

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.



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