The Missing Entrepreneurs 2023

POLICIES FOR INCLUSIVE ENTREPRENEURSHIP AND SELF-EMPLOYMENT

OECD

European Commission

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Preface by the OECD

The Missing Entrepreneurs 2023 arrives at a time of continued volatility and uncertainty in the global economy, characterised by immediate and pressing challenges such as trade disruptions and slow growth in many of the world's largest economies. These complicate the ability to overcome challenges and leverage opportunities from longer-term pressures, notably climate and demographic change as well as the digital transition. Whether immediate or longer-term, entrepreneurs, as important sources of growth, jobs and innovation, have a central role to play in finding solutions to these challenges, but not all those with entrepreneurial aspirations have the opportunity to turn their ideas into businesses.

This new edition of the Missing Entrepreneurs shows that there are still more than 34 million "missing" entrepreneurs across the OECD area. Of these, about three-quarters are women. Although governments have been working to boost women's entrepreneurship for decades progress remains too slow and renewed momentum is needed to get more women into the entrepreneurship pipeline, and, in turn, unleash new ideas, innovation, jobs and growth.

However, progress is being made in many OECD countries and in many others, efforts to strengthen momentum via new strategies and action plans to boost diversity in entrepreneurship, especially among women and older people, are well under way. In addition, many governments are using inclusive entrepreneurship schemes to address pressing needs such as helping Ukrainian refugees integrate into their new communities as entrepreneurs.

The OECD is working with governments to go even further. In 2022, the OECD Council at Ministerial level issued two recommendations that call on governments to reduce gaps in entrepreneurship, namely the Recommendations on SME and Entrepreneurship Policy and on Creating Better Opportunities for Young People. These were given further impetus in the Declaration by Ministers that followed the OECD SME and Entrepreneurship Ministerial Meeting in June 2023.

Our work here is the fruit of a long-standing and successful partnership with the European Commission to strengthen inclusive entrepreneurship policies, which together with our work on missing entrepreneurs includes many other activities. For example the OECD-EU Youth Entrepreneurship Policy Academy is working to strengthen youth entrepreneurship policies. I would like to extend a warm thank you to the European Commission for supporting this work, which has proven instrumental in allowing us to strengthen the evidence base on, and design and implementation of, effective inclusive entrepreneurship policies and programmes.

Lamia Kamal-Chaoui
Director,
OECD Centre for Entrepreneurship, SMEs, Regions and Cities

Preface by the European Commission

At the end of 2023, the EU labour market has largely recovered from the COVID-19 crisis. However, access to self-employment remains challenging for underrepresented groups in entrepreneurship such as youth, people with disabilities and migrants. Furthermore, much progress can still be achieved as regards entrepreneurship for women, seniors, and unemployed people.

Compared to the strong motivation declared during their studies, the number of **young people** starting businesses remains low in the European Union. There is certainly an untapped potential here, and it is reassuring that nearly three-quarters of EU Member States have adopted strategies to promote youth entrepreneurship. The EU and the OECD have also set up the Youth Entrepreneurship Policy Academy (www.yepa-hub.org).

Improving the social and labour market inclusion of **people with disabilities** is an important political objective. Entrepreneurship can be part of the suite of policy tools used to achieve it. However, few EU Member States have well-developed support systems for entrepreneurs with disabilities. We can do better.

The number of **migrants** in the EU will continue to increase in the coming years. We need to make a collective effort to ensure that they can all contribute to society and that no one is left behind. Given the demographic outlook and the skills shortages the EU is already facing, the integration of migrants in our labour markets is not about fairness only: it has become an economic necessity for our societies.

Three quarters of the “missing” entrepreneurs in the EU are **women**. Despite the many actions taken in their favour an important gender gap persists. The European Commission strongly encourages Member States to look at work-life balance issues and access to childcare in particular, and to fully implement the EU Council Recommendation on access to social protection for all.

Entrepreneurship policy can play a role in supporting active ageing policy. There is a growing population of healthy **seniors** with the skills, financial resources, and time available to contribute to economic activity through entrepreneurship. Business set up by seniors may be good valorisation of the precious experience older people have built throughout their carrier.

The present Report dedicates a specific chapter to welfare bridges, allowing **unemployed people** to engage in entrepreneurship. Although many countries are still lacking experience, the findings are encouraging, showing that welfare bridges programmes, coupled with training or business support, are really beneficial for individuals and for society at large.

Entrepreneurship is not a solution for all employment issues, but it is a piece of the puzzle. In a distinct but related domain, the European Commission is also pushing for further development of the social economy, that also offers solutions for our target groups such as migrants or people with disabilities. Recently, EU Member States have agreed on a Council Recommendation on developing social economy framework conditions. It is an important step ahead.

Let me finally express my gratitude to the OECD for our fruitful cooperation that has led to this brand new 2023 edition of the Missing Entrepreneurs Report!

Joost Korte
Director-General,
Directorate General for Employment, Social Affairs and Inclusion, European Commission

Foreword

Inclusive entrepreneurship policies seek to unlock entrepreneurial talent across the population, helping to ensure that everyone has an equal opportunity of creating a successful and sustainable business, regardless of their gender, age, place of birth, work status or other personal characteristics. In turn, opening up entrepreneurship to more people can contribute to achieving more inclusive and sustainable growth. Because it is inherently people-centred, inclusive entrepreneurship policies can also create stronger labour market attachment and tackle social and financial exclusion.

The 2023 edition of the Missing Entrepreneurs seeks to help governments in designing more effective inclusive entrepreneurship policies and schemes. It presents updated indicators on entrepreneurship activities by women, immigrants, youth, seniors, and the unemployed, and includes a new chapter covering people with disabilities. The report presents the main trends over the medium-term across European Union (EU) Member States and OECD countries. It also provides an updated overview of policy actions to address obstacles to entrepreneurship, including concrete examples and innovative approaches that can inspire others.

This edition of the Missing Entrepreneurs contains two thematic policy chapters that examine and assess the effectiveness of youth entrepreneurship support schemes and welfare bridge schemes to support job seekers in business creation across EU Member States and OECD countries. Lessons from experiences to date are identified and recommendations are offered to governments and other stakeholders.

The report is produced as part of a wider collaboration between the OECD and European Commission. Other activities in this collaboration include a biennial set of country-level assessment notes on inclusive entrepreneurship policy in EU Member States, a set of policy briefs on selected issues and the new OECD-EU Youth Entrepreneurship Policy Academy, which was launched in March 2023. This new policy learning network brings together 150 policy makers, youth entrepreneurship networks, social entrepreneurship networks, researchers and programme managers from across the EU and beyond. The aim of this new network is to exchange on policy lessons and innovations. Each of these stand-alone activities also informed this report.

This report was developed by the Centre for Entrepreneurship, SMEs, Regions and Cities (CFE) in collaboration with DG Employment, Social Affairs and Inclusion. It is part of the Programmes of Work and Budget of the OECD Committee for SMEs and Entrepreneurship (CSMEE) and the Local Employment and Economic Development (LEED) Programme. Initial draft content (CFE/LEED/SME(2023)1) was discussed the 4th session of the CSMEE on 29-30 March 2023 and the 82nd session of the LEED Directing Committee on 10-11 May 2023. The final report was approved by written procedure on 6 November 2023 (CFE/LEED/SME(2023)4).

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

This report is part of the programme of work of the OECD Committee on SMEs and Entrepreneurship (CSMEE) and the OECD Local Economic and Employment Development (LEED) Programme. The work of these two committees is supported by the OECD Secretariat, notably the CFE SME and Entrepreneurship Division (SMEE) led by Lucia Cusmano, Acting Head of Division, and the Local Employment, Skills and Social Innovation (LESI) Division, led by Karen Maguire, Head of Division.

The report was prepared by David Halabisky, Project Co-ordinator, Inclusive and Sustainable Entrepreneurship under the direction of Jonathan Potter, Head of Entrepreneurship Policy and Analysis Unit of the OECD SMEE Division. Chapters 8 and 9 draw on expert papers prepared for the OECD by Prof. Ewald Kibler and Dr. Bernadetta Ginting-Szczesny, Aalto University (Chapter 8) and Prof. Dr. Alexander S. Kritikos, DIW Berlin (Chapter 9). Contributions were made by Helen Shymanski (Chapters 2, 3, 4, 8 and 9, and Country Profiles) and Pablo Shah (Country Profiles), both of the OECD CFE SMEE Division. Additional inputs were prepared by Oualid Mokhantar of the OECD CFE SMEE Division.

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The country profiles in Part III of this report were based on a set of Country Assessment Notes that were prepared for each EU Member State by David Halabisky, Cynthia Lavison, Pablo Shah and Helen Shymanski of the OECD CFE SMEE Division in collaboration with a network of national inclusive entrepreneurship policy experts:

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Reader's guide

What will I learn from this report?

The *Missing Entrepreneurs 2023* report provides an overview of recent trends and policy developments in the field of inclusive entrepreneurship policy. These policies seek to ensure that everyone has an equal opportunity of creating a successful and sustainable business, regardless of their gender, age, place of birth, work status or other personal characteristics. The 2023 edition is the seventh edition in the series of Missing Entrepreneurs reports. It is published every two years and each edition presents updated indicators on entrepreneurship activities by different population groups (e.g. women, immigrants, youth, seniors, the unemployed, people with disabilities), which are benchmarked across countries. The report also presents current knowledge on the barriers faced in business creation by these different groups and provides an updated overview of policy actions to address these obstacles. It provides concrete examples of policies and initiatives that show promising results and/or innovative approaches to inspire others.

This edition contains two thematic policy chapters that assess the effectiveness of youth entrepreneurship support and how welfare bridges for job seekers could be improved. Each chapter presents the current policy issue and makes an assessment of the effectiveness of approaches used in EU Member States and OECD countries. Lessons from experiences to date are identified and recommendations are offered to governments and other stakeholders.

How can I read this report?

While this report can be read linearly, it is designed as an interactive resource, allowing readers to easily identify the sections of interest and access relevant examples. This publication consists of three main parts.

- Part I presents updated country-level indicators on entrepreneurship activity rates, characteristics and barriers across different population groups. These chapters also provide a brief assessment of the state of policy for each group and present new policy developments.
- Part II contains two thematic policy chapters. The first provides an overview of the state of knowledge on the effectiveness of youth entrepreneurship support and identifies lessons for governments based on a collection of high-quality evaluations undertaken since 2000. The second examines entrepreneurship support for job seekers, notably welfare bridges. This chapter presents evidence on the effectiveness of different variations of the welfare bridge model and identifies lessons from international experience. Recommendations are offered to governments on how welfare bridges could be made more effective.
- Part III contains country profiles on each of the 27 EU Member States. These short profiles present recent trends in inclusive entrepreneurship and benchmark several indicators against the EU average. They also highlight recent policy developments and current policies issues in each country.

What are the main data sources?

This report draws on several data sources that do not always have the same concept or definition for a given indicator. Efforts have been made to harmonise the data to the greatest extent possible but some differences remain.

The Global Entrepreneurship Monitor

The Global Entrepreneurship Monitor (GEM) is an international initiative that measures entrepreneurship activities and attitudes around the world through annual surveys of the adult population (ages 18 and older) in participating countries. Unlike business enterprise surveys, GEM surveys people so it can identify those involved in different phases of entrepreneurship, providing individual-level data on entrepreneurial motivations and aspirations among other characteristics. The GEM survey covered 51 economies in 2022, the most recent year for which data are available (GEM, 2023[1]).

This report uses pooled (i.e. combined) data over five years (i.e. 2018 to 2022) for each EU Member State and OECD country that participated in the survey during these years. This approach improves the reliability of the estimates for each population group (i.e. men, women, youth and seniors) since they are based on larger samples. Survey responses are weighted by age and gender to make the results representative of the national populations. The averages for the EU and OECD were computed using weighted country averages for the period.

Between 2018 and 2022, 22 of the 27 EU Member States participated in the survey in at least one year and 12 participated in all years. The Member States that did not participate in the GEM survey during this period were Belgium, the Czech Republic, Denmark, Estonia, and Malta. The total sample size for EU Member States for this period was 346 096.

Among OECD countries, 31 of the 38 participated at least once between 2018 and 2022 and 18 participated in all years in this period. The countries that did not participate in the survey in these years were Belgium, Costa Rica, the Czech Republic, Denmark, Estonia, Iceland and New Zealand. The total sample size for OECD countries for this period was 472 815.

Several GEM indicators are presented in this report:

- **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.
- **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.
- **Total early-stage Entrepreneurial Activity (TEA) Rate:** is the sum of the proportions of the population involved in nascent entrepreneurship activities and those who have started a new business within the last 42 months.
- **Established Business Ownership Rate** is 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.

For more information on methodologies used by the Global Entrepreneurship Monitor, please see (GEM, 2023[1]).

EU Labour Force Survey

The EU Labour Force Survey (LFS) is a monthly household survey in all EU Member States that captures information on labour market activities (Eurostat, 2023[2]). It is the largest European household sample survey, providing quarterly and annual results on persons aged 15 and over, inside and outside the labour market. Eurostat currently publishes results for 34 participating countries, including 26 of the 38 OECD countries. These countries include the EU Member States, three EFTA countries (Iceland, Norway and Switzerland) and four EU candidate countries (Montenegro, North Macedonia, Serbia and Republic of Türkiye).

The sample size is about 1.1 million persons per quarter. Data collection is through individual interviews and proxy interviews (i.e. an interview with another person in the household) are allowed in most countries. The published data include only private households. To ensure that the statistical results are comparable across countries and over time, the LFS uses the same concepts and definitions, follows International Labour Organisation (ILO) guidelines, uses common classifications (e.g. NACE, ISCO, ISCED, NUTS) and records the same set of characteristics in each country.

This report draws on the self-employment data presented in the EU LFS. Self-employed individuals are defined as those who work in their own business, farm or professional practice and receive some form of economic return for their labour, including wages, profits, in-kind benefits or family gain. This covers those who operate unincorporated firms; those who operate incorporated firms would be declared as salaried employees of their own firm and therefore not counted as self-employed workers. Volunteers are also excluded from this definition, as are those working towards the creation of an unincorporated business that has not yet been launched. An individual's self-employment status does not change depending on the purpose of the business (i.e. the business could have profit motives or be a non-profit or social enterprise).

Eurostat also distinguishes between own-account self-employed and self-employed employers:

- 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.

There was an important methodology change to the Labour Force Survey in 2021 (Regulation (EU) 2019/1700), whose objective was to increase the quality of social statistics and increase comparability across EU Member States. For the self-employed, new variables on economically dependent self-employment have been introduced to better understand the working conditions of the self-employed. Data collection will start by 2029.

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

What is the difference between self-employment data and entrepreneurship data?

It is important to distinguish between self-employment data and entrepreneurship data presented in this report. The OECD-Eurostat Entrepreneurship Indicators Programme, launched in 2006, developed definitions for entrepreneur, entrepreneurship and entrepreneurship activity (Ahmad and Seymour, 2008[3]), which formed the basis of the OECD and Eurostat definitions (and subsequent statistical guidance) taking account of relevance and measurability and emphasising entrepreneurial action over intention.

- An entrepreneur is an individual (business owner) who seeks to generate value, through the creation or expansion of economic activity, by identifying and exploiting new products, processes or markets.
- An 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.

The self-employment data presented in this report come from the Eurostat Labour Force Survey (LFS) and the Global Entrepreneurship Monitor (GEM). Due to the differences in definitions between LFS data and GEM data, discrepancies in the counts of self-employed workers and entrepreneurs are present. For example, GEM data include owner-managers of incorporated businesses, whereas they are excluded from the LFS self-employment data. The GEM data also cover those operating unincorporated businesses, which are counted by the LFS self-employment data. Furthermore, individuals who may be running businesses as a secondary activity are considered as entrepreneurs in GEM data, while the LFS data report on the principal labour market activity only. Therefore, LFS will only capture those who spend more time in self-employment than employment, whereas the GEM data will also include entrepreneurs who may spend more of their time as employees. Another important difference is that the GEM data cover people working towards starting a business while the LFS data only count people who have fully realised the creation of an unincorporated business.

Flash Eurobarometer 513: Social Entrepreneurship and Youth

The Flash Eurobarometer is a survey instrument used by the European Commission, the European Parliament and other EU institutions and agencies to monitor public opinion in Europe. These surveys cover a broad range of subjects and issues.

Flash Eurobarometer 513 covers the issues of social entrepreneurship and youth entrepreneurship, covering among many issues, the knowledge of, attitudes towards and motivations for entrepreneurship and social entrepreneurship. The survey was requested by the European Commission, Directorate-General for Employment, Social Affairs and Inclusion and co-ordinated by the Directorate General for Communication. Fieldwork was conducted by Ipsos European Public Affairs.

The survey was administered between 10 and 20 October 2022 using computer-assisted web interviewing (CAWI) through Ipsos online panels and their partner network. A share of respondents in Luxembourg and Malta was recruited via social media networks. The target population was EU citizens aged 15 to 30 years old. The sample size was at least 500 respondents in Cyprus, Luxembourg and Malta, and at least 1 000 in all other EU Member States. The total number of interviews conducted was 25 992. Survey data are weighted to known population proportions.

OECD country-level inclusive entrepreneurship policy assessments

The OECD Centre for Entrepreneurship, SMEs, Regions and Cities undertakes a biennial assessment of inclusive entrepreneurship policies and programmes in each of the 27 EU Member States with support from the Directorate-General for Employment, Social Affairs and Inclusion of the European Commission. These assessments are done in collaboration with a network of inclusive entrepreneurship experts across the EU. Information was collected through desk research and interviews (i.e. telephone, face-to-face, email) with policy officers, entrepreneurship support organisations and other stakeholders. The descriptions and assessments were then verified by government ministries, programme managers and other inclusive entrepreneurship stakeholders through online seminars and written exchanges.

Each assessment uses a common framework that considers: i) the policy frameworks for inclusive entrepreneurship; and ii) the schemes in place to promote and support business creation by women, immigrants, youth, seniors and the unemployed. The assessments focus on national-level policies and schemes but, where relevant, sub-national initiatives and actions by the non-government sector are considered.

Policy frameworks

The characterisation of the policy frameworks describes the approach taken to support entrepreneurship for women, immigrants, youth, seniors and the unemployed in each Member State. It identifies whether policies are implemented by national, regional and/or local governments for each group and whether there is an entrepreneurship strategy for each group with clear objectives and targets. In addition, it considers whether there is regular monitoring and evaluation activities to track interventions, measure their effectiveness and feed learnings back into policy design. The figures in Chapters 2-7 present the proportion of Member States reporting "yes" to each assessment criterion.

Entrepreneurship schemes

The assessments also examine the extent to which entrepreneurship schemes (e.g. entrepreneurship training, coaching and mentoring, microfinance) effectively support business creation by women, immigrants, youth, seniors and the unemployed. Both dedicated approaches and general support schemes are considered. While dedicated approaches can have greater impacts since they are typically designed to address the barriers faced by the target clients, general schemes can also be effective for supporting entrepreneurs from disadvantaged and under-represented groups. The assessments consider the following nine issues:

1. **Tailored**: Are public programmes tailored for the target group?
2. **Consultation**: Are the targeted entrepreneurs consulted during the design of programmes?
3. **Outreach**: Are appropriate outreach methods used for different target groups?
4. **Delivery**: Are specialist organisations used to deliver programmes?
5. **Take-up**: Does the support have high take-up among target group?
6. **Scale**: Is the scale of available support sufficient?
7. **Outcome**: Does evaluation evidence show a positive impact?
8. **Integrated**: Is the programme linked to other types of support (e.g. training and finance)?
9. **Links**: Are tailored entrepreneurship link to general support programmes?

There is a great deal of diversity of entrepreneurship schemes in most countries, particularly those where both national and sub-national governments are actively involved. The assessments consider the "typical" scheme that an entrepreneur can use in the country. A focus was placed on public schemes and those funded by government even if they were delivered by non-government actors.

The figures in Chapters 2-7 present an unweighted average of the assessment scores across the 27 EU Member States. The figures present the scores out of nine for each type of intervention in four areas of policy intervention:

- Entrepreneurship skills
  - Entrepreneurship training
  - Entrepreneurship coaching and mentoring
  - Business consultancy, including incubators/accelerators
- Access to finance
  - Grants for business creation
  - Loan guarantees

  - Microfinance and loans
  - Other instruments (e.g. crowdfunding, risk capital)
- Entrepreneurship culture and social capital
  - Entrepreneurship campaigns, including role model initiatives
  - Networking initiatives
- Regulatory measures and instruments
  - Support with understanding and complying with administrative procedures
  - Measures to address group-specific regulatory challenges (e.g. student business legal form for young entrepreneurs)

For more information and to access the collection of notes, please visit: https://www.oecd.org/cfe/smes/Inclusive-Entrepreneurship-Policies-Country-Assessment-Notes.htm.

References

Ahmad, N. and R. Seymour (2008), *Defining Entrepreneurial Activity: Definitions Supporting Frameworks for Data Collection*, OECD Publishing, https://doi.org/10.1787/243164686763. [3]

Eurostat (2023), *Employment and Unemployment (LFS) Database*, https://ec.europa.eu/eurostat/web/lfs/database (accessed on 23 May 2023). [2]

GEM (2023), *2022/2023 Global Entrepreneurship Monitor (GEM) Global Report: Adapting to a "New Normal"*, https://gemconsortium.org/reports/latest-global-report (accessed on 6 September 2023). [1]

Executive summary

The changing face of entrepreneurship

The profile of entrepreneurs is becoming more diverse in the European Union (EU) and OECD. However, this shift has been slow overall, and there is a long way to go before the population of entrepreneurs fully reflects the diversity of the wider population.

One of the most significant shifts over the past decade has been the growth in the scale and impact of immigrant entrepreneurship. This is clearly visible in the EU, where the share of self-employed workers born in another country nearly doubled over the past ten years from less than 7% in 2013 to 12% in 2022. Driven by a growth in cross-border migration flows, this growth in immigrant entrepreneurship is often viewed as having a positive impact on economies. For example, in Sweden, new research shows that immigrant-owned firms are more likely to employ others and have more employees than native-owned firms, while in Germany, immigrant-owned businesses are more likely to achieve high levels of growth than firms led by non-immigrants. Moreover, 60% of German unicorns (i.e. businesses valued at more than USD 1 billion) have at least one immigrant founder.

Another trend has been the continued, but slow, progress in reducing gender gaps in entrepreneurship. It is clear that the COVID-19 pandemic had a disproportionate impact on women-led businesses in 2020-21, largely due to sector effects. However, the number of self-employed women has since bounced back to pre COVID-19 levels, while the number of self-employed men has not. The result is a return to the long-term trend of a slow reduction in the gender gap, at least in terms of the numbers of entrepreneurs. Men were 1.84 times more likely to be self-employed than women in the EU in 2013 and this closed marginally to 1.76 times in 2019 (pre COVID-19) to 1.72 times in 2022. However, surveys show that women entrepreneurs are still less likely to be operating growth-oriented businesses. Over the period 2018-22, only 6% of female entrepreneurs in the EU and 11% in the OECD reported that they expect their business to create at least 19 jobs over the next five years relative to 12% of men in the EU and 16% in the OECD.

The millions of “missing” entrepreneurs

Entrepreneurship and self-employment rates vary across the population. For example, women are less active than men in starting and managing new businesses. About 6% of women in the EU and 9% of women in OECD countries were actively working on a start-up or managing a new business (i.e. less than 42 months old) over the period 2018-22 relative to 8% of men in the EU and 11% of men in OECD. There are also significant differences in these rates by age and place of birth. These gaps are due to a range of factors, including differences in motivations, own resources (e.g. skills, finance, networks) and access to external resources, which affect both business creation and growth. Other important influences on entrepreneurship gaps include social attitudes towards work and entrepreneurship, local labour market conditions and opportunities in employment, as well as the uneven impact of start-up policies and business regulations (e.g. requirement to file business taxes online).

One way to demonstrate the scale of entrepreneurship gaps is to estimate the number of "missing" entrepreneurs. There would be 7.5 million more entrepreneurs in the EU and 34.1 million more in the OECD if everyone was as active in business creation as 30-49 year old men, which is the cohort who is most often identified as the most active in business creation and most likely to create sustainable businesses. The number of "missing" entrepreneurs is equivalent to 44% of actual entrepreneurs in the EU and 34% in the OECD, with significant gaps in many demographic groups, such as women and the young.

Tapping into the talent of the "missing" entrepreneurs

The "missing" entrepreneurs challenge is largely a gender challenge

The vast majority of "missing" entrepreneurs in the EU and OECD are women. This reflects a number of factors, including how markets and institutions affect female and male entrepreneurs differently. It also reveals differences in individual preferences that are shaped by social attitudes towards gender roles. The cost of gender gaps in entrepreneurship is substantial. For example, estimates in Canada show that GDP growth would be 6% higher over the 2017-26 period if the gender gap in entrepreneurship was closed. This is significant but likely represents a lower limit for potential growth in other countries since there are relatively small gender gaps in Canada.

Governments and other actors have been reducing barriers to women's entrepreneurship for decades but these efforts are often not well-linked to strong policy frameworks. This can result in a lack of vision and cohesion in support systems. Several new strategies have been launched recently in the EU and OECD. The new action plan for "More female entrepreneurs for small and medium-sized enterprises" in Germany for example includes more than 40 actions structured around several pillars, including facilitating the participation of women entrepreneurs in the green transition. One of the strengths of the approach is that the action plan was developed by five ministries in consultation with 27 women's entrepreneurship networks and organisations, leading to strong buy-in.

Young entrepreneurs have high hopes but face high barriers to success

Young people continue to show a high level of interest in entrepreneurship. Nearly four-in-ten young people (15-30 years old) in the EU in 2022 would rather be self-employed than being an employee because they can "be one's boss" and have the "freedom to choose time and place of work". Yet only 5% of youth (18-30 years old) in the EU was working on a start-up over the period 2018-22 and another 4% were operating a new business (i.e. less than 42 months old). Rates were slightly higher in the OECD – 9% were working on a start-up and 5% managing new businesses – but these were well below the share preferring self-employment.

Governments have strengthened their commitment to supporting young people during the COVID-19 pandemic, including young entrepreneurs. However, the impact of youth entrepreneurship schemes are not always well understood. High-quality evaluations suggest that finance needs to be a core element of youth entrepreneurship schemes but this alone does not guarantee success. The pairing of financial support and non-financial support (e.g. training, coaching) appears to not only increase the chances of creating a sustainable business, but also the chances of finding a job when start-ups do not succeed. Moreover, these evaluations suggest that certain conditions are likely to drive this success, including the motivations of young beneficiaries and the level of support provided to trainers and coaches such as training and opportunities to exchange on good practices.

Governments can build welfare bridges to success for job seekers

Welfare bridge schemes are one type of measure that facilitates business creation by job seekers by allowing future unemployment benefits to be converted into a grant and/or allowance to support business creation. This type of measure is used in 15 European Union Member States and seeks to reduce information barriers and unconscious discrimination faced by unemployed people when starting a business. Governments also hope to boost job creation and market development with these types of measures, typically giving them greater consideration during periods of economic crisis.

The design and implementation of welfare bridge schemes varies across countries in terms of their main features such as length of support offered, trade-off rates between future unemployment insurance entitlements and start-up support received, and eligibility criteria. These measures account for a very small share of active labour market policy measures (ALMP) in most countries, accounting for less than 1% of ALMP expenditures. Evaluations show that about 80% of beneficiaries of well-designed schemes start a sustainable business and in countries where evidence is available, 50% to 60% of these start-ups are still operating after four to five years (France, Germany, Poland, United Kingdom). A number of factors can be identified that increase the chances of supporting the creation of economically viable businesses, notably by requiring effort from the individual before receiving support such as preparing a business plan. This can help governments target support on motivated individuals with viable business ideas. Such requirements can also reduce the likelihood of creating precarious work where self-employed workers work long hours for little income, as well as displacement effects where supported businesses take markets away from incumbent firms.

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1 Recent trends and policy priorities in inclusive entrepreneurship

This chapter presents evidence on recent trends in self-employment and entrepreneurship among women, immigrants, youth and seniors in the European Union (EU) and OECD. It shows that self-employment has bounced back following the COVID-19 pandemic for many groups in the EU, notably women. However, there are still many millions of “missing” entrepreneurs that cost economies ideas, innovation and jobs. The chapter also provides a brief overview of how governments are using a range of policies and programmes to reduce gaps in entrepreneurship. New policy developments at national and local levels are highlighted, including new strategies to reduce gender gaps in entrepreneurship, the re-emergence of support for senior entrepreneurs in several countries and the introduction of entrepreneurship schemes for Ukrainian refugees. The chapter also outlines some policy priorities for future developments in inclusive entrepreneurship policy.

Key messages

- **While labour markets in many European Union (EU) Member States and OECD countries have recovered from the COVID-19 crisis, the total number of self-employed workers has not yet returned to pre-COVID levels.** However, the number of self-employed women has bounced back to pre-COVID levels while the number of self-employed men remains lower.
- **There are still millions of "missing" entrepreneurs across the EU and OECD.** There are nearly 7.5 million "missing" entrepreneurs in the EU representing 44% of all entrepreneurs and 34.1 million in the OECD representing for 34% of actual entrepreneurs. Nearly three-quarters of these "missing" entrepreneurs are women.
- **These entrepreneurship gaps are due to a combination of long-standing challenges.** Markets and institutions do not affect everyone in the same way and many groups that lack resources face greater challenges in accessing skills, finance and networks. Social attitudes play a significant role as they influence motivations for entrepreneurship, ambitions once businesses are created and affect how entrepreneurs from under-represented groups are perceived by customers, lenders, investors and support providers.
- **Governments in the EU and OECD continue to strengthen inclusive entrepreneurship policies and programmes.** Several countries have introduced new strategies and action plans to support women entrepreneurs, older entrepreneurs and entrepreneurs with disabilities. Governments are also investing more in schemes to support young entrepreneurs and using entrepreneurship schemes to support the integration of Ukrainian refugees into the labour market.
- **Future priorities for inclusive entrepreneurship policy include:**
  - Strengthen policy frameworks for women's entrepreneurship to create cohesive support systems composed of reinforcing schemes and measures. Strong policy frameworks are also important for setting priorities and securing resources for implementing schemes, supporting women's entrepreneurship organisations and networks, and undertaking research and data development.
  - Make smarter investments when supporting young entrepreneurs. Evaluations suggest that financial support will boost business creation by young people, but this is not enough to create sustainable businesses. Training and coaching combined with finance is more likely to lead to the creation of sustainable businesses and stronger employment outcomes when start-ups fail. A key success factor for effectively targeting support is to consider the beneficiaries' motivation levels during in-take.
  - Harness the potential of immigrant entrepreneurs as they are rapidly becoming a significant group of entrepreneurs. Recent evidence shows that they create jobs and opportunities for others. Governments could leverage this potential with a greater emphasis on growth-oriented support and building networks.
  - Leverage welfare bridges when there is a high proportion of unemployed people that have a preference for self-employment but use strong selection mechanisms (e.g. require the preparation of a business plan) to reduce the chances of creating precarious work. The success of these types of measures hinges on several factors, including the provision of at least six months of support.

The need for inclusive entrepreneurship policy in a world of polycrisis

Entrepreneurs have faced a series of economic shocks over the past 15 years, increasing the risks and challenges faced in starting and managing a business. The first major shock was the financial crisis of 2007-08, which heavily affected labour markets. Unemployment increased sharply across the European Union (EU) (from 7% in 2008 Q1 to 10% in 2010 Q1 before reaching 12% in 2013 Q1) and OECD (from 6% in 2008 Q1 to 9% in 2010 Q1) as aggregate demand fell. This crisis impacted young people very strongly as the youth unemployment rate reached more than 25% in the EU by 2010. It took a decade for the youth unemployment rate to return to pre-crisis levels. This was followed by the COVID-19 pandemic, which started in early 2020. This health crisis led governments to effectively shut down some sectors of the economy to protect public health. Unemployment spiked again in EU Member States and across OECD countries, with the unemployment rate nearly doubling over the first two quarters of 2020. On the heels of this, Russia's large-scale aggression against Ukraine in 2022 disrupted economic recovery from the COVID-19 pandemic and introduced volatility into global markets.

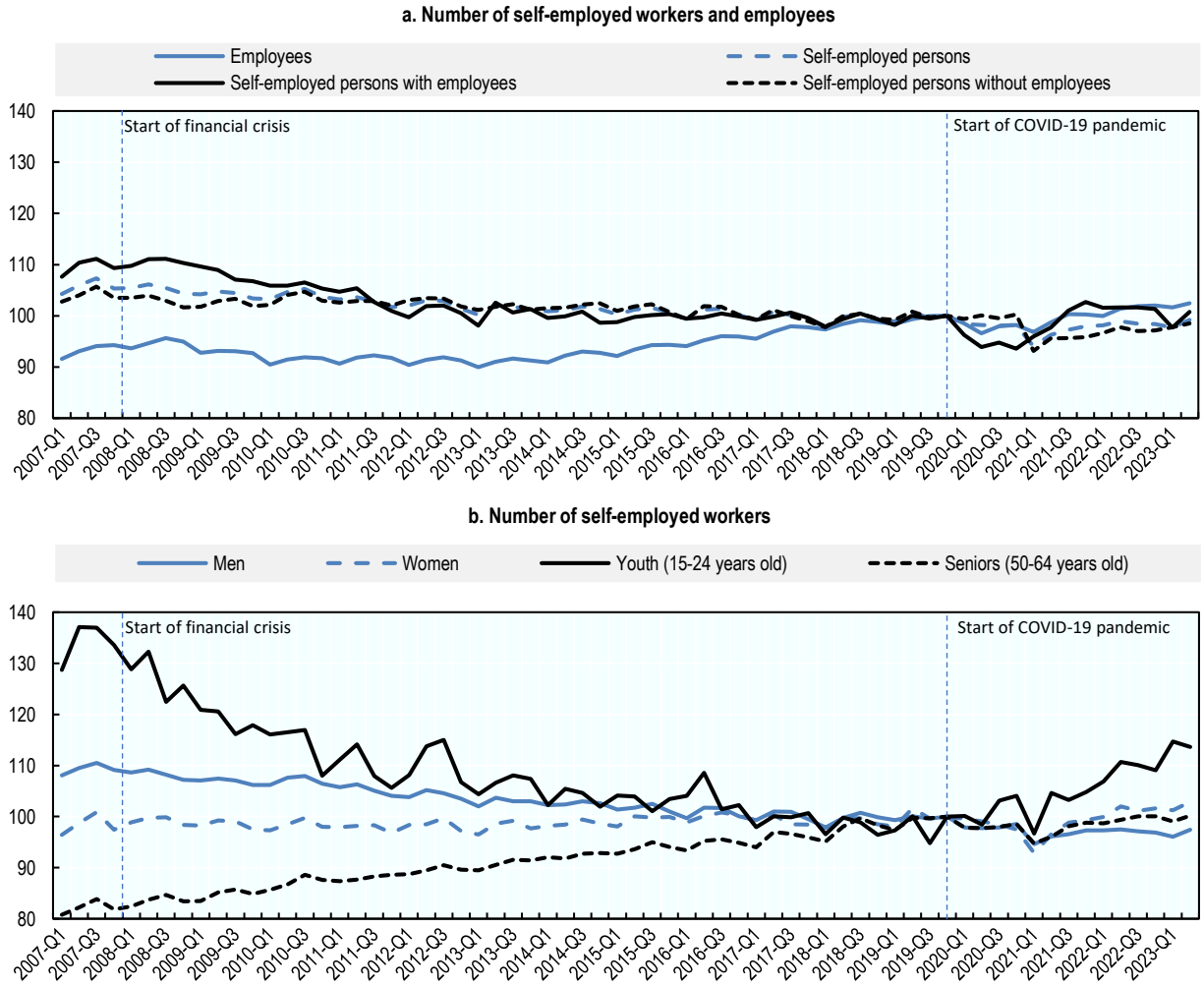
While labour markets have recovered from the COVID-19 pandemic in most EU Member States and OECD countries, self-employment has not yet returned to pre COVID-19 levels. The number of employees in the EU reached pre COVID-19 levels in 2021Q3 and are now about 2% higher (as of 2023Q2) (Figure 1.1). However, the number of self-employed workers remains lower than it was at the end of 2019. This is largely due to slow growth among the self-employed without employees (own-account workers) as those with employees returned to pre-COVID levels in 2021Q3. This decline in self-employment is consistent with the increase in business closure rates and the decline in entry rates in 2020 (OECD, 2021[1]; OECD/European Commission, 2021[2]). There was, however, a second small drop in the number of self-employed employers in the EU in the first half of 2022 as uncertainty increased in the global economy.

The impact of the COVID-19 pandemic on the self-employed was sharp but short-lived relative to the financial crisis in 2008-09. The number of self-employed workers fell by more than 5% between 2007Q3 and 2013Q3, which was about the same scale of decline as during the COVID-19 pandemic but spread over six years rather than one (Figure 1.1). Another significant difference between the financial crisis and the COVID-19 pandemic is that employers were impacted much more than own-account workers during the financial crisis and the recovery of the two groups were similar. This is in contrast to the COVID-19 pandemic where self-employed employers bounced back more quickly than own-account workers. Both crises occurred in a context of declining self-employment, which is largely due to a decline in employment in the agricultural sector.

Among the self-employed, women rebounded from the recent crisis more strongly than men. There is a substantial amount of literature showing that women entrepreneurs were disproportionately impacted by the COVID-19 pandemic due to sector effects and taking on a greater share of household responsibilities, such as childcare and homeschooling during this period (OECD/European Commission, 2021[2]). Yet after a decline in the number of self-employed women in 2020 and early 2021, the number increased in the EU and was 3% higher in 2023Q2 than it was in 2019Q4, whereas the number of self-employed men remained about 3% lower (Figure 1.1). These gender differences are likely explained by the re-starting of economic activities in sectors where women entrepreneurs are concentrated. This signals a return to the long-term trend which is characterised by a gently decline in the self-employment rate – among both men and women – but a closing of the gap in the proportion of men and women who work as self-employed. For further information on trends in women's entrepreneurship and self-employment, please see Chapter 2.

Figure 1.1. Self-employment has not yet recovered since the onset of COVID-19

Change in self-employment and employment in the EU (2019Q4 = 100)



Note: There are breaks in the time series in 2014 and 2021 due to small methodological changes to the labour force survey.
Source: (Eurostat, 2023[3])

StatLink https://stat.link/ly58t9

The number of young self-employed workers increased since the end of 2020, but this is likely due in part to the difficult labour market conditions faced by young people. After a slight decline in 2020, the number of young self-employed workers (15-24 years old) in the EU increased to about 14% above pre COVID-19 levels by 2023Q2 (Figure 1.1). While many of the core measures of labour market outcomes for young people are stronger now than before COVID-19 (e.g. active population increased, number working as employees increased, number in unemployment decreased), many of these outcomes are worse than they were a decade ago. This calls for continued investment in youth by governments, including strengthening support for young entrepreneurs because many of the market and institutional failures remain (Box 1.1). Please see Chapter 4 for more information on trends in youth entrepreneurship and self-employment and Chapter 8 for an analysis of the effectiveness of youth entrepreneurship schemes.

The number of older self-employed workers has also returned to pre COVID-19 levels. In the EU, the number of older self-employed workers (50-64 years old) declined in 2020 and the first half of 2021, but returned to pre COVID-19 levels at the end of 2022 (Figure 1.1). This increase is largely due to the ageing of the self-employed population, but also includes people that start a business to complement savings and pension income. Please see Chapter 5 for further discussion on entrepreneurship and self-employment by older people.

Box 1.1. OECD Recommendation of Creating Better Opportunities for Young People

The Recommendation of the OECD Council on Creating Better Opportunities for Young People was adopted in June 2022. It outlines how countries can implement government-wide strategies to support young people, including through skills, education, employment, social and public governance policies. It builds on the Updated OECD Youth Action Plan from June 2021, and draws on the perspectives raised by young people themselves in a youth consultation organised in September 2021. Adherent countries include all OECD countries as well as Brazil, Croatia and Romania.

The Recommendation is structured around five building blocks and recommends that Adherents:

1. Ensure that young people of all backgrounds and in all circumstances acquire relevant knowledge and develop appropriate skills and competencies;
2. Support young people in their transition into and within the labour market, and strive to improve labour market outcomes for young people, and especially those in vulnerable and/or disadvantaged circumstances;
3. Promote social inclusion and youth well-being beyond economic outcomes, with measures targeted at young people in vulnerable and/or disadvantaged circumstances;
4. Establish the legal, institutional and administrative settings to strengthen the trust of young people of all backgrounds in government, and their relationships with public institutions;
5. Reinforce administrative and technical capacities to deliver youth-responsive services and address age-based inequalities through close collaboration across all levels of government.

Entrepreneurship is covered under the second block on transitions to the labour market. It calls on governments to promote equitable access to entrepreneurship, including social entrepreneurship, through counselling (including post-creation coaching), training of entrepreneurial competencies, and access to finance and networks, as well as facilitate the promotion of innovative entrepreneurship in post-secondary institutions.

Source: (OECD, 2022[4])

About one-in-five businesses cited COVID-19 as the reason their business closed, mostly women and seniors…

Survey data on the reasons for business exits between 2020 and 2022 showed that the most common reason for business closure was a lack of profitability, but about 20% of entrepreneurs directly cited COVID-19. Data for the Global Entrepreneurship Monitor (GEM) show that over this period, one-in-five entrepreneurs closed their business because it was not profitable (20% in the EU and 19% in the OECD). An additional 18% in the EU and 23% in the OECD indicated that the closure was due to COVID-19 pandemic. Clearly these two factors are linked and if considered together, they suggest that the share of exiting businesses that cited market difficulties as the reason for business closures was nearly

50% higher than before the pandemic. This underscores the extraordinary difficulties faced by entrepreneurs during the crisis.

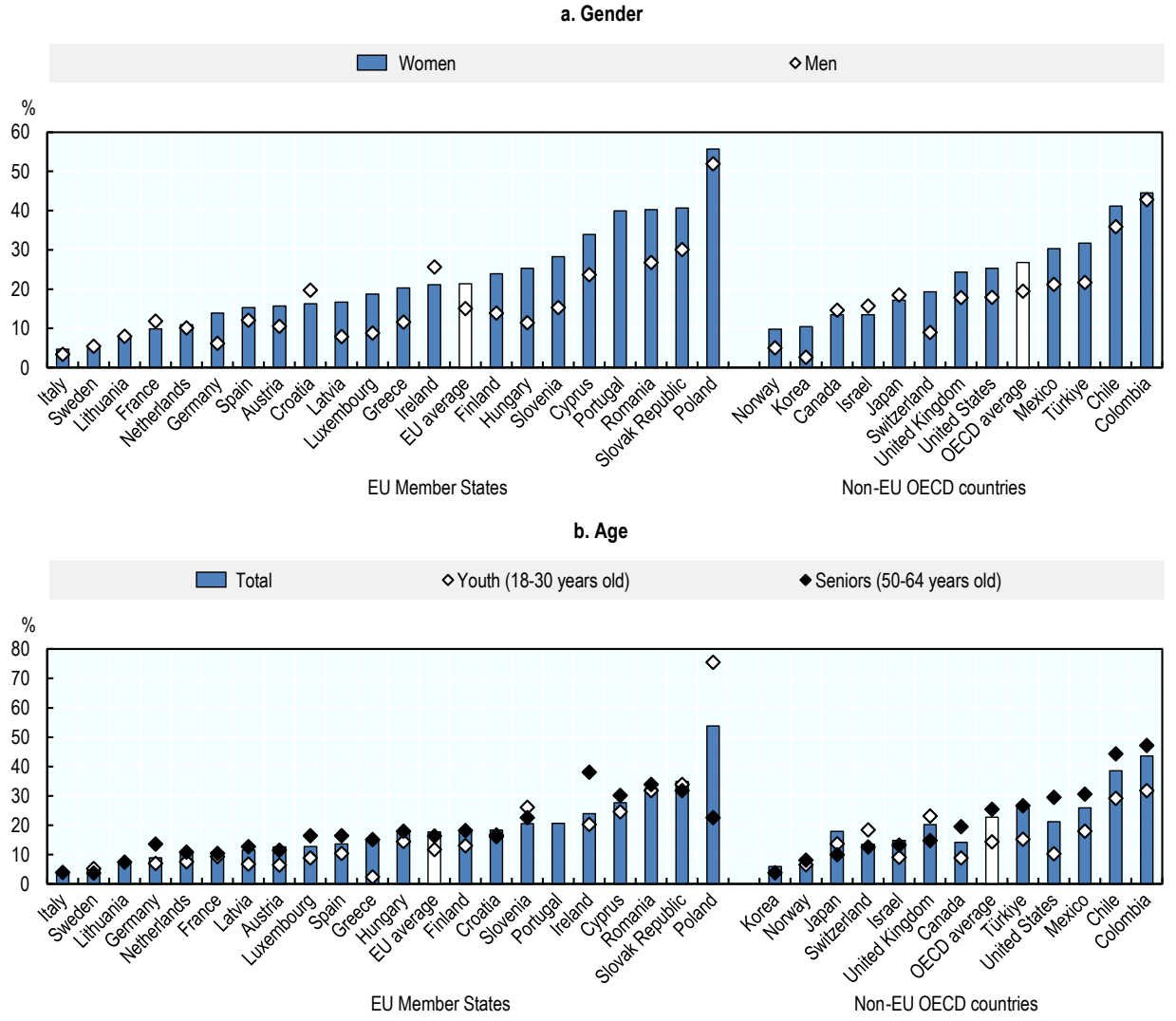
Women were more likely than men to cite COVID-19 as a reason for closing their business. In both the EU and OECD, women entrepreneurs who closed their business were about 40% more likely than men to cite COVID-19 as the reason their business closed (Figure 1.2). This is consistent with the many surveys that were undertaken across the EU and OECD (OECD/European Commission, 2021[2]). This gap is explained largely by sector effects, but also due to the greater likelihood that women took on greater household and family responsibilities (e.g. home schooling, childcare) during the pandemic which reduced time available for their business. However, this also underlines the difficulties that women entrepreneurs had accessing the resources needed during a crisis. Women entrepreneurs, on average, have smaller networks than men that can be used to access opportunities and support (OECD/EU, 2015[5]). They are also, on average, more likely to have lower levels of savings and greater difficulties accessing external finance. This greatly hinders their ability to manage their business during a time of crisis. Moreover, many female entrepreneurs had difficulties accessing support (OECD/European Commission, 2021[2]) and there were few targeted measures to support them, especially during the early stages of the crisis (OECD, 2021[6]).

The likelihood of citing COVID-19 as the main reason for business exit increased with age. Young entrepreneurs in both the EU and OECD were about 35% less likely than the overall average to identify COVID-19 as the reason for business closure (Figure 1.2). Older entrepreneurs (50-64 years old) were about as likely as the overall average to cite COVID-19 as the reason they closed their business, but the share in OECD countries was much higher. Among OECD countries, more than one-quarter of older entrepreneurs closed their businesses due to COVID-19. These findings are generally consistent with surveys undertaken during the crisis that suggested that younger entrepreneurs were more likely to sustain their activities over this period. Reasons often cited include a greater ability to pivot their business because they are often less attached to their business activity. Another significant factor is that young entrepreneurs are more likely to leverage the potential of digital tools and online markets, which were success factors in maintaining business operations during the pandemic.

The share of entrepreneurs exiting who cited COVID-19 as the reason varied enormously across countries. More than half of exiting entrepreneurs in Poland cited COVID-19 as the main factor, including three-quarters of young entrepreneurs (Figure 1.2). At the other extreme, fewer than 5% of exiting entrepreneurs in Italy attributed the business closure to COVID-19. These differences across countries are due to both structural issues (e.g. sector concentration) as well as policy responses to supporting businesses and employees during the pandemic.

Figure 1.2. Women entrepreneurs were more likely to cite COVID-19 as the reason for business closure

Proportion of entrepreneurs who closed their business citing that COVID-19 was the main reason, 2020-22



Note: The results presented cover all EU Member States and OECD countries except for the following: Belgium, Bulgaria, the Czech Republic, Denmark, Estonia and Malta in the EU and Australia, Belgium, Costa Rica, the Czech Republic, Denmark, Estonia, Iceland and New Zealand in the OECD.
Source: (GEM, 2023[7])

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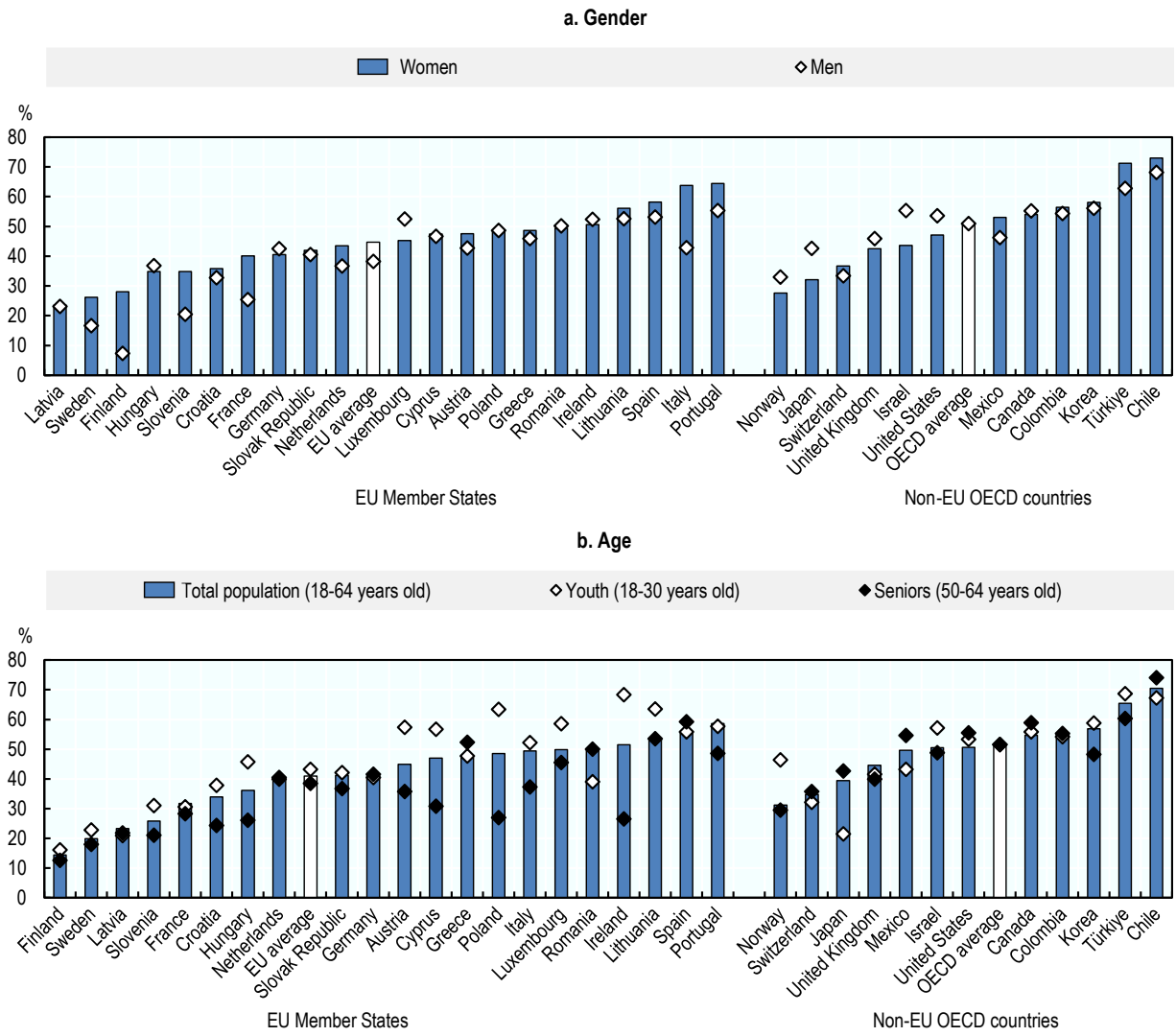
…and many report that it is increasing difficult to start a business…

Nearly half of people working on a new start-up in the EU and OECD reported that it was harder to launch a business than in the previous year. Overall, responses to the GEM survey between 2020 and 2022 about business conditions did not vary greatly by gender in most countries (Figure 1.3). However, women were much more likely than men to report that it was harder to start a business in several EU Member States, notably Finland, France, Italy, Netherlands, Portugal, Slovenia and Sweden. Luxembourg was the only EU Member State where men were more likely than women to report that it was harder to

start a business relative to the previous year. Overall, the likelihood of reporting that it was more difficult to start a business relative to the previous year increased with age in nearly all countries.

Figure 1.3. Half of women and youth report that it is harder to start a business now than a year ago

Percent of nascent entrepreneurs who are that "Starting a business much more difficult or somewhat more difficult than a year ago", 2020-22



Note: Nascent entrepreneurs are those who are actively involved in setting up a business they will own or co-own; this business has not paid salaries, wages or any other payments to the owners for more than three months. The results presented cover all EU Member States and OECD countries except for the following: Belgium, Bulgaria, the Czech Republic, Denmark, Estonia and Malta in the EU and Australia, Belgium, Costa Rica, the Czech Republic, Denmark, Estonia, Iceland and New Zealand in the OECD.
Source: (GEM, 2023[7])

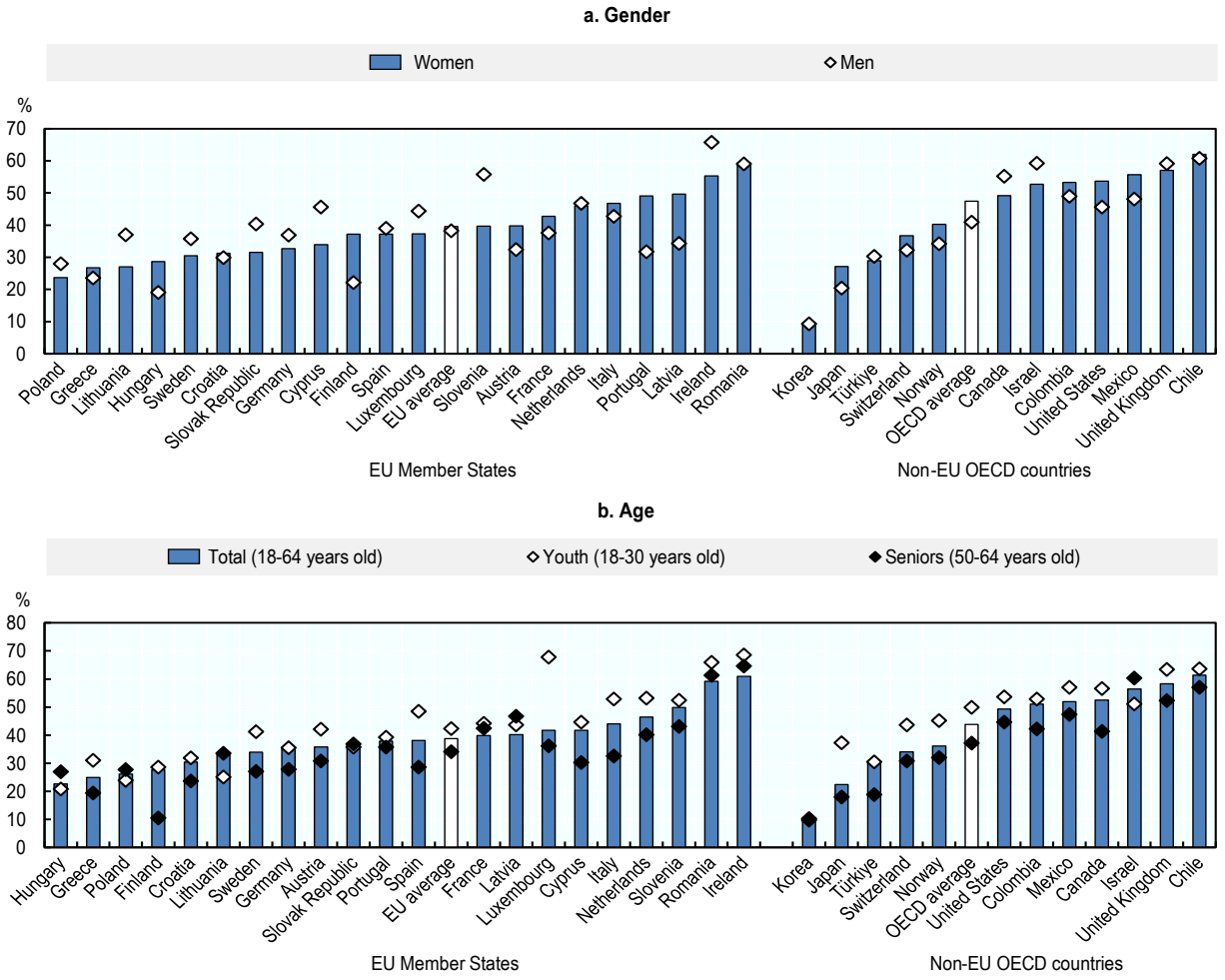
StatLink https://stat.link/ruedjo

…but some people saw entrepreneurship opportunities during the pandemic

While many entrepreneurs operating businesses faced serious negative impacts on their businesses, others identified new opportunities that were created by the pandemic. Nearly 40% of people working on a start-up in the EU between 2020 and 2022 and nearly 45% in the OECD indicated that they identified opportunities during the pandemic that they wanted to pursue (Figure 1.4). Overall, there was little difference in the share of men and women who identified entrepreneurial opportunities in the EU, but men were slightly more likely than women to see opportunities in OECD countries. Young entrepreneurs were the most likely to see opportunities, which is likely due to the very high proportion of youth-operated businesses that leverage the internet for reaching clients and new markets.

Figure 1.4. 40% of entrepreneurs saw opportunities during the COVID crisis

Percent of nascent entrepreneurs who agreed that the "COVID-19 pandemic provided new opportunities that you want to pursue with this business", 2020-22



Note: Nascent entrepreneurs are those who are actively involved in setting up a business they will own or co-own; this business has not paid salaries, wages or any other payments to the owners for more than three months. The results presented cover all EU Member States and OECD countries except for the following: Belgium, Bulgaria, the Czech Republic, Denmark, Estonia and Malta in the EU and Australia, Belgium, Costa Rica, the Czech Republic, Denmark, Estonia, Iceland and New Zealand in the OECD.
Source: (GEM, 2023[7])

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There are still millions of "missing" entrepreneurs

One way to monitor gaps in entrepreneurship is to estimate the number of "missing" entrepreneurs. This is estimated by subtracting the number of actual entrepreneurs from the number "potential" entrepreneurs that there would be if everyone was as active as 30-49 year old men in starting and managing new businesses, i.e. setting the activity rate of the whole population to the activity rate of 30-49 year old men. 30-49 year old men are used to compute the number of "potential" entrepreneurs because this is the group that is most likely to start a sustainable business (Box 1.2). The share of "missing" entrepreneurs is reported as a ratio to the number of actual entrepreneurs to provide an indication of the scale of entrepreneurship that could be possible if the uneven impact of barriers and policies were removed. These estimated entrepreneurship gaps represent untapped entrepreneurial potential and do not intend to serve as targets for governments. It is important to note that note all of these "missing" entrepreneurs would be expected to become entrepreneurs as entrepreneurship is not suitable for everyone. Furthermore, these estimates do not make any assessment of the quality (e.g. business survival rate, earnings, hours worked, job creation) of start-up activities. They treat all entrepreneurship as being of equal quality, which likely leads to an over-estimation of the entrepreneurship gaps since economies typically have more unproductive entrepreneurship than productive entrepreneurship (Stam and Wennberg, 2010[8]). However, less productive entrepreneurship can have a positive impact on economies by combatting unemployment, as well as labour market and social exclusion (OECD/EU, 2013[9]). Governments therefore need policies that not only seek to address these gaps by boosting the number of start-ups by increasing opportunities and removing barriers but also to boost the quality of businesses started.

New estimates confirm that there are still millions of "missing" entrepreneurs in the EU and OECD. In the EU, there would be nearly 7.5 million more early-stage entrepreneurs if everyone was as active as 30-49 year old men in starting and managing new businesses. These "missing" entrepreneurs represent nearly 45% of the current number of early-stage entrepreneurs. There would be an additional 34.1 million early-stage entrepreneurs in the OECD if entrepreneurship gaps were similarly removed. These "missing" entrepreneurs account for 34% of actual early-stage entrepreneurs. Both of these numbers suggest that entrepreneurship activity rates are returning to longer term trends. The number of "missing" entrepreneurs reported during the crisis in the Missing Entrepreneurs 2021 were slightly higher, reflecting the disproportionate business closures by women, older and immigrant entrepreneurs (OECD/European Commission, 2021[2]).

Box 1.2. Selecting a benchmark to compute the number of "missing" entrepreneurs

Estimating the number of potential entrepreneurs requires a benchmark entrepreneurial profile of the most successful entrepreneurs, i.e. the most active in creating businesses and the most likely to succeed in creating sustainable businesses. The benchmark used to compute the number of "missing" entrepreneurs is men aged 30-49 years old. This profile was selected based on the research highlighted below.

Gender

There is a large body of literature that demonstrates that women are, on average, less likely to start a business (OECD/European Commission, 2021[2]; OECD, 2021[10]). When they do go to successfully start a business, the business is smaller on average and has lower business survival rates. This is partly explained by different motivations, as women are less likely to have ambitions to grow their businesses (OECD/European Commission, 2021[2]) and are therefore less likely to pursue growth-oriented business strategies, such as innovation or exporting. Please see Chapter 2 for additional details.

Age

Recent research on the most successful entrepreneurial age suggests that entrepreneurs are the most likely to start a business in their 30s and 40s. For example, research in the United States based on the Global Entrepreneurship Monitor (GEM) survey shows that the age where people are most actively working on new start-ups and young firms is 25-55 years old (Dunk, 2019[11]). Moreover, measures of entrepreneurial confidence peaks in the ages 35-44 years old (Dunk, 2019[11]). Similar results were found by GEM research in the United Kingdom.

In addition, research using tax data in the United States over the period 2007-14 found that the average age of entrepreneurs (at the time of start-up) who started companies that went on to hire at least one employee was 42 years old (Azoulay et al., 2020[12]). This research also explored other metrics of success and found similar results. For example, the average age of entrepreneurs starting venture-capital backed firms was 42 years old and the age of entrepreneurs starting patenting firms was 45 years old (Azoulay et al., 2020[12]).

The use of the age group 30-49 years old is also supported by a recent meta-analysis of 12 theoretical perspectives and 102 samples that rejected the hypothesis that young entrepreneurs are more successful (Zhao et al., 2021[13]).

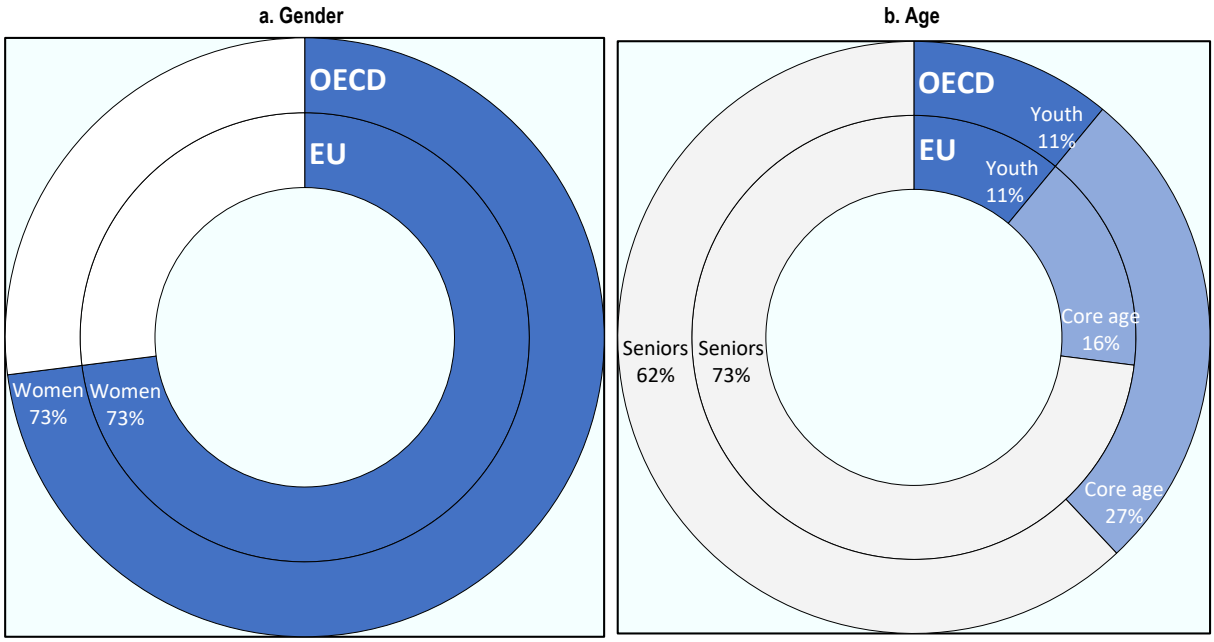
Other characteristics

A number of other personal characteristics have been found to influence the likelihood of creating a business and influencing various metrics of success (e.g. business survival rate, job creation, exporting rates, innovation rates), including wealth, education, experience, place of birth and more (OECD/European Commission, 2021[2]). However, it is not currently possible to disaggregate current data sources according to these characteristics.

Women and seniors continue to account for the bulk of "missing" entrepreneurs. Three quarters of the "missing" entrepreneurs are women in the EU and OECD (Figure 1.5), indicating that the "missing" entrepreneurs challenge is largely a gender issue. This suggests that governments seeking to increase diversity in entrepreneurship need to increase efforts to reduce the gender gap. Only 11% of "missing" entrepreneurs in the EU and OECD are young (18-30 years old). Conversely, more than 60% of "missing" entrepreneurs in the EU and more than 70% are older (50-64 years old) but this considers only business creation and early-stage entrepreneurship. A large number of older people are owner-operators of established businesses.

Figure 1.5. Women and seniors account for the bulk of "missing" entrepreneurs

Distribution of the "missing" entrepreneurs, 2022



Note: Youth refers to 18-30 years old; Core age refers to 30-49 years old; Seniors refers to 50-64 years old.
Source: OECD calculation based on (GEM, 2023[14]).

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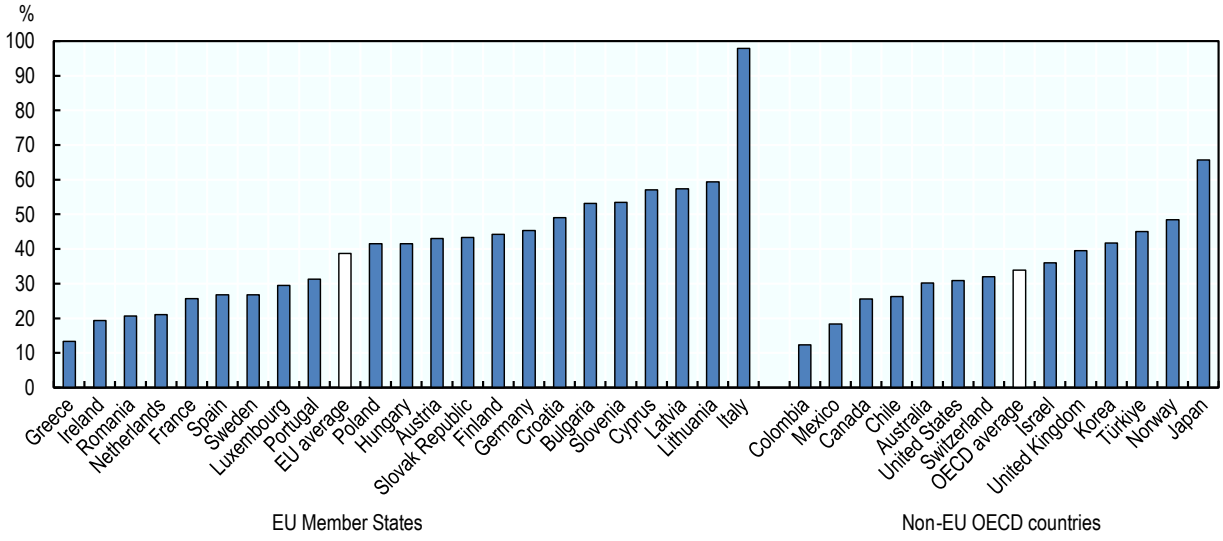
The relative number of "missing" entrepreneurs varies greatly across EU Member States and OECD countries, reflecting the vast differences in conditions for entrepreneurship across countries. The share of "missing" entrepreneurs ranged from very few in Greece (13%) to as many as the number of actual early-stage entrepreneurs in Italy (98%) (Figure 1.6). The variations in entrepreneurship gaps across countries result from the interaction of a wide range of different factors, including individual motivations for entrepreneurship and attitudes to risk, social attitudes towards labour market activities, market opportunities and competition levels, access to finance and more. These estimates should not be viewed as targets for governments because they do not consider the "quality" of these entrepreneurship activities in terms of economic contributions (e.g. job creation), impact on markets (e.g. entrants may displace incumbents with no net benefit), nor quality of work opportunity (e.g. earnings). Instead, they are intended to be a tool to help governments understand the scale of entrepreneurship gaps in their country and track their progress in reducing gaps over time.

Figure 1.6. The relative number of "missing" entrepreneurs is higher in the EU than the OECD

"Missing" entrepreneurs as a share of actual entrepreneurs, 2022



Source: OECD calculation based on (GEM, 2023[14]).

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Using inclusive entrepreneurship policy to reduce gaps in entrepreneurship

The aim of inclusive entrepreneurship policies is to reduce inequalities of opportunity so that everyone, regardless of their personal characteristics and background has an opportunity to start and run a business. These policies, along with the schemes and measures used to implement them, seek to support groups that are under-represented in entrepreneurship (e.g. women, immigrants, youth, seniors, the unemployed, people with disabilities) in starting and growing businesses. Overall, the objective of inclusive entrepreneurship policies is twofold:

- Ensure that people in these groups are aware of the potential that entrepreneurship may have for them as a labour market activity and to build motivations for pursuing them;
- Address market, institutional and behavioural failures that disproportionately affect people in under-represented groups. This includes addressing barriers in financial markets and to acquiring entrepreneurship skills, facilitating the development of entrepreneurship networks and developing an entrepreneurial culture. It would be expected that by addressing these barriers, there would be an increase in the amount of entrepreneurship activities by people in under-represented groups. Moreover, these policies and programmes have the potential to increase the likelihood that businesses created have a greater chance of surviving longer, creating more jobs and being more innovative.

While inclusive entrepreneurship policies seek to reduce inequalities of opportunities in entrepreneurship, an equally important outcome sought is increased employability. By helping people acquire skills and work experience as well as build networks through participation in inclusive entrepreneurship schemes, they also become more employable. Moving people from these groups into employment is also a desirable outcome as entrepreneurship may not be an appropriate career path for all. Inclusive entrepreneurship policies can contribute to broader government objectives, including:

- Strengthening societies by increasing participation in work and society and supporting diversity in the labour market;
- Stimulating growth and create jobs by harnessing the entrepreneurial talents across all population groups;
- Preparing people for the future of work by helping everyone develop entrepreneurial mindsets and learn how to work in flexible ways;
- Addressing unemployment by upskilling the unemployed and supporting them in business creation.

Inclusive entrepreneurship policies vary across countries in their specific objectives. Objectives vary according to political priorities, cultural attitudes towards participation in work and society, budget allocations for entrepreneurship policies and programmes and approaches to active labour market policy. An overview of the range of approaches used by governments to achieve inclusive entrepreneurship objectives is presented in Figure 1.7. One important area of action is to improve the business environment and conditions for entrepreneurship, which impact population groups differently. This includes, for example, removing disincentives in regulatory systems for some groups (e.g. tax policies that favour single income households), positively influencing social attitudes towards labour market participation and entrepreneurship by everyone (e.g. women, seniors, immigrants, people with disabilities) and improving access to entrepreneurship education and training for everyone.

Governments deliver inclusive entrepreneurship policies and programmes in different ways. While the use of dedicated support schemes can be effective, their success is often determined by the extent to which they are designed and delivered in an appropriate manner for the target group. Programme evaluations show a critical success factor is whether or not the schemes reach their intended target clients. This calls for special attention to outreach methods since people access information through different channels. For example, an immigrant entrepreneurship coaching scheme would likely be more effective at reaching potential immigrant entrepreneurs if it was promoted through community-based media and websites in the appropriate language rather than through traditional media channels. Similarly, the content and delivery methods can also be more effective if they are designed for the particular needs of the target group. This can also hold true for general entrepreneurship schemes. Efforts to adjust outreach, content and delivery for specific groups can make the general entrepreneurship schemes more attractive and more effective for different target groups.

Figure 1.7. Approaches to inclusive entrepreneurship

1. Improving the conditions for entrepreneurship	Regulatory framework										
	Market conditions										
	Availability of finance										
	Knowledge creation and diffusion										
	Entrepreneurial capabilities										
	Culture										
2. Delivering tailored support through dedicated programmes	Entrepreneurship skills			Access to finance				Social capital and culture		Regulations	
	Training	Coaching and mentoring	Business consultancy, incubators and accelerators	Grants	Loans	Microfinance	Other (Crowdfunding, risk capital, etc.)	Entrepreneurship campaigns, including role models	Networking initiatives	Support with understanding and complying with administrative procedures	Target group-specific measures to address group-specific regulatory challenges
3. Ensuring appropriate design and delivery mechanisms in dedicated and general programmes	Outreach										
	Selection criteria										
	Content										
	Delivery methods										
	Packages of inter-related supports										
4. Using evaluation as a policy development tool	*Ex ante*, monitoring, *ex post*, feedback										

Source: (OECD/European Commission, 2021[2])

Recent developments in inclusive entrepreneurship policy in the EU

Strengthening policy frameworks

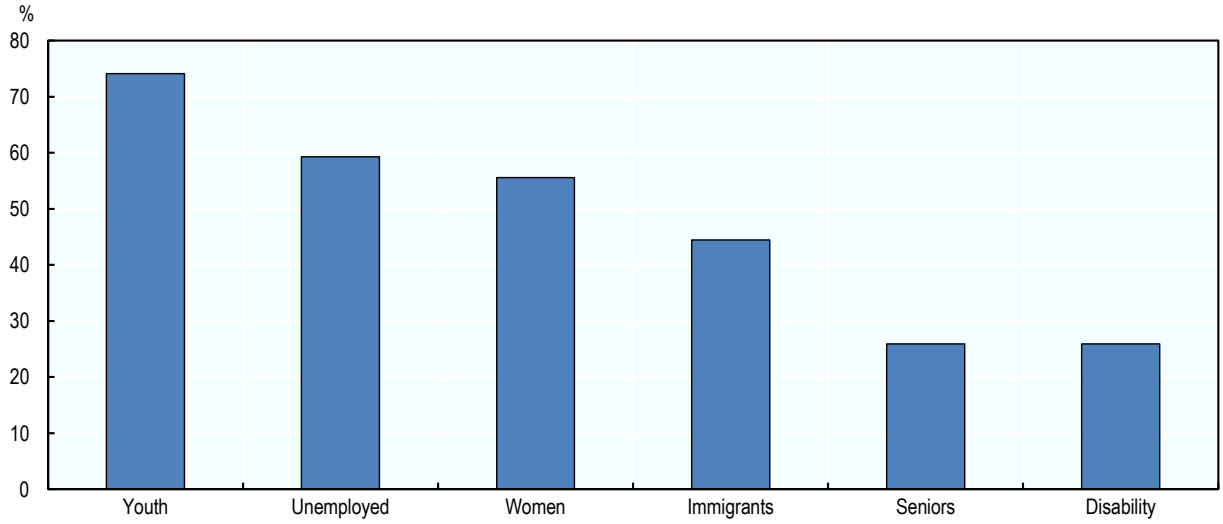
Nearly three-quarters of EU Member States have developed clear strategies to support youth entrepreneurship, but policy frameworks are less clear for other target groups. Fewer than 60% of EU Member States have clear strategies for supporting job seekers' return to work via self-employment or for boosting women's entrepreneurship (Figure 1.8). Furthermore, less than half have a strategy for supporting immigrant entrepreneurs and even fewer for seniors and people with disabilities. The lack of a clear policy framework for supporting different target groups has several drawbacks, including an increased likelihood of highly fragmented support system that is not well-aligned with policy objectives. The absence of a clear commitment to supporting different groups in entrepreneurship is often accompanied with lower levels of resources being dedicated to implementing inclusive entrepreneurship schemes. The result can be a support system with many small-scale schemes that struggle to sustain their operations in the medium-term, which can create inefficiencies if support providers continually need to invest time into securing future resources. Fragmented support systems also presented challenges for the entrepreneurs seeking support because there are too many entry points and options.

Over the past three years, there are many examples of governments introducing new inclusive entrepreneurship strategies. These include a new strategy for women entrepreneurs in Germany (see

Chapter 2), several strategies that leverage entrepreneurship measures to support youth employment outcomes (see Chapter 4), active ageing (see Chapter 5) and the inclusion of people with disabilities (see Chapter 7). Moreover, some countries such as Latvia have made efforts to modernise the entrepreneurship support offers for job seekers provided by the National Employment Agency (see Chapter 6). Additional examples are highlighted in the Country Profiles in Part III of this report.

Figure 1.8. More than half of EU Member States have strategies for supporting youth, women and the unemployed in entrepreneurship

Proportion of EU Member States with a group-specific entrepreneurship strategy, 2022



Note: Strategies could be stand-alone dedicated entrepreneurship strategies or embedded within another strategy, e.g. employment strategy, active ageing strategy.
Source: (OECD, 2023[15])

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Continuing to invest in young entrepreneurs

The COVID-19 pandemic and recent macroeconomic volatility highlighted the labour market vulnerability of young people. Youth unemployment increased by 8% in the EU between 2019 and 2020 as many young people had difficulty entering the labour market during the pandemic. However, the number of unemployed young people (15-29 years old) in the EU has since declined from 5.2 million in 2020 to 4.5 million in 2022 (Eurostat, 2023[3]). In 2022, this represented 6% of all young people and 11% of those in the labour force, the lowest rates over the past decade. However, youth unemployment remains a priority issue as the youth unemployment rate is at least double the overall unemployment rate in 17 EU Member States. This is a concern for governments because a long unemployment spell early during someone's career can be devastating as the scarring effects and the negative impact on income could last a lifetime. Governments in EU Member States have responded with actions linked to the European Skills Agenda, Youth Employment Initiative and Social Economy Action Plan, and non-EU OECD countries are similarly working to implement the OECD Recommendations on Creating Better Opportunities for Young People and SME and Entrepreneurship Policy. There are also joint OECD-EU initiatives, such as the new Youth Entrepreneurship Policy Academy (YEPA) that seek to support governments in strengthening youth entrepreneurship policies and programmes (Box 1.3). A number of country-specific examples of new developments are provided in Chapter 4 and the Country Profiles in Part III of this report.

Box 1.3. Supporting the development of youth entrepreneurship through the EU-OECD Youth Entrepreneurship Policy Academy (YEPA)

The OECD-EU Youth Entrepreneurship Policy Academy (YEPA) is a policy-learning network that seeks to strengthen youth entrepreneurship policies in European Union (EU) and OECD countries. The YEPA network has participation from policy makers from the 27 EU Member States, representatives from national and international youth entrepreneurship networks, youth entrepreneurship experts and social entrepreneurship networks. The YEPA aims to improve youth labour market outcomes by supporting governments and their partners in designing and implementing appropriate youth entrepreneurship policies. It will boost awareness of the need for policy support for youth entrepreneurship and conditions for policy success by:

1. Raising awareness among policy makers about obstacles faced by young people with potential in entrepreneurship;
2. Raising awareness among policy makers about successful policy approaches and how to design and implement them, as well as how to avoid policy failures;
3. Raising awareness among policy makers and youth entrepreneurship networks on the attractiveness, specificities and added value of social entrepreneurship for youth; and
4. Creating a regular mechanism for policy makers to consult with youth entrepreneurship networks and to stimulate youth entrepreneurship network creation.

YEPA activities include a series of events and workshops that present and discuss the obstacles faced by young entrepreneurs, as well as policy successes and failures. Information notes are prepared and disseminated following each event. The three-year initiative builds on the long-standing OECD-EU co-operation on inclusive and social entrepreneurship and the related OECD outputs, expertise, data and networks on youth entrepreneurship.

Source: (OECD/EU, 2023[16])

New schemes to support senior entrepreneurs

Senior entrepreneurship schemes have long held potential to support active ageing policies. After a high amount of visibility at the time of the European Year for Active Ageing and Solidarity between Generations (2012), many senior entrepreneurship schemes stopped. However, new policies and schemes have been introduced over the past three years in many EU Member States. These include new strategies in Bulgaria, Hungary and Portugal that emphasise the role of entrepreneurship in active ageing policies as well as efforts to promote and inspire senior entrepreneurs with festivals and award programmes in Slovenia and Poland. This renewed policy interest and action in senior entrepreneurship should help to improve the availability and increase the quality of support, which is lower than for other target groups. Please see Chapter 5 for further discussion on senior entrepreneurship schemes and additional policy examples.

Using inclusive entrepreneurship to support Ukrainian refugees

The flow of Ukrainian refugees into the EU is much greater than the flow of refugees over the 2014-17 period. Many refugees coming from Ukraine are more highly educated than the previous refugee crisis, offering an opportunity for governments to leverage their talents in the labour market. Many EU Member States have launched new initiatives to help entrepreneurs from Ukraine set up a business in their new country. Examples include regulatory changes in Poland that facilitate business creation, while new

support initiatives have been launched in countries such as Ireland, Romania and Sweden. Please refer to Chapter 3 and the Country Profiles in Part III of this report for additional details and more examples.

Future policy directions for making entrepreneurship more diverse and inclusive

Strengthen policy frameworks for women's entrepreneurship to increase impact

The long-standing gender gaps in entrepreneurship are closing slowly and this is costing economies ideas, innovation and jobs. While the gender gap in self-employment rates in the EU closed from 8.4 percentage points (p.p.) in 2013 to 6.8 p.p. in 2022, the reduction is much less impressive when viewed in terms of the ratio of self-employment rates between men and women. In 2013, women were about 55% as likely as men to be self-employed and this increased modestly to 58% in 2022. There has also been little change between the nature of businesses operated by women relative to those operated by men. For example, women operated businesses are less likely to be exporting and to expect significant employment creation (see Chapter 2 for additional details). Several countries have estimated the cost of gender gaps in entrepreneurship, showing that economies would receive a boost in economic growth if women were as active as men in starting and growing businesses. For example estimates undertaken in Canada in 2017 show that GDP growth would be 6% higher over the 2017-26 period if the gender gap in entrepreneurship was closed (ISED, 2022[17]). Similarly, a review of women's entrepreneurship in the United Kingdom in 2017 estimated that 12% of GDP would have been added to the economy in 2017 if women started and scaled businesses at the same rate as men (Alison Rose, 2019[18]).

Governments, along with non-governmental organisations and private sector actors, have been implementing policies and delivering programmes to support women entrepreneurs for decades. These include ambassador and promotional campaigns, training, peer-learning programmes, coaching and mentoring, and a range of financial supports, including support for women investing in other women entrepreneurs. Some of these schemes have been successful but support systems across the EU and OECD area face challenges in realising a systemic impact.

One of the weakness of women's entrepreneurship support in many countries is that the policy frameworks are weak or absent. In some countries, policy frameworks for women's entrepreneurship are described in strategies and action plans. Examples include the Women Entrepreneurship Strategy in Canada and the new action plan for "More female entrepreneurs for small and medium-sized enterprises" in Germany (see Chapter 2 for more information). These policy frameworks have several important functions. First, they help signal the importance of closing gender gaps in entrepreneurship to women, support providers and markets more generally. Second, policy frameworks are typically used to identify policy objectives and priorities, which signals the overarching goals to the full support system. Third, setting policy objectives and priorities helps to secure and allocate resources to programmes and schemes over the medium-term. This is often a critical lifeline for many non-government support organisations that face increased resource constraints in a post-COVID context. Fourth, policy frameworks can help to advance on activities that support the development of informed policymaking, including for example supporting research on women's entrepreneurship, data development and establishing policy consultation networks.

Make smarter investments when supporting young entrepreneurs

Surveys show that young people have a high level of interest in entrepreneurship. A recent survey in the EU shows that 39% of young people (15-30 years old) would prefer to be self-employed over working as an employee and the most common reasons were "independence to be one's own boss"; "freedom to choose time and place of work"; and, "personal fulfilment from bringing an idea to life" (European Commission, 2023[19]).

Despite this high level of interest, few young people report that they are working on a start-up. Between 2018 and 2022, 5% of young people (18-30 years old) in the EU report that they were working on a pre start-up and another 4% that they were managing a new business (i.e. less than 42 months old). In the OECD, the equivalent shares were 9% and 6%. These rates – both in the EU and OECD – are below the proportion of young people indicating that they would prefer to be self-employment. This gap reflects a range of market and institutional failures that hinder entrepreneurship activities by young people (e.g. difficulties accessing finance because risk cannot be accurately priced due to a lack of credit history).

Governments have strengthened their commitment to supporting young people, which includes strong investments in supporting young entrepreneurs. Youth entrepreneurship schemes are very common across the EU and OECD, often offering training, coaching and finance. However, youth entrepreneurship schemes are not well-evaluated overall and there is a significant knowledge gap about what works and why. Chapter 8 presents an analysis of the highest quality evaluations of youth entrepreneurship support schemes from the past 20 years that aim to support business creation and/or improve employment outcomes, and they highlight a number of lessons for governments. The main takeaway is that these schemes show mixed impacts but there are often positive results when they are designed appropriately for the local conditions. One of the most important success factors appears to be the participants' motivations, suggesting that governments could place a greater emphasis on assessing motivation levels during programme in-take, either through a survey or a short interview to better target support. The evaluations also suggest that finance needs to be a critical component of youth entrepreneurship support when the objective is to support business creation and/or transitions to employment. The financial instrument used appears to have an impact as repayable instruments or temporary reductions in tax or social security boost business creation and survival, while grants do not appear to be effective in stimulating the creation of sustainable businesses. One of the gaps identified in the analysis is that very few evaluations assess the efficiency of schemes. Therefore, while many schemes had a positive impact on a range of entrepreneurship and employment outcomes, these impacts were not assessed in relation to costs. However, many of the schemes that had the greatest impact used volunteer coaches and repayable financial instruments. It is, therefore, likely that these schemes were among the least costly to deliver. See Chapter 8 for further discussion.

Harness the potential of immigrant entrepreneurs

The share of self-employed workers in the EU who were born in another country has nearly doubled over the past ten years. In 2013, about 2% of the self-employed in the EU were born in another EU Member State and 5% were born outside of the EU and these shares increased to 4% and 8% in 2022. While this increase is largely driven by increased immigration flows, there is increasing evidence that immigrant entrepreneurs are having a positive impact on economies. For example, a new study in the United States shows that immigrant entrepreneurs are more likely to be pursuing economic opportunities than native-born entrepreneurs and moreover, they create economic opportunities for native-born entrepreneurs rather than displacing them. Please see Chapter 3 for further details.

While public policy to support immigrant entrepreneurs is evolving, it does not appear to be keeping up with the rate and scale of change. The scale of support for immigrant entrepreneurs remains limited in most countries. There are several recent examples of countries seeking to attract high-potential immigrant entrepreneurs with start-up visas (e.g. Portugal) and schemes to help immigrant entrepreneurs embed themselves more effectively into local entrepreneurship ecosystems (e.g. Poland). These measures indicate a good start in adjusting entrepreneurship policies targeted at immigrants, but more is needed to leverage these talents.

Build welfare bridges to success

An effective tool for supporting job seekers in business creation is the welfare bridge. This mechanism allows individuals to convert future unemployment benefits into a grant and/or allowance that supports business creation. The main objective is to overcome market and institutional failures that are faced by unemployed people in business creation. These include, for example, less access to finance and other resources (e.g. networks) relative to those who have a job. These types of schemes have been used in 15 EU Member States in recent years, but there are many differences across the schemes in terms of eligibility criteria, transfer rates (i.e. the rate at which future unemployment benefits are transferred into start-up support), and duration of benefits. An overview of welfare bridge schemes in EU Member States and OECD countries is provided in Chapter 9, including three longer case studies of France, Germany and Sweden to demonstrate different approaches.

Evaluation evidence shows that these types of schemes are successful at moving job seekers back into work, including through business creation. Governments can expect that 80% or more of beneficiaries will create a business and evaluations in France, Germany, Poland and the United Kingdom show that 50% to 60% of these start-ups still operate after five years. Moreover, evaluations in France, Germany and the United States show that between 15% to 35% of businesses started go on to create jobs for others, which is only marginally lower than the overall share of start-ups that create jobs. Even when start-ups do not succeed, the German experience suggests that beneficiaries most often find employment and about 80% to 90% of beneficiaries are in self-employment or employment at any point during the five years after receiving benefits through a welfare bridge scheme.

Governments using these types of measures could strengthen their schemes by ensuring that they designed in-line with the success factors identified by evaluations. These include selecting suitable beneficiaries by requiring some effort before they can access support. In many cases, job seekers are required to develop a business plan that is then assessed for feasibility by a business expert. Such mechanisms signal the applicants' motivation for self-employment and can reduce the likelihood of supporting business activities that will result in precarious work. In addition, evaluations show that the most effective schemes provide support for more than six months. Finally, some schemes have experimented with short-term insurance schemes for those who do not succeed in business creation. This appears to be an effective measure to help bridge this group into employment.

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Part I Inclusive entrepreneurship indicators: Activity rates and barriers

2 Women's self-employment and entrepreneurship activities

There continues to be significant gender gaps in entrepreneurship, including in terms of the numbers of start-ups, their economic impact and the ability of women entrepreneurs to access resources. While some progress has been made, economies are losing innovation and jobs due to these gaps. This chapter presents data on trends in women's entrepreneurship and self-employment across European Union Member States and OECD countries, including activity rates, characteristics and barriers. It also provides an overview of policy approaches and recent policy developments.

Key messages

- **This chapter presents a snapshot of women's entrepreneurship and self-employment** in European Union (EU) Member States and OECD countries using data from Labour Force Surveys and the Global Entrepreneurship Monitor. It also presents an overview of women's entrepreneurship policies and programmes in the EU.
- **Women continue to be less active than men in starting and managing new businesses.** About 6% of women in the EU and 9% of women in OECD countries were actively working on a start-up or managing a new business (i.e. less than 42 months old) over the period 2018-22. These were below the rate of men: 8% in the EU and 11% in OECD.
- **Among EU Member States, women were the most active in starting and managing new businesses in Latvia and the Netherlands between 2018 and 2022.** However, there was a high proportion of women in Latvia who reported starting their business because they could not find employment. Among OECD countries, women were the most active in Chile and Colombia, where the size of the informal economy is relatively large.
- **Women are held back in business creation by a range of barriers such as a self-perceived fear of failure and skills gaps.** Nearly half of women in the EU and OECD report that a fear of failure prevents them from starting a business, relative to slightly more than four-in-ten men. Women are about 75% as likely as men to report that they have the skills needed to start a business, reflecting skills gaps as well as differences in self-confidence.
- **If women participated in early-stage entrepreneurship at the same rate as 30-49 year old men, there would be an additional 5.5 million women entrepreneurs in the EU and 24.8 million in the OECD.** In both the EU and OECD, women account for about 73% of the total number of "missing" entrepreneurs. The cost of these "missing" women entrepreneurs is substantial. Recent estimates in Canada and the United Kingdom suggest that GDP would get a boost of about 6%-12% if women were as active as men in starting and growing businesses.
- **Women were less likely than men to report that they expect their new business to create a high number of jobs.** Only 6% in the EU and 11% in the OECD reported than they expect their business to create at least 19 jobs over the next five years relative to 12% of men in the EU and 16% in the OECD. This gap is explained by differences in motivation, as well as differences in the nature of businesses started.
- **The gender gap in self-employment is slowly closing.** The gender gap in self-employment fell by 6% overall in the EU over the last decade, and also decreased in 21 EU Member States. While these trends suggest progress has been made in closing the gender gap in entrepreneurship, it increased substantially over the past decade in several EU Member States: Croatia, Estonia, Latvia, Poland and the Slovak Republic.
- **There is also a gap among self-employed employers.** Self-employed women in the EU were about 30% less likely than men to be employers in 2022.
- **Self-employed women in the EU are, on average, younger than self-employed men**. In 2022, 55% of self-employed women were between 25 to 49 years old relative to 50% of self-employed men. However, the gender gap in self-employment is greatest among very young and older self-employed workers.
- **Tailored support schemes are commonly offered across OECD and EU countries.** However, there is a need for governments to develop stronger policy frameworks so that support schemes have greater continuity, a more efficient resource allocation and more cohesiveness.

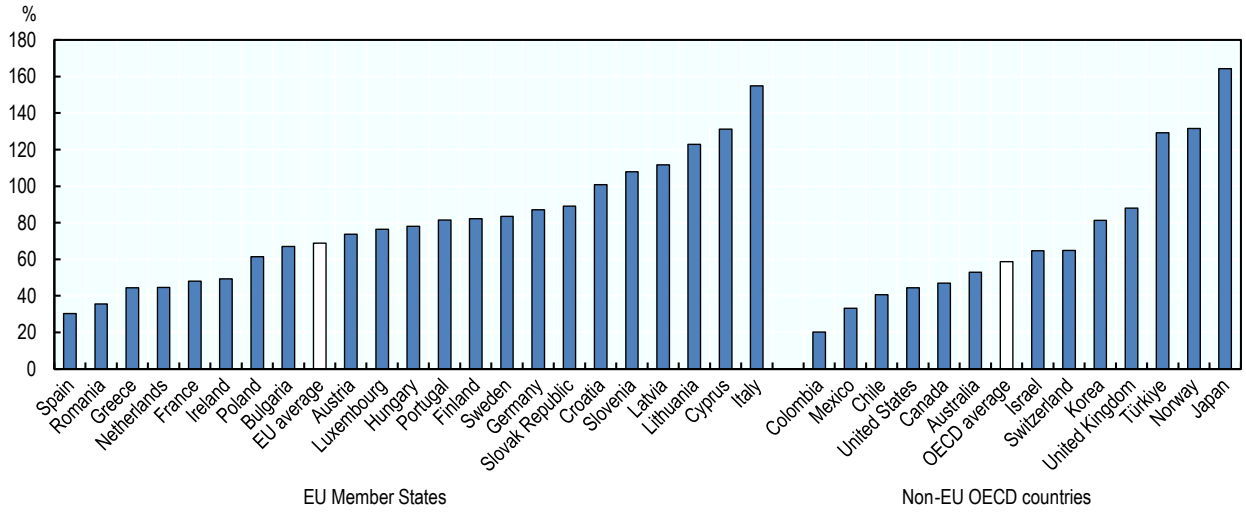
Governments continue to address the gender gap in entrepreneurship

Untapping the entrepreneurial potential of women

Women's entrepreneurship continues to be a policy priority as a means of economic independence for women and a lever for development, growth and innovation. Yet, the long-standing gender gap in entrepreneurship continues to cost the economy in missed opportunities for job creation, growth and innovation (OECD, 2023[1]). Recent estimates from several OECD countries suggest that closing this gender gap could have a positive economic impact. Estimates in Canada in 2017 suggest that closing the gender gap in entrepreneurship by 2026 could add up to CAD 150 billion (EUR 102 billion) to the Canadian economy, which is 6% more growth than the status quo forecast for 2017-26 (ISED, 2022[2]). Similar estimates regarding the United Kingdom suggest that GBP 250 billion (EUR 286 billion) would have been added to the United Kingdom's economy in 2017 or 12% of GDP if women started and scaled businesses at the same rate as men (Alison Rose, 2019[3]). Another way to approximate the size of the gender gap in entrepreneurship is to estimate the number of "missing" entrepreneurs. If women participated in early-stage entrepreneurship at the same rate as "core age" men (i.e. 30-49 years old), there would be an additional 5.5 million "missing" women entrepreneurs in the European Union (EU). This represents nearly 70% of current early-stage women entrepreneurs in the EU (Figure 2.1). In OECD countries, the 24.8 million "missing" women entrepreneurs represents nearly 60% of all early-stage women entrepreneurs. At the country-level, relative number of "missing" women entrepreneurs is the smallest in Spain (30%) and Romania (36%) in the EU and Colombia (20%) and Mexico (33%) in the OECD.

Figure 2.1. The number of "missing" women entrepreneurs represent nearly 70% of early-stage women entrepreneurs in the EU

Ratio of "missing" women entrepreneurs to number of early-stage women entrepreneurs, 2022



Note: This figure presents the ratio of estimated "missing" women entrepreneurs (i.e. the number of women entrepreneurs that there would be if women were as active as 30-49 year old men in entrepreneurship less the number of actual women entrepreneurs) relative to the number of actual women entrepreneurs.
Source: OECD calculations based on (GEM, 2023[4])

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Policy frameworks for women's entrepreneurship are well-developed in some countries, while in others they remain incomplete or ineffective. Policy frameworks are often articulated in high-level policies, strategies and action plans. About half of EU Member States (15) have a women-specific entrepreneurship strategy that has been developed either as a stand-alone strategy or embedded within a broader entrepreneurship or labour market strategy. Moreover, the majority of EU Member States (22) have clearly defined a ministry or department responsible for developing policy to support women entrepreneurs.

Overall, there is a need for governments to develop stronger policy frameworks so that women's entrepreneurship support schemes have greater continuity, a more efficient resource allocation and more cohesiveness. One approach is to create an independent strategy that aims to encourage entrepreneurs among women. For example, the Federal Ministry for Economic Affairs and Climate Action in Germany has created a joint action plan "More women entrepreneurs for SMEs" (*Mehr Unternehmerinnen für den Mittelstand*) (for more information see Box 2.1). Ireland has also prioritised women's entrepreneurship and the need to reduce the gender gap in entrepreneurial activity in Ireland, notably through a series of action plans for women in business by Enterprise Ireland.

Another approach is to introduce measures to promote and support women's entrepreneurship through broader national-level strategies, such as Gender Equality Strategies. This approach has been used in the Slovak Republic with the Gender Equality Strategy, which introduces system measures to support women's entrepreneurship as well as indicators to cover the increase of female entrepreneurs and the creation of a manual for women considering starting a business. Spain has also recently introduced strategies related to the promotion of women's entrepreneurship. The first is the Strategic Plan for Effective Equality Between Women and Men 2022-25 (Instituto de las mujeres, 2022[5]), which includes the objective to foster female entrepreneurship, supporting business creation and self-employment. The second strategy is the Rural Woman Challenge (Desafío mujer rural, 2023[6]), which is an initiative by the Women's Institute co-funded by the European Social Fund. One of its core objectives is to foster female entrepreneurship and self-employment. The United States also introduced two strategies that include support for women entrepreneurs – the National Strategy on Gender Equity and Equality (The White House, 2023[7])as well as the U.S. Strategy on Global Women's Economic Security (U.S. Department of State, 2022[8]).

An important success factor for designing effective policy frameworks is to engage relevant actors and clearly articulate roles and expectations for each. For example, the Government of France in partnership with Bpifrance (public investment bank) renewed the framework agreement for women's entrepreneurship for the period 2021-23 (bpifrance, 2021[9]). This framework agreement seeks to strengthen public policy efforts that encourage and support the creation or take-over of businesses by women. The framework outlines several key actions to promote women's entrepreneurship, notably through the development of a new generation of regional action plans for women's entrepreneurship (PAREF) with the regional governments. Other actions include the improvement of access to existing schemes as well as the development of new support schemes dedicated to women entrepreneurs, additional funding directed to women entrepreneurs, the improvement of attitudes around women's participation in entrepreneurship through combatting negative gender stereotypes, the mobilisation of ecosystem actors in the implementation of actions supporting the development of women's entrepreneurship.

Box 2.1. Action plan for "More female entrepreneurs for small and medium-sized enterprises" (*Der Aktionsplan Mehr Unternehmerinnen für den Mittelstand*), Germany

The action plan "More female entrepreneurs for small and medium-sized enterprises" was developed as part of the BMWK initiative "Women in SMEs Crafts, Foundations and Start-ups" which was launched in 2022 to increase the number of women entrepreneurs in Germany.

The strategy is jointly implemented by several actors. It is the result of a partnership-based intensive co-operation between five federal ministries and 27 stakeholders of associations, networks and scientific institutions. Together, they have bundled more than 40 measures in the action plan.

The action plan is structured around several pillars:

- Enhance the availability of financial resources for female entrepreneurs and enhance their access to venture capital investments;
- Enhance the regulatory and operational environment for women engaged in self-employment, thereby fostering increased participation in entrepreneurial activities;
- Foster greater participation of women in the climate sector and the energy transition, with the aim of encouraging their pursuit of careers in skilled trades and STEM fields; and
- Enhance the visibility and recognition of self-employed women in order to acknowledge their contributions and accomplishments.

The measures of the action plan take up many demands of associations and networks as well as political projects of the coalition partners. On the one hand, they make it clear how these demands can be implemented. On the other hand, they initiate discussions to clarify concerns and to explore possible solutions. Through analysis and data collection, they prepare the ground for a fact-based policy design.

The action plan is to be completed with further measures and actors. To this end, the BMWK will maintain regular dialogue with the relevant networks, associations and initiatives. In particular, it will convene additional network meetings and high-level discussions in 2024 and in 2025 to discuss the progress made and, if necessary, to add new measures and actors.

Source: (BMWK, 2023[10])

Women's entrepreneurship support schemes are well-established in many countries

Various support schemes and programmes have been implemented to facilitate entrepreneurship among women. Common interventions include tailored or dedicated entrepreneurship training, coaching and mentoring schemes, and networking initiatives (Figure 2.2). Governments also support women entrepreneurs through financial measures, including loan guarantees and grants. The use of microfinance schemes has been growing across EU Member States and OECD countries. While tailored and/or dedicated support schemes are commonly offered across OECD and EU countries, more could be done to connect them to other available support measures in order to facilitate integrated support packages in a cohesive system. For example, participants in training schemes could be more systematically informed about potential avenues for accessing debt and equity financing.

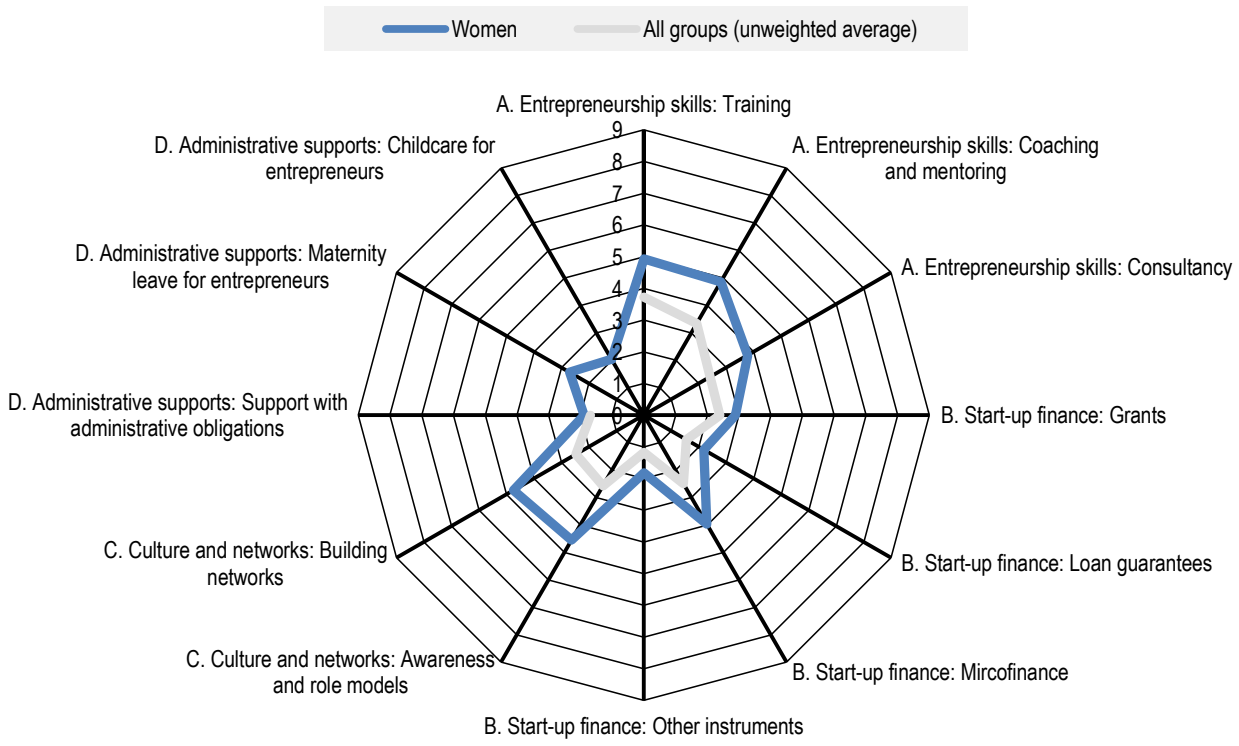
Governments are promoting entrepreneurship as a viable career path for women. There are many initiatives that aim to promote successful women entrepreneurs as role models as well as general promotional campaigns. One approach is to hold annual awards or events to promote successful women entrepreneurs to positively impact others to pursue entrepreneurship. The Ministry of Economic Affairs and

Communications in Estonia organises an annual conference "Empowering women in business" to promote entrepreneurship and provide networking opportunities for women entrepreneurs.

Most governments have dedicated programmes that aim to build entrepreneurship skills among women. The majority of EU governments (20) offer tailored entrepreneurship training programmes for women entrepreneurs as well as tailored coaching and mentoring schemes. These types of schemes seek to address both skills and experience gaps and can facilitate the expansion of professional networks. Programme evaluations often show that schemes for women entrepreneurs help participants to successfully acquire entrepreneurship and business management skills, boost self-confidence and increase motivations for entrepreneurship (OECD/EU, 2022[11]). Several dedicated initiatives have been introduced in Italy in recent years, including the E-Women Lab and Women in Export project. Moreover, the Government of Italy also launched the Women in Export Objective South programme in 2023, which is a training course specifically for women entrepreneurs in the south of Italy.

Figure 2.2. There is a wide range of policies and programmes available for women entrepreneurs

Availability and quality of entrepreneurship schemes for women in EU Member States, 2023



Note: The figure presents an unweighted average of policy and programme assessment scores for EU Member States. Each policy instrument (e.g. entrepreneurship training) is characterised according to a 9-point scale as described in the Reader's Guide. The figure shows the average score for women relative to the score for all inclusive entrepreneurship groups combined (i.e. women, immigrants, youth, seniors, job seekers and people with disabilities). Some of the policy instruments displayed are designed specifically for women so there is no comparative policy assessment score for all inclusive entrepreneurship target groups. The policy scores were discussed and verified with governments and stakeholders in national workshops and a written procedure.
Source: (OECD, 2023[12])

While women entrepreneurs continue to face greater difficulties in accessing finance to start a business than men, governments are committed to increasing women entrepreneurs' access to finance. Women entrepreneurs have diverse needs and face many challenges, which often vary depending on a range of factors (e.g. type of business, sector of operation, size of business, growth objectives, etc.). Therefore, governments have been working to develop and implement a range of financial instruments and accompanying support measures for women entrepreneurs as called for by international organisations such as the OECD (OECD, 2013[13]) as well as the G7 and G20.

Governments are providing more direct investment to support growth-oriented women entrepreneurs. In Italy, the Women's Enterprise Fund was established with the 2021 Budget Law to provide subsidised financing and non-repayable grants to women-owned businesses. It places a specific focus on women entrepreneurs operating in high-tech sectors. In addition, the Fund includes initiatives to promote entrepreneurship to women and some training programmes. The Fund had initial resources of EUR 40 million, which were increased to EUR 400 million from the resources of the National Recovery and Resilience Plan (MISE, 2023[14]). In Germany, the Federal Ministry for Economic Affairs and Climate Action expanded its start-up funding for women entrepreneurs and founders. The current EXIST funding programme (*Existenzgründungen aus der Wissenschaft*) has been expanded to include the new EXIST Women programme (*Programmlinie EXIST-Women*), which provides EUR 6.5 million in start-up funding to university-based start-ups or start-ups from research institutions by young women entrepreneurs (BMWK, 2023[15]).

Integrated support schemes are becoming common in EU Member States and OECD countries. These schemes provide packages of support measures to women, typically including training and finance, to address more than one type of obstacle faced. For example, SPIRIT Slovenia operates the ABC Entrepreneurship Programme which provides women with the opportunity to develop entrepreneurial skills, receive financial support and network with other women entrepreneurs. All women entrepreneurs who successfully complete the training can compete for financial incentives given for the best business model. In Spain, PAEM (Business Support Programme for Women) is a joint initiative by the Women's Institute and the Chambers of Commerce (INCYDE Foundation) that offers business advice, training, information on support programmes, subsidies, financial aid, microfinance, networking, and guidance on how to obtain loan guarantees.

One of the major gaps that governments are starting to tackle is a relative lack of gender-disaggregated data on entrepreneurship, particularly related to access to finance. There are increasing efforts at both the national and international levels to better understand the gender dimension of access to finance, including barriers faced by women and descriptive information on the finance received by women entrepreneurs relative to men (e.g. type, amount, conditions). The G20 recognised this issue in 2013 and developed a basic set of gender-disaggregated financial indicators as part of the G20 Global Partnership on Financial Inclusion (GPFI) and its SME Finance Subgroup indicators (World Bank, 2020[16]). The 2022 Updated G20/OECD High-Level Principles on SME Financing echo this call for greater efforts to collect gender-disaggregated data (OECD, 2022[17]). Many countries are working to support this agenda, including the United Kingdom. The UK Government launched a public commitment called the Investing in Women Code in 2019. Signatory financial institutions are committed to collating and publishing a set of financing data by the gender of the business owner (GOV.UK, 2019[18]).

Activities by women over the entrepreneurship life-cycle

Women continue to be less active in starting businesses than men…

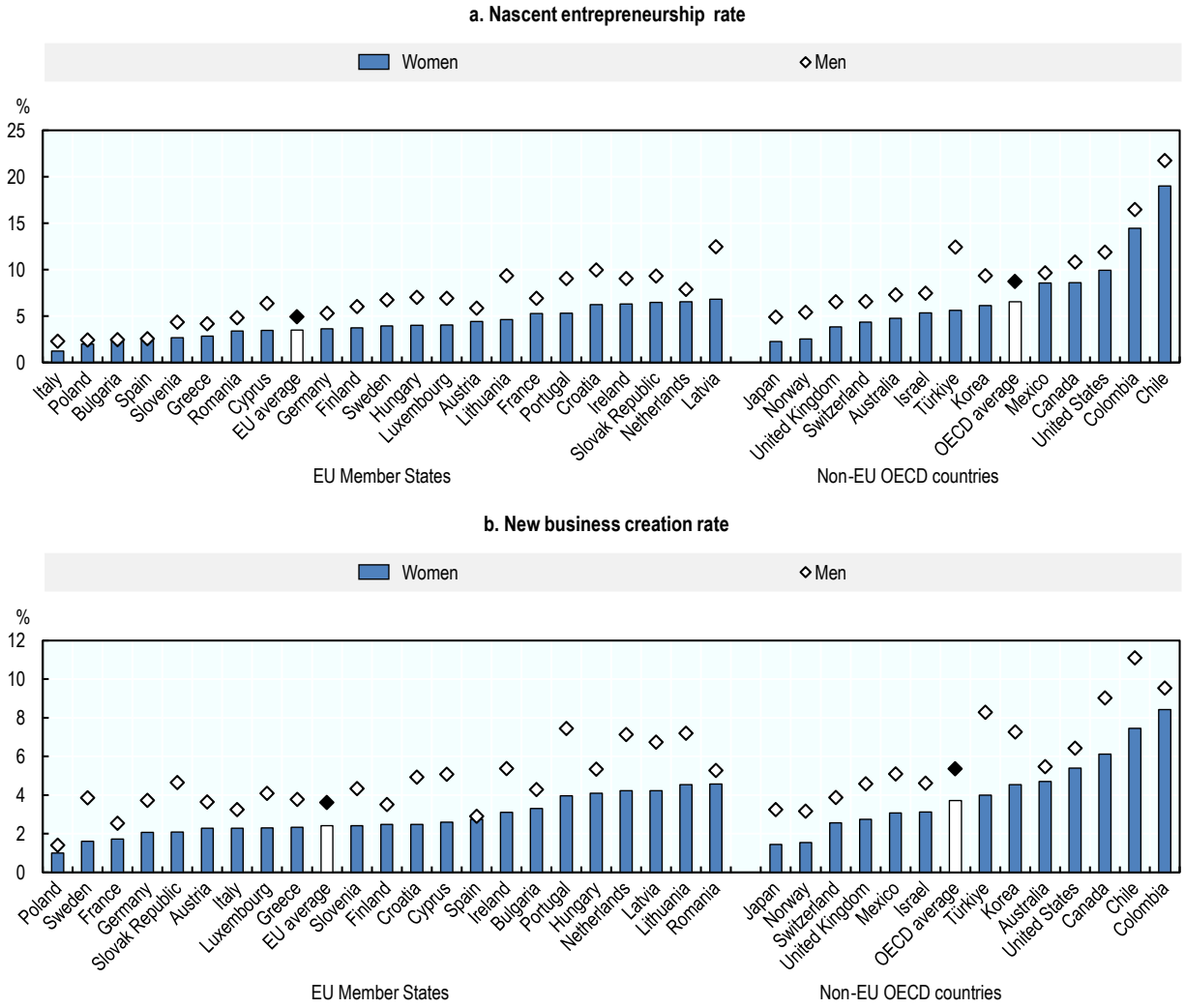
Women in the EU and OECD remained less likely than men to be working on a new business start-up. During the period 2018-22, less than 4% of women in the EU were actively working on a start-up relative to 5% of men (Figure 2.3). In OECD countries, a similar gender gap was observed among those working on new start-ups: more than 6% of women were working on a start-up compared with nearly 9% of men. Among EU Member States, women were the most active in business creation in Latvia, the Netherlands and the Slovak Republic, where about 7% of women were working on a start-up. Women were least active in Italy (1%) and Poland (2%). The gender gap was the greatest in Lithuania, where women were half as likely as men to be working on a start-up, as well as Italy (54% as likely) and Latvia (55% as likely). The countries with the smallest gender gaps were among the countries with lowest nascent entrepreneurship rates, including Bulgaria and Spain where there was nearly gender-parity.

The size of the gender gap in new business ownership was slightly smaller in both the EU and OECD over this period. More than 2% of women in the EU were owner-managers of new businesses (i.e. a business that is less than 42 months old) relative to nearly 4% of men (Figure 2.3). This gap was slightly smaller than among OECD countries, where nearly 4% of women operated a new business compared to more than 5% of men. As with the proportion of women working on a start-up, the share who owned a new business varied substantially across countries ranging from 1% in Poland to 5% in Romania among EU Member States and 2% in Japan to more than 8% in Colombia among OECD countries.

Country differences in the gender gap for early-stage entrepreneurship can be explained by a variety of reasons. Factors include regulatory frameworks, market conditions, and social and cultural attitudes towards entrepreneurship. Institutional barriers differ from country to country and can limit women in entrepreneurship as well as discourage their labour market participation. Moreover, there are market failures that lead to additional challenges for women in entrepreneurship and self-employment. For example, women often have more difficulties accessing finance, which can be due to bias in financial markets and ineffective public policy initiatives.

Figure 2.3. Gender gaps persist in early-stage entrepreneurship across the EU and OECD

Percent of the population (18-64 years old), 2018-22



Note: 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. New business ownership 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. All EU Member States participated in the GEM survey between 2018 and 2022 except for Belgium, the Czech Republic, Denmark, Estonia and Malta. In addition, some countries did not participate in every year over this period: Austria (did not participate in 2019 and 2021), Bulgaria (2019-22), Finland (2018-20 and 2022), France (2019-21), Hungary (2018-20), Ireland (2020 and 2022), Latvia (2018), Lithuania (2018-21) and Portugal (2018, 2020 and 2022). Similarly, the following OECD countries did not participate in the GEM survey between 2018 and 2022: Belgium, Costa Rica, the Czech Republic, Denmark, Estonia, Iceland and New Zealand. The following countries did not participate in the survey in every year: Australia (did not participate in 2018, 2020-22), Austria (2019 and 2021), Finland (2018-20 and 2022), France (2019-21), Hungary (2018-20), Ireland (2020 and 2022), Japan (2020), Latvia (2018), Lithuania (2018-21), Mexico (2018, 2020-21), Norway (2018), Portugal (2018, 2020 and 2022) and the Republic of Türkiye (2019-20, 22).
Source: (GEM, 2023[4])

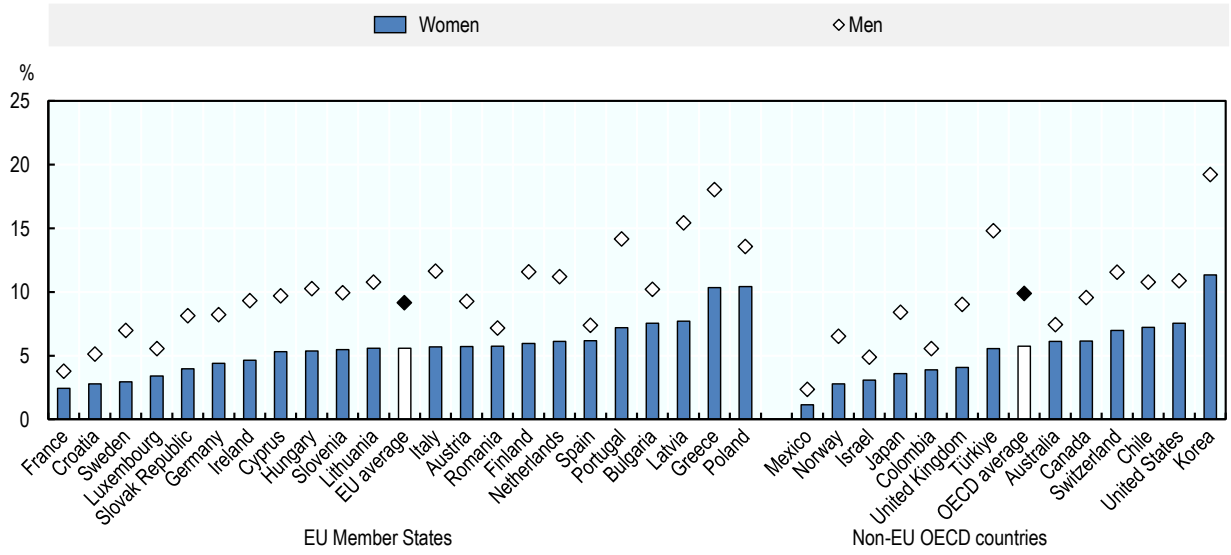
StatLink https://stat.link/napdkv

…which contributes to a slow-growing base of women-led businesses

Women were about 60% as likely as men to self-report that they own an established business during the period 2018-22. About 6% of women in the EU and OECD owned an established business (i.e. a business that has operated for more than 42 months) compared with 9% in the EU and nearly 10% in the OECD (Figure 2.4). This gender gap was present in all EU Member States but was relatively large in Hungary, Ireland, Italy, Finland, Latvia, Lithuania and Portugal, where women were half as likely as men to own an established business. Similarly among OECD countries, women were less than half as likely as men to report owning an established business in Mexico, Norway, the Republic of Türkiye and the United Kingdom. Among EU Member States, women were the most likely to be owners of an established business in Poland and Greece (10% of women in each country reported that they owned an established business). In both of these countries, the proportion of women working on a new start-up or managing a new business (i.e. less than 42 months old) were below the EU average. This suggests that fewer women in these countries are interested in pursuing entrepreneurship relative to more than four years ago, possibly due to changes in the conditions for entrepreneurship.

Figure 2.4. Established business ownership is half as common among women relative to men

Percent of the population (18-64 years old), 2018-22



Note: Established business ownership rate is 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. All EU Member States participated in the GEM survey between 2018 and 2022 except for Belgium, the Czech Republic, Denmark, Estonia and Malta. In addition, some countries did not participate in every year over this period: Austria (did not participate in 2019 and 2021), Bulgaria (2019-22), Finland (2018-20 and 2022), France (2019-21), Hungary (2018-20), Ireland (2020 and 2022), Latvia (2018), Lithuania (2018-21) and Portugal (2018, 2020 and 2022). Similarly, the following OECD countries did not participate in the GEM survey between 2018 and 2022: Belgium, Costa Rica, the Czech Republic, Denmark, Estonia, Iceland and New Zealand. The following countries did not participate in the survey in every year: Australia (did not participate in 2018, 2020-22), Austria (2019 and 2021), Finland (2018-20 and 2022), France (2019-21), Hungary (2018-20), Ireland (2020 and 2022), Japan (2020), Latvia (2018), Lithuania (2018-21), Mexico (2018, 2020-21), Norway (2018), Portugal (2018, 2020 and 2022) and the Republic of Türkiye (2019-20, 22).
Source: (GEM, 2023[4])

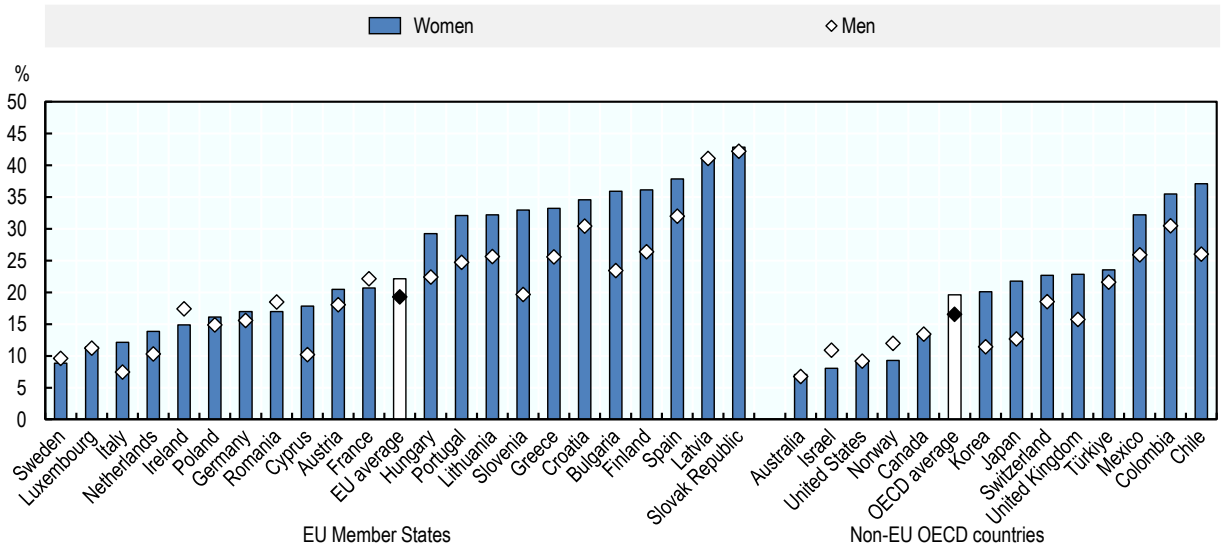
StatLink https://stat.link/cv0dmg

These gender gaps are due in part to differences in motivations…

Women entrepreneurs are more likely to report starting a business out of "necessity" than men. Among early-stage entrepreneurs, 22% of women in the EU indicated that they started their business because they could not find employment relative to 19% of men in the period 2018-22 (Figure 2.5). Across OECD countries, the proportions of women and men who reported the same motivation were slightly lower at 20% for women and 17% for men. More than 40% of women entrepreneurs in Latvia and the Slovak Republic reported starting their business out of "necessity" over this period. However, there was no gender gap in these countries. Among EU Member States, women entrepreneurs were more likely than their male counterparts to reporting starting a business because they had difficulties finding a job in 19 out of 23 countries where data are available. The countries where women were less likely than men to cite this motivation were France, Ireland, Romania and Sweden. In addition, among non-EU OECD countries, women in Israel and Norway were less likely than men to report starting their business because they were unable to find a job.

Figure 2.5. Women are more likely to be "necessity" entrepreneurs

Proportion of early-stage entrepreneurs (18-64 years old), 2018-22



Note: Necessity entrepreneurship rate is the proportion of early-stage entrepreneurs (i.e. nascent entrepreneurs and new business owners) who launched their business due to a lack of other opportunities in the labour market. All EU Member States participated in the GEM survey between 2018 and 2022 except for Belgium, the Czech Republic, Denmark, Estonia and Malta. In addition, some countries did not participate in every year over this period: Austria (did not participate in 2019 and 2021), Bulgaria (2019-22), Finland (2018-20 and 2022), France (2019-21), Hungary (2018-20), Ireland (2020 and 2022), Latvia (2018), Lithuania (2018-21) and Portugal (2018, 2020 and 2022). Similarly, the following OECD countries did not participate in the GEM survey between 2018 and 2022: Belgium, Costa Rica, the Czech Republic, Denmark, Estonia, Iceland and New Zealand. The following countries did not participate in the survey in every year: Australia (did not participate in 2018, 2020-22), Austria (2019 and 2021), Finland (2018-20 and 2022), France (2019-21), Hungary (2018-20), Ireland (2020 and 2022), Japan (2020), Latvia (2018), Lithuania (2018-21), Mexico (2018, 2020-21), Norway (2018), Portugal (2018, 2020 and 2022) and the Republic of Türkiye (2019-20, 22).
Source: (GEM, 2023[4])

StatLink https://stat.link/cdytu6

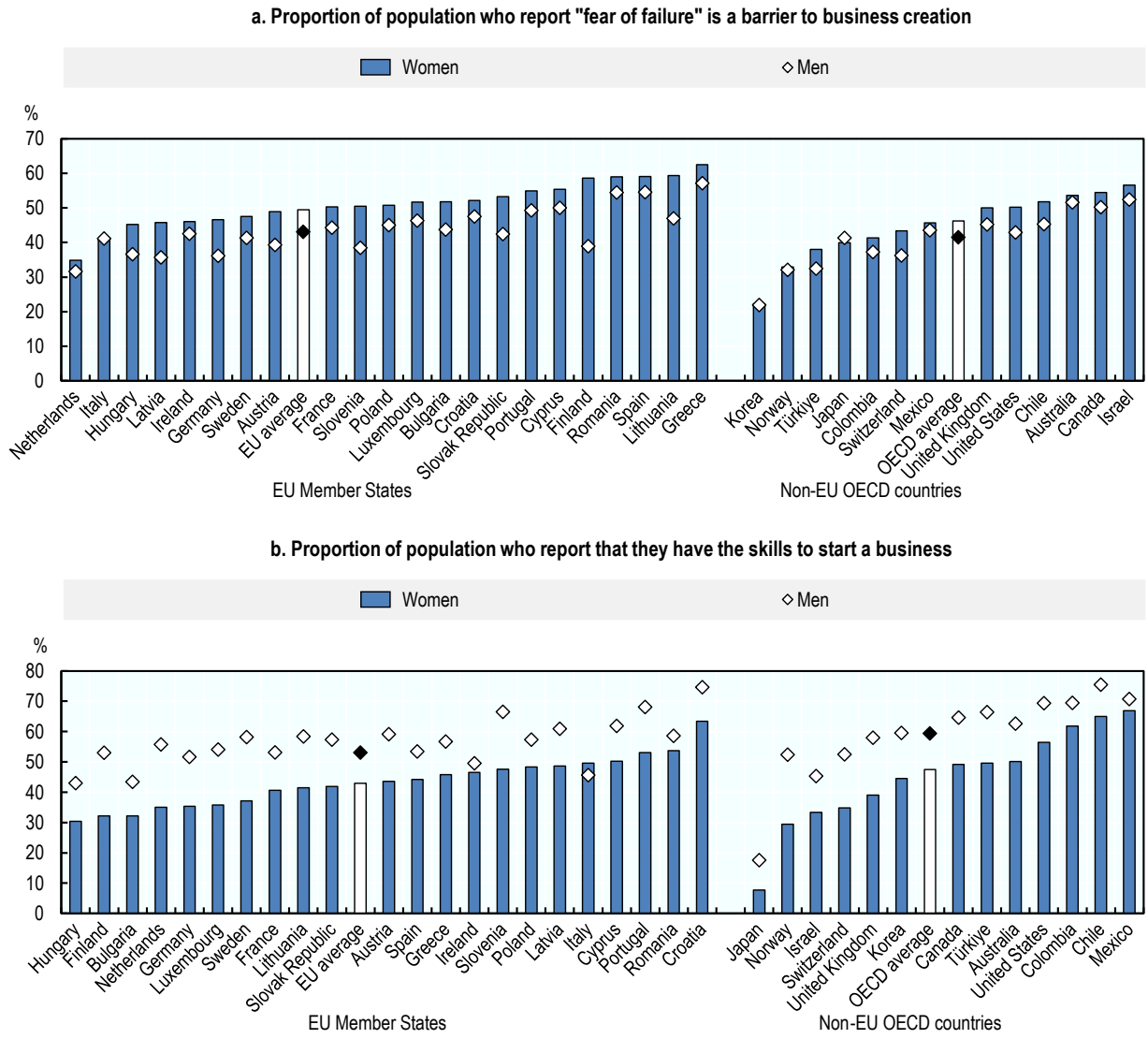
…and to facing greater barriers in business creation

About half of women reported that a "fear of failure" was a barrier to business creation between 2018 and 2022. In the EU, 50% of women self-reported this barrier relative to 43% of men. These shares were slightly higher than those in OECD countries, where 46% of women and 42% of men reported that a "fear of failure" prevented them from starting a business (Figure 2.6). The shares of women and men reporting that a "fear of failure" was an obstacle to entrepreneurship were about 60% in Greece, where economic and institutional challenges remain. Conversely, only one-third of women reported this barrier in the Netherlands and the share was even lower in non-EU OECD countries such as Korea (22%) and Norway (33%).

Another important barrier is a lack of entrepreneurship skills and women were only 80% as likely as men to report having the skills needed to start a business. Between 2018 and 2022, only four out of ten women in the EU (43%) reported that they had the skills and knowledge to start a business relative to half of men (53%) (Figure 2.6). The share of men and women who perceive that they have entrepreneurship skills is slightly higher in OECD countries. Nearly half of women (47%) and 60% of men reported that they had the skills and knowledge to start a business. The majority of women (i.e. more than 50%) reported that they had sufficient entrepreneurship skills to start a business in only four EU Member States: Cyprus (50%), Portugal (53%), Romania (54%) and Croatia (63%). A lack of entrepreneurship skills is often considered to be one of the most significant barriers to successful business creation, but it can be difficult to disentangle self-confidence from the possession of specific skills in surveys. Entrepreneurship skills are often considered to be a bundle of skills that include business management skills (e.g. business and financial planning), personal skills and traits (e.g. a sense of initiative, risk management) and technical skills (e.g. problem solving). Although these skills will increase the chances of business survival and growth, formal education and training in these areas do not guarantee success.

Figure 2.6. A "fear of failure" and skills gaps are more likely to prevent women from starting a business

Percentage of population (18-64 years old), 2018-22



Note: All EU Member States participated in the GEM survey between 2018 and 2022 except for Belgium, the Czech Republic, Denmark, Estonia and Malta. In addition, some countries did not participate in every year over this period: Austria (did not participate in 2019 and 2021), Bulgaria (2019-22), Finland (2018-20 and 2022), France (2019-21), Hungary (2018-20), Ireland (2020 and 2022), Latvia (2018), Lithuania (2018-21) and Portugal (2018, 2020 and 2022). Similarly, the following OECD countries did not participate in the GEM survey between 2018 and 2022: Belgium, Costa Rica, the Czech Republic, Denmark, Estonia, Iceland and New Zealand. The following countries did not participate in the survey in every year: Australia (did not participate in 2018, 2020-22), Austria (2019 and 2021), Finland (2018-20 and 2022), France (2019-21), Hungary (2018-20), Ireland (2020 and 2022), Japan (2020), Latvia (2018), Lithuania (2018-21), Mexico (2018, 2020-21), Norway (2018), Portugal (2018, 2020 and 2022) and the Republic of Türkiye (2019-20, 22).
Source: (GEM, 2023[4])

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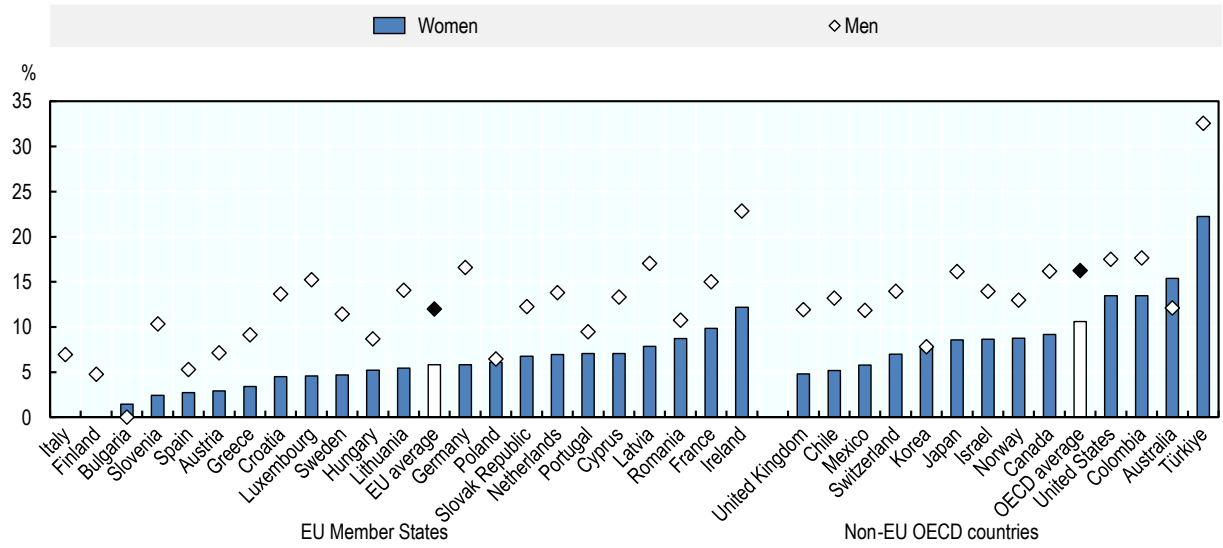
There are also long-standing gender gaps in expected job creation…

Women entrepreneurs are less likely to expect their new businesses to achieve high employment growth. Between 2018 and 2022, about 6% of women in the EU expected that their new start-ups would create at least 19 jobs in the next five years relative to 12% of early-stage men entrepreneurs (Figure 2.7). These rates remain below the share of women in OECD countries who expect a high level of job creation by their business – 11% of women and 16% of men. Women entrepreneurs across all EU Member States and OECD countries had lower expectations for job creation, except for Australia. Women entrepreneurs in Australia were more likely than men entrepreneurs to report that their new start-up would create jobs in the near future (15% vs. 12%). Among EU Member States, women were the most likely to report high levels of expected job creation in Ireland (12%) and France (10%), but these proportion were still substantially below the proportions of men who reported high anticipated job creation (23% in Ireland and 15% in France).

Figure 2.7. Women are half as likely as men to expect to achieve high employment growth

Proportion of early-stage entrepreneurs (18-64 years old) who expect to create at least 19 jobs over the next five years, 2018-22



Note: All EU Member States participated in the GEM survey between 2018 and 2022 except for Belgium, the Czech Republic, Denmark, Estonia and Malta. In addition, some countries did not participate in every year over this period: Austria (did not participate in 2019 and 2021), Bulgaria (2019-22), Finland (2018-20 and 2022), France (2019-21), Hungary (2018-20), Ireland (2020 and 2022), Latvia (2018), Lithuania (2018-21) and Portugal (2018, 2020 and 2022). Similarly, the following OECD countries did not participate in the GEM survey between 2018 and 2022: Belgium, Costa Rica, the Czech Republic, Denmark, Estonia, Iceland and New Zealand. The following countries did not participate in the survey in every year: Australia (did not participate in 2018, 2020-22), Austria (2019 and 2021), Finland (2018-20 and 2022), France (2019-21), Hungary (2018-20), Ireland (2020 and 2022), Japan (2020), Latvia (2018), Lithuania (2018-21), Mexico (2018, 2020-21), Norway (2018), Portugal (2018, 2020 and 2022) and the Republic of Türkiye (2019-20, 22).
Source: (GEM, 2023[4])

StatLink https://stat.link/j5nfiv

…and few pursue growth-oriented strategies

More than one-third of all entrepreneurs reported that they introduced a new product and/or service between 2018 and 2022. Women in the EU are slightly less likely than men to report that they introduced a new project and/or service – 35% vs. 38% over this period (Figure 2.8). However, the shares of women and men entrepreneurs who reported introducing new products and/or services were slightly higher in OECD countries in the same period – 37% of women and 40% of men. About half of women reported introducing a new product or service in two EU Member States – Ireland (48%) and Luxembourg (47%) – as well as two non-EU OECD countries, namely Chile (53%) and the Republic of Türkiye (48%). Women entrepreneurs were more likely than men to introduce new products and services in a handful of EU Member States, namely France, Greece, Ireland, Poland and Romania. In addition, they were also more likely in two non-EU OECD countries: Norway and the Republic of Türkiye.

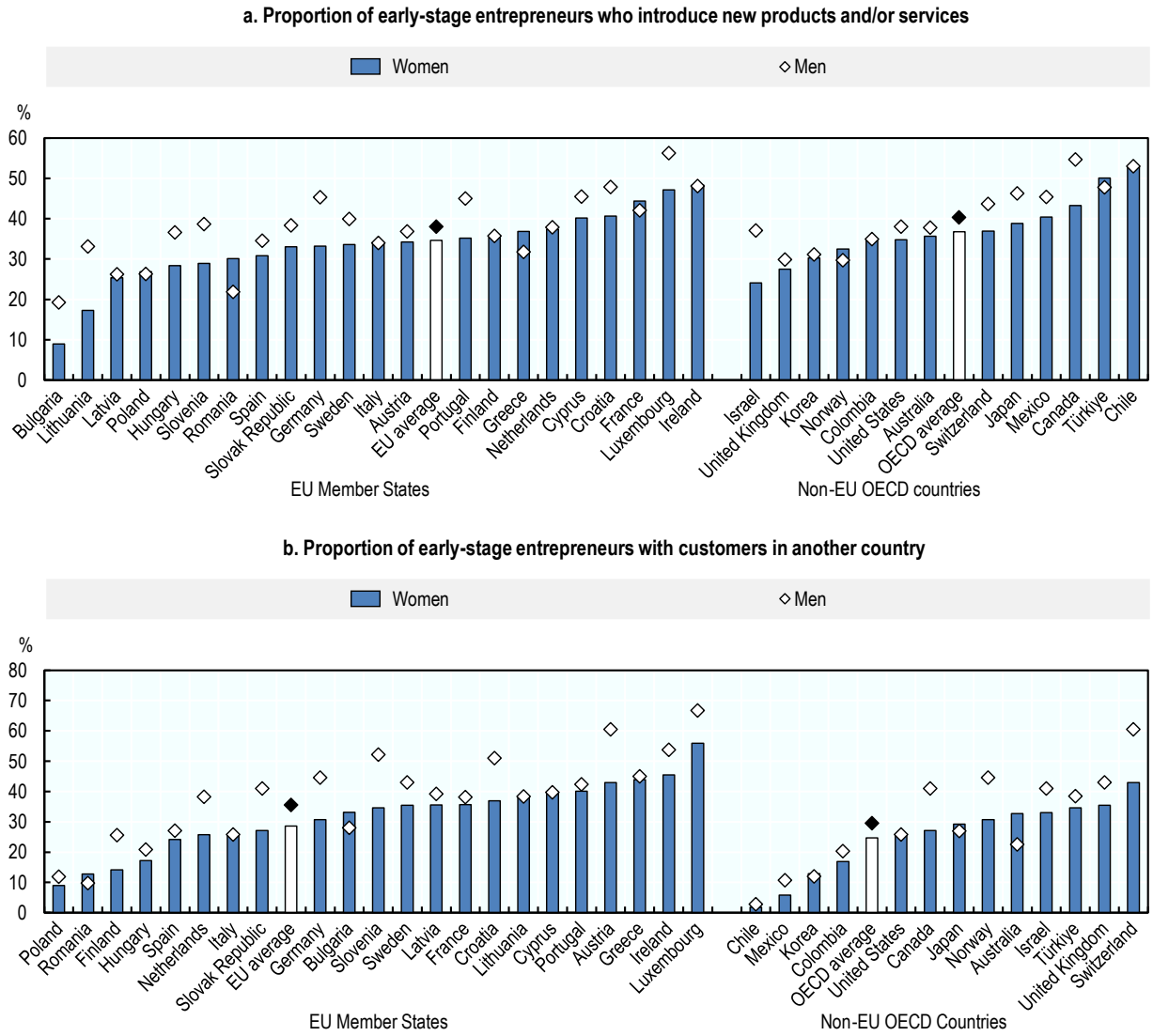
International trade is a major driver of economic growth, yet women-led businesses tend to export less. Women entrepreneurs are about 19% less likely than men to report having customers in another country on average in the EU (Figure 2.8). Between 2018 and 2022, 29% of early-stage women entrepreneurs in the EU self-reported having customers in another country relative to 36% of men. These proportions were higher than those reported in OECD countries in the same period – 25% for women and 30% for men. This is likely due to the low barriers to trade within the EU.

The gender gap in the share of early-stage entrepreneurship who self-reported having customers in another country varies greatly across EU Member States. The share of women entrepreneurs who self-reported having customers in another country were highest in Luxembourg (56%), which reflects the small size of the national market and the international focus of most businesses in the country. Early-stage women entrepreneurs were more likely than men to have customers in two EU Member States over this period, namely Romania (13% of women entrepreneurs vs. 10% of men) and Bulgaria (33% of women entrepreneurs vs. 28% of men). Moreover, there was essentially no gender gap in Italy, Lithuania and Cyprus.

The gender differences observed in international trade can in part be explained by the difference of characteristics of women-led and men-led businesses. For example, women-led businesses are often smaller. They are also more likely to produce services rather than goods, which impacts their need to export. However, there are missed opportunities for women entrepreneurs in international trade, which could be addressed by increasing awareness about the potential opportunities in foreign markets, ensuring trade promotion services reach women exporters, improving the inclusion of women in international business networks and addressing barriers to export financing (Korinek, Moïsé and Tange, 2021[19]). Some countries across the EU and OECD have developed an overarching strategy to support women entrepreneurs in trade. In 2020, Enterprise Ireland launched an Action Plan for Women in Business which aimed to double the number of women-led companies growing internationally (Box 2.2).

Figure 2.8. Innovation rates and activity in foreign markets by women vary greatly by country

Proportion of early-stage entrepreneurs (18-64 years old), 2018-22



Note: All EU Member States participated in the GEM survey between 2018 and 2022 except for Belgium, the Czech Republic, Denmark, Estonia and Malta. In addition, some countries did not participate in every year over this period: Austria (did not participate in 2019 and 2021), Bulgaria (2019-22), Finland (2018-20 and 2022), France (2019-21), Hungary (2018-20), Ireland (2020 and 2022), Latvia (2018), Lithuania (2018-21) and Portugal (2018, 2020 and 2022). Similarly, the following OECD countries did not participate in the GEM survey between 2018 and 2022: Belgium, Costa Rica, the Czech Republic, Denmark, Estonia, Iceland and New Zealand. The following countries did not participate in the survey in every year: Australia (did not participate in 2018, 2020-22), Austria (2019 and 2021), Finland (2018-20 and 2022), France (2019-21), Hungary (2018-20), Ireland (2020 and 2022), Japan (2020), Latvia (2018), Lithuania (2018-21), Mexico (2018, 2020-21), Norway (2018), Portugal (2018, 2020 and 2022) and the Republic of Türkiye (2019-20, 22).
Source: (GEM, 2023[4])

StatLink https://stat.link/gqpy4x

Box 2.2. Enterprise Ireland Action Plan for Women in Business (2020-26), Ireland

As part of its efforts to increase women's participation in entrepreneurship and business leadership, Ireland launched the Action Plan for Women in Business in 2020. It is a comprehensive, six-year action plan that was introduced as part of a series of government diversity initiatives. This plan seeks to resolve a variety of factors that contribute to the under-representation of women in business.

The action plan is based on four fundamental objectives:

- Increasing the number of women-led international growth companies;
- Increasing the proportion of women in Irish companies' middle and senior management and leadership positions;
- Increasing the proportion of women who become an entrepreneur; and
- Increasing the number of high-growth potential start-ups led by women.

The action plan comprises a total of 24 actions that are aligned with these four primary objectives that encompass the provision of personalised support to women-led enterprises seeking growth opportunities and international market expansion, the establishment of a grant programme to aid Enterprise Ireland supported companies in recruiting part-time senior managers, the creation and promotion of a nationwide network of role models to inspire aspiring entrepreneurs and business leaders, and the initiation of funding calls specifically targeting women entrepreneurs and women researchers affiliated with tertiary educational institutions.

Source: (Enterprise Ireland, 2020[20])

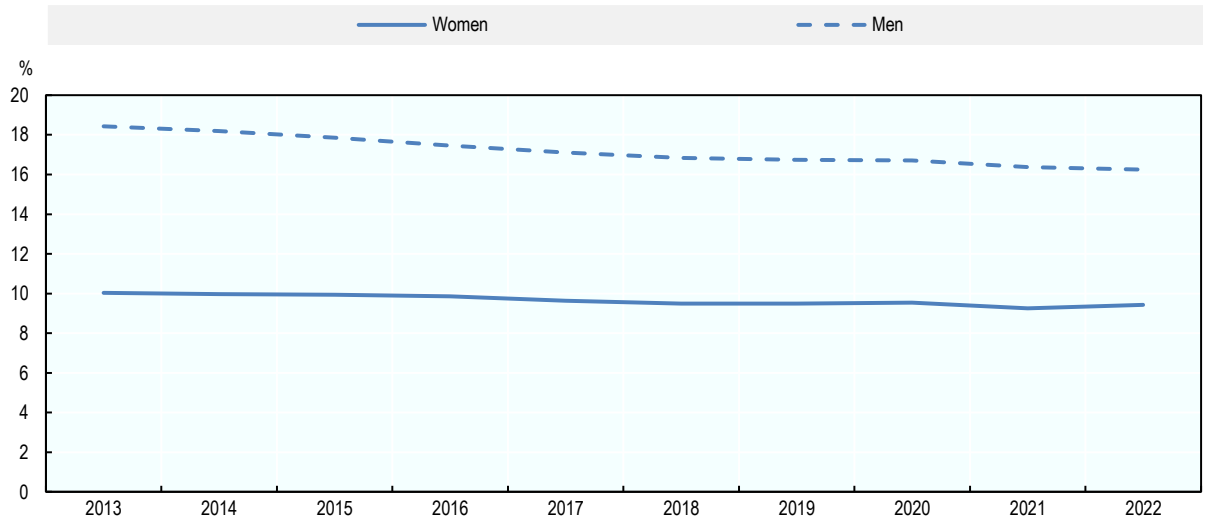
Self-employment among women

Women are 40% less likely than men to be self-employed but the gender gap is closing in most countries

The gender gap in self-employment fell by 6% in the EU over the last decade (Figure 2.9). On average in the EU, the gender gap in self-employment remained constant over the last decade but narrowed very slightly between 2021 and 2022. This reduction in the gender gap is largely due to two factors. First, the re-opening of the economy after the COVID-19 pandemic led to a quicker bounce back among self-employed women relative to self-employed men since lock-down measures disproportionately impacted sectors where self-employed women are over-represented (OECD/EU, 2021[21]). Second the long-term decline in self-employment is greater among men than among women. The self-employment rate among women declined from 10% in 2013 to 9% in 2022 (i.e. a decline of 6%), whereas the rate for men declined from 18% to 16% over the decade (i.e. a decline of 12%).

Figure 2.9. The gender gap in self-employment closed over the last decade in the EU

Self-employment in the EU as a percentage of employment (15-64 years old)



Note: There is a break in the series in 2021.
Source: (Eurostat, 2023[22])

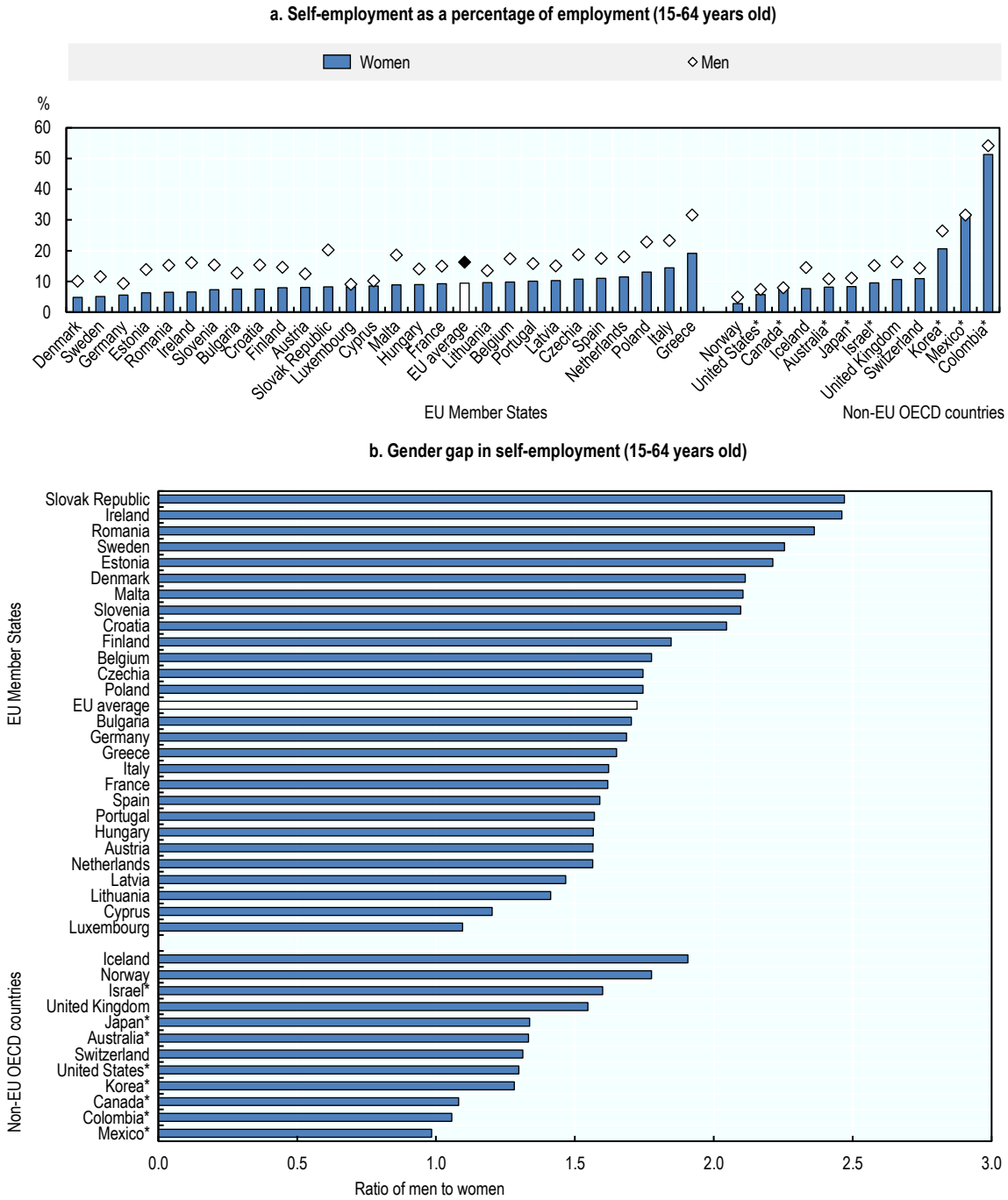
StatLink https://stat.link/mhnui8

Across all EU Member States, women were less likely to be self-employed than men in 2022. Self-employment rates among women were highest in Greece (19%), Italy (14%) and Poland (13%), where they were also high for men (Figure 2.10). Conversely, self-employment rates for women tended to be lower in countries such as Denmark (5%), Sweden (5%) and Germany (6%). Countries with low self-employment rates for men and women tend to have strong social security systems that reduce the need to start a business out of "necessity" and social attitudes that favour working as an employee. Men were more than twice as likely women to be self-employed in nine EU Member States in 2022: Croatia (2.0 times), Slovenia (2.1 times), Malta (2.1 times), Denmark (2.1 times), Estonia (2.2 times), Sweden (2.3 times), Romania (2.4 times), Ireland (2.5 times) and the Slovak Republic (2.5 times). Conversely, the gender gap was the smallest in Luxembourg in 2022, where men were only 1.1 times more likely than women to be self-employed. Among non-EU OECD countries, there was no gender gap in the self-employment rate in Mexico, and very small gaps in Colombia and Canada (1.1 times in both countries). The gender gap in the self-employment rate tends to be smallest in countries where there are higher levels of informal entrepreneurship and where gender gaps in the labour market are smaller.

Gender gaps in self-employment decreased in 21 EU Member States over the last decade. Between 2013 and 2022, the gender gap closed by 30% or more in five EU Member states: Cyprus (-85%), Luxembourg (-38%), Ireland (-34%), Germany (-33%) and Romania (-30%) (Figure 2.11). It remained unchanged in the Slovenia and increased in five Member States: Poland (14%), Estonia (14%), Latvia (15%), the Slovak Republic (16%) and Croatia (29%). Similarly, the gender gaps closed in the majority of non-EU OECD countries, most notably in Mexico (-62%), Canada (-57%) and Norway (-52%) but increased in several countries including Korea (61%), the United States (70%) and Colombia (81%). Some caution is needed in interpreting these numbers because the absolute levels of self-employment vary across countries so the relative change should be read in conjunction with the self-employment levels reported in Figure 2.10. For example, an 38% decline in the gender gap in self-employment in Luxembourg is a relatively small in absolute terms because the gender gap is less than one percentage point.

Figure 2.10. Women are 40% less likely than men to be self-employed

2022

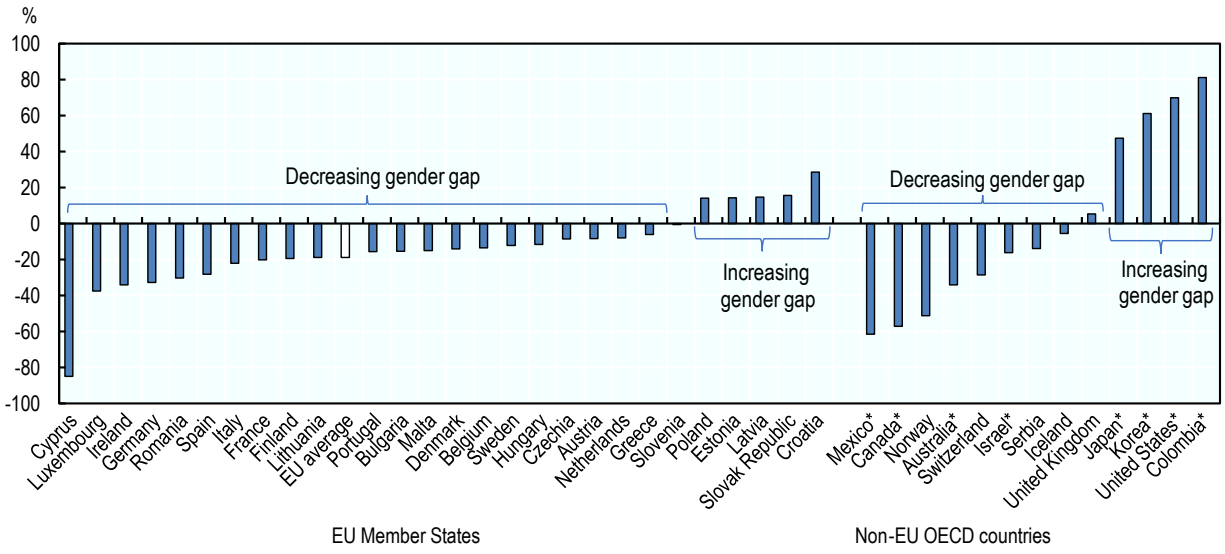


Note: Data for Australia, Canada, Colombia, Israel, Japan, Korea, Mexico and the United States are for 2021.
Source: (Eurostat, 2023[22])

StatLink https://stat.link/vo2r17

Figure 2.11. Self-employment fell by 6% in the EU over the past decade

Percent change in gender gap in self-employment (15-64 years old), 2013-22

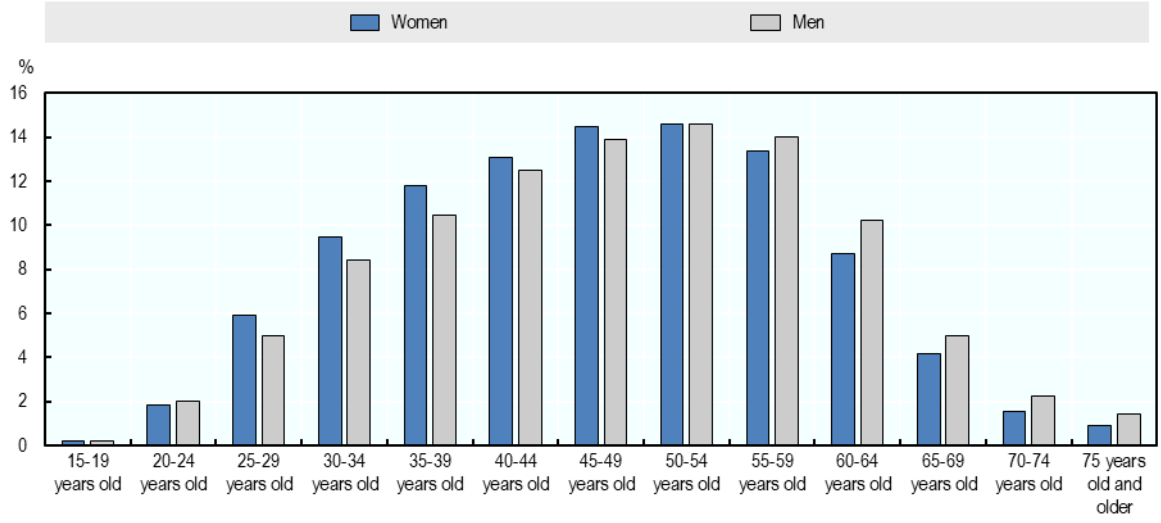


Source: (Eurostat, 2023[22])

StatLink https://stat.link/4br270

Figure 2.12. Self-employed women in the EU are more likely to be younger

Age distribution of the self-employed in the EU, 2022



Source: (Eurostat, 2023[22])

StatLink https://stat.link/kqp9ou

Self-employed women are younger than self-employed men…

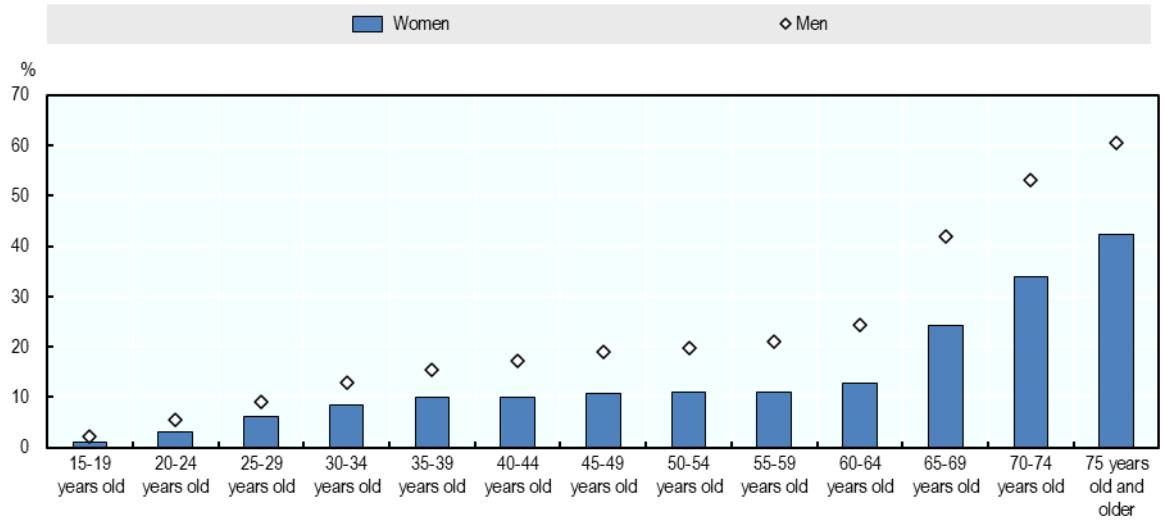
Self-employed women in the EU are, on average, slightly younger than self-employed men. In 2022, self-employed women were about three percentage points (p.p.) more likely than men to be between 25 and 39 years old (Figure 2.12). Similarly, about 28% of self-employed women were between 40 and 49 years old relative to one-quarter of self-employed men. Thus, 55% of self-employed women were between 25 to 49 years old relative to 50% of self-employed men.

…and the gender gap closes among those working into their 60s

Women in the EU were less likely than men to be self-employed at all ages in 2022. While few people under 25 years old are self-employed, there is a significant gender gap among young self-employed people (Figure 2.13). Among this age group, young women were about half as likely as young men to be self-employed. This gap is smaller among those 25 to 40 years old, where women are about two-thirds as likely as men to be self-employed. It then increases with age up to about 65 years old, when it then starts to close. The gender gap is smallest among those over 75 years old, when women were about 70% as likely as men to be self-employed.

Figure 2.13. The gender gap in the self-employment closes among those who work beyond 60 years old

Self-employment rate by age in the EU, 2022



Source: (Eurostat, 2023[22])

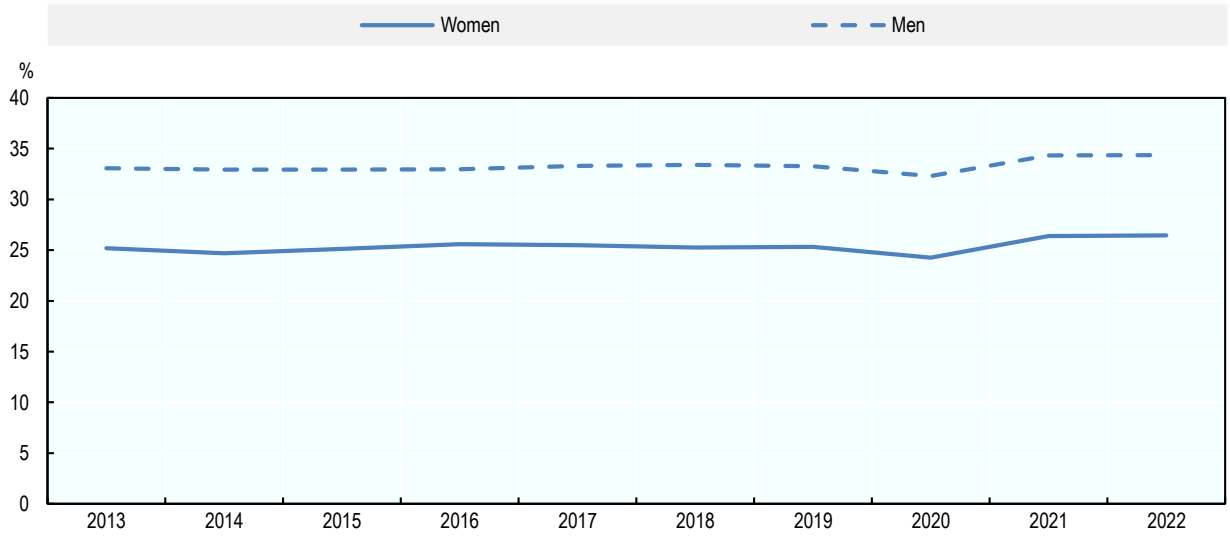
StatLink https://stat.link/zyd6wv

Self-employed women are 30% less likely than self-employed men to be employers

The share of the self-employed who have employees in the EU has remained stable over the last decade, although it dropped slightly during the COVID-19 pandemic. About 25% of self-employed women had employees between 2013 and 2019, which was followed by a slight decline in 2020 before it increased to about 27% in 2022 (Figure 2.14). One-third of self-employed had employees between 2013 and 2019, which decreased slightly in 2020 before bouncing back in 2021 and 2022. The drop-off in the share of self-employed men and women with employees was about equal.

Figure 2.14. Self-employed women have been less likely to have employees over the last decade

Percentage of self-employed (15-64 years old) in the European Union, 2013-22



Note: There is a break in the data series in 2021.
Source: (Eurostat, 2023[22])

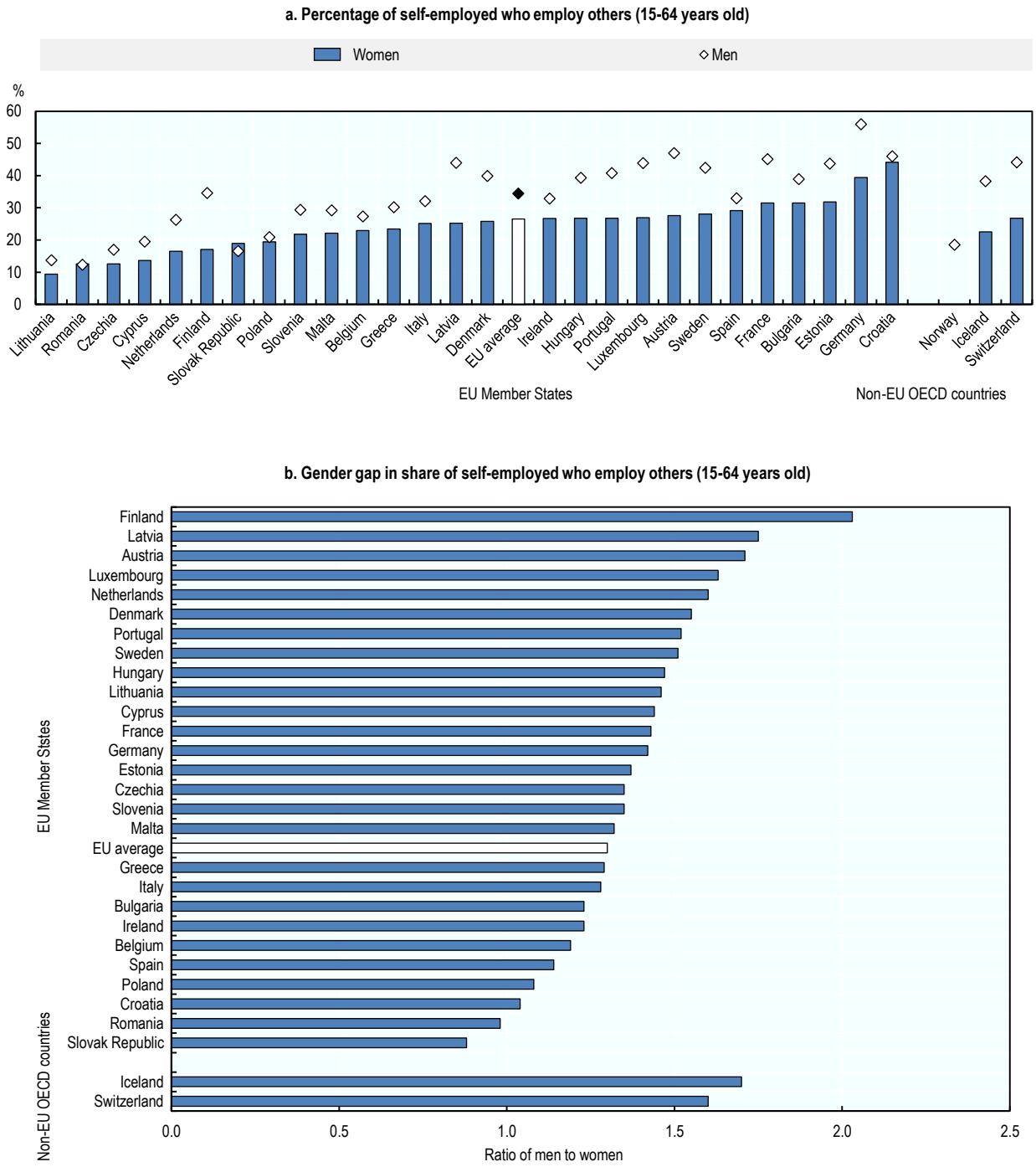
StatLink https://stat.link/2ljpyw

There is a large variation in the share of self-employed women and men who employ others across EU Member States. The share of self-employed women with employees ranges from less than 10% in Lithuania to 39% in Germany and 44% in Croatia (Figure 2.15). Among OECD countries, the share of self-employed women with employees was highest in Germany. Two EU Member States had parity in the share of self-employed men and women with employees in 2022: the Slovak Republic and Romania. However, there were eight Member States where self-employed men were at least 1.5 times more likely to have employees: Sweden (1.5 times), Portugal (1.5 times), Denmark (1.6 times), the Netherlands (1.6 times), Luxembourg (1.6 times), Austria (1.7 times), Latvia (1.8 times) and Finland (2.0 times).

The difference in the share of self-employed women and self-employed men with employees decreased in half of EU Member States over the past decade. The decrease in the gap was greatest in the Slovak Republic and Romania (Figure 2.16), both countries where self-employed women were about as likely as self-employed men to have employees in 2022. Some of the large increase in the gap between self-employed men and women who are employers between 2013 and 2022 are due largely to an observed gap in 2022. In Ireland for example, nearly 35% of self-employed women had employees in 2013 whereas only 29% of men did. However, in 2022 these proportions reversed – 27% of self-employed women had employees compared with 33% of self-employed men. Thus the increase in the gap is very large.

Figure 2.15. Self-employed women are less likely to be employers than self-employed men in nearly all EU Member States

2022

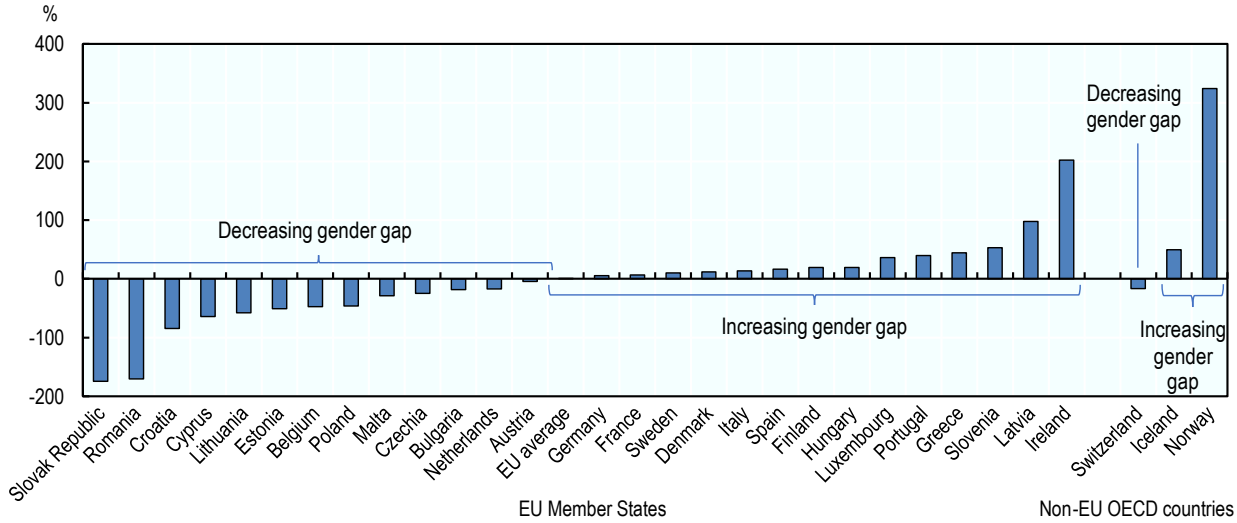


Source: (Eurostat, 2023[22])

StatLink https://stat.link/irtuw7

Figure 2.16. The share of self-employed women who were employers declined in half of EU Member States over the past decade

Percentage change in share of self-employed who are employers (15-64 years old), 2013-22



Source: (Eurostat, 2023[22])

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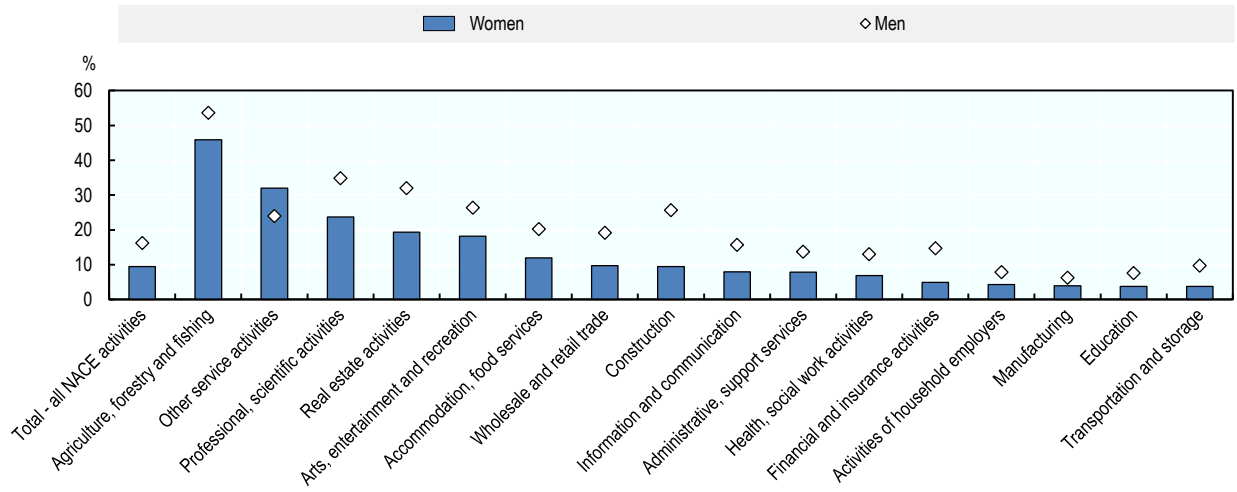
Self-employed women are concentrated in agricultural and service activities…

Nearly half of women and men working in the Agriculture, forestry and fishing sector were self-employed in 2022. While this sector is where women were the most likely to be self-employed overall, women were more likely than men to be self-employed in the Other services sector (Figure 2.17). Nearly one-third of women working in this sector were self-employed relative to less than a quarter of men. This sector includes repair and maintenance services, activities of membership organisations, personal and household goods and other personal service activities (e.g. washing and (dry-) cleaning of textile and fur products, hairdressing and other beauty treatment, physical well-being activities). Women were least likely to be self-employed in the Education sector and the Transportation and storage sector – less than 4% each.

Figure 2.17. Women are more likely to be self-employed than men in the Other service activities sector

Self-employment as a percentage of employment (15-64 years old), 2022



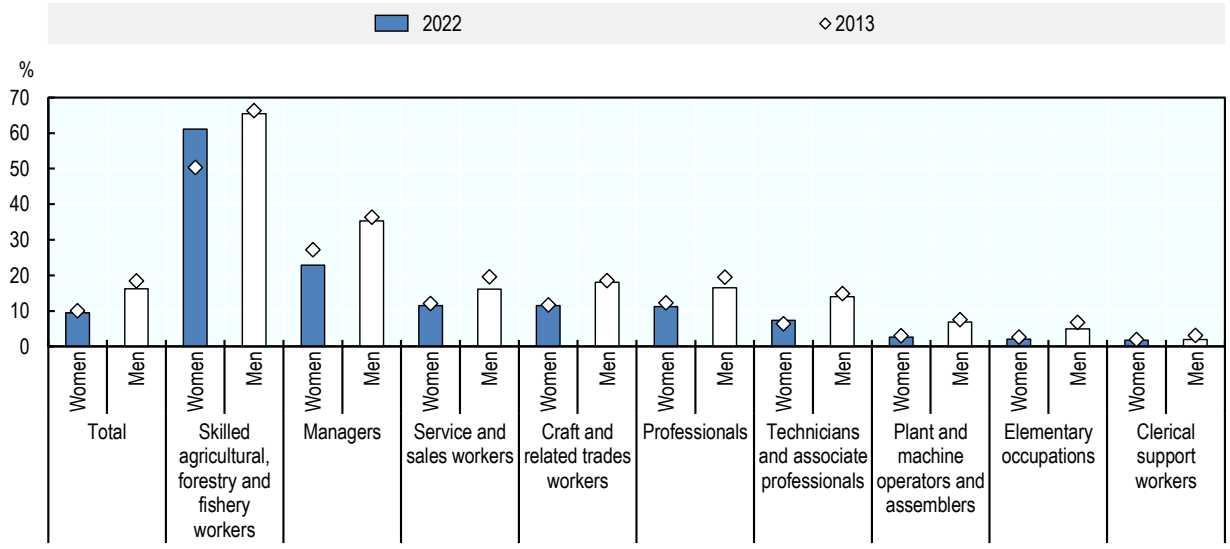
Note: The following sectors were excluded because the self-employment rate was less than 1% or the data were could not be reported due to a low reliability of the estimate: Public administration and defense, compulsory social security; Mining and quarrying; Water supply; sewerage, waste management and remediation activities; and Electricity, gas, steam
and air conditioning supply.
Source: (Eurostat, 2023[22])

StatLink https://stat.link/1esd95

Not surprisingly, the self-employment rate for women is very high in occupations such as skilled agricultural, forestry and fishery workers. About 61% of women working as a skilled agricultural, forestry and fishery worker were self-employed in 2022 as were 65% of men (Figure 2.18). Women working as managers, service and sales workers, craft and related trades workers, and professionals also had above average self-employment rates in 2022, although they were slightly below the self-employment rates for men in each occupation. There were no occupations where women were more likely to be self-employed than men. Overall, the self-employment rates by occupation changed little since 2013. However, the self-employment rate for women working as skilled agricultural, forestry and fishery workers increased by about 10 p.p. since 2013. The self-employment rate for those working as managers decreased by about 5 p.p. over this period.

Figure 2.18. The majority of self-employed women are skilled agricultural, forestry and fishery workers

Self-employment as a percentage work employment (15-64 years old) in the EU



Source: (Eurostat, 2023[22])

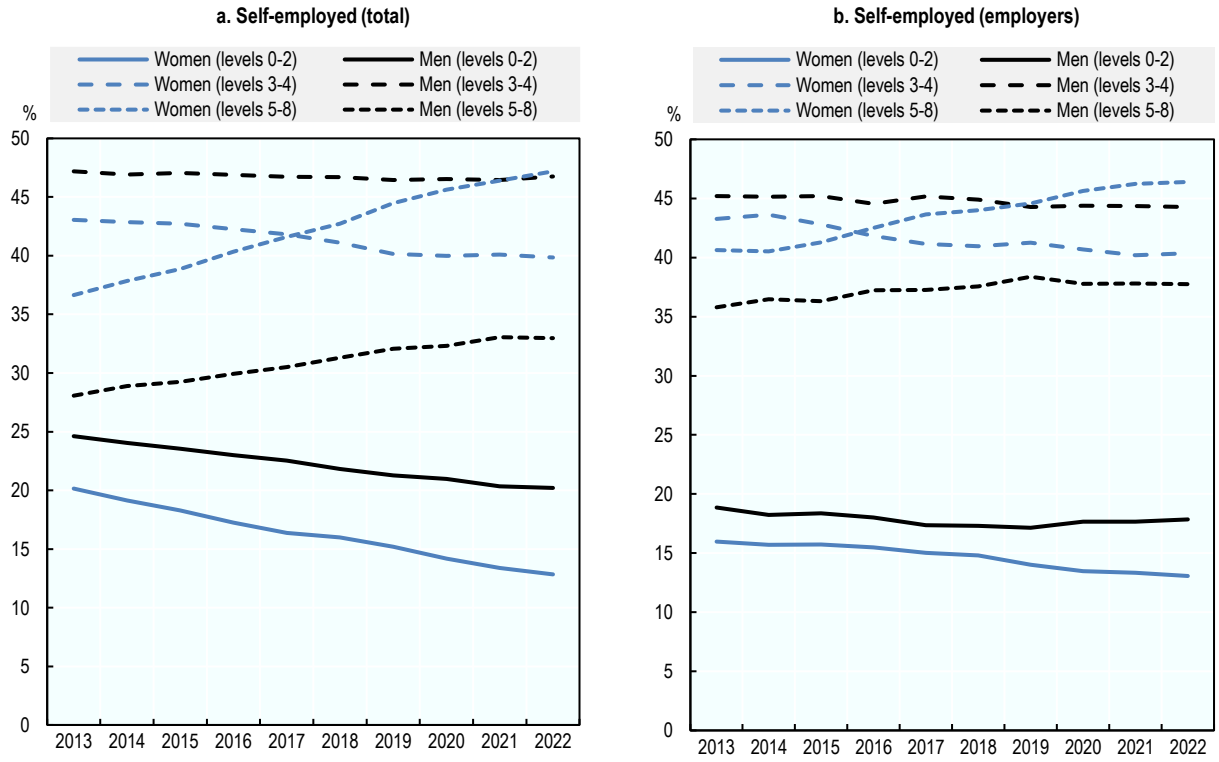
StatLink https://stat.link/g2w7ca

…and a high proportion have a tertiary education

Self-employed women are more likely to have a tertiary education than self-employed men in the EU. More than 47% of self-employed women had a tertiary education relative to 33% of self-employed men in 2022 (Figure 2.19). Over the last decade, the share of self-employed women with a tertiary education has increased by 29% since 2013. This was offset by a decline in the share of self-employed women employers who have less than an upper secondary education (-36%) and to a lesser extent those with an upper secondary and post-secondary non-tertiary education (-7%). Similar trends were observed among self-employed men but to a lesser extent. Among self-employed women, the differences between those with and without employees were small in 2022.

Figure 2.19. Self-employed women entrepreneurs are pursuing higher education at a faster rate than men

Distribution of self-employed (15-64 years old) in the EU by educational attainment



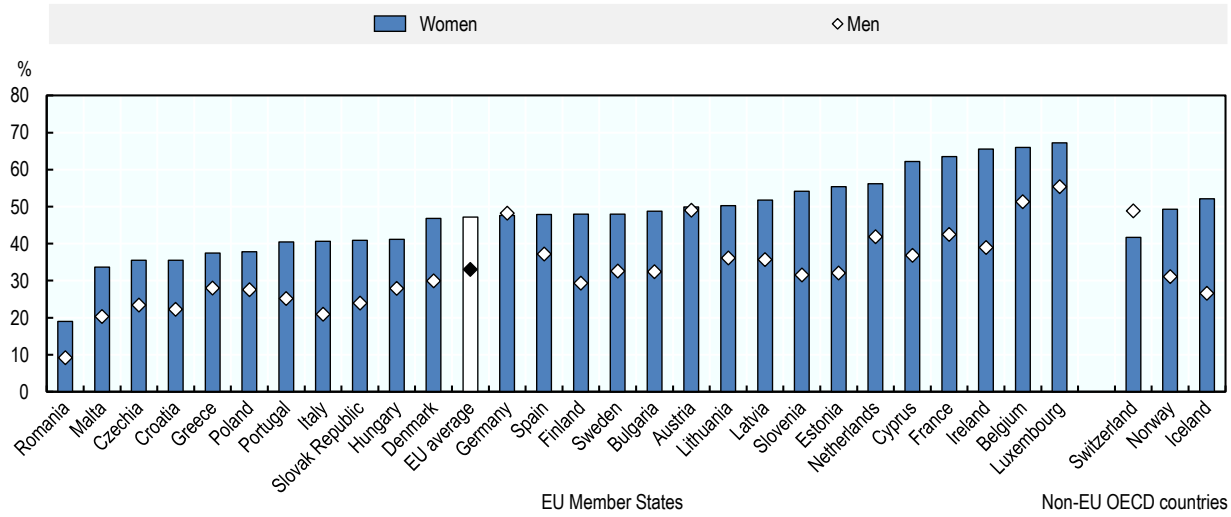
Note: Education levels 0-2 are less than upper secondary education, levels 3-4 are upper secondary and post-secondary non-tertiary and levels 5-8 are tertiary education.
Source: (Eurostat, 2023[22])

StatLink https://stat.link/qbz182

At the country level, self-employed women were more likely to have a tertiary education in nearly all EU Member States in 2022. The only exception was Germany, where there was no difference between the share of self-employed women and self-employed men had a tertiary education (48%) (Figure 2.20). Women were the most likely to have a tertiary education in Luxembourg (67%), Belgium (66%) and Ireland (66%), which is broadly consistent with tertiary educational attainment rates overall (Eurostat, 2023[23]). The greatest gender gaps were in Romania (19% for self-employed women and 9% for self-employed men) and Italy (41% for self-employed women and 21% for self-employed men). These two countries have the lowest rates of tertiary education completion in the EU: Romania (25%) and Italy (29%) (Eurostat, 2023[23]).

Figure 2.20. Self-employed women are more highly educated than self-employed men in nearly all EU Member States

Share of self-employed with tertiary education, 2022



Source: (Eurostat, 2023[22])

StatLink https://stat.link/90i2ms

Conclusions

The gender gaps in entrepreneurship and self-employment persist. Women continue to face more challenges and greater barriers to entrepreneurship and self-employment than men. Moreover, these barriers are often inter-related and reinforce each other. These include negative social and cultural attitudes towards entrepreneurship for women and men, institutional barriers that hinder women in entrepreneurship (e.g. family and tax policies), policy frameworks that discourage women in entrepreneurship, and market failures (e.g. bias in financial markets, ineffective policies and programmes, information asymmetries). Women often have greater difficulty accessing start-up financing, smaller and less effective professional networks, and more limited resources.

More effective policy actions are needed to address gender gaps in entrepreneurship and self-employment. Governments should continue to use, scale up and further develop the suite of policy measures that respond to the diverse needs of women entrepreneurs. This includes both financial support (e.g. loan guarantees, grants, investor readiness training, dedicated funds with competitive selection mechanisms) and non-financial supports (e.g. financial literacy training, entrepreneurship skills training, mentoring and coaching, networking initiatives). Public policies should reflect the context in order to respond to the institutional, cultural and social contexts in each country. Moreover, policies should reflect the diversity of women entrepreneurs in terms of their profile, their needs and challenges as well as the different types of businesses and sectors of operation. Government priorities will depend on context but overall, policy priorities include:

- Greater use of tailored policy interventions to meet the diverse needs of women entrepreneurs;
- Strengthen efforts to measure women's entrepreneurship and the impacts of policy, which can improve policy design, improve the quality of tailored support, and facilitate knowledge sharing and increase the number of successful policy transfers;

- Increase the use of public procurement measures to improve market opportunities for women entrepreneurs;
- Direct more resources towards growth-oriented businesses led by women, including dedicated growth financing and mentoring; and
- Increase awareness about the potential opportunities in foreign markets, ensuring trade promotion services reach women exporters, improving the inclusion of women in international business networks and addressing barriers to export financing.

For more information and policy discussion on women's entrepreneurship, please refer to (OECD/EU, 2016[24]; OECD, 2021[25]). Examples of recent policy action to support women entrepreneurs are contained in the country profiles in Part III of this report.

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3 Immigrants' self-employment and entrepreneurship activities

The proportion of immigrants who are self-employed varies greatly across countries but overall, the number of immigrant entrepreneurs is increasing. In addition, a growing amount of evidence shows that immigrant entrepreneurs starting impactful businesses. This chapter presents comparable self-employment indicators for immigrant entrepreneurs and the self-employed across European Union Member States and OECD countries, as well as country-specific research on immigrant entrepreneurship.

Key messages

- **This chapter presents a snapshot of immigrant entrepreneurship** in European Union (EU) Member States and selected OECD countries using data from Labour Force Surveys. It also presents a brief overview of immigrant entrepreneurship policies and programmes in the EU, including recent developments.
- **About 13% of working immigrants in the EU were self-employed in 2022, which was slightly below the proportion of non-immigrants (15%).** Comparing the self-employment rates of immigrants born outside of the EU with those born in another EU Member States reveals little difference between the two groups in 2022. The self-employment rate for immigrants born outside of the EU varied greatly across countries in 2022, ranging from about 8% in Austria, Germany, Luxembourg and Sweden to 28% in the Czech Republic. This variation across countries is influenced by a range of factors including differences in the profile of immigrants arriving (e.g. age, gender) and the strength of labour market integration measures.
- **The share of immigrants among the self-employed in the EU nearly doubled over the past decade.** In 2013, about 2% of the self-employed in the EU were born in another EU Member State and 5% were born outside of the EU and these shares increased to 4% and 8% in 2022.
- **Immigrant entrepreneurs face a range of barriers to business creation, some of which are unique to relative to non-immigrants.** Some of the main challenges include language barriers that can inhibit the development of networks and difficulties obtaining credential recognition that can prevent the acquisition of some licenses.
- **The gender gap among self-employed immigrants in the EU is closing faster than among the native-born.** In 2022, men born outside of the EU were about 1.6 times more likely that women born outside of the EU to be self-employed. This is down from 1.9 times in 2013 and appears to have converged with the ratio among native-born self-employed people. In 2022, native-born men were 1.7 times more likely than native-born women to be self-employed relative to 1.8 times in 2013.
- **The characteristics of self-employment activities in terms of sector do not vary significantly from those of non-immigrants.** In 2022, the self-employment rates in the EU across sectors were essentially the same between immigrants and non-immigrants. However, there are some differences across occupations. Relative to non-immigrants, self-employed immigrants are more likely to work in Professional and Service and sales occupations.
- **Moreover, nearly one-third of self-employed immigrants in the EU employed at least one employee in 2022, which was about the same proportion as non-immigrants.** Moreover, recent research from Germany suggests that immigrant-owned businesses are more likely to achieve high levels of growth than firms led by non-immigrants.
- **The use of tailored schemes to support immigrant entrepreneurs is common among EU Member States**. However, many schemes are relatively small-scale initiatives that predominately offer training and coaching. Yet, these types of initiatives remain an important part of local entrepreneurship ecosystems. This is demonstrated by new initiatives to support Ukrainian refugees in many countries, including Estonia, Finland, Ireland and Poland.
- **Nonetheless, governments could do more to leverage the potential of immigrant entrepreneurs by adjusting support schemes to reflect the growth in immigrant entrepreneurship.** This could include offering greater networking support to strengthen their ties within local entrepreneurship ecosystems to increase the chances of creating opportunities for all entrepreneurs.

The nature of immigrant entrepreneurship is evolving

Immigrant entrepreneurship is increasingly recognised as a source of innovation and job creation…

Immigrant entrepreneurship has traditionally been associated with economic adversity, where self-employment was used to earn a living due to a lack of opportunities in the job market. There is a body a research that supports this perspective (Barrett, Jones and McEvoy, 1996[1]) and others note that some immigrants pursue self-employment to escape low-wage employment and discrimination at work (OECD, 2011[2]; OECD/European Commission, 2023[3]). The implication is that immigrant-owned businesses serve specific local ethnic markets (e.g. shops providing speciality food products) and have a limited economic impact (Clark and Drinkwater, 2000[4]; Basu and Altinay, 2002[5]; Dalhammar, 2004[6]).

While this perspective remains true for some immigrant entrepreneurs, the picture of immigrant entrepreneurship is changing and becoming more complex. Labour market outcomes of immigrants are at the highest levels since 2001, particularly among immigrant women (OECD, 2023[7]) and the number of immigrant entrepreneurs and business owners has nearly doubled over the past decade in the European Union (EU). This is largely explained by an increase in international migration flows over this period. Moreover, the economic impact of immigrant-owned businesses appears to be increasing in many countries. For example, recent research in Sweden shows that immigrant-owned firms, and especially those owned by non-European immigrants, are more likely to employ others and have more employees than native-owned firms (Neuman, 2021[8]). Further, recent German evidence suggests that immigrant founders are more likely to have high growth ambitions relative to those born in Germany (75% vs. 55%) and that 60% of German unicorns have at least one immigrant founder (Startup Verband, 2023[9]). These studies are consistent with a recent study in the United States that found that immigrant entrepreneurs are more likely than native-born entrepreneurs to be pursuing economic opportunities and create more opportunities for all entrepreneurs (Box 3.1). Please see (OECD/European Commission, 2021[10]) for further discussion on the different types of immigrant entrepreneurs.

Box 3.1. Immigrant entrepreneurship creates opportunities for others, United States

A recent study examines the relationship between the immigrant population and entrepreneurial development in the United States. The analysis uses individual level microdata from the 2000 Decennial Census (2000) and the Census Bureau's American Community Survey Census (2007, 2011, 2017) to create an aggregated longitudinal dataset at the metropolitan level (metropolitan statistical areas, MSAs). The dataset covers 1 052 metropolitan areas in the United States. The study used a two-way fixed effects model to investigate if the foreign-born population is more entrepreneurial than the native born population and whether migrant entrepreneurship is driven by opportunity (incorporated self-employment) or by necessity (unincorporated self-employment).

The study shows that the foreign-born population is 5% more likely than the native-born population to be self-employed across MSAs. Moreover, the analysis finds a positive relationship between the foreign-born population and self-employment, i.e. as the foreign-born population grows, self-employment increases.

Foreign-born entrepreneurs are about as likely as native-born entrepreneurs to engage in necessity entrepreneurship/unincorporated self-employment (6.4% vs. 6.0%), while they are half as likely to participate in opportunity entrepreneurship/incorporated self-employment (2.0% vs. 4.2%). However, the analysis finds migrant entrepreneurship is driven largely by opportunity as incorporated self-employment increases as the migrant population grows within MSAs. This could be due to supply

and demand side factors, including access to more and higher quality networks, ease in building a customer base and higher demand for products or services within migrant communities. Necessity entrepreneurship among migrant populations only increases within the MSAs that have the highest shares of foreign-born people (i.e. top quartile). Overall, the study finds that as immigrant communities become larger, a more significant presence of foreign-born people is strongly associated with opportunity entrepreneurship (incorporated self-employment).

Source: (Kugler et al., 2022[11])

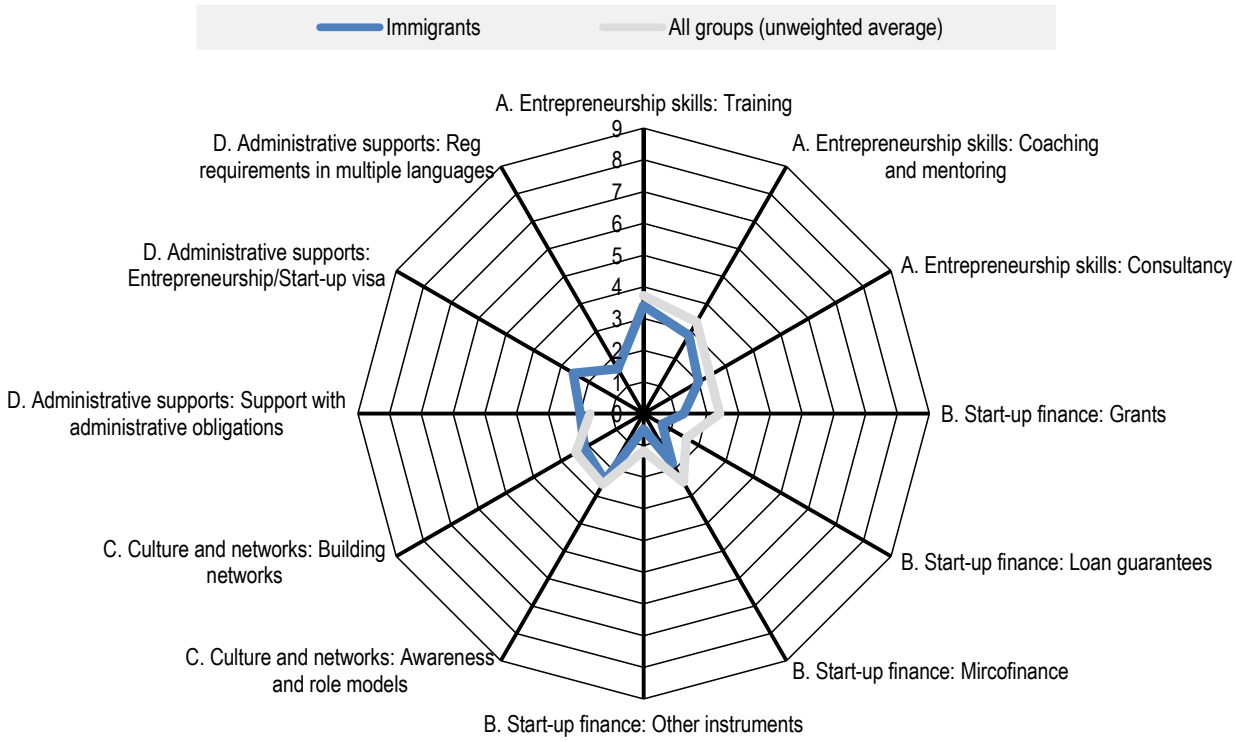
…but public policy is not yet effectively leveraging this potential

Public support for immigrant entrepreneurs has traditionally been limited in scale and scope. In most EU Member States and OECD countries, support – when it existed – was typically comprised of training and mentoring schemes operated largely by non-government actors. There are certainly examples of effective schemes, but most are not able to meet demand. Overall, support for immigrant entrepreneurs in the EU is less available than for other target groups (e.g. women, youth) and offers vary substantially in quality due to a scarcity of resources (Figure 3.1). The most significant gap in the support system is in the areas of access to finance, where microfinance is an important tool in most EU Member States. While microfinance can support many profiles of immigrant entrepreneurs, it is less likely to effectively support those with innovative business ideas.

Governments can also do more to harness the job creation potential of skilled immigrant entrepreneurs. The new EU Blue Card came into force in 2023 and is an example of policy efforts to facilitate entrepreneurship among highly skilled immigrants. It aims to help EU Member States attract and retain highly skilled workers, and it is now possible for recipients to use self-employment as a complementary activity to beneficiaries' main employment activity (Box 3.2). Moreover, there has been a rise in the introduction of start-up and talent visas over the past decade in EU Member States and OECD countries, which aim to attract immigrants with in-demand skills and experiences (OECD, 2023[7]; OECD/European Commission, 2021[10]). Among EU Member States, there also appears to be an increase in the use of specialised instruments to support high-potential immigrant entrepreneurs, including dedicated incubation and acceleration programmes. Examples include the new Migrant Accelerator programme (TMA, 2023[13]) launched to support the German Federal Start-up Strategy (*Die Start-up-Strategie der Bundesregierung*) (BMWK, 2022[14]). This initiative ran its first cohort in June-August 2023, offering workshops and individual mentoring with a diverse group of mentors that reflects the diversity of targeted entrepreneurs. This approach serves as a model for other immigrant entrepreneurship initiatives because it is managed by people from the targeted communities and the vast majority of front-line workers also come from targeted communities. This model helps to ensure that the support offer is relevant and attractive to potential participants.

Figure 3.1. Support for immigrant entrepreneurs has not yet reached the scale needed

Availability and quality of entrepreneurship schemes for immigrants in EU Member States, 2023



Note: The figure presents an unweighted average of policy and programme assessment scores for EU Member States. Each policy instrument (e.g. entrepreneurship training) is characterised according to a 9-point scale as described in the Reader's Guide. The figure shows the average score for immigrants relative to the score for all inclusive entrepreneurship groups combined (i.e. women, immigrants, youth, seniors, job seekers and people with disabilities). Some of the policy instruments displayed are designed specifically for immigrants so there is no comparative policy assessment score for all inclusive entrepreneurship target groups. The policy scores were discussed and verified with governments and stakeholders in national workshops and a written procedure.
Source: (OECD, 2023[12])

Box 3.2. EU Blue Card

Target group: Immigrants from outside the EU that have: i) a valid job contract or binding job offer; ii) gross annual salary of at least 1.5 times the average gross annual salary in the Member State where they will be working; and iii) a university degree or equivalent professional qualification.

Intervention type: Special residence permit.

Description: The EU Blue Card is a residence permit that allows qualified non-EU foreign nationals to live and work in any of the 27 EU member states. The EU Blue card holder enjoys equal treatment with the nationals of the Member State where they have settled but they can typically only work in the job used to apply for the Blue Card.

A recent change has opened up the possibility of self-employment for Blue Card holders. Article 12 of the EU Directive (2021/1883) states that EU blue Card holders "may exercise a self-employment activity alongside the profession of their Blue Card." This permits EU Blue Card holders to establish an enterprise or start a freelance activity alongside their employment. EU Bleu Card holders who wish to

start their own businesses must have a business plan and demonstrate they have the financial resources to support themselves.

Results achieved: Overall, 29 561 people were awarded a Blue Card in 2021. It is not yet known how many Blue Card recipients will make use of the self-employment possibility.

Source: (EC, 2023[15])

Responding to humanitarian crises with inclusive entrepreneurship policy

Russia's unprovoked war of aggression against Ukraine resulted in a historic mass outflow of people fleeing the conflict. Starting in February 2022, more than 150 000 people fled Ukraine per day for several weeks. By end-March 2023, 4.7 million Ukrainians had registered for temporary protection schemes in the EU. Unlike the refugee flows in the EU in 2014-17, Ukrainian refugees are, on average, more educated and the flows include more women and children (OECD, 2022[16]). Governments have responded quickly. The Council of the European Union enacted, for the first time, the Temporary Protection Directive to provide a set of harmonised rights for beneficiaries in EU Member States and many non-EU OECD countries also took measures to facilitate the entry and stay of Ukrainian people fleeing the war (OECD, 2022[17]).

Governments are using a range of measures to facilitate the entry of Ukrainian refugees into the labour market and entrepreneurship policy has a role to play. Refugees face specific barriers to integrating into labour markets due to the nature of their migration, including traumatic experiences in many cases. These challenges include difficulties mastering a new language, a lack of networks to facilitate personal and professional opportunities, and a lack of documentation which can hinder credential recognition and access to the financial system (OECD, 2022[16]). Self-employment and entrepreneurship can open up additional opportunities to work, but here again refugees face specific challenges stemming from their individual context (e.g. language and cultural barriers, skills gaps, limited access to finance and premises) as well as factors in their host environment (e.g. legal uncertainty, discrimination) (OECD, 2019[18]). There are examples of successful entrepreneurship schemes for refugees, often when programmes combine multiple types of support and offer personalised assistance. Another key success factor is the use of tailored delivery methods, including the use of specialised staff that can speak the relevant languages and are knowledgeable about the local entrepreneurship support system as well as the challenges faced by refugees.

New schemes to support Ukrainian refugees in entrepreneurship

Many countries have either directly introduced measures to support Ukrainian refugees in entrepreneurship or support organisations that deliver entrepreneurship programmes. Many examples are contained in the Country Profiles in Part III of this report. The examples include business incubators such as Garage48 in Estonia, which runs a regular programme called Empowering Women Estonia for female refugees from Ukraine in partnership with the Estonia Refugee Council (Garage48, 2023[19]). There are also many other foundations and social enterprises offering entrepreneurship training for Ukrainian refugees in Estonia (OECD, 2023[12]). Other examples include bilingual entrepreneurship training programmes offered by Local Enterprise Offices in Ireland. In Fingal (Ireland), a programme called Start Your Own Business was delivered to 80 Ukrainian refugees in 2023 (Fingal County Council, 2023[20]). Other countries such as Poland have adjusted some of the laws to allow Ukrainian refugees to start certain types of businesses. In Poland, the laws regulating business creation were adjusted in March 2022 to allow Ukrainian refugees to start certain types of businesses including self-employment and limited partnerships (Poland, 2022[21]).

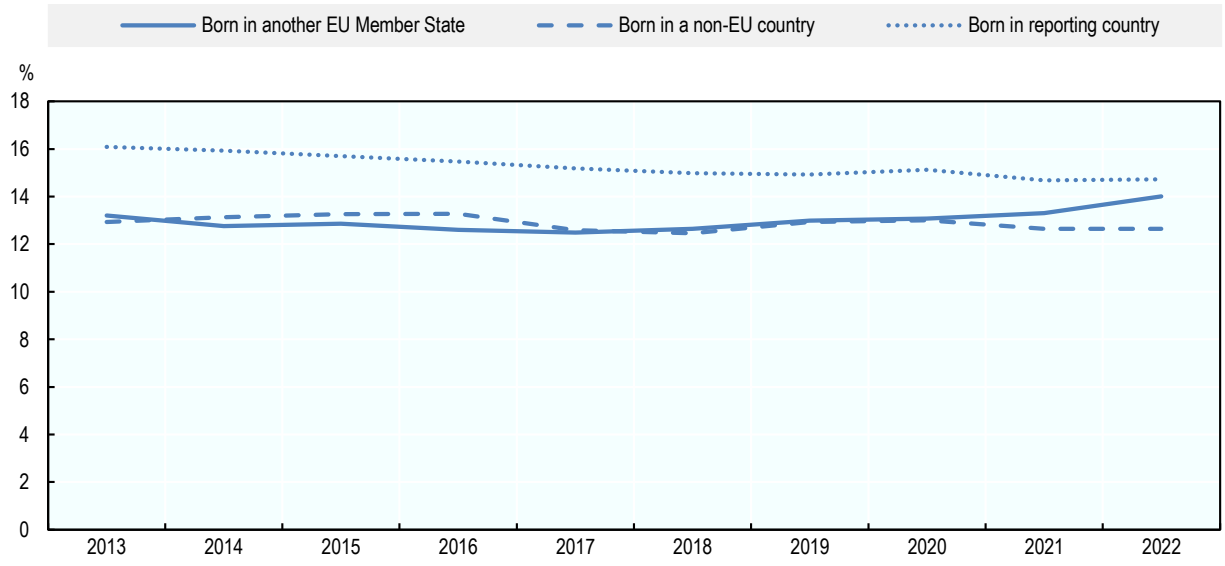
Self-employment among immigrants

Immigrants are slightly less likely than non-immigrants to be self-employed in the EU…

Immigrants from non-EU countries are slightly less likely than non-immigrants to be self-employed in the EU. About 13% of immigrants in the EU were self-employed in 2022 relative to about 15% of non-immigrants (Figure 3.2). The share of immigrants who are self-employed is 11% higher among those born in another EU Member States compared to those born outside of the EU. While the overall self-employment rate among immigrants has been relatively stable over the last decade, there has been a divergence in the self-employment rate between immigrants from EU Member States and those from non-EU Member States in recent years. Between 2019 and 2022, the self-employment rate among immigrants from other EU Member States has increased by 8% relative to a 2% decrease in the self-employment rate of immigrants from non-EU Member States.

Figure 3.2. The self-employment rate among immigrants from other EU Member States is increasing slightly

Self-employment as a percentage of employment (15-64 years old) in the EU by place of birth



Note: There is a break in the series in 2021. The data presented in this figure do not include Germany to maintain comparability over time since self-employment data by place of birth were not reported for Germany prior to 2017.
Source: (Eurostat, 2023[22])

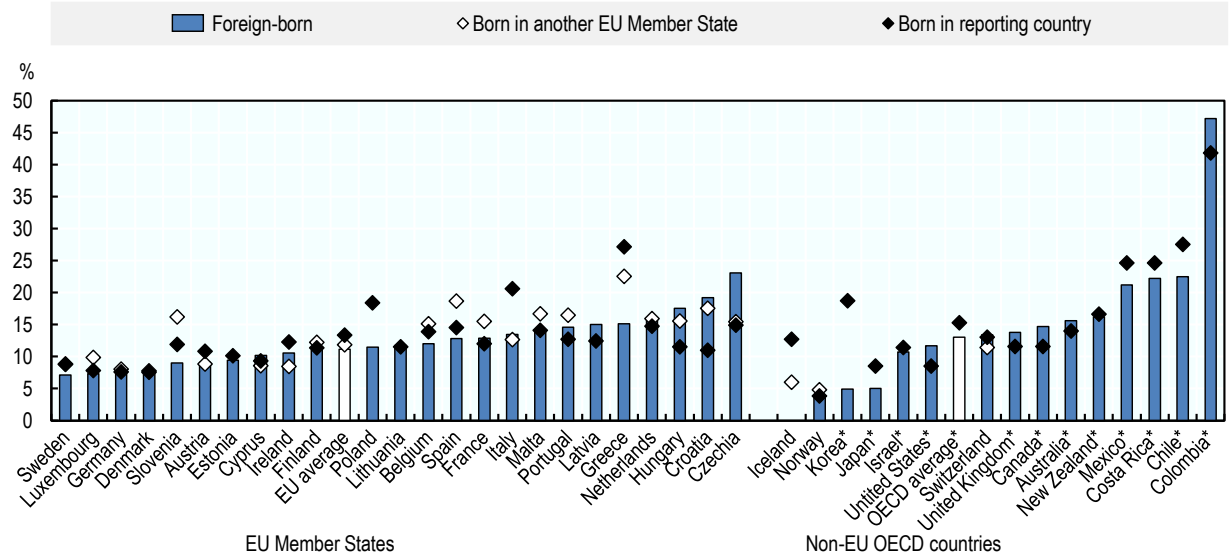
StatLink https://stat.link/adtbjk

Self-employment rates for immigrants were higher than non-immigrants in 11 EU Member States in 2022 (Figure 3.3)**.** Self-employment rates for immigrants from non-EU Member States were highest in the Czech Republic (23%), Croatia (19%) and Hungary (18%), while self-employment rates for immigrants from other EU Member States were highest in Greece (23%), Spain (19%) and Croatia (17%). Conversely, immigrants were least likely to be self-employed in Sweden, Luxembourg and Germany, where about 7% of immigrants born outside of the EU were self-employed in 2022. However, these proportions were only slightly less than the self-employment rate of non-immigrants. The variations in self-employment rates among immigrants reflect variations in labour market conditions, framework conditions in place to support

entrepreneurship and self-employment, wage-earner immigrant flows and the level of support for immigrants.

Figure 3.3. Self-employment rates for immigrants varied greatly across EU Member States in 2022

Self-employment as a percentage of employment (15-64 years old) by place of birth, 2022



Note: Some data are from 2020 and 2021 (*). The data from the following countries are from 2020: Australia (Australian Survey of Education and Work, ASEW), Chile (*Encuesta de Caracterización Socioeconómica Nacional*, CASEN), Israel (Labour Force Survey), Japan (Census) and Mexico (*Encuesta Nacional de Ocupación y Empleo*, ENOE). Self-employment data are from 2021 for the following countries: Canada (Labour Force Survey), Colombia (*Gran Encuesta Integrada de Hogares*, GEIH), Costa Rica (*Encuesta Continua de Empleo*, ECE), Korea (Immigrant's Living Conditions and Labour Force, SILCLF, and Economically Active Population Survey, EAPS), New Zealand (Labour Force Survey), the United Kingdom (Labour Force Survey) and the United States (Current Population Survey, CPS).
Source: (Eurostat, 2023[22])

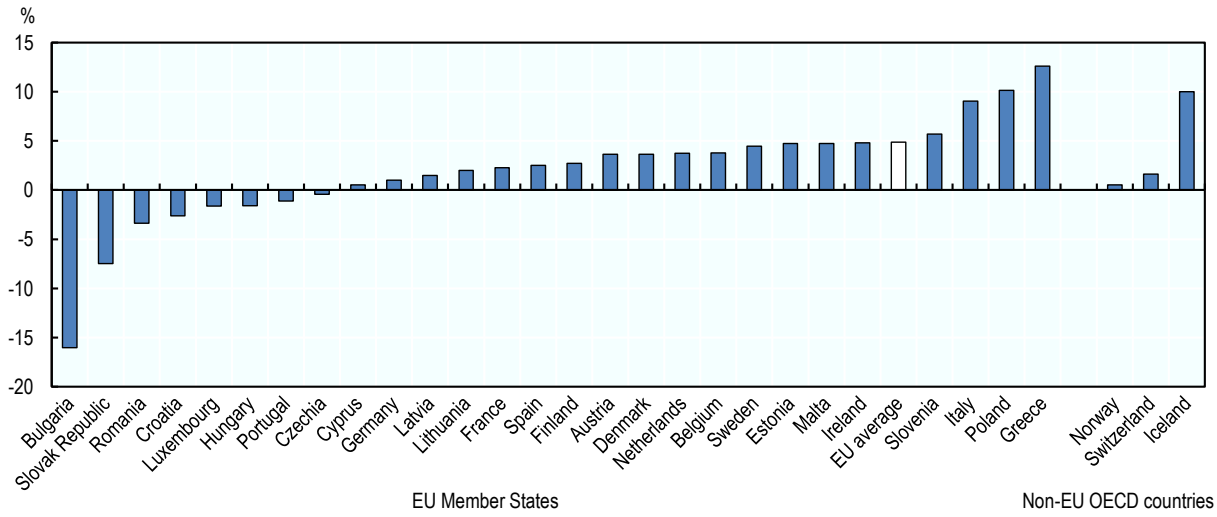
StatLink https://stat.link/opznmk

…resulting in "missing" immigrant entrepreneurs in 70% of EU Member States

Immigrants are about as active as the overall population in self-employment, but a gap emerges when compared to the "most entrepreneurial population group core-age males (30-49 years old) (see Reader's Guide for further discussion)**.** Across the EU, there would be an additional 1.3 million self-employed immigrants if they were as active in self-employment as 30-49 year old men. This accounts for about 5% of the actual number of self-employed immigrants in 2022 (Figure 3.4). This gap is as high as 13% in Greece, but there are eight EU Member States where immigrants were as active as core age males (30-49 years old) in self-employment in 2022: Bulgaria, Croatia, the Czech Republic, Hungary, Luxembourg, Portugal, Romania and the Slovak Republic. Therefore, there are no "missing" immigrant entrepreneurs in these countries because the share of immigrants in self-employment could be viewed as an over-representation.

Figure 3.4. The "missing" immigrant entrepreneurs represent about 5% of self-employment immigrants in the EU

Ratio of "missing" self-employed immigrants to the number of self-employed immigrants, 2022



Note: This figure presents the ratio of estimated "missing" immigrant entrepreneurs (i.e. the number of immigrant entrepreneurs that there would be if immigrants were as active as 30-49 year old men in entrepreneurship less the number of actual immigrant entrepreneurs) relative to the number of actual immigrant entrepreneurs.
Source: OECD calculations based on (Eurostat, 2023[22]).

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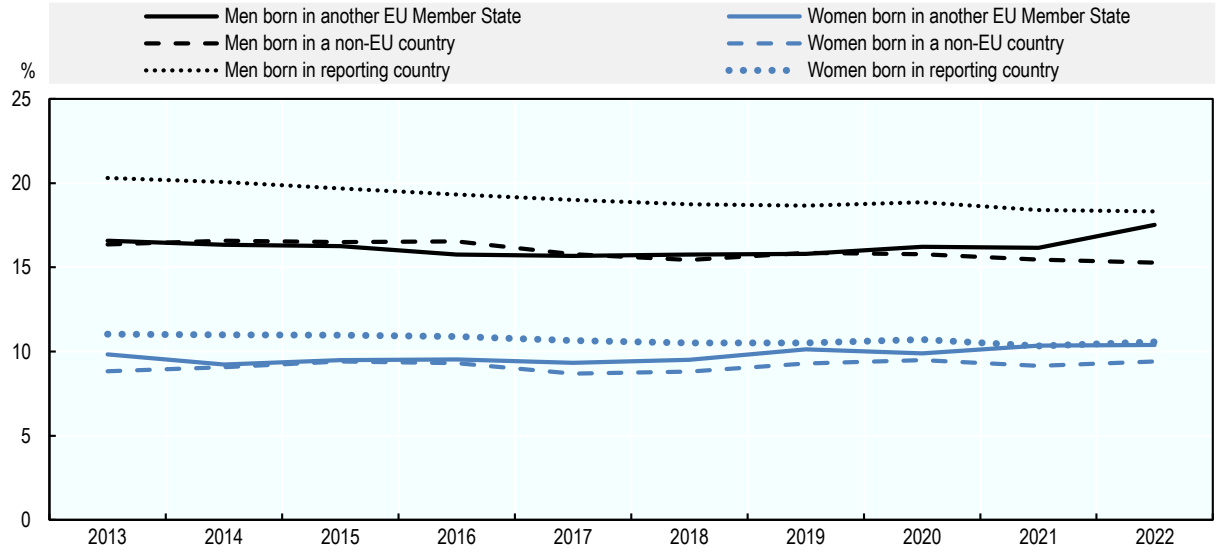
The gender gap in self-employment among immigrants persists

The gender gap among the self-employed can also be seen among those who are immigrants, regardless of where they were born. While self-employment rates for immigrants have remained stable over the last decade, the convergence in self-employment rates between immigrants and non-immigrants has been greater for women than men, particularly for immigrants born in another EU Member State (Figure 3.5). These shares converged in 2021 and became nearly the same in 2022 (about 11%). The proportion of immigrant women who are self-employed decreases among women born in a non-EU Member State – about 9%. However, gender gaps among the self-employed were smaller among immigrants relative non-immigrants. The smallest gender gap was among immigrants from non-EU countries, which was nearly 6 percentage points (p.p.) in 2022, while the gender gap among self-employed immigrants born in another EU Member State was slightly higher at 7 p.p. Non-immigrants had the largest gender gap at nearly 8 p.p. in 2022. However, both the gender gaps among the self-employed born in a non-EU country and non-immigrants decreased by nearly 2 p.p. over the decade. Data cannot be presented at the country level due to small sample sizes, and there are still many knowledge gaps about entrepreneurship activities by women entrepreneurs. The EU is working to address this gap through the "ATHENA" project, which analyses the needs of migrant women entrepreneurs in Belgium, Germany, Greece, Lithuania, Italy and Spain (Box 3.3).

Figure 3.5. Immigrant women are less likely to be self-employed compared to immigrant men

Self-employment as a percentage of employment (15-64 years old) in the EU by place of birth



Note: There is a break in the series in 2021. The data presented in this figure do not include Germany to maintain comparability over time since self-employment data by place of birth were not reported for Germany prior to 2017.
Source: (Eurostat, 2023[22])

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Box 3.3. ATHENA project, Belgium, Germany, Greece, Lithuania, Italy and Spain

The ATHENA (Approaches to valorise high entrepreneurial potential of migrant women to contribute to their social and economic integration) was a two-year project funded by the EU Asylum, Migration and Integration Fund (AMIF) Programme. It ran from January 2021 to April 2023.

The project was established to:

- Identify and analyse the entrepreneurship needs of immigrant women;
- Identify good practices of business support services for immigrant women; and
- Prepare support materials and activities for immigrant women entrepreneurs.

The project produced a series of reports that are available on its website. These include good practice reports and practical manuals for support providers. It also provided direct support to 251 immigrant women entrepreneurs and support 67 organisations in strengthening their support offers.

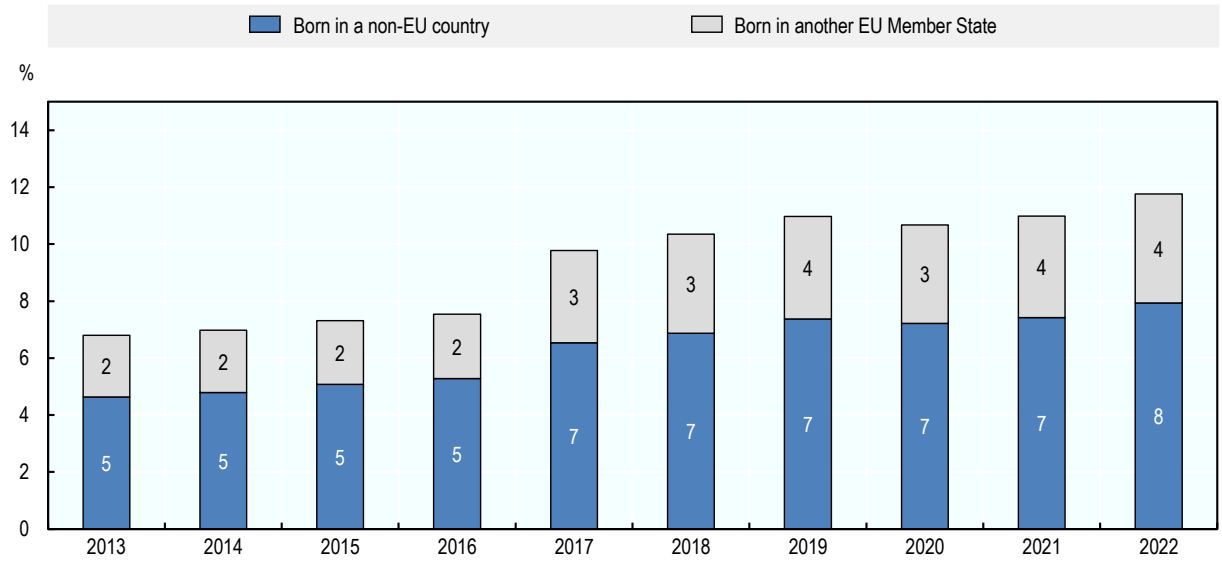
Source: (athena, 2023[24])

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

The share of immigrants who are self-employed in the EU is 28% higher in 2022 than in 2013. In 2022, there were almost 26 million self-employed people in the EU, of which nearly three million were immigrants (11%). This was comprised of 2 million people born outside of the EU and 985 500 people born in another EU Member State. The share of immigrants among the self-employed in the EU has steadily increased over the last decade (Figure 3.6). This increase was slightly greater among those born in other EU Member States (increase by 76%) relative to those born outside of the EU (increase by 71%).

Figure 3.6. The share of immigrants among the self-employed continues to increase

Share of immigrants among the self-employed (15-64 years old) in the EU



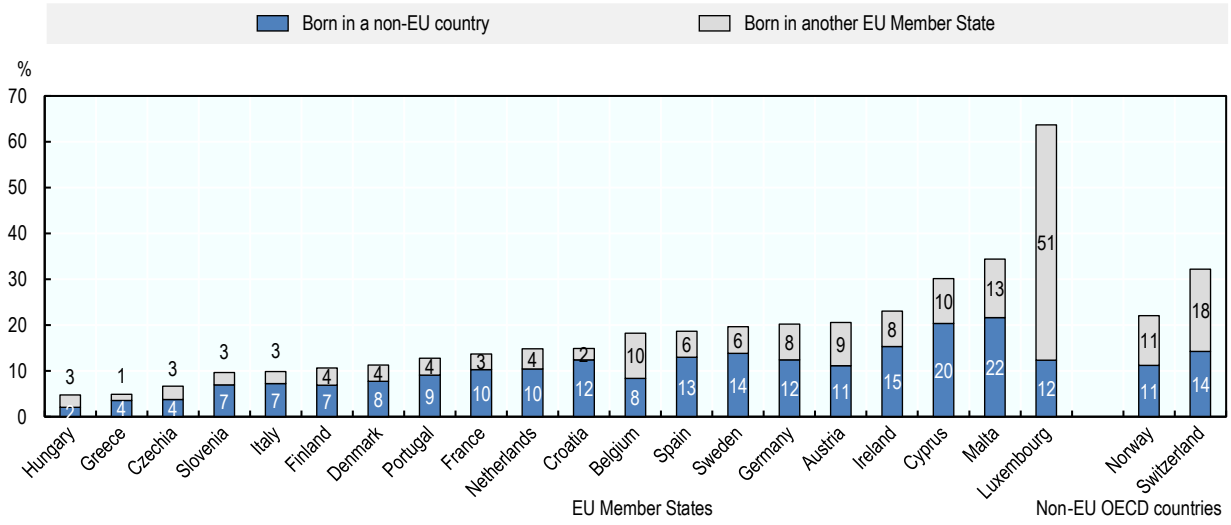
Note: There is a break in the series in 2021. The data presented in this figure do not include Germany to maintain comparability over time since self-employment data by place of birth were not reported for Germany prior to 2017.
Source: (Eurostat, 2023[22])

StatLink https://stat.link/zlvxyr

At least one-in-five self-employed workers were born in another country in 7 EU Member States. While the proportion of self-employed people who were born in another country varies substantially across EU Member States, the proportion of self-employed people who were born outside of the EU account for the majority of the self-employed immigrants in all but one EU Member State (Figure 3.7). Nearly two-thirds of the self-employed in Luxembourg are immigrants with the large majority being those who were born in another EU Member State (51%). Other countries with high shares of immigrants among the self-employed include Malta (34%) and Cyprus (30%) – about one-fifth of whom were born in a non-EU country. The countries with the lowest shares of self-employed immigrants are Hungary, Greece (5% each) and the Czech Republic (7%).

Figure 3.7. More than one-third of the self-employed are immigrants in three EU Member States

Share of immigrants among the self-employed (15-64 years old), 2022



Note: Data for Germany are provisional estimates and data for Croatia, Poland, the Slovak Republic and Slovenia have a low level of reliability.
Source: (Eurostat, 2023[22])

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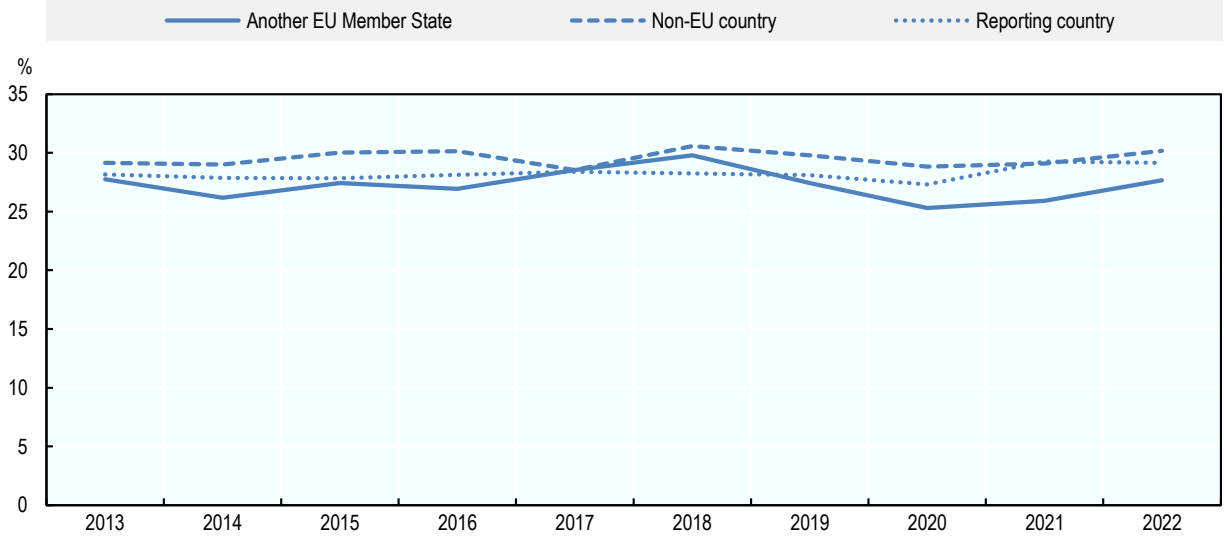
Figure 3.8. About 30% of self-employed immigrants in the EU have employees

Share of self-employed (15-64 years old) by place of birth in the EU with employees



Note: There is a break in the series in 2021. The data presented in this figure do not include Germany to maintain comparability over time since self-employment data by place of birth were not reported for Germany prior to 2017.
Source: (Eurostat, 2023[22])

StatLink https://stat.link/myk1ng

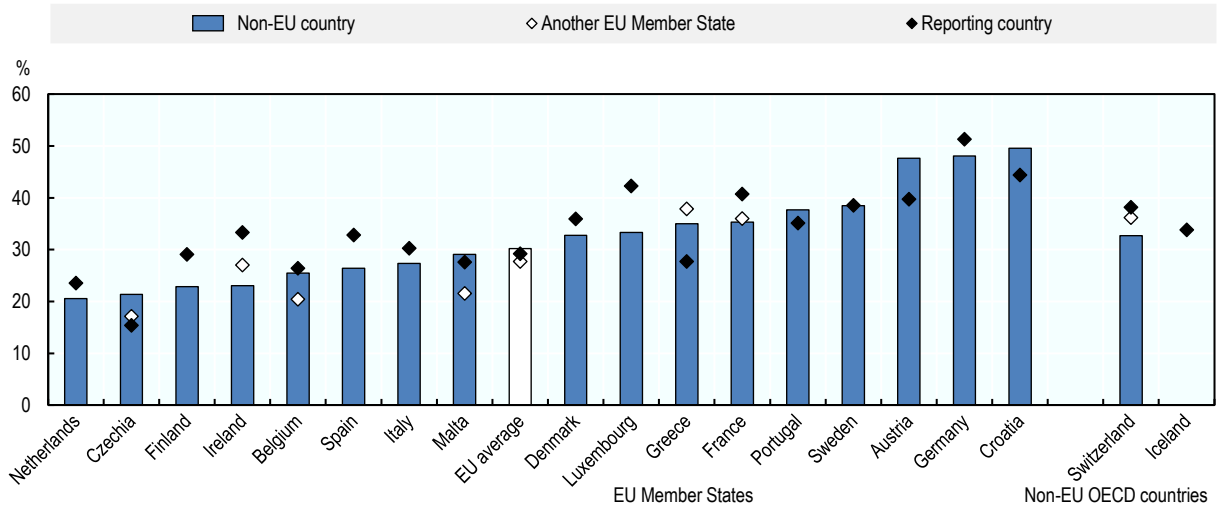
Self-employed immigrants employ others at about the same rate as non-immigrants

The share of self-employed immigrants who employ others has remained relatively constant over the last decade. About 30% of self-employed immigrants in the EU employed at least one employee in 2022, which was about the same proportion as non-immigrants (Figure 3.8). Among self-employed immigrants, those who were born in a non-EU country were slightly more likely to employ others than those born in another EU Member State in 2022 (30% vs. 28%). This was on par with their non-immigrant counterparts, of whom 29% had at least one employee in 2022.

Self-employed immigrants were more likely than non-immigrants to employ others in over half of EU Member States in 2022. Considering self-employed immigrants born outside of the EU, the highest shares of self-employed immigrant employers were in Croatia (50%), Germany (48%) and Austria (48%) (Figure 3.9). Moreover, at least one-third of self-employed immigrants are employers in nine EU Member States. Among self-employed immigrants who were born in another EU Member State, the proportion with employees ranged from about 17% in the Czech Republic to 38% in Greece.

Figure 3.9. Self-employed immigrants in the EU are as likely to employ others as non-immigrants

Share of self-employed (15-64 years old) with employees by place of birth, 2022



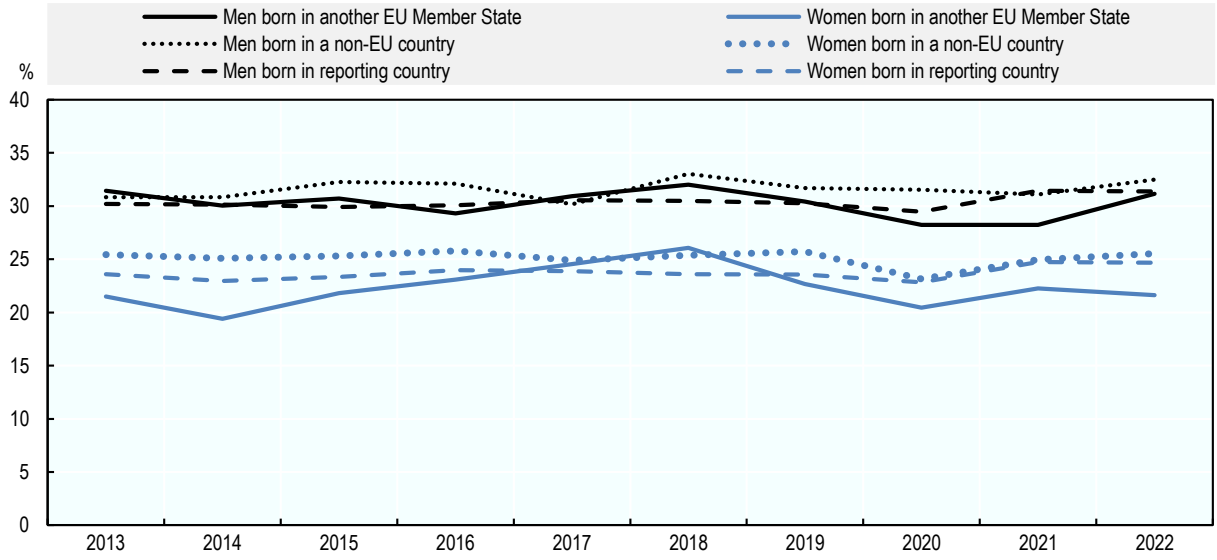
Note: Data for Germany are provisional estimates and data for Croatia, Poland, the Slovak Republic and Slovenia have a low level of reliability.
Source: (Eurostat, 2023[22])

StatLink https://stat.link/hb5inl

The gender gap among immigrant employers has been constant. Among self-employed women born in a non-EU country, the share of those who employed others was constant at about 25% prior to COVID-19. This share dropped slightly to 23% and recovered to 25% by 2022 (Figure 3.10). This proportion was below the share of self-employed immigrant men born outside of the EU. Prior to COVID-19, about 32% employed others. Although the proportion dropped during COVID-19, it climbed back to 33% in 2022. A similar pattern is observed among self-employed immigrants from other EU countries, although both men and women are less likely to have employees.

Figure 3.10. Gender gaps are also observed among self-employed employers

Self-employment as a percentage of employment (15-64 years old) in the EU by place of birth



Note: There is a break in the series in 2021. The data presented in this figure do not include Germany to maintain comparability over time since self-employment data by place of birth were not reported for Germany prior to 2017.
Source: (Eurostat, 2023[22])

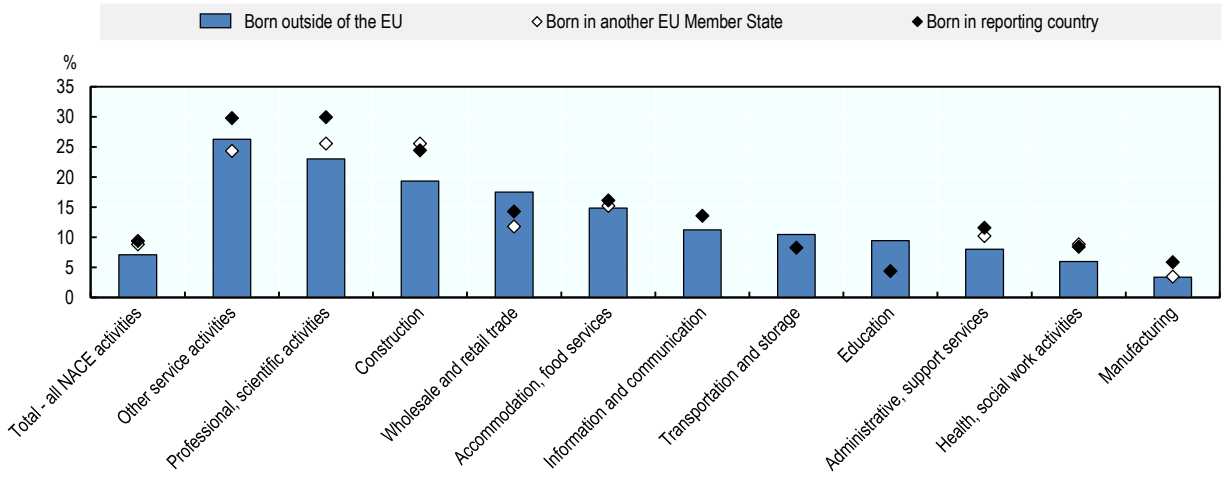
StatLink https://stat.link/8r74m0

Self-employed immigrants tend to work in similar sectors to native-born self employed workers

The share of self-employed immigrants by sector largely follows the share of non-immigrants. However, some differences can be observed for those born outside of the EU. For example, the self-employment rate for this group is slightly lower in Professional, scientific activities (23%), Construction (19%) and Administrative, support services (8%) relative to those born in another EU Member State and for those born in the reporting country in 2022 (Figure 3.11). However, immigrants born outside of the EU had higher self-employment rates in Other service activities relative to those born in another EU Member State (26% vs. 24%), yet both rates remained below the share of non-immigrants in the sector (30%). On the other hand, immigrants born outside of the EU were more likely to be self-employed in Wholesale, food services (18%), Transportation and storage (11%) and Education (9%) compared to those born in another EU Member State and for those born in the reporting country. Similarly, among those born in another EU Member State, the self-employment rate was slightly higher in Construction than those born in the reporting country (26% vs. 25%).

Figure 3.11. Immigrants have similar self-employment rates by sector as non-immigrants

Self-employment rate by sector in the EU, 2022



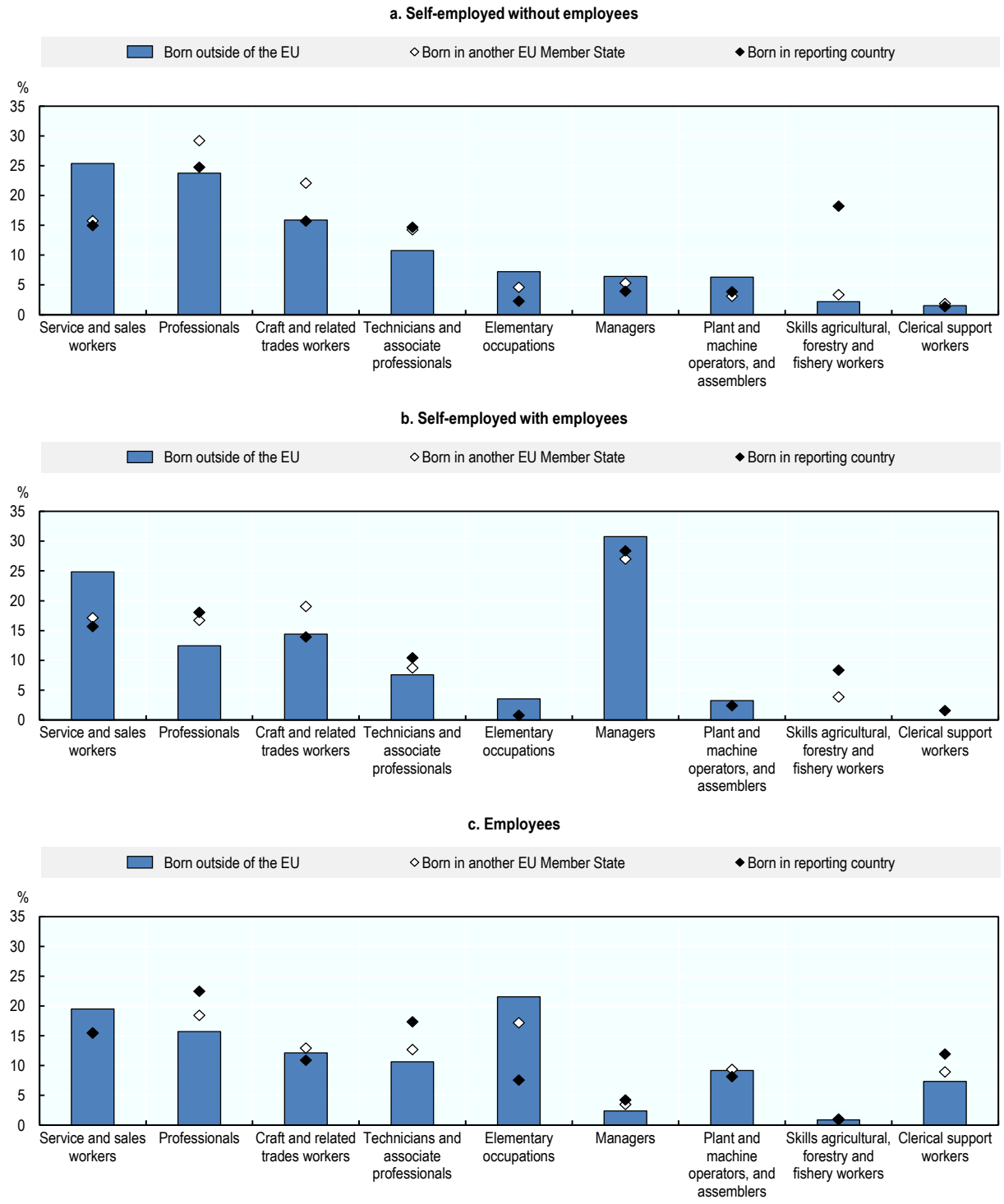
Note: Some of the estimates presented in this figure should be used with caution because they are of low quality: (i) the self-employment rate of immigrants born outside of the EU in Information and communication activities and Education; (ii) the self-employment rate of those born in another EU Member State in Manufacturing; Professional, scientific and technical activities; Administrative and support service activities; Human health and social work activities; and Other service activities.
Source: (Eurostat, 2023[25])

StatLink https://stat.link/skjr96

Similarly, occupations of self-employed immigrants are largely consistent with those of non-immigrants. In the EU, the self-employed workers are most likely working in service and sales or as professionals (Figure 3.12). Self-employed immigrants are more likely to be working in service and sales (25% for those born outside of the EU and 16% of those born in another EU Member State) compared to non-immigrants (15%). This is also true for self-employed immigrants with employees (25% for those born outside of the EU and 17% of those born in another EU Member State vs. 16% of non-immigrants). Self-employed immigrants from another EU Member State are also more likely to be working as Professionals than non-immigrants (29% vs. 25%). However, self-employed immigrants who were working as Professionals in 2022 were less likely to have employees than non-immigrants.

Figure 3.12. Immigrant workers are highly concentrated in service and sales

Distribution of workers (15-64 years old) in the EU by place of birth and occupation, 2022



Note: Estimates for occupations below 5% for the self-employed who were not born in the reporting country (both with and without employees) should be used with caution because the estimates are of low quality.
Source: (Eurostat, 2023[25])

StatLink https://stat.link/bjcv86

Conclusions

Business creation is an important pathway into work for many immigrants since many face challenges entering the labour market, particularly those with low skill levels. However, many of these businesses operate in highly competitive sectors and have little growth potential. Governments could consider doing more to improve the sustainability of these businesses by attracting more self-employed immigrants into support schemes and increasing the scale of support offered when demand is sufficient.

One of the most significant trends in inclusive entrepreneurship has been the growth – both absolute and relative – of immigrant entrepreneurship. There is also a growing recognition of the contributions made to innovation and job creation by immigrant entrepreneurs, yet policy has been slow to adjust to the changing context. This calls for greater investments to supporting high-potential immigrant entrepreneurs, including greater use of outreach and incentives to attract them. To expand and strengthen support for high potential immigrant entrepreneurs, governments could consider:

- Increasing the scale of immigrant entrepreneurship support to keep pace with the relative and absolute growth in immigrant entrepreneurship;
- Using financial supports for immigrant entrepreneurs to steer them away from sectors with oversupply; and
- Expanding the use of entrepreneurship schemes for refugees when the targeted population has skills, experience and motivation for entrepreneurship.

Examples of recent policy action to support immigrants entrepreneurs are contained in the country profiles in Part III of this report.

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4 Youth self-employment and entrepreneurship activities

Youth have long indicated a high level of interest in starting a business but this entrepreneurial ambition does not always translate into business creation or working as self-employed. Despite increased support and investment in youth entrepreneurship, youth continue to face barriers in entrepreneurship, including a lack of entrepreneurship skills, limitations in building networks and difficulties accessing finance. This chapter presents data on entrepreneurship and self-employment activities by youth across European Union Member States and OECD countries.

Key messages

- **This chapter presents a snapshot of youth entrepreneurship and self-employment** in European Union (EU) Member States and OECD countries using data from Labour Force Surveys and the Global Entrepreneurship Monitor. It also presents an overview of youth entrepreneurship policies and programmes in the EU, including recent developments.
- **Surveys continue to show a very high level of interest in entrepreneurship among young people.** Recent estimates suggest that 39% of young people (15-30 years old) in the EU would prefer being self-employed to working as an employee. They are attracted to self-employment for its flexibility, the ability to be their own boss and to organise the timing and place of their work. Most young people would be motivated by the ability to follow their passion and interest.
- **Yet few young people are starting businesses in the EU and OECD.** About 5% of youth (18-30 years old) in the EU reported that they were working on a start-up over the period 2018-22 and another 4% were operating a new business (i.e. less than 42 months old). Youth in OECD countries were slightly more active in business creation over this period as 9% were working on a start-up and another 5% were managing new businesses. All of these shares were slightly above the rates for all adults.
- **This suggests that there continues to be untapped entrepreneurial potential among youth.** If youth (18-30 years old) were as active as "core age" men (i.e. 30-49 years old) in creating and managing new businesses, there would be an additional 812 000 "missing" young entrepreneurs in the EU and 3.6 million in the OECD. These "missing" young entrepreneurs are the result of market and institutional failures, including difficulties accessing finance, skills and networks. For example, young entrepreneurs rely heavily on own-financing for their businesses due to a lack of collateral and financial history needed to access external finance.
- **Young women are a strong source of untapped potential.** In 2022, young men (20-29 years old) in the EU were about 1.6 times more likely to be self-employed than young women. This is only slight smaller than the overall gender gap where men were nearly 1.8 times more likely than women to be self-employed.
- **Young entrepreneurs create jobs for others.** Nearly one-in-five self-employed youth in the EU had at least one employee in 2022. Even though self-employed youth in the EU are about half as likely as the overall average to create jobs for others, they were responsible for at least 350 000 jobs for other people in 2022.
- **Policy support for youth has been strengthened following the COVID-19 pandemic, including entrepreneurship support.** Governments have responded with actions linked to the European Skills Agenda and EU Youth Employment Support package as well as the OECD Recommendations on Creating Better Opportunities for Young People. All of these underline the need to support youth transitions to the labour market, and the untapped potential of youth entrepreneurship as part of the solution.
- **However, governments can go further by making smart investments in youth entrepreneurship.** There is still a need to increase the use of tailored approaches as young people are often not attracted to general support schemes. Analysis in Chapter 8 provides additional lessons on making youth entrepreneurship support more effective.

Investing in the next generation of entrepreneurs

Young people continue to face challenges in the labour market

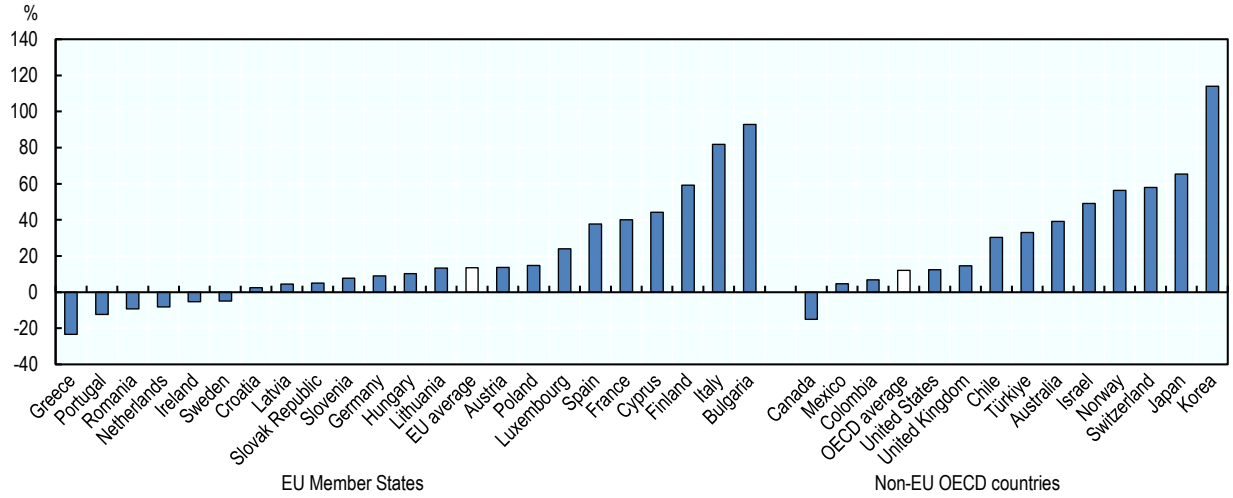
Young people remain vulnerable in the labour market. Many of these challenges are not new as young people have been struggling to integrate into the labour market for the last 15 years. Youth unemployment rose sharply following the economic crisis in 2008-09 and remained elevated in the years following. For example, the youth unemployment rate was above 20% in 8 European Union (EU) Member States and in 17 OECD countries in 2013 – five years after the onset of the crisis. Since then, youth unemployment rates have declined. However, the COVID-19 crisis deeply impacted young people across the EU and OECD. They were more likely to experience job loss and unemployment, housing insecurity and interruptions to their schooling and education plans. Moreover, the cost-of-living crisis has left many young people struggling to make ends meet and those operating businesses need to manage high interest rates, high inflation and high energy costs, all of which are putting their businesses under renewed pressure in 2023.

Governments have individually and collectively renewed their commitments to support young people through these challenges with a range of instruments, including entrepreneurship policies and programmes. Most EU Member States have implemented entrepreneurship training programmes and financial support for young entrepreneurs through the European Skills Agenda, the EU Youth Employment Initiative and the EU Youth Employment Support package ("a Bridge to Jobs"). Many impactful examples can be identified in recent years such as the national Youth Entrepreneurship Programme in Hungary, which has supported more than 6 500 young entrepreneurs in creating their businesses since 2014. Moreover, the OECD Recommendation on Creating Better Opportunities for Young People was signed by 41 countries in 2022. This legal instrument intends to help governments strengthen their youth policies, covering skills, education, employment, social outcomes and public governance (OECD, 2022[1]).

Entrepreneurship holds promise for helping some youth achieve their dreams but there is a substantial gap between entrepreneurial ambitions and action. If youth (18-29 years old) participated in early-stage entrepreneurship at the same rate as "core age" men (i.e. 30-49 years old), there would be an additional 812 000 youth entrepreneurs in the European Union (EU) and 3.6 million youth entrepreneurs in OECD countries. This accounts for about 11% of the total number of "missing" entrepreneurs in the EU and OECD, and 12% of the number of actual young early-stage entrepreneurs in the EU and 13% in the OECD (Figure 4.1).

Figure 4.1. The number of "missing" youth entrepreneurs represent 12% of early-stage young entrepreneurs in the EU

Ratio of "missing" youth entrepreneurs to number of early-stage youth entrepreneurs, average for 2018-22



Note: This figure presents the ratio of estimated "missing" young (18-30 years old) entrepreneurs (i.e. the number of young entrepreneurs that there would be if young people were as active as 30-49 year old men in entrepreneurship less the number of actual young entrepreneurs) relative to the number of actual young entrepreneurs.
Source: OECD calculations based on (GEM, 2023[2])

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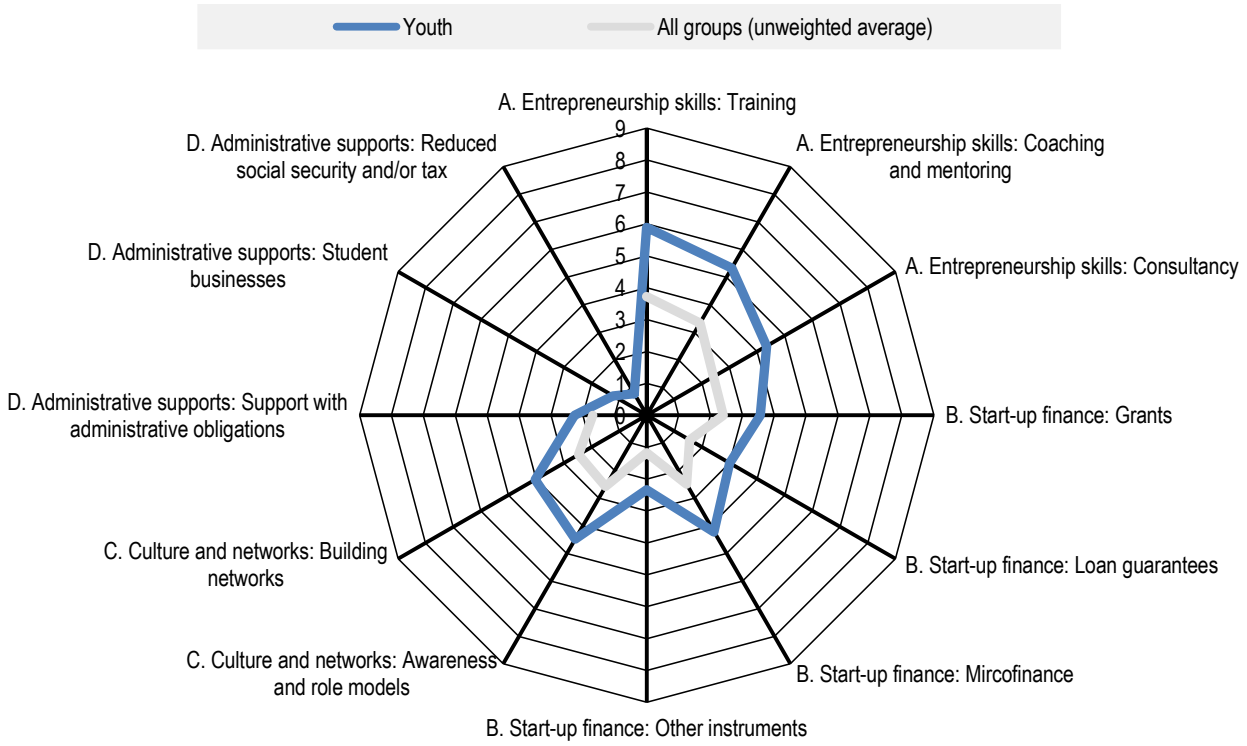
Youth entrepreneurship schemes are widely available and use a range of supports

Supporting young entrepreneurs has been a policy priority over the last decade in the EU and OECD. The majority of EU Member States have a national youth strategy in place (24 Member States), including new strategies in several countries. In Lithuania, the new National Youth Policy Implementation Plan (2022) aims to create more favourable conditions for youth labour market participation in part by increasing opportunities for youth entrepreneurship (Ministry of Social Security and Labour of the Republic of Lithuania, 2022[3]). Spain also introduced a national plan – the Youth Guarantee Plan Plus 2021-27 – which aims to help young people gain technical skills for entering the labour market, including through self-employment (Ministry of Labour and Social Economy, 2021[4]).

Entrepreneurship training, coaching and mentoring schemes are the most common type of support offered by governments to support youth entrepreneurs. Virtually all EU Member States offer tailored entrepreneurship training schemes for youth (24 EU Member States), most of which use dedicated courses (i.e. for youth only). The majority of EU Member States (22) offer tailored and dedicated coaching and mentoring schemes for youth entrepreneurs. While tailored business consultancy schemes are less frequently offered, two-thirds of Member States report having dedicated schemes for young entrepreneurs. Most of these schemes have high take-up rates (Figure 4.2) due to targeted outreach methods to attract young entrepreneurs and an offer that includes pertinent support. An example of effectively delivering relevant support to young entrepreneurs is Young Entrepreneurs Succeed!, which is a training programme delivered in Greece, Italy, Poland and Spain (Box 4.1). However, the quality of the content delivered through these schemes is of variable quality and their impact is often difficult to demonstrate.

Figure 4.2. Entrepreneurship training is the most common support offered to youth

Availability and quality of entrepreneurship schemes for youth in EU Member States, 2023



Note: The figure presents an unweighted average of policy and programme assessment scores for EU Member States. Each policy instrument (e.g. entrepreneurship training) is characterised according to a 9-point scale as described in the Reader's Guide. The figure shows the average score for schemes for youth entrepreneurs relative to the score for all inclusive entrepreneurship groups combined (i.e. women, immigrants, youth, seniors, job seekers and people with disabilities). Some of the policy instruments displayed are designed specifically for youth entrepreneurs so there is no comparative policy assessment score for all inclusive entrepreneurship target groups. The policy scores were discussed and verified with governments and stakeholders in national workshops and a written procedure.
Source: (OECD, 2023[5])

Box 4.1. Young Entrepreneurs Succeed! (YES!), Greece, Italy, Poland and Spain

Target group: Young people who are not in employment, education or training (NEETs)

Intervention type: Entrepreneurship training, complemented by coaching and mentoring

Description: Young Entrepreneurs Succeed! (YES!) was launched in 2018 to promote youth entrepreneurship in Greece, Italy, Poland and Spain. It is sponsored by Iceland, Liechtenstein and Norway through the EEA and Norway Grants Fund for Youth Employment. The programme is implemented by several partner organisations including the Development Agency of Karditsa (ANKA, Greece), Microfinanza (Italy), Youth Business Poland (Poland) and Autoocupació (Spain).

The project is built around a series of entrepreneurship training courses that cover topics such as digital marketing, business management and business planning. Many of the partner organisations also offer coaching and mentoring opportunities to those participating in the training to support the identification of start-up finance. There are some variations in the training offers across the four countries as some short courses are designed for specific groups and/or sectors. For example, the training provider in Greece developed a professional make-up training for young Roma women to meet client demand. One of the unique elements of the YES! project is that it includes an online peer-learning platform ("Thinking Space") that offers resources for young entrepreneurs according to a range of themes such as NEETs and the future of work.

Implementation of the training courses and related services varies across countries to reflect diverse local contexts and needs. For example, in Greece, ANKA focuses on developing capacity and empowering disadvantaged groups such as NEETs in Roma communities, while Microfinanza in Italy delivers training to young people from groups that are under-represented in entrepreneurship, notably (young) women, migrants and refugees.

Results achieved: By January 2021, 49 entrepreneurship training courses were delivered to more than 1 100 young people between 2018 and 2021. Young women were over-represented in three of the four countries over this period: 62% of participants in Italy, 58% in Poland and 70% in Spain.

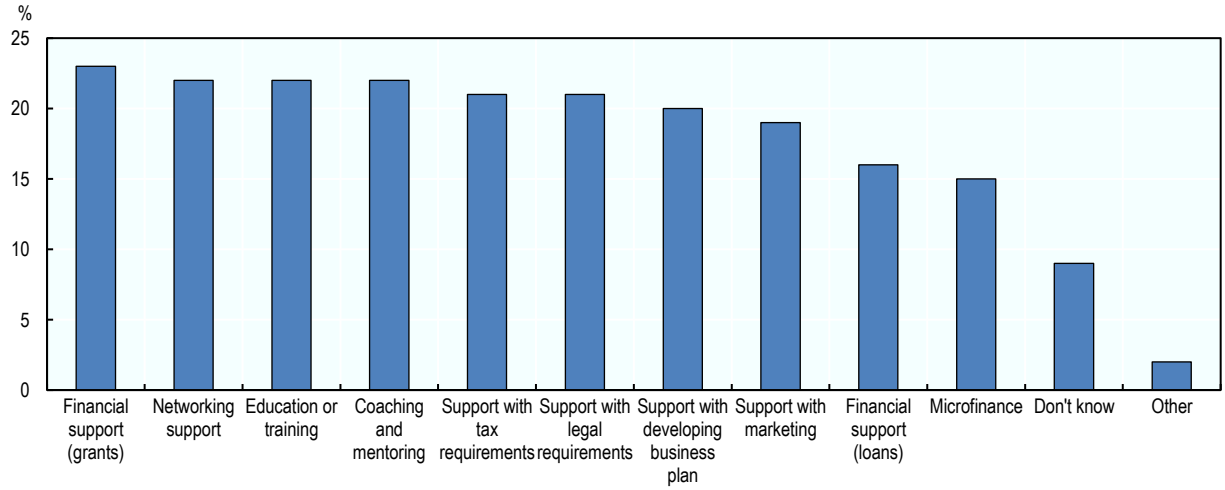
Project evaluations were done in all four countries between September 2019 and January 2021. The four country-specific evaluations used a common evaluation framework that considered "soft" outcomes (e.g. emotional capabilities) as well as "hard" outcomes (e.g. economic benefits). The main findings include improved entrepreneurial confidence (i.e. "I can do it") among older young people in Italy (25-29 years old) and young women (20-29 years old) in Greece and Poland. In addition, improved employment outcomes (i.e. NEET participants moved into self-employment, employment or education) for many participants in all countries were statistically significant. In Greece, nearly 15% of NEETs (25-29 year olds) participating in training moved into self-employment, employment or education by the end of the project. Similarly, 34% of NEET participants with university degrees in Spain and 44% in Poland were no longer NEETs at the end of the project.

Source: (Parola et al., 2021[6])

One of the most frequently identified challenges for entrepreneurs is securing sufficient start-up financing. This is one of the greatest barriers faced by young entrepreneurs as a recent survey found that 40% of respondents cited lack of capital and resources as a barrier to entrepreneurship and self-employment (European Commission, 2023[7]). Many governments support young entrepreneurs by facilitating access to start-up finance through tailored schemes. Nearly two-thirds of EU Member States offer tailored grants for young entrepreneurs and about 60% of EU Member States offer tailored microfinance supports through dedicated delivery channels. This is in-line with the types of support demanded by young entrepreneurs (Figure 4.3).

Figure 4.3. Young people find both financial and non-financial supports to be useful in their business creation

"If you were to set up your own business, what type of support would be the most useful?", 2022



Note: Respondents could select up to three answers.
Source: (European Commission, 2023[7])

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Role models and networking initiatives are becoming more common in the EU. Youth entrepreneurs tend to have small professional networks and low levels of awareness about entrepreneurship (OECD/European Commission, 2020[8]). To overcome this challenge, many countries have introduced initiatives to increase awareness and understanding of the potential of entrepreneurship among youth to encourage more young people to consider it as a potential career or part-time activity. One approach is to facilitate interaction between young people and successful entrepreneurial role models who can inspire and teach them about entrepreneurship. These role models serve as positive examples for future entrepreneurs and help to improve entrepreneurial motivations and intentions. Two-thirds of EU Member States have dedicated networking initiatives for young entrepreneurs to help them expand their professional networks and interact with successful entrepreneurs. Another approach to increase awareness about entrepreneurship and its potential is to promote entrepreneurship through media and online campaigns. About 70% of EU Member States use targeted entrepreneurship promotion campaigns to inspire young people.

Administrative measures can also be used to support youth entrepreneurs. Nearly half of EU Member States offer youth-tailored support to help them comply with administrative requirements. Moreover, about 30% of EU Member States offer temporary tax reductions and relief from social security contributions for youth entrepreneurs, which offers temporary financial relief to youth entrepreneurs. These approaches are often phased-out over a short period of time, usually within the first three years of operation. For example, Hungary introduced a tax relief measure in 2022 for young people under the age of 25 years old, which allowed self-employed youth to participate in a flat tax regime (*általány adózó*) (National Tax and Customs Administration, 2023[9]).

Another measure to provide relief from some administrative obligations is to create a special legal form for youth-led or youth-operated businesses. This type of business status is used in eight EU Member States, which is often accompanied by additional support measures. For example, France introduced the Student Entrepreneur Status (SNEE – *Statut National Étudiant-Entrepreneur*) in 2021, which allows students to continue their higher education studies while creating a business. Students under

this legal form can make adjustments to their timetable to better accommodated business development and earn credit towards their degrees (e.g. ECTS credits). This allows young student entrepreneurs to maintain their student status and associated benefits (e.g. housing assistance, scholarship, reduced rates, etc.) and access additional supports including coaching and access to co-working spaces. There was a 17% increase in the number of students using this status in the last two years (Ministère du l'enseignement supérieur et de la recherche, 2023[10]).

Further discussion on the effectiveness of youth entrepreneurship schemes is contained in Chapter 8.

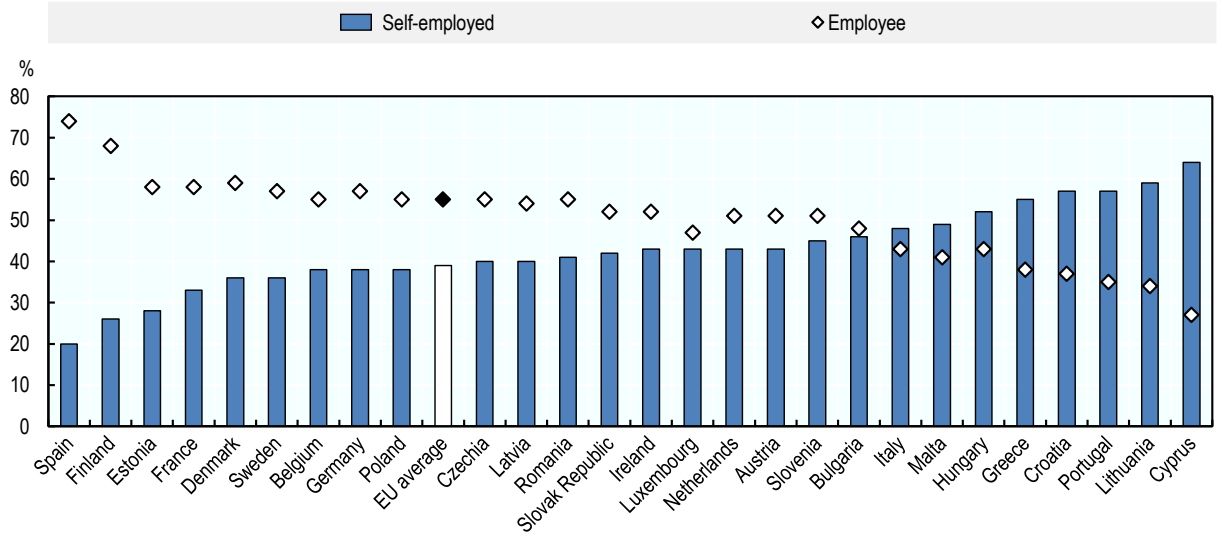
Motivations and ambitions in entrepreneurship

Youth have a strong interest in entrepreneurship and self-employment…

Young people are motivated to pursue entrepreneurship as a career. About 40% of young people (15-30 years old) in the EU indicated that they would prefer to be self-employed compared to working as an employee (Figure 4.4). Young people were most likely to prefer self-employment in countries such as Cyprus (64%), Lithuania (59%), Portugal and Croatia (57% each), while the shares were lower in countries such as Spain (20%), Finland (26%) and Estonia (28%). The next section will show that the countries where young people are most interested in self-employment are often the countries where young people are most actively starting businesses. This underlines the need for governments to work on building motivations for entrepreneurship among young people if they are seeking to boost youth entrepreneurship.

Figure 4.4. About 40% of youth would prefer to be self-employed

"If you could choose between different kinds of jobs, would you prefer to be… ?", 2022



Source: (European Commission, 2023[7])

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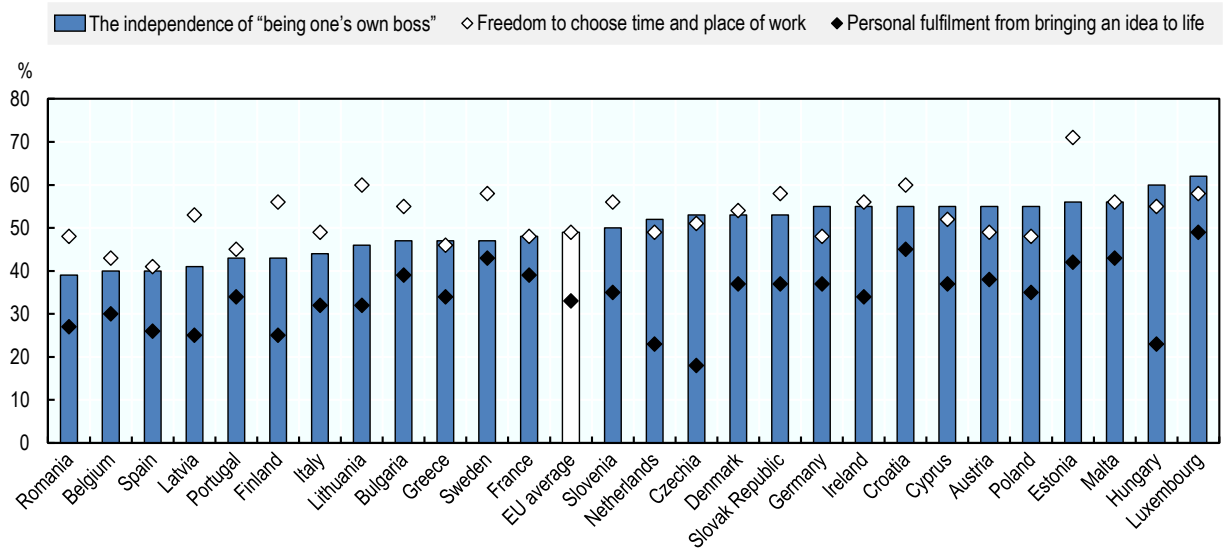
Young people are attracted to self-employment for the flexibility it offers. Nearly half of young people in the EU indicated that one of the top reasons they wished to pursue self-employment was for the freedom it provides in choosing when and where to work (Figure 4.5). About the same proportion also indicated that they would prefer self-employment because of the independence of being one's own boss. One-third of young people in the EU reported that self-employment provided personal fulfilment as they were able to

bring a unique idea to life. Reasons for pursuing self-employment varied across countries, which can be attributed to the different cultural attitudes towards entrepreneurship as well as differences in labour market conditions that affect the availability of employment opportunities.

Figure 4.5. Reasons for preferring self-employment

"Why would you prefer to be self-employed rather than an employee?", 2022



Note: Respondents could select up to three answers.
Source: (European Commission, 2023[7])

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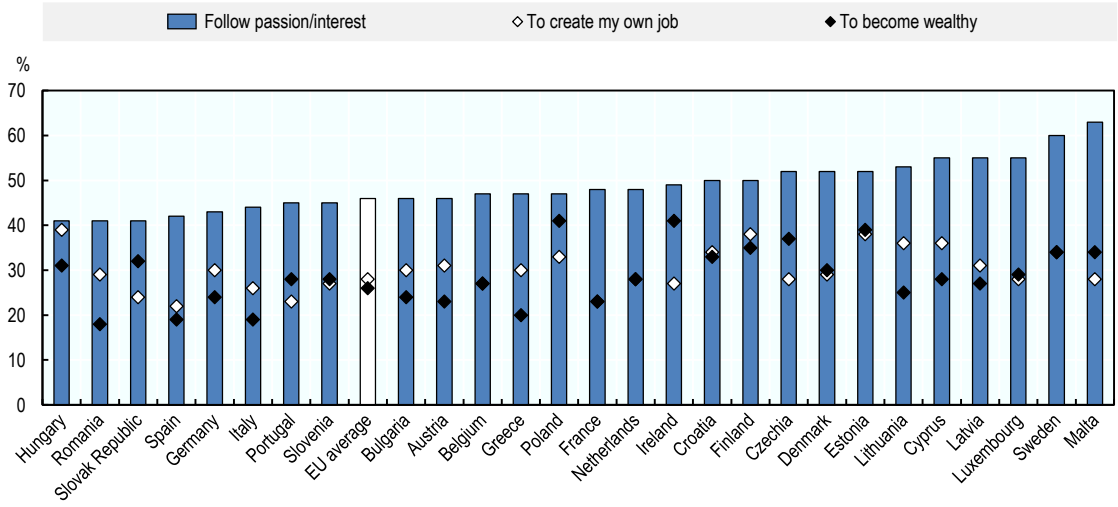
…and are motivated by many different reasons

The most common reason cited by young people for pursuing entrepreneurship is to follow a passion. Nearly half of young people in the EU (46%) reported in 2022 that they were interested in entrepreneurship as a way to pursue their passions and interests (Figure 4.6). Other commonly cited motivations include wanting to create their own job (28%) and to become wealthy (26%). Less commonly cited goals included putting innovations into practice (24%), creating jobs for others (17%), pursuing social and/or environment goals (16%) and supporting my region and/or country (12%). These goals vary considerably across countries. For example, nearly two-thirds of young people in Malta and Sweden reported that they are motivated by their passions and are less motivated by the goal of gaining wealth. However, young people in Ireland, Poland, Portugal and the Slovak Republic were more motivated by building wealth than creating their own job.

Figure 4.6. Young people see entrepreneurship as a way to follow their passions and interests

"If you were to set up your own business, which of the following goals would be most important to you?", 2022



Note: Respondents could select up to three answers.
Source: (European Commission, 2023[7])

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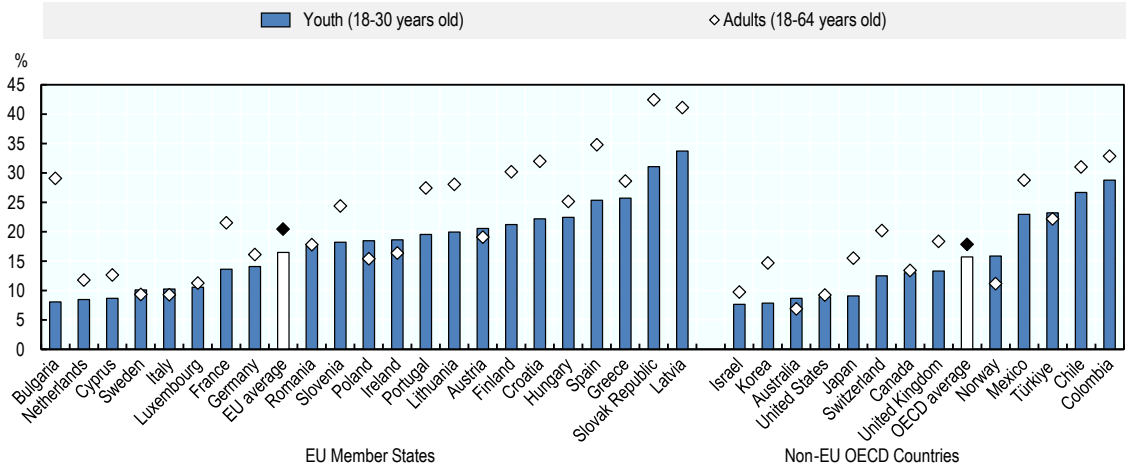
Figure 4.7. Youth entrepreneurs are slightly less likely than adults to start a business "out of necessity"

Proportion of early-stage entrepreneurs (18-64 years old), 2018-22



Note: Necessity entrepreneurship rate is the proportion of early-stage entrepreneurs (i.e. nascent entrepreneurs and new business owners) who launched their business due to a lack of other opportunities in the labour market. All EU Member States participated in the GEM survey between 2018 and 2022 except for Belgium, the Czech Republic, Denmark, Estonia and Malta. In addition, some countries did not participate in every year over this period: Austria (did not participate in 2019 and 2021), Bulgaria (2019-22), Finland (2018-20 and 2022), France (2019-21), Hungary (2018-20), Ireland (2020 and 2022), Latvia (2018), Lithuania (2018-21) and Portugal (2018, 2020 and 2022). Similarly, the following OECD countries did not participate in the GEM survey between 2018 and 2022: Belgium, Costa Rica, the Czech Republic, Denmark, Estonia, Iceland and New Zealand. The following countries did not participate in the survey in every year: Australia (did not participate in 2018, 2020-22), Austria (2019 and 2021), Finland (2018-20 and 2022), France (2019-21), Hungary (2018-20), Ireland (2020 and 2022), Japan (2020), Latvia (2018), Lithuania (2018-21), Mexico (2018, 2020-21), Norway (2018), Portugal (2018, 2020 and 2022) and the Republic of Türkiye (2019-20, 22).
Source: (GEM, 2023[2])

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Yet some young people start a business because they have difficulties finding a job

About 15% of young entrepreneurs report that they started a business because they did not succeed at finding a job. Among young entrepreneurs starting or managing a new business in the EU between 2018 and 2022, nearly 17% indicated that they started their business "out of necessity". This share was slightly below the overall average in the EU (20%) but about the same as young people in the OECD (16%) (Figure 4.7). Among EU Member States, the share of young early-stage entrepreneurs was the highest in the Slovak Republic (31%) and Latvia (34%) and lowest in Bulgaria (10%) over this period. The shares in non-EU OECD countries were similar and as high as 27% in Chile and 29% in Colombia. Young entrepreneurs were more likely than the overall average to report starting their business "out of necessity" in Poland, Ireland, Austria, Italy and Sweden. Variations in necessity-driven entrepreneurship are due a range of country specific factors, such as labour market conditions, cultural attitudes towards entrepreneurship and self-employment, and levels of informality.

Activities by youth over the entrepreneurship life-cycle

Youth are more likely to be starting and managing new businesses than older adults…

Young people are slightly more active in starting new businesses than the total population. In the EU, more than 5% of youth (18-30 years old) were actively working on a new start-up between 2018 and 2022 that has not yet paid salaries, wages or any other payments to the owners for more than three months after setting up a business they will own or co-own relative to 4% of the overall population (18-64 years old) (Figure 4.8). Similarly, young people in the OECD were also slightly more likely to be working on a start-up than older adults. About 9% of young people in the OECD were working on a start-up relative to an overall rate of 8%. Both of these proportions are above the shares in the EU.

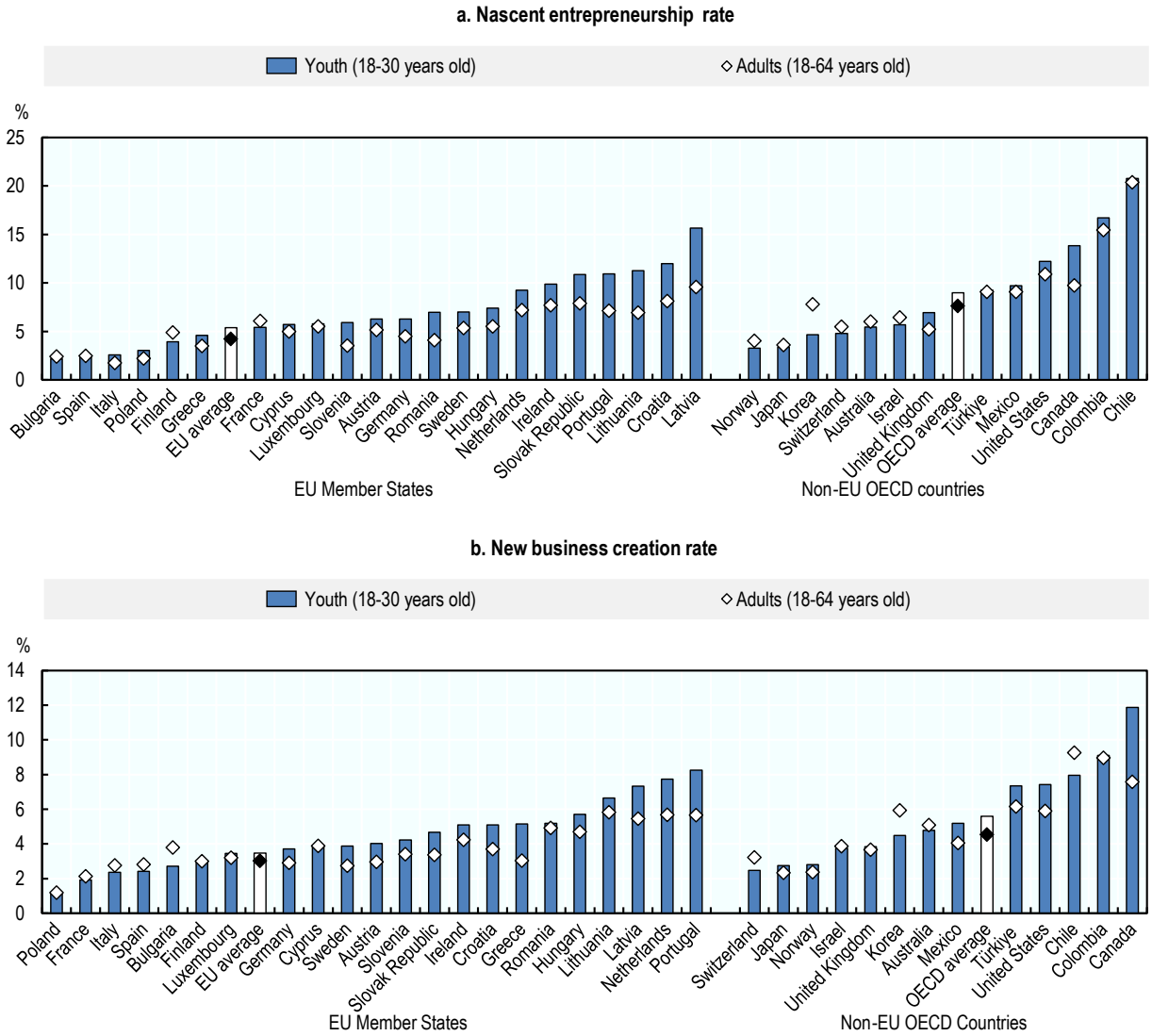
The share of young people working on new start-ups varies substantially across countries. Within the EU, young people were most active in starting a new business in Latvia (16%), Croatia (12%) and Lithuania (11%) and the least active in Bulgaria, Spain and Italy where less than 3% of youth were actively engaged in starting a business. Among OECD countries, there are several countries with higher shares of young people working on start-ups including Colombia (17%) and Chile (21%). These differences across countries are explained by many factors, including social attitudes towards, market conditions, availability of debt and equity financing, employment opportunities and more.

Young people are also active in managing new businesses but there is a drop-off relative to the share working on a start-up. Over the period 2018-22, less than 4% of young people (18-30 years old) in the EU were operating a new business that was less than 42 months old. In the OECD, the share was about 6% over this period. While this proportion remains slightly above the share of adults operating new businesses, it is a smaller share than those working on a start-up. The drop-off between the shares of people working on a start-up and new businesses was greater among youth, suggesting that they face greater challenges turning their start-up idea into a business.

As with the share of young people working on start-ups, the proportion operating new businesses variers across countries. New business creation across EU Member States ranged from 1% in Poland to 8% in Portugal, while they reached as much as 12% in Canada among OECD countries (Figure 4.8). Clearly there is a strong correlation between the shares of young people working on a start-up and the shares operating a new business. Moreover, the share of young people working on start-ups and new businesses is typically in line with the overall proportion among the whole population.

Figure 4.8. Youth are more likely to be early-stage entrepreneurs than the overall adult population

Percent of the population (18-64 years old), 2018-22



Note: 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. New business ownership 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. All EU Member States participated in the GEM survey between 2018 and 2022 except for Belgium, the Czech Republic, Denmark, Estonia and Malta. In addition, some countries did not participate in every year over this period: Austria (did not participate in 2019 and 2021), Bulgaria (2019-22), Finland (2018-20 and 2022), France (2019-21), Hungary (2018-20), Ireland (2020 and 2022), Latvia (2018), Lithuania (2018-21) and Portugal (2018, 2020 and 2022). Similarly, the following OECD countries did not participate in the GEM survey between 2018 and 2022: Belgium, Costa Rica, the Czech Republic, Denmark, Estonia, Iceland and New Zealand. The following countries did not participate in the survey in every year: Australia (did not participate in 2018, 2020-22), Austria (2019 and 2021), Finland (2018-20 and 2022), France (2019-21), Hungary (2018-20), Ireland (2020 and 2022), Japan (2020), Latvia (2018), Lithuania (2018-21), Mexico (2018, 2020-21), Norway (2018), Portugal (2018, 2020 and 2022) and the Republic of Türkiye (2019-20, 22).
Source: (GEM, 2023[2])

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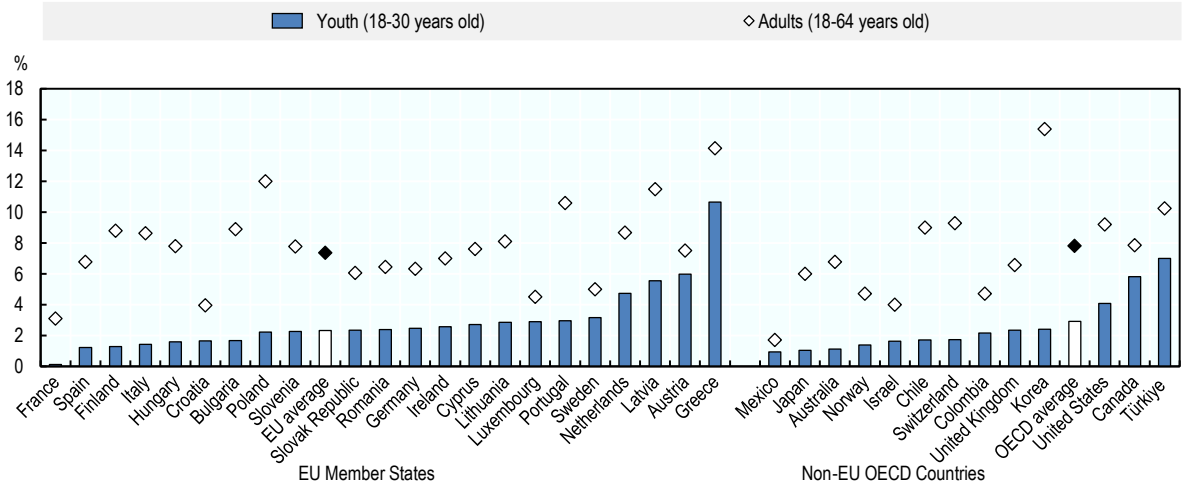
…but few young entrepreneurs are operating an established business

Young people are much less likely than adults to be operating an established business. Overall, about 2% of youth (18-30 years old) in the EU and OECD operated an established business (i.e. a business over 42 months old) between 2018 and 2022 (Figure 4.9). This share is well-below the share of adults (18-64 years old) that operated an established business over this period: 7% in the EU and 8% in the OECD. The large drop-off between ownership of a new business and an established business suggests that young entrepreneurs often struggle to develop their business into one that will be a relatively stable source of income and perhaps create jobs for others. However, part of this drop-off can be attributed to the age cut-off because it would mean that the young entrepreneur would have created their business by the age of 26.5 years old.

As with the shares of young people involved in starting new businesses, rates of established business ownership among young people vary across countries. Among EU Member States, the highest share of young people who were established business owners over the period 2018-22 was in Greece (11%), followed by Austria and Latvia (6% each). Established business ownership among young people was lowest in Spain, Finland and Italy (less than 2% each), while the share of youth who were established business owners was less than 1% in France. Among non-EU OECD countries, the shares were highest in Canada (6%) and the Republic of Türkiye (8%). Established business ownership rates among young people are driven by the number of young people who are working on start-ups, but the likelihood of their success is determined by a range of factors such as market conditions, entrepreneurship skills and the ability to access resources, including finance.

Figure 4.9. Few young entrepreneurs succeed in operating businesses for more than 42 months

Percent of the population (18-64 years old), 2018-22



Note: Established business ownership rate is 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. All EU Member States participated in the GEM survey between 2018 and 2022 except for Belgium, the Czech Republic, Denmark, Estonia and Malta. In addition, some countries did not participate in every year over this period: Austria (did not participate in 2019 and 2021), Bulgaria (2019-22), Finland (2018-20 and 2022), France (2019-21), Hungary (2018-20), Ireland (2020 and 2022), Latvia (2018), Lithuania (2018-21) and Portugal (2018, 2020 and 2022). Similarly, the following OECD countries did not participate in the GEM survey between 2018 and 2022: Belgium, Costa Rica, the Czech Republic, Denmark, Estonia, Iceland and New Zealand. The following countries did not participate in the survey in every year: Australia (did not participate in 2018, 2020-22), Austria (2019 and 2021), Finland (2018-20 and 2022), France (2019-21), Hungary (2018-20), Ireland (2020 and 2022), Japan (2020), Latvia (2018), Lithuania (2018-21), Mexico (2018, 2020-21), Norway (2018), Portugal (2018, 2020 and 2022) and the Republic of Türkiye (2019-20, 22).
Source: (GEM, 2023[2])

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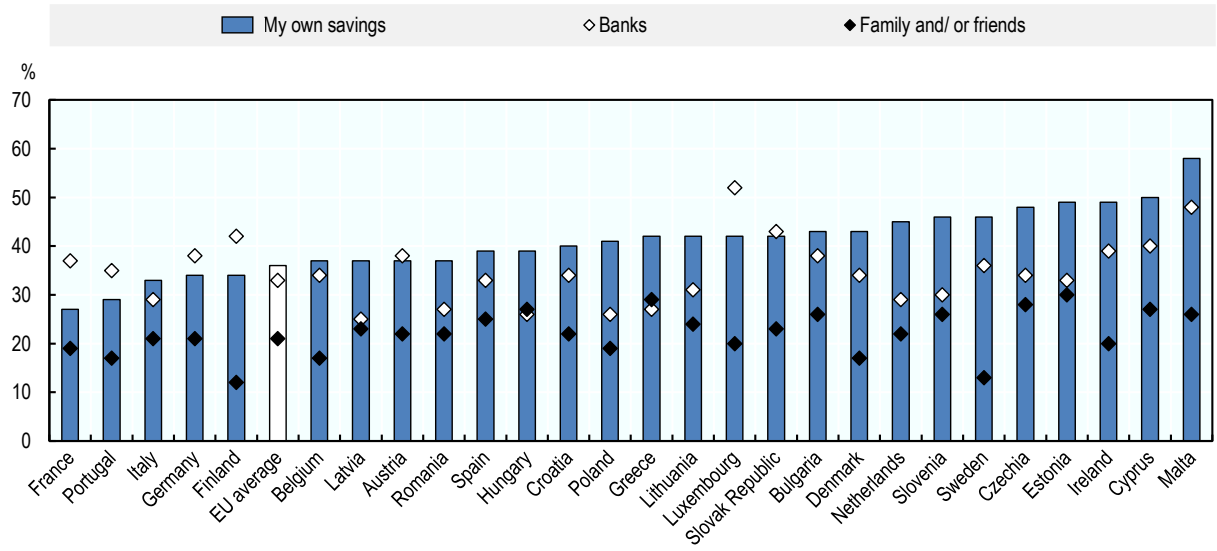
Young entrepreneurs rely on their own savings to finance the start-up rather than external finance…

All entrepreneurs face challenges securing finance for their business, but younger entrepreneurs typically face greater challenges. Their limited access to finance affects not only their chances of successfully creating a business but also constrains the growth of established businesses. According to a recent survey in the EU, the most common source of start-up financing that would be used by young people (15-30 years old) starting a business is their own savings (Figure 4.10). About 36% of potential young entrepreneurs in the EU reported that their own savings would be among the top three sources of funding used, followed by banks (33%) and family and friends (21%). The share of young people who would rely on their own savings to start a business reached nearly 60% in Malta and was as low as 27% in France. Young people appear more likely to turn to banks than their own savings in France, Portugal, Germany, Finland, Luxembourg and the Slovak Republic. Overall, these findings are consistent with previous research on the sources of funding used by entrepreneurs, which finds the they typically rely on their own savings, family, friends and banks (Daniels, Herrington and Kew, 2016[11]).

Figure 4.10. Young entrepreneurs are more likely to rely on their own savings to start their businesses than other financing options

"If you were to set up your own business, where would you seek the initial funding?"



Note: Respondents could select up to three answers.
Source: (European Commission, 2023[7])

StatLink https://stat.link/bgz039

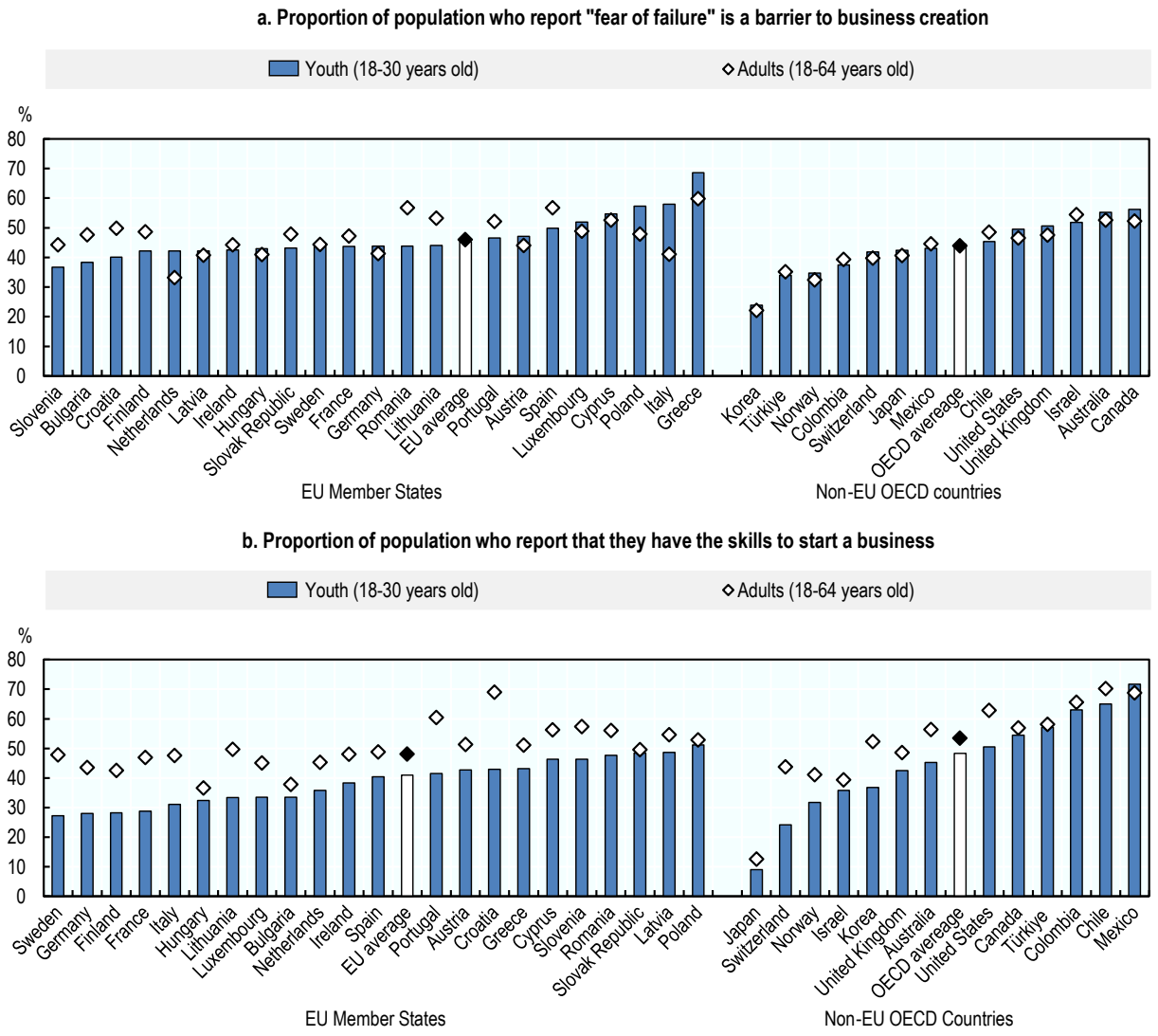
…and many are held back by a fear of failure and a lack of entrepreneurship skills

Young entrepreneurs, like all entrepreneurs, face many challenges in launching and growing a new business and one of the most significant obstacles is a "fear of failure". This is a self-constructed obstacle that is shaped by an individual's attitudes towards risk and a lack of self-confidence, both of which are influenced by general social attitudes toward entrepreneurship, work and risk. This barrier affects the decision to start a business and can also cause an entrepreneur to self-restrict the development and growth of their business. Nearly half of young people in the EU (45%) reported that a fear of failure prevented them from starting a business between 2018 and 2022 (Figure 4.11). More than half of youth reported fear of failure as a barrier to business in five EU Member States, including Spain (50%), Luxembourg (52%), Cyprus (55%), Poland (57%), Italy (58%) and Greece (69%). Young people in non-EU OECD countries were as likely as their EU counterparts to identify this barrier over this period (45%). The highest shares of youth reporting this barrier over this period in non-EU OECD countries were in Canada (56%), Australia (55%) and Israel (52%). Overall, young people appear to be as likely as older adults to cite a fear of failure as a barrier to business creation, but they were more likely to cite this barrier in Greece, Italy, the Netherlands and Poland.

Despite increased investment in entrepreneurship education, youth are still less likely to self-report having entrepreneurship skills. About four-in-ten youth in the EU reported having the skills and knowledge needed to start a business in the period 2018-22. This share is below the overall proportion of adults (18-64 years old) – 48%. These shares were slightly below those reported in OECD countries over the same period – 48% of youth and 53% of adults. Young people's confidence in having the skills and knowledge needed to successfully start a business varied considerably by country, which can be due to differences in social attitudes towards entrepreneurship or the availability of entrepreneurship education. In the EU, the highest shares in Poland (51%), Latvia (49%) and the Slovak Republic (48%) and the lowest shares in Sweden (27%), Germany and Finland (28% each).

Figure 4.11. Youth are less likely than adults to report having entrepreneurship skills yet report similar levels of fear of failure as adults

"Does fear of failure prevent you from starting a business?" and "Do you have the knowledge and skills to start a business?" Percentage of population who responded "yes", 2018-22



Note: All EU Member States participated in the GEM survey between 2018 and 2022 except for Belgium, the Czech Republic, Denmark, Estonia and Malta. In addition, some countries did not participate in every year over this period: Austria (did not participate in 2019 and 2021), Bulgaria (2019-22), Finland (2018-20 and 2022), France (2019-21), Hungary (2018-20), Ireland (2020 and 2022), Latvia (2018), Lithuania (2018-21) and Portugal (2018, 2020 and 2022). Similarly, the following OECD countries did not participate in the GEM survey between 2018 and 2022: Belgium, Costa Rica, the Czech Republic, Denmark, Estonia, Iceland and New Zealand. The following countries did not participate in the survey in every year: Australia (did not participate in 2018, 2020-22), Austria (2019 and 2021), Finland (2018-20 and 2022), France (2019-21), Hungary (2018-20), Ireland (2020 and 2022), Japan (2020), Latvia (2018), Lithuania (2018-21), Mexico (2018, 2020-21), Norway (2018), Portugal (2018, 2020 and 2022) and the Republic of Türkiye (2019-20, 22).
Source: (GEM, 2023[2])

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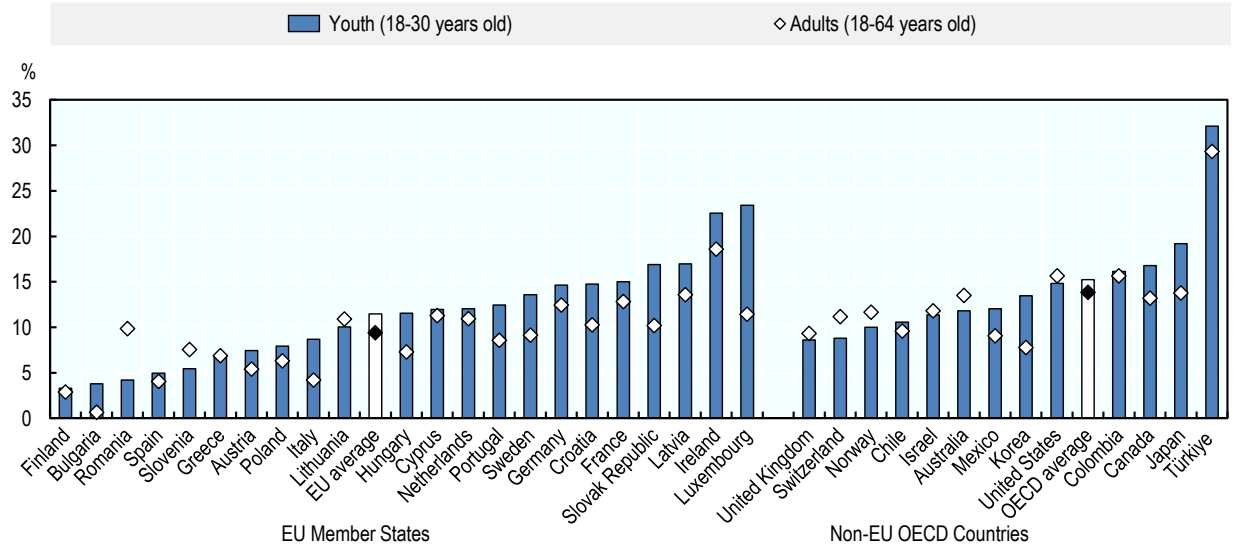
Nonetheless, young entrepreneurs are optimistic about the growth potential of their start-ups…

Not all entrepreneurs start their businesses with ambitions to achieve rapid growth and substantial job creation, but young entrepreneurs appear to be as likely as older entrepreneurs to have these objectives. Survey data from 2018-22 show that about 12% of young entrepreneurs in the EU who are starting and managing new companies expect that their business will create at least 19 jobs over the next five years (Figure 4.12). This is slightly above the overall share of new entrepreneurs in the EU for this period (9%) and similar to the share of young entrepreneurs expecting to reach this growth objective in OECD countries (15%). Among EU Member States, there were only three countries where young entrepreneurs had lower objectives that the overall population of entrepreneurs – Romania, Slovenia and Lithuania. Among OECD countries, young people were more optimistic than the overall average in many countries including Canada, Japan, Korea, Mexico and the Republic of Türkiye. The factors behind high growth aspirations in these countries include encouraging social attitudes, market opportunities and to some extent, naivety due to their lack of experience.

Figure 4.12. Youth entrepreneurs are confident in the growth potential of their start-ups

Proportion of early-stage entrepreneurs (18-64 years old) who expect to create at least 19 jobs over the next five years, 2018-22



Note: All EU Member States participated in the GEM survey between 2018 and 2022 except for Belgium, the Czech Republic, Denmark, Estonia and Malta. In addition, some countries did not participate in every year over this period: Austria (did not participate in 2019 and 2021), Bulgaria (2019-22), Finland (2018-20 and 2022), France (2019-21), Hungary (2018-20), Ireland (2020 and 2022), Latvia (2018), Lithuania (2018-21) and Portugal (2018, 2020 and 2022). Similarly, the following OECD countries did not participate in the GEM survey between 2018 and 2022: Belgium, Costa Rica, the Czech Republic, Denmark, Estonia, Iceland and New Zealand. The following countries did not participate in the survey in every year: Australia (did not participate in 2018, 2020-22), Austria (2019 and 2021), Finland (2018-20 and 2022), France (2019-21), Hungary (2018-20), Ireland (2020 and 2022), Japan (2020), Latvia (2018), Lithuania (2018-21), Mexico (2018, 2020-21), Norway (2018), Portugal (2018, 2020 and 2022) and the Republic of Türkiye (2019-20, 22).
Source: (GEM, 2023[2])

StatLink https://stat.link/fw72g3

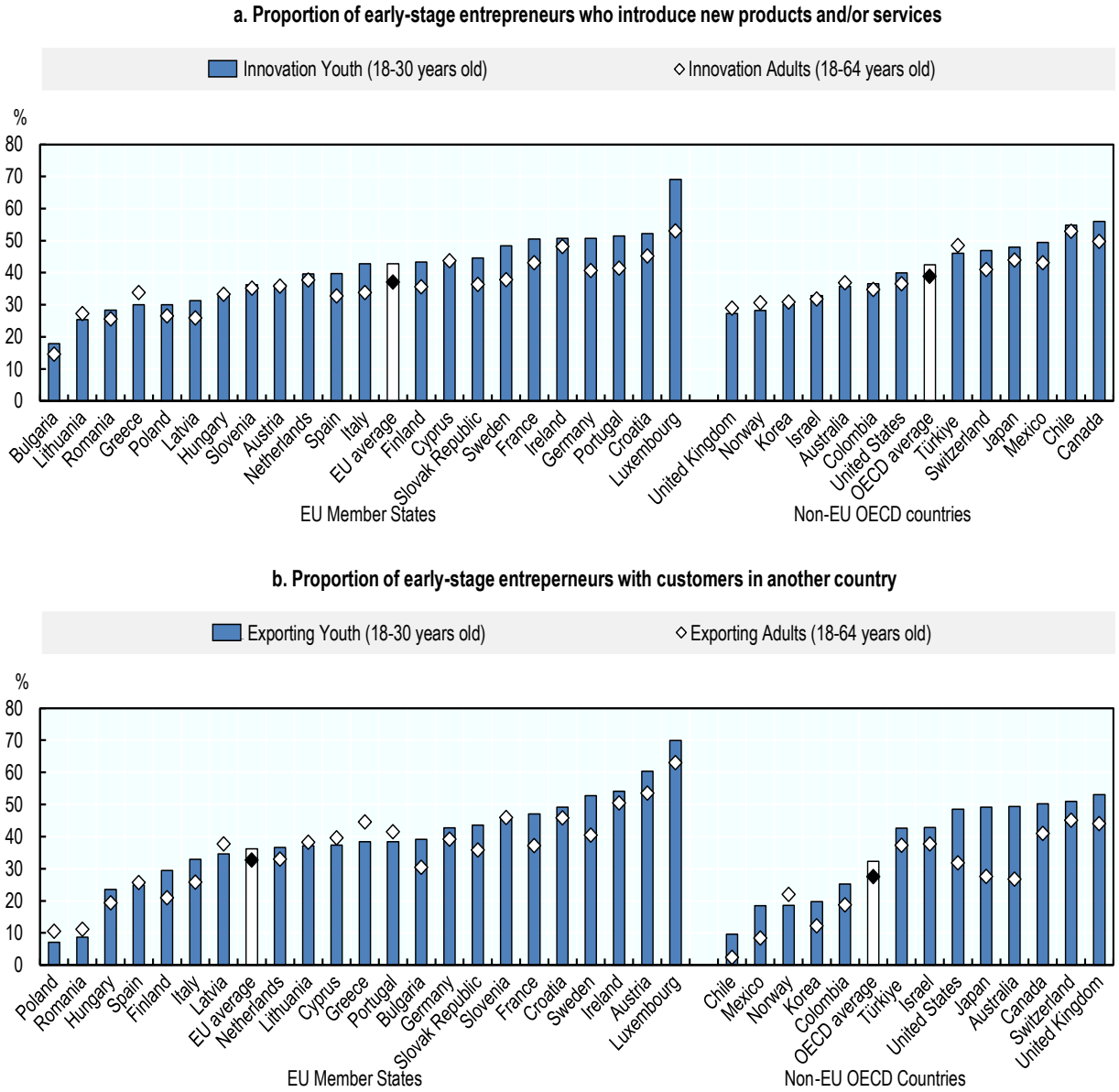
…and are more likely to innovate and export

Youth entrepreneurs are slightly more likely to introduce new products and services than older entrepreneurs. Between 2018 and 2022, 43% of early-stage youth entrepreneurs in the EU reported introducing new products or services compared to only 37% of adults overall (Figure 4.13). Youth entrepreneurs had higher innovation rates in 20 out of 22 EU Member States. About seven-in-ten young entrepreneurs in Luxembourg (69%) reported introducing new products and services, which was the highest share among EU Member States. In addition, more than half of young entrepreneurs reported innovating over this period in Croatia, Germany, Ireland and France. These share of young entrepreneurs in the EU reporting that they are innovating was the same in OECD countries over this period (43% of youth vs. 39% of adults). Among non-EU OECD countries, the share of young entrepreneurs introducing new products and service was highest in Canada (56%) and Chile (55%).

More than one-third of early-stage youth entrepreneurs reported having customers in another country. Between 2018 and 2022, more than 36% of young entrepreneurs in the EU reported exporting their products or services, which was higher than the overall adult population (nearly 33%). These rates are slightly higher than those found in OECD countries, which is expected due to low trade barriers in the EU's single market. The countries with the greatest proportion of early-stage youth entrepreneurs who exported during the period 2018-22 were Luxembourg (70%), Austria (60%) and Ireland (54%), which are all countries with relatively small national markets. Conversely, young entrepreneurs were the least likely to report exporting were Poland (7%), Romania (9%) and Hungary (24%). Among non-EU OECD countries, young entrepreneurs were the most likely to be exporting in United Kingdom (53%), Switzerland (51%), Canada (50%), United States (49%), Japan (49%) and Australia (49%). All of these shares were above the proportion reported by all entrepreneurs in these countries (i.e. the overall average).

Figure 4.13. About 4-in-10 youth have introduced a new product or service and have customers in another country

Proportion of early-stage entrepreneurs (18-64 years old), 2018-22



Note: All EU Member States participated in the GEM survey between 2018 and 2022 except for Belgium, the Czech Republic, Denmark, Estonia and Malta. In addition, some countries did not participate in every year over this period: Austria (did not participate in 2019 and 2021), Bulgaria (2019-22), Finland (2018-20 and 2022), France (2019-21), Hungary (2018-20), Ireland (2020 and 2022), Latvia (2018), Lithuania (2018-21) and Portugal (2018, 2020 and 2022). Similarly, the following OECD countries did not participate in the GEM survey between 2018 and 2022: Belgium, Costa Rica, the Czech Republic, Denmark, Estonia, Iceland and New Zealand. The following countries did not participate in the survey in every year: Australia (did not participate in 2018, 2020-22), Austria (2019 and 2021), Finland (2018-20 and 2022), France (2019-21), Hungary (2018-20), Ireland (2020 and 2022), Japan (2020), Latvia (2018), Lithuania (2018-21), Mexico (2018, 2020-21), Norway (2018), Portugal (2018, 2020 and 2022) and the Republic of Türkiye (2019-20, 22).
Source: (GEM, 2023[2])

StatLink https://stat.link/z3gdh2

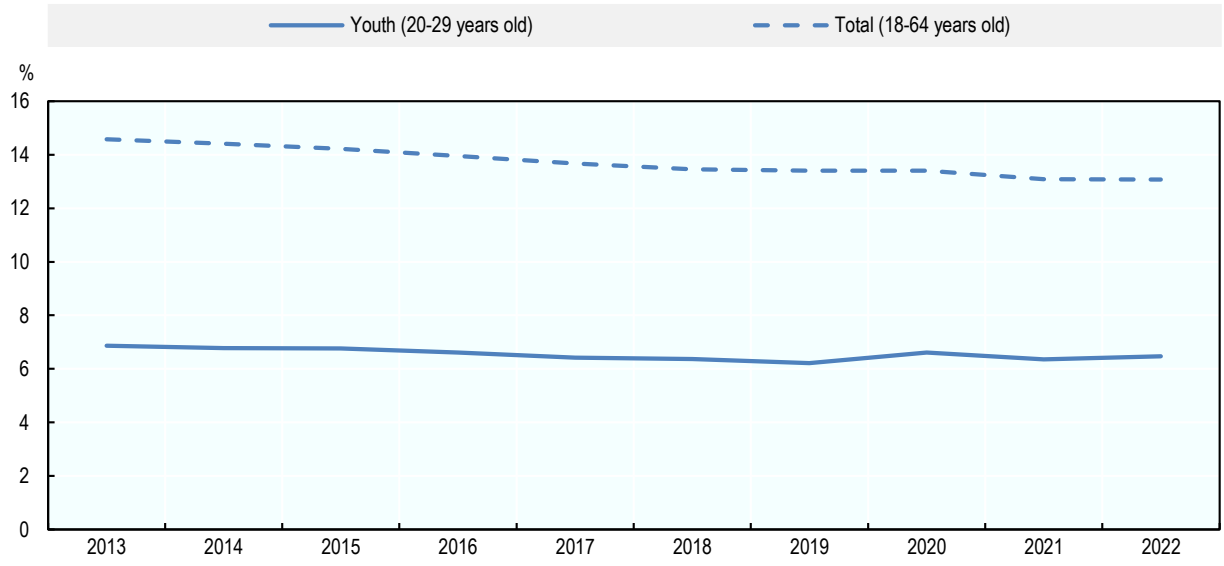
Trends in self-employment among youth

Youth are about half as likely as adults to be self-employed…

Almost 26 million young people were self-employed across the EU in 2022 – one-third of whom were women. This number represented 7% of all young people (20-29 years old) in the EU who are working relative to 13% of working people overall (18-64 years old). Over the last decade, the youth self-employment rate in the EU was relatively stable whereas the total rate declined gently from nearly 15% to 13% (Figure 4.14).

Figure 4.14. About 7% of youth in the EU are self-employed

Self-employment in the European Union as a percentage of employment



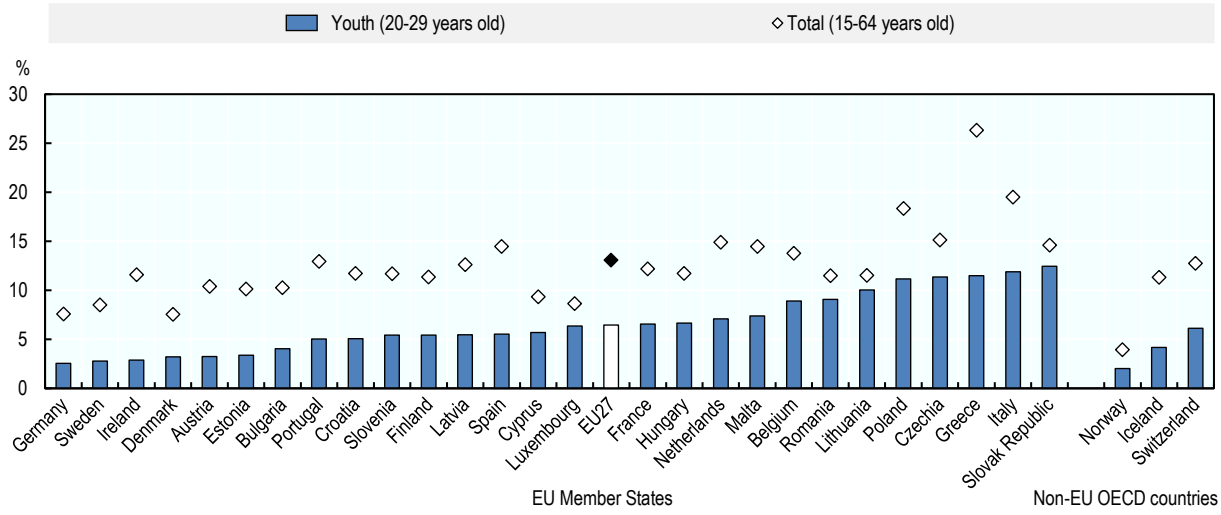
Note: There is a break in the series in 2021.
Source: (Eurostat, 2023[12])

StatLink https://stat.link/4zmq9b

Among EU Member States, more than one-in-ten youth were self-employed in six countries in 2022. The share of working youth who were self-employed was highest in Poland, the Czech Republic (11% each), Greece, Italy (12% each) and the Slovak Republic (13%) (Figure 4.15). Conversely, very few young people were self-employed in Germany, Sweden and Ireland (less than 3% each). The largest gap between young people and adults was in Ireland and Austria, where young people were less than one-third as likely as adults to be self-employed. Conversely, the gap was smallest in Lithuania and the Slovak Republic where young people were nearly 90% as likely to be self-employed. As noted earlier in the chapter, these differences in self-employment rates among young people are shaped by a number of factors including opportunities in employment and education as well as social attitudes towards risk and entrepreneurship.

Figure 4.15. There are large gaps in self-employment rates between youth and overall adult populations

Self-employment as a percentage of employment, 2022



Source: (Eurostat, 2023[12])

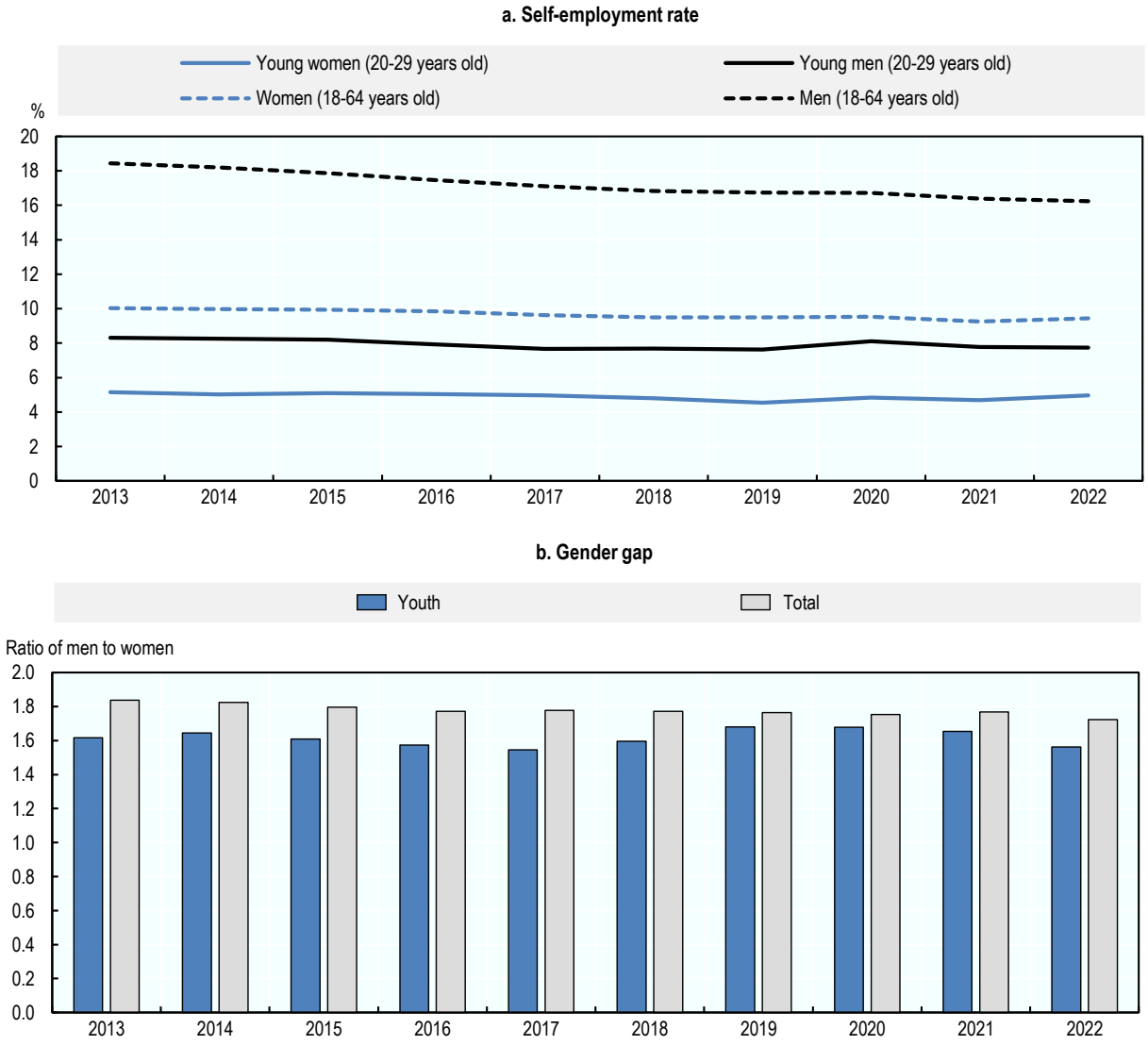
StatLink https://stat.link/xhd908

…but the gender gap in self-employment is large even at among young people

There is a substantial gender gap in self-employment in the EU among those aged 20-29 years old. In 2022, about 5% of working young females in the EU were self-employed compared with 8% of working young men. Thus, young men were 1.6 times more likely to be self-employed than young women. This was essentially the same as the overall gender gap in self-employment and it has been relatively unchanged over the past decade (Figure 4.16). For additional details on the age profiles of self-employment women and men, please see Chapter 2.

Figure 4.16. Young women are 35% less likely to be self-employed than young men

Self-employment as a percentage of employment in the EU



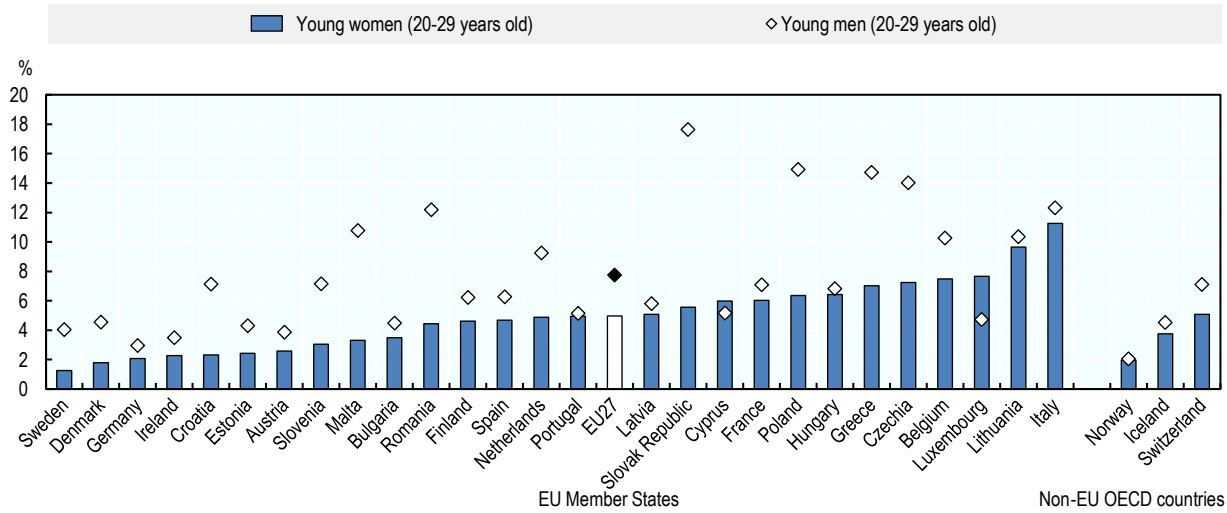
Note: There is a break in the time series in 2021.
Source: (Eurostat, 2023[12])

StatLink https://stat.link/teaovc

While there is no gender gap in self-employment among young people in four EU Member States, gender parity among young self-employed workers is far from reality in the majority of countries. In 2002, there was no gender gap among young self-employed workers in Hungary and Portugal, and a very small gap in Italy and Lithuania (Figure 4.17). Moreover, young women were more likely to be self-employed than young men in Cyprus and Luxembourg. Conversely, the gender gap was greatest in Croatia, Malta, the Slovak Republic and Sweden, where young men were more than three times more likely to be self-employed than young women. These gender gaps and larger than those for the whole self-employed population and would suggest that current approaches to raising awareness and motivations for entrepreneurship are not sufficiently tailored to the interests and types of businesses operated by young women.

Figure 4.17. There is gender parity among young self-employed workers in only 4 EU Member States

Self-employment as a percentage of employment, 2022



Source: (Eurostat, 2023[12])

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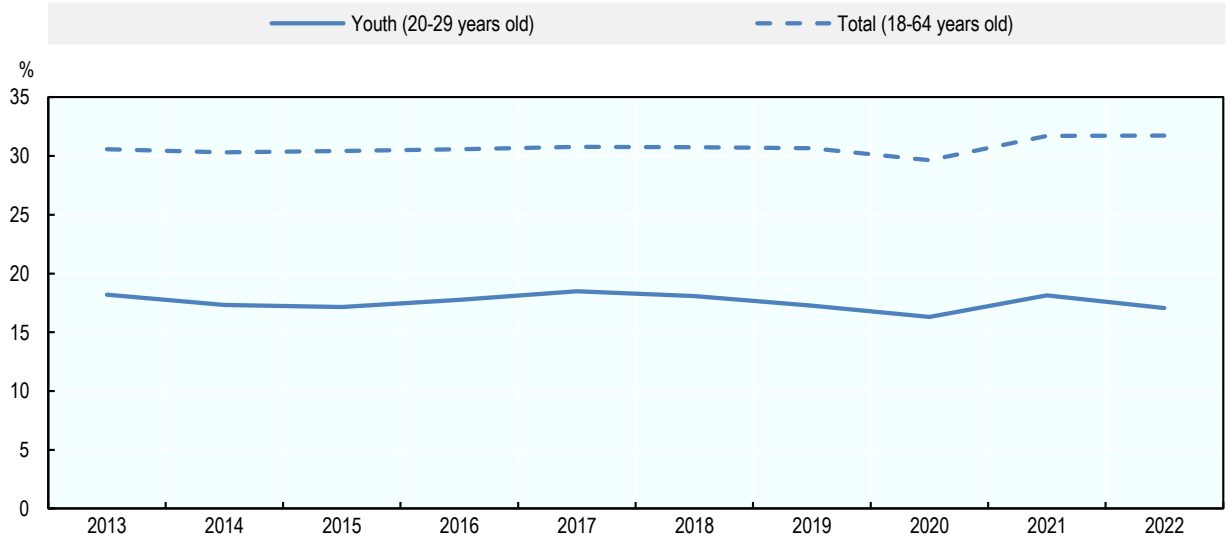
Self-employed young people are responsible for at least 350 000 additional jobs

Nearly one-in-five young self-employed workers created jobs for others. In 2022, 17% of self-employed youth (20-29 years old) in the EU employed at least one person (Figure 4.18). This share is about half the proportion of the total self-employed population, where nearly one-third of self-employed workers employ others. However, young self-employed people are responsible for creating at least 350 000 additional jobs in the EU. The share of young self-employed people who are employers in the EU has remained stable over the past decade.

Figure 4.18. Young self-employed workers are half as likely as all to create jobs for others

Percentage of self-employed who employ others in the EU



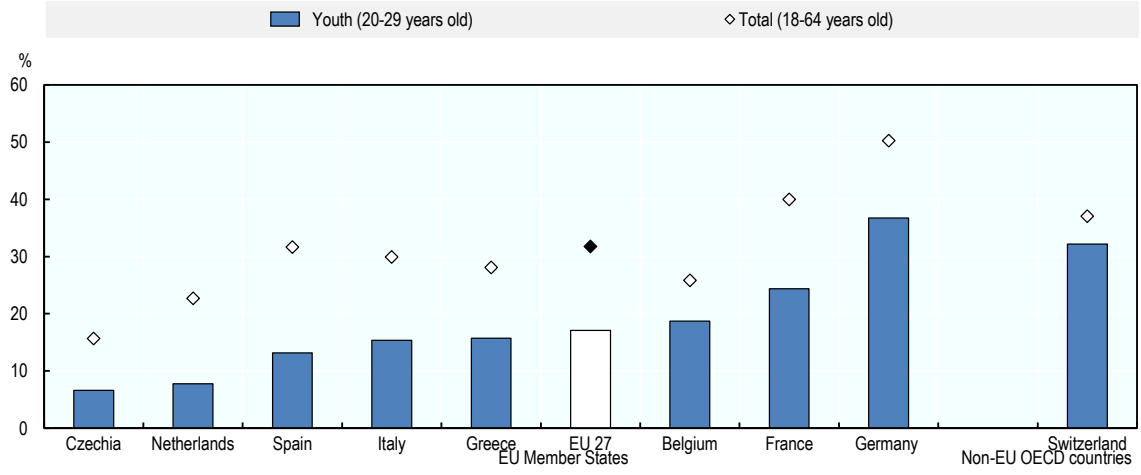
Note: There is a break in the series in 2021.
Source: (Eurostat, 2023[12])

StatLink https://stat.link/wur5xi

Data are limited at the country-level but show that the share of self-employed youth who employ others varies considerably across EU Member States. In 2022, the share of youth employers ranged from 7% in the Czech Republic to 37% in Germany (Figure 4.19). There is a positive correlation between the share of self-employed youth who are employers and the overall share of the self-employed workers who employ others. Differences across countries can be explained by several factors, notably access to resources by young entrepreneurs and the structure of the economy which influences firm size.

Figure 4.19. The share of self-employed workers with employees varies considerably by country

Percentage of self-employed who employ others, 2022



Source: (Eurostat, 2023[12])

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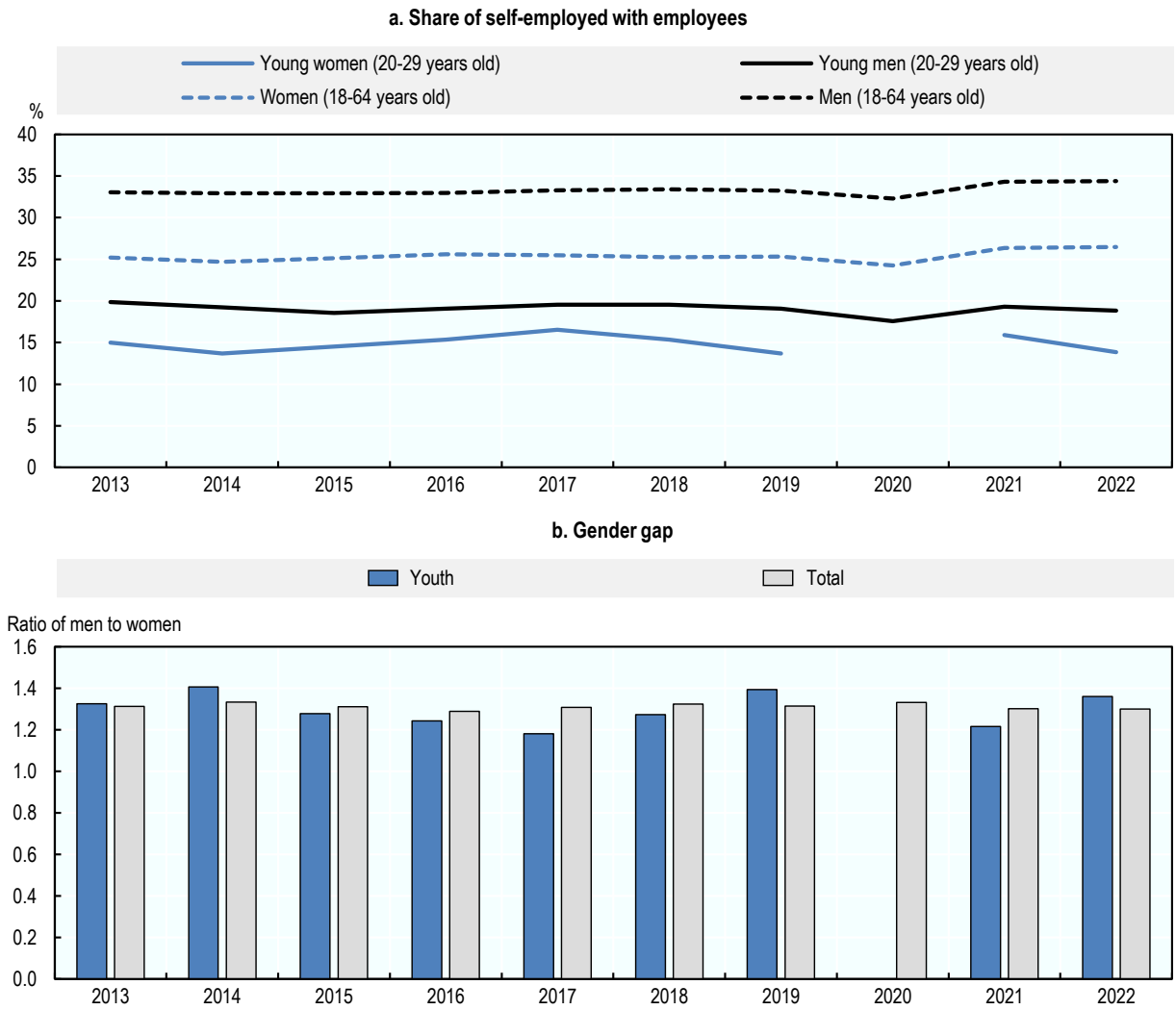
Self-employed women are less likely to employ others relative to self-employed men, regardless of age. About 14% of young self-employed women had employees in 2022 compared to 19% of young men (Figure 4.20). Thus, young self-employed men were 1.4 times more likely to have at least one employee than young self-employed women, which has increased slightly over the past five years. This is also a greater gender gap than among the overall population of self-employed workers in the EU.

Figure 4.20. Young self-employed men are 1.4 times more likely than young women to employ others

Percentage of self-employed who employ others, by age and gender



Note: There is a break in the series in 2021.
Source: (Eurostat, 2023[12])

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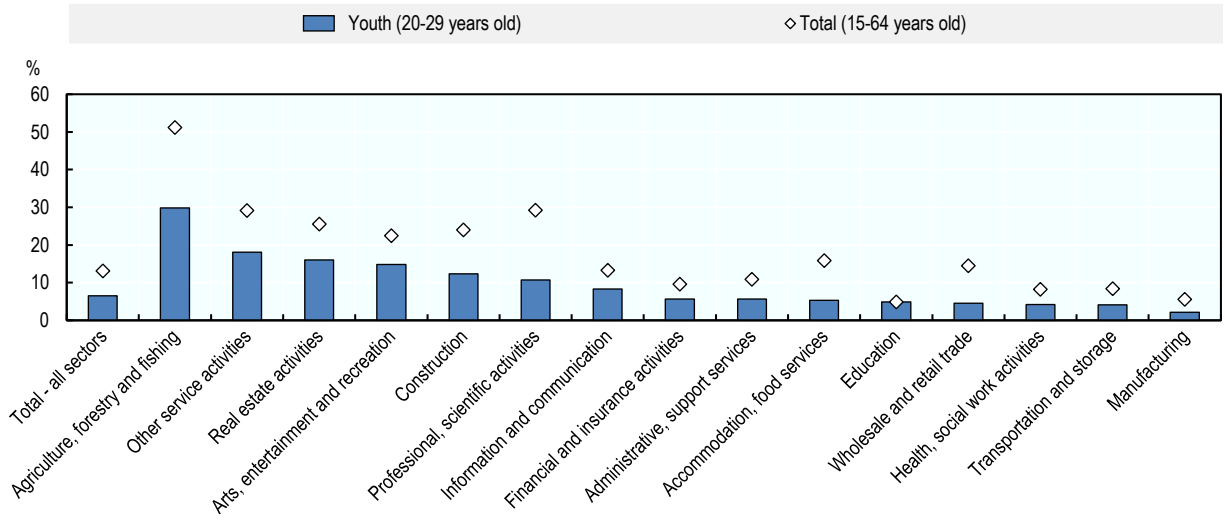
Self-employed youth are most likely to operate in sectors with low levels of capital intensity…

Young entrepreneurs have lower levels of resources and greater difficulty accessing external resources and therefore are most likely to operate in sectors with low entry barriers. In the EU in 2022, Agriculture, forestry and fishing as well as Other service sectors were the sectors where young workers (20-29 years old) were the most likely to be self-employed. About 30% and 18% of young people working in these two sectors were self-employed (Figure 4.21). Other sectors where the self-employment rates were above average in 2022 for young people were Real estate activities (16%); Arts, entertainment and recreation (15%); Construction (12%); Professional, scientific activities (11%); and Information and communication (8%). Most sub-sectors in these sectors are also not very capital intensive. Conversely, very few young people working in Transportation and storage or Manufacturing are self-employed. The share of young people working as self-employed workers was below the share for all adults in all sectors in 2022, except Education where it was essentially the same.

Variations across countries cannot be reported due to the limits of Labour Force Surveys. However, some insights can be gained from other resources such as national research or data sources. For example, countries with a larger share of economic activity in Agriculture such as France and Italy tend to have higher rates of self-employment by young people in Agriculture, while those with strong vocational systems such as Austria and Germany tend to have a greater concentration of youth self-employment in professional and technical sectors. Another recent trend has been the rapid growth of technology sectors in many eastern EU Member States. This is due to increased investments in technology education and low living costs that attract multinational IT companies.

Figure 4.21. Nearly one-third of young workers in Agriculture, forest and fishing are self-employed

Self-employment as a percentage of employment, 2022



Note: The following sectors were excluded because the self-employment rate was less than 1% or the data were could not be reported due to a low reliability of the estimate: Households as employers; Public administration and defence, compulsory social security; Mining and quarrying; and Electricity, gas, steam and air conditioning supply.
Source: (Eurostat, 2023[12])

StatLink https://stat.link/efgs6v

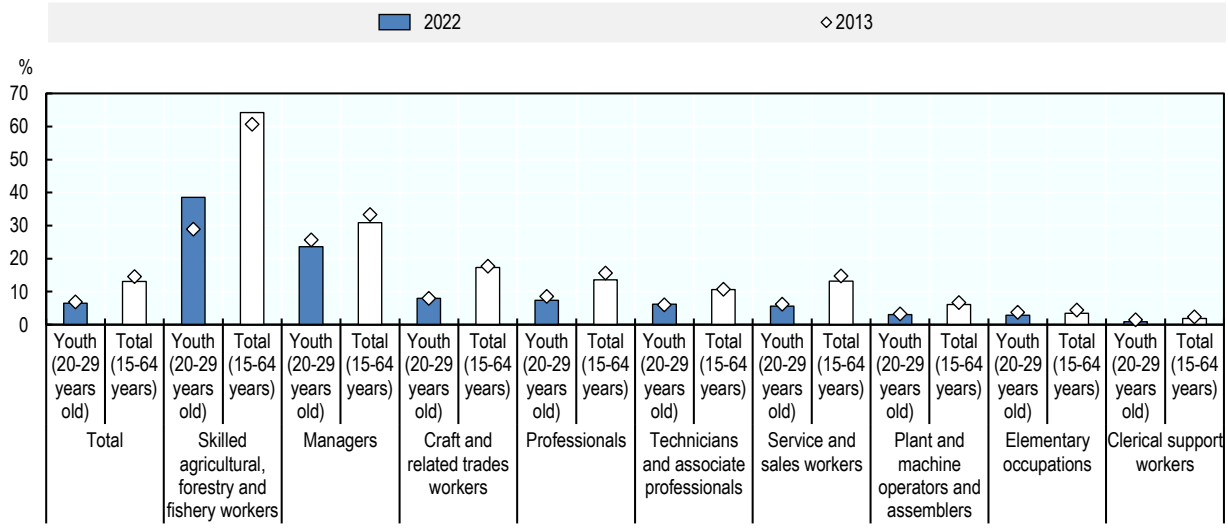
…and were more likely to be working as professionals and sales and service workers

Overall, young self-employed workers are more likely to be working in occupations that require little start-up capital and have lower barriers to entry. In the EU in 2022, the occupations with the greatest share of self-employed workers among all young workers (20-29 years old) were Skilled agricultural, forestry and fishery workers (39%) and Managers (24%). There is a significant drop-off following these two occupations. The occupation with the third highest self-employment rate among young people was Craft and related trades workers (8%). The rates changed very little over the past decade. The most substantial change was an increase in the self-employment rate among Skilled agricultural, forestry and fishery workers and slight declines among Managers and Professionals. The self-employment rates of young people are below the self-employment rates for adults in all occupations.

The distribution of youth varies across EU Member States, reflecting differences in economic structure and education systems. For example, self-employed youth in Germany are more likely to work as Technicians and associate professionals which is consistent with having a strong vocational training system (OECD, 2020[13]).

Figure 4.22. Self-employment among young workers is highest in Agricultural occupations

Self-employment as a percentage of employment in the EU



Source: (Eurostat, 2023[12])

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Conclusions

Entrepreneurship holds potential for young people but the gap between entrepreneurial ambitions and action remains. Surveys show that a high proportion of youth are interested in starting a business, but few youth are starting businesses or working as self-employed. For example, a new survey in the EU shows that 39% of young people would prefer to be self-employed over working as an employee. In 2022, about 7% of youth were self-employed in the EU. While the self-employment rate has remained relatively unchanged over the last decade, the share of self-employed youth with employees has decreased. This could be due to a variety of factors including the impacts of the COVID-19 crisis, the cost-of-living crisis

and other economic impacts experienced by youth entrepreneurs in recent years. It could also be due in part to changes in the way youth entrepreneurs work, including their motivations for pursuing entrepreneurship and self-employment, a rise in the number of micro-enterprises or solo-entrepreneurs, a greater incidence of part-time self-employment or an increase in freelance work.

Governments have renewed their commitment to support youth integrating the labour force following the COVID-19 pandemic, including through entrepreneurship and self-employment. They have introduced outreach campaigns which promote entrepreneurship as a viable career option for some youth and a potential pathway to employment for others (i.e. by building networks and gaining experience). Many governments have introduced national-level youth strategies, action plans and tailored entrepreneurship supports. Moreover, a wide range of policy instruments have been used to facilitate youth entrepreneurship in the EU, including entrepreneurship training and coaching, financial instruments and building networks.

Access to finance remains one of the most frequently identified challenges for youth entrepreneurs. This challenge has grown since the COVID-19 crisis as financial markets have been tightening. Policy makers can look to expand public financial support to microfinance institutions through guarantee and debt instruments and applying softer conditions for providers targeting youth entrepreneurs. These incentives could take the form of longer microloan terms and subsidised interest rates. Moreover, evidence shows that financial support measures can be more effective when provided alongside “soft” support, including entrepreneurship training, networking opportunities, mentorship, coaching, business consultancy as well as incubation and acceleration services. Tailored training schemes should aim to build financial literacy and digital skills among youth entrepreneurs.

Youth entrepreneurship support cannot employ a one size fits all approach as entrepreneurship encompasses a wide range of activities. Moreover, it is important to avoid trying to select “winners” to receive entrepreneurship support as it is difficult to anticipate which businesses will be sustainable in the long-term. Instead, good practice policy examples show that it can be effective to offer support in stages, with entrepreneurs leading successful projects becoming eligible for follow-up support. Moreover, entrepreneurship is not suitable for everyone, and policy makers should not expect that everyone who participates in an entrepreneurship policy initiative will go on to create a business. However, support schemes often help participants to gain skills, knowledge and obtain other resources that are useful for subsequent labour market attachment. Priority actions for governments includes:

- Design and implement tailored youth entrepreneurship support schemes and doing more to ensure that schemes are offered in coherent support packages that prepare youth to operate a business in a rapidly changing world; and
- Expand public financial support to support access to finance by youth entrepreneurs, including through scaling up traditional policy measures (e.g. loan guarantees and grants) as well as exploring additional approaches, including increased investment in microfinance and taking a more active role in crowdfunding platforms to support youth entrepreneurship.

For more information and policy discussion on youth entrepreneurship activities, please refer to (OECD/European Commission, 2020[8]). Further discussion on youth entrepreneurship schemes is contained in Chapter 8. Examples of recent policy action to support senior entrepreneurs are contained in the country profiles in Part III of this report.

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5 Seniors' self-employment and entrepreneurship activities

There is a growing population of healthy older people with the skills, financial resources and time available to contribute to economic activity through extending their working lives, including through entrepreneurship. While seniors are active in self-employment and the proportion of working seniors who are self-employed increases with age, seniors are not very active in creating new businesses. This chapter presents data on business creation and self-employment by seniors across European Union Member States and OECD countries, including on barriers faced. It also highlights recent policy developments and makes recommendations for how policies and programmes that support older entrepreneurs could be strengthened.

Key messages

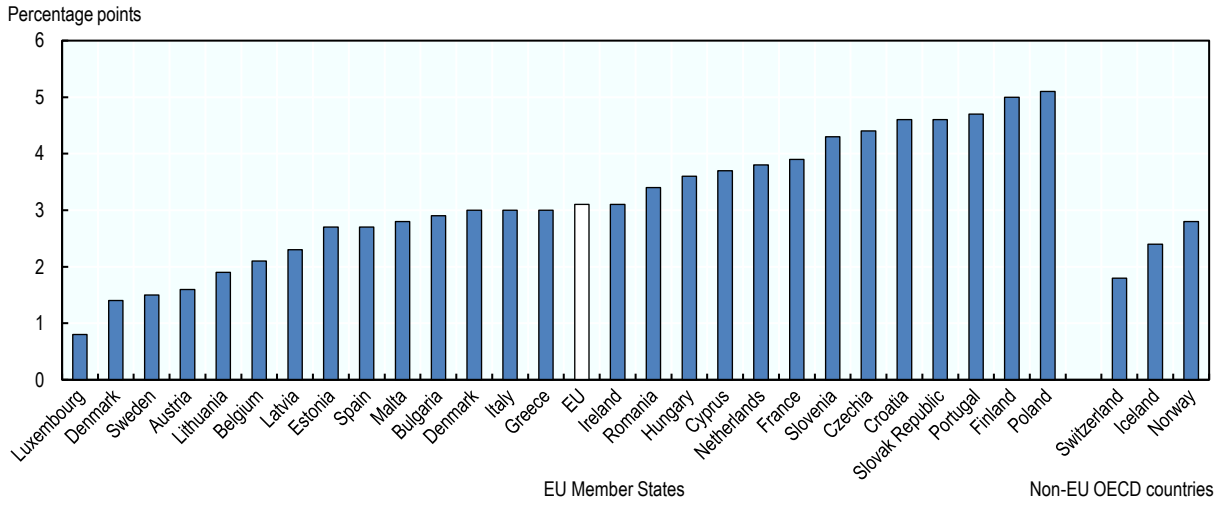
- **This chapter presents a snapshot of senior entrepreneurship and self-employment** in European Union (EU) Member States and OECD countries using data from Labour Force Surveys and the Global Entrepreneurship Monitor. It also presents an overview of entrepreneurship policies and programmes for older people in the EU.
- **Population ageing is creating a range of challenges for policy makers.** People are living longer and healthier, and labour market participation rates among older people are increasing. At the same time, coupled with steadily low fertility rates, population ageing is putting a heavy strain on pensions, health-care and long-term care expenditures, and older people continue to face a high risk of poverty in many countries.
- **Entrepreneurship policy could support active ageing policies by helping extend the working lives of some older workers**. These policies and programmes should seek to reduce barriers to business creation for those who would like to transition to retirement through a full-time or part-time business activity.
- **Several entrepreneurship support schemes for older people have been introduced in the EU over the past three years.** However, specialised support for older entrepreneurs is quite rare relative to support for other target groups. Several EU Member States have introduced new strategies to support older entrepreneurs, including Bulgaria, Hungary and Portugal. There are also recent examples of award programmes and festivals to celebrate older entrepreneurs in Poland and Slovenia.
- **Seniors are active in self-employment but few are creating new businesses.** About 17% of workers in the EU over the age of 50 are self-employed, above the overall average. However, people over 50 years old are about 60% as likely as the general population to be working or managing a new start-up. Important barriers for older entrepreneurs include the opportunity cost of time and outdated professional networks.
- **If older people were as active in business creation as 30-49 year old men, there would be an additional 5.5 million early-stage entrepreneurs in the EU and 21.2 million in the OECD.** While this is one of the largest groups of “missing” entrepreneurs, some caution is needed in interpreting this number because businesses started by older people likely have a shorter expected operating duration than businesses started by younger people.
- **The gender gap in entrepreneurship is larger among older entrepreneurs than among the total population.** In 2022, men over 50 years old in the EU were nearly twice as likely to be self-employed as women over 50 years old. This indicates that governments could do more to target entrepreneurship promotion efforts (e.g. awards, role models) at older women.
- **Older self-employed workers (i.e. over age of 50) are slightly more likely to have employees than the overall average, reflecting ageing business owners.** This underlines the policy challenge of facilitating business transfers so that these jobs are not lost.
- **Governments could do more to support people who wish to extend their careers through business creation,** including creating a positive awareness of entrepreneurship as a late-career option using role models, promotional campaigns and events (e.g. fairs, festivals) to showcase the potential of older entrepreneurs. They could also offer sensitivity training to business support organisations to make support more appropriate and attractive (e.g. avoid jargon).
- **Governments can also go further to leverage the experience of older entrepreneurs in supporting younger entrepreneurs.** Encouraging experienced older individuals can support other business start-ups through mentoring, coaching and providing financial assistance.

The need to retain talent

The populations of the European Union (EU) and OECD are ageing. Among EU Member States, people over 65 years old accounted for 21.1% of the population in 2022, while people of working age (i.e. 15-64 years old) accounted for 64% of the population. EU Member States with the highest share of people over 65 years old are Italy (24%), Portugal (24%), Finland (23%), Greece (23%) and Croatia (23%), while those with the lowest shares are Luxembourg (15%) and Ireland (15%) (Eurostat, 2023[1]). The share of those over 65 years old increased 0.3 percentage points (p.p.) overall in the EU compared with 2021 and 3 p.p. compared with 2012 (Figure 5.1). This ageing is due to several long-term trends such as increased life expectancy and consistently low levels of fertility. Ageing and these underlying trends are not consistent across countries.

Figure 5.1. The share of people aged 65 years and over is increasing in all EU Member States

Increase in the share of the population aged 65 years or over between 2012 and 2022



Note: There are breaks in the time series in various years between 2012 and 2022 in Croatia, the Czech Republic, Estonia, France, Germany, Italy and Hungary, as well as the EU total. Estimates for 2022 for France, Malta, Poland, Portugal and the EU total are provisional. Data for 2022 for Romania are estimated.
Source: (Eurostat, 2023[1])

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Population ageing has several consequences for labour markets, including labour and skill shortages. Labour and skill shortages have been steadily increasing since the Global Financial Crisis (2008-09) and this intensified in many countries during the COVID-19 pandemic (OECD, 2023[2]). At the end of the COVID-19 pandemic, the share of employers across 40 countries and territories, including 28 OECD countries, reporting shortages rose to 69% in 2021 and 75% in 2022 (Manpower Group, 2023[3]).

Workforce ageing, along with changes in the world of work driven by the green and digital transformation, has also been associated with greater job instability with potential costs for companies, workers and society. The average length of a job duration declined by about nine months across the OECD between 2012 and 2019, which coincides with an increase in the rate of job change (OECD, 2023[4]). While the decline in job tenure is observed across all age groups, older workers, on average, fare less well as they do not switch jobs seamlessly regardless of whether they quit or lost their job. Instead, older workers are far less likely to find a new job and therefore often end up in unemployment

or will leave the labour market before standard retirement age. Even when they do find a job, they tend to face large wage cuts (OECD, 2023[4]). With more people working for longer and in the context of current unprecedented labour and skill shortages, there is a pressing need to ensure that the talents and skills of a multigenerational workforce are put to best use.

Governments have known about this demographic trend for decades and are acting to reduce the consequences on the labour market, public pensions, and social security and health care expenditures. Despite the relative and absolute decline of the size of the labour force in the EU and OECD, there is some cautious optimism that some of the other megatrends such as digitalisation and globalisation are creating new opportunities to improve labour market outcomes and offset some of the challenges created by population ageing (OECD, 2023[2]). For example, employment rates in most EU Member States and OECD countries were at record highs at the end of 2019 (prior to the COVID-19 pandemic) despite the adoption of automating technologies (OECD, 2023[2]). While some risks remain regarding job quality and inclusiveness, the right policies and institutions can mitigate the effects of population ageing and entrepreneurship policy can play a role.

Entrepreneurship policy for senior entrepreneurs can support active ageing

Entrepreneurship policies for older people can have a role in extending the working lives of many people. The primary way in which this happens is to reduce the barriers faced in business creation so that more people can consider transitioning from salaried employment to retirement through a phase of entrepreneurship or self-employment. Some barriers faced in entrepreneurship are the same as those faced by all entrepreneurs, while others are uniquely related to their age (OECD/EU, 2012[5]; OECD/European Union, 2019[6]):

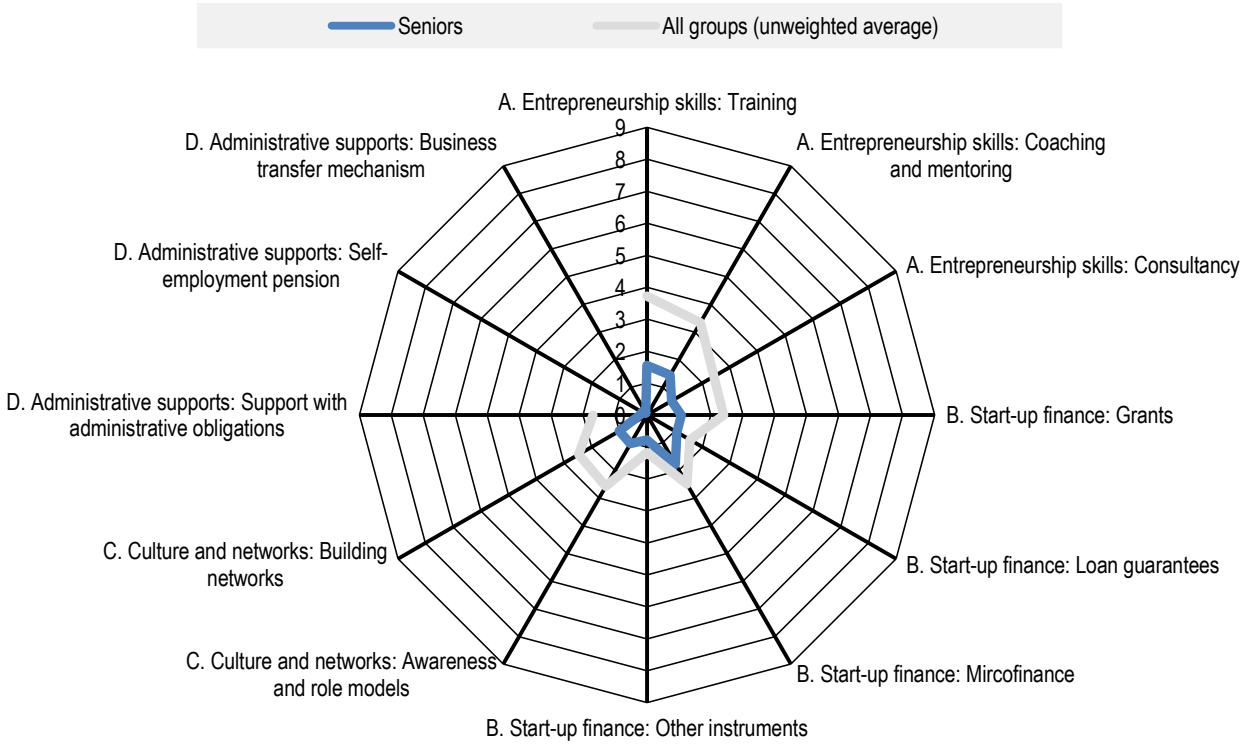
- **Skills gaps** in the area of business management and development and digital skills, which may hinder their ability to conduct business online;
- **Outdated professional networks**, particularly for those who are starting a business out of retirement or who are starting a business activity that is unrelated to their previous experience;
- **Access to finance** can be difficult for many older people since lenders and investors will consider a shorter timeframe for repayment or recuperating their investment;
- **Declining health** may reduce their ability to be actively working;
- **Financial disincentives** for those with high levels of wealth or who have a sufficient pension income;
- **Age discrimination** since many business partners and customers may perceive older entrepreneurs as unable to provide adequate products and services, especially if technology-based.
- **Opportunity cost of time** since older people may prefer to spend time on leisure or family activities;
- **Insufficient availability of care services** (notably childcare and long-term care) to free them up from informal care activities (for grand-children and fragile relatives), especially in the case of women;
- **Lack of awareness** as many older people will have spent their career working in salaried employment and may not be aware of the opportunities that entrepreneurship can provide; and
- **Difficulties accessing support schemes** because information on business creation and available supports can be difficult to access and understand for many older people.

Nearly all EU Member States have policies to promote labour market participation for older people, typically covering entrepreneurship. These policies are typically embedded into national employment strategies and strategies for managing demographic change and are largely focused on business creation (OECD, 2023[7]). However, very few countries have developed specific policies for senior entrepreneurship and almost none have set clear objectives. Another general weakness of senior entrepreneurship policy is that countries are not investing in measuring senior entrepreneurship activities and their characteristics, and monitoring and evaluation of policies and programmes is generally not done.

There are few senior entrepreneurship schemes in the EU, but the number has grown in the past three years. The European Commission declared that 2012 was European Year for Active Ageing (EC, 2010[8]) and there were many entrepreneurship schemes for seniors at the time (OECD/EU, 2012[5]). The European Commission Green Paper on Ageing of 2021 pointed to the importance of raising awareness of entrepreneurship as a late-career option to help counter ageism as a potential barrier to such activity. It also pointed to the role of public policy to support senior entrepreneurs by removing disincentives in tax and social security systems, providing well targeted advice and ensuring access to finance (EC, 2021[9]). However, OECD monitoring on inclusive entrepreneurship policies and programmes observed that nearly all schemes had disappeared over the next decade (OECD, 2020[10]). Yet the monitoring exercise in 2022-23 identified a large number of new initiatives (see next section), suggesting that this issue is once again rising up the political agenda. Common approaches to supporting older entrepreneurs currently include entrepreneurship training, coaching and microfinance in the framework of relevant EU initiatives or with the support of the EU budget. These include, among others, the Council Recommendation of 2022 on a European approach to micro-credentials for life-long learning and employability (European Union, 2022[11]), the Pact for Skills of 2022 (EC, 2022[12]) and the two Council Recommendations of April 2023 on digital education and skills (EC, 2023[13]). Yet, these types of initiatives are not offered at the same scale and quantity as for other target groups (Figure 5.2). Tailored training and coaching schemes are offered in fewer than one-quarter of EU Member States. While they typically use dedicated outreach methods and are delivered by specialist actors, few appear to be operating at a sufficient scale and monitoring and evaluation efforts are generally absent. Microfinance appears to be the most common form of financial support offered, although tailored offers for seniors are only available in a minority of EU Member States.

Figure 5.2. Entrepreneurship schemes for seniors are under-developed

Availability and quality of entrepreneurship schemes for seniors in EU Member States, 2023

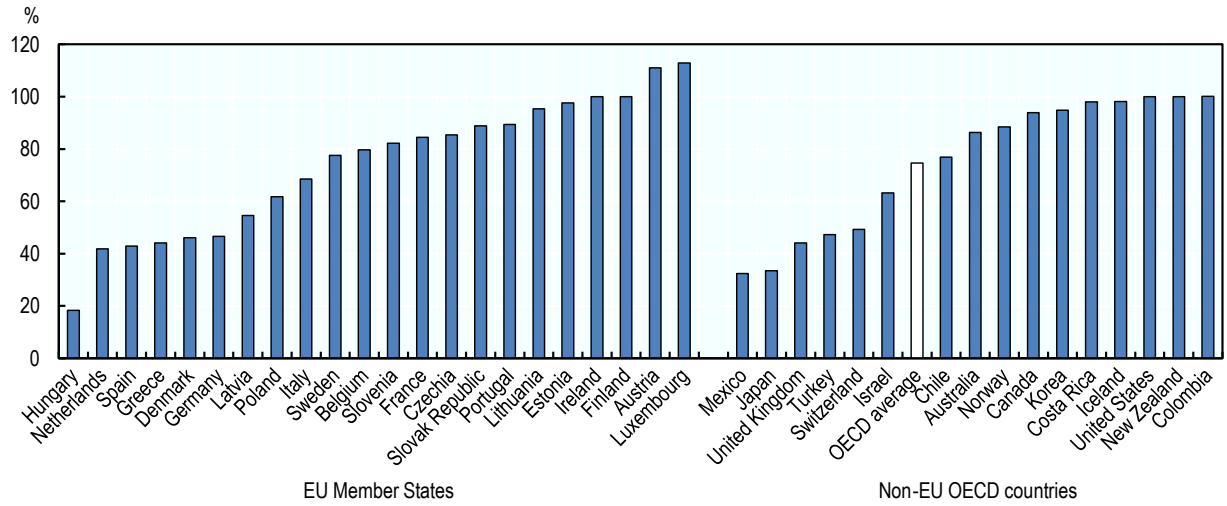


Note: The figure presents an unweighted average of policy and programme assessment scores for EU Member States. Each policy instrument (e.g. entrepreneurship training) is characterised according to a 9-point scale as described in the Reader's Guide. The figure shows the average score for schemes for senior entrepreneurs relative to the score for all inclusive entrepreneurship groups combined (i.e. women, immigrants, youth, seniors, job seekers and people with disabilities). Some of the policy instruments displayed are designed specifically for senior entrepreneurs so there is no comparative policy assessment score for all inclusive entrepreneurship target groups. The policy scores were discussed and verified with governments and stakeholders in national workshops and a written procedure.
Source: (OECD, 2023[7])

In addition to the traditional suite of entrepreneurship schemes, a number of new policy issues are emerging including income protection and pensions. The issue of pensions is back in the spotlight now with many countries considering changes to their retirement age. This is an important issue for the self-employed because access to a pension and its size can affect the motivations and incentives for business creation. In general, the self-employed are less likely to benefit from pension schemes than employees doing similar work with similar income (Figure 5.3) and for some people, this is a disincentive for business creation. The self-employed are required to participate in earnings-related pension schemes in most countries but contribute similarly to employees in only a small number of EU Member States (the Czech Republic, Estonia, Lithuania, Luxembourg, Portugal and Slovenia) and OECD countries (Canada, Costa Rica, Korea and the United States) (OECD, 2021[14]). Yet even in these countries, pension coverage of the self-employed may be undermined by a lack of compliance with rules. The relative pension level is lowest in countries that do not require the self-employed to contribute to earnings-related pensions (OECD, 2021[14]). However, several countries are reforming their pension systems to ensure an adequate pensions income for the self-employed (e.g. most recently Spain in 2023).

Figure 5.3. Theoretical relative pensions of the self-employed are lower than what they would have earned as an employee

Theoretical pensions of a self-employed worker relative to an employee having both a taxable income (net income or net wage before taxes) equal to the average net wage before taxes, for individuals with a full career from age 22 in 2018 and contributing only the amount that is (quasi) mandatory to pensions



Source: (OECD, 2021[14])

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Business transfer is another critical policy issue since the self-employed have less access to pensions. The sale of their business is often anticipated as the most significant source of retirement income for entrepreneurs. In the EU, about 450 000 SMEs change ownership annually, impacting more than two million employees, supply chains and more. However, estimates suggest that up to one-third of these transfers may not be successful (European Commission, 2020[15]). Business transfers are complex and involve many parties beyond the buyer and seller, e.g. financial institutions, lawyers, regulators. One of the most difficult aspects of business transfer is the valuation of the business, largely due to estimating the value of intangible assets (e.g. intellectual property, networks, reputation), accessing appropriate financial mechanisms and administrative requirements. Many international organisations such as the European Commission (European Commission, 2020[15]), G20 (Koreen, Schlepphorst and Pissareva, 2019[16]) and OECD (OECD and GPFI, 2019[17]) have been raising this policy issue for several years but governments have been slow to react. Only a small number of initiatives can be identified to support business transfer, including the international non-profit association Transeo AISBL founded by three organisations active in the transfer of SMEs: SOWACCESS (Wallonia, Belgium), CRA (France) and MKBase (The Netherlands) and Reempresa in Spain (Box 5.1).

Box 5.1. *Reempresa*, Spain

Target group: Entrepreneurs looking to sell their business or which the majority are older entrepreneurs.

Intervention type: Public-private collaboration that helps match entrepreneurs who are selling and buying businesses.

Description: *Reempresa* was founded in Catalonia in 2011 by employers' association *Cecot* and the *Autoocupació* foundation. This "professional mechanism" helps match entrepreneurs looking to sell their company with entrepreneurs who are willing to take-over an existing business. It works through a network of more than 140 entities and institutions, including CaixaBank and Barcelona Activa, among other associations and professional associations. *Reempresa* supports both the selling and buying entrepreneurs with a range of services, including a "marketplace", training and support setting up finance.

Results achieved: Since 2011, *Reempresa* has supported more than 4 000 business transfers. This has generated investments of more than EUR 191 million in these companies and avoided the loss of more than 11 200 jobs. About 33% of the businesses transferred through *Reempresa* are in the commercial sector, followed by businesses in the hospitality sector (31%), service sector (28%), manufacturing (5%) and construction (2%). The main reasons for the business transfers are retirement (45%), personal reasons (17%), health (15%) or the inability to continue with the business (9%).

It 2017, it was recognised by the European Commission with a European Award for Business Promotion.

Source: (Reempresa, 2023[18])

Recent policy developments

There have been a number of new policy actions to support senior entrepreneurship in the EU, including new strategies and integrated support programmes. Bulgaria is promoting the silver economy through two strategies, namely the National Concept for Promoting the Active Life of Older People (2012-30) (Bulgaria, 2015[19]) and the more recent Human Resources and Development Programme 2021-27 (Ministry of Labour and Social Policy, 2022[20]), both of which include measures for business creation. Moreover, the national governments in Hungary and Portugal introduced new integrated support schemes for senior entrepreneurs. In Hungary, "Start a Business 50+ (*Vállalkozz 50+*) was launched in 2022 and is funded by the national budget. It is implemented by Design Terminal, a private innovation agency, and provides in-person and online training, as well as business consultations (Design Terminal, 2023[21]). Similarly in Portugal, a new initiative *Epreender 45-60* was launched to support older entrepreneurs (Box 5.2) and further actions to support senior entrepreneurs are anticipated through the Portugal 2030 agenda.

There are also examples of where governments are partnering with non-governmental organisations to promote and support senior entrepreneurship through large events. For example, the first Slovenian Festival of Entrepreneurship (2019) sought to bring all entrepreneurship actors together to boost co-operation within Slovenia and abroad. (Občina Domžale, 2023[22]). This annual five-day event has been very successful and now a separate entrepreneurship festival for seniors is organised to bridge generational gaps and boost entrepreneurship and digital skills of older people (Občina Domžale, 2023[23]). This approach is similar to the long-running Viva Seniors Fair in Poznan, Poland (PARP, 2022[24]).

Box 5.2. *Empreender 45-60*: A National Strategy to Support Senior Entrepreneurship, Portugal

Target group: People over 45 years old who want to establish their own business or contribute as mentors or investors in the businesses of young entrepreneurs.

Intervention type: A national strategy employing an innovative intervention, seeking to contribute to the promotion of entrepreneurship among the oldest age groups.

Description: *Empreender 45-60* aims to improve the opportunities for older people to work as entrepreneurs and freelance workers, as well as mentoring less experienced entrepreneurs. A special emphasis is placed on the Northern Region of the country, where there is a higher incidence of qualified unemployment among older people. The strategy calls for the identification of models to support senior entrepreneurship, including the collection of international good practices that could be adapted to the Portuguese context. Actions include an evaluation of the state of unemployment among qualified older workers in the Northern Region and the implementation of the Pilot Programme to Support Entrepreneurship "Senior Match Business – Create Your Business".

The strategy and measures are co-funded by the COMPETE 2020 and NORTE 2020 Operational Programmes as part of the SIAC – Collective Actions Support System.

Source: (Portugal, 2023[25])

Senior entrepreneurs over the entrepreneurship life-cycle

Few seniors are engaged in early-stage entrepreneurship…

The scale of new entrepreneurship activities can be estimated through population surveys and they typically show that seniors are not very active in starting new businesses. The Global Entrepreneurship Monitor is the largest international population survey on entrepreneurship (see Reader's Guide) and asks whether people are working on a pre start-up (i.e. "nascent" entrepreneurship) or managing a new start-up that is less than 42 months old (i.e. "new business creation"). Over the period 2018-22, slightly more than 2% of people aged 50-64 years old were working on a pre start-up and slightly less than 2% were managing a new start-up. These shares are slightly below 60% of the overall rates of nascent entrepreneurship and new business creation (Figure 5.4). The lower rates of early-stage entrepreneurship activity among seniors can be explained by several factors including greater barriers to business creation as well as a high proportion who are already business owners (see next section). The share of seniors involved in these early stages of business creation and management was slightly higher in OECD countries over this period. Slightly more than 5% of older people were working on a pre start-up and another 3% were managing a new start-up. However, these rates were also about 60% of the overall rates.

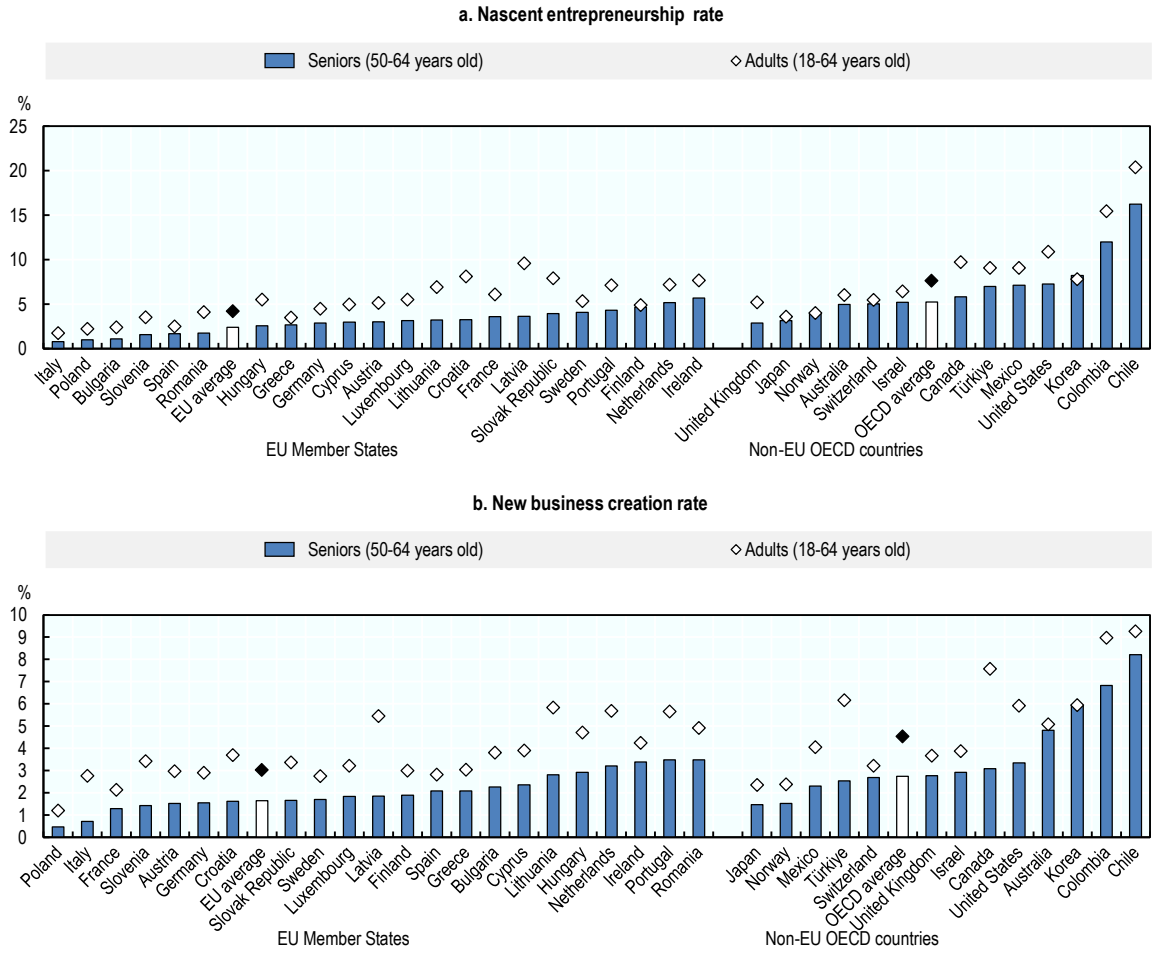
The proportion of seniors working on early-stage start-ups varied across EU Member States over the period 2018-22, but the rates are generally in-line with the overall rates. For example, the share of older people working on pre-start-ups were lowest in Italy (less than 1%) and Poland (about 1%), which are also the two countries with the lowest rates overall. Similarly, the rates for seniors were highest in Netherlands (5%) and Ireland (nearly 6%), which were among the countries with the highest rates overall. However, country-specific factors also need to be recognised. For example, the retirement age in the Netherlands will increase to 64 years old at the start of 2024. This is expected to increase entrepreneurship

activities among seniors as a growing share of people look to business creation as a mechanism for transitioning into retirement (CBS, 2020[26]).

Early-stage entrepreneurship rates for seniors varied to a much greater extent across OECD countries during the 2018-22 period. The nascent entrepreneurship and new business creation rates for seniors were highest in Colombia and Chile. These countries have the highest early-stage entrepreneurship rates overall, likely due to high levels of informality in the labour market.

Figure 5.4. Seniors are about 60% as likely as the population to be working on pre and early-stage start-ups

Percent of the population (18-64 years old), 2018-22



Note: 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. New business ownership 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. All EU Member States participated in the GEM survey between 2018 and 2022 except for Belgium, the Czech Republic, Denmark, Estonia and Malta. In addition, some countries did not participate in every year over this period: Austria (did not participate in 2019 and 2021), Bulgaria (2019-22), Finland (2018-20 and 2022), France (2019-21), Hungary (2018-20), Ireland (2020 and 2022), Latvia (2018), Lithuania (2018-21) and Portugal (2018, 2020 and 2022). Similarly, the following OECD countries did not participate in the GEM survey between 2018 and 2022: Belgium, Costa Rica, the Czech Republic, Denmark, Estonia, Iceland and New Zealand. The following countries did not participate in the survey in every year: Australia (did not participate in 2018, 2020-22), Austria (2019 and 2021), Finland (2018-20 and 2022), France (2019-21), Hungary (2018-20), Ireland (2020 and 2022), Japan (2020), Latvia (2018), Lithuania (2018-21), Mexico (2018, 2020-21), Norway (2018), Portugal (2018, 2020 and 2022) and the Republic of Türkiye (2019-20, 22).
Source: (GEM, 2023[27])

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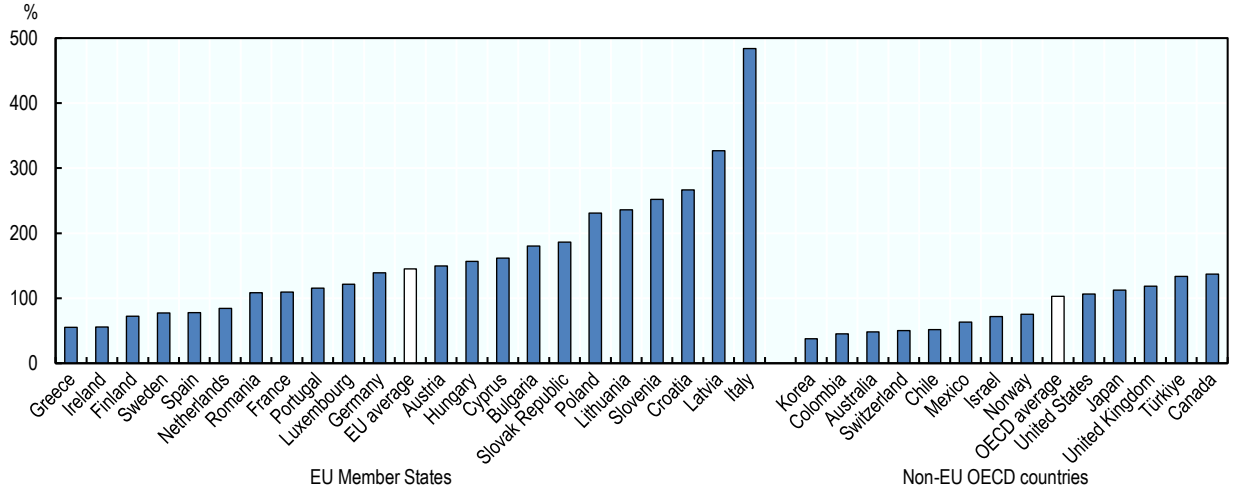
…and this results in more than 5 million "missing" senior entrepreneurs in the EU and 21 million across the OECD

Few seniors are involved in creating businesses and as a result, they are one of the largest groups of "missing" entrepreneurs. In 2022, the share of "missing" senior entrepreneurs (50-64 years old) represented 145% of the number of senior early-stage entrepreneurs in the EU and 103% in the OECD. This ratio was greater than 200% in six EU Member States: Poland (231%), Lithuania (236%), Slovenia (252%), Croatia (266%), Latvia (327%) and Italy (484%). These numbers are even greater than the number of "missing" women entrepreneurs, but they should be regarded very differently because businesses created by older entrepreneurs are more likely to have a short duration. Unless there is a successful business transfer, the economic impact is likely going to be small and only realised in the short-term. Yet from the individual's perspective, as discussed earlier, there are many potential benefits to transitioning to retirement through self-employment. These include generating additional income and remaining socially active.

Figure 5.5. There are millions of "missing" senior entrepreneurs in the EU

Ratio of "missing" senior entrepreneurs to number of early-stage senior entrepreneurs, 2022



Note: This figure presents the ratio of estimated "missing" senior (50-64 years old) entrepreneurs (i.e. the number of senior entrepreneurs that there would be if they were as active as 30-49 year old men in entrepreneurship less the number of actual senior entrepreneurs) relative to the number of actual senior entrepreneurs.
Source: OECD calculations based on (GEM, 2023[27])

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Seniors were more likely to own an established business

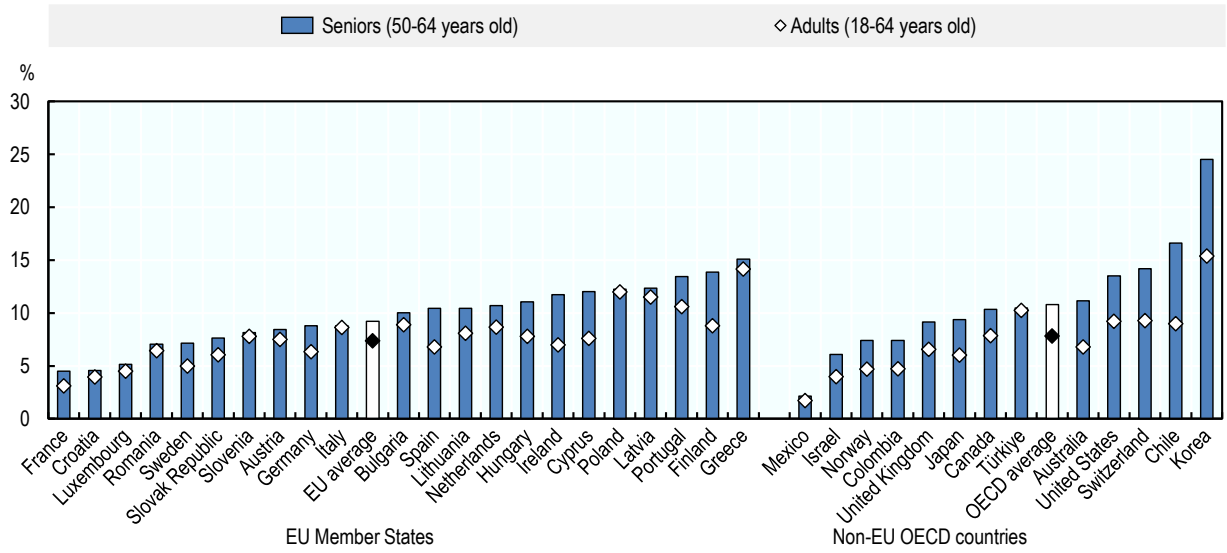
While seniors are not as active in early-stage entrepreneurship as younger age cohorts, they are more likely to own and operate an established business. About 9% of seniors (50-64 years old) in the EU owned an established business (i.e. one that has paid salaries, wages or any other payments to the owners for more than 42 months) over the period 2018-22 (Figure 5.6). Similarly, about 11% of seniors in OECD countries own an established business. This is consistent with slightly higher rates of entrepreneurship activity overall in OECD countries compared with the EU. High rates of business ownership among seniors are not surprising since this measures the stock of businesses whereas the early-stage entrepreneurship rates presented in the previous section measure the flow of new

entrepreneurs. Older people have a longer period relative to younger people to have become a business owner.

Seniors are more likely to own an established business than younger people in all EU Member States and OECD countries. Within the EU, the proportions of established business ownership ranged from almost 5% in France (relative to 3% for the whole population) to more than 15% in Greece (relative to 14% for the whole population) between 2018 and 2022. Among OECD countries, the shares ranged from 2% in Mexico to nearly 25% in Korea. These differences across countries are explained by a range of factors, including labour market conditions, age structure of the population, retirement age, access to pensions and social attitudes towards active participation of older people in work and society.

Figure 5.6. Seniors are more likely than younger age cohorts to own an established business

Percent of the population (18-64 years old), 2018-22



Note: Established business ownership rate is 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 All EU Member States participated in the GEM survey between 2018 and 2022 except for Belgium, the Czech Republic, Denmark, Estonia and Malta. In addition, some countries did not participate in every year over this period: Austria (did not participate in 2019 and 2021), Bulgaria (2019-22), Finland (2018-20 and 2022), France (2019-21), Hungary (2018-20), Ireland (2020 and 2022), Latvia (2018), Lithuania (2018-21) and Portugal (2018, 2020 and 2022). Similarly, the following OECD countries did not participate in the GEM survey between 2018 and 2022: Belgium, Costa Rica, the Czech Republic, Denmark, Estonia, Iceland and New Zealand. The following countries did not participate in the survey in every year: Australia (did not participate in 2018, 2020-22), Austria (2019 and 2021), Finland (2018-20 and 2022), France (2019-21), Hungary (2018-20), Ireland (2020 and 2022), Japan (2020), Latvia (2018), Lithuania (2018-21), Mexico (2018, 2020-21), Norway (2018), Portugal (2018, 2020 and 2022) and the Republic of Türkiye (2019-20, 22).
Source: (GEM, 2023[27])

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Seniors are more likely to start their business because they cannot find a job…

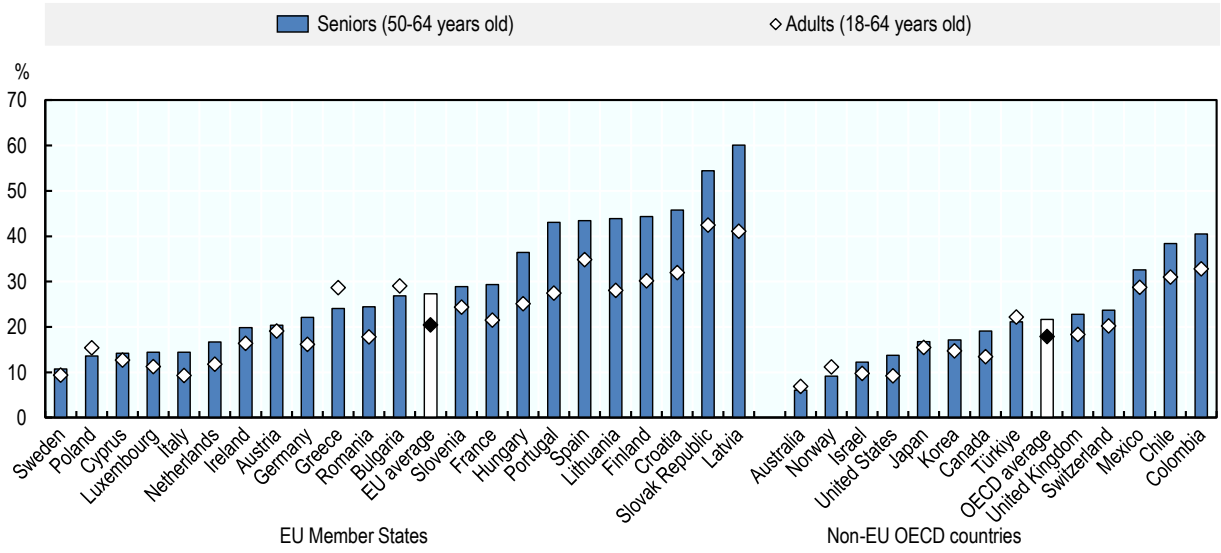
The GEM survey indicates that older entrepreneurs are more likely to start a business because they cannot find an acceptable job. Between 2018 and 2022, slightly more than one-quarter of older early-stage entrepreneurs in the EU (50-64 years olds working on a pre start-up or managing a new start-up less than 42 months old) self-reported that they started their business because they could not find a suitable job (Figure 5.7). This is about 35% more than the share of the overall population reporting this. The main

finding also holds in OECD countries. Those early-stage entrepreneurs aged 50-64 years old were more likely than younger age cohorts to report starting a business because they could not find a job. However, the gap between older entrepreneurs and the average for the total population was small over this period – about 20%. While it is not uncommon for people to start a business to earn some income when they cannot find a job, there are some factors that may explain why this is more common among older people, including a lack of retirement savings and new financial pressures from children attending post-secondary education. Some older research in France also highlighted financial pressure from older people remarrying and starting second families (Malek, Adnane and Imen, 2011[28]).

The share of older early-stage entrepreneurs reporting that they started their business varies greatly across EU Member States and OECD countries. Within the EU, about 10% of senior entrepreneurs reported this motivation in Sweden while 60% did in Latvia (Figure 5.7). The shares among OECD countries ranged from 6% in Australia to more than 40% in Colombia. While there is a strong correlation between the share of older people reporting that they started their business because they could not find a job and the share for the total population (R^2= 0.89), there are country-specific factors that can explain some of these differences. For example, countries with strong public pensions systems such as Luxembourg and Austria tend to have lower rates of necessity entrepreneurship among older people.

Figure 5.7. Seniors are more likely to start a business because they cannot find a job

Percent of early-stage entrepreneurs reporting a lack of employment opportunities as motivation for starting their business, 2018-22



Note: Necessity entrepreneurship rate is the proportion of early-stage entrepreneurs (i.e. nascent entrepreneurs and new business owners) who launched their business due to a lack of other opportunities in the labour market. All EU Member States participated in the GEM survey between 2018 and 2022 except for Belgium, the Czech Republic, Denmark, Estonia and Malta. In addition, some countries did not participate in every year over this period: Austria (did not participate in 2019 and 2021), Bulgaria (2019-22), Finland (2018-20 and 2022), France (2019-21), Hungary (2018-20), Ireland (2020 and 2022), Latvia (2018), Lithuania (2018-21) and Portugal (2018, 2020 and 2022). Similarly, the following OECD countries did not participate in the GEM survey between 2018 and 2022: Belgium, Costa Rica, the Czech Republic, Denmark, Estonia, Iceland and New Zealand. The following countries did not participate in the survey in every year: Australia (did not participate in 2018, 2020-22), Austria (2019 and 2021), Finland (2018-20 and 2022), France (2019-21), Hungary (2018-20), Ireland (2020 and 2022), Japan (2020), Latvia (2018), Lithuania (2018-21), Mexico (2018, 2020-21), Norway (2018), Portugal (2018, 2020 and 2022) and the Republic of Türkiye (2019-20, 22).
Source: (GEM, 2023[27])

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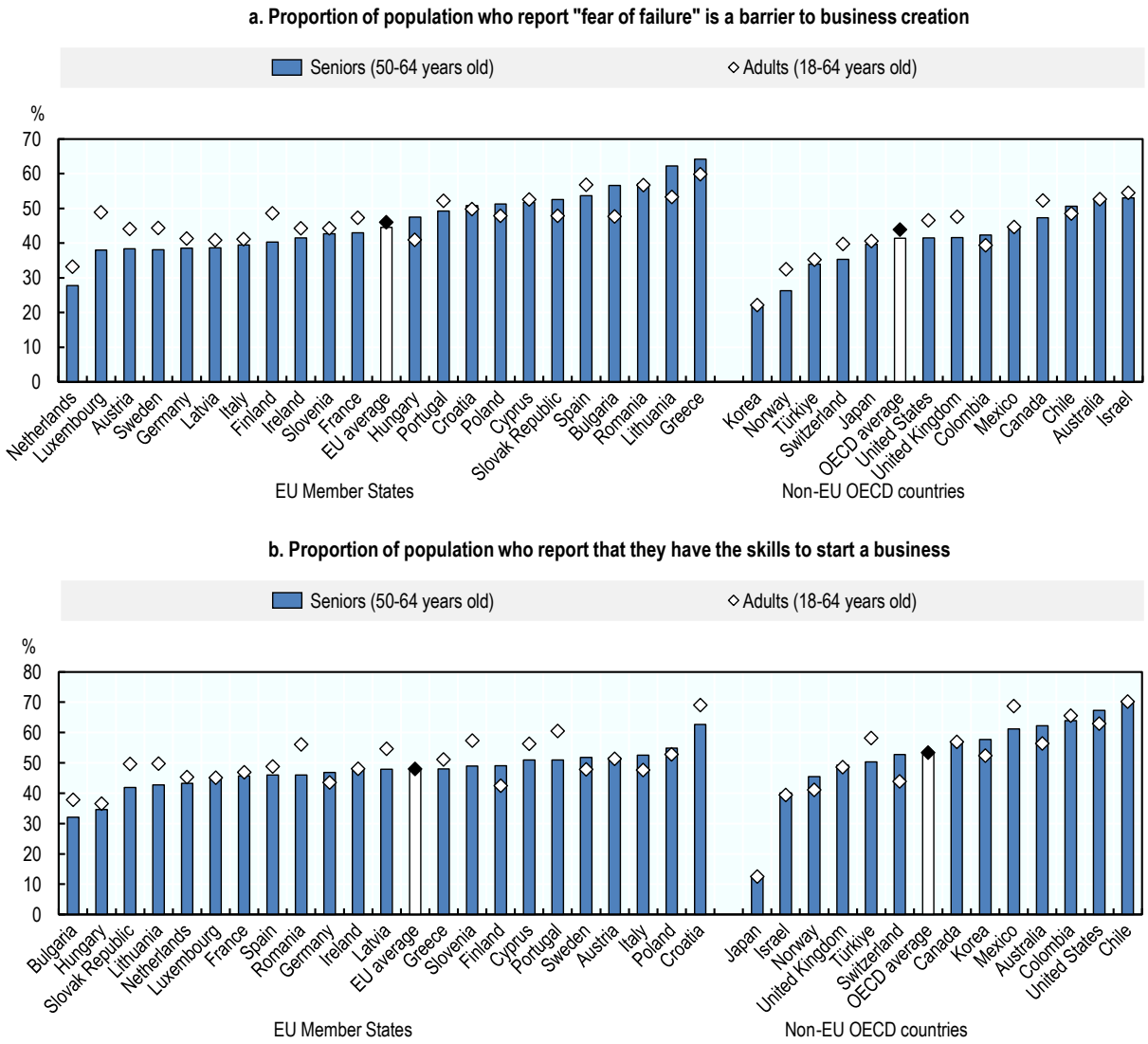
…but many report a fear of failure and report skills gaps

A "fear of failure" does not appear to be a greater barrier to business creation for seniors than for the overall population. Yet, nearly half of seniors in the EU (45%) reported that a fear of failure was preventing them from starting a business between 2018 and 2022 (Figure 5.8). A similar picture emerges across OECD countries where about 40% of older people surveyed by the GEM indicated that a fear of failure was an obstacle to starting a business. These shares were essentially the same as the proportion for the whole population across the majority EU Member States (46%) and OECD countries (44%), indicating that this obstacle on average does not impact older people to a greater extent. The proportions varied at the country-level with fewer than one-third of older people reporting this barrier in the Netherlands (28%) and more than 60% in Lithuania (62%) and Greece (64%). Among OECD countries, the proportion of older people reporting this barrier was lowest in Korea (22%) and Norway (26%) and highest in Chile (51%), Australia (53%) and Israel (53%). However, these variations were generally consistent with differences in the shares of people reporting this barrier among the overall population.

Only half of seniors report that they have the skills and knowledge needed to start a business. Within the EU, 48% of older people reported between 2018 and 2022 that they had the skills and knowledge to successfully start a business (Figure 5.8). This proportion was equal to the overall share but slightly below the OECD average for this period (53%). This implies that a lack of entrepreneurship skills is a barrier to entrepreneurship for half of older people in the EU and OECD. It is important to note that a perceived lack of entrepreneurship skills is sufficient to prevent someone from trying to start a business. However, there is virtually no gap between older people and younger cohorts, suggesting that this is not a disproportionate barrier for older people. The EU Member States where the highest shares of older people report having entrepreneurship skills are Poland (55%) and Croatia (63%). Differences across countries illustrate a number of factors, including the differences in the scale of senior entrepreneurship (formal and informal) as well as differences in social attitudes towards entrepreneurship and labour market participation among older people.

Figure 5.8. Nearly half of seniors identify a fear of failure and skills gaps as barriers to business creation

Percent of the population (18-64 years old), 2018-22



Note: Panel A reports the percent of the adult population who responded "yes" to the question: "Does a fear of failure prevent you from starting a business?". Panel B reports the percent of the adult population who responded "yes" to the question: "Do you have the knowledge and skills to start a business?". All EU Member States participated in the GEM survey between 2018 and 2022 except for Belgium, the Czech Republic, Denmark, Estonia and Malta. In addition, some countries did not participate in every year over this period: Austria (did not participate in 2019 and 2021), Bulgaria (2019-22), Finland (2018-20 and 2022), France (2019-21), Hungary (2018-20), Ireland (2020 and 2022), Latvia (2018), Lithuania (2018-21) and Portugal (2018, 2020 and 2022). Similarly, the following OECD countries did not participate in the GEM survey between 2018 and 2022: Belgium, Costa Rica, the Czech Republic, Denmark, Estonia, Iceland and New Zealand. The following countries did not participate in the survey in every year: Australia (did not participate in 2018, 2020-22), Austria (2019 and 2021), Finland (2018-20 and 2022), France (2019-21), Hungary (2018-20), Ireland (2020 and 2022), Japan (2020), Latvia (2018), Lithuania (2018-21), Mexico (2018, 2020-21), Norway (2018), Portugal (2018, 2020 and 2022) and the Republic of Türkiye (2019-20, 22).
Source: (GEM, 2023[27])

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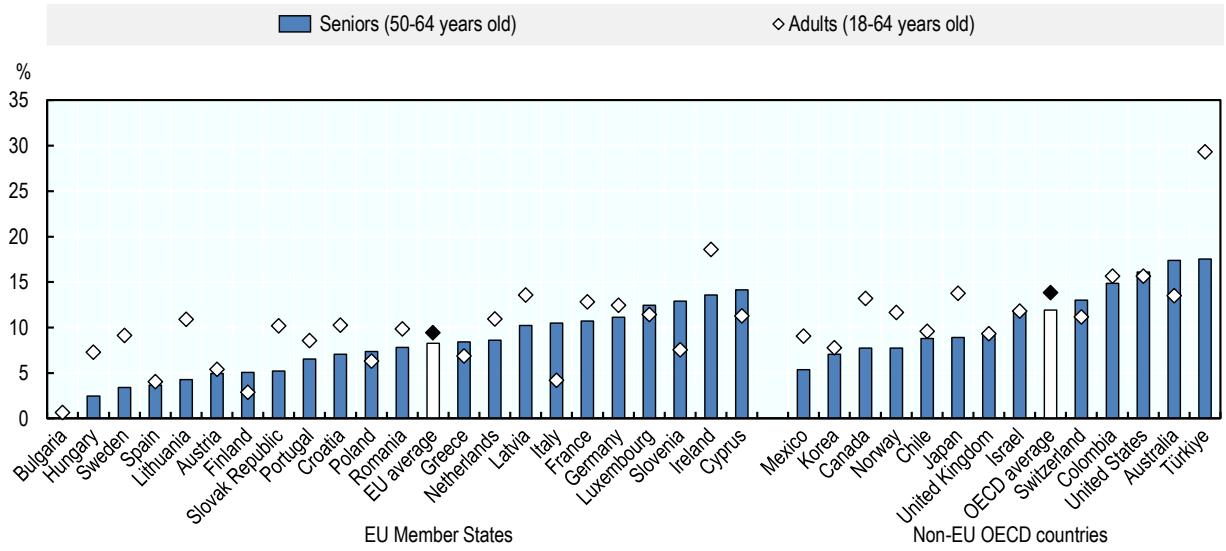
Few senior entrepreneurs expect to achieve high growth…

Older early-stage entrepreneurs are less likely to expect high levels of employment growth than younger entrepreneurs. Over the period 2018-22, about 8% of seniors in the EU starting a business or managing a new one expected to create at least 19 jobs over this next five years (Figure 5.9). This was essentially the same proportion as the overall average for this period (9%). Similarly, about 12% of older early-stage entrepreneurs in the OECD expected their new start-up to reach this level of employment growth which was only slightly below the overall average (14%).

The share of early-stage senior entrepreneurs reporting high levels of employment growth ranges from 2% to nearly 20% across countries. Within the EU, as much as 14% of older entrepreneurs starting and managing new businesses expected that they would create at least 19 jobs over the next five years. Conversely, less than 5% of older early-stage entrepreneurs expected high employment growth in Hungary, Sweden, Spain and Lithuania. Among OECD countries, older entrepreneurs were most likely to expect that their new business would create a lot of jobs in Australia (17%) and the Republic of Türkiye (18%).

Figure 5.9. Seniors are less likely to have high-growth aspirations for their new business

Percent of people starting and managing new businesses less than 42 months old (18-64 years old), 2018-22



Note: All EU Member States participated in the GEM survey between 2018 and 2022 except for Belgium, the Czech Republic, Denmark, Estonia and Malta. In addition, some countries did not participate in every year over this period: Austria (did not participate in 2019 and 2021), Bulgaria (2019-22), Finland (2018-20 and 2022), France (2019-21), Hungary (2018-20), Ireland (2020 and 2022), Latvia (2018), Lithuania (2018-21) and Portugal (2018, 2020 and 2022). Similarly, the following OECD countries did not participate in the GEM survey between 2018 and 2022: Belgium, Costa Rica, the Czech Republic, Denmark, Estonia, Iceland and New Zealand. The following countries did not participate in the survey in every year: Australia (did not participate in 2018, 2020-22), Austria (2019 and 2021), Finland (2018-20 and 2022), France (2019-21), Hungary (2018-20), Ireland (2020 and 2022), Japan (2020), Latvia (2018), Lithuania (2018-21), Mexico (2018, 2020-21), Norway (2018), Portugal (2018, 2020 and 2022) and the Republic of Türkiye (2019-20, 22).
Source: (GEM, 2023[27])

StatLink https://stat.link/8c4ldu

…despite being nearly as likely to innovate and export

About one-third of older entrepreneurs report that their new business introduced new products and services. Across the EU, 33% of older entrepreneurs starting and managing new businesses reported offering new products and services over the period 2018-22 (Figure 5.10). This was slightly below the EU average for the whole population (37%) for this period. The same is observed among OECD countries for this period where about 35% of older early-stage entrepreneurs reported introducing new products and services relative to the overall proportion of 39%. These shares suggest that older entrepreneurs are about as likely to pursue this strategy for developing their business. However, these low proportions (i.e. for older entrepreneurs and overall) suggest that governments can do more to increase awareness about growth opportunities for entrepreneurs.

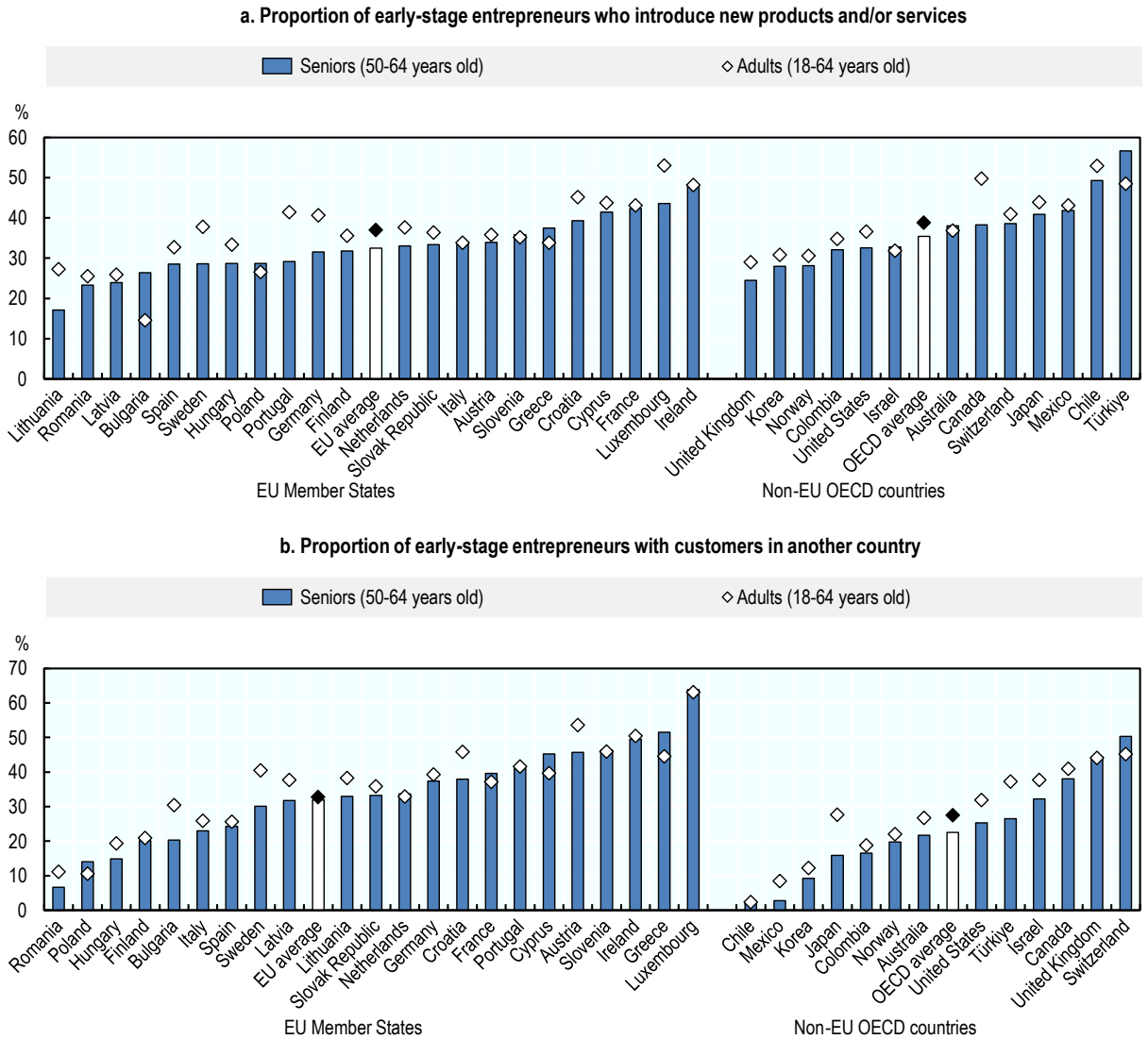
The proportion of older entrepreneurs who introduce new products and services with their new business varies greatly across countries. Within the EU, less than one-fifth of older early-stage entrepreneurs reported introducing new products and services in their new business in Lithuania between 2018 and 2022, while nearly half in Ireland did (Figure 5.10). These proportions are generally consistent with the overall shares of entrepreneurs introducing new products and services, except for Lithuania and Portugal where there are large gaps and Bulgaria where older entrepreneurs are more likely to report that they introduced new products and services. Among OECD countries, the shares ranged from 25% in the United Kingdom to 57% in the Republic of Türkiye.

Older early-stage senior entrepreneurs in the EU are also about as likely as the overall population to report having customers in other countries. Over the period 2018-22, about one-third of older entrepreneurs starting and managing new businesses in the EU reported that they had customers in other countries. This share was about equal to the overall average for the EU for this period (Figure 5.10). These proportions were above the OECD averages for this period – 23% for seniors and 28% for all early-stage entrepreneurs. The difference between OECD countries and EU Member States is consistent with the EU operating as a single market. Barriers to exporting are very low in the EU so the share of entrepreneurs exporting would be expected to be higher in the EU than in other regions of the world where there are no free trade agreements. These proportions have declined in recent years, both for older entrepreneurs and overall (OECD/EU, 2021[29]). The main explanation is that global trade plummeted during the COVID-19 pandemic (OECD, 2022[30]). Trade flows have returned to pre-pandemic levels overall, but this is uneven by country, sector and types of goods and services.

More than half of older early-stage entrepreneurs had foreign customers in three EU Members States during the 2018-22 period. Ireland (50%), Greece (52%) and Luxembourg (64%) had the highest proportions of older entrepreneurs reporting that they had foreign customers. These countries also were among those with the highest share of entrepreneurs reporting selling to customers in another country. These shares are higher than the OECD country with the highest proportion – Switzerland (59%), which can take advantage of its proximity and access to the EU market.

Figure 5.10. Older entrepreneurs are almost as likely to innovate and export with their new businesses

Percent of people starting and managing new businesses less than 42 months old (18-64 years old), 2018-22



Note: All EU Member States participated in the GEM survey between 2018 and 2022 except for Belgium, the Czech Republic, Denmark, Estonia and Malta. In addition, some countries did not participate in every year over this period: Austria (did not participate in 2019 and 2021), Bulgaria (2019-22), Finland (2018-20 and 2022), France (2019-21), Hungary (2018-20), Ireland (2020 and 2022), Latvia (2018), Lithuania (2018-21) and Portugal (2018, 2020 and 2022). Similarly, the following OECD countries did not participate in the GEM survey between 2018 and 2022: Belgium, Costa Rica, the Czech Republic, Denmark, Estonia, Iceland and New Zealand. The following countries did not participate in the survey in every year: Australia (did not participate in 2018, 2020-22), Austria (2019 and 2021), Finland (2018-20 and 2022), France (2019-21), Hungary (2018-20), Ireland (2020 and 2022), Japan (2020), Latvia (2018), Lithuania (2018-21), Mexico (2018, 2020-21), Norway (2018), Portugal (2018, 2020 and 2022) and the Republic of Türkiye (2019-20, 22).
Source: (GEM, 2023[27])

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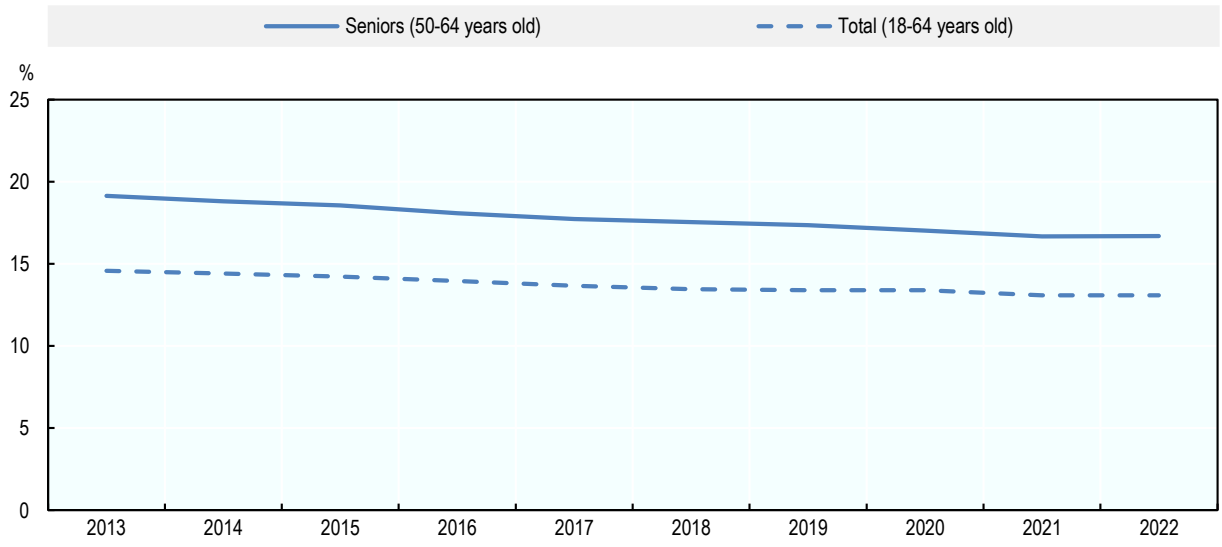
Self-employment among seniors

Self-employment is declining faster among seniors…

Labour force surveys show that the proportion of seniors who are self-employed is declining. In 2022, nearly 17% of working people aged 50-64 years old were self-employed. This was a decline of 12% from 2013 when the self-employment rate for older people was 19% (Figure 5.11). While seniors are more likely to be self-employed than younger people (i.e. under 50 years old), the proportion who are self-employed is declining slightly faster than the overall decline over the past decade (-10%).

Figure 5.11. Self-employment is declining faster among those over 50 years old than overall

Self-employment in the EU as a percentage of employment



Note: There is a break in the time series in 2021.
Source: (Eurostat, 2023[31])

StatLink https://stat.link/ydwra1

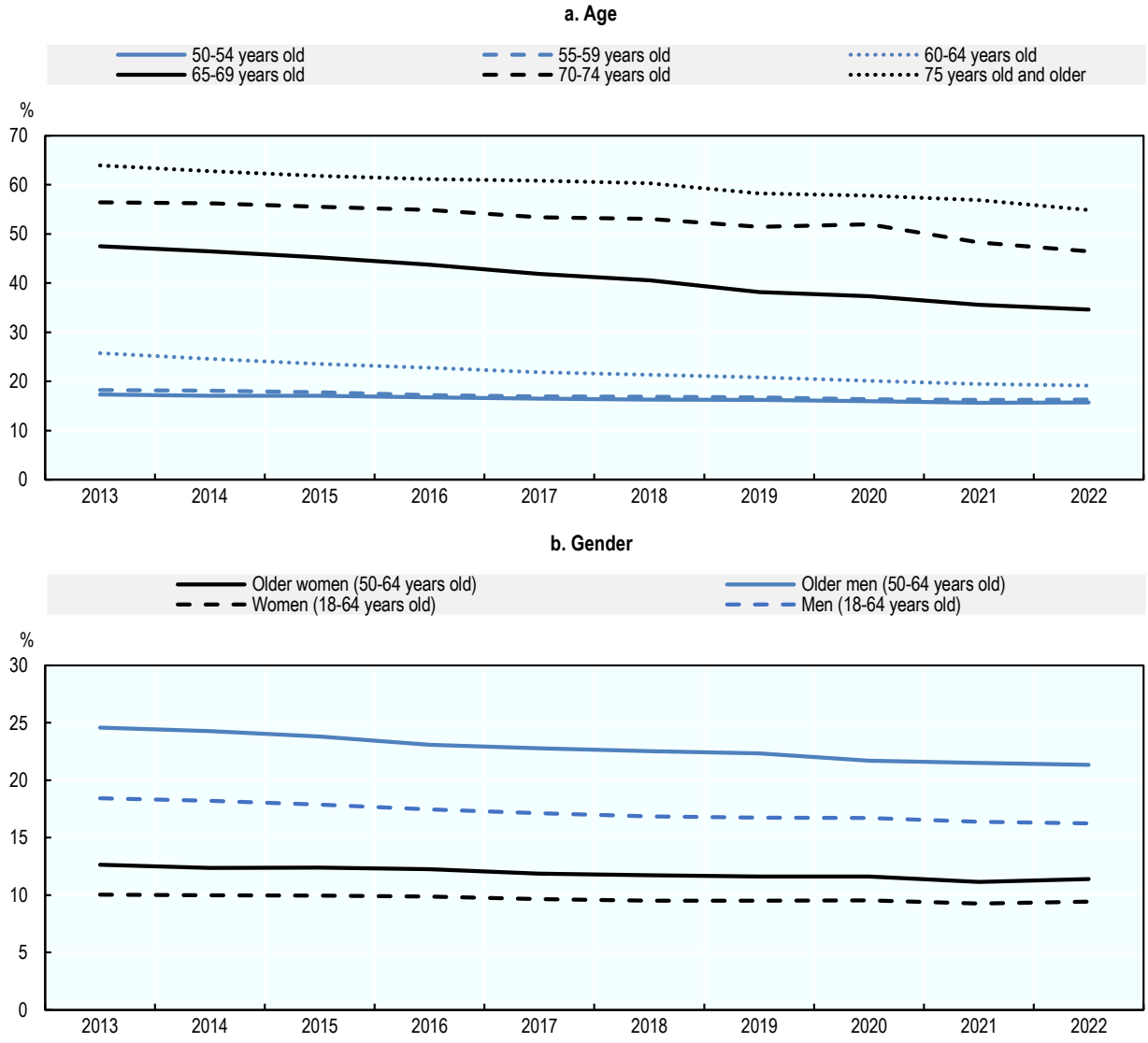
Among the older working population, the likelihood of being self-employed increases by age. Self-employed workers in the EU aged 50-55 and 55-59 years old were the least likely to be self-employed out of all cohorts over 50 years old and those over 75 years old were the most likely (Figure 5.12). The self-employment rate of people over 70 years old was nearly 55% in 2022, representing about 915 000 people. While the share of people over 70 years old who are self-employed has decreased over the past decade, the number of self-employed workers has increased. These high rates can largely be explained by the ageing of the population of business owners, who are interested in continuing to work or who may not be able to find someone to take-over the business. This is an important issue for policy makers because the discontinuance of these businesses will have negative impacts on their employees, business partners and customers. Another factor explaining these high rates of self-employment is a growing incidence of part-time self-employment as age increases (Eurostat, 2021[32]), suggesting that some of these workers may be using self-employment as a mechanism to transition to full retirement.

There is also a substantial gender gap among older self-employed workers. In 2022, 11% of working older women (50-64 years old) in the EU were self-employed, slightly more likely than the overall rate for women (18-64 years old) (9%). However, working older women were about half as likely as working older

men to be self-employed (22%). This is a greater gender gap than among the total working population (18-64 years old). The gender gap among older self-employed workers has closed slightly over the past decade. In 2013, older working men were 1.95 times more likely to be self-employed than older working women. This declined slightly to 1.87 times in 2022. Nonetheless, it remains above the overall gender gap for those between 18 and 64 years old – men were 1.72 times more likely to be self-employed than women in the EU in 2022.

Figure 5.12. There are substantial age and gender gaps among older self-employed workers

Self-employment as a percentage of employment



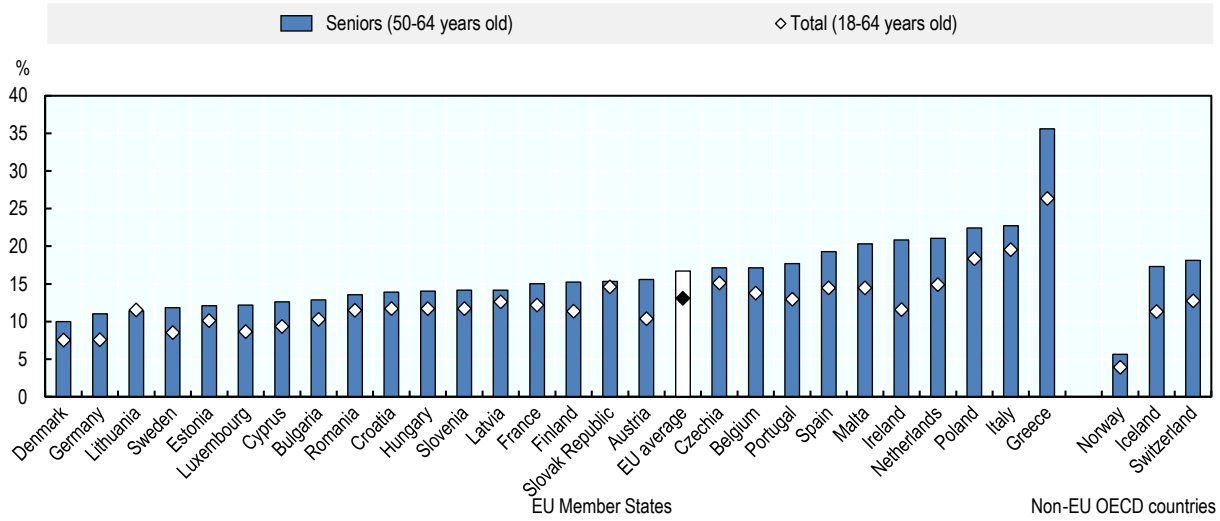
Note: There is a break in the time series in 2021.
Source: (Eurostat, 2023[31])

StatLink https://stat.link/utksx8

Self-employment rates for seniors range from about 10% to 20% across EU Member States. The self-employment rate for those aged 50-64 years old was highest in Greece in 2020 (39%), which was an outlier among EU Member States (Figure 5.13). Other EU Member States with self-employment rates above 20% in 2022 for those over 50 years old were Ireland (21%), Netherlands (21%), Poland (22%) and Italy (23%). Conversely the self-employment rates for seniors were lowest in Denmark (10%) and Germany (11%). Many factors can explain these differences across countries. There are generally correlations between self-employment among seniors and self-employment levels overall and labour market participation rates. Moreover, some research highlights the role that age discrimination plays in helping to define older people's labour market activities in countries such as Poland and Greece (Bratt et al., 2018[33]). As noted at the outset of this chapter, access to pensions and access to social protections and health care can also influence the decision to become self-employed.

Figure 5.13. Seniors are more likely to be self-employed than the population average in all countries

Self-employment as a percentage of employment, 2022



Source: (Eurostat, 2023[31])

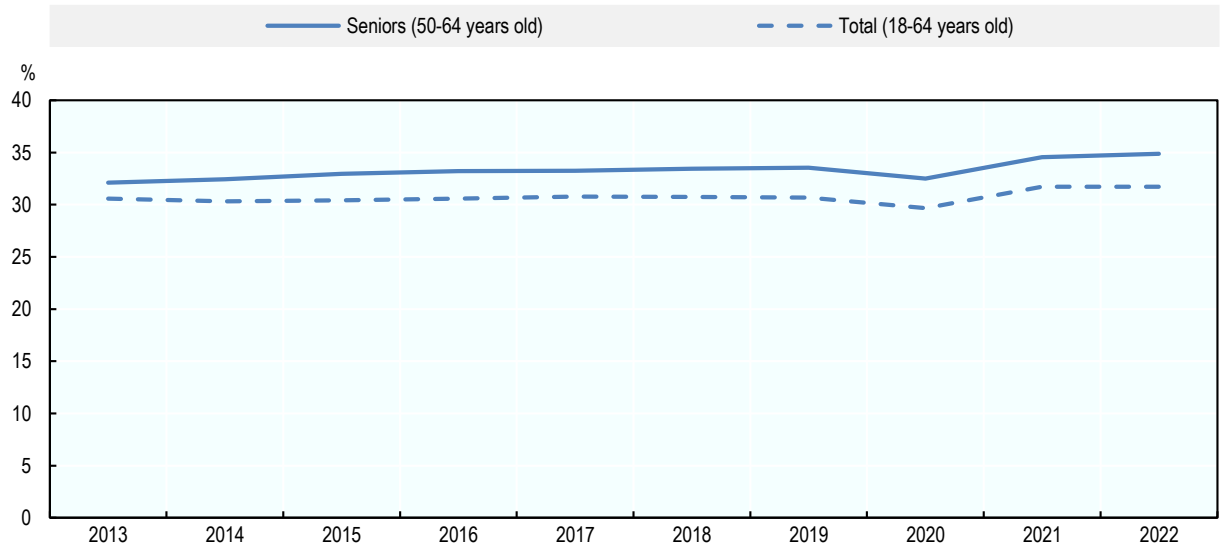
StatLink https://stat.link/in3qtb

…but a growing share of self-employed seniors have employees

More than one-third of self-employed seniors in the EU had at least one employee in 2022, which was a greater share than the overall average for the self-employed. The proportion of older self-employed workers (50-64 years old) who had employees increased from 32% to 35% over the past decade (Figure 5.14). This is above the overall average (18-64 years old), which remained constant at about 31%. The drop in the proportion in 2019-20 and subsequent rebound is due to two factors. First, the COVID-19 pandemic clearly had a strong negative impact on the self-employed. A common response to the crisis was to let employees go so many become solo entrepreneurs. The recovery could be due to many of these self-employed rehiring staff that were let go or businesses growing during the economic recovery. A second factor is a change in the labour force survey methodology which changes the way that workers in agriculture are counted. This could result in fewer self-employed workers, of which the majority would not have employees. This would, therefore, increase the share who have employees.

Figure 5.14. The share of older self-employed workers with employees is increasing

Percentage of self-employed in the EU



Note: There is a break in the time series in 2021.
Source: (Eurostat, 2023[31])

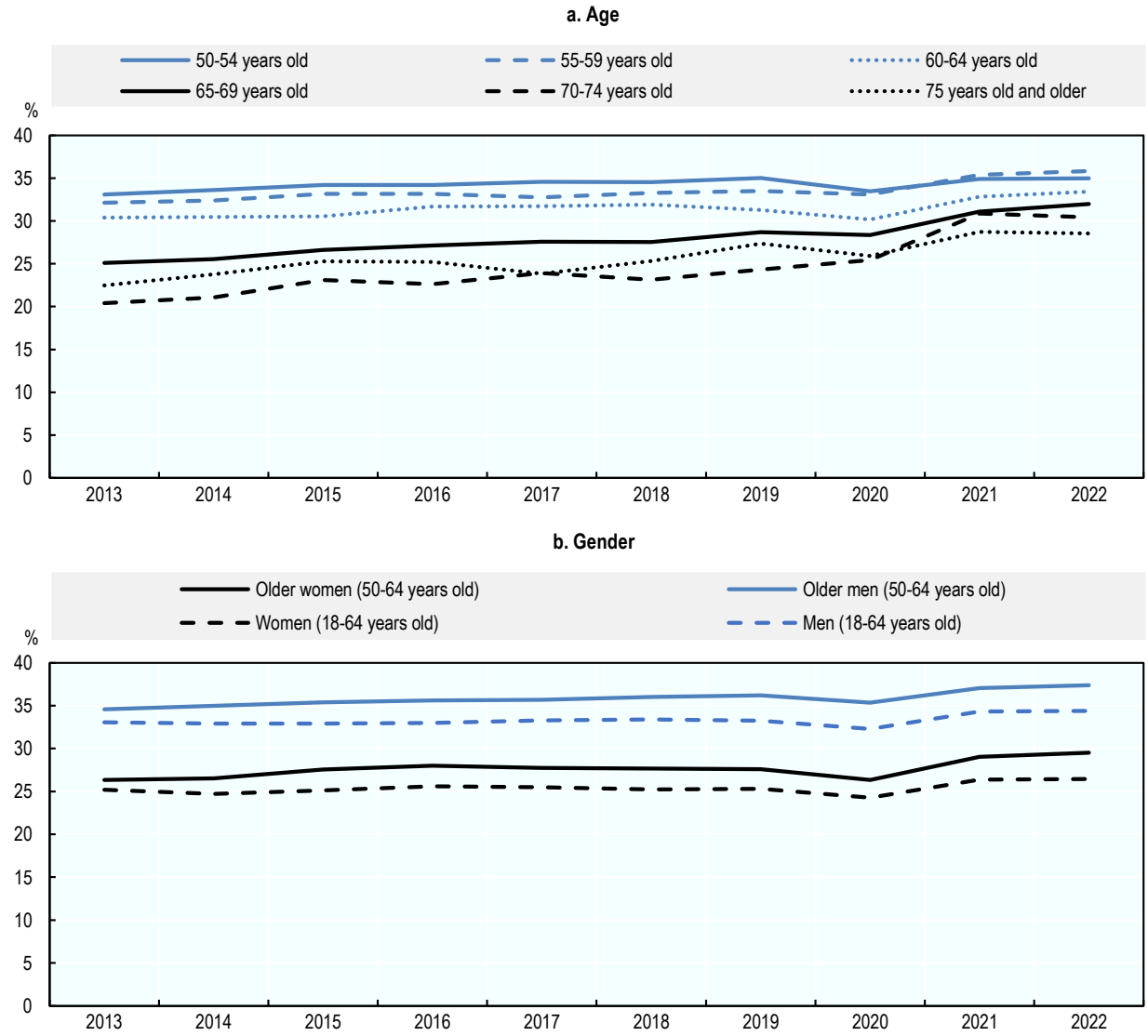
StatLink https://stat.link/b725h9

The likelihood of having employees decreases with age. In 2022, about 35% of self-employed workers in the EU aged 50-54 years old and 36% of those aged 55-59 years had employees (Figure 5.15). This share falls with age, declining to 29% for those over 75 years old. Over the past decade, the proportion of older self-employed workers with employees has increased across all age groups, notably among those over 60 years old. This is most likely due to the ageing of the existing employers and this has reduced the gap between the shares of those in their 50s with employees and those over 75 – the gap has fallen from nearly 11 p.p. to about 6 p.p.

There gender gap among older employers is about the same as among the whole population of self-employed workers. Among the self-employed in the EU over 50 years old, men were about 1.3 times as likely as women to have employees. This gender gap was constant over the past decade and is about equal to the gender gap overall in the share of self-employed who employ others.

Figure 5.15. The age gap among older employers is closing but gender gap persists

Percentage of self-employed in the EU



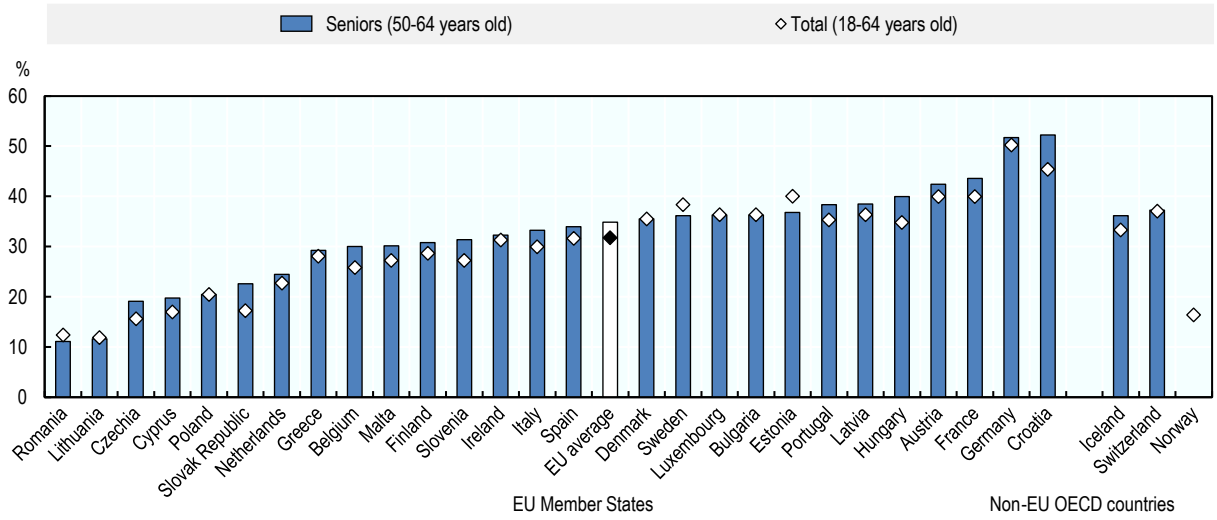
Note: There is a break in the time series in 2021.
Source: (Eurostat, 2023[31])

StatLink https://stat.link/dnp1la

Nearly half of older self-employed workers have employees in some EU Member States. In 2022, the share of older self-employed workers (50-64 years old) who employed others ranged from about 11% in Romania and Lithuania to more than 50% in Germany and Croatia (52% in both) (Figure 5.16). The proportion of older self-employed workers was strongly correlated with the overall share of self-employed who were employers. Older self-employed workers were more likely to have employees than the overall average in 20 EU Member States in 2022. However, Sweden was the only country where older self-employed workers were slightly less likely to have employees (about 2 p.p.).

Figure 5.16. Older self-employed workers were more likely to have employees in 20 EU Member States

Percentage of the self-employed, 2022



Source: (Eurostat, 2023[31])

StatLink https://stat.link/uvafs8

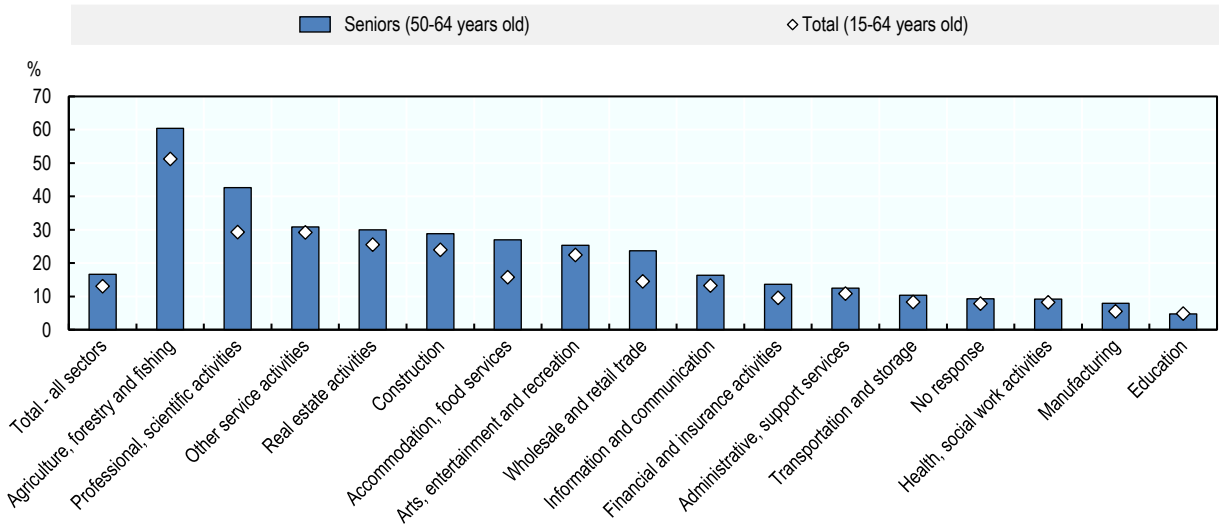
Self-employed seniors are concentrated in agriculture and professional activities

The share of seniors who were self-employed was greater than the self-employment rate in all sectors of the economy in 2022. Older workers in the EU (50-64 years old) working in Agriculture, forestry and fishing were the most likely to be self-employed (60%) (Figure 5.17). This was followed by Professional, scientific, technical activities (43%) and Other service activities (31%), which includes personal services (e.g. hairdressing and beauty services), computer repair and more. The gap in self-employment rates between seniors and the overall population was large in Professional, scientific, technical activities (13 p.p.), Accommodation and food services (11 p.p.) and Agriculture, forestry and fishing (9 p.p.). This gap can be partially explained by the nature of the work in these sectors (e.g. some sectors have less physically demanding work than others) as well as different regulations across sectors (e.g. social security contributions and insurance requirements).

The distribution of self-employed seniors in the EU by occupation is essentially the same as the overall distribution of self-employed workers by sector. Older workers were the most likely to be self-employed as skilled agriculture, forestry and fishery workers, in which 72% of workers in this occupation were self-employed (Figure 5.18). Conversely, seniors working as clerical support workers were the least likely to be working as self-employed. The self-employment rates in each occupation are generally in-line with the rates for the overall population and have not changed substantially over the past decade.

Figure 5.17. Seniors are more likely to be self-employed in all sectors

Self-employment as a percentage of employment, 2022

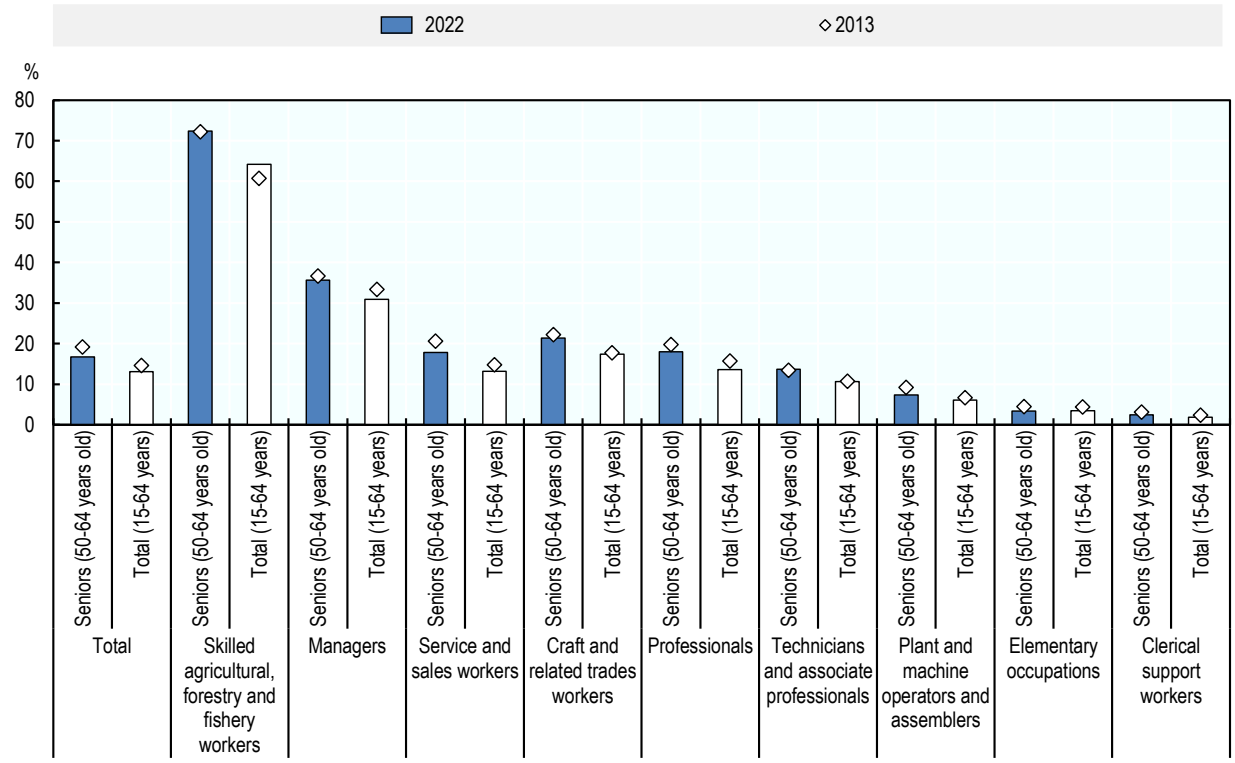


Note: The following sectors were excluded because the self-employment rate was less than 1% or the data were could not be reported due to a low reliability of the estimate: Public administration and defence, compulsory social security; Mining and quarrying; and Electricity, gas, steam and air conditioning supply.
Source: (Eurostat, 2023[31])

StatLink https://stat.link/5bi2mh

Figure 5.18. Self-employed rates for seniors are declining in all occupations except technicians and associate professionals

Self-employment as a percentage of employment in the EU



Source: (Eurostat, 2023[31])

StatLink https://stat.link/t2aryv

Conclusions

Population ageing is creating a range of challenges for policy makers. People are living longer and healthier, and labour market participation rates are rising for all age groups. At the same time, economies face an increasing pressure on pensions, health care and long-term care expenditures and older people continue face a high risk of poverty in many countries. Consequently, governments are looking for ways to facilitate longer working lives and improve social interactions so that older people can continue to live fulfilling and healthy lives.

Supporting senior entrepreneurship can help governments achieve many objectives outlined in their active ageing policies. Offering basic training, coaching and small amounts of financial support can help older people remain active according to their ambitions, including part-time businesses. This could help address labour and skills shortages that many countries and regions currently face. This could also help individuals earn additional income to complement their pensions and retirement savings as well as reducing the risk of poverty for some.

The challenges faced by potential senior entrepreneurs are diverse. Some lack entrepreneurship skills, while others lack financial resources and many will have small or outdated business networks. Public policy can play a role in addressing these barriers by offering entrepreneurship training, improving access

to start-up financing and supporting the development of entrepreneurship networks. Governments can do more to support people who wish to extend their careers through business creation, including the following actions:

- Create a positive awareness of entrepreneurship as a late-career option using role models, promotional campaigns and events (e.g. fairs, festivals) to showcase the potential of older entrepreneurs, ensuring to target messages at a range of stakeholders (e.g. business support organisations, lenders and investors, general public) to remove negative age bias (including ageism) as a potential barrier to senior entrepreneurship. Greater efforts may be needed to have a positive influence on older women, including by developing the necessary support and care services to free them up from informal care activities;
- Offer sensitivity training to business support organisations so that they can offer support to older people in an appropriate way (e.g. avoid jargon);
- Embed digital training and financial literacy training in support schemes for potential senior entrepreneurs;
- Provide effective financial incentives (e.g. in the form of micro-credentials) to stimulate entrepreneurship and innovation as well as to foster the adoption of new technologies by older entrepreneurs; and
- Put in place a supportive business environment, effective competition policies, and a fair, transparent and efficient system of subsidies and taxation.

Governments can also go further to leverage the experience of older entrepreneurs in supporting younger entrepreneurs. Encouraging experienced older individuals can support other business start-ups through mentoring, coaching and providing financial assistance. Their support is appreciated by (potential) entrepreneurs across all age groups, but especially by older entrepreneurs who require mentors at least of their own age who not only have the business experience but also empathy to the situation the older entrepreneur faces.

For more information and policy discussion on senior entrepreneurship activities, please refer to (OECD/EU, 2012[34]). Examples of recent policy action to support senior entrepreneurs are contained in the country profiles in Part III of this report.

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6 Self-employment and entrepreneurship by the unemployed

Governments have long-supported business creation schemes for the unemployed as a route back to quality work. While unemployment has returned to pre-COVID levels overall, some groups continue to experience difficulties in securing quality work. This chapter presents data on the proportion of unemployed people who seek to return to work through self-employment, as well as the proportion that are successful at transitioning from unemployment to self-employment. Data on the unemployed are presented at both the European Union (EU) and EU Member State levels. Selected OECD countries are covered to the extent possible.

Key messages

- **This chapter presents a snapshot of self-employment by job seekers** in European Union (EU) Member States using data from Labour Force Surveys. It also presents a brief overview of policies and programmes to support job seekers business creation in the EU. A more detailed discussion on welfare bridge measures is contained in Chapter 9.
- **Less than 3% of job seekers in the EU indicate that they would prefer to return to work as self-employed.** In 2020, there were 14.9 million unemployed people in the EU and only about 362 000 people indicated that they would prefer to return to work as a self-employed worker. This proportion varies greatly across countries. In Luxembourg, more than 10% of job seekers indicate a preference for self-employment.
- **Those who have been unemployed for short durations are the most likely to report that they would like to become self-employed.** More than 3% of those who have been unemployed for less than three months indicated they are interested in self-employment compared to less than 2% of those who have been unemployed for more than 24 months in 2020. This suggests schemes that support job seekers in business creation should try to reach and support those with entrepreneurial ambitions quickly.
- **About 3% of job seekers in the EU tend to become self-employed in the following year, slightly more than the share who indicated a preference.** This suggests that there could be benefits to promoting basic entrepreneurship training schemes more broadly to provide basic business management skills to a broader group of job seekers.
- **In the EU, men were about 1.5 times more likely than women to move from unemployment into self-employment over the past decade.** This is in-line with their declared preferences for self-employment.
- **Overall, nearly one-in-ten businesses created by job seekers have at least one additional employee in their first year.** While this is slightly below the share of businesses started by non-job seekers, it indicates that some businesses have the potential of having an economic impact.
- **Governments looking to strengthen business creation support for the unemployed could consider using of strong selection criteria** to target support on those with high motivation levels and a reasonable chance of success.

Supporting job seekers in business creation and self-employment

Supporting unemployed people in returning to work through business creation and self-employment is a common component of active labour market measures in EU Member States and OECD countries. The main rationale is that business creation and self-employment offer a route back into work, but participation in schemes and self-employment can also help job seekers avoid skills attrition and the erosion of their professional networks. This is particularly important for young people because long unemployment spells can reduce lifetime earnings and impact significant life decisions (e.g. starting a family) (OECD/European Commission, 2020[1]). Further discussion on the rationale for policies to support job seekers is provided in Chapter 9.

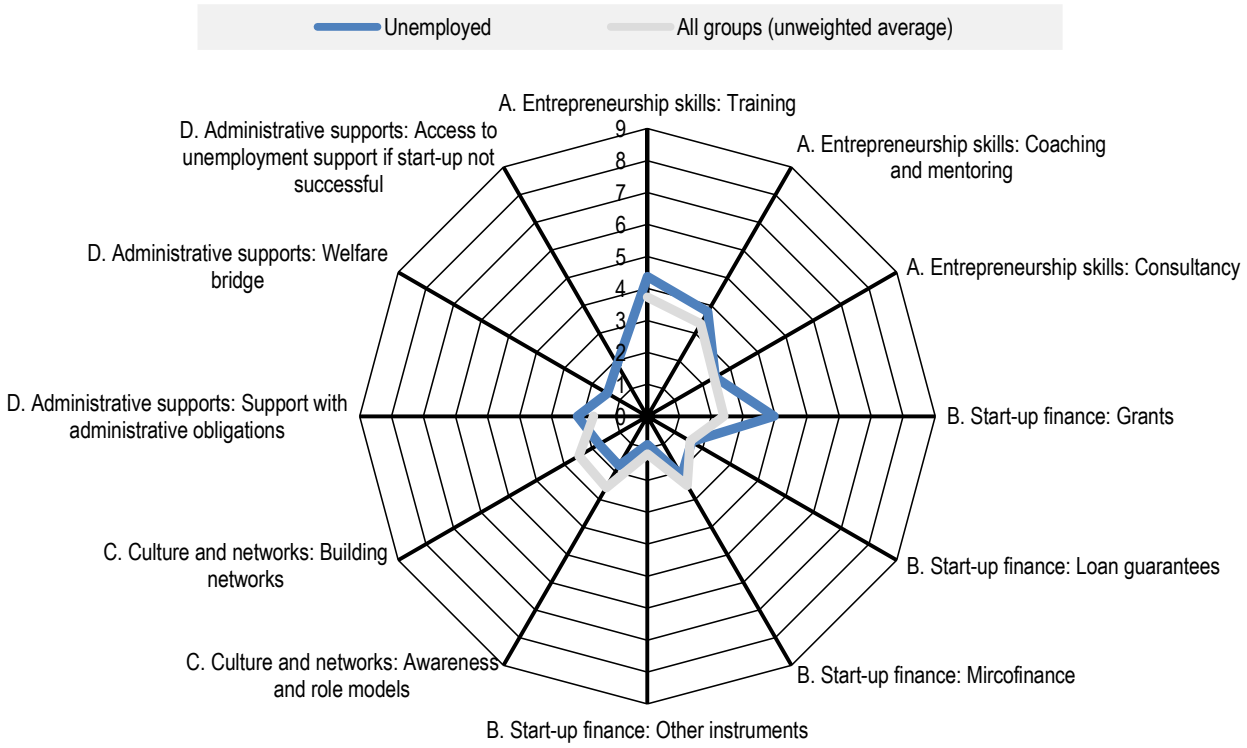
EU Member States commonly offer a suite of support schemes to help job seekers become self-employed. About half of Member States clearly call for actions to support the unemployed in moving back to work through self-employment in their national employment strategies. However, these types of

strategies tend to be high-level and do not offer detailed objectives and plans for creating entrepreneurship opportunities for job seekers. In most countries, a system of schemes delivered at local and sub-national levels are used to deliver on employment strategies.

EU governments commonly offer entrepreneurship training, coaching and grants to job seekers who are interested in becoming self-employed. The vast majority of EU Member States offer dedicated training programmes and coaching to help job seekers develop a business idea and build skills to increase their chances of success (Figure 6.1). In nearly all cases, training and coaching are delivered by specialised trainers and these offers are promoted through employment offices. Most are delivered as part of packages that include some form of financial support, most commonly grants. The quality of these offers is variable, and few assess their impact. This is one important area where governments can improve. For further discussion and examples of the impact schemes for job seekers please see Chapter 9.

Figure 6.1. Entrepreneurship training and grants are the most common supports

Availability and quality of entrepreneurship schemes for job seekers in EU Member States, 2023



Note: The figure presents an unweighted average of policy and programme assessment scores for EU Member States. Each policy instrument (e.g. entrepreneurship training) is characterised according to a 9-point scale as described in the Reader's Guide. The figure shows the average score for schemes for job seekers relative to the score for all inclusive entrepreneurship groups combined (i.e. women, immigrants, youth, seniors, job seekers and people with disabilities). Some of the policy instruments displayed are designed specifically for job seekers so there is no comparative policy assessment score for all inclusive entrepreneurship target groups. The policy scores were discussed and verified with governments and stakeholders in national workshops and a written procedure.
Source: (OECD, 2023[2])

New developments in supporting business creation by job seekers

Business creation support for job seekers has not changed substantially in recent years. The amount of financial support for business creation available to job seekers was increased in Latvia (Box 6.1). In addition, the Latvian State Employment Agency has made increased efforts to include digital

entrepreneurship in entrepreneurship training programmes for job seekers. These are often designed and delivered with non-government actors such as Latvian Information and Communication Technology Association and private sector tech companies. In addition, a new multi-year policy framework (*Estrategia Española de Activación para el Empleo 2021-24*) was launched in Spain in 2021 within the context of the Recovery, Transformation and Resilience Plan (Ministry of Labor and Social Economy, 2021[3]) to boost the promotion entrepreneurship within active labour market policies.

Box 6.1. Recent developments in business creation support for job seekers, Latvia

Several adjustments were made to the measures for supporting job seekers in business creation. These are outlined in amendments to the Regulations of the Cabinet of Ministers No. 75 "On the procedures for organising and financing active employment measures and preventive unemployment reduction measures and the principles of selection of measures implementers", which were introduced in November 2021. Amendments include:

- An increase in the amount of a monthly grant (paid for 6 months) from EUR 500 to EUR 750;
- A new non-repayable grant of EUR 5 000 has been introduced for the implementation of the business plan after the first year of economic activity (provided certain criteria are met);
- Requirements for compulsory training were removed;
- A pre-selection process has been introduced for business idea applications prior to developing full business plans; and
- New funding has been made available for the adaptation of the place of implementation of the business plan up to EUR 1 000 if the person has a disability.

Seeking self-employment as a route back into work

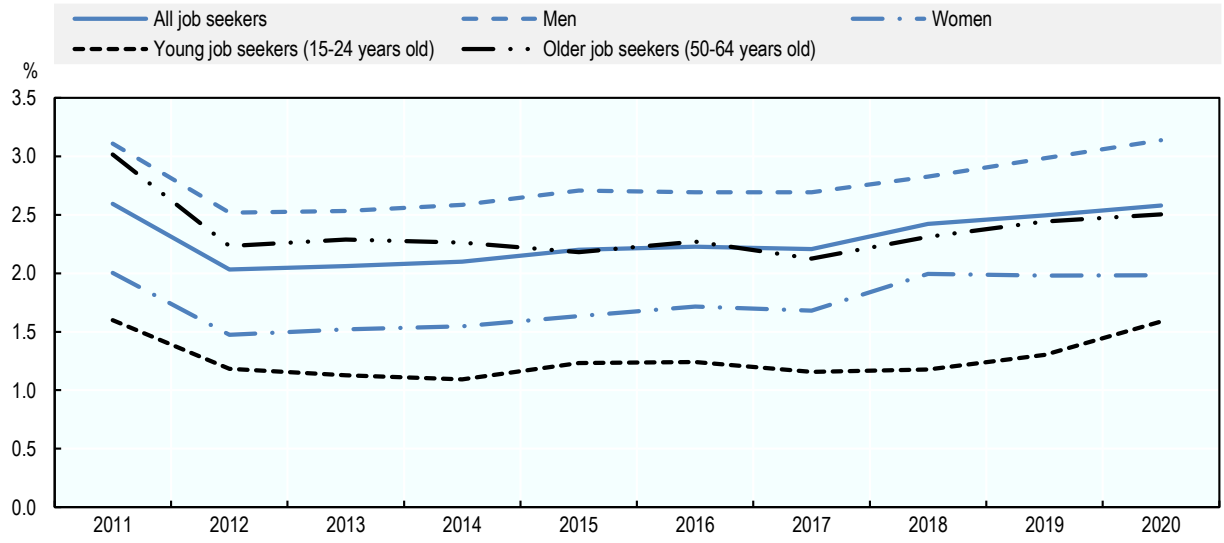
Less than 3% of job seekers are looking to return to work through self-employment…

Very few unemployed people in the EU indicate that they would prefer to return to work as self-employed over working as an employee. There were 14.9 million unemployed people (18-64 years old) in the EU in 2020. Of these, it is estimated that only 362 000 people – 2.6% of unemployed people – would prefer to return to work as self-employed (Figure 6.2). This proportion has increased slightly since 2012, likely due to declining unemployment rather than an increase in the number of people interested in becoming self-employed.

Among the population of job seekers in the EU, the share of people interested in pursuing self-employment varies by gender and age. Male job seekers are generally about 1.6 times more likely to indicate a preference for self-employment relative to females and this has been quite consistent over the past 20 years. Yet the share of male job seekers reporting this preference remained below 3.5% in 2020. Core age job seekers (30-49 years old) are more likely than younger (20-29 years old) and older (50-64 years old) job seekers to prefer self-employment.

Figure 6.2. Few job seekers want to be self-employed

Proportion seeking to return to work as self-employed in the EU (15-64 years old unless stated otherwise)



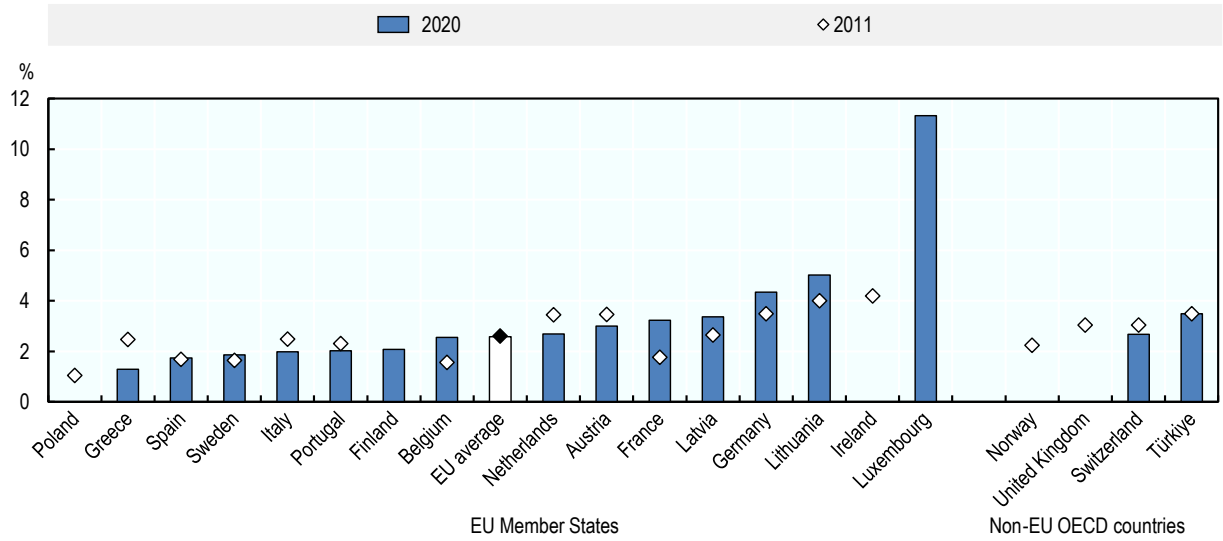
Source: (Eurostat, 2023[4])

StatLink https://stat.link/rpxzgu

The slight increase in the share of job seekers indicating a preference for self-employment over the past decade was observed in nearly all EU Member States. In 2020, this share ranged from just above 1% in Greece to more than 11% in Luxembourg (Figure 6.3). There is a weak negative association between the preference for self-employment among job seekers and the overall self-employment rate (Figure 6.4). It is, therefore, not true that job seekers are more likely to report a desire to be self-employed in countries where there are high self-employment levels.

Figure 6.3. Preference for self-employment among job seekers increased in half of EU Member States

Proportion seeking to return to work as self-employed in the EU (15-64 years old unless stated otherwise)



Source: (Eurostat, 2023[4])

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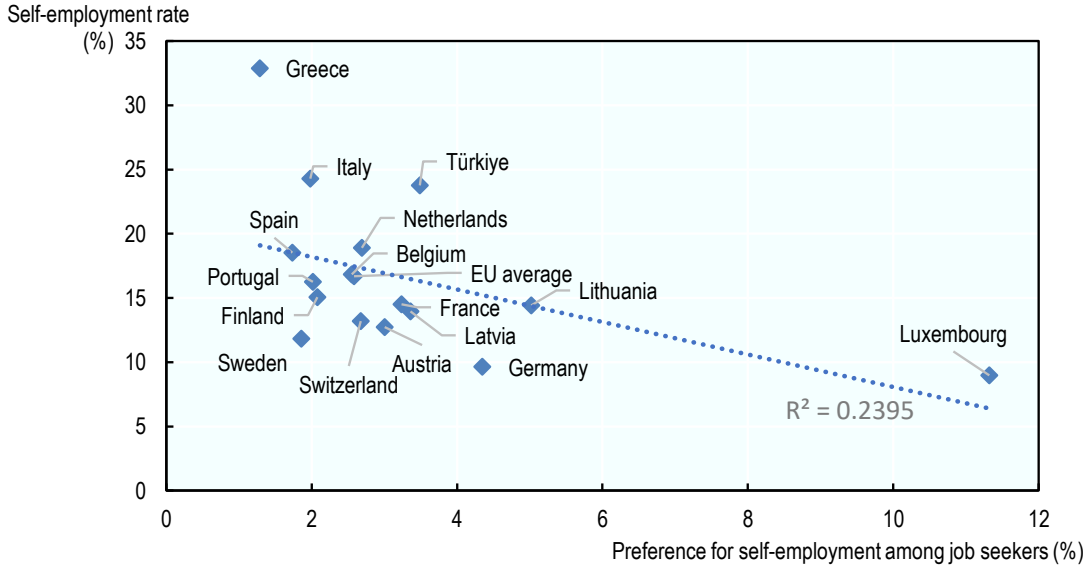
Figure 6.4. Preference for self-employment among job seekers is negatively associated with self-employment rate

Correlation between the share of working population in self-employment and the share of job seekers indicating a preference for self-employment, 2020



Source: (Eurostat, 2023[4])

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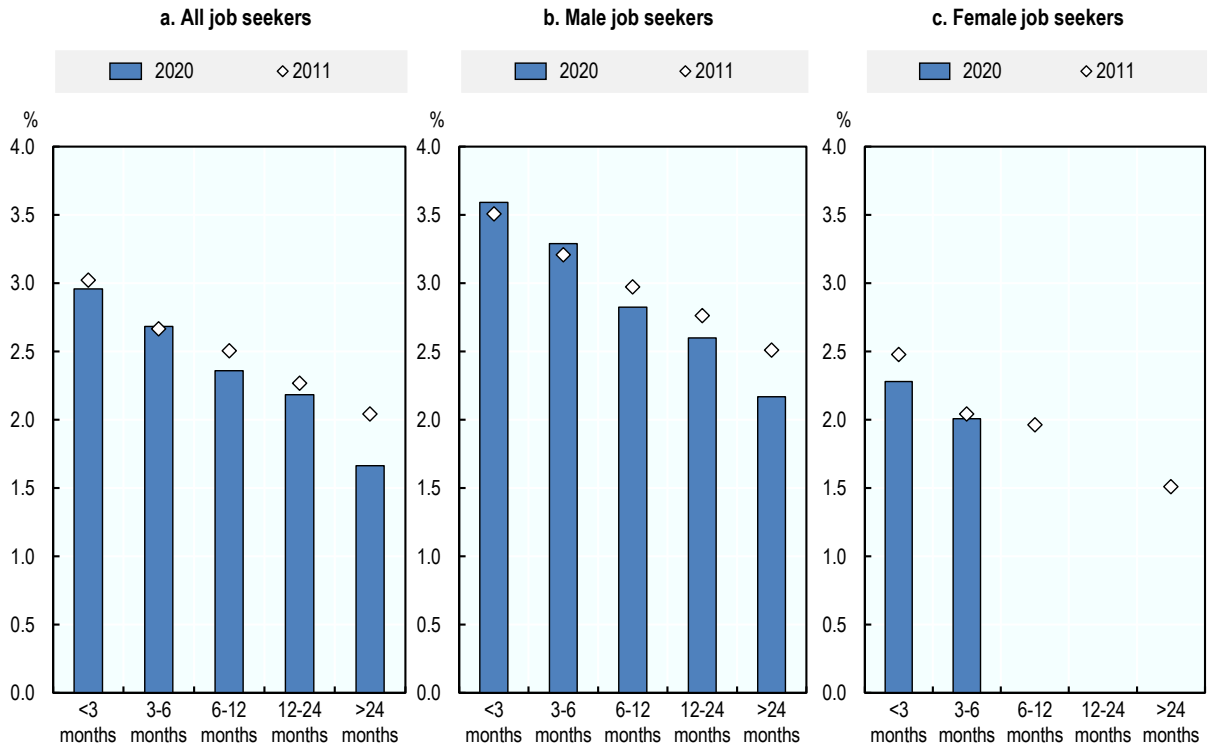
Preference for self-employment declines as the duration of unemployment increases

The likelihood of job seekers expressing a preference for self-employment declines as time in unemployment increases. About 3% of job seekers who have been unemployed for less than three months indicated that they prefer to return to work as a self-employed worker rather than as an employee (Figure 6.5). This is nearly double the share of job seekers who have been unemployed for more than 24 months. This decline as duration of unemployment spell increases is steady; there does not appear to be a point in time when the preference drops dramatically. This is likely due to greater levels participation in active labour market programmes by unemployed people who are recently unemployed and more motivated to return to work (Helbling, 2019[5]; Bejaković and Mrnjavac, 2018[6]) as well as deteriorating professional networks and skills attrition as the length of unemployment spell increases. However, the pattern was slightly different in 2020 than 2011 due to a greater drop-off in the preference for self-employment as the length of unemployment increases.

Figure 6.5. Preference for self-employment declines with duration of unemployment

Proportion seeking to return to work as self-employed in the EU (15-64 years old unless stated otherwise)



Note: Caution is needed in interpreting the data in Panels a and b by gender because some of the estimates are low quality because they are based on small samples.
Source: (Eurostat, 2023[4])

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Moving into self-employment from unemployment

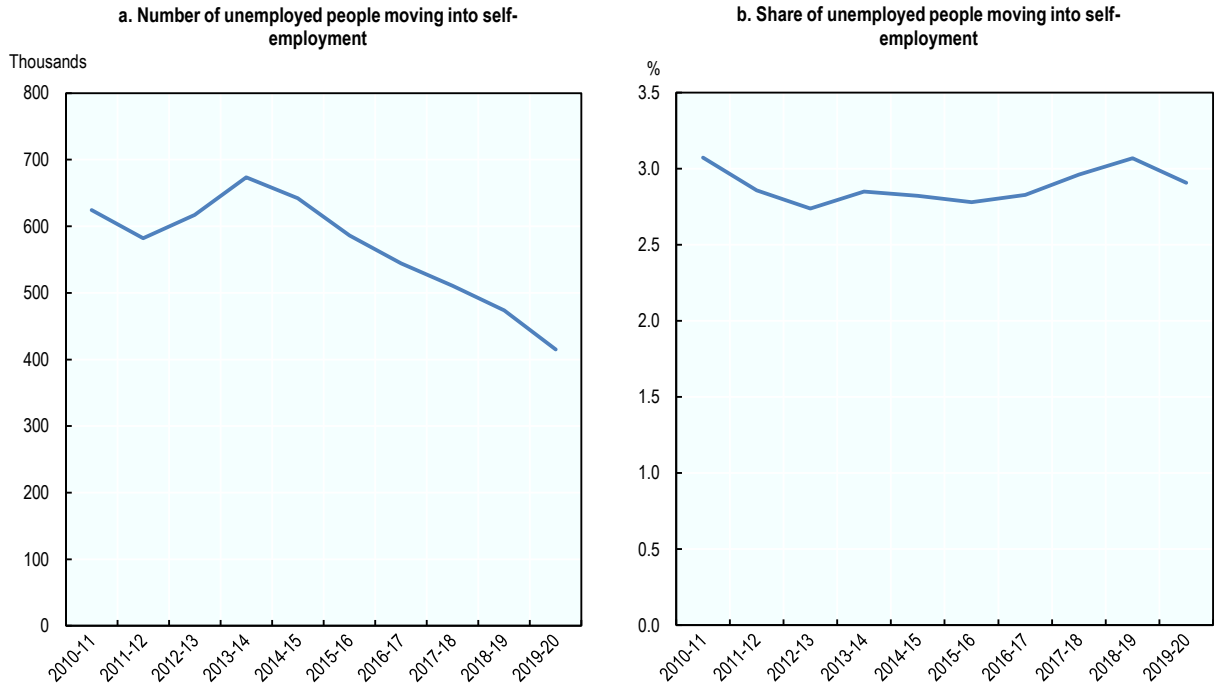
More unemployed people move into self-employment than the number seeking it

The number of job seekers becoming self-employed has declined since 2014 but the proportion of unemployed remains constant. About 415 000 job seekers in the EU became self-employed in 2020, down from nearly 675 000 in 2014 (who were unemployed in 2013) (Figure 6.6). Yet due to a decline in the number of unemployed people over this period, the proportion who move into self-employment has remained at about 3%.

However, the number of job seekers who become self-employed is greater than the number who indicate a preference for returning to work as self-employed. As noted above, about 415 000 job seekers became self-employed in 2020 but in 2019, only 335 000 unemployed people self-reported that they would prefer to return to work as self-employed rather than as an employee. This increase is likely due to some job seekers having difficulties finding salaried employment that met their expectations (e.g. salary, working location, hours and conditions) and therefore became self-employed. It is also possible for job seekers to have identified a potential entrepreneurial activity and decided to pursue it without having originally sought to become self-employed.

Unemployed men appear to be slightly more likely than unemployed women to become self-employed, which is consistent with stated preferences. While data are limited due to the quality of estimates, unemployed men appear to have been about 1.5 times more likely than unemployed women to move into self-employment between 2011 and 2020.

Figure 6.6. The number of job seekers in the EU becoming self-employed is declining but the proportion remains at 3%



Source: (Eurostat, 2023[4])

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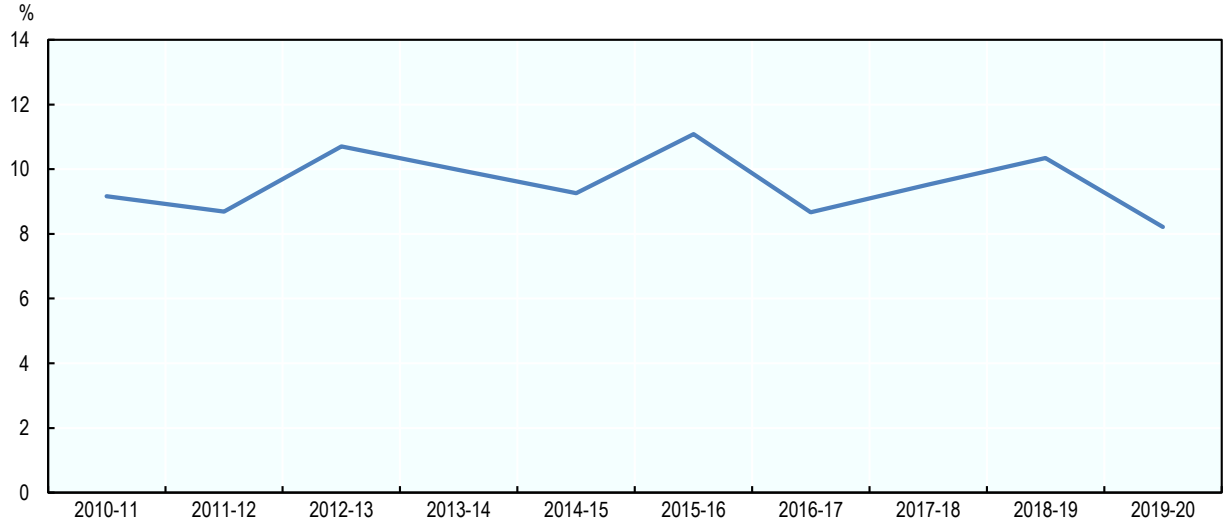
Job seekers in the EU who become self-employed create jobs for others in their first year of self-employment. Over the past decade, about 10% of job seekers who became self-employed created at least one other job in the first year of becoming self-employed (Figure 6.7). Evidence from some countries found slightly higher levels of job creation. For example, evaluations of the start-up subsidy schemes in Germany found that between 20% to 35% of the supported start-ups had at least one employee within their first three years (Caliendo and Kritikos, 2010[7]). Nonetheless, this was slightly below those who were not job seekers at the time they created their business. Moreover, businesses started by job seekers tended to have fewer employees on average and they do not catch up over time (Caliendo, 2016[8]). This was also found in research from the United States (Hurst and Pugsley, 2011[9]). For further discussion on the performance of businesses created by job seekers, please see Chapter 9.

Figure 6.7. One in ten job seekers who become self-employed create a job in the first year

Share of self-employed workers with employees in the EU who were unemployed in the previous year



Source: (Eurostat, 2023[4])

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Conclusions

While only a small proportion of job seekers become self-employed, there is some evidence that they can be successful. The policy rationale for supporting job seekers in self-employment is often built on two arguments. First, the provision of entrepreneurship training, coaching and finance can provide a pathway to sustainable work for some. Second, entrepreneurship schemes for the unemployed can reduce skills attrition and potentially lead to job experience (i.e. via self-employment) and create opportunities for individuals to expand their professional networks. These may help job seekers find employment more easily.

While only a small proportion of job seekers return to work as self-employed, there is evidence that they create jobs for others. Over the past decade, an average of 566 000 job seekers per year in the EU became self-employed, and of these about 10% created employment for others during their first year of self-employment. Interest in becoming self-employed is highest among those who have recently become unemployed, suggesting that governments should seek to move these people into entrepreneurship support schemes quickly while they are motivated. However, more job seekers become self-employed

than those who indicate a desire to become self-employed, suggesting that there could be benefits to promoting basic entrepreneurship training schemes more broadly to provide basic business management skills to a wider group of job seekers. Priority actions for governments in strengthening business creation support for the unemployed include:

- Use of strong selection criteria to target support on those with high motivation levels and a reasonable chance of success; and
- Promote entrepreneurship training more broadly, including digital business management, since many job seekers become self-employed without indicating a preference for this type of work.

Further discussion on self-employment and entrepreneurship from unemployment can be found in Chapter 9, including case studies, success factors identified by programme evaluations and policy recommendations. Additional examples are also included in the country profiles in Part III of this publication.

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7 Self-employment and entrepreneurship by people with disabilities

Nearly one-in-five people in OECD and European Union countries live with some form of disability and about one-in-seven people with a disability who are working are self-employed. People with disabilities tend to face greater barriers in business start-up and development due to lower levels of education, less work experience, low self-esteem and negative social attitudes. Addressing the barriers to entrepreneurship for people with disabilities can offer a route into the labour market for more people. This chapter presents data on entrepreneurship and self-employment activities by people with disabilities across European Union Member States and OECD countries.

Key messages

- **This chapter presents a snapshot of self-employment by people with disabilities** in European Union (EU) Member States and selected OECD countries using data from the EU Survey on Income and Living Conditions. It also presents an overview and brief assessment of entrepreneurship policies and programmes for people with disabilities in the EU.
- **People with disabilities account for a large and growing share of the population in the EU and OECD.** About 18% of the world's population lives with some form of disability. Disabilities vary greatly in nature, severity, cause and duration. Many forms of disability are more likely to occur in older people (e.g. heart disease) so disability rates are expected to increase with population ageing.
- **The share of working people with disabilities who are self-employed is similar to that of people without disabilities.** Data from 26 European OECD countries show that the self-employment rate for people with disabilities in 2019 was closely correlated with the rate of people without disabilities. The rate was slightly higher for people with disabilities in 7 of 26 countries. This suggests that self-employment can be a feasible type of work for some as the flexibility offered by self-employment can help individuals manage their work in a way that is compatible with other aspects of their life, including their disability.
- **However, on average, firms operated by people with disabilities are smaller and have a smaller economic impact.** Data from 26 European OECD countries show that self-employed workers without disabilities are 11% more likely to have employees than those with disabilities. Moreover, countries with high levels of self-employment among people with disabilities do not have higher employment rates among people with disabilities.
- **Improving the social and labour market inclusion of people with disabilities is a policy objective in the EU and OECD.** Entrepreneurship can be part of the suite of policy tools used to achieve these objectives. The rationale for policies and programmes to support people with disabilities is clear on several grounds, including for reasons of equality and improved individual lives. Research suggests that the latter can include improved income, happiness and health.
- **Very few EU Member States and OECD countries have well-developed support systems for entrepreneurs with disabilities.** Several countries such as Spain have recently developed new strategies and Germany has made progress in sign-posting specialised support services in the main information platforms for entrepreneurs and SMEs. However, dedicated training and mentoring programmes are rare and tend to be rather small-scale.
- **Governments can do more to promote good quality self-employment for people with disabilities.** An important place to start is to go further to reduce obstacles to labour market participation and going further with disability mainstreaming by ensuring that public institutions and services are serving people with disabilities to the same extent as other population groups and are held accountable for doing so. To support self-employment, governments should focus on increasing opportunities for people with disabilities to start businesses by fostering inclusion and accessibility in the entrepreneurship support system and offering targeted support to entrepreneurs with disabilities when there is sufficient demand. However, public support schemes need to avoid supporting precarious work. Priorities for strengthening public entrepreneurship support for people with disabilities include seeking to build an entrepreneurial identity using role models and training employment counsellors and business support organisations so they have a greater awareness and tools to address barriers people with disabilities might face.

The growing prevalence of disability

More than 1 billion people worldwide live with some form of disability, of which nearly 20% have significant difficulties functioning and typically require healthcare services (World Health Organization, 2020[1]). Within the OECD, about 18% of people experience some form of disability (OECD, 2022[2]).

The United Nations (UN) uses a concept of persons with disabilities as "including those who have long-term physical, mental, intellectual or sensory impairments which in interaction with various barriers may hinder their full and effective participation in society on an equal basis with others" (United Nations, 2006[3]). The interaction between health conditions (e.g. heart disease, asthma) and environmental factors (e.g. inaccessible transportation, air pollution, limited social support) leads to a great diversity of disabilities and not everyone with a disability is equally as disadvantaged. Disabilities can be linked to various types of impairments (e.g. pain-related, flexibility, mobility, seeing, hearing, learning, developmental, mental health), intensity or severity (e.g. mild, moderate, severe, and very severe), cause and duration or permanence. People can experience multiple impairments at the same time and the likelihood of this increases with age (OECD, 2022[2]).

The incidence of disability varies greatly across countries due to a range of factors. Differences in social attitudes, stigma and self-stigma can have a strong influence in the way that people identify themselves and respond to surveys (OECD, 2022[2]). For example, two people with the same conditions (i.e. type, duration and severity) may self-identify differently due to differences in societal attitudes towards and perceptions of disability, which affects how they are reported in disability statistics. Other factors contributing to variations across countries include differences in how mental health conditions are identified and reported as well as demographic factors (e.g. age distribution), income levels and mortality rates of certain non-communicable diseases (e.g. cardiovascular disease) (European Commission, 2022[4]).

The number of people who experience disability appears to be growing in most European Union (EU) Member States and OECD countries. One major factor is population ageing since the incidence of disability increases with age. It is estimated that this accounts for about half of the growth in incidence of disability (OECD, 2022[2]). A second factor is the increased prevalence of non-communicable diseases (e.g. heart disease), some of which are related to ageing (World Health Organization, 2013[5]).

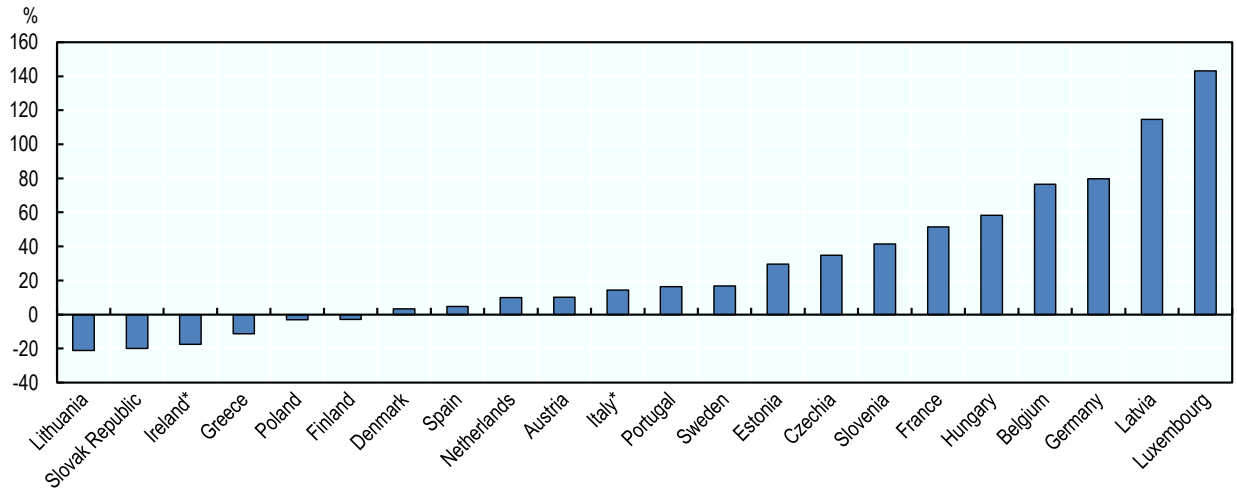
The high proportion of people who experience disability underscores the importance and scale of the policy challenges. Fostering inclusion of people with disabilities in all aspects of society in work has many benefits for economies (e.g. addressing labour and skill shortages, diversifying workforce (Akbari and MacDonald, 2014[6])) and for individuals (e.g. improved mental health (World Health Organization, 2011[7]; Shier, Graham and Jones, 2009[8]) and better overall health (Crowther, 2001[9])). Governments have outlined objectives and commitments in the United Nations' Sustainable Development Goals (SDGs) and the United Nations Convention on the Rights of Persons with Disabilities (United Nations, 2006[3]).

Entrepreneurship policy for people with disabilities

Business creation and self-employment can offer some people with disabilities a route into work and greater social inclusion. This chapter will show that a relatively high proportion of people with disabilities that are working are self-employed. Nonetheless, there may be scope for some inactive people with disabilities to enter work through self-employment, which can offer individuals a great amount of flexibility in organising their work relative to other aspects of the lives. If people with disabilities were as active in self-employment as core-age men (i.e. 30-49 years old), there would be more than two million more entrepreneurs with disabilities in the EU. This represents about 23% of the current number of self-employed workers who have disabilities.

Figure 7.1. The number of "missing" entrepreneurs with disabilities represent about 23% of self-employed with disabilities in the EU

Ratio of "missing" entrepreneurs with disabilities to number of self-employed entrepreneurs with disabilities, 2019



Note: This figure presents the ratio of estimated "missing" entrepreneurs with disabilities (i.e. the number of entrepreneurs with disabilities that there would be if people with disabilities were as active as 30-49 year old men in entrepreneurship less the number of actual entrepreneurs with disabilities) relative to the number of actual entrepreneurs with disabilities. Data for Ireland and Italy are for 2018 (*). These estimates are based on two questions from the European Union Statistics on Income and Living Conditions (SILC): PH020 (suffer from any chronic illness or condition) and PH030 (limitation in activities because of health problems). The data in this figure report the proportion of people who respond "yes" to PH020 and either "yes, strongly limited" or "yes, limited" to PH030.
Source: OECD calculations based on (OECD, 2021[10]).

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EU Member States and OECD countries vary considerably in the availability and provision of support. This includes the way that programmes themselves are designed and delivered as well as the institutional structures and ecosystems in which they operate. These factors directly influence the incentives and disincentives that people with disabilities face in entrepreneurship as well as the approaches used to provide support. Within the EU, support for people with disabilities is strongly entrenched in law and is generally assumed to be a responsibility of the state (Vornholt et al., 2018[11]). Entrepreneurship support is, therefore, commonly directly supported by government (i.e. government offers support directly or finances initiatives delivered by other actors). This is in contrast with the approach used in many OECD countries outside of the EU (e.g. Australia, Canada, the United Kingdom, the United States), where the NGO sector and social economy are much stronger drivers of implementing entrepreneurship support for people with disabilities. Each approach has strengths and weaknesses. For example, the NGO-led approach can lead to more effective initiatives because they are developed by the most pertinent actors, but this can lead to a more fragmented support system and is less likely in influence changes in the legal and institutional structure because policy makers are not engaged.

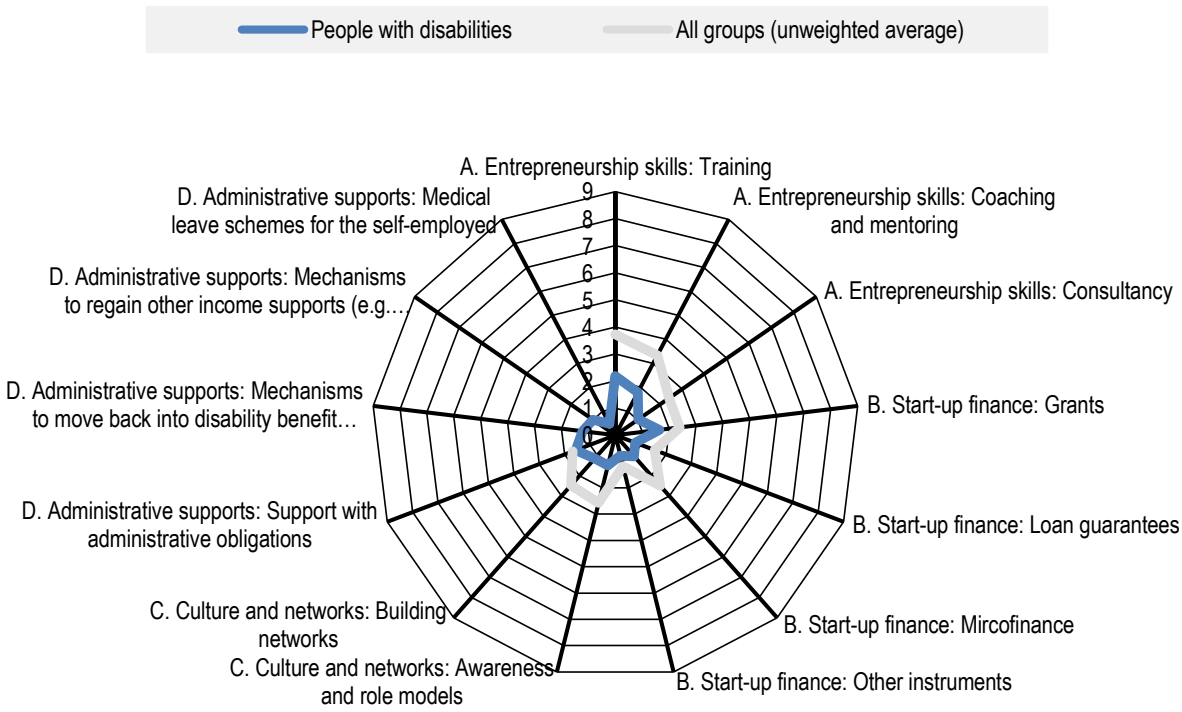
Governments in the EU have a range of policy tools at their disposal to support people with disabilities in entrepreneurship, but the level and quality of support offered is relatively weak overall. These tools include targeted and tailored measures that seek to increase the chances that start-ups created by people with disabilities become sustainable businesses that can generate a living wage and potentially create jobs for others. Common types of interventions include training, coaching and small grants, but they are not very commonly offered by governments in the EU (Figure 7.2). In most cases, grants and subsidies offered are to cover the adaption of workplaces and are open to the self-employed

as well as for employers who have employees with disabilities. One example is the subsidy scheme in Lithuania, which expanded eligibility in 2020 (Box 7.1). While such subsidies can help entrepreneurs overcome some of the additional costs related to managing their disability, they are often insufficient to fully overcome the additional costs faced in managing a business relative to those without disabilities. Moreover, they often have low take-up rates, suggesting that awareness of these types of supports may not be very high.

While there are several high-quality initiatives in the EU, they are commonly small-scale activities that face challenges securing operating resources. Dedicated financial supports such as grants and loans are quite rare, which is consistent with the lack of financial resources available entrepreneurship schemes for people with disabilities. One of the leading countries in the EU in terms of availability of tailored support for entrepreneurs with disabilities is Germany, which includes dedicated information for entrepreneurs with disabilities in the main entrepreneurship information portals (e.g. gruenderplatform.de, existenzgruender.de). Moreover, the Integration Office offers loans and other financial measures for business creation, such as interest rate subsidies, and several NGO-led initiatives (e.g. BESSER, enterability, found-it, KompassFrankfurt) offer intensive, high-quality support programmes (OECD, 2023[12]).

Figure 7.2. Policies and programmes for people with disabilities are under-developed

Availability and quality of entrepreneurship schemes for people with disabilities in EU Member States, 2023



Note: The figure presents an unweighted average of policy and programme assessment scores for EU Member States. Each policy instrument (e.g. entrepreneurship training) is characterised according to a 9-point scale as described in the Reader's Guide. The figure shows the average score for schemes for people with disabilities relative to the score for all inclusive entrepreneurship groups combined (i.e. women, immigrants, youth, seniors, job seekers and people with disabilities). Some of the policy instruments displayed are designed specifically for people with disabilities so there is no comparative policy assessment score for all inclusive entrepreneurship target groups. The policy scores were discussed and verified with governments and stakeholders in national workshops and a written procedure.
Source: (OECD, 2023[12])

Box 7.1. Support for self-employment of people with disabilities, Lithuania

Target group: People with disabilities

Intervention type: Subsidies to support self-employment through subsidies for workplace adjustments

Description: Amendments were made in 2020 to the legislation that offers subsidies to self-employed workers with disabilities to adjust their workplaces (*Neįgaliųjų savarankiško užimtumo rėmimas*) to reduce the eligibility threshold. Prior to 1 June 2020, these subsidies were only available to those with an assessed capacity for work that was 40% of lower. The new amendment increases the number of people who can access it as the eligibility was extended to those with a capacity for work of 45-55%.

This scheme offers financial subsidies for the acquisition, installation and adaptation of workplace equipment or technical aids for people with disabilities as well as adaptations to their workplace premises. Subsidies can be for a maximum of 31.03 months of minimum wages (i.e. EUR 18 800).

Results achieved: According to the Public Employment Service (PES), within two months from the entry into force of the measure (i.e. from 1 June 2020 to 1 August 2020), the subsidy was granted to one person.

Source: (Eurofound, 2020[13])

Recent policy developments in the EU

The EU Strategy for the Rights of Persons with Disabilities (2021-30) has been put forward to progress towards equal opportunities and equal access to participate in society and economy. The Strategy contains a set of actions and flagship initiatives in various domains, including 57 European Commission actions and 23 calls to the EU Member States (European Commission, 2021[14]). One of the seven flagship initiatives is Disability Employment Package, a set of guidance, good practices and learning opportunities aimed at improving labour market outcomes of persons with disabilities (EC, 2022[15]). The Package covers all stages of employment ─ from recruitment through retention and to transition to the open labour market. It is developed with key actors, such as the PES Network, EU OSHA and Cedefop.

Several governments have recently recognised the entrepreneurial potential of people with disabilities. There are several examples of new high-level policies and strategies to improve the inclusion of people with disabilities, including through entrepreneurship. For example, the National Employment Action Plan (2022) in Bulgaria supports self-employment for people with disabilities (notably women with permanent disabilities) through a business creation programme implemented by the Agency for People with Disabilities (Republic of Bulgaria, 2022[16]). Another example is the Spanish Disability Strategy 2022-30, which includes an objective on promoting and supporting new business opportunities, entrepreneurship and self-employment for people with disabilities (Spain, 2022[17]). While there is a risk that such high-level strategies do not get implemented, they are important for signalling a commitment to supporting this population and ensuring that resources are allocated to a range of measures.

New schemes and initiatives have also been introduced in several EU Member States. These include the Mr. Disabled award programme in Poland (Box 7.2) that was launched in 2018 after the success of the long-running Lady D(isabled) award in Mazowiecka (State Fund for Rehabilitation of Disabled People, 2018[18]) and a tailored online entrepreneurship training programme offered by the Technological University Dublin (Ireland) in partnership with the Open Doors Initiative (TU Dublin, 2022[19]). Another new initiative is the Association of Entrepreneurs with Disabilities in Austria, which was founded in 2021 (AED Austria,

2023[20]). It promotes networking for entrepreneurs with disabilities, represents their interests to government and works to positively influence public opinion towards people with disabilities.

Box 7.2. Mr. Disabled award programme, Poland

Target group: Men with disabilities

Intervention type: Award programme to give visibility to successful entrepreneurs with disabilities

Description: This annual award programme started in 2017 and promotes the achievements of people with disabilities. Awards are given in five categories:

- "Professional life", typically for entrepreneurs;
- "Social life", for improving daily life of people with disabilities;
- "Artistic life", for artistic achievement;
- "Sport", for athletic achievements;
- "Team" for a group of people with disabilities or a disability organisation.

This award programme was launched after the success of the equivalent "Lady D" awards for women with disabilities, which were launched in 2002.

Results achieved: Winners in the five categories are recognised at a gala dinner every year, along winners of special achievement awards. Winners are showcased in Polish media.

Source: (State Fund for Rehabilitation of Disabled People, 2018[18]; Kurczek, 2023[21])

Self-employment among people with disabilities

People with disabilities who work are as likely to be self-employed as those without a disability…

Many persons with disabilities want to work (MacDonald, Prinz and Immervoll, 2021[22]). However, there is a substantial gap in employment rates between people with disabilities and those without. Across OECD countries in Europe, this gap ranged from 17 percentage points (p.p.) in Switzerland to 39 p.p. in Ireland in 2019. These differences across countries are due to differences in policies to support labour market integration (Geiger, van der Wel and Tøge, 2017[23]) as well as positive or negative influence on work opportunities of social attitudes, the availability of support programmes, regulatory context and the interaction between access to income supports (e.g. disability pension) and earned income from employment and self-employment.

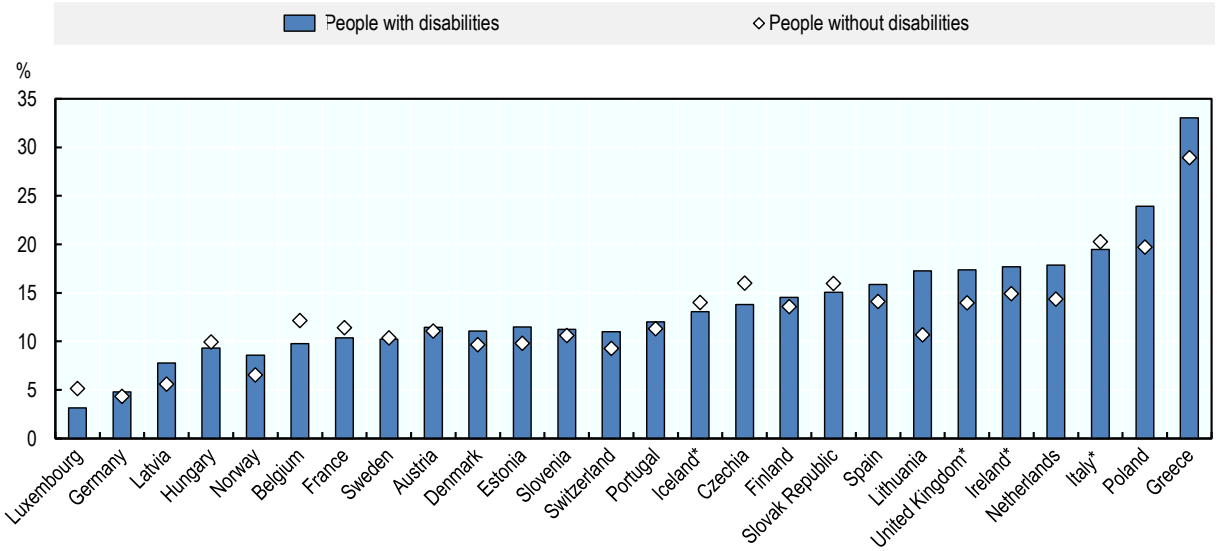
Among everyone who is available to work, people with disabilities are less likely to be self-employed than those without disabilities. About 5% of people with disabilities available for work in European OECD countries were self-employed in 2019 relative to 9% of those without disabilities. This gap varied substantially across countries, ranging from more than 11 percentage points (p.p.) to less than 0.5 p.p. These estimates are derived from the EU Statistics on Income and Living Conditions, which collect cross-sectional and longitudinal data on income, poverty, social exclusion and living conditions.

However, this gap shrinks when self-employment is considered relative to employment since unemployment rates are very high for people with disabilities as are inactivity rates. About 13-15% of people with disabilities in European OECD countries who were working in 2019 were self-employed (Figure 7.3). In seven EU Member States, people with disabilities were slightly more likely to be

self-employed in 2019 than those who do not have a disability: Belgium, the Czech Republic, France, Hungary, Italy, Luxembourg and the Slovak Republic.

Figure 7.3. People with disabilities are as likely to be self-employed if they are working

Self-employment as a percentage of employment, 2019



Note: Data for Iceland, Ireland, Italy and the United Kingdom are for 2018 (*). These estimates are based on two questions from the European Union Statistics on Income and Living Conditions (SILC): PH020 (suffer from any chronic illness or condition) and PH030 (limitation in activities because of health problems). The data in this figure report the proportion of people who respond "yes" to PH020 and either "yes, strongly limited" or "yes, limited" to PH030.
Source: (OECD, 2021[10])

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…and there are differences by gender and age

The likelihood of working as self-employed varies substantially among people with disabilities. People with severe and multiple disabilities are less likely to be self-employed. However, there are some health conditions that some argue can be advantageous in entrepreneurship, such as Attention deficit hyperactivity disorder (ADHD) since they can lead to a greater degree of proactiveness (Wiklund et al., 2018[24]).

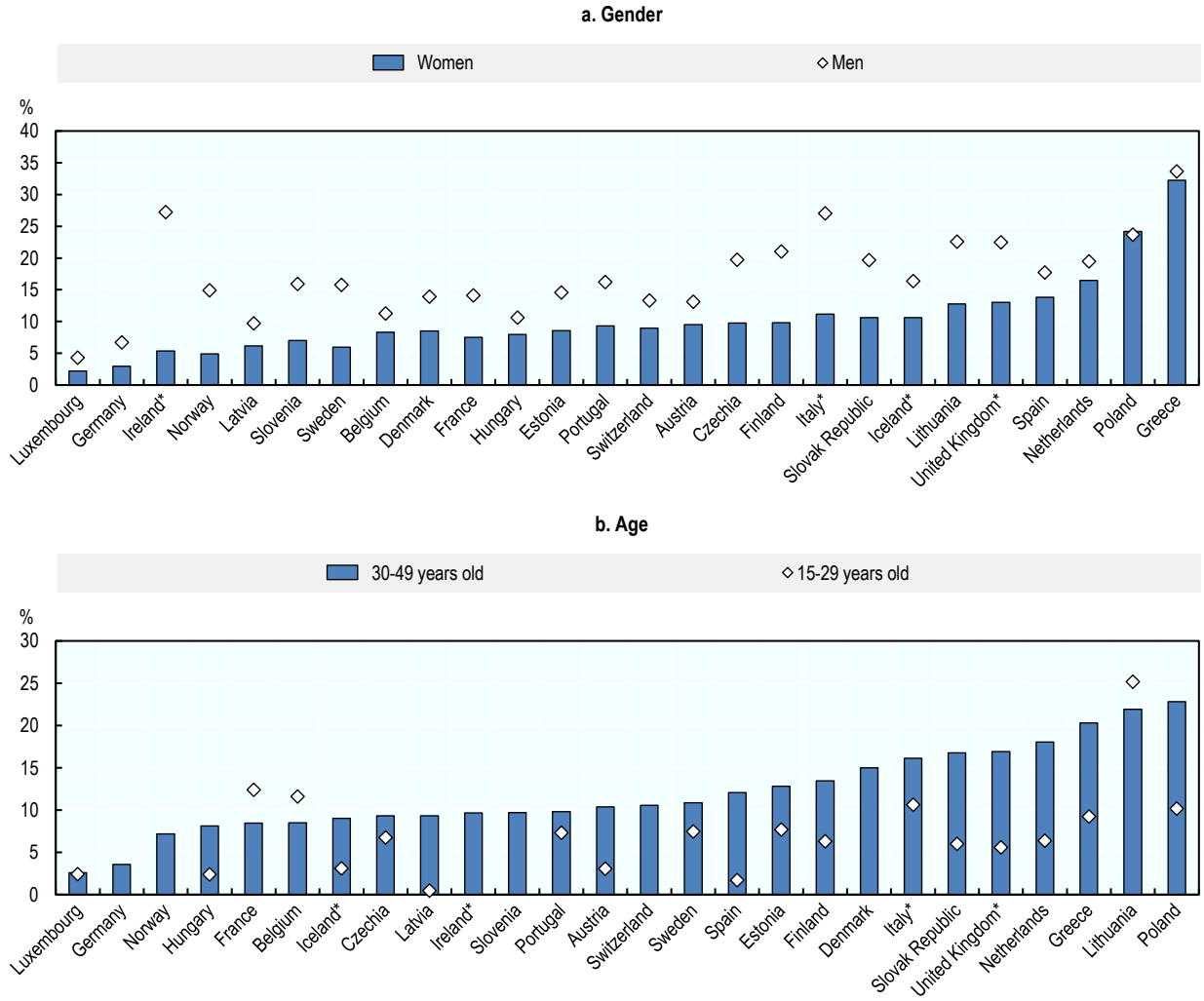
The gender gap among the self-employed with disabilities is slightly larger than the overall gender gap in entrepreneurship (see Chapter 2). Among all self-employed, men are about 30% more likely than women to be self-employed but this gender gap grows to about 90% (i.e. nearly double) among the self-employed with disabilities in European OECD countries (Figure 7.4). This gender gap is greater than among those in full-time employment (Inclusion Europe, 2020[25]). While there are several countries such as Greece and Poland where there is essentially no gender gap among the self-employed with disabilities, the gender gap is more than 300% in Norway and Ireland. Recent research in Canada also finds a gender gap among business owners with a disability but this gap closes as age increases (Lafrance-Cooke and Bemrose, 2022[26]).

Among people with disabilities, self-employment rates tend to increase with age in most countries. People with disabilities under 30 years old were less likely to be self-employed than older age groups in

2019 in all European OECD countries except for Belgium, France and Lithuania (Figure 7.4). This is consistent with research in Canada (Lafrance-Cooke and Bemrose, 2022[26]). There are several explanations for the increasing rates with age, most notably that the prevalence of disability increases with age. However, other factors inhibiting business creation and self-employment in younger age cohorts include a lack of work experience or skills, which hinders the ability to identify a suitable activity and build relevant professional networks.

Figure 7.4. The self-employment rate varies greatly by gender and age

Self-employment as a percentage of employment, 2019



Note: Data for Iceland, Ireland, Italy and the United Kingdom are for 2018 (*). These estimates are based on two questions from the European Union Statistics on Income and Living Conditions (SILC): PH020 (suffer from any chronic illness or condition) and PH030 (limitation in activities because of health problems). The data in this figure report the proportion of people who respond "yes" to PH020 and either "yes, strongly limited" or "yes, limited" to PH030.
Source: (OECD, 2021[10])

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People with disabilities typically operate smaller businesses with lower growth potential…

People with disabilities operate a wide range of businesses and there is no "typical" business. As with all entrepreneurs, their businesses depend largely on context (e.g. personal motivations, skills and experience) and market opportunities. However, for people with disabilities, these decisions are mediated by a range of factors, including many related to the individual's barriers faced in interaction with their impairment, for example, hearing, reading, speech, vision, psychological factors, and physical limitations (Boman et al., 2015[27]).

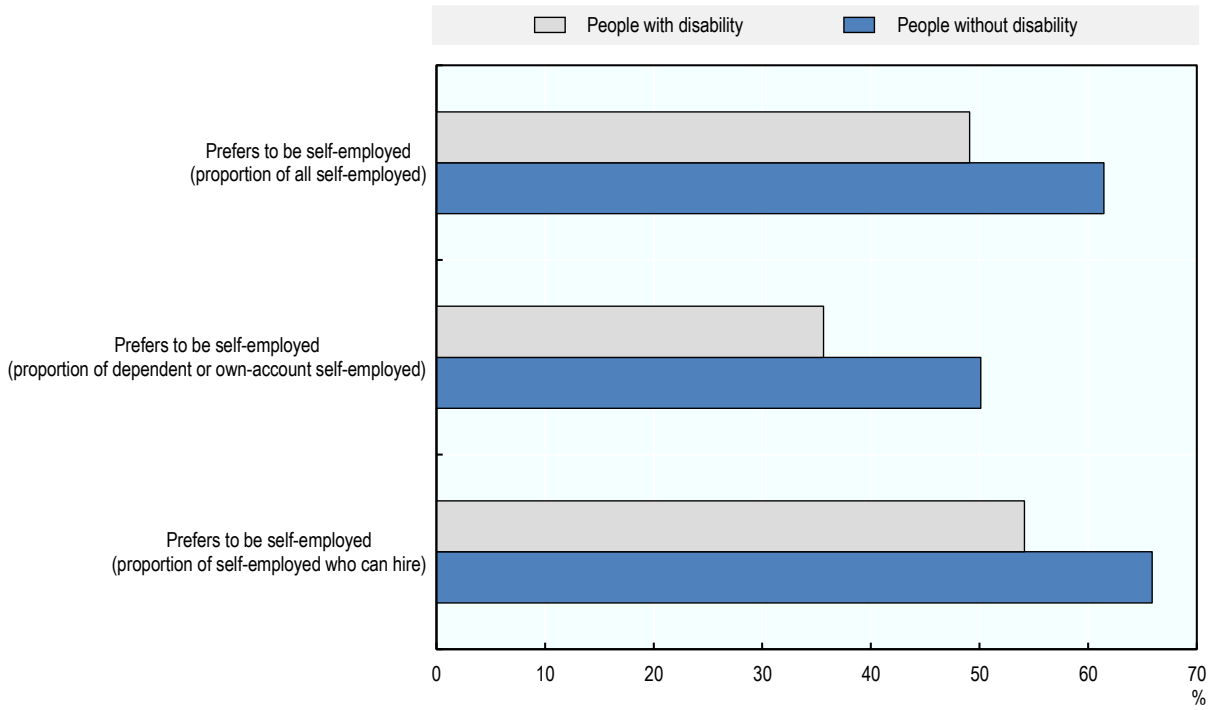
While the level of self-employment activity suggests that there are economic opportunities for people with disabilities, most businesses started are small and have low growth potential. Data from European OECD countries shows that the self-employed without a disability were about 11% more likely to have an employee than those with a disability (OECD, 2022[2]). Moreover, this data shows that the self-employed with a disability are more likely to be dependent self-employed (i.e. they rely on one or a very small number of clients), which limits the potential for growing their business. This is consistent with panel data from the United States which shows that entrepreneurs with a disability were more likely to work in smaller teams and have lower incomes and less start-up investments (Renko, Harris and Cardwell, 2015[28]).

…due differences in motivation and greater barriers faced

People with disabilities are, on average, less motivated to be self-employed. Data from European OECD countries show that people with disabilities are nearly 20% less likely to express a preference for self-employment relative to those without a disability (Figure 7.5). This gap is also evident among those that operate businesses that are large enough to employ at least one other person and is even greater among those who work on their own.

Figure 7.5. People with disabilities are less likely to self-report a preference for self-employment

Shares among different groups of self-employed workers, 2015



Note: Data show the unweighted average for 26 European countries: Austria, Belgium, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, the Netherlands, Norway, Poland, Portugal, the Slovak Republic, Slovenia, Spain, Sweden, Switzerland, the Republic of Türkiye and the United Kingdom.
Source: (OECD, 2022[2])

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A second factor is that people with disabilities face more and greater barriers when starting a business. Although they face many of the same barriers that other entrepreneurs face, disability presents several unique obstacles that policy makers need to understand and address when designing and implementing entrepreneurship support schemes for people with disabilities. Barriers can be grouped under three categories: regulatory disincentives and challenges; individual barriers to business creation; and low levels of awareness of disability issues in the entrepreneurship support system (Table 7.1). Many of these barriers are inter-related and consequently, the vast majority of entrepreneurship support initiatives for people with disabilities offer packages of support.

Addition discussion on barriers and policy solutions can be found in the OECD/EU Policy Brief on Supporting Persons with Disabilities in Entrepreneurship (OECD/EU, 2023[29]).

Table 7.1. Overview of barriers faced by entrepreneurs with disabilities

Category	Barrier	Brief description
1. Regulatory disincentives and challenges	Opportunity cost of self-employment	Entrepreneurs with disabilities often have to forgo a secure income (e.g. income supports, allowances) for an insecure and variable income. Moreover, many people with disabilities may have difficulties accessing compensatory income that helps cover additional costs faced to be employed (e.g. transportation, equipment). People with disabilities may also have great difficulties re-accessing income supports if their start-up does not succeed due to the rigidity of benefits systems that do not manage well transitions to and from employment (Cooney and Aird, 2020[30]).
	Self-employed have more limited access to incapacity benefits	The self-employed often have less access to sick leave, disability and workers compensation than those working as employees. However, the rules vary greatly across countries (OECD, 2019[31]).
	Changes to policy and legislation can be difficult to follow	It can be difficult to monitor changes to rules and regulations related to income and income support systems, partly due to accessibility challenges on government websites.
	Difficulties interacting with government websites for business registration, filing tax, etc.	Government websites have been slow to become compliant with accessibility requirements, making it difficult for some people with disabilities to use these websites (Ferri and Favalli, 2018[32]).
2. Individual barriers to business creation	Ableism and discouraging social attitudes	Ableism is a type of discrimination based on the belief that people with disabilities have lower levels of ability, limiting their opportunities and restricting access to resources (Wolbring, 2012[33]; World Health Organization, 2011[7]; Sefotho, 2014[34]). This makes it more difficult for people with disabilities to gain the confidence of lenders and investors, support providers, business partners and customers.
	Lack of self-identity and low self-confidence	Many people with disabilities do not recognise their potential in entrepreneurship due to low self-confidence and a fear of failure (Cooney and Aird, 2020[30]).
	Lower skills levels	On average, people with disabilities are less likely to complete formal education and are, therefore, often considered to have lower levels of skills (Prókai and Szerepi, 2017[35]; MLSP, 2020[36]). Entrepreneurship researchers point to specific skills gaps in the areas of financial literacy and knowledge about how to reach markets (Prókai and Szerepi, 2017[35]) as well as difficulties accessing appropriate support and training (Cooney and Aird, 2020[30]).
	Access to finance	Many people with disabilities have little savings or assets that can be used as collateral for a start-up loan, often due to a lack of work experience (Cooney and Aird, 2020[30]). This challenge is further compounded by negative perceptions by lenders and investors about the potential of people with disabilities to manage a business.
	Higher cost of doing business	Many entrepreneurs with disabilities face additional costs of doing business due to a need to purchase special equipment or hire more assistants (Kyröläinen, 2020[37]). In addition, it can be more difficult and more expensive to acquire insurance. These additional costs reduce the competitiveness of the business.
3. Low levels of awareness of disability issues in the entrepreneurship support system	Support providers are not prepared for working with people with disabilities	Unintentional bias and insufficient understanding of disability issues within public agencies and non-government support organisations can be a significant barrier to access entrepreneurship supports. This challenge is particularly true for people with mental health disabilities (Martin and Honig, 2020[38]).

Source: (OECD/EU, 2023[29])

Untapped potential for people with disabilities in entrepreneurship is not likely to significantly improve labour market outcomes overall

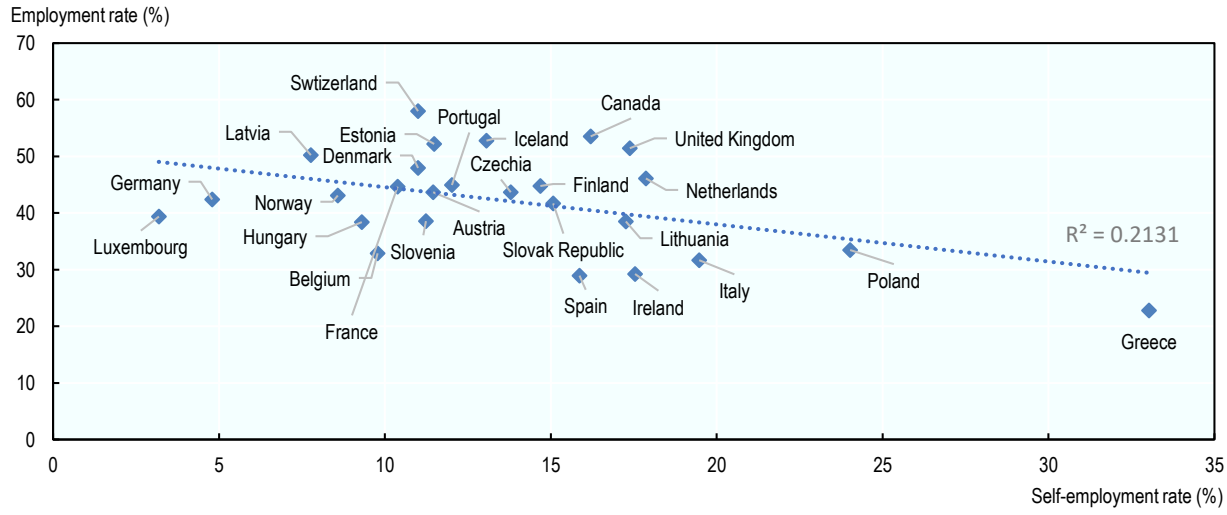
This (limited) evidence suggests that entrepreneurship can be a viable activity for some people with disabilities. This is driven by a range of factors:

- People with disabilities may face lower opportunity costs and associated risks in business creation due to their under-employment;
- Support (entrepreneurship and employment more broadly) is getting stronger due to a shift in approaches towards using "real world" situations rather than training based on hypothetical scenarios; and
- Demographic change (e.g. labour and skill shortages) and advancements in digital technologies (e.g. assistive technologies) are helping to open up opportunities in entrepreneurship for people with disabilities (Martin and Honig, 2020[38]).

While entrepreneurship may improve individual lives by increasing income levels, boosting self-confidence and improving health overall, there is no conclusive evidence to show that labour market outcomes are improved overall. Self-employment is not associated with higher employment rates among people with disabilities in European OECD countries (Figure 7.6). Data from 26 European OECD countries show that there is a weak negative association between the share of workers in self-employment and employment rates among people with disabilities. This suggests that governments should not expect that entrepreneurship schemes for people with disabilities will lead to significant improvements in the labour market outcomes overall of people with disabilities.

Figure 7.6. Self-employment does not appear to improve the labour market position of people with disabilities

Employment rates and self-employment rates for people with disabilities, 2019



Note: Share of employed people with disability (aged 15-69) who are self-employed. Data refer to 2018 for Belgium, Iceland, Ireland, Italy and the United Kingdom.
Source: (OECD, 2022[2])

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Conclusions

People with disabilities account for a large and growing share of the population in OECD and EU countries (currently about 18%). Disabilities vary greatly in nature, severity, cause and duration. This heterogeneity makes it difficult for governments to ensure that everyone can get the right support, but it also creates an opportunity to go further in providing individualised support for everyone.

The share of people with disabilities in employment (among those who work) who are self-employed is similar to that of people without disabilities. This suggests that self-employment can be a feasible type of work for some, but there are important questions for policy makers about who should be supported and under which conditions since many people with disabilities operate small businesses with little growth potential. Entrepreneurship involves risk for everyone and, on average, people with disabilities may face greater consequences if their business does not succeed due to debt that may have been incurred, negative mental health effects and potential difficulties re-entering income support systems.

Improving the social and labour market inclusion of people with disabilities is a policy objective in OECD and EU countries. Policy makers should focus on increasing opportunities for people with disabilities to start businesses by addressing exclusion in the entrepreneurship support system and offering dedicated schemes when there is sufficient demand. It is also important to go further with disability mainstreaming by ensuring that public institutions and services are serving people with disabilities to the same extent as other population groups and are held accountable for doing so. They should help entrepreneurs understand appropriate pathways for business growth and also dissuade those who are unlikely to succeed because public schemes should not support the creation of precarious work. Priorities for strengthening public entrepreneurship support for people with disabilities are:

- Seek to build an entrepreneurial identity using role models;
- Train employment counsellors and business support organisations so they have a greater awareness and tools to address barriers persons with disabilities face;
- Use training and coaching schemes to build business management skills and networks;
- Offer financial support in increasing amounts based on demonstrated success;
- Adjust the delivery of support schemes for the capabilities of individual participants, including leveraging specialised organisations and the organisations of persons with disabilities in designing and delivering support;
- Ensure flexibility and adequacy of income support and benefits systems; and
- Increase investment in collecting data on people with disabilities, including measuring the impact of entrepreneurship schemes.

For more information and policy discussion on entrepreneurship by people with disabilities, please refer to (OECD/EU, 2023[29]). Examples of recent policy action to support people with disabilities in entrepreneurship are contained in the country profiles in Part III of this report.

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Part II Policies for inclusive entrepreneurship

8 The effectiveness of inclusive entrepreneurship schemes: A spotlight on youth

Young people show a high level of interest in entrepreneurship – nearly 40% indicate a preference for self-employment – but only 5% of youth in the European Union and 9% in the OECD were working on a start-up over the period 2018-22. Governments have strengthened their commitment to supporting young people following the COVID-19 pandemic, including young entrepreneurs. However, there are still significant knowledge gaps about which types of schemes work and why. This chapter provides an overview of recent findings from robust evaluations of youth entrepreneurship support schemes and identifies lessons for governments on how schemes could be strengthened.

Key messages

- **Surveys show that young people are keenly interested in entrepreneurship and self-employment.** A new survey in the European Union (EU) shows that 46% of young people (15-30 years old) would consider starting a business and 39% would prefer self-employment to employment. They are most often motivated by flexibility and the ability to influence their work.
- **However, few young people are working on start-ups or managing new businesses.** International surveys show that only about 5% of young people in the EU and 9% in the OECD are working on a start-up. See Chapter 4 for more details on youth entrepreneurship activities.
- **This gap between interest and action is due to a number of market, institutional and behavioural failures.** These include, for example, difficulties building entrepreneurship networks that can facilitate access to external resources because others likely perceive that young entrepreneurs have less to contribute to reciprocal relationship.
- **Governments have long-supported young entrepreneurs with a wide range of support such as training, coaching and microfinance.** Policy objectives often include stimulating business creation by young people and helping them gain work experience so that they can move into employment.
- **This public support for young entrepreneurs has been renewed by governments following several labour market crises over the past 15 years.** Improving labour market outcomes for young people has been a policy priority, including creating opportunities in entrepreneurship.
- **This chapter assesses robust evaluations of youth entrepreneurship schemes to draw lessons for government**. One important lesson is that governments are not sufficiently evaluating youth entrepreneurship schemes. Although more than 100 evaluations were identified in EU Member States and OECD countries since 2000, fewer than 30 would be considered high-quality evaluations by the OECD Framework for the Evaluation of SME and Entrepreneurship Policies and Programmes. Moreover, the majority of evaluations only assessed changes in attitudes or self-perceived skills. Only 11 of these robust evaluations assessed metrics related to entrepreneurship and/or employment outcomes.
- **Evaluations of schemes that seek to achieve business creation and/employment outcomes show that the overall impact of youth entrepreneurship is mixed:**
  - Training schemes appear to have a greater impact on attitudes towards entrepreneurship than on business creation.
  - Loans and social security relief appear to be effective for boosting business creation but do not seem to increase firm survival.
  - Packages of finance with training and/or coaching appear to be more likely to support sustainable creation than only offering finance or training individually. They also appear to lead to stronger employment outcomes when business creation is not successful.
- **The robust evaluations highlight a number of lessons for government:**
  - A strong predictor of successful business creation appears to be high levels of motivation.
  - Finance appears to be an important element of the support needed but grants do not appear to be an effective tool to support young entrepreneurs.
  - Providing more training and tools for trainers and coaches that work with young entrepreneurs would likely increase the impact of youth entrepreneurship schemes.

The need for youth entrepreneurship support schemes

The vulnerability of young people has once again been highlighted by several economic challenges since 2020. The COVID-19 pandemic interrupted education and transitions from school into the labour market, and many young people are struggling with the increases in living costs, including high housing costs. Successful engagement of young people in the labour market and society is crucial not only for their own personal economic prospects and well-being, but also for overall economic growth and social cohesion. Investing in youth is, therefore, a policy priority for the European Union (EU) (European Union, 2013[1]; European Commission, 2021[2]) and OECD (OECD, 2022[3]).

Youth entrepreneurship policies and schemes can play an important role helping young people fulfil their potential and maintain confidence in their future prospects. Young people in the EU and OECD have a high level of interest in entrepreneurship. A recent survey in the EU shows that 46% of young people (15-30 years old) would consider starting a business and 39% would prefer to be self-employed over working as an employee (European Commission, 2023[4]). The survey also shows most common motivations by young people interested in entrepreneurship are the independence that it offers and the control over setting their working location and times. They also assign a high level of importance to doing work that aligns with their interests, although becoming wealthy was also among the top three common responses. Please see Chapter 4 for further details on the motivations of young people in entrepreneurship.

While young people self-report high levels of interest in entrepreneurship, fewer than 5% of people under 30 years old are working on start-ups. This gap between ambition and action can be explained by several factors, notably the presence of barriers faced when converting an idea into a business. Many of the barriers faced by young entrepreneurs are the same as those faced by all entrepreneurs – including difficulties accessing finance, a lack of entrepreneurship and business management skills, and small professional networks – but these challenges can be greater for young people due to their lack of work experience. For example, young people often have little a lack of professional experience and therefore have relatively small amounts of savings and collateral that can be offered against loans (OECD/EU, 2022[5]).

Governments in EU Member States and OECD countries have long-supported young entrepreneurs with a wide array of measures to help them overcome these barriers. The objective is to give young people an opportunity to transform their idea into a business, potentially introducing innovations into the market and creating jobs for others. Moreover, helping young people acquire entrepreneurship skills, gain experience and build professional networks through participation in entrepreneurship support schemes can also help some young people move into work. The rationale for public support for young entrepreneurs is typically based on four arguments (OECD/EU, 2020[6]):

1. There is evidence that young people face greater barriers to business creation and self-employment than older people. These stem from market and institutional failures such as greater difficulties accessing finance;
2. Young people can have difficulties entering the labour market and self-employment could provide an alternative route to work for some;
3. Support for talented young people with high-potential business ideas could result in economic gains and innovation; and
4. Entrepreneurship support schemes could help young people develop transversal skills that will benefit their career, regardless of whether they start a business.

This chapter seeks to fill a knowledge gap about the effectiveness of youth entrepreneurship support schemes in the EU and OECD. It presents evidence and findings from recent high-quality evaluations, including the effectiveness of different types of measures, the outcomes achieved and

success factors. The chapter then draws lessons for policy makers that are responsible for designing and delivering youth entrepreneurship schemes with the aim of strengthening the design of future support schemes for young entrepreneurs.

Approaches to supporting young entrepreneurs

Governments currently use different instruments that can be broadly categorised into two groups: financial support and non-financial support. An overview of the primary approaches currently used in EU Member States and OECD countries to support business creation and development is provided in Table 8.1. Non-financial support includes measures that aim to build skills and networks for potential and actual entrepreneurs such as entrepreneurship training, business consultancy, coaching and mentoring, and networking events. (Entrepreneurship education in schools is an important tool for building entrepreneurial motivations and intentions as well as basic entrepreneurship skills, but it is not covered by this chapter because this does not directly seek to support business creation). Financial support measures seek to improve access to financial resources for business start-up and development, including grants, loan guarantees, loans and microfinance. Other financial instruments are emerging as public policy tools such as equity investments and crowdfunding but their use is not yet widespread and their impact and effectiveness as policy tools has not been sufficiently evaluated (OECD/EU, 2022[5]).

It is also common for governments to provide both financial and non-financial supports together in integrated support packages. The rationale for offering integrated support packages is that multiple supports can reinforce each other and better address the multitude of barriers that young entrepreneurs face. For more information on youth entrepreneurship policy measures, please see (OECD/EU, 2020[6]). Several Country Profiles in Part III of this report also contain information on youth entrepreneurship, including for example Estonia and Luxembourg.

Table 8.1. Overview of main types of youth entrepreneurship support measures

Type	Measure	Objective(s)	Brief description
Non-financial support	Training	Facilitate acquisition of entrepreneurship skills (e.g. business management, financial planning) to increase likelihood of starting and sustaining a business.	Formal entrepreneurship training is delivered through structured formats such as workshops and courses. Training is commonly delivered by an expert trainer to a group of potential or actual entrepreneurs in a classroom setting, either in-person or online.
	Coaching	Facilitate acquisition of skills to address a specific entrepreneurship skill, experience gap or business challenge. Coaches also provide encouragement and support.	Coaching refers to a short-term relationship between an entrepreneur and an experienced coach who provides a mix of structured support using tools (e.g. development plan) and advice based on their experience. Coaches can be paid professionals or volunteers. They are often matched with entrepreneurs through a mechanism that considers the entrepreneur's needs and the coach's experience.
	Mentoring	Support the longer-term wholistic development of the entrepreneur rather than focusing on a specific issue or business challenge.	Mentoring is typically a longer-term relationship that has a greater emphasis on personal development rather than focusing on business development. Mentors are typically volunteers and are matched with entrepreneurs through a mechanism that considers the entrepreneur's needs and activities and the coach's experience.
	Business consultancy	Improve business performance through the provision of targeted professional services.	Public business consultancy services are typically co-ordinated through business development agencies and/or business development banks. These fully or partially subsided services are often delivered by private sector professionals (e.g. certified consultants, accountants, lawyers) up to a fixed limit (e.g. maximum number of hours of service provided).
	Networking	Increase size and effectiveness of professional networks to improve access to resources (e.g. finance, business partners, suppliers) and inspiration for new products, services, processes, organisational methods and	Entrepreneurship networks are groups of inter-connected entrepreneurs, business service providers (e.g. accountants, lawyers) and others (e.g. customers). Two broad approaches are used by government to support network building: 1. Create dedicated networks by funding an individual or

		business practices. Networks can also be used to influence the perception of the desirability and feasibility of entrepreneurship.	organisation to bring young entrepreneurs together through events such as meetings, seminars and social events. These networks could be general or sector specific. 2. Build networks around initiatives that already bring young entrepreneurs together (e.g. entrepreneurship training) by organising activities that facilitate further interaction between young entrepreneurs and with other contacts.
Financial supports	Grants	Provision of a small amount of funding towards business creation.	Grants schemes typically provide small amounts of funding that are not repayable, although some schemes require certain conditions to be met (e.g. completion of a training programme) and restrictions may be placed on how they can be used.
	Loan guarantees	Provide incentives for lenders to make loans to young entrepreneurs.	Governments provide an incentive for lenders to make loans to young entrepreneurs by guaranteeing a portion of the loan, which reduces the risk faced by lenders.
	Loans	Supporting business creation, development and growth with a repayable loan.	Governments use two different approaches in loan programmes for young entrepreneurs: 1. Direct offer of loans by a public actor; 2. Offer loans through another actor (e.g. bank, credit union) that manages the disbursement and collection of loans.
	Microcredit and microfinance	A support type of loan for business creation and development aimed at clients who have difficulty accessing loans in mainstream financial markets.	Microcredit is a specific type of loan of up to EUR 50 000, often disbursed through a dedicated microfinance institution. These loans are referred to as microfinance when loans accompanied by a suite of non-financial services. Governments typically support these types of loans by providing guarantees and direct funding to be disbursed. Schemes are frequently adapted to local conditions and targeted clients, e.g. grace periods, non-financial services offered.

Note: This table is does not include entrepreneurship education in formal schooling because it typically does not aim to directly support business creation. In addition, less common types of support such as equity investments and emerging financial instruments (e.g. crowdfunding) are not included because they are not covered by this chapter.
Source: (OECD/EU, 2020[6]; OECD/EU, 2022[5]; OECD/EU, 2022[7])

Assessing the impact of youth entrepreneurship programmes

Evaluation is a critical element of policy design as it helps governments and programme managers measure a programme's outcome against its defined objectives. To facilitate this, it is crucial to clearly articulate the programme's objectives with measurable outcomes during the design phase. Once the programme's impact has been measured against the objectives, evaluation can identify the successful elements of a programme, potential areas for improvement and unforeseen issues that emerged. For programme administrators and managers, these insights allow for continuous improvement in the design and administration of not only the current programme but also future programmes with similar objectives. For policy makers, these insights support strategic decision making to maximise benefits and the effectiveness of meeting specific objectives relative to costs. This allows for a more effective and efficient allocation of funds. Further, evaluations can demonstrate the effective use of public funds to taxpayers.

Despite these benefits, reliable evaluations are not always standard practice. The most common deterrent is the perceived costs, which extend beyond finances to include time and personnel, especially when data collection spans multiple years and encompasses both participants and non-participants. However, evaluations should be viewed as investments rather than expenses, considering their potential to enhance the cost-effectiveness of future policies and programmes, thus preventing future financial loss. Further, it has been estimated that evaluations require only about 0.5% to 5.0% of the total programme budget (OECD, 2008[8]), which is modest considering the potential benefits for current and future programmes, policy makers and taxpayers.

One of the critical issues in the evaluation of youth entrepreneurship programmes is the selection of metrics since programmes often seek to achieve multiple policy objectives. Objectives can include, for example, to increase motivations for entrepreneurship, help acquire entrepreneurship skills,

support business creation and improve business performance. Another common objective is to improve labour market outcomes of young people more generally by helping young people acquire work experience and grow their networks. These different objectives clearly seek to achieve different outcomes, requiring an assessment of different metrics when seeking to understand the impact and effectiveness of the intervention(s). Some examples of common policy objectives and evaluation metrics are provided in Table 8.2. However, even among a single policy objective, there are many considerations for selecting evaluation metrics depending on the type of intervention. For example, the effectiveness of entrepreneurship training schemes is often measured with changes in human capital assets (e.g. entrepreneurial intention, knowledge, skills) (Martin, McNally and Kay, 2013[9]), but this does not allow for an assessment of the impact on "hard" outcomes such as business creation and performance. Therefore, evaluators should consider several criteria when selecting the metrics to be used, including their relevance to the programme's objectives in the short- and long-terms and the availability and timeliness of data. Further discussion and guidance on the evaluation of SME and entrepreneurship policy is available in the OECD Framework for the Evaluation of SME and Entrepreneurship Policies and Programmes 2023 (OECD, 2023[10]).

Table 8.2. Policy objectives and potential evaluation metrics

Examples of policy objectives	Examples of potential evaluation metrics
To address unemployment and under-employment among youth	Employment status, quality of employment, income, self-employment/businesses created, firm survival, number of jobs created
To develop entrepreneurial motivations among youth	Entrepreneurial intention, perceived desirability and feasibility of entrepreneurship, business knowledge, acquisition of soft skills
To support the survival and performance of newly established businesses by youth	Firm survival rates, income earned, turnover, profits, productivity, number of jobs created
To stimulate innovation and job creation	Number of patents filed, number of patents awarded, amount of investment received, number of jobs created

Evidence of the impact of youth entrepreneurship schemes in the EU and OECD

To assess the impact of youth entrepreneurship support schemes, more than 100 evaluations of youth entrepreneurship policies and programmes were identified since 2000. The first step in selecting evaluations for this analysis was to assign a quality score to each evaluation. Only those considered to meet the standards of Step V and Step VI in the OECD Framework for the Evaluation of SME and Entrepreneurship Policies and Programmes 2023 were considered (Box 8.1). Of the evaluations identified, only 27 evaluations met this quality standard. A second criterion was then applied to select only those high-quality evaluations that measured "hard" outcomes related to entrepreneurship (e.g. business creation, business performance) and/or employment (e.g. employment secured, quality of employment). Those evaluations that measured only "soft" outcomes (e.g. motivations for entrepreneurship, self-perception of skills) were excluded from the analysis. For further details on the methods used to identify these evaluations, please see Annex 8.A.

Given these criteria, the analysis in this chapter focuses on the findings of 11 robust programme evaluations. The small number of evaluations meeting the selection criteria is consistent with earlier meta-analyses, which noted that youth entrepreneurship schemes are not well-evaluated (Eurofound, 2016[11]; Eurofound, 2015[12]; De Castro and Chaves, 2015[13]).

Box 8.1. Six Steps to Heaven

The OECD Framework for the Evaluation of SME and Entrepreneurship Policies and Programmes is based on the Six Steps to Heaven framework. The framework categorises evaluation into six step levels based on their degree of sophistication and rigour (OECD, 2008[8]; OECD, 2023[10]).

Step I-III, which are categorised as "monitoring", revolves around the following:

- Step I: Take up of a programme
- Step II: Recipients opinions
- Step III: Recipients' views of the difference made by the assistance

Step IV-VI, which are categorised as "evaluation", have the following characteristics:

- Step IV: Comparison of the performance of "assisted" with "typical"' firms
- Step V: Comparison with "matched" firms
- Step VI: Taking account of selection bias – through statistical procedures or use of Randomised Control Trials (RCTs)

Compared to monitoring (Step I-III), evaluations (Step IV-VI) are more robust as outcomes between participants and non-participants are compared in order to obtain "counterfactuals". Counterfactuals are crucial in evaluations as it allows us to estimate unbiased causal effects. As it is not always possible to conduct evaluations in experimental settings where individuals are randomly assigned into treatment and control groups, statistical procedures could be adopted to produce counterfactuals, such as difference-in-differences (DiD) approach, propensity score matching (PSM) and regression discontinuity design (RDD).

Source: (OECD, 2023[10]; OECD, 2008[8])

An overview of the 11 evaluations covered and their findings is presented in Table 8.3. Following the OECD Evaluation Framework 2023 (OECD, 2023[10]), the overall impact of each evaluation is reported into three categories:

- *Positive* when the findings are either exclusively positive or there is a strong balance of positive outcomes.
- *No/Negative* impact describes evaluations with no positive effect, or the balance of evidence pointed towards a negative or non-significant effect. These are grouped into the same category as both suggest that the programme failed to achieve its objective.
- *Mixed* when findings are strongly balanced between positive, negative and/or no significant effect.

Additional details on the evaluation reports are provided in Annex 8.B, including a summary of programme characteristics, evaluation methods, findings and references.

Table 8.3. Overview of robust youth entrepreneurship programme evaluations in EU Member States and OECD countries

#	Country	Programme	Type of intervention			"Hard" outcome metrics								Overall impact on "hard" metrics
						Self-employment & firm related					General employment			
			Entrepreneurship training	Financial support	Integrated support	Business creation	Entrepreneurship income	Firm survival	Turnover	Job creation	Employment secured	Quality of job	Income	
1	Colombia	*Jóvenes Rurales Emprendedores* (JRE, Young Rural Entrepreneurs)	•			+				+	+	<>	+	Positive
2	France	*CréaJeunes*			•	<>	<>		-		(-)		+	Mixed
3	France	*Groupements de Créateurs* (Creator Groups)			•	-	-				+		+	Mixed
4	Italy	*Fare impresa* (Doing business)		•		+		-	+	(+)				Mixed
5*	Italy	Yes I Start Up (YISU) and SELFIEmployment			•	-		+		<>				Mixed
6	Spain	Flat rate for young self-employed workers		•		+		<>						Mixed
7	Spain	*Lanzaderas de Empleo y Emprendimiento Solidario* (Employment and Social Entrepreneurship Launchpads)			•	<>					+	+		Positive
8	Türkiye	Youth Farmer Projects Support (GÇPD)		•		<>	<>							No/Negative
9	United Kingdom	Business Programme (The Prince's Trust)			•	+	+			<>	+		-	Mixed
10	United Kingdom	Shell Technology Enterprise Programme (STEP)	•								<>			No/Negative
11	United Kingdom	Start Up Loans			•	+		<>	+	+				Positive

Note: Evaluations marked by an asterisk (*) meet the criteria for being Step V and VI but do not report the statistical significance level (e.g. p-value) of their tests and findings. **+**: positive effect; **-**: negative effect; **<>**: non-significant effect (i.e. no significant difference observed between intervention and control group); **()**: effect (positive or negative) only temporary.
Source: Please see Annex 8.B for the citations of each evaluation report.

Each evaluation measured scheme's impact according to at least two metrics and there was a great diversity of metrics used. *Business creation* was assessed in all evaluations except one and *employment secured,* which measures whether the participant secured a job, was assessed in the majority of evaluations (Table 8.4). Other metrics that appeared in multiple evaluations were *firm survival*, *job creation* and *entrepreneurship income*. However, these metrics were used in less than 20% of the evaluations. Despite the wide use of the *business creation* metric, most of the evaluations did not consider whether participants operate their business beyond the short-term, nor whether the business generated income or jobs for others. Please see Annex 8.C for additional description on the categories of metrics assessed in these evaluations.

Table 8.4. Performance metrics used in the evaluations

Metric	Number of evaluations using the metric	Comment
Business creation	10	Widely used across all intervention types
Employment secured	6	Used for entrepreneurship training and integrated schemes
Job creation	5	Used across all intervention types
Employment income	4	Used for entrepreneurship training and integrated schemes
Firm survival	4	Used for financial support and integrated schemes
Entrepreneurship income	4	Used for financial support and integrated schemes
Turnover	3	Primarily used financial support schemes
Quality of job	2	Used for entrepreneurship training and integrated schemes

The overall impact of youth entrepreneurship paints a complex picture

Only three of the 11 robust evaluations found predominantly positive impacts on "hard" entrepreneurship and/or employment outcomes. Two of these three evaluations assessed integrated support schemes, while the third was a training programme. Of the three evaluations, one found a positive impact on both entrepreneurship and employment outcomes (#1 in Colombia) and one found a positive impact on entrepreneurship outcomes only (#11 in United Kingdom) (Table 8.5). The third evaluation found a positive impact on employment outcomes but no impact on entrepreneurship outcomes (#7 in Spain). Please see Box 8.2 for more details on the Spanish scheme.

Box 8.2. *Lanzaderas de Empleo y Emprendimiento Solidario* (Employment and Social Entrepreneurship Launchpads), Spain

Programme description: The Employment and Social Entrepreneurship Launchpads (*Lanzaderas de Empleo y Emprendimiento Solidario*) is an integrated support programme by the Santa María la Real Foundation (a private non-profit foundation) which is financially supported by public and private partners. The programme aims to support unemployed youth (18-35 years old) in gaining the skills and knowledge needed for the labour market as well as help them to start a business or find employment.

The scheme provides peer-led training to groups of about 20 unemployed youth as well as personalised coaching and networking opportunities for a period of 5-9 months. In 2023, the programme supported 20 000 participants through more than 800 launchpads operating in more than 300 cities in Spain. The programme has steadily been increasing its reach since its creation in 2013. In the period 2016-19, there were 11 350 participants in 454 launchpads up from 1 100 participants in 55 launchpads in 32 cities in the period 2014-15. The programme has also successfully been transferred to other countries, including Belgium, Italy and Portugal.

Performance metrics: Employment/work situation, income, employability-related attitudes and aptitudes, standard of living.

Data sources: Online survey, interviews, focus group data.

Evaluation sample size: 212: 135 in intervention group (55% women), 77 in control group.

Evaluation approach and technique: The authors used the difference in differences (DiD) method, which compares information on expected impact variables of participants to a comparison group before and after programme participation. The authors used matching techniques to avoid selection bias and ensure the comparison group was similar to the treatment group in terms of socio-demographic and structural variables.

Step level: VI

Key findings: The programme had positive impacts on skills, attitudes and employability. Programme participants had higher employment rates relative to non-participants (60% vs. 39%). They also had on average higher quality job placements — contract duration was 22 percentage points (p.p.) higher for participants than non-participants, more working hours for participants (25 p.p. more than non-participants) and better social security coverage (26 p.p. higher for participants than non-participants). Moreover, participants tended to have job placements that were aligned with preferences compared to non-participants. They also had improved quality of life, attitudes, and aptitudes. However, the effect on entrepreneurship was found to be limited — only 3% of participants started a business and the intention to start a business decreased after the programme.

Source: (Redcrea, 2016[14])

About half (i.e. six) of the evaluations found both positive and negative impacts, while the remaining two found no impact. The evaluations with mixed results assessed financial support schemes and schemes that offered integrated packages of support. The remaining two evaluations found no or negative impact on business creation, business performance or employment outcomes. One of these evaluations assessed a training scheme (#10 in the United Kingdom), while the other assessed a financial support scheme (#8 in Republic of Türkiye). An overall finding of mixed findings is consistent with previous meta-analyses of youth entrepreneurship schemes (Eurofound, 2016[11]; Eurofound, 2015[12]) and was also noted by some of the evaluations covered in this chapter (Meager, Bates and Cowling, 2003[15]). This is

also consistent with evaluations of entrepreneurship scheme more broadly, where the robust evaluations tend to find mixed results (OECD, 2023[10]).

Table 8.5. Summary of evaluation findings by intervention type

Intervention type	Positive impact	Mixed impact	No / Negative impact	Total
Entrepreneurship training	1	0	1	2
Financial support	0	2	1	3
Integrated support	2	4	0	6
Total	**3**	**6**	**2**	**11**

Training schemes appear to have a greater impact on attitudes than business creation

Entrepreneurship training schemes for young entrepreneurs do not appear to consistently have clear benefits for participants in terms of improving entrepreneurship and employment outcomes. One evaluation (#1 in Colombia) found predominantly positive impacts on both entrepreneurship and employment outcomes, but the evaluation of the training scheme in the United Kingdom (#10) found that the programme did not have an impact on employment outcomes (entrepreneurship outcomes were not assessed) (Table 8.6).

Table 8.6. Summary of findings of evaluations of entrepreneurship training schemes

#	Country	Programme	Outcome								Overall impact on self-employment and overall employment
			Self-employment & firm related					Overall employment			
			Business creation	Entrepreneurship income	Firm survival	Turnover	Job creation	Employment	Quality of job	Income	
1	Colombia	*Jóvenes Rurales Emprendedores* (JRE, Young Rural Entrepreneurs)	+				+	+	<>	+	Positive
10	United Kingdom	Shell Technology Enterprise Programme (STEP)						<>			No/Negative

Note: **+**: positive effect; **-**: negative effect; **<>**: non-significant effect (i.e. no significant difference observed between intervention and control group); **()**: effect (positive or negative) only temporary.

Entrepreneurship outcomes were only assessed in the evaluation of the Colombian scheme (#1) and several positive effects were identified. This training scheme offered short training courses to 16-25 year olds in low-income rural areas to address high levels of youth unemployment. Training was offered through vocational training centres operated by the National Training Service (SENA: *Servicio Nacional de Aprendizaje*). It operated between 2003 and 2013, with the first year being used as a pilot before being expanded across the country. More than 250 000 young people received the training per year in the latter years of the scheme. The evaluation found several positive outcomes related to entrepreneurship. The estimated impact of the training was an increased likelihood of starting a business

by 75% to 88% and among those who start, they were about 50% more likely to hire an employee. However, the scheme did not have a positive impact on all entrepreneurship metrics assessed. For example, participants who started a business were not found to have been more likely to secure external financing. For more information on this scheme, please see (Box 8.3).

Box 8.3. *Jóvenes Rurales Emprendedores* (Young Rural Entrepreneurs), Colombia

Programme description: Young Rural Entrepreneurs was a business training programme offered by the National Training Service (*Servicio Nacional de Aprendizaje*; SENA), a national public institution in Colombia. The programme seeks to address unemployment and underemployment of low-income youth aged 16-25 in rural areas by providing training in strategic areas, increasing their employability, and strengthening their entrepreneurial capacity.

Training programmes offered are organised at the municipal level and tailored to the needs of each municipality. The programme started in 2003 in 167 municipalities. By 2008, the programme was in 1 091 municipalities and had 257 000 graduates. In 2009, there was a change in the programme and a greater emphasis was placed on entrepreneurship. The evaluation was focused on the 2009 programme period to evaluate the new approach.

Performance metrics: Labour market variables (i.e. income, employability, working hours, perceived quality of work), entrepreneurial capacity (i.e. willingness to start a business, access to financing, hiring of personnel, business knowledge), management capacity and associativity.

Data sources: Survey (pre- and post-test). The baseline survey was administered once the programme has started but before 35% of the programme has been completed (June-July 2009). The follow-up survey was administered in March-April 2010.

Evaluation sample size: 1 016: 468 in intervention group (52% women), 548 in control group. The control group consists of individuals who met the requirements to access the programme but did not apply.

Evaluation approach and technique: The authors used three different techniques to assess the impact of the programme: (1) propensity score matching (PSM), (2) difference-in-differences (DiD), and (3) conditional difference-in-differences (i.e. combination of PSM and DiD). The outcomes of each of these three techniques are presented and compared.

Step level: VI

Key findings: The results show that participating in JRE significantly contributed to probability of being employed, hourly labour income, steps taken to start a business, probability of hiring personnel, access to business customers, business knowledge, social network, relationship with workers, suppliers and partners. However, there was no significant effect on employment quality, access to financing, use of accounting and relationship with clients.

Source: (Steiner, Acosta and Rojas, 2010[16])

Employment outcomes were assessed in both of the evaluations of entrepreneurship training schemes but only one found a positive impact. The evaluation of the Colombian scheme (#1) found that participants had a greater probability of finding employment by about 13% to 14% relative to the control group (Steiner, Acosta and Rojas, 2010[16]). Moreover, those who secured employment were found to have a 60% increase in income. The evaluators do not offer an explanation for these results, but it could be due to a signalling effect, i.e. participation sends a signal to potential employers about the participants' motivations and ability to follow a structured programme. Moreover, it is likely that participants expanded

the networks to a greater extent than the control group, leading to more employment opportunities being identified.

The second training scheme was found to have no impact on the likelihood of obtaining employment. The evaluation of the Shell Technology Enterprise Programme in the UK (#10) only considered employment outcomes. (The evaluation found that participants were about 30% more likely to have ambitions to create their own business but it did not assess whether these ambitions were realised). The scheme offered eight-week job placements for university students in micro businesses to learn about business creation and business management. One of the main issues examined by the evaluation was to assess the impact of the job placements on securing future employment but it found no statistical difference between participants and the control group. The evaluator's conclusion was that the programme was likely not long enough to change participants' attitudes or help them acquire new skills (Westhead and Matlay, 2006[17]).

In addition, entrepreneurship training schemes appear to be likely to have a positive impact on entrepreneurship intentions and self-perceived skills levels. Both of the evaluations discussed in this section examined the "soft" impacts of entrepreneurship training. The scheme in Colombia was found to increase self-perceived levels of business knowledge and the evaluation of the schemes in the UK found no impact on entrepreneurial intentions.

Loans and social security relief boost business creation but not firm survival

Financial support schemes are primarily aimed at supporting business creation and development, but evaluations show mixed impacts. Only three evaluations of financial support schemes met the criteria for analysis in this chapter (Table 8.7) and each examined a different financial instrument. The scheme in Italy (#4) is a guarantee scheme that operated in Tuscany between 2011 and 2015. It was open to young entrepreneurs (18-40 years old), as well as women entrepreneurs and the unemployed. Eligible entrepreneurs could use the scheme to secure a loan for business creation (within six months) or support the development of a business that is less than two years old. The Spanish measure (#6) reduced the minimum social security contribution for young entrepreneurs in 2013-14. Young male entrepreneurs up to 30 years old could make use of this measure while young female entrepreneurs up to 35 years old were eligible. The scheme in the Republic of Türkiye (#8) was launched in 2016 and offered grants of TRY 30 000 (approximately EUR 1 035) to young farmers and entrepreneurs in the agricultural sector who proposed projects in rural areas. It aimed to support youth employment, regional development and prevent ageing of the agricultural sector.

Given the objectives of each scheme, evaluations focused on assessing metrics related to business creation and firm performance rather than employment outcomes. All three of the evaluations measured the scheme's impact on business creation along with a suite of other metrics. Two of the three evaluations (#4 in Italy and #6 in Spain) examined business survival. Other metrics considered by the three evaluations included entrepreneurship income, turnover and job creation.

Table 8.7. Programmes offering only financial support

#	Country	Programme	Outcome								Overall impact on self-employment and overall employment
			Self-employment & firm related					Overall employment			
			Business creation	Entrepreneurship income	Firm survival	Turnover	Job creation	Employment	Quality of job	Income	
4	Italy	*Fare impresa* (Doing business)	+		-	+	(+)				Mixed
6	Spain	Flat rate for young self-employed workers	+		<>						Mixed
8	Türkiye	Youth Farmer Projects Support (GÇPD)	<>	<>							No/Negative

Note: **+**: positive effect; **-**: negative effect; **<>**: non-significant effect (i.e. no significant difference observed between intervention and control group); **()**: effect (positive or negative) only temporary.

Evaluations of the schemes in Italy and Spain both found a positive impact on business creation. However, this impact appears to have had only a short-term effect for beneficiaries of the Spanish measure as the survival rates of firms operated supported entrepreneurs were not improved (Redcrea, 2016[14]). This is explained by a range of factors, including the participants' work history (or lack of), business' characteristics and the socio-economic characteristics of participants, which can affect access to resources. In the Italian scheme, the firm survival rates among participants were lower than those among the control group (Mariani, Mattei and Storchi, 2019[18]). This finding is unexpected because the evaluation also found that there were positive impacts on firm revenue and a temporary positive impact on job creation. While evaluators do not provide an explanation, it is possible that supported firms expanded too quickly. A different outcome may have been achieved if the scheme had also provided non-financial support to improve the decision making of supported entrepreneurs.

The evaluation of the grant scheme in the Republic of Türkiye (#8) found no net impact on business creation nor firm performance. Evaluators noted two explanations for the lack of impact (Kan, Kan and Dogan, 2018[19]). First, they suggest that the amount of the grant was not sufficient to support the creation of economically sustainable businesses. Second, they suggest that the recipients were not equipped to effectively use the grants because they lacked experience, knowledge and motivations.

Integrated support packages can support business creation and often improve employment outcomes

Packages of support that include financial support, training and individualised advice show that they can be effective when the conditions are right. While offering packages of different types of support is consistent with the nature of support demanded by young people (see Chapter 4), there does not appear to be a combination of interventions that clearly outperforms another in terms of effectiveness. The schemes covered in this analysis each offered a slightly different package of support to different groups of young entrepreneurs.

Across the six schemes covered in this analysis, three different models of support can be identified. One approach is to offer a package of financial and non-financial support where the two types of support are strongly linked. This approach was used by *CréaJeunes* in France (#2) and the Prince's

Trust scheme in the UK (#9). *CréaJeunes* offered group training, coaching and financial support to 18-32 year olds from disadvantaged regions and neighbourhoods. Support included a small grant of up to EUR 500, support securing a bank loan or microcredit and a bonus grant of EUR 2 000 when a bank loan or microcredit was secured. This package implied that participants received support in different phases, which is similar to the Prince's Trust approach that offers increasingly intensive support to unemployed 18-30 year olds. This includes workshops, training, coaching, small grants and loans that are offered when participants can demonstrate progress in achieving their entrepreneurship objectives.

Table 8.8. Programmes offering integrated support packages

#	Country	Programme	Outcome								Overall impact on self-employment and overall employment
			Self-employment & firm related					Overall employment			
			Business creation	Entrepreneurship income	Firm survival	Turnover	Job creation	Employment	Quality of job	Income	
2	France	*CréaJeunes*	<>	<>		-		(-)		+	Mixed
3	France	*Groupements de Créateurs* (Creator Groups)	-	-				+		+	Mixed
5*	Italy	Yes I Start Up (YISU) and SELFIEmployment	-		+		<>				Mixed
7	Spain	*Lanzaderas de Empleo y Emprendimiento Solidario* (Employment and Social Entrepreneurship Launchpads)	<>					+	+		Mixed (but no impact for entrepreneurship outcomes and positive impacts for employment outcomes)
9	United Kingdom	Business Programme (The Prince's Trust)	+	+			<>	<>		<>	Mixed
11	United Kingdom	Start Up Loans	+		<>	+	+				Positive

Note: **+**: positive effect; **-**: negative effect; **<>**: non-significant effect (i.e. no significant difference observed between intervention and control group); **()**: effect (positive or negative) only temporary.

The second model of integrated support is a combination of entrepreneurship training and coaching that links participants to other financial support schemes. This approach was used in the Creator Groups in France (#3), the "Launchpads" scheme in Spain (#7) and the integrated Yes I Start Up and SELFIEmployment schemes in Italy (#5). The first two examples are similar in that individual support is offered to participants to identify external sources of finance, including introductions to lenders and investors, as well as supporting applications to various start-up financing programmes. Creator Groups (#3 in France) offered guidance, workshops, training and financial support to young people (15-24 years old) from disadvantaged regions and neighbourhoods and offered two pillars of support: pre start-up support (e.g. individual guidance, workshops) and post start-up support (e.g. training programme). Staff also promoted the projects to potential lenders and investors. The Launchpads scheme (#7) is similar. It offers services to 18-35 years old who have been unemployed for at least 12 months to support business creation or finding employment opportunities, including training, coaching and mentoring, and psychological support. These are delivered through a network of "launchpads" that also facilitate access to professional business services and other resources (e.g. business creation support programmes). The Italian scheme (#5) is slightly different because it is built on a training programme (Yes I Start-Up) and participants are then able to seek finance from a separate scheme (SELFIEmployment). The scheme was initially aimed at NEETs 19-20 years old, but this has been expanded since the evaluation was undertaken.

The final model of integrated support packages are loan programmes that also offer some non-financial services. This approach is used by the Start-Up Loans scheme in the UK (#11), which offered loans for business creation to 18-30 year olds. The average loan amount was GBP 6 630 (approximately EUR 7 570 in 2017) and loan recipients also received coaching and business consultancy.

Overall, only one evaluation identified predominantly positive impacts, but this evaluation only considered business-related impacts (#11 in the United Kingdom) (Table 8.8). The remaining evaluations found mixed results for both business and employment outcomes. However, the mixed findings for the "Launchpads" scheme in Spain (#7) should really be considered as a finding of no impact on entrepreneurship outcomes and a positive impact on employment outcomes.

The overall impact on business creation was mixed across the six evaluations. Only two evaluations (#9 and #10 in the United Kingdom) found a positive impact on business creation and two evaluations (#2 in France and #7 in Spain) found no impact. Surprisingly, two evaluations (#3 in France and #5 in Italy) found a negative impact on business creation. The evaluation of *CréaJeunes* (#3) found that participants were more likely to move into employment relative to the control group and less likely to have started a business (Ministère de la Ville et and de la Jeunesse et des Sports, 2014[20]). Similarly, the evaluation of the Italian scheme (#5) found a lower propensity for business creation among participants but noted that it was likely, at least in part, due to a difficult economic context and some programme design issues that created difficulties in interacting with coaches (ANPAL, 2021[21]).

The evaluations also found an uneven impact across other firm-related metrics such as survival rates, turnover and job creation. Entrepreneurship income was the mostly commonly assessed metric but even so, only three evaluations examined it (#2 and #3 in France and #9 in the United Kingdom). One evaluation found a positive impact (#9) but evaluators noted a caution in interpreting this finding because it also found that the average number hours worked was very high (Meager, Bates and Cowling, 2003[15]). If the earnings were considered as an hourly rate, evaluators found that nearly one-fifth of participants were earning about GBP 1 per hour (approximately EUR 1.35 in 2003). This is clearly not a positive outcome, suggesting that the overall finding is due to a number of outliers who were really successful. The other evaluations found no impact and a negative impact on earnings from the business. Two evaluations assessed the impact on turnover, but again the results are inconsistent. One out of two evaluations found a positive impact on firm survival rates and the other no impact. Similarly, one out of three evaluations found a positive impact on job creation and the other two found no impact.

The impact of integrated support schemes on employment outcomes appears to be stronger than the impact on firm-related metrics. Three of the four evaluations that assessed employment outcomes found that the scheme had a positive impact on the likelihood that the young participants found employment. For example, the evaluation of the "Launchpads" scheme in Spain (#7) found that 60% of participants secured employment with a job contract of at least two months relative to only 39% of the control group (Redcrea, 2016[14]). However, men were nearly 10 percentage points more likely than women to have successfully integrated into the labour market. The evaluation of the Prince's Trust in the United Kingdom (#9) also found a positive impact on employment but noted that the finding only holds when those who created businesses are considered along with those working as employees (Meager, Bates and Cowling, 2003[15]).

Several evaluations assessed metrics related to job quality and income and the results are generally positive. The two evaluations of French schemes (#2 and #3) found a positive impact on earnings, indicating that participants not only found jobs but also secured higher paying jobs than those in the control group (although the evaluation of *CréaJeunes* found a slight negative influence on employment in the short-term). However, the evaluation of the Prince's Trust found that the self-employment experience did not have an impact on subsequent employment earnings (Meager, Bates and Cowling, 2003[15]). This evaluation noted, however, that previous employment experience prior to participation in the scheme had a significant positive impact on subsequent employment earnings.

Many of the evaluations also found positive outcomes on other metrics that are not covered in Table 8.8. One evaluation (#2 in France) found that participants had improved access to external finance for the business start-up, which put them in a better position for success. The evaluation of Start-Up Loans (#11 in the United Kingdom) assessed additional business performance metrics and found that participants were more likely to introduce innovations, but evaluators noted that the causality is unclear. Many of the evaluations identified psychological benefits for the participants such as improved self-confidence (#2 in France, #5 in Italy, #7 in Spain, #11 in the United Kingdom) as well as self-perceived quality of life (#7 in Spain). Finally, the results of several of the evaluations suggest that integrated support schemes hold some potential for addressing inclusion issues. Two evaluations (#7 in Spain, #9 in the United Kingdom) found a greater gender balance among participants as well as disproportionate shares of immigrants and people with disabilities (#11 in the United Kingdom). However, these metrics were not assessed across most evaluations, so it is not clear if these findings hold more broadly.

Lessons for government

One of the strongest predictors of success appears to be high levels of motivation

Most of the evaluations examined the characteristics of participants and the results are somewhat inconsistent, suggesting that age and gender are not strong predictors of success. The evaluation of the Prince's Trust scheme in the United Kingdom (#9) found that gender did not have a significant impact on outcomes achieved, but the "Launchpads" evaluation in Spain (#7) found a greater impact on male participants than among female participants. The collection of evaluations covered in this chapter shows contradictory findings on the schemes' impact by age. The evaluation of the Prince's Trust scheme (#9 in the United Kingdom) found a greater impact for older youth. This was attributed to greater levels of education and work experience prior to entering the programme, giving them more skills, knowledge and resources (e.g. networks). However, the "Launchpads" evaluation (#7 in Spain) found a greater impact among the youngest participants (but the positive outcomes were related to employment).

Several evaluations found that individuals' motivations had a significant effect on outcomes achieved. Three of the evaluations found that schemes had the strongest impact on young people with the highest levels of motivations, namely the evaluations of the Prince's Trust (#9 in the United Kingdom), *CréaJeunes* (#2 in France) and "Launchpads" (#7 in Spain). The evaluation of *CréaJenues* underlined this by concluding that strong entrepreneurial motivations were a pre-condition for success. In addition, the evaluation of the Prince's Trust found that participants who had neutral attitudes towards risk or were risk averse were more likely to succeed. Combined, these evaluation results suggest that governments could put a stronger emphasis on assessing individuals' motivations when selecting potential young entrepreneurs to be supported with intensive support. This could be done through short survey's and/or interviews during the in-take process.

Finance appears to be an important element of the support needed…

Access to finance is one of the greatest challenges faced by young entrepreneurs so there is a strong rationale for offering financial support as part of public entrepreneurship schemes. The collection of evaluations provides a number of insights for governments. First, entrepreneurship training schemes do not appear to effective in supporting business creation and development on their own. This was further underlined by the two evaluations of integrated schemes. The evaluation of *CréaJeunes* in France (#2) found that access to management knowledge and skills does not appear to be the main barrier to business creation nor success, while the evaluation of Prince's Trust (#9 in the United Kingdom) found that participants who did not succeed in creating a sustainable business most often had financial challenges.

However, the evaluations suggest that schemes solely providing financial assistance may not be enough to guarantee sustained success in entrepreneurship. Overall, evaluations of schemes offering financial support cover in this analysis do not show positive impacts on business survival. For example, the evaluation of *Frae impresa* in Italy (#4) found that participants were able to start a business with access to money but that the businesses started were not sustainable. These findings suggest that the financial support provided only a short-term boost in business creation, but this is not sufficient for creating economically viable businesses.

The lack of strong positive impacts of financial measures on their own suggests that a more effective approach for creating sustainable businesses might be to offer combinations of financial and non-financial support. The evaluation results of integrated support schemes are mixed on the impact on business creation but indicate that positive impacts can be achieved under the right conditions. Most evaluations that did not find a positive impact pointed to design and delivery issues that were likely contributing factors. For example, the evaluation of Start-Up Loans in the UK (#11) found that the combination of financial and non-financial support had a positive impact on turnover and job creation, but not business survival rate. Evaluators suggested that the impact of non-financial support (i.e. mentoring) might have been limited due to an uneven availability and take-up by participants as well as some limitations in mentors' capacities.

However, no insights can be gained about the effectiveness of non-financial support offered as part of packages. The collection of evaluation evidence does not clearly indicate whether workshops, training, or coaching and mentoring are equally impactful when included in packages of support. It appears that these different types of support are often used in different ways. Workshops and training are typically used to address skills and experience gaps while coaching and mentoring can help provide ongoing support as well as encouragement.

…but grants do not appear to be an effective tool to support young entrepreneurs

Three schemes covered in this analysis offered grants (on their own or as part of a package) and none of the evaluations found positive impacts on business creation and development. The grant scheme in the Republic of Türkiye (#8) was found to have no impact on business creation or entrepreneurship income. Moreover, grants were offered as part of the *CréaJeunes* scheme (#2 in France) along with different types of non-financial support, and the scheme also had no impact on business creation or firm performance metrics. The third scheme offering grants was the Prince's Trust (#9 in the United Kingdom) and although the evaluation did find positive impact, evaluators noted that those who received a grant rather than a loan had less sustainable businesses.

The lack of evidence to support the use of grants for young entrepreneurs suggests that governments could favour other types of financial instruments when supporting business creation by young people. Several arguments are often put forward against the use of grants for supporting business creation. They include a negative impact on incentives to put effort into the business because there is no need to pay the money back. In addition, governments do not benefit from multiplying the impact of their resources by relending funds that have been repaid by beneficiaries to other entrepreneurs.

Improving the design of youth entrepreneurship schemes could increase their impact

Several of the evaluations suggest that the effectiveness of the scheme could have been improved if those delivering the support had more structured guidance and tools. The evaluation of the "Launchpads" scheme in Spain (#7) found that coaches would have benefited from stronger guidelines and greater levels of support. This is similar to the findings of the evaluation of the Start-Up Loans scheme in the United Kingdom (#11), which found that mentors would have benefited from more resources such as good practice guidelines. This would be expected to improve the quality of mentoring offered, making it more attractive to participants. In the Start-Up Loans scheme, approximately 20% of participants did not

make use of the mentoring offered and 20% of those who did use it expressed dissatisfaction or strong dissatisfaction with their mentor. Evaluators noted that this might have been due to a lack of appreciation of the benefits of mentoring and the importance of establishing a good relationship, which are important for ensuring effective relationships. This was also highlighted as an obstacle in the evaluation of the integrated scheme in Italy (#5) as it found that participants had difficulties accessing their coach.

A number of other design issues were raised in the evaluations, including a need to simplify procedures and orienting content towards promoting flexibility. As already noted above, one of the issues raised by some of the evaluations included the way that interactions between participants and coaches were managed. The evaluation of the YISE/SELFIEmployment scheme (#5 in Italy) noted that participants found the procedures to be too cumbersome and acted as a barrier from fully making use of the support offered. Similarly, the evaluation of the "Launchpads" scheme (#7 in Spain) found that participants did not appreciate or understand some of the programme's activities such as business planning. This suggests that communication could have been stronger and that perhaps some of the activities could have been streamlined. Some of the evaluations also suggested that there was a greater need to teach participants how to think flexibly and adapt to unforeseen events. For example, the evaluation of the STEP scheme (#10 in the United Kingdom) found that there was too much of an emphasis on the "science" of entrepreneurship (e.g. preparing business plans) relative to the "art" of entrepreneurship (e.g. developing creativity and flexibility). Therefore, participants were not sufficiently equipped to react when unexpected events arose.

Conclusions and policy recommendations

Governments in the EU and OECD have invested heavily in supporting youth since the financial crisis in 2008-09. These investments were extended and expanded with the COVID-19 pandemic and supporting young people continues to be a political priority. Youth entrepreneurship schemes are an important part of the suite of measures typically implemented by governments. These schemes use different approaches to meet different objectives, which range from increasing awareness and entrepreneurial intentions to building skills to supporting business creation and development. While some schemes offer one type of support such as training, others offer packages of supports based on the logic that different types of interventions reinforce each other.

This collection of robust evaluations shows that there are no guarantees for success as all types of interventions produced mixed results. However, some broad conclusions can be drawn from the sophisticated evaluations presented in this chapter. First, it appears that training schemes typically do not have a significant impact on business creation, nor do they appear to improve employment outcomes for participants. However, this shows that training often aims to increase awareness about entrepreneurship and boost motivations for business creation rather than directly aiming to increase start-up activities. This can be an important policy objective when trying to shift social attitudes towards entrepreneurship and building a flexible workforce for the future. Second, financial support appears to be a critical element of youth entrepreneurship support, but success appears to hinge on the type of instruments used. The evaluations show that grants – both on their own and when packaged with non-financial supports – do not appear to increase the chances of creating a sustainable business. Some financial instruments show that offering financial support can lead to an increase in start-up activities, but this does not necessarily lead to sustainable business creation as supported entrepreneurs do not appear to operate businesses with higher survival rates. Finally, integrated packages of support seem to be the most likely to lead to both sustainable business creation as well as stronger employment outcomes when start-ups are not successful.

A number of additional lessons for the design of youth entrepreneurship schemes also emerge from these evaluations:

- Several evaluations identify participant motivations as a strong predictor of success. This suggests that governments could place a greater emphasis on identifying motivated beneficiaries during programme in-take when seeking to target intensive support services on young entrepreneurs who are more likely to succeed. This could be done through the use of surveys and interviews at the outset of the programme.
- Governments seeking to support the creation of economically viable businesses by young people could consider pairing financial support with training and/or coaching. The combination of financial support with measures to strengthen entrepreneurship skills are more likely to have a positive impact than stand-alone measures, especially when well-designed.
- Among the evaluations examined in this chapter, those offering grants for business creation did not have an impact. The use of repayable instruments appears to be more effective than grants because this provides the right incentives for young entrepreneurs to succeed. However, the scale and nature of financial measures used must be considered with the risk of young entrepreneurs accumulating burdensome debts if their start-ups fail.
- Coaches and trainers need to be properly trained and equipped so that they can help young entrepreneurs reach their potential. Many evaluations noted that the impact of support schemes was not fully realised because those delivering support were placed in a position to succeed. Governments help support providers succeed by increasing the quality and quantity of training provided as well as creating more opportunities for them to exchange on good practices.
- The most successful schemes – although not assessed for efficiency – do not appear to be the most expensive schemes to deliver. Many schemes used volunteer coaches and trainers, and the most impactful financial supports appear to be repayable instruments or temporary relief from social security contributions. This suggests that strong youth entrepreneurship schemes do not need to be expensive to deliver.

While these conclusions are consistent with previous policy research on the effectiveness of youth entrepreneurship schemes, some cautions are needed in their interpretation. First, although most of the evaluations assessed support provided after the 2008-09 financial crisis, the two evaluations covering schemes in the United Kingdom assessed support over a period more than 20 years ago. While the insights are relevant because the techniques of providing support to young entrepreneurs have not changed substantially, it must be recognised that the economic climate was different and youth-led businesses are commonly using digital tools now. Second, governments should take steps to minimise the chances creating precarious work for young people. Several of the schemes covered in this chapter provided increasing support as the young entrepreneurs demonstrated success. This can give programme managers the opportunity to redirect those young entrepreneurs who are not making progress to other types of support. A key to this approach is the establishment of goals and milestones for the young as they progress through support programmes and careful monitoring of their achievements.

Governments could go much further to strengthen their use of evaluations to measure the impact of youth entrepreneurship schemes. There is a need to address important knowledge gaps, including the longer-term outcomes of those receiving support from a youth entrepreneurship scheme. The full impact cannot be fully understood unless the long-term impact is considered (e.g. ten years after an intervention). Some beneficiaries might operate a business for their entire career, while a number may start many businesses. Others might delay business creation until later in their career. Evidence that captures more of this picture would be helpful to fully appreciate the full impact of youth entrepreneurship schemes.

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Annex 8.A. Selection of evaluations

The most important criterion for selecting the evaluations is that robust methodologies are used. Therefore, only evaluations that meet the rigorous standards of Step V and Step VI of the Six Steps to Heaven framework in the OECD Framework for the Evaluation of SME and Entrepreneurship Policies and Programmes 2023 are included. We commenced our research by conducting a comprehensive search on Google.com, Scholar.google.com, and EBSCO Business Source Complete database using the following keywords: entrepreneur* AND youth or young AND program* or support AND evaluat* or impact or assess* or effect*. To broaden the search, these terms were translated into the languages of the OECD Member States and were used to find reports in local languages. Academic publications were targeted along with working papers, and policy reports that evaluate youth entrepreneurship programmes in OECD countries. Our search is restricted to publications released within the last 23 years (2000-23).

Considering the limited availability of country-specific evaluation reports published in English, in addition to the online search, we utilise a snowballing technique to identify and contact established organisations and experts working on youth entrepreneurship issues. We first requested the help from Junior Achievement (JA), an international NGO supporting youth entrepreneurship worldwide. We contacted the country representatives of JA in the EU and asked for recommendations of country-specific evaluations of youth entrepreneurship programmes. Similarly, we contacted entrepreneurship scholars from OECD Member States to recommend evaluations published in their country.

The youth entrepreneurship programmes considered include (a) entrepreneurship training (excl. entrepreneurship degree programmes); (b) advice and assistance (e.g. business advice, coaching, mentoring, counselling); and (c) financial support (e.g. grants, loan guarantee) (see Annex Table 8.A.1). Entrepreneurship training includes programmes that aim to develop entrepreneurial competences, skills, and knowledge through courses, workshops, and learning-by-doing approaches. Advice and assistance include the provision of general and specific business advice, coaching, and expert mentoring. Financial support includes different forms of measures providing funds, such as grants, loans, one-off subsidies, and tax and social insurance contribution reductions.

Annex Table 8.A.1. Type of intervention and policies

Entrepreneurship training	Advice and assistance	Financial support
• Courses delivered in classroom and/or online • Individual and group workshops • Presentation by (successful) entrepreneurs • Learning-by-doing activities	• General and specific business advice • Coaching • Expert mentoring	• Grants • Loan guarantee • Loans • Microfinance • Tax and social insurance contribution reductions

Annex 8.B. Summary of evaluations

Annex Table 8.B.1. Summary of evaluation reports

	Programme characteristics					Evaluation characteristics				
#	Country	Programme	Intervention type	Objectives	Target group	Dates	Evaluation methods	Evaluation sample size	Step level	Main findings and source
1	Colombia	*Jóvenes Rurales Emprendedores* (JRE, Young Rural Entrepreneurs)	Entrepreneurship training	To train unemployed young people from rural areas, improve their entrepreneurial skills, and increase their employability.	Unemployed youth aged 16-25	*Programme period*: 2009 *Evaluation period*: 2009-10	*Performance metrics*: labour market variables (income, employability, working hours, perceived quality of work), entrepreneurial capacity (willingness to start a business, access to financing, hiring of personnel, business knowledge), management capacity and associativity. *Data source*: Survey (pre- and post-test). *Method*: Matching, propensity score matching, difference-in-differences.	1 016: 468 in intervention group (52% women), 548 in control group	VI	Participants had a greater probability of being employed (participants were 13-14% more likely to have a job compared to those in the control group); had higher hourly labour income (participants earned 5 000 pesos more than the control group); took more steps towards starting a business (the probability of starting a business increased between 75-88% compared to the control group); and were more likely to create jobs (participants were 50% more likely to hire personnel related to business creation than control group). However, there was no significant effect on employment quality, access to financing, use of accounting, and relationship with clients (Steiner, Acosta and Rojas, 2010[16]).

2	France	*CréaJeunes*	Integrated support (entrepreneurship training, advice and assistance, financial support)	To help unemployed youth in disadvantaged neighbourhoods overcome obstacles to starting a business through entrepreneurship training, coaching, and financial support.	Youth aged 18-32	*Programme period:* 2009-11 *Evaluation period:* 2009-11	*Performance metrics:* Employment situation, professional training programme pursued, business creation, and income (measured 16 and 28 months after programme start) *Data sources:* Administrative data from programme's internal management tool, telephone survey *Methods:* Instrumental variables approach, random assignment into intervention or control group	1 445: 970 in intervention group (52% women), 475 in control group (51% women)	VI	The programme did not increase youth entrepreneurship and delayed business creation – both the treatment and control groups had about one-third of young people create a business. The programme had short-term positive impacts on reducing youth unemployment. Programme participants spent on average less time unemployed in the first two years (6 months) compared to non-participants (more than 7 months). However, both groups had the same levels of unemployment after two years (16%) (Ministère de la Ville et and de la Jeunesse et des Sports, 2014[20]).
3	France	*Groupements de Créateurs* (Creator Groups)	Integrated support (entrepreneurship training, financial support)	To increase employment among unemployed youth in underserved communities in France by providing vocational skills training and financial support.	Youth aged 15-24 in underserved communities	*Programme period:* 2013 *Evaluation period:* 2013-14	*Performance metrics*: Employment situation, professional training programme pursued, and income (measured before programme, after 11 months, after 21 months) *Data sources:* Survey (online or telephone) *Methods:* Instrumental variables approach, random assignment into intervention or control group	902 (53% women): 460 in intervention group, 442 in control group	VI	The programme helped young people gain a more stable employment situation and greater financial autonomy. Almost two years after the programme, 56% of participants had seen an increase in their average monthly salary compared to 46% of non-participants. However, the rate of entering paid employment was higher among programme participants than the control group in the first year following the programme (35% vs. 32%), and there were no differences in overall monthly income (Ministère de la Ville, 2016[22]) .

4	Italy	*Fare impresa* (Doing business)	Financial support	To provide new youth businesses with a public guarantee aimed at easing the receipt of bank loans for the realisation of investments, combined with an interest subsidy.	Youth aged 18-40	*Programme period:* 2011-15 *Evaluation period:* 2011-15	*Performance metrics*: Self-employment, firm survival, number of jobs created (within 12 months, 12-24 months, 24-36 months after loan guarantee) *Data sources*: Administrative data from regional government and its financial intermediary (Fidi Toscana), Business Register by Chambers of Commerce, and reports from regional Job Information System *Methods:* Propensity score matching with covariate balancing. Analysis tackles the issue of area and industry size bias.	1 474 (37% women)	VI	The scheme was found to increase business creation and, to a lesser extent, job creation on a temporary basis. The scheme however did not lead to improved business sustainability as the share of people stopping their business increased over time (Mariani, Mattei and Storchi, 2019[18]).
5*	Italy	Yes I Start Up (YISU) and SELFIEmployment	Integrated support (entrepreneurship training, financial support)	To provide youth who are not in employment, education or training (NEETs) with the skills needed to start and manage a business (YISU), and subsequent access to zero-interest microloan (SELFIEmployment).	Young NEETs aged 18-29	*Programme period:* 2018-20 *Evaluation period:* 2020-21	*Performance metrics:* Microloan acceptance rate, business started, business survival, jobs created *Data sources:* administrative data from programme database, InfoCamere (registry of Italian companies), and Sistema Informatico per le Comunicazioni Obbligatorie of the Ministry of Labor and Social Policies *Methods:* Comparison between participants and non-participants (YISU), and financed and unfinanced companies (SELFIEmployment)	YISU: 729 (45.8% women) SELFIEmployment: 686	V	Participation in YISU did not increase application to SELFIEmployment microloans nor improve applicants' success rate. More companies were created by non-YISU participants (20% of non-participants vs. 18% of participants), with or without loans, but companies financed by SELFIEMployment had higher survival rate (97% vs. 83% as of August 2020). No difference between jobs created by financed and unfinanced companies (ANPAL, 2021[21]).

6	Spain	Flat rate for young self-employed workers	Financial support	To foster self-employment among young individuals and facilitate the survival of young workers in self-employment by reducing the minimum contribution to the Social Security System for young entrepreneurs of newly established businesses.	Men up to 30 years old and women up to 35 years old	*Programme period:* 2013-14 *Evaluation period:* 2013-14	*Performance metrics:* Employment, self-employment, firm survival *Data sources*: Administrative data from the Spanish Ministry of Employment and Social Security (the Continuous Sample of Working Lives dataset) *Methods:* Difference-in-differences approach. Analysis tackles the issue of area and selection bias.	9 591: 2,927 in intervention group, 6 664 in control group	VI	The programme significantly contributed to the increase of newly started youth businesses. However, it was followed by an increase in business closure rates. The programme therefore contributed to a temporary increase of youth self-employment, but it had no significant effect on the survival of new businesses (Cueto, Mayor and Suárez, 2017[23]).
7	Spain	*Lanzaderas de Empleo y Emprendimiento Solidario* (Employment and Social Entrepreneurship Launchpads)	Integrated support (entrepreneurship training, advice and assistance)	To help unemployed youth improve their competencies, skills, and knowledge, and help them in finding a job or starting a business.	Unemployed youth aged 18-35	*Programme period:* 2015 *Evaluation period:* 2015	*Performance metrics:* Employment/work situation, income, employability-related attitudes and aptitudes, standard of living *Data source:* Online survey, interview, FGD *Method:* Difference in differences approach. Analysis tackles the issue of selection bias and ensured equivalence between both groups	212: 135 in intervention group (55% women), 77 in control group	VI	The programme contributed to higher employment rate (60% participants vs. 39% non-participants) and higher quality job placement in terms of (i) contract duration – 22 percentage points (p.p.) higher for participants; (ii) working hours – 25 p.p. more for participants; (iii) social security coverage – 26 p.p. higher for participants; and (iv) fit with preferences. It also improved quality of life, attitudes, and aptitudes. The effect on entrepreneurship is limited - only 3% of participants started a business while the intention to start a business decreased after the programme (Redcrea, 2016[14]).

8	Türkiye	Youth Farmer Projects Support (GÇPD)	Financial support	To support sustainable agriculture, support entrepreneurship of young farmers, raise income level, create alternative income sources and support projects for agricultural production in the rural area which will contribute to the employment of young population in rural areas through grants.	Youth under 41 years old in agriculture sector in rural areas	*Programme period:* 2016-17 *Evaluation period:* 2017	*Performance metrics:* Economic indicators (e.g. farming status, annual operating income of business, non-agricultural income), responses to entrepreneurship, rural views, risk perceptions *Data source:* Survey *Method:* Chi-squared test	248: 139 in intervention group (79% women), 109 in control group (37% women)	V	There was no significant difference in farming status of the family, annual operating income of business (53% of both groups had incomes TRY 10 000 (EUR 333) and below), non-agricultural income (47% of recipients reported non-agricultural income vs. 40% of non-recipients), and share of non-agricultural income in total income (30% each) between intervention and control group (Kan, Kan and Dogan, 2018[19]).
9	United Kingdom	Business Programme (The Prince's Trust)	Integrated support (advice and assistance, financial support)	To help youth start a business by offering low interest loans and mentoring.	Unemployed or under-employed youth aged 18-30	*Programme period:* 1998-00 *Evaluation period:* 2000-01	*Performance metrics:* Employment status, home earnings, education and training activities *Data source:* Survey (3 times, 10 months interval), JUVOS (Joint Unemployment and Vacancies Operating System Cohort) of the former Employment Service *Method:* Matching, simple difference. Takes into account attrition and non-response bias.	1 797: 872 in intervention group (40.4% women), 925 in control group	V	Programme participation significantly improved the probability of being employed (especially self-employment) and entrepreneurial income. Across all waves of the evaluation, participants were more likely to be self-employed than non-participants (Wave 1: 88% vs. 2%, Wave 2: 71% vs. 4% and Wave 3: 69% vs. 5%). While the control group had considerably higher take home earnings than those still operating a supported business (GBP 185/EUR 211 vs. GBP 159/EUR 182), participants who were in employment had higher mean earnings than the control group (GBP 247/EUR 283 vs. GBP 185/EUR 211) (Meager, Bates and Cowling, 2003[15]).

10	United Kingdom	Shell Technology Enterprise Programme (STEP)	Entrepreneurship training	To provide students with opportunities to gain practical experience in SMEs, develop enterprise and interpersonal competencies, and hone the skills and attributes associated with the entrepreneurial process.	University students	*Programme period:* 1994 *Evaluation period:* 1994-97	*Performance metrics:* Skills and attributes reported by students as important to obtain a full-time employment position (e.g., communication skills, ability to work with others), full-time employment, entrepreneurial intention *Data source:* Survey (at the start of programme, end of programme, 12 months after, 36 months after) *Method:* Matching, simple difference	571: 442 in intervention group, 129 in control group	V	There was no significant difference in the ability to obtain a full-time employment position (82% of participants vs. 76% of non-participants) and the entrepreneurial intention between participants and non-participants. (Westhead and Matlay, 2006[17])
11	United Kingdom	Start Up Loans	Integrated support (advice and assistance, financial support)	To offers loans, alongside business support and mentoring, to individuals aged 18-30 who are looking to start a business or developing a recently established business	Youth aged 18-30	*Programme period:* 2014 *Evaluation period:* 2014-16	*Performance metrics:* Start-up rate, business survival rate, firm size/employment (total employment, full-time employment, part-time employment), turnover, sales, innovation, export, personal development outcomes (business confidence, perceived business skills/knowledge, personal confidence) *Data source:* Survey (within a year after loan, 18 months after loan) *Method:* Matching, Heckman approach. Takes into account response bias	657: 323 in intervention group (38% women), 334 in control group (35% women)	VI	Programme participation had a significant and positive effect on the start-up rate of its beneficiaries – participants were 13% more likely to start a business relative to the control group. While the businesses of participants were generally smaller than the control group, programme participation has a positive and significant effect on increase in sales and/or employment (participants were 19% more likely to report an increase in their sales compared to the control group). However, there was no significant effect on business survival rates, exporter status, and personal development outcomes (SQW Ltd and BMG Research, 2017[24]).

Note: Evaluations marked by an asterisk (*) meet the criteria for being Step V and VI but do not report the statistical significance level (e.g. p-value) of their tests and findings.

Annex 8.C. Explanation of the outcomes for the overview of youth entrepreneurship programme evaluations

This Annex presents a description of the potential outcomes for youth entrepreneurship schemes indicated in Table 8.3. The overview focuses on outcomes that were measured across multiple evaluation reports. While there may be some similarities in the outcomes, our goal is to closely adhere to the variables used in the report.

Business creation and firm-related outcomes

This category includes outcomes specific to self-employment and the establishment and growth of businesses.

- **Business creation**: This refers to the proportion of participants who have started their own businesses or are engaged in self-employment activities. In some evaluations, it measures the probability of starting a firm and becoming self-employed.
- **Entrepreneurship income**: This refers to the level of income or earnings specifically related to self-employment or entrepreneurial activities.
- **Firm survival**: This refers to the longevity and sustainability of the businesses established by the sample. It is usually estimated based on net entry and exit among those (both in the intervention and control group) that become self-employed.
- **Turnover**: This refers to the total sales or revenue generated by the businesses established by the sample.
- **Job creation**: This refers to the number of jobs created or personnel hired by the businesses established by the sample.

General employment

This category includes overall employment outcomes. It primarily pertains to salaried jobs, although it may also encompass self-employment.

- **Employment**: This refers to the employment status of the sample, whether they were employed or unemployed. It is commonly measured by examining the proportion of individuals who are employed or, in some instances, by assessing their probability of finding employment.
- **Quality of job**: This refers to the attainment of a job that meets certain criteria of quality, such as position, contract status, working hours, and social security coverage.
- **Income**: This refers to the level of income or earnings of the sample.

9 Designing effective welfare bridges to support business creation by the unemployed

Welfare bridge schemes – also known as start-up grants for job seekers – are a mechanism for supporting job seekers in business creation and self-employment. They allow for the conversion of future unemployment insurance entitlements into a start-up grant and/or allowance. This is an important tool for inclusive entrepreneurship policy because this mechanism holds potential for helping people back into work, thereby reducing the risk of social exclusion and falling into poverty. This chapter presents a summary of evidence on the impact of welfare bridge schemes from across European Union Member States and OECD countries and presents lessons for governments.

Key messages

- **Welfare bridges schemes are a mechanism to support business creation by registered job seekers.** This type of scheme allows registered unemployed people to convert future unemployment insurance payments into a grant and/or allowance to support business creation. The main goal is to cover basic costs of living during the initial start-up phase when the business might not be able to yield adequate income. Some refer to welfare bridges as start-up grants for the unemployed.
- **The rationale for this type of intervention is to reduce market imperfections and discrimination faced by job seekers in business creation.** For example, an unemployed person may have less access to financial and other resources (e.g. networks) relative to those who have a job. However, governments often hope to realise other benefits, including the "double dividend" by creating additional jobs and support regional development through job creation and market development.
- **These types of measures are used in 15 EU Member States.** Some important variations in the schemes across countries include eligibility criteria, transfer rates (i.e. the rate at which future unemployment benefits are transferred into start-up support), duration of support, and selection mechanisms (e.g. verification of business plan).
- **The collection of evaluations presented in this chapter shows that welfare bridges can be an effective labour market policy tool.** About 80% to 90% of beneficiaries start a business and evaluations in France, Germany, and Poland covering periods between1990-2010 show that 50% to 60% of these start-ups still operate after five years. Moreover, evaluations from Germany covering the period 1990-2010 show that about 20% to 35% of businesses started create jobs for others. This is slightly higher than more recent evidence from France and the United States, which shows that about 15% to 18% of beneficiaries created additional jobs over the period 2013-15. When individuals do not continue to operate their business, the German experience since 1990 suggests that they are more likely to find a new job rather than return to unemployment.
- **Governments seeking to introduce or strengthen welfare bridge schemes could:**
  - Ensure that beneficiaries are committed to starting their own businesses by requiring effort prior to receiving benefits, e.g. preparation of a business plan;
  - Ensure that financial support is provided for at least six months, with a mechanism that adapts the sum of financial support to the amount of unemployment benefits that the otherwise unemployed would have received;
  - Consider increasing the amount of financial support provided and/or the length of time that it is offered if targeted to specific groups of unemployed who face greater challenges;
  - Offer publicly subsidised non-financial services for successful start-ups out of unemployment who have growth potential and whose entrepreneurs are motivated to grow their firms; and
  - Consider introducing a short-term (3-6 months) insurance scheme to offer some support to beneficiaries if their business does not become sustainable.

What are welfare bridges for job seekers?

Welfare bridge schemes, also known as start-up grants for job seekers, are a labour market policy instrument that assists unemployed individuals in returning to work by creating a business. These schemes offer financial support to these individuals during the initial start-up period while they establish their business, largely by providing a lump-sum payment of future employment insurance entitlements. The main goal is to cover basic costs of living and, in some countries, social security contributions during the initial stage of entrepreneurship, when the business might not be able to yield adequate income. By having living costs covered, individuals might also be better able to use their own funds to finance initial investments required by the business. This also helps reduce the financial risk of failure which may impede potential entrepreneurs (Bianchi and Bobba, 2013[1]). Therefore, lump sum payment can act as an insurance against the risk of limited income from start-ups. More indirectly, these schemes aim to reduce barriers faced by unemployed individuals when becoming entrepreneurs, including capital constraints, shortages in start-up specific human capital, the absence of job-related (and social) networks, and imperfect information (Caliendo and Künn, 2015[2]). By doing so, the schemes ultimately seek to integrate the supported individuals in the labour market.

Despite being used in several EU Member States and OECD countries, the use of welfare bridges is somewhat controversial. From a labour market policy perspective, several evaluation studies show positive effects of such schemes in terms of income and survival rates, also in the long run (see *inter alia* (Caliendo and Künn, 2011[3])). These studies also show that the formerly unemployed do not just create their own job by becoming self-employed, but that they also create jobs for others. Therefore, welfare bridge schemes are deemed to be a successful and important part of active labour market policy (Caliendo, 2016[4]). However, from an entrepreneurship point of view, some researchers claim that policy instruments specifically targeting the unemployed are “bad public policy” (Shane, 2009[5]). This perspective is of the view that the same tax-money could be used more effectively if offered to more productive entrepreneurs. The major concern is that formerly unemployed individuals lack basic qualifications, motivations, and capabilities to become successful entrepreneurs. Therefore, such schemes may encourage low-ability individuals to start a business simply because they take advantage of the offered grants, thus leading to underperforming businesses, failure, or even immediate closure after the financial support run out. This chapter will examine current evidence on the effectiveness of welfare bridge schemes for job seekers, considering both entrepreneurship and employment outcomes.

The rationale for using welfare bridge schemes is that they reduce not only market imperfections, but also to remove potential discrimination in markets. In doing so the employment prospects of participants are enhanced so welfare bridge schemes are justified to be only accessible to unemployed individuals who aim to become entrepreneurs. These individuals typically possess fewer financial resources both personally and within their families compared to those who are employed, resulting in a reduced amount of personal equity that can be used for starting a business or for providing collateral. Capital markets tend to discriminate against unemployed individuals because they are perceived as having higher failure risks, which further hampers their ability to access loans (see (Perry, 2006[6])). Thus, unemployed individuals may have less or even no access to formal loans. Moreover, these individuals may face further disadvantages because they are confronted with a devaluation of their start-up specific human and social capital during unemployment (Niefert, 2010[7]). This includes a lack of prior experience in establishing business knowledge due to limited exposure to (self-)employment in the recent past, which is why they may have a stronger focus on dependent employment at the beginning of their job search. Here, imperfect information may result in unemployed individuals prioritising traditional employment and overlooking self-employment. (This is sometimes referred to as “lack of awareness” (Storey, 2003[8])). Moreover, the negative experience of labour market setbacks resulting from job loss diminishes individuals’ self-efficacy, thus potentially reducing their inclination to view self-employment as a viable alternative to dependent employment (Caliendo et al., 2023[9]). Finally, a higher share of individuals may feel “pushed”

into entrepreneurship because of a lack of employment alternatives (Caliendo, Kritikos and Stier, 2023[10]). Such decisions are typically made hastily, with limited time invested in adequately preparing the start-up (e.g. developing a detailed business concept or comprehensive marketing and financial strategies) (Caliendo et al., 2015[11]). Overall, these negative connotations may also lead to stigma effects of nascent entrepreneurs out of unemployment further fostering discrimination.

In addition, there are a number of specific rationales for welfare bridge schemes:

- **Impact on disadvantaged groups:** The labour market outcomes may be enhanced for some segments of the unemployed such as those with low levels of education or young people with limited job prospects (Caliendo and Künn, 2014[12]).
- **Impact on women:** There is potential to improve the integration of unemployed women because they typically have lower participation rates in ALMPs (Caliendo and Künn, 2015[2]). This is particularly true for risk-averse unemployed women who generally allocate less time to work (i.e. in the labour market). They perceive entrepreneurship as having fewer potential benefits so welfare bridge schemes could help more unemployed women view self-employment as a viable alternative to paid employment (Caliendo, Fossen and Kritikos, 2009[13]).
- **Future employability:** Individuals who receive support during their self-employment period enhance their employability, build skills and grow their networks (Caliendo and Künn, 2011[3]). Some evidence suggests that this may hold even more so for women whose business ventures fail (Caliendo and Künn, 2015[2]).
- **Double dividend:** Newly established businesses have the potential to create additional jobs, thereby further reducing unemployment rates (Caliendo and Künn, 2011[3]) and even if firms are small, they still might be innovative, thus strengthening economic growth and productivity (Audretsch, Kritikos and Schiersch, 2020[14]).
- **Regional development:** The founding of firms could have a significant impact on regional development by improving innovation, structural change, economic growth, and job creation (Caliendo and Künn, 2014[12]) because new firms can potentially increase the capacity of the market (Michael Fritsch, 2008[15])
- **Macro-economic impact:** New business entrants may also stimulate competition and boost the productivity of existing firms, helping to develop efficient markets and disseminate technology. This can foster economic stability, growth, and an overall increase in wealth (Kritikos, 2014[16]).

However, governments need to recognise that welfare bridge schemes might also induce some negative effects such as moral hazard, deadweight effects and create precarious work. Each of these would be considered as undesirable outcomes. In the first instance, governments may end up supporting entrepreneurs that would have started their business even without government support (although the chances of success may be increased by a having access to a greater amount of resources). Another risk is that the new start-ups take markets away from existing businesses and force them to close. Therefore, the government risks funding substitution in the market with no net gain. A third risk is that job seekers create businesses that require them to work long hours to generate a small amount of income. In some cases, earnings may be below the minimum wage that could have been earned in employment and in addition, these self-employed workers would likely have less access to social security benefits than those working in minimum wage employment (Immervoll et al., 2022[17]).

Key design features of welfare bridge schemes for job seekers

Designing welfare bridge schemes for job seekers is demanding. Governments need to balance issues of effectiveness and efficiency, while minimising potential negative effects such as moral hazard issues and deadweight loss. They must also consider the process of self-selection into entrepreneurship.

Since framework conditions vary greatly across countries, there is no single optimal design for welfare bridge schemes for job seekers. Instead, governments use an open decision process about who should be attracted and supported by such schemes. Accordingly, these schemes differ in the duration, amount, and eligibility criteria.

General access to support instrument

The majority of countries tie access to welfare bridge schemes with entitlements to unemployment benefits. Such a requirement safeguards several prerequisites when allocating such funds to individuals who would like to benefit from such schemes. This helps to ensure that individuals likely have a minimum amount of skills and abilities acquired through employment, as well as some professional and social networks, even if these may deteriorate while being unemployed. These help to ensure that the individual has a chance of succeeding as a self-employed worker, but a critical element is the self-selection for participation in the scheme. The German experience, for example, shows that individuals who start their self-employment activities coming out of unemployment with support from one of the major German start-up grant schemes are more often highly educated, middle aged, more often males, thus resembling the population of people starting businesses and rather than the overall population of unemployed people (Caliendo and Kritikos, 2010[18]). In Germany, there was also experimentation with start-up subsidies for individuals who were not eligible for typical "unemployment benefits" (*Arbeitslosengeld 1*), which require a minimum period of one year in dependent employment but these individuals created much smaller and less sustainable businesses with lower incomes (Wolff, Nivorozhkin and Bernhard, 2016[19]).

Amount of support

Most welfare bridge schemes link the amount of financial support to the level of eligibility to unemployment benefits. This is the case in France, Germany, Sweden and the United States (US), with Sweden reducing the amount of financial support as duration increases. Other countries (United Kingdom (UK), Finland, and Germany, when it introduced the second support scheme in 2003 – see case study in Annex 9A), also provide fixed amounts to beneficiaries ranging from EUR 590 per month in Finland and about EUR 1 450 in UK. While support based on previous working incomes (via the unemployment benefits) is attractive to those who earned relatively high incomes in dependent employment (which can be seen as an indirect measure of entrepreneurial skills, see (Åstebro and Chen, 2014[20])), a fixed amount – as much as the longer duration of financial support – might be a design instrument that makes the decision to become an entrepreneur more attractive for individuals (e.g. women, lowly educated individuals) with low incomes before entering unemployment.

Duration of support

Experiences across countries such as Finland, Germany, Sweden, UK, and US suggest that a six-month period of subsidy payments is the minimally sufficient amount of time to successfully support the transition from unemployment to self-employment. There is some evidence showing that, in the first year after the founding of the business, the majority of individuals still earns less than their employed counterparts, while from the second year onward this is reversed (Caliendo and Kritikos, 2010[18]). Some countries provide support for a longer time. In France, for example, support is provided for 15 months, support in Finland can be extended by two additional six-month periods if the business is not performing well. Germany had increased the support period to nine months (in 2006) but reduced it again to six months (in 2011) while adding a couple of additional months of social security payments, with little variation in the impact of the two programmes (Caliendo, Künn and Weißenberger, 2016[21]). More importantly, between 2003 and 2006, Germany experimented with a long-term support scheme, the start-up allowance (SUA) for up to three years. This scheme attracted more heterogenous individuals who are

usually under-represented in typical start-up schemes, i.e. more women, younger and less educated individuals.

Entry conditions

Nearly all countries have introduced some type of reliability check to minimise moral hazard issues and deadweight losses. In Finland and the US, individuals must participate in entrepreneurship training programmes. In Germany, beneficiaries must receive approval of their business plan by a chamber of commerce or other similar external institution. Since 2006, they might be even required to gather business advice if case workers have the impression that the beneficiary lacks sufficient skills or abilities. In the UK, such assessments are implemented by local mentoring organisations, after a mentor is assigned to each potential entrepreneur to help in developing a business plan. In Sweden, applicants must demonstrate that they would be capable of starting and managing a new business (Caliendo, 2016[4]).

Transfer rates

Another instrument increasing the probability of attracting entrepreneurs who feel truly committed to the programme is the introduction of transfer rates. Participants must give up their unemployment benefits at a ratio of 1:1 (sometimes at a lower transfer rate) in order to receive support from a welfare bridge scheme. That means for six months of financial support with a start-up subsidy six months of entitlements for unemployment benefits need to be given up. Thus, individuals cannot wait until their eligibility for unemployment benefits has come to an end. Accordingly, for a six-month scheme, they must decide to start their entrepreneurial activities the latest six months before the entitlements for unemployment benefits end. A shorter time period of financial support of less than six months is usually not approved. This criterion has two effects. First, individuals who are aware of the transfer rate but originally aimed to start their entrepreneurial activities at the end of their entitlements for unemployment benefits, now feel compelled to venture their businesses earlier in time. Thus, public funds are saved (i.e. tax money or money from unemployment insurance), increasing the efficiency of the instrument. Second, individuals who are not aware of the transfer rates and would have decided later on self-employment, are excluded from the instrument, potentially lowering the effectiveness of the programme in terms of numbers of supported individuals if these individuals would have become otherwise successful entrepreneurs (Caliendo and Kritikos, 2009[22]).

Entitlements

In most schemes, applicants are entitled to use it when they met all eligibility criteria. This signals commitment by the agency which makes the instrument reliable towards the unemployed individuals striving for entrepreneurial activities. In Germany, for example, this important criterion was changed during the 2011 reform of the scheme. Since then, caseworkers have the discretionary right to reject eligible applicants if they deem the subsidy unnecessary in light of the individual's re-employment probability (Caliendo and Tübbicke, 2021[23]). Similarly, in Finland the final decision is made by the employment offices which, however, usually follow in their decision the suggestions based on the assessment of third-party experts (Tokila, 2015[24]).

Insurance in case of business closure

Insurance in case of business failure or closure can be designed in various ways. The German experience tested a range of different options. Under the schemes accessible until 2006, individuals – after starting their entrepreneurial activities – kept their remaining entitlements for unemployment benefits for four more years. In other words, if their business was closed in the subsequent four years and they did not find a job in dependent employment, they could return into the unemployment benefit system, making use

of their remaining entitlements. With the introduction of transfer rates in 2006, there were mostly no or only little remaining entitlements for unemployment benefits. Therefore, a new option of voluntary insurance against unemployment for the participants was implemented in the German scheme in 2006, when the new start-up grant was introduced. The prerequisite for having access to this insurance benefit is the payment of 12 monthly contributions. The business founders are then entitled to unemployment benefits for six months if their business fails or is closed. A third option in the German system and in many other Western EU countries is to offer basic social welfare to all individuals who are unemployed but have no access to unemployment benefits. This option is also open for individuals whose business failed or was closed and were not able to return to regular employment.

Use of welfare bridges in EU Members States and OECD countries

The overall use of start-up incentives and supports among active labour market policy measures is common across EU Member States and OECD countries. Various types of measures are offered, including entrepreneurship training, start-up grants and loans, business consultancy and more. However, start-up supports account for only a small share of expenditures on active labour market policies. The vast majority of countries allocate less than 1% of ALMP expenditures to start-up supports, with some notable exceptions being Poland (3.8% in 2021), Spain and Costa Rica (4.3% each) (OECD, 2023[25]).

Welfare bridge schemes are currently used in 15 EU Member. Table 9.1 provides several examples of schemes, including schemes in two non-EU OECD countries. The table provides a brief overview of each scheme and highlights some of the major changes made to schemes since they were introduced. While there are some similarities across the schemes, there are many differences in the scale of the schemes, as well as the amount and duration of support provided and how support is accessed. Some of these schemes date back to the 1970s and it should be noted that many have undergone major changes since they were introduced. For example, the German scheme had four major phases between 1986 and the present day. There are also examples of schemes that have evolved to offer support to groups beyond job seekers (e.g. the scheme in France is no longer limited to job seekers) and schemes that were stopped for various reasons, including concerns about supporting precarious work (e.g. Slovenia).

Three longer case studies are described in Annex 9.A, providing additional details on the schemes in France, Germany and Sweden. These cases aim to showcase the different approaches used in delivering this type of support.

Table 9.1. Examples of welfare bridge schemes in EU Member States and OECD countries

Country	Scheme	Time	Scale	Access	Amount	Duration
Austria	Start up subsidy	1995-present	4 000 businesses start-ups supported accounting for 15% of all newly founded businesses	Registered job-seekers and those facing job loss are eligible. A business idea is assessed and induvial must have relevant qualifications.	Amount covers management consultancy, training and living allowance. Some variations across regions.	6 months
Finland	Start-up grant – Support for new entrepreneurs	1984 - present		Being a full-time entrepreneur, having adequate skills for the intended business, the business activity has the potential for continuous profitable activity and the grant should be necessary for the entrepreneurs subsistence.	At least equal to basic unemployment allowance, paid for a maximum of five days per week. In 2023 the grant is EUR 37.21 per day and around EUR 740 per month.	6-12 months
France	*Aide aux Chômeurs Créateurs ou Repreneurs d'Entreprises*	1997-2019		Registered unemployed and receiving unemployment benefit payment, or registered unemployment but not receiving benefit be registered for at least 6 of past 18 months; or an employee in a business in bankruptcy or liquidation; or recipients of certain social security benefits (e.g. RSA, API).	Exoneration from some social security contributions. This benefit was on average EUR 1 370.	Up to 12 months but can be extended to 24 months under certain conditions.
		1979-1997			Lump-sum payment corresponding to the future unemployment benefits they would have received if they continued to search for employment.	Maximum of 15 months
Germany	Start-up Grant	2011-present	About 20 000 people per year.	Case workers had right to reject applications. Minimum waiver of unemployment benefits was increased from 3 to 5 months.	Amount of entitled unemployment benefit payment, plus EUR 300 to cover social security contributions.	6 months, with an additional 9 months of reduced support (EUR 300 per month).
	Start-up Grant	2006-11		Entitlement to unemployment benefits and an approved business plan. Aimed to have full-time activities. Age limit of 65 years old. Had to demonstrate knowledge and experience, or complete a training course. Transfer rates were introduced. Had to waive remaining unemployment benefits (at least 3 months).	Amount of entitled unemployment benefit payment, plus an additional lump sum for social security equity to about 70% of unemployment support.	9 months plus an additional 6 months of reduced support could be accessed.
	Start-up Allowance	2003-05	Up to 350 000 supported individuals per year (2004)	Entitlement to unemployment benefits and an approved business plan. Aimed to have full-time activities. Age limit of 65 years old.	Amount of entitled unemployment benefit payment, plus an additional lump sum for social security equity to about 70% of unemployment support.	3 years

Country	Scheme	Time	Scale	Access	Amount	Duration
	Bridging Allowance	1986-2002	About 5 600 individuals were supported in 1986 and this reached 125 000 in 2002.	Entitlement to unemployment benefits and an approved business plan. Aimed to have full-time activities. Age limit of 65 years old.	Amount of entitled unemployment benefit payment, plus an additional lump sum for social security equity to about 70% of unemployment support.	6 months
Hungary	Start-up incentive programme	2015-present	About 2 000 people in 2018-19.	Registered with the Public Employment Service for at least one month and must contribute at least 20% of their own resources as collateral and maintain entrepreneurship activities for at least three years.	Lump-sum payments up to HUF 3 million.	
		2003-14	About 5 000 people in 2003-04.			
Netherlands	Self-employment with unemployment benefit	2004-present	25 000 in 2021.	Entitlement to unemployment benefits and capacity to run a business including creation of a business plan and feasibility of the idea.	71% if the unemployment benefit during first 26 weeks, then it is reduced by 29%.	6 months
Poland	Government Programme First Business- Support at Start	2021-27	Target 7 000 by 2023.	Registered unemployed until reaching retirement age, final year students in higher education institutions and Graduates of higher education institutions within 4 years from the date of graduation or receiving their vocational qualification, carers of disabled persons.	From 2022, a loan of up to PLN 99 000 can be obtained, from 2023 up to PLN 129.	Repayment period is up to 7 years
Sweden	Start up Grants Programme	1984-present		Be unemployed or at risk of being unemployed, be registered with the Swedish Public Employment Service	Equivalent to unemployment benefit.	6 months
United States	Self-employment Assistance	1993-present	From 2002 to 2022, there were over 40 000 participants (total). In 2022, there were 1 404 participants.	Entitlement to regular unemployment insurance under state law. Individuals who have been permanently laid off from their jobs.	Same weekly amount as the worker's regular unemployment insurance benefits.	Same duration as regular unemployment insurance. This can be up to 52 weeks but the maximum in most States is 26 weeks.
United Kingdom	New Enterprise Allowance	2011-19	From 2011 there have been 247 000 starts to NEA. By 2019, 137 000 businesses were set up through the NEA programme by 134 000 individuals.	Aged 18 and over, who are: claiming Jobseeker's Allowance (JSA) or Employment and Support Allowance (ESA); the dependent partners of JSA/ESA claimants; Income Support (IS) claimants who are lone parents or who are sick/disabled; and some Universal Credit (UC) claimants.	An allowance worth GBP 1 274 over 26 weeks, paid at GBP 65 a week for the first 13 weeks and GBP 33 a week for a further 13 weeks. Participants may also be able to access a start-up loan, if required.	6 months

Note: This table is intended to showcase the range of approaches used in EU Member States and OECD countries and is not fully exhaustive.

The impact and effectiveness of welfare bridge schemes for job seekers

There are various dimensions to measure the impact and effectiveness of welfare bridge schemes. One of the key measures is the rate at which beneficiaries create a business and across most schemes, 80% to 90% of beneficiaries successfully start a business. Other metrics to consider include the survival rate of the businesses created along with the likelihood that beneficiaries remain in the labour market, either operating their business or transitioning into employment. However, few evaluations examine impact on job creation and innovation to measure the "double dividend" and only one study tries to estimate the deadweight loss effects. Most of the evaluation evidence and research on these issues has been undertaken in Germany, where start-up subsidy schemes have been substantially larger historically than in other EU Member States and OECD countries.

Descriptive evidence

Business survival

The majority of assessments of welfare bridge schemes show that business survival rates are in-line with overall firm survival rates. For several EU Member States, survival rates are about 80% to 90% after one year (Finland, Germany, Hungary, and Spain), around 70% to 80% after two to three years (Denmark, France, Germany, UK), and 50% to 60% after four to five years (France, Germany, Poland, UK). (For an overview over these results see (Caliendo, 2016[4])). In Germany, for some schemes there is an even higher survival rate of up to nearly 70% after 4.5 years (Caliendo and Künn, 2011[3]). Only two studies measured business survival beyond five years, pointing to 36% in Finland and 51% in France after eight years, and to 26% in Finland after 14 years (Tokila, 2015[24]; Duhautois, Redor and Desiage, 2015[26]). These findings are similar to those of studies investigating business survival rates of start-ups (overall), which find an average decline in the survival rate of about 10 percentage points (p.p.) per year (Bartelsman, Scarpetta and Schivardi, 2005[27]; Helmers and Rogers, 2010[28]). The exception is an evaluation of the Self-Employment Assistance Program in the US over the period 2013-15, which found that 40% of businesses start-up continued to operate one year later (Weigensberg et al., 2017[29]).

Firms started by previously unemployed individuals who received support from welfare bridge schemes have relatively high survival rates, often even higher than survival rates of start-ups out of non-unemployment. Three recent studies making direct comparisons between start-ups out of unemployment and non-unemployment find that there are differences in the exit rates from self-employment between the two types. In Germany, business survival rates were 81% after 1.5 years for those founder who received support from the start-up grant scheme compared to 73% of unsupported business founders over the same period (Caliendo et al., 2015[11]). Similarly, studies in Finland (Tokila, 2015[24]) and France (Duhautois, Redor and Desiage, 2015[26]) find that subsidised start-ups are more likely to survive than non-subsidised firms up to 14 years after start-up in Finland and after two years of start-up in France.

There is not much evidence on the business survival rates by different participant profiles. For women entrepreneurs in comparison to men, both coming out of unemployment, two studies point to slightly lower survival rates among women, for instance after 3.5 years around 77% for men and 69% for women (Caliendo, Künn and Weißenberger, 2016[21]; Caliendo and Kritikos, 2010[18]). This finding is consistent with overall studies on business survival rates of businesses operated by women (see e.g. (Fairlie and Robb, 2009[30])). Other researchers have investigated the effect of regional disparities on business survival rates but find inconclusive results for two start-up grant schemes. They found that there is variation in the survival rates depending on whether the local economic conditions are strong or poor,

but there is no clear direction in which way the local economic conditions influence outcomes (Caliendo and Künn, 2014[12]).

Job creation

The majority of job seekers who start businesses often remain solo entrepreneurs, operating their businesses without employees. In France, about 18% of businesses created by someone who came from unemployment in 2015 created at least one additional job (Bonnet, De Visme and Profovas, 2018[31]). Of these, 78% of businesses created by the unemployed make use of the ACCRE schemes. Historically, about 20% to 35% of the supported start-ups in Germany had at least additional one employee within the first three years after starting their entrepreneurial activities, with shares of firms hiring employees increasing the longer they are in the market. This is slightly below average when compared to all start-ups where it has been found that typically one-third of all start-ups create jobs in the first three years (Caliendo and Kritikos, 2010[18]). Evidence from the United States is in-line with the results of the French scheme. An evaluation of the Self-Employment Assistance Program in New York and Oregon (United States) for the period 2013-15 shows that 16% of supported businesses created at least one additional job in their first year (Weigensberg et al., 2017[29]).

Some small gender differences are observed in Germany, which is the only country where evidence is available. About 33% of the men and 26% of the women participants in German schemes had hired at least one employee. The corresponding numbers for the start-up allowance programme (SUA), that was implemented between 2003 and 2006 and attracted more disadvantaged groups, are 14% of men and 9% of women, with the number of additional jobs varying between three to four individuals (Caliendo and Kritikos, 2010[18]).

Overall, available evidence shows that start-ups from unemployment create fewer jobs on average than businesses started by people in employment. A comparison in Germany found that start-ups out of regular employment create jobs in 56% of the cases (compared to 36% among the previously unemployed) with six jobs created versus only three to four among the previously unemployed (Caliendo et al., 2015[11]). Furthermore, most supported individuals who did not have employees at the time of the survey did not plan to have any in the future, even if the businesses grew (Caliendo and Kritikos, 2010[18]). Accordingly, in a more long-term analysis in Germany, it is observed that start-ups out of unemployment do not catch up to start-ups founded by individuals from non-unemployment (Caliendo, Künn and Weissenberger, 2020[32]).

Innovation

One of the main criticisms of welfare bridge schemes for job seekers is that the businesses created are less innovative and this is generally confirmed by research. In Germany, businesses started out of employment have more applications for the protection of corporate identity than businesses by previously unemployed, while differences for the filing of patents are not statistically significant (Caliendo et al., 2015[11]). Again, as for additional jobs, there is no catching-up process by previously unemployed business founders in terms of their innovation activities. In the long-run businesses started out of non-unemployment had also significantly more applications for the filing of patents than businesses by previously unemployed (Caliendo, Künn and Weissenberger, 2020[32]). Yet these findings do not imply that start-ups from unemployment are not innovative, simply that they are significantly less likely to apply for corporate identity protection.

Job satisfaction

Job satisfaction is an increasingly important determinant of working conditions. While low job satisfaction may demotivate individuals in their entrepreneurial activities, potentially inducing firm closure, high job satisfaction may unfold positive effects on entrepreneurial motivation and survival in

entrepreneurship. Compared to their previous employment, start-up programme participants experienced in Germany improvements in terms of the satisfaction with their work, income levels, and career advancement opportunities. However, compared to previous employment, there was a decline in satisfaction factors such as workload, working hours, and social security (see also (Caliendo and Tübbicke, 2022[33]). Despite these negative changes, individuals placed higher value on the improvements in the first three categories due to their higher absolute values (Caliendo and Künn, 2011[3]). Moreover, female entrepreneurs in German programmes were more satisfied with their entrepreneurial activities than with their employment experience (Caliendo and Künn, 2015[2]).

Reintegration into the labour market

Evidence suggests that schemes typically integrate the previously unemployed individuals fairly well into the labour markets, even if businesses created exit. Usually, the total employment shares as the sum of self-employment or dependent employment adds up to 80 to 90% (as observed for Germany in various combinations after 1.5, 2, 2.5, 3.5, and 4.5 years, but also for schemes in Sweden and UK), with dependent employment shares increasing proportionally to the decreasing self-employment shares over time (Meager, 1996[34]; Caliendo and Kritikos, 2010[18]; Caliendo and Künn, 2015[2]; Caliendo, Künn and Weißenberger, 2016[21]; Behrenz, Delander and Månsson, 2016[35]). Among those who experienced business closure, a significant proportion managed to secure regular employment right after their closure. This might be attributed to the establishment of labour market networks, connections to business partners, and improvements to employability and human capital during the period that they operated their business.

Causal evidence from Germany

Evaluation studies that aim to reveal the causal impact of the welfare bridge schemes on the supported entrepreneurs coming from unemployment are scarce. Moreover, as existing studies are implemented from the policy perspective of active labour market programmes and comparisons are usually restricted to the group of unemployed individuals who started a business using the scheme with the overall group of unemployed. To date, there are no studies that compare individuals who started a business out of unemployment while receiving a grant with comparably similar individuals who started a business out of unemployment without receiving a grant. To estimate the treatment effects, propensity score matching approaches are typically applied while trying to make sure that the identifying conditional independence assumption (CIA) is valid, which states that, conditional on observed characteristics, the counterfactual outcome is independent of treatment (Rosenbaum and Rubin, 1983[36]).

Reintegration into labour market

A larger number of studies show, in particular for Germany, that unemployed individuals funded with welfare bridge schemes were much more likely to be in entrepreneurship or dependent employment when compared to non-funded individuals. This is typically demonstrated by a comparison of the share of beneficiaries who continue to operate their start-up plus the share who closed their businesses and moved into employment, relative to the labour market outcomes of (unsupported) unemployed people who are “statistical twins;” i.e. as comparable as possible in as many observable characteristics as possible. Results vary across programmes and according to macroeconomic conditions. Differences are found to be up to as large as 30 p.p. after two to three years (Caliendo and Künn, 2011[3]). There were also observed 15 p.p. differences after five years of having utilising the welfare bridge scheme. This means that if the probability of being self-employed or employed after having received the start-up grant scheme was 90%, in the control group the probability of being employed or self-employed was 75% after five years. Most studies also find larger differences in the short- and medium-terms (after one and after three years) (Caliendo and Künn, 2011[3]), pointing also to a higher immediate success of the schemes, with other unemployed individuals needing much more time to be integrated again in the labour

markets. These high differences are also found for the one programme in Germany that experimented with long-term support over three years, i.e. the Start-Up Allowance. It attracted a different kind of individual to start a business (Caliendo and Kritikos, 2010[18]). Only one study for the later start-up grant scheme, introduced in 2011, finds smaller differences below 15 p.p. after two years (Caliendo, Künn and Weißenberger, 2016[21]), probably owing to the better macroeconomic environment. This is similar to the results of evaluations in Sweden and France that point to an effect of 10 p.p. to 20 p.p. (Behrenz, Delander and Månsson, 2012[37]; Duhautois, Redor and Desiage, 2015[26]).

Some of these studies show a similar impact of the scheme for women as compared to men, and sometimes an even larger positive impact. Results from two early German programmes that were in place until 2006 (i.e. Bridging Allowance (BA) and Start-Up Allowance (SUA)) show a positive impact on employment prospects 4.5 years after establishment of the start-up. SUA female participants had a 24 (36) p.p. higher employment probability compared to non-participants in West (East) Germany. Similarly, female BA participants have a 25 (27) p.p. higher probability in West (East) Germany. How substantial these differences are, becomes clear when revealing monthly differences in terms of being in entrepreneurship or employment: female SUA participants in West (East) Germany remained in self-employment or regular employment for an average of 27 (29) months longer than female non-participants (Caliendo and Künn, 2015[2]). A later study for the German start-up grant that started in 2006, finds smaller, albeit still positive effects (Caliendo, Künn and Weißenberger, 2016[21]). These smaller differences might be owed again to different economic conditions where it was easier for the control group to find a job.

The effect of participants' age on the effectiveness of welfare bridge schemes is less clear because there are multiple effects that make expectations less clear. On the one hand, younger individuals have less working experience which may reduce their success probability in entrepreneurial activities in the treatment group. On the other hand, in the control group the re-employment probability of younger is also lower when compared to middle aged individuals. Moreover, education levels strongly matter among younger individuals in their reemployment probability, meaning that young lowly educated individuals have again a lower probability to find a job than young individuals with high education levels. It seems that the latter effect is the one, driving results in Germany, at least for the early bridging allowance (BA) programme. Here, higher effects are observed for participants aged younger than 30 years old. However, this observation does not consistently hold for all German programmes. For instance, the start-up allowance programme that existed parallel to the BA programme, attracted more younger individuals, but has higher effects for participants aged older than 30 years old. At least, in terms of income effects, younger individuals are better off in both programmes (Caliendo and Künn, 2011[3]). Overall, there have not been observed consistent differences for effect sizes when investigating entrepreneurs of differing ages.

Income

Welfare bridge schemes tend to have a positive income effect in the medium-term. By comparing the generated incomes between the treatment group (i.e. supported entrepreneurs coming out of unemployment) and the control group (the comparable statistical twins of unemployed who did not receive the grant) allows again for a causal interpretation. On average, 4.5 years after venturing the business, individuals who had received support, have a net income that is EUR 400 to EUR 700 higher per month than non-participants. This points to economically significant gains from entrepreneurship (Caliendo and Künn, 2011[3]; Caliendo, Künn and Weißenberger, 2016[21]). For women, differences are slightly smaller in the earlier programmes that were in place until 2006. In West (East) Germany, the estimated effects of the SUA programme are EUR 153 (EUR 344), while for the BA programme, they are EUR 255 (EUR 270). In the later programme after 2006, differences were also much larger for women, amounting to EUR 600. Given that average incomes are about EUR 1 600 for women, this effect is again substantial. The positive impact on income is largely attributed to higher employment rates among programme participants in comparison to non-participants (Caliendo and Künn, 2015[2]).

However, supported entrepreneurs make less on average than those who did not start-up from unemployment. Several German evaluations assessed outcomes 1.5 years after establishment of the start-up. Subsidised business owners had a monthly income of an average of EUR 2 389 per month, around EUR 684 less than regular owners (Caliendo et al., 2015[11]), with not much differences in later periods (Caliendo, Künn and Weissenberger, 2020[32]). Thus, the welfare bridge schemes yielded positive income effects when the supported start-ups were compared to their control group of other unemployed individuals, but they make less money when compared to "regular entrepreneurs".

Family decisions for potential women entrepreneurs

Evaluations in Germany found that participation in welfare bridge schemes for job seekers does not significantly reduce fertility among female participants. Evaluations assessed the influence on fertility with observations for 56 months after starting the subsidy for the two early programmes, i.e. the SUA and the BA that were accessible until 2006. Here, the disparity between female participants and non-participants in terms of the proportion who have taken at least one period of maternity/parental leave within the observation period was investigated. This analysis shows insignificant effects, indicating that participation in the SUA and BA programmes does not significantly reduce fertility. Extending this into an analysis of employment considering fertility, the large and positive employment effects in the studies on SU and BA are not outweighed by partly negative effects on fertility, contrary to other existing ALMP programmes. An explanation could be that females postpone fertility decisions during the start-up period. At the start of the observation period, non-participants exhibit a higher likelihood of entering maternity/parental leave. However, as the observation window progresses, participants experience higher probabilities of taking maternity/parental leave (Caliendo and Künn, 2015[2]).

Education level

German evidence shows that welfare bridge schemes appear to contribute to the reduction of the risk of long-term unemployment amongst the most disadvantaged unemployed, including those with low education levels. Expectations would generally be that more educated unemployed individuals have a high probability to find a new job again in the labour market, while longer unemployment spells are usually connected to individuals with lower education. This is important as, in the matched comparison, employability for the control group also matters. It can be expected that reintegration differences between participants in the treatment group and matched non-participants in the control group should be smaller for higher educated individuals when compared to lower educated individuals. Indeed, the accumulated effect for the low educated group is approximately five months larger compared to individuals with higher levels of education, with expectations also being confirmed in the sense that the control group consisting of highly educated individuals has a higher likelihood of being employed than the corresponding control group for low-educated individuals. In terms of income effects, the results are mixed. There is a further interesting design effect: low-educated participants experienced significantly higher income effects than the highly educated, when compared to the appropriate control groups under the start-up allowance regime (that existed between 2003 and 2006) that was specifically designed to attract the more disadvantaged groups by having a more long-term support. Under the BA design that rather attracts individuals with "typical" characteristics of nascent entrepreneurs, the highly educated are better off compared to their low education counterparts in terms of income (Caliendo and Künn, 2011[3]). This is an important finding for the future design of such programmes. It is usually expected that highly educated are better prepared for entrepreneurial activities which is true also for the programmes supporting start-ups out of unemployment. However, the comparison to similar types of in this case lowly educated individuals who do not choose the entrepreneurship track, the reintegration through entrepreneurial activities shows to be a particularly promising approach. It seems that in groups that are at higher risk of also becoming long-term unemployed, i.e. among low educated individuals, welfare bridge schemes potentially contribute to the reduction of the risk of long-term unemployment amongst disadvantaged unemployed.

Personality types

One evaluation investigated the impact of personality types on the effectiveness of welfare bridge schemes and found limited interaction between personality and outcomes. The following types were assessed: agreeableness, conscientiousness, neuroticism, extraversion openness, and willingness to take risks, which earlier research proves to be important factors influencing entrepreneurial development (Caliendo, Fossen and Kritikos, 2014[38]). Among men, the programme is significantly more effective for more open individuals than less open individuals. The difference in outcomes for other traits are limited and insignificant. Among women, statistically significant differences are present for openness and readiness to take risks, in the opposite direction as men (Caliendo, Künn and Weißenberger, 2016[21]). Thus, effect sizes do not strongly differ between studies excluding or including personality traits.

Lessons for policy makers

Using eligibility criteria to ensure quality start-ups and avoiding precarious work

A critical design element of such instruments is the eligibility criteria. Governments need to ensure that only viable business ideas are being financed by welfare bridges with individuals feeling committed to the idea to start an own sustainable business. Therefore, it will remain important that a business plan has to be developed in a way that unemployed individuals need to put some effort into creating and describing their business idea. By doing so, it is also possible to address the main concerns against such policy schemes (e.g. public funds would be better invested in innovative start-ups, businesses created may require long working hours for little income). However, this hurdle should not be too demanding so that more skilled entrepreneurs would stop applying for such schemes. That means that requirements should remain at a “doable” level and that the decision on whether a business plan is evaluated should remain with trustable institutions outside of labour agencies whose case workers are usually not trained in that kind of assessment. It is also an important feature of such instruments that the access to the financing instrument is connected to an entitlement once all eligibility criteria including the positive evaluation of the business plan has been met. Importantly, this creates reliability of the public institution towards potential entrepreneurs.

Designing the scheme for the context

A number of contextual factors are also important to consider for the design of welfare bridge schemes. These include:

- **Economic cycle**: Start-up support schemes for job seekers will have different impacts at different points during the economic cycle (e.g. recession, depression, boom periods), notably by reaching different target groups. During recessionary period, these schemes will likely have a greater impact because there are more job seekers. However, they can also have a role in opening up more pathways to work during periods of growth. While the overall impact may be lower during periods of growth, there would likely be greater benefits in terms of developing local markets and avoiding economic stagnation (Koellinger and Roy Thurik, 2012[39]).
- **Primarily target group:** Governments need to define the main target group. If the aim is to attract the typical entrepreneur (i.e. more men than women, more middle aged, more highly educated) to transition from unemployment to entrepreneurship, a six-month subsidy with the amount of the support oriented at the entitlement of unemployment benefits seems to be the appropriate instrument. If more disadvantaged groups should be addressed where the impact of the instrument might be higher from a labour market perspective, grants should be offered for longer periods and amounts should be fixed at sufficient levels to allow for a basic financing of living costs and social

security contributions, independently from unemployment benefit entitlements. Importantly, schemes should not be developed for certain disadvantaged groups exclusively, as such approaches often lead to very low take-up numbers and may unfold other unwanted effects by attracting mostly individuals with low entrepreneurial abilities. In other words, disadvantaged individuals should be addressed through specific design instruments, but not through excluding non-disadvantaged groups from the access to the instrument.

- **Non-financial support:** If government aims to support a stronger growth of these businesses and make the entrepreneurs more ambitious in creating larger or more innovative businesses, such grant schemes may be complemented by mentoring or coaching services (see also (Caliendo et al., 2014[40]) for an evaluation of a publicly financed coaching offers for start-ups out of unemployment) that may provide valuable support and feedback to the entrepreneurs.

Minimising deadweight effects

Overall, potential deadweight effects appear to be relatively low according to limited evidence from Germany. A deadweight effect appears, when a subsidy is paid to recipients who would have started a new business even without the subsidy and when the subsidy had no impact on their subsequent business success. It is important to take both criterion into consideration. There is only one study that does consider the impact on business survival during the first six months and finds that the share of subsidised firms that are potentially affected by deadweight effects is around 10% to 20% (Caliendo et al., 2015[11]). To minimise these effects, governments can use screening mechanisms that require just enough effort to dissuade those who would start their business even without support but not so much that few people use benefit from the measure. The screening process can also be used to steer self-employment activities away from sectors that have no barriers to entry and high levels of competition.

Improving outreach and take-up among the most disadvantaged groups

Part of the rationale for using welfare bridge mechanisms may go beyond moving job seekers into work by trying to specifically reach selected marginalised groups. The German experience has demonstrated that the targeted sub-groups of job seekers could be better reached if the length of the support period is increased, or if the amount of support is set as fixed payment that is higher than the unemployment benefits of those individuals who might have earned low incomes before their unemployment. In the latter case, these individuals would receive low unemployment benefit payments, which is likely not attractive enough to start self-employment activities. In particular, with respect to female business founders, previous research suggests that, in the overall population, women are, on average, more risk averse than men (Caliendo, Fossen and Kritikos, 2009[13]). As the willingness to take certain risks is one driving force of the decision to become an entrepreneur, a higher share of risk averse female persons in the population can explain to some extent why more than twice as many male than female start-ups are observed. This was changed when the start-up allowance (SUA) was introduced that could support unemployed individuals for up to three years in their transition to entrepreneurship (Caliendo et al., 2015[41]). This long-term support in the SUA with a fixed amount of money might have given potential female business founders some form of security, thus making their decision to start entrepreneurial activities easier despite their higher risk aversion. With respect to less formally qualified start-ups, the lumpsum payment offered under the SUA led also to higher financial support than under the BA (where the subsidy depended on their last wage income). One can speculate that the higher amount of money gave these groups of persons enough financial support to survive the initial period of self-employment until they expected to be able to pay for their living out of their self-employment incomes.

Conclusions and policy recommendations

Welfare bridge schemes are, from an ALMP perspective, an effective tool that supports unemployed individuals in re-entering work through business creation. A return to unemployment is observed significantly less often when compared to the control group of other unemployed people who are similar in their characteristics. If designed appropriately, evidence so far shows and, thus, policy makers can expect with high probability, that:

- Either the supported individuals are able to start a sustainable business, where:
  - these new entrepreneurs often earn more than in an alternative option if they had continued to try finding a dependently employed position; and
  - they create jobs for others in 15%-35% of all cases according to limited evidence;
- or where the supported individuals, if they should have given up their business again, often find a new job in an employed position.

However, governments should not expect that these supported businesses started by previously unemployed will be as dynamic as unsupported businesses started by individuals out of an employed position or out of an earlier entrepreneurial position. These two groups (start-ups out of unemployment versus out of non-unemployment) differ in many characteristics. Welfare bridge schemes provide finance support to unemployed individuals to increase the chances that their business activity establishes itself as economically viable. This type of mechanism cannot bridge all of the barriers to business creation faced by job seekers. Therefore, firms started by individuals coming out of unemployment cannot be expected to be as innovative and dynamic in terms of job creation as firms ventured by individuals coming out of non-unemployment.

Governments aiming to introduce or improve the effectiveness of welfare bridge schemes could have the following priorities:

- Provide sufficient funds for start-up subsidies, in particular when unemployment is high;
- Ensure that financial support is provide for at least six months, with a mechanism that adapts the sum of financial support to the amount of unemployment benefits that the unemployed individuals would have otherwise received;
- Consider increasing the amount of financial support provided and/or the length of time that support is offered if specific groups of unemployed who face greater challenges are targeted (e.g. NEETs);
- Ensure that individuals are committed to starting their own businesses with the help of these funds by requiring some effort prior to receiving support, which could include the preparation of a business plan that is evaluated by an expert body and by asking them to give up entitlements for unemployment benefits (i.e. transfer rates) in exchange for the start-up grant;
- Offer publicly subsidised non-financial services for successful start-ups out of unemployment who have growth potential and whose entrepreneurs are motivated to grow their firms; and
- Consider introducing a short-term (three to six months) insurance scheme to offer some support to beneficiaries if their business fails.

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Annex 9.A. Examples of welfare bridge schemes in EU and OECD countries

Start-up grants for job seekers are used in several EU Member States and OECD countries, each implementing a slightly different model. Three different examples (France, Germany, and Hungary) are presented to illustrate the different ways in which these types of schemes are designed and implemented.

Aid for the Unemployed Creating or Taking over a Business, France

Objectives and rationale

The Aid for the Unemployed Creating or Taking over a Business (*Aide aux chômeurs créateurs et repreneurs d'entreprise*, ACCRE) was a regulatory measure that aimed to facilitate both the creation of new businesses and the takeover of existing businesses by job seekers. The first ACCRE scheme was introduced in 1977, which targeted registered unemployed people. This scheme provided a partial or total temporary exemption from social security contributions, social protection guarantees and minimum social benefits. In 2019, the support scheme was expanded to the full population under the name Aid to Business Creators and Buyers (*Aide aux créateurs et repreneurs d'entreprise*, ACRE) (OECD/EC, 2023[42]).

The underlying rationale of the ACCRE support scheme is that unemployment and inactivity may be negative signals on the labour market for those who look for employment. Moreover, the general objective of the support was to help unemployed people by supporting their new businesses and allowing them to "create their own job" and to remove financial and admirative barriers in the first year of operation. This period has the highest risk of business failure due to the range of barriers faced by unemployed people, including the lack of resources to cover initial living, working and investment costs associated with creating or taking-over a business.

Description

The scheme was launched in 1997 to offer job seekers a way to create their own job. The scheme provided registered job seekers with a lump-sum payment corresponding to the future unemployment benefits they would have received if they continued to search for employment. Eligibility was then extended to two categories of people. The first being unemployed people who started a new business or who took over a firm. However, entry was not conditional on whether someone received unemployment benefits, i.e. those outside of the labour market were eligible. The second category of eligible beneficiaries were those who received minimum wage (i.e. *salaire minimum de croissance, SMIC).*

Eligible beneficiaries were required to have a business plan approved by the Ministry of Labour at the local level before receiving the support. If all requirements were met, unemployed individuals who were eligible for unemployment benefits and were not paid by their start-up were able to continue to receive their unemployment benefits for a maximum of 15 months. In the case of business failure, their right to unemployment benefits begins from the date when they started their business. However, if the unemployed individual is compensated by their new business, they are exempted from social contributions for one year. If all requirements are met but the individual is not eligible for unemployment benefits, they are exempted from social security contributions on their pay for a one-year period. Recipients of minimum income continue to receive their minimum income for one year after the creation of their business if they are not

compensated by the new business. In the case that they are compensated, they are then exempted from social contributions on their pay for a one-year period.

Since 2019, eligibility for the scheme shifted to become more inclusive of other people who are disadvantaged in the labour market, becoming Aid to Business Creators and Buyers (*Aide aux créateurs et repreneurs d'entreprise,* ACRE)**.** Conditions for the ACRE require participants to have created or taken over a business individually or as a principal owner and have not benefited from the previous scheme (ACCRE) in the last three years. If the entrepreneur uses the legal form of micro-entrepreneurship, they can only benefit from ACRE if they are a compensated jobseeker (i.e. receive unemployment benefits) or have been registered as a non-compensated jobseeker for more than six months in the last 18 months. Prior to 2019, the ACCRE scheme had similar conditions but did not distinguish on legal form and was open specifically to the unemployed, certain beneficiaries of welfare support, those creating businesses in disadvantaged urban areas, and youth under 26 years old. ACRE beneficiaries benefit from an exemption on certain social security contribution usually paid by entrepreneurs. If total professional income of the beneficiary is less than 75% of the annual limit for social security contributions (i.e. EUR 30 852 in 2022), the person benefits from a total exemption. If their personal income is between 75% and 100% of the annual limit (i.e. between EUR 30 852 and EUR 41 136 in 2022), they receive a proportional partial exemption (BpiFrance, 2023[43]). ACRE exemptions apply for a period of 12 months. However, micro-entrepreneurs can benefit for up to 24 months under certain conditions.

Moreover, the ACRE benefit can be combined with other available supports such as (Ministère de l'économie des finances et de la souveraineté industrielle et numérique, 2023[44])**:**

- The New Support for the Creation or Take-over of a Business (*Nouvel accompagnement pour la création et la reprise d'entreprise*, NACRE), which offers personalised support to business creation for the unemployed (pre-creation, during the fundraising phase and in the first years of operation).
- The Aid for the Take-over or the Creation of a Business (*Aide à la reprise ou à la création d'entreprise*, ARCE) which allows the unemployed to receive 45% of their remaining unemployment benefits as a lump sum to be used as capital for their business.
- Beneficiaries of welfare support for the economically vulnerable, such as the Specific Solidarity Allocation (*Allocation de solidarité spécifique*) can also continue receiving this support while benefitting from ARCE during a transition period of up to 12 months.

Evaluation results

Overall, the impact of the ACCRE programme on firm survival was positive. The most recent impact evaluation finds that ACCRE supported start-ups had a higher survival rate after two years of operation through eight years of operation, which supports the positive impact of the scheme in the short and long-term (Duhautois, Redor and Desiage, 2015[26]). After eight years of operation, the study found that the survival rate among firms that benefited from ACCRE was still higher than those who did not (47% vs. 38%). However, certain founding conditions were found to be important in the long-term success. Businesses that had higher financial resources in addition to the ACCRE support were more likely to survive than other firms who had fewer financial resources. This is likely linked to selection criteria for the ACCRE programme where potential participants were evaluated on the basis of their financial resources, their capital investment to start their business and their participation in other public subsidy programmes.

Since the implementation of the updated scheme (ACRE), there has been further evaluation of the impact of the scheme. However, the new conditions limit the ability to analyse the individual impact of ACRE as often people benefit from joint measures. In 2019, a joint evaluation of the ACRE, ARCE and NACRE support schemes found that unemployed people who benefitted from the programmes were 10% more likely to secure funding for their businesses (DARES, 2019[45]), which led to higher starting capital for supported unemployed entrepreneurs compared to those who did not benefit.

Start-up subsidy schemes in Germany

Objectives and rationale

The major rationale of all German programmes is to support the venturing of businesses by unemployed persons. The short-term objective of all variations of the start-up grant schemes was, and is, to finance the living expenses and the social security of these business founders in the initial period of their entrepreneurial activities, during the period when their earned income from their self-employment is often low. There are basically three long-term objectives:

- Most importantly, the previously unemployed individuals who received these grants should be re-integrated into the labour market, be it as self-employed or dependently employed, while being able to earn sufficient income.
- Secondly, the so-called double dividend becomes increasingly important, in the sense that the supported entrepreneurs coming out of unemployment should not only create their own, but further jobs in their newly founded firms.
- Third, a further objective is that the programmes should be implemented effectively and efficiently, keeping deadweight losses at a low level.

Description

All schemes in Germany had some common design features. Until mid of 2006, there were two programmes, the first scheme, the bridging allowance (BA) (*Überbrückungsgeld*), introduced in 1986, and the start-up allowance (SUA), introduced in 2003. Eligibility conditions for both programmes (with a short grace period for the SUA with respect to the requirement of a business plan) were the same and as follows:

1. An entitlement to unemployment benefits (*Arbeitslosengeld I*), which requires a minimum of 12 months of having been in dependent employment subject to social security contributions.
2. The unemployed were asked to prepare a business plan for their planned firm. Access to the support schemes was then granted conditional on their business plan being approved externally, usually by the local chamber of commerce. This approval had to certify the viability of the project based on the business founder's business plan. Thus, approval of an individual's application did not depend on the local labour office.
3. Moreover, start-ups were only funded if individuals were aiming for "full-time" self-employment activities.
4. There was an age limit of 65 years.

If all requirements were met, the unemployed individuals were entitled to receiving the grant. The grant scheme of the bridging allowance (BA) supported the first six months of entrepreneurship by providing the same amount of money that the recipient would have received in case of unemployment. Since the unemployment scheme also covered social security contributions, including health and retirement insurance, etc., an additional lump sum for social security was granted, equal to approximately 70% of the unemployment support.

In January 2003, the start-up allowance (SUA), the second programme, was launched in addition to the BA to support unemployed people starting new businesses. The goal of the SUA was focused more on provision of social security for the newly self-employed persons, not for the first six months but for the first three years. Therefore, different from the BA, the support was not related to the individual's benefit level but comprised a lump sum payment of EUR 600 per month in the first year, EUR 360 per month in the second year, and EUR 240 per month in the third year, with the condition that support in the second and third years was granted only if the income of the entrepreneur did not exceed EUR 25 000 in the previous year.

SUA recipients were obliged to contribute to the statutory pension insurance fund. Hence, between January 2003 and July 2006, unemployed individuals could freely choose between the two programmes to support their new businesses. Access to BA and SUA was possible for the full period of entitlement to unemployment benefit, i.e. from the first day of unemployment until the end of the entitlement to unemployment benefits. Hence, there were no transfer rates when making use of one of the two programmes. Furthermore, residual entitlements to unemployment benefits were retained for four years from the date of when the BA or the SUA were received. If business failed, the affected individuals were allowed assert residual claims of their unemployment benefits within this period of four years.

There was no need to pay back the grants if the business failed unless there was evidence of fraud. In 1986, following the introduction of the bridging allowance (BA), about 5 600 start-ups from unemployment were supported. These constantly increased to around 125 000 individuals receiving the support instrument in 2002. At the beginning of 2003, the bridging allowance was complemented by the second instrument, the start-up allowance (SUA). These two instruments were used by 250 000 individuals in 2003 and 2005, and even by 350 000 individuals in 2004 to bridge the initial phase of their self-employment. Accordingly, the share of subsidised start-ups from unemployment among all start-ups increased from around 1% in 1986 to more than 50% in 2004. The increased importance of start-up support for the unemployed was also reflected in 2005 in the expenditure of more than EUR 3 billion.

The major challenge of the two programmes were the high take-up rates during the years 2003 to 2005 which exceeded expectations. In particular, the fact that the SUA was granted for up to three years yielded budgetary challenges. Therefore, in summer 2006, the grant schemes underwent a first major reform. The two programmes were merged to the start-up grant (SUG). The above-mentioned entry requirements remained in place. The merger of the two programmes took place in the sense that parts of the three-year programme (the SUA) were introduced to the BA, leading to the SUG. Compared to the BA, the funding period for the start-up grant increased from six to nine months. Moreover, a second support period was added, where individuals could receive EUR 300 per month to pay for social security for further six months if they could prove full-time entrepreneurial and business activities.

Moreover, new eligibility criteria were added. First, the unemployed individuals planning to start their own businesses had to prove sufficient knowledge and skills to carry out the self-employed activity. If case workers of the federal employment agency had doubts about the knowledge or skill levels, the agency was able to request mandatory participation in business advice that supported preparing the business plan and the start-up activities. The second new eligibility criterion was the introduction of transfer rates. To receive the grant, entitlements to unemployment benefit had to be given up in the same amount. However, this criterion only applied in principle, because a minimum transfer rate was also set: individuals who had less than nine but still more than three months' entitlement to unemployment benefits only had to waive the remaining entitlements. Thus, the entitlement to the start-up grant ended 90 days before the entitlement to unemployment benefits expired. Residual entitlements to unemployment benefits were again retained for four years from the date of incorporation. However, this was now only relevant for individuals who were still entitled to unemployment benefits for more than nine months when they started their business. If their businesses failed, remaining claims to unemployment benefit could be asserted again within this period.

Between 2006 and 2011, after the merger of the two instruments that created the start-up grant (SUG), between 120 000 and 145 000 individuals received support. In 2011, the instrument underwent a reform with the aim to improve efficiency, leading to a reduction of the SUG budget by EUR 1 billion (approximately 75% of the original budget). There were three changes in 2011 reform (Bellmann, Caliendo and Tübbicke, 2018[46])**:**

1. The major change that was introduced related to the entitlement rule and aimed at enforcing the budgetary cuts. While previously applicants were entitled to the programme when they met all eligibility criteria, since 2011 caseworkers were granted discretion to decide if the subsidy was necessary considering the individual's re-employment probabilities.

2. The minimum waiver of unemployment benefits was increased from three to five months, the entitlement to the start-up grant now ends five months before the entitlement to unemployment benefits expired.
3. The support rules were tightened. The first funding period for the start-up grant was reduced again from nine to six months (as in the original bridging allowance), while the second support period, where individuals could receive EUR 300 per month to pay for social security was increased to nine months if they could prove full-time entrepreneurial and business activities. Indeed, with the introduction of the new start-up grant, the number of supported cases dropped to about 20 000 individuals per year (Bundesagentur für Arbeit, 2023[47]).

Evaluations results related to the impact of instrument prior to 2011 reforms

The impact of the start-up grant schemes before the last reform of 2011 is extensively evaluated. The gross success rates determine the employment status of the funded persons after a certain period. Remaining in the primary labour market (i.e. continuing self-employment, or returning to dependent employment) is regarded as success while a return to unemployment would counted as a failure. At 4.5 years after firms were founded, a large proportion, i.e. an average of 60% of those receiving the start-up grant, were still self-employed, more than 20% have found employment subject to social security contributions, and only 12% have registered as unemployed again.

The welfare bridges were also found to be effective. The "effectiveness" measure compares the success rates of funded start-ups with those of a comparison group of unemployed people who are not funded by start-up grant. Funded entrepreneurs were much more likely to be in the labour force, namely by 22 p.p. 56 months after the start of funding. Thus, the concern that start-ups from unemployment are often not sustainable is not supported by the findings.

Evaluations also show that self-employment income from start-ups supported with the SUG or previous BA was higher than unsupported start-ups by the unemployed. 2.5 years and 4.5 years after starting self-employment, the majority of the self-employed earned more than they did before in dependent employment (Caliendo and Kritikos, 2010[18]). When compared to comparable non-participants (unemployed who were not supported with the SUG), the self-employed also earned between EUR 435 and EUR 618 more per month. Thus, many of the self-employed earned a higher income than they did before in dependent employment or individuals in comparable dependent employment positions.

Start-up Grants, Sweden

Objectives and rationale

The Start-Up Grant programme aims to facilitate the creation of new businesses by the unemployed. The initiative first introduced in 1984 and has aimed to provide financial support to registered unemployed people. The scheme provides income support for people starting businesses for a period of six months where earnings from self-employment are not deducted from the subsidy. The start-up grant is equivalent to the unemployment compensation and is provided by the Swedish Social Insurance Agency.

Description

The start-up subsidy is available to registered jobseekers over the age of 18 years old. To be eligible for the subsidy, people must have been looking for employment without success for a certain period of time or are at risk of becoming unemployed. Moreover, recipients cannot have debts with the Swedish Enforcement Authority (*Kronofogdemyndigheten*). People must also have developed a business idea but have not yet started the business. If someone has previously started an enterprise, it must have been dissolved for more than a year before applying for the subsidy.

Applicants are reviewed and approved by the Employment Agency (*Arbetsförmedlingen*) in order to receive the support. The initiative places an emphasis on determining whether entrepreneurship and self-employment is an appropriate avenue for the individual. As part of the application, individuals must have a business idea, business plan, budget and have considered market conditions. In the case that individuals need support to complete these steps, they are directed to various trainings available to support business creation. The duration of the support payment is limited to a maximum of six months, during which the monetary value of the payment is equivalent to that of the unemployment benefit. This implies that the individual is granted a daily compensation ranging from SEK 910 (EUR 90) to SEK 365 (EUR 36). Individuals who possess a disability have the opportunity to obtain additional assistance valued at SEK 60 000 (EUR 6 000). In addition to the financial support, the programme offers support and advice for the first year of operation.

The scheme has undergone some modifications since it was launched. In 1992-92, the possibility to extend support for six months was added. Changes to the eligibility criteria were also slightly adjusted at this time. The minimum age was reduced from 20 years old to 18 years old.

Evaluation results

An impact evaluation of the start-up subsidy programme was undertaken in 2016. The data combine administrative data from the Swedish Public Employment Service with the register data from Statistics Sweden for the period 2003-07. The evaluation looked at the probability of leaving unemployment for paid or self-employment after two years and five years. The study considered the jobseekers who were unemployed in 2003 and who participated in the initiative for a six-month period starting in 2003. There were more than 15 000 people who benefited from the start-up subsidy in 2003. Participants were compared with three categories of jobseekers. The first group included those who were eligible (i.e. registered at the public employment office) but did not participant in the subsidy scheme. The other two groups included those who received only job search assistance and those who were transferred to other programmes other than the start-up subsidy scheme.

Overall, the start-up subsidy scheme was found to have positive, long-term effects on recipients in terms of leaving unemployment and receiving an unsubsidised employment position. The largest impact reported occurred between those who received the start-up subsidy compared to those who participated in other support schemes. Recipients of the start-up scheme were 44 percentage points more likely to have left unemployment for employment (Behrenz, Delander and Månsson, 2016[35]). After five years, recipients are still nearly 35 percentage points more likely to have left unemployment. The study also investigated the effect of education obtainment on the impact of the start-up subsidy programme. Participants of the start-up subsidy scheme were more likely to leave unemployment for paid self-employment or to pursue further education after two and five years. The greatest impact was observed among the unemployed with compulsory schooling as their highest level of education. This indicates that the scheme notably helps low skilled workers in finding an entry point to the labour market.

Part III Country profiles

10 Reader's guide for the country profiles

Inclusive entrepreneurship trends and policies vary greatly across countries. This section presents a short overview of inclusive entrepreneurship trends, issues and recent policy developments in each of the 27 European Union Member States. Each profile includes a set of key indicators that benchmark self-employment and entrepreneurship activity rates and barriers in each country relative to the European Union average for men, women, youth and seniors.

Overview

This section provides a short overview of inclusive entrepreneurship trends and recent policy actions in each European Union (EU) Member State. Each Country Profile presents recent trends for key inclusive entrepreneurship indicators, focusing on self-employment and entrepreneurship activity rates, motivations for business creation and growth aspirations for women, immigrant, youth and senior entrepreneurs. In addition, the Country Profiles highlight recent policy developments related to inclusive entrepreneurship and a hot inclusive entrepreneurship policy issue, which briefly discusses a topical policy issue or challenge.

Description of indicators

The Country Profiles include a common set of country-specific data that benchmark key inclusive entrepreneurship indicators against the EU average. Data are presented for men, women, youth, seniors, immigrants and people with disabilities to the extent possible. These data help to show the scale of the challenge and its recent evolution. Each country profile contains six figures:

- **Panel a: Conditions for entrepreneurship, 2022**. This figure presents four indicators to provide an overview of the conditions for business creation in each country:
  - *Business entry and exit rates* are from 2020 and are defined as (Eurostat, 2023[1]):
    - Birth rate: number of enterprise births in the reference period (t) divided by the number of enterprises active in t – percentage.
    - Death rate: number of enterprise deaths in the reference period (t) divided by the number of enterprises active in t – percentage.
  - *SME lending* is defined as the share of SME loans to total outstanding business loans in 2021 (OECD, 2023[2]).
  - *Entrepreneurship skills* is defined as the percentage of the adult population (18-64 years old) – excluding individuals involved in any stage of entrepreneurial activity – who believe that they have the required skills and knowledge to start a business. This indicator covers the period 2018 to 2022 (GEM, 2023[3]).
- **Panel b: Total Early-stage Entrepreneurship Activity (TEA) rate, 2018-22**. This presents the proportion of the adult population (18-64 years old) that is actively involved in starting a business or who is the owner-operator of a business that is less than 42 months old. Data are presented for the overall population, men, women, youth (18-30 years old) and seniors (50-64 years old) for the period 2018 to 2022 (GEM, 2023[3]).
- **Panel c: Proportion of TEA that is necessity-based entrepreneurship, 2018-22**. This presents the proportion of early-stage entrepreneurs (18-64 years old) who launched their business due to a lack of other opportunities in the labour market. Data are presented for the overall population, men, women, youth (18-30 years old) and seniors (50-64 years old) for the period 2018 to 2022 (GEM, 2023[3]).
- **Panel d: Proportion of early-stage entrepreneurs who expect to create more than 19 jobs in five years, 2018-22**. This presents the proportion of early-stage entrepreneurs (18-64 years old) who anticipate the creation of at least 19 additional new jobs over the next five years. Data are presented for the overall population, men, women, youth (18-30 years old) and seniors (50-64 years old) for the period 2018 to 2022 (GEM, 2023[3]).
- **Panel e: Self-employment rate**. This presents the proportion of those aged 15-64 years old in employment who are self-employed. Data are presented for the overall population, women,

immigrants, youth (20-29 years old) and seniors (50-64 years old) for the period 2013 to 2022 (Eurostat, 2023[4]).

- **Panel f: Proportion of self-employed people that have employees**. This presents the share of the self-employed (15-64 years old) that employ at least one other person. Data are presented for the overall population, women, immigrants, youth (20-29 years old) and seniors (50-64 years old) for the period 2013 to 2022 (Eurostat, 2023[4]).

In Panel a, the data for the EU median for *SME lending* do not cover the following countries because data are not available: Austria, Bulgaria, Croatia, Cyprus, Denmark, Finland, Germany, Luxembourg, Malta and Romania. The EU median for the *entrepreneurship skills* indicator does not cover some countries because data are not available: Belgium, the Czech Republic, Denmark, Estonia and Malta.

In Panels b-d, the data for the EU average refers to a population-weighted average and excludes Belgium, the Czech Republic, Denmark, Estonia and Malta because the survey was not administered in these countries over this period. In addition, some countries did not participate in every year over this period: Austria (did not participate in 2019 and 2021), Bulgaria (2019-22), Finland (2018-20 and 2022), France (2019-21), Hungary (2018-20), Ireland (2020 and 2022), Latvia (2018), Lithuania (2018-21) and Portugal (2018, 2020 and 2022).

This set of Country Profiles draw on country-specific reports that are produced as part of the OECD and European Commission on inclusive entrepreneurship policies and programmes (OECD, 2023[5]). These reports are available at: https://www.oecd.org/cfe/smes/inclusive-entrepreneurshippolicies-country-assessment-notes.htm.

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Eurostat (2023), *Employment and Unemployment (LFS) Database*, https://ec.europa.eu/eurostat/web/lfs/database (accessed on 23 May 2023). [4]

Eurostat (2023), *Structural Business Statistics*, https://ec.europa.eu/eurostat/web/structural-business-statistics (accessed on 27 July 2023). [1]

GEM (2023), *Special tabulations for the OECD of the Global Entrepreneurship Monitor (GEM) adult population survey for the years 2018 to 2022*. [3]

OECD (2023), "Inclusive Entrepreneurship Policies: Country Assessment Notes", https://www.oecd.org/cfe/smes/inclusive-entrepreneurship-policies-country-assessment-notes.htm (accessed on 18 July 2023). [5]

OECD (2023), *OECD Financing SMEs and Entrepreneurs Scoreboard: 2023 Highlights*. [2]

11 Austria

This country profile benchmarks recent trends in self-employment and entrepreneurship for women, youth, seniors, immigrants and people with disabilities in Austria relative to the average for the European Union. It also describes recent policy actions and current issues related to inclusive entrepreneurship.

Recent trends in inclusive entrepreneurship activities

The share of people starting and managing new businesses (i.e. TEA rate) was slightly above the European Union (EU) over the period 2018-22, including among youth (18-30 years old) (10% vs. 9%) and women (7% vs. 6%). If everyone was as active as 30-49 year old men in business creation, there would be an additional 190 000 people starting and managing new businesses (less than 42 months old). Of these "missing" entrepreneurs, 70% would be women. In addition, women entrepreneurs appear to have lower growth aspirations as only 3% expected that their new business would create at least 19 jobs over the next five years. The self-employment rate remained steady in recent years but the share who employ others declined, notably among self-employed immigrants since 2019.

Recent policy developments

The Start-up Council was launched in July 2022 as a body of experts from the start-up ecosystem that acts as an independent advisory body to the Federal Ministry for Labour and Economy. The council aims to improve economic conditions for start-ups and innovative companies. Particular focus areas include increasing the mobilisation of private capital and process facilitation. The council works in close co-operation with the innovation ecosystem (e.g. start-ups, business angels, venture capital funds, incubators, accelerators), interest groups and policy makers.

Hot policy issue

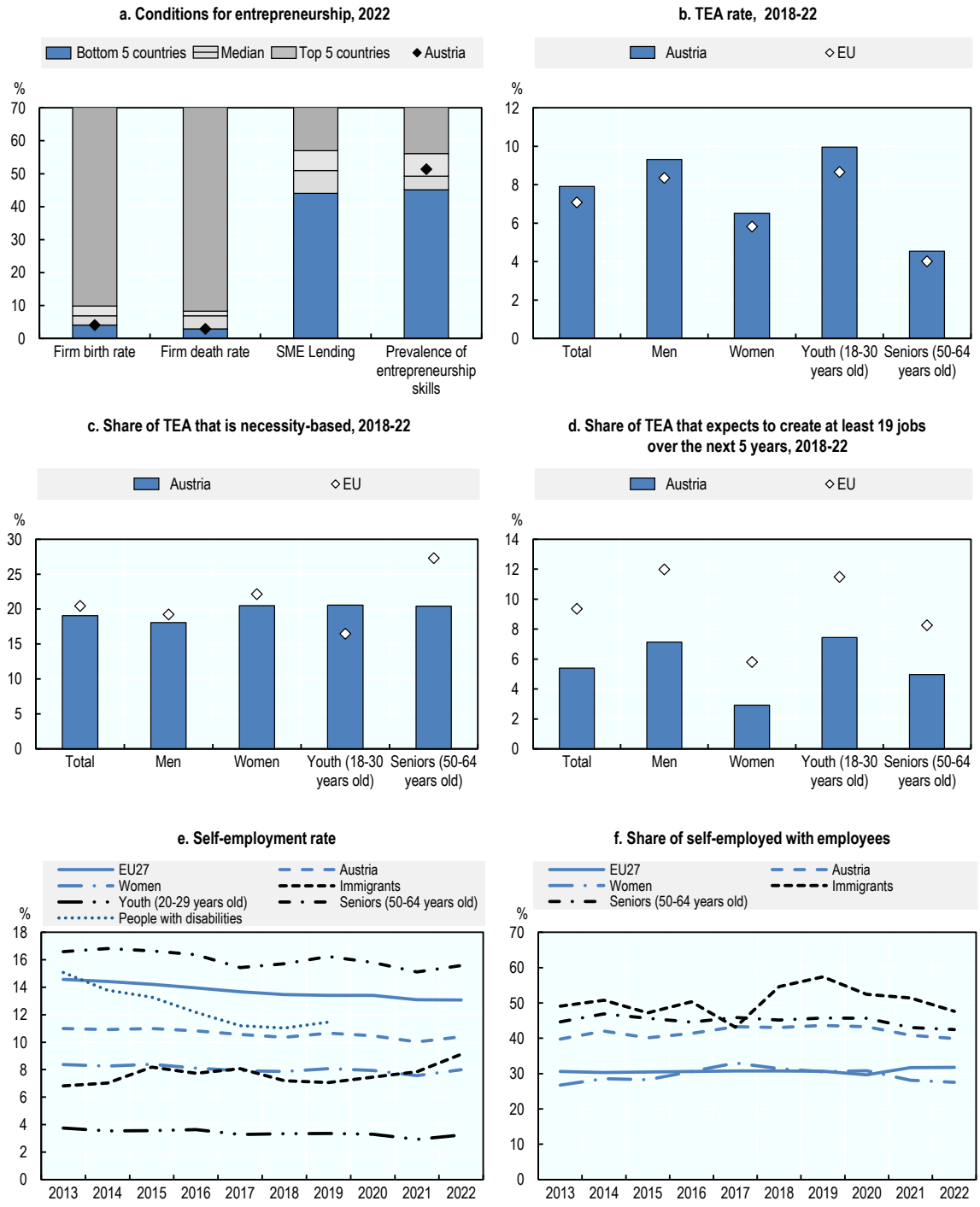
There are numerous support measures for young entrepreneurs, which have been strengthened in recent years. For example, the promotion of entrepreneurship education has been made explicit in the current government programme 2020-24. Meanwhile, in 2021, five goals were added to the 28 "Austrian Youth Goals" adopted by all Federal Ministries. Two of these goals are especially relevant in the context of inclusive entrepreneurship:

- To teach young people how to think and act economically and to support them in implementing their ideas.
- Supporting young people in acquiring financial literacy, which is an essential factor for success in employment and economic self-determination.

Another important activity in this area is the Youth Entrepreneurship Week, which is a workshop for developing ideas and projects that took place for the first time in 2021.

Inclusive entrepreneurship indicators

Figure 11.1. Entrepreneurship and self-employment data for Austria



Note: In Panel a, the data for the EU median for SME lending excludes the following countries: Austria, Bulgaria, Croatia, Cyprus, Denmark, Finland, Germany, Luxembourg, Malta and Romania. The EU median for the entrepreneurship skills indicator excludes: Belgium, the Czech Republic, Denmark, Estonia and Malta. In Panels b-d, the data for the EU average refers to a population-weighted average and excludes Belgium, the Czech Republic, Denmark, Estonia and Malta. Please see Chapter 10 for detailed notes on the figures.
Source: (Eurostat, 2023; GEM, 2023; OECD, 2023). Please see Chapter 10 for full citations.

StatLink https://stat.link/jyg53k

12 Belgium

This country profile for Belgium presents recent trends in entrepreneurship and self-employment for women, youth, seniors, immigrants and people with disabilities, including benchmarks against the European Union average. It also highlights new policy developments and current inclusive entrepreneurship policy issues.

Recent trends in inclusive entrepreneurship activities

The overall conditions for entrepreneurship are similar to the European Union (EU) average. The overall self-employment rate has been stable over the last decade at about 13%, in-line with the EU average. In 2022, youth (18-30 years old) (9%) and immigrants (12%) were slightly more likely to be self-employed than the EU averages (7% for youth and 11% for immigrants). However, the self-employed were less likely to have employees compared to the EU average in 2022 (26% vs. 32%), including for women, seniors (50-64 years old) and immigrants. Self-employed youth (20-29 years old), however, were slightly more likely than the EU average to employ others in 2022 (19% vs. 17%).

Recent policy developments

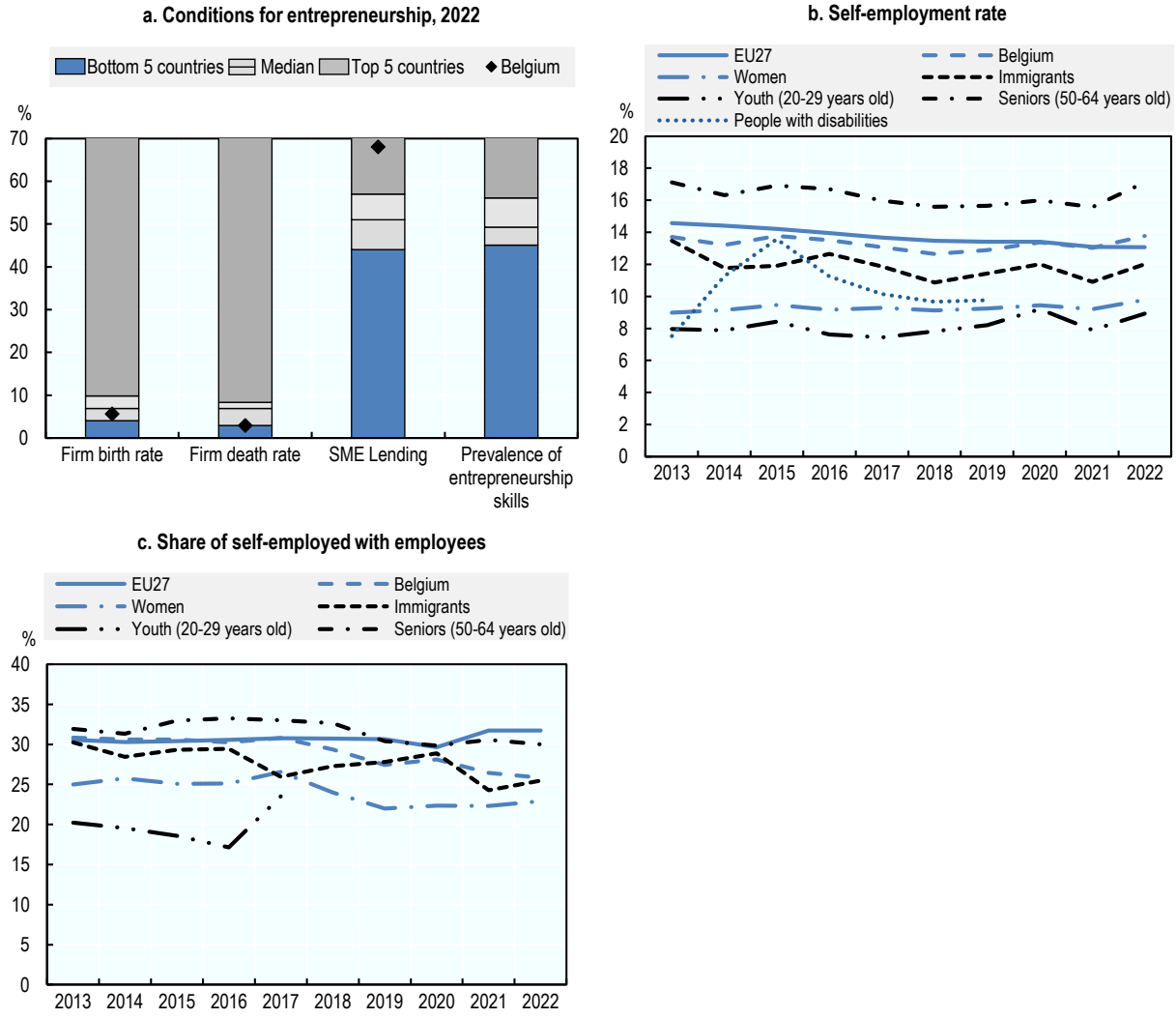
In the Brussels Capital Region, the regional government has proposed a new ordinance to stimulate business creation, specifically referencing the need for more inclusion in entrepreneurship. The reform aims to simplify regulations and administrative procedures related to entrepreneurship. One major development is that entrepreneurs and the business owners will no longer be mandated to have a business management certificate (*le diplôme de gestion de base*), following a similar change in Flanders. This change will likely help entrepreneurs from under-represented and disadvantaged groups who had difficulty obtaining the business management certificate due to the inability to recognise education from other countries, language barriers in the training courses, time and resource commitments among other challenges. However, the business management certificate remains mandatory in Wallonia.

Hot policy issue

Youth entrepreneurship is a priority across all Regions with each implementing a range of initiatives to support young entrepreneurs. In Brussels, the Young Entrepreneurs of Tomorrow (YET) initiative provides training programmes, networking opportunities and other supports to young people. Several youth-dedicated incubators exist, including StartLAB.Brussels, Boost Your Project, Start Lab ICHEC and *EPHEC Entreprendre*. Youth entrepreneurs who are still studying can also benefit from a special status, which offers zero or reduced social contributions and tax exemptions. In Wallonia, there are many different publicly-led or publicly-funded initiatives available for youth entrepreneurs, including the VentureLab.

Inclusive entrepreneurship indicators

Figure 12.1. Entrepreneurship and self-employment data for Belgium



Note: In Panel a, the data for the EU median for SME lending excludes the following countries: Austria, Bulgaria, Croatia, Cyprus, Denmark, Finland, Germany, Luxembourg, Malta and Romania. The EU median for the entrepreneurship skills indicator excludes: Belgium, the Czech Republic, Denmark, Estonia and Malta. Please see Chapter 10 for detailed notes on the figures.
Source: (Eurostat, 2023; OECD, 2023). Please see Chapter 10 for full citations.

StatLink https://stat.link/x7osjz

13 Bulgaria

This country profile describes recent policy actions and current issues related to inclusive entrepreneurship policy. It also presents several entrepreneurship and self-employment indicators for women, youth and seniors, benchmarking Bulgaria against the European Union average.

Recent trends in inclusive entrepreneurship activities

Business entry rates (7%) were about equal to the European Union (EU) average (7%) in 2019 but business exit rates (10%) were among the highest in the EU. The proportion of people starting and managing new business (i.e. TEA rate) was slightly below the EU average over 2018-22, which is also true for the main groups that are under-represented in entrepreneurship, i.e. women, youth, seniors. However, nearly 30% of new entrepreneurs reported that they started their business because they could not find a job. This share was particularly high among seniors (50-64 years old) and women. Differences in entrepreneurship rates across population groups suggest that there are many “missing” entrepreneurs. If everyone was as active in setting up a business as 30-49 year old men, there would be an additional 400 000 new entrepreneurs. Of these, about 60% would be women.

Recent policy developments

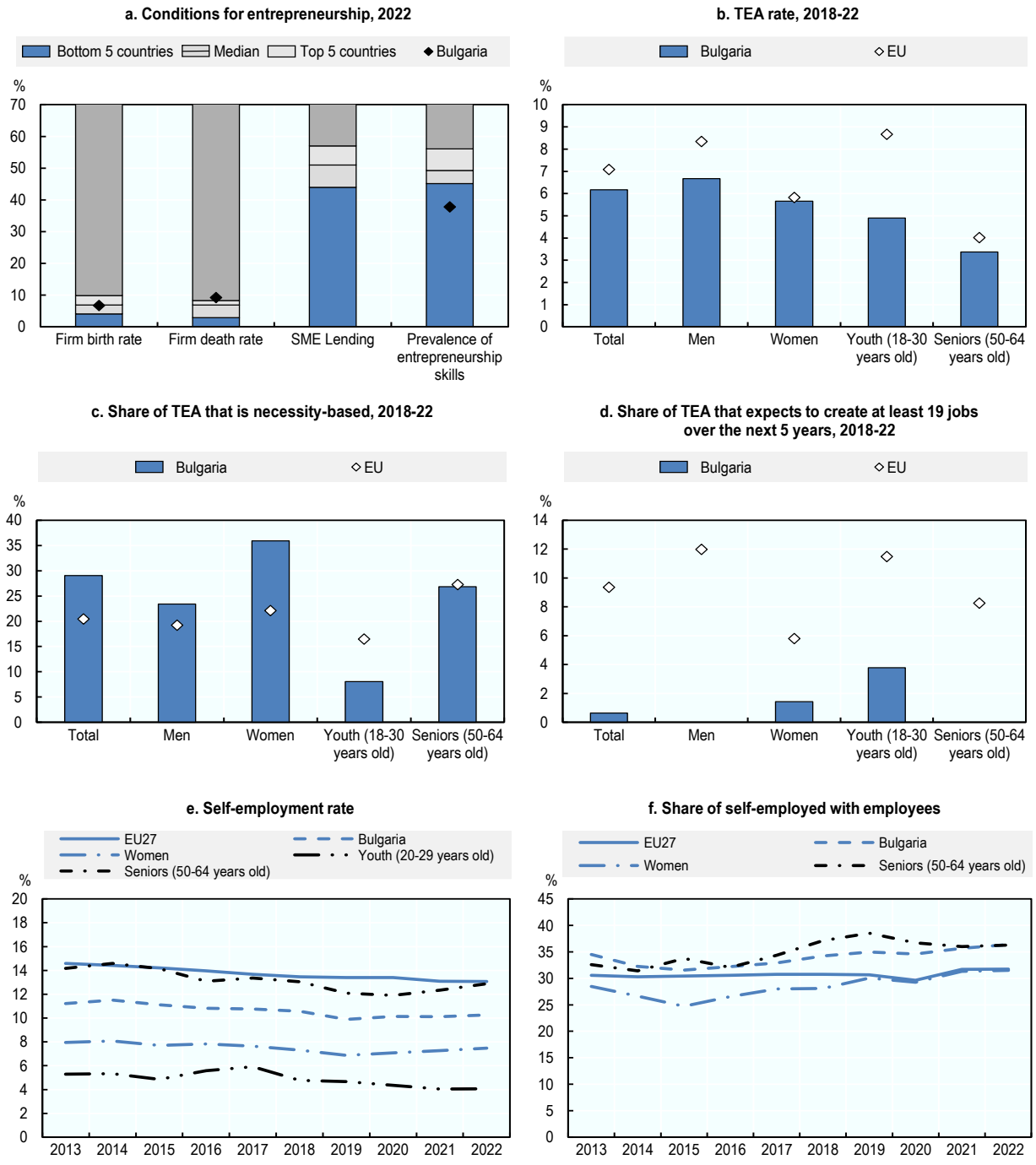
The availability of tailored entrepreneurship support schemes from women, youth and job seekers has not changed substantially in recent years. However, the “silver” economy is receiving increased attention in recent years and there is increased support for the inclusion of people with disabilities in society and the labour market. This is reflected in the Human Resources Development Programme 2021-27, which outlines the need to increase opportunities for older people and people with disabilities in the labour market, including through self-employment and entrepreneurship. Several new measures have been launched to implement this, including for example initiatives under the lifelong learning campaign “Time to Update”, which exposes job seekers to different career opportunities including business creation. Many of the participants in these initiatives are older workers who are seeking to reintegrate into the labour market.

Hot policy issue

More than 500 000 Ukrainian refugees crossed the border into Bulgaria between February and October 2022. This has necessitated the introduction of new measures to help them integrate into society and the labour market. Part of the response has included training for potential entrepreneurs on starting a business. One example is the initiative “Entrepreneurship and how to start a business in Bulgaria”, offered by the Bulgarian Chamber of Commerce and Industry with support from the European Refugee Integration (ERIAS) project. The initiative provides training and advice to potential entrepreneurs, including support in the preparation of a business idea and how to secure the resources to implement it. Training also covers forecasting costs and revenues, and how to adhere to the administrative obligations.

Inclusive entrepreneurship indicators

Figure 13.1. Entrepreneurship and self-employment data for Bulgaria



Note: In Panel a, the data for the EU median for SME lending excludes the following countries: Austria, Bulgaria, Croatia, Cyprus, Denmark, Finland, Germany, Luxembourg, Malta and Romania. The EU median for the entrepreneurship skills indicator excludes: Belgium, the Czech Republic, Denmark, Estonia and Malta. In Panels b-d, the data for the EU average refers to a population-weighted average and excludes Belgium, the Czech Republic, Denmark, Estonia and Malta. Please see Chapter 10 for detailed notes on the figures.
Source: (Eurostat, 2023; GEM, 2023; OECD, 2023). Please see Chapter 10 for full citations.

StatLink https://stat.link/6euv12

14 Croatia

This country profile for Croatia benchmarks recent trends in entrepreneurship and self-employment for women, youth and seniors against the European Union average. It also presents recent policy actions and current policy issues related to inclusive entrepreneurship.

Recent trends in inclusive entrepreneurship activities

The overall entrepreneurship conditions are similar to the EU average. The share of people starting and managing new businesses (i.e. TEA rate) was above the EU average between 2018 and 2022 (12% vs. 7%), notably among youth (18-30 years old) (17% vs. 9%) and women (9% vs. 6%). If everyone was as active as 30-49 year old men in business creation, there could be an additional 130 000 early-stage entrepreneurs. Of these, about 67% would be women. Nearly one-third new entrepreneurs reported starting their business out of "necessity" compared to 20% across the EU - the shares of women (35% vs. 22%), youth (22% vs. 17%) and seniors (50-64 years old) (46% vs. 27%) were all above the EU average. While the overall self-employment rate was below the EU average over the past decade, the proportion of working immigrants who were self-employed was also above the EU average in 2022 (19% vs. 11%). Moreover, the self-employed remained more likely to have employees compared to the EU average in 2022 (45% vs. 32%), yet the share of self-employed employers decreased by six percentage points between 2021 and 2022. This downward trend was also observed among women, youth and immigrants.

Recent policy developments

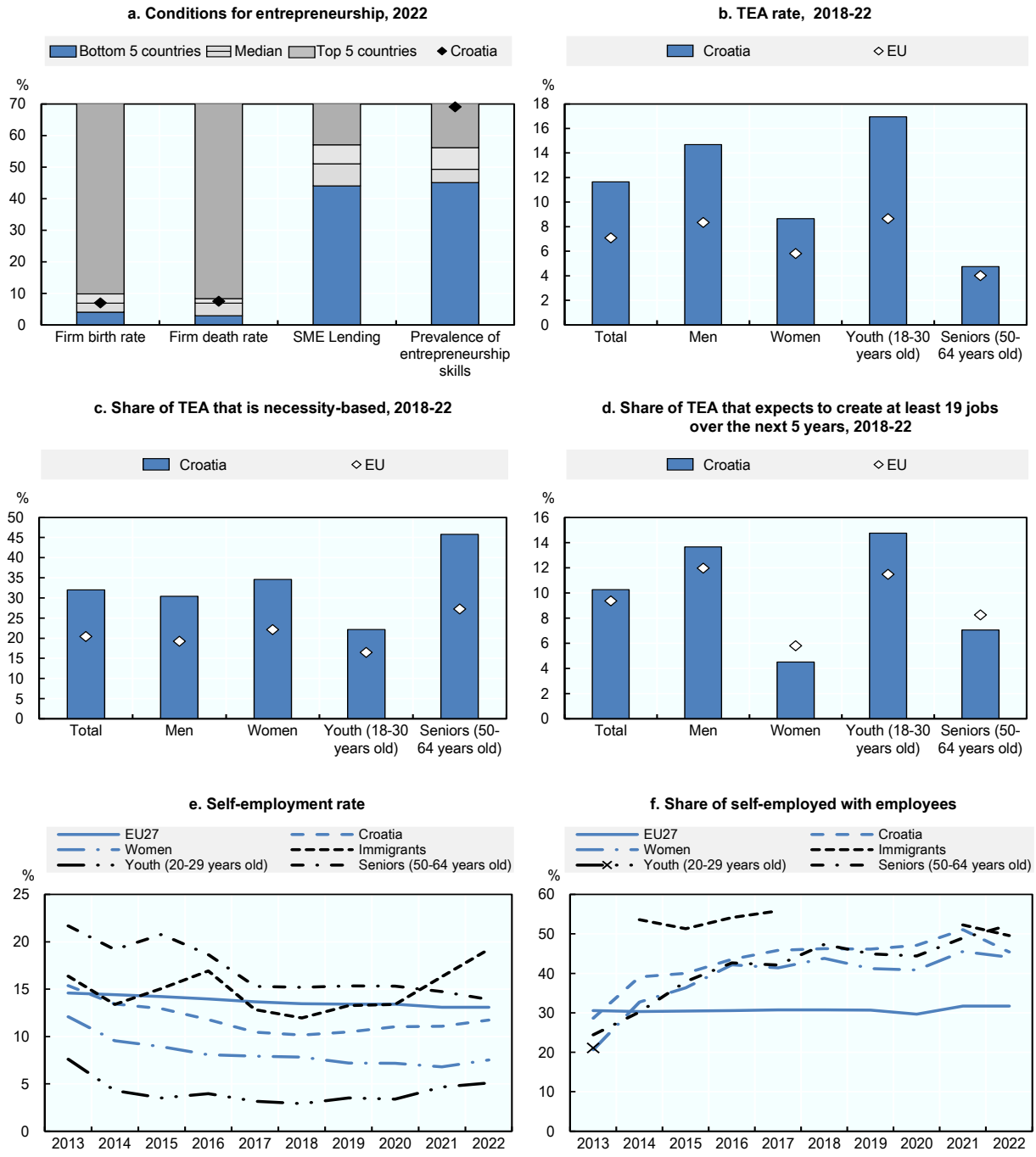
The administrative and regulatory burden on entrepreneurs has been reduced in recent years, notably through digitalising business registration and introducing the START system. START allows entrepreneurs to start a business online through a single procedure. Moreover, the National Plan on Recovery and Resilience 2021-26 included goals for inclusiveness, such as providing training, consultancy, and financial support for the entrepreneurs and the self-employed. The plan emphasised strengthening innovation networks as well as improving knowledge and access to resources needed to support projects related to the green and digital transitions. For example, a voucher system for training related to digital skills will be implemented, which aims to help young people and the long-term unemployed.

Hot policy issue

Youth entrepreneurship is a priority for the government with most public entrepreneurship support schemes being targeted to young people. The Croatian Employment service offers a range of youth entrepreneurship programmes, including entrepreneurship training. Moreover, the national programme for youth 2020-24 (*Nacionalni program za mlade za razdoblje 2020 do 2024*) focuses on entrepreneurship and employment among young people, notably introducing dedicated financial literacy schemes for young people.

Inclusive entrepreneurship indicators

Figure 14.1. Entrepreneurship and self-employment data for Croatia



Note: In Panel a, the data for the EU median for SME lending excludes the following countries: Austria, Bulgaria, Croatia, Cyprus, Denmark, Finland, Germany, Luxembourg, Malta and Romania. The EU median for the entrepreneurship skills indicator excludes: Belgium, the Czech Republic, Denmark, Estonia and Malta. In Panels b-d, the data for the EU average refers to a population-weighted average and excludes Belgium, the Czech Republic, Denmark, Estonia and Malta. Please see Chapter 10 for detailed notes on the figures.
Source: (Eurostat, 2023; GEM, 2023; OECD, 2023). Please see Chapter 10 for full citations.

StatLink https://stat.link/q25jwd

15 Cyprus

This country profile describes recent policy actions and current policy issues related to inclusive entrepreneurship. It also benchmarks recent trends in entrepreneurship and self-employment for women, youth, seniors and immigrants in Cyprus relative to the average for the European Union.

Recent trends in inclusive entrepreneurship activities

The share of people starting and managing new businesses (i.e. TEA rate) was higher than the European Union (EU) average in the period 2018-22 (9% vs. 7%). However, women were half as likely than men to be starting and managing new businesses (6% vs. 11%). If everyone was as active as 30-49 year old men in business creation, there would be nearly 30 000 more early-stage entrepreneurs. Virtually all of these "missing" entrepreneurs would be women. Despite higher levels of early-stage entrepreneurship, the overall self-employment rate was below the EU average over the decade (10% vs.13% in 2022). Self-employment among seniors (50-64 years old) has decreased sharply, declining from 24% in 2012 to 13% in 2022. There was also a decline in the share of self-employed workers who employed others, notably among seniors (27% in 2012 to 20% in 2022) but also among women (17% in 2012 to 14% in 2022).

Recent policy developments

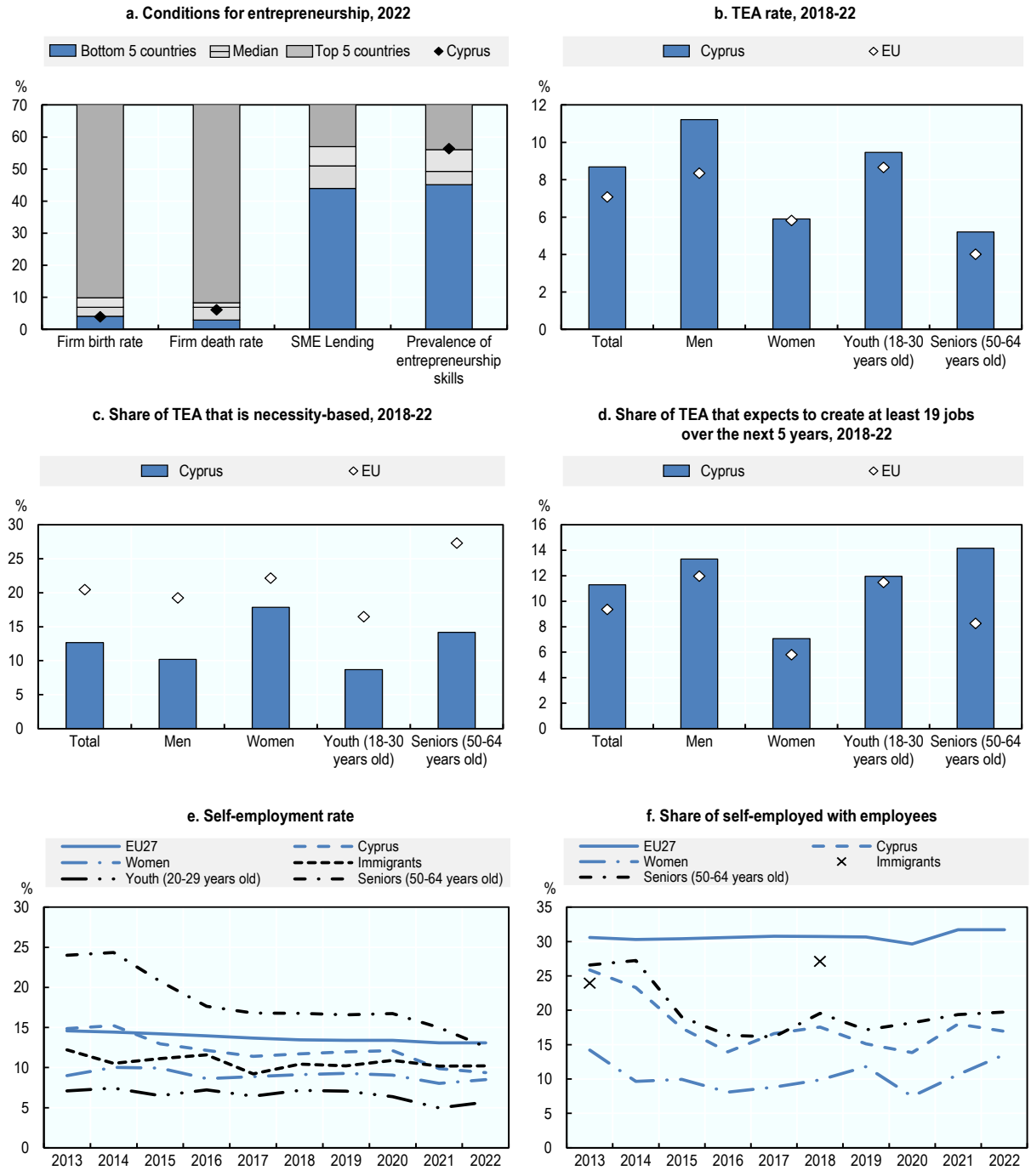
The Ministry of Energy, Commerce and Industry introduced a new entrepreneurship support plan for youth and women entrepreneurs (2022). The plan aims to develop, support and promote entrepreneurship by targeting specific population groups, such as youth and women entrepreneurs. As part of the plan, a new grant scheme was introduced: "Grant Scheme for the Strengthening of New Business Activity - Youth and Women's Entrepreneurship". This scheme is within the framework of the "THALEIA" programme 2021-2027 and is co-founded by the European Regional Development Fund (ERDF) and the Republic of Cyprus.

Hot policy issue

Youth entrepreneurship is also a priority, and a range of initiatives are in place to support young entrepreneurs. There are many public initiatives that provide financial and non-financial support to young people, including THALEIA and the "Youth Entrepreneurship Support" scheme provides financial and non-financial support to youth entrepreneurs, including mentoring and coaching. Other initiatives to promote entrepreneurship among young people and improve entrepreneurship skills have been introduced at the university level. For example, the University of Cyprus opened the Centre for Entrepreneurship (C4E) with the aim to promote entrepreneurship culture and to contribute to the development of an innovative ecosystem. C4E offers a range of entrepreneurship support services, notably to young people, such as incubation, acceleration and networking opportunities.

Inclusive entrepreneurship indicators

Figure 15.1. Entrepreneurship and self-employment data for Cyprus



Note: In Panel a, the data for the EU median for SME lending excludes the following countries: Austria, Bulgaria, Croatia, Cyprus, Denmark, Finland, Germany, Luxembourg, Malta and Romania. The EU median for the entrepreneurship skills indicator excludes: Belgium, the Czech Republic, Denmark, Estonia and Malta. In Panels b-d, the data for the EU average refers to a population-weighted average and excludes Belgium, the Czech Republic, Denmark, Estonia and Malta. Please see Chapter 10 for detailed notes on the figures.
Source: (Eurostat, 2023; GEM, 2023; OECD, 2023). Please see Chapter 10 for full citations.

StatLink https://stat.link/l7ehf6

16 Czech Republic

This country profile benchmarks recent trends in self-employment and entrepreneurship for women, youth, seniors, immigrants and people with disabilities in the Czech Republic relative to the European Union average. It also describes recent policy actions and current issues related to inclusive entrepreneurship.

Recent trends in inclusive entrepreneurship activities

Overall, the conditions for entrepreneurship are similar to the European Union (EU) average. About 15% of workers were self-employed in 2022, which was slightly above the EU average (13%). The self-employment rate varies across the population, ranging from 11% for youth in 2002 and women to more than 20% of immigrants. The self-employment rate declined by nearly 9% over the past decade, which was slightly below the decline at the EU-level (more than 10%). The decline was strongest among immigrants and seniors (50-64 years old). About 17% of the self-employed employed others in 2022, which was well-below the EU average (32%). Few self-employed youth (20-29 years old) and self-employed women employed others (8% and 13% in 2021), but more than one-in-five self-employed immigrants and self-employed seniors had employees.

Recent policy developments

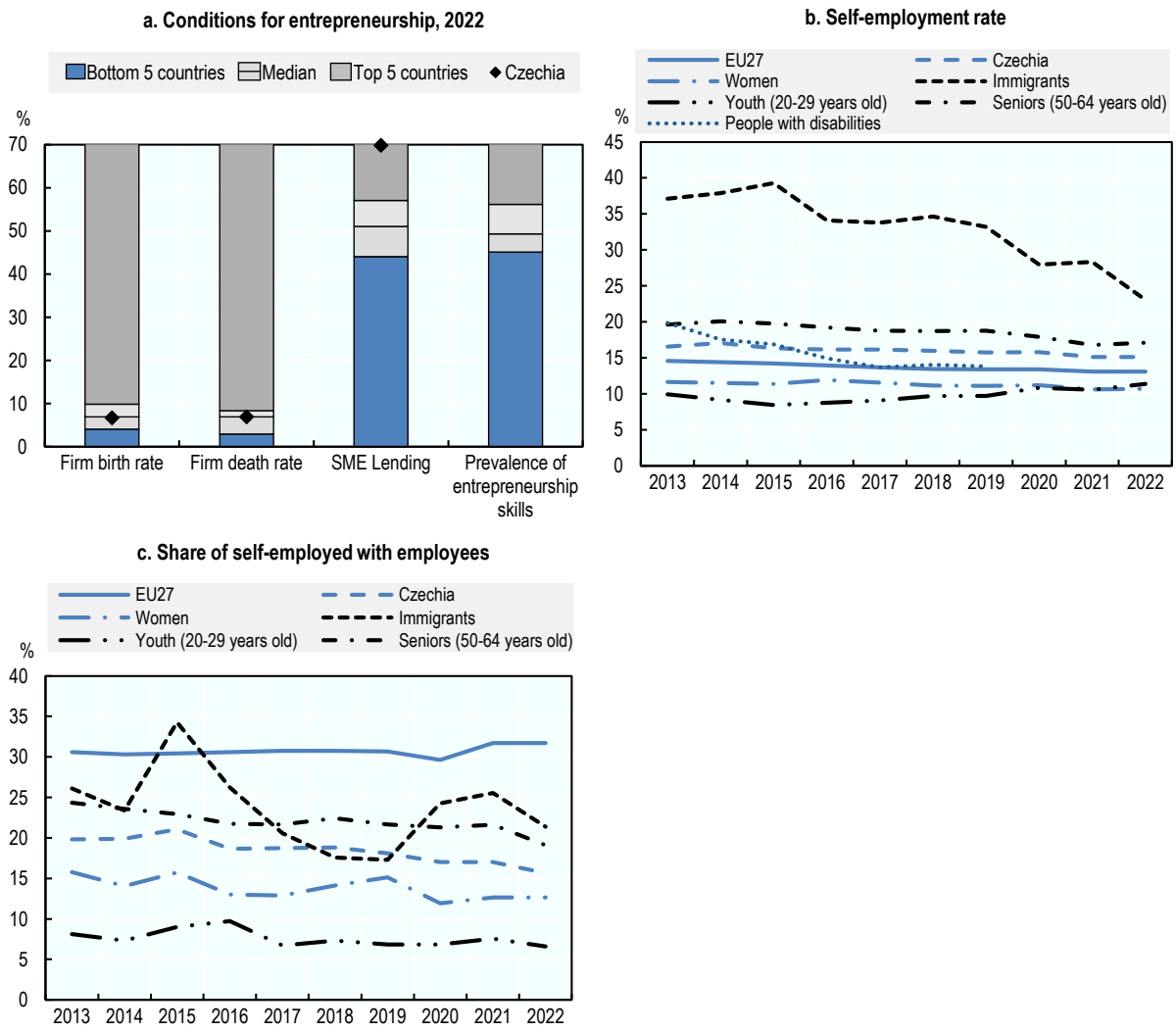
Several national strategies that support inclusive entrepreneurship have been updated in recent years, including the Gender Equality Strategy 2021-30. Several initiatives are being launched to implement the Strategy, including some that focus on supporting women entrepreneurs. One example is “Strengthening the competences of women disadvantaged on the labour market and in business”, which is part of the Operational Programme Employment Plus. One aspect of this project is to support the development of entrepreneurship activities of women over 50 years old to reduce the risk of poverty in retirement age. Targeted entrepreneurs are those who established a business before 2021, has fewer than 10 employees and turnover less than EUR 2 million. The new initiative will offer training, coaching and mentoring, roundtables, workshops and more. These activities will cover financial literacy, adopting IT tools in business, marketing, identifying opportunities to access financial resources (e.g. bank loans, equity investment), balancing work and family life, and managing human resources.

Hot policy issue

The number of Ukrainians starting a business with a trade certificate nearly tripled between 2021 and 2022. The government is using a range of national and local initiatives to help support Ukrainian refugees to integrate, including through entrepreneurship. One example is the mentoring programme *DoToho!* (“Go For It!”). This initiative offers Ukrainian refugee entrepreneurs the opportunity to be “buddied” with a business leader in their community and a customised training programme. Support is provided in both Czech and Ukrainian, and there is no charge for participating.

Inclusive entrepreneurship indicators

Figure 16.1. Entrepreneurship and self-employment data for Czech Republic



Note: In Panel a, the data for the EU median for SME lending excludes the following countries: Austria, Bulgaria, Croatia, Cyprus, Denmark, Finland, Germany, Luxembourg, Malta and Romania. The EU median for the entrepreneurship skills indicator excludes: Belgium, Czechia, Denmark, Estonia and Malta. Please see Chapter 10 for detailed notes on the figures.
Source: (Eurostat, 2023; OECD, 2023). Please see Chapter 10 for full citations.

StatLink https://stat.link/76pfd4

17 Denmark

This country profile presents several entrepreneurship and self-employment indicators for women, youth, seniors and immigrants to benchmark rates and trends in Denmark against the European Union average. It also describes recent policy developments and current inclusive entrepreneurship policy issues.

Recent trends in inclusive entrepreneurship activities

The business entry and exit rates are above the European Union (EU) median in 2020, indicating an above average level of churn in the business population. Between 2013 and 2022, the self-employment rate was stable at about 8%, which was below the EU average (13% in 2022). The self-employment rate changed little over the past decade for women, youth (20-29 years old) and seniors (50-64 years old), but the share of working immigrants who are self-employed declined slightly from 10% to 8%. The share of the self-employed who employed others was marginally above the EU average in 2022: 36% vs. 32%. Seniors were the most likely group to have employees, but the share declined from 44% in 2015 to 36% in 2022.

Recent policy developments

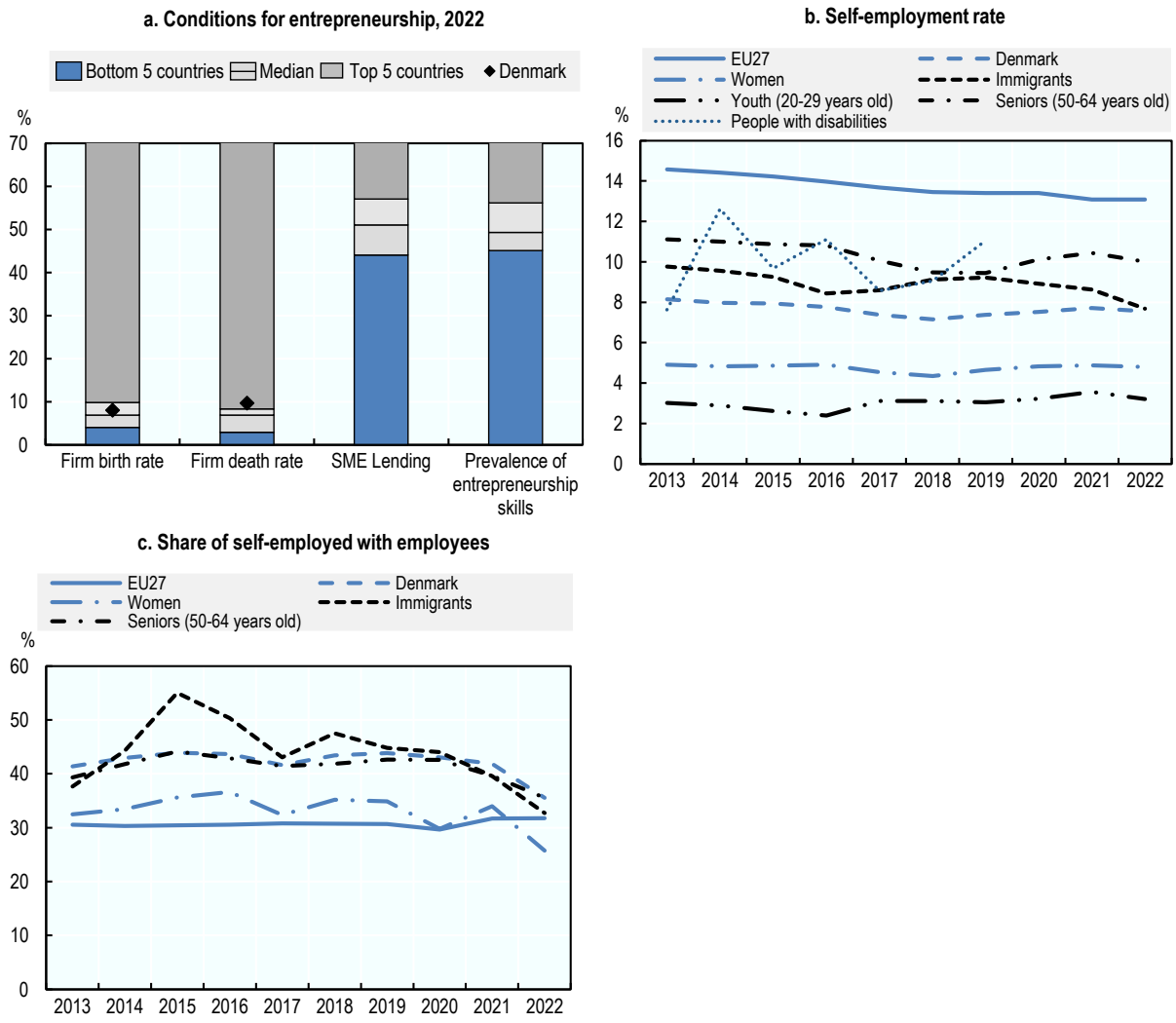
In 2023, Denmark's Business Promotion Board announced a decision to grant an additional DKK 46 million (approximately EUR 6.2 million) in support for key entrepreneurship programmes. This comprises DKK 36 million (approximately EUR 4.8 million) for the Entrepreneur Denmark initiative and DKK 10.2 million (approximately EUR 1.4 million) for the Nordic Female Founders programme, which aims to increase diversity in entrepreneurship by investing in diverse start-ups (aiming for an equal distribution of male and female founders) and providing women entrepreneurs with greater access to networks and role models. DKK 27 million (approximately EUR 3.6 million) of the extra funding for Entrepreneur Denmark initiative will come from the EU Social Fund.

Hot policy issue

Denmark's entrepreneurship policy as a whole is focused on promoting innovation and growth, with few dedicated initiatives for specific groups of entrepreneurs. This emphasis likely benefits young entrepreneurs, particularly graduates and those in higher education. Entrepreneurship training is embedded at all stages of education, from primary school to PhD. This is co-ordinated through the Danish Foundation for Entrepreneurship, which allocates funding for the development of education with a focus on innovation and entrepreneurship. The foundation also provides direct supports for youth entrepreneurs to pursue their entrepreneurial ideas, including through a micro grant scheme and networking events. Another important policy intervention relevant to youth entrepreneurs is Innovation Fund Denmark's Innofounder programme, which is a 12-month entrepreneurship course for higher education graduates.

Inclusive entrepreneurship indicators

Figure 17.1. Entrepreneurship and self-employment data for Denmark



Note: In Panel a, the data for the EU median for SME lending excludes the following countries: Austria, Bulgaria, Croatia, Cyprus, Denmark, Finland, Germany, Luxembourg, Malta and Romania. The EU median for the entrepreneurship skills indicator excludes: Belgium, Czechia, Denmark, Estonia and Malta. Please see Chapter 10 for detailed notes on the figures.
Source: (Eurostat, 2023; OECD, 2023). Please see Chapter 10 for full citation.

StatLink https://stat.link/djl3be

18 Estonia

This country profile benchmarks recent trends in entrepreneurship and self-employment for women, youth, seniors and immigrants in Estonia relative to the average for the European Union. It also presents new policy developments and topical policy issues related to inclusive entrepreneurship.

Recent trends in inclusive entrepreneurship activities

The conditions for entrepreneurship are generally considered favourable relative to other European Union (EU) Member States, primarily due to low start-up costs and an ease of complying with taxes. However, Estonia falls below average for SME lending. The overall self-employment rate (10%) was below the EU average (13%) in 2022. This was also observed among women (6% vs. 9% for the EU), youth (20-29 years old) (3% vs. 7%), seniors (50-64 years old) (12% vs.17%) and immigrants (9% vs. 11%). However, the self-employed were slightly more likely to employ others on average than in the EU (43% vs. 32%) – notably women (32% vs. 27%) and seniors (37% vs. 35%). Eliminating all of these gaps in entrepreneurship activity rates across population groups would result in an additional 55 000 entrepreneurs. More than 85% of these "missing" entrepreneurs are women, almost 75% of them are seniors (i.e. over 50 years old) and nearly 20% are immigrants.

Recent policy developments

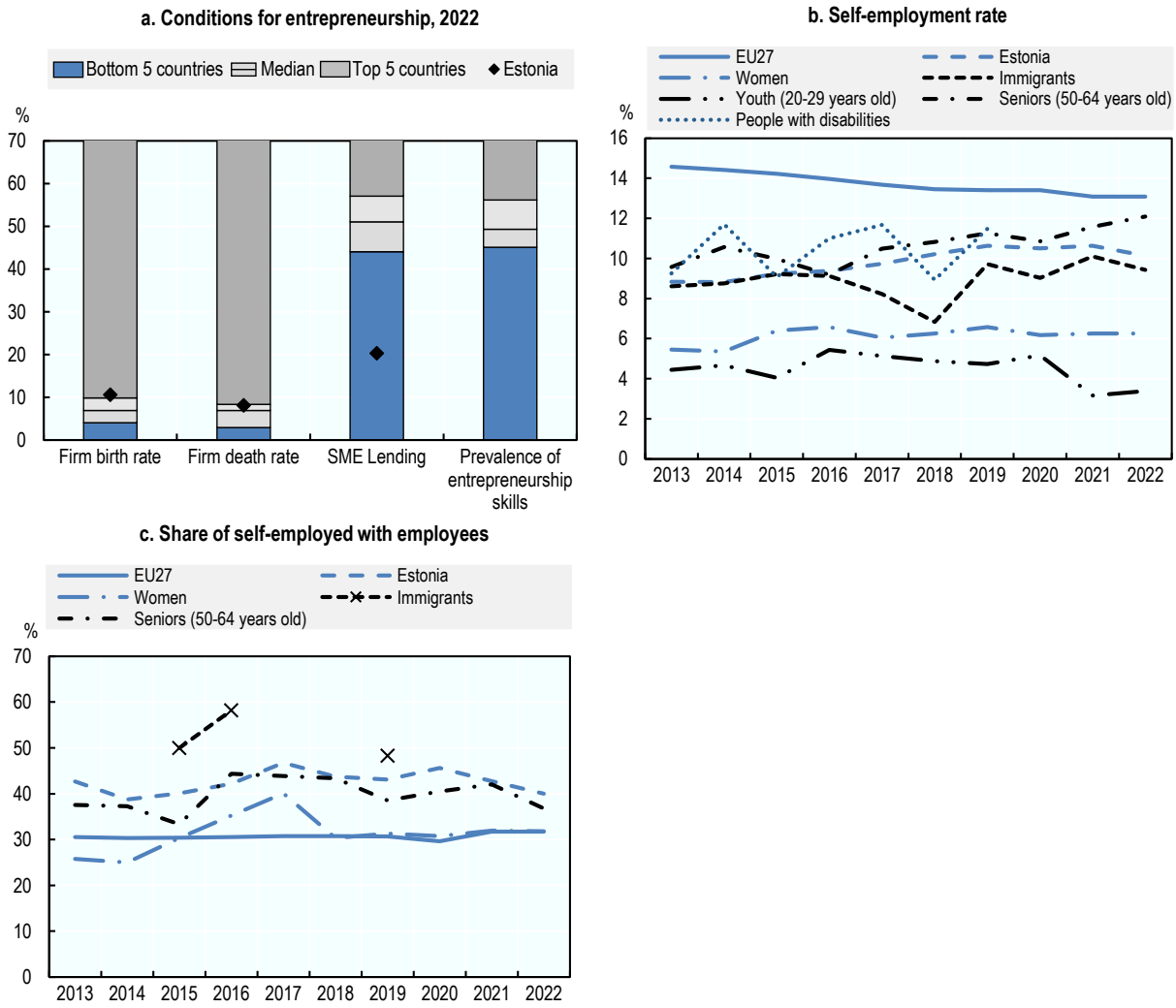
Recent developments in entrepreneurship policy and support have primarily been in the area of support to immigrant and women entrepreneurs. Several national strategies and action plans have been launched that support the development of entrepreneurship, including the Research and Development, Innovation and Entrepreneurship Strategy 2021-35. Several national plans highlight the need to support entrepreneurs from target groups, such as the Welfare Development Plan 2023-30 (*Heaolu Arengukava*) that aims to support women's entrepreneurship.

Hot policy issue

A range of initiatives supporting youth entrepreneurship have been introduced. For example, the Youth Sector Development Plan 2021-30 (*Noorsoo valdkonna arengukava 2021-30*) highlights the need to support youth entrepreneurship and introduces key performance indicators for this dedicated support. One of the strategic goals of the plan is to "[encourage] entrepreneurship and creativity and supporting the ideas of young people". The goal will be measured through key performance indicators, including the number of youth-led projects and the ratio of young entrepreneurs among all 18-26 years old. Youth entrepreneurship is also a priority in other national strategies, such as the Estonian RDI and entrepreneurship strategy 2021-35. Beyond the national level, there are also many local level initiatives to support youth entrepreneurs, including through the "*Nopi Üles*" and "*Ideeviit*" business competitions.

Inclusive entrepreneurship indicators

Figure 18.1. Entrepreneurship and self-employment data for Estonia



Note: In Panel a, the data for the EU median for SME lending excludes the following countries: Austria, Bulgaria, Croatia, Cyprus, Denmark, Finland, Germany, Luxembourg, Malta and Romania. The EU median for the entrepreneurship skills indicator excludes: Belgium, the Czech Republic, Denmark, Estonia and Malta. Please see Chapter 10 for detailed notes on the figures.
Source: (Eurostat, 2023; OECD, 2023). Please see Chapter 10 for full citations.

StatLink https://stat.link/n56rh1

19 Finland

This country profile benchmarks recent trends in entrepreneurship and self-employment for women, youth, seniors, immigrants and people with disabilities in Finland relative to the average for the European Union. It also describes recent policy developments and current inclusive entrepreneurship policy issues.

Recent trends in inclusive entrepreneurship activities

The share of people starting and managing new businesses (i.e. TEA rate) was 8% between 2018 and 2022, which similar to the European Union (EU) average (7%). However, the share of youth (18-30 years old) (7%) was lower than the EU average for youth during this period (9%). This is likely influenced by young people spending more time in education compared to the EU average. If everyone was as active as 30-49 year old men in business creation, there would be an additional 110 000 early-stage entrepreneurs. Of these "missing" entrepreneurs, three-quarters would be women and nearly half would be over 50 years old. Few new entrepreneurs appear to be expecting high levels of job creation, especially among young entrepreneurs. This limits the wider job creation and economic growth benefits of entrepreneurship in Finland.

Recent policy developments

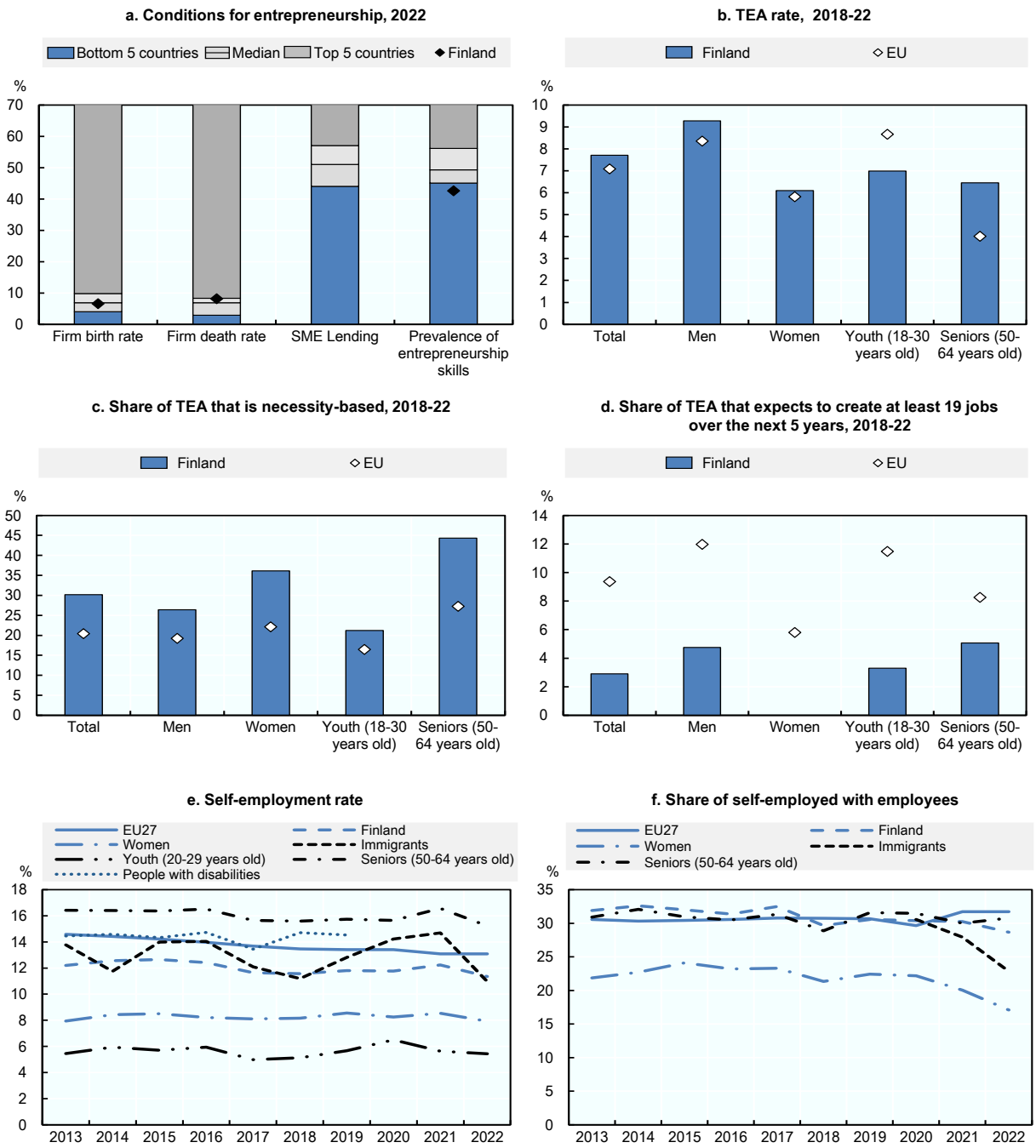
Finland's parliamentary elections took place in April 2023 and the new government's "Strong and Committed Finland" programme was published in June 2023, setting out the government's key priorities and objectives across the full policy spectrum. The programme includes an objective to increase appreciation for entrepreneurship and commits to strengthening Finland's start-up ecosystem, providing growth-supporting services to entrepreneurs, improving co-ordination between employment and self-employment, streamlining the process of hiring a first employee and reducing the administrative burden for companies. In line with the approach of previous governments, the entrepreneurship support measures outlined in the new programme of government do not generally target specific under-represented groups.

Hot policy issue

Approaches to managing the blurring boundaries between salaried work and entrepreneurship are much discussed in policy and academic circles. One specific issue is that people who work as employees and in self-employment are not covered by social protections for both income sources. The idea of a "combined insurance" initiative has been under consideration for several years but remains unimplemented. However, the new government's programme includes an aim to complete a model for a combined unemployment insurance scheme. Such an initiative would make it possible to accumulate earnings for unemployment benefits based on both salaried work and entrepreneurship at the same time, and as such it would make it easier to switch between positions without compromising social security.

Inclusive entrepreneurship indicators

Figure 19.1. Entrepreneurship and self-employment data for Finland



Note: In Panel a, the data for the EU median for SME lending excludes the following countries: Austria, Bulgaria, Croatia, Cyprus, Denmark, Finland, Germany, Luxembourg, Malta and Romania. The EU median for the entrepreneurship skills indicator excludes: Belgium, the Czech Republic, Denmark, Estonia and Malta. In Panels b-d, the data for the EU average refers to a population-weighted average and excludes Belgium, the Czech Republic, Denmark, Estonia and Malta. Please see Chapter 10 for detailed notes on the figures.
Source: (Eurostat, 2023; GEM, 2023; OECD, 2023). Please see Chapter 10 for full citations.

StatLink https://stat.link/yg0872

20 France

This country profile presents recent policy actions and current issues related to inclusive entrepreneurship policy. It also benchmarks recent trends in entrepreneurship and self-employment for women, youth, seniors, immigrants and people with disabilities in France relative to the average for the European Union.

Recent trends in inclusive entrepreneurship activities

Overall, the share of people starting and managing new businesses (i.e. TEA rate) was marginally higher in France than the European Union (EU) average for the period 2018-22 (8% vs. 7%). The shares were also slightly higher among women (7% in France vs. 6% in the EU) and seniors (50-64 years old) (5% vs. 4%). However, young people (18-30 years old) were less likely to be starting and managing new businesses relative to the EU average (7% vs. 9%). If everyone was as active in business creation as 30-49 year old men, there would be an additional 800 000 early-stage entrepreneurs. Of these, nearly 80% would be women. The self-employment rate was below the EU average over the last decade but increased slightly while the EU average decreased. Nonetheless there was a gender gap in 2022 (9% for women vs. 13% for men).

Recent policy developments

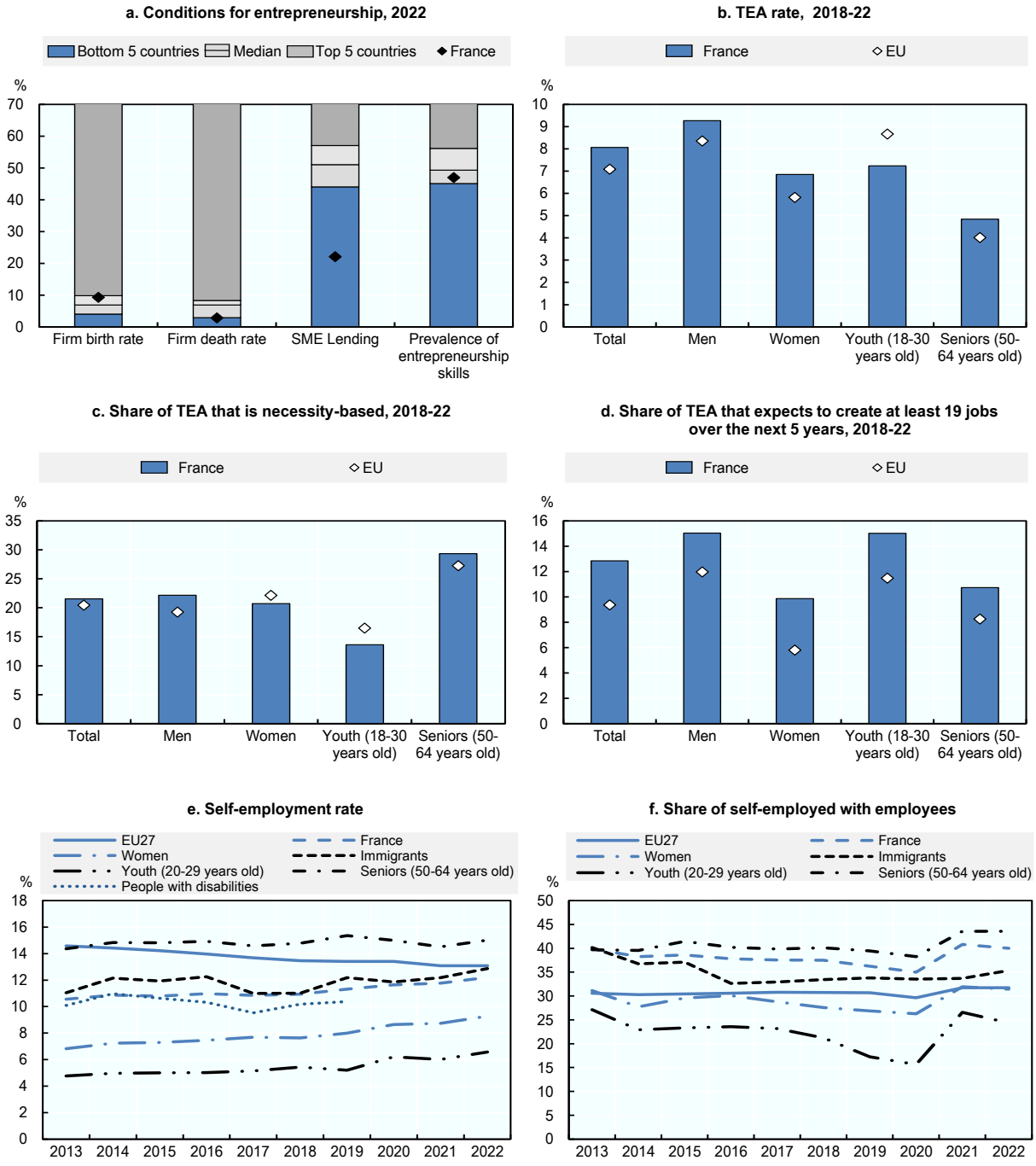
In 2021, the Government of France renewed a framework agreement with the Bpifrance agency in support of women's entrepreneurship for the period 2021-23. This framework aims to foster the development of better entrepreneurship support, improve access to finance for women entrepreneurs, and fight gender stereotypes in the entrepreneurial ecosystem. The government also introduced the "Inclusion through self-employment programme" (*Programme inclusion par le travail indépendant*) in 2021, which aims to facilitate access to business creation for all regardless of age. This programme provides free support to aspiring business creators who are vulnerable in the labor market or face otherwise specific difficulties. While the programme does not target specific groups, it features a personalised diagnostic tool that considers many characteristics and factors related to inclusive entrepreneurship.

Hot policy issue

A wide range of support programmes target youth entrepreneurs, including local, regional and national initiatives. Financial support is available for youth entrepreneurs and is often accompanied by soft support (i.e. coaching, mentoring, etc.). France has a special student entrepreneur administrative status for young people starting a business while still enrolled in higher education. There are a range of public and non-governmental organisations that offer support, which often target students and other youth separately (e.g. *L'esprit d'entreprendre*, PEPITE target students, *CréaJeunes* target youth not currently in education). For example, the "1 Youth, 1 Solution" Recovery Plan ("*1 jeune, 1 solution"*) is a new financial initiative dedicated to supporting young entrepreneurs (under 30 years old), which provides a EUR 3 000 grant.

Inclusive entrepreneurship indicators

Figure 20.1. Entrepreneurship and self-employment data for France



Note: In Panel a, the data for the EU median for SME lending excludes the following countries: Austria, Bulgaria, Croatia, Cyprus, Denmark, Finland, Germany, Luxembourg, Malta and Romania. The EU median for the entrepreneurship skills indicator excludes: Belgium, the Czech Republic, Denmark, Estonia and Malta. In Panels b-d, the data for the EU average refers to a population-weighted average and excludes Belgium, the Czech Republic, Denmark, Estonia and Malta. Please see Chapter 10 for detailed notes on the figures.
Source: (Eurostat, 2023; GEM, 2023; OECD, 2023). Please see Chapter 10 for full citations.

StatLink https://stat.link/zyks7f

21 Germany

This country profile presents entrepreneurship and self-employment indicators for women, youth, seniors, immigrants and people with disabilities, benchmarking Germany against the European Union average. It also highlights new policy developments and current policy issues related to inclusive entrepreneurship.

Recent trends in inclusive entrepreneurship activities

The overall entrepreneurship conditions are similar to the European Union (EU) average. There were more than three million people actively working on starting a business or managing one that is less than 42 months old (i.e. TEA rate) over the period 2018-22. This accounts for about 7% of the adult population, which is very similar to the EU average. Women were less likely than men to be involved in early-stage entrepreneurship (6% vs. 9%) and young people (18-30 years old) were more active than older people (50-64 years old) (10% vs. 4%). Each of these rates were essentially the same as the EU average. However, if everyone was as active as 30-49 year old men in business creation, there would be an additional 1.6 million early-stage entrepreneurs. Of these “missing” entrepreneurs, 75% would be women.

The proportion of people working as self-employed is among the lowest in the EU. This is largely due to strong labour market and the low proportion of people starting businesses because they cannot find a job. As with the EU average, self-employment rates are declining.

Recent policy developments

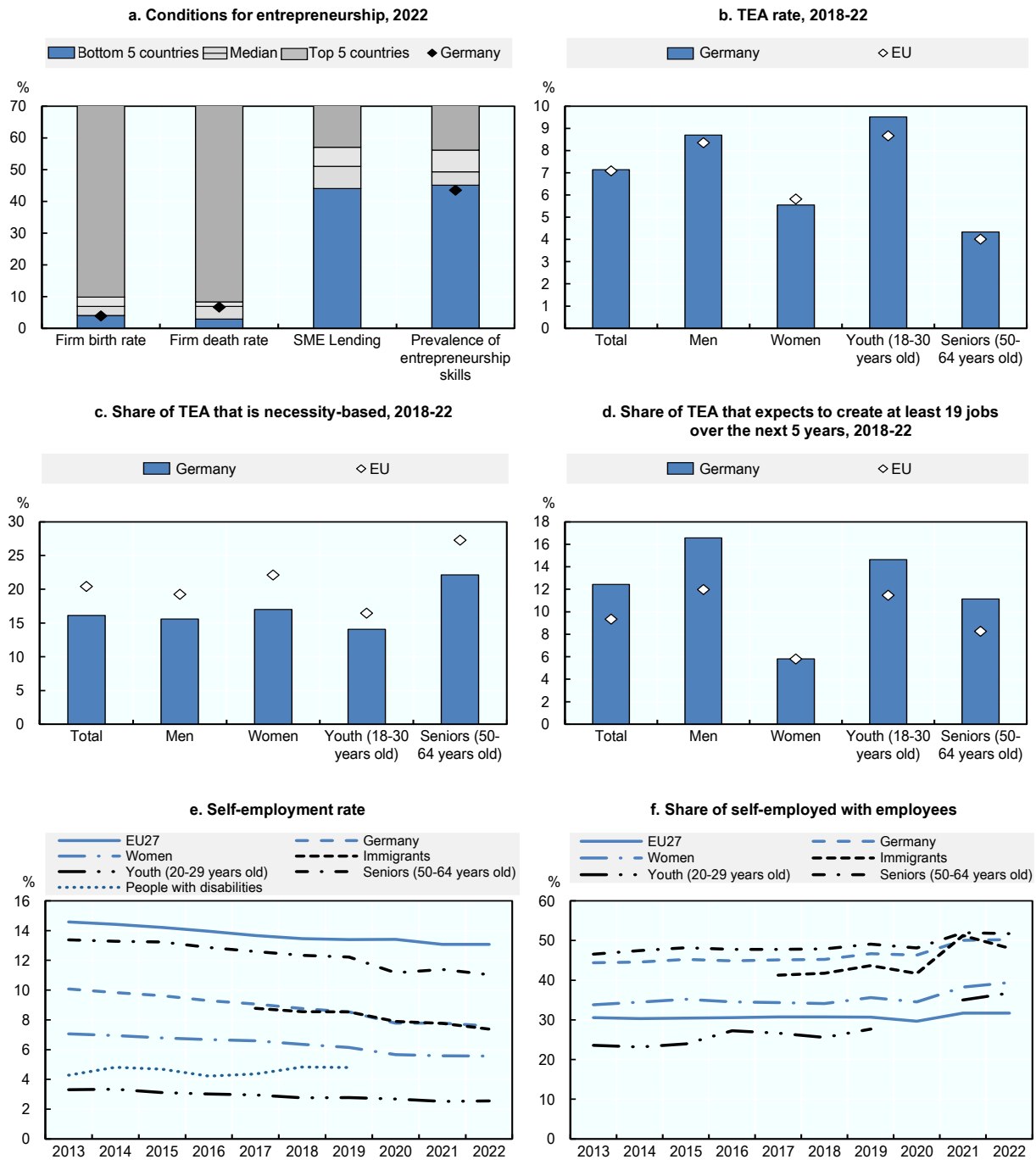
The action plan “More female entrepreneurs for the *Mittelstand*” was launched in May 2023. It was developed by five federal ministries and 27 stakeholders from business associations, networks and scientific institutions. Convinced that self-employed women are indispensable for a vital and successful German SME sector, these institutions launched over 40 concrete measures that help to make self-employment a better career option for women. With more self-employed women in SMEs, skilled trades, new businesses and start-ups, additional growth can be created, and a significant contribution to the green and digital transformation can be made. Please see Chapter 2 for additional information on this plan.

Hot policy issue

A persistent challenge for many German entrepreneurs – especially those from under-represented groups – is access to finance. The government has launched many programmes to address both demand- and supply-side issues and recently extended the INVEST start-up funding programme until 31 December 2026. This aims to stimulate entrepreneurship and investment in young and innovative businesses through convertible loans and a range of incentives to stimulate more business angel investment.

Inclusive entrepreneurship indicators

Figure 21.1. Entrepreneurship and self-employment data for Germany



Note: In Panel a, the data for the EU median for SME lending excludes the following countries: Austria, Bulgaria, Croatia, Cyprus, Denmark, Finland, Germany, Luxembourg, Malta and Romania. The EU median for the entrepreneurship skills indicator excludes: Belgium, the Czech Republic, Denmark, Estonia and Malta. In Panels b-d, the data for the EU average refers to a population-weighted average and excludes Belgium, the Czech Republic, Denmark, Estonia and Malta. Please see Chapter 10 for detailed notes on the figures.
Source: (Eurostat, 2023; GEM, 2023; OECD, 2023). Please see Chapter 10 for full citations.

StatLink https://stat.link/tgsilo

22 Greece

This country profile presents indicators on entrepreneurship and self-employment by women, youth, seniors, immigrants and people with disabilities in Greece relative to the European Union average. It also highlights recent policy actions and current policy issues related to inclusive entrepreneurship.

Recent trends in inclusive entrepreneurship activities

There are long-standing challenges related to the business environment. Despite continued progress in reform efforts (e.g. digitalising the public administration, reducing administrative burden), these negative conditions lead to low business entry rates and low levels of growth-oriented entrepreneurship. However, survey data suggest that Greek people are nearly as likely as the European Union (EU) average to be starting and managing new businesses (i.e. TEA rate) but a much higher share of these new start-ups has been launched because the person could not find a job (29% vs. 20% in the EU). There is a large gender gap in entreprenuership, both in terms of quantity (e.g. men are more than 1.5 times more likely than women to be starting and managing new businesses) and quality (e.g. men are nearly three times more likely than women to be starting a growth-oriented business). If everyone was as likely as 30-49 year old men in business creation, there would be an additional 55 000 early-stage entrepreneurs. Of these "missing" entreprenuers, virtually all would be women. Self-employment rates are very high but declining. For example, nearly 35% of the working population over 50 years old were self-employed in 2022, which is down from more than 45% in 2014.

Recent policy developments

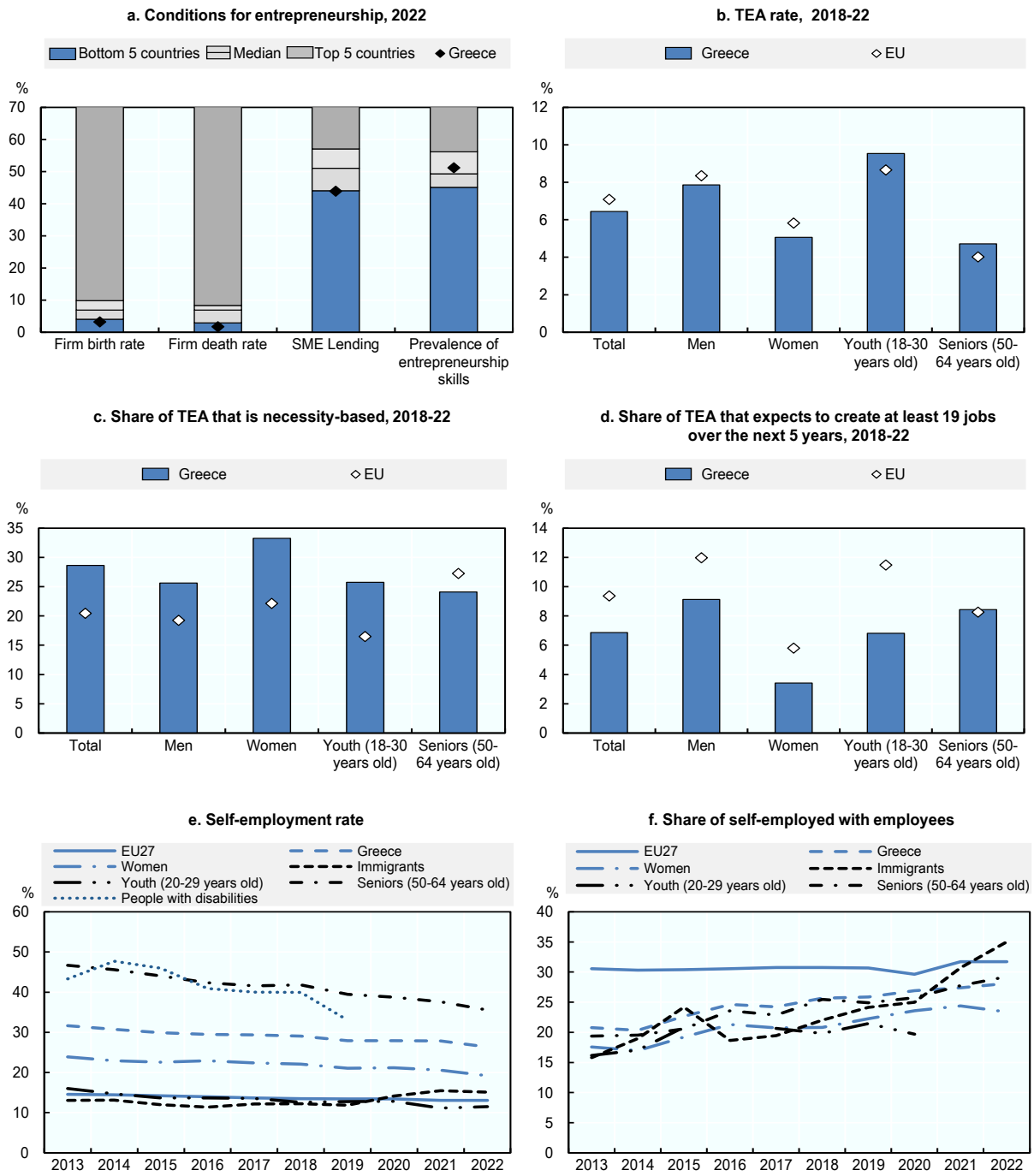
Many new entrepreneurship policies, measures and initiatives have been launched to stimulate economic activity. One of the main initiatives is the Entrepreneurial Discovery Mechanism (EDM), which has been adopted for the implementation of the Entrepreneurial Discovery Process. The initiative seeks to identify opportunities for investment in research and innovation, building on activities where there is a competitive advantage. Moreover, the Innovation Agency was established as an auxiliary arm of the EDM to further improve the research and innovation capacity of the Greek companies, adaptation to the digital and green transition, and access to appropriate skills. This is expected to benefit entrepreneurs broadly but also young entrepreneurs in higher education.

Hot policy issue

There have also been some pension reforms in recent years to improve its sustainability. This includes adjustments for the self-employed. Starting in 2021, the self-employed are required to pay only flat-rate pension contributions, which they can voluntarily top-up. Previously, contributions were based on declared profits from the self-employed activity. The new measure may address the risk of under-reporting income but is not likely to boost low retirement incomes for the self-employed. Auxiliary pensions remain voluntary.

Inclusive entrepreneurship indicators

Figure 22.1. Entrepreneurship and self-employment data for Greece



Note: In Panel a, the data for the EU median for SME lending excludes the following countries: Austria, Bulgaria, Croatia, Cyprus, Denmark, Finland, Germany, Luxembourg, Malta and Romania. The EU median for the entrepreneurship skills indicator excludes: Belgium, the Czech Republic, Denmark, Estonia and Malta. In Panels b-d, the data for the EU average refers to a population-weighted average and excludes Belgium, the Czech Republic, Denmark, Estonia and Malta. Please see Chapter 10 for detailed notes on the figures.
Source: (Eurostat, 2023; GEM, 2023; OECD, 2023). Please see Chapter 10 for full citations.

StatLink https://stat.link/pln7w3

23 Hungary

This country profile benchmarks recent trends in entrepreneurship and self-employment for women, youth, seniors, immigrants and people with disabilities in Hungary relative to the European Union average. It also presents recent policy developments and current policy issues related to inclusive entrepreneurship.

Recent trends in inclusive entrepreneurship activities

The share of people working on a start-up or managing a new business (i.e. TEA rate) was above the European Union (EU) over the period 2018-22 (10% vs. 7%). The share was also above the EU average for women (8% vs. 6%), youth (18-30 years old) (13% vs. 9%) and seniors (50-64 years old) (6% vs. 4%). However, if everyone was as active as 30-49 year old men in business creation, there would be an additional 245 000 early-stage entrepreneurs. Of these, nearly 80% would be women. While the share of people starting a business because they could not find a job was slightly more common in Hungary than the EU average (25% vs. 20%), the share was particularly high among seniors (37% vs. 27%). The self-employment rate increased slightly in recent years but remained below the EU average over the past decade (12% vs. 13% in 2022). However, the self-employed were more likely to have employees relative to the EU average (35% vs. 32%), notably seniors (40% vs. 35%) in 2022.

Recent policy developments

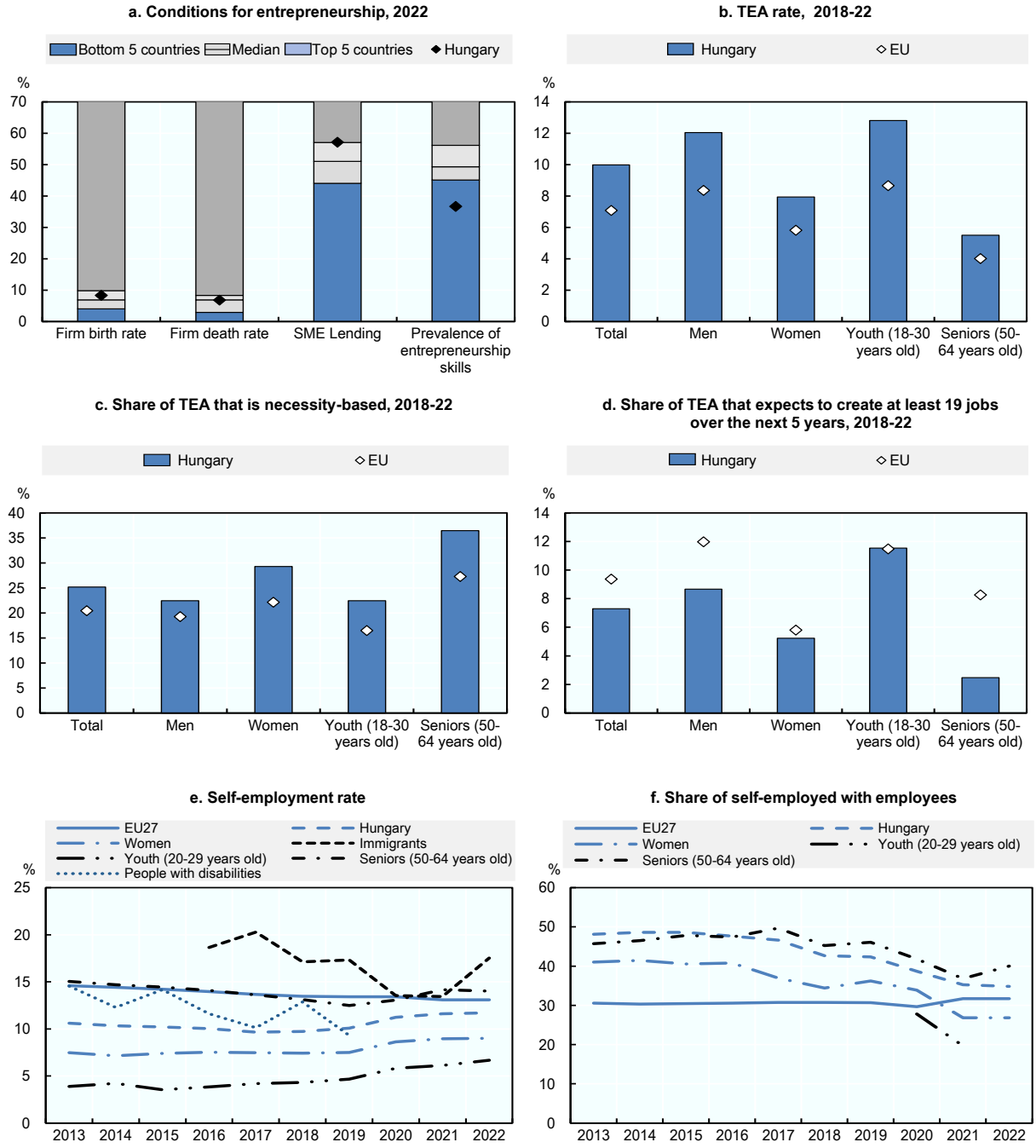
Recent developments in entrepreneurship policy and support include revisions to the strategic policy framework, the introduction of new support schemes, changes to the regulatory and institutional frameworks (e.g. deregulation) and the introduction of an information portal. A revision of the SME Strategy was launched in 2022, which explicitly references youth and women entrepreneurs among the target groups. In addition to the national strategy, several policy initiatives were also introduced, including new schemes for start-ups by youth entrepreneurs and senior entrepreneurs, networking schemes tailored for women entrepreneurs, and new entrepreneurship finance measures. There have also been changes to the tax policies for SME and the self-employed, aiming to simplify taxation procedures and introduce more efficient work incentives.

Hot policy issue

There is a strong emphasis on improving access to finance for entrepreneurs, especially for women and youth entrepreneurs. The largest entrepreneurship support measure is the Youth Guarantee Scheme that targets youth entrepreneurs, notably NEETs (youth who are not in education, employment or training). The programme was co-financed by the European Structural Funds and European Regional Development Fund for the period 2017 to 2023. The programme has offered grants to about 5 200 young people (less than 30 years old) and provided support to more than 5 600 people.

Inclusive entrepreneurship indicators

Figure 23.1. Entrepreneurship and self-employment data for Hungary



Note: In Panel a, the data for the EU median for SME lending excludes the following countries: Austria, Bulgaria, Croatia, Cyprus, Denmark, Finland, Germany, Luxembourg, Malta and Romania. The EU median for the entrepreneurship skills indicator excludes: Belgium, the Czech Republic, Denmark, Estonia and Malta. In Panels b-d, the data for the EU average refers to a population-weighted average and excludes Belgium, the Czech Republic, Denmark, Estonia and Malta. Please see Chapter 10 for detailed notes on the figures.
Source: (Eurostat, 2023; GEM, 2023; OECD, 2023). Please see Chapter 10 for full citations.

StatLink https://stat.link/tdlws5

24 Ireland

This country profile presents recent trends in entrepreneurship and self-employment for women, youth, seniors, immigrants and people with disabilities in Ireland relative to the average for the European Union. It also describes recent policy actions and current issues related to inclusive entrepreneurship.

Recent trends in inclusive entrepreneurship activities

The entrepreneurship conditions are in line with the European Union (EU) average. The proportion of people working on start-ups and managing new businesses (i.e. TEA rate) was above the EU average between 2018 and 2022 (12% vs. 7%). The shares were higher for women (9% vs. 6% in the EU), youth (18-30 years old) (15% vs. 9%) and seniors (50-64 years old) (9% vs. 4%). If everyone was as active as 30-49 year old men in creating and managing new businesses, there would be an additional 70 000 early-stage entrepreneurs. Of these "missing" entrepreneurs, essentially all would be women and two-thirds would be over 50 years old. Moreover, new entrepreneurs are much more likely to be growth-oriented (19% vs. 14%). The overall self-employment rate declined over the last decade (15% in 2013 to 12% in 2022). Women were less likely to be self-employed than on average in the EU (7% vs. 9%), yet they are as likely to employ others than on average in the EU (27% each).

Recent policy developments

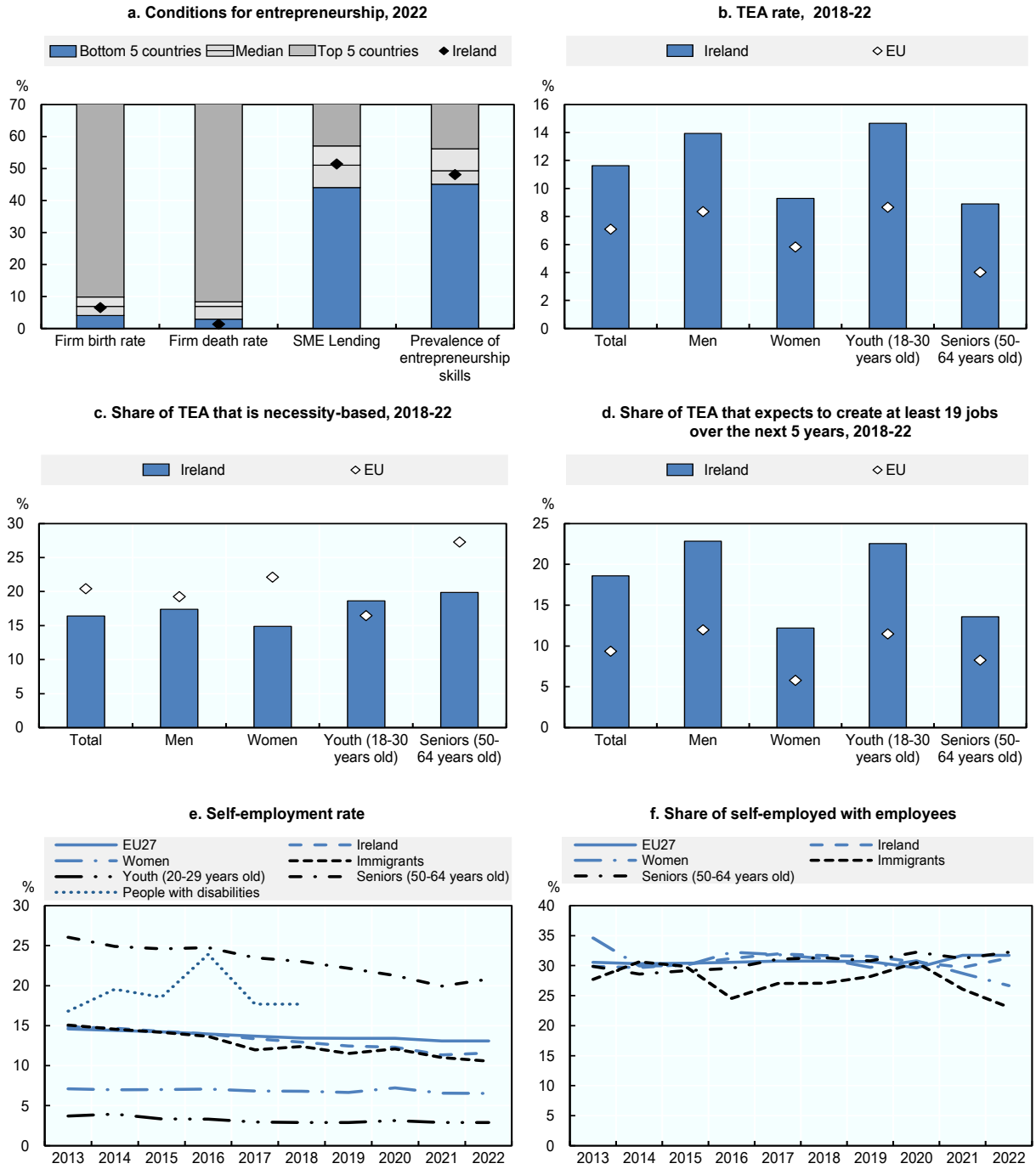
Several new initiatives have been introduced by state enterprise agencies and non-governmental organisations to support some of the inclusive entrepreneurship target communities. For example, Technological University Dublin in partnership with the Open Doors Initiative offers online entrepreneurship courses for people with disabilities and for migrants, refugees, and asylum seekers. Fingal Local Enterprise Office recently launched a new entrepreneurship support programme – Start Your Own Business – which is a dedicated programme for Ukrainian refugees (around 80 participants) and is delivered bilingually. There has also been recent development on the local level through the Local Development Companies: not for-profit multi-sectoral partnerships delivering enterprise grants, training, community and rural development services.

Hot policy issue

Supporting women entrepreneurs has been a priority over the past decade and there has been a significant commitment by government and its agencies to reduce the gender gap in entrepreneurial activity in Ireland. Many dedicated policies and programmes exist to support women entrepreneurs at the local, regional, and national level. For example, Enterprise Ireland developed a comprehensive six-year "Action Plan for Women in Business" (2020), which aims to increase the number of women engaged in entrepreneurial activity in Ireland. Other dedicated programmes include Going for Growth, ACORNS and Starting Strong.

Inclusive entrepreneurship indicators

Figure 24.1. Entrepreneurship and self-employment data for Ireland



Note: In Panel a, the data for the EU median for SME lending excludes the following countries: Austria, Bulgaria, Croatia, Cyprus, Denmark, Finland, Germany, Luxembourg, Malta and Romania. The EU median for the entrepreneurship skills indicator excludes: Belgium, the Czech Republic, Denmark, Estonia and Malta. In Panels b-d, the data for the EU average refers to a population-weighted average and excludes Belgium, the Czech Republic, Denmark, Estonia and Malta. Please see Chapter 10 for detailed notes on the figures.
Source: (Eurostat, 2023; GEM, 2023; OECD, 2023). Please see Chapter 10 for full citations.

StatLink https://stat.link/sdh0co

25 Italy

This country profile describes recent policy developments and current policy issues related to inclusive entrepreneurship. It also benchmarks entrepreneurship and self-employment indicators for women, youth, seniors, immigrants and people with disabilities in Italy against the European Union average.

Recent trends in inclusive entrepreneurship activities

The share of people involved in starting and managing new businesses (i.e. TEA rate) was below the European Union (EU) average between 2018 and 2022, including for women (4% vs. 6% in the EU), youth (18-30 years old) (5% vs. 9%) and seniors (50-64 years old) (2% vs. 4%). The share of new entrepreneurs reporting that they expect their new business to create at least 19 jobs over the next five years was also below the EU average. If everyone was as active in starting and managing new businesses as 30-49 year old men, there would be an additional 1.6 million early-stage entrepreneurs. Of these "missing" entrepreneurs, virtually all would be women. Despite these lower levels of business creation, the self-employment rate was notably higher than the EU average in 2022 (20% vs. 13%). However, the self-employment rate is declining, most especially among youth (20-29 years old) with a decline of nearly 25% over the past decade. The share of self-employed people who employ others is slightly below the EU average (30 vs. 32% in 2022). Seniors (50-64 years old) were the most likely to employ others (33%), while youth (20-29 years old) were the least likely (15%).

Recent policy developments

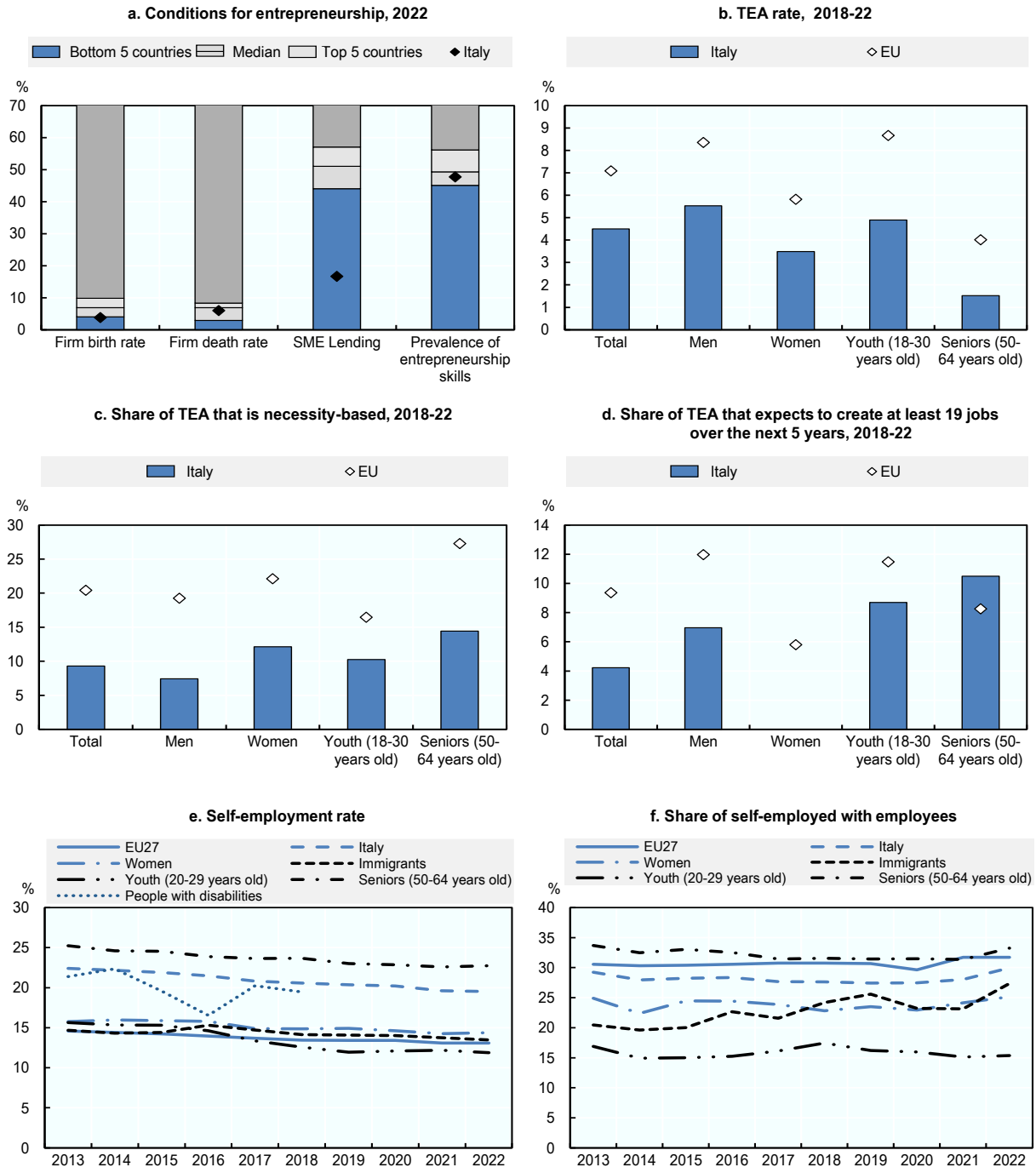
Support for young and female entrepreneurs has been a priority in recent years and many initiatives have been launched to boost entrepreneurship skills and access to finance. A new programme supporting women and youth entrepreneurs was introduced to replace a previous initiative (2021). The ON programme (*Oltre Nuove imprese a tasso zero* - beyond new zero-interest enterprises) offers subsidised loans and grants to women and youth entrepreneurs.

Hot policy issue

Support targeting women entrepreneurs has been significantly strengthened in recent years. The Italian Recovery Plan (2021) reinforced the need to support women's entrepreneurship through the allocation of EUR 400 million in grants and subsidised loans for women's entrepreneurship and an EUR 160 million increase in the budget of the newly introduced Women's Entrepreneurship Fund (*Fondo Impresa femminile*), which is managed by the Ministry of Economic Development. Moreover, the Ministry of Economic Development invested a further EUR 3 billion to support investments in risk capital for highly innovative firms mostly owned by women with expected long-term impact (2022). This programme targets early-stage firms who are seeking seed and start-up financing as well as firms at the product development stage.

Inclusive entrepreneurship indicators

Figure 25.1. Entrepreneurship and self-employment data for Italy



Note: In Panel a, the data for the EU median for SME lending excludes the following countries: Austria, Bulgaria, Croatia, Cyprus, Denmark, Finland, Germany, Luxembourg, Malta and Romania. The EU median for the entrepreneurship skills indicator excludes: Belgium, the Czech Republic, Denmark, Estonia and Malta. In Panels b-d, the data for the EU average refers to a population-weighted average and excludes Belgium, the Czech Republic, Denmark, Estonia and Malta. Please see Chapter 10 for detailed notes on the figures.
Source: (Eurostat, 2023; GEM, 2023; OECD, 2023). Please see Chapter 10 for full citations.

StatLink https://stat.link/8egc0x

26 Latvia

This country profile reports entrepreneurship and self-employment indicators for women, youth, seniors, immigrants and people with disabilities in Latvia against the European Union average. It also presents new policy developments and current policy issues related to inclusive entrepreneurship.

Recent trends in inclusive entrepreneurship activities

The conditions for business creation are generally favourable and as a result, there are high rates of business entry. The share of the population who are starting and managing new businesses (i.e. TEA rate) was more than double the European Union (EU) average between 2018 and 2022 (15% vs. 7%). The share was particularly high among young people (18-30 years old) (22%). This could be explained by a high level of necessity-based entrepreneurship, which was nearly double the EU average over this period (41% vs. 20%). The share was particularly high among senior entrepreneurs (50-64 years old) (60%). If everyone was as active as 30-49 year old men in starting and managing new businesses, there would be an additional 94 000 early-stage entrepreneurs and about 70% would women.

Recent policy developments

There have been some adjustments to the measures for supporting job seekers in business creation. These are outlined in amendments to the Regulations of the Cabinet of Ministers Nr.75 “On the procedures for organising and financing active employment measures and preventive unemployment reduction measures and the principles of selection of measures implementers”, which were introduced in November 2021. Some of the main revisions include:

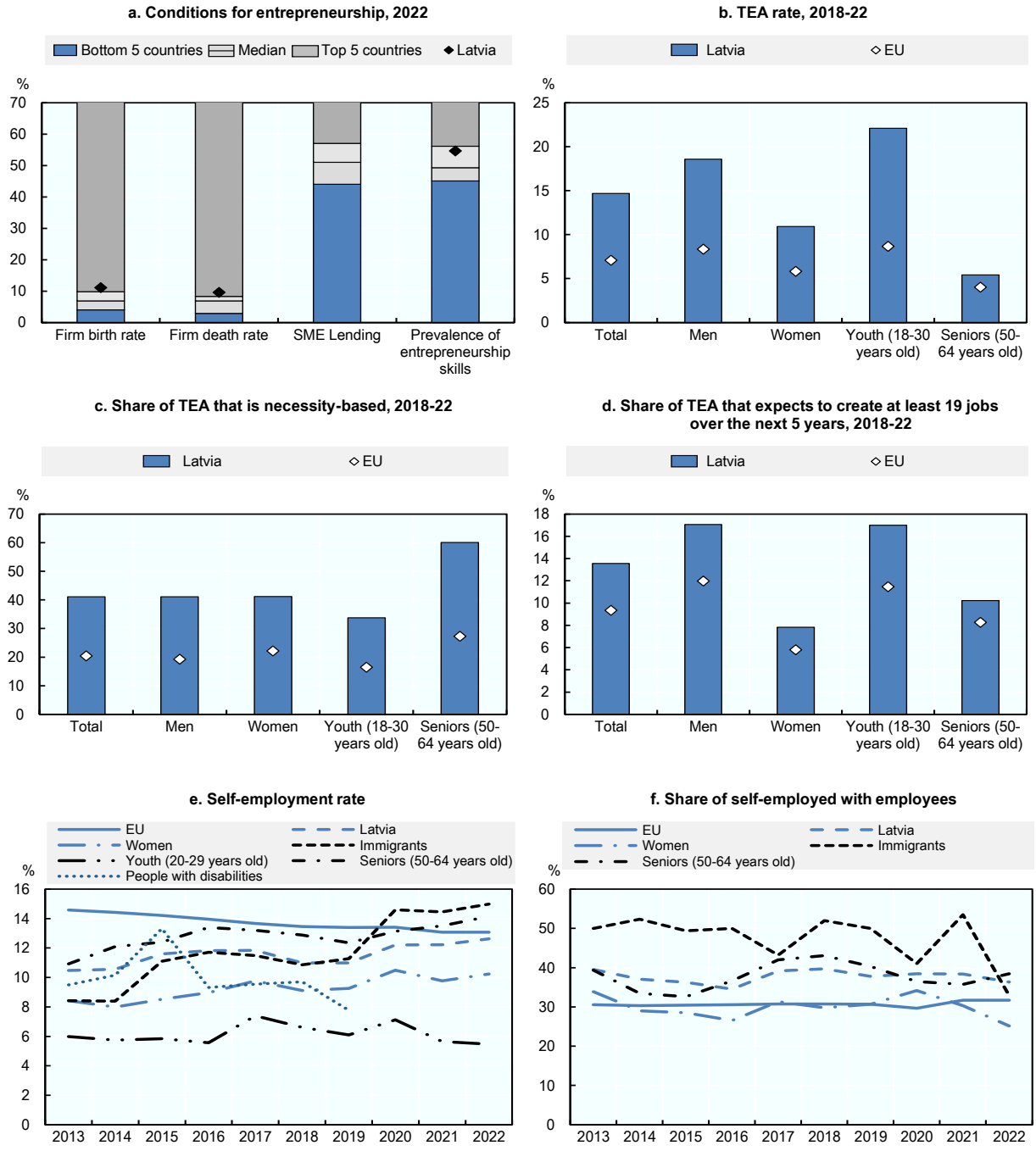
- An increase in the amount of a monthly grant (paid for 6 months) from EUR 500 to EUR 750;
- A new non-repayable grant of EUR 5 000 has been introduced for the implementation of the business plan after the first year of economic activity (provided certain criteria are met); and
- Requirements for compulsory training were removed.

Hot policy issue

Several public institutions (e.g. Ministry of Economics, Ministry of Welfare, Ministry of Education and Science, State Employment Agency) offer support programmes that seek to improve skills levels among workers and the self-employed as well as dedicated trainings for some target groups, particularly the unemployed. This includes training and skills development programmes for the self-employed and employees working in ICT fields to foster innovation, boost investor readiness and support technical skill development. In addition, the Ministry of Economics recently introduced five support programmes as part of the Recovery Fund, including EUR 140 million in investments for entrepreneurship support measures related to the digital transformation (i.e. skills development).

Inclusive entrepreneurship indicators

Figure 26.1. Entrepreneurship and self-employment data for Latvia



Note: In Panel a, the data for the EU median for SME lending excludes the following countries: Austria, Bulgaria, Croatia, Cyprus, Denmark, Finland, Germany, Luxembourg, Malta and Romania. The EU median for the entrepreneurship skills indicator excludes: Belgium, the Czech Republic, Denmark, Estonia and Malta. In Panels b-d, the data for the EU average refers to a population-weighted average and excludes Belgium, the Czech Republic, Denmark, Estonia and Malta. Please see Chapter 10 for detailed notes on the figures.
Source: (Eurostat, 2023; GEM, 2023; OECD, 2023). Please see Chapter 10 for full citations.

StatLink https://stat.link/ytz645

27 Lithuania

This country profile reports on new policy developments and current policy issues related to inclusive entrepreneurship. It also presents entrepreneurship and self-employment indicators for women, youth, seniors, immigrants and people with disabilities in Lithuania and the European Union average.

Recent trends in inclusive entrepreneurship activities

Between 2018 and 2022, the share of people starting and managing new businesses (i.e. TEA rate) was nearly double the European Union (EU) average (13% vs. 7%). The proportion was particularly high among young people (18-30 years old) (18% vs. 9% in the EU). These high rates of business creation are driven in part by the high proportion of new entrepreneurs who report that they started their business because they could not find a job (28% vs. 20% in the EU), especially among seniors (50-64 years old) (44%). Many population groups (e.g. women, seniors) are less active than men in business creation. If everyone was as active as 30-49 year old men in starting and managing new businesses, there would be an additional 130 000 early-stage entrepreneurs. Of these “missing” entrepreneurs, more than 70% would be women and two-thirds would be over 50 years old. The self-employment rate slightly was below the EU average in 2022 (12% vs. 13% in the EU, but few have employees.

Recent policy developments

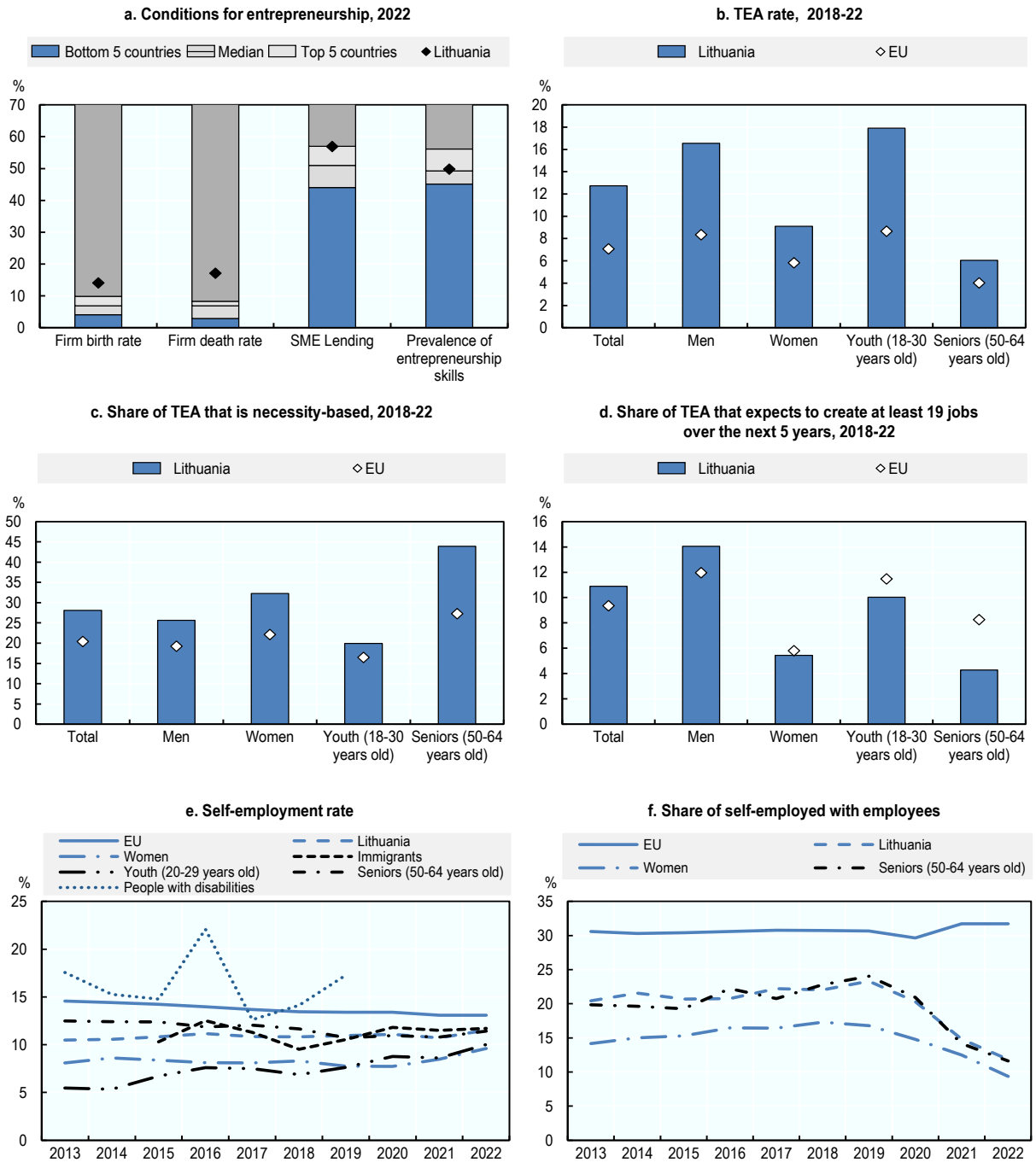
The National Progress Plan for 2022-30, which was approved in 2022, includes the objective to promote entrepreneurship as part of a broader strategic goal to foster sustainable economic development based on scientific knowledge, advanced technologies and innovations. The Ministry of Economy and Innovation is responsible for implementing the measures. One of the targeted groups is unemployed people, with the plan aiming to increase entrepreneurship among the unemployed through training measures. The Inclusive Labour Market Development Programme (2021-30), which is co-ordinated by the Ministry of Social Security and Labour, also aims to boost the entrepreneurship skills of the unemployed by improving the services provided by the Public Employment Service.

Hot policy issue

A priority issue in recent years has been to strengthen support for young entrepreneurs. In 2022, the Youth Guarantee Initiative, together with the Lithuanian Centre for Non-Formal Education of Students began to implement a project focusing on the provision of career services to young people. Meanwhile, between 2021 and 2022, the Association of Lithuanian Chambers of Commerce, Industry and Crafts implemented a project focused on encouraging youth entrepreneurship. The National Youth Policy Implementation Plan of 2022 also seeks to increase youth employment opportunities and youth entrepreneurship.

Inclusive entrepreneurship indicators

Figure 27.1. Entrepreneurship and self-employment data for Lithuania



Note: In Panel a, the data for the EU median for SME lending excludes the following countries: Austria, Bulgaria, Croatia, Cyprus, Denmark, Finland, Germany, Luxembourg, Malta and Romania. The EU median for the entrepreneurship skills indicator excludes: Belgium, the Czech Republic, Denmark, Estonia and Malta. In Panels b-d, the data for the EU average refers to a population-weighted average and excludes Belgium, the Czech Republic, Denmark, Estonia and Malta. Please see Chapter 10 for detailed notes on the figures.
Source: (Eurostat, 2023; GEM, 2023; OECD, 2023). Please see Chapter 10 for full citations.

StatLink https://stat.link/dljfsz

28 Luxembourg

This country profile benchmarks recent trends in entrepreneurship and self-employment for women, youth, seniors, immigrants and people with disabilities in Luxembourg relative to the European Union average. It also describes recent policy developments and current policy issues related to inclusive entrepreneurship.

Recent trends in inclusive entrepreneurship activities

In the period 2018-22, people in Luxembourg were more likely to be starting a business than the European Union (EU) average (9% vs. 7%). There are gender gaps in the proportion of people who report starting or managing a new business (i.e. TEA rate), e.g. 6% of women compared to 11% of men. If all of the entrepreneurship gaps across the population were closed and everyone was starting and managing new businesses at the same rate as 30-49 year old men, there would be an additional 10 000 early-stage entrepreneurs. This represents about 30% of the actual number of people starting and managing new businesses. Of these “missing” entrepreneurs, nearly all would be women.

The self-employment rate was below the EU average over the past decade (e.g. 9% vs. 13% in 2022). Seniors (50-64 years old) were the most active in self-employment (12%), while youth (20-29 years old) were the least active (6%). Moreover, the share of self-employed people who employ others (36%) is slightly higher than the EU average (32%).

Recent policy developments

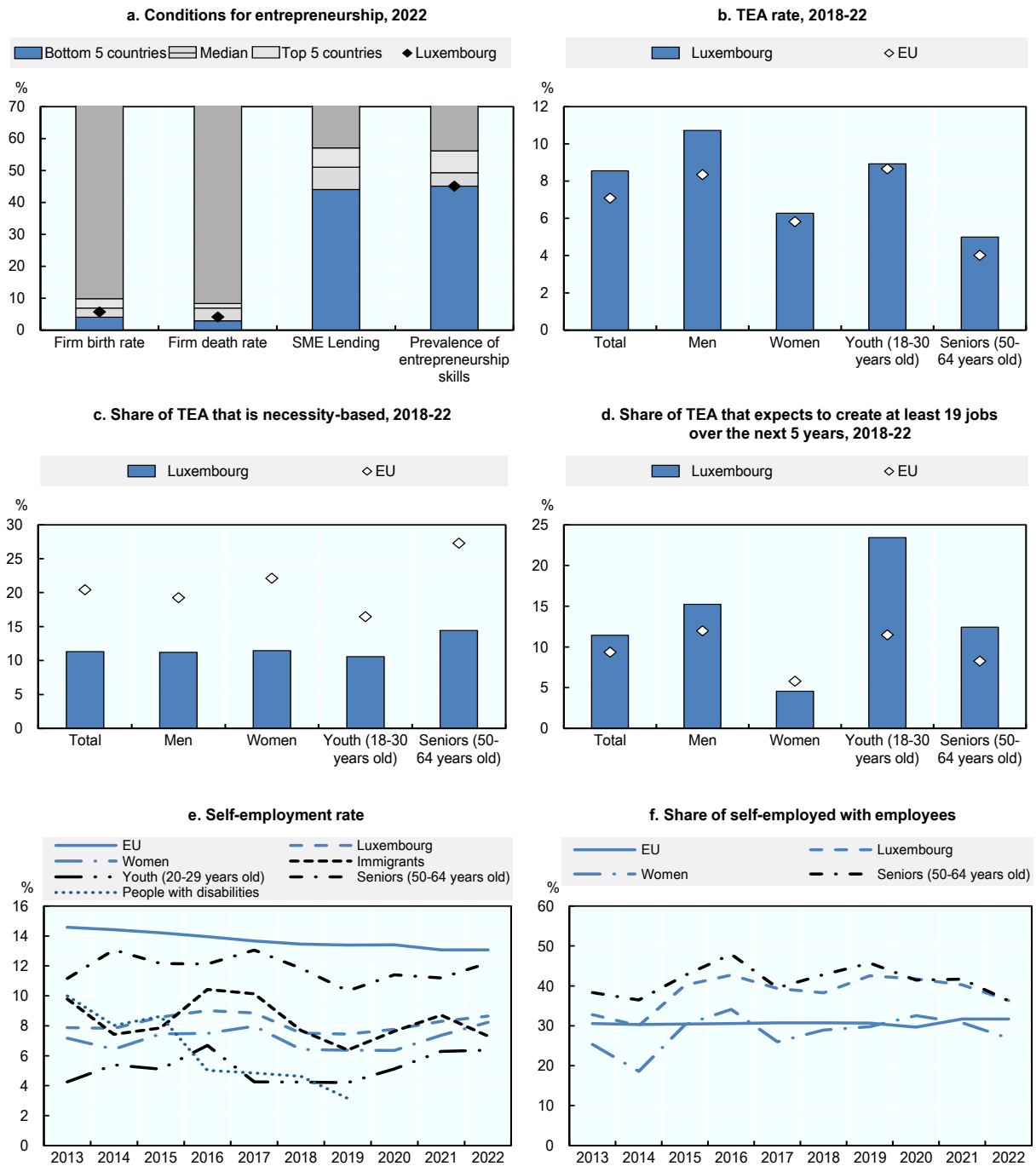
Several new entrepreneurship initiatives have been launched, particularly for those starting from unemployment. The National Employment Agency ADEM has launched the training scheme “Start Your Business”. The training is a free support scheme for potential entrepreneurs registered at ADEM and focuses on the training and coaching of job seekers.

Hot policy issue

There is a strong emphasis on supporting young people in pursuing entrepreneurship, notably through dedicated training schemes that complement the other mainstream support schemes available. Entrepreneurship schemes tailored to students often focus on niche and new economic sectors, such as the spatial and green sectors in addition to more traditional sectors (e.g. finance, construction). Moreover, there are many private-public partnerships that provide entrepreneurship support to young people, including the House of Entrepreneurship. Additionally, the University of Luxembourg has launched several new programmes, including “Entrepreneurship and Incubation Programme” (*Programme Entrepreneuriat et Incubateur*), which aims to support (potential) youth entrepreneurs by providing entrepreneurship training to help students develop their start-ups. In addition to the programmes, the university also publishes HIVE magazine, which highlights current initiatives and courses related to entrepreneurship and showcases start-ups in the incubator programme.

Inclusive entrepreneurship indicators

Figure 28.1. Entrepreneurship and self-employment data for Luxembourg



Note: In Panel a, the data for the EU median for SME lending excludes the following countries: Austria, Bulgaria, Croatia, Cyprus, Denmark, Finland, Germany, Luxembourg, Malta and Romania. The EU median for the entrepreneurship skills indicator excludes: Belgium, the Czech Republic, Denmark, Estonia and Malta. In Panels b-d, the data for the EU average refers to a population-weighted average and excludes Belgium, the Czech Republic, Denmark, Estonia and Malta. Please see Chapter 10 for detailed notes on the figures.
Source: (Eurostat, 2023; GEM, 2023; OECD, 2023). Please see Chapter 10 for full citations.

StatLink https://stat.link/rmnhks

29 Malta

This country profile for Malta describes recent policy developments and current policy issues related to inclusive entrepreneurship. It also reports entrepreneurship and self-employment indicators for women, youth, seniors and immigrants relative to the average for the European Union.

Recent trends in inclusive entrepreneurship activities

The business entry rate is among the highest in the European Union (EU). While regulatory barriers remain, efforts have been made to further strengthen the institutional framework, notably through investment and reforms as part of the Recovery and Resilience Plan. Over the past decade, the self-employment rate increased from 13% in 2012 to 15% in 2022. This was above the EU average in 2022 (13%). Self-employment rates among seniors (50-64 years old) (20% vs. 15%) and immigrants (14% vs. 11%) were also above the EU average. However, the share of self-employed people who employ others decreased from 33% in 2012 to 27% in 2022, which was slightly below the EU average. Women were the least likely group to have employees (22% in 2022).

Recent policy developments

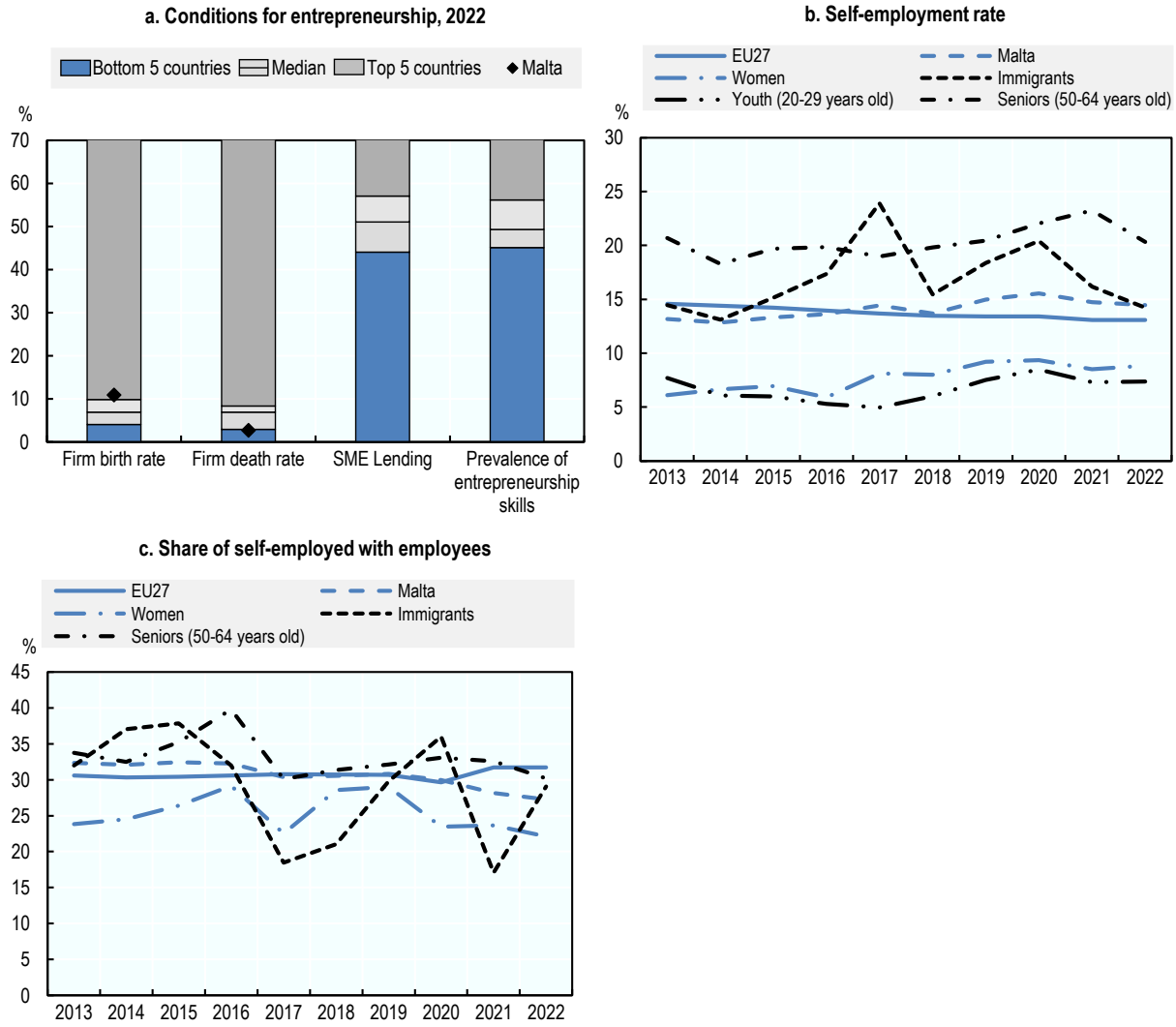
Several new entrepreneurship initiatives have been launched, including initiatives targeting immigrants, women, youth and people with disabilities. For example, the Parliamentary Secretariat for Reforms and Equality, within the Ministry for Home Affairs, Security, Reforms and Equality, launched the Gender Equality and Mainstreaming Strategy and Action Plan 2022-27. The plan is comprised of a range of strategic objectives, including actions on designing and implementing mentoring programmes for female entrepreneurs, implementing more financial incentives and calling for more gender disaggregated data. Youth entrepreneurship has also been a recent priority, including an update of the National Youth Policy (5th edition, 2021). The report “Towards 2030 - Reaching Out To, Working With, and Supporting Young People” by the Ministry for Inclusion and Social Wellbeing proposes actions to support entrepreneurship among youth, notably the need for entrepreneurship education, training, and upskilling.

Hot policy issue

There is a strong emphasis on supporting immigrant entrepreneurs who wish to start and scale their businesses in Malta. In 2022, Malta Enterprise launched the Start-up Residence Programme, which grants a three-year residence permit (extendable for an additional five years) to entrepreneurs who wish to start and/or grow their business in Malta. Additional benefits include immigration support for founders/co-founders, core employees and immediate family members along with long-term business and family stability. Moreover, many entrepreneurship support schemes dedicated to immigrant entrepreneurs include tailored support, including the ability to complete administrative forms in either Maltese or English.

Inclusive entrepreneurship indicators

Figure 29.1. Entrepreneurship and self-employment data for Malta



Note: In Panel a, the data for the EU median for SME lending excludes the following countries: Austria, Bulgaria, Croatia, Cyprus, Denmark, Finland, Germany, Luxembourg, Malta and Romania. The EU median for the entrepreneurship skills indicator excludes: Belgium, the Czech Republic, Denmark, Estonia and Malta. Please see Chapter 10 for detailed notes on the figures.
Source: (Eurostat, 2023; OECD, 2023). Please see Chapter 10 for full citations.

StatLink https://stat.link/nakwbh

30 Netherlands

This country profile reports on recent trends in entrepreneurship and self-employment by women, youth, seniors, immigrants and people with disabilities in the Netherlands relative to the European Union average. It also highlights recent policy developments and current inclusive entrepreneurship policy issues.

Recent trends in inclusive entrepreneurship activities

The share of people starting and managing new businesses (i.e. TEA rate) (13%) was nearly double the European Union (EU) average (7%) over the period 2018-22. This was also true among women (11% vs. 6%), youth (18-30 years old) (17% vs. 9%) and seniors (50-64 years old) (8% vs. 4%). If everyone was as active in business creation as 30-49 year old men, there would be an additional 285 000 early-stage entrepreneurs. About 90% of these "missing" entrepreneurs would be women and the majority would be over 50 years old. The self-employment rate was 15% in 2022, which was above the EU average (13%). Despite a slight decline in self-employment across the EU over the past decade, the rate was constant in the Netherlands. Seniors and immigrants were the most likely groups to be self-employed and employers in 2022.

Recent policy developments

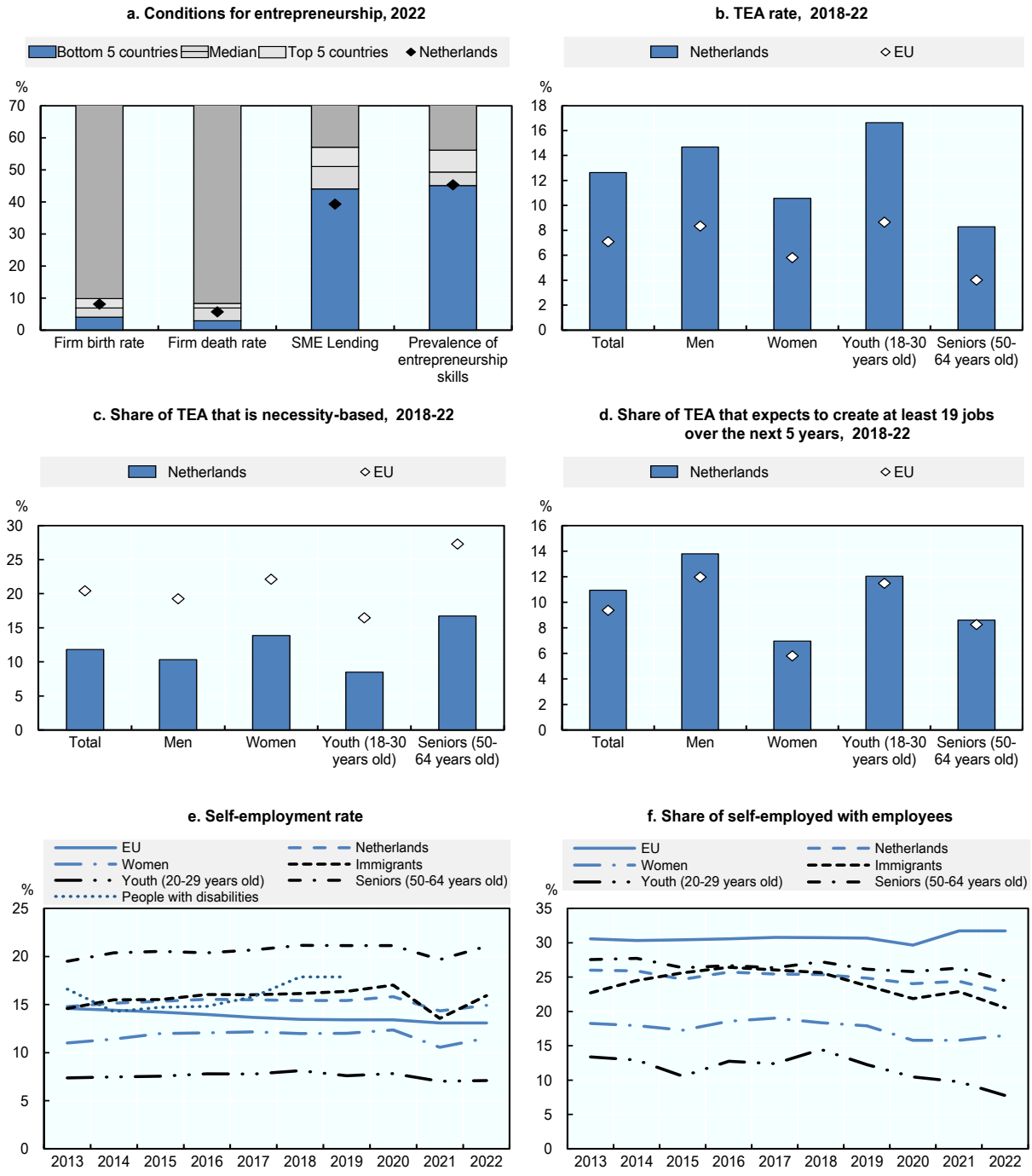
In October 2022, the Ministry of Economic Affairs and Climate, which is responsible for entrepreneurship policies, presented to the House of Representatives the Strategic Agenda for Enterprise Policy. This covers challenges such as high energy prices, personnel shortages, complex regulations, the rapid pace of the green and digital transitions and a scarcity of physical space. Regarding entrepreneurship, the ministry's focus will be on: i) stimulating start-ups and scale-ups within innovative ecosystems; ii) promoting the creation and growth of start-ups from knowledge institutions; and iii) supporting start-ups that offer solutions to societal challenges.

Hot policy issue

An important feature of the policy landscape are ongoing efforts to tackle so-called "bogus self-employment" in the platform economy, which accounts for a significant portion of self-employed workers in the Netherlands. In June 2022, the Minister of Social Affairs and Employment presented the labour market reform plan, which outlines steps to level the playing field between employees and the self-employed. This will involve adjustments to tax and social security incentives that previously made self-employment more attractive than employment contracts. Other major planned changes are the introduction of compulsory disability insurance for the self-employed, the abolition of zero-hours contracts, and the conversion of on-call contracts to permanent basic contracts with a minimum number of hours.

Inclusive entrepreneurship indicators

Figure 30.1. Entrepreneurship and self-employment data for the Netherlands



Note: In Panel a, the data for the EU median for SME lending excludes the following countries: Austria, Bulgaria, Croatia, Cyprus, Denmark, Finland, Germany, Luxembourg, Malta and Romania. The EU median for the entrepreneurship skills indicator excludes: Belgium, the Czech Republic, Denmark, Estonia and Malta. In Panels b-d, the data for the EU average refers to a population-weighted average and excludes Belgium, the Czech Republic, Denmark, Estonia and Malta. Please see Chapter 10 for detailed notes on the figures.
Source: (Eurostat, 2023; GEM, 2023; OECD, 2023). Please see Chapter 10 for full citations.

StatLink https://stat.link/6tcous

31 Poland

This country profile benchmarks recent trends in self-employment and entrepreneurship for women, youth, seniors, immigrants and people with disabilities in Poland relative to the average for the European Union. It also describes recent policy actions and current issues related to inclusive entrepreneurship.

Recent trends in inclusive entrepreneurship activities

Many entrepreneurship metrics suggest that the conditions for business creation are similar to the European Union (EU) average. This includes "average" business entry and exit rates (8% in Poland vs. EU median of 7%). However, the proportion of people starting and managing new businesses (i.e. TEA rate) was below average over the period 2018-22. Men and women are about equally as likely to start and manage a new business – nearly 4% of men and 3% of women – but both shares were below the EU average (8% for men and 6% for women). Young people (18-30 years old) were the most active in starting and managing new businesses (4%), but this share was also below the EU average (9%) over this period. There would be an additional 335 000 early-stage entrepreneurs if everyone was as active in business creation as 30-49 year old men. About two-thirds of these "missing" entrepreneurs would be women and 70% would be over 50 years old.

Self-employment rates in Poland are above the EU average and have been steady over the past decade. The share of working women who are self-employed (about 13%) has also changed little over the past ten years. However, the share of youth (20-29 years old) has increased slightly and the share of seniors (50-64 years old) has increased.

Recent policy developments

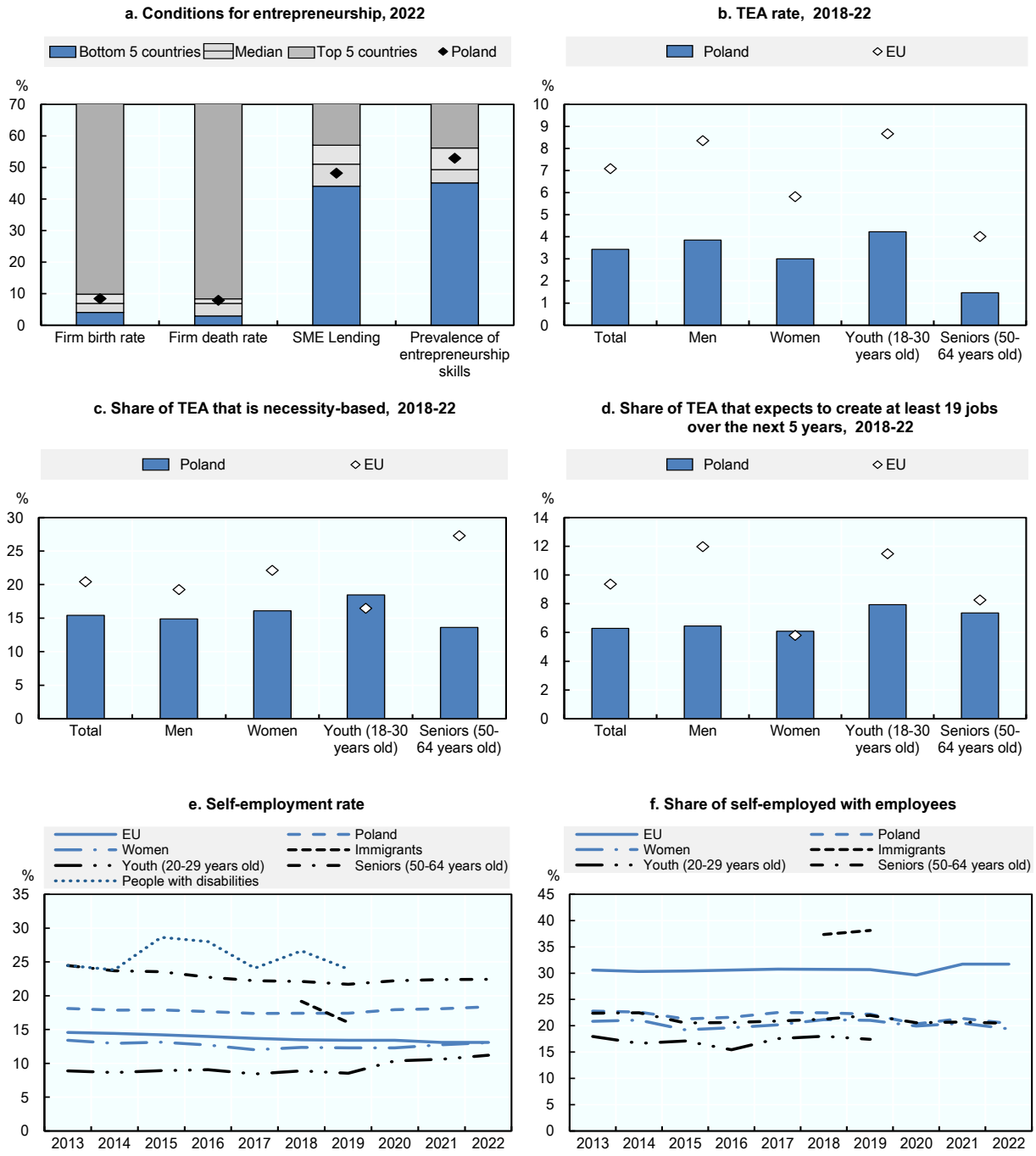
Some new initiatives to support women entrepreneurs have been launched in recent years, of which many are driven by non-government actors. For example, the Women in Tech Association organised "Shesnnovation Academy" (2020-22) which was the first Polish incubation programme for start-ups in STEM fields (i.e. science, technology, engineering, and mathematics) start-ups created by women. It offered intensive training on business skills, individual mentoring and expert consultations. It was targeted at enterprising female students, Ph.D. students, and graduates of technical and science faculties.

Hot policy issue

Several new initiatives have been launched to support the integration of Ukrainian refugees into society and the labour market. Some of these new initiatives focus on supporting business creation and self-employment, offering training and coaching in English and Ukrainian. The government has also updated many of the relevant websites such as biznes.gov.pl to offer tailored information on how to set up a business and access support services in Ukrainian.

Inclusive entrepreneurship indicators

Figure 31.1. Entrepreneurship and self-employment data for Poland



Note: In Panel a, the data for the EU median for SME lending excludes the following countries: Austria, Bulgaria, Croatia, Cyprus, Denmark, Finland, Germany, Luxembourg, Malta and Romania. The EU median for the entrepreneurship skills indicator excludes: Belgium, the Czech Republic, Denmark, Estonia and Malta. In Panels b-d, the data for the EU average refers to a population-weighted average and excludes Belgium, the Czech Republic, Denmark, Estonia and Malta. Please see Chapter 10 for detailed notes on the figures.
Source: (Eurostat, 2023; GEM, 2023; OECD, 2023). Please see Chapter 10 for full citations.

StatLink https://stat.link/7a1rxj

32 Portugal

This country profile benchmarks indicators on entrepreneurship and self-employment by women, youth, seniors, immigrants and people with disabilities in Portugal against the European Union average. It also describes recent policy actions and current policy issues related to inclusive entrepreneurship.

Recent trends in inclusive entrepreneurship activities

The overall entrepreneurship conditions are similar to the European Union (EU) average. People of all groups were significantly more likely to be starting and managing new businesses (i.e. TEA rate) than the respective EU averages between 2018 and 2022 (i.e. TEA rate). Youth (18-30 years old) were the most likely to be starting and managing a new business and were doing so at twice the rate of the EU average during this period (19% vs. 9% in the EU). Yet the rates were uneven across the population. There would be about 250 000 more early-stage entrepreneurs if all groups were as active as core-age men (30-49 years old) in business creation. Of these “missing” entrepreneurs, about 90% would be women.

The overall self-employment rate decreased over the past decade from 17% in 2013 to 13% in 2022, converging to the EU average (13%). Self-employed workers were more likely to employ others than the EU average over the past decade (35% vs. 32%). Seniors (50-64 years old) and immigrants were the most likely groups to be employers – 38% of self-employed workers in each group had at least one employee in 2022.

Recent policy developments

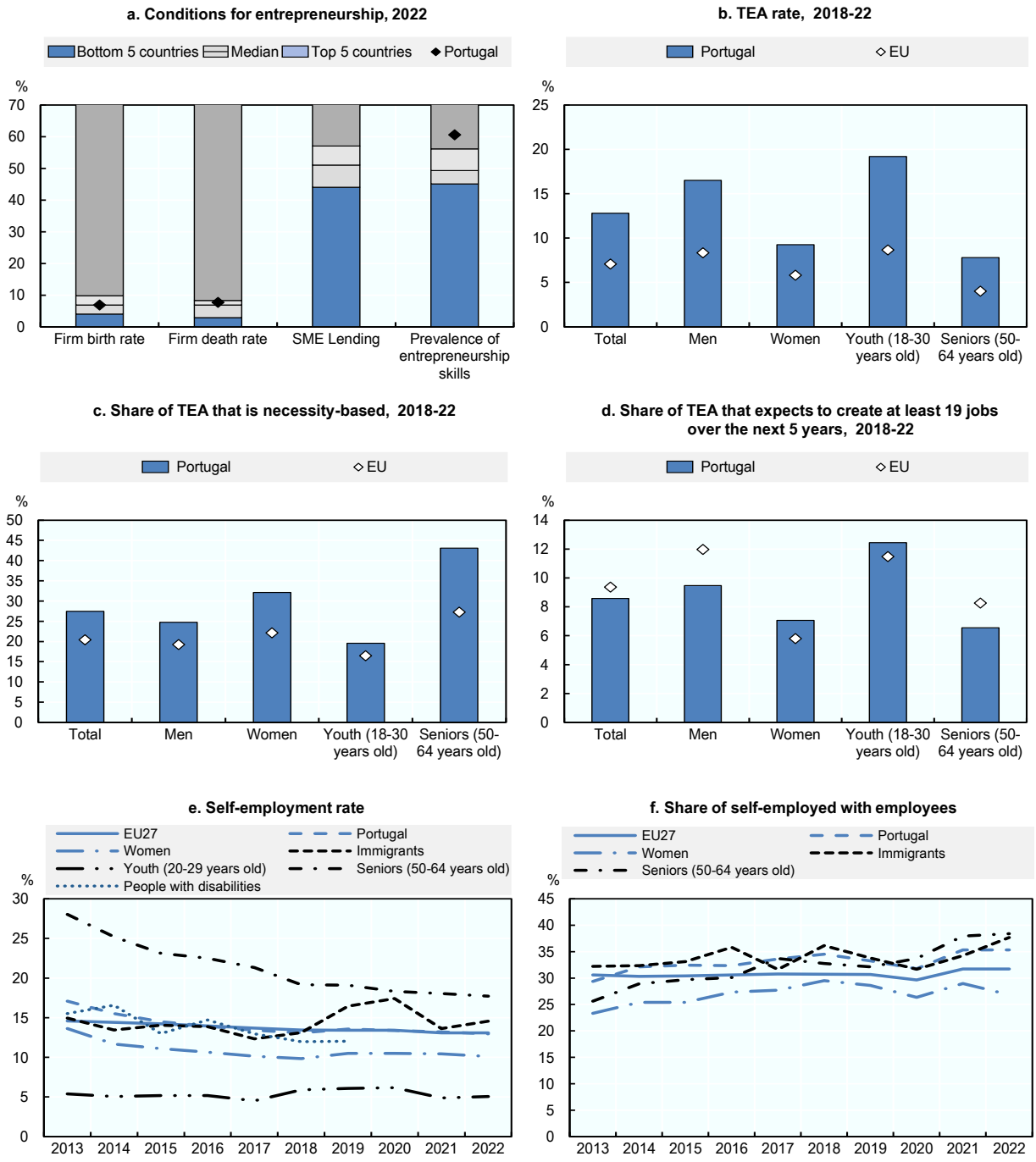
An important new development is the introduction in 2021 of the Entrepreneurship 45-60 Project (*Empreender 45-60*), which is a National Strategy to Support Senior Entrepreneurship. The strategy builds on international best practices and includes a national ecosystem strategy and action plan, training measures for senior entrepreneurs, opportunities for networking and mentoring, business plan support and an online resource platform – Hub 45-60.

Hot policy issue

In continuation of the long-standing efforts to support youth entrepreneurship, there are many entrepreneurship programmes targeting youth. Most of these programmes use an integrated support approach by offering skills development, financial support, networking opportunities, etc. as part of the suite of support available. A new programme dedicated to youth entrepreneurs was introduced, the *Empreende XXI* programme, which provides financial support and incubation services to youth entrepreneurs. It also aims to promote networking initiatives for young entrepreneurs. This new initiative was launched as a replacement of the *Investe Jovem* (Invest Young) programme.

Inclusive entrepreneurship indicators

Figure 32.1. Entrepreneurship and self-employment data for Portugal



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Source: (Eurostat, 2023; GEM, 2023; OECD, 2023). Please see Chapter 10 for full citations.

StatLink https://stat.link/gmxz45

33 Romania

This country profile highlights recent policy developments and current policy issues related to inclusive entrepreneurship policy. It also presents recent trends in entrepreneurship and self-employment for women, youth, seniors and immigrants in Romania compared to the European Union average.

Recent trends in inclusive entrepreneurship activities

Business entry and exit rates were above the European Union (EU) average and a high proportion of people self-report having entrepreneurship skills. This suggests that there are reasonably strong conditions for entrepreneurship, which is consistent with a high proportion of people involved in business creation (i.e. TEA rate). Over the period 2018-22, about 9% of adults were involved in starting or managing a new business. About 12% of young people (18-30 years old), 8% of women and 5% of seniors (50-64 years old) reported that they were starting or managing a new business. All of these rates are above-average, and these high rates do not appear to be driven by "necessity-driven" entrepreneurship. If all of the gaps in rates across population groups were set to the same rate as 30-49 year old men, there would be an additional 210 000 early-stage entrepreneurs and three-quarters would be women.

About 12% of the working population is self-employed, which is essentially the same as the EU average. However, the self-employment rate declined substantially over the past decade, notably among young people (20-29 years old) (a decline of 20%), women (-45%), and seniors (50-64 years old) (-49%). A caution is needed in interpreting this data because of a methodology change in the Labour Force Survey that occurred in 2021. To comply with the new EU regulations, the Household Labour Force Survey in Romania was revised and people who produce agricultural goods exclusively or mainly for self-consumption are now excluded. This affects the self-employed disproportionately.

Recent policy developments

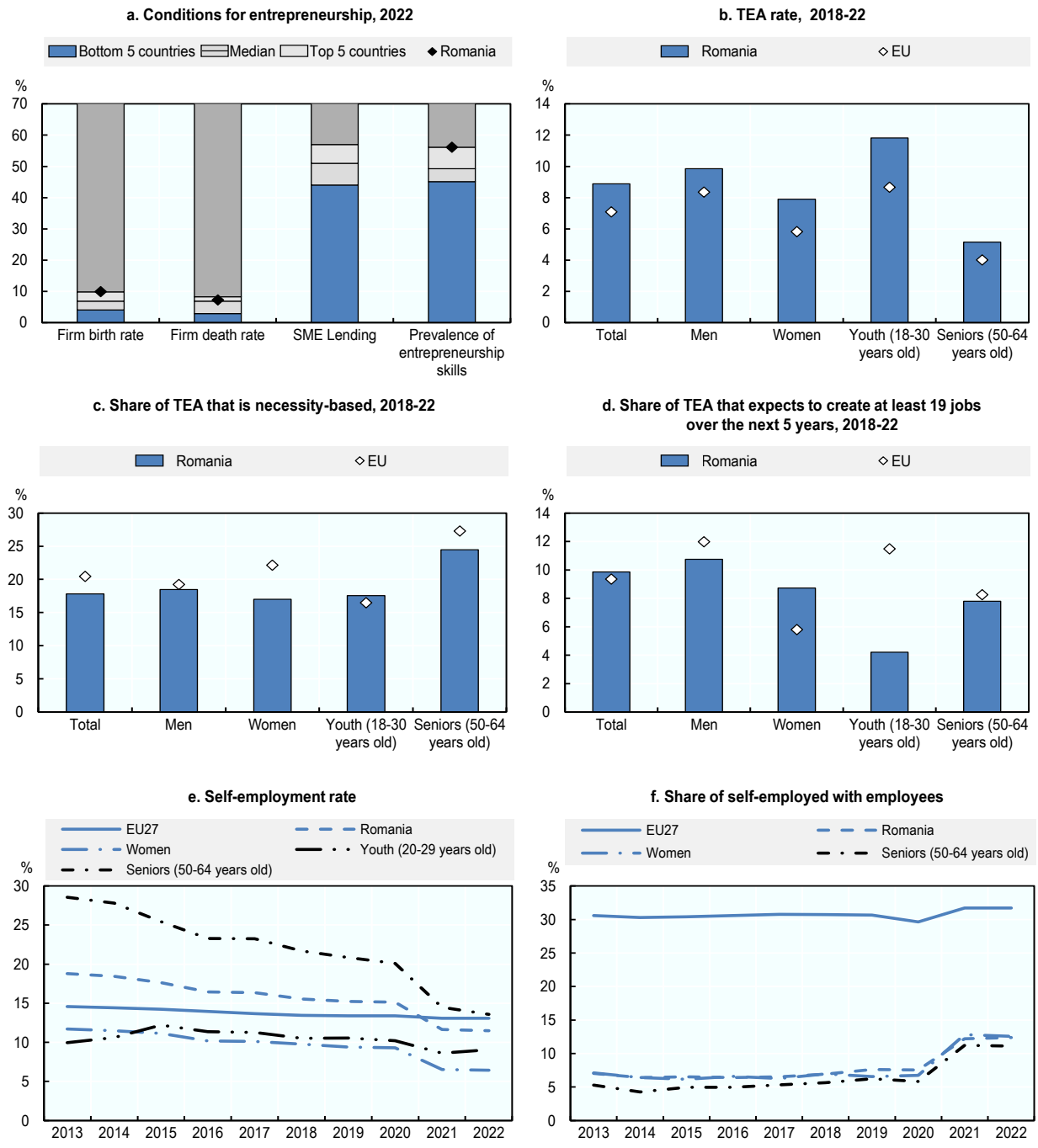
The Start-Up Nation is the most ambitious new entrepreneurship initiative in recent years. The third edition was launched in 2022 with an initial budget allocation of RON 2.2 billion (approximately EUR 440 million) in commitment credits (i.e. money to be advanced by the entrepreneurs and later to be reimbursed by the state budget) as well as RON 1.009 billion (approximately EUR 200 million) allocated to allow 11 000 entrepreneurs to benefit from financing on this state support scheme. These allocations covered both pillars – the national scheme as well as the diaspora component which is dedicated to Romanian citizens living and working abroad.

Hot policy issue

The "twin transition" (i.e. green and digital) has become a major theme in all entrepreneurship policies and programmes. For example, the new Start-Up Nation programme awards additional points during the in-take process to entrepreneurs with sustainable and digital business proposals.

Inclusive entrepreneurship indicators

Figure 33.1. Entrepreneurship and self-employment data for Romania



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Source: (Eurostat, 2023; GEM, 2023; OECD, 2023). Please see Chapter 10 for full citations.

StatLink https://stat.link/xh3zf0

34 Slovak Republic

This country profile reports benchmarks trends in entrepreneurship and self-employment by women, youth, seniors, immigrants and people with disabilities in the Slovak Republic against the European Union average. It also describes recent policy developments and current policy issues related to inclusive entrepreneurship.

Recent trends in inclusive entrepreneurship activities

A higher proportion of women (9%), youth (18-30 years old) (15%) and seniors (50-64 years old) (6%) were involved in starting and managing new businesses (i.e. TEA rate) between 2018 and 2022 relative to the European Union (EU) averages (6% for women, 9% for youth and 4% for seniors). However, twice as many of these new entrepreneurs reported starting their business because they could not find a job compared to the EU average. For example, 43% of women and 31% of young entrepreneurs reported this motivation relative to EU averages of 22% and 17%. If everyone was as active in business creation as 30-49 year old men, there would be an additional 165 000 early-stage entrepreneurs. Nearly 80% of these "missing" entrepreneurs would be women. Self-employment remained stable over the last decade at about 15%, slightly above the EU average in 2022 (13%). Youth (20-29 years old) were more than twice as likely as the EU average to be self-employed in 2022 (13% vs. 5%). However, the self-employed are less likely to employ others relative to the EU average (17% vs. 32%), notably among women (19% vs. 27%) and seniors (50-64 years old) (23% vs. 35%).

Recent policy developments

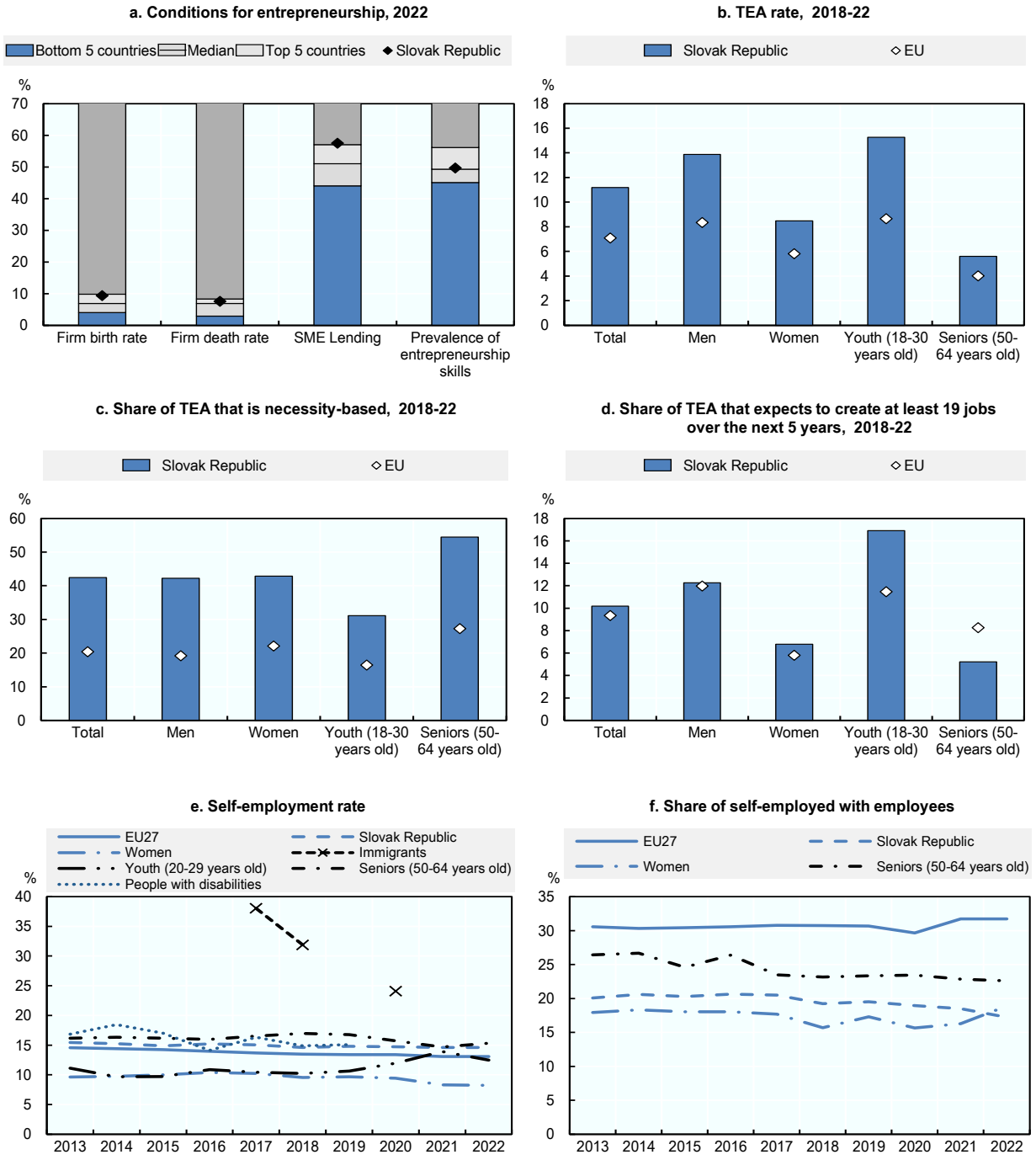
There has been particular attention given to supporting entrepreneurship among youth, women and seniors. The Slovak Business Agency (SBA) with support of the Erasmus+ programme launched the RE-FEM project, which aims to address gender inequality in entrepreneurship as well as access to education. The project aims to empower women entrepreneurship through entrepreneurship training and mentoring to help women develop resilient businesses. A new national strategy for gender equality is being drafted and references the need to develop and support women's entrepreneurship. The plan calls for the creation of systemic measures to support women's entrepreneurship and their integration into the labour force, including the reconciliation of family and work life.

Hot policy issue

Young entrepreneurs benefit from several recent policy actions. The Strategy of Slovak Republic for Youth 2021-28 specifically addresses the need to develop entrepreneurship skills among youth, increase awareness of social entrepreneurship among youth and expand existing entrepreneurship support initiatives targeted at youth entrepreneurs. The strategy calls for the creation and implementation of entrepreneurship support programmes, including mentoring and coaching for young entrepreneurs. In addition, the SBA also finances entrepreneurship training schemes for young people.

Inclusive entrepreneurship indicators

Figure 34.1. Entrepreneurship and self-employment data for Slovak Republic



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Source: (Eurostat, 2023; GEM, 2023; OECD, 2023). Please see Chapter 10 for full citations.

StatLink https://stat.link/k3vpi8

35 Slovenia

This country profile presents entrepreneurship and self-employment indicators for women, youth, seniors, immigrants and people with disabilities, benchmarking rates in Slovenia against the European Union average. It also highlights recent policy actions and policy issues related to inclusive entrepreneurship.

Recent trends in inclusive entrepreneurship activities

The overall conditions for entrepreneurship are similar to those in most European Union (EU) Member States. The number of people reporting that they are working on a start-up or managing a new business (i.e. TEA rate) was about equal to the EU average. Young people (18-30 years old) were the most likely to be working on new businesses (10%) and seniors (50-64 years old) were the least likely (3%). Both of these shares are in-line with the EU average. However, the share of new entrepreneurs reporting that they started their business because they could not find a job was above the EU average over this period, notably among women (33% vs. 22%). If everyone was as likely as core age men (30-49 years old) to be starting and managing new businesses, there would an additional 47 000 early-stage entrepreneurs. Nearly 80% of these “missing” entrepreneurs would be women and the majority would be over 50 years old.

The self-employment rate remained stable at about 12% over the previous decade, which was also in-line with the EU average (13% in 2022). The rates for most population groups were slightly below the EU average rates in 2022: women (7% vs. 9%), youth (20-29 years old) (5% vs. 7%), seniors (20-29 years old) (14% vs. 17%) and immigrants (9% vs. 11%). The share of the self-employed who employ others was also below the EU average (27% vs. 32%).

Recent policy developments

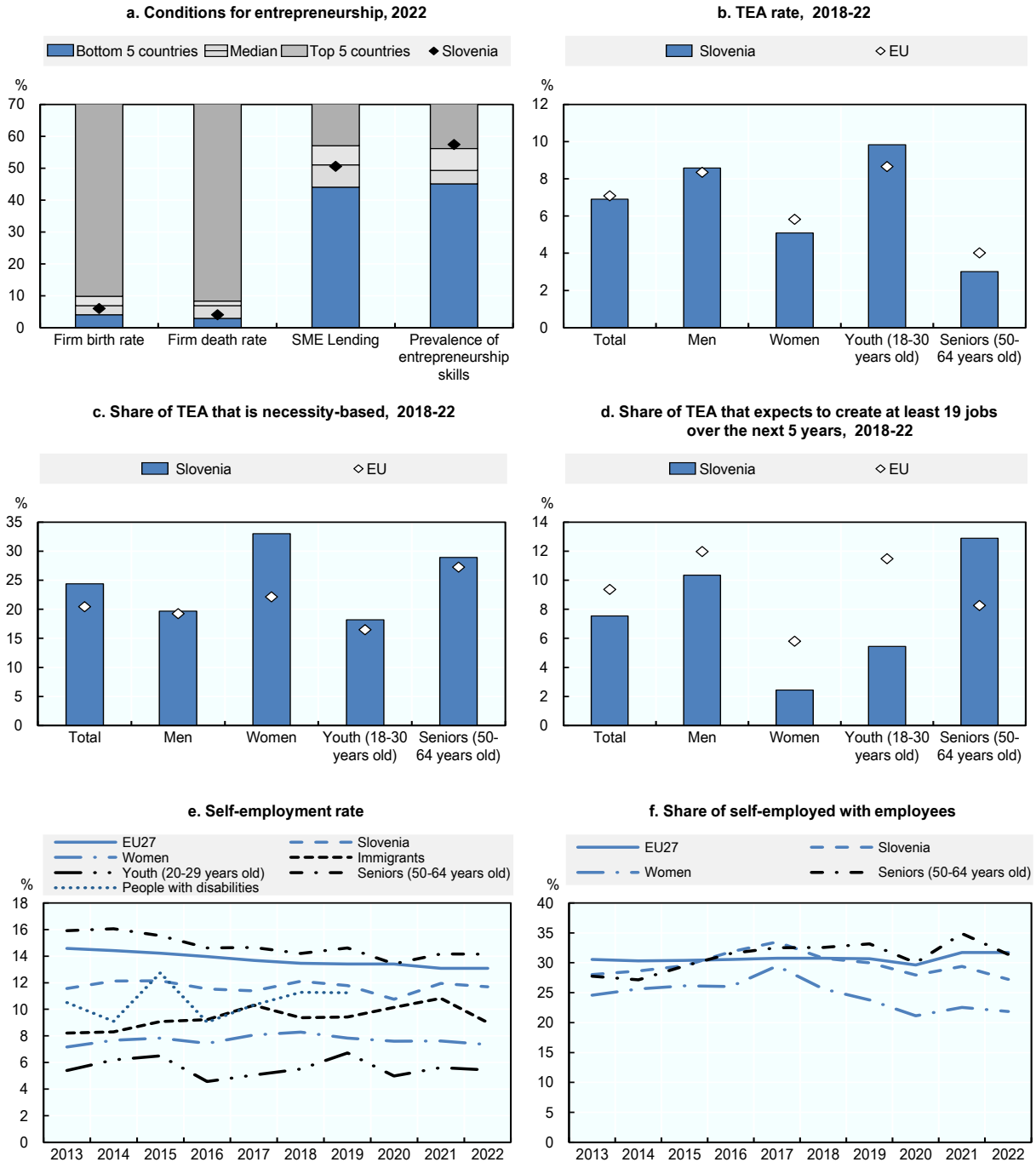
Many recent developments have focused on supporting youth entrepreneurship. Beginning in 2020, SPIRIT Slovenia began a campaign to promote entrepreneurship and innovation among youth through the Youth Programme. Activities include training, entrepreneurship mentoring, initiatives to promote creativity and innovation through conferences, information days and events such as “Start-up Weekend”. In 2022, the programme also supported entrepreneurship activities in 104 schools.

Hot policy issue

In recent years, more attention has also been paid to senior entrepreneurship through international projects and initiatives by specialised organisations. For example, the first Slovenian Festival of Entrepreneurship was organised in 2021 by the Chamber of Crafts of Domžale, in co-operation with the Municipality of Domžale. In 2022, the five-day festival focused on senior entrepreneurship with the aim to build entrepreneurship competencies and establish inter-generational co-operation between youth and senior entrepreneurs.

Inclusive entrepreneurship indicators

Figure 35.1. Entrepreneurship and self-employment data for Slovenia



Note: In Panel a, the data for the EU median for SME lending excludes the following countries: Austria, Bulgaria, Croatia, Cyprus, Denmark, Finland, Germany, Luxembourg, Malta and Romania. The EU median for the entrepreneurship skills indicator excludes: Belgium, the Czech Republic, Denmark, Estonia and Malta. In Panels b-d, the data for the EU average refers to a population-weighted average and excludes Belgium, the Czech Republic, Denmark, Estonia and Malta. Please see Chapter 10 for detailed notes on the figures.
Source: (Eurostat, 2023; GEM, 2023; OECD, 2023). Please see Chapter 10 for full citations.

StatLink https://stat.link/v57wou

36 Spain

This country profile describes recent policy developments and current policy issues related to inclusive entrepreneurship. It also benchmarks entrepreneurship and self-employment indicators for women, youth, seniors, immigrants and people with disabilities in Spain relative to the European Union average.

Recent trends in inclusive entrepreneurship activities

In the period 2018-22, the share of people starting and managing new businesses (i.e. TEA rate) was slightly below the EU average (5% vs. 7%), notably among youth (18-30 years old) (5% vs. 9%). Overall, the share of people starting the business because they could not find a job (i.e. "necessity" entrepreneurship) was above the EU average (35% vs. 20%) as well as among several population groups such as seniors (50-64 years old) (44% vs. 27%) and youth (25% vs. 17%). If everyone was as active in business creation as 30-49 year old men, there would be an additional 420 000 early-stage entrepreneurs. About 70% of these "missing" entrepreneurs would be over 50 years old and about half would be women. The self-employment rate was two percentage points higher than the EU average in 2022, which was also observed for women (11% vs. 9% in the EU), immigrants (13% vs. 11%) and seniors (19% vs. 17%).

Recent policy developments

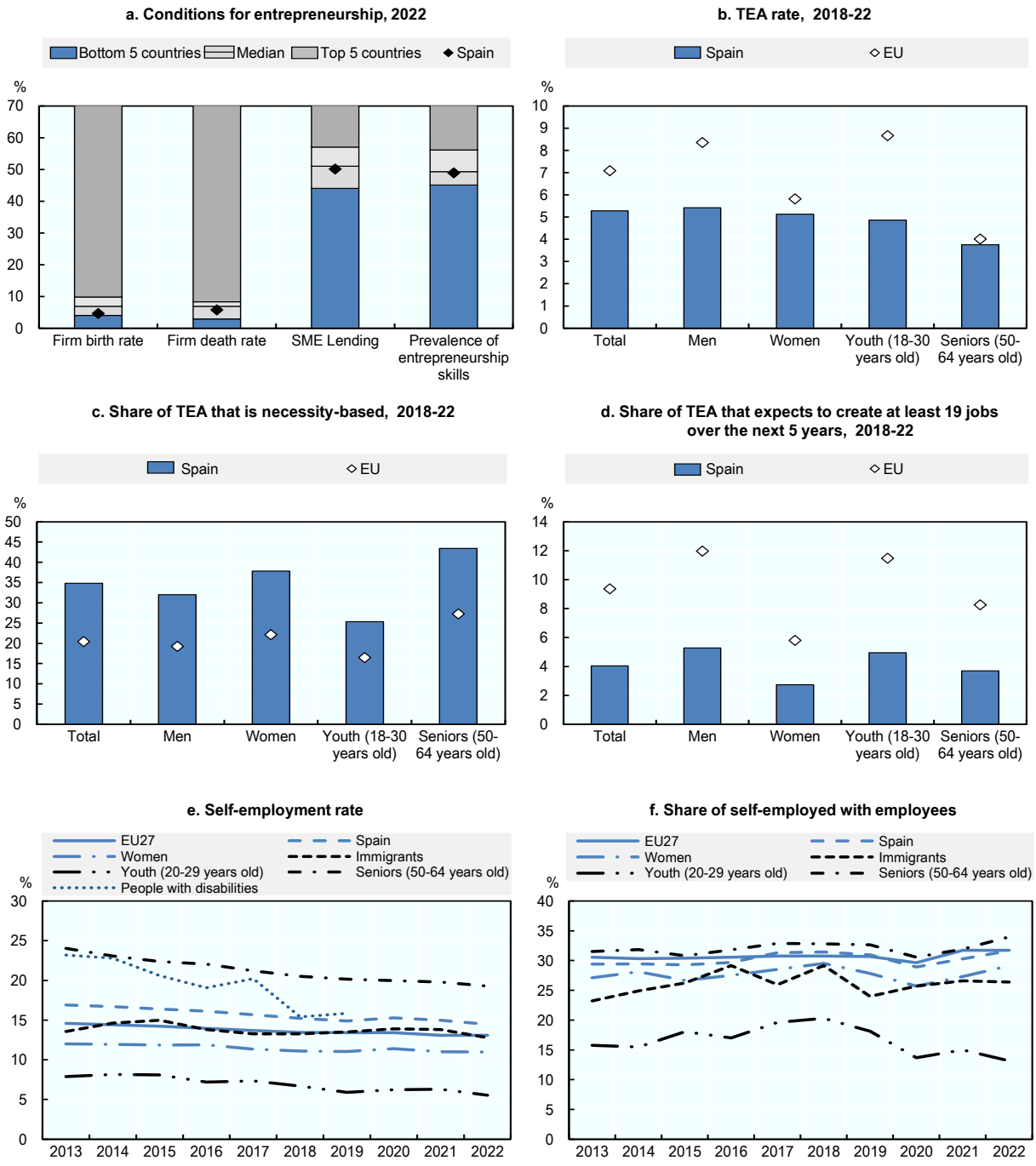
There have been important recent developments in the promotion of entrepreneurship, notably through the introduction the Spain Entrepreneurial Nation Strategy in 2020. The strategy aims to improve innovative entrepreneurship and inclusion across all sectors. The strategy emphasises gender equality and introduces a new visa for immigrants. Moreover, the strategy includes the Start-up Act, which outlines a new regulatory framework that seeks to promote the creation and development of start-ups by attracting national and international talent and investing in the start-up ecosystem. Several other strategic plans were implemented in 2022 that included support for entrepreneurship and self-employment among women and people with disabilities (e.g. Strategic Plan for Effective Equality between Women and Men 2022-25, the Spanish Disability Strategy 2022-30, the Strategy for the Promotion of Self-Employed Work 2022-27). Lastly, a new Self-Employed Work Portal is being developed. The portal will serve as an information hub for self-employed workers and will showcase available financial supports.

Hot policy issue

Access to finance has been a consistent barrier to entrepreneurship, notably for those from under-represented and disadvantaged groups. ENISA (public-owned national innovation company) has launched several dedicated financial schemes to improve access to finance for entrepreneurs, notably women and youth. For example, the Digital Entrepreneurs (*Emprendedoras Digitales*) is a EUR 51 million fund that aims to promote female digital entrepreneurship over the next three years by offering loans (EUR 25 000 to EUR 1.5 million) women-led businesses.

Inclusive entrepreneurship indicators

Figure 36.1. Entrepreneurship and self-employment data for Spain



Note: In Panel a, the data for the EU median for SME lending excludes the following countries: Austria, Bulgaria, Croatia, Cyprus, Denmark, Finland, Germany, Luxembourg, Malta and Romania. The EU median for the entrepreneurship skills indicator excludes: Belgium, the Czech Republic, Denmark, Estonia and Malta. In Panels b-d, the data for the EU average refers to a population-weighted average and excludes Belgium, the Czech Republic, Denmark, Estonia and Malta. Please see Chapter 10 for detailed notes on the figures.
Source: (Eurostat, 2023; GEM, 2023; OECD, 2023). Please see Chapter 10 for full citations.

StatLink https://stat.link/dlf7it

37 Sweden

This country profile benchmarks recent trends in entrepreneurship and self-employment by women, youth, seniors, immigrants and people with disabilities in Sweden relative to the European Union average. It also highlights recent policy actions and current policy issues related to inclusive entrepreneurship.

Recent trends in inclusive entrepreneurship activities

The entrepreneurship conditions appear to be similar to most European Union (EU) Member States. Business entry and exit rates are about equal to the median and about half of the population report having entrepreneurship skills. There were about 475 000 people who are working on a new start-up or managing a business over the period 2018-22. This accounts for more than 7% of the adult population (i.e. TEA rate), which is slightly above the EU average. Women and seniors (50-64 years old) are under-represented among early-stage entrepreneurs but both groups are slightly more likely to be active than the EU average. If everyone was as active in business creation as 30-49 year old men, there would be an additional 130 000 early-stage entrepreneurs. Virtually all of these “missing” entrepreneurs would be women.

Self-employment rates in Sweden are declining, similar to the overall trend across the EU. The self-employment rate among immigrants (-18%) and youth (20-29 years old) (-27%) declined to the greatest extent. The self-employed in Sweden were more likely than the EU average to have employees. Nearly 40% of the self-employed created jobs for others. The proportion was particularly high among self-employed immigrants (38%).

Recent policy developments

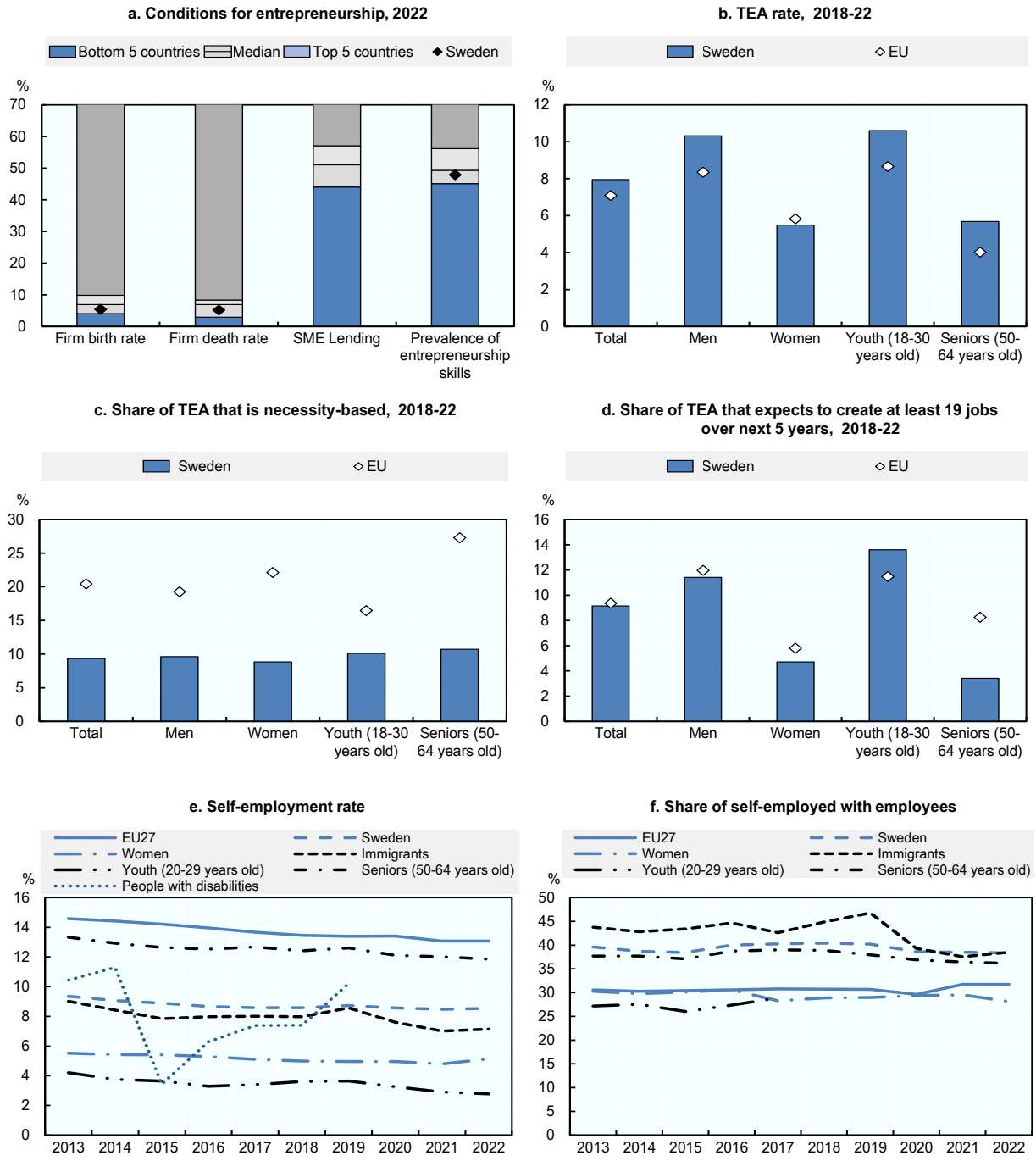
No major inclusive entrepreneurship policies or schemes have been implemented since 2020. In general, entrepreneurship policy has recently focused on promoting innovation and sustainability. However, a small number of new initiatives also contribute to boosting diversity in entrepreneurship. For example, *Tillväxtverket* launched an initiative to support municipalities in strengthening their local business environment, notably including start-up support for immigrants.

Hot policy issue

There has been an influx of Ukrainian refugees since 2022. Several entrepreneurship initiatives for Ukrainian refugees have been launched, including for example the ESF-funded CARE for DIGIPRENEURS project managed by Linnaeus University. It will support 40 entrepreneurs from the Ukraine to help them build trade and business relationships between Sweden and Ukraine. This training programme is offered in English. More generally, the private sector is also actively supporting these efforts and some large organisations such as business Sweden are opening offices in Kyiv, Ukraine.

Inclusive entrepreneurship indicators

Figure 37.1. Entrepreneurship and self-employment data for Sweden



Note: In Panel a, the data for the EU median for SME lending excludes the following countries: Austria, Bulgaria, Croatia, Cyprus, Denmark, Finland, Germany, Luxembourg, Malta and Romania. The EU median for the entrepreneurship skills indicator excludes: Belgium, the Czech Republic, Denmark, Estonia and Malta. In Panels b-d, the data for the EU average refers to a population-weighted average and excludes Belgium, the Czech Republic, Denmark, Estonia and Malta. Please see Chapter 10 for detailed notes on the figures.
Source: (Eurostat, 2023; GEM, 2023; OECD, 2023). Please see Chapter 10 for full citations.

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The Missing Entrepreneurs 2023

POLICIES FOR INCLUSIVE ENTREPRENEURSHIP AND SELF-EMPLOYMENT

The Missing Entrepreneurs 2023 is the seventh edition in a series of biennial reports examining how government policies can release untapped entrepreneurial potential from under-represented parts of the population of impactful entrepreneurs, including women, youth, seniors, the unemployed, immigrants and people with disabilities. It offers comparative data on the entrepreneurship activities and the barriers faced by each group across OECD and European Union countries. It takes a deep dive into the effectiveness of youth entrepreneurship schemes and the design of welfare bridge schemes for business creation by job seekers. It also contains country profiles for each of the 27 EU Member States showing the major recent trends in diversity in entrepreneurship and the current state and evolution of policy for each country.

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