



# Inclusive Entrepreneurship Policies, Country Assessment Notes

## Slovak Republic, 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.

Women, youth and older people are very active in business creation in the Slovak Republic. Between 2012 and 2016, 7.1% of women were actively involved in starting a business, or managing a new start-up that is less than 42 months old. This is approximately 1.5 times greater than the European Union (EU) average for this period (4.8%). Similarly, youth and older people were also much more likely to be involved in new entrepreneurship activities than the EU average (11.7% vs 7.8% for youth; 6.4% vs. 4.3% for older people). Tailored entrepreneurship policies and programmes are increasingly available for key target groups such as women, youth and older people, but more can be done. There is room to more actively promote entrepreneurship to women, youth, seniors, and the unemployed with role models and success stories. It is also important to improve access to information on business creation and improve financial literacy, particularly among women.

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

- Inclusive entrepreneurship support is not yet well-embedded within relevant SME and employment strategies. However, several tailored entrepreneurship initiatives have been developed for women, youth and the unemployed in recent years. Nearly all of these initiatives are small-scale project but many have demonstrated a positive impact.
- Over the 2012-16 period, adults in the Slovak Republic were more likely than the European Union (EU) average to be involved in starting a business or managing one that is less than 42 months old (9.9% vs. 6.7%). Similarly, the proportion of youth involved in these early-stage entrepreneurship activities was above the EU average during this period (11.7% vs. 7.8% in the EU). Women and older people were also more active than the EU average (7.1% vs. 4.8% for women; 6.4% vs. 4.3% for older people).
- While priority should be placed on strengthening the overall framework for entrepreneurship, Slovakian research suggests that youth, women and senior entrepreneurs would benefit from more tailored support initiatives.
- To improve support for under-represented and disadvantaged groups in business creation and self-employment, the following key recommendations are offered: (i) define more explicit policy objectives for inclusive entrepreneurship and strengthen policy co-ordination; (ii) promote role models and success stories to foster an entrepreneurial culture; (iii) improve access to information on business creation and self-employment for the target groups of inclusive entrepreneurship; (iv) launch an internship programme for youth entrepreneurs; and (v) increase the availability of start-up financing and financial literacy training for women entrepreneurs.

## 1. INCLUSIVE ENTREPRENEURSHIP OBJECTIVES AND TARGETS

The European Union (EU) Structural Funds Operational Programmes 2014-20 define some policy objectives and actions related to business creation and self-employment for groups that are under-represented or disadvantaged in the labour market and entrepreneurship (e.g. women, youth, older people, migrants and the unemployed). These actions focus mainly on providing support to women, the unemployed and youth in business creation.

Of the EU Structural Funds Operational Programmes, the Human Resources Operational Programme (HR OP) is one of the most relevant documents for inclusive entrepreneurship support. It highlights women as a key group that is under-represented among entrepreneurs and in need of more support related to business creation. For youth, the HR OP seeks to strengthen financial literacy and improve entrepreneurial skills through entrepreneurship education in primary, secondary and higher education. Finally, it also includes entrepreneurship training for youth who are not in employment, education or training (NEETs).

National targets have been developed to support the Europe 2020 strategy and several of these targets could be supported by inclusive entrepreneurship policies and programmes. This includes

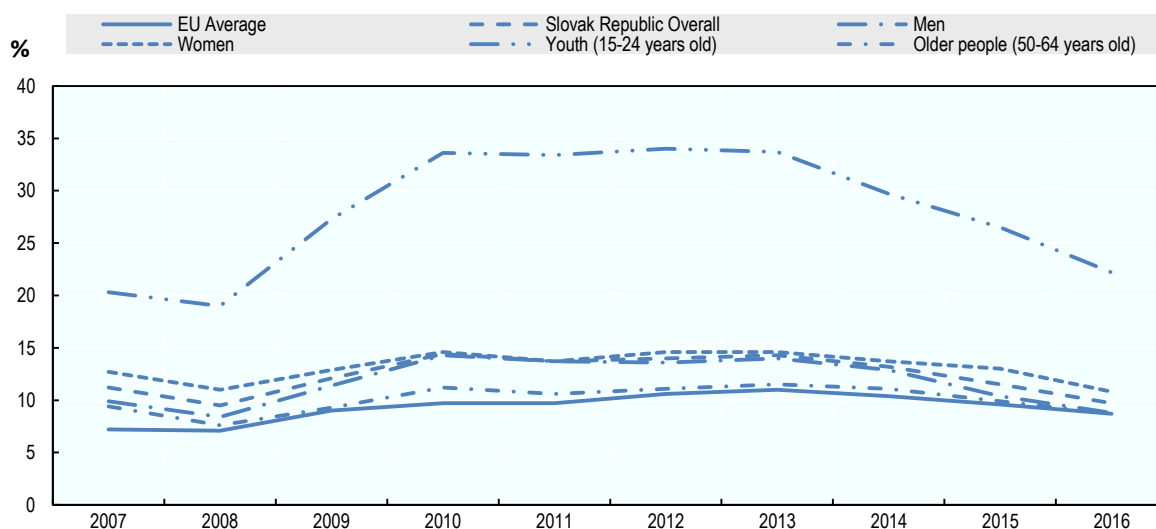
increasing the employment rate to 72% by 2020 but progress towards this target has been slow. In 2016, the employment rate was 69.8%. Another important target is to reduce the number of people at risk of poverty and social exclusion by 170 000.

## 2. KEY INCLUSIVE ENTREPRENEURSHIP INDICATORS

### 2.1. Labour market context

The unemployment rate in the Slovak Republic has been slowly converging with the EU average since 2011 (Figure 1). In 2016, the unemployment rate in the Slovak Republic (9.7%) was one percentage point above that of the EU average (8.7%). The decline in unemployment rates has been evident across many population groups. However, the youth unemployment rates remains above the EU average (22.2% vs. 18.7%). Nonetheless, the decrease in the youth unemployment rate was primarily the result of an improving labour market situation.

Figure 1. Unemployment rate, 2007-16



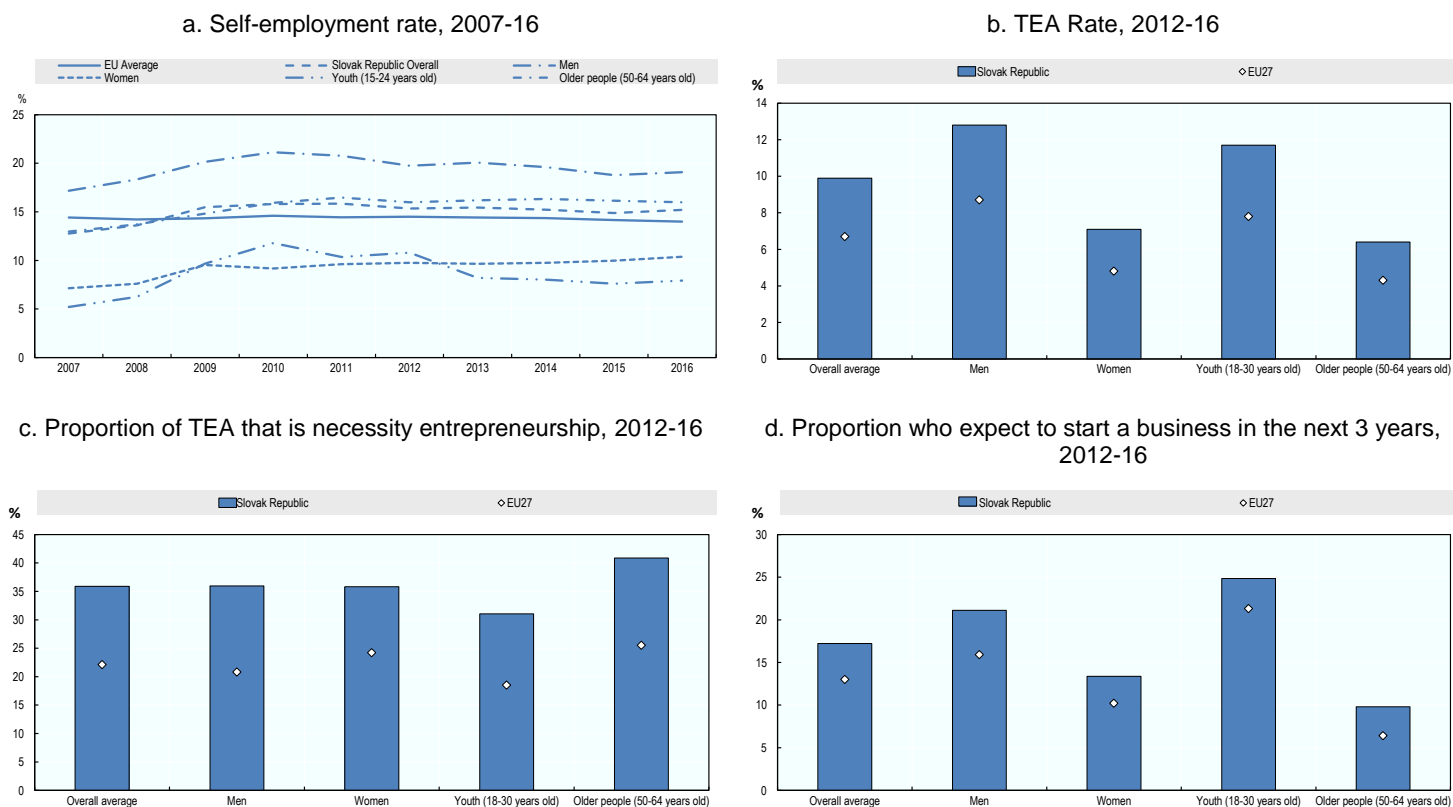
Source: Eurostat (2017), Labour Force Survey 2016.

### 2.2. Self-employment and entrepreneurship rates

The Slovak Republic ranks among countries with above the average share of self-employed in the working population. The self-employment rate has been relatively stable over the last five years. Compared to 2007, the self-employment rate increased significantly from 12.8% to 15.2% (Figure 2a). This development is in contrast with the constant self-employment rate for the EU average over the past decade. This increase is largely due to an increase in the proportion of women who are self-

employment – 71% in 2007 to 10.4% in 2016. Women also increased their share among entrepreneurs from 28.2% in 2012 to 28.8% in 2016. However, the self-employment rate among women was half of the rate among men. The youth self-employment rate declined over the last five years (from 10.8% in 2012 to 7.9% in 2016), while the rate for older people has been relatively stable.

**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).

According to the Bureau of Border and Alien Police of the Presidium of the Police Force, there were 93 247 foreign-born people with legal residence permits in 2016. This represents 1.7% of the total population of the country. The number of foreign-born people has increased in recent years, mainly due to the increase of the third country nationals, who accounted for 44.2% of the total number of foreign-born people with legal residence permits in 2016. The increase in the number of migrants, especially third country nationals, also occurs within the category of entrepreneurs. According to the data of the Bureau of Border and Alien Police of the Presidium of the Police Force, in 2016, 4 879 temporary residence permits were valid to third country nationals for business purposes. Compared to 2013, this number has more than doubled. On the other hand, according to Eurostat data,

the share of self-employed foreigners from EU countries has dropped from 1.1% in 2009 to 0.5% in 2016. Despite this increase in third country nationals, migrant entrepreneurship is a relatively marginal phenomenon for policy makers.

More than one-fifth (20.6%) of self-employed people in the Slovak Republic had employees in 2016, which was 7.9 percentage points below the EU average. Compared to 2012, the share of employers overall increased from 19.4% to 20.6%. However, the proportion of employers decreased slightly among self-employed women (from 18.5% to 18.0%) and older people (from 27.3% to 26.4%). The proportion of solo entrepreneurs among women is higher than among men, while entrepreneurs from among older people show the highest tendency to have employees, well above the overall country average.

The low representation of business entities with at least one employee is also confirmed by the data from the Register of Organizations of the Slovak Statistical Office. According to these data, the share of employers reached 21.5% in 2016. Only 2.9% of business entities employ 10 or more employees.

Nearly one quarter (24.3%) of the total number of self-employed persons in the Slovak Republic have at least a tertiary education. The share of self-employed persons with a tertiary level of education was nevertheless below the European Union average (34.6%) in 2016. According to available data, the representation of self-employed persons with tertiary education gradually increased over the last five years (from 22.6% in 2011 to 24.3% in 2016). Within the main target groups, the highest representation is achieved among women (30.5%), while the lowest among men (21.5%).

Another way to measure entrepreneurial activity is the Total early-stage Entrepreneurial Activity (TEA) rate, which measures the proportion of the adult population that is involved in setting up a business or managing a business that is less than 42 months old. Compared to EU average, the TEA rate in the Slovak Republic was 1.5 times higher overall, as well as for key target groups (i.e. men, women, youth and older people) (Figure 2b). Among the key target groups, the TEA rate was the lowest for older entrepreneurs over the period 2012-16 (6.4%) and highest among youth entrepreneurs (11.7%). There is also a gender gap in the TEA rates – men were 1.8 times more likely to be involved in early-stage entrepreneurship activities during this period (12.8% vs. 7.1%).

However, a rather high proportion of entrepreneurs report that they started their business because they did not have any other opportunities in the labour market. A considerable proportion of early-stage entrepreneurship activity is driven by necessity. Overall, slightly more than one-third of early-stage entrepreneurship activities between 2012 and 2016 were necessity-driven (Figure 2c). This was about 1.6 times higher than the EU average. The share of necessity entrepreneurship was almost equal among genders during this period (35.9% for men vs. 35.8% for women). Older entrepreneurs were the most likely to be involved in necessity-driven early-stage entrepreneurship activities (40.9%) and youth were the least (31.0%). Relative to the EU averages, the proportion of women, youth and older people involved in necessity entrepreneurship was about 1.6 times higher.

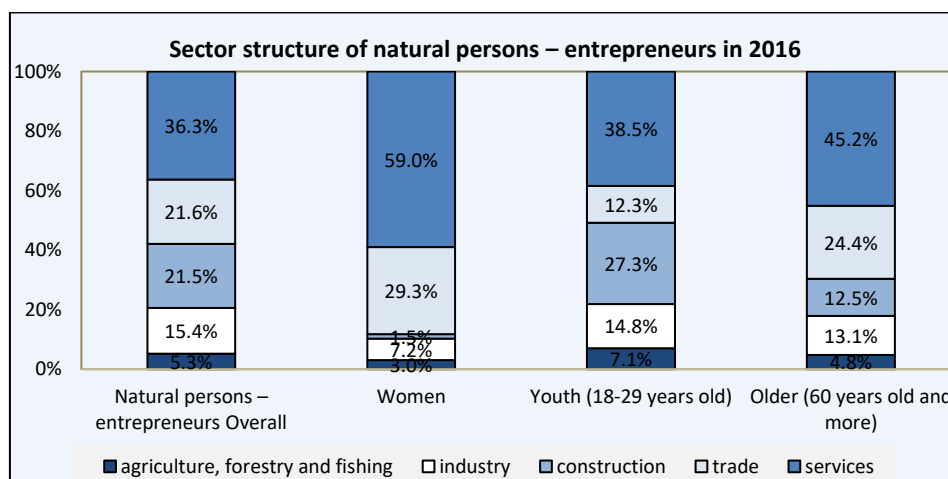
Entrepreneurial intention is an important precondition of individual involvement in entrepreneurship. Among the monitored groups between 2012 and 2016, older people exhibited the lowest intention to start a new business over the next three years (9.8%) (Figure 2d). This was approximately a half as likely the overall working-age population, and 2.5 times lower than youth who were the most likely to expect to start a business in the next three years (24.8%). There was also a gender gap in entrepreneurial intention – men were 1.6 times more likely to expect to start a business than women (men: 21.1%, women: 13.4% over the 2012-16 period).



Comparing the intention and TEA rates in particular groups can provide an indication of how intentions are converted into actions. The TEA/intention ratio – a higher value means that more intention is “translated” into actual activity – within male population has a value of 0.61, compared to 0.53 within female population. Also, older entrepreneurs are more likely to translate intentions into entrepreneurship activities relative to youth (0.65 vs 0.47). Thus, we may conclude that among female and particularly among youth, less of declared entrepreneurial intention actually becomes real entrepreneurial activity, while the older segment of the population (i.e. those over 50 years old) exhibits highest transition from intention to activity.

The sectoral structure of Slovak natural persons – entrepreneurs<sup>1</sup> within the key target groups such as women, youth and older people varies (Figure 3). Nearly 9 out of 10 women in the Slovak Republic operate in trade and service sectors. Two-thirds of young entrepreneurs carry out their business activities in services (38.5%) and construction (27.3%, these are almost exclusively young male entrepreneurs), and another 14.8% of them are active in industry. Older entrepreneurs are established mainly in the service sector (45.2%), trade (24.4%) and industry (13.1%).

**Figure 3. Sectoral structure of entrepreneurs, 2016**



Source: Slovak Business Agency (SBA), on the basis of the Register of Organisations of the Statistical Office of the Slovak Republic

### 2.3. Barriers to business creation

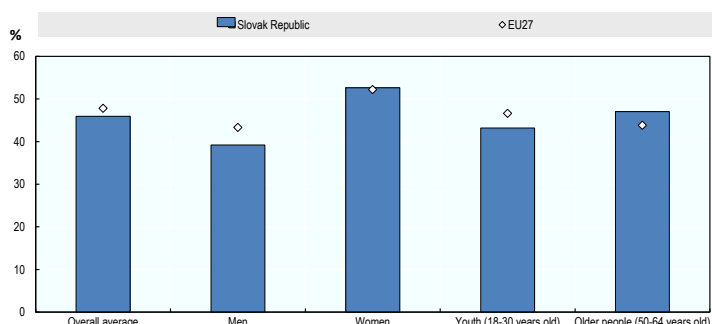
Overall, almost half of the working age population (45.9%) reported that a fear of failure would prevent them from starting a business during the 2012-16 period, which was slightly below the EU average (Figure 4a). When comparing genders, men were less likely to identify a fear of failure as a barrier to entrepreneurship than women (39.2% vs. 52.6%). This gender gap is greater than the gap at the EU level. A fear of failure was most frequently reported as a barrier to business start-up by older people (47.0%), and least frequently cited by youth (43.2%), which a very different picture than at the EU level during this period. At the EU, nearly half of the population reported that a fear a failure was a

<sup>1</sup> In 2016, the natural persons – entrepreneurs represented almost two-thirds (62.2%) of the total number of business entities (557 758).

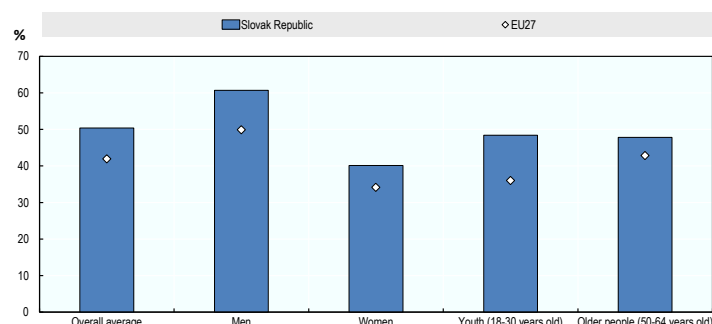
barrier to start-up and it was highest among women (52.2%) and youth (46.6%), and lowest among older people (43.8%).

**Figure 4. 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.

However, Slovaks are relatively self-confident in relation to entrepreneurship. Approximately half of the working age population (50.4%) reported that they had the skills required to start a business during the period 2012-16, which was well above EU27 average (41.9%) (Figure 4b). However, a gender gap still appears. While more than 60% of men were confident in their entrepreneurship skills, only 40% of women felt that they were be successful in business creation. However, both men and women were more likely than the EU average to report that they had the skills for entrepreneurs. While older people were only slightly more self-confident in their entrepreneurship skills than the EU average (47.8% vs. 42.8%), youth were considerably more confident (48.4% vs. 36.0%).

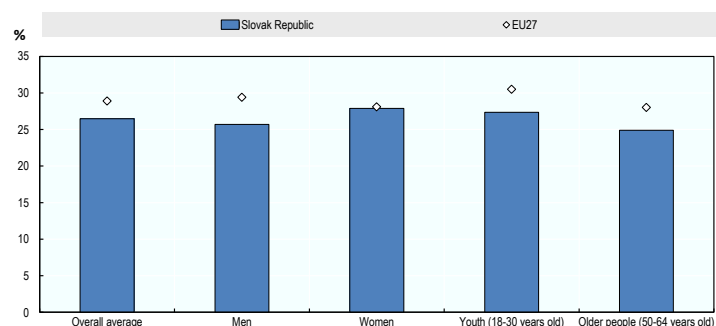
## 2.4. Entrepreneurship performance

Despite being more confident in their entrepreneurship skills, new entrepreneurs were slightly less likely to offer new products and services to their customers. Overall, slightly more than one quarter of early-stage entrepreneurs (26.5%) introduced new products and services to their customers between 2012 and 2016 (Figure 5a). When comparing genders, male entrepreneurs were slightly less innovative compared to their female entrepreneurs over the period 2012-16 (25.7% vs. 27.9%). Older entrepreneurs were the least likely to introduce new products and services (24.9%), while youth were the most likely (27.4%). A similar pattern is observed in the EU average figures for this period.

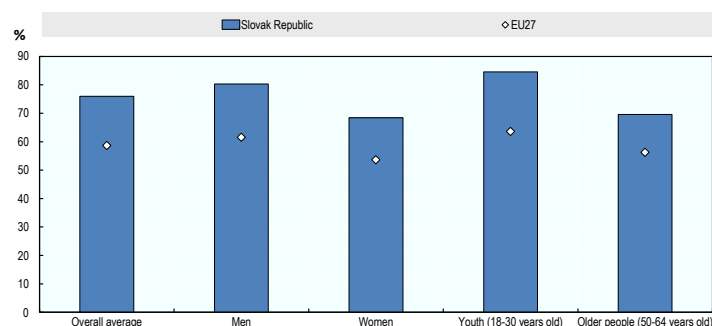
Furthermore, Eurostat data suggest that enterprises are not very innovative relative to those in other EU countries (the Community Innovation Survey, 2014). Almost one-third of small and medium-sized enterprise was innovative in 2012 (30.5% of small and 32.3% of medium-sized). However, the EU average for SMEs was 48.0% in 2012. Slovak businesses report that they do not innovate due to a low demand for innovations in the market, previous innovations are still being exploited, no good ideas for innovations, and very little competition in the market.

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

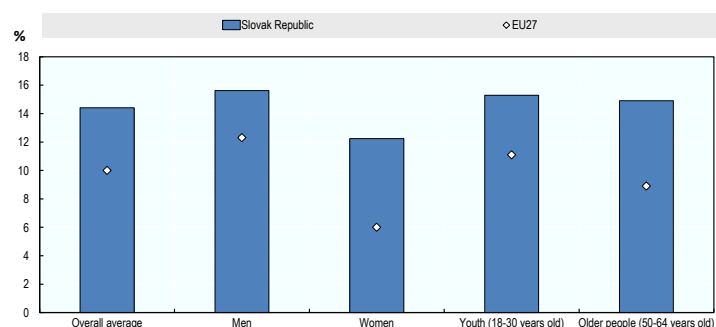
a. Proportion of new entrepreneurs whose products or services are new to all or some customers and who have few or no businesses offering the same products or services, 2012-16



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.

More than three quarters of early-stage entrepreneurs (76.0%) reported selling their products and services to customers in other countries between 2012 and 2016, which was well above the EU average (58.6%) (Figure 5b). Male entrepreneurs were more likely than women to sell to foreign customers during this period (80.3% vs. 68.4%). Youth were the most likely to sell to foreign customers (84.5%) and older entrepreneurs were the least likely (69.6%).

Similarly, entrepreneurs are rather optimistic in their expectations for employment creation. Overall, 14.4% of early-stage entrepreneurs expect to create more than 19 jobs in five years, which is well above EU average for the period 2012-16 (10.0%) (Figure 5c). Male entrepreneurs were slightly more ambitious than female entrepreneurs in terms of expected job creation – 15.6% expected to create 19 jobs over the next five years relative to 12.2% of female entrepreneurs. The difference between genders was lower than the EU average. Both youth and older entrepreneurs were more likely than the Slovak average to exhibit higher growth expectations (15.3% and 14.9%).

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

#### **3.1. Policy framework**

Even though entrepreneurship support is embedded in several national government documents, and in strategic documents for the allocation of EU Structural Funds (e.g. the Operational Programme for Research and Innovation, the Operational Programme Human Resources for the programming period 2014-20), there is no overarching entrepreneurship strategy or policy framework. Specific entrepreneurship policy actions are co-ordinated through inter-ministerial meetings on specific issues at the national level. These occur on an *ad hoc* basis, but typically do not address issues related to inclusive entrepreneurship.

For youth, there are some tailored entrepreneurship policies related to education, including “Conception for start-up support and start-up ecosystem development”, which was adopted in 2015. In addition, the National Youth Guarantee action plan includes the adoption of instruments to support employment and entrepreneurship among youth as one of its measures. Specific actions are, however, limited to informing and encouraging unemployed youth to use self-employment grants. These actions are co-ordinated through several ministries and other public bodies but there appears to be little strategic co-ordination across the range of key stakeholders. Regular monitoring of youth entrepreneurship support is common, but more rigorous evaluations are rare.

Unemployed people who are registered at the Office of Labour, Social Affairs and Family have access to several labour market support measures. The support offer includes financial support, entrepreneurship training and coaching.<sup>2</sup> However, the availability of this support has decreased in recent years due to funding reductions. The total number of beneficiaries of the particular support measure devoted to entrepreneurship training and coaching decreased between 2012 and 2016 by 77.5 %.

Policies for other key target groups such as women, older people and migrants do not explicitly cover business creation or self-employment, although they address related issues such as labour market participation or innovation (e.g. Operational Programme for Research and Innovation; National strategy for active aging).

#### **3.2. Government regulations**

The government has prioritised reducing administrative procedures and regulatory obligations for new start-ups in recent years. These efforts are expected to benefit entrepreneurs from under-

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<sup>2</sup> Par. 49 of the Law on Labour Services 5/2004

represented and disadvantaged groups since they are the most likely to have difficulties understanding and complying with regulatory obligations.

In addition, there are a number of specific regulatory measures that aim to support different groups in the labour market, regardless of whether they are self-employed or employees. For example, youth entrepreneurs can benefit from preferential treatment by the health insurance system if they are students as they are not required to make a contribution for their coverage. Older people can benefit from reduced social security contributions when they are active in employment (both employees and the self-employed), which is an incentive for continued labour market participation. People with disabilities who start a business can benefit from reduced contributions to health insurance.

More generally, the self-employed are treated equally with employees by the social security system including social and health insurance schemes, unemployment insurance and pension systems. However the self-employed can opt out by choosing not to contribute and therefore not be covered.

### **3.3. Financing entrepreneurship**

There are currently few tailored financial instruments to support people from under-represented and disadvantaged groups in business creation as most instruments are available to the entire population. Grants are used to support inclusive entrepreneurship in the past, notably the “Grants for starting a self-employment for the unemployed”. The programme provides a start-up grant and entrepreneurship training (prior to grant application) for people who are registered as unemployed for at least three months. These start-ups receive an average of EUR 4 228 but this varies by region. After receiving this grant, the self-employed person cannot return to the unemployment registry for three years. In 2016, 1 951 people received this grant, which means a drop by more than 26%.

A similar grant programme exists for people with disabilities who are registered as unemployed. This grant is 20% to 33% higher than for non-disabled unemployed. The obligation to remain self-employed has been reduced to two years (compared to three years of non-disabled unemployed). In 2016, 75 people received this grant (a drop of 15 people).

The Slovak Guarantee and Development Bank offers some targeted products for women and youth but they are granted under the same conditions as for the whole population, i.e. they are branded versions of generic products to attract applicants from the target groups, without any specific adjustments to their needs. Loan guarantee schemes are also available to the general population, but in practice they are not frequently used due to strict lending requirements.

Similarly, microcredit is available to the whole population under the Slovak Business Agency microloan programme, as well as through the Slovak Guarantee and Development Bank. Both programmes require the entrepreneur to put up some collateral, which might reduce accessibility for some target groups, especially youth. In addition, the European Union’s Employment and Social Innovation programme (EaSI) supports microcredit and guarantees through Sherbank and OTP Banka Slovensko. These programmes support all under-represented and disadvantaged groups.

In addition, the government recently announced new tax measures to promote self-employment. Although not tailored to any group, these measures should provide an incentive for potential entrepreneurs from under-represented and disadvantaged groups to consider starting a business. The new measures exempt new businesses from income tax for their first two years, and following this period, income tax is reduced. Furthermore, the government has announced that start-ups will be exempt from paying “tax licences”, which are a flat-rate tax new businesses are required to pay irrespective of its revenue and income.

Crowdfunding and peer-to-peer lending are permitted and there are several platforms focused on donation-based funding to support charity or social projects. Also, some general platforms support in artistic and creative industry projects. The government is not involved in these platforms.

There are currently no public policy initiatives to support business angel networks. In the previous programming period a business angels club was created and supported by the government but the project is now finished. Nonetheless, the club is still active, together with several private angel investors groups and individual angel investors. However, none of the angel groups are particularly focused on any of the disadvantaged groups.

Financial literacy training is offered both through government initiatives and by non-government organisations. The approach taken is to provide basic financial knowledge with a one-size fits all approach. In addition, the National Programme for Active Aging aims to improve financial literacy for older people. This is delivered through some universities of the third age but take-up is low and older people do not appear interested in this training.

### **3.4. Entrepreneurship skills**

There are a number of initiatives to support people from under-represented and disadvantaged groups in acquiring entrepreneurship skills. Entrepreneurship education has been developed for youth and is now delivered as part of the curricula in secondary and tertiary education. This is complemented with more hands-on entrepreneurship training offered by non-governmental organisations (e.g. Young Entrepreneurs Association of Slovakia). The Slovak Business Agency and employment offices also offer entrepreneurship training. These offers are used heavily by youth but the training is not tailored for youth. Some tailored entrepreneurship coaching and mentoring programmes for youth entrepreneurs are available, and they are typically provided by non-governmental organisations, professional business coaches or business associations. While often high quality offers, these initiatives tend to be located only in large cities, or near universities.

Higher quality support for high potential youth entrepreneurs is available through university-based incubators. Nearly one-fifth of business incubators are operated by universities. Use of this type of support requires that at least one member of start-up team be a university student or recent graduate. These incubators are well-connected to other entrepreneurship support providers and they can direct students to other support services if they are not available at the incubator.

Information on business creation and self-employment is generally easily accessible by youth through various channels, and support programmes are often tailored for young people who are looking to enter the labour market. Much of this information is available through schools, universities and training programmes. More generic start-up information is provided by business consultancy and advisory organisations.

There are also tailored initiatives to support the acquisition of entrepreneurship skills for women such as mentors for women entrepreneurs and women entrepreneurial platforms. Despite these activities women entrepreneurs report the lack of skills and competences as one of their main problems. This is particular relevant for the initial phases of business development, where they require a lot of advisory support, which is only partly covered by the support services available (e.g. First Contact Points).

The Slovak Business Agency provides among other services also training within the “Successful Business Practice Program”. The programme aims to enhance public interest in entrepreneurship by stimulating entrepreneurial ambitions and developing entrepreneurial skills. One of its goals is also the

promotion of successful role models among not only businessmen but also female entrepreneurs along with their businesses, products, ideas of public-private partnerships and initiatives to support the development of entrepreneurship and entrepreneurial thinking.

The unemployed and people with disabilities can receive entrepreneurship training and business counselling when they apply for a start-up grant, which requires the submission of a business plan. Training typically covers basic accounting skills and the regulatory framework for businesses, but few take advantage of this training opportunity (IZ, 2016). The quality of these basic training sessions and consultations varies across the regions.

There are no specific entrepreneurship training programmes for migrants. Based on surveys, most migrant entrepreneurs are lacking basic business skills and competences, but also face barriers in terms of compliance with regulations, communication with institutions, participation in public procurement and entering into business-to-business (B2B) co-operation with local entrepreneurs. This is a gap in the support system as migrants tend not to participate in mainstream support offers. The introduction of the so-called start-up visa in the Act on residence of foreigners, effective since May 2017, represents a form of positive discrimination of foreign entrepreneurs with innovative business plans which are subject to ministerial assessment. This measure has the potential to increase the number of foreign-born entrepreneurs in the Slovak Republic due to less demanding preconditions necessary to be fulfilled by migrants applying to start and keep doing their business in the Slovak Republic, but only on the merit of innovation, based on more demanding criteria in terms of their business (plan)'s contribution to the national economy.

Regarding migrants, Slovak Business Agency implemented national project “Support of the migrant entrepreneurship – improving the labour market and entrepreneurial conditions for the third country nationals” in 2014-15. The main goal was to describe and evaluate the labour market and entrepreneurial conditions of the third country nationals and to recommend measures to improve the economic situation of the third country nationals. Activities implemented during the project included an analysis of existing policies and measures concerning employment and entrepreneurship of third country nationals, qualitative and quantitative surveys aimed at the labour market situation of the target group, focus groups and conferences. The final output was represented by the formation of a brochure which comprised the information for the third country nationals regarding administrative and legal requirements, time limitations for administrative procedures, fees related to the provision of temporary residence permission and prolonging of this permission, as well as information related to getting self-employed for natural persons and information related to entrepreneurship of legal persons. This brochure was the result of the discovered demand for informational support. It was published in four different language mutations (Ukrainian, Russian, Vietnamese and Chinese) which were chosen based on the largest proportion of these nationals with the residence permit.

A joint project of the Faculty of management of the Comenius University in Bratislava and Slovak Business Agency called “Development of inclusive entrepreneurship of selected disadvantaged groups in Slovakia: a pragmatic approach (INCLUENT)”, still in progress, aims to create a comprehensive methodology for the development of inclusive entrepreneurship of selected disadvantaged groups (i.e. women, seniors, youth, migrants) on the national as well as regional level, based on the analysis of the current state and latest knowledge and experience in Europe and in the world.

The Slovak Business Agency is also currently implementing the international project “Enhancing the cross-sector emergence of new Women Business Angels across the EU”, aimed at supporting women entrepreneurs. The project pursues the overall objective of facilitating the funding of women entrepreneurs through women business angels and contributing to the creation of a sustainable base of

private investment in Europe. The project is structured around three main activity blocks: Information, awareness raising and communication activities which aims for the change in the mindsets of potential female entrepreneurs; training and mentoring activities that shall prepare novice women business angels through peer-learning and practical training and community-building, matchmaking and networking activities under which novice women business angels will be recruited and women entrepreneurs and business angels will be effectively matched.

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

Entrepreneurship is not very actively promoted in the Slovak Republic. There is evidence from many international surveys such as the Global Entrepreneurship Monitor that entrepreneurship is not viewed favourably as a career choice and that entrepreneurs do not have a high status in society. One of the challenges is that entrepreneurship is often reported in the media with negative messages (e.g. corruption, dishonest bankruptcy).

Most promotion efforts tend to focus on women and youth. For example, there is an annual contest of the “Woman Entrepreneur of Slovakia”, organised by the Slovak Business Agency, where successful women entrepreneurs are presented and honoured. There are also other events promoting economic and social successes of women. However, more can be done in entrepreneurship education and training programmes to promote a positive image of women entrepreneurship. Presenting a gender neutral image of entrepreneurship, showcasing success stories and demonstrating the various possibilities of entrepreneurship (e.g. part-time entrepreneurship, social entrepreneurship, team entrepreneurship) could help to motivate young women to consider entrepreneurship as a career option.

Youth are exposed to entrepreneurship as a part of the curricula on secondary and tertiary level. In addition, there are two well-established training schemes that complement the school system, the State Institute for Vocational Education and Junior Achievement Slovakia. While students are exposed to at least one entrepreneurship course at the tertiary level for most study programmes (excluding many humanities and social science programmes), these modules are very basic. There is a need to focus more on building entrepreneurial mindsets and increase the interdisciplinarity of offers so that students are exposed to different methods of problem solving.

There are also various networking initiatives and events for youth, organised by business or civil society organisations (e.g. Young Entrepreneurs Association of Slovakia) to help them build entrepreneurial networks. Universities are also active in building entrepreneurial networks, including mechanisms that link students and alumni. In general, networking opportunities are generally higher in larger cities and university towns.

Entrepreneurship is not actively promoted as an activity for older people. There is a general attitude that entrepreneurship is not suitable for older people because it is risky and it offers little opportunity to generate income. However, there are a few small-scale initiatives that are run by universities of third age<sup>3</sup> or seniors associations. There is therefore scope to promote and educate older people about entrepreneurship, and to promote senior entrepreneurship in society to improve people’s attitude towards it.

Entrepreneurship is not promoted as a career opportunity for migrants, but it is a common labour market activity since migrants often face difficulties in finding employment. Recent policy actions

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<sup>3</sup> Universities of third age are continuing education programmes that are open to persons over 50 years old.



such as the “Conception for Support of Start-ups and Start up Ecosystem”, which was approved by the government in 2015, contain some measures to promote entrepreneurship for migrants, e.g. start-up visa. However, some gaps remain, such as a lack of support to help migrants build networks.

#### 4. POLICY RECOMMENDATIONS

Entrepreneurship policy is under development in the Slovak Republic. There have been many examples of recent activities that aim to improve the policy framework for entrepreneurship support and several specific measures have been implemented. Some tailored support is available, notably education and training programmes for youth, several initiatives for women (e.g. business competitions) and for the unemployed. While most of these actions are done on a small scale, there have been positive results. Nonetheless, the following recommendations are offered:

1. *Define more explicit policy objectives for inclusive entrepreneurship and strengthen policy co-ordination.* No strategic framework and action plan for inclusive entrepreneurship policies has been established yet. Policy objectives should be defined for all under-represented and disadvantaged groups in order to increase business creation and to improve economic and social participation. As co-ordination of existing activities remains fragmented, the strategy should also set out a proper co-ordination mechanism for inclusive entrepreneurship.
2. *Promote role models and success stories to increase awareness about entrepreneurship.* In line with the European Union’s Entrepreneurship 2020 Action Plan, entrepreneurs should be portrayed as positive role models to promote an entrepreneurial culture in the Slovak Republic and inspire more people to become entrepreneurs. In the short run, this can include media campaigns, competitions, or presentations of role models. Specific groups that should be targeted with tailored messages are women and older people. In addition, the development of an entrepreneurial mindset should also be introduced throughout the entire education system.
3. *Improve access to information on business creation and self-employment for the target groups of inclusive entrepreneurship.* Entrepreneurs from under-represented and disadvantaged groups have greater difficulties accessing information on business start-up because they often have low skills levels and many lack knowledge on available support instruments. Government websites should be improved to ease navigation and the quality of information available in local labour offices should be strengthened. These offices should further develop concrete outreach strategies for the target groups of inclusive entrepreneurship.
4. *Launch an internship programme for youth entrepreneurs.* Young entrepreneurs often lack the skills and experience necessary to become an entrepreneur. An internship programme can support them in gaining experience working with entrepreneurs in small companies. Such a programme could help stimulate an interest in self-employment among youth, as well as helping them acquire some entrepreneurship skills and build entrepreneurial networks. Also, cross generational transmission of experience, skills and knowledge shall be encouraged within this scheme.

5. *Increase the availability of start-up financing and financial literacy training for women entrepreneurs.* While financial support for women entrepreneurs is available, surveys indicate that women perceive the level of support as being insufficient. More targeted outreach and promotion could help to support women in accessing the existing financial support available.

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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?