

# Reader's guide

## What will I learn from this report?

The *Missing Entrepreneurs 2021* report provides an overview of the scope of inclusive entrepreneurship policy, which seeks to give everyone an equal opportunity of creating a successful and sustainable business, regardless of their gender, age, place of birth, work status or other personal characteristics. The 2021 edition is the sixth edition in the series of Missing Entrepreneurs reports and presents updated indicators on entrepreneurship activities, which are benchmarked across countries and population groups; addresses existing challenges; and, provides concrete policy examples and lessons learned - notably recent developments in inclusive entrepreneurship and the important role inclusive entrepreneurship policy has in the COVID-19 recovery. Two thematic policy chapters discuss current policy issues and present the range of policy actions currently used in EU and OECD countries.

- Interested in policies addressing the COVID-19 crisis? Chapter 1 provides discussion on the impact of COVID-19 on entrepreneurs - notably women, youth, seniors and immigrants - and the greater role inclusive entrepreneurship policy can play in the post COVID-19 economy. Chapter 7 discusses how microfinance markets were impacted by the COVID-19 crisis. This covers both microfinance institutions, as well as clients who are overwhelmingly people from under-represented and disadvantaged groups. The chapter outlines how governments can address the liquidity crisis in microfinance markets and support microfinance institutions in filling market gaps. In addition, the country profiles in Part III present a brief overview of policy responses to support the self-employed through the crisis and into recovery. Measures that are tailored for entrepreneurs from under-represented and disadvantaged groups are highlighted.
- Looking for data on entrepreneurship and self-employment characteristics used to monitor and evaluate different types of policies and programmes? Part I contains cross-country data on entrepreneurship and self-employment indicators, including activity rates, characteristics and barriers to business creation. These data are presented across five chapters that each focus on a specific population group: women (Chapter 2), immigrants (Chapter 3), youth (Chapter 4), seniors (Chapter 5) and the unemployed (Chapter 6).
- Searching for adapted policy measures and tailored programmes aimed at supporting immigrant entrepreneurs and their high growth potential? Chapter 3 provides key indicators and data on entrepreneurship and self-employment among immigrants. Chapter 8 provides concrete policy examples.
- Interested in how microfinance can be leveraged as an important tool for inclusive entrepreneurship? Chapter 7 explores the development of microfinance markets and how products and services offered by microfinance institutions can be tailored to better meet the needs of entrepreneurs from under-represented and disadvantaged groups.
- Looking for examples of recent policy actions and trends in each of the 27 EU Member States? Chapter 9 provides country profiles which highlight recent trends and overall conditions for inclusive entrepreneurship.

## How can I read this report?

While this report can be read linearly, it is designed as an interactive resource, allowing readers to identify easily the sections of interest and access relevant examples. This publication consists of three main parts:

- Part I includes five chapters which present entrepreneurship and self-employment data on one of the key target groups of inclusive entrepreneurship policy: women (Chapter 2), immigrants (Chapter 3), youth (Chapter 4), seniors (Chapter 5) and the unemployed (Chapter 6). To the extent possible, these chapters present harmonised data for EU and OECD countries.
- Part II contains two thematic chapters which focus on the potential for public policy to facilitate microfinance as a tool for inclusive entrepreneurship (Chapter 7) and the potential for public policy to better capitalise on the potential of high-skilled immigrants as well as to encourage more and better business creation (Chapter 8).
- Part III presents country profiles for each EU Member State. Each country profile presents recent trends for key inclusive entrepreneurship indicators, overall entrepreneurship conditions and policy developments related to inclusive entrepreneurship, notably actions to mitigate the impact the COVID-19 pandemic.

## What are the main data sources?

This report draws on several data sources, the concepts and definitions used in the different sources are not always consistent. Efforts have been made to harmonise the data reported to the greatest extent possible but differences remain. The figures and text highlight the definitions presented and discussed.

### ***The Global Entrepreneurship Monitor***

The Global Entrepreneurship Monitor (GEM) is an international initiative that measures entrepreneurship activities and attitudes around the world through annual surveys of the adult population (ages 18 and older) in participating countries. Unlike business enterprise surveys, GEM surveys people so it can identify those involved in different phases of entrepreneurship, providing individual-level data on entrepreneurial motivations and aspirations among other characteristics.

The GEM survey covered 46 countries in 2020, the most recent year for which data are available. To improve the reliability of the results for each social target group (i.e. men, women, youth and seniors), data presented in this report were pooled (i.e. combined) for each country in the period 2016-20. Survey responses are weighted by age and gender to make the results representative of the national populations. The averages for the EU and OECD were computed using weighted country averages for the period. The COVID-19 pandemic impacted survey results for 2020 in many but not all countries (Bosma et al., 2021<sup>[1]</sup>). Early-stage activities declined in 15 out of 35 countries that participated in the survey in 2019 and 2020, including a decline of more than 25% in 9 countries. Conversely, early-stage entrepreneurship activities increased in 8 countries, including by more than 25% in 4 countries. Early-stage activity rates showed little difference between 2019 and 2020 in the remaining 12 countries. Moreover, results related to motivations for entrepreneurship were impacted. The proportion of people reporting that they started a business due to a lack of other options for work increased in about half of countries and declined in the other half.

Between 2016 and 2020, 21 of the 27 EU Member States participated in the survey in at least one year and 18 participated in all years. The Member States that did not participate in the GEM survey during this period were Belgium, Czech Republic, Denmark, Lithuania, Malta and Romania. The total sample size for EU Member States for this period was 107 286.

31 of the 38 OECD countries participated at least once and 23 participated in all years in the period 2016-20. Those countries that did not participate were Belgium, Costa Rica, Czech Republic, Denmark, Iceland, Lithuania and New Zealand. The total sample size for OECD countries for this period was 459 992.

Several GEM indicators are presented in this report:

- The Nascent Entrepreneurship Rate is the proportion of the population that is actively involved in setting up a business they will own or co-own; this business has not paid salaries, wages or any other payments to the owners for more than three months.
- The New Business Ownership Rate is the proportion of the population that is currently an owner-manager of a new business that has paid salaries, wages or any other payments to the owners for more than three months, but not more than 42 months.
- The most well-known measure that the GEM publishes is the Total Early-stage Entrepreneurial Activity (TEA) Rate, which is the sum of the proportion of the population involved in nascent entrepreneurship activities and those who have started new business within the last 42 months. This is a measure of the stage in advance of the start of a new firm (nascent entrepreneurship) and the stage directly after the start of a new firm (owning-managing a new firm)
- The Established Business Ownership Rate measures the proportion of the population that is currently an owner-manager of an established business that has paid salaries, wages or any other payments to the owners for more than 42 months. This measure provides information on the stock of businesses in an economy.

For more information on methodologies used by the Global Entrepreneurship Monitor, please see (Global Entrepreneurship Monitor, 2021<sup>[2]</sup>).

### ***Eurostat Labour Force Survey***

The Eurostat Labour Force Survey (LFS) is a monthly household survey in all EU Member States that captures information on labour market activities (Eurostat, 2021<sup>[3]</sup>). It is the largest European household sample survey, providing quarterly and annual results on persons aged 15 and over, on persons inside and outside the labour market. Eurostat currently publishes results for 34 participating countries, including 26 of the 38 OECD countries. These countries include the EU Member States, three EFTA countries (Iceland, Norway and Switzerland) and four EU candidate countries (Montenegro, North Macedonia, Serbia and Turkey).

The sample size is about 1.7 million persons per quarter. Data collection is through individual interviews and proxy interviews (i.e. an interview with another person in the household) are allowed in most countries. The published data include only private households. To ensure that the statistical results are comparable across countries and over time, LFS uses the same concepts and definitions, follows International Labour Organisation (ILO) guidelines, uses common classifications (e.g. NACE, ISCO, ISCED, NUTS) and records the same set of characteristics in each country.

This report draws on the self-employment data presented in the Eurostat LFS. Eurostat has defined self-employed individuals as those who work in their own business, farm or professional practice and receive some form of economic return for their labour, including wages, profits, in-kind benefits or family gain. Volunteers are excluded from this definition. An individual's self-employment status does not change depending on the purpose of the business (i.e. the business could have profit motives or be a non-profit or social enterprise).

Eurostat also distinguishes between own-account self-employed and self-employed employers:

- Own-account self-employed are those self-employed people that do not have other employees working for them.
- Employers are self-employed people that have employees.

In addition to the core survey, Eurostat began using “ad hoc modules” in 1999 to collect complementary information on selected themes, which cover clearly defined labour market topics. These topics are selected in co-operation between the National Statistics Institutes, various policy Directorate Generals of the European Commission and Eurostat, on the basis of policy and analysis needs.

For more information on the Eurostat Labour Force Survey, please refer to: <http://ec.europa.eu/eurostat/web/labour-market/methodology>.

### What is the difference between self-employment data and entrepreneurship data?

It is important to distinguish between self-employment data and entrepreneurship data presented in this report. The OECD-Eurostat Entrepreneurship Indicators Programme, which launched in 2006, developed definitions for entrepreneur, entrepreneurship and entrepreneurship activity while still acknowledging the contention and different perspective between researchers who confront this issue (Ahmad and Seymour, 2008<sup>[4]</sup>). The OECD and Eurostat based their definitions on their relevance and measurability while emphasising entrepreneurial action over intention. These definitions differentiate entrepreneurial activity from “ordinary” business activity:

- An entrepreneur is an individual (business owner) who seeks to generate value, through the creation or expansion of economic activity, by identifying and exploiting new products, processes or markets.
- An entrepreneurial activity is the enterprising human action in pursuit of the generation of value, through the creation or expansion of economic activity, by identifying and exploiting new products, processes or markets.
- Entrepreneurship is the phenomenon associated with entrepreneurial activity.

The self-employment data presented in this report come from the Eurostat Labour Force Survey (LFS) and the Global Entrepreneurship Monitor (GEM). Eurostat defines the self-employment rate as the number of self-employed people, both own-account self-employed and self-employed employers, relative to the number of employed people. Those data cover owner-managers of businesses who pay themselves profits from work that they undertake on their own account in the business and who declare themselves as self-employed. Self-employment data pick up people who generally employ only themselves or very few additional people in non-incorporated business. Individuals running larger incorporated businesses tend not to report themselves as self-employed because they appear on the payrolls of their businesses and are, therefore, considered employees. The data also exclude individuals who are in the process of starting a business but have yet to fully realise its creation as well as business owners who are not active in the day-to-day operations of the business. Other broader definitions also exist, including the other data in this report. GEM reports self-employed people as those actively trying to start or are already operating their own business or any type of self-employment or selling goods or services to others. In this case, self-employed people are included together with all other types of business owners.

Due to the differences in definitions between LFS data and GEM data, discrepancies in the self-employed count are present. For example, GEM data include owner-managers of incorporated businesses, whereas they are excluded from the LFS self-employment data. Furthermore, individuals who may be running businesses as a secondary activity are considered self-employed in GEM data, while the LFS data report on the principal labour market activity only. Therefore, LFS will only capture those who spend more time in self-employment than employment, whereas the GEM data also include part-time entrepreneurs.

## ***OECD country-level inclusive entrepreneurship policy assessments***

The OECD Centre for Entrepreneurship, SMEs, Regions and Cities undertakes a biennial assessment of inclusive entrepreneurship policies and programmes in each of the 27 EU Member States with support from the Directorate-General for Employment, Social Affairs and Inclusion of the European Commission. These assessments were done in collaboration with a network of inclusive entrepreneurship experts across the EU. Information was collected through desk research and interviews (i.e. telephone, face-to-face, email) with policy officers, entrepreneurship support organisations and other stakeholders. The descriptions and assessments were then verified by government ministries, programme managers and other inclusive entrepreneurship stakeholders through exchanges and online seminars.

Each assessment uses a common framework that considers 1) the policy frameworks for inclusive entrepreneurship; and 2) the schemes in place to promote and support business creation by women, immigrants, youth, seniors and the unemployed. The assessments focus on national-level policies and schemes but where relevant, sub-national initiatives and actions by the non-government sector are considered.

### ***Policy frameworks***

The characterisation of the policy frameworks describes the approach taken to support entrepreneurship by women, immigrants, youth, seniors and the unemployed in each Member State. It identifies whether policies are implemented by national, regional and/or local governments for each group and whether there is an entrepreneurship strategy for each group with clear objectives and targets. In addition, it considers whether there is regular monitoring and evaluation activities to track interventions, measure their effectiveness and feed learnings back into policy design. The figures in Chapters 2-6 present the proportion of Member States reporting “yes” to each assessment criterion.

### ***Entrepreneurship schemes***

The assessments also examine the extent to which entrepreneurship schemes (e.g. entrepreneurship training, coaching and mentoring, microfinance) effectively support business creation by women, immigrants, youth, seniors and the unemployed. Both dedicated approaches and general support schemes are considered. While dedicated approaches can have greater impacts since they are typically designed to address the barriers faced by the target clients, general schemes can also be effective for supporting entrepreneurs from disadvantaged and under-represented groups. The assessments consider the following nine issues:

1. **Tailored:** Are public programmes tailored for the target group?
2. **Consultation:** Are the targeted entrepreneurs consulted during the design of programmes?
3. **Outreach:** Are appropriate outreach methods used for different target groups?
4. **Delivery:** Are specialist organisations used to deliver programmes?
5. **Take-up:** Does the support have high take-up among target group?
6. **Scale:** Is the scale of available support sufficient?
7. **Impact:** Does evaluation evidence show a positive impact?
8. **Integrated:** Is the programme linked to other types of support (e.g. training and finance)?
9. **Links:** Are tailored entrepreneurship link to general support programmes?

There is a great deal of diversity of entrepreneurship schemes in most countries, particularly those where both national and sub-national governments are actively involved. The assessments consider the “typical” scheme that an entrepreneur can use in the country. A focus was placed on public schemes and those funded by government even if they were delivered by non-government actors.

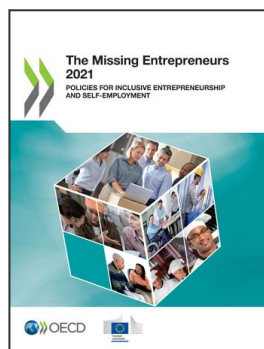
The figures in Chapters 2-6 present an unweighted average of the assessment scores across the 27 EU Member States. The figures present the scores out of 9 for each type of intervention in four areas of policy intervention:

- Entrepreneurship skills
  - Entrepreneurship training
  - Entrepreneurship coaching and mentoring
  - Business consultancy, including incubators/accelerators
- Access to finance
  - Grants for business creation
  - Loan guarantees
  - Microfinance and loans
  - Other instruments (e.g. crowdfunding, risk capital)
- Entrepreneurship culture and social capital
  - Entrepreneurship campaigns, including role model initiatives
  - Networking initiatives
- Regulatory measures and instruments
  - Support with understanding and complying with administrative procedures
  - Measures to address group-specific regulatory challenges (e.g. Student business legal form for young entrepreneurs)

For more information and to access the collection of notes, please visit: <https://www.oecd.org/cfe/smes/Inclusive-Entrepreneurship-Policies-Country-Assessment-Notes.htm>.

## References

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