



# Inclusive Entrepreneurship Policies, Country Assessment Notes

United Kingdom, 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 proportions of women, youth and older people involved in starting or managing new businesses in the United Kingdom (UK) between 2012 and 2016 were similar to the European Union averages for each population group. However, women, youth and senior entrepreneurs in the UK were less likely to have started their business due to a lack of opportunities in employment. Entrepreneurship and self-employment is encouraged by public policy in the UK. Policy objectives have been defined for many under-represented and disadvantaged groups, notably youth and women, and mainstream and tailored initiatives are in place to support most of these target groups. However, the scale, scope and longevity of the schemes and measures vary. Support for senior and immigrant entrepreneurs is the most under-developed.

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 the 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>.

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## KEY MESSAGES

- Entrepreneurship and self-employment is encouraged by public policy in the United Kingdom (UK). Policy objectives have been defined for several under-represented and disadvantaged groups, including youth and women, but not all. Mainstream and tailored initiatives are in place to support most of these target groups. However, the scale, scope and longevity of the schemes and measures vary. Support for senior and immigrant entrepreneurs is the most under-developed.
- The self-employment rate in the UK was approximately 15% in 2016 and the number of people entering self-employment has continued to increase year-over-year. However, there are substantial differences between the under-represented and disadvantaged groups in terms of the rate and type of self-employment. Women were about half as likely as men over the period 2012-16 to be active in starting and managing new businesses; this gender gap is approximately the same as the overall gender gap across the European Union (EU). Youth were as likely as the EU average to be involved in starting and managing new businesses, but older people were slightly more likely. Women, youth and older entrepreneurs were as likely as the EU averages to report that they had the skills and knowledge to start a business, but were less likely to identify a fear of failure as a barrier to business creation.
- There are several policy challenges related to inclusive entrepreneurship in the UK. First, sustainability of high quality initiatives that have an impact is difficult given the continued economic austerity and public spending reductions. Second, the uncertainty surrounding impending Brexit negotiations is likely to impact on policy makers' capacity to commit to support initiatives as the UK negotiates this deal. Third, there are currently very few tailored schemes available for immigrant and older entrepreneurs. Explicit policies could support these groups in the context of ageing population and future changes to immigration rules.
- To improve the inclusive entrepreneurship support system, the following six recommendations are offered: (i) Define explicit action plans for different target groups, especially immigrant entrepreneurs, who are significantly influenced by the potential effects of Brexit; (ii) Remove disincentives to business creation in the for specific target groups; (iii) Develop specific policy actions to promote and support entrepreneurship for older people and immigrants; (iv) Clarify and simplify the immigration rules and the sponsoring system for immigrants, to reduce the burden on small firms who cannot afford to sponsor overseas workers and thus help avoid shortages of skilled labour.

## 1. INCLUSIVE ENTREPRENEURSHIP OBJECTIVES AND TARGETS

Inclusive entrepreneurship policies are outlined in a small number of group-specific policies and strategies. There is currently no UK-wide inclusive entrepreneurship strategy with clear policy objectives and targets. The most recent Industrial Strategy (2017), although mentioning growth for everyone, does not mention any of the under-represented or disadvantaged groups.<sup>1</sup> The 2013 Women and the Economy - Government Action Plan<sup>2</sup> set out a number of objectives for promoting women entrepreneurship but some of the support launched under this plan is no longer available. For example, the Aspire Fund for women-led businesses closed in 2017.<sup>3</sup> However, the Scottish Government's framework and action plan for women's enterprise contains policy actions in four areas: mentoring and networking, ambassadors and role models, markets and finance, and gender-specific support (The Scottish Government, 2014).

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<sup>1</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/611705/building-our-industrial-strategy-green-paper.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/611705/building-our-industrial-strategy-green-paper.pdf)

<sup>2</sup> <https://www.gov.uk/government/publications/women-and-the-economy-government-action-plan>

<sup>3</sup> <http://british-business-bank.co.uk/ourpartners/aspire-fund/>

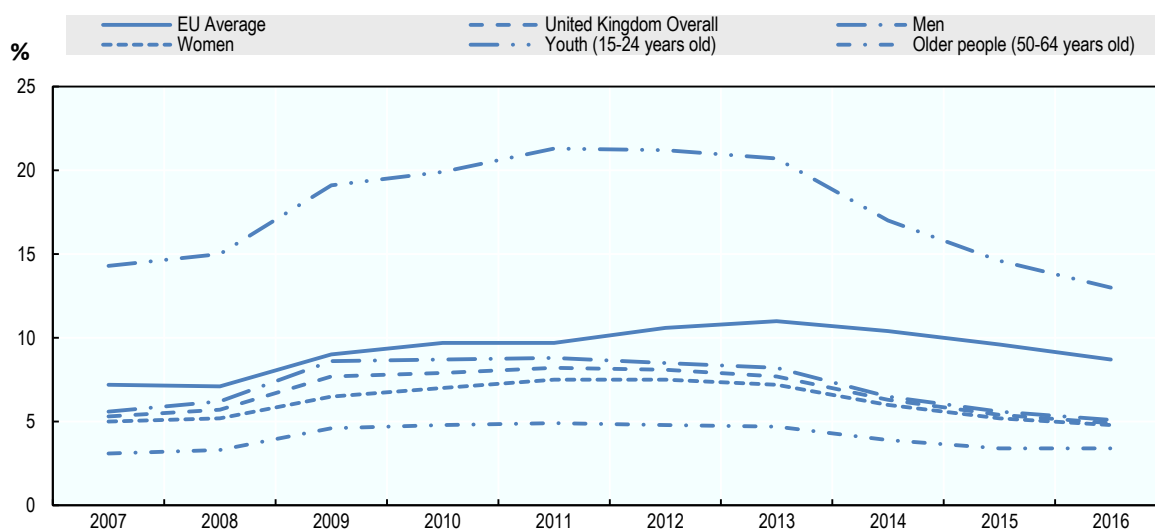
At present, there is no explicit strategy in the devolved nations, or the UK as a whole, for older and immigrant entrepreneurs, the unemployed, and people with disabilities. Under-represented and disadvantaged entrepreneurs can access support through a range of mainstream programmes, and some specific initiatives tailored to the target groups. For example, the New Enterprise Allowance for the unemployed and the Access to Work for disabled people. Many of the support initiatives tailored to specific groups are funded and delivered by civil society organisations or the private sector. The Welsh Assembly Government continues to be the only devolved administration with a specific strategy and action plan for youth entrepreneurship (The Welsh Government, 2010).

## 2. KEY INCLUSIVE ENTREPRENEURSHIP INDICATORS

### 2.1. Labour market context

The unemployment rate in the UK declined from 8.2% in 2011 to 4.9% in 2016, significantly under the average unemployment rate across the European Union (EU) (8.7%) (Figure 1). The unemployment rates of men and women are relatively close together and have been converging. The unemployment rate among older people (3.4%) is significantly under the national average; it has also registered a decline since 2011. By contrast, the unemployment rate is particularly high among young people. It was 13.0% in 2016, down from a peak at 21.3% in 2011 but is still more than twice the national average.

Figure 1. Unemployment rate, 2007-16



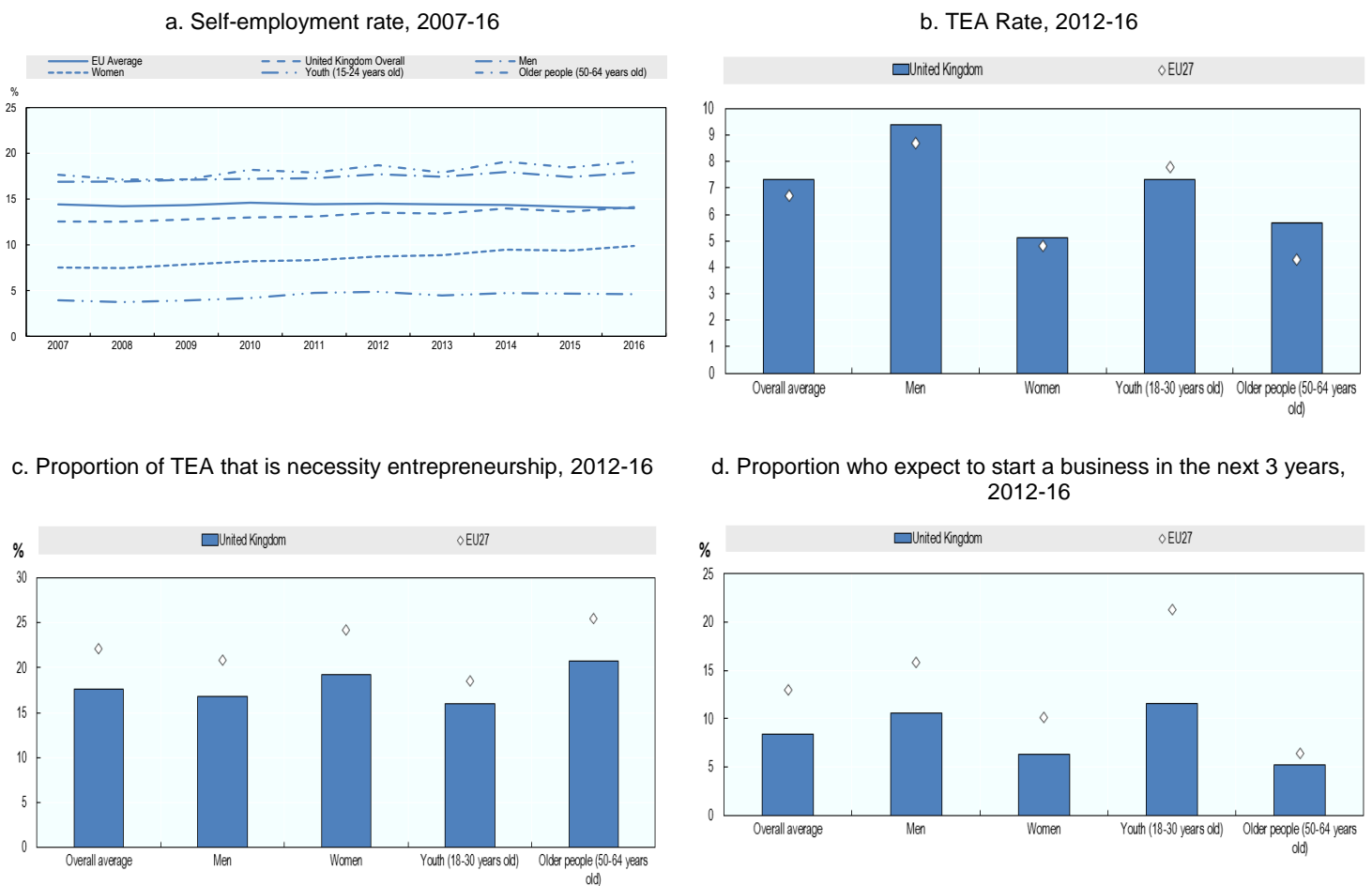
Source: Eurostat (2017), Labour Force Survey 2016.

### 2.2. Self-employment and entrepreneurship rates

While the self-employment rate in the EU has fallen by 2.7% during 2007-16, the UK rate increased continuously within the same period (except during 2015) by 10.6% (Figure 2a). The level of self-employment in the UK is significantly above the pre-recession levels, increasing from 3.8 million in 2008 to 4.8 million by the end of 2016 (Eurostat, 2017). Women were less likely than men to be self-employed. In 2016, 9.9% of working women were self-employed relative to 17.9% of men. Older people (50-64 years old) were very likely to be self-employed in 2016 (19.1%) whereas youth were much less likely (4.6%).

Another way to measure entrepreneurship is to estimate the number of people involved in creating new businesses. One of the most well-known measures is the Total early-stage Entrepreneurship Activities (TEA) rate, which estimates the number of people who are taking steps to launch a business and the number of people who are operating new businesses (i.e. those under 36 months old). Over the 2012-16 period, 7.3% of the adult population were involved in these activities (Figure 2b). This is marginally higher than the EU average of 6.7% for this period. The TEA rate for female entrepreneurs during the 2012-16 period was approximately half that of males (5.1% vs. 9.4%). Young people (18-30 years old) were as likely as the adult population in starting and managing new businesses over this period (7.3%), and also about as likely as youth across the EU (7.8%). Older people (50-64 years old), however, were slightly less likely than the adult population to be involved in early-stage entrepreneurship activities (5.7%) but more likely than the EU average for older people (4.3%).

**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).

Necessity entrepreneurship refers to business creation that is driven by a lack of other labour market opportunities. During the period 2012-16, 17.6% of early-stage entrepreneurship activities were

necessity-driven, which is lower than the EU average (22.1%) across all groups (Figure 2c). Women and senior entrepreneurs aged 50-64 years old are slightly more likely to operate necessity-driven businesses than male and young entrepreneurs. Necessity entrepreneurs are often those possessing lower levels of entrepreneurship skills (Block and Sandner, 2009) and face discrimination in the labour market (Levie and Hart, 2013). Thus, necessity entrepreneurs are not simply those possessing lower skills who cannot find work. Instead, many are unable to secure employment but also have the capabilities and motivation to start businesses (Ram et al., 2016; Estrinet al., 2013).

Overall, entrepreneurial aspirations are not particularly high in the UK. Approximately 8.5% of the population expect to start a business in the next three years, which was nearly five percentage points lower than the EU average (Figure 2d). This gap was evident across all of the target groups and notably youth, where the gap was almost ten percentage points. The evidence indicates that young people (11.6%) and males (10.6%) are more likely to expect to start a business within the next three years than seniors (5.3%) and women (6.3%). This is consistent with research suggesting that younger age groups and men are more entrepreneurially active than other age groups (Lord Young, 2015; ONS, 2013; Meager and Carta, 2011).

### **2.3. Barriers to business creation**

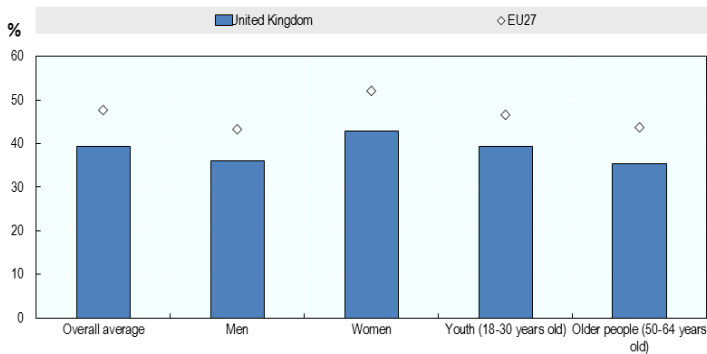
Fear of failure is often cited as one of the main reasons for not starting a business. During 2012-16, fear of failure was reported by almost 40% of UK respondents as a barrier to business creation (Figure 3a). This barrier was higher amongst women (42.9%) and youth (39.3%). However, fear of failure in the UK was lower than the EU average (47.8%) across all groups. A recent report on inclusive support for women enterprise in the UK suggests that the biggest constraint to women's business creation is related to their lack of self-confidence (Burt Report, 2015). Furthermore, entrepreneurs with a disability also often have lower confidence levels due to social discrimination (Jones and Latreille, 2011), as well as the sense of security while trading off their benefit income for self-employment opportunities (Bichard and Thomas, 2008).

Research has shown a strong relationship between skill-levels and the development of self-employment (Meager et al., 2011). Skills are not only related to business (management, marketing, HR, finance), but also refer to "soft skills" such as interpersonal, networking, communication, negotiation which are essential in business creation. In some of the literature, skills are associated with human and social capital (e.g. Debrulle and Maes, 2017). Over the period 2012-16, more than 40% of adults believed that they have the skills to start a business, which was marginally higher than the EU average (Figure 3b). However, this perception varies across different population groups. Only one-third of women and youth perceived that they have the skills to start a business, compared with over a half of men. A recent UKCES Employer Skills Survey found that about 25% of female entrepreneurs revealed a lack of online and digital skills, and a further 18% cited their lack of management and business skills, which are regarded as essential keys to business creation and growth (FSB, 2015). Similarly, young entrepreneurs often have limited knowledge in running business due to their lack of education and training to be self-employed (OECD, 2013). They tend to have lower qualification levels and weaker "soft skills" which constraints their success in business start-up. Other groups such as people with disabilities also face challenges due to a lack of entrepreneurship skills. Their limited skills can be attributed to their constraints in undertaking educational opportunities because of the lack of finance (15%) and a health condition, illness or impairment (9%) (Papworth Trust, 2016).

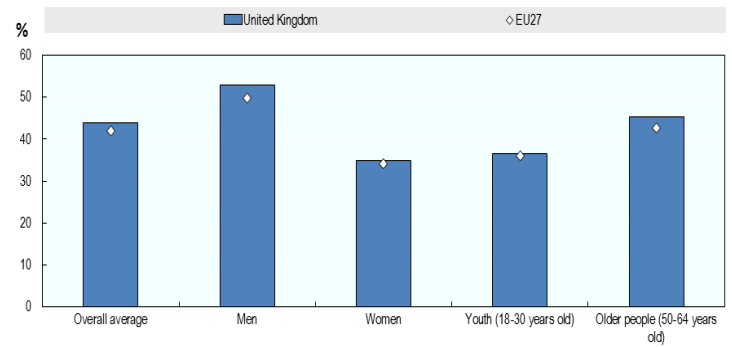


**Figure 3. Barriers to entrepreneurship by target group**

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.

There are a range of other barriers that entrepreneurs face, and many of these are greater for people from groups that are under-represented or disadvantaged in entrepreneurship. Access to finance is frequently identified as one of the main barriers to all entrepreneurs but particularly for disadvantaged groups (Cowling, Liu and Ledger, 2012; Smallbone et al., 2003). Data from the Longitudinal Small Business Survey (2015) found that most small firms are currently using at least one type of external finance: 36% of surveyed businesses had sought external finance during the last five years, 27% two types, 21% three types and 19% four or more types (Enterprise Research Centre, 2016). This reflects the essential role of external finance in self-employment, but this is even more challenging for women and youth entrepreneurs (Burt Report, 2015; UK GEM, 2016). The Federation of Small Business (2016) found that 25% of women entrepreneurs emphasised that access to finance as their greatest challenges in business creation and that they are less likely than male entrepreneurs to use external finance such as loans, overdraft and credit cards. Some studies indicate gender discrimination as the main concern that restricts women's ability to access to finance (Kwong et al., 2012). Similarly, young entrepreneurs face difficulties in accessing to finance due to their lack of a track-record, credibility, creditworthiness and networking (Eurofound, 2015). Similarly, age discrimination issues may prevent older people from accessing bank loans (Kautonen, 2013; Corsi, 2012). The unemployed also face substantial financial barriers, often due to a lack of savings and income. Similarly, people with a disability also often lack start-up capital, face discrimination in financial markets. Ethnic and migrant entrepreneurs also tend to have divergent experiences of external finance and are more reliant on informal sources of finance such as family and friends. For example, black loan applicants (i.e. immigrants from Africa) are more than four times likely than white applicants to be rejected from traditional loans in the UK; whereas Indian applicants had lower rejected rates than white applicants (Carter et al., 2015).

Another significant barrier is a lack of social capital refers to the entrepreneurs' ability to build their social networks and develop potential partners, suppliers, and customers (Debrulle et. al., 2014). Building a strong network enables the entrepreneurs to have better access to a larger pool of financial and human resources, skills, knowledge and develop relationships with potential stakeholders (Sigmund et al., 2015). Hence the diversity of an entrepreneur's network is found to be positively associated with firm performance. This barrier concerns all groups of under-represented and disadvantaged entrepreneurs, especially young, female, unemployed, immigrants and people with disabilities. Young people have limited information and knowledge on business support network and public schemes, which restricts their opportunities in building relationships (OECD, 2014). The lack of business connections and networking in their new environment is a burden to migrants, as they tend to rely

heavily on their own community group, i.e. “strong tie” relationships. Similarly, people with disabilities often encounter many challenges related to physical mobility and communication which is a constraint in expanding their networks, restricting their opportunities to access to new market (Renko et al., 2016; Carter et al., 2015).

Cultural barriers is a factor of particular concern for migrant and ethnic minority entrepreneurs who encounter language and social barriers to building a close and confident relationship with banks and partners. According to the Institute of Directors report (2016), 38% of entrepreneurs surveyed suggested that they felt isolated when they first arrived in the UK, not just from the business community but the whole community at large.

Some groups face high opportunity costs in the business creation. The unemployed and people with disabilities, for example, may earn less money in self-employment than they receive from social welfare benefits and may lose access to some or all of these benefits when earning income in self-employment. This barrier may discourage the unemployed to take the risks of starting up businesses.

Women entrepreneurs (as well as those working as employees) face challenges related to childcare (Federation of Small Businesses, 2016). A growing number of women are choosing self-employment as a form of work to better manage their family and care-related responsibilities and their career (Jayawarna et al., 2011).

Difficulty accessing business support services is a barrier to business creation for many under-represented and disadvantaged groups, notably immigrant and people with disabilities. These groups encounter significant challenges in accessing mainstream business support services and also have limited opportunities to access tailored programmes. In addition, business advisers often have misperception about the activity constraints of disabled people’s capabilities and discourage them to take the risks in business creation (Kitching, 2014).

There are also a range of factors that can inhibit business development and growth. These include a lack of financial resources, administrative complexity, the motivations of the owner-managers, and shortage of skilled labour (FSB, 2017; Muller et al., 2015; Eurofound, 2015; Burns, 2010). A lack of resources is identified as one of the leading constraint in job creation (Muller et al., 2015; Marlow et al., 2014; UEAPME, 2013; NESTA, 2011). Non-wage labour costs such as labour tax, social insurance and severance pay constrain entrepreneurs in employment generation (Eurofound, 2015). Furthermore, the self-employed often lack some entrepreneurial skills including for human resource (HR) management, potentially raising the need for external consultancy and support.

Regulation is considered by many to be one of the leading barriers to firm growth (Federation of Small Businesses, 2017; NESTA, 2011:32). The immigration regulation and sponsor point system in the UK make it difficult for small firms to recruit non EU citizens. Brexit has also raised uncertainty regarding immigration and labour laws and raised concerns about a potential shortage of skilled labour. This uncertainty is a burden for the self-employed not only in terms of recruiting but also expanding their business (Federation of Small Businesses, 2017). Administrative burden, especially regarding environmental standards, taxation and labour or social law, has significant impact on small enterprises (Eurofound, 2015). Complicated procedures may discourage the self-employed to expand their businesses.

Finally, entrepreneurs may deliberately seek to limit the growth of their company in order to maintain a higher level of autonomy (Burns, 2010; Goffee and Scase, 1980).

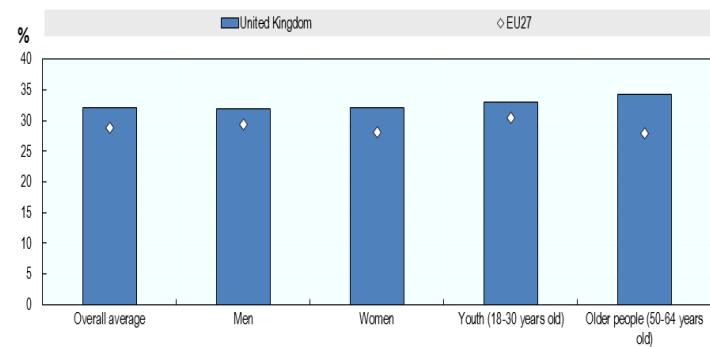
## **2.4. Entrepreneurship performance**

Figure 4a shows the levels of innovation, broadly defined, amongst businesses. Almost one-third of the UK businesses reported offering new or relatively unique products or services during the 2012-16 period. The level of innovation varies little from a demographic group to another but older people

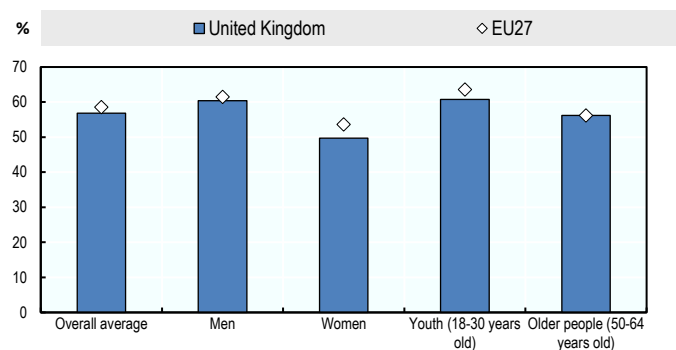
were the most likely to innovate. Overall, the share of entrepreneurs reporting innovation is also consistently three percentage points higher in the UK than in the EU as a whole. The self-employed may lack the resources and skills to invest in innovation, especially given the uncertain nature of research and development (R&D). They may also lack awareness of the different types of intellectual property protection (IPP) available to protect and transfer different types of innovation. A recent survey by the Federation of Small Business (2015) found that not many businesses are aware of the significance of IPP.<sup>4</sup> Administrative burden and high enforcement costs (e.g. for patents) may also deter small scale entrepreneurs. Lack of resources, lack of support and intellectual property protection can be identified as the main constraints to innovation amongst the self-employed.

**Figure 4. Entrepreneurship activities by target group**

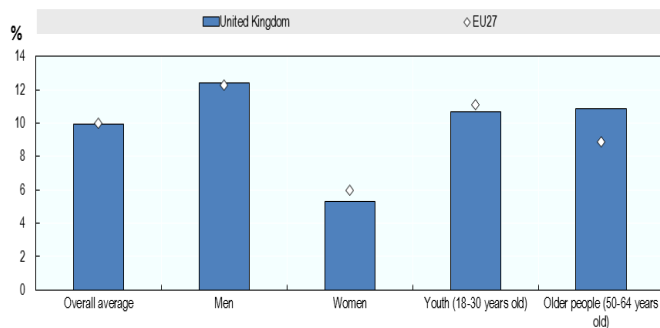
a. Proportion of new entrepreneurs whose products or services are new to all or some customers and who have few or no businesses offering the same products or services, 2012-16



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.

Over a half of all young businesses had foreign customers in the 2012-16 period, which was marginally lower than the EU average (Figure 4b). This proportion varied between different population groups. Businesses led by women reported the lowest levels of exports in all other groups over the 2012-16 period. This may be partly explained by their lower perceived levels of business skills and the generally smaller size of the enterprises they run (Manolova et al., 2002). As is the case across the EU, a relatively high proportion of youth respondents export compared with other groups.

<sup>4</sup> <https://www.fsb.org.uk/docs/default-source/fsb-org-uk/pressroom/small-businesses-battle-to-protect-their-ideas-says-fsb.pdf?sfvrsn=1>

Job generation is one of the key policy ambitions across the EU. Figure 4c shows that one in ten early stage UK entrepreneurs expect to create more than 19 jobs in the next five years. There are substantial differences between the different groups. Men had the highest expectations of job generation (12.4%) while women had the lowest (5.3%). Growth expectations were at or slightly under the EU average for all groups with the notable exception of senior entrepreneurs who are two percentage points more likely to expect high job growth than the EU average.

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

#### **3.1. Policy framework**

In the context of weak productivity, stagnating wages (Harari, 2017) and the country's decision in 2016 to leave the EU, the UK Government's objective is to improve the living standards by increasing productivity and economic growth across the whole country. One of the main priorities is to support the "scale-up" of businesses. In order to stimulate growth in firms with the potential to scale up (HM Government, 2017), the UK Government is committed to improve access to finance for businesses looking to grow and to back private sector equity investment.

In its Industrial Strategy, the Government wants to generate inclusive growth for everyone. However, there is no explicit mention of entrepreneurs from under-represented and disadvantaged groups. Critics have picked up on the lack of support for social entrepreneurship<sup>5</sup> and limited effort to address the low-paid, low-skilled jobs that persist in the economy (The Guardian, 2017). The All-Party Parliamentary Group for Entrepreneurship, launched in June 2016, focuses on four key policy areas: enterprise education, exporting, tax reform and female founders.<sup>6</sup>

The policy framework for promoting and supporting women entrepreneurship is currently uneven across the UK. Consequently, policy support for women's entrepreneurship is somewhat fragmented. The Scottish Government has developed a specific framework for women's enterprise<sup>7</sup> but the Welsh and Northern Irish administrations, as well as the UK government as a whole have not. A UK-wide framework would bring together all Government departments who are active in promoting and supporting women entrepreneurship (Federation of Small Business, 2016).

There is currently no UK-wide policy framework specific to youth entrepreneurship, although the Welsh Government has a written strategy (Welsh Government, 2017). The support continues to be delivered mainly by the third sector organisations, including the Young Enterprise and the Prince's Trust. The Industrial Strategy recognises the need for a good careers advice, particularly for young people from disadvantaged backgrounds. GBP 90 million (approximately EUR 100 million) was invested to create the Enterprise Adviser Network which connects 1 300 schools and colleges with local employers to provide the workplace experience for young people (HM Government, 2017). There is however a lack of policy action aimed at youth entrepreneurship.

There is a support for older people to remain in work through employment or self-employment. People aged 50 and older can access mainstream information resources and schemes, such as the

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<sup>5</sup> See for example a response from the UnLtd (<https://unltd.org.uk/2017/01/24/the-draft-industrial-strategy-unltds-response-to-the-uk-government/>) and the RSA (<https://www.thersa.org/discover/publications-and-articles/rsa-blogs/2016/11/putting-social-entrepreneurs-at-the-heart-of-industrial-strategy>)

<sup>6</sup> <http://appgentrepreneurship.org/>

<sup>7</sup> <https://www.wescotland.co.uk/framework>

Business Support Helpline (Department for Work & Pensions, 2016). Public policy however does not explicitly mention senior entrepreneurs and there is currently no tailored entrepreneurship support available for this group.

The New Enterprise Allowance continues to be the main publicly-funded self-employment initiative for unemployed people on income support. The official statistics suggest there have been 199 100 businesses started through the scheme between 2011 and 2017. The scheme is available to a wider range of claimants since 2017 (Department for Work & Pensions, 2017a).

The Government encourages entrepreneurs from outside the UK to relocate to Britain through the Global Entrepreneur Programme (Department for International Trade, 2017) and the Sirius Programme for Graduate Entrepreneurs (Department for International Trade, 2015). However, there is no policy, nor publicly-funded support, for minority entrepreneurs already residing in the country. Immigration is a key policy issue in the impending Brexit negotiations (Home Office, 2017). The future immigration rules for EU citizens arriving after the cut-off date are yet unknown, but a need for new immigration rules has been highlighted (Mason and Stewart, 2017). The consequences of Brexit on immigrant entrepreneurship are yet to be seen. Prior research suggests that immigration spurs entrepreneurship while barriers to immigration and trade can hurt the impact of entrepreneurship on economic growth (Cumming and Zahra, 2017).

The Government is committed to halving the employment gap between people with disabilities and non-disabled people (32% in 2016) (House of Commons Work and Pensions Committee, 2017). Business creation and self-employment is encouraged as a route into work through support schemes such as Access to Work and New Enterprise Allowance. Yet, the 2016 report by The All Party Parliamentary Group on Disability found that little progress has been made in narrowing the employment gap and both public and private sector organisations are failing to provide appropriate support for people with disabilities to access start-up funds, business advice and business networks (The All Party Parliamentary Group on Disability, 2016). The government has set out plans for key policy actions to support people with disabilities in having equal access to labour market opportunities (Department for Work and Pensions and Department of Health, 2016).

### **3.2. Government regulations**

The regulatory environment is generally supportive of entrepreneurship and it is generally considered to be very easy to start a business in the UK. The 2017 World Bank Doing Business survey ranked the UK 7<sup>th</sup> in the world on the ease of doing business and 16<sup>th</sup> on the ease of starting a business (WBG, 2017). Public information on how to deal with procedures for starting and running a business has been simplified and is accessible through an online platform, a telephone helpline and other resources. Information and advice specific to under-represented and disadvantaged groups is available, however the scale and scope of support varies. Resources targeting seniors, immigrants and people with disabilities in particular are less developed.

In the Spring Budget 2017, it was announced that there would be an increase in the National Insurance contributions paid by the self-employed, in line with employees. However, following criticism, the proposals were not implemented. Self-employed people are now eligible for Tax-Free Childcare (available for children under the age of 12), designed to enable more parents to go into work. Moreover, the Government is currently considering whether there is a case for greater consistency in parental benefits between employees and the self-employed (GOV.UK, 2017). Under the current system, self-employed parents are not entitled to Statutory Maternity Pay, Statutory Paternity Pay or Statutory Adoption Pay.

There are a range of other benefits and tax credits that many entrepreneurs from under-represented and disadvantaged groups access, including the Working Tax Credit and Housing Benefit, which are available to low income self-employed (and employees). However, the legacy system is to be phased out and will be replaced by the Universal Credit. While entrepreneurs from under-represented

and disadvantaged groups will still have access to income support, the benefits are not expected to be as generous as the previous system.

Self-employed people are much less likely than employees to be saving for retirement. Only 27% of the self-employed are putting money into a pension, which is about half of the proportion of employees. This is a growing concern and consultation is ongoing on possible strategies to change the saving behaviour of the self-employed (Taylor et al., 2017). From April 2017 onwards, the “Lifetime ISA” saving account is available to anyone aged between 18 and 40 years old to help the younger self-employed people to save flexibly for the long-term. In April 2017, the 52-week limit on the number of weeks during which people with disabilities receiving benefits could be engaged in waged work was removed.<sup>8</sup> The claimants will be able to work up to 16 hours and earn up to GBP 120 (approximately EUR 135) each week, and do so for an unlimited number of weeks (Department for Work & Pensions, 2017b). It is anticipated that the change will improve work incentives for this group. However, they will lose a previously awarded GBP 29.05 per week (approximately EUR 33) for work-related activity component, aligning their rate of payment down with people without disabilities claiming Jobseeker’s Allowance (the main out-of-work benefit) (House of Commons Library, 2017).

### 3.3. Financing entrepreneurship

The key policy priority is to support businesses that want to expand by improving access to capital for growing business. The Government aims to create financial incentives and to encourage the creation of networks that help firms access finance. Since the establishment of the British Business Bank, access to bank loans for SMEs is thought to be improving. Tax relief schemes, such as the Enterprise Investment, have also helped growing firms to raise finance (HM Government, 2017). There has been a notable increase in the volume of asset finance and peer-to-peer business lending. At the same time, economic uncertainty associated with the decision to leave the EU had some impact on business confidence. A decrease in finance application rates has been reported as many small businesses are wary about seeking external finance (HM Government, 2017).

Start Up Loans is the primary government-backed scheme providing financial help. The Big Issue Invest is the first social merchant bank that supports access to finance for social enterprises through loans and investments (GBP 20 000 and GBP 3 million, or approximately EUR 22 750 and EUR 3.4 million) (Big Issue Invest, n.d.). At the regional level, several finance schemes exist to support growing businesses, including the Let’s Grow Grant (from GBP 25 000 to GBP 1 million, or approximately EUR 28 450 and EUR 1.1 million) in Yorkshire.<sup>9</sup> The Finance Wales investment company provides micro loans (GBP 1 000 – GBP 50 000, or approximately EUR 1 140 and EUR 56 850), technology venture investment, business loans or debt investment, equity investment and mezzanine investments (GBP 50 000 – GBP 3 million, or approximately EUR 56 850 and EUR 3.4 million).<sup>10</sup> The Scottish Government offers grants to businesses that can generate social or economic benefits through job creation, collaborative projects leading to new technology or ideas, and for research and development.<sup>11</sup> The Propel Programme and StartPlanetNI Accelerator (funded by Invest Northern Ireland) provide finance to firms with the potential to export, scale up and create jobs.<sup>12</sup> The current provision of finance support schemes favours predominantly growing or scale up firms with the potential to create jobs. This may be discouraging for entrepreneurs and businesses looking for some finance to develop without necessarily scaling up. In 2015, only 19% of SMEs sought external finance (Enterprise Research Centre, 2016).

A small number of finance schemes targeted to women entrepreneurs are currently available, including the INFOCUS award (sponsored by Innovate UK) (Innovate UK, 2016). The Women’s

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<sup>8</sup> referred to as the Work-Related Activity Group – WRAG

<sup>9</sup> <https://www.gov.uk/business-finance-support/let-s-grow-grant-scheme-york-north-yorkshire-and-east-riding>

<sup>10</sup> <http://www.financewales.co.uk/>

<sup>11</sup> <https://www.mygov.scot/grant-funding/>

<sup>12</sup> <https://www.investni.com/support-for-business/funding-for-start-ups.html>

Enterprise Scotland runs a microfinance pilot scheme, offering small test trading grants of up to GBP 250. The scheme is aimed at women with business ideas who are facing particular economic challenges. The awareness and take-up of alternative forms of finance, such as crowdfunding and angel investors, is relatively low among women business owners, suggesting that the Government should consider awareness-raising campaigns to better inform women about different financing options (Federation of Small Business, 2016).

Public and private sources of finance are available for young entrepreneurs across the country. The government-backed Start Up Loan scheme has since 2012 helped more than 7 500 people under 25 years old to start their own business (Department for Business, Energy & Industrial Strategy, 2016). Youth Business Scotland offers several start-up grants (GBP 250 – GBP 1 000, or approximately EUR 285 – EUR 1 140) and loans (GBP 5 000 – GBP 25 000, or approximately EUR 5 685 – EUR 28 450).<sup>13</sup> In the non-governmental sector, the Shell LiveWIRE programme offers awards (GBP 5 000 – GBP 25 000, or approximately EUR 5 685 – EUR 28 450) for young entrepreneurs aged 16 to 30 years old.<sup>14</sup> Prince’s Trust offers “Will it Work” grants of up to GBP 250 (approximately EUR 285) to help young people test the viability of their business.<sup>15</sup> The Young UnLtd supports young social entrepreneurs (aged 16-24 years old) through “Spaces for Change” (100 awards of up to GBP 5 000, or approximately EUR 5 685) and “Hackney Connect” (GBP 5 000 – GBP 15 000, or approximately EUR 5 685 – EUR 17 065) programmes.<sup>16</sup>

There are currently no UK-wide public funding programmes targeting older entrepreneurs specifically. The growth in self-employment over the past decade has been fuelled largely by people over 50 years old. Regulatory change may have facilitated business creation for older workers. Since 2015, for example, people of pension age have been given greater control and flexibility over their pension savings, enabling many to access retirement funds that can be used for business creation (Cook, 2017).

The New Enterprise Allowance continues to be the main public start-up funding scheme for unemployed people in receipt of income support. The scheme provides a weekly allowance of up to GBP 1 274 over 26 weeks and a loan to help with start-up costs, in addition to support and advice from a business mentor (GOV.UK, n.d.). In the private sector, the non-profit Fredericks Foundation offers loans to people who cannot access start-up finance through the mainstream providers, particularly people with poor credit history.

Obtaining mainstream finance can be a challenge for immigrant entrepreneurs. Immigrant entrepreneurs in the UK tend to rely on informal sources, including friends and family to fund business creation and growth. Moreover, migrant businesses are more likely to seek help with finding investors or securing business loans rather than direct grant assistance (Ram et al., 2011). Currently, there is no specific provision targeting immigrant entrepreneurs within publicly-funded finance schemes.

People with disabilities can apply for two public schemes to get financial help in starting a business. The previously mentioned New Enterprise Allowance for unemployed people on income support<sup>17</sup> and the Access to Work grant which covers the cost of practical support associated with disability. The grant was designed specifically to help disabled people enter or remain in work, or to become self-employed. The Stelios Award for Disabled Entrepreneurs (sponsored by Sir Stelios Haji-Ioannou) offers cash prizes of up to GBP 70 000 (approximately EUR 76 640)<sup>18</sup> and the Kaleidoscope Investments offers funding through equity and debt investment (GBP 50 000 – GBP 250 000, or

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<sup>13</sup> <https://www.bgateway.com/business-guides/finance/funding-and-financing/support-from-youth-business-scotland>

<sup>14</sup> <https://www.shell-livewire.org/award/153/young-entrepreneur-of-the-year-award>

<sup>15</sup> <https://www.princes-trust.org.uk/help-for-young-people/support-starting-business>

<sup>16</sup> <http://youngunltd.org.uk/looking-for-support/spaces-4-change/>

<sup>17</sup> <https://www.gov.uk/new-enterprise-allowance>

<sup>18</sup> <https://www.leonardcheshire.org/support-and-information/life-and-work-skills-development/employment-programmes/stelios-award-for>

approximately EUR 56 885 – EUR 284 425) and small grants (GBP 1 000 – GBP 5 000, or approximately EUR 1 140 – EUR 5 685) targeting disabled entrepreneurs.<sup>19</sup>

### 3.4. Entrepreneurship skills

The mainstream support for developing entrepreneurship skills is offered through public, private and voluntary sector organisations. Local support is available across the devolved administrations through Growth Hubs and Local Enterprise Partnerships (GOV.UK, 2016). The gov.uk portal lists over 330 initiatives supporting businesses and entrepreneurs at different stages, at the national and local levels. Most universities provide some form of entrepreneurship education through the formal curriculum, although entrepreneurship is not incorporated in all subject areas. A range of extra-curricular activities, such as business idea competitions, are also available at the university level.

The Welsh Government has been a leader in developing entrepreneurship skills in schools, colleges and universities (Business Wales, n.d.). The Scottish Government has also invested over GBP 1 million (approximately EUR 1.1 million) to develop entrepreneurship skills at different educational levels.<sup>20</sup> Young Enterprise, a charity that operates across the UK, offers a range of programmes to schools, colleges and universities to help children and young people develop business and finance skills. Private sector-led initiatives, such as the Peter Jones Enterprise Academy<sup>21</sup> or the Entrepreneurship Academy Wales<sup>22</sup> offer “learning by doing” courses for young people.

There are estimated 205 incubators, 163 accelerators, 11 pre-accelerators, 7 virtual accelerators and 4 virtual incubators active across the country, in addition to various co-working spaces (Bone et al., 2017). A notable programme is the Entrepreneurial Spark. Claimed to be the world’s largest free accelerator scheme led by private sector organisations (including NatWest), Entrepreneurial Spark is funded by private capital, contributions from public sector and corporate sponsorship.<sup>23</sup> Businesses and entrepreneurs can find support through national and local mentoring schemes, such as the private initiative mentorsme.co.uk online gateway, and public sector schemes such as the Business Wales Mentoring Programme, and the Scottish Business Mentoring scheme.

The mainstream support for developing entrepreneurship skills is available to different groups and the scale of support appears sufficient to meet the demand. Support specific to under-represented and disadvantaged entrepreneurs tends to be small scale and fragmented. This is particularly the case for immigrant, senior and disabled entrepreneurs.

Support specific to women is offered by private and voluntary sector organisations, such as the Women’s Organisation<sup>24</sup> and the Enterprising Women.<sup>25</sup> There are several business incubators targeting women entrepreneurs, including the “She Can” co-working space<sup>26</sup>, the “Outbox” incubator aimed at women in STEM<sup>27</sup>, and the “My OutSpace” providing working space and business support tailored to female entrepreneurs.<sup>28</sup> The “WeMentor” programme facilitates a national network of mentors for women entrepreneurs.<sup>29</sup> Prowess continues to be one of the main information resources for women in

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<sup>19</sup> <https://www.kaleidoscopeinvestments.com/>

<sup>20</sup> <https://www.abdn.ac.uk/spe/about/>

<sup>21</sup> <http://www.pjea.org.uk/>

<sup>22</sup> <http://www.entrepreneurshipacademywales.co.uk/>

<sup>23</sup> <https://www.entrepreneurial-spark.com/>

<sup>24</sup> <http://www.thewomensorganisation.org.uk/businesstraining>

<sup>25</sup> <http://www.enterprising-women.org/business-support/growth-programme>

<sup>26</sup> <https://shecanuk.com/>

<sup>27</sup> <http://outboxjourney.com/incubator/>

<sup>28</sup> <http://www.myoutspace.co.uk/>

<sup>29</sup> <http://ncee.org.uk/entrepreneurship-in-education/we-mentors-uk/>



business, providing various online guides for starting and managing a business, and signposting women to female-friendly support and finance opportunities.<sup>30</sup>

Young Enterprise and Prince's Trust are two leading charities supporting young people in developing entrepreneurship skills through a range of training and mentoring programmes. The Young UnLtd supports young social entrepreneurs through training programmes and peer-to-peer networking opportunities.<sup>31</sup> The "Launch 22" business incubator specialises in offering affordable space for young entrepreneurs from disadvantaged backgrounds, in addition to mentoring support, talks, workshops and networking opportunities.<sup>32</sup> The Youth Business Scotland provides pre-start training, business planning advice, mentoring for two years, networking opportunities, bookkeeping training and other support.<sup>33</sup>

There is currently a gap in the provision of training, coaching, mentoring and networking opportunities for senior entrepreneurs. People aged over 50 years old can however access mainstream support through Growth Hubs and other schemes.

The New Enterprise Allowance offers mentoring support for up to 52 weeks after start-up to previously unemployed entrepreneurs.<sup>34</sup> Young unemployed people can get help through the Prince's Trust Enterprise Programme.<sup>35</sup> Small scale, local organisations, such as the Banana Enterprise Network based in Greater Manchester, provide training, workshops and networking opportunities for the unemployed and people on low income.<sup>36</sup>

As part of the government's strategy to attract highly skilled migrants, the "Sirius Programme for Graduate Entrepreneurs" aimed at potential entrepreneurs from outside the UK, offers 30 days of dedicated training and mentoring and a package of investment support.<sup>37</sup> However, public schemes specific to immigrant entrepreneurs already in the country are currently unavailable. In the private sector, the "First Steps in Social Enterprise", delivered by Olmec, offers a free 10-12 week business planning programme for social entrepreneurs from ethnic minority and migrant backgrounds.<sup>38</sup>

Besides the mentioned New Enterprise Allowance that offers mentoring support of up to 52 weeks since start-up,<sup>39</sup> several small-scale, non-governmental schemes are available to entrepreneurs with a disability. The Association of Disabled Professionals provides tailored business support.<sup>40</sup> The Kaleidoscope Investments offers a package of support comprising equity investment, grants and mentoring.<sup>41</sup> Online business training videos, in British Sign Language, are available through the Deaf Business Academy.<sup>42</sup> The Disabled Entrepreneurs Network provides business advice and mentoring support.<sup>43</sup> In Scotland, "Iwork4me" is a self-employment support initiative for people with autism<sup>44</sup> and "Work4Me" supports self-employed people with long-term health conditions through peer-to-peer support and mentoring.<sup>45</sup>

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<sup>30</sup> <http://www.prowess.org.uk/>

<sup>31</sup> <http://youngunltd.org.uk/>

<sup>32</sup> <https://www.catch-22.org.uk/collaborate/current-collaboration/launch22/>

<sup>33</sup> <https://www.bgateway.com/business-guides/finance/funding-and-financing/support-from-youth-business-scotland>

<sup>34</sup> <https://www.gov.uk/new-enterprise-allowance>

<sup>35</sup> <https://www.princes-trust.org.uk/help-for-young-people/support-starting-business>

<sup>36</sup> <http://www.bananaenterprisenetwork.co.uk/>

<sup>37</sup> <https://www.gov.uk/government/collections/sirius-programme-for-graduate-entrepreneurs>

<sup>38</sup> <http://www.olmec-ec.org.uk/social-enterprise/first-steps-in-social-enterprise-for-bme-women-2017/>

<sup>39</sup> <https://www.gov.uk/new-enterprise-allowance>

<sup>40</sup> <https://www.adp.org.uk/business.php>

<sup>41</sup> <https://www.kaleidoscopeinvestments.com/>

<sup>42</sup> <http://www.deafbusinessacademy.co.uk/online-business-training/>

<sup>43</sup> <http://www.disabledentrepreneurs.co.uk/>

<sup>44</sup> <http://www.iwork4me.org.uk/>

<sup>45</sup> <http://www.work4me.co.uk/>

### 3.5. Entrepreneurial culture and social capital

Entrepreneurship is widely encouraged across the country as a solution to low productivity and growth (HM Government, 2017). The Start UP Britain campaign has been promoting entrepreneurship since 2011 by highlighting the support that is available.<sup>46</sup> The Global Entrepreneurship Week is annually celebrated through competitions, networking and other events.<sup>47</sup> The economic and social value of entrepreneurship is promoted through national and local awards, including the Enterprising Britain Awards (government-backed),<sup>48</sup> the Great British Entrepreneur Awards (sponsored by NatWest and others)<sup>49</sup> and the UK Social Enterprise Awards (funded by private and third sector organisations).<sup>50</sup> Several initiatives specific to under-represented and disadvantaged groups exist to promote and celebrate entrepreneurship.

Women entrepreneurship is promoted and celebrated through various public and private initiatives. The annual “Celebrating women in business conference” (government-backed) facilitates networking for women entrepreneurs.<sup>51</sup> The “infocus” funding award, launched in 2016, aims to encourage innovation by women entrepreneurs and to create new role models.<sup>52</sup> The Women’s Business Council holds an annual award for successful women in business.<sup>53</sup> Private sector-led initiatives are also available, including the ‘Women in business awards’ (sponsored by Barclays and others)<sup>54</sup>, the “Forward Ladies National Awards” (sponsored by HSBC and others)<sup>55</sup>, the “Ignition” event (sponsored by the Virgin StartUp)<sup>56</sup> and the “Enterprising Women Hub” launched by the Institute of Directors.<sup>57</sup>

Successes of young entrepreneurs are celebrated through private and third sector-led initiatives, including the “Young Guns” award for entrepreneurs under 35 years old who have successfully founded businesses with turnover of over GBP 1 million (approximately EUR 1.1 million).<sup>58</sup> The “NatWest Enterprise Award” is the Prince’s Trust’s initiative that recognises young people who have overcome barriers and achieved success in creating a sustainable business or a social enterprise.<sup>59</sup> And the Great British Entrepreneur Awards includes a category of “Young Entrepreneur of the Year”.<sup>60</sup>

There are currently no public schemes that promote entrepreneurship for older people, nor help in building entrepreneurial networks for this group. The main active initiative originates from the European Union’s “50+ Entrepreneurship Europe Platform”, which aims to simulate entrepreneurship activities, and to develop networking among older people. Promotion of entrepreneurship is under-developed for this group despite a notable increase in self-employment among older workers (Office for National Statistics, 2016).

The Jobcentre Plus is the first port of call for unemployed people looking to set up a business. However, there are no specific promotional initiatives to encourage the unemployed to start a business.

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<sup>46</sup> <http://startupbritain.org/>

<sup>47</sup> <http://uk.gew.co/united-kingdom/about-global-entrepreneurship-week-united-kingdom>

<sup>48</sup> <http://www.enterprisingbritainawards.co.uk/>

<sup>49</sup> <https://www.greatbritishentrepreneurawards.com/>

<sup>50</sup> <https://www.socialenterprise.org.uk/uk-social-enterprise-awards-2017>

<sup>51</sup> <http://www.greatbusiness.gov.uk/celebrating-women-in-business-conference/>

<sup>52</sup> <https://www.gov.uk/government/publications/infocus-funding-award-women-in-innovation/infocus-funding-award-women-in-innovation>

<sup>53</sup> <http://www.womensbusinesscouncil.co.uk/awards/>

<sup>54</sup> <http://womeninbusiness.biz/>

<sup>55</sup> <http://forwardladies.com/national-awards/>

<sup>56</sup> <https://www.virginstartup.org/news/presenting-virgin-startup-ignition-event-celebrating-female-entrepreneurs>

<sup>57</sup> <https://www.iod.com/news-campaigns/enterprising-women>

<sup>58</sup> <http://startups.co.uk/why-you-should-enter-the-young-guns-class-of-2017/>

<sup>59</sup> <https://www.princes-trust.org.uk/about-the-trust/initiatives/celebrate-success/national-celebrate-success-2017/enterprise-award-2017>

<sup>60</sup> <https://www.greatbritishentrepreneurawards.com/>

Since the cessation of “Enterprise Clubs” in 2015, there are no current networking opportunities for entrepreneurs who have entered self-employment from unemployment.

There are currently no public policy actions promoting immigrant entrepreneurship. The Enterprise and Diversity Alliance (EDA) is the only national initiative with an aim to facilitate networking and to enhance mutual understanding between diverse SMEs and large institutions, such as banks.<sup>61</sup> The Migrant Women Conference, initiated in 2016, is an inspirational event that celebrates and awards successful migrant women, including entrepreneurs and community leaders.<sup>62</sup>

Currently, there are no public initiatives to encourage and celebrate entrepreneurship among people with disabilities. A small number of private-led initiatives facilitate business networking opportunities, including the annual Stelios Award for Disabled Entrepreneurs (sponsored by Sir Stelios Haji-Ioannou),<sup>63</sup> the Disabled Entrepreneurs’ Network (run by the Association of Disabled Professionals)<sup>64</sup> and the Deaf Entrepreneur Awards (sponsored by Deaf Business Academy).<sup>65</sup>

#### 4. POLICY RECOMMENDATIONS

While the UK has strong policies and programmes for promoting and supporting entrepreneurship generally, the analysis suggests that tailored policy to help make entrepreneurship more inclusive is less developed. The following recommendations are offered to strengthen inclusive entrepreneurship policies and programmes:

1. *Define explicit policy objectives for inclusive entrepreneurship and strengthen policy co-ordination.* The analysis suggests that entrepreneurship policies and strategies focusing on particular groups are rare. There is a policy for women in Scotland and a Welsh-only policy targeting young people. Under-represented and disadvantaged groups are generally encouraged to start their own business and some tailored support is available. However, explicit action plans for different target groups are currently missing. It will be particularly important to develop a policy for immigrant entrepreneurship once the UK leaves the EU and changes its immigration rules. Additionally, there is no UK-wide body that co-ordinates inclusive entrepreneurship policies and facilitates inter-ministerial communication on this issue.
2. *Remove disincentives for business creation and self-employment in the social security system.* Business start-up and management may be enabled or constrained, encouraged or discouraged by the social security system. This can put particular groups at a disadvantage. There are currently proposals to change regulation in order to help people in work, or those who want to enter employment or self-employment. Self-employed parents are now eligible for tax-free childcare however, unlike employees, they are not entitled to statutory maternity, paternity and adoption pay. Consideration should be given to making such parental benefits available to the growing number of self-employed people. There is a concern about the treatment of disabled people on income support, following the decision to remove the work-related activity

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<sup>61</sup> <http://www.birmingham.ac.uk/schools/business/research/creme/enterprise-diversity-alliance/index.aspx>

<sup>62</sup> <http://www.migrantwomantalks.com/>

<sup>63</sup> <https://www.leonardcheshire.org/support-and-information/life-and-work-skills-development/employment-programmes/stelios-award-for-0>

<sup>64</sup> <http://www.adp.org.uk/business.php>

<sup>65</sup> <http://www.deafbusinessacademy.co.uk>

component for those considered fit for work. The change aligns the income support received by disabled people to that of non-disabled people, failing to recognise the additional costs associated with disability.

3. *Develop policy actions to promote and support entrepreneurship for older people and immigrants.* While there is a general support for entrepreneurship, and business creation is promoted through public campaigns and events celebrating entrepreneurial success, policy actions specific to older people and immigrants are currently under-developed. There are no schemes designed to help finance business creation and growth, nor programmes to develop entrepreneurship skills, specific to these social groups. Although some under-represented and disadvantaged groups, including women, youth and disabled people, are encouraged through public awards, such as the Stelios Award for Disabled Entrepreneurs, similar initiatives are not available to older and immigrant entrepreneurs. In addition, more support in network building should be provided to disadvantaged groups. Public schemes that promote an entrepreneurial culture and help develop entrepreneurial networks are rare for some groups of under-represented and disadvantaged entrepreneurs, particularly people with disabilities, older people, immigrants and the unemployed.
4. *Innovate the visa Tiers points system for non-EU and clarify the immigration rules for EU citizens to reduce the recruiting burden to small firms who cannot afford to sponsor.* This will probably enhance employment generation and avoid the shortage of skilled labour within small firms. Currently, the existing interventions are more likely to support high growth firms while neglecting a significant number of small firms who are struggling to recruit non-UK citizens. Hence, the action points on immigration rules and work visa sponsorship is of concern to many small businesses including disadvantaged groups.

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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?