

Chapter 5

Self-employment and entrepreneurship by the unemployed

This chapter presents data on the proportion of unemployed people who seek self-employment and the proportion who are successful in transitioning to self-employment. Data for the unemployed are presented by gender and age at both the European Union and Member State levels.

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.

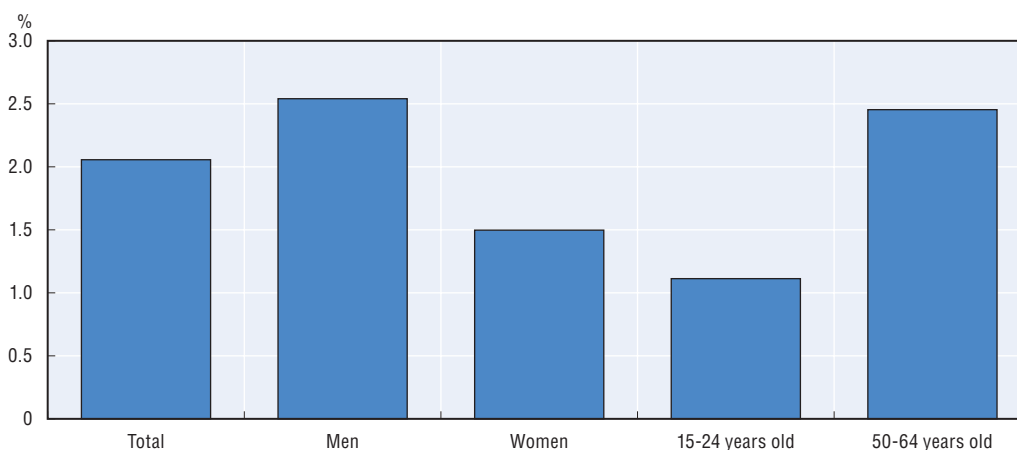
Seeking self-employment from unemployment

- Relatively few unemployed people seek to return to work through self-employment. Of the 26.2 million unemployed people in the European Union in 2013, only 540 400 sought self-employment (2.1%).
- This proportion varied greatly by Member States, ranging from 0.7% in the Slovak Republic to 7.0% in Romania.
- The proportion of people seeking to exit unemployment through self-employment increased following the onset of the global economic crisis in 2008.

Of the 26.2 million unemployed people in the European Union in 2013, only 540 400 were seeking self-employment as a way to re-enter employment. In other words, only 2.1% of the unemployed were actively seeking to create their own employment through self-employment (Figure 5.1). Unemployed men were more likely than unemployed women to seek self-employment (2.5% vs. 1.5%). Unemployed youth (15-24 years old) were less likely than the overall population of unemployed people to seek self-employment (1.1%) but older people (50-64 years old) were more likely (2.5%).

Figure 5.1. **Proportion of the unemployed seeking self-employment in the EU28, 2013**

Percentage of the unemployed



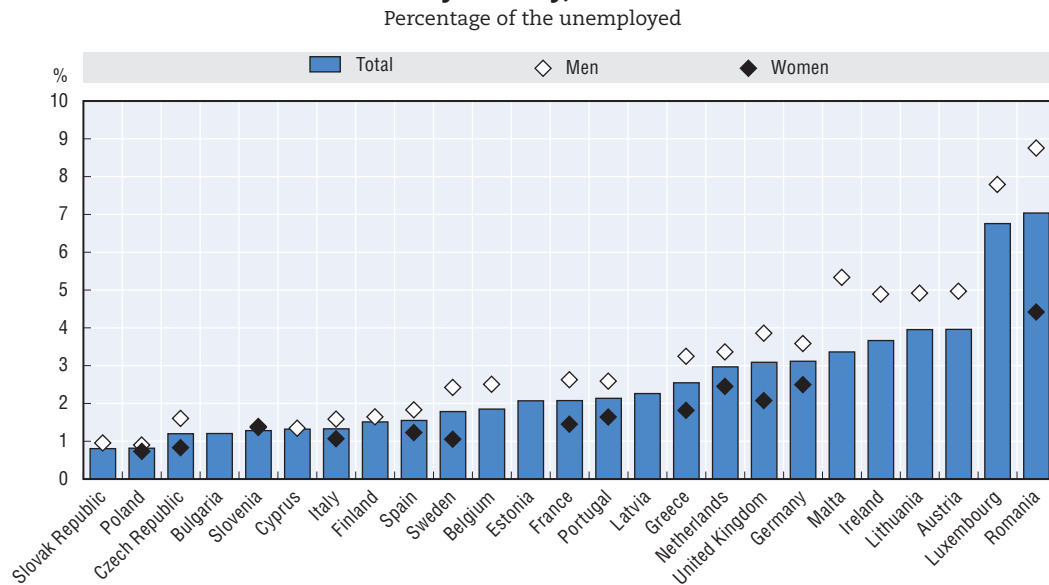
Source: Eurostat (2014), Labour Force Survey 2013.

StatLink  <http://dx.doi.org/10.1787/888933287030>

There is a substantial amount of variation across Member States in the likelihood that unemployed people sought self-employment in 2013. Overall, the proportion of unemployed people seeking self-employment in 2013 ranged from 0.7% in the Slovak Republic to 7.0% in Romania. The proportion of unemployed women who sought self-

employment ranged from 0.7% in Poland to 4.4% in Romania (Figure 5.2). Similarly, the proportion of unemployed youth seeking self-employment ranged from 0.9% in the Czech Republic to 7.7% in Romania, and the range for older people was from 1.4% in Italy to 6.5% in Ireland (Figure 5.3). However, note that these data are not presented for many European Union countries because the number of unemployed people seeking self-employment is too small to be reported with confidence.

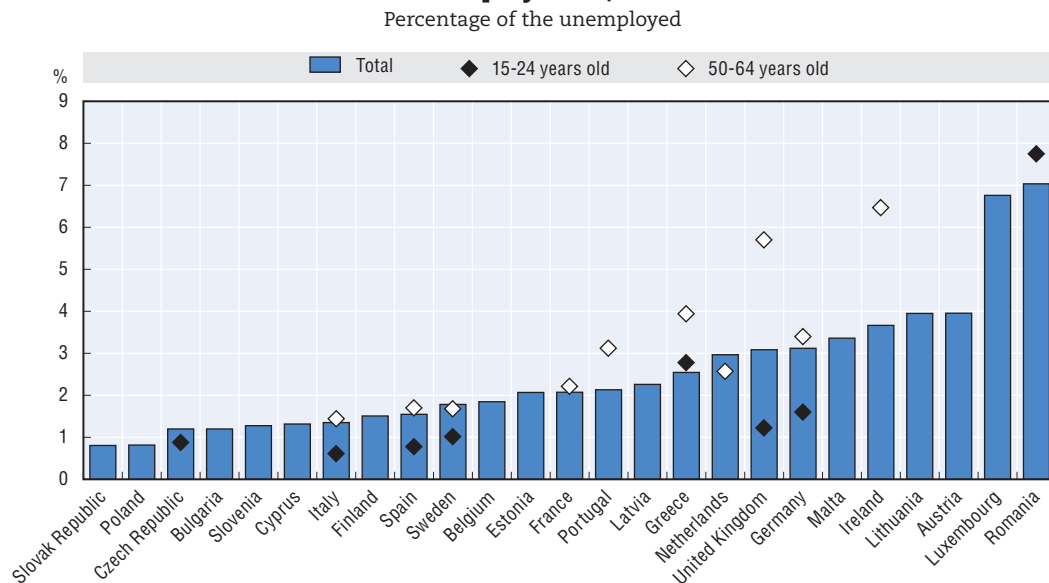
Figure 5.2. **Proportion of the unemployed seeking self-employment by country, 2013**



Source: Eurostat (2014), Labour Force Survey 2013.

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Figure 5.3. **Proportion of unemployed youth and seniors seeking self-employment, 2013**



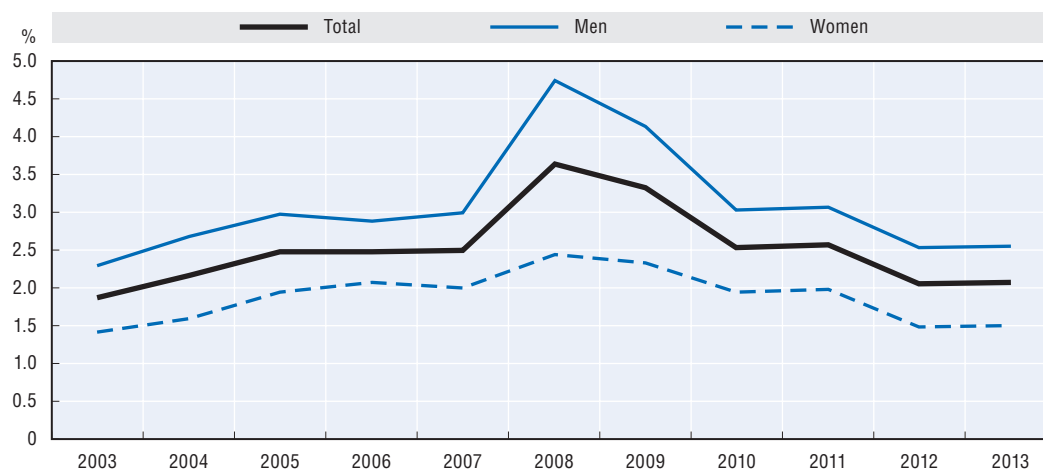
Source: Eurostat (2014), Labour Force Survey 2013.

StatLink <http://dx.doi.org/10.1787/888933287050>

Unemployed people were more likely to seek self-employment following the onset of the economic crisis (Figures 5.4 and 5.5) than in the 4 previous years. Overall, in 2008, 3.6% of unemployed people sought self-employment, up from 2.5% in 2007 and 1.9% in 2003. At the peak in 2008, the proportion of unemployed men, women, youth and older people seeking self-employment was 4.7%, 2.4%, 2.9% and 3.4%, respectively. Between 2008 and 2013, the proportion of unemployed people seeking self-employment fell back towards the proportion found in 2003, although the total number of unemployed people grew from 16.7 million in 2008 to 26.2 million in 2013. During this period, the number of unemployed people seeking self-employment was relatively constant, ranging from 520 000 to 708 000.

Figure 5.4. **Proportion of unemployed men and women seeking self-employment in the EU28, 2003-13**

Percentage of 15-64 year olds

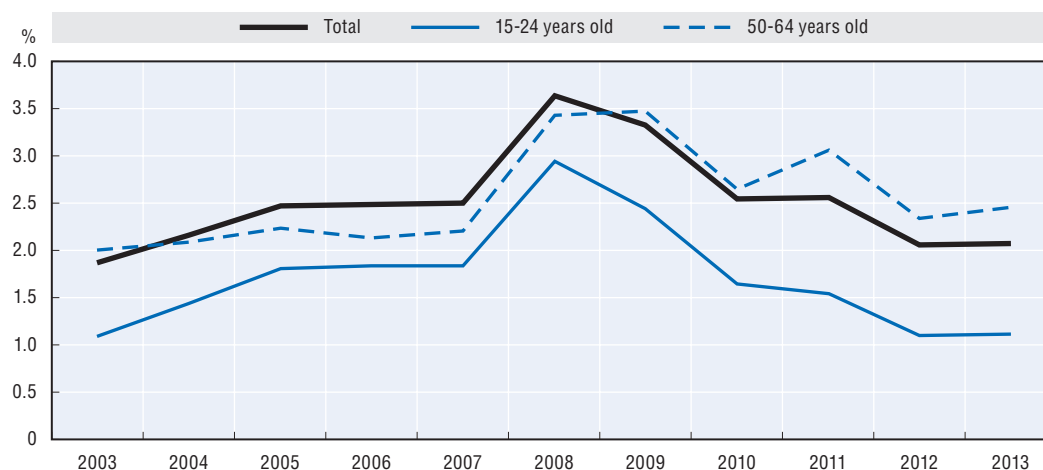


Source: Eurostat (2014), Labour Force Survey 2003-13.

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Figure 5.5. **Proportion of unemployed youth and seniors seeking self-employment in the EU28, 2003-13**

Percentage of 15-64 year olds



Source: Eurostat (2014), Labour Force Survey 2003-13.

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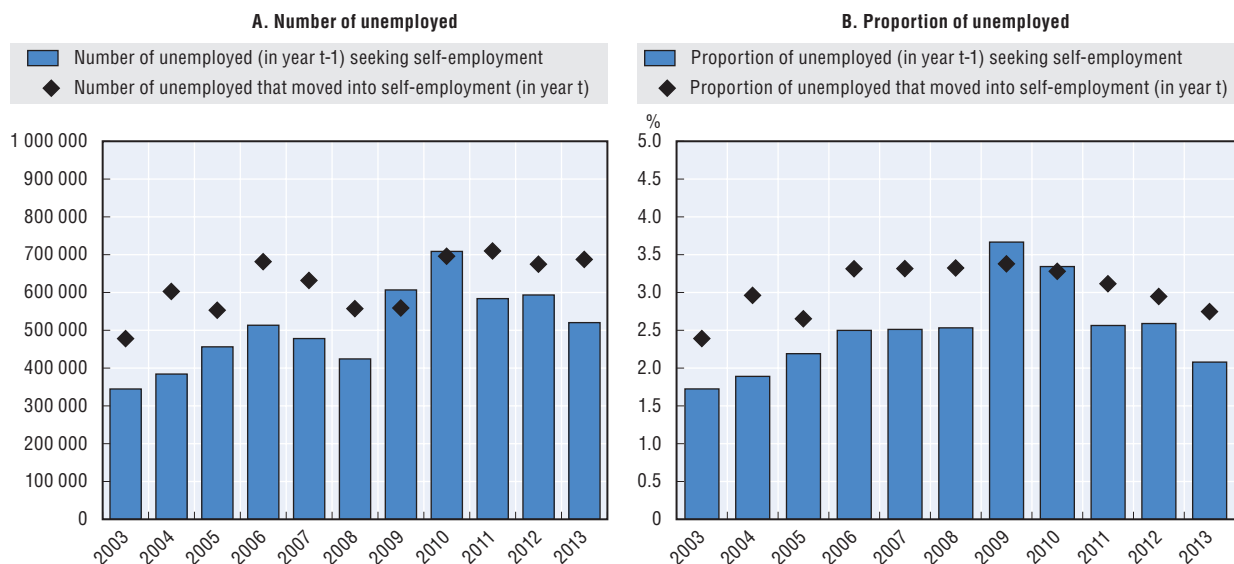
Entering self-employment from unemployment

- 2.7% of the unemployed people in the European Union in 2012 successfully entered self-employment in 2013. This represented more than 685 000 people.
- The proportion of unemployed people entering self-employment in a given year tends to be slightly higher than the proportion of people seeking self-employment in the previous year.

In 2012, at the European Union-level, 2.1% of unemployed people sought self-employment. That is 520 200 people. However, looking ahead one year to 2013 reveals that 687 200 unemployed people actually entered self-employment (2.7%) (Figure 5.6). This indicates that some unemployed people started a business even though they were not planning on it. This could occur for several reasons, with the most likely scenarios being that some unemployed people were led to start a business out of necessity because their support payments ended or that some unemployed people unexpectedly found an opportunity to exploit. The numbers in each of these groups is unknown.

Over time, the proportion of unemployed people moving into self-employment is quite constant. Between 2003 and 2013 between 2.4% and 3.4% of unemployed people in each year moved into self-employment (Figure 5.6). This proportion does not appear to have changed substantially in response to the economic crisis.

Figure 5.6. **Potential for self-employment by the unemployed in the EU28, 2003-13**



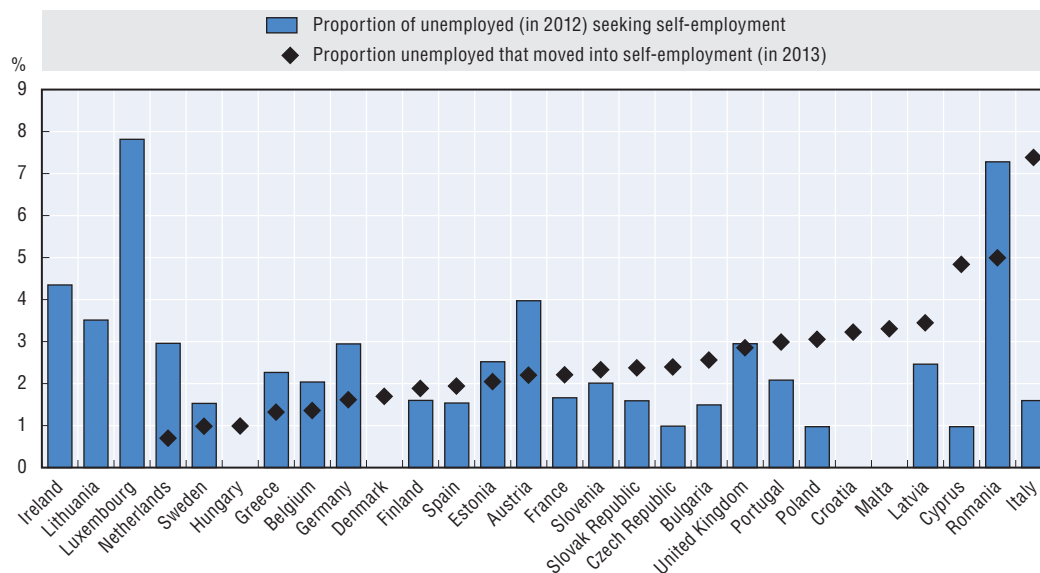
Source: Eurostat (2014), Special tabulations of the Eurostat Labour Force Survey, 2014.

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There is great variation in the proportion of unemployed people who successfully entered self-employment in 2013 by Member State (Figure 5.7). The proportion of unemployed who moved into self-employment ranged from 0.7% in the Netherlands to 7.4% in Italy. There appears to be little correlation between the proportion of unemployed people who sought self-employment and those who successfully entered self-employment. In 12 European Union Member States, the number of people who entered self-employment

from unemployment exceeds the proportion of unemployed people who were seeking self-employment. However, in 9 other Member States the proportion seeking self-employment was greater than the proportion who entered.

Figure 5.7. **Potential for self-employment by the unemployed, 2013**



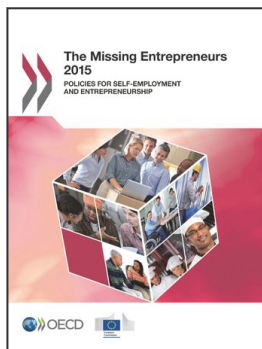
Source: Eurostat (2014), Special tabulations of the Eurostat Labour Force Survey, 2014.

StatLink  <http://dx.doi.org/10.1787/888933287090>

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