



# Public measures to support self-employment and job creation in one-person and micro enterprises

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*Self-employment and job creation is a key policy area in Europe and is considered to be an important element in fostering economic growth and employment. The financial and economic crisis has had a negative impact on self-employment and consequently policy focus has been directed at fostering job creation in this area. The aim of this study, based on research carried out by national correspondents across the European Union, is to identify what measures of support are available for those who want to create one-person and micro enterprises. The study finds that policies to aid entrepreneurship and thus help create jobs already existed before the economic and financial crisis and have received only slightly more focus due to the crisis. In general, instruments to aid self-employment are not new, but have been given higher priority because of the crisis.*

## **Introduction**

Entrepreneurship continues to be high on the agenda in policy and public debates in most EU Member States. It remains a key policy priority across Europe and is considered an important factor in fostering future economic growth and employment, and labour market activation or youth employment in the European Union. Moreover, the [Europe 2020 strategy](#) explicitly focuses on developing entrepreneurship and improving the business environment, not least in relation to the creation of employment in the aftermath of the global recession (European Commission, 2010b). The role of governments and the actions of social partners in fostering job creation is a central topic in anticipating the growing challenge of competitiveness at national and European level. As a consequence, both public bodies and social partners are involved in programmes and initiatives to support self-employment and job creation in one-person (that is, hiring the first employee) and micro enterprises.

This comparative analytical report aims to identify such public or social partner-based support instruments offered at national, regional or local level in the EU27 and Norway, as identified by Eurofound's Network of European Observatories (NEO) in the second quarter of 2011. The report particularly focuses on recent measures initiated since 2008, driven, adapted or changed by the recession or for other current reasons.

Methodologically, the focus of the report is principally on all kinds of support available for fostering job creation whether the instruments are directly focused, for example by offering subsidies for hiring the first employee or, more indirectly, by improving general business conditions, for example through taxation, or developing the management/business skills of the entrepreneur.

However, the report includes only instruments that focus on job creation in the following situations:

- Self-employment (transition from employment, unemployment, inactivity and education, to work on one's own account without subordination, irrespective of legal status). In the EU there are many different meanings and definitions of self-employment, depending on factors such as the entrepreneur's legal status (including sole traders working on their own account), whether the enterprise has employees, and the sector in which the enterprises operate (for example agriculture). Some countries even distinguish between self-employed people and a 'dependent self-employee' (working for only one client) or work carried out in addition to paid employment, as described by the [European Employment Observatory Review, 2010 \(752 Kb PDF\)](#). Irrespective of the applied definition, this report focuses on support instruments encouraging the transition to becoming self-employed.
- Hiring the first employee (job creation in one-person enterprises).

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- Hiring additional employees in micro-enterprises (fewer than 10 employees), which may also include support instruments available to larger enterprises or SMEs.

The report also presents some examples of European good practice identified by Eurofound's Network of European Observatories, including an assessment of the effectiveness and efficiency of the selected instruments as far as the information is available. Detailed information about the identified good practice is available in the national contributions.

In line with these objectives, the report consists of three sections.

- A brief statistical overview of recent developments in self-employment and job creation in micro enterprises, as well as an overview of the general policy approach in the area of self-employment, one-person and micro enterprises at national level. This part will also include an analysis of the influence of the global recession on the support instruments.
- A thematic listing of recent support instruments.
- An analysis and presentation of 'good practice' illustrated by a number of support instruments.

Finally, the report includes two annexes summarising all the reported measures, whether the instruments are initiated as a response to the crisis or not.

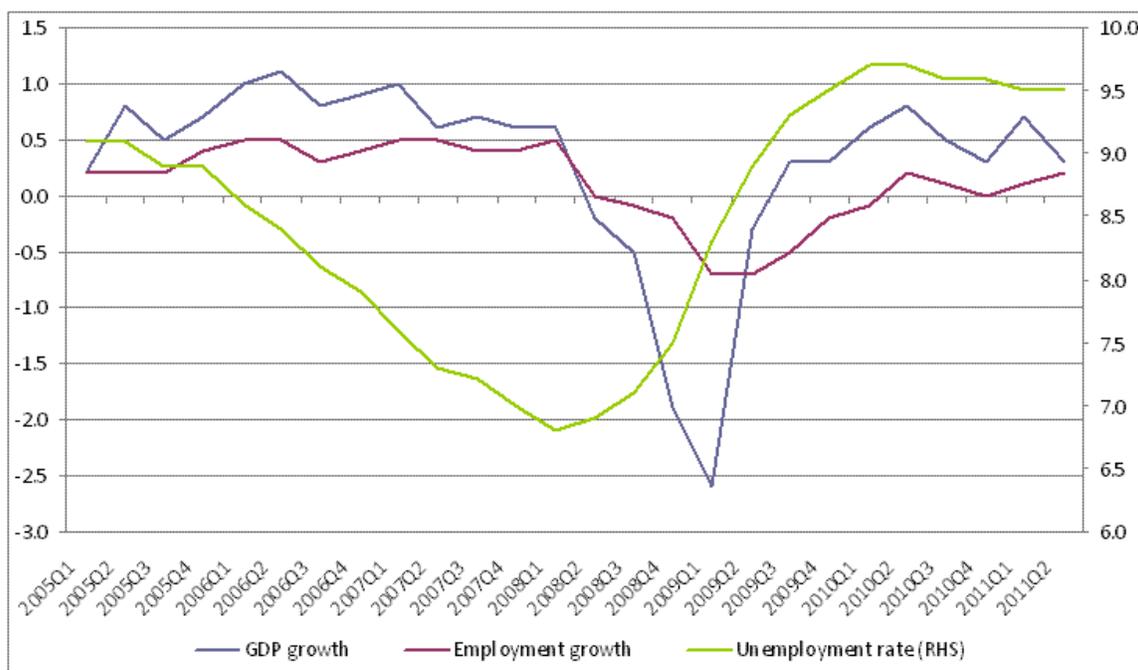
## **Effects of the financial and economic crisis on self-employment**

It is beyond doubt that the financial and economic crisis has had a critical impact on the conditions for self-employment and job creation in micro enterprises. A brief statistical overview of the development in self-employment and micro enterprises illustrates the impact of the shifting economic conditions. It may also indicate a need for the reformulation of current policies to take into account the current economic situation. The following section reveals whether the crisis is reflected in policy formulation.

After years of steady economic growth, the financial crisis in 2008 turned into a general economic downturn in Europe. Economic growth, measured by GDP, dropped and was followed by economic recession (see Figure 1). Subsequently, the labour market was also affected. The EU experienced negative employment growth and the unemployment rate rose to the highest level in a decade. Generally, it appears that the economic crisis has bottomed out, as economic growth has returned and positive signals are reported from the labour market in terms of stabilising the rate of unemployment.

However, although we find some indications of stabilisation, and even some economic recovery in some areas of the EU, many uncertainties remain, together with different development trends in Member States.

Figure 1: GDP and employment growth and unemployment rate for the EU, 2005–2011



Note: 'Employment growth' is seasonally adjusted and based on various Eurostat news releases 2007-11 and may not include subsequent amendments

Source: Eurostat

Figure 1: GDP and employment growth and unemployment rate for the EU, 2005–2011

Eurostat figures show that, in the EU Member States and Norway, the employment figures peaked in 2007 and 2008, but were followed by a slight decline in most of the Member States (see Table 1). The Baltic States, Hungary, Ireland, Portugal, Spain and Denmark in particular have all experienced a drop in the total number of employees. Other countries have experienced stable, or even increasing employment figures, such as Luxembourg, Poland and Malta.

Table 1: Total employment in the EU Member States and Norway, 2005–2010 (2005 = 100)

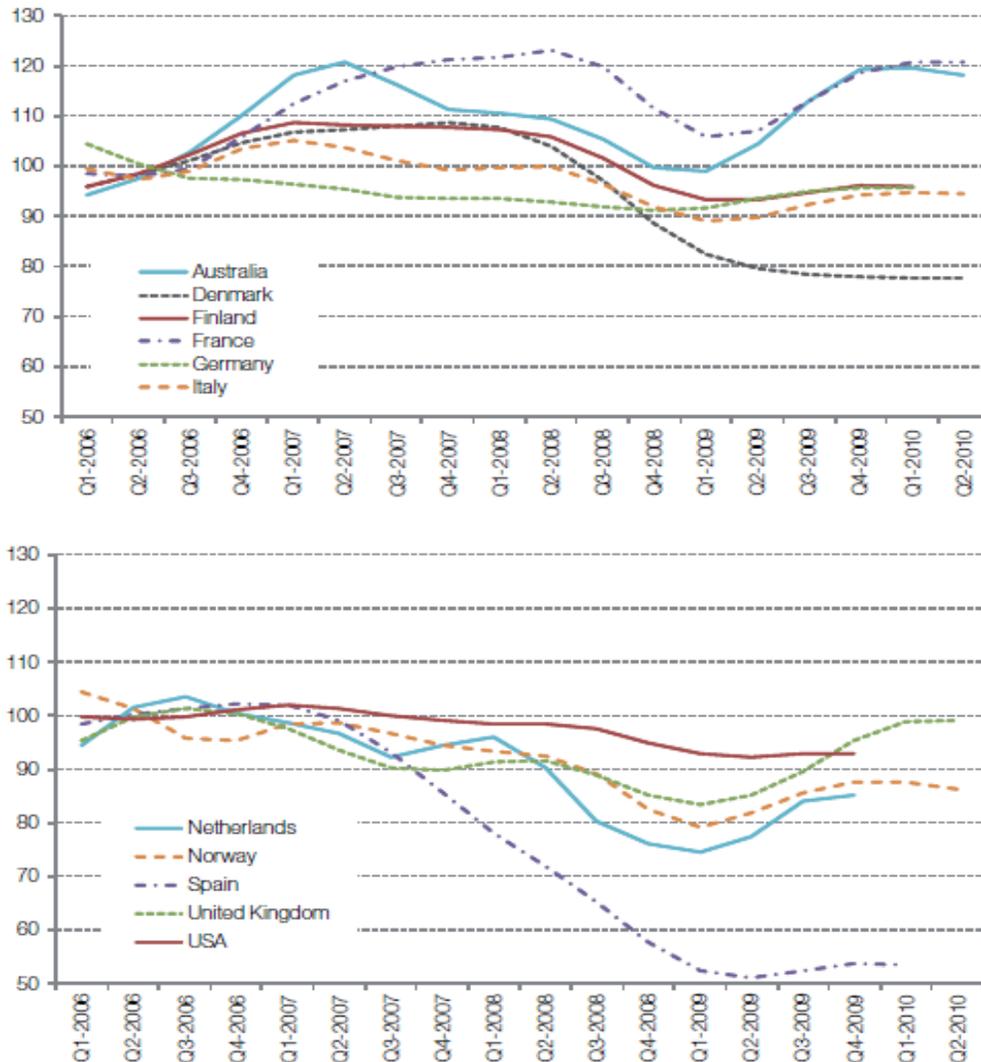
|                | 2005  | 2006  | 2007  | 2008  | 2009  | 2010  |
|----------------|-------|-------|-------|-------|-------|-------|
| Austria        | 100.0 | 102.7 | 105.3 | 106.9 | 106.6 | 107.1 |
| Belgium        | 100.0 | 100.7 | 103.4 | 105.0 | 104.4 | 106.0 |
| Bulgaria       | 100.0 | 104.3 | 109.1 | 112.7 | 109.1 | 102.4 |
| Cyprus         | 100.0 | 102.7 | 108.6 | 110.0 | 109.6 | 110.7 |
| Czech Republic | 100.0 | 101.3 | 103.3 | 105.0 | 103.6 | 102.5 |
| Denmark        | 100.0 | 101.9 | 101.9 | 103.5 | 100.9 | 98.7  |
| Estonia        | 100.0 | 106.4 | 107.9 | 108.1 | 98.1  | 94.0  |
| Finland        | 100.0 | 101.8 | 103.8 | 105.4 | 102.4 | 101.9 |

|                |       |       |       |       |       |       |
|----------------|-------|-------|-------|-------|-------|-------|
| France         | 100.0 | 100.7 | 102.4 | 103.8 | 102.9 | 103.0 |
| Germany        | 100.0 | 102.0 | 104.2 | 106.1 | 105.8 | 105.7 |
| Greece         | 100.0 | 101.9 | 103.2 | 104.4 | 103.2 | 100.5 |
| Hungary        | 100.0 | 100.7 | 100.6 | 99.4  | 96.9  | 96.9  |
| Ireland        | 100.0 | 104.7 | 108.4 | 107.6 | 98.2  | 94.5  |
| Italy          | 100.0 | 101.9 | 102.9 | 103.7 | 102.0 | 101.4 |
| Latvia         | 100.0 | 105.2 | 108.2 | 108.8 | 95.1  | 91.0  |
| Lithuania      | 100.0 | 101.7 | 104.1 | 103.1 | 96.1  | 91.2  |
| Luxembourg     | 100.0 | 100.9 | 104.8 | 104.5 | 112.2 | 114.0 |
| Malta          | 100.0 | 102.2 | 105.3 | 107.8 | 109.0 | 110.8 |
| Netherlands    | 100.0 | 101.8 | 104.3 | 105.9 | 106.0 | 103.2 |
| Norway         | 100.0 | 103.1 | 106.6 | 110.1 | 109.5 | 109.6 |
| Poland         | 100.0 | 103.4 | 108.0 | 111.9 | 112.4 | 113.1 |
| Portugal       | 100.0 | 100.7 | 100.9 | 101.5 | 98.7  | 97.2  |
| Romania        | 100.0 | 101.9 | 102.6 | 102.8 | 101.4 | 101.4 |
| Slovakia       | 100.0 | 103.9 | 106.4 | 109.9 | 106.8 | 104.6 |
| Slovenia       | 100.0 | 101.3 | 103.8 | 104.9 | 103.3 | 101.8 |
| Spain          | 100.0 | 104.1 | 107.3 | 106.8 | 99.6  | 97.3  |
| Sweden         | 100.0 | 101.9 | 104.5 | 105.7 | 103.5 | 104.6 |
| United Kingdom | 100.0 | 100.9 | 101.6 | 102.4 | 100.9 | 101.0 |
| EU 27 + Norway | 100.0 | 102.0 | 104.0 | 105.2 | 103.4 | 102.8 |

*Source: Eurostat*

Whether entrepreneurship occurs through innovation and/or the foundation of new enterprises, it is an essential element in fostering economic recovery and employment growth (Lunati, M. et al, 2010). Scrutiny of the business dynamics in the EU indicates that the financial and economic crisis has had a considerable impact on entrepreneurship and self-employment. The number of new enterprises established during, and after, the financial and economic crisis has been affected by the global recession. Before the crisis, the number of new enterprises per year was stable or slightly declining in several countries. However, in 2008, there was a drop in the number of new enterprises in most countries, and after 2009 a further stabilisation, but in several countries at a lower level compared with numbers before the crisis (see Figure 2). In the same period, most countries also experienced a significant increase in the number of bankruptcies.

Figure 2: The impact of the global economic crisis on new enterprise creation in selected OECD countries – quarterly data. (Number of new enterprises 2006 = 100) (trend-cycle)



Source: Lunati, M. et al, 2010

**Figure 2: The impact of the global economic crisis on new enterprise creation in selected OECD countries – quarterly data (Number of new enterprises 2006 = 100) (trend-cycle)**

The negative tendencies in enterprise formation are reflected in the number of self-employed persons. There are two relevant observations to be made here.

- The number of self-employed persons accounts for a significant part of total employment, on average 15 % for EU27 and Norway.
- In some countries self-employed people represent more than 20 % of total employment. Greece tops the list with 30% of the active labour force being self-employed (Table 2).

The data on self-employment reveals a remarkable variation in the enterprise structure between countries that has nothing to do with the financial crisis. Some differences such as specific sectors being characterised by a higher prevalence of the self-employed – for example, the agriculture sector – were present before the recession set in and cannot be interpreted as an outcome of the financial and economic crisis (Table 2). Table 2 also indicates that the share of self-employed

persons as a percentage of total employment has not changed radically during the crisis, indicating that no real structural labour market changes have taken place. Variations in levels of self-employed workers are probably caused by differences in the socio-economic framework conditions for doing business, including the labour market conditions. There are also cultural differences in terms of whether entrepreneurs consider self-employment to be driven by opportunity or by necessity. This is more fully discussed in the European Commission's 2009 report, [Entrepreneurship in the EU and Beyond \(6.6Mb PDF\)](#).

**Table 2: Self-employed persons in EU27 and Norway, 2005–2010**

|                | Total number of self-employed. 2005 (in 1,000s) | Self-employed as % of total employment |      |      |      |      |      |
|----------------|---|--|------|------|------|------|------|
|                |   | 2005                                   | 2006 | 2007 | 2008 | 2009 | 2010 |
| Austria        | 450.6   | 11.8                                   | 12.0 | 11.9 | 11.3 | 11.2 | 11.6 |
| Belgium        | 565.7   | 13.4                                   | 13.5 | 13.4 | 13.0 | 13.5 | 13.3 |
| Bulgaria       | 368.6   | 12.4                                   | 11.8 | 11.2 | 11.3 | 11.4 | 11.7 |
| Cyprus         | 70.5  | 20.4                                   | 19.2 | 18.5 | 17.8 | 17.5 | 16.5 |
| Czech Republic | 725.7   | 15.3                                   | 15.4 | 15.5 | 15.5 | 16.1 | 17.1 |
| Denmark        | 222.2   | 8.1                                    | 8.4  | 8.5  | 8.4  | 8.8  | 8.5  |
| Estonia        | 47.7  | 7.9                                    | 7.8  | 8.7  | 7.6  | 8.0  | 8.0  |
| Finland        | 290.9   | 12.1                                   | 12.3 | 12.0 | 12.3 | 13.1 | 12.8 |
| France         | 2485.6  | 10.0                                   | 10.4 | 10.3 | 9.9  | 10.3 | 10.9 |
| Germany        | 4052.2  | 11.1                                   | 11.0 | 10.8 | 10.6 | 10.8 | 10.9 |
| Greece         | 1306.7  | 30.0                                   | 29.8 | 29.3 | 29.4 | 29.8 | 30.2 |
| Hungary        | 517   | 13.3                                   | 12.2 | 11.9 | 11.9 | 12.1 | 11.9 |
| Ireland        | 313.3   | 16.1                                   | 15.4 | 16.1 | 16.4 | 16.5 | 16.1 |
| Italy          | 5566.7  | 24.7                                   | 24.5 | 24.1 | 23.6 | 23.3 | 23.4 |
| Latvia         | 96.2  | 9.3                                    | 10.1 | 9.2  | 8.8  | 9.9  | 10.1 |
| Lithuania      | 206.2   | 14.0                                   | 13.3 | 11.9 | 10.1 | 10.3 | 9.2  |
| Luxembourg     | 15  | 7.8                                    | 7.6  | 7.0  | 6.3  | 7.9  | 7.6  |
| Malta          | 20.3  | 13.7                                   | 13.9 | 13.9 | 13.3 | 13.6 | 14.1 |
| Netherlands    | 953.8   | 11.8                                   | 12.1 | 12.5 | 12.6 | 13.0 | 14.3 |
| Norway         | 163.2   | 7.1                                    | 8.1  | 7.7  | 7.5  | 7.8  | 7.5  |
| Poland         | 2869  | 20.4                                   | 19.8 | 19.1 | 18.7 | 18.7 | 18.8 |
| Portugal       | 1156.3  | 22.9                                   | 22.0 | 22.2 | 21.7 | 21.5 | 20.4 |
| Romania        | 1959.1  | 21.5                                   | 20.7 | 21.2 | 20.8 | 20.8 | 21.7 |

|                |         |      |      |      |      |      |      |
|----------------|---------|------|------|------|------|------|------|
| Slovakia       | 277.6   | 12.5 | 12.5 | 12.8 | 13.6 | 15.5 | 15.8 |
| Slovenia       | 94.7    | 10.0 | 11.1 | 10.8 | 9.8  | 10.6 | 12.2 |
| Spain          | 3128.7  | 16.5 | 16.5 | 16.5 | 16.5 | 16.0 | 15.9 |
| Sweden         | 445.7   | 10.3 | 10.4 | 10.3 | 10.2 | 10.5 | 10.7 |
| United Kingdom | 3603.3  | 12.6 | 12.8 | 13.0 | 12.9 | 13.2 | 13.6 |
| EU27           | 31809.4 | 15.1 | 15.1 | 15.0 | 14.7 | 14.9 | 15.1 |

*Source: Eurostat*

As self-employed people represent a considerable share of total employment, even a minor relative change in the number of self-employed persons will have consequences, not only for self-employment, but also for individuals employed by self-employed people. Just after the crisis set in, a 2.5 percentage point increase in the total number of self-employed persons in EU27 and Norway could be observed, corresponding to approximately 800,000 persons having become self-employed. The development in the number of self-employed persons varies considerably. The largest increase has occurred in Slovenia, Slovakia and the Netherlands, with drops in self-employment occurring particularly in Lithuania, Portugal and Cyprus.

Some of the self-employed persons have employees, while others run their businesses alone. Within industry and service, there are approximately 11 million enterprises without any employees (about half of all enterprises). The number of enterprises with no employees differs significantly between countries, which, among other things, reflects differences in the definition of an enterprise (Table 3).

**Table 3: Number of active enterprises by size classes (number of employees) within industry and service, 2008 (EU27 and Norway)**

|                       | Zero       | Between 1–4 | Between 5–9 | 10 or more | Total | Total number of enterprises |
|-----------------------|------------|-------------|-------------|------------|-------|-----------------------------|
|                       | Percentage |             |             |            |       |                             |
| <b>Austria</b>        | 39         | 40          | 10          | 10         | 100   | 406,898                     |
| <b>Bulgaria</b>       | 41         | 39          | 9           | 11         | 100   | 311,159                     |
| <b>Cyprus</b>         | 39         | 46          | 9           | 6          | 100   | 69,933                      |
| <b>Czech Republic</b> | 73         | 17          | 4           | 5          | 100   | 938,275                     |
| <b>Estonia</b>        | 47         | 34          | 9           | 9          | 100   | 87,550                      |
| <b>Finland</b>        | 55         | 33          | 6           | 6          | 100   | 342,406                     |
| <b>Germany</b>        | 52         | 32          | 8           | 9          | 100   | 3,627,464                   |
| <b>Hungary</b>        | 46         | 43          | 5           | 5          | 100   | 678,701                     |
| <b>Italy</b>          | 68         | 23          | 5           | 4          | 100   | 4,575,632                   |
| <b>Latvia</b>         | 33         | 39          | 13          | 14         | 100   | 93,854                      |
| <b>Lithuania</b>      | 60         | 19          | 9           | 12         | 100   | 163,906                     |
| <b>Luxembourg</b>     | 37         | 38          | 11          | 14         | 100   | 29,840                      |
| <b>Netherlands</b>    | 58         | 26          | 7           | 9          | 100   | 943,246                     |
| <b>Norway</b>         | 57         | 27          | 8           | 8          | 100   | 325,469                     |
| <b>Portugal</b>       | 9          | 81          | 5           | 4          | 100   | 1,113,674                   |
| <b>Romania</b>        | 19         | 58          | 12          | 11         | 100   | 540,846                     |
| <b>Slovakia</b>       | 62         | 24          | 6           | 8          | 100   | 381,056                     |
| <b>Slovenia</b>       | 48         | 40          | 6           | 6          | 100   | 129,123                     |
| <b>Spain</b>          | 53         | 36          | 6           | 5          | 100   | 3,711,835                   |
| <b>Sweden</b>         | 63         | 26          | 5           | 6          | 100   | 636,225                     |
| <b>United Kingdom</b> | 16         | 66          | 9           | 10         | 100   | 2,469,635                   |

*Note: No data available for Belgium, Denmark, France, Greece, Ireland, Malta and Poland*

*Source: Eurostat*

The number of self-employed persons and the number of enterprises with no employees (one-person enterprises) indicate that there may be a potential for improving the employment situation in Europe if these enterprises were encouraged to take on employees. A similar potential appears to exist in small, particularly micro enterprises, in relation to hiring an additional employee. Micro enterprises represent a considerable share of the total number of enterprises in Europe. The 2008 figures illustrate that a considerable part of all jobs are found in SMEs, and even micro enterprises play an important role, as one fourth of all jobs are provided by these types of enterprises (Figure 3).

Figure 3: Number of persons employed (%) by enterprise size, non-financial business economy, 2008



Note: No data available for Greece, France, Norway and Malta

Source: Eurostat

Figure 3: Number of persons employed (%) by enterprise size, non-financial business economy, 2008

## Entrepreneurship and job creation – policy perspective

Long before the current financial and economic crisis, industrial (SME) and labour market policies sought to encourage growth and employment through self-employment, entrepreneurship and growth in micro enterprises. Growth and employment were pillars of the first European Employment Strategy initiated in 1997 and have remained important since then.

Barriers to becoming self-employed and running a small enterprise have been highlighted as a rationale for policy intervention. As highlighted in [the European Employment Observatory Review; Self-employment in Europe 2010 \(752Kb PDF\)](#), the focus has been on creating a friendlier business environment to deal with:

- regulation;
- administrative procedures/burdens;
- access to finance;
- difficulties in obtaining sufficient information about how to start up a business.

Other issues high on the policy agendas of European countries have included helping to combat barriers of risk and uncertainty for employees changing their professional status; lack of entrepreneurial skills; and encouraging growth ambitions among entrepreneurs.

Several studies have sought to identify barriers to, and opportunities for, stimulating entrepreneurship and growth in micro enterprises. These include [a 2004 report by the European Commission Expert Group \(474Kb PDF\)](#), [a 2005 report from the same group \(697Kb PDF\)](#) and the [Flash Eurobarometer Survey on Entrepreneurship 2004](#). Hiring and employment procedures have been studied, and recommendations formulated to remove legal and administrative burdens to recruitment, tax and social contribution rules, problems in case of dismissal, and the cost of recruitment, as well as direct and indirect costs (wage and non-wage costs).

The above-mentioned studies have identified a long list of obstacles and barriers to growth and job creation in relation to self-employment and micro enterprises. However, these studies on support schemes and measures encouraging entrepreneurship and job creation do not present a systematic approach that would enable us to categorise support schemes and measures by their policy target areas and the rationale for initiating the schemes and measures, the obstacles and barriers they aim to minimise.

Consequently, the comparative thematic analysis will revolve around the model for evaluating entrepreneurial framework conditions discussed and developed by the OECD/EUROSTAT in relation to work carried out when establishing the framework for entrepreneurship indicators, as illustrated by Figure 4 (Ahmad and Hoffman, 2008; Gabrand Hoffmann, 2006; and FORA, 2009).

*Figure 4: Analytical framework for support schemes and measures targeting the establishment and growth of self-employed and micro enterprises*

| REGULATION                           | MARKET CONDITIONS                   | ACCESS TO FINANCE      | CREATION AND DISSEMINATION OF KNOWLEDGE | ENTREPRENEURIAL SKILLS                  | ENTREPRENEURIAL CULTURE               |
|--------------------------------------|-------------------------------------|------------------------|---|---|---------------------------------------|
| Administrative burdens               | Access to foreign markets           | Loan capital           | R&D activities                          | Entrepreneurship education              | Societal attitude to entrepreneurship |
| Bankruptcy legislation               | Extent of public sector involvement | Venture capital        | Knowledge transfer                      | Attracting qualified labour             | Entrepreneurial mind-set              |
| Labour market regulations            | Private-sector demand               | Stock markets          | Cooperation between enterprises         | Entrepreneurial training and experience |                                       |
| Legal system                         | Public-sector demand                | Business angels        | Technology absorption                   | Entrepreneurial infrastructure          |                                       |
| Competition legislation              |                                     | Other types of capital |   |   |                                       |
| Social benefits and health Insurance |                                     |                        |   |   |                                       |
| Income tax                           |                                     |                        |   |   |                                       |
| Wealth and inheritance tax           |                                     |                        |   |   |                                       |
| Corporate tax and capital gains tax  |                                     |                        |   |   |                                       |
| Patent standards legislation         |                                     |                        |   |   |                                       |

Source: Based on Ahmad and Hoffman, 2008

**Figure 4: Analytical framework for support schemes and measures targeting the establishment and growth of self-employed and micro enterprises**

The model aims to capture different kinds of entrepreneurial challenges and thus identify the determinants or the areas for entrepreneurial policy. The model, as can be seen from Figure 4, is divided into six overarching factors that affect entrepreneurial activity. These are regulation, market conditions, access to finance, creation and dissemination of knowledge, entrepreneurial

skills, and entrepreneurial culture. Each of these factors is subdivided into a number of policy areas.

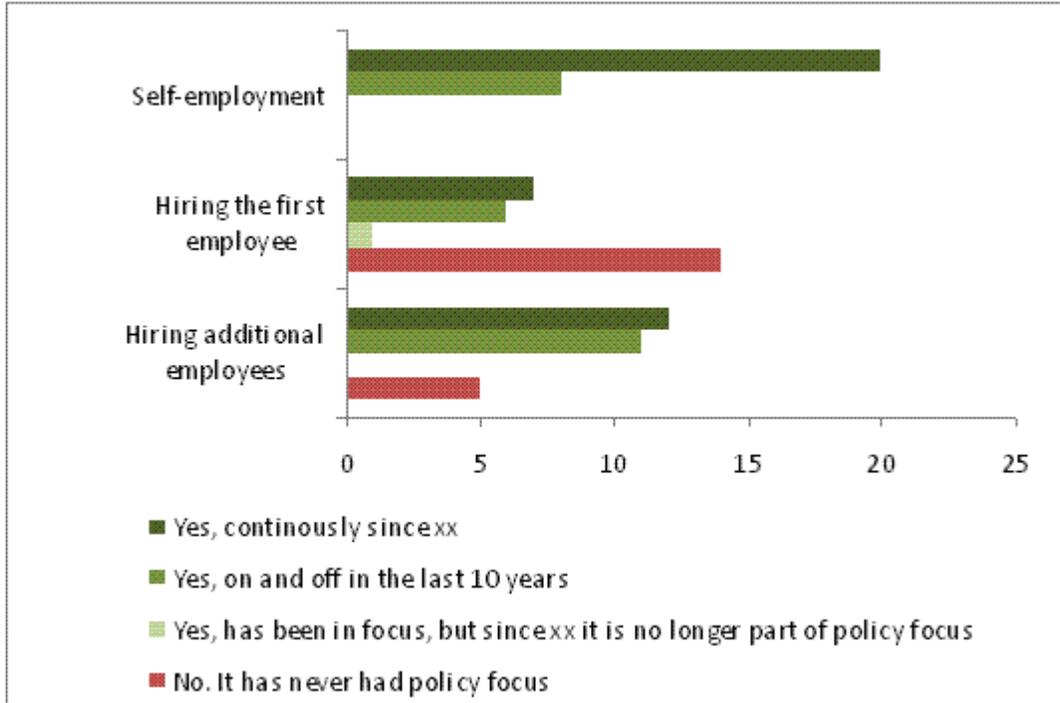
The model will be applied in the following analyses and categorisation of the identified measures and schemes because it covers the main policy areas assumed to have an effect on entrepreneurship (business development) and consequently on growth and job creation. To the extent that we have sufficient information about the individual schemes, we use the subcategories under each main heading. However, we have relatively little shared information on each measure and scheme. Consequently, there is some uncertainty about the exact categorisation and we will present the results referring only to the main categories. Furthermore, some schemes address more than one policy area. In this case, we indicate that the schemes are ‘present’ in more than one of the categories.

This comparative report on public support instruments will not only identify and group different measures; it will also give an assessment of their effectiveness and efficiency, especially in relation to growth and job creation. This approach is in line with the conceptual approach of the OECD/EUROSTAT. Consequently, the following steps will, if information is available, assess the effectiveness of the measures. This will indicate whether the measures affect the performance of self-employed people, entrepreneurs and micro enterprises, and finally whether they have an impact on macroeconomic development in terms of, for example, job creation, increased numbers of self-employed people, the number of registered enterprises, or the number of employed persons in micro enterprises.

### **General pre-crisis policy perspective**

When studying the impact of the financial and economic crisis on self-employment, job creation in micro enterprises, and policy formulation we need to establish some sort of baseline to indicate shifts in the conditions for, and the performance of, self-employment and job creation, as well as a baseline characterising the pre-crisis policy perspective. Figure 4 shows whether there has been a policy focus/debate on the specific challenges facing entrepreneurship as a tool for job creation before the global recession.

*Figure 5: Policy focus/debate on specific challenges facing entrepreneurship as a tool for job creation before the global recession in the EU Member States and Norway, by number of countries*



Source: Survey on public support instruments to support self-employment and job creation in one-person and micro enterprises in the EU Member States and Norway, 2011; n = 28

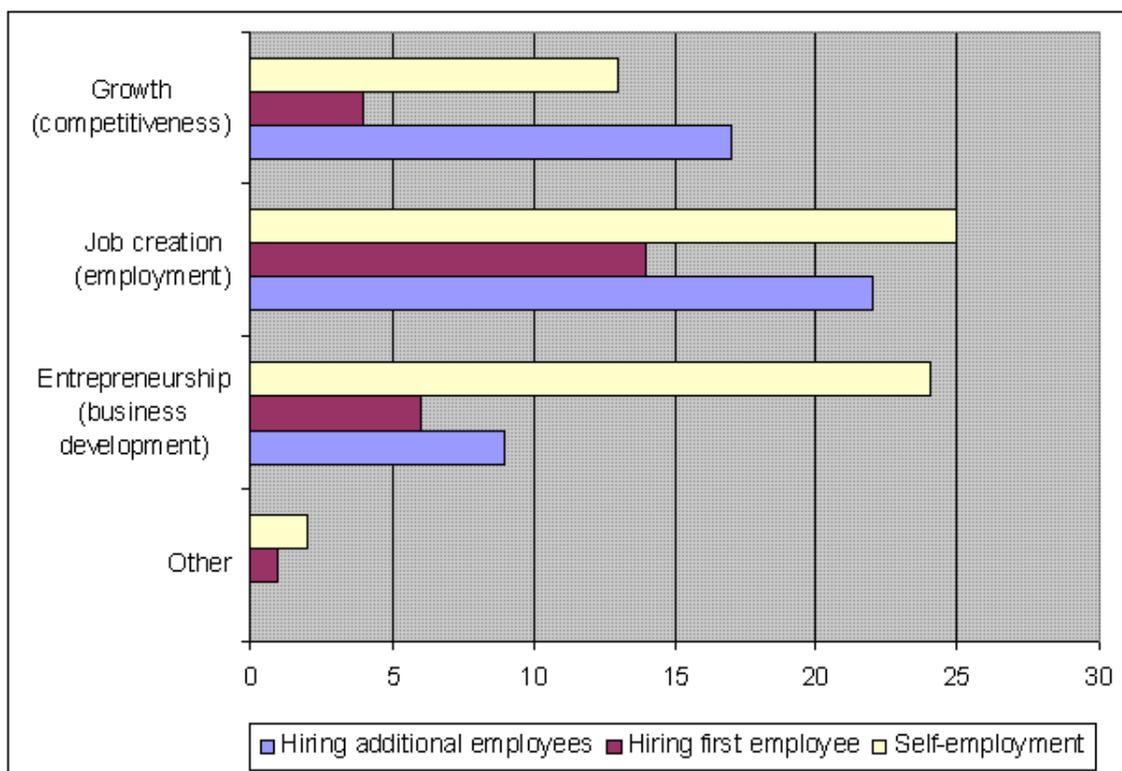
**Figure 5: Policy focus/debate on specific challenges facing entrepreneurship as a tool for job creation before the global recession in the EU Member States and Norway, by number of countries**

When looking at the general policy approach before the recession, the focus was specifically aimed at self-employment and hiring additional employees. In general, it seems that these two policy areas have been emphasised since about 2000 or been in focus on and off over the last 10 years. However, in some countries the policy focus on self-employment came later, such as in France(2008) and Latvia(2005). In about one fifth of the countries in question (including Cyprus, France, Luxembourg, the Netherlands and Slovenia) hiring additional employees has received no special focus.

About half of the countries report no focus on hiring the first employee. It could be important to keep in mind that this category/target group is more specific and rather limited as opposed to hiring additional employees, as not all one-person enterprises intend to employ workers, which may cause a lack of policy focus. However, not having focus on hiring the first employee is not useful for the business landscape, as more than half of the companies in the Member States are one-person enterprises, and at least some of them should be considered as potential employment creators. The countries with a more continuous focus include Denmark, Finland, Greece, Ireland, Italy and Latvia. Countries such as Austria, Belgium, Bulgaria, Germany and Malta have focused on hiring the first employee on and off in the last 10 years.

Figure 6 shows the main focus in policy documents or strategies, in relation to public or social partner-based support instruments, for fostering self-employment or job creation in one-person and micro enterprises.

Figure 6: Main policy focus in policy documents and strategies



Source: Survey on public support instruments to support self-employment and job creation in one-person and micro enterprises in the EU Member States and Norway, 2011. n = 28; multiple answers possible to survey questions.

**Figure 6: Main policy focus in policy documents and strategies**

For all three policy areas (with considerable differences in the absolute number of countries due to the neglect of the potential of one-person enterprises as job creators) the main focus in the policy documents and strategies is the employment dimension in terms of job creation. However, entrepreneurship and business development is almost as much in focus for self-employment, which is not the case for the two other target areas, either the hiring of the first employee or hiring additional employees.

Generally, it is very difficult to identify any country clusters or focus patterns with regard to the three policy areas. However, almost all countries emphasise a focus on entrepreneurship in the area of self-employment except Cyprus, Hungary, Ireland and the UK. Denmark, Ireland and Luxembourg are the only countries that do not focus on job creation in this policy area.

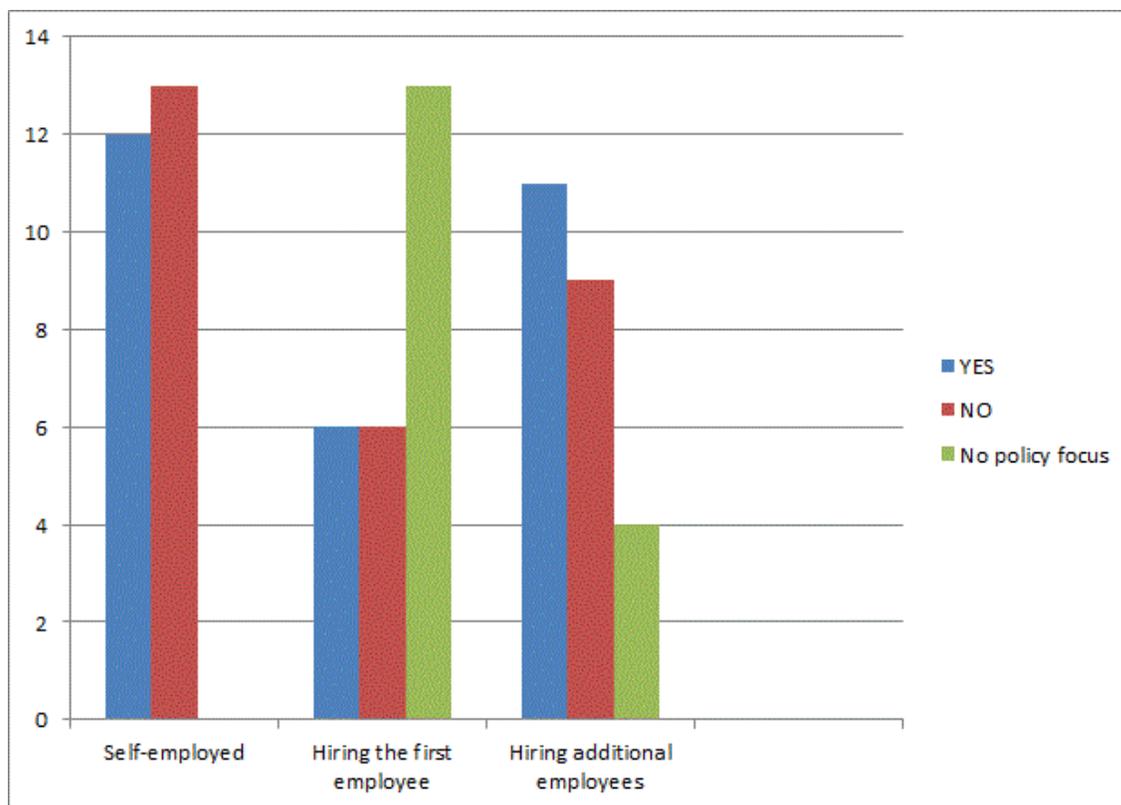
Fostering growth and competitiveness is in focus for policies and strategies for hiring additional employees, whereas focus on entrepreneurship is less evident for this category, as might be expected. The countries that focus on entrepreneurship in the area of hiring additional employees include several New Member States such as Hungary, Latvia, Romania, Slovakia and Slovenia. However, some old Member States such as Denmark, Luxembourg, the Netherlands and Portugal also emphasise a focus on entrepreneurship in this policy area.

## Impact of the global recession on policy focus

The global recession has influenced the public and social partner-based support instruments in the EU Member States and Norway. The recession has caused a change in, and/or increased policy focus on, the creation of enterprises and jobs, and new initiatives and programmes are launched in an attempt to anticipate and prevent a further downturn due to the economic crisis. However, the scope and type of initiatives vary considerably across Europe; and it is difficult to trace country clusters or patterns to these changes.

About half the countries report a change in or an increased focus on the policy area of *self-employment*, while the other half of the countries report no change. In some of the latter, already existing initiatives are believed to be sufficient to meet the changed conditions for being self-employed and encouraging job creation, while in other cases there may not be any initiatives targeting self-employment in general as indicated by the National Correspondents (see Figure 7).

Figure 7: Number of countries reporting changed or increased policy focus caused by the recession



Source: Survey on public support instruments to support self-employment and job creation in one-person and micro enterprises in the EU Member States and Norway, 2011, n = 25. Data missing from Greece, Ireland and Italy.

Figure 7: Number of countries reporting changed or increased policy focus caused by the recession

In cases where there has been a change in policy focus on *self-employment* due to the recession, the instruments tend to include increased financial support to unemployed people, including disadvantaged job-seekers taking up self-employment. This is the case in Portugal,

Slovakia, Slovenia, Spain, and the UK. One example from Portugal is a programme that includes support for business creation to the above-mentioned groups through mechanisms such as:

- easier access to credit with reduced interest rates;
- technical support for the establishment and consolidation of projects;
- the anticipated payment of unemployment benefits.

In Slovakia, job seekers who set up their own businesses were able to obtain subsidies including coverage for compulsory health insurance payments for a 22-month period, as well as social insurance payments for four-month period. In addition, compulsory contributions to the solidarity reserve fund, paid by the self-employed, were reduced from 4.75% to 2% of the tax assessment base.

Other changes include more focus on entrepreneurial skills and self-employment in general. In Belgium, specific measures have been introduced to offer a more flexible framework for self-employed people by, for example, extending the time allowed for paying social contributions.

The reports indicate that, in most countries, the crisis has not led to any change in the generally limited policy focus on small enterprises hiring the first employee. Only in six countries is there evidence of increased focus on this issue. In Austria, a new measure for reducing the costs for the first employee in one-person enterprises was implemented under the framework of the second labour market package, which meant that the Public Employment Services must pay 25% of the gross wage for the first employee of a one-person enterprise for up to 12 months. A somewhat similar pattern can be observed with regard to hiring additional employees. However, this area is receiving more focus.

In the 11 countries where the recession has resulted in a change in focus on hiring additional employees, most have increased the enterprises' access to wage subsidies, either by broadening eligibility for the measure or by increasing the volume of subsidies. This is the case in Belgium, Bulgaria, Estonia and Slovakia. Portugal has reduced taxes and decreased the level of social contributions when jobs are created for disadvantaged groups such as older people or young people. The renewed support instruments and programmes in this category are often made available to all small and medium-sized companies, and not just to companies hiring, for example, their second or third employee.

### **Disincentives for self-employment and job creation**

Certain political initiatives aimed at improving, for example, the legal protection of citizens or the efficiency of public administration are known to create unintended disincentives for job creation and business development (for example, cuts in public budgets).

Before the current crisis, such disincentives primarily pertained to administrative burdens on enterprises caused by, for example:

- compulsory registration of labour contracts;
- minimum social security thresholds;
- starting up and running an enterprise.

Other, often mentioned, disincentives include the increase in energy prices, a high level of corporation taxes or complicated taxation systems.

The crisis does not seem to have made these disincentives any worse.

Eleven countries indicate that the recession has not created new disincentives for self-employment and job creation. Nevertheless, several countries, especially New Member States such as Hungary, Latvia, Lithuania, Romania and Slovenia, mention that increased corporation taxes are an obstacle. A few countries have not introduced corporation tax increases, but there have

been VAT increases resulting in disincentives for self-employment and job creation as they can have a negative impact on entrepreneurs' revenue.

The administrative burdens on entrepreneurs and small enterprises do not appear to have been increased by the recession. Only two countries mention them as a disincentive, as opposed to 10 countries before the crisis. This could indicate that there has, in fact, been a general decrease in the level of administrative burdens. However, the same burdens may still be in place even after the crisis, indicating that the explanation also could be a shift in political focus.

Energy prices that have been further increased by energy taxes are mentioned in several countries (Latvia, Lithuania, Portugal and the UK). Inflation or a general deflation policy is mentioned by Ireland, Malta and Romania.

There are also some other disincentives, mentioned by one or two countries, that have occurred as a result of the recession.

- Public sector reforms have resulted in decreased consumption in general, which affect all companies, not just micro enterprises and self-employed.
- Reduced hours for publicly funded day care has affected all companies, but self-employed people are more vulnerable to such changes
- Using private assets as collateral for firms' VAT debts

In short, the disincentives related to public measures encouraging growth in micro enterprises have only been slightly affected by the recession. It is, however, possible that the impact of the recession will increase and this may lead to deterioration in the framework conditions in the years to come, as the crisis measures take effect only gradually.

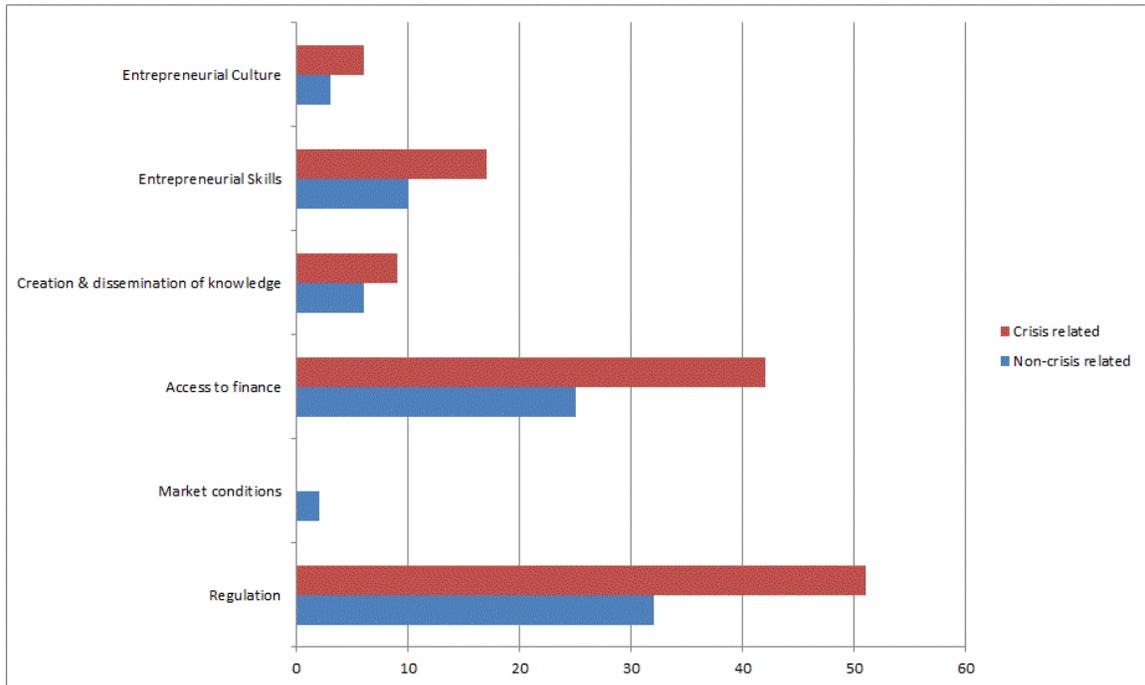
## **Comparative analysis of measures initiated since 2008**

The comparative thematic analysis will evolve around the model for evaluating entrepreneurial framework conditions discussed and developed by the OECD/EUROSTAT in relation to work carried out when establishing the framework for entrepreneurship indicators introduced earlier (Ahmad and Hoffman, 2008; Gabr and Hoffmann, 2006; and FORA, 2009).

The national correspondents were not required to provide a comprehensive list of all recent support instruments. However, they were asked to provide an overview of the type of support offered in their respective countries.

There are a vast number of support instruments in the Member States and Norway focusing on supporting self-employment and job creation in one-person and micro enterprises. This analysis gives an overview of recent measures initiated from 2008 onwards. However, the instruments initiated after 2008 as a response to the financial and economic crisis receive particular focus. In all, there are 179 instruments reported as recent initiatives, of which 113 fulfil the criterion of having been initiated in response to the crisis. Thus, the majority of recent measures have been initiated as a way to tackle the crisis. They are distributed between the six categories as shown in Figure 8. It may also be useful to see Annex 1, 'A list of recent instruments', and Annex 2, 'A list of identified crisis instruments'. The instruments may fall within one or more categories but are only counted once in the overall count of 179.

Figure 8: Categorisation of recent support schemes and measures (2008 onwards) targeting self-employed and job creation in one-person and micro enterprises



Source: Survey on public support instruments to support self-employment and job creation in one-person and micro enterprises in the EU Member States and Norway, 2011. Each instrument may fall into more than one category.

**Figure 8: Categorisation of recent support schemes and measures (2008 onwards) targeting self-employed and job creation in one-person and micro enterprises**

First, we examine the recent instruments that are not motivated by the crisis. The self-employment measures discussed in the [European Employment Observatory Review: Self-employment in Europe 2010 \(752Kb PDF\)](#) are not considered, in order to avoid duplication.

Some of the recent measures have been introduced to limit the **administrative burdens** when setting up and running businesses. Common to these measures is that they are government-initiated and apply to all companies, regardless of size, except in one Swedish example (see below).

There are different ways to overcome administrative burdens. South European countries have launched or reformed one-stop-shops since 2008. Examples are Greece where these primarily deal with company registration, or Italy where they handle a wide range of issues to simplify the dialogue between the public administration and enterprises, including start-ups. Sweden has reduced the administrative burdens with audit exemptions for very small companies. Finland has introduced a virtual tax account for all types of businesses, and Spain has introduced a single electronic document to handle issues related to registration, social security and tax for all types of enterprises. To reduce and eliminate the administrative burdens in the registration of economic activity, Poland has introduced a virtual central register and made it possible to register in a municipal office (local authority office).

Sweden and Finland have introduced a vast number of changes to their **labour market regulations**, reducing social security contributions or extending social benefits for specific types of employees, such as workers under 26 years old, entrepreneurs and self-employed people.

A few countries (Austria, Malta and Sweden) have reduced their **corporation tax rates** or increased the tax allowance for profits to make companies more competitive and attractive to (foreign) investment.

Different types of credit schemes and **access to loan capital** have been launched across the Member States. However, provision of other types of capital has been more common. Such provisions of finance are generally introduced to foster research and development, **cooperation between companies** and **knowledge transfer** from educational and research institutions to industry, as is the case with grant schemes in France and Malta, support for clusters in Hungary, and innovation vouchers in the Netherlands.

In line with the focus on research and development and knowledge transfer, several measures have been introduced to provide **entrepreneurship training and experience**. The **entrepreneurial infrastructure** has been improved by the introduction of business incubators in Austria, Latvia and Malta. In general, the measures aim to foster the business knowledge of future/established entrepreneurs in the form of consultancy services, training and provision of tool kits. A few measures operate at a universal level and are aimed at promoting entrepreneurship in general and institutionalising **the entrepreneurial mind-set** of society as a whole, or at more targeted groups.

Going back to Figure 8, the research also examined recent instruments initiated in response to the crisis.

According to the survey, support instruments triggered by the recent crisis primarily fall within the area of **regulation**; especially new provisions in labour market regulation which have been introduced by the Member States and Norway. These provisions frequently introduce wage subsidies when SMEs (or companies in general) hire unemployed people, or reductions in social security or pension contributions for employees or self-employed people for a limited period. Other frequently used instruments are:

- deductions in corporate tax and capital gains tax (targeted particularly at SMEs and micro enterprises);
- facilitating legal access for entrepreneurs (targeted at micro and one-person enterprises).

This can be seen in Lithuania with their ‘Legalisation of a new legal person’s form – small partnership’. However, the crisis-related measures did not generally have stronger focus on smaller businesses than non-crisis related measures.

**Improving access to finance** is the second most important type of crisis-related initiatives, as it has become harder since the crisis for companies to get capital. Several countries have introduced new initiatives improving the access to loans for micro enterprises and SMEs as a result of the recession. Such measures include improved access to start-up capital and credit guarantees for entrepreneurs, such as Denmark’s ‘Get-started-loans’ or the ‘Micro credit scheme’ in Austria. Other types of capital are also frequently provided, such as the subsidies for consultancy services in Luxembourg or the funding for ‘Entrepreneurship of Unemployed Women aged 22–64’ in Greece. However, in general, capital is often provided in the context of policy initiatives to underpin innovation by entrepreneurs or in businesses in general.

Upgrading people’s **entrepreneurial skills** is also the focus of crisis-related instruments. Several countries offer consultancy services, or subsidies for such services, to SMEs, micro enterprises, and self-employed people to help them tackle the financial crisis. Efforts have also been increased to train unemployed people to setup their own business.

Some instruments aim to promote an **entrepreneurship culture** and an entrepreneurial mind-set, mostly among the unemployed.

Nonetheless, it appears that the crisis has not led authorities to intensify their focus more explicitly on instruments to support employment growth in micro enterprises, for example by

supporting recruitment of employees in the one-person companies. Rather, measures target either all enterprises or SMEs and can also be used by the smallest businesses. The target groups for all recent measures will be examined more explicitly later in this section.

### **Indirect and direct fostering of self-employment and job creation**

Before examining whether the measures foster self-employment and job creation directly or indirectly, we must highlight the distinction between direct and indirect measures. Direct measures explicitly stress that access to support is conditional on individuals becoming self-employed or on the creation of a specific job. Indirect measures are less ‘anti-competitive’ as self-employed persons or enterprises can make independent decisions that may or may not lead to job creation.

Overall, national policy approaches appear to be mostly indirect, rather than directly aimed at removing or reducing barriers to employment growth, such as encouraging entrepreneurial skills and professionalism in enterprises or the management team(s) of one-person enterprises or micro enterprises.

Some identified initiatives target self-employment and job creation *indirectly*, for instance by introducing new tax provisions or providing access to capital such as:

- local authorities in Spain settling outstanding debts with self-employed people and SMEs;
- reduced late payment interest in taxation and increased household work tax deduction in Finland;
- financial support in Estonia and Malta for participation in international activities to support exports;
- loan guarantees in Greece for tax and insurance payments.

As a rule, such measures are not conditional on job creation in the companies that benefit from them, but rather they foster growth by improving the general business environment.

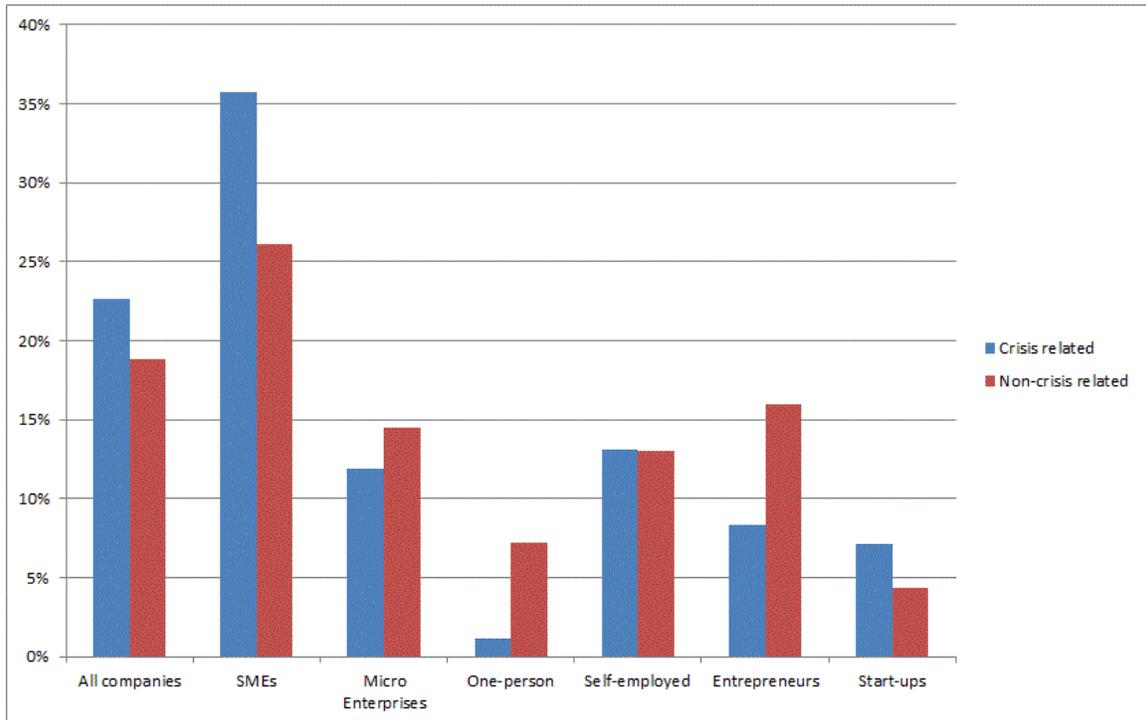
Only in some cases is the provision of start-up capital made conditional on hiring unemployed people. These include the ‘Competitive Start Fund’ in Ireland where the company (in addition to other criteria) must be capable of creating ten new jobs in Ireland within 3–4 years of starting up to qualify for funding. Nevertheless, the access to capital to start business activities can be considered as direct measures as they at least result in the creation of jobs for the self-employed.

Furthermore, reductions in social security contributions and wage subsidies represent direct support for job creation such as the ‘Regional subsidies for one person enterprises hiring their first employee in the province of Tyrol’ scheme in Austria.

### **Target groups**

In general, the measures reported by the national correspondents not only target micro enterprises or self-employed people, but more generally SMEs (including micro and one-person enterprises) or all companies regardless of size. On top of this, it appears that the crisis has led to increased focus on all companies and particularly SMEs, which has taken attention away from entrepreneurs and one-person enterprises. Only about 40% of the measures initiated as a response to the crisis specifically target the conditions of micro enterprises, self-employed people, entrepreneurs and start-ups, and just one of the identified crisis-related measures targets one-person enterprises (hiring the first employee) see Figure 9.

Figure9: Target groups for the recent support schemes and measures (2008 onwards)by type of enterprise



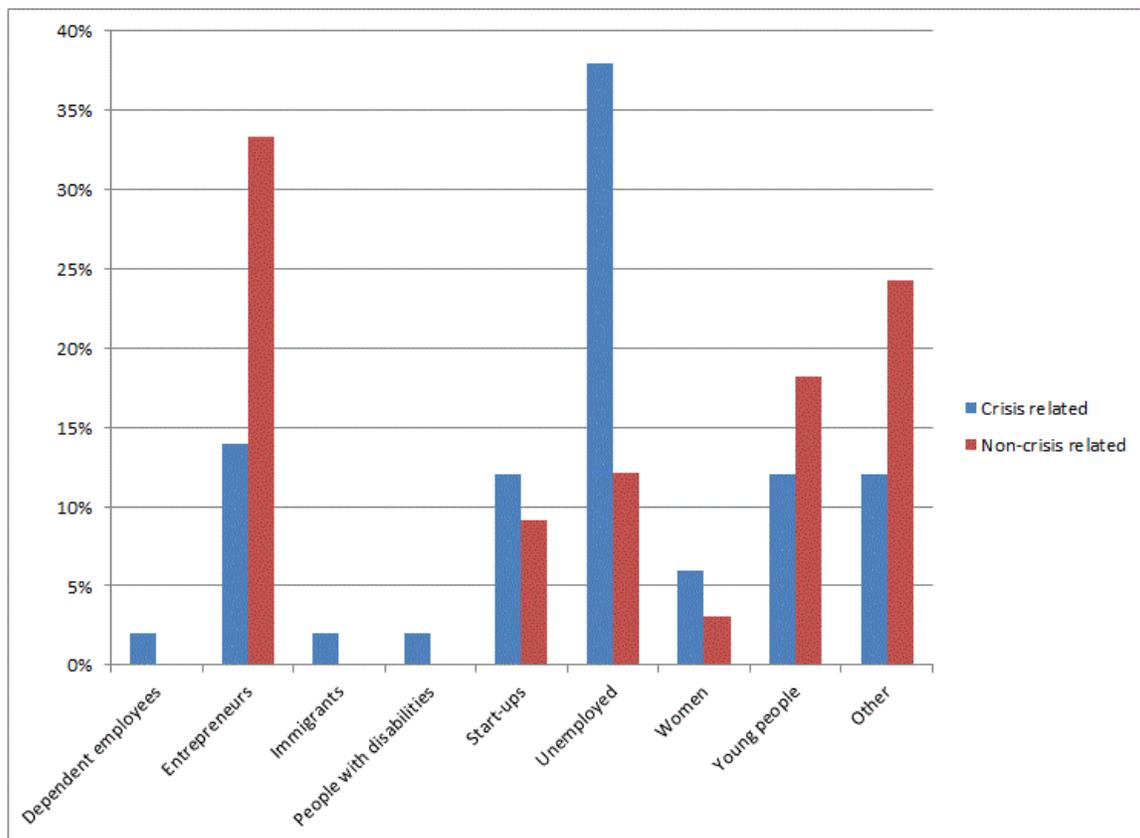
Source: Survey on public support instruments to support self-employment and job creation in one-person and micro enterprises in the EU Member States and Norway, see Annex 1 and 2

Note: Not all measures are targeted at a certain type of enterprise and some measures may target more than one type.

**Figure 9: Target groups for the recent support schemes and measures (2008 onwards)by type of enterprise**

The measures do not merely target a specific type of company. They also aim to foster job creation for specific clienteles (see Figure 10). On the one hand, the non-crisis-related measures with a specific target group in mind tend to focus on entrepreneurs (33%) regardless of prior labour market status and young people (18%). On the other hand, a shift can be identified in connection with the crisis-related measures. Here unemployed people are the main target group (with more than 38% of the measures having unemployed people as their specific target group as opposed to 12% in the non-crisis-related measures). Finally, the crisis has led to increased focus on women and a new focus on measures directed at immigrants, the disabled, and dependent employees becoming self-employed in some countries. However, one has to keep in mind that there are only six of these particular measures. Greece has more than one measure targeting women, whereas the rest of the measures can be found in Bulgaria, Spain and Sweden.

Figure 10: Target groups for the recent support schemes and measures (2008 onwards)  
(Number of instruments by target group, specific groups of individuals)



Source: Survey on public support instruments to support self-employment and job creation in one-person and micro enterprises in the EU Member States and Norway, see Annex 1 and 2

Note: Not all measures are targeted at a specific group of individuals and some measures may target more than one group.

**Figure 10: Target groups for the recent support schemes and measures (2008 onwards) (Number of instruments by target group, specific groups of individuals)**

The measures may also target specific sectors, such as construction, greening or creative industries, and/or rural/disadvantaged areas. NMS, which are often involved in EU programmes, have measures in this category (for example Bulgaria and Romania). Another focus area is targeting companies that participate in innovative projects and processes (such as in Lithuania and Portugal).

In general, both types of measures, that is non-crisis and crisis-related, targeting the types of companies of interest to this report, can be found in most Member States. Most countries also use a mix of initiatives to target a vast number of company types, clienteles with specific circumstances and sectors. It is therefore difficult to identify any country clusters or patterns.

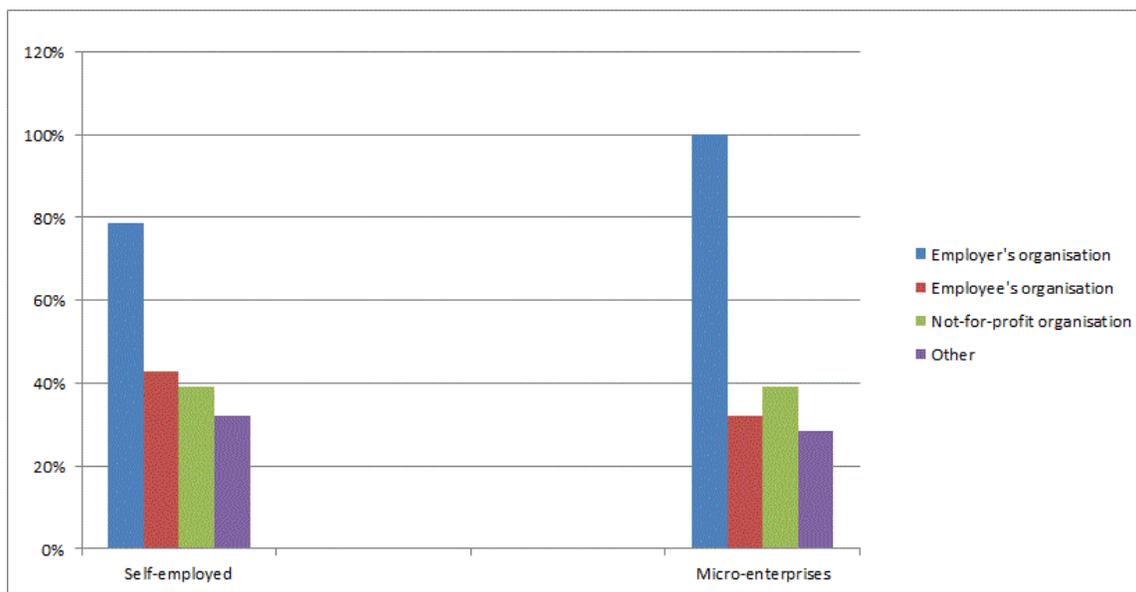
## Stakeholders involved

Generally, the policy instruments of this report are initiated by the governments in the Member States and Norway and implemented and run by national, regional or local agencies and offices such as the public employment service offices. In the measures in the area of access to finance, such as micro credit schemes or other kinds of financial support, a financial institution (bank, credit institution/foundation) is often involved. Measures in relation to fostering research and development and innovation often involve research institutions and/or universities.

Employers' and employees' representatives are another group of stakeholders that may be involved in initiating and implementing measures. Self-employed people and micro enterprises, in particular, appear to be well represented in the Member States and Norway. In more than 50% of the countries (15 of the 28 countries for self-employed people and 17 of the 28 countries for micro enterprises respectively) these groups are explicitly represented. In three countries where the two groups are represented, however, there is no indication of whether the representation is implicit or explicit. The most important type of representation is employers' organisations. Figure 11 illustrates that microenterprises are represented by employers' organisations in all countries. Self-employed people are not represented by any interest group in three countries (Bulgaria, Estonia and Latvia). Consequently, fewer organisations are lobbying to defend the special interests of self-employed people. This may have an impact on the design and implementation structure for policy instruments that focus on the problems and challenges of the self-employed.

However, judging from the reported stakeholder involvement in the development and implementation of the public support instruments identified by the correspondents in our survey, employers' and employees' organisations do not appear to play a very active role in developing the support framework for micro enterprises' growth. Moreover, they play only a minor role in initiating or implementing programmes to support self-employment and job creation in one-person and micro enterprises. One example is the Spanish 'Start-up Plan' for the creation of enterprises with the active involvement of local councils, employers' organisations, a consortium for the creation of enterprises and non-profit organisations, together with experts in the field. Another example is Malta, where the social partners have been involved in developing the proposed Small Business Act and the Malta Employers' Association has been involved in designing and running a capacity building scheme for micro business employers. In Finland a 'Working group for Developing Entrepreneurs' Social Security' has initiated three of the measures identified by the Finnish National Correspondent.

Figure 11: Representation of self-employed and micro enterprises



Source: Survey on public support instruments to support self-employment and job creation in one-person and micro enterprises in the EU Member States and Norway, 2011. n = 28 (100%); multiple answers possible

Figure 11: Representation of self-employed and micro enterprises

## Examples of good practice

For several years, research by the European Commission and many other studies have gathered examples of policy instruments and ‘good practice’ in various fields, including enterprise policy. These include [the European Commission’s 2011 Database of good practices](#) and the [2010 study on self-employment in Europe \(753 Kb PDF\)](#) by the European Employment Observatory Review. It is not the intention of this report to present an alternative to these comprehensive collections. Instead, we present the recent (2008 onwards) policy instruments identified by the national correspondents as ‘good practice’. The national correspondents have selected these instruments because they successfully met, or are expected to meet, some of the problems and challenges (including those caused by the crisis) faced by self-employed people and one-person and micro enterprises.

The national correspondents have provided information on up to three ‘good practice examples’ initiated in 2008 or later. These are detailed in the national contributions from Eurofound’s Network of European Observatories. We present some examples of these to illustrate a variety of focuses and to highlight the results in terms of effectiveness and efficiency, as far as information is available.

It is worth noting that these good practices are difficult to assess on the basis of their performance. In most countries the instruments do not appear (yet) to have been evaluated against well-defined criteria of efficiency, effectiveness, effect or impact. Therefore, the assessment is mainly based on expert opinions (the national correspondents) rather than empirical data.

Consequently, the identified crisis instruments and good practices will primarily be of inspiration to other regions and Member States as a way of sharing knowledge for potential future policy rather than delivering entirely novel solutions and approaches.

## Examples of good practice within regulation

A closer examination of the good practice examples illustrates the diversity of the instruments. One approach is to address a specific challenge for the micro enterprises, such as labour costs. The 'good practices' in this field consist of reducing costs by giving the incentive of a wage subsidy to one-person enterprises recruiting their first employee. This occurs in the Tyrol, Austria, where the programme appears to be highly effective, as by July 2011, 133 new jobs had been created by hitherto one-person enterprises.

The long-lasting effect of this is, however, difficult to predict, as some national correspondents report that there may be misuse of such grants, or that the new jobs may last only as long as the grant.

Some instruments focus on administrative regulation. In this category, we find Germany's mini-company with limited liability ('Mini-Co. Ltd') which illustrates how legislation can promote entrepreneurial activity by reducing the financial liability of the owners. Normally, a private limited company needs a minimum start-up capital of €25,000, but a 'Mini-Co. Ltd' may be founded with a starting capital of only €1. However, 25% of the annual profits must be retained as a reserve until the minimum capital required for a traditional company with limited liability is reached. In 2009, 9,711 'Mini-Co.s Ltd' were founded and a further 10,978 in 2010, with the scheme being therefore considered a success.

If the economic activity drops in a one-person enterprise, the (part-time) self-employed person may forfeit tax benefits and may consequently have to give up his/her business. In a crisis, it may be relevant to balance revenue from taxation with the risk of business closure and unemployment. This is the case in the Dutch initiative 'Adjustment of the hours criterion'. This scheme was established as a response to the recession as many (part-time) self-employed found it hard to achieve the standard hour criterion of the Dutch tax authorities. The scheme reduces the hour criterion so that they still qualify for tax deductions and so may experience fewer financial difficulties.

However, regulation of, for example, the labour market by a more direct approach to unemployment can have a positive impact on self-employment. Unemployed people or those threatened by redundancy can be encouraged to start their own business. The rationale of some of the good practices, notably the Bulgarian Programme Active Labour Market Services and the New Enterprise Allowance Scheme in UK, is to help unemployed potential entrepreneurs to overcome the challenges associated with entrepreneurship by offering business support.

The UK's New Enterprise Allowance Scheme helps unemployed people to set up their own businesses by providing access to advice (a mentor programme), a weekly allowance and help to access small loans of up to GBP 1,000 (€1,165 as at November 28, 2011) to help with start-up costs once it has been demonstrated that they have a viable business idea and are ready to register as self-employed.

The Bulgarian 'Active Labour Market Services' programme has been implemented by a range of social partners. The stakeholder network can be a useful asset for an entrepreneur as it provides him/her with business knowledge and inspiration.

## Examples of good practice in access to finance

The economic crisis has meant that SMEs, and business start-ups in particular, are finding it increasingly difficult to obtain finance. Several schemes have been launched to try to tackle this.

The Austrian scheme, Services Action Funding Competition (Dienstleistungsaktion Förderwettbewerb), offers funding to SMEs/one person enterprises. In 2010, 49 enterprises, employing 454 workers, received a total €3.2 million, which triggered a total investment of €10.1 million. These enterprises created 121 additional jobs.

The Microcredit Fund Germany is intended to improve access to new capital for small and micro enterprises and self-employed people. The fund offers short-term micro loans up to a maximum of €25,000. It aims to help would-be entrepreneurs who have no money. In 2010, 1,600 loans were granted, and by February 2011 a total of 1,800 had already been granted. It is estimated that each micro loan creates 1.5 jobs.

For many potential entrepreneurs and micro enterprises, their financial problems are not only linked to uncertain economic times. Banks or other financial institutions can often be reluctant to lend to those who offer patchy information about their enterprises, or who have an obvious lack of sufficient business skills. Some support instruments offer consultancy services or business coaching, for example by helping to develop and implement a business plan. This not only improves the entrepreneur's skills and their business, but greatly increases their chance of getting mainstream funding. If such instruments are followed by low-interest bank loans, with a government guarantee, there will probably be an even better match between the entrepreneurs' need for capital and its supply.

One example of this is the Lithuanian Entrepreneurship Promotion Fund, which encourages new enterprises by offering consultancy services, guarantees to small and medium size businesses and granting low-interest loans. In 2010, 449 guarantees were issued, which are expected to create nearly 600 new jobs.

Micro-financing – micro credit in the Netherlands is a combination of coaching and small loans granted to stimulate new enterprises. The programme provides access to capital while reducing the risk of taking out a bank loan. Entrepreneurs with appropriate business skills and a viable business plan may apply for credit of up to €35,000. 1,300 loans were granted in 2009.

Policy makers and the media often portray micro enterprises and entrepreneurs as the big businesses and managers of tomorrow. However, entrepreneurs often do not have the skills or the ambition to run a growth-oriented business. It is therefore relevant to ask whether the micro enterprise could be induced to create additional jobs by introducing a new and more growth-oriented management team to the business. Transferring an enterprise from one generation of owners to the next is a similar issue. Business transfer loan schemes deal with this problem by offering potential buyers of micro enterprises favourable loans. One example of this is the 'Business Transfer Loan' (Luxembourg) which ensures the continued long-term operation of a SME by granting potential buyers of the SME easier access to the loan needed to buy the enterprise.

### **Examples of good practice in entrepreneurial skills**

Offering training and general consultancy services to entrepreneurs are quite common good practice examples. However, the UK-based Telephone Contact Service and Business Coaching for Growth challenge the role of the typical all-round entrepreneurial business consultants. The Telephone Contact Centre offers easy access to basic information and advice for entrepreneurs. However, the challenge for many entrepreneurs is to carry out an in-depth analysis of their own business and business model and identify future business opportunities. The real need therefore, as described in the Business Coaching for Growth, is specialist advice, coaching and mentoring tailored to the individual enterprise.

### **Examples of good practice in entrepreneurial culture**

No matter whether the entrepreneur considers starting an enterprise as taking advantage of an opportunity, or sees it as a necessary means of subsistence, entrepreneurs do need ambition, skills and experiences to operate a business successfully. The Maltese scheme Start Your Own Business aims to actively encourage people, particularly those who are unemployed and inactive, to start their own businesses. The programme offers advice and consultancy, training, mentoring, and

finance. About 500 people have joined the programme, and by May 2011 97 people had successfully begun to work for themselves.

Examination of all the instruments shows that they are quite traditional. Even if many of them have been adjusted to specific local or national business and labour market conditions, they are not innovations that could potentially be replicated in other Member States as new policies.

## Commentary

Becoming self-employed or developing a micro enterprise is a challenge and the current financial and economic crisis has not made it easier. Several initiatives have been implemented across Europe to encourage self-employment and job creation in micro enterprises. The initiatives identified in this study represent a wide range of support instruments and measures. However, many of the instruments are designed to target businesses or SMEs in general, and not self-employed people or micro enterprises in particular, not to speak of one-person enterprises that are directly/explicitly addressed even more rarely. Consequently, in most countries, the crisis has not led to any increased focus on the issues of self-employment/one-person enterprises, hiring the first employee and hiring additional employees in micro enterprises, even though self-employment represents 15 % of total employment in the EU, and there are approximately 11 million one-person enterprises with no employees. It has to be recognised, however, that not all of these business activities are also characterised by growth or employment potential, since a good share of self-employed and one-person enterprises have no such intention or are unable to hire employees.

The identified measures represent a wide range of instruments of which most, if not all, have been employed in other countries, whether before or after the crisis. Consequently, the instruments cannot be considered a result of ‘measures innovation’. Instead it seems that some instruments may be preferred or thought more effective for dealing with the negative effects of the crisis on the challenges of becoming or being an entrepreneur.

Some of the instruments focus on system failure or dysfunctionalities in the framework conditions for self-employed people and micro enterprises. Whether the problems are related to the labour market, the financial market, or public administration, the main aim is to either reduce barriers or introduce more flexible systems. Examples of such measures are wage subsidies, red tape initiatives, tax schemes, or credit schemes.

Many of the support instruments and initiatives reflect problems that have come about because of the financial and economic crisis and, as such, they may have a positive impact on conditions for doing business in the current economic climate. However, focus tends to be on the functionalities of different markets and systems to increase effectiveness or reduce (transaction) cost. In the current crisis, such initiatives may be highly relevant, but the question remains whether these initiatives contribute to sustainable job creation and economic growth.

Another key question is how national policies can support and encourage job creation in micro enterprises and one-person enterprises (the job creation potential of which seems to be somewhat neglected across Europe). Education, training, consultancy, and/or mentors can improve the entrepreneurs’ business skills and contribute to more professionally managed enterprises. [A study by the Danish Technological Institute, published in 2011 \(in Danish, 1.2Mb PDF\)](#) and carried out for The Danish Agency for Science, Technology and Innovation, indicates that a professional and ambitious management tends to have a positive impact on innovation and consequently on growth. Generally, innovation has a positive impact on the renewal of the enterprises, and hence their competitiveness.

If innovation is to become a platform for job creation, it is important to be able to understand and influence the driving forces of the innovation process. In principle, anyone can contribute to the innovation process in an organisation, including customers. However, a 2010 Danish study

(504Kb PDF) by Junge and Skaksendocuments that recruitment of highly qualified labour (for example engineering graduates) in SMEs has a positive impact on job creation. The first graduate employed by an SME will typically generate up to two additional new jobs, and other observers stress that they could even help to create five new jobs for people who are less well qualified.

Finally, the correspondents expect that many of these instruments have already had, or are expected to have, a positive impact on job creation. However, there is little evidence that this will in fact be the case. We still have to wait for the evaluations.

All in all, the job creation process appears to be rather complex, and there does not appear to be one simple answer to this problem. However, the preliminary experiences from the measures studied indicate that improving the entrepreneurial skills and professionalism of the (potential) entrepreneurs has a more sustainable impact on job creation as well as on the competitiveness of the enterprises, than minor changes in the cost of labour, access to capital and red tape initiatives.

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## Annex 1: List of identified instruments from 2008 onwards (not crisis-related)

\* marks instruments falling into more than one category

| CATEGORY                      | NAME OF INSTRUMENT   | COUNTRY |
|-------------------------------|--|---------|
| <b>REGULATION</b>             |  |         |
| <b>Administrative burdens</b> | <p>«Υπηρεσίες Μίας Στάσης για τη Σύσταση Επιχειρήσεων &amp; Γενικό Εμπορικό Μητρώο» (N. 3853/10)</p> <p>One-Stop Shops for the Establishment of Enterprises and General Register of Companies (Act 3853/10)</p>  | EL      |
|                               | <p><i>Ley 368/2010 por la que se regulan las especificaciones y condiciones para el empleo del Documento Único Electrónico (DUE) para la puesta en marcha de empresas individuales mediante el sistema de tramitación telemática.</i></p> <p>Law 368/2010 on the regulation of conditions of use of the Single Electronic Document for the start-up of individual enterprises by means of online processing.</p> | ES      |
|                               | <p><i>Verotili</i></p> <p>Tax account</p>  | FI      |
|                               | <p><i>Simplification of tax system and accounting</i></p>  | HU      |
|                               | <p><i>Sportello unico attività produttive, SUAP</i></p> <p>One-stop counter for businesses (reformed in 2010)</p>  | IT      |
|                               | <p><i>ComUnica</i></p>   | IT      |
|                               | <p><i>„Jednookienko” i „zerookienka” – zmiany w ustawie o swobodzie działalności gospodarczej</i></p> <p>‘Single Window’ and ‘No Window At All’ -- changes in the Act on the freedom of economic activity.</p>   | PL      |
|                               | <p><i>Ustawa deregulacyjna</i></p> <p>Act on Deregulation</p>  | PL      |
|                               | <p><i>Regelförenklingar</i></p> <p>Improve administrative regulations and cut red tape</p>   | SE      |
|                               | <p><i>Avskaffad revisionsplikt</i></p> <p>Audit exemptions for very small companies</p>  | SE      |

| CATEGORY   | NAME OF INSTRUMENT  | COUNTRY |
|--|---|---------|
| Labour market regulations  | <i>Společensky účelná pracovní místa</i><br>Social-purpose jobs   | CZ      |
|  | <i>Ley 27/2009 de medidas urgentes para la promoción del empleo y la protección de los desempleados</i><br>Law 27/2009 on urgent measures for the maintenance and promotion of employment and protection for unemployed people                                      | ES      |
|  | <i>Ley 32/2010 por la que se establece un sistema específico de protección por cese de actividad de los trabajadores autónomos.</i><br>Law 32/2010 which establishes a specific protection system in the case of termination of activity for self-employed workers. | ES      |
|  | <i>Yrittäjän työttömyysturvaajan odotusajan lyhentäminen</i><br>Shortening the waiting period to become eligible for unemployment benefits  | FI      |
|  | <i>Yrittäjämääräitelmän laajentaminen eläkettä koskien</i><br>Extension of entrepreneurs' pensionscheme eligibility   | FI      |
|  | <i>Yrittäjän perheenjäsenen työttömyysturvaajan laajennus</i><br>Extension of unemploymentbenefiteligibility for familyworkers.   | FI      |
|  | <i>Développeur de projets locaux créateurs d'activités et d'emplois</i><br>Local Project Development for the Creation of Activity and Employment  | FR      |
|  | <i>*Les coopératives d'activités</i><br>Activity Cooperatives'  | FR      |
|  | *ERDF Small Start-Up Grant Scheme   | MT      |
|  | <i>Zelfstandigen en zwangerenregeling</i><br>self-employedandpregancyscheme   | NL      |
| <i>Generell sänkning av socialavgifterna</i><br>General reduction of social security contributions | SE  |         |

| CATEGORY                                    | NAME OF INSTRUMENT  | COUNTRY |
|---|---|---------|
|   | <i>Lägre socialavgifter för unga</i><br>Reduction in social security payroll taxes for workers aged less than 26 years.   | SE      |
|   | <i>Stärkt trygghetssystem för företagare</i><br>Strengthened social security rules for self-employed  | SE      |
|   | <i>Sänkta egenavgifter för enskilda egenföretagare</i><br>Reduced self-employed contributions for self-employed   | SE      |
|   | <i>Finančná podpora nezamestnaným ktorí sa rozhodli založiť živnosť.</i><br><i>Financial grant to job seekers who decided to run own business as self-employed.</i> | SK      |
| <b>Social benefits and health insurance</b> | <i>Extension of deadline for applying to failure social insurance</i>   | BE      |
|   | <i>Vangnetverzekering</i><br>insurance safety net   | NL      |
| <b>Wealth and inheritancetax</b>            | <i>Reforme de l'impôt de solidarité sur la fortune (IDF)</i><br>Reform of the solidarity tax on wealth  | FR      |
| <b>Corporate tax and capital gains tax</b>  | <i>Gewinnfreibetragerhöhung</i><br>Increase of tax allowance for profits  | AT      |
|   | Tax Credits for Creative Enterprises  | MT      |
|   | <i>Ändrade 3:12-regler</i><br>Changed regulations concerning capital gains on shares in closely held companies (the so-called Swedish 3:12 regulations)             | SE      |
|   | <i>Sänktbolagsskatt</i><br>Reduced corporation tax  | SE      |
| <b>MARKET CONDITION</b>                     |   |         |
| <b>Access to foreignmarkets</b>             | <i>Eksportiturundusetotus</i><br>Export marketing grant   | EE      |
|   | *ERDF International Competitiveness Grant Scheme  | MT      |

| CATEGORY   | NAME OF INSTRUMENT   | COUNTRY  |
|--|--|--|
| <b>ACCES TO FINANCE</b>  |  |  |
| <b>Loan capital</b>  | <i>SPRLS</i>   | BE   |
|  | <i>Haftungsbeschränkte Unternehmergesellschaft ("Mini-GmbH")</i><br>Mini-company with limited liability  | DE   |
|  | <i>Prêt Régional à la Création-Innovation (PRCI)</i><br>Regional Credit for Innovative Business Creation | FR   |
|  | <i>Kombináltmikrohitel</i><br>Combined micro credit programme  | HU   |
|  | <i>Fondo di garanzia sul credito alle Piccole e Medie Imprese</i><br>Credit Guarantee Fund for SMEs      | IT   |
|  | <i>Borgstellingskrediet MKB</i><br>Security Credit SMEs  | NL   |
|  | <i>Microfinanciering</i><br>Microfinances  | NL   |
|  | <i>Företagshypotek</i><br>Changes in mortgage regulation   | SE   |
|  | <b>Other Types of capital</b>  | <i>*Gründungspaket der Stadt Graz</i><br>Founding package for the city of Graz |
| <i>Dienstleistungsaktion Förderwettbewerb</i><br>Services action funding competition   |  | AT   |
| <i>*Operační programy podporované z evropských strukturálních fondů</i><br>Operational programmes supported from the EU Structural Funds                   |  | CZ   |
| <i>Mittelstandsentlastungsgesetze II und III</i><br>SME Acts II and III  |  | DE   |
| <i>Aide à l'émergence de microprojets</i><br>Help for the emergence of micro projects  |  | FR   |
| <i>Fonds de confiance</i><br>Confidence Fund   |  | FR   |
| <i>*Les coopératives d'activités</i><br>"Activity Cooperatives"  |  | FR   |
| <i>Programme régional d'appui à l'installation des jeunes agriculteurs</i><br>Regional Programme to support the Setup of Young Farmers (financial support) |  | FR   |

| CATEGORY                                   | NAME OF INSTRUMENT   | COUNTRY |
|--|--|---------|
|  | <i>Pályázat a mikro-, kis- és középvállalkozások munkahelyteremtő beruházásainak támogatására</i><br>Application for micro, small and medium-sized enterprises to support job creation                         | HU      |
|  | <i>*Vállalati együttműködés és klaszterek támogatása</i><br>Support for cooperative ventures and clusters  | HU      |
|  | *ERDF Small Start-Up Grant Scheme  | MT      |
|  | *ERDF International Competitiveness Grant Scheme   | NL      |
|  | *ERDF e-Business Development Grant Scheme  | NL      |
|  | *ERDF Research and Development Grant Scheme  | NL      |
|  | *ERDF Innovation Actions Grant Scheme (Environment)  | NL      |
|  | *ERDF Innovation Actions Grant Scheme (Innovation)   | NL      |
|  | <i>*Innovatievoucher</i> innovation voucher  | NL      |
|  | <i>*Program vzdelávania, školení a poradenstva pre vybrané skupiny záujemcov o podnikanie</i><br>Programme of education, training and counselling for selected groups of people interested in entrepreneurship | SK      |
| <b>CREATION AND DIFFUSION OF KNOWLEDGE</b> |  |         |
| <b>R&amp;D Activities</b>                  | *ERDF Research and Development Grant Scheme  | MT      |
|  | *ERDF Innovation Actions Grant Scheme (Environment)  | MT      |
|  | *ERDF Innovation Actions Grant Scheme (Innovation)   | MT      |
| <b>Knowledge transfer</b>                  | <i>*Innovatievoucher</i> innovation voucher  | NL      |
| <b>Cooperation between enterprises</b>     | <i>*Vállalati együttműködés és klaszterek támogatása</i><br>Support for cooperative ventures and clusters  | HU      |
| <b>Technology absorption</b>               | *ERDF e-Business Development Grant Scheme  | NL      |
| <b>ENTREPRENEURIAL SKILLS</b>              |  |         |

| CATEGORY                                 | NAME OF INSTRUMENT   | COUNTRY |
|--|--|---------|
| Entrepreneurship Training and experience | <i>*Operační programy podporované z evropských strukturálních fondů</i><br>Operational programmes supported from the EU Structural Funds       | CZ      |
|  | <i>Pla Inicia per a la creació d'empreses.</i><br>Start-up Plan for the creation of enterprises.   | ES      |
|  | <i>Sijaispalvelu</i> Substitute service  | FI      |
|  | <i>Palveluyritysten asiointipiste</i><br>Contact point for service enterprises   | FI      |
|  | <i>Interuniversitas Hallgatói Vállalkozói Klub és Spin-off Keltető</i><br>Interuniversitas Student Entrepreneurship Club and Spin-off Hatchery | HU      |
|  | Business Plan Toolbox  | LU      |
| Entrepreneurial infrastructure           | <i>*Gründungspaket der Stadt Graz</i><br>Founding package for the city of Graz   | AT      |
|  | Biznesinkubatori Business incubators   | LV      |
|  | Capacity Building for Equipping and Representing Micro Business Employers CB4MicBEs  | MT      |
| <b>ENTREPRENEURIAL CULTURE</b>           |  |         |
| Entrepreneurial mindset                  | <i>Vállalatitanácsadáspályázat</i><br>Corporate consultancy tender   | HU      |
|  | <i>Inovatívāsuzņēmējdarbībasmotivācijasprogramma.</i><br>Support for incentives to rise motivation for innovation and entrepreneurship.        | LV      |
|  | <i>Portal internetowy www.web.gov.pl "Wspieramy e-biznes"</i><br>Internet portal www.web.gov.pl "Support for e-business"                       | PL      |

## Annex 2: List of crisis instruments identified

\* marks instruments falling into more than one category

| CATEGORY                         | NAME OF INSTRUMENT   | COUNTRY |
|----------------------------------|--|---------|
| <b>REGULATION</b>                |  |         |
| <b>Administrative burdens</b>    | <i>Програма за по-добро регулиране 2010 – 2013</i><br>Programme for better regulation 2010-2013  | BG      |
|                                  | <i>Verotili</i> Tax account  | FI      |
|                                  | <i>*Konceptija par mikrouzņēmumu atbalstapasākumiem</i><br>Conception on measures for supporting micro enterprises   | LV      |
| <b>Labour market regulations</b> | <i>EPU-Förderung</i><br>Regional subsidies for one person enterprises hiring their first employee in the province of Tyrol   | AT      |
|                                  | <i>Win-Win</i><br>Facilitate hiring of self-employed by reducing social security contribution+B44  | BE      |
|                                  | <i>Έκτακτο Σχέδιο Στήριξης της Απασχόλησης με Εξατομικευμένη Κατάρτιση Ανέργων στις Επιχειρήσεις</i><br>Emergency scheme for the support of Employment through in-company individual training of unemployed. (Subsidy for the cost of training and employee wage for training time)  | CY      |
|                                  | <i>Έκτακτο Σχέδιο Παροχής Κινήτρων για Απασχόληση Ανέργων</i><br>Emergency incentive scheme for hiring unemployed (Wage subsidies for hiring unemployed)   | CY      |
|                                  | <i>Σχέδιο Παροχής Κινήτρων για Πρόσληψη Ατόμων που Ανήκουν στις Ευπαθείς Κοινωνικά Ομάδες</i><br>Subsidy Scheme for hiring persons from vulnerable social groups (Wage subsidies for hiring unemployed including vulnerable groups)  | CY      |
|                                  | <i>Překlenovací příspěvek</i><br>Bridging contribution for unemployed going into self-employment   | CZ      |
|                                  | <i>Palgatoetus</i> Wage subsidy  | EE      |
|                                  | <i>Τροποποιημένο Πρόγραμμα επιχορήγησης 200.000 θέσεων πλήρους απασχόλησης με επιδότηση των εργοδοτικών εισφορών, για τη διατήρηση τουλάχιστον 400.000 θέσεων εργασίας, σε επιχειρήσεις και γενικά εργοδότες του ιδιωτικού τομέα</i><br>Amended programme for the funding of 200.000 full employment posts through subsidizing the employers' social contributions, in order to maintain at least 400.000 posts in enterprises and, in general, in private sector employers' | EL      |
|                                  | <i>Επιχορήγηση Επιχειρήσεων για τη Δημιουργία Νέων Θέσεων Εργασίας στον Τομέα του Φυσικού Περιβάλλοντος</i>  | EL      |

| CATEGORY | NAME OF INSTRUMENT   | COUNTRY |
|----------|--|---------|
|          | Funding enterprises for the creation of new jobs in the field of the natural environment   |         |
|          | <i>Ειδικό Διετές Πρόγραμμα Προώθησης της Απασχόλησης με Επιχορήγηση των Ασφαλιστικών Εισφορών για την Πρόσληψη 25.000 Ανέργων</i><br>Special two-year programme for the promotion of employment by funding insurance contributions for the recruitment of 25,000 unemployed persons'   | EL      |
|          | <i>Τροποποίηση του «Ειδικού τετραετούς προγράμματος προώθησης της απασχόλησης με επιχορήγηση των ασφαλιστικών εισφορών για την πρόσληψη 40.000 ανέργων</i><br>Amendment of the 'special four-year programme for the promotion of employment by funding insurance contributions for the recruitment of 40,000 unemployed persons' | EL      |
|          | <i>Real Decreto 1299/2009 por el que se modifica el Reglamento de planes y fondos de pensiones</i><br>Royal Decree 1299/2009 which modifies the regulation of private pension schemes and funds.   | ES      |
|          | <i>Ley 1/2011 de medidas urgentes para promover la transición al empleo estable y la recualificación profesional de las personas desempleadas.</i><br>Law 1/2011 on urgent measures to promote transition to open-ended employment and professional requalification of unemployed people.  | ES      |
|          | <i>Työnantajan kansaneläkemaksun alentaminen ja poistaminen</i><br>Reduction and elimination of employers' national pensionfees  | FI      |
|          | <i>Yrittäjäntyössäoloehdonlyhentäminentyöttömyysturvassa</i><br>Shortening the waiting period to become eligible for unemployment benefits   | FI      |
|          | <i>Yrittäjänperheenjäsenentyöttömyysturvaoikeudenlaajennus</i><br>Extension of unemployment benefit eligibility for family workers   | FI      |
|          | Employer Job Incentive Scheme  | IE      |
|          | The Back to Work Enterprise Allowance  | IE      |
|          | Traineeship scheme   | MT      |
|          | <i>Programa INOV-Export</i><br>INOV-Export Programme (subsidy for hiring young graduates/qualified unemployed  | PT      |
|          | <i>*Ordonanța de urgență nr. 6/2011 pentru stimularea înființării și dezvoltării microîntreprinderilor de către întreprinzătorii tineri</i><br>Government Emergency Ordinance 6/2011 on stimulating the  | RO      |

| CATEGORY                             | NAME OF INSTRUMENT  | COUNTRY |
|--------------------------------------|---|---------|
|                                      | establishment and development of micro enterprises by young entrepreneurs (exception from paying SS)  |         |
|                                      | Zníženie povinných odvodov živnostníkov do rezervného fondu<br>Temporary lowering of compulsory contribution of self-employed to reserve solidarity fund  | SK      |
|                                      | New Enterprise Allowance (NEA)  | UK      |
| Legal systems                        | <i>Ley 5/2009 de medidas extraordinarias y urgentes para facilitar a las Entidades Locales el saneamiento de deudas pendientes de pago con empresas y autónomos</i><br>Law 5/2009 on urgent and extraordinary measures enabling local administrations to settle outstanding debts with the self-employed and SMEs | ES      |
|                                      | <i>Naujosteisinės formos juridinio asmens – mažosios bendrijos – įteisinimas</i><br>Legalisation of a new legal person's form – small partnership   | LT      |
|                                      | Proposed Small Business Act   | MT      |
| Social benefits and health insurance | Deferment of social security contribution   | BE      |
|                                      | Extension of deadline for applying to failure social insurance  | BE      |
|                                      | <i>Yrittäjämääritelmän laajentaminen eläkettä koskien</i><br>Extension of entrepreneurs' pensionscheme eligibility  | FI      |
|                                      | Reduced National Insurance contributions  | UK      |
| Income tax                           | <i>Bolig-jobordning</i><br>Housing-job scheme   | DK      |
|                                      | <i>Kotitalousvähennyksen korotus</i><br>Increase of household work tax deduction  | FI      |
|                                      | <i>Pajamušindividualios veiklos mokesčių sumažinimas</i><br>Tax reduction for income from individual activities   | LT      |
|                                      | <i>Ingen löneskatt för personer 65 år och äldre</i><br>No wage tax on labour for people age 65 and older  | SE      |
|                                      |   |         |
| Corporate tax and capital gains tax  | <i>Ley 26/2009 sobre Presupuestos Generales del Estado</i><br>Law 26/2009 on the Spanish General Budget   | ES      |
|                                      | <i>Ley 13/2010 de actuaciones en el ámbito fiscal, laboral y liberalizadoras para fomentar la inversión y la creación de empleo.</i><br>Law 13/2010 on measures adopted in fiscal and employment issues to foster investment and employment creation  | ES      |
|                                      | <i>Verotuksenviivästyskorkojen alentaminen</i><br>Reduction of late payment interest in taxation  | FI      |
|                                      | <i>Pelnomokesčių mikroįmonėms sumažinimas</i><br>Profit tax reduction for micro enterprises   | LT      |
|                                      |   |         |

| CATEGORY                 | NAME OF INSTRUMENT  | COUNTRY |
|--------------------------|---|---------|
|                          | <i>*Pelnomokesčiolegvatosimonėms, investuojančioms į naujastechnologijas</i><br>Profit tax reductions for enterprises investing to new technologies   | LT      |
|                          | <i>*Konceptija par mikrouzņēmumu atbalstapasākumiem</i><br>Conception on measures for supporting micro enterprises  | LV      |
|                          | Investment Aid Scheme   | MT      |
|                          | <i>Urencriterium</i><br>Adjustment of hours criterion   | NL      |
|                          | <i>MKB winstvrijstelling</i><br>SME profit exemption  | NL      |
|                          | <i>Taxa Zero para a Inovação</i><br>Zero Rate for Innovation  | PT      |
|                          | <i>*Ordonanța de urgență nr. 6/2011<br/>pentru stimularea înființării și dezvoltării microîntreprinderilor de<br/>către întreprinzători tineri</i><br>Government Emergency Ordinance 6/2011 on stimulating the establishment and development of micro enterprises by young entrepreneurs (exception from paying tax for start-up) | RO      |
|                          | Entrepreneur's relief from capital gains tax  | UK      |
|                          | Extra small business relief rate  | UK      |
|                          | Small business tax simplification review  | UK      |
| <b>ACCESS TO FINANCE</b> |   |         |
| <b>Loan capital</b>      | <i>Mikrokredit</i> micro credit scheme  | AT      |
|                          | <i>Programme GUARANTEE/ZÁRUKA</i><br>Guarantee for operating loans for SMEs   | CZ      |
|                          | <i>Mikrokreditfonds Deutschland</i><br>Micro Credit Funds Germany   | DE      |
|                          | <i>Kom-igang-lån</i> Get-started-loans  | DK      |
|                          | <i>Tugipaketteksportivatele ettevõttele</i><br>Support package for exporting companies  | EE      |
|                          | <i>Κοινοί Ευρωπαϊκοί πόροι για τις Πολύ Μικρές ως Μεσαίες Επιχειρήσεις</i><br>Jeremie- Joint European Resources for Microenterprises to Medium-sized Enterprises'   | EL      |
|                          | <i>Εγγύηση από την TEMPME AE Χαμηλότοκων Δανείων για την κάλυψη Φορολογικών και Ασφαλιστικών Υποχρεώσεων ME/ΠΜΕ</i><br>Guarantee by TEMPME SA for low-interest-rate loans for the coverage of tax and insurance obligations of small/micro enterprises  | EL      |

| CATEGORY | NAME OF INSTRUMENT   | COUNTRY |
|----------|--|---------|
|          | <i>Outils de financement</i> Financial Support   | FR      |
|          | <i>Avance Régionale à la Reprise et à la Création d'Entreprises (ARRCE)</i><br>Regional Advance Payment for the Transfer and Creation of Enterprises   | FR      |
|          | <i>*Le Fonds transmission d'entreprises</i><br>Business Transfer Fund  | FR      |
|          | Changes in Széchenyi Credit Card Programme   | HU      |
|          | Allied Irish Banks Seed Capital  | IE      |
|          | *Competitive Start Fund  | IE      |
|          | <i>'Verslumoskatinimo' fondoįkūrimas</i><br>Establishment of the Entrepreneurship Promotion Fund   | LT      |
|          | <i>Prêts de reprise</i> business transfer loan   | LU      |
|          | <i>*Konceptija par mikrouzņēmumu atbalstapasākumiem</i><br>Conception on measures for supporting micro enterprises   | LV      |
|          | <i>Atbalsts pašnodarbinātības un uzņēmējdarbības uzsākšanai</i><br>Support for starting self-employment and entrepreneurship   | LV      |
|          | <i>Atbalsts ieguldījumiem mikro, maziem un vidējiem komersantiem īpaši atbalstāmajās teritorijās</i><br>Support for investment in micro, small and middle size enterprises in specially supported territories (investment capital)   | LV      |
|          | <i>Pasākumi komercdarbības vai pašnodarbinātības uzsākšanai</i><br>Measures for starting commercial activities or self-employment for unemployed persons   | LV      |
|          | Bank Of Valletta (BOV) Joint European Resources for Micro to Medium Enterprises (JEREMIE) Financial package for SMEs (including Micro Credit)  | MT      |
|          | Micro credits  | NL      |
|          | <i>Landsdekkende etablererstipend</i><br>Nation-wide start up grants   | NO      |
|          | <i>*Ordonanța de urgență nr. 6/2011 pentru stimularea înființării și dezvoltării microîntreprinderilor de către întreprinzătorii tineri</i><br>Government Emergency Ordinance 6/2011 on stimulating the establishment and development of micro enterprises by young entrepreneurs (Start capital, guarantee) | RO      |
|          | The Mihail Kogălniceanu programme for small and medium enterprises, as laid down in Government Emergency Ordinance 60/29 June 2011   | RO      |

| CATEGORY                      | NAME OF INSTRUMENT  | COUNTRY |
|-------------------------------|---|---------|
|                               | <i>Program na podporu rozvojamalého a stredného podnikania - Mikropôžičkový program</i><br>Programme for the development of SMEs - Micro loan programme     | SK      |
|                               | <i>Förstärkt utlåning från ALMI till små- och medelstora företag</i><br>Reinforced lending from ALMI to SMEs  | SE      |
|                               | <i>Fördubblat maxbelopp för microlån till små- och nyföretagare</i><br>Increase of maximum amount of microloans   | SE      |
| <b>Venture capital</b>        | *Competitive Start Fund   | IE      |
| <b>Business Angels</b>        | <i>Omaisuiden luovutustappion vähennysajan pidentäminen</i><br>Extension of carry-over period for capital losses  | FI      |
|                               | *Competitive Start Fund   | IE      |
| <b>Other Types of capital</b> | <i>Програма „Кредит без лихва за хора с увреждания“</i><br>Programme ‘Credit without interest for people with disability’                                   | BG      |
|                               | <i>*Ενίσχυση Ανταγωνιστικότητας Μικροεπιχειρήσεων με Απασχόληση 1-4 άτομα</i><br>Enhancement of competitiveness for micro enterprises employing 1-4 persons | CY      |
|                               | <i>Νέα Καινοτομική Επιχειρηματικότητα</i><br>New Innovative Entrepreneurship (financial support for innovative)   | EL      |
|                               | <i>Εξωστρέφεια-Ανταγωνιστικότητα των Επιχειρήσεων</i><br>Outwardness-Competitiveness of Enterprises (support for promotion etc.)                            | EL      |
|                               | <i>Επιχειρηματικότητα Ανέργων Γυναικών Ηλικίας 22-64</i><br>Entrepreneurship of Unemployed Women aged 22-64 (funding)                                       | EL      |
|                               | <i>Avance Remboursable à l'Artisanat (ARA)</i><br>Advance Payment for Craft Businesses  | FR      |
|                               | <i>Fonds pour l'Innovation en Picardie (FIP)</i><br>Innovation Fund Picardie  | FR      |
|                               | <i>*Inovacinių čekių monėms teikimas</i><br>Innovation vouchers for enterprises   | LT      |
|                               | <i>*VaccinAntiCrisis</i><br>Anti-Crisis Vaccine (subsidies for consultancy services)  | LU      |
|                               | SME development grant (development of products, markets)  | MT      |

| CATEGORY                                   | NAME OF INSTRUMENT   | COUNTRY |
|--|--|---------|
|  | etc.)  |         |
|  | <i>*SI Qualificação PME – Sistema de Incentivos à Qualificação e Internacionalização de PME (IS for SME Qualification Incentive Scheme for the Qualification and Internationalisation of SMEs) (investment subsidy)</i>  | PT      |
|  | <i>Programul Național de Dezvoltare Rurală, Axa III – Îmbunătățirea calității vieții în zonele rurale și diversificarea economiei rurale, Măsura 312 - Sprijin pentru crearea și dezvoltarea de microîntreprinderi</i><br>The National Rural Development Programme, Axis III, Improvement of quality of life in rural areas, and diversification of rural economy, Measure 312 Support to creation and development of micro enterprises (Subsidy for investment) | RO      |
| <b>CREATION AND DIFFUSION OF KNOWLEDGE</b> |  |         |
| <b>R&amp;D Activities</b>                  | <i>*Inovacinių čekių įmonėms teikimas</i><br>Innovation vouchers for enterprises   | LT      |
|  | Eurostars - research grant   | NL      |
|  | <i>SI I&amp;DT – Sistema de Incentivos à Investigação e Desenvolvimento Tecnológico nas Empresas</i><br>IS for R&TD Incentive Scheme for Research and Technological Development within Enterprises   | PT      |
|  | <i>SI Inovação – Sistema de Incentivos à Inovação</i><br>IS Innovation -Incentive Scheme for Innovation  | PT      |
|  | <i>*SI Qualificação PME – Sistema de Incentivos à Qualificação e Internacionalização de PME</i><br>IS for SME Qualification - Incentive Scheme for the Qualification and Internationalisation of SMEs  | PT      |
|  | <i>*Programul Operațional Sectorial Creșterea Competitivității Economice, DMI 2.3 Sprijin pentru start-up-uri și spin-off-uri inovative</i><br>The sectoral operational programme for the improvement of the competitiveness of enterprises, key area of intervention 23 Support for innovative start-ups and spin-offs  | RO      |
| <b>Knowledge transfer</b>                  | <i>*Le Fonds transmission d'entreprises</i><br>Business Transfer Fund  | FR      |
|  | <i>*Programul Operațional Sectorial Creșterea Competitivității Economice, DMI 2.3 Sprijin pentru start-up-uri și spin-off-uri inovative</i><br>The sectoral operational programme for the improvement of the competitiveness of enterprises, Key Area of Intervention 23 Support for innovative start-ups and spin-offs  | RO      |

| CATEGORY                                       | NAME OF INSTRUMENT  | COUNTRY |
|--|---|---------|
| <b>Technology absorption</b>                   | <i>*Pelnomokesčiolegvatosimonėms, investuojančioms į naujastechnologijas</i><br>Profit tax reductions for enterprises investing to new technologies   | LT      |
| <b>ENTREPRENEURIAL SKILLS</b>                  |   |         |
| <b>Entrepreneurship Education</b>              | <i>Uddannelse i entrepreneurskab</i><br>Education in entrepreneurship   | DK      |
|  | <i>Det entreprenørielle universitet</i><br>The entrepreneurialuniversity  | DK      |
|  | <i>InteruniversitasHallgatóiVállalkozói Klub és Spin-off Keltető</i><br>Inter-universities student entrepreneurship club and spin-off   | HU      |
| <b>Entrepreneurial training and experience</b> | <i>Програма ‘Активниуслугинапазаранатруда’ (АУПТ)</i><br>Programme ‘Active Labour Market Services’(ALMS)  | BG      |
|  | <i>Проект ‘Паќеуспеем’</i><br>We shall succeed again - Training for self-employed   | BG      |
|  | <i>*Ενίσχυση Ανταγωνιστικότητας Μικροεπιχειρήσεων με Απασχόληση 1-4 άτομα</i><br>Enhancement of competitiveness for micro enterprises employing 1-4 persons.  | CY      |
|  | <i>Styrkede vækstkompetencer i danske SMVer</i><br>Improvewgrowthcompetences in SMEs  | DK      |
|  | <i>Διαρθρωτική προσαρμογή εργαζομένων μικρών και πολύ μικρών επιχειρήσεων, που απασχολούν 1-49 άτομα, εντός της οικονομικής κρίσης</i><br>Structural adjustment of employees of small enterprises and microenterprises, employing 1-49 persons during the financial crisis’                               | EL      |
|  | <i>Talousapu-puhelinneuvonta</i><br>Financial help phone counselling  | FI      |
|  | <i>Fonds Régional d’Aide au Conseil (FRAC)</i><br>Regional Fund for Access to Consultancy   | FR      |
|  | <i>*VaccinAntiCrise</i><br>Anti-Crisis Vaccine (subsidies for consultancy services)   | LU      |
|  | <i>*Ordonanța de urgență nr. 6/2011 pentru stimularea înființării și dezvoltării microîntreprinderilor de către întreprinzători itineri</i><br>Government Emergency Ordinance 6/2011 on stimulating the establishment and development of micro enterprises by young entrepreneurs (training, counselling) | RO      |

| CATEGORY                              | NAME OF INSTRUMENT  | COUNTRY |
|---------------------------------------|---|---------|
|                                       | <i>Program vzdelávania, školení a poradenstva pre vybranéskupinyzáujemcov o podnikanie</i><br>Programme of education, training and counselling for selected groups interested in entrepreneurship (grant for training and consultancy services) | SK      |
|                                       | New Business Improvement Delivery Package   | UK      |
|                                       | Telephone Contact Centre  | UK      |
|                                       | Business Coaching For Growth  | UK      |
| <b>Entrepreneurial infrastructure</b> | <i>Виртуаленбизнесинкубатор – Ямбол</i><br>Virtual Business incubator Yambol  | BG      |
| <b>ENTREPRENEURIAL CULTURE</b>        |   |         |
|                                       | <i>Проект „Собственбизнес – смяна на професията’</i><br>Own business-change of occupation (training and motivation for self-employment)   | BG      |
|                                       | <i>Насърчаване стартиране на проекти за развиване на самостоятелна стопанска дейност’ - ОП РЧР</i><br>Encouragement of starting up projects for own business development- under Operational Programme Human Resource Development                | BG      |
|                                       | <i>Timangi 2010 –kilpailu</i><br>Diamond 2010 competition (To promote growth-oriented entrepreneurship)   | FI      |
|                                       | <i>AKAVAn yrittäjäpalkinto</i><br>Entrepreneur Award of AKAVA   | FI      |
|                                       | <i>Ibda n-Negozju Tieghek (INT)</i><br>Scheme Start Your Own Business   | MT      |
| <b>Entrepreneurial mind-set</b>       | <i>Plataforma do Empreendedor</i><br>Entrepreneur’s Platform  | PT      |

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