



Inclusive Entrepreneurship Policies: Country Assessment Notes

Slovak Republic, 2018



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FOREWORD

Inclusive entrepreneurship policies aim to offer all people an equal opportunity to create a sustainable business, whatever their social group. This is an important requirement for achieving the goal of smart, sustainable and inclusive growth set out in the Europe 2020 strategy. It is also a means to respond to new economic challenges, to create jobs and to fight social and financial exclusion. Among the key targets of inclusive entrepreneurship policies and programmes are women, youth, older people, the unemployed, migrants and people with disabilities, who all continue to face challenges in the labour market and are under-represented or disadvantaged in entrepreneurship activities. ‘The Missing Entrepreneurs’ series of publications of the Organisation for Economic Co-operation and Development (OECD) and the European Union discuss how public policies and programmes can support inclusive entrepreneurship. This includes refining regulatory and welfare institutions, facilitating access to finance, building entrepreneurship skills through training, coaching and mentoring, strengthening entrepreneurial culture and networks for target groups, and putting strategies and actions together for inclusive entrepreneurship in a co-ordinated and targeted way. Governments are increasingly recognising the challenge of inclusive entrepreneurship, but there is still much to do to spread good practice.

Women, youth and older people are very active in business creation in the Slovak Republic. Between 2013 and 2017, 7.8% of women were actively involved in starting a business, or managing a new start-up that is less than 42 months old. This is approximately 1.6 times more than the European Union average for this period (4.9%). Similarly, youth and older people were also much more likely to be involved in new entrepreneurship activities than the EU average (9.9% vs 7.7% for youth; 8.2% vs. 4.3% for older people). Tailored entrepreneurship policies and programmes are increasingly available for key target groups such as women and youth, but more can be done. There is room to more actively promote entrepreneurship to women, youth, seniors and the unemployed with role models and success stories. It is also important to improve access to information on business creation and improve financial and business literacy, particularly among women.

This note is the third country assessment note prepared by the OECD in collaboration with the Directorate-General for Employment, Social Affairs and Inclusion of the European Commission on the state of inclusive entrepreneurship policies and programmes in each European Union Member State. 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 suggests policy actions 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. The 2018 notes include an additional section on female entrepreneurship support, which provides an overview of the entrepreneurship activity levels, obstacles faced and policy responses.

The notes are part of a wider programme of work by the OECD and the European Commission that includes “The Missing Entrepreneurs” publications, the Better Entrepreneurship Policy Tool (www.betterentrepreneurship.eu), a series of Policy Briefs on specific target groups, policies and issues, and country reviews of youth entrepreneurship and women entrepreneurship. For more information please refer to: www.oecd.org/employment/leed/inclusive-entrepreneurship.htm.

ACKNOWLEDGEMENTS

This note is part of a series of notes on country-level inclusive entrepreneurship policies and programmes prepared by the Organisation for Economic Co-operation and Development (OECD) for the European Commission. These notes were prepared as part of the programme of work of the OECD Local Economic and Employment Development (LEED) Programme of the Centre for Entrepreneurship, SMEs, Regions and Cities (CFE) led by Lamia Kamal-Chaoui, Director. They provide an overview of current and planned policy actions and identify some actions that could be implemented to address gaps in the current support offering, or improve current offerings.

This note was prepared by Prof. Anna Pilkova of Comenius University in Bratislava. Additional inputs were prepared by Marian Holienka of Comenius University in Bratislava and Marian Letovanec of the Slovak Business Agency. David Halabisky and Cynthia Lavisson of the CFE undertook additional drafting and editing of the note under the direction of Dr. Jonathan Potter, also of the CFE. A steering group was consulted during the preparation of this note. The steering group was co-led by the OECD and Marian Letovanec of the Slovak Business Agency. Much of the data contained in this note were prepared under the direction of Dr. Jonathan Levie of the Global Entrepreneurship Monitor. This note benefited from feedback and suggestions provided by Guy Lejeune of the Directorate-General for Employment, Social Affairs and Inclusion of the European Commission.

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KEY MESSAGES

- Inclusive entrepreneurship support is not yet well-embedded within relevant SME and employment strategies. However, several tailored entrepreneurship initiatives have been developed for women, youth and the unemployed in recent years. Nearly all of these initiatives are small-scale projects but many have demonstrated a positive impact.
- Over the 2013-17 period, adults in the Slovak Republic were more likely than the European Union (EU) average to be involved in starting a business or managing one that is less than 42 months old (10.3% in the Slovak Republic vs. 6.7% in the EU). Similarly, the proportion of youth involved in these early-stage entrepreneurship activities was above the EU average during this period (9.9% vs. 7.7% in the EU). Women and older people were also more active than the EU average (7.8% vs. 4.9% for women; 8.2% vs. 4.3% for older people).
- To improve support for under-represented and disadvantaged groups in business creation and self-employment, the following key recommendations are offered: (i) define more explicit policy objectives for inclusive entrepreneurship and strengthen policy co-ordination; (ii) promote role models and success stories to foster an entrepreneurial culture; (iii) improve access to information on business creation and self-employment for the target groups of inclusive entrepreneurship; (iv) embed entrepreneurship education throughout the educational system; and (v) increase the availability of start-up financing and financial literacy training for women entrepreneurs.

1. INCLUSIVE ENTREPRENEURSHIP OBJECTIVES AND TARGETS

The EU Structural Funds Operational Programmes 2014-20 defines some policy objectives and actions related to business creation and self-employment for groups that are under-represented or disadvantaged in the labour market and entrepreneurship (e.g. women, youth, older people, migrants and the unemployed). These actions focus mainly on providing support to women, the unemployed and youth in business creation.

Of the EU Structural Funds Operational Programmes, the Human Resources Operational Programme (HR OP) is one of the most relevant documents for inclusive entrepreneurship support. It highlights women as a key group that is under-represented among entrepreneurs and in need of more support related to business creation. For youth, the HR OP seeks to strengthen financial literacy and improve entrepreneurial skills through entrepreneurship education in primary, secondary and higher education. Finally, it also includes entrepreneurship training for youth who are not in employment, education or training (NEETs).

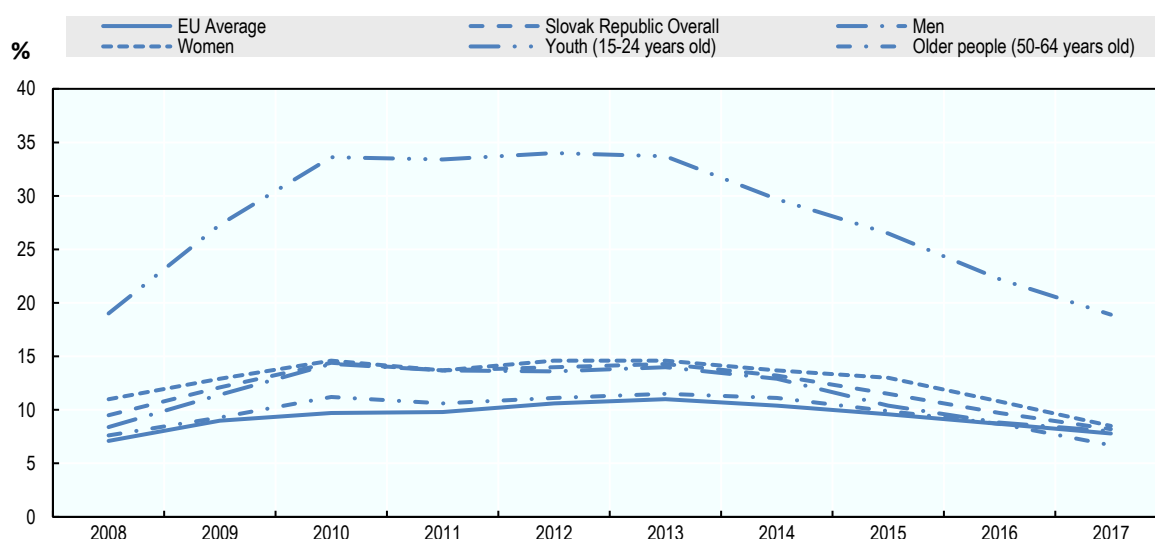
National targets have been developed to support the Europe 2020 strategy and several of these targets could be supported by inclusive entrepreneurship policies and programmes. This includes increasing the employment rate to 72% by 2020 but progress towards this target has been slow. In 2016, the employment rate was 69.8%. Another important target is to reduce the number of people at risk of poverty and social exclusion by 170 000.

2. KEY INCLUSIVE ENTREPRENEURSHIP INDICATORS

2.1. Labour market context

The overall unemployment rate in the Slovak Republic has been declining since 2014, reaching 8.2% in 2017, converging towards the EU average (7.8%) and well below the pre-crisis level (9.5% in 2008). The unemployment rate has declined across population groups. The unemployment gender gap has closed considerably and was minor in 2017 (8.5% for women and 8.0% for men). The unemployment rate among the youth and older people has decreased as well. This is consistent with the favourable economic situation and relative shortage of labour on the Slovak labour market.

Figure 1. Unemployment rate, 2008-17



Source: Eurostat (2018), Labour Force Survey.

2.2. Self-employment and entrepreneurship rates

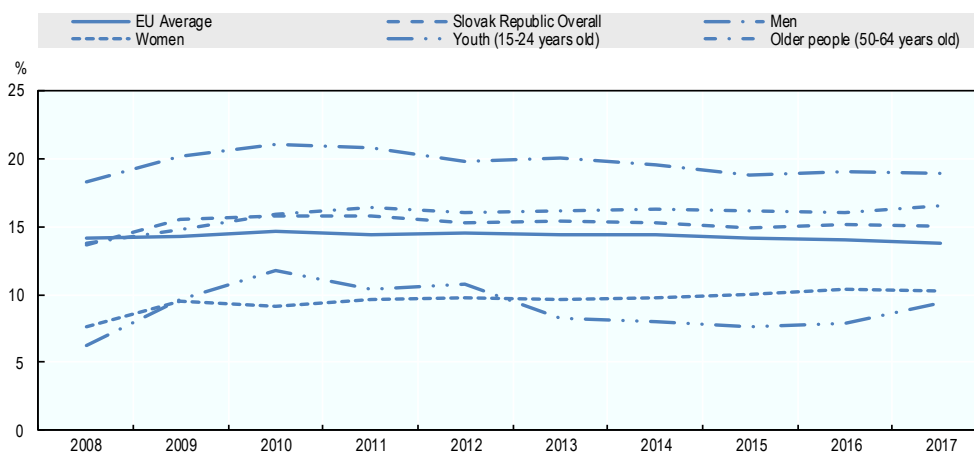
The share of self-employed workers in the working population in the Slovak Republic is above the EU average. The self-employment rate increased from 13.6% in 2008 to 15.0% in 2017 (Figure 2a). The increase is more pronounced among women (7.6% in 2008 to 10.2% in 2017) and youth (6.3% in 2008 to 9.3% in 2017). However, the self-employment rate among women is still around half of the rate among men. The self-employment rate of the youth and older people increased in 2017 after a few years of decline. The average self-employment rate in the Slovak Republic has been relatively stable over the last four years; the average self-employment in the EU has been fairly stable over the past decade.

According to the Bureau of Border and Alien Police of the Presidium of the Police Force, the number of foreigners in the Slovak Republic has increased in recent years, mainly due to the increase of the third country nationals, who accounted for 48.2% of the total number of foreigners with legal residence permits in 2017. This increase is also observed within the category of entrepreneurs. In 2017, 6 112 temporary residence permits were granted to third country nationals for business purposes, 25.3%

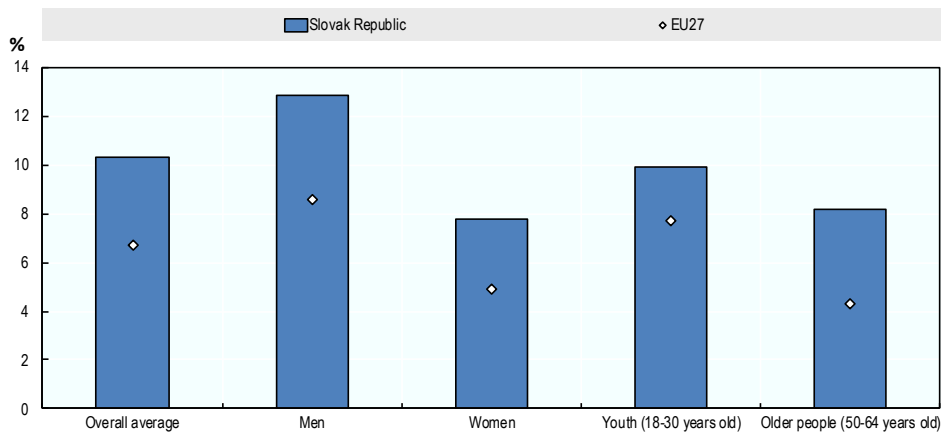
more than the previous year and over twice the 2014 figure. On the other hand, according to Eurostat data, the share of self-employed foreigners from EU countries has dropped from 1.2% in 2009 to 0.6% in 2017. Despite this increase in third country nationals, migrant entrepreneurship is a relatively marginal phenomenon for policy makers.

Figure 2. Entrepreneurship rates by target group

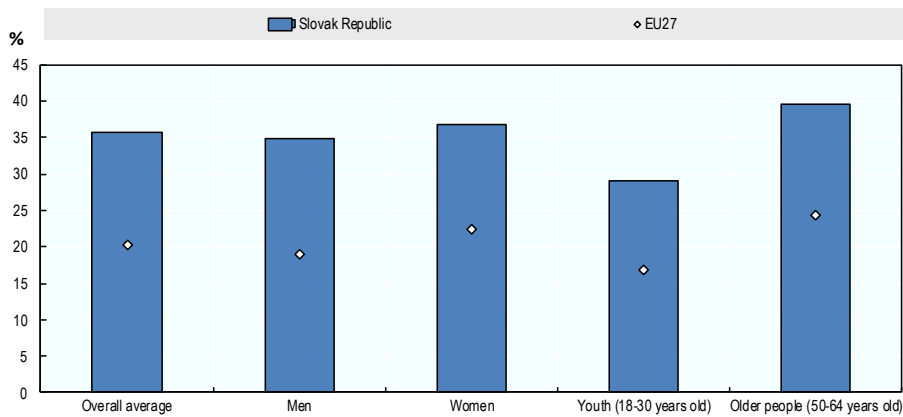
a. Self-employment rate, 2008-17



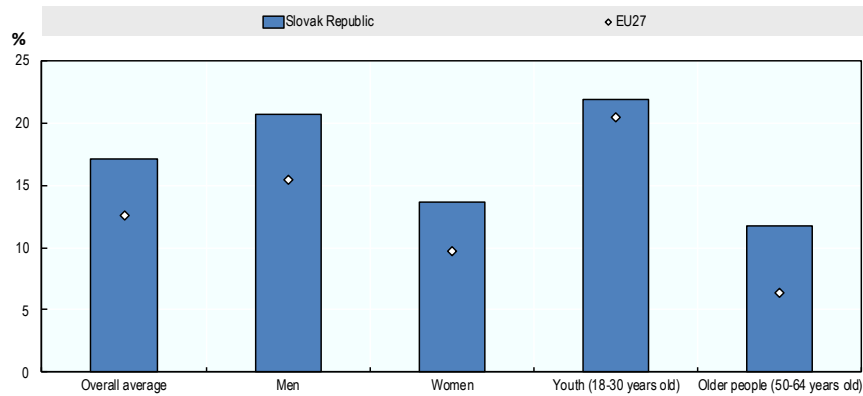
b. TEA-Rate, 2013-17



c. Proportion of TEA that is necessity entrepreneurship, 2013-17



d. Proportion who expect to start a business in the next 3 years, 2013-17



Note: The self-employment rate is defined as the proportion of those in employment who are self-employed. The TEA rate is the Total early-stage Entrepreneurial Activity rate, which is defined as the proportion of the population actively involved in pre-start-up activities and those who have started a new business within the last 42 months. The proportion of TEA that is necessity entrepreneurship is the proportion of entrepreneurs involved in setting-up a new business or operating a business that is less than 42 months old, who were motivated to start their business because they had no better options for work. Data for panels b, c, and d were pooled for the period 2013-17, producing an unweighted average. The EU27 average in panels b, c, and d covers all EU Member States except Malta because it is not covered by the GEM survey.

Source: Panel a contains data from Eurostat (2018), Labour Force Survey; Panels b, c, and d contain data from the 2013 to 2017 Global Entrepreneurship Monitor household surveys that were tabulated for the OECD (2018).

Another way to measure entrepreneurial activity is the Total early-stage Entrepreneurial Activity (TEA) rate, which measures the proportion of the adult population that is involved in setting up a business or managing a business that is less than 42 months old. The TEA rate was 10.3% over 2013-17 in the Slovak Republic. Among the key target groups, the TEA rate was the lowest for women (7.8%) and highest among men (12.9%). Men were 1.7 times more likely to be involved in early-stage entrepreneurship activities during this period, a comparable ratio to what is observed in the EU on average. The youth were also more active in early-stage entrepreneurship than older people. The TEA rate in the Slovak Republic was 1.5 times higher than the EU average in 2017. This held true for both men (1.5 times the EU average) and women (1.6) (Figure 2b). The gap was even larger for older people

(1.9 times the EU average), who were the most active in entrepreneurship in the EU. It was slightly narrower for the youth, but they still outperformed the EU average for their age group (1.3 times).

However, a rather high proportion of entrepreneurs report that they started their business out of necessity, i.e. because they did not have any other opportunities in the labour market. Overall, slightly more than one-third of early-stage entrepreneurship activities between 2013 and 2017 were necessity-driven (Figure 2c). This was about 1.8 times higher than the EU average. The share of necessity entrepreneurship was slightly higher among women than men (36.8% vs. 35.0%). Older entrepreneurs were the most likely to be involved in necessity-driven early-stage entrepreneurship activities (39.5%) and youth were the least (29.2%). Relative to the EU averages, the proportion of women, youth and older people involved in necessity entrepreneurship was about 1.6 to 1.7 times higher.

Entrepreneurial intentions were above the EU average over 2013-17. Among the monitored groups between 2013 and 2017, older people exhibited the lowest intention to start a new business over the next three years (11.8%) and youth indicated the highest expectation to start a business in the next three years (21.8%) (Figure 2d). However, while the intention rate of youth was the closest to the EU average, older people were 1.9 times as likely as the EU average to expect to start a business. Like in early-stage entrepreneurial activity, there is a gender gap in entrepreneurial intention – men were 1.5 times more likely to expect to start a business than women (20.7% vs. 13.7% over 2013-17).

2.3. A profile of the self-employed

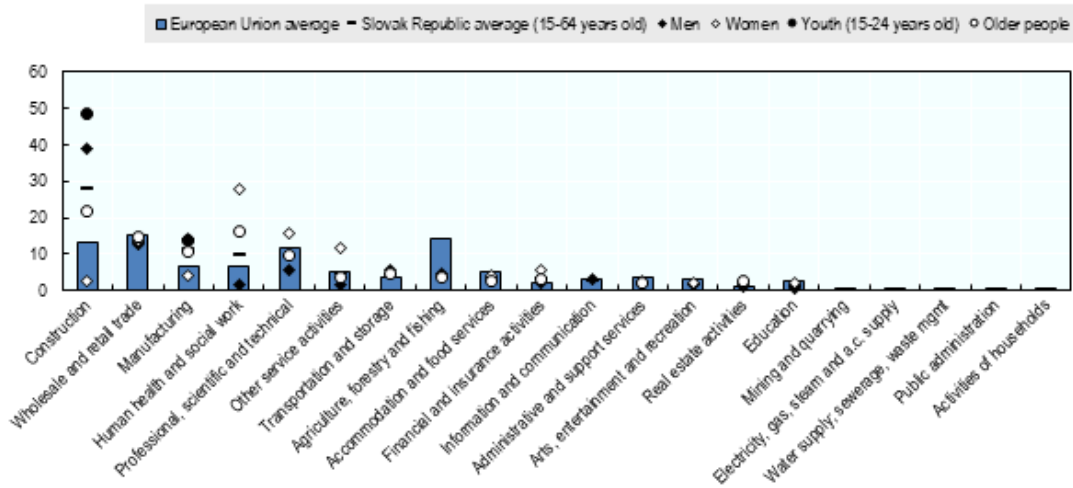
Overall, self-employed workers in the Slovak Republic are concentrated in Construction (27.9%), followed by Wholesale and retail trade (13.0%) and Manufacturing (11.1%), which differs from the EU average where Construction comes third with 13.2% of the self-employed being active in this sector, after Wholesale and retail trade (15.4%) and Agriculture (14.1%) (Figure 3a). Sectorial distribution of self-employed workers varies significantly by gender – male are predominantly active in construction (39.2%) and manufacturing (14.1%), while women engage in self-employment mainly in health and social work (28.0%), professional, scientific and technical activities (15.9%) and other services (12.9%). Only 1.6% men are active in health and social work businesses and 2.6% women are involved in construction industry reflecting traditional gender distribution is still prevalent in these sectors. Older self-employed are active mainly in construction (22.1%) and health and social work (16.5%). In case of youth, data for most sectors are not available.

Nearly a quarter (23.7%) of the self-employed in the Slovak Republic had a tertiary education in 2017 up from 22.7% in 2012 (Figure 3b). This share was nevertheless below the EU average (35.1%). Within the demographic groups observed, the highest share is found among women (28.4%), while self-employed men had the lowest share of tertiary educated workers (21.6%). Slovak self-employed workers were predominantly educated at the upper secondary level (74.7%), and the share of self-employed workers having completed only basic education was particularly low (1.6%, as compared with a 20.1% EU average).

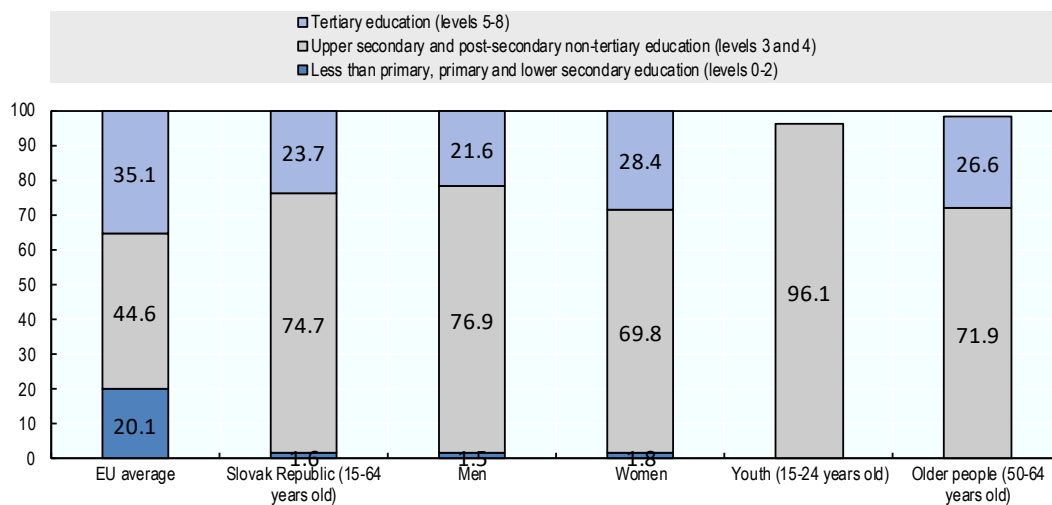
The most common occupation for self-employed workers in the Slovak Republic in 2017 was Craft and related trades workers (29.7%) followed by Service and sales workers (20.9%) and Technicians (14.2%) (Figure 3c). This differs from the average distribution of self-employed workers in the EU which is less concentrated: Professionals is the most common occupation (21.0%), followed by Service and sales workers (16.5%) and Craft and related trades workers (16.0%). Concentration was even stronger when looking at occupational distribution by gender: 41.6% of self-employed men worked as Craft and related trades workers in 2017 while half (50.1%) of self-employed women worked as Service and sales workers.

Figure 3. Characteristics of self-employed workers by target group

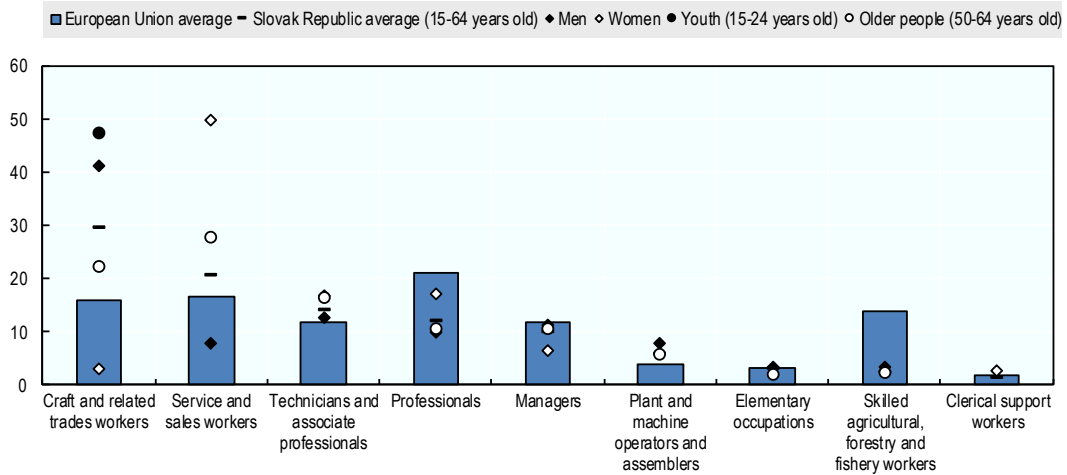
a. Proportion of self-employed by economic activity, 2017



b. Proportion of self-employed by educational attainment, 2017



c. Proportion of self-employed by occupation, 2017



Note: The self-employment rate is defined as the proportion of those in employment who are self-employed.

Source: Eurostat (2018), Labour Force Survey.

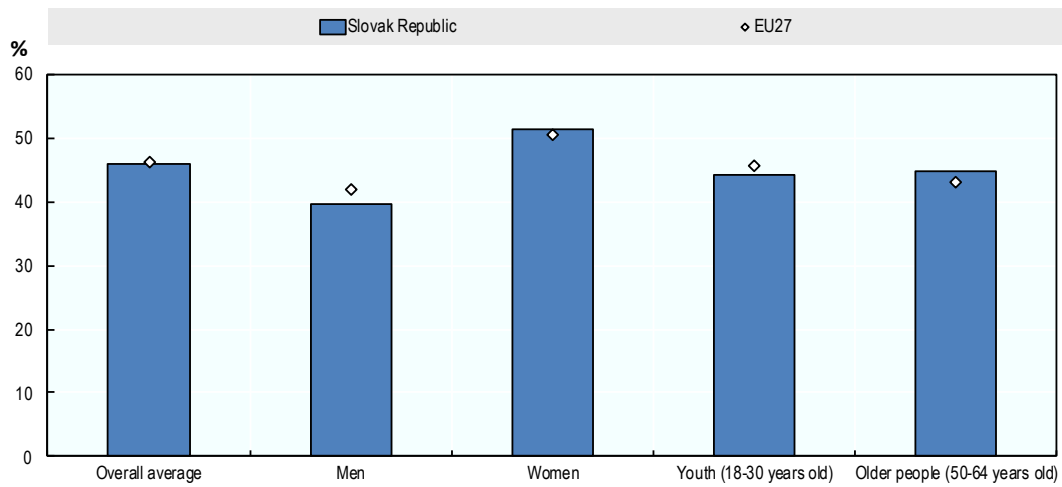
2.4. Barriers to business creation

Overall, almost half of the working age population in the Slovak Republic (45.9%) reported a fear of failure prevented them from starting a business during the 2013-17 period, which was slightly below the EU average of 46.2% (Figure 4a). Men were less likely to identify a fear of failure as a barrier to entrepreneurship than women (39.6% vs. 51.3%). The gender gap was slightly wider than the EU average. Interestingly, youth and older people in the Slovak Republic report almost identical levels of fear of failure as a barrier to start-up (44.2% and 44.9%), while at the EU level older people are slightly more risk tolerant compared to their youth counterparts (43.2% vs. 45.5%). At the EU level, occurrence of a fear of failure as a barrier to start-up was highest among women (50.5%) and youth (45.2%), and lowest among older people (43.2%).

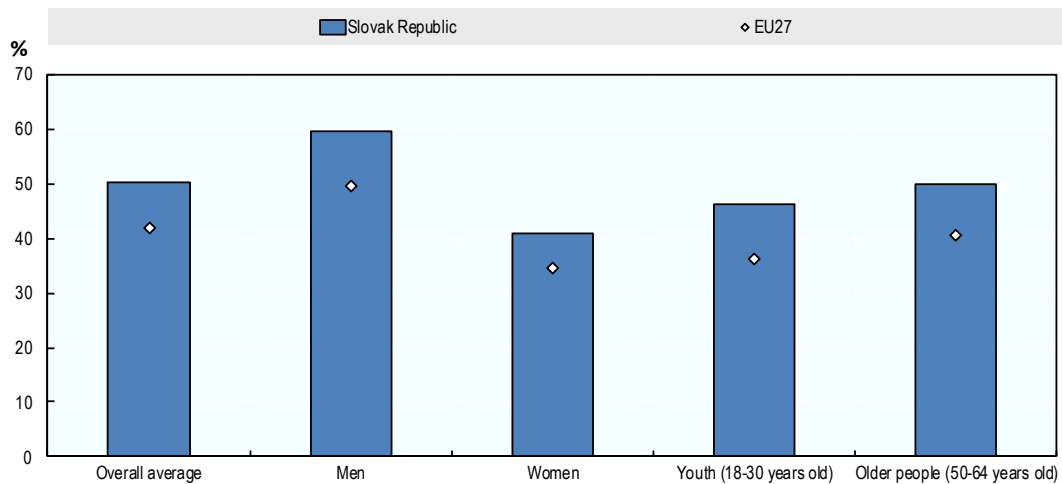
However, Slovaks are relatively confident in their entrepreneurship skills. Approximately half of Slovak working age population (50.2%) reported that they have the skills required to start a business during the period 2013-17, which was well above EU average (41.9%) (Figure 4b). However, there is a considerable gender gap. While almost 60% of men were confident in their entrepreneurship skills, only 40.9% of women felt that they had the skills needed to be successful in business creation. Nonetheless, both men and women were more likely than the EU average to report that they had the competences needed to be entrepreneurs. Same applies to older people and youth, as both populations show around 10% higher occurrence of entrepreneurship self-confidence compared to EU average, with older people being slightly more confident compared to their younger counterparts (49.9% vs. 46.3%).

Figure 4. Barriers to entrepreneurship by target group

a. Proportion who report that a fear of failure prevents them from starting a business, 2013-17



b. Proportion who perceive that they have the skills to start a business, 2013-17



Note: Data were pooled for the period 2013-17. Responses were weighted to reflect the population in each year, but no weighting was used when pooling the time series data, i.e. all years have the same weight regardless of the sample size in each year. The EU27 average covers all EU Member States except Malta because it is not covered by the GEM survey.

Source: GEM (2018), special tabulations of the Global Entrepreneurship Monitor's household surveys from the 2013 to 2017.

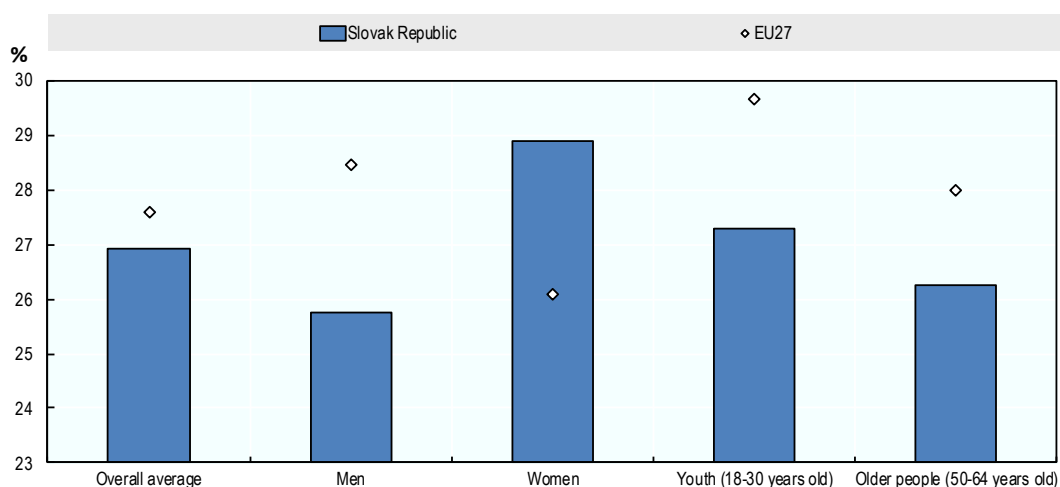
2.5. Entrepreneurship performance

Despite being more confident in their entrepreneurship skills than the EU average, new Slovak entrepreneurs were slightly less likely to offer new products and services to their customers. Overall, slightly more than one quarter of Slovak early-stage entrepreneurs (26.9%) introduced new products and services to their customers between 2013 and 2017 (Figure 5a). In contrast to what is observed on average in the EU, male entrepreneurs were slightly less innovative than female entrepreneurs over 2013-17 (25.8% vs. 28.9%). Moreover, female entrepreneurs outperformed the EU average for women (26.1%) and men (28.5%). Older entrepreneurs were slightly less likely to introduce new products and services (26.3%) than youth (27.3%). A similar pattern is observed in EU average figures for this period. Both senior and youth entrepreneurs outperformed the EU averages for these groups.

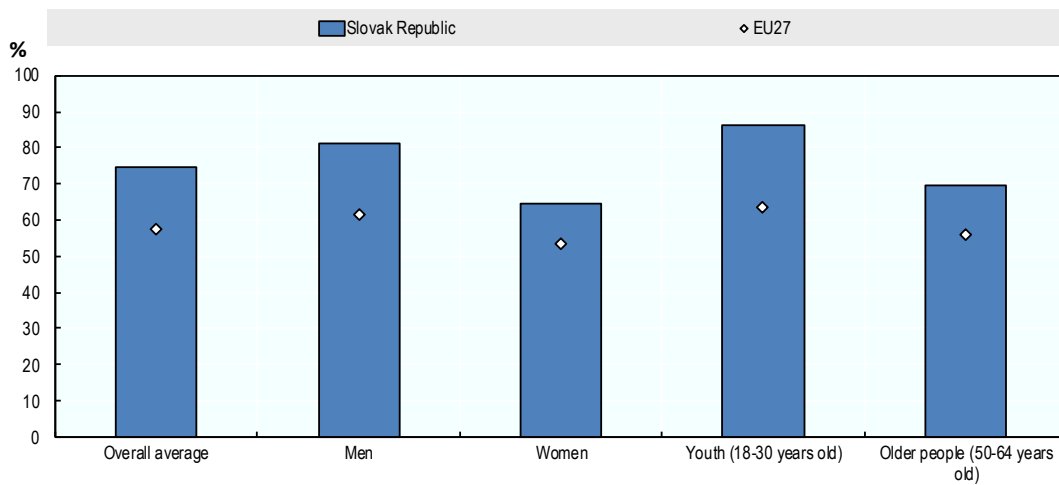
Furthermore, Eurostat data suggest that Slovak enterprises are not as innovative as those in other EU countries (Community Innovation Survey, 2014). Almost one-third of small and medium-sized enterprise was innovative in 2012 (30.5% of small and 32.3% of medium-sized). However, the EU average for SMEs was 48.0% in 2012. Slovak businesses report that they do not innovate due to a low demand for innovations in the market, previous innovations still being exploited, having no good ideas for innovations, and experiencing very little competition in the market.

Figure 5. Self-employment and entrepreneurship activities by target group

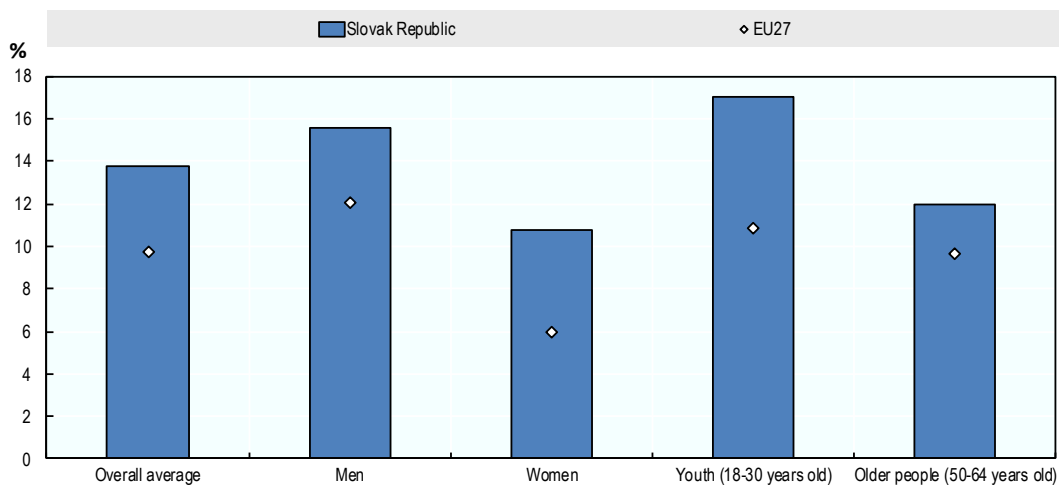
a. Proportion of new entrepreneurs whose products or services are new to all or some customers, 2013-17



b. Proportion who sell to customers in another country, 2013-17



c. Proportion of early-stage entrepreneurs who expect to create more than 19 jobs in 5 years, 2013-17



Note: Data were pooled for the period 2013-17. Responses were weighted to reflect the population in each year, but no weighting was used when pooling the time series data, i.e. all years have the same weight regardless of the sample size in each year. The EU27 average covers all EU Member States except Malta because it is not covered by the GEM survey.

Source: GEM (2018), special tabulations of the Global Entrepreneurship Monitor's household surveys from the 2013 to 2017.

Three-quarters of Slovak early-stage entrepreneurs (74.9%) reported selling their products and services to customers in other countries between 2013 and 2017, which was well above the EU average (57.4%) (Figure 5b). Male entrepreneurs were much more likely than women to sell to foreign customers during this period (81.1% vs. 64.6%). Youth were the most likely to sell to foreign customers (86.1%), considerably outperforming the export orientation of their EU counterparts (63.6%) and of older Slovak entrepreneurs (69.6%). Same patterns are observed in EU average figures.

Similarly, Slovak entrepreneurs are rather optimistic in their expectations for employment creation. Overall, 13.7% of early-stage entrepreneurs expected to create more than 19 jobs in five years over 2013-17, which was well above EU average for the period (9.7%) (Figure 5c). Male entrepreneurs were more ambitious than female entrepreneurs in terms of expected job creation – 15.6% expected to create 19 jobs over the next five years relative to 10.7% of female entrepreneurs. However, the difference between genders was significantly lower than the EU average. Also, young entrepreneurs indicated higher optimism in job creation expectations compared to older entrepreneurs (17.1% vs. 12.0%). In this case, on contrary, the gap is much higher compared to EU average figures (10.8% vs. 9.7%).

One-fifth (20.5%) of self-employed people in the Slovak Republic had employees in 2017, which was 8.1 percentage points below the EU average. The proportion of solo entrepreneurs among women is higher than among men, while older entrepreneurs show the highest tendency to have employees, well above the overall country average. Compared to 2013, the share of employers increased slightly (from 20.1% to 20.5%). However, it decreased among self-employed seniors (from 26.4% to 23.5%) and, to a lesser extent, women (from 17.9% to 17.7%). Data from the Register of Organizations of the Slovak Statistical Office tell a similar story, albeit with a more pronounced upwards trend: the share of employers reached 25.2% in 2017, up from 21.5% in 2016. Only 3.1% of business entities employ 10 or more employees.

3. ASSESSMENT OF CURRENT AND PLANNED INCLUSIVE ENTREPRENEURSHIP POLICIES AND PROGRAMMES

3.1. Policy framework

Even though entrepreneurship support is embedded in several national government documents, and in strategic documents for the allocation of EU Structural Funds (e.g. the Operational Programme for Research and Innovation, the Operational Programme Human Resources for the programming period 2014-20), there is no overarching entrepreneurship strategy or policy framework. Specific entrepreneurship policy actions are co-ordinated through inter-ministerial co-ordination meetings on specific issues at the national level. These occur on an *ad hoc* basis, but typically do not address issues related to inclusive entrepreneurship.

For youth, there are some tailored entrepreneurship policies related to education, including “Conception for start-up support and start-up ecosystem development”, which was adopted in 2015 (and is not limited to youth). In addition, the National Youth Guarantee action plan includes the adoption of instruments to support employment and entrepreneurship among youth as one of its measures. Specific actions are, however, limited to informing and encouraging unemployed youth to use self-employment grants. These actions are co-ordinated through several ministries and other public bodies but there appears to be little strategic co-ordination across the range of key stakeholders. Regular monitoring of youth entrepreneurship support is common, but more rigorous evaluations are rare.

Unemployed people who are registered at the Office of Labour, Social Affairs and Family have access to several labour market support measures. The support offer includes financial support, entrepreneurship training and coaching.¹ However, the availability of this support has decreased in recent years due to funding reductions. The total number of beneficiaries of the particular support measure devoted to entrepreneurship training and coaching decreased between 2012 and 2017 by 69.3 %.

Policies for other key target groups such as women, older people and migrants do not explicitly cover business creation or self-employment, although they address related issues such as labour market participation or innovation (e.g. Operational Programme for Research and Innovation; National strategy for active aging).

3.2. Government regulations

The government has prioritised reducing administrative procedures and regulatory obligations for new start-ups in recent years. These efforts are expected to benefit entrepreneurs from under-represented and disadvantaged groups since they are the most likely to have difficulties understanding and complying with regulatory obligations.

In addition, there are a number of specific regulatory measures that aim to support different groups in the labour market, regardless of whether they are self-employed or employees. For example, youth entrepreneurs can benefit from preferential treatment by the health insurance system if they are students as they are not required to make a contribution for their coverage. Older people can benefit from reduced social security contributions when they are active in employment (both employees and the self-

¹ Par. 49 of the Act on Labour Services 5/2004

employed), which is an incentive for continued labour market participation. People with disabilities who start a business can benefit from reduced contributions to health insurance.

More generally, the self-employed are treated equally with employees by the social security system including social and health insurance schemes, unemployment insurance and pension systems. However, the self-employed can opt out from social insurance (not health insurance) by choosing not to contribute and therefore not be covered.

The amendment of the Act No. 448/2008 on Social Services, effective since March 2017, concerns the extension of the definition of social services and the financial coverage of costs associated with child care services of children under the age of three. In addition to the need to fulfil the condition of having the child in custody, the person must be actively preparing for the labour market (being enrolled in educational institutions, seeking employment) or actively earning an income. As the share of women within this group of inactive persons taking care of children under the age of three is around 98-99 %, this amendment could be considered as a step towards increasing the indirect support of female labour market participation as well as entrepreneurship.

From May 1, 2018, Act No. 122/2018 on Social Economy and Social Enterprises came into force. Its aim is to create an environment for the development of the social economy and social enterprises - activities of the third sector organised independently of state bodies. It introduces a new type of legal entity - a registered social enterprise, which is a new category of businesses that Slovak law has not yet recognized (formerly, social enterprises were narrowly defined as work-integration social enterprise entities). The main aim of the new law is to regulate the social economy sector by creating the favourable conditions for the development of the social economy so that it not only benefits from increasing employment but also from other socially beneficial goals. The law brings new rules to this area, removes obstacles to the development of the social economy, and creates a system of support that is socially acceptable and fully complies with State aid rules.

The Slovak Business Agency, in cooperation with the Ministry of Economy of the Slovak Republic, prepared a document called “Scheme for support of family business 2017 - 2020 (*de minimis* aid scheme)”, which defines several measures with the aim to improve conditions for the sustainability and development of family businesses. Small and medium-sized enterprises that meet the definition of a family enterprise listed in the “Scheme” will be able to apply for support (without co-financing) such as professional consulting services, analyses, studies, market surveys, proposals for measures to improve the market position of a family business, participation in seminars, trainings, lectures, etc. devoted to the topic of family business and reimbursement of costs related to participation in fairs, conferences and other international events.

3.3. Financing entrepreneurship

There are currently few tailored financial instruments to support people from under-represented and disadvantaged groups in business creation as most instruments are available to the entire population. Grants are used to support inclusive entrepreneurship in the past, notably the “Grants for starting a self-employment for the unemployed”. The programme provides a start-up grant and entrepreneurship training (prior to grant application) for people who are registered as unemployed for at least three months. These start-ups receive an average of EUR 3 578 but this varies by region (according to the unemployment rate in the respective region). After receiving this grant, the self-employed person cannot return to the unemployment registry for three years. In 2017, 2 667 people received this grant (out of that 48.1% of women), which means an annual increase by more than 36%.

A similar grant programme exists for people with disabilities (based on the Act on Labour Services nr. 5/2004) who are registered as unemployed. This grant is 20% to 33% higher than for the unemployed. The obligation to remain self-employed has been reduced to two years (compared to three years for the unemployed). In 2017, 77 people (out of that 54.5% of women) received this grant (an increase by 2 persons). The total spending on this contribution in 2017 was EUR 393 153, which is EUR 6 656 more compared to the previous year.

The Slovak Guarantee and Development Bank offers some targeted products for women and youth but they are granted under the same conditions as for the whole population, i.e. they are branded versions of generic products to attract applicants from the target groups, without any specific adjustments to their needs. Loan guarantee schemes are also available to the general population, but in practice they are not frequently used due to strict lending requirements.

Similarly, microcredit is available to the whole population under the Slovak Business Agency (SBA) microloan programme (until the end of 2016, the SBA provided cumulatively 2 048 microloans worth almost EUR 38 million), as well as through the Slovak Guarantee and Development Bank. The SBA microloan programme is focused on small companies – up to 50 employees. Both programmes require the entrepreneur to put up some collateral for some loans, which might reduce accessibility for some target groups, especially youth. However, it is to be noted that small SBA loans (up to EUR 10 000²) do not require a collateral but only a “guarantee agreement”. In addition, the European Union’s Employment and Social Innovation programme (EaSI) supports microcredit and guarantees through Slovenska sporitelna and OTP Banka Slovensko. These programmes support all under-represented and disadvantaged groups.

In addition, the government recently announced new tax measures to promote self-employment. Although not tailored to any group, these measures should provide an incentive for potential entrepreneurs from under-represented and disadvantaged groups to consider starting a business. First, the so-called “tax licences”, which is a flat-rate tax companies are required to pay irrespective of their revenue and income, will be cancelled from 2018 onwards. Second, from January 2017 onwards, there has been an increase of the lump-sum amount of expenses that can be deducted from taxable income without the need to document them (from 40 to 60% of taxable incomes, subject to a maximum of EUR 20 000). This means a reduction of a tax burden for those self-employed applying lump-sum expenses in their tax reports.

Crowdfunding and peer-to-peer lending are permitted and there are several platforms focused on donation-based funding to support charity or social projects. Also, some general platforms support in artistic and creative industry projects. The government is not involved in these platforms.

There are currently no public policy initiatives to support business angel networks. In the previous programming period a business angels club was created and supported by the government but the project is now finished. Nonetheless, the club is still active, together with several private angel investors groups and individual angel investors. However, none of the angel groups are particularly focused on any of the disadvantaged groups.

Financial literacy training is offered both through government initiatives and by non-government organisations. The approach taken is to provide basic financial knowledge with a one-size fits all approach. In addition, the National Programme for Active Aging aims to improve financial literacy for

² This threshold is brought up to EUR 20 000 during the SME month. The SBA also reduces the interest rate by two percentage points for existing clients during the SME Week.

older people. This is delivered through some universities of the third age³ but take-up is low and interest among older people appears to be low. Moreover, most financial literacy trainings focus on a consumer perspective and do not expand to cover a business perspective.

3.4. Entrepreneurship skills

There are a number of initiatives to support people from under-represented and disadvantaged groups in acquiring entrepreneurship skills. Entrepreneurship education has been developed for youth and is now delivered as part of the curricula in secondary and tertiary education. This is complemented with more hands-on entrepreneurship training offered by non-governmental organisations (e.g. Young Entrepreneurs Association of Slovakia). The Slovak Business Agency and employment offices also offer entrepreneurship training. These offers are used heavily by youth but the training is not targeted to them. However, the SBA tailors courses format and content based on client needs in a particular location based on the group's composition. Some tailored entrepreneurship coaching and mentoring programmes for youth entrepreneurs are available, and they are typically provided by non-governmental organisations, professional business coaches or business associations. While often high quality offers, these initiatives tend to be located only in large cities, or near universities.

Higher quality support for high potential youth entrepreneurs is available through university-based incubators. Nearly one-fifth of business incubators are operated by universities. Use of this type of support requires that at least one member of start-up team be a university student or recent graduate. These incubators are well-connected to other entrepreneurship support providers and they can direct students to other support services if they are not available at the incubator.

Information on business creation and self-employment is generally easily accessible by youth through various channels, and support programmes are often tailored for young people who are looking to enter the labour market. Much of this information is available through schools, universities and training programmes. More generic start-up information is provided by business consultancy and advisory organisations.

The Slovak Business Agency also provides training – among other services – within the “Successful business practice” programme. The programme aims to enhance public interest in entrepreneurship by stimulating entrepreneurial ambitions and developing entrepreneurial skills. One of its goals is also the promotion of successful role models among not only businessmen but also female entrepreneurs along with their businesses, products, ideas of public-private partnerships and initiatives to support the development of entrepreneurship and entrepreneurial thinking.

The unemployed and people with disabilities can receive entrepreneurship training and business counselling when they apply for a start-up grant, which requires the submission of a business plan. Training typically covers basic accounting skills and the regulatory framework for businesses, but few take advantage of this training opportunity (IZ, 2016). The quality of these basic training sessions and consultations varies across regions.

In addition, the SBA launched the National Business Centre (NBC) in the Bratislava region and subsequently in all other regions. Its main objective is to provide comprehensive support to small and medium-sized enterprises (SMEs) (including disadvantaged social groups such as young people, women, 50+ adults, people with social and health related disabilities, etc.), and those interested in starting their business. The main mission of NBC is to implement the concept of a one-stop-shop offering a broad portfolio of information and supplementary services to all starting and established

³ Universities of third age are continuing education programmes that are open to persons over 50 years old.

businesses in different stages of their life cycles and aspiring entrepreneurs as well as offer creative and innovative approaches to people who are thinking about putting an idea or product on the market.

There are no specific entrepreneurship training programmes for migrants. Based on surveys, most migrant entrepreneurs are lacking basic business skills and competences, but also face barriers in terms of compliance with regulations, communication with institutions, participation in public procurement and entering into business-to-business co-operation with local entrepreneurs. This is a gap in the support system as migrants tend not to participate in mainstream support offers. The introduction of the so-called start-up visa in the Act on residence of foreigners, effective since May 2017 aims to facilitate entry to innovative foreign entrepreneurs by offering less demanding preconditions to be fulfilled by migrants applying to start and continue to operate their business in the Slovak Republic. The applicants' business plans are subject to ministerial assessment. The selection criteria focus on innovativeness and the assessed potential contribution to the national economy.

In 2014-15, the SBA implemented the national project "Support to migrant entrepreneurship – improving labour market and entrepreneurial conditions for third country nationals". The main goal of the project was to describe and evaluate the labour market and entrepreneurial conditions of third country nationals and to recommend measures to improve their economic situation. Activities included the analysis of existing policies and measures concerning employment and entrepreneurship of third country nationals, qualitative and quantitative surveys regarding their labour market situation, focus groups and conferences. The work uncovered an unmet demand for informational support which was addressed through the production of a brochure providing information to third country nationals regarding administrative and legal requirements, time limitations for administrative procedures, fees related to the provision of temporary residence permission and prolonging of this permission, as well as information on moving into self-employment for natural persons and entrepreneurship of legal persons. It was published in four different languages (Ukrainian, Russian, Vietnamese and Chinese) corresponding to the largest groups among residence permit holders in the Slovak Republic.

A joint project of the Faculty of management of the Comenius University in Bratislava and Slovak Business Agency called "Development of inclusive entrepreneurship of selected disadvantaged groups: a pragmatic approach (INCLUENT)", still in progress, aims to create a comprehensive methodology for the development of inclusive entrepreneurship of selected disadvantaged groups (women, seniors, youth, migrants) on the national as well as regional level, based on the analysis of the current state and latest knowledge and experience in Europe and in the world. In 2017, a positioning paper on inclusive entrepreneurship was released as an output of this project.

3.5. Entrepreneurial culture and social capital

Entrepreneurship is not very actively promoted in the Slovak Republic. Many international surveys such as the Global Entrepreneurship Monitor suggest that entrepreneurship is not viewed favourably as a career choice and that entrepreneurs do not have a high status in society. One of the challenges is that entrepreneurship is often reported in the media with negative messages (e.g. corruption, dishonest bankruptcy).

Youth are exposed to entrepreneurship as a part of the curricula in secondary and tertiary education. In addition, there are two well-established training schemes that complement the school system, the State Institute for Vocational Education and Junior Achievement Slovakia. While tertiary-level students of business, law and engineering fields are in most case exposed to at least one entrepreneurship course, two thirds or even more of their counterparts from humanities, natural sciences, science of arts, agricultural sciences and medical sciences don't experience any entrepreneurship related course throughout their studies. Moreover, if they have any such course, it is usually very basic. There is a need

to focus more on building entrepreneurial mind-sets and making the offers more interdisciplinary so that students are exposed to different methods of problem solving.

There are also various networking initiatives and events for youth, organised by business or civil society organisations (e.g. Young Entrepreneurs Association of Slovakia and many others) to help them build entrepreneurial networks. Universities are also active in building entrepreneurial networks, including mechanisms that link students and alumni. Networking opportunities are generally higher in larger cities and university towns.

Entrepreneurship is not actively promoted as an activity for older people. There is a general attitude that entrepreneurship is not suitable for older people because it is risky and offers little opportunity to generate income. However, there are a few small-scale initiatives that are run by universities of third age or seniors associations. There is therefore scope to promote and educate older people about entrepreneurship, and to promote senior entrepreneurship in society to improve people's attitude towards it.

Entrepreneurship is not promoted as a career opportunity for migrants, but it is a common labour market activity since migrants often face difficulties in finding employment. Recent policy actions such as the "Conception for Support of Start-ups and Start up Ecosystem", which was approved by the government in 2015, contain some measures to attract foreign entrepreneurs, e.g. start-up visa. However, some gaps remain, such as a lack of support to help migrants build networks.

4. OVERVIEW OF WOMEN'S ENTREPRENEURSHIP

4.1 Data on women's entrepreneurship

The research project INCLUENT⁴ (see Section 3.4) introduced an inclusive entrepreneurship dashboard, containing data on women and entrepreneurship. Women account for less than a third of natural persons entrepreneurs and figures on newly registered entrepreneurs confirm this pattern (Table 1). A notable exception is found under the category of registered professions, where women make up 53.1% of registrations. Less than quarter of women perceive good business opportunities (compared to 28.6% among men) and only 11.4% of them think that starting a business is easy (compared to 15.7% among men).

Table 1: Selected inclusive entrepreneurship dashboard indicators for women in the Slovak Republic, 2017

Inclusive entrepreneurship indicator	
Share of women in the overall population of natural persons entrepreneurs	29.0%
Share of women in the population of freelancers	27.7%
Share of women in the population of registered professions	53.1%
Share of women in the population of independent farmers	25.9%
Number of entrepreneurs in 1 000 economically active persons – women	81.7
Share of women among newly registered natural persons entrepreneurs	28.6%
Perception of good opportunities to start a business – women adult population	22.9%
In Slovak Republic, it is easy to start a business (% yes, women adult population)	11.4%

Source: INCLUENT

Another survey realized under the INCLUENT research project (Pilkova et al., 2017) shows that women start businesses mostly from a position of employment (48.7%), parallel employment and part-time business activity (17.4%) and maternity/parental leave (10.4%). Qualitatively, this distribution does not differ substantially from this of men with the exception of parental leave (1.3%). Almost 4 in 10 businesswomen received no support when starting their businesses, and 90% of them never received any business training, and almost the same percentage declare they are not interested in participating in such training. The most frequently cited barriers for women when starting a business were social isolation (28.7%) and access to finance (27.5%). Women reported experiencing lack of trust because of being a female less often (21.7%). Female entrepreneurs would welcome more stable and clear business legislation (13.3%) and a decrease in social security contributions (12.8%) and tax burden (11.0%). Regarding finance, women do not have sufficient knowledge on alternative sources of finance, such as micro-loans, crowdfunding or risk capital. 54.0% of female entrepreneurs started their business with own savings, which is similar to what men report (53.4%). Another 19.0% received funds from family members (as compared to 11.4% of men). Women entrepreneurs tended to start a business with smaller budgets than men.

Pilkova et al. (2017) introduced an inclusive entrepreneurship index, which compares female TEA and overall TEA. In 2017, this index had a value of 0.83, indicating that women were under-represented among early-stage entrepreneurs. However, the last three years saw a constant growth of this index (up

⁴ Research project “Development of inclusive entrepreneurship of selected disadvantaged groups in Slovakia: a pragmatic approach” (www.fm.uniba.sk/veda-a-vyskum/vedecke-projekty-granty-a-spolupraca/narodne-projekty/inklupod-apvv-14-0647/)

from 0.67 in 2015). In 2017 women exhibited slightly more positive ratio of nascent to new business⁵ (2.1 to 2.3), suggesting that a higher proportion of early-stage entrepreneurs “make it” into the new business stage, i.e. start to generate a stable income. Nevertheless, women remain highly underrepresented among established entrepreneurs⁶ (6.4% vs. 13.5% in 2017). Secondly, both women and men perceive societal attitudes towards entrepreneurship (new business as a good career choice, social status and media attention to entrepreneurs) very similarly. However, a difference is observed in their self-perceptions related to entrepreneurial skills and fear of failure (see Section 2.3).

In 2016, the Global University Entrepreneurial Spirit Students’ Survey (GUESSS) study took place in Slovak Republic, providing insight into entrepreneurship among university students (Holienka et al., 2018; Pilikova et al., 2017). Women are also under-represented in entrepreneurship in this population. For example, only 12.1% of female students but as many as 31.3% male students in the sample were involved in running or attempting to start a business. 38.9% men and 51.8% women indicated no interest in entrepreneurship at all. Female students also tended to be slightly less involved in entrepreneurship-related courses. Finally, among students with entrepreneur parents, 37.7% of women and 53.7% men reported that they had been worked in their parents’ business. Female students find succession in parents’ business less attractive and desirable than men.

4.2 Women’s entrepreneurship policies

The policy framework for supporting entrepreneurship for women is woven into several strategic documents for the allocation of EU Structural and Investment Funds (e.g. the Operational Programme for Research and Innovation, the Operational Programme Human Resources for the programming period 2014-20). Although related issues such as labour market participation are addressed via the National employment strategy of the Slovak Republic until 2020, there is no entrepreneurship strategy or policy framework aimed at the support of female business creation or self-employment.

As for government regulations relevant for women entrepreneurs, the aforementioned amendment No. 40/2017 of the Act No. 448/2008 on Social Services effective since March 2017, is expected to indirectly facilitate access to childcare for women entrepreneurs. The new conditions (having the child in custody, being enrolled either in education, actively preparing for the labour market or seeking employment or actively earning an income) replace previous requirement to provide evidence of grave reasons for not being able to provide care for the child oneself or with the help of family members.

Microcredit is available to the whole population (i.e. not only to women) under the SBA microloan programme for micro enterprises (up to 10 employees) and small enterprises (up to 50 employees). The minimal amount of a micro-loan is EUR 2 500 and the maximum amount is EUR 50 000. The maturity period of microloan varies from six months to four years with interest rates from 1.13% up to 9.03%. In 2017 nine SMEs owned by women (or as shareholder/self-employed women) were supported for a total value EUR 265 000. In 2017, the women supported under the Microloan programme represented a little over 18% of the total aid.

There are tailored initiatives to support the acquisition of entrepreneurship skills for women such as mentors for women entrepreneurs and women entrepreneurial platforms. Despite these activities women entrepreneurs report the lack of skills and competences as one of their main issues. This is

⁵ Nascent entrepreneurs = those actively involved in starting-up or running a new business that has not generated income for more than 3 months; new entrepreneurs = owner-managers of new businesses that have been generating income for more than 3 months but less than 3.5 years.

⁶ Established entrepreneurs = owner-managers of businesses that have been generating income for more than 3.5 years.

particularly relevant for the initial phases of business development, where there is a significant need for advisory support, which is only partly covered by the support services available (e.g. First Contact Points).

The SBA's National Business Centre operates several programmes open to all, some of which record significant female participation. The Acceleration Programme (one of the four NBC programmes available to SMEs) offers professional help with business plan preparing, counselling, training courses and activities aimed at the development of business potential to address the needs of those interested in entrepreneurship; increasing awareness about entrepreneurship as a career alternative; and presenting business success stories and good business practice. In 2017, the Acceleration programme was attended by 663 participants, 394 of which were women (59%). The Incubation Programme launched its activities in September 2017, is meant for starting entrepreneurs and offers long-term individual professional counselling, office spaces in the incubator, services of the virtual incubator and opportunity to find a business angel to finance business. In 2017 the Incubation programme supported 11 enterprises of which four were represented by women. The Start-up programme offers specific information and practical guidance linked to the support of creation and starting-up, including online guidance, web presentation and webinars, training courses on various business themes and participation at international start-up events. 105 persons attended international events in 2017, of which eight were women.

The Slovak Business Agency is currently implementing the international project "Enhancing the cross-sector emergence of new Women Business Angels across the EU". The project aims at supporting the growth and development of new and early-stage businesses run by women and support female angel investors who are interested in investing their expertise, time and money into female start-ups. The project aims to facilitate the funding of women entrepreneurs through women business angels and contributing to the creation of a sustainable base of private investment in Europe. It is structured around three main activity blocks: (i) Information, awareness raising and communication activities which aim for the change in the mind-sets of potential female entrepreneurs; (ii) training and mentoring activities to prepare novice Women Business Angels through peer-learning and practical training and (iii) community-building, matchmaking and networking activities recruit new Women Business Angels and match women entrepreneurs and Business Angels.

As for the entrepreneurial culture and social capital, most promotion efforts tend to focus on women and youth. For example, there is an annual contest of the "Woman Entrepreneur of Slovakia", organised by the Slovak Business Agency, celebrating successful women entrepreneurs. There are also other events promoting economic and social successes of women. However, more can be done in entrepreneurship education and training programmes to promote a positive image of women entrepreneurship. Presenting a gender neutral image of entrepreneurship, showcasing success stories and demonstrating the various possibilities of entrepreneurship (e.g. part-time entrepreneurship, social entrepreneurship, team entrepreneurship) could help to motivate young women to consider entrepreneurship as a career option.

5. POLICY RECOMMENDATIONS

Entrepreneurship policy is under development in the Slovak Republic. There have been many examples of recent activities that aim to improve the policy framework for entrepreneurship support and several specific measures have been implemented. The National Business Centre providing comprehensive support to SMEs and would-be entrepreneurs started operations. Some tailored support is available, notably education and training programmes for youth, several initiatives for women (e.g. business competitions) and for the unemployed. While most of these actions are done on a small scale, there have been positive results. Nonetheless, the following recommendations are offered:

1. *Define more explicit policy objectives for inclusive entrepreneurship and strengthen policy co-ordination.* No strategic framework and action plan for inclusive entrepreneurship policies has been established yet. Policy objectives should be defined for all under-represented and disadvantaged groups in order to increase business creation and to improve economic and social participation. As co-ordination of existing activities remains fragmented, the strategy should also set out a proper co-ordination mechanism for inclusive entrepreneurship.
2. *Promote role models and success stories to increase awareness about entrepreneurship.* In line with the European Union's Entrepreneurship 2020 Action Plan, entrepreneurs should be portrayed as positive role models to promote an entrepreneurial culture in the Slovak Republic and inspire more people to become entrepreneurs. In the short run, this can include media campaigns, competitions, or presentations of role models. Specific groups that could be targeted with tailored messages are women and older people. In addition, the development of an entrepreneurial mind-set should also be introduced throughout the entire education system.
3. *Improve access to information on business creation and self-employment for the target groups of inclusive entrepreneurship.* Entrepreneurs from under-represented and disadvantaged groups in the Slovak Republic have greater difficulties accessing information on business start-up because they often have low skills levels and many lack knowledge on available support instruments. Government websites should be improved to ease navigation and the quality of information available in local labour offices should be strengthened. These offices should further develop concrete outreach strategies for the target groups of inclusive entrepreneurship.
4. *Increase systematic support for family businesses.* Ongoing efforts to develop targeted support for family businesses should be continued. As the first generation of entrepreneurs who started their businesses after the switch to market economy is starting to retire, the question of succession is becoming more and more relevant. Targeted support instruments at facilitating knowledge transfer and succession from generation to generation shall be developed.
5. *Increase the availability of start-up financing and financial literacy training for women entrepreneurs.* While financial support for women entrepreneurs is available, surveys indicate that women perceive the level of support as being insufficient. More targeted outreach and promotion could help to support women in accessing the existing financial support available.

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ANNEX: METHODOLOGY

Each note was prepared by a national expert in co-operation with the OECD Secretariat. Information was collected through desk research and interviews (i.e. telephone, face-to-face, email) with key stakeholders and government representatives. The information was then verified by government partners, programme managers and other inclusive entrepreneurship stakeholder groups through email exchanges and one-day seminars in selected countries.

The notes are based on an assessment framework that was developed by the OECD Secretariat. The assessment framework provided a common analytical framework and report structure for the 28 notes that are in this series.

The framework contains five pillars:

1. Policy framework

- Is there an entrepreneurship strategy or action plan that explicitly covers the promotion and support of entrepreneurship for people in under-represented and disadvantaged groups?
- Is there a mechanism for co-ordinating inclusive entrepreneurship policy actions across relevant national ministries, and with regional and local governments and civil society organisations?
- Is there a systematic monitoring and evaluation process for the policies, programmes and schemes that promote and support entrepreneurship for people in under-represented and disadvantaged groups?

2. Government regulations

- To what extent are entrepreneurs from under-represented and disadvantaged groups treated equally with employees by social security schemes?
- Do measures exist that temporarily cover the loss of state income supports (e.g. unemployment benefits, disability allowances) for entrepreneurs amongst under-represented and disadvantaged groups when they start a business?
- Do measures exist to support under-represented and disadvantaged entrepreneurs in dealing with administrative procedures for entrepreneurship amongst under-represented and disadvantaged groups (e.g. information provision, support with administrative requirements)?
- Are there any entrepreneurship policy initiatives or schemes to address group-specific institutional challenges related to dependents (e.g. childcare, eldercare)?

3. Financing entrepreneurship

- Are there grants for business creation offered to support entrepreneurs from under-represented and disadvantaged groups?
- Is microcredit for business creation available to support entrepreneurs from under-represented and disadvantaged groups?
- Are there loan guarantee schemes for business creation to support entrepreneurs from under-represented and disadvantaged groups?
- Are there self-financing groups for business creation to support entrepreneurs from under-represented and disadvantaged groups?
- Are there public policy schemes that encourage and support business angel networks to support entrepreneurs from under-represented and disadvantaged groups?

- Are there schemes that encourage and support crowdfunding and peer-to-peer lending to support entrepreneurs from under-represented and disadvantaged groups?
- Is financial literacy training offered to support entrepreneurs from under-represented and disadvantaged groups?

4. Entrepreneurship skills

- Are there entrepreneurship training initiatives for entrepreneurs from under-represented and disadvantaged groups?
- Do high potential entrepreneurs from under-represented and disadvantaged groups have access to one-to-one or group coaching and mentoring?
- Are there public initiatives that provide information on available support programmes or on business start-up procedures for entrepreneurs from under-represented and disadvantaged groups?
- Are there business consultancy and advisory services for entrepreneurs from under-represented and disadvantaged groups?
- Are there business incubators for entrepreneurs from under-represented and disadvantaged groups?

5. Entrepreneurial culture and social capital

- Is entrepreneurship actively promoted as an employment opportunity amongst under-represented and disadvantaged groups through the education system, media, role models, etc.?
- Are there public policy actions that attempt to build specific business networks for entrepreneurs amongst under-represented and disadvantaged groups?

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