



POLICIES FOR INCLUSIVE ENTREPRENEURSHIP



The Missing Entrepreneurs 2017

POLICIES FOR INCLUSIVE
ENTREPRENEURSHIP

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Preface

by

Lamia Kamal-Chaoui

Nearly a decade after the onset of the economic crisis that hit the majority of OECD countries, labour market conditions are beginning to improve. Jobs are being created and economic growth is returning to many OECD economies and European Union Member States. But these headlines hide several remaining challenges. First, productivity growth has slowed down over the last decade, reviving fears that we are entering a period of poor growth and low job creation. One of the main challenges facing our economies is re-launching productivity growth, a key driver of long-term economic growth. This is why it is crucial to invest in knowledge, skills and abilities.

A second challenge has been the rise in inequality. This reflects slow growth in real wages as well as an increasing dispersion in average wages paid across firms, both within regions as well as across regions. This has contributed to a growing discontent as too many people are feeling “left behind”. Despite the clear benefits of globalisation, there is a widespread feeling that those benefits have been concentrated in a few hands and this has helped fuel the discontent.

The 2017 edition of the *Missing Entrepreneurs* underlines the need to continue to encourage and support entrepreneurship, especially for groups that are under-represented and disadvantaged in the labour market, i.e. women, youth, seniors, the unemployed and immigrants. Supporting these groups with entrepreneurship training, coaching and mentoring and an opportunity to launch a business can help people create their own job, or equip them with more skills and experience to help them move into employment. Increasing the level of labour market activity of these groups, as well as strengthening their labour market attachment, will improve the standard of living for many individuals and can contribute to growth by activating under-utilised economic resources.

But policy makers must be careful in pursuing this objective. Although this report clearly shows that entrepreneurs from under-represented and disadvantaged groups have the potential to operate high value-added businesses, many will not. Caution is therefore needed when supporting entrepreneurs from these groups because self-employment is not suitable for everyone. Furthermore, it can be dangerous for public policy to support individuals in business creation when they have little chance for success. A business failure could have significant financial and psychological consequences for individuals. It is therefore important to favour supporting projects with innovative ideas.

The OECD would like to thank the European Commission for their partnership on this important programme of work. This body of work on inclusive entrepreneurship policy has built up an evidence base on the level and quality of entrepreneurship activities undertaken by people who face the greatest challenges in the labour market, and has

provided valuable policy advice to local, regional and national policy makers and practitioners on the most effective approaches to designing and implementing inclusive entrepreneurship policies and programmes.



Lamia Kamal-Chaoui
Director,
Centre for Entrepreneurship, SMEs, Local Development and Tourism, OECD

Preface

by
Michel Servoz

The economies of the 28 Member States of the European Union are more than ever picking up. Since 2013, ten million jobs have been created in the EU. The unemployment rate is at its lowest since 2008. For the first time, unemployment has shrunk in all EU Member States, compared to the previous year. These results indicate that Europe is ready to turn the page of the crisis.

Nevertheless, differences in performances are outstanding and unemployment remains still too high in several Member States, some regions and among certain groups. Young people and workers with a migrant background in particular are worse off than others. Their employment rate is falling further below the average rate and remains substantially below the level of ten years earlier, despite some improvements since 2013. The gender employment gap may have been shrinking over the last ten years, but is still a reality: only 65.3% women are in employment, which is significantly lower than the average employment rate of 71%.

These results show the big need for target-group-specific employment policy action. Inclusive entrepreneurship policies, supporting entrepreneurship for under-represented groups and the unemployed can be part of that. This fourth edition of the ‘The Missing Entrepreneurs’ maps the barriers to entrepreneurship the above groups are facing and possible tools for policy makers to help those with sound business ideas in creating sustainable quality businesses.

Addressing labour market disparities, while responding to the rapid changes and challenges in our societies and the world of work, the ageing of our work force, the impact of digitalisation and globalisation – is exactly at the heart of the European Pillar of Social Rights we launched in April 2017. Along twenty key principles, the Pillar serves as a compass towards labour markets that are fair and function well. It should also be a driver for a renewed progress of convergence towards better working and living conditions among participating Member States.

Inclusive entrepreneurship policies and programmes perfectly feed into the principles, the scope and the purpose of the Pillar. Even though it will not solve all of the labour market and economic challenges we face, it has an important role to play in getting more people into employment while fighting social inequalities in our societies.

I thank the OECD for its partnership on the inclusive entrepreneurship work programme. We hope that local, regional and national authorities, as well as the social partners, and civil society at large in Member States will read and use this report, seek inspiration and advice for developing strong policies and programmes that support all in

entrepreneurship. Building an inclusive, fair and competitive European Union is a joint responsibility that we all share.

A handwritten signature in black ink, appearing to read 'Michel Servoz', with a stylized flourish at the end.

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

Foreword

Inclusive entrepreneurship policies aim to offer all people an equal opportunity to create a sustainable business, whatever their social group or background. 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, seniors, the unemployed, immigrants and people with disabilities, who all continue to face challenges in the labour market and are under-represented or disadvantaged in entrepreneurship. 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.

This fourth edition of The Missing Entrepreneurs contains several new features relative to earlier editions in this series. In addition to containing updated data, many figures in this edition now include data for OECD economies in addition to European Union Member States. Second, the book benefits from a new network of policy makers and entrepreneurship stakeholders in all EU Member States who design and deliver inclusive entrepreneurship policies and programmes. This network was used to systematically collect information on recent developments in inclusive entrepreneurship policy and this intelligence is featured throughout the report and in this edition's country profiles.

The report is organised in three sections. The first presents data on the level and quality of self-employment and entrepreneurship activities by key social target groups such as women, youth, seniors, the unemployed and immigrants, as well as on the barriers that they face. The second section contains two chapters that examine timely policy issues, namely measuring and improving the quality of self-employment work and the potential for entrepreneurship policy to be used as an adjustment mechanism in major firm restructuring. Finally, the third section of this report provides a snapshot of inclusive entrepreneurship policy in each European Union Member State. Each Country Profile presents recent trends in self-employment and entrepreneurship activities by women, youth and seniors, as well as the current “hot” policy issue in the Member State and recent policy developments. Key inclusive entrepreneurship indicators are also included in each country profile.

In addition to this series of Missing Entrepreneurs reports, the joint OECD-European Union collaboration on inclusive entrepreneurship produces policy briefs, country-level policy reviews and capacity building seminars. A good practice compendium book has also been produced and work is ongoing on a new online tool to support the design and development of inclusive entrepreneurship policies and programmes. This online tool is expected to be launched in 2018.

Acknowledgements

This is the fourth report from an ongoing collaboration on inclusive entrepreneurship policies in Europe between the Centre for Entrepreneurship, SMEs, Local Development and Tourism (CFE) of the Organisation for Economic Co-operation and Development (OECD) led by Lamia Kamal-Chaoui, Director, and the Directorate General for Employment, Social Affairs and Inclusion (DG EMPL) of the European Commission led by Michel Servoz, Director-General.

This report is part of the programme of work of the OECD Local Economic and Employment Development (LEED) Programme within the CFE. It was prepared by David Halabisky, Economist, and Jonathan Potter, Senior Economist, under the direction of Sylvain Giguère, Head of the LEED Division.

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The country profiles in Part III of this report were based on a set of Country Assessment Notes that were prepared for each EU Member State by a network of national inclusive entrepreneurship policy experts: Leonia Baldacchino; Robert Blackburn; Inga Blaziene; Lucie Bučinová; Tom Cooney; Sergio Destefanis; Anca Dodescu; Denise Fletcher; Heike Grimm; Eva Heckl; Carin Holmquist; Christof Hoyler; Annemarie Jepsen; Marina Kaas; Dimitris Karantinos; Teemu Kautonen; Marian Letovanec; Nadine Levratto; Francisco Liñán; Augusto Medina; Klaas Molenaar; Michal Palenik; Anna Pilkova; Panikkos Poutziouris; Katarzyna Radziwon; Petra Reszkető; Virva Salmivaara; Arnis Sauka; Slavica Singer; Karin Sirec; and Kiril Todorov. These Country Assessment Notes benefited from feedback and inputs from relevant national ministries and key stakeholders in each Member State.

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Executive summary

Inclusive entrepreneurship policies seek to ensure that all people have an opportunity to be successful as an entrepreneur. This includes policies and programmes that help people from groups that are under-represented and disadvantaged in the labour market (i.e. women, youth, seniors, the unemployed, immigrants and people with disabilities) in starting and growing businesses. The objective is to move more people into work via self-employment to allow people an opportunity to participate economically and socially, and to generate income for themselves. Policy makers should seek to support those with innovative ideas to increase their chances of survival and to minimise negative outcomes in the market such as displacement. However another important outcome is that people can acquire skills and experience by participating in entrepreneurship programmes and by starting businesses, increasing their employability.

Entrepreneurship among under-represented and disadvantaged groups

There were 30.6 million self-employed people in the European Union in 2016, of which nearly 10.0 million were women, 763 300 were youth, 11.8 million were seniors, 635 000 were unemployed (in 2015) and 3.4 million were immigrants. While there are overlaps between these groups, it is clear that entrepreneurs from under-represented and disadvantaged groups are significant in number. Yet these groups are under-represented relative to their share in employment. For example, women are only half as likely as men to be self-employed and only 4.1% of working youth were self-employed. There is unrealised entrepreneurial potential among these groups that public policy can help unlock.

To increase the quantity and quality of entrepreneurship activities by these groups it is important to understand the barriers that they face in business creation. This report shows, for example, that women are less likely to report that they have the skills and knowledge to start a business than men (34.1% vs. 49.9% for men in the European Union between 2012 and 2016, and 36.8% vs. 51.2% for men in OECD countries). Similarly, youth also face challenges due to a lack of skills and experience in the labour market, while the barriers faced by seniors vary depending on individual circumstances, entrepreneurial intentions and experience. Public policy needs to be designed to help people from these groups have an equal opportunity to be successful in entrepreneurship, regardless of personal characteristics and background.

Improving the quality of self-employment for under-represented and disadvantaged groups

Inclusive entrepreneurship policies have an important role in addressing the quality of the businesses started by people from these under-represented and disadvantaged social groups. Many of the businesses operated by women, youth, seniors, the formerly

unemployed and immigrants are small, have low levels of turnover and lower survival rates than those started by the mainstream population. Improving the quality of these businesses will have a direct impact on the entrepreneur's life by increasing their income, standard of living, and well-being. There are also benefits for the economy as higher quality businesses are less likely to exit and make a greater contribution to aggregate economic performance. It is clear that public policy should seek to support those with innovative ideas since they have the greatest likelihood of growing and creating jobs for other people. This calls for offering the suite of traditional entrepreneurship policy instruments (e.g. entrepreneurship training, coaching and mentoring, finance) with progressive intensity for those who can demonstrate success.

Policy makers are also increasingly concerned with new forms of work and self-employment, notably work organised through online platforms and mobile applications. Some of this work may be high-quality freelance work that provides workers with a great deal of flexibility in their tasks and workflows. Many people are able to generate high income levels with this type of work. However, some of these work arrangements are precarious, including dependent self-employment (i.e. those with one client) and “false” self-employment (i.e. self-employed people who effectively work as employees), which present different challenges for policy makers. These forms of work tend to be low-quality since these workers assume all of the risks of self-employment but reap none of the benefits. To address this issue, policy makers should use a multi-pronged approach to combat false self-employment that includes removing tax incentives for false self-employment, educating employers and the self-employment about the risks of false self-employment, improve access to social security for the self-employed and improving the incentives to hire employees.

Entrepreneurship as an adjustment mechanism in major firm restructuring

Globalisation has increased competition among firms. This has resulted in many benefits for consumers but also puts many workers at risk of losing their job as firms continually look for ways to become more efficient and competitive. In 2016, there were 88 cases of large-scale restructuring in the European Union that resulted in more than 1 000 jobs lost in each case. This can be catastrophic for individuals who are displaced, and also for cities that lose major employers. Self-employment support can be part of the suite of policy actions to help move displaced workers back to work. There are various business creation scenarios for displaced workers, including a buy-out by former employees of the firm or parts of the firm; former employees exploiting intellectual property belonging to the restructuring firm; and former employees starting unrelated businesses.

Policy makers need to design self-employment support offers in partnership with other key actors including the public employment service, the restructuring firm and unions. This response needs to be tailored to the context as most displaced workers who become successful entrepreneurs developed their idea while they were working for their former employee. However, the policy response also needs to be on an appropriate scale as only about 5% of displaced workers become self-employed. Keys to successfully supporting this transition include building effective partnerships between all actors involved, ensuring timely interventions, strong leadership from the local government and delivering a suite of well-designed programmes that match the context and needs of the displaced workers.

Reader's guide

This reader's guide provides information and methodological notes on the data sources used in this book: 1) OECD-Eurostat Entrepreneurship Indicators Programme, 2) Eurostat Labour Force Survey, 3) Global Entrepreneurship Monitor, 4) Eurostat Statistics on Income and Living Conditions, and 5) Eurofound European Working Conditions Survey.

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

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

OECD-Eurostat Entrepreneurship Indicators Programme

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

A characterising feature of the programme, which clearly differentiates the EIP from other international initiatives, is the direct involvement of the National Statistical Offices (NSOs) of OECD, other European Union and partner countries in the production of harmonised statistics on entrepreneurship. The production has so far concerned a core set of indicators of entrepreneurial performance, namely business demography statistics on

the birth, death, survival and growth of enterprises, as well as statistics on the contribution of firm births and deaths to employment creation and destruction. The official statistics are produced annually by the NSOs, according to the methodology of the *Eurostat-OECD Manual on Business Demography Statistics* (2007, www.oecd.org/std/39974460.pdf). The database covers approximately 25 countries and is updated annually (<http://stats.oecd.org/>).

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

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

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

Box 1. The OECD-Eurostat definition of entrepreneurship

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

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

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

Entrepreneurship is the phenomenon associated with entrepreneurial activity.

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

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

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

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

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

| Determinants | | | | | | Entrepreneurial performance | Impact |
|--|-------------------------------|---------------------------------|--|--|--|---|---------------------------------|
| Regulatory framework | Market conditions | Access to finance | Knowledge creation and diffusion | Entrepreneurial capabilities | Culture | Firm based | Job creation |
| Administrative burdens for entry | Anti-trust laws | Access to debt financing | R&D investment | Training and experience of entrepreneurs | Risk attitude in society | Employment based | Economic growth |
| Administrative burdens for growth | Competition | Business angels | University/industry interface | Business and entrepreneurship education (skills) | Attitudes towards entrepreneurs | Wealth | Poverty reduction |
| Bankruptcy regulations | Access to the domestic market | Access to VC | Technological co-operation between firms | Entrepreneurship infrastructure | Desire for business ownership | | Formalising the informal sector |
| Safety, health and environmental regulations | Access to foreign markets | Access to other types of equity | Technology diffusion | Immigration | Entrepreneurship education (mind-set) | | |
| Product regulation | Degree of public involvement | Stock markets | Broadband access | | | | |
| Labour market regulation | Public procurement | | | | | | |
| Court and legal framework | | | | Firms | Employment | Wealth | |
| | | | | Employer enterprise birth rates | Share of high growth firms (by employment) | Share of high growth firms (by turnover) | |
| Social and health security | | | | Employer enterprise death rates | Share of gazelles (employment) | Share of gazelles (by turnover) | |
| Income taxes; wealth/bequest taxes | | | | Business churn | Ownership rate start-ups | Value added, young or small firms | |
| Business and capital taxes | Patent system; standards | | | Net business population growth | Ownership rates business population | Productivity contribution, young or small firms | |
| | | | | Survival rates at 3 and 5 years | Employment in 3 and 5 year old firms | Innovation performance, young or small firms | |
| | | | | Proportion of 3 and 5 year old firms | Average firm size after 3 and 5 years | Export performance, young or small firms | |

Source: OECD (2016), *Entrepreneurship at a Glance 2016*, OECD Publishing, Paris.

Eurostat Labour Force Survey

The Eurostat Labour Force Survey is a monthly household survey in all EU Member States that captures information on labour market activities (Eurostat, 2017a). This report focuses on the self-employment data available from the Labour Force Survey. Eurostat defines self-employed people as those who work in their own business, farm or professional practice and receive some form of economic return for their labour. This includes wages, profits, in-kind benefits or family gain (for family workers). Volunteer workers are excluded from this definition. The purpose of the business has no bearing on the self-employment status of individuals; in other words the business could have profit motives or be a non-profit or social enterprise.

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

There are different self-employment concepts:

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

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

The Global Entrepreneurship Monitor

The Global Entrepreneurship Monitor (GEM) is an international initiative that measures entrepreneurship activities and attitudes around the world through annual household surveys of the adult population (ages 18 and older) in participating countries. It provides responses from interviewed adults on their reported attitudes towards entrepreneurship, their pre-start-up activities, their work on the initial phase of their firm, their involvement in the established phase of the firm and their business closures. Since 1999, nearly 100 countries have been surveyed.

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

The GEM adult population survey covered 65 countries in 2016, the most recent year for which data are available. The sample size in each country ranges from approximately 2 000 in most countries (a small number of surveyed countries had sample sizes of approximately 1 600) to 22 000 in Spain. To improve the reliability of the results for the different social target groups (i.e. men, women, youth and seniors), data presented in this

report were pooled (i.e. combined) for each country over the years 2012 to 2016. Over the 2012-16 period, all European Union Member States were surveyed except for Malta. The total sample size for all European Union countries covered over this period was 374 941. Survey responses are weighted by age and gender to make the results representative of the national population.

Several GEM indicators are presented in this report:

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

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

The self-employment data presented in this book come from the Eurostat Labour Force Survey. Those data cover owner-managers of businesses who pay themselves profits or salaries from work that they undertake on their own account in the business and who declare themselves as self-employed. Self-employment data pick up people who generally employ only themselves or very few people in non-incorporated businesses. People running larger incorporated businesses generally do not declare themselves self-employed because they appear on the payrolls of their businesses and are therefore considered employees. The data also exclude individuals who are in the process of setting up a business but have not yet realised its creation and business owners who are not active in the day-to-day operations of the business.

Other data in this book come from the Global Entrepreneurship Monitor. These data cover individuals who report that they are actively trying to start or are already operating their own business or any type of self-employment or selling goods or services to others. This is a broader definition than that used for the self-employment data. Self-employed people are included together with all other types of business owners. In particular, owner-managers of incorporated businesses are included here, whereas they are excluded from the self-employment data. The Global Entrepreneurship Monitor also includes individuals who may be running businesses as a secondary activity, whereas the data from the Labour Force Survey report on the principal labour market activity. Therefore, the self-employment counts will only capture those who spend more time in self-employment than employment, whereas the GEM data include part-time entrepreneurs.

For more information on methodologies used by the Global Entrepreneurship Monitor, please refer to the 2016-17 GEM Global Report (GEM, 2016), available at: <http://gemconsortium.org/report>.

Eurostat Statistics on Income and Living Conditions

The European Union Statistics on Income and Living Conditions (EU-SILC) is a framework that allows for the collection of timely and comparable data on income, poverty, social exclusion and living conditions (Eurostat, 2017b). The data are collected in all 28 European Union Member States, as well as in Iceland, Norway, Switzerland and Turkey.

Two types of annual data are collected. Cross-sectional data are collected pertaining to a given time or a certain time period with variables on income, poverty, social exclusion and other living conditions. In addition, longitudinal data are collected pertaining to individual-level changes over time, observed periodically over a four-year period. Social exclusion and housing condition data are gathered from households and labour, education and health information is gathered from individuals.

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

Eurofound European Working Conditions Survey

The sixth European Working Conditions Survey (EWCS) was conducted in 2015. The survey covers those 15 years old and older that were in employment at the time of the survey. People were considered in employment if they had worked for pay or profit for at least one hour in the preceding week. The survey was undertaken in 35 European countries (all 28 European Union Member States plus Croatia, Turkey, the former Yugoslav Republic of Macedonia, Albania, Montenegro, Kosovo and Norway). Approximately 44 000 people were interviewed.

The main topics covered in the sixth EWCS include physical environment of work; working time quality; work intensity; social environment; skills and discretion; earnings and career prospects; sustainability of work; work-life balance and financial security; health and well-being.

For more information on the EWCS, please see the overview report for the 6th EWCS (Eurofound, 2016), available at: www.eurofound.europa.eu/sites/default/files/ef_publication/field_ef_document/ef1634en.pdf.

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Chapter 1

Inclusive entrepreneurship policy

This chapter describes the objectives of inclusive entrepreneurship policies and discusses their role in addressing social exclusion and stimulating economic growth. It also highlights recent trends in self-employment such as the growth of solo self-employment and the emergence of self-employment work in the digital economy. The chapter sets out the key policy issues that are examined in this report, including the quality of self-employment work and the potential for entrepreneurship policy to be used as a tool for addressing job loss due to major firm restructuring. Key findings and messages from the report are included.

Opening up entrepreneurship for all

Entrepreneurship plays an important role in the economy as it is a driver of innovation and job creation (see the Reader's Guide for the OECD-Eurostat definition of entrepreneurship). It also holds potential for strengthening social inclusion by giving another option for earning income and contributing to society. However, this potential will not be realised until everyone has an equal opportunity to start business and be successful in self-employment. This is not yet the case as many social target groups are greatly under-represented in entrepreneurship. Women in the European Union, for example, are only 57% as likely as men to be self-employed.

Inclusive entrepreneurship policies aim to ensure that all people, regardless of their personal characteristics and background, have an equal opportunity to start and run their own businesses. This includes all types of businesses: incorporated and unincorporated businesses, for-profit and not-for-profit businesses as well as social enterprises, full-time and part-time businesses, those in a dedicated premise and home-based businesses. These activities could be undertaken by an individual or a group.

These policies typically target groups that are under-represented in entrepreneurship, or that face greater barriers to business creation and self-employment. These target groups typically include women, youth, immigrants and ethnic minority groups, the unemployed, seniors, and people with disabilities. In some countries, other groups may be of particular importance too, such as the Roma minority in several Eastern European countries.

The objective of inclusive entrepreneurship policies is twofold. First, they seek to ensure that people in these groups are aware of the potential that entrepreneurship may have for them as a labour market activity and to build motivations for pursuing them. Second, they seek to address market, institutional and behaviour failures that disproportionately affect people in under-represented and disadvantaged groups. This includes addressing barriers in financial markets, barriers to acquiring entrepreneurship skills, barriers to building entrepreneurial networks and building an entrepreneurial culture. Addressing these barriers would be expected to lead to an increase in the amount of entrepreneurship activities by these groups, as well as increasing the quality of the businesses created so that they are more sustainable and innovative.

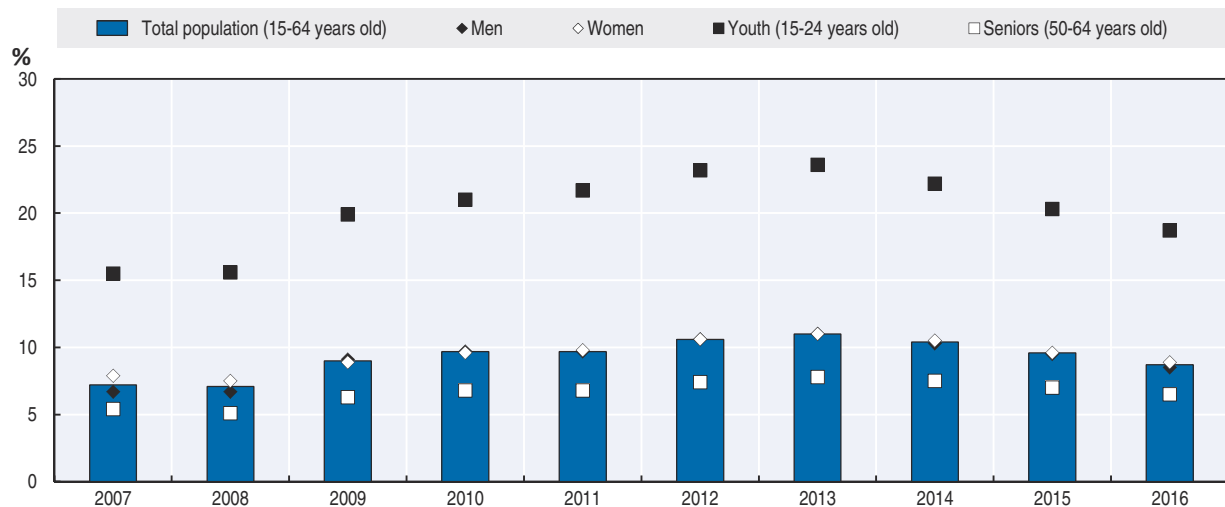
However, another outcome sought is to improve labour market attachment. By helping people acquire skills and work experience, and build networks, they also become more employable. Moving people from these groups into employment is a desirable outcome as entrepreneurship is not appropriate for all as a career path. The success of inclusive entrepreneurship policies can therefore not only be measured in the number of new entrepreneurs, but also in terms of labour market attachment and employment outcomes for those who receive entrepreneurship support or gain new skills through the experience of business creation.

The importance of inclusive entrepreneurship policy

Labour markets in the European Union are showing signs of recovery following the economic crisis that began in 2008. The unemployment rate has declined for the past three years, falling from a peak of 11.0% in 2013 to 8.7% in 2016 (Figure 1.1) and is at its lowest level since 2008. Moreover, youth unemployment has fallen after peaking at 24% in 2015 at the EU-level and more than 50% in some Member States.

This fall in the unemployment rate has been coupled with a slight increase in labour market activity rates. In 2016, 72.9% of adults in the European Union (15-64 years old) were active in the labour market, up from 70.3% in 2007 (Figure 1.2). However, the activity rate for youth has declined slightly since the economic crisis and the proportion of youth who are not in employment, education and training (NEETs) remains above the pre-crisis level.

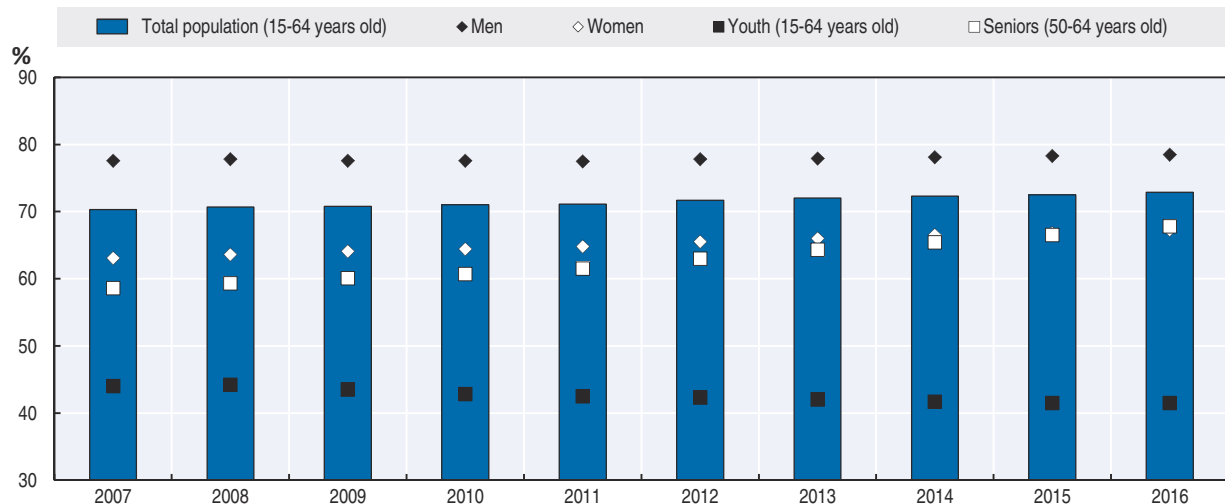
Figure 1.1. Unemployment rates in the European Union, 2007-16



Source: Eurostat (2017a), Labour Force Survey, available at: <http://ec.europa.eu/eurostat/web/lfs/data/database>.

StatLink <http://dx.doi.org/10.1787/888933623780>

Figure 1.2. Labour market activity rates in the European Union, 2007-16



Source: Eurostat (2017a), Labour Force Survey, available at: <http://ec.europa.eu/eurostat/web/lfs/data/database>.

StatLink <http://dx.doi.org/10.1787/888933623799>

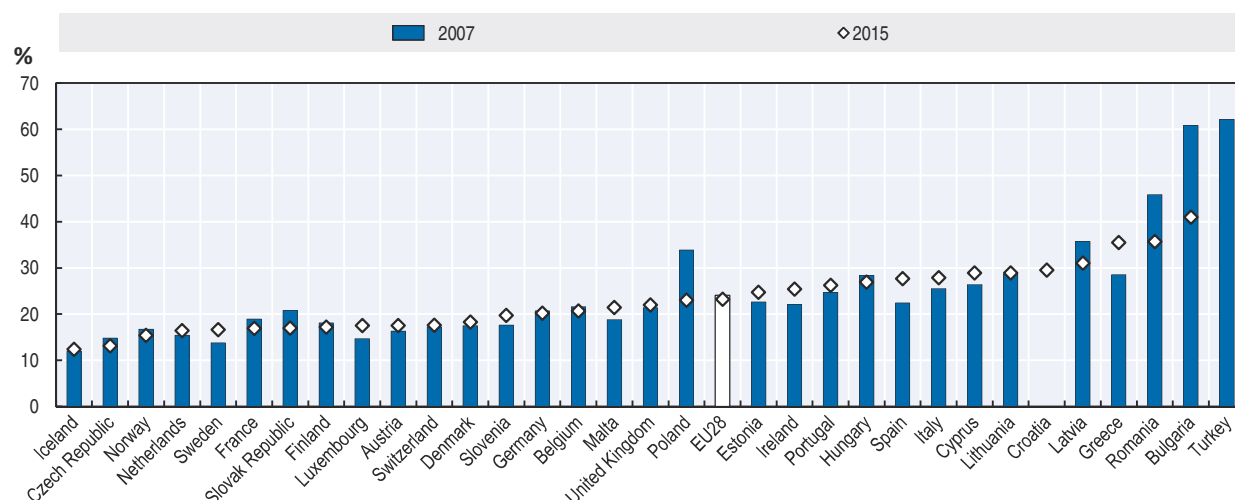
With the exception of continued challenges for youth in the labour market, these indicators are quite positive but they hide some underlying trends. Labour productivity is declining and growing inequality in terms of income, wealth and well-being across EU and OECD countries raises concerns.

In this context, it cannot be assumed that technological advances and innovations will lead to productivity growth as cyclical and structural factors such as weak investment in physical capital and skills mismatches impede economic growth. It is also becoming apparent that even when growth is achieved, not everyone reaps the benefits. On the contrary, a growing dispersion has been observed in productivity growth between frontier and non-frontier firms, which can be partially attributed to the leading firm's capacity to attract highly-skilled labour (OECD, 2016a). This highlights the greatest risk that economies now face, i.e. how to avoid the trap of low-skilled people with poor access to opportunities being unable to escape low-productivity and precarious jobs, often in the informal economy.

Although the proportion of people at-risk of poverty and social inclusion increased during the economic crisis, it has declined slightly in recent years. Nonetheless, 23% of people over 16 years old in the European Union in 2015 were at-risk of poverty and social exclusion. That was 96.6 million people. Furthermore, more than one-third of people over 16 years old face poverty and social exclusion in four Member States (Figure 1.3). Such staggering numbers have led the European Commission to adopt a proposal for a European Pillar of Social Rights, which is designed as a compass for a process of upward convergence towards better working and living conditions in the European Union. The European Pillar of Social Rights sets out a number of key principles and rights to support fair and well-functioning labour markets and welfare systems. The proposed measures are intended to support equal opportunities and access to the labour market, fair working conditions, and social protection and inclusion. Active support to employment, which includes improving self-employment prospects for under-represented groups as well as adequate


Figure 1.3. Proportion of the population at risk of poverty or social exclusion, 2007 vs. 2015

Percentage of people at least 16 years old



Note: The EU28 figure for 2007 excludes Croatia.

Source: Eurostat (2017b), Statistics on Income, Social Inclusion, and Living Conditions, available at: <http://ec.europa.eu/eurostat/web/income-and-living-conditions/data/database>.

StatLink  <http://dx.doi.org/10.1787/888933623818>

unemployment and sickness protection mechanisms are explicit principles of the Social Rights Pillar. While it is the responsibility of the EU Member States to deliver measures on the Pillar, first actions have been undertaken by the European Commission, notably on drafting a proposal aimed at improving work and family reconciliation and two social partner consultations on labour contract rules and access to social protection (EC, 2017).

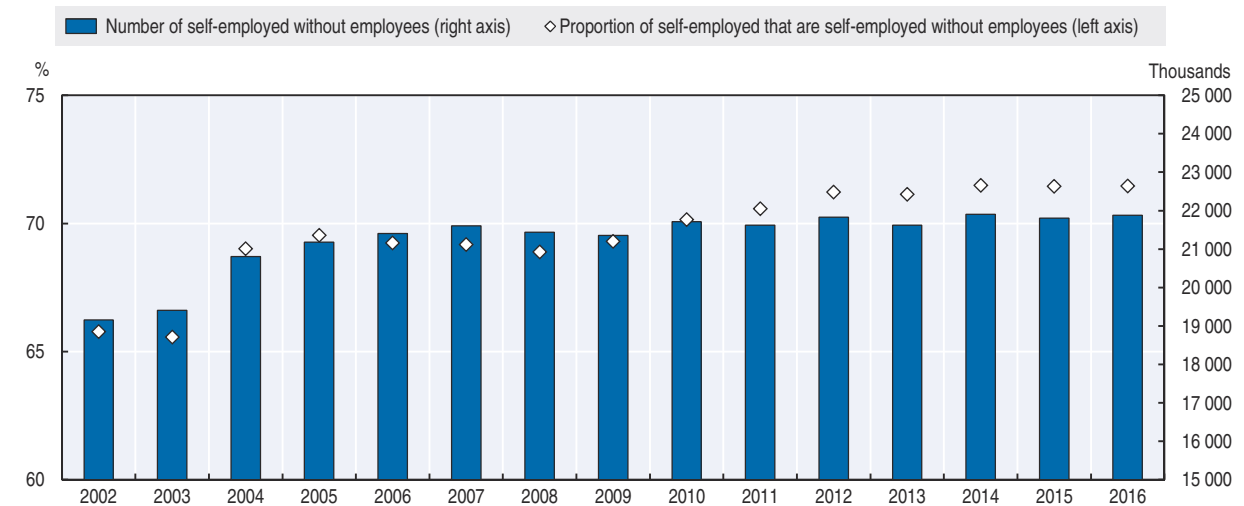
Inclusive entrepreneurship policies can have an important role to play in addressing these challenges by creating opportunities for people to participate economically and socially. These policies and programmes can benefit individuals as they acquire skills, build networks and generate income for themselves, either by starting a business or acquiring skills and experience to help them move into employment. They also offer an avenue for economies to grow as unutilised or under-utilised resources contribute economically.

The changing nature of self-employment

Although the proportion of workers who are self-employed has remained fairly constant at approximately 15% over the last decade, there have been some changes in the nature of self-employment in the European Union. First, there has been an increase in the proportion of self-employed workers without employees (Figure 1.4). There were 19.0 million solo self-employed workers in 2002, accounting for 65.8% of the self-employed, and the number of these self-employed workers increased to 20.0 million in 2016, accounting for 71.5% of the self-employed. This increasing share of solo self-employment is significant because these businesses are less innovative and contribute less to productivity growth.

Figure 1.4. **Solo self-employment in the European Union, 2002-16**

Number of self-employed without employees and proportion among total self-employment (15-64 years old)



Source: Eurostat (2017a), Labour Force Survey, available at: <http://ec.europa.eu/eurostat/web/lfs/data/database>.

StatLink <http://dx.doi.org/10.1787/888933623837>

As presented in Chapters 2, 3, 4, 5 and 6, people from under-represented and disadvantaged groups are more likely to be self-employed without creating additional jobs for other people. It is therefore important for inclusive entrepreneurship policies to not only support people in business creation, but increase their chances of success by providing them the skills needed to sustain and grow their business. Good practice indicates that inclusive entrepreneurship policies and programmes should offer integrated

packages of support to all and more intensive supports to those with innovative ideas and the greatest chances to succeed.

A second important self-employment trend in recent years has been the emergence of the digital economy (see Box 7.4 in Chapter 7). While data on self-employment in digital markets is scarce, it is likely that these workers account for a small but growing share of workers (OECD, 2016b). Technology advancements have had a strong role in facilitating these new work methods, including collaborative work arrangements that take place online and short-term work that is organised and managed through online platforms and mobile applications. At the same time, technology has made people more mobile, allowing self-employed workers to work from anywhere, at any time.

For some workers, these changes have provided for forms of high value-add self-employment, e.g. freelancers or independent professionals. These workers are sometimes referred to as “I-pros”, who are self-employed workers without employees engaged in creative, intellectual and service-orientated industries (Rapelli, 2012). Within the European Union, I-pros tend to be highly educated and geographically located in Northern Europe. Among the self-employed in Northern Europe, a disproportionately high share of high-skilled occupations (e.g. IT consulting) is observed. For example, more than 60% of the German self-employed are in high-skilled occupations while in Poland 41% of the self-employed are found in low-skilled occupations in the agriculture, forestry and fishing sectors (Hatfield, 2015). Moreover, it is estimated that there has been a 45% increase in the number of I-pros in the European Union since 2004 so that they now represent nearly approximately 9 million people, or 1.1% of employed people (Leighton, 2015).

At the same time, the digital economy appears to have created opportunities for dependent self-employment, which are those self-employed workers that work for one client and have work arrangement that is essentially the same as an employee despite being registered as self-employed. Dependent self-employment can be difficult to detect and assess given that this form of work frequently goes undeclared to statistical, tax or relevant labour authorities. While only a small number of workers (1.3%) struggle to identify their employment status (Eurofound, 2016a), increasingly unclear boundaries between newer forms of self-employment (e.g. sole director of own business, partner in a business or professional practice, working for oneself, working as a sub-contractor, and doing freelance work) make it difficult to assess whether the 8% of workers who hold multiple jobs are better defined as independent self-employed workers or dependent employees (Eurofound, 2016a).

Current inclusive entrepreneurship policy issues

This edition of *The Missing Entrepreneurs* follows the same structure as the earlier editions. The first section of the report presents updated data on the self-employment and entrepreneurship activities by the key target groups of inclusive entrepreneurship policy, i.e. women (Chapter 2), youth (Chapter 3), seniors (Chapter 4), the unemployed (Chapter 5) and immigrants (Chapter 6). Internationally comparable data are presented for a wide range of indicators for European Union Member States and OECD economies, including self-employment and entrepreneurship activity rates, business performance metrics and barriers to business start-up. Part II includes two chapters on current policy issues in inclusive entrepreneurship policy. Chapter 7 examines the quality of self-employment and tries to respond to the first question below. Chapter 8 examines the potential of

entrepreneurship policy to help unemployed people move back into work following job loss due to major firm restructuring. Finally, Part III contains country profiles for each of the 28 EU Member States. Each profile presents a brief overview of recent trends in entrepreneurship activities by women, youth and seniors and presents recent policy actions.

Is self-employment quality work?

Policy makers and researchers are increasingly interested in measuring the quality of work since there are strong links between work, lifestyle and standard of living (OECD, 2015). Moreover, there is evidence that job quality can be an important driver of labour force participation, productivity growth and aggregate economic performance (Cazes et al., 2015).

Although many international organisations, including the OECD, European Commission, International Labour Organisation and Eurofound, are developing assessment frameworks and indicators to assess job quality, self-employment is often overlooked in these discussions. This is likely due to the high degree of heterogeneity among the self-employed and the difficulty in developing internationally comparable indicators. Chapter 7 adapts existing assessment frameworks and uses available data and evidence to examine the quality of self-employment work according to three main dimensions: earnings, job stability and working conditions.

The main finding is that self-employment work is highly variable in terms of its quality. The self-employed are more likely to be found among both the lower and upper tails of the income distribution than those in wage employment. The self-employed with employees earn more than those without employees, on average, but there are many solo self-employed with high earnings such as highly skilled freelance workers. Relative to employees on indefinite contracts, the self-employed with employees have higher net monthly earnings (EUR 2 590 vs. EUR 1 930 in 2015). But even the self-employed without employees typically earn more per month than some types of employees, such as those on fixed-term contracts (EUR 1 840 vs. EUR 1 150 in 2015). However, self-employment appears less secure than many forms of employment and the five-year survival rate for new businesses operated by the self-employed is typically below 50%.

The working conditions for the self-employed are also highly variable. Self-employment is often characterised by long working hours and the self-employed are more likely than employees to report health-related issues due to their work. These poor working conditions are especially prevalent for some categories of self-employed workers, notably dependent and “false” self-employed people. These workers rely on one or two clients and therefore tend to enjoy few of the advantages of employment (e.g. social security protection), few of the advantages of self-employment (e.g. task diversity) but all of the disadvantages that are associated with self-employment (e.g. low income, financial insecurity, long working hours). Moreover, these workers tend to under-cut those in employment and increase the risk that they will lose their jobs.

The traditional policy response to improve the quality of self-employment has been to improve the business environment and increase the chances of success for entrepreneurs by offering entrepreneurship training, coaching and mentoring, business counselling, and improved access to start-up financing and entrepreneurship networks. Many of these examples are highlighted in the Country Profiles in Part III of this report. It is important to continue to offer such measures to support entrepreneurs in maximising the potential of their businesses.

However, much of the current policy debate surrounding the quality of self-employment is focused on the issue of dependent and false self-employment, including work arranged through online and mobile platforms. Three approaches are typically used by policy makers to minimise false self-employment. The first is to clarify the work status of individuals, i.e. make it more clear who are employees and who are the self-employed. This approach is taken in the Netherlands to address the growing prevalence of false self-employment. Alternatively, policy makers can introduce intermediate work categories that treat this type of work separately. This approach is used by several European Union Member States and the examples highlighted in the chapter are Austria and Italy. Finally, improving access to social security protection for the self-employed can help increase the quality of working conditions and income security for the self-employment, thereby removing incentives for false self-employment. In practice countries tend to take a multi-pronged approach to fighting false self-employment, including the use of measures to make it more attractive for employers to hire an employee over engaging a false self-employed worker.

To what extent can entrepreneurship policy have a role in major firm restructuring?

Globalisation has transformed the world economy over the past half century and the linkages between economies, governments, businesses and people of different countries have never been stronger. This has been beneficial for many as economic growth has been boosted and many millions of people have been lifted out of poverty. However, globalisation has also increased competitive pressures on firms and this can result in restructuring processes that seek gains in efficiency and productivity. Although this can improve firm performance, it can have a negative impact on individuals as they may lose their job during firm restructuring processes. In 2016, there were 88 cases of large-scale restructuring in the European Union that resulted in more than 1 000 jobs lost in each case.

The policy response to help displaced workers is typically to offer a suite of active labour market measures, including re-training programmes and job matching. Entrepreneurship support measures can also be used to help displaced workers start businesses. Recent estimates suggest that between 2% and 5% of displaced workers return to work by starting a business and becoming self-employed and the likelihood of a displaced worker moving into self-employment increases over time.

The discussion in Chapter 8 is built around four case studies of major firm restructuring events in Finland, Sweden, Germany and the United Kingdom. This collection of examples highlights the diverse approaches that can be used to help displaced workers back into work through business creation. These case studies point to four key success factors in helping displaced workers transition into self-employment, namely i) effective partnerships between all actors involved, i.e. the restructuring firm, trade unions, public employment agency, local and national governments; ii) timely interventions since the majority of successful entrepreneurs who started following a job displacement had developed their business idea while working; iii) strong leadership from the local government, including co-ordinating the roles of each actor in supporting workers; and iv) the development of a suite of well-designed programmes that match the context (e.g. local economy, sector of restructuring firm, occupations of displaced workers) and needs of the displaced workers.

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PART I

**Inclusive entrepreneurship
indicators: Activity rates
and barriers**

Chapter 2

Women's self-employment and entrepreneurship activities

This chapter presents a range of data on the self-employment and entrepreneurship activities by women in European Union and OECD countries. This includes reporting the proportion of employed women who are self-employed and indicators on their sector of activity, the proportion that introduce new products and services or have employees. The chapter also presents recent evidence on the barriers that women face in entrepreneurship, including the proportion of women that report that they lack the skills for entrepreneurship and the proportion that report that a fear of failure is a barrier to business creation. Data are reported at the country level, and averages are repeated for European Union and OECD countries.

Note by Turkey:

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

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

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

The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

Key messages

Women were less likely than men to be self-employed in 2016. There were 9.6 million self-employed women in the European Union in 2016, representing 9.9% of working women. This was far below the proportion of men in self-employment (17.5%). Similarly, women are less likely than men to be active in starting a business. Over the period 2012-16, 2.8% of women in the European Union were trying to set up a business or were owners of a business relative to 5.3% of men. A similar pattern is found across OECD economies, with 4.9% of women actively working to start a business over this period, relative to 7.4% of men.

Those women who do go on to successfully start a business typically operate smaller businesses. Self-employed women are less likely to have employees than self-employed men. Approximately one-third of self-employed men in the European Union had at least one other employee in 2016, whereas less than one quarter of women did. However, women entrepreneurs were as likely as men to offer new products and services for potential customers over the 2012-16 period, but only half as likely to expect to create at least 19 jobs over the next five years.

On average, self-employed women work more hours per week than women who work as employees and those self-employed with employees tend to work more than those without. In the European Union, self-employed women with employees worked 47.3 hours per week in 2016 relative to 43.9 hours for those without employees. However, men worked more hours than women in 2016 across all categories: employees, self-employed with employees and self-employed without employees.

In 2015, the net median annual income for women who worked full-time in self-employment in the European Union was approximately equal to the median income for self-employed men.

Women face several barriers to entrepreneurship. Data from the 2012-16 period indicate that women are less likely than men to report that they have the knowledge and skills to start a business. Only 34.1% of women in the European Union and 36.8% of women in the OECD countries felt that they had the knowledge and skills for entrepreneurship, relative to half of men. Furthermore, women were more likely to report a fear of failure. Between 2012 and 2016, 52.2% of women in the European Union reported this barrier, which was more than the proportion in OECD countries (43.7%).

Self-employment activities by women

- There were 9.6 million self-employed women in the European Union in 2016. This accounted for 9.9% of employed women, well below the proportion of men in self-employment (17.5%).
- Within the European Union, women in southern Member States were the most likely to be self-employed, e.g. 22.9% of employed women in Greece and 15.8% in Italy. Self-employment rates for women were the lowest in northern Member States.
- Self-employed women are less likely to have employees than self-employed men. In 2016, nearly one-third of self-employed men in the European Union had at least one other employee whereas less than one quarter of women did.

There are several ways in which a person can participate in the labour market. While the vast majority of people work as employees, some work for themselves and others work in family businesses. However the lines between the categories are increasingly blurred as the nature of work evolves. A growing number of people combine various labour market activities together, e.g. full-time and part-time employment, employment and self-employment, or several part-time jobs.

Self-employment is where an individual works for a business that they own. This could include farms or professional practices (e.g. doctor's offices). A key characteristic of the self-employed is that they derive some form of economic benefit from their work, which typically includes wages, profits, in-kind benefits or family gains for those who work in family businesses. This sets the self-employed apart from those who undertake voluntary activities, which is excluded from the definition of self-employment. Most self-employed people work on their own for their business, but some hire employees to work with them in their business. Please see the Reader's Guide for additional information on the self-employed and how they differ from entrepreneurs.

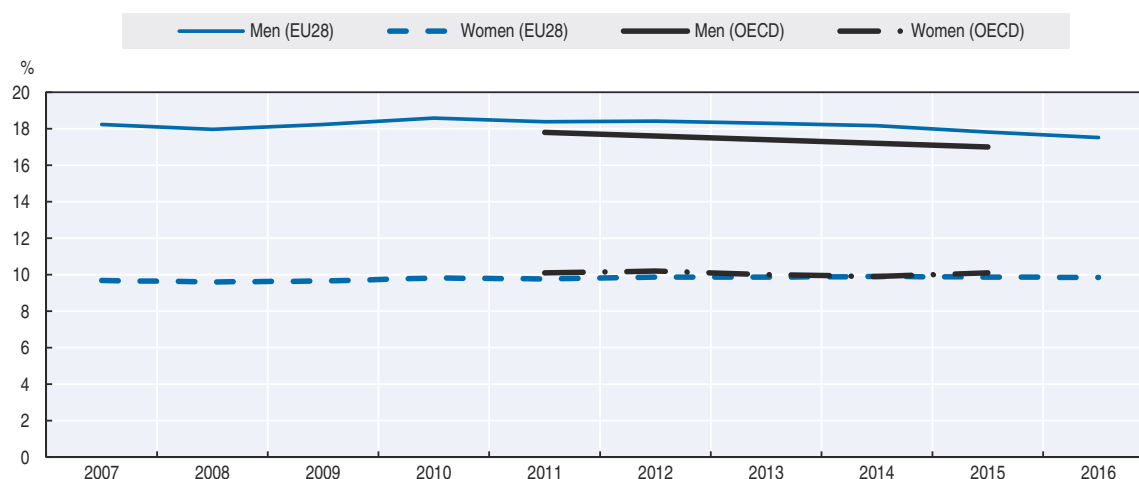
The self-employment rate for men and women over the period 2007-16 is presented in Figure 2.1 for the European Union and for the average of OECD countries. This rate shows the proportion of those in employment who work as self-employed. In 2016, there were approximately 30.6 million self-employed people in the European Union, of which 9.6 million were women. Thus, women accounted for just under one-third of the number of self-employed. Relative to all women in employment in the European Union in 2016, the self-employed accounted for 9.9%. This was slightly above half of the self-employed rate for men, which was 17.5%. Over the last 10 years, the self-employment rates have been stable for both men and women but the gap between the two has closed slightly. This was due to a slight decline in the self-employment rate for men.

An identical picture emerges when looking at OECD economies.¹ The self-employment rate for women in 2015 was 10.1% and the rate for men was 17.0%. As in the European Union, the self-employment rate for women has been constant over the last decade but the rate for men declined nearly one percentage point since 2011.

The self-employment rate for men and women are presented at the country level in Figure 2.2 for the 2007-16 period. Within the European Union, the highest self-employment rates for women in 2016 were in the southern Member States: Greece (22.9%) and Italy (15.8%). The lowest self-employment rates were found in the northern Member States: Denmark (4.9%) and Sweden (5.3%). Over the last decade, the self-employment rate for women increased most in the Slovak Republic and the Netherlands, where the

Figure 2.1. **Self-employment rates for men and women in European Union and OECD countries, 2007-16**

Self-employed as a percentage of employment (15-64 year olds)



Source: Source: Eurostat (2017a), Labour Force Survey, available at: <http://ec.europa.eu/eurostat/web/lfs/data/database>; OECD (2016), "Indicators of gender equality in entrepreneurship", OECD Gender Portal, available at: www.oecd.org/gender/data/.

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self-employment rates increased to approximately 1.4 times the value in 2007. There were also several other EU Member States where the self-employment rate for women increased to nearly 1.3 times the 2007 value: United Kingdom, Luxembourg, Slovenia and Estonia. The greatest decreases were in Croatia and Portugal, where the self-employment rates nearly halved. These trends were broadly similar to those in the self-employment rate for men.

Among the non-European Union OECD countries where comparable data are available, the self-employment rate for women in 2015 was the highest in Latin American countries: Mexico (23.5%) and Chile (23.3%). These levels are slightly above those observed in Greece. The lowest self-employment rate for women in 2015 among OECD countries was 3.5% in Japan. In the United States, often considered one of the most entrepreneurial countries, the self-employment rate for women in 2015 was 6.9% in 2015.

Across European Union and OECD countries, self-employed women are less likely than self-employed men to have hired additional employees to work for their businesses (Figure 2.3). In 2016, nearly one-third of self-employed men in the European Union had at least one other employees whereas less than one quarter of women did. Similarly, 31.8% of self-employed men in OECD countries had employees and 21.8% of self-employed women did.

The proportion of self-employed men and women with employees has changed only slightly over the last decade. Within EU Member States, the percentage of self-employed men with employees has declined nearly three percentage points. For self-employed women, the proportion has declined approximately one percentage point. While this signals a slight reduction in the gap in the proportion of men and women who are employers, it is indicative of a growing trend towards solo self-employment (see Figure 1.4 in Chapter 1). A partial explanation for the slight decline in the share of employers is the rise in freelancers (see Box 7.2 in Chapter 7).

There was a wide variation at the country level in the proportion of self-employed men and women who had employees (Figure 2.4). The EU Member States where self-employed women were the most likely to have employees in 2016 were Croatia (42.2%) and Hungary (40.8%).

Figure 2.2. **Self-employment rates for men and women by country, 2007-16**
Self-employed as a percentage of employment (15-64 year olds)

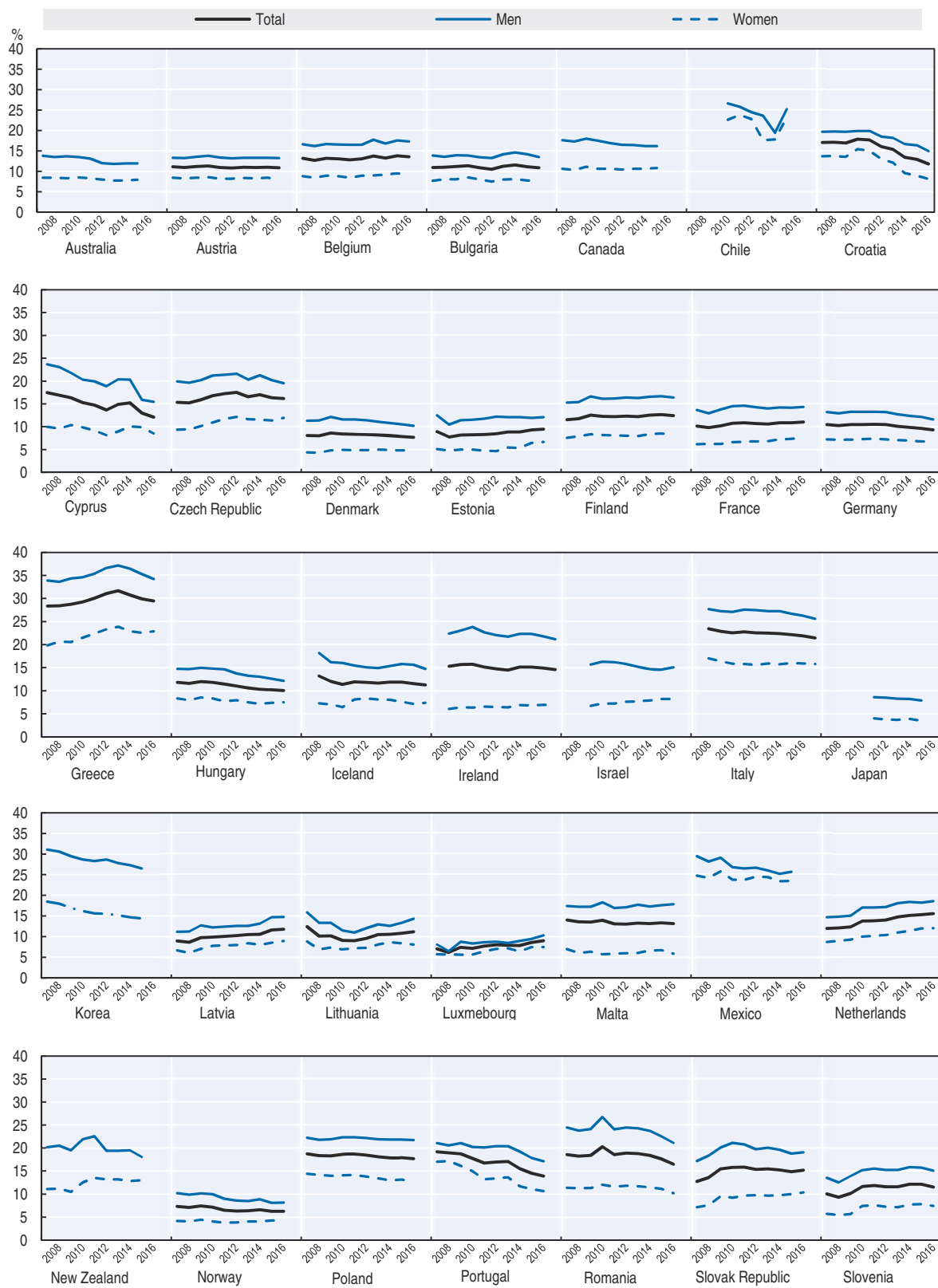
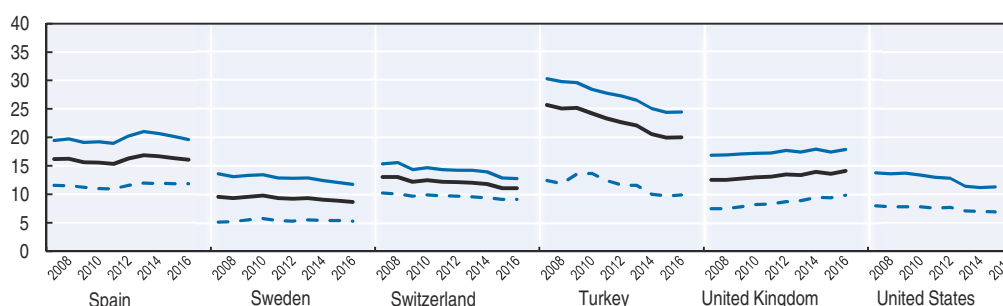


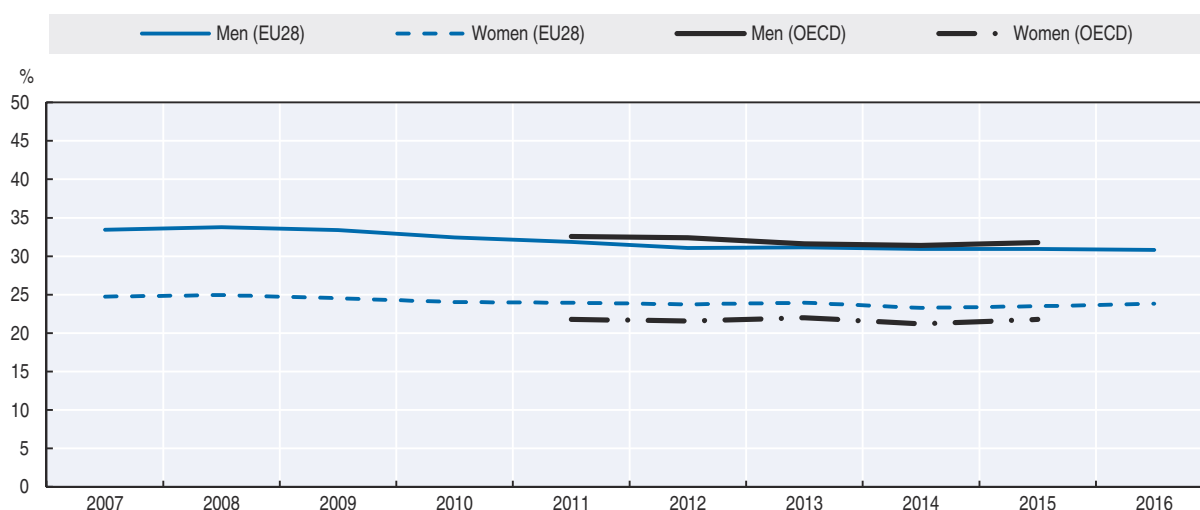
Figure 2.2. **Self-employment rates for men and women by country, 2007-16** (cont.)
Self-employed as a percentage of employment (15-64 year olds)



Source: Eurostat (2017a), Labour Force Survey, available at: <http://ec.europa.eu/eurostat/web/lfs/data/database>; OECD (2016), "Indicators of gender equality in entrepreneurship", OECD Gender Portal, available at: www.oecd.org/gender/data/.

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Figure 2.3. **Proportion of self-employed men and women with employees in European Union and OECD countries, 2007-16**
Percentage of self-employed (15-64 year olds)



Source: Eurostat (2017a), Labour Force Survey, available at: <http://ec.europa.eu/eurostat/web/lfs/data/database>; OECD (2016), "Indicators of gender equality in entrepreneurship", OECD Gender Portal, available at: www.oecd.org/gender/data/.

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Within the European Union, there was only one country where self-employed women were more likely than self-employed men to have employees: Ireland. However, self-employed men and women in Romania were approximately as likely to have employees. In all other European Union Member States, self-employed men were more likely than self-employed women to have employees. The gap was the greatest in Cyprus, the Czech Republic and the Netherlands where self-employed men were 2.1 times, 1.6 times and 1.6 times more likely to have employees.

These observations also generally hold for OECD countries. The OECD countries with the highest proportion of self-employed women with employees were in the European Union, plus Switzerland. Australia was the only OECD country where self-employed men and women were equally as likely to have employees. There were three non-EU OECD countries where self-employed men were more than twice as likely as self-employed women to have employees: Israel (2.2 times), Mexico (2.1 times) and Chile (2.0 times).

Figure 2.4. **Proportion of self-employed men and women with employees by country, 2007-16**
 Percentage of self-employed (15-64 year olds)

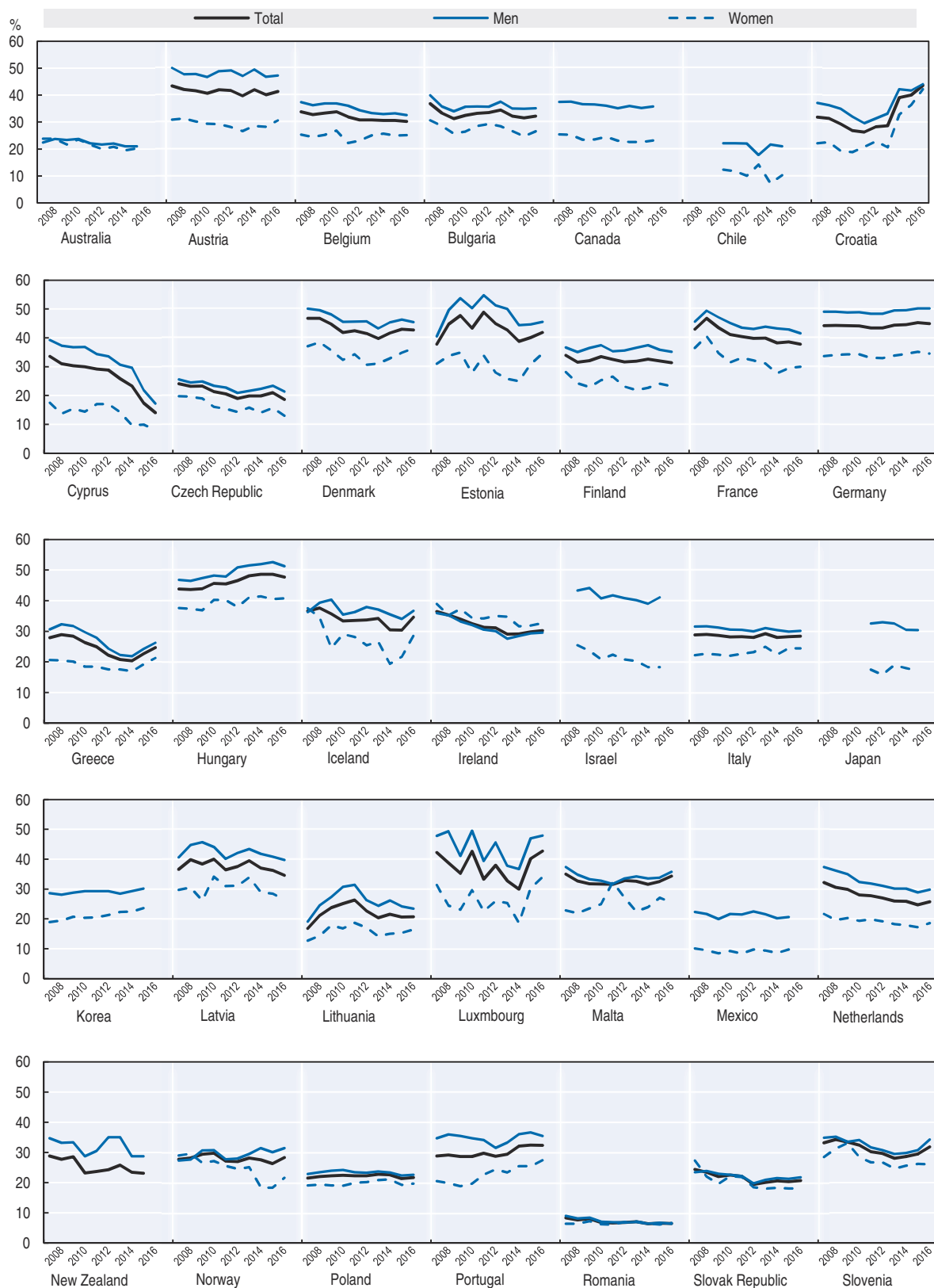
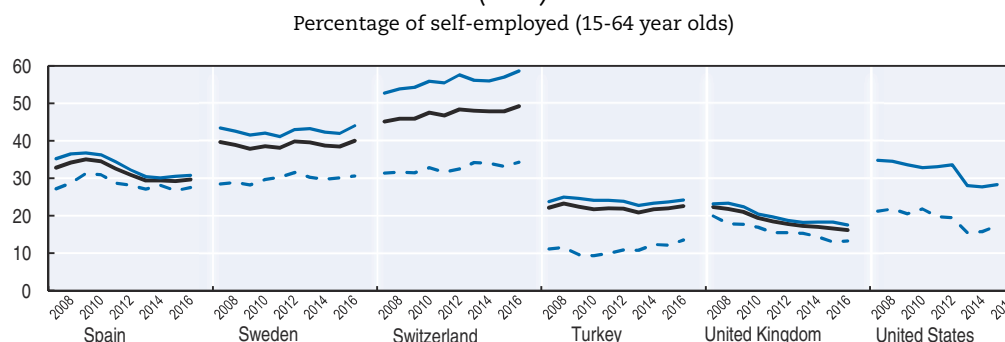


Figure 2.4. **Proportion of self-employed men and women with employees by country, 2007-16**
(cont.)



Source: Eurostat (2017a), Labour Force Survey, available at: <http://ec.europa.eu/eurostat/web/lfs/data/database>; OECD (2016), "Indicators of gender equality in entrepreneurship", OECD Gender Portal, available at: www.oecd.org/gender/data/.

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Activities by women over the entrepreneurship life-cycle

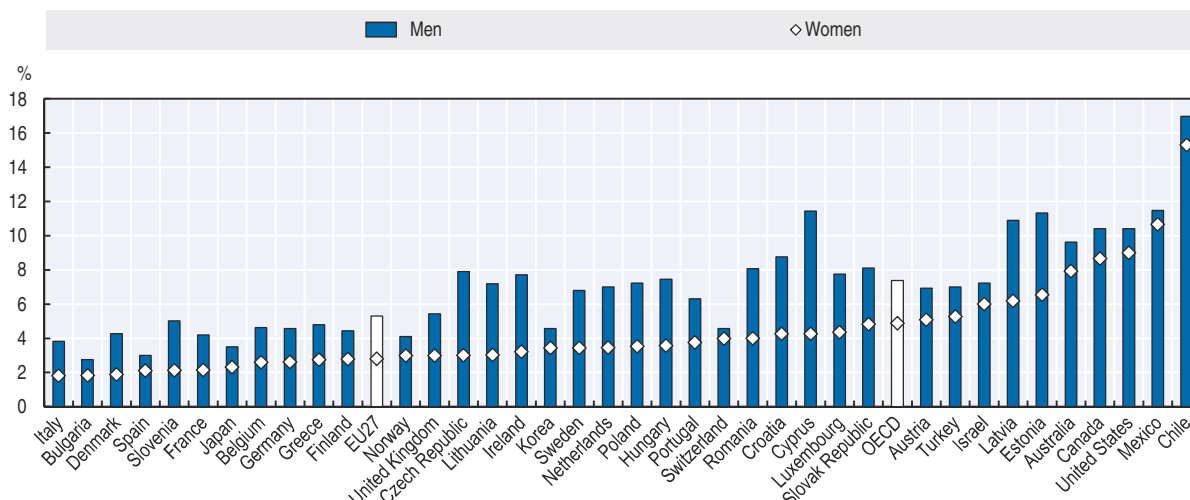
- Women were less likely than men to be involved in setting up a business over the 2012-16 period in European Union (2.8% vs. 5.3%) and OECD countries (4.9% vs. 7.4%).
- Similarly, women were slightly more than half as likely as men to be owners of new (less than 3.5 years old) and established business (3.5 years old). This was true in both European Union and OECD countries.
- Although the average rates of entrepreneurship activity are lower for women than men, there are many countries where women are very active in starting businesses, notably in eastern EU Member States such as Latvia, as well as Chile, Mexico, the United States, Canada and Australia.
- The most frequently cited reason for business discontinuation for both men and women was that it was not profitable. Approximately one-third of people who ceased the business' activities cited this reason.

Another way to examine entrepreneurship activities by women is to consider the proportion of women who are involved in starting or managing businesses. The Global Entrepreneurship Monitor (GEM) is an international study of entrepreneurship that is produced by a consortium of researchers and research institutions using a common household survey. This survey divides entrepreneurship activities into four stages: nascent entrepreneurship, new business ownership, established business ownership and business exit.


The nascent entrepreneurship rates for men and women are presented in Figure 2.5 for European Union and OECD countries for the period 2012-16. This rate measures the proportion of the population who are actively involved in setting up a business they will own or co-own but have not yet paid salaries, wages or any other payments to the owner(s) for more than three months. The data were pooled over a five year period to increase the sample size and reliability of the estimates. For more information on this rate and other indicators develop by the GEM, please refer to the Reader's Guide at the beginning of this book.

Across EU Member States, 2.8% of women were involved in setting up a business between 2012 and 2016. This is approximately half of the proportion of men (5.3%). The nascent entrepreneurship rate varied across Member States, ranging from 1.8% in Italy to 6.5% in Estonia. There was a clear gap in the level of nascent entrepreneurship activities for

Figure 2.5. **Nascent entrepreneurship rates for men and women, 2012-16**
Percentage of population (18-64 year olds)



Notes: 1. All European Union Member States participated in the GEM survey at least once during the 2012-16 period except for Malta. 2. All OECD countries participated in the GEM survey at least once during this period except for Iceland and New Zealand. 3. Data presented in this figure were pooled over the 2012-16 period. A number of countries did not participate in the GEM surveys in every year but were included in the figure: Australia (participated in 2014, 2015, 2016); Austria (2012, 2014, 2016); Belgium (2012, 2013, 2014, 2015); Bulgaria (2015, 2016); Cyprus (2016); Czech Republic (2013); Denmark (2012, 2014); France (2012, 2013, 2014, 2016); Israel (2012, 2013, 2015, 2016); Japan (2012, 2013, 2014); Korea (2012, 2013, 2015, 2016); Latvia (2012, 2013, 2014); Lithuania (2012, 2013, 2014); Luxembourg (2013, 2014, 2015, 2016); Norway (2012, 2013, 2014, 2015, 2017); Romania (2012, 2013, 2014, 2015); and Turkey (2012, 2013, 2016). 4. The nascent entrepreneurship rate is defined as the proportion of the adult population (age 18 to 64) that are actively involved in setting up a business they will own or co-own; this business has not paid salaries, wages or any other payments to the owners for more than three months. Source: Global Entrepreneurship Monitor (GEM) (2017), Special tabulations of the 2012-16 adult population surveys from the Global Entrepreneurship Monitor.

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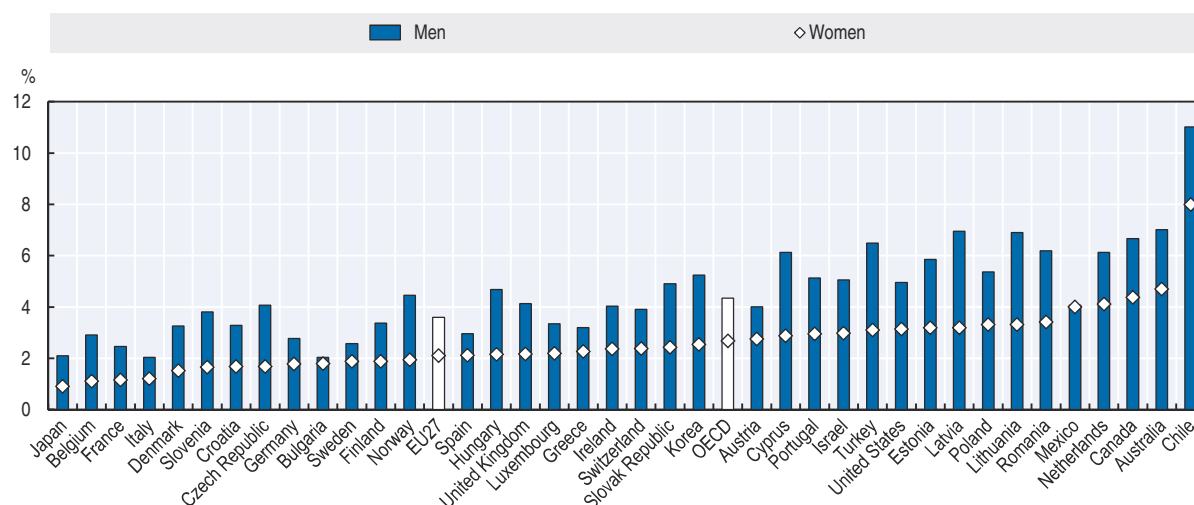
men and women over this period in all countries. Among EU Member States, the gap was the smallest in Austria where men were 1.4 times more likely than women to be involved in pre start-up activities, and greatest in Cyprus and the Czech Republic, where men were 2.7 times more likely than women to be engaged in pre start-up activities.

The nascent entrepreneurship rate for women was slightly higher in OECD countries over this period. The average rates over the 2012-16 were 4.9% for women and 7.4% for men. While women were less active in starting a business than men, the gender gap was smaller than in the European Union Member States. Among OECD countries, women were the most likely to be setting up a business over this period in Chile (15.7%), Mexico (10.3%) and the United States (9.0%).

The second stage of entrepreneurship defined by the GEM is new business ownership. That is, the proportion of the population that is currently an owner-manager of a new business that has paid salaries, wages or any other payments to the owners for more than three months, but not more than 42 months.

Over the 2012-16 period, women were approximately 60% as likely as men to be an owner-manager of a new business across the European Union and OECD countries. This proportion varied greatly across both European Union and OECD countries (Figure 2.6). Within the European Union, the new business ownership rate was lowest in Belgium over this period (1.1%) and highest in the Netherlands (4.1%). Among OECD countries, the rate ranged from 0.9% in Japan to 9.0% in Chile. There appears to be a correlation between the nascent entrepreneurship rates and new business ownership rates. That is, countries

Figure 2.6. **New business ownership rates for men and women, 2012-16**
Percentage of population (18-64 year olds)



Notes: 1. All European Union Member States participated in the GEM survey at least once during the 2012-16 period except for Malta. 2. All OECD countries participated in the GEM survey at least once during this period except for Iceland and New Zealand. 3. Data presented in this figure were pooled over the 2012-16 period. A number of countries did not participate in the GEM surveys in every year but were included in the figure: Australia (participated in 2014, 2015, 2016); Austria (2012, 2014, 2016); Belgium (2012, 2013, 2014, 2015); Bulgaria (2015, 2016); Cyprus (2016); Czech Republic (2013); Denmark (2012, 2014); France (2012, 2013, 2014, 2016); Israel (2012, 2013, 2015, 2016); Japan (2012, 2013, 2014); Korea (2012, 2013, 2015, 2016); Latvia (2012, 2013, 2014); Lithuania (2012, 2013, 2014); Luxembourg (2013, 2014, 2015, 2016); Norway (2012, 2013, 2014, 2015, 2017); Romania (2012, 2013, 2014, 2015); and Turkey (2012, 2013, 2016). 4. The new business ownership rate measures the proportion of the population (18-64 years old) that is currently an owner-manager of a new business that has paid salaries, wages or any other payments to the owners for more than three months, but not more than 42 months.

Source: Global Entrepreneurship Monitor (GEM) (2017), Special tabulations of the 2012-16 adult population surveys from the Global Entrepreneurship Monitor.

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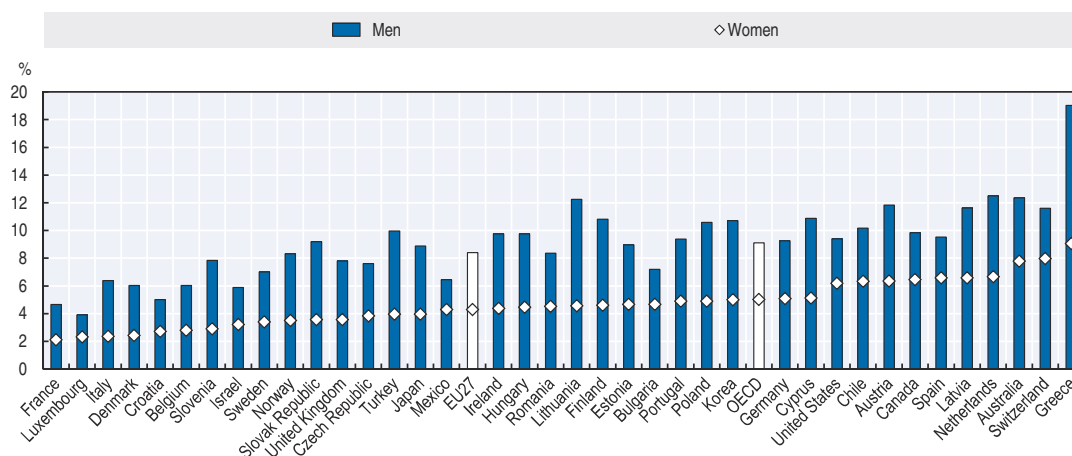
where women had low nascent entrepreneurship rates also have low rates of new business ownership and vice versa. This is unsurprising since an individual must be a nascent entrepreneur before they are a new business owner.

Established business ownership is the third phase of the GEM cycle. This indicator is defined as the proportion of the adult population that are currently owner-managers of an established business that has paid salaries, wages or any other payments to the owners for more than 42 months.

Across the European Union, 4.3% of women were established business owners over the period 2012-16, which is not far below the average for OECD countries (5.0%) (Figure 2.7). This is approximately half of the proportion of men who were established business owners (8.4% in the European Union and 9.0% in OECD countries). At the country level, the established business ownership rate for women ranged from 2.1% in France to 9.1% in Greece. The gender gap was the greatest in Slovenia, where the established business ownership rate for women was only 37% of the rate for men. The gender gap was the smallest in Spain.

The GEM household survey also asks questions about business exit. Approximately 7% of the population are involved in a business discontinuation each year (GEM, 2017), and Figure 2.8 presents the reasons cited for exiting the business. In the European Union over the 2012-16 period, women were slightly more likely than men to report that they were involved in a business discontinuation due to the business not being profitable (31.6% vs. 28.7% for men) or personal reasons (20.5% vs. 15.3% for men). Otherwise, there was little

Figure 2.7. **Established business ownership rates for men and women, 2012-16**
Percentage of population (18-64 year olds)

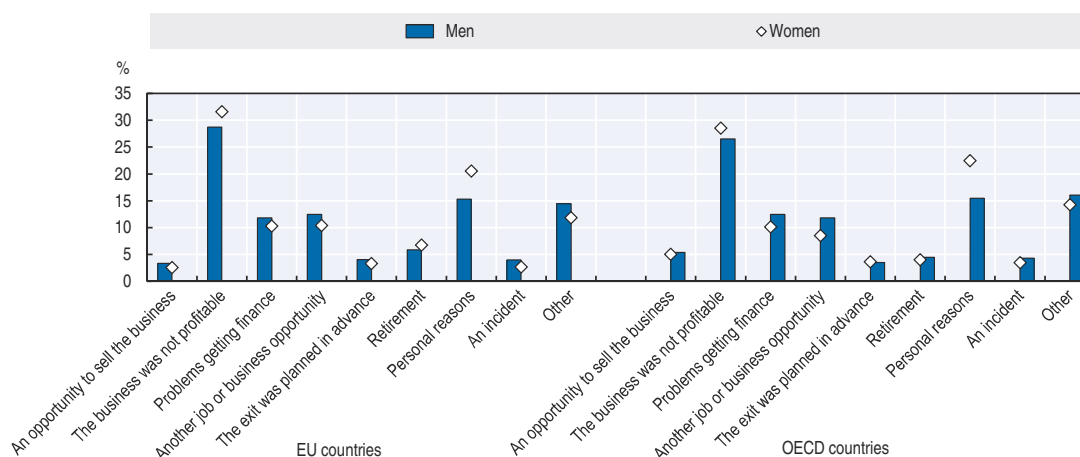


Notes: 1. All European Union Member States participated in the GEM survey at least once during the 2012-16 period except for Malta. 2. All OECD countries participated in the GEM survey at least once during this period except for Iceland and New Zealand. 3. Data presented in this figure were pooled over the 2012-16 period. A number of countries did not participate in the GEM surveys in every year but were included in the figure: Australia (participated in 2014, 2015, 2016); Austria (2012, 2014, 2016); Belgium (2012, 2013, 2014, 2015); Bulgaria (2015, 2016); Cyprus (2016); Czech Republic (2013); Denmark (2012, 2014); France (2012, 2013, 2014, 2016); Israel (2012, 2013, 2015, 2016); Japan (2012, 2013, 2014); Korea (2012, 2013, 2015, 2016); Latvia (2012, 2013, 2014); Lithuania (2012, 2013, 2014); Luxembourg (2013, 2014, 2015, 2016); Norway (2012, 2013, 2014, 2015, 2017); Romania (2012, 2013, 2014, 2015); and Turkey (2012, 2013, 2016). 4. The established business ownership rate is defined as the proportion of the adult population that are currently owner-managers of an established business that has paid salaries, wages or any other payments to the owners for more than 42 months.

Source: Global Entrepreneurship Monitor (GEM) (2017), Special tabulations of the 2012-16 adult population surveys from the Global Entrepreneurship Monitor.

StatLink <http://dx.doi.org/10.1787/888933623970>

Figure 2.8. **Reasons for business exit cited by men and women entrepreneurs in European Union and OECD countries, 2012-16**
Percentage of the population involved in a business exit in the past 12 months (18-64 year olds)



Notes: 1. All European Union Member States participated in the GEM survey at least once during the 2012-16 period except for Malta. 2. All OECD countries participated in the GEM survey at least once during this period except for Iceland and New Zealand. 3. Data presented in this figure were pooled over the 2012-16 period. A number of countries did not participate in the GEM surveys in every year but were included in the figure: Australia (participated in 2014, 2015, 2016); Austria (2012, 2014, 2016); Belgium (2012, 2013, 2014, 2015); Bulgaria (2015, 2016); Cyprus (2016); Czech Republic (2013); Denmark (2012, 2014); France (2012, 2013, 2014, 2016); Israel (2012, 2013, 2015, 2016); Japan (2012, 2013, 2014); Korea (2012, 2013, 2015, 2016); Latvia (2012, 2013, 2014); Lithuania (2012, 2013, 2014); Luxembourg (2013, 2014, 2015, 2016); Norway (2012, 2013, 2014, 2015, 2017); Romania (2012, 2013, 2014, 2015); and Turkey (2012, 2013, 2016).

Source: Global Entrepreneurship Monitor (GEM) (2017), Special tabulations of the 2012-16 adult population surveys from the Global Entrepreneurship Monitor.

StatLink <http://dx.doi.org/10.1787/888933623989>

difference in the motivations behind an exit between men and women, including both positive (e.g. an opportunity to sell the business, retirement) and negative factors (e.g. problems getting finance, another job or business opportunity).

Across all EU and OECD countries, the most frequently cited factor by women for a business discontinuation over the 2012-16 period was that the business was not profitable, accounting for more than half of the business exits in Greece (61.1%), Bulgaria (58.9%), Portugal (55.6%) and Spain (53.1%). Women were less likely than men in all EU and OECD countries to have exited their business due to a positive factor such as an opportunity to sell the business, another job or business opportunity came up or retirement. However, women in Germany were more likely than men to indicate that they discontinued their business due to another opportunity (15.4% vs. 11.5% for men). Similarly, women in the United Kingdom were nearly as likely as men to exit their business due to another opportunity (23.7% vs. 26.1% for men).

Business activities by self-employed women and women entrepreneurs

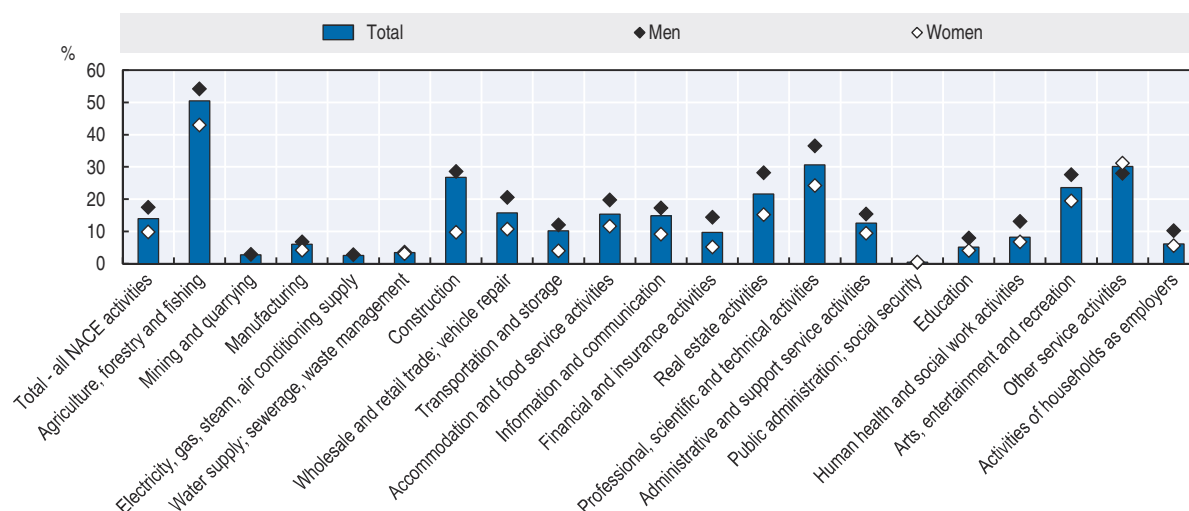
- Women were less likely than men to be self-employed across all industries in 2016 except for “other services”, which includes personal and household goods and services.
- Women were also slightly less likely than men to start their businesses in teams between 2012 and 2016. Across the European Union, 14.8% of women nascent entrepreneurs reported that they are working in teams of three or more, relative to 21.1% of men. In OECD countries, the proportions were 16.2% for women and 22.1% for men.
- Women entrepreneurs were as likely as men to offer new products and services for potential customers over the 2012-16 period, but only half as likely to expect to create at least 19 jobs over the next five years.

Women tend to operate different types of businesses than men. For example, the first section in this chapter showed that women often operate smaller businesses than men, i.e. self-employed women are less likely to have employees. They also tend to operate in different sectors.

Figure 2.9 presents the self-employment rates for men and women by industry for 2016. It is clear that women have lower self-employment rates than men in all industries, with the exception of Other service activities (e.g. activities of membership organisations, repair of computers, personal and household goods and other personal service activities). In this industry, the self-employment rate for women was 31.2% in 2016 slightly higher than the rate for men (28.1%). In addition, the self-employment rates for women and men were essentially the same in Water supply, sewage and waste management and Public administration and social security (while acknowledging that there is very little self-employment in both sectors). However, women were much less likely than men to be self-employed in Construction, Transportation and storage and Financial and insurance activities.

OECD/EU (2017) points to the importance of the introduction of gender-neutral entrepreneurship education for changing social attitudes towards entrepreneurship for women to help close the gender gap across many industries. This includes encouraging women to go into STEM fields (i.e. science, technology, engineering and mathematics) where there can be strong opportunities for high-potential entrepreneurship.

Figure 2.9. **Self-employment rates for men and women by industry in the European Union, 2016**
Self-employed as a percentage of employment (15-64 year olds)



Source: Eurostat (2017a), Labour Force Survey, available at: <http://ec.europa.eu/eurostat/web/lfs/data/database>.

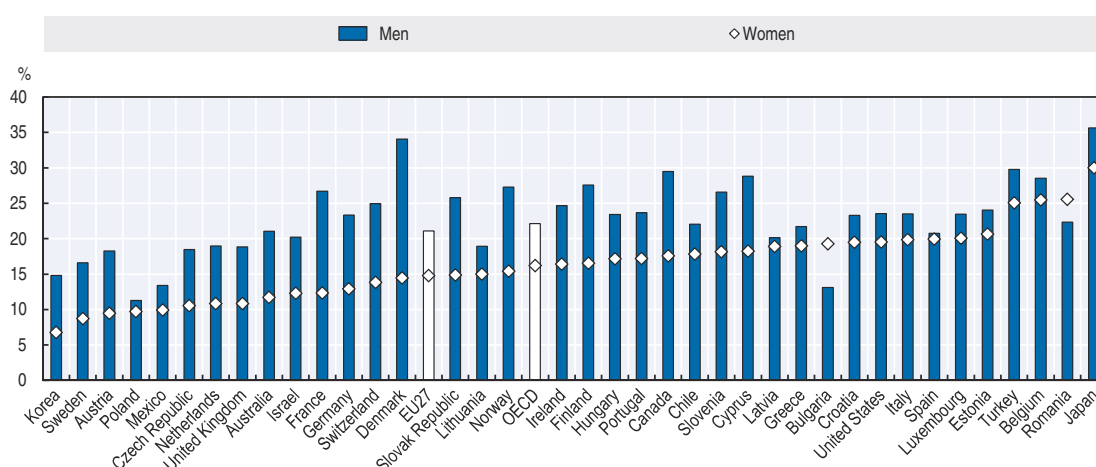
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Furthermore, women appear to manage their businesses differently. For example, they were less likely to start their businesses in teams (Figure 2.10). Across the European Union, 14.8% of women nascent entrepreneurs reported that they are working in teams of three or more, relative to 21.1% of men. These proportions were essentially the same for OECD countries. This finding held in all European Union Member States over the 2012-16 period except for Bulgaria and Romania, where women were more likely than men to start in teams.

Figure 2.11 presents the proportion of men and women entrepreneurs who offered products or services that were new and unfamiliar to potential customers over the 2012-16 period. Overall, there was no gender gap at the European Union level, where just under 30% of entrepreneurs offered new products and services over this period. However, there was some variation across Member States. Entrepreneurs were the most likely to offer new products and services in Luxembourg (49%) and women were as likely as men to report this. Entrepreneurs in Bulgaria were the least likely to offer new products and services. Only 14.4% of men and 12.0% of women entrepreneurs reported offering new products and services. Women were slightly more likely than men to operate businesses that offered new products and services in several countries and the difference was the greatest in Finland (27.8% vs. 22.7% for men).

Similarly, across OECD countries there was no gender gap in the proportion of entrepreneurs who offered new products and services. This was true in nearly all OECD countries. The proportion of women entrepreneurs who offered new products and services ranged from 18.2% in Norway to 57.2% in Chile.

Overall, women entrepreneurs were less likely than men entrepreneurs to expect that their business would generate a substantial amount of new jobs over the next five years (Figure 2.12). At the European Union level, 6.0% of women entrepreneurs reported in the 2012-16 period that they expected to create at least 19 jobs over the next five years. This is less than half of the proportion of men (12.3%). Across European Union Member States, women were less likely to expect to create more than 19 jobs over the next five years in all countries except Bulgaria, Belgium and Cyprus, where women were as likely as men.

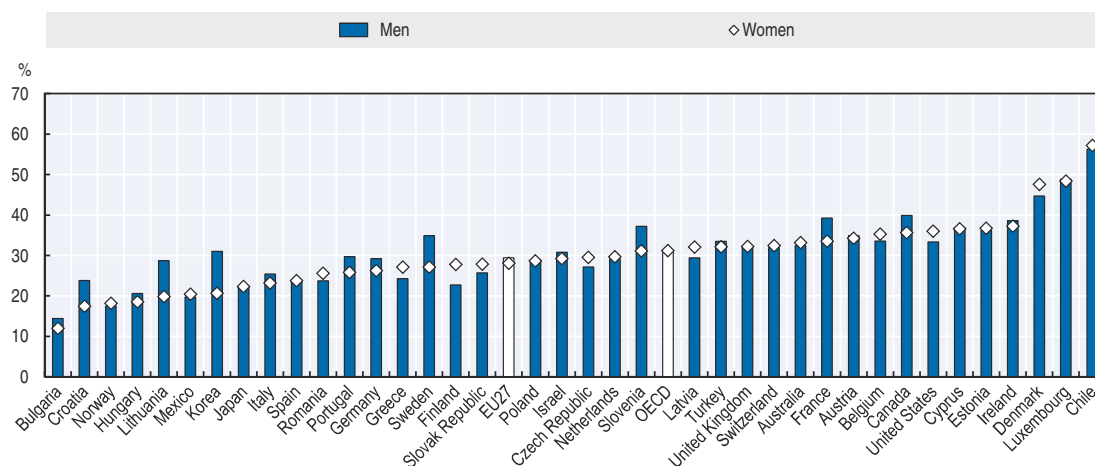
Figure 2.10. **Proportion of new men and women entrepreneurs who operate in teams, 2012-16**

Notes: 1. All European Union Member States participated in the GEM survey at least once during the 2012-16 period except for Malta. 2. All OECD countries participated in the GEM survey at least once during this period except for Iceland and New Zealand. 3. Data presented in this figure were pooled over the 2012-16 period. A number of countries did not participate in the GEM surveys in every year but were included in the figure: Australia (participated in 2014, 2015, 2016); Austria (2012, 2014, 2016); Belgium (2012, 2013, 2014, 2015); Bulgaria (2015, 2016); Cyprus (2016); Czech Republic (2013); Denmark (2012, 2014); France (2012, 2013, 2014, 2016); Israel (2012, 2013, 2015, 2016); Japan (2012, 2013, 2014); Korea (2012, 2013, 2015, 2016); Latvia (2012, 2013, 2014); Lithuania (2012, 2013, 2014); Luxembourg (2013, 2014, 2015, 2016); Norway (2012, 2013, 2014, 2015, 2017); Romania (2012, 2013, 2014, 2015); and Turkey (2012, 2013, 2016). 4. Nascent entrepreneurs are those who are actively involved in setting up a business they will own or co-own; this business has not paid salaries, wages or any other payments to the owners for more than three months. Source: Global Entrepreneurship Monitor (GEM) (2017), Special tabulations of the 2012-16 adult population surveys from the Global Entrepreneurship Monitor.

StatLink <http://dx.doi.org/10.1787/888933624027>

Figure 2.11. **Proportion of new men and women entrepreneurs who offer new products and services, 2012-16**

“Do all, some, or none of your potential customers consider this product or service new and unfamiliar?”
Percentage of early-stage entrepreneurs (18-64 year olds) who responded “yes”



Notes: 1. All European Union Member States participated in the GEM survey at least once during the 2012-16 period except for Malta. 2. All OECD countries participated in the GEM survey at least once during this period except for Iceland and New Zealand. 3. Data presented in this figure were pooled over the 2012-16 period. A number of countries did not participate in the GEM surveys in every year but were included in the figure: Australia (participated in 2014, 2015, 2016); Austria (2012, 2014, 2016); Belgium (2012, 2013, 2014, 2015); Bulgaria (2015, 2016); Cyprus (2016); Czech Republic (2013); Denmark (2012, 2014); France (2012, 2013, 2014, 2016); Israel (2012, 2013, 2015, 2016); Japan (2012, 2013, 2014); Korea (2012, 2013, 2015, 2016); Latvia (2012, 2013, 2014); Lithuania (2012, 2013, 2014); Luxembourg (2013, 2014, 2015, 2016); Norway (2012, 2013, 2014, 2015, 2017); Romania (2012, 2013, 2014, 2015); and Turkey (2012, 2013, 2016). 4. Early-stage entrepreneurs are those who are in the process of setting up a new business and those who operate a business that is less than 42 months old.

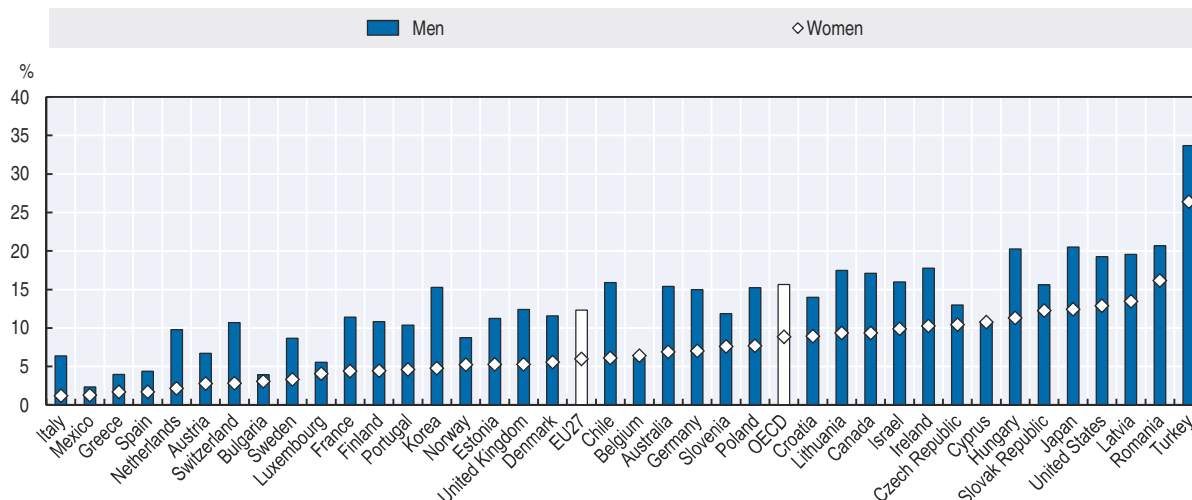
Source: Global Entrepreneurship Monitor (GEM) (2017), Special tabulations of the 2012-16 adult population surveys from the Global Entrepreneurship Monitor.

StatLink <http://dx.doi.org/10.1787/888933624046>

Figure 2.12. Growth expectations among new men and women entrepreneurs, 2012-16

“Not counting owners, how many people, including both present and future employees, will be working for this business five years from now? Please include all exclusive subcontractors, meaning people or firms working only for this business, and not working for others as well.”

Percentage of early-stage entrepreneurs (18-64 year olds) who indicated at least 19 new jobs would be created over the next five years



Notes: 1. All European Union Member States participated in the GEM survey at least once during the 2012-16 period except for Malta. 2. All OECD countries participated in the GEM survey at least once during this period except for Iceland and New Zealand. 3. Data presented in this figure were pooled over the 2012-16 period. A number of countries did not participate in the GEM surveys in every year but were included in the figure: Australia (participated in 2014, 2015, 2016); Austria (2012, 2014, 2016); Belgium (2012, 2013, 2014, 2015); Bulgaria (2015, 2016); Cyprus (2016); Czech Republic (2013); Denmark (2012, 2014); France (2012, 2013, 2014, 2016); Israel (2012, 2013, 2015, 2016); Japan (2012, 2013, 2014); Korea (2012, 2013, 2015, 2016); Latvia (2012, 2013, 2014); Lithuania (2012, 2013, 2014); Luxembourg (2013, 2014, 2015, 2016); Norway (2012, 2013, 2014, 2015, 2017); Romania (2012, 2013, 2014, 2015); and Turkey (2012, 2013, 2016). 4. Early-stage entrepreneurs are those who are in the process of setting up a new business and those who operate a business that is less than 42 months old.

Source: Global Entrepreneurship Monitor (GEM) (2017), Special tabulations of the 2012-16 adult population surveys from the Global Entrepreneurship Monitor.

StatLink <http://dx.doi.org/10.1787/888933624065>

The proportion of women entrepreneurs who expect to create at least 19 new jobs was slightly higher in OECD countries (8.8%) than in the European Union (6.0%) over this period. However, the proportion was also approximately half of that of men. Women entrepreneurs were the most likely to expect to create a high number of jobs in Turkey, where 26.4% of women entrepreneurs self-reported that they expect to create at least 19 jobs over the next 5 years.

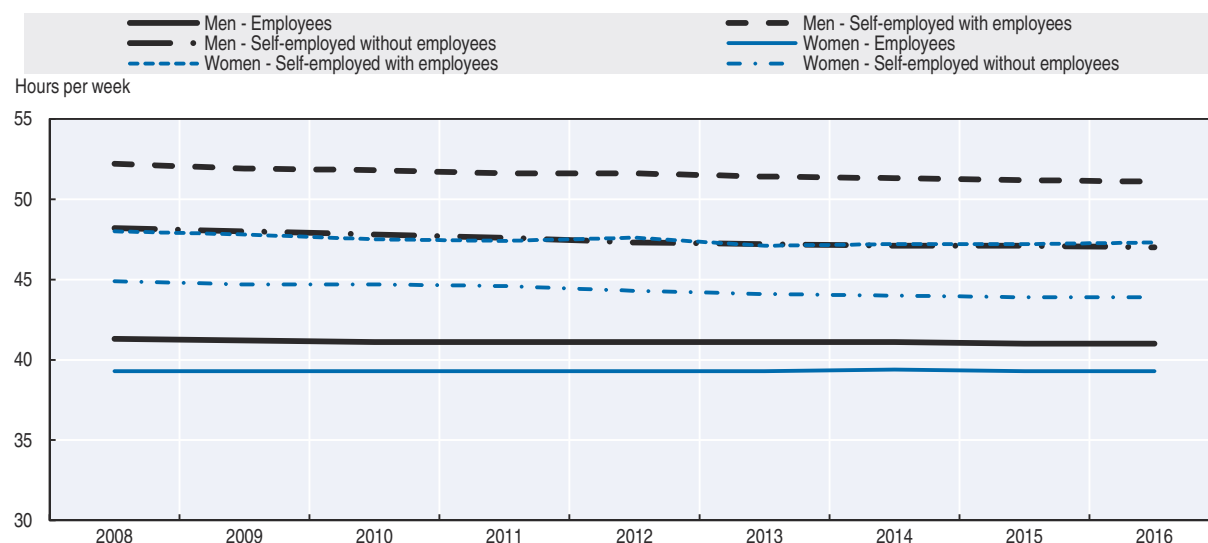

Hours worked by self-employed women

- Self-employed women work more hours per week, on average, than women who work as employees. However, there is a substantial difference between the hours worked of self-employed women with and without employees (47.3 hours per week for those with employees vs. 43.9 for those without).
- Men worked more hours per week than women in 2016 across all categories: employees, self-employed with employees and self-employed without employees.

Relative to women who work as employees, women in self-employment work more hours per week. In 2016, self-employed women in the European Union with employees worked, on average, 47.3 hours per week and those without worked 43.9 hours (Figure 2.13).

Figure 2.13. **Hours worked per week by men and women in the European Union, 2008-16**

Average number of hours worked per week for full-time workers (15-64 year olds)

Source: Eurostat (2017a), Labour Force Survey, available at: <http://ec.europa.eu/eurostat/web/lfs/data/database>.StatLink  <http://dx.doi.org/10.1787/888933624084>

This was above the average number of hours that women employees worked: 39.3 hours per week. The average number of hours worked per week by self-employed women, both those with and without employees, declined approximately one hour per week between 2008 and 2016.

Furthermore, the average number of hours worked per week by self-employed women was also lower than the average number of hours worked by self-employed men in 2016 (47.3 hours vs. 51.1 hours for self-employed men with employees and 43.9 hours vs. 47.0 hours for self-employed men without employees). Similarly, the average number of hours worked per week by self-employed men declined approximately one hour per week since 2008.

The average number of hours worked per week by self-employed women varies greatly by country (Figure 2.14). Self-employed women with employees worked, on average, more than 50 hours per week in four EU Member States in 2016: Belgium (53.4 hours), Austria (52.1 hours), Cyprus (50.9 hours) and France 50.6 hours). The average number of hours worked was the lowest in Lithuania (40.3 hours) and Latvia (40.6 employees). The average number of hours worked per week by self-employed women without employees was the highest in Bulgaria (40.8 hours) and lowest in Italy (37.0 hours).

For further discussion on hours worked by the self-employed, please see Chapter 7.

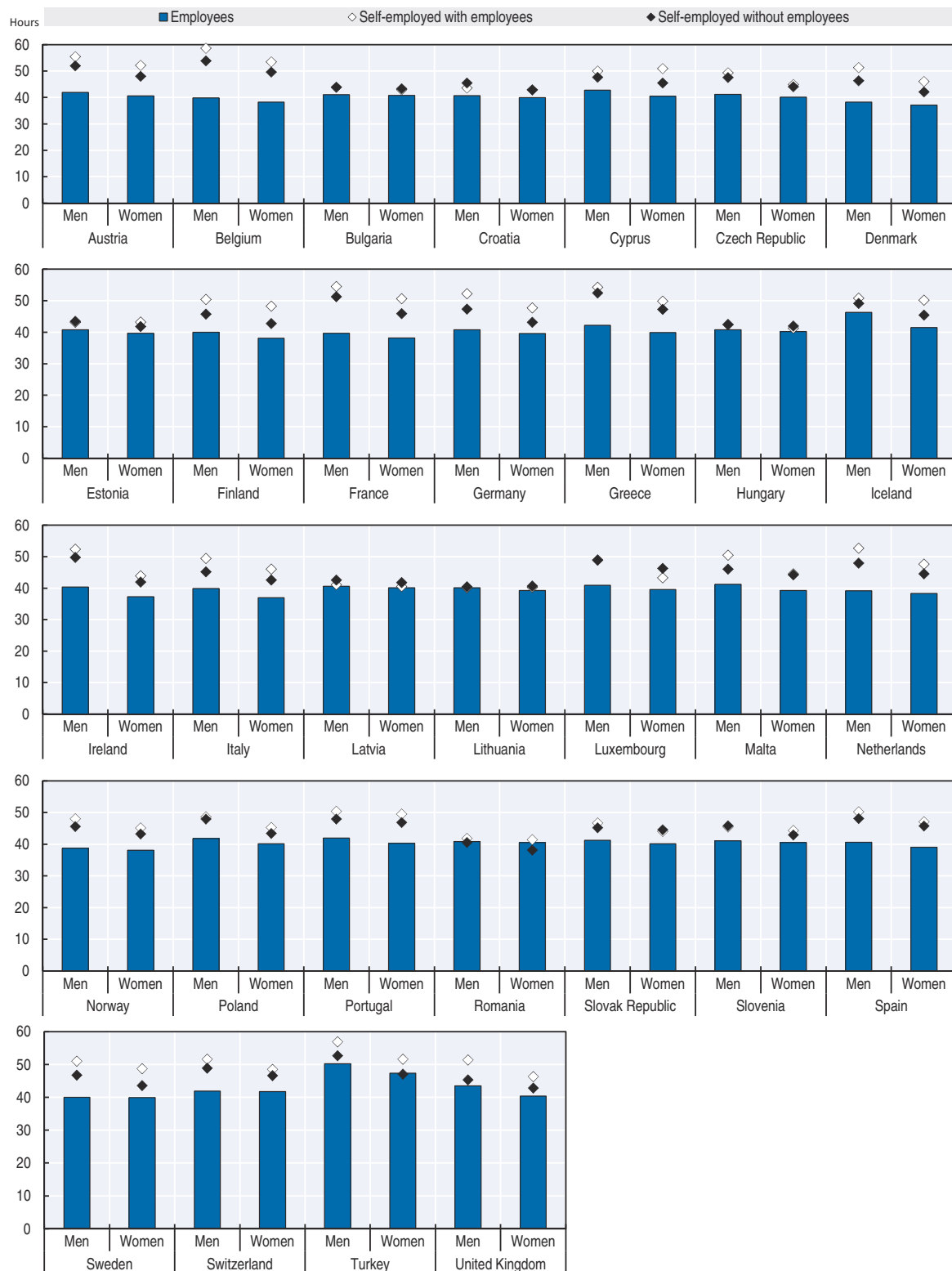
Self-employment earnings for women

- In 2015, the median annual income for women who worked full-time in self-employment was approximately equal to the median income for self-employed men.
- Women who were employees had a median annual income that was EUR 4 360 higher than those who worked in self-employment.

The median annual income earned by women who worked full-time in self-employment in the European Union in 2015 was approximately equal to the median

Average number of hours worked per week for full-time workers (15-64 year olds)

Average number of hours worked per week for full-time workers (15-64 year olds)



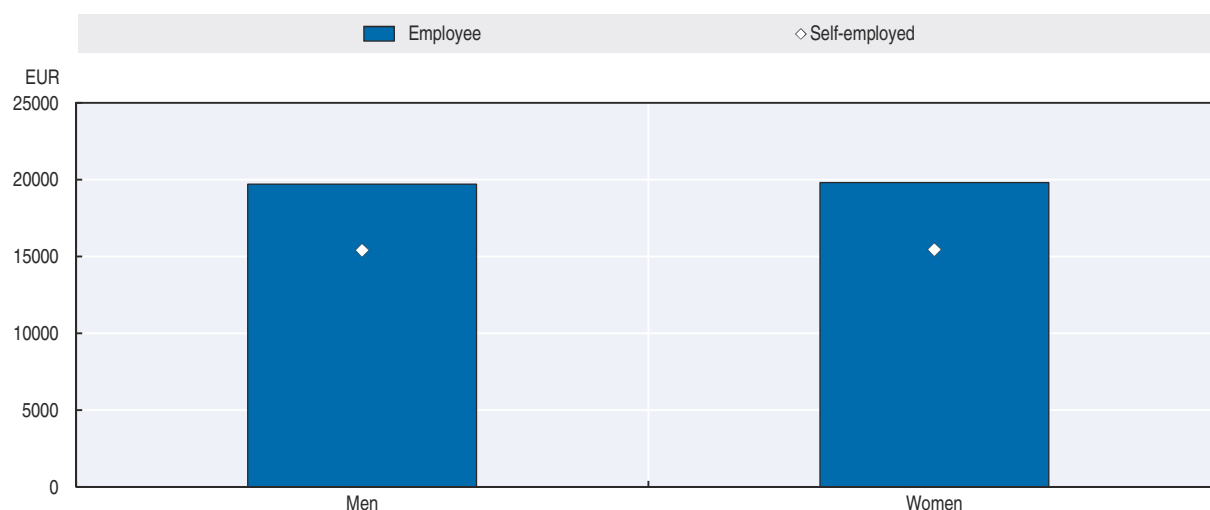
Source: Eurostat (2017a), Labour Force Survey, available at: <http://ec.europa.eu/eurostat/web/lfs/data/database>.

StatLink <http://dx.doi.org/10.1787/888933624103>

income for self-employed men (Figure 2.15). While the median income for self-employed women is well below the median income earned by women who work as employees (EUR 15 455 vs. EUR 19 815), this is to some extent explained by international evidence that identifies that the self-employed significantly under-report their earnings (see Chapter 7).

Figure 2.15. **Annual income earned by men and women in the European Union, 2015**

Net median income earned for full-time labour market activities (15-64 year olds)



Source: Eurostat (2017b), Statistics on Income and Living Conditions, available at: <http://ec.europa.eu/eurostat/web/income-and-living-conditions/data/database>.

StatLink  <http://dx.doi.org/10.1787/888933624122>

At the country level, the median income earned varies substantially (Figure 2.16). In most EU Member States there was little difference between the median income of self-employed women and that of self-employed men. However, self-employed women earned more than self-employed men in France, Italy, Luxembourg, Malta, Spain and the United Kingdom. The only EU Member State where self-employed women earned more than those who worked as employees in 2015 was in Luxembourg (EUR 39 280 vs. EUR 37 709 for employees).

For further discussion on the income earned by the self-employed, please see Chapter 7.

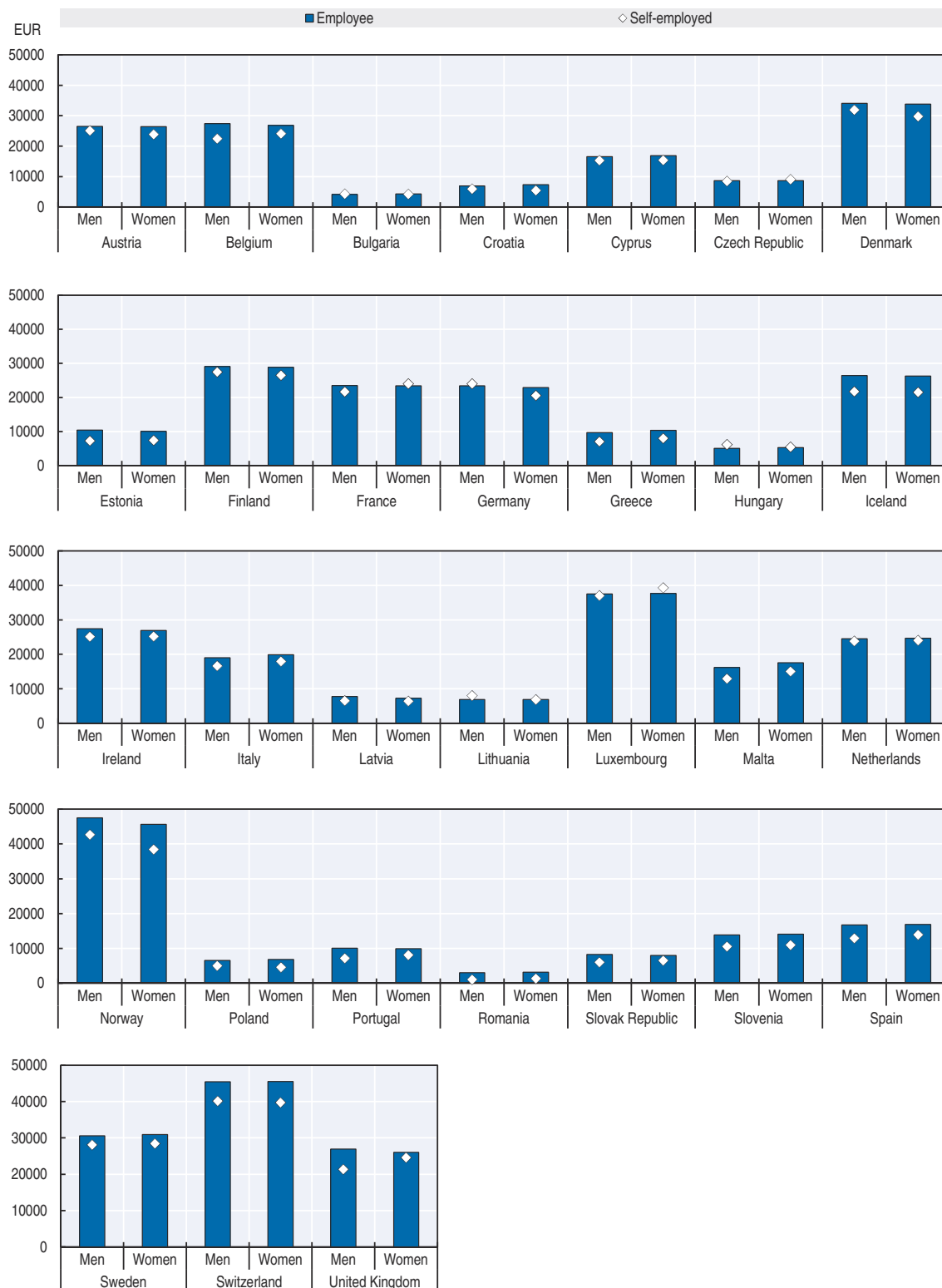
Barriers to business creation for women

- A lack of entrepreneurship skills appears to be a greater barrier for women than for men. Over the 2012-16 period, only 34.1% of women in the European Union and 36.8% of women in OECD countries felt that they had the knowledge and skills to start a business. Approximately half of men felt that they had the necessary knowledge and skills.
- More women reported that a fear of failure was a barrier to entrepreneurship than men between 2012 and 2016. In the European Union, 52.2% of women reported this barrier. This was greater than the proportion of women in OECD countries (43.7%).

A lack of entrepreneurship skills is often considered to be one of the most significant barriers to successful business start-up. This set of skills refers to business management skills (e.g. business and financial planning), personal skills and traits (e.g. a sense of initiatives, risk

Figure 2.16. Annual income earned by men and women by country, 2015

Net median income earned for full-time labour market activities (15-64 year olds)



Source: Eurostat (2017b), Statistics on Income and Living Conditions, available at: <http://ec.europa.eu/eurostat/web/income-and-living-conditions/data/database>.



StatLink  <http://dx.doi.org/10.1787/888933624141>

Figure 2.17. **Entrepreneurship skills as a barrier to business creation for men and women, 2012-16**



Notes: 1. All European Union Member States participated in the GEM survey at least once during the 2012-16 period except for Malta. 2. All OECD countries participated in the GEM survey at least once during this period except for Iceland and New Zealand. 3. Data presented in this figure were pooled over the 2012-16 period. A number of countries did not participate in the GEM surveys in every year but were included in the figure: Australia (participated in 2014, 2015, 2016); Austria (2012, 2014, 2016); Belgium (2012, 2013, 2014, 2015); Bulgaria (2015, 2016); Cyprus (2016); Czech Republic (2013); Denmark (2012, 2014); France (2012, 2013, 2014, 2016); Israel (2012, 2013, 2015, 2016); Japan (2012, 2013, 2014); Korea (2012, 2013, 2015, 2016); Latvia (2012, 2013, 2014); Lithuania (2012, 2013, 2014); Luxembourg (2013, 2014, 2015, 2016); Norway (2012, 2013, 2014, 2015, 2017); Romania (2012, 2013, 2014, 2015); and Turkey (2012, 2013, 2016).

Source: Global Entrepreneurship Monitor (GEM) (2017), Special tabulations of the 2012-16 adult population surveys from the Global Entrepreneurship Monitor.

StatLink  <http://dx.doi.org/10.1787/888933624160>

management) and technical skills (e.g. problem solving). Although these skills will increase the chances of business survival and growth, formal education and training in these areas does not guarantee success.

In the European Union, about one-third of women (34.1%) reported that they had the knowledge and skills to start a business over the 2012-16 period relative to half of men (49.9%) (Figure 2.17). This indicates that two-thirds of women believe that they do not have the skills to successfully start a business. This is clearly an area where policy actions are needed. In the European Union there is currently a great deal of momentum behind the inclusion of entrepreneurship in formal school curricula at all levels. Entrepreneurship education is the most developed at the higher education level, but the quality of entrepreneurship training and start-up support varies across countries. Similarly, entrepreneurship education at lower education levels is also uneven in terms of availability and quality. There is, however, also scope for policy makers to improve entrepreneurship training programmes (outside of education) and to increase the use of coaching and mentoring.

Across European Union Member States, the proportion of women who reported that they had the skills to successfully start a business ranged from 23.7% in Denmark to 48.1% in Poland. Women were less likely than men to feel that they had the skills for entrepreneurship in all countries. This gap ranged, in absolute terms, from 9.3 percentage points in Spain to 21.3 percentage points in Cyprus.

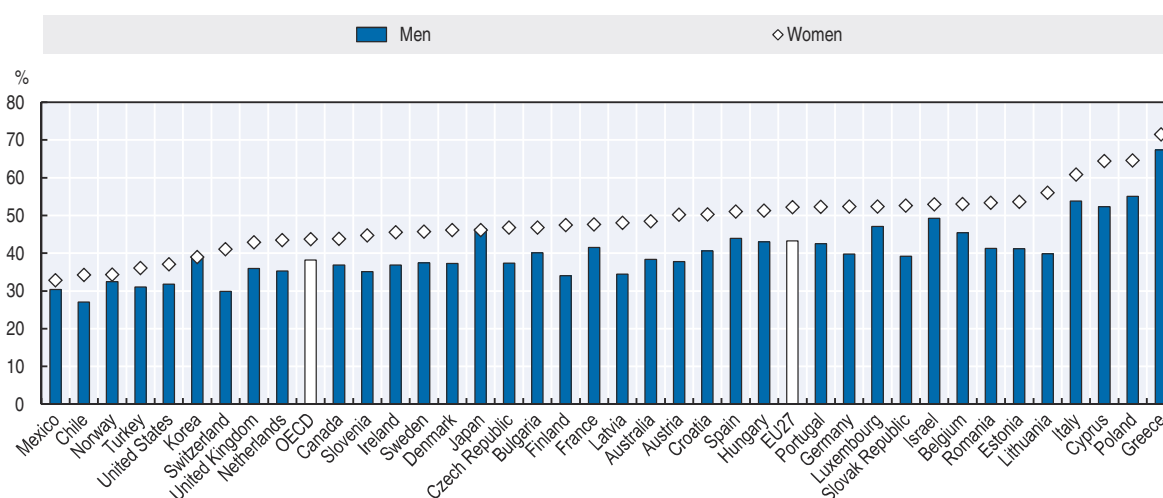
A similar picture emerges when examining OECD countries. Between 2012 and 2016, 36.8% of women felt that they had the skills for entrepreneurship. This was substantially lower than

the proportion of men (51.2%). However, approximately half of women self-reported that they have the knowledge and skills for entrepreneurship in the United States, Poland and Chile.

A “fear of failure” is also an important barrier to entrepreneurship because it can prevent people from even considering entrepreneurship as a career or part-time activity. Figure 2.18 shows that women in the European Union were more likely than men to indicate over the 2012-16 period that a fear a failure prevented them from starting a business. Slightly more than half of women (52.2%) cited this barrier, relative to 43.3% of men. Women were the most likely to cite this barrier in Greece (71.5%), Poland (64.6%), Cyprus (64.4%) and Italy (60.8%) and the least likely in the United Kingdom (42.9%) and the Netherlands (43.5%).

Figure 2.18. **Fear of failure as a barrier to business creation for men and women, 2012-16**

“Does a fear of failure prevent you from starting a business?”
Percentage of population who responded “yes” (18-64 year olds)



Notes: 1. All European Union Member States participated in the GEM survey at least once during the 2012-16 period except for Malta. 2. All OECD countries participated in the GEM survey at least once during this period except for Iceland and New Zealand. 3. Data presented in this figure were pooled over the 2012-16 period. A number of countries did not participate in the GEM surveys in every year but were included in the figure: Australia (participated in 2014, 2015, 2016); Austria (2012, 2014, 2016); Belgium (2012, 2013, 2014, 2015); Bulgaria (2015, 2016); Cyprus (2016); Czech Republic (2013); Denmark (2012, 2014); France (2012, 2013, 2014, 2016); Israel (2012, 2013, 2015, 2016); Japan (2012, 2013, 2014); Korea (2012, 2013, 2015, 2016); Latvia (2012, 2013, 2014); Lithuania (2012, 2013, 2014); Luxembourg (2013, 2014, 2015, 2016); Norway (2012, 2013, 2014, 2015, 2017); Romania (2012, 2013, 2014, 2015); and Turkey (2012, 2013, 2016).
Source: Global Entrepreneurship Monitor (GEM) (2017), Special tabulations of the 2012-16 adult population surveys from the Global Entrepreneurship Monitor.

StatLink <http://dx.doi.org/10.1787/888933624179>

Women in OECD countries were less likely to report that fear of failure was a barrier to business creation. Over the 2012-16 period, 43.7% of women reported this barrier. In addition, the gender gap is slightly smaller in OECD countries than in EU Member States. Over the same period, 38.2% of men indicated that a fear of failure prevented them from starting a business.

Conclusions

Women are clearly under-represented in self-employment and entrepreneurship and the available evidence suggests that they tend to operate smaller and less dynamic businesses than men. However, the reasons for this gender gap are not so clear-cut. Some of the gender differences can be explained by the institutional barriers that constrain women in entrepreneurship, including family and tax policies that discourage labour

market participation and entrepreneurship, and negative social attitudes towards women's entrepreneurship. Further, there are market failures that make it more difficult for women to be successful in business creation and self-employment. Notable examples of market failure include bias in financial markets and public policy initiatives that are not effective at reaching potential women entrepreneurs. However, it is important not to overlook the element of personal choice. Women can have different motivations for self-employment, including the ability to better manage work-life balance and avoiding the "glass ceiling" in employment. Policy makers should therefore not aim to eliminate all differences between men and women entrepreneurs, but instead attempt to remove institutional influences that affect motivations and intentions and correct market failures that constrain women's entrepreneurship.

For further policy discussion on women's self-employment and entrepreneurship activities, please see OECD/EU (2017).

Note

1. The OECD has 35 member economies: Australia, Austria, Belgium, Canada, Chile, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Korea, Latvia, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Poland, Portugal, the Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Turkey, the United Kingdom and the United States.

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Chapter 3

Youth self-employment and entrepreneurship activities

Data on self-employment and entrepreneurship activities by youth are presented in this chapter. These data include self-employment rates for youth and the proportion of youth involved in starting a business. The chapter also presents data on the characteristics of the businesses operated by youth, including the sector, the proportion of new businesses that offer new products and services, and the proportion of new entrepreneurs who expect to create a substantial number of jobs. Data are also presented on some of the key barriers to entrepreneurship for youth such as a lack of entrepreneurship skills and fear of failure. Data are presented for the European Union and OECD averages, as well as at the country level.

Note by Turkey:

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

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

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

The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

Key messages

Youth indicate a high level of interest in self-employment but only 4.1% of working youth (15-24 years old) in the European Union were self-employed. However, household survey data suggest that youth are almost as likely as adults to be involved in starting a business. In the European Union, 4.9% of youth were actively working on setting up a business between 2012 and 2016 and in OECD countries, this proportion was 6.6%. Over the same period, approximately one in five youth entrepreneurs started their business with a team of other entrepreneurs, which is above the proportion for the adult population.

Approximately one-third of new youth entrepreneurs reported that they introduced new products and services to their customers over the 2012-16 period, which was the same as the proportion of adults over this period. Further, new young entrepreneurs were optimistic about their job creation potential: 11% indicated that they expected to create at least 19 additional new jobs over the next five years. Despite this optimism, self-employed youth were one-third as likely to have employees as self-employed adults in 2016 (9.9% vs. 28.5% for adults).

Youth face a number of key barriers to business creation and self-employment. Youth (18-30 years old) in the European Union were slightly less likely than adults to feel that they had the knowledge and skills for entrepreneurship over the 2012-16 period (36.0% vs. 41.9% for adults). A similar result was found in OECD economies over the same period (37.8% vs. 44.1% for adults). Further, nearly half of youth in the European Union viewed fear of failure as a barrier to entrepreneurship (46.6%) over this period. This proportion was above the proportion for OECD countries (39.6%).

The reason most frequently cited by young entrepreneurs for business exit in the European Union over the 2012-16 period was that it was not profitable (27.5%). The second and third most cited reasons for youth were “personal reasons” (20.6%) and “another job or business opportunity” (18.2%). These proportions were nearly identical across OECD economies.

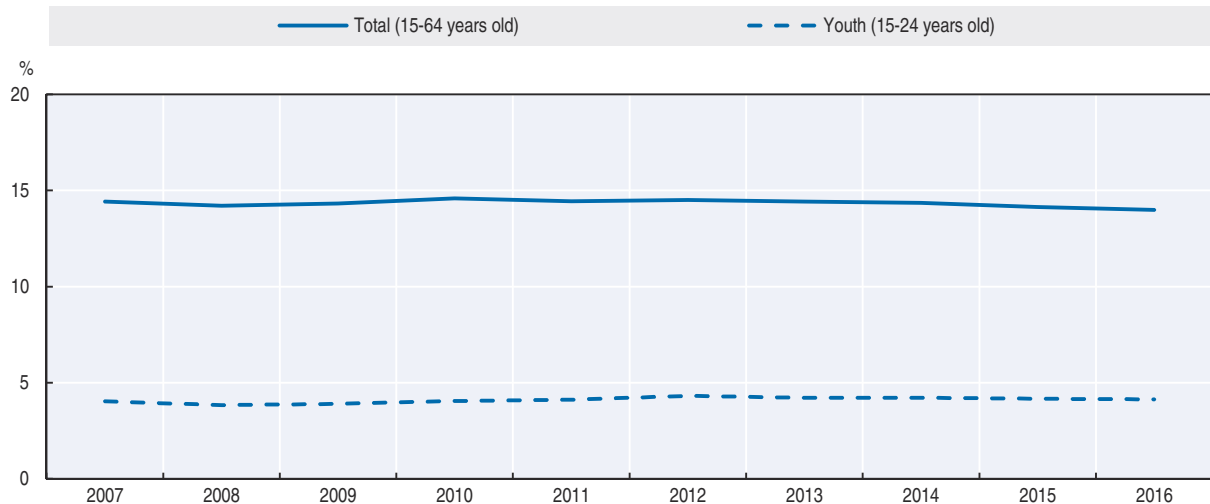
Self-employment activities by youth

- Some survey results suggest that more than 40% of youth would prefer to be self-employed over working as an employee. However, only 4.1% of youth (15-24 years old) in employment in the European Union were self-employed in 2016. This was one-third of the proportion of all adults (15-64 years old).
- In the European Union, self-employed youth were one-third as likely to have employees as self-employed adults in 2016 (9.9% vs. 28.5% for adults).

There is evidence to suggest that youth have a keen interest in self-employment. Survey results show that nearly half of youth would prefer to work as self-employed over

working as an employee (OECD/EU, 2014). However, the proportion of youth who are self-employed is much lower. In 2016, only 4.1% of employed youth (15-24 years old) were self-employed in the European Union. This is approximately one-third of the self-employment rate for adults (15-64 years old). Both of these self-employment rates have been stable over the last decade, despite the economic crisis that resulted in a rapid increase in youth unemployment (Figure 3.1).

Figure 3.1. **Youth self-employment rate in the European Union, 2007-16**
Self-employed as a percentage of employment



Source: Eurostat (2017), Labour Force Survey, available at: <http://ec.europa.eu/eurostat/web/lfs/data/database>.


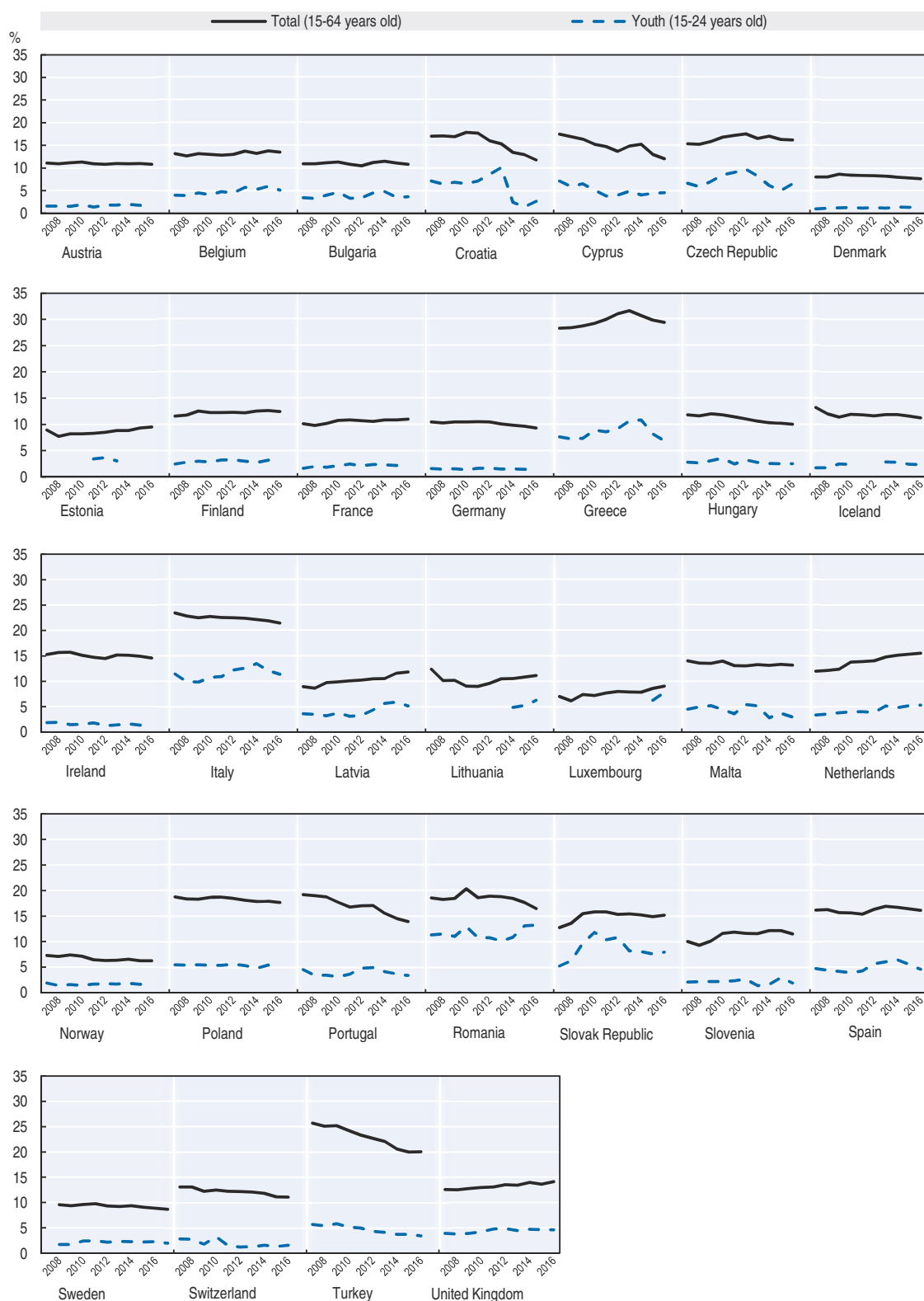
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Figure 3.2 presents the youth self-employment rates by country. This rate was low in many of the European Union Member States in 2016, notably Germany (1.3%), Denmark (1.5%), Austria (1.8%), Ireland (1.9%) and Slovenia (1.9%). However, there were two European Union Member States where the youth self-employment rate was greater than 10%: Italy (11.4%) and Romania (13.2%). The gap between the adult self-employment rate and the youth self-employment rate was quite consistent across countries with the youth self-employment rate typically being about one-third of the adult rate. However, it was significantly below this benchmark in Slovenia and Austria (about one-sixth). The gap was the smallest in Luxembourg and Romania, where the youth self-employment rate was more than 80% of the adult rate. Over the last decade, the youth self-employment rate increased in 15 European Union Member States, remained unchanged in two and declined in 11.

The proportion of self-employed youth in the European Union that have employees between 2007 and 2016 is presented in Figure 3.3. In 2016, 9.9% of self-employed youth had employees. This is down from 13.3% in 2008. However, the proportion of self-employed adults with employees has also declined. In 2008, 31.1% of self-employed adults had employees but only 28.5% did in 2016. Thus the gap between the proportion of self-employed youth and self-employed adults with employees has widened slightly.

Figure 3.4 presents the proportion of self-employed youth by country to the extent possible. Due to small sample sizes, it is not always possible to obtain reliable estimates for the proportion of self-employed youth with employees. However, the data are available in the vast majority of European Union Member States and they confirm that self-employed

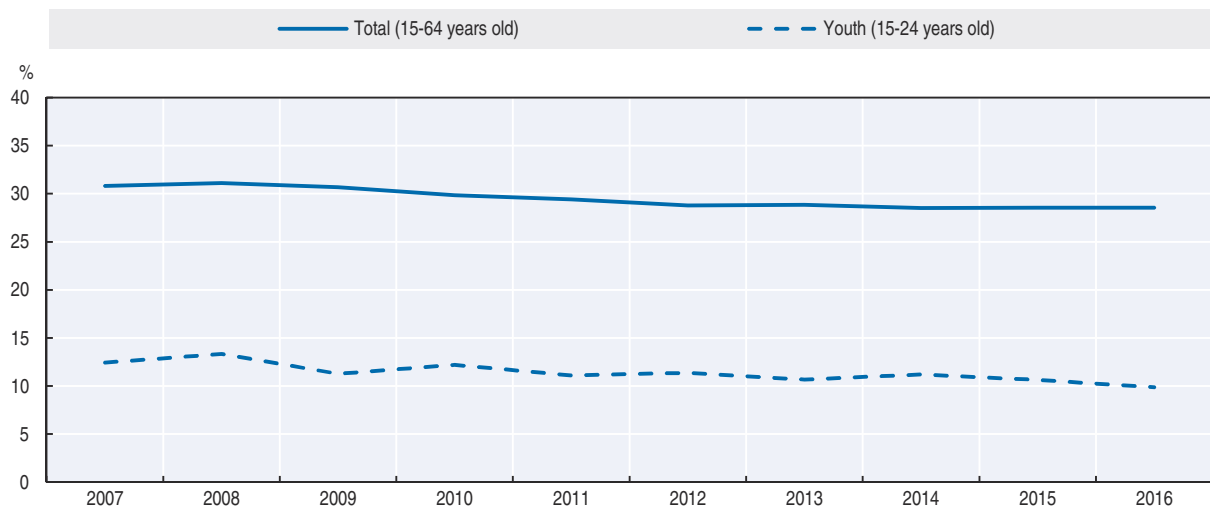
Figure 3.2. Youth self-employment rate by country, 2007-16
Self-employed as a percentage of employment




Source: Eurostat (2017), Labour Force Survey, available at: <http://ec.europa.eu/eurostat/web/lfs/data/database>.

StatLink <http://dx.doi.org/10.1787/888933624217>

Figure 3.3. **Proportion of self-employed youth with employees in the European Union, 2007-16**
Percentage of self-employed



Source: Source: Eurostat (2017), Labour Force Survey, available at: <http://ec.europa.eu/eurostat/web/lfs/data/database>.

StatLink  <http://dx.doi.org/10.1787/888933624236>

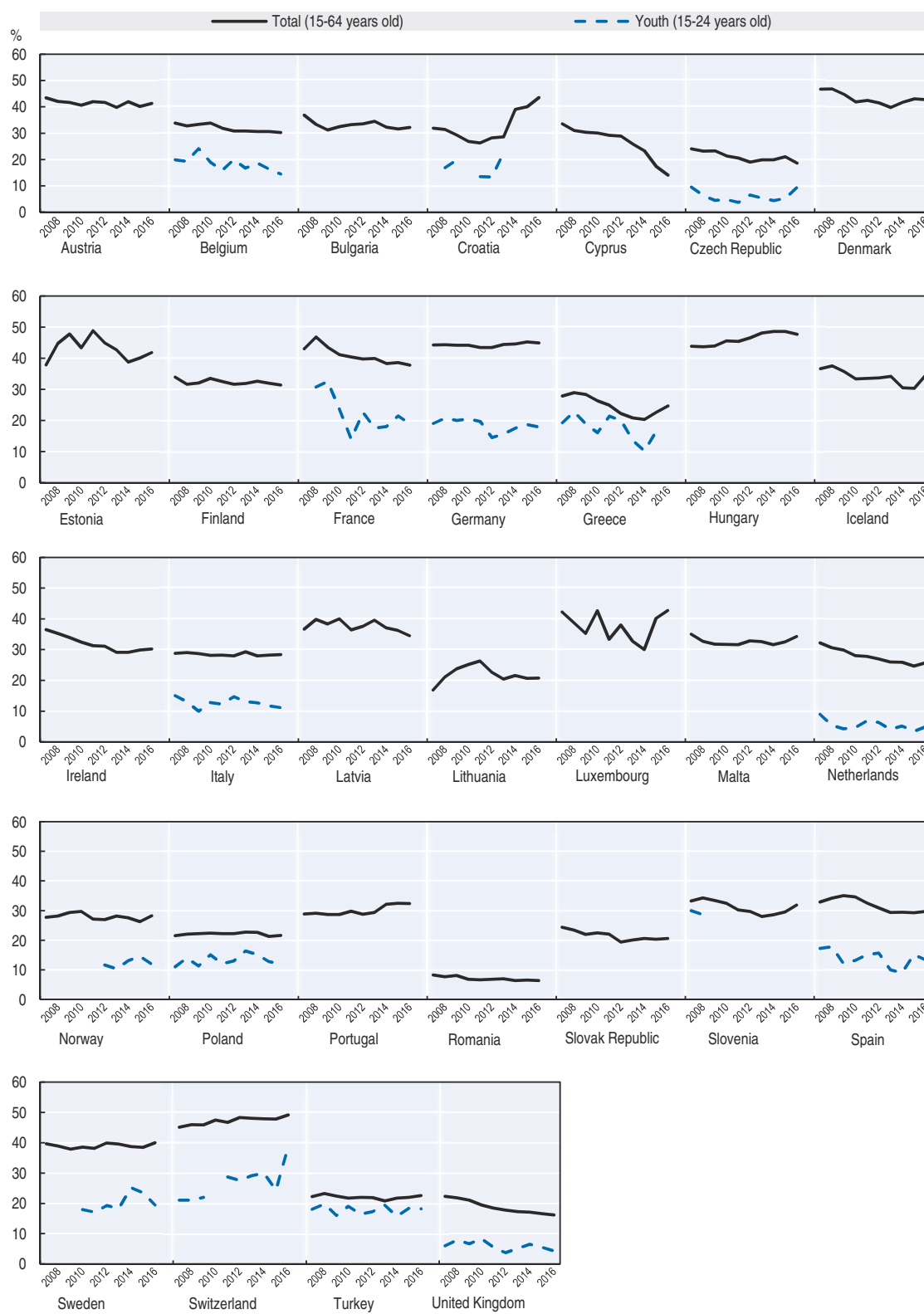
youth are much less likely to have employees than adults. The proportions varied greatly across countries over the last decade. In 2016, for example, the percentage of self-employed youth with employees ranged from 4.3% in the United Kingdom to 37.3% in Hungary. Despite the overall downward trend in the proportion of self-employed youth (and adults) with employees, there was a slight increase in Sweden.

Activities by youth over the entrepreneurship life-cycle

- Youth (18-30 years old) appear to be quite active in starting new businesses. Within the European Union, 4.9% of youth were actively working on setting up a business between 2012 and 2016. In OECD countries, this proportion was 6.6%. The rate for adults over this period was 4.0% in the EU and 6.1% in OECD countries.
- Youth were as likely as adults to be new business owners over this period in the European Union (3.1% vs. 2.8% for adults) and OECD countries (3.5% for both youth and adults). However, they were much less likely to be established business owners. This is consistent with the low self-employment rates observed for youth across the European Union and OECD countries.
- The reasons that youth entrepreneurs cited for business discontinuation were very similar in the European Union and OECD countries. The most frequently cited reason in the period 2012-16 was that the business was not profitable (27.5% in the European Union and 25.8% in OECD countries). This proportion was similar to that of adults. However, youth were more likely than adults to cite that another employment or business opportunity came up.

Another approach to estimating the level of entrepreneurship activities in an economy is through household surveys. The most well-known international survey on entrepreneurship is the Global Entrepreneurship Monitor (GEM). It is composed of a network of researchers and research institutes that manage the annual household survey. Since 1999, more than 100 countries have participated in this survey.

Figure 3.4. **Proportion of self-employed youth with employees by country, 2007-16**
Percentage of self-employed



Source: Eurostat (2017), Labour Force Survey, available at: <http://ec.europa.eu/eurostat/web/lfs/data/database>.

StatLink <http://dx.doi.org/10.1787/888933624255>

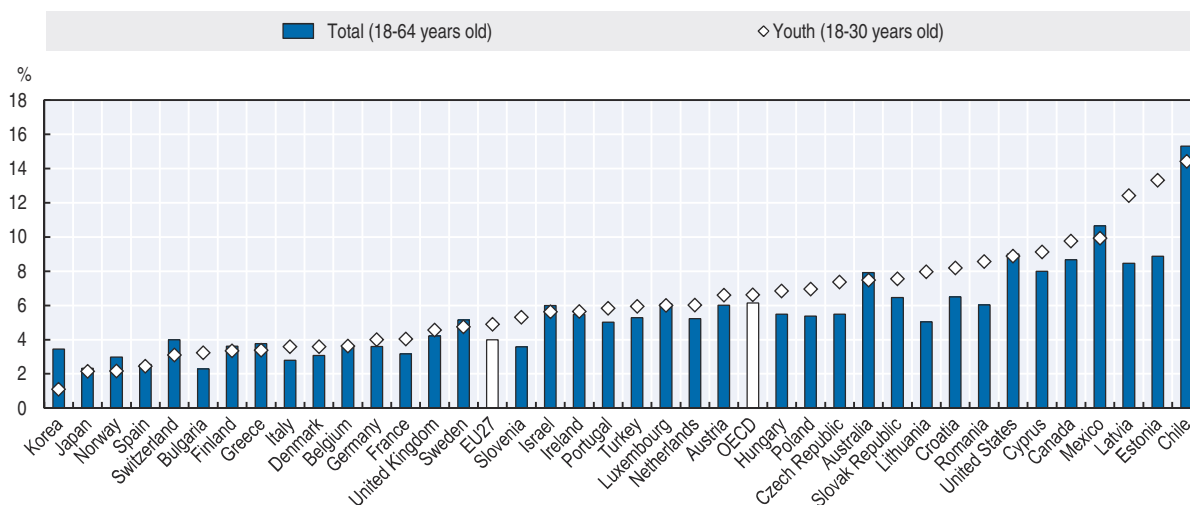
The GEM framework measures four stages of entrepreneurship: nascent entrepreneurship, new business ownership, established business ownership and business discontinuation. The first stage of entrepreneurship activities, nascent entrepreneurship, measures the proportion of the adult population (18-64 years old) that are actively involved in setting up a business they will own or co-own. To be considered in this stage, the business must not have paid salaries, wages or any other payments to the owners for more than three months. (For more information, please see the Reader's Guide at the beginning of the book). According to this measure, youth are slightly more active in entrepreneurship than the overall adult population. Over the 2012-16 period, 4.9% of youth (18-30 years old) in the European Union were in the process of setting up a business (Figure 3.5). This was slightly greater than the overall rate for the overall adult population (4.0%).

Among EU Member States, youth were the most active in nascent entrepreneurship in Latvia (12.4%) and Estonia (13.3%) during the 2012-16 period. At the same time, they were the least active in Spain where only 2.4% of youth were in the process of setting up a business. The proportion of youth involved in starting a business was greater than the overall adult rate in all countries except for Spain, Finland, Greece, Sweden and Luxembourg, where adults were as likely as youth to be engaged in nascent entrepreneurship activities.


The nascent entrepreneurship rate for youth in OECD countries¹ was 6.6% between 2012 and 2016, which was approximately equal to the overall nascent entrepreneurship rate (6.1%). The nascent rate for youth ranged from 1.1% in Korea to 14.4% in Chile.

Figure 3.5. **Nascent entrepreneurship rate for youth, 2012-16**

Percentage of population

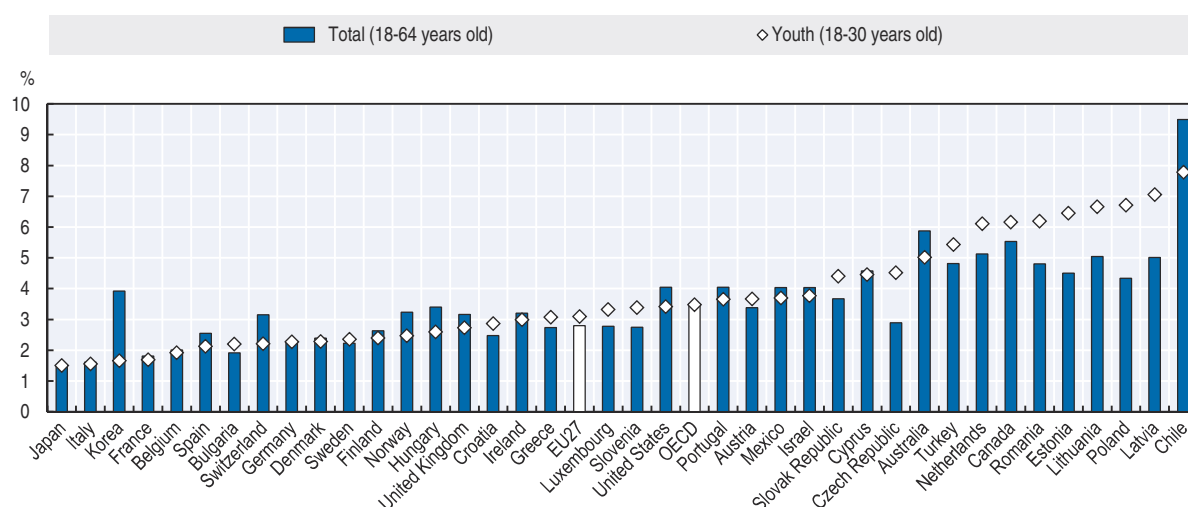


Notes: 1. All European Union Member States participated in the GEM survey at least once during the 2012-16 period except for Malta. 2. All OECD countries participated in the GEM survey at least once during this period except for Iceland and New Zealand. 3. Data presented in this figure were pooled over the 2012-16 period. A number of countries did not participate in the GEM surveys in every year but were included in the figure: Australia (participated in 2014, 2015, 2016); Austria (2012, 2014, 2016); Belgium (2012, 2013, 2014, 2015); Bulgaria (2015, 2016); Cyprus (2016); Czech Republic (2013); Denmark (2012, 2014); France (2012, 2013, 2014, 2016); Israel (2012, 2013, 2015, 2016); Japan (2012, 2013, 2014); Korea (2012, 2013, 2015, 2016); Latvia (2012, 2013, 2014); Lithuania (2012, 2013, 2014); Luxembourg (2013, 2014, 2015, 2016); Norway (2012, 2013, 2014, 2015, 2017); Romania (2012, 2013, 2014, 2015); and Turkey (2012, 2013, 2016). 4. The nascent entrepreneurship rate is defined as the proportion of the adult population (age 18 to 64) that are actively involved in setting up a business they will own or co-own; this business has not paid salaries, wages or any other payments to the owners for more than three months. Source: Global Entrepreneurship Monitor (GEM) (2017), Special tabulations of the 2012-16 adult population surveys from the Global Entrepreneurship Monitor.

StatLink  <http://dx.doi.org/10.1787/888933624274>


The second phase of entrepreneurship activities in the GEM framework is new business ownership. This indicator measures the proportion of the population (18-64 years old) that is currently an owner-manager of a new business that has paid salaries, wages or any other payments to the owners for more than three months, but not more than 42 months. There was little difference between youth and adults according to this measure in the European Union over the 2012-16 period (Figure 3.6). The proportion of adults and youth who were new business owners over this period was approximately 3% in both the European Union and OECD countries. However, this measure does vary across countries. The new business ownership rate for youth was less than 2% in Italy, France and Belgium, and it was greater than 6% in the Netherlands, Romania, Estonia, Lithuania, Poland and Latvia. Outside of the EU, the rate was the highest in Chile (7.8%). The gap between the new business ownership rate for youth and adults was quite small in the vast majority of countries. The difference was the largest in Estonia (2.0 percentage points), Latvia (2.0 percentage points) and Poland (2.4 percentage points), where the rate for youth exceeded the rate for adults.

Figure 3.6. **New business ownership rate for youth, 2012-16**
Percentage of population



Notes: 1. All European Union Member States participated in the GEM survey at least once during the 2012-16 period except for Malta. 2. All OECD countries participated in the GEM survey at least once during this period except for Iceland and New Zealand. 3. Data presented in this figure were pooled over the 2012-16 period. A number of countries did not participate in the GEM surveys in every year but were included in the figure: Australia (participated in 2014, 2015, 2016); Austria (2012, 2014, 2016); Belgium (2012, 2013, 2014, 2015); Bulgaria (2015, 2016); Cyprus (2016); Czech Republic (2013); Denmark (2012, 2014); France (2012, 2013, 2014, 2016); Israel (2012, 2013, 2015, 2016); Japan (2012, 2013, 2014); Korea (2012, 2013, 2014); Lithuania (2012, 2013, 2014); Luxembourg (2013, 2014, 2015, 2016); Norway (2012, 2013, 2014, 2015, 2017); Romania (2012, 2013, 2014, 2015); and Turkey (2012, 2013, 2016). 4. The new business ownership rate measures the proportion of the population (18-64 years old) that is currently an owner-manager of a new business that has paid salaries, wages or any other payments to the owners for more than three months, but not more than 42 months.

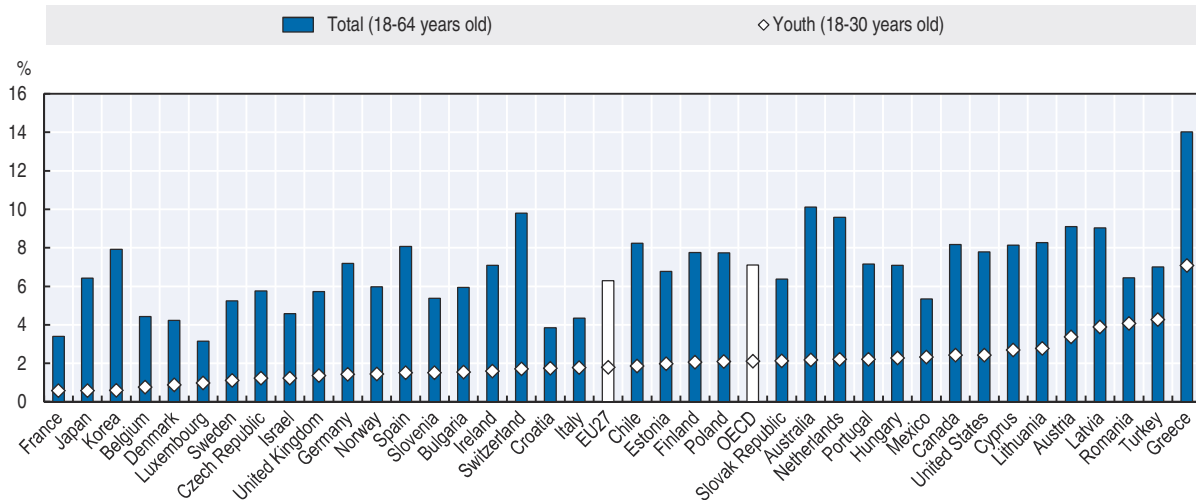
Source: Global Entrepreneurship Monitor (GEM) (2017), Special tabulations of the 2012-16 adult population surveys from the Global Entrepreneurship Monitor.

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The third phase of entrepreneurship activities in the GEM model is the established business ownership rate, which is defined as the proportion of the adult population that are currently owner-managers of an established business that has paid salaries, wages or any other payments to the owners for more than 42 months. Over the 2012-16 period, 1.8% of youth in the European Union were established business owners (Figure 3.7). This proportion was one-quarter of the proportion of adults who were established business


owners (6.3%). Similarly, in OECD countries the proportions were 2.1% for youth and 7.1% for adults. For youth, the established business ownership rate ranged from 0.6% in France to 7.1% in Greece. The gap between the proportion of youth and adults who were established business owners was the greatest in France, where adults were nearly six times more likely than youth to be established business owners. It was the smallest in Romania where adults were 1.6 times more likely than youth.

Figure 3.7. Established business ownership rate for youth, 2012-16
Percentage of population



Notes: 1. All European Union Member States participated in the GEM survey at least once during the 2012-16 period except for Malta. 2. All OECD countries participated in the GEM survey at least once during this period except for Iceland and New Zealand. 3. Data presented in this figure were pooled over the 2012-16 period. A number of countries did not participate in the GEM surveys in every year but were included in the figure: Australia (participated in 2014, 2015, 2016); Austria (2012, 2014, 2016); Belgium (2012, 2013, 2014, 2015); Bulgaria (2015, 2016); Cyprus (2016); Czech Republic (2013); Denmark (2012, 2014); France (2012, 2013, 2014, 2016); Israel (2012, 2013, 2015, 2016); Japan (2012, 2013, 2014); Korea (2012, 2013, 2015, 2016); Latvia (2012, 2013, 2014); Lithuania (2012, 2013, 2014); Luxembourg (2013, 2014, 2015, 2016); Norway (2012, 2013, 2014, 2015, 2017); Romania (2012, 2013, 2014, 2015); and Turkey (2012, 2013, 2016). 4. The established business ownership rate is defined as the proportion of the adult population that are currently owner-managers of an established business that has paid salaries, wages or any other payments to the owners for more than 42 months.

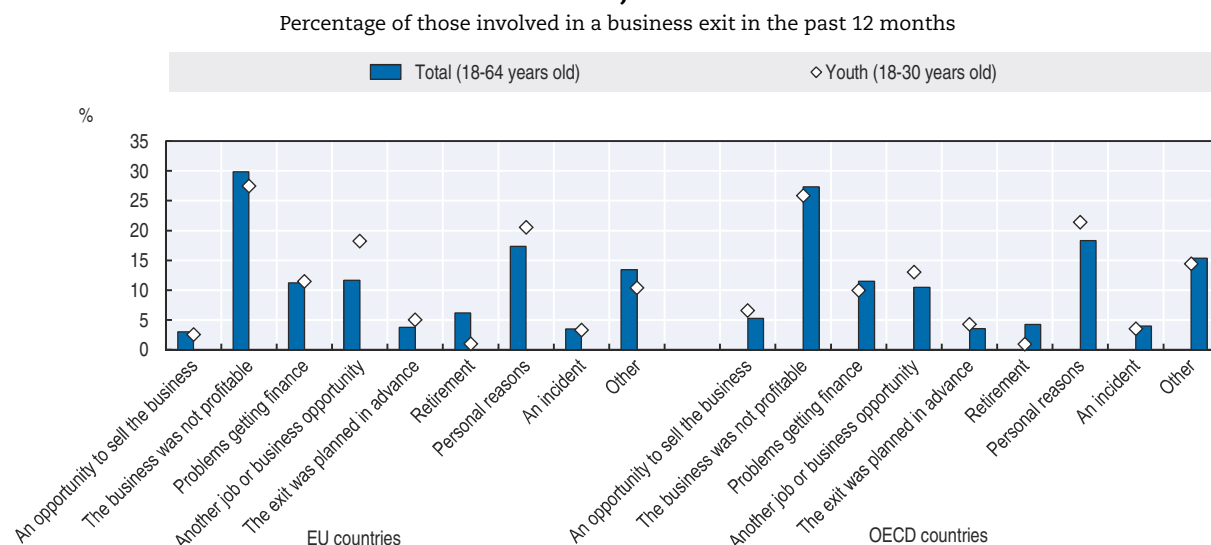
Source: Global Entrepreneurship Monitor (GEM) (2017), Special tabulations of the 2012-16 adult population surveys from the Global Entrepreneurship Monitor.

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The final stage of entrepreneurship is business discontinuation, or exit. There is a wide range of reasons why an entrepreneur would cease their business' activities. Some reasons are positive (e.g. they sold it), while others are negative (e.g. the business was not profitable). The reasons that youth in the European Union and OECD countries discontinued their businesses over the 2012-16 period are presented in Figure 3.8. In the European Union, the most frequently cited reason by youth for discontinuing a business was that it was not profitable (27.5%). This was also the most frequently reported reason for adults (29.8%). The second and third most cited reasons for youth were "personal reasons" (20.6%) and "another job or business opportunity" (18.2%). These proportions were nearly identical across OECD countries.

The frequency of the various reasons for business discontinuation varies greatly across countries. For example, the proportion of youth who discontinued their business citing that it was not profitable was very high in some countries such as Austria (72.8%) and Cyprus (56.6%) but very low in others, including Bulgaria (5.1%), Germany (7.0%) and Spain (7.9%).

Figure 3.8. **Reasons for business exit cited by youth entrepreneurs in European Union and OECD countries, 2012-16**



Notes: 1. All European Union Member States participated in the GEM survey at least once during the 2012-16 period except for Malta. 2. All OECD countries participated in the GEM survey at least once during this period except for Iceland and New Zealand. 3. Data presented in this figure were pooled over the 2012-16 period. A number of countries did not participate in the GEM surveys in every year but were included in the figure: Australia (participated in 2014, 2015, 2016); Austria (2012, 2014, 2016); Belgium (2012, 2013, 2014, 2015); Bulgaria (2015, 2016); Cyprus (2016); Czech Republic (2013); Denmark (2012, 2014); France (2012, 2013, 2014, 2016); Israel (2012, 2013, 2015, 2016); Japan (2012, 2013, 2014); Korea (2012, 2013, 2015, 2016); Latvia (2012, 2013, 2014); Lithuania (2012, 2013, 2014); Luxembourg (2013, 2014, 2015, 2016); Norway (2012, 2013, 2014, 2015, 2017); Romania (2012, 2013, 2014, 2015); and Turkey (2012, 2013, 2016).

Source: Global Entrepreneurship Monitor (GEM) (2017), Special tabulations of the 2012-16 adult population surveys from the Global Entrepreneurship Monitor.

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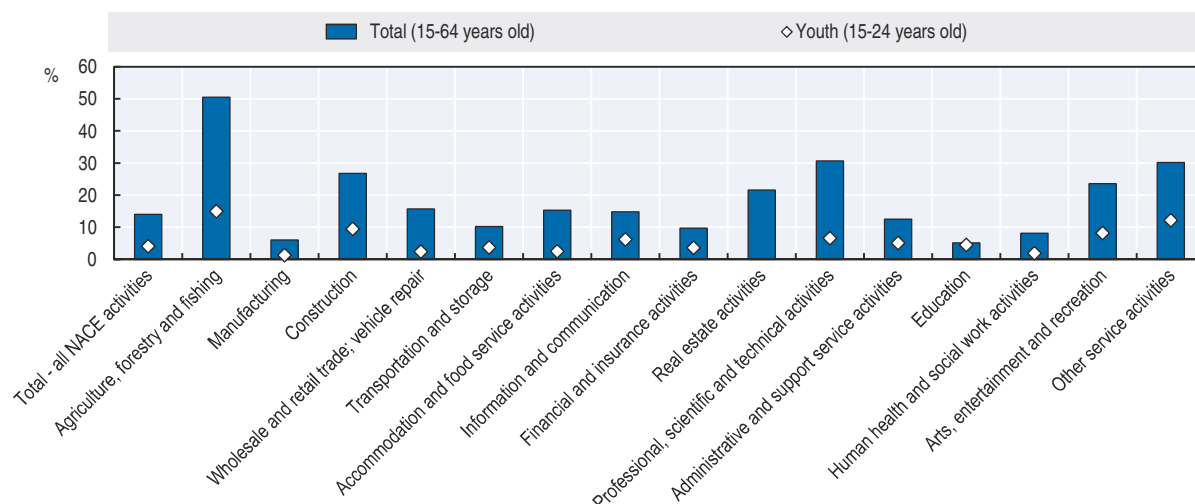
Business activities by youth entrepreneurs and self-employed youth

- Self-employment rates for youth (15-24 years old) were lower than the rates for adults in almost all industries.
- Between 2012 and 2016, youth (18-30 years old) who were involved in setting up a business were slightly more likely than adults to be doing so in a team of three or more. This was true in both the European Union (21.4% vs. 18.9% for adults) and OECD countries (22.9% vs. 19.8% for adults).
- In EU Member States and OECD countries youth entrepreneurs (18-30 years old) were approximately as likely as adults to offer new products and services to potential customers in the period 2012-16, and were also as likely to expect to create at least 19 new jobs over the next five years. However, variation across countries is substantial.

The self-employment rate for youth in the European Union is presented by industry in Figure 3.9 for 2016. Youth (15-24 years old) were less likely to be self-employed than adults in almost all industries. In 2016, the self-employment rates for youth were the lowest in Manufacturing (1.3%), Human health and social work activities (1.9%), Wholesale and retail trade; repair of motor vehicles and motorcycles (2.4%) and Accommodation and food service activities (2.5%).

Youth (18-30 years old) were slightly more likely than adults to be involved in entrepreneurial teams when starting their business. Over the 2012-16 period, 21.4% of

Figure 3.9. **Self-employment rate for youth by industry in the European Union, 2016**
Self-employed as a percentage of employment



Note: Data for activities in which less than 0.5% of all self-employed are active are not shown.

Source: Eurostat (2017), Labour Force Survey, available at: <http://ec.europa.eu/eurostat/web/lfs/data/database>.

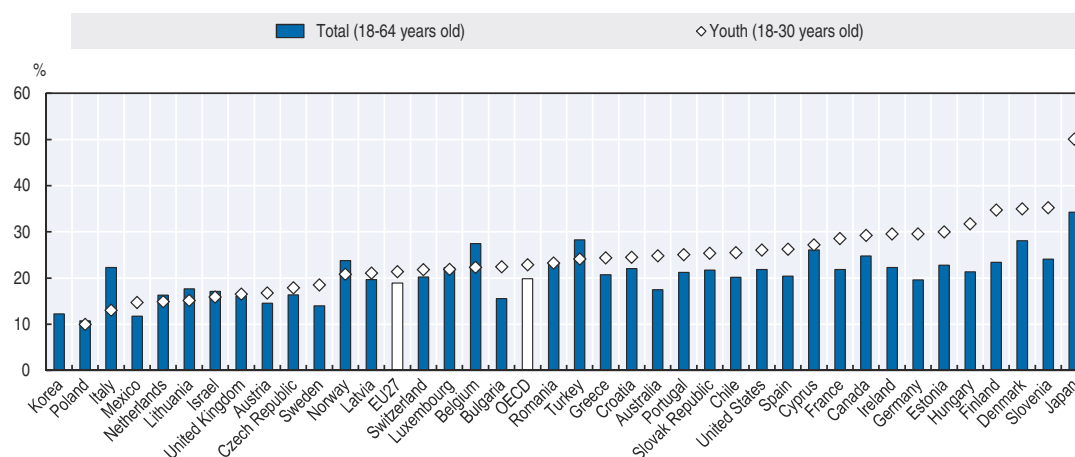
StatLink <http://dx.doi.org/10.1787/888933624350>

youth in the European Union and 22.9% of youth in OECD countries were in the process of starting a business within a group of three or more entrepreneurs (Figure 3.10). This was above the proportion of adults over this period (18.9% for the European Union and 19.8% in OECD countries). Across European Union Member States, more than one-third of youth nascent entrepreneurs were working in a team of three or more in Finland (34.7%), Denmark (35.0%) and Slovenia (35.2%). This proportion was even higher in Japan (50.1%). Conversely, fewer than 15% of youth who were starting a business over this period were working in teams in Poland (10.0%), Italy (13.0%) and the Netherlands (14.9%).

Figure 3.11 presents the proportion of youth entrepreneurs that offered products or services that were new to potential customers over the 2012-16 period. In the European Union, youth entrepreneurs (18-30 years old) were as likely as adult entrepreneurs to offer new products and services (approximately 30%). This proportion varied across Member States but the gap between youth and adults was almost always very small. The gap was the greatest in Slovenia (7.4 percentage points), Portugal (6.6 percentage points), Denmark (+6.2 percentage points) and Poland (6.0 percentage points).

Similarly, 33.5% of youth in OECD countries offered new products and services, which was approximately equal to the proportion of adults who did (31.1%). For youth, this proportion ranged from 15.6% in Norway to 60.5% in Chile.

Over the 2012-16 period, youth entrepreneurs were slightly more likely than adult entrepreneurs to report that they expected their business to create a substantial number of jobs in the medium-term (Figure 3.12). In the European Union, 11.1% of youth reported that they expected their businesses to generate at least 19 new jobs over the next five years, against 10.0% of adults. Although this growth threshold is quite high, more than one in five youth entrepreneurs in Latvia (20.4%) expected to meet this threshold. Conversely, no youth entrepreneurs in Bulgaria expected to reach this level of job creation over this period and only 2.7% of youth entrepreneurs in Greece did.

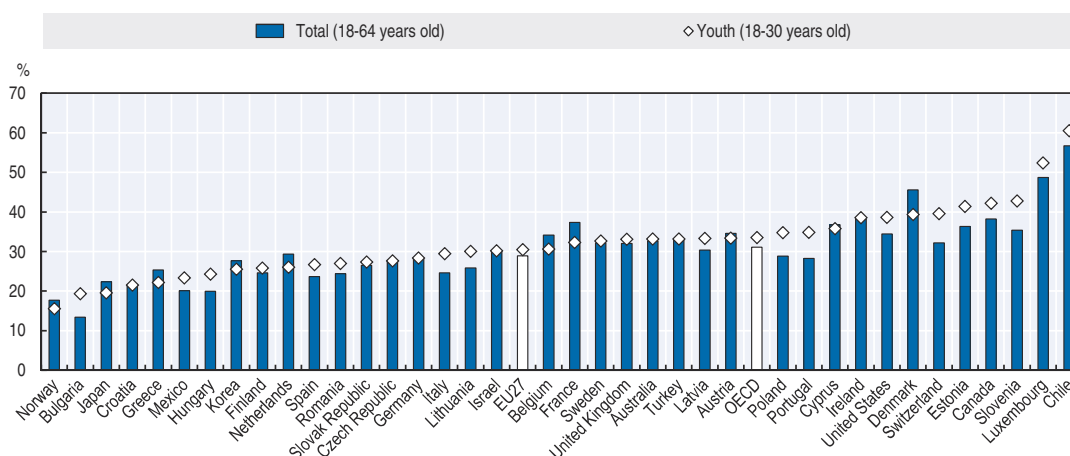
Figure 3.10. **Proportion of new youth entrepreneurs who operate in teams, 2012-16**

Notes: 1. All European Union Member States participated in the GEM survey at least once during the 2012-16 period except for Malta. 2. All OECD countries participated in the GEM survey at least once during this period except for Iceland and New Zealand. 3. Data presented in this figure were pooled over the 2012-16 period. A number of countries did not participate in the GEM surveys in every year but were included in the figure: Australia (participated in 2014, 2015, 2016); Austria (2012, 2014, 2016); Belgium (2012, 2013, 2014, 2015); Bulgaria (2015, 2016); Cyprus (2016); Czech Republic (2013); Denmark (2012, 2014); France (2012, 2013, 2014, 2016); Israel (2012, 2013, 2015, 2016); Japan (2012, 2013, 2015, 2016); Korea (2012, 2013, 2015, 2016); Latvia (2012, 2013, 2014); Lithuania (2012, 2013, 2014); Luxembourg (2013, 2014, 2015, 2016); Norway (2012, 2013, 2014, 2015, 2017); Romania (2012, 2013, 2014, 2015); and Turkey (2012, 2013, 2016). 4. Nascent entrepreneurs are those that are actively involved in setting up a business they will own or co-own; this business has not paid salaries, wages or any other payments to the owners for more than three months. Source: Global Entrepreneurship Monitor (GEM) (2017), Special tabulations of the 2012-16 adult population surveys from the Global Entrepreneurship Monitor.

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Figure 3.11. **Proportion of new youth entrepreneurs who introduced new products and services, 2012-16**

“Do all, some, or none of your potential customers consider this product or service new and unfamiliar?”
Percentage of early-stage entrepreneurs who responded “yes”



Notes: 1. All European Union Member States participated in the GEM survey at least once during the 2012-16 period except for Malta. 2. All OECD countries participated in the GEM survey at least once during this period except for Iceland and New Zealand. 3. Data presented in this figure were pooled over the 2012-16 period. A number of countries did not participate in the GEM surveys in every year but were included in the figure: Australia (participated in 2014, 2015, 2016); Austria (2012, 2014, 2016); Belgium (2012, 2013, 2014, 2015); Bulgaria (2015, 2016); Cyprus (2016); Czech Republic (2013); Denmark (2012, 2014); France (2012, 2013, 2014, 2016); Israel (2012, 2013, 2015, 2016); Japan (2012, 2013, 2014); Korea (2012, 2013, 2015, 2016); Latvia (2012, 2013, 2014); Lithuania (2012, 2013, 2014); Luxembourg (2013, 2014, 2015, 2016); Norway (2012, 2013, 2014, 2015, 2017); Romania (2012, 2013, 2014, 2015); and Turkey (2012, 2013, 2016). 4. Early-stage entrepreneurs are those who are in the process of setting up a new business and those who operate a business that is less than 42 months old.

Source: Global Entrepreneurship Monitor (GEM) (2017), Special tabulations of the 2012-16 adult population surveys from the Global Entrepreneurship Monitor.

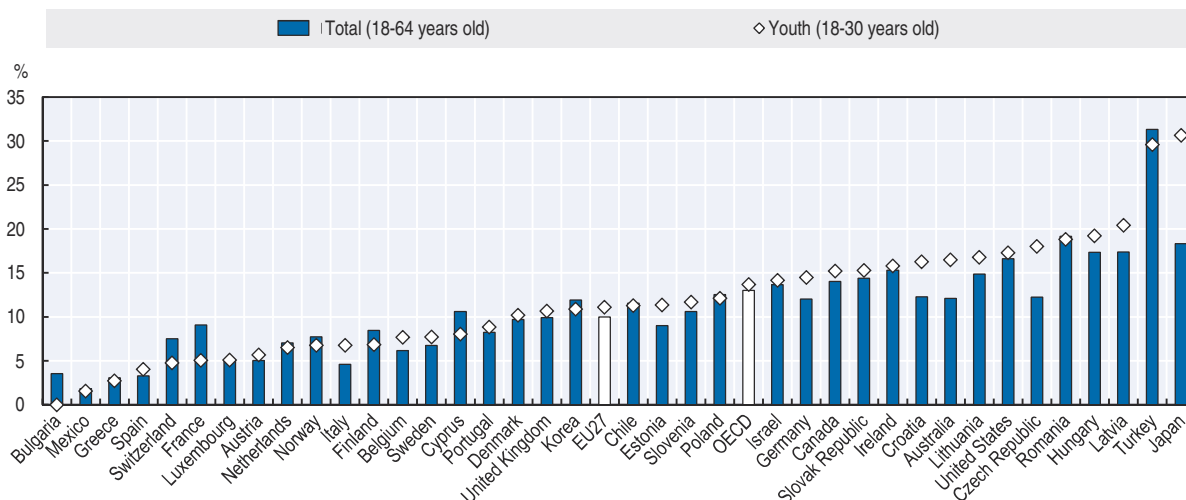
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Youth were slightly more likely to expect high employment growth in OECD countries. Approximately 13% of new youth entrepreneurs expected to create 19 new jobs over the next five years over this period, which was equal to the proportion of adults. Youth entrepreneurs were the most likely to expect this level of growth in Turkey (29.6%) and Japan (30.6%).

Figure 3.12. **Growth expectations among new youth entrepreneurs, 2012-16**

“Not counting owners, how many people, including both present and future employees, will be working for this business five years from now? Please include all exclusive subcontractors, meaning people or firms working only for this business, and not working for others as well.”

Percentage of early-stage entrepreneurs who indicated at least 19 new jobs would be created over the next five years



Notes: 1. All European Union Member States participated in the GEM survey at least once during the 2012-16 period except for Malta. 2. All OECD countries participated in the GEM survey at least once during this period except for Iceland and New Zealand. 3. Data presented in this figure were pooled over the 2012-16 period. A number of countries did not participate in the GEM surveys in every year but were included in the figure: Australia (participated in 2014, 2015, 2016); Austria (2012, 2014, 2016); Belgium (2012, 2013, 2014, 2015); Bulgaria (2015, 2016); Cyprus (2016); Czech Republic (2013); Denmark (2012, 2014); France (2012, 2013, 2014, 2016); Israel (2012, 2013, 2015, 2016); Japan (2012, 2013, 2014); Korea (2012, 2013, 2015, 2016); Latvia (2012, 2013, 2014); Lithuania (2012, 2013, 2014); Luxembourg (2013, 2014, 2015, 2016); Norway (2012, 2013, 2014, 2015, 2017); Romania (2012, 2013, 2014, 2015); and Turkey (2012, 2013, 2016). 4. Early-stage entrepreneurs are those who are in the process of setting up a new business and those who operate a business that is less than 42 months old.

Source: Global Entrepreneurship Monitor (GEM) (2017), Special tabulations of the 2012-16 adult population surveys from the Global Entrepreneurship Monitor.

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Barriers to business creation for youth

- Youth (18-30 years old) were less likely than adults between 2012 and 2016 to feel that they had the knowledge and skills for entrepreneurship in the European Union (36.0% vs. 41.9% for adults) and across OECD countries (37.8% vs. 44.1% for adults). In other words, approximately two-thirds of youth view entrepreneurship skills as a barrier to business creation.
- Nearly half of young people in the European Union viewed fear of failure as a barrier to entrepreneurship over the 2012-16 period (46.6%). This proportion was above the proportion for OECD countries (39.6%).

Entrepreneurship skills is one of the most frequently cited barriers to successful business creation and it is often a particular challenge for youth since they have had little time to acquire skills in the labour market, either in employment or self-employment. Over the 2012-16 period, youth (18-30 years old) in the European Union were less likely than the


overall population to report that they had the skills and knowledge to start a business (36.0% vs. 41.9% of adults) (Figure 3.13). Youth appear to be the most likely to be confident in their entrepreneurship knowledge and skills in Poland, where more than half of youth reported that they had the skills and experience to start a business (51.1%). This is more than double the percentage of youth in Denmark who felt the same (24.9%). With two-thirds of youth in the European Union suggesting that a lack of entrepreneurship skills is a barrier to business creation, there is clearly room for policy makers to introduce and improve the quality of entrepreneurship education offered in formal education and to improve the quality of entrepreneurship training offered outside of education.

Figure 3.13. **Entrepreneurship skills as a barrier to business creation for youth, 2012-16**



Notes: 1. All European Union Member States participated in the GEM survey at least once during the 2012-16 period except for Malta. 2. All OECD countries participated in the GEM survey at least once during this period except for Iceland and New Zealand. 3. Data presented in this figure were pooled over the 2012-16 period. A number of countries did not participate in the GEM surveys in every year but were included in the figure: Australia (participated in 2014, 2015, 2016); Austria (2012, 2014, 2016); Belgium (2012, 2013, 2014, 2015); Bulgaria (2015, 2016); Cyprus (2016); Czech Republic (2013); Denmark (2012, 2014); France (2012, 2013, 2014, 2016); Israel (2012, 2013, 2015, 2016); Japan (2012, 2013, 2014); Korea (2012, 2013, 2015, 2016); Latvia (2012, 2013, 2014); Lithuania (2012, 2013, 2014); Luxembourg (2013, 2014, 2015, 2016); Norway (2012, 2013, 2014, 2015, 2017); Romania (2012, 2013, 2014, 2015); and Turkey (2012, 2013, 2016).

Source: Global Entrepreneurship Monitor (GEM) (2017), Special tabulations of the 2012-16 adult population surveys from the Global Entrepreneurship Monitor.

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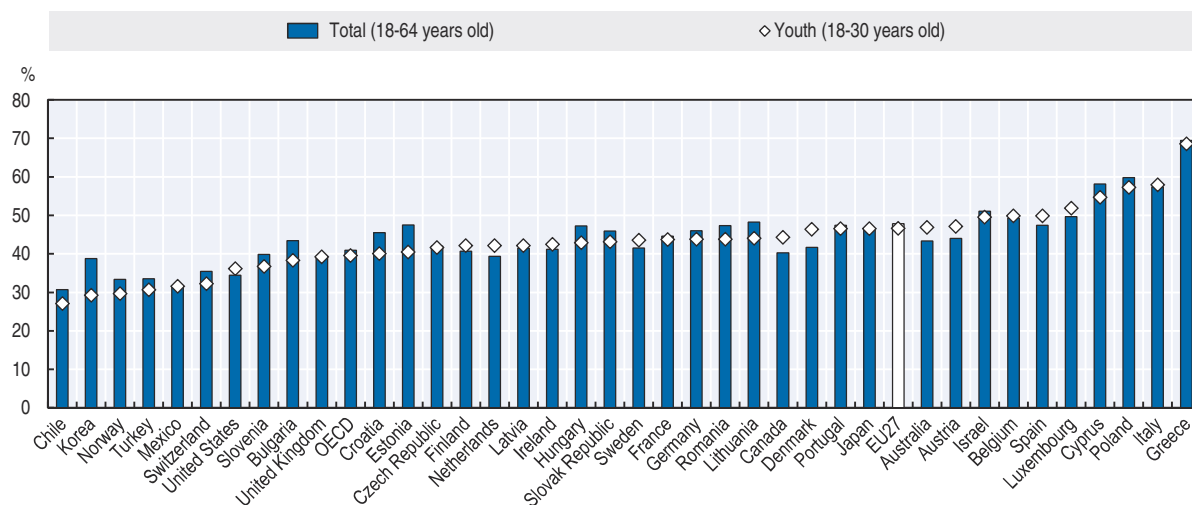
Another important barrier for youth entrepreneurs is a fear of failure. Over the 2012-16 period, 46.6% of youth in the European Union reported that a fear of failure stopped them from starting a business (Figure 3.14). This was equivalent to the proportion of adults who reported this barrier (47.8%). Between 40% and 50% of youth in most European Union Member States reported this barrier. The exceptions were Slovenia (36.7%), Bulgaria (38.3%) and the United Kingdom (39.3%), as well as Luxembourg (51.9%), Cyprus (54.7%), Poland (57.3%), Italy (57.9%) and Greece (68.5%).

The proportion of youth who reported a fear of failure was lower among OECD countries over this period (39.6%) than in the European Union. There was no difference compared with the proportion of adults who reported this barrier. The OECD countries where youth were the least likely to report a fear of failure over this period were Chile (27.1%), Korea (29.3%) and Norway (29.7%).

Figure 3.14. **Fear of failure as a barrier to business creation for youth, 2012-16**

"Does a fear of failure prevent you from starting a business?"

Percentage of population who responded "yes"



Notes: 1. All European Union Member States participated in the GEM survey at least once during the 2012-16 period except for Malta. 2. All OECD countries participated in the GEM survey at least once during this period except for Iceland and New Zealand. 3. Data presented in this figure were pooled over the 2012-16 period. A number of countries did not participate in the GEM surveys in every year but were included in the figure: Australia (participated in 2014, 2015, 2016); Austria (2012, 2014, 2016); Belgium (2012, 2013, 2014, 2015); Bulgaria (2015, 2016); Cyprus (2016); Czech Republic (2013); Denmark (2012, 2014); France (2012, 2013, 2014, 2016); Israel (2012, 2013, 2015, 2016); Japan (2012, 2013, 2014); Korea (2012, 2013, 2015, 2016); Latvia (2012, 2013, 2014); Lithuania (2012, 2013, 2014); Luxembourg (2013, 2014, 2015, 2016); Norway (2012, 2013, 2014, 2015, 2017); Romania (2012, 2013, 2014, 2015); and Turkey (2012, 2013, 2016).

Source: Global Entrepreneurship Monitor (GEM) (2017), Special tabulations of the 2012-16 adult population surveys from the Global Entrepreneurship Monitor.

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Conclusions

Overall, youth express a great interest in entrepreneurship with some surveys suggesting that almost half of youth would prefer to work in self-employment rather than employment. However, few youth become self-employed. It is clear that youth face many barriers, including a lack of entrepreneurship skills. Other key barriers include a lack of entrepreneurship role models, little entrepreneurship and work experience, few financial resources, limited business networks and market barriers such as low credibility with potential customers (OECD/EC, 2012). Common public policy responses to these barriers include entrepreneurship training, grants and loans for business start-up, coaching and mentoring and support in network building. It is also important for public policy to go beyond helping youth start businesses by helping them develop and grow their businesses. Many youth indicate that their businesses introduced new products and services to their customers and that they sell to customers in other countries. It is important to help these youth exploit these opportunities to maximise the economic impact of their businesses.

For further policy discussion on youth entrepreneurship and related policy actions, please refer to OECD/EU (2012).

Note

1. The OECD has 35 member economies: Australia, Austria, Belgium, Canada, Chile, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Korea, Latvia, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Poland, Portugal, the Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Turkey, the United Kingdom and the United States.

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Chapter 4

Seniors' self-employment and entrepreneurship activities

This chapter presents evidence on self-employment and entrepreneurship activities by seniors, including data on the proportion of seniors that are active in self-employment and entrepreneurship. Data are also presented on the characteristics of businesses operated by seniors, including the industry, proportion that introduce new products or services, and the proportion that expect to create a large number of jobs. The chapter also presents data on the key barriers to business creation for seniors such as a lack of entrepreneurship skills and fear of failure. These indicators are presented at the European Union and OECD levels, as well as at the country level.

Note by Turkey:

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

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

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

The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

Key messages

Seniors are quite active in self-employment. In 2016, seniors (50-64 years old) were more likely to be self-employed than the overall adult population (15-64 years old) in the European Union (18.2% vs. 14.0% for adults). However, the self-employment rate for seniors has decreased 1.6 percentage points over the last decade.

Despite a high proportion of working seniors in self-employment, few seniors are actively involved in trying to set up a business. In the European Union, only 2.6% of seniors were engaged in starting a business over the 2012-16 period relative to 4.0% of adults. Similarly, only 4.5% of seniors in OECD countries were involved in starting a business over this period, which was lower than the proportion of adults (6.1%). Those that do go on to start a business appear to be slightly more likely to have employees than the overall population of the self-employed. In the European Union, nearly one-third of self-employed seniors (31.2%) had at least one employee in 2016, relative to 28.5% for the overall self-employed population.

While some seniors face barriers to business creation such as low levels of retirement savings, the opportunity cost of business creation and outdated business networks, more than four in ten seniors in the European Union (42.8%) reported that they had the knowledge and skills to start a business over the 2012-16 period. This was similar to the proportion in OECD countries and to overall proportion of adults in the EU and OECD countries. Seniors in European Union Member States and OECD countries were less likely than adults to report a fear of failure was a barrier to entrepreneurship over this period.

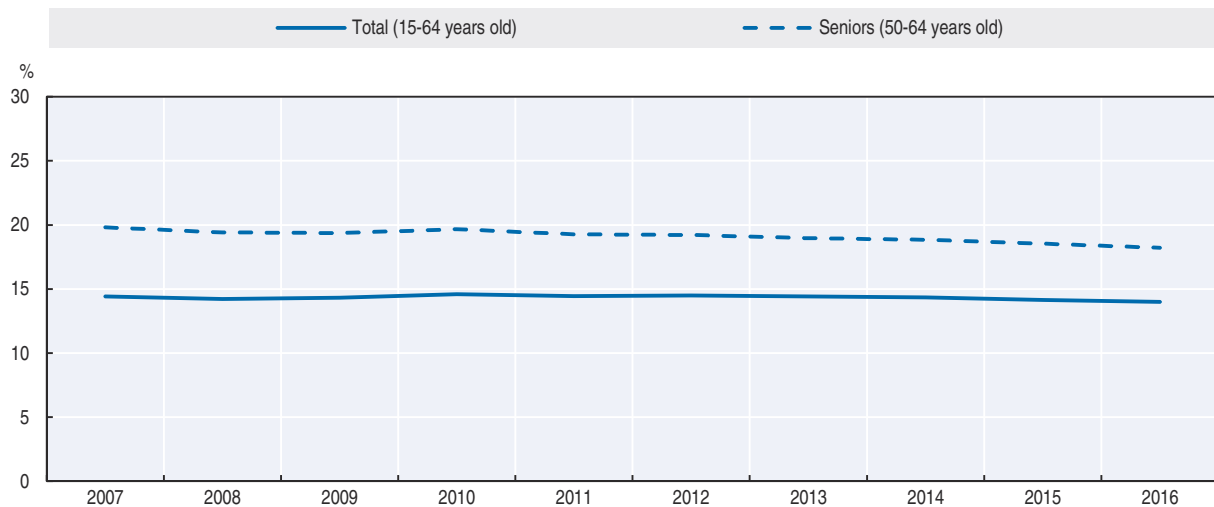
Almost one-third of seniors who ceased their entrepreneurship activity over the 2012-16 period did so because it was not profitable. Retirement was the second most frequently cited reason in the European Union (16.4%). However, only 10.5% of seniors in OECD countries indicated that they exited due to retirement.

Self-employment activities by seniors


- Seniors (50-64 years old) were more likely to be self-employed than adults in the European Union. In 2016, 18.2% of working seniors were self-employed. This is down 1.6 percentage points from the proportion in 2007.
- In the European Union, nearly one-third of self-employed seniors (31.2%) had at least one employee in 2016. This was slightly higher than the rate for all adults.

Figure 4.1 presents the proportion of seniors (50-64 years old) in employment that are self-employed. At the European Union level, 18.2% of seniors in employment in 2016 were self-employed. This was above the overall average for adults (15-64 years old) (14.0%). However, there has been a slight downward trend in the self-employment rate for seniors over the last decade, as employment grew between 2007 and 2016 faster than self-employment

Figure 4.1. **Self-employment rate for seniors in the European Union, 2007-16**
Self-employed as a percentage of total employment



Source: Eurostat (2017), Labour Force Survey, available at: <http://ec.europa.eu/eurostat/web/lfs/data/database>.

StatLink  <http://dx.doi.org/10.1787/888933624464>

for this age group (28% vs. 17%). The self-employment rate for seniors has declined 1.6 percentage points over the last decade, while the rate for adults was constant.

There were substantial differences in the self-employment rate for seniors across countries over the last decade (Figure 4.2). More than four out of ten employed seniors in Greece in 2016 were self-employed (42.4%), which was nearly two-and-a-half times the European Union average. At the same time, the self-employment rate for seniors was approximately 10% in several countries: Estonia (9.4%), Denmark (10.7%) and Lithuania (11.9%). Between 2007 and 2016, the self-employment rate for seniors declined in 20 European Union Member States.

In addition to being more likely to be working in self-employment, seniors (50-64 years old) are also more likely to have employees when they are self-employed. In 2016, nearly one-third of self-employed seniors (31.2%) in the European Union had at least one employee (Figure 4.3). This was above the overall average for adults (15-64 years old) (28.5%). Over the last decade, there was a slight decline of 0.5 percentage points in the proportion of self-employed seniors who had employees. However, this was less of a decline than for the overall average for self-employed adults (2.3 percentage points).

The proportion of self-employed seniors with employees in European Union Member States and selected OECD countries between 2007 and 2016 is presented in Figure 4.4. Nearly half of self-employed seniors had employees in Luxembourg (47.9%), Germany (47.8%) and Hungary (47.4%), but fewer than one-in-five did in Romania (5.0%), Cyprus (16.4%) and the United Kingdom (18.7%). Since 2007, there was substantial growth in the proportion of self-employed seniors with employees in several European Union Member States, including Latvia (10.4 percentage points), Croatia (11.7 percentage points) and Estonia (15.1 percentage points). At the same time, the proportion declined substantially in the Slovak Republic (-8.5 percentage points) and Cyprus (-15.9 percentage points).

Figure 4.2. Self-employment rate for seniors by country, 2007-16

Self-employed as a percentage of total employment

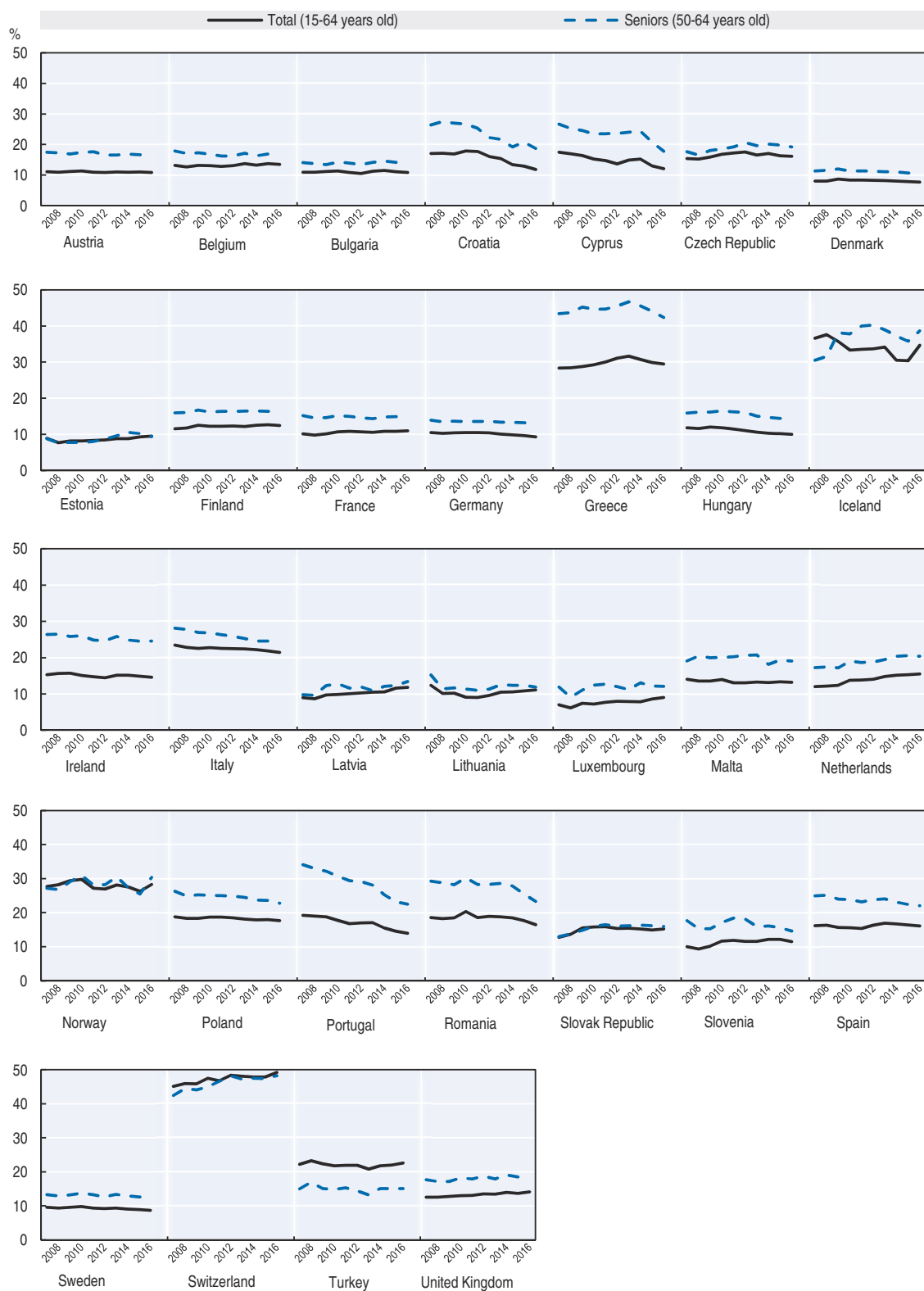

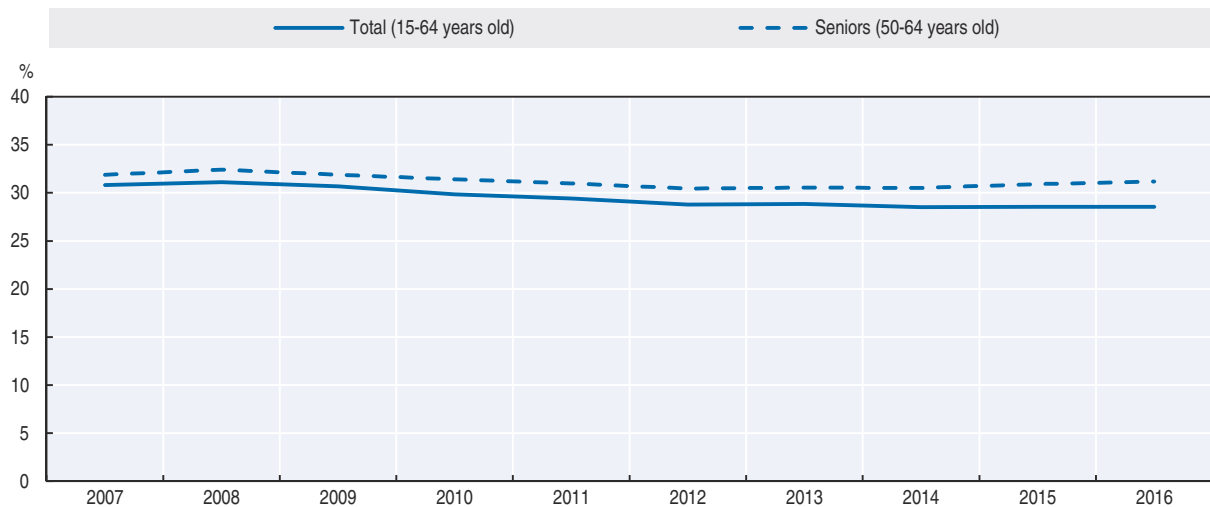

Source: Eurostat (2017), Labour Force Survey, available at: <http://ec.europa.eu/eurostat/web/lfs/data/database>.StatLink  <http://dx.doi.org/10.1787/888933624483>

Figure 4.3. **Proportion of self-employed seniors with employees in the European Union, 2007-16**
Percentage of self-employed



Source: Eurostat (2017), Labour Force Survey, available at: <http://ec.europa.eu/eurostat/web/lfs/data/database>.

StatLink  <http://dx.doi.org/10.1787/888933624502>

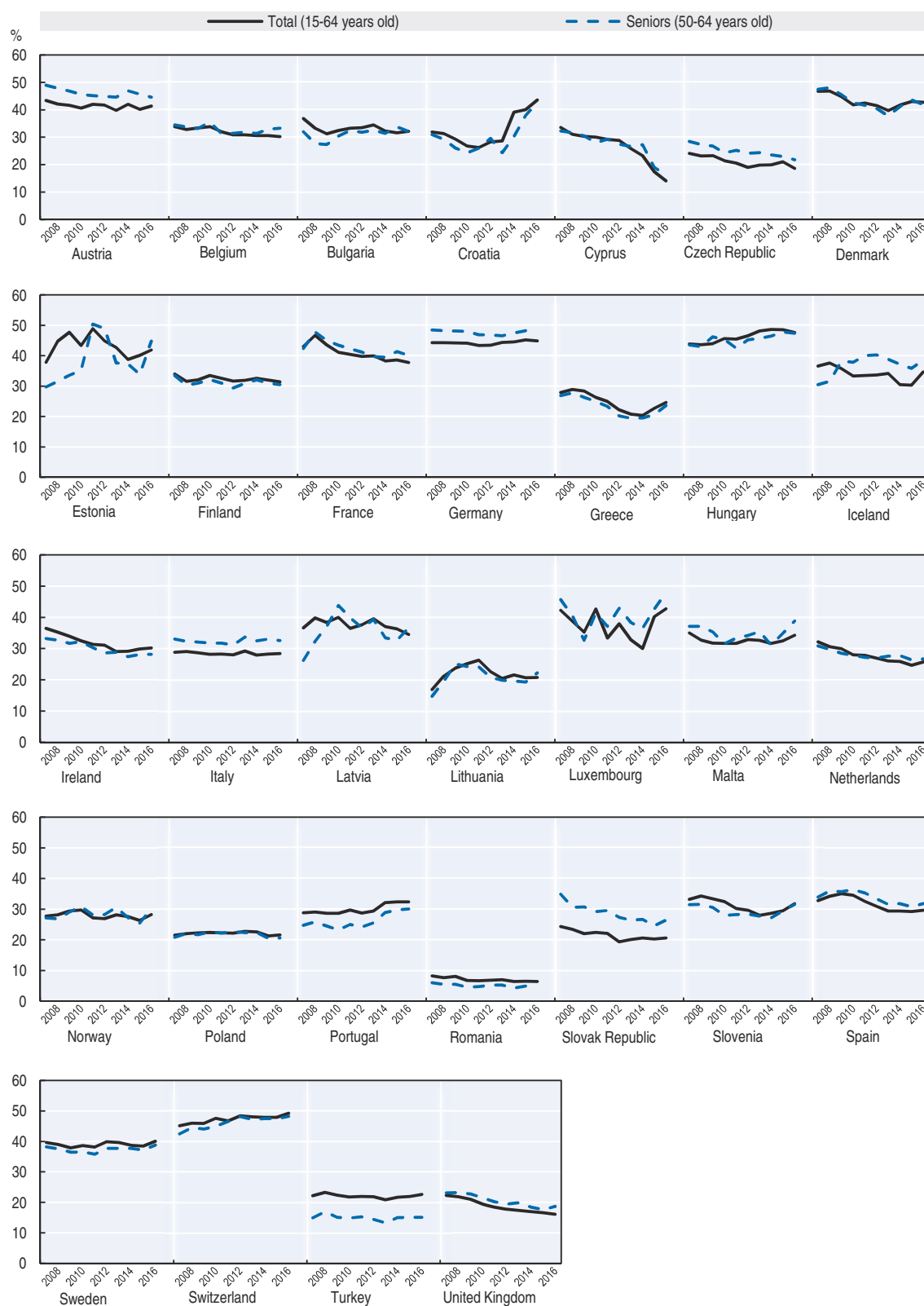
Activities by seniors over the entrepreneurship life-cycle

- The proportion of seniors engaged in nascent entrepreneurship activities, i.e. those actively involved in setting up a business, was lower than the proportion of adults in the European Union (2.6% vs. 4.0% for all adults) and OECD countries (4.5% vs. 6.1% for all adults) between 2012 and 2016.
- However, seniors were more likely to be an owner-operator of a business that has operated for more than 42 months. The established business ownership rate for the 2012-16 period in the European Union was 8.3%, while it was 10.2% for OECD countries.
- Nearly one-third of seniors indicated that they discontinued their business between 2012 and 2016 because it was not profitable. Retirement was the second most frequently cited reason in the European Union (16.4%). However, only 10.5% of seniors in OECD countries indicated that they exited due to retirement.

In addition to examining self-employment activities, the level of entrepreneurship activities can also be estimated using surveys. The most well-known entrepreneurship survey is the annual international household survey by the Global Entrepreneurship Monitor (GEM), which is a network of entrepreneurship researchers and research institutions. The model used by the GEM considers four stages of entrepreneurship activity: nascent entrepreneurship, new business ownership, established business ownership and business discontinuation. Please refer to the Reader's Guide for more information on the GEM survey.

Nascent entrepreneurship is defined by the GEM as the proportion of the adult population (18 to 64 years old) that are actively involved in setting up a business they will own or co-own. This business must not have paid salaries, wages or any other payments to the owners for more than three months. The nascent entrepreneurship rate for the period 2012-16 for seniors (50-64 years old) is presented in Figure 4.5. Overall in the European Union, seniors were less active than the average for the adult population (18-64 years old)

Figure 4.4. **Proportion of self-employed seniors with employees by country, 2007-16**
Percentage of self-employed



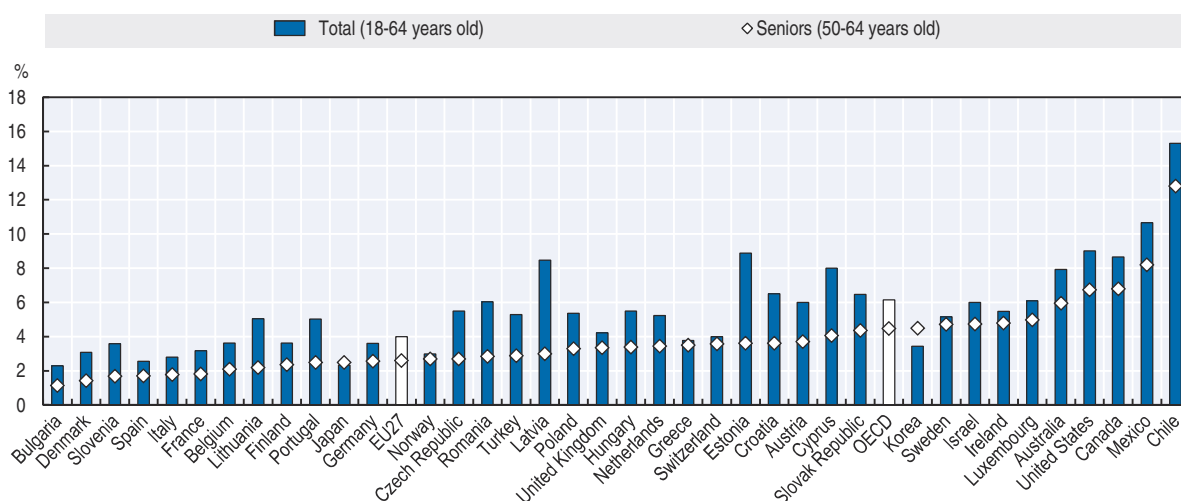
Source: Eurostat (2017), Labour Force Survey, available at: <http://ec.europa.eu/eurostat/web/lfs/data/database>.

StatLink <http://dx.doi.org/10.1787/888933624521>

over the 2012-16 period (2.6% vs. 4.0% for all adults). Among European Union Member States, the nascent entrepreneurship rate ranged from 1.1% in Bulgaria to 5.0% in Luxembourg over this period. This rate was below the rate for adults in all Member States.

Similarly, 4.5% of seniors in OECD countries¹ were nascent entrepreneurs between 2012 and 2016. This was below the proportion for all adults (6.1%). The nascent entrepreneurship rates for seniors were highest over this period in Australia (6.0%), United States (6.7%), Canada (6.8%), Mexico (8.2%) and Chile (12.8%).

Figure 4.5. **Nascent entrepreneurship rate for seniors, 2012-16**
Percentage of population



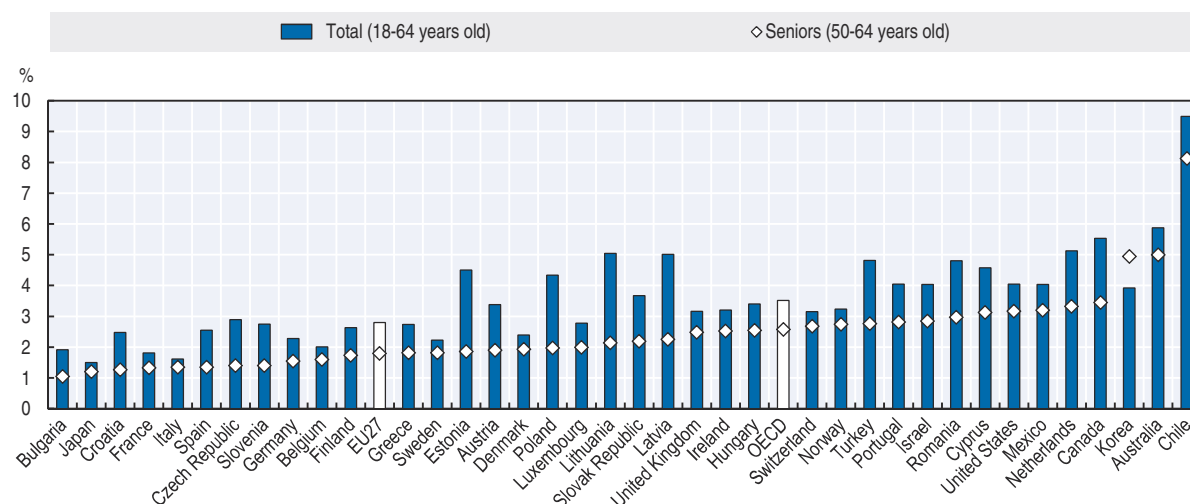
Notes: 1. All European Union Member States participated in the GEM survey at least once during the 2012-16 period except for Malta. 2. All OECD countries participated in the GEM survey at least once during this period except for Iceland and New Zealand. 3. Data presented in this figure were pooled over the 2012-16 period. A number of countries did not participate in the GEM surveys in every year but were included in the figure: Australia (participated in 2014, 2015, 2016); Austria (2012, 2014, 2016); Belgium (2012, 2013, 2014, 2015); Bulgaria (2015, 2016); Cyprus (2016); Czech Republic (2013); Denmark (2012, 2014); France (2012, 2013, 2014, 2016); Israel (2012, 2013, 2015, 2016); Japan (2012, 2013, 2014); Korea (2012, 2013, 2015, 2016); Latvia (2012, 2013, 2014); Lithuania (2012, 2013, 2014); Luxembourg (2013, 2014, 2015, 2016); Norway (2012, 2013, 2014, 2015, 2017); Romania (2012, 2013, 2014, 2015); and Turkey (2012, 2013, 2016). 4. The nascent entrepreneurship rate is defined as the proportion of the adult population (age 18 to 64) that are actively involved in setting up a business they will own or co-own; this business has not paid salaries, wages or any other payments to the owners for more than three months.

Source: Global Entrepreneurship Monitor (GEM) (2017), Special tabulations of the 2012-16 adult population surveys from the Global Entrepreneurship Monitor.

StatLink  <http://dx.doi.org/10.1787/888933624540>

New business ownership is the second phase of entrepreneurship activity in the GEM model. The new business ownership rate measures the proportion of the population that is currently an owner-manager of a new business that has paid salaries, wages or any other payments to the owners for more than three months, but not more than 42 months. Figure 4.6 presents the new business ownership rate for seniors over the 2012-16 period. In the European Union, 1.8% of seniors were new business owners over this period. This was below the average for the adult population (2.8%). While the new business ownership rate was fairly similar across countries, the gap between the rate for seniors and the rate for adults did vary significantly. In some countries such as the Czech Republic, Estonia, Poland, Lithuania and Latvia, seniors were less than half as likely as adults to be new business owners. However, in other countries such as Denmark and Sweden, there was only a small difference in the new business ownership rate between seniors and adults.

Figure 4.6. **New business ownership rate for seniors, 2012-16**
Percentage of population



Notes: 1. All European Union Member States participated in the GEM survey at least once during the 2012-16 period except for Malta. 2. All OECD countries participated in the GEM survey at least once during this period except for Iceland and New Zealand. 3. Data presented in this figure were pooled over the 2012-16 period. A number of countries did not participate in the GEM surveys in every year but were included in the figure: Australia (participated in 2014, 2015, 2016); Austria (2012, 2014, 2016); Belgium (2012, 2013, 2014, 2015); Bulgaria (2015, 2016); Cyprus (2016); Czech Republic (2013); Denmark (2012, 2014); France (2012, 2013, 2014, 2016); Israel (2012, 2013, 2015, 2016); Japan (2012, 2013, 2014); Korea (2012, 2013, 2015, 2016); Latvia (2012, 2013, 2014); Lithuania (2012, 2013, 2014); Luxembourg (2013, 2014, 2015, 2016); Norway (2012, 2013, 2014, 2015, 2017); Romania (2012, 2013, 2014, 2015); and Turkey (2012, 2013, 2016). 4. The new business ownership rate measures the proportion of the population (18-64 years old) that is currently an owner-manager of a new business that has paid salaries, wages or any other payments to the owners for more than three months, but not more than 42 months.

Source: Global Entrepreneurship Monitor (GEM) (2017), Special tabulations of the 2012-16 adult population surveys from the Global Entrepreneurship Monitor.

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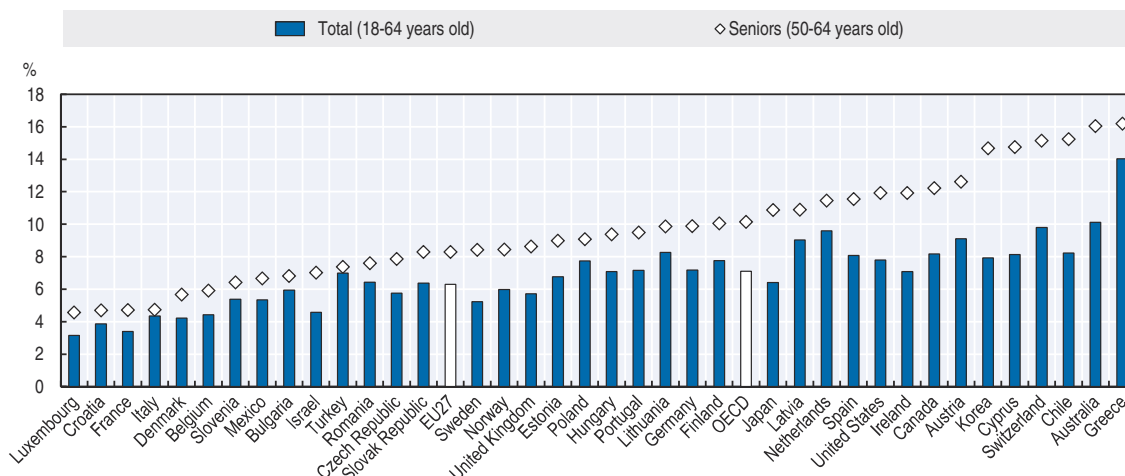
Across OECD countries, approximately 2.6% of seniors were new business owners over this period. This was below the proportion of all adults (3.5%). The greatest proportion of seniors who were new business owners was in Korea (4.9%), Australia (5.0%) and Chile (8.1%).

Established business ownership is the third stage of entrepreneurship activities in the GEM model. Established business owners are those who are owner-managers of a business that has paid salaries, wages or any other payments to the owners for more than 42 months. Seniors in the European Union were more likely than the average for all adults to be established business owners over the 2012-16 period (8.3% vs. 6.3% for all adults) and this finding is consistent across all Member States (Figure 4.7). At the country level, the established business ownership rate for seniors ranged from 4.6% in Luxembourg to 16.2% in Greece.

Approximately 10.2% of seniors in OECD countries were owner-operators of established businesses between 2012 and 2016, which was above the proportion of adults (7.1%). The established business ownership rates for seniors exceeded 15% in this period in Switzerland (15.1%), Chile (15.2%), Australia (16.0%) and Greece (16.2%).

Business discontinuation is the final stage of the entrepreneurship cycle in the GEM framework. The reasons cited by seniors for business exit over the 2012-16 period are reported for the European Union and OECD membership in Figure 4.8. In the European Union, the most common reason for discontinuing a business was that it was not profitable. This was cited by 29.7% of discontinuing senior entrepreneurs, which was the

Figure 4.7. **Established business ownership rate for seniors, 2012-16**
Percentage of population

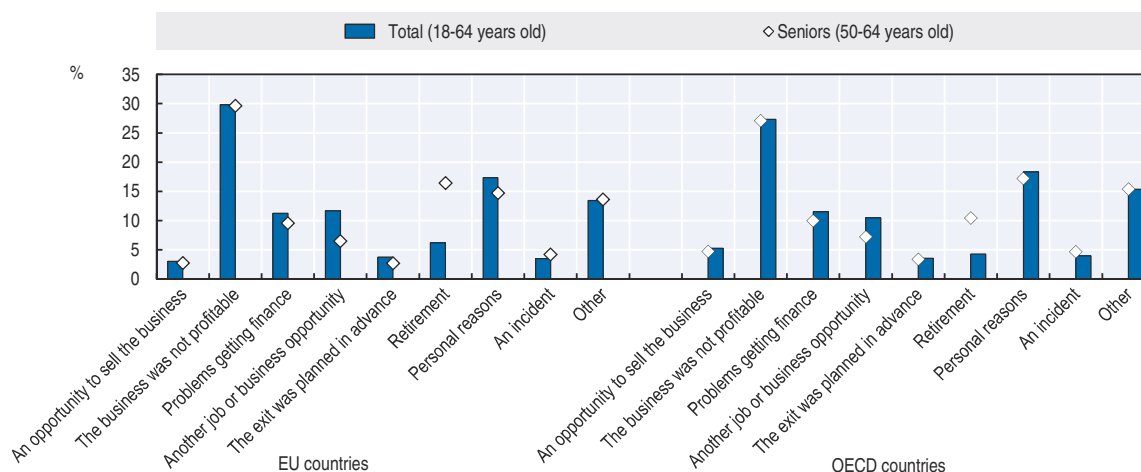


Notes: 1. All European Union Member States participated in the GEM survey at least once during the 2012-16 period except for Malta. 2. All OECD countries participated in the GEM survey at least once during this period except for Iceland and New Zealand. 3. Data presented in this figure were pooled over the 2012-16 period. A number of countries did not participate in the GEM surveys in every year but were included in the figure: Australia (participated in 2014, 2015, 2016); Austria (2012, 2014, 2016); Belgium (2012, 2013, 2014, 2015); Bulgaria (2015, 2016); Cyprus (2016); Czech Republic (2013); Denmark (2012, 2014); France (2012, 2013, 2014, 2016); Israel (2012, 2013, 2015, 2016); Japan (2012, 2013, 2014); Korea (2012, 2013, 2015, 2016); Latvia (2012, 2013, 2014); Lithuania (2012, 2013, 2014); Luxembourg (2013, 2014, 2015, 2016); Norway (2012, 2013, 2014, 2015, 2017); Romania (2012, 2013, 2014, 2015); and Turkey (2012, 2013, 2016). 4. The established business ownership rate is defined as the proportion of the adult population that are currently owner-managers of an established business that has paid salaries, wages or any other payments to the owners for more than 42 months.

Source: Global Entrepreneurship Monitor (GEM) (2017), Special tabulations of the 2012-16 adult population surveys from the Global Entrepreneurship Monitor.

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Figure 4.8. **Reasons for business exit cited by senior entrepreneurs, 2012-16**
Percentage of those involved in a business exit in the past 12 months



Notes: 1. All European Union Member States participated in the GEM survey at least once during the 2012-16 period except for Malta. 2. All OECD countries participated in the GEM survey at least once during this period except for Iceland and New Zealand. 3. Data presented in this figure were pooled over the 2012-16 period. A number of countries did not participate in the GEM surveys in every year but were included in the figure: Australia (participated in 2014, 2015, 2016); Austria (2012, 2014, 2016); Belgium (2012, 2013, 2014, 2015); Bulgaria (2015, 2016); Cyprus (2016); Czech Republic (2013); Denmark (2012, 2014); France (2012, 2013, 2014, 2016); Israel (2012, 2013, 2015, 2016); Japan (2012, 2013, 2014); Korea (2012, 2013, 2015, 2016); Latvia (2012, 2013, 2014); Lithuania (2012, 2013, 2014); Luxembourg (2013, 2014, 2015, 2016); Norway (2012, 2013, 2014, 2015, 2017); Romania (2012, 2013, 2014, 2015); and Turkey (2012, 2013, 2016).

Source: Global Entrepreneurship Monitor (GEM) (2017), Special tabulations of the 2012-16 adult population surveys from the Global Entrepreneurship Monitor.

StatLink <http://dx.doi.org/10.1787/888933624597>

same proportion as the overall adult population. The second most frequently cited reason was retirement (16.4%), which was followed by personal reasons (14.7%). However, only 10.5% of seniors in OECD countries indicated that they exited due to retirement.

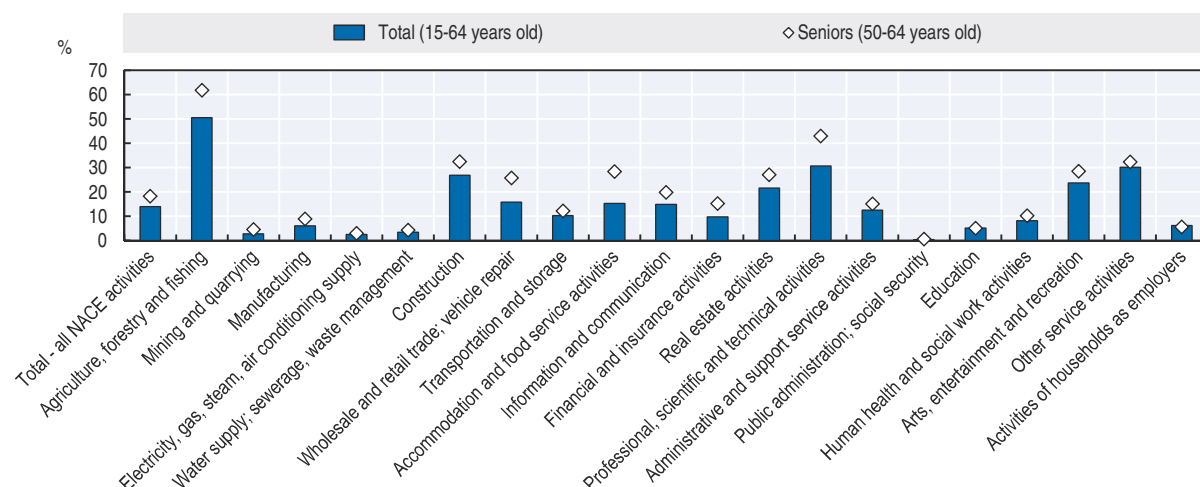
At the country level, a lack of profitability was frequently the most cited reason for business exit but there were three countries where retirement was the most frequently cited reason: Austria, France and Slovenia.

Business activities by senior entrepreneurs and self-employed seniors

- In 2016, seniors (50-64 years old) were the most likely to be self-employed in Agriculture, forestry and fishing (61.8%) and Professional, scientific and technical activities (42.9%).
- Seniors were slightly more likely than the adult population to be engaged in business start-up in a team of three or more people. Between 2012 and 2016, 20.9% of seniors involved in business start-up in the European Union were working in teams while the proportion was 18.4% in OECD countries.
- Approximately 30% of early-stage senior entrepreneurs offered new goods and services over the 2012-16 period. This was the same proportion as in the adult population.
- In the European Union, approximately 9% of early-stage senior entrepreneurs over the 2012-16 period expected to create at least 19 jobs over the next five years. In OECD countries, this proportion was 12.7%. However, there was little difference within countries between these proportions and the proportion in the overall adult population who anticipated this level of growth.

Self-employment rates for seniors in 2016 are presented by industry in Figure 4.9. The figure shows that seniors had higher self-employment rates than adults in all industries in 2016 except for households as employers. The industries where seniors were the most likely to be self-employed were Agriculture, forestry and fishing (61.8%) and Professional, scientific and technical activities (42.9%).

Figure 4.9. **Self-employment rates for seniors by industry in the European Union, 2016**
Self-employed as a percentage of employment



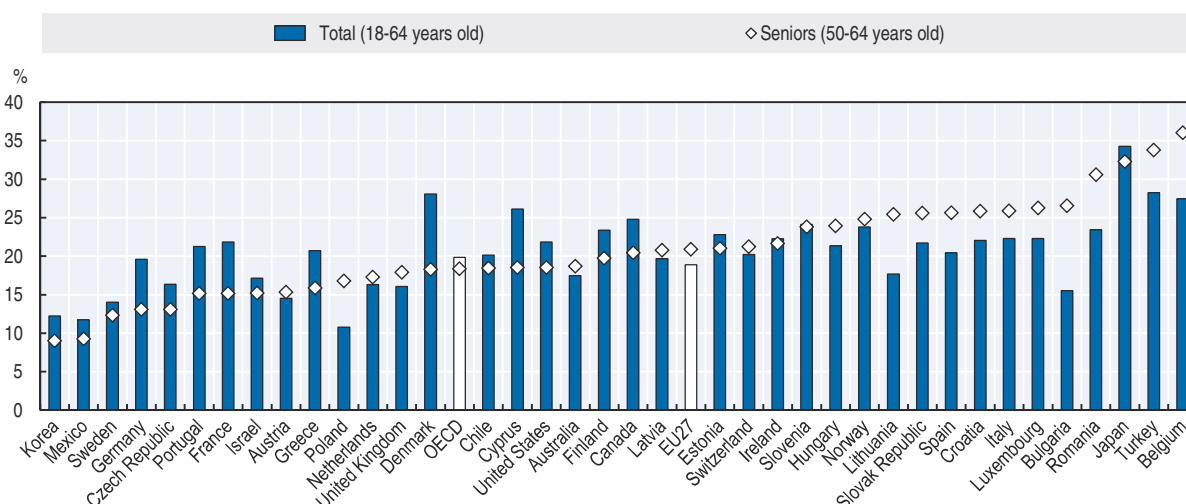
Source: Eurostat (2017), Labour Force Survey, available at: <http://ec.europa.eu/eurostat/web/lfs/data/database>.

StatLink <http://dx.doi.org/10.1787/888933624616>

In the European Union, senior entrepreneurs were slightly more likely than other adults to be involved in team entrepreneurship. Over the 2012-16 period 20.9% of senior entrepreneurs who were involved in starting a new business were working with a team of three or more people (Figure 4.10), which was slightly higher than the proportion of the adult population (18.9%). This proportion was the lowest in Sweden (12.3%), Germany (13.1%) and the Czech Republic (13.1%), and the highest in Belgium (36.0%) where more than one-third of senior entrepreneurs involved in nascent entrepreneurship activities work in a team of three or more.

Similarly, 18.4% of seniors involved in nascent entrepreneurship over the 2012-16 period in OECD countries were working in teams of three or more. The OECD countries where seniors were most likely to be working in teams over this period were Japan (32.3%), Turkey (33.8%) and Belgium (36.0%).

Figure 4.10. **Proportion of new senior entrepreneurs who operate in teams, 2012-16**



Notes: 1. All European Union Member States participated in the GEM survey at least once during the 2012-16 period except for Malta. 2. All OECD countries participated in the GEM survey at least once during this period except for Iceland and New Zealand. 3. Data presented in this figure were pooled over the 2012-16 period. A number of countries did not participate in the GEM surveys in every year but were included in the figure: Australia (participated in 2014, 2015, 2016); Austria (2012, 2014, 2016); Belgium (2012, 2013, 2014, 2015); Bulgaria (2015, 2016); Cyprus (2016); Czech Republic (2013); Denmark (2012, 2014); France (2012, 2013, 2014, 2016); Israel (2012, 2013, 2015, 2016); Japan (2012, 2013, 2014); Korea (2012, 2013, 2015, 2016); Latvia (2012, 2013, 2014); Lithuania (2012, 2013, 2014); Luxembourg (2013, 2014, 2015, 2016); Norway (2012, 2013, 2014, 2015, 2017); Romania (2012, 2013, 2014, 2015); and Turkey (2012, 2013, 2016). 4. Nascent entrepreneurs are those that are actively involved in setting up a business they will own or co-own; this business has not paid salaries, wages or any other payments to the owners for more than three months.

Source: Global Entrepreneurship Monitor (GEM) (2017), Special tabulations of the 2012-16 adult population surveys from the Global Entrepreneurship Monitor.


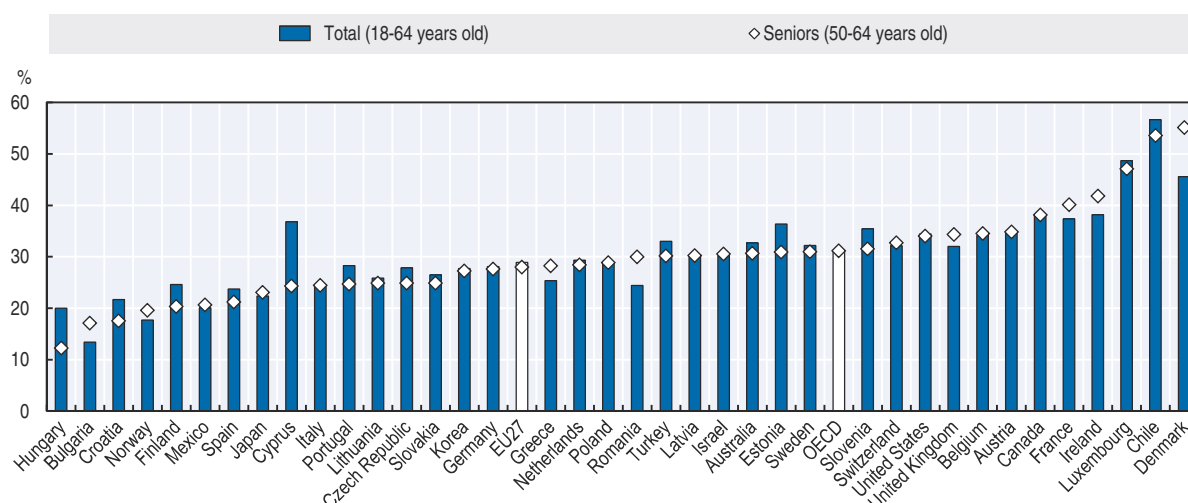
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Figure 4.11 presents the proportion of nascent entrepreneurs and new business owners whose businesses offer products and/or services that are new to potential customers. Over the 2012-16 period, senior entrepreneurs in the European Union were as likely as adults to bring new products and services to the market (28.0% vs. 28.9% for all adults). Seniors were more likely than adults to introduce new products and services in Ireland, Romania and Denmark. However, they were much less likely to do so in Hungary and Cyprus.

In OECD countries in the same period, early-stage senior entrepreneurs were also as likely as adults to offer new products and services (approximately 31% for both groups). More than half of early-stage senior entrepreneurs offered new products and services in Chile (53.6%) and Denmark (55.2%).

Figure 4.11. **Proportion of new senior entrepreneurs who introduced new products and services, 2012-16**

"Do all, some, or none of your potential customers consider this product or service new and unfamiliar?"
Percentage of early-stage entrepreneurs who responded "yes"



Notes: 1. All European Union Member States participated in the GEM survey at least once during the 2012-16 period except for Malta. 2. All OECD countries participated in the GEM survey at least once during this period except for Iceland and New Zealand. 3. Data presented in this figure were pooled over the 2012-16 period. A number of countries did not participate in the GEM surveys in every year but were included in the figure: Australia (participated in 2014, 2015, 2016); Austria (2012, 2014, 2016); Belgium (2012, 2013, 2014, 2015); Bulgaria (2015, 2016); Cyprus (2016); Czech Republic (2013); Denmark (2012, 2014); France (2012, 2013, 2014, 2016); Israel (2012, 2013, 2015, 2016); Japan (2012, 2013, 2014); Korea (2012, 2013, 2015, 2016); Latvia (2012, 2013, 2014); Lithuania (2012, 2013, 2014); Luxembourg (2013, 2014, 2015, 2016); Norway (2012, 2013, 2014, 2015, 2017); Romania (2012, 2013, 2014, 2015); and Turkey (2012, 2013, 2016). 4. Early-stage entrepreneurs are those who are in the process of setting up a new business and those who operate a business that is less than 42 months old.

Source: Global Entrepreneurship Monitor (GEM) (2017), Special tabulations of the 2012-16 adult population surveys from the Global Entrepreneurship Monitor.

StatLink <http://dx.doi.org/10.1787/888933624654>

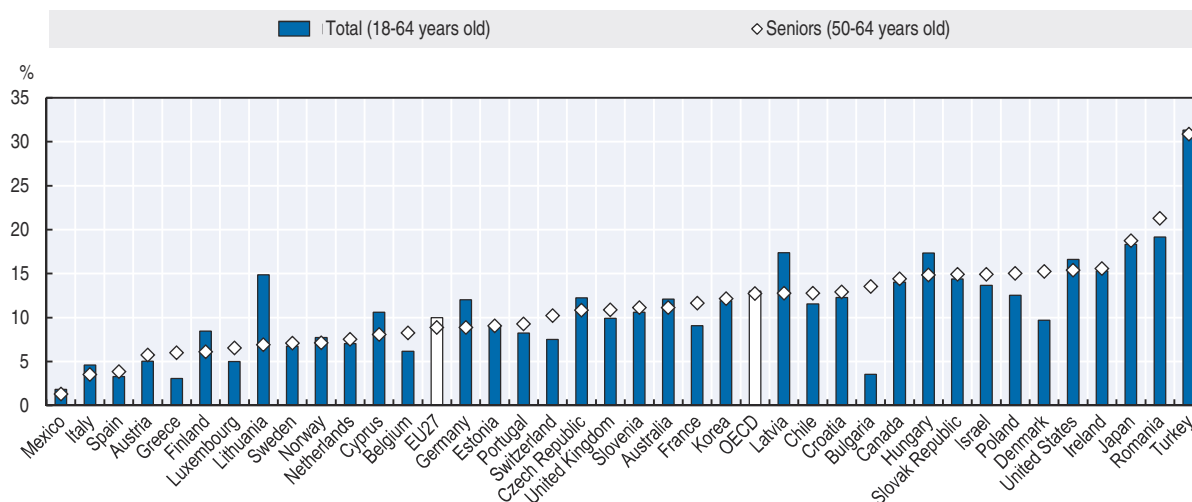
Furthermore, early-stage senior entrepreneurs were nearly as likely as adults to expect to create at least 19 jobs over the next five years. Over the 2012-16 period, 8.9% of senior entrepreneurs who were involved in setting up a business or who owned a business that was less than 42 months old expected to meet this level of employment growth (Figure 4.12). This was essentially the same proportion as for all adults (10.0%). However, within the European Union, this proportion varied substantially across Member States. Only 3.5% and 3.8% of early-stage senior entrepreneurs in Italy and Spain expected to reach this level of employment growth. Conversely, more than one-fifth of early-stage entrepreneurs in Romania (21.3%) did. The gap between the proportion of early-stage senior and adult entrepreneurs is striking in several countries. In Greece, early-stage senior entrepreneurs were twice as likely as early-stage adults to expect to create at least 19 jobs and in Bulgaria, they were 3.8 times as likely.

In OECD countries, early-stage senior entrepreneurs were as likely as the adult population between 2012 and 2016 to expect to create at least 19 jobs over the next five years (approximately 13% for both). This proportion varied greatly across countries, ranging from 1.3% of early-stage senior entrepreneurs in Mexico to 30.9% in Turkey.

Figure 4.12. Growth expectations among new senior entrepreneurs, 2012-16


"Not counting owners, how many people, including both present and future employees, will be working for this business five years from now? Please include all exclusive subcontractors, meaning people or firms working only for this business, and not working for others as well."

Percentage of early-stage entrepreneurs who indicated at least 19 new jobs would be created over the next five years



Notes: 1. All European Union Member States participated in the GEM survey at least once during the 2012-16 period except for Malta. 2. All OECD countries participated in the GEM survey at least once during this period except for Iceland and New Zealand. 3. Data presented in this figure were pooled over the 2012-16 period. A number of countries did not participate in the GEM surveys in every year but were included in the figure: Australia (participated in 2014, 2015, 2016); Austria (2012, 2014, 2016); Belgium (2012, 2013, 2014, 2015); Bulgaria (2015, 2016); Cyprus (2016); Czech Republic (2013); Denmark (2012, 2014); France (2012, 2013, 2014, 2016); Israel (2012, 2013, 2015, 2016); Japan (2012, 2013, 2014); Korea (2012, 2013, 2015, 2016); Latvia (2012, 2013, 2014); Lithuania (2012, 2013, 2014); Luxembourg (2013, 2014, 2015, 2016); Norway (2012, 2013, 2014, 2015, 2017); Romania (2012, 2013, 2014, 2015); and Turkey (2012, 2013, 2016). 4. Early-stage entrepreneurs are those who are in the process of setting up a new business and those who operate a business that is less than 42 months old.

Source: Global Entrepreneurship Monitor (GEM) (2017), Special tabulations of the 2012-16 adult population surveys from the Global Entrepreneurship Monitor.

StatLink  <http://dx.doi.org/10.1787/888933624673>

Barriers to business creation for seniors

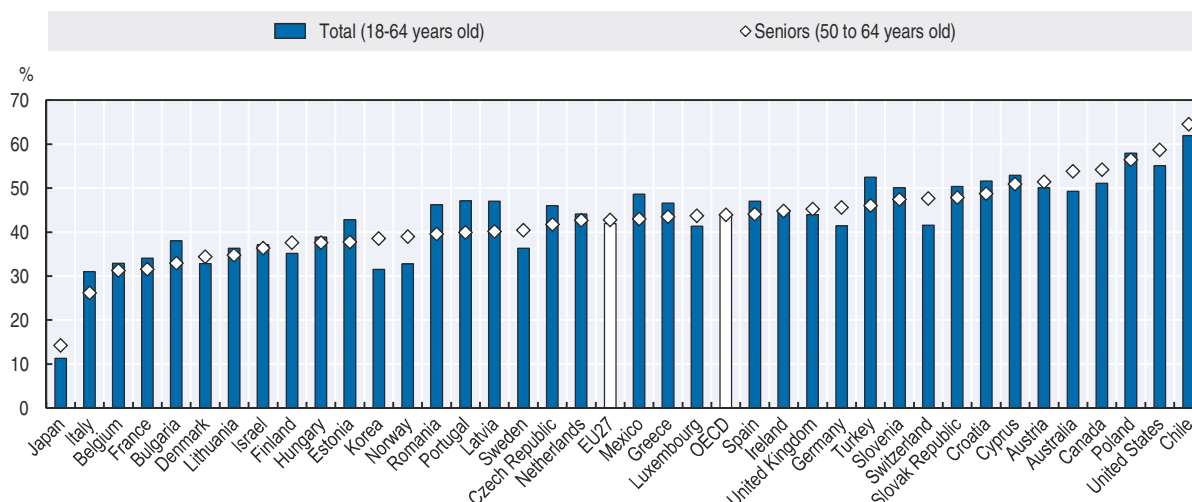
- A perceived lack of entrepreneurship skills does not appear to disproportionately prevent seniors from starting businesses relative to the adult population. In the European Union, 42.8% of seniors felt that they had the skills needed for entrepreneurship over the 2012-16 period while 44.0% in OECD countries felt this way. These proportions were similar to the overall adult population.
- 43.8% of seniors in the European Union and 38.7% of seniors in OECD countries indicated that fear of failure is a barrier to entrepreneurship between 2012 and 2016. These proportions are slightly below those of the adult populations.

A lack of entrepreneurship skills is frequently cited as one of the most important barriers to business creation for people from under-represented and disadvantaged groups. However, seniors appear to be as likely as adults to report that they have the knowledge and skills needed to start a business. Over the 2012-16 period, 42.8% of seniors in the European Union reported that they had the skills needed for business creation (graphic 4.13). This was essentially the same proportion as found in the adult population (41.9%). While this was valid for most European Union Member States, the exceptions are in Romania, Portugal and Latvia, where seniors are approximately seven percentage points less likely to feel that they have the skills for entrepreneurship.

Figure 4.13. **Entrepreneurship skills as a barrier to business creation for seniors, 2012-16**

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

Percentage of population who responded "yes"



Notes: 1. All European Union Member States participated in the GEM survey at least once during the 2012-16 period except for Malta. 2. All OECD countries participated in the GEM survey at least once during this period except for Iceland and New Zealand. 3. Data presented in this figure were pooled over the 2012-16 period. A number of countries did not participate in the GEM surveys in every year but were included in the figure: Australia (participated in 2014, 2015, 2016); Austria (2012, 2014, 2016); Belgium (2012, 2013, 2014, 2015); Bulgaria (2015, 2016); Cyprus (2016); Czech Republic (2013); Denmark (2012, 2014); France (2012, 2013, 2014, 2016); Israel (2012, 2013, 2015, 2016); Japan (2012, 2013, 2014); Korea (2012, 2013, 2015, 2016); Latvia (2012, 2013, 2014); Lithuania (2012, 2013, 2014); Luxembourg (2013, 2014, 2015, 2016); Norway (2012, 2013, 2014, 2015, 2017); Romania (2012, 2013, 2014, 2015); and Turkey (2012, 2013, 2016).

Source: Global Entrepreneurship Monitor (GEM) (2017), Special tabulations of the 2012-16 adult population surveys from the Global Entrepreneurship Monitor.

StatLink  <http://dx.doi.org/10.1787/888933624692>

A similar picture emerges in OECD countries where 44.0% of seniors felt that they had the knowledge and skills to start a business in the 2012-16 period. However, there were six OECD countries where more than half of seniors reported that they had the knowledge and skills needed for entrepreneurship: Austria (51.4%), Australia (53.8%), Canada (54.2%), Poland (56.5%), United States (58.7%) and Chile (64.5%).

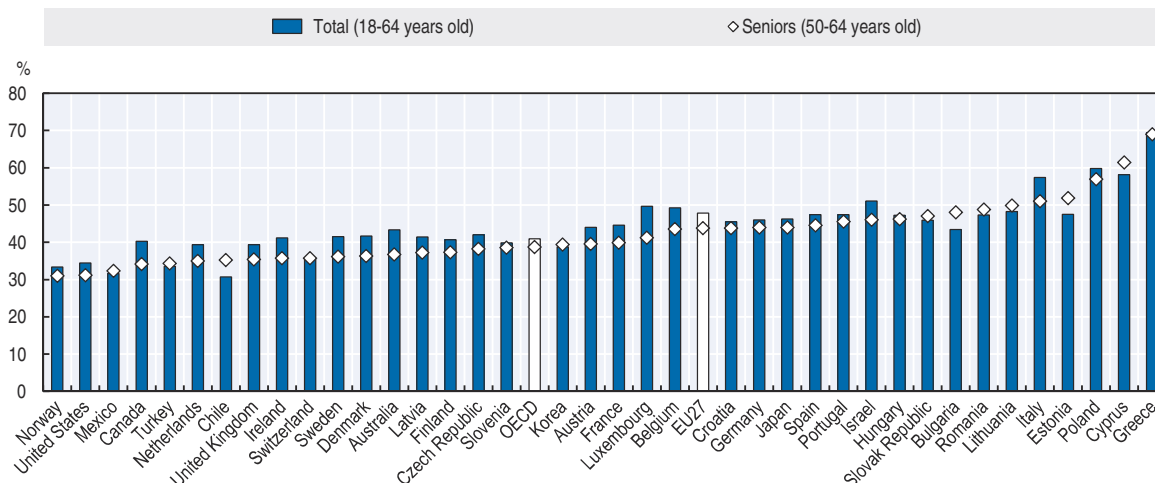
Fear of failure can also be an important barrier to entrepreneurship for people from groups that are under-represented or disadvantaged in the labour market. However, this barrier does not appear to be exceptionally strong for seniors as the proportion that cited this as a barrier was below the average for the population over the 2012-16 period. In the European Union, 43.8% of seniors indicated that fear of failure is a barrier to entrepreneurship, relative to 47.8% of the population (Figure 4.14). Generally, fear of failure appears to be a greater barrier for potential senior entrepreneurs in southern and eastern European Union Member States.

In OECD countries, a fear of failure appears to be slightly less of a barrier to entrepreneurship for seniors relative to European Union Member States. Across OECD countries between 2012 and 2016, 38.7% of seniors viewed this as a barrier. This was approximately the same as the proportion in the adult population but is lower than in the European Union. Seniors were the least likely to cite this barrier in Turkey (34.4%), Canada (34.1%), Mexico (32.3%), United States (31.2%) and Norway (31.0%).

Figure 4.14. **Fear of failure as a barrier to business creation for seniors, 2012-16**

"Does a fear of failure prevent you from starting a business?"

Percentage of population who responded "yes"



Notes: 1. All European Union Member States participated in the GEM survey at least once during the 2012-16 period except for Malta. 2. All OECD countries participated in the GEM survey at least once during this period except for Iceland and New Zealand. 3. Data presented in this figure were pooled over the 2012-16 period. A number of countries did not participate in the GEM surveys in every year but were included in the figure: Australia (participated in 2014, 2015, 2016); Austria (2012, 2014, 2016); Belgium (2012, 2013, 2014, 2015); Bulgaria (2015, 2016); Cyprus (2016); Czech Republic (2013); Denmark (2012, 2014); France (2012, 2013, 2014, 2016); Israel (2012, 2013, 2015, 2016); Japan (2012, 2013, 2014); Korea (2012, 2013, 2015, 2016); Latvia (2012, 2013, 2014); Lithuania (2012, 2013, 2014); Luxembourg (2013, 2014, 2015, 2016); Norway (2012, 2013, 2014, 2015, 2017); Romania (2012, 2013, 2014, 2015); and Turkey (2012, 2013, 2016).

Source: Global Entrepreneurship Monitor (GEM) (2017), Special tabulations of the 2012-16 adult population surveys from the Global Entrepreneurship Monitor.

StatLink <http://dx.doi.org/10.1787/888933624711>

Conclusions

Seniors are more active than the adult population in self-employment and senior entrepreneurs are an extremely diverse group. They include people who have spent their entire career in self-employment, those transitioning into retirement by starting a part-time business and those who have had to start a business to earn income due to a lack of retirement savings. Accordingly, the challenges faced by this group are diverse. Some lack entrepreneurship skills, while others lack financial resources and many will have small or outdated business networks. Public policy has a role in addressing these barriers by offering entrepreneurship training, improving access to start-up financing and supporting the development of entrepreneurship networks. In addition, many seniors have experience in self-employment and can remain engaged in entrepreneurship by mentoring and supporting younger entrepreneurs. Therefore public policy can also match senior entrepreneurs with younger entrepreneurs to facilitate a transfer of knowledge between the generations.

For more information and policy discussion on senior entrepreneurship activities, please refer to OECD/EU (2012) and European Commission (2016).

Note

1. The OECD has 35 member economies: Australia, Austria, Belgium, Canada, Chile, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Korea, Latvia, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Poland, Portugal, the Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Turkey, the United Kingdom and the United States.

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Chapter 5

Self-employment and entrepreneurship by the unemployed

Data on the proportion of unemployed people who seek to return to work through self-employment are reported in this chapter, as well as the proportion that are successful at transitioning from unemployment to self-employment. Data on the unemployed are presented by gender and age at both the European Union and Member State levels.

Note by Turkey:

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

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

Key messages

Only a small proportion of the unemployed move back into work as self-employed in the European Union. In 2016, 634 800 people who were unemployed in 2015 moved into self-employment. This represents 3.2% of those who were unemployed in 2015.

However, this proportion is greater than the proportion of the unemployed who indicate that they are seeking to return to work as a self-employed person. In 2015, 492 000 unemployed people indicated that they were seeking self-employment, accounting for 2.2% of the unemployed. Unemployed men and seniors were the most likely to seek self-employment, while women and youth were less likely. The gap between the proportion of the unemployed who seek self-employment and those who go on to start businesses can be explained by the number of people who look for work as an employee but cannot secure a job and therefore start a business.

Seeking self-employment from unemployment

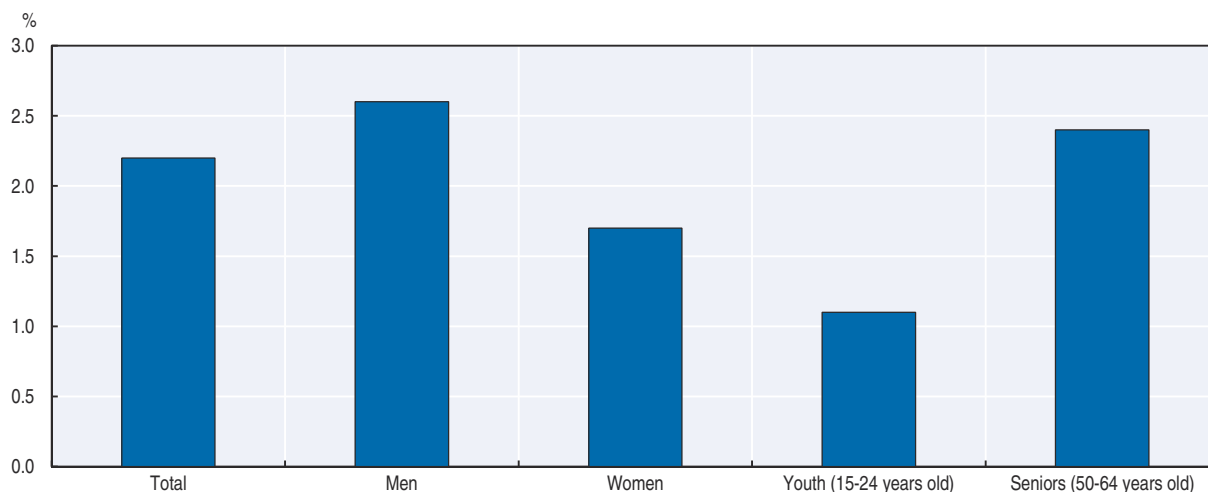
- Only 2.2% of unemployed people in the European Union in 2016 indicated that they wanted to return to work as self-employed. Unemployed men and seniors were the most likely to seek self-employment.
- The proportion of unemployed people seeking self-employment has declined from a peak of 3.6% in 2008, which was the early stages of the economic crisis.

In 2016, there were more than 20.8 million unemployed people in the European Union. Of this number, approximately 455 000 were attempting to return to work by starting a business. Thus, only 2.2% of unemployed people were seeking to become self-employed (Figure 5.1). Unemployed men were more likely than unemployed women to seek self-employment (2.6% vs. 1.7% for unemployed women) and unemployed seniors (50-64 years old) were more likely than unemployed youth (15-24 years old) (2.4% vs. 1.1% for unemployed youth).

Variation across European Union Member States was quite substantial in 2016, reflecting differences in labour market conditions and quality of unemployment benefits. Overall, the unemployed in Romania (11.0%) and Luxembourg (12.0%) in 2016 were the most likely to seek self-employment. In all other Member States, the proportion was below 4%, and below 1% in Cyprus.

Reliable data by target group are not available for all Member States. Taking this caveat into account, unemployed women in all countries were less likely than unemployed men to seek self-employment (Figure 5.2a). The proportion of unemployed youth who sought self-employment in 2016 ranged from 0.7% in Spain to 7.8% in Romania (Figure 5.2b). Similarly, the proportion of unemployed seniors who sought self-employment in 2016 ranged from 1.1% in Spain to 10.6% in Romania.

Figure 5.1. **Proportion of the unemployed seeking self-employment in the European Union, 2016**
Percentage of the unemployed (15-64 years old)

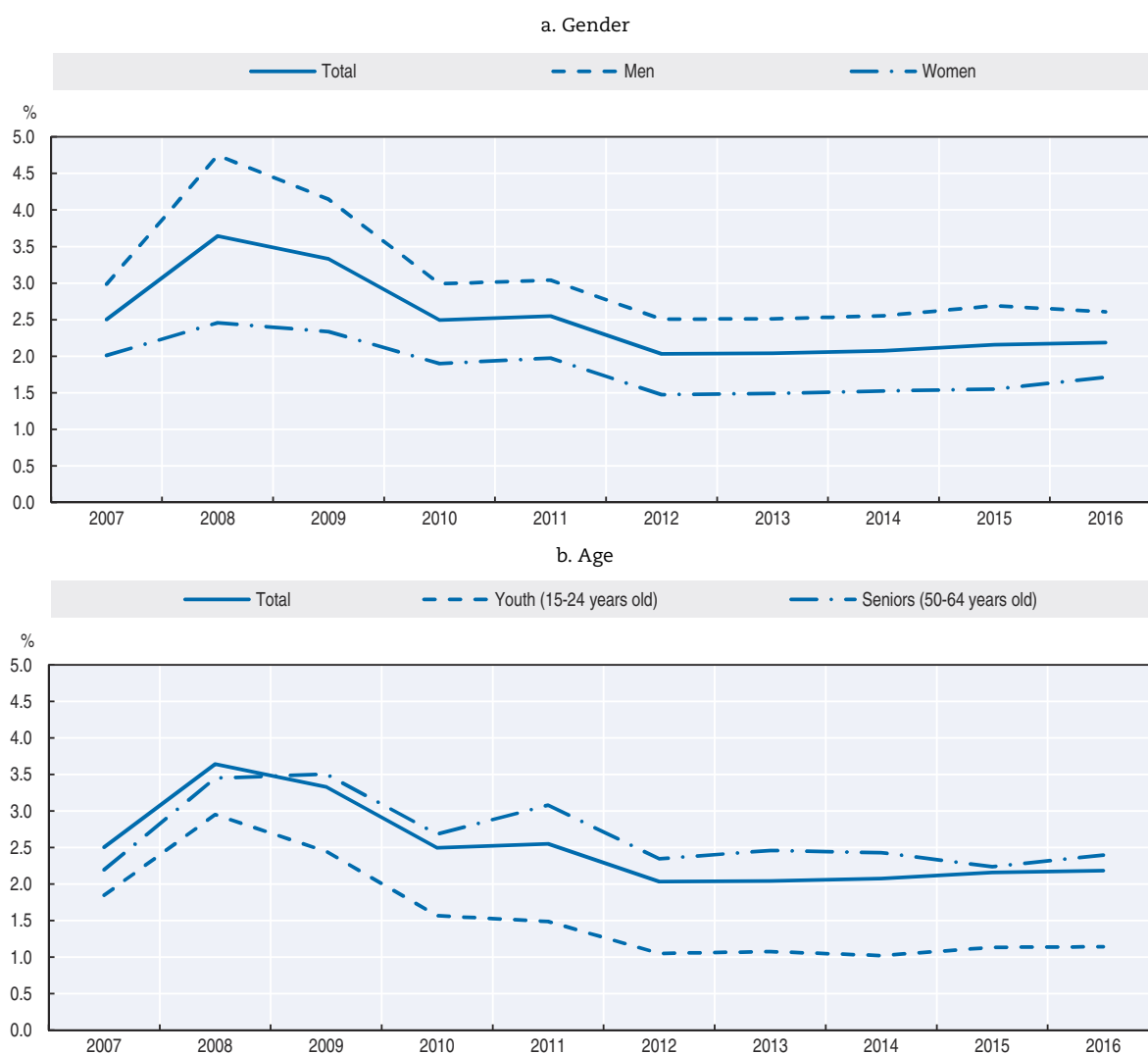


Source: Eurostat (2017a), Labour Force Survey, available at: <http://ec.europa.eu/eurostat/web/lfs/data/database>.

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Figures 5.3a and 5.3b present the proportion of unemployed people in the European Union who sought self-employment over the 2007-16 period. Overall, the proportion has declined from a peak of 3.6% in 2008, which followed the onset of the economic crisis. Since 2012, the proportion has been stable at approximately 2%. This trend also holds when examining the proportion by gender (Figure 5.3a). However, a slightly different pattern emerges when comparing the proportion of unemployed youth and seniors who sought self-employment (Figure 5.3b). The peak in the proportion of unemployed seniors seeking self-employment was in 2009 (3.5%), one year later than the peak for unemployed youth (3.0% in 2008).

Figure 5.2. **Proportion of the unemployed seeking self-employment by country, 2016**
Percentage of the unemployed (15-64 years old)



Source: Eurostat (2017a), Labour Force Survey, available at: <http://ec.europa.eu/eurostat/web/lfs/data/database>.

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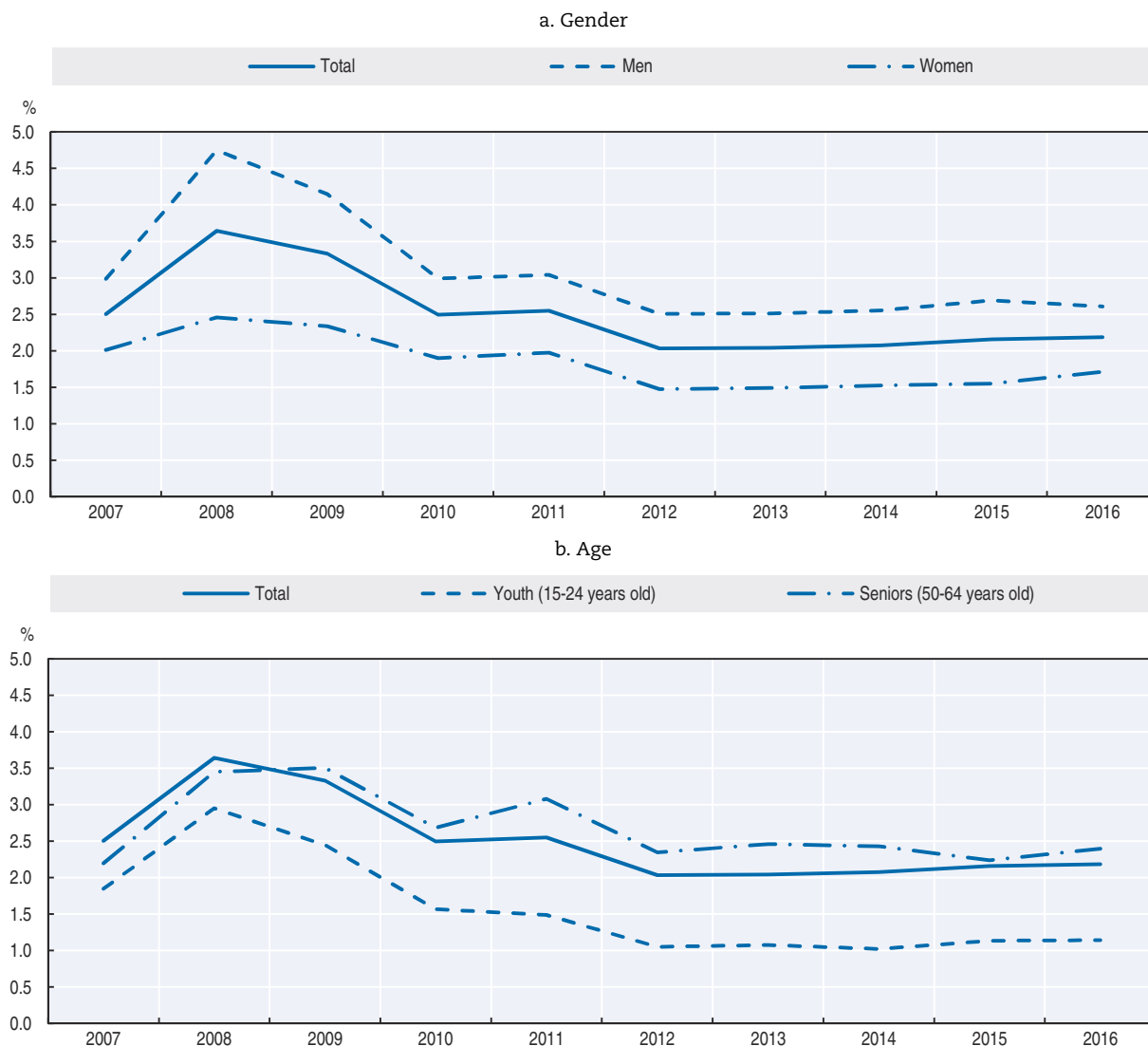
Entering self-employment from unemployment

- More unemployed people return to work in self-employment than the number who intended to, suggesting that many have done so because they could not find employment.
- In 2015, 492 000 unemployed people in the European Union indicated that they were seeking self-employment (2.2% of the unemployed). But in 2016, 634 800 unemployed people had moved into self-employment (3.2% of the unemployed).


There were nearly 22.8 million unemployed people in the European Union in 2015 and 492 000 of these people sought to return to work in self-employment. That is 2.2%, as was also the case in 2016. However, 634 800 people who were unemployed in 2015 had moved into self-employment in 2016 (approximately 3.2%) (Figures 5.4a and 5.4b). This indicates

Figure 5.3. **Proportion of the unemployed seeking self-employment in the European Union, 2007-16**

Percentage of the unemployed (15-64 years old)

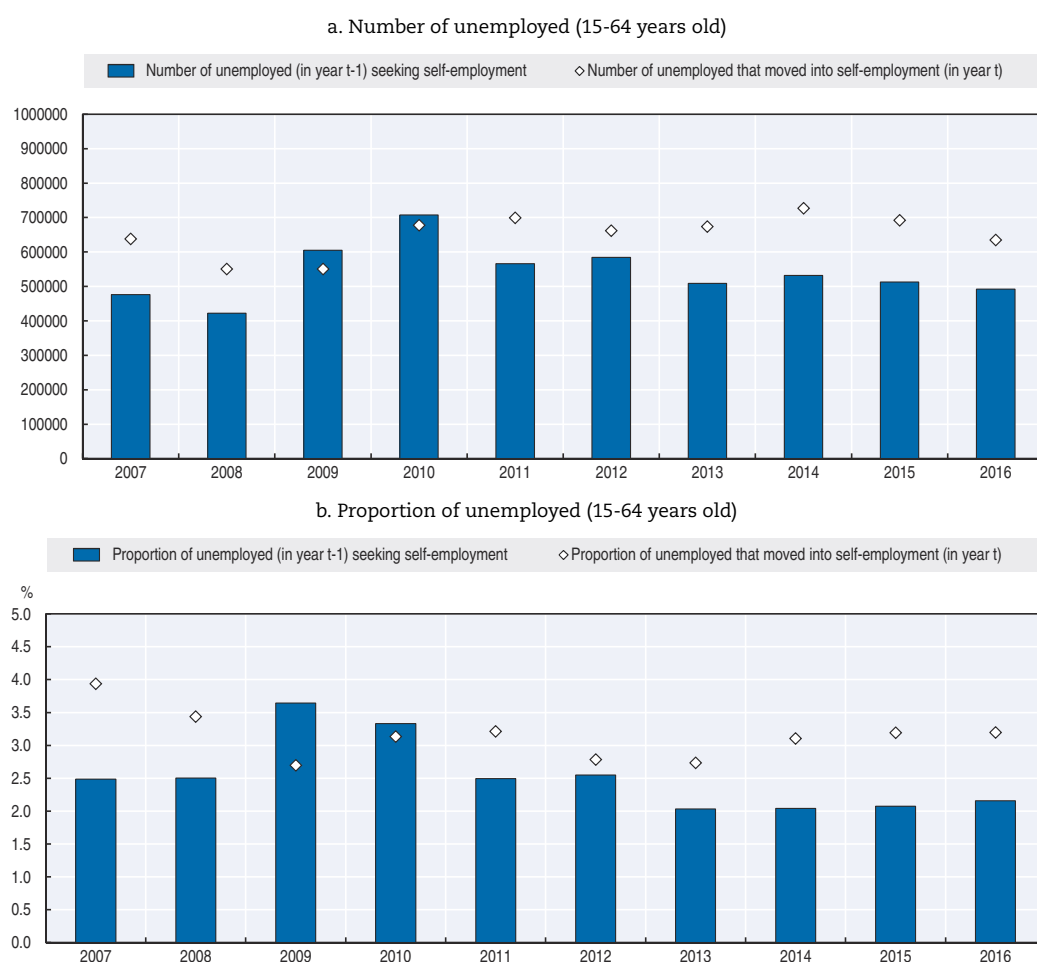


Source: Eurostat (2017a), Labour Force Survey, available at: <http://ec.europa.eu/eurostat/web/lfs/data/database>.

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that more unemployed people moved into self-employment than the proportion who sought it, suggesting that nearly one-third of those who transitioned into self-employment did so because they do not have other opportunities in employment. The number of unemployed people moving into self-employment has declined since 2014 (Figure 5.4a) but the proportion has increased slightly (Figure 5.4b) because the total number of unemployed has declined.

Figure 5.5 presents the proportion of unemployed people that moved into self-employment for each European Union Member State. The proportion of unemployed people that made the transition to self-employment ranged from 0.9% in Cyprus to 12.0% in Luxembourg. There appears to be some a reasonably strong correlation across Member States in the proportion of unemployed people who sought self-employment and the

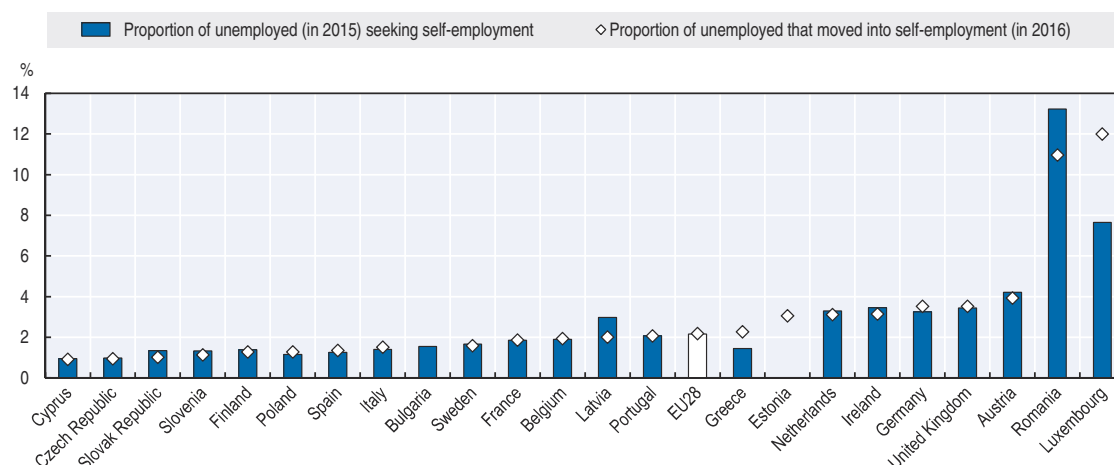
Figure 5.4. **Potential for self-employment by the unemployed in the European Union, 2007-16**

Source: Eurostat (2017a), Labour Force Survey, available at: <http://ec.europa.eu/eurostat/web/lfs/data/database>.

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Figure 5.5. **Potential for self-employment for the unemployed by country, 2015-16**

Percentage of the unemployed (15-64 years old)



Source: Eurostat (2017b), Special tabulations of the Labour Force Survey 2015-16.

StatLink <http://dx.doi.org/10.1787/888933624806>

proportion that moved into self-employment the following year. The only exceptions were Latvia and Romania, where fewer unemployed became self-employed, and Greece and Luxembourg, where more unemployed people moved into self-employment than expected.

Conclusions

Self-employment is an alternative option to employment for unemployed people seeking to return to work. While the number of people who move from unemployment to self-employment is relatively low, it is an important option because the costs of long-term unemployment or withdrawing from the labour market are very high, both for an economy as well as for the individuals. An economy does not benefit from idle resources (i.e. long-term unemployed people), while long-term unemployed people face diminishing likelihood of finding employment, lower future earnings and career prospects, increased risks of poverty and social exclusion, and face health consequences. It is important for policy to minimise these costs for individuals and the economy. Evaluation evidence from Denmark, France, Germany, Hungary, the Netherlands, Poland, Spain, Sweden and the United Kingdom suggests that businesses started by people from this target group can have similar business survival rates as those started by the mainstream population (OECD/EU, 2014). There is nonetheless a higher risk of displacement with these businesses relative to those started by the mainstream population, i.e. the business captures customers from another business and there is no net economic benefit. To counter this, public policy measures that support business creation by the unemployed need to favour start-ups that have innovative ideas.

For more information and policy discussion on self-employment and entrepreneurship activities by the unemployed, please refer to OECD/EU (2014).

References

- Eurostat (2017a), Labour Force Survey, available at: <http://ec.europa.eu/eurostat/web/lfs/data/database>.
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Chapter 6

Immigrants' self-employment and entrepreneurship activities

This chapter presents self-employment data on immigrants, covering those born in European Union Member States but outside of their current country of residence as well as those born outside of the European Union. The data presented in this chapter include the proportion of self-employed people who were born outside of their country of residence, self-employment rates and the proportion of self-employed immigrants who have employees. Data are presented at the European Union and country levels.

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Key messages

In the European Union, nearly 10% of the self-employed in 2016 were immigrants. Of these, approximately two-thirds were born outside of the EU.

In most EU Member States, there was essentially no difference in proportion of working people who were self-employed when comparing the immigrant population with those born in their country of residence. However, immigrants were much more likely to be self-employed than the native population in several countries such as Poland, the Czech Republic, the Slovak Republic, Croatia, Malta, the United Kingdom and Lithuania.

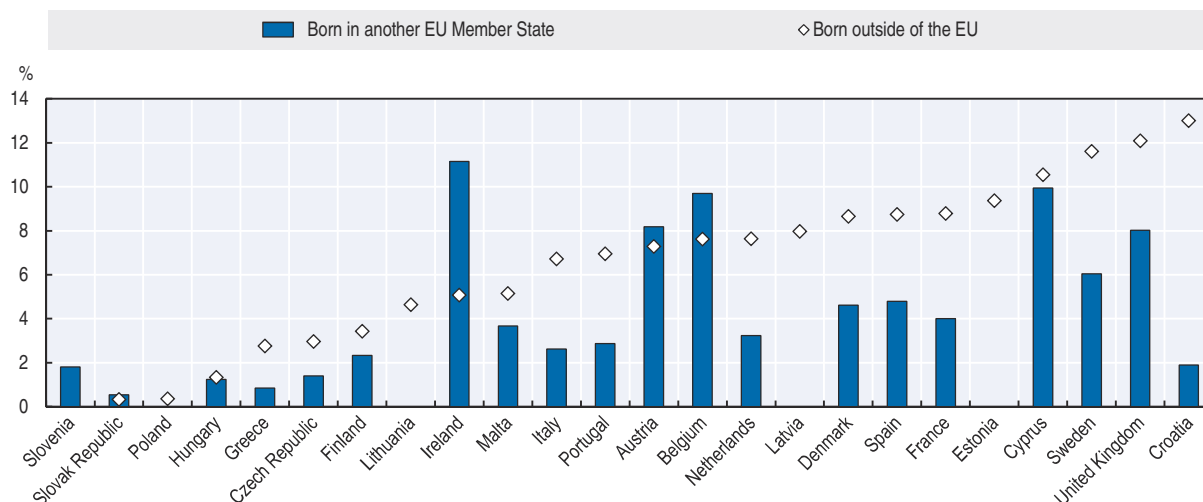
Self-employed immigrants in the European Union were as likely as native-born self-employed people to have employees. In 2016, slightly more than one-quarter did (28%). However, there are differences among self-employed immigrants. Those who were born outside of the European Union were more likely to have employees than the self-employed born in other European Union countries.

Self-employment among immigrants

- Nearly 10% of self-employed people in the European Union were born outside of their current country of residence. Of these, approximately two-thirds were born outside of the European Union.
- In 2016, there was little difference in the self-employment rates of immigrants and the domestically-born population in half of the European Union Member States. However, the self-employment rates of immigrants were much higher than for the domestically-born population in Poland, the Czech Republic, the Slovak Republic, Croatia, Malta, the United Kingdom and Lithuania.
- Approximately 28% of the self-employed immigrants in the European Union had employees in 2016, which was the same as the domestically-born self-employed. However, those who were born outside of the European Union were more likely to have employees.
- First-generation immigrants in the European Union are more likely to be self-employed than second-generation immigrants. Further, the self-employment rate of first-generation immigrants has increased over the last decade.

There were 30.6 million self-employed people in the European Union in 2016, of which 9.2% were born outside of their country where they live. Nearly two-thirds of these self-employed people were born outside of the European Union (Figure 6.1). The proportion of self-employed people who were immigrants varied substantially across Member States in 2016, ranging from less than 1% in Poland to approximately 20% in the United Kingdom (20.1%) and Cyprus (20.5%). In most countries, the proportion of self-employed that was born outside of the European Union exceeded the proportion of those born in other European Union Member States. The exceptions were Austria, Belgium, Ireland and the Slovak Republic.

Figure 6.1. **Significance of immigrant self-employment by country, 2016**
Proportion of the self-employed who are immigrants (15-64 years old)



Notes: 1. Data for Croatia, Lithuania, Poland, the Slovak Republic and Slovenia should be interpreted with caution because the estimates are based on small sample sizes. 2. Data are not presented for Germany because the place of birth is not collected in the Labour Force Survey in Germany. Therefore a total for the European Union is not reported. 3. The proportion of self-employed born outside of the EU are not reported for Slovenia because the sample is too small to derive a reliable estimate.

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

StatLink <http://dx.doi.org/10.1787/888933624825>

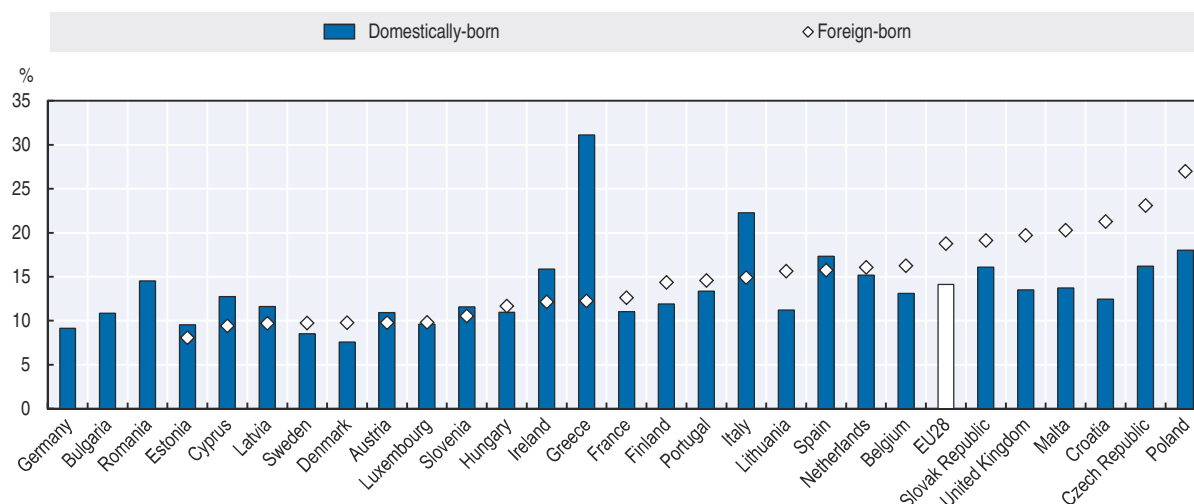
The self-employment rate for immigrants was higher than that of those who were born in their country of current residence. In 2016, 18.8% of working immigrants in the European Union (excluding Germany) worked as self-employed, which was greater than the proportion for domestically-born people (14.1%). However, immigrants were more likely to be self-employed than the native-born in Poland, the Czech Republic, the Slovak Republic, Croatia, Malta, the United Kingdom and Lithuania. They were much less likely in Italy and Greece.

Figure 6.2 presents the proportion of employed people who are self-employed according to place of birth. In slightly more than half of the Member States in 2015, immigrants who were born in other European Union Member States were more likely to be self-employed than those born outside of the European Union. The opposite was true in Hungary, Finland, the United Kingdom, the Slovak Republic, Croatia, the Czech Republic and Italy.

Over the last decade, the proportion of immigrants working in self-employment has increased across the European Union. However, there are differences across different groups of immigrants. The self-employment rate for first-generation immigrants in the European Union from non-EU countries increased from 14.0% in 2008 to 15.5% in 2014 (Eurostat, 2015). However, the self-employment rate has declined for second-generation immigrants from outside of the European Union. In 2008, 14.4% of working people from this group were self-employment but only 11.5% were in 2014 (Eurostat, 2015).

Across EU Member States, second-generation immigrants were less likely than first generation immigrants to be self-employed (Figure 6.3). However, there are also exceptions to this trend. In Cyprus, Greece, Italy and the United Kingdom, second-generation immigrants were more likely to be self-employed than first-generation immigrants, while there was no difference in Latvia and Finland. Note that caution is needed when analysing these differences at national level, as in many cases the self-employed sub-populations of migrants referred to are relatively small.

Figure 6.2. Self-employment rates for immigrants by country, 2015
Self-employed as a percentage of total employment (15-64 years old)

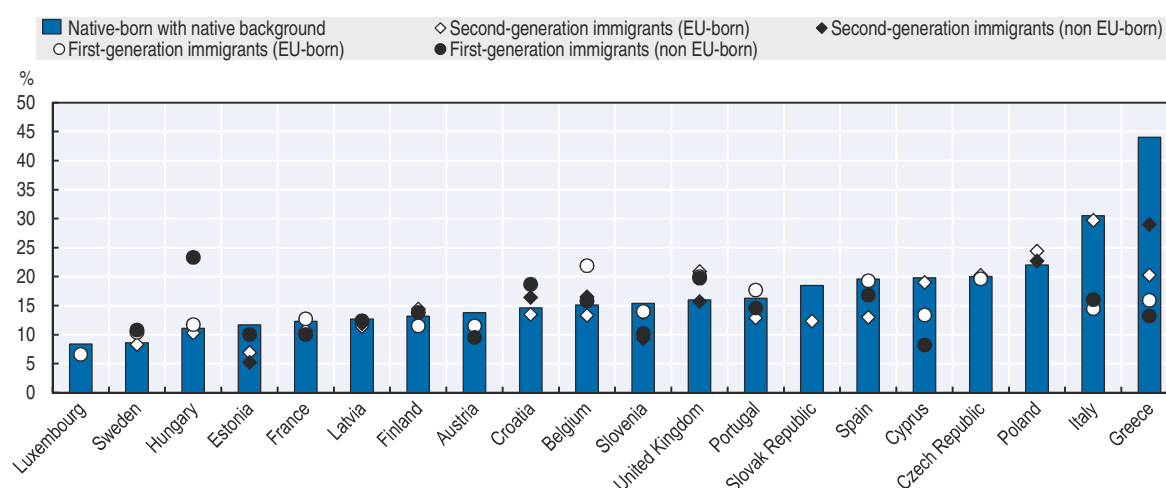


Notes: 1. Data are not presented for Germany because the place of birth is not collected in the Labour Force Survey in Germany. Therefore a total for the European Union is not reported. 2. Some data are not available for Bulgaria, Malta, Ireland because the samples are too small to derive reliable estimates.

Source: Eurostat (2016), Special tabulations of Labour Force Survey 2015.

StatLink <http://dx.doi.org/10.1787/888933624844>

Figure 6.3. Self-employment rate for first and second generation immigrants, 2014
Self-employed as a percentage of total employment (25-54 years old)



Notes: 1. Data for Bulgaria, Denmark, Germany, Ireland, Lithuania, Malta, the Netherlands and Romania are not available. 2. Some data are not available for Austria, Croatia, Cyprus, the Czech Republic, Estonia, Finland, France, Italy, Hungary, Latvia, Luxembourg, Poland, Portugal, the Slovak Republic, Spain and Sweden because the samples are too small to derive reliable estimates.

Source: Eurostat (2016), "First and second-generation immigrants – statistics on employment conditions", available at: http://ec.europa.eu/eurostat/statistics-explained/index.php/First_and_second-generation_immigrants_-_statistics_on_employment_conditions.

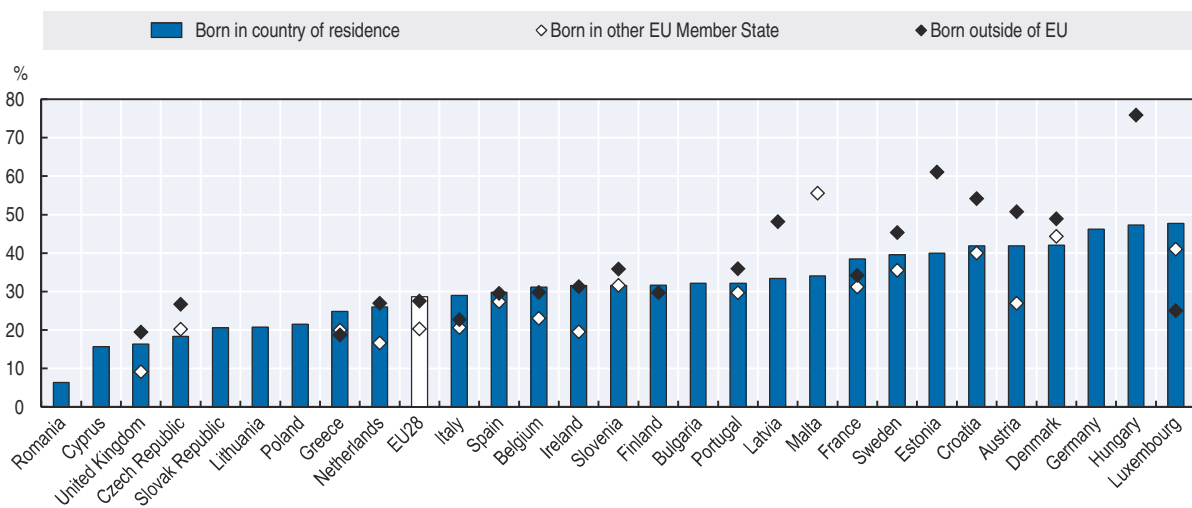
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Proportion of self-employed immigrants with employees

- In the European Union, self-employed immigrants were as likely as the native-born self-employed to have employees in 2016. Approximately 28% of the self-employed had employees, regardless of where they were born.
- However, self-employed immigrants who were born outside of the European Union were more likely to have employees than those who were born in another EU Member State in 2016 (27.5% vs. 20.3% for self-employed immigrants born in another EU Member State).

Overall, self-employed immigrants in the European Union were as likely as the native-born self-employed to have employees in 2016. Approximately 28% of the self-employed had employees, regardless of where they were born. However, those who were born outside of the European Union were more likely to have employees than those who were born in another European Union Member State (27.5% vs. 20.3%), and nearly as likely as those who were born in their country of residence (28.7%) (Figure 6.4). Again, this proportion varied greatly across Member States. More than half of the self-employed born outside of the European Union had employees in Austria (50.8%), Croatia (54.2%), Estonia (61.1%) and Hungary (75.9%).

Figure 6.4. **Proportion of foreign-born self-employed with employees by country, 2016**
Percentage of self-employed (15-64 years old)



Note: Some data are not available for Bulgaria, Cyprus, Denmark, Estonia, Finland, Hungary, Latvia, Lithuania, Malta, Poland, Romania and the Slovak Republic because the samples are too small to derive reliable estimates.

Source: Eurostat (2017), Labour Force Survey, available at: <http://ec.europa.eu/eurostat/web/lfs/data/database>.

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Part-time self-employment among immigrants

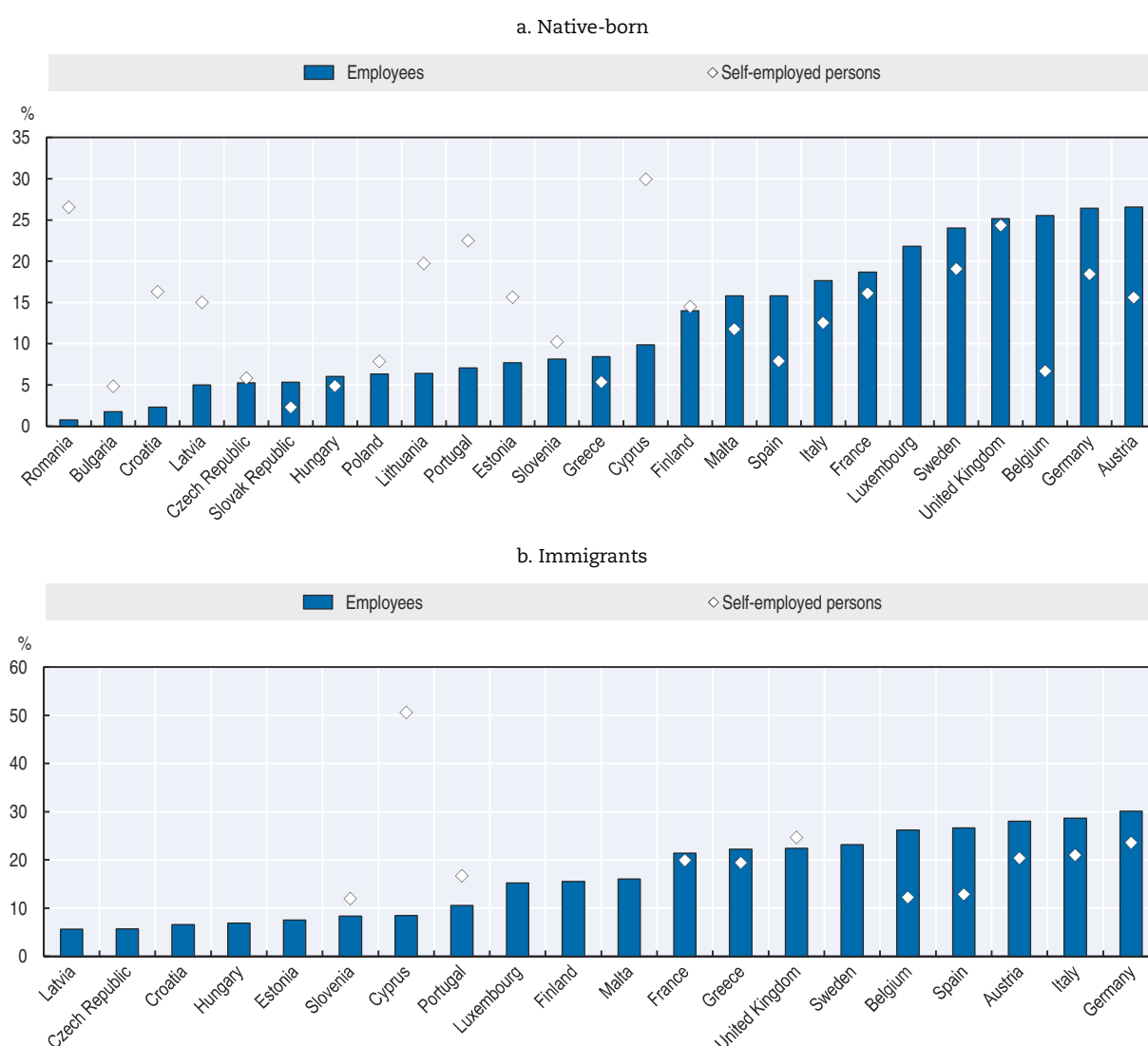
- Among the self-employed, immigrants were more likely than native-born people to work part-time in nearly all EU Member States in 2014.

In 2014, self-employed immigrants were more likely to work part-time than native-born people who were self-employed in 10 of the 11 EU Member States where data are available (Figures 6.5a and 6.5b). The gap was the greatest in Cyprus (20.6 percentage points) and Greece (14.1 percentage points). The only Member State where self-employed immigrants were less likely to work part-time than self-employed native-born people was Portugal.

However, in a majority of Member States, self-employed immigrants were less likely to work part-time than immigrants who work as employees (Figure 6.5b). The exceptions were Cyprus, where more than half of self-employed immigrants work part-time (50.6%) but few immigrants who work as employees do (8.5%), as well as Portugal, Slovenia and the United Kingdom.

Figure 6.5. **Proportion of part-time self-employment by place of birth, 2014**

Percentage of employees and self-employed persons (15-64 years old)



Note: In Panel A, data are not available for Denmark, Ireland and the Netherlands. In Panel B, data are not available for and Bulgaria, Denmark, Ireland, Lithuania, the Netherlands, Poland, Romania and the Slovak Republic.

Source: Eurostat (2015), Labour Force Survey 2014 ad hoc module on migration and labour market outcomes, available at: <http://ec.europa.eu/eurostat/web/lfs/data/database>.

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Conclusions

While there are differences across Member States and across first -and second- generations of immigrants, overall, immigrants in the European Union are as likely to be self-employed as the rest of the population.

Although many immigrants come from entrepreneurial cultures, this finding can be somewhat surprising as immigrant entrepreneurs typically face greater barriers to entrepreneurship than the mainstream population because they face a number of additional challenges when settling in their new country. This includes understanding the culture of their new country, the new institutional environment, as well as potentially learning a new language. These obstacles compound the typical barriers to business start-up because awareness of available support (e.g. entrepreneurship training programmes, grant schemes) is typically low and may not be accessible (e.g. support is not provided various languages). To be effective, public policy actions must account for the complexity of immigrant's needs since they go beyond business start-up support. Keys to success for immigrant entrepreneurship support are effective outreach and strong linkages with integration policies and programmes.

For more information and policy discussion on immigrants' self-employment and entrepreneurship activities, please refer to OECD/EU (2014) and European Commission (2016).

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PART II

Policies for inclusive entrepreneurship

Chapter 7

Is self-employment quality work?

This chapter assesses the quality of self-employment, focusing on earnings, job stability and the quality of work environment. This analysis differentiates between different types of self-employment, notably those with and without employees and considers differences in the quality of self-employment across different social target groups such as women, youth, seniors and immigrants. In addition, the chapter examines the current policy discussion on the quality of dependent and “false” self-employment. Policy advice is provided on improving the quality of new business start-ups and on addressing false self-employment.

Note by Turkey:

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

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

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

Key messages

The quality of one's job has a direct impact on their standard of living and well-being. Moreover, it can also be an important driver of labour force participation, productivity growth and aggregate economic performance. Job quality is a particularly relevant policy issue given the emergence of the digital or collaborative economy (including tasks which are collectively done online, such as through Amazon Mechanical Turk and work which is organised through online platform and mobile applications, such as Uber).

This chapter draws on the job quality frameworks used by the OECD, European Commission and Eurofound to assess the job quality for the self-employed. The framework in this chapter focuses on the common elements of these frameworks and where data are available for the self-employed, namely earnings, job stability and working conditions.

The self-employed population is a highly heterogeneous group. Nonetheless, some key conclusions can be drawn. While self-employed with employees often earn more than those without employees, there is also a significant number of solo self-employed with high earnings such as highly skilled freelance workers. Furthermore, self-employment appears less secure than many forms of employment. Considerable numbers of self-employed exit before five years and many of these people do not have access to unemployment benefits.

The working conditions for the self-employed are also highly variable. Overall, self-employment can be characterised by long working hours and the potential for stress and health-related issues is often greater than for employees. These poor working conditions are especially prevalent for some categories of self-employed workers, notably dependent and “false” self-employed people. These workers rely on one or two clients and therefore tend to enjoy few of the advantages of employment (e.g. social security protection), few of the advantages of self-employment (e.g. task diversity) and all of the disadvantages that are associated with self-employment (e.g. low income, financial insecurity, long working hours). Moreover, these workers tend to under-cut those in employment and increase the risk that they will lose their jobs.

Traditionally, public policy has sought to support business creation and self-employment by improving the business environment and increasing the chances of success by offering entrepreneurship training, coaching and mentoring, improved access to start-up financing, business counselling and entrepreneurship networks. In addition, many countries have measures and programmes to help informal businesses formalise, which will help increase the quality work for the owner-operator. It is important to continue to offer such measures to support entrepreneurs in maximising the potential of their businesses.

Much of the current policy debate surrounding the quality of self-employment is focused on the issue of dependent and false self-employment, including work arranged through online and mobile platforms. Three approaches are typically used to minimise

false self-employment: clarify work status (i.e. make it more clear who are employees and who are the self-employed); introduce intermediate work categories that treat this type of work separately; and improve access to social security for the self-employed. In practice countries tend to take a multi-pronged approach to fighting false self-employment, as well as using measures to make it more attractive for employers to hire an employee over a false self-employed worker.

Policy recommendations

- Continue to use the suite of traditional policy instruments with progressive intensity to improve the quality of business start-ups, favouring business ideas with an element of innovation.
- Offer incentives for, and support, the formalisation of informal businesses.
- Use a multi-pronged approach to combat false self-employment that includes removing tax incentives for false self-employment, educating employers and the self-employment about the risks of false self-employment and improving the incentives to hire employees.
- Improve coverage of the self-employed within social security systems.
- Improve the detection of disguised self-employment with improved data collection.

Ensuring quality work

- Job quality can have a strong influence on an individual's well-being. It can also be an important driver of labour force participation, productivity growth and aggregate economic performance.
- The quality of self-employment work is similarly important but must be considered differently since these workers, unlike employees, typically have control over many of their working conditions (e.g. work load, tasks, working hours).
- Public policy has a role in increasing the quality of self-employment work to maximise the economic benefits. It is a particularly relevant policy issue given the increasing prevalence of self-employment.

Labour market activities have a strong influence on an individual's well-being. Unemployment can cause great distress, while working directly impacts lifestyle and standard of living. Since the economic crisis that started in 2008, policy makers have been focussed on job creation as they tried to move people back into work and stimulate economic growth. However, this focus on job creation has often excluded the element of job quality. Job quality has a strong impact on an individual's well-being, including health and overall life satisfaction. It can also impact future opportunities in the labour market as some jobs offer opportunities for personal development and skills upgrading. Job quality can also be an important driver of labour force participation, productivity growth and aggregate economic performance (Cazes et al., 2015).

The quality of work has been increasingly recognised as an important issue by policy makers as many institutions and governments are working to define and measure job quality. This includes work by the OECD, the European Commission, the International Labour Organisation and Eurofound. These actions have been important

in the European Union, where raising awareness about the need to consider the quality of jobs in addition to their quantity led to the setting of policy targets on job quality as part of the successive European Employment Strategies, as well as the recent European Pillar of Social Rights.

Job quality is also relevant for self-employment. However the issue for policy making is different because the self-employed are often in control of their work environment. They can set their working hours, work location, work load and tasks. It must also be acknowledged that this is not always true. Some self-employed are dependent on one single client and in many of these cases, some or all of the working conditions can be set by the client.

There is, nonetheless, an important role for public policy in helping the self-employed understand the benefits of quality work and encouraging them through education and training to arrange their work in a way that maximises both their well-being and their economic contributions. This becomes increasingly important for public policy as the concept and structure of work is shifting (EC, 2017c).

Assessing the quality of self-employment work

- Job quality is measured with a range of variables that can be grouped into three categories: earnings, job stability and working conditions. This framework can also be applied to self-employment.
- The self-employed, particularly those without employees, earn, on average, much less than employees. This, however, masks that the self-employed with employees appear to earn more than employees, and that there are geographic, demographic and sectoral differences. It is also clear that the self-employed systematically under-report their income, which may obscure the pecuniary advantages of self-employment. Further, the work-related benefits available through social security systems are less generous than those available for employees and are more difficult and burdensome to access.
- Self-employment is less secure than employment as considerable numbers of the self-employed exit before five years. The majority of these people do not have access to unemployment benefits, although a very small proportion will move into employment.
- Self-employment brings with it the opportunity for flexibility and autonomy, leading to greater levels of job and life satisfaction. The trade-off, however, is that their working conditions are characterised by long working hours and the potential for stress and health-related issues.
- It must be recognised that the self-employed are an extremely heterogeneous group and the quality of self-employment work can vary greatly. In general, the quality of work is greater for those with employees than those who do not have employees, however the largest variation in work quality is found in the latter group.

Job quality can be measured with a broad range of indicators. Table 7.1 provides an overview of the different frameworks that have been developed by the OECD, European Union and Eurofound to measure job quality. While each takes a different approach, it is quite clear that the different frameworks have common threads.

Table 7.1. **Frameworks for measuring job quality**

| | OECD | European Union (Employment Committee) | Eurofound |
|---------------------------|---|---|---|
| Earnings | <ul style="list-style-type: none"> • Earnings quality | <ul style="list-style-type: none"> • Adequate earnings | <ul style="list-style-type: none"> • Earnings |
| Job stability | <ul style="list-style-type: none"> • Labour market security | <ul style="list-style-type: none"> • Job and career security | <ul style="list-style-type: none"> • Prospects |
| Working conditions | <ul style="list-style-type: none"> • Learning opportunities • Health and safety risks • Time pressures • Work autonomy • Workplace intimidation and social support at work | <ul style="list-style-type: none"> • Employability • Health and safety at work • Work intensity • Autonomy • Collective interest representation • Work-life balance • Gender balance | <ul style="list-style-type: none"> • Physical environment • Social environment • Skills and discretion • Work intensity • Working time quality |

Source: OECD (2014), “How good is your job? Measuring and assessing job quality”, Chapter 3, OECD Employment Outlook 2014, OECD Publishing, Paris. http://dx.doi.org/10.1787/empl_outlook-2014-6-en; European Union (2015), Employment and Social Developments in Europe 2014, Luxembourg: Publications Office of the European Union; Eurofound (2017 forthcoming), “Exploring Self-employment in the European Union”.

This chapter focusses on the three common themes across these frameworks, namely:

1. Earnings, i.e. average earnings and their distribution;
2. Job stability, i.e. risk of unemployment and coverage by unemployment insurance; and
3. Working conditions, i.e. hours worked, health and safety, and training and development.

These dimensions of job quality are measured for the self-employed to the extent that data are available. Comparisons are made with employees, and when possible, different groups of the self-employed are examined (Box 7.1). In most data sources, this is limited to comparing the self-employed without employees to those who have employees. However, a recent analysis of data from the Sixth European Working Conditions Survey identified five groups of self-employed: Stable own-account workers (i.e. the self-employed without employees who operate strong businesses), Small traders and farmers (i.e. the self-employed without employees who operate small or part-time businesses), Employers (i.e. the self-employed with employees who operate stable businesses; some may have strong growth potential), Vulnerable (i.e. the self-employed without employees who operate small business that are at risk of closing) and Concealed (i.e. those self-employed who are dependent on a single client) (Eurofound, 2017 forthcoming). This analysis is added to enrich the data and discussion in this chapter.

Box 7.1. **Defining self-employment**

One of the basic challenges in evaluating self-employment job quality is adequately defining what constitutes self-employment. Self-employment is defined relative to employment, with employees having a contract of service to the employer while the self-employed have a contract for providing service to clients (Wynn, 2016).

The OECD defines the self-employed as those who own and work in their own business, including unincorporated businesses and own-account workers, and declare themselves as “self-employed” in population or labour force surveys (OECD, 2016). Further, self-employment jobs are defined as those “jobs where the remuneration is directly dependent upon the profits (or the potential for profits) derived from the goods and services produced (where own consumption is considered to be part of profits). The incumbents make the operational decisions affecting the enterprise, or delegate such decisions while retaining responsibility for the welfare of the enterprise” (15th Conference of Labour Statisticians, January 1993). The

Box 7.1. Defining self-employment (cont.)

definition thus includes both unincorporated and incorporated businesses and as such differs from the definitions used in the System of National Accounts which classifies self-employed owners of incorporated businesses and quasi-corporations as employees.

However, implicit in this is that there are three core features which help to distinguish independent self-employment work from dependent employment, namely that the self-employed:

1. Have greater control over how they work than employees;
2. Have greater independence about which work they choose;
3. Are also more likely to bear the risks involved in contracting their services than employees.

By definition of Eurostat, a self-employed person is considered to be working in their own business, farm or professional practice rather than for an employer. In addition they meet one of the following criteria:

1. Works for the purpose of earning profit;
2. Spends time on the operation of a business; or
3. Is in the process of setting up his/her business.

A number of factors complicate any attempt to define self-employment. First, there are a large number of terms used to describe the self-employed, including the solo self-employed, own-account workers, sole traders, freelancers, independent professionals (“I-pros”), contractors, portfolio workers and working proprietors in businesses with no employees, to name a handful. The conflation of different categories is partly for data availability reasons and partly because it has become conventional to use terms interchangeably.

This is further complicated by the emergence of “new” forms of self-employment with the growth of the digital and collaborative economy (see Box 7.4) and a growing tendency for firms to outsource work to contractors. It is therefore increasingly difficult to distinguish those who are independently self-employed from more dependent forms of self-employment, or even employees.

Earnings

Earning considers income quality, both in terms of the level of earnings as well as its distribution. Both aspects are important as there is a positive correlation across countries as well as between persons within countries between levels of earnings and subjective well-being and satisfaction measures. Further, for a given level of average earnings, overall well-being tends to be higher when there is a more equal distribution (Cazes et al., 2015).

In assessing earnings quality, choices need to be made on how individual earnings are measured. Earnings can be measured in either gross or net terms (i.e. before or after deductions of employee taxes and social security contributions) and on an hourly, monthly or even annual basis. OECD work on measuring job quality often uses gross hourly wages. Gross wages are used due to methodological challenges in measuring net wages across countries, while hourly wages are preferred to differentiate job quantity issues from job quality issues.

A different approach is used here since the focus is on measuring the quality of self-employment. The concept of net earnings is preferred since this has a more direct impact on an individual’s quality of life. In addition, usual monthly earnings are used since the

nature of self-employed work is different from standard employment. The self-employed tend to work more hours per week and the work flow is typically more inconsistent than that experienced by employees. To minimise the impact of these irregularities, monthly earnings are considered rather than hourly earnings.

Income earned

Fondeville et al. (2015) identified that the net median earnings of the self-employed without employees are lower than that of median earnings of employees.¹ In 2007, two-thirds of the self-employed without employees had earnings that were below median employee earnings and 46% had earnings that were below 60% of the median employee earnings. This was particularly pronounced in countries such as Estonia, Spain, Romania, Slovenia, Finland and Sweden where more than 80% of the self-employed had earnings below the median for employees.

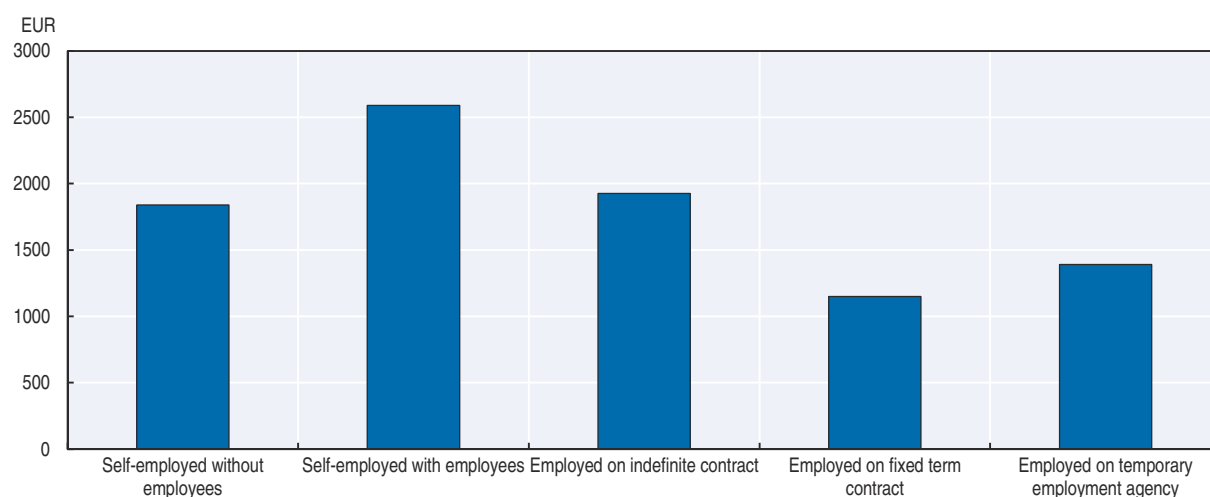
This situation has worsened since the economic crisis. In 2012, the relative earnings of the self-employed (without employees) had dropped further (Fondeville et al., 2015). 73.3% had earnings that were below the median employee earnings and 51.3% had earnings that were below 60% of the employee median. These data further show that, compared to employees, the household income of the self-employed (including the self-employed with employees) had fallen and material deprivation had increased over the period 2007-12.

However, this general evidence is nuanced by differences in earnings between incorporated and unincorporated self-employed workers, differences between countries and in the personal circumstances of the self-employed. Figure 7.1 shows that the self-employed without employees earned about EUR 700 less net (i.e. after taxes and social contributions) per month than those with employees and EUR 100 less than those in standard employment (i.e. those employed on an indefinite contract). However, the self-employed with employees earned approximately EUR 600 more per month than those who were employed on indefinite contracts. This is consistent with country-level evidence such as evidence for Germany showing that employees earn more than the self-employed without employees but less than the self-employed with employees (Sorgner et al., 2014).

More generally, the self-employed are more likely to be found among both the lower and upper tails of the income distribution than those in wage employment (Parker, 2009). For example, the contribution to total social value (i.e. income, business profits and capital gains) by self-made billionaires in the United States was 4600 times larger than that of the median self-employed (Sanandaji and Leeson, 2013).

Recent research by Eurofound (2017) used cluster analysis to confirm the heterogeneity across the self-employed. Overall, this analysis found that the self-employed earned approximately 21% more than employees in the EU when considering monthly real earnings after tax. However, there were stark differences between the five categories of self-employment identified in the cluster analysis (i.e. stable own-account workers, small traders and farmers, employers, vulnerable and concealed). Employers had the highest earnings, while the vulnerable group earned far less than other self-employed but this could be explained partially by the sector and geographic location. Earnings for the other types of self-employment were greater than those of the vulnerable group but lower than the self-employed with employees (Eurofound, 2017).

There is evidence to suggest there are likely geographical and sectoral differences in self-employment earnings. For example, the median self-employed (including those with

Figure 7.1. **Net monthly earnings among workers, 2015**

Note: The data presented in this figure exclude people working in apprenticeships, those who work without a contract and “other” employment arrangements such as family workers.

Source: OECD calculations based on microdata from the Sixth European Working Conditions Survey (Eurofound, 2016b).

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ownership of limited liability businesses) earned 16.4% more than the median employee in Norway (Berglann et al., 2011), and in Germany they earned 13% more (Martin, 2013). However, the self-employed earned 15% more than employees in East Germany, while they earned 14.8% less in West Germany (Martin, 2013). This German evidence also points to differences across sectors. The “liberal profession” (e.g. doctors and accountants) were more likely to earn more than equivalent employees.

There is also evidence that earnings from self-employment depend on the characteristics of the individual person. In most European Union Member States, women in self-employment earn less than men and are more likely to be reliant on supplementary income sources (OECD/EU, 2014). Further, evidence from Germany and the United States suggests that the better-educated have higher earnings levels when in self-employment relative to employment (Sorgner et al., 2014; Hartog et al., 2010).

The evidence on self-employment earnings by age is mixed. Some find a “U-shaped” pattern to self-employment earnings, with the self-employed earning more in their early and later lives (Terigman, 2010), while other evidence shows that early-career and voluntary self-employment leads to relatively higher earnings gains while late-career and involuntary self-employment has negative effects on earnings (Munk, 2015). This is consistent with the finding that young disadvantaged self-employed men earn more than equivalent employees, suggesting that self-employed can be a mechanism for alleviating disadvantage (Fairlie, 2005). However, the data from the European Union show that self-employed seniors and youth tend to rely more on non-business sources of income than core-age male self-employed workers (30 to 50 years old) (OECD/EU, 2014).

Despite all of the evidence that suggests that the self-employed earn less than employees, there is a need to be somewhat circumspect about the use of earnings data to assess the quality of self-employment. The self-employed have much greater latitude in terms of what they report as earnings to their tax authorities than employees whose salaries are often taxed at source. There is now an established body of international evidence that identifies that the self-employed significantly under-report their earnings

(Table 7.2). This income under-reporting reflects a number of issues. For example, the taxation system may lack simplicity, making it difficult for the self-employed to understand their tax obligations. There may also be opportunities to under-report earnings if tax information is not collected in real time or if the tax system struggles to identify who amongst the self-employed are more likely to under-report their earnings.

Table 7.2. Recent estimates of under-reporting of self-employment

| Study | Percentage of income under-reported | Country |
|--------------------------|-------------------------------------|---------------|
| Hurst and Pugsley (2014) | 30% | United States |
| Astebro and Chen (2014) | 42% | United States |
| Kukk and Staehr (2014) | 62% | Estonia |
| Martinez-Lopez (2013) | 25% | Spain |

Other dimensions of earnings quality

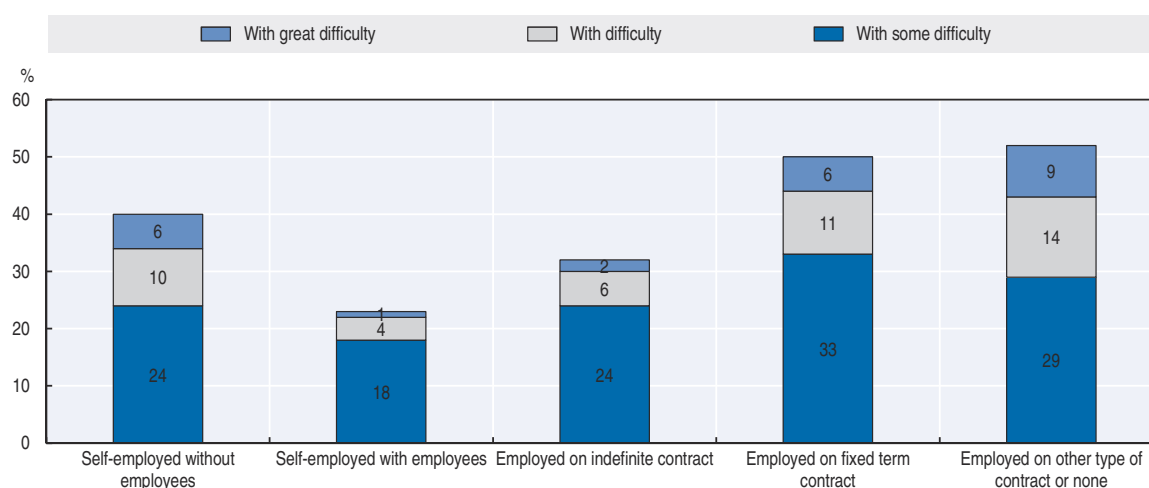
One of the features of self-employment is that they have fewer work-related benefits (e.g. maternity coverage, family and partner benefits) than employees (OECD/EU, 2014). For example, in the United Kingdom, the self-employed are not eligible for sick pay and, in Malta, have lower entitlements to sick pay and maternity coverage than those who work as employees (Library of European Parliament, 2013). Furthermore, the self-employed are less likely to be affiliated with old-age pension schemes than employees in high-income countries (63% for the self-employed vs. 89% for employees) (ILO, 2015). Moreover, they appear to be much less likely to make contributions to private pension schemes. For example, only 21% of the self-employed in the United Kingdom contribute to a private pension compared to 51% of employees (DWP, 2014).

While these lower levels of benefits may be seen as appropriate given the lower social contributions that the self-employed tend to make, the administrative costs associated with accessing social security benefits also deter people from considering self-employment and make it more difficult to access benefits (OECD/EU, 2014). These barriers are likely greater for some groups, such as women. For example, better maternity coverage and lower child care costs would not only increase female participation in the labour market but also have a disproportionately positive effect on increasing the likelihood of women taking up self-employment (OECD/EU, 2017 forthcoming; Elam and Terjesen, 2010).

Financial security

One further symptom of the risky nature of self-employment is the incidence of part-time self-employment, which has increased since the financial crisis. This increase has largely been involuntary with 30% of the self-employed across the European Union suggesting that they could not find work (GEM, 2017). Moreover, over the period 2007-12, evidence shows that the percentage of self-employed workers looking for another job has gone up in many EU Member States, although there are exceptions such as Germany and Poland (Hatfield, 2015).

Other evidence shows that 40% of the self-employed without employees judged themselves to be more financially insecure than self-employed with employees, and employees on indefinite contracts (Figure 7.2). However, the self-employed with employees were less likely to assess themselves as financially insecure as employees on fixed term or other types of contracts.

Figure 7.2. **Financial insecurity by employment status in the European Union, 2015**

Source: Eurofound (2016), "Sixth European Working Conditions Survey – Overview report", Publications Office of the European Union, Luxembourg.

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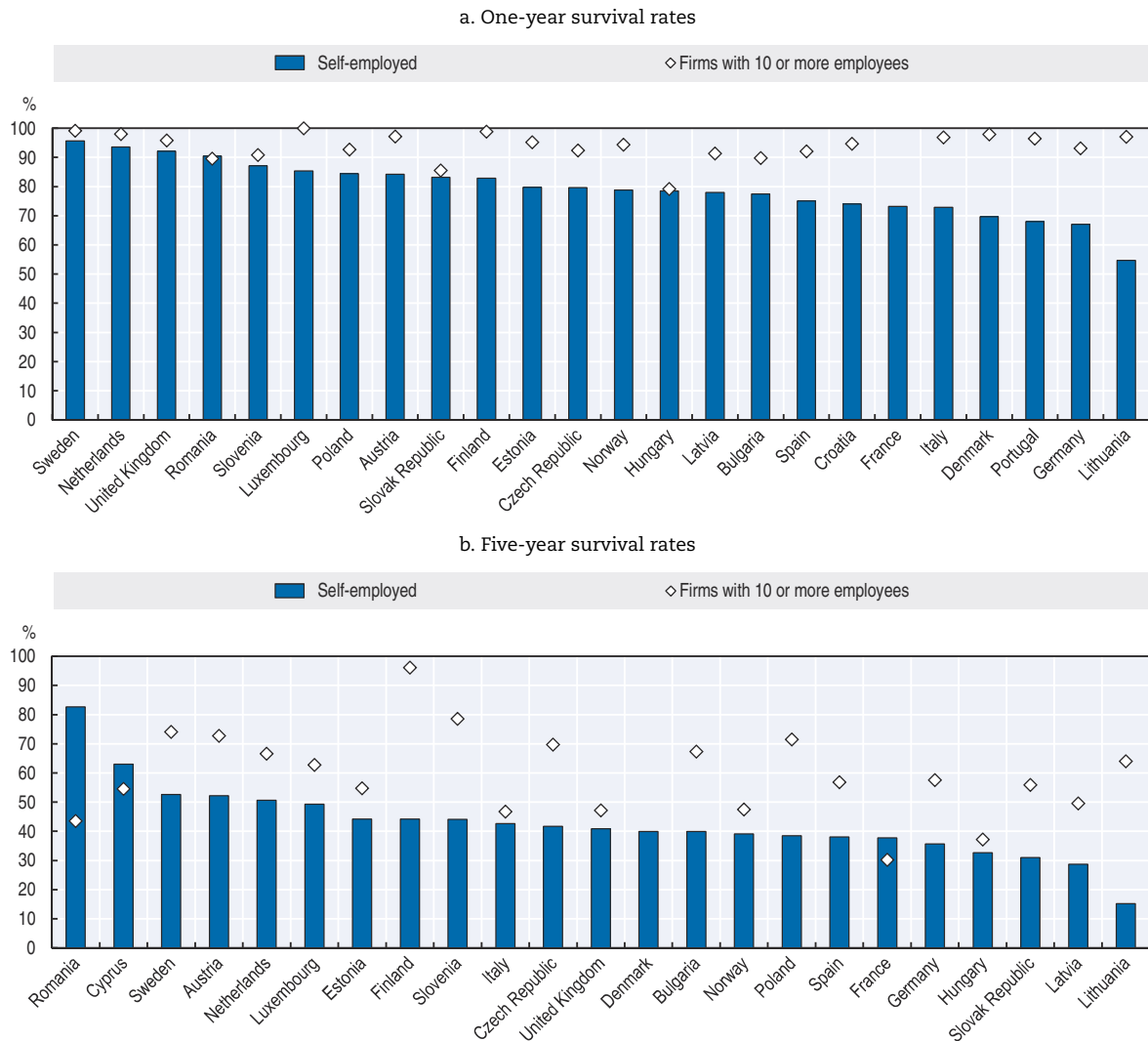
Job stability

Another important issue to consider when assessing job quality is the security of work. For employees, this is measured in terms of the risk of unemployment and the likely duration of unemployment. However, this measure needs to be adapted for the self-employed. Self-employment is often ended by a closure of the business, thus the rate of business exit can be used as a proxy for the probability of unemployment. Other measures of the potential precarious nature of self-employment include the expected likelihood of job loss, job tenure, the outcomes of a spell of self-employment on future employment prospects, and the accessibility of unemployment benefits.


Duration of self-employment

One of the stylised features of self-employment is its very high exit rates. This reflects that the self-employed struggle to assess their likely financial returns (Berkhout et al., 2016), are over-optimistic about their likely chances of success in business and are over-confident in their own abilities to succeed (Cassar, 2010; Townsend et al., 2010; Dawson and Henley, 2013; Hyytinen et al., 2014). The precarious nature of self-employment is shown in Figure 7.3a, which depicts how many of the self-employed survive their first year. It shows that there is wide variation across the European Union in terms of the self-employed without employees. In some countries, more than nine out of ten of the self-employed survive for one year (Sweden, the Netherlands and the United Kingdom). In contrast, more than three out of ten of the self-employed do not survive their first year in Denmark, Germany, Portugal and Lithuania. Figure 7.3a also shows that among the self-employed with ten or more employees, approximately 90% survive their first year. With the exception of Hungary, this is broadly similar between EU Member States.

Figure 7.3b shows that business survival rates are much lower after five years. Among the self-employed without employees, more than half will have exited self-employment. This varies substantially between countries. In Romania, Cyprus, Sweden, Austria and the Netherlands, more than half of the self-employed will still be self-employed after five years. However, in Latvia about 70% will have exited, while in Lithuania, it is more than 85%. For the

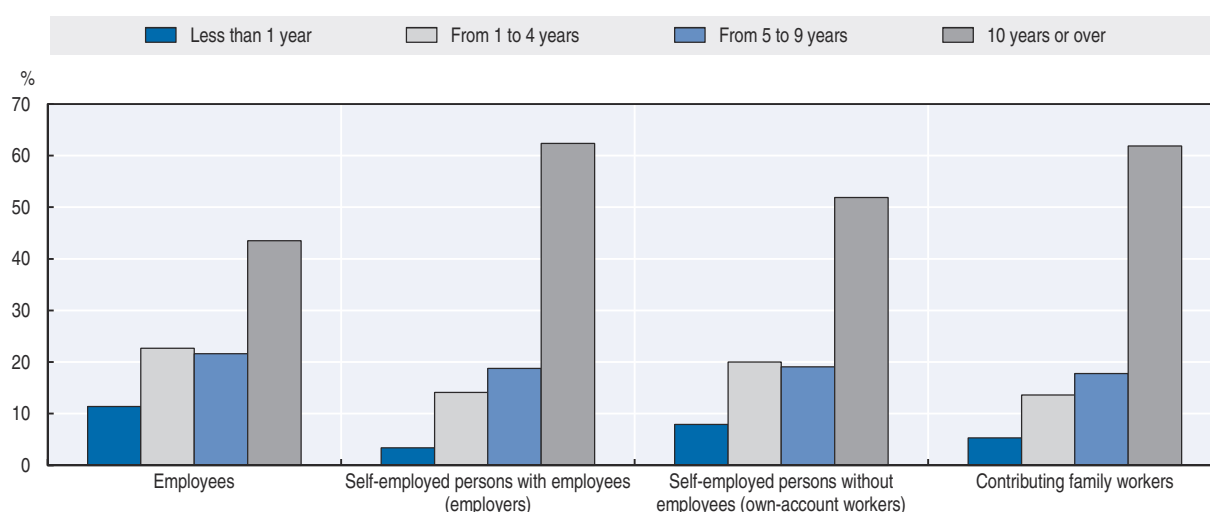
Figure 7.3. **Business survival rates of the self-employed, 2014**

Source: Eurostat (2017a), Business demography by size class, available at: <http://ec.europa.eu/eurostat/web/structural-business-statistics/data/database>.

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self-employed with ten or more employees, their survival rates are generally higher than the self-employed without employees (with the exception of Romania, Cyprus and France). The survival rates for this group also vary greatly from above 90% in Finland to below 40% in France and Hungary. This reflects wider evidence that the chance of the self-employed with employees exiting is much lower than that of the self-employed without employees (Millán et al., 2014).

Data on job tenure confirm that self-employment jobs are less likely to have shorter tenures than employees but more than half of the self-employed have been in their “jobs” for more than 10 years (Figure 7.4). This is greater than the proportion of employees, 42%. Slight differences in job tenure are observed between the self-employed with and without employees. Those with employees were more likely to have been operating for more than 10 years (62%) whereas those without employees were more likely to have been operating for less than five years.

Figure 7.4. **Job tenure in the European Union, 2015**

Source: Eurostat (2017b), Labour Force Survey, available at: <http://ec.europa.eu/eurostat/web/lfs/data/database>.

StatLink <http://dx.doi.org/10.1787/888933624977>

Box 7.2. **Freelance workers**

Freelance workers are defined as a subset of own-account workers (Kitching, 2016), even though it is not a legal status in most national jurisdictions. Instead, it is a commonly used term that refers to self-employed workers in occupational groups that provide skilled non-manual services and require little capital, often referred to as “knowledge workers”. Often this includes those working in creative and media occupations, but it could also cover own-account workers in managerial, professional, scientific, technical and creative occupations. Freelance workers operate under a range of legal business forms: as self-employed sole proprietors or partners in unincorporated businesses, as directors of their own companies and as umbrella company employees.

Approximately 40% of the self-employed without employees in the European Union were classified as managers, professionals or as technicians or associate professionals in 2016 (Eurostat, 2017b). The occupational composition of the self-employed varies considerably across countries both in absolute terms and relative to employees. In Germany, Luxembourg, Belgium, Switzerland, Estonia, Netherlands, Sweden and Denmark, more than 50% of the solo self-employed worked as managers, professionals or as technicians or associate professionals (significantly more than the proportion of employees working in these occupations, except Sweden where the proportions were identical). In contrast, in Lithuania, the figure was less than 15% and in Romania, just 3% – in all cases, substantially less than the proportion for employees.

A concept which is almost identical to freelancers are so-called “independent professionals”, a group of self-employed without employees engaging in a service activity and/or intellectual service not in the farming, craft or retail sectors. Their number was estimated to be about 10 million in the EU in 2014 and to have doubled since 2000. The group accounts for 40% of all self-employed without employees and almost 30% of all self-employed (close to the 26% share of “stable own-account workers” in Eurofound 2017) (Leighton 2015; IPSE 2015).

Those who work as freelancers tend to be high-skilled workers. Provided that there is a sufficient demand for their services, this type of self-employment is high-quality work. These workers often receive higher incomes than they would in employment, including a risk premium that compensates them for irregular and uncertain work flows. Moreover, they have a great deal of influence over the type of work that they do and therefore derive very high satisfaction from their work.

Exit outcomes of self-employment

Exits from self-employment are often considered to be “failures” but they do not always lead to negative outcomes. Approximately one-third of business exits are “successful” voluntary closures where the business is sold or transferred to a family member (Headd, 2003).

Moreover, the self-employed often return to self-employment (Taylor, 2011; Millán et al., 2014b). This habitual self-employment is quite common, varying from 30% in Finland (Hyytinen and Ilmakunnas, 2007), 25% in the United Kingdom (Westhead and Wright, 1998), 20% in Portugal (Rocha et al., 2015) to 17% in Germany (Gottschalk et al., 2016). Habitually self-employed people often also return speedily to self-employment but this is likely dependent on the outcomes from the previous spell in self-employment (Amaral et al., 2011). The self-employed with a positive founding experience are more likely to return quicker to self-employment. This reflects that the self-employed who were previously successful and were motivated by an opportunity often “take a look” at a particular opportunity to assess its potential and quickly close a new business if it fails to meet their expectations without any real loss to their income or wealth (Arora and Nandkumar, 2011). However, other evidence suggests that the better educated and those with longer prior employment experience take longer to re-enter into self-employment (Amaral et al., 2011).

Exiting self-employment may also have a limited impact on future earnings and future employment states (Daly, 2015). However, most studies find that after a spell of self-employment, these individuals tend to earn less than waged workers (Kaiser and Malchow-Møller, 2011; Baptista et al., 2012). Re-entering wage employment may be difficult for many disadvantaged communities, for example when immigrants exit they are more likely to become unemployed (Joona, 2010). In the European Union, men are more likely than women to exit self-employment to paid employment but are less likely to become inactive (Millán et al., 2012). After their spell of self-employment, individuals who enter self-employment from unemployment or were previously inactive in the labour market are more likely to respectively switch back into unemployment or labour market inactivity. There does not appear to be a significant difference among those with and without employees (Millán et al., 2014a). Of note, however, is that several studies indicate that the provision of public subsidies to support the unemployed into self-employment improves the self-employment survival prospects specifically among those individuals that were formerly unemployed (OECD/EU, 2014).

If the self-employed do become unemployed, there is substantial variation across the European Union in their entitlement to unemployment benefits. Across the European Union, 14 Member States provide full access to unemployment benefits, while another seven provide partial access and five allow for voluntary opt-in schemes (Table 7.3). However, since these arrangements require overcoming bureaucratic hurdles to opt into and access unemployment benefits, these arrangements are likely to dissuade some of the self-employed from taking advantage of these benefits (OECD/EU, 2014).

Working conditions

The third component of job quality, the quality of the conditions in the working environment, captures the nature of working conditions faced by those in work. This covers hours worked, health and safety and the potential for training and development).

Some point to work or life satisfaction as another important indicator for the self-employed as it is often an important factor in their decision to become self-employed. However, there is a body of evidence that suggests that job satisfaction should not be

Table 7.3. **Entitlement of self-employed to social benefits, 2016**

| | Self-employment rate (%), 2016 | Unemployment benefits | Sickness benefits | Old-age pensions |
|-----------------|--------------------------------|-----------------------|-------------------|------------------|
| Greece | 29.5 | Partial | None | Full |
| Italy | 21.5 | None | None | Full |
| Poland | 17.7 | Partial | Voluntary opt-in | Full |
| Romania | 16.5 | Voluntary opt-in | Voluntary opt-in | Partial |
| Czech Republic | 16.2 | Full | Voluntary opt-in | Full |
| Spain | 16.1 | Voluntary opt-in | Full | Partial |
| Netherlands | 15.5 | None | Voluntary opt-in | Partial |
| Slovak Republic | 15.2 | Full | Full | Full |
| Ireland | 14.6 | Partial | Partial | Full |
| United Kingdom | 14.1 | Voluntary opt-in | Partial | Partial |
| Portugal | 13.9 | Full | Partial | Full |
| Belgium | 13.5 | None | Full | Full |
| Malta | 13.2 | None | Full | Full |
| Finland | 12.4 | Partial | Full | Full |
| Cyprus | 12.1 | None | Full | Full |
| Croatia | 11.8 | Full | Full | Full |
| Latvia | 11.8 | None | Full | Full |
| Slovenia | 11.5 | Full | Partial | Full |
| Lithuania | 11.1 | None | Full | Full |
| France | 11.0 | None | Partial | Full |
| Bulgaria | 10.8 | None | Voluntary opt-in | Full |
| Austria | 10.8 | Voluntary opt-in | Full | Full |
| Hungary | 10.0 | Full | Full | Full |
| Estonia | 9.5 | | Partial | Full |
| Germany | 9.3 | None | Partial | Partial |
| Luxembourg | 9.0 | Full | Full | Full |
| Sweden | 8.7 | Partial | Full | Full |
| Denmark | 7.7 | Partial | Full | Full |

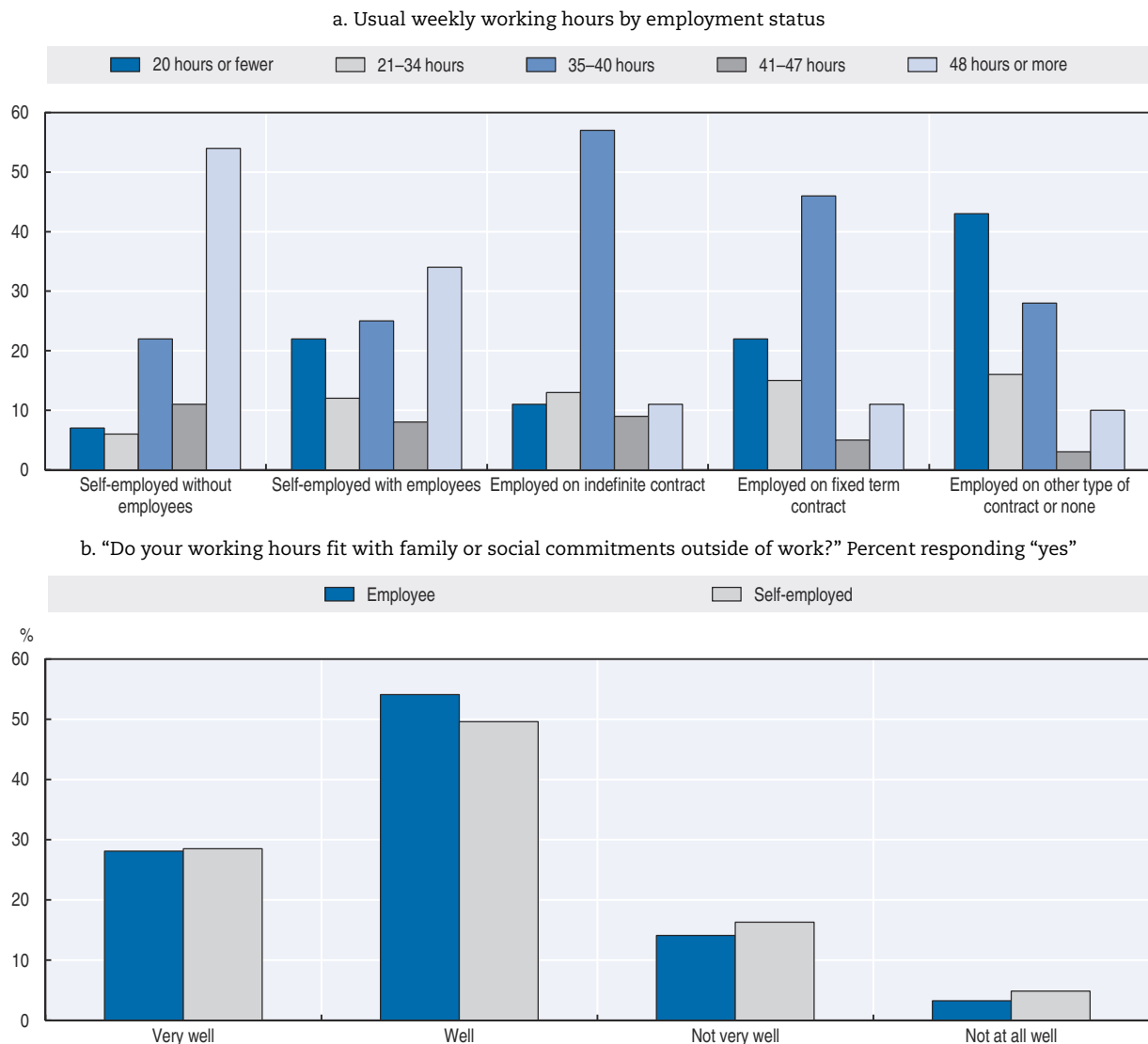
Source: Eurostat (2017b), Labour Force Survey; Spasova, S., D. Bouget, D. Ghailani and B. Vanhercke (2017), "Access to social protection for people working on non-standard contracts and as self-employed in Europe A study of national policies", available at: <http://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=7993&furtherPubs=yes>.

considered to be an element of quality of work since it is subjective and highly variable (Eurofound, 2012; EC, 2015). Moreover, it is difficult to justify public policy actions to support an individual in self-employment only to make them happier or more satisfied.


Hours worked

The full-time self-employed with employees work longer hours than the self-employed without employees who, in turn, work longer hours than employees (Figure 7.5a). This evidence also shows that the self-employed work longer working days, have shorter time periods between work, and work more unsocial hours, which eats into their leisure time (Hyytinen and Ruuskanen, 2007). Unsurprisingly, they are less likely to be absent from work (Lechmann and Schnabel, 2013).

Some may be content with part-time self-employment as it enables them to achieve a better work-life balance. However, the evidence does not point to a great difference in how employees and the self-employed view how working hours fit with family and social commitments (Figure 7.5b). This suggests that some might be dissatisfied with their limited hours and would prefer to work more to be able to generate more earnings. Hours of work are therefore an ambiguous indicator of self-employment quality (Baumberg and Meager, 2015).

Figure 7.5. **Working hours in the European Union, 2015**

Source: Eurofound (2016a), “Sixth European Working Conditions Survey – Overview report”, Publications Office of the European Union, Luxembourg.

StatLink  <http://dx.doi.org/10.1787/888933624996>

Part-time self-employment has become more common in Europe since the financial crisis (Fondeville et al., 2015). Over the 2007–14 period, the proportion of solo self-employed usually working less than 35 hours a week rose by almost four percentage points, while those working less than 20 hours a week rose by two percentage points. In some countries, such as the United Kingdom, the increase in part-time self-employment has been substantial: between 2001 and 2015, part-time self-employment rose 88% while full-time self-employment grew by just 25% (ONS, 2016). One effect of the shift to part-time work over the crisis period was a reduction in the average number of hours worked by the solo self-employed by just over two hours a week across the European Union during 2007–14, more than twice the reduction in average hours worked by all in employment (the self-employed with employees also reduced their hours worked).

The proportion of self-employed people working part-time can increase due to individuals voluntarily choosing to start self-employment on a part-time basis or by reducing full-time hours to part-time. Both routes to part-time self-employment may be voluntarily chosen or be forced on workers by circumstances. The self-employed are perhaps better placed than employees to adjust their hours of work downwards; employees are more likely to be made redundant. One cannot read off motivations to work part-time purely from data on work hours alone. Much of the increase in part-time working among the self-employed seems to have been involuntary, in the sense that many reported that the main reason for them working part-time was that they could not find full-time work. Between 2007-14, the proportion of self-employed in the European Union working part-time reporting that they did so because of being unable to find full-time work increased by six percentage points (Fondeville et al., 2015). The proportion working part-time increased in 19 Member States. Changes in part-time self-employment have surely contributed to the lower earnings of the self-employed relative to employees and to the increasing proportion of self-employed earning less than 60% of median employee pay (Fondeville et al., 2015).

Box 7.3. Hybrid self-employment

Hybrid self-employment refers to those combining employment with working self-employed in a second job (Molenaar, 2016) or to those working self-employed in a main job and employed in a second job (Atherton et al., 2016). The benefits of hybrid working, defined as employment in a main job while working self-employed in a second job, include: reduced risk at start-up; learning before embarking on full-time self-employment; continuing to earn wages or a salary from employment (or from social security transfers); a second income; a means of escaping unemployment and/or reliance on social security benefits; a means of self-development; and a means of balancing paid work with other life concerns. For some, hybrid self-employment will be perceived as necessary to provision an adequate livelihood (combining it with employment), for others it is optional (to provide non-monetary benefits and/or to supplement a financially comfortable life). Clearly, the precise nature and role of hybrid self-employment in an individual's work career and personal life is variable.

There is limited data on the phenomenon of hybrid self-employment as labour force surveys tend to focus on the primary occupation and the current evidence base provides a mixed picture on the quality of this type of self-employment. Evidence from Sweden suggests that a high proportion of hybrid entrepreneurs are young, high-skilled workers who are testing self-employment and that there is a high likelihood of these workers moving into full-time self-employment (Folta et al., 2010). More recent Swedish evidence provides a slightly different picture. A sample of 2013 hybrid entrepreneurs suggests that hybrid entrepreneurship is more common among the young and seniors, but both groups are motivated by non-economic reasons (Thorgren et al., 2016). This is consistent with recent evidence from the United States that shows that hybrid entrepreneurs are likely to enter into full-time entrepreneurship and have much higher survival rates than those who move into self-employment from full-time employment (Raffiee and Feng, 2014). This collection of evidence suggests that this type of entrepreneurship leads to high-quality self-employment once the business establishes an initial customer base and the entrepreneur has acquired knowledge and experience during the early stages of their business.

However, evidence from Germany and the Netherlands suggests that hybrid entrepreneurs operate businesses with low-growth potential (Conen et al, 2016). Other research in Austria suggests that hybrid entrepreneurs typically generate supplemental income to complement full-time employment (Bögenhold and Klinglmair, 2016), which is consistent with research in the United Kingdom that found that many in hybrid entrepreneurship are motivated by high housing and living costs (Atherton et al., 2016).

Health and safety

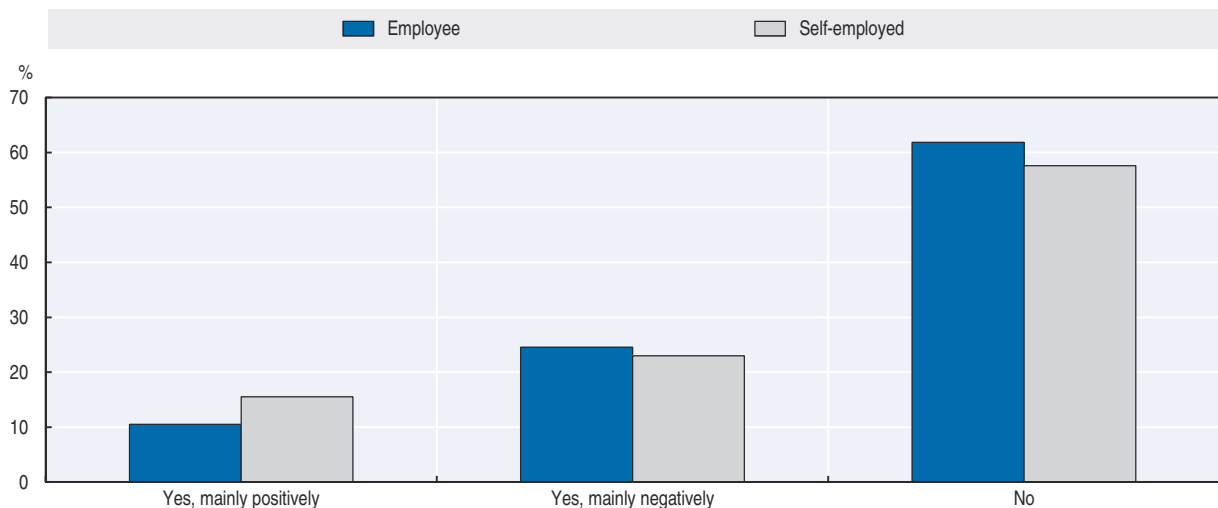
Due to longer working hours, on average, some studies have pointed to the self-employed being more likely to suffer from stress (Cardon and Patel, 2015), have health-related problems (Eurofound, 2016a) and mental health issues (Bogan et al., 2014). The self-employed with employees face greater job demand pressures and subsequently have greater levels of stress than employees or the self-employed without employees, but this can be mitigated to some extent by the greater amount of control that the self-employed have over their work (Hessels et al., 2017).

It is also clear that small and medium-sized enterprises account for a disproportionately large share of work-based accidents and injuries (Targoutzidis et al., 2014). This may be due to the self-employed being concerned with minimising costs and having an imperfect knowledge of relevant health and safety procedures and policies (Hasle and Limborg, 2006).


However, surveys show that the self-employed are slightly more likely than employees to report that their work has a positive impact on their health (Figure 7.6). This may be due to greater degree of flexibility that the self-employed often have to manage their work loads and work flows.

Figure 7.6. **Perceived impact of work on health in the European Union, 2015**

“Does your work affect your health?” Percent responding “yes”



Source: Eurofound (2016a), “Sixth European Working Conditions Survey – Overview report”, Publications Office of the European Union, Luxembourg.

StatLink  <http://dx.doi.org/10.1787/888933625015>

There are also differences across different types of self-employed workers. Cluster analysis by Eurofound shows that those who operate very small businesses with little growth potential and farmers were nearly five times more likely to experience a negative health effect from their job than those who operate stable businesses without employees (Eurofound, 2017 forthcoming). Those working in “false” self-employment jobs were also more likely to have negative health effects. However, very little difference was found between stable businesses without employees, employers and the self-employed who were vulnerable to closing (Eurofound, 2017).

Training and career development

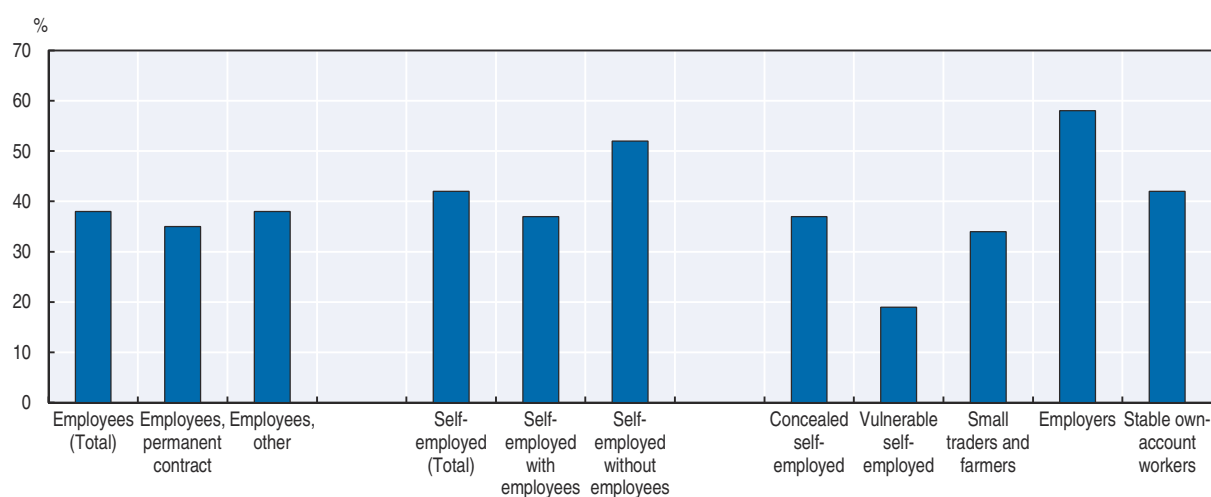
The self-employed are also less likely to undertake formal training, either for themselves or for any workers that they employ, than larger sized businesses (Storey and Greene, 2010). Although this may be offset by informal on-the-job training, these differences reflect that the self-employed are often less aware of the value of formal training, are put off by its cost, and are concerned that if they train their workers they are more likely to be poached by rival businesses who can offer their employees better opportunities. They are therefore less likely to have a clear pathway for professional development than employees.

However, recent evidence from the Sixth European Working Conditions suggests that the self-employed are more optimistic about their prospects for career advancement (Figure 7.7). Overall, 38% of employees indicated that they had good prospects for career advancement in 2015 while 42% of the self-employed did. Caution is needed in comparing the responses of employees and the self-employed because career advancement likely has very different meanings. For employees this likely refers to a promotion or moving to a new and presumably better job. For the self-employed, this could be increasing business revenues, hiring employees or opening additional businesses. These outcomes are clearly not equivalent.

Among the self-employed, those with employees were much more likely to have a positive outlook than those without employees (52% vs. 37%). This is likely because they operate larger businesses with more stable income and greater opportunities for growth. Eurofound's cluster analysis confirms that the vulnerable self-employed are the least optimistic about future career advancement, likely because they started their business because they did not have any other opportunities in the labour market. The cluster analysis also confirms that concealed self-employed workers have the same outlook as employees and employers were the most optimistic (Eurofound, 2017).

Figure 7.7. **Prospects for career advancement in the European Union, 2015**

Proportion who self-report that they have good prospects for career advancement



Note: The five categories of self-employment on the right-hand side of the figure were identified through a cluster analysis. Concealed self-employed are those who most closely resemble employees; vulnerable self-employed were those who were strongly characterised by high economic dependency and precariousness; small traders and farmers were self-employed people who operate small-scale businesses but did not start out of necessity; employers were self-employed people operating on multiple sites with multiple employees; and stable own-account workers were the largest group and they enjoyed operating a sustainable business and did not start out of necessity.

Source: Eurofound (2017 forthcoming), "Exploring Self-employment in the European Union".

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The quality of dependent self-employment

- Dependent and “false” self-employment is often low-quality work. These workers tend to gain none of the advantages of employment (e.g. social security protection), few of the advantages of self-employment (e.g. task diversity) and all of the disadvantages (e.g. low income, financial insecurity, long working hours). Moreover, these workers tend to under-cut those in employment and increase the risk that they will lose their jobs.

Solo self-employment accounts for the bulk of self-employment, especially for social target groups such as women, youth, seniors and immigrants (see Chapters 2 to 6). At the European Union-level, the proportion of solo self-employment has increased a half percentage point since 2002, increasing from 9.5% of employment in 2002 to 10.0% in 2016.

It is tempting to point to the global financial crisis as a trigger for recent increases in self-employment numbers, but in many countries the proportion of self-employment in the total labour force declined or remained stable rather. Even in those countries experiencing an increase in the proportion of self-employed in total employment (i.e. Austria, Czech Republic, Denmark, Estonia, Germany, Italy, Luxembourg, Malta, Netherlands, Slovak Republic and United Kingdom), this is often attributed to a shift in the age composition of employment towards the older age groups in which the self-employed make up a relatively large share (Fondeville et al., 2015). This shift reflects three factors – population ageing, the widespread tendency for people aged 50 years old and over to continue working rather than retire, and a reduction in employment among younger people (especially those under 25 years old). However, it is also clear that people had fewer opportunities in the labour market during the crisis and that this caused some to move into self-employment.

The emergence of the digital and collaborative economy has also influenced the nature of self-employment. New non-standard work arrangements are increasingly common, including freelance work, hybrid entrepreneurship and dependent self-employment. These new forms of self-employment are the focus of current policy debates as these new forms of work have brought with them a wide range of policy questions, including the extent to which they are covered by social security, how they are treated in the tax system, the extent to which labour regulations are applicable. These all point to the fundamental question about whether these new forms of self-employment compare with traditional employment and self-employment in terms of quality and whether public policy should be encouraging these types of work and if so, under what conditions (see Box 7.4). At the same time, however, the

Box 7.4. The quality of self-employment work in the digital or collaborative economy

Self-employment work in the digital economy is extremely difficult to define because it includes a wide range of activities. For example, this type of self-employment work includes very small-scale, short-term activities undertaken by individuals (e.g. tasks completed through online platforms such as Task Rabbit), but it also includes collaborative work in online markets (e.g. Amazon Mechanical Turk) and work undertaken by individuals as part of well-resourced networks (e.g. Uber). Comparing these forms of work with each other and with traditional self-employment and employment is a challenge because there is very little data available on the number of workers in the digital economy and the characteristics of their work.

Box 7.4. The quality of self-employment work in the digital or collaborative economy (cont.)

Relatedly, the European Commission uses the term “collaborative economy” which refers to business models where activities are facilitated by collaborative platforms that create an open marketplace for the temporary usage of goods or services often provided by private individuals. The collaborative economy involves three categories of actors: i) service providers who share assets, resources, time and/or skills – these can be private individuals offering services on an occasional basis (“peers”) or service providers acting in their professional capacity (“professional services providers”); ii) users of these; and iii) intermediaries that connect – via an online platform – providers with users and that facilitate transactions between them (“collaborative platforms”). Collaborative economy transactions generally do not involve a change of ownership and can be carried out for profit or not-for-profit – see European Commission (2016).

Nonetheless, the existing evidence base can provide some insights into whether this work is quality work or not. Surveys from the United States suggest that many self-employed workers in the digital economy are active only part-time and few earn an income that would be equivalent to full-time employment. In addition, the average Airbnb host only rented out their accommodations for 67 nights per year, which is not enough to generate a full-time income. However, data on Uber drivers in France indicates that nearly 80% work full-time as drivers for Uber and do not generate any other income. Therefore incomes are highly variable but these activities appear to be typically used as a complementary income source.

Many of the self-employed are only temporarily active in the digital economy. Data on Uber drivers in the United States show that one-third of drivers stop after six months and half after one year. Surveys suggest that the reasons for leaving this type of work are that incomes are insufficient.

Despite the seemingly precarious nature of this type of self-employment, both individuals and economies can benefit from this work. For economies, this type of work can activate some people because of its extremely flexible nature. It also appears to be satisfying a demand and therefore can contribute to aggregate economic growth. For individuals, many appear to enter the digital economy from unemployment and there is therefore the potential for this type of work to be used to acquire skills and experience that will lead to higher quality self-employment or employment.

Source: OECD (2016b), “New forms of work in the digital economy”, Working Party on Measurement and Analysis of the Digital Economy, available at: [www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=DSTI/ICCP/IIS\(2015\)13/FINAL&docLanguage=En](http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=DSTI/ICCP/IIS(2015)13/FINAL&docLanguage=En).

potential for growth and jobs in the digital and collaborative economy has also to be acknowledged: it enables disadvantaged groups to get into the labour market, where more traditional forms of employment are not suitable or available to them. Moreover, young workers, those coming back after long inactivity and migrants can all benefit from these alternative inroads to work.

Dependent self-employment

Dependent self-employment refers to those self-employed occupying the “border” (Muehlberger, 2007a) or “grey area” (Kautonen et al., 2010) between self-employment and employment. The dichotomy between independent self-employment and dependent employment has been described as a “false duality” because each of the two categories is

heterogeneous and, therefore, any binary divide between the two obscures such differences (Freedland, 2003). Work relationships often involve varying degrees of dependency rather than simply being dependent or independent. Dependence has two elements: i) economic dependence, where the worker carries much of the financial risk if they do not produce or sell goods; and ii) being subordinate to the direction of the end-user with regard to the methods, time and location of work (Muehlberger, 2007a; Eichhorst et al., 2013).

Dependent self-employment applies where the worker is formally self-employed yet works under conditions similar to those of dependent employees (Muehlberger, 2007a; Eichhorst et al., 2013). The dependent self-employed typically work for a single organisation and thereby lack the range of clients considered to be an important feature of independent working (Jorens, 2008). Others describe such working practices as “hierarchical outsourcing” where the end-user organisation exercises a high degree of managerial control over the worker’s methods, hours, and location of work (Muehlberger, 2007b). End-users are motivated to use dependent workers to achieve numerical and financial flexibility, while maintaining a high degree of control over working practices, externalising risk and in some cases, avoiding legal and social security obligations (Muehlberger and Bertolini, 2008; Muehlberger and Pasqua, 2009; Eichhorst et al., 2013).

Dependent self-employment is often found in construction, transport, insurance, business services, architecture, and the creative industries (Eichhorst et al., 2013). It is also more common in Southern European (e.g. Italy, Spain, Greece) and Eastern European countries (e.g. Slovak Republic, Latvia) (Eurofound, 2013). However, estimates of its prevalence vary widely. Recent cluster analysis based on data from the Sixth European Working Conditions Survey estimates that 56% of the self-employed are “genuine” (i.e. they have more than one client, latitude in hiring staff, making strategic choices). Approximately 13% are dependent self-employed, accounting for approximately 1% of employment in the European Union (Eurofound, 2017). This distinction, however, is blurred because a further 31% of the self-employed falls in between the two, suggesting that approximately 4% of the employment in the European Union is some form of disguised self-employment.

Workers might choose to work on a dependent self-employed basis for tax and other reasons; while others might have limited job options and better be described as involuntary self-employed (OECD/EU, 2013). Many dependent self-employed workers might perform jobs that were previously undertaken by employees. Employers might switch employees to this status from employment as seen in many countries, including Austria (Muehlberger and Bertolini, 2008). Evidence from the United Kingdom suggests that men, older workers and those with little or no formal education are more likely to be in dependent self-employment (Böheim and Muehlberger, 2006). Such workers exhibit persistence in this status but short job tenure with specific end-users.

In some cases, dependent self-employment can be considered “false” or “bogus” self-employment (Roles and Stewart, 2012; Deakin, 2013). This type of self-employment is the deliberate classification of workers as self-employed by end-users despite their work situation resembling dependent employment, in order to evade labour law and social insurance obligations. These “disguised employees” typically work for a single end-user/employer, are dependent on them for work, have no right to refuse work, perform the work under the end-user’s direction, use their equipment, are integrated into end-user’s HR systems, cannot substitute another worker to perform their designated tasks and yet carry

the financial risk for time spent not working or for work judged unsatisfactory by the end-user. This type of self-employment is a particular problem in the construction industry (Jorens, 2008; Behling and Harvey, 2015) but also extends beyond it into catering, social care, logistics and car valeting services (Davis, 2015). Many of the types of work that are associated with the digital or collaborative economy can be considered as “false” self-employment as companies use online platforms to organise work across independent contractors.

This type of self-employment may suit some workers and increase labour market flexibility (Williams, 2013). However, such activities can have social welfare consequences because they inhibit tax receipts and social security contributions. Since those working in false self-employment effectively save on these costs (as do their employers), one further disadvantage is that they can undercut workers and businesses in the formal economy, thereby threatening their livelihood (Muller, 2014). It also has costs for the false self-employed if they just work for one employer because they may gain none of the advantages of employment (e.g. holiday, maternity pay, access to training); gain few of the advantages of self-employment (e.g. task autonomy and diversity); and have all of its potential disadvantages (e.g. poor pay, stress, financial insecurity and long working hours). Evidence from the United Kingdom shows that those in dependent self-employment tend to be older and have lower skill levels (Böheim and Mühlberger, 2009), suggesting that there is a high likelihood of these workers becoming trapped in precarious, low-quality work.

Traditional policy approaches to improving the quality of self-employment

- Policy makers have traditionally sought to support business creation and self-employment by improving the business environment and increasing the chances of success by offering entrepreneurship training, coaching and mentoring, business counselling, improved access to start-up financing, and support in expanding entrepreneurship networks. In addition, many countries have measures and programmes to help unregistered businesses formalise, which will help increase the quality of the business activity.
- Most policies are implemented with integrated suites of programmes that include entrepreneurship training, coaching and mentoring and financial support. These support packages are typically provided in a progressive manner with an increasing intensity of support provided to those who have demonstrated a quality business idea and potential for success.
- The quality of self-employment is highly heterogeneous and not all forms of self-employment should be supported by public policy. Inclusive entrepreneurship policies seek to provide all an opportunity to start a business and there are many successful policies and programmes across the European Union. However, policy makers need to be aware of the risks (e.g. displacement and deadweight loss) and opportunity costs (e.g. support for high growth potential businesses) and weigh them against the benefits of successful businesses creation for groups that are under-represented and disadvantaged in the labour market (e.g. labour market attachment, savings on social security benefits and long-term health costs).

Self-employment policy has traditionally worked on the assumption that self-employment equates to own-account business ownership. Standard policy interventions to support business creation and self-employment have simultaneously focussed on improving the business environment (e.g. by reducing the administrative burden on new start-ups) and

providing individual supports to entrepreneurs to improve their chances of success (e.g. entrepreneurship training, coaching and mentoring, start-up financing, business counselling, networking). Often, the individual support offers are tailored to different groups (e.g. women, youth, seniors, the unemployed, immigrants), which can be justified since these groups face different barriers to start-up and often have difficulties accessing mainstream support services (OECD/EU 2015; 2014; 2013). Many governments also seek to support informal businesses in formalising with both incentives and penalties (OECD/EU, 2015b).

The preceding sections confirm that the self-employed population is highly heterogeneous. It appears that some forms are high-quality, both for the individual as well as for society and the economy. The self-employed with employees clearly fall into this category as they earn more and have a higher-quality work environment, including greater discretion over their tasks, method of work, work flow and decision making (Eurofound, 2017 forthcoming). Further, they generate employment for others. There is therefore a clear rationale for supporting these entrepreneurs.

However, while it is a highly heterogeneous group itself, the self-employed without employees do not always have quality jobs. Some of these workers such as freelance workers (see Box 7.2) or hybrid entrepreneurs (see Box 7.3) undertake highly skilled work in a manner that allows for control over working hours, work load and decision making. There are, however, other groups of solo self-employed workers that have low levels of earnings, less income security, more working hours and less access to social security. These are typically small business activities that have limited potential for future development. They often make small contributions to the economy as they are less likely to introduce new products or services and spend on R&D, and are slow to adopt new technologies. Moreover, they are unlikely to hire other employees. Many of the social target groups discussed throughout this book are more likely to fall into this category, including women, youth, seniors and especially the unemployed.

Nonetheless, there is a strong argument for public policy in supporting people from under-represented and disadvantaged groups in business creation and self-employment, especially the unemployed. The unemployed tend to be poorer than either the employed or the self-employed. Long periods of unemployment are also associated with a range of inferior outcomes such as poor health and psychological issues for the individual, and wider social impacts that impact negatively on their family and their community. An unemployed individual should be made aware of the opportunities (and challenges) of self-employment as an alternative to unemployment. Helping an unemployed individual to shift into self-employment is likely to improve their chances of re-integrating back into the labour market.

There is very strong evidence that public assistance can have positive benefits for the unemployed seeking to switch into own account self-employment, especially for those with low skill levels and in rural areas (Rodríguez-Planas, 2010), youth (Caliendo and Künn, 2011), low-educated (Caliendo, 2016) and women (Caliendo and Künn, 2015; O'Leary, 1999). Financial support alongside a package of business development services also appears to improve labour market integration outcomes for the unemployed. The main issue is the cost of such support. For example, Caliendo et al. (2016) showed that the German start-up support for the unemployed amounted to EUR 6.4 million over a four year period (2007-11). There is an opportunity cost of this support, in the sense that other evidence has identified that supporting existing and fast growth businesses can be beneficial (Morris and Stevens, 2010; Autio and Rannikko, 2016) and it may, therefore, be better for public assistance to be

focused on those businesses that are more likely to create jobs. There is, of course, also a risk of displacement where the unemployed who are supported simply take markets away from other entrepreneurs for no net gain.

Despite this positive evidence, in general, the majority of the unemployed would still be better off in standard employment. The unemployed are more likely, for example, to have greater training opportunities, better pay and safer working conditions in employment. Again, however, this is likely to be nuanced by particular circumstances. For example, self-employment amongst seniors has grown very rapidly in recent years, reflecting both the difficulties that seniors have in gaining employment, and in response to their desire for autonomy and task discretion and variety (OECD/EU, 2014).

Policy approaches to combatting false self-employment

- One of the current policy debates on self-employment is focused on the issue of false self-employment. Evidence suggests that those working in false self-employment are highly likely to be trapped in low-quality work. So policies combatting false self-employment will also improve the overall quality of self-employment.
- There are three approaches that are currently used to minimise false self-employment. First, some countries are working to clarify work status, i.e. make it more clear who are employees and who are the self-employed. Second, some countries have introduced intermediate work categories that treat this type of work separately. Third, some countries are improving access to social security for the self-employed.
- In practice countries tend to take a multi-pronged approach to fighting false self-employment, including measures to make it more attractive for employers to hire employees over a false self-employed worker.

Clarify work status

Defining work status, though a notoriously difficult task, is fundamental for combatting false self-employment and improving the quality of self-employment, at least as long as there are substantial differences in the taxation, labour law, and/or social security entitlements and liabilities of the self-employed and employees. Employees are deemed to be dependent on, and subordinate to, employers and therefore in need of legal safeguards. The self-employed, conversely, are treated primarily as being able to transact with others on a more equal footing and deemed less in need of statutory protection (Engblom, 2001). Hence employees are covered by labour law whereas the self-employed are governed by civil and commercial law and excluded from most labour law (Schulze Buschoff and Schmidt, 2009).

Unless work statuses can be clearly demarcated, and individuals allocated to the correct category, policy makers will find it difficult to ensure that everyone operates within the intended framework of legal rights and obligations with regard to tax, employment law and social security. There is a danger that workers who cannot be classified unambiguously might be excluded from certain social benefits and labour rights (Böheim and Muehlberger, 2006). Governments, moreover, might receive lower tax receipts if employees are incorrectly treated as self-employed, with both employers and employees paying lower taxes and/or social insurance contributions.

The binary divide between employment and self-employment has been inadequate to fully capture the emergence and expansion of new forms of non-standard work (Burchell et

al., 1999; Jorens, 2008). There is therefore a need for policy makers to adopt definitions and methods used to classify workers as employees or self-employed. The Netherlands has been one of the most active countries in this regard as there has been a rapid increase in solo self-employment over the last decade, due in part to a policy-induced increase in false self-employment. The government has adopted a comprehensive approach that addresses both the self-employed workers and the hiring companies. Many of the actions are related to clarifying the status of the worker through the tax system (see Box 7.5).

Box 7.5. Combatting “false” self-employment in the Netherlands

Description: The Netherlands is using regulatory and tax measures to clarify the differences between employees and the self-employed to fight false self-employment.

Problem addressed: Since 2004, self-employed workers submit an Employment Relationship Declaration (VAR) to the Tax Service that describes their work status. Those who hire the self-employed can then assume that the relation is not an employer-employee relationship. Consequently, the hiring company or individual does not have to pay any wages or cover the employee-insurance premiums for services purchased. This offers companies an incentive to work with the self-employed, especially since the self-employed person is held accountable for the accuracy of the VAR. However, this has led to an increase in false self-employment.

A second problem that has arisen is that the confusion surrounding VAR-certified workers has led to some occasional conflicting decisions from the tax and social insurance authorities (Westerveld, 2012).

Approach: To combat false self-employment, the government has adopted both short-term and long-term approaches. In the short term, one of the main actions has been to clarify the differences between employees and the self-employed by moving away from the VAR. As of April 2016, the Tax Authority now uses a model contract for the self-employed to help clarify their regulatory obligations and those of the company or individual hiring them (*DereguleringsBeoordelingArbeidsrelaties*). This also attempts to remove the incentives for setting up false self-employment arrangements by shifting to a joint-accountability approach where both the employer and employee are legally responsible and accountable.

In the longer term, the government is working to increase the attractiveness of hiring employees. Incentives have also been introduced for the self-employed to avoid false self-employment relationships, including the provision of access to a public pension (AOW), exemptions of pension savings in means-tested social assistance, improved access to sectoral training funds and voluntary insurance against sickness and/or disability.

Impact: Many of these measures are still being implemented so the scale and scope of their impact is unclear. However, in the longer term, the government is considering further changes to the tax and social security systems to remove differences in how the self-employed and employees are treated. For example, studies are underway to assess the effects of decreasing tax benefits for the self-employed vs. decreasing labour costs for employees, and increasing social security coverage for the self-employed vs. decreasing social security coverage for employees.

End-user clients might also benefit from legal measures intended to clarify work status, for example, with regard to their liability for tax or social insurance contributions. However, there is a risk that some genuine self-employed may be hurt by being misclassified as employees.

Create an intermediate work status between employment and self-employment

Difficulties in clarifying work status have led some policy makers to introduce one or more intermediate work categories between employment and self-employment in order to provide greater legal protections for some of the emerging forms of self-employment than are available for more “traditional” and independent forms of self-employment. The creation of clearly defined intermediate categories between employment and self-employment is a potentially promising means of establishing an operational labour market status (Eichhorst et al., 2013), although this might also risk multiplying boundary problems because there are more boundaries to be distinguished, between dependent employment and independent self-employment respectively (Office of Tax Simplification, 2015). Thus there is a risk of further complicating an already complex issue (see also Eurofound, 2017).

In most jurisdictions, dependent self-employed workers are not defined as a distinct legal category and instead are usually treated as part of the self-employed workforce (Eichhorst et al., 2013). Some countries, however, do distinguish a category of economically dependent workers from the independent self-employed who are genuinely in business on their own account, although the criteria used to define the status vary. Such new legal forms of employment have been introduced mainly to broaden the coverage of social security arrangements, notably pension schemes but also to distinguish entitlement to labour law rights.

Austria (Box 7.6) and Italy (Box 7.7) are examples of EU Member States that have acknowledged that changing work patterns have necessitated institutional responses to better account for newer forms of work. The evidence from these two countries suggests that there is a tricky balance to be struck between protecting workers’ rights and giving them flexibility. This requires clarity about what constitutes dependent or false self-employment. In doing so, policy makers also have to be sensitive to sectoral issues and concerns by engaging in dialogue with key partners.

Box 7.6. Social Security Protection for “New” Forms of Self-Employment, Austria

Description: Austria reformed its social security system between 1996 and 2000 to incorporate various types of self-employment.

Problem addressed: Some forms of self-employment could not access unemployment insurance, public health insurance or public pension schemes despite working under similar conditions as employees.

Approach: The Labour Law and General Social Insurance Amendment Act (*Arbeitsund Sozialrechts-Änderungsgesetz, ASRÄG*) extended social insurance coverage to many self-employed workers earning more than a specified income threshold. Austrian law distinguishes *freieDienstnehmern* (“free service workers”), *NeueSelbständige* (“new service workers”) and *Werkvertragsnehmer* (“contractor for work and services”).

FreieDienstnehmer provide on-going services, often to a single employer for a long period of time. They are subject to limited or no end-user authority regarding job content and are economically dependent on the employer. Workers are covered by health, industrial injury and pension insurance. Since 2008, they are included in the unemployment and health scheme, and now they have rights to parental leave.

Box 7.6. Social Security Protection for “New” Forms of Self-Employment, Austria (cont.)

The *NeueSelbständige* are obliged to perform a well-defined task rather than an ongoing service. This task may be sub-contracted to a third person and need not be fulfilled personally by the contractor. This category comprises a diverse category including scientists, artists, teachers, doctors, journalists and others. Such workers are insured under the terms of the Social Insurance Act on Self-Employed Persons (*Gewerbliches Sozialversicherungsgesetz, GSVG*), covering sickness (without granting sickness benefits), industrial injuries and old age.

Werkvertragsnehmer/in are engaged to deliver a product or service with their own assets at their own risk without instructions from the end-user. The contract ends on delivery. Like *freieDienstnehmer/innen*, *Werkvertragsnehmer/innen* are excluded from major employment protection acts.

Impact: The impact of these changes has been a reduction of free service contract workers over the period 2000-2011. At the same time, there has been an overall increase in the numbers of new forms of self-employed workers. Eichhorst et al. (2013) suggest that this is indicative of an increase in dependent forms of self-employment as it reflects that employers have sought out to outsource work to those workers that are not subject to Austria's high level of worker protection rights. Nonetheless, there are heterogeneous impacts according to sector. While some of the dependent self-employed in Austria are older and less qualified, other evidence suggests it is also associated with higher educational attainment levels (Eichhorst et al., 2013).

Sources: Muehlberger 2007a; Vogt and Adam 2009; Eichhorst et al. 2013.

Box 7.7. Social Security Protection for “New” Forms of Self-Employment, Italy

Description: In 2015, a new Jobs Acts was passed in Italy to help give self-employed workers more security.

Problem addressed: Misuse and exploitation of dependent self-employment contracts.

Approach: Italian legislation on quasi-subordinate work featured inadequate forms of social protection, which led to misuse and exploitation of dependent self-employment contracts, such as the contracts of continuous and coordinated collaboration (*Collaborazione coordinata e continuativa* or “co.co.co”), as well as contracts based on projects (*Collaborazione continuativa a progetto* or “co.co.pro”).

The Jobs Act (Law 183/2014) was designed to hinder the possibility of misusing self-employment contractual forms, as well as to enhance job security protection of the self-employed. Law 183/2014 eliminated job contracts based on one or more specific projects and assimilated those into other types of employment contracts, since this type of job contracts has been denounced as the worst kind of job precariousness. The Act made social security contributions compulsory for semi-subordinate workers, obliging contribution to a separate National Institute of Social Security fund. A new income support measure called “DIS-COLL” was granted to self-employed workers whose contracts were expiring, although they were paid a limited amount and involved very stringent requirements. In addition, people who receive DIS-COLL can benefit from an “outplacement contract”, a new tool designed to support the unemployed people in search for a new job.

Box 7.7. Social Security Protection for “New” Forms of Self-Employment, Italy (cont.)

Impact: The new regulation on economically dependent self-employed work has been welcomed by employers’ organisations. The General Confederation of Italian Industry (Confindustria) supports the government objective of stopping the misuse of different types of work collaboration, though it considers that the new rules unduly extend the scope of proper employment relationships. On the other hand, trade unions perceive forms of protection in the reform not in favour of workers and could therefore lead to precarious jobs. The Italian General Confederation of Work (CGIL) has also criticised DIS-COLL since it does not provide a comprehensive form of protection intended to support income, which was one of the original goals of the Jobs Act.

Sources: Caponetti 2015; Muehlberger and Bertolini 2008; Eichhorst et al., 2013.

There is also a need for co-ordinated policy making across Europe in recognition that workers and employers are increasingly geographically mobile. One way of achieving this is to develop general principles of social protection.

Make social protection less dependent on work status

Most countries treat the self-employed and employees differently in terms of social insurance contributions and entitlements, although these need not be consistent with tax law or labour law. Countries vary with regard to access to unemployment, sickness or incapacity to work benefits, child and parental benefits, earnings-related pensions and other social security supports (Spasova et al., 2017; Fondeville et al., 2015).

Historically, differences in the tax liability, labour law rights and social insurance contributions of the self-employed and employees have in general led to lower protection for the self-employed. The possible savings on leave entitlements, sickness benefits, and maternity and paternity pay, offer end-users a sizeable incentive to use self-employed workers rather than employ them directly. Increasing contributions for self-employed workers and especially for the end-users (businesses) who use them would reduce the economic incentives for all parties to organise their relations on a self-employed basis (Centre Forum, 2013; Eichhorst et al., 2013; Office of Tax Simplification, 2015). In many countries, the differences between how employers cover employees and end-users cover the self-employed in relation to tax are large. For example, in the United Kingdom, employers pay a National Insurance Contribution rate of 13.8% for annual employee earnings above GBP 8 112 (approximately EUR 9 840), whereas end-users using self-employed workers pay nothing at all.

Countries vary on how the self-employed are treated by general social security arrangements or by dedicated schemes, the nature and extent of coverage, and whether contributions provide basic allowances (which may allow voluntary top-ups) or are income-related (Spasova et al., 2017; Social Security Advisory Committee, 2014). Eligibility conditions, qualifying criteria, contribution rates and payment conditions vary markedly across countries (Social Security Advisory Committee, 2014). In some countries, many of the self-employed opt to make lower contributions and, therefore, also have fewer benefit entitlements. Table 7.3 provides details of coverage of unemployment, sickness and old-age pensions for the self-employed in the European Union.

One means of tackling the quality of self-employment issue would be therefore to separate the provision of social security from employment contributions (Eichhorst et al., 2013). An alternative way would be to change the conditions for contributions. Unemployment benefits are often confined to those paying sufficient social insurance contributions through their employment.

Contributory financing systems with low income thresholds (e.g. mini-jobs) are not suitable for covering the specific risks related to non-standard employment, especially the new forms of self-employment (Schulze Buschoff and Protsch, 2008). Instead, an extension of tax-financed basic income guarantees in old age can be used to cover the risk of extreme income disparity or volatile income streams related to self-employment: Tax-financed basic income guarantees would prevent or at least mitigate extreme poverty for the self-employed in old age (Schulze Buschoff and Protsch, 2008).

In many countries, the self-employed enjoy fewer rights with respect to work-family balance (e.g. public childcare, maternity, paternity and parental leave entitlements) (Annink et al., 2015). Welfare state provision is often strongly gendered, assuming a full-time male breadwinner/female carer model that finds it difficult to accommodate women who work part-time, or irregularly, to combine paid work with caring responsibilities (Thébaud, 2015). In contrast, the dual-earner family model is adopted in Sweden, which supports women's labour market participation (Sevä and Öun, 2015). This suggests that policy makers must attend to differences in male and female working patterns if they are to construct a comprehensive system that covers all of the self-employed whatever their working situation.

Because of national variations in how income tax and social insurance systems have evolved, it may be extremely difficult to incorporate employees and the self-employed in a single system that facilitates more equitable treatment of both groups, while retaining incentives to work on a self-employed basis, or to hire the self-employed. It is likely that any new system aligning income tax and social insurance contributions, or reducing differentials, will likely incur large implementation costs and may disrupt incentives to work as or hire a self-employed (Office of Tax Simplification, 2015).

Making social security coverage less dependent on work status requires rethinking the traditional job model. In April 2017, as one of the first concrete initiatives of the European Pillar of Social Rights, the European Commission started a consultation of social partners on access to social protection, to define possible new rules in this area. The Commission wants to close the gaps and explore ways to ensure that everyone who works has access to social protection coverage and employment services on the basis of their contributions (EC, 2017a; 2017b).

Conclusions

Self-employment constitutes an important and growing part of the workforce across the European Union. On average, the self-employed earn less than employees on standard contracts, work longer hours and tend to have lower quality working conditions. However, self-employment is extremely heterogeneous and these generalisations do not apply to many. The job quality picture is especially mixed for emerging forms of self-employment. Freelancers appear to have the potential for high-quality work, provided that there is sufficient demand for their products or services. Moreover, the available evidence suggests that hybrid entrepreneurs rarely operate high value added businesses or generate

substantial income but often move into sustainable full-time self-employment. Dependent self-employed, especially the false self-employed, appear to frequently have poor working conditions. They assume none of the benefits of self-employment (e.g. task variety) but take on all of the negative aspects (e.g. low income, long hours, insecurity).

Public policy to support business creation and self-employment often focuses on increasing the quantity of new businesses started and on labour market inclusion. However, it is as important to consider how the quality of self-employment can be improved. Traditional approaches have sought to improve the quality of the business idea and increase its chances of success by upgrading the skills of the entrepreneur, improving access to capital for starting and growing the business, facilitating access to markets and strengthening entrepreneurship networks. Policy makers should continue to offer this suite of support, seeking to minimise displacement and deadweight loss. There is also a need to continue to offer opportunities for informal businesses to formalise, which will improve the quality of the business.

However, the emergence of new forms of self-employment has introduced new challenges for policy makers as some of these forms of work may be low-quality and have little economic impact. Policy makers must therefore be careful when supporting people in self-employment because some may be better off as employees. Moreover, false self-employment should be minimised as this is essentially a substitution of low-quality employment for low-quality self-employment. Outcomes for individuals and government are even worse as individuals receive low incomes (often below minimum wage), work irregular hours, have little or no access to social security and have no prospect for career progression. Governments collect less in tax revenue and social security contributions as self-employed are not treated the same as employees.

Note

1. However, the report also had a caveat on the reliability of the data used on earnings of the self-employed as recorded in the EU-SILC.

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Chapter 8

Self-employment as an adjustment mechanism in major firm restructuring

This chapter examines the role that self-employment policies and programmes can play in helping displaced workers move back into work following major firm restructuring events that result in job loss. It presents data on recent restructuring trends in the European Union, including those that result in job losses and job gains. The chapter also discusses the role of public policy in helping displaced workers back to work, including the role of self-employment support measures, and illustrates this discussion with four case study examples from Finland, Sweden, Germany and the United Kingdom. It concludes with key lessons that can be drawn across these case studies and provides advice to policy makers on how they can consider and use business creation and self-employment measures to minimise the negative consequences of major firm restructuring.

Note by Turkey:

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

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

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

Key messages

Globalisation has strengthened linkages across economies, leading to greater economic specialisation as cities, regions and countries seek to exploit their competitive and comparative advantages. This process has brought many benefits such as boosting economic growth and lifting many people out of poverty. However, globalisation has also increased competitive pressures on firms and this can result in restructuring processes that seek gains in efficiency and productivity. While major firm restructuring processes can result in job gains, they often result in job losses. There were 88 cases of large-scale restructuring in the European Union in 2016 that resulted in more than 1 000 jobs lost in each case.

Business creation and self-employment support measures are among the many options that public policy can use to support displaced workers back into work. Between 2% and 5% of displaced workers return to work by starting a business and becoming self-employed, but the likelihood of a displaced worker moving into self-employment increases over time. The most successful entrepreneurs who launched their business following redundancy were those who developed a business idea that was related to their previous job.

This chapter presents four case studies of major firm restructuring events in Finland, Sweden, Germany and the United Kingdom to showcase the diversity in approaches used to help displaced workers back into work. The role of business creation and self-employment measures is highlighted in each example. These case studies point to four key success factors in helping displaced workers transition into self-employment: effective partnerships between all actors involved; timely interventions; leadership from the local government; and developing a suite of well-designed programmes that match the context and needs of the displaced workers.

Policy recommendations:

- Clarify the roles and responsibilities of the relevant actors and social partners (e.g. local, regional and national governments, public employment services, unions, restructuring company) prior to restructuring in order to link the mainstream business start-up support infrastructure to the company displacement programme.
- Ensure that support actions by the relevant actors are co-ordinated and co-operative.
- Implement an “early warning” system so that the public actors can respond rapidly to a restructuring event. This maximises the potential of technology and intellectual property licensing.
- Set up an agreement between the public employment services and the company that outlines the range of measures to promote and support entrepreneurship as a solution in restructuring, including promotion of entrepreneurship, success stories, training in enterprise start-up, direct grants, interest-free loans, the use of company specialist facilities to pilot ideas and prototype and the provision of guarantees.

- Use one-stop shops to co-ordinate the information provision and support that is available to soon-to-be displaced employees that are interested in entrepreneurship.
- Ensure that business creation and self-employment support programmes for displaced workers include measures that facilitate access to finance, especially for those workers who have licensing agreements with the restructuring firms to exploit technologies and intellectual property.
- Where there is potential for technology spin-offs based either on the restructuring company's intellectual property or on tacit knowledge of the expert employees, emphasise business idea development support over "typical" entrepreneurship training.
- Ensure that entrepreneurship programmes go beyond business creation by also providing support for business development.

The intensification of globalisation

- Globalisation has increased the integration of economies greatly over the last several decades.
- These growing linkages have led to increased economic specialisation as cities, regions and countries seek to exploit their competitive and comparative advantages. This has led to a reallocation of resources and investments.
- This process has led to growing discontent in many places as this process of reallocation has led to job losses and an increasing disparity in real wage growth. Consequently many people are being left behind.

Globalisation, that is the growing integration of economies through flows of goods, services, capital, people and ideas, has changed the world dramatically over the past half century. It has brought many benefits, including increased connections between countries, regions, cities and people; a greater exchange of knowledge and experiences; improved diffusion of technology; and intensified economic specialisation. This has led to a more efficient allocation of resources, boosted economic growth and helped lift hundreds of millions out of poverty. The post-World War II period of rapid globalisation has yielded the greatest increase in global prosperity despite a near-tripling of the world population.

However, globalisation has also contributed to some problems that are causing increasing discontent in many places, regions and countries. Despite the clear benefits of globalisation, many of these benefits are not realised in the short-run. Moreover, there has been a divergence in well-being and living standards across the population. For example, the top 10% of the income distribution in the mid-1980s in OECD countries earned around seven times the income of the bottom 10% but this ratio had increased to nearly ten times by 2013 (OECD, 2016a). This has been coupled with a decline in social mobility and a growing risk of poverty and deprivation at a young age. This divergence is also evident between places. As investments and resources concentrate in selected sectors, there are winners and losers in terms of places. Furthermore, in the short-run, globalisation can have negative and disruptive consequences as economies specialise and firms look to become more competitive through productivity gains and a reallocation of resources and assets. This often results in job losses, which can have catastrophic

implications in the short-run for individuals and places where single large employers shed a high number of jobs.

Public policy has an essential role to play in supporting displaced workers because from the worker's perspective, job loss is an exogenous event. It is not related to their actions or performance. Public policy has an obligation to provide assistance to displaced workers on the grounds of fairness and to maximise the use of potential economic resources (OECD, 2016b). Among the suite of labour market measures available to support displaced workers, self-employment schemes are not widely-used. Only between 2% and 5% of displaced workers move into self-employment following job loss. Accordingly, policy makers frequently do not promote and support self-employment as an option for returning to work for displaced workers even though evaluation evidence suggests that such support can be very effective for some displaced workers. It is, however, important to recognise that self-employment is not a suitable optional for everyone since people have different motivations, intentions and desires in how they participate in the labour market. Moreover, there are risks for public policy in encouraging those who have no motivation for self-employment to pursue business creation since there are significant potential negative consequences for an unsuccessful start-up, including personal financial distress and negative psychological effects.

Recent trends in major firm restructuring in the European Union

- Nearly 200 000 firms go bankrupt each year in the European Union, leading to approximately 1.7 million jobs lost.
- In 2016, there were 88 cases of large-scale restructuring in the European Union that resulted in more than 1 000 announced jobs lost in each case. These cases are often in the larger Member States and frequently in manufacturing, retail and information and communication sectors.
- Between 2% and 5% of displaced workers return to work by starting a business and becoming self-employed.
- The likelihood of a displaced worker moving into self-employment increases over time.
- After one year, approximately 56% of displaced workers are working as an employee in a new job. Approximately 10% retire and about 34% remain in unemployment.

As globalisation has intensified competition over the past 40 years, the impact on businesses, workers and places has varied. The first sectors in Europe that were affected with a radical change were textiles and electrical “white goods” (i.e. large electrical home appliances). The emergence of low-cost producers in Eastern Europe and in developing countries in other regions of the world resulted in the transfer of production to these regions. However, the range of industries and sectors that have been impacted has become much more diverse as developments in information and communication technology have permitted more efficient co-ordination of global supply chains. The effects are also much more varied, some positive and some negative.

Although nearly 200 000 firms go bankrupt every year in the European Union, resulting in more than 1.7 million job losses (EC, 2013), the majority of restructuring events are not firm closures but rather attempts to reallocate resources to achieve efficiencies in production. In 2016, there were 88 observed cases of large-scale restructuring process that

resulted in at least 1 000 announced job losses (each) in the European Union (Eurofound, 2016d). The five cases with the largest announced job losses combined to shed more than 60 000 jobs (Table 8.1). It is important to note that these job loss figures are often overstated because self-reported data on redundancies often include many voluntary job separations (OECD, 2016). Moreover, many of the actual job losses will be temporary. For example, since the economic crisis of 2008, high-tech manufacturing sectors (e.g. motor vehicles, machinery and pharmaceuticals) have recovered their employment losses.

Table 8.1. Largest cases of announced job losses due to restructuring in the European Union, 2016

| Date | Company | Job losses | Country | Sector | Type of restructuring |
|---------------|--------------|------------|----------------|------------------------------------|------------------------|
| November 2016 | Volkswagen | 23 000 | Germany | Manufacturing | Internal restructuring |
| June 2016 | Marinopoulos | 13 000 | Greece | Retail | Bankruptcy |
| June 2016 | BHS | 11 000 | United Kingdom | Retail | Bankruptcy |
| February 2016 | V&D | 8 000 | Netherlands | Retail | Closure |
| August 2016 | Commerzbank | 7 300 | Germany | Financial and insurance activities | Internal Restructuring |

Source: Eurofound (2017), “ERM Quarterly – Quarter 4, January 2017”, available at: www.eurofound.europa.eu/publications/erm-quarterly/2017/labour-market-business/erm-quarterly-quarter-4-january-2017; Eurofound (2016a), “ERM Quarterly Quarter 3, October 2016”, available at: www.eurofound.europa.eu/publications/erm-quarterly/2016/labour-market-business/erm-quarterly-quarter-3-october-2016; Eurofound (2016b), “ERM Quarterly – Quarter 2, July 2016”, available at: www.eurofound.europa.eu/publications/erm-quarterly/2016/labour-market-business/erm-quarterly-quarter-2-july-2016; Eurofound (2016c), “ERM Quarterly – Quarter 1, April 2016”, available at: www.eurofound.europa.eu/publications/erm-quarterly/2016/labour-market-business/erm-quarterly-quarter-1-april-2016.

In 2016, the majority of announced jobs lost due to restructuring tended to be concentrated in retail and manufacturing, although financial and insurance activities also shed a substantial number of jobs. However, at the same time, retail, along with accommodation and food services was also the sector where jobs are likely to be gained due to restructuring. Table 8.2 presents the five largest cases of job gains announced in 2016.

Table 8.2. Largest cases of announced job gains due to restructuring in the European Union, 2016

| Date | Company | Job gains | Country | Sector | Type of restructuring |
|---------------|----------------|-----------|----------------|---------------------------------|------------------------------|
| October 2016 | E. Leclerc | 10 000 | France | Retail | Recruitment over 3 years |
| June 2016 | Domino's Pizza | 9 400 | United Kingdom | Accommodation and food services | Recruitment due to expansion |
| July 2016 | McDonald's | 5 000 | United Kingdom | Accommodation and food services | Recruitment over next year |
| December 2016 | Lidl | 5 000 | United Kingdom | Retail | Recruitment over next year |
| April 2016 | Carrefour | 4 400 | Spain | Retail | Recruitment over next year |

Sources: Eurofound (2017), “ERM Quarterly Quarter 4, January 2017”, available at: www.eurofound.europa.eu/publications/erm-quarterly/2017/labour-market-business/erm-quarterly-quarter-4-january-2017; Eurofound (2016a), “ERM Quarterly – Quarter 3, October 2016”, available at: www.eurofound.europa.eu/publications/erm-quarterly/2016/labour-market-business/erm-quarterly-quarter-3-october-2016; Eurofound (2016b), “ERM Quarterly – Quarter 2, July 2016”, available at: www.eurofound.europa.eu/publications/erm-quarterly/2016/labour-market-business/erm-quarterly-quarter-2-july-2016; Eurofound (2016c), “ERM Quarterly – Quarter 1, April 2016”, available at: www.eurofound.europa.eu/publications/erm-quarterly/2016/labour-market-business/erm-quarterly-quarter-1-april-2016.

Looking at Table 8.1 and 8.2 together, it is also apparent that large-scale firm restructuring tends to be concentrated in the large Member States, e.g. Germany, France, United Kingdom and Spain.

Job displacement caused by firm restructuring has affected between 2% and 7% of employees since 2000 (OECD, 2013). There are four possible labour market outcomes for displaced workers, namely finding employment in a new firm, creating a business and

becoming self-employed, remaining in unemployment or exiting the labour market. The re-employment rate of displaced workers varies substantially across countries, by age and gender (Figure 8.1). One year after redundancy, 56% of displaced workers are working as an employee in a new job, while 34% remain unemployed. Another 10% retire or exit the labour market for other reasons.

Figure 8.1. **Labour market outcomes from redundancy**



Note: Unless otherwise indicated, the data reported in the figure are based on the transitions of displaced workers in 13 OECD countries over the 1986-2008 period. Countries covered are: Austria, Belgium, Czech Republic, Denmark, France, Germany, Greece, Italy, Netherlands, Poland, Spain, Sweden and Switzerland.

Sources: OECD (2016), "Coping with creative destruction: reducing the costs of firm exit", *Economics Department Working Paper No. 1353*; Magnergård, C. (2013), "Redundancy duration and business alteration – Consequences of establishment closures in Sweden", available at: www.diva-portal.org/smash/get/diva2:634587/FULLTEXT01.pdf; European Commission (2015), "Ex-post evaluation of the European Globalisation Adjustment Fund (EGF), Final Report", available at: <http://ec.europa.eu/social/BlobServlet?docId=14371&langId=en>.

Individuals face a number of adverse consequences of unemployment stemming from firm restructuring. It is clear that the immediate impact is a loss of work and the ability to generate income. These income effects are, however, usually permanent as career and earnings trajectories are interrupted due to a loss of firm-specific human capital, back-loaded earnings profiles and the risk of a low-quality job match in the future (Carrington and Fallick, 2014). Moreover, there is a wide range of other personal outcomes that are negatively impacted by job displacement, including life expectancy, health, marital stability, emotional well-being, and education and labour market outcomes of the displaced worker's children (Davis and von Wachter, 2011; Sullivan and von Wachter, 2009).

The role of restructuring in shaping entrepreneurial intentions

- The restructuring event can influence entrepreneurial motivations and intentions among displaced workers.
- The most successful entrepreneurs who launched their business following redundancy were those who developed a business idea that was related to their previous job.

The effect of redundancy can have an important influence on building entrepreneurial motivations and intentions. However, this effect appears to be stronger among displaced workers who worked in smaller firms, as shown by evidence from Finland (Hytinen and Maliranta, 2008). Small companies are often found to have a more entrepreneurial atmosphere, which offers an opportunity to develop entrepreneurial motivations and gain entrepreneurial experience. Entrepreneurs who were former employees in small firms tend to have a broader set of skills than those displaced from large firms, and are also more likely to transfer knowledge from more diverse aspects of the business and create firms with activities that are closely related to the main activity of their last employer. Evidence suggests that successful entrepreneurs and entrepreneurs who show higher than average growth rates commonly identify their business idea while still at their previous place of employment (Bhidé, 2000).

The disposition and motivation to enter into self-employment or become an entrepreneur can be affected by the context of the restructuring event. There is a firm-age effect on entrepreneurial intentions and motivations (Elvung, 2016) and there is a higher probability of identifying profitable ideas worth exploring as an entrepreneur after a firm closure if the closed establishment itself was profitable (Parker, 2009). Workers in older and large firms are less likely to look to self-employment after redundancy since they generally benefit from higher returns to human capital, which increases their opportunity costs to switch to entrepreneurship. However, this also means that they tend to have higher-quality start-ups (Nyström, 2016).

The length of time to re-enter work following a redundancy is also an important influence on entrepreneurial intentions. There appears to be an increase in willingness to enter self-employment over time (von Greiff, 2009). The probability of entering self-employment almost doubles during the first year after displacement, suggesting that the self-employment is likely a low-quality activity that was initiated due to a lack of opportunities in employment (von Greiff, 2009). However, other factors are also possible, including an increased willingness to change activity, sector and location at the end of the first year following displacement (Nyström, 2016).

Supporting displaced workers

- There are various business creation scenarios for displaced workers, including a buy-out by former employees of the firm or parts of the firm; former employees exploiting intellectual property belonging to the former employee; and former employees starting unrelated businesses.
- Approaches to supporting displaced workers in entrepreneurship vary according to the scenario and context. In many cases, packages of support are provided through the public employment services. Other actors such as local government and unions also have an important role to support the delivery of programmes and to disseminate information to displaced workers.

- The European Union has also been active in supporting Member States in this area. Most recently, the European Globalisation Adjustment Fund (EGF) can provide support to programmes for people that have lost their jobs as a result of major restructuring due to globalisation. This includes entrepreneurship support.

The suite of labour market policies that can be used to address job displacement include active labour market programmes (e.g. job search assistance, training), passive labour market programmes (e.g. extension of unemployment benefits), structural reforms that stimulate labour demand (e.g. tax incentives) and measures to enhance regional mobility (e.g. minimising policy-induced distortions in housing markets) (OECD, 2016). Activation measures appear to be the most effective at increasing the probability of re-employment, while passive measures do the opposite (OECD, 2016). There is also evidence to suggest that active labour market measures that support self-employment are among the most effective at returning displaced workers to work (EC, 2015).

As noted earlier, and illustrated in Figure 8.1, labour mobility patterns after displacement may take several paths. Former employees can decide to enter a new position of employment in a new or incumbent firm, leave the labour market (for studies, retirement or other reasons) or create a business and become self-employed. The business creation scenarios may also take several forms:

- Displaced employees buying out the firm or parts or units of the firm;
- Displaced employees starting businesses to exploit patented technologies and products from the firm through license agreements;
- Displaced employees starting businesses to exploit non-patented technologies and products from the firm using their own tacit knowledge with the firms' support; and
- Employees starting unrelated businesses.

Regardless of the entrepreneurial path pursued by the displaced worker, public policy can directly influence firm formation and expansion through the regulatory system. Direct entry barriers can restrict and even prohibit entry into certain sectors of the economy (i.e. through the regulation of permits and licenses), while indirect barriers impose administrative costs and regulatory burdens on new (and/or existing) firms. Public policy can directly stimulate entrepreneurship by increasing opportunities for competition and can indirectly stimulate entrepreneurship by easing administrative and legislative burdens, thereby allowing entrepreneurs to devote more of their time, money, and effort to productive activities (Parker, 2009).

Further, entrepreneurship can be encouraged by policies and programmes ranging from specific targeted support, such as technology assistance to small firms, to general macro-economic policies for maintaining a stable economic environment. Within the generic entrepreneurship policy tool could be a range of support policies and options that would be designed together as part of a displaced employee entrepreneurship strategy, with the aim of delivering support for start-up businesses through mainstream support channels.

Common entrepreneurship support channels for displaced workers include a combination of different support systems alongside the continuance of access to welfare benefits. These supports do not necessarily need to be provided by the public sector, but could also be provided by chambers of commerce or other business organisations:

- Public Employment Service (PES) support to encompass for example provision of information for job search, for self-employment and new company start-up, for start-up financing and welfare support and for a variety of training and re-training schemes. The PES could also help building entrepreneurship networks.
- Financial and start-up support through public sector (and in some cases private sector) grants with possible group bank lending guarantees provided by the restructuring company for new spin-offs (see Box 8.1 for an example in Sweden).
- Business development support in the form of coaching and counselling, (see Box 8.2 for an example in Romania) information provision and referrals, provision of incubation and acceleration programmes, premises, education and training. Public policy could also support the development of, and provide incentives for, private investment and business angel networks, especially in restructuring in high-tech sectors.
- Community support in the form of business network creation and the promotion of successful role models, from previous restructuring cases, now involved in entrepreneurship.
- Support with administrative and legal issues related to business creation, including simplifying business registration, reducing the administrative costs of business start-up, streamlining licensing requirements and supporting intellectual property management.

Box 8.1. Support for starting a business, Sweden

Description: The programme “Support for starting a business” (*Stöd till start av Näringsverksamhet*) supports adults over 25 years old who are registered as unemployed, or who are facing dismissal, in business creation. It is also open to those over 18 years old if i) they have been assessed as being far away from the labour market, ii) they have a disability that affects their ability to work, or iii) they already participate in active labour market programmes offered by the Public Employment Service (*Arbetsförmedlingen*).

Problem addressed: The measure seeks to keep the unemployed or those facing job loss active in the labour market. Supporting business creation provides another avenue for some of these people to work.

Approach: The business start-up support is provided as an integrated package over six months, including a grant that is based on the individual’s unemployment insurance entitlements. To complement this financial support, the Public Employment Service offers business counselling and advice, workshops, webinars and networking opportunities. Prior to receiving any support, the applicants must prepare a business plan and have it reviewed and accepted by the Public Employment Service.

Impact: In 2015, there were approximately 5 300 participants in the programme. Of these participants, 77% who left the programme were back in work within 180 days, either in self-employment or as an employee. This is often considered to be one of the most successful active labour market programmes in Sweden. However, evaluations have found that those who continue to work in self-employment tend to have low incomes (Riksrevisionen, 2012), suggesting that they may need more support in developing and growing their businesses.

For more information, please see: www.arbetsformedlingen.se/For-arbetssokande/Yrke-och-framtid/Starta-eg-et-foretag.html (in Swedish).

Source: Eurofound (2016e), “Support for starting a business” in the European Monitoring Centre on Change database, available at: www.eurofound.europa.eu/observatories/emcc/erm/support-instrument/support-for-starting-a-business (accessed 17 July 2017).

Box 8.2. Consultancy and assistance for grassroots entrepreneurial or business initiatives, Romania

Description: This business start-up counselling and advisory programme (*Consultanță și asistență pentru începerea unei activități independente sau pentru inițierea unei afaceri – Legea nr. 76/2002 privind sistemul asigurărilor pentru șomaj și stimularea ocupării forței de muncă*) is available to employees that are about to be made redundant.

Problem addressed: This initiative seeks to minimise time spent in unemployment by working with people before the job loss occurs.

Approach: Employers in Romania are required by law to inform the local employment agency at least 30 days before notifying workers that they are to be made redundant. This provides the local employment services time to prepare to work with employees who will be made redundant. Once employees are informed that they will lose their job, the local employment service will have a suite of supports prepared for them, including this service which provides free consulting and advice to help interested people develop business plans and start businesses. These services are typically contracted out to private sector companies, professional organisations, foundations and associations who have experience in providing this type of support.

Impact: This support was provided to 1 071 people in 2014, of which 135 (12.6%) went on to start a business. In 2015, the number of participants increased to 2 455 people but only 109 people (4.4%) went on to start a business. While the number of people who go on to start-up a business is low, many participants likely seek information on self-employment but then decide that it is not appropriate for them. This is also a positive outcome.

Source: Eurofound (2016f), “Consultancy and assistance for grassroots entrepreneurial or business initiatives, available upon request as legal, marketing, financial, management, etc., services – Law no. 76/2002 on unemployment benefit and employment stimulation” in the European Monitoring Centre on Change database, available at: www.eurofound.europa.eu/observatories/emcc/erm/support-instrument/support-for-starting-a-business (accessed 17 July 2017).

Offering business start-up and self-employment support through existing mainstream entrepreneurship and labour market programmes and policies offers a rapid, flexible and efficient response by the restructuring company and the relevant public authorities. It requires strong partnerships between the restructuring firm, its employees, trade unions and the relevant employment authorities. However, it is important to underline that local, regional and national authorities are often only indirectly involved in restructuring actions. Their role tends to increase over time as the displaced workers begin to collect unemployment and other social welfare benefits. The principal role of national authorities is to shape the relevant legal framework, define and pursue employment policy goals and ensure the institutional and financial capacity to help employees through education and training, and job search assistance. Local authorities will suffer a greater impact through local movements in the number of unemployed and therefore may play a more direct interventionist role, particularly through the local PES. There is also often a need for local and regional authorities to actively co-ordinate the responses by the various affected stakeholders.

Restructuring processes in the Europe Union are often reactive and without formal restructuring plans for small and medium-sized businesses (Eurofound, 2013), although restructuring in large firms is more likely to be anticipated in advance and follow formal plans. As a result, the European Union implemented the Quality Framework for Anticipation of Change and Restructuring in 2013, which provided guidelines to the different types of

stakeholders on actions to take during the phase of anticipation (and management) of restructuring.¹ This was followed by a proposal that seeks to build a preventive restructuring framework (EC, 2016). The proposed framework intends to provide guidance for affected stakeholders and outlines obligations for directors of struggling companies, including initiating immediate actions to minimise the loss for creditors, workers, shareholders or other stakeholders, to take reasonable steps to avoid insolvency, and to avoid deliberate or inconsiderate actions that threaten the viability of the business. The overarching objective is to help displaced employees move into their next job. Other recent European Union actions are outlined in Box 8.3.

Box 8.3. European policy for restructuring

Policy makers in Europe have been concerned with the impact of restructuring for decades, dating back to the creation of the European Coal and Steel Community. It has risen up in the political agenda since this time, due first to the creation of the single market but also more recently due to increased global competition.

The policy response has emphasised the creation of basic legal frameworks for dealing with collective redundancies and ensuring that workers are informed early and consulted on decisions affecting employment and working conditions. Some of the key policies and initiatives include:

- 2001: The creation of the European Monitoring Centre on Change within Eurofound, which is an avenue for information provision and exchange, and the European Restructuring Monitor to track specific restructuring events and trends. Since 2011, it also provides examples of support instruments and since 2013, examples of legal regulations relevant for restructuring in EU Member States and Norway.
- 2005: The Communication “Restructuring and employment. Anticipating and accompanying restructuring in order to develop employment: the role of the European Union”, which positions restructuring at the heart of the re-launched Lisbon Strategy. It calls on EU and national policy makers to address the negative consequences of restructuring with active labour market measures and lifelong learning strategies. In addition, a Restructuring Task Force and a Restructuring Forum were created.
- 2009: The Communication “A shared commitment for employment” called for better anticipation and management of restructuring through an exchange of experiences and sectoral partnerships.
- 2011-12: The Commission issued a Staff Working Document “Restructuring in Europe 2011”, which was followed by the 2012 “Green Paper: Restructuring and anticipation of change: what lessons from recent experience?”. These reports renewed the policy debate.
- 2013: The Communication “An EU Quality Framework for Anticipation of Change and Restructuring” was issued in response to a European Parliament resolution that provided recommendations on the anticipation and monitoring of restructuring events.

In addition, the European Union has a number of additional instruments that it can use to support adjustments resulting from restructuring. The European Globalisation Adjustment Fund (EGF) provides support to people losing their jobs as a result of major structural changes in world trade patterns due to globalisation, e.g. when a large company shuts down or production is moved outside the EU, or as a result of the global economic and financial crisis. The EGF has a maximum annual budget of EUR 150 million for the period 2014-20.

Box 8.3. European policy for restructuring (cont.)

The EGF can fund up to 60% of the cost of projects designed to help workers made redundant find another job or set up their own business. As a general rule, the EGF can be used only where over 500 workers are made redundant by a single company (including its suppliers and downstream producers), or if a large number of workers are laid off in a particular sector in one or more neighbouring regions.

EGF cases are managed and implemented by national or regional authorities. Each project runs for two years. The EGF can co-finance projects including measures such as job search assistance; career advice; education, training and re-training; mentoring and coaching; and entrepreneurship and business creation. The fund can also provide training allowances, mobility and relocation allowances, subsistence allowances or similar support.

Evaluation evidence from the initiatives supported by the EGF indicates that entrepreneurship and business creation initiatives can be very effective in supporting labour market adjustment. However, in the re-employment process of displaced workers, few unemployed people seek a return to work through self-employment or entrepreneurship. Of the 26.2 million unemployed in the EU in 2013, only 540 400 sought self-employment (2.1%) and this proportion varied greatly by member states, ranging from 0.7% in the Slovak Republic to 7.0% in Romania (OECD, 2015). There is also a substantial variation in the extent to which policy makers promote entrepreneurship and self-employment as part of a solution. For example, monitoring of the EGF shows that only 5% of policy responses are entrepreneurship-related and some countries have not included entrepreneurship in their response at all (EU, 2015). The ex-post evaluation for the 2007-13 period found that entrepreneurship supports were highly successful.

Further, the European Social Fund (ESF) can be used to support a number of different types of intervention at the level of the firm or the individual employee affected. At the firm level, the ESF can be used to support activities such as the provision of advice to employees or to undertake studies to support social dialogue and improve crisis management. For individuals, it can be used to set up programmes that provide advice and counselling, training for those facing redundancy and to support job creation and profession mobility through business creation and self-employment.

Finally, the Employment and Social Innovation (EaSI) programme also has a role. It has three axes: i) the modernisation of employment and social policies, which can be used to support the implementation of the Quality Framework for Anticipation of Change and Restructuring (see 2013 bullet point above); ii) support job mobility; and iii) improve access to micro-finance and social entrepreneurship.

Restructuring case studies from the European Union

- The roles and actions of key actors that support displaced workers vary according to the context and circumstances of the restructuring event.
- The case studies in Finland, Sweden, Germany and the United Kingdom, showcase the diversity in approaches. One common thread across these cases is the strong role of the restructuring company in facilitating and providing business start-up and self-employment support for displaced workers.

Finland

Supporting the unemployed in entrepreneurship

Several public institutions offer entrepreneurship and business development training, one of which is the PES. These services are organised in 15 regional Offices, which co-operate in business services provision with other institutions, such as the Centres for Economic Development, Transport and the Environment (ELY Centres), sub-regional development companies, new business centres and rural advisory centres (OECD/EC, 2015). Information on public training is collected on the Enterprise Finland website (www.yrityssuomi.fi), which is operated jointly by institutions that are a part of the Enterprise Finland network. Another institution that provides entrepreneurship training and help for start-ups is a network of more than 80 new business centres (*Suomen Uusyrityskeskukset*), which are co-operatives of public and private sector actors (e.g. banks, corporations, insurance companies, trades unions, business associations, the Finnish Patent and Registration Office) (OECD/EC, 2015).

These generic training provisions do not address the unemployed specifically, but the PES provides an important link between unemployment and entrepreneurship. Their task is to provide public employment and business services to help jobseekers in finding work and promoting the emergence of new business activity. Part of their service provision is labour market training, which targets the unemployed and those under the threat of unemployment. Many vocational courses of labour market training include a short introduction to entrepreneurship and there are also courses focusing specifically on entrepreneurship skills. The public employment services must also provide counselling and job-seeking support for the affected employees, including a personalised re-employment plan (a service available for all unemployed job-seekers). In principle, entrepreneurship is discussed as a part of career coaching as well as in the form of specific start-up training. The former involves considering entrepreneurship as a potential career alternative, while the latter offers the participants a more comprehensive understanding of the steps needed to set up a business and develop their business idea further (OECD/EC, 2015).

An important form of finance provision that supports all forms of entrepreneurship is the national Start-up Grant system, which provides a new entrepreneur with a secure income for a maximum of 18 months. Both unemployed jobseekers as well as those starting up in business on a fulltime basis after a period in paid employment, education or domestic work are eligible to apply. Information covering various types of finance provision, and other enterprise support, from different institutions is available on the Enterprise Finland website. Other types of loans and loan guarantees for all new start-ups are available from the PES focusing on labour market policy. The Centres for Economic Development, Transport and the Environment (ELY Centres) supporting regional policy, the state-owned development bank Finnvera, and the Finnish Funding Agency for Innovation (Tekes) and co-operative banks and savings funds also offer microfinance.

Case study: Nokia, 2011

Nokia is a Finnish multinational company that was founded in 1865. It began as a paper mill and made several transformations from cables, paper products, rubber boots and tires, and mobile devices to telecommunications infrastructure equipment (Nokia, 2017). Currently, Nokia is a global leader in providing infrastructures for 5G networks, as well as virtual reality and digital health applications.

In 2011, Nokia partnered with Microsoft in order to strengthen their position in the smartphone market and Microsoft then purchased Nokia's Devices and Services section in April 2014. Nokia's Bridge Programme was launched in Spring 2011 aimed at helping Nokia employees facing redundancy due to restructuring in the new Nokia Microsoft organisation. The programme continued until Spring 2014. Among the re-employment related training and coaching activities, the Bridge Programme provided start-up support for those interested in starting their own business. This entrepreneurship support offer facilitated the creation of approximately 400 companies that were launched by nearly 500 former Nokia employees. About one in ten employees laid off from Nokia in Finland in 2011-13 chose to become an entrepreneur (Autio et al., 2014)

The Bridge Programme was sponsored by Nokia and is a unique example of the company's own support programme playing a larger role in the post-displacement employment than governmental organisations and programmes. While the displaced workers had access to the PES offered by the government, the Nokia programme provided additional opportunities.²

The programme operated in several stages. First, participants were invited to information sessions organised by Nokia, which introduced them to the entrepreneurship track and other options for finding employment. This was followed by personal counselling sessions about the various support options offered by the programme. These sessions were delivered by the programme's staff. As part of the entrepreneurship track, information on local business start-up and development services was provided and participants in the entrepreneurship track could access start-up coaches and training sessions. An entrepreneurship mentor was also provided to help participants develop their business idea and identify other relevant supports that could increase their chances of success (Autio et al., 2014).

The Bridge Programme aimed to mobilise as much of the internal expertise of Nokia as possible and the entrepreneurship track was seen as being tailored for start-ups mostly in the technology and financial sectors. Those who became entrepreneurs through the Bridge Programme could arrange agreements with Nokia for technology licensing or idea releases (Autio et al., 2014).

Once participants were ready to launch their business, they could apply for a start-up grant of up to EUR 25 000. Those working in teams of up to four people could receive up to EUR 100 000. Overall, the average grant provided was approximately EUR 27 000 and it is estimated that Nokia provided a total of nearly EUR 10 million in Bridge Programme grants (Autio et al., 2014). Other financial supports were also available, including a loan guarantee programme where Nokia backed credit accounts. Support was also provided to help participants access public entrepreneurship programmes, including the Start-up Grant.

Approximately 90% of the companies that were started through the Bridge Programme were still operating in 2014 (Autio et al., 2014) or operations continue in another company, or in a new company that was set up to replace the Bridge start-up.

Sweden

Supporting the unemployed in entrepreneurship

A broad range of entrepreneurship policies and programmes are used in Sweden. These offers are managed by both agencies and government institutions and they focus on: i) promoting entrepreneurship on national and local level; ii) improving the regulatory environment for start-ups; iii) providing entrepreneurship education, counselling and

advisory services for (potential) entrepreneurs; iv) providing online entrepreneurial guides; v) improving access to start-up financing; and vi) building entrepreneurial networks. The Swedish Agency for Economic and Regional Growth is one of the most active governmental agencies in this area, but other important public actors are the Swedish Agency for Innovation Systems (*Vinnova*) and Almi, an advisory services and financial company that is owned by the Swedish government.

The entrepreneurship support system is linked by a network of one-stop shops and the public web portal *Verksamt* (www.verksamt.se), which directs users to networks and public supports in all regions. Small subsidies are also available to support the training of new entrepreneurs, support professional development, create networks, set performance standards and exchange best practices. Entrepreneurship training takes place within both European Social Fund and Swedish regional projects.

In restructuring situations, public policy places significant emphasis on anticipating and managing the structural change (Nyström, 2016). Policy on redundancy provides incentives for substantive efforts to be made to help transfer displaced workers into new jobs as soon as possible, even before the job loss becomes effective. This is made possible by dialogue between the PES, the company and the Job Security Councils (JSCs) (see Box 8.4). Job Security Councils are non-profit organisations that provide support to displaced employees, or those that are about to lose their job in a collective redundancy. This includes tailored advice and counselling services to both employers and trade union representatives when they are first considering their restructuring options.

Box 8.4. Job Security Councils

Job Security Councils (JSCs) are an important feature of Swedish labour market policy. The idea underlying this system is that employers, who are leading the restructuring process, are responsible for supporting the employee during the transition phase. Re-employment support is entrusted to the system of JSCs. Based on collective agreements between social partners in an industry or sector and financed by corresponding employers; JSCs are the first actor approaching displaced workers (Nyström, 2016). Job Security Councils are a complement to unemployment insurance, and the support they offer is available for employees where firms have signed a collective agreement with a union and they are allowed to intervene as soon as workers receive notice. Most Swedish employees are covered by this support in the case of displacement.

During the notice or transition period, JSCs offer a range of activities and measures to support displaced workers. Initially, support activities include counselling and coaching, activity plans and competence development activities. Intensive counselling makes up the core of re-employment assistance and each dismissed worker is assigned to a personal adviser. Generally, if the worker has worked for at least 12 months in the company in a permanent position, they can receive personal advice to find a new job or on starting his/her own company. Overall the level of success of the JSCs in placing dismissed workers into new jobs is high. Dismissed workers often find new jobs rapidly; on average, 80% to 90% find new jobs within seven to eight months, often without using the PES. Annually, approximately 40 000 employees receive some type of support from Job Security Councils (Nyström, 2016). Moreover, approximately 8% of clients start own businesses and 80% remain in business after two years (Eurofound, 2016g).

Start-up support is available to adults over 25 years old who are registered as unemployed or who are facing dismissal and have an approved business concept. In addition, the business must be expected to have a satisfactory level of profitability and to provide a long-term job. The support is paid over a maximum duration of six months and the amount of support is based on the unemployment insurance the supported would be entitled to if unemployed. The PES offers counselling and advises on starting the business (see Box 8.1). In some areas, the PES also offers informational meetings and education in entrepreneurship (*Arbetsförmedlingen*).

There are government-funded special seed programmes for start-ups and early-stage development of innovative entrepreneurs. There are also government-sponsored events that profile innovation systems, and some pre-commercialisation funding is available to promising new technology-based firms and also support to encourage spin-off companies from universities and publically funded research institutes. There are a large number of actors at various levels that provide business counselling and distribute funding (Braunerhjelm and Henrekson, 2013), including Almi's Micro Loans designed for businesses with smaller capital requirements.

Case study: AstraZeneca, 2010 and 2012

Astra AB was founded in Sweden in 1913. In 1999, it merged with the United Kingdom-based Zeneca PLC to form AstraZeneca. It is currently a leading multinational pharmaceutical company with sales in over 100 countries (AstraZeneca, 2017). AstraZeneca had planned for a series of transformations to occur between 2006 and 2010 to meet increased competition and initiated a change programme starting in 2007. These transformations included the reduction of 1 300 employees by 2010 and a further reduction of employees in 2012. One of the AstraZeneca research and development facilities that closed in 2010 was in Lund, which led to 900 displaced workers. Another was closed in Södertälje in 2012, leading to 1 400 displaced workers. The displaced employees were generally highly skilled workers with many years of experience in the pharmaceutical industry. Nearly 60% of the participants had worked at AstraZeneca for 13 years or more and 88% of the participants had at least 11 years of work experience within the pharmaceutical industry (Källner, 2016).

The support package provided in the AstraZeneca case included typical supports in the Swedish context, including severance pay, financial support, business training, business modelling support and market research, and network building. Support was also given for displaced workers to contact and meet external organisations and institutions that would support innovation and entrepreneurship and to have the possibility to rent (or use for free) AstraZeneca's facilities and equipment. The programme allowed for individuals to work in start-up teams, to discuss and test their business idea on colleagues, to register a company and to check that initial customers were interested in the proposed business ideas.

After the closure of AstraZeneca's facilities, the displaced employees had created 69 new firms, including a mix of one or two-person firms and team start-ups (Life Science Sweden, 2013). More than half of the participants (54%) said that they came up with their business idea after learning about the closure, which suggested that workers may have been spurred to formally produce new business ideas as a result of the new pressure applied by the closure announcement (Källner, 2016).

A study from Silicon Valley shows that many talented employees leave large firms with novel ideas (Hellman and Periotti, 2011). In the AstraZeneca case, knowledge spill-overs

ensured successful new ventures. 87% of the participants felt that their business idea had come from knowledge and experience gained in AstraZeneca. Business ideas were developed alone, in-group, or developed first alone and then in-group. During the programme, face-to-face team meetings produced many new business ideas. 90% of the displaced employees had the opportunity to discuss their business idea with colleagues from AstraZeneca after learning about the closure. Most people (70%) started their new business with previous colleagues from AstraZeneca.

The severance pay that the displaced employees received also played a major role in their decisions to pursue entrepreneurship. AstraZeneca also offered lab space at no cost to those who needed the facilities for up to six months. The local Södertälje municipality completed this with an additional grant of up to SEK 100 000 (approximately EUR 10 450) for a business start-up.

However, non-financial support was also critical, notably the availability of training, counselling and networking from other innovation organisations (Källner, 2016). Key partners included the New Entrepreneurs Centre (Nyföretagarcentrum), Uppsala Innovation Centre, Technopol, the Karolinska Institute Science Park, Medicon Village (an incubator in Malmö), the Karolinska Innovation Centre (a hospital in Sweden) and a redundancy insurance organisation (Trygghetsrådet). These partnerships were arranged by AstraZeneca.

The knowledge spill-overs and how they were utilised in the AstraZeneca case shows evidence of collaboration beyond that of the traditional involvement of the public sector (for example through the PES) and the private sector (the restructuring company) in a form of co-creation alongside local knowledge centres – the so-called Triple Helix concept (Etzkowitz and Leydesdorff, 2000).

The company actively introduced soon-to-be-displaced workers to PES support and local knowledge centres. The creative renewal that took place after the destruction of jobs in AstraZeneca fostered venture ideation. As it was a collaboration between the involved parties, there was no clear leading actor in this case, though it would appear that the company was active in helping the knowledge spill-over start-ups to connect with research institutes and possible funding sources. The Triple Helix collaboration model does envisage a more prominent role for the knowledge centre (research institute or university) in an innovation project, on a par with the company and government-funded organisations. The increased importance of knowledge and the role of universities and research institutes in the incubation of technology-based start-ups have given them a more prominent place in the start-up ecosystem and this is reflected in the success of the AstraZeneca restructuring case.

Germany

Supporting the unemployed in entrepreneurship

Policy in the last decade has increasingly favoured a proactive approach in supporting at-risk workers and those likely to be affected by restructuring (Fuerlinger et al., 2015). These measures are mandatory if the planned restructuring involves a change of operations (*Betriebsänderung*) but are limited to where the establishment has at least 20 employees. Social partners have to agree on a social compensation plan (*Sozialplan*), which defines locally the procedures of restructuring, and assistance to be given to affected workers, and which then constitutes enforceable rights for employees subsequently affected.

Two closely related instruments have emerged as common outcomes of social plan negotiations, both including active measures for harnessing career guidance (and other

measures) in reintegrating affected workers into the labour market: transfer agencies and transfer companies. Although practices at enterprise level vary, where they are established, transfer agencies take over the counselling of employees threatened by lay-off. During the period of notice, transfer agencies assist them in job search, offer training for job application and other soft skills and help with assessing and selecting qualifying measures. Participants remain within their current job but are released from work for individualised support. Funding of transfer agencies involves some obligatory support, in most circumstances, from public employment services (usually up to 50% of gross costs) and employers. Transfer agencies normally support employees for three to six months prior to redundancy.

In contrast, transfer companies are separate legal entities (*betriebsorganisatorisch eigenständige Einheit*, beE) which accommodate redundant workers. These entities are typically supported by the company that is dismissing staff, trade unions and government (often regional). In the transfer company, affected employees receive training, coaching, workshops, as well as 80% of their former salary. They are fully released from work to participate in career guidance and qualifying measures while they are in the transfer company, where they can remain for up to 12 months. Typically, continuing outplacement measures, which are more intense and diverse than from the transfer agency, support them. Both transfer agencies and transfer companies are also affected by obligatory referral to PES.

The PES (*AgenturfürArbeit*) is responsible for helping the job seeker find a new position and make a benefit claim. In order to receive unemployment pay (*Arbeitslosengeld I-IV*), the unemployed must register themselves and meet the minimum qualifying period. Even though support by state employment offices (*Bundesagentur für Arbeit*) for self-employment has decreased, there are nonetheless still a number of policies that seek to reduce unemployment through business creation (see Table 8.3).

Table 8.3. **Start-up support for the unemployed, Germany**

| Programme | Duration | Amount of money | Person entitled to submit a request |
|--------------------------|--|--|---|
| <i>Gründungszuschuss</i> | Runs for three years, paying a lump sum of EUR 600 per month for the first year, EUR 360 per month for the second and EUR 240 per month for the third. | | Employee receives at least 150 more days of unemployment pay. |
| <i>Einstiegsgeld</i> | Up to 24 months | The amount of funding is determined by the duration of unemployment and the size of the job-seeking community. | For people who receive unemployment pay |

Source: Gründungszuschuss (2017), "Bundesministerium für Wirtschaft und Energie", available at: www.foerderdatenbank.de/Foerder-DB/Navigation/Foerderrecherche/suche.html?get=views;document&doc=9450.

Case study: Siemens, 2007

Siemens was founded in 1847 and currently has operations in more than 190 countries (Siemens, 2017). At the end of 2016, it had approximately 351 000 employees. Its core business activities are in the areas of electrification, automation and digitalisation. The current portfolio includes power plant construction, wind turbines, rail vehicles and medical technology.

In 2006, Siemens sold its German mobile phone division to Taipei-based BenQ (Zimmermann and Schwarz, 2007). Eight independent divisions were reduced and combined into three divisions: Industrial, Energy, and Medical Technology. The mobile division, then became a subsidiary of Siemens operated by BenQ, and went bankrupt in less than a year after the sale to BenQ. In 2007, 3 000 employees of the subsidiary were made redundant in

Germany (of which 2 500 were then supported by the “transfer company” system). Siemens took responsibility for the restructuring because their former employees were made redundant within the first year of BenQ’s managing of the subsidiary.

Siemens provided a one-year transition plan within the transfer companies for its former employees. Three parties financially supported the establishment of the transfer companies: Siemens, the public employment service *AgenturfürArbeit* and the local government *Bundesländer* (IG Metall Bayern, 2007). Of the EUR 120 million package, Siemens provided approximately EUR 100 million, the *AgenturfürArbeit* EUR 19 million and Nordrhein-Westfalen and Bayern (the two states in which the factories were closed) contributed EUR 1 million. European Social Fund support through the Federal Labour Agency (ESF-BA) was comparatively low, because most participants did not have the qualification measures needed to be eligible. However, the European Globalisation Adjustment Fund (EGF) contributed nearly EUR 12.8 million (EC, 2008) to finance counselling for up to five months after employees left the transfer company, as well as the peer group activities, training sessions and job search support (Eurofound, 2009).

Displaced workers received top-up payments to increase the legally required minimum short-term transfer payments from 60%-85% of their previous salary. In addition, an inducement bonus of EUR 24 000 was offered to anyone leaving employment with the transfer company prior to the end of the scheduled 12-month support period and a bridging payment of at least EUR 2 700 for each year of completed employment with Siemens was offered to individuals leaving the transfer company at the end of the programme but had not found employment.

The transfer company set up for the redundant workers in Munich, *Train Transfer and Integration GmbH*, provided training as well as counselling support until the end of May 2008 with the help of EGF funding. The support consisted of assistance with mobility, individual qualifications support, peer group activities, and assistance with business start-up ventures.

Peag Transfer, (i.e. the transfer company for the Kamp-Lintfort and Bocholt locations) provided transfer services for redundant workers at BenQ, at Kamp-Lintfort and Bocholt from 1 January 2007. Between 1 October 2007 and 31 May 2008, these measures were co-financed by the EGF, thus extending the usual availability of the assistance of transfer companies by five months. The programme included basic workshops including interview training and intensive support for example on business start-ups and the development of a business plan. The advice, counselling and training on business start-up were supported through specifically developed software. There was high demand for this service, probably reflecting the relatively high qualification level and experience of the workforce. The business start-up counselling and training was carried out with the assistance of the University of Ulm (Cedefop, 2010), which developed special teaching software for the courses. This was intended to accompany each step in the start-up preparation process, until the actual start of new business.

The rate of participants who started their own business from the Munich transfer company was relatively high at 8%. This high rate testifies to the quality and importance of the business start-up training package and the background of the displaced employees. In the other transfer company, *Peag*, 901 former BenQ employees had found employment and a low percentage, approximately 1%, of displaced employees had entered self-employment. The transfer company helped redundant workers considerably. By the end of May 2008, 90% of former BenQ employees had found new employment or become self-employed.

After several restructuring processes in recent years, Siemens has set up their own in-house venture capital arm. Innovations AG is a 100% owned subsidiary of Siemens AG, in which every Siemens employee is invited to pitch their business idea, which if accepted, is then treated as a start-up (Spiegel, 2015). In this way, Siemens offers their employees a chance to start their own businesses in a somewhat protected environment. Although it is not only connected to restructuring cases, Siemens places entrepreneurship opportunities at an early stage within existing employment, which could be precursor to an entrepreneurial path for possible future soon-to-be displaced employees. Siemens can also expand and extend their start-up platform to include soon-to-be displaced employees, who have not pitched a business idea during their full-time employment.

United Kingdom

Supporting the unemployed in entrepreneurship

In the United Kingdom, public and voluntary sector initiatives tend to offer financial support for business creation in tandem with coaching and counselling support. Often this support is managed by Local Enterprise Partnerships (LEPs), which were announced as part of the June 2010 United Kingdom budget (although LEPs were set up on a volunteer basis without any public funding).

The provision of financial support for self-employment and start-up activity is a central element of United Kingdom policies. The New Enterprise Allowance (NEA) is primarily aimed at unemployed people over 18 years old and looking to start their own business. Administered through the public employment service (Jobcentre Plus), unemployment benefit claimants can be referred to participating mentoring agencies in the private or third sector that subsequently place participants with independent voluntary business mentors who help in drawing up a business plan, which is then assessed by the same mentoring organization. If the business plan is approved and a start-up created, participants are eligible for an on-going state subsidy for the first 26 weeks of their self-employment. Participants could also apply for start-up capital loans of up to GBP 2 500 (approximately EUR 2 920), repayable over three years with a low interest rate (McGuinness and Dar, 2014).

The second major area of activity can be found in the Start-up Loans Company, launched in 2012 to promote self-employment as a viable career path. The scheme offers “human capital” support to potential start-ups by matching applicants with delivery partners in the private and third sector that aid in the development of business plans. Applicants, in conjunction with these delivery partners, can then apply for uncapped capital loans, repayable over five years at low rates of interest (average loan size GBP 5 353, or approximately EUR 6 250) (UK Prime Minister’s Office, 2013). These loans are funded by the Department for Business, Innovation and Skills’ Business Bank. Once operating, participants can access discounted products from a range of corporate clients and delivery partners who stay attached to offer on-going mentoring services. In total, the UK Government claims to have helped over 30 000 new businesses through the NEA and Start-up loans schemes (UK Prime Minister’s Office, 2013).

General initiatives in the UK aimed at developing start-ups include schemes designed to allow entrepreneurs to obtain loans, and schemes to obtain equity and/or venture investment (Department of Business, Innovation and Skills, 2013). For example the Enterprise Finance Guarantee (EFG) is operated by the Business Bank and offers a loan guarantee scheme to viable small companies, which have been refused loans by the

commercial market (Business Bank, 2014). Another scheme targeted at potential start-ups is the publicly funded Business Angel Co-Investment Fund (CoFund). Since 2011, CoFund has sought to make initial equity investments of between GBP 100 000 and GBP 1 million (approximately EUR 116 800 to EUR 1.2 million). The Seed Enterprise Investment Scheme (SEIS), developed in 2012, also provides 50% capital gains tax relief to individuals wishing to invest in small companies of less than 25 employees and with assets of less than GBP 200 000 (Business Bank, 2014).

All people impacted by redundancy are eligible to access the services offered by the Rapid Response Service (RRS). This offer is also available to those under threat of redundancy, those under notice and those who lose their jobs in companies, which are in the supply chain of a larger company making redundancies and those who lose their jobs in a location designated as having RRS status by Jobcentre Plus. Support provided includes helping workers to create CVs, advice on accessing benefits, identification of transferable skills and training needs, provision of training and assistance with mobility costs. Jobcentre Plus also provides on-site counselling, referrals to other agencies, information and advice about job vacancies and training opportunities, skills and training need analysis, training and one-off payments for expenses associated with obtaining new employment.

Case study: Anglesey Aluminium, 2009

Anglesey Aluminium Metal Ltd. was a joint venture between parent multinationals Rio Tinto Group and Kaiser Aluminium. It was formerly one of the largest employers in North Wales, employing 540 people. Aluminium production started in 1971, with up to 142 000 tonnes of aluminium produced annually. It closed in September 2009, resulting in more than 400 redundancies. The escalating cost of electricity and the failure of the Anglesey Aluminium to secure an advantageous long-term agreement with the power supplier were the principle reasons for the closure decision. Prior to its closure, the plant benefited from a preferential agreement with the power company, which ended in September 2009. There was a high level of trade union membership at the plant and the union was fully involved in the consultation process following the announcement of the restructuring (Cedefop, 2010).

The local Anglesey Council was responsible for setting up a redundancy response group with all of the key stakeholder organisations, which were Jobcentre Plus, Careers Wales, the company itself, the trade unions and the Citizens Advice Bureau. The emphasis was on individual re-skilling and re-training.

The responses reflected the approach to regional regeneration as set out in the Welsh Assembly Government (2007) strategy document *One Wales*. The package of support on offer included help under the Welsh Assembly Government's ProAct scheme which is operated by Careers Wales. Support includes up to GBP 2 000 (approximately EUR 1 170) per employee towards training costs; a wage subsidy of up to GBP 2 000 (at a daily rate of GBP 50, or EUR 58) per employee while undergoing training; and one-to-one expert advice particularly geared to providing individual training plans. The second, and complementary programme, Redundancy Action Scheme (ReAct), operated by Careers Wales and Jobcentres Plus, is a training programme to assist individuals to increase their skills and remove barriers to returning to work, providing up to GBP 1 500 (approximately EUR 1 900) worth of training (Dobbins et al., 2014). The ReAct scheme also receives support from the European Social Fund.

In the United Kingdom extensive use is made of "outplacement companies", which are usually small recruitment consultants, as part of a collaborative package of measures

combining the company's own resources and those of the Jobcentre Plus and careers advisory services. There is a generally high level of collaboration between the agencies in delivering the support package. Partnerships between companies, public employment services, guidance providers and training institutions are crucial to provide a comprehensive range of support services to redundant workers and employees at risk of redundancy. The outplacement company chosen was DBM, a private sector firm that specialised in providing customised support to displaced workers. DBM was selected by an in-house company tendering exercise, a requirement of which was that support in the Welsh language should also be readily available (Dobbins et al., 2014). The company had one-stop shop drop-in facilities on site where workers could access information and advice from the (national) careers advice supplier (Careers Wales). The scale of the job losses also meant that the ReAct scheme could be engaged and organised.

The company developed a range of support services that reflected the needs of its employees and the wider community in which it operated (as it had also been an important indirect provider of jobs in the area). A key feature of the support provided to displaced workers was its comprehensive nature, including information provision, advice and guidance being offered in all eventualities covered, whether it was early retirement, retraining, job search (within the broader company group or externally), or self-employment. Bringing public and private providers together and expecting a high degree of collaboration was a bold attempt at combining the best of services from both types of provider. Although the co-operation caused tensions, with encouragement from the employer and a willingness on all sides to work out complementary activities, it provided an enhanced service in terms of quality and range. The employer and the support agencies combined efforts to identify possible job openings elsewhere, including in other regions and internationally.

In Anglesey Aluminium there was considerable interest in the self-employment option and so the company offered some workshops and training on site at no cost. This allowed displaced employees to explore the potential of their business ideas. Some additional training, as well as starting-up financing, was available through the Welsh Assembly Government's ReAct. In addition, the company had a large site that it offered to employees who started their own businesses, as much of it would be underused over the medium-term.

The outcomes of the self-employment support were not monitored but it appears that the results were mixed (Cedefop, 2010). Only a small number of employees chose self-employment, of which most were in unrelated sectors, e.g. fishing businesses and taxi firms.

Lessons from case studies

- The case studies of restructuring events in Finland, Sweden, Germany and the United Kingdom point to four key success factors in helping displaced workers transition into self-employment: effective partnerships between all actors involved; timely interventions; leadership from the local government; and developing a suite of well-designed programmes that match the context and needs of the displaced workers.

There are a number of factors that underpin the general approach to providing support across the case studies, the most significant of which are the national and local provisions addressing redundancies, the resources of the employer and its willingness to spend on

support provision and the status of public provision of support services for entrepreneurship and unemployment in general, especially the public employment services.

In the four country cases responsibility for displacement response has been generally led by the companies (Table 8.4). However, adjustment to the job losses caused by enterprise restructuring is not an issue wholly for company-level practice. Individual adjustment processes may also be led by public agencies, such as within rapid-reaction arrangements, to limit social and economic disruption.

Table 8.4. **Overview of case studies**

| Company Case | Nokia Bridge Programme | Astra Zeneca | Siemens-BenQ | Anglesey Aluminium |
|---|---|--|--|--|
| Country | Finland | Sweden | Germany | UK (Wales) |
| Company-led initiatives | <ul style="list-style-type: none"> • Early warning given • Knowledge -Technology transfer spinoff system initiated • Company provided start-up training and counselling • Company provided start-up funding • Company gave severance pay • Company-backed Bank guarantees | <ul style="list-style-type: none"> • Early warning given • Knowledge -Technology transfer spinoff system initiated • Company provided start-up training and counselling • Company gave severance pay • Company-inspired use of Triple Helix support with local research institutes and incubators | <ul style="list-style-type: none"> • Early warning given • Transfer company formed • Knowledge -Technology transfer spinoff system initiated (Munich) • Company provided start-up training and counselling • Company gave severance pay | <ul style="list-style-type: none"> • Regional mobilisation by the local council (government) • Financial support from regional government (Wales) • External consultants used • Entrepreneurship training |
| PES and public agency led support systems | <ul style="list-style-type: none"> • <i>MuutosTurva</i> – Change Security system imposes mandatory proactive policy on company • PES offer unemployment benefits • PES-sponsored training available • Public Start-up grants available | <ul style="list-style-type: none"> • Mandatory proactive policy on company • PES offer unemployment benefits • PES-sponsored training available • Job Security Councils (JSCs) offer advice and counselling • Public Start-up grants available | <ul style="list-style-type: none"> • Mandatory proactive policy on company • Transfer companies PES offer unemployment benefits • PES-sponsored training available • <i>Einstiegsgeld</i> and <i>Gründerzuschuss</i> subsidies | <ul style="list-style-type: none"> • Access to National Rapid Response Service • PES makes unemployment benefits available • PES sponsored training available • Government sponsored business bank offers start-up loans |
| Case success factor | Mobilised internal expertise in the form of licensed IP and tacit knowledge of expert workforce | Mobilised internal expertise in the form of licensed IP and tacit knowledge of expert workforce and partnered with local research institutes and incubators | Establishment of the transfer companies through company, PES and local government partnership | Strong partnership between local government, PES and company, backed by regional national (Welsh) government funding |

Effective partnerships

Working relationships, including clarity in roles and responsibilities, before restructuring, are among the success factors for partnership arrangements. In the German transfer company and AstraZeneca cases the development of working arrangements, resource allocations and delivery structures for supporting soon-to-be-displaced employees were vital, together with other services in the context of large redundancies.

Restructuring has had particular significance for the German labour market after reunification. Policy in the last decade has increasingly favoured proactive mandatory measures. Social partners have to agree on a social compensation plan (*Sozialplan*) which locally defines the procedures of restructuring and assistance to be given to affected workers, and which then constitutes enforceable rights for employees subsequently affected. As in Sweden, although differently focused, labour and social laws establish the framework for such agreements subject to some minimum requirements.

The transfer companies in the German example (i.e. Siemens) were legal entities (*betriebsorganisatorisch eigenständige Einheit, beE*) set-up to support redundant workers by the

key stakeholders (i.e. the company, trade unions and local government). In Wales, the combination of the ProAct and ReAct programmes was put in place by the Welsh Assembly so that subsequent redundancy situations could be supported. The key issue was to reach an agreement among social partners prior to the redundancy situations. It was also important that early warning mechanisms were in place to minimise and defer “permanent” job losses.

Timeliness

To minimise the negative effects of firm restructuring, the restructuring company should inform the local PES about upcoming redundancies as soon as possible and then co-operate with the available public support mechanisms to help displaced workers back into work. Common practice has been to inform the local PES along a certain time frame and this is required by employment legislation in many countries (e.g. in Finland and Sweden). This mandatory role of the company to disclose an “early warning” means that an early warning network can then be activated to include the company and local, regional and where needed, national response to minimise the impact of displacement on the workforce.

Displaced workers are easier to assist while they are still employed or in their notice period than after they have been unemployed for several months and it can take substantially less time for displaced workers to find new jobs when they have access to early intervention services, especially when they are delivered on site. In the German, Finnish and Swedish case studies, the companies were actively encouraging displaced staff to take their time in making the transition and not requiring them undertake their “normal” job. The United Kingdom case allowed staff that had effectively left the company back on to the site with an on-site drop-in centre remaining open for at least three months after the end of the statutory consultation period. These actions seek to ensure that there is a good fit between the worker and the job when the worker returns to work.

Local leadership

A rapid local or regional response (e.g. Nokia, AstraZeneca, Anglesey Aluminium) should provide leadership and support and help employers and worker representatives implement comprehensive worker assistance programmes at the company including an advice centre with on-site services. This could take the form of a one-stop shop as a business promotion and support centre whose core activities should include the delivery of locally-based consulting services to formulate and select “bankable” projects, provide follow-up and counselling and guidelines and procedures to facilitate access to credit and incentives.

The PES needs a willingness and ability to work with private agencies engaged and funded by the employer. In one case (Anglesey Aluminium) there was an initial degree of tension between the private outplacement agency and the careers service provider but, under the encouragement of the employer, they managed to establish some clear lines of demarcation, setting the basis for collaborative working that then proved effective (Cedefop, 2010).

The use of resource centres on employers’ premises to support employees was critical in the case studies of the use of resource centres on employers’ premises to support employees. This approach is also used in restructuring processes in Lithuania (i.e. Mini Labour Exchange). Setting up on-site local agencies (worker assistance resource centres) can improve rapid response strategies (ILO, 2013), which could be seen in the Siemens’ example where employees from the PES work alongside Siemens’ employees for six months to understand the work of the transfer company. This can be done through a form of the

German transfer companies (which only exist in Germany at this point), or with the support of a JSC-style organisation as in Sweden or through career management consultants.

Responses should be co-ordinated among the different institutions and organisations offering training, and coaching. In the cases, the lead for this has been taken by the companies themselves although the German *Agentur für Arbeit* (i.e. PES) was proactive as, was ReACT in Wales. Particular response successes were seen with the Job Security Council system in Sweden, the Transfer company system in Germany and the Change Security system used in Finland.

Promoting and supporting entrepreneurship

The Nokia Bridge and AstraZeneca cases show the value of informing employees facing redundancy of self-employment as an option and the making available of related training and financial support to employees interested in transition into self-employment. Displaced workers are not a homogeneous group and guidance support should provide for at least some customised element in differentiating support to individual needs and circumstances. All programmes should adapt core interventions such as training, access to finance, signposting information, advisory and mentoring services, and networking

Financial advice should provide information including funding sources, benefits available and implications. In Nokia Bridge, information was provided on start-up grants and other potential sources of financing. Early decisions on start-up funding in the company programme, certainty about eligibility and brokering connections with potential customers and investors helped in the Nokia Bridge and the AstraZeneca cases, as did Nokia being a guarantor for new business loans. Direct grants, interest-free loans and the provision of guarantees may be combined in very different ways. One key recommendation that came out of the Nokia Bridge programme which is repeated in the AstraZeneca case is the value of encouraging and allowing groups of soon-to-be displaced employees to work together as start-up teams.

Knowledge spill-overs provide the possibility to start a new business as an external corporate venture with a continuous connection to the parent company. In R&D intensive enterprises, numerous future-oriented technologies often arise, which cannot all be exploited in the parent company. These technologies and processes may be explicit intellectual property, which could be licensed, or they may be a form of tacit knowledge within the employees. The entrepreneurial spin-offs in AstraZeneca were more based on tacit knowledge as compared to than official, patented IP (Nokia was a combination of the two). Accumulated work experience that employees gain during their career is an important source for the generation of new business ideas as work experience exposes people to unique insights to customer problems and needs, viable markets, product accessibility and competitive resources that eventually influence their ability to spot an opportunity for a business idea (Gabrielsson and Politis, 2012).

Individuals and teams within the company programmes should be encouraged to work with company management to identify corporate venturing opportunities before redundancy and displacement takes place, which may arise from explicit or more tacit knowledge within the company.

The AstraZeneca and Nokia cases both provide a model of “semi” corporate venturing as the venturing is taking place partly within and then outside the organisation. Both AstraZeneca and Nokia cases suggest that particular restructuring cases should be targeted

as favourable for encouraging more entrepreneurial support, i.e. when there is a strong likelihood of creating world-class technology and knowledge spill-over start-ups as a form of internal-external, corporate ventures. Schumpeter's original term, "Creative Destruction" is being played out in these two cases (and to a lesser extent in the Siemens Munich example) as a form of "Creative Restructuring" and there may be a lesson here in the use of language. "Redundancy" implies that the displaced employees no longer have any use, whereas these creative restructuring examples illustrate a technology transfer project taking place driven by the company through talented and committed soon-to-be-displaced employees.

The AstraZeneca case went further in terms of open collaboration than the Nokia Bridge case in that a model using the resources of the Triple Helix was used which mirrors other technology (spill-over) start-up processes (not for non-displaced employees). A wider network of support organisations was used than the more traditional PES and government funding organisations, e.g. Uppsala Innovation Centre, Karolinska Institute of Science Park and Medicon Village in Malmö.

Conclusions

Self-employment offers a route back into work for a small number of people who are displaced as a result of large firm restructuring. The number of resulting entrepreneurial ventures is still relatively small in number compared to the actual number of individuals who face restructuring but there are certain conditions that lead to a relatively high rate of entrepreneurial take-up and success. These conditions relate to the type of business that the restructuring company is operating in and the competence and skill set of those facing displacement. This can be seen most clearly in the two different geographical and business unit site restructurings in the Siemens case where a high percentage of the software developers in Munich (8%) became entrepreneurs relative to 1% of the more general administrative staff in Bocholt and Kamp-Lintfort. In the AstraZeneca and Nokia cases the displaced workers have extremely market-competitive, tacit knowledge to exploit as entrepreneurs (as well as possible access to company IP) whereas in the Anglesey case, the displaced workforce had a far less valuable and exploitable competence set to turn into entrepreneurial opportunities and therefore their entrepreneurial efforts were more low-skilled and short-lived.

Enterprise proactivity, beyond meeting minimum statutory requirements, seems to be atypical. There are important exceptions, notably for some enterprises in Germany, Sweden and Finland. The exceptions have seen enabling legislation and established social partnership structures encouraging larger enterprises to be more proactive, developing and adopting collective solutions well in advance of restructuring. These exceptions are helped by national legislation that sets mandatory conditions on companies who instigate large-scale restructurings.

At the European Union level, different instruments support a transition from redundancy to self-employment in two ways: directly and indirectly. Direct supporting instruments are the EGF, including micro-credits for redundant employees entering entrepreneurship. Furthermore, the EU indirectly supports such a transition through the ESF, for example, providing funds for setting up transfer companies (as in Germany) that support displaced workers in becoming entrepreneurs. These types of supports have demonstrated successes and could be used more widely.

Notes

1. Earlier responses from the European Union include the EU Directives on Collective Redundancies (98/59/EC), European Works Councils (94/45/EC) and Directive 2009/38/EC, and Worker Information and Consultation (Directive 2002/14/EC).
2. In Finland, employers have an obligation to inform the public employment services about forthcoming dismissals, as well as informing employees about their rights. This programme is called "Muutos Turva" (the "Change Security System"). When ten or more employees are affected, the employer must draw up an action plan together with the employees, or if less than ten are affected, the employer must explain to employees how the PES can help during the redundancy notice period. Employees are then entitled to additional, paid, job-seeking leave, prior to redundancy.

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PART III

Country profiles: Key inclusive entrepreneurship trends, issues and recent policy actions

This section presents a short overview of inclusive entrepreneurship trends, issues and recent policy developments in each of the 28 European Union Member States. Each Country Profile includes a set of key indicators that benchmark entrepreneurship activity rates and barriers in each country relative to the European Union average for men, women, youth and seniors.

Note by Turkey:

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

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

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

Reader's guide to the country profiles

This section of the book provides a short overview of inclusive entrepreneurship trends and recent policy actions in each European Union Member State. Each Country Profile highlights recent trends for key inclusive entrepreneurship indicators, focusing on activity rates, quality and barriers to business creation for people in under-represented and disadvantaged groups, drawing on a set of charts (see below). In addition, the Country Profiles briefly describe a current policy issue relevant for inclusive entrepreneurship policy development. Finally, each Country Profile describes a recent policy action that was introduced to support the unemployed, women, youth or seniors in business creation and self-employment.

The country overviews are complemented with a common set of country-specific data that benchmark key inclusive entrepreneurship indicators against the European Union average and over time. Data are presented for men, women, youth, seniors and the overall population total. These data help to show the scale of the challenge and its recent evolution. All Country Profiles contain six figures (except for the Malta profile, which does not participate in the Global Entrepreneurship Monitor survey):

Panel A: Self-employment rate, 2007-16. This presents the proportion of those in employment who are self-employed.

Panel B: Total Early-stage Entrepreneurship Activity (TEA) rate, 2012-16. This presents the proportion of the population who is actively involved in starting a business or who is the owner-operator of a business that is less than 42 months old.

Panel C: Proportion of TEA that is necessity entrepreneurship, 2012-16. This presents the proportion of early-stage entrepreneurship that was launched due to a lack of other opportunities in the labour market.

Panel D: Proportion of early-stage entrepreneurs whose products or services are new to all or some customers, 2012-16. This presents the proportion of early-stage entrepreneurs who self-report that they offer products and/or services that are new to potential customers.

Panel E: Proportion of adults who perceive that they have the skills to start a business, 2012-16. This presents the proportion of the population who believe that they have the knowledge and skills needed to start a business.

Panel F: Proportion of early-stage entrepreneurs who expect to create more than 19 jobs in five years, 2012-16. This presents the proportion of early-stage entrepreneurs who anticipate the creation of at least 19 additional new jobs over the next five years.

Inclusive entrepreneurship trends and policies in Austria

This profile presents data on self-employment and entrepreneurship by women, youth and seniors in Austria, and recent inclusive entrepreneurship policy developments such as increased support for youth entrepreneurship in the education system.

Key trends: The self-employment rate has been stable over the past decade but was below the European Union average in 2016 (10.8% vs. 14.0% for the EU). This was true for key social target groups such as women, youth and seniors. However, the Total early-stage Entrepreneurial Activities (TEA) rate was above the European Union average between 2012 and 2016 (9.2% vs. 6.7% for the EU), indicating that Austrians were more likely to be involved in starting or managing a new business (i.e. less than 42 months old). Women were particularly active in early-stage entrepreneurial activity relative to the EU benchmark. The level of “necessity” entrepreneurship is low in Austria compared to the EU average: only 12.0% of Austrian entrepreneurs who were involved in starting or operating a new business were motivated to start the business because they had no better options for work during the period 2012-16. This was substantially lower than the EU average of 22.1%. Moreover, women, youth and seniors were more likely than the European Union average to believe that they had sufficient entrepreneurship skills.

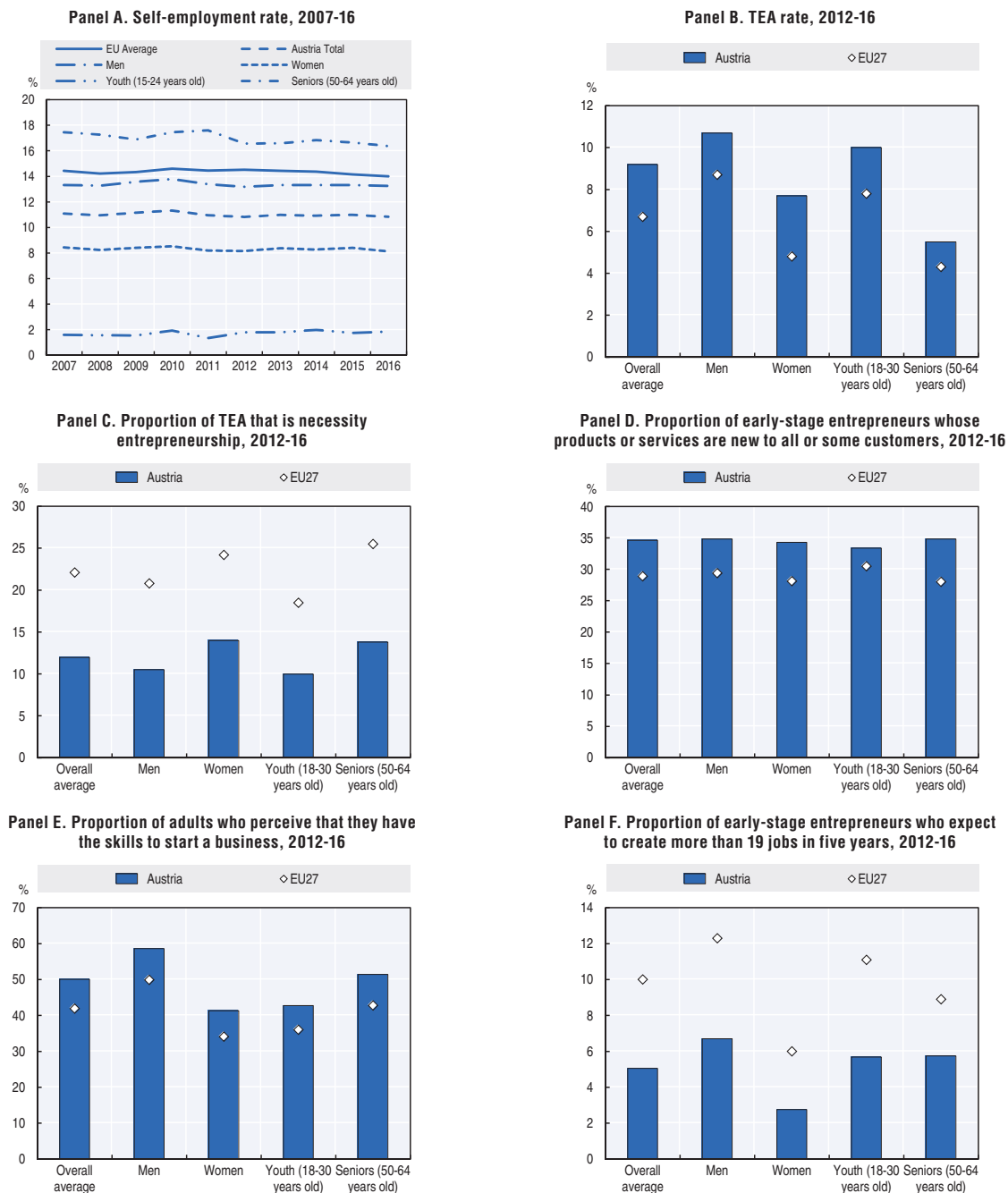
Hot issue: An ongoing policy debate is taking place on the extent to which tailored entrepreneurship policies and programmes are needed for different social target groups. Currently, national entrepreneurship policies do not explicitly address target groups other than youth, although there are national action plans available for gender equality and integration, calling for action to improve also entrepreneurship among women and migrants. On one hand, most current initiatives and measures are open to all (potential) entrepreneurs regardless of the target group; on the other hand, specific needs might not be addressed by general measures, as each target group has different barriers to entrepreneurship. Tailored approaches, however, typically require more resources.

Recent policy developments: Entrepreneurship promotion and education in schools is increasingly available, both through classroom work and extra-curricular projects (e.g. student enterprises). Furthermore, entrepreneurship is actively promoted as employment opportunity for young people in the frame of the European SME week (“Europäische KMU Woche”) which takes place in all European Union Member States at the end of November. The European SME week in Austria is organised by the Austrian Federal Economic Chamber (WKO), WIFI-Unternehmerservice and supported by the Ministry of Science, Research and Economy (BMWFW) and regional partners. During this week, numerous events are organised; there were approximately 30 events in 2016. The objectives of the SME week are, among others, to encourage young people to take the step into entrepreneurship and to learn about support options. For instance, successful entrepreneurs are presented as role models who talk about different topics and share their experiences. Starting in the school year 2014-15, Austrian students in technical and vocational schools were required to implement a project in their last year before graduation. The aim of the platform “Start your project” (Starte dein Projekt) is to support students with ideas, project management and financing. It provides a handbook, workshops for school classes and a crowdfunding platform. Start your project is a project of the bank Erste Group Bank AG, Initiative for Teaching Entrepreneurship and the Vienna School Board (Stadtschulrat Wien). Furthermore, in October 2016, in the frame of the Business Start-up Day (Jungunternehmertag), organised by the interest group for Business Start-ups (Junge Wirtschaft) of the Vienna Economic Chamber, a special day for students was organised.

The full Country Assessment Note can be found at: www.oecd.org/cfe/leed/inclusive-entrepreneurship.htm.


Key inclusive entrepreneurship data

Figure 9.1. Entrepreneurship and self-employment data for Austria



Notes: 1. The self-employment rate is defined as the number of self-employed people (15-64 years old) divided by the number of people in employment. 2. The TEA rate is the proportion of adults (18-64 years old) involved in setting up a business or managing a business that is less than 42 months old. 3. Necessity entrepreneurship is defined as entrepreneurship activities that were launched because the individual did not have other options in the labour market. 4. Early-stage entrepreneurs are those who are in the process of setting up a business or manage a business that is less than 42 months old. 5. In Panels B, C, D, E and F, the population covered are those 18-64 years old.

Sources: Panel A: Eurostat (2017), Labour Force Survey, available at: <http://ec.europa.eu/eurostat/web/lfs/data/database>; Panels B, C, D, E, and F: GEM (2017), Special tabulations of the Global Entrepreneurship Monitor adult population survey, 2012-16.

StatLink  <http://dx.doi.org/10.1787/888933625053>

Inclusive entrepreneurship trends and policies in Belgium

This profile benchmarks self-employment and entrepreneurship indicators for women, youth and seniors in Belgium against the European Union averages. It also briefly describes recent actions to strengthen youth entrepreneurship support at the regional level.

Key trends: The overall self-employment rate has been in line with the European Union average over the last decade and was 13.5% in 2016. The self-employment rates were highest among men (17.3%) and seniors (16.7%) and relatively low among women (9.2%) and youth (5.1%). The Total early-stage Entrepreneurial Activities (TEA) rate indicates that adults were slightly less likely to be active in starting a business or operating a new business than adults across the European Union (5.6% vs. 6.7% over the 2012-16 period). This gap was particularly pronounced for youth. Belgians were less likely to believe that they had the skills to start a business than youth across the European Union over this period (32.9% vs. 41.9%). While 41.4% of men felt that they had suitable skills, only 24.4% of women did. Similarly, Belgians were less likely than the EU average to expect to create a substantial number of jobs in their start-ups.

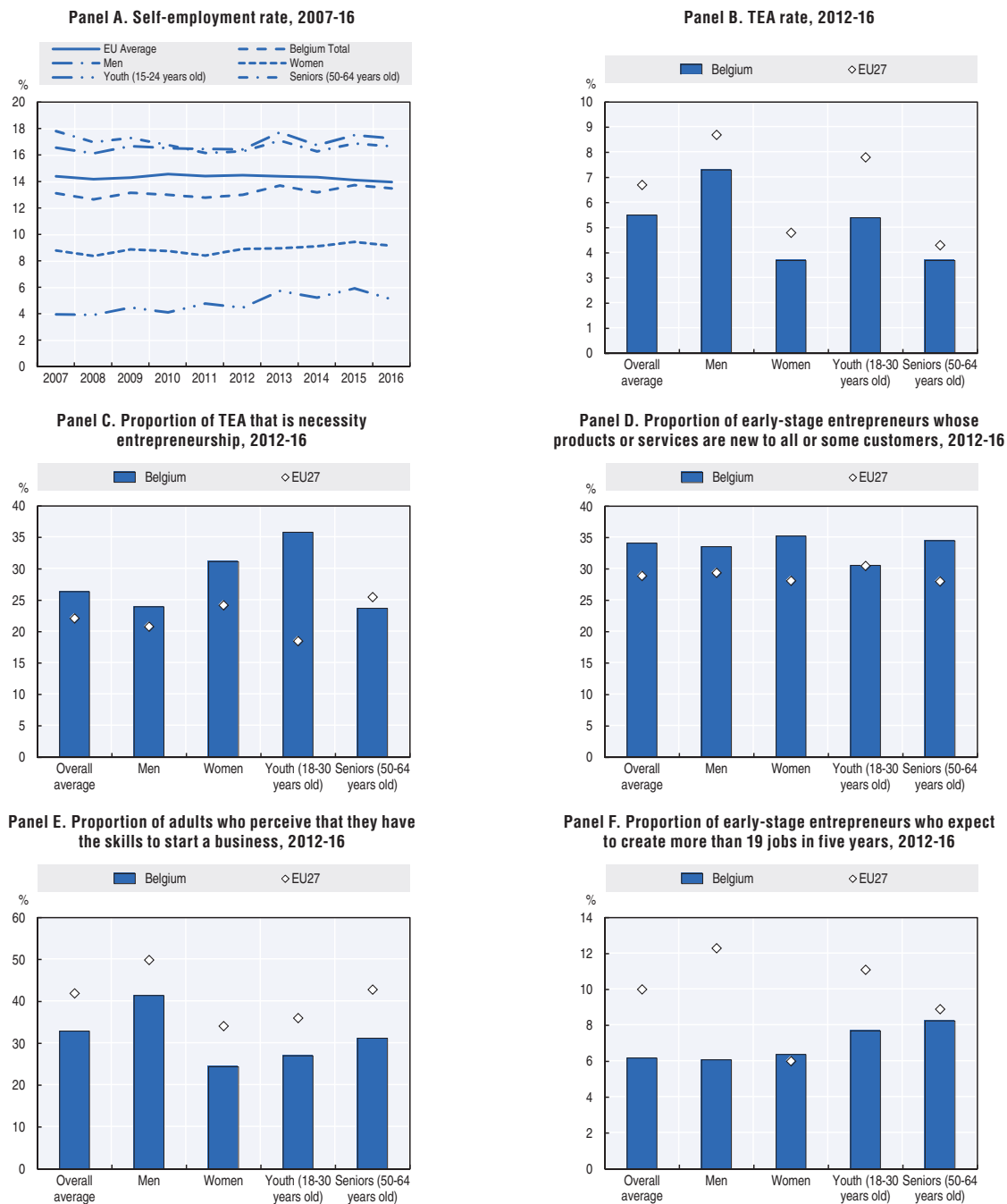
Hot issue: Inclusive entrepreneurship policies and programmes have been established at both the national and regional levels for a wide range of target groups, including youth, women, seniors, immigrants and the unemployed. There is a shift towards regions taking more responsibility in designing and delivering policy for social target groups generally. Therefore, inclusive entrepreneurship programmes are increasingly co-ordinated at the regional level and there is increasing engagement with civil society organisations in the design and delivery of initiatives.

Recent policy developments: The National Reform Programme 2016 includes activities for several target groups of inclusive entrepreneurship. Ongoing youth entrepreneurship programmes and actions under the Youth Guarantee are currently being evaluated and a special status of “student entrepreneur” is under consideration. In addition, the Brussels region has launched new integrated youth entrepreneurship support in 2016 as part of the Youth Guarantee that emphasises business survival and growth since there are high start-up rates but also high failure rates in the region. Similarly, youth-specific initiatives have been launched in Wallonia, notably the action plan Enterprising Generation. This plan foresees more entrepreneurship in the formal school system as well as entrepreneurship coaching for youth. The Flemish region is also increasing actions to promote youth entrepreneurship through schools and universities.

The full Country Assessment Note can be found at: www.oecd.org/cfe/leed/inclusive-entrepreneurship.htm.


Key inclusive entrepreneurship data

Figure 10.1. Entrepreneurship and self-employment data for Belgium



Notes: 1. The self-employment rate is defined as the number of self-employed people (15-64 years old) divided by the number of people in employment. 2. The TEA rate is the proportion of adults (18-64 years old) involved in setting up a business or managing a business that is less than 42 months old. 3. Necessity entrepreneurship is defined as entrepreneurship activities that were launched because the individual did not have other options in the labour market. 4. Early-stage entrepreneurs are those who are in the process of setting up a business or manage a business that is less than 42 months old. 5. In Panels B, C, D, E and F, the population covered are those 18-64 years old.

Sources: Panel A: Eurostat (2017), Labour Force Survey, available at: <http://ec.europa.eu/eurostat/web/lfs/data/database>; Panels B, C, D, E, and F: GEM (2017), Special tabulations of the Global Entrepreneurship Monitor adult population survey, 2012-16.

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Inclusive entrepreneurship trends and policies in Bulgaria

This profile provides an overview of entrepreneurship activities by women, youth and seniors in Bulgaria and highlights of recent developments in inclusive entrepreneurship policy such as recent the focus on women and youth entrepreneurs in the Action Plan Entrepreneurship 2020.

Key trends: Self-employment rates in Bulgaria have been below the European Union average over the past decade. This was particularly true for youth and women in 2016 (3.7% and 7.8%), whereas the rates for men (13.5%) and seniors (13.1%) were in line with the European Union average. This is consistent with the low Total early-stage Entrepreneurship Activity (TEA) rate (5.5%), which was below the European Union average (6.7%) for the 2012-16 period. This gap was particularly large for youth over this period (5.4% vs. 7.8% for the EU). Entrepreneurs in Bulgaria were much less likely to offer new products and services than the European Union average over this period (13.4% vs. 28.9% for the EU). The gap held across all key social target groups and was greatest for women (12.0% vs. 28.1% for the EU). Moreover, Bulgarian entrepreneurs were also much less likely to expect to create a large number of jobs over this period. The exception was senior entrepreneurs who were more likely than the European Union average to anticipate very strong employment growth (13.5% vs. 8.9% for the EU).

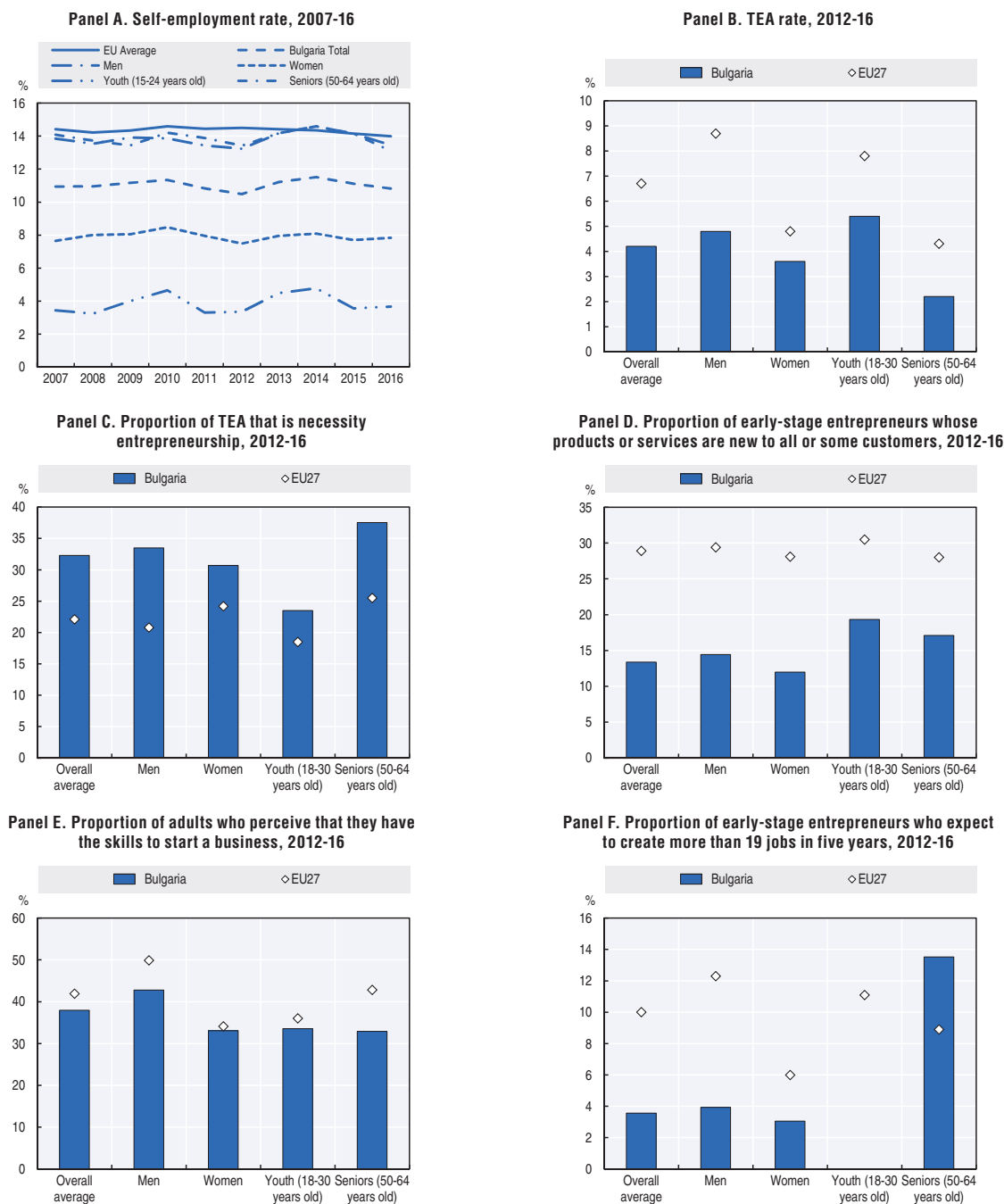
Hot issue: Inclusive entrepreneurship policy is at an early stage of development and a cohesive approach for social groups that are disadvantaged in the labour market has not yet been developed. However, there are tailored support initiatives for youth and women. Current policy discussion focuses on supporting youth entrepreneurship in lagging regions as there are few labour market opportunities for youth in these regions.

Recent policy developments: At the national level a variety of strategies, plans and programmes for supporting entrepreneurship were recently announced. However, the majority of the programmes do not explicitly support entrepreneurs from under-represented and disadvantaged groups. In the Action Plan Entrepreneurship 2020, the Bulgarian government put forward several measures to improve the institutional framework for under-represented and disadvantaged groups of society, including participation in the “European Network for Early Warning and for Support to Enterprises and Second Starters,” and reducing the time necessary for entrepreneurs to obtain licenses and permits. The action plan was implemented to promote and support entrepreneurship with a focus on women and youth from 2016 to 2017. In addition, the measure “Support for the activities of entrepreneurship centres at universities” was announced to promote the development of entrepreneurial skills among students by the provision of support to entrepreneurship centres at universities. However, an indicative budget and expected number of entrepreneurship centres receiving support was not specified.

The full Country Assessment Note can be found at: www.oecd.org/cfe/leed/inclusive-entrepreneurship.htm.


Key inclusive entrepreneurship data

Figure 11.1. Entrepreneurship and self-employment data for Bulgaria



Notes: 1. The self-employment rate is defined as the number of self-employed people (15-64 years old) divided by the number of people in employment. 2. The TEA rate is the proportion of adults (18-64 years old) involved in setting up a business or managing a business that is less than 42 months old. 3. Necessity entrepreneurship is defined as entrepreneurship activities that were launched because the individual did not have other options in the labour market. 4. Early-stage entrepreneurs are those who are in the process of setting up a business or manage a business that is less than 42 months old. 5. In Panels B, C, D, E and F, the population covered are those 18-64 years old.

Sources: Panel A: Eurostat (2017), Labour Force Survey, available at: <http://ec.europa.eu/eurostat/web/lfs/data/database>; Panels B, C, D, E, and F: GEM (2017), Special tabulations of the Global Entrepreneurship Monitor adult population survey, 2012-16.

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Inclusive entrepreneurship trends and policies in Croatia

This profile presents self-employment and entrepreneurship activity rates for women, youth and seniors in Croatia and highlights the intensification of inclusive entrepreneurship policy, including a new major strategy for women's entrepreneurship support.

Key trends: The overall self-employment rate has been declining since 2010 and fell below the European Union average in 2014. In 2016, the self-employment rate was 11.8% relative to 14.0% for the European Union. This declining trend is observed for women, youth and seniors, with the decline being the greatest for youth. However, the Total early-stage Entrepreneurial Activity (TEA) rate was above the European Union average over the 2012-16 period (8.9% vs. 6.7% for the EU), notably for youth (11.0% vs. 7.8% for the EU). However, this high rate of early-stage entrepreneurship activities was likely driven by people who did not have other employment opportunities, as more than one-third of new entrepreneurs (37.2%) reported that they started their business because they could not find a job. This was especially true for senior entrepreneurs over this period as more than half (51.3%) reported that they did not have other opportunities to work. Similarly, entrepreneurs from all social target groups in Croatia were less likely to offer new products and services than the European Union average between 2012 and 2016 (21.7% vs. 28.9% for the EU).

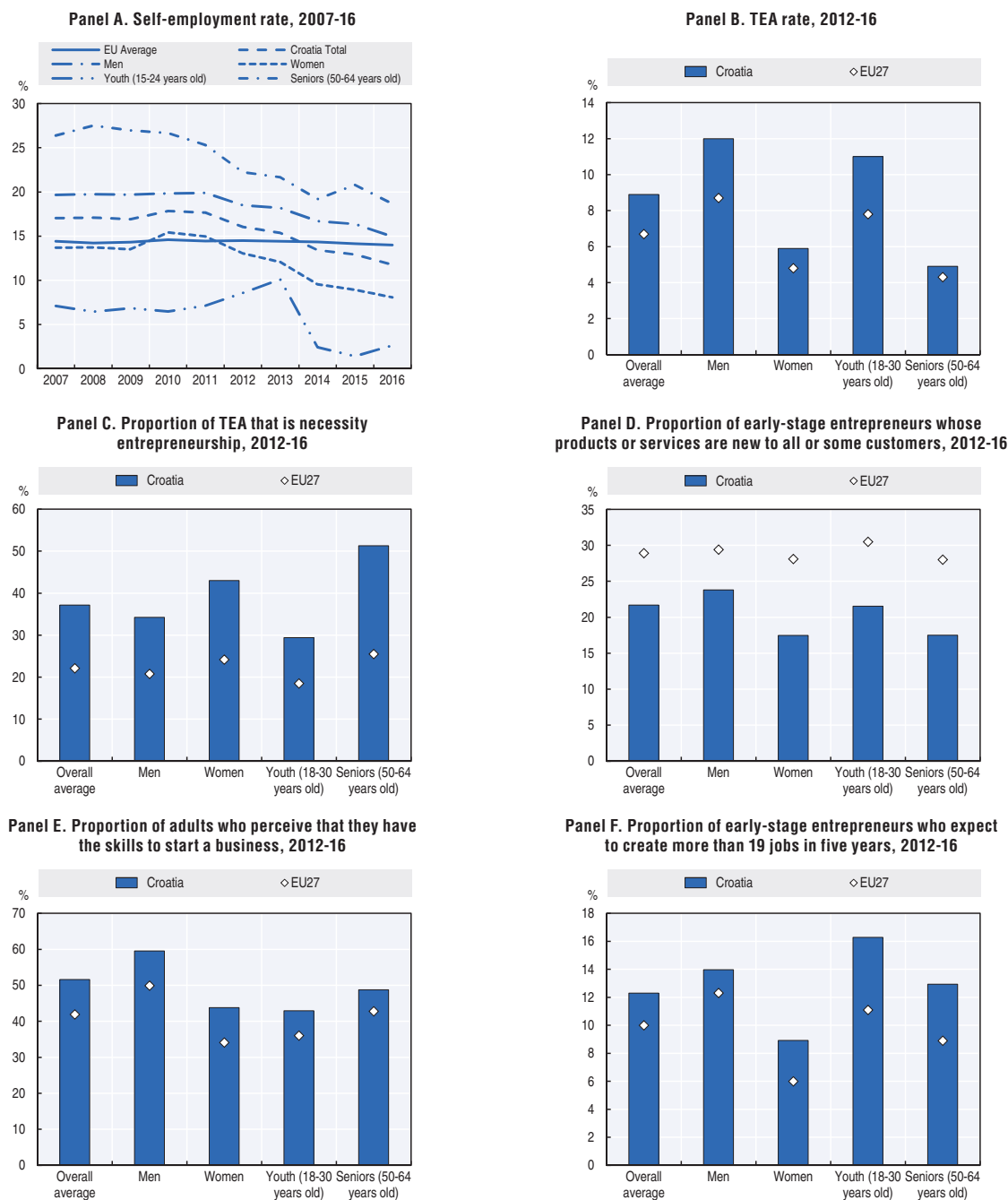
Hot issue: Addressing the high level of youth unemployment has been a political priority since the onset of the economic crisis and has led to the introduction of many employment initiatives. The Youth Guarantee Implementation Plan (YGIP), which started in 2014, covers a set of measures that range from improving the regulatory and institutional framework for start-ups to improving access to the job market, including self-employment. It also covers several measures related to building entrepreneurship skills for youth.

Recent policy developments: Entrepreneurship policy in Croatia is outlined in the Entrepreneurship Development Strategy of the Republic of Croatia 2013-2020 and the Strategy for the Development of Women Entrepreneurship in the Republic of Croatia 2014-2020. In addition to these broad strategies, several measures have been recently developed to support vulnerable groups in the labour market, including through self-employment. For example, the Guidelines for the Development and Implementation of Active Employment Policy in Croatia 2015-17 aims to improve employment outcomes for groups such as youth, women, seniors and those in danger of social exclusion. The initiative emphasises the importance of adjusting education to the needs of the labour market, as well as providing additional training for unemployed to increase their employability. Self-employment training and supports are also included.

The full Country Assessment Note can be found at: www.oecd.org/cfe/leed/inclusive-entrepreneurship.htm.


Key inclusive entrepreneurship data

Figure 12.1. Entrepreneurship and self-employment data for Croatia



Notes: 1. The self-employment rate is defined as the number of self-employed people (15-64 years old) divided by the number of people in employment. 2. The TEA rate is the proportion of adults (18-64 years old) involved in setting up a business or managing a business that is less than 42 months old. 3. Necessity entrepreneurship is defined as entrepreneurship activities that were launched because the individual did not have other options in the labour market. 4. Early-stage entrepreneurs are those who are in the process of setting up a business or manage a business that is less than 42 months old. 5. In Panels B, C, D, E and F, the population covered are those 18-64 years old.

Sources: Panel A: Eurostat (2017), Labour Force Survey, available at: <http://ec.europa.eu/eurostat/web/lfs/data/database>; Panels B, C, D, E, and F: GEM (2017), Special tabulations of the Global Entrepreneurship Monitor adult population survey, 2012-16.

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Inclusive entrepreneurship trends and policies in Cyprus*

This profile notes recent trends in self-employment and entrepreneurship activities for women, youth and seniors in Cyprus, and reports on new entrepreneurship programmes for youth and women, including the 2015 National Policy Statement for the Entrepreneurial Ecosystem

Key trends: The self-employment rate declined over the past decade from 18.4% in 2006 to 12.1% in 2016. The self-employment rate was slightly below the European Union average in 2016 (14.0%). The decline in self-employment rates occurred across many population groups, including men, youth and seniors. The self-employment rate for seniors (17.7% in 2016) continues to be greater than that of other social target groups. The self-employment rate for youth was 4.6% in 2016, which was approximately equal to the European Union average for youth. However, the self-employment rate for women was fairly constant over the last decade at approximately 10%, falling to 8.5% only in 2016. The Total early-stage Entrepreneurial Activity (TEA) rate was higher in Cyprus than the EU average over the 2012-16 period (12.4% vs. 6.7% for the EU), especially for women (7.1% vs. 4.8% for the EU) and youth (13.4% vs. 7.8% for the EU). Moreover, new women entrepreneurs were more likely than the European Union average to expect to create at least 19 jobs over the next five years during the 2012-16 period.

Hot issue: A current issue is the degree to which mainstream entrepreneurship support programmes are tailored to the specific needs of specific social target groups. There is a low level of awareness among policy makers about the needs of specific target groups, and consequently policies and programmes are often designed and implemented with little consideration of barriers that people from disadvantaged groups face in entrepreneurship. Although the favouring of mainstream approaches may be efficient since Cyprus is a small country, further consideration is needed on how the needs of the different social target groups will be addressed by mainstream programmes and how outreach will be undertaken to reach potential clients from groups that are under-represented or disadvantaged in entrepreneurship.

Recent policy developments: The 2015 “National Policy Statement for the Entrepreneurial Ecosystem” is the main policy to support entrepreneurship in Cyprus. It outlines the Government’s vision to boost economic growth by growing an entrepreneurial spirit and strengthening the entrepreneurial ecosystem. The policy statement focuses on strengthening entrepreneurial skills and activities for all and highlights a need to enhance support for youth and female entrepreneurship. Overall objectives and targets on business creation as well as a monitoring system are set, however they are not specific for different social groups (e.g. seniors, the unemployed, people with disabilities, migrants). The statement sets a number of essential actions to be implemented between 2016 and 2020, including the integration of entrepreneurship into education, increased career guidance, more promotion of entrepreneurship (including social entrepreneurship), regulatory improvements, strengthened e-government, incentives for business innovation, and increased supply of non-bank finance.

The full Country Assessment Note can be found at: www.oecd.org/cfe/leed/inclusive-entrepreneurship.htm.

*Note by Turkey:

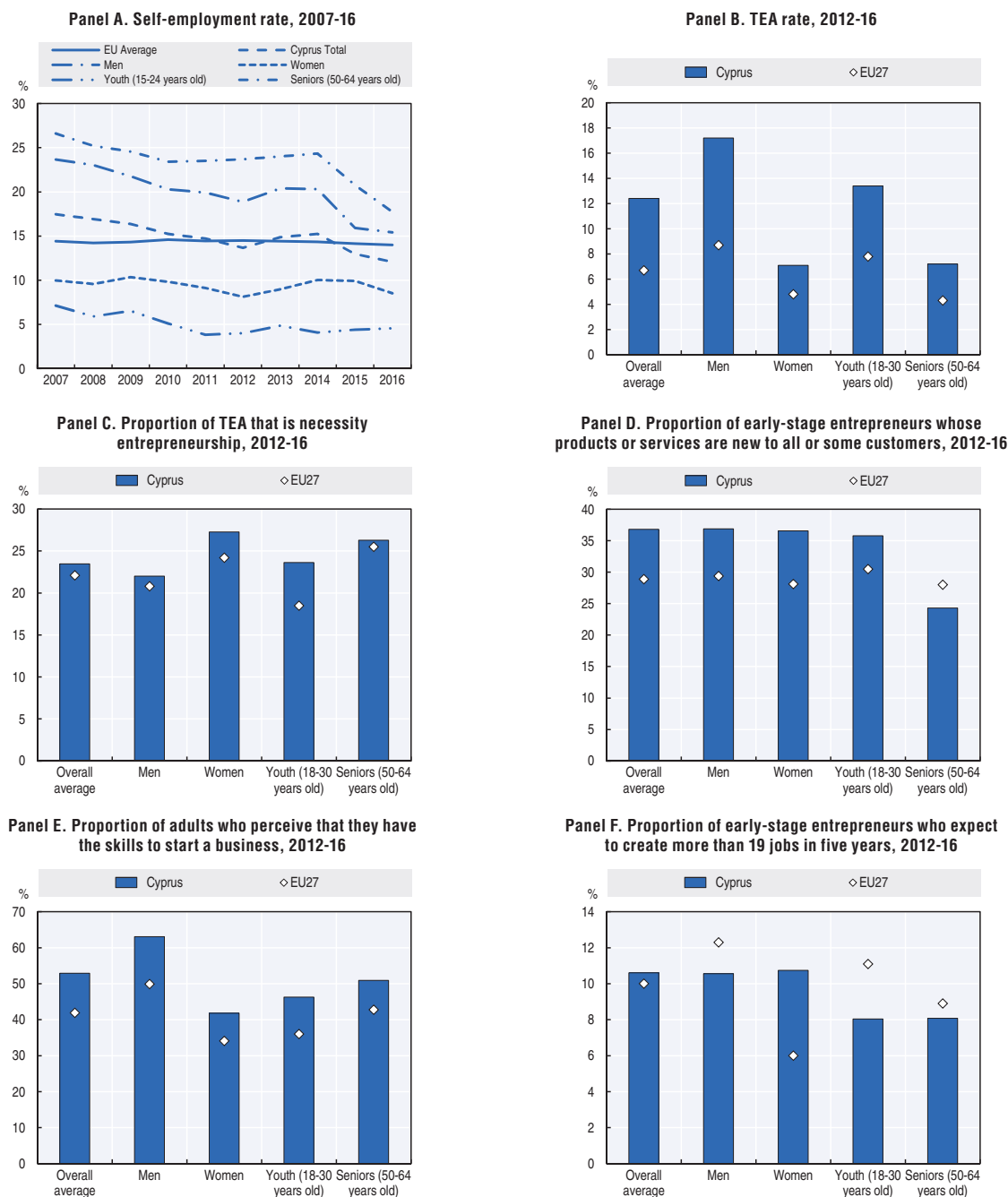
The information in this document with reference to “Cyprus” relates to the southern part of the Island. There is no single authority representing both Turkish and Greek Cypriot people on the Island. Turkey recognises the Turkish Republic of Northern Cyprus (TRNC). Until a lasting and equitable solution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

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

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Key inclusive entrepreneurship data

Figure 13.1. Entrepreneurship and self-employment data for Cyprus



Notes: 1. The self-employment rate is defined as the number of self-employed people (15-64 years old) divided by the number of people in employment. 2. The TEA rate is the proportion of adults (18-64 years old) involved in setting up a business or managing a business that is less than 42 months old. 3. Necessity entrepreneurship is defined as entrepreneurship activities that were launched because the individual did not have other options in the labour market. 4. Early-stage entrepreneurs are those who are in the process of setting up a business or manage a business that is less than 42 months old. 5. In Panels B, C, D, E and F, the population covered are those 18-64 years old.

Sources: Panel A: Eurostat (2017), Labour Force Survey, available at: <http://ec.europa.eu/eurostat/web/lfs/data/database>; Panels B, C, D, E, and F: GEM (2017), Special tabulations of the Global Entrepreneurship Monitor adult population survey, 2012-16.

StatLink <http://dx.doi.org/10.1787/888933625129>

Inclusive entrepreneurship trends and policies in the Czech Republic

This profile on inclusive entrepreneurship in the Czech Republic benchmarks entrepreneurship activities by women, youth and seniors against European Union averages, and notes recent inclusive entrepreneurship policy developments such as the new loan guarantee scheme GUARANTEE 2015-2023.

Key trends: The self-employment rate was slightly above the average self-employment rate for the European Union in 2016 (16.2% vs. 14.0% for the EU). As with most EU Member States, men were almost twice as likely as women to be self-employed (19.5% and 11.5% for women) and youth who were working were not likely to be self-employed (6.5%). Similarly, the Total early-stage Entrepreneurial Activities (TEA) rate for 2012-16 indicates that adults in the Czech Republic were slightly more likely to be active in starting a business or operating a new business (less than 42 months old) than adults across the European Union (8.2% vs 6.7% for the EU). This result also holds for men and youth, but the TEA rate for women and seniors was essentially the same as EU average. New business activities in the Czech Republic were as likely as the European Union average to be driven by a lack of better opportunities for work (21.5% vs. 22.1% for the EU). There is, however, a slight variation across the key social target groups, in particular youth were less likely to be driven by necessity (13.0% vs. 18.5% for adults).

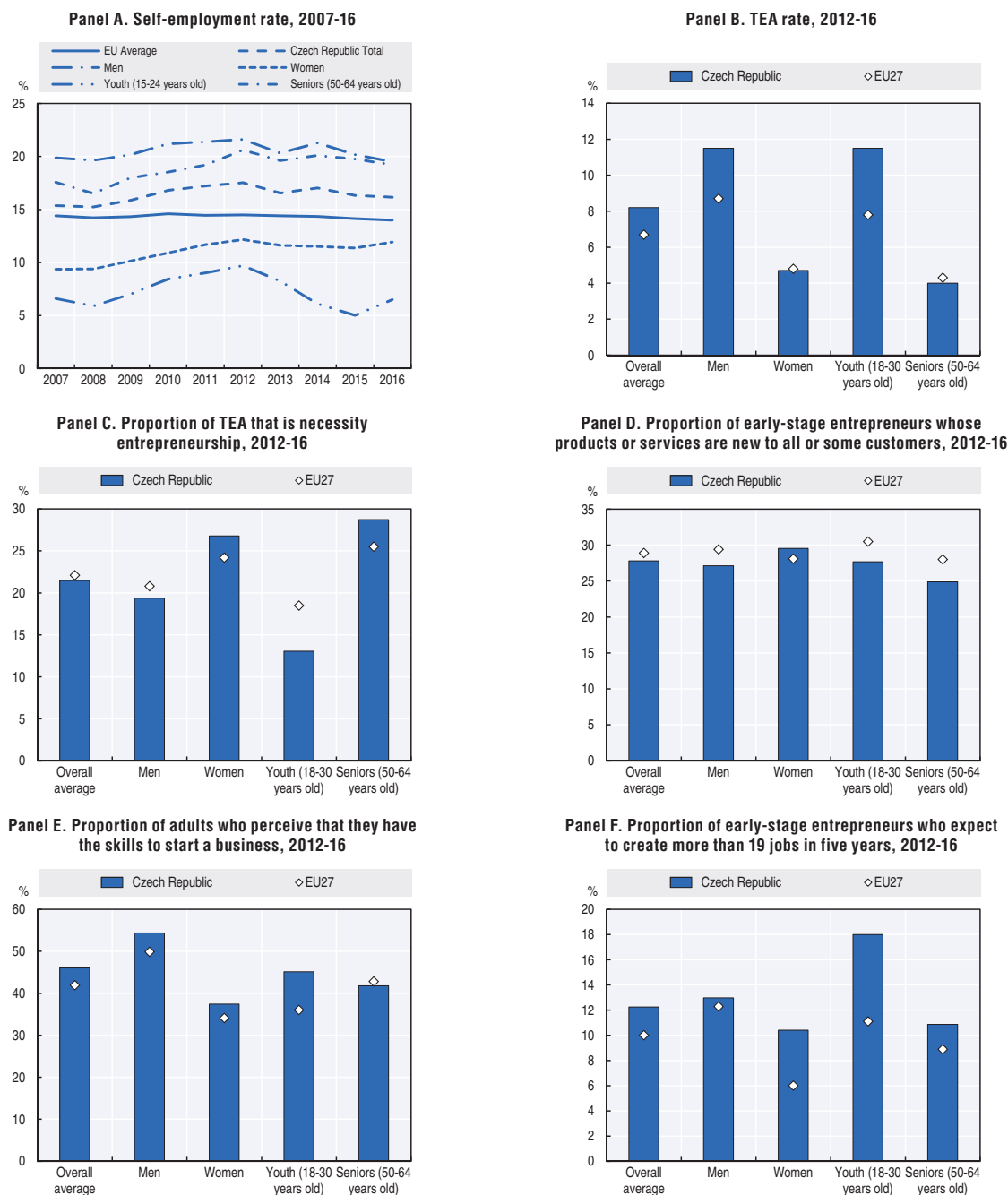
Hot issue: Although women in the Czech Republic are more likely to expect to create a business than the average across the European Union, they are much less likely to operate innovative businesses. There is therefore a need to do more to prepare women for careers in innovative fields and instil the confidence that they can operate successful innovative businesses. There is currently a policy discussion about tailored measures that could be introduced to support women in entrepreneurship.

Recent policy developments: Access to finance is seen as a major barrier to inclusive entrepreneurship. The Czech-Moravian Guarantee and Development Bank (ČMZRB) delivers a national programme GUARANTEE 2015-2023, launched by the Ministry of Industry and Trade in 2015. It includes the offer of individual guarantees with financial contribution for SMEs and social entrepreneurs. The eligibility criteria include: i) employment of persons disadvantaged on a labour market; ii) reinvestment of more than 50% of the profit back to the development of business; and iii) development of corporate social responsibility plan. In 2015, ČMZRB signed the COSME Counter-guarantee Agreement with the European Investment Fund to increase the capacity of the national programme. ČMZRB's activities are expected to continue through the new programming period and new calls were launched at the end of 2016.

The full Country Assessment Note can be found at: www.oecd.org/cfe/leed/inclusive-entrepreneurship.htm.

Key inclusive entrepreneurship data

Figure 14.1. **Entrepreneurship and self-employment data for the Czech Republic**



Notes: 1. The self-employment rate is defined as the number of self-employed people (15-64 years old) divided by the number of people in employment. 2. The TEA rate is the proportion of adults (18-64 years old) involved in setting up a business or managing a business that is less than 42 months old. 3. Necessity entrepreneurship is defined as entrepreneurship activities that were launched because the individual did not have other options in the labour market. 4. Early-stage entrepreneurs are those who are in the process of setting up a business or manage a business that is less than 42 months old. 5. In Panels B, C, D, E and F, the population covered are those 18-64 years old.

Sources: Panel A: Eurostat (2017), Labour Force Survey, available at: <http://ec.europa.eu/eurostat/web/lfs/data/database>; Panels B, C, D, E, and F: GEM (2017), Special tabulations of the Global Entrepreneurship Monitor adult population survey, 2012-16.

StatLink <http://dx.doi.org/10.1787/888933625148>

Inclusive entrepreneurship trends and policies in Denmark

This profile briefly reports on self-employment and entrepreneurship activities by women, youth and seniors in Denmark and highlights recent policy developments in inclusive entrepreneurship such as the recent expansion of entrepreneurship education for youth.

Key trends: In 2016, the self-employment rate was approximately half of the rate across the European Union (7.7% vs. 14.0% for the EU). The self-employment rate for women was 4.9% in 2016, which was half of the rate for men (10.2%). Approximately 5.4% of the adult population (18-64 years old) in Denmark were involved in starting a new business or operating a new business (less than 42 months old) between 2012 and 2016 relative to 6.7% of the European Union population (i.e. Total early-stage Entrepreneurial Activity rate). This small gap was also observed for women, youth and seniors. However, women were much less likely than men to indicate that they have the skills to start a business (23.7% vs 42.0% for men). Similarly, only one-quarter of youth reported that they have sufficient skills to start a business. Nonetheless, entrepreneurs from all groups in Denmark were much more likely to self-report that they exploit innovative products and services in their businesses than the European Union average (45.6% vs. 28.9% for the EU).

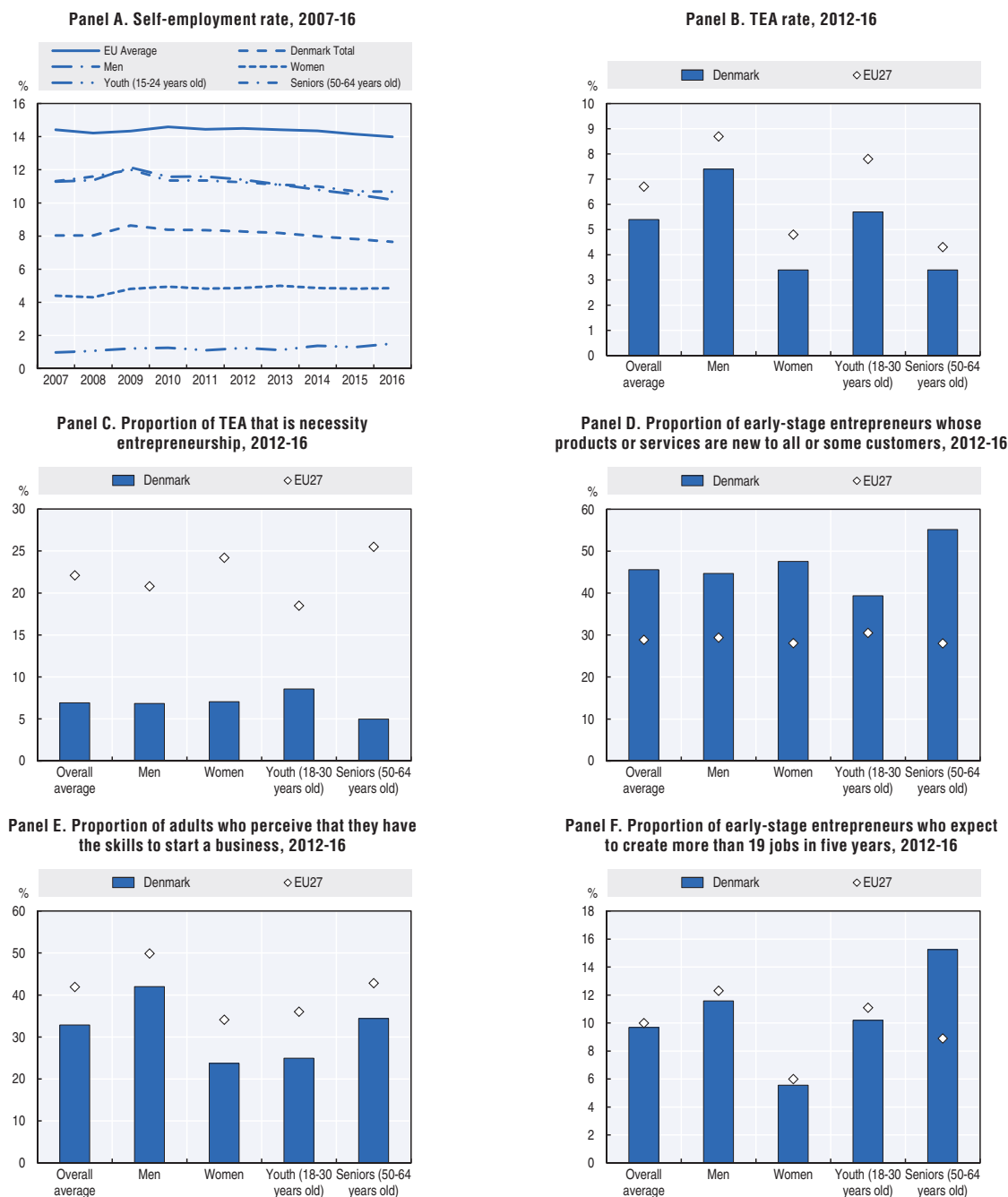
Hot issue: Mainstream approaches open to all entrepreneurs are currently favoured over tailored approaches that seek to address the unique barriers of different target groups, which has led to policy discussions on how to ensure that disadvantaged groups access these services. Despite the focus of entrepreneurship policies on innovation and growth, few youth and women entrepreneurs expect to create a substantial number of jobs with their new business. This calls for more tailored actions to stimulate growth motivations for these groups and to offer more support services. Increasing the mentoring and advisory services can also help existing initiatives provide more tailored support to address the unique barriers faced by different entrepreneurs. This is identified as an area for improvement in nearly all programme evaluations.

Recent policy developments: Current entrepreneurship priorities and objectives are outlined in the 2016 “White Paper on Growth and Competitiveness”. This document highlights priority areas such as growth, innovation and the digital economy. It does not, however, indicate clear objectives and targets for inclusive entrepreneurship. One exception is the aim to increase the availability of entrepreneurship education and business start-up support for youth – an effort which dates back to 2010 and the establishment of the Danish Foundation for Entrepreneurship. Danish higher education institutions, vocational colleges and schools provide entrepreneurship education and training, as well as advisory services and incubators. Most universities offer entrepreneurship courses as well as a range of business start-up supports, including business incubators, advisory services, networking and mentoring. Some universities, such as the Technical University of Denmark, also offer a range of financial supports. Entrepreneurship education and training offered through the education system is supported by The Danish Fund for Entrepreneurship, a private company that is supported by four ministries, provides training programmes for entrepreneurship education at all levels, from primary school to PhD students and also operates a micro grant scheme, where student entrepreneurs may apply for grants of up to DKK 50 000 (approximately EUR 7 000). The Fund also provides a network for entrepreneurship teachers and trainers. An evaluation of the Fund concluded that entrepreneurship should be taught early on in schools and focus is needed equally on cognitively-oriented entrepreneurial skills and non-cognitive entrepreneurial skills.

The full Country Assessment Note can be found at: www.oecd.org/cfe/leed/inclusive-entrepreneurship.htm.

Key inclusive entrepreneurship data

Figure 15.1. Entrepreneurship and self-employment data for Denmark



Notes: 1. The self-employment rate is defined as the number of self-employed people (15-64 years old) divided by the number of people in employment. 2. The TEA rate is the proportion of adults (18-64 years old) involved in setting up a business or managing a business that is less than 42 months old. 3. Necessity entrepreneurship is defined as entrepreneurship activities that were launched because the individual did not have other options in the labour market. 4. Early-stage entrepreneurs are those who are in the process of setting up a business or manage a business that is less than 42 months old. 5. In Panels B, C, D, E and F, the population covered are those 18-64 years old.

Sources: Panel A: Eurostat (2017), Labour Force Survey, available at: <http://ec.europa.eu/eurostat/web/lfs/data/database>; Panels B, C, D, E, and F: GEM (2017), Special tabulations of the Global Entrepreneurship Monitor adult population survey, 2012-16.

StatLink <http://dx.doi.org/10.1787/888933625167>

Inclusive entrepreneurship trends and policies in Estonia

This profile presents data on the self-employment and entrepreneurship activities by women, youth and seniors in Estonia and notes recent policy actions to support youth and women's entrepreneurship.

Key trends: The self-employment rate was 9.5% in 2016, which was the highest rate since 2006. However, the proportion of the working population that are self-employed was below the European Union average (14.0% in 2016). Men were twice as likely to be self-employed as women in 2016 (12.1% vs. 6.7% for women). The self-employment rate for seniors was similar to the national average (9.4% in 2016) while youth had a very low self-employment rate (2.4% in 2013). Despite the lower than average self-employment rates, the Total early-stage Entrepreneurial Activities (TEA) rate in Estonia was above the European Union average for 2016 (13.1% vs. 6.7% for the EU), suggesting that many people are active in trying to start a business but few are successful in building sustainable businesses. Men had a TEA rate that was substantially higher than women in this period (16.7% vs. 9.6% for women). Youth were the most active social target group in starting a business or operating a new business (19.3%), while seniors had low rates of entrepreneurial activity (5.4%). Nearly one-fifth of Estonian entrepreneurs (16.2%) were motivated to start their business because they had no better options for work in 2016. This was lower than the European Union average (16.2% vs. 22.1% for the EU).

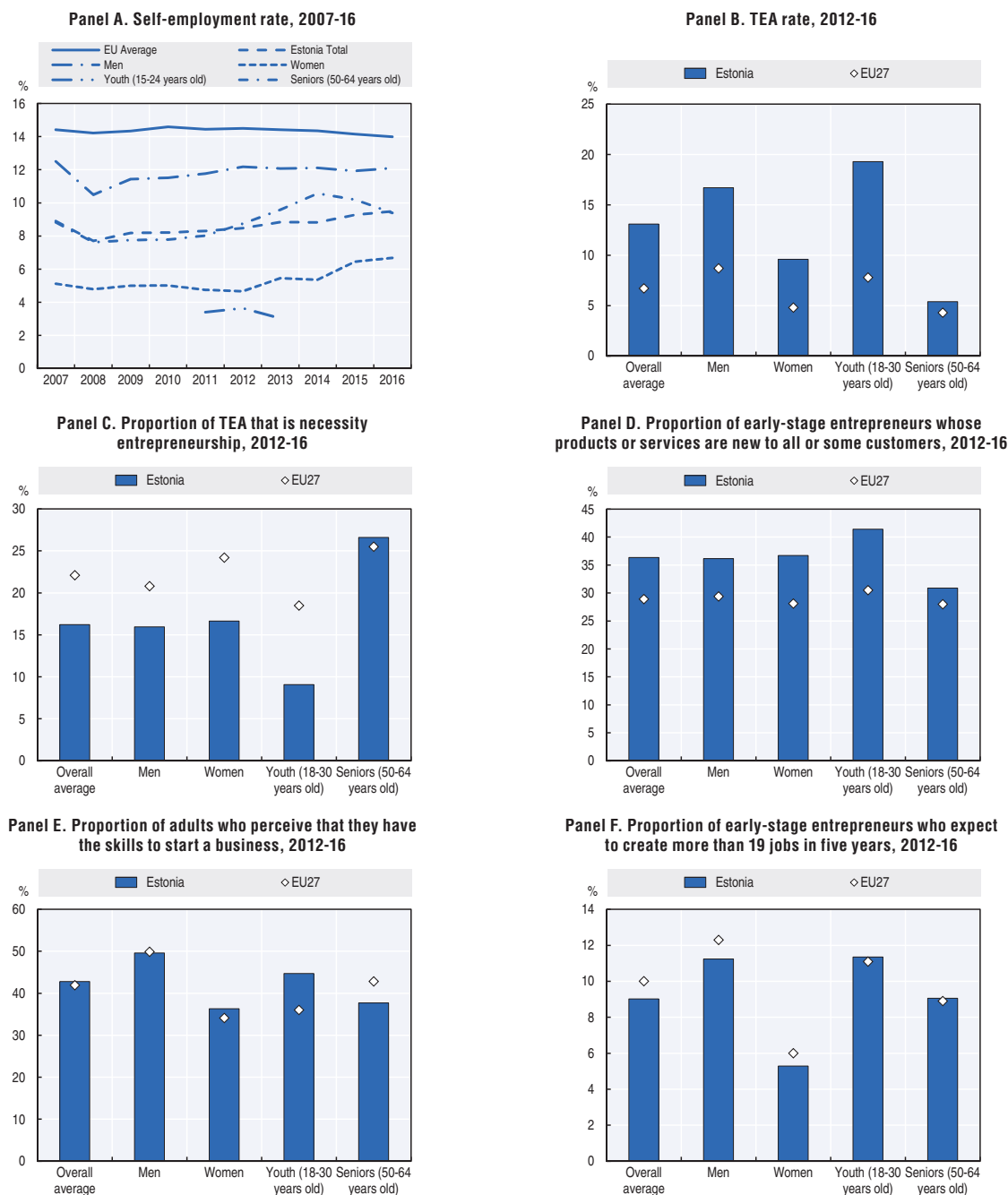
Hot issue: One of the current gaps in the inclusive entrepreneurship support system is that youth entrepreneurship support focuses on innovative start-ups and there are few initiatives to support those not in employment, education or training (NEETs). Further, there is an ongoing policy debate about the extent to which business transfers can be used to support youth entrepreneurship in addition to helping senior entrepreneurs transition into retirement.

Recent policy developments: SME and entrepreneurship policy in Estonia is outlined in its Enterprise Growth Strategy 2014-2020, and focuses on supporting innovative and high-growth start-ups and SMEs. The principal policy objective is to increase the growth potential of the Estonian economy through SME innovation, digitalisation of the economy and boosting productivity. While there are no tailored entrepreneurship measures for groups that are under-represented or disadvantaged in the labour market, the Enterprise Growth Strategy includes some measures to strengthen entrepreneurship education and to promote innovative financing instruments. These actions are relevant for potential youth entrepreneurs, as well as those from disadvantaged groups since they are more likely to have difficulty accessing financing. In addition to this strategy, the Welfare Development Plan 2016-2023 outlines actions on women's entrepreneurship. It indicates an intention to examine the factors behind the low level of entrepreneurial activities by women and also foresees some small-scale promotional activities to encourage women's entrepreneurship.

The full Country Assessment Note can be found at: www.oecd.org/cfe/leed/inclusive-entrepreneurship.htm.


Key inclusive entrepreneurship data

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



Notes: 1. The self-employment rate is defined as the number of self-employed people (15-64 years old) divided by the number of people in employment. 2. The TEA rate is the proportion of adults (18-64 years old) involved in setting up a business or managing a business that is less than 42 months old. 3. Necessity entrepreneurship is defined as entrepreneurship activities that were launched because the individual did not have other options in the labour market. 4. Early-stage entrepreneurs are those who are in the process of setting up a business or manage a business that is less than 42 months old. 5. In Panels B, C, D, E and F, the population covered are those 18-64 years old.

Sources: Panel A: Eurostat (2017), Labour Force Survey, available at: <http://ec.europa.eu/eurostat/web/lfs/data/database>; Panels B, C, D, E, and F: GEM (2017), Special tabulations of the Global Entrepreneurship Monitor adult population survey, 2012-16.

StatLink  <http://dx.doi.org/10.1787/888933625186>

Inclusive entrepreneurship trends and policies in Finland

This profile presents key indicators on self-employment and entrepreneurship activities by women, youth and seniors in Finland, and briefly describes key actions undertaken under the Entrepreneurship Package that are relevant for inclusive entrepreneurship.

Key trends: The self-employment rate was approximately equal to the European Union average in 2016 (12.4% vs. 14.0% for the EU). Despite this similarity, Finnish people were slightly less likely than the EU average to expect to create a business over the next three years during the 2012-16 period (10.7% vs. 13.0% for the EU). This gap was particularly large for youth (15.6% vs. 21.3% for the EU), although interest towards entrepreneurship has increased in this age group with 20% of students reporting that they were likely to start their own business. Despite Finnish women being more highly educated than men and the country generally considered to be a leader in achieving gender equality in the labour force, the rate of self-employment (8.2%) was only half that of men (16.4%). However, new women entrepreneurs were nearly as likely as new men entrepreneurs, and as likely as the EU average, to report that they introduced new products and services over the 2012-16 period.

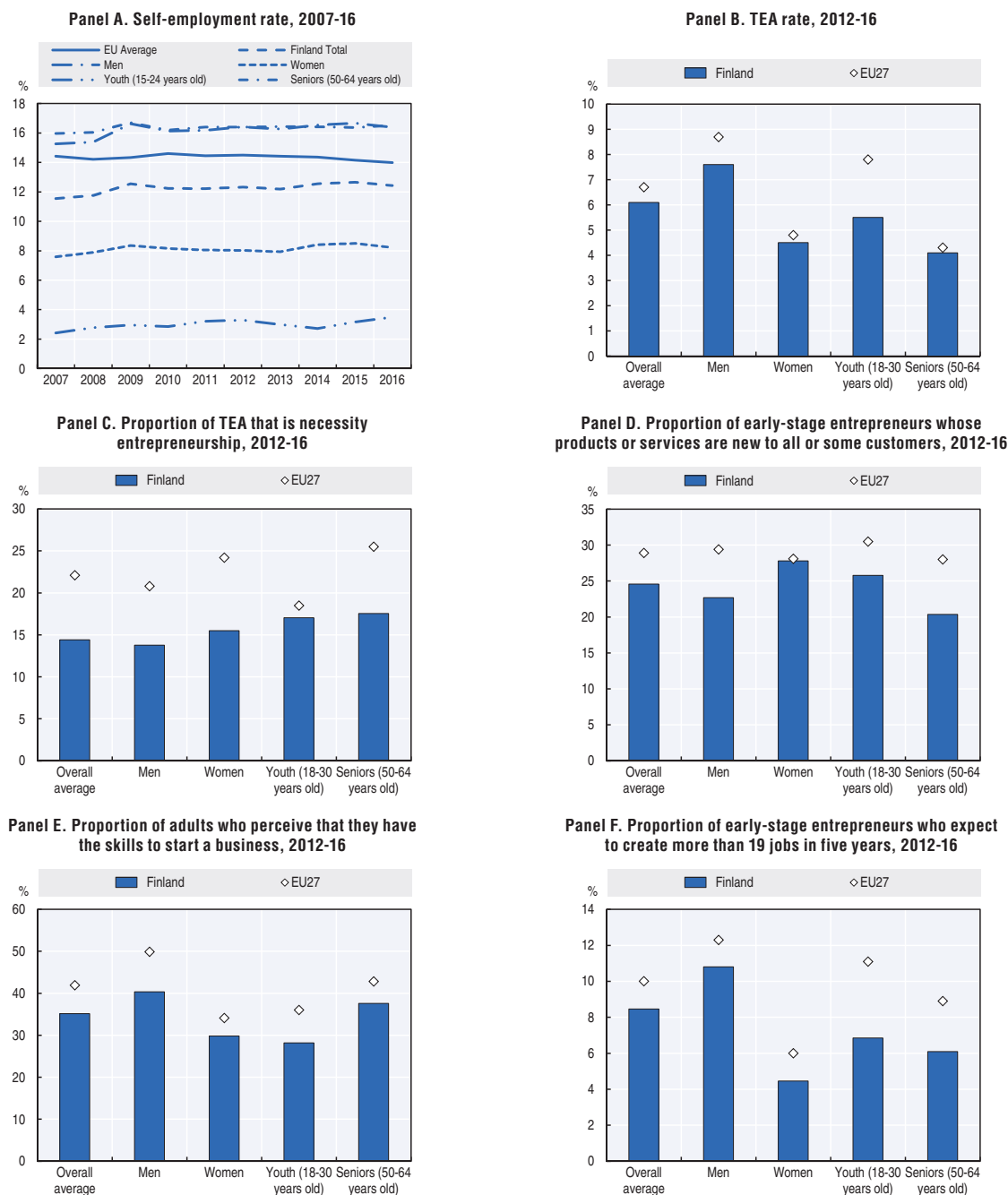
Hot issue: There is a current policy debate on the role of the benefits system in facilitating or hindering entrepreneurship. Despite a number of recent changes in the regulations, the benefits regime continues to be a barrier and this is particularly important for disadvantaged groups, as they are often benefits recipients. Many potential entrepreneurs from these groups may risk losing their benefits-based income level – even if the business fails. In addition, the mandatory social security insurance (YEL) imposes a fixed cost that is not sensitive to fluctuations in business income, which can be disadvantageous in the early phases of small-scale business activity. More flexible benefits and YEL systems would facilitate a lower threshold for exploring entrepreneurship.

Recent policy developments: Supporting and promoting entrepreneurship is a policy priority for the government. Key actions include measures in the 2017 Budget, the recently launched “Entrepreneurship Package” and the 26 “key projects”, which assess the need for policy actions and will be completed in 2017. They will be used as a basis for developing measures to encourage more disadvantaged individuals to start-up in business. Several of the key projects are relevant for inclusive entrepreneurship policy, including the projects “Strengthening competitiveness by improving conditions for business and entrepreneurship”, “Youth guarantee towards community guarantee” and “Career opportunities for people with partial work ability.” The first is a general assessment of the entrepreneurial environment while the latter two projects assess the labour market conditions for youth and people with disabilities, covering self-employment. In addition, the government is planning regulatory changes in 2017 under the “Entrepreneurship Package” to allow unemployment benefits to be used for starting a business. This means that the unemployed would continue to receive the benefits despite their engagement in entrepreneurship. This will also help in tempering fluctuations in income in the early phases of business development.

The full Country Assessment Note can be found at: www.oecd.org/cfe/leed/inclusive-entrepreneurship.htm.


Key inclusive entrepreneurship data

Figure 17.1. Entrepreneurship and self-employment data for Finland



Notes: 1. The self-employment rate is defined as the number of self-employed people (15-64 years old) divided by the number of people in employment. 2. The TEA rate is the proportion of adults (18-64 years old) involved in setting up a business or managing a business that is less than 42 months old. 3. Necessity entrepreneurship is defined as entrepreneurship activities that were launched because the individual did not have other options in the labour market. 4. Early-stage entrepreneurs are those who are in the process of setting up a business or manage a business that is less than 42 months old. 5. In Panels B, C, D, E and F, the population covered are those 18-64 years old.

Sources: Panel A: Eurostat (2017), Labour Force Survey, available at: <http://ec.europa.eu/eurostat/web/lfs/data/database>; Panels B, C, D, E, and F: GEM (2017), Special tabulations of the Global Entrepreneurship Monitor adult population survey, 2012-16.

StatLink  <http://dx.doi.org/10.1787/888933625205>

Inclusive entrepreneurship trends and policies in France

This profile presents data on self-employment and entrepreneurship activities by women, youth and seniors in France, and also notes recent developments in inclusive entrepreneurship policy, including new actions to support entrepreneurs in deprived areas.

Key trends: The self-employment rate in France was slightly below the European Union average in 2016 (11.0% vs. 14.0% for the EU). This holds for all of the key under-represented and disadvantaged groups (i.e. women, youth, seniors). Similarly, people from these groups were less likely to be engaged in early-stage entrepreneurship activities (i.e. starting a new business or operating a business that is less than 42 months old). This gap was greatest for youth (7.8% vs. 5.7% for the EU). Unemployment in France has been steadily increasing since the onset of the economic crisis. In 2008, the unemployment rate was 7.1% and it reached 10.1% in 2016. Of those involved in starting and running new businesses, nearly 15% were doing so because they had no other opportunities in the labour market. Seniors were the most likely to be entrepreneurs out of “necessity” (20.9%) and youth the least likely (13.1%). Women were more likely than men to be involved in entrepreneurship due to a lack of other opportunities (18.6% vs. 12.5% for men).

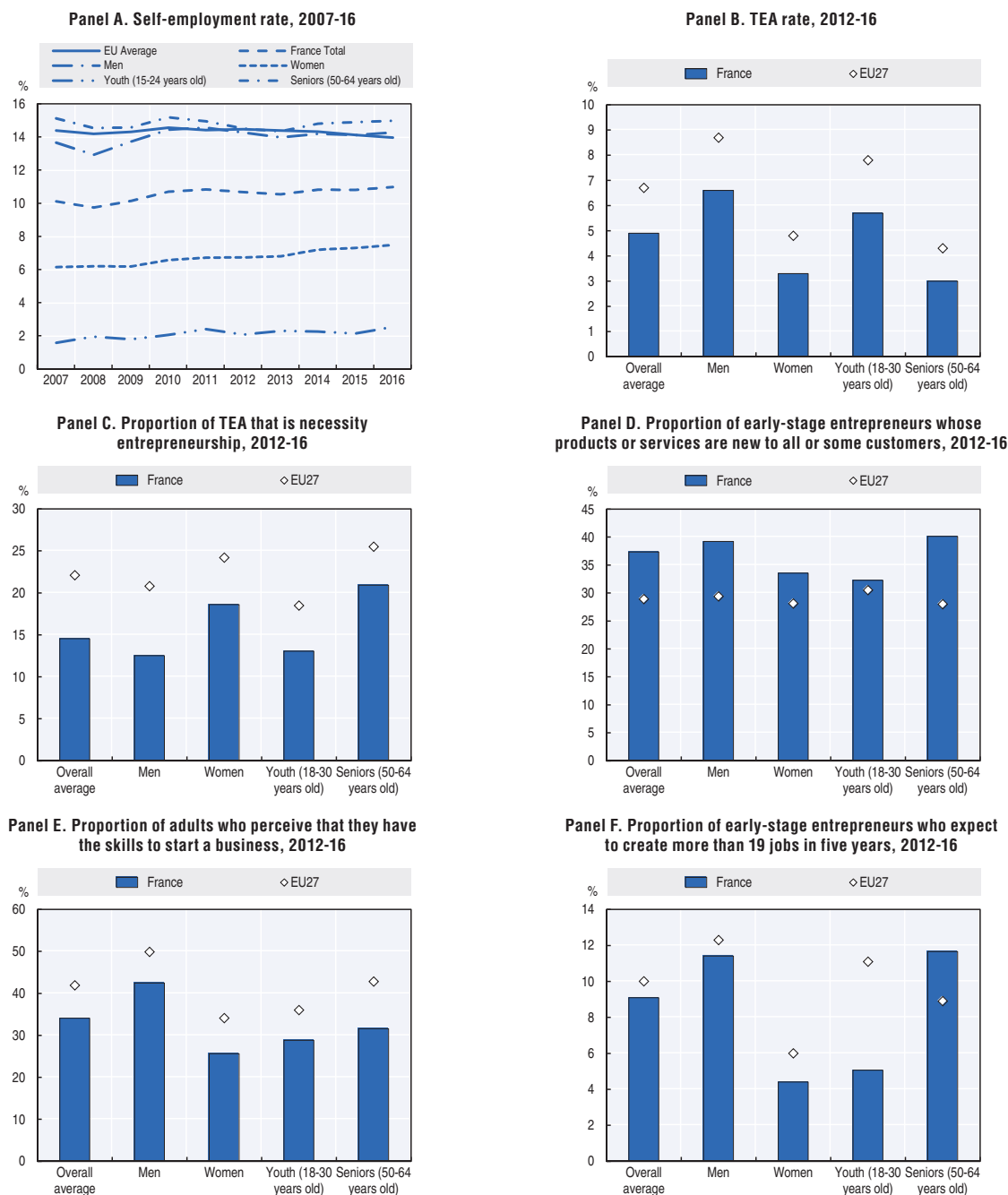
Hot issue: Although there are currently no major gaps in the inclusive entrepreneurship support system, there is a need to put more attention on monitoring and evaluation so that policy makers have a better understanding about the impact and efficiency of the various support measures and schemes. A very large amount of funding goes into business start-up support but it is not known which measures make the greatest impact. Ongoing monitoring of participants, results and costs appears to be uncommon and more sophisticated evaluation studies do not appear to be regular. The only exceptions are schemes that help the unemployed to create and acquire businesses, which are monitored by the Employment Centre and the Directorate for Research, Studies and Statistics, a government department that is under the auspices of the Ministry of Labour, Employment, Vocational Training and Social Dialogue. Evaluations often point to a confusion between the cost of managing the measures (i.e. operating costs of public and private organisations when the latter are subsidised) and costs corresponding to financing actions (e.g. payment of a grant or expenditure on tax and social security exemptions).

Recent policy developments: For the past decade, policies that support business creation have been based on three main categories of support: i) aid to people in need, ii) aid to areas in need, iii) aid offered to innovative businesses. Recent policy actions seek to increase entrepreneurship support for potential entrepreneurs in deprived regions. The Entrepreneurship Agency aims to facilitate access to entrepreneurship by supporting all those who wish to create and develop their business, particularly in deprived regions, where the provision of support and funding is currently inadequate. It will also attempt to remove legal and administrative constraints on creating and taking over businesses by mobilising and co-ordinating social partners. The Agency plans to increase the amount of business start-up support available in identified deprived regions by 50% by 2018.

The full Country Assessment Note can be found at: www.oecd.org/cfe/leed/inclusive-entrepreneurship.htm.


Key inclusive entrepreneurship data

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



Notes: 1. The self-employment rate is defined as the number of self-employed people (15-64 years old) divided by the number of people in employment. 2. The TEA rate is the proportion of adults (18-64 years old) involved in setting up a business or managing a business that is less than 42 months old. 3. Necessity entrepreneurship is defined as entrepreneurship activities that were launched because the individual did not have other options in the labour market. 4. Early-stage entrepreneurs are those who are in the process of setting up a business or manage a business that is less than 42 months old. 5. In Panels B, C, D, E and F, the population covered are those 18-64 years old.

Sources: Panel A: Eurostat (2017), Labour Force Survey, available at: <http://ec.europa.eu/eurostat/web/lfs/data/database>; Panels B, C, D, E, and F: GEM (2017), Special tabulations of the Global Entrepreneurship Monitor adult population survey, 2012-16.

StatLink  <http://dx.doi.org/10.1787/888933625224>

Inclusive entrepreneurship trends and policies in Germany

This profile presents inclusive entrepreneurship indicators for Germany, including self-employment and entrepreneurship activities by women, youth and seniors. It also reports recent inclusive entrepreneurship policy actions including two new programmes for migrant entrepreneurs

Key trends: The self-employment rate was lower in Germany than the European Union average in 2016 (9.3% vs. 14.0% for the EU). The proportion of people involved in setting up or managing a new business (i.e. Total early-stage Entrepreneurial Activity rate, or TEA rate) was also slightly below the EU average over the 2012-16 period (5.8% vs. 6.7% for the EU). The proportion of these new entrepreneurs driven by a lack of other opportunities in the labour market (19.7%) was below the EU average (22.1%). While this is true for all key social target groups, 22.9% of women and 21.5% seniors active in pre start-up activities or managing a new business were driven by necessity, while men (18.1%) and youth (16.3%) were less likely to report a lack of other opportunities in the labour market. Overall, Germans were as likely as the EU average to perceive that they had sufficient skills and knowledge to start a business over this period (41.4% vs. 41.9% for the EU). However, only 28.0% of youth reported not having the skills to start a business, which was below the EU average (36.0%).

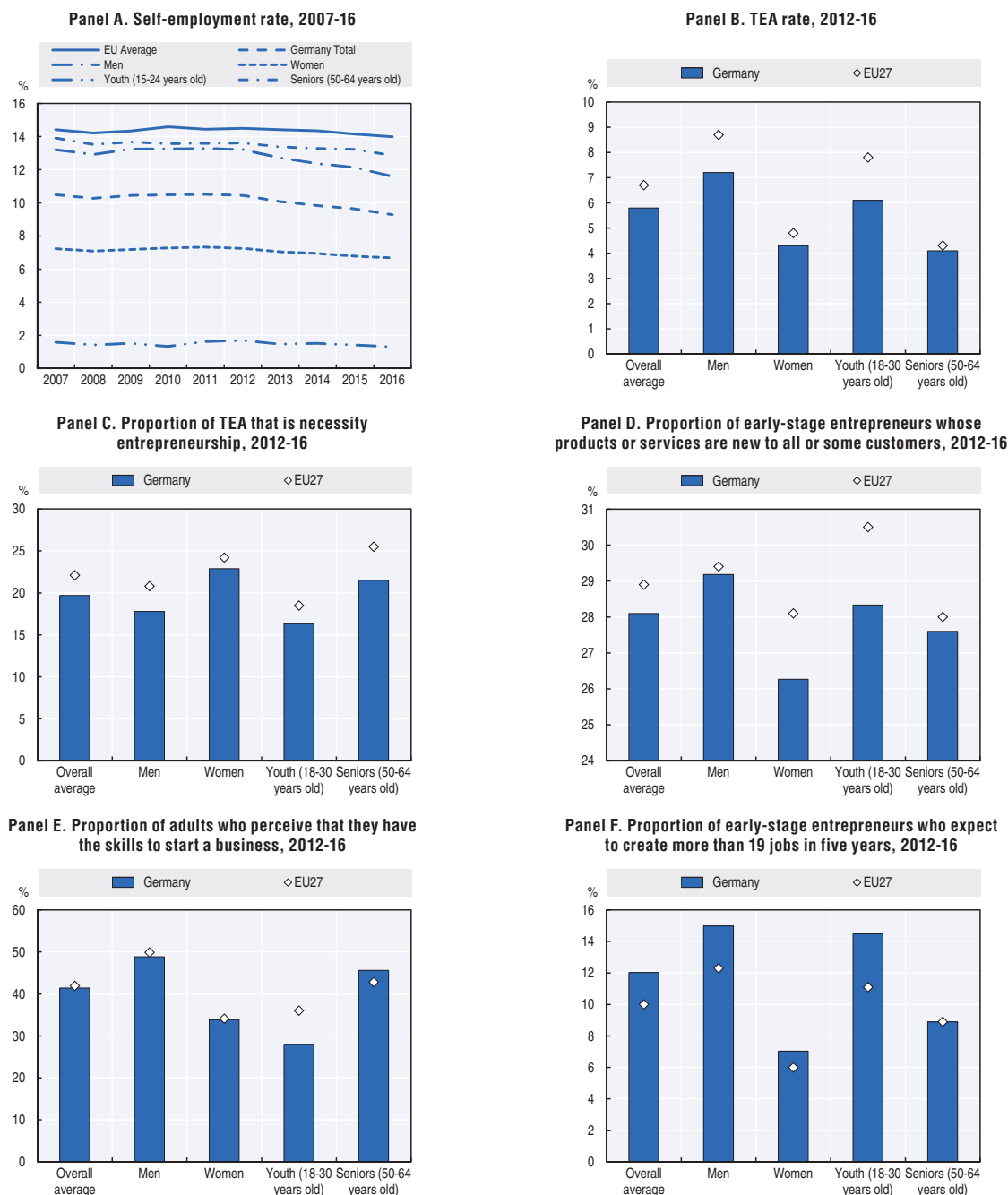
Hot issue: A key inclusive entrepreneurship issue is to further develop entrepreneurship policies and programmes for low-skilled youth and youth in the vocational training system. While entrepreneurship programmes in higher education are well-developed, more can be done to support youth in other levels of the education system. Entrepreneurship is especially relevant for young people in vocational training since many will go on to self-employment.

Recent policy developments: Emphasis on migrant entrepreneurship has increased due to the high number of refugees who entered Germany in 2015 and 2016. Support to migrant entrepreneurs is provided through the Network “Integration through Qualification (IQ)” (IQ Netzwerk). Since 2005, the Network has been working to improve employment opportunities for people with a migrant background. Programmes of the network are delivered through 16 regional networks (one for each federal state). In addition, various stakeholders endeavour to raise awareness for the significance of self-employment and inclusive entrepreneurship. Besides the regional networks, there are five competence centres dedicated to migrant-specific concerns at the federal level. They provide expert advice and assistance to the regional networks. These centres develop training schemes, instruments and policy recommendations for integrating migrants into the labour market. In addition, the project Business Creation for Female Migrants (*Migrantinnengründen Existenzgründung von Migrantinnen*) started in January 2015, funded by the Ministry for Family Affairs, Senior Citizens, Women and Youth. It supports women from all ethnic backgrounds with mentoring and accompanying entrepreneurship activities consisting of individual consultations, workshops, and networking activities. Entrepreneurship training for immigrant entrepreneurs is widely available and often of very high quality. Information on business start-up and training programmes are often available in several languages and can be accessed through Chambers of Commerce and Crafts and other local actors such as the Immigration Office (*Ausländerbehörde*).

The full Country Assessment Note can be found at: www.oecd.org/cfe/leed/inclusive-entrepreneurship.htm.


Key inclusive entrepreneurship data

Figure 19.1. Entrepreneurship and self-employment data for Germany



Notes: 1. The self-employment rate is defined as the number of self-employed people (15-64 years old) divided by the number of people in employment. 2. The TEA rate is the proportion of adults (18-64 years old) involved in setting up a business or managing a business that is less than 42 months old. 3. Necessity entrepreneurship is defined as entrepreneurship activities that were launched because the individual did not have other options in the labour market. 4. Early-stage entrepreneurs are those who are in the process of setting up a business or manage a business that is less than 42 months old. 5. In Panels B, C, D, E and F, the population covered are those 18-64 years old.

Sources: Panel A: Eurostat (2017), Labour Force Survey, available at: <http://ec.europa.eu/eurostat/web/lfs/data/database>; Panels B, C, D, E, and F: GEM (2017), Special tabulations of the Global Entrepreneurship Monitor adult population survey, 2012-16.

StatLink  <http://dx.doi.org/10.1787/888933625243>

Inclusive entrepreneurship trends and policies in Greece

This profile presents key data on self-employment and entrepreneurship by women, youth and seniors in Greece and also highlights recent inclusive entrepreneurship policy actions including new initiatives to support the unemployed in business creation.

Key trends: The economic recession had a major impact on the Greek labour market and unemployment was considerably above the European Union average in 2016 (23.7% vs. 8.7% for the EU), particularly high among youth (47.3%). Self-employment is quite pronounced and Greeks were much more likely than other European Union citizens to be self-employed in 2016 (29.5% vs. 14.0% for the EU). In particular, more than four out of ten seniors were self-employed (42.4%). The Total early-stage Entrepreneurial Activities (TEA) rate indicates that Greek adults were as likely as than adults across the European Union over the 2012-16 period to be active in starting a business or operating a new business (less than 42 months old). This result holds across most of the population groups although seniors were the most active in business creation (5.2% vs. 4.3% for the EU). A relatively high proportion of new entrepreneurship activity over this period was, however, driven by people who did not have other employment opportunities (29.9% vs. 22.1% for the EU). More than one-third of women and senior entrepreneurs were driven by necessity (35.5% for women and 31.3% for seniors).

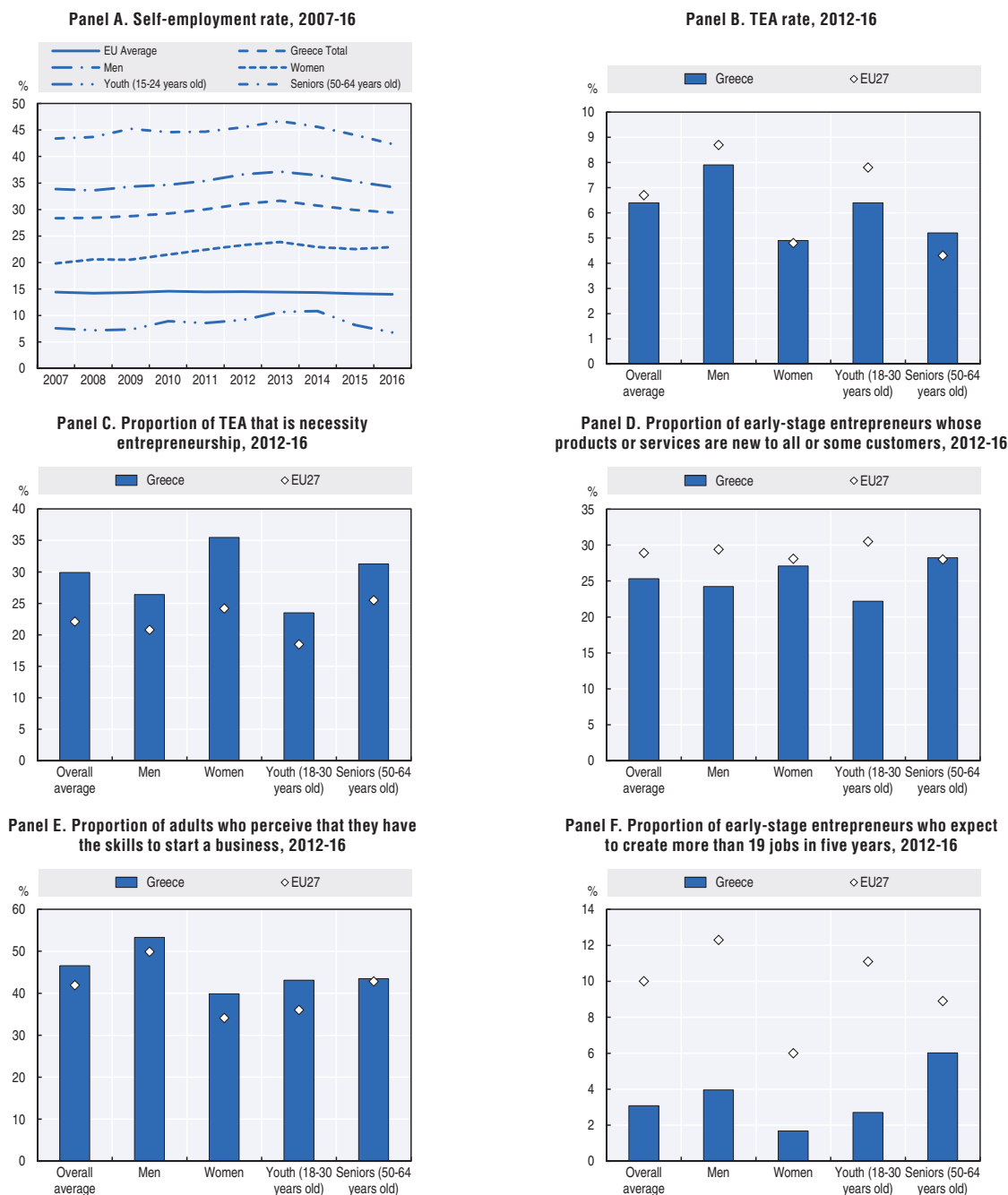
Hot issue: Women entrepreneurs appear to be struggling to achieve their potential as few are successfully starting innovative enterprises that will be able to generate additional employment. Some of the key barriers that they face include a lack of management, marketing, and ICT skills. However, this likely reflects the broader trend of women also avoiding innovative sectors in employment and education. Therefore, policy makers need to focus on providing role models to young women to encourage them to pursue studies in innovative fields. Business start-up support can also be strengthened for women in these fields with mentoring and improved access to finance.

Recent policy developments: The Greek Government has developed a relatively large number of initiatives focusing directly on strengthening entrepreneurship, including for some of the under-represented and disadvantaged groups. A new initiative aimed at the unemployed is the “Start-Up Entrepreneurship” Programme was launched in February 2016 and aims to support the creation of micro and small businesses with innovative business plans through selective grants. Potential beneficiaries of the action are people born before 1991 who are unemployed and registered with the public employment service unemployment registry at the time of application submission, or pursue a professional activity of providing services and do not have a salaried employment relationship. There have also been recent actions to improve access to finance for disadvantaged groups. In May 2016, the European Investment Fund and the Co-operative Bank of Karditsa signed the first guarantee agreement aimed at supporting micro-enterprises in Greece under the EU Programme for Employment and Social Innovation (EaSI). The EaSI agreement signed with Co-operative Bank of Karditsa will cover a loan portfolio of EUR 5 million for over 300 micro-borrowers targeting mainly farmers, young unemployed borrowers, co-operatives and social enterprises, as well as micro businesses active in the green economy.

The full Country Assessment Note can be found at: www.oecd.org/cfe/leed/inclusive-entrepreneurship.htm.

Key inclusive entrepreneurship data

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



Notes: 1. The self-employment rate is defined as the number of self-employed people (15-64 years old) divided by the number of people in employment. 2. The TEA rate is the proportion of adults (18-64 years old) involved in setting up a business or managing a business that is less than 42 months old. 3. Necessity entrepreneurship is defined as entrepreneurship activities that were launched because the individual did not have other options in the labour market. 4. Early-stage entrepreneurs are those who are in the process of setting up a business or manage a business that is less than 42 months old. 5. In Panels B, C, D, E and F, the population covered are those 18-64 years old.

Sources: Panel A: Eurostat (2017), Labour Force Survey, available at: <http://ec.europa.eu/eurostat/web/lfs/data/database>; Panels B, C, D, E, and F: GEM (2017), Special tabulations of the Global Entrepreneurship Monitor adult population survey, 2012-16.

StatLink <http://dx.doi.org/10.1787/888933625262>

Inclusive entrepreneurship trends and policies in Hungary

This profile includes key indicators on self-employment and entrepreneurship activities by women, youth and seniors in Hungary and highlight recent policy actions to support under-represented and disadvantaged groups in entrepreneurship, notably actions implemented through the Youth Guarantee.

Key trends: The self-employment rate was below the rate for the European Union in 2016 (10.0% vs. 14.0% for the EU). Men were more likely to be self-employed than women in 2016 (12.1% vs. 7.5% for the EU) and the rate for seniors was relatively high (14.1%). Nonetheless, the Total early-stage Entrepreneurial Activities (TEA) rate was slightly above the European Union average over the period 2012-16 (8.8% vs. 6.7%), suggesting that Hungarians were more active in starting and managing new businesses that are less than 42 months old. The TEA rate for women was substantially lower than the rate for men (5.7% vs. 12.0% for men) and youth were more active than seniors (9.3% vs. 5.9% for seniors). Nearly one-third (28.0%) of entrepreneurs indicated that they started their business out of necessity since they did not have other opportunities in the labour market between 2012 and 2016, which was above the EU average (22.1%). Women (36.5%) and seniors (40.1%) were more likely than the EU average to report starting their business out of necessity (24.2% for women and 25.5% for seniors). Youth, however, were as likely as the European Union average to start a business out of “necessity” (18.6% vs. 18.7%).

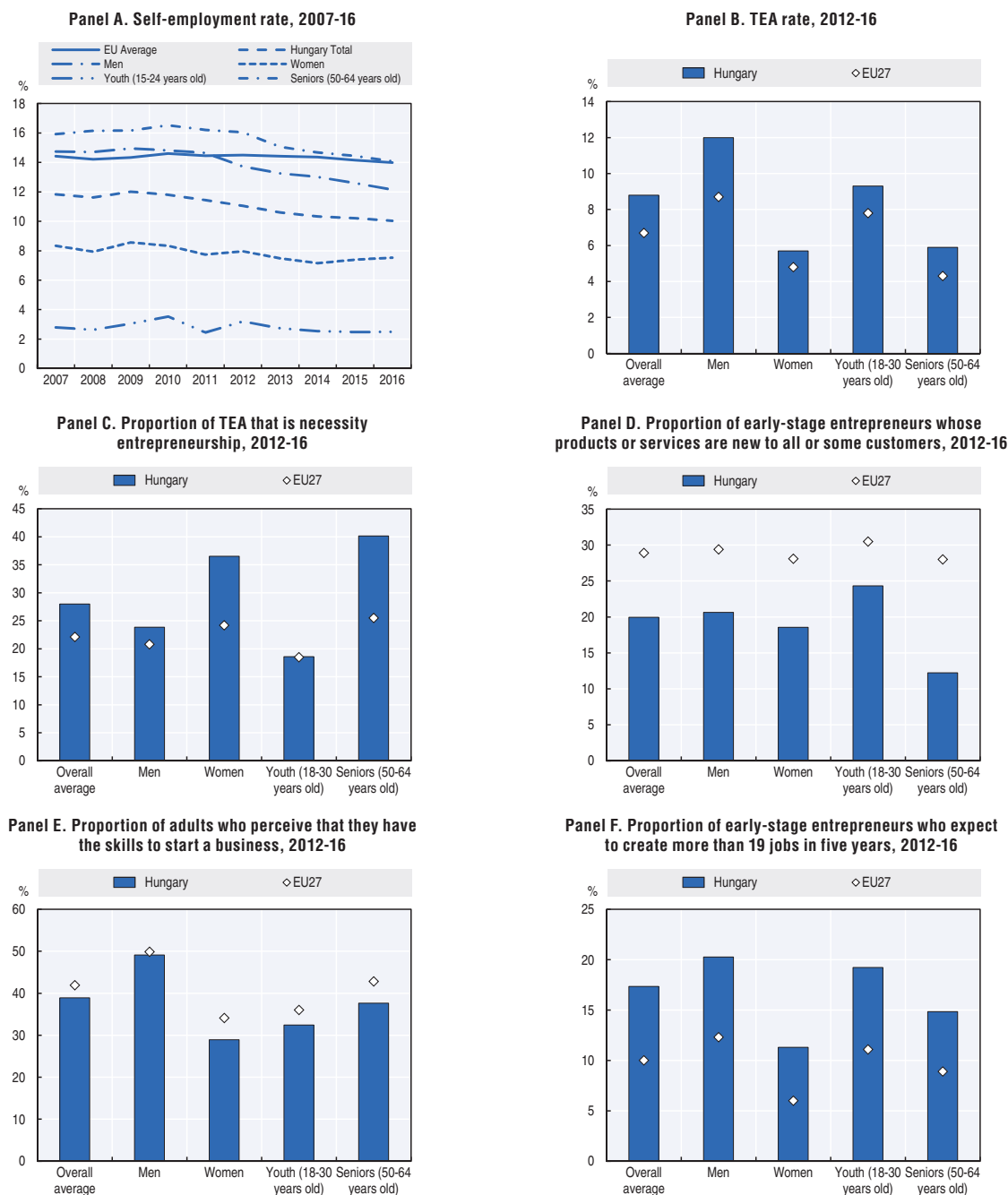
Hot issue: A key challenge in strengthening inclusive entrepreneurship support is to introduce more flexibility into the youth entrepreneurship support schemes funded by European Union funds. There is a danger that large programmes with a single path (i.e. a certain length of time for training, defined timing for setting up the business and the amount of finance required) will not suit all youth, which could lead to disenchantment. It would be helpful to build some flexibility into the programme to allow for entrepreneurs to move at different speeds and access different supports. In addition, the business environment in the convergence regions is materially different from that in Central Hungary and account should be taken of this in the design of the programme.

Recent policy developments: The National Youth Strategy 2009-24 was approved by the government in 2010 and was followed by a set of actions under the European Union's Youth Employment Initiative. Additional specific measures aiming at promoting youth self-employment have been designed under the Economic Development and Innovation Operational Programme 2014-20 and include training on business plan development and business management and start-up grants. It is envisaged that 6 300 young people will benefit from this support by 2020. Initial calls for proposals have been announced recently, seeking to provide start-up subsidies to 965 young entrepreneurs in the convergence regions and to 333 young entrepreneurs in the Central Hungarian region by 2019. In addition, the Youth Professional Forum was established in 2013 as a cross-ministerial co-ordination platform for the implementation of the National Youth Strategy. It co-ordinates the implementation of the strategy and has a dedicated Entrepreneurship Working Group, focusing on supporting youth in business creation. The mandate of the Forum was recently expanded to cover the promotion of young female participation, including the development of targeted measures for young women. Within the framework of the Forum, the Ministry for National Economy organised a collaborative roadshow in 2016 with the goal was of identifying the basic difficulties that are hindering the full integration of entrepreneurial and financial education into the curricula of the formal education system. Starting in the 2016-17 school year, there will be a thematic week about entrepreneurship and financial literacy in state schools.

The full Country Assessment Note can be found at: www.oecd.org/cfe/leed/inclusive-entrepreneurship.htm.


Key inclusive entrepreneurship data

Figure 21.1. Entrepreneurship and self-employment data for Hungary



Notes: 1. The self-employment rate is defined as the number of self-employed people (15-64 years old) divided by the number of people in employment. 2. The TEA rate is the proportion of adults (18-64 years old) involved in setting up a business or managing a business that is less than 42 months old. 3. Necessity entrepreneurship is defined as entrepreneurship activities that were launched because the individual did not have other options in the labour market. 4. Early-stage entrepreneurs are those who are in the process of setting up a business or manage a business that is less than 42 months old. 5. In Panels B, C, D, E and F, the population covered are those 18-64 years old.

Sources: Panel A: Eurostat (2017), Labour Force Survey, available at: <http://ec.europa.eu/eurostat/web/lfs/data/database>; Panels B, C, D, E, and F: GEM (2017), Special tabulations of the Global Entrepreneurship Monitor adult population survey, 2012-16.

StatLink  <http://dx.doi.org/10.1787/888933625281>

Inclusive entrepreneurship trends and policies in Ireland

This profile presents data on self-employment and entrepreneurship by key target groups of inclusive entrepreneurship policies in Ireland such as women, youth and seniors. It also briefly describes recent inclusive entrepreneurship policy actions such as the new measure “Training for Women Returning to the Workforce and Women’s Entrepreneurship.”

Key trends: Although the self-employment rate in Ireland was approximately equal to the European Union average in 2016 (14.6% vs. 14.0%), the self-employment rate for several of the key social target groups was below the EU average: women (6.9% vs. 9.9% for the EU) and youth (1.9% vs. 4.2% for the EU). Seniors, however, were more likely to be self-employed in 2016 (24.6% vs. 18.5% for the EU). Men were three times more likely than women to be self-employed (21.2% vs. 6.9% for women), which is a greater gap than in most European Union Member States. The Total early-stage Entrepreneurial Activities (TEA) rate was slightly higher than that of the European Union over the 2012-16 period (8.5% vs. 6.5% for the EU), suggesting that the Irish are more active in starting and managing businesses that are less than 42 months old. Men were much more active than women in starting a business or managing a new one over this period (11.3% vs. 5.6% for women).

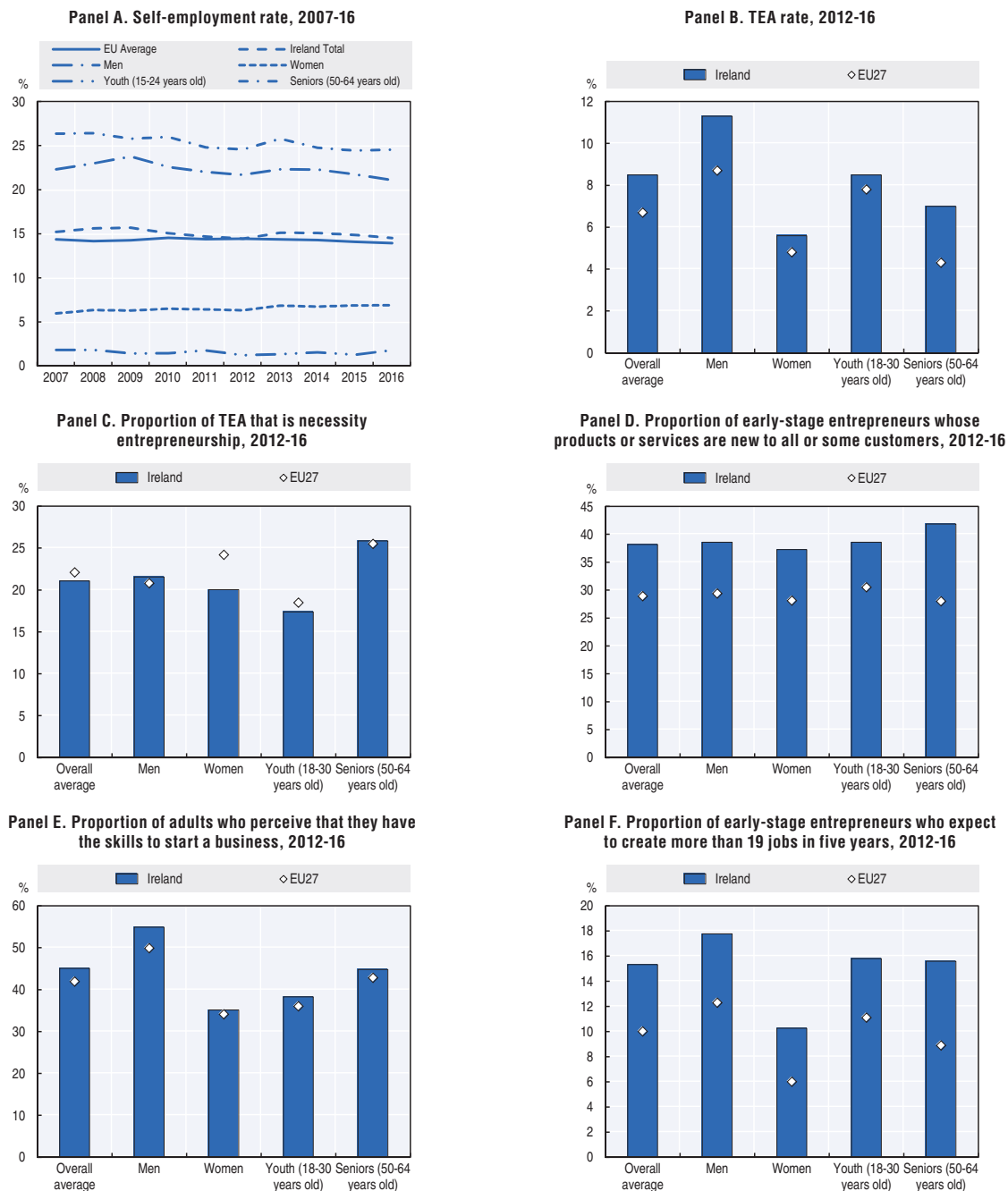
Hot issue: Gathering accurate data on business start-up rates based on gender is difficult because no agency has the responsibility for collecting and analysing this data. The situation has been exacerbated by the reduction of public budgets due to austerity measures. The Central Statistics Office could gather profile data of entrepreneurs that start a business, maintain a database regarding active and inactive businesses and publish annual reports utilising the profile information. Such information could support for future policy developments, notably on the integration of tailored inclusive entrepreneurship support measures in the National Policy Statement on Entrepreneurship.

Recent policy developments: Entrepreneurship policy in Ireland was part of broader SME policy until recent years when in 2013 the Minister for Jobs, Enterprise and Innovation established an advisory group – “Entrepreneurship Forum” – and asked it to offer recommendations on enhancing the rate of entrepreneurial activity. The Entrepreneurship Forum report (2014) led the Department of Jobs, Enterprise and Innovation to publish the first National Policy Statement on Entrepreneurship (2014). This document detailed the three primary goals to increase the number of start-ups by 25% (3 000 more start-ups per year); to increase the survival rate in the first five years by 25% (1 800 more business survivors per annum); and, to improve the capacity of start-ups to grow-to-scale by 25%). As a result, the Department incorporated numerous measures into the subsequent “Action Plan for Jobs” in 2015. These documents are the basic pillars of all entrepreneurship-related policy decisions in recent years and continue to influence enterprise support agencies and the development of the entrepreneurship ecosystem. For example the Gender Equality Division in the Department of Justice and Equality has successfully secured funding from the European Social Fund to operate a positive action measure for 2014-20, entitled “Training for Women Returning to the Workforce and Women’s Entrepreneurship.” The objective of the activity is to support a cohort of those women who are currently detached from the labour market (neither employed nor unemployed) in order to assist their return to the labour market. This will be done by offering them a locally delivered development course focusing on self-development and work related skills.

The full Country Assessment Note can be found at: www.oecd.org/cfe/leed/inclusive-entrepreneurship.htm.


Key inclusive entrepreneurship data

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



Notes: 1. The self-employment rate is defined as the number of self-employed people (15-64 years old) divided by the number of people in employment. 2. The TEA rate is the proportion of adults (18-64 years old) involved in setting up a business or managing a business that is less than 42 months old. 3. Necessity entrepreneurship is defined as entrepreneurship activities that were launched because the individual did not have other options in the labour market. 4. Early-stage entrepreneurs are those who are in the process of setting up a business or manage a business that is less than 42 months old. 5. In Panels B, C, D, E and F, the population covered are those 18-64 years old.

Sources: Panel A: Eurostat (2017), Labour Force Survey, available at: <http://ec.europa.eu/eurostat/web/lfs/data/database>; Panels B, C, D, E, and F: GEM (2017), Special tabulations of the Global Entrepreneurship Monitor adult population survey, 2012-16.

StatLink  <http://dx.doi.org/10.1787/888933625300>

Inclusive entrepreneurship trends and policies in Italy

This profile presents key data on self-employment and entrepreneurship activities by women, youth and seniors in Italy and highlights recent inclusive entrepreneurship actions including the SELFI Employment initiative that supports youth entrepreneurs.

Key trends: The self-employment rate was higher in Italy than the average for the European Union in 2016 (21.5% vs. 14.0% for the EU) and was particularly high for men (25.6%) and seniors (23.9%). At the same time the Total early-stage Entrepreneurial Activities (TEA) rate was low relative to the European Union average over the 2012-16 period (4.4% vs. 6.7%), indicating that Italians were less likely to be engaged in starting and managing businesses that are less than 42 months old. This was true for all social target groups but the gap was largest for youth (5.1% vs. 7.8% for the EU). Necessity-based entrepreneurship was very high over this period, which is consistent with the difficult labour market conditions. A higher proportion of entrepreneurs in Italy started their business because they lacked opportunities in the labour market than in the European Union (22.1% vs. 15.8% for the EU). This proportion was greatest for women, where nearly one-quarter (24.2%) started their business due to a lack of other opportunities relative to 11.5% in the EU.

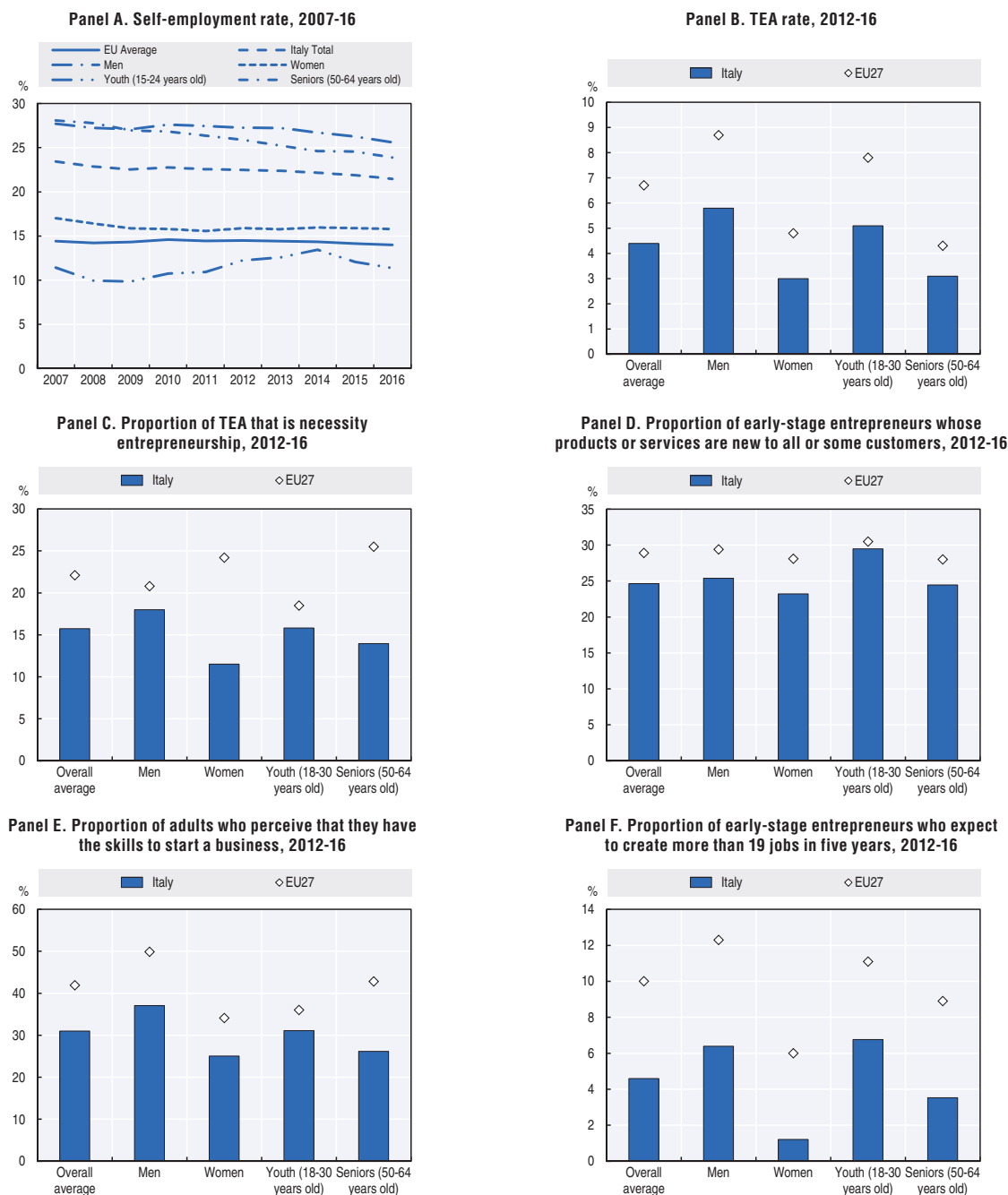
Hot issue: A current policy issue is the development of entrepreneurship education at primary and secondary school level. Schools have generally been slow to implement entrepreneurship education in response to the new law on schooling (Law 107/2015). The law aims to facilitate the establishment of short-term internships within private and public entities in high schools. This could open up the avenue for more systematic contacts between high schools and networks of start-up facilitators, taking place at the local level without the need for any additional legislation.

Recent policy developments: Youth entrepreneurship has been the focus of many recent initiatives given the high levels of youth unemployment. The Chambers of Commerce have set up a national network of one-stop shops (*Sportelli per l'imprenditoria giovanile*) to support youth entrepreneurs. This network provides young people a free service specifically dedicated to those who want to create a new firm. The service is focused on integrated guidance, training, mentoring, and support geared to the needs of start-ups and post start-ups. This includes improved access to credit, microcredit and national or regional public incentives. In practice, its interaction with other entities still has to be clarified, specifically with the Youth Guarantee Initiative (2014-20). About 5.7% of the resources of the Youth Guarantee are dedicated to the promotion of self-employment and entrepreneurship, mainly within the SELFI Employment initiative. This initiative is for youth 18-29 years old who seek to start a business. There are two steps in the initiative: i) training and coaching consultancy to figure out how to move from an entrepreneurial idea to a business plan and ii) facilitating access to financing, i.e. credit or to the SELFI Employment Fund. Further, participants are supported by a mentor.

The full Country Assessment Note can be found at: www.oecd.org/cfe/leed/inclusive-entrepreneurship.htm.

Key inclusive entrepreneurship data

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



Notes: 1. The self-employment rate is defined as the number of self-employed people (15-64 years old) divided by the number of people in employment. 2. The TEA rate is the proportion of adults (18-64 years old) involved in setting up a business or managing a business that is less than 42 months old. 3. Necessity entrepreneurship is defined as entrepreneurship activities that were launched because the individual did not have other options in the labour market. 4. Early-stage entrepreneurs are those who are in the process of setting up a business or manage a business that is less than 42 months old. 5. In Panels B, C, D, E and F, the population covered are those 18-64 years old.

Sources: Panel A: Eurostat (2017), Labour Force Survey, available at: <http://ec.europa.eu/eurostat/web/lfs/data/database>; Panels B, C, D, E, and F: GEM (2017), Special tabulations of the Global Entrepreneurship Monitor adult population survey, 2012-16.

StatLink <http://dx.doi.org/10.1787/888933625319>

Inclusive entrepreneurship trends and policies in Latvia

This profile presents data on self-employment and entrepreneurship activities by women, youth and seniors in Latvia and briefly describes recent policy actions to support inclusive entrepreneurship such as the development of a legal framework for social entrepreneurship.

Key trends: The self-employment rate was below the average rate for the European Union in 2016 (11.8% vs. 14.0% for the EU). However, the self-employment rate has increased over the last decade, whereas it was constant across the European Union. This was especially true for youth – the self-employment rate more than doubled over the last decade, increasing from 2.2% in 2006 to 5.1% in 2016. This upswing in self-employment activity was also reflected in the Total early-stage Entrepreneurial Activity (TEA) rate, which measures the proportion of adults involved in starting a business or managing a new business. The TEA rate was very high relative to the European Union average over the 2012-16 period (13.2% vs. 6.7% for the EU). Moreover, Latvian entrepreneurs appear to be more likely than the EU average to introduce new products and services, especially women (32.0% vs. 28.1% for the EU).

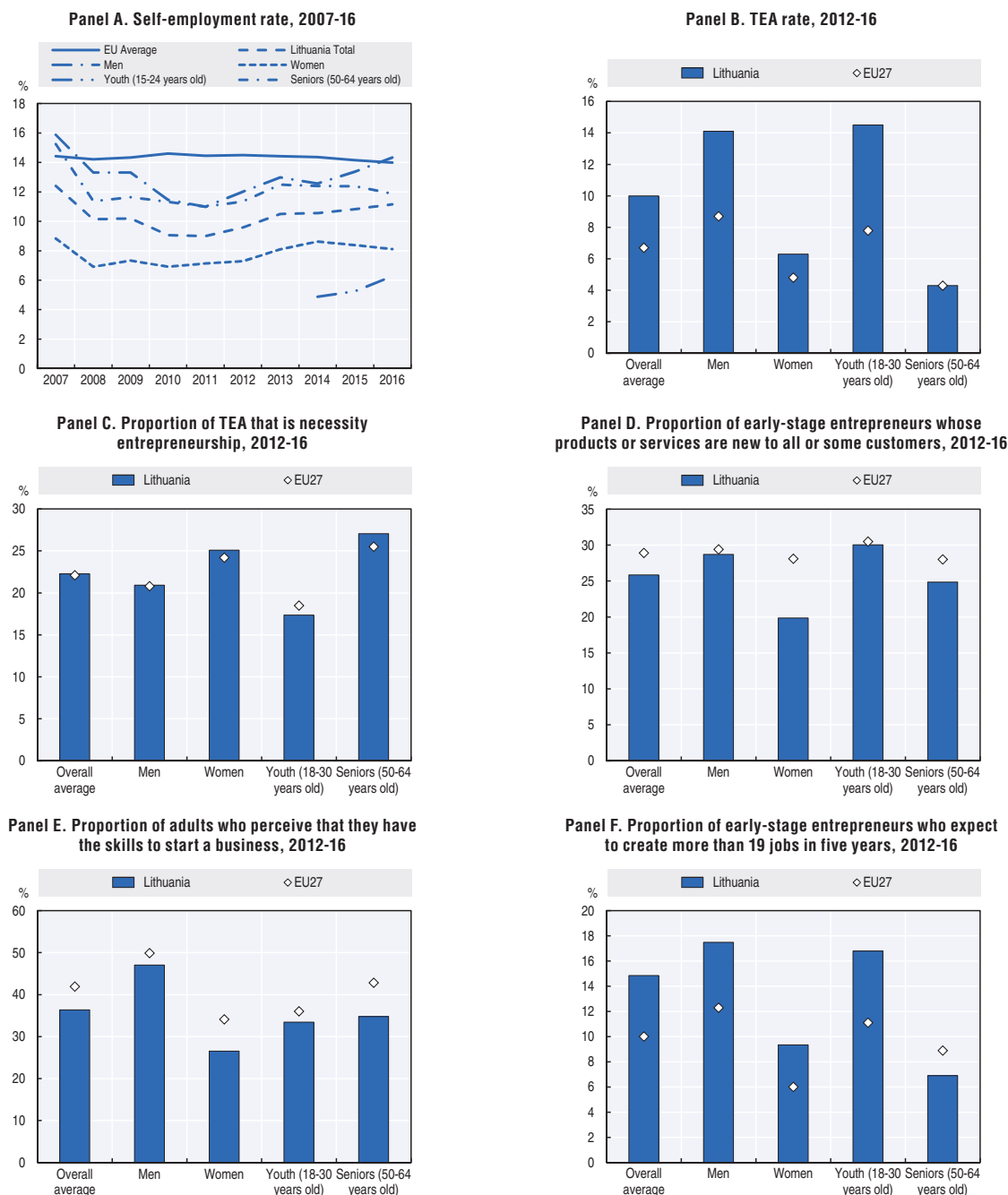
Hot issue: One of the greatest challenges in delivering inclusive entrepreneurship support is to ensure that the scale of support offered is appropriate. The two existing programmes that provide support to the unemployed and unemployed youth in business creation have achieved positive results. However, both programmes are very small and could be scaled-up and promoted more widely. For example, the programme “Measure for Commencing Commercial Activity or Self-employment in Latvia” could be ten times bigger since approximately 5% of the unemployed return to work through self-employment in the EU. Using this as a benchmark, it would be expected that between 2 000 and 3 000 people would potentially be interested in participating in this programme. However, there are only 150-250 participants per year.

Recent policy developments: Objectives and targets for business creation and self-employment by the unemployed and other key social target groups are outlined in the employment framework “Inclusive employment strategy 2015-2020”, which was approved by the Cabinet of Ministers in May 2015. This framework was developed to foster the development of an inclusive labour market and includes two key policy objectives related to inclusive entrepreneurship: i) to increase self-employment and business start-up opportunities for registered unemployed; and ii) to promote social entrepreneurship, both as a labour market activity for various social target groups and also as a vehicle for supporting these groups in the labour market and society more generally. The current regulatory priority related to inclusive entrepreneurship is the development of a legal framework for social entrepreneurship. It aims to support people from under-represented and disadvantaged groups into the labour market through employment opportunities within social enterprises or by creating a social enterprise. Parliament established a working group in September 2015 to develop the framework, including representatives from the Ministry of Finance, Ministry of Welfare, Ministry of Justice, Ministry of Economics, Ministry of Environmental Protection and Regional Development, Latvian Association of Local and Regional Governments, Association for Social Entrepreneurship and several non-governmental organisations. This work is supported by the European Social Fund Project 9.1.1.3. “Support for Social Entrepreneurship” and the Ministry of Welfare will be responsible for developing this bill. It is expected that the law will come into force on 1 January 2018.

The full Country Assessment Note can be found at: www.oecd.org/cfe/leed/inclusive-entrepreneurship.htm.

Key inclusive entrepreneurship data

Figure 24.1. Entrepreneurship and self-employment data for Latvia



Notes: 1. The self-employment rate is defined as the number of self-employed people (15-64 years old) divided by the number of people in employment. 2. The TEA rate is the proportion of adults (18-64 years old) involved in setting up a business or managing a business that is less than 42 months old. 3. Necessity entrepreneurship is defined as entrepreneurship activities that were launched because the individual did not have other options in the labour market. 4. Early-stage entrepreneurs are those who are in the process of setting up a business or manage a business that is less than 42 months old. 5. In Panels B, C, D, E and F, the population covered are those 18-64 years old.

Sources: Panel A: Eurostat (2017), Labour Force Survey, available at: <http://ec.europa.eu/eurostat/web/lfs/data/database>; Panels B, C, D, E, and F: GEM (2017), Special tabulations of the Global Entrepreneurship Monitor adult population survey, 2012-16.

StatLink <http://dx.doi.org/10.1787/888933625338>

Inclusive entrepreneurship trends and policies in Lithuania

This profile presents key indicators self-employment and entrepreneurship rates by women, youth and seniors in Lithuania and highlights recent inclusive entrepreneurship policy developments including general initiatives (e.g. National Register of Business Consultants) and tailored measures for youth.

Key trends: The self-employment rate in Lithuania was slightly lower than the European Union average in 2016 (11.1% vs. 14.0% for the EU). However, despite the low self-employment rate, the proportion of adults involved in starting or managing a new business up to 42 months old (i.e. the Total early-stage Entrepreneurial Activities rate) is among the highest in the European Union. The rate for youth was nearly double the EU average over the 2012-16 period (14.5% vs. 7.8% for the EU). However, Lithuanians were less likely than the European Union average to believe that they have the capabilities and skills to create a business over the same period (36.4% vs. 41.9% for the EU). This was particularly true for women (26.6% vs. 34.1% for the EU) and seniors (34.8% vs. 42.8% for the EU).

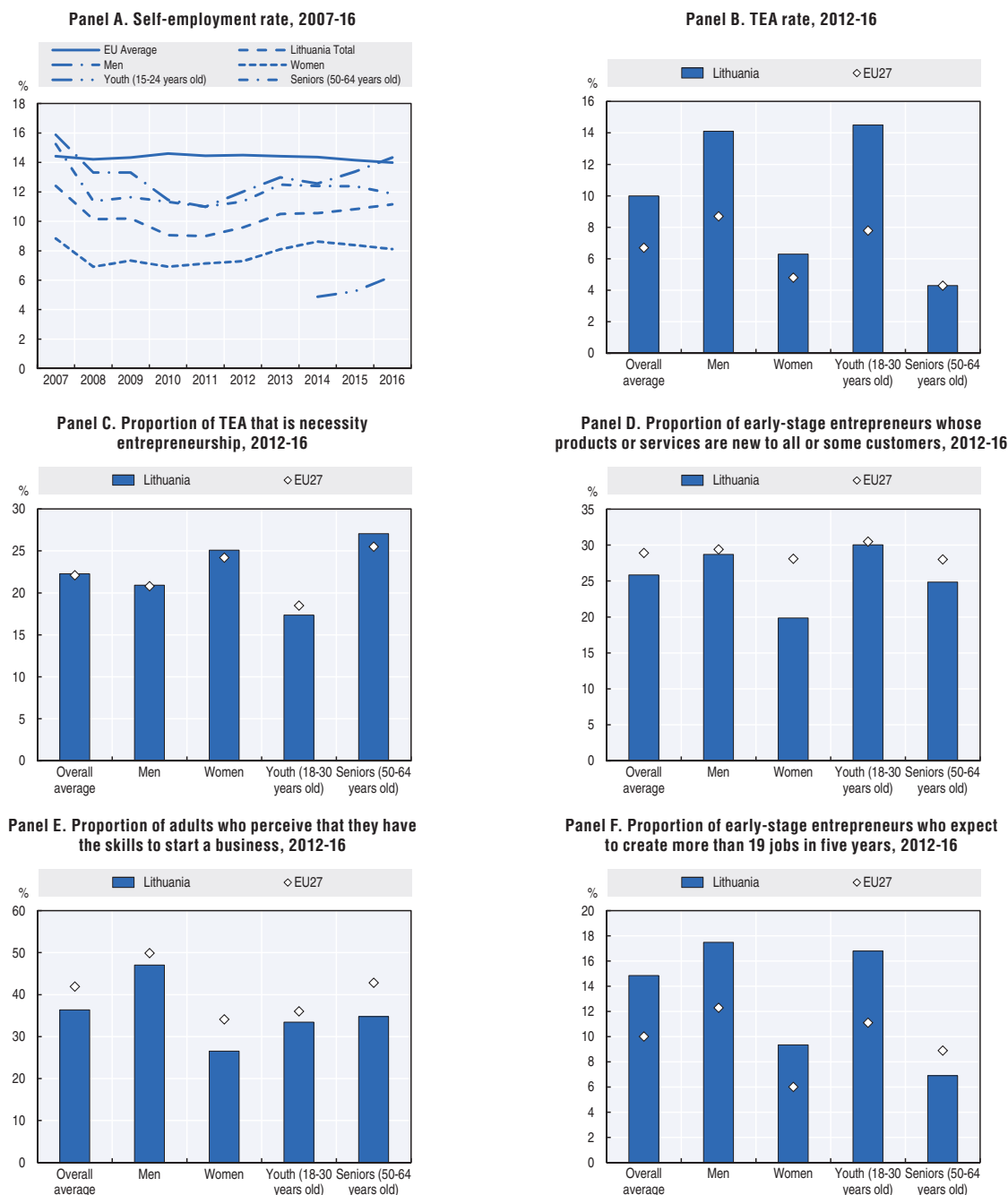
Hot issue: A hot issue is the role of gender equality in promoting entrepreneurship and self-employment. Lithuania's Progress Strategy "Lithuania 2030" calls for all citizens to have an opportunity to start and successfully develop a business. In the National Programme on Equal Opportunities for Women and Men 2015-2021, the importance of enhancing opportunities to start up and develop business for women was stressed, especially those living in rural territories. Within its framework, a number of initiatives are implemented from 2015 to 2017 to strengthen entrepreneurial mindsets for women, and to improve their financial literacy and other entrepreneurship competences.

Recent policy developments: The "Entrepreneurship Action Plan of Lithuania for 2014–2020" is a general strategy for supporting entrepreneurship, which emphasises the need to ensure accessibility of public entrepreneurship supports for different target groups, including youth and women. The focus on disadvantaged groups is planned through the specific objective "Increase labour demand by promoting entrepreneurship of the population, in particular those who face difficulties on the labour market". The government also created a National Register of Business Consultants, where the entrepreneurs are given the opportunity to access high quality advisory services on different business issues. In addition, some tailored projects were recently launched including the Youth Guarantee Implementation Plan, which provides training for developing entrepreneurial mindsets and promoting self-employment in youth.

The full Country Assessment Note can be found at: www.oecd.org/cfe/leed/inclusive-entrepreneurship.htm.


Key inclusive entrepreneurship data

Figure 25.1. Entrepreneurship and self-employment data for Lithuania



Notes: 1. The self-employment rate is defined as the number of self-employed people (15-64 years old) divided by the number of people in employment. 2. The TEA rate is the proportion of adults (18-64 years old) involved in setting up a business or managing a business that is less than 42 months old. 3. Necessity entrepreneurship is defined as entrepreneurship activities that were launched because the individual did not have other options in the labour market. 4. Early-stage entrepreneurs are those who are in the process of setting up a business or manage a business that is less than 42 months old. 5. In Panels B, C, D, E and F, the population covered are those 18-64 years old.

Sources: Panel A: Eurostat (2017), Labour Force Survey, available at: <http://ec.europa.eu/eurostat/web/lfs/data/database>; Panels B, C, D, E, and F: GEM (2017), Special tabulations of the Global Entrepreneurship Monitor adult population survey, 2012-16.

StatLink  <http://dx.doi.org/10.1787/888933625357>

Inclusive entrepreneurship trends and policies in Luxembourg

This profile presents data on self-employment and entrepreneurship activities by women, youth and seniors in Luxembourg and briefly describes recent policy initiatives that support these groups in business creation, including new entrepreneurship promotion efforts by Junior Chamber International Luxembourg.

Key trends: The self-employment rate in Luxembourg was below the European Union average in 2016 (9.0% vs. 14.0% for the EU), but the Total early-stage Entrepreneurial Activity (TEA) rate was above the EU average over the 2012-16 period (8.8% vs. 6.7% for the EU), suggesting that adults in Luxembourg were more likely to be involved in starting a business or manage one that is less than 42 months old. This difference can be explained by different interpretations of whether an entrepreneur is a self-employed person (and vice-versa) and that the TEA rate is more of a “flow” measure since it captures those involved in establishing or managing a new business. The entrepreneurship activities in Luxembourg appear to be more likely of high quality than the EU average. Only 9.4% of entrepreneurs reported during the 2012-16 period that they started their business due to a lack of other opportunities in the labour market. Moreover, entrepreneurs in Luxembourg were nearly twice as likely as the European Union average to report that their business offered new products and services (48.7% vs. 28.9% for the EU).

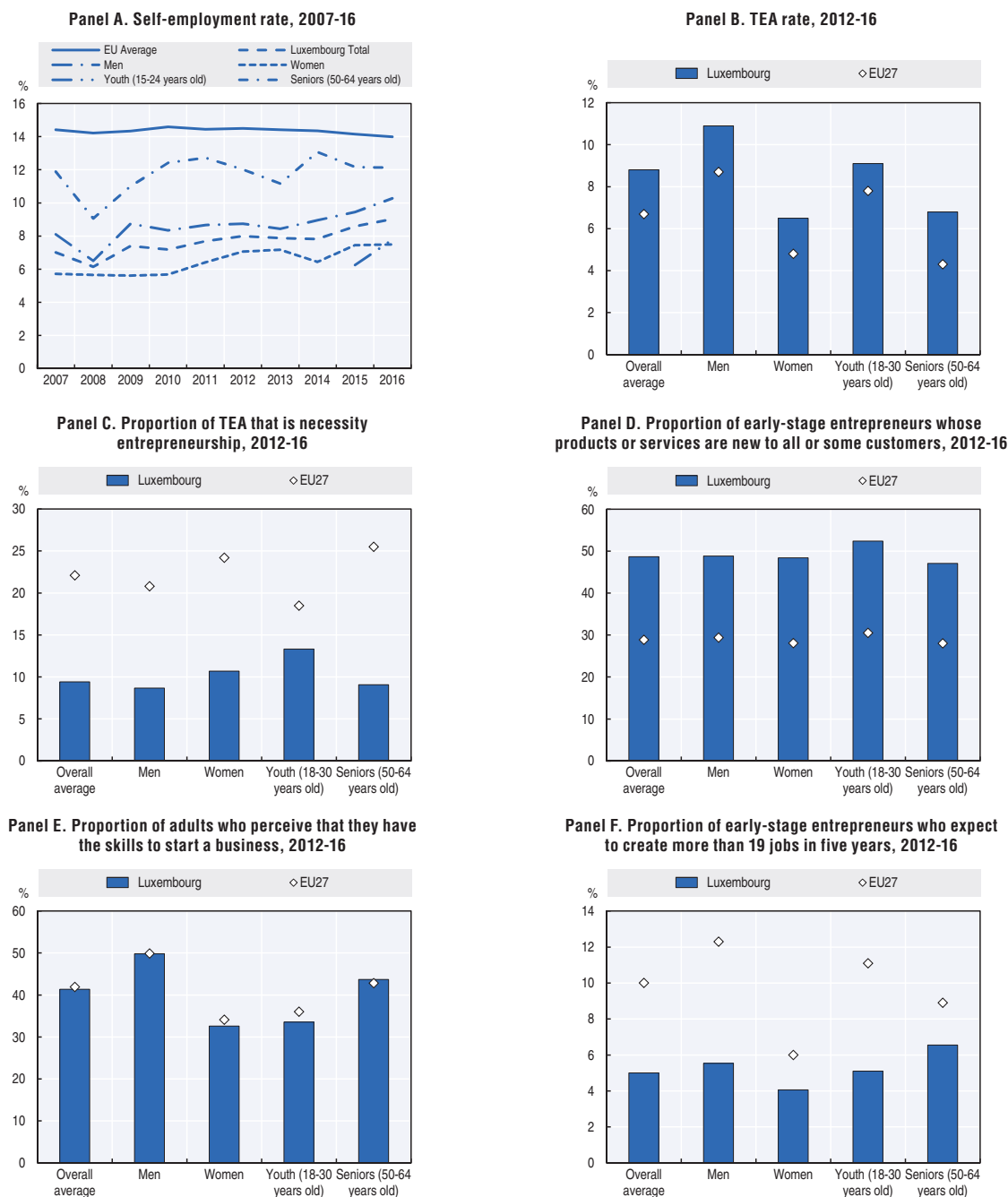
Hot issue: Current entrepreneurship priorities and objectives of the Luxembourg government are outlined in the 4th National Action Plan to support SMEs, which was adopted in March 2016. While the action plan covers SME and entrepreneurship policy in general, it contains measures to boost support for youth and women entrepreneurs. Anticipated support for youth includes more entrepreneurship in formal education, an increased use of role models and the expansion of youth entrepreneurship networks. For women, support is envisaged through better childcare facilities to improve the reconciliation of work and family responsibilities.

Recent policy developments: The government of Luxembourg has a number of regulatory measures aimed at supporting new entrepreneurs. This includes the new “1-1-1” law, which significantly reduces the steps involved in the registration process for starting a business. This new law will allow for the creation of an enterprise in one day at the cost of EUR 1. In addition, several platforms have been set-up to support business creation, including the new one-stop shops “House of Entrepreneurship” that were launched in 2016. These one-stop shops were initiated to address fragmentation in the business start-up support infrastructure. It is expected that they will reduce the administrative burden for start-ups and be an important resource for those social target groups that have difficulty navigating the institutional environment.

The full Country Assessment Note can be found at: www.oecd.org/cfe/leed/inclusive-entrepreneurship.htm.


Key inclusive entrepreneurship data

Figure 26.1. Entrepreneurship and self-employment data for Luxembourg



Notes: 1. The self-employment rate is defined as the number of self-employed people (15-64 years old) divided by the number of people in employment. 2. The TEA rate is the proportion of adults (18-64 years old) involved in setting up a business or managing a business that is less than 42 months old. 3. Necessity entrepreneurship is defined as entrepreneurship activities that were launched because the individual did not have other options in the labour market. 4. Early-stage entrepreneurs are those who are in the process of setting up a business or manage a business that is less than 42 months old. 5. In Panels B, C, D, E and F, the population covered are those 18-64 years old.

Sources: Panel A: Eurostat (2017), Labour Force Survey, available at: <http://ec.europa.eu/eurostat/web/lfs/data/database>; Panels B, C, D, E, and F: GEM (2017), Special tabulations of the Global Entrepreneurship Monitor adult population survey, 2012-16.

StatLink  <http://dx.doi.org/10.1787/888933625376>

Inclusive entrepreneurship trends and policies in Malta

This profile presents inclusive entrepreneurship data for Malta, including self-employment and entrepreneurship activity rates for women, youth and seniors. It also briefly describes recent inclusive entrepreneurship policy actions, including several new initiatives to support youth entrepreneurship.

Key trends: The self-employment rate was approximately equal to the European Union average in 2016 (13.2% vs. 14.0% for the EU). Similarly, the self-employment rates of key social target groups in Malta were similar to the EU average, including youth (3.0% vs. 4.2% for the EU) and seniors (19.1% vs. 18.5% for the EU). However, there was a large gender gap as men were nearly three times as likely to be self-employed as women (17.6% vs. 6.7% for women).

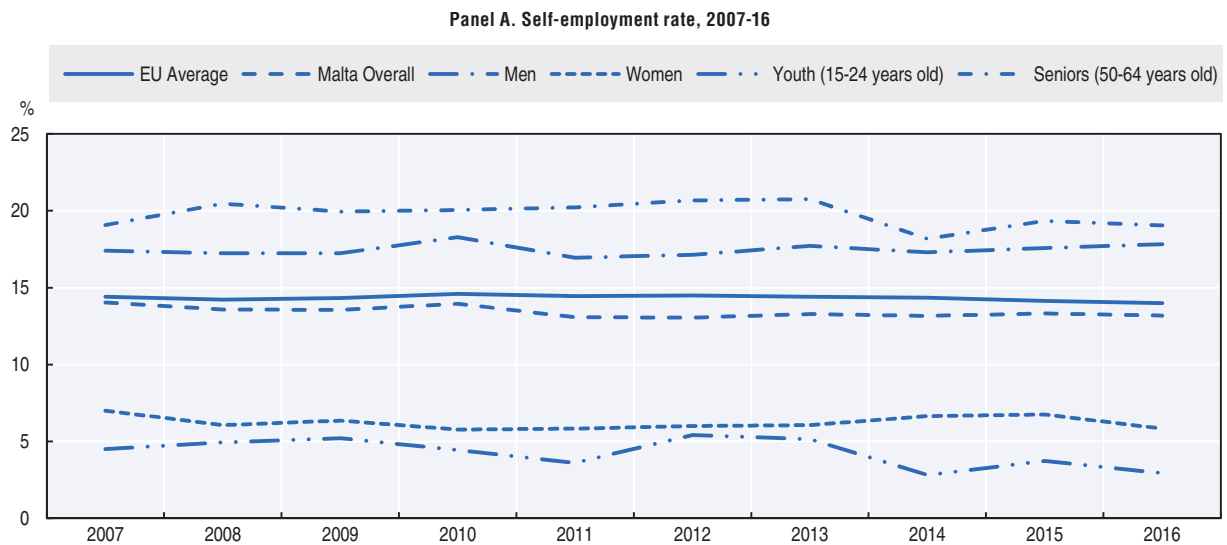
Hot issue: One of the ongoing policy debates that is relevant for inclusive entrepreneurship policy is about the need to strengthen recent efforts to embed entrepreneurship in schools. Although the National Curriculum Framework stipulates that “Education for Entrepreneurship, Creativity and Innovation” should be merged into all learning areas through which the cross-curricular themes are to be embedded, teachers still require support in designing and delivering this education. The recent dissemination of a handbook is a good start but more teacher training is required and it would also help to set-up networks and mechanisms for good practice exchange.

Recent policy developments: The number of entrepreneurship support initiatives in Malta has increased substantially over the last decade, including several awareness-raising campaigns and entrepreneurship training programmes. Much of this new support is directed towards youth, notably students, under the National Youth Policy, which also emphasises the availability of entrepreneurship education. The proposal “Boosting Youth Entrepreneurship in Malta and the European Union” was presented to the Minister for the Economy, Investment and Small Business, the Minister for Education and Employment and the European Commissioner for Internal Market, Industry, Entrepreneurship and SMEs in 2016. There have also been recent actions to strengthen entrepreneurship education in the school system, including the introduction of “Education for Entrepreneurship, Creativity and Innovation” as a cross-curricular theme in the National Curriculum Framework”. These efforts are complemented by non-government organisations such as Junior Achievement-Young Enterprise (JA-YE) and Junior Chamber International Malta, which organise hack-a-thons, training sessions and business competitions.

The full Country Assessment Note can be found at: www.oecd.org/cfe/leed/inclusive-entrepreneurship.htm.


Key inclusive entrepreneurship data

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



Notes: 1. The self-employment rate is defined as the number of self-employed people (15-64 years old) divided by the number of people in employment. 2. Malta has not participated in the Global Entrepreneurship Monitor survey so Panels B, C, D, E and F are not available.

Sources: Panel A: Eurostat (2017), Labour Force Survey, available at: <http://ec.europa.eu/eurostat/web/lfs/data/database>.

StatLink  <http://dx.doi.org/10.1787/888933625395>

Inclusive entrepreneurship trends and policies in the Netherlands

This profile presents data on self-employment and entrepreneurship activities by women, youth and seniors in the Netherlands. It also briefly describes recent policy initiatives, including municipal policy experiments that allow for part-time entrepreneurship within the Bbz programme for people who collect social welfare benefits.

Key trends: There has been relatively fast growth in the number of registered self-employed in recent years. The self-employment rate has increased from 12.0% in 2007 to 15.5% in 2016, and has been above the European Union average since 2013. Nonetheless, only 10.8% of entrepreneurs in the Netherlands reported that they started their business activity out of necessity between 2012 and 2016, which was less than half of the European Union average of 22.1%. The rates for necessity entrepreneurship were slightly higher for seniors (12.8%) but very low for youth (7.6%). Despite a low necessity entrepreneurship rate, new entrepreneurs in the Netherlands were less likely than the European Union average to expect to create at least 19 jobs over the next five years in the period 2012-16 (7.0% vs. 10.0% for the EU). This finding holds for all social target groups.

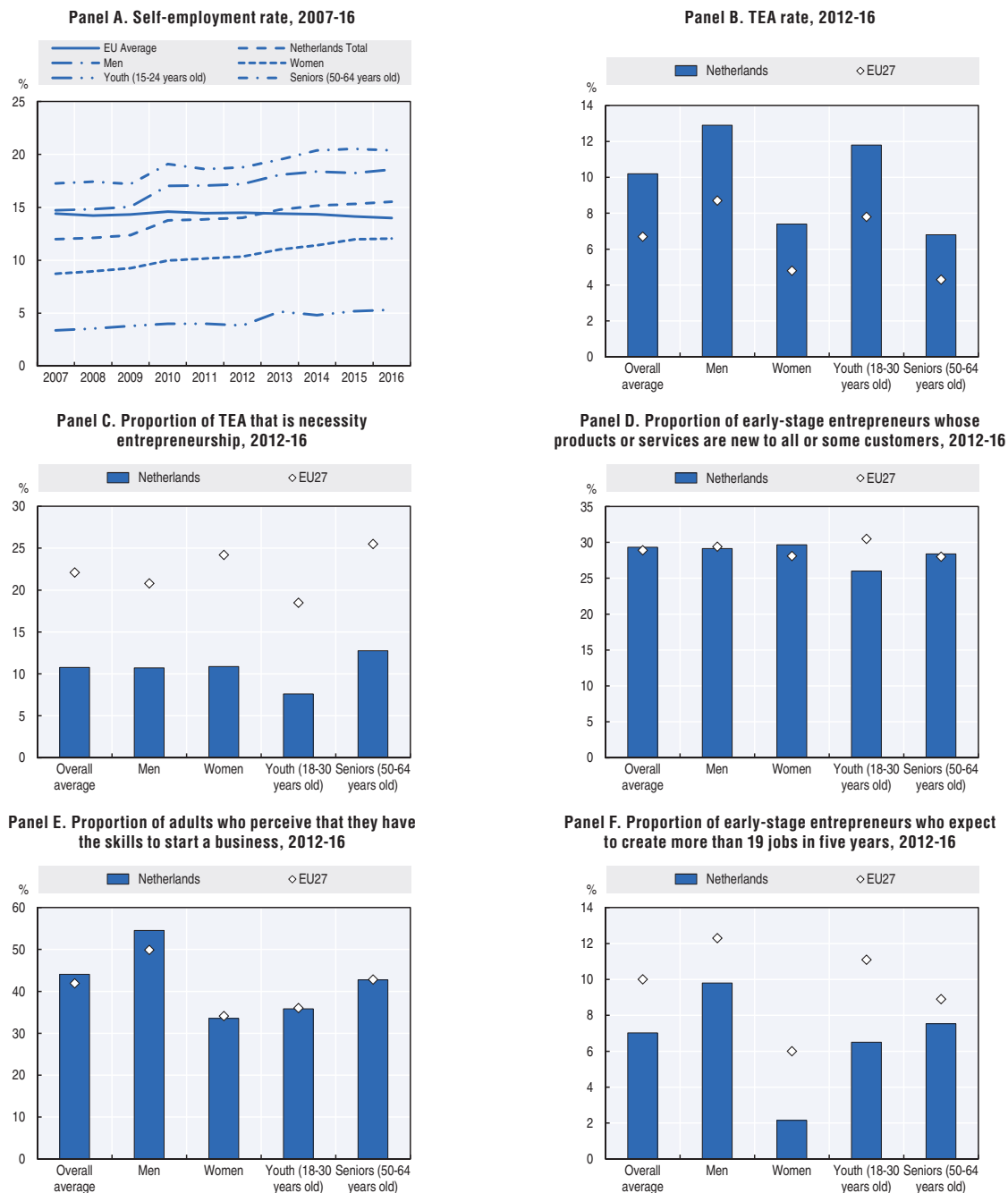
Hot issue: One of the strongest ongoing policy debates related to inclusive entrepreneurship is how to address the persistent differences in the treatment of self-employed people and employees in the social security system, especially the self-employed without employees. This has an impact on the incentives for business creation. One particular concern within this debate is addressing “false” self-employment, where self-employed people who do not 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.

Recent policy developments: The Netherlands has a number of programmes to support the unemployed into self-employment. The most significant is Bbz (*Besluit bijstand voor zelfstandigen*), which was established in 2004. 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. Since early 2015, a number of municipalities have been experimenting within the Bbz programme to offer the long-term unemployed an opportunity to become part-time self-employed without losing social welfare entitlements. Such experimentation appears to meet a demand for clients since approximately 9% of social welfare recipients were engaged in part-time (wage) employment, suggesting that many prefer to work only part-time. This recent shift towards a decentralised model of supporting social target groups created an opportunity for municipalities to modify welfare regulations and take on a greater role in implementing social welfare programmes and it is positive that several municipalities are taking advantage of this opportunity. However, there is still room for improvement because it is possible that potential entrepreneurs who receive multiple social welfare benefits will be better off remaining out of work rather than trying to start a business through Bbz since they would lose access their benefits payments.

The full Country Assessment Note can be found at: www.oecd.org/cfe/leed/inclusive-entrepreneurship.htm.

Key inclusive entrepreneurship data

Figure 28.1. Entrepreneurship and self-employment data for Netherlands



Notes: 1. The self-employment rate is defined as the number of self-employed people (15-64 years old) divided by the number of people in employment. 2. The TEA rate is the proportion of adults (18-64 years old) involved in setting up a business or managing a business that is less than 42 months old. 3. Necessity entrepreneurship is defined as entrepreneurship activities that were launched because the individual did not have other options in the labour market. 4. Early-stage entrepreneurs are those who are in the process of setting up a business or manage a business that is less than 42 months old. 5. In Panels B, C, D, E and F, the population covered are those 18-64 years old.

Sources: Panel A: Eurostat (2017), Labour Force Survey, available at: <http://ec.europa.eu/eurostat/web/lfs/data/database>; Panels B, C, D, E, and F: GEM (2017), Special tabulations of the Global Entrepreneurship Monitor adult population survey, 2012-16.

StatLink <http://dx.doi.org/10.1787/888933625414>

Inclusive entrepreneurship trends and policies in Poland

This profile includes recent data on self-employment and entrepreneurship activities by women, youth and seniors in Poland and also highlights recent inclusive entrepreneurship policy initiatives by the Polish Agency for Enterprise Development (PARP).

Key trends: Polish people were more likely to be self-employed in 2016 than the European Union average (17.7% of workers were self-employed vs. 14.0% in the EU). Over the last decade, the self-employment rate declined slightly, but was constant for youth. Over the 2012-16 period, Polish people were more likely to be involved in starting or managing a new business that is less than 42 months old (9.6% vs. 6.7% for the EU). However, this high entrepreneurship activity rate is partially explained by a high proportion of entrepreneurs who report that they did not have any other opportunities in the labour market. More than one-third (35.8%) of new Polish entrepreneurs started out of “necessity” over this period, relative to 22.1% in the European Union. Among the key social target groups, senior entrepreneurs were the most likely to engaged in necessity entrepreneurship (52.0% vs. 25.5% for the EU). More than half (57.9%) of adults in Poland reported that they have the skills to start a business, which was higher than the European Union average in the period 2012-16 (41.9%). Accordingly, Polish entrepreneurs were more likely to expect to create at least 19 jobs over the first five years of business operation than the European Union average.

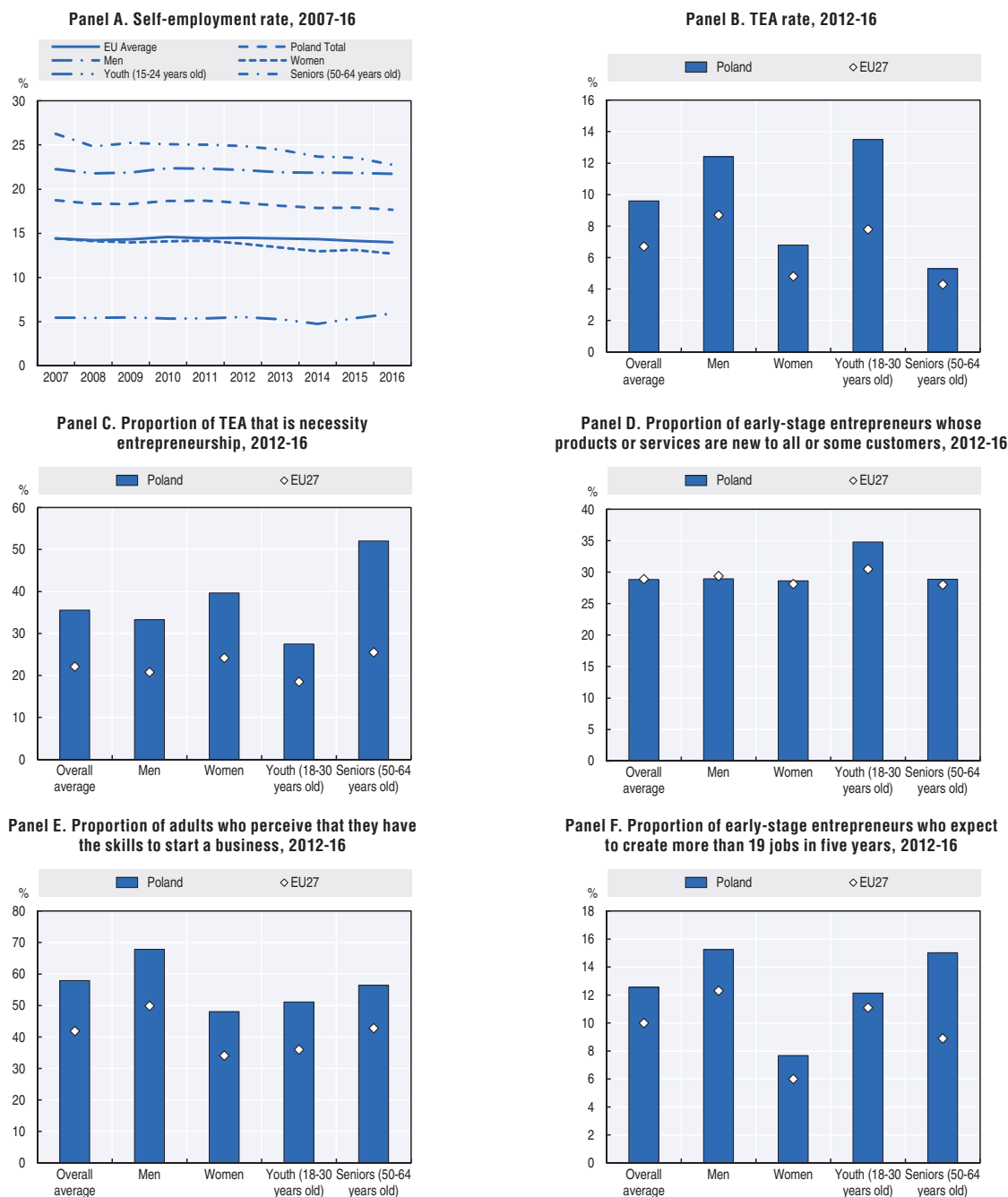
Hot issue: A recent policy priority in Poland has been to boost entrepreneurship education, notably within higher education. The Law on Higher Education was announced in Fall 2016 and aims to make the new Polish higher education system more innovative and relevant for economic development. Entrepreneurship education is also increasingly available in higher education, and is supported by student clubs and the Academic Incubators of Entrepreneurship.

Recent policy developments: A new strategic plan for economic development and fostering entrepreneurship was developed by the Ministry of Economic Development and approved in February 2016. The “Plan for Responsible Development” (i.e. Morawiecki’s Plan) includes five pillars of the economic development of Poland including i) reindustrialisation, i.e. supporting the development of new competitive advantages and new economic specialisations; ii) development of innovative business through the creation of a friendly environment for businesses and strengthening an innovation support system; iii) increasing public investments for development; iv) internationalisation, i.e. increasing exports and foreign investments, developing a Polish brand; and v) supporting social and regional development. Inclusive entrepreneurship is an important element of this new strategy as supporting under-represented and disadvantaged groups in entrepreneurship can help achieve several of these objectives, notably improving social and regional development.

The full Country Assessment Note can be found at: www.oecd.org/cfe/leed/inclusive-entrepreneurship.htm.


Key inclusive entrepreneurship data

Figure 29.1. **Entrepreneurship and self-employment data for Poland**



Notes: 1. The self-employment rate is defined as the number of self-employed people (15-64 years old) divided by the number of people in employment. 2. The TEA rate is the proportion of adults (18-64 years old) involved in setting up a business or managing a business that is less than 42 months old. 3. Necessity entrepreneurship is defined as entrepreneurship activities that were launched because the individual did not have other options in the labour market. 4. Early-stage entrepreneurs are those who are in the process of setting up a business or manage a business that is less than 42 months old. 5. In Panels B, C, D, E and F, the population covered are those 18-64 years old.

Sources: Panel A: Eurostat (2017), Labour Force Survey, available at: <http://ec.europa.eu/eurostat/web/lfs/data/database>; Panels B, C, D, E, and F: GEM (2017), Special tabulations of the Global Entrepreneurship Monitor adult population survey, 2012-16.

StatLink  <http://dx.doi.org/10.1787/888933625433>

Inclusive entrepreneurship trends and policies in Portugal

This profile presents key inclusive entrepreneurship indicators for Portugal, including self-employment and entrepreneurship activity rates for women, youth and seniors. It also provides a brief overview of recent developments in inclusive entrepreneurship policy such as the national entrepreneurship strategy, *Startup Portugal*.

Key trends: 13.9% of those in employment were self-employed in 2016, down from 19.2% in 2007. This decline can be seen across all population groups, but was strongest among women (17.0% in 2007 to 10.7% in 2016) and seniors (34.0% to 22.5%). Conversely, the Total early-stage Entrepreneurial Activity (TEA) rate has increased in recent years, suggesting that people are increasingly involved in starting and managing new businesses (less than 42 months old). Nearly one in ten youth was involved in early-stage entrepreneurship over the 2012-16 period (9.3%), relative to the EU average of 7.8%. However, Portuguese entrepreneurs were more likely than the EU average to report that they started their business because they did not have other opportunities in the labour market. Women (27.2%) and seniors (26.6%) were the most likely to report that they started their businesses out of necessity between 2012 and 2016.

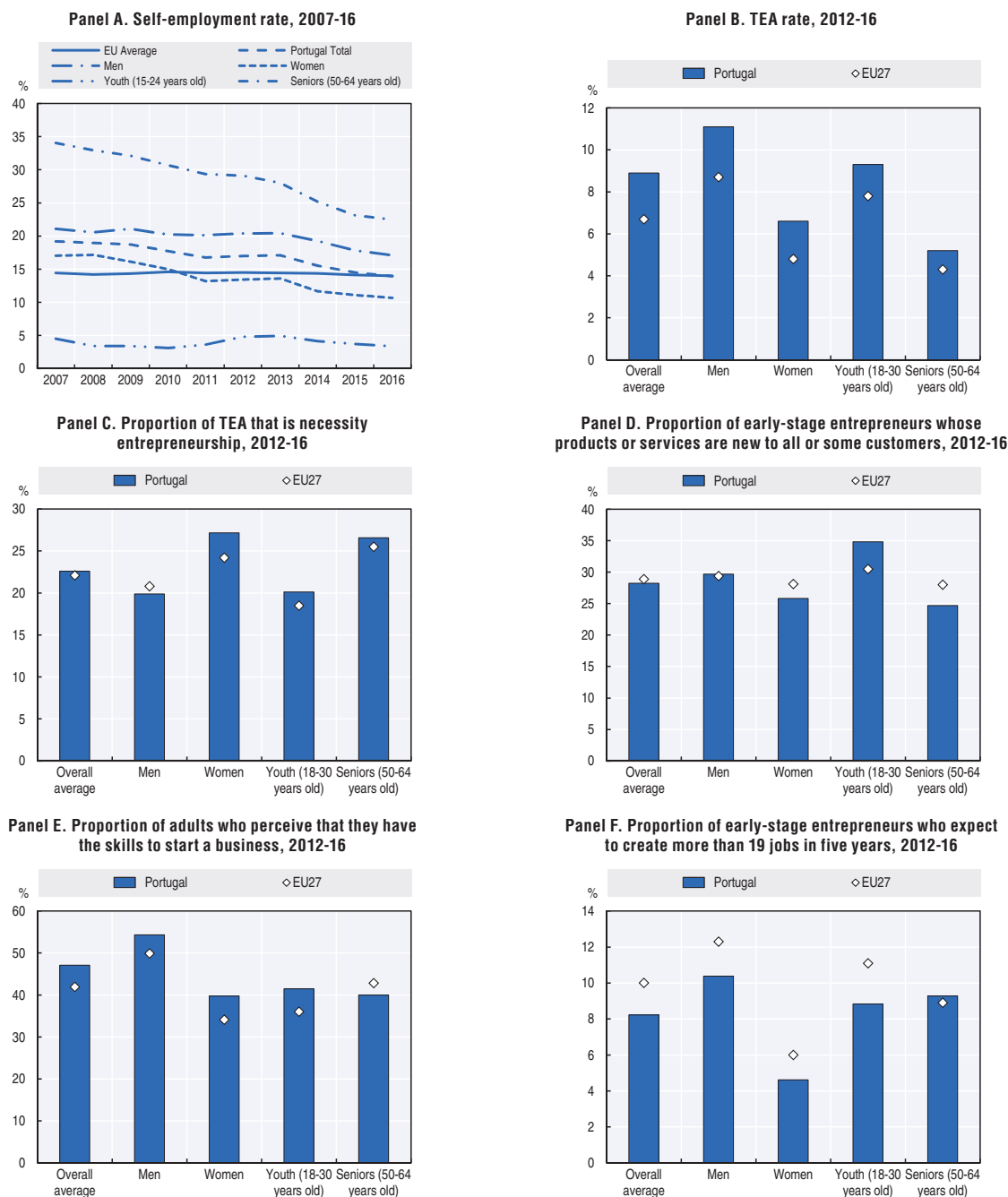
Hot issue: The majority of current entrepreneurship support focuses on the development of skills through training and mentoring (although financial support also appears to be readily available). However, the implementation of entrepreneurship education in the formal school system is lagging behind other European Union Member States. Entrepreneurship is largely absent in the curricula so learning material needs to be developed at all levels and teachers need to be trained in how to deliver it.

Recent policy developments: The national entrepreneurship strategy (“Startup Portugal”) was launched in March 2016. This is the main strategy for creating and supporting the start-ups and this links back to the National Reform Programme. It also seeks to attract foreign investors, outlines co-financing measures to support early-stage start-ups and actions to promote and accelerate Portuguese start-ups in the global market. A second recent policy that is relevant for inclusive entrepreneurship is the “Industrial Development Strategy for Growth and Jobs 2014-20” (*Resolução do Conselho de Ministros n.º 91/2013*). This strategy identifies nine priority axes to stimulate entrepreneurship, innovation and job creation. Several measures have been identified and the most relevant for inclusive entrepreneurship are to create a national network of entrepreneurship mentors, to expand the availability of entrepreneurship training courses, to further embed entrepreneurship in compulsory education and to create an entrepreneurship visa. Although many of these measures are open to all entrepreneurs, they are particularly relevant for youth.

The full Country Assessment Note can be found at: www.oecd.org/cfe/leed/inclusive-entrepreneurship.htm.

Key inclusive entrepreneurship data

Figure 30.1. Entrepreneurship and self-employment data for Portugal



Notes: 1. The self-employment rate is defined as the number of self-employed people (15-64 years old) divided by the number of people in employment. 2. The TEA rate is the proportion of adults (18-64 years old) involved in setting up a business or managing a business that is less than 42 months old. 3. Necessity entrepreneurship is defined as entrepreneurship activities that were launched because the individual did not have other options in the labour market. 4. Early-stage entrepreneurs are those who are in the process of setting up a business or manage a business that is less than 42 months old. 5. In Panels B, C, D, E and F, the population covered are those 18-64 years old.

Sources: Panel A: Eurostat (2017), Labour Force Survey, available at: <http://ec.europa.eu/eurostat/web/lfs/data/database>; Panels B, C, D, E, and F: GEM (2017), Special tabulations of the Global Entrepreneurship Monitor adult population survey, 2012-16.

StatLink <http://dx.doi.org/10.1787/888933625452>

Inclusive entrepreneurship trends and policies in Romania

This profile presents a range of inclusive entrepreneurship indicators for Romania, including self-employment and entrepreneurship rates for key social target groups such as women, youth and seniors. It also highlights some recent developments in inclusive entrepreneurship policy, including the new SME strategy.

Key trends: The self-employment rate was slightly higher than the European Union average in 2016 (16.5% vs. 14.0% for the EU) and this is consistent with a higher than average Total early-stage Entrepreneurial Activities (TEA) rate in the period 2012-16 (10.6% vs. 6.7% for the EU). The self-employment rate reveals both a gender gap and an age gap, in which the self-employment rate for women (10.2%) and youth (13.2%) was lower than the overall rate in Romania in 2016 (16.5%). However, more than one quarter of youth expected to start a business between 2012 and 2016 (26.1%), which could be explained partly by the high youth unemployment rate (20.6%) and the high rate of necessity entrepreneurship for youth (16.6%). Romanians were more likely than the European Union average to perceive that they have the capabilities and skills to create a business over this period (46.2% vs. 41.9% for the EU).

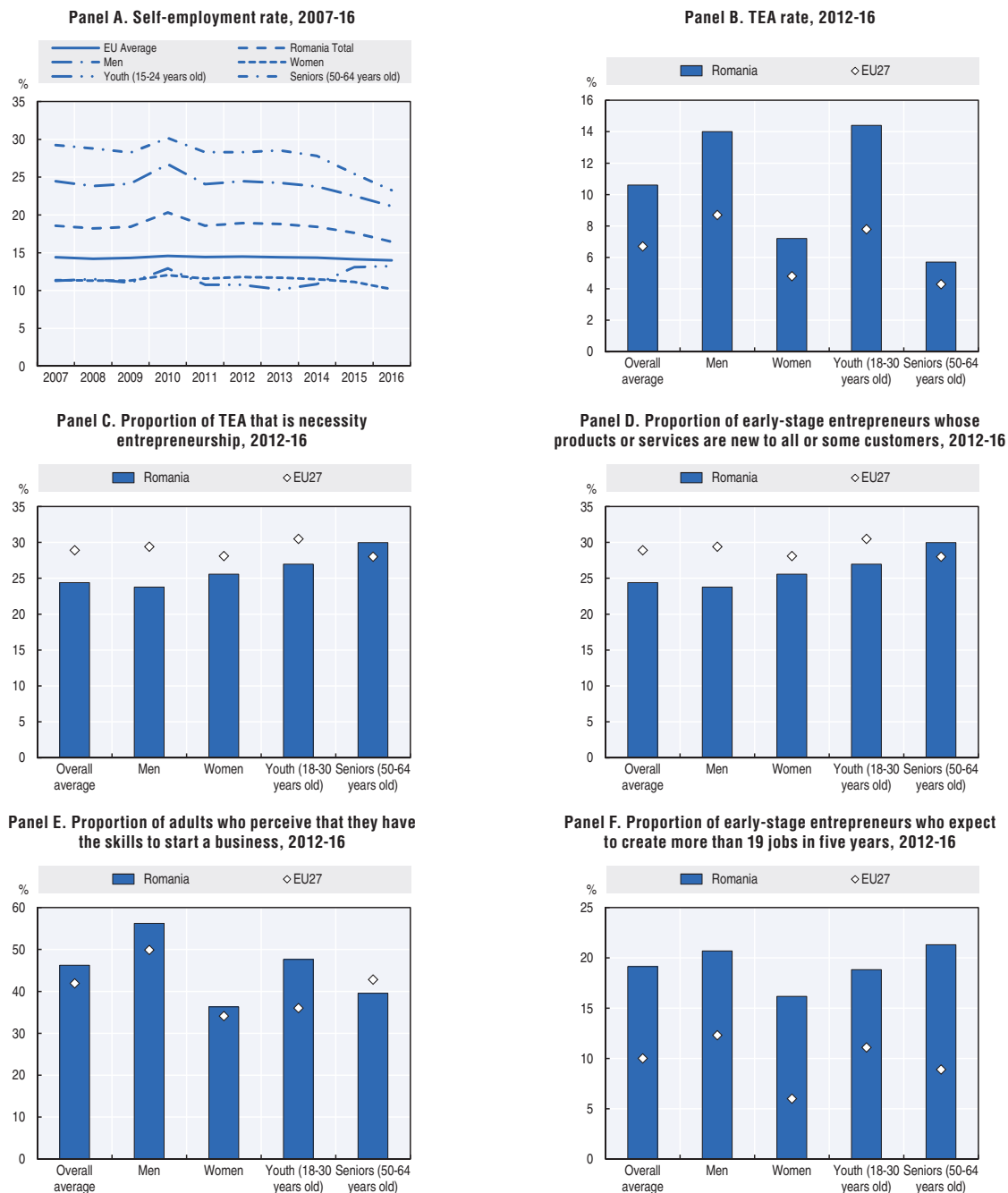
Hot issue: There is an ongoing policy debate on the role of measures that facilitate access to business start-up financing in Romania's inclusive entrepreneurship policies. Access to finance measures for small firms are among the most developed in South-Eastern Europe, which is mainly because reforms have been adopted for many aspects of access to finance, namely leasing services, factoring, guarantee programmes and venture capital. However, there is still a lack of support provision when it comes to the key target groups of inclusive entrepreneurship. To tackle this challenge, micro-finance instruments were recently introduced by the government, including tax incentives for investments (Law no.120/2015). However, more support is needed for under-represented and disadvantaged groups.

Recent policy developments: Inclusive entrepreneurship support has recently focused on three key target groups: youth (START and YOUNG DEBUTANTS), women (WOMEN MANAGER) and supporting non-agricultural entrepreneurs in rural areas (RURAL). These programmes provide an integrated suite of supports, including entrepreneurship training and small grants. Each of these initiatives has been extended in the new programming period and a new grant has been introduced for new entrepreneurs who launch limited companies (SRL-D). Although not tailored to people from under-represented and disadvantaged groups, this new grant is an additional source of financial support that they can access given that most entrepreneurs from these groups will operate limited companies.

The full Country Assessment Note can be found at: www.oecd.org/cfe/leed/inclusive-entrepreneurship.htm.

Key inclusive entrepreneurship data

Figure 31.1. Entrepreneurship and self-employment data for Romania



Notes: 1. The self-employment rate is defined as the number of self-employed people (15-64 years old) divided by the number of people in employment. 2. The TEA rate is the proportion of adults (18-64 years old) involved in setting up a business or managing a business that is less than 42 months old. 3. Necessity entrepreneurship is defined as entrepreneurship activities that were launched because the individual did not have other options in the labour market. 4. Early-stage entrepreneurs are those who are in the process of setting up a business or manage a business that is less than 42 months old. 5. In Panels B, C, D, E and F, the population covered are those 18-64 years old.

Sources: Panel A: Eurostat (2017), Labour Force Survey, available at: <http://ec.europa.eu/eurostat/web/lfs/data/database>; Panels B, C, D, E, and F: GEM (2017), Special tabulations of the Global Entrepreneurship Monitor adult population survey, 2012-16.

StatLink <http://dx.doi.org/10.1787/888933625471>

Inclusive entrepreneurship trends and policies in the Slovak Republic

This profile reports self-employment and entrepreneurship activity rates for women, youth and seniors in the Slovak Republic, and briefly describes support for youth and women entrepreneurs under the current EU Structural Fund Operational Programmes.

Key trends: The share of self-employed in the working population decreased slightly from 15.8% in 2011 to 15.2% in 2016. The youth self-employment rate, in particular, declined over the last five years (from 10.4% in 2011 to 7.9% in 2015) while the rate for other key social target groups such as women and seniors has been relatively stable. Overall, the Total early-stage Entrepreneurship Activity (TEA) rate for the Slovak Republic was higher the average for the European Union between 2012 and 2016 (9.9% vs. 6.7% for the EU). Among the different social target groups, the rate was highest among youth: 11.7% were active as new entrepreneurs, which was higher than the European Union average of 7.8%. More than one-third of entrepreneurs (35.9%) in the Slovak Republic self-reported that they started their business because they did not have any other opportunities for work, relative to the EU average of 22.1%. The rates of necessity entrepreneurship were high across all social target groups and were particularly high for seniors who were 1.6 times more likely to be necessity entrepreneurs than the EU average over the period 2012-16 (40.9% vs. 25.5% for the EU).

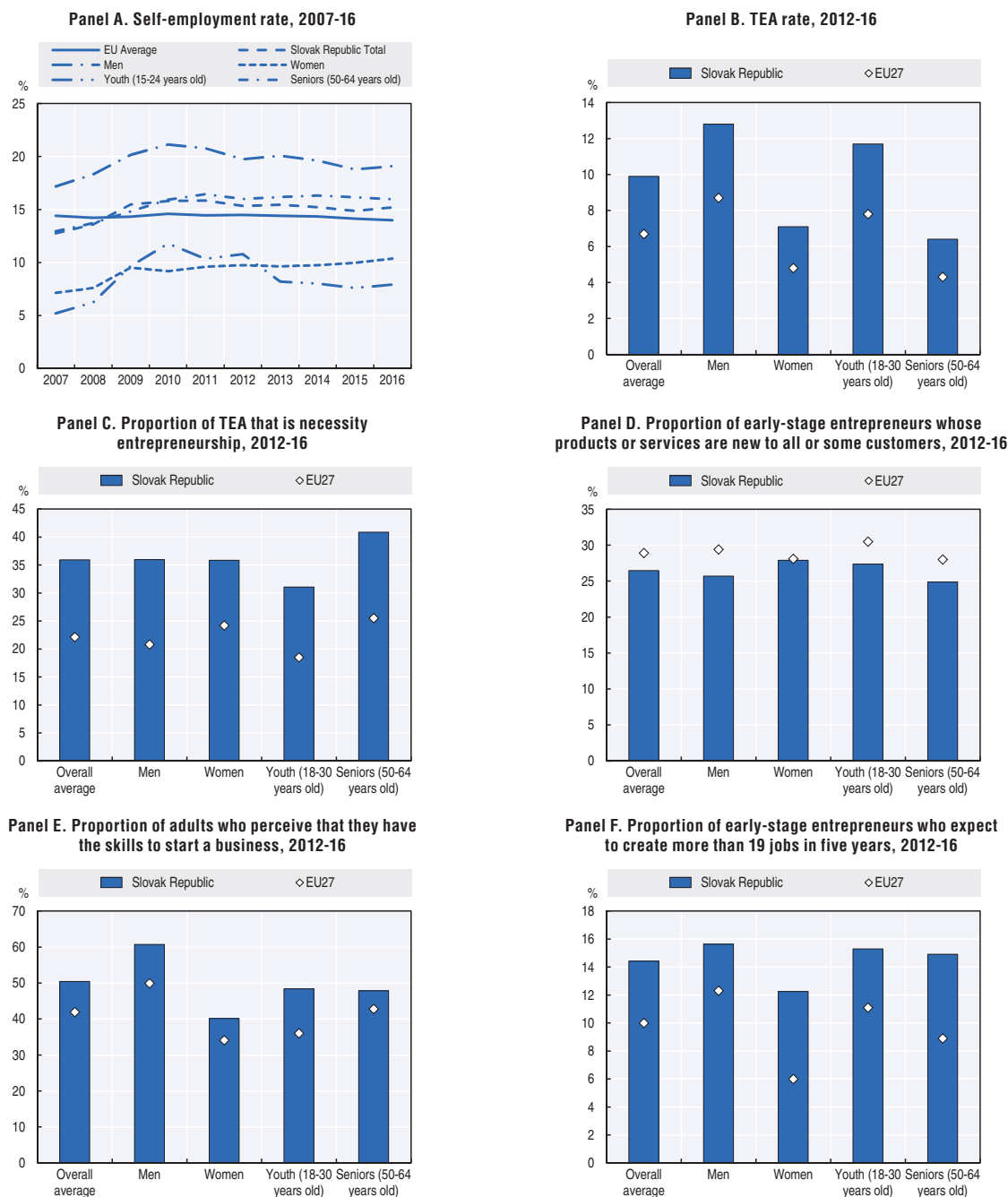
Hot issue: While the overall framework for entrepreneurship needs to be strengthened, there is some debate among policy makes and entrepreneurship stakeholders about whether there is a need to increase support for youth and women entrepreneurs. Entrepreneurship training and education for youth is under-developed and they often also struggle with a heavy administrative burden for start-ups. Women often perceive entrepreneurship as a difficult and undesirable type of employment and would benefit from more financial literacy training. More targeted outreach and promotion could help to support women in accessing the existing financial support available.

Recent policy developments: A cohesive national policy framework for inclusive entrepreneurship has not yet been developed but several objectives and actions related to business creation and self-employment have been introduced into the new EU Structural Funds Operational Programmes 2014-20. For example, the HR OP seeks to strengthen financial literacy and improve entrepreneurial skills among youth through entrepreneurship education in primary, secondary and higher education, and also includes entrepreneurship training for youth who are not in employment, education or training (NEETs). A number of specific regulatory measures have also been introduced to support different groups in the labour market, regardless of whether they are self-employed or employees. 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. Seniors can benefit from reduced social security contributions when they are active in employment (both as employees and in self employment), which is an incentive for continued labour market participation. People with disabilities who start a business can benefit from reduced contributions to health insurance.

The full Country Assessment Note can be found at: www.oecd.org/cfe/leed/inclusive-entrepreneurship.htm.


Key inclusive entrepreneurship data

Figure 32.1. Entrepreneurship and self-employment data for the Slovak Republic



Notes: 1. The self-employment rate is defined as the number of self-employed people (15-64 years old) divided by the number of people in employment. 2. The TEA rate is the proportion of adults (18-64 years old) involved in setting up a business or managing a business that is less than 42 months old. 3. Necessity entrepreneurship is defined as entrepreneurship activities that were launched because the individual did not have other options in the labour market. 4. Early-stage entrepreneurs are those who are in the process of setting up a business or manage a business that is less than 42 months old. 5. In Panels B, C, D, E and F, the population covered are those 18-64 years old.

Sources: Panel A: Eurostat (2017), Labour Force Survey, available at: <http://ec.europa.eu/eurostat/web/lfs/data/database>; Panels B, C, D, E, and F: GEM (2017), Special tabulations of the Global Entrepreneurship Monitor adult population survey, 2012-16.

StatLink  <http://dx.doi.org/10.1787/888933625490>

Inclusive entrepreneurship trends and policies in Slovenia

This profile benchmarks key inclusive entrepreneurship indicators for Slovenia against the European Union average, including the self-employment and entrepreneurship activity rates for women, youth and seniors. It also provides a brief overview of recent policy developments, notably new initiatives to support people with disabilities in entrepreneurship.

Key trends: The self-employment rate in Slovenia was slightly below the European Union average in 2016 (11.5% vs. 14.0% for the EU). The self-employment rate was particularly low for youth (1.9%). However, despite the low self-employment rate, youth in Slovenia appeared to be slightly more active in starting and operating new businesses (less than 42 months old) than the European Union average over the 2012-16 period (8.6% vs. 7.8% for the EU). Slovenian entrepreneurs, especially youth and older entrepreneurs, were more likely than the European Union average to offer new products and services over this period (35.4% vs. 28.9% for the EU). Slovenians were more likely than the European Union average to perceive that they have the capabilities and skills to create a business (50.1% vs. 41.9% for the EU), especially women (42.1% vs. 34.1% for the EU) and youth (46.3% vs. 36.0% for the EU).

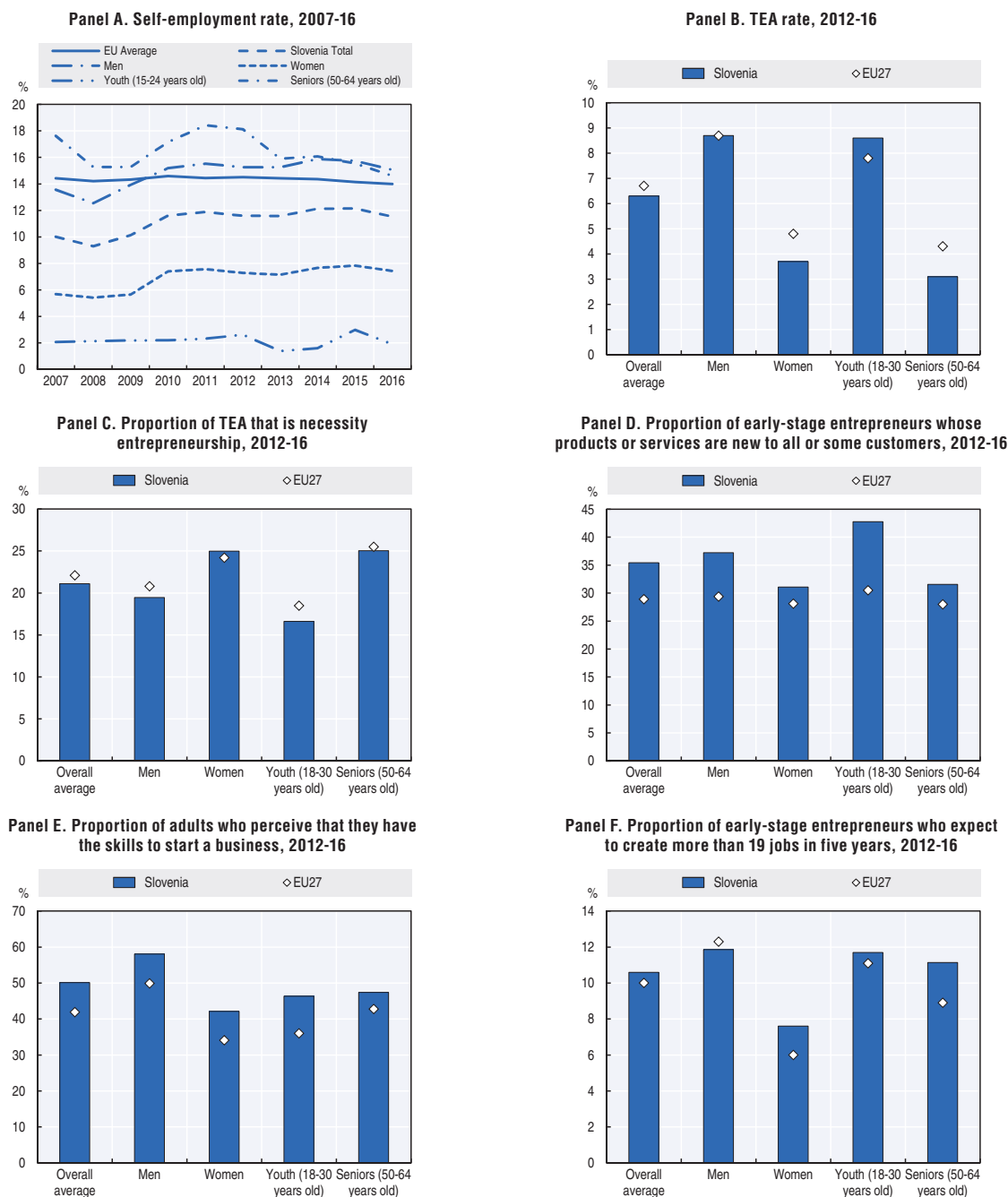
Hot issue: The overall business environment for doing business remains cumbersome for entrepreneurship. This affects under-represented and disadvantaged groups disproportionately since they are less likely equipped to navigate the regulatory environment. Access to finance for under-represented groups in entrepreneurship is another concern.

Recent policy developments: Slovenia has a range of inclusive entrepreneurship policies and programmes under the auspices of different ministries and agencies. The policies aim to ensure that women, youth, seniors, the unemployed, immigrants and people with disabilities have an equal opportunity to make a contribution in the labour market and society. One notable example is the Action Programme for Persons with Disabilities 2014-21, which is aimed at promoting, protecting and providing full and equal implementation of human rights for people with disabilities, and at encouraging respect for their dignity. The programme is offered regardless of the type of disability or age, in all fields which considerably influence their lives (education, employment, health, culture, accessibility, self-organisation in organisations for the disabled). The programme includes 12 basic objectives, with 124 measures, which comprehensively affect all areas of life of disabled persons. Complementary measures were adopted to increase employment and to reduce unemployment including the Active Employment Policy.

The full Country Assessment Note can be found at: www.oecd.org/cfe/leed/inclusive-entrepreneurship.htm.


Key inclusive entrepreneurship data

Figure 33.1. Entrepreneurship and self-employment data for for Slovenia



Notes: 1. The self-employment rate is defined as the number of self-employed people (15-64 years old) divided by the number of people in employment. 2. The TEA rate is the proportion of adults (18-64 years old) involved in setting up a business or managing a business that is less than 42 months old. 3. Necessity entrepreneurship is defined as entrepreneurship activities that were launched because the individual did not have other options in the labour market. 4. Early-stage entrepreneurs are those who are in the process of setting up a business or manage a business that is less than 42 months old. 5. In Panels B, C, D, E and F, the population covered are those 18-64 years old.

Sources: Panel A: Eurostat (2017), Labour Force Survey, available at: <http://ec.europa.eu/eurostat/web/lfs/data/database>; Panels B, C, D, E, and F: GEM (2017), Special tabulations of the Global Entrepreneurship Monitor adult population survey, 2012-16.

StatLink  <http://dx.doi.org/10.1787/888933625509>

Inclusive entrepreneurship trends and policies in Spain

This profile presents self-employment and entrepreneurship indicators for women, youth and seniors in Spain and highlights recent inclusive entrepreneurship policy actions such as measures to support youth and women's entrepreneurship.

Key trends: The self-employment rate was slightly higher than the European Union average in 2016 (16.1% vs. 14.0% for the EU), and this was true across all social target groups. While self-employment rates increased slightly following the economic crisis in 2008, they have since returned to pre-crisis levels. This is true for all key social target groups such as women, youth and seniors. However, the Total early-stage Entrepreneurial Activity (TEA) rates were lower than the EU average for women, youth and seniors over the 2012-16 period even though Spanish people were more likely than the European Union average to believe that they have the capabilities and skills to create a business (47.0% vs. 41.9% for the EU). Women (42.3% vs. 34.1% for the EU) and youth (40.4% vs. 36.0% for the EU), in particular, were confident in their entrepreneurship skills. However, Spanish entrepreneurs were less likely than the EU average to expect to exploit innovative products and services over this period (23.7% vs 28.9% for the EU).

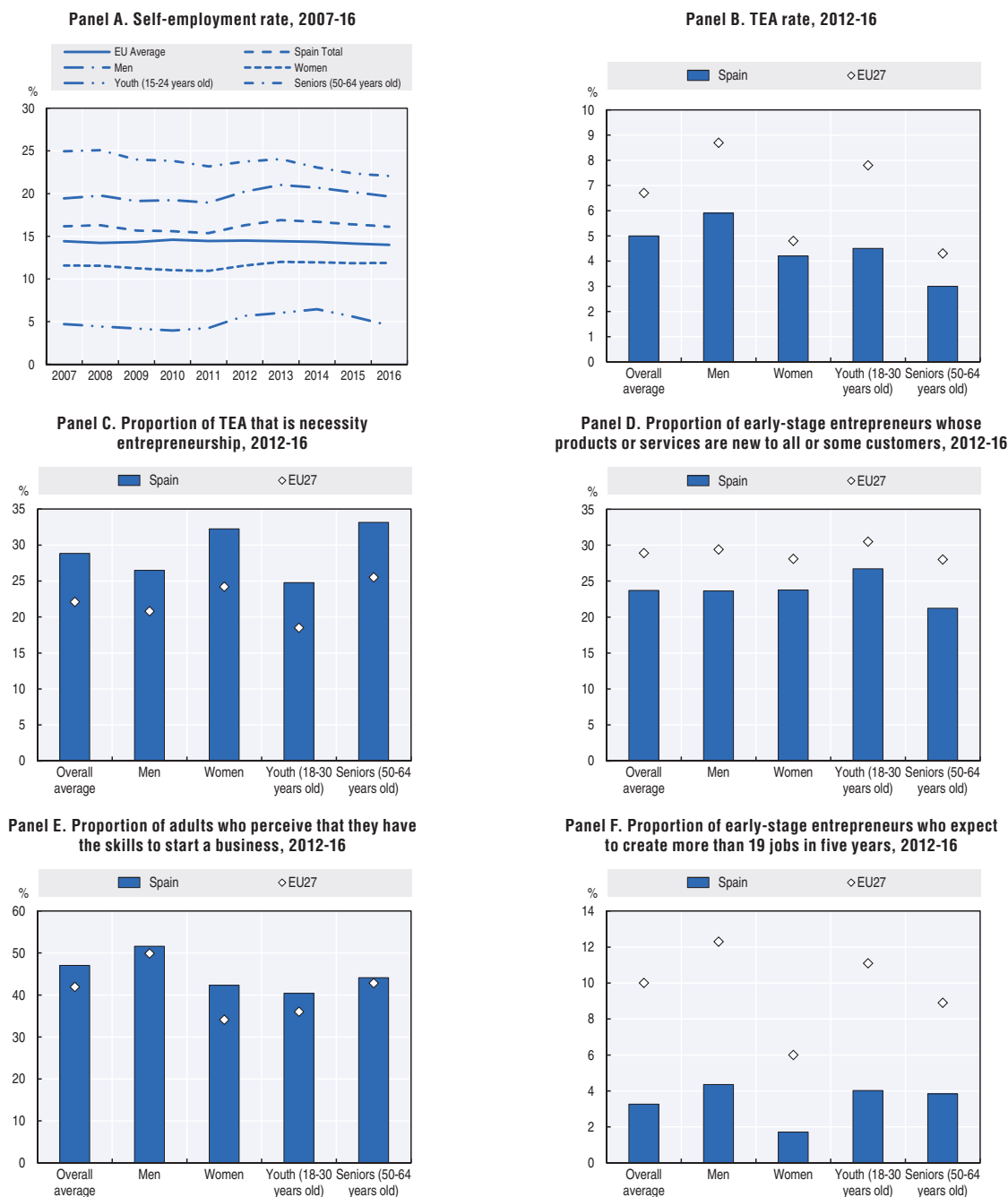
Hot issue: Access to finance for disadvantaged groups is a major concern. Microcredit remains under-developed but could be important to stimulate entrepreneurship. The private sector has only recently started to launch microcredit products for business creation. MicroBank (a subsidiary of La Caixa) offers microcredit programmes for the implementation, promotion and financial support of business projects, with no collateral required. Other banks such as *LaboralKutxa* and *CaixaPollença* have also started to offer microcredit for entrepreneurs from disadvantaged groups with the support of the European Investment Fund connected with the European programme Employment and Social Innovation (EaSI). However, the development of the microcredit sector has been slow due to a lack of a specific regulatory framework.

Recent policy developments: Among the most recent reforms, the most ambitious is the "Entrepreneurs' Law" (including the 2013 reform), which includes a set of measures grouped into five categories: creating entrepreneurial motivation; tax and social security incentives; more flexible financial support; support for growth and development (including administrative simplification); and international mobility. Since the Entrepreneurs' Law was adopted, several complementary policy actions have been launched to provide tailored support to groups that face greater barriers to business creation and self-employment. In the case of women, the Equal Opportunities Strategic Plan 2014-16 (*Plan Estratégico de Igualdad de Oportunidades*) includes specific measures promoting women's entrepreneurship. For youth, the Youth Guarantee (*Garantía Juvenil*) programme and the Strategy for Youth Entrepreneurship and Employment 2013-16 (*Estrategia de Emprendimiento y Empleo Joven 2013-16, EEEJ*) include various supports for youth entrepreneurship. Furthermore, it has been announced that the Entrepreneur's Law, the Equal Opportunities Strategic Plan 2014-16 and the Strategy for Youth Entrepreneurship and Employment 2013-16 will all be reformed in 2017.

The full Country Assessment Note can be found at: www.oecd.org/cfe/leed/inclusive-entrepreneurship.htm.


Key inclusive entrepreneurship data

Figure 34.1. Entrepreneurship and self-employment data for Spain



Notes: 1. The self-employment rate is defined as the number of self-employed people (15-64 years old) divided by the number of people in employment. 2. The TEA rate is the proportion of adults (18-64 years old) involved in setting up a business or managing a business that is less than 42 months old. 3. Necessity entrepreneurship is defined as entrepreneurship activities that were launched because the individual did not have other options in the labour market. 4. Early-stage entrepreneurs are those who are in the process of setting up a business or manage a business that is less than 42 months old. 5. In Panels B, C, D, E and F, the population covered are those 18-64 years old.

Sources: Panel A: Eurostat (2017), Labour Force Survey, available at: <http://ec.europa.eu/eurostat/web/lfs/data/database>; Panels B, C, D, E, and F: GEM (2017), Special tabulations of the Global Entrepreneurship Monitor adult population survey, 2012-16.

StatLink  <http://dx.doi.org/10.1787/888933625528>

Inclusive entrepreneurship trends and policies in Sweden

This profile presents self-employment and entrepreneurship rates for women, youth and seniors in Sweden and reports on recent developments in inclusive entrepreneurship policy. This includes a move away from tailored supports for different target groups.

Key trends: Sweden has the third highest employment rate in Europe with 75.6% within the population 15-64 years old in employment but Swedish people were less active in self-employment relative to the European Union average in 2016 (8.7% vs. 14.0% for the EU). Women now account for 34% of all start-ups, a rate that has been slowly increasing over the years, partly due to efforts to promote women's entrepreneurship between 1994 and 2014. One of the reasons that entrepreneurship activity levels may be low in Sweden is that there is a low level of "necessity" entrepreneurship. Only 7.1% of Swedish entrepreneurs who were involved in setting up a new business, or operating a business that is less than 42 months old, were motivated to start their business because they had no better options for work between 2012 and 2016. This was substantially lower than the European Union average (22.1%). Among the key target groups, youth, seniors and women were all well under half as likely as the EU average to be engaged in necessity entrepreneurship. Swedish people were less likely than the European Union average to feel that they had the skills to start a business (36.3% vs. 41.9% for the EU). Less than one-third of youth and women believed that they had appropriate skills.

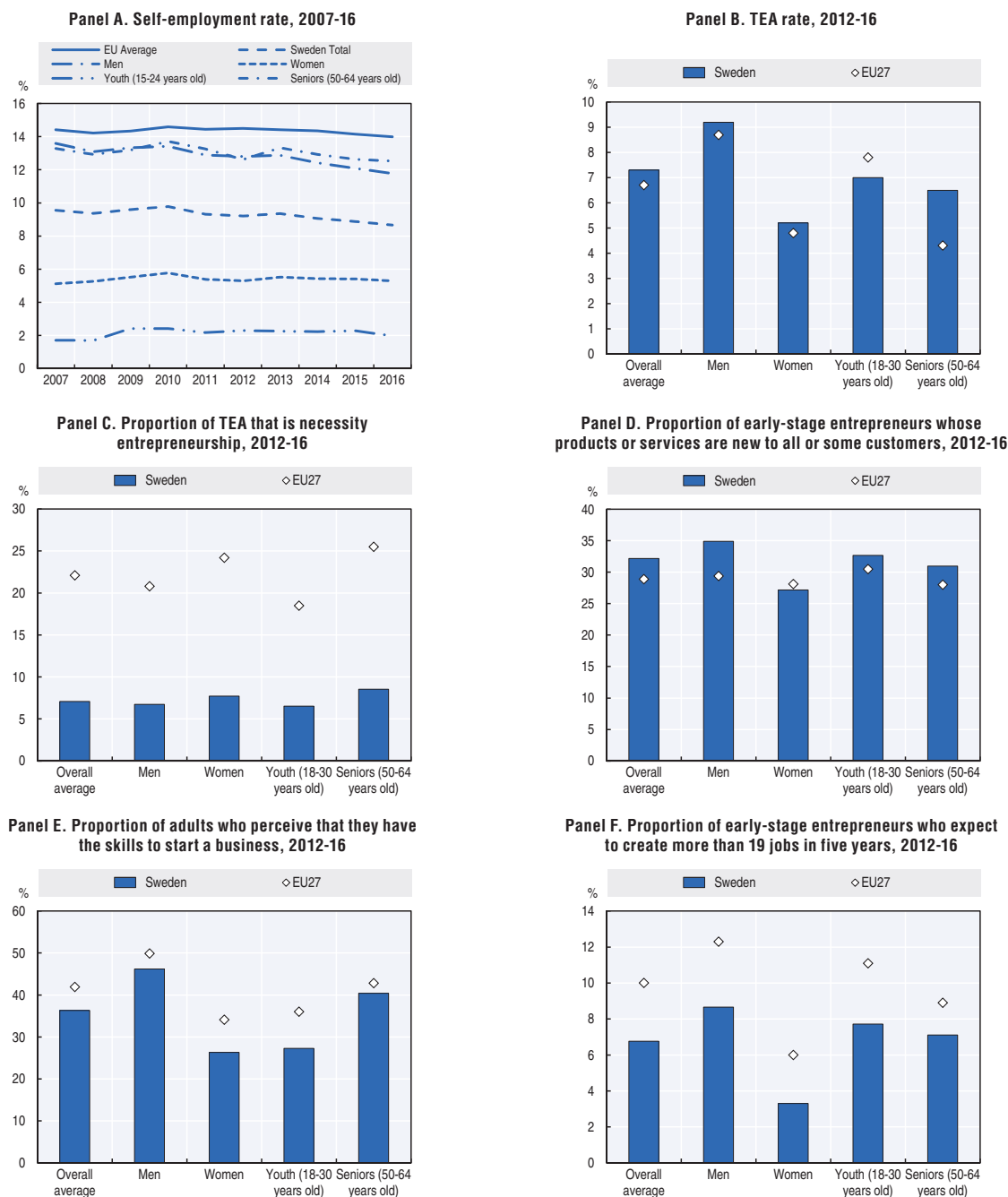
Hot issue: In the context of the movement towards mainstream entrepreneurship policies, there is a debate on the extent to which the incubator concept can be used to deliver business development services to key target groups (women, the unemployed, seniors and migrants) and help them build entrepreneurship networks. The incubator approach is currently used mostly within the context of higher education and supporting young entrepreneurs and adapting this model to the needs of women, the unemployed, seniors and migrants could improve the quality of support provided and help them with the opportunity to build entrepreneurship networks and to improve their access to resources. This could build on the experience of Inkubator 55+, which supported senior entrepreneurs.

Recent policy developments: Sweden has recently adopted a mainstream approach to entrepreneurship policy, where policies and programmes are designed for all citizens, which is a change from historic approaches which targeted specific disadvantaged groups. Sweden was well-known for its support for women entrepreneurs but this tailored support ended in 2015, when new regional growth agreements were implemented as the main policy instrument for promotion of growth and entrepreneurship. A number of tailored schemes remain but these are driven by non-governmental organisations and the private sector. Also, there are now fewer activities by the national government to promote entrepreneurship, although the regional growth agreements have, to some extent, taken over the task as of 2015.

The full Country Assessment Note can be found at: www.oecd.org/cfe/leed/inclusive-entrepreneurship.htm.


Key inclusive entrepreneurship data

Figure 35.1. Entrepreneurship and self-employment data for Sweden



Notes: 1. The self-employment rate is defined as the number of self-employed people (15-64 years old) divided by the number of people in employment. 2. The TEA rate is the proportion of adults (18-64 years old) involved in setting up a business or managing a business that is less than 42 months old. 3. Necessity entrepreneurship is defined as entrepreneurship activities that were launched because the individual did not have other options in the labour market. 4. Early-stage entrepreneurs are those who are in the process of setting up a business or manage a business that is less than 42 months old. 5. In Panels B, C, D, E and F, the population covered are those 18-64 years old.

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StatLink  <http://dx.doi.org/10.1787/888933625547>

Inclusive entrepreneurship trends and policies in the United Kingdom

This profile benchmarks several key inclusive entrepreneurship indicators in the United Kingdom against the European Union average, including self-employment and entrepreneurship activity rates for women, youth and seniors. It also reports on recent inclusive entrepreneurship policy actions, including childcare measures that support entrepreneurship for women.

Key trends: The self-employment rate was approximately 14.1% of the working population in 2016, which accounts for 30% of the increase in employment since 2010. The number of self-employed women in the United Kingdom (9.9%) was almost half of self-employed men (17.9%) in the 2016 and women were also half as likely to be involved in setting up and managing new businesses. There has however been a steady increase in the number of women entrepreneurs from 1984 to 2008, and a sharp rise of approximately 30% within the period 2008-15. Women entrepreneurs are generally more likely than men to work part-time and to be sole-traders. They were also much less likely to report that they have the skills for entrepreneurship between 2012 and 2016 (34.9% vs. 52.8% for men). Women entrepreneurs tend to operate in particular sectors, including retail trade, hotels and restaurants, health, social services, education, personal and consumer service activities and were less likely to operate businesses that offer new products and services over the 2012-16 period.

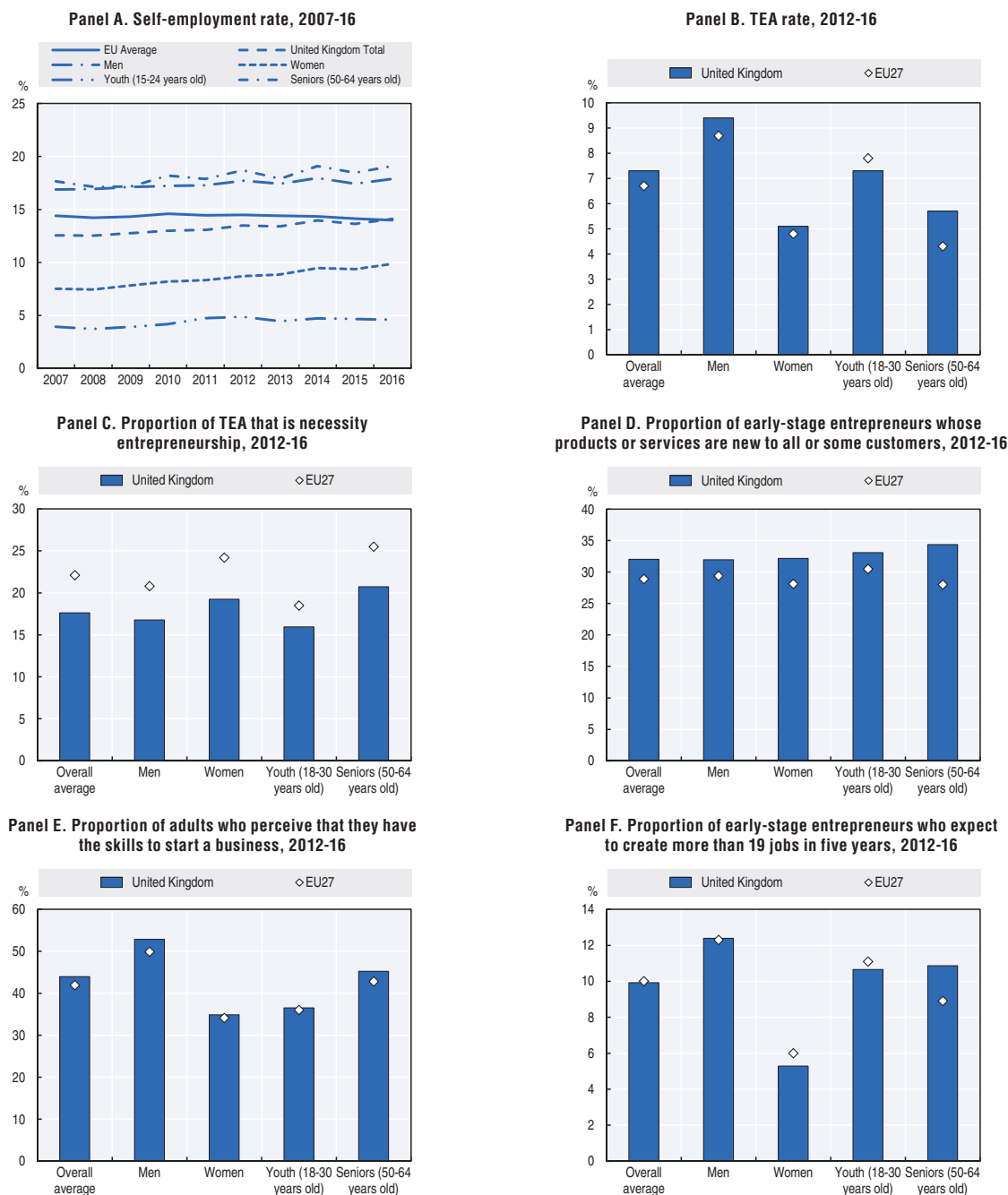
Hot issue: There are currently few inclusive entrepreneurship supports for social target groups other than youth and women as there has been a move towards a mainstream approach in delivering business start-up schemes. Thus, much of the policy dialogue has been around ensuring access to entrepreneurship schemes for disadvantaged groups and leveraging the efforts of non-government organisations in a context of diminishing public resources. Anticipated spending cuts and questions surround the exit from the European Union pose further challenges to the sustainability of established initiatives.

Recent policy developments: The national regulatory environment is generally considered to be friendly towards entrepreneurs and measures that support people in dealing with administrative procedures for entrepreneurship tend to be simplified for all businesses and self-employed people. Nonetheless, some changes have been made to the social security system in recent years to balance the differences in treatment of employees and the self-employed. This includes the introduction of the Single Tier Pension, which is thought to disproportionately benefit the self-employed, women, care-givers and low income earners. In addition, self-employed people will be eligible for Tax-Free Childcare as of early 2017 (as employees can access) as part of the government's long-term plan to support working families. It is anticipated that this will enable more parents to go into work, including women who want to set up a business. Tax-Free Childcare scheme is particularly welcome by the self-employed who are currently not entitled to Childcare Vouchers available only to employees.

The full Country Assessment Note can be found at: www.oecd.org/cfe/leed/inclusive-entrepreneurship.htm.

Key inclusive entrepreneurship data

Figure 36.1. Entrepreneurship and self-employment data for the United Kingdom



Notes: 1. The self-employment rate is defined as the number of self-employed people (15-64 years old) divided by the number of people in employment. 2. The TEA rate is the proportion of adults (18-64 years old) involved in setting up a business or managing a business that is less than 42 months old. 3. Necessity entrepreneurship is defined as entrepreneurship activities that were launched because the individual did not have other options in the labour market. 4. Early-stage entrepreneurs are those who are in the process of setting up a business or manage a business that is less than 42 months old. 5. In Panels B, C, D, E and F, the population covered are those 18-64 years old.

Sources: Panel A: Eurostat (2017), Labour Force Survey, available at: <http://ec.europa.eu/eurostat/web/lfs/data/database>; Panels B, C, D, E, and F: GEM (2017), Special tabulations of the Global Entrepreneurship Monitor adult population survey, 2012-16.

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Glossary

Active labour market measures: Measures to assist the unemployed and others to participate in the labour market. These measures typically include job brokering (matching vacancies and job seekers), training (to upgrade and adapt the skills of job applicants), and direct job creation (either public-sector employment or subsidisation of private-sector work).

Business counselling: This business development service provides professional advice. A common approach is to offer business counselling services as part of integrated support schemes and make business counselling a condition for receiving financial support.

Business development support services: These are services that aim to improve the performance of the enterprise by improving its ability to compete and access markets. Support services typically include training, mentoring, coaching, consultancy, marketing assistance, information, technology development and transfer assistance and networking. Both strategic (medium to long-term issues that improve performance) and operational (day-to-day) issues are included.

Business start-up indicators: A set of quantitative measures that indicates the number of people that move from thinking about starting a business to realising the creation of a registered business. In other words, these indicators relate to business start-up, which is the point where entrepreneurial ideas become reality and firms make an economic contribution. Policy makers can use these indicators as one measure of the strength of entrepreneurial culture.

Business operation indicators: A set of quantitative measures that indicates the number of people that have established on-going business operations. Examples include number of businesses, turnover, export levels, employees, etc. Policy makers can use such indicators to measure the stock of entrepreneurs and businesses in an economy.

Coaching: A typically short-term relationship aimed at developing the skills of an entrepreneur. It is a collaborative process in which the participants have clearly defined roles. The coach is responsible for developing short-term goals and guiding the coachee towards the goals by providing constructive feedback. The coachee is responsible for generating ideas and options, taking action to achieve the goal, and reporting progress.

Deadweight costs: The extent to which participants would have set up a new business without the subsidy. Since behaviour of these “deadweight participants” is unaffected by the scheme, their participation does not contribute to the economic value generated by the scheme but involves a public outlay. The social cost of this outlay is the sum of the distortionary cost or excess burden of the tax that finances it.

Dependent self-employment: Self-employment where the self-employed person is reliant on one or a small number of clients. These self-employed people typically work under conditions that are similar to employees but do not benefit from the protection offered by labour law, including minimum wage rates, social security coverage and paid sick leave.

Displacement effects: The extent to which subsidised businesses take business from and displace employment in unsubsidised business.

Disabled entrepreneurs: Entrepreneurs with a disability. The vast majority of disabled people have “hidden” disabilities, including mental health conditions, chronic pain and muscular/skeletal conditions. A very small proportion has obvious disabilities, such as wheelchair users or visually impaired people. Many countries have now identified systemic barriers affecting people with disabilities in entrepreneurship such as negative attitudes and exclusion by society (purposely or inadvertently).

Disadvantaged groups: Those facing additional barriers to full participation in the labour market and society. Disadvantage often originates from individual characteristics such as limited experience of business, low levels of qualifications, or limited social capital, but the disadvantage may be linked to shared characteristics across a group. As a result, disadvantaged groups face intentional or unintentional discrimination.

Entrepreneur: A person (business owner) who seeks to generate value, through the creation or expansion of economic activity, by identifying and exploiting new products, processes or markets (see the OECD Entrepreneurship Indicators Programme). It is possible to behave in an entrepreneurial manner in the public sector, in a social enterprise, or as an employee within a business.

Entrepreneurship skills: A combination of technical skills, business management skills and personal skills required for starting and operating in business and self-employment. For example, they include team building, negotiation, strategy development, financial planning, and marketing.

Established Business Ownership Rate: This measures the proportion of the adult population that are currently owner-managers of an established business that has paid salaries, wages or any other payments to the owners for more than 42 months. This measure was developed by the Global Entrepreneurship Monitor and helps inform on the level of entrepreneurship activities in an economy.

Ethnic minority entrepreneurs: Ethnic minority entrepreneurs are those born in their country of residence, belonging to an ethnic minority group and retaining strong links to their ethnic culture. Immigrant entrepreneurs have migrated to another country. They may be from the same ethnic group as the majority of residents in the country but are unlikely to be as familiar with its rules, culture and institutions.

Evaluation: The objective of evaluation is to measure the relevance, impact, effectiveness and efficiency of a programme or policy action. Evaluations can be qualitative, quantitative or a combination of the two. Successful evaluations are planned during the policy design and indicators are collected throughout the implementation to feed into the evaluation. Evaluation should be designed and implemented in ways that provide useful information to decision-makers, given the political circumstances, programme constraints and available resources. Results of evaluation should be used to improve policy design.

False self-employment: A work arrangement where the worker is registered as self-employed but has a relationship with one or few clients that is more analogous to an employee-employer relationship. These arrangements are set-up to reduce tax and social security obligations.

Financial exclusion: Lack of, or limited, access to financial services. For example, those without a bank account can find it difficult to obtain loans for business establishment and those without collateral are charged much more for loans. Financial exclusion increases the likelihood of poverty.

Freelance workers: This term is often used to refer to self-employed workers in occupational groups that provide skilled non-manual services and require little capital, often referred to as “knowledge workers”. This usually includes those working in creative and media occupations, but could also cover own-account workers in managerial, professional, scientific, technical and creative occupations. Freelance workers operate under a range of legal business forms: as self-employed sole proprietors or partners in unincorporated businesses, as directors of their own companies and as umbrella company employees.

Hybrid entrepreneurs: Hybrid entrepreneurs are those who combine entrepreneurship with employment. The entrepreneurship activity could be full-time or part-time.

Inclusive entrepreneurship: Entrepreneurship that contributes to social inclusion and gives all people an equal opportunity to start up and operate businesses. Target groups are those who are under-represented and disadvantaged in entrepreneurship and self-employment, including youth, women, seniors, ethnic minorities and immigrants, disabled people and many other groups.

Incubators: Business incubators are facilities designed to support the creation and growth of entrepreneurial companies through an array of business support resources and services, offered both directly in the incubator and through its network of contacts. Incubators vary in the way they deliver their services, in their organisational structure, and in the types of clients they serve. While virtual/online incubators exist, most programmes host start-up companies on their premises for a limited period of time. Successful completion of a business incubation programme increases the likelihood that a start-up company will survive and grow.

Job Security Council: These non-profit foundations provide support to displaced workers by providing guidance and advice, offering training opportunities and job matching services. Support is typically provided prior to job separation. This is an important feature of Swedish labour market policy, but similar actors are found in other countries such as Norway.

Labour market participation: A measure of the active portion of an economy’s labour force. The labour market participation rate refers to the proportion of people who are either employed or are actively looking for work. People who are no longer actively searching for work are not included in the participation rate. An individual’s circumstance will affect their likelihood of being in work or seeking work. For example, those in education or retirement are often not looking for work and are therefore excluded from published labour market activity and unemployment rates. During an economic recession, the participation rate typically decreases as many workers become discouraged with the lack of opportunities in paid employment and stop looking for work.

Loan guarantee: Commitment by a third party to cover part of the losses related to a loan default. It can be provided by the government and/or or by a private business association. It is backed up by a fund acting as collateral.

Mentoring: Mentoring is a professional relationship in which an experienced person (the *mentor*) assists another (the *mentee*) in developing skills and knowledge that will enhance the less-experienced person's professional and personal growth. These relationships are typically more long-term than the coaching relationship.

Microcredit: Small-sized loans to borrowers who find it difficult to obtain credit from traditional banks. It consists in small sums generally at higher interest rates than those available at traditional banks to reflect the riskier profile of the borrower. In the EU, the microcredit threshold is set at EUR 25 000.

Nascent Entrepreneurship Rate: The proportion of the population that is actively involved in setting up a business they will own or co-own. This business has not paid salaries, wages or any other payments to the owners for more than three months. It is one of the measures developed by the Global Entrepreneurship Monitor to quantify entrepreneurship activities in an economy.

New Business Ownership Rate: The proportion of the population that is currently an owner-manager of a new business that has paid salaries, wages or any other payments to the owners for more than three months, but not more than 42 months. It is one of the measures developed by the Global Entrepreneurship Monitor to quantify entrepreneurship activities in an economy.

Outreach: A systematic attempt to provide services beyond conventional limits to reach particular segments of a community. Outreach services can be employed to raise the profile of (more mainstream) services and inform people of the provision. Outreach services can also be used to reach and engage specific groups and those who do not tend to use mainstream services. One approach is to deliver services in locations where people from the target communities already go (e.g. community centres, youth centres, places of worship, shopping centres) rather than establishing an outreach office and attempting to attract people to it.

Pre-business start-up indicators: These measures capture society's attitude towards entrepreneurship and the level of interest that people have in starting a business and are an important policy tool in determining the cultural disposition towards entrepreneurship.

Role models: An experienced entrepreneur who can inspire others to business start-up or self-employment activities.

Self-employment: An employment status where people work in their own business on their own account and receive an economic return for their labour in the form of wages, profits, in-kind benefits or family gain (for family workers). The self-employed may work alone or employ others. They tend to be running their own business as a sole proprietorship, independent contractor, member of a partnership, or a non-incorporated company.

Senior entrepreneurs: Typically categorised as entrepreneurs over 50 years of age, they are also variously known as "grey entrepreneurs," "silver entrepreneurs", "older entrepreneurs," "third age entrepreneurs," "elder entrepreneurs" and "seniorpreneurs." They are predicted to play an increasingly important part of economic activity, as populations age and the traditional workforce age cohort declines.

Serial entrepreneurship: The process of successively starting businesses and selling them while they are young rather than operating a business over its full life cycle.

Sign-posting: To make information available to direct potential and actual entrepreneurs to professional sources of information and assistance.

Social capital: Social capital is the value of social networks, involving the family, friends, colleagues, and business and personal contacts through which opportunities are received. In entrepreneurship, social capital provides access to knowledge, networks of clients, suppliers and professional support, and can therefore increase an individual's chances of business success.

Social entrepreneurship: This is a form of entrepreneurship where the main objective is to have a social impact rather than make a profit for their owners or shareholders. Social enterprises operate by providing goods and services for the market in an entrepreneurial and innovative fashion and use any profits primarily to achieve social objectives. They are managed in an open and responsible manner and, in particular, involve employees, consumers and stakeholders affected by their commercial activities.

Social inclusion: Positive action taken to include all sectors of society in economic and social activity. This includes ensuring that the marginalised and those living in poverty have greater participation in decision making which affects their lives, allowing them to improve their living standards and their overall well-being.

Total Early-stage Entrepreneurial Activity (TEA): A measure used by the Global Entrepreneurship Monitor and computed by summing the proportion of the population involved in nascent entrepreneurship activities and those who have started new business within the last 42 months.

Under-represented groups: Those segments in society that are less represented in the enterprise economy than their proportions in the overall population, for example women and people with disabilities.

Work-life balance: A concept involving a proper prioritisation between “work” (career and ambition) and lifestyle (health, pleasure, leisure, family and spiritual development).

Youth entrepreneurs: Entrepreneurs in their late teens and twenties. The exact definition of age range depends on the context. For example, the Global Entrepreneurship Monitor defines young entrepreneurs as those from 18 to 30 years old, while the Eurostat Labour Force Survey focuses on those from 15 to 24 years old.

The Missing Entrepreneurs 2017

POLICIES FOR INCLUSIVE ENTREPRENEURSHIP

The *Missing Entrepreneurs 2017* is the fourth edition in a series of publications that examine how public policies at national, regional and local levels can support job creation by encouraging business start-ups and self-employment by people from disadvantaged or under-represented social groups. It shows that there is substantial potential to combat unemployment and stimulate social inclusion by promoting entrepreneurship in populations such as women, youth, seniors, the unemployed, and migrants, if the specific problems they face can be addressed and if entrepreneurship policies are opened up to all.

This edition contains thematic policy discussion chapters on the quality of self-employment, including new forms of self-employment such as dependent and false self-employment, and on the potential of self-employment as an adjustment mechanism in major firm restructuring. Each thematic chapter discusses current policy issues and challenges, and makes recommendations for policy makers. Finally, country profiles highlight recent trends in entrepreneurship by the social target groups, key policy challenges and recent policy actions in each of the 28 EU Member States.



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