Sustaining self-employment for disadvantaged entrepreneurs

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Introduction

Entrepreneurship has been considered to be the key source for economic and employment generator in most OECD countries (OECD, 2012). For instance, the number of small and medium sized (SMEs) within the European Union (EU) were estimated to be 20 million, accounting for over 99% of the total business population in 2010. However, generally small firms are often claimed to have limited resources and capabilities compared with large firms, a position that is integral to the resource based view of the firm (Barney, 1991) and is particularly the case with certain groups of entrepreneurs. This resource scarcity partly results in their higher rate of business failure in comparison with larger firms (Mata and Portugal, 1994; Mitchell, 1994; Sharma and Kesner, 1996; Cook et al., 2012). Hence, the life-cycle of most start-ups is less than five years (Cook et al., 2000) and their survival rate is estimated to vary between 50% within the first three to five years (Geroski et al., 2010; European Commission, 2011). Of these exits, bankruptcies account on average for 15% of all closures (European Commission, 2011: 3). Nevertheless, entrepreneurship and small firms are regarded as a key to the success of dynamic economies, providing sources of income employment and innovation.

This paper focuses on a key dimension of this phenomenon – the sustainability of 'disadvantaged entrepreneurs'. In this case, we define disadvantaged entrepreneurs as women, youths, seniors, unemployed, disabled, ethnic minorities and immigrants who run a business. These may be self-employed or entrepreneurs running businesses that employs others. Generally, the evidence suggests that that businesses established by these groups encounter greater barriers to sustaining their businesses (Alves, 2013; Boden and Nucci, 2000). A number of factors are cited in the literature as influential on their survival rates, including the entrepreneur's limited knowledge, skills, labour experience, poor human and social capital and discrimination in terms of ages, race and gender (Irastorza and Pena, 2014; Schoof, 2006; OECD, 2008; Kautonen, 2013).

Yet, entrepreneurship can provide routes into employment and the labour market for disadvantaged groups that conventional employee routes may not offer (Alvord et al., 2004). Business ownership can provide opportunities for disadvantaged groups to avoid discrimination in the labour market or society more broadly. They can also present opportunities for disadvantaged groups to turn their particular characteristics, or own experiences, into a market advantage: such as through the production of ethnic minority goods by immigrants, or meeting a specific market need by older entrepreneurs for elderly people. This does not avoid the fact, however, that businesses started by disadvantaged groups are more likely to remain small, or close, compared with so called mainstream businesses (eg OECD, 2013).

This paper aims to answer the following questions:

- What factors impact the chances of survival of a business start-up of self-employment project?
- Why do firms operated by entrepreneurs from disadvantaged and under-represented groups have lower survival rates?

- How can public policy support self-employed people from disadvantaged and under-represented groups to increase their chances of operating a sustainable business? How can public policy improve the business environment for firms operated by these entrepreneurs to increase their chances of survival?

- How can current public policy approaches be improved?

Hence, this paper aims to examine the challenges faced by disadvantaged or under-represented groups in sustaining their businesses from both macro and micro perspectives. The paper then proposes solutions to enhance their survival rate in the long term.

Our paper is structured as follows. The first section considers the barriers to disadvantaged entrepreneurs, drawing upon extant literature and examples. Section 3 presents the different approaches that EU Member States have utilised to promote the environment for inclusive entrepreneurship. Four case studies are presented to illustrate examples of interventions designed to alleviate the challenges of specific disadvantaged groups. The final part proposes some recommendations and measures to raise the sustainability of disadvantaged entrepreneurs.

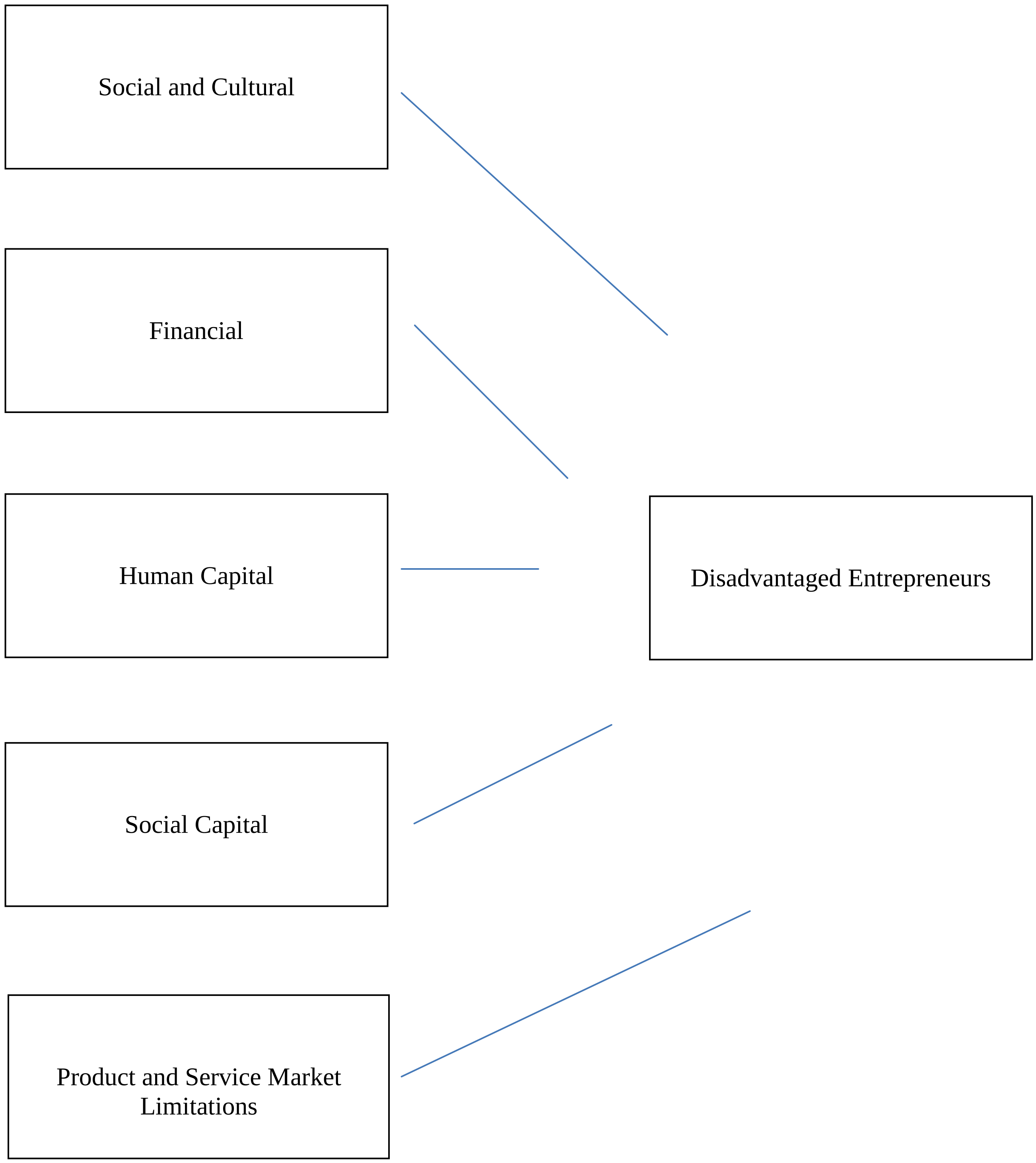
Barriers facing disadvantaged entrepreneurs

Extant research has identified several barriers to disadvantaged entrepreneurs in sustaining their businesses. This has tended to focus on specific groups in society with a particular personal characteristics, their socio-economic context and relating these to the challenges they face. Examples include the financing problems faced by ethnic minority groups (eg. Bates, 2005); or females experiencing particular multiple challenges in an entrepreneurship context (Welter, 2014).

Meta-analyses of the challenges to entrepreneurship faced by disadvantaged groups as a whole exist (eg. Farlie, 2005). Yet, these are scarce. Instead, the literature tends to focus on specific groups with particular characteristics that may display or trigger and entrepreneurial disadvantage. These groups may, for example, be based on ethnicity or age of the entrepreneur, and then lend themselves to analyses of particular types of barriers. Hence, in this analysis if disadvantaged groups, we should caution against any homogenisation of the barriers facing disadvantaged entrepreneurs whilst at the same time draw out some of the common factors that they face in sustaining their business.

In analysing the literature, we classify the barriers to the sustaining of self-employment into macro and micro factors. Macro factors include broader environmental barriers such as socio- cultural and financial barriers. Micro factors include human and social capital. The latter are more likely to lend themselves to policy interventions whilst the former are wider societal issues and challenges (See Figure 1).

Figure 1: Barriers to Disadvantaged Entrepreneurs



Social and Cultural Barriers

Social and cultural barriers refer to those that people encounter when dealing with the different spatial particularities, religions, languages and societal norms. Basu and Altinay (2002) find that ethnic minority entrepreneurs have particular challenges in dealing with social and cultural barriers in the mainstream environment. Ethnic minorities and immigrant entrepreneurs' language competences and religious beliefs are particularly important in this context. This may influence their ability to communicate with society and the economy, engage with business and social networks, access information, understand local customs and legal frameworks, and approach supporting programmes in the host country. These may be especially important in terms of developing their business activities beyond their own local communities and breaking out of their immediate close-knit communities or group (Deakins et al., 2007).

Social and cultural barriers may also be based on the prevailing 'norms' of society. For example, youth or senior entrepreneurs may be adversely affected by the pressure from peers to pursue a mainstream 'normal' career rather than undertake a more risky labour market alternative (Wainwright et al., 2011). This means that some disadvantaged entrepreneurs have to convince society, support institutions, financiers, suppliers and customers that they are serious business owners (De Clercq and Honig, 2011). This may be particularly challenging for disabled entrepreneurs, for example, who may fall outside the mainstream of what constitutes an entrepreneur by members of society and struggle to gain finance or customers because of how their disability affects the perceptions of key stakeholders (Kasperova and Blackburn, 2014). Thus, the legitimisation of businesses run by disadvantaged entrepreneurs can be a major challenge to their sustainability as entrepreneurs have to convince their stakeholders for resource inputs and sales. Indeed, Jones et al. (2006) go so far as to suggest that customer discrimination may be important in limiting their business development.

Financial Barriers

Access to the appropriate finance is one of the most crucial resources for business survival, development and growth. The literature on this is expansive and suggests that disadvantaged entrepreneurs may experience specific challenges to gaining external finance for a variety of reasons. First, they may suffer from being unable to search for finance because of their limited know-how and network connectivity – this is compounded by relative low levels of social capital - knowing where to find appropriate finance is crucial. For entrepreneurs new to the environment, such as immigrants, this may prove difficult (Alves, 2013). Second, funders may regard some disadvantaged businesses as higher risk by definition: their disadvantaged group may be less likely to have a track record of running a business. In some instances this may be a 'standard risk'factor, based on evidence of failure and defaults or no previous track-record, rather than direct racial or age or gender discrimination. Third, some disadvantaged entrepreneurs, such as ethnic minority business owners, operate in low value added sectors of the economy with high failure rates, thus representing high risk for potential investors.

The evidence on the above is somewhat mixed. Ethnic minority and female groups, in particular, have received detailed scrutiny in relation to financing and excited debate.

Empirical evidence shows relatively low levels of credit for some ethnic groups and females, although the causes are more controversial. One of the recurring themes is that of the discouraged borrower effect. Fraser (2009) found evidence of a discouraged borrower effect amongst ethnic enterprises as one of the causes of the relatively low take-up of external finance. Rouse and Jayawarna (2006), Carter et al. (2013) and Fraser (2009), in their studies of youth, female and ethnic minority entrepreneurs respectively, also found that disadvantaged entrepreneurs perceive challenges in seeking external finance and this was deterring them for applying for funds.

An examination of the causes of this perception exposes certain underlying factors. Female entrepreneurs are found to be less experienced in dealing with financial management problems and hence they tend to have more difficulties in obtaining external funding (Verheul and Thurik, 2001). There is also some evidence that, as with ethnic minority entrepreneurs, female business owners perceive higher financial barriers than males, are more likely to be discouraged from borrowing and use lower levels of debt finance. Whether or not discrimination takes place in the financing of disadvantaged entrepreneurs is, however, contentious. For example, a study by the IPPR found that females appear to be discriminated against when seeking business loans (IPPR, 2011). One possible explanation for this variation in take-up is the staffing composition of those in the finance industry. For example, the Diana Project reported that less than 10% of all people in the venture capital industry were female (Brush, et al., 2004). This may suggest that the male-dominated finance institutions and networks may inhibit take-up by females, or providers are not reaching female entrepreneurs with their products or services. For some disadvantaged groups, this may be less of an issue: senior entrepreneurs may be less likely to seek external finance because of their higher levels of savings than younger people (Kautonen, 2013).

Physical location of the entrepreneur appears to be a compounding factor in relation to accessing finance. Entrepreneurs in deprived locations appear to experience more problems in accessing finance, which makes it more challenging for start-ups and sustainability (Lee and Crowling, 2013; Lee and Drever, 2014). In some cases this may lead to double-disadvantage for some groups, such as ethnic minorities who live in poorer parts of the inner-cities (see Bates and Robb, 2013).

On balance, the evidence on finance for the sustainability of businesses run by disadvantaged groups seems to emphasise demand rather than supply side issues. Although there have been studies that show lower levels of credit for the business population with specific personal characteristics, this should not necessarily be interpreted as discrimination. The lower levels may reflect other dimensions of businesses run by disadvantaged entrepreneurs, such as size of firm, business sector, market limitations and lower levels of ambition for growth. However, they may also be a reflection of the poor credit rating of disadvantaged people suggesting a need for a policy intervention to help them break the cycle of disadvantage. The evidence also shows the complexity of analysing access to finance for specific groups of the population because of the layers of disadvantage in relation to the business rather than the characteristics of the entrepreneur that operate in some contexts: location, sector, size of enterprise.

Human Capital

Human capital is defined as the set of skills and knowledge gained though the learning process of an individual to enhance productivity (Becker, 1993). Previous scholars have indicated a significant impact of human capital on entrepreneurs in utilising resources for their businesses. In other words, those entrepreneurs with higher levels of human capital are more likely to search for resources for their enterprise and therefore gain more resources (Giemeno et al., 1997; Boden and Nucci, 2000; Unger et al., 2011). Rauch et al. (2013) found that higher levels of human capital were associated with business growth. Similarly, Hitt et al. (2001) emphasised the role of human capital in enhancing the performance of young firms whilst Bates (1990) found this to affect the longevity of firms. Entrepreneurs with higher levels of human capital are also found to have higher levels of earnings (Van Praag, et al., 2007; Parker, 2009). Hence, those that are less likely to have the appropriate experience and chances of knowledge and skills acquisition may have lower chances of sustaining their enterprise.

Although the levels of human capital amongst disadvantaged entrepreneurs are likely to be lower than other groups of the population in aggregate, they are also likely to vary within the group. For example, a priori, younger entrepreneurs who have less work experience, are less likely to have an accumulation of human capital. Similarly, female entrepreneurs are reported to have lower levels of work, managerial and self-employment experience than males (e.g Boden and Nucci, 2000; Hisrich and Brush, 1983; Kalleberg and Leicht, 1991) thus reducing their levels of job-specific human capital accumulation. On the other hand, senior entrepreneurs are more likely to have business experience and accumulated managerial know-how. The evidence on the levels of human capital within disadvantaged groups is, however, mixed and the relationship with business survival complex.

Evidence from the Flash Eurobarometer Survey on entrepreneurship in 2009 shows that 40.3% of senior entrepreneurs perceive limited information as one of their most common barriers in managing t businesses (Kautonen, 2013, p.8). The situation is even worse with disabled people who have disadvantages in accessing education and training resources and may be physically or mentally impaired(Kasperova and Kitching, 2013). On the other hand, prior studies revealed mixed findings about the relationship between human capital and race/ ethnicity. While Asian entrepreneurs are likely to outperform white entrepreneurs, Black or Afro-Caribbean-owned businesses are found to lag behind (Farlie and Robb, 2005; Blanchflower, 2004). This could be attributed to different levels of formal education qualifications and skills gained amongst ethnic and migrant entrepreneurs. For example, the UK Office for National Statistics (2011) showed that the number of Asians within working age obtaining vocational or higher qualifications was approximately double those with Black or African background and was threefold the number of multiple or mixed ethnic groups. On the other hand, Ram and Jones (2008) suggested that the percentage of African- Caribbean entrepreneurs having a degree was three times more than white entrepreneurs. Despite mixed relationships between formal education qualifications and ethnicity, entrepreneurs with greater accumulations of human capital have more opportunities to develop their businesses (Shane and Venkataraman, 2000)

Overall, this suggests that there is a need to raise the levels of human capital amongst disadvantaged entrepreneurs: this is something that policy may be able to address and will be turned to in the policy recommendations.

In assessing the relationship between levels of human capital and disadvantaged groups, the *type* of human capital is crucial. Thus, although the absolute levels of human capital may be higher amongst certain groups of the population, This may be generic rather than specific to entrepreneurship and levels of business survival. For example, although higher levels of human capital may exist amongst senior members of the population this may be linked to being an employee and specific to certain occupations that do not necessarily lend themselves to business start-up or business survival.

Social Capital

The significance of social capital to the entrepreneurship process has received increasing attention in the literature but its precise definition is still elusive (Cope et al., 2007; Gedajlovic et al, 2013; Stam et al., 2014). Social capital in this context is defined as the resources that entrepreneurs identify, access and leverage through their personal networks (Honig and Davidsson, 2000; Stam et al., 2014); or more formally as the links to people based on a sense of common identity, including distant friends, colleagues and associates (Putnam, 2000). In other words, social capital involves engaging with networks of people to help entrepreneurs establish and develop their business through gaining additional resources. This is different from human capital in that social capital involves drawing upon the social linkages an individual has, whilst human capital is based on the learning, formal and informal of individuals (OECD, 2007).

Social capital has the potential to provide alternative resources for disadvantaged entrepreneurs. For example, ethnic minority entrepreneurs, deeply embedded in their communities have been shown to utilise their close ties to the benefit of new venture creation and early stage development (e.g. Aldrich and Waldinger, 1990). However, the use of social capital as a vehicle to sustain or develop a business is debateable. Whilst drawing upon familial and friends through social networks can be significant in early stages of development, these may not be enough or even inhibitive to business expansion. For example, family-based bonds, so common amongst ethnic minority enterprises may prove to be a limitation in terms of the sustainability of the enterprise (Deakins et al., 2007). This may be particularly the case when second or third generations of owners become involved in the enterprise and are under the shadow of their parents.

Differences in the types and levels of social capital by gender have also been shown to influence the capacity of entrepreneurial activities. The research suggests that although women have fewer networks, they are more frequent users of their networks (Aldrich, 1989, Brush, 1992). However, these tend to have fewer entrepreneurs than male dominated networks suggesting lower levels of capacity for leveraging resources for their enterprises. This point resonates with the lower levels of finance utilised by females. In contrast, mature entrepreneurs are seen to have fewer barriers in establishing business relations because of their accumulated networks gained during their past working experience (Kautonen, 2013).

Overall, higher levels of social capital are considered beneficial for self-employment and these levels appear to vary between disadvantaged groups. However, how social capital is converted into businesses sustainability can vary and this is more important than absolute levels. For example, relatively high levels of social capital amongst ethnic minority and immigrant groups can be beneficial at the start-up and early business development stages but beyond this they may inhibit further development because of a reliance on close-knit or familial resources. Similarly, although females ostensibly may have fewer social capital networks, they have been shown to utilise these more than males. Thus, care must be exercised when making generalised statements regarding the influence of levels of social capital on business sustainability as this can vary in terms of its use a relevance at the stage of business development.

Size of enterprise and product and service market limitations

A final common feature of the businesses run by people at a disadvantage is their relative small size and the business sectors within which they operate. This can restrict their capability for growth and sustainability in the longer run. Smaller firms are much more vulnerable to the effects of external environments and internal disruptions because of their limited resource base. This makes absorbing external or internal shocks, such as an economic downturn or a key member of staff leaving, problematic for survival. Given the relative small size of businesses run by disadvantaged entrepreneurs, especially females, younger and senior business owners, this places their longer term sustainability at risk.

This relates to the motivations and context, as well as the resource capabilities, of the entrepreneurs of these businesses. Research has shown that the businesses established by females and senior entrepreneurs, in particular, are often motivated on grounds other than the pursuit of growth or expansion. They are also much smaller than the business population as a whole. The contexts within which they operate may be fundamentally different from businesses established by others: they may enter self-employment in order to allow time to manage other responsibilities as well, or be pursuing a specific interest following early retirement or redundancy.

Hence ‘mumpreneurship’ has gained some currency in the literature to classify females who are engaged in childcare and run a business (Ekinsmyth, 2013). For senior entrepreneurs also, the evidence suggests that their enterprises are also relatively small and run with limited growth or long-term aspirations by the owners. In some cases, these entrepreneurs may be balancing care responsibilities with the pursuit of a hobby or specific interest. In both examples, whilst making a contribution to society and the economy, the temporal sustainability of these enterprise types will be limited.

In emphasising the significance of context in terms of the sustainability of businesses run by disadvantaged entrepreneurs, business sector is crucial. There are specific sector characteristics of businesses run by disadvantaged entrepreneurs that may present challenges to their sustainability. Ethnic minority enterprises, in particular, tend to operate in low value added sectors, such as catering, clothing and retailing. These sectors also have low entry barriers raising levels of competition by new entrants and further driving down incomes and cost structures (Deakin et al., 2007). Such conditions are sometimes compounded by the location of the enterprise, such as the poorer parts of an inner city, where income levels are low and chances of business survival therefore poor (Ram et al., 2002).

The discussion of context also allows a further illustration of how multiple disadvantages can occur amongst some entrepreneurs. For example, Welter et al. (2014) refer to the experience of African female, small business hairdressers in London. Here, migrant status, gender, location and sector combine to create a multiple disadvantaged context for these entrepreneurs.

Finally, the relative small size of businesses run by disadvantaged business owners may affect their ability to export and thus expand their geographical sales footprint, reducing their ability to spread risk, innovate and expand. For example, in the UK, whilst SMEs account for 99% of all firms, they account for only 12% of those that export (House of Commons, 2014). Exporting has also been shown to benefit the innovative capacity of firms. Again these suggest that the higher levels of disadvantage amongst certain groups of the population lead to business characteristics that are subsequently associated with lower levels of performance and sustainability.

Regulatory barriers

One of the frequently hypothesised barriers to entrepreneurship is government regulation (Kitching et al., 2013). In general, this applies to small firms rather than being confined to businesses owned by a member of one of the disadvantaged groups. It is also the case that regulation is a particular barrier for new business start-ups. Although there is little evidence of regulation being a particular problem for disadvantaged entrepreneurs, the exception is ethnic minority and immigrant entrepreneurs, particularly those who have recently arrived (Welter, 2011). For these, lack of familiarity with the language as well as the wider cultural norms can represent an additional barrier to those faced by mainstream entrepreneurs. Hence, the limited research base suggests that this may be both a real and perceived barrier to business sustainability amongst some disadvantaged groups. This has led to specific organisations focusing on helping some groups of the population, with advice and support to help overcome the barriers to engagement with mainstream support initiatives and assist immigrant business owners to understand the 'systems' of the host country (Blackburn et al., 2008).[1] The limited evidence from surveys of women and ethnic enterprise owner-managers, however, shows little difference in them reporting regulations as a barrier to business success compared with all SME employers (BIS, 2011). The real effects of regulation on businesses run by disadvantaged owners are also likely to be bound up with their levels of human capital, relative small size and sector concentration of their enterprises. This suggests a need for further research on this subject.

[1] For example see: http://www.communitybasedbusiness.co.uk/about-us/what-s-community-based-business-support

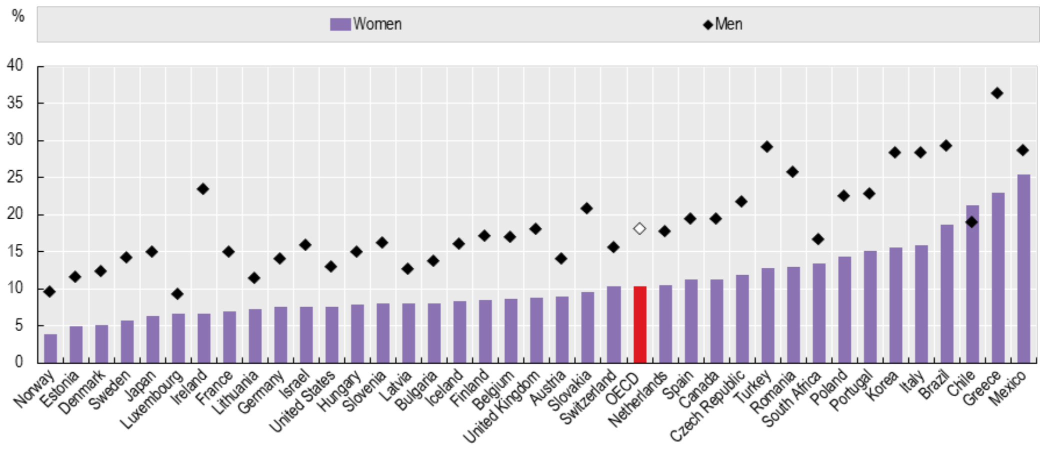
Initiatives to promote disadvantaged entrepreneurs

Women Entrepreneurs

Data from the OECD (2013) shows that women entrepreneurs represent 30% of the total working population in the EU. As Figure 2 shows, the proportion of self-employed of men is relatively high in most OECD countries, except for Chile. Regarding EU-27 countries, there is a large difference in the share of self-employment between men and women, in particular in Ireland, United Kingdom, Slovenia, Iceland, Finland, and Czech Republic. Since the global economic crisis, the number of females in self-employment has fluctuated (See Figure 3: OECD, 2013). The number of self-employed women with employees has been significantly lower than those without employees since the second quarter of 2010. This may reflect limited access to finance, limited knowledge of business and management, and gender discrimination, which restricts their capabilities in growing business. Hertz's (2011) study found some discrimination against female entrepreneurs in European banks. For example, women are more likely to be asked for more collateral than men to obtain loans. In addition, they are more frequently suffering from higher interest rates and loan rejection. Statistics from the National Women's Business Council (2012) indicated that 5.5% of female entrepreneurs were successfully obtained bank loans in expanding their businesses, in comparison with 11.4% of male entrepreneurs. This may, however, be a result of the higher risks that female entrepreneurs present to financiers or that they have no previous track-record as discussed above. As a result, women-owned firms often have lower business survival rates than its counterpart (National Women's Business Council, 2012).

Figure 2: Share of Self-employed men and women

(Percentage, 2011)



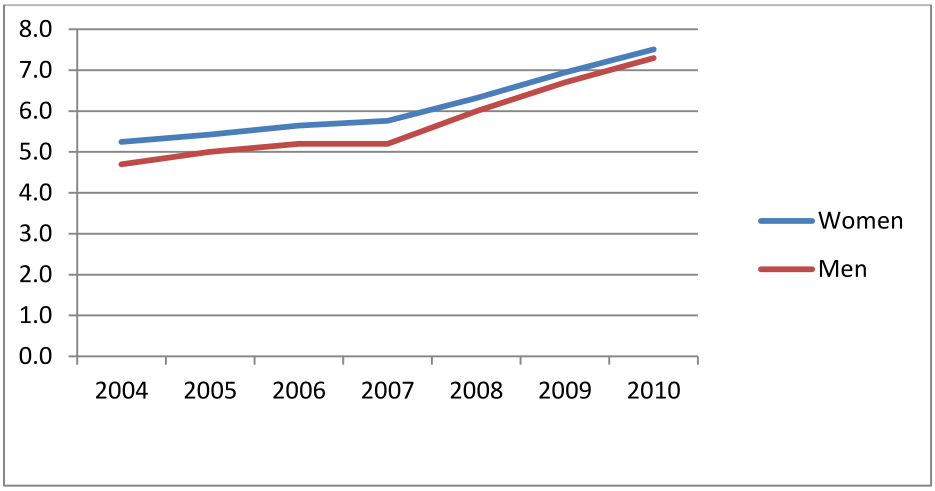
Source: OECD (2013)

Figure 3: Trends in self-employed women entrepreneurs

Source: OECD (2013)

In the same vein, a recent research on Austrian business demography also noted the higher business failure of female entrepreneurs than male entrepreneurs during 2004-2010 (See Figure 4, Statistics Austria, 2013).

Figure 4: Business Death Rate by Gender in Austria



Source: STATISTICS AUSTRIA, Business Demography Statistics. Data status of July 2013. Available at http://www.statistik.at/web_en/statistics/enterprises/business_demography/

Taking into account the high business death rate of women-owned entrepreneurs, The European Commission has initiated a variety of programmes to raise the entrepreneurial activities amongst women, thereby increasing the number of enterprises. The main European schemes include:

- *European Network to promote Women's Entrepreneurship (WES) (multi-country):* This network aims to promote female entrepreneurship by providing information of good practices, advice and support female entrepreneurs during the phase of start-ups, and business growth. This initiative was first introduced in Sweden since 2000 and has been developed into the EU network.[1]

- *Female Entrepreneurship Ambassadors (multi-country)*[2]: This network has been started in Sweden in 2009 spread to Albania, Belgium, Croatia, Cyprus, Denmark, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Poland, Luxembourg, Malta, Norway, Portugal, Romania, Serbia, Slovakia, Sweden and UK. This network involves 270 successful entrepreneurs acting as ambassadors to promote and lift up the image of women entrepreneurship in Europe.

Besides European schemes, some initiatives have also been implemented at the *national level* during the past years to support women in developing their businesses:

- *Going for Growth (Ireland)*[2]: The programme was launched to provide support to women owner-managers who seek to grow their businesses in Ireland. The project was funded by the Equality for women measure during 2010-2013 and by Enterprise Ireland, and indirectly sponsored by the European Social Fund via programme Human Capital Investment Operational. The programme focused on facilitating networking by creating groups of entrepreneurs and the "leads" (i.e. successful entrepreneur) to meet monthly to provide mentoring, inspiration and support for their business development plans. This therefore helped to foster the culture of trust, collaboration and motivation to grow women-owned businesses.

- *Programme Enterprise and Innovation (Czech Republic) (OPEI)* was implemented during 2007-2013. The aim of this project was to provide women entrepreneurs with loans at lower rates and grants to develop their business plans. The outcomes show that OPEI was able to help 1331 projects to obtain funding, which made a significant contribution to promote entrepreneurial activities amongst women.[3]

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[1] European Commission (2012) European network to promote women's entrepreneurship (WES) –Activity report 2012.

[2] http://ec.europa.eu/enterprise/policies/sme/promoting-entrepreneurship/women/ambassadors/index_en.htm

[2] www.goingforgrowth.com

[3] http://www.czechinvest.org/data/files/oppi-msc-en-29-11-schvalen-ek-674.pdf

- *Wise- Woman Integration and Skills for Entrepreneurship (Spain)* [4]*:* This project aims to support women entrepreneurs in the ICT or ICT supported sector. The project is sponsored by the Leonardo da Vinci – a EU programme for education and training.[5] The programme seeks to address the main problems of women in ICT sector such as lack of training tools for self-assessment and strategies to develop the working environment.

Case Study 1 (*The We Mentor*) demonstrates an intervention that seeks to promote female entrepreneurship in the United Kingdom. It shows support on a number of aspects of running a business including mentoring, training, and networking. The special feature of this programme is the inclusion of experienced entrepreneurs from the same industry/sector with the mentees. This approach enhances trust and understanding between participants to build the mentoring relationship and develop networking. Mentors can provide helpful guidance and practical experience for mentees in designing the firm's strategies and business planning. The mentoring programme offers online and offline resources in diversified areas. These activities, therefore, help to foster the entrepreneurs' social and human capital.

[4] www.ubique.org/wise

[5] See: http://www.leonardo.org.uk/

Box 1: Women Entrepreneurs' Case- Project We Mentor UK

Project Description: *We Mentor UK was a European funded project launched by a charitable company named The Women's Organisation during 2012-2013.*[6] *Aligned with National Council for Education and Entrepreneurship (NCEE), this program was designed to provide guidance and support for women entrepreneurs to grow their business enterprises in the UK. The project sought to create a combination of expertise in the areas of women's enterprise, graduate enterprise, mentoring, networking and small business services.*

Problem Addressed: *Recent statistics shown by RBS Group (2013) indicated that women are under-represented amongst growing firms. Their survival rate tended to be lower from 2002 to 2011, which raised the needs for government business support.*[7] *However, according the Global Entrepreneurs Monitor report in 2012, women who took up entrepreneurship training were three times more confident and clever in business management. Hence, We Mentor UK project was launched to link mentors with women entrepreneurs. The project took into account factors such as sectors, skills, needs and preferences of women in designing its activities. This then helped them to enhance skills and knowledge to build personal and professional networks as well as access to resources.*

Approach: *The criteria for inclusion in the programme as mentees were women entrepreneurs who have run their business for at least 1 year, employed at least 1 member of staff, and were looking for guidance and support to develop their business. The recruited mentors were those who had at least 5 year experience in running their own business, was committed to mentoring responsibilities, knowledgeable about women entrepreneurs' issues and interested in an opportunity for professional development.*

Based on its existing networks (i.e., women's enterprise ambassador, business associations and enterprise support practitioners), the We Mentor UK program approached both mentors and mentees across sectors. It also aimed to distribute materials and organise events to reach a wider community of women entrepreneurs. Mentors and mentees collaborated in both traditional and modern approaches such as face-to face, online, workshops and events.

Impact: *During 2012-2013, the project has recruited 35 mentors to provide consultation to 80 women entrepreneurs. Initial evaluation of the We Mentor UK programme in August 2013 revealed positive feedbacks from both mentors (100% of the participants) and mentees (81% of the participants).*[8] *The majority of participants recommended the mentoring relationship to be structured on a monthly basis. As a result, more than 50 percent of mentees enhanced their personal confidence, leadership and management competences to develop their business strategies. This in turn promotes the visibility of women entrepreneurs within the wider business community nationally and across international networks.*

Condition for success: *The main factors contributing to the success of this project are the effective interaction between mentors and mentees in multiple approaches (i.e., online, meeting, workshops). Mentors are experienced entrepreneurs operating in the same sector with mentees, hence they could act as the role model and facilitate networking for the mentees.*

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[6] The women's organisation, available at http://thewomensorganisation.blogspot.co.uk/2013/08/last-chance-to-book-free-legal.html

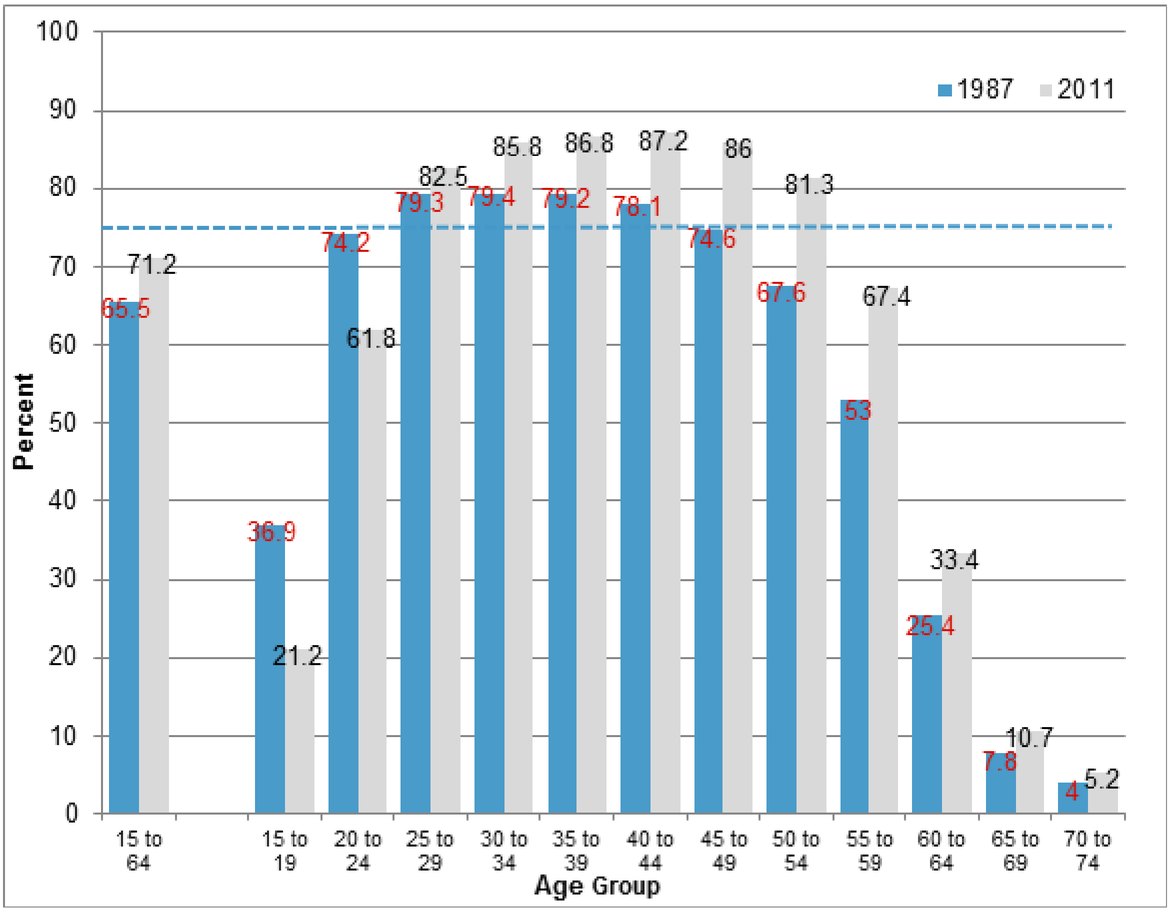
[7] RBS Group (2013), Women in Enterprise: A Different Perspective, available at http://www.inspiringenterprise.rbs.com/sites/default/files/resources/womeninenterprise.pdf

[8] http://www.thewomensorganisation.org.uk/we-mentor/wementor-impact

Senior Entrepreneurs

The increasing ageing population in the EU has spurred the needs for research on senior entrepreneurship (Kautonen, 2013). Given the ageing effect on the labour workforce, policy-makers and academics have shifted attention towards the promotion of entrepreneurial activities amongst the older people (OECD, 2012) although it is suggested that take-up is not widespread (Curran and Blackburn, 2001; Kautonen et al., 2014). Recent statistics from the Eurostat (2012) indicated that the proportion of the older population within the EU-27 was 30% in 2010 and is likely to reach 37% by 2030. As illustrated in Figure 4, there has also been a rise in the labour force participation in most age groups from 1987-2011. However, there has also been a declining trend of people aged 55 and above active in the labour market in both periods. Prior research shows that older people tend to be less active in entrepreneurial activities than young people. Evidence from the 2003 Global Entrepreneurship Monitor indicates that the proportion of people aged from 50 to 64 engaging in entrepreneurial activities are half of the younger age group (Hart et al., 2004).

Figure 4: Labour Force Participation Rates by Age Group (%)



Source: OECD (2012)

The literature suggest that the three most common obstacles to seniors in running a business are the lack of financial support, insufficient information and complicated administrative procedures (Kautonen, 2013). According to the 2009 Flash Eurobarometer on Entrepreneurship survey, while the lack of information is perceived as the most common problem in seniors (42.7%), financial barriers are seen to have the least impact on these entrepreneurs. Older people are also found to face other barriers such as lack of entrepreneurship skills, networking and mistrust by customers and suppliers due to the age discrimination problems (OECD 2012). The latter relates to the points made earlier in relation to social and cultural barriers.

The European Commission has launched a variety of programmes to support senior people in setting up and sustaining a business:

- *Best Agers (Muti-country[9]:* This is a multinational initiative launched in Denmark, Estonia, Germany, Latvia, Poland, Sweden and the United Kingdom since 2010 to involve more senior entrepreneurs in the labour market and disseminate knowledge on business planning. The main intervention activity is collecting academic research, generating ideas and sharing knowledge. Despite a number of workshops and reports, this scheme is limited to only a practical tool which is webinar on business planning.

- *Biiugi (Germany)[10]:* This is the virtual networking and mentoring tool that link experienced senior entrepreneurs and less experienced counterparts. This programme was launched in 2012 in Germany to help senior entrepreneurs expanding their networks and develop professional relationships.

- *PRIME- The Prince's Initiative for Mature Enterprise (UK)[11]:* This programme was designed to provide support to unemployed people aged 50 or over to be self-employed since 1998 and is still ongoing. The main intervention is to provide information, training, networking events, and low interest loan schemes to seniors. The outcome survey revealed that 2250 people were supported within 2010-2011 and 45% of participants have started their businesses.

Case Study 2 describes an intervention that aims to promote the entrepreneurial activities amongst the self-employed older population in Poland. This intervention focuses on training (i.e., business knowledge and management skills), and facilitate access to finance for mature entrepreneurs. The interesting feature is that each stage of the programme is filmed to raise public awareness and the visibility of becoming a self-employed or entrepreneur.

[9] *http://www.best-agers-project.eu/BestAgers/Definition/tabid/1109/Default.aspx*

[10] http://ec.europa.eu/social/BlobServlet?docId=9644&langId=en

[11] www.prime.org.uk/

Box 2: Senior Entrepreneurs' case: Project Mature Entrepreneur (Poland)

Project Description: *The project Mature Entrepreneur was initiated by the District Employment Agency in Gdansk, Poland. It aimed to provide financial support to people over 50 to start their own business, and create a climate to promote entrepreneurial activities amongst the older population (European Commission, 2012, pp. 19). The project was mainly funded by The European Social Fund (ESF), with a budget of ¨ 412,000 from January 2009 to December 2010. Mature Entrepreneur project sought to reinforce the enterprise culture by facilitating access to finance and enhancing an entrepreneurial spirit, thus raising public awareness about different aspects of self-employment (Pomorskie in the European Union Association, 2013).*[12]

Problems Addressed: *Poland was reported to have the lowest employment rate in the EU during the past years. More specifically, the senior employment rate of Poland in 2011 was 36.5%, in comparison with the average rate of 52.9% in the OECD countries (Eurostat, 2013). This is partly a result of older people withdrawing from the labour force (European Commission, 2012). Senior people were found to encounter lots of barriers to integrate into the labour market because of their limited human capital, social capital, access to finance, health, and age discrimination. Utilising ESF fund, Poland aims to create new opportunities and offer more incentives to seniors to start up their own business, so as to boost the employment rate to 71% by 2020 (European Commission, 2012).*

Approach*: Senior people aged from 50-64 were required to submit their business ideas to the project organisers, who then found the best candidates to the next round to provide a variety of training modules. Participants into this project engaged into two phases. Each stage of the project was filmed and broadcast on TV (OECD/European Commission 2012)*

1. Training: A variety of training courses were provided to participants such as computer, psychology, legal issues, insurance, accounting and finance, marketing, business consultancy.

2. Implementation: In this phase, participants were provided guidance in writing a professional business plan and applying for the investment subsidy by two experienced consultants. Successful candidates were granted PLN 50.000 to set up business.

Impacts: *The project recruited 60 best candidates to take part in the training courses as well as receive free consultancy for their business ideas. As a result, 50 participants were offered investment grants and 33 new companies were established in the local area (European Commission 2012). Mature Entrepreneur has therefore not only facilitated more employment in Gansk but also contributed to the national economic growth. This project ranked the second out of 300 projects in the national ESF 2010 Good Practices Competition, and was shortlisted in the 2011 European Enterprise Awards.*[13]

Conditions for success: *This project has fully addressed the main barriers of seniors in setting up business including knowledge, skills and access to finance. In addition, each stage of the project was filmed to facilitate publicity, hence raising the visibility of entrepreneurship to wider population.*

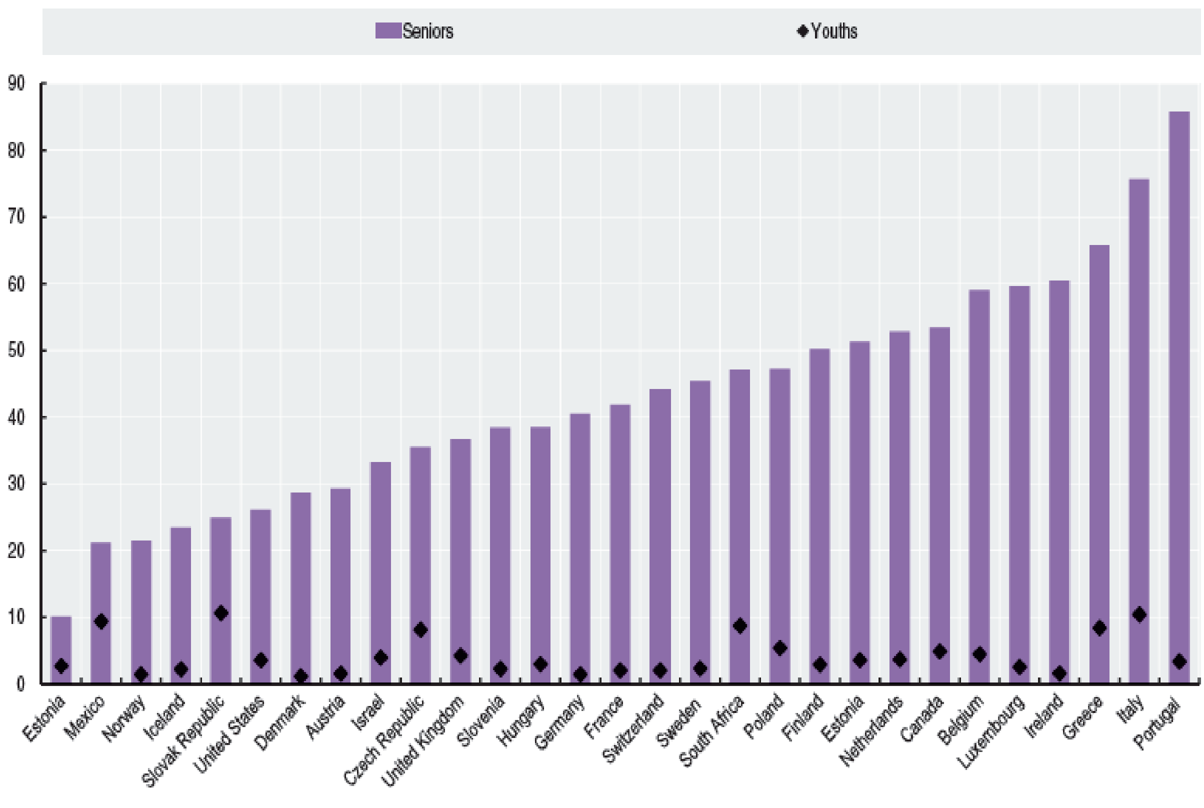
[12] Pomorskie in the European Union Association, 2013
http://dpr.pomorskie.eu/res/dpr/dokumenty/rpo_wp_021007_eng.pdf
[13] http://europa.eu/rapid/press-release_MEMO-11-156_en.htm?locale=en

Youth Entrepreneurs

Younger people often face obstacles in running businesses in relation to their low levels of human capital, business experience, limited access to information and lack of funding (Schoof, 2006; Cassia et al., 2012). However, entrepreneurship is regarded as a route for overcoming unemployment. Whether this will be realised remains debatable. Recent statistics from StatLink indicates that the average unemployment rate of young people aged under 25, within the OECD area in 2012, was approximately 16% on average, whereas their average proportion of self-employment was only 4% (OECD, 2013). As illustrated in Figure 5, the average self-employment rate of the youths amongst OECD countries is between 1% to around 11% in contrast with the seniors' self-employment rate which is consistently much higher.

Figure 5: Self-employment rates for the youths and seniors

(Percentage, average 2009-2011)



StatLink http://dx.doi.org/10.1787/888932829191

The European Commission has designed several campaigns to facilitate training, access to finance and networking during the past years to enhance the survival of youth entrepreneurs:

- *Youth Entrepreneurship Strategies (Multi-countries)*[14]*:* This project is a EU funded project with a total budget of € 1.5 milion during 2010-2012 to promote entrepreneurial activities among people people. This programme was in cooperation with 8 EU country members.

- *Erasmus for young entrepreneurs (Multi-countries)*[15]: This is a cross-border exchange programme, funded by the EU, which provides entrepreneurs an opportunity to learn from international experienced small business owners in all participating countries.

- *Youth Employment Initiative (Multi-countries)*[16]*:* This is a EU funded initiative to support young people who are out of education, employment or training for the planned period 2014-2020, with a total budget of € 6 billion. This would significantly improve the human capital barrier of the youths.

- *http://ec.europa.eu/social/main.jsp?langId=en&catId=89&newsId=1829&furtherNews=yes*

- *Youth on the move (Multi-countries)*[17]*:* This is a EU initiative launched in 2010 as a part of the Europe 2020 strategy to promote sustainable and inclusive growth. The programme aims to stipulate education and employment of young people.

At the national level, a greater emphasis has been placed on improving the education, training, developing and funding business projects.

- *The Prince's Trust Enterprise Programme (United Kingdom)*[18]*:* This programme is one the most successful initiative that supports young people aged 18-30. The programme was first introduced 30 years ago and is still ongoing. It aims to provide young people who are either unemployed or suffering from other disadvantages opportunities to develop their business ideas and become self-employed through entrepreneurship.

- *Think Big (multi-countries)*[19]: The programme was launched by Telefonica in 2009 in the United Kingdom, Germany, Ireland and Slovakia, and spread in Czech Republic and Spain in 2012. Its target group was young people aged 13-25, and at least 50% of all participants had either low education level, disability, or ethnic minority background.

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[14] http://www.young-entrepreneurs.eu

[15] http://www.erasmus-entrepreneurs.eu

[16] http://ec.europa.eu/social/main.jsp?langId=en&catId=89&newsId=1829&furtherNews=yes

[17] http://ec.europa.eu/youthonthemove/

[18] www.princes-trust.org.uk

[19] http://www.thinkbig.eu/our-programmes

- *Young Enterprise Switzerland- Company Programme (Switzerland)*[20]*:* This project is managed by Young Enterprise Switzerland, a non-profit organisation, in cooperation with the Junior Achievement- Young Enterprise Europe. This programme provides students an opportunity to develop practical skills, knowledge so as to build their business plan and run a mini- company.

Case Study 3 illustrates a project that aims to foster the entrepreneurial activities amongst youths in France. The particular strengths of this project are its comprehensive supporting tools for young people that include training courses, individual mentoring, and access to finance. The most special feature is its financial-aid policy, which includes both micro-finance, and zero interest loans for longer term. *Créajeune* also provides post-creation support, which enables it to follow up the participants' progress in running business.

[20] www.young-enterprise.ch/index.php/en/

Box 3: Youth Entrepreneurs' Case Study- Créajeune Programme (France)

Description *The programme Créajeune was created by ADIE - a microcredit player in France, to support young people to set up their own business from 2007-2012.*[21] *This programme aimed to enhance youth entrepreneurial activities by offering participants training modules, coaching and facilitating the financial access via microcredit.*

Problem Addressed *Youth unemployment rate has remained significantly high during the past years, ranging from 18-23%, which doubles the average unemployment rate in France (Lefresne, 2012). This high rate could be attributed to the educational and professional career choices, gender discrimination, and the labour market segmentation. In addition, the FIFG-CCI's survey in 2008 revealed that 69% of young people in France wishing to have their own business activities. Créajeune was launched to address the increasing unemployment rate among young people by providing them the opportunity to be self-employed.*

Approach *The programme was open to all young people aged between 18 to 32 who wished to create their own business with the financial planning under ¨ 25'000. Participants were offered 2-4 month training courses, covering topics such as market research, developing network, calculating the estimated turnover, and consulting legal issues. These training sections were scheduled regularly 3-5 half days weekly. Besides, the programme also provided coaching weekly (i.e., individual mentoring) and facilitated networking (i.e., workshops, meetings). Finally, the participants could apply for funding via professional micro-credit and access to a zero interest loan funding. Créajeune entrepreneurs can also take advantage of the provision of post-creation support services offered by ADIE for 18 months, and a maximum additional bonus of ¨ 1'000.*

Results *This programme has reached more than 4000 young people, 33% of whom have created their own businesses after 10 month following their entry. The majority of the participants are young unemployed (68%), women (48%) and low educated (52% earned high school degree or less) people. CréaJeunes has been organised in 17 major cities: Amiens, Angouleme, Bordeaux, Cayenne, Evry, Fort-de-France, Grenoble, Lille, Lyon, Marseille, Nanterre, Nice Noumea Paris, Pointe-à-Pitre, Poitiers, Rennes (93) Saint-Denis, Strasbourg, Toulouse.*[22]

Conditions for Success *The key to success of this initiative is the comprehensive, interactive and individual approach to young people, which enable participants to enhance their confidence, skills, knowledge, and capabilities to access to finance so to develop their business plans. Besides, the post- creation support service from ADIE plays an important role in addressing Créajeune entrepreneurs' barriers in practice.*

[21] http://foundation.total.com/version-anglaise/solidarity/supporting-professional-integration/adie-youth-entrepreneurship-france-503289.html

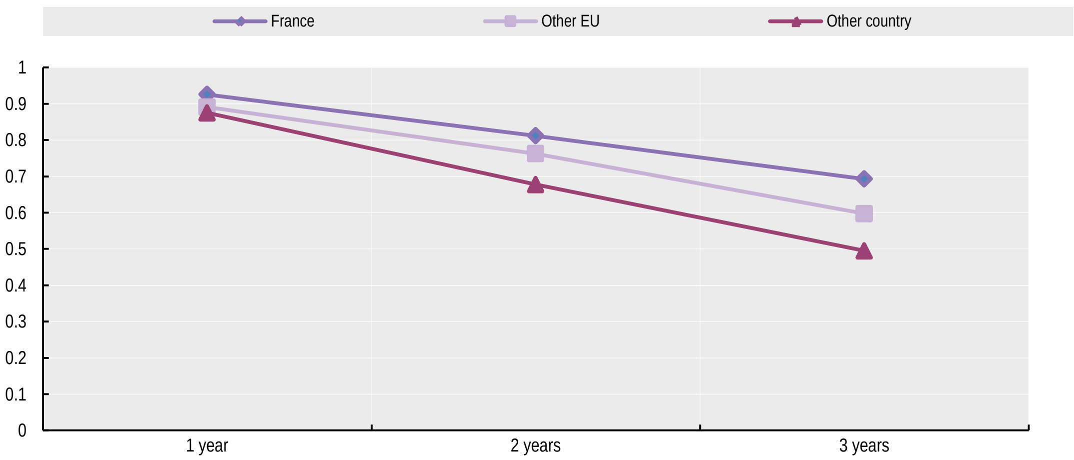
[22] http://www.european-microfinance.org/index.php?rub=emn-aisbl&pg=annual-reports &spg=emn-annual-report-2011

Ethnic Minorities and Migrants

The increasing integration of people with an ethnic minority or migrant background has played an important role in boosting the economic growth and employment rate in Europe. According to Eurostat data in 2009, approximately 32 million foreigners lived in the EU27, which accounted for 6.4% of the total population. In addition, migrants from 'third' countries represented 63% of the total European population. This has sometimes stimulated new firm formation in the host economies. In many OECD countries such as Denmark, Finland, Poland, Slovak Republic, Hungary, Belgium, the self-employment rate of migrants is higher than natives (OECD, 2010).

However, migrant and ethnic minority business start-ups have been shown to be a response to labour market discrimination (Smallbone et al. 2003, Fraser, 2005). Even when they plan to start a business they show lower levels of actually doing so because of what has been termed their 'liability of foreignness' (Irastorza and Pena, 2011). Ethnic minority enterprises have also been shown to have lower levels of sustainability (Alves, 2013). As reported by the Global Entrepreneurship Monitor Report (2013), business survival rate of entrepreneurs in France varies significantly between native and migrant entrepreneurs during 2006-2009. While 70% of French entrepreneurs survive after 3 years running business, migrant entrepreneurs experience a much lower survival rate, with 50% for EU- migrants and 60% for non-EU background (see Figure 6).

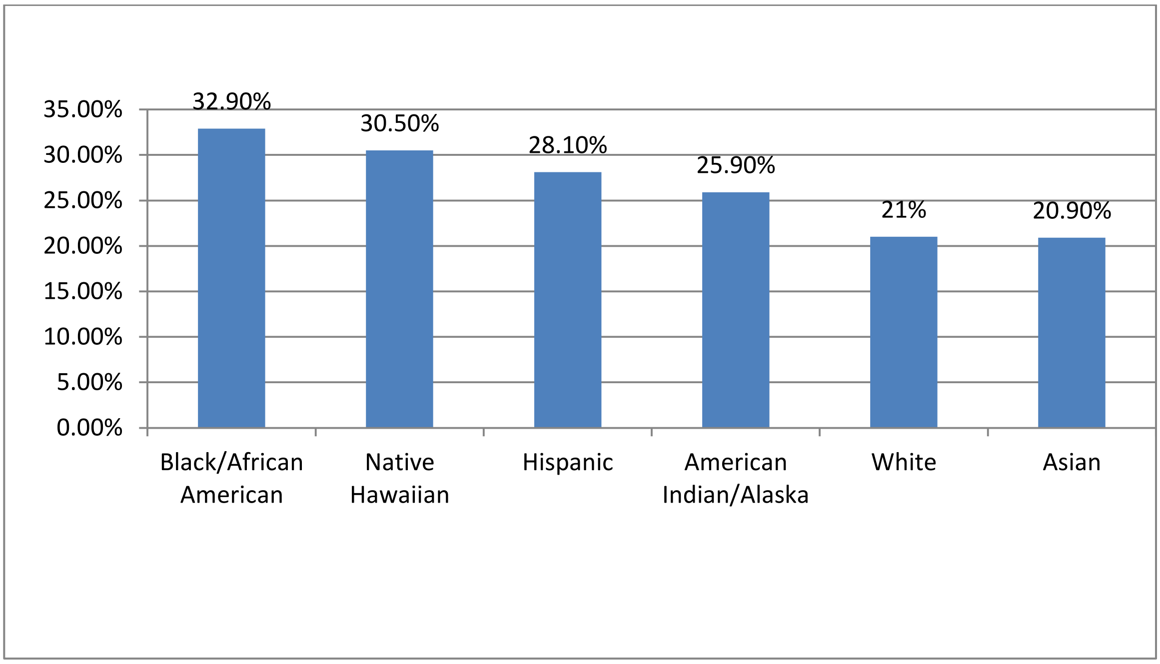
Figure 6: Business Survival Rate by Migrants in France (2006-2009)



Source: GEM Report 2013, available at **DOI:** 10.1787/entrepreneur_aag-2013-en

In the same vein, the 2007 US Survey of Business Owners conducted by the US Census Bureeau indicated a much higher proportion of business failures rates amongst ethnic female entrepreneurs in 2007 (National Women's Business Council, 2012). As exhibited in Figure 7, the lowest business survival groups were the black or African American (32.9%), and Native Hawaiian or other Pacific Islander (30.5), which was around 10% higher than that of White or Asian entrepreneurs.

Figure 7: Women-owned Business Death Rate by Race/ Ethnicity



Source: National Women's Business Council Report (2012)

Their most common barriers are the limited social networks, poor information flows, difficulties in access to markets and finance, operating in deprived locations, linguistic and legal framework barriers in the host country. Fraser (2005) also found that ethnic minority businesses are more likely to have problems in obtaining external funding and building financial relationship than white-owned businesses. In the same vein, Smallbone et al (2003)'s findings show that African-Caribbean start-ups had the lowest rate of access to both bank finance.

Table 2: Self-employment rate between Natives and Immigrants in 2009

Country	Natives	Foreign-born
Austria	9.3%	8.4%
Belgium	12.1%	15.5%
Czech Republic	15.4%	19.6%
Denmark	7%	9.6%
Finland	9.6%	14.1%
France	8.1%	10.8%
Germany	10%	9.5%
Greece	26.4%	10.6%
Hungary	10.8%	16.4%
Ireland	16.8%	9.3%
Italy	23.6%	17.5%
Luxembourg	5.4%	6.5%
Netherlands	11%	11%
Norway	5.8%	6.9%
Poland	11.2%	29.2%
Portugal	15.6%	12.1%
Slovak Republic	12.6%	26.4%
Spain	16%	11.7%
Sweden	8.5%	10%
Switzerland	12.4	9.1%
United Kingdom	9.9%	10.2%

Source: OECD (2010)

Taking into account the barriers and discrimination faced by the ethnic minorities and migrants group, a diversity of projects and schemes have been initiated in Europe:

- *EQUAL programme*[23]*:* This scheme was initiated by the European Commission from 2000-2006 to tackle the discrimination issues in the labour market. This programme was sponsored by the European Social fund and the EU member states. Its thematic focuses cover different aspects of employability, entrepreneurship, adaptability, equal opportunities and asylum seekers.

- *European Network on Ethnic Minority Entrepreneurs*[24]*:* This network aimed to create a better dialogue, acting as a mediator for European institutions; monitoring and promoting ethnic and migrant entrepreneurial activities by provide business opportunities and access to finance for ethnic minorities and migrant groups.

Several schemes and projects have been implemented at the *national* level to promote the business environment for minority and migrant groups.

- *Project Business Incubator for Vulnerable Groups (Bulgaria)*[25]***:*** This programme was organised by the Bulgarian Red Cross in Sofia from 2011 to 2012, to help vulnerable groups such as Roma, migrants, refugees, to become self-employed. Aligning with volunteer private enterprises, public institutions and students, the Bulgarian Red Cross sought to improve the professional biographies of vulnerable groups by providing them training courses, consultation on developing business plans and applying for micro-finance and support from the partners.

- *Project Entrepreneurship (Denmark)*[26]*:* This initiative was managed from 2010 to 2013 in Denmark to promote the formation, survival and growth of businesses owned by people with ethnic origin. This project was run by the Danish Business Authority, in cooperation with the municipalities of Copenhagen, Aarhus, Odense, Aalborg, Vejle and Slagelse, the Danish regions, the Ministry of Employment and the Ministry of Business and Growth.

Case Study 4 below describes the intervention that seeks to support immigrant entrepreneurship in vulnerable neighbourhoods of Portugal. The special feature of this programme is in its community-based approach that tightens the links between local authority and institutions in the process of promotion, recruiting, training and follow-up. This helps to accelerate the participants' access to human and social capital factors.

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[23] http://ec.europa.eu/employment_social/equal_consolidated

[24] http://ec.europa.eu/enterprise/policies/sme/documents/migrants-ethnic-minorities/index_en.htm

[25] http://ec.europa.eu/ewsi/en/practice/details.cfm?ID_ITEMS=32320

[26] http://startvaekst.dk/entrepreneurshipindenmark.dk/mainpage/0/2

Box 4: Ethnic and Migrant Entrepreneurs' Case: Project promotion immigrant entrepreneurship (Portugal)

Project Description *Promotion of Immigrant Entrepreneurship (PEI) was initiated during 2009-2014 to enhance entrepreneurial activities amongst the immigrant communities in Portugal. It targeted immigrant entrepreneurs in vulnerable neighbourhoods. The programme was run by the High Commissioner for Immigration and Intercultural Dialogue (ACIDI), coordinating with local institutions, NGOs and trainers. The project was sponsored by the European fund for the integration of third countries nationalsOs and trainers. The project was sponsored 875,000.*[27]

Problem Addressed *Immigrant entrepreneurs have appeared to be a significant part of Portuguese economy. Prior literature indicated that a greater proportion of entrepreneurship was created by immigrants than by Portuguese natives during the past years (Oliveira, 2010). Nevertheless they have encountered lots of challenges in setting up their businesses because of insufficient communication, poor knowledge of the law, low levels of industry networks, and mistrust by suppliers and customers (European Commission, 2014).*

PEI aimed to:

- Develop personal, social and management competences in immigrant communities

- Facilitate the access to supporting programs, promoting the formalisation of existing informal businesses

- Link immigrant entrepreneurs with the industry networks.

- Enhance the entrepreneurial activities amongst immigrant communities by increasing the number of new businesses.

Approaches *PEI targeted immigrants who had a business idea to develop. The execution of this programme involved the following steps:*

Promotion: All local institutions engaged in promoting the programme and participants

Recruitment: Participants were identified and recruited by local authority

Training: Partner Institutions provided a 62- hour course "Supporting creation of Business" to all participants to lift up their

Follow-up: Subsequent private meetings between trainers and individual participants were arranged to ensure the progress of business creation.

Impacts *During five years, PEI reached 1450 participants and provided complete training sessions to 777 immigrants. As a result, 305 business ideas were developed and 75 businesses were created (European Commission, 2014). Three best projects were awarded by the committee judged by the ACIDI, the Institute Supporting Small and Medium Enterprises (IAPMEI), the National Association of the Right to Credit (ANDC) and by the Institute of Employment and Professional Training (IEFP).*

Conditions for Success *The keys to success of this project can be attributed to its strong linkage with the local institutions and entitles in promoting, recruiting and training process. This ensures the spread of information, and more effective communication with local immigrants. Besides, the follow-up process enables PEI to provide more individual consultation to address the needs of immigrant entrepreneurs.*

[27] European Commission (2014), "Project Promotion Immigrant Entrepreneurship", available at http://ec.europa.eu/ewsi/en/practice/details.cfm?ID_ITEMS=38811

Disabled Entrepreneurs

People with disabilities account for 16% of the total working age population in the EU. Yet the proportion of the disabled engaging into self-employment has been higher than non-disabled (Cooney, 2008). Findings from Pagan (2009)'s study of 13 EU countries using European Community Household Panel data during 1995-2001 suggested that disabled people in the EU are more *driven* towards self-employment than the rest of the population. Trust (2006), based on the UK's office for National Statistics' Labour Force Survey in 2005, emphasised that 28% of disabled people who were inactive in labour market would like to work, in comparison with 24% of inactive economically non-disabled people.

Nevertheless, disabled entrepreneurs are found to encounter a number of obstacles in doing business. These include their relatively low levels of education, limited access to resources, information, knowledge finance (Boylan and Burhardt 2002), and discrimination in the society (Cooney, 2008). People with disability are also shown to have lower levels of confidence, compared with the non-disabled, which could restrict their business opportunities and networking capabilities. Therefore, promoting the business environment for disabled people has been the priority of the Lisbon agenda of the European Commission in preparing for the Europe's 2020 strategy.

Interventions to promote entrepreneurial activity amongst the disabled by the European Commission

- *The EU Disability Strategy 2010-2020*: The scheme seeks to eliminate the discrimination and facilitate the environment for disabled people.[28] The main categories of this programme include the following:

  - *Accessibility initiative* (i.e. improving the accessibility of all goods and services to disabled people)

  - *Participation* (i.e. ensuring the equal right of people with disabilities)

  - *Funding* (i.e. utilizing EU funds to support people with disabilities, promoting working condition, personal assistance scheme, care providers)

  - *Cooperation* (i.e. forum to cooperate between member states to exchange for data and policy coordination)

  - Awareness- raising (i.e. European award for accessible cities)

  - *Data collection and monitoring* (i.e. identify and promote successful support schemes at national level)

- *Ready to start (United Kingdom)*[29]: This is the national programme that provides self-employed disabled people training, mentoring and financial support to start up

[28] http://ec.europa.eu/social/main.jsp?langId=en&catId=89&newsId=933&furtherNews=yes

[29] http://www.leonardcheshire.org/sites/default/files/RTS_Closing_Report_FINAL.pdf

business during the period 2006-2009. This scheme recruited 1382 disabled entrepreneurs and helped to created 735 new businesses, which resulted in a £3.5 million savings for the disability benefit payments.

- *Looking for another sense ng the access to work (Slovakia)*[30]*:* This programme has been launched since 2008 to support deaf entrepreneurs aged from 18 to 55 to become self-employed in Slovakia. By facilitating the access to finance, training, networking and business consultation, this project has helped more than 40 deaf entrepreneurs to start up their businesses successfully since 2008.[31]

- *MATRA project (Moldova)*[32]*:* This project was initiated by the Business Support Program Moldova to support visually impaired people during 2009-2012. It seeks to provide participants training, financial aids and consultation in planning and managing their businesses. As a result, the programme has provided training to 107 people and supported 23 people to launch businesses.

[30] http://www.nepocujucipodnikatelia.sk/grantovy-program/o-programe
[31] http://www.nepocujucipodnikatelia.sk/grantovy-program/o-programe
[32] Doibani et al. (2012)

Recommendations

The above evidence and analysis has provided a range of factors that particularly affect disadvantaged entrepreneurs. These include factors that may be intrinsic to the particular characteristics of members of the population as well as some that are a result of the response of society and the economy to these populations. There is a role for intervention in some cases but in terms of the deeper societal discrimination, this presents a more long-term strategy to affect cultural changes – such as consumers attitudes towards entrepreneurs with disabilities. However, the four case studies illustrate ways in which the challenges faced by disadvantaged entrepreneurs may be tackled. In this section, we aim to propose some measures to promote the sustainability of businesses created by the under-represented groups based on the research evidence and evaluation of existing initiatives.

1. One of the key factors influencing the survivability of disadvantaged small businesses is their adaptability, and one of the key influences on their adaptive capacity is the human capital which they can draw on. The relatively low level of human capital has been a recurring theme in the above analysis. As a consequence, it is recommended that any intervention targeted at disadvantaged or underrepresented entrepreneurs incorporates human capital development, focusing particularly on upgrading skills related to running a small business; giving particular emphasis to those concerned with financial management.

2. Entrepreneurs from disadvantaged and underrepresented groups face particular problems in raising external finance because of the typical combination of the lack of collateral and the lack of experience which influences their ability to persuade lenders to lend them money. At the same time, part of the apparent market failure is on the demand side, reflecting a perceived discouraged borrower effect. As a consequence, any initiative targeted at disadvantaged and underrepresented entrepreneurs should include some attempt to increase the supply of finance, which is likely to take the form of some sort of microfinance, credit union or some other community finance initiative. This should be linked to an attempt to better inform minority entrepreneurs about the circumstances when borrowing can be advantageous and under what conditions..

3. A further characteristic for disadvantaged and underrepresented entrepreneurs which potentially affects their survivability is their lack of business experience. As a consequence, it is recommended that any initiative targeted at these groups should incorporate a mentoring programme, thereby enabling disadvantaged entrepreneurs to draw upon the wider networks and knowledge base of a more experienced business person. The case studies illustrate how these may operate but care must be taken over simply borrowing from one context into another.

4. Measures 1 – 3 above are all concerned with different aspects of capacity building focusing on members of one of the target groups. It is also important to recognise that capacity building needs to take place on the institutional side including business

support organisations and procurement officers working within large public bodies in the locality. The focus of this type of capacity building should be on finding ways of working more successfully with entrepreneurs from one of the disadvantaged or underrepresented groups.

5. Although specific support needs of members of minorities or underrepresented groups vary between different groups, nevertheless these groups have something in common. They are all considered to be difficult to reach by mainstream agencies and thus some form of community-based delivery model would seem to be potentially the most effective way of delivery business support to these groups.

6. A focus on the survivability of enterprises by members of disadvantaged and underrepresented groups may not be the most appropriate focus for public policy. Productive employment may be an alternative to business ownership for these people in the longer term. For example, struggling at the margins with a very small, under-capitalised business in a highly competitive market may be difficult to sustain even with interventions. In this context, the previous suggestion to prioritise human capital development has the advantage that should disadvantaged entrepreneurs leave or close their businesses, then their ability to generate other opportunities for salary are enhanced.

7. The current rationale for allocating resources to support entrepreneurship development in disadvantaged and underrepresented communities is typically linked to a rationale for the development of an entrepreneurial society in which entrepreneurship is encouraged across the social boundaries. However, there is an alternative that should be explored linked to the theme in which diversity is seen as a potential source of competitiveness.

8. One aspect of diversity is that the supply side responsible for delivering business support should be as diverse as the business community it is seeking to serve. This helps to win the trust of members of the disadvantaged groups and trust-based relations between the business advisor and client business, and is an important influence on the effectiveness of the support that is delivered. In practice, however, women, members of ethnic minorities and disabled people are underrepresented amongst the business support community. Therefore, whatever approach is adopted to provide business support for members of disadvantaged communities, it is important that an attempt is made to increase the number of advisors and consultants coming from these disadvantaged and underrepresented groups.

9. Whilst community-based approaches to providing business support to disadvantaged people are potentially effective and appropriate ways of receiving this (as Case Study 3 demonstrates), it is important that effective network links are developed between these community approaches and mainstream business support agencies. This is because the more established business and those that are specialised are likely to have support needs that cannot be successfully dealt with from within the communities. Hence, an effective referral system based upon cooperation and mutual

respect between support agencies is essential for the system as a whole to operate effectively.

10. One of the themes underpinning the suggestions above is capacity building which needs to incorporate the target groups on the one hand and relevant institutions on the other. Well-designed supplier diversity initiatives represent one way of achieving this. As a consequence it is recommended that successful examples of supplier diversity initiatives which involve potential suppliers, procurement officers from public agencies and business support organisations (to assist participating businesses to become ‘fit to supply’) are actively promoted across the EU.

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