

## *Reader's Guide*

### Contents and structure

This publication consists of three main parts. Part I contains cross-country data on entrepreneurship and self-employment indicators, including activity rates, characteristics and barriers to business creation. Data are presented in five chapters, each covering one of the key target groups of inclusive entrepreneurship policy: women (Chapter 2), youth (Chapter 3), seniors (Chapter 4), the unemployed (Chapter 5) and immigrants (Chapter 6). To the extent possible, these chapters present harmonised data for European Union and OECD countries.

Part II of the publication contains two thematic chapters that focus on two policy issues, namely the potential for public policy to support digital entrepreneurship for people from under-represented and disadvantaged groups (Chapter 7) and the potential for public policy to improve the scale-up potential of businesses started by entrepreneurs from under-represented and disadvantaged groups (Chapter 8). Each chapter presents the key issues and policy challenges, examples of potential policy approaches and advice for policy makers.

Part III presents country profiles for each European Union Member State. These profiles present current policy priorities related to inclusive entrepreneurship and highlight some of the recent policy actions taken to strengthen inclusive entrepreneurship. Each profile also contains key inclusive entrepreneurship indicators for each country, benchmarked against the European Union average.

The section below describes the main data sources used for Parts I and III of the publication.

### Key data sources

It is important to note that since this book 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 clearly highlight the definitions presented and discussed.

This section provides information on the main data sources used in this book. It also provides methodological notes and explains the key statistical concepts used. Links and references are provided for readers who wish to obtain further information.

#### ***OECD-Eurostat Entrepreneurship Indicators Programme***

The OECD-Eurostat Entrepreneurship Indicators Programme (EIP), jointly conducted by the OECD Statistics Directorate and Eurostat, is aimed at the development of policy-relevant and internationally-comparable indicators of entrepreneurship to support analytical and policy work on entrepreneurship (Box 1). To that purpose, the programme has developed a *framework for addressing and measuring entrepreneurship* and a *methodology for the production of harmonised entrepreneurship statistics* (Box 2). The

framework introduces a conceptual distinction between entrepreneurial performance (i.e. how much entrepreneurship, what type), the determinants of entrepreneurship (i.e. what factors affect entrepreneurial performance), and the social and economic impacts of entrepreneurship.

### Box 1. The OECD-Eurostat definition of entrepreneurship

The OECD-Eurostat Entrepreneurship Indicators Programme, launched in 2006, has developed definitions of the entrepreneur, entrepreneurship and entrepreneurial activity for the purpose of supporting the development of related indicators. The programme acknowledges the contention and different perspectives between researchers who confront this issue. It deliberately adopts a pragmatic approach based on two principles, relevance and measurability. Importantly, the definitions set out by the OECD and Eurostat emphasise the dynamic nature of entrepreneurial activity and focus attention on action rather than intentions. They are proposed to guide the collection and analysis of data sets:

- *Entrepreneurs* are those persons (business owners) who seek to generate value, through the creation or expansion of economic activity, by identifying and exploiting new products, processes or markets.
- *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.

These definitions differentiate entrepreneurial activity from “ordinary” business activity, and additionally:

1. Indicate that corporations and other enterprises can be entrepreneurial, though only the people in control and owners of organisations can be considered entrepreneurs;
2. Emphasise that entrepreneurial action is manifested rather than planned or intended;
3. Do not equate entrepreneurial activity with the formation of any particular “vehicle”, whether formal, such as an incorporated entity, or informal, although they do allow measurement to reflect particular vehicles as embodying entrepreneurial activity, and;
4. Although defined in the context of businesses they incorporate economic, social and cultural value-created.

Source: (Ahmad and Seymour, 2008<sup>[4]</sup>)

A feature of the programme, which clearly differentiates the EIP from other international initiatives, is the direct involvement of the National Statistical Offices (NSOs) of OECD, other European Union and partner countries in the production of harmonised statistics on entrepreneurship. Thus far, the production has concerned a core set of indicators of entrepreneurial performance, namely business demography statistics on the birth, death, survival and growth of enterprises, as well as statistics on the contribution of firm births and deaths to employment creation and destruction. The official statistics are produced annually by the NSOs, according to the methodology of the *Eurostat-OECD Manual on*

*Business Demography Statistics* (Eurostat and OECD, 2007<sup>[1]</sup>). The database covers approximately 25 countries and is updated annually (<http://stats.oecd.org/>).

As a long-term programme, the EIP has been designed to respond to emerging information needs expressed by policy makers and the research community. From that perspective, the programme has recently addressed the question of measuring green entrepreneurship and started a collection of indicators for women entrepreneurship. Also, to respond to the request for up-to-date, quarterly information, the programme has developed a new series of “Timely Indicators of Entrepreneurship”, which provide recent trends in new firm creations and bankruptcies. In the area of determinants, the EIP has undertaken research to deepen the understanding of the international comparability of venture capital data.

The publication *Entrepreneurship at a Glance* presents the main results and developments of the EIP (OECD, 2017<sup>[2]</sup>), and the data are also included in the *OECD SME and Entrepreneurship Outlook 2019* (OECD, 2019<sup>[3]</sup>).

#### **Box 2. The Entrepreneurship Indicators Programme (EIP) framework for addressing and measuring entrepreneurship**

The EIP recognises that no single indicator can adequately cover the complexity of entrepreneurship, and therefore it has developed a set of measures to capture different aspects or different types of entrepreneurship. These measures are indicators of entrepreneurial performance and are conceived to assist the analysis of key questions such as: What is the rate of creation of new businesses in a country? How many jobs do they create? How many start-ups survive in the first years following creation? Will young firms innovate or export? Are there more firms created by men or women? Do they set up businesses in the same sectors?

Also, the programme takes a more comprehensive approach to the measurement of entrepreneurship by looking not only at the manifestation of the entrepreneurial phenomenon but also at the factors that influence it. These factors range from market conditions and regulatory frameworks, to culture and the conditions of access to finance. Some of the determinants are more easily measured (e.g. the existence and restrictiveness of anti-trust law or the administrative costs to set-up a new business in a country), while for other determinants the difficulty resides in finding suitable measures (e.g. venture capital and angel capital) and/or in comprehending the exact nature of their relationship with entrepreneurship (e.g. culture). The EIP aims to advance research on these less understood, less measurable determinants of entrepreneurship.

*Source:* (OECD, 2017<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, 2019<sup>[5]</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. The sample size is about 1.8 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. Only private households are included in the published data.

This report focuses on the self-employment data available from the Labour Force Survey. Eurostat defines self-employed people as those who work in their own business, farm or professional practice and receive some form of economic return for their labour. This includes wages, profits, in-kind benefits or family gain (for family workers). Volunteer workers are excluded from this definition. The purpose of the business has no bearing on the self-employment status of individuals; in other words the business could have profit motives or be a non-profit or social enterprise.

It is possible for self-employed workers to own a business with one or more people. This does not have an impact on their status as a self-employed person as long as they are working directly for the business. In these cases, there could be more than one self-employed person in the same business. For example, each member of a partnership would be counted as self-employed as long as the business was their principal labour market activity. However, business owners are excluded from the count of self-employed people if they are not involved in the day-to-day operation of the business.

There are different self-employment concepts:

- 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;
- The self-employment rate is defined as the number of self-employed people, both own-account self-employed and employers (i.e. self-employed people with employees), relative to the number of employed people.

#### **Box 3. LFS ad-hoc module on self-employment**

Since 1999, Eurostat has used “ad hoc modules” to collect complementary information on selected themes. These modules add up to 11 variables to the core survey on a clearly defined labour market relevant topic. Topics are selected in co-operation between the National Statistical Institutes, various policy Directorate Generals of the European Commission and Eurostat, on the basis of policy and analysis needs.

The main aim of 2017 ad-hoc module was to provide important information on the self-employed and on persons in an ambivalent professional status (at the border between employment and self-employment) in order to complement information from the core LFS.

*Source:* (European Union, 2018<sup>[6]</sup>)

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

### ***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.

It provides responses from interviewed adults on their reported attitudes towards entrepreneurship, their pre-start-up activities, their work on the initial phase of their firm, their involvement in the established phase of the firm and their business closures. Since 1999, nearly 100 countries have been surveyed.

Unlike business enterprise surveys, the GEM surveys people so it can identify those involved in different phases of entrepreneurship. Since the unit of analysis in this survey is the individual rather than the enterprise, it allows for the collection of information on entrepreneurial motivations, aspirations and other individual characteristics (Box 4).

#### **Box 4. Distinctions between self-employment, business creation and ownership data**

The self-employment data presented in this book come from the Eurostat Labour Force Survey. Those data cover owner-managers of businesses who pay themselves profits or salaries 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 people in non-incorporated businesses. People running larger incorporated businesses generally do not declare themselves self-employed because they appear on the payrolls of their businesses and are considered employees. The data also exclude individuals who are in the process of setting up a business but have not yet realised its creation and business owners who are not active in the day-to-day operations of the business.

Other data in this book come from the Global Entrepreneurship Monitor. These data cover individuals who report that they are actively trying to start or are already operating their own business or any type of self-employment or selling goods or services to others.

This is a broader definition than that used for the self-employment data. Self-employed people are included together with all other types of business owners. In particular, owner-managers of incorporated businesses are included here, whereas they are excluded from the self-employment data. The Global Entrepreneurship Monitor also includes individuals who may be running businesses as a secondary activity, whereas the data from the Labour Force Survey report on the principal labour market activity. Therefore, the self-employment counts will only capture those who spend more time in self-employment than employment, whereas the GEM data include part-time entrepreneurs.

Overall, the GEM survey covered 49 countries in 2018, the most recent year for which data are available. To improve the reliability of the results for the different social target groups (i.e. men, women, youth and seniors), data presented in this report were pooled (i.e. combined) for each country over the years 2014 to 2018.

Over the 2014-18 period, 26 of the 28 EU Member States participated in the survey in at least one year and 13 participated in all years. The Member States that did not participate in the GEM survey during this period were Czech Republic and Malta. The total sample size for European Union Member States for this period was 364 928.

Among the 36 OECD countries, 33 participated at least once between 2014 and 2018 and 16 participated in all years. Those countries that did not participate were Czech Republic, Iceland and New Zealand. The total sample size for OECD countries for this period was 430 272.

Survey responses are weighted by age and gender to make the results representative of the national populations. The averages for the European Union and OECD were computed using weighted country averages for the period.

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 GEM's *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, 2019<sup>[7]</sup>).

### ***Future of Business Survey***

The Future of Business Survey was a survey launched in February 2016 by Facebook, the OECD and the World Bank.

The Facebook Survey Team administers the survey to managers and owners of Facebook-designated small business pages twice per year in more than 90 countries. Target sample size ranges between 200 and 400 enterprises per country, depending on the size of the Facebook page owners' population. The survey sample is a simple random sample; sampling errors are within the standard margins. Country samples are not stratified; shares present unweighted data with respect to enterprise size, age and economic activity. The sample is meant to reflect the population of businesses on Facebook, and not the business population in general.

For more information, please refer to (Facebook, 2019<sup>[8]</sup>).

### ***Flash Eurobarometer No. 438: The use of collaborative platforms***

The Flash Eurobarometer survey "The use of collaborative platforms" was used to collect information on the perceptions, attitudes and practices of EU citizens as part of a European

Commission assessment of the regulatory framework for collaborative platforms. The survey examined the level of awareness and frequency of use of collaborative platforms, including a focus on the use of platforms to provide services in EU countries. It also inquired about views on the main advantages and disadvantages of collaborative platforms compared to traditional ways of buying and selling goods or services.

This survey was carried out in the 28 EU Member States on 15 and 16 March 2016. 14 050 respondents from different social and demographic groups were interviewed via telephone (landline and mobile phone) in their mother tongue on behalf of the European Commission, Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs.

For more information, please refer to (European Commission, 2016<sub>[10]</sub>).

### ***OECD country-level inclusive entrepreneurship policy assessment notes***

The OECD Centre for Entrepreneurship, SMEs, Regions and Cities prepares regular notes (every one or two years) on inclusive entrepreneurship policies and programmes in each of the 28 EU Member States, with support from the Directorate-General for Employment, Social Affairs and Inclusion of the European Commission. Each note provides an overview and assessment of policies and programmes that support people from under-represented and disadvantaged groups in business creation and self-employment, and offers suggestions on how to address gaps in the support system and to improve the quality of available support offers. The notes cover national-level policies and programmes and, where relevant, sub-national initiatives and actions by the non-governmental sector.

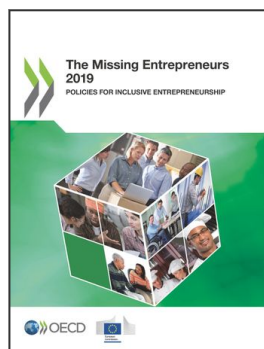
For more information and to access the collection of notes, please visit: <https://www.oecd.org/cfe/smes/inclusive-entrepreneurship-policies-country-assessment-notes.htm>.

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