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Estonia

This country profile highlights recent policy actions related to supporting women, youth, seniors and immigrants in entrepreneurship. It also reports on entrepreneurship conditions and benchmarks recent self-employment and inclusive entrepreneurship indicators for Estonia against the European Union average.

Conditions for inclusive entrepreneurship

The conditions for entrepreneurship are generally considered favourable relative to other European Union (EU) countries. A high proportion of the population reports having entrepreneurship skills, as well as an expectation that they will start a business in the next three years. Moreover, Estonia ranked among the most favourable in the EU for regulatory environment due to the low start-up costs and ease of complying with taxes. Entrepreneurship policies are generally designed to increase innovation within SMEs and to support firm growth. There are few tailored and targeted policies and initiatives that seek to support specific social target groups in business creation, with the exception of several support measures developed for youth entrepreneurs and a very small number of initiatives to support the unemployed in business creation.

Recent trends

Over the period 2016-20, the proportion of people involved in starting or managing a new business was double the EU average (17% vs. 6%). Similarly, rates were relatively high among population groups such as youth (25%), women (12%) and seniors (8%) relative to the EU averages for each group (7% for youth, 5% for women and 4% for seniors). However, many of these groups remain under-represented in early-stage entrepreneurship. Closing these gaps (i.e. applying the early-stage entrepreneurship rate of men who are 30-49 years old to the whole population) would result in about 68 400 additional entrepreneurs. Among these “missing” entrepreneurs, 75% are female and 60% over 50 years old.

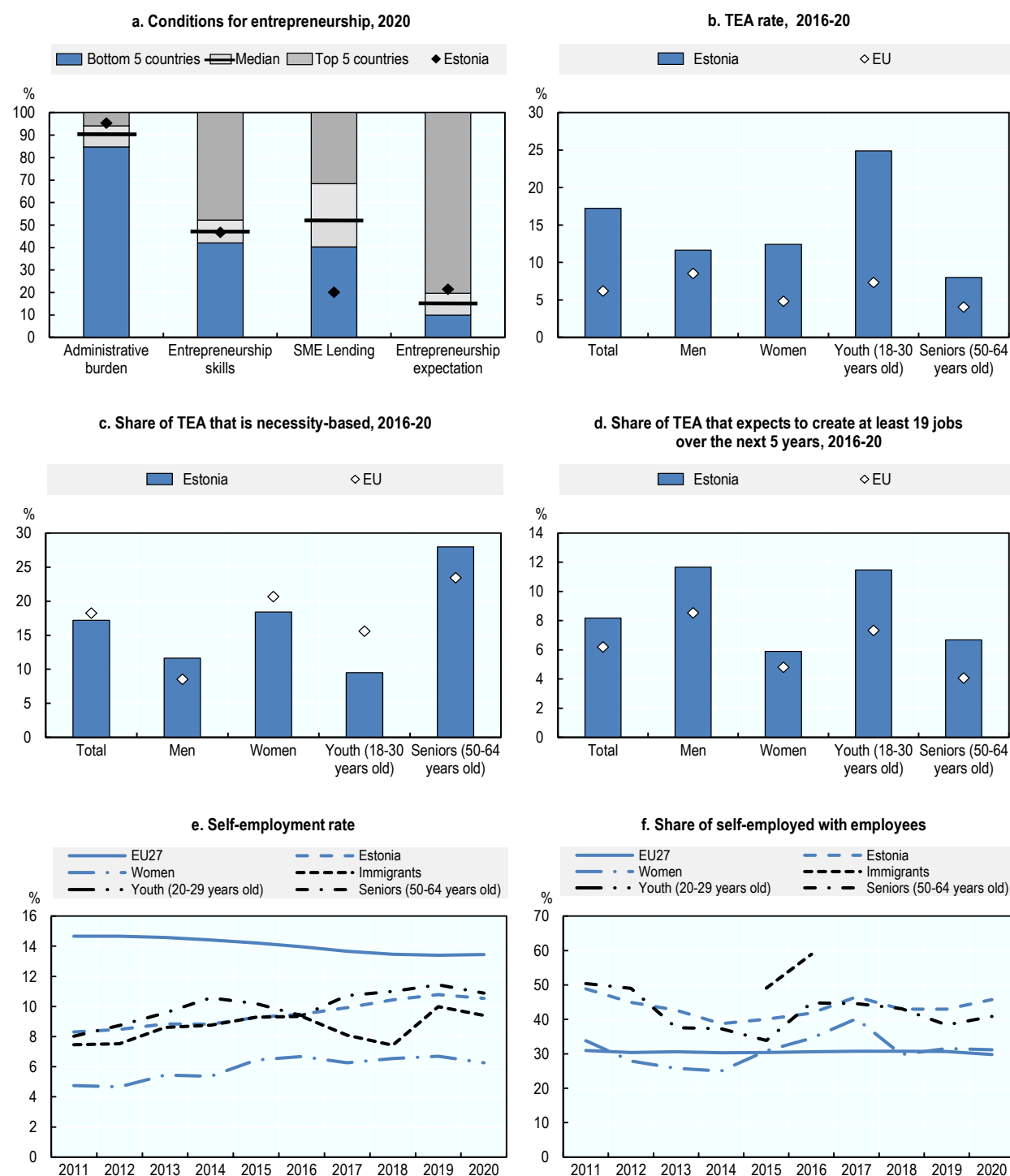
The proportion of working people who were self-employed increased over the last decade from about 8% in 2011 to nearly 11% in 2020. However, this rate was still below the EU average in 2020 (14%). A very high proportion of the self-employed employ other people (46% in 2020 vs. 30% for the EU) but the gender gap – in terms of the self-employment rate and share who are employers – is greater than the EU average.

Hot policy issue

In response to the COVID-19 crisis, entrepreneurs who met the criteria for the general SME crisis support measures could apply for grants, loans and guarantees, as well as sector-specific supports. Only one policy was designed for the self-employed, which provided short-term social tax-relief by waving the advanced social tax contribution for 2Q2020. The Tax and Customs Board paid a total of EUR 800 000 for the 1 747 self-employed workers who had not paid and reimbursed the 5 769 who had (total of EUR 2.5 million). Subsequent reforms expanded the unemployment insurance system to self-employed and business owners without employment contracts.

Inclusive entrepreneurship indicators

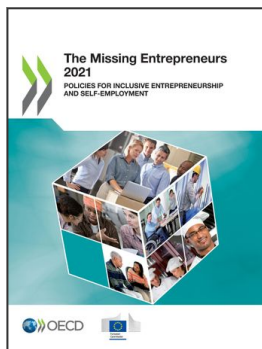
Figure 17.1. Entrepreneurship and self-employment data for Estonia



Note: The EU average in panels b-d excludes Belgium, Czech Republic, Denmark, Lithuania, Malta and Romania. Please see Chapter 9 for notes on the figures.

Source: Panel a: (World Bank, 2020^[2]; Global Entrepreneurship Monitor (GEM), 2021^[3]; OECD, forthcoming^[4]); Panels b-d: (Global Entrepreneurship Monitor (GEM), 2021^[3]); Panels e-f: (Eurostat, 2021^[5]). Please see Chapter 9 for the full citations.

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