

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).

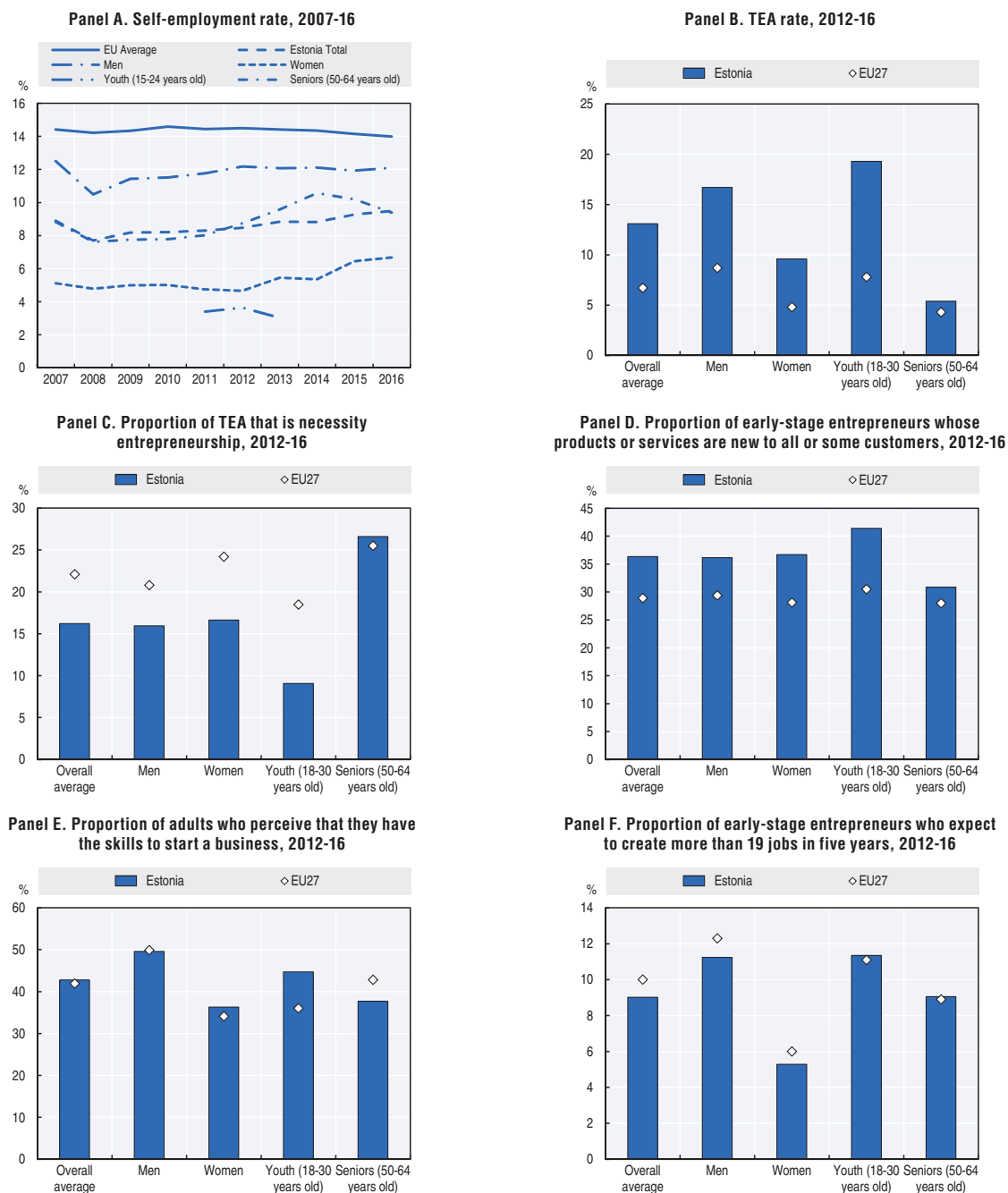
Hot issue: One of the current gaps in the inclusive entrepreneurship support system is that youth entrepreneurship support focuses on innovative start-ups and there are few initiatives to support those not in employment, education or training (NEETs). Further, there is an ongoing policy debate about 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.

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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.



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