



The Missing Entrepreneurs 2014

POLICIES FOR INCLUSIVE ENTREPRENEURSHIP
IN EUROPE



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Preface

The global economy is expected to strengthen over the next few years and regain its former growth trend. However, the crisis has left a number of major economic and social challenges, including persistent unemployment and growing inequalities. Nearly 26 million people in the European Union (EU25) were unemployed at the end of 2013, of which 12.6 million had been unemployed for more than one year. Moreover, one-quarter of the EU25 population is at risk of falling into poverty.

The time for action is now. We need policies that spur growth but at the same time create opportunities for all, ensuring that the benefits of economic activity are broadly shared so that living standards improve for all segments of the population, including the young, the women, the old, the poor and the migrants. The good news is policy makers can now switch focus from avoiding disaster to addressing these challenges.

This book examines the role that entrepreneurship can play as a conduit for inclusiveness, particularly within the European Union. It paints a picture of the scale and scope of self-employment and entrepreneurship activities by groups that are disadvantaged or under-represented in these activities and the labour market. The book also examines barriers and provides guidance for policy makers on how these barriers can be overcome, focusing on business creation by the unemployed, ethnic minority entrepreneurship, the design of business development services and making social security systems friendly to entrepreneurship and self-employment.

The key message of this book is that policy makers can make a difference, in terms of both increasing the quantity of businesses created by people from population groups that are disadvantaged and under-represented in entrepreneurship and increasing the quality of their business activities. There are many examples of public programmes that successfully supported disadvantaged individuals in creating sustainable businesses for themselves. Key factors in their success include setting down clear and specific objectives for the policy support in terms of addressing the barriers to entrepreneurship that each group faces and ensuring that the target clients are aware of the support that exists and able to access it easily.

Despite the examples of success, expectations must be kept in check. Entrepreneurship is not a suitable activity for everybody. It is also not a panacea for the unemployment challenge that the European Union countries face. But the costs of doing nothing are extraordinarily high.

I would like to thank the European Commission for partnering with the OECD on this important work programme and hope that policy makers at the national, regional and local levels use the policy advice in this book while they are designing and delivering actions to promote and support inclusive entrepreneurship.



Sergio Arzeni, Director,
Centre for Entrepreneurship, SMEs and Local Development,
Organisation for Economic Co-operation and Development

Promoting a climate of entrepreneurship is essential in terms of job creation. It is a means to respond to the current employment crisis and to fight social exclusion. The impact of the global financial and economic crisis calls for giving entrepreneurship and self-employment a stronger role in economic and social development policies.

The European Commission has a long history of supporting entrepreneurship and it is a key element of the Europe 2020 Strategy. More recently, the Entrepreneurship 2020 Action Plan outlines a blueprint for decisive action to unleash Europe's entrepreneurial potential, to remove existing obstacles and to revolutionise the culture of entrepreneurship in Europe. An important element of this plan is to support entrepreneurship and self-employment among those who are vulnerable to social exclusion. This inclusive entrepreneurship approach is not sufficiently addressed in Europe.

The European Social Fund is an important tool that policy makers can use to support inclusive entrepreneurship actions. The European Social Fund supports people who want to start their own companies and be self-employed, and this priority remains true today. In the new programming period 2014-20, the Commission has encouraged member states and regions to include targeted inclusive entrepreneurship actions in their operational programmes under the investment priority "Self-employment, entrepreneurship and business creation".

This book, produced in partnership with the OECD, provides an evidence base and a source of inspiration for policy makers. I encourage them to use the policy guidance and examples in this book to develop schemes to support inclusive entrepreneurship.



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

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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 the written inputs from contributors.

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