

Inclusive Entrepreneurship: some thoughts based on Portugal

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Inclusive Entrepreneurship: some thoughts based on Portugal

1 – Inclusive entrepreneurship

2 – Inclusive entrepreneurship in Portugal

a) In the economy (in a strict sense)

b) All other areas

- What is inclusive entrepreneurship?

For Schumpeter, the role of the entrepreneur is, within an enterprise, to find and to implement new fruitful economic combinations amongst the means of production (Theory of Economic Development)

- But, **enterprise means “undertaking”** or “eagerness to do something new and clever”
- **The entrepreneur is the one who undertakes a project**
 - Business (= busy + ness): ‘state of being busy’
 - Negócio (= negação do ócio): ‘state of not being idle’
- **Entrepreneurship is not only about economics** in a strict sense

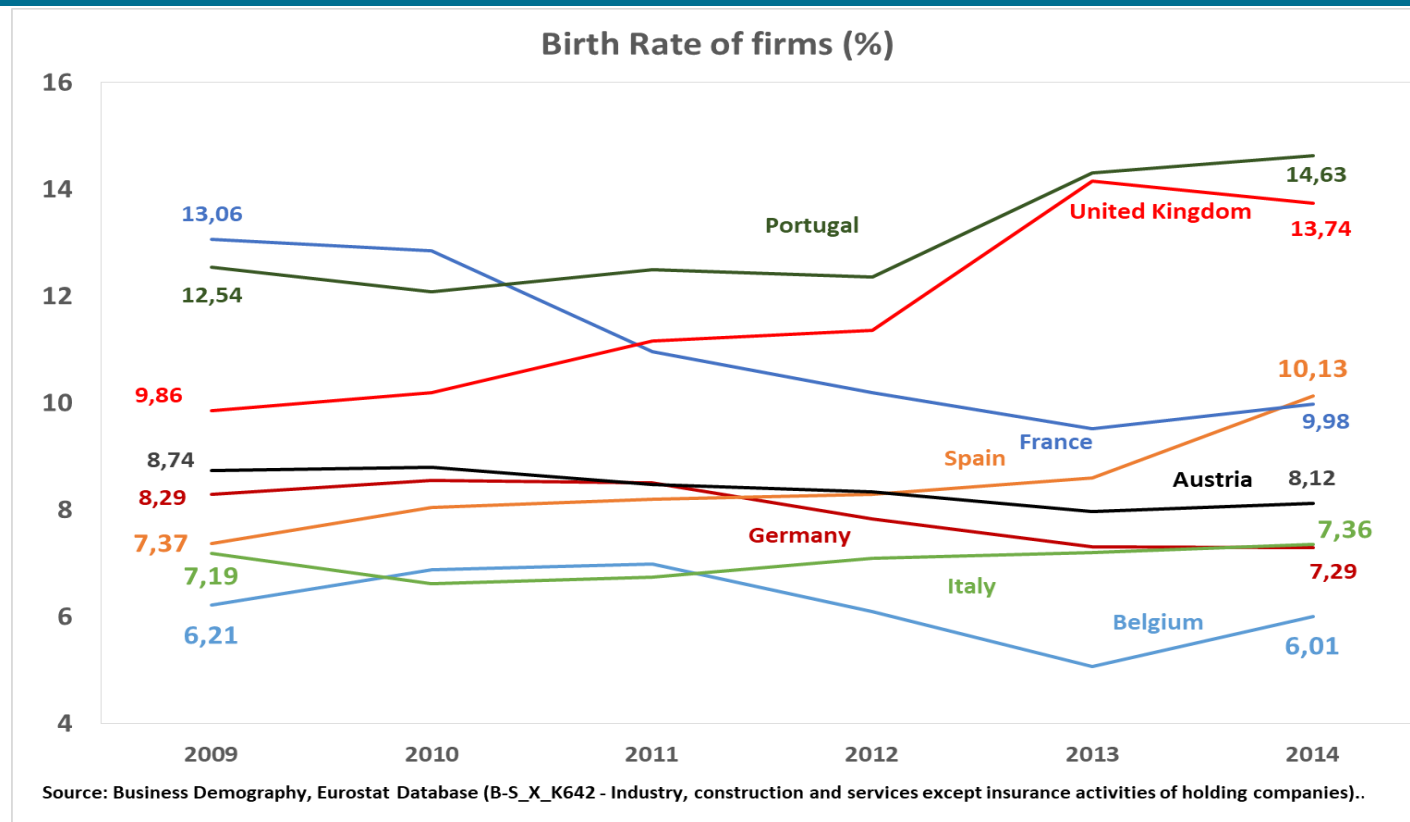
- **Definition of social inclusion:** the process of **improving the terms of participation in society**, particularly for people who are disadvantaged, through enhancing opportunities, ... (World Bank).
- Inclusive entrepreneurship **is about more than starting a business**. It can be applied to self-employment, starting a firm or to social enterprise ... driven by social mission (Wikipedia).
- The way I see it: **inclusive entrepreneurship** includes all firms and all undertakings:
 - Involves **overcoming the barriers to improve the terms of participation in society**
 - To the benefit of the entrepreneur itself or to benefit others
 - in all places - firms, schools, hospitals, courts, prisons, etc.
 - In all areas - environmental, legal, health, education, sport, etc.

a) Inclusive entrepreneurship in the economy

- **Web summits, start-ups, business angels, seed financing ...**
 - Entrepreneurship is trendy nowadays
 - But what is the content of it?
- **How many “entrepreneurs” are there in Portugal? (INE survey)**
 - 800,000 freelancers (1 per 6 workers)
 - 33.6% due to a “good opportunity” or a family business
 - 14.3% (115,000) “forced”: preference to be an employee
 - 819,000 employees: preference for freelancing (1 per 5 employees)
 - 21% have business partners
 - 30% work on agriculture
 - Over 65 years old: 75% are freelancers
 - 150 microcredit projects per year (ANDC)

2 – Inclusive entrepreneurship in Portugal

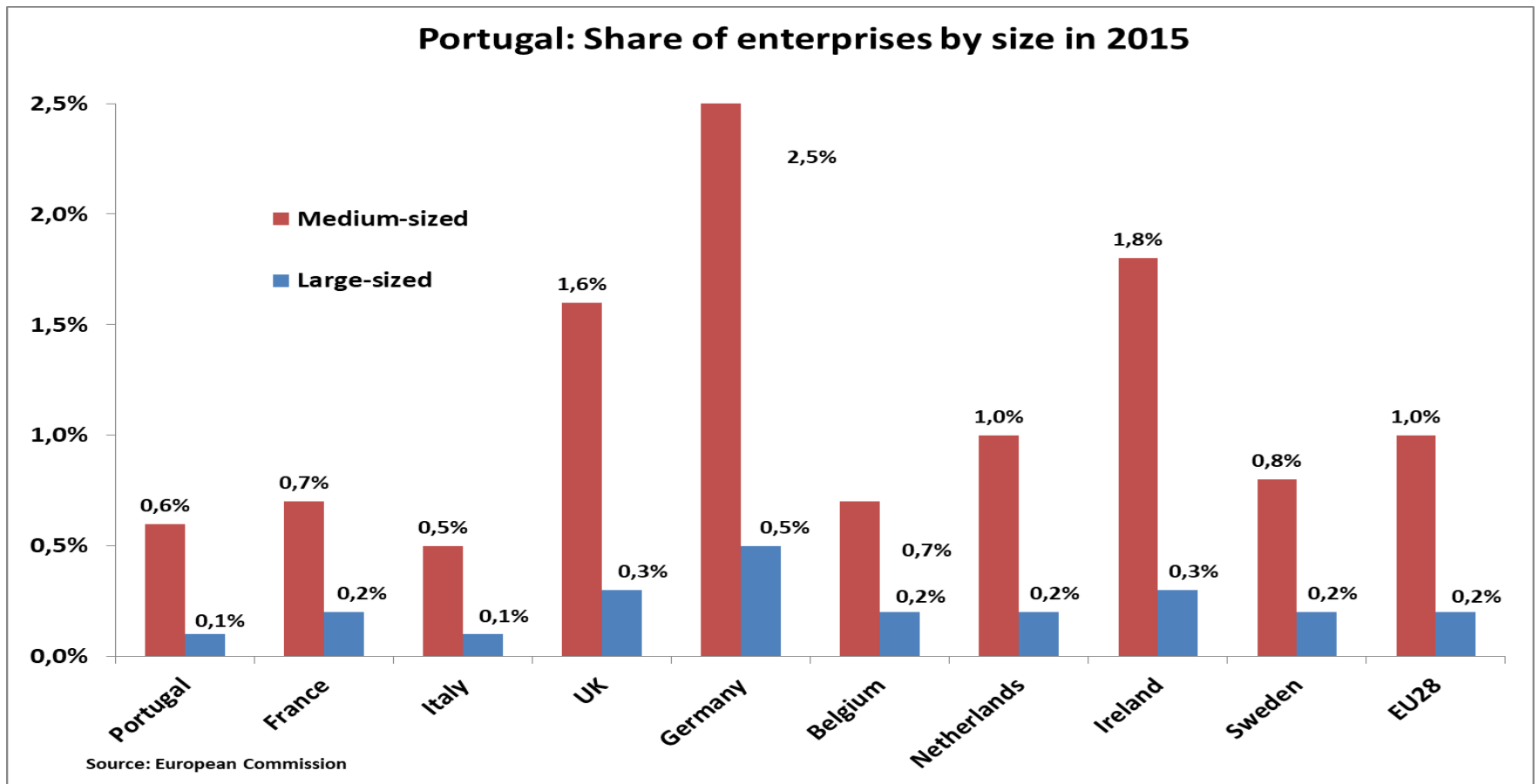
- **350,000 firms**
- **High birth rate of firms*:**
14.3% in 2013, during a crisis, the fourth higher in the EU



- **But two main problems** affect Portuguese firms:
 - There is also a high mortality rate
 - Several obstacles remain for their growth (excessive regulation, lack of capital, no market, increasing taxation)

2 – Inclusive entrepreneurship in Portugal

- **Portuguese firms need to grow**: there are too few firms with more than 50 employees in Portugal (half of the EU28 average, one third of the UK and Ireland or one fifth of Germany).



Economic policies should encourage inclusive entrepreneurship:

- There are public policies, but they can be improved (e.g. Programa de Apoio ao Empreendedorismo, Investe Jovem - IEFP)
- **Microfirms - reward uncertain activities** (relative to employees):
 - Flexible labour will be even more important in the near future
 - Broader access to unemployment benefits and social security
 - Simplified regulations and easier access to financing
 - Higher zero income tax threshold than the one for employees
- **SMEs - well calibrated incentives for the growth of firms:**
 - Conditions for scaling-up and to access international markets
 - Matching long term financing needs with lenders' supply
 - Access to equity funding for the balancing of financial structures.
 - Help SMEs to be part of GVCs and cooperate to supply exporters

b) Inclusive entrepreneurship in all other areas

- **Charities in Portugal: recent phenomenon** (except for church related ones) – 200 years delay comparing with the UK or the US
- UK (18th century): several thousand charities operating in all areas:
 - 1730: 1,400 schools with 22,000 pupils; 1800: 200,000 pupils (population of 10 Millions)
 - Hospitals, promotion of Christian knowledge, abolition of slavery, education and good manners, poverty reduction, orphans and abandoned children, prostitutes, disabled sailors, criminals, etc.
 - British were great donors of help for Lisbon (i.e. for foreigners and catholics) after the 1755 earthquake
- US (19th cent.): Alexis de Tocqueville (*De la Démocratie en Amérique*)

- **Legally established charities in Portugal:** although recent, it is **a remarkable phenomenon**:
 - 4,741 social charities (1 per 2,000 persons)
 - 276 co-operatives
- And many more associations, clubs, unions, foundations, NGOs, etc. – couldn't find information on the total
- **These charities are needed** for several reasons, e.g:
 - Civic participation for a democratic society
 - Population is becoming older and requires increasing support
 - Retirements when persons are able to work for many years
 - To reduce the asymmetry in the development of rural areas
 - Social security in its present form is not sustainable

- **Personal experience at a food bank for more than 20 years**
 - Charities are essential, and more so in rural areas
 - Charities need to become more professional
 - Entrajuda is a charity that works to improve how other charities are managed
 - Charities need both volunteers and paid workers
 - Rural areas: volunteers are always the same persons, it is difficult to bond charities and new volunteers

Economic policies should encourage inclusive entrepreneurship:

There are public policies (e.g. Portugal Inovação Social), but ...

- Partnerships with state services can be enhanced
- Improve digital skills (INCoDe.2030)
- Specific labour contract for charities: part-time, seasonal, etc.
- Wages compatible with pensions and lower or zero income tax rate

Thank you!

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2 – Inclusive entrepreneurship in Portugal

<https://www.iefp.pt/empreendedorismo>

<http://inovacaosocial.portugal2020.pt>