



# Inclusive Entrepreneurship Policies, Country Assessment Notes

## Netherlands, 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.

People in the Netherlands are slightly more active in self-employment than the European Union average: 15.3% of those working were self-employed in 2015 relative to 14.4% in the EU. Moreover, the proportion of people who are self-employed has increased over the last decade substantially from 11.6% in 2006. One trend that is unique to the Netherlands is a growing number of entrepreneurs who combine several self-employment activities or self-employment activities with education or employment. While social inclusion objectives are not a currently a strategic priority within entrepreneurship policies, there are two major policy initiatives that aim to support people who are disadvantaged in entrepreneurship, namely the unemployed (*Bbz*) and those facing financial exclusion (*Qredits*). More can be done to make entrepreneurship more inclusive.

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

- Entrepreneurship policies in the Netherlands generally promote and support business growth and innovation. While social inclusion objectives are not a currently a strategic priority within entrepreneurship policies, there are two major policy initiatives that aim to support people who are disadvantaged in entrepreneurship, namely the unemployed (*Bbz*) and those facing financial exclusion (*Qredits*). There are also examples of small-scale entrepreneurship initiatives at the local level for groups such as youth and migrants.
- People in the Netherlands are slightly more active in self-employment than the European Union (EU) average: 15.5% of those working were self-employed in 2016 relative to 14.0% in the EU. Moreover, the proportion of people who are self-employed has increased over the last decade substantially from 12.0% in 2007. One trend that is unique to the Netherlands is a growing number of entrepreneurs who combine several self-employment activities or self-employment activities with education or employment.
- One of the greatest ongoing policy debates related to inclusive entrepreneurship is how to address the persistent differences in the treatment of self-employed persons, especially those without employees, and employees in the social security system. This has an impact the incentives for business creation. One particular concern within this debate is addressing “false” self-employment, where self-employed people who don’t have employees and work for only a single client. These jobs are usually considered to be low quality because they are less secure and the worker is not covered by the social security system to the same extent as employees. A number of measures were introduced to address this issue in 2016. Another challenge relates to stimulating productive entrepreneurship while avoiding support of unproductive entrepreneurship that leads into even greater state dependency and financial difficulties.
- The following measures are recommended to strengthen inclusive entrepreneurship in the Netherlands: (i) promote entrepreneurship to the youth especially using tailored messages; (ii) promote the *Bbz* programme more to the short term unemployed and migrants; (iii) develop tailored entrepreneurship programmes for migrants that provide an integrated suite of support; (iv) innovate in service delivery models; (v) reduce the difference between employees and self-employed regarding social security, insurances and pensions.

## 1. INCLUSIVE ENTREPRENEURSHIP OBJECTIVES AND TARGETS

Entrepreneurship policy in the Netherlands does not constitute a separate policy portfolio; instead it is integrated within the national business policy and stimulated through instruments and policy measures within this framework. Bearing this in mind, support for SMEs and entrepreneurs is currently delivered through generic measures that support everyone, rather than providing tailored support for different key social target groups. Entrepreneurship policy measures tend to be for everyone, and there is a tendency that they seek to promote and support innovation and to improve productivity. This is in line with the aims of the Dutch industrial policy, which has a significant focus on innovation. Accordingly, no formal national level strategy or policy objectives related to inclusive entrepreneurship exist at the moment.

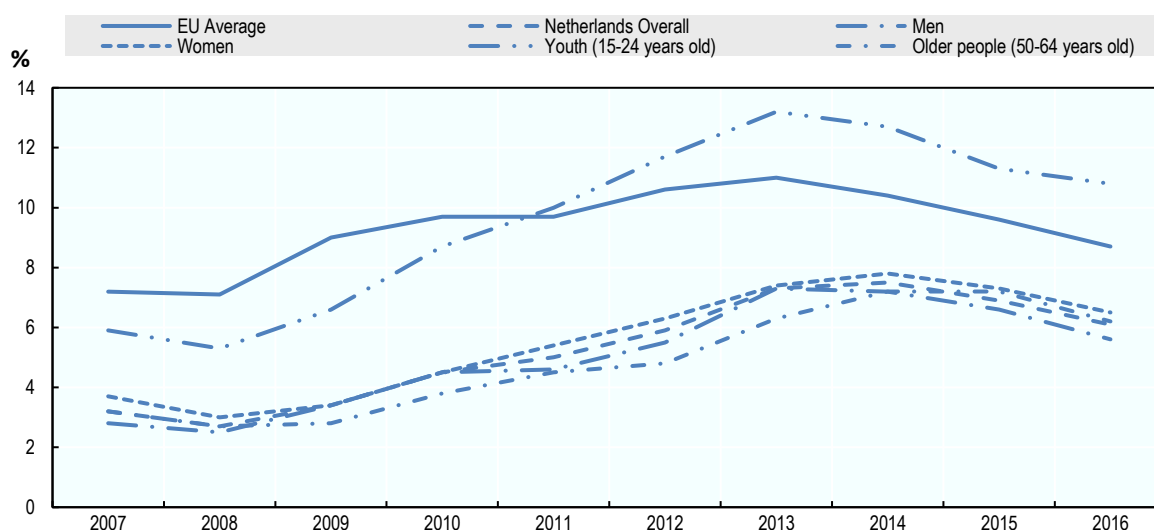
Within the Europe 2020 strategy, the Netherlands has defined two targets that are relevant for inclusive entrepreneurship. First, there is an objective to boost the employment rate to 80% by 2020, which is substantially higher than the target of 75% for the whole European Union. The employment rate is currently approximately 76% in the Netherlands so there is scope for using inclusive entrepreneurship policies to help people move into work. Second, the government seeks to reduce the number of people at risk of falling into poverty or social exclusion by 100 000 people.

## 2. KEY INCLUSIVE ENTREPRENEURSHIP INDICATORS

### 2.1. Labour market context

The unemployment rate in the Netherlands was 6.1% in 2016, which was below the European Union (EU) average of 8.7% (Figure 1). For both the Netherlands and the EU the unemployment rate was decreased from 2016. The rate of unemployment is slightly higher amongst Dutch women (6.5%) than men (5.6%), and the unemployment rate for youth (from 15 to 24 years of age) was 10.8% in 2016.

Figure 1. Unemployment rate, 2007-16



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

### 2.2. Self-employment and entrepreneurship rates

There has been relatively fast growth in the number of registered self-employed in recent years (Figure 2a). This can be partially explained by the increase of part-time self-employment. Data from the Chamber of Commerce show that in 2011, 12% of all registered entrepreneurs (i.e. self-employed, micro and small business owners) combine self-employment and business ownership of a business with formal (wage) employment in either the public or private sector (NUzakelijk, 2011). Moreover,

the number of students that combine study with entrepreneurship has doubled from 3% to 6% between 2011 and 2013 (ECE, 2014). At some universities of applied sciences, up to 17.8 % of students are combining entrepreneurship with their studies (van der Heuvel, 2015). It is in addition reported that the number of self-employed with a second source of income (next to that from self-employment) has risen from 171 000 in 2002 to 259 000 in 2012.

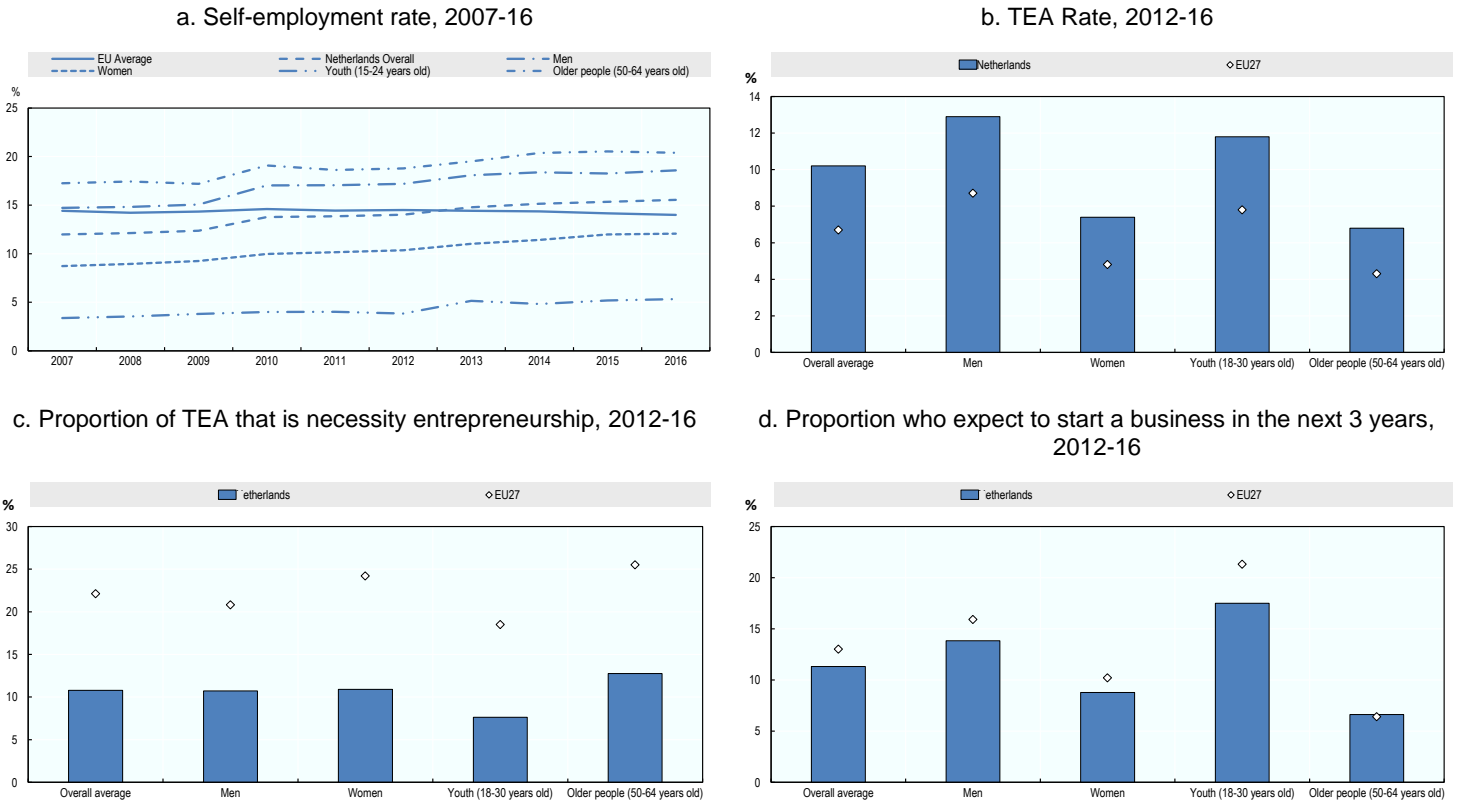
Approximately 7.4% of women in the Netherlands were early stage entrepreneurs between 2012 and 2016, which was nearly double the EU average rate for women over this period (4.8%). However, it was only about half of the rate for men (12.9%). (Figure 2b). This is slightly above the European Union average. Women entrepreneurs are, on average, younger than men and have also achieved a higher education level. Women entrepreneurs in the Netherlands are also more highly educated than the average women entrepreneur in the EU (Panteia, 2015).

Although migrants are often assumed to be very entrepreneurial, immigrants are less likely to be entrepreneurs. Slightly more than 8% of the immigrant population is involved in entrepreneurship, relative to approximately 12% of the native-born population (Panteia, 2016). However, the proportion of immigrants who are starting businesses is growing due to two main reasons: (i) more enterprising members of society migrate and cross borders and (ii) slow integration processes and slow absorption in the formal labour market stimulate people to seek other ways to generate income and create work. Ethnic and migrant entrepreneurs typically operate in trade and commerce (e.g. retail shops) but the picture is changing with the second and third generation engaging in more innovative and modern businesses. The share of non-indigenous persons who start a business in the Netherlands has been increasing over the past years and is at present around 20%.

A low proportion of entrepreneurs reported over the 2012-16 period that they started their business because they did not have any other opportunities in the labour market. In the Netherlands, 10.8% of entrepreneurs reported that they started their business activity out of necessity, which is almost half of the EU average of 22.1% (Figure 2c). The rates for necessity entrepreneurship were higher for older people (12.8 %) but very low for youth (7.6 %).

Over the 2012-16 period people in the Netherlands were less likely than the EU average to expect to create a business over the next three years (Figure 2d). This finding holds for men, women and youth, but older people in the Netherlands were almost as likely as those in other EU countries to expect to start a business (approximately 6.6% in the Netherlands, compared to 6.4% in the EU).

**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, c, and d covers all EU Member States except Malta.

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

### 2.3. Barriers to business creation

A possible reason for the lower expectation of starting a business might be the perception of administrative burden and complexity when starting up a business, and the difficulty in accessing finance. From the Dutch Access to Finance monitors and the Global Entrepreneurship Monitor (Panteia, 2016), it becomes evident that these two components are key barriers for Dutch entrepreneurs. As a result the government continues to put resources into reducing both administrative burden and to provide more options for financing.

These issues act as barriers to entrepreneurs in general, and tend to hold more acutely for vulnerable groups such as women, youths, older people, the (long term) unemployed, immigrants, and



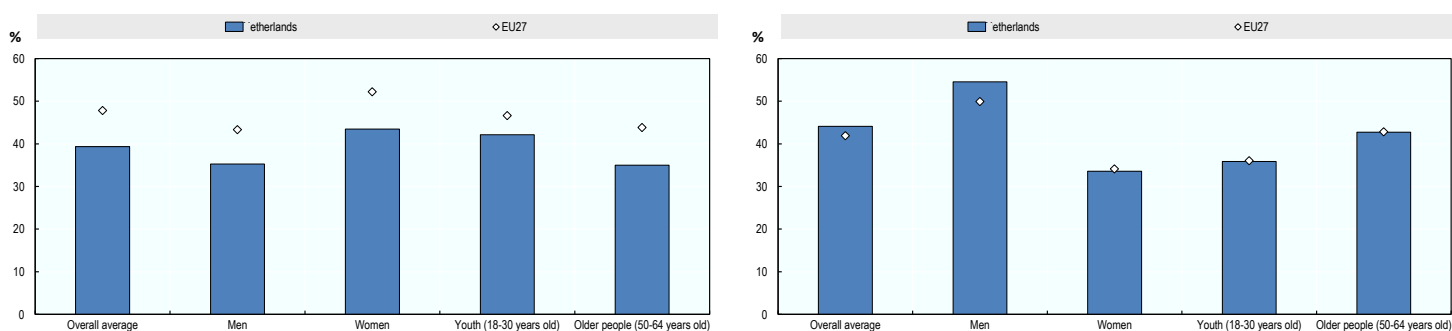
people with a disability. Access to start-up financing is a stronger barrier for groups that typically have less capital and lower probabilities of getting financing through banks and mainstream channels.

People in the Netherlands were less likely to report fear of failure as a barrier than the EU average over the 2012-16 period (39.3% vs. 47.8 %) (Figure 3a). Of all of the social target groups, women and youth were the most likely to report this barrier (approximately 43.5% and 42.2% respectively), but these groups were less likely than the EU average to report this (52.2% and 46.6 %).

**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 in panels b, c, and d 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.

There was no significant gap in the proportion of people in the Netherlands and those across the EU who reported that they have the skills and knowledge to start a business over the 2012-16 period (Figure 3b). More than one-third of both women (33.6%) and youth (35.8%) reported that they had sufficient skills, as did more than 40% of older people. These proportions were approximately equal to the EU average.

## 2.4. Entrepreneurship performance

Entrepreneurs in the Netherlands were slightly less likely to offer new products or services than the EU average (Figure 4a). Women, however, were more likely in the Netherlands to be innovative: 32.2% offered new products and services relative to 28.1% of women across the EU. However, young entrepreneurs in the Netherlands set up less innovative businesses than their European counterparts. Given the Netherlands' position as an innovative, knowledge drive economy, maintaining a competitive economy, and thereby, innovative SMEs, is an area which the Dutch government actively promotes through policy measures aimed at innovative enterprises and start-ups, as well as through financing measures for innovative companies and start-ups. In keeping with this, young people, of whom a portion set up innovative and technological enterprises during or shortly after their studies, are an important target group.

Early-stage entrepreneurs were also less likely to indicate their intent to export in the first five years of their enterprise than the EU average (48.6% vs. 58.6%) (Figure 4b). Women were the least likely to sell to foreign customers of the key target groups (40.2%), likely due to the types of businesses that they operate.

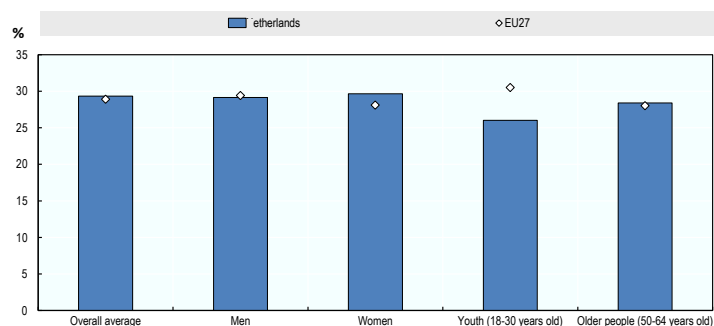
Similarly, the early-stage entrepreneurs in the Netherlands were slightly less likely to expect to create a substantial number of jobs with their new start-up than the European average (Figure 4c); in the Netherlands 7% of early stage entrepreneurs expected to create at least 19 jobs over the first 5 years of operation, relative to 10% in the EU. Of all social target groups, Dutch older people were the most likely to expect to create at least 19 jobs in five years (7.5 %). According to CBS 2014 is 800 000 entrepreneurs without any employees (zzp'er). According to the report "Zzp'ers in the G32-steden" from Platform 31 most of the "zzp'ers" is not interested in growing or creating jobs.

This low expectation of creating jobs may be due to the combined effect of the social security system in the Netherlands, and the dynamism of the Dutch labour market. In the Netherlands, the provision of voluntary or obligatory social security coverage for entrepreneurs is an issue of policy discussion as most entrepreneurs are only partially covered. They can choose to cover costs of which usually an employee would pay, as well as that which an employer would usually pay in order to be insured against sickness and/or disability and to build up a pension in addition to the state pension. This is expensive for an entrepreneur.

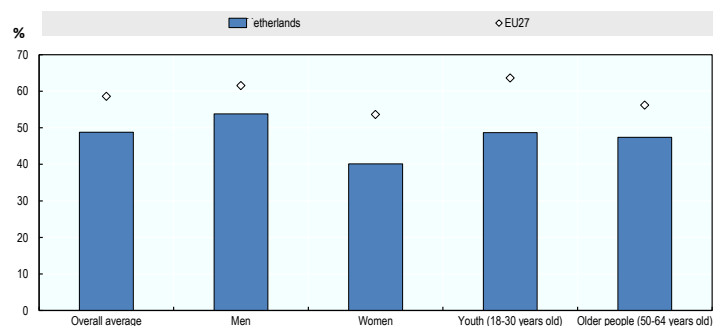
For employers, these costs, and the complexity of hiring due to the regulations involved can be an incentive to make use of self-employed rather than hire an employee, this can be both costly and complex due to the regulations involved. Added to this, in the Netherlands, once an employee has a fixed contract, it is difficult to fire them and hire another person; as such there is a high prevalence of part-time working contracts and again the use of solo-self-employed. This allows for more flexibility in hiring and firing for enterprises generally. Given these issues surrounding the solo-entrepreneurs and their working relationships, as well as their social security positions, there has been policy discussion around adjusting this in recent years. The law on declaring of a labour relation (*Verklaring arbeidsrelatie* (VARt), in the Netherlands aims to make labour relations explicit, and this law was replaced in May of 2016 by the "model contracts" measure, around which discussions are being held as to whether the law change has had the desired effects (Nu.nl, 2017). In 2015 an inter-departmental report also re-emphasised the issue of social security amongst solo-entrepreneurs (Rijksoverheid , 2015).

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

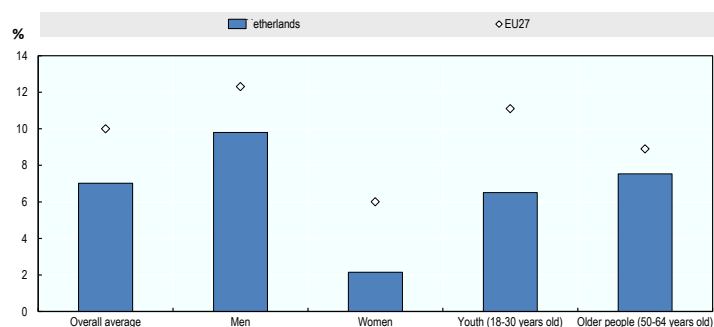
a. Proportion of new entrepreneurs whose products or services are new to all or some customers and who have few or no businesses offering the same products or services, 2012-16



b. Proportion who sell to customers in another country, 2012-16



c. 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

In the Netherlands, inclusive entrepreneurship is not such a prevalent policy area, nor are there many policies aimed specifically at promoting inclusive entrepreneurship as a result. The Netherlands instead favours inclusive employment for people receiving various types of social security benefits to ensure that they can work as much as is possible. This is the case for people with disabilities for instance, or older individuals. There has also been and continues to be increasing policy discussion regarding social entrepreneurship; the municipality of Amsterdam for instance introduced an action plan aimed at promoting social entrepreneurship (Gemeente Amsterdam, 2017). However, where

social entrepreneurship aims to promote a societally useful goal, inclusive entrepreneurship focuses more on preventing the social exclusion of vulnerable groups.

There are some regulatory measures in place which allow people with disabilities and, who receive disability benefits, unemployed or older people receiving their state pensions (“AOW”) to start businesses (Ondernemersplein.nl, 2017). These regulatory measures are not so much part of the economic policy in the Netherlands, but part of the re-integration policy portfolio, which aims to get people back into work as opposed to stimulating entrepreneurship. Individuals who are unemployed but not on welfare benefits can make use of such measures, as can people receiving their state pension, and individuals with a disability. People receiving welfare benefits, often the long-term unemployed, can make use of the Bbz programme if they have a viable business plan. However, in these cases, the level of the allowance which these individuals receive may be change if they start an enterprise; the combination of subsidies and allowances which a person is eligible to make use of once they start a business can change (Ondernemersplein.nl, 2017).

Looking at entrepreneurship policy framework in the Netherlands, this is included within the broader industrial policy in the country; SMEs and entrepreneurs are an important part of the industrial policy. Generally however, SME and entrepreneurship policy measures do not focus specifically on target groups such as women, older people, youths, immigrants, the (long term) unemployed, or people with disabilities. There is a tendency in the Netherlands to offer financing, coaching and consultancy services, and one-stop-shops for entrepreneurs and for such policy measures to look at the nature of the support an entrepreneur needs. The rationale behind this approach tends to be that every entrepreneur is different and requires an examination of what they need for their business to succeed, and based on such assessments, whether an applicant can make use of a policy measure.

Amongst Dutch potential start-ups, government policies (and resulting administrative complexity), as well as access to financing, tend to be the main barriers to entrepreneurship (Panteia, 2016). The government has taken and continues to take steps to reduce administrative burden and to provide more financing instruments as well. The government priority of reducing administrative burden for entrepreneurs translates to more use of ICT for organising administration, less permits, permits and licenses which can easily be applied for online, and less inspections (Rijksoverheid, 2017). The government also commits more resources to financing, especially of innovative enterprises and start-ups; in 2017 an extra 50 million euro will be dedicated to supporting innovative start-ups through better financing. The Dutch government offers a range of financing instruments, though as indicated above, these tend not to focus on vulnerable groups specifically.

While entrepreneurship policy overall favours a mainstream approach, there are two major national level programmes that offer training and financial support to disadvantaged or under-represented groups in the labour market:

- *Besluit bijstandverlening voor zelfstandigen 2004* (Bbz 2004, or the Directive on welfare benefits for entrepreneurs), which provides education and training complemented by financial support and working capital to promote self-employment among the unemployed; and
- *Qredits*, which provides microcredit to those facing financial exclusion.

The Bbz programme aims to support unemployed people to move into self-employment through the provision of entrepreneurship training and loans. Recipients are eligible for a comprehensive package of services which includes the provisions of information on self-employment, entrepreneurship training, business consultancy and mentoring services, as well as loans and

temporary income support. The initiative was created in its current form in 2004 as a response to rising unemployment rates, including a high proportion of long-term unemployment, and subsequent increasing costs of paying unemployment benefits.

The programme has been slightly modified several times since its creation, including adjustments to the amount of financial support provided. Generally, the initiative consists of four distinct phases: a preparatory phase; the development of a business plan; an assessment of the plan's viability; and, finally the provision of a loan. Administration for this programme has been transferred from the national government to municipal governments, which often engage private business support organisations and coaches to deliver training and advice. While this has led to some differences in how the programme is implemented, each municipality can customise the support offered to the needs of participants.

An evaluation was carried out of the Bbz programme in 2011 which found that the programme had net economic benefit for society. Total costs per starting enterprise were EUR 104 000 (including the cost of business development support provided, lending costs, social welfare expenditures and forfeited income and taxes) but there were savings of EUR 122 900 for the social welfare system, including additional tax income. Thus, there was a net positive result of EUR 18 900 per participant (Ecorys, 2011). Furthermore, one of the key strengths of the programme is that it recognises that each entrepreneur is different and has different needs. The programme provides tailored solutions for the challenges faced by each participant and these can be adjusted if the needs change. For example, if an entrepreneur becomes sick and has a loan, the repayment schedule can be altered. The integrated nature of training, coaching and financial support is also seen as an important strength of the programme (OECD/EC, 2015).

Since the Ecorys evaluation of the measure in 2011, the Bbz programme has not been evaluated. More recent insights have however, been offered by the Dutch national statistics office, *Statistics Netherlands* or the *CBS* (in Dutch). Statistics Netherlands recently conducted a study as to the use of the Bbz programme. The use of the Bbz programme declined from 11 000 users in 2013 to 9 800 in 2015 (Centraal Bureau voor de Statistiek, 2017). However, the reasons for this are not ventured in the report. Although hard evidence is missing, it seems likely the decrease is related to the fast recovery of the Dutch economy, also resulting in decreased unemployment in this period.

This report showed that generally the demographic distribution of the use of the Bbz had not changed much in recent years. In 2015, women made slightly more use of the measure than men (52% compared to 47%), and the largest users of the programme were Dutch born nationals (66%), compared to western and non-western migrants (13% and 20% respectively). Furthermore 65.5% of recipients were in the programme for under a year, and in 2015, no participants of the Bbz fell back into receiving welfare benefits as their only source of income.

The other programme, *Qredits*, is a private foundation that started in 2009 through a group of public and private partners. It aims to build a strong entrepreneurial culture for all groups of society through the provision of financing, mentoring and business development tools for micro-entrepreneurs that have a viable business plan, but are unable to obtain loans from conventional lending institutions.

This initiative was developed following the 2008 conclusion of the (former) National Council for Micro Credit of the Netherlands that a relatively large number of people with a potentially viable business idea were denied access to formal banking services due an inability to provide collateral for a loan. The document highlighted the following groups as needing special attention: young school leavers and drop outs, the long-term unemployed, those carrying out unpaid work in households seeking ways to add self-employment to their present (unpaid) work, and older people. *Qredits* was

developed as a response to this report and was established by the Ministry of Economic Affairs in partnership with the private sector, composed mainly of larger general banks and some insurance companies. It further received substantial financial support from international partners, including the European Microfinance Network (EMN) and Youth Business International (YBI).

In addition to these two major programmes, there are a number of small-scale initiatives that are operated by municipal governments to promote and stimulate self-employment amongst ethnic minority groups. These projects are typically supported by the European Social Fund. Furthermore, there are generic support measures that are relevant for all start-ups, such as tax deductions. These mainly imply that as a start-up it is easier to survive in case of start-up costs or low profits during the start-up phase.

### **3.2. Government regulations**

Overall, the regulatory system is quite favourable to entrepreneurs and is conducive to business creation. The Netherlands ranks above average (for OECD countries) in terms of the length of time and cost of registering a business.<sup>1</sup> This reflects recent efforts by policy makers to reduce the administrative and regulatory burden faced by entrepreneurs.<sup>2</sup> Offering services to help with finance and administrative complexity are elements which often feature in Dutch general entrepreneurship policy measures, and offering services in these areas is also part of what is offered by the Bbz programme. There are not many policy measures in place which specifically target vulnerable groups and aim to promote inclusive entrepreneurship. Instead there are general entrepreneurship policy measures in place and more employment related policy measures which allow the unemployed (unemployment benefit or WW recipients), people with a disability benefit, or who receive their state pension (Ondernemersplein.nl, 2017).

The Netherlands is quite advanced in offering e-services for citizens, and potential entrepreneurs in particular. Applications for many of the programmes such as Bbz are completed and submitted online, although the process varies for each municipality. In the case of Amsterdam, applicants can complete a checklist and schedule an initial advisory meeting with the entrepreneurship support desk (Municipal government of Amsterdam, 2015). In addition, there are a number of other tools available. For example, the Chamber of Commerce operates an online one-stop-shop for (all) entrepreneurs that provides an overview of available support programmes and helps them meet their administrative obligations.<sup>3</sup> This initiative is supported by a number of ministries and agencies, including the Enterprise Agency. This heavy use of online information portals and in-take mechanisms for programmes improves access to information and support but could be daunting for people from under-represented and disadvantaged groups, especially the unemployed and older people who likely have lower levels of digital literacy.

One of the biggest regulatory debates related to inclusive entrepreneurship is how the self-employed without employees should be covered by the social security system. There has been a steady growth in the number of registered self-employed without employees, which has led to concerns about the treatment of the self-employed without employees relative to employees by the taxation and social security systems. The debate has also been reflected in the Council Recommendation of the 2016 National Reform Programme for the Netherlands, which states that “self-employed people without employees are more often under-insured against disability, unemployment and old age” (Council Recommendation C299/41, 2016). Following this recommendation, the government announced a

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<sup>1</sup> <http://www.doingbusiness.org/data/exploreeconomies/netherlands>

<sup>2</sup> <https://www.government.nl/topics/reducing-the-regulatory-burden/contents/regulatory-burden-on-businesses>

<sup>3</sup> [www.ondernemersplein.nl](http://www.ondernemersplein.nl)

number of measures in order to reduce differences in the treatment of self-employed persons and employees in the social security system, notably through three approaches: (i) combating “false” self-employment, (ii) making it more attractive for employers to hire employees, (iii), and providing an accessible protection for the self-employed. At some stage, a more structural, political choice will have to be made how to decrease the difference in terms of social security/insurances and employment protection between employees and solo self-employed. As a ministerial working group advised, this appears the only way to remove incentives for fake self-employed (Rijksoverheid, 2015). Current and planned measures to reduce fake self-employment through judging the nature of labour relations are deemed unclear, unfair and ineffective. An example is the “*modelcontracten*” (Model contracts) measure, where enterprises working with solo-entrepreneurs must make the working relationship explicit that is to say, whether the solo-entrepreneur works as a sub-contractor, or part-time worker, or otherwise. The aim of such measures is to make working relationships between solo-entrepreneurs and other organisations or enterprises more transparent and explicit, but after the measure was introduced in 2016, reactions to its effectiveness have been mixed (Nu.nl, 2017).

Since early 2015, a number of municipalities have been experimenting within the *Participatiewet* (General social benefit-programme) to offer the long-term unemployed the opportunity to release more income from part-time self-employed work. They came not eligible for the Bbz-programme because they did not meet the requirement that their company or business plan was viable. Municipalities want to investigate the effect of such experimentation on outflow and participation. However, potential entrepreneurs who receive multiple social welfare benefits risk losing access to their individual benefits payments as “*toeslagen*” (OECD/EC, 2015). Also, there are discussions about the risk of unfair competition caused by this form of supported entrepreneurship.

Regions differ in social-demographic, geographic, and economic terms. The municipal governments in the Netherlands implement different variations of policies to promote inclusive employment, as well as, to a lesser extent, inclusive employment. In The Hague for instance, the municipality is currently running a pilot programme as a variation of the Bbz programme, namely “*Ondernemend uit de Bijstand*” (Entrepreneurially leaving welfare) (Gemeente Den Haag, 2017), as is the municipality of Groningen, “*Parttime ondernemen in de bijstand*” (Part time entrepreneurship in welfare) (Gemeente Groningen, 2017). The municipality of Twente has a one-stop-shop, the ROZ, which has special attention amongst others, for young people (RVO, n.d.). The area of Eindhoven, as one of the more technologically orientated regions of the Netherlands has a business innovation hub, Brainport (Brainport, 2017), which offers policy support and measures to enterprises in the more innovative and R&D sectors, which also tend to be areas associated with higher risk. Eindhoven also hosts a technical university which leads to a portion of entrepreneurial students and young people seeking to start a technical enterprise. The policy measures available in this region have thus been tailored to the typically more technical nature of the business plans and trajectories. There is thus an important regional diversity concerning policies to promote general as well as inclusive entrepreneurship.

### **3.3. Financing entrepreneurship**

Access to finance for business start-up is supported by the national government in several ways. The most basic service is an online one-stop-shop (noted in the previous section), which provides information about all of the various start-up financing options. While the portal addresses the need for a comprehensive information source, the information is not always presented in a clear manner and some people, notably the long-term unemployed, report difficulties understanding which public supports they are eligible for (OECD/EC, 2015).

Loan guarantee schemes have a long history of improving access to bank financing. At the national level, there are two main guarantee schemes. The SME Guarantee Scheme (*Borgstellingsregeling MKB, BMKB*) offers three guarantee products to businesses with up to 250 employees with an annual turnover up to EUR 50 million. The guarantee ranges from 60% for technology innovators to 67.5% for new and established entrepreneurs. In addition, the Guarantee for Financing Entrepreneurship (*Garantie Ondernemingsfinanciering, GO facility*) was launched in 2009 for larger SMEs. Although conceived as a temporary measure, the scheme was made permanent in 2012. Estimates for the GO facility suggest that the extended guarantee has been crucial in obtaining financing in around 50% of the cases (De Jong et al., 2014). Reaching a larger share of the target group would also require increased awareness-raising among companies, as only few are aware of either guarantee scheme (Panteia, 2015).

Microcredit has a long history in the Netherlands but there is currently only one main lender, *Qredits*. This programme was launched in 2009 to help small entrepreneurs obtain microcredit, focussing on those companies that could not obtain a bank loan due to a lack of collateral. The programme has been adjusted several times and the lending ceiling was raised twice. It now offers loans of up to EUR 250 000 and has an acceptance rate of between 20% and 25%. The volume of loans has increased from below EUR 10 million in 2010 to approximately EUR 28 million in 2014. In addition to providing loans, *Qredits* also provides mentoring and online support for loan recipients and operates educational programmes in schools and vocational colleges. *Qredits* receives support from the European Union's Employment and Social Innovation (EaSI) programme.

As already noted, one of the most important inclusive entrepreneurship financing programmes is Bbz, which supports the long-term unemployed with a viable business plan in business creation. The programme ensures that participants continue to receive (part of) social welfare benefit payments while in the programme, and also refers clients to microfinance programmes such as *Qredits*. Bbz also offers some direct financing products, which can be a subsidy or a loan, depending on the financial situation and the private and business assets of the applicant.

Finally, the development of new forms of finance, such as credit unions, crowd funding and SME bonds, are supported through promotion and removing regulatory barriers. SMEs can also participate in the generic schemes of the Dutch business support policy, aimed at all enterprises. The main instruments in the new enterprise policy include a tax credit for R&D-personnel (WBSO) and the Research & Development Allowance (RDA). Through the SME+ innovation fund, innovative start-ups can access finance for innovation activities directly or via investment funds.

### **3.4. Entrepreneurship skills**

The two main inclusive entrepreneurship programmes, Bbz and *Qredits*, both provide entrepreneurship training and individual support, including business counselling, coaching and mentoring. The Bbz programme offers entrepreneurship training, coaching and mentoring for the unemployed throughout the start-up process. This includes workshops and supporting the development of a business plan with business consultants that are hired by the local municipality. While this training and individual support is generally strong, more attention is needed on the growth phase of businesses (OECD/EC, 2015).

Similarly, the *Qredits* programme offers entrepreneurship training, coaching and mentoring for microcredit recipients. Mentors assist these entrepreneurs with preparing a business plan, finance, sales, human resources and crisis management and organisation. The scope of coaching provided has



been broadened beyond programme recipients through an online platform<sup>4</sup> that links interested solo- and micro entrepreneurs in the Netherlands with coaches at reasonable cost. Further, *Qredits* also runs several educational activities through school programmes and evening classes which aim to make students aware of entrepreneurship at an early stage.

Strengthening the entrepreneurship skills of youth has received increasing support in recent years. There have been several initiatives to embed entrepreneurship education into existing curricula at all levels of education. Focus is however mainly placed on teaching and supporting students to set up their own business, rather than developing entrepreneurial mindsets. In addition, start-up competitions in high-schools have been initiated under the umbrella of Youth Business (*Jong Ondernemen*). The programme exposes participating high school students to the process of business development and business creation.

In addition to these school-based initiatives, there are also ongoing actions to embed entrepreneurship education in polytechnics, vocational training schools and universities. This has been facilitated by a special grant programme of the Ministry of Education for the period 2007-10, when a large number of pilot projects were launched. While these pilot programmes were implemented, this had not led to a significant change in the way that entrepreneurship training is delivered in post-secondary education.

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

Entrepreneurship is promoted widely, although dedicated promotional programmes for different social target groups are quite rare. The *Qredits* microfinance programme does conduct outreach and promotion to disadvantaged groups and there are some women's organisations that promote women's entrepreneurship. These, however, are rather small-scale efforts.

Given the recent influx of migrants to the Netherlands, there is interest in setting up entrepreneurship programmes in some municipalities for migrants. Therefore, some pilot projects have been initiated and some municipalities are promoting entrepreneurship to migrants as a method of integrating them into society.

Entrepreneurship networks have traditionally been supported through Chambers of Commerce or business associations. New forms of networks are however emerging, such as virtual networks that fit the increasingly project-based work that entrepreneurs in the Netherlands undertake. There are currently few actions to support entrepreneurship networks for particular social target groups.

The Bbz programme does not emphasise the establishment of entrepreneurship networks but networks tend to form as participants work together in workshops and training sessions. Business counsellors assist in network-building by providing referrals to business professionals and other relevant contacts who can provide financing or legal advice.

There are also some small-scale entrepreneurship networking initiatives at the municipal level, mostly within other initiatives (e.g. entrepreneurship training, workshops).

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<sup>4</sup> <http://www.creditcoach.nl/>

## 4. POLICY RECOMMENDATIONS

Entrepreneurship support in the Netherlands is mostly taking place through mainstream policies and programmes that do not aim to address specific barriers faced by under-represented and disadvantaged groups of society. The exceptions are two major programmes, Bbz and *Qredits*. There is a growing trend for municipalities to become more active in the design and implementation of inclusive entrepreneurship policies and programmes. Within this context, the following recommendations are offered to strengthen inclusive entrepreneurship support in the Netherlands:

1. *Promote entrepreneurship to the youth especially using tailored messages.* To ensure that different vulnerable population groups participate in entrepreneurship more awareness-raising is needed through targeted campaigns that deliver specific messages to different groups. In the Netherlands, the youth is one of the vulnerable groups which could require more focused awareness-raising (given that pensioners<sup>5</sup> and women are relatively entrepreneurial in the Netherlands). For youth, the awareness-raising and promotional message could focus on innovation, modernity, internationalisation and self-development. Highlighting the fact that within most measures, a customised approach is taken to supporting an entrepreneur or nascent entrepreneur could be a way of achieving this given that most Dutch entrepreneurship measures take a case by case approach.
2. *Promote the Bbz programme more to the short term unemployed and migrants.* The Bbz programme is a successful programme at moving the long-term unemployed into self-employment. However, while the programme is open to the unemployed, in practice not much use is made of the measure by groups such as people with disabilities or migrants; the reasons for this are not clear. An integrated approach could be used to support other social target groups into self-employment, such as the short-term unemployed and migrants. Currently the use of different benefits and subsidies, and the interaction between one subsidy and the application for another can be complex, and act as a disincentive for migrants for instance to start a business through the Bbz. A first step could be to make this interaction effect clearer and easier to understand on the Government.nl website and municipal websites, as these is often one of the first places where people go to look for information.
3. *Develop tailored entrepreneurship programmes for migrants that provide an integrated suite of support.* Given the increased influx of migrants, dedicated entrepreneurship training programmes hold potential for helping migrants generate their own income and integrating into society. Migrants may face multiple challenges, such as the recognition of foreign qualification and unfamiliarity with the regulatory environment. Entrepreneurship support could be linked to broader migrant-support initiatives to ensure outreach and take-up by different ethnic communities. Having more tailored solutions to migrants, also with language and integration promotion components could be a good avenue for further policy discussion to promote inclusive entrepreneurship.
4. *Innovate in service delivery models.* In order for business development services to be used by a large group of potential entrepreneurs and young people in particular, more use should be made of web-based and mobile phone applications. E-learning systems could further be developed for specific social target groups. Dedicated business counselling and mentoring

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<sup>5</sup> Panteia, (2016), *Global Entrepreneurship Monitor the Netherlands 2015*, Zoetermeer, as part of the Global Entrepreneurship Monitor Consortium.

could be improved by making more use of coaching platforms, such as the coaching platform of *Qredits*. The government is working toward promoting faster and simpler e-services to help entrepreneurs navigate administrative requirements more easily, and this trend could be continued further as the benefits therefore apply to both regular and inclusive entrepreneurship.

5. *Reduce the difference between employees and self-employed regarding social security, insurances and pensions.* Currently, the situation is such that the system provides a possible incentive for fake self-employment. Especially in sectors or occupations where workers have little power to negotiate. The current efforts to improve this situation hamper doing business for all solo self-employed, due mainly to uncertainty about costs for potential clients and administrative procedures that are required. A structural solution is required. This is a political choice that has to be made: either increase participation by self-employed or reduce coverage for employees.

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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 5 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?