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## **Stimulating Youth Entrepreneurship:**

### **Barriers and incentives to enterprise start-ups by young people**

by  
Ulrich Schoof

Small Enterprise Development Programme  
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International Labour Office . Geneva

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## Foreword

The world's population is growing at a time when traditional, stable labour markets are shrinking. More than 1 billion people today are between 15 and 24 years of age and nearly 40 per cent of the world's population is below the age of 20. The ILO estimates that 47 per cent of all unemployed persons globally are young women and men and 660 million young people will either be working or looking for work in 2015.

Decent and productive work for youth was always an important issue for the ILO and it became a commitment of the Millennium Declaration adopted by the Heads of State in a situation where reducing youth unemployment becomes one of the most difficult challenges for the future. To provide valuable advice to governments, the Secretary General of the UN Kofi Annan created the Youth Employment Network (YEN) together with the World Bank and the ILO which also functions as Secretariat for the network.

The present paper with the findings of the research on "Stimulating Youth Entrepreneurship: Barriers and Incentives to Enterprise Start-ups by Young People" continues the SEED Series on Youth and Entrepreneurship initiated in 2003 by a research on awareness and promotion programmes in formal and non-formal education entitled "Facilitating Youth Entrepreneurship", thus contributing to the knowledge about creation of youth employment opportunities through entrepreneurship development.

Becoming owner of a micro or small enterprise could be an alternative for a young person who has an entrepreneurial mindset but also possesses some basic requirements like skills and knowledge. Awareness about this career option, and the given enabling environment for enterprise creation, play a crucial role for a successful start-up.

However, little research has been made until now on young entrepreneurs and the specific barriers, on the one hand, and incentives on the other, when starting their own enterprise. This paper helps to shed more light on the process of starting and running an enterprise by young women or men, and also to give informed recommendations to governments that want to use the employment creation potential of enterprises for young people themselves and for others.

Klaus Haftendorn, Senior Specialist in SEED for SME development and global "Know About Business" programme coordinator for enterprise education, initiated research on this topic in order to further elaborate recommendations and to provide guidelines for countries preparing their action plans and youth employment policy.

Particular appreciation is extended to the author of the study Dr. Ulrich Schoof who carried out the research, analysed the data, drew the conclusions, and formulated the recommendations.

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Martin Clemensson  
Team Leader  
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This paper is the outcome of an independent study funded by the ILO and its “Small Enterprise Development Programme” as a contribution to the activities of the UN, the World Bank and the ILO in the framework of the Youth Employment Network (YEN).

This comprehensive desk research involved a review of relevant international literature relating to youth entrepreneurship and self-employment, including relevant texts and journal articles, and other publications.

Young entrepreneurs’ perspectives have also been incorporated into the study. A questionnaire was designed to capture and unlock local and situational knowledge and to obtain entrepreneurs’ perceptions regarding the constraints, barriers and incentives to business engagement.<sup>1</sup>

Furthermore collaboration with a broad range of stakeholders in the field of youth entrepreneurship was forged. The study was conducted in close cooperation with the Youth Employment Network (YEN) and its partner organisations, associations and networks active in the area of entrepreneurship.

First of all, I would like to thank Klaus Haftendorn from the ILO’s Job Creation an Enterprise Department for tasking me with undertaking this study. He developed the framework for the research and advised me on all stages of the study. As a senior specialist in SME promotion and entrepreneurship development, he made valuable comments on the research findings that are also reflected in this paper. However, this report is based on my own experiences and research in the field of youth entrepreneurship and might not necessarily reflect the views of the ILO.

I would also like to thank Justin Sykes from the Youth Employment Network (YEN) who helped me to identify and contact the relevant entrepreneurship focused youth organisations in the YEN.

I would like to express my special thanks to Whitney Harrelson from the youth section of the Inter American Development Bank (IDB-Youth) and Gary Rynhart of the International Organization of Employers (IOE), who particularly assisted me in identifying and contacting young entrepreneurs in Latin America and Asia.

Furthermore, I would like to thank Dr. Stephen Hunt from the Global Entrepreneurship Monitor (GEM) coordination team, who provided me with comprehensive data on youth entrepreneurial activity and Sara Elder from ILO-KILM (Key Indicators of the Labour Market), providing me with principal labour market data for youth.

I have to stress that I was impressed by the quality of all questionnaire responses I received from young entrepreneurs from eight different countries. Many thanks for your assistance and your precious time.

Finally, I would also like to thank Alan Wood, Daria Cibrario and Justin Sykes for casting an elaborate eye over the document.

<sup>1</sup> For a sample of the questionnaire, see Appendix 2.

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## Abbreviations

AJE	Asociación Jóvenes Empresarios de España
APCE	Agence pour la Création d'Entreprises
BAS	Business Assistance and Support
BDS	Business Development Services
BJU	Bundesverband Junger Unternehmer
BYST	Business Youth Staring Together
CEFE	Competency-based Economies through Formation of Enterprises
Cf.	Confer
CIDA	Canadian International Development Agency
CIDE	Centre for Educational Research and Development
CYCI	Commonwealth Youth Credit Initiative
CYP	Commonwealth Youth Program
DEST	Department of Education, Science and Training – Government of Australia
DG	Directorate General
ETF	European Training Foundation
EU	European Union
FEED	Forum on Entrepreneurship and Enterprise Development
FaCS	Department of Family and Community Services –Government of Australia
GDP	Gross Domestic Product
GEM	Global Entrepreneurship Monitor
HRDC	Human Resources Development Canada
ICT	Information and communication technology
IDB	Inter-American Development Bank
IDB-Youth	Inter-American Development Bank (Youth section)
IDRC	International Development Research Centre
ILC	International Labour Conference
ILO	International Labour Organization
IOE	International Organization of Employers
ISA	Individual Savings Account
IYB	Improve Your Business
IYF	International Youth Foundation
JADE	European Confederation of Junior Enterprises
JY	Junior Achievement
JCI	Junior Chamber International
KAB	Know About Business
LDC	Least developed countries
NFTE	National Foundation for Teaching Entrepreneurship
NGO	Non-Governmental Organization
OAYEC	Ontario Association of Youth Employment Centers
OECD	Organization for Economic Co-operation and Development
OSCE	Organization for Security and Cooperation in Europe
OSCE-YES	OSCE-Youth Entrepreneurship Seminars
RSA	Royal Society for the encouragement of Arts
SIYB	Start and Improve Your Business
SME	Small and Medium Enterprise
SYB	Start Your Business
TEA	Total Entrepreneurial Activity
UAPME	European Association of Craft, Small and Medium-sized Enterprises
UK	United Kingdom

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UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNECE	United Nations Economic Commission for Europe
UNESCO	United Nations Educational, Scientific and Cultural Organization
VET	Vocational Education and Training
YBI	Youth Business International
YEN	Youth Employment Network
YE	Youth Entrepreneurship
YES	Youth Outreach Summit
YES-CN	Youth Employment Summit – Country Networks
YEA	Young Entrepreneurs Association



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## Executive summary

Reducing youth unemployment is one of the major challenges facing most governments in the world for decades to come. With an estimated 88 million young women and men worldwide unemployed, the need for employment creation efforts focusing on youth is undeniable. According to a recent study conducted by the International Labour Office (ILO), youth are generally three and a half times more likely than adults to be unemployed. In 2015, approximately 660 million young people will either be working or looking for work – an increase of 7.5 per cent over the 2003 figure. While bound up with the overall employment situation, this challenge has its own specific dimensions and therefore requires targeted responses.

Within the framework of potential efforts and strategies to boost employment and job creation for young people, entrepreneurship is increasingly accepted as an important means and a valuable additional strategy to create jobs and improve livelihoods and economic independence of young people. It is an innovative approach to integrating youth into today's changing labour markets.

Although the crucial role played by entrepreneurship in driving economic development and job creation is increasingly understood, there has been little effort to look at it from a youth perspective. Young people are mostly treated as part of the general adult population, while their specific needs and particular entrepreneurial potential as well as their critical contribution to economic and social progress are underestimated. Unfortunately, there is still a general lack of in-depth research and concrete data on youth entrepreneurship, especially as it relates to different (entrepreneurial) framework conditions and to the creation of new firms. This study seeks to address this research gap.

The study attempts to provide a clearer and more comprehensive picture of youth entrepreneurship in general and of the concrete barriers and incentives to youth enterprise start-ups in particular. In this context we examine a range of key constraints that impede young people in different countries from starting and maintaining a successful business and at the same time we identify incentives, initiatives and measures that could improve this situation.

We hope our research findings will stimulate policy debate on the factors that foster or impede youth entrepreneurship and the policy measures that can facilitate youth in starting their own business. Moreover, this working paper aims to contribute to the work of the Youth Employment Network (YEN) (Entrepreneurship Group) and to provide an updated and complement of the first 'roadmap'-document. Therefore, it also serves as a directory of initiatives, programmes and instruments, being of particular benefit to practitioners and policymakers in the field of youth employment, youth entrepreneurship and SME development.

In Chapter 1, we explain the background to this research particularly regarding the worldwide employment situation of young people and recent corresponding efforts and initiatives of the international community. Moreover, we give a first indication of how youth entrepreneurship can be a complementary strategy to fight unemployment.

In Chapter 2, we propose a definition for (youth) entrepreneurship, describe and classify different types and forms of youth entrepreneurship and young entrepreneurs and give an outline of the state of entrepreneurial activity and potential of young people in different countries.

In this study we draw upon the following definition of entrepreneurship, suggested by the authors of a scoping paper of the Australian Government.

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“Entrepreneurship is the recognition of an opportunity to create value, and the process of acting on this opportunity, whether or not it involves the formation of a new entity.” While concepts such as “innovation” and “risk taking” in particular are usually associated with entrepreneurship, they are not necessary to define the term.”<sup>2</sup>

This broad definition encompasses different types of entrepreneurial activities young people are attracted to. Besides economic entrepreneurship, young people are also increasingly engaging in other entrepreneurial approaches like social entrepreneurship, intrapreneurship, cooperatives and even public entrepreneurship.

Moreover, we present two further ways of classifying and diagnosing young entrepreneurs, based on their age or on their level of readiness (level of skills) and intention.

While there is still a clear lack in concrete data on youth participation in entrepreneurial activities, the available data shows that young people are actively involved in entrepreneurship in developed, transition and developing countries. However, Global Entrepreneurship Monitor (GEM) data of 34 countries revealed that the levels of activity by age groups and by motivation differ significantly across countries with different income levels.

We observe that the percentage of young people (18-24 years) participating in entrepreneurial and start-up activity tends to be (much) lower than those of older age cohorts (25-34 and 35-44 years). In high-income countries, even adults between 44 and 54 years are on average more involved in entrepreneurial-related activities than young people.

Furthermore, we note that there is clear indication for a considerable level of latent entrepreneurship and entrepreneurial potential among young people in selected countries. Surveys from those countries indicated a significant potential for youth entrepreneurship.

In Chapter 3, we present a range of key constraints and barriers young people face, when starting and running a business. At the same time, we introduce potential incentives, measures and tools to improve this situation. We take a particular look at five factors, having a major influence on youth entrepreneurship.

- o Social/Cultural attitude towards youth entrepreneurship;
- o Entrepreneurship education;
- o Access to finance/start-up financing;
- o Administrative and regulatory framework; and
- o Business assistance and support.

Evidence points to the need to differentiate between youth and general (or adult) entrepreneurship. Given their limited resources, life and work experience, young people face unique constraints and face greater barriers than older age cohorts. Moreover, the range of barriers as well as the variety of potential methods and measures to counter them is more extensive than of older entrepreneurs.

Though the five key-influencing factors are common to all countries, there are national or regional variations when it comes to assess the most significant barriers and subsequent interventions within these five fields. What might be a major hindrance at first sight can – after subsequent research – turn out to be less important than expected. In this regard, the real significance of the most frequently cited obstacle to entrepreneurial engagement, a lack of access to adequate finance, has to be re-evaluated.

<sup>2</sup> FaCS, 2003 (see under Department of Family and Community Services).

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To identify the most pressing problems and constraints and to develop and implement an appropriate combination of different measures and initiatives is the main task of effective and comprehensive youth entrepreneurship policy measures.

In Chapter 4, we take a closer look at the latest developments and trends in the fairly new area of youth entrepreneurship policy. In this regard, we provide a definition of this policy area, discuss different policy perspectives and institutional approaches and outline some general guidelines on the development and delivery of this policy field.

Drawing up on a definition by Stevenson and Lundström (2001), we define youth entrepreneurship policy as:

Policy measures taken to foster entrepreneurial activity of young individuals

- ▶ Aimed at the pre-start-up<sup>3</sup> (including entrepreneurship education), start-up and post-start-up phases of the entrepreneurial process,
- ▶ Designed and delivered to address the areas of motivation, opportunity and skills
- ▶ With the main objective of encouraging more young people to start an entrepreneurial undertaking or venture and at the same time to improve young people's general employability.

This definition refers to the particular role of entrepreneurship education and training in improving young people's employability in changing labour markets. It provides youth with entrepreneurial skills and attitudes, which are necessary to cope with the general shift from traditional 'job-for-life' careers towards 'portfolio careers'. Thus it improves young peoples' general employability in today's and tomorrow's labour markets.

Youth entrepreneurship policy is horizontal in nature and cuts across most other policy areas. As its objective is to foster job creation and to contribute to economic development and growth, it can be particularly seen from an employment and an economic policy perspective. From an employment point of view, it is only one strategic element that should be embedded in a broader national youth (employment) policy. Moreover, it should be conceived in combination with increasing the quality of employment.<sup>4</sup> From an economic perspective, YE policy should ideally be embedded in a holistic and comprehensive entrepreneurship policy approach<sup>5</sup> that sets a new interrelation between itself and the more established SME policy area.

In terms of organizational structures, we suggest that YE policy should ideally be embedded across various line-ministries coordinated by a special department or task-force, which may be located at ministerial (cabinet) level, with the youth ministry or within the general entrepreneurship department of a ministry for small business and industry.<sup>6</sup> The latter may have the lead on policy development but should work in close cooperation with several other departments, levels of government and major stakeholders.

Finally, some general guidelines and suggestions on the development and delivery of youth entrepreneurship policy are given:

- Every country has to develop an individual, tailor-made policy approach. An individual policy mix of (integrated) initiatives that responds to different economic,

<sup>4</sup> ILO, 2004a.

<sup>5</sup> Lundström; Stevenson, 2002.

<sup>6</sup> White; Kenyon, 2001.

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social and cultural situations as well as to particular entrepreneurial framework conditions is required.

- Investment in research, benchmarking, testing and evaluation is particularly crucial in this area.
- YE interventions need to balance speed with scale of impact and cost of implementation. The manifold interventions and tools to promote YE differ highly in terms of their cost-benefit ratio and their potential impact.
- The promotion of enterprise education has to be at the heart of any YE policy. Identifying and addressing deficiencies in this area should be a key task for every government and country.
- The mobilisation and engagement of all major stakeholders is highly recommended. This includes:
  - ✓ The public sector (governments at national, regional or local/municipal level);
  - ✓ The private sector (entrepreneurs, banks, investors, small and large companies, trade associations and unions);
  - ✓ The non-profit sector (NGOs, IOs, youth associations, YE-clubs and networks, universities, private foundations and think tanks);
  - ✓ Other stakeholders (public/private media, donor agencies, etc.).

The promotion of youth entrepreneurship offers strong possibilities for public-private partnerships and collaboration.

- International organizations should continue to focus on innovative pilot projects, programmes and schemes, the establishing and expanding of international partnerships, networks and linkages between key stakeholders, research and benchmark activities to identify best practices.

Chapter 5 provides some comments and hands-on experience from young entrepreneurs for other young entrepreneurs or young people considering starting a business. It might also be interesting for researchers and stakeholders of this field..

In Appendix 1, we provide a wide selection of concrete examples of initiatives, programmes and practices, addressing the barriers and constraints within the main influencing factors in different countries. It should serve as a directory of initiatives, programmes and instruments, being of particular benefit to practitioners and policymakers in the field of youth employment, youth entrepreneurship and SME development.

# 1. INTRODUCTION

“Entrepreneurship and business creation are ... a growing alternative for young people whose age group often faces a labour market with double digit unemployment rates. Traditional career paths and opportunities are disappearing rapidly. A growing number of young people are taking up challenge of starting their own business and much is being learned about how the odds for success can be improved through various types of assistance and through the creation of a supportive environment.” (Juan Somavia, Director General of the ILO).<sup>7</sup>

## 1.1 Background

### 1.1.1 Reducing youth<sup>8</sup> unemployment – the youth employment challenge

To reduce youth unemployment is one of the major global challenges for decades to come. While bound up with the overall employment situation, this challenge has its own dimensions and therefore requires specific responses.

Table 1: Principal labour market indicators of youth, 1993 and 2003

	Youth labour force participation rate (%)		Youth employment-to population ratio (%)		Youth unemployment rate (%)		Ratio of youth-to-adult unemployment rate	
	1993	2003	1993	2003	1993	2003	1993	2003
World	58.8	54.9	51.9	47	11.7	14.4	3.1	3.5
Industrialized economies	53	51.5	44.9	44.6	15.4	13.4	2.3	2.3
Transition economies	47.6	39.9	40.5	32.4	14.9	18.6	2.9	2.4
East Asia	77.4	73.2	73.6	68	4.8	7	3.1	2.9
South-East Asia	58.5	56.5	53.3	47.3	8.8	16.4	3.9	4.8
South Asia	48	44.4	41.8	38.3	12.8	13.9	5.9	5.9
Latin America and the Caribbean	57.3	54.7	50.2	45.6	12.4	16.6	2.8	3.1
Middle East and North Africa	39.3	39.7	29.2	29.6	25.7	25.6	3.4	3.3
Sub-Saharan Africa	64.4	65.4	50.3	51.6	21.9	21	3.6	3.5

Source: ILO, Global Employment Trends Model, 2004.

<sup>7</sup> Juan Somavia’s opening statement at the Second Enterprise Forum held on 5 November 1999 in Geneva.

<sup>8</sup> Internationally there is no generalized definition of the term “Youth”. Each country has established its own definition of youth based on different cultural, social and economic influences and backgrounds (White and Kenyon, 2001, Annex 2). Within this paper, the term “Youth” is used to refer broadly to young individuals between 15 and 34 years, though some of the research discussed uses narrower age bands, e.g. 15-24 years (definition of the United Nations, ILO data on youth employment), 18-24 years or 18-34 (GEM data on entrepreneurship).

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With a short look at principal labour market indicators for youth, it becomes clear that the need for employment creation efforts focussing on young people is necessary (Table 1).<sup>9</sup>

- o Globally, less than half of the youth available for work had jobs in 2004.
- o Global labour force participation rates for young people decreased by almost four percentage points as a whole between 1993 and 2003, mainly the result of an increasing number of young people attending school, staying longer in education and training, and withdrawing from or never entering the labour force.
- o The youth unemployment rate is increasing in many regions and is persistently high throughout the world. In 2003, the youth unemployment rate reached the historical peak of 14.4 per cent, 88 million young people or 47 per cent of the global unemployed<sup>10</sup> without a job.
- o Youth unemployment rates are higher than adult unemployment rates in all regions of the world. In every country for which ILO data is available, youth unemployment rates significantly exceed adult unemployment rates.<sup>11</sup> The world youth to adult unemployment ratio was 3.5 in 2003.
- o In 2015, approximately 660 million young people will either be working or looking for work – an increase of 7.5 per cent over the 2003 figure.

Ignoring the youth employment challenge imposes not only widespread unhappiness and social discontent among youth, but also carries tremendous economic and social costs. Youth unemployment is an immense waste of human resources that could contribute to economic and social progress. An increase in youth employment would have multiplier effects throughout the economy, boosting consumer demand and adding tax revenue. The ILO estimates that halving youth unemployment from the present 14.4 to 7.2 per cent, i.e. approaching adult unemployment, would add 4.4 to 7 per cent to global GDP. According to the ILO, the direct economic gains to society would be matched by a reduction in expenditure to counter risky behaviour, violence and crime, as well as social benefits in terms of reduced vulnerability and exclusion.<sup>12</sup> Decent work can also shift young people from social dependence to self-sufficiency and helps them escape poverty. Last but not least it gives young people a sense of meaning and belonging and a perspective in fulfilling their aspirations and dreams.

That is why effective pro-youth employment efforts benefit everyone in the long run. Appropriate strategies to address the main factors affecting youth employment are needed.<sup>13</sup>

**1. Job/employment creation:** Factors that influence job creation, which encompasses aggregate demand economic growth (macroeconomic policies, appropriate

<sup>9</sup> ILO, 2005.

<sup>10</sup> According to the resolution adopted in 1982 by the 13th International Conference of Labour Statisticians (ICLS), the standard definition of unemployed persons is those individuals without work, seeking work in a recent past period, and currently available for work. <http://www.ilo.org>.

<sup>11</sup> The lowest ratios are currently reported by Germany, (1.1 in 2005) and Singapore (1.1 in 2000), ILO-KILM (2005).

<sup>12</sup> ILO, 2004b.

<sup>13</sup> ILO, 2005.



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regulations and the promotion of entrepreneurship and enterprise creation and development).

2. **Working conditions:** Factors that impact on working conditions such as legislation, regulations and the business cycle.

3. **Employability:** Factors that address employability, such as education and training, work experience, labour market information and services and institutional structures to integrate youth into the labour market.

### **1.1.2 Youth entrepreneurship as an avenue of opportunity**

Within the framework of potential efforts and strategies to boost employment and job creation for young people, entrepreneurship is increasingly accepted as an important means and a useful alternative for income generation in young people.<sup>14</sup> As traditional job-for-life career paths become rarer, youth entrepreneurship is regarded as an additional way of integrating youth into the labour market and overcoming poverty. Supporting this shift in policy is the fact that in the last decade, most new formal employment has been created in small enterprises or as self-employment.<sup>15</sup> Given global demographic trends, it is important that the social and economic contributions of young entrepreneurs are recognized. Entrepreneurship can unleash the economic potential of young people.

Chigunta (2002) sums up a number of reasons for the importance of promoting youth entrepreneurship:

- Creating employment opportunities for self-employed youth as well as the other young people they employ;
- Bringing alienated and marginalized youth back into the economic mainstream and giving them a sense of meaning and belonging;
- Helping address some of the socio-psychological problems and delinquency that arises from joblessness;
- Helping youth develop new skills and experiences that can then be applied to other challenges in life;
- Promoting innovation and resilience in youth;
- Promoting the revitalisation of the local community by providing valuable goods and services;
- Capitalising on the fact that young entrepreneurs may be particularly responsive to new economic opportunities and trends.

Entrepreneurship and self-employment can be a source of new jobs and economic dynamism in developed countries, and can improve youth livelihoods and economic independence in developing countries. For young people in the informal economy, micro-entrepreneurism is a bottom-up method for generating an income, self-reliance and a new innovative path to earning a living and caring for oneself.<sup>16</sup>

However, caution should be exercised so that youth entrepreneurship is not seen as the wide-ranging solution against youth unemployment. Considering the lack of appropriate economic conditions, the lack of market opportunities and very little

<sup>14</sup> Ryan, 2003.

<sup>15</sup> ILO, 2004.

<sup>16</sup> Maxwel, 2002.

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consumer spending power in developing countries, the all-purpose of youth entrepreneurship is still uncertain. As White and Kenyon (2001) put it “*In certain situations and conditions youth enterprise should not be promoted, especially when it is only concerned with keeping young people busy*”.<sup>17</sup>

Also estimates about the real potential and effectiveness of youth entrepreneurship differ, depending on how one measures the extent of entrepreneurship, which is inextricably linked to how it is defined and on how one assesses the particular socio-economic conditions for youth entrepreneurship in different areas. Therefore, the promotion of YE should still be seen as an important element/complement within a broader youth employment policy.

### **1.1.3 International policy context**

The challenge of creating employment for youth has meanwhile been identified as a major priority by the international community.

In the Millennium Declaration adopted by the General Assembly in September 2000, Heads of State and Government discussed the problem of youth unemployment and resolved to “develop and implement strategies that give young people everywhere a real chance to find decent and productive work”.<sup>18</sup> The ILO has strengthened its activities on policy recommendations, programmes and tools targeting the reduction of youth unemployment. Questions related to youth employment are treated in a number of ILO Conventions and Recommendations and the subject has been one major topic at the International Labour Conference in June 2005.

In 2001, the UN Secretary-General, together with the heads of the World Bank and the ILO, set up the Youth Employment Network (YEN). The YEN is the first global alliance under the umbrella of the ILO’s Global Employment Agenda.<sup>19</sup> It brings together policy-makers, employers and workers, young people and other stakeholders to pool their skills, experience and knowledge in an attempt to find new, durable policy and programme solutions to the youth employment challenge. The partnership continues to draw its strength from a High-Level Panel of experts and practitioners, a growing group of Lead Countries, a Youth Consultative Group and a range of active partner organizations. The YEN also remains the driving force behind the rapidly expanding number of countries who have prioritized youth employment through the formulation and implementation of National Action Plans on Youth Employment (NAPs). The YEN’s High Level Panel developed policy recommendations on youth employment and advised that action plans on youth employment focus on four priorities – employability, equal opportunities, entrepreneurship and employment creation (known as the “four Es”).

On these priorities, four working groups have been set up. ‘Roadmap’ documents on each priority area have also been produced. In its roadmap the youth entrepreneurship group stressed the importance of entrepreneurship in driving economic development and employment creation for young people. The document outlines policy guidelines to

<sup>17</sup> White, Kenyon, 2001, p. 5.

<sup>18</sup> United Nations General Assembly, A/RES/55/2, 18 Sep. 2000, para. 20.

<sup>19</sup> For more information on the Global Employment Agenda please see <http://www.ilo.org/public/english/employment/empframe/practice/index.htm>

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reduce the impediments to young people becoming entrepreneurs and identifies what would stimulate this process.<sup>20</sup>

## 1.2 Objectives

The study of youth entrepreneurship is still relatively recent. Though the crucial role played by entrepreneurship in driving economic development and job creation is increasingly understood, there has been little effort to look at it from a youth perspective.<sup>21</sup> Young people are mostly absorbed into the general adult population, ignoring their specific needs and particular entrepreneurial potential as well as their critical contribution to economic and social progress. Unfortunately there is still a general lack of in-depth research and concrete data on youth entrepreneurship, especially as it relates to different (entrepreneurial) framework conditions and to the creation of new firms. This study aims to address this research gap.

As entrepreneurial framework conditions<sup>22</sup> vary strongly from country to country, young people experience different incentives and face different barriers to start a business. Particular attention has to be paid to the differentiation between countries with different income and development levels (or countries in economic transition), particularly between developed, developing and least developed countries.

Further attention has to be paid to the differentiation between youth and adult entrepreneurship. As to their age, limited life and work experience, young entrepreneurs often face specific constraints during the start-up process that differ from those of adults. At the same time incentives stimulating entrepreneurship often vary between these age groups.

The purpose of this study was to obtain a clearer and more comprehensive picture of concrete barriers and specific constraints that impede young people from starting and running a business, and at the same time, of the incentives and stimuli that make starting a business a viable alternative for youth. In this context, the study takes a closer look at crucial factors for entrepreneurial engagement including:

- Social/cultural attitude towards youth entrepreneurship;
- Entrepreneurship education;
- Business support (and physical infrastructure);
- Regulatory framework conditions; and
- Access to finance/start-up financing.

The research findings should stimulate policy debate on the factors that foster or impede youth entrepreneurship and the policy measures that can support it. In doing so, this working paper aims to contribute to the work of YEN Entrepreneurship Group and to update and complement the first roadmap (document) on youth entrepreneurship. We

<sup>20</sup> Street, Sykes, 2003.

<sup>21</sup> Different samples including OECD countries over different time periods have attained consistent results; increases in entrepreneurial activity tend to result in subsequent higher growth rates and in a reduction in unemployment (Audretsch; Thurik, 2001).

<sup>22</sup> The entrepreneurial framework conditions include the availability of financial resources for starting new business ventures, government policies and programmes to support new business ventures, the level of education and training for those who wish to be or already are entrepreneurs, access to professional support service and physical infrastructure, internal market openness, as well as cultural and social norms (GEM, 2004, p. 13f.)

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particularly intend to provide an updated source of information on the situation, strategies and policies of youth entrepreneurship that may inspire or guide planners, practitioners and decision-makers in this field. Within the series of ILO working papers on youth and entrepreneurship and on skills, knowledge and employability, it follows up on the papers by White and Kenyon (2001), Haftendorn and Salzano (2004), Axmann (2004) and Chigunta et al. (2005).

### **1.3 Methodology**

In order to accomplish the objectives of this study, comprehensive desk research was combined with consultations of young entrepreneurs and close collaboration with a broad range of stakeholders (organizations) in the area of youth entrepreneurship.

The desk research involved a review of relevant international literature relating to youth economic and social entrepreneurship, including relevant texts and journal articles, and other publications. The overall aim of the literature review was to summarise and update key information relating to youth entrepreneurship in general and to crucial factors for entrepreneurial engagement of young people in particular.

Young entrepreneurs' perspectives have also been incorporated into the study. A questionnaire was designed to capture and unlock local and situational knowledge and to obtain entrepreneurs' perceptions regarding the constraints, barriers and incentives to business engagement.<sup>23</sup> The questionnaires served to complement the study with hands-on experiences, interesting examples, comments and quotes of young entrepreneurs from different countries. It should be noted that it was beyond the scope of this exercise to undertake any sort of quantitative evaluation of this consultation. Given the small sample size, it would be inappropriate to draw representative conclusions for the selected countries.

Furthermore collaboration with a broad range of stakeholders in the field of youth entrepreneurship was developed. The study was conducted in close cooperation with the YEN and its related partner organizations, associations and networks working in the area of entrepreneurship (e.g. IDB-Youth, YBI, Junior Chamber International, IOE, OSCE-YES and many others). The stakeholder collaboration particularly helped to identify and contact young entrepreneurs in different countries. Moreover, they provided actual information on relevant entrepreneurship projects, programmes and initiatives, including specific documents, reports and other publications worthy of inclusion in the literature review.

<sup>23</sup> For a sample of the questionnaire, see Appendix 2.

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## 2. YOUTH AND ENTREPRENEURSHIP

### 2.1 Definition of (youth) entrepreneurship

In order to investigate youth entrepreneurship and monitor and evaluate policies designed to promote it, a definition of youth entrepreneurship is necessary. Unfortunately there is not a generally agreed upon definition of the terms “entrepreneurship”, “entrepreneur” or “youth entrepreneurship” in the literature yet.

For the purpose of this study, we favour a behaviourally-based definition instead of a trait-based approach.<sup>24</sup> Thus entrepreneurship is a set of behaviours and an entrepreneur is someone who undertakes these behaviours. Using a behavioural definition facilitates the analyses of youth entrepreneurship, as it is easier to observe what young entrepreneurs do and how they do it than to identify their particular “entrepreneurial” traits and qualities – suggesting that entrepreneurship is innate, rather than something that can be learned.

Therefore, we draw upon a definition of entrepreneurship, suggested by the authors of a scoping paper on youth entrepreneurship in Australia:

“Entrepreneurship is the recognition of an opportunity to create value, and the process of acting on this opportunity, whether or not it involves the formation of a new entity. While concepts such as “innovation” and “risk taking” in particular are usually associated with entrepreneurship, they are not necessary to define the term.”<sup>25</sup>

This rather broad definition embraces the potential wider benefits of entrepreneurship as it encompasses different entrepreneurship types (economic, social and public entrepreneurship as well as inter-, intrapreneurship<sup>26</sup> and co-operative entrepreneurship) and does not constrain the concept to the process of commencing a new venture or creating a new entity.

### 2.2 Types of (youth) entrepreneurship and young entrepreneurs

“Governments at national and local level need to encourage a broad and dynamic concept of entrepreneurship to stimulate both personal initiative and initiative in a broad variety of organizations which include but reach beyond, the private sector: small and large enterprises, social entrepreneurs, cooperatives, the public sector, the trade union movement and youth organizations.” (UN Secretary-General Kofi Annan).<sup>27</sup>

<sup>24</sup> These two approaches each feature strongly in the literature. The trait-based approach is characterized by attempts to identify “entrepreneurial” traits and qualities and is evident, for example, in a definition of entrepreneurship proposed by Schnurr and Newing (1997, cited in Chigunta, 2002, p.1) as the “practical application of enterprising qualities, such as innovation, creativity, and risk-taking into the work environment (either in self-employment or in small start-up firms), using the appropriate skill necessary for success in that environment and culture”.

<sup>25</sup> FaCS, 2003 (see under Department of Family and Community Services).

<sup>26</sup> Pinchot (1985) coined the term intrapreneurship to describe entrepreneurial activities inside large organizations.

<sup>27</sup> Report to the General Assembly of the UN, A/RES/55/2, Sep. 2000, New York.

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Referring to the above-cited definition, youth entrepreneurship and entrepreneurial activity can occur in different sectors, enterprise types and businesses (branches) and this engagement can have various reasons and motivations. In this section we try to introduce and classify different types of youth entrepreneurship and young entrepreneurs.

### **2.2.1 Economic, social and public entrepreneurship**

According to the definition presented in the preceding section, entrepreneurship is the recognition of an opportunity to create value, and the process of acting on this opportunity.

#### **Economic and social entrepreneurship**

For enterprises in the private sector (economic entrepreneurship), the main value or outcome is wealth creation and profit generation, respectively, for those who own the enterprise.<sup>28</sup> As the majority of young and old entrepreneurs engage in entrepreneurship of this type, most of the research and literature focuses on this aspect.

Another type of entrepreneurship, gathering momentum across the globe, is social entrepreneurship. Social entrepreneurship uses entrepreneurial activity to create social value; wealth creation is just a means to an end and a way of measuring value creation. As Dees (2001) puts it, “For social entrepreneurs, social mission-related impact becomes the central criterion, not wealth creation”.

Social entrepreneurs are therefore pursuing both financial self-sustainability and a social return on investment. It does not matter whether or not the venture is run by a non-profit or a for-profit organization, as long as it is entrepreneurial in character and directed towards social problems or some public good.

However, social enterprises clearly differ from traditional non-profit or charitable institutions. Socially entrepreneurial ventures focus on innovative approaches to social problems, pursue financial self-sustainability and independence from the State, set clear performance goals and apply proven management skills to ensure efficiency, effectiveness and accountability.

More and more social entrepreneurs have gained recognition in various countries and the concept is spreading around the world and particularly among young people. This trend is also increasingly fostered through specific programmes and initiatives.<sup>29</sup>

“Yet, the future impact of the movement lies with youth....Young people have the passion and energy, the strategic social positioning, and the natural tendency towards problem-solving that is a key characteristic of the entrepreneurial ‘ground-clearing’ process. If social entrepreneurship is to bring increased efficiency and innovation to conventional development, the most dynamic young people must actively embrace it.”<sup>30</sup>

<sup>28</sup> Dees, 2001, p. 2.

<sup>29</sup> A recent study on the development of youth entrepreneurship in Latin America reveals that the majority of entrepreneurship promotion programmes in Argentina, Bolivia, Chile, Paraguay, and Uruguay are concerned with social entrepreneurship (IDB, 2004).

<sup>30</sup> Shrestha, Appanah, 2005.

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## Public entrepreneurship

Perhaps the least recognized type of entrepreneurship is public entrepreneurship. Though having the same characteristics as economic entrepreneurship (risk-taking, innovation, leveraging of resources, etc.), its objectives and motivations are not purely financially, but rather socially orientated.<sup>31</sup> Public entrepreneurship occurs within public institutions and organizations and is about helping them become more responsive to their customers, clients and communities.<sup>32</sup> This type of entrepreneurship is increasingly attractive for young people, working as independent consultants or collaborators on the efficiency of a public institution or on the expansion of its services.

### **2.2.2 Intrapreneurship (corporate entrepreneurship) and co-operatives**

#### Intrapreneurship

The term “Intrapreneurship” has been coined by Pinchot (1985) to describe the emergence of entrepreneurial activities within an existing business structure in general and in large corporations in particular (corporate entrepreneurship). Entrepreneurial skills are just as vital to large companies as to small business start-ups. Many large companies are encouraging and empowering employees to be more entrepreneurial and in so doing are creating new jobs and new internal small-business-like units that may later be spun off or integrated into other business units of the company. Today, the creation of an enterprise culture within an existing company is increasingly regarded as crucial and beneficial for companies that want to be more dynamic and profitable and that want to engage with today’s young professionals, who are demanding such an environment.

Although increasingly young people are attracted to starting a business, it is clearly not an ideal path for everybody. However, most young people are now seeking entrepreneurial environments to work in even if they do not have the desire to create their own enterprise. An environment and culture in which an individual can learn, develop and contribute to the success of a business is crucial if a company wants to attract, foster and retain young talents. Most employers are failing in this respect.<sup>33</sup>

#### Co-operatives

Co-operatives are another particular form of enterprise in which entrepreneurial activities are carried on for a mutual benefit and in an egalitarian fashion. A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise. They deliver well-being to citizens, wealth to nations, promote entrepreneurship and participation.<sup>34</sup> Young people are increasingly involved in this very particular form of business.

<sup>31</sup> Edwards et al., 2002.

<sup>32</sup> For more detailed view on the concept, substance and impact of entrepreneurship in public sector organizations, please see Heinonen, 2001.

<sup>33</sup> Darby, 2004.

<sup>34</sup> European Commission, 2001.

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It should be noted that this study primarily focuses on business start-ups by young people in the field of economic and to some extent of social entrepreneurship (Chapter 3).<sup>35</sup>

### **2.2.3 Categorization of young entrepreneurs**

#### **Transitional categorization**

Another approach to classify different types of young entrepreneurs is a transitional categorization, based on significant structural differentiation in youth enterprise activities. Studies from different countries suggest that youth entrepreneurship varies according to age. Chigunta (2002) proposes a broad categorization into three (transitional) phases.

1. **Pre-entrepreneurs** (in the age of 15-19 years): This is the formative stage. These younger youth are often in transition from the security of the home or education to the work place. But, as Curtain (2000) observes, for many young people, the transition from education to work is not a single step of leaving the educational system and entering the world of work.
2. **Budding entrepreneurs** (in the age of 20-25 years): This is the growth stage. These youth are likely to have gained some experience, skills and capital to enable them run their own enterprises. They often face three enterprise pathways: 1) remaining stuck in marginal activities; 2) going out of business; and 3) running successful enterprises.
3. **Emergent entrepreneurs** (in the age of 26-29 years). This is the prime stage. With valuable experiences in business, emergent entrepreneurs have a higher level of maturity than youth in the lower age groups. Hence they are more likely to run more viable enterprises than younger people.

However, this kind of categorization can only serve as a broad suggestion, as transitions in the process of youth enterprise development will differ from country to country and from business sector to business sector. Nonetheless, it becomes obvious that observing and recognizing the different development stages and transitions (from school to business and from work/business to business) is crucial for evaluating and designing appropriate policies and straggles to foster youth entrepreneurship.

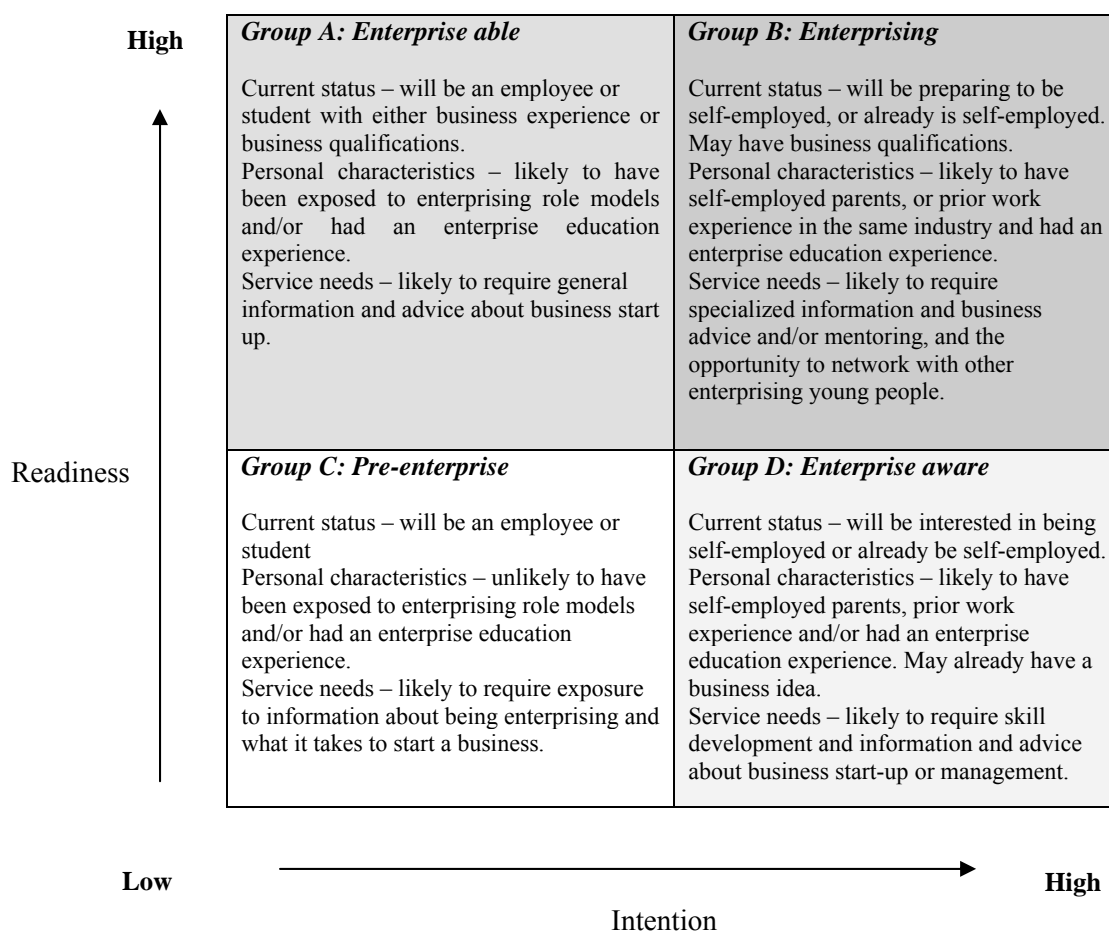
#### **Readiness – intention framework**

In order to obtain a more specific view on potential young entrepreneurs, Lewis and Massey (2003) provide a diagnostic framework for young entrepreneurs. Depending on the level of readiness (level of skill and/or exposure to enterprise) of young people to engage in business and the level of intention to be enterprising, the authors distinguish four different groups of potential young entrepreneurs (Figure 1). This kind of framework can assist researchers, planners and policy-makers to obtain a better understanding of the particular needs of the young people as a group, and to identify appropriate methods and promotion programmes to improve the enterprise culture in a selected country or region.

<sup>35</sup> For a current view on intrapreneurship and young people, we refer to a recent study in the UK by Gerard Darby (2004) on behalf of the RSA-Onion Fellowship. Concerning co-operatives and young people, we recommend a new book on “Youth reinventing co-operatives” published by the British Columbia Institute for Co-operative Studies (BCICS, 2005), in collaboration with the International Labour Organization, the International Co-operative Alliance and the Canadian Co-operative Association.



Figure 1: Diagnostic framework for young entrepreneurs



Source: Lewis and Massey (2003), p. 10.

## 2.3 Motivations of young people to engage in entrepreneurship

There are various reasons why young people decide to start a business, relating to their living circumstances, their personal attitudes, preferences and objectives and their particular interests and individual strengths. Recognizing these reasons is crucial for understanding and stimulating youth entrepreneurship.

### 2.3.1 Living conditions: Necessity-vs. opportunity-motivated entrepreneurship

“Starting up a business was the only chance to find employment and to earn my own money. In the area where I live, unemployment is a big problem, and if you are young and educated then it is particularly difficult to find any kind of job.” (Ana Dukanovic, young entrepreneur from Hungary).

“The main reason of starting the business was to be my own boss and, at the same time, to find an activity which yielded enough to live decently and that allows for economic growth.” (Marcela Del Carmen Guti  rrez, young entrepreneur from Argentina).

The Global Entrepreneurship Monitor (GEM) study distinguishes between opportunity-motivated entrepreneurship and necessity-motivated entrepreneurship.

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Entrepreneurship is driven by economic necessity when there is no other alternative for income generation or making a living. According to GEM study, necessity-driven entrepreneurship levels in a country is associated with factors like low tax revenue as a percentage of GDP, lower levels of participation in both secondary and tertiary education and high levels of income disparity and low levels of social security<sup>36</sup> That is why especially youth in developing and low-income countries tend to engage in business out of economic necessity (e.g. lack of employment opportunities, need to supplement household income and poverty).<sup>37</sup>

In contrast, opportunity-driven entrepreneurship refers to entrepreneurship that is the result of the desire to pursue a perceived business opportunity, which is not the only option for generating an income and making a living at a time. The level of opportunity entrepreneurship is associated with a belief in having the skills to start a business, knowing someone who has started a business in the last two years, seeing good business opportunities in the future, and high business angel investment and support activity.<sup>38</sup> That is why opportunity entrepreneurship tends to be more dominant in the high-income countries. However, in practice, it is fairly difficult to draw a clear separation line between both types of entrepreneurship as both motivations often overlap.

### **2.3.2 Personal attitudes, self-interests and individual strengths**

Apart from living conditions, the motivations of young entrepreneurs are bound up to their personal attitudes, preferences and objectives and their particular interests, individual strengths and skills.

In contrast to pure economic entrepreneurs, social entrepreneurs have a strong desire to change and improve society.<sup>39</sup> Their motivation is often based on altruism, the need to be true to one's values and beliefs, the need to be socially responsible and in being a long-term interest in the health of the local economy, environment and the community.<sup>40</sup>

Furthermore, in industrialized countries, young people cite various personal motivations and reasons to start their own business: To be one's own boss, to be more independent and flexible, to pursue a new job perspective, to seek a new challenge, to earn more money (or to become wealthy), to realize a vision or an idea, to get more reputation and to connect a passion with the job (in order to obtain better quality of life), to continue family traditions.

“There's no simple answer to that – I engaged in business because: I wanted to see my funds increasing, not melted down over time. I wanted to be my own boss and create desirable working conditions, atmosphere and organizational culture. My family did it – I wanted to see whether I could do it as well. I wanted to realize my ideas/vision, to connect my job with something I did well in my private life – to advise people, help them with their needs, to forward them the information they need and make them feel better about themselves by supporting their creativity and market-viable ideas. I saw I was good at what I did pro bono, and wanted to get paid for at least some of it” (Mirta Didara, young entrepreneur from Croatia).

<sup>36</sup> GEM, 2003, 2004.

<sup>37</sup> GEM, 2004, p. 10; Chingunta, 2001; Kambewa et al., 2001.

<sup>38</sup> GEM, 2003, 2004.

<sup>39</sup> Schuyler, 1998.

<sup>40</sup> Prabhu, 1999; Henton et al., 1997.

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“Financial and personal freedom. To do what I really want instead of what I have to or what other people think would be best for me.” (Kristina Horbec, young entrepreneur from Croatia).

Finally, young people’s particular strengths and skills can be a crucial motivation and catalyst to start a business. According to a UNECE study, some types of young entrepreneurs can be distinguished as follows:<sup>41</sup>

- Technical entrepreneurs: These individuals have a strong technical orientation. They love inventing things and developing ideas for new products. Developing new markets and even new industries are generally the goal of those with technical orientation. The creation of an enterprise is merely a means to achieving their goals, not an end in itself.
- Organization builders: Some entrepreneurs start their own businesses because they like to build organizations. These organization builders have skills in developing people, systems and structures.
- Dealmakers: They enjoy making the initial deal to start a new venture and often enjoy some start-up activities. However, unlike the organization builders, they dislike having to manage and commit themselves to an organization over the long run. These are people who are usually involved in financial or trade transactions.

## **2.4 State of entrepreneurial activity of young people**

Before looking at what constrains or stimulates entrepreneurial initiatives among youth, it helps to have some understanding of the extent to which young people are involved in entrepreneurial activity. What are the status and potential of youth entrepreneurship (and self-employment) within the collective and individual workforce in different countries? How much do countries differ in terms of youth entrepreneurial activity?

Unfortunately, there remains a clear lack of concrete data on youth participation in entrepreneurial-related activities. Regarding the complex definition of entrepreneurship, the assessment of entrepreneurial activity seems to be very difficult. Moreover, studies measuring entrepreneurship often do not provide an appropriate breakdown of these data by age. Nevertheless, some information from different surveys is available. In this section, we try to summarize the data and to give an overview on recent tendencies and developments.

### **2.4.1 GEM data on youth entrepreneurship**

The Global Entrepreneurship Monitor (GEM) represents a coordinated effort to measure, analyse and report on entrepreneurial activity in 43 countries around the world (developed and developing countries). GEM establishes the start-up participation rate, the new firm participation rate and the Total Entrepreneurial Activity) index on an annual basis. It is the only data which can be used for reliable international comparisons so far. As the data is analysed by age cohorts, gender and other criteria, they can be used for an analysis of youth entrepreneurship.

<sup>41</sup> UNECE, 2003.

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## Total Entrepreneurial Activity (TEA) of young people

The TEA index reflects the individual efforts to create new firms. It indicates the percentage of the labour force actively involved in setting up a company, or being the owner/manager of a company, which is less than 42 months old. Thus it identifies individuals among all those 18–64 years old in the human population that are active in either the start-up (“gestation”) phase or the new firm phase.<sup>42</sup>

GEM data of 34 countries<sup>43</sup> shows that young individuals (aged between 18 and 34) are actively involved in entrepreneurship in every country regardless of the level of GDP per capita (Figure 2), but the levels of activity by age groups differ significantly across countries with different income levels. Low-income countries (those with a per capita GDP up to \$10,000) have the highest levels of entrepreneurial activity for all age groups. In high-income countries (those with a per capita GDP over \$25,000), entrepreneurial activity is higher for all age groups than in the middle-income-countries. It also becomes obvious that the cohort of younger adults (25-34 years) is the most active age group in each income category, but especially in high-income countries. The group of young people (18-25 years) is less involved in entrepreneurial activity, particularly in high-income countries, where adults between 45 and 54 are more involved. Particularly in developing countries, TEA rates among young people, while low compared to adults, are significantly higher than among young people in developed countries. Apart from different motivations (see below), different levels of participation in both secondary and tertiary education are one reason for this tendency. In low-income countries, most young people do not complete secondary level education and thus start a business earlier, whereas in high-income countries education seems to be positively related to business start-ups.

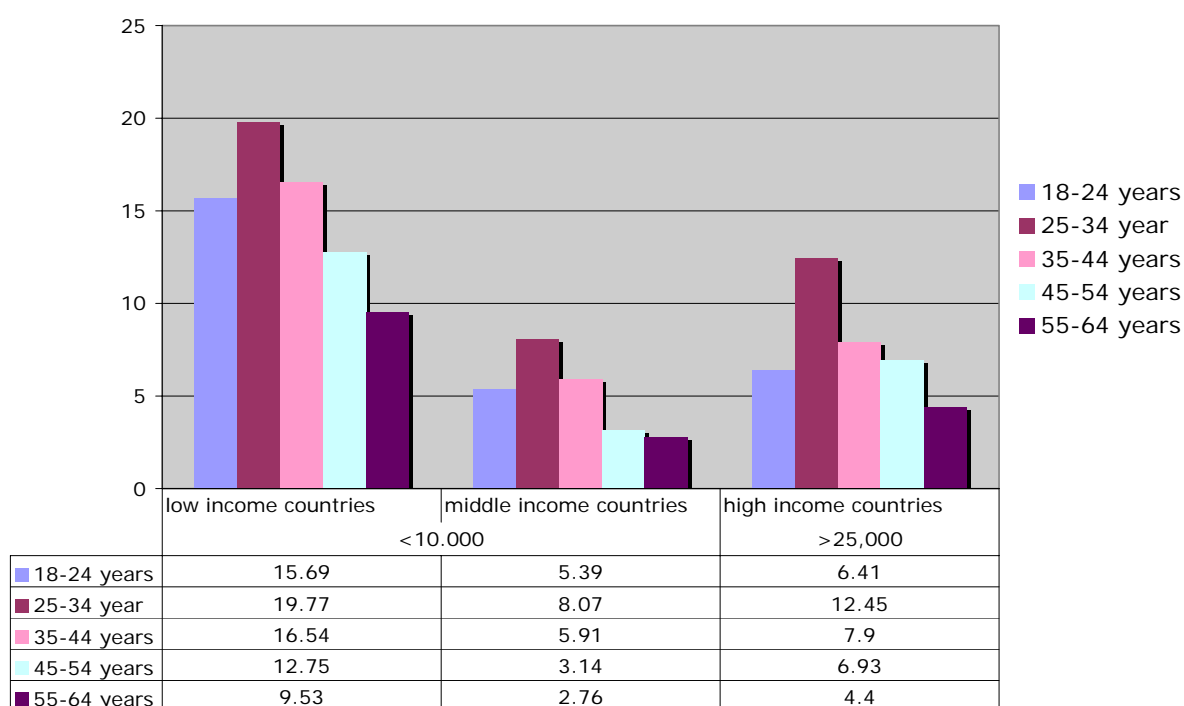
The highest TEA rates among young people (18-24 years) occurred in Latin America (Peru, Ecuador, Argentina, Brazil) and in Uganda, Poland, Jordan and the US, the lowest in Hungary, Hong Kong, Finland and Spain. However, in Finland, Spain, Australia, New Zealand and Uganda, young people (18-25 years) are the least active age group. The peak of entrepreneurial activity participation in these countries occurred in the 25-34 years age range (except Australia),<sup>44</sup> followed by the other older age cohorts. Conversely, young people (18-24 years) are the most active group in Poland and the second most active age group in the US, Belgium, Portugal, Ireland and Argentina (Table 2). These results are widely confirmed by the figures on start-up participation of young people.

<sup>42</sup> The start-up phase is the period where resources are assembled, products or services defined, a team is organized, and the strategy for implementing the new firm is developed. The new firm phase is the initial period after trading begins when a new initiative is in the market competing for customers with existing firms (GEM, 2003).

<sup>43</sup> 34 GEM countries: Japan, Slovenia, Hong Kong, Belgium, Sweden, Croatia, Portugal, Hungary, Italy, Finland, Germany, Netherlands, Spain, Denmark, South Africa, Singapore, Greece, United Kingdom, Israel, Norway, Ireland, Poland, Canada, United States, Argentina, Brazil, Iceland, New Zealand, Jordan, Ecuador, Uganda, Peru, France and Australia.

<sup>44</sup> In Australia, the peak of entrepreneurial activity occurs in the 35-44 years age range, closely followed by the younger 25-34 years age group. In 2002, the peak had even shifted to the 44-54 years age range. GEM, 2002; Hindle, Rushworth, 2002.

Figure 2: TEA (index) by age and by income group (2004)



Source: GEM (2004) – Figures kindly provided by GEM coordination team.

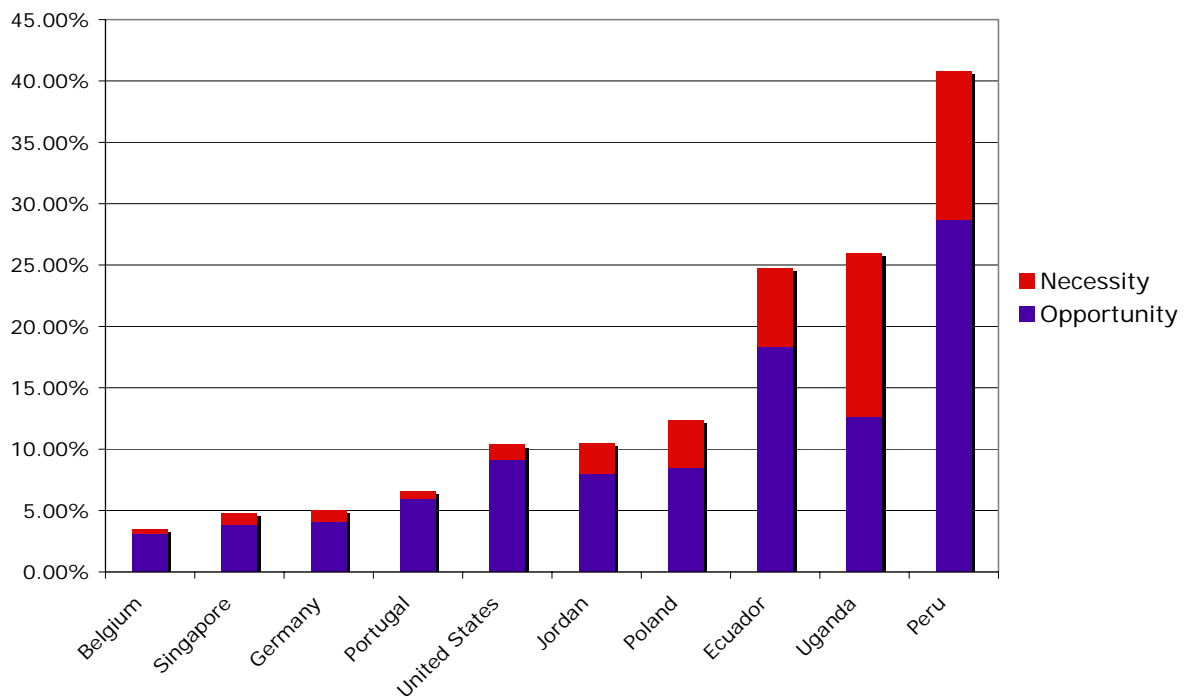
Table 2: TEA by age for selected GEM countries (in percentage)

Countries	18-24	25-34	35-44	45-54	55-64	Total
Hungary	1.53	6.52	4.67	5.63	1.24	4.29
Hong Kong	1.62	4.80	4.01	1.52	1.82	2.97
Finland	2.04	7.27	6.23	3.13	2.75	4.39
Spain	2.40	7.53	6.61	4.24	2.60	5.15
Belgium	4.25	6.69	2.64	2.70	1.19	3.47
Germany	5.26	6.25	6.21	5.50	1.59	5.07
Portugal	6.60	7.42	2.80	1.09	1.29	3.95
New Zealand	7.70	19.58	17.67	12.89	11.09	14.67
Australia	7.81	17.36	17.63	12.08	8.46	13.38
Ireland	8.74	11.76	8.62	4.37	2.81	7.70
United States	10.38	18.81	9.89	9.51	6.86	11.33
Jordan	10.77	24.39	20.65	21.28	5.19	18.26
Poland	12.35	11.89	10.06	5.37	3.72	8.83
Brazil	12.64	17.28	14.72	10.45	7.11	13.48
Argentina	15.06	17.27	11.34	11.16	5.72	12.84
Ecuador	25.22	33.93	28.97	23.71	13.21	27.24
Uganda	27.07	39.72	29.16	28.04	31.22	31.64
Peru	41.16	44.99	44.17	32.46	28.64	40.34

Source: GEM (2004) – Figures kindly provided by GEM coordination team.

Great variability exists in the relative distribution of necessity-motivated and opportunity-motivated entrepreneurship. GEM data gives evidence to the fact that opportunity entrepreneurship tends to be more dominant in the high-income countries while necessity entrepreneurship is prevalent in low-income countries. This applies particularly for younger age groups in those countries. Regarding the young people (18-24 years), the lowest ratios of opportunity to necessity entrepreneurship are found in Hungary, Croatia, Uganda, Brazil and South Africa (Figure 3).

Figure 3: TEA by opportunity/necessity motivation among young people (18-24 years)



Source: GEM (2004) – Figures kindly provided by GEM coordination team.

GEM data also shows that entrepreneurial activity still significantly varies according to gender, with men more likely than women to be entrepreneurially engaged. These differences are consistent across age groups and across most GEM countries. However, particularly in the youngest age cohort (18-24 years) the differences (spread) in the ratio of male to female entrepreneurial activity between countries are considerable. Thus in Finland, Hungary and Portugal young women (18-24 years) are more entrepreneurially involved than young men. On the contrary, in Norway and New Zealand young men (18-24 years) are over five times more likely than young women to be involved in entrepreneurial activity (Table 3). These figures appear to suggest the existence of socio-cultural constraints, which tend to affect the participation rate of young women in entrepreneurial activity.

Table 3: TEA by age/gender of selected GEM countries (in percentage)

Country	18-24		18-64	
	Men	Women	Men	Women
Finland	1.62	2.48	5.65	3.11
Portugal	5.76	7.51	4.10	3.81
Hungary	1.45	1.62	5.13	3.48
Spain	2.51	2.29	7.38	2.91
Germany	6.94	3.49	7.00	3.08
Singapore	6.88	3.05	8.16	3.35
Jordan	14.80	6.46	22.56	13.29
Sweden	3.78	1.59	5.19	2.18
Ireland	12.27	5.07	10.40	5.00
Belgium	6.04	2.39	4.88	2.05
South Africa	5.60	2.10	5.73	5.07
Hong Kong	2.40	0.81	4.47	1.55
Iceland	11.73	3.88	17.51	9.52
Greece	8.99	2.89	8.65	2.90
Canada	14.05	3.33	11.53	6.14
Denmark	6.52	1.45	7.41	3.17
Slovenia	4.18	0.90	3.59	1.59
Norway	8.59	1.62	10.32	3.54
New Zealand	12.95	2.29	17.23	12.09
Total (GEM 34 Countries)	8.60	5.16	9.35	5.16

Source: GEM (2005) – Figures kindly provided by GEM coordination team.

## Enterprise start-up activity of young people

In the GEM Global Report, “start-ups” refers to businesses paying wages for less than three months or not at all, and “new firms” refers to businesses that had first paid wages more than three months ago but less than 42 months ago.

According to the GEM (2003) findings, about 16 per cent of the people reporting start-ups are 18-24 years of age; 32 per cent are 24-34 years old. 27 per cent are 35-44 years old. 18 per cent are 45-54 years old, and 8 per cent are 55-64 years of age.<sup>45</sup>

Figure 4 shows a substantially higher proportion of start-ups reported by younger people in the developing countries. Meanwhile it has to be noted that the prevalence rate – the proportion of all men or women active in entrepreneurship – can provide quite different results. A high proportion of younger people engaged in start-ups in India. Uganda. Venezuela and Mexico might reflect a larger proportion of young people in the population (and in the labour force) rather than a higher level of interest in entrepreneurship.<sup>46</sup> Vice versa, a low proportion of young people among the Japanese

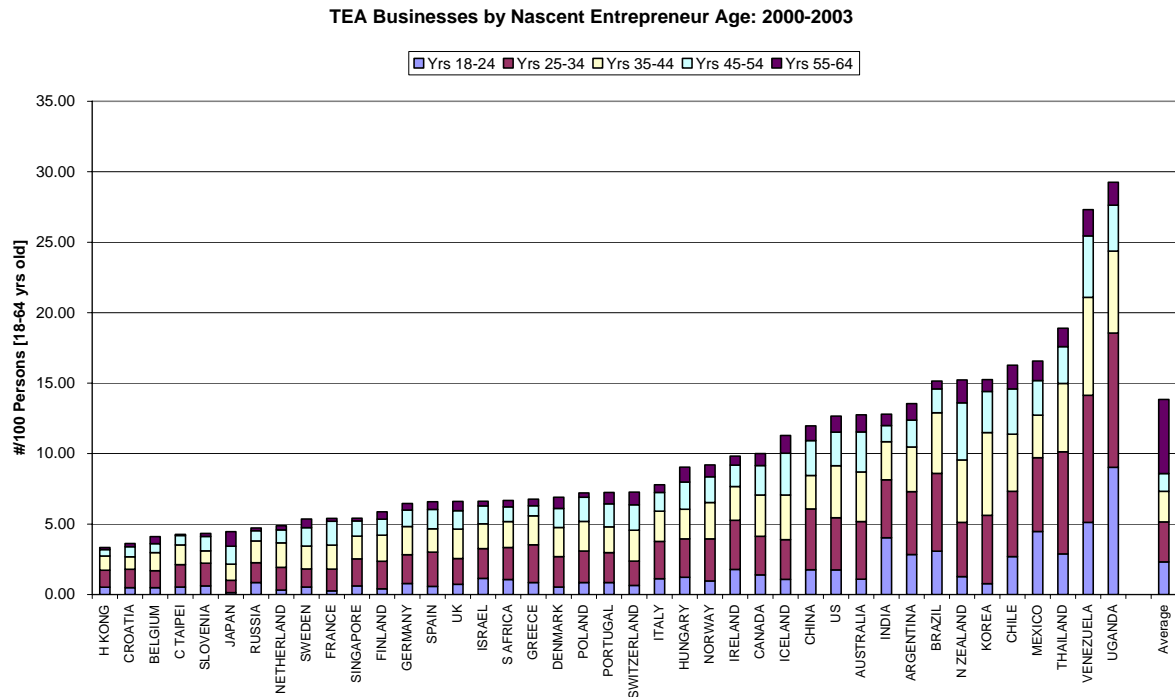
<sup>45</sup> Those involved in entrepreneurship after they pass 65 years of age are too few to estimate with accuracy with small samples (GEM, 2003, p. 29).

<sup>46</sup> As seen in Table 1, the highest youth labour force participation rates are reported by countries in South-East Asia, Sub-Saharan Africa and Latin America.

nascent entrepreneurs may reflect the small size of young cohort in the population itself and not a lack of interest in entrepreneurial activity.<sup>47</sup>

A look at the start-up participation rates of different age groups sheds more light on this issue (Table 4).

Figure 4: Start-ups (TEA businesses) by nascent entrepreneur age (2000-2003)



Source: GEM (2004).

Though start-up participation rate of young people (18-24 years) in Uganda (12.8 per cent) is comparatively high, the peak of start-up participation activity occurred not in this age cohort, but in the 25-34 years age range, followed by all other older age groups. Likewise in Jordan, New Zealand, Australia and Finland, start-up participation of young people (18-24 years) is lower than in all other age groups (Table 4).

On the contrary, in Poland and Ireland, the peak of start-up participation activity occurred within the youngest age cohort (18-24 years). These findings are widely congruent with figures on total entrepreneurial activity (Table 2).

<sup>47</sup> GEM, 2003, p. 29.



Table 4: Start-up participation rates (2004) by age and percentage (GEM country selection)

Countries	18-24	25-34	35-44	45-54	55-64	Total
Japan	0.00	1.23	0.24	0.24	0.27	0.45
Finland	0.33	3.72	4.04	2.75	1.62	2.66
Spain	1.20	2.83	2.76	1.59	1.19	2.08
Hong Kong	1.21	1.84	2.62	0.64	0.43	1.51
Hungary	1.53	4.39	2.76	3.15	0.80	2.73
Belgium	2.93	3.70	1.80	2.00	0.74	2.21
Portugal	2.93	3.52	2.80	0.00	1.29	2.18
South Africa	3.30	4.06	5.02	3.69	2.67	3.88
Germany	3.74	4.62	4.05	3.30	1.05	3.39
New Zealand	5.11	10.73	9.99	6.38	7.90	8.39
Australia	5.12	10.37	10.57	6.47	5.77	8.03
Brazil	5.13	4.99	6.39	4.17	2.73	4.98
Ireland	6.56	6.24	3.81	3.10	1.37	4.39
United States	6.72	13.62	6.06	6.02	4.06	7.47
Poland	6.73	3.61	4.88	2.68	1.71	3.92
Jordan	6.87	13.70	12.07	10.79	2.10	10.38
Argentina	9.94	12.86	6.90	9.15	4.37	9.15
Uganda	12.88	19.33	14.85	17.46	17.90	16.01
Ecuador	18.95	19.77	17.68	12.38	8.01	16.91
Peru	32.68	35.47	34.01	23.87	22.31	31.36
Total (34)	4.49	5.32	4.75	3.34	1.89	4.07

Source: GEM (2004) – Figures kindly provided by GEM coordination team.

## 2.5 Potential for youth entrepreneurship

What can be said about the potential for youth entrepreneurship? What percentage of young people could become or succeed as an entrepreneur?

In view of the rather broad definition of entrepreneurship, an investigation of the potential for youth entrepreneurial activity seems to be quite difficult. The various influences on, and factors for, entrepreneurial engagement complicate accurate assessments. While there are some surveys on actual entry and new business establishment by young people, there are very few studies that consider entrepreneurial potential.

However, first and foremost, it is clear and widely agreed that not all young persons can succeed as entrepreneurs (XV Malente Symposium).<sup>48</sup>

According to a fairly optimistic estimate done by Youth Business International (YBI), at least 20 per cent of the approximately 300 million worldwide unemployed and underemployed young people (aged 16 to 30 years) have the potential to become entrepreneurs, but less than 5 per cent do. Research carried out by The Princes Scottish Youth Business Trust by MORI in 1993 found that 20 per cent of 18-30 year olds had the potential to become entrepreneurs. The experience of the 12 accredited YBI programmes and partners working with young entrepreneurs has agreed this is an acceptable indicative figure. However, further research is required to refine this figure.

<sup>48</sup> GTZ/YEN/Draeger Foundation, 2004.

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### 2.5.1 Latent entrepreneurship of young people

The results from national and international surveys on attitudes towards entrepreneurial activity can also provide (at least) an indication of the potential for youth entrepreneurship, in terms of the proportion of young people who indicate that they desire or envisage to become an entrepreneur or self-employed (“latent entrepreneurship”).<sup>49</sup> Of course, being self-employed is not synonymous with being an entrepreneur. Nonetheless, surveys and statistics focussing on the proportion of people who are or want to become self-employed are likely to be an indication for the potential of entrepreneurial activity.

#### *Flash Eurobarometer Entrepreneurship*

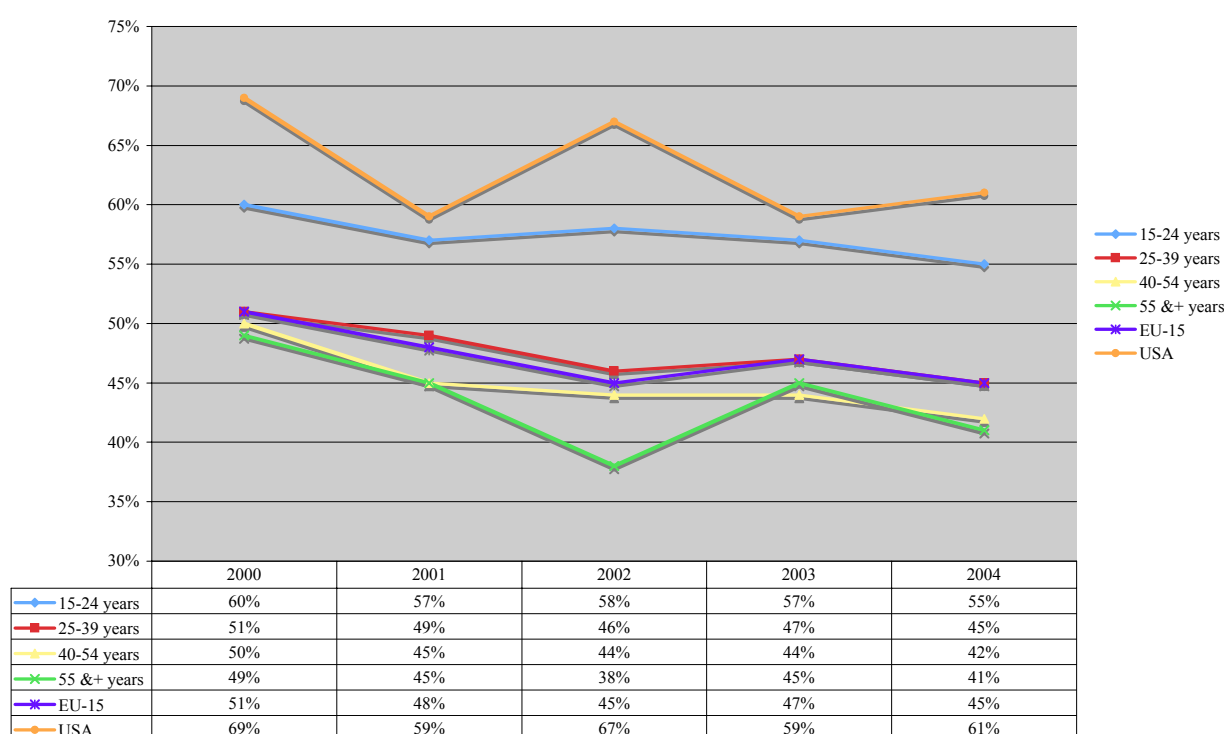
The Flash Eurobarometer survey on entrepreneurship is conducted on behalf of the European Commission (DG “Enterprise”) on an annual basis. It compares European opinions and attitudes towards entrepreneurship and self-employment with those of non-European countries, especially the United States. The last survey (2004) covers for the first time all 25 EU-Member States plus the USA, Iceland, Liechtenstein and Norway. A total of 21,051 people were interviewed by telephone for this survey. As the survey data are analysed by age, gender, education and other characteristics, they can be used for an indication on the potential for youth entrepreneurship or latent youth entrepreneurship respectively.

In response to the question “Suppose you could choose between different kinds of jobs, which one would you prefer: being self-employed or being an employee?” the majority of Europeans answered that they would prefer employee to self-employed status. Compared to the EU average of 45 per cent, as much as 61 per cent of US citizens would prefer to be self-employed (Figure 5).<sup>50</sup> It is interesting to note how the preference for self-employment varies according to the socio-demographic characteristics of citizens in the European Union. A break down of the data by age cohorts reveals that younger Europeans (15-24 years) are surprisingly much more tempted than older people by the idea of becoming self-employed. A majority (55 per cent) of them would prefer to be self-employed. This preference tends to diminish with age. Moreover, again 55 per cent of younger Europeans (15-24 years) find it personally desirable to become self-employed within the next five years, compared with only 41 per cent for people aged between 25 and 39. Likewise the assessed feasibility of becoming self-employed within the next five years decreases strongly with age.

<sup>49</sup> “Latent entrepreneurship is measured by the probability of a declared preference for self-employment over employment. Other than demographic variables such as gender, age and education level, the set of explanatory variables includes country specific effects, the perception by respondents of administrative complexities and of availability of financial support and a rough measure of risk tolerance.” (Thurik; Grilo, 2005, p. 3).

<sup>50</sup> It has to be noted that the results differ considerably between Member-States. The preference rate for self-employment ranges from 28 per cent in Finland to 62 per cent in Portugal. (Flash Eurobarometer, 2004, p. 7).

Figure 5: Europeans' preference to become self-employed (by age and in percentage) 2000-2004



\*The results by age cohorts in 2004 refer to people in the EU (25) instead of EU (15).

Source: Flash Eurobarometer (2000-2004).

The survey also suggests that younger people are more inclined than older people to be thinking about setting up a business. The proportion varies from 6 per cent among those “aged 55 and over” to 27 per cent in the “15-24” age group.

In a nutshell, evidence from the last five Eurobarometer surveys (2000-2004) shows that the youngest European respondents seem to have a higher entrepreneurial preference than older people (Figure 4). They are more tempted by the idea of becoming self-employed and more interested in start-ups. With age this interest becomes less marked. These results suggest that there is a considerable potential for youth entrepreneurship in Europe.

Other surveys conducted in the US, Australia and New Zealand (and Africa)<sup>51</sup> reveal also very positive attitudes of young people towards self-employment and entrepreneurship.

In 1999, Walstad and Kourilsky researched attitudes toward entrepreneurship amongst 14-19 year olds in the United States. They found nearly 70 per cent of their respondents “...want to control their own destinies by becoming entrepreneurs. Many of the same teens say they know little about how to become their own boss. But, if given the

<sup>51</sup> According to Chigunta et al. (2005) attitudes of young people in Africa towards self-employment vary from country to country, mainly depending on economic, social, political and historical factors. Fieldwork experiences in countries like South Africa and Zambia differ. Whereas many young people in South Africa see self-employment as a “stop-gap” measure as they look for formal employment, Chigunta (2003) revealed in a survey of Zambian youth that the majority of young people (51.5 per cent) in the sample wanted to start their own business in the informal sector (Chigunta et al., 2005, p. 16f).

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*choice, a majority of youth would rather be the owner of a small business than the manager of a large corporation.”<sup>52</sup>*

In 2001, Sergeant and Crawford conducted a national youth entrepreneurship attitude survey in Australia with 784 Australians aged 15 to 24 years. According to the survey, around two thirds (68.2 per cent) of respondents indicated that they would like to start their own business at some stage in the future.<sup>53</sup>

Furthermore, in 2004, Kalafaltelis and McMillen conducted a quantitative benchmark survey on youth attitudes towards entrepreneurship in New Zealand. The survey revealed that over three-quarters of young people (79 per cent) would like to ‘start up’ or own their own business. Young peoples’ preference for setting up a business is somewhat at odds with more wary and disinterested adult New Zealanders. In an earlier BRC-research (2003), only 38 per cent of the general population said they had considered starting up or buying an existing business.<sup>54</sup>

Survey results give an indication for a significant potential for youth entrepreneurship in these countries. Moreover, it is interesting to observe that comparably low levels of entrepreneurial activity (measured in TEA index) of younger people (18-24 years) – compared to higher levels/rates in all other age groups – in countries like Australia or New Zealand do not necessarily reflect less interest in entrepreneurship among youth.

Then what are the factors affecting youth entrepreneurship in these countries? What are the influences encouraging or restraining young people from engaging in business? These questions will be explored in the next chapter.

<sup>52</sup> Walstad; Kourilsky, 1999.

<sup>53</sup> Sergeant; Crawford, 2001.

<sup>54</sup> Kalafaltelis; McMillen, 2004.

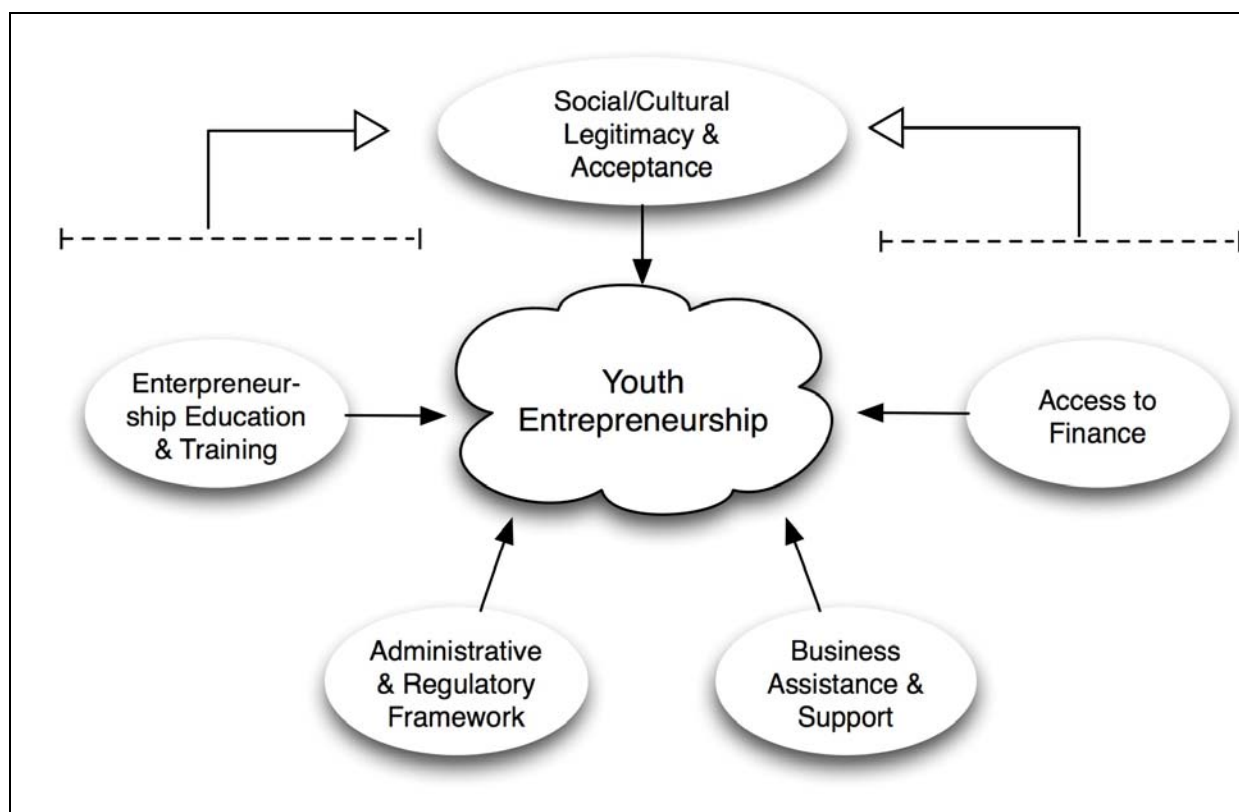
### 3. BARRIERS AND INCENTIVES TO ENTERPRISE START-UPS BY YOUNG PEOPLE

In this section, we examine a range of key constraints and barriers to youth entrepreneurship in general and to enterprise start-ups by young people in particular. At the same time, we present incentives, strategies and tools that make or could make starting a business a more viable alternative and easier for youth. We take a particular look at five crucial factors for entrepreneurial engagement that should be addressed by appropriate programmes to foster youth entrepreneurship. This includes:

1. Social and cultural attitude towards youth entrepreneurship;
2. Entrepreneurship education;
3. Access to finance/Start-up financing;
4. Administrative and regulatory framework; and
5. Business assistance and support.

For each of these factors we outline the key deficiencies, constraints and impediments for young people. Next we attempt to pool the major programmes, initiatives and practices being used in different countries to overcome these barriers. Some concrete examples (for these practices and initiatives) are presented in text boxes and further examples are provided in Appendix 1.

Figure 6: Factors that influence youth entrepreneurship



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### 3.1 Social and cultural attitude towards youth entrepreneurship

As cultural and social backgrounds influence an individuals' approach to life, they similarly influence entrepreneurial activity and enterprise culture.<sup>55</sup> Gibb (1988) defined an enterprise culture as "set of attitudes, values and beliefs operating within a particular community or environment that lead to both "enterprising" behaviour and aspiration towards self-employment."

Researchers have long realized that cultural attitudes influence the entrepreneurial activities of a population, a country, region or ethnic group and that the interaction between culture and entrepreneurship is stronger in the case of some groups than others.<sup>56</sup> Thus cultural differences between nations are increasingly understood as an important determinant of a nation's level of economic and entrepreneurial development.<sup>57</sup> A cultural environment in which entrepreneurship is respected and valued, and in which business failure is treated as a useful learning experience rather than a source of stigma, will generally be more conducive to entrepreneurship.<sup>58</sup>

But what are the key cultural and social influences affecting entrepreneurship in general and youth entrepreneurship in particular? What influences are encouraging or restraining young people from engaging in business?

#### 3.1.1 *Social and cultural influences affecting (youth) entrepreneurship*

The role of religion, cultural values, beliefs and behaviours

Religion – as one cultural aspect – and enterprise have a complex interdependent relation.<sup>59</sup> Religion, since it can shape the values and beliefs of a person, can have an influence on entrepreneurial behaviour in general and the nature and the type of business as well as women's participation in business in particular. However, recent studies on the influence of religion on business provide anecdotal evidence that faith does not exert as important an influence as might be expected on entrepreneurial behaviour.<sup>60</sup> Carswell and Rolland (2004) show that there is no correlation between increasing ethnic diversity and associated religious value systems and a reduction of business start-up rate. However, there is still a general lack of in-depth research on the relation between religion and economic and social entrepreneurship. In this context, an analysis of the relationship between religion and social entrepreneurial activity would be particularly interesting.

<sup>55</sup> On 17 June 1998, the International Labour Conference adopted Recommendation No. 189 concerning the General Conditions to Stimulate Job Creation in Small and Medium-sized Enterprises. An important issue of the Recommendation is recognition by the ILO member States present in the ILC of the importance of social and cultural influences on entrepreneurship and the formation of new enterprises.

<sup>56</sup> Birley, 1987; McGrath et al., 1992; Kreiser et al., 2001; Hofstede, 1980.

<sup>57</sup> McGrath et al., 1992; Mueller, Thomas, 2001; GEM, 2004.

<sup>58</sup> OECD, 1998.

<sup>59</sup> Carswell; Rolland, 2004.

<sup>60</sup> Basu, 2002.

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As already mentioned, culture is the system of collective values that distinguishes the member of one group from another.<sup>61</sup> Hofstede conducted perhaps the most commonly employed approach to understand on how values in the workplace are influenced by culture. He developed a model that isolates four primary dimensions to differentiate cultures (“uncertainty avoidance”, “individualism”, “masculinity” and “power distance”).<sup>62</sup> These values again have an influence on individual’s needs and motives (e.g. for achievement, affiliation or the pursuit of individual and social goals) and their beliefs, behaviour and orientation (e.g. risk-taking, proactive-ness and self-efficacy).<sup>63</sup> Therefore, differences in these values may have an influence on entrepreneurial behaviour and the decision of whether or not to become an entrepreneur.

For example, uncertainty avoidance or acceptance in a culture is strongly linked to the level of risk-taking and proactive-ness of an individual or an organization. Individuals (like entrepreneurs) with a high need for achievement, such as those in uncertainty accepting societies, will be more willing to take risks than individuals in uncertainty avoiding societies.<sup>64</sup> This can partly explain why, for example, Americans are more entrepreneurial than Europeans. The Eurobarometer (2004) reveals that Americans (young and old) show less risk aversion to engage in entrepreneurship than Europeans. The survey shows that a regular income and job stability is more important for Europeans than for Americans. The fear of failure also preoccupies Europeans. Half of the interviewed Europeans agreed that you should not set up a business if it is likely to fail, compared with only one-third of Americans. However, the figures vary widely among EU Member States. Europeans also tend to be more worried by the possibility of bankruptcy (45 per cent) or of losing their property (35 per cent) if their businesses fail. Americans show far less fear for these dangers (36 per cent and 21 per cent, respectively).<sup>65</sup>

“Masculinity”, “power distance” and “individualism” are also linked to entrepreneurial behaviour. Different levels of individualism and power distance (hierarchies) can partly explain the differences in entrepreneurial activity among Japan, Europe and the USA. Hierarchies for example still remain far more important to the

<sup>61</sup> Hofstede, 1980; Mueller, Thomas, 2001.

<sup>62</sup>

- *Uncertainty avoidance* measures the ability of a society to deal with the inherent ambiguities and complexities of life. Cultures that are high in uncertainty avoidance rely heavily on written rules and regulations, embrace formal structures as a way of coping with uncertainty, and have very little tolerance for ambiguity and change.
- *Individualism* describes the relationship that exists between the individual and the collectivity in a culture. Societies high in individualism value freedom and autonomy, view results as coming from individual (and not group) achievements, and place the interests of the individual over the interests of the group.
- *Masculinity* is primarily concerned with the level of aggression and assertiveness present in a culture. Highly masculine cultures place a high emphasis on assertive and ostentatious behaviour, material goods and prestige are highly sought after, individuals tend to exhibit a high need for achievement, and organizations are more willing to engage in industrial conflict.
- *Power distance* is "a measure of the interpersonal power or influence between B (the boss) and S (the subordinate) as perceived by the least powerful of the two S (the subordinate)" (Hofstede, 1980, pp. 70-71). In high power distance cultures, there is an unequal distribution of power, strong hierarchies and control mechanism are present, there is less communication among organizational levels, and an emphasis is placed on subordinates being differential and obedient to those in positions of power Kreiser et al., 2003).

<sup>63</sup> Hayton et al., 2002.

<sup>64</sup> Kreiser et al., 2003.

<sup>65</sup> European Commission, 2004a, pp. 1-2.

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Japanese culture than they are in the US or in Europe, whereas individualism has more of tradition in Europe and particularly in the US than it has in Japan. This means that an individual decision to start-up a business or simply to run a business differently might be accepted more willingly in Europe and even more in the US.<sup>66</sup>

“Essential is a change of paradigm which will be difficult here in former communistic country where people are still used to the fact that state will take care of them, meaning that actually a small number of tax payers have to pay high taxes and costs of big number of non-tax payers.” (Kristina Horbec, young entrepreneur from Croatia).

### The social legitimacy and perception of entrepreneurship

Cultural values can have an important influence on entrepreneurial behaviour. However, that does not imply that they are enough to cause or to inhibit the rise of entrepreneurial activity. Social perceptions and perceived legitimacy of entrepreneurship are also an important factor in helping of hindering entrepreneurial behaviour. According to Wilken (1979), the degree of approval or disapproval of business activity will influence its emergence and characteristics, being favoured by those environments in which entrepreneurs enjoy greater legitimacy.

How young individuals perceive entrepreneurship depends particularly upon:

- a) Their personal environment.
- b) Their individual awareness and familiarity with the concept of entrepreneurship; and
- c) The general reputation, acceptance and credibility of entrepreneurs in society.

“Generally, I didn’t feel extremely encouraged by my environment, and – having all the doubts, reservations and fears in my mind – I would definitely use additional support. Comments from people who found out about my business venture could mostly be classified in 3 groups: (1) “Wow, she owns a business – she must be earning a lot of money!” – Their other words and their faces are telling me how they are calculating my profits and budgeting my money in their heads. (2) “She decided to run a business – I am wondering if she’ll make it”. (3) “Good for you. I wish you success – may I be of any help?” – comments by very few people I knew prior to starting a business, and by most of the people I met the first time when promoting my products and services. That’s why I promote my business mostly to people I don’t know, and about 80 per cent of those I know are still left in the dark about what I do and how I am doing.” (Mirta Didara, Croatia).

- a) *The role of the personal environment (family, parents, relatives and friends a.o.)*

Parents, relatives and friends can have a crucial influence on young people’s opinions about entrepreneurship, playing a strong role in imparting positive or negative views of business. Family background, in particular, plays an important role in the formation of a mindset open to self-employment and entrepreneurship. Some studies suggest that overall family background seems to play a more important role in the entrepreneurial attitude of students than general cultural variables associated with the country.<sup>67</sup>

<sup>66</sup> De, 2001.

<sup>67</sup> Postigo et al., 2003.



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A national survey of young adults in the US found that there was a strong relationship between having a role model in the form of a parent, family member, or friend, and expecting to own a business in the future.<sup>68</sup>

The Eurobarometer survey results (2004) confirm this observation. Interviewees with self-employed parents are more entrepreneurial minded (52 per cent) than those whose parents are both employees (42 per cent).

“Accounting was a family business. My parents are both economists and it was natural that I would enrol at the faculty of economics” (Young entrepreneur from Bosnia-Herzegovina).

A quantitative benchmark survey (conducted in 2004) on entrepreneurship culture among young people in New Zealand also provides strong evidence that parents are a key influencer. Well over three quarters of all interviewees (85 per cent) claimed that their parents had influenced their opinions about business, and in most cases they claimed they have been influenced positively (75 per cent). Noted also that approximately one-third of young people (35 per cent) reported their parent/caregiver owned a business.<sup>69</sup>

Regarding these results, it becomes clear that a better part of young entrepreneurs would not have started up their business without the backing and support of their family.

However, for some societies, entrepreneurship remains undervalued compared to, for example, a career in medicine, law, with a large corporation or with government. In these societies, perceptions remain that family sacrifices made to help young people gain a high level of education are not repaid if they become self-employed.<sup>70</sup> Often entrepreneurship may be seen as an inappropriate career choice whose risk and instability may have social consequences. For example, anecdotal evidence from Sri Lanka suggests that careers in government are favoured over entrepreneurship despite the lower wages because the stability and prestige associated with a civil service job allows young men and women to negotiate better terms of marriage.

“My closest friends and family gave me a strong support in my endeavour to start a private business, but they have also been telling me constantly how risky it is to start any kind of business today, and especially a business related to providing tourist services. I did not have any support from society – if it is about support from the local community, although in periods of crisis in my business I have addressed them for help.” (Ana Dukanovic, young entrepreneur from Hungary).

*b) Success, reputation and credibility of (young) entrepreneurs in society (corruption, competition, informal economy)*

The image, reputation and credibility of entrepreneurs in a society can also have a crucial influence on young people’s attitude to entrepreneurship and on their decision to start up their own enterprise. The appreciation and assessment of entrepreneurs can range from them being regarded as successful, honest, courageous, independent and innovative people who create jobs (“*the economic DNA*”)<sup>71</sup> and have a clear sense of social justice to being perceived as ruthless, dishonest and selfish people who destroy more jobs than they create through overt risk taking and who use their skills and abilities in ways that are not

<sup>68</sup> Development Associates, 1993.

<sup>69</sup> Kalafaltelis; McMillen, 2004.

<sup>70</sup> Street; Sykes, 2003.

<sup>71</sup> EU-Commissioner G. Verheugen, in European Commission (2004a).

always or completely socially acceptable (lack of honesty or sense of social justice). It is not by accident that young people in countries with a high level of opportunity entrepreneurial activity, like Australia, Canada and the US entrepreneurs are generally seen in more favourable light than for example in some transition countries in Eastern Europe. High levels of ethical misconduct like corruption and favouritism often imperil the acceptance of entrepreneurship in general and the reputation of entrepreneurs in particular.<sup>72</sup>

“It seems to me that generally speaking business people are seen as shady characters. This can be attributed to the fact that the general public does not believe that meritocracy is the system at work here in Croatia. Consequently, all business people are assumed to acquire business through dubious, if not “illegal networking..... The social environment is such that small business ventures are still perceived as overly risky activities where drawbacks outweigh its benefits.” (Young entrepreneur from Croatia).

“Regarding the opinion of young people that I know about entrepreneurship, I have to say that it is very negative. Because of the difficult material situation of citizens, both at local and state levels, young people think that starting a private business is actually doomed. Maybe that is a result of the fact that there is a very small number of young people who are successful entrepreneurs, and that is also considered as unsuccessful way of doing business or it is the consequence of comprehending the reality in all social and economic parts of life.” (Ana Dukanovic, young entrepreneur from Hungary).

Young people, willing to engage in business, have additionally to cope with the particular reputation and stereotypes given to young entrepreneurs in society and in the business world. Due to their limited life and work experience, young entrepreneurs are often not taken seriously by older colleagues or business contacts. According to a Barclays Bank Survey in the UK, ‘not being taken seriously’ and ‘age discrimination by suppliers or customers’ are two of the biggest problems experienced by young entrepreneurs in the course of running a business. They are perceived as being a greater problem than difficulties in attracting funding.

Table 5: Problems experienced by young entrepreneurs in the course of running a business (in percentage)

• Not being taken seriously by colleagues or business contacts	44
• Age discrimination by suppliers or customers	36
• Difficulties in attracting funding to the business	30
• Age discrimination by institutions or the Government	17
• Lack of support from family or friends	10
• None of these	30

Source: Young Entrepreneurs Tomorrows Business Leaders, Barclays Bank (2004), in Darby (2004).

“In general, the opinion of my family members and friends was that working on my business project was a waste of time and that I was making a mistake. Everybody suggested that I should have looked for a job instead. Afterwards I could have thought in starting my own business. My parents viewed my use of the internet as a hobby and criticized me a lot about that. After some time and due to the success I achieved. I gained recognition at a local and international level. However, at the beginning my project was considered negatively as too risky. I believe that young people need a strong impetus to believe they can make it as entrepreneurs, and one of the best ways to encourage them to start their own business is through other young people’s example.” (Sabas Monroy, young entrepreneur from El Salvador).

<sup>72</sup> Schramm, 2002.

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“Many people used to tell me that I was “too young” for the business. I have been successful as a successful person, many people admired me, but many of them are envious...” (Young entrepreneur from Croatia).

c) *Awareness, knowledge of and familiarity with the concept of entrepreneurship (through education)*

The motivation to engage in business and the decision to become an entrepreneur is closely linked to the level of awareness about knowledge of and familiarity with the concept of entrepreneurship as being a viable career path. Among other social institutions, education has probably the most important impact on raising awareness and attractiveness to the characteristics and attributes of entrepreneurship. Education helps to arm young people with an understanding of and some of the skills necessary for entrepreneurship. Enterprise education is elaborated upon in section 3.2.

### The legitimacy and acceptance of social entrepreneurship

Cultural perceptions of social entrepreneurship depend upon additional factors to those discussed previously. Primarily young people need to have an insight and being exposed to social problems. They also need successful role models, particularly younger ones and the opportunity to obtain knowledge of the social entrepreneurship process. However, societies in the main continue to view entrepreneurship only in narrow economic terms rather than embracing its potential wider social benefits.

### Specific risk appraisal of young people and coping with the stigma of failure

A high level of uncertainty avoidance in a society combined with a rather sceptical or negative perception of entrepreneurship often leads to a stigma being attached to any failure in a commercial venture. This fear of failure is a further strong disincentive to engage in business, for young and old people.

However, the underlying causes and circumstances for risk assessment and risk taking can differ between young and old as living conditions, personal values and objectives change with age.

Older people have in general more responsibility and obligations, which they have to consider when deciding to start-up a business. A regular income, job stability, social security, fulfilling insurance, family, legal or financial obligations are in general more important to older people, which can make them highly risk averse. For young people, these underlying reasons are generally less important at first sight. For them the lack of finance, experience, skills, knowledge and familiarity with the business world generally are the main factors in discouraging engagement in self-employment. Unfortunately, no specific research exists on the relationship between young people and the stigma of failure.<sup>73</sup> Nonetheless, particularly in high-income countries with a considerable level of uncertainty avoidance (like in some European countries), young people often see business failure as a personal failure which carries a subsequent loss of social reputation, sometimes leading to emotions similar to grief.

<sup>73</sup> For the general/adult entrepreneurs, D. Sheperd (2003) analysed the exposure to business failure.

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“As with all types of grief, young people may find business failure difficult to deal with. A lack of life experience and a lower level of maturity can make processing the emotions, and identifying the lessons in the failure, more difficult.”<sup>74</sup>

“People always say it is too risky but actually they supported me as a younger person by explaining that, as I am young I can risk everything and they can’t because they have children and other obligations, mortgage, etc. I was perceived as brave by leaving a highly paid job in best Croatian company, but all the people who knew me well, knew that whatever I would do I would succeed in.” (Kristina Horbec, young entrepreneur from Croatia).

“At the same time, young people must get acquainted with the idea of taking risks. What does it mean to take risks? How to assess risk? How to cover some risks? What exactly is the risk involved when being an entrepreneur and what are the opportunities? A lot of this is a mindset and deeply anchored in our culture. Schools should definitely play a role in these elements of entrepreneurship.” (Katja Meier, young entrepreneur from Germany).

“Young people rarely decide to start their own business. It is believed to be a high risk. As a young entrepreneur, I always have a chance for personal advancement, because innovations in the field of economy are always welcome. Older persons are reluctant to changes.” (Young entrepreneur from Croatia).

### **3.1.2 Promoting an entrepreneurial culture among young people**

According to Stevenson and Lundström (2001), promoting an entrepreneurial culture is one of the most underdeveloped strategic areas of entrepreneurship development worldwide, poorly articulated in policy terms and the most subject to rhetoric. To change the pattern of cultural determinates is a medium or long-term process. Moreover, it is a multi-faceted commitment, as culture is complex and difficult to change. It requires a combination of specific programmes and initiatives to create positive attitudes towards entrepreneurship and entrepreneurs. Best practice countries are probably those such as the United States, Canada, Australia and New Zealand that use a combination of approaches to promote entrepreneurship. In the following section we outline the major initiatives and instruments currently used in different countries to raise the profile and attractiveness of entrepreneurship for young people and present various examples.<sup>75</sup>

#### **a) *Research: Understanding cultural influences on entrepreneurship and assessing the attitude, awareness and aspirations of young people towards it***

In order to promote an entrepreneurial culture among young people, it is crucial to know more about young people’s attitude, awareness and aspirations towards entrepreneurship and business. Before targeting them with particular interventions and initiatives to raise their entrepreneurial profile (see below), appropriate research and testing are necessary. In this context it is advisable to:<sup>76</sup>

1. Assess young people’s level of awareness, attraction and involvement with business and enterprise, in order to establish a benchmark of their current attitudes and behaviours with the subject topic.

<sup>74</sup> Logue, 2004.

<sup>75</sup> Lundström; Stevenson, 2001a; White; Kenyon, 2001.

<sup>76</sup> Kalafaltelis; McMillen, 2004.

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2. Identify and test initiatives that would increase young people's interest with business and entrepreneurship.

**Box 1: Developing a culture for entrepreneurship among young people in New Zealand  
(Quantitative Benchmark Survey)**

New Zealand Trade and Enterprise (NZTE) commissioned BRC Research to investigate young people's levels of engagement with business and enterprise.

**Method:** Research was based on in-depth exploratory interviews conducted in March and April 2004, among 20 young New Zealanders aged 13 to 24 years. Interviews lasted for approximately 90 minutes. The sample was carefully selected to ensure it was representative of a cross-section of ethnic groups, men and women, and socio-economic status. This initial qualitative research was conducted to "set the scene" for a subsequent telephone survey of 500 young New Zealanders aged 15 to 21 years, conducted in June 2004. The telephone survey sample was randomly selected from electronic White Pages listings, and nationally representative in terms of age, gender and region. Results based on the telephone survey are subject to a maximum margin of error of  $\pm 5.1$  per cent, at the 95 per cent confidence level.

Source: Kalafaltis. E.; McMillen. P. (2004).

Surveys have become recognized as a valuable means of capturing young people's attitude to, opinions on and interest in business.

In 2001, Sergeant and Crawford conducted a national youth entrepreneurship attitude survey in Australia with 784 Australians aged 15 to 24 years. Another good example is the quantitative benchmark survey on youth attitudes towards entrepreneurship in New Zealand, conducted in 2004 by Kalafeltis and McMillen (Box 1). Appendix 1 provides further concrete survey examples.

***b) Promotion of role models***

Successful social or private, youth or adult entrepreneurs are probably the best ambassadors for promoting entrepreneurship among young people. By delivering an image of independence, success and achievement, they can motivate young people to consider and explore entrepreneurship and self-employment. The more a young person knows a successful entrepreneur, the more likely he or she might become interested in starting a business because they have a role model to follow. Moreover, when supported by media campaigns, credible role models can have an influence on young people's personal environment, so that parents and relatives will change their attitude to entrepreneurship as well and encourage their children to engage in this field. In this context it is important to note that role models are most effective when reflecting the image of the group whose behaviour is to be influenced (e.g. youth in general, young women, parents, etc.).

"Well, most people would probably jump at the opportunity to become entrepreneurs if they were promised a solution of all their problems, or quick and big profits. However, what I would like to see are examples of ethical, educated and successful entrepreneurs: (a) Ethical – to prove that all successful entrepreneurs are not criminals; (b) Educated – to prove that studying and knowledge make a difference in real life as well; and (c) Successful – to prove that smart and hard work pays." (Didara Mirta, Croatia).

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#### Box 2: Business dynamics' "blue skies" project (United Kingdom)

Business dynamics is a business education and enterprise charity in the UK that aims to bring business to life for young people. Volunteers from companies introduce students, aged 14-19 years, to the opportunities and challenges of business as well as improving their key skills in preparation for the world of work. This is done through a variety of programmes.

Blue Skies is a particular programme designed to encourage young people to consider setting up their own business. "Using multimedia, live music, wide-screen video, VJ & DJ, Britain's young entrepreneurs showcase their businesses, with live film footage and music incorporated into each presentation. An interactive TV-style Game Show focuses on entrepreneurs, their businesses and the key business skills required for success.

The overall result is a vibrant, energetic and enjoyable show that allows students to learn from successful young entrepreneurs (role models). Students leave with a sense of purpose." (<http://www.businessdynamics.org>)

#### Box 3: Kauffman Entrepreneur Internship Programme (KEIP) (USA)

Through the Kauffman Entrepreneur Internship Programme, college students receive real world entrepreneurship experience today to prepare for tomorrow. Colleges, universities and entrepreneur support organizations offer for-profit and/or not-for-profit KEIP internships to their students, exposing them to the challenges and rewards of starting companies and taking them to the next level.

KEIP interns work side by side with successful entrepreneurs, learning from them and oftentimes contributing ideas to solve problems, increase productivity or save money. (<http://www.keip.org>)

#### Box 4: BJU-projects: "Entrepreneurs in the classroom" and "Students/Teachers in the in boss's chair" (Germany)

The federal association of young entrepreneurs ("Bundesverband junger Unternehmer" (BJU)) in Germany conducts three initiatives that should connect school (students and teachers) with local entrepreneurs and businesses, raising the awareness, interest and knowledge of entrepreneurship among students and teachers.

With the project "Students/Teachers sitting in the boss's chair" ("Schüler im Chefsessel") BJU offers students and teachers in selected regions the possibility to spend one day with an entrepreneur and to experience and closely observe the typical everyday business and tasks of an entrepreneur. Subsequent to this visit, students have to write an essay on their experiences which is assessed by an independent regional jury. A prize is then awarded to the best essays.

Conversely, within the project "Entrepreneurs in the classroom" ("Unternehmer im Klassenzimmer"), entrepreneurs are invited to schools to report on their work, job and particular tasks in a medium-size enterprise. (<http://www.bju.de>)

#### *c) PR-Campaigns, competitions and awards, media coverage, youth business events*

PR-campaigns, events, competitions and awards are another way of raising the profile of entrepreneurship for young people. Youth business events (e.g. gatherings, expositions, fairs, galas, concerts, open business days), whilst tapping into youth culture, can be useful instruments for introducing entrepreneurship to youth. Moreover, they provide good opportunities for media exposure. Business competitions and awards provide special incentives for ambitious young people. The impacts of business competitions (business plan competition, simulation games, minicompanies, awards) are much broader – they attract young men and women to the support services that are offered as a part of the competition.<sup>77</sup> Through appropriate media coverage and PR-

<sup>77</sup> White; Kenyon, 2001.

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campaigns (e.g. TV/radiospots and programme shows), public interest in entrepreneurship and familiarity with the concept can also be increased.

“Young entrepreneurs would greatly profit from better media coverage of start-up success stories. Greater collaborative efforts would additionally improve the situation and reduce the perception of risks/disadvantages associated with start-ups (e.g. lack of safety-nets, proactive approach to problem solving and generating business)” (Young entrepreneur from Croatia).

“Better media coverage – media are interested in negative news only. There should be many stories about young and successful entrepreneurs. We’re not all thieves and burglars. Positive attitude should be created in the media regarding our potential. The government should (and other politicians) promote young entrepreneurs by giving them important roles in the Parliament, boards, commissions and then the public will recognize that the government is trying to improve something in this country.” (Saca Cvetojevic, young entrepreneur from Croatia).

**Box 5: Shell *LiveWIRE*-young entrepreneur awards (UK and 25 other countries)**

Shell *LiveWIRE* is a Shell global community initiative to encourage young people and those to whom they turn for advice and guidance, to see starting a business as a desirable and viable career option. As a kind of full service provider, it offers business assistance services and financial support to young entrepreneurs (aged 16-30 years) through its young entrepreneur of the year competition (“win10K”) and corresponding awards (up to £)10,000.

The Awards are all about rewarding and celebrating the achievements of young people in business. As well as giving cash prizes and rewards, the awards provide an opportunity for young entrepreneurs to reflect on their business, receive feedback from other business leaders and meet like-minded entrepreneurs. Finalists and Award winners receive excellent media coverage on their business through national, regional and trade press and there’s the opportunity to become an enterprise champion, spokesperson and *LiveWIRE* Mentor. In the UK, the winning business receives a top prize of £10,000 and the runner-up will receive £5,000. There will also be an additional prize of £2,500 for a business receiving the judges’ commendation. There will be a Significant Progress Award of £1,000 at each Country Gala and at the UK Final. There are three selection stages, involving Country Galas and a UK Awards Dinner for the finalists. (<http://www.shell-livewire.com/>)

**Box 6: ‘Nescafe Big Break Awards’ for young entrepreneurs since 1990 (Australia and New Zealand)**

Each year Nescafe Big Break gives away cash grants to people aged between 16 and 24, who have a dream or idea and need some financial support to make it a reality. Over the last 16 years, Nescafe Big Break has awarded money to more than 250 young Australians and New Zealanders, to help them with a diverse range of ideas. Since it began, Nescafe Big Break has given away a total of more than AUD\$2.5 million.

This year (2005), Nescafe Big Break will give away a total of AUD\$220,000 in cash grants – six awards of AUD\$25,000 and nine awards of AUD\$5,000, plus a public on-line voting competition will determine who amongst the six big winners will receive an additional AUD\$25,000.

It is not an achievement award – anyone can win a Nescafe Big Break. There are no categories and winners can be from any field of endeavour. It is open to all permanent residents of Australia and New Zealand who meet the age criteria (<http://www.nescafebighbreak.com.au/program/what.asp>).

***d) Introduction and promotion of the entrepreneurial culture through education***

Enterprise-focussed education has an important impact upon young men and women. One important aim of enterprise education is the promotion of entrepreneurship as a viable career path. Learning about business development, administration and management as well as learning the necessary skills, attributes and behaviours creates positive attitudes towards entrepreneurship and has a significant impact on a young person’s decision to become an entrepreneur (see Chapter 3).

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Modern government programmes aiming at fostering an entrepreneurial culture among young individuals try to focus more on a coherent combination and coordination of entrepreneurship education initiatives and other measures to raise the profile of entrepreneurship in society (see Box 7).

**Box 7: 'Youth entrepreneurship challenge, Quebecs' "Three Year Action Plan" (Canada)**

The "Youth entrepreneurship challenge" is a three year action programme to foster the development of true entrepreneurial culture among young Quebecers. It is the product of an extensive cooperation between key players of Quebec's entrepreneurship network. In 2003 an action plan prepared in conjunction with the leaders of Quebecs' youth entrepreneurship network was thus proposed. Over the years 2004/05 and 2006, more than \$20 million are attributed to developing entrepreneurial culture among young people. The measures chosen are based on three main axes:

1. Inviting schools to participate: Holistic approach towards entrepreneurship education
  - a) Integration in school curricula at primary, secondary and college levels (study programme, minicompanies, micro-enterprises, student/teacher networks, etc.);
  - b) Integration of entrepreneurship in educators and guidance counsellors' training programme;
  - c) Promoting extracurricular activities (networks, clubs, competitions, trainings).
2. Creating a favourable environment: Various initiatives are and will be taken to reach parents, entrepreneurs and even elected officials.
3. Disseminating effective strategies to young entrepreneurs.
  - a) Information and support services to young entrepreneurs through internet;
  - b) Business networking to young entrepreneurs;
  - c) Management skills training;
  - d) Encouraging mentoring
  - e) Supporting micro-credit projects for young entrepreneurs.

([www.defi.gouv.qc.ca/publications/depliant\\_defi\\_en.pdf](http://www.defi.gouv.qc.ca/publications/depliant_defi_en.pdf))

### **3.2 Entrepreneurship education**

"A country's competitiveness starts not on the factory floor or in the engineering lab. It starts in the classroom." (Henry Ford).

Entrepreneurship education is crucial in assisting young people to develop entrepreneurial skills, attributes and behaviours as well as to develop enterprise awareness, to understand and to realize entrepreneurship as a career option.

The Australian Ministerial Council on Education, Employment, Training and Youth Affairs (MCEETYA) has defined enterprise education as:

"Learning directed towards developing in young people those skills, competencies, understandings, and attributes which equip them to be innovative, to identify, create, initiate and successfully manage personal, community, business and work opportunities, including working for themselves."<sup>78</sup>

Thus entrepreneurship education is not only a means to foster youth entrepreneurship and self-employment but at the same time to equip young people with the attitudes (e.g. more personal responsibility) and skills (e.g. flexibility and creativity), necessary to cope with the uncertain employment paths of today's societies. Young people can no longer expect to find the traditional 'job-for-life' careers but rather

<sup>78</sup> DEST, 2005.



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‘portfolio careers’ (contract employment, freelancing, periods of self-employment, etc.) (Dearing Report, 1997).<sup>79</sup> Enterprise education is therefore seen as a highly valuable preparation for the changing job market and economy in which young people have to operate.<sup>80</sup>

In the past 10 to 15 years, entrepreneurship education has grown dramatically throughout the world, particularly in those countries already known as entrepreneurial such as the US, Canada and Australia. This growth is reflected in the development of numerous new entrepreneurship curricula, study programmes and initiatives, as well as increasing research activities on enterprise education in general, and on its various effects and best practices in particular. Since enterprise awareness programmes at primary and secondary schools have long-term effects, impact assessment is difficult.<sup>81</sup> That is why many impact assessment studies and evaluations so far mainly focus on college and university programmes, having medium- and even short-term effects on business creation and entrepreneurial activity.

Current findings of various studies show that entrepreneurship education encourages students to start their own business. Moreover, it has a positive impact on students’ self assessment and their attitude towards entrepreneurship as well as towards general occupational aspirations and achievement.

A study by Elke Schröder<sup>82</sup> (2005) from the University of Jena in Germany introduced the development, the implementation and the evaluation of a new training programme “Wer hat das Zeug zum Unternehmer (Who has it in his/herself to become an entrepreneur?)” for young students. The programme was tested with a sample of 623 students (aged 14-26 years/average 16.4 years) in 11 different secondary schools. Apart from teaching young people relevant business skills and raising their awareness of entrepreneurship, the programme particularly focused on the “crystallisation” of entrepreneurial interest among young people. Thus the exploration of entrepreneurial characteristics and skills and the self-determining of the variabilities of entrepreneurship as a career option were two crucial elements of the programme. The evaluation showed that the training significantly improved the “crystallisation” of entrepreneurial interest. The training proved to be particularly beneficial to students without any relation to entrepreneurship through role models in their family. These students showed a high interest into entrepreneurial activity. Moreover, the evaluation revealed that all participants highly benefited from the programme in terms of general knowledge and self-awareness.

A study conducted by Nakkula (2003/2004) from the Harvard University Graduate School of Education in two Boston public high schools indicates that youth entrepreneurship programmes such as NFTE<sup>83</sup> are particularly effective at keeping students from low-income urban backgrounds on the academic track and can be a significant force in driving

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<sup>79</sup> The Dearing Report UK 1997 (Higher Education in the Learning Society). Source: BBC Politics 97BBC Politics 97 <http://www.hi.is/~joner/eaps/dearing2.htm>.

<sup>80</sup> Gallaway et al., 2005.

<sup>81</sup> Moran; Cooney, 2003.

<sup>82</sup> Schröder, 2005.

<sup>83</sup> The National Foundation for Teaching Entrepreneurship (NFTE) is a non-profit organization, whose mission is to teach entrepreneurship to young people from low-income communities to enhance their economic productivity by improving their business, academic, and life skills. NFTE is headquartered in New York City. The organization reached over 190,000 young people in 2004 and has trained 3,500 teachers and youth workers in 45 states and 13 countries ([www.nfte.com](http://www.nfte.com)).

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them towards high achievement and leadership. Though findings need to be replicated with a larger group, the study particularly indicated that the programme had a positive influence on students' interest in attending college, on occupational aspirations in general, and on improved independent reading. A study conducted by Brandles University (1993-1997) has shown that, when compared to a control group, NFTE graduates were 30 times more likely to start their own businesses. Moreover, entrepreneurship knowledge improved 61.9 per cent among NFTE students vs. 3.2 per cent in the control group. The positive influence of the programme was also confirmed by a later study, conducted by the David H. Koch Charitable Foundation in NY City. This time the research focused on the alumni, young adults aged 18-28 who had completed the NFTE New York City programme in junior or senior high school. Turning from the developed world to the developing countries, anecdotal evidence also shows a positive impact of entrepreneurship education. On the XV Malente Symposium, Sabine Kittel from the GTZ presented the results of the promotion of youth entrepreneurship based on CEFE – Competency-based Economies through Formation of Enterprise – in Guatemala. CEFE works with young people during their last two years of secondary school and with potential university students, using a mix of methodologies – exercises, research and discussions. *“At the end of the first two pilot applications, not only 44 young people from two Guatemalan cities have been involved and four companies have been established, but also personal and institutional changes could be observed: 40 per cent had started to see entrepreneurship as an option, their motivation, communication, capacities and self-esteem had increased, and school students, who had participated in the programme, had started to demand different teaching contents and methods from their teachers”, Kittel stated.*<sup>84</sup>

Regarding the higher education sector, Charney and Libecap (2000) conducted an evaluation of the Berger Entrepreneurship programme in the US, comparing business school graduates who completed the programme to other graduates. They found out that *“Entrepreneurship education is found to contribute significantly to risk-taking, the formation of new ventures, and the propensity to be self-employed. In addition, entrepreneurship graduates have higher incomes, higher assets, and indirectly higher job satisfaction compared to other business graduates. Entrepreneurship education contributes to the growth of small firms that employ entrepreneurship graduates, and firms owned by entrepreneurship graduates tend to be larger and have more sales than those owned by non-entrepreneurship graduates. Entrepreneurship education also promotes technology-based firms and products.”*<sup>85</sup>

In collaboration with four Scottish Universities (Heriot-Watt University, Napier University, the University of Paisly and the University of Strathclyde), Gallaway et al. conducted a study on the impacts and potential of entrepreneurship education in higher education. The study found that students who have completed an enterprise module at university are more likely to aim for entrepreneurship within their careers than students who have not included enterprise in their studies.<sup>86</sup> Another interesting finding is that this result is generated to the greater extent by students of the science, engineering, and technology (SET) disciplines (that have completed an enterprise module) than those of business/management. The authors conclude *“that enterprise education is having a positive effect on the potential quantity of entrepreneurship, and that currently this is most marked in those disciplines in which students are less likely to be aware of the*

<sup>84</sup> GTZ/YEN/Draeger Foundation, 2004.

<sup>85</sup> Charney; Libecap, 2000.

<sup>86</sup> Gallaway et al., 2005.

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*possibility of entrepreneurship as a career choice when they are not exposed directly to the suggestion via enterprise education.”<sup>87</sup>*

Moreover, while the majority of the students see the benefit of enterprise education for entrepreneurial activity in the form of new venture creation, the study gives evidence of an appreciation of the significance of enterprise education for employment within existing organisations, too. *“This is encouraging with respect to developing enterprise skills amongst graduates for application in any economic context, as these enterprising behaviours are increasingly required to maintain and develop competitiveness amongst organizations within the enterprise economy.”<sup>88</sup>*

The majority of the very few available evaluations on entrepreneurship education generate positive results. However, there is still a dearth of independent evaluations of entrepreneurship programmes. Furthermore, it has to be noted that the evaluation of enterprise education is itself a subject of ongoing research and debate.<sup>89</sup>

### **3.2.1 Key educative constraints to entrepreneurship**

How should education be generally improved to become more entrepreneurially-orientated? What are the key shortcomings and constraints in the current structures? In the following section we outline some important areas for improvement:

#### **Box 8: Key educative constraints**

- General lack of introduction and adoption of enterprise education;
- Inadequate curricula and study programmes;
- Wrong learning methods;
- Negligence of students' personal environment (parents and family members);
- Lack of trained/educated teachers;
- Lack of career information and business possibilities;
- Lack of business and education linkages; and
- Lack of ICT infrastructure/capability.

#### **1) General lack of introduction and adoption of enterprise education**

In many countries, particularly in developing and transition countries, enterprise education simply does not exist or has not been sufficiently adopted.<sup>90</sup> When not applied in a holistic manner, it is often not including both the in-school and out-of-school youth. Furthermore, it is not applied on all different levels of education (primary, secondary, technical and vocational and higher education).

“Entrepreneurship programmes should be introduced at a school level, not only at college. These programmes should be present in other areas of studies and careers, not only business administration. Besides, the experiences of local young entrepreneurs should also be introduced in these programmes. Nothing is better than examples. Only by meeting young

<sup>87</sup> Gallaway et al., 2005.

<sup>88</sup> Ibid.

<sup>89</sup> For more information on evaluation of enterprise education, please see Hytti and Kuopsjärvi (2004).

<sup>90</sup> Haftendorn and Salzano (2003) give a more detailed analysis of the situation of enterprise education in developing and transition countries.

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entrepreneurs aware of the problems and difficulties of creating a business and who experienced successes and failures of making a business, young students will believe they can make it as well. This is key. Teaching administration skills is not enough. It is crucial to teach the spirit, the confidence, the trust, the leadership, the firmness that only those who chased the ideal of setting up an enterprise know. This should be incorporated into study plans, pedagogical programmes, mentorship facilities and enterprise development programmes, which should – in turn – rely on the help and knowledge of young entrepreneurs, besides teachers and professors.” (Sabas Monroy, young entrepreneur from El Salvador).

## 2) Inadequate Curricula and study programmes

The teaching of entrepreneurial skills and attributes and behaviours<sup>91</sup> is often not properly integrated into school curricula or not adequately taught on different educational levels. Most education systems still teach traditional values of compliance to the norm rather than independent thinking and acting, risk-taking and self-reliance. Moreover, an academic approach to education nurtures skills that are appropriate to working in the public sector or large organizations and companies but not for an entrepreneurial career. Even business study programmes at universities in many countries often do not include sufficient entrepreneurial elements. Thus students are neither encouraged nor educated to become entrepreneurs but rather managers.

“We were educated and enchanted to be managers, not entrepreneurs” (Ana Djukanovic, young entrepreneur from Croatia).

## 3) Wrong learning methods

In most education systems, there is still a clear lack of practical and experiential learning as well as of teamwork learning. Experiential learning is very rarely used, as an effective way of gaining knowledge and experience, yet it is probably the most powerful way of learning entrepreneurship.

“There should be more lectures on specific fields of business. Not the theoretical ones, but the practical ones. These should be conducted by an entrepreneur and should include practical examples from real companies, case studies, networking...” (Young entrepreneur from Croatia).

## 4) Lack of trained/educated teachers

Teachers and university professors often have only limited experience in, and understanding of, small businesses and self-employment. They are not adequately trained or educated to teach entrepreneurial skills young people.

<sup>91</sup> Skills like: Problem solving, creativity, persuasiveness, planning negotiating and decision-making. Attributes like: Self-confidence, autonomous, achievement oriented, versatile, dynamic, resourceful. Behaviours like: Acting independently, actively seeking to achieve goals, flexibility, coping with uncertainty, risk-taking, opportunity seeking, pragmatic approach.

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5) Lack of career information and business possibilities

School environments often do not sufficiently introduce youth to the concept of entrepreneurship and self-employment as a career option. Tools, resources and information material to support youth entrepreneurship are not readily available.

6) Lack of business and education linkages

Relationships between educational institutions and the business community (school-industry partnerships, combination of classroom learning and structured on-the-job experience) do not exist or are poorly developed.

7) Negligence of students' personal environment (parents and family members)

Entrepreneurship education initiatives often disregard the important role of family members of young people and their parents in particular. Creating awareness among family members regarding the importance stimulating entrepreneurial culture is crucial.

8) Lack of ICT infrastructure/capability

Due to financial constraints, schools often cannot afford to provide access to appropriate ICT infrastructure (hardware, software, Internet access and multimedia-applications). An inadequate ICT infrastructure and training constrain ICT capabilities of young people, which are increasingly crucial for many new entrepreneurial opportunities.

### **3.2.2 Promoting entrepreneurship education**

“Education is a key issue. Schools should send out the message that being an employee is not the only option after the completion of studies. The advantages of being an entrepreneur should be promoted and the hopes of those young entrepreneurs who face the risks of starting their own business should be nurtured. Virtuous examples to follow should be provided to those still doubtful among potential young entrepreneurs, in order to give them more confidence and demonstrate that it is indeed possible to become a successful entrepreneur, even in young age.” (Sabas Monroy, young entrepreneur from El Salvador).

Enterprise and entrepreneurship education programmes are increasingly proliferating in schools, colleges and universities in several countries. For example, in the United States, in 2000, more than 1.500 colleges and universities offered some form of entrepreneurship training. More than 100 active university-based entrepreneurship centres were established and more than 270 endowed positions in entrepreneurship were created.<sup>92</sup>

Moreover, in entrepreneurial-orientated countries, we observe a clear move towards a holistic approach focussing on all educational levels – starting from basic through to secondary and tertiary education. In 2004, the European Commission proposed to introduce entrepreneurship into the national curriculum from primary school to university. One of five key actions to foster entrepreneurial mindsets should be the introduction of entrepreneurship into the national (or regional) curriculum at all levels of formal education, either as a horizontal aspect or as a specific topic.<sup>93</sup>

<sup>92</sup> Charney; Libecap, 2000.

<sup>93</sup> European Commission, 2004a.

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In a recent study on youth entrepreneurship in the Nordic European countries (Denmark, Sweden, Norway, Finland and Iceland), Lundström (2005) confirms a rapid development in the area of enterprise education in these countries over the last decade. Nowadays strategic approaches in all of these countries can be found.

Transition, developing and emerging countries are also increasingly interested in appropriate programmes and curricula concepts. Through its “Know about business” (KAB) methodology, the ILO has long-standing experience in this area. According to ILO officials, the number of countries using the KAB tool in secondary and vocational education has increased to 22 – a significant growth in the last two years.

Entrepreneurship promotion programmes can be broadly divided into 5 categories:

1. Curricula and study programmes (e.g. KAB, NFTE, CEFE);
2. Student, Minicompanies (competitions). (e.g. “Junior”, “Achievers International”);
3. Information resources and material. (e.g. “Go to school”, Internet portals);
4. School-entrepreneur/business activities and events (e.g. “KEIP”, “Students in the boss’s chair”); and
5. Simulation games (often computer-based) (e.g. “Primanager”, “Gründungswerkstatt”).

For a comprehensive view of enterprise education promotion programmes, we refer to the ILO working papers by Axmann (2004) and in particular Haftendorn and Salzano (2004). Part I of the latter paper analyses awareness and promotion programmes in formal and non-formal education from around the world. Part II, published separately, contains an extensive directory with short descriptions of more than 100 current and recently completed programmes for entrepreneurship education. Together, they constitute a rich source of information for use by planners and decision-makers responsible for developing youth employment and education policies. In addition, the wealth of details and references on the implementation of such policies may inspire and guide the many practitioners of youth training and job creation programmes.<sup>94</sup>

In 2004, the European Commission also published a guide on good practices in promoting entrepreneurial attitudes and skills through education.<sup>95</sup>

In the field of higher education – the most advanced area of enterprise education in many countries – a growing number of benchmarking analyses and best practice studies are available. In collaboration with the KfW bank, the FGF (Förderkreis Gründungs Forschung e.v.) has recently published a study by Petra Moog on international good practices in entrepreneurship education.<sup>96</sup> The OECD is also particularly engaged in this area. In June 2005 the organization held an international conference on “Fostering Entrepreneurship: The Role of the Higher Education” in Trento, Italy. As a follow-up project, they are currently also conducting a study on best practices in this field.

Finally, we would also like to refer to the Centre for Entrepreneurial Leadership Clearinghouse on Entrepreneurship Education of the Kauffmann Foundation, which

<sup>94</sup> Haftendorn; Salzano, 2004.

<sup>95</sup> [http://europa.eu.int/comm/enterprise/entrepreneurship/support\\_measures/training\\_education/](http://europa.eu.int/comm/enterprise/entrepreneurship/support_measures/training_education/)

<sup>96</sup> Moog, 2005.

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provides a comprehensive database on studies and articles on youth entrepreneurship education.<sup>97</sup>

### 3.3. Access to start-up finance

“Young people aren’t short on passion or guts, they’re short on cash.” (Young entrepreneur from Australia).<sup>98</sup>

The lack of adequate start-up finance is one of the most prominent (at least most talked about) impediments to young people seeking to create their own business.

According to the Eurobarometer Survey (2004), young people (aged 15-24) seem to be the strongest supporters of the perception that the lack of available financial support is an obstacle to setting up a business. About 78 per cent of the respondents (aged 15-24), compared to 73 per cent of all other age cohorts, agreed to this affirmation. The lack of finance was also considered to be a more severe barrier than administrative procedures/burdens or an unfavourable economic climate.

Other studies corroborate these findings. In 2000, the OAYEC (Ontario Association of Youth Employment Centres) conducted a survey on youth self-employment in Ontario. When a group of young entrepreneurs were asked what resources were missing when they started their businesses, the most likely response, lack of capital and financing, was given by 40 per cent of them. Other barriers such as high competition or lack of experience were thought to be less important barriers.

#### 3.3.1 *Key constraints for young people to start-up finance*

“If you want to obtain a financing in Croatia, there is a saying among the entrepreneurs, confirmed by some bank employees: Don’t show you need the money, for you won’t get it. If you want to get some, first you have to prove you don’t need it.” (Mirta Didara, young entrepreneur from Croatia).

What are the key constraints and challenges young entrepreneurs face in accessing funding for their business venture? In the following section, we outline the diverse sets of barriers cited by the youth attempting to secure start-up finance:

<sup>97</sup> The database primarily covers material from 1996 to the present and is updated weekly. CELCEE also publishes digests on entrepreneurship education and houses a collection of links to organizations dealing with entrepreneurship and entrepreneurship education. ([www.celcee.edu](http://www.celcee.edu)).

<sup>98</sup> FaCS, 2003.

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#### Box 9: Key constraints to start-up finance

- Lack of personal savings and resources
- Lack of securities and credibility (for debt financing)
- Lack of business experience and skills (for debt financing)
- Strict credit-scoring methodologies and regulations
- Complex documentation procedures
- Long waiting periods (time needed to decide on an application for funding)
- Lack of knowledge, understanding, awareness of start-up financing possibilities
- Unfavourable firm characteristics and industry
- Legal status/form of enterprise
- Lack of (successful) micro lending/-finance and seed funding.

“It is hard to get financial support from any institution dealing with this. They have very high rates, requirements for approving guarantees are very difficult to meet, everybody is very careful and in any kind of application they are asking for continuous employment. They also request an average salary from both, requestor and guarantees.” (Young entrepreneur from Bosnia Herzegovina).

##### 1) Lack of securities /and credibility (for debt financing)

Due to the lack of self-sustaining resources, the absence of a substantive credit history, sufficient collateral or guarantees to secure loans or lines of credit, young people are often seen as particularly risky investments and therefore face difficulties in accessing finance. Furthermore, some potential entrepreneurs may be carrying student debts, which will make it even harder to secure financing for new ventures. In addition, funds requiring less or no collaterals (except a viable business plan) often charge significantly higher interest rates and fees.

“It’s kind of ironic that the people who need the money most, and have the least guarantees, are asked to underwrite loans at 24 per cent interest.” (Young entrepreneur from Ontario, Canada).<sup>99</sup>

##### 2) Lack of business experience and skills (for debt financing)

One of the key concerns when lending money to young entrepreneurs is the lack of experience and business skills. Because of their age, young people are unlikely to have the type of business experience, track record or business skills that banks or other financial institutions would look for in assessing creditworthiness. Often young people will have to show that their business has already been trading in some form for 6 months.

“If I wanted to obtain any financial support (loan, credit card financing, etc.) for my business, I would have to (a) obtain a record of business success and/or other collateral and (b) be in business and a client of the bank for at least 6 months, etc., which I couldn’t have at that time. I also had limited access to assets and guarantees.” (Mirta Diadara, young entrepreneur from Croatia).

<sup>99</sup> OAYEC, 2000.



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### 3) Strict credit-scoring<sup>100</sup> methodologies and regulations

Young entrepreneurs often have difficulties in meeting strict credit scoring criteria as banks often deal arbitrarily with terms and conditions. There is a lack of binding rules and clear general terms ensuring the transparency of rating procedures and credit scoring systems for young entrepreneurs.

### 4) Complex documentation procedures

Young people are easily put off by the documentation procedures and information required by many commercial lenders of credit. Particularly funds requiring less or no collaterals but that charge very high interest rates and fees often have more complex documentation procedures.

“I was also considering the option of taking a bank loan, but I have given up on the idea, as bank interests are extremely high (even up to 18 per cent per year), grace period is very short or it does not exist at all, conditions for granting a loan are very unfavourable, procedures are very complicated, and very often I had a feeling that the fact I was young was another complicating factor to get a loan. As I already said, the solution of taking a bank loan sounded very unfavourable, and I did not want to be restricted at the beginning with loan and high bank interests.” (Ana Djukanovic, young entrepreneur from Hungary).

### 5) Long waiting periods

Another problem is the time needed to decide on an application for funding (minimum 30. 60 or 90 days), particularly from public support agencies and programmes. In many cases, the time spent on preparing (entrepreneur) and processing (agency) an application can easily exceed 5 months, which is a very long time for a potential young entrepreneur.<sup>101</sup>

### 6) Lack of knowledge, understanding, awareness of start-up financing possibilities

Young entrepreneurs often launch their businesses without carefully estimating the amount of capital (start-up and working capital) they will need to actually get started. Many insist that passion and enthusiasm will be enough to get them through the rough periods.

Furthermore, young entrepreneurs are often not aware of all available types of finance, funding forms and special support programmes. They often do not understand the concept, the benefits, the possibilities and the drawbacks of the numerous forms of debt and equity (venture capital) financing.

“It was difficult to obtain financing 10 years ago. Now you can obtain many different kinds of loans, you can lease, you can rent....Collaterals – mortgages are the main problem, as there is competition in the banking sector – there are banks to support good initiatives. Many young entrepreneurs do not know how to put their ideas on paper, and banks require it.” (Saca Cvetojevic, young entrepreneur from Croatia).

<sup>100</sup> A credit score is a numerical index which represents an estimate of an individual's financial creditworthiness. Lenders, such as banks and credit card companies, use credit scores to determine credit limits and interest rates.

<sup>101</sup> De, 2001.

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## 7) Unfavourable firm characteristics and industries

Age-related impediments are exacerbated by the typical firm characteristics of businesses started by youth. A 1998 HRDC report states that 77 per cent of youth ventures are owned and operated by a single person, placing these businesses very firmly in the 'micro business' category. About 75 per cent of youth-owned businesses were in the service sector, a low-growth area. These particular firm characteristics have implications for the access of business capital, as most of these ventures are in the early stages of growth (looking for seed money or start-up funds); have limited tangible assets and low profit margins. These characteristics also limit the availability of angel investors and venture capital as sources of equity financing.<sup>102</sup>

## 8) Legal status/form of enterprise

Young entrepreneurs, working in the informal sector, face particular difficulties to obtain start-up finance. As informal sector enterprises are not registered with the relevant jurisprudence as limited liability companies, there is no difference between enterprise assets and personal assets. A young entrepreneur is therefore directly and jointly held responsible for his/her liabilities. This lack of separation between ownership and control makes it quite difficult for investors to deal with entrepreneurs in the informal sector.

In many countries, entrepreneurs are not recognized as "employed" regardless of their workload. Therefore, they also have severe problems to obtain start-up finance.

"We work full-time hours, pay all insurances, pensions and taxes by ourselves and are still not employed (!!!) and therefore have limited access to financing. This is absurd, because my employee would be approved for a loan, and I – the owner – wouldn't." (Mirta Didara, young entrepreneur from Croatia).

## 9) Lack of (successful) micro lending/finance and seed funding

In many countries, youth seems to be underrepresented as a target group of micro credit programmes. A search of 902 organizations in 96 countries listed under the Micro Credit Summit's Council reveals only 21 organizations with youth in their title. Even if mainstream micro-credit organizations offer programmes directed to youth, verification with several experts confirms that youth are still an underrepresented group.<sup>103</sup>

In view of the numerous difficulties that young men and women face when it comes to obtaining start-up finance, many are required to use alternative financing. Various ways (legal and illegal) are used by youth to finance their businesses.<sup>104</sup> According to GEM estimations, 99 per cent of all businesses were funded by informal investors instead

<sup>102</sup> Heidrick, 2002.

<sup>103</sup> Curtain (2001) identifies a number of reasons to explain why micro credit has neglected young people. These include the age-requirement in most programmes for clients to be at least 18 years old to ensure that they can sign a legal contract. Many programmes, at least in Asia, are more likely to target married women, as opposed to unmarried women. The assumption is that there is a high risk of default for loans to unmarried girls who might stop repaying their loans once they get married. Some programmes also have minimum asset requirements to qualify for participation, and this excludes adolescents for the most part (Esim et al., 1999, p. 7).

<sup>104</sup> This includes: loans provided by family members, loans provided by friends, additional employment, financial partner/investor, use of credit cards, personal loans, establishing accounts with suppliers, grants and prizes (White; Kenyon, 2002, p. 20).

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of classic venture capital – the equivalent of 92 per cent of the total amount invested in the GEM countries.<sup>105</sup>

There is anecdotal evidence to suggest that the largest sources of start-up funding for young entrepreneurs are personal savings/assets, foregoing salaries and money from friends and family (either loans or donations).<sup>106</sup> The previous RSA (The Royal Society for the encouragement of Arts, Manufactures & Commerce) study on young entrepreneurs in the UK and the most recent survey of finalists in the Shell LiveWIRE awards confirm that friends and family were the third most popular source of start-up capital (after foregoing salary and personal savings) for a young entrepreneur and were a more popular financing source than banks.<sup>107</sup>

OAYEC (2000) statistics show that 46 per cent of new business ventures were financed through personal savings, 38 per cent through money from friends and family, and only 28 per cent through loans of lines of credit, and 9 per cent through youth business loans.

“I have accessed the start-up funds quite easily, because my parents have provided me with the money. If I did not have their financial support, I probably would not have started this business. Even in later stages, when I had problems with lack of my own money to expand the business, I did not decide to take a loan, but instead I borrowed money from my parents.”  
(Ana Djukanovic, young entrepreneur from Hungary).

### **3.3.2 Improving the access to finance**

In the following section, we outline the major strategies, initiatives and key tools being used in different countries to improve and expand the access to finance for young people. Promotional efforts can be broadly divided into four categories:

- 1) Research into start-up and business finance
- 2) Provision of start-up and business capital
- 3) Improving the regulatory environment for start-up finance
- 4) Information and counselling on access to finance and funding.

#### **1) Research on start-up and business finance for young people**

Before targeting youth with particular strategies and initiatives, assessing and evaluating the real need for start-up finance and its accessibility for young entrepreneurs is crucial. In view of the various factors influencing youth entrepreneurship, every country or region has to carefully assess whether the lack of financial funds is indeed the major hindrance to an entrepreneurial career. Regarding the diverse sets of impediments to access to finance, it is furthermore important to know more about the real youth characteristic-related barriers to financing in order to decide appropriate methods and initiatives.

Surveys focussing on youth as potential entrepreneurs and on young entrepreneurs are probably the best way of unlocking and capturing the specific needs and most

<sup>105</sup> GEM, 2004, p. 57.

<sup>106</sup> Heidrick, 2002.

<sup>107</sup> RSA-study. Sources of start up funding (in order of the most frequently cited sources for funding): 1) foregoing salary, 2) personal savings, 3) loan from family and/or friends, 4) private company investment, 5) bank overdraft facility, 6) business angel investment, 7) Princes Trust loan/grant, 8) venture capital investment, 9) short-term enterprises, 10) bank loan, 11) Credit card, 12) Credit from debtor, 13. Enterprise Allowance Scheme, 14, Temporary work (Darby, 2001).

important barriers. Consultations or interviews with relevant stakeholders (banks, micro-credit institutions, NGOs, finance agencies, etc.) are further means to get a comprehensive view on this issue. In Appendix 1 you will find a list with survey and study samples.

**Box 10: "The young and the enterprising". OAYEC study on the sources of start-up capital of young entrepreneurs (Canada)**

The goal of "The Young and the Enterprising" was to describe and analyze the experiences of self-employed youth with businesses based in the information technology sector. Human Resources Development Canada (HRDC) funded the project and a team of youth researchers at the Ontario Association of Youth Employment Centres conducted the study.

Forty-seven interviews were conducted with self-employed youth from Ontario, 17 women and 30 men between the ages of 19 to 30, with businesses in the information technology area. Included in this group were four youth aspiring to become self-employed.<sup>108</sup>

## 2) Provision of finance and funding

Youth enterprises can be promoted through the provision of various types of finance and funding that can broadly be divided into three categories: Grants and 'free money', debt financing and equity financing.

### a) Provision of grants and 'free money'

Start-up grants particularly aim to promote the establishment of new enterprises of students or young unemployed jobseekers by securing their livelihood during the time estimated for starting and stabilizing the business. Though increasingly superseded by loan schemes, the use of grant-based schemes is still a quite common approach to stimulate entrepreneurship and start-up activity among young people in different countries. However, as White and Kenyon (2001) point out, the issue of grant finance for self-employment ventures is a vexed one. On the one hand, it can be an important aid for people who have been rejected from other conventional forms of finance. On the other hand, many experts believe that programmes should help young people deal more directly with the problem of access to finance, rather than providing them with non-refundable funds or free money.<sup>109</sup>

**Box 11: Supplementary grants: The Imprenditorialità Giovanile (IG), The Princes Trust and Sisteia de Apoio aos Jovens Empraserios (SAJE) (Italy, UK and Portugal)**

The Imprenditorialità Giovanile (IG) S.p.A. in Italy has become a widely respected model of "best practice". It began as a national committee based in Rome, then in 1994 it became a corporation. Its original mandate was to support new-firm formation by young entrepreneurs, aged 18 to 35, in the South. Its tools to do so include, *inter alia*, non-reimbursable financial subsidies of up to 60 per cent of capital costs.

The Prince's Trust Business Programme in the UK, also cited as "Best practice" model in the OECD report 2001, offers grants up to £1,500 in special circumstances as well as test marketing grants of up to £250 to unemployed young individuals (aged 18-30 years) to start their business.

In Portugal, the Sistema de Apoio aos Jovens Empresarios (SAJE) provides grants to new businesses, covering 50 per cent of capital needs, plus 10 per cent for projects in distressed regions and another 10 per cent for those aimed at the young unemployed and job seekers. Grants can reach a maximum of 10 million escudos (US\$48,000, €50,000). See Appendix 1 for full descriptions.

Source: OECD. 2001.

<sup>108</sup> OAYEC, 2000.

<sup>109</sup> White; Kenyon, 2001.

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Grant-based schemes are therefore increasingly bound to strict eligibility criteria, terms (approved business plan, additional funding sources, necessity proof, reporting duties, etc.) and selection procedures.

In this context, prizes and awards for youth enterprise competitions, generally financed by companies or NGOs, are more and more used as a source of “free” start-up capital. Besides financial assistance, these competitions often offer also other support services, including assistance in business plan development, counselling and mentoring. Moreover, such services increase the likelihood that young entrepreneurs will be successful in obtaining other sources of funding. (For business awards examples, see chapter 3.1 and Appendix 1).

b) Facilitating debt financing for young people

*Provision of Soft-, micro and guaranteed loans (government backed-loans)*

Specific loan schemes like *soft loans* are increasingly superseding traditional grant schemes. The soft-loan approach involves the provision of no or low interest loans, usually through some form of revolving loan fund, to young entrepreneurs.<sup>110</sup> There are generally no collateral requirements, but eligibility criteria like having a business plan, demonstrating commitment and responsibility, having reasonable equity participation and demonstrating an ability to repay the loan are required. Some new programmes even address one of the key concerns when lending to young entrepreneurs – the lack of experience and business skills – as part of their loan programmes. The provision of a competitive loan is bound to a hands-on business-training component that the young entrepreneur must pay for in some cases.

**Box 12: Fundación Impulsar – youth start-up assistance (Argentina)**

Fundación Impulsar was established as a charity in Argentina in 1999, for the purpose of helping young people to set up and manage their own business, particularly when the appropriate financial or practical help has not been available. The aim is to help young people aged from 18-30 years, who have some sort of job problem and a good idea for what appears to be a viable business, by giving them an interest-free loan of an amount up to \$5000, with a repayment period of three years. Help is also given through the preparation of a business plan, and if the loan is approved, the young person is then assigned a mentor to support the applicant in establishing the business. By end of December 2004, more than 2,500 applications were received, out of which 130 loans were approved for businesses such as a cycle tourism venture, a kindergarten, a furniture factory specializing in iron pipe structures, a cycle repair workshop and a fumigation company.

(<http://www.fundacionimpulsar.org.ar>)

*Micro loans* are still a fairly new source of finance for young entrepreneurs in the formal or informal sector with lower capital requirements, with little or no collateral and limited business experience. Micro-loans are small loans, mostly offered by micro finance institutions like credit unions and NGOs. Traditional banks are not generally interested in issuing small loans – as the interest benefits do not exceed the transaction costs.

**Box 13: The Commonwealth Youth Credit Initiative (CYCI), Micro-credit financing scheme (International)**

The Commonwealth Youth Credit Initiative (CYCI) is a micro-credit financing scheme operated by the Commonwealth Youth Programme. It offers credit to young entrepreneurs, and is currently operating in Africa, Asia, the Caribbean and the South Pacific. More than just a financing scheme, CYCI provides training in small business and personal development and a mentoring programme.

(<http://www.thecommonwealth.org>)

<sup>110</sup> Ibid.

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Given their size and particular conditions, micro-loans are particularly interesting for young entrepreneurs in developing countries. For the UN, micro finance and micro credit have become a critical anti-poverty tool. That is why the year 2005 has been designated as “International Year of Micro credit”, focussing on access to finance of poor people.

**Box 14: The Young Entrepreneur Project (Brazil)**

The Brazilian Government grants micro credits for young people wishing to start their own business. The main campaign is the Young Entrepreneur Project, which makes available a subsidized credit line, specific and guaranteed, in the amount of R\$ 100 million, concentrating on the young people's target audience of the programme. The purpose is to initially support 16.000 young entrepreneurs in establishing and developing small undertakings, independent activities and cohesive undertakings. To gain access to the credit, the young person takes part in a qualification course focusing on preparing a business plan, with post credit follow-up.

Source: XI Malente Symposium (GTZ/YEN/Dräger Foundation), Youth Employment. Empowerment and Participation: Securing the Future, 19-20 October 2004, Lübeck.

As outlined previously, there is still a severe lack of efficient micro-credit programmes for young entrepreneurs, particularly in developing countries. As Chigunta points out, to promote effective micro credit programmes, their programmes have to meet the needs and possibilities of potential young entrepreneurs. This requires:

- ✓ *“Treating youth as ‘clients’ and not mere programme ‘beneficiaries’*
- ✓ *Shifting the focus from ‘product-centred’ to ‘customer-based’ programmes*
- ✓ *Innovative steps are needed for new types of collateral, such as business plan, level of education, and residence status*
- ✓ *Broadening the current definition of ‘sustainability’ from a narrow focus on programme sustainability to livelihood viability through enterprise*
- ✓ *De-politicising micro or youth credit schemes, especially in LDCs.*
- ✓ *Depending on context and need, other financing mechanisms such as grants and soft loans can be given to youth, and*
- ✓ *Strengthening financial systems management.”<sup>111</sup>*

*Loan guarantee schemes* are an efficient means to facilitate youth access to conventional banking finance. Experiences show that public money, spent for supporting credit guarantees systems is a very effective instrument and has a much higher multiplying effect than other instruments (e.g. venture capital funds). The objective of these schemes is to secure financing (soft-loan, micro-loan, traditional bank loan) for small businesses of young people that might not otherwise be able to obtain it, but who still have a good chance of succeeding. The loans often have less stringent requirements for owner's equity and collateral than commercial loans, making them a good source of financing for start-ups and young businesses. However, there are often basic eligibility requirements such as the ability to repay the loan from cash flow, some business or management experiences and owner's equity contributions.

<sup>111</sup> Chigunta, 2001.

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**Box 15: Loan guarantee scheme for young entrepreneurs, Bürges Förderungsbank (Austria) – co-financed by the European Investment Fund (EIF)**

The Bürges Förderungsbank m.b.H. is 100 per cent owned by the Republic of Austria. Its obligations include the administration of promotional measures for SMEs by the Ministry of Economic Affairs.

The programmes for supporting young entrepreneurs (established in 1977) support enterprise start-ups as well as enterprise takeovers with the objectives to make it easier for young persons to become an entrepreneur and to conserve the substance of enterprises by facilitating their transmission.

The programme supporting young entrepreneurs for example consists on saving plans (see Box 16), investment grants (maximum 7 per cent. 14,700 Euro) for investments up to 210,000 Euro and guarantees (maximum 80 per cent) for loans of up to 300,000 Euro.

(<http://www.aws.g.at>)

**c) Fostering equity finance possibilities for youth**

*Personal savings/assets and investment from friends and family (“love money”)*

As outlined previously, most emerging small businesses of young people are launched with personal savings, assets or “love money/investments” provided by friends and family. This main kind of funding can be further strengthened through tax incentives (see below) or a general reduction of costs, resulting from administrative and regulatory burdens (see Chapter 3.5).

*Angel investors and networks*

Supporting the emergence of finance networks (e.g. angel networks or groups) focussing on young entrepreneurs is a further way to provide access to start-up capital. These networks aim to link young entrepreneurs with sources of finance originating from angel investors. Angel investors provide capital particularly for high growth start-ups, usually in exchange for an equity stake. Unlike venture capitalists, angel investors typically do not pool money in a professionally managed fund. However, angel investors often organize themselves in angel networks or groups to share research and pool investment capital. Thus angel start-up capital fills the gap in start-up financing between the money from friends and family and venture capital. While all angels want to make money, they are often motivated by the energy of a young company in particular business industries or in the social sector. Angel investors are often retired entrepreneurs or managers, who are looking for a “hobby”. Aside from funds, they can provide valuable management advice and important contacts. However, at the same time, most angels demand high returns on investment.

*Risk-venture capital for young enterprises*

Equity financing through venture capital will probably never become the main source of financing for young enterprises. The results of an RSA study show that among young entrepreneurs, venture capital was not regarded as an appropriate form of start-up funding for a business, although some young entrepreneurs are now seeking it to help expand their enterprises.

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“I don’t personally recommend it for new companies. I think a company needs to give itself three years of growth in order to be able to put themselves in a position where they can say ‘yes this is the right sort of investment for a venture capitalist’. Yes you can raise money with a venture capitalist and yes you are risking money that is not your own in a sense as well, but there is no integrity in that and that’s not true business practice. I would want to see anyone going into business do it off their own back if possible to ensure that they feel part of it and that it is the right thing for them to do.” (Matt Roberts, young entrepreneur from the UK).<sup>112</sup>

However, for highly innovative start-ups with large growth potential, it is an important tool and therefore has to be further developed.<sup>113</sup>

Promoting public and private *Business Incubators* is another way to provide start-up capital for young entrepreneurs in high-growth industries. Aside from various services (such as provision of physical work space, IT-infrastructure, management coaching, administrative services, technical support, business networking, advice on intellectual property, etc.), they also often provide sources of financing. Business incubators are elaborated under Chapter 3.5.

### 3) *Improving the administrative and regulatory environment for start-up finance*

#### *Transparent rating procedures and risk assessments*

As outlined in the previous chapter, young entrepreneurs often face difficulties in meeting and understanding the strict credit scoring criteria of banks. In order to reduce uncertainty and to allow young entrepreneurs to understand the principles of the risk assessments, rating procedures and credit scoring systems should be as transparent as possible so that procedures may not become a “Black Box” for young entrepreneurs. In this context, banks should communicate the relevant criteria affecting the rating of enterprises and inform young entrepreneurs about its assessment and/or provide best practice examples in order to allow them to improve.

#### *Shortening and simplification of documentation procedures*

To reduce complexity and to simplify the administration, financial institutions could streamline their administrative procedures. This would also reduce the processing time of loan applications.

#### *Improved cooperation and code of conduct*

Banks could consider providing a one-stop shop service for young entrepreneurs that would assist with the application package and issuance of related papers. In this context, they could at least cooperate with consultants who would provide appropriate instruction for young entrepreneurs to promote their viable projects.

<sup>112</sup> Darby, 2004.

<sup>113</sup> To improve the conditions for investing venture capital into SMEs and young enterprises, countries should review their taxation systems in order to create incentives to invest private money in all forms of venture capital. They could further develop guarantee instruments for equity financing. Accounting standards for SMEs could also be revised in order to ease transparent exchange of information between investor and owner-manager (young entrepreneur) (European Commission, 2004).



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Furthermore, in order to improve the relations between financial institutions and (young) SMEs, national codes of conduct could be considered/elaborated.

*Verifying and differentiation of lending criteria*

Financial institutions should be urged to frequently verify their lending and credit scoring criteria and constantly customize the collateral conditions towards real life facts of young entrepreneurs.

*Taxation regulations, strengthening young entrepreneurs' capacity for self-financing*

High tax rates (and charges) can hamper young people's possibilities to obtain sufficient start-up capital. Tax relief or incentives can particularly revalue/enhance personal savings, assets or foster the investment of love money. This will strengthen young entrepreneurs' capacity for self-financing their business. For example, an ISA (Individual Savings Account) style scheme for friends and families who invest in young start-ups could be considered. Taxation regulations are elaborated in Chapter 3.4.

"Give tax benefits to friends and families who invest in start-up businesses. It would be like an ISA, you put £5,000 or £10,000 into a business start-up and there are some tax breaks and efficiencies for you. Individuals who are starting out can then benefit from securing the seed funding that's needed to kick something off." (Justin Cooke, young entrepreneur from the UK).<sup>114</sup>

**Box 16: Savings Programme for young entrepreneurs. Bürges Förderungsbank (Austria)**

The Savings Programme for Young Entrepreneurs is a joint programme by the Bürges Förderungsbank, which is a State-owned public funding institution committed to supporting SMEs, the Federal States and the Austrian Federal Economic Chamber (Wirtschaftskammer Österreich). The aim of the programme is to encourage the founding or the taking over of a small enterprise by a "young entrepreneur" (person who has not been active as an entrepreneur for the past five years) in the future. The Programme supports the saving for founding or taking over a business by granting a premium of 14 per cent (= 7,700 Euro) of the saving balance (€ 55,000). The minimum saving period is two years; the maximum period is six years. The Savings Programme for Young Entrepreneurs was identified as a best practice by the Third Round Table of Bankers and SMEs.<sup>115</sup>

(<http://www.awsg.at/aws/>)

#### **4) Information and counselling on access to finance and funding**

As outlined previously, the lack of access to information on ways to finance new business ventures is a serious bottleneck for young people. Advice, counselling and mentoring can assist them in the preparation of business plans, in calculating the amount of capital they will need and in securing conventional debt (banking) as well as equity finance. There is a wide range of ways and initiatives to provide these kinds of services for young people, that are outlined in the section on business support (3.5).

<sup>114</sup> Darby, 2004.

<sup>115</sup> Eurobarometer, 2001.

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**Box 17: Financial Planning and Consulting, Business Development Bank of Canada (Canada)**

BDC encourages young entrepreneurs between 19 and 35 with specialized financing and management consulting solutions. Each year, BDC highlights the outstanding achievements of young Canadian entrepreneurs at the Young Entrepreneur Awards. Financial solution: Customized term financing up to \$100,000 for new businesses demonstrating long-term viability. If requested, BDC also provides personalized management support. From in-depth business and financial planning to management coaching.

([http://www.bdc.ca/en/i\\_am/young\\_entrepreneur/default.htm?cookie%5Ftest=1](http://www.bdc.ca/en/i_am/young_entrepreneur/default.htm?cookie%5Ftest=1))

### **3.4 Administrative and regulatory framework**

The impact of administrative and regulatory burdens on youth entrepreneurship and business in general is also a fairly new area of research. However, these burdens are among the most important barriers to start-ups of young people in high-income and developing countries. Government regulations and bureaucratic formalities also are seen as one reason for large informal sectors in many developing countries, since the costs of formalizing are higher than the gain in productivity from entering the formal sector.<sup>116</sup>

According to the Eurobarometer Survey (2004), administrative complexity is seen to be a major obstacle for entrepreneurship and self-employment. In fact, 70 per cent of European respondents (67 per cent of respondents aged 15-24 years) affirmed that administrative complexity is a barrier to setting up one's business.

#### **3.4.1 Key administrative and regulatory burdens for young people**

Today, entrepreneurs face numerous administrative burdens including businesses registration, tax administration, obtaining investment approvals and business licenses, coping with copyright and patent regulations, competition law, access to work space and long-term leases, construction and building permits, customs clearances, utility hook-ups, etc.<sup>117</sup>

“Every experience that I had with the administrative procedures and bureaucracy at local and higher levels were mainly negative (I needed 2 whole months to register for my company, while it takes 2 days in neighbouring municipalities. For 6 months I have been awaiting a tax certification regarding all obligations paid...)” (Young entrepreneur from Croatia).

These issues are particularly time and cost consuming for young entrepreneurs, as young people often do not have prior or less experience with such matters. In view of their lack of capital, administrative costs and high tax levels can become an insuperable barrier to set up a business or can push many promising young entrepreneurs into the grey or black market where there are limitations to the opportunities for them to grow and prosper. Finally it is the perceived administrative complexity that keeps young would-be

<sup>116</sup> World Bank, 2005.

<sup>117</sup> According to La Porta et al. (1999) the different existing start-up procedures can be summarized in five categories: 1. *Screening procedures* (e.g. notarize company deeds, open a bank account and deposit start-up capital, register company at Companies Registry); 2. *Tax-related requirements* (e.g. register for various taxes including VAT); 3. *Labour/social security-related requirements* (e.g. register with pension funds, register for social security, register for various insurances such as accident); 4. *Safety and health requirements* (e.g. pass inspections and obtain certificates related to work safety, building, fire, sanitation, and hygiene); 5. *Environment-related requirements* (e.g. obtain environment certificate, register with the water management and water discharge authorities).

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entrepreneurs from ever getting into business. In the following section, we outline the key impediments young entrepreneurs face in this area.

**Box 18: Key administrative burdens**

- Unsupportive tax regimes (system and tax levels)
- Business registration procedures and costs
- Bankruptcy laws; Time and costs involved in insolvency proceedings
- Ineffective competition law
- Regulatory framework changes and *lack of transparency*
- Property rights, copyright, patent and trademark regulations.

**1) *Unsupportive tax regimes (system and tax levels)***

Unfavourable or complex tax systems can kill off new young enterprises in the start-up phase and during their critical first few years of business. Particularly young entrepreneurs (“teen entrepreneurs”) with little experience are either put off by complex tax-regulations or are afraid of doing something wrong. Unlike adult enterprises, young entrepreneurs often cannot afford to hire an accountant to assist with tax administration.

“That's when we hired an accountant.” Elizabeth says, “mainly because taxes are just too complicated. We don't want to do anything that could cause us to lose our business.” (Y&E-Magazine for Teen Entrepreneurs: <http://ye.entreworld.org/>).

**2) *Business registration procedures and costs***

Business registration procedures and costs can be a major obstacle for young people. The World Banks’ Doing Business Database 2005<sup>118</sup> shows that the time needed to set up a limited liability company can range from 2 (Australia) to 203 (Haiti) and 215 (Democratic Republic of Congo) days among the 145 countries included in the analysis. The number of procedures/steps involved in the registration process ranges from 2 (Australia, Canada, NZ) up to 17 (Paraguay, Uganda). There are no monetary costs to set up business in Denmark, but it costs over 13 times the annual income per capita in Sierra Leone. Some countries require no minimum capital from start-ups, whereas in Syria the capital requirement is equivalent to 56 times income per capita, in Ethiopia and Yemen, 17 times.<sup>119</sup> Particularly in developing and transition countries, these procedures are often associated with bureaucracy, corruption and lack of transparency or accountability.<sup>120</sup> In this context, young people get easily tied up in red tape and lose their entrepreneurial enthusiasm.

“The registration process is another matter, i.e. the biggest hurdle: it is complicated, full of redundancies, obsolete and too time-consuming.” (Saca Cvetojevic, young entrepreneur from Croatia).

“It took two and half months for registration, which tells you all you need to know.” (Ljubisa Perovic, young entrepreneur from Bosnia-Herzegovina).

“Regarding the hurdles with registering my business, I would say that they were caused by unprompted civil servants (I was waiting for sanitary commission to technically approve my premises 2 weeks, my work license had to wait for the lawyer to return from her sick leave,

<sup>118</sup> [www.doingbusiness.org](http://www.doingbusiness.org)

<sup>119</sup> World Bank, 2005.

<sup>120</sup> De Sa, 2005.

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as she did not have any replacement), though the whole procedure is very complicated, expensive and it requires a bunch of documents that I had to submit before registration.” (Young entrepreneur from Croatia).

### 3) *Bankruptcy laws; Time and costs involved in insolvency proceedings*

Bankruptcy laws in many countries are often unreasonably punitive to business failure. Severe penalties for failure can greatly impact on the willingness of young entrepreneurs to engage in business. Young people tend to be very risk averse in this regard. The Eurobarometer Survey 2004 results revealed that the younger the respondent the more he or she was afraid of going bankrupt. This apprehension about bankruptcy seems to be particularly striking in the 15-24 age group, where 62 per cent see the possibility of going bankrupt as main risk – compared to 41-46 per cent in the older age cohorts.

### 4) *Property rights, copyright, patent and trademark regulations*

The risk of losing ones property is one of the most (second most) important financial risks for young people to start a business. According to the Eurobarometer Survey (2004), 33 per cent of young respondents confirmed this statement.

In many countries, property rights are neither adequately defined nor protected. Registering property can be a highly time and cost consuming effort. The World Banks’ Doing Business Database 2005 shows that the time needed to register property can range from 1 day in Norway up to 956 days in Croatia. Moreover, these long procedures are often associated with high levels of corruption and favouritism and red tape. Young people without experience and networks cannot pull strings and are forced to pay un-anticipated bribes to accelerate the process, putting their young business at risk.

Poor enforcement of copyright, patent and trademark regulations can greatly disadvantage young people who are often not sufficiently familiar with this issue. As a consequence, they do not appropriately protect their business or they may find themselves caught in litigation with companies in the same sector or industry for copyright infringement.

“Gruntovnica” – property ownership – it is almost impossible to register your ownership. We had 4 real estates and only one is registered in the land register. And then it is hard to get a loan. We also had to pay (we were forced to) a bribe (corruption) to obtain connections to local infrastructure (electricity, water, public phone lines, etc.) We cannot build a new warehouse due to slow administration (urbanistic or building plan for neighbourhood is not over yet). There were no regulations at all that I consider helpful.” (Saca Cvetojevic, young entrepreneur from Croatia).

### 5) *Ineffective competition law*

Ineffective competition law can also close markets to new start-up businesses particularly young people who are outside local business networks. Competition-related restrictions on market access or government subsidies could prevent many young people from entering markets.

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On the other hand, trade liberalisation policies introduced in many developing countries have increased competition. Many new businesses do not have the professional management and resources to adapt to a more competitive environment.<sup>121</sup>

#### *6) Regulatory framework changes and lack of transparency*

As young people/entrepreneurs in many cases cannot afford to hire a consultant (e.g. an accountant), it is a complicated task for them to keep track of regulatory changes. In some countries, regulatory changes practically happen on a yearly basis, sometimes even more frequently, reducing young entrepreneurs' planning reliability and putting their business at risk.

“The Government should just put up an efficient regulatory scheme. Young and brave (and also determined) would find their way. Just solve the main problems – the inefficient judicial system, property law, and promote entrepreneurs as positive people.” (Saca Cvetojevic, young entrepreneur from Croatia).

### **3.4.2 Reducing administrative and regulatory burdens**

Minimizing and simplifying regulatory and administrative procedures, as well as maximizing the support needed to comply with them, will make it easier for young people to start-up and run their business. In the following section, we outline some of the major strategies, initiatives and policy-instruments currently used in different countries to reduce these burdens.

#### *Supportive taxation regulations and rates*

Simpler tax filling requirements, methods of accounting and the provision of assistance/advice for SMEs in general and for young entrepreneurs in particular can provide valuable incentives for youth business start-ups. The following measures should be considered:

- ✓ The introduction of electronic tax statements (electronic preparation and submission of tax requirements) is one way to simplify access and delivery. The Internet offers the chance for more customer focussed services in new formats, with no waiting in line, shorter transaction times and 24 hours a day availability.
- ✓ Simpler methods of accounting when determining their tax liability let young entrepreneurs spend less time pouring over confusing accounting regulations (or reduces accountant fees), and more time running their businesses.
- ✓ To educate and assist young entrepreneurs on tax issues, for example, how to keep proper records. There should be briefings conducted for young entrepreneurs to acquire an overview of tax issues affecting their businesses.

Furthermore, tax relief or differentiated tax rates are a means facilitating the start-up process for young people. Two methods are possible: either lowering the rates or granting a period of tax exemptions for young entrepreneurs and other underrepresented groups (or SMEs in general).

“The young entrepreneur should be exempted from taxation in the first two years of business. Here we are required to pay taxes, even if we have not made 1KM of profit. The young entrepreneur should be given a two-year tax-free period to see if the business can sustain, and then become a taxpayer.” (Arsic Llija, young entrepreneur from Bosnia-Herzegovina).

<sup>121</sup> Street; Sykes, 2003.

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“Apply no tax, social and other government-related charges and favourable overhead costs for new entrepreneurs during first 1/3/5 years, or until a certain profit level is reached (e.g. 30,000 EUR of annual profit). Progressive charges would also be acceptable (e.g. 1<sup>st</sup> year: 100 per cent free/no charges apply, years 2-5: 20 per cent, 40 per cent, 60 per cent, 80 per cent charges apply, respectively. Year 6 and on: 100 per cent charges.) Additional incentives would be applied to those fulfilling their obligations time.” (Mirta Didara, young entrepreneur from Croatia).

### *Facilitating and streamlining business registration procedures and lowering costs*

The creation of *one-stop-shops* (physical and electronic) is a modern customer focused tool to streamline business registration, and lower registration costs. Under a “One-Stop Shop” system, entrepreneurs are able to complete all registration procedures at one location for a fixed fee. All the necessary forms, documentation and assistance – and in many cases Internet access and online information – is provided by the shop.

#### **Box 19: A Croatia Reform Update**

Croatia has meanwhile undertaken reforms in the areas of business entry and property registration, which are expected to result in a higher ranking (in the Doing Business database of the World Bank) for the country in 2006/2007.

To speed business entry, in May the Government launched a one-stop-shop, cutting the number of steps for registering a business from 12 to 5, while the time in days was cut to around 20. FINA (Finance-Agency of the State (former ZAP)) is managing the process independently from outside the commercial court, which ensures efficiency.

Property registration is being streamlined, thanks to the digitalization of cadastre and land books as well as updating of land books in Zagreb and Split (which accounted for 90 per cent of the backlogs). Also, land registration transactions are no longer handled by judges, thus cutting registration time significantly and reducing the backlog by some 200,000 cases.

Source: The World Bank – [www.worldbank.hr](http://www.worldbank.hr).

Where one-stop-shops are very hard to operate – in the case of countries with serious market failures – a simplification of permits and license procedures, time limits for decision-making, methods to measure administrative burdens, regulatory-compliance assistance for young entrepreneurs or SMEs, and increasing reliance on IT-based solutions should all be fostered.

### *Re-framing of bankruptcy laws*

Bankruptcy rules should be reviewed in ways to make them more tolerant to risk-taking and business failure of young people and reduce the administration costs of the process. There is a need for a more effective balance between a litigation/financial driven bankruptcy process that discourages fraud and policies that encourage young people to set up a business.

### *Consideration of young entrepreneurs when changing business regulations*

In order to provide more planning reliability for young entrepreneurs, frequent changes of the business regulations need to be avoided. Government should announce or inform young entrepreneurs early enough on such changes. For example, a schedule for implementation of relevant policy changes could be provided. While favourable changes could be valid as soon as possible, and even applied retroactively, negative changes should apply not before a fixed time limit (e.g. not earlier than 24 months since adoption).

Young entrepreneurs could also be more involved themselves in the development and implementation of policy. One way is to invite interested young entrepreneurs or corresponding alliances and associations (e.g. through forums, conferences and

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committee meetings) to discuss the current and future regulatory framework in order to improve it.

### *Provide information, counselling and assistance on regulatory issues*

The provision of information and assistance on regulatory issues that affects the start-up process is particularly crucial for young entrepreneurs. There are various ways to provide general or individual assistance, which are elaborated in the next chapter on business support.

## **3.5 Business assistance and support (BAS) and business development services (BDS)**

The more business assistance a young entrepreneur obtains in the start-up and new business phases the better his or her chance of creating a successful and sustainable business. Support services, including mentors, support networks, business clubs and incubators can hold the key to transforming one-person youth start-ups into successful small and medium businesses. However, as we have seen in the previous chapters on social legitimacy, finance, regulations and enterprise education, there is a general lack of awareness and knowledge among young people on how to start and run a business.

### **3.5.1 Key deficiencies and constraints affecting young people in the area of business assistance and support**

What are the most important gaps in business assistance and support for young people? Where do young people face particular difficulties and severe challenges? In the following section we outline the most important constraints in this area.

#### **Box 20: Key deficiencies in the area of BAS/BDS**

- Lack of business connections: Business contacts, suppliers, suitable partners and networks
- Lack of knowledge of available business support services
- Lack of tailor made business training and advice for young start-ups
- Lack of trained counsellors, development workers and adequate support agencies
- Lack of mentoring capacities
- Lack of workspace and ICT infrastructure
- Lack of exchange networks, forums and meeting places
- Lack of other business development services.

#### **1) Lack of business connections: Business contacts, suppliers, suitable partners and networks**

Entrepreneurial isolation, not knowing anyone in the business and the absence (or high entry barriers to) of business networks is a common obstacle to start-ups by young people. Business contacts are particularly crucial for young and inexperienced entrepreneurs. According to the Flash Eurobarometer Survey (2004), the younger the entrepreneur, the more he or she sees the business idea, financial support and business contacts as being the most important criteria. The youngest age cohort (15-24 years) tends to be particularly sensitive to this factor. About 83 per cent of the youngest respondents

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(cf. 63 per cent (25-34 years), 57 per cent (35-44 years) and 53 per cent (45-54 years)) attach the most importance to contacts with suitable business partners.

Young people with no business experience cannot fall back on a former customer base or on an already established supplier network. Furthermore, they do not know where to look for it and what will be expected from them by professional purchasers.<sup>122</sup>

In this field, young entrepreneurs also face particular difficulties because they are often not taken seriously by colleagues or other business people.

## *2) Lack of knowledge of available business support services*

Particularly in high income countries, young entrepreneurs do not make much use of government-funded advisory services. In many cases, they are either not aware of the variety of public (and private) business support services or simply confused over the service provision. A biannual survey of small business in the UK undertaken by the Federation of Small Businesses found that the major cause of non-usage of government-funded business services lies in the lack of awareness, a factor cited by 27 per cent of the sample.<sup>123</sup> In many other cases, these services are not used as they are not tailored to the particular needs of young people (see below). In a few other cases, young entrepreneurs do not appreciate its value or they are simply not seeking advice as it goes against the entrepreneurial character:

“Generally the young entrepreneur is counter cultural. That is a quality that is both a positive and a negative one because it makes people brave, tenacious, stubborn and pushy but it also means that they won’t seek help where help is offered because at that very basic level, that is not what entrepreneurs do. It is worth finding a mechanism to encourage young entrepreneurs to seek help, advice, mentoring and support because it is going to be good for them provided it doesn’t tarnish that entrepreneurial gene.”(Alison Wenham, young entrepreneur from UK).<sup>124</sup>

## *3) Lack of tailor-made business training and advice for young start-ups*

Young entrepreneurs require tailor-made training and counselling pertinent to their particular start-up situation, their business and the sector it operates in. In many cases, there is a lack of on-the-job training focusing on technical aspects of starting up a business (business plan preparation, project formulation, start-up administration, procedural details, forms, duration, what to do and in what order, accountancy, taxation, etc.)

Furthermore, the study undertaken by Darby (2004) in the UK found out that young entrepreneurs tend to be attracted to more unusual sectors and therefore need support services to be tailored to their needs.

“Personally, I found the best support in the community of the Junior Chamber International and organisation of young leaders and entrepreneurs. Regulators or administrations can help you with the theory of setting up a business, but are no help in actually supporting you along the way and besides they have no idea what it means to run your own business. They get their pay-check at the end of the month, whatever they do.” (Katja Meyer, young entrepreneur from Germany).

<sup>122</sup> Street; Sykes, 2003.

<sup>123</sup> Darby, 2004.

<sup>124</sup> Ibid.



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“You can find general advice out there. There are lots of websites, there are lots of books that will give you general business advice but when it is industry specific that’s quite difficult. People know what they need and know specifically the information they want.” (Maria Stammer, UK).<sup>125</sup>

#### *4) Lack of trained counsellors, development workers and adequate support agencies*

As to their age, limited life and work experience, young people demand different treatment in terms of training and counselling. As White and Kenyon put it:

“Counselling young women and men requires skills and sensitivity quite different from those required when dealing with adults.... Other important factors when counselling or advising young men and women about business include the need to help the young man or woman understand difficulties for themselves. Rather than tell a person what is wrong with their business or their idea, give them the tools (for example, techniques or market research, cash flow forecasting, and stock control) to find this out for themselves...”<sup>126</sup>

Enterprise and support agencies are often not responsive to these circumstances. Moreover, as they have to be self-sustaining, they often design their services to serve the more mature SME companies rather than cash-poor youth business start-ups.<sup>127</sup> In general, there are very few enterprise agencies or centres which provide business advice, training, guidance and specialist access to finance exclusively to young people.

#### *5) Lack of mentoring capacities*

Though arguably being one of the most beneficial support services that can be offered to young entrepreneurs, the provision of mentoring programmes that match experienced entrepreneurs, business leaders and business professionals with young entrepreneurs remains insufficient in many countries. A survey by the Prince’s Trust found that over 90 per cent of the businesses they surveyed who had mentors, found the mentoring very or quite useful and the survival rates of businesses with a mentor were higher than that for businesses without a mentor.

“During the start-up phase of my business, I needed: Advisors (procedural, legal, administrative, accounting and tax) – I did not need somebody who would do that for me, but somebody to whom could I turn to advice, answers to my questions, and mentoring when needed.” (Mirta Diadara, young entrepreneur from Croatia).

“When you’re at college you constantly get advice about your work and the direction you should take. I think that something like that could be helpful, where you could go and get a reality check with your business and put it to someone and say these are my fears and these are my ambitions; how would go about achieving these?” (Abi Williams, young entrepreneur from UK).<sup>128</sup>

As with counsellors and development workers, mentors are often not carefully selected. Valuable experience is often not enough if the mentor is not willing or simply not capable of guiding, coaching and supporting a young person.

<sup>125</sup> Darby, 2004.

<sup>126</sup> White; Kenyon, 2001.

<sup>127</sup> Street; Sykes, 2003.

<sup>128</sup> Darby, 2004.

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#### 6) *Lack of workspace and ICT infrastructure*

Without access to affordable, well-located workspace and ICT equipment, young entrepreneurs have severe difficulties to set up and run their business.

#### 7) *Lack of exchange networks, forums and meeting places*

Besides mentoring, the communication and exchange of experiences and ideas between entrepreneurs in general and young entrepreneurs in particular are important.

“I think the Internet is going to make a fundamental difference on how the world evolves and entrepreneurs are free thinking people. Put the two things together. If there was a forum set up so that they could communicate or if there were ways on MSN Messenger that there was an entrepreneur’s network. Some way to bring entrepreneurs together so that they could exchange ideas. People try to set up networks where you meet at dinner but those physical things are quite limited as to how often you can do them. However, if there was a virtual meeting place for entrepreneurs to exchange business ideas then that is something that could flourish.” (David Darling, young entrepreneur from UK).<sup>129</sup>

#### 8) *Lack of business development support*

In many countries there is an overall lack of particular business support for young entrepreneurs seeking to expand and further develop their enterprise.

“During the phase when my business was growing, I could use the skills of analyzing current business growth and guides for further directions where my business could be growing. As my business is growing, I need/will need: (1) Legal, accounting and tax advisors and (possibly) service providers; (2) Workshops regarding dealing with quick growth – I had to deal with it from the very beginning; (3) “Buddy”-ing or shadowing – an opportunity to learn from mentor/more experienced entrepreneur (not necessarily from the same industry as mine).” (Mirta Diadara, young entrepreneur from Croatia).

In this context, personnel issues and complex employment legislation tend to be a particularly difficult challenge. According to the Shell Livewire Survey, 97 per cent of the finalists in the 2004 Shell Livewire awards sought assistance on recruitment and personnel topics, being considerably higher than other fields.<sup>130</sup>

“It’s a nightmare. Why would you want to do it? It is so onerous as an employer to take on an employee now and it seems all the weight is in favour of the employee. I’m all for employees having rights. I’m all for them not being unfairly treated but the reality’s that it can be extremely tough when you’re running a business and you need to be able to scale down according to what is happening in the market place and with your particular customer base. I think the government makes it almost impossible to do that. They certainly put me off wanting to run an organization with a very significant number of people in it.” (Rebecca Bettman, young entrepreneur from UK).<sup>131</sup>

<sup>129</sup> Darby, 2004.

<sup>130</sup> Ibid.

<sup>131</sup> Ibid.

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### **3.5.2 Improving business support and assistance for young people**

In the following section, we outline major strategies, initiatives and tools used in different countries to improve Business Assistance and Support (BAS) for young people. Promotional efforts can be broadly divided into four categories:

1. Research on business assistance and support
2. Provision of business skills training, guidance and counselling services
3. Provision of working infrastructure
4. Promotion of enterprise integration and business linkages.

#### **1) Research on business assistance and support**

As mentioned in previous chapters on social acceptance, access to finance, administrative burdens and enterprise education, appropriate research (assessment and evaluation) on the real needs for BAS in a country or region and on its accessibility for young entrepreneurs is highly valuable, before using the trial and error method and targeting youth with common strategies. Again surveys focussing on the perceptions of young people and young entrepreneurs are probably the best way to capture the deficiencies and constraints in this area.

#### **2) Provision of business skills training, guidance and counselling services**

In recent years, we observe the development of various new products, tools and services in this area. The use of modern information technology and the internet in particular offers new ways of training and counselling as well as more customer-focussed and cost-saving services in new formats 24 hours a day. As younger people – particularly in industrialized countries – are often more familiar with these technologies, they can particularly benefit from these services.

#### **Sufficient on-the-job training and workshops**

Enterprise support agencies and NGOs should provide sufficient and accessible on-the-job training on start-up issues (business plan preparation, start-up administration, project formulation, planning, financing options, accountancy, taxation, marketing and employment law, etc.) as well as business expansion support.

“Existing support services would have been more useful if they have been scheduled more often, and after working hours, to provide access to valuable information regarding procedures, necessary preparations, some do-s and don’t-s, etc.” (Mirta Didara, young entrepreneur from Croatia).

#### **Box 21: South Australian Youth Entrepreneur Scheme (SAYES) (Australia)**

The South Australian Youth Entrepreneur Scheme (SAYES) project is an initiative of Business SA. It aims to provide young South Australians aged between 18 and 30 with the skills and confidence to develop and implement their business idea and make self-employment a viable and worthwhile option. The assistance that SAYES provides helps young people to fine tune their business idea and obtain important information at first hand from successful South Australian business people who volunteer their time as mentors to the scheme. Successful applicants will be provided assistance for an agreed time in one or more of the following areas: Mentoring, development of a business plan, financial guidance, legal advice, business/industry referrals, networking breakfasts, training, seminars, incubator referral, media exposure, inclusion in the SAYES On-line Business Directory, business loan from the Newmont Youth Entrepreneur Fund (providing criteria are met).

(<http://www.business-sa.com/Content.aspx?p=32>)

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## One-Stop shops and youth enterprise centres

Once again, we are referring to the one-stop shops (physical or electronic online portals) as an increasingly used tool enabling young entrepreneurs to complete and to comply with all formalities (e.g. registrations) at one location for a fixed fee. In some countries, these shops have been integrated in business service centres or youth enterprise centres.

In several countries, it has been found innovative and valuable to establish specific youth enterprise centres or agencies providing youth with integrated packages of one-stop shop solutions, skills training, business counselling and even access to funds.

## YE online portals and web sites

In many cases, governments or NGOs have set up a wide range of Internet websites and portals providing online information, advice and even online training for young entrepreneurs of different ages.

### Box 22: SBA – Teen Web Site aimed at young entrepreneurs (USA)

In 2004, the US Small Business Administration (SBA) set up a new teen entrepreneur web site to target young entrepreneurs who want to start, run or grow their own businesses. The launch of the Young Entrepreneur Online Guide to Business was made during the kick off of the Young Entrepreneur Programme, a two-day forum for young entrepreneurs to provide practical entrepreneurial training and to promote leadership and management skill building.

The Web site features small business basics from brainstorming to evaluating a business idea, developing a business plan, learning from successful young entrepreneurs, making wise financial decisions and access to SBA's entrepreneurial development partners and services. Other highlights of the Web site include information on legal issues that need to be addressed when starting a business, links to youth organizations that concentrate on youth entrepreneurship and links to mentoring and peer groups.

(<http://www.sba.gov/teens/>)

### Box 23: The Young Enterprise Network (Austria)

YEN (Young Enterprise Network) was set up by the WIFI (Business Promotion Institute) of the Vienna Chamber Commerce and Industry to offer a virtual platform for business creators, young entrepreneurs and franchisees. It is linked to a great deal of information in this field that is already on the Internet, and provides information on the wide range of additional support measures, advisory centres, publications, etc., available on the market. YEN offers information on business management and legal and administrative matters, presents the contact persons responsible and gives their e-mail addresses. As well as providing information on the administrative requirements when a business is being set up, YEN can be used to launch administrative procedures. Free access is available at Chambers of Commerce, in their WIFIs and at public access points in the city of Vienna. YEN can also be used as a learning programme. The "@sk yen" competition run in connection with Netdays 98 showed schoolchildren and students how basic information on entrepreneurship can be obtained from the Internet. YEN is an open system, and businesses, institutions and organizations may at any time add information relevant to young entrepreneurs. Future plans include building in a psychological entrepreneur test with assessment, brief information for complete beginners, a public discussion forum, VIP chat and more detailed information on business acquisitions. (EU-Commission. DG-Enterprise web site).

([www.gruenderservice.net](http://www.gruenderservice.net))

## Mentor support and business coaching

Formal or informal mentoring is probably the most beneficial service and support that can be offered to a young entrepreneur. While informal mentoring relationships develop on their own between partners, formal mentoring, on the other hand, refers to assigned relationships, often associated with organizational mentoring programmes designed to provide young entrepreneurs with informal advice and guidance from

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experienced professionals. Governments, NGOs and trade associations in different countries have launched various formal mentoring programmes.

Another more cost-saving way is to promote informal mentoring, to encourage and facilitate business people to become mentors of young entrepreneurs and provide *pro bono* advice.

However, whether these one-to-one linkages are valuable for a young entrepreneur depends particularly on the mentor's experience and his or her capacity to coach and support the mentee or "protégé" in order to get his or her knowledge and advice effectively across. Therefore, well-designed formal mentoring programmes provide mentoring guidelines to assist the mentor and the mentee in their collaboration, monitor and evaluate the relationship and also provide mentor training.

**Box 24: Plan-it Youth: Mentoring programme aimed at disadvantaged or "at risk" students (Australia)**

Plan-it Youth was a Central Coast initiative which commenced in 1997 at Berkeley Vale Community High School supporting young people in transition between school and work, through mentoring. Plan-it Youth brings together a range of local community groups who work for the benefit of young people. Plan-it Youth offers a structured programme consisting of four stages, over a minimum period of 12 months.

1. Mentor recruitment and TAFE training
2. Selection of students. introductions and matching with mentors
3. Pathways planning and investigation project – mentors and mentees work together
4. Ongoing mentor support.

(<http://www.dsf.org.au>)

### 3) Provision of working infrastructure

#### Business Incubators

Business incubators have become a powerful tool for supporting the entrepreneurial process and for helping to increase survival rates for young innovative start-up companies.<sup>132</sup> Besides the provision of physical working space, they often provide a huge range of resources and services (management coaching, business plan preparation, administrative services, technical support, business networking, advice on intellectual property and sources of financing) for a limited time period (around 3-5 years).

Business incubators can be found in very different forms and can be private, public or based on a Public-Private-Partnership (PPP) initiative involving many partners at national, regional and local levels (business angels, banks, regional and national government agencies, etc.). In the last twenty years, many governments have successfully launched systems of public business incubators to encourage and assist young enterprises.

However, the success of an incubator depends upon providing the right package of services for the entrepreneur. Further benchmarking and best practice comparisons are needed to ensure business incubator solutions address the specific needs of young people.

<sup>132</sup> Evaluations of business incubators in Europe and the US suggest that 90 per cent of incubated start-ups were active and growing after three years of operation, which is a much higher success rate than that observed in start-ups launched without assistance ([www.wikipedia.org](http://www.wikipedia.org))

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## Shared workspace, start-up factories and garage.incs

Due to the huge integrated service packages business incubators offer, they still remain a resource-intensive tool, often restricted to stimulating highly innovative start-ups and fostering the development of new products and services in high-tech industries. In order to stimulate business creation in other sectors and in a more inexpensive way, different shared workspace models (e.g. 'start-up factories' and 'garage.incs') have been developed (see Box 25). In the majority of cases, they just provide workspace, ICT infrastructure, little financial subsidies, media promotion and (in some cases) mentoring or consulting for a limited time period. These kinds of "mini-incubators" are often based on public private partnership initiatives.

### Box 25: "Garage Hamburg" and "Garage Lausitz" – Mini-incubator solutions (Germany)

Enigma start-up center (in Hamburg) advice for small start-ups concentrates on start-up entrepreneurs in an incubator – means workspace and infrastructure, a larger group of people with the same goal, coaching, the development of knowledge and skills, and – for a limited time – financial background, orientation, preparation and implementation. On the Malente Symposium 2004 in Lübeck, Maike Classen illustrated the success of 'garage hamburg' by presenting some figures: During its first 27 months from January 2000, 2,393 people showed an interest in the project. 625 people were invited to take part in an assessment centre, out of which 378 participants were given the chance to implement their business idea in the 'garage'. Almost 90 per cent completed the projects, and 83 per cent of these are self-employed, 8 per cent employed, 2 per cent are apprentices, only 7 per cent remained unemployed.

"Garage Lausitz" is an example of a new shared workspace model ("start-up garage"). This "mini-incubator" offers young people under 28 years who are either unemployed – or threatened by unemployment – workspace, ICT infrastructure, little financial subsidies, media promotion and mentoring or consulting for a time period of 4 to 7 months. The initiative is based on a public private partnership initiative, involving various public and private partners.

(<http://www.garage-lausitz.de>)

Source: GTZ/YEN/Draeger Foundation. 2004.

## Equipment provision/sharing

Providing or sharing any kind of basic service equipment (computers, cars, transporters, etc.) can already be a valuable support for young entrepreneurs. In the chapter on finance, we mentioned the possibility of special discounts or tax reductions for the purchase of equipment. Another idea is that larger companies or public service institutions could provide young entrepreneurs with service equipment they do not need anymore or that they are exchanging and modernizing.

"For me it would have been valuable if companies would have provided equipment." For example when a company is modernizing its equipment, the old equipment can be very useful for young entrepreneurs." (Young entrepreneur from Croatia).

## 4) Promotion of enterprise integration and business linkages

### Youth Chambers of Commerce, trade associations, entrepreneur clubs and networks

In many countries, Youth Chambers of Commerce, trade associations and young entrepreneur clubs are dedicated to connect students or young entrepreneurs with other local entrepreneurs and support organizations. They try to help them to find the right business partners and to enter supply chains. In order to bring business people together, they organize speaker series meetings, business roundtables, business lunch/dinner discussions, mentor matching programmes and on-site field trips to entrepreneurial companies. Moreover, they represent their interests by lobbying governments and commercial banks.

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### Internet: Online business networks and virtual meeting places

Once again, modern communication technology and the “Web” present huge opportunities to create and develop business relations. Through online business networks and virtual meeting places, young entrepreneurs can create information and relationship platforms or interfaces that are easy and cheap to access, always available and up to date.

### Trade fairs and exhibition

Facilitating the access to trade fairs and exhibitions (e.g. through reduced charges) enables young people to present their product and services and to find clients, business partners and networks.

### Media support (regional and local)

Regional and local media support in form of commercials, announcements and business mediation can be highly valuable for young entrepreneurs to develop a client base as well as to find the right partners in the start-up phase of their business.

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## **4. DEVELOPMENTS IN YOUTH ENTREPRENEURSHIP POLICY**

We have seen that entrepreneurship can be an important avenue of opportunity for young people. Within the framework of potential efforts to boost employment for young people, it is an additional innovative way of integrating youth into the labour market. In view of rising youth unemployment and the increasing lack of labour demand, promoting youth entrepreneurship can be a valuable additional strategy to create jobs and improve livelihoods and economic independence of young people. Furthermore, it has a multidimensional approach as it fights youth unemployment in two different ways: On the one hand, it creates employment opportunities for self-employed youth as well as for other young people being employed by young entrepreneurs. On the other hand, it provides youth with entrepreneurial skills and attitudes that are necessary to cope with the general shift from traditional 'job-for-life' careers towards 'portfolio careers'. Thus it improves young people's general employability for today's and tomorrow's labour markets.

Furthermore, it makes sense to differentiate between youth and general entrepreneurship. Although there is still a clear lack of concrete global data on youth entrepreneurship and self-employment among young people, GEM findings have shown that the level of young people (18-24 years) participating in entrepreneurial and start-up activity tends to be lower than those of older age cohorts (25-34 and 35-44 years). In high-income countries, even adults between 44 and 54 years are on average more involved in entrepreneurial-related activities than young people.

However, our research reveals that there is clear indication of a considerable level of latent entrepreneurship and entrepreneurial potential among young people in selected countries. Surveys from those countries indicated significant potential for youth entrepreneurship. The findings of different surveys suggest that younger people are increasingly attracted to and are often even more inclined than older people to the idea of setting up a business.

Due to their age, limited resources, life and work experience, young people face unique constraints or face greater barriers than older age cohorts. In this regard, we presented a selection of key constraints and impediments within five different areas that all have a significant influence on entrepreneurial activity. At the same time, we tried to outline some well-established initiatives, tools and measures against these barriers but also suggest new ideas and strategies that could help young people to better cope with particular situations.

In this context, it has become obvious that the range of barriers as well as the variety of potential methods and measures are numerous and growing. To identify the most pressing and important problems and constraints and to develop an appropriate combination of different interventions are the main tasks of an effective and comprehensive youth entrepreneurship policy.

### **4.1 Trends in design and structure of youth entrepreneurship policy**

How can youth entrepreneurship be defined? What are its particular features and constituents? What are corresponding government approaches to and structures for policymaking?



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In the following section, we try to give an answer to these questions and outline developments and trends in this fairly new area.

## Defining Youth Entrepreneurship Policy

Entrepreneurship policy has been defined by Stevenson and Lundström (2001) as:

Policy measures taken to stimulate entrepreneurship.

- aimed at the pre-start-up, start-up and post-start-up phases of the entrepreneurial process.
- designed and delivered to address the areas of motivation, opportunity and skills
- with the primary objective of encouraging more people to consider entrepreneurship, to move into the nascent stage and proceed into start-up and early phases of a business.

Drawing up on this definition, youth entrepreneurship policy can be defined as:

Policy measures taken to foster entrepreneurial activity of young people

- aimed at the pre-start-up<sup>133</sup> (including entrepreneurship education), start-up and post-start-up phases of the entrepreneurial process.
- designed and delivered to address the areas of motivation, opportunity and skills
- with the main objective of encouraging more young people to start an entrepreneurial undertaking or venture and at the same time to improve young peoples' general employability.

This broader definition recognizes all the different types of entrepreneurial engagement (e.g. economic, social and public entrepreneurship, intrapreneurship and co-operatives). Furthermore, it refers to the particular role of entrepreneurship education and training in improving young peoples' employability on today and tomorrow's labour markets.

### **4.1.1 Horizontal policymaking – recognizing and considering policy bridges**

Entrepreneurship policy in general, and youth entrepreneurship policy in particular, are still fairly recent and evolving areas. Therefore, it is crucial to understand where these policies are or should be situated. Youth entrepreneurship policy is cross-cutting in nature and therefore necessitates a collaborative multi-stakeholder approach on the part of government and society. This means that for successful policy development in youth entrepreneurship collaboration between different line ministries (education, labour, industry, youth and finance in particular) is vital. As a matter of fact, it is almost impossible to outline the entire array of policies that affect entrepreneurship. As its

<sup>133</sup> In this context a **start-up** can refer to an enterprise or another kind of entrepreneurial undertaking or venture.

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objective is to foster job creation and to contribute to economic development and growth, it can be seen from different policy angles.

#### Employment perspective: Youth Entrepreneurship and employment policies

A survey of the recent literature on youth employment and entrepreneurship suggests that the starting point for a youth entrepreneurship policy development must be the formulation of a broad national youth (employment) policy, of which entrepreneurship will be only one element.<sup>134</sup> This approach is in line with the Youth Employment Network's approach to support countries in the development of national action plans on youth employment. From an ILO point of view, YE is a useful path for employment creation, however, it should be conceived in combination with increasing the quality of this type of employment and that is why it is crucial to embed it in overall employment policies focussing on the creation of decent work.<sup>135</sup> Furthermore, a broad national youth (employment) policy must (then) be properly integrated with key macroeconomic and sectoral policies in order to avoid treating youth livelihoods and entrepreneurship in isolation neglecting the influence of national socio-economic framework conditions.<sup>136</sup>

#### Economic perspective: Entrepreneurship and SME policies

In recent years, we can observe a slow but constant shift from SME focussed policies towards entrepreneurship policies. In 2000, the OECD already projected that in the future governments will orient their policies and programmes more towards fostering entrepreneurship. Policymakers are increasingly realising that "schemes to support SMEs will not be successful in the absence of a vibrant entrepreneurial economy".<sup>137</sup>

But where exactly lies the difference between entrepreneurship and SME policies? Where does entrepreneurship policymaking start and SME policymaking end?

Lundström and Stevenson (2001/02) try to illustrate the distinction and interrelation between both policies by comparing their major features and elements. The comparison reveals three major differences:

1. While SME policies focus on firms (predominantly already existing SMEs), entrepreneurship policy focuses more on individuals (entrepreneurs) being at different stages of the entrepreneurial process. *"Thus entrepreneurship policy is broader in context, starting with measures to stimulate an entrepreneurial culture, and to create widespread promotion of entrepreneurship as an employment choice, as well as providing support to nascent and early stage entrepreneurs."*<sup>138</sup>
2. While SME policies concentrate rather on post start-up support (e.g. BDS), entrepreneurship policies tend to focus on pre start-up support. *"The parameters for entrepreneurship policy span a range of measures aimed at addressing the needs of people as they take the journey from awareness of the option, to*

<sup>134</sup> ILO, 2004a; White; Kenyon, 2001; Lewis, Massey, 2003.

<sup>135</sup> ILO, 2004a.

<sup>136</sup> Chigunta, 2001.

<sup>137</sup> OECD (2000), Small and Medium Enterprise Outlook, Paris.

<sup>138</sup> Lundström; Stevenson, 2001a.

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*exploring the option, to planning and starting the business, through the critical three-and-a-half-year (42 months) survival period of a fledgling business.”<sup>139</sup>*

3. While SME policies have a narrow definition of which institutional structures make up the “support environment”, entrepreneurship policy has a much wider understanding. *“On this latter point, entrepreneurship development embraces the education community, the media and the general community in addition to regulatory, financial and business support institutions.”<sup>140</sup>*

The authors conclude that a better understanding about the distinction and interrelation of the emerging entrepreneurship policy field and the more established SME policy area will help governments and policymakers to re-orientate their programmes and efforts in order to move towards a more integrated economic development.

*“We believe it is important to start thinking more about objectives and measures in the entrepreneurship policy area and from there deciding how to continue in later stages with SME development measure. This is a totally new perspective and, according to us, will lead to a much more integrated and systematic approach to achieving the ‘entrepreneurial economy’ and help reduce the fragmentation of efforts which currently exists. Thus we believe that policy-makers should examine how some of the resources allocated to measures and efforts in the SME policy area can be reallocated to entrepreneurship policy measures.”<sup>141</sup>*

In this context, youth entrepreneurship policy can be regarded as “niche” policy approach, as it focuses on fostering entrepreneurial activity among a particular segment of the population.<sup>142</sup>

From an economic development perspective, YE policy should ideally be embedded in a “holistic” and comprehensive entrepreneurship policy approach that incorporates the policy objectives and measures of the other entrepreneurship policy types.<sup>143</sup>

## Organizational structures and government approaches

In view of the specific cross cutting policy nature of youth entrepreneurship, it seems to be fairly complex for governments to establish an adequate organizational structure for policy making and delivery. Should corresponding competences be given to only one ‘umbrella’ government agency or ministry or should several departments autonomously work on this issue?

It is obvious that a cross-cutting policy ideally requires a horizontal organizational structure. Therefore, YE policy should ideally be embedded across various government ministries coordinated by a special department or task-force, which may be located at the

<sup>139</sup> Lundström; Stevenson, 2001a.

<sup>140</sup> Ibid.

<sup>141</sup> Ibid.

<sup>142</sup> Lundström and Stevenson distinguish between four types or orientations to entrepreneurship policy: 1) SME Policy Extension (Measures are ‘added on’ to existing SME programmes and services); 2) ‘Niche’ Entrepreneurship Policy (Stimulating particular segments of the population, young women, minorities); 3) New Firm Creation Policy (Policies favouring reduced barriers to business entry and exit); 4) Holistic (or generic) Entrepreneurship Policy (Lundström, Stevenson, 2001).

<sup>143</sup> Lundström; Stevenson, 2002.

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cabinet level, with the youth ministry or within the general entrepreneurship department of a ministry for small business and industry.<sup>144</sup> The latter may have the lead on policy development but should work in close collaboration with several other departments, levels of government and major stakeholders. According to Lundström and Stevenson, “governments closer to the ‘holistic’ entrepreneurship approach are more likely to have adopted horizontal policy structures. However, very few countries have so far advanced to this level of entrepreneurship policymaking; the Netherlands, Finland and the UK are notable examples.”<sup>145</sup>

## **4.2 Developing and implementing youth entrepreneurship policies**

The OECD (2001) observed that there is no single policy model for the promotion of entrepreneurial activity among youth, and that as new programmes develop in different cultural and national settings, they tend to show more rather than less variety in their content and delivery mechanisms.

In the following, we try to present some general guidelines and suggestions on the development and delivery of youth entrepreneurship policies.

### **1) Develop an individual, tailor-made approach**

Initiatives and policies promoting youth entrepreneurship should focus on the main factors that facilitate and stimulate, or hinder and impede, the entrepreneurial activity of young people as elaborated under Chapter 3. These five key-factors are common to all countries. Nonetheless, every country has to find an appropriate policy mix of initiatives that correspond to the most important barriers and constraints that exist in their countries. Therefore, a tailor-made, holistic approach that responds to different economic, social and cultural situations as well as to particular entrepreneurial framework conditions is required. Successful programmes and best practices from other countries – as presented in Appendix 1 – can rarely be simply adopted and replicated one to one, but they serve as highly valuable orientations.

### **2) Invest in research, benchmarking and testing**

Regarding the huge variety of barriers and difficulties young would-be entrepreneurs face in each of the five influencing areas elaborated in this study, it becomes obvious that primary research is urgently required to get a better understanding of the specific problems and needs of young individuals and entrepreneurs in different countries and environments. An appropriate review of the quality and range of available data and statistics regarding youth in general, and entrepreneurship and self-employment among young people in particular, is also one of the YEN guidelines for the preparation of national reviews and action plans on youth employment.<sup>146</sup> Matching key problems with key solutions is particularly crucial in the area of entrepreneurship. The diagnostic framework by Lewis and Massey, presented in Chapter 2 (p. 11), is an example of how to obtain a more specific view on potential young entrepreneurs. The Mercatus Centre at the George Mason University has also recently developed a comprehensive field guide to

<sup>144</sup> White; Kenyon, 2001.

<sup>145</sup> Lundström; Stevenson, 2002.

<sup>146</sup> YEN (2005): Guidance Note for the preparation of national reviews and action plans on youth employment in response to resolution 57/165 on Promoting Youth Employment, Geneva.

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diagnose barriers to entrepreneurs that can just as well be applied to youth entrepreneurship.<sup>147</sup>

Surveys addressing young people, young entrepreneurs and other stakeholders (as introduced in this study and in Appendix 1) are probably the best single tool to get an accurate picture of the situation. Primary research will help policymakers to develop a comprehensive policy approach and to introduce initiatives that more effectively support young entrepreneurs.

3) Carry out detailed evaluations and impact assessments

Objective and accurate impact assessment and evaluation of introduced programmes and initiatives are not only relevant for those interested in improving entrepreneurial conditions for young people, but also to those concerned about the cost-effective use of private or taxpayers' money. A study on "Evaluating Youth Entrepreneurship: the case of the Prince's Trust" by Greene<sup>148</sup> revealed how different evaluation methodologies impact upon programme outcomes. Thus particularly less sophisticated studies can lead to different and more positive results. There is a clear need for further methodological development.

4) Balance speed with scale of impact and cost of implementation

YE interventions need to balance speed with scale of impact and cost of implementation. The manifold strategies and interventions presented under Chapter 3 (and Appendix 1) differ highly in terms of their cost/benefit ratio and their potential impact (Figure 7). Long-, medium- and short-term orientated investments have to be carefully examined with regard to their costs and their expected effects. The most expensive interventions are not necessarily the most effective investment for a particular country. Sometimes small but innovative measures can already mean considerable improvements in this area.

5) Focus on enterprise education

Regarding our own survey results, the research data and other surveys available as well as recent literature on YE, we see the promotion of enterprise education at the heart of any YE policy. Identifying and filling the gaps in this field should be the prime task for every government and country.

Enterprise education interventions provide a considerable added value in many ways:

- Through awareness raising and familiarising young people with entrepreneurship as a valuable career path, it promotes positive attitudes towards entrepreneurship and thus a higher acceptance and legitimisation in society in the long run.
- Providing pupils and students with entrepreneurial skills, attributes and behaviours has a positive effect on a young person's decision to engage in entrepreneurial activity. Thus it increases the number of so-called "Pre-entrepreneurs" (potential or would-be entrepreneurs). Enterprise education

<sup>147</sup> Mercatus Centre, 2004.

<sup>148</sup> Greene, 2005.

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interventions therefore have probably the biggest impact on the generation of potential future young entrepreneurs.

- Entrepreneurial skills and attitudes are also increasingly important to cope with today's changing of career patterns. Thus it improves young peoples' general employability on today and tomorrow's labour markets.
- Furthermore, it can be expected that a successful enterprise education will create further demands in other areas outside the school (finance, regulations, BAS and BDS), that can lead to further initiatives and support programmes, catered to the specific needs of young people and entrepreneurs.
- Providing young people with the right attitude and the necessary tools will enable them to overcome many of the existing barriers to entrepreneurship themselves.
- Finally, enterprise education does not imply or cause direct crowding-out effect, as some other active policy measures (like financial subsidies and grants) might do.

However, once again it has to be realized that interventions in entrepreneurship education can be resource-intensive and are in general long-term investments. As Lundström and Stevenson put it:

“It will take many years before we can see concrete results in higher proportions of the population starting business as an alternative to obtaining employment. There is a risk that policy-makers will lose their interest in this type of investment if few practical results can be demonstrated.”<sup>149</sup>

## 6) Mobilize, activate and involve all major stakeholders

In Chapter 3, we have seen that the outlined barriers and incentives have to be tackled by a range of stakeholders. Moreover, removing those barriers can also be in the particular interest of many public and private institutions. Identifying and mobilizing all key stakeholders in this field, defining their particular roles and involving them in an integrated and result-orientated YE policy is vital and necessary.

Stakeholders in the area of youth entrepreneurship include:

- **The Public Sector (national, regional or local/municipal governments)**  
Governments on every level should set the scene for YE. They should provide an entrepreneurial environment and promote an entrepreneurial culture, develop and design innovative and effective enterprise-based policies, programmes and strategies and form linkages between different other key stakeholders in this field.<sup>150</sup>
- **The Private Sector (Entrepreneurs, banks, investors, small and large companies, trade associations and unions)**  
The private sector must open the door for YE. The involvement of the private sector in youth enterprise policies and programmes can be significant. Promoting entrepreneurship among young people can be in the self-interest

<sup>149</sup> Lundström; Stevenson, 2002.

<sup>150</sup> White; Kenyon, 2001.

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of many bank companies and trade associations to obtain future customers, suppliers, members or innovative services and products being valuable for their own development. Major potential lies in the area of Corporate Social Responsibility, where interests and benefits are predominantly seen in the areas of corporate culture, public affairs and public relations. In the Appendix, we give various examples for programme sponsorship and other kinds of private engagements (e.g. ShellLivewire, Nescafe Big Break).

- **The Non-Profit Sector (NGOs, IOs, youth associations, YE-clubs and networks, universities, private foundations and think tanks)**

The non-profit sector should be the pioneers, trendsetters and advisors in this process. NGOs (such as YBI, BYST, YA and Worldcorps), YE associations (such as Jeunes/UAPME, JADE, YEA, JCI) and all organizations providing any kind of network or communication and service platform for young entrepreneurs (such as IOE, YES, IDB-youth) have direct contact with the target group. This enables them to provide valuable hands-on experience and knowledge on the issue. Private foundations (such as Kauffmann Foundation, Bertelsmann Foundation) as well as universities, and other think tanks can contribute with innovative pilot projects and schemes, best practice directories and databases as well as with primary and secondary research in this fairly new study field.

- **Other Stakeholders (Public/Private Media, donor agencies, etc.)**

We have seen that national, regional and local media can contribute to the promotion of the social acceptance and popularity of entrepreneurship but also deliver valuable business support in the start-up phase of a young enterprise. Through appropriate media coverage and campaigns (TV/Radio spots, shows), public and private interest in youth entrepreneurship and the familiarity with the concept can be increased. Moreover, regional and local media support in form of commercials, announcements and business intermediation can be an important business support.

It is apparent that the promotion of youth entrepreneurship is a field which is conclusive for public-private partnership and collaboration. Bringing the various partners closer together on a national, regional and local level is therefore particularly beneficial.

7) **Close the gap between national policy and grass-root, regional and local initiatives**

When searching for good examples, practices and initiatives for the promotion of youth entrepreneurship, we observed that in many countries there are numerous isolated or small-scale initiatives and pilot programmes, aimed at developing enterprise skills or supporting young people in business. A major problem seems to be the incoherency, poor co-ordination and the lack of synergy of these projects. Between the high-level national policy for SMEs or entrepreneurship and the grass-roots initiatives operating in communities often lies a clear gap. At the regional and local levels, there is an opportunity to promote and support those currently working at grass roots level and at the same time to gain synergy effects by improving the co-ordination and coherence of programmes and projects.<sup>151</sup>

<sup>151</sup> Logue, 2004.

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### 4.3 The role of the international community

International organizations, such as the OECD, the OSCE, the European Union, the International Labour Organization and other UN agencies (such as the UNECE, UNESCO, UNDP) should continue and expand their recently started efforts and initiatives on youth employment and youth entrepreneurship. Their particular contribution should focus on:

- Establishing and expanding international partnerships, networks and linkages between key stakeholders (like the YEN);
- Primary research and international comparisons to identify best practices;
- Innovative pilot projects, programmes and schemes;
- Place youth entrepreneurship and youth employment more prominently in the international development agenda; and
- Advocate for more attention on youth entrepreneurship and youth employment.

In fact, this study reveals or offers numerous interesting opportunities for further research. In particular, the following issues should be considered:

- There is still a clear lack of comprehensive data on youth self-employment in general and youth participation in entrepreneurial activity in particular. Though GEM data can be used for international comparisons, the study only covers 43 countries and does not provide figures on the youngest age cohort (15-18 years).
- There is a need for concrete research on start-up and survival rates of youth businesses as well as typical firm characteristics and sectors they operate in.
- Studies on the potential of youth entrepreneurship – though being complex – are still very limited. A greater number of national or international surveys on attitudes of young people towards entrepreneurial activity could cast much more light on this issue.
- Through impact assessment and international benchmark studies on YE promotion policies and initiatives, successful programmes and best practices can be identified. In this regard, there is a particular lack of studies evaluating the impact of mid- and long-term promotional efforts such as enterprise education at primary and secondary schools.
- Finally national country studies on specific barriers and incentives of enterprise start-ups by young people could further expand the list of impediments presented in this document. In this context, there is a strong need for further research particularly in low-income and developing countries.
- Studies on gender differences in the field of youth entrepreneurship, as briefly addressed in Chapter 2, are still very limited. Identifying good practices in terms of both policies and programmes/projects supporting young women's entrepreneurship would therefore be another interesting research task.



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## 5. COMMENTS AND ADVICE FROM YOUNG ENTREPRENEURS ON STARTING A BUSINESS

This chapter provides interesting comments and quotes from young entrepreneurs which might be of particular value for other entrepreneurs and young people considering starting their own businesses but also for researchers and policymakers in the field of youth entrepreneurship.

Life case studies and hand-on experience often provide a clearer and more realistic picture on an issue. On this note, I am pleased to give now the floor to those young entrepreneurs, having contributed to this paper.

At the end of our survey conducted for this study, the young entrepreneurs were asked the following question:

**Looking back, regarding what you have achieved and experienced, what are your conclusions on your business engagement?**

- Was it worthwhile to start a business?
- What would you do differently?
- Would you recommend entrepreneurship to young people of your country?
- What would you advise them?

Here are some of their responses:

- **Sabas Monroy, young entrepreneur from El Salvador (Cyberschool)**

“Absolutely, Under a personal point of view, it was satisfactory to know that I could successfully overcome a challenge. It was even more satisfactory as it involved positive repercussions for other people, especially the young, and more generally for my own country’s development.

Under an external point of view, the best thing was to demonstrate with [my/our] example that I made come true what I had in mind as a student by starting my own business, so that I have a strong ground to keep on promoting the idea that it is possible to succeed as young entrepreneurs.

I always say that I regret not having started earlier. I started at the age of 27. For this reason I always advise to start as soon as possible.

Yes. I do, and I keep on doing so through the activities of the Association of Young Entrepreneurs of El Salvador. Being an entrepreneur is the best thing to do, due to the personal satisfaction to create something on your own, to feel capable, to meet your economic and spiritual objectives. Besides, you gain much respect from those who benefit from what you do, since through entrepreneurship you create employment, help to reduce poverty and to satisfy the needs of markets, to promote a better development for your community and country. Besides, entrepreneurship is a multiplying factor, since every time someone starts a business there will be more people behind him/her who will do the same, and who mutually support each other in doing so. Thus, it is good to be an entrepreneur, even better if you are young. You should believe in yourself and look for the example and help of others who already accomplished it.”

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- **Young entrepreneur from Bosnia-Herzegovina (Hairdresser)**

“I am pleased with the current state of affairs in my business. I have achieved certain progress and had a chance to meet many people from this profession. It enables me (and us) to exchange experiences and to improve work. It was worthwhile to start a business and I would recommend everyone to try. It is risky, but effort brings results. Every young person starting a business has to be aware that it’s not all about profit. There are numerous problems one has to face when running a business, but all obstacles can be overcome by hard and conscientious work. I wish young people luck.”

- **Mirta Didara, Croatia (Business Consultancy)**

“Looking back, I know – yes, starting the business was the right and good thing for me to do. It really did prove better than some other options available at the time. I already had experience in working for others (with different levels of independence), of working with entrepreneurs and working for entrepreneurs, but working for myself brought me a whole new, first-hand insight into business and into myself. Despite the whole bunch of things I would do better now, it was an invaluable experience, and I feel positively different – as a business woman and as a person – compared to the time I started a business. It is something I would definitely do again – with some improvements, though.

For example, I would

- Not wait until the current job/project is over, but I would try to collect as much information as possible, as earlier as I can, and do what I can – interview others, search the Internet, make visits and phone calls to other entrepreneurs, government departments and agencies, visit the library. When you have long working hours, like I did, you can’t give it a couple of days, but I realized you can do at least something each day, even during several months, and it will accumulate and give you at least a minimum time and information advantage once the current project is over. That also means that I would search for information despite a busy schedule and second thoughts, reservations, and fears, or even negative feelings towards any aspect related to starting-up and running something: this way, my feelings will either be confirmed or confronted with better arguments.

- Also take more time to study and collect more information about the things I am thinking about

- I would check all the information I have, review my perceptions; I would listen better to my intuition and better judgment. This would allow me to make better decisions and make a better use of available resources (time, money, etc.) and business and other opportunities.

- Pay more attention to my health, relationship with others, balanced breaks, etc.

- Follow basic guidelines – things that I knew before, but truly learned after starting up:

- Even when you think you know things, take a start-up course and introduce yourself to the latest developments and basic practical skills and facts.
- Take a break after the exhausting project; recharge your batteries, then go on. (It’s OK to make necessary research and preparations, but don’t put the pressure on yourself during the break.)
- Failing to plan is planning to fail; exploring all options will help you act faster and better, regardless of your final decision. Don’t listen to prejudices, but pay proper attention to your intuition and better judgment as well.
- Best decisions are made when you don’t have money in your pocket, or the opportunity at hand – inform yourself, make a “to do” list and action plan when you don’t have the money or opportunity to do something, so you can act quickly and use it wisely when it comes. It is better to be without money than without ideas.

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- If you see a need and are able to efficiently and passionately satisfy it, go for it – if nobody thought of it before, the better for you. Feel confident about what you are good at. Don't do anything for money only.
  - Don't wait for the time window to open, or until you have grown enough. You can start as a student, with something simple and small. Join the Junior or Student Achievement programme or start something of your own. Join forces with other students or people that can provide valuable information and/or experience and will contribute to the development of your entrepreneurial intuition, experience and decision-making.
  - Delegate – let other people help you, you don't have to do everything by yourself: even when you deploy the work and teach others what to do, there still will be a lot left for you. Delegate as much as possible; when done properly, it is a relief and a true blessing, not a burden. Don't hire people for friendship, but for passion, potential and competence.
  - Don't compromise moral principles with business “opportunities”, not for yourself nor for the sake of helping others. Business “schemes” never pay, honesty always does.
  - Money “spent” for education is money earned – you will be able to make better decisions, provide better services, provide more services, share the knowledge with others (and get paid for it). For example, time management and prioritization are among the most valuable skills.
  - Analyse, learn from and build on both past mistakes and successes – of your own and others. Work on your weaknesses, and turn them into strengths. Have faith – “God provides everything to contribute to the good of those who trust Him.”

○ **Young entrepreneur from Japan (Import of health care equipment)**

“Yes, it was worthwhile to start business. The company grew from two to forty people. People recognize our company name both in Japan and in the US in healthcare and rehab equipment market. I also have pride in that we changed the Japanese healthcare market.

I should have invested more money and effort to develop products more suitable for the Japanese market.

I recommend entrepreneurship to young people. If they find what they are good at it and believe in themselves, they would be successful. I was a product-oriented person (and still am). My partner is a financial person who believes in me and what I do. It is very important to find a right partner. It would be best to have someone who has different skills and/or talents from oneself.”

○ **Ana Djukanovic, Hungary (Tourism Agency)**

“I believe that it was worthwhile starting my own business, although there have been moments when I was not thinking that. In any case, if I had not tried it, probably I would be unemployed and without any earning.

Although I have chosen the area of tourism, which is not really profitable these days, I can say that I am pretty satisfied, but also very disappointed with the treatment of state and local authorities toward young entrepreneurs.

Although, if someone offers me a job not related to the private sector, I would probably cease my own business because sometimes it is too much responsibility and stress.

If I could go back to 2002, when I started my business, I think that I would delay it for a certain period and I would use that time to gain new knowledge and experience in other companies engaged in the same business area, even as a volunteer, because in certain

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moments during the start-up phase, I felt I lacked additional knowledge (although I had similar experiences during my education. I think it was insufficient).

I would definitely recommend young people in my country to engage in entrepreneurship, but also to think through it before they do. They should consider market needs and not to come into a situation where the product of their business has already been provided for market needs; gain enough knowledge and skills in all areas related of their potential business before they start; always to ask experts' opinions and advice when they have business problems or doubts; visit different kinds of seminars, gatherings and gain professional counselling from their area of business."

- **Katja Mayer, Germany (Business Consultant)**

"Yes, it was definitely worth while and I would do it all over again. Maybe I would consider some coaching to get a better grip on the continuous pressure of having to move in order to get the next customer or to develop the idea for the next period.

My recommendation is to get in contact with other entrepreneurs through organizations like the Junior Chamber International and to use them as an inspiring source of knowledge, skills and support as well as a way of finding spearheading partners."

- **Young entrepreneur from Croatia (Film production company)**

"Starting a business was definitely a worth while experience regardless of the final outcome. If I were to do it all over I would definitely pay more heed to the administrative aspects of running a business and try to think ahead of the obstacles that we have had to face. This is a definite time saver.

I would recommend entrepreneurship to all those young people who feel that their ideas and talents are stifled/neglected at their place of work and advise them to be proactive and hone their sales skills (this, I feel, is the skill most business people outside of the service industry attribute less importance than it deserves)."

- **Young entrepreneur from Bosnia-Herzegovina (Account agency)**

"In any case, whatever obstacles there are, new experience is always a good thing. I haven't made any big money with the agency, but I have ensured financial safety. In service sector, there is a problem of pricing, because people tend to attribute values only to material things.

Entrepreneurship can also change the overall situation, but also solve existential issues of young people. The risk always exists, according to all known economic theories. A young person who wants to start a business has to be aware of that, but must also know that risk is not an indication of failure. It is necessary to research market and come up with appropriate ideas. A unique and well-developed strategy can be a key to success."

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## Appendix 1:

### Directory of practices, initiatives and promotion programmes for youth

In the following, we present a collection of concrete examples of initiatives, programmes and practices, addressing the barriers and constraints in different countries. This can of course not be a comprehensive document of best practices nor does it make any judgment of the various projects and interventions. It is an open directory that will be further complemented and updated. We hope to establish soon a subsequent comprehensive database of good practices. However, we hope that this first version of the directory can already serve as a useful toolbox for researchers, planners, practitioners and policymakers in the field of youth employment, youth entrepreneurship and SME.

Entrepreneurship education programmes are not included in the directory. For a comprehensive view on enterprise education promotion programmes, we refer to the ILO Working Papers by Axmann (2004) and in particular by Haftendorn and Salzano (2004 Part II). In 2004, the European Commission also published a guide on good practices in promoting entrepreneurial attitudes and skills through education.<sup>152</sup> In the field of Higher Education we refer to the study published by the German FGF<sup>153</sup> and the ongoing projects of the OECD (see chapter 3.2).

The selection focuses on:

- I. Understanding the attitude of young people towards entrepreneurship and engagement in entrepreneurial activity. In this section various examples of surveys and analysis are presented.
- II. Promotion of entrepreneurial culture (role models, PR/PA-campaigns, media coverage, youth business events, competitions and awards, etc.).
- III. Promoting access to finance (grants, micro-loans, loans, etc.).
- IV. Promoting business assistance and support (e.g. Mentoring, incubators, start-up garages and training initiatives)

<sup>152</sup> [http://europa.eu.int/comm/enterprise/entrepreneurship/support\\_measures/training\\_education/](http://europa.eu.int/comm/enterprise/entrepreneurship/support_measures/training_education/)

<sup>153</sup> Moog, 2005.

## I. Understanding attitudes towards entrepreneurship and involvement in entrepreneurial activity (SURVEYS)

Country/Region	Project/Initiative	Organization/Author/Source	Target group	Description, method and website
NEW ZEALAND	Research in young people's level of engagement with business, June 2004 (Survey and final report)	New Zealand Trade and Enterprise (NZTE) commissioned BRC Research ( <a href="http://www.nzte.govt.nz/common/files/youth-research-final.pdf">www.nzte.govt.nz/common/files/youth-research-final.pdf</a> )	Young New Zealanders aged 15 to 21 years	New Zealand Trade and Enterprise (NZTE) commissioned BRC Research to investigate young people's levels of engagement with business and enterprise. Method: Research was based on in-depth exploratory interviews conducted in March and April 2004, among 20 young New Zealanders aged 13 to 24 years. Interviews lasted for approximately 90 minutes. The sample was carefully selected to ensure it was representative of a cross-section of ethnic groups, males and females, and socio-economic status. This initial qualitative research was conducted to "set the scene" for a subsequent telephone survey of 500 young New Zealanders aged 15 to 21 years, conducted in June 2004. The telephone survey sample was randomly selected from electronic White Pages listings, and nationally representative in terms of age, gender and region. Results based on the telephone survey are subject to a maximum margin of error of $\pm 5.1\%$ , at the 95% confidence level.
AUSTRALIA	Research project investigating young Australians' attitudes towards entrepreneurship (Survey and final report) May 2001	The Departments of Industry, Science & Resources and Education, Training & Youth Affairs commissioned Eureka Strategic Research	Young people aged 15-24 years	The research was designed to inform the development of policies, programmes and communication initiatives designed to promote entrepreneurship among young people. Method: The first stage of the research project involved a small number of in-depth interviews with people aged 15-24 years. The findings from this exploratory qualitative stage were used to inform the development of a telephone survey administered nationally to 784 young Australians (including 156 who indicated that they had been an apprentice or trainee). This report focuses on the results of the telephone survey. ( <a href="http://www.innovation.gov.au/index.cfm?event=object.showContent&amp;objectID=64E3B79A-65BF-4956-B3ECCAAEF3F64B">www.innovation.gov.au/index.cfm?event=object.showContent&amp;objectID=64E3B79A-65BF-4956-B3ECCAAEF3F64B</a> )
EUROPE/USA	Flash Eurobarometer on Entrepreneurship, Entrepreneurial attitudes in Europe and the US, conducted on a yearly basis (Survey and final report) latest version: 2004	European Commission's Directorate General Enterprise and Industry (Coordinated by EOS Gallop Europe)	Inter alia young people aged 15-24 years, but also older age cohorts	European and American attitudes towards entrepreneurship are regularly examined in "Eurobarometer" surveys conducted on behalf of the European Commission's Directorate General Enterprise and Industry. This information helps the European institutions and national authorities improve their targeting of enterprise-related policies and initiatives. Method: The 2004 survey is based on data from interviews with over 21,000 people in 29 states. These included 18,500 EU25 citizens, 1,000 Americans and 1500 EEA/EFTA citizens (from Norway, Lichtenstein and Iceland). The results of the survey are broken down by country, but also by socio-demographic characteristics (age, etc.). ( <a href="http://europa.eu.int/comm/enterprise/enterprise_policy/survey/eurobarometer83.htm">http://europa.eu.int/comm/enterprise/enterprise_policy/survey/eurobarometer83.htm</a> )

Country/Region	Project/Initiative	Organization/Author/Source	Target group	Description, method and website
SCOTLAND/ ENGLAND	Household Survey of Entrepreneurship 2003: people's attitudes, key influences, and levels of enterprise activity and motivations and barriers to starting a business (Survey and final report)	The Survey was designed and managed by SBS Analytical Unit with further contribution from the Scottish Executive. Fieldwork and analysis were carried out by NOP World.	Inter alia young people aged 16-24 years, but also older age cohorts	Survey of 2,001 individuals in Scotland to investigate attitudes towards enterprise in Scotland. It was part of a survey carried out across England and Scotland funded by the Small Business Service and the Scottish Executive. The Household Survey of Entrepreneurship was first carried out by the Small Business Service (SBS) in 2001, in England only. The survey is conducted to assess progress towards the Government's target of 'increasing the number of people considering going into business'. The survey was repeated in 2003 with a boost in Scotland funded by the Scottish Executive. The survey aims to: a) Monitor over time people's attitudes, key influences, and levels of enterprise activity, and b) Explore the main motivations and barriers to starting a business. The report on the results for the UK survey includes comparisons between regions and demographic groups (age, social class, etc.) ( <a href="http://www.scotland.gov.uk/Resource/Doc/54357/0012595.pdf">http://www.scotland.gov.uk/Resource/Doc/54357/0012595.pdf</a> )
SOUTH AFRICA	GEM national survey aimed at benchmarking total entrepreneurial activity of young South Africans (2006)	Umsobomvu Youth Fund (UYF)	Young South Africans aged 18-35 years	In July 2005 the Umsobomvu Youth Fund has approved R1.5 Million for research aimed at benchmarking total entrepreneurial activity of young South Africans aged 18-35 years. The Global Entrepreneurship Monitoring (GEM) is part of the Entrepreneurship Campaign 2010 – a national collaborative effort of the UYF, the South African Youth Chamber of Commerce (SAYCC), Youth Mining Chamber, and the Commercial Agriculture Youth Chamber, among others. One objective is to explore and uncover factors that inhibited the promotion of entrepreneurial activity among young people. ( <a href="http://www.uyf.org.za/">http://www.uyf.org.za/</a> )
SWEDEN	Survey among the municipalities to investigate the occurrence of projects and measures for stimulating young entrepreneurship	Lundström (2005)	290 municipalities in Sweden	In order to investigate the occurrence of projects and measures for stimulating young entrepreneurship, a survey was carried out in the spring/summer 2004. The survey was carried out with help of a web tool, and comprised all 290 municipalities. The respondents were informed of the survey by e-mail, containing a description of the survey's purpose and background. (Lundström, 2005, pp. 253-255; Holmgren, 2004)
NORTHERN IRELAND	A study of attitudes and needs among young people within schools and further education colleges in Northern Ireland, 2004 (Survey and final report)	Belfast Institute of Further & Higher Education	Young people aged 14-21 years	In December 2003, the Belfast Institute was funded to undertake a major study into attitudes towards entrepreneurship among key groupings of young people aged 14-21 and professional educators in Northern Ireland.  <b>Method:</b> An in-depth preliminary desktop review and preliminary semi-structured interviews with representatives of government departments, education and library board officers, teaching and lecturing staff, and staff from accreditation bodies. It also included surveys of young people across schools and further education colleges in Northern Ireland, the surveys used a variety of judgment capturing techniques. A series of 32 Action Science sessions was held with 459 pupils and students across Northern Ireland. These sessions were used to search for explanations which would assist in interpreting survey findings. 123 teachers and lecturers completed the Teachers' Questionnaire, aimed at capturing insights into their understanding of the economy, the labour market and the importance of entrepreneurship training for pupils and students. ( <a href="http://www.belfastinstitute.ac.uk/about_us/research/documents">www.belfastinstitute.ac.uk/about_us/research/documents</a> )

Country/Region	Project/Initiative	Organization/Author/Source	Target group	Description, method and website
CANADA	Study of Entrepreneurship Among Young Atlantic Canadians aged 15-29; 2001	Atlantic Canada Opportunities Agency (ACOA) ( <a href="http://www.acoa.ca/e/business/entrepreneurship/youthstudy/index.shtml">http://www.acoa.ca/e/business/entrepreneurship/youthstudy/index.shtml</a> )	Young Atlantic Canadians (also young entrepreneurs) aged 15-29 years.	The Study is designed to advance the considerable efforts undertaken by ACOA over the past six years. It focuses on the specific needs of young Atlantic Canadians between the ages of 15 and 29 who either have the potential to become entrepreneurs or who are already operating their own business. The project is designed to place young entrepreneurs in the context of their labour market peers, namely other young persons who have either not considered or not started their own business. Method: CRA engaged in a multi-faceted approach that involved an introductory statistical discussion of young entrepreneurship in the Atlantic region, a quantitative research component, as well as a qualitative research component. The quantitative research component included a sample of young entrepreneurs, who at present or in the recent past have operated their own business, and a sample of young non-entrepreneurs, who have not been business owners. The qualitative research was designed to incorporate the opinions and feedback of individuals who work for government agencies and funding institutions that deal directly with potential business owners between the ages of 15 to 29.
UNITED KINGDOM	The Young Entrepreneurs/ The Young Entrepreneurs – Revisited 2001/2004 Attitudes of young people to enterprise and venture creation/Deficiencies in Business Support for young entrepreneurs (Survey and Desk research)	Gerard Darby on behalf of the RSA Onian Fellowship and Business Dynamics	44/10 young entrepreneurs under the age of 28/31	In 2001, face to face interviews took place with 44 UK entrepreneurs who were under the age of 28 when they started their ventures. This research, together with quantitative data, formed the basis of the first study. Three years on, ten of these entrepreneurs have been re-interviewed to examine how their businesses have fared over the intervening period and what challenges they have faced. The entrepreneurs chosen for re-interview were mainly those who were closer to start-up stage when interviewed originally. Four other entrepreneurs, who have started enterprises in more unusual sectors, were also interviewed for case studies. ( <a href="http://www.rsa.org.uk/pastawards.htm">www.rsa.org.uk/pastawards.htm</a> )
INTERNATIONAL (43 COUNTRIES) Japan, Slovenia, Hong Kong, Belgium, Sweden, Croatia, Portugal, Hungary, Italy, Finland, Germany, Netherlands, Spain, Denmark, South Africa, Singapore, Greece, United Kingdom, Israel, Norway, Ireland, Poland, Canada, United States, Argentina, Brazil, Iceland, New Zealand, Jordan, Ecuador, Uganda, Peru, France, Australia, Venezuela, Mexico, Chile, India, China, Hungary, Switzerland, Russia, Chinese Taipei	Global Entrepreneurship Monitor (GEM) Extensive research on entrepreneurial activity (National surveys and national and global reports) ( <a href="http://www.gemconsortium.org">www.gemconsortium.org</a> )	Global Entrepreneurship Monitor (GEM) – Coordination: Babson College, Babson Park, MA, USA & London Business School, London, UK. Global Sponsor: Ewing Marion Kauffman Foundation	Age cohorts: (18-24), (25-34), (35-44), (45-54), (55-64), (65-up)	The Global Entrepreneurship Monitor (GEM) programme is a unique, unprecedented effort to describe and analyse entrepreneurial processes within a wide range of countries. Its major focus has been on four objectives: How many countries differ in terms of entrepreneurial activity? What are the national consequences of differences in entrepreneurship? What accounts for national differences in entrepreneurship? What can governments do to affect the level of entrepreneurship? GEM represents a coordinated effort to measure, analyse and report on entrepreneurial activity in 43 countries around the world (developed and developing countries). GEM establishes the start-up participation rate, the new firm participation rate and the TEA (Total Entrepreneurial Activity) index on an annual basis. It is the only data which can be used for reliable international comparisons so far. As the data are analysed by age cohorts, gender and other criteria, they can be used for an analysis of youth entrepreneurship.



Country/Region	Project/Initiative	Organization/Author/Source	Target group	Description, method and website
ICELAND	Survey on Entrepreneurship in Compulsory and upper secondary schools (2005)	Svanborg R. Jónasdóttir (2005), Master Thesis in teaching and education at the University of Iceland. ("Innovation Teaching in Compulsory Schools")	65 schools in Iceland	Response ratio was 35.8% or 65 schools out of a total of 179, and 89.1% of respondents have all grades on the compulsory level. (Lundström, 2005, pp. 208-219).

## II. Promotion of entrepreneurial culture through role models, PR/PA-Campaigns, media coverage, youth business events, competitions and awards

AUSTRALIA	"Promoting Young Entrepreneurs" aims to encourage a broader culture of entrepreneurship in the community by promoting the achievements of Australia's successful entrepreneurs	Australian Government	Young Australian Entrepreneurs	<p>In this spirit, the Australian Government initiative Promoting Young Entrepreneurs aims to encourage a broader culture of entrepreneurship in the community by promoting the achievements of Australia's successful entrepreneurs. Programme elements that are designed to meet this objective include:</p> <ul style="list-style-type: none"> <li>- <b>Winners' Celebration Dinner:</b> This is an annual event where the winners of Australian entrepreneurship competitions and awards held during the previous year, as well as Australian winners of such competitions held internationally, are invited to attend.</li> <li>- <b>Entrepreneurial Heroes:</b> This initiative aims to promote young Australian entrepreneurs, and their success across a wide range of fields, with a view to providing inspiration and encouragement to intending entrepreneurs and other young people considering their career paths. Although development of materials including case studies and videos of Australian "entrepreneurial heroes" has taken place, the strategic direction of this programme is currently being reviewed. (Facs, 2003)</li> </ul>
<b>INTERNATIONAL</b> (25 COUNTRIES) England, Hungary, Ireland, The Netherlands, Northern Ireland, Romania, Scotland, Wales, Nigeria, South Africa, Abu Dhabi, Egypt, Iran, Oman, Argentina, Brazil, Chile, Uruguay, Mauritius, Sri Lanka, Singapore, Pakistan, Hong Kong, Guam	Shell Livewire – Young Entrepreneur of the Year Award and Significant Progress Award	Shell Livewire	Young (potential) entrepreneurs aged 16-30 years	<p>The Awards are all about rewarding and celebrating the achievements of young people in business. As well as giving cash prizes and rewards, the Awards provide an opportunity for you to reflect on your business, receive feedback from other business leaders and meet like-minded entrepreneurs. Finalists and Award winners receive excellent media coverage on their business through national, regional and trade press and there is the opportunity to become an enterprise champion, spokesperson and LiveWIRE Mentor. In the UK the winning business will receive a top prize of £10,000 and the Runner Up will receive £5,000. There will also be an additional prize of £2,500 for a business receiving the judges' commendation. There will be a Significant Progress Award of £1,000 at each Country Gala and at the UK Final. There are three selection stages, involving Country Galas and a UK Awards Dinner for the finalists.</p> <p>(<a href="http://www.shell-livewire.com/">http://www.shell-livewire.com/</a>)</p>

Country/Region	Project/Initiative	Organization/Author/Source	Target group	Description, method and website
AUSTRALIA & NEW ZEALAND	Nescafe Big Break Awards (since 1990)	Nescafe Big Break	Young (potential) entrepreneurs aged 16-24 years	<p>Each year NESCAFÉ BIG BREAK gives away cash grants to people aged between 16 and 24, who have a dream or idea and need some financial support to make it a reality. Over the last 16 years, NESCAFÉ BIG BREAK has awarded money to more than 250 young Australians and New Zealanders, to help them with a diverse range of ideas. Since it began, NESCAFÉ BIG BREAK has given away a total of more than AUD\$2.5 million.</p> <p>This year (2005), NESCAFÉ BIG BREAK will give away a total of AUD\$220,000 in cash grants – six awards of AUD\$25,000 and nine awards of AUD\$5,000, plus a public on-line voting competition will determine who amongst the six big winners will receive an additional AUD\$25,000.</p> <p>It is not an achievement award – anyone can win a NESCAFÉ BIG BREAK. There are no categories and winners can be from any field of endeavour. It is open to all permanent residents of Australia and New Zealand who meet the age criteria. (<a href="http://www.nescafebigbreak.com.au/program/what.asp">http://www.nescafebigbreak.com.au/program/what.asp</a>)</p>
INTERNATIONAL	Junior Chamber International (JCI) National Best Business Plan Competitions (5.000 USD)	Junior Chamber International (JCI), sponsored by several private companies	Young entrepreneurs aged 18-40 years	<p>Junior Chamber International (JCI) launched this new flag ship programme in 2001. In doing so JCI sought to foster the entrepreneurial spirit among its members and the community in general. To facilitate this JCI provides young entrepreneurs with the tools and opportunity to turn an idea into a concrete business plan. Since it's inception, the JCI Best Business Plan competition has helped launch 7 new enterprises.</p> <p>Today, choosing to be an entrepreneur is an honourable career decision. More and more, entrepreneurship is being promoted as the future driver of advanced economies. Governments, educational institutions and NGO are all launching programmes aimed at advancing entrepreneurship. Equally important is the need for entrepreneurs with a strong commitment to social values, integrity and principles. Through this programme, JCI's intentions are not simply to offer assistance to young entrepreneurs through a financial award. They are equally trying to introduce them to a worldwide network of young entrepreneurial leaders that possess these characteristics. The opportunity to form mentoring friendships with these leaders is priceless. (<a href="http://www.jci.cc/bbp">http://www.jci.cc/bbp</a>)</p>

Country/Region	Project/Initiative	Organization/Author/Source	Target group	Description, method and website
NEW ZEALAND	Go Westland Competition (The project seeks to stimulate and support young people as entrepreneurs, develop new business or service ideas in the Westland area.)	Working Westland, John Howard, Gillams Gully Rd, RD 2 Hokitika, phone 03 755 5446, jhoward@minidata.co.nz	Young (potential) entrepreneurs aged 15-24 years.	This project involves a business plan competition aimed at young people aged 16-24 years who have ideas for a product or service but are not sure exactly how to get started. Phase 1 – The Business Idea Suggest to competitors to describe their new product or service in relation to the need, customer value, market size, innovation, competition, advantage and feasibility. There are up to 20 awards of US\$1,000 up for grabs for the individuals or team winners in this phase. Phase 2 – The Business Case – Where competitors undertake a more in-depth analysis of Phase 1. There are up to 10 awards of US\$1,500 for this phase. Phase 3 – The Business Plan – It brings the first two phases into a final business plan, which takes the idea from concept to company. The overall winner of the competition will receive an award of US\$5,000 with the runner-up US\$3,000. The competitors are encouraged to work in teams and network with each other. Mentors from the Westland community are supporting the young entrepreneurs through each stage. Each of the three stages is being judged and a variety of prizes awarded.
NEW ZEALAND	An income of their own: (Ko o Ratou Putea Areke) business and enterprise skills programme	Wellington Program, NZ	10 Students	“An income of their own” is a Wellington programme aimed at 10 students of mainly Maori and Pacific Island descent. It provides ideas, role models, information and resources to encourage entrepreneurship. ( <a href="http://www.nzte.govt.nz/section/11770/5747.aspx#0">http://www.nzte.govt.nz/section/11770/5747.aspx#0</a> )
USA	Kauffman Entrepreneur Internship Program (KEIP)	Kauffmann Foundation	Students	Through the Kauffman Entrepreneur Internship Program college students receive real world entrepreneurship experience today to prepare for tomorrow. Colleges, universities and entrepreneur support organizations offer for-profit and/or not-for-profit KEIP internships to their students, exposing them to the challenges and rewards of starting companies and taking them to the next level.  KEIP interns work side-by-side with successful entrepreneurs, learning from them and oftentimes contributing ideas to solve problems, increase productivity or save money. The Kauffman Entrepreneur Internship Program is one of the most meaningful entrepreneurship education experiences students can have. ( <a href="http://www.keip.org">http://www.keip.org</a> )

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Canada QUEBEC	Youth entrepreneurship challenge, Quebec's "Three Year Action Plan"	Government of Quebec	Youth	<p>The "Youth entrepreneurship challenge" is a three year action programme to foster the development of true entrepreneurial culture among young Quebecers. It is the product of an extensive cooperation between key players of Quebec's entrepreneurship network. In 2003 an action plan prepared in conjunction with the leaders of Québec's youth entrepreneurship network was thus proposed. Over the years 2004/05 and 2006, more than \$20 million are attributed to developing entrepreneurial culture among young people. The measures chosen are based on three main axes:</p> <ol style="list-style-type: none"> <li>1. Inviting schools to participate: Holistic approach towards entrepreneurship education <ol style="list-style-type: none"> <li>a) Integration in school curricula at primary, secondary and college levels (study programme, mini-companies, micro-enterprises, student/teacher networks etc.)</li> <li>b) Integration of entrepreneurship in educators and guidance counsellors' training programme</li> <li>c) Promoting extracurricular activities (networks, clubs, competitions, trainings)</li> </ol> </li> <li>2. Creating a favourable environment: Various initiatives are and will be taken to reach parents, entrepreneurs and even elected officials.</li> <li>3. Disseminating effective strategies to young entrepreneurs: <ol style="list-style-type: none"> <li>a) Information and support services to young entrepreneurs through internet</li> <li>b) Business networking to young entrepreneurs</li> <li>c) Management skills training</li> <li>d) Encouraging Mentoring</li> <li>e) Supporting micro-credit projects for young entrepreneurs</li> </ol> </li> </ol> <p>(<a href="http://www.defi.gouv.qc.ca/publications/depliant_defi_en.pdf">www.defi.gouv.qc.ca/publications/depliant_defi_en.pdf</a>)</p>
GERMANY	BJU-projects: "Entrepreneurs in the classroom" and "Students/Teachers in the in boss's chair"	The federal association of young entrepreneurs ("Bundesverband junger Unternehmer" (BJU))	Young students	<p>The federal association of young entrepreneurs ("Bundesverband junger Unternehmer" (BJU)) in Germany conducts three initiatives that should connect school (students and teachers) with local entrepreneurs and businesses, raising the awareness, interest and knowledge of entrepreneurship among students and teachers.</p> <p>With the project "Students/Teachers sitting in the boss's chair" ("Schüler im Chefsessel") BJU offers students and teachers in selected regions the possibility to spend one day with an entrepreneur and to experience and closely observe the typical everyday business and tasks of an entrepreneur. Subsequent to this visit, students have to write an essay on their experiences, which is assessed by an independent regional jury. A prize is then awarded to the best essays.</p> <p>Conversely, within the project "Entrepreneurs in the classroom" ("Unternehmer im Klassenzimmer"), entrepreneurs are invited to schools to report on their work, job and particular tasks in a mid-size enterprise. (<a href="http://www.bju.de">http://www.bju.de</a>)</p>

### III. Promoting access to finance (research, initiatives and programmes)

*See also business competitions and awards as a way of funding in previous section !*

Country/Region	Project/Initiative	Organization/Author/Source	Target group	Description, method and website
CANADA	Research/Study: "The Young and the enterprising". A study of youth self-employment in Ontario – including financial issues (SURVEY)	OAYEC (2000)	Young men and women between the ages of 19 to 30	The goal of "The Young and the Enterprising" was to describe and analyse the experiences of self-employed youth with businesses based in the information technology sector. Human Resources Development Canada funded the project and a team of youth researchers at the Ontario Association of Youth Employment Centres conducted the study. Method: Forty-seven interviews were conducted with self-employed youth from Ontario, 17 women and 30 men between the ages of 19 to 30, with businesses in the information technology area. Included in this group were four youth aspiring to become self-employed.
ITALY	Access to finance and business support service (Grants, loans, tutoring and training). Cited as "Best practice" model in the OECD report 2001.	Imprenditorialita Giovanile (IG): ( <a href="http://www.emiliaromagna.cia.it">http://www.emiliaromagna.cia.it</a> )	Young entrepreneurs aged 18-35 years	The institution spawned by L. 44, Imprenditorialità Giovanile (IG) S.p.A., has become a widely respected model of "best practice". It began as a national committee based in Rome, then in 1994 became a corporation. The Italian Treasury owns 84% of its capital, with minority positions held by the country's principal co-operative federations. Mr. Carlo Borgomeo, a former trade-union leader has led the organization from the start. Capitalised at 12 billion lira (US\$6 million, €6.2 million) IG had 234 employees and a turnover of 63 billion lira (US\$31.3 million, €32.5 million) in 1998. Its original mandate was to support new-firm formation by young entrepreneurs, aged 18 to 35, in the South. Its tools to do so included: 1) non-reimbursable financial subsidies of up to 60% of capital costs; 2) loans for an additional 30% of capital costs; 3) three-year loans for administrative and management outlays; and 4) tutoring and training programmes to improve management skills. Thus, IG operates both to deliver financial support from the Italian Treasury and as a service provider. (Source: OECD 2001)
UNITED KINGDOM	Prince's Trust Business Programme. One of the "full service" providers for youth business start-ups (Training, assistance, funding and advisory support for three years). Cited as "Best practice" model in the OECD report 2001.	Prince's Trust (UK), <a href="http://www.princes-trust.org">www.princes-trust.org</a>	Unemployed or under-employed young people aged 18-35 years.	PTB is an all-round promoter of youth-business start-ups. It provides counsel, training, help with the crafting of business plans, significant funding (grants and loans), mentoring during start-up and accompanying advisory support for up to three years afterwards. The combination of all of these features in a single programme is relatively rare. PTB targets persons 18-35 years old, who are unemployed or underemployed, have few resources, face difficulties in finding other financing, and have good entrepreneurial ideas. For its own funding, it relies on donations (almost 60%), grants from the UK Employment Department and European Regional Development funds (20%) and its own investment income (21%). In 1996, the Employment Department decided to match all private donations, pound for pound, for three years. Its partial support of PBT appears to be the only significant financial display of UK Government interest in youth entrepreneurship. (Source: OECD, 2001)

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BRAZIL	Young Entrepreneur Project	Brazilian Government	Young Brazilian entrepreneurs	The Brazilian Government grants micro credits for young people wishing to start their own business. The main campaign is the Young Entrepreneur Project, which makes available a subsidized credit line, specific and guaranteed, in the amount of R\$ 100 million, concentrating on the young people's target audience of the programme. The purpose is to initially support 16,000 young entrepreneurs in establishing and developing small undertakings, independent activities and cohesive undertakings. To gain access to the credit, the young person takes part in a qualification course focusing on preparing a business plan, with post credit follow-up. (Source: XI Malente Symposium (GTZ, YEN, Dräger Foundation), Youth Employment, Empowerment and Participation: Securing the Future, October 19-20, 2004, Lübeck.)
BRAZIL	Start-up assistance (grants, loans, guarantees)	Instituto Negocios da Juventude do Brasil (INJ), (Member of YBI-Network)	Young entrepreneurs with social disadvantages	The Instituto Negocios da Juventude do Brasil (INJ) is an accredited programme of Youth Business International and is the only national NGO and not-for-profit organization for Portuguese speaking countries. The INJ aims to assist youth entrepreneurs with social disadvantages to construct their own business, providing enterprise assistance and resources that they do not have access to in any other way. (Source: YBI) ( <a href="http://www.juventude.org">http://www.juventude.org</a> )
PORTUGAL	Access to capital (grants, guarantees)	Sistema de Apoio aos Jovens Empresários (SAJE) (no contact details available)	Young unemployed and job seekers	In Portugal, the Sistema de Apoio aos Jovens Empresários (SAJE) provides grants to new businesses, covering 50% of capital needs, plus 10% for projects in distressed regions and another 10% for those aimed at the young unemployed and job seekers. It also provides access to bank capital through guarantees and its agreements with lending institutions. Grants can reach a maximum of 10 million escudos (US\$48 000, €50 000). In an innovation not found elsewhere, the grants get augmented in proportion to the number of jobs created by the new enterprise, up to 250. The numbers of new jobs generated, multiplied by 12 times the minimum wage, determine these supplementary job-creation grants – and small multiples of the minimum wage itself (1.5% to 1.7%) are applied if the new employees are unemployed job seekers or women. (Source: OECD, 2001)
INTERNATIONAL Africa, Asia, the Caribbean and the South Pacific	Micro-credit and Training	Commonwealth Youth Credit Initiative (CYCI) ( <a href="http://www.thecommonwealth.org">http://www.thecommonwealth.org</a> )	Young entrepreneurs	The Commonwealth Youth Credit Initiative (CYCI) is a micro-credit financing scheme operated by the Commonwealth Youth Programme. It offers credit to young entrepreneurs, and is currently operating in Africa, Asia, the Caribbean and the South Pacific. More than just a financing scheme, CYCI provides training in small business and personal development and a mentoring programme. The CYCI identified the following as critical elements for success: partnering with a non-profit organization that has a solid grass-roots connection and appropriate capacity (to administer the finance), appropriate pre- and post-loan training and support services, and continuous monitoring of, and contact with, borrowers (Ryan, 2003). A Micro-Credit Management System (MCMS) has now also been established which provides a package of principles, procedures and guidelines for implementing new CYCI's. ( <a href="http://www.thecommonwealth.org">http://www.thecommonwealth.org</a> )

Country/Region	Project/Initiative	Organization/Author/Source	Target group	Description, method and website
CANADA	Financing, mentoring and educational resources	Canadian Youth Business Foundation 100 Adelaide Street West Suite 1410 Toronto ON, M5H 1S3 (Member of YBI-Network)	Young Canadians aged 18-24	<p><b>Vision:</b> Driving Canada's success by helping youth help themselves.</p> <p><b>Mission:</b> Provide start-up financing, mentoring and educational resources that empower young Canadians 18-34 to start and grow businesses which contribute to sustainable economic development in communities across Canada. Founded in 1996 in Canada by CIBC and RBC Foundation Modelled after the UK Prince's Trust, founded by HRH Prince Charles, with over 25 years of experience. Accredited member of Youth Business International (YBI), a global network of 40 countries. Fulfilling the United Nations Millennium Development Goals to solve global youth unemployment through the UN Youth Employment Network and YBI.</p> <p><b>Accomplishments:</b></p> <ul style="list-style-type: none"> <li>- Assisted over 1300 new business owners across Canada</li> <li>- Created 7300 new jobs within Canada's economy since inception</li> <li>- Engages 852 volunteers to help deliver CYBF's programmes locally</li> <li>- Offers programmes nationwide in 60 locations, reaching 970 local communities</li> </ul> <p>(<a href="http://www.cybf.ca/">http://www.cybf.ca/</a>)</p>
CANADA	Awards, loans, consulting	Business Development Bank of Canada	Young entrepreneurs between 19 and 35	<p>BDC encourages efforts of young people with specialized financing and management consulting solutions. Each year, BDC highlights the outstanding achievements of young Canadian entrepreneurs at the Young Entrepreneur Awards.</p> <p>(Financial solution/Customized term financing up to \$100,000 for new businesses demonstrating long-term viability. If requested, BDC can also provide personalized management support/Effective Business Plan/Financial planning/Management coaching/Co-Vision: Start-Up Financing</p> <p>Consulting Group solutions. Advice from an experienced business advisor can be one of your best investments. From in-depth business and financial planning to management coaching, BDC's support can help your business move forward confidently.</p>
SOUTH AFRICA	Access to finance (micro-finance) and business support service	Umsobomvu Youth Fund (UYF)	Young South Africans aged 18-35 years	<p>Umsobomvu Youth Fund's (UYF) activities are carried out through three broad programme areas: 1) Contact Information and Counselling (CIC), 2) Skills Development and Transfer (SDT) and Youth Entrepreneurship. In the latter the fund provides:</p> <ul style="list-style-type: none"> <li>- The world's first electronic business development support voucher programme (BDSVP)</li> <li>- The largest business support programme for youth through the BDSVP</li> <li>- South Africa's first public private partnerships in venture capital/private equity – with FirstRand and Business Partners – to finance SMEs</li> <li>- First comprehensive research and pilot program in youth cooperatives in South Africa and appointment to the International Cooperatives Alliance Youth Network</li> <li>- The leading provider of micro-finance to youth in SA.</li> </ul> <p>(<a href="http://www.uyf.org.za/">http://www.uyf.org.za/</a>)</p>

Country/Region	Project/Initiative	Organization/Author/Source	Target group	Description, method and website
CANADA-Ontario	Counselling, mentoring, awards, consulting as well as guaranteed bank lending	Young entrepreneurs programme, Ontario, ( <a href="http://www.ontariocanada.com/ontcan/en/youth/youth/ye_strategy.jsp">http://www.ontariocanada.com/ontcan/en/youth/youth/ye_strategy.jsp</a> )	Young entrepreneurs	<p>The programme aims to inspire more young people (you) to choose entrepreneurship as a career – and equip you with the tools you need to succeed. The following programmes, tools are provided:</p> <p>Summer Company – Hands-on business training and mentoring – together with awards of up to \$3,000 – to help you start up and run your own summer business.</p> <p>My Company – The My Company programme combines hands-on business training and the availability of competitive loans of up to \$15,000 to help you start and run your own business.</p> <p>Future Entrepreneurs – A programme that introduces an entrepreneurial mind-set and skills to students in Grades 7 and 8.</p> <p>Ontario's Young Entrepreneurs – We are committed to fostering a spirit of innovation among youth and is part of the Government's Youth Opportunities Ontario. Find out more in this section.</p> <p>Ontario Secondary School Business Plan Competition – The ministry's network of Small Business Enterprise Centres holds local business plan competitions in the communities they serve. Typically, recruitment begins in late fall and every student, regardless of stream of study, is eligible to apply and receives classroom assistance from the consultants in their local area.</p>
INDIA	Loans and mentoring	BYST (Bhartiya Yuva Shakti Trust) – Business Youth Starting Together. (Member of YBI-Network)	Unemployed or under-employed young people aged 18-35 years.	<p>BYST focuses on young people in the age group of 18-35, who are either unemployed or underemployed. It provides them with the all important seed capital as loan, which they can use alone or in conjunction with financing from banks and other financial institutions. The loan is provided at the special interest rate offered to small businesses, by banks.</p> <p>The most remarkable feature of the Trust is that it provides each client with a Mentor on a one-to-one basis. As mentioned earlier, we follow the 'Guru- Shishya' tradition where the teacher not only teaches, but guides and helps to develop the disciple. The Mentor gives personalized advice, maintains regular contact with the business, monitors progress, and helps in solving problems and in developing business. The interested professionals (Mentors), in turn, get a wide range of first-hand business experience and the satisfaction of helping disadvantaged youth. Presently BYST is operational in six regions of India – Delhi, Chennai, Rural Haryana, Pune, Hyderabad and Rural Maharashtra. Out of these six regions, four regions run the urban programme, while two regions run the rural programme.</p>



Country/Region	Project/Initiative	Organization/Author/Source	Target group	Description, method and website
ARGENTINA	Start-up assistance, finance (loans) and mentoring	Fundacion Impulsar, (Member of YBI-Network)	Young people aged from 18-30	Fundación Impulsar was established as a charity in Argentina in 1999, for the purpose of helping young people to set up and manage their own business, particularly when the appropriate financial or practical help has not been available. The aim is to help young people aged from 18-30 years, who have some sort of job problem and a good idea for what appears to be a viable business, by giving them an interest-free loan of an amount up to \$5000, with a repayment period of three years. Help is also given through the preparation of a business plan, and if the loan is approved, the young person is then assigned a mentor to support the applicant in establishing the business. By end of December 2004, more than 2500 applications were received out of which 130 loans were approved for businesses such as a cycle tourism venture, a kindergarten, a furniture factory specialising in iron pipe structures, a cycle repair workshop and a fumigation company. ( <a href="http://www.fundacionimpulsar.org.ar">http://www.fundacionimpulsar.org.ar</a> )
GUYANA	GYBT offers its clients direct technical assistance, access to financial assistance, mentoring, training, business counseling and supervision, trouble-shooting and group life insurance	The Guyana Youth Business Trust (GYBT), Mr Errol Chapman Email : gybt@solutions2000.net (Member of YBI-Network)	Young persons aged between 18 and 30	The Guyana Youth Business Trust (GYBT) provides assistance to young persons between the ages of 18 and 30 in the creation, growth and development of their own successful business. GYBT was established in February 2000 as a private funded programme within the Institute of Private Enterprise Development and forms a vital component of Guyana's business and youth development strategies. GYBT provides a network of resources to support the emerging entrepreneurs on their journey from "idea to enterprise". GYBT offers its clients direct technical assistance, access to financial assistance, mentoring, training, business counseling and supervision, trouble-shooting and group life insurance. The first six entrepreneurs each received G\$30,000 in June 2000 to help them realize their dreams of becoming entrepreneurs. (Source: YBI)
AUSTRIA	Savings Program for young entrepreneurs, Bürges Förderungsbank	Bürges Förderungsbank, Austria	Young entrepreneurs	The Savings Program for Young Entrepreneurs is a joint programme by the Bürges Förderungsbank, which is a state owned public funding institution committed to supporting SMEs, the Federal States and the Austrian Federal Economic Chamber (Wirtschaftskammer Österreich). The aim of the program is to encourage the founding or the taking over of a small enterprise by a "young entrepreneur" (person who has not been active as an entrepreneur for the past five years) in the future. The Program supports the saving for founding or taking over a business by granting a premium of 14 % of the saving balance (€ 55,000). The minimum saving period is two years; the maximum period is six years. The Savings Program for Young Entrepreneurs was identified as a best practice by the Third Round Table of Bankers and SMEs. (Eurochambre, 2001) ( <a href="http://www.awsg.at/aws/">http://www.awsg.at/aws/</a> )

#### IV. Promoting business assistance and support (BAS/Training)

*See also "multi-service" providers (e.g. Prince's Trust or Shell Livewire) in access to finance section*

Country/Region	Project/Initiative	Organization/Author/Source	Target group	Description, method and website
NEW ZEALAND	Physical space, mentoring, and access to advisors	NRG Trust (Logistic), NRG Trust or "Elevate" Phil Sales (Manager, NRG Trust) E-mail: <a href="mailto:manager@nrg.org.nz">manager@nrg.org.nz</a> Phone: 04 472 0690	Young people aged between 18 and 30	NRG Trust in Wellington is an 'enterprise facilitator' for young people aged between 18 and 30. NRG Trust was established to help young New Zealanders broaden their work options by starting their own businesses. It provides physical space, mentoring, and access to advisors. In addition it has started its own network and runs occasional seminars on business-related topics. NRG was established in 2001, but no formal evaluation is yet available to indicate the success or otherwise of NRG's approach. Recently NRG Trust has moved away from focusing on physical incubator space following little take-up rate by its target market. However, the success of incubators generally in New Zealand suggests that low-cost premises, when delivered to a suitable standard and in an inviting environment, are popular. (Source: Logue, 2004)
AUSTRALIA	Business assistance to already established businesses of young entrepreneurs. Mentoring , Development of a business plan , Financial guidance Legal advice , Business/industry referrals , Networking breakfasts , Training , Seminars , Incubator referral , Media exposure, etc.	South Australian Youth Entrepreneur Scheme (SAYES)	Young South Australians aged between 18 and 30	The South Australian Youth Entrepreneur Scheme (SAYES) project is an initiative of Business SA. It aims to provide young South Australians aged between 18 and 30 with the skills and confidence to develop and implement their business idea and make self-employment a viable and worthwhile option. The assistance that SAYES provides helps young people to fine tune their business idea and obtain important information at first hand from successful South Australian business people who volunteer their time as mentors to the scheme. Successful applicants will be provided assistance for an agreed time in one or more of the following areas: Mentoring , Development of a business plan , Financial guidance Legal advice , Business/industry referrals , Networking breakfasts , Training , Seminars , Incubator referral , Media exposure , Inclusion in the SAYES On-line Business Directory , Business loan from the Newmont Youth Entrepreneur Fund (providing criteria are met) ( <a href="http://www.business-sa.com/Content.aspx?p=32">http://www.business-sa.com/Content.aspx?p=32</a> )
AUSTRALIA	Skills Training	Youth 2 Youth ( <a href="http://www.youth2youth.com.au/">www.youth2youth.com.au/</a> )	Young people	Youth 2 Youth: A youth-run organization that designs and provides a variety of enterprise skills programs, services and products for young people. Skills programmes are provided ready-made or can be specially tailored and are run by Youth 2 Youth in schools, youth groups, business groups, large organizations, and individuals, upon request. Topics covered include starting and running a business, creating inspiring projects, eco-entrepreneurship, marketing and budgeting. Youth 2 Youth skills training aims to provide practical, useful skills, utilises interactive formats and games, prizes and take-home packs, provides certificates and follow-up support, is run by young facilitators and will even provide programmes to regional and rural areas. The organization also provides consultancy services to young people in business and its website contains a range of free information, links and ideas. (Source: FACS, 2003) ( <a href="http://www.youth2youth.com.au/">www.youth2youth.com.au/</a> )

Country/Region	Project/Initiative	Organization/Author/Source	Target group	Description, method and website
AUSTRALIA	Network, start-up assistance, micro-finance	ENYA Ltd PO Box 100 Blakehurst NSW Australia 2221 Telephone : +61 1300 1ENYA1 (136921) Fax : 61 2 9546 1400 E-mail : info@enya.org.au	Young entrepreneurs aged between 15 and 30	The Enterprise Network for Young Australians (ENYA) is a not-for-profit organization run by young people, for young people. ENYA supports and promotes the active participation of young people in enterprise, in an ethical and sustainable manner. ENYA believes that not only does youth enterprise impact on employment, business acumen, workplace opportunities and financial independence amongst young people; it also encourages young people to become active, innovative, creative and socially responsible citizens. ENYA offers free membership and services to Australian young entrepreneurs. Membership facilitates access to news, events and online networking useful to young entrepreneurs, however all services are open to members and non-members alike. Services include Mentor-Matching, an Advice Line, workshops, enterprise education resources for schools, web resources and a Microfinance Fund in the process of accreditation from Youth Business International. ( <a href="http://www.enya.org.au/">http://www.enya.org.au/</a> )
AUSTRALIA	Youth enterprise incubator project piloting in Brisbane	Youth Enterprise and small Business Establishers (YESBE), Cameron Neil, Mobile: 0402 072 452, Email: cameronneil@iypf.org; Social Entrepreneurs Network (SEN), 2 Elm St, North Melbourne VIC 3051, AUSTRALIA, Phone: +61 3 9326 4481, Fax: +61 3 9326 8030	Young entrepreneurs	The plan initiated by Youth Enterprise and Small Business Establishers (YESBE) is the product of an outstanding coalition of Brisbane community, including business and ex-government leaders, referred to as the Enactment Group. The Enactment Group invested substantial time and pre-existing input into the project. The group incorporated the strategy of a pre-existing program that was applied to the establishment of 800 small enterprises for 1200 people in Queensland, with a failure rate of new enterprises being 50 percent less than the industry standard. The Enactment Group formed the Project Team and Steering Committee for the YESBE pilot project. They utilized past experience, existing networks and competencies to achieve the projects' objectives. The YESBE provides for Venture finance for developing youth entrepreneur skills and "Peer and mentor" support to youth. It provided experiential learning of enterprise skills and advocated corporate social responsibility with an emphasis on triple bottom line business practices. It aimed to create a self-sustaining enterprise that allows communities to develop youth and solve their problems. ( <a href="http://www.yesweb.org">http://www.yesweb.org</a> )

Country/Region	Project/Initiative	Organization/Author/Source	Target group	Description, method and website
AUSTRALIA	Mentoring programme aimed at disadvantaged or "at risk" students.	Plan-it Youth: ( <a href="http://www.dsf.org.au">http://www.dsf.org.au</a> )	Young people	<p>Plan-it Youth was a Central Coast initiative which commenced in 1997 at Berkeley Vale Community High School supporting young people in transition between school and work, through mentoring.</p> <p>Plan-it Youth brings together a range of local community groups who work for the benefit of young people.</p> <p>Plan-it Youth offers a structured programme consisting of four stages, over a minimum period of 12 months</p> <ol style="list-style-type: none"> <li>1. Mentor recruitment and TAFE training</li> <li>2. Selection of students, introductions and matching with mentors</li> <li>3. Pathways planning and investigation project – mentors and mentees work together</li> <li>4. Ongoing mentor support</li> </ol>
AUSTRALIA	Website relating to YE, online information, training workshops	Youth 2 Youth, <a href="http://www.youth2youth.com.au/">http://www.youth2youth.com.au/</a>	Young people aged 15 to 35	<p>Youth 2 Youth provides youth-led training, workshops and resources for young people aged 15 to 35 years. (<a href="http://www.dsf.org.au">http://www.dsf.org.au</a>), Youth 2 Youth runs skills-based workshops and programmes for schools, universities, colleges, councils, government, corporates &amp; youth organizations, equipping young people with the necessary career skills needed today while learning from successful, enterprising young people. We focus on:</p> <ul style="list-style-type: none"> <li>* Enterprise Education</li> <li>* Career and Business skills</li> <li>* Entrepreneurship</li> <li>* Life Passion and Purpose</li> <li>* Turning Ideas into a Reality</li> <li>* Community Projects</li> <li>* Empowerment &amp; Goal-setting</li> <li>* Youth Council Set-up</li> </ul>
AUSTRALIA	Skills Training	Youth 2 Youth ( <a href="http://www.youth2youth.com.au/">www.youth2youth.com.au/</a> )	Young people	<p>Youth 2 Youth: A youth-run organization that designs and provides a variety of enterprise skills programs, services and products for young people. Skills programmes are provided ready-made or can be specially tailored and are run by Youth 2 Youth in schools, youth groups, business groups, large organizations, and individuals, upon request. Topics covered include starting and running a business, creating inspiring projects, eco-entrepreneurship, marketing and budgeting. Youth 2 Youth skills training aims to provide practical, useful skills, utilises interactive formats and games, prizes and take-home packs, provides certificates and follow-up support, is run by young facilitators and will even provide programs to regional and rural areas. The organization also provides consultancy services to young people in business and its website contains a range of free information, links and ideas.</p> <p>(Source: FACS, 2003)</p> <p>(<a href="http://www.youth2youth.com.au/">www.youth2youth.com.au/</a>)</p>

Country/Region	Project/Initiative	Organization/Author/Source	Target group	Description, method and website
<b>INTERNATIONAL</b> (25 COUNTRIES) England, Hungary, Ireland, The Netherlands, Northern Ireland, Romania, Scotland, Wales, Nigeria, South Africa, Abu Dhabi, Egypt, Iran, Oman, Argentina, Brazil, Chile, Uruguay, Mauritius, Sri Lanka Singapore, Pakistan, Hong Kong, Guam	Shell Livewire – Full service provider	Shell Livewire	Young (potential) entrepreneurs aged 16-30 years	<p>Shell LiveWIRE provides:</p> <ol style="list-style-type: none"> <li>1) Information, advice and practical support for 16-30 year olds starting up their own business</li> <li>2) Free Essential Business Kit to every caller, tailored to their specific business idea.</li> <li>3) One-to-one advice through a national network of local business advisers and young business mentors</li> <li>4) An interactive web service and idea exchange.</li> </ol> <p>A free account on this website provides:</p> <ol style="list-style-type: none"> <li>a) help and support to develop your business idea</li> <li>b) access to 100's of pages of useful business information</li> <li>c) use of a personal briefcase tool to store information</li> </ol> <p>The main elements of the website are:</p> <p><b>The Big Trip</b> – which helps people to map out their career path, and discover if they have what it takes to be an entrepreneur.</p> <p><b>Unlock Your Potential</b> – an interactive learning section, which helps people develop business ideas and test their commitment before taking things further.</p> <p><b>Be Your Own Boss</b> – an online library with customised information based on five core business areas. The five interactive learning modules are General Management, Sales and Marketing, Finance and Funding, Business Planning and Personnel. There are hundreds of different articles to help achieve success in these areas.</p> <p><b>Win10K</b> – enter the Shell LiveWIRE Young Entrepreneur Of The Year Awards and you could win over £10,000 and the title Shell LiveWIRE Young Entrepreneur Of The Year.</p> <p><b>Discussion forum</b> – which enables young entrepreneurs to share business experiences, including asking for, or giving, advice to others in the same situation.</p> <p><b>Mentor system</b> – providing online enquirers in England with a secure route to ask for specialist advice from past regional finalists.</p> <p><b>Finance Action Planner</b> – a financial modelling tool which helps users to develop their financial skills and produce a range of financial forecasts and reports.</p> <p>(<a href="http://www.shell-livewire.com/">http://www.shell-livewire.com/</a>)</p>
<b>NAMIBIA</b>	Training, information, work space and support	Katura Youth Enterprise Center (KAYEC) (no contact found)	Young people	KAYEC is a community-based organization which provides training, information, work space and support to young people who aspire to start their own business.
<b>SOUTH AFRICA</b>	Education with enterprise Trust (EWET)	Enterprise Trust ( <a href="http://www.ewet.org.za/">http://www.ewet.org.za/</a> )	Young South Africans	Two support schemes are run: Youth Enterprise Society, for secondary schools and Business now for out-of-school youth. Another initiative called center for opportunity development provides a structured training and experiential programme for youth with aspirations starting a business. (Source: Chigunta, 2001)
<b>PORTUGAL</b>	Helps youth entrepreneurs to establish businesses and to identify business opportunities through better access to world markets	Quiosque do Invetidor	Young entrepreneurs	This programme, managed by the Youth Foundation, aims to help young entrepreneurs deal with the “red tape” required to establish an enterprise and to identify business opportunities through better access to world markets. One way this is done is through partnership arrangements with international companies. The use of experienced business people as mentors is another feature of the programme. (Source: Curtain, 2000)

Country/Region	Project/Initiative	Organization/Author/Source	Target group	Description, method and website
USA	Teen entrepreneur website. Provides information and advise and useful links	US Small Business Administration (SBA)	Teen entrepreneurs	A new teen entrepreneur Website to target young entrepreneurs who want to start, run or grow their own businesses. The launch of the Young Entrepreneur Online Guide to Business, at <a href="http://www.sba.gov/teens">http://www.sba.gov/teens</a> , was made during the kick off of the Young Entrepreneur Program, a two-day forum for young entrepreneurs to provide practical entrepreneurial training and to promote leadership and management skill building. The Website features small business basics from brainstorming to evaluating a business idea, developing a business plan, learning from successful young entrepreneurs, making wise financial decisions and access to SBA's entrepreneurial development partners and services. Other highlights of the Website include information on legal issues that need to be addressed when starting a business, links to youth organizations that concentrate on youth entrepreneurship and links to mentoring and peer groups. ( <a href="http://www.sba.gov/teens/">http://www.sba.gov/teens/</a> )
USA	Business support	Association of Young Latino Entrepreneurs (AYLE) ( <a href="http://www.ayle.org/aboutus.htm">http://www.ayle.org/aboutus.htm</a> )	Young Latino entrepreneurs	The AHE, formerly AYLE, promotes the business development of young Latino entrepreneurs with economic programmes designed to strengthen and expand the income potential of its members and affiliates in the trade area; educating the business community and representing the association in city, county, state and national legislative and political affairs; expand the association into any regions where significant number of Hispanic entrepreneurs can be found. It is a voluntary organization of individuals and businesses that band together to advance the commercial, financial, industrial, and civic interests of its community or area. Founded in 1997 in New York State, the association is a not-for-profit corporation, and a registered tax exempt 501(c)6 organization. Business Development Services include: Conducting economic education and training programmes; developing minority businesses; encouraging job training partnerships in business; and helping to improve business services. AHE has developed Technical Assistance Programmes aimed at providing its members with technical support for growth of their businesses.
GERMANY (Hamburg)	Start-up center, incubator "Garage Hamburg"	Enigma start-up center in Hamburg	Young Hamburg residents under 35 years unemployed – for no longer than a year, or threatened by un-employment	Enigma's advice for small start-ups concentrates on start-up entrepreneur in an incubator – means workspace and infrastructure, a larger group of people with the same goal, coaching, the development of knowledge and skills, and – for a limited time – financial background, orientation, preparation and implementation. On the Malente Symposium 2004 in Lübeck Maïke Classen illustrated the success of 'garage Hamburg' by presenting some figures: during its first 27 months from January 2000, 2,393 people showed an interest in the project. 625 people were invited to take part in an assessment center, out of which 378 participants were given the chance to implement their business idea in the 'garage'. Almost 90% completed the projects, and 83% of these are self-employed, 8% employed, 2% are apprentices, only 7% remained unemployed. (Source: GTZ/YEN/Draeger Foundation, 2004)

Country/Region	Project/Initiative	Organization/Author/Source	Target group	Description, method and website
GERMANY (Brandenburg)	Start-up center, start-up garage, mini-incubator	Garage lausitz parzellenstraße 10 03046 cottbus, Germany Tel: 0355   48 68 68 Fax: 0355   48 68 66 e-mail: info@garage-lausitz.de	Young people under 28 years who are either unemployed – or threatened by unemployment	Garage Lausitz is an example of a new shared workspace models (start-up garage or garage incs). This “mini-incubator” provides workspace, ICT infrastructure, little financial subsidies, media promotion and mentoring or consulting for a time period of 4 to 7months. The initiative is based on a public private partnership initiative, involving various public and private partners. ( <a href="http://www.garage-lausitz.de">http://www.garage-lausitz.de</a> )
AUSTRIA	The Young Enterprise Network, (Austria) – Virtuel platform for young entrepreneurs	WIFI, Buisness Promotion Institutes/Vienna Chamber of Commerce and Industry ( <a href="http://www.gruenderservice.net">www.gruenderservice.net</a> )	Young entrepreneurs	YEN (Young Enterprise Network) was set up by the WIFI (Business Promotion Institute) of the Vienna Chamber of Commerce and Industry to offer a virtual platform for business creators, young entrepreneurs and franchisees. It is linked to a great deal of information in this field that is already on the Internet, and provides information on the wide range of additional support measures, advisory centres, publications, etc. available on the market. YEN offers information on business management and legal and administrative matters, presents the contact persons responsible and gives their e-mail addresses. As well as providing information on the administrative requirements when a business is being set up, YEN can be used to launch administrative procedures. Free access is available at Chambers of Commerce, in their WIFIs and at public access points in the city of Vienna. YEN can also be used as a learning programme. The “@sk yen” competition run in connection with Netdays 98 showed schoolchildren and students how basic information on entrepreneurship can be obtained from the Internet. YEN is an open system, and businesses, institutions and organizations may at any time add information relevant to young entrepreneurs. Future plans include building in a psychological entrepreneur test with assessment, brief information for complete beginners, a public discussion forum, VIP chat and more detailed information on business acquisitions. (EU-Commission, DG-Enterprise web site) ( <a href="http://www.gruenderservice.net">www.gruenderservice.net</a> )





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## Appendix 2

### ILO-QUESTIONNAIRE:

#### ***Stimulating Youth Entrepreneurship: Barriers and incentives to enterprise start-ups by young people***

##### Description/Purpose

Though the crucial role played by entrepreneurship in driving economic development and job creation is increasingly understood, there has been little effort to look at it from a youth perspective. When it comes to young people, they are mostly absorbed into the general adult population, failing to realize their particular entrepreneurial potential and talents as well as their critical contribution to economic and social progress.

Through this questionnaire, the ILO aims to identify concrete barriers and specific constraints that impede young people<sup>154</sup> from starting and running a business and at the same time to determine incentives and stimuli that make starting a business a viable alternative for youth.

The research findings should stimulate policy debate on the factors that encourage youth entrepreneurship, the obstacles that stand in its way and the policy measures that can support it.

*For more information, please visit our website:*

[http://www.ilo.org/dyn/empent/empent.portal?p\\_docid=BARRIERS&p\\_prog=S&p\\_subprog=YE](http://www.ilo.org/dyn/empent/empent.portal?p_docid=BARRIERS&p_prog=S&p_subprog=YE)

<sup>154</sup> = Young people/entrepreneurs aged between 15 and 34 years.

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Dear young entrepreneur.

This questionnaire is designed to obtain more information about your perceptions, opinions, experiences and particular knowledge regarding the challenges and successes you have faced in starting and maintaining your business. Your business story and your particular experiences while setting up your own enterprise are highly valuable to us. They will help us to better understand the specific constraints and needs of young people who are engaging in business and to develop policies and recommendations that will effectively improve the entrepreneurial framework for youth. So please tell us your story, tell us how you succeed and what held you back. As entrepreneurship<sup>155</sup> is seen as one crucial factor in driving economic development and employment creation for young people, your assistance is an important contribution to the global fight against youth unemployment.

We would appreciate it if you could answer the following questions as comprehensively as possible. We have listed some sub questions, which may give you guidance to your answers.

Please use the space provided to write your answer. If you need more space, feel free to add more lines or enclose an additional sheet.

We also would appreciate it if you could send, email or fax us back your filled out questionnaire before the 14<sup>th</sup> February 2005.

If you do not want to be mentioned by name in a later publication, please tick the relevant box (question 8 on page 3) and we will ensure your anonymity.

If you have any further questions, please do not hesitate to contact us.

Thank you for your assistance and your precious time!

Yours faithfully,

Ulrich Schoof  
(Research Consultant (SEED))

Klaus Haftendorn  
(Senior Specialist (SEED))

**Please return the questionnaire (by mail/email or fax) to:**

**International Labour Organization (ILO)**  
*Job Creation and Enterprise Development Department (EMP/ENT)*  
*Small Enterprise Development Programme (SEED)*  
**Address:** 4, route des Morillons  
CH-1211 Geneva 22  
Switzerland  
**Tel.:** 0041.22.799.6473 or .8213  
**Fax.:** 0041.22.799.7978  
**Email:** haftendorn@ilo.org or g2mcc@ilo.org

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## ENTREPRENEUR and COMPANY INFORMATION

1. Name (of entrepreneur): \_\_\_\_\_
2. Age: \_\_\_\_\_ years
3. Gender: ☐ Male ☐ Female
4. Education: ☐ Below high school  
☐ Secondary school  
☐ Technical & vocational education  
☐ University or higher education
5. Address: \_\_\_\_\_
6. Email: \_\_\_\_\_
7. Phone: \_\_\_\_\_
8. Do you want to be mentioned by name in a later publication? ☐ Yes ☐ No
9. Name of the company: \_\_\_\_\_
10. Sector of activity: ☐ Extraction (including energy)  
☐ Manufacturing  
☐ Construction  
☐ Wholesale trade  
☐ Retail distribution  
☐ Transport, Communication  
☐ Producer services (financial intermediation, real estate, renting and business activities)  
☐ Personal services (hotels and restaurants, health and social work, other services)  
☐ Agriculture
11. Address: \_\_\_\_\_
12. Website: \_\_\_\_\_
13. Enterprise based in town or village: ☐ Less than 10 000 inhabitants (rural)  
☐ Between 10 000 and 100 000 (urban)  
☐ More than 100 000 inhabitants (large city)
14. Legal status: ☐ Sole proprietor  
☐ Private limited enterprise  
☐ Public limited enterprise  
☐ Partnership  
☐ Informal  
☐ Other: (explain) .....
15. Starting date: \_\_\_\_\_
16. Number of employees in 2004: \_\_\_\_\_
17. Annual turnover in 2003/04: \_\_\_\_\_ in US\$
18. Current situation of enterprise: ☐ Critical: Struggle to survive  
☐ Consolidation, Aim to continue this  
☐ Growth

Please tell us a little more on the start-up phase of your business.

- *What is your business about?*
  - *Is this your first business?*
  - *What was the situation like (before starting your business)?*
- 
- *How did you come up with the idea of your business?*
  - *What have been your major successes (or failures) so far?*

This image shows a full page of white paper with horizontal dotted lines. The lines are evenly spaced and run across the width of the page, providing a guide for handwriting practice. There are no margins, text, or other markings on the page.

## ENTREPRENEURIAL ENVIRONMENT/ CONDITIONS

19. Young people face difficulties, obstacles and barriers to start a business in many fields. In which areas (a to f) did you face the most difficult barriers? Please rank the following areas by importance. Please rank them first (1), second (2), third (3), etc.

Rank: \_\_\_\_\_ a) Social/ Cultural attitude towards (youth) entrepreneurship.  
*e.g. Entrepreneurship is not appreciated and promoted enough by society!*

Rank: \_\_\_\_\_ b) Access to finance  
*e.g. There is a clear lack of access to start-up financing or seed funding for young people!*

Rank: \_\_\_\_\_ c) Government regulations  
*e.g. Excessive administrative and bureaucratic burdens impede youth entrepreneurship!*

Rank: \_\_\_\_\_ d) Education, skills and training  
*e.g. Education and training do not promote/encourage young people to engage in business and to develop good business ideas. Education & training does not match market opportunities appropriately!*

Rank: \_\_\_\_\_ e) Business support (& physical infrastructure)  
*e.g. There is clear lack of business support in terms of mentoring, business counselling and access to working space as well as to business networks!*

Rank: \_\_\_\_\_ f) Other: (please explain)

### ***I. Social/Cultural attitude towards youth entrepreneurship***

1. Why did you engage in business? What has been your main incentive/motivation to start-up your own business? e.g.
- you wanted to earn more money/become rich
  - to be your own boss
  - to seek the challenge (to compete with others)
  - to be respected
  - to do something new
  - to realise your ideas/vision
  - to connect your job/business with your passion/hobby....

- 
2. Was starting a business your only option or did you have other options?

I did not have another choice! ☐

I had other options, but I recognized a business opportunity! ☐

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3. Has your social, cultural environment encouraged or discouraged you to start a business?

- What is/was your perception regarding the attitude of (young) people towards entrepreneurship? Is it seen as a too risky or rather respectable career?

- How have you, as a young entrepreneur, been perceived by your social environment?

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- a. Who encouraged, discouraged, influenced you to start-up a business?

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Influencers	essential influence	mainly positive	mainly negative	no influence	Don't know
1. Parents & family	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Teachers or lectures	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Career advisers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Friends	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Entrepreneurs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Media (TV, Radio, Internet) coverage of businesses and business people	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Other: .....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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- b. In your opinion, what measures could improve the acceptance and appreciation of entrepreneurship in society and in particular among young people of your country?  
(e.g. better media coverage, entrepreneurial education in schools, etc.)

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#### 4. What have been important de-motivators (fears) for you to engage in business?

Fears or de-motivators	strongly disagree	disagree	neither agree or disagree	agree	agree strongly	don't know
<b>1. Financial risks:</b>						
<i>I was worried by the possibility of loosing my (invested) money!</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>I was afraid of not being able to pay back my loan, credit or borrowed money!</i>						
<b>2. Access to finance – Capital to invest</b>						
<i>I was afraid of not being able to get enough money to start my own business!</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>3. Social (protection) risks or costs:</b>						
<i>I was worried by the possibility of having no social safety net /security! (health insurance. Pension, etc.)</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>I was afraid of the high costs for social protection!</i>						
<b>4. Lack of skills (confidence in my skills &amp; experience):</b>						
<i>I was afraid of not having the right skills and experience!</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>5. Administrative hurdles:</b>						
<i>I was worried by the possibility of not meeting licensing and regulatory requirements!</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>6. Gender:</b>						
<i>I was worried by the possibility of being disadvantaged because of being a woman!</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>7. Stigma associated with failing:</b>						
<i>I was worried about what my family or other people would think of me if I failed!</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>8. Workload:</b>						
<i>I was afraid of not being able to handle all the workload</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>9. Corruption:</b>						
<i>I was de-motivated from the level of corruption in business (or society in general)!</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>10. Competition</b>						
<i>I was afraid of the strong competition in my line of business!</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>11. Market Demand</b>						
<i>I was worried by the possibility that people would not have a need for my product or service!</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>12. Other: (please explain)</b>						
.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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## II. Government regulations and policies

5. What were your (positive and negative) experiences with regulations, administrative procedures, bureaucracy and red tape while starting your business?
- What regulations have been administrative hurdles in registering/licensing your business? (e.g. registration costs/ duration/ complex procedures)
  - What regulation(s) did you find most onerous/helpful in setting up your business? Please give some details and explain why!

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6. Other regulative barriers: The following regulations have been serious barriers to set up my business:	very serious	serious	less serious	No barrier	don't know
<b>a. Taxation regulations</b> (unsupportive, too complex or arbitrary)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>b. Tax level</b> ( far too high for young people)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>c. Bankruptcy laws</b> (very/disproportionately punitive to business failure)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>d. Property, copyright and patent regulations</b> (poorly enforced or too strict)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>e. Competition law</b> (e.g. restricted market access)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>f. Subsidy policy</b> (e.g. disadvantaged through subsidies for competitors)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>g. National trade policy</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>h. Other:</b> .....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

7. Have you benefited from any government promotional programme/policy supporting business ventures (of young people)? What have been the advantages and the drawbacks of the programme?

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8. How should the regulatory framework in your country be improved in favour of young entrepreneurs? Which kind of government support would have been (or would be) valuable for you?

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### III. Start-up financing

9. What kind of start-up financing, if any, did you obtain?
- a) money (borrowed) from family or friends or personal contacts*  
*b) credit, loan, leasing, insurance(s), seed funding or subsidies*  
*(from the government, banks, micro-credit institutions, cooperatives, NGOs or other financiers?)*

[illegible]

10. What are your negative and positive experiences regarding the access to start-up financing?
- *Was it rather easy or difficult to obtain financing?*
  - *What have been the major impediments to obtaining start-up funding? (e.g.: no collaterals/assets/guarantees – strict credit-scoring methodologies/regulations – high interest rates and fees – complex documentation procedures – no legal status of enterprise (informal sector), etc.*

[illegible]

11. In your opinion, what measures could improve the access to finance for young entrepreneurs in your country?

[illegible]

#### IV. Education, skills and training

- How has education influenced your entrepreneurial career?  
The educational institutions I attended:
  - ☐ strongly supported my entrepreneurial career
  - ☐ influenced my entrepreneurial career positively
  - ☐ had a negative influence on my entrepreneurial career
  - ☐ impeded my entrepreneurial career
  - ☐ had no influence on my entrepreneurial career
- Looking back to your education, which experiences have been particular useful/valuable or worthless for your business career?

- What kind of educational support would have been valuable for you? How could the educational system in your country be made more supportive for young entrepreneurs (e.g. courses, internships, company visit programmes)?

**V. Business Support (Workshops, Trainings, Advice, Business Counselling, etc.)**

- [illegible]

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- Have these support services been helpful and particular valuable or rather worthless for you and your business? Please tell us why!

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- What kind of business support services/ which kind of skills would have been highly valuable for you?
  - a) During the start-up phase of your business
  - b) As your business is/was growing

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b).....

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- Looking back, regarding what you have achieved and experienced. What are your conclusions on your business engagement?
  - *Was it worth-while to start a business?*
  - *What would you do differently?*
  - *Would you recommend entrepreneurship to young people (aged between 18-34 years) of your country? What would you advise them?*

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**THANK YOU FOR YOUR ASSISTANCE AND YOUR PRECIOUS TIME!**



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