



# Inclusive Entrepreneurship Policies, Country Assessment Notes

Ireland, 2017



## Acknowledgements

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

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## FOREWORD

Inclusive entrepreneurship policies aim to offer all people an equal opportunity to create a sustainable business, whatever their social group or personal characteristics. This is an important requirement for achieving the goal of smart, sustainable and inclusive growth set out in the Europe 2020 strategy. It is also a means to respond to new economic challenges, to create jobs and to fight social and financial exclusion. Among the key targets of inclusive entrepreneurship policies and programmes are women, youth, older people, the unemployed, migrants and people with disabilities, who all continue to face challenges in the labour market and are under-represented or disadvantaged in entrepreneurship activities. ‘The Missing Entrepreneurs’ series of publications of the Organisation for Economic Co-operation and Development (OECD) and the European Union discuss how public policies and programmes can support inclusive entrepreneurship. This includes refining regulatory and welfare institutions, facilitating access to finance, building entrepreneurship skills through training, coaching and mentoring, strengthening entrepreneurial culture and networks for target groups, and putting strategies and actions together for inclusive entrepreneurship in a co-ordinated and targeted way. Governments are increasingly recognising the challenge of inclusive entrepreneurship, but there is still much to do to spread good practice.

The self-employment rate for Ireland was above the average rate for the European Union average in 2016 (14.6% vs. 14.0%), but there was substantial variation across different groups within the population. Men were three times more likely than women to be self-employed in 2016 (21.2% vs. 6.9%), which is a greater gap than in most European Union countries. Furthermore, the self-employment rate for older people was very high (24.6% in 2016), while the rate for youth was quite low (1.9% in 2016). Despite a strong entrepreneurial environment and a number of tailored entrepreneurship initiatives for women, youth, migrants and the unemployed, there is scope to strengthen inclusive entrepreneurship policies in Ireland.

This note is the second in a series of annual country assessments prepared by the OECD in collaboration with the Directorate-General for Employment, Social Affairs and Inclusion of the European Commission on the state of inclusive entrepreneurship policies and programmes in each European Union Member State. Each note provides an overview and assessment of policies and programmes that support people from under-represented and disadvantaged groups in business creation and self-employment, and suggests policy actions to address gaps in the support system and to improve the quality of available support offers. The notes cover national-level policies and programmes and, where relevant, sub-national initiatives and actions by the non-governmental sector. The 2017 notes place a special focus on describing the characteristics of self-employment in each country.

The notes are part of a wider programme of work by the OECD and the European Commission that includes ‘The Missing Entrepreneurs’ publications, a series of Policy Briefs on specific target groups, policies and issues, country reviews of youth entrepreneurship and women entrepreneurship, and the production of online policy guidance. For more information please refer to: <http://www.oecd.org/employment/leed/inclusive-entrepreneurship.htm>.

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## KEY MESSAGES

- Ireland has a strong entrepreneurship support system with clear goals and action plans. However, there is only a modest offering in terms of inclusive entrepreneurship policies and programmes, which tend to focus on youth, women, migrants and the unemployed. Very little tailored entrepreneurship support is available to some groups such as people with disabilities and older people.
- The self-employment rate for Ireland was above the average rate for the European Union average in 2016 (14.6% vs. 14.0%). Men were three times more likely than women to be self-employed in 2016 (21.2% vs. 6.9%), which is a greater gap than in most European Union countries. The self-employment rate for older people was very high (24.6% in 2016), while the rate for youth was quite low (1.9% in 2016).
- The greatest challenge to further developing inclusive entrepreneurship support is a lack of information on the different social target groups. Gathering accurate data on business start-up rates based on the entrepreneurs' characteristics is very difficult because no agency has such a responsibility and this is a substantial challenge for designing and implementing inclusive entrepreneurship policies.
- Despite a strong entrepreneurial environment and a number of tailored entrepreneurship initiatives for women, youth, migrants and the unemployed, there is scope to strengthen inclusive entrepreneurship policies in Ireland. Key recommendations include: (i) The Department of Business, Enterprise and Innovation should co-ordinate the development of clear strategies and the implementation of inclusive entrepreneurship actions; (ii) Local Enterprise Office staff should receive training regarding working with people from minority and disadvantaged communities; (iii) improve data collection on self-employment activities by different population groups; (iv) Microfinance Ireland should undertake more targeted promotional campaigns to different target groups; (v) Enterprise Ireland should follow the successful strategy that it adopted for women and introduce targeted initiatives for people with disability; and (vi) introduce more flexibility in the welfare benefit system to reduce the disincentives for those considering self-employment.

## 1. INCLUSIVE ENTREPRENEURSHIP OBJECTIVES AND TARGETS

Following a period of sustained economic growth, Ireland went into a recession in 2008 that was caused primarily by a banking crisis and the collapse of the property market. A newly elected Government in 2011 identified job creation as one of its key priorities and in 2012, the first “Action Plan for Jobs” was published. This annual publication from the Department of Jobs, Enterprise and Innovation details the actions to be undertaken during the calendar year ahead that will proactively engender and support the creation of new jobs. It is arguable that the approach adopted has been highly successful and each year the up-to-date publication continues to identify the latest government actions regarding job creation. In 2014, the country’s first “National Policy Statement on Entrepreneurship” was published. It sought to ensure that over time, existing barriers and challenges to starting and growing a business would be removed, and within the near future Ireland would become internationally acknowledged as a highly entrepreneurial country. The National Policy Statement detailed the three main objectives of the government relating to entrepreneurship in Ireland:

1. Increase the number of start-ups by 25% (3 000 more start-ups per year);
2. Increase the survival rate in the first five years by 25% (1 800 more business survivors per annum); and
3. Improve the capacity of start-ups to grow-to-scale by 25%.

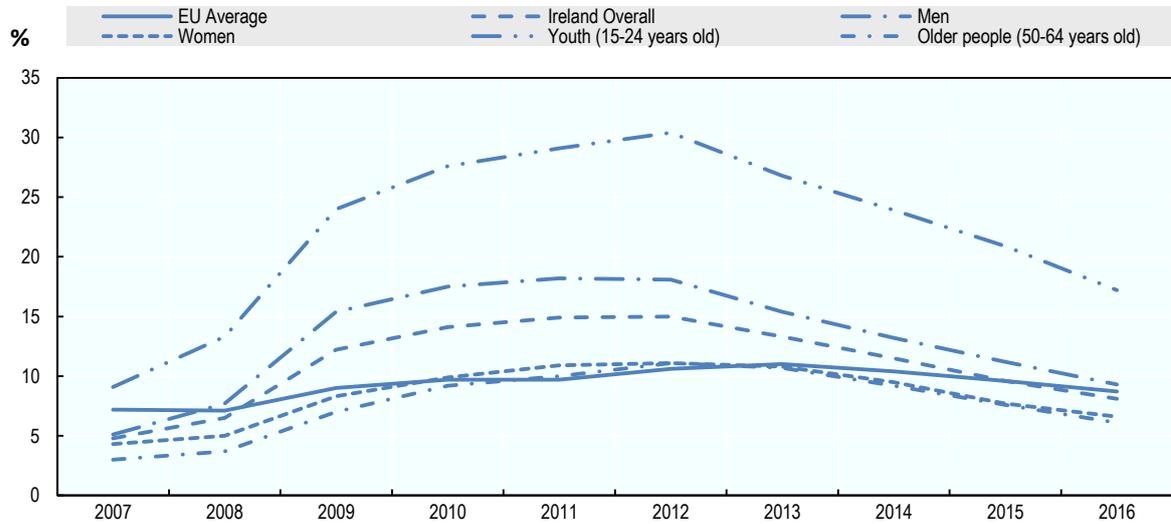
While these objectives are for the general population of entrepreneurs and businesses, within this Policy Statement and the annual Action Plan for Jobs, there is mention of social target groups that are under-represented and disadvantaged in terms of entrepreneurial activity. Additionally, other Irish policies and programmes have been developed that support inclusive entrepreneurship and contribute to efforts to reach key goals of the Europe 2020 strategy. For example, one of the fundamental Irish targets is to raise the employment rate for women and men aged 20-64 years old to 69-71%, including through greater participation of young people, older workers and low-skilled workers, and through the enhanced integration of legal migrants.

## **2. KEY INCLUSIVE ENTREPRENEURSHIP INDICATORS**

### **2.1. Labour market context**

Labour market conditions may affect individuals' decisions to pursue self-employment. As such, the evolution of unemployment rates across different groups over time gives valuable information on the context for entrepreneurship across groups in terms of labour market opportunities. The rate of unemployment in Ireland grew in the aftermath of the crisis, reaching a peak of 15.0% in 2012. The figure has since fallen to 8.1% in 2016, below the average for the European Union (EU) but above 2007 levels (Figure 1). A similar pattern can be observed across groups, albeit to different magnitudes. The increase in youth unemployment rate has been the most dramatic, peaking at 30.4% in 2012 but falling to 17.2% in 2016. The improvement of the youth unemployment figure cannot be attributed solely to improvements of labour market conditions: the out-migration of many young people as well as an increased uptake in further education courses were observed during the economic downturn, influencing the rate of unemployment among people aged 15-24 years old. Moreover, the youth unemployment rate remains eight percentage points above its 2007 level. Unemployment has also declined for older people, falling to 6.1% in 2016. It is also notable that the gender gap in the unemployment rate among older people has closed substantially in recent years. More generally, the unemployment rate for women was lower than that of men in 2016 (6.6% vs. 9.3%) but this can be partially explained by a much lower labour force participation rate by women. The rate of unemployment for foreign-born nationals has also declined in recent years from a 17.3% peak in 2012 to 11.4% in 2016; however, it remains five percentage points above the 2007 level.

**Figure 1. Unemployment rates, 2007-16**



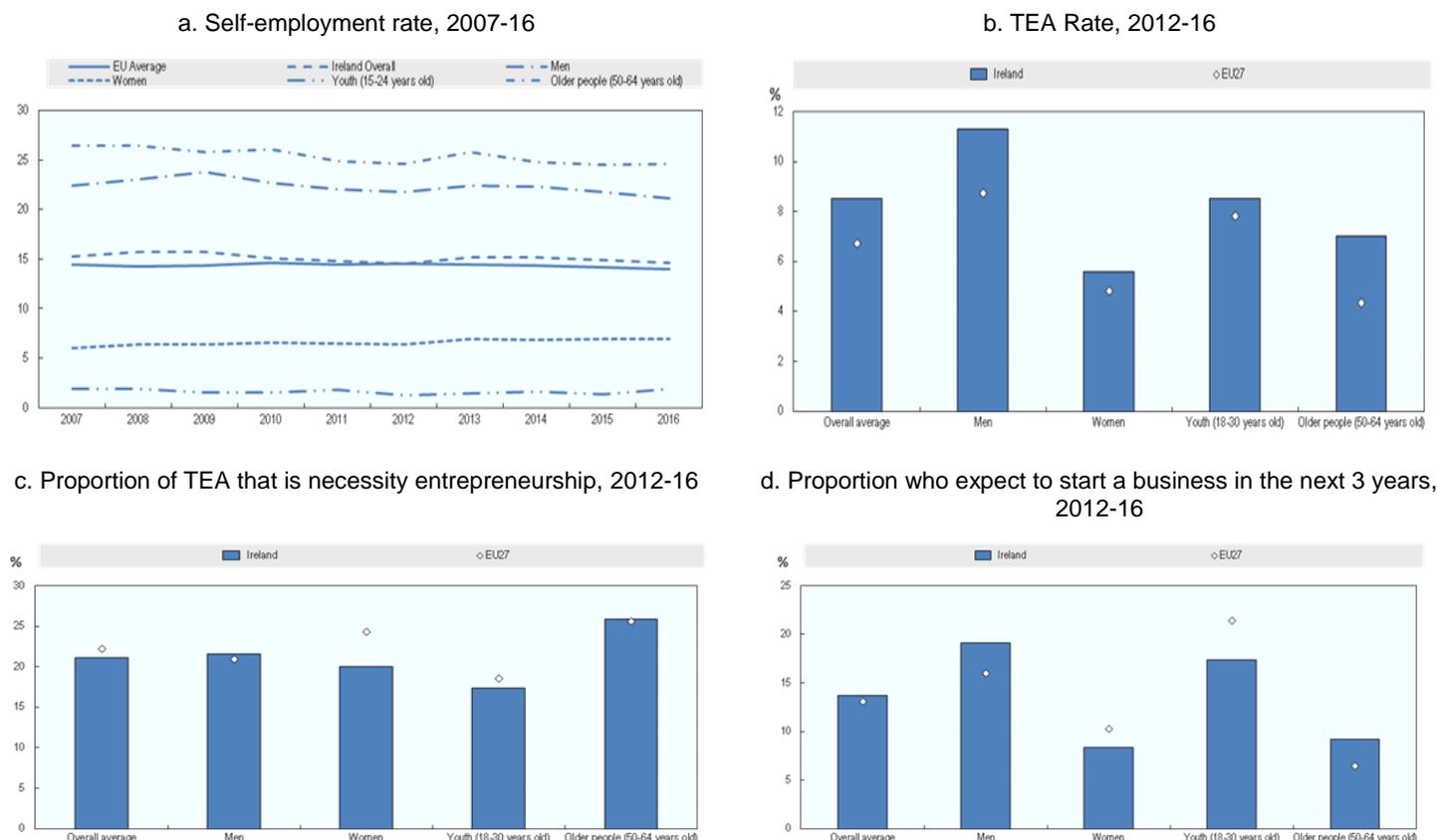
Source: Eurostat (2017), Labour Force Survey 2016.

According to the Central Statistics Office, the long-term unemployment rate decreased from 6.0% to 4.7% between the first quarter of 2015 (2015Q1) and 2016Q1. Long-term unemployment accounted for 56.1% of total unemployment in 2016Q1, compared with 59.7% one year earlier and 60.5% in the first quarter of 2014 (CSO, 2016). Meanwhile, the rate of unemployment for people with disabilities increased from approximately 8% to 22% over the period 2004-10 according to *Disable Inequality* (2016). Figures from the Central Statistics Office’s (CSO) 2010 Quarterly National Household Survey (CSO, 2011) show that 36% of working age people with a disability participated in the labour market in 2010 compared to 77% of those without a disability, while 22% of people with disability were unemployed which compared to 16% of those without a disability.

## 2.2. Self-employment and entrepreneurship rates

The self-employment rate for Ireland was above the average rate for the EU in 2016 (14.6% vs. 14.0%). Figure 2a highlights how Ireland has consistently remained above the EU average regarding self-employment over the past decade. It should be noted that men were three times more likely than women to be self-employed in 2016 (21.2% vs. 6.9%), which is a greater gap than in most European Union countries. The self-employment rate for older people was very high (24.6% in 2016), while the rate for youth was very low (1.9% in 2016).

**Figure 2. Self-employment and entrepreneurship rates by target group**



Note: The self-employment rate is defined as the proportion of those in employment who are self-employed. The TEA rate is the Total early-stage Entrepreneurial Activity rate, which is defined as the proportion of the population actively involved in pre start-up activities and those who have started a new business within the last 42 months. The proportion of TEA that is necessity entrepreneurship is the proportion of entrepreneurs involved in setting-up a new business or operating a business that is less than 42 months old, who were motivated to start their business because they had no better options for work. Data for panels b, c, and d were pooled for the period 2012-16. Responses were weighted to reflect the population in each year, but no weighting was used when pooling the time series data, i.e. all years have the same weight regardless of the sample size in each year. The EU27 average in panels b - d covers all EU Member States except Malta.

Source: Panel a contains data from Eurostat (2017), Labour Force Survey; Panels b - d contain data from the 2012 to 2016 Global Entrepreneurship Monitor household surveys that were tabulated for the OECD (2017).

Another measure of entrepreneurial activity is the rate of Total early-stage Entrepreneurial Activities (TEA) which indicates the proportion of the population that are active in starting a new business or managing a young business (i.e. one that is less than 42 months old). The overall TEA rate for Ireland was higher than for the EU average for the 2012-16 period (8.5% vs. 6.7%) (Figure 2b). Men were about twice as active as women in starting a business or managing a new one over this period (11.3% vs. 5.6%). However, it should be noted that necessity entrepreneurship was higher for men than for women (and also greater than the EU average for men), while more generally the rate of necessity entrepreneurship was lower in Ireland than the EU average (21.1% vs. 22.1%) (Figure 2c). With a TEA rate of 8.5%, youth were quite active in trying to start a business but few appear to be successful in sustaining their business activities. Youth had a higher TEA rate over this period than the EU average (8.5% vs. 7.8%), which may be partly explained by higher levels of youth unemployment.

An Irish GEM report found that immigrants were more likely to report early-stage entrepreneurship activities than non-immigrants in 2012 (11.0% vs. 8.8%) (Fitzsimons and O’Gorman, 2013). New entrepreneurs with a migrant background were more likely to be motivated by necessity than non-immigrants (32% vs. 17%).

Adults in Ireland were more likely than the European Union average to expect to create a business over the next three years (Figure 2d). This finding holds for men (19.1% vs. 15.9%) and older people (9.2% vs. 6.4%), but women (8.4% vs. 10.2%) and youth (17.4% vs. 21.3%) were less likely than the EU average to expect to start a business, despite the above average TEA rates mentioned earlier. One possible explanation for the low expectation to create a business among youth was due to the high participation rates in higher education, which delays entry into the labour market.

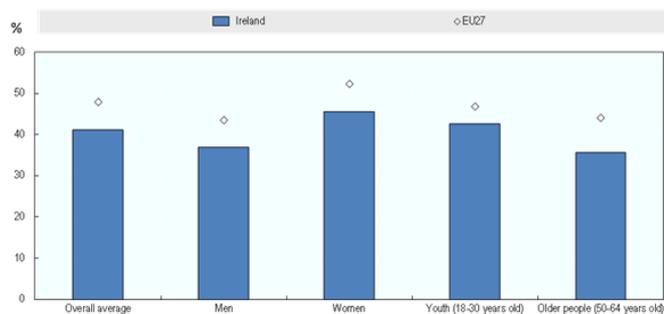
### 2.3. Barriers to business creation

Fear of failure does not appear to be a major obstacle to entrepreneurship in Ireland. Overall, 41.1% of Irish people indicated that a fear of failure prevented them from starting a business over the 2012-16 period, which was below the EU average (47.8%) (Figure 3a). Women were the most likely target group to report this barrier (45.5%), although they were less likely to report this barrier than the EU average (52.2%).

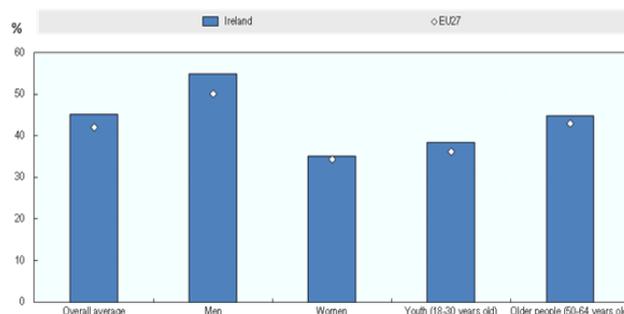
Irish people were also more likely than the EU average to believe that they had the skills to start a business between 2012 and 2016 (45.1% vs. 41.9%) (Figure 3b). Men were 1.6 times more likely than women to indicate that they had the skills to start a business (54.9% vs. 35.2%), and older people were more confident than youth (44.8% vs. 38.3%).

**Figure 3. Barriers to entrepreneurship by target group**

a. Proportion who report that a fear of failure prevents them from starting a business, 2012-16



b. Proportion who perceive that they have the skills to start a business, 2012-16



Note: Data were pooled for the period 2012-16. Responses were weighted to reflect the population in each year, but no weighting was used when pooling the time series data, i.e. all years have the same weight regardless of the sample size in each year. The EU27 average covers all EU Member States except Malta.

Source: GEM (2017), special tabulations of the Global Entrepreneurship Monitor’s household surveys from the 2012 to 2016.

### 2.4. Entrepreneurship performance

Irish entrepreneurs were substantially more likely than the European Union average to offer new products and services (Figure 4a). Over the period 2012-16, 38.2% of entrepreneurs in Ireland offered new products or services, relative to 28.9% in the EU. Men, women, youth and older entrepreneurs

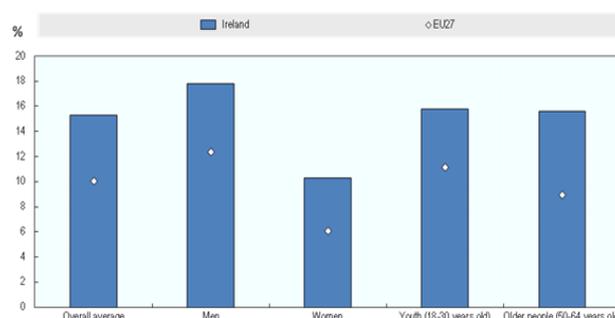
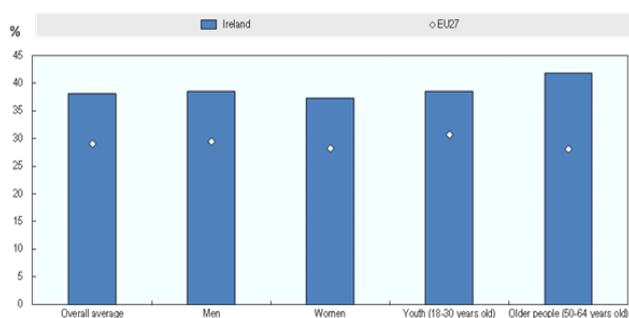
were all more likely than the respective EU averages for each group to offer new products and services.

Similarly, new Irish entrepreneurs were more likely than the European Union average to expect to create at least 19 new jobs with their business (Figure 4b). Over the period 2012-16, 15.3% of new Irish entrepreneurs expected to create a substantial number of jobs relative to only 10.0% across the European Union. Men were more likely than women to expect to create at least 19 jobs over the next five years (17.8% vs. 10.3%), and a high proportion of new young (15.8%) and older entrepreneurs (15.6%) expected to be significant job creators, with the proportion in latter two groups being above the overall EU average.

**Figure 4. Self-employment and entrepreneurship activities by target group**

a. Proportion of new entrepreneurs whose products or services are new to all or some customers and who have few or no businesses offering the same products or services, 2012-16

b. Proportion of early-stage entrepreneurs who expect to create more than 19 jobs in 5 years, 2012-16



Note: Data were pooled for the period 2012-16. Responses were weighted to reflect the population in each year, but no weighting was used when pooling the time series data, i.e. all years have the same weight regardless of the sample size in each year. The EU27 average covers all EU Member States except Malta.

Source: GEM (2017), special tabulations of the Global Entrepreneurship Monitor’s household surveys from the 2012 to 2016.

### 3. ASSESSMENT OF CURRENT AND PLANNED INCLUSIVE ENTREPRENEURSHIP POLICIES AND PROGRAMMES

#### 3.1. Policy framework

The Department of Jobs, Enterprise and Innovation has primary responsibility for policy relevant to enhancing the entrepreneurship ecosystem. The entrepreneurship ecosystem in Ireland is quite strong: the World Bank ranked Ireland 10th out of 189 economies in its 2016 international ranking of the ease of doing business in a country. Entrepreneurship policy in Ireland was part of broader enterprise policy until the Department of Jobs, Enterprise and Innovation published the first National Policy Statement on Entrepreneurship in 2014. This document identified three primary goals and detailed numerous actions which were incorporated into the subsequent “Action Plan for Jobs” in 2015, 2016 and 2017. These documents have been the basic pillars of all entrepreneurship-related policy decisions in recent years and continue to influence enterprise support agencies and the future development of the entrepreneurship ecosystem.

To ensure that people from under-represented and disadvantaged communities have an equal opportunity to start and run their own business, the National Policy Statement on Entrepreneurship identified the following key actions that needed to be taken:

- Work with the Department of Social Protection to promote the Back to Work Enterprise Allowance, which encourages recipients of designated welfare benefits to become self-employed and support these new businesses with appropriate interventions (e.g. mentoring, micro-loans);
- Develop dedicated calls under Local Enterprise Offices (LEOs), *Údaras na Gaeltachta* (Gaeltacht Authority) and Enterprise Ireland programmes to target under-represented cohorts;
- Evaluate the Ireland's Best Young Entrepreneur Fund with a view to building on the success of the 2014 scheme and increasing the number of youth entrepreneurs accessing support systems;
- Ensure that entrepreneurship is recognised as a career option in the roll-out of the new apprenticeships system; and
- Promote female entrepreneurship through the identification and promotion of female role models, targeted events and awards, support for female entrepreneur networks and promotion of a dedicated area on corporate websites.

While the report is a significant development in terms of entrepreneurship policy, it could go further by developing more targeted actions to address the distinctive challenges that disadvantaged groups endure when starting a business.

“Ireland's National Skills Strategy 2025” was published by the Department of Education and Skills in January 2016 and it includes a commitment to develop an Entrepreneurship Education Policy Statement, which will inform the development of entrepreneurship guidelines for schools. The Department of Education and Skills currently supports enterprise in schools through the development of a basic understanding of scientific principles and methods of business. Policy for the Further Education and Training (FET) sector has been developed by SOLAS (The Further Education and Training Authority with responsibility for funding, planning and co-ordinating Further Education and Training) and their strategy includes education and training relating to entrepreneurship skills. This is achieved in collaboration with other relevant bodies, including Pobal (an organisation that works on behalf of Government to support communities and local agencies toward achieving social inclusion and development), Skillnets (national agency responsible for the promotion of workforce learning), and LEOs as a means of co-ordinating provision and furthering government aims of building entrepreneurial capability. Meanwhile, one of the principal objectives of the Higher Education Authority's (HEA) “Strategy for Higher Education-Enterprise Engagement 2015-2020” is to “Establish entrepreneurship as a core feature of higher education and training”. Collectively, these policies primarily benefit young people in education and training and they add further support to other activities that have been identified to engender youth entrepreneurship. The policies also highlight that entrepreneurship is given significant recognition across the education and training sector.

The Department of Justice and Equality (Equality Division) is responsible for policies to improve equal opportunities. It oversees a number of agencies that influence the opportunity for people from under-represented and disadvantaged groups to become employed or to start their own business through the policies that it brings forward and the initiatives that it establishes. For example, the Start-

up Entrepreneur Programme was established by the Department of Justice and Equality to enable non-European Economic Area nationals and their families who commit to a creating high potential start-up business to acquire Irish residency status. This is targeted at people who are currently living outside of Ireland but there are no such targeted programmes for immigrants who are already living in Ireland.

Some recent actions have set out to strengthen the policy framework for women's entrepreneurship support. In 2015, a governmental cross-party Joint Committee on Jobs, Enterprise and Innovation identified twelve recommendations towards supporting female entrepreneurship, which have shaped women's entrepreneurship policy over the last two years.

There are no dedicated initiatives for older entrepreneurs since an EU funded project was completed in 2013, despite high levels of interest and activity within this target group. Similarly, people with disabilities in Ireland are currently under-served in terms of the availability of entrepreneurship support programmes (McQuillan, 2015).

Overall, the entrepreneurship policy framework offers strong support for mainstream entrepreneurial activity but is under-developed with respect to tailored initiatives for under-represented and disadvantaged communities, which are not explicitly addressed in the strategic framework. While a growing number of initiatives have been introduced to support women, youth, unemployed and immigrants in business creation, there is little tailored support offered to older people and people with disabilities.

### **3.2. Government regulations**

Despite the strong regulatory environment for entrepreneurship, there are a number of challenges for entrepreneurs from under-represented and disadvantaged groups. The most common challenge for this group is related to the manner in which people are assessed for welfare benefits when they become unemployed. There are significant differences in the manner in which people who were employees are assessed in comparison to people who are self-employed and these differences have frequently been cited as reducing the incentives for people to start their own business. Table 2 highlights the main differences in benefit assessment for employees and self-employed personnel (ISME, 2014).

Another challenge for these groups is the "welfare benefits trap". This occurs when a person in receipt of welfare benefit(s) believes that they would be in a better economic position if they continued "not working" rather than finding employment or starting their own business. This scenario has frequently been mentioned in academic literature as a significant barrier to entrepreneurship amongst people with disabilities who are particularly concerned about matters such as the loss of their Medical Card, which could be of substantial value to them dependent upon the nature of their disability. Other potential issues include (1) the potential loss of income, (2) the difficulty in claiming benefit if the business fails, and (3) the higher rates of marginal taxation for employers than that experienced by employees.

To encourage people to start their own business, the Department of Social Protection offers a number of benefits that temporarily cover the loss of state income supports if a person is currently or has recently been in receipt of welfare benefits. The Back to Work Enterprise Allowance (BTWEA) scheme encourages people getting certain social welfare payments to become self-employed. If they take part in the Back to Work Enterprise Allowance scheme then they can keep a percentage of their social welfare payment for up to two years. Additionally, people who are generating little income due to self-employment may be entitled to Jobseeker's Allowance or Supplementary Welfare Allowance. Each of the target groups may be entitled to other benefits if they satisfy the eligibility criteria and these benefits are allocated individually on a case-by-case basis.

**Table 2 – Differences in Benefit Assessment for Employee and Self-Employed**

Employee	Self-employed
Immediate entitlement to Benefits	No immediate entitlement
No means test	Fully means tested
Personal savings not assessed	All savings fully assessed
Other income not assessed	All Income fully assessed
Cohabitee income not assessed	Cohabitee income fully assessed
Value of All Property not assessed	Value of property, other than family home fully assessed
Invalidity – covered	Invalidity – Not covered
Disability – covered	Disability – Not covered

Source: Based on ISME, 2014.

For youth who are long-term unemployed, the Back to Work Enterprise Allowance provides an incentive for becoming self-employed. Eligible youth have reduced social welfare contributions for two years (100% in year 1 and 75% in year 2). To complement this measure, enterprise officers of Local Development Companies and INTREO (a single point of contact for all employment and income supports) case officers work closely with applicants in developing business plans and projections, and providing continuing support to individual start-ups. The Department of Employment Affairs and Social Protection is also responsible for the implementation of the Youth Guarantee Scheme which offers young people a wide variety of avenues in which to develop their skill-sets and find employment, but little is available in terms of tailored or dedicated regulatory initiatives for self-employment.

Entrepreneurs from under-represented and disadvantaged groups are more likely to set up businesses that are based in their home (OECD, 2018 *forthcoming*). There are a small number of regulatory measures in place to support these entrepreneurs, including the ability to deduct business-related rent, phone charges, broadband, heating and electricity. These businesses also face some additional regulations since they are based in residential areas. For example, these businesses must comply with workplace health and safety regulations under the Health and Safety Authority, but also similar regulations under the Department of the Environment, Community and Local Government (e.g. for excessive noise). Moreover, entrepreneurs will need to obtain permission from city planners if they change the purpose or scope of a part of their house that may impact neighbours. They will also need to consider professional indemnity insurance and public liability insurance, which covers injuries and property damage, not only on a person’s business premises (their home), but also potentially where they provide a service.

### **3.3. Financing entrepreneurship**

The National Policy Statement on Entrepreneurship (2014) identifies access to finance as a major issue and offered a series of recommendations that have been addressed through the annual “Action Plan for Jobs”. While a large number of actions are identified each year to improve access to finance for entrepreneurs, very few initiatives have been introduced that are specifically targeted at entrepreneurs from under-represented or disadvantaged groups. One of the more successful programmes has been the SME Credit Guarantee Scheme (CGS), which encourages lending to commercially viable SMEs that, under normal lending criteria, are unable to obtain new or additional facilities from their bank. However, this programme does not offer targeted loan guarantees to any of the under-represented or disadvantaged groups.

Enterprise Ireland has successfully introduced the Competitive Start-Ups Funds scheme for female entrepreneurs or female-led start-ups, and it is open to start-ups engaged in manufacturing or internationally traded services. In addition to an investment of EUR 50 000 for a 10% equity stake, and EUR 5 000 from NDRC (an early-stage investment organisation<sup>1</sup>) for 1% equity, successful applicants participate on the NDRC Female Founders accelerator programme for technology start-ups, which is targeted at women who have deep knowledge of their relevant industry or who have potentially disruptive ideas for new technology focussed businesses. The Local Enterprise Offices are also engaged with initiatives targeted at female entrepreneurs and female-led small businesses. They promote National Women's Enterprise Day which seeks to encourage more women to set up their own businesses and to increase national recognition of the role played by female entrepreneurs.

For youth, the main public financial support is offered through "Ireland's Best Young Entrepreneur" (IBYE) competition. It offers EUR 2 million to three categories of winners, including awards of EUR 50 000 to candidates that are selected by Local Enterprise Offices, and national awards of EUR 100 000. In addition, a Competitive Start Fund has also been established for Graduates of Higher Education Institutions (HEIs) who graduated within the past three years. Winners can also access a suite of training and business consultancy support. As of 2016, candidates from outside of Ireland were accepted, as were non-Irish nationals.

HEIs also offer a variety of entrepreneurship-related supports through their Technology Transfer Offices.

As noted in the previous section, there is a mechanism in the unemployment benefits system that changes future benefits into an allowance to support business creation.

There are no tailored microfinance initiatives available in Ireland for under-represented or disadvantaged groups, just the initiatives that are available generally to all entrepreneurs. The main actor is Microfinance Ireland (MFI), which is a not-for-profit lender that was established to deliver the government's Microenterprise Loan Fund. Unsecured loans from EUR 2 000 up to EUR 25 000 are available to applicants who have had difficulty in securing bank finance and the term of the loan is from three to five years. While the organisation has been charged by government to support businesses that have difficulty in accessing mainstream funding, there are currently no targeted initiatives for under-represented or disadvantaged groups available from MFI. In 2015, 3% of loans went to youth entrepreneurs, which was approximately representative of their share among the self-employed. Although female entrepreneurs had a higher approval rating than male entrepreneurs (50% vs. 44%), only 26% of loans went to women entrepreneurs. However, this was slightly above their share among applicants 24% (De Post and Nualaiochta, 2015).

Start-up financing is also available through the private sector. One important organisation for entrepreneurs is the Halo Business Angel Network, which is an umbrella group responsible for the development of business angel syndicates. However, it does not have any initiatives that seek to support entrepreneurs from under-represented and disadvantaged groups.

In addition, there are a number of well-developed crowdsourcing and peer-to-peer lending platforms managed, which are available to anybody wishing to start a business. As with most other enterprise funding streams in Ireland, there are no tailored crowdsourcing platforms available, just the opportunity generally available to all entrepreneurs.

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<sup>1</sup> NDRC invests in high-tech start-ups using an accelerator model through its NDRC Launchpad, NDRC Catalyser and NDRC VentureLab investment programmes, providing modest amounts of capital and high amounts of hands on support to early stage companies.

### 3.4. Entrepreneurship skills

Generally, Ireland has a very strong entrepreneurship ecosystem with a large range of entrepreneurship training initiatives. Besides plentiful government agencies assisting business start-ups and growth-orientated firms, there are also a substantial number of private companies offering consultancy, incubation, mentoring and other enterprise-related services. However, among this multitude of support offers, there are few tailored programmes for entrepreneurs from under-represented and disadvantaged groups.

The main public entrepreneurship support agencies are Enterprise Ireland and the LEOs, and they offer a large number of initiatives and promotional campaigns regarding available support programmes for the development of entrepreneurship skills. Many of the programmes available are generic (i.e. not tailored or targeted for any specific population groups or types of entrepreneurs), although there are some targeted initiatives to support women, youth and immigrant entrepreneurs.

There are a number of tailored entrepreneurship training initiatives available for female entrepreneurs. The Enterprise Ireland Female Entrepreneurship Unit supports several training programmes for female entrepreneurs, including ACORNS, NDRC Female Founders, Ryan Academy Female High Fliers Accelerator and the PINC programme at CIT Rubicon. These are complemented by the Women in Business Network, which is supported by LEOs, and directs women to support programmes and offers a support network. There are also more tailored programmes such as Going for Growth programme, which is a peer coaching and mentoring programme for women entrepreneurs who seek to grow their business.

Another example of a more tailored programme for women is “Training for Women Returning to the Workforce and Women’s Entrepreneurship”, which is managed by the Gender Equality Division in the Department of Justice and Equality. It operates over the 2014-20 period and aims to support a cohort of those women who are currently detached from the labour market (i.e. neither employed nor unemployed) in order to assist their return to the labour market. The programme offers a locally delivered training course on self-development and work-related skills, and it has a pathway for women interested in entrepreneurship.

Most tailored entrepreneurship training for youth is delivered through the formal education system. Most colleges and universities offer a wide variety of entrepreneurship-related modules, and extra-curricular entrepreneurship support services are typically offered through technology transfer offices and incubation centres. At the secondary school level, the Student Enterprise Programme is a national initiative targeted at students from first year through to sixth year. It provides students insight about being entrepreneurs, encourages them to set goals and targets, and informs them about business support organisations and the Local Enterprise Office. In 2017, 22 000 students participated in the programme. Additionally, new curricula have been introduced to Secondary-level education to enhance the teaching of business-related subjects and an Entrepreneurship Education Strategy is due for publication in 2017.

Outside of entrepreneurship offers in the formal education system, youth can access tailored training through the Start Your Own Business courses offered through the Education and Training Boards and through integrated youth entrepreneurship support schemes, including through Ireland’s Best Young Entrepreneur competition (see section 3.3). There are also numerous non-governmental organisations who offer various training and business consultancy for youth entrepreneurs, including Junior Entrepreneur, Young Entrepreneur, and Biz World.

Unemployed people can access several entrepreneurship training programmes that are designed to help people move back to work through self-employment. The main support offer is the suite of training courses that are delivered by Education and Training Boards. The long-term unemployed can also access the MOMENTUM training programme that is managed by SOLAS. This programme offers training in identified growing sectors and occupations, as well as work placements and opportunities to obtain formal qualifications. Entrepreneurship training is an option within this offer. Approximately 6 500 long-term unemployed people use this programme. In addition, the unemployed (and employees) can access training courses in entrepreneurship through the European Social Fund (ESF) supported “Springboard+” training courses that are managed by The Higher Education Authority on behalf of The Department of Education and Skills. More broadly, the Social Inclusion and Community Activation Programme (SICAP) 2015-17 aims to reduce poverty and promote social inclusion through local, regional and national projects, including entrepreneurship training for the unemployed. It has also funded local schemes that provide entrepreneurship training for women and youth.

Tailored offers for immigrants are more limited. LEOs occasionally deliver tailored entrepreneurship training courses but this offer is not consistently offered across all cities. A small number of non-government organisations such as the Institute for Minority Entrepreneurship (at the Dublin Institute of Technology) have offered tailored training programmes in the past for immigrant entrepreneurs but these are now less frequent.

There is an even greater gap in the availability of tailored training, coaching and mentoring and business consultancy support for older entrepreneurs and for entrepreneurs with disabilities. After the conclusion of the (ESF) supported initiative Senior Enterprise, the primary entrepreneurship training offer is “Ingenuity”, which was organised by the Ireland Smart Ageing Exchange (a network of industry, academia and government that support the commercialisation of innovation) in collaboration with the LEOs. It is a training programme for those over 50 years old, but targeted at entrepreneurs with innovative products and services. There are also very few tailored entrepreneurship initiatives in recent years for people with disabilities (McQuillan, 2013). Enterprise Ireland is currently examining the need for tailored entrepreneurship supports for people with disabilities, but the findings of this work are not yet available.

Despite the range of entrepreneurship schemes to help people from under-represented and disadvantaged groups acquire entrepreneurship skills, including tailored schemes for women, youth and the entrepreneurs, much less support is available for older people and people with disabilities. Moreover, there are gaps in the support system for youth in that youth who do not pursue formal education after taking their Junior Certificate (approximately 15 years old) have little entrepreneurship support that they can access. In addition, immigrants who would like to become entrepreneurs tend to be under-served by public programmes.

### **3.5. Entrepreneurial culture and social capital**

There are many different entrepreneurship promotional activities, undertaken by government, non-government organisations and media. Key activities include award programmes and promotional campaigns, typically using role models.

Entrepreneurship is actively promoted to women as a career opportunity through the education system, media, role models, awards and networks. There are a number of dedicated award programmes for female entrepreneurs and role models are increasingly used to promote female entrepreneurship. One of the largest public initiatives is the National Women’s Enterprise Day, which is support by LEOs.

The media also play a supportive role in promoting entrepreneurship. To reach women, there are targeted publications such as the online magazine “Women Mean Business”. Community-based media have also sought to promote entrepreneurship to their target audiences, particularly the multicultural “*Metro Eireann*” newspaper focusing on issues in the immigrant community. The mainstream national media have also been supportive of immigrant entrepreneurship and have promoted the economic and social benefit of immigrant enterprises. However, the promotion of entrepreneurship for older people, the unemployed and people with disabilities have not had the same exposure in the media.

Additionally there are several business networks for entrepreneurs but, with the exception of two women’s business networks, there are no entrepreneurship networks that seek to support entrepreneurs from other under-represented and disadvantaged groups.

Award programmes are also used to promote entrepreneurship. Ireland’s Best Young Entrepreneurs award is a well-known example (see section 3.3), but there are many others. Higher education institutions often have their own awards to help promote youth entrepreneurship, and the “Ethnic Entrepreneur of the Year” was awarded between 2006 and 2009

#### **4. POLICY RECOMMENDATIONS**

Ireland has a very supportive environment for entrepreneurship and many of the key target groups of inclusive entrepreneurship policies are more active in entrepreneurship than the European Union average. The national government has developed an overarching strategy for entrepreneurship that is implemented by various ministries, departments and agencies. Many of these activities are tailored to specific groups and these are complemented by initiatives at the local level. There are, however, a number of actions that can be taken to strengthen inclusive entrepreneurship policies in Ireland:

1. *The Department of Business, Enterprise and Innovation should co-ordinate the development of clear strategies and the implementation of inclusive entrepreneurship actions.* It should bring together various stakeholders for each of the target groups and co-create a detailed plan regarding how Ireland will enhance the capacity of people from within these groups to start their own business.
2. *All Local Enterprise Office staff should receive training regarding working with people from minority and disadvantaged communities.* Such an initiative has already been successfully introduced on a pilot basis through training workshops. This initiative simply needs to be extended to ensure that all staff are aware of the distinctive and additional challenges faced by people from the target communities, plus the substantial economic and social benefit that can be attained through successful interaction.
3. *Improve data collection on self-employment activities by different population groups.* The Central Statistics Office or Companies Registration Office should gather profile data of the entrepreneurs that start a business, maintain a database regarding active and inactive businesses and publish annual reports utilising the profile information. The profile information at registration should contain the following information: age, gender, marital status, children, prior income status, country of birth, disabilities, county in which new

business is located, prior start-up experience, sources of funding. Such information could be entered online at the time of registration and would become a powerful support for future policy decisions.

4. *Microfinance Ireland should undertake targeted promotional campaigns of its activities.* There is a need to increase awareness among entrepreneurs from under-represented and disadvantaged groups about support and financial offers available from Microfinance Ireland. In addition, there is a need to explore the development of tailored financial support initiatives for each of the under-represented and disadvantaged groups identified in this report.
5. *Enterprise Ireland and Local Enterprise Offices should follow the successful strategy that it adopted for women and introduce targeted initiatives for people with disability.* This community is poorest served amongst all of the under-represented and disadvantaged groups and having Ireland's foremost enterprise agencies shine a spotlight on the needs of this group would send a strong message of support and would offer the prospect of other organisations seeking to develop appropriate partnerships on such initiatives.
6. *Introduce more flexibility in the welfare benefit system.* Offer self-employed people the opportunity to either opt-in or opt-out of a payment system that would enable them to claim welfare benefits should their business fail.

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## ANNEX: METHODOLOGY

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

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

The framework contains five pillars:

### 1. Policy framework

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

### 2. Government regulations

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

### 3. Financing entrepreneurship

- Are there grants for business creation offered to support entrepreneurs from under-represented and disadvantaged groups?
- Is microcredit for business creation available to support entrepreneurs from under-represented and disadvantaged groups?

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

#### **4. Entrepreneurship skills**

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

#### **5. Entrepreneurial culture and social capital**

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