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NEWS AND VIEWS
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EMPOWERING A NEXT GENERATION OF YOUNG ENTREPRENEURS

Youth entrepreneurship is high on the political agenda as a means to boost competitiveness and employment. Young entrepreneurs have the potential to build a new economic dynamic generating growth and jobs. The EU's 2020 growth strategy gives particular attention to entrepreneurship promotion and includes an entrepreneurship action plan that focuses attention on creating a more enabling environment to support youth entrepreneurship.

With many of ETF's 30 partner countries signing up to the Small Business Act for Europe the opportunity to build the next generation of young entrepreneurs has never been better. This policy brief outlines a number of key considerations for governments, private sector and civic interest groups to move forward with more strategic promotion of youth entrepreneurship in ETF partner countries.

WHY FOCUS ON YOUTH ENTREPRENEURSHIP?

Growing youth unemployment threatens economic and political stability. Countries with high youth demographic profiles are even more at risk. Further, negative growth means decreasing work opportunities and the need for alternative means of job creation. Youth entrepreneurship can be part of the solution. Education and training are critical to develop the entrepreneurial mind set and specific skills for business start-up and development. But education and training cannot be disconnected from the wider entrepreneurship support system. A coordinated policy response is necessary to ensure the energy and drive of young people are best harnessed to meet the needs of a 21st century economy.

CONTENTS

- Why focus on youth entrepreneurship?
- How to promote youth entrepreneurship
- What kind of policy environment is necessary?
- Which actions should be undertaken to promote youth entrepreneurship?



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POLICY CONSIDERATIONS

ENTREPRENEURIAL CULTURE

Cultural perceptions and acceptance of both entrepreneurship risk and entrepreneurship failure are considerable obstacles to building an entrepreneurial society. Policymakers have a role to play here. Given that policy frames public opinion, policymakers should consider how the profiling of successful young entrepreneurs as role models, and use of social media, could contribute to a more favourable entrepreneurship culture. Recognising failure as a learning opportunity must be part of the policy message. In addition, a rethink of the teaching and learning processes in school is necessary to equip young people with the skills to manage failure and success which are particular challenges for today's entrepreneur.

ENTREPRENEURIAL LEARNING

Evidence shows that the rate of students who start up their own company increases three-fold after participation in an entrepreneurship programme at school. The EU's 2020 entrepreneurship action plan builds on this data by promoting an 'entrepreneurship experience' as part of compulsory schooling for all young people. Policymakers in ETF partner countries should consider integrating the 'entrepreneurship experience' into school curriculum. Entrepreneurship in ETF partner countries is better developed in vocational education and training with a specific focus on building business skills. However, more attention needs to be given to entrepreneurship as a 'key competence' to build the entrepreneurial mindset of the next generation. The entrepreneurial mindset comprises a set of cognitive and behavioural traits e.g.

opportunity seeking, risk management and creative problem solving. The crux of the issue is that in developing the entrepreneurial mindset of young people, we not only prepare them for business start-ups. Those who do not take the start-up route make for more entrepreneurial employees boosting quality and productivity in the workplace. Further, a policy framework to support lifelong entrepreneurial learning is needed to create change throughout the system. Addressing entrepreneurship from primary to tertiary level creates the potential for a 'domino effect' throughout the learning system. Engagement of the non-formal and private sector in entrepreneurship promotion in schools, colleges and universities can enhance the curriculum and learning process. Teacher training (both pre-service and in-service) will be critical to the wider entrepreneurial learning drive. In brief, teachers and schools need to be an integral part of a nation's entrepreneurship agenda.

GOOD PRACTICE: MAHARAT YOUTH ENTREPRENEURSHIP

Business Development Center, Jordan

Within a national development context the Maharat Youth Entrepreneurship training programme is directed at young people in post-secondary education focusing on the development of the entrepreneurial key competence and business planning. A number of follow-up services are available to ensure students' business ideas translate into real companies including start-up finance, partnering with potential investors and the use of technology in starting and growing the business.

The Maharat training programme recently featured in an on-going ETF initiative, launched in 2012, involving education and training providers from the ETF partner countries and EU member states. It involves a good practice peer review methodology and tools which allow practitioners in training for youth start-ups and other common interest areas to review critically each other's work, share experience and recommend improvements.

ENTREPRENEURSHIP IN POST-SECONDARY EDUCATION

Entrepreneurship in post-secondary education is traditionally better developed in ETF partner countries, with entrepreneurship in higher education generally well addressed. But higher education must better engage in the wider lifelong entrepreneurial learning drive. This will ensure that the necessary interfaces between entrepreneurship promotion in post-secondary education and third-level education are established. Secondly, good practice sharing in post-secondary entrepreneurship promotion can create scale and impact. More developed business-education cooperation can additionally foster innovation in the teaching and learning dynamic and in-turn respond better to the needs of local economies.

Specifically in third-level education, studies show that viable business ideas emerge from technical, scientific and creative studies where cross-campus cooperation drives innovation and entrepreneurship potential. Cross-campus entrepreneurship promotion ensures that students of all disciplines have access to entrepreneurship education – as opposed to entrepreneurship being the sole resolve of the economics or business faculty. This requires effective university leadership agenda as part of a wider bid to improve the employability and entrepreneurial potential of each nation's graduates and support strategies for student start-ups.



DIGITAL SKILLS AND ENTREPRENEURSHIP

Interfacing digital skills and entrepreneurship presents a critical opportunity for the next generation. Ways should be sought to capitalise upon the digital readiness of today's young people to encourage more technological start-ups. Young people need the training, confidence and support to enable them to exploit new technologies. Building digital skills through education and dedicating resources to promote 'webpreneurship' are frontline EU policy concerns and are important policy references for ETF partner countries.

CAREER GUIDANCE

All young people must understand entrepreneurship to make an informed career choice. The engagement of businesses with career guidance services that recognise and promote entrepreneurship as a viable labour market opportunity would encourage young people to consider self-employment and business development as their career path. Ensuring young people are prepared to take over and develop a family businesses must be part of this dynamic. Career guidance services in ETF partner countries, in cooperation with small business support organisations, could therefore have a critical role in supporting young people and family businesses with business succession.

MENTORING

A primary stumbling block for young entrepreneurs is the lack of business experience. Mentoring can address this through one-to-one professional support to build entrepreneurial confidence and know-how. Mentoring requires planning, financial investment, monitoring and evaluation. A number of questions need to be considered to ensure its effectiveness in differing cultural contexts. Is mentoring best when it is informal? What incentives are needed for mentors? And what background, preparation or training do mentors need specifically for supporting young entrepreneurs? Could virtual mentoring arrangements overcome geographical distances and/or social and cultural sensitivities (e.g. in communities where young women's access to mentoring and support is restricted)? Developments in youth entrepreneurship mentoring will require quality assurance and should include business ethics.

START-UP SUPPORT

In ETF partner countries, young people need more considered attention in the wider business start-up support effort. Overall, entrepreneurship difficulties in general are compounded by young people's limited life and work experience; and lack of capital. Start-up guidance, training and follow-up mentoring to early-phase young entrepreneurs may not only mitigate high-risk lending to young people by banks but also generate greater added value from their businesses. Without proper training and guidance, young people may enter into entrepreneurial endeavours which are high-risk and generate low added-value. SME support agencies should therefore consider 'one-stop' shops providing more 'packaged support (e.g. training and financial support, advisory and mentoring services for young people). The package approach would also need to be adapted to specific groups e.g. young women and immigrant youth. On finance, governments and lending institutions need to determine more viable options to finance young people's businesses, including reflection on the notion of tolerable risk. Packaged support to young entrepreneurs should give particular attention to success of loan repayments and business sustainability.

Bilateral and international development banks operational in ETF partner countries should work with local banks on awareness raising and providing training to bank staff on issues of lending to young people. More flexible and innovative financing products and guarantee schemes are necessary. Young people will need to be better informed to identify which type of funding is best for their business. Those scaling-up businesses will need skills to attract investor interest and to exploit new opportunities like crowd-funding.

Monitoring and evaluation will ensure more effective targeting and delivery of start-up services to young people. Government departments, training providers, the banking sector and young entrepreneurs associations should co-work developments to ensure a better start-up environment for budding entrepreneurs.

GOOD PRACTICE: ROCKSTAR

Rockstar works internationally delivering a mentoring programme to develop young entrepreneurs. Business plans are developed and financial needs of young people are defined during a seminar before submission to a 'lending team' that provides specialised financial guidance. After finance is secured, young people receive face-to-face mentoring and on-line support on specific aspects of their funding arrangements to guide them to getting their businesses up and running. Success factors include quality assurance of the mentoring and cross-stakeholder engagement. Rockstar describes mentoring as 'the lifeblood to future generations'.



POLICY ENVIRONMENT

Policy choices for youth entrepreneurship are determined by the economic, social and institutional environment within each country. If stand-alone policies on youth entrepreneurship are not available a clearly identified pillar within a broader entrepreneurship policy framework should focus clearly on youth entrepreneurship. Policies should clearly distinguish between youth entrepreneurship which is a) 'opportunity-driven' and more likely to bring greater value to a national economy and b) 'necessity-driven' entrepreneurship which focuses on getting young unemployed people into self-employment.

Given that entrepreneurship development involves a multi-faceted policy landscape, a more effective policy environment to support young entrepreneurs requires structured coordination between government departments: education, economy and employment but with a clearly defined leadership role by one of the key ministries or higher authority (e.g. prime minister's office). Partnership and engagement with the private sector and civic society is critical to success and further developments in youth entrepreneurship policy.

Finally, given that young people in ETF partner countries are often marginalised or incidental to entrepreneurship policy a concerted effort is needed to engage them directly into the policy development drive. They need policy advocacy skills, organisation and support to contribute directly to the policy cycle. Governments and development organisations have a role in building this capacity. Young entrepreneur associations should therefore be directly engaged in a country's policy effort to generate growth and employment and where entrepreneurship is a core driver for reforms.

CONCLUSIONS

In its efforts to support competitiveness and employment in its partner countries, ETF focus on youth entrepreneurship includes:

1. Promotion of an education and training environment in which young people are able to develop the appropriate mindset and skills for entrepreneurship.
2. Career guidance on entrepreneurship supporting the transition from education to start-up and beyond.
3. Establishing quality outreach programmes involving training and mentoring services, specifically through good practice peer learning.
4. Promoting policy dialogue between education, business and banking communities to close the gap between training and access to finance.
5. A joined-up policy framework for youth entrepreneurship involving public, private and civic institutions particularly including young entrepreneurs.

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