, please see: *http://ec.europa.eu/eurostat/web/income-and-living-conditions/methodology*.

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Chapter 1

Inclusive entrepreneurship policy in the European Union

Among the greatest social and economic challenges currently faced by European Union governments are the persistent high level of unemployment and the rising proportion of the population at risk of poverty and social exclusion. This chapter discusses the role of inclusive entrepreneurship policies in addressing these challenges. It also provides a roadmap for the rest of the book.

Note by Turkey:

The information in this document with reference to « Cyprus » relates to the southern part of the Island. There is no single authority representing both Turkish and Greek Cypriot people on the Island. Turkey recognises the Turkish Republic of Northern Cyprus (TRNC). Until a lasting and equitable solution is found within the context of the United Nations, Turkey shall preserve its position concerning the "Cyprus issue".

Note by all the European Union Member States of the OECD and the European Union:

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What is inclusive entrepreneurship policy?

Entrepreneurship policies are referred to as inclusive when they aim to help people who belong to a social group that is disadvantaged or under-represented in entrepreneurship, or the labour market, to set up a business or become self-employed. Such groups include women, youth, older people, ethnic minorities and immigrants, people with disabilities and the unemployed. These policies provide support for all models of entrepreneurship, including the creation and operation of incorporated and unincorporated businesses, for-profit and non-profit activities (including social entrepreneurship) and full-time and part-time activities. These entrepreneurship activities can be operated by individuals or teams and may or may not intend to grow and hire other people. Regardless of the scale and scope of these activities, they all involve people in risk and uncertainty relative to paid employment.

The objective of inclusive entrepreneurship policies is to ensure that all people have an opportunity to start up and operate in business or self-employment, regardless of their personal characteristics and background. Policy makers can support this objective by addressing market, institutional and behavioural failures that fall heavily on disadvantaged and under-represented groups. For example, the may seek to improve access to finance, conditions of high risk and lack of collateral; address barriers in the process of acquiring entrepreneurial skills and networks from employment, inactivity or unemployment; build a culture that is supportive of entrepreneurship in non-mainstream groups; increase awareness about the opportunities, benefits and practices of entrepreneurship; and increase motivations to pursue these activities.

The expected outcomes are twofold. First, these policies aim to stimulate and support the creation of sustainable businesses by members of the target group populations. This will increase labour market participation and attachment, which is clearly beneficial for individuals as they have an opportunity to earn income to improve their standard of living. Furthermore, entrepreneurship offers an opportunity for individuals to be more active members of society, increasing their self-confidence and building and strengthening their local community. There can also be economic benefits when individuals are moved into a position where they contribute to income and job creation.

Second, an important outcome of inclusive entrepreneurship policies is to improve the employability of individuals in the target populations. Not everybody who receives entrepreneurship training or support should be expected to go on to start a business. However, an individual who participates in entrepreneurship training programmes, has a coach or mentor, or receives assistance in developing a business plan acquires skills and experience that make them more employable. This is a positive outcome even though they do not start a sustainable business.

Why is inclusive entrepreneurship policy important?

Since the onset of the economic crisis, unemployment increased for all target groups of inclusive entrepreneurship policies (Figure 1.1). While the level of unemployment is severe for all groups with an average of some 10% overall, it is particularly dramatic for youth, among whom approximately one-quarter were unemployed in the European Union in 2013.

Figure 1.1. **Unemployment rates in the European Union**

Source: Eurostat (2014), Labour Force Survey 2003-13.

StatLink http://dx.doi.org/10.1787/888933286653

However, the unemployment rate only gives one part of the picture. It is also important to consider activity rates are because those who drop out of the labour force are excluded from unemployment counts and rates. Figure 1.2 presents the activity rates for the largest target groups of inclusive entrepreneurship. Between 2008 and 2013, the overall activity rate for working age adults remained slightly above 70%. However, activity rates were significantly lower for some social groups. The activity rate was only 66% for women and 64% for older people in 2013, although both rates had improved somewhat from 2008. For youth, the activity rate was only 42% in 2013, a decline from 44% in 2008.

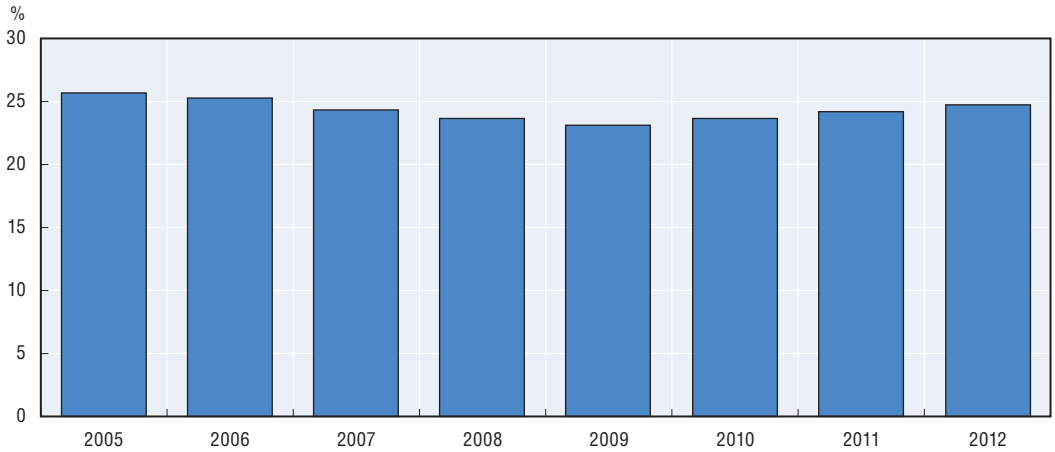
Figure 1.2. **Labour Market activity rates in the European Union**

Source: Eurostat (2014), Labour Force Survey 2003-13.

StatLink http://dx.doi.org/10.1787/888933286661

Furthermore, poverty and social exclusion have been long-standing challenges in the European Union. In 2012, nearly one-quarter of the European Union population was at-risk of poverty or social exclusion. While this proportion declined prior to the crisis, the onset of the recession reversed the trend and took the problem back to its previous heights (Figure 1.3). The development of the Europe 2020 strategy renewed the commitment of Member States to address this challenge by reducing the number of people that are at-risk of poverty by 20 million people by 2020 (see *http://ec.europa.eu/europe2020/index_en.htm*).

Figure 1.3. **Proportion of the EU28 population at risk of poverty or social exclusion**



Note: 1. Prior to 2010, the data reported in Figure 1.3 exclude Croatia. The impact of including Croatia in the years 2010 to 2012 does not impact the data reported.

Source: Eurostat, (2014b) Statistics on Income, Social Inclusion, and Living Conditions, 2014.

StatLink *http://dx.doi.org/10.1787/888933286671*

An effective way of addressing poverty and social exclusion is through active labour market policies. These measures include training, job sharing, employment subsidies and business start-up programmes for the unemployed, inactive and people at-risk of involuntary job loss. In 2011, European Union Member States spent approximately EUR 205 billion on active labour market policy interventions, which represents 1.9% of the combined GDP of Member States (Figure 1.4).

However, of all these expenditures, only a small proportion is spent on business start-up incentives – approximately 2% at the European Union level. This proportion varies across Member States. In the Slovak Republic, start-up incentives accounted for 9% of all active labour market programme expenditures in 2012. The attention paid to self-employment and business creation support in active labour market policies appears to be too low, given the interest by many unemployed or inactive people in business start-up, the barriers that they tend to face without some public support, the levels of alternative job opportunities and the benefits for employability and labour market attachment in the longer term.

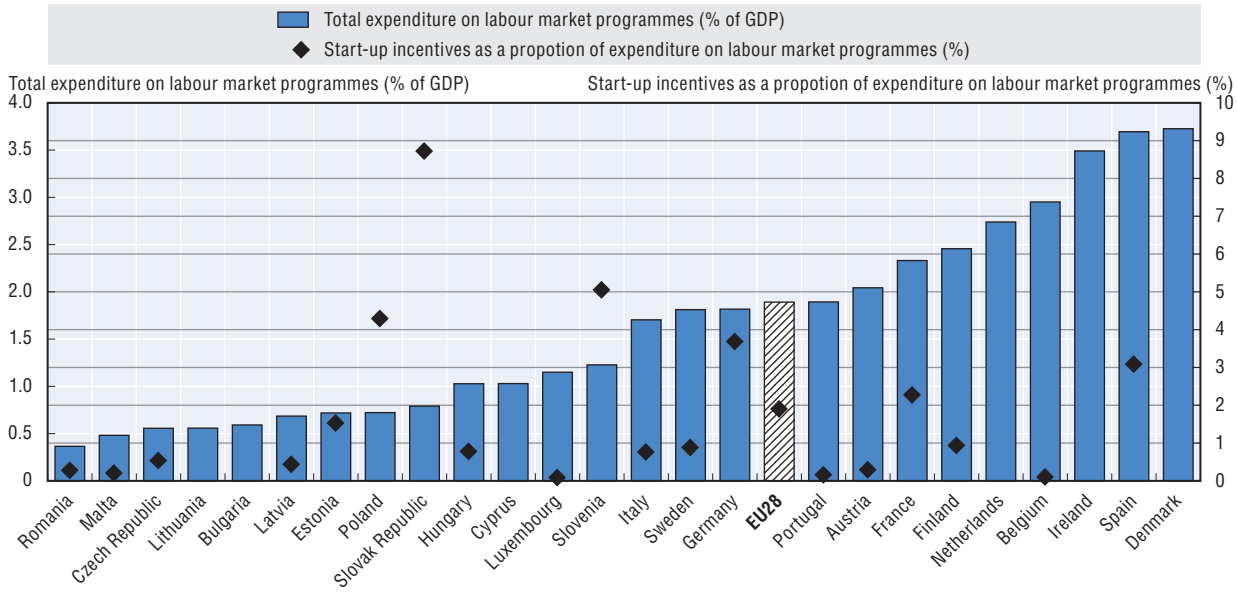
It should be recognised that of the unemployed that move back into labour force, approximately 10% work as self-employed (Figure 1.5) and further, there are benefits for those who do not go on start a business or who are not successful, including increased skill levels and improved employability. At first sight, the 2% of active labour market policy expenditures going to the self-employment and business creation route is not adequate to match the 10% of the unemployed who actually go on to start up. The cause of the gap

appears to lie more in a lack of awareness and tradition in this area in government than in a lack of appropriateness of the instruments.

Business start-up and self-employment are not a panacea of course. Many unemployed and inactive people are not suited or motivated for this avenue of support. Furthermore, interventions must be well designed to be effective and efficient. This volume provides both points on how to achieve this and evidence that it can be done effectively.

Figure 1.4. **Expenditure on labour market programmes and start-up incentives, 2011**

As a percent of GDP

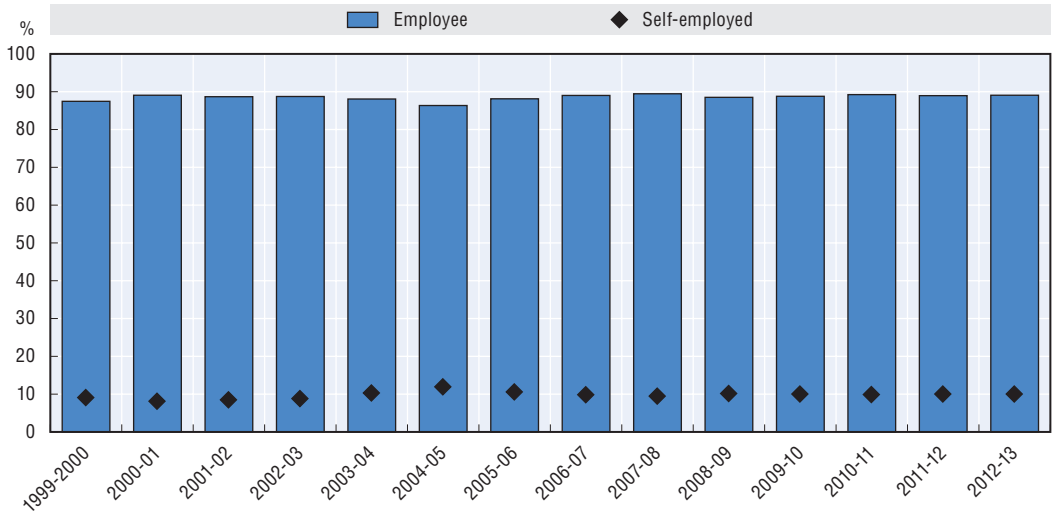


Source: Eurostat (2014c), LMP expenditure by type of action, 2014.

StatLink http://dx.doi.org/10.1787/888933286686

Figure 1.5. **Labour market activity following unemployment in the EU28**

Proportion self-employed among unemployed people returning to work the following year



Source: Eurostat (2014), special tabulations of the Labour Force Survey, 2000-13

StatLink http://dx.doi.org/10.1787/888933286697

A roadmap for reading this publication

This book examines how policy can support inclusive entrepreneurship. Part I presents data on the level and quality of self-employment and business creation in the European Union by key groups that are disadvantaged or under-represented in entrepreneurship, namely women, youth, seniors, the unemployed and immigrants.

The first chapter in Part I, **Chapter 2, presents data on self-employment and other business creation activities in the European Union by women**, including the rates and numbers of women that are self-employed and the sectors of the economy that they work in. The chapter also presents data from the Global Entrepreneurship Monitor on the entrepreneurship activities of women at different stages of the entrepreneurship life cycle. Further survey data are used to inform on the barriers women face in starting a businesses and key characteristics of their businesses. Similarly, **Chapters 3 and 4 present data on self-employment and entrepreneurship activities by youth and seniors**. These data include self-employment rates, the proportion of the self-employed with employees and income earned in self-employment by each group. Data are also presented to illustrate the entrepreneurship activities by youth and seniors at different stages of the entrepreneurship life cycle. **Chapter 5 presents data on business creation and self-employment by the unemployed**, including the proportion of unemployed people that sought self-employment and the proportion that actually moved into self-employment. **Chapter 6 presents data on self-employment among the foreign-born**, including self-employment rates.

After setting out entrepreneurship activity rates by the main target groups of inclusive entrepreneurship policies, Part II of this book examines two specific policy issues. **Chapter 7 examines how inclusive entrepreneurship policies can support the growth of businesses started by women, youth, seniors and immigrants**. It discusses the barriers faced in growing firms and actions that policy makers can take to support business growth for these individuals. **Chapter 8 takes an in-depth look at coaching and mentoring**, which are commonly used by public support schemes to assist entrepreneurs in developing their businesses as well as themselves, including for entrepreneurs from under-represented and disadvantaged groups. This chapter discusses differences between coaching and mentoring, the benefits of each and effective approaches to designing and delivering coaching and mentoring in the European Union. The discussion includes examples from around the European Union.

Finally, Part III of the book showcases inclusive entrepreneurship actions from each of the 28 European Union Member States. **It presents an inspiring policy practice that supports inclusive entrepreneurship for each European Union country, as well as key self-employment and entrepreneurship data** related to under-represented and disadvantaged groups within the country.

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PART I

Inclusive entrepreneurship in Europe – activity rates and barriers

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Chapter 2

Self-employment and entrepreneurship by women

This chapter presents data on the self-employment and entrepreneurship activities undertaken by women in the European Union. It reports on the number of women involved in self-employment and the key characteristics of their activities. Some evidence is also presented on a lack of skills as a barrier to entrepreneurship. Data are presented at the European Union and Member State levels.

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Self-employment activities by women

- In 2013, there were 9.6 million self-employed women in the European Union, which was less than half of the number of self-employed men (21.0 million).
- The self-employment rate for women in the European Union was 9.7% in 2013. While this varies by Member State, it was approximately half of the self-employment rate of men (18.3%).
- Of the self-employed women in 2013, 24.0% had employees compared with 31.1% of self-employed men. However, there are many Member States where women were more likely to have employees, including Hungary where approximately 40% of self-employed women had employees.
- The proportion of self-employed women with employees has declined over the last decade.

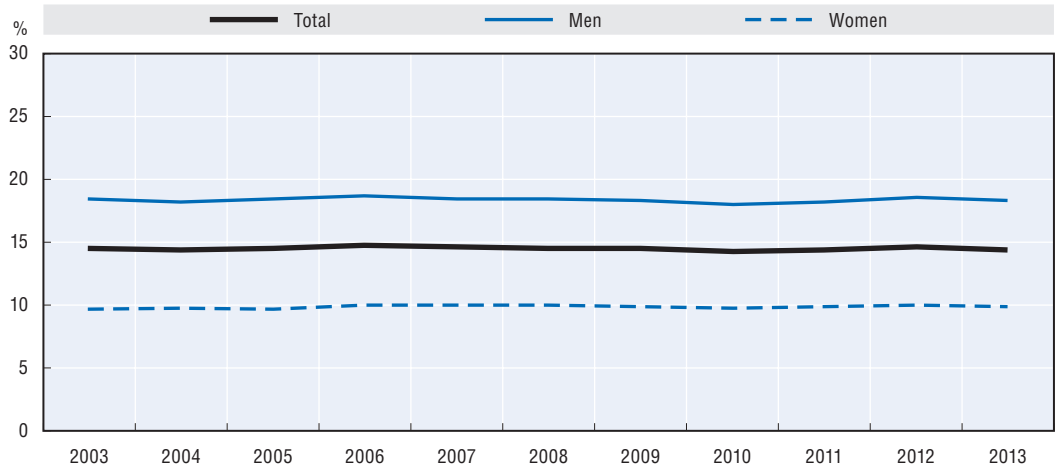
Employment can come in many forms. Some people work as employees, some work for themselves as a self-employed person and others work in family businesses. These employment activities can be part-time or full-time, temporary or permanent. None of these characteristics are fixed; people change their employment activities often and many people work in more than one activity at the same time. For example, some people have several part-time jobs, or a full-time job complemented with part-time self-employment.

Self-employment is where an individual works for their own business, farm or professional practice and receives some economic benefit for their work. This benefit is typically one or more of the following: wages, profits, in-kind benefits or family gain (for family workers). Volunteer work is excluded from this definition self-employment. While many self-employed people work on their own account, others have employees. Please see the Reader's Guide at the beginning of this book for additional information on the concepts and data sources used.

Figure 2.1 presents the self-employment rates in the European Union between 2003 and 2013 for men and women, i.e. the proportion of employed people that work as self-employed. There were 9.6 million self-employed women in the European Union in 2013, which was less than half of the 21.0 million self-employed men. The self-employment rate for women in 2013 was 9.7%, substantially lower than the rate for men of 18.3%. These rates were constant at the European Union-level between 2003 and 2013.

Figure 2.1. **Self-employment rates for men and women in the EU28, 2003-13**

Percentage of 15-64 year olds



Source: Eurostat (2014), Labour Force Survey 2003-13.

StatLink http://dx.doi.org/10.1787/888933286701

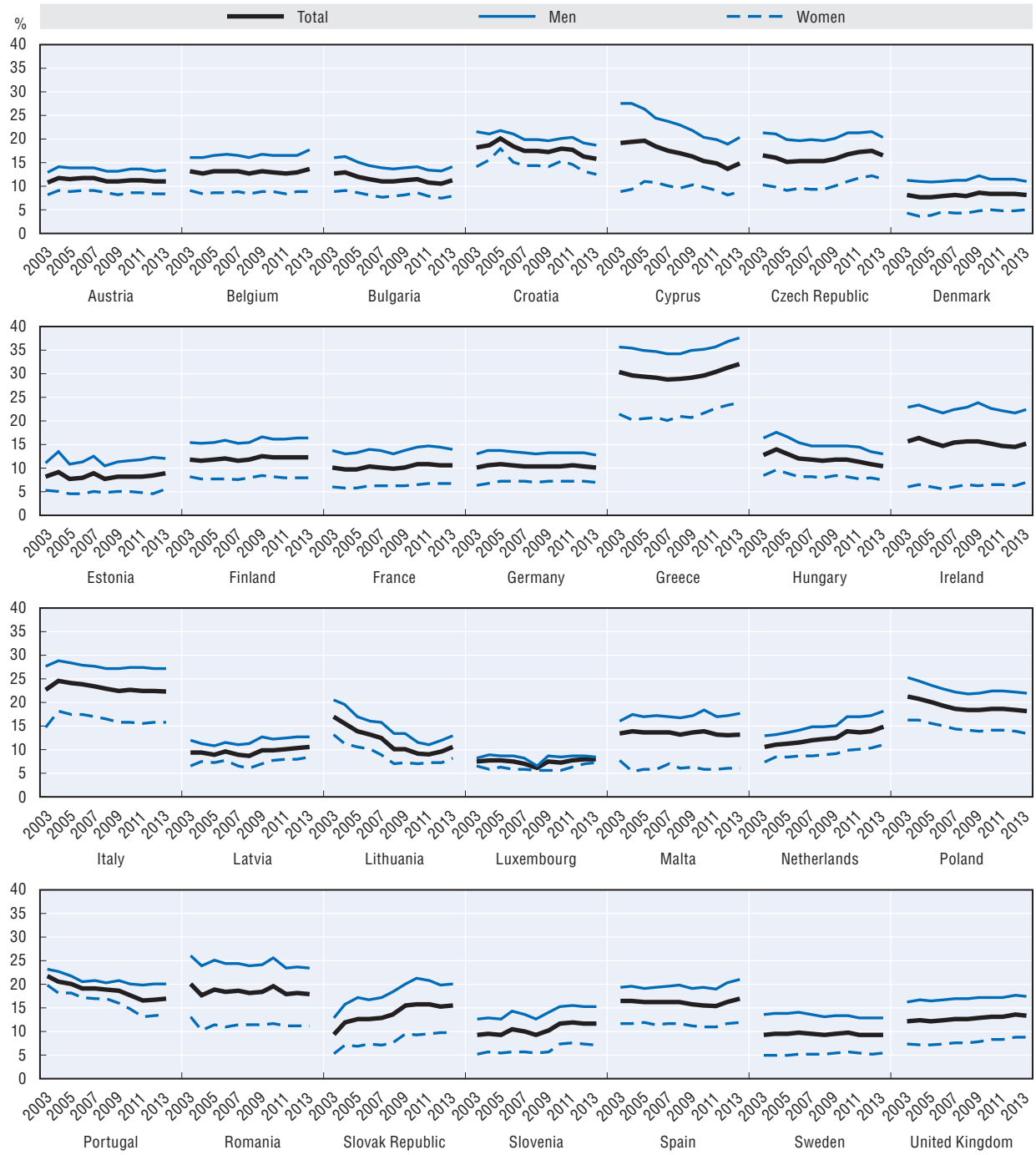
Figure 2.2 presents the self-employment rates for men and women over the same period for each European Union Member State. There was a significant variation in the self-employment rates of women across the Member States. In 2013, the rate ranged from 5.0% in Denmark to 23.5% in Greece. The large differences across Member States can be explained by several factors such as current labour market conditions, opportunities for employment, social attitudes towards the participation of women in the labour market and macro-economic factors.

Although the self-employment rates for women were lower than those of men in all Member States, it is not true that the self-employment rate of women was low in all Member States. Indeed, the self-employment rate for women in Greece in 2013 was higher than the self-employment rate for men in all Member States except for Italy (and Greece).

The self-employment rates for women also varied within each Member State between 2003 and 2013. Over this period, the rates increased in 18 Member States and decreased in 10. Self-employment rates for women increased the most in the Slovak Republic (4.4. percentage points) and decreased the most in Poland (6.1 percentage points).

Figure 2.2. **Self-employment rates for men and women by country, 2003-13**

Percentage of 15-64 year olds



Source: Eurostat (2014), Labour Force Survey 2003-13.

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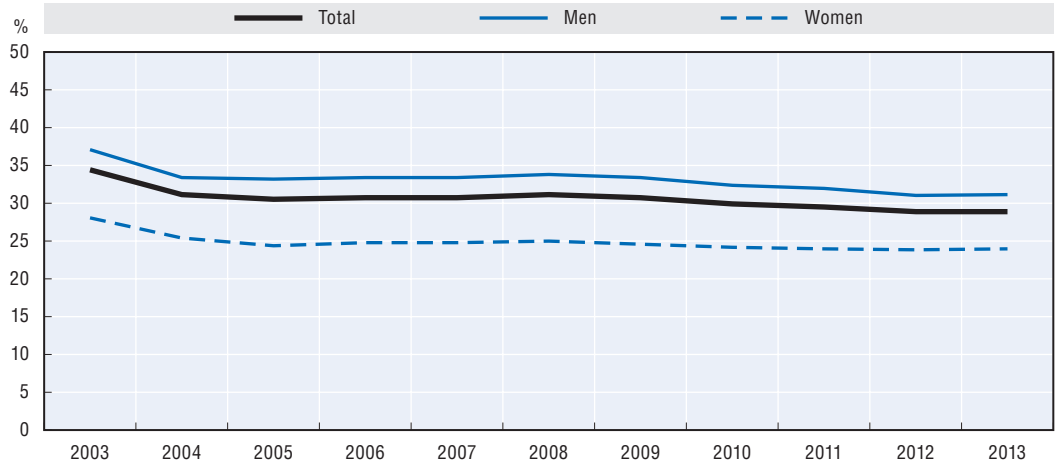
The proportion of the self-employed with employees is presented in Figure 2.3 for women and men. In 2013, 24.0% of self-employed women had employees compared with 31.1% of self-employed men. Thus, of the 9.6 million self-employed women in 2013, only 2.3 million had employees. The proportion of self-employed men and women with employees declined between 2003 and 2013 at essentially the same rate – 15% for women and 16% for men.

Figure 2.3. **Proportion of self-employed men and women with employees in the EU28, 2003-13**

Percentage of 15-64 year olds



Source: Eurostat (2014), Labour Force Survey 2003-13.

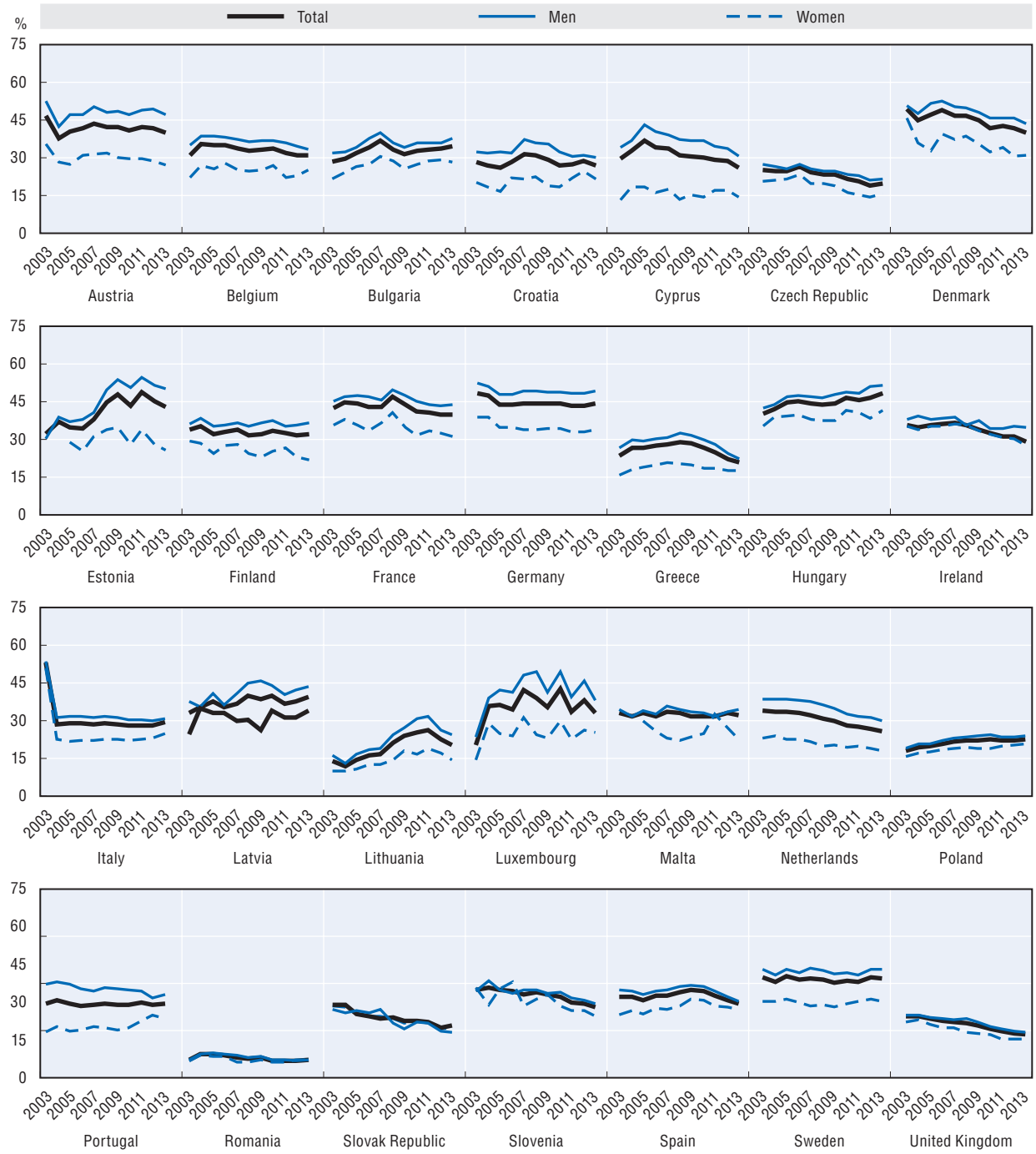
StatLink http://dx.doi.org/10.1787/888933286729

Figure 2.4 presents the proportion of self-employed with employees by Member State and gender. Self-employed women in Hungary were the most likely to have employees in 2013 – more than 40% of self-employed women had at least one employee. Further, more than one-third of self-employed women in Denmark, Germany, Ireland and Luxembourg had employees. At the other end of the scale, self-employed women in Romania were the least likely to have employees; only 7.3% had employees in 2013.

The self-employment rates for men and women by industry in 2013 are presented in Figure 2.5. While the rates vary substantially for women by industry, the rates are lower than they are for men in all industries except for other service activities (e.g. activities of membership organisations, repair of computers and personal and household goods). The self-employment rates for women were slightly higher than they were for men in this industry (30.2% vs. 28.1%). The self-employment rates for women were less than half of the rate for men in the following industries: construction, transportation and storage, financial and insurance activities, real estate activities and education.

Figure 2.4. **Proportion of self-employed men and women with employees by country, 2003-13**

Percentage of 15-64 year olds

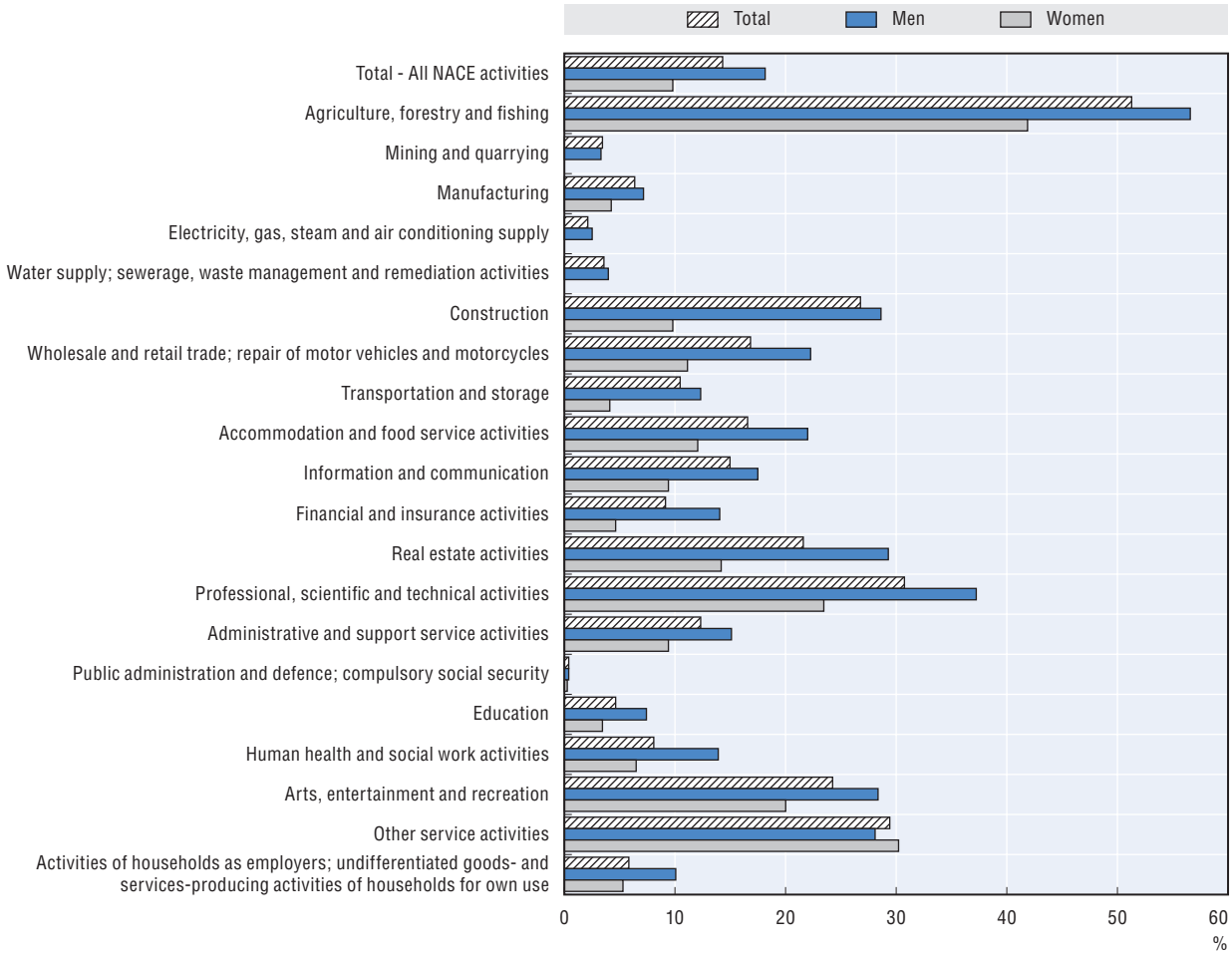


Source: Eurostat (2014), Labour Force Survey 2003-13.

StatLink http://dx.doi.org/10.1787/888933286735

Figure 2.5. **Self-employment rates for men and women by industry in the EU28, 2013**

Percentage of 15-64 year olds



Source: Eurostat (2014), Labour Force Survey 2013.

StatLink http://dx.doi.org/10.1787/888933286749

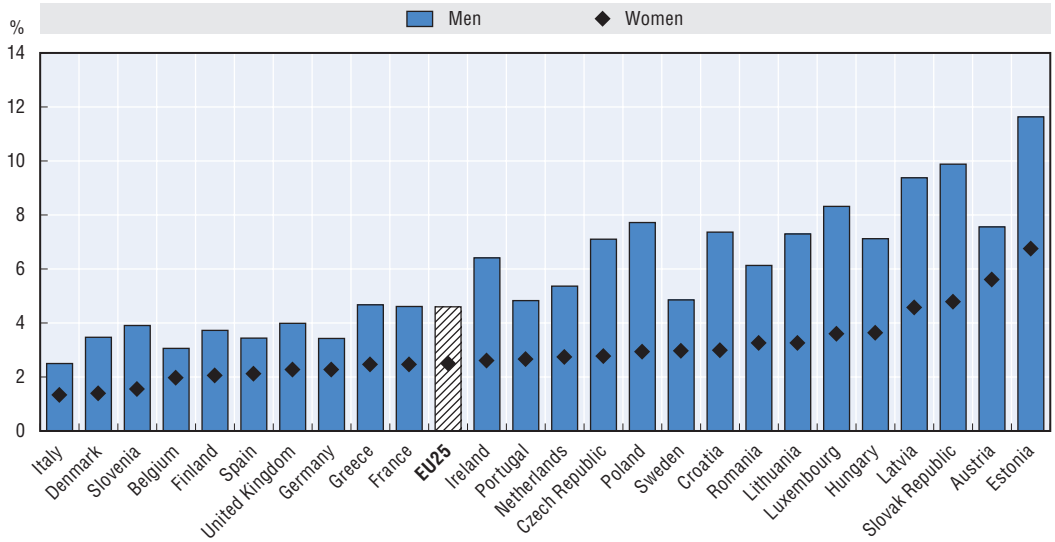
Activities by women over the entrepreneurship life-cycle

- Women were less likely than men to be active in the process of starting a business in European Union countries between 2009 and 2013 (2.5% vs. 4.6%).
- Similarly, women were about half as likely as men to be owners of new businesses over this period in the European Union (1.8% vs. 3.5%).
- Women were also less likely than men to be owners of established businesses (3.7% vs. 7.8%).
- However, women were very active in all three stages of the entrepreneurship life-cycle in several European Union Member States, notably Latvia and Austria.

Figures 2.6, 2.7 and 2.8 present entrepreneurship activity rates for women and men in European Union Member States for different phases of the entrepreneurship life-cycle. First, Figure 2.6 presents the nascent entrepreneurship rates for men and women by

Figure 2.6. **Nascent entrepreneurship rates for men and women, 2009-13 (combined)**

Percentage of population



Notes: 1. The European Union countries that participated in the Global Entrepreneurship Monitor survey over this period are: Austria, Belgium, Croatia, Czech Republic, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Netherlands, Poland, Portugal, Romania, Slovak Republic, Slovenia, Spain, Sweden and the United Kingdom. 2. Data presented in this figure are pooled data, combining the annual survey results over the 2009-13 period. A number of countries did not participate in the GEM surveys in every year but were included in the tables: Austria (2012, 2013), Czech Republic (2011, 2013), Denmark (2009, 2010, 2011, 2012), Estonia (2012, 2013), Ireland (2010, 2011, 2012, 2013), Italy (2009, 2010, 2012, 2013), Lithuania (2011, 2012, 2013), Luxembourg (2013) Poland (2011, 2012, 2013), Portugal (2010, 2011, 2012, 2013), Slovak Republic (2011, 2012, 2013) and Sweden (2010, 2011, 2012, 2013). 3. The Nascent Entrepreneurship Rate is defined as the proportion of the adult population (18 to 64 years old) that is actively involved in setting up a business they will own or co-own; this business has not paid salaries, wages or any other payments to the owners for more than three months.

Source: Global Entrepreneurship Monitor (GEM) (2014), Special tabulations of the 2009-13 adult population surveys from Global Entrepreneurship Monitor.

StatLink http://dx.doi.org/10.1787/888933286756

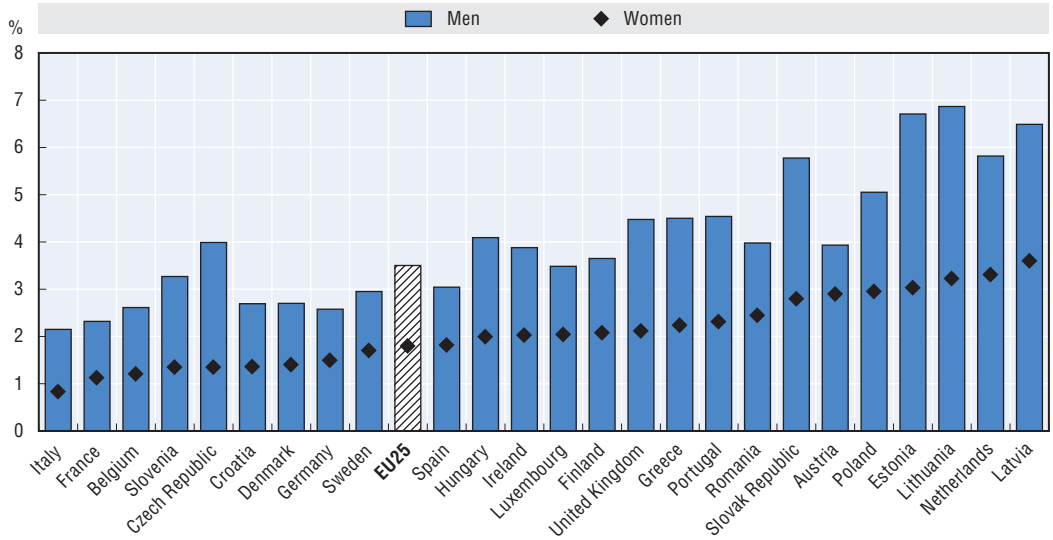
Member State over the period 2009 to 2013. This rate measures the proportion of the adult population who say that they are actively involved in setting up a business that they will own or co-own. The business must not have paid salaries, wages or any other payments to the owners for more than three months. For more information on this concept and data source, please refer to the Reader's Guide at the beginning of this book.

Overall in the European Union, women were less likely than men to be nascent entrepreneurs between 2009 and 2013 (2.5% vs. 4.6%). These rates varied by Member State. For women, the rates ranged from 1.3% in Italy to 6.8% in Estonia. This shows that although women were less likely than men to be involved in the process of starting a business, there are Member States where women are quite active in becoming entrepreneurs. Women in Latvia, the Slovak Republic, Austria and Estonia were more likely to be nascent entrepreneurs than men (and women) in Italy, Denmark, Slovenia, Belgium, Finland, Spain and the United Kingdom.

Figure 2.7 presents the new business ownership rate. This is the proportion of the adult population who report that they are currently an owner-manager of a new business that has paid salaries, wages or any other payments to the owners for more than three months, but not more than 42 months. At the European Union-level, women were half as likely as

Figure 2.7. **New business ownership rates for men and women, 2009-13 (combined)**

Percentage of population



Notes: 1. The European Union countries that participated in the Global Entrepreneurship Monitor survey over this period are: Austria, Belgium, Croatia, Czech Republic, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Netherlands, Poland, Portugal, Romania, Slovak Republic, Slovenia, Spain, Sweden and the United Kingdom. 2. Data presented in this figure are pooled data, combining the annual survey results over the 2009-13 period. A number of countries did not participate in the GEM surveys in every year but were included in the tables: Austria (2012, 2013), Czech Republic (2011, 2013), Denmark (2009, 2010, 2011, 2012), Estonia (2012, 2013), Ireland (2010, 2011, 2012, 2013), Italy (2009, 2010, 2012, 2013), Lithuania (2011, 2012, 2013), Luxembourg (2013) Poland (2011, 2012, 2013), Portugal (2010, 2011, 2012, 2013), Slovak Republic (2011, 2012, 2013) and Sweden (2010, 2011, 2012, 2013). 3. The New Business Ownership Rate is the proportion of the adult population that is currently an owner-manager of a new business that has paid salaries, wages or any other payments to the owners for more than three months, but not more than 42 months.

Source: Global Entrepreneurship Monitor (GEM) (2014), Special tabulations of the 2009-13 adult population surveys from Global Entrepreneurship Monitor.

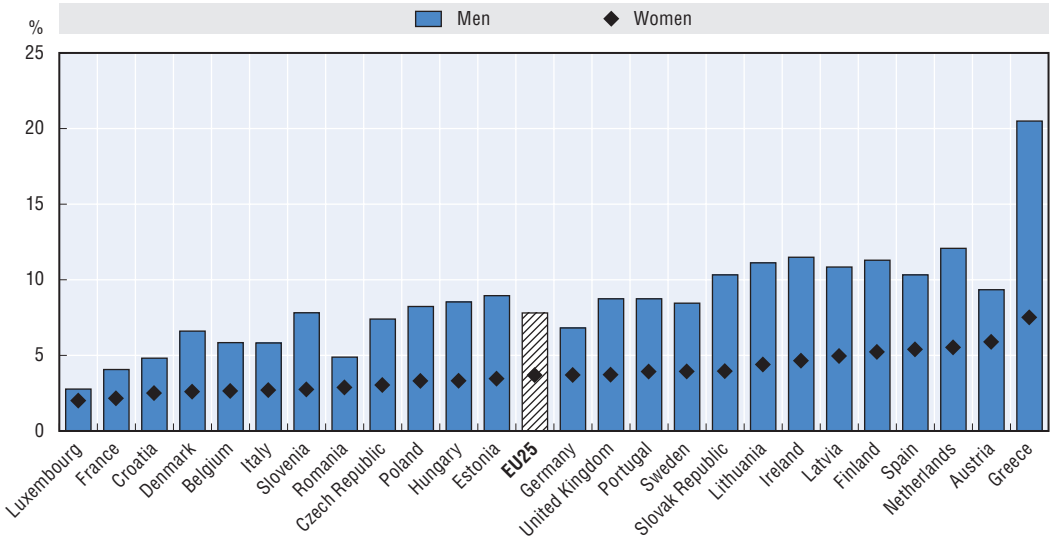
StatLink http://dx.doi.org/10.1787/888933286760

men to be new business owners (1.8% vs. 3.5%). However, consistent with Figure 2.6, the rates varied across countries. The Member States where women were the least likely to be new business owners were Italy (0.8%), France (1.1%) and Belgium (1.2%). They were the most likely to new business owners in Lithuania (3.2%), the Netherlands (3.3%) and Latvia (3.6%).

The existing business ownership rates are presented in Figure 2.8. This refers to the proportion of the adult population who report that they are currently an owner-manager of an established business that has paid salaries, wages or any other payments to the owners for more than 42 months. Since women were less likely than men to be involved in starting a business or new business owners, it is not surprising that they were also less likely to be the owner of an established business (3.7% vs. 7.8%). While there was some variation in the established business ownership rate for women across Member States, the variation was not as great as it was for men. The existing business ownership rates for women were the lowest in Luxembourg (2.0%), France (2.2%) and Croatia (2.5%) and highest in the Netherlands (5.5%), Austria (5.9%) and Greece (7.5%). The established business ownership rate for women in Greece was higher than the rate for men in Belgium, Croatia, Denmark, France, Germany, Italy, Luxembourg and Romania.

Figure 2.8. **Established business ownership rates for men and women, 2009-13 (combined)**

Percentage of population



Notes: 1. The European Union countries that participated in the Global Entrepreneurship Monitor survey over this period are: Austria, Belgium, Croatia, Czech Republic, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Netherlands, Poland, Portugal, Romania, Slovak Republic, Slovenia, Spain, Sweden and the United Kingdom. 2. Data presented in this figure are pooled data, combining the annual survey results over the 2009-13 period. A number of countries did not participate in the GEM surveys in every year but were included in the tables: Austria (2012, 2013), Czech Republic (2011, 2013), Denmark (2009, 2010, 2011, 2012), Estonia (2012, 2013), Ireland (2010, 2011, 2012, 2013), Italy (2009, 2010, 2012, 2013), Lithuania (2011, 2012, 2013), Luxembourg (2013) Poland (2011, 2012, 2013), Portugal (2010, 2011, 2012, 2013), Slovak Republic (2011, 2012, 2013) and Sweden (2010, 2011, 2012, 2013). 3. The Established Business Rate measures the proportion of the adult population that is currently an owner-manager of an established business that has paid salaries, wages or any other payments to the owners for more than 42 months. This measure provides information on the stock of business in an economy.

Source: Global Entrepreneurship Monitor (GEM) (2014), Special tabulations of the 2009-13 adult population surveys from Global Entrepreneurship Monitor.

StatLink http://dx.doi.org/10.1787/888933286773

Hours worked by self-employed women

- Self-employed women worked more hours per week in 2013, on average in the European Union, than those who were employees, but fewer hours than men who were self-employed.
- The median number of hours worked per week by self-employed women varied greatly across European Union countries in 2013. Self-employed women worked the greatest number of hours per week in Austria and Belgium, exceeding 50 hours per week.
- Self-employed women with employees worked approximately 3 hours per week more than those without employees.

Women who work in self-employment typically work more hours in a week, on average, than those who work as employees (Figure 2.9). In 2013, self-employed women worked 45.1 hours per week, relative to 40.0 hours for those who were employees. Relative to self-employed men, self-employed women worked, on average, 3.6 hours less per week in 2013 (48.7 hours per week vs. 45.1). The number of hours worked per week declined slightly for self-employed women between 2004 and 2013 (1.3 hours).

Figure 2.9. **Average number of hours worked per week by self-employed men and women in the EU28, 2003-13**

Hours worked per week for 18-64 year-olds that work full-time

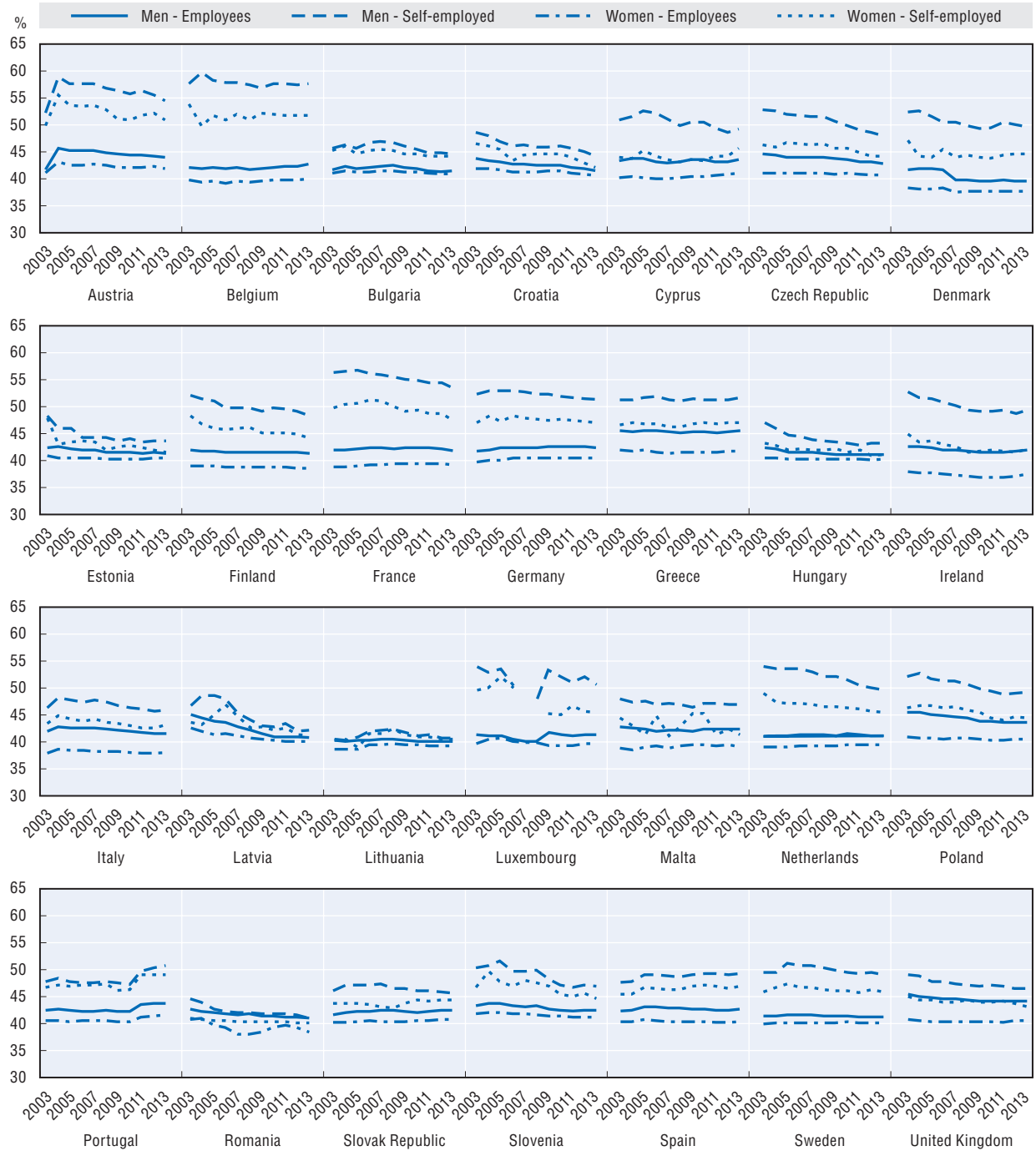
Source: Eurostat (2014), Labour Force Survey 2003-13.

StatLink http://dx.doi.org/10.1787/888933286786

Figure 2.10 shows the average number of hours worked per week by the self-employed and employees in each Member State between 2003 and 2013. The average number of hours worked per week by self-employed women varies greatly across European Union countries. In 2013, self-employed women in Austria and Belgium worked more than 50.0 hours per week on average. They worked, on average, the fewest hours per week in Lithuania (40.5 hours) and Romania (38.3 hours). The average number of hours per week for self-employed women increased in 5 Member States and decreased in 17.

Figure 2.10. **Average number of hours worked per week by self-employed men and women by country, 2003-13**

Hours worked per week for 18-64 year-olds that work full-time



Source: Eurostat (2014), Labour Force Survey 2003-13.

StatLink http://dx.doi.org/10.1787/888933286796

Among self-employed women, those with employees work, on average, more hours per week than those without (Figure 2.11). In 2013, self-employed women with employees worked 2.1 hours per week more, on average, than those without employees (47.2 hours vs. 45.1 hours). The average number of hours worked per week by self-employed women with employees is 4.3 hours per week, on average, which is lower than the number of hours worked per week by self-employed men with employees.

Figure 2.11. **Average number of hours worked per week by self-employed men and women with employees in the EU28, 2003-13**

Hours worked per week for 18-64 year-olds that work full-time

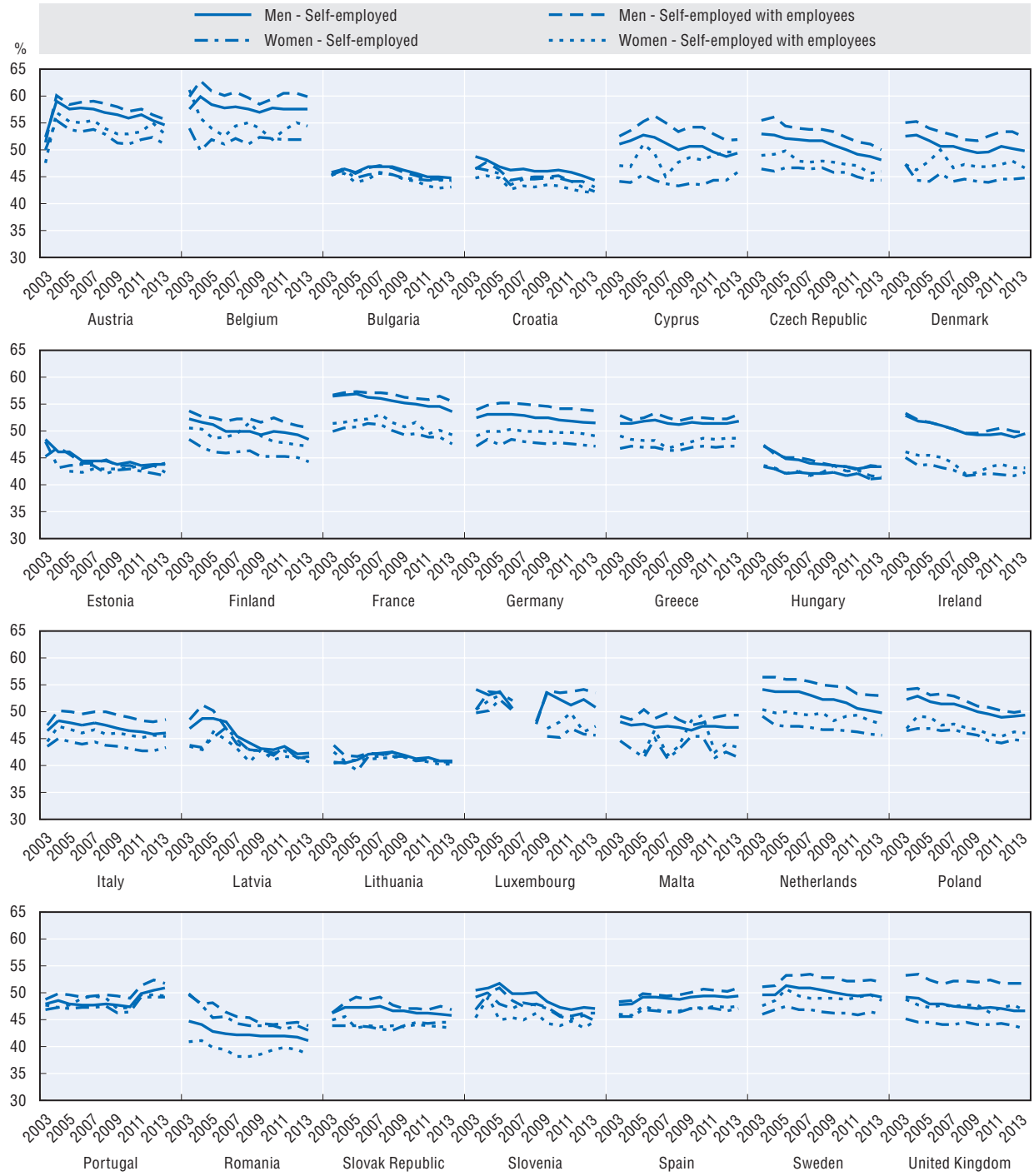
Source: Eurostat (2014), Labour Force Survey 2003-13.

StatLink http://dx.doi.org/10.1787/888933286808

Across Member States, the average number of hours worked by self-employed women with employees varied greatly between 2003 and 2013 (Figure 2.12). In Bulgaria, Estonia, Hungary, Latvia and Lithuania, there was very little difference between the average number of hours worked per week by self-employed women with or without employees.

Figure 2.12. **Average number of hours worked per week by self-employed men and women with employees by country, 2003-13**

Hours worked per week for 18-64 year-olds that work full-time



Source: Eurostat (2014), Labour Force Survey 2003-13.

StatLink http://dx.doi.org/10.1787/888933286817

Self-employment earnings for women

- Self-employed women earned slightly less than self-employed men in the European Union in 2012.
- Women who worked as employees earned approximately EUR 4 200 more per year than women who worked in self-employment in 2012.

The median annual income earned by self-employed women in 2012 was EUR 14 554 in the European Union. This is lower than the amount earned by women who worked as employees: EUR 18 771 (Figure 2.13). Across most Member States, the median income earned by women employees was higher than the median income earned by self-employed women (Figure 2.14). The exceptions were Bulgaria, Czech Republic, France, Hungary, and Luxembourg, where self-employed women had a slightly higher median income than those who worked as employees.

Figure 2.13. **Annual income earned by women, 2012**
Net median income earned for full-time labour market activities

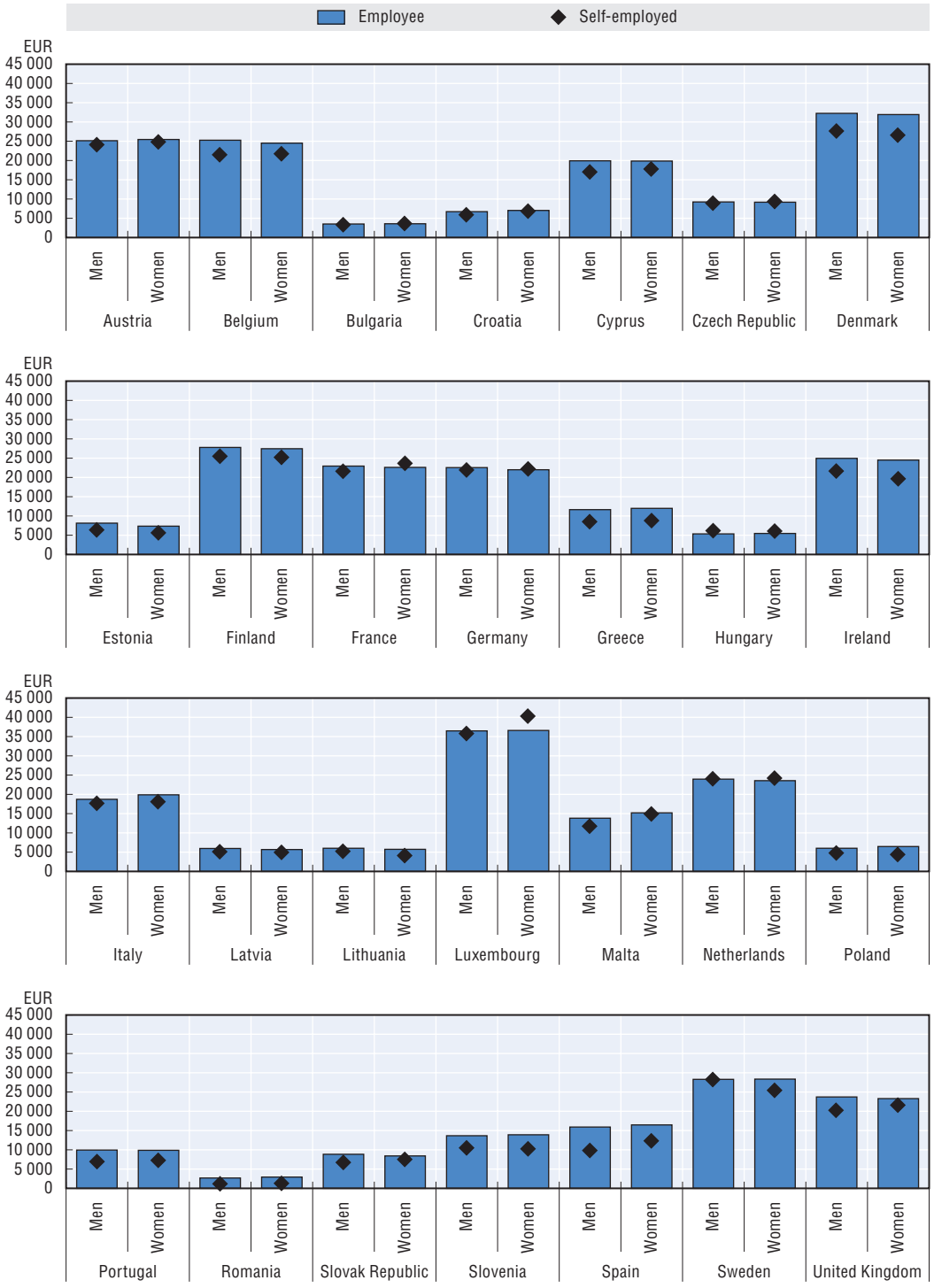
Source: Eurostat (2014b), Statistics on Income and Living Conditions 2013.

StatLink http://dx.doi.org/10.1787/888933286829

Self-employed women had the same median income as self-employed men in 2012 at the European Union-level (Figure 2.13). However some variation is notable across Member States. In most Member States there was very little difference between the median income of self-employed men and women, but in France, Luxembourg, Malta and Spain, self-employed women had a substantially higher median income than self-employed men (Figure 2.14).

Figure 2.14. **Annual income earned by women by country, 2012**

Net median income earned for full-time labour market activities



Source: Eurostat (2014b), Statistics on Income and Living Conditions 2013.

StatLink http://dx.doi.org/10.1787/888933286831

Entrepreneurship skills as a barrier to business creation for women

- Between 2009 and 2013, women were much less likely than men in the European Union to believe that they have the knowledge and skills to start a business.
- The perception of having the skills and knowledge to start a business varied across European Union countries over this period. Women in Austria, Greece, Slovenia and Spain were more than twice as likely as women in Luxembourg to believe that they had the skills for entrepreneurship.

A lack of entrepreneurship skills is often considered to be one of the most significant barriers to business creation. Entrepreneurship skills are a bundle of skills that include risk management, opportunity identification, planning, financial management, as well as personal traits such as personal initiative and the ability to motivate others. Although entrepreneurship skills are not always necessary to operate a successful business, they increase the chances of business survival and growth.

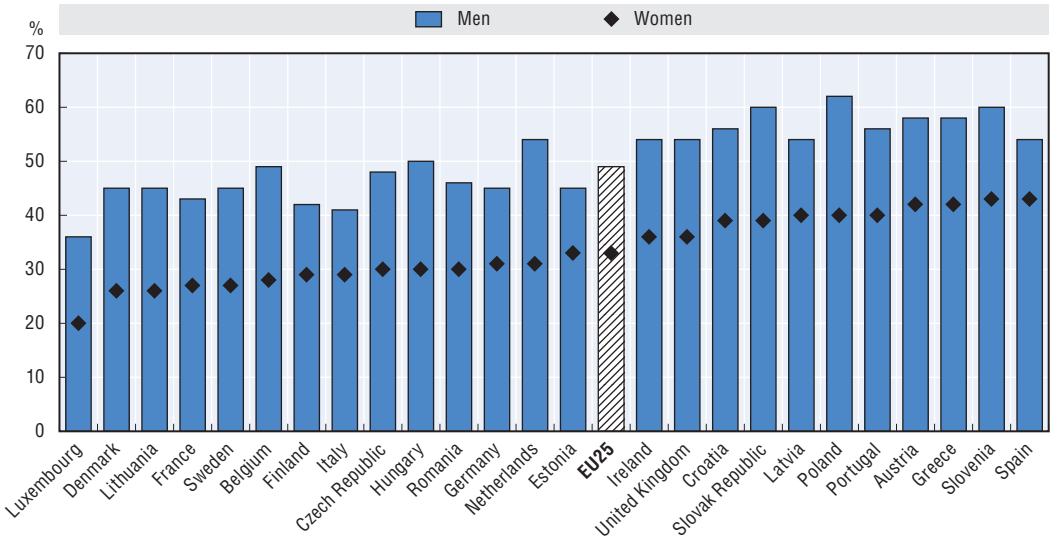
Figure 2.15 presents the proportion of the adult population across the Member States who believe that they have the knowledge and skills to start a business. Overall, one-third of women in the European Union believed that they have the knowledge and skills to start a business between 2009 and 2013, relative to 49% of men. Turning this around, two-thirds of women believed that they do not have the knowledge or skills to start a business. This clearly highlights an area where policy intervention has the potential to make a difference.

Across European Union Member States, the proportion of women who believe that they have the knowledge and skills to start a business ranged from 20% in Luxembourg to 43% in Slovenia and Spain. In all Member States, women were less likely than men to believe that they have the knowledge and skills to start a business. In absolute terms, the gap between men and women was the largest in the Netherlands (23 percentage points) and the smallest in Spain (11 percentage points).

Figure 2.15. **Entrepreneurship skills as a barrier to business creation for men and women in the EU28, 2009-13**

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

Percentage of 18-64 year-olds who responded "yes"



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Source: Global Entrepreneurship Monitor (GEM) (2014), Special tabulations of the 2009-13 adult population surveys from Global Entrepreneurship Monitor.

StatLink http://dx.doi.org/10.1787/888933286844

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Eurostat (2014b), Statistics on Income, Social Inclusion, and Living Conditions (SILC), *http://ec.europa.eu/eurostat/web/income-and-living-conditions/data*.

Global Entrepreneurship Monitor (GEM) (2014), Special tabulations of the 2009-13 adult population surveys from Global Entrepreneurship Monitor.

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Chapter 3

Self-employment and entrepreneurship by youth

This chapter presents evidence on self-employment and entrepreneurship activities by youth. The data presented include the proportion of active youth that are involved in self-employment and entrepreneurship and the main characteristics of these activities. The chapter also presents data on the extent to which a lack of skills and knowledge is a barrier to entrepreneurship. Data are presented at the European Union-level and for Member States.

Note by Turkey:

The information in this document with reference to « Cyprus » relates to the southern part of the Island. There is no single authority representing both Turkish and Greek Cypriot people on the Island. Turkey recognises the Turkish Republic of Northern Cyprus (TRNC). Until a lasting and equitable solution is found within the context of the United Nations, Turkey shall preserve its position concerning the "Cyprus issue".

Note by all the European Union Member States of the OECD and the European Union:

The Republic of Cyprus is recognised by all members of the United Nations with the exception of Turkey. The information in this document relates to the area under the effective control of the Government of the Republic of Cyprus.

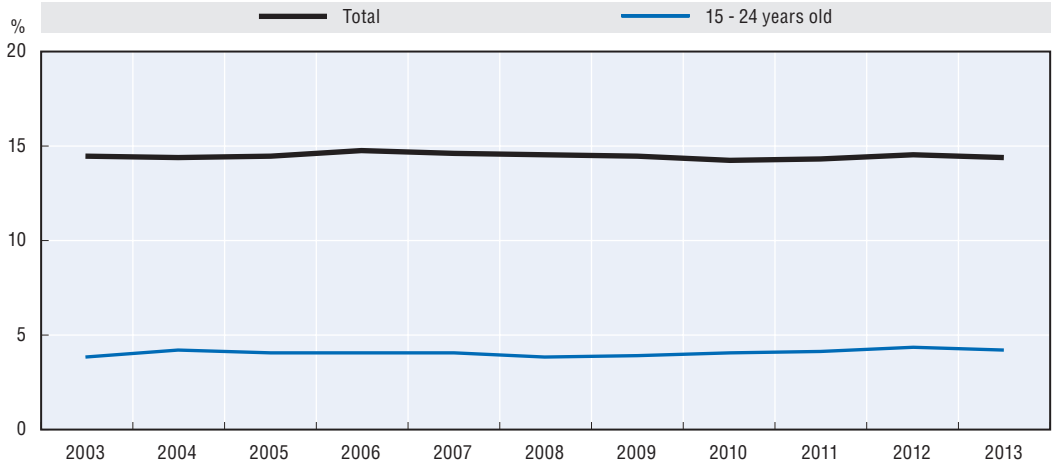
Self-employment activities by youth

- Youth (15-24 years old) were much less likely than adults (15-64 years old) to be self-employed in 2013. In the European Union, the self-employment rate for youth was 4.2% relative to 14.4% for adults.
- While the self-employment rate for youth has been constant at the European Union-level over the last decade, it increased in 17 Member States.
- Very few self-employed youth have employees. In the European Union, only 81 200 (10.5%) had at least one employee in 2013.

Figure 3.1 presents self-employment rates of youth (15-24 years old) between 2003 and 2013. It is clear that young people in the European Union are much less likely to be self-employed than adults overall (15-64 years old). In 2013, the self-employment rate for youth was 4.2%, less than one-third of the rate for adults (14.4%). The self-employment rates of both youth and adults were fairly constant over the decade. For more details on the concepts and definitions used in this chapter, as well as information on data sources please refer to the Reader's Guide at the beginning of this book.

Figure 3.1. **Youth self-employment rate in the EU28, 2003-13**

Percentage of total employment



Source: Eurostat (2014), Labour Force Survey 2003-13.

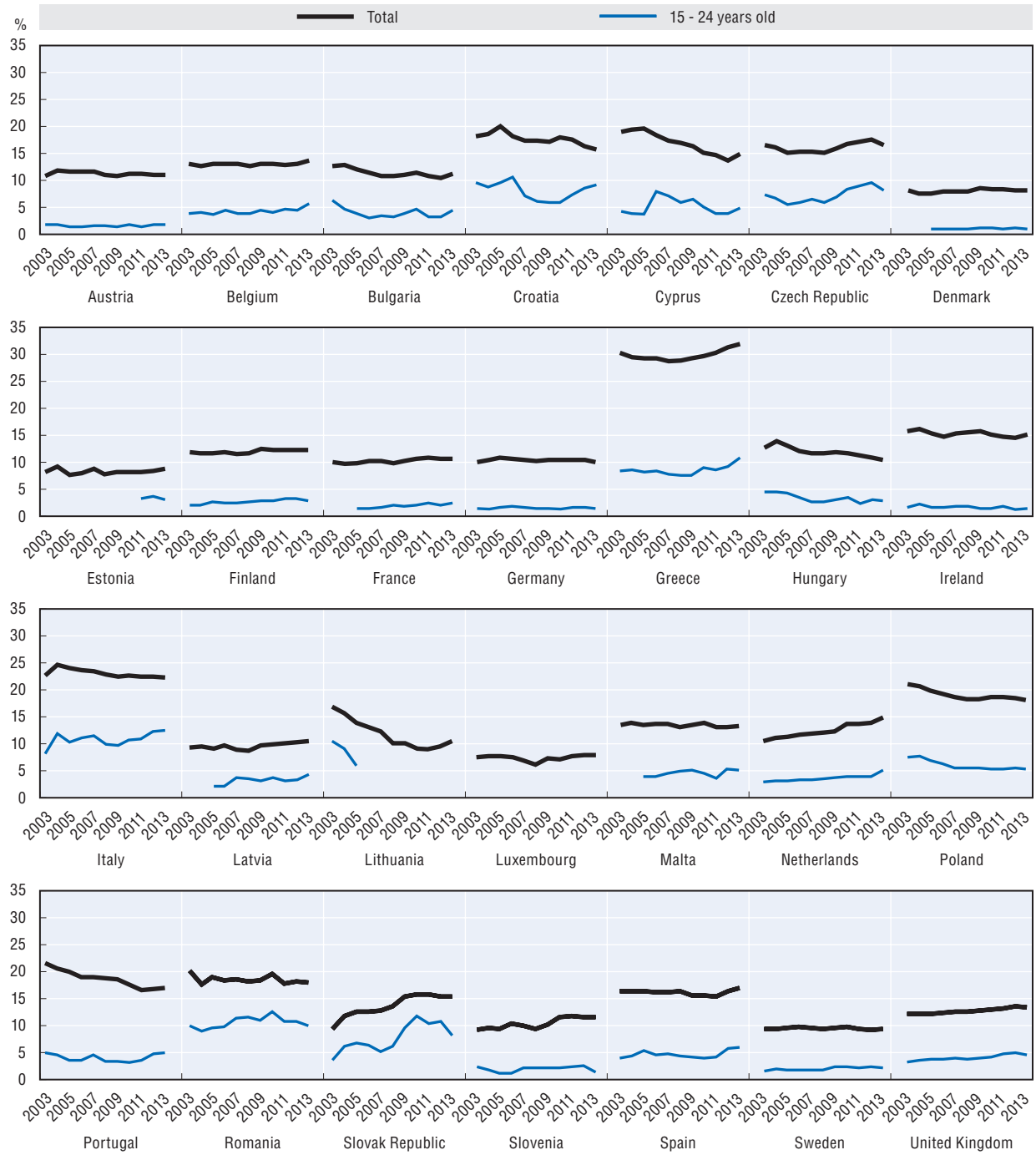
StatLink http://dx.doi.org/10.1787/888933286857

Self-employment rates for youth are presented in Figure 3.2 for all European Union Member States for the period 2003 to 2013. Youth self-employment rates were relatively low in Austria, Denmark, Germany, Ireland and Sweden. The difference between the adult

and youth self-employment rates was relatively high in Ireland. Over the decade, youth self-employment rates increased in 17 Member States, decreased in 9 and were constant in 2. The largest increase, in absolute terms, was in the Slovak Republic (4.6 percentage points) while the largest decrease was in Poland (2.3 percentage points).

Figure 3.2. **Youth self-employment rate by country, 2003-13**

Percentage of total employment



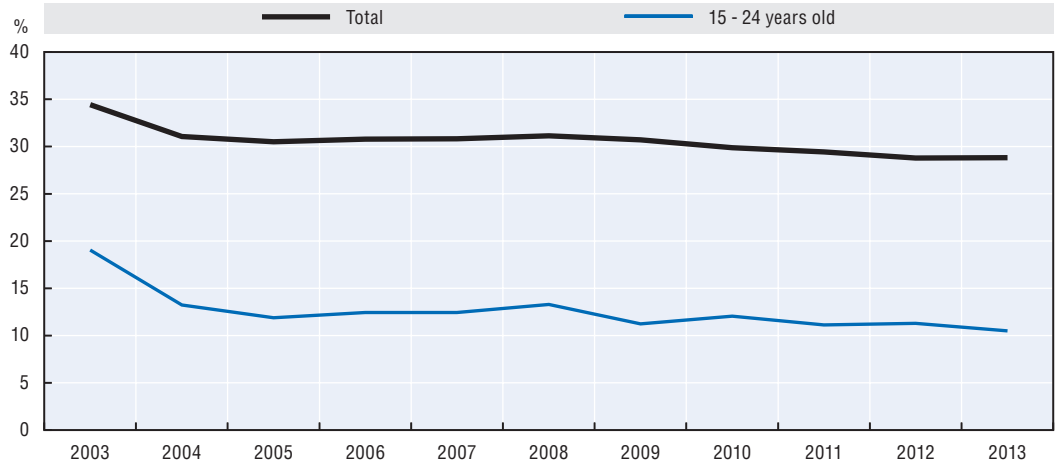
Source: Eurostat (2014), Labour Force Survey 2003-13.

StatLink http://dx.doi.org/10.1787/888933286867

Figure 3.3 illustrates the proportion of self-employed youth with employees at the European Union-level. In 2013, 10.5% of self-employed youth had a least one employee. This was approximately one-third the proportion of adults (28.8%). The proportion of self-employed youth with employees declined substantially between 2003 and 2013, from 19.1% to 10.5%. While the proportion of self-employed adults with employees also declined, the downward trend was greater for youth.

Figure 3.3. **Proportion of self-employed youth with employees in the EU28, 2003-13**

Percentage of total employment



Source: Eurostat (2014), Labour Force Survey 2003-13.

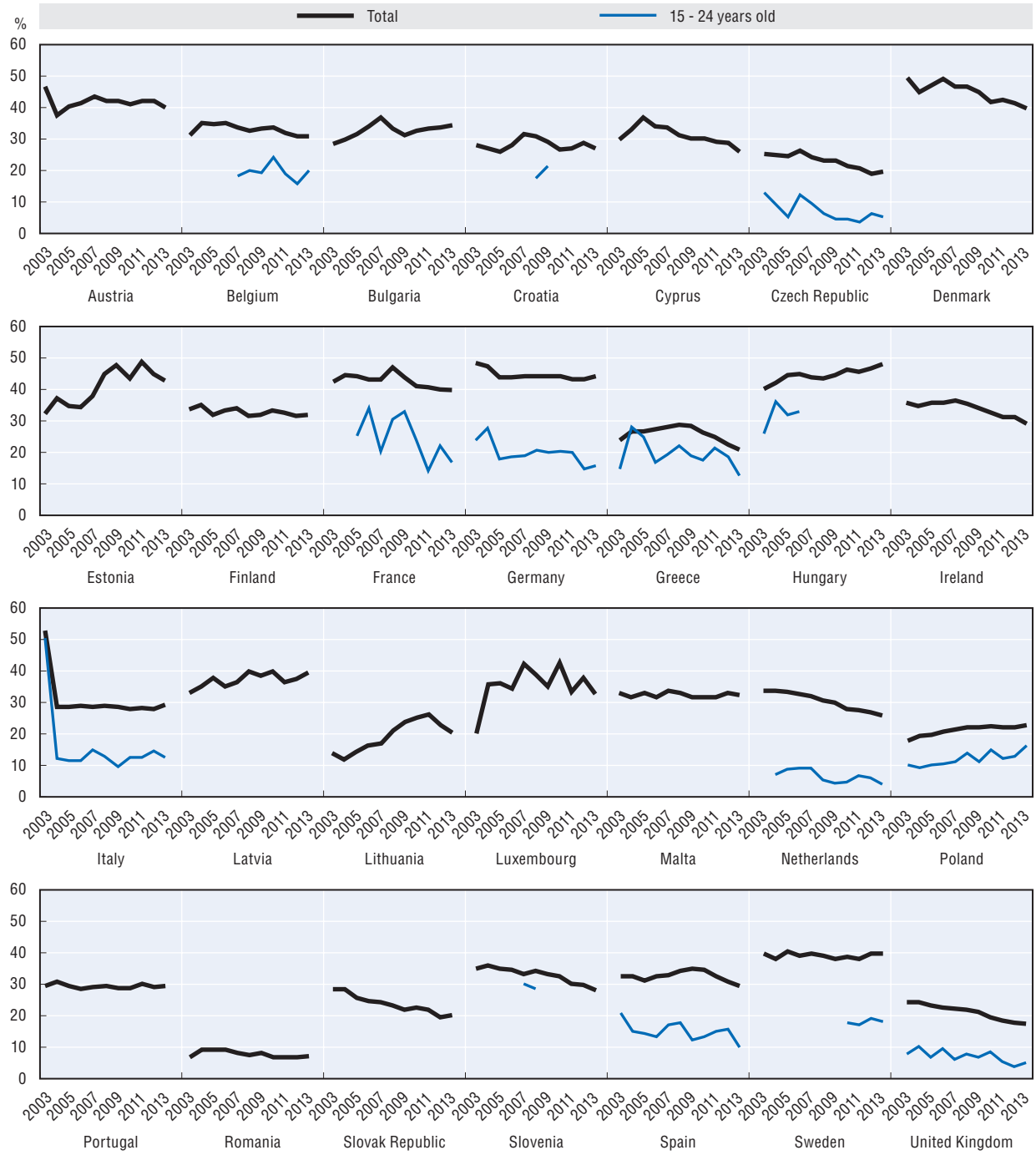
StatLink http://dx.doi.org/10.1787/888933286877

Figure 3.4 presents the proportion of self-employed youth with employees for each European Union Member State. Data are not available for all countries, but where data are available they confirm that self-employed youth were less likely than self-employed adults to have employees between 2003 and 2013. Moreover, there was a large variation across Member States in the proportion of self-employed youth that had employees, ranging from 4.0% in the Netherlands to 32.8% in Hungary. Finally, while the proportion of self-employed youth with employees decreased substantially at the European Union-level between 2003 and 2013, the proportion increased in some countries such as Poland (10.3% to 16.4%).

Youth self-employment rates are presented by industry in Figure 3.5, showing that youth were less likely than adults to be self-employed in all industries. In 2013, self-employment rates were lowest in manufacturing (1.2%), human health and social work activities (2.0%) and accommodation and food service activities (2.5%). The only industry where the self-employment rates for youth and adults were similar was education where the rate for youth was 4.5%, which was essentially the same as the rate for adults at 4.6%.

Figure 3.4. **Proportion of self-employed youth with employees by country, 2003-13**

Percentage of total employment

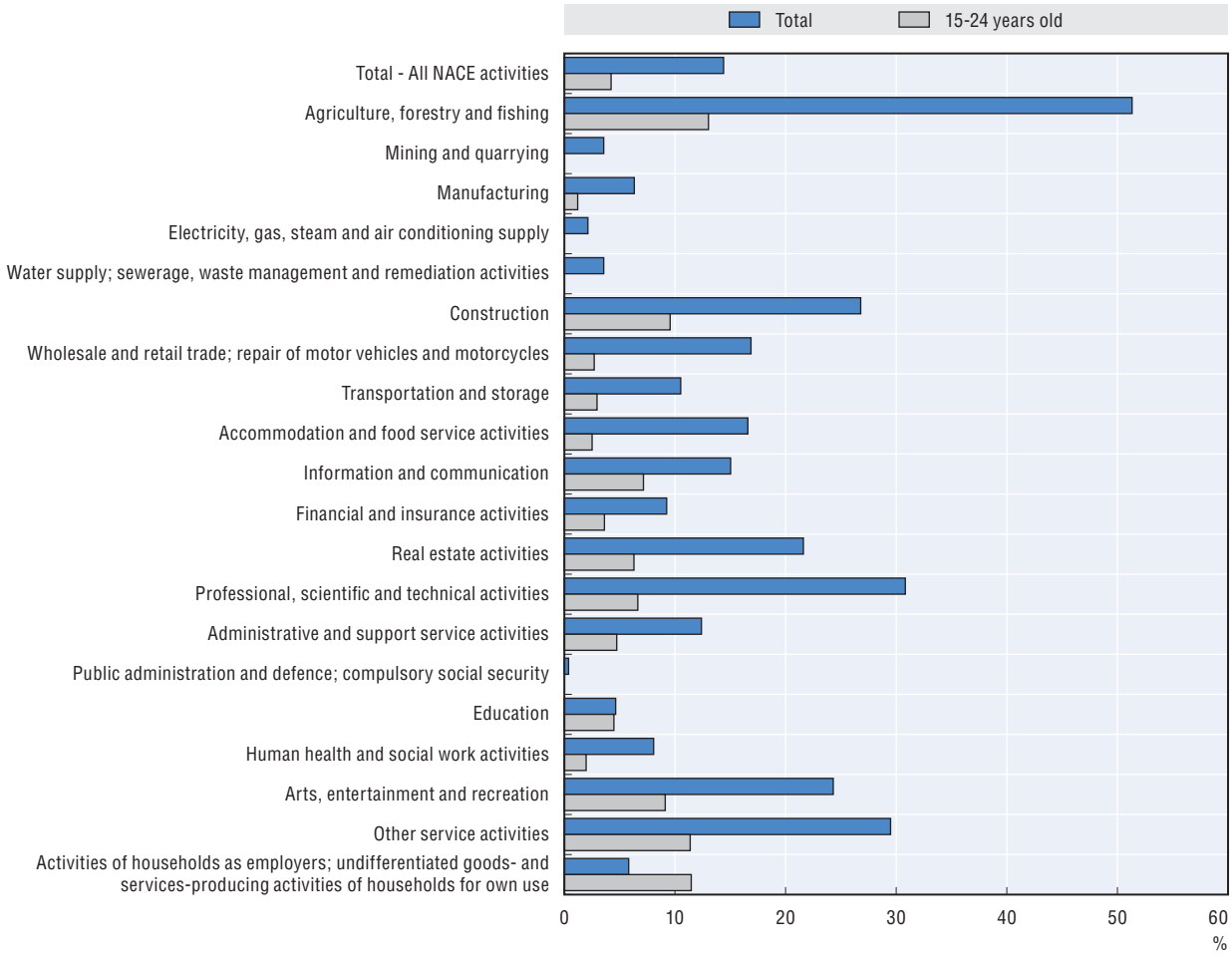


Source: Eurostat (2014), Labour Force Survey 2003-13.

StatLink http://dx.doi.org/10.1787/888933286884

Figure 3.5. **Self-employment rates for youth by industry in the EU28, 2013**

Percentage of total employment



Source: Eurostat (2014), Labour Force Survey 2013.

StatLink http://dx.doi.org/10.1787/888933286897

Self-employment activities by youth over the entrepreneurship life-cycle

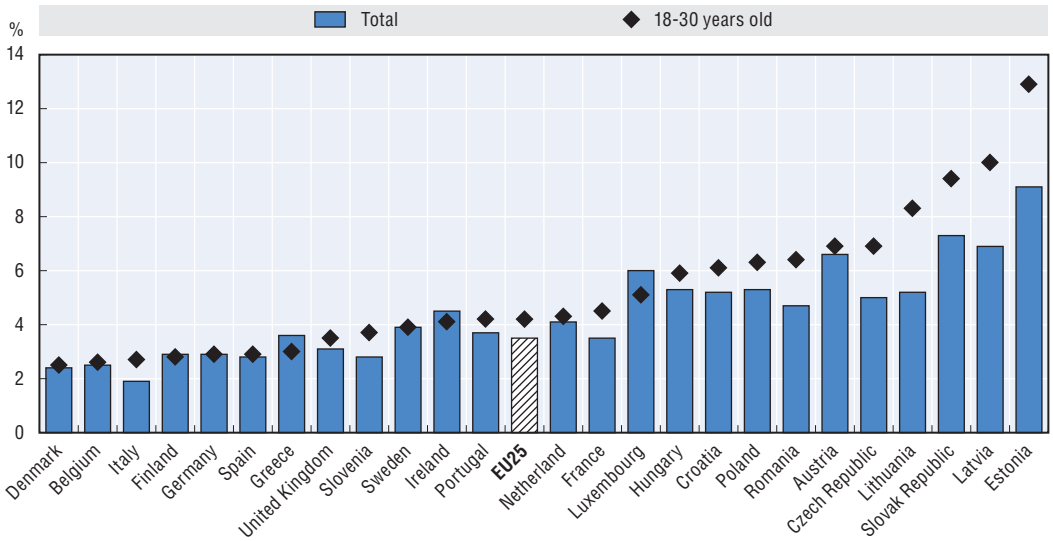
- At the European Union-level, youth (18-30 years old) were more likely than adults (18-64 years old) to be involved in setting up a business or owning a new business between 2009 and 2013. Slightly more than 4% of youth in the European Union were involved in setting up a business and another 3.5% owned a new business over this period.
- However, fewer than 2% of European Union youth owned an established business that was more than 42 months old between 2009 and 2013. This is approximately one-third of the proportion of adults who owned an established business over this period.

Nascent entrepreneurship rates for youth (18-30 years old) are presented in Figure 3.6 for European Union countries for the period 2009 to 2013. This rate measures the proportion of the adult population who report that they are actively involved in setting up a business that they will own or co-own. The business must not have paid salaries, wages or any other

payments to the owners for more than three months. For more information on this concept and data source, please refer to the Reader's Guide at the beginning of this book.

Figure 3.6. **Nascent entrepreneurship rate for youth, 2009-13 (combined)**

Percent of population



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Source: Global Entrepreneurship Monitor (GEM) (2014), Special tabulations of the 2009-13 adult population surveys from Global Entrepreneurship Monitor.

StatLink http://dx.doi.org/10.1787/888933286909

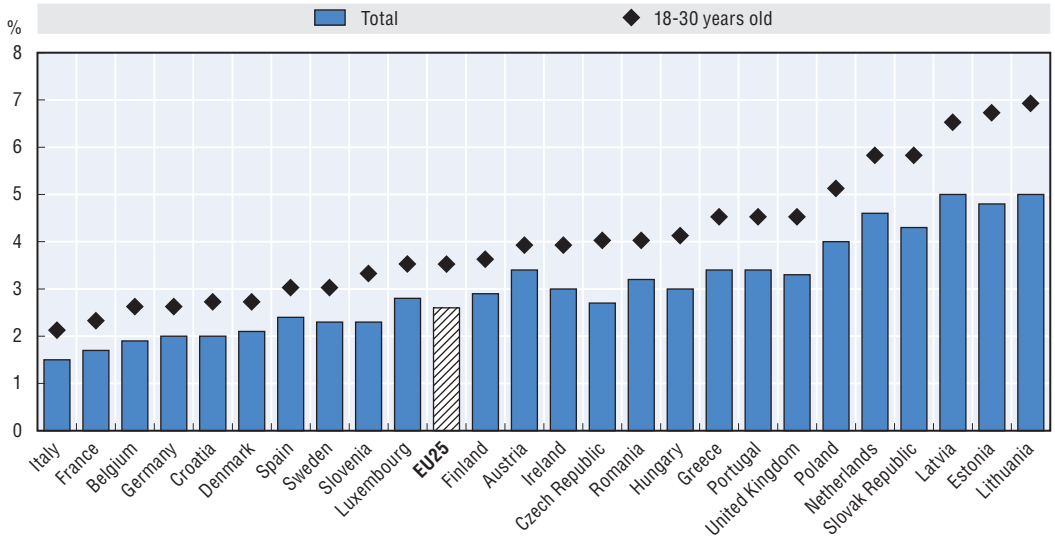
Overall in the European Union, youth and adults had approximately equivalent nascent entrepreneurship rates for this period. Slightly more than 4% of youth were nascent entrepreneurs compared with 3.5% of adults. Nascent entrepreneurship rates among youth were the highest in Estonia (12.9%), Latvia (10.0%) and the Slovak Republic (9.4%), and the lowest in Denmark (2.5%), Belgium (2.6%) and Italy (2.7%). While the rates for youth and adults were roughly equivalent in most Member States, a gap between the rates for youth and adults was evident in some Member States, particularly those where youth had high nascent entrepreneurship rates. In the Czech Republic, Lithuania, the Slovak Republic, Latvia and Estonia, nascent entrepreneurship rates among youth were more than 30% higher than the rates for adults.

The new business ownership rates for youth for the 2009 to 2013 period are presented by country in Figure 3.7. This rate measures the proportion of the adult population that are currently an owner-manager of a new business that has paid salaries, wages or any other payments to the owners for more than three months, but not more than 42 months, i.e. this measures youth entrepreneurship activities at the step immediately following business establishment. At the European Union-level, the new business ownership rate was slightly

higher for youth than it was for adults between 2009 and 2013 (3.5% vs. 2.6%). There is a strong correlation between the nascent entrepreneurship rate and the new business ownership rate so it is therefore not surprising that countries where there is a high nascent entrepreneurship rate for youth also have a high new business ownership rate for youth. The countries with the highest new business ownership rates for youth between 2009 and 2013 were Lithuania (6.9%), Estonia (6.7%) and Latvia (6.5%). The Member States with the lowest new business ownership rates for youth over this period were Italy (2.1%), France (2.3%), Belgium (2.6%) and Germany (2.6%).

Figure 3.7. **New business ownership rate for youth, 2009-13 (combined)**

Percent of population



Notes: 1. The European Union countries that participated in the Global Entrepreneurship Monitor survey over this period are: Austria, Belgium, Croatia, Czech Republic, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Netherlands, Poland, Portugal, Romania, Slovak Republic, Slovenia, Spain, Sweden and the United Kingdom. 2. Data presented in this figure are pooled data, combining the annual survey results over the 2009-13 period. A number of countries did not participate in the GEM surveys in every year but were included in the tables: Austria (2012, 2013), Czech Republic (2011, 2013), Denmark (2009, 2010, 2011, 2012), Estonia (2012, 2013), Ireland (2010, 2011, 2012, 2013), Italy (2009, 2010, 2012, 2013), Lithuania (2011, 2012, 2013), Luxembourg (2013) Poland (2011, 2012, 2013), Portugal (2010, 2011, 2012, 2013), Slovak Republic (2011, 2012, 2013) and Sweden (2010, 2011, 2012, 2013). 3. The New Business Ownership Rate is the proportion of the adult population that is currently an owner-manager of a new business that has paid salaries, wages or any other payments to the owners for more than three months, but not more than 42 months.

Source: Global Entrepreneurship Monitor (GEM) (2014), Special tabulations of the 2009-13 adult population surveys from Global Entrepreneurship Monitor.

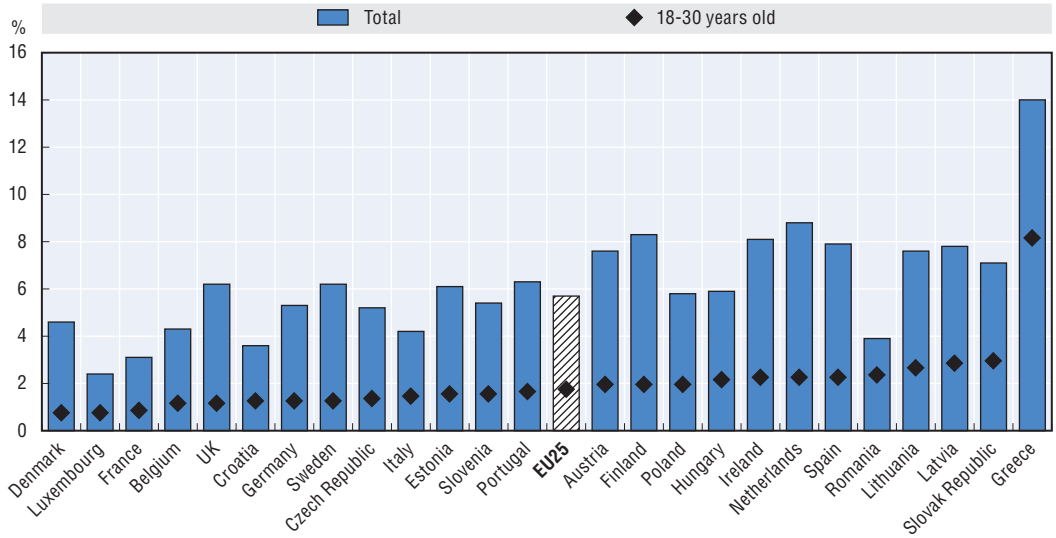
StatLink *http://dx.doi.org/10.1787/888933286913*

Figure 3.8 presents the established business ownership rate, which measures the proportion of the adult population that are currently an owner-manager of an established business that has paid salaries, wages or any other payments to the owners for more than 42 months. At the European Union-level, the established business ownership rate for youth was substantially lower for youth than adults: 1.7% for youth for the 2009 to 2013 period, relative to 5.7% for adults. This is despite the fact that the business creation rates of youth exceeded those of adults. The pattern held across all Member States for this period. The established business ownership rates for youth were highest in Latvia (2.8%), the Slovak Republic (2.9%) and Greece (8.1%) and lowest in Denmark (0.7%), Luxembourg

(0.7%) and France (0.8%). The gap in established business ownership rates between youth and adults were the greatest, in relative terms, in Denmark (84.8%), the United Kingdom (82.3%) and Sweden (80.6%) and the smallest in Romania (41.0%), Greece (42.1%) and the Slovak Republic (59.2%).

Figure 3.8. **Established business ownership rate for youth, 2009-13 (combined)**

Percent of population



Notes: 1. The European Union countries that participated in the Global Entrepreneurship Monitor survey over this period are: Austria, Belgium, Croatia, Czech Republic, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Netherlands, Poland, Portugal, Romania, Slovak Republic, Slovenia, Spain, Sweden and the United Kingdom. 2. Data presented in this figure are pooled data, combining the annual survey results over the 2009-13 period. A number of countries did not participate in the GEM surveys in every year but were included in the tables: Austria (2012, 2013), Czech Republic (2011, 2013), Denmark (2009, 2010, 2011, 2012), Estonia (2012, 2013), Ireland (2010, 2011, 2012, 2013), Italy (2009, 2010, 2012, 2013), Lithuania (2011, 2012, 2013), Luxembourg (2013) Poland (2011, 2012, 2013), Portugal (2010, 2011, 2012, 2013), Slovak Republic (2011, 2012, 2013) and Sweden (2010, 2011, 2012, 2013). 3. The Established Business Rate measures the proportion of the adult population that is currently an owner-manager of an established business that has paid salaries, wages or any other payments to the owners for more than 42 months. This measure provides information on the stock of business in an economy.

Source: Global Entrepreneurship Monitor (GEM) (2014), Special tabulations of the 2009-13 adult population surveys from Global Entrepreneurship Monitor.

StatLink http://dx.doi.org/10.1787/888933286928

Entrepreneurship skills as a barrier to business creation for youth

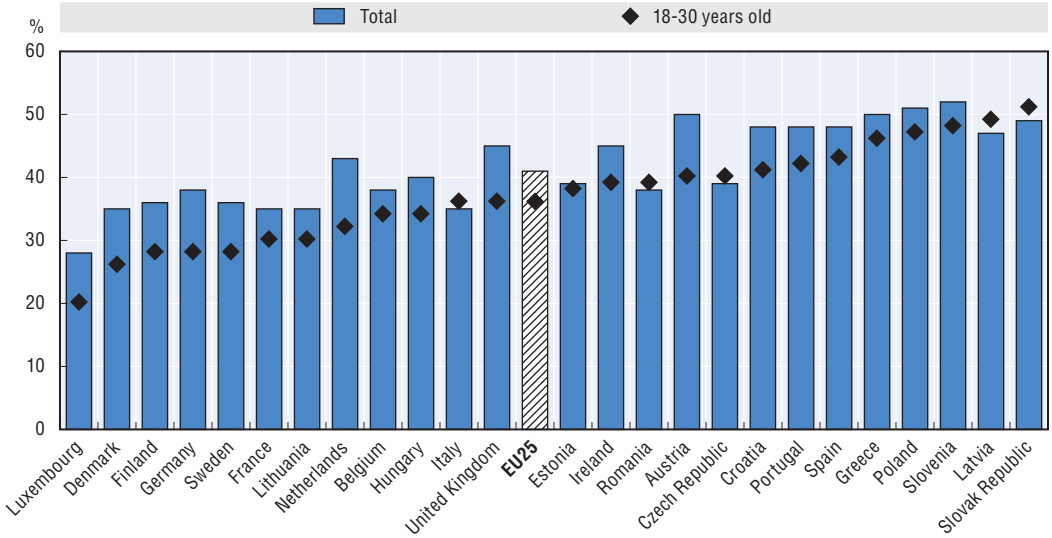
- In most European Union countries, the majority of young people do not feel that they have the knowledge and skills to start a business.
- Over the 2009 to 2013 period, young people in the European Union (18-30 years old) were slightly less likely than adults to believe that they have the knowledge and skills to start a business (36% vs. 41%).
- However, in several European Union countries youth were as likely, or slightly more likely, than adults to believe that they had the skills for entrepreneurship. For example, more than 50% of youth in the Slovak Republic reported that they had the knowledge and skills to start a business.

Between 2009 and 2013, youth were slightly less likely than adults to believe that they have the knowledge and skills to start a business (Figure 3.9). Overall in the European Union, 36% of youth believed that they had the knowledge and skills to start a business, relative to 41% of adults. Youth were less likely than adults to believe that they have the knowledge and skills to start a business across most Member States. The only exceptions were Italy, Romania, Latvia and the Slovak Republic

There is a large variation across Member States in the proportion of youth who feel that they have the knowledge and skills to start a business. Fewer than 30% of youth in Luxembourg, Denmark, Finland, Germany and Sweden reported having the knowledge and skills to start a business whereas more than 50% of the youth in the Slovak Republic felt the same way.

Figure 3.9. **Entrepreneurship skills as a barrier to business creation for youth, 2009-13**

"Do you have the knowledge and skills to start a business?"
Percentage of population who responded "yes"



Source: Global Entrepreneurship Monitor (GEM) (2014), Special tabulations of the 2009-13 adult population surveys from Global Entrepreneurship Monitor.

StatLink http://dx.doi.org/10.1787/888933286938

References

Eurostat (2014), Employment and unemployment (LFS), *http://ec.europa.eu/eurostat/web/lfs/data*.

Global Entrepreneurship Monitor (GEM) (2014), Special tabulations of the 2009-13 adult population surveys from Global Entrepreneurship Monitor.

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Chapter 4

Self-employment and entrepreneurship by seniors

Data on self-employment and entrepreneurship activities by older people (50-64 years old) are presented in this chapter. These data include the self-employment rate for older people, as well as the proportion who are involved in business creation. Data on the main characteristics of the self-employment activities of older people are also presented, as is the extent to which a lack of knowledge and skills is a barrier to entrepreneurship. Data are provided at the European Union and Member State levels.

Note by Turkey:

The information in this document with reference to « Cyprus » relates to the southern part of the Island. There is no single authority representing both Turkish and Greek Cypriot people on the Island. Turkey recognises the Turkish Republic of Northern Cyprus (TRNC). Until a lasting and equitable solution is found within the context of the United Nations, Turkey shall preserve its position concerning the "Cyprus issue".

Note by all the European Union Member States of the OECD and the European Union:

The Republic of Cyprus is recognised by all members of the United Nations with the exception of Turkey. The information in this document relates to the area under the effective control of the Government of the Republic of Cyprus.

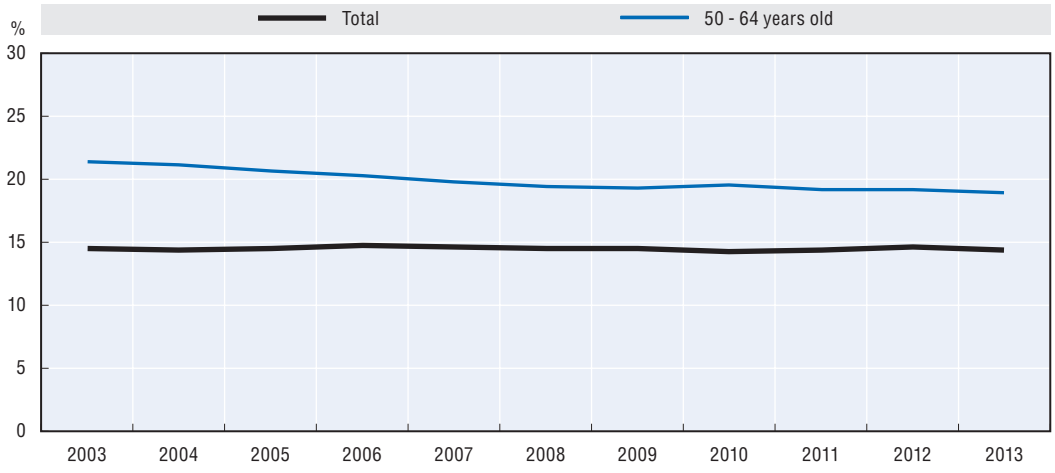
Self-employment activities by seniors

- Older people (50-64 years old) were more likely to be self-employed than youth (15-24 years old) and adults overall (15-64 years old) in the European Union in 2013. Nearly 20% of older people who were working were self-employed.
- Of the 11.2 million self-employed older people in the European Union in 2013, nearly one-third had at least one employee (3.4 million). The rate is similar to that of the total working age population.
- The proportion of older self-employed people with employees varied greatly across Member States; nearly half of the older workers in Hungary (47%) had employees.

During the period 2003-13, a greater proportion of those employed in the age range of 50-64 years old were self-employment than for working age adults as a whole (15-64 years old). As shown in Figure 4.1, self-employment is an important means for seniors to stay in employment. At the European Union-level, 18.9% of older people in employment were self-employed in 2013, relative to 14.4% of all adults. While the self-employment rate of adults was constant between 2003 and 2013, a slight decline in the rate for older people is observed, from 21.4% of older people in employment in 2003 to 18.9% in 2013.

Figure 4.1. **Self-employment rate for seniors in the EU28, 2003-13**

Self-employed as a percentage of total employment



Source: Eurostat (2014), Labour Force Survey 2003-13.

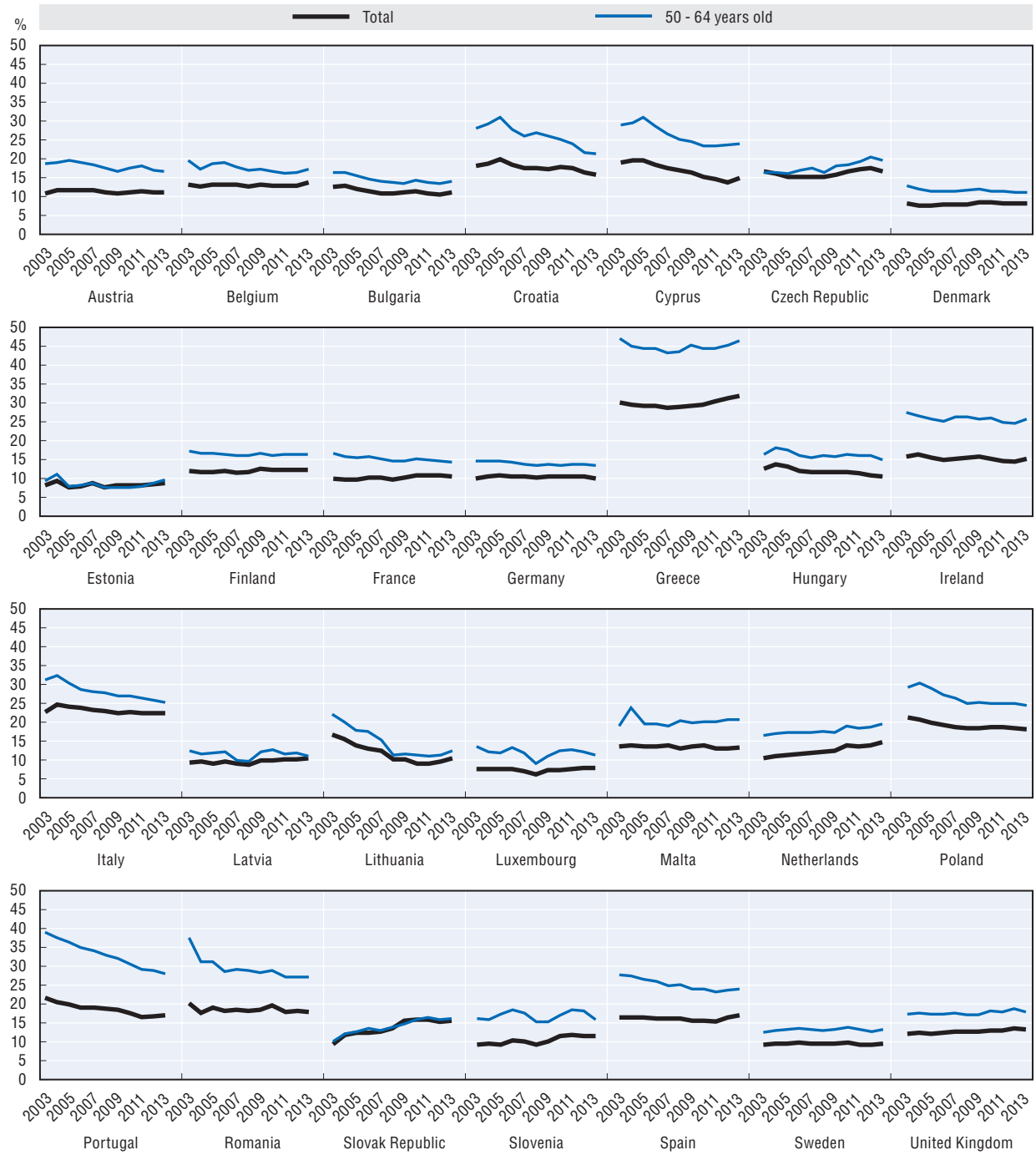
StatLink http://dx.doi.org/10.1787/888933286949

The self-employment rate for older people was higher than it was for adults in all European Union Member States during the period 2003-13 (Figure 4.2). In 2013, the rates ranged from 9.6% in Estonia to 46.4% in Greece. Between 2003 and 2013, the self-employment

rates for older people increased in 7 Member States and decreased in 21. In absolute terms, the greatest increase was in the Czech Republic (3.1 percentage points) and the greatest decrease was in Portugal (11.0 percentage points).

Figure 4.2. **Self-employment rate for seniors by country, 2003-13**

Percentage of total employment



Source: Eurostat (2014), Labour Force Survey 2003-13.

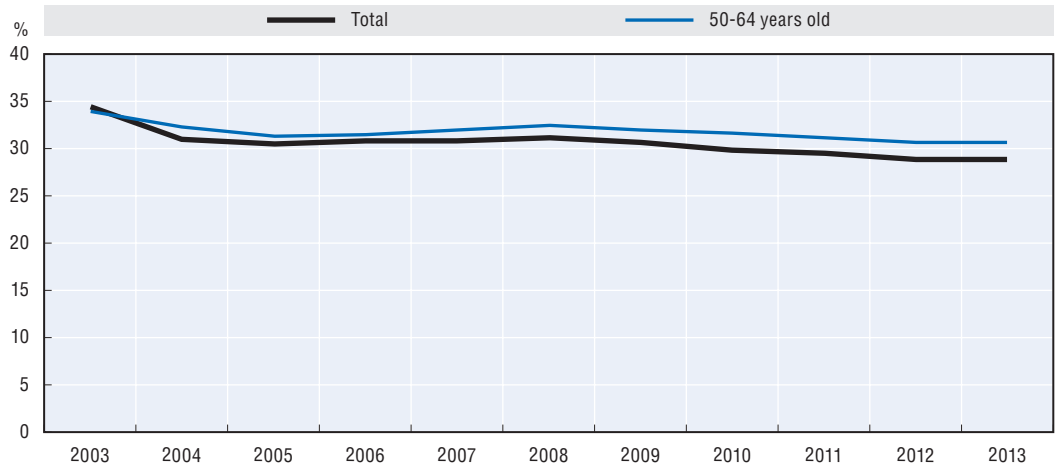
StatLink http://dx.doi.org/10.1787/888933286955

Slightly more than 30% of older self-employed people in the European Union had employees in 2013 – of 11.2 million self-employed older people, 3.4 million had at least one employee. This proportion is approximately the same as the proportion of the overall adult population of self-employed people. Since 2003, the proportions of older people and adults with employees have declined. For older people, the proportion decreased from 34.0% in 2003 to 30.7% in 2013. This is similar to the decline in the proportion of self-employed adults with employees, which decreased from 34.4% in 2003 to 28.8% in 2013.

The proportion of older self-employed people with employees in the European Union is presented in Figure 4.3. In 2013, the proportion of older self-employed people with employees was 30.7%. This was slightly higher than the proportion for all self-employed people (28.8%). Between 2003 and 2013, little difference can be observed between the proportion of older self-employed people with employees and the overall proportion of self-employed people with employees.

Figure 4.3. **Proportion of self-employed seniors with employees in the EU28, 2003-13**

Percentage of total employment



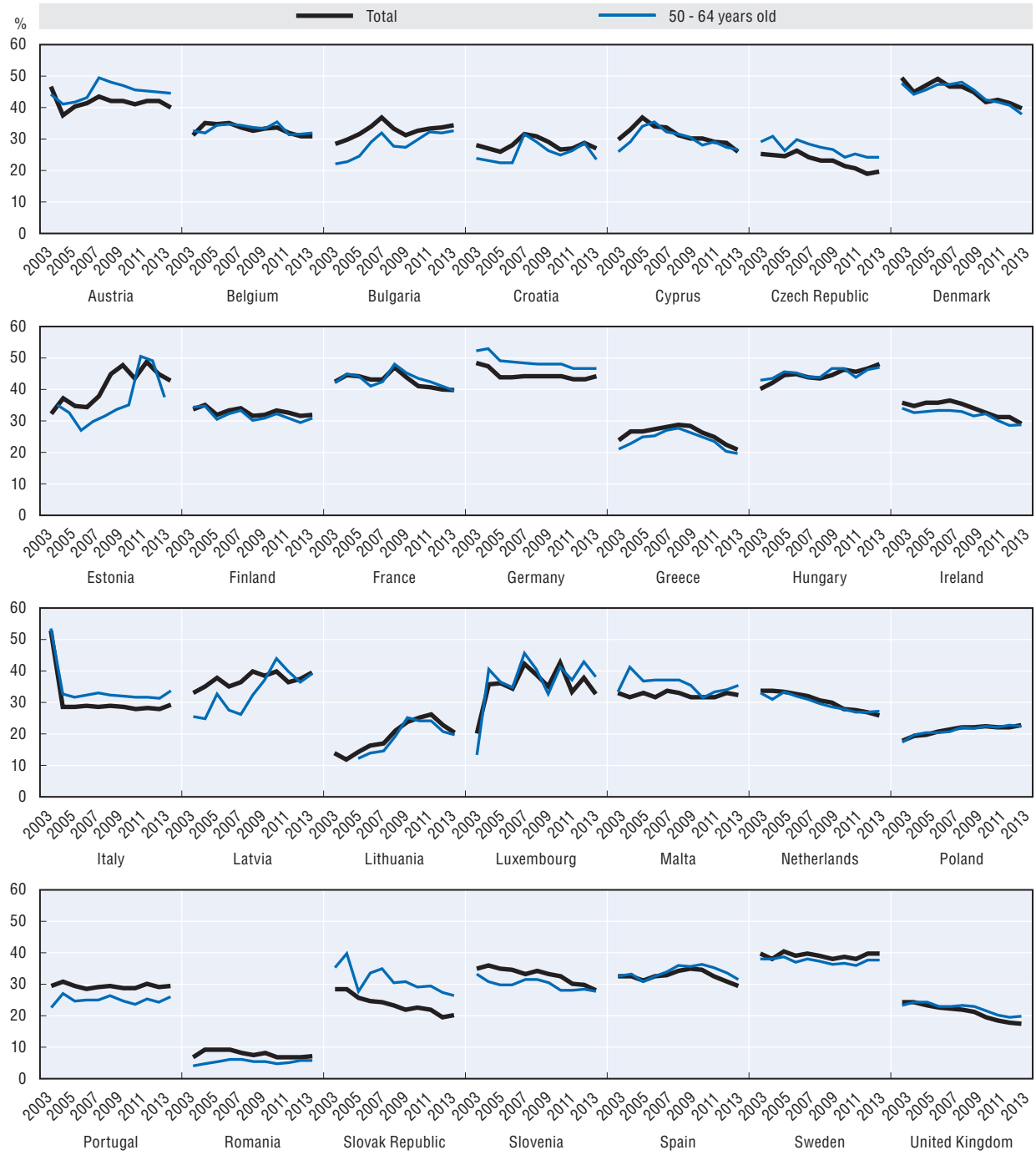
Source: Eurostat (2014), Labour Force Survey 2003-13.

StatLink http://dx.doi.org/10.1787/888933286963

Figure 4.4 presents the proportion of self-employed older people with employees in each Member State between 2003 and 2013. The Member States where self-employed older people were the most likely to have employees were Hungary (46.9%), Germany (46.5%) and Austria (44.6%).While at the European Union-level, self-employed older people were more likely to have employees than self-employed adults as a whole, the proportion of self-employed adults with employees was greater than the proportion of self-employed older people with employees in 15 Member States in 2013.

Figure 4.4. **Proportion of self-employed seniors with employees by country, 2003-13**

Percentage of total employment



Source: Eurostat (2014), Labour Force Survey 2003-13.

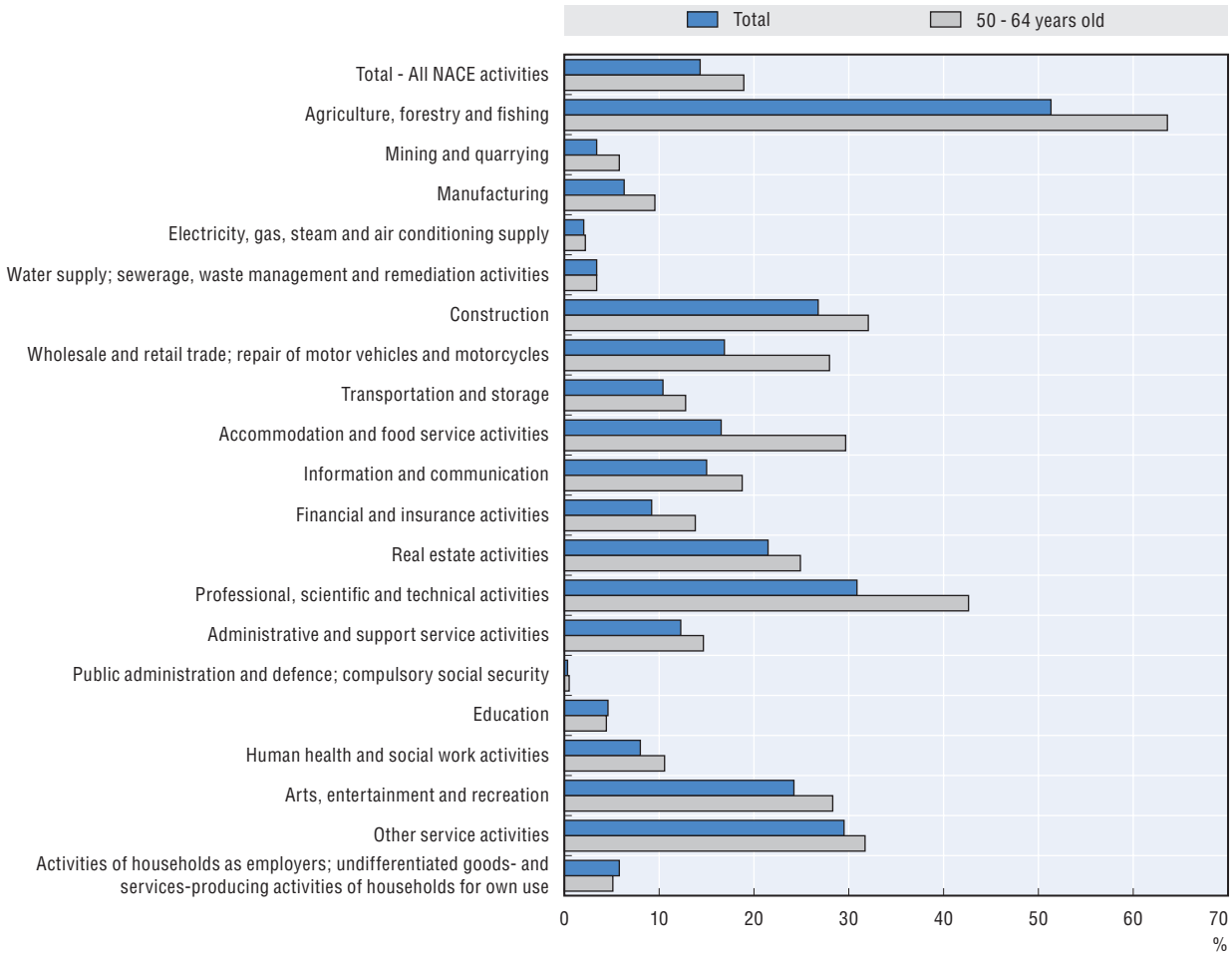
StatLink http://dx.doi.org/10.1787/888933286971

The self-employment rate for older people is presented by industry for 2013 in Figure 4.5. Older people were more likely to be self-employed than adults in all industries except for electricity, gas, steam and air conditioning supply; water supply, sewage, waste management and remediation activities; public administration and defence, compulsory

social security; education; and, activities of households as employers, where older people had approximately equivalent self-employment rates as adults. The industries where older people had substantially higher self-employment rates than adults in 2013 were accommodation and food service activities (13.1 percentage points), agriculture, forestry and fishing (12.3 percentage points) and professional, scientific and technical activities (11.8 percentage points).

Figure 4.5. **Self-employment rates for seniors by industry in the EU28, 2013**

Percentage of total employment



Source: Eurostat (2014), Labour Force Survey 2013.

StatLink http://dx.doi.org/10.1787/888933286987

Activities by seniors over the entrepreneurship life-cycle

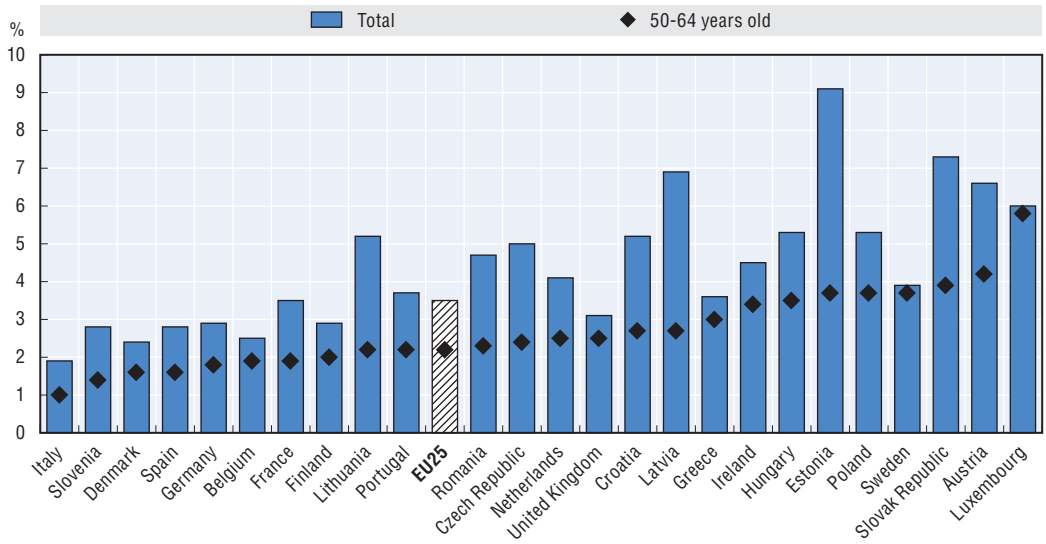
- Between 2009 and 2013, older people (50-64 years old) were less likely than adults as a whole to be involved in setting up a business in the European Union (2.2% vs. 3.5%). However, more than 5.8% of older people in Luxembourg were active in setting up a business during this period.

- At the European Union-level, older people (50-64 years old) were as likely to be new business owners as all adults (18-64 years old), with new business ownership rates of 2.9% and 2.6% respectively. In some European Union Member States, older people were much more likely to be new business owners. For example, in Estonia they were 45% more likely to be new business owners than working age adults as a whole during this period.
- Older people were slightly more likely to be established business owners than working age adults as a whole between 2009 and 2013 (7.4% vs. 5.7%). This was generally true for all Member States, however differences are observed across countries. The country with the lowest proportion of older people who were established business owners was Luxembourg (3.8%) whereas Greece had the highest proportion (14.8%).

The nascent entrepreneurship rates for older people (50-64 years old) in European Union countries for the 2009 to 2013 period are presented in Figure 4.6. This rate measures the proportion of the adult population who report that they are actively involved in setting up a business that they will own or co-own. The business must not have paid salaries, wages or any other payments to the owners for more than three months. For more information on this concept and data source, please refer to the Reader's Guide at the beginning of this book.

Figure 4.6. **Nascent entrepreneurship rate for seniors, 2009-13 (combined)**

Percent of population



Notes: 1. The European Union countries that participated in the Global Entrepreneurship Monitor survey over this period are: Austria, Belgium, Croatia, Czech Republic, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Netherlands, Poland, Portugal, Romania, Slovak Republic, Slovenia, Spain, Sweden and the United Kingdom. 2. Data presented in this figure are pooled data, combining the annual survey results over the 2009-13 period. A number of countries did not participate in the GEM surveys in every year but were included in the tables: Austria (2012, 2013), Czech Republic (2011, 2013), Denmark (2009, 2010, 2011, 2012), Estonia (2012, 2013), Ireland (2010, 2011, 2012, 2013), Italy (2009, 2010, 2012, 2013), Lithuania (2011, 2012, 2013), Luxembourg (2013) Poland (2011, 2012, 2013), Portugal (2010, 2011, 2012, 2013), Slovak Republic (2011, 2012, 2013) and Sweden (2010, 2011, 2012, 2013). 3. The Nascent Entrepreneurship Rate is defined as the proportion of the adult population (18 to 64 years old) that is actively involved in setting up a business they will own or co-own; this business has not paid salaries, wages or any other payments to the owners for more than three months.

Source: Global Entrepreneurship Monitor (GEM) (2014), Special tabulations of the 2009-13 adult population surveys from Global Entrepreneurship Monitor.

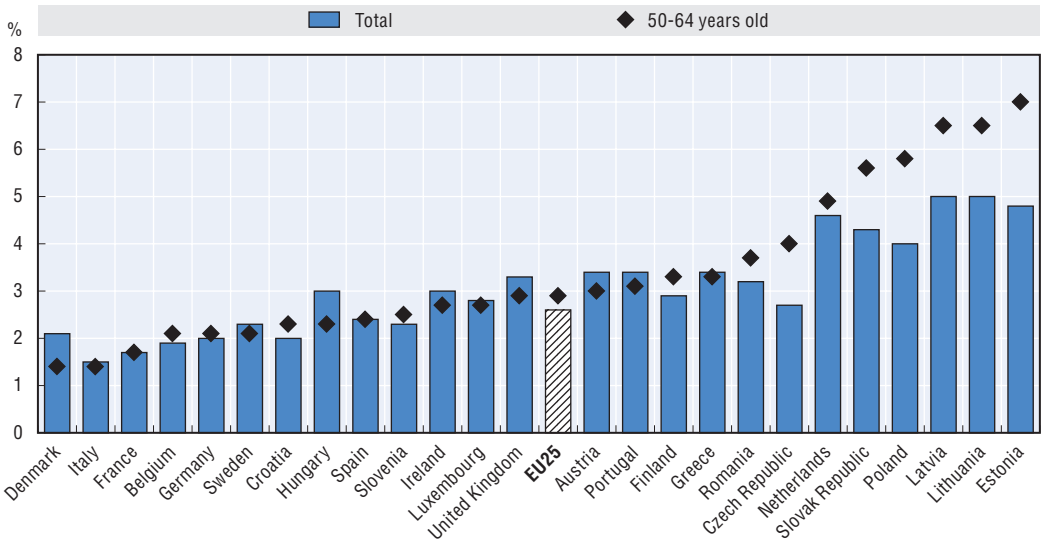
StatLink http://dx.doi.org/10.1787/888933286990

For the 2009 to 2013 period, older people in the European Union were less likely than the overall adult population (ages 18 to 64) to be involved in nascent entrepreneurship activities. At the European Union-level, the nascent entrepreneurship rate for older people was 2.2% for this period whereas the rate for all working age adults was 3.5%. Across countries, the nascent entrepreneurship rate for older people ranged from 1.0% in Italy to 5.8% in Luxembourg. Comparing the rate for older people relative to adults across the Member States, the gap was largest in Estonia (5.4 percentage points) and smallest in Luxembourg (0.2 percent points).

New business ownership rates are roughly equivalent for older people and adults in many European Union Member States (Figure 4.7). The new business ownership rate is the proportion of the adult population that are currently an owner-manager of a new business that has paid salaries, wages or any other payments to the owners for more than three months, but not more than 42 months. At the European Union-level, the new business ownership rate for older people was 2.9% for the 2009 to 2013 period compared with 2.6% for adults. Across European Union Member States, the new business ownership rate for older people ranged from 1.4% in Italy and Denmark to 7.0% in Estonia. The gap between the rates for older people and working age adults was negligible in most Member States. However, the gap was 2.2 percentage points (or 45% of the adult rate) in Estonia.

Figure 4.7. **New business ownership rate by seniors, 2009-13 (combined)**

Percent of population



Notes: 1. The European Union countries that participated in the Global Entrepreneurship Monitor survey over this period are: Austria, Belgium, Croatia, Czech Republic, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Netherlands, Poland, Portugal, Romania, Slovak Republic, Slovenia, Spain, Sweden and the United Kingdom. 2. Data presented in this figure are pooled data, combining the annual survey results over the 2009-13 period. A number of countries did not participate in the GEM surveys in every year but were included in the tables: Austria (2012, 2013), Czech Republic (2011, 2013), Denmark (2009, 2010, 2011, 2012), Estonia (2012, 2013), Ireland (2010, 2011, 2012, 2013), Italy (2009, 2010, 2012, 2013), Lithuania (2011, 2012, 2013), Luxembourg (2013) Poland (2011, 2012, 2013), Portugal (2010, 2011, 2012, 2013), Slovak Republic (2011, 2012, 2013) and Sweden (2010, 2011, 2012, 2013). 3. The New Business Ownership Rate is the proportion of the adult population that is currently an owner-manager of a new business that has paid salaries, wages or any other payments to the owners for more than three months, but not more than 42 months.

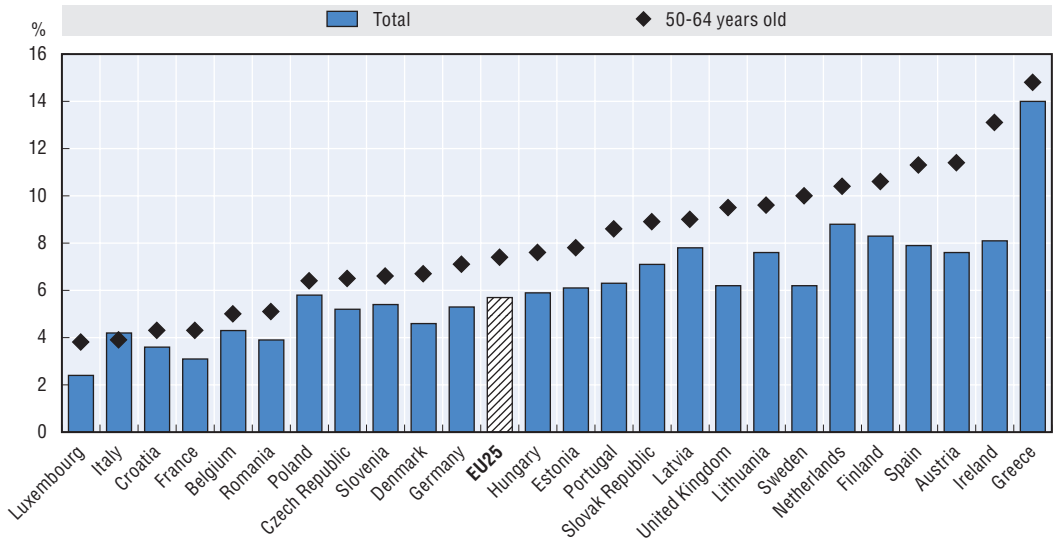
Source: Global Entrepreneurship Monitor (GEM) (2014), Special tabulations of the 2009-13 adult population surveys from Global Entrepreneurship Monitor.

StatLink http://dx.doi.org/10.1787/888933287009

Older people were more likely to be established business owners than other working age adults, despite their lower business start-up rates. This partly reflects the greater length of time seniors have had to set up established businesses. It may also reflect a greater success rate in converting efforts to start up into a viable business project. This is true in all European Union Member States except for Italy where seniors were equally as likely as working age adults to own an established business (Figure 4.8). Established business owners are defined as adults who are currently an owner-manager of an established business that has paid salaries, wages or any other payments to the owners for more than 42 months. Between 2009 and 2013, 7.4% of working age older people (50-64 years old) in the European Union were established business owners. This is higher than the proportion of working age adults as a whole in the European Union who were established business owners (5.7%). Older people were the most likely to be established business owners in Ireland (13.1%) and Greece (14.8%), where they were more than three times as likely to be established business owners than in Luxembourg (3.8%), Italy (3.9%), Croatia (4.3%) and France (4.3%).

Figure 4.8. **Established business ownership rate for seniors, 2009-2013 (combined)**

Percent of population



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Source: Global Entrepreneurship Monitor (GEM) (2014), Special tabulations of the 2009-13 adult population surveys from Global Entrepreneurship Monitor.

StatLink http://dx.doi.org/10.1787/888933287015

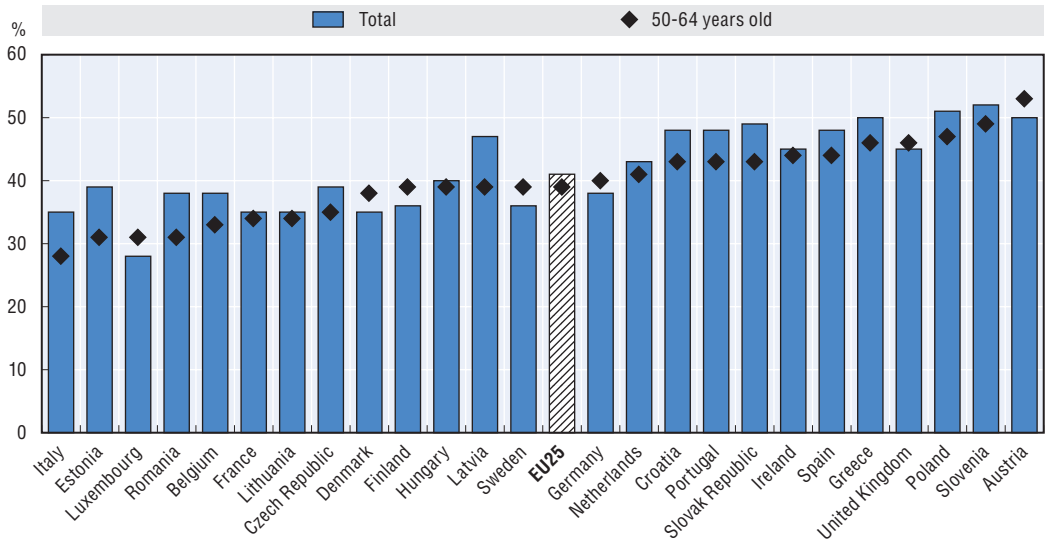
Entrepreneurship skills as a barrier to business creation for seniors

- Older people were as likely as other working age adults in the European Union to report that they have the knowledge and skills to start a business between 2009 and 2013 (39% vs. 41%).
- The proportion of seniors who feel that they have the necessary knowledge and skills to start a business varies substantially across countries. Whereas fewer than 30% of older people reported that they have the knowledge and skills to start a business in Italy, more than 50% reported that they have these skills in Austria.

Figure 4.9 shows the proportion of older people (ages 50 to 64) who feel that they have sufficient knowledge and skills to start a business. At the European Union-level, 39% of older people felt that they had the knowledge and skills to start a business, which was close to the proportion for working age adults as a whole (41%). The proportion of older people reporting that they have sufficient entrepreneurship skills varied across Member States, ranging from 28% in Italy to 53% in Austria. In nearly all Member States, the proportion of older people and other working age adults who reported that they had the knowledge and skills to start a business were similar; the proportions are often within 5 percentage points of each other. However, older people were less likely than other working age adults to feel that they had the necessary knowledge and skills in the Slovak Republic (6 percentage points), Italy and Romania (7 percentage points each) and Estonia and Latvia (8 percentage points each).

Figure 4.9. **Entrepreneurship skills as a barrier to business creation for seniors, 2009-13**

"Do you have the knowledge and skills to start a business?"
Percentage of population who responded "yes"



Source: Global Entrepreneurship Monitor (GEM) (2014), Special tabulations of the 2009-13 adult population surveys from Global Entrepreneurship Monitor.

StatLink http://dx.doi.org/10.1787/888933287020

References

Eurostat (2014), Employment and unemployment (LFS) *http://ec.europa.eu/eurostat/web/lfs/data*.

Global Entrepreneurship Monitor (GEM) (2014), Special tabulations of the 2009-13 adult population surveys from Global Entrepreneurship Monitor.

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Chapter 5

Self-employment and entrepreneurship by the unemployed

This chapter presents data on the proportion of unemployed people who seek self-employment and the proportion who are successful in transitioning to self-employment. Data for the unemployed are presented by gender and age at both the European Union and Member State levels.

Note by Turkey:

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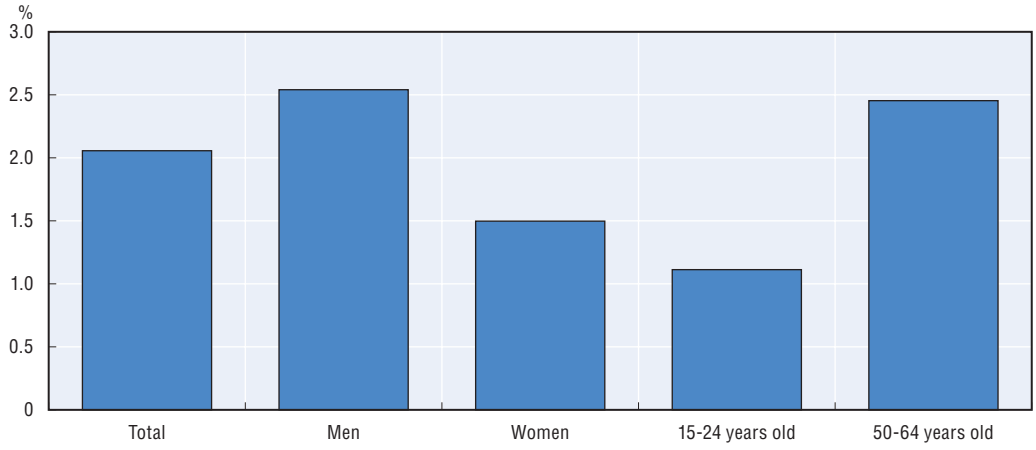
Seeking self-employment from unemployment

- Relatively few unemployed people seek to return to work through self-employment. Of the 26.2 million unemployed people in the European Union in 2013, only 540 400 sought self-employment (2.1%).
- This proportion varied greatly by Member States, ranging from 0.7% in the Slovak Republic to 7.0% in Romania.
- The proportion of people seeking to exit unemployment through self-employment increased following the onset of the global economic crisis in 2008.

Of the 26.2 million unemployed people in the European Union in 2013, only 540 400 were seeking self-employment as a way to re-enter employment. In other words, only 2.1% of the unemployed were actively seeking to create their own employment through self-employment (Figure 5.1). Unemployed men were more likely than unemployed women to seek self-employment (2.5% vs. 1.5%). Unemployed youth (15-24 years old) were less likely than the overall population of unemployed people to seek self-employment (1.1%) but older people (50-64 years old) were more likely (2.5%).

Figure 5.1. **Proportion of the unemployed seeking self-employment in the EU28, 2013**

Percentage of the unemployed



Source: Eurostat (2014), Labour Force Survey 2013.

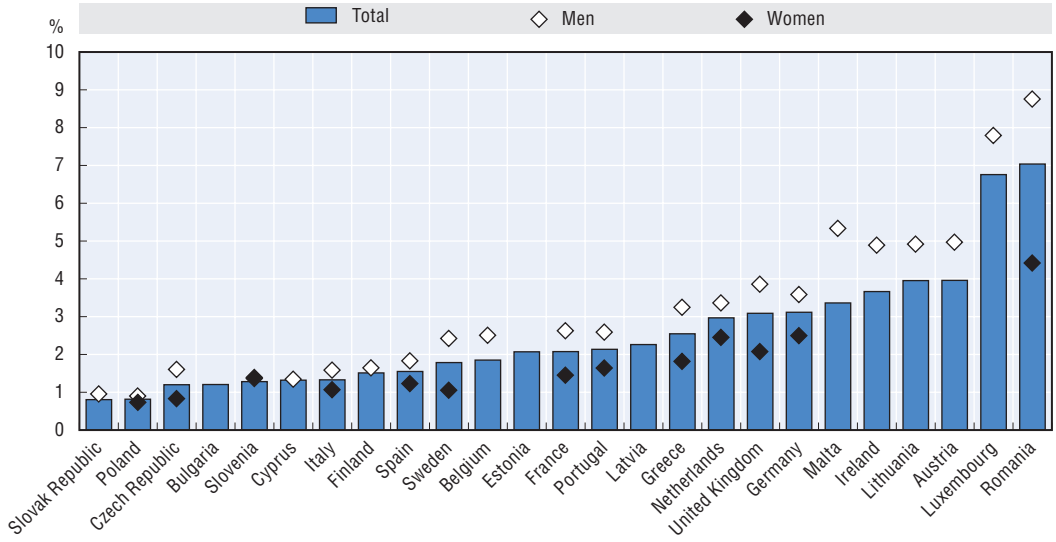
StatLink http://dx.doi.org/10.1787/888933287030

There is a substantial amount of variation across Member States in the likelihood that unemployed people sought self-employment in 2013. Overall, the proportion of unemployed people seeking self-employment in 2013 ranged from 0.7% in the Slovak Republic to 7.0% in Romania. The proportion of unemployed women who sought self-

employment ranged from 0.7% in Poland to 4.4% in Romania (Figure 5.2). Similarly, the proportion of unemployed youth seeking self-employment ranged from 0.9% in the Czech Republic to 7.7% in Romania, and the range for older people was from 1.4% in Italy to 6.5% in Ireland (Figure 5.3). However, note that these data are not presented for many European Union countries because the number of unemployed people seeking self-employment is too small to be reported with confidence.

Figure 5.2. **Proportion of the unemployed seeking self-employment by country, 2013**

Percentage of the unemployed

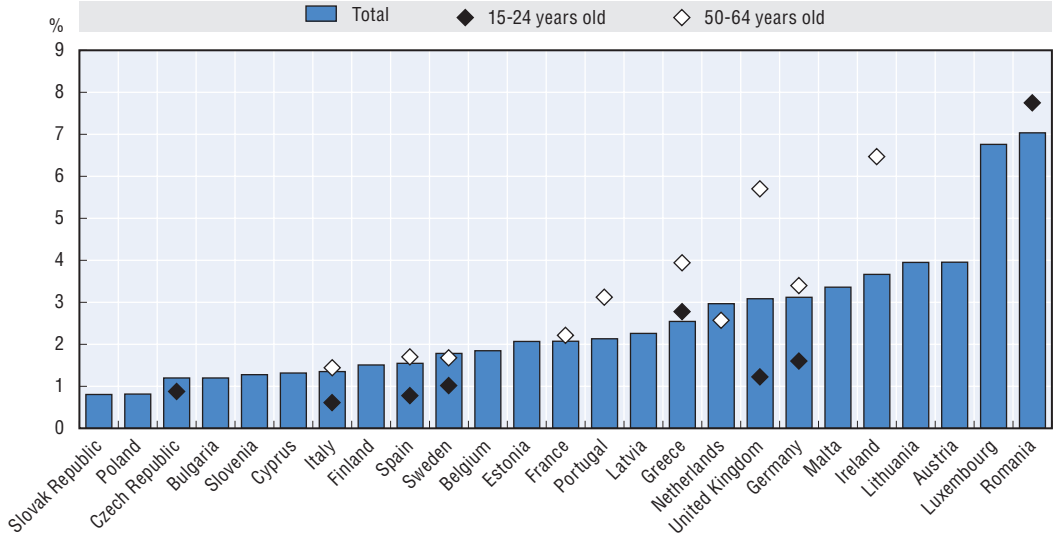


Source: Eurostat (2014), Labour Force Survey 2013.

StatLink http://dx.doi.org/10.1787/888933287045

Figure 5.3. **Proportion of unemployed youth and seniors seeking self-employment, 2013**

Percentage of the unemployed



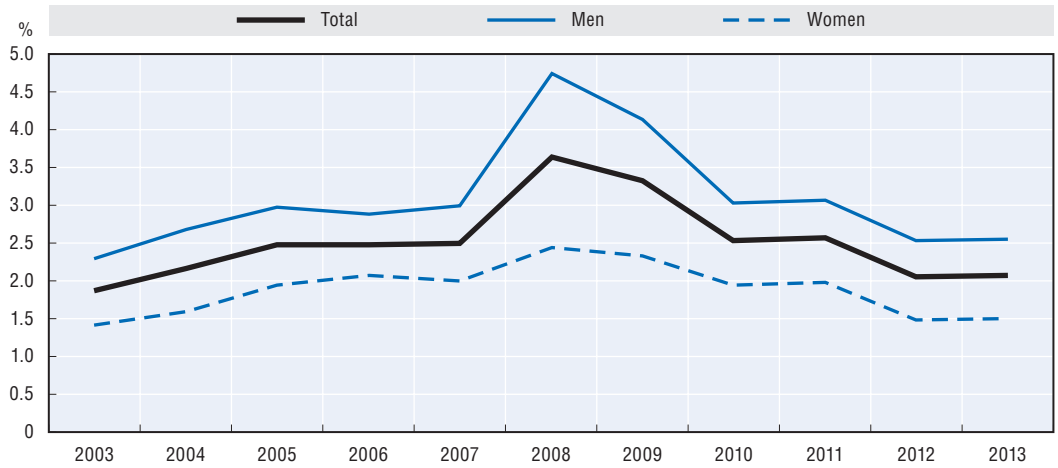
Source: Eurostat (2014), Labour Force Survey 2013.

StatLink http://dx.doi.org/10.1787/888933287050

Unemployed people were more likely to seek self-employment following the onset of the economic crisis (Figures 5.4 and 5.5) than in the 4 previous years. Overall, in 2008, 3.6% of unemployed people sought self-employment, up from 2.5% in 2007 and 1.9% in 2003. At the peak in 2008, the proportion of unemployed men, women, youth and older people seeking self-employment was 4.7%, 2.4%, 2.9% and 3.4%, respectively. Between 2008 and 2013, the proportion of unemployed people seeking self-employment fell back towards the proportion found in 2003, although the total number of unemployed people grew from 16.7 million in 2008 to 26.2 million in 2013. During this period, the number of unemployed people seeking self-employment was relatively constant, ranging from 520 000 to 708 000.

Figure 5.4. **Proportion of unemployed men and women seeking self-employment in the EU28, 2003-13**

Percentage of 15-64 year olds

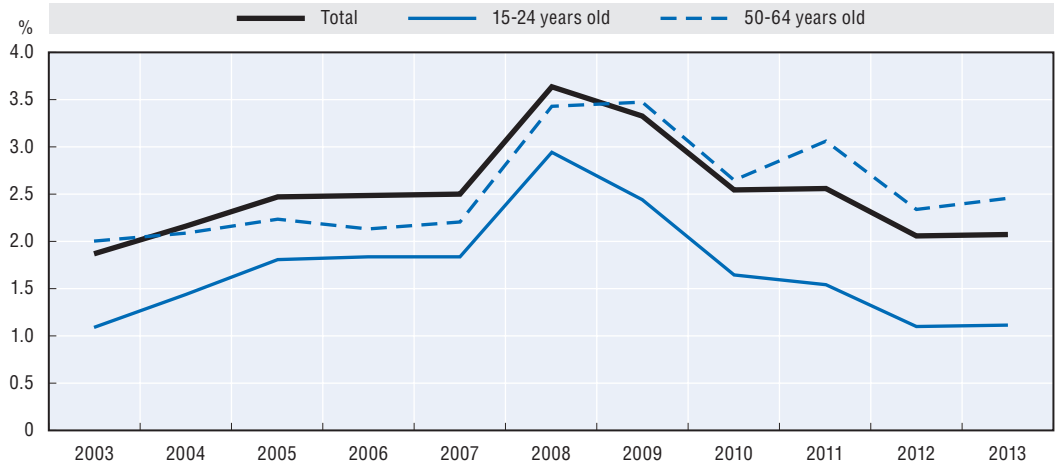


Source: Eurostat (2014), Labour Force Survey 2003-13.

StatLink http://dx.doi.org/10.1787/888933287063

Figure 5.5. **Proportion of unemployed youth and seniors seeking self-employment in the EU28, 2003-13**

Percentage of 15-64 year olds



Source: Eurostat (2014), Labour Force Survey 2003-13.

StatLink http://dx.doi.org/10.1787/888933287071

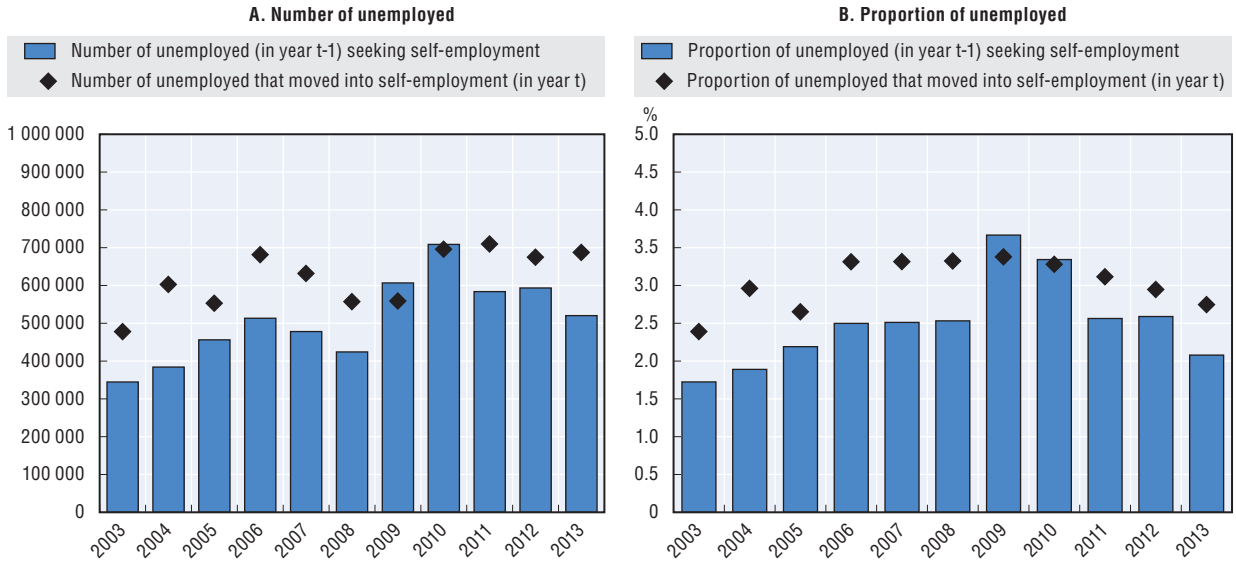
Entering self-employment from unemployment

- 2.7% of the unemployed people in the European Union in 2012 successfully entered self-employment in 2013. This represented more than 685 000 people.
- The proportion of unemployed people entering self-employment in a given year tends to be slightly higher than the proportion of people seeking self-employment in the previous year.

In 2012, at the European Union-level, 2.1% of unemployed people sought self-employment. That is 520 200 people. However, looking ahead one year to 2013 reveals that 687 200 unemployed people actually entered self-employment (2.7%) (Figure 5.6). This indicates that some unemployed people started a business even though they were not planning on it. This could occur for several reasons, with the most likely scenarios being that some unemployed people were led to start a business out of necessity because their support payments ended or that some unemployed people unexpectedly found an opportunity to exploit. The numbers in each of these groups is unknown.

Over time, the proportion of unemployed people moving into self-employment is quite constant. Between 2003 and 2013 between 2.4% and 3.4% of unemployed people in each year moved into self-employment (Figure 5.6). This proportion does not appear to have changed substantially in response to the economic crisis.

Figure 5.6. **Potential for self-employment by the unemployed in the EU28, 2003-13**



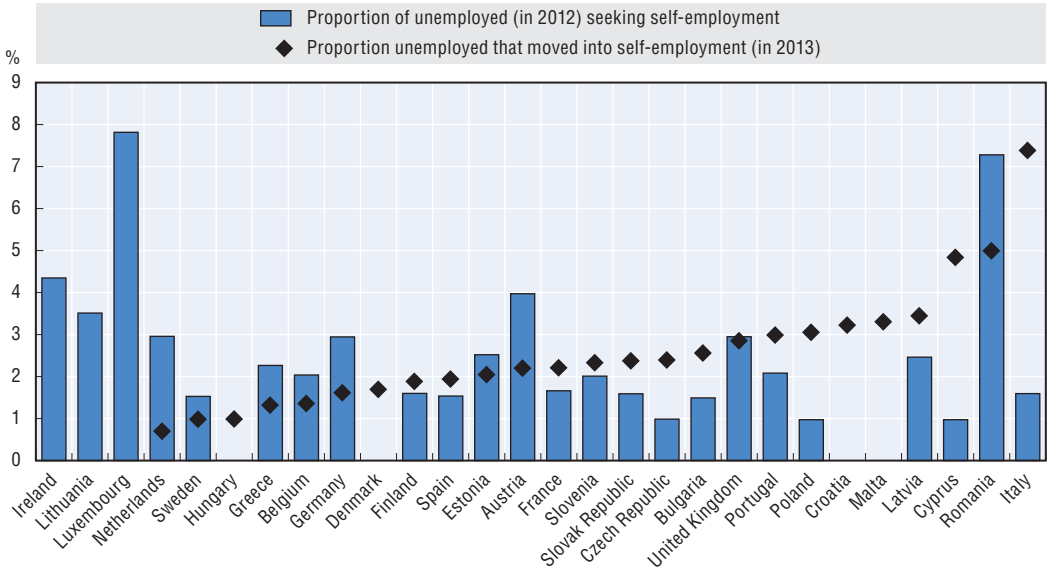
Source: Eurostat (2014), Special tabulations of the Eurostat Labour Force Survey, 2014.

StatLink http://dx.doi.org/10.1787/888933287087

There is great variation in the proportion of unemployed people who successfully entered self-employment in 2013 by Member State (Figure 5.7). The proportion of unemployed who moved into self-employment ranged from 0.7% in the Netherlands to 7.4% in Italy. There appears to be little correlation between the proportion of unemployed people who sought self-employment and those who successfully entered self-employment. In 12 European Union Member States, the number of people who entered self-employment

from unemployment exceeds the proportion of unemployed people who were seeking self-employment. However, in 9 other Member States the proportion seeking self-employment was greater than the proportion who entered.

Figure 5.7. **Potential for self-employment by the unemployed, 2013**



Source: Eurostat (2014), Special tabulations of the Eurostat Labour Force Survey, 2014.

StatLink *http://dx.doi.org/10.1787/888933287090*

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Eurostat (2014), Employment and unemployment (LFS) *http://ec.europa.eu/eurostat/web/lfs/data*.

Global Entrepreneurship Monitor (GEM) (2014), Special tabulations of the 2009-13 adult population surveys from Global Entrepreneurship Monitor.

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Chapter 6

Self-employment and entrepreneurship by the foreign-born

This chapter presents self-employment data for European Union residents who were born outside of their country of residence. This includes the rate of self-employment by immigrants and the proportion of self-employed immigrants who have employees. Data are presented at the European Union and European Union Member State levels.

Note by Turkey:

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Note by all the European Union Member States of the OECD and the European Union:

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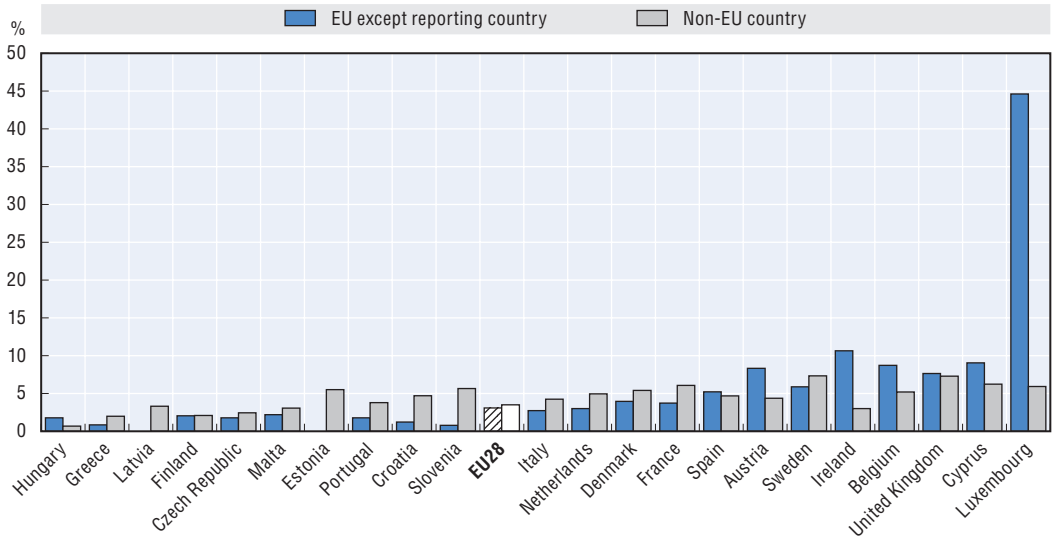
Self-employment among the foreign-born

- 6.6% of self-employed people in the European Union were born outside of their country of residence, which is more than 2 million people. Of these foreign-born self-employed people, 47% were born outside of the European Union.
- The self-employment rate of foreign-born people is slightly lower than the self-employment rate for people born within their country of residence (14.1% vs. 15.3%).
- In 2013, self-employed people who were foreign-born were less likely to have employees (24.7% vs. 28.5%).

Out of the 30.6 million self-employed people in the European Union in 2013, 6.6% were born outside of their country of residence (2.0 million people). Breaking this down further, 3.1% were born in a European Union country other than their current country of residence and 3.5% were born outside of the European Union (Figure 6.1). The proportion of self-employed people who were foreign-born varies greatly by European Union Member State, ranging from 2.5% in Hungary to 50.5% in Luxembourg. In 8 Member States, the self-employed that were born in the European Union but outside of the country of residence outnumbered the self-employed born outside of the European Union, including most notably Luxembourg. In 2013, 44.6% of self-employed people in Luxembourg were born in other European Union countries, which is by far the highest proportion observed among European Union countries.

Figure 6.1. **Proportion of the self-employed born outside of their country of residence, 2013**



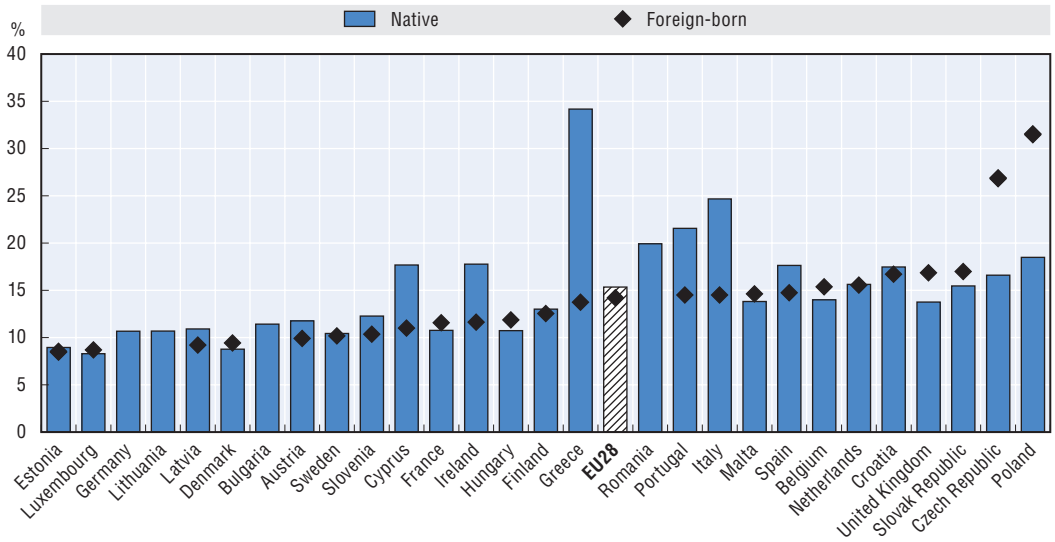
Source: Eurostat (2014), Labour Force Survey 2013.

StatLink http://dx.doi.org/10.1787/888933287100

The self-employment rate for foreign-born people (i.e. those born outside of their country of residence) was 14.1% in the European Union in 2013 (Figure 6.2). This is slightly lower than the self-employment rate for domestically-born people (15.3%). The self-employment rate for foreign-born people tended to be between 10% and 15% across Member States, with the outliers in 2013 being Estonia (8.3%), Luxembourg (8.6%), Latvia (9.1%), Denmark (9.3%), Austria (9.8%), the United Kingdom (16.7%), the Slovak Republic (16.8%), the Czech Republic (26.7%) and Poland (31.3%). The self-employment rate for people born within the country was greater than it was for the foreign-born in all but 7 European Union countries in 2013.

Figure 6.2. **Self-employment rates by foreign-born people for by Member State, 2013**

Self-employed as a percentage of total employment



Source: Eurostat (2014), Labour Force Survey 2013.

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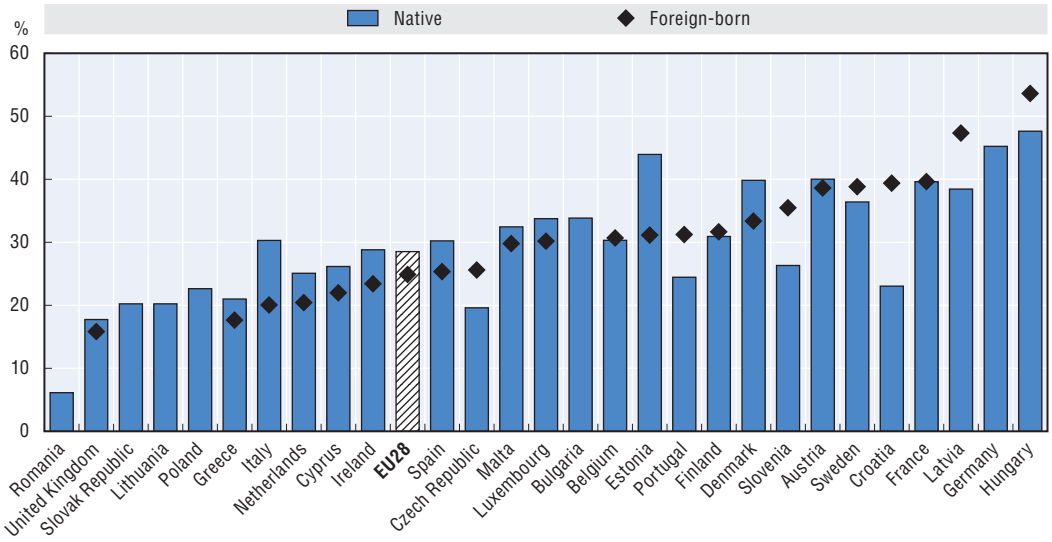
Self-employed people in 2013 who were foreign-born were slightly less likely to have employees than those who were born within their country of residence. At the European Union-level, 24.7% of foreign-born self-employed people had employees compared with 28.5% of domestically-born self-employed people. Across Member States, the proportion of foreign-born self-employed people with employees ranged from 15.6% in the United Kingdom to 53.4% in Hungary. In 2013, foreign-born self-employed people were more likely than domestically-born self-employed people to have employees in five Member States: Slovenia, Sweden, Croatia, Latvia and Hungary.

Figure 6.3. **Proportion of foreign-born self-employed with employees, 2013**



Source: Eurostat (2014), Labour Force Survey 2013.

StatLink http://dx.doi.org/10.1787/888933287124

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PART II

Policies for inclusive entrepreneurship

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Chapter 7

Supporting business growth among entrepreneurs from under-represented and disadvantaged groups

This chapter discusses the main factors that influence the growth of businesses established and operated by women entrepreneurs, youth entrepreneurs, older entrepreneurs and ethnic minority and immigrant entrepreneurs. It then presents the key policy actions the governments can take to support business growth for these entrepreneurs, who often face greater challenges than mainstream entrepreneurs. Consideration is also given to delivery of these supports.

Note by Turkey:

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The growth potential of entrepreneurs from under-represented and disadvantaged groups

- Approximately 22.7 million self-employed people in the European Union in 2013 were from under-represented and disadvantaged groups (i.e. women, youth, seniors, foreign-born, the unemployed) (approximately 75% of all self-employed people) and they were nearly as likely as to have at least one employee working for them as entrepreneurs from the mainstream (27% vs. 29%).
- However, women and seniors (50-64 years old) were less likely to seek high growth between 2009 and 2013 in the European Union. Youth (18-30 years old) were slightly more likely to seek growth than adults (18-64 years old) over this period.
- Policy makers should not assume that entrepreneurs from under-represented and disadvantaged groups will create low-value added, single person firms.

Of the 30.6 million people who were self-employed in European Union Member States in 2013, 9.6 million were women, 774 000 were youth (15-24 years old), 11.2 million were seniors (55-64 years old), 687 000 were unemployed in 2012 and 3.3 million were born outside of their country of residence. When considered individually, these groups are thought to be under-represented or disadvantaged in entrepreneurship. However, collectively these groups account for the majority of self-employed people in the European Union.

A common perception is that the businesses operated by these groups do not contribute substantially to the economy in terms of employment, value added, or innovation. There is some evidence to support this view. For example, evidence generally shows that the growth rates of women-operated business are lower than men's across all OECD countries (e.g. Delmar and Holmquist, 2004). More specifically, only 3% of patent applications in Germany come from women (Bundesministerium für Wirtschaft, Familie und Jugend, 2012). Many young entrepreneurs operate in highly competitive industries with low barriers to entry and young people typically lack the savings and experience to build growth-oriented businesses (OECD/EC, 2012a). Furthermore, businesses operated by young people tend to have low survival rates (van Praag, 2003). Few older entrepreneurs operate businesses that realise growth (Eurostat, 2006), while many seniors operate hobby businesses that create little value (OECD/EC, 2012b). Moreover, across the European Union, firms run by immigrant entrepreneurs are concentrated in low-skill industries, where price competition is extremely high (CEEDR, 2000; Marucci and Montedoro, 2010). This evidence is also echoed in country-specific analysis. For example, in Italy, immigrant-owned businesses have little growth potential because they are not very active in innovative activities (Di Maria and De Marchi, 2008).

However, while entrepreneurs from these groups face more and greater barriers to business start-up than mainstream entrepreneurs on aggregate, it is unwise to paint them all with the same brush. Entrepreneurs from under-represented and disadvantaged

groups are a highly heterogeneous group and many of them have the potential to create high value-added, innovative and growth-oriented businesses. Of the approximately 22.7 million self-employed people in European Union countries that are women, youth, seniors, were unemployed or foreign born (adjusted for double-counting), approximately 6.2 million have at least one employee. This proportion is only slightly lower than the average proportion of self-employed people with employees (27% vs. 29%), demonstrating that many disadvantaged entrepreneurs have the potential and ability to grow their businesses beyond single person operations.

Furthermore, the stereotypical association of immigrant entrepreneurs with low value-added and low growth businesses is increasingly being challenged as a growing body of evidence shows that many highly skilled immigrants launch firms (Saxenian, 2002). Differentiating between first- and second-generation immigrant entrepreneurs is important in this regard because there are likely substantial differences between these two groups in terms of wealth, language ability, and educational attainment (Farley and Alba, 2002). Further, research has suggested that having access to two cultures — a birth country and a new country — increases the search area in which entrepreneurs can look for opportunities to grow their businesses (Hart and Acs, 2011). For instance, immigrants may be able to identify opportunities in other markets, in some cases because they have lived there, something that natives without previous experience from abroad would have difficulties with. Studies in Italy find that the linguistic and cultural know-how of foreign-born entrepreneurs could provide a secure element of advantage in the implementation of internationalisation strategies (Di Maria and De Marchi, 2008). A key mechanism by which second-generation immigrant entrepreneurs may be positioned for growth is the extent to which they are able to break into a broader set of industry sectors than their parents (Ndofor and Priem, 2011).

There is also evidence, for example, that those businesses operated by youth that do survive often have more growth potential than those of older entrepreneurs. Among businesses that survived at least three years, those run by people under 30 years old had an average growth rate of 206% — nearly double the growth rate of businesses run by those over 40 (114%) (Eurostat, 2006). A recent study in Sweden examined the full population of privately-owned Swedish limited companies employing between 1 and 100 people between 2004 and 2008 and found that the highest relative proportion of fast-growing companies were those run by individuals within the age group 18-30 years old (Efendic et al., 2014). This evidence suggests that young entrepreneurs are a high risk but high reward group of entrepreneurs. Clearly there are also many potential growth enterprises in the other under-represented and disadvantaged population groups.

When considering the growth potential of entrepreneurs from under-represented and disadvantaged groups, it is unwise to use the standard definition of high growth enterprises as the benchmark. The standard OECD definition of a high-growth firm is an enterprise with an average annualised growth that exceeds 20% per year, for at least three consecutive years, and with 10 or more employees at the beginning of the observation period. The impact of these firms on economic development and employment creation is undeniable (Janczak and Bares, 2010). However, fewer than 4% of firms achieve this level of growth in most OECD countries (OECD, 2013) and it is realistic for very few entrepreneurs. Instead, policy makers should help entrepreneurs from under-represented and disadvantaged groups create sustainable businesses that have the potential to hire additional people.

Factors that influence growth

- Four key factors have an important influence on the degree of business growth by entrepreneurs from under-represented and disadvantaged groups: (i) the growth willingness and motivation of the entrepreneur; (ii) access to finance; (iii) advanced entrepreneurship skills (e.g. leadership and management skills); and (iv) access to entrepreneurial networks.
- Women, immigrants and senior entrepreneurs tend to have lower growth intentions than entrepreneurs in general and are more likely to operate businesses in low value-added industries. Both women and seniors are more likely than others to run part-time activities and businesses that are not primarily profit seeking.
- External finance can be difficult to obtain for entrepreneurs from under-represented and disadvantaged groups because of lack of credit history and collateral. Entrepreneurs from these groups may also face discrimination in finance markets.
- A substantial proportion of the population reports lacking entrepreneurship skills, particularly amongst women and youth. In the case of youth, this is related to inexperience in the labour market and self-employment.
- Business networks tend to be more limited for entrepreneurs from under-represented and disadvantaged groups. For example, women entrepreneurs typically have smaller professional networks than men. Many immigrant entrepreneurs have relatively poorly developed business networks, which can be exacerbated by lack of language skills, although they can have advantages in exploiting international networks.

To understand how to support entrepreneurs from under-represented and disadvantaged groups in growing their businesses, policy makers must first understand the factors that influence business growth. There are four fundamental factors that research has identified as imperative for entrepreneurs to create firms with growth potential: the entrepreneurs' growth willingness and motivation; entrepreneurship skills; access to finance; and entrepreneurial networks.

Growth willingness and motivation

Individuals start businesses for many different reasons. Some start a business to pursue a market opportunity and some may do so because they do not have any other alternatives in the labour market. Others may pursue social goals instead of, or in addition to, profits (e.g. social enterprises, not-for-profit organisations). These motivations are fluid, not constant. An entrepreneur who starts a business because they cannot find a job in paid employment may discover a market opportunity in the process of setting up their business or after it has already launched. Similarly, someone who set out to exploit an opportunity may not have succeeded but continue to operate their business because they do not have any other alternatives for earning income.

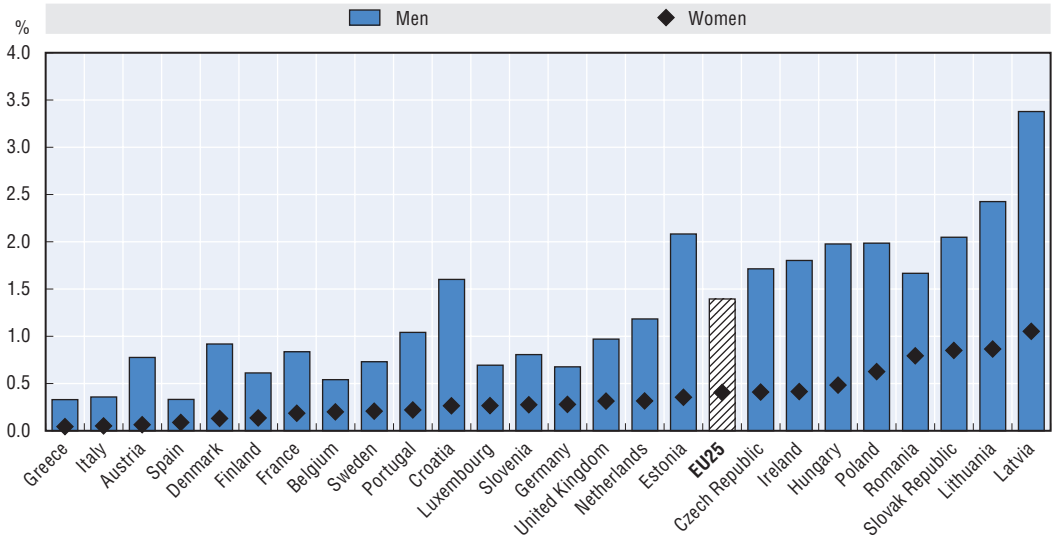
The most important predictor of realised business growth is the intention of an entrepreneur to grow their business (Wiklund et al., 2003). This requires an entrepreneur to have a willingness for growth, which means that an entrepreneur accepts the risk and efforts required to grow a firm he or she manages, leading to a sense of direction and persistence in efforts required to achieve growth (Gundry and Welsch, 2001). In addition, they must also have the motivation for growth. This means that the entrepreneur can envision long-term opportunities to grow the firm, and take short-term strategic steps to seek to realise this

vision (Baum et al., 1998). However, many entrepreneurs shy away from pursuing growth due to the potential risks and adverse outcomes of such a strategy, including the well-being of employees and the ability to retain control over the organisation (Wiklund et al., 2003).

Figures 7.1 and 7.2 show the proportion of those in the process of launching a business or who have recently started a business that expect to hire more than 19 employees in the next 5 years. In the European Union, approximately 1% of those who are involved in setting up a business expect to create more than 19 jobs over the next 5 years. Women are about one-third as likely as men to expect that their new business will create 19 jobs over the next 5 years (Figure 7.1). Overall, older people (50-64 years old) are slightly less likely than other working age adults to expect this level of employment growth, although this does vary by Member State, and youth entrepreneurs (18-30 years old) are slightly more likely than adults (18-64 years old) to expect high growth (Figure 7.2). Clearly this benchmark of growth is very high. However, it does indicate a relative lack of growth motivation among women and seniors.

Figure 7.1. **Growth expectations for women entrepreneurs, 2009-13 (combined)**

Proportion of those involved in early stage entrepreneurial activities who expect to create at least 19 jobs in the next 5 years



Notes: 1. The European Union countries that participated in the Global Entrepreneurship Monitor survey over this period are: Austria, Belgium, Croatia, Czech Republic, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Netherlands, Poland, Portugal, Romania, Slovak Republic, Slovenia, Spain, Sweden and the United Kingdom. 2. Data presented in this figure are pooled data, combining the annual survey results over the 2009-13 period. A number of countries did not participate in the GEM surveys in every year but were included in the tables: Austria (2012, 2013), Czech Republic (2011, 2013), Denmark (2009, 2010, 2011, 2012), Estonia (2012, 2013), Ireland (2010, 2011, 2012, 2013), Italy (2009, 2010, 2012, 2013), Lithuania (2011, 2012, 2013), Luxembourg (2013) Poland (2011, 2012, 2013), Portugal (2010, 2011, 2012, 2013), Slovak Republic (2011, 2012, 2013) and Sweden (2010, 2011, 2012, 2013). 3. Early-stage entrepreneurship is defined as taking steps to start a business or operating a business that is less than 42 months old.

Source: Global Entrepreneurship Monitor (GEM) (2014), Special tabulations of the adult population surveys from the Global Entrepreneurship Monitor

StatLink http://dx.doi.org/10.1787/888933287130

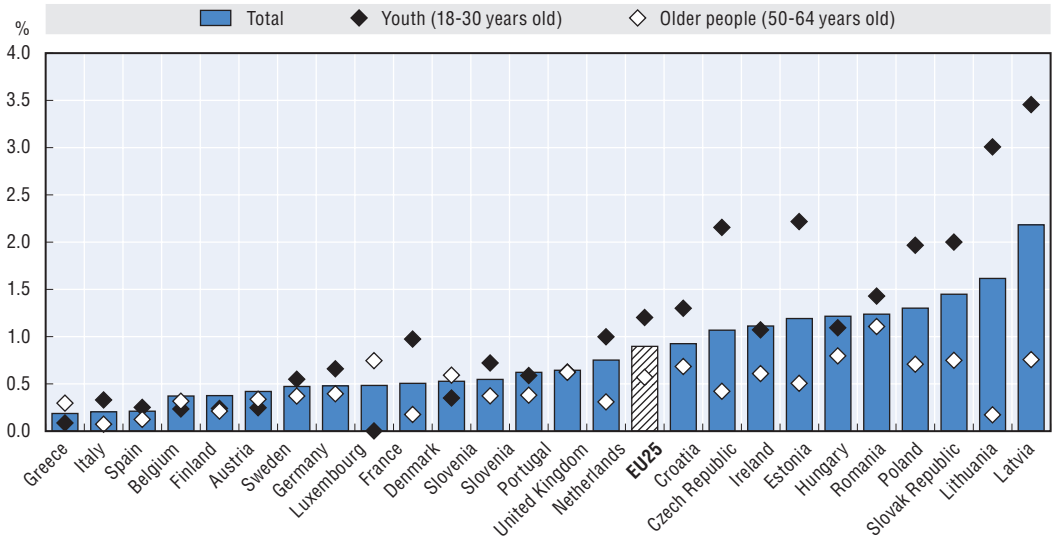
To some extent, women may have a more diverse set of motives for entrepreneurship than men (Brush, 1992). For example, surveys from around the European Union often point to discrimination in the labour market as a strong motivator for entrepreneurship among women. Furthermore, evidence from Italy suggests that female self-employment at times may be a response to the lack of opportunity to find paid employment (Goffi, 2012). On the

other hand, a meta-analysis of nearly 200 academic journal articles published on women's entrepreneurship between 2000 and 2012 found that labour market gender stereotypes are also faced by women in entrepreneurship (Ebbers and Halbfas, 2013). Consequently, women appear to be less likely than men to start businesses to exploit an opportunity and therefore, fewer women entrepreneurs would be expected to achieve growth compared with their male counterparts.

Perhaps the most important empirical finding in comparing businesses operated by women and those operated by men is that if one controls for differences in, for example, the average size and average turnover in various industries, no systematic differences in business performance are observed between male and female entrepreneurs (Du Rietz and Henrekson, 2000). A key to understanding differences between men's and women's businesses is therefore to be found in industry structures. More specifically, industries differ in terms of barriers to entry, capital intensity, and economies of scale, which impacts business conduct and performance. Women may face certain barriers to establishing and growing businesses in higher value-added sectors. Such barriers may be economic (e.g. investments required to set up operations), legal (e.g. permits and regulations) or socio-cognitive in nature (e.g. customers may not be used to buying cars from a woman businessperson or getting manicures by a male businessperson) (Roithmayr, 2000).

Figure 7.2. **Growth expectations for youth and older entrepreneurs, 2009-13 (combined)**

Proportion of those involved in early stage entrepreneurial activities who expect to create at least 19 jobs in the next 5 years



Notes: 1. The European Union countries that participated in the Global Entrepreneurship Monitor survey over this period are: Austria, Belgium, Croatia, Czech Republic, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Netherlands, Poland, Portugal, Romania, Slovak Republic, Slovenia, Spain, Sweden and the United Kingdom. 2. Data presented in this figure are pooled data, combining the annual survey results over the 2009-13 period. A number of countries did not participate in the GEM surveys in every year but were included in the tables: Austria (2012, 2013), Czech Republic (2011, 2013), Denmark (2009, 2010, 2011, 2012), Estonia (2012, 2013), Ireland (2010, 2011, 2012, 2013), Italy (2009, 2010, 2012, 2013), Lithuania (2011, 2012, 2013), Luxembourg (2013) Poland (2011, 2012, 2013), Portugal (2010, 2011, 2012, 2013), Slovak Republic (2011, 2012, 2013) and Sweden (2010, 2011, 2012, 2013). 3. Early-stage entrepreneurship is defined as taking steps to start a business or operating a business that is less than 42 months old.

Source: Global Entrepreneurship Monitor (GEM) (2014), Special tabulations of the adult population surveys from the Global Entrepreneurship Monitor

StatLink http://dx.doi.org/10.1787/888933287144

Businesses operated by older entrepreneurs often do not achieve growth because of the entrepreneurial motivations of the entrepreneur. Some older entrepreneurs may pursue self-employment as a late-career option, for example because it is a flexible alternative to paid employment that offers an attractive work-life balance (Curran and Blackburn, 2001), or because it generates additional income to supplement retirement savings (Folta et al., 2010). These are lifestyle choices and the driver for self-employment is the flexibility that it affords the individual. In other words, pursuing business growth is often not desired by older entrepreneurs. This is especially the case when older entrepreneurs have health issues. Other older entrepreneurs start businesses because they face labour market discrimination or are laid off and cannot find paid employment (OECD/EC, 2012b). In such cases, starting up in business may be the only alternative for these individuals wishing to resume economic activity and their business idea may not present a good opportunity to exploit.

There is also plenty of European Union-wide evidence to suggest that youth people are held back from business growth by fear and negative attitudes. For example, evidence from Italy suggests that many young people view self-employment as a "fall back" option if they cannot secure paid employment (Abburrà, 1998). In addition, young people have a substantial fear of business failure, fear of bankruptcy and the uncertainty of income (European Commission, 2012). Parents, relatives and friends can have a crucial influence on young people's opinions about entrepreneurship, playing a strong role in imparting positive or negative views of business (Criaco et al., 2014). Family background, in particular, plays an important role in the formation of a mind-set open to entrepreneurship.

Many entrepreneurs from ethnic minority and migrant groups start businesses as an alternative to low quality jobs in the labour market (Ndofor and Priem, 2011) or to avoid discrimination in the labour market. Evidence from Italy suggests than many foreign-born people view self-employment as one of the few ways to achieve upward social mobility (Marucci and Montedoro, 2010). These motivations tend to suggest that many of these entrepreneurs are "pushed" into entrepreneurship and therefore are unlikely to be seeking growth when their business is created.

Access to finance

Growing firms have a greater need for external finance than non-growing firms, with both debt and equity being sought (Cassar and Holmes, 2003; Bhaird and Lucey, 2006). Debt capital is a loan to the entrepreneur and can come from both informal sources (e.g. family and friends) and formal sources (e.g. banks and other lending institutions). As with debt financing, equity can come from informal and formal sources. Equity capital most often comes from entrepreneurs' own savings or from external investors (Le, 1999; Nykvist, 2008; Taylor, 2001) and informal sources (e.g. family and friends) are far more common than equity from formal investors (e.g. venture capital).

In general, growing SMEs have difficulty accessing financing for several reasons. First, growing firms carry more risk, especially young growing firms, relative to well-established stable firms (Coleman, 2004). Second, banks and financial institutions may be institutionally biased towards lending to large corporate borrowers over smaller, growing firms. Third, transaction costs for small loans make them less attractive to financial institutions because they are likely to reduce the profitability of small loans. Finally, entrepreneurs operating growing small firms may be unable or unwilling to provide the collateral or accounting

records necessary to meet the lenders' requirements, which inhibits the lender in properly assessing the level of risk associated with the loan (Ono and Uesugi, 2005).

Entrepreneurs from under-represented and disadvantaged groups often find it difficult to obtain formal external financing because of lack of collateral to offer and lack of a successful business track record. For example, the lack of a credit of business track record among young people can make it difficult for them to secure external financing. CEEDR (2000) also shows that immigrants in European Union countries have difficulties accessing financing due to short or non-existent credit histories. Women are also more likely to be financially constrained. On the other hand, some senior entrepreneurs have savings that can be put into the business and have had more opportunities to build up a positive credit and business track record.

Advanced entrepreneurship skills

People with higher educational attainment and more work experience are generally considered more likely to have the knowledge and competences necessary to create a growth-oriented business and steer it to success. Empirical research in this vein has investigated how skills and experience affect an individual's inclination to engage in entrepreneurship (Bates, 1995; Davidsson and Honig, 2003), exit or persist as entrepreneurs (Bates, 1990), grow their firm (Colombo and Grilli, 2005; Wiklund and Shepherd, 2003) or have a high rate of returns on their entrepreneurship (Honig, 1998).

One of the keys to growing a business is the ability to recognise opportunities and exploit them through the mobilisation of the necessary resources (Aldrich, 1999). This requires a more sophisticated skillset than managing a small, stable firm. Key areas where entrepreneurs operating growing firms are likely to need more advanced skills are in the areas of human resource management, internationalisation, accessing finance and perhaps services to support R&D, innovation and intellectual property rights. The challenge for growing firms, particularly high growth firms, is to identify and access the appropriate supports in a timely manner.

However, as shown in chapters 2 and 3, women and youth are less likely than other groups to feel that they have the knowledge and skills required to start a business. In particular, young people lack experience in the labour market and in entrepreneurship, and therefore face certain skills barriers in setting up and growing growth-oriented businesses. CEEDR (2000) similarly shows that immigrants have relatively limited business and marketing skills. On the other hand, many older workers have a long experience in the labour market and on some occasions in entrepreneurship. As a result older entrepreneurs have many of the skills needed to be successful entrepreneurs.

Entrepreneurial networks

Once businesses are established, the entrepreneur's network generally expands to include a wider pool of contacts that have the potential to become key resources for the firm (Jack et al., 2008). Drakopoulou Dodd et al. (2014) suggest that entrepreneurs seeking growth must find ways to move beyond what Hite and Hesterly (2001) call "identity-based strong tie networks", and avoid being held back by an over-reliance on family and friends who lack the ability to provide quality support (Johannisson and Mønsted, 1997). This growing of networks could include specialised competitors (Lechner and Dowling, 2003). Existing

relationships tend to become multiplex, including both social and economic elements. These are important for firm growth because networks provide resources, including ideas, opportunities, financing, employees and partnerships (Drakopoulou Dodd, 2012). Taken together, these resources are highly influential in supporting revenue and employment growth (e.g. Jack and Anderson, 2002).

However, entrepreneurs from under-represented and disadvantaged groups tend to have more limited business networks than other entrepreneurs (OECD/European Commission, 2015). For example, a potential inhibiting factor for the growth of women-run firms in the European Union is that women typically have relatively small professional networks. While women generally have larger social networks than men (McPherson et al., 2006), women's entrepreneurial networks are to a greater degree composed of family and friends (Renzulli et al., 2005). While this may help them to overcome barriers in the start-up processes and constitute a source of practical and emotional support (Kim et al., 2013), networks composed of family and friends are relatively deprived of new customers and important business partners. Whilst not necessarily oriented to social rather than professional networks, young people have had less opportunity to build up business networks. Furthermore, there is evidence from across the European Union that immigrants have difficulties in business networking outside of their communities stemming from limited capabilities in the local language (CEEDR, 2000). On the other hand, those senior entrepreneurs who start businesses related to previous work experience will likely have large professional networks that can help them secure human and financial resources as needed.

Policy support for growth for entrepreneurs from under-represented and disadvantaged groups

- It is important that policy makers increase awareness about the potential for growth-oriented entrepreneurship by people from disadvantaged and under-represented groups, and on what is required to realise growth. This can be accomplished by promoting role models, rewarding and celebrating success and through entrepreneurship training.
- Growing businesses need access to finance. Policy makers can support entrepreneurs from under-represented and disadvantaged groups by facilitating access to micro-credit and growth capital. Policy makers can also support the development of other forms of finance such as leasing, equity financing through business angels and solidarity finance, crowdfunding and peer lending. Financial education can also be offered to help entrepreneurs to identify and access the right sources of financing.
- The skills needed for growth are slightly different to those needed for business start-up. Leadership and management skills are much more important, as is financial literacy. Policy makers can help entrepreneurs from under-represented and disadvantaged groups acquire these skills through training and coaching and mentoring programmes.
- Entrepreneurial networks are also important for stimulating and supporting growth by developing positive peer pressure and increasing the pool of resources available to an entrepreneur. Policy makers can also help entrepreneurs from under-represented and disadvantaged groups to grow their business networks through formal networking projects.

Instilling growth motivation

A key challenge for policy makers is to instil the motivation and self-confidence to pursue business growth among people from under-represented and disadvantaged groups, which implies increasing the average quality of start-ups from these groups in terms of value added, employment and innovation as well as supporting their subsequent growth. Two factors warrant consideration – growth willingness and growth motivation. Growth willingness is often a latent individual trait, while growth motivation is constructed through social interactions with others. As such, policy efforts seeking to support growth among entrepreneurs should focus on selecting those exhibiting growth willingness, since the chances that growth willingness will later appear is low (Delmar and Wiklund, 2008). Growth motivation, on the other hand, is a manifested attitude that is often constructed through social interaction, so that individuals may be encouraged to raise their own motivations when surrounded by peers with high growth motivation (Autio et al., 2013; Baum and Locke, 2004; Davidsson, 1989).

There are generally three approaches taken by policy makers to increase growth motivation. First, the use of role models who have grown their businesses can inspire entrepreneurs through the experiences of others (Autio et al, 2013; Samuelson, 2004). Positive role models have been especially important for women entrepreneurs to help them overcome traditional gender stereotypes (Ahl, 2006). Role models are often used in promotional campaigns for entrepreneurship generally, or to promote specific schemes or events. They can also be incorporated into training, coaching and mentoring programmes. The key to using role models to increase growth motivation is to ensure that the target audience can relate to the individual and to their experience. This is especially important for entrepreneurs from under-represented and disadvantaged groups who may not be able to relate to a successful mainstream entrepreneur because the context around the success may be completely different. It is therefore important to have examples of success that are representative of the population as a whole, and specifically the target audience. For example, if the target audience is potential entrepreneurs with a disability, they will likely be more inspired by success stories of entrepreneurs with disabilities.

Second, policy makers can celebrate success by rewarding and showcasing successful entrepreneurs, for example using business awards. While it is unlikely that the prospect of receiving an award will be very effective in supporting successful growth businesses, promoting awards and award winners is another method of spreading success stories to inspire others and to help them believe that they could also achieve growth and success.

Finally, and most importantly, entrepreneurship training and education programmes can have a positive influence on growth motivations. As well as explaining the actions that are associated with successful growth, education and training can generate more positive self-perceptions and greater self-confidence by providing ongoing positive feedback. This is important for entrepreneurs from under-represented and disadvantaged groups who may lack self-confidence and the personal networks to provide emotional support and encouragement. Another success factor for entrepreneurship training and education programmes is to utilise practical exercises that can demonstrate to individuals that they are capable of developing and realising growth plans (De Clercq and Arenius, 2006).

One public programme example that combines these three approaches is Going for Growth in Ireland. This scheme offers peer support groups to women entrepreneurs that are led by successful women entrepreneurs. The group leaders act as role models and

mentors for the group by sharing their experiences and putting positive pressure on group members to achieve their goals. There is also a strong element of peer support and learning because group members actively share their experiences and challenges. The principal support mechanism is monthly meetings where the women focus on growth goals and time-defined milestones. In addition to the group meetings, participants have access to workshops where they can improve their entrepreneurship skills.

Addressing access to finance

One of the greatest needs for entrepreneurs who are growing their business is access to financing to allow them to expand their business. While the challenges to accessing capital for growth are slightly different than those for start-up, the policy responses are similar. Policy makers can address access to finance for business growth with several debt and equity mechanisms on the supply side, and can also address financial literacy on the demand side so that entrepreneurs are better equipped to seek and receive external financing. They should, however, be cautious to adapt the financing support to the firm's trajectory as continuously growing companies do not have the same requirements as firms with a discontinuous growth (Claveau et al., 2013).

Bank lending and microcredit

Policy makers can directly support entrepreneurs from under-represented and disadvantaged groups to access credit through the provision of loans or grants. This can make a different to growth even when it is focused on the business start-up stage because it can enable businesses to be established at the outset in a way that will favour growth. For example, it could permit sufficient initial investments in physical capital, training and intellectual asset development. Second-stage grants and loans can also be offered to support post-start-up investments. These direct supports are often managed through microfinance organisations.

Provision of public credit guarantees is another way of facilitating access to credit, both at start-up and subsequent expansion phases, particularly where banks are reluctant to lend because of perceived risk and lack of compensating collateral. This technique works indirectly through banks, or other financial institutions, with the advantages of leveraging their expertise in delivering and managing loans and spreading the risk so that it is shared by the public and private sectors.

One of the factors that is very important in delivering effective support to credit is having a good screening mechanism to select entrepreneurs and projects for funding support. Experience from the Street Microfinance Organisation in the United Kingdom indicates that an important screening criterion for lending to growing businesses is the size and quality of the entrepreneurs' professional network (Forster, 2004). An example of a microcredit scheme with strong selection criteria is the Seed Money Fund in the Autonomous Province of Trento in Italy, which provides capital new and young firms, particularly those innovative firms operated by youth and women (see Box 7.1). Another example can be found in the country note for Greece in Part III of this book. This project provides microfinance to young people who start innovative businesses, using selection process that includes evaluation by a committee.

Another important success factor in support for access to finance for business growth by under-represented and disadvantaged groups is the parallel and complementary provision of training and coaching to the entrepreneur to ensure that they have appropriate

skills to use the financing effectively (OECD/European Commission, 2014). There is plenty of evidence to support this from around the European Union. For example, evaluation evidence from the Street Microfinance Organisation in the United Kingdom shows that higher success rates can be achieved with entrepreneurs that received training and coaching, especially related to risk management (Forster, 2004).

Box 7.1. **The Seed Money Fund in the Autonomous Province of Trento, Italy**

Description of programme: Seed Money is a fund (first implemented in late 2009) that promotes the spread of business initiatives in innovative or hi-tech areas, by covering a part of start-up costs. Priority is given to young and female entrepreneurs, as well as to academic or research spin-offs.

Context: Although youth unemployment is much lower in Trento than in most other Italian regions, it has increased significantly. The provincial government is also keen to reduce social inequalities experienced by women, immigrants and other groups. Moreover, the economy in the Province of Trento, like the national economy, has experienced low growth since the economic crisis.

Problem addressed: The Seed Money scheme aims to promote both social inclusion and economic growth by providing finance for innovative businesses with good growth potential, weighting support towards projects promoted by youth and women. Financing is provided for market and sector analyses, the preparation of business plans, tutoring, and other start-up costs in innovative businesses.

Approach: Calls for applications are published by *Trentino Sviluppo*, the local economic development agency, which assesses the eligibility of applicants. The calls are open to new or very young firms, located in the Province of Trento. A committee set up by *Trentino Sviluppo* then evaluates the applications, relying on a previously established set of criteria that emphasise viability and innovation. In addition, specific calls for applications identify specific targets for the funding. For example, there have been calls for young entrepreneurs and female entrepreneurs. Up to EUR 100 000 is provided, or EUR 150 000 if tutoring expenses are included. This fund was part of the operational programme of the European Regional Development Fund 2007–13, which can be used to finance investment in companies, particularly small and medium-sized enterprises. In this period, funding was 30% from the European Union, 30% from the Province of Trento, 40% from Italy's central government.

Impact: There were 62 applications in 2009 (55 admissible, 23 financed). Given the strong interest, the province's government doubled the initial funding, bringing it to EUR 2.17 million. In 2011 there were 79 applications, of which 40 were financed. They received EUR 4.5 million. Ex-post evaluation has not yet been implemented, but is expected for the forthcoming calls.

Consideration for success: Certain adjustments were made to the programme in the 2013 call for applications with the aim of boosting its impact. In particular, the types of innovative project than can be supported were widened. As well as Technological Innovation (budget of EUR 2 million), business projects can be supported in the areas of Social Innovation, covering Welfare, Culture, Education, Tourism and Environmental Protection, Communication and Information Management, Green Economy (budget of EUR 2 million). This wider focus should enhance synergies with the strong local co-operative sector and expand the social inclusion and job creation potential of the fund. Interestingly, the call also introduced support for the dissemination of knowledge and information on doing business in higher and adult education (through scholarships for young graduates, undergraduates and researchers to promote business ideas; and the issue of Individual Learning Account cards), which should increase the involvement of youth in growth businesses. The call also included demand-side policies: EUR 3 million was allocated to a family care - work reconciliation voucher, creating market opportunities for new businesses in the welfare sector.

For more information, please refer to: Trentino Sviluppo (2014), "Fondo Seed Money", *http://www.trentinosviluppo.it/it/Principale/Diventa_imprenditore/Gli_strumenti/Seed_Money/Seed_Money.aspx*; Agenzia del Lavoro (2013), *Interventi di politica del Lavoro Rivolti al* Giovani, Trento.

Leasing

Another debt financing mechanism that growing firms often use is leasing, which is typically used to purchase equipment. Since entrepreneurs from under-represented and disadvantaged groups are more likely to find it difficult to obtain commercial bank loans, alternative debt finance such as leasing is relevant to them. Policy can help by setting up leasing schemes or signposting under-represented and disadvantaged entrepreneurs to existing private schemes, e.g. through information, advice and mentoring.

There are currently few examples of publicly-supported leasing schemes, although they appear to have important potential in filling finance gaps. One example is Job Opportunities through Business Support (JOBS) in Bulgaria, which aims to support growth by unbankable low-income people who already run micro or small businesses, or intend to start one. It focusses its operations in rural areas that have high unemployment and a high proportion of ethnic minority groups (e.g. Roma populations). The project provides leasing subject to the successful completion of 20 hours of financial and business management training. The scheme is delivered by 42 business centres and 10 business incubators, which have been set up at local level by local labour offices, municipalities and other public and private-sector organisations. Centres and incubators take the legal status of not-for-profit organisations and are in charge of the purchase of the leased equipment and of the financial education and business development courses. Between 2000 and 2008, 1 985 companies were supported with EUR 10.4 million in leasing finance. As a result, nearly 53 500 people benefitted from training courses and 34 660 people found stable employment.

Equity financing

A common form of equity financing for growing firms is business angel investments. Business angels are individuals with a high net worth who invest in start-ups and growing businesses with the goal of making a profit in the medium to long-term. A typical business angel investment ranges from EUR 25 000 to EUR 500 000, but can reach a much larger scale if individual investors pool their funds through networks, clubs or syndicates. It is also common for business angels to support the businesses that they invest in with other supports, including advice and access to their professional networks.

Business angels are often associated with high-growth entrepreneurship and can also play a role in supporting growth for entrepreneurs from under-represented and disadvantaged groups. In the EU, it is estimated that the business angel market is worth approximately EUR 5 billion and the biggest five markets are the United Kingdom, Spain, France, Finland and Germany (EBAN, 2012). These investments are targeted at growth-oriented sectors (Levratto and Tessier, 2014). However, 70% of business angel investment in the European Union goes into information and communica-tions technologies and biotech sectors while less than 10% goes to consumer goods and services and retail. This helps explain why entrepreneurs from under-represented and disadvantaged groups receive a small fraction of angel investments. Women-owned businesses, for example are much less likely to operate in these growth-oriented sectors (see chapter 2) than men. Moreover, relatively few business angel investors are from under-represented and disadvantaged groups, which also contributes to low levels of angel investment in firms operated by entrepreneurs from under-represented and disadvantaged groups.

Policy makers in the European Union can support business angel investment in businesses operated by entrepreneurs from under-represented and disadvantaged groups in a number of ways. First, they can create networks of angels focused on social

inclusion target groups by subsidising the start-up and operational costs of the networks. This is most common in business angel networks who invest in women entrepreneurs. Second, policy makers can provide training to entrepreneurs to improve their investment readiness. A study of deals that were turned-down by business angels in the United Kingdom indicates three principal reasons for rejection: (i) weakness in the entrepreneur or management team, (ii) poor marketing and (iii) flawed financial estimates and projections (Mason and Kwok, 2010). These could be the focus of investment readiness training. Third, governments can provide tax breaks to stimulate the business angel investment, especially those who invest in entrepreneurs from under-represented and disadvantaged groups. Fourth, governments could co-invest with business angels in inclusive entrepreneurship projects. Fifth, governments can facilitate and improve matchmaking between investors and entrepreneurs from under-represented and disadvantaged groups.

Another approach to supporting equity financing is solidarity finance. Solidarity finance is a form of social finance that aims to achieve a financial return as well as a social or environmental impact. For example, solidarity investment funds act as intermediaries between investors and entrepreneurs, by encouraging traditional investment vehicles – savings and life insurance accounts, investment funds – to invest in businesses with social impact. An example is *Autonomie et Solidarité* in France (see Box 7.2).

Crowdfunding

Crowdfunding is a growing form of financing that operates by mobilising small sums of money from a large number of people rather than a single large financial institution. The advantages of crowdfunding over other types of finance for growth entrepreneurs include: low intermediation costs; less formal and less thorough assessments of business proposals; little tracking of how funds are used; and low, fixed costs of crowdfunding portals (e.g. staff and office space).

There are four main categories of crowdfunding, including donations, rewards (i.e. investor receives a reward of lower value than their investment), lending and equity (De Buysere et al., 2012). However, hybrid forms of these categories do exist. In the first three categories of crowdfunding, financers are often motivated by emotional and social objectives, in addition to profits. This makes crowdfunding particularly relevant for inclusive entrepreneurship.

Although this market is quite new and still developing, several clear roles for government are emerging. First, there are concerns that crowdfunding should be more regulated because crowdfunding platforms have little control over the viability of the projects that are funded. Information is limited and there may be benefits to requiring more structured disclosures so that investors can make informed decisions.

Second, policy makers can improve awareness about crowdfunding and improve the information that exists. Financial education on both the supply and demand sides of the market will help investors and entrepreneurs understand the potential of crowdfunding. Training and advice for entrepreneurs from under-represented and disadvantaged groups should focus on debt management issues and if the crowdfunding is equity-based, it should educate about the role of external equity in business management.

Box 7.2. ***Autonomie et Solidarité – social risk capital*, France**

Description: *Autonomie et Solidarité* is an open stock co-operative company created in 1990 in the *Nord-Pas-de-Calais* region of France. It is a risk capital investment fund that has local and municipal governments as shareholders. The aim is to help job seekers create and develop sustainable businesses, as well as investing in businesses that aim to create jobs for those at risk of social exclusion.

Context: This former mining area has faced many social and employment challenges in recent years. The poverty rate exceeded 19% in 2010 and unemployment stood at 14% in the 1st quarter 2013. Of the approximately 4 million inhabitants, 288 000 were receiving income support at the end of 2012 (e.g. minimum income supports, disability allowances).

Problem addressed: *Autonomie et Solidarité* addresses the issue of poverty through business creation as a way to access economic autonomy and social recovery.

Approach: *Autonomie et Solidarité* is a risk capital fund that is composed of solidarity savings from shareholders, who subscribe to capital shares at EUR 77 per share. The fund buys shares in companies (up to 25% of a company) that have social objectives. To be eligible for investment, companies must also create at least 6 jobs each year for three consecutive years and employ people from disadvantaged groups. *Autonomie et Solidarité* also provides strategic advice and management training to the companies through a mentor. This mentor is responsible for providing support and tracking the progress of the company. This support is available for 5 years. Any surpluses earned by the fund are used to finance new projects and to compensate other projects that lose money. Shareholders do not receive dividends.

The process begins with a diagnosis of the project's effectiveness. If the evaluation is positive, the company undergoes a more in-depth evaluation that examines the company's products, strategies, motivations and business plan. Based on this assessment, the financing terms are proposed.

Impact: At the end of June 2012, *Autonomie et Solidarité* had equity capital of approximately EUR 8.5 million, 2 357 shareholders, more than 200 equity participations, EUR 9.6 million of cumulative commitments (EUR 3.4 million in capital, EUR 4.9 million in current accounts and EUR 1.2 million in participatory loans). According to a report provided by *Autonomie et Solidarité*, more than 2 000 jobs have been created in the companies and projects supported by *Autonomie et Solidarité*.

Conditions for success: There are three key factors behind the success of *Autonomie et Solidarité*. The first is a favourable tax regime for investors, which reduces the amount of wealth tax owed by 50% of the investment, up to a maximum of EUR 20 000. This provides an incentive to invest in the fund. The second is the involvement of a non-profit organisation that provides coaching and advice to nascent entrepreneurs alongside the equity investments. This mix of financial and non-financial supports ensures that the projects fit with the goals of the association. The third is the implementation of long-term thinking and strategic action. Since its creation, the operation has stuck to clear and narrow targets (promoting social inclusion and combating poverty through entrepreneurship). This ensures that the shareholders and the supported companies have clear and consistent information about their rights and obligations in participating.

Peer lending

Peer-to-peer (P2P) lending is similar to lending-based crowd-funding. This type of lending occurs directly between two individuals and often uses an online platform. It can be particularly relevant for supporting growth-oriented entrepreneurship by people from

disadvantaged and under-represented groups because it provides access to finance for non-bankable entrepreneurs. Further, they are not required to have as much collateral as more formal financing mechanisms. Interest rates in these transactions are higher than for bank loans and it is not uncommon for P2P lending to be based on subordinated loans, i.e. loans that in case of liquidation can only be claimed after borrowers have paid senior lenders. It is estimated that the P2P market in Europe is EUR 20 million per month (De Buysere et al., 2012).

Governments have a role to regulate these markets to enhance the availability of information and to educate lenders and borrowers about the benefits, costs and risks of P2P lending. Policy makers can support P2P lending for inclusive entrepreneurship by providing fiscal incentives for investors and platforms to lend to specific target groups or areas. They could also facilitate the matching of investors and entrepreneurs.

Financial education

With all the above types of financing, one of the key success factors is the financial education provided for entrepreneurs from under-represented and disadvantaged groups. This may be provided in separate courses or offered as part of a finance package. Several of the programmes discussed above include a financial education component as well as access to funding. Financial education should nevertheless cover the full range of finance sources available as well as the broad principles of financial management and not just the conditions for successfully using the particular type of finance being offered by the programme offering the financial education. Financial education programmes should also be included in general entrepreneurship training courses, where it should focus on influencing attitudes and behaviours and not just improving knowledge. It is also important that good quality financial literacy training is offered, by ensuring that trainers are qualified. Policy makers can also play a role in encouraging financial education for staff in banks and financial institutions. In particular it is important that they communicate in simple language (OECD, 2005).

Building entrepreneurship skills

Entrepreneurship skills can be built up among people from under-represented and disadvantaged groups through a combination of general entrepreneurship education, focused on promoting entrepreneurship for all, and more targeted start-up training for those interested in starting a business. Entrepreneurship training for potential business starters should be tailored to the needs of the participants, given evidence that different population groups such as including youth (Moberg, 2011) and migrants (Lofstrom, 2004), have different training needs. Recent research indicates that focus in training programmes targeting youth should be on the practice of non-cognitive skills such as teamwork, self-regulation, and setting increasingly ambitious goals (Rosendahl et al., 2012). Training is often more effective when delivered in tandem with other supports. For example, an evaluation of eight different Swedish active labour market policy programmes shows that those schemes that provide a combination of training and practical experience were the most successful (Carling and Richardson, 2001). Another example is NEnA in Germany which supports female scientists who are looking to commercialise their research (see Box 7.3).

Box 7.3. **NEnA, Germany**

Description: This scheme provides training and coaching and mentoring for female scientists in nano technologies who are involved in starting up a business. After the women go through a screening of their competences and start-up potential, interdisciplinary teams of founders are formed who then develop their business idea during the programme.

Problem addressed: Scientists in basic research often feel very distant from entrepreneurship and feel that it will be difficult to set up a business. This is particularly true for women scientists, who tend to be less visible in public, have less developed networks and be less likely to start a venture than their male colleagues.

Approach: The project was first operated by the German Federal Ministry for Education and Research (BMBF) during the period 2006-10 with a national consortium of universities as part of the nano4women career development initiative. It was subsequently continued by individual universities where other funding support was available. For example, the project is still in operation in the Martin-Luther-University Halle-Wittenberg, Physics Institute, with support of the German state of Sachsen-Anhalt. EUR 525 000 were invested by the BMBF from 2006 to 2010. Thereafter, annual costs of nearly EUR 100 000 were covered by the regional ministry. There are no European funds involved.

The project in Martin-Luther-University Halle-Wittenberg, Physics Institute offers a week-long Business Academy with matching of female scientists and research proposals with practical relevance. A careful screening and selection process (including a review of achievements and motives and questionnaire-based testing of entrepreneurial potential) leads to a group of high potential participants who then experience interventions for personal development, hard skill development accompanied by individual coaching. After the academy, the local project partners (normally) continue coaching and advisory activities.

Impact: Some 100 master, PhD or Post-Doctoral students have participated in the federal programme from 50 German universities and research institutes. An ex-post survey indicates that 92% of participants felt motivated by NEnA to start a new venture and that 75% of participants intend to start a venture upon perception of a market opportunity. The ex-post survey also revealed that out of 23 teams / ideas, 11 ideas are being acted upon by at least one of the participants in view of venture creation (9 application for promotional funds that involve business plan elaboration) or development (2 teams already had registered a company prior to NEnA).

Conditions for success: There are two key success factors for this scheme. First, champions are needed at individual research institutes / universities, such as members of faculty and entrepreneurship promotion agents, to help mobilise participants. Second, qualified and inspiring female trainers, coaches and role models need to be involved.

Providing business development support services after business start-up (e.g. coaching and mentoring, and business incubation) are additional ways to offer skills development support that will enhance the growth potential of entrepreneurs from under-represented and disadvantaged groups. Studies of the United Kingdom's Business Link scheme and the Danish guided preparation advice service have revealed positive effects (Lundström et al., 2013; Rotger et al., 2012). When considering interventions that are individual and intensive (i.e. coaching, mentoring, counselling and business incubation), policy makers should

strive to organise delivery by local actors, since these are more likely to facilitate skills enhancement and provide networking opportunities with relevant stakeholders (Huggins and Williams, 2009).

Building entrepreneurial networks

Networks are an important resource during the start-up process and once a business is established that can be used to collect information and ideas; build relationships with partners, suppliers and customers; identify opportunities and markets; find and attract suitable personnel; and find and attract financiers (Kim et al., 2013). Consequently, policy makers should strive to facilitate interactions between entrepreneurs and the business community through face-to-face meetings and events, or online spaces. This is often best delivered by local actors, since they are linked with relevant stakeholders (Huggins and Williams, 2009). For example, in Spain the *Women Emprende* project (see Box 7.4) creates networks among the women entrepreneurs who go through the business incubator programme at the University of Santiago de Compostela.

Box 7.4. ***Woman Emprende*, Spain**

Description of programme: *Woman Emprende* aims to create networks among entrepreneurial female students and staff at the University of Santiago de Compostela, including those hosted in the university business incubator.

Context: Successful participation in a business incubation programme increases the growth potential of a start-up company. Yet, women-owned and managed businesses remain under-represented among knowledge-based or knowledge-intensive companies despite increasing educational attainments (Scott, 2009).

Problem addressed: Since 1999, the City of Santiago de Compostela has been supporting the local University in the development of innovative technology-based companies stemming from R&D projects. Over 120 companies were started-up between 1999 and 2008, of which 92% still existed in 2009. However, the number of women involved in such companies has been small despite the fact that the female share of students in the University of Santiago de Compostela is over 70%.

Approach: Woman Emprende supports all phases of women-owned business creation. It is based on the university business incubator, Uninova (*http://www.uninova.org/ga/default.asp*), and can draw on the university venture capital company, Unirisco (*http://www.unirisco.com/*). The heart of the programme is INNOVATIA 8.3, a platform for screening, coaching and networking female entrepreneurs.

Impact: While *Woman Emprende* has yet to achieve its goal of increasing female presence in the university incubator to match the proportion of female students, it has supported the launch of several successful women-operated companies. For example, GalChimia was started by four female Chemistry doctoral students and is now the Spanish leading company in the area of synthetic organic chemistry.

Conditions for success: This programme is the result of a well-established tradition of local collaboration among local development authorities, the university and the business world.

For more information, please refer to: *http://www.womanemprende.org/* and *http://www.uniemprende.es/*.

Delivering schemes that support growth

- Given the low numbers of potential participants in business growth programmes aimed solely at entrepreneurs from particular disadvantaged and under-represented groups, it will often be more appropriate to offer support through existing mainstream programmes for business growth. However, information provision and outreach efforts on mainstream programmes will be needed for these groups.
- There may be scope for some targeted programmes aimed specifically at promoting business growth among youth, women, senior, immigrant and other specific target groups. In these cases, linkages should be made to the complementary and additional support available from mainstream programmes.
- A selection process should be established for participants in any business growth programmes aimed specifically at under-represented and disadvantaged entrepreneurs based on a manifestation of growth willingness.
- All general business start-up and support programmes for under-represented and disadvantaged entrepreneurs should pay attention wherever possible to promoting growth motivations, building access to growth finance, generating advanced entrepreneurship skills including management and leadership and creating stronger business networks among participants with growth willingness.

Identifying entrepreneurs with growth potential

Public policies that aim to support business growth are likely to be more effective and efficient when they target individuals who manifest growth willingness. Support can then be given to translate this growth willingness into a growth motivation and to facilitate the acquisition of important growth resources, including finance, skills and networks. Individuals with growth willingness can be identified using interviews and surveys. Although it will not cover all individuals with growth willingness, those people who seek out support from programmes for business growth can also be expected to have growth willingness. Furthermore, the most motivated participants in broader programmes for entrepreneurship education or start-up support could also be identified and offered business support if operational staff working on the programmes are alert to, or charged with, this task. On the other hand, it is not advisable to seek to promote growth across a full cohort of business starters or existing small business owners without some selection process, since many entrepreneurs are only interested in supporting themselves.

Bridging to mainstream supports

As discussed in OECD/European Commission (2013), there are different options for delivering policy actions to entrepreneurs from disadvantaged and under-represented groups: offering the same access to mainstream programmes as other groups; offering targeted outreach and marketing to draw under-represented and disadvantaged groups into to standard services that they may not otherwise access; offering specialist actions for under-represented and disadvantaged groups through mainstream programmes and agencies; and creating specialist agencies to deliver specialist support.

Support for business growth is generally likely to be delivered best by mainstream support agencies since the target client base is small. Moreover, support for growth is typically focussed on the needs of the business rather than the individual characteristics of the entrepreneur so the support is more uniform that start-up support. However,

entrepreneurs from under-represented and disadvantaged groups are under-represented in mainstream growth support schemes. The reasons for this are: (i) self-selection of participants with access, knowledge, and perceived benefits from mainstream growth support schemes, i.e. that under-represented and disadvantaged groups of entrepreneurs are less likely to apply; and (ii) various screening and eligibility schemes tend to winnow out these groups.

When under-represented and disadvantaged groups of entrepreneurs are less likely to apply to mainstream growth support schemes, this may be addressed by outreach activities so that information on growth support schemes actually reaches these groups. For example, the Mingo Migrant Enterprises in Austria successfully use advisors from ethnic minority groups to facilitate immigrants' access to mainstream support services. They also have active outreach programmes which attempt to reach potential participants through campaigns in newspapers in minority languages and various events.

In some cases, however, numbers of participants can justify business growth programmes for specific groups. Furthermore, attention to the key factors of business growth should be paid to all general business start-up and support programmes for under-represented and disadvantaged entrepreneurs, thus wherever possible promoting growth motivations, building access to growth finance, generating advanced entrepreneurship skills including management and leadership and creating stronger business networks.

Conclusions and policy recommendations

Most entrepreneurs start business in industries that they know and have worked in. However, this likely leads to an excess firm creation in sectors with low entry barriers, especially for entrepreneurs from under-represented and disadvantaged groups who often have low skill levels, little access to finance and under-developed networks (OECD/European Commission, 2013). The result is increased competition in the market, pushing down marginal prices to the benefit of customers and consumers but with limited earnings or growth potential for new entrepreneurs (Camerer and Lovallo, 1999). As such, the more productive and valuable opportunities for entrepreneurs reside in finding markets are not yet exploited to their potential by other businesses (Evans, 1989). This increases the likelihood of building a sustainable business with higher earnings and growth potential. It also increases the likelihood of generating positive spillovers for the local economy, such as job creation.

Policy can have an impact on the proportions of entrepreneurs from under-represented and disadvantaged groups who grow their businesses. In this respect, policy makers and policy practitioners seeking to support growth should first identify those entrepreneurs and potential entrepreneurs with growth willingness but lacking in any of the necessary resources to realise such growth, including growth motivations, finance, skills and networks, and focus on alleviating any of those deficiencies. From a practical perspective this is by far easier than trying to motivate or incentivise risk-averse individuals or lifestyle-oriented entrepreneurs to seek growth.

Key policy recommendations

- Select individuals for growth support using their self-reported motivation.
- Use successful role models from the target groups of inclusive entrepreneurship policy to inspire other entrepreneurs to grow and succeed.
- Include skills for growth in entrepreneurship training programmes, focussing on leadership and management skills, as well as financial literacy.

- Use personal relationships such as coaching and mentoring to motivate and support those entrepreneurs from under-represented and disadvantaged groups who are seeking growth.
- Support access to finance for growth, including debt and equity financing. Special growth funds could be set up for growing businesses and policy makers should bridge the gap between business angel investors and entrepreneurs from under-represented and disadvantaged groups with networking events.
- Develop entrepreneurial networks with structured programmes to help entrepreneurs increase their pool of resources. While developing networks within the groups can help create a supportive community, it is important to also build links to the mainstream business community so that the pool of potential knowledge and resources is maximised.
- Ensure that mainstream support programmes for business growth are made accessible to entrepreneurs from under-represented and disadvantaged groups with appropriate targeted information and outreach. Create linkages between any business growth support initiatives that are targeted to specific under-represented and disadvantaged groups to complementary support available through mainstream programmes.
- Pay attention to promoting growth motivations, building access to growth finance, generating management and leadership skills and creating stronger business networks among entrepreneurs with growth willingness who participate in general business support programmes for under-represented and disadvantaged groups.

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Chapter 8

Effective coaching and mentoring for entrepreneurs from under-represented and disadvantaged groups

This chapter defines coaching and mentoring and discusses the benefits of these supports for entrepreneurs from under-represented and disadvantaged groups. It describes the various policy approaches that can be used to offer coaching and mentoring support to entrepreneurs and potential entrepreneurs from under-represented and disadvantaged groups and provide examples. It also contains discussion on key considerations for designing and delivering effective coaching and mentoring support to entrepreneurs and potential entrepreneurs from under-represented and disadvantaged groups. The chapter includes a number of policy recommendations.

Note by Turkey:

The information in this document with reference to « Cyprus » relates to the southern part of the Island. There is no single authority representing both Turkish and Greek Cypriot people on the Island. Turkey recognises the Turkish Republic of Northern Cyprus (TRNC). Until a lasting and equitable solution is found within the context of the United Nations, Turkey shall preserve its position concerning the "Cyprus issue".

Note by all the European Union Member States of the OECD and the European Union:

The Republic of Cyprus is recognised by all members of the United Nations with the exception of Turkey. The information in this document relates to the area under the effective control of the Government of the Republic of Cyprus.

The nature and definition of coaching and mentoring

- Coaching is typically a short-term relationship that aims to develop the skills of an entrepreneur. The coach is responsible for developing short-term goals and guiding the coachee towards them. The coachee is responsible for generating ideas and options, taking action to achieve the goals, and reporting progress.
- Mentoring is a professional relationship where an experienced person (the mentor) assists another (the mentee) in developing skills and knowledge. These relationships are typically more long-term than the coaching relationship and often focus more on personal development.
- A key difference between coaching and mentoring is that coaching is typically more focused on a specific issue than mentoring. Coaching is also more likely to be delivered as part of an integrated entrepreneurship support scheme.

Coaching and mentoring are advisory relationships that can be applied in various personal and career-related contexts, including for those seeking to start a business and those already operating a business. This support is typically provided in a one-to-one basis between two individuals, although there are examples where group-based relationships are used (e.g. one experienced entrepreneur working with a group of new or established entrepreneurs, or several coaches working with one entrepreneur) (D'abate et al., 2003). To be effective, there must be a high level of trust between the individuals involved in coaching and mentoring relationships (CREME, 2013). For entrepreneurs from under-represented and disadvantaged groups, this may mean that special factors might apply when recruiting mentors or coaches, for example, that they understand the challenges that are faced.

Coaching and mentoring are closely related forms of support that can be used to promote entrepreneurship. Table 8.1 presents generally agreed elements of coaching and mentoring relationships, pointing to a number of key distinctions among them.

Within the context of entrepreneurship, coaching can be thought of as a personal relationship between an experienced entrepreneur (i.e. the coach) and a less experienced entrepreneur, or an entrepreneur who is seeking to overcome a specific challenge (i.e. the coachee). Within this relationship, the coach works with the coachee to develop specific goals or targets and helps them to achieve them. In other words, this is a type of support structure that is based on a close interpersonal relationship, leading to learning and the development of potential, often within a context of change (Audet and Couteret, 2012). Often this process involves the coach pushing the coachee to go beyond their perceived boundaries in specific and measurable ways and provides support, resources and accountability (Edgcomb and Malm, 2002). Coaching often focuses on issues related to the business. Coaches work with the coachee to design a programme that meets the needs of the coachee, typically through structured meetings where the coach provides support and designs follow-up activities to reinforce this, including homework (St-Jean and Audet, 2009).

Table 8.1. **Key elements of coaching and mentoring support for entrepreneurs**

	Coaching	Mentoring
Structural issues		
Mission	Support an entrepreneur with a specific challenge related to their business. Primary focus on business development.	Support an entrepreneur in self-development as an entrepreneur. Mentoring is typically more focussed on issues related to the individual entrepreneur than the business.
Form	Process orientation	Situation orientation
Task	Provide support through structured guidance.	Use personal experience to help individual entrepreneurs understand the consequences of actions and to solve problems.
Process issues		
Connection to programme content	Strong	Weak
Meeting environment	Neutral	Neutral
Problem solving	Provide guidance	Make specific suggestions that help entrepreneurs understand consequences and outcomes
Assessing the opportunity or idea	No role	No role
Operative involvement	No role	No role
Confidentiality	Verbally agreed	Verbally agreed
Networking	Door opener	Door opener (more active than in coaching)
Relationships		
Scope	Scheduled, structured meetings	Loosely structured meetings
Meeting	Individually or in groups	Individually or in groups
Initiative	Schedule based	Demand driven
Homework	Yes – a natural part of the process	No - not a natural part of the process
Documentation	Yes – a natural part of the process	No - not a natural part of the process
Follow-up	Yes – a natural part of the process	No - not a natural part of the process
Character of the coach and mentor		
Background and experience	Expertise related to specific challenge	Normally a previous entrepreneur, but does not need to have experience in a related industry
Engagement	High	High
Integrity	High	High
Social skills	High and credible	High and credible
Role (ethics)	Neutral and independent	Neutral and independent

Source: Adapted from Klofsten and Öberg (2008).

Although mentoring is similarly a personal relationship, typically between an experienced entrepreneur (i.e. the mentor) and a less experienced entrepreneur (i.e. the mentee), mentoring is generally thought of as being more general, often focussing on the personal development of the entrepreneur rather than the business. It provides general advice and guidance, and the mentor can act as a sounding board for new ideas and may stimulate and challenge the entrepreneur. Therefore, mentors act as guides or drivers rather than trainers (St-Jean, 2012). An important objective of mentoring is to develop entrepreneurial resilience by providing reassurance, particularly during periods of uncertainty (St-Jean and Audet, 2009).

Coaching and mentoring can be seen as part of a continuum of potential advisory support that can vary in intensity from occasional basic counselling to direct hands-on support. It is particularly relevant for entrepreneurs from under-represented and disadvantaged groups because they are more likely to lack certain entrepreneurship skills and networks than other groups of entrepreneurs (OECD/EC, 2013).

There are two key differences between coaching and mentoring relationships. First, coaching tends to be much more focused on specific business development issues than mentoring. Consequently, the nature and content of coaching support is fundamentally different. The objectives are much more concrete and the coach has the responsibility of designing a personalised approach to help the coachee reach their goals. Often this can include exercise and homework assignments.

A second key difference is that coaching schemes are more likely to be linked with other forms of business development support such as financial grants or loans. Often financial support is conditional on participation by the entrepreneur in a coaching relationship.

The benefits of coaching and mentoring

- Coaching and mentoring promote action learning and knowledge absorption capability among entrepreneurs.
- They also help build confidence, motivation, and a range of skills for entrepreneurship.
- The benefits extend to better access to resources such as finance and better access to suppliers and customers.
- These benefits are likely to impact on business performance in terms of rates of business establishment, survival and turnover and employment growth.

Entrepreneurs and self-employed people, when faced with a business problem, will often turn to their peer group and trusted colleagues for advice. This informal source of advice is important and will always occur, but formal coaching and mentoring schemes can expand the pool of expertise that is available to disadvantaged entrepreneurs, offer a more structured approach that anticipates need, and is proactive rather than reactive, and can be expected to improve the quality of advice provided.

Mentoring and coaching relationships can be very effective in delivering action learning to entrepreneurs. This is a type of informal learning that typically occurs through the everyday solution of business problems rather than through formal instruction, such as in workshops and seminars. It is well established and recognised that informal learning is more important than formal learning in the process of learning by entrepreneurs (Rae and Carswell, 2001; Corbett, 2005; Cope, 2005). They are therefore very important in helping entrepreneurs to learn from their day-to-day activities with the support of trusted coaches and mentors (Vygotsky, 1978).

Mentoring and coaching can also increase the capacity of entrepreneurs to absorb knowledge – i.e. to acquire, assimilate, transform and exploit knowledge (Newey and Zahra, 2009). In particular, mentors and coaches can facilitate the process of knowing when and how to act on information and knowledge, and hence increase their entrepreneurial learning. In practice, this means assisting the protégé entrepreneur to deal with business problems and understand the lessons and opportunities that they provide.

For entrepreneurs from under-represented and disadvantaged groups, the process of finding suitable and trusted coaches or mentors is more challenging than with other entrepreneurs since they have smaller networks, may face discrimination and are likely to have lower confidence (Vickers et al., 2009). Mentoring and coaching initiatives can therefore be particularly important for helping entrepreneurs from under-represented and disadvantaged groups to overcome the greater barriers they often face in self-confidence

and motivation to start and run a successful business, expand their networks and manage a business. These benefits can be seen as largely about the personal development of entrepreneurs and potential entrepreneurs.

Other benefits flow to the businesses the entrepreneurs run, including better access to resources, better competitive positioning, better business performance and improved human resources management. Various studies that identify numerous benefits of coaching and mentoring for entrepreneurs from under-represented and disadvantaged groups are outlined in Table 8.2.

Table 8.2. **Summary of benefits of coaching and mentoring for under-represented and disadvantaged entrepreneurs**

Benefits realised by the entrepreneur	Benefits realised by the business
Increased self-confidence	Improved access to resources (e.g. finance, advice)
Improved adaptive capability	Improved understanding of businesses' strengths and weaknesses
Increased learning opportunity	Improved business sustainability and performance (turnover, profitability and employment)
Develop networks and networking skills	Improved human resource management
Acquisition of new skills	Increased access to suppliers and clients
Increased ability to manage business	
Define and achieve goals	
Improved motivation	

Source: CREME (2013); St-Jean and Audet, (2009); Shahidi (2012).

Policy approaches to providing coaching and mentoring for entrepreneurs from under-represented and disadvantaged groups

- Mentoring schemes are one of the more common forms of support offered to entrepreneurs from under-represented and disadvantaged groups. They are often delivered in partnership with chambers of commerce, non-governmental community organisations or local companies.
- Coaching programmes are more formal and intensive. In many cases the coaches undertake a needs assessment or diagnosis of the business and set up formal discussions around addressing these needs.
- Mentoring and coaching programmes often use volunteer mentors. The identification, selection and preparation of the mentors and coaches are critical roles of coaching schemes, together with a formal matching process to entrepreneurs.
- Peer-based coaching and mentoring has demonstrated some success. Policy makers can use peer-based schemes to increase the attractiveness of the support offering to entrepreneurs from under-represented and disadvantaged groups, building on a pre-existing level of trust.
- Leveraging online communication methods (e.g. video conferencing and online chatting) can increase the reach of coaching and mentoring schemes, particularly in rural areas.
- Providing training to coaches and mentors is essential to ensure a quality relationship. While coaches and mentors often have strong entrepreneurship skills, they are likely to need training related to communication and understanding the challenges that entrepreneurs from under-represented and disadvantaged groups face.

Mentoring schemes

Although there is a close relationship between coaching and mentoring as constructs, current public policy approaches in the European Union are weighted more towards mentoring support programmes than coaching. This would appear largely to reflect the lower costs of setting up and running mentoring programmes, which tend to be less structured and intensive than coaching programmes.

Mentoring projects in the European Union for entrepreneurs from under-represented and disadvantaged groups are often set up using volunteer mentors who are entrepreneurs recruited from the local business community, or senior managers in professional and financial services such as accountancy and banking. The success of such an approach, however, depends on having a sufficient number of experienced established or former entrepreneurs who have the experience and skills required, and who can provide a pool for the selection and/or training of mentors.

Mentors are typically matched to project participants using a formal matching mechanism. Schemes facilitate initial meetings between mentors and mentees but subsequent meetings and the frequency of contact is often left to the two parties to negotiate. This reflects the need for flexibility and the differing needs of individual entrepreneurs. Meetings are often organised on a one-to-one basis, but may take the form of roundtables between mentors and mentees. This can reduce the time commitment for the mentor and can be an efficient use of resources, particularly when the mentors are successful entrepreneurs who are unable to contribute substantial amounts of time to managing several one-to-one relationships. This flexibility can be an incentive for mentors to become involved. An example of group mentoring is the Going for Growth project in Ireland, which recruits successful female entrepreneurs as volunteer mentors. The mentors in this project lead monthly group sessions where women share experiences and discuss common challenges.

Meetings between mentors and mentees are typically face-to-face; however there are a small number of examples of projects that use the internet for virtual meetings. (Further discussion on online coaching and mentoring occurs later in the chapter). As the relationship develops between the mentor and mentee, the interactions will evolve. Correspondence and interactions can occur through email or telephone, and mentors support their mentees with information or referrals in non-face-to-face manners. Thus, the relationship typically begins with face-to-face meetings but the format of communication and contact can evolve and change over time according to the mutual needs of the mentors and mentees.

Mentoring relationships are typically formalised during the early stages to ensure that the mentor and mentee have compatible expectations. The two parties will often outline in writing their own objectives and responsibilities for the relationship. The expectations of both parties may be formalised in a contract with requirements placed on the entrepreneur and on the mentor. This process may also include a formal skill needs assessment for participants to help identify objectives for the relationship. This approach is taken in Programme 45+ in France (see Box 8.1).

Mentoring schemes are often delivered in partnership with chambers of commerce or other non-governmental community organisations. This approach improves outreach for under-represented and disadvantaged groups in entrepreneurship by leveraging an existing trust-based relationship with the community. For example, *Unioncamere Piemonte*,

the chamber of commerce in the Piedmont region in Italy, operates a mentoring and training project for women entrepreneurs under a Memorandum with the Ministry of Industry. Although it is currently a small scale project, both mentors and mentees find value in the relationships and the project is planned to be expanded to other regions (Regione Piemonte, 2010).

Box 8.1. **Programme 45+, France**

Description: Programme 45+ aims to promote and facilitate business creation by people over the age of 45 who are retired, soon to be retired or unemployed. The scheme was initiated by *Initiative France* and *AG2R La Mondiale*. It provides several supports in one integrated package, including training, mentoring, assistance in the development of business plans and start-up financing.

Problem addressed: Many older people, including those who are retired or soon to be retired, have many of the skills and competences and financial resources (i.e. savings) required to launch and run a business, but lack certain business knowledge and experience. Therefore banks and business support organisations often discourage older people from launching their start-up projects, although they have good potential if their skills and knowledge gaps could be filled.

In France, labour market participation rates for those over the age of 50, at 35%, are relatively low compared with other European Union countries (Eurostat, Labour Force Survey 2013). Business creation is viewed as one possible method of activating older workers. According to the *l'Agence Pour la Création d'Entreprises* (APCE – "the Agency for the Creation of New Enterprises"), 17% of people over the age of 50 plan to create their own company to transition from a career in employment to retirement. Furthermore, APCE surveys show that 64% of people over the age of 50 in France view self-employment as a good way to supplement their retirement savings. These surveys also reveal a demand for support for business creation to help older people overcome barriers to start-up, including a shortage of seed equity and administrative complexity.

Approach: The scheme provides a combination of support measures that are tailored to the needs of each participant. The process begins with a personal skills assessment complemented with an assessment of the individual's personal financial assets (e.g. income, real estate, insurance policies) and needs. The scheme also provides creativity workshops to help participants develop their business ideas and strengthen their business plans. This is followed by training that is tailored to respond to each individual participants' skills and knowledge gaps. During the establishment of the business, the entrepreneur may access computing and new technologies seminars. In addition, immediately after business establishment, refresher or in-depth courses are offered in the fields of human resources management, corporate financing and accounting. Ongoing mentoring is also a key element of the project. Particular emphasis is placed on supporting new entrepreneurs to effectively use the financial support offered by the programme.

Impact: The scheme was launched in September 2013 with the aim of running four pilot projects before the end of 2014. Evidence on the impact will be collected in order to inform the future development of the scheme.

Conditions for success: The participation of a financial institution, AG2R, is critical to the success of this scheme. This enables financial support for start-up projects to be provided alongside the mentoring. AG2R is strongly committed to this programme because it has adopted a social responsibility approach in its business strategy.

A second example is the *Ergani Centre* in Northern Greece. It was established in 1991 and aims to address female exclusion from the labour force, including through self-employment. The Centre offers a mentoring programme for women seeking to start their own business, including social co-operatives. Mentors are volunteer experienced entrepreneurs who aim to help mentees in self-development. The Centre's mentoring programme involves the following six stages: publication of the programme; mentor selection, preparation and training; mentee selection and training; mentor-mentee matching; development of the relationship; and, evaluation and dissemination of the results of the project.

There are also several examples of leveraging corporate mentoring to support entrepreneurs. In Italy, a project by ENEL uses experienced managers from large corporations as well as the public service in the regions of Lazio, Sardegna, Piemonte and Puglia to help develop business management skills of women (Cancedda, 2008). Another example is Lloyds Bank in the United Kingdom, which delivers mentoring to entrepreneurs, notably ethnic minority entrepreneurs in partnership with the Enterprise and Diversity Alliance.

Finally, there are also examples of pan-European networks of mentors such as the European Network of Mentors for Women Entrepreneurs. This network provides access to mentors through national contact points for women entrepreneurs (European Commission, 2014, *http://ec.europa.eu/growth/smes/promoting-entrepreneurship/we-work-for/women/support-networks/index_en.htm*).

The evidence on the effectiveness of mentoring schemes on entrepreneurship outcomes needs to be interpreted with care, as for other forms of enterprise support intervention. This is partly because of the difficulty of isolating the impact made by the mentoring from other support offered, and partly because the impact of mentoring is often subjective and difficult to measure, given that outcomes include or concern behavioural changes. It is also partly due to methodological difficulties in recruiting matched samples to compare differences in performance and/or participation. Nonetheless, there is a body of evidence that suggests that mentoring schemes, if carefully designed, can be effective interventions.

It has been well established that mentors are effective in various and employment and career settings, particularly with groups that face challenges in the labour market such as young people, women and ethnic minorities (Clutterbuck and Ragins, 2002; St-Jean, 2010). Within the context of business creation and self-employment, the body of evidence is less established but there are examples of successful schemes that have had an impact on participants. In most cases, the benefits yielded by mentoring support are realised during the early stages of business development.

For youth, some evidence on the impact of mentoring can be gleaned from the experience of the Prince's Trust Youth Business Scotland (PTYBS) project. Mentoring is one element of this integrated scheme, which also provides financial support for entrepreneurs under the age of 30. Evaluation evidence demonstrates that PTYBS generated 155 start-ups that would have not otherwise started, and helped an additional 416 start-ups start sooner, or on a larger scale (DTZ, 2007). While the impact of mentoring is difficult to isolate, it is believed to have had a strong role in achieving these outcomes.

Mentors have also been found to be valuable in assisting the entrepreneurial learning process for women (Sullivan, 2000; St-Jean, 2010). Some case study research indicates that mentoring allows women to more easily view their business from a detached perspective, which assisted in their decision making, and that access to professional networks,

especially those including investors, are viewed as being very valuable (Ncube and Wasburn, 2010). Moreover, a lack of mentors for women has been found to be an inhibitor to their development (Carsrud et al., 1987). Group-based peer mentoring is valued, although not to the same extent as one-to-one mentoring (Davis, 2011).

Mentoring has also demonstrated an impact for ethnic minority entrepreneurs. Evidence from Italy indicates that ethnic minority entrepreneurs benefit from developing stronger connections to local networks (Fondazione Sussidiarietà, 2014). Evidence from France suggests that the assistance provided by mentors and business advisors needs to be adapted to the needs of business models, but that mentoring can have an impact in helping migrant entrepreneurs integrate into society (Tisserant, 2003).

Considering the above evidence and other recent research, a set of key success factors in mentoring relationships can be identified:

- A mentor-mentee relationship depends on two-way participation. Mentees must actively participate and be open with their mentor (St-Jean, 2012);
- The mentee's level of commitment is a critical and limiting factor. Evidence suggests that the mentee's commitment to the relationship and readiness to change has a considerable impact on the outcome of the relationship (Audet and Couteret, 2012);
- Similarly the mentor, although they may have limited time available to dedicate to the mentoring relationship, must invest in the relationship for it to achieve its objectives (Sullivan, 2000);
- An appropriate matching process that matches mentees and mentors is critical for the relationship to be beneficial. It is important that the mentor can address the needs of the mentee and that the amount of interaction meets the expectations of both parties. There may be a temptation for too much intervention by the mentor, not allowing for reflective entrepreneurial learning by the mentee;
- Effective mentoring relationships depend upon mutual trust (St-Jean, 2012). A lack of trust will be a limitation on the impact that this relationship can have;
- In some circumstances a dependency relationship can develop when mentors become too involved in the mentee's business, which limits the extent of independence that can be developed by the mentee (Cull, 2006); and
- Ease of accessing the mentor (i.e. location of meetings) will impact the effectiveness of the relationship (Davis, 2011).

Coaching schemes

As with mentoring schemes, in most cases coaches are volunteer entrepreneurs who have experience in self-employment. The identification, selection and preparation of coaches are among the critical roles of coaching schemes. Coaching schemes then facilitate initial meetings between coaches and coaches and help provide a framework for the ongoing relationship. In many instances coachees go through a needs assessment to help identify areas for action and, as in mentoring, coaching relationships typically identify objectives and a plan to guide the relationship. The frequency of ongoing meetings is determined by the coach and coachee and most coaching arrangements use face-to-face meetings. See Box 8.2 for an example of a coaching scheme for people with disabilities in Germany. Other examples can be found in the country notes for Croatia, Cyprus and Luxembourg in Part III of this book.

Box 8.2. **EnterAbility, Germany**

Description: EnterAbility is a project that promotes the inclusion of people with disabilities in the labour market through self-employment. It provides information on business start-up, coaching and mentoring, business consultancy services and referrals to other business development services. It is implemented by *iq Consult* in co-operation with *Aktion Mensch*.

Problem addressed: People with disabilities typically face many challenges in participating in the labour market due to limitations arising from their disability and discrimination by employers. Self-employment can be another route into the labour market as it provides control to the entrepreneur over their working hours and conditions.

Approach: People with disabilities who are unemployed, or who face becoming unemployed, are eligible to apply to this scheme for support. Applicants must specify their business idea. They then work with project advisors to develop the ideas and improve their viability. Coaching is provided to support the entrepreneur during and after business launch. They are also supported with applications for specific disability assistance services or tools in view of the acquisition of investment capital.

The project's budget over the 2004 to 2008 period was EUR 1 046 775. Of this amount, EUR 730 384 was public funds, EUR 71 000 from iq Consult, EUR 163 787 from the association of disabled persons and EUR 81 604 from other foundations.

Impact: 420 people received assistance to develop a business idea and 109 launched businesses. Of the 109 start-ups, 79% were still active at the end of 2008, 35% had survived at least 3 years and 61% had survival for at least 2 years. As well as providing their own employment, the founders created full-time employment for 6 additional people, part-time employment for another 5 people, 3 mini jobs and contract work for 7 people. On average, the businesses earned a monthly income of EUR 923. While follow-up surveys indicate that 33% of the start-ups would have been implemented without project support, it is estimated that each EUR 1 invested created a social return of EUR 3.9.

Conditions for success: There are three keys to the success of this project. First, the quality and dedication of staff and coaches who provide not only business support but also personal and moral support. Second, a strong collaborative relationship between public authorities and project partners, which jointly developed the targeted supports. Finally, a clearly defined objective, target group and sufficiently large catchment area to reach a sufficient pool of potential participants.

The design of coaching schemes may also be adapted to meet the preferences of the particular social groups targeted. For example, evidence from Germany suggests that seniors prefer to have coaching relationships that are more formal than those preferred by younger people (Nietschke, 2010). Seniors expect their coaches to be punctual, professional, sensitive towards their risk perceptions and able to provide detailed information, whereas younger entrepreneurs tend have a more relaxed attitude towards the relationship (Nietschke, 2010). Further evidence highlights a strong preference among female immigrants for coaching relationships that use their native language (Wagner, 2011).

There is evidence from Germany that coaching can be effective for new entrepreneurs starting from unemployment. Among a group of unemployed people starting up in self-employment, those who received coaching from the *Gründercoaching* scheme were

significantly more likely than those who did not to still be self-employed 24 months (+6%) and 46 months (+4%) after business registration (Caliendo et al., 2014). With time, the employment sizes and sales revenues of the coached entrepreneurs also grew more strongly than those of the control group self-employed persons. Female participants in this scheme were significantly more satisfied with their life and professional situation than non-coachees, although this effect was not significant for men. However, coaching was more effective for young people than seniors. Furthermore, coaching did not appear to have clear effects on entrepreneurs with a migrant background.

The keys to success of entrepreneurship coaching relationships are very similar to those identified in the previous section for mentoring relationships. Coachees must be actively engaged in the relationship and be open to suggestions and making changes. Trust between the coachee and coach is especially important for entrepreneurs from disadvantaged groups. Coachees must also be willing to use the support and be open to change (Audet and Couteret, 2012).

Peer-based coaching and mentoring

Peer mentoring and coaching involve support relationships among peers rather than relationships between experienced and novice entrepreneurs. Among the potential advantages of peer-to-peer engagement for coaching and mentoring for entrepreneurs from under-represented and disadvantaged groups are that trust may be more readily established, while participant entrepreneurs are more likely to see peer coaches and mentors as relevant to, and understanding of, their needs. They may therefore more readily accept to participate in peer-based programmes. This is particularly important for under-represented and disadvantaged groups such as immigrant and ethnic minority entrepreneurs, because they typically have low participation rates in public sector support programmes (Ram and Smallbone, 2003). While perhaps offering less access to advice based on long-established business experience, the benefits of peer coaching and mentoring include access to innovative solutions to problems, the benefit of multiple perspectives on an issue, the creation of social capital, and moral support (Kutzhanova et al., 2009).

An example of a peer-based mentoring scheme is the 12/8 Group from the United Kingdom (see Box 8.3). This model relies on a high degree of commitment and motivation from members to be sustainable. With such a model, public sector agencies may not be involved directly, but they may have a role in stimulating and providing initial support to facilitate similar developments.

Some evidence suggests that peer mentoring and coaching can be effective for those in self-employment, particularly with ethnic minority groups and women (e.g. Ensher and Murphy, 1997). Peer-based coaching can also be effective for older entrepreneurs. Seniors that are seeking to start a business often have difficulty relating to business coaches because the coaches do not understand the realities of seniors. Peer-based relationships can help overcome this challenge since many older people have a substantial amount of entrepreneurship experience to offer as well as understanding of the perspectives of other seniors.

Box 8.3. **12/8 Group, United Kingdom**

Description: The 12/8 group is a peer-to-peer business mentoring initiative run for and by Afro-Caribbean businesses in the West Midlands of England.

Problem addressed: It aims to foster business development not only for businesses already in the mentoring network but also for people seeking to set up their own business and develop their local community.

Approach: Taking its name from the date it was established, 12 August 2004, the 12/8 Group is a peer-to-peer business mentoring initiative. It started by bringing together six growth-orientated Afro-Caribbean entrepreneurs who supported each other to develop their business plans and contribute to the local economic community. As of 2009, further mentors were also drawn in through the involvement of a large private sector company. The members meet monthly to set business, personal and local community objectives and to review progress (CREME, 2013).

Impact: A case study report identified the following benefits for the entrepreneurs and their businesses on the programme:

- Entrepreneurs have become more strategic in accessing new markets for their products
- Increased confidence to develop new products and markets
- Increased inter-trading between members
- Acquisition of new skills and knowledge
- Greater awareness of sources of finance

In addition, the members of the 12/8 Group have been involved in new projects with their local community, including supporting new businesses and working with young people at risk (CREME, 2012), with some members personally mentoring new entrepreneurs.

Conditions for success: This is a relatively low cost scheme which draws strongly on volunteer mentors and local corporate social responsibility. In particular, the involvement of a large anchor business in the region has allowed the group access to the resources of the large firm.

Further success factors for this initiative are a high degree of trust and respect between members; the absence of a time constraint allowing the building of trust over time; a high degree of motivation of individual members; that ownership of the initiative by participants; leadership assigned through a rotating chair; and an ongoing commitment to review achievements (CREME, 2013).

For more information, please refer to: Enterprise & Diversity Alliance (EDA) (2012), "Effective Business Mentoring and CSR: Promoting Growth and the Big Society, A Case Study of the 12/8 Group", available at: *http://mentorsme.co.uk/images/uploads2/Case_Study_-_Mentoring_-_Branded_v_2.pdf*.

Online coaching and mentoring

The essence of both coaching and mentoring as support lies in a trusted personal relationship. It might be expected that this is more difficult to establish (and be effective) through an online relationship. However, a study focusing on the potential of online support for female entrepreneurs found that both the coach or mentor and the coachee or mentee received benefits from online relationships (Fielden and Hunt, 2011). In particular, the emotional and intangible support was beneficial to the coachees and mentees, as was a different perspective offering potential solutions to their challenges (Fielden and Hunt, 2011). Consideration should therefore be given to public support for the establishment

of online schemes. The support could concentrate on providing a platform, setting up operational procedures, recruiting mentors and coaches and participants from under-represented and disadvantaged groups and ensuring proper conduct by all parties. The ease of online communication can also be exploited as part of coaching and mentoring programmes that provide extensive face-to-face contacts.

An example scheme from Sweden, *Mentor Eget Företag*, is discussed in Box 8.4. This scheme does not operate exclusively online but contains some online components.

Box 8.4. ***Mentor Eget Företag*, Sweden**

Description: This scheme provides free online access to a mentor during one year for new and aspiring entrepreneurs in Sweden. Launched in 2006, it is designed and run by *NyföretagarCentrum*, representing a nationwide chain of Enterprise Agencies in Sweden.

Problem addressed: The scheme enables mentoring support to be offered to new entrepreneurs who may not otherwise be able to obtain it. The use of online services can improve access for those in rural areas and increases the flexibility for mentors and mentees to communicate.

Approach: The mentors are volunteers and no personal financial payments are made. In order to be selected for the scheme they should be reputable and knowledgeable in their profession. A local supervisor undertakes a matching of mentees and mentors after conducting interviews and ensures that they start their work together. The mentee is the driving force in the relationship, calling on the mentor when advice is needed. An important step following the introduction is that each party signs a contract as a sign of commitment. Although access to the mentor is online, there are opportunities for both the mentor and mentee to participate in networking events that are held at least once a month and are of 2 hours duration.

The programme is national and is not specifically targeted at under-represented and disadvantaged groups, but the programme is monitored on:

- number of mentor / mentee pairs;
- mentee gender, age and proportion of foreign-born participants; and
- industry of the mentored entrepreneurs (trade - services - industry / crafts).

Impact: The programme claims that mentors help entrepreneurs go through the start-up process faster and improve the performance of their businesses, such as their profitability. According to the Institute for Growth Policy Studies the companies that participate in the programme have a significantly higher survival rate than other new businesses.

Conditions for success: Key to the success of the scheme is an induction process that aims to ensure a good match between mentors and mentees. The structured induction process includes an interview with all the mentees and mentors, allowing the programme manager to get to know those involved in the scheme. This increases the chances of successfully developing trust quickly and fostering a productive relationship.

For more information, please refer to: Mentor Eget Företag (2014), *http://www.mentoregetforetag.se*.

Training for coaches and mentors

Mentors and coaches are usually recruited because they are, or were, successful entrepreneurs. They will have valuable knowledge and experience, but it cannot be assumed that they will have the strong communication and inter-personal skills that will enable

the necessary empathetic rapport to be built with the mentee or coachee (Cope and Watts, 2004). This requires a range of communication styles, including persuasion and engagement to encourage novice entrepreneurs to develop their projects and build an entrepreneurial identity (Lefebvre and Redien-Collot, 2013). Furthermore, as entrepreneurs they will be used to a high degree of autonomy and freedom in making their own decisions and judgements. However, in a coaching or mentoring relationship the emphasis is on letting the mentee or coachee make the decisions while offering relevant information and advice.

Another challenge for coaches and mentors is that differing mentoring and coaching skills may be required at start-up compared to later business development. Five different roles can be required of the mentor: coach, co-ordinator, supporter, monitor and organiser and the demands placed on a mentor or coach can vary over time. A related challenge is identifying the appropriate time to reduce their support and encourage independence (Cull, 2006).

In the case of entrepreneurs from under-represented and disadvantaged groups, coaches and mentors will likely need to interact differently than they would with mainstream entrepreneurs. For example, with disabled entrepreneurs it has been suggested that it will be very important that a mentor or coach understands their disability (Wood et al., 2012). This will require some training if the coach or mentor does not come from the same background.

Given these challenges, policy makers should provide at least some basic training to coaches and mentors when organising public support schemes. The aim should be to sensitise coaches and mentors to the needs of clients and help them communicate effectively. Evidence from Greece demonstrates that training of coaches and mentors is also important because it can increase their self-confidence in their ability to help other entrepreneurs (Sarri, 2011). Although training and induction sessions can be prescribed within the policy design stages of coaching and mentoring schemes, just-in-time training for mentors is more effective than prescribed training and takes account of the nature of entrepreneurial learning (Sullivan, 2000). This suggests that training of mentors and coaches may need to be flexible and reflective over a period of time.

Keys to the effective design of coaching and mentoring schemes for entrepreneurs from under-represented and disadvantaged groups

- A key to the success of coaching and mentoring schemes is a good match between the coach and mentor and their coachee and mentee. Most schemes use a formal matching mechanism that considers the characteristics of both the individual and the business.
- The relationships often begin in a face-to-face manner but should be allowed to develop according to the needs of each party. This flexibility can improve the attractiveness of the support for coaches and mentors, as well as for coachees and mentees.
- A set of objectives should be developed for the relationship at the outset and progress towards these goals should be tracked.
- Coaching and mentoring relationships should have a fixed duration. This avoids the construction of a relationship of dependence.
- Training should be provided to coaches and mentors and an induction process used.

Effective coaching and mentoring relationships tend to involve the following key stages: search for coaches and mentors; preparation of coaches and mentors; matching of coaches and mentors with entrepreneurs and potential entrepreneurs interested in help; agreement of goals and operating procedures by the parties involved; and delivery of support. The research evidence and literature suggest that there are a number of factors that influence the success of a scheme at each of these stages, as follows:

Search for mentors and coaches

- **Establish a pool of potential mentors and coaches who can work with entrepreneurs from under-represented and disadvantaged groups:** Public sector agencies have an important role in recruiting mentors and coaches, often volunteers, which provides a resource base for a subsequent matching process. There are advantages to building up pools of mentors and coaches from the same groups as the target entrepreneurs. An active search process is therefore needed among these groups. Coaches and mentors can also be drawn from local anchor companies.
- **Ensure incentives for mentors and coaches:** While there are examples of projects providing token payments to coaches and mentors (Regione Piemonte and Unioncamere Piemonte, 2010), it is often not needed. Many successful entrepreneurs are eager to give back to their community, especially if they themselves are an entrepreneur from an under-represented or disadvantaged group.
- **Screen mentors and coaches**: Screen potential mentors and coaches not just for their business experience and competence by also for their motivation for support other entrepreneurs, their ability to communicate, and their willingness to support the entrepreneur to make their own decisions.

Preparation of mentors and coaches

- **Provide training for mentors and coaches:** Coaching and mentoring relationships demand specific skills and competences from the coach or mentor, such as appropriate style of communication, listening and abilities to transfer knowledge, while encouraging the independence and learning of the client (Clutterbuck, 2004). Training for coaches and mentors is typically well-received (Sarri, 2011).
- **Include an entrepreneur induction step:** Entrepreneurs need to be committed to participating in the scheme, willing to change behaviour and open to a mentoring relationship (Audet and Couteret, 2012). Therefore, effective schemes often include some induction stage that ensures the readiness of clients.

Matching of mentors and coaches with entrepreneurs interested in help

- **Use a structured matching process:** Most coaching and mentoring schemes have a structured matching process that considers factors such as industrial sector of the supported business, gender and ethnicity of the supported entrepreneurs, or other factors such as the stage of business development. Matching cannot guarantee a good beneficial relationship, but it reduces the likelihood of a conflicting relationship.

Agreement of goals and procedures

- **Define objectives:** Reaching broad agreement on the aims and objectives of the coaching and mentoring relationship at the start (after matching) has benefits in setting realistic expectations and avoiding disappointment (Sullivan, 2000). The public sector agency or organiser may wish to formalise this through a written agreement or contract.
- **Set a time limit on the relationship:** It is desirable to establish a time-bound relationship, such as one or two years for coaching and mentoring. This avoids the development of a dependency on the mentor or coach by the client entrepreneur (Cull, 2006).

Delivery of support

- **Target schemes for under-represented and disadvantaged groups:** There is some evidence that under-represented and disadvantaged entrepreneurs may benefit from specific, targeted programmes. For example, the Ergani Centre's mentoring programme for women demonstrates strong evidence that women entrepreneurs can benefit from public sector assistance in finding mentors (Davis, 2011). In addition, ethnic minority entrepreneurs are more likely to participate in programmes if they can identify with their mentors and coaches (CREME, 2013). However, appropriate assistance could also be provided within national mainstream programmes as long as there is monitoring of the inclusion of different social target groups such as women and ethnic (or immigrant) entrepreneurs and measures taken to address any shortfalls in participation.
- **Include online support:** Face-to-face meetings with client entrepreneurs are an important part of coaching and mentoring programmes. However, online support can provide additional opportunities for communication with quite flexible structure and timings. Opportunities should also be exploited to provide a range of support online in addition to online communications with mentors and coaches, such as pro-forma business plans, sources of information and advice, access to sources of finance and advice on marketing, growth, business and trading regulations and other business development functions.
- **Build entrepreneurial communities:** One of the spin-offs of coaching and mentoring programmes is the establishment of entrepreneurial networks. These are a natural outcome of the process of the recruitment of established and former entrepreneurs as mentors and coaches. However, such networks can be further developed over time as client entrepreneurs mature and graduate from assistance and become members of the network themselves. Thus a coaching and mentoring programme may be seen as contributing to the development of a wider entrepreneurial community among under-represented and disadvantaged groups in entrepreneurship. It is feasible that in time, previous beneficiaries of coaching and mentoring initiatives become coaches and mentors themselves.
- **Track progress:** It is useful to organise regular meetings with programme participants to assess the progress made and the effectiveness of the relationships.

Box 8.5. **Should coaching and mentoring be free?**

Most examples of publicly-supported coaching and mentoring schemes rely on recruiting volunteer coaches and mentors, allowing the schemes to keep operating costs to a minimum. Typically the only costs incurred are related to administration, training for coaches and mentors, outreach (e.g. advertising and promotion) and follow-up (e.g. surveys and evaluation). Most coaching and mentoring schemes for entrepreneurs from under-represented and disadvantaged groups in the European Union are provided with no charge to the participant.

However, there are some examples of similar coaching and mentoring schemes from outside of the European Union that do charge participants for using the service. For example a mentoring programme with an initial fee is New Zealand's Business Mentors New Zealand. Established in 1991, the New Zealand programme has over 1 900 volunteer business mentors and supported over 67 000 New Zealand businesses since then. Entrepreneurs who wish to join the programme pay an initial registration fee of NZD 150 (approximately EUR 93). The mentoring service is then free after this one-time registration fee, but the support offered is limited to two years. Mentors are recruited by regional Economic Development Agencies who match them to entrepreneurs and provide them with formal training and accreditation (Business Mentors New Zealand, 2014). Similarly, the mentoring network *Réseau M* in Canada has a small annual fee but mentoring support is free of charge after this membership fee is paid. In some cases the membership fee is waived (St-Jean, 2012).

Advantages can be identified for each approach. Free services are clearly more attractive to participants and can be an effective approach to ensuring a high take-up. However, there are also advantages in having a (small) fee-based service, even if mentors are volunteers. An initial or annual fee serves to ensure the commitment by the entrepreneur, which is one of the key success factors of coaching and mentoring programmes. Such a fee can also contribute towards the costs of public-supported schemes.

Conclusions and policy recommendations

Coaching and mentoring can be effective interventions for increasing the business success of people from under-represented and disadvantaged groups in entrepreneurship. They can enable entrepreneurs to learn, make better decisions about how to develop their businesses, expand their networks and get better access to resources and markets. Coachees and mentees can also be engaged in participating more fully in local entrepreneurial networks.

The benefits of coaching and mentoring interventions lie in the ability of the coach or mentor to transfer knowledge to the client entrepreneur and more importantly, to empower the client entrepreneur to optimise their own learning. These interventions also depend on a dynamic personal relationship that will mature and develop over time, placing requirements on both sides of the relationship. Coaches and mentors must be able to make skilful and timely interventions while coachees and mentees must be open to advice and committed to the relationship. Publicly-supported coaching and mentoring programmes need to take particular care in the identification and training of coaches and mentors and the matching process that is used to pair them with entrepreneurs.

Attention also has to be paid to building a pool of entrepreneurial and professional talent from which coaches and mentors can be recruited. In doing this it should be recognised that established entrepreneurs are often keen to support their entrepreneurial community and that local companies can also be important sources of coaches and mentors. However, there will not always be a sufficient pool of established entrepreneurs that understands the challenges faced by under-represented and disadvantaged entrepreneurs. In such circumstances, training of coaches and mentors from mainstream or professional groups may be sufficient to raise their understanding of the challenges faced by clients from under-represented and disadvantaged groups.

Key policy recommendations

- Design preparation and/or induction support for client entrepreneurs, which can help to set appropriate expectations and signal the importance of their commitment to the relationship.
- Use a matching process between coaches and mentors and entrepreneurs that adopts clearly defined criteria such as gender, ethnicity, and business sector.
- Limit coaching and mentoring relationships to periods of one or two years to discourage a relationship built on dependence.
- Ensure that objectives are set for the mentoring or coaching relationship at the outset.
- Provide complementary support to underpin the coaching and mentoring relationship, such as online sources of information.
- Provide training for coaches and mentors, ensuring that it includes (i) sensitivity training to help them understand the issues and challenges faced by entrepreneurs from under-represented and disadvantaged groups and (ii) aims to improve communication skills.

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PART III

Country profiles: Policy examples and key inclusive entrepreneurship data

An inspiring policy practice from each of the 28 European Union Member States is presented in this chapter, along with a set of tables for each country that benchmark key indicators on entrepreneurship and self-employment in under-represented and disadvantaged groups against the European Union averages.

Note by Turkey:

The information in this document with reference to « Cyprus » relates to the southern part of the Island. There is no single authority representing both Turkish and Greek Cypriot people on the Island. Turkey recognises the Turkish Republic of Northern Cyprus (TRNC). Until a lasting and equitable solution is found within the context of the United Nations, Turkey shall preserve its position concerning the "Cyprus issue".

Note by all the European Union Member States of the OECD and the European Union:

The Republic of Cyprus is recognised by all members of the United Nations with the exception of Turkey. The information in this document relates to the area under the effective control of the Government of the Republic of Cyprus.

This section of the book provides short descriptions of inspiring policies for inclusive entrepreneurship from each European Union Member State. An inventory of these schemes is provided in Table 9.1. The descriptions aim to help national, regional and local policy makers to think about methods available to address the common challenges faced in supporting inclusive entrepreneurship across the European Union. Each description provides a brief overview of the key activities of the policy action, along with information on its impact and considerations for successful operation of this kind of policy intervention.

The inspiring policy descriptions are complemented with a common set of country-specific data that benchmark key inclusive entrepreneurship indicators against the European Union average and over time. These data help to show the scale of the challenge and its recent evolution. All country notes contain three charts that present some key economic and entrepreneurship indicators that add context to the policy description.

Chart A shows the evolution of the total unemployment rate in the country and how the rate differs for different social groups. These rates are shown for the 2000-13 period to illustrate medium-term trends and the impact of the global economic crisis.

Chart B shows the self-employment rates in 2013 for different population groups relative to the European Union average. The self-employment rate is the ratio of the number of self-employed people to the total number employed in each respective target group.

Chart C illustrates self-employment rates and trends for different population groups between 2000 and 2013. This shows how the relative level of self-employment activity has changed for each target group, including the impact of the crisis.

Two additional charts are presented for European Union countries that participated in the adult population surveys conducted by the Global Entrepreneurship Monitor (GEM) in at least one year between 2009 and 2013. These countries are: Austria, Belgium, Croatia, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Netherlands, Poland, Portugal, Romania, Slovak Republic, Slovenia, Spain, Sweden, and the United Kingdom (EU24).

Chart D shows the Total Early-stage Entrepreneurial Activities (TEA) rate for 2009-13 (combined) by gender and age for each country. These data are benchmarked against the average of European Union countries that participated in the GEM survey. Please refer to the reader's guide at the beginning of the book for more information on GEM data and the TEA rate.

Chart E presents the proportion of those involved in early-stage entrepreneurship who expect to create more than 19 jobs in 5 years. The data are presented by gender and age for each country relative to the European Union average. To increase the sample size, data are pooled (i.e. combined) for 2009-13.

Table 9.1. **Overview of inspiring policy descriptions**

Country	Name of scheme	Approach	Target group covered by scheme	EU Funding
Austria	Microcredit (Der Mikrokredit)	Microcredit	Unemployed	
Belgium	Hazo vzw: supporting entrepreneurs with disabilities and their businesses	Counselling, information, representation	People with disabilities	
Bulgaria	Entrepreneurship Development Network	Research, training, consulting	Young people	
Croatia	Activity and Creativity Through Ideas and Ventures = Employment (ACTIVE)	Education, mentoring, competitions	Young people	ESF
Cyprus	Agrotoepixeirein: strengthening youth and female entrepreneurship in rural areas	Counselling, mentoring, information, networking	Young people Women Rural areas	INTERREG
Czech Republic	Self-employment support of people with health challenges	Training and counselling	People with disabilities	ESF
Denmark	Igangz	Education Teacher training	Young people	
Estonia	StartSmart!	Workshops and seminars	Young people	INTERREG
Finland	Start-up workshop for the under-30s	Training and workshops	Young people	
France	Ouvrir les portes de la banque aux jeunes entrepreneurs	Finance, training	Young people	
Germany	National Agency for Women Start-up Activities and Services	Integrated approach	Women	
Greece	Innovative Youth Entrepreneurship	Finance	Young people	ESF
Hungary	Snétberger Music Talent Centre	Integrated support	Young people Roma	
Ireland	Female Entrepreneurship Strategy	Integrated approach	Women	
Italy	Fabriq Social Enterprise Incubator	Integrated approach	Social enterprise	
Latvia	Measures to encourage innovation and business start-ups	Mentoring, competitions, seminars	Young people	ERDF
Lithuania	Support for self-employment	Finance	Unemployed People with disabilities	
Luxembourg	Business Mentoring Programme	Mentoring	Immigrants	
Malta	The My WoW Project	Education	Young people	
Netherlands	Bbz: decision support for entrepreneurs	Integrated approach	Unemployed	
Poland	Wings for business – a workshop for entrepreneurial disabled people	Integrated approach	People with disabilities	ESF
Portugal	Promotion of Immigrant Entrepreneurship	Training, counselling	Immigrants	FEINPT
Romania	Fem.RRom	Integrated approach	Roma women	ESF
Slovak Republic	Financial contribution for self-employment	Training, finance	Unemployed	
Slovenia	P2P – Female entrepreneurs for female entrepreneurs to gain equal opportunities in entrepreneurship	Training, information, counselling, networking	Women	
Spain	Women-entrepreneur co-operation network	Networking, training	Women	ESF
Sweden	Inkubator 55+	Integrated approach	Older people	
United Kingdom	Buy Sunderland First	Procurement support	Disadvantaged areas	

Note: ERDF – European Regional Development Fund; ESF – European Social Fund; FEINPT – European Fund for the Integration of Third Country Nationals; INTERREG – This is an initiative that aims to support co-operation between regions in the European Union and is financed under the European Regional Development Fund (ERDF)

Austria: Der Mikrokredit ("Microcredit")

This country note provides an overview of a microcredit scheme to help those who are unemployed, or at risk of losing their job, in starting a business. It also presents key inclusive entrepreneurship data for Austria.

Description: This scheme supports people who are unemployed, or are at risk of losing their job, in starting or sustaining self-employment through the provision of microcredit, with complementary consultancy and training. The programme is financed by the Ministry of Labour, Social Affairs and Consumer Protection, with contributions from private banks. It is implemented and managed by ÖSB Consulting GmbH in co-operation with Austria *Wirtschaftsservice* GmbH (a public business development bank 100% owned by the Republic of Austria), Erste Bank, *Sparkassen* and CARE.

Problem addressed: Insufficient access to finance is a significant barrier for unemployed people when starting or maintaining self-employment. The scheme provides support during business start-up and is designed to facilitate access to credit and to finance investments without collateral requirements. An eligibility criterion is that the applicant should have restricted access to the regular credit market, in order to ensure additionality of the programme and to avoid deadweight effects.

Approach: Eligible applicants are those who are unemployed but have a plausible, viable and sustainable business idea and participate in the *Unternehmensgründungsprogramm* (UGP) ("Business Start-up Programme") of the Public Employment Service (PES). People threatened by unemployment or poverty, and atypical workers and disadvantaged people in the labour market are also eligible. Applications are made online. Counsellors from ÖSB Consulting GmbH assist in the preparation of the application, including all documentation (e.g. business plan and financing plan) by phone, e-mail or in person. When the credit commitment is given by the banks in co-operation with the Ministry, the client is further supported via e-mail, telephone or personal coaching by consultants. Microcredit can be used for all investments and operating resources. The banks provide a credit of up to EUR 12 500 to individuals and up to EUR 25 000 to business partnerships. The maximum term of the credit is five years, and there is a grace period of six to nine months. A fixed interest rate for the entire term is guaranteed (3 percentage points above the 3-month Euribor rate). There are no processing fees. The programme was launched in May 2010 – initially as a pilot action and limited to Vienna and Styria – by the Federal Ministry of Labour, Social Affairs and Consumer Protection. In 2011, the programme was extended and is now available in all Federal provinces of Austria. The total lending volume in the first four years of operation was some EUR 3.3 million.

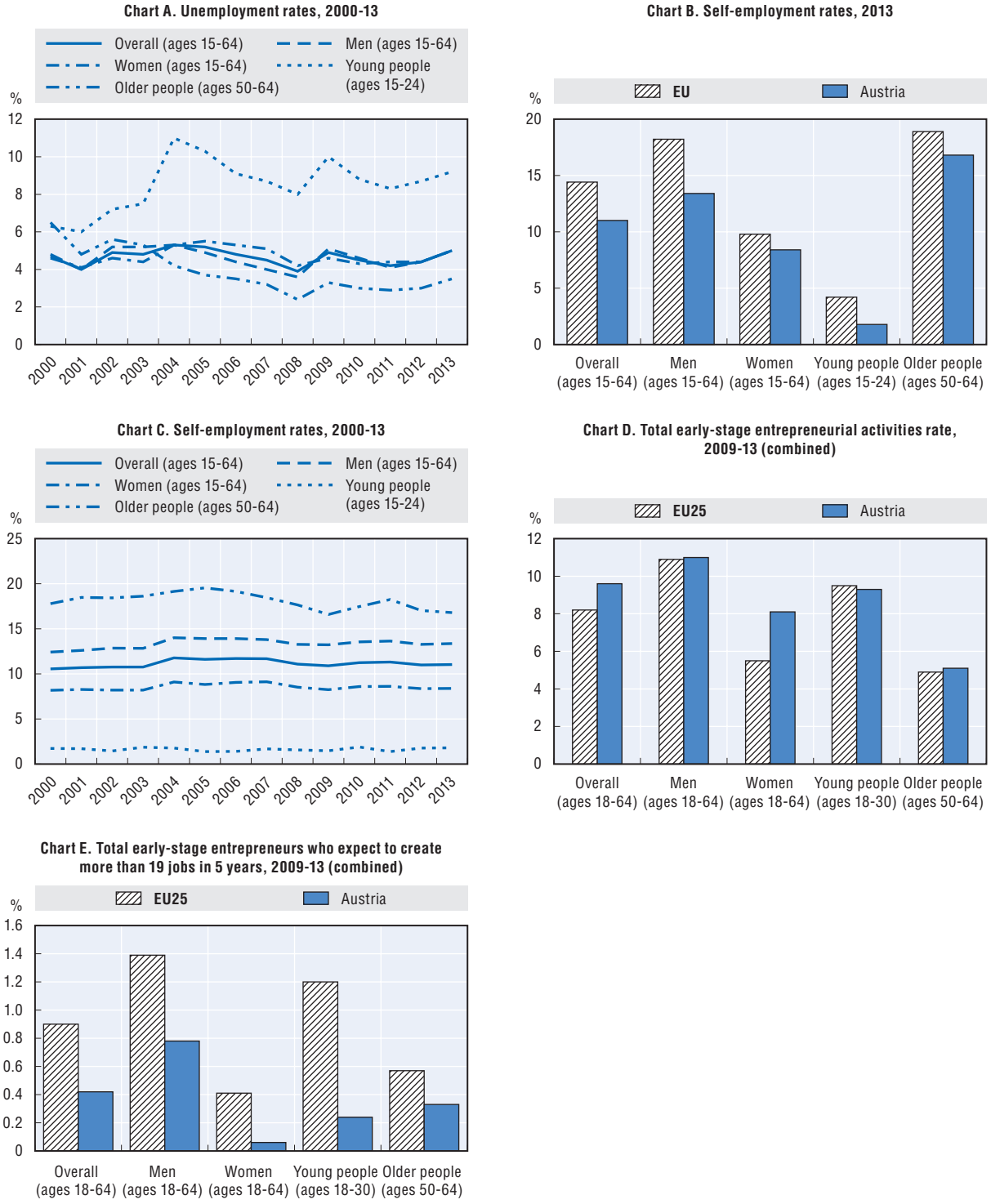
Impact: Evaluation evidence (Oberholzner, 2013) shows that the programme has a clear impact on increasing self-employment and business start-ups. Approximately 90% of the accepted applicants were still self-employed at the time of the survey (spring 2013). A lack of industry experience was the major cause of failure for the remaining 10%. On average, enterprises that received support created 0.4 additional workplaces. One-fifth of the accepted applicants stated that they would have started-up without the microcredit, but indicated that they would have relied on financing from family and/or friends.

Conditions for success: This is the first microcredit programme in Austria. A key factor for success appears to be the individual support, advice and assistance (in person or via telephone and e-mail) that is provided at all stages of the scheme.

Reference: Oberholzner, T. (2013), "Evaluierung des Programms 'Der Mikrokredit'", Austrian Institute for SME Research.

Key inclusive entrepreneurship data

Figure 10.1. **Entrepreneurship and self-employment data for Austria**



Sources: Chart A. Eurostat, Labour Force Survey, 2000-13; Chart B. Eurostat, Labour Force Survey. 2013; Chart C. Eurostat, Labour Force Survey, 2000-13; Chart D. Special tabulations of the Global Entrepreneurship Monitor adult population survey, 2009-13; Chart E. Special tabulations of the Global Entrepreneurship Monitor adult population survey, 2009-13.

StatLink http://dx.doi.org/10.1787/888933287152

Belgium: Hazo vzw

This country note provides an overview of a non-profit organisation providing support to entrepreneurs with a disability. It also presents key inclusive entrepreneurship data for Belgium.

Description: *Hazo vzw* is a non-profit organisation operating in Flanders, Belgium. The mission of the organisation is to help entrepreneurs with a disability to develop sustainable businesses.

Problem addressed: *Hazo vzw*'s work is based on Article 27 of the United Nations Convention on the Rights of Persons with Disabilities (UNCRPD), which requires that states take appropriate measures to ensure that persons with disabilities can start or continue their own businesses. More than 20 000 entrepreneurs in Flanders have a physical impairment or chronic disease. Among the challenges that can be faced by certain entrepreneurs with disabilities include a lack of capability to work full-time, the need for assistance to be able to perform basic business-related tasks, a lack of accessible workspaces and difficulties in accessing business loans from banks or other financial institutions.

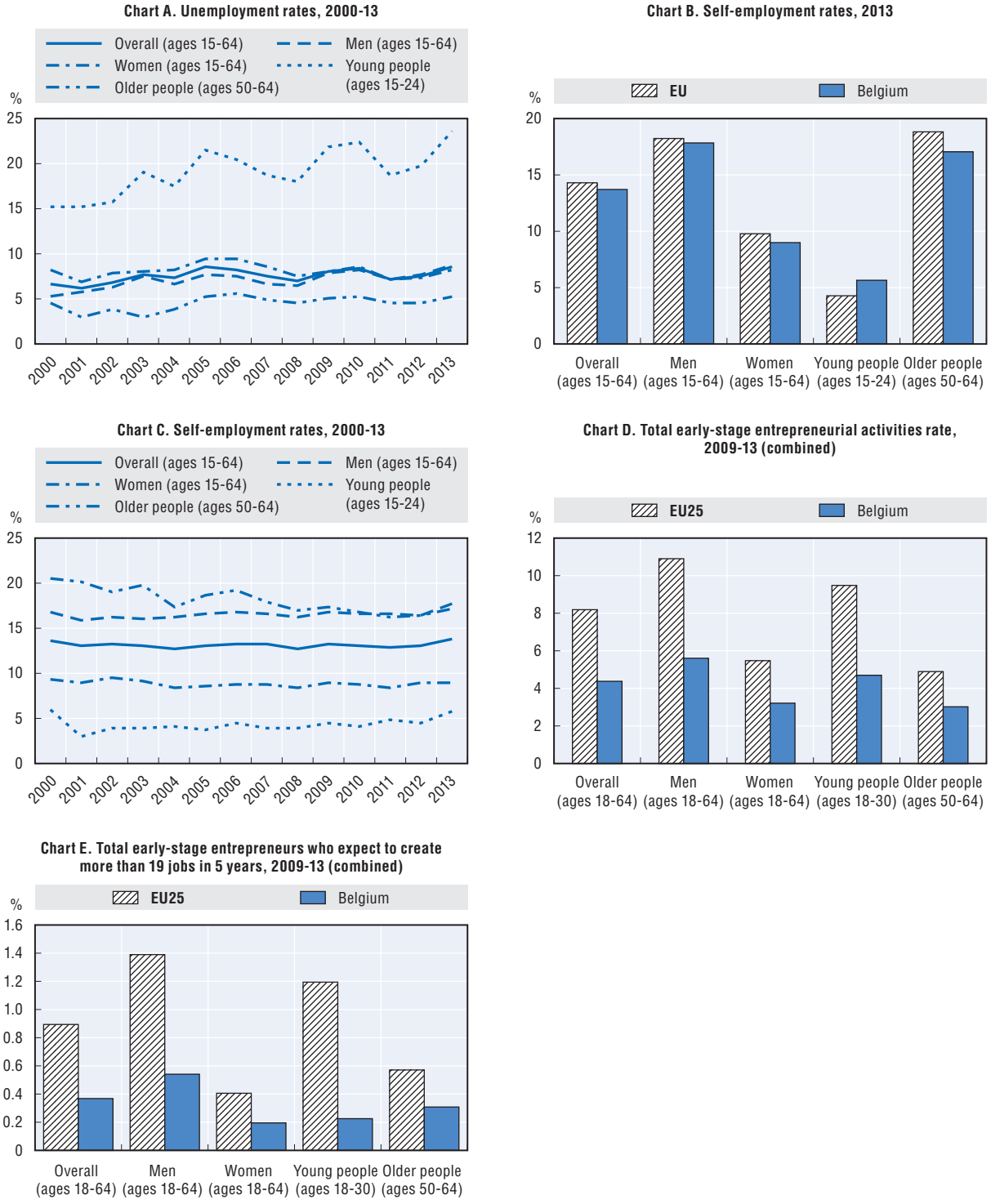
Approach: *Hazo vzw* aims to support people with disabilities who are preparing to start a business and who need role models, information and support, as well as entrepreneurs who already have their own business and need support to overcome barriers in continuing their business activities. The organisation has developed the following activities to address the problems of the target population: 1. Peer counselling: supervised sessions where entrepreneurs with disabilities provide support to each other through structured conversations. This includes advice, sharing of experiences and responding to questions. Peer counselling sessions are provided on an ad-hoc basis and are complemented by lectures from external speakers, covering a wide range of business management topics. 2. Additional individual support from professionals including tailored advice and/or referral to specific services. 3. A website, which contains up-to-date information for entrepreneurs with disabilities. 4. A regular newsletter produced covering up-to-date topics related to disability and entrepreneurship. 5. Referrals to services and organisations which provide expertise in disability and entrepreneurship. 6. Lobbying and representation at political levels, based on regular surveys and informal exchange of experiences with entrepreneurs with disabilities, as well as research studies. 7. Activities to inform people with disabilities and the general public on the potential for entrepreneurship, the barriers faced by people with disabilities and the services of *Hazo vzw* such as lectures, press releases, articles in print press, and participation in fairs. All of the support offerings by *Hazo vzw* are provided at no cost to participants. The organisation receives funding from *Agentschap Ondernemen* (Agency for Entrepreneurship) of the Flemish Regional Government Administration (annual grant of EUR 100 000), as well as voluntary donations from the public.

Impact: *Hazo vzw* is a relatively new initiative but 80 people have participated in peer counselling and individual support. The newsletter has approximately 500 subscribers.

Conditions for success: *Hazo vzw* demonstrates the benefits of an integrated approach to the problems of disabled entrepreneurs. It is also important that the initiative takes a long-term approach to supporting entrepreneurs with disabilities since many have multiple challenges and addressing them will take time.

Key inclusive entrepreneurship data

Figure 11.1. **Entrepreneurship and self-employment data for Belgium**



Sources: Chart A. Eurostat, Labour Force Survey, 2000-13; Chart B. Eurostat, Labour Force Survey, 2013; Chart C. Eurostat, Labour Force Survey, 2000-13; Chart D. Special tabulations of the Global Entrepreneurship Monitor adult population survey, 2009-13; Chart E. Special tabulations of the Global Entrepreneurship Monitor adult population survey, 2009-13.

StatLink http://dx.doi.org/10.1787/888933287165

Bulgaria: The Entrepreneurship Development Network (EDN)

This country note describes a network of organisations providing an integrated entrepreneurship support programme for youth as well as key inclusive entrepreneurship data for Bulgaria.

Description: EDN provides an integrated support programme for youth and university students to support their entrepreneurial orientation and capability to start a business. It is a result of long-term co-operation (over 13 years) between 3 Bulgarian organisations based in Sofia – the Institute for Entrepreneurship Development (IED) at the University of National and World Economy, the Entrepreneurship Chair (EC), and the Bulgarian Association for Management Development and Entrepreneurship (BAMDE) – and one newly established youth organisation, the Club of Young Innovative Entrepreneur (CYIE).

Problem addressed: At 4.5%, Bulgaria has a lower self-employment rate for people aged 15-24 than the European Union average and neighbouring countries. However, 74.3% of young people in Bulgaria would like to be self-employed, the highest rate among European Union countries and significantly higher than the European Union average (42.8%) (Eurobarometer, 2011). It is believed that the low share of self-employment is due to several factors, including insufficient entrepreneurship skills, a lack of experience in entrepreneurship, difficulty accessing business resources, outward migration and an under-developed entrepreneurial culture.

Approach: The network uses an integrated approach to support young people with entrepreneurial potential. It includes research, training and consulting in preparation of business plans, mentoring of promising young people by renowned experts, provision of start-up capital with the cooperation of financing institutions and expert support in development of soft skills needed by young entrepreneurs in order to be successful in an international multicultural environment. Specifically this includes training of potential young entrepreneurs in entrepreneurship (e.g. development of business plans, business registration, business strategies, family business succession) and consulting and mentoring by experienced entrepreneurs for potential entrepreneurs who have viable business ideas. The development of the network is supported by research on entrepreneurship and SMEs and the organisation of international conferences and workshops together with the preparation and implementation of national and international projects with the participation of promising students. This diversified but connected range of activities requires long-term co-operation and co-ordinated efforts on an ongoing basis among a large network of national and international players. The Network uses diversified sources of financing – mainly self-financing (BAMDE, IED and CYIE), partial state financing (EC), project funding and – to a lesser extent – attracting financing from sponsors (in particular banks) - CYIE.

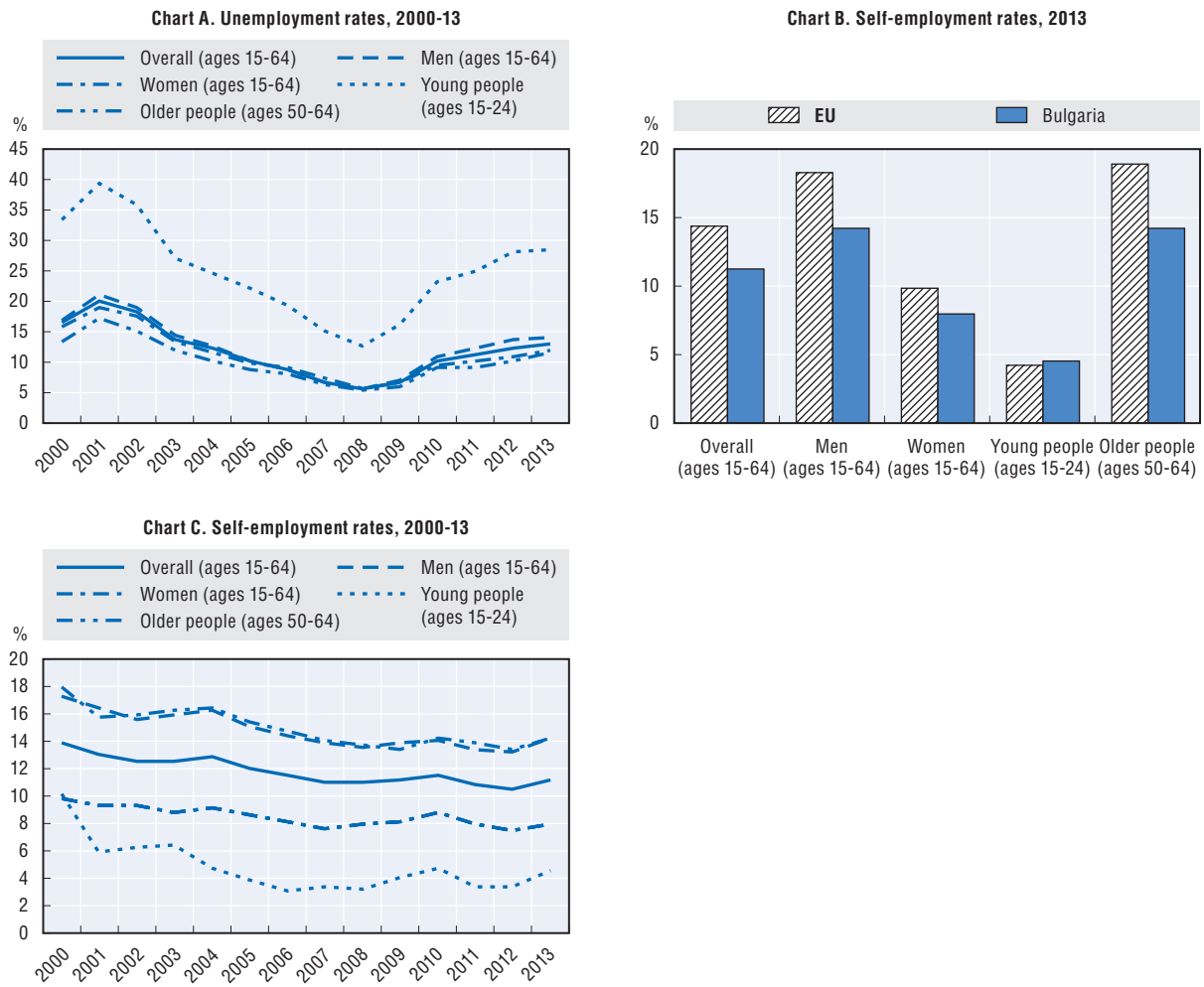
Impact: Since it was launched, 280 students have majored in Entrepreneurship and a further 2 500 have participated in the elective course "Introduction to Entrepreneurship". More than 130 graduates of the courses have started up their own businesses. The long-term impact is expected to be greater since it is hoped that students will also be inspired to set up businesses in later life.

Conditions for success: This project relies on long-term networks to develop entrepreneurial culture in universities and support new business start-ups. Important factors for success are academic entrepreneurs acting as "engines", and the exchange of experience and international co-operation among the stakeholders.

Reference: Eurobarometer (2011), "Youth on the move", Analytical report, Flash Eurobarometer No. 319b.

Key inclusive entrepreneurship data

Figure 12.1. **Entrepreneurship and self-employment data for Bulgaria**



Sources: Chart A. Eurostat, Labour Force Survey, 2000-13; Chart B. Eurostat, Labour Force Survey, 2013; Chart C. Eurostat, Labour Force Survey, 2000-13.

StatLink http://dx.doi.org/10.1787/888933287178

Croatia: Project A.C.T.I.V.E. – Activity and Creativity Through Ideas and Ventures = Employment

This country note provides an overview of a programme to support students and unemployed young people through entrepreneurship training, counselling and incubator services. It also presents key inclusive entrepreneurship data for Croatia.

Description: The project targets university students, high school students in their final year of school and unemployed young people who do not have work experience. It provides entrepreneurship training, activities to build self-confidence, counselling to support idea generation and incubator services. The J.J. Strossmayer University in Osijek is the project leader, running the project activities with a number of local partners.

Problem addressed: Croatia suffers from very high youth unemployment. However, data from the Global Entrepreneurship Monitor (GEM) suggest that the entrepreneurial culture in Croatia is under-developed: only 17.6% of the adult population reported that they perceived entrepreneurial opportunities in 2013, down from 44.4% in 2008. Moreover, entrepreneurship training is not yet widespread within the formal education system.

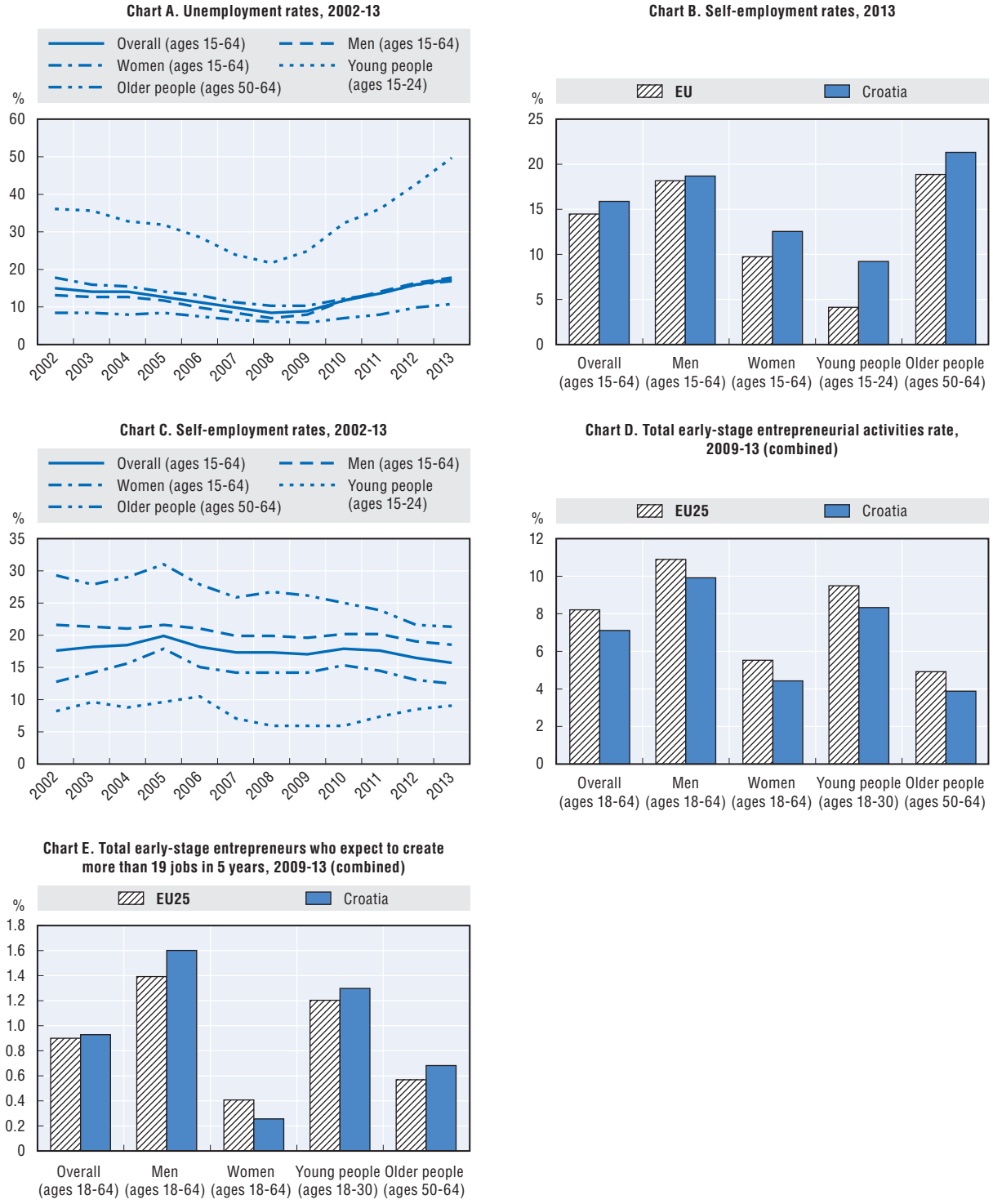
Approach: The project combines a number of activities to promote entrepreneurship among high school and university students and unemployed young people in the county of Osijek-Baranja. One of the main activities is entrepreneurship training, which offers modules on recognition of entrepreneurial opportunities, taking an idea to an entrepreneurial venture, starting up in business and self-employment, self-empowerment in the labour market, and social entrepreneurship. In addition, the programme offers a debate club that focusses on topics related to the job market and the business sector, a competition for the best entrepreneurial ideas, an incubator for young people offering premises, counselling and mentoring, business advisory services and administrative services, and networking opportunities via participation in business forums. These activities are accompanied by a public campaign to promote entrepreneurship and knowledge of the project support available. The project is in its first year, with total costs of EUR 222 719. The European Social Fund provides 87.5% of the funding.

Impact: In the first quarter of implementation, 6 workshops were held for university students and unemployed young people without work experience. The 2 high schools participating in the project held 18 workshops. In addition, 10 information workshops were held to attract students. After the first quarter of the project, 112 of the 201 participants who attended informational workshops started in entrepreneurship training (57 high school seniors, 28 university students and 27 young persons without working experience).

Conditions for success: The success of this programme is dependent on co-operation between a variety of stakeholders, which provide complementary expertise and services to combat the multidimensional issues of unemployment (psychological, social and economic).

Key inclusive entrepreneurship data

Figure 13.1. **Entrepreneurship and self-employment data for Croatia**



Sources: Chart A. Eurostat, Labour Force Survey, 2002-13; Chart B. Eurostat, Labour Force Survey, 2013; Chart C. Eurostat, Labour Force Survey, 2002-13; Chart D. Special tabulations of the Global Entrepreneurship Monitor adult population survey, 2009-13; Chart E. Special tabulations of the Global Entrepreneurship Monitor adult population survey, 2009-13.

StatLink http://dx.doi.org/10.1787/888933287182

Cyprus: Agrotoepixeirein: Strengthening youth and female entrepreneurship in rural areas

This country note provides an overview of a programme to develop rural entrepreneurship with a focus on women and young people. It also presents key inclusive entrepreneurship data for Cyprus.

Description: *Agrotoepixeirin* ("rural entrepreneurship") was a programme that placed particular emphasis on the promotion of youth and female entrepreneurship in rural areas. The project operated from January 2012 to June 2013 and was managed by the Larnaca District Development Agency in co-operation with the Larnaca Chamber of Commerce.

Problem addressed: The youth unemployment rate increased from 9% in 2008 to more than 40% in 2013 among 15-24 year olds (European Commission, 2014). Female unemployment, in turn, increased from 4.3% in 2008 to 15.2% in 2013. Youth and female entrepreneurship rates are lower than those of the general population and they face additional challenges in establishing businesses, including difficulty accessing finance and lack of entrepreneurship skills (Nearchou-Ellinas and Kountouris, 2004). Rural communities face further disadvantages.

Approach: The objective of this project was to strengthen rural entrepreneurship in key (and traditional) sectors, such as rural tourism, agricultural and livestock production, and local traditional foodstuff production. A special emphasis was placed on youth and female entrepreneurs. The support aimed to increase the number of start-ups, improve the business environment, and increase the competitiveness of existing businesses. It took various forms, including business counselling, mentoring, information on funding possibilities, technology audits, networking opportunities, communication of best practices and "success stories" and training for enhancing business-related skills, including the development of business plans. The support was designed after a thorough diagnosis of the needs of micro-entrepreneurs in rural areas in Cyprus.

Impact: *Agrotoepixeirin* generated 223 applications of which 84 young and female rural entrepreneurs were selected for mentoring, training and other support for the creation of new businesses. This contributed to the preparation of 40 business plans and relevant technology audits. A network for new entrepreneurs in honey production was created, as well as the first Women's Co-operative in Cyprus ("Traditional Sweet Memories"). It also created 3 rural entrepreneurship support offices, a toolkit for supporting entrepreneurs, and provisions for individual and group counselling.

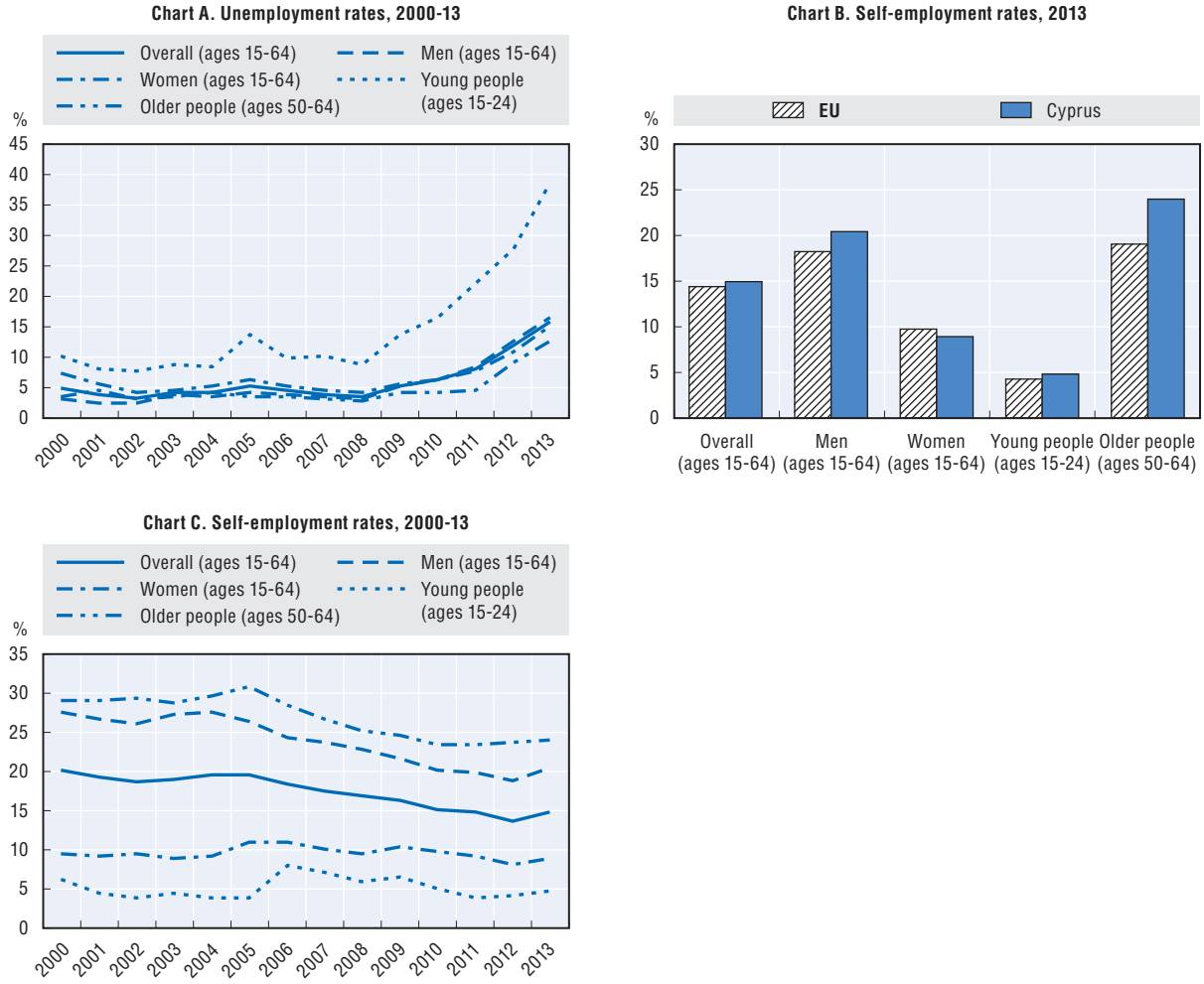
Conditions for success: Mentoring and training were critical for encouraging entrepreneurship amongst youth and female enterprisers. It was also important to reflect the nature of the rural economy by supporting start-ups in the micro-artisan and cottage industries as well as other sectors.

References: European Commission (2014), "Cyprus needs to better prepare its young people for work", available at: *http://europa.eu/rapid/press-release_IP-14-284_en.htm*.

Lina Nearchou-Ellinas, I. and S. Kountouris, (2004), "Women entrepreneurs in Cyprus: a new dynamic in Cyprus economy", *Women In Management Review*, Vol. 19, No. 6, pp. 325-332.

Key inclusive entrepreneurship data

Figure 14.1. **Entrepreneurship and self-employment data for Cyprus**



Sources: Chart A. Eurostat, Labour Force Survey, 2000-13; Chart B. Eurostat, Labour Force Survey 2013 ; Chart C. Eurostat, Labour Force Survey, 2000-13.

StatLink http://dx.doi.org/10.1787/888933287194

Czech Republic: Self-employment support to people with health challenges in the Central Bohemia region

This country note provides an overview of a programme to support entrepreneurship amongst people with health challenges. It also presents key inclusive entrepreneurship data for the Czech Republic.

Description: The project supported entrepreneurship amongst people with "diseases of civilisation": diseases of the circulatory system, neoplasms and diseases of the endocrine, disorders of nutrition and substance abuse. It aimed to provide business information and experience to these people in order to help them to start their own businesses and improve their position in the labour market. The approach used was an integrated support package with entrepreneurship training, business consultancy and advisory services in order to support either the establishment of a business or finding a job. The project was implemented between 1 September 2011 and 31 August 2013.

Problem addressed: This project supported those with the most common types of disability in the Czech Republic since they have a higher risk of unemployment than the general population. People with health challenges can have expertise and long-term working experience but may have lost their job with the onset of their health problems. Often, however, these people could continue to pursue their original profession, with certain support and adaptations to their health. The project responds to the barriers which this group often encounters: work performance affected by health status; problems with transportation to work (e.g. some may use wheelchairs); discrimination by employers; and difficulties in returning to work after an illness.

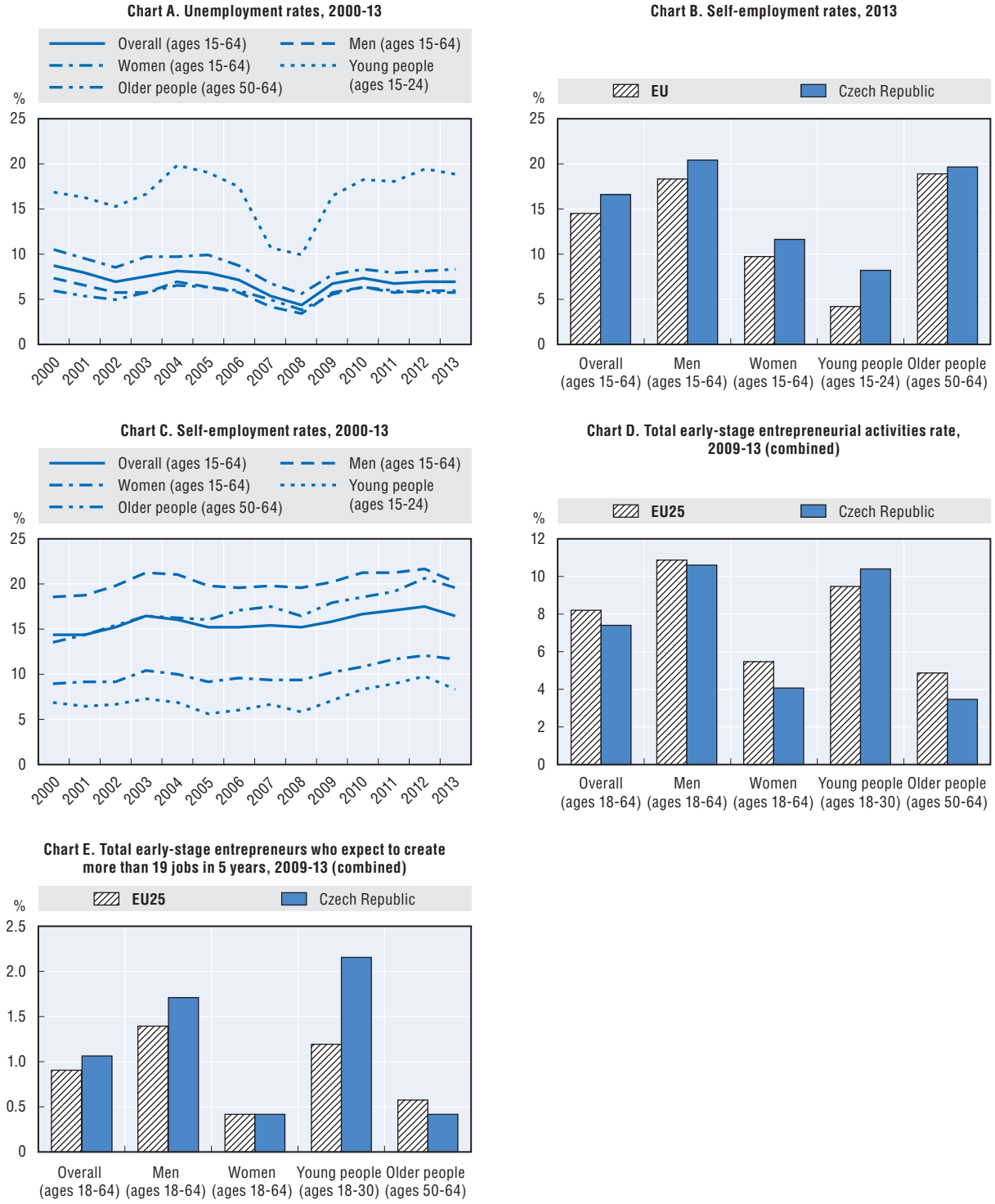
Approach: Initially, participants were recruited from labour offices but this was later expanded to people referred by organisations dealing with specific diseases. The project targeted people with health issues who do not work, and those employed but in danger of losing their jobs. The project consisted of five parts: personal diagnostics (a series of personal interviews resulting in an individual development plan); a motivation course (aimed at increasing self-confidence and motivation through the development of transferrable skills); an accredited course on business fundamentals (an intensive full-time retraining course for 120 teaching hours, which focused on the key competences necessary for running business); an e-learning course "business fundamentals for disabled people"; and individual project support and consultations. The project budget was CZK 4 828 184 (approximately EUR 179 000). Approximately 85% was funded by the European Social Fund through the Human Resources and Employment Operational Programme.

Impact: The project helped 168 clients between the ages of 21 and 68. Of this group, 61 started working: 24 people started their own business and 37 people found employment. The relatively low figure represents the difficulty of returning the target group to the labour force.

Conditions for success: This project shows that it is possible to approach and support a target group which is often ignored. The effectiveness of the approach is based on thorough consultations and analysis of the problems facing participants, leading to tailored individual development plans.

Key inclusive entrepreneurship data

Figure 15.1. **Entrepreneurship and self-employment data for the Czech Republic**



Sources: Chart A. Eurostat, Labour Force Survey, 2000-13; Chart B. Eurostat, Labour Force Survey, 2013; Chart C. Eurostat, Labour Force Survey, 2000-13; Chart D. Special tabulations of the Global Entrepreneurship Monitor adult population survey, 2009-13; Chart E. Special tabulations of the Global Entrepreneurship Monitor adult population survey, 2009-13.

StatLink http://dx.doi.org/10.1787/888933287200

Denmark: Igangz

This country note provides an overview of a youth entrepreneurship programme combining support to the educational sector with a growth and innovation incubator. It also presents key inclusive entrepreneurship data for Denmark.

Description: The *Igangz* project aims to create conditions for growth in the Northern Jutland region by supporting entrepreneurship education and by creating a growth and innovation incubator to assist students from participating educational institutions in developing and maturing their business ideas. The *Igangz* initiative is funded by the Northern Jutland Region with a budget of DKK 4.4 million (approximately EUR 600 000). The region covers 75% of the costs and the 9 participating educational institutions cover 25%.

Problem addressed: Northern Jutland is the smallest of Denmark's five regions in terms of population with only 580 000 inhabitants in 2013. It is also the only region in the country where the population is expected to decrease by 2030 (a decline of 0.4% compared to an estimated national increase of 6%). Many young people, especially well-educated youth, are leaving the region to seek further education and/or employment elsewhere, typically in the larger city areas. The youth unemployment rate in the region is higher than the national average. Northern Jutland also has a lower rate of so-called "growth entrepreneurs" (entrepreneurs with more than five employees after two years of operation and with an average growth rate of over 20%) – 3.4% compared to 6.4% nationally.

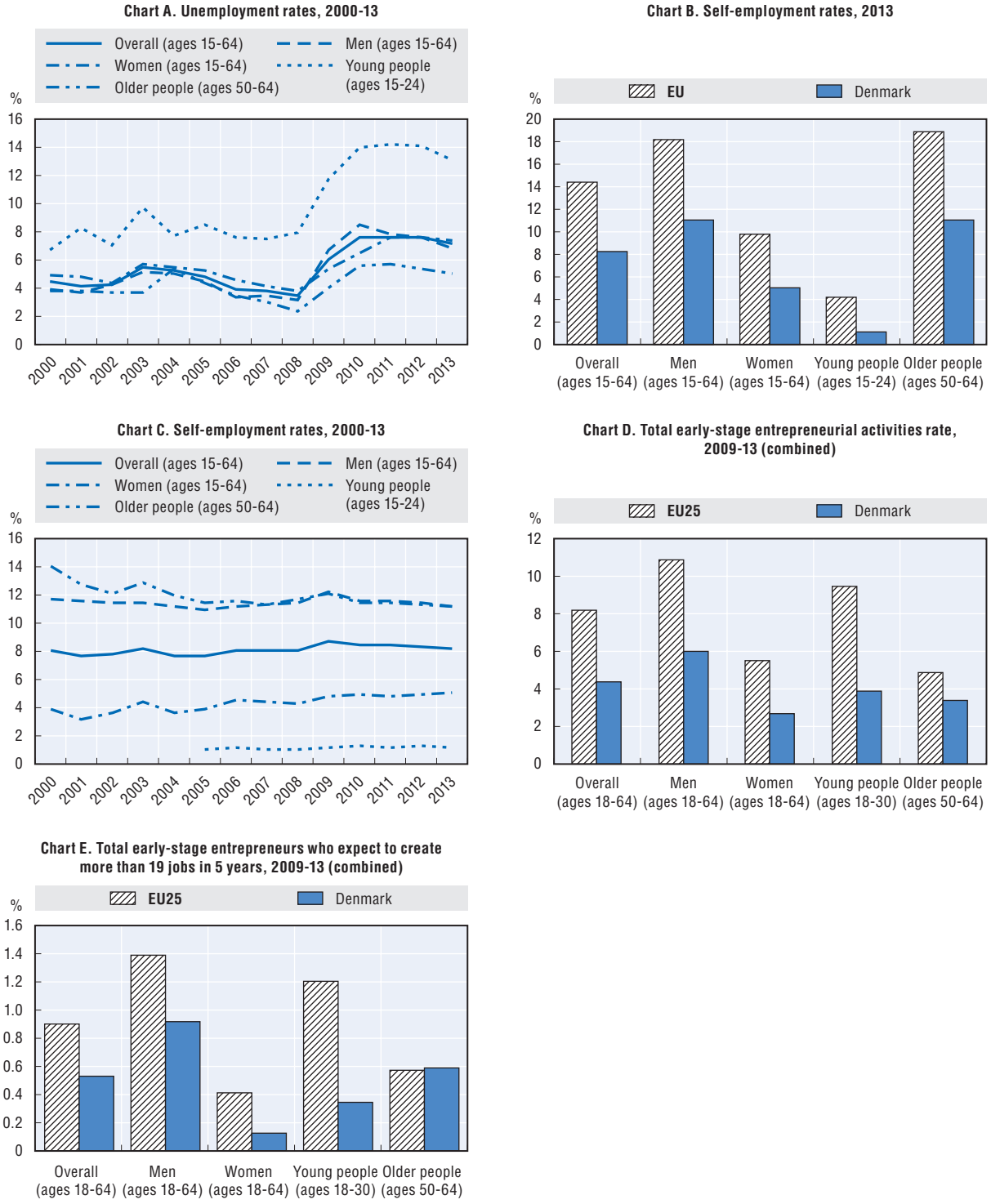
Approach: *Igangz* started in November 2013. It supports educational institutions at all levels to introduce entrepreneurship education by offering teacher training in entrepreneurship teaching, development of materials; innovative theme weeks in business colleges; and cross-institutional teaching programmes. *Igangz* also offers an incubation centre where students can book rooms, and where support and advisory services are free of charge. The incubator has 18 desks available for students and further houses an "entrepreneur café" to facilitate networking among the students. Mentors are available for the students to consult and the incubator holds frequent workshops, training programmes and lectures. The incubator also functions as a resource centre for the participating educational institutions' staff and as a liaison point with other entrepreneur and innovation programmes in the Northern Jutland Region.

Impact: The programme established 14 student businesses in the *Igangz* incubator by April 2014. An additional 45 students were using the programme facilities but had not yet finished their business ideas/business plans to a sufficient degree to utilise the incubator facility. Through the Career Hub programme (i.e. the umbrella programme funding the initiative), teachers at the participating institutions received training in entrepreneurship and innovation. In 2013, 3 such training courses were undertaken with 25-30 participants in each course. In additional, the programme organised a number of themed weeks, and participated in fairs and other events.

Conditions for success: This project shows the value of co-operation between educational institutions. A key issue for success has been to ensure that all participating educational institutions are committed and work actively to create awareness amongst students of innovation and entrepreneurship. In the *Igangz* programme this is ensured through co-funding from the participating educational institutions as well as through active involvement of all participants in the design and development of programme activities and actions.

Key inclusive entrepreneurship data

Figure 16.1. **Entrepreneurship and self-employment data for Denmark**



Sources: Chart A. Eurostat, Labour Force Survey, 2000-13; Chart B. Eurostat, Labour Force Survey, 2013; Chart C. Eurostat, Labour Force Survey, 2000-13; Chart D. Special tabulations of the Global Entrepreneurship Monitor adult population survey, 2009-13; Chart E. Special tabulations of the Global Entrepreneurship Monitor adult population survey, 2009-13.

StatLink http://dx.doi.org/10.1787/888933287211

Estonia: StartSmart!

This country note provides an overview of a programme run jointly with Finland to support young people in growing businesses with international potential. It also presents key inclusive entrepreneurship data for Estonia.

Description: "StartSmart!" is an Estonian-Finnish project and a connecting title for a wide variety of different activities which were targeted towards young entrepreneurial-minded people (18-30 years old) in Estonia and Finland with ambitions to start a growing business with international potential. The project was led by 5 partner-organisations (4 Estonian and 1 Finnish). Additionally over 50 partners were involved in organising project events.

Problem addressed: According to surveys in both countries, only a small proportion of young people would prefer a career as an entrepreneur to the one as an employee. Both countries see technology-based entrepreneurship and internationalisation as priorities, but young people often lack the confidence to "think big". The project therefore aims to foster both entrepreneurial spirit and cross-border co-operation.

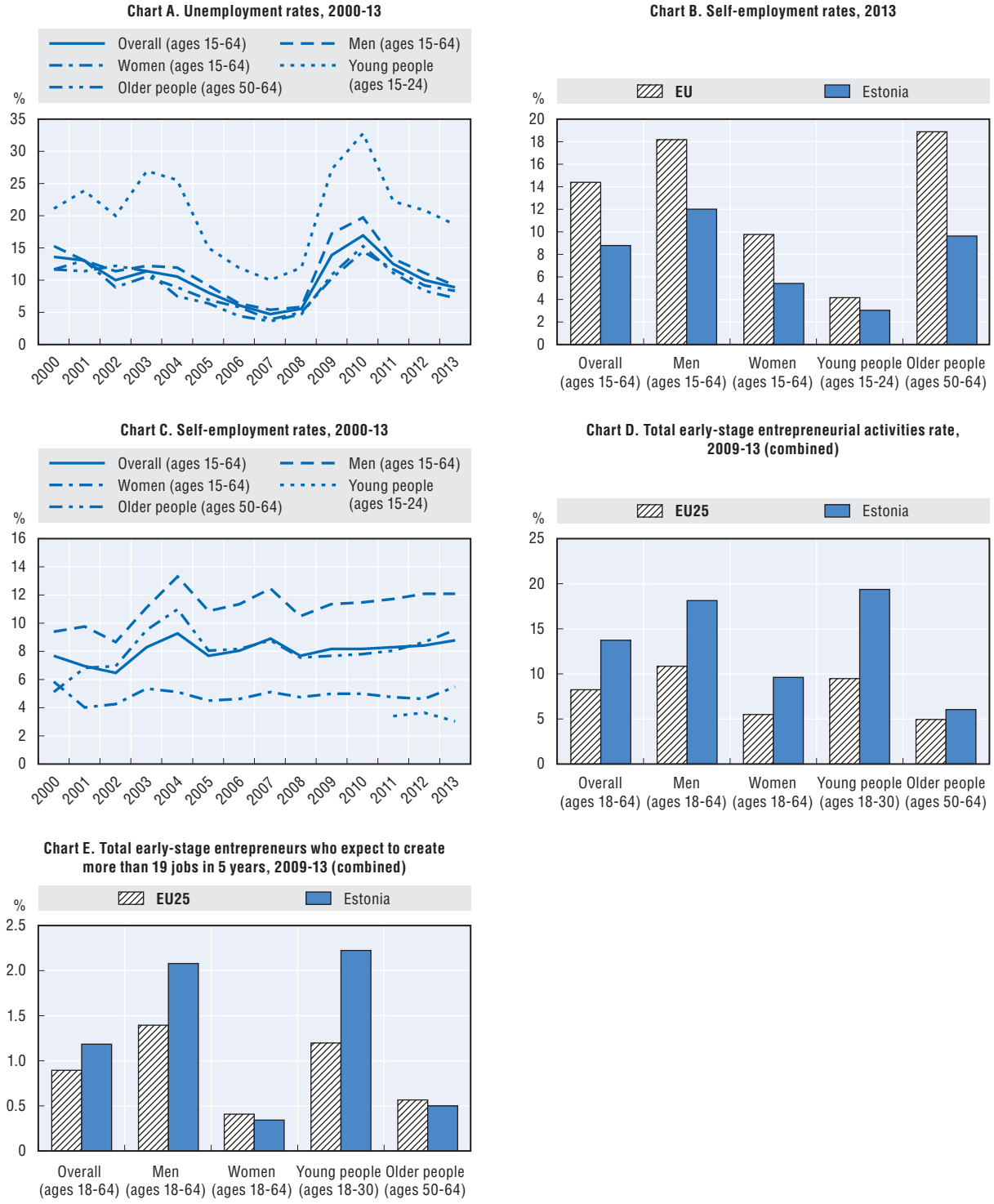
Approach: The duration of the project was 32 months (May 2011-December 2013). Its goal was to show that entrepreneurship can be an appealing life choice for young people. It also aimed to deliver the know-how that is needed to start, develop and grow an international business. The tasks and types of activities were divided between the partners according to their competences and strengths (e.g. organisation of events, communication, available networks, project management). Thematic seminars and workshops were carried out on a wide range of topics, starting from the basic "Wantepreneur2Entepreneur" and ending with "Lessons Learned". Participation in 15 seminars was open to everybody and unrestricted, while for participation in the workshops preference was given to teams with existing business ideas. If space allowed, additional participants were organised into teams on the spot. Seminars were followed by networking and idea-pitching events. Every event was actively promoted in media and video-broadcast over the internet – the aim was also to inspire those who could not participate in person. Training was additionally provided for specific topics, such as social entrepreneurship and health-tech. The number of participants was more than double the anticipated number. The total budget of the project was EUR 889 077, of which 77.08% was funded by the European Regional Development Fund (Central Baltic INTERREG IV A Programme 2007 – 2013).

Impact: "StartSmart!" attracted 1 395 participants from Estonia and Finland. Some 437 teams participated in the workshops and developed pre-seed business ideas. Overall, 89 new business ideas were presented to the start-up community at idea pitching events and 12 start-ups were launched. Live broadcasts from the events expanded the audience, with 81 000 people watching events over the internet and 20 874 views of the 278 presentations posted on YouTube. All participants who answered the feedback questionnaire found that the events provided useful contacts.

Conditions for success: This project shows the value of broad use of social media (e.g. Facebook, Twitter, YouTube, Mailchimp, web-casting of events) and active advertising to widen the number of participants in its activities. Other important success factors were: a focus on networking; real entrepreneurial experience and innovation; high communication activities by the project partners; and engaging other business promotion organisations in the country into activities and events and using their communication channels.

Key inclusive entrepreneurship data

Figure 17.1. **Entrepreneurship and self-employment data for Estonia**



Sources: Chart A. Eurostat, Labour Force Survey, 2000-13; Chart B. Eurostat, Labour Force Survey, 2013; Chart C. Eurostat, Labour Force Survey, 2000-13; Chart D. Special tabulations of the Global Entrepreneurship Monitor adult population survey, 2009-13; Chart E. Special tabulations of the Global Entrepreneurship Monitor adult population survey, 2009-13.

StatLink http://dx.doi.org/10.1787/888933287223

Finland: Start-up workshop for the under-30s

This country note provides an overview of a training package for the development of business ideas by young people. It also presents key inclusive entrepreneurship data for Finland.

Description: Start-up workshop is a training package for the development of business ideas and a subsequent business plan. The workshop is intended for young people under the age of 30 who are either unemployed or at risk of unemployment. Participation in the workshop qualifies the candidate for up to 18 months of start-up funding from the government (granted for 6-month periods, with each grant depending on previous business performance). This is intended to support the entrepreneur's personal living expenses (rather than the firm) during the early phases of the new venture. The project is currently regional but there are plans to develop a nationwide initiative. The start-up workshop is financed by the Ministry of Employment and the Economy through the regional Offices for Employment and Business, and implemented by the Small Business Centre at Aalto University in Helsinki.

Problem addressed: Young unemployed individuals face greater barriers in starting a business than the general population due to a lack of entrepreneurship skills, lack of savings and a relative lack of work experience. The start-up workshop aims to overcome these barriers through intensive mentoring aimed at increasing enterprising skills and self-efficacy, with an emphasis on facilitating networking opportunities and fostering self-confidence.

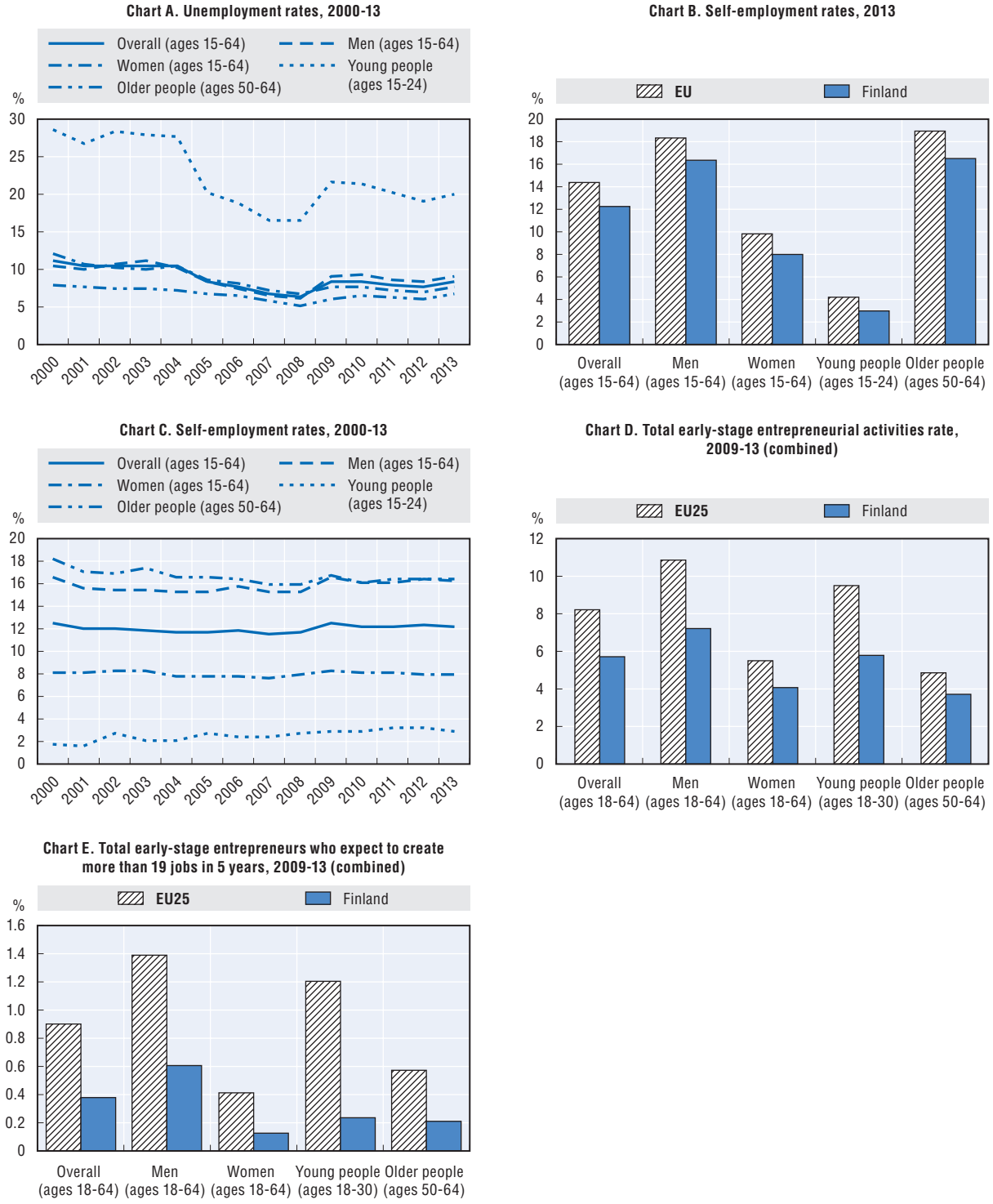
Approach: The workshop was run for the first time in autumn 2013 and a second round was being run in the spring 2014. In spring 2014, 131 individuals applied, 60 were interviewed, 30 were selected for the 2-week initial training and 20 proceeded to the six-week development workshop. The selection criteria include the level and quality of participation in the training and whether the individual has a realistic business idea and credible intentions to start a business within a short period after the training. The 2-week initial training focuses on entrepreneurial motivations and business idea development, while the 6-week development workshop aims at developing a realistic business plan with which the participants can apply for start-up funding. The intensive training is followed up with 6 themed training days over a period of 6 months, where the participants receive in-depth training in special topics such as setting up an internet shop, branding or sales.

Impact: A one-page survey distributed to the 9 participants of the final training day of the first run of the workshop shows that 6 participants had already started a business, while a further two indicated that they intended to do so within 6 months (the remaining person did not know yet). Based on responses from those who had already started a business, four indicated that they would not have started up without the programme's help. Of the 9 respondents, only 1 emphasised the sense of community in the course as a main benefit, while all the others raised the substance of the training (financial projections, sales, marketing, etc.) as their main benefit from the programme.

Conditions for success: A key factor in the success of this project has been the engagement of the instructors, who have gone beyond lecturing to inspire commitment in the participants. The success of the grants was enhanced by careful screening of participants, which was also important for the dynamics of the trainee group.

Key inclusive entrepreneurship data

Figure 18.1. **Entrepreneurship and self-employment data for Finland**



Sources: Chart A. Eurostat, Labour Force Survey, 2000-13; Chart B. Eurostat, Labour Force Survey, 2013; Chart C. Eurostat, Labour Force Survey, 2000-13; Chart D. Special tabulations of the Global Entrepreneurship Monitor adult population survey, 2009-13; Chart E. Special tabulations of the Global Entrepreneurship Monitor adult population survey, 2009-13.

StatLink http://dx.doi.org/10.1787/888933287233

France: Ouvrir les portes de la banque aux jeunes entrepreneurs ("Open the bank's doors to young entrepreneurs")

This country note provides an overview of a programme to support young entrepreneurs in gaining finance. It also presents key inclusive entrepreneurship data for France.

Description: This project run by *France Active* aims to prepare young entrepreneurs to seek and negotiate start-up finance. It complements other support for entrepreneurship with two specific additional tools: a one day course to prepare entrepreneurs for meeting with an account executive at the bank, and an additional "bonus" of EUR 2 000 in funding (complementing other support such as loans and guarantees). The target group is young entrepreneurs, mainly people under the age of 26.

Problem addressed: The SINE Survey (generation 2006, 3 years after creation) undertaken by the French National Institute for Statistics and Economic Studies found that the 2 main barriers to entrepreneurship reported by young French people were difficulties in respecting administrative formalities (reported by 40% of those under 30 years vs. 36% of those aged between 30 and 40 years) and a fear of not being able to obtain appropriate financing (19% among people under the age of 30). This finance challenge is related to low levels of savings, a lack of experience and training and under-developed networks.

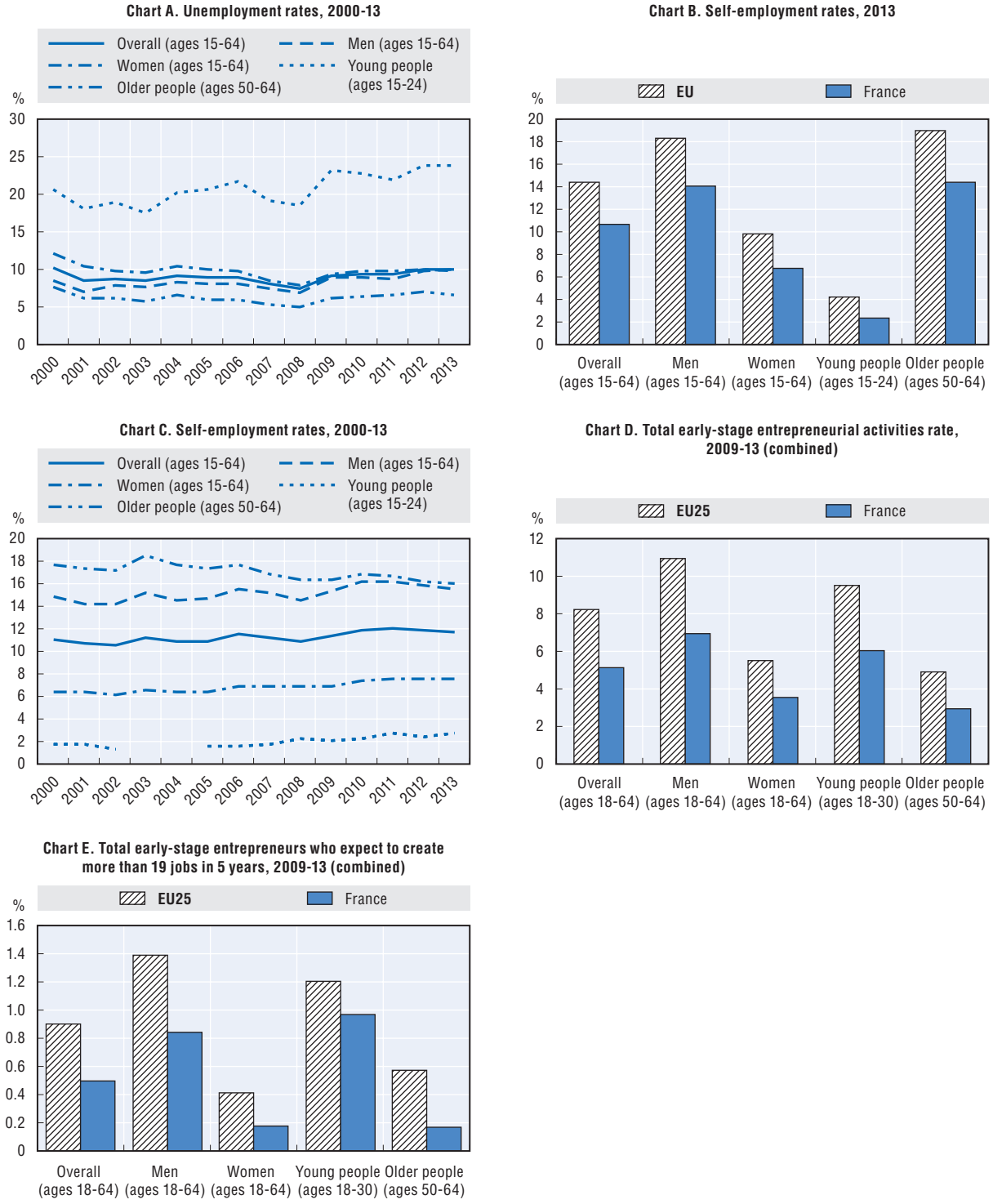
Approach: From May to December 2011, 70 young entrepreneurs with business start-up projects were selected (by officers of the 4 local funds involved in the pilot) to participate in the training course aimed at helping them approach banks. Of these, 50 received the bonus of EUR 2 000 and a loan guarantee. The bonus was designed to assist the financial structure of the new enterprise (as own financing). Among the 20 projects excluded from the bonus scheme, the selection committee rejected only 3 of them for financing; the remaining 17 having been abandoned during the seed stage. This project is funded by the Ministry of Youth via the *France Active* organisation and local funds.

Impact: The young entrepreneurs participating in the scheme already had a project and were looking for funds. However, according to interviews with the entrepreneurs and banks, the one day coaching to negotiate a loan with a bank increased their success and improved the image of young entrepreneurs. The bonus also made the banks feel more secure as a result of the greater initial finance and equity of the entrepreneurs and less reluctant to offer loans. The greater financial autonomy afforded also makes it possible to offer higher amounts of credit or to demand a higher amount of credit. The intervention therefore helps the young entrepreneurs to cover the costs relating to the start-up.

Conditions for success: The bonus appears to have been a critical part of the package, giving a signal of quality to the financial institution as well as helping entrepreneurs to reach a key threshold of 20% own financing.

Key inclusive entrepreneurship data

Figure 19.1. **Entrepreneurship and self-employment data for France**



Sources: Chart A. Eurostat, Labour Force Survey, 2000-13; Chart B. Eurostat, Labour Force Survey, 2013; Chart C. Eurostat, Labour Force Survey, 2000-13; Chart D. Special tabulations of the Global Entrepreneurship Monitor adult population survey, 2009-13; Chart E. Special tabulations of the Global Entrepreneurship Monitor adult population survey, 2009-13.

StatLink http://dx.doi.org/10.1787/888933287246

Germany: bundesweite gründerinnenagentur (BGA) ("National Agency for Women Start-up Activities and Services")

This country note provides an overview of a national programme and institution to support women entrepreneurs. It also presents key inclusive entrepreneurship data for Germany.

Description: *Bundesweite gründerinnenagentur* (BGA) was established in 2004 and acts as a Germany-wide one-stop shop for information and support services for women entrepreneurs. The BGA targets female business starters and women entrepreneurs, relevant public and private networks and intermediaries in government and business, and academic researchers and the media. BGA's activities are guided by a steering committee with representatives from Federal Ministries and the BGA head office. BGA develops and co-ordinates joint initiatives and policies related to women entrepreneurship and feeds its experiences and expert knowledge into the political process.

Problem addressed: Women entrepreneurship is characterised by a number of distinct features in terms of approach and motivation, career pathways, access to financial capital, business objectives and more. As a result, standard public policy to support entrepreneurs may not always match well with the needs of women entrepreneurs. In addition, women entrepreneurs often face additional challenges such as a shortage of assistance for child and parental care.

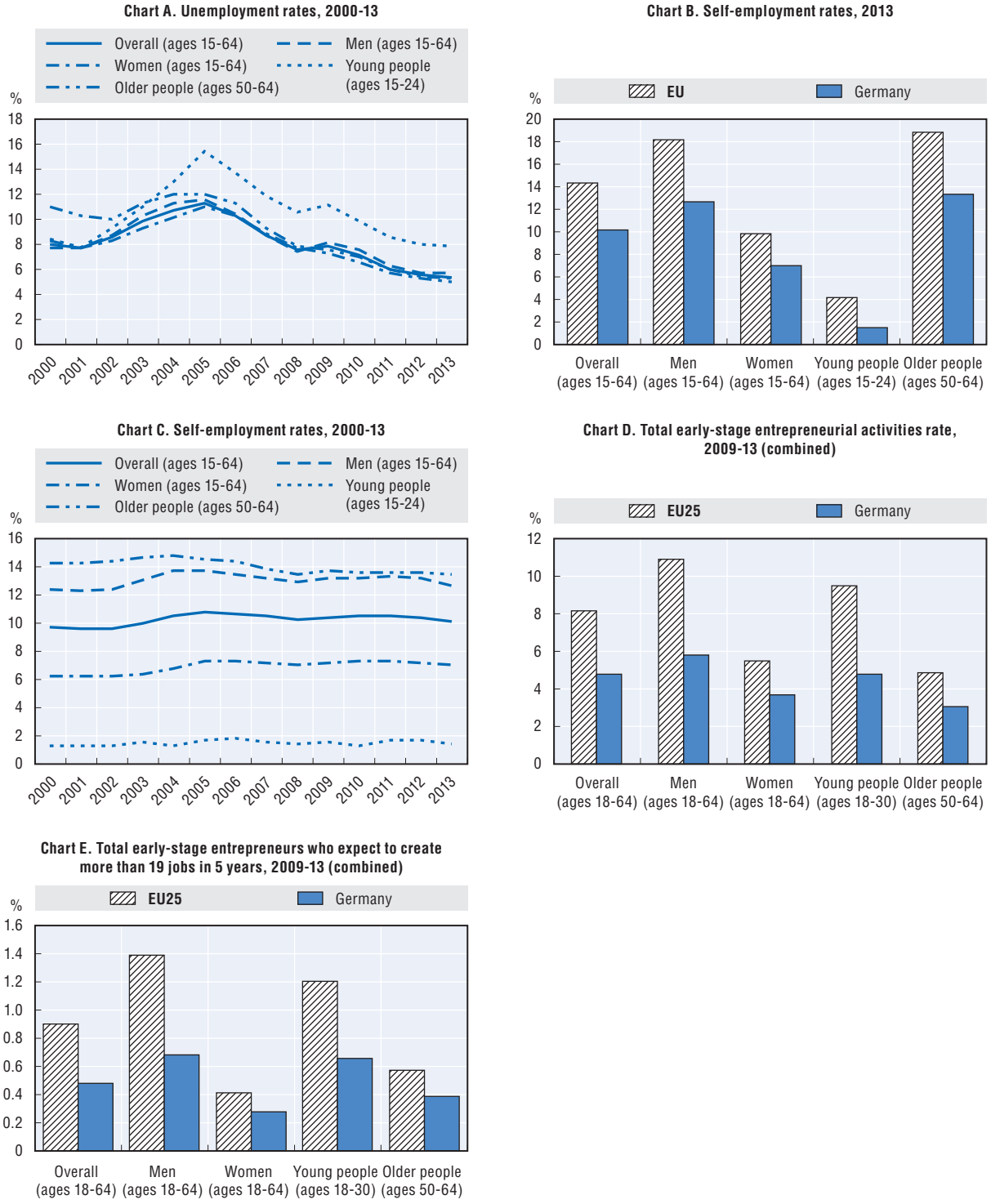
Approach: As the first and unique Germany-wide skill and service centre for women entrepreneurship, the BGA develops and offers a broad range of activities and services specially designed to support women entrepreneurs, including the provision of information, consulting, mentoring and coaching services, opportunities to develop networks and entrepreneurship training. BGA's comprehensive web portal is the central exchange and information platform. It contains 3 national databases of women-specific advisory service providers (more than 500 registered), experts for women-specific consultancy (approximately 1 200), and women entrepreneurs' networks and business centres (more than 300). In addition, the online events calendar includes approximately 400 training courses and events per year (e.g. congresses, trade fairs). The nationwide umbrella organisation and head office is located in Stuttgart. It undertakes a steering and co-ordinating function as well as offering centralised information and advisory services. Regional offices have been established in all 16 German Federal States. They develop and co-ordinate support activities for women entrepreneurship at the state level and act as contact points for local and regional actors. Overall BGA has built up a network of more than 2 000 partners, including specialised consultants, women entrepreneurs, women entrepreneur business centres, and government and business institutions supporting women entrepreneurs.

Impact: BGA's impact on the number of female entrepreneurs cannot easily be assessed, since start-up activities are influenced by many different factors. However, it has achieved a wide reach since its inception: 21 million website visits, 260 000 printed copies of BGA's 40 publications, 6 000 initial counselling and consulting sessions, 5 300 media reports on BGA, and 1 700 events organised and conducted by BGA.

Conditions for success: The influence of BGA on women entrepreneurship depends on its high visibility and broad spectrum of services and activities. BGA is generally accepted as the leading voice and central policy and coordinating unit for women entrepreneurship. The organisational structure also acts as a very efficient communication channel both for developing new programmes and for gathering data on specific needs.

Key inclusive entrepreneurship data

Figure 20.1. **Entrepreneurship and self-employment data for Germany**



Sources: Chart A. Eurostat, Labour Force Survey, 2000-13; Chart B. Eurostat, Labour Force Survey, 2013; Chart C. Eurostat, Labour Force Survey, 2000-13; Chart D. Special tabulations of the Global Entrepreneurship Monitor adult population survey, 2009-13; Chart E. Special tabulations of the Global Entrepreneurship Monitor adult population survey, 2009-13.

StatLink http://dx.doi.org/10.1787/888933287254

Greece: Innovative Youth Entrepreneurship

This country note provides an overview of a programme of financial and training support to young people starting innovative businesses. It also presents key inclusive entrepreneurship data for Greece.

Description: The full title of this scheme is "Promotion of self-employment for new entrepreneurs and creation of new enterprises with a focus on innovation". It aims to encourage self-employment by providing financial support to unemployed young people between the ages of 18 and 35 who decide to create an innovative enterprise. All unemployed 18-35 year olds are eligible to participate as long as they are registered unemployed, have developed an individual action plan, and attended a seminar on entrepreneurship at a local public employment services office. The body responsible for the programme is the Manpower Employment Organization (OAED), which is the main employment agency in Greece.

Problem addressed: Young people (aged 15-24 years old) have been hit disproportionately hard by the severe and ongoing recession in Greece, with an unemployment rate of 60% in 2013. Self-employment can contribute to getting more young people into the labour market, given that 50% of adults in Greece say that they prefer self-employment to working as an employee (EC, 2013). However, young people face particular problems with access to finance. For example, the share of bank loan applications by SMEs that were not successful is much higher in Greece (37%) than in the European Union as a whole (15%). A number of previous grant and loan schemes have addressed the finance gap, but the businesses started have been weighted towards low-value-added sectors, typically restaurants, bars, catering and food retail outlets and retail stores selling clothes and/or shoes. More innovative start-ups are required to exploit key potential opportunities in tourism, agriculture and food, energy, and ICT.

Approach: The programme focuses on offering financial support for innovative start-ups created by young unemployed people. After submitting an application for the grant, an evaluation committee decides on whether a potential entrepreneur will receive funding or not based on the quality of their business plan, the relevance of their qualifications and work experience to the business, the level of innovation of their business proposal, and the amount of finance that they can contribute themselves. Successful applicants receive a grant of EUR 10 000 in order to help them start their own business, paid over 12 months in 3 instalments. The programme has been funded with a budget of EUR 20 million from the ESF co-financed Operational Programme Human Resources Development 2007-13.

Impact: The initiative was launched in December 2013 and has not yet been evaluated. An evaluation of a similar scheme (OAED, 2009) concluded that businesses that received subsidies had improved survival rates (approximately 90% for 3 years). The focus on innovative activities should limit the substitution effects associated with traditional activities in previous schemes.

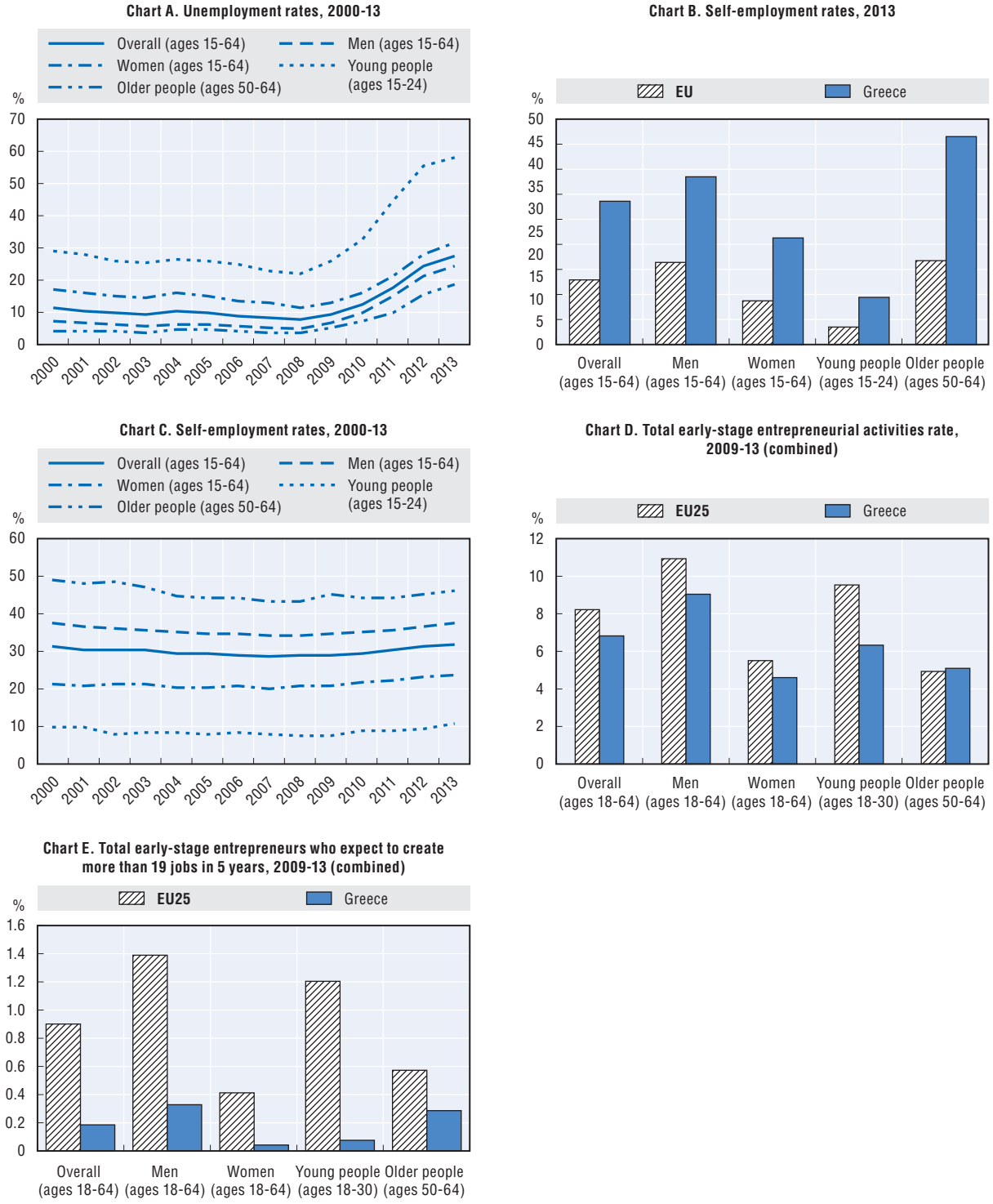
Conditions for success: The design of this scheme incorporates the lessons learned from the results of evaluations of previous schemes, notably the decision to focus on supporting innovative businesses.

References: European Commission (2013), "2013 SBA Fact Sheet: Greece", available at: *http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/performance-review/files/countries-sheets/2013/greece_en.pdf*.

OAED (2009), Evaluation of the New Liberal Professionals Programme (NEE) of 2004, Athens.

Key inclusive entrepreneurship data

Figure 21.1. **Entrepreneurship and self-employment data for Greece**



Sources: Chart A. Eurostat, Labour Force Survey, 2000-13; Chart B. Eurostat, Labour Force Survey, 2013; Chart C. Eurostat, Labour Force Survey, 2000-13; Chart D. Special tabulations of the Global Entrepreneurship Monitor adult population survey, 2009-13; Chart E. Special tabulations of the Global Entrepreneurship Monitor adult population survey, 2009-13.

StatLink http://dx.doi.org/10.1787/888933287260

Hungary: Snétberger Music Talent Centre

This country note provides an overview of a programme orientated towards young Roma people which encourages them to be self-employed musicians. It also presents key inclusive entrepreneurship data for Hungary.

Description: The *Snétberger* Music Talent Centre was founded by a jazz musician of Roma origin in 2011 to promote the social and economic integration of young disadvantaged people in Hungary, primarily, but not exclusively, young Roma people, through music teaching and mentoring. The main goals include improving participants' self-esteem and skill levels and helping them to start their professional life, including through self-employment.

Problem addressed: In 2012, 11.5% of Hungarian youth were early school leavers and 35% of students in elementary schools, 30% in vocational schools, and nearly 10% in high schools were deemed to be from a disadvantaged background (MPT, 2013). These rates are substantially higher than those of the neighbouring countries. The situation of the Roma is even more extreme. Young people from this group face severe challenges regarding access to high schools and to higher education as well as finding employment.

Approach: The Centre provides personal mentoring and peer assistance, education in classical music, and career-support services. The camps provide training and peer support, and appoint personal mentors for each participant. The Centre had 6 mentors in 2013, all of them with a college degree in teaching, sociology or social work. One of the activities of the mentors is to animate 6-week camps, which are organised in different locations across the country. Some 68 participants took part in the first 6-week camp in Felsőőrs (a village in western part of Hungary) in 2011. The Centre also provides post-course mentoring and supports alumni by disseminating career-development information (e.g. information on stipends, performance opportunities) and organising regular stage performances. It is anticipated that many participants will go into self-employment since most musicians are self-employed. In the future, the Centre plans to set-up a career office and a music recording studio. The total budget since the beginning of the programme (including the building of the Centre) is HUF 1.2 billion (approximately EUR 3.9 million).

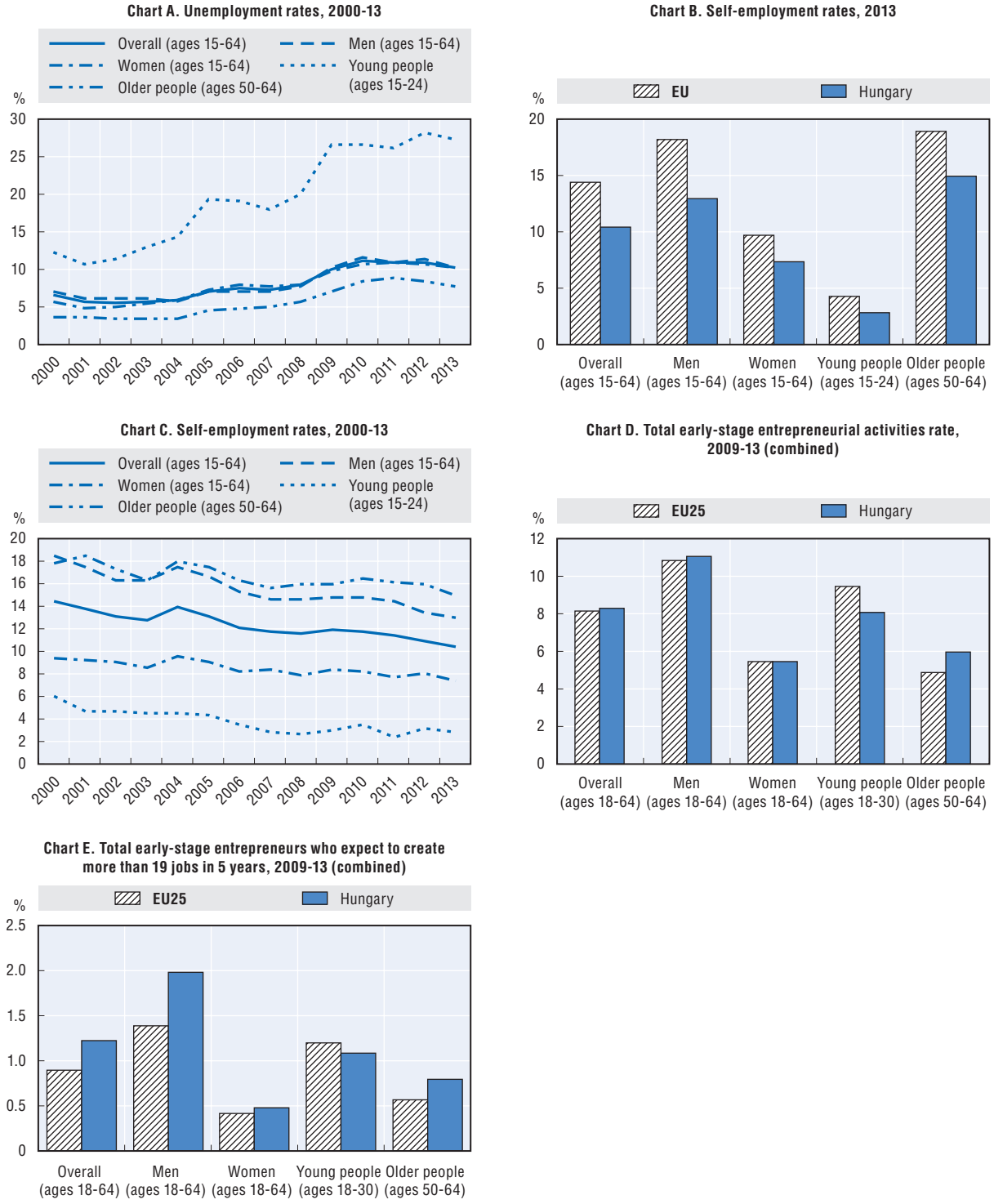
Impact: Some 213 people have participated in the camps since 2011 and the Centre maintains close contact with nearly 90 alumni. It has helped arrange more than 100 performances for participants at Hungarian and international venues. Feedback surveys from participants indicate that a high proportion are satisfied with the programme structure and the curriculum.

Conditions for success: The *Snétberger* Music Talent Centre is a unique initiative that uses music as a vehicle for providing personal mentoring to build self-esteem and personal confidence. The post-programme follow-up is important in converting the increased skills and confidence into improved employment and self-employment outcomes.

Reference: Magyar Pedagógiai Társaság – MPT (2013), *Fehér könyv az oktatásról* ("White Book on Education"), Budapest: Haza és Haladás megbízásából készült tanulmánykötet.

Key inclusive entrepreneurship data

Figure 22.1. **Entrepreneurship and self-employment data for Hungary**



Sources: Chart A. Eurostat, Labour Force Survey, 2000-13; Chart B. Eurostat, Labour Force Survey, 2013; Chart C. Eurostat, Labour Force Survey, 2000-13; Chart D. Special tabulations of the Global Entrepreneurship Monitor adult population survey, 2009-13; Chart E. Special tabulations of the Global Entrepreneurship Monitor adult population survey, 2009-13.

StatLink http://dx.doi.org/10.1787/888933287279

Ireland: Enterprise Ireland Female Entrepreneurship Strategy

This country note provides an overview of a programme to support women in establishing high potential and internationally-focused businesses. It also presents key inclusive entrepreneurship data for Ireland.

Description: Enterprise Ireland (EI) works in partnership with Irish enterprises to help them start, grow, innovate and expand in global markets. EI also supports entrepreneurs to establish high potential and internationally focused businesses, referred to as High Potential Start-Ups (HPSUs). In 2012 it decided to implement an integrated strategy to encourage more women to start HPSUs. The strategy included a research programme into the barriers that women face in starting high-potential businesses, a comprehensive marketing and communications campaign to reach women, a dedicated manager with responsibility for the initiative, clear targets and the establishment of female-only start-up funds, which would be awarded on a competitive basis.

Problem addressed: Female-led enterprises accounted for just 7% of the new HPSU businesses in which EI invested in 2012. The Female Entrepreneurship Unit was established within EI with a target of doubling this rate. Research conducted by the Unit identified the main challenges faced by female entrepreneurs as a lack of role models, more difficulty accessing finance, a lower risk tolerance, low self-confidence, a shortage of female networking opportunities and a lack of technical expertise.

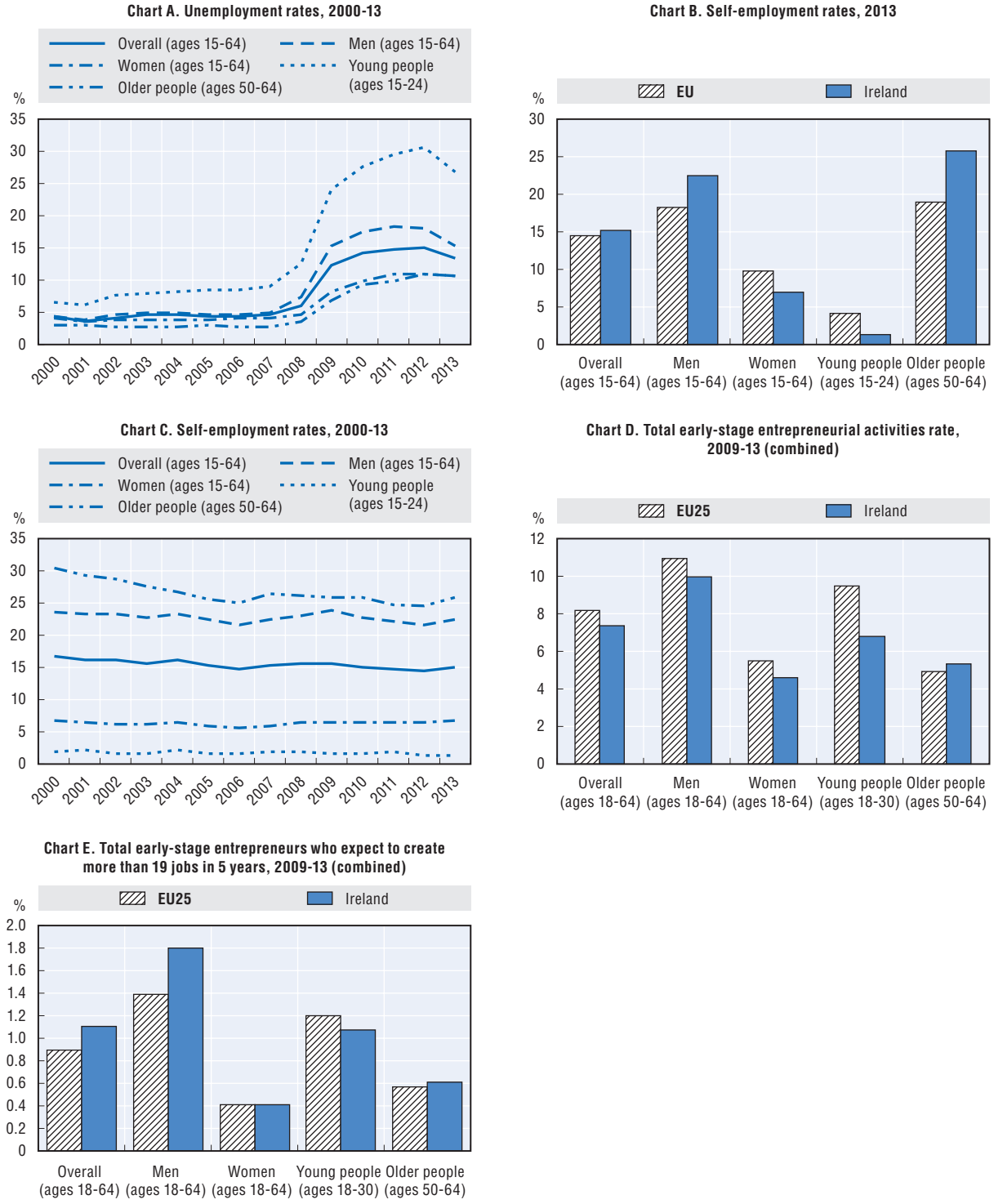
Approach: The EI strategy encompasses personal development and networking opportunities. A range of initiatives were launched, including dedicated funds to support female-led business teams; the identification and promotion of role models; sponsorship of events and awards; support for existing and new networks; and the creation of a dedicated ambitious women section on the EI corporate website. EI also co-funded 4 development programmes focused on optimising the business capabilities of women-led businesses, including Going for Growth, now in its sixth cycle, which is designed to support ambitious women entrepreneurs through peer support to achieve their growth ambitions. EI allocated an annual budget of EUR 1 million to implement the female entrepreneurship strategy.

Impact: The proportion of EI investment into female-led businesses in 2013 was 14%; double that of the previous year. Already in 2014 there are indications that the number of innovative female-led HPSUs backed by EI will reach the target of 15% set for the year. A target of 20% has been set for 2016.

Conditions for success: The progress made by EI in supporting women-led HPSUs stems from the clear identification of this priority and the definition of clear, measurable objectives. It requires a focus not only on supporting an increased rate at which women start new businesses, but also on raising the ambition of female entrepreneurs.

Key inclusive entrepreneurship data

Figure 23.1. **Entrepreneurship and self-employment data for Ireland**



Sources: Chart A. Eurostat, Labour Force Survey, 2000-13; Chart B. Eurostat, Labour Force Survey, 2013; Chart C. Eurostat, Labour Force Survey, 2000-13; Chart D. Special tabulations of the Global Entrepreneurship Monitor adult population survey, 2009-13; Chart E. Special tabulations of the Global Entrepreneurship Monitor adult population survey, 2009-13.

StatLink http://dx.doi.org/10.1787/888933287282

Italy: FabriQ Social Enterprise Incubator

This country note provides an overview of an incubator for innovative social enterprises. It also presents key inclusive entrepreneurship data for Italy.

Description: FabriQ is a social innovation incubator funded by the municipality of Milan. It is operated by the *Giacomo Brodolini* Foundation, a private non-profit research centre, and Impact Hub Milan, a private sector co-working and incubation enterprise. It aims to support new entrepreneurs to develop start-up companies in the social economy.

Problem addressed: Milan, despite being a rich and dynamic city, has several suburban districts that face high concentrations of social exclusion. Social enterprises can offer opportunities to local people, especially young people, to respond to a lack of employment opportunities in these locations by establishing their own businesses.

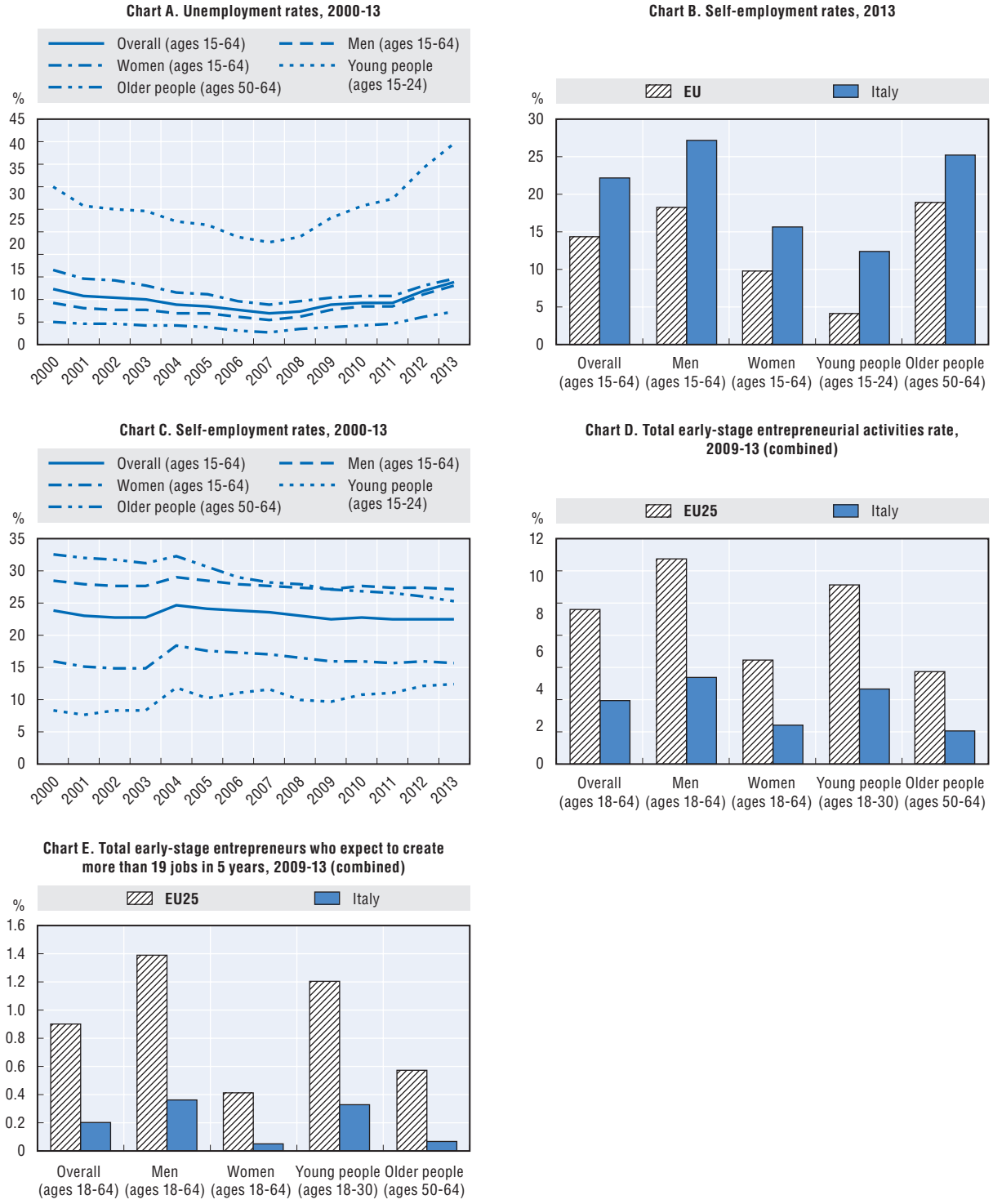
Approach: FabriQ aims to support social innovation by providing business incubation facilities and services to new and potential social entrepreneurs, focussing on projects in the social, environmental and cultural sectors. FabriQ received EUR 240 000 initial funding from the Milan Municipality to equip a 650 m^2 incubator space. A full set of incubation services are provided, including business planning, business development, coaching, mentoring, administrative services, co-working spaces, and training for entrepreneurship and social entrepreneurship. The incubator can host up to 15 new start-ups at one time and hosts them for up to one year. In parallel, grants are provided which can fund up to 50% of the required start-up investment (the average grant award was EUR 28 000 in 2014 and the total grant allocation was EUR 140 000). Businesses can enter the incubator and receive grant awards by responding to a call for new social enterprise projects. In 2014, 50 applications were submitted and 6 projects were selected. It is hoped that the companies will remain part of a network after they leave the incubator. FabriQ also aims to develop an entrepreneurial culture through work with youth and students. The incubator aims for some degree of financial self-sustainability by charging for its services.

Impact: The incubator expects to incubate 12-15 companies by the end of 2014, with an average incubation period of 6-12 months.

Conditions for success: This project demonstrates how a traditional approach to business support (i.e. incubation) can be used for emerging business models (i.e. social enterprise). Long-term success of the incubator will depend on mobilising all the relevant partners and their expertise and maintaining a network among businesses that are created.

Key inclusive entrepreneurship data

Figure 24.1. **Entrepreneurship and self-employment data for Italy**



Sources: Chart A. Eurostat, Labour Force Survey, 2000-13; Chart B. Eurostat, Labour Force Survey, 2013; Chart C. Eurostat, Labour Force Survey, 2000-13; Chart D. Special tabulations of the Global Entrepreneurship Monitor adult population survey, 2009-13; Chart E. Special tabulations of the Global Entrepreneurship Monitor adult population survey, 2009-13.

StatLink http://dx.doi.org/10.1787/888933287291

Latvia: Measures to encourage innovation and business start-ups among youth

This country note provides an overview of a set of activities to encourage entrepreneurship, orientated towards young people. It also presents key inclusive entrepreneurship data for Latvia.

Description: This programme involves a series of measures to encourage innovation and business start-ups in Latvia, especially (although not exclusively) among youth. The project's key activities are to provide entrepreneurship training for teachers and disseminate information related to entrepreneurship and best practices among youth. The activity is implemented by the Investment and Development Agency of Latvia (LIAA).

Problem addressed: Latvia has one of highest youth unemployment rates in the European Union. The unemployment rate for young Latvian people aged 15-24 years old was nearly 25% in 2013. One channel for youth to enter the labour market is through business start-ups, but this is hindered by gaps in entrepreneurial motivations and skills.

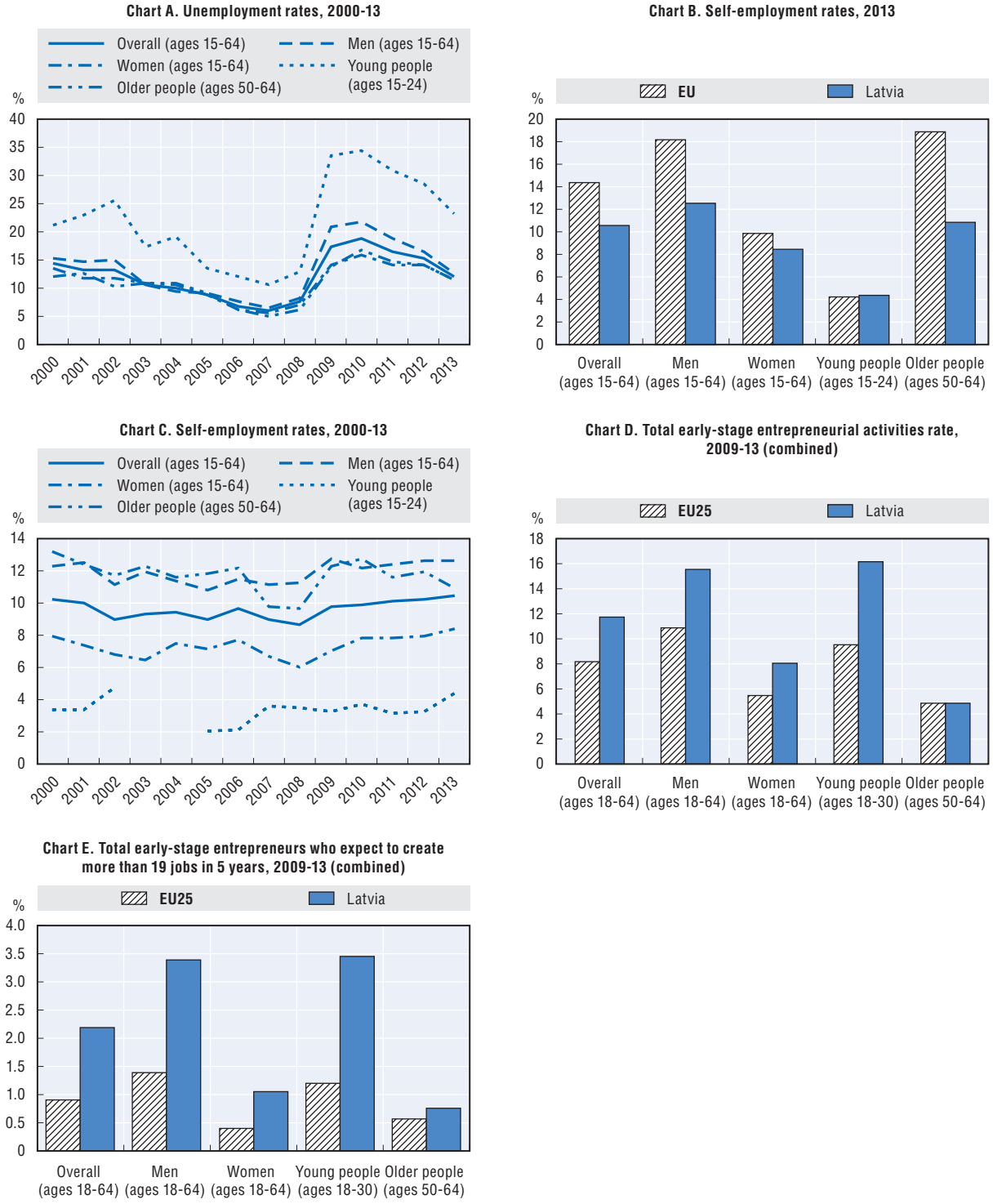
Approach: One of the activities of this programme involves measures to build the capacity of teaching staff to teach and encourage entrepreneurship, e.g. through practical training and raising teachers' awareness of issues. Entrepreneurship promotion is also undertaken directly with youth through a mentoring programme organised in co-operation with an NGO working with women entrepreneurs; a business plan competition; entrepreneurship training seminars; visits of schoolchildren to companies; information seminars for young people and mobile exhibitions delivered through an "innovation bus". The programme also develops and disseminates information and promotional materials (broadcasts, videos etc.) aimed at promoting positive attitudes to entrepreneurship in the general public. Total financing for the programme is EUR 2.9 million, 85% of the costs financed by European Regional Development Fund.

Impact: In 2010, there were 15 participants in the mentoring activity, 490 business plans submitted to the business plan competition, 65 participants in a 2-day seminar on new idea generation, 25 participants in company visits, 162 participants in information seminars for young people, and 484 participants in mobile exhibitions. The target for 2013 was a total of 2 250 participants across this range of activities.

Conditions for success: This programme involves a wide set of information and promotion activities on innovation being targeted at young people. Its success is connected with wide media coverage and actions to cover all the regions of the country. A barrier is the administrative cost of the programme and the fact that the direct impact is hard to evaluate.

Key inclusive entrepreneurship data

Figure 25.1. **Entrepreneurship and self-employment data for Latvia**



Sources: Chart A. Eurostat, Labour Force Survey, 2000-13; Chart B. Eurostat, Labour Force Survey, 2013; Chart C. Eurostat, Labour Force Survey, 2000-13; Chart D. Special tabulations of the Global Entrepreneurship Monitor adult population survey, 2009-13; Chart E. Special tabulations of the Global Entrepreneurship Monitor adult population survey, 2009-13.

StatLink http://dx.doi.org/10.1787/888933287306

Lithuania: Support for Self-employment

This country note provides an overview of a national programme to encourage the unemployed to move to self-employment. It also presents key inclusive entrepreneurship data for Lithuania.

Description: Support for Self-employment is a subsidy to support the launch of self-employment activities or the hiring of unemployed persons by a micro-enterprise (i.e. a business with fewer than 10 employees). This subsidy is available to unemployed people registered at a local labour office (LLE) as well as people with a disability.

Problem addressed: Self-employed people in Lithuania are required to make social security contributions, even when no income is earned. This acts as a disincentive for people to start businesses, especially unemployed people who typically have low savings.

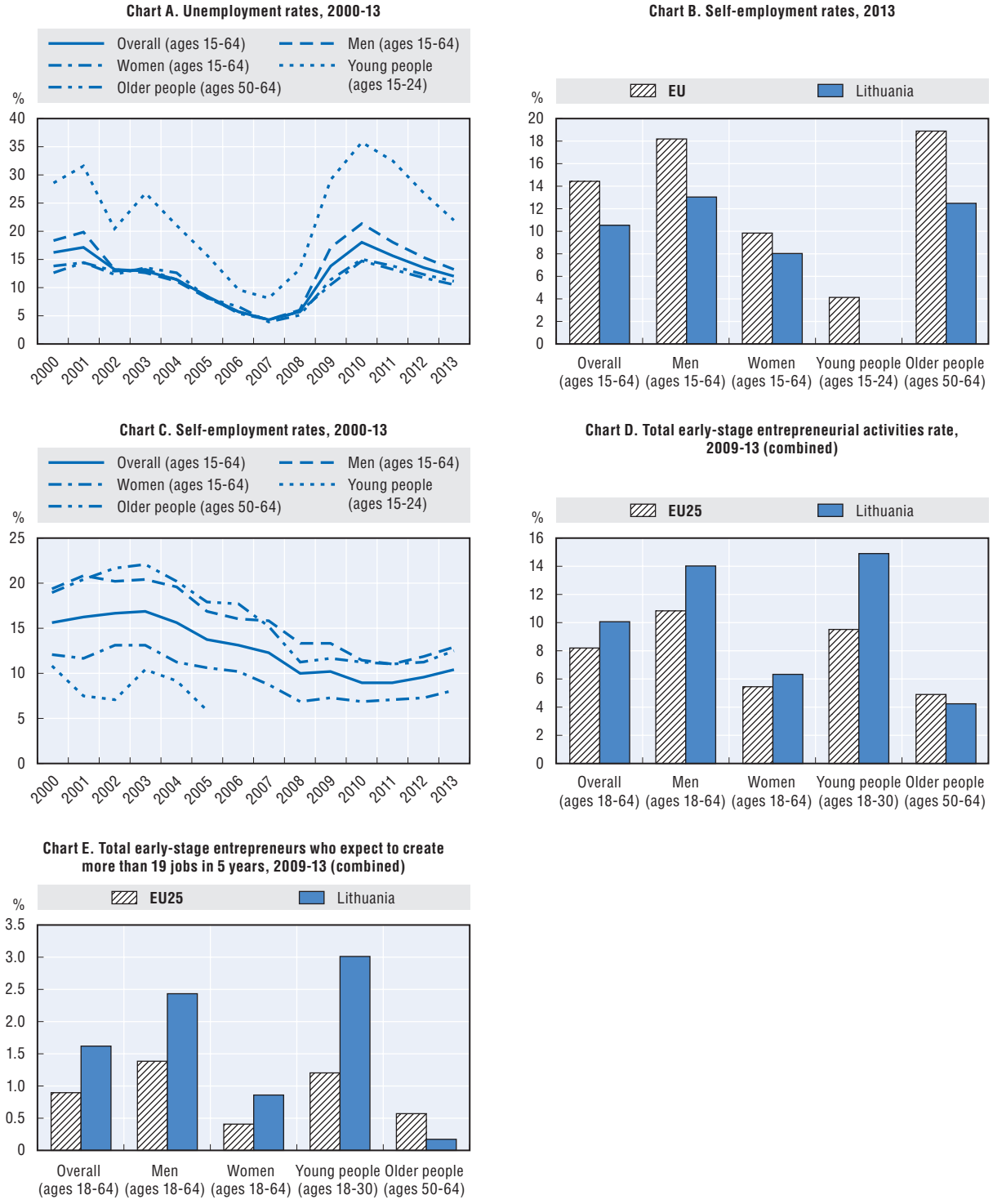
Approach: Two types of subsidies are offered to unemployed or disabled people involved in entrepreneurship. First, subsidies may be granted to unemployed people to partially cover expenses related to the acquisition of business certificates (i.e. licenses) and payment of state social insurance contributions. The award of the subsidy is decided on a case-by-case basis by a representative of the LLE. In order to be granted a subsidy, an applicant must submit an application, a copy of the business certificate, and proof of payment of income tax and social insurance contributions. The LLE makes a decision within 5 working days from the receipt of the application. A subsidy is paid if the business certificate is issued for a minimum period of one month. In case of renewal of the business certificate, the duration of the subsidy cannot exceed 12 months. The amount of this subsidy is 25% of the minimum monthly wage approved by the Government. The second type of subsidy is for the establishment of new jobs. It may be granted to registered unemployed people with a disability (i.e. a work capacity of less than 40%) and formerly unemployed persons who (i) start a business within 30 months from their last day of registration with the labour exchange and (ii) create a job for a currently registered unemployed person. People receiving support under the Globalisation Adjustment Fund who are seeking to create a business are also eligible for this subsidy. To apply for this subsidy, an application must be submitted that provides a description of the planned activity, documentation demonstrating a need for the funds and ownership or lease agreements related to premises. The LLE makes a decision within 10 working days of receiving the application. The amount of subsidy may not exceed 40 minimum monthly wages approved by the Government and employers must cover between 20% and 35% of the expenses related to creating the jobs. Moreover, the subsidy recipient must maintain the established job for at least 3 years. In case of failure to follow the assumed obligations, the subsidy recipient is required to repay the subsidy, or a part thereof.

Impact: Programme monitoring information indicates that approximately 10 000 individuals per year receive subsidies for acquiring business licenses and making social security payments. In addition, approximately 30-40 subsidised jobs are supported per year for disabled and unemployed persons. Of the jobs created, approximately two-thirds survive for at least 3 years.

Conditions for success: This programme shows the relevance of a subsidy aimed at helping the unemployed overcome an institutional obstacle (the need to make social security payments and upfront payments for licenses regardless of income). Minimisation of bureaucracy will be important for the success and transferability of the scheme.

Key inclusive entrepreneurship data

Figure 26.1. **Entrepreneurship and self-employment data for Lithuania**



Sources: Chart A. Eurostat, Labour Force Survey, 2000-13; Chart B. Eurostat, Labour Force Survey, 2013; Chart C. Eurostat, Labour Force Survey, 2000-13; Chart D. Special tabulations of the Global Entrepreneurship Monitor adult population survey, 2009-13; Chart E. Special tabulations of the Global Entrepreneurship Monitor adult population survey, 2009-13.

StatLink http://dx.doi.org/10.1787/888933287310

Luxembourg: Business Mentoring Programme

This country note provides an overview of a general mentoring programme which, owing to the demographic situation, focuses on immigrants. It also presents key inclusive entrepreneurship data for Luxembourg.

Description: Started in February 2010, the Business Mentoring Programme is a mentorship scheme for entrepreneurs who need support in starting, developing or taking over a business. While the programme is open to all, it is targeted at immigrants.

Problem addressed: In Luxembourg, 44% of residents are non-nationals (including from Germany, Belgium and France). These people face administrative and other difficulties in starting a business. The administrative complexity of starting enterprises is exacerbated in the case of immigrants because they lack access to advice from local family networks. There is also a tendency for young nationals to be more attracted to work in the public sector than in entrepreneurship. These issues result in a lower proportion of small enterprises in the economy than on average in the European Union.

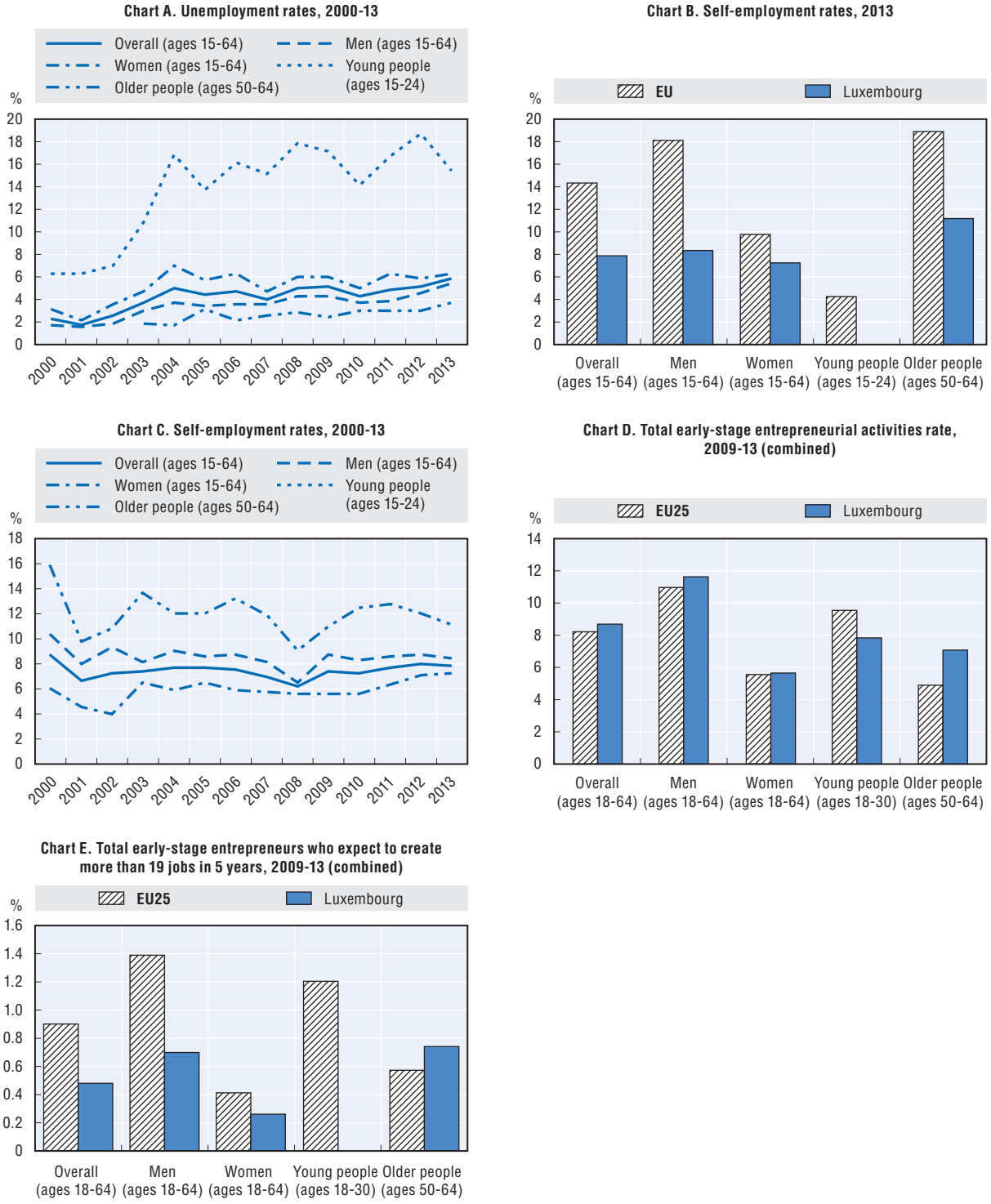
Approach: The programme is designed to help those who have fundamental technical skills for business operation but who need extra guidance with respect to entrepreneurship skills. The programme is intended for people who are new to entrepreneurship and in the process of starting a business or operating one less than 3 years old. The programme enlists experienced business people to mentor these new entrepreneurs over a period of 12 to 18 months. Currently there are 48 mentor-mentee pairs, with 77% of mentees being non-nationals (52% of mentees being French) while 44% of mentors are Luxembourg nationals (22% being French). A third of the mentees are female and 3 out of the 48 companies have a social purpose (creating jobs for the disabled, unemployed, or early school leavers). Most of the mentees are in the 30 to 45 age group. Conversely, mentors are mostly male (86%) and in the 50 to 65 age group.

Impact: After completing the programme, 90% of the mentees agreed that they have made significant progress in their self-management and leadership skills. After two seasons, 95% of the companies started by mentees were still in business with an average staff increase of 28%, and revenue increase of 29%.

Conditions for success: This programme shows how a mentorship programme can be used to transfer business start-up skills and knowledge from experienced entrepreneurs to immigrants and nationals. A key success factor has been the clarity of the system that defines eligibility, selection criteria, and roles of mentor and mentee.

Key inclusive entrepreneurship data

Figure 27.1. **Entrepreneurship and self-employment data for Luxembourg**



Sources: Chart A. Eurostat, Labour Force Survey, 2000-13; Chart B. Eurostat, Labour Force Survey, 2013; Chart C. Eurostat, Labour Force Survey, 2000-13 ; Chart D. Special tabulations of the Global Entrepreneurship Monitor adult population survey, 2009-13; Chart E. Special tabulations of the Global Entrepreneurship Monitor adult population survey, 2009-13.

StatLink http://dx.doi.org/10.1787/888933287329

Malta: The My WoW Project

This country note provides an overview of a programme to motivate students at risk of dropping out of school by training them and their teachers in entrepreneurship. It also presents key inclusive entrepreneurship data for Malta.

Description: The My WoW (World of Work) Project involved entrepreneurship training programmes, one for students and the other for educators, and school-based "mini-enterprises" with the aim of developing entrepreneurial skills and mind-sets among youth. The project was funded by the Entrepreneurship through Education Scheme 2013 offered by the Ministry of Finance, the Economy and Investment and the Ministry of Education and Employment.

Problem addressed: Malta has the second highest rate of early school leavers (22.6%) among European Union Member States. This has repercussions not only on unemployment, but also on poverty and social exclusion. Malta's National Curriculum Framework (2012) suggests that some learners drop out of formal education because they are demotivated by academic challenges and see school as boring.

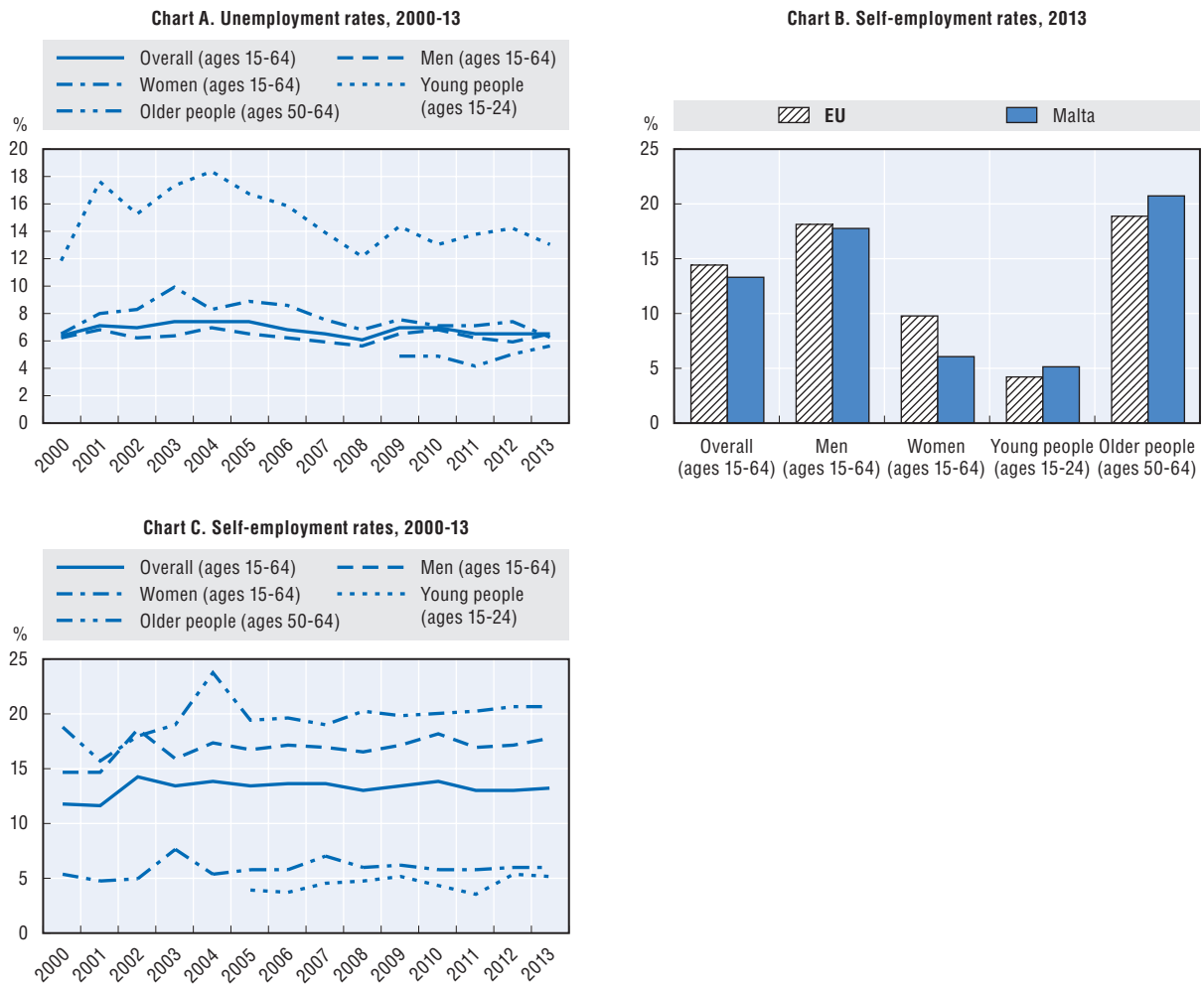
Approach: The students targeted by this project were 13-year-old boys attending Form 2 (8th year of mandatory schooling) at St. Ignatius College, Boys' Secondary School in Handaq, Malta. 58 students participated in the project, of which 35 were identified as "low achievers" through their academic records. The My WoW Project aimed to address the problems of demotivation by offering students a different learning experience aimed at making school more enjoyable while developing entrepreneurial knowledge, attitudes and skills through hands-on experience. The educators involved in the project first received training designed to build their own entrepreneurship skills and mind-sets and to enable them to transfer and nurture them among their students. The students then received entrepreneurship skills training, after which they participated in a school-based mini-enterprise where they designed, crafted and sold a variety of hand-made greeting cards. The teachers' training sessions included an introduction to entrepreneurship, entrepreneurship education, creativity and innovation, a workshop on idea generation, and another on idea evaluation and implementation. The students' training similarly offered an introduction to entrepreneurship, creativity and innovation, followed by a practice-based workshop on creative thinking, teamwork, and trust-building. The students' sessions took place once a week during a time slot reserved for extra-curricular activities.

Impact: 30 of the 35 low academic achievers (who would be more prone to dropping out of school) completed their participation in the project, with the majority participating enthusiastically and stating that they had discovered new talents, improved self-confidence, and learned important business-related skills. The educators also reported positive outcomes: they indicated that the project had a positive impact on the students in terms of promoting entrepreneurship and entrepreneurship qualities, boosting the students' self-confidence and commitment to goals, raising awareness of the skills and knowledge required to develop a business, and raising awareness of self-employment as a possible career option.

Conditions for success: This project demonstrates how entrepreneurship in education can be used to motivate at-risk youth. The hands-on aspect of the project was seen as key to its success. Educators need to be allocated appropriate time and support for such a project since their existing workload is a constraint on the ability to participate.

Key inclusive entrepreneurship data

Figure 28.1. **Entrepreneurship and self-employment data for Malta**



Sources: Chart A. Eurostat, Labour Force Survey, 2000-13; Chart B. Eurostat, Labour Force Survey, 2013; Chart C. Eurostat, Labour Force Survey, 2000-13.

StatLink http://dx.doi.org/10.1787/888933287336

Netherlands: Bbz 2004, Besluit Bijstand voor Zelfstandigen ("Decision Support for Entrepreneurs")

This country note provides an overview of a national programme to give financial support to the unemployed and other disadvantaged groups if they go into self-employment. It also presents key inclusive entrepreneurship data for the Netherlands.

Description: This is an initiative that provides loans to unemployed people for self-employment. Entrepreneurs over the age of 55 and those facing temporary financial difficulty may also be eligible for these loans. The initiative falls under the responsibility of the Dutch Ministry of Social Affairs and Employment, the UWV (the Dutch organisation in charge of co-ordinating employment-related social security benefits) and the Dutch municipal governments. Municipalities implement the programme and decide how many loans and how much capital they provide to beneficiaries. They declare these amounts to the national ministry, which reimburses the municipalities.

Problem addressed: The cost of paying unemployment benefits to the average unemployed person can be considerable, but could be reduced if the unemployed person can start their own business. The main costs of welfare payments towards the cost of living for someone starting a business would be around EUR 56 000, discounted across 24 months, while for a welfare recipient not in an integration programme this is around EUR 97 000; so the savings of the programme are on average around EUR 41 000 per welfare beneficiary over this period. Furthermore, business creation can lead to a sustainable outflow from unemployment. Even if their enterprise fails, people starting businesses from unemployment remain more employable in the labour market. Declining employability is a large obstacle for people who face longer term unemployment: as time progresses their attractiveness on the job market also declines and the initiative aims also to counter this phenomenon.

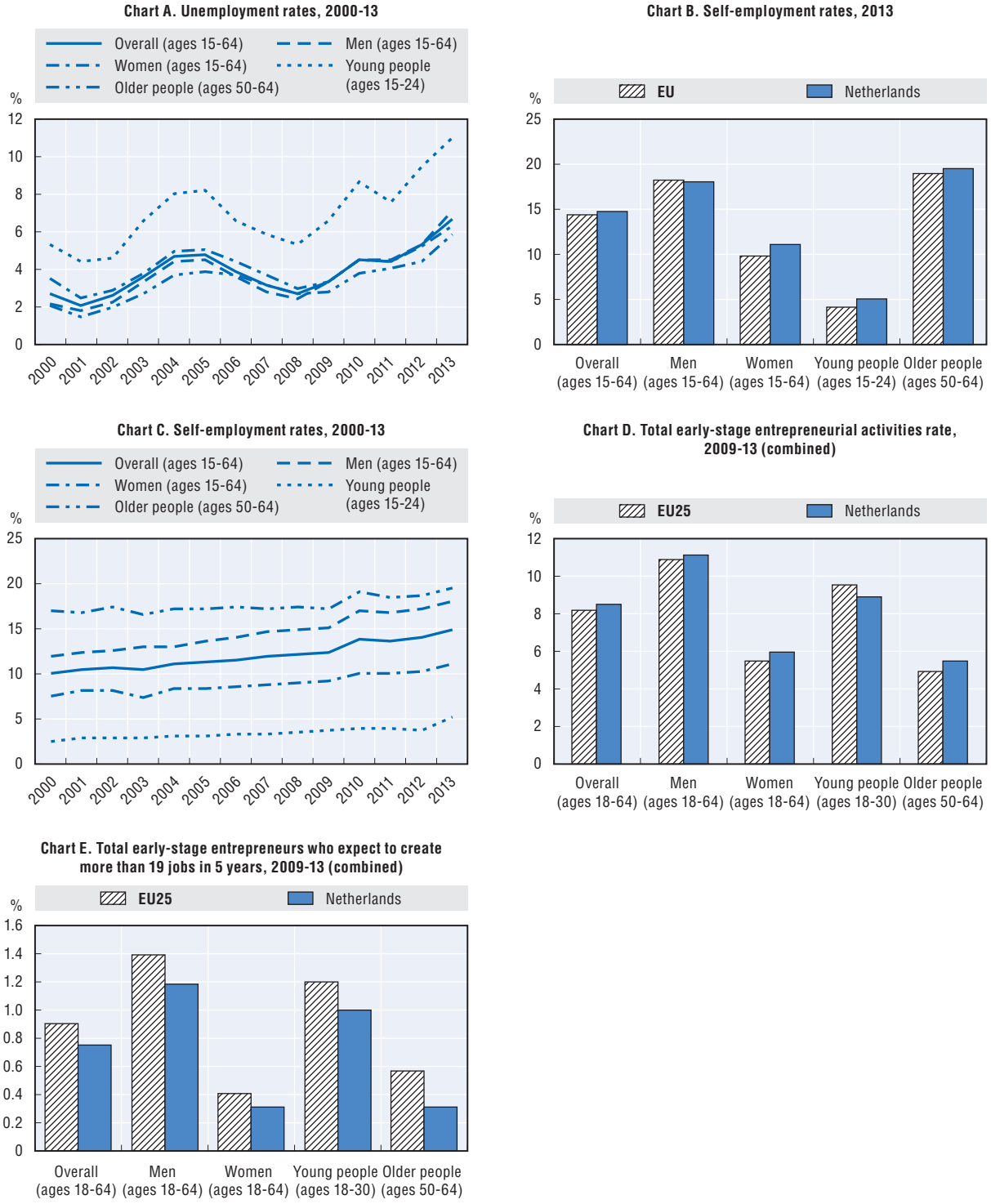
Approach: The approach seeks to use the expected reduction in welfare payments to otherwise unemployed people who start-up in self-employment to help fund and support the business start-up. The initiative consists of four stages. First, an intake or selection phase determines whether an applicant is eligible and meets entry requirements that are specific to each region. The selection considers whether potential participants have an appropriate skills base for self-employment. The preparation phase is the second stage. Participants develop a business plan with support from the municipality if necessary, while continuing to receive their unemployment benefits. Some regions hire a consultancy organisation to support participants during this stage or offer training. At most, this stage can last up to one year. The third stage is to assess the viability the business idea. Municipalities assess the business ideas within the first 6 months of entering the scheme, after the first year and again after the second year to ensure that the ideas are developing appropriately. The fourth phase is a loan for either the business or to support the living costs of the participants. In most municipalities, other support services are offered after start-up, such as business counselling. The budget varies from year to year with fluctuations in the number of participants. In 2013, the budget was EUR 13.5 million.

Impact: An evaluation of this programme was carried out in 2011. It found that 74% of participants were no longer receiving social welfare benefits after 48 months compared with only 56% in the control group.

Conditions for success: Reasons for the success of this programme have been the tailoring of support and the ongoing monitoring of the progress of participants. The approach is costly, but is justified by the reduced welfare payments to unemployed people remaining on benefits.

Key inclusive entrepreneurship data

Figure 29.1. **Entrepreneurship and self-employment data for the Netherlands**



Sources: Chart A. Eurostat, Labour Force Survey, 2000-13; Chart B. Eurostat, Labour Force Survey, 2013; Chart C. Eurostat, Labour Force Survey, 2000-13; Chart D. Special tabulations of the Global Entrepreneurship Monitor adult population survey, 2009-13; Chart E. Special tabulations of the Global Entrepreneurship Monitor adult population survey, 2009-13.

StatLink http://dx.doi.org/10.1787/888933287347

Poland: Wings for business – a workshop for entrepreneurial disabled people

This country note provides an overview of a regional programme to support entrepreneurship amongst disabled people. It also presents key inclusive entrepreneurship data for Poland.

Description: This project supports unemployed people with a disability in the Wielkopolska region of Poland. It provides financing for business creation, training and business advisory services. The initiative is managed by the Regional Labour Agency in Poznań and is part of a wider national programme for the promotion of entrepreneurship and self-employment in Poland.

Problem addressed: Research in Wielkopolska shows that people with disabilities are disadvantaged in the labour market and have a much higher risk of social exclusion. This is even greater for those over the age of 45. Barriers to business creation include a lack of information on self-employment, a lack of training and difficulties accessing finance.

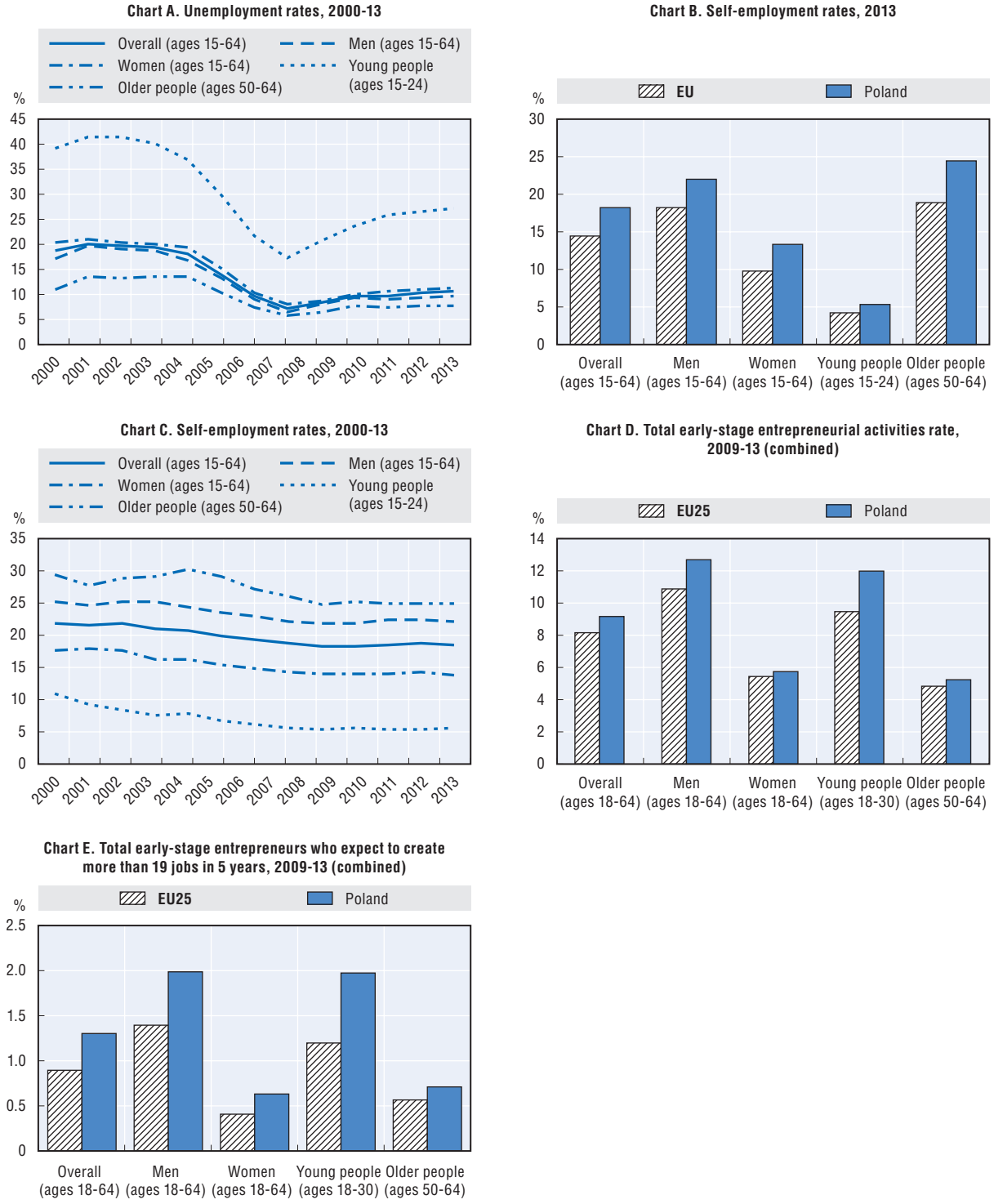
Approach: A total of 22 people participated, all of whom were registered as unemployed. A recruitment committee assessed each applicant's business idea, their qualifications and relevant work experience. The type of disability, gender and age were also considered. Each participant completed a needs assessment with an advisor, as well as an individual action plan. Up to 78 hours of training were provided according to the identified needs, and this was complemented by individual business counselling. People who completed training received grants of up to PLN 40 000 (approximately EUR 10 000) for creating and developing a business. After the business was registered, up to 6 monthly support payments of PLN 1 500 (approximately EUR 350) could be received to cover social security contributions and taxes. Participants were also offered up to 24 hours of additional training and up to 27 hours of individual support such as coaching and mentoring and business counselling. Participants could also have their travel expenses covered, and receive help from a personal assistant and information and material through the project's website. The total budget of the project was PLN 1.9 million (approximately EUR 460 000), of which 85% from the European Social Fund.

Impact: All of the 22 persons who completed the programme started their own business by the end of January 2014.

Conditions for success: Evaluation results show that one of the strengths of the project was that the trainers and advisors had experience in working with unemployed people willing to start a business and provided useful support in the coaching and training sessions. It was also important that the financial support covered not just an initial grant but also interim living cost support for the first 6 months of setting up and running the business.

Key inclusive entrepreneurship data

Figure 30.1. **Entrepreneurship and self-employment data for Poland**



Sources: Chart A. Eurostat, Labour Force Survey, 2000-13; Chart B. Eurostat, Labour Force Survey, 2013; Chart C. Eurostat, Labour Force Survey, 2000-13; Chart D. Special tabulations of the Global Entrepreneurship Monitor adult population survey, 2009-13; Chart E. Special tabulations of the Global Entrepreneurship Monitor adult population survey, 2009-13.

StatLink http://dx.doi.org/10.1787/888933287353

Portugal: Project for the Promotion of Immigrant Entrepreneurship (PEI)

This country note provides an overview of a programme to support immigrant entrepreneurship through locally-based training and coaching. It also presents key inclusive entrepreneurship data for Portugal.

Description: The Project for Promotion of Immigrant Entrepreneurship (PEI) ran from 1 April 2009 to 30 May 2014 and aimed to improve the integration of immigrants, especially women and those living in distressed neighbourhoods. It supported business creation and self-employment through training and personalised coaching in developing business ideas and building businesses.

Problem addressed: Research conducted by the Portuguese High Commission for Immigration and Intercultural Dialogue (ACIDI) found that immigrant-led new businesses tend to operate in low value-added industries that are characterised by low barriers to entry. ACIDI research also suggests that many immigrant entrepreneurs would benefit from improved self-confidence and high levels of social and management skills.

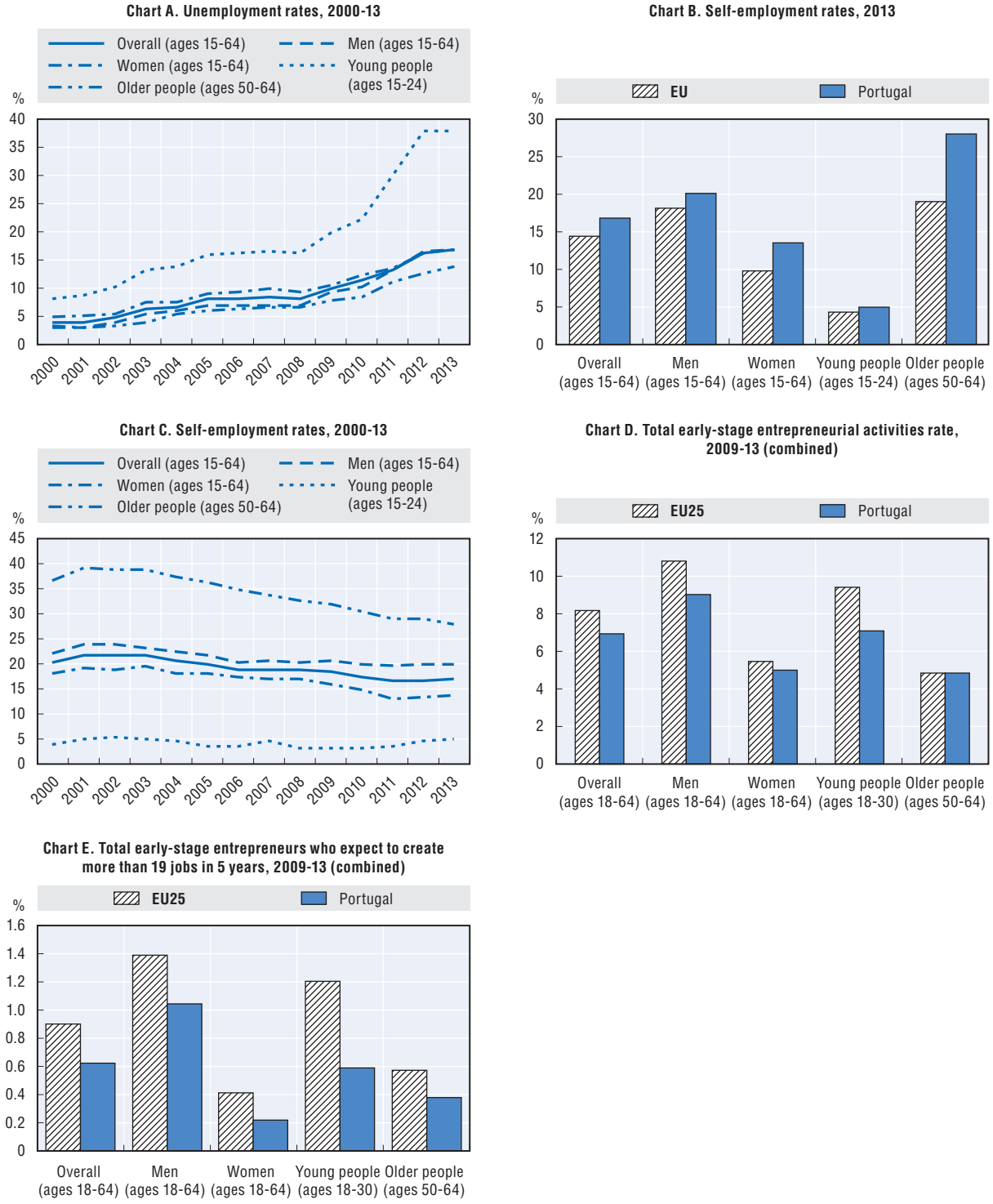
Approach: The project used locally-based actors, such as such as immigration associations, banks, NGOs and other civil society organisations, to lead the activities in order to leverage their understanding of the client communities. Its two main activities were training and coaching. 10 training sessions on business management, regulatory compliance and access to finance, and 8 individual meetings were offered to each entrepreneur (or entrepreneurial team) to support the development of business plans and help participants build relationships with the local business community and to connect them to other business networks. The PEI project was managed by 3 full-time project managers with assistance from 1 part-time staff member in each of the partner institutions. Each course had a specialised trainer, who was also required to provide individual coaching. Social media such as Facebook was also actively used to promote the project and to disseminate information to participants. The PEI project was financed through the European Fund for the Integration of Third Country Nationals (FEINPT) and by the ACIDI. The total budget was approximately EUR 875 000.

Impact: The project reached 1 450 immigrant participants. Of these, 777 participants received a certificate of attendance for the training. This resulted in the development of 305 business ideas by participants with the support of trainers and coaches and the creation of 75 businesses involving 80 immigrant participants. The PEI project was awarded the winning prize in the category Responsible and Inclusive Entrepreneurship in the European Enterprise Promotion Award 2012.

Conditions for success: A personalised and local approach appears to have had a positive effect on securing the participation of immigrants in the programme and encouraging them in setting up actual businesses.

Key inclusive entrepreneurship data

Figure 31.1. **Entrepreneurship and self-employment data for Portugal**



Sources: Chart A. Eurostat, Labour Force Survey, 2000-13; Chart B. Eurostat, Labour Force Survey, 2013; Chart C. Eurostat, Labour Force Survey, 2000-13; Chart D. Special tabulations of the Global Entrepreneurship Monitor adult population survey, 2009-13; Chart E. Special tabulations of the Global Entrepreneurship Monitor adult population survey, 2009-13.

StatLink http://dx.doi.org/10.1787/888933287364

Romania: Fem.RRom

This country note provides an overview of a programme to develop social cooperatives involving Roma women. It also presents key inclusive entrepreneurship data for Romania.

Description: Fem.RRom is a multi-regional project implemented in Romania in 2010-13 by the Ministry of Labour, Family, Social Protection and Elderly in partnership with the National Agency for Roma and a number of organisations from Greece and Portugal. The project aims to improve the access of Roma women to the labour market and entrepreneurship by supporting social co-operatives. Potential participants must be Roma women aged 16 to 59 years old who have graduated from secondary school.

Problem addressed: In Romania, Roma women face severe discrimination due to their social status, ethnicity and gender. As a result, they have limited opportunities in the labour market and have a high risk of social exclusion. Moreover, there is a deep-rooted attitude inside the Roma community that Roma women should have a domestic role. Research suggests that 77% of Roma women in Romania do not perform paid work (Comşa, Rughiniş and Tufiş, 2008). Despite these challenges, there is a lack of employment services orientated towards the needs of Roma women.

Approach: This project started with research activity focused on assessing the socio-economic, educational and occupational needs of Roma women and opportunities for Roma to establish co-operatives in the implementation regions (the North West, South West and Centre regions). This was followed by the establishment of a one-shop employment centre in each implementation region that provided counselling and employment services that were tailored for Roma people, including training to support the development of social co-operatives. Across the 3 implementation regions, 8 business plans for social co-operatives were submitted and 5 were selected (3 of which sold flowers, 1 dry car wash and 1 cleaning and job placement service provider). The 5 selected co-operatives were provided with legal support for registration, business plan preparation and assistance seeking investment. They were also lent equipment and provided with a monthly grant for each employee (approximately EUR 95). The total value of the project was RON 18.5 million (approximately EUR 4.1 million), 98% of which came from the European Social Fund and Romanian Government.

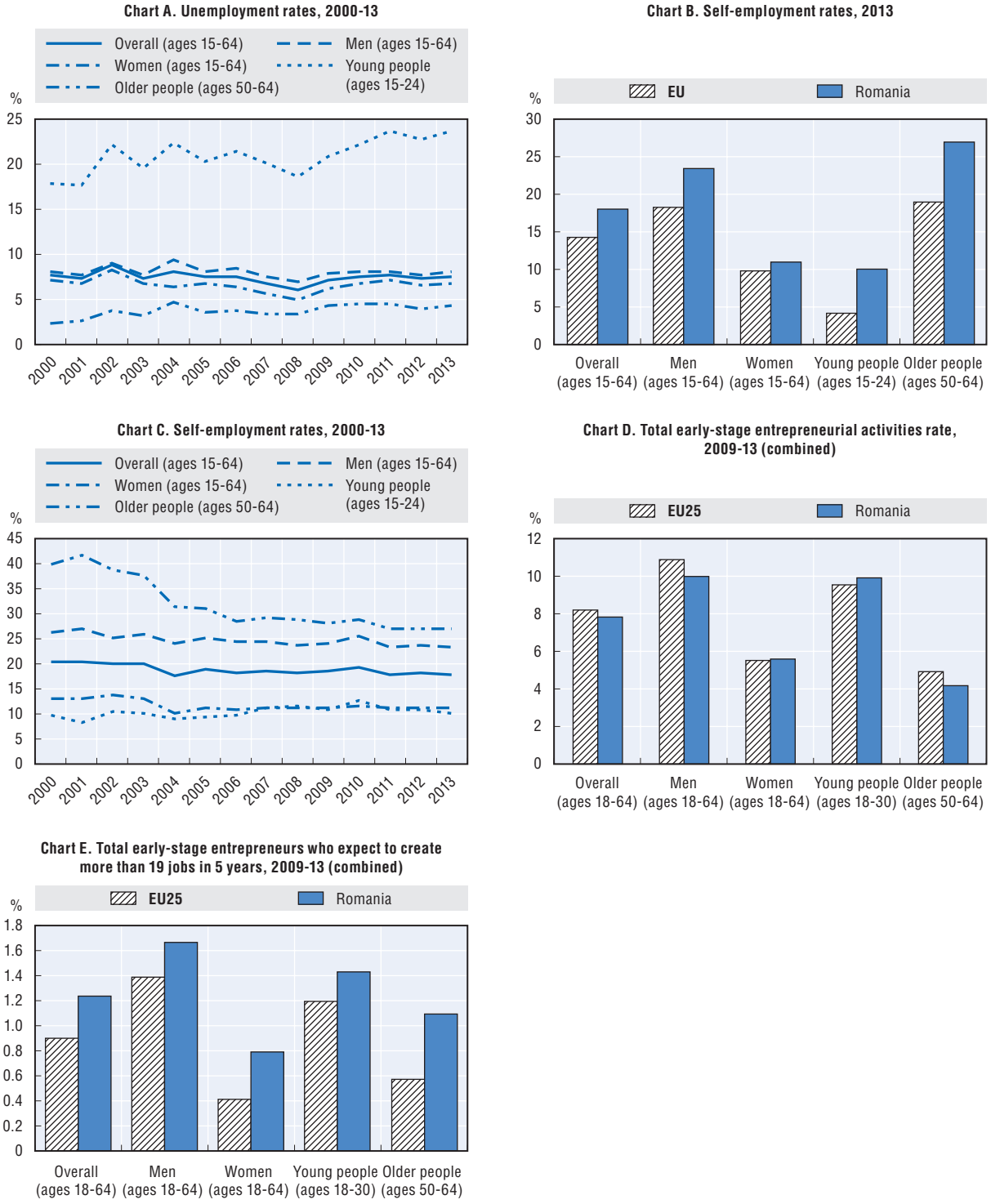
Impact: Over 1 000 Roma women benefited from the project services, of which 550 benefited from entrepreneurial and vocational training. The 5 established co-operatives have 26 women as founding members, of which 16 are Roma women, and created 98 jobs for Roma women.

Conditions for success: This project shows the importance of tailoring support to local conditions. It is also a good example of how international partnerships can facilitate learning from international experiences.

Reference: Comșa, M., C. Rughiniș, and C. Tufiș (2008), "Atitudini faţă de muncă în România (Attitudes toward work in Romania)". Bucharest: Soros Foundation Romania.

Key inclusive entrepreneurship data

Figure 32.1. **Entrepreneurship and self-employment data for Romania**



Sources: Chart A. Eurostat, Labour Force Survey, 2000-13; Chart B. Eurostat, Labour Force Survey, 2013; Chart C. Eurostat, Labour Force Survey, 2000-13; Chart D. Special tabulations of the Global Entrepreneurship Monitor adult population survey, 2009-13; Chart E. Special tabulations of the Global Entrepreneurship Monitor adult population survey, 2009-13.

StatLink http://dx.doi.org/10.1787/888933287371

Slovak Republic: Financial Contribution for Self-Employment

This country note provides an overview of a national financial incentive programme for the unemployed to enter self-employment. It also presents key inclusive entrepreneurship data for the Slovak Republic.

Description: This project is embedded in the active labour market policies implemented by the Central Office of Labour Social Affairs and Family (COLSAF). The grants and training are managed by COLSAF's regional and local offices and are targeted at unemployed and disabled people expressing an interested in starting a business.

Problem addressed: One of the key challenges that unemployed and disabled people face in starting their own business or becoming self-employed is lack of start-up financing. At the same time as these groups deal with relatively low levels of savings, access to general start-up financing is more difficult in the Slovak Republic than in the European Union overall (Pilková et al., 2013). Another obstacle can be low levels of entrepreneurial skills, which may be unrecognised as a barrier by the potential entrepreneurs. The project identified that unemployed people in the Slovak Republic tend to overestimate their abilities to start and manage a business.

Approach: Candidates for self-employment support have to submit a written agreement based on which local labour office provides training for starting a new business or self-employment. The training is provided either internally by the local labour office or externally by experts – depending on the form and focus of the future business. The candidate then has to submit a business plan which is reviewed by a commission that examines its viability. Business projects that are deemed to be viable can be awarded a grant, which varies in amount according to the region of the country in which the participant is located. The individual awarded with the grant has to operate the business for at least 24 months. Many of the recipients of the grant are people with a disability (47%) and those in long-term unemployment (29%) (Bořík et al, 2013). Moreover, 40.1% of all those awarded were women (Statistical Office, 2013).

Impact: More than EUR 70 million of grant assistance was awarded to over 10 000 individuals during the 2011-13 period. Monitoring indicates that 84% of recipients were still operating their businesses 15 months after the 24-month period.

Conditions for success: The key to success of this measure is the training that is provided to support grant recipients in implementing their business plan. Business counselling also has an important role following business start-up.

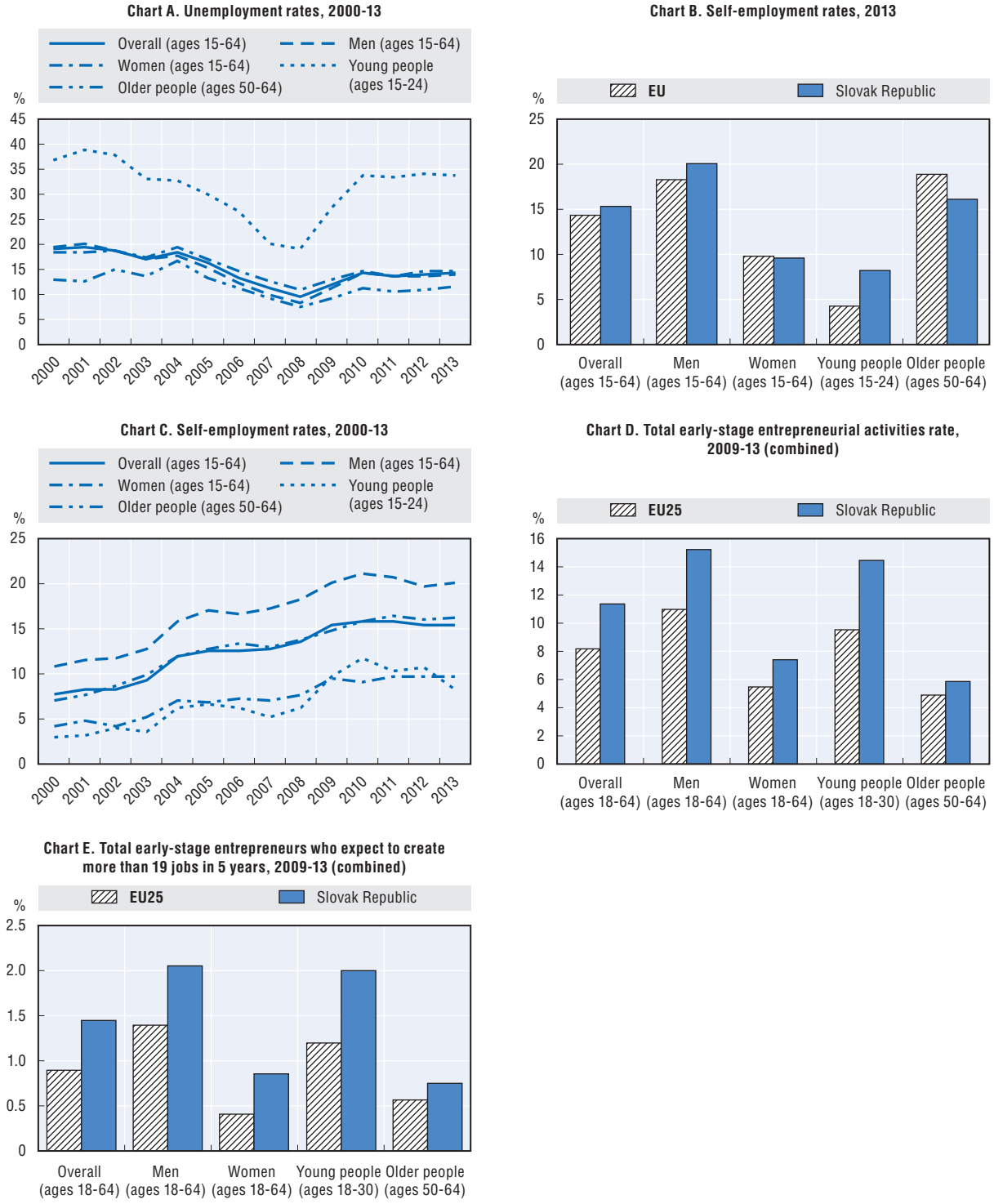
References: Bořík, V. and M. Caban (2013), "Pilotné hodnotenie dopadov vybraných opatrení aktívnej politiky trhu práce", MPSVR SR, ÚPSVR, available at: *http://www.esf.gov.sk/new/index.php?sID=dcf9ce6533e691d34a5e99387f29f492&mod=search_results&w=hodnotenie*.

Pilková A., M. Holienka and J. Rehaket (2013), *Podnikanie na Slovensku: Nadpriemerná podnikatel'ská aktivita v podpriemernom podnikatel'skom prostredí*, Univerzita Komenského v Bratislave, Fakulta managementu.

Statistical Office of the Slovak Republic (2014), "Unemployed by the Labour Force Sample Survey in 2013", available at: *http://portal.statistics.sk/showdoc.do?docid=67076*.

Key inclusive entrepreneurship data

Figure 33.1. **Entrepreneurship and self-employment data for the Slovak Republic**



Sources: Chart A. Eurostat, Labour Force Survey, 2000-13; Chart B. Eurostat, Labour Force Survey, 2013; Chart C. Eurostat, Labour Force Survey, 2000-13; Chart D. Special tabulations of the Global Entrepreneurship Monitor adult population survey, 2009-13; Chart E. Special tabulations of the Global Entrepreneurship Monitor adult population survey, 2009-13.

StatLink http://dx.doi.org/10.1787/888933287384

Slovenia: P2P - Podjetnice za podjetnice do enakih možnosti v podjetništvu ("Female entrepreneurs for female entrepreneurs to gain equal opportunities in entrepreneurship")

This country note provides an overview of a training and support programme for women entrepreneurs. It also presents key inclusive entrepreneurship data for Slovenia.

Description: P2P was a project operated in 2013 to provide mentoring and training to women to strengthen their skills in effectively starting and developing their own businesses in the Karst region of Slovenia. The project focused on a group of female entrepreneurs who were at the early stages of business development (i.e. their businesses had operated for less than 2 years). It was run by the entrepreneurship centre KonektOn Ltd. and the Institute for the Development of Family and Women's Entrepreneurship with co-financing from the Ministry of Labour, Family, Social Affairs and Equal Opportunities.

Problem addressed: Women are less likely to be entrepreneurs than men in all but one region of Slovenia (the Coastal–Karst region, Podgornik et al., 2009). Female entrepreneurs face a number of more severe challenges than men, including difficulty balancing family life, poorly developed networks and a lack of relevant qualifications and experience.

Approach: The purpose of the P2P project was to activate potential women entrepreneurs and to empower them to effectively exercise the role of entrepreneurs. Activities included building peer groups of women entrepreneurs to facilitate the exchange and dissemination of experience, ideas and information via peer learning and mentoring, and to support the generation of trust and network development. Workshops were held at the KonektOn centre. These workshops focussed on 5 themes: gender equality in entrepreneurship; development of business ideas is a challenge; balancing family life and entrepreneurship; networking is the success factor; and understanding the business environment. Interested female entrepreneurs could enrol in the mentoring scheme after showing proof of the establishment or starting-up of a business within the last two years. 25 female entrepreneurs were selected for the programme.

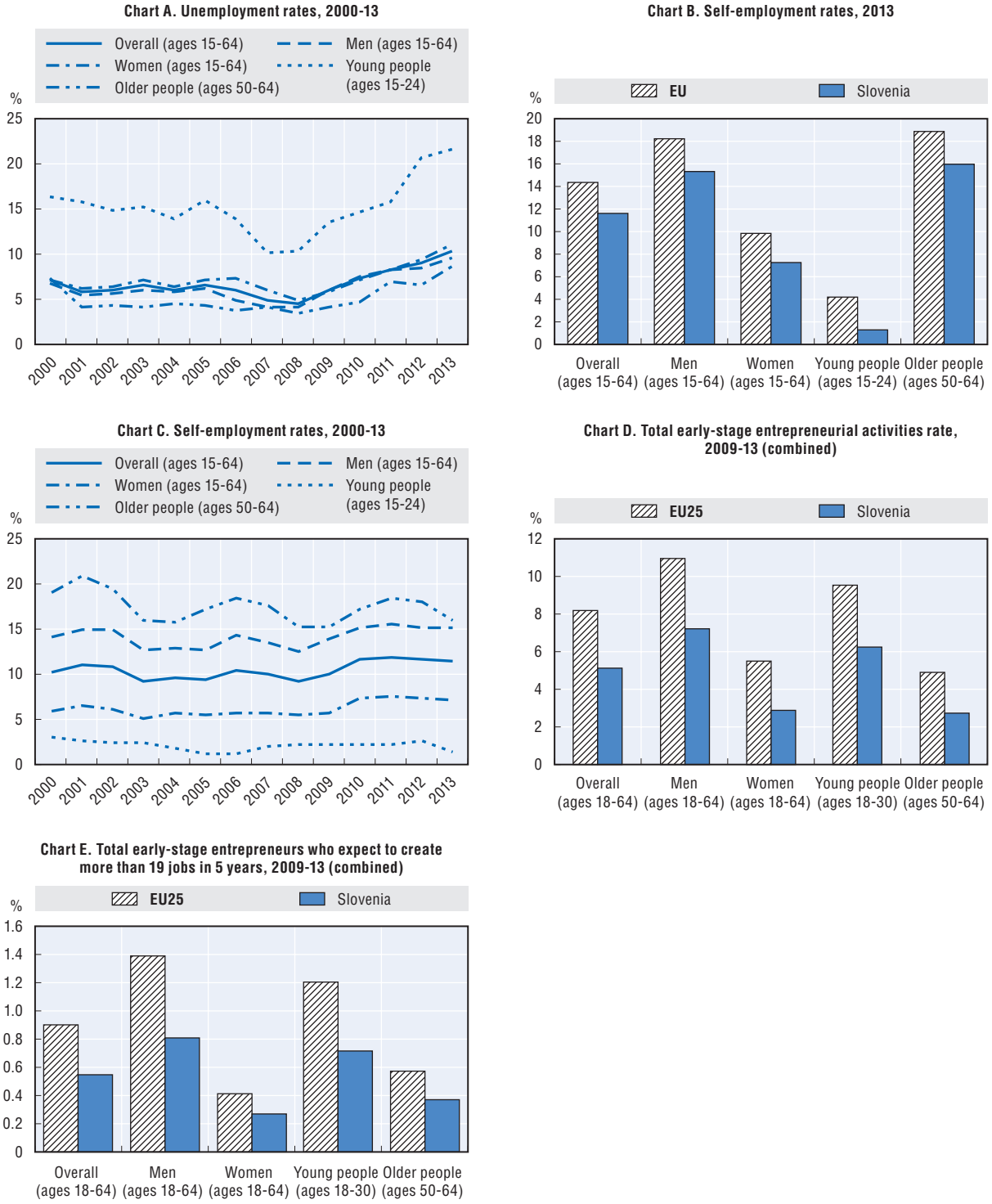
Impact: Of the 25 participants, 16 responded to a follow-up questionnaire. Their overall assessment of the scheme scored 6.63 out of 7, demonstrating a very high level of satisfaction with the support. The survey also indicated that many of the participants continued to use their peer groups for support and information following the end of the project.

Conditions for success: This pilot project is a model of collaborative entrepreneurship. Establishing effective support mechanisms to promote female entrepreneurship remains an important source of additional entrepreneurial engagement. Organisers are now examining how to scale up this regional project to the national level.

Reference: Podgornik, R., P. Tominc and M. Rebernik (2009), "Regional analysis of selected key factors influencing the early-stage entrepreneurial activity in Slovenia", in K. Širec and M. Rebernik (eds.), *Dynamics of Slovenian entrepreneurship: Slovenian Entrepreneurship Observatory 2008*, Maribor: Faculty of Economics and Business, pp. 87-104.

Key inclusive entrepreneurship data

Figure 34.1. **Entrepreneurship and self-employment data for for Slovenia**



Sources: Chart A. Eurostat, Labour Force Survey, 2000-13; Chart B. Eurostat, Labour Force Survey, 2013; Chart C. Eurostat, Labour Force Survey, 2000-13; Chart D. Special tabulations of the Global Entrepreneurship Monitor adult population survey, 2009-13; Chart E. Special tabulations of the Global Entrepreneurship Monitor adult population survey, 2009-13.

StatLink http://dx.doi.org/10.1787/888933287396

Spain: Red de Cooperación de Emprendedoras ("women-entrepreneur co-operation network")

This country note provides an overview of a programme to establish and maintain networks among women entrepreneurs. It also presents key inclusive entrepreneurship data for Spain.

Description: The aim of *Red de Cooperación de Emprendedoras* (RCE) is to foster the creation and use of co-operation networks among female entrepreneurs, so that they can have better access to resources and to opportunities to increase the innovativeness and competitiveness of their businesses. To achieve this aim, the network provides networking and training activities to active and potential women entrepreneurs. The programme was launched by *Andalucía Emprende* in collaboration with the *Instituto Andaluz de la Mujer*.

Problem addressed: Only 13.8% of women working in Andalucia are self-employed, compared with 23.4% of men. Similarly, only 25.4% of self-employed women were employers, in comparison to 32.4% of self-employed men. Hence women represent only one in three self-employed people and only one in four employers. Research identifies that women faced difficulties in developing effective professional networks, hindering their access to resources, business partners, suppliers and customers.

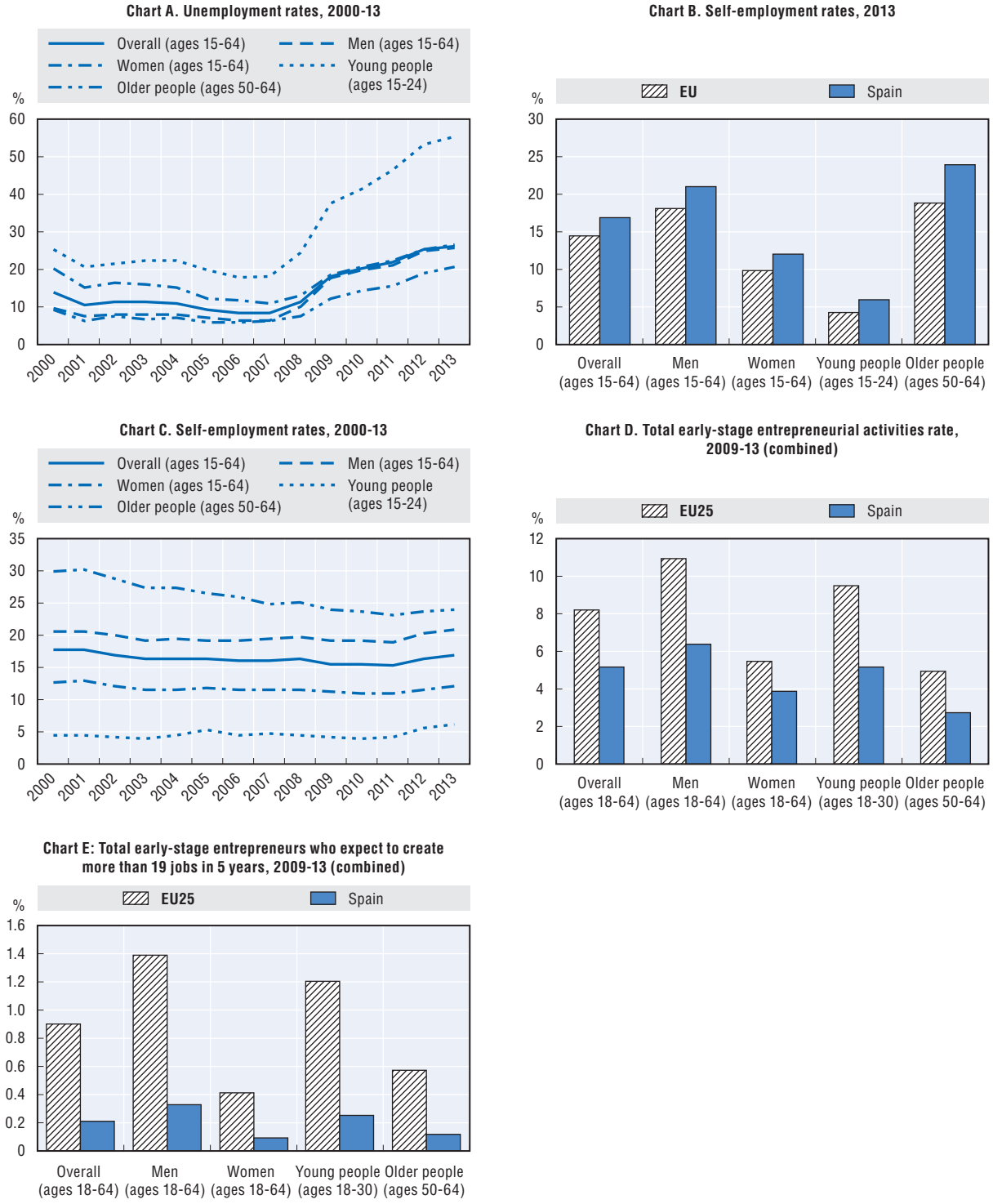
Approach: *Andalucía Emprende* is the main access point into the programme, through its network of more than 200 Entrepreneurial Development Support Centres (CADEs) spread throughout the region. Promotional events to publicise the programme were organised at the programme's outset in 2007-08 by the CADEs and, in addition, all the women entrepreneurs who contacted the CADEs for any reason during this period were informed about the opportunity to participate. The network includes three components: a web-based network platform, networking events and training courses. The web platform provides visibility to all participating businesses, and represents a first opportunity for reaching out to other women entrepreneurs. In addition, specific networking events have been organised regularly to facilitate physical interaction among network members. In particular, more than 120 breakfast meetings among participants have taken place. Five conferences have also been organised on different themes such as tourism business, international ventures and African-Spanish collaboration. Finally, nearly 100 training activities have been carried out, organised around the following topics: co-operation; marketing; new technologies; and business skills (e.g. negotiation, communication, time-management). As the initiative evolved, a greater share of participating women expressed a need to expand their networks beyond women only. Therefore, a decision was taken in 2013 to expand the initiative to promote co-operation between all kinds of entrepreneurs in Andalusia (male and female), which became effective in 2014.

Impact: Over the period 2008-13, *Andalucía Emprende* and *Instituto Andaluz de la Mujer* organised more than 2 500 actions targeting women entrepreneurs, with more than 22 800 participants. In total, 3 268 women entrepreneurs joined the network, representing over 20% of the number of new ventures created by women in Andalusia every year. Regarding involvement in network activities, 2 939 women participated in the breakfast meetings, while 2 178 women undertook some training. Through these activities, or via direct contact through the web portal, 1 826 initial contacts were established between entrepreneurs seeking some form of co-operation. RCE staff provided counselling to 1 312 participants.

Conditions for success: The most important success factor in RCE is its facilitating role – active participation has been invited, but was never forced. For this kind of activity, reaching a sufficiently large number of entrepreneurs to create a meaningful and comprehensive network is important, and the large number of support centres (CADEs) that serve as access points for women entrepreneurs has been crucial.

Key inclusive entrepreneurship data

Figure 35.1. **Entrepreneurship and self-employment data for Spain**



Sources: Chart A. Eurostat, Labour Force Survey, 2000-13; Chart B. Eurostat, Labour Force Survey, 2013; Chart C. Eurostat, Labour Force Survey, 2000-13; Chart D. Special tabulations of the Global Entrepreneurship Monitor adult population survey, 2009-13; Chart E. Special tabulations of the Global Entrepreneurship Monitor adult population survey, 2009-13.

StatLink http://dx.doi.org/10.1787/888933287406

Sweden: Inkubator 55+

This country note provides an overview of an incubator for social enterprises established by and for older people. It also presents key inclusive entrepreneurship data for Sweden.

Description: This was a pilot project and part of the government's policy to encourage social innovations in the welfare sector for the elderly. The pilot was run by VINNOVA, Sweden's innovation agency, and administered by the business incubator at Stockholm University. It aimed to support social entrepreneurship projects run by those over the age of 55 that aim to help the elderly.

Problem addressed: In Sweden, it is estimated that 21% of the population will be over the age of 65 in 2020. While this can place strains on the economy and social system, it also presents an opportunity. People over the age of 55 are increasingly active and there is a growing demand for services and products aimed at the ageing population.

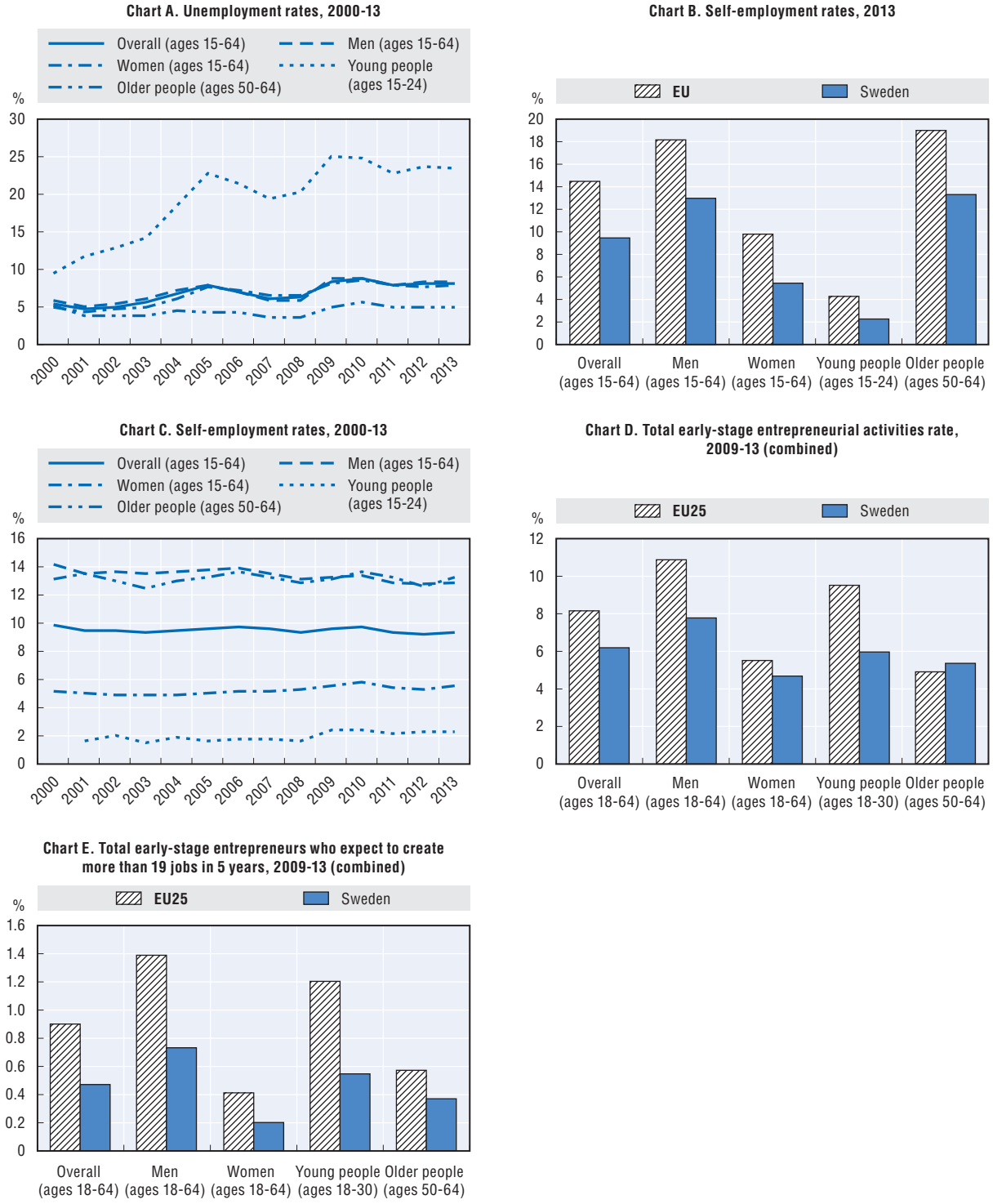
Approach: The programme had three aims: to use older entrepreneurs' knowledge and experience of their own age group as leverage for new social entrepreneurship, to contribute to employment for older people with the possibility to work, and to provide older people with opportunities to use their experience and talents. The incubator of Stockholm University (CSES) ran the pilot in the autumn of 2012, integrating the project into the normal working of the incubator. This meant that the participants could benefit from the CSES offer of coaching, courses and events. Inkubator 55+ also hired a coach to work exclusively within the pilot programme, and provided courses and events. Potential entrepreneurs from all of Sweden could apply and more than 40 applications were received and evaluated. The applicants were selected based on the feasibility of their business ideas and on their entrepreneurial capabilities. A consideration in the selection process was to have a varied group of entrepreneurs in terms of labour market participation (i.e. retired, non-retired, unemployed), experience in self-employment and gender. Those selected were given access to the incubator for 4-5 months.

Impact: Since this is a pilot, the only measures of impact are indications of output. Of the 40 applications, 6 projects were selected for the programme and 3 have been established on the market.

Conditions for success: The main success factors are the untapped market for entrepreneurship for and by older people (both supply and demand side), and the integration of the new activities for seniors into an established incubator programme. The knowledge and services of the existing incubator (CSES) were complemented with specially designed activities when needed and more time and support were given to people over the age of 55.

Key inclusive entrepreneurship data

Figure 36.1. **Entrepreneurship and self-employment data for Sweden**



Sources: Chart A. Eurostat, Labour Force Survey, 2000-13; Chart B. Eurostat, Labour Force Survey, 2013; Chart C. Eurostat, Labour Force Survey, 2000-13; Chart D. Special tabulations of the Global Entrepreneurship Monitor adult population survey, 2009-13; Chart E. Special tabulations of the Global Entrepreneurship Monitor adult population survey, 2009-13.

StatLink http://dx.doi.org/10.1787/888933287419

United Kingdom: Buy Sunderland First

This country note provides an overview of a programme to use public procurement to support local enterprises in an area of high unemployment. It also presents key inclusive entrepreneurship data for the United Kingdom.

Description: This initiative operated by Sunderland City Council is designed to help local businesses bid effectively for its low value public procurement contracts. It is operated by a central unit within the Council and uses a website to manage the bidding process together with a variety of promotional and support activities.

Problem addressed: Sunderland is an area of relatively high unemployment and the City Council is therefore interested in supporting the creation and survival of local small businesses. Spending by the Council on procurement of goods and services has a considerable impact on the local economy and the Council seeks to use this to best economic effect, within the rules of public procurement. For procurement above the threshold for competitive tendering established by the European Union Procurement Directive (EUR 207 000, approximately GBP 172 000), established international procedures are compulsory and there is no scope for the Council to give any preference to local suppliers. However, there is flexibility to use public procurement to support local entrepreneurship for contracts below this threshold. Sunderland City Council's own rules were that awards of contracts under GBP 75 000 (approximately EUR 90 000) required any person commissioning a contract to receive 3 quotes. However, new businesses were discouraged from approaching the Council to offer services or bid since it was unclear who they should contact (i.e. there was no single point of contact or supplier directory). It was decided that the bidding system should be centralised to improve control of spending on low value contracts and to improve the balance between supporting the local economy and receiving value for money.

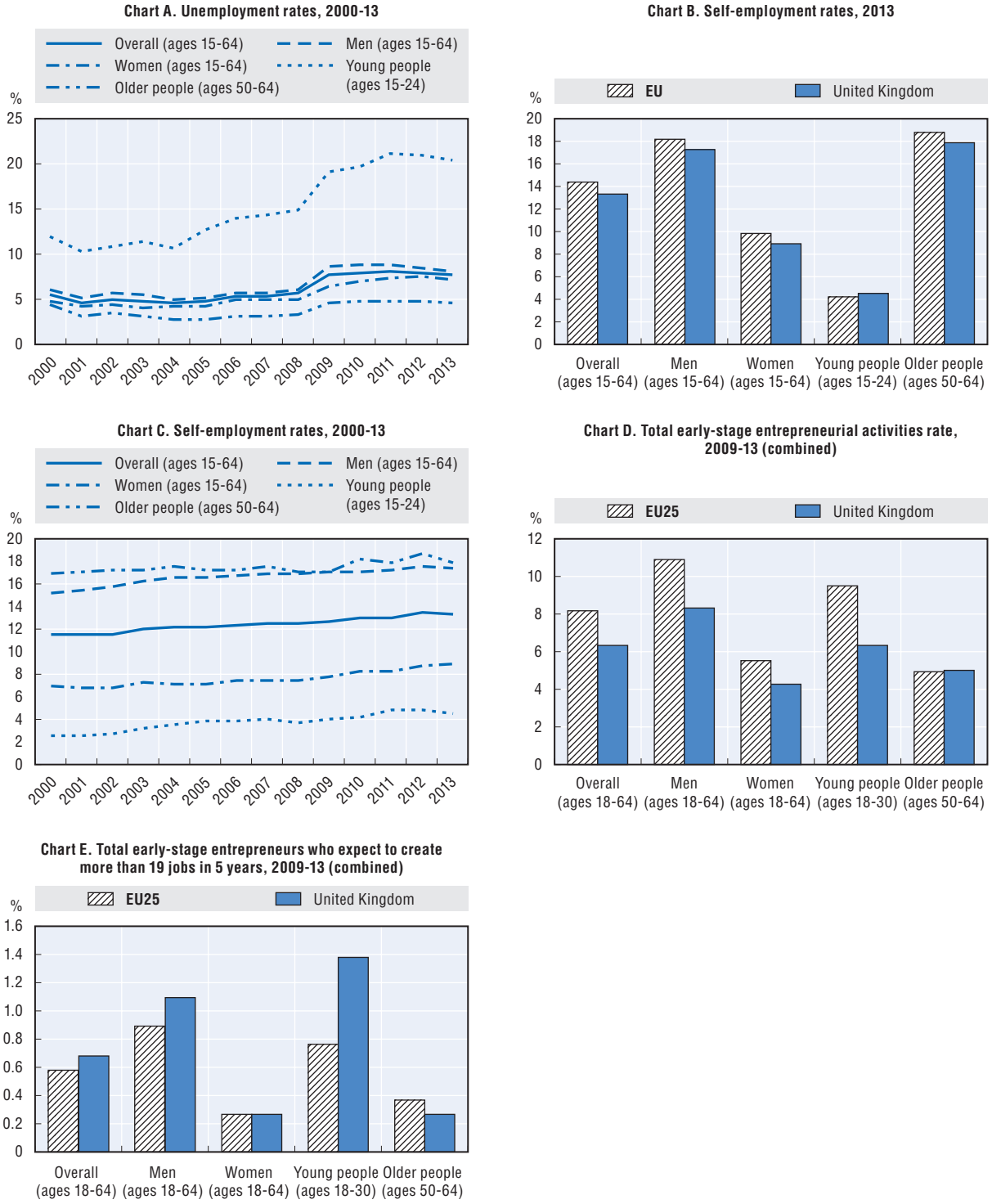
Approach: A system was put in place to allow all suppliers (i.e. not necessarily those based locally) to register free of charge on a website (*http://www.buysunderlandfirst.co.uk/*), allowing them to categorise themselves in terms of the goods and services which they provide. When a bid is required by the Council, the system will randomly select 3 suppliers from the appropriate category, 2 local and 1 non-local. This group of bidders can be supplemented with existing suppliers or others in the supplier directory. However, there must be an attempt to maintain the 2:1 ratio of local suppliers to non-local suppliers. This approach allows for competition between suppliers and also allows new local suppliers to enter the market. The initiative was launched in March 2010, with the first bids being issued in April 2010. There are currently approximately 3 000 suppliers registered in the system, of which approximately 1 400 are based in Sunderland. The initiative has been inexpensive, with the main expense being the licence for the software. Owing to the success of the scheme, the Council has made a number of changes, extending the quotation system up to the European Union threshold, increasing support from the procurement department in support of local businesses, introducing a supplier engagement group to maintain effective relationships and engagement with representatives from the local supply market, and introducing consideration of maximising local supply opportunities into options appraisal for each procurement exercise.

Impact: The percentage of contracts awarded locally by the Council increased from 38% in 2011-12 to 52% in 2013-14. Those awarded within the region increased from 52% to 85% in the same period. The overall spend by the Council that was placed locally increased from 22% in 2008-09 to 37% in 2013-14.

Conditions for success: This initiative shows that it is possible to encourage small and new local suppliers to compete for public procurement contracts, whilst staying within the constraints of procurement law and balancing support for local businesses with value for money.

Key inclusive entrepreneurship data

Figure 37.1. **Entrepreneurship and self-employment data for the United Kingdom**



Sources: Chart A. Eurostat, Labour Force Survey, 2000-13; Chart B. Eurostat, Labour Force Survey, 2013; Chart C. Eurostat, Labour Force Survey, 2000-13; Chart D. Special tabulations of the Global Entrepreneurship Monitor adult population survey, 2009-13; Chart E. Special tabulations of the Global Entrepreneurship Monitor adult population survey, 2009-13.

StatLink http://dx.doi.org/10.1787/888933287423

Glossary

Active labour market measures: Measures to assist the unemployed and others to participate in the labour market. These measures typically include job brokering (matching vacancies and job seekers), training (to upgrade and adapt the skills of job applicants), and direct job creation (either public-sector employment or subsidisation of private-sector work).

Business counselling: This business development service provides professional advice. A common approach is to offer business counselling services as part of integrated support schemes and make business counselling a condition for receiving financial support.

Business development support services: These are services that aim to improve the performance of the enterprise by improving its ability to compete and access markets. Support services typically include training, mentoring, coaching, consultancy, marketing assistance, information, technology development and transfer assistance and networking. Both strategic (medium to long-term issues that improve performance) and operational (day-to-day) issues are included.

Business start-up indicators: A set of quantitative measures that indicates the number of people that move from thinking about starting a business to realising the creation of a registered business. In other words, these indicators relate to business start-up, which is the point where entrepreneurial ideas become reality and firms make an economic contribution. Policy makers can use these indicators as one measure of the strength of entrepreneurial culture.

Business operation indicators: A set of quantitative measures that indicates the number of people that have established on-going business operations. Examples include number of businesses, turnover, export levels, employees, etc. Policy makers can use such indicators to measure the stock of entrepreneurs and businesses in an economy.

Coaching: A typically short-term relationship aimed at developing the skills of an entrepreneur. It is a collaborative process in which the participants have clearly defined roles. The coach is responsible for developing short-term goals and guiding the coachee towards the goals by providing constructive feedback. The coachee is responsible for generating ideas and options, taking action to achieve the goal, and reporting progress.

Collateral assets: Assets required of borrowers by lenders to issue a loan. They usually include goods (real estate, vehicles, etc.) that can be seized, totally or partly, by the lender in the event of loan default.

Corporate Social Responsibility (CSR): Corporate social responsibility (CSR) refers to companies taking responsibility for their impact on society. As evidence suggests, CSR is increasingly important to the competitiveness of enterprises. It can bring benefits in terms of risk management, cost savings, access to capital, customer relationships, human resource management, and innovation capacity.

Deadweight costs: The extent to which participants would have set up a new business without the subsidy. Since behaviour of these "deadweight participants" is unaffected by the scheme, their participation does not contribute to the economic value generated by the scheme but involves a public outlay. The social cost of this outlay is the sum of the distortionary cost or excess burden of the tax that finances it.

Displacement effects: The extent to which subsidised businesses take business from and displace employment in unsubsidised business.

Disabled entrepreneurs: Entrepreneurs with a disability. The vast majority of disabled people have "hidden" disabilities, including mental health conditions, chronic pain and muscular/skeletal conditions. A very small proportion has obvious disabilities, such as wheelchair users or visually impaired people. Many countries have now identified systemic barriers affecting people with disabilities in entrepreneurship such as negative attitudes and exclusion by society (purposely or inadvertently).

Disadvantaged groups: Those facing additional barriers to full participation in the labour market and society. Disadvantage often originates from individual characteristics such as limited experience of business, low levels of qualifications, or limited social capital, but the disadvantage may be linked to shared characteristics across a group. As a result, disadvantaged groups face intentional or unintentional discrimination.

Entrepreneur: A person (business owner) who seeks to generate value, through the creation or expansion of economic activity, by identifying and exploiting new products, processes or markets (see the OECD Entrepreneurship Indicators Programme). It is possible to behave in an entrepreneurial manner in the public sector, in a social enterprise, or as an employee within a business.

Entrepreneurship skills: A combination of technical skills, business management skills and personal skills required for starting and operating in business and self-employment. For example, they include team building, negotiation, strategy development, financial planning, and marketing.

Established Business Ownership Rate: This measures the proportion of the adult population that are currently owner-managers of an established business that has paid salaries, wages or any other payments to the owners for more than 42 months. This measure was develop by the Global Entrepreneurship Monitor and helps inform on the level of entrepreneurship activities in an economy.

Ethnic minority entrepreneurs: Ethnic minority entrepreneurs are those born in their country of residence, belonging to an ethnic minority group and retaining strong links to their ethnic culture. Immigrant entrepreneurs have migrated to another country. They may be from the same ethnic group as the majority of residents in the country but are unlikely to be as familiar with its rules, culture and institutions.

Evaluation: The objective of evaluation is to measure the relevance, impact, effectiveness and efficiency of a programme or policy action. Evaluations can be qualitative, quantitative or a combination of the two. Successful evaluations are planned during the policy design and indicators are collected throughout the implementation to feed into the evaluation. Evaluation should be designed and implemented in ways that provide useful information to decision-makers, given the political circumstances, programme constraints and available resources. Results of evaluation should be used to improve policy design.

Financial exclusion: Lack of, or limited, access to financial services. For example, those without a bank account can find it difficult to obtain loans for business establishment and those without collateral are charged much more for loans. Financial exclusion increases the likelihood of poverty.

Inclusive entrepreneurship: Entrepreneurship that contributes to social inclusion and gives all people an equal opportunity to start up and operate businesses. Target groups are those who are under-represented and disadvantaged in entrepreneurship and self-employment, including youth, women, seniors, ethnic minorities and immigrants, disabled people and many other groups.

Incubators: Business incubators are facilities designed to support the creation and growth of entrepreneurial companies through an array of business support resources and services, offered both directly in the incubator and through its network of contacts. Incubators vary in the way they deliver their services, in their organisational structure, and in the types of clients they serve. While virtual/online incubators exist, most programmes host start-up companies on their premises for a limited period of time. Successful completion of a business incubation programme increases the likelihood that a start-up company will survive and grow.

Islamic finance: Financing activity in compliance with Sharia law that forbids the charge of interest rates by lenders on borrowers. Lending is not ruled out, but lenders are treated as stakeholders. It has so far been more commonly used by large investment funds than to support entrepreneurs.

Labour market participation: A measure of the active portion of an economy's labour force. The labour market participation rate refers to the proportion of people who are either employed or are actively looking for work. People who are no longer actively searching for work are not included in the participation rate. An individual's circumstance will affect their likelihood of being in work or seeking work. For example, those in education or retirement are often not looking for work and are therefore excluded from published labour market activity and unemployment rates. During an economic recession, the participation rate typically decreases as many workers become discouraged with the lack of opportunities in paid employment and stop looking for work.

Loan guarantee: Commitment by a third party to cover part of the losses related to a loan default. It can be provided by the government and/or or by a private business association. It is backed up by a fund acting as collateral.

Mentoring: Mentoring is a professional relationship in which an experienced person (the mentor) assists another (the mentee) in developing skills and knowledge that will enhance the less-experienced person's professional and personal growth. These relationships are typically more long-term than the coaching relationship.

Microcredit: Small-sized loans to borrowers who find it difficult to obtain credit from traditional banks. It consists in small sums generally at higher interest rates than those available at traditional banks to reflect the riskier profile of the borrower. In the European Union, the microcredit threshold is set at EUR 25 000.

Nascent Entrepreneurship Rate: The proportion of the population that is actively involved in setting up a business they will own or co-own. This business has not paid salaries, wages or any other payments to the owners for more than three months. It is one of the measures developed by the Global Entrepreneurship Monitor to quantify entrepreneurship activities in an economy.

New Business Ownership Rate: The proportion of the population that is currently an owner-manager of a new business that has paid salaries, wages or any other payments to the owners for more than three months, but not more than 42 months. It is one of the measures developed by the Global Entrepreneurship Monitor to quantify entrepreneurship activities in an economy.

Outreach: A systematic attempt to provide services beyond conventional limits to reach particular segments of a community. Outreach services can be employed to raise the profile of (more mainstream) services and inform people of the provision Outreach services can also be used to reach and engage specific groups and those who do not tend to use mainstream services. One approach is to deliver services in locations where people from the target communities already go (e.g. community centres, youth centres, places of worship, shopping centres) rather than establishing an outreach office and attempting to attract people to it.

Parallel entrepreneurship: This is when an entrepreneur operates more than one business venture. Businesses can offer complementary goods and services to the same client base, building synergies between the two. Alternatively they can be unrelated businesses that aim to provide a more stable income to the entrepreneur.

Part-time entrepreneurship: Entrepreneurship undertaken on a part-time basis. It is most often part-time self-employment, where a person works less than 35 hours per week on a self-employment activity. Often this form of entrepreneurship is used to supplement other activities such as paid employment, unpaid household work and educational activities.

Pre-business start-up indicators: These measures capture society's attitude towards entrepreneurship and the level of interest that people have in starting a business and are an important policy tool in determining the cultural disposition towards entrepreneurship.

Role models: An experienced entrepreneur who can inspire others to business start-up or self-employment activities.

Self-employment: An employment status where people work in their own business on their own account and receive an economic return for their labour in the form of wages, profits, in-kind benefits or family gain (for family workers). The self-employed may work alone or employ others. They tend to be running their own business as a sole proprietorship, independent contractor, member of a partnership, or a non-incorporated company.

Senior entrepreneurs: Typically categorised as entrepreneurs over 50 years of age, they are also variously known as "grey entrepreneurs," "silver entrepreneurs", "older entrepreneurs," "third age entrepreneurs," "elder entrepreneurs" and "senior-preneurs." They are predicted to play an increasingly important part of economic activity, as populations age and the traditional workforce age cohort declines.

Serial entrepreneurship: The process of successively starting businesses and selling them while they are young rather than operating a business over its full life cycle.

Sign-posting: To make information available to direct potential and actual entrepreneurs to professional sources of information and assistance.

Social capital: Social capital is the value of social networks, involving the family, friends, colleagues, and business and personal contacts through which opportunities are received. In entrepreneurship, social capital provides access to knowledge, networks of clients, suppliers and professional support, and can therefore increase an individual's chances of business success.

Social entrepreneurship: This is a form of entrepreneurship where the main objective is to have a social impact rather than make a profit for their owners or shareholders. Social enterprises operate by providing goods and services for the market in an entrepreneurial and innovative fashion and use any profits primarily to achieve social objectives. They are managed in an open and responsible manner and, in particular, involve employees, consumers and stakeholders affected by their commercial activities.

Social inclusion: Positive action taken to include all sectors of society in economic and social activity. This includes ensuring that the marginalised and those living in poverty have greater participation in decision making which affects their lives, allowing them to improve their living standards and their overall well-being.

Total Early-stage Entrepreneurial Activity (TEA): A measure used by the Global Entrepreneurship Monitor and computed by summing the proportion of the population involved in nascent entrepreneurship activities and those who have started new business within the last 42 months.

Under-represented groups: Those segments in society that are less represented in the enterprise economy than their proportions in the overall population, for example women and people with disabilities.

Work-life balance: A concept involving a proper prioritisation between "work" (career and ambition) and lifestyle (health, pleasure, leisure, family and spiritual development).

Youth entrepreneurs: Entrepreneurs in their late teens and twenties. The exact definition of age range depends on the context. For example, the Global Entrepreneurship Monitor defines young entrepreneurs as those from 18 to 30 years old, while the Eurostat Labour Force Survey focuses on those from 15 to 24 years old.

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The Missing Entrepreneurs 2015

POLICIES FOR SELF-EMPLOYMENT AND ENTREPRENEURSHIP

This publication examines how public policies at national, regional and local levels can support job creation by encouraging business start-ups and self-employment by people from disadvantaged or under-represented social groups. It shows that there is substantial potential to combat unemployment and stimulate social inclusion by promoting entrepreneurship in populations such as women, youth, seniors, the unemployed, and migrants, if the specific problems they face can be addressed and if entrepreneurship policies are opened up to all. Policy discussion in this report focusses on supporting business growth and developing effective coaching and mentoring programmes, and offers the inspiration of existing good practices from across the European Union.

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