



The Missing Entrepreneurs

POLICIES FOR INCLUSIVE ENTREPRENEURSHIP
IN EUROPE



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Please cite this publication as:

OECD/The European Commission (2013), *The Missing Entrepreneurs: Policies for Inclusive Entrepreneurship in Europe*, OECD Publishing.
<http://dx.doi.org/10.1787/9789264188167-en>

ISBN 978-92-64-18815-0 (print)
ISBN 978-92-64-18816-7 (PDF)

European Commission
ISBN 978-92-79-28205-8 (print)
ISBN 978-92-79-28202-7 (PDF)

Catalogue number
KE-31-13-425-EN-C (print)
KE-31-13-425-EN-N (PDF)

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Preface

More than five years after the onset of the global financial and economic crisis, tackling unemployment is at the top of our priorities. In the European Union, approximately 4 million jobs are needed to return to pre-crisis employment levels. Groups such as youth, women, seniors, ethnic minorities, and the disabled face particularly high risks of being marginalised in the labour market. Policies should leave no stone unturned in delivering a response, and one of the under-explored avenues is action for entrepreneurship and self-employment, targeted at disadvantaged and under-represented groups.

We need a better understanding of the potential for people to set up in business when they are not in the mainstream of the economy and the barriers they face. For example, there were some 8 million seniors in self-employment in the European Union in 2011, more than one-fifth of all those 55-64 year olds who remain active. But while there were approximately 21 million self-employed men, there were only 9 million self-employed women, suggesting that there are some important gender gaps to fill. Why are some social groups less involved in entrepreneurship than others? What problems can and should policy address? What policy actions are working well, and what are the conditions for their success?

This publication sheds light on these issues, by drawing a picture of entrepreneurship and self-employment today across the populations which are the focus of social inclusion policies in the European Union. It examines the barriers faced by each group, and provides guidance on how policy can overcome these barriers, focusing on improving institutions, skills and financing and finding the right approach to delivering policy to each group. Inspiration is offered from good practice policy actions that have been developed in the nations and regions of Europe.

The main message is that we should help those people with the desire and the aptitudes to go ahead in business creation and operation, and when they do, to focus on opportunities and areas of excess demand. Actions are needed to increase awareness of opportunities for entrepreneurship and self-employment, to simplify regulations and to ease the transition from welfare to business ownership. Mentoring, coaching and skills development are also needed, along with support for access to start-up finance, particularly for small amounts such as those provided by micro finance institutions. These actions need to be delivered to the communities of excluded people, using their language and offering familiar role models and approaches.

Not all those vulnerable to labour market exclusion are suited to business creation and ownership, and there will be failures among those who start. But many will indeed start successfully and create their own jobs. Furthermore, many others who engage but finally take a different direction will benefit from improved employment prospects. I hope that this book will provide inspiration to national, regional and local governments in developing effective actions to promote inclusive entrepreneurship, and to make the entrepreneurial dream a reality for many more people.



Angel Gurría, Secretary-General,
Organisation for Economic Co-operation and Development

Entrepreneurship is an important requirement for achieving sustainable and inclusive growth in Europe. It has great potential for creating jobs and reducing unemployment, not just in the population in general, but also among people who are vulnerable to social exclusion. However, while a lot of attention has been placed on traditional elements of active labour market policies – training, employment incentives, job matching – less attention has been given to the role of start-up support in helping people to create their own jobs or increase their employability. This balance needs to be redressed so that entrepreneurship can meet its full potential in promoting growth and inclusion.

Entrepreneurship has been a political priority in the European Union since the launch of the Lisbon Agenda in March 2000. It also figures centrally in the Europe 2020 strategy for smart, sustainable and inclusive growth. In particular, three of the seven Flagship initiatives directed to employment and social inclusion are relevant to entrepreneurship:

1. *The Agenda for New Skills and Jobs*, which supports the removal of measures that discourage self-employment;
2. *Youth on the Move*, which supports youth entrepreneurship and self-employment; and
3. *The European Platform Against Poverty and Social Exclusion*, which promotes the role of microfinance and entrepreneurship in combating social exclusion.

This year, the European Commission also launched its Entrepreneurship 2020 Action Plan to reignite the entrepreneurial spirit in Europe and promote specific actions for reaching out to groups that are disadvantaged on the labour market or under-represented within the entrepreneurial population, including women, seniors, migrants, the unemployed and young people.

To help move forward with these priorities, the European Union provides financial support for inclusive entrepreneurship programmes through its Structural Funds, particularly the European Social Fund, and recognises entrepreneurship as one of the priority action areas on which it is ready to support member states and regions in their efforts to combat unemployment and return to growth. For the next Multiannual Financial Framework (2014-2020), a Programme for Social Change and Innovation (PSCI), later renamed to Programme for Employment and Social Innovation (EaSI), has been proposed, which will contain an axis dedicated to microfinance and social entrepreneurship support. This book, produced by the European Commission together with the OECD, will provide evidence and inspiration to policy makers seeking to develop their own approaches in this field. I look forward to seeing these policies in action and achieving our entrepreneurship goals for the benefit of all.



Koos Richelle, Director-General,
Directorate General for Employment, Social Affairs and Inclusion
European Commission

Acknowledgements

This is the first report from an on-going collaboration on inclusive entrepreneurship policies in Europe between the Local Economic and Employment Development (LEED) Programme in the Centre for Entrepreneurship, SMEs and Local Development of the OECD and the Directorate General for Employment, Social Affairs and Inclusion of the European Commission.

The report was prepared and edited under the direction of Jonathan Potter, Senior Economist at the OECD Centre for Entrepreneurship, SMEs and Local Development. He was supported by David Halabisky, Economist in the LEED Division of the OECD, who undertook substantial drafting and editing and co-ordinated written inputs from various contributors.

Material was drafted by the following OECD Secretariat members and external experts: Robert Blackburn, Thomas Cooney, David Deakins, Alain Fayolle, Francis Greene, David Halabisky, Jarna Heinonen, Carin Holmquist, Hans Landström, Marco Marchese, Jonathan Potter, David Smallbone, Friederike Welter, Andrea Westall and Iain Willox.

The report benefited from comments and inputs from the European Commission, Directorate General for Employment, Social Affairs and Inclusion. Key contributions were made by Ciprian Alionescu, Anastasios Bisopoulos, Gerhard Bräunling, Marco Fantini, Frédéric Lagneaux, Andrea Maier, and Michal Petrik. The OECD established a steering group to guide the publication made up of Iñaki Peña, David Smallbone, Roy Thurik, Mirjam van Praag and Friederike Welter, who also provided valuable comments and suggestions.

Key data contributions and comments are acknowledged from Mariarosa Lunati and Nadim Ahmad of the OECD Statistics Directorate and Niels Bosma and Jonathan Levie of the Global Entrepreneurship Research Association.

A number of country correspondents provided input for the policy descriptions in Parts II and IV of this report, namely: Eva Heckl, Patrizia Zanoni, Elke Valgaeren, Kiril Todorov, Elias Hadjielias, Panikkos Poutziouris, Vladan Hruška, Jiri Duzar, Kim Klyver, Urve Venesaar, Jarna Heinonen, Alain Fayolle, Alexander Kritikos, Dimitris Karantinos, Attila Pethe, Paula Fitzsimons, Sergio Destafanis, Olga Rastrigina, Inga Blaziene, Christina Constantinidis, Denise Fletcher, Manwel Debono, Jacqueline Sniijders, Anne Bruins, Anna Rogut, Krzysztof Wach, Anabela Dinis, Augusta Medina, Ana Ribeiro, Sofia Esteves, Douglas Thompson, Anca Dodescu, Anna Pilková, Karin Širec, Iñaki Peña, Dominique Anxo, Andreas Mångs, Monder Ram and Jonathan Levie.

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