



Inclusive Entrepreneurship Policies, Country Assessment Notes

France, 2017



Acknowledgements

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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 or personal characteristics. 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.

The self-employment rate in France was slightly below the European Union (EU) average in 2016 (10.8% vs. 14.1%). This holds for all of the key under-represented and disadvantaged groups (i.e. women, youth, and older people). However, over the 2012-16 period, people from these groups in France were more likely to expect to create a business over the next three years than the EU average (for each group), especially youth (27.7% vs. 20.9%). Businesses operated by entrepreneurs from under-represented and disadvantaged groups have lower survival rates than the mainstream population of entrepreneurs.

This note is the second in a series of annual country assessments 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 2017 notes place a special focus on describing the characteristics of self-employment in each country.

The notes are part of a wider programme of work by the OECD and the European Commission that includes ‘The Missing Entrepreneurs’ publications, a series of Policy Briefs on specific target groups, policies and issues, country reviews of youth entrepreneurship and women entrepreneurship, and the production of online policy guidance. For more information please refer to: <http://www.oecd.org/employment/leed/inclusive-entrepreneurship.htm>.

TABLE OF CONTENTS

KEY MESSAGES.....	5
1. INCLUSIVE ENTREPRENEURSHIP OBJECTIVES AND TARGETS	5
2. KEY INCLUSIVE ENTREPRENEURSHIP INDICATORS.....	6
2.1. Labour market context.....	6
2.2. Self-employment and entrepreneurship rates.....	7
2.3. Barriers to business creation	10
2.4. Entrepreneurship performance.....	10
3. ASSESSMENT OF CURRENT AND PLANNED INCLUSIVE ENTREPRENEURSHIP POLICIES AND PROGRAMMES.....	12
3.1. Policy framework.....	12
3.2. Government regulations.....	13
3.3. Financing entrepreneurship.....	15
3.4. Entrepreneurship skills	17
3.5. Entrepreneurial culture and social capital.....	17
4. POLICY RECOMMENDATIONS	19
5. REFERENCES	20
ANNEX: METHODOLOGY.....	22

KEY MESSAGES

- Business creation is supported by many policies and measures with well-defined objectives, including support for entrepreneurs from under-represented and disadvantaged groups (e.g. women, youth, the unemployed). People from these social target groups have access to a suite of generic and tailored supports, including access to finance, entrepreneurship training and coaching and mentoring programmes. These are offered by the government at national and local levels, as well as many actors in the non-government and private sectors.
- The self-employment rate in France was slightly below the European Union (EU) average in 2016 (10.8% vs. 14.1%). This was true for all of the key under-represented and disadvantaged groups (i.e. women, youth, and older people). However, over the 2012-16 period, people from these groups in France were more likely to expect to create a business over the next three years than the EU average (for each group), especially youth (27.7% vs. 20.9%). Businesses operated by entrepreneurs from under-represented and disadvantaged groups have lower survival rates than the mainstream population of entrepreneurs.
- There are currently no major gaps in the inclusive entrepreneurship support system, but there is a need to put more attention on monitoring and evaluation so that policy makers have a better understanding about the impact and efficiency of the various support measures and schemes. In addition, there is room to bring more coherence to the support system so that entrepreneurs can more easily find the support that they need. Recent initiatives to build business start-up support web portals are a good step but more co-ordination between actors, especially at the national level, to ensure that measures are consistent and complementary.
- Recommendations for strengthening inclusive entrepreneurship support in France includes (i) improve the identification of needs of entrepreneurs from under-represented and disadvantaged groups; (ii) encourage sustainable business growth and to ensure business failure rates decrease; (iii) rationalise the entrepreneurial programmes in the education system; (iv) improve the coherence between entrepreneurship training programmes and the provision of start-up financing; (v) improve the governance and co-ordination of policy makers and delivery organisations; and (vi) strengthen evaluation and monitoring of inclusive entrepreneurship policies and programmes.

1. INCLUSIVE ENTREPRENEURSHIP OBJECTIVES AND TARGETS

The creation of an entrepreneurial spirit is an important policy priority for the current French government as it seeks to encourage the creation and development of businesses, and generate employment and income. While this policy is aimed at all people, some social target groups can access additional tailored measures, including the unemployed, women, youth and residents of deprived areas. However, there are no specific quantitative targets for the number of businesses that policy actions seek to create and support.

The Entrepreneurship Agency (*Agence France Entrepreneur*) was created in April 2016 to support the implementation of the large of number programmes and initiatives related to business creation and entrepreneurship. It has a mandate to contribute to the creation of sustainable and

growing companies and to facilitate co-operation between small and large firms to bolster innovation in France. The Agency aims to quadruple the number of new entrepreneurs located in targeted areas by 2017 and then support these businesses in hiring their first employee. It will also develop training programme to build ICT competences for these entrepreneurs.

Furthermore, women's entrepreneurship figures strongly in new legislation on gender equality. Following the Entrepreneurship Conference in early 2013, the National Plan on Female Entrepreneurship was introduced in August of the same year. It set an objective of increasing the rate of female entrepreneurs by 10 percentage points to achieve a share of 40% of female business creators by 2017.

These policies are part of a broader suite of labour market policies that seek to achieve France's Europe 2020 national targets. These include reaching an employment rate for those 20 to 64 years old of 75% and reducing the number of people at risk of poverty or social exclusion by 20 000 (between 2008 and 2020).

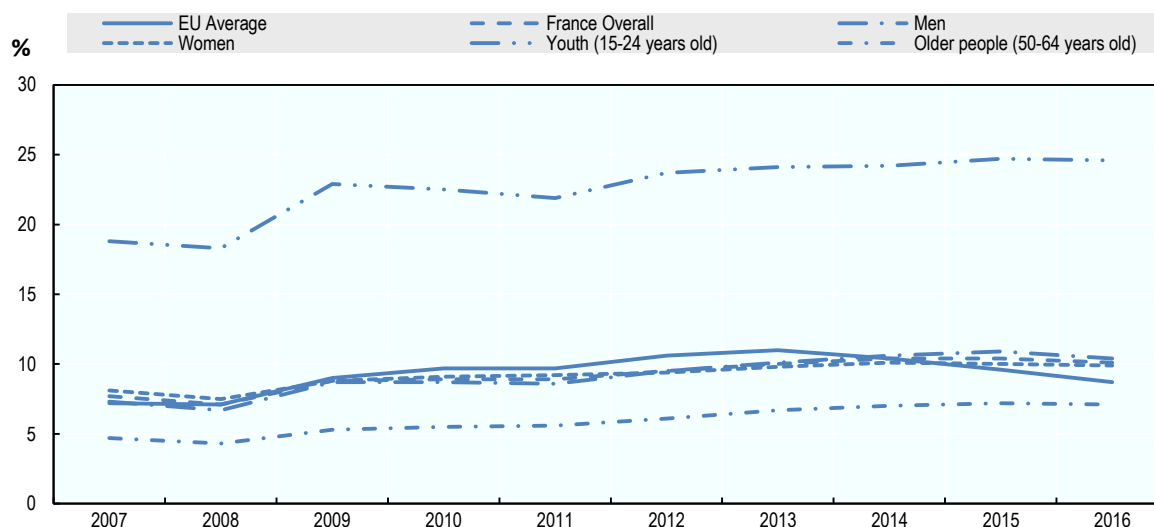
2. KEY INCLUSIVE ENTREPRENEURSHIP INDICATORS

2.1. Labour market context

The unemployment rate in France (10.1%) was above the European Union (EU) average in 2016 (8.7%). It has been steadily increasing since the onset of the economic crisis, increasing from 7.1% in 2008 to 10.4% in 2015, but registered a slight decrease to 10.1% in 2016 (Figure 1).

While unemployment rate tends to be higher for men than for women across the EU (8.5% vs. 10.4%), this is not the case in France. The unemployment rate was slightly lower for women (9.9%) than for men (10.4%) in 2016, as it has been since 2012. The youth unemployment rate was greater in France than the EU average in 2016 (25.1% vs. 18.7%), but there gender gap was very small: 25.1% for young males and 24.1% for young women. The unemployment rate for older workers was approximately the same as the EU average in 2016 (7.1% vs. 6.5%), and again there was little difference between genders.

Figure 1. Unemployment rate, 2007-16



Source: Eurostat (2017), Labour Force Survey 2016.

2.2. Self-employment and entrepreneurship rates

The overall self-employment rate in 2016 in France was 11.0%, three percentage points below the EU average (Figure 2a). However, the number of self-employed workers has been increasing slowly over the last decade. As in most countries, women were about half as likely as men to be self-employed and young workers were very unlikely to be self-employed (2.6% in 2016).

According to the National Institute of Statistics and Economic Studies (INSEE), the total number of businesses created in France remains high after the financial crisis (including self-managed micro entrepreneurs operating under a simplified status for the self-employed called *auto-entrepreneurs* (later *micro-entrepreneurs*). Approximately 46 500 businesses are created each month, of which approximately 28 000 are *auto-entrepreneurs*. However, less than 55% of these *auto-entrepreneurs* have a positive annual turnover and the rate of survival of these businesses is quite low: 66.5% of the new enterprises still operate three years after creation and 52% five years after creation (Acoess, 2016).

Non-salaried employment has been increasing in France for more than a decade, characterised by a continuous growth of wage employment and a decline in self-employment. This shift reveals structural and institutional changes. Over the past ten years, a new type of self-employed workers has emerged in France. Those workers do not focus on a single activity but instead combine several ones to cumulate several streams of income (they are sometimes referred to as “slashers” in French). INSEE research shows that more than half of the self-employed (54.0%) have another form of income such as a salaried activity (Beziau et al., 2016). These workers are often connected to numerous networks and co-ordinate their activity with other self-employed through digital platforms, giving rise to “mass craft” (Pennel, 2013). These self-employed workers tend to be younger and more qualified than others. A possible explanation for this profile is that this demographic group is generally more equipped to use digital tools and faces greater barriers in traditional labour markets.

Overall, young people are active in pursuing new self-employment opportunities created by digital platforms. People under 25 created about 135 000 companies in 2014, of which 84 000 have adopted the *auto-entrepreneur* regime (Agence France Entrepreneur, 2017). An important, however

not accurately measured, share of young self-employed people living in the disadvantaged suburbs of large cities are employed as independent drivers by platforms such as Uber. These enterprise creations have sharply increased in 2016 because of a law (the *Thevenoud* bill) voted in September 2014 which opened the passengers transport market and authorised competition between taxis and other professional drivers. However, these entrepreneurs typically do not operate as independent operators as they rely on an online platform to secure patrons. It appears that older entrepreneurs and women are less likely to pursue opportunities in the e-economy.

In 2016, the large majority of self-employed people were born in France (86.2%). This proportion has been stable over the time. Of the self-employed born outside of France, 9.4% were born in non-EU countries and about 4.0% were born in another EU country. However, people born in another EU country were six percentage points more likely to be self-employed than those born in France, and those born outside of the EU were two percentage points more likely to be self-employed.

The formal educational attainment of the self-employed has also evolved over time. The share of self-employed people with tertiary education has increased from 33.2% of the self-employed in 2007 to 34.9% in 2016. This increase was offset by a decrease in the share of self-employed having received less than primary, primary and lower secondary education (from 21.3% in 2007 to 20.7% in 2016). The proportion of the self-employed with an upper secondary and post-secondary non-tertiary education was stable over the past decade at approximately 45%. Similar trends can be also observed among those in working as dependent employees.

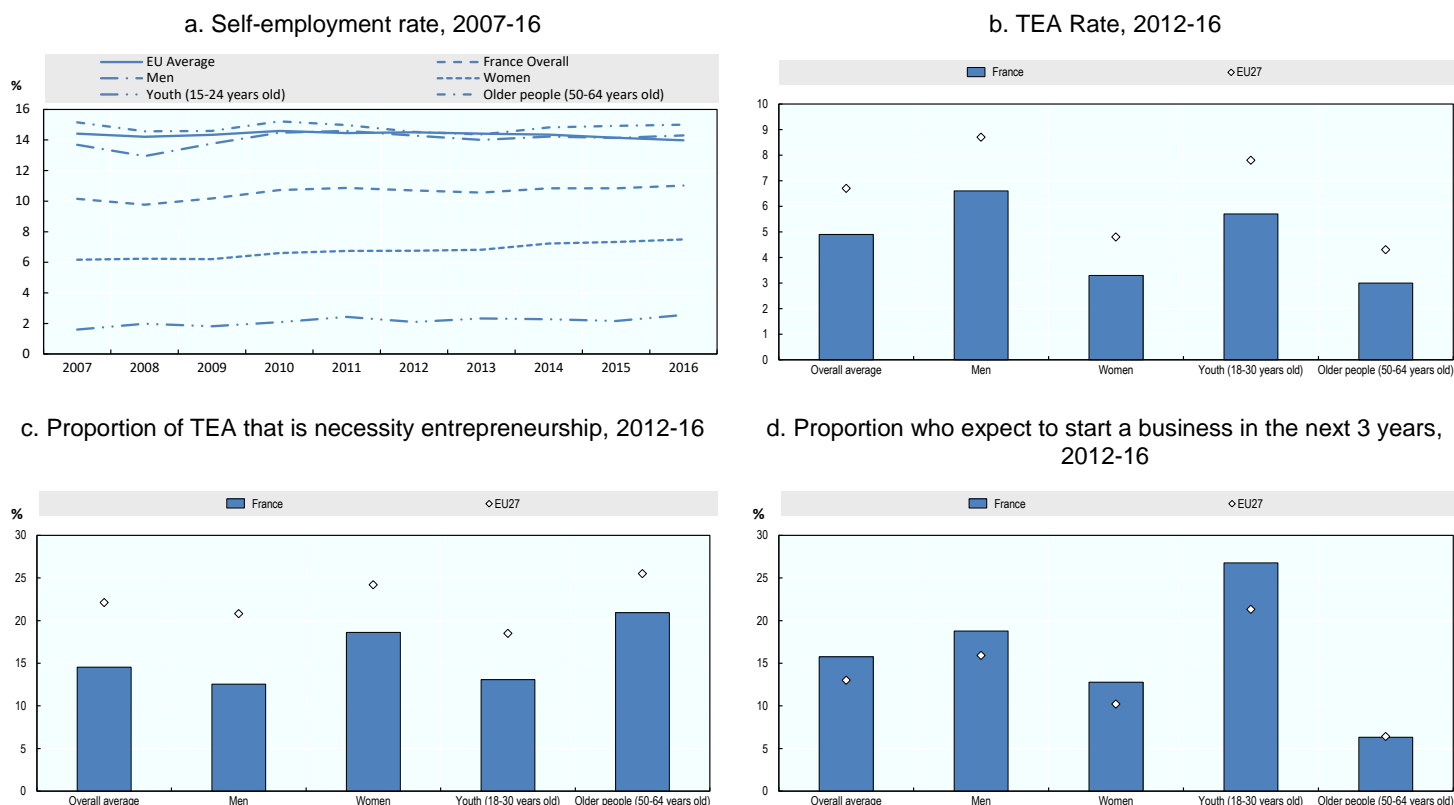
Self-employment rates vary greatly by sector. In 2016, 65% of self-employed workers in France operated in five sectors: Agriculture, forestry and fishing (14%), Construction (13%), Wholesale and retail trade; repair of motor vehicles and motorcycles (15%), Professional, scientific and technical activities (11%), and Human health and social work activities (12%). This distribution is quite similar to the distribution for the whole EU except that Human health and social work activities was twice as significant in France as in the EU. There is some variation by sector across the different under-represented and disadvantaged groups. Men and older people account for a greater share of the self-employed in agriculture than others, whereas women were likely to be over-represented in the wholesale and retail trade sector (16.4%).

The most common occupations among the self-employed are “Professionals”, “Service and sales workers” and “Craft and related trades workers”. Combined these three occupations accounted for more than half of the self-employed in 2016. There were some differences by gender in the type of occupation that self-employed workers have. The top occupations for men were the same as the overall distribution of the self-employed, but “craft and related trades workers” were the most common occupation (23%). The most common occupations for self-employed women were “professionals” (33%), “service and sales workers” (28%), and “technicians and associate professionals” (14%). The distribution of self-employed youth and self-employed older people across occupations was approximately the same as the overall distribution in 2016. The composition of the self-employed in terms of professional activity was fairly stable over the past decade. However, the introduction of the *auto-entrepreneur* regime in 2009 led to a decrease in the share of independent managers, professionals and technicians and associate professionals in 2010 and 2011.

Another way to examine entrepreneurship activities is to use measures such as the Total early-stage Entrepreneurial Activities (TEA) rate, which measures the proportion of people involved in the process of starting up or managing a young business (i.e. less than 42 months old). Overall, this rate for France was below the EU average for the 2012-16 period (4.9% vs. 6.7%) (Figure 2b). As in most EU Member States, women were half as likely as men to be involved in starting or managing new

businesses (3.3% vs. 6.6%), while youth were significantly more likely than other adults (7.8% vs. 6.7%) to be involved in early-stage entrepreneurship.

Figure 2. Self-employment and entrepreneurship rates by target group



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 2012-16. 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 in panels b, c, and d covers all EU Member States except Malta.

Source: Panel a contains data from Eurostat (2017), Labour Force Survey; Panels b, c, and d contain data from the 2012 to 2016 Global Entrepreneurship Monitor household surveys that were tabulated for the OECD (2017).

Of those involved in starting and running new businesses in France between 2012 and 2016, 14.6% were doing so because they had no other opportunities in the labour market (Figure 2c). This figure is significantly lower than the EU average (22.1%), both at the overall level and for each of the target groups. Older people and, to a lesser extent, women were the most likely to be entrepreneurs out of “necessity” over this period (20.9% and 18.6%) and young entrepreneurs were the least likely (13.1%). Women were more likely than men to be involved in necessity entrepreneurship (18.6% vs. 12.5%).

Despite a lower proportion of people starting businesses out of necessity, French people were more likely than the EU average to expect to create a business over the next three years during the 2012-16 period. This observation holds true for all groups except older people, whose expectations

were in line with the EU average (Figure 2d). More than one quarter of youth reported that they expected to start a business, which was above the EU average (26.8% vs. 21.3%). This is consistent with the availability of many programmes dedicated to young people in France encouraging business creation, in those who leave school without any qualifications and those in higher education.

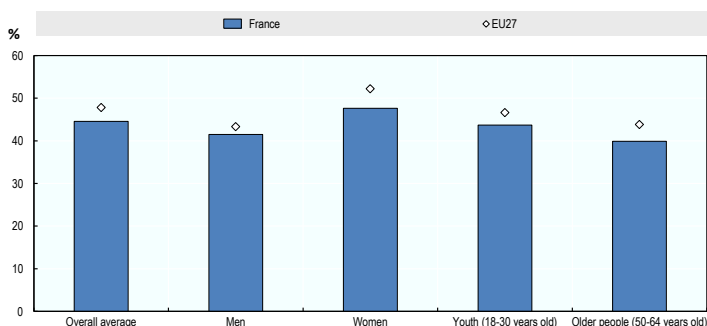
2.3. Barriers to business creation

French people were less likely to identify a fear of failure as a barrier to business creation than the EU average over the 2012-16 period (44.6% vs. 47.8%) (Figure 3a). Although women were the most likely to report this barrier out of all groups (47.6%), they were less likely to report it than the EU average for women. Older people were the least likely population group to report that a fear of failure prevented them from starting a business (39.9%), which was also true at the EU-level.

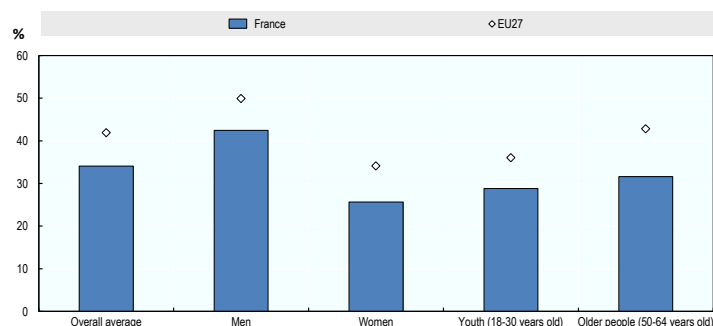
On average over the 2012-16 period, 34.1% of French people felt they had the skills to start a business, significantly below the EU average of 41.9% (Figure 3b). This lack of confidence was most evident among women; only 25.7% reported that they had the appropriate skills to be an entrepreneur. Similarly, youth and older people were less likely than the EU average to report that they had the skills to start a business: only 28.8% of youth reported having the skills to start a business relative to an EU average for youth of 36.0%, and 31.6% of older people perceived that they had the skills to start a business relative to 34.1% for the EU.

Figure 3. Barriers to entrepreneurship by target group

a. Proportion who report that a fear of failure prevents them from starting a business, 2012-16



b. Proportion who perceive that they have the skills to start a business, 2012-16



Note: Data were pooled for the period 2012-16. 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.

Source: GEM (2017), special tabulations of the Global Entrepreneurship Monitor's household surveys from the 2012 to 2016.

2.4. Entrepreneurship performance

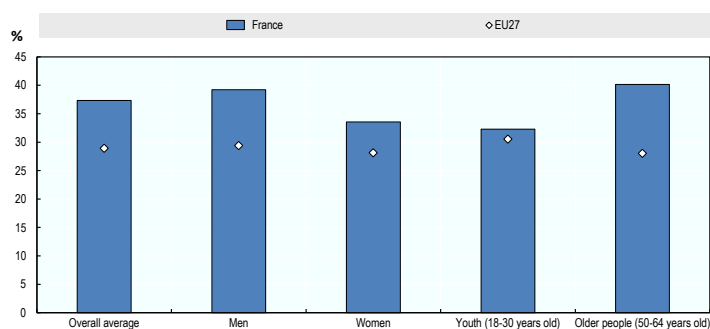
Over the 2012-16 period, new businesses in France were more likely than the EU average to offer new products or services (Figure 4a). This was observed across all groups albeit to different extents. While older entrepreneurs were much more likely to offer new products or services than the EU average over this period (40.2% vs. 28.0%), the difference was much smaller for youth (32.3% vs. 30.5%). Nonetheless, the proportion of young French entrepreneurs offering new products or services has been increasing. During the 2010-14 period, only 15.9% of entrepreneurs introduced new products or services, which was below the EU average of 23.0%.

A similar pattern is observed when examining sales to foreign customers (Figure 4b). On average, new French entrepreneurs were more likely to see products and services to customers in other countries than the EU average (59.6% vs. 58.6%). This difference was the greatest among older people (68.3% vs. 56.2%) and women (55.8% vs. 53.6%). By contrast, only 59.6% of young entrepreneurs sold to foreign customers relative to 63.6% of young entrepreneurs across the EU.

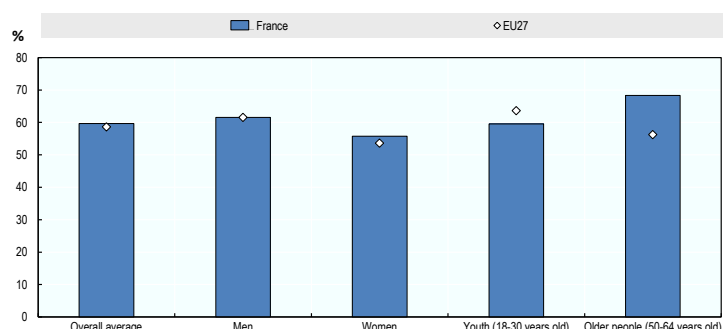
Growth expectations among new French entrepreneurs were slightly below the EU average during the 2012-16 period: 9.1% of new French entrepreneurs expected to create more than 19 jobs in the next five years relative to 10.0% for the EU (Figure 4c). New women and youth entrepreneurs were the least likely to expect to create a significant number of jobs in the near future, and young French entrepreneurs were less than half of the EU average (5.1% vs. 11.1%). Older entrepreneurs were the only group above the EU average in terms of growth expectations (11.7% vs. 9.1%).

Figure 4. Self-employment and entrepreneurship activities by target group

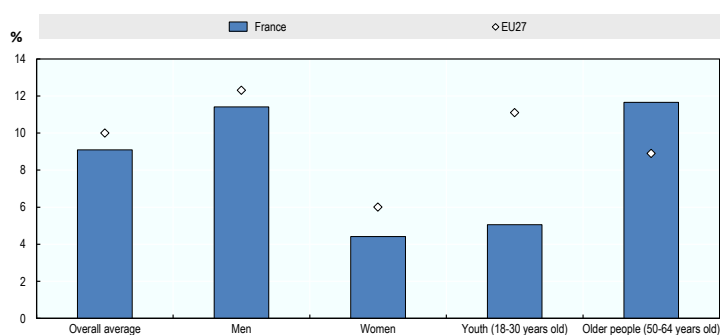
a. Proportion of new entrepreneurs whose products or services are new to all or some customers and who have few or no businesses offering the same products or services, 2012-16



b. Proportion who sell to customers in another country, 2012-16



c. Proportion of early-stage entrepreneurs who expect to create more than 19 jobs in 5 years, 2012-16



Note: Data were pooled for the period 2012-16. 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.

Source: GEM (2017), special tabulations of the Global Entrepreneurship Monitor's household surveys from the 2012 to 2016.

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

3.1. Policy framework

The self-employed are viewed as a source of job creation and economic growth by policy makers in France. Governments have recently implemented several measures to facilitate firm creation in general and by vulnerable populations in particular. Overall, more than 120 measures exist to facilitate firm creation.

In general, the French government as most EU governments, uses two kinds of support mechanisms for business creation and self-employment:

1. *Financial support*, which is provided to project initiators, including grants, tax exemptions, loans and advances (these may sometimes be reimbursed if the business is successful) and loan guarantees. A report by the Court of Auditors on support mechanisms for business creation estimates that the cost of the approximately 15 national financial support programmes is slightly over EUR 2 billion (Court of Auditors, 2012);
2. *Non-financial support*, which includes information provision, regulatory changes, entrepreneurship training, networking support, and business incubation.

For the past decade, policies that support business creation in France have focused on three main targets: i) support to people in need, ii) support to disadvantaged regions and cities, and iii) support to innovative businesses. Inclusive entrepreneurship programmes refer to the first two categories. However, at the Entrepreneurship Conference in 2013, the President announced a number of measures to meet the three priority objectives to stimulate the spirit of enterprise and mobilise available talent in all social target groups:

- Improve awareness among youth about entrepreneurship and innovation;
- Facilitate access to business creation support for all and mobilise available talent; and
- Construct a personalised offer of entrepreneurship support on a long-term basis, placing particular emphasis on supporting the entrepreneur.

There are approximately 1 500 support structures for entrepreneurs in France offered by all levels of government and many of these initiatives are co-ordinated by the newly created Entrepreneurship Agency. In 2012, these structures supported approximately 225 000 institutions (LABEX, 2014):

- Traditional support providers, including Chambers of Commerce and Industry and the Chambers of Trades and Crafts;
- Business incubators (partly represented by the ELAN network of incubators);
- Business Management Boutiques (i.e. BGE network);

- Technological incubators, including academic incubators, incubators from science and technology parks and those operated by the European Community Business and Innovation Centres (CEEI); and
- New support providers such as the Employment and Industry Creation Co-operatives (CAE).

To supplement the Act of 5 March 2014 on Vocational Training, Employment and Workplace Representation, two new vocational training contracts have been developed for older jobseekers and the long-term unemployed. The “new career” vocational training contract is designed especially for unemployed jobseekers over the age of 45 who seek to adapt their skills. The “new opportunity” vocational training contract was established by the Act of 17 August 2015. The term of this vocational training contract and the training periods are adapted to the needs of the long-term unemployed.

Inclusive entrepreneurship policies and programmes are seen in France as a potential tool for addressing both labour market and social challenges. The current policy priorities are to encourage the development of an entrepreneurial mindset and to reform of the micro-enterprise regime to ensure a high self-employment rate. These measures also encourage youth, one of the targeted groups, towards business creation. Older people and, to a lesser extent, women are also targeted by these policies.

One of the challenges faced in France, and in many other countries, is that evaluations are not used regularly and when they are used, they often do not use up-to-date econometric techniques. As a result, the impact of current support measures is largely unknown. Impact measurement for many policies and programmes is often limited to monitoring basic metrics such as headcount. However, there are examples of high quality evaluations, notably assessments of the schemes that help the unemployed to create and acquire businesses that are monitored by the Employment Centre (*Pôle-Emploi*, the public employment service) and the Directorate for Research, Studies and Statistics (*Dares*), a government department that is under the auspices of the Ministry of Labour, Employment, Vocational Training and Social Dialogue.

Business creation policy is not the subject of an overall strategy but is one element among several other strategic areas, including labour market policies, regional development and supporting research and innovation. Therefore, the effectiveness of business creation policies is to some extent reliant on the effectiveness of other policies (e.g. economic policies, education policy).

3.2. Government regulations

The legal framework relevant for inclusive entrepreneurship is largely defined by the *Law on Modernisation of the Economy of 4 August 2008*, whose aim is to stimulate growth by removing structural and regulatory obstacles. To achieve this objective, a section of the law outlines how entrepreneurship is to be encouraged:

- simplify the status of those who create a business with the establishment of the (former) auto-entrepreneur regime;
- facilitate the development of SMEs by, for example, changing tax thresholds to promote growth and innovation;
- simplify the functioning of the Limited Liability Partnership (i.e. EURL), as well as the organisation of Annual General Meetings in limited liability companies (i.e. SARL);

- create a more favourable environment for seed capital, including the simplification of the legal framework related to venture capital; and
- encourage return to work through business creation for the unemployed.

This 2008 law also created the “super simplified regime” for businesses, which simplified administrative processes for business creation and created a new system for reporting taxes and making social security contributions. Aghion et al. (2017) find that in general, simpler fiscal incentives are successful at attracting the self-employed into the new regime but this does not lead to a growth in the number of self-employed. Nonetheless, they conclude that there is a significant value for simplicity.

The legal framework relevant for inclusive entrepreneurship is largely defined by the *Law on Modernisation of the Economy of 4 August 2008*, and by the “*Nouvelles Opportunités Economiques*” bill (New Economic Opportunities) which aims to stimulate growth by removing structural and regulatory obstacles.

One important measure was the establishment of the “auto-entrepreneur” regime in 2009, which led to a significant increase in the number of businesses created. This measure has the potential to facilitate access to entrepreneurship for everyone. The auto-entrepreneur status was replaced in 2015 by the micro-entrepreneur status. The status is somewhat controversial because half of the entrepreneurs have no sales revenue and only the top 10% only earn more than the minimum wage per month (Inspection Générale des Finances, 2013). Nonetheless, there is great potential for this segment of entrepreneurs to contribute to the collaborative economy (Terrasse et al., 2016). A recent regulatory change to the regime was that micro-enterprises exceeding turnover thresholds face a progressive increase of tax and social security contributions rather than a sharp one (Transparency, Anti-Corruption and Economic Modernisation Bill). Similarly, the “Boosting employment in very small enterprises (VSEs) and SMEs Programme” includes a proposal for a lump sum bonus to be granted upon recruitment of a first employee (Decree of 3 July 2015).

Another important programme is the “Support for the Unemployed Creating or Taking over a Business” (*Aide aux chômeurs créateurs et repreneurs d'entreprise*, ACCRE) scheme, which supports the unemployed in business creation. It offers a temporary reduced rate for payroll taxes and social security contributions. However, evaluations raise doubts regarding the programme’s impact on business survival and growth (Cabannes and Fougère, 2013; Desiage et al., 2011).

The unemployed and recipients of basic welfare benefit are the largest group can access a great deal of financial and other support measures related to business creation, both at the national and subnational levels. The total support budget reserved for the unemployed and recipients of basic welfare benefits for business creation is far higher than that reserved for other business creators, but the average amounts received are much lower. The numbers of recipients has increased significantly: the number of ACCRE beneficiaries has doubled since 2006 and the number of recipients of the “support to those taking over or creating a business” (*ARCE aide à la reprise ou à la création d'entreprise*) has increased six fold. However, take-up among some groups such as older people and migrants is quite low.

Business start-up support has recently been developed for potential entrepreneurs in disadvantaged regions. The Entrepreneurship Agency aims to facilitate access to entrepreneurship by supporting all those who wish to create and develop their business, particularly in laggard regions, where the provision of support and funding is currently inadequate. It will also attempt to remove legal and administrative barriers to creating and taking over businesses by mobilising and co-ordinating all

stakeholders. The Agency plans to increase the amount of business start-up support available in identified disadvantaged regions by 50% by 2018.

Overall, there is scope for simplifying business start-up measures further, and to increase efforts on monitoring. The annual cost of public aid for business creation is estimated to be EUR 2.7 billion (including financial and non-financial support). Evaluations often point to a confusion between the cost of managing the measures (i.e. operating costs of public and private organisations when the latter are subsidised) and costs corresponding to financing actions (e.g. payment of a grant or expenditure on tax and social security exemptions). Financial partners can be called on to contribute to one or other of these categories, or both of them. The challenge in identifying expenditures and measuring the impact of policies and programmes is due to four phenomena:

- the difficulty of tracking the different actions undertaken by local authorities;
- the difficulty distinguishing between aid for business creation and measures aimed at the takeover and transfer of a business, since many measures do both;
- the difficulty in accurately allocating the amounts corresponding to exemptions from the solidarity tax on capital (*L'impôt de solidarité sur la fortune*); and
- the characteristics of some support measures, which are designed to be eventually repaid by the entrepreneurs, or where the nature of the expenditure is not certain (e.g. the public guarantee of a loan taken out by a private individual).

3.3. Financing entrepreneurship

Financial support for business creation is one of the largest streams of public support in France and most of this support is directed towards the unemployed. Nearly half the expenditure on supporting business creation (approximately EUR 1.2 billion) is allocated to the provision of grants for jobseekers starting businesses. These measures are financed by the unemployment insurance system and the social security system.

One of the main mechanisms is ACCRE. It is a one-year exemption from national insurance contributions on the share of wages that does not exceed 120% of the minimum wage (see also section 3.2). It is intended for people who face challenges in the labour market, including jobseekers (on certain conditions), recipients of basic welfare benefits, youth (under 26 years old), young people with disabilities (under 30 years old) and those who create a business in a priority disadvantaged area. Nearly EUR 43 million of benefits were provided in 2014 (Table 1).

Table 1. Number of recipients of the ACCRE and related budget expenditure

	2014 Finance Law	Realised in 2014
Employees	7 164	7 305
Average daily rate 2014	EUR 16.14	EUR 16.10
Amount of benefits	EUR 42.2 million	EUR 42.93 million

Notes. Employees (number of claimants involved) have been recalculated over the whole of the year from the estimates of the Employment Centre in order to ensure a consistent interpretation with the elements set out in the Finance Act. The average daily rate (2) is provided by the Employment Centre. In 2014, recipients of the ASS-ACCRE spent an average of 343 days in the system. Expenditure is slightly higher than the credits provided for in the Initial Finance Law (*La loi de finances initiale*), because the number of recipients is very slightly higher than those provided for in the Law.

The absence of evaluation prevents any conclusion to be drawn concerning the efficiency of this measure (Inspection Générale des finances, 2015)¹. ACCRE missed its initial target and its cost has increased due to an enlargement of the scope and the absence of ceiling. An evaluation conducted by the Centre d'Etudes de l'Emploi (Redor, 2015) found evidence of a negative effect of the expansion of the targeted population. The estimations show a positive and significant effect of the ACCRE programme on start-up survival for the 1994 and 1998 cohorts which is no longer significant for the subsequent cohorts.

Other measures are also available:

- the zero interest loan without a guarantee from the New support for business creation and take over (NACRE) programme. The beneficiaries must be jobseekers or recipients of basic welfare benefits.² The amount varies between EUR 1 000 and EUR 8 000 over a period of one to five years.
- the ARCE scheme allows part of the unemployment benefits to be paid in the form of a start-up grant. ARCE is granted if the claimant has obtained the ACCRE. In 2014, 55 500 people benefited from ARCE and the total benefits paid amounted to EUR 719 million.
- Jobseekers who have a disability can also receive a grant from *Agefiph*, an organisation under the responsibility of the Minister of Employment and Health that supports people with disabilities enter work. The amount of this aid ranges from EUR 1 500 to EUR 5 000. To receive this support, the jobseeker must have a disability and hold more than 50% of the capital of the business created (or taken over).

There are also a large number of loan and microcredit providers in the non-governmental sector. Grants and zero interest loans are offered by a number of organisations, including *Adie* (*Association pour le droit à l'initiative économique*), *Société financière de la NEF* and the *caisses solidaires* (i.e. banks providing social funding). Entrepreneurs are nearly always required to meet specific eligibility criteria (e.g. having been refused a bank loan) and have an assessed business idea and plan. These initiatives and measures typically provide up to EUR 10 000 for various lengths of time. For young entrepreneurs, *CréaJeunes*, launched by *Adie*, offers a microcredit supplemented by a zero rate personal loan and a support programme. Some of these microcredit providers are supported by the European Union's Programme for Employment and Social Innovation (EaSI), including *Adie*, *NEF* and *Initiative France*. Programmes support by EaSI can provide loans of up to EUR 25 000.

Despite the large number of measures, there are a number of weaknesses of the current support system. Improving the system of financial supports will require streamlining and rationalisation. Too many agents are currently offering similar support measure to the same target groups. Targeted recipients can therefore become overwhelmed with their options. Even public support schemes are implemented by multiple bodies.

¹ The proposed Law on Financing the Social Security System (*projet de loi de finance sur la sécurité sociale*) pointed to this report in its appendices.

² Other conditions include holding more than 50% of the capital of the business created, and being obliged to arrange an additional bank loan (or equivalent) for an amount and a duration that is greater than the aid.

3.4. Entrepreneurship skills

One of the key players in supporting the acquisition of entrepreneurship skills for new entrepreneurs is the Chambers of Commerce. They provide advice and training to potential and nascent entrepreneurs during the pre start-up phase (e.g. how to register a company, how to select the appropriate legal status, how to write business and financial plans). Over the last few years, the Chambers of Commerce have supported more than 200 000 potential entrepreneurs every year (including approximately 45 000 aspiring *auto-entrepreneurs*) and carried out more than 80 000 pre-diagnoses. They organise close to 50 000 training sessions on business creation. These services are open to everyone.

Entrepreneurship training programmes are rarely tailored to specific groups but there are a number of large initiatives for youth and for the unemployed.

- For youth, one of the largest support schemes is *CréaJeunes*. Launched in 2007 by Adie, it is offered free-of-charge to young people who are 18 to 32 years old. Between the establishment of this measure (in 2007) and 2014, approximately 5 300 youth took part in the programme and 30% of them started their own business (*École d'Economie de Paris*, 2014).
- Another support scheme is the Student Centres for Innovation, Transfer and Entrepreneurship (PEPITE).³ There are 29 centres providing training at the bachelor's, master's and doctorate levels and linking different universities, colleges, economic actors and community networks to provide entrepreneurship support for students. This includes access to financing through grants, seed funding and unsecured loans. In 2016, there were 1 427 students-entrepreneurs.
- For the unemployed, entrepreneurship training is often delivered by social economy organisations, including a number of social incubators. Adie has also developed a scheme to support the unemployed with microfranchises. This initiative provides a “turn-key” business model and mentoring to allow unemployed people to start a small business with a reasonable chance for success.

Overall, entrepreneurship training and coaching and mentoring programmes appear to be readily available and accessible for entrepreneurs from under-represented and disadvantaged groups. The main challenge for policy makers is to streamline the offer and improve interconnections between the different organisations operating in this field. Another challenge is that it is very difficult for potential entrepreneurs to learn about the availability of tailored support in their area, since information is not centralised. There is a need for improved co-ordination of programmes led by local authorities.

3.5. Entrepreneurial culture and social capital

Efforts to promote and strengthen an entrepreneurial culture are undertaken primarily by the Ministry of National Education and the Ministry of Higher Education and Research (MESR). One of the main instruments is the Plan for Student Entrepreneurs (PEE), which was launched in 2009 and is aimed at higher education graduates. While the budget of this initiative is modest (approximately EUR 1 million), the plan introduces courses and seminars to promote entrepreneurship in the education system from school-level to universities. The objectives are to i) increase the interest of students for entrepreneurship and to raise their awareness of entrepreneurship, ii) provide students with the skills they need to set up a business and manage its growth; and iii) develop the

³ <https://www.pepite-france.fr/>

entrepreneurial ability to identify and exploit opportunities. Pedagogical tools in support of entrepreneurship are collected and disseminated through a national good practice observatory (*l'Observatoire des pratiques pédagogiques en entrepreneuriat*) which existed prior to 2009 but is now more heavily promoted than in the past. Similar actions are being developed for lower levels of school education (e.g. Junior Enterprises).

In addition, there are a number of other initiatives aimed at promoting entrepreneurship among the youth. These include programmes delivered in schools such as the education programme on entrepreneurial spirit and innovation in secondary education as well as in higher education, led by the foundation *Entreprendre*. Another example is the “Creation of a Student Entrepreneur” initiative, which will allow students who wish to start a business after their studies to continue to benefit from the status of student so that they can continue to access certain social security benefits.

More recently, the programme “Ticket for Change” is a national six-month programme encouraging social entrepreneurship among young people. The programme aims to increase the leadership potential of 50 young people committed to solving social problems, and to help them develop a social entrepreneurship business. The core of the programme consists of 10 days of personal and business development activities, followed by six months of business counselling support. While the Ministry of National Education, Youth and Sport funds 15% of the initiative’s operating expenses, participants each pay approximately EUR 12 000 to participate (approximately equivalent to one year of tuition at a prestigious business school).

The National Secretariat on Women’s Rights, in partnership with the Ministry of National Education, Higher Education and Research, the Ministry of Economy, Industry and the Digital Sector, the Ministry of Agriculture, Agrifood and Forestry, and many non-governmental organisations organises an awareness week for youth on women’s entrepreneurship. During this week, female entrepreneurs are invited to talk about their entrepreneurial experience to colleges, secondary schools and higher education institutions. This initiative is part of the interministerial plan to develop female entrepreneurship and illustrates the Ministry’s desire to strengthen linkages between the education and business sectors. In 2016, 454 women participated as entrepreneurs during the awareness week and it is estimated that the event reached more than 11 200 young people, increasing awareness about the potential of women’s entrepreneurship.

The promotion of the culture of entrepreneurship and recognition of risk-taking are at the core of many of the Government’s initiatives related to entrepreneurship. The Entrepreneurship Conference organised by the government in 2013 illustrate this objective. Despite the aforementioned initiatives (most of which target youth and women) many of the announced measures have not yet been implemented. For example, the “entrepreneur visa” was announced during the Entrepreneurship Conference in April 2013 as a mechanism to attract young foreign talent and to encourage foreign entrepreneurs to move to France. This residence permit, issued on condition of a minimum investment and prior expertise, should have received a fast-track procedure with simplified supporting documents in prefectures or in consulates. To date, the procedures are still complex.

4. POLICY RECOMMENDATIONS

Entrepreneurship support is well-developed in France with a wide variety of tailored schemes offered by the national government, local governments and a very active non-government sector (including social enterprises). The main challenge is that there are so many offers available that it can be difficult for potential entrepreneurs to know where to go for the support needed. Moreover, little attention is paid to monitoring and evaluation so it is difficult to assess the impact and efficiency of these many measures and schemes. To strengthen support for entrepreneurs from under-represented and disadvantaged groups, the following recommendations are offered:

1. *Improve the identification of needs of entrepreneurs from under-represented and disadvantaged groups.* The objective of the public policy to support business creation should seek to assist entrepreneurs in creating sustainable start-ups. Entrepreneurs from different social target groups face different, and often greater barriers, to business creation. While tailored entrepreneurship support is available, inclusive entrepreneurship schemes could be better tailored to meet the unique needs of each social target group. Programmes should undertake a needs assessment of programme participants during the intake process to ensure that the support provided is well-suited to the needs of the individual.
2. *Improve the coherence between entrepreneurship training programmes and the provision of start-up financing.* Many financial support schemes are only conditional to specific characteristics of the entrepreneurs or of the project they want to launch. However, the rate of default of early-stage companies remains high mainly because entrepreneurs do not have the necessary skills to properly manage their business. Entrepreneurs struggle to face their financial commitments, most likely due to the limited growth potential of their businesses. The regulator should be aware of this caveat when designing programmes targeting necessity entrepreneurs. One way of tackling this problem is by subsidising business development services. Many report difficulties in identifying and prospecting potential clients, some consider that they cannot clearly communicate with their bank, and many point to difficulties with complying with regulatory requirements. In order to make the provision of finance more effective, and to limit the risk of default by the entrepreneur, financing schemes should be delivered in parallel with training and skills programmes that match the needs that have been identified by a needs assessment. Further, banks would be encouraged to strengthen their business advisory services to accommodate the needs of micro-enterprises created by disadvantaged entrepreneurs.
3. *Improve the governance and co-ordination of policy makers and delivery organisations.* Co-ordination of inclusive entrepreneurship policy actors should be clarified and improved. Mechanisms to promote business creation are spread across more than 10 national programmes as stated in the budget law and under the remit of three national ministries. To ensure that inclusive entrepreneurship policies are coherent and implemented effectively, it is important to develop a strategic vision. This would also reduce duplication in programme delivery. There is an urgent need for cost-effective coordination mechanism for existing and newly formed entrepreneurial support programmes among various networks, agencies and ad hoc organisations.
4. *Strengthen evaluation and monitoring of inclusive entrepreneurship policies and programmes.* All schemes that receive public funding should be required to undertake regular monitoring and evaluations. These should go beyond counting number of participants

or amount of funding provided. Outcomes and impacts should be identified and tracked so that the government knows which approaches work so that they can be scaled-up. It is important to make evaluation results available publically.

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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 5 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?