



Mutual Learning Programme

DG Employment, Social Affairs and Inclusion

Peer Country Comments Paper – The Netherlands

Entrepreneurship for the unemployed: a labour market tool with substantial social impact!

**Peer Review on
"Entrepreneurship training for the unemployed:
the Austrian Entrepreneurship Lab example"
Austria, 24-25 October 2019**



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1 Introduction

This paper has been prepared for the Peer Review on "Entrepreneurship training for the unemployed: the Austrian Entrepreneurship Lab example" within the framework of the Mutual Learning Programme. It provides a comparative assessment of the policy example of the host country and the situation in the Netherlands. For information on the host country policy example, please refer to the Host Country Discussion Paper.

2 Situation in the peer country

The labour market policy in the Netherlands has traditionally focused on standard employment but in recent years a lot of attention has been given to stimulating entrepreneurship among the unemployed. A major reason for this is that the Dutch labour market is highly flexible. The rate of self-employment in the Netherlands increased between 2000 and 2017 to 16.7 % of total employment. Almost all of the increase in self-employment in the Netherlands has been own-account work. Own-account workers are self-employed entrepreneurs who do not have any employees. A lot of jobseekers choose to become own-account workers for lack of standard employment. Overall, own-account work represents 90 % of the total increase in self-employment in the Netherlands¹.

Labour market policy in the Netherlands is implemented through two laws: the Unemployed Insurance Act (*Werkloosheidswet*) and the Participation Act (*Participatiewet*). The Unemployment Insurance Act deals with people who have recently become unemployed: the duration of benefit entitlements depends on the working history of the individual; the maximum duration is two years. The UWV², the national unemployment insurance agency is responsible for the application of this law. People without an employment history and who are unemployed for more than two years are covered by the Participation Act, which is under the remit of the municipalities.

Municipalities and the UWV offer support to the unemployed for reintegration on the labour market. In the recent years the UWV and a growing number of municipalities have actively supported unemployed people to start their own business. The 355 municipalities in the Netherlands have hereby the authority to make their own policy to help people find work. Because of the flexible labour market, support for starting a business has thus become a reintegration tool and is an important part of the national, regional and local labour market policy.

With the Regulation for Self-employment (*Startersregeling*), the UWV offers unemployed people the possibility to follow online entrepreneurship training courses and webinars. In addition, there are opportunities for them to purchase customised entrepreneurship training and coaching programmes³.

To promote entrepreneurship among the unemployed, a specific legal regulation was introduced in 2004: *Besluit Bijstandsverlening Zelfstandigen* (Bbz) – the Regulation Assistance for the Self-Employed⁴. The Bbz is carried out by the municipalities. During the period prior to the start of self-employment, training and coaching for first-time entrepreneurs is offered. The content of the training courses varies according to the municipality or municipal partnership. Research indicates that the Bbz is an effective and efficient way of helping people out of unemployment⁵. The benefits of using the Bbz are higher than the costs over a period of five years from the start. This is because the Bbz ensures that more people are at work.

¹ OECD (2019). Input to the Netherlands Independent Commission on the Regulation of Work.

² Uitvoeringsinstituut Werknemersverzekeringen

³ www.uwv.nl

⁴ www.rijksoverheid.nl

⁵ SEO (2018). Zelfstandig in en uit de bijstand, Kosten en baten Besluit Bijstandsverlening Zelfstandigen.

In general, training programmes in the Netherlands are not targeted at specific groups of unemployed people. The programmes gather participants from various groups.

A recent development is the promotion of part-time entrepreneurship by the municipalities. Unemployed persons can work as self-employed while maintaining their benefit entitlements. For this purpose, training programmes are offered and collective organisations such as social cooperatives are set up where unemployed participants wanting to become self-employed work together in teams to develop their business ideas.

3 National policies and measures

With the introduction of the Participation Act in 2015 and the Bbz, municipalities play a crucial role in entrepreneurship training policies for the unemployed. Municipalities receive a budget from the Ministry of Social Affairs and Employment to organise support such as coaching and training for the unemployed who want to start a company. Since each municipality is autonomous in making policy choices, there are differences in the offer of training and support for first-time entrepreneurs among the municipalities. Many municipalities cooperate in helping aspiring entrepreneurs out of unemployment. Some municipalities provide all the guidance themselves while others outsource it. Guidance provided externally by a specialised organisation, costs between EUR 750 for the half-year coaching to EUR 5 000 for a specific course. Compared to the Austrian Entrepreneurship Lab, there are in the Netherlands group training programmes for the unemployed.

3.1 Training-programmes related to the Assistance for the Self-Employed (Bbz)

The core objective of the Bbz is to assist unemployed people to become self-employed. A further purpose of the Bbz is to prevent already established self-employed persons to continue to be dependent on financial assistance. The regulation is therefore both a reintegration facility for unemployed persons and a social/financial safety net for already established self-employed entrepreneurs who were previously unemployed.

To qualify for training and coaching as a first-time entrepreneur, the following process applies.

Figure 1. Qualification process for training and coaching



Source: Author's own figure based on *Besluit Bijstandsverlening Zelfstandigen (Bbz)*.

Following the intake and selection phases, the preparation (or training and coaching) period starts. Preparation can take up to one year, during which time the participants maintain their benefits. The aim is to provide a business plan that can be used to obtain a start-up loan. After a positive assessment of the business plan, the municipality can provide a start-up loan of up to EUR 36 762.

Entrepreneurship training for the unemployed begins during the preparatory period. The content and structure of the training programmes vary by municipality or municipal partnership. Besides the Bbz, unemployed people who want to start a business can also apply for a microcredit provided by the independent foundation Qredits. Qredits offers also training and coaching to starting entrepreneurs⁶.

An example of an entrepreneurship training programme targeting unemployed people which is similar to the Austrian Entrepreneurship Lab is *Succesvol van start* (Starting successfully) offered by the *Regionale Organisatie Zelfstandigen* (ROZ)⁷. The ROZ is a cooperative venture of the municipalities of the region of Twente. The training lasts 10 weeks, includes 5 workshops, and takes place in groups. The programme consists of the following components: entrepreneurial competences by an entrepreneurial test, (social) marketing, administration and finance, network-development. Upon completion of the programme, participants have a fully developed business plan. With advice from the trainer/coach of the programme, the participants obtain insights into the feasibility of their business ideas. During the last workshop of the training programme, the participants pitch their business plans to the group.

In the period from July 2018 to July 2019, 110 people participated in the programme: 37 participants were 45 years of age or older, slightly fewer than half started their company and one participant found a job. Experience from similar programmes shows that about 50 % of the participants drop out after the preparation period.

The programme does not focus on promoting entrepreneurship in a particular sector. Therefore, the sectors in which participants start their business are very diverse, ranging from personal to business services, from catering to (online) retail.

A group approach is chosen because it gives participants the possibility to exchange experiences and feedback and to support each other. The groups involved in the training are also able to form their own 'networks' and to continue to develop them even after the programme has ended.

3.2 Part-time entrepreneurship programmes

The Dutch labour market is very flexible, with an enormous growth in own-account work and a decrease in the number of permanent jobs. This development calls for a review of the labour market policy when it comes to the reintegration of the unemployed. Part-time entrepreneurship offers opportunities that are suited to a flexible labour market. The Participation Act provides possibilities for part-time entrepreneurship⁸. This Act generally addresses unemployed people who have limited prospects of finding a job. They are given the opportunity to become part-time self-employed while retaining their unemployment benefits. The money they earn from being self-employed is deducted from their benefits. Part-time entrepreneurs often organise themselves into collective organisations such as cooperatives. As such, they are also often referred to as 'free-range entrepreneurs'. A nice example of such a cooperation is the *Vrije Uitloop*⁹ in the city of Breda. In this cooperative, creative designers, web designers, landscapers, craftsmen work together.

There are municipalities that offer a training and coaching programme for unemployed people looking to become part-time entrepreneurs. The city of The Hague experimented this from October 2016 to June 2018 with the pilot project "*Entrepreneurial from the benefit*" intended for all unemployed people with an entrepreneurial desire who were not eligible for the Bbz self-employment programme¹⁰. Key points were the personal guidance offered by the municipality and a training programme for all the participants

⁶ www.qredits.nl

⁷ ROZ is the regional organisation for the self-employed, in the region of Twente.

⁸ Radar Advies (2016). *Werkzame bestanddelen van parttime ondernemen*.

⁹ www.devrijeuitloop.nl

¹⁰ De Beleidsonderzoekers (2018). *Eindevaluatie en advies Ondernemend uit de Bijstand*.

giving them basic knowledge for entrepreneurship. The training also focused on personal development.

A total of 102 unemployed people participated in the pilot. The average age of the participants was 43 years and the average benefit duration was 48 months. 58 % of the participants either fully or partially ended their unemployment benefit dependency. A characteristic of the companies established within the pilot is that they are micro-enterprises in personal services or self-employed professions: e.g. a online store, a yoga teacher or a clothing repair shop. The evaluation showed that the participants felt it was nice to have the possibility to develop their talents and that their intrinsic motivation was key. A programme with basic training combined with an individual tailor-made approach has worked well.

3.3 Training programs for specific target groups

Although the training programmes for first-time entrepreneurs are generally open to diverse groups, there are entrepreneurial programmes for specific target groups too. Two important examples are training programmes for refugees with a residence permit and for social entrepreneurs.

A recent survey of refugees undertaking entrepreneurship has shown that municipalities do not have a unified approach to this target group. The survey showed that the 'lean start-ups' are better suited to the energy and drive of first-time refugee entrepreneurs rather than long-term programmes. Many of the refugee participants see the municipality as an obstacle to their entrepreneurial development because their business plans have to be approved by the municipality at the end of the course before they can be admitted to a Bbz scheme¹¹.

An example of an innovative approach to training with a social impact is the STAR/T initiative, led by the University of Twente in collaboration with private companies and the municipalities in the Twente region and subsidised by the ESF. STAR/T supports people with a migration background and a desire to create their own business. For 3 months, the participants receive training on design thinking and lean start-up techniques¹². The programme offers several workshops. According to the lean start-up method the participants work together to develop and test a prototype with a customer. The customer gives feedback for the further development of the business idea. At the end of the programme, the participants pitch their business ideas. Of the 44 participants who completed the programme, 10 started a business and 5 found a job.

In addition to refugees, there are also specific start-up programmes for jobseekers and workers who want to start a social enterprise. Examples include Starters4Communities¹³ and Move2Social¹⁴. Such programmes typically have a group approach, promote a "learning by doing" method and are strongly connected to a network of companies, entrepreneurs and financiers who can further support participants. The programmes are often financed by municipalities with co-financing from companies who support social entrepreneurship.

In conclusion, the Netherlands has a broad range of entrepreneurship training and coaching support programmes targeting the unemployed. Research indicates that investing in training and coaching for unemployed people looking to become entrepreneurs has substantial social added value^{15 16}.

¹¹ Lysias (2018). Onderzoek naar ondernemerschap onder statushouders.

¹² See: www.theleanstartup.com

¹³ www.starters4communities.nl

¹⁴ www.move2social.nl

¹⁵ SEO (2018). Zelfstandig in en uit de bijstand ,Kosten en baten Besluit Bijstandverlening Zelfstandigen.

¹⁶ Ecorys (2011). Bbz 2004: uit het startblok.

4 Assessment of success factors and transferability

The interesting aspect of the Austrian Entrepreneurship Lab from a Dutch perspective is that the training programme has a sectoral approach which involves external networks in supporting specific business ideas identified as having growth potential. The programmes in the Netherlands are focused on business creation in general without a direct connection to a specific economic sector. The networks in that sector can provide incubators for first-time entrepreneurs. A key success factor for training programmes is that they are part of an eco-system focused on entrepreneurship in which companies, investors, governments and educational institutions work together.

The group approach of the Austrian Entrepreneurship Lab, also used in the Netherlands, gives many opportunities for the personal development of the participants who can make the most of their talents rather than having to apply for jobs that do not match their talents. In the Netherlands, mixing different groups together – or people with different backgrounds – is favoured over a target group policy approach.

Another success factor in the Netherlands is the integral and long-term approach offered through legislation. In addition to training and coaching, the Bbz-legislation allows for the provision of start-up loans and follow-up programmes. Indeed, to start a business is one thing, but to keep it going is more difficult.

Unemployment among migrants and refugees is high across the EU. Entrepreneurship can offer them an opportunity to participate in the labour market, as shown by the STAR/T initiative. It would be desirable for the EU to promote the exchange of experiences in this area.

Finally, the Austrian Entrepreneurship Lab has demonstrated that it pays off to have researchers monitoring a labour market measure. Monitoring provides data on the degree of effectiveness of the approach and enables knowledge exchange. In the Netherlands, there is no such structural monitoring yet. The challenge is to work with smart monitoring systems that are quickly and easily transferable.

5 Questions

- Many first-time entrepreneurs go out of business after a few years. How are first-time entrepreneurs monitored in the Austrian example? Are there any follow-up measures?
- Given that the Austrian project has a majority of participants who are long-term unemployed and aged 45 and above, is it more geared towards skills training in preparation for Work 4.0 or towards high-tech/digital business creation? What does it mean for the project's future development?
- Given that there are many private capital investors who are active in the high-tech and digital sectors, are they at all involved in the Entrepreneurship Lab or are they willing to co-finance it?

6 List of references

De Beleidsonderzoekers, 2018. Eindevaluatie en advies Ondernemend uit de Bijstand. Leiden: De Beleidsonderzoekers.

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Annex 1 Summary table

The main points covered by the paper are summarised below.

Situation in the peer country

- A strong increase in self-employment (mostly own account work) in a very flexible labour market.
- Support for starting a business has thus become an important reintegration aspect of labour market policy.
- There are two legal regimes for supporting the unemployed who want to start their own business.

Assessment of the policy measure

- Municipalities are autonomous in making policies to support unemployed people who want to start a business. There are therefore differences in approach across municipalities.
- The national unemployment insurance agency offers online training and webinars for unemployed people who want to start a business.
- More and more municipalities are offering training programmes for part-time entrepreneurs who retain their unemployment benefit.

Assessment of success factors and transferability

- Always link training programmes to an entrepreneurial eco-system through the deployment of incubators, coaches, companies and educational institutions.
- Entrepreneurship training programmes with mixed groups prove to be effective.
- It is important that first-time entrepreneurs on benefits are provided with an integral and long offer of support with follow-up support.
- While entrepreneurship training for migrants requires a specific approach, it has great potential to help them integrate into the labour market.
- Investing in a good monitoring system and conducting a social cost-benefit analysis of the training.

Questions

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Annex 2 Example of relevant practice

Name of the practice:	STAR/T: the start-up school for refugees in Twente
Year of implementation:	October 2017
Coordinating authority:	<p>STAR/T is a partnership project led by the University of Twente and ROZ (public entrepreneur organisation), and involving the private training and consulting companies (Mindt, TIB and Delitelabs).</p> <p>The project is co-financed by ESF, municipalities from the Twente region, the Province of Overijssel and private investors.</p>
Objectives:	Supporting people with a migration background who plan to open their own business.
Main activities:	<p>STAR/T offers a programme of 15 to 36 group training sessions based on design thinking, lean start-up methodology and leadership development.</p> <p>Over a period of 6-8 weeks, training sessions are offered to support the participants in developing their idea into a business concept. Participants then pitch their concept to the group. Then follows a part-time incubation support of 3 months before the participants can launch their company.</p> <p>The initiative involves a mix of external trainers and experts from the business community and internal trainers. It also draws coaches from a pool of experienced entrepreneurs from different economic sectors.</p>
Results so far:	<p>A total of 105 people enrolled in the programme, and 54 among them were selected for participation. 10 people dropped out mostly due to private reasons or different expectations. Of the 44 that completed the programme, 10 started their own company. Examples of companies created include: a bike repair shop, an architecture company, a computer store, an online language school and an online fair-trade store. 5 other participants have found a job. The remaining 29 are still under the guidance of the municipality in search of work. The programme has contributed to the development of their skills and employability of participants.</p>



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