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# ENTREPRENEURIAL OPPORTUNITIES OF YOUNG PEOPLE IN THE EU

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## INTRODUCTION

Young people on their way to adulthood face different challenges, but there is no bigger than to find a satisfactory job. Entrepreneurship is seen as one of the possible solutions to youth unemployment. A decision to take on entrepreneurship creates a strong presumption that an economic self-sufficiency of individuals will hold for the whole of working age and contribute to the development of not only the quantity but also the quality of business activity in the economy. The task of forming entrepreneurial skills in both formal and non-formal education is to promote creativity, innovation of the young people and their ability to identify and transfer the ideas into reality. However, the youth faces some natural barriers to engaging in business activities, including a limited financial, human and social capital.

This article is an extract of the comprehensive study which has been developed within the project “Innovative Development of Entrepreneurial Skills of Youth” (INDESK project) implemented with the support of Erasmus+ programme. The full study provides an overview of good practices, projects, programmes and policies aimed at the development of entrepreneurship among young people within partner countries and at the EU level. This short version summarizes its main points and brings forward what works in supporting entrepreneurial potential of young people.

## YOUNG PEOPLE IN THE LABOUR MARKET WITHIN EU

Young people are considered to be among the disadvantaged groups in the labour market and they are the focus of the European Union's activities. In this article we define “young people” as all those **aged 15-29 years**. According to EUROSTAT in 2017 the ratio of young people in the total population in the EU corresponded to 17.2 %. There were 6 398 100 unemployed young people which corresponds to **unemployment level 13.2 %**. 4.2 % of young people are long-term unemployed. Youth unemployment ratio corresponds to 7.5 %. 32.5 % are young employees with a temporary contract. What is interesting from our perspective is that there are **2 604 900 self-employed young people**.<sup>1</sup>

If we look to the whole of Europe, the unemployment rate of the young people is almost 19 %. There is a lot of difference in the youth unemployment in the several member states of the EU. In Spain and Greece for example almost every second youngster is unemployed, is not participating in a study or involved in a traineeship. The result of this is high costs. In Germany the unemployment rate in the same target group is only 7 %.<sup>2</sup>

Despite the activities that member states governments and even Europe develop, it is still very difficult for youngsters to find a good place in the labour market. Whatever motivated the youth is, at the moment there are not enough jobs for them.

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<sup>1</sup> <http://ec.europa.eu/eurostat/web/youth/data/eu-dashboard>

<sup>2</sup> [http://ec.europa.eu/eurostat/statistics-explained/index.php/File:Youth\\_unemployment\\_figures,\\_2007-2016\\_\(%25\)\\_T1.png](http://ec.europa.eu/eurostat/statistics-explained/index.php/File:Youth_unemployment_figures,_2007-2016_(%25)_T1.png)

## **EUROPEAN LEVEL STRATEGIES AND MEASURES AIMED AT THE SUPPORT OF LABOUR MARKET INTEGRATION OF YOUNG PEOPLE**

To tackle the unemployment of the young people and ignite the entrepreneurial spirit of the young generation the EU has come forward with several key policies and flagship initiatives which directly refer to youth entrepreneurship. The following are among the key programmes and strategies.

### **Youth guarantee<sup>3</sup>**

The European Youth Guarantee is a commitment by EU Member States to ensure that all young people under the age of 25 receive a good quality offer of apprenticeship, traineeship, continued education or employment that is suited to their abilities and experience within four months of becoming unemployed or leaving education. 16 million young people have entered Youth Guarantee schemes since January 2014 and 10 million of them took up an offer, the majority of which were offers of employment. Around two thirds of young people who left the Youth Guarantee in 2015 took up an offer of employment, education, traineeship or apprenticeship.<sup>4</sup>

### **Youth Employment Initiative<sup>5</sup>**

Youth Employment Initiative (YEI) is one of the main EU financial resources to support the implementation of Youth Guarantee schemes. It was launched to provide support to young people living in regions where youth unemployment was higher than 25 % in 2012. It was topped up in 2017 for regions with youth unemployment higher than 25 % in 2016.

YEI exclusively supports young people who are not in education, employment or training (NEETs), including the long-term unemployed or those not registered as job-seekers. It ensures that in parts of Europe, where the challenges are most acute, young people can receive targeted support. Typically, YEI rewards funding of

- apprenticeships
- traineeships
- job placements
- further education leading to a qualification.

### **EU Programme for Employment and Social Innovation<sup>6</sup>**

The Employment and Social Innovation (EaSI) programme<sup>7</sup> is a financing instrument at EU level to promote a high level of quality and sustainable employment, guaranteeing adequate and decent social protection, combating social exclusion and poverty and improving working conditions. EaSI is managed directly by the European Commission. It brings together three EU programmes managed separately between 2007 and 2013: PROGRESS, EURES and Progress Microfinance.

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<sup>3</sup> <http://ec.europa.eu/social/main.jsp?catId=1079>; <http://ec.europa.eu/social/main.jsp?catId=1090&langId=en>

<sup>4</sup> Further information is available at: [http://europa.eu/rapid/press-release\\_MEMO-15-4102\\_en.htm](http://europa.eu/rapid/press-release_MEMO-15-4102_en.htm)

<sup>5</sup> <http://ec.europa.eu/social/main.jsp?catId=1176>

<sup>6</sup> <http://ec.europa.eu/social/main.jsp?catId=1081>

<sup>7</sup> <http://ec.europa.eu/social/BlobServlet?docId=11158&langId=en>

These programmes form the **three axes** of EaSI. The third axis **Microfinance and Social Entrepreneurship**, which is directly related to entrepreneurship, has three specific objectives:

- Increase access to, and the availability of, microfinance for vulnerable groups who want to set up or develop their business and micro-enterprises;
- Build up the institutional capacity of microcredit providers;
- Support the development of social enterprises, in particular by facilitating access to finance.

### **Entrepreneurship 2020 action plan – Reigniting the entrepreneurial spirit in Europe<sup>8</sup>**

The Entrepreneurship 2020 Action Plan brought forward by Commission is a blueprint for action to unleash Europe's entrepreneurial potential, remove existing obstacles and revolutionize the culture of entrepreneurship in the EU. It aims to ease the creation of new businesses and to create a much more supportive environment for existing entrepreneurs to thrive and grow.

The Entrepreneurship 2020 Action Plan identifies three areas for immediate intervention:

- entrepreneurial education and training to support growth and business creation;
- removing existing administrative barriers and supporting entrepreneurs in crucial phases of the business lifecycle;
- reigniting the culture of entrepreneurship in Europe and nurturing the new generation of entrepreneurs.

The Action Plan and its key actions will be followed up by the Commission through the competitiveness and industrial policy and the Small Business Act governance mechanisms. On a national level, it is the SME envoy, appointed by the respective national government, who is responsible for driving the implementation of the Action Plan. The Action Plan was preceded by a public consultation. All citizens and organisations were welcome to participate.<sup>9</sup>

### **Erasmus for young Entrepreneurs<sup>10</sup>**

Erasmus for Young Entrepreneurs is a cross-border programme facilitating the exchange of entrepreneurial and management experience. The exchange is implemented by a stay of a newly established or potential entrepreneur with a well-experienced entrepreneur running a small or medium-sized enterprise (SME) in another country. In the last five years, more than 2 500 pairs of entrepreneurs have benefitted from the programme.

There are also **other non-EU networks and programmes** which support youth entrepreneurship – **Junior Achievement<sup>11</sup>** counting to most prominent ones. JA Worldwide is a global network consisting of 123 countries in which the students are allowed to put their entrepreneurship skills and ideas into practice and start their first business at the international market.

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<sup>8</sup> <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52012DC0795&from=EN>

<sup>9</sup> <https://ec.europa.eu/growth/smes/promoting-entrepreneurship/action-plan>

<sup>10</sup> <http://www.erasmus-entrepreneurs.eu/>

<sup>11</sup> <https://www.jaworldwide.org/>

## IDENTIFYING “ACTIVE INGREDIENTS” TO CREATE A SYSTEM FOR INCREASING ENTREPRENEURSHIP OF YOUNG PEOPLE

In general, entrepreneurship shall be incorporated in the vocational and general schools’ curricula. Skills as sense of initiative, creativity and the like must be fostered in the education system. Also, schools have to improve the connection with entrepreneurs and companies. Entrepreneurship shall be seen as a transversal action to be supported in different sectors.

A wide range of different aspects that young people struggle with to become entrepreneurs and different ways in which they can be improved to foster the entrepreneurship are listed by stakeholders including:

- Improving skills-based entrepreneurship education;
- Changing the mentality/culture about entrepreneurship.  
People fear entrepreneurship and they prefer to be employees. Entrepreneurship is seen as something too complicated or too risky, so it is necessary to change this perception of entrepreneurship to develop it;
- Having more access to financial aid.  
Young people do not have enough money to start a business and they do not get banks loans easily, so it is necessary to improve the financial aid specifically for young;
- Reducing the administrative charges;
- Improving and extending the coaching services. These services should be extended to all vocational schools, universities and young associations.

### Entrepreneurship education

When it comes to entrepreneurship education, it shall help them to be able to define the **basic idea of their enterprise**, to decide **the organisation form and scope of the enterprise**, to get to know the most important **taxation, financial, accounting concepts**, to be able to **communicate with business partners** and to be able to choose their colleagues. The completion of the course shall contribute to the formation of entrepreneurial competences that are necessary for management of an enterprise. The trainings are normally to be provided in modular form and can be implemented in the framework of a modern **blended learning including e-learning**.

The foundations to support **entrepreneurship should be laid down in the upper classes of an elementary school and in the secondary education** by providing a comprehensive competence development enabling the individuals to start an entrepreneurial path. The formal education systems are usually quite strong in terms of competences related to professional abilities, but the development of key competences related to personality traits still needs to be improved (social abilities, flexibility, creativity, motivation). However, the integral transformation of pedagogical culture shall be supported, and it is necessary to promote:

- student-centred pedagogical practice
- differentiated methodology
- personalized ways of learning
- establishment of self-regulating strategies
- variable learning management solutions
- cooperative techniques.

## **Entrepreneurship skills**

The following transversal competences should be developed to become a successful entrepreneur:

- Professional knowledge related to business (legal, financial... issues)
- Creativity
- Social abilities
- Communication skills
- Ability to organise
- Time-management
- Problem solving
- Sense of initiative
- Awareness of individual strengths and weaknesses
- Flexibility
- Motivation
- Responsibility
- Critical thinking
- Decision making
- Planning
- Autonomy
- Self-efficacy
- Managing of success and failure
- Risk management
- Endurance.

***When developing skills for successful entrepreneurship, it is also recommended to focus on and develop:***

- IT skills
- Language skills
- Self-presentation / Self-marketing
- Financial literacy
- Subject matter expertise.

These all can be developed in a more straightforward way than general competences mentioned earlier as there are a bunch of courses which can help you to improve your knowledge and skills in a specific field quite quickly. On the other hand, you will need to gradually challenge yourself and change your behavioural patterns and personality traits in a so-called “learning by doing” process.

***The following can also contribute to increase entrepreneurial potential of young people:***

- Membership in the organization/association of young entrepreneurs
- Short, simple and practical information (e.g. in the form of video instructions) on the possibility of starting a business, responsibilities of entrepreneurs, etc
- Organising free trainings for new entrepreneurs in the cooperation of state, public organisations and not-for-profit organisations
- Organising information seminars about possibilities for obtaining grants

- Developing the competences of public employees and public institutions (e.g. communication skills) responsible for providing information on entrepreneurs' obligations and available contributions for business start
- Support of system of dual education also for small and micro enterprises.

***Proposals to improve the situation in the field of financial support:***

- Providing initial capital to start a business through different public schemes
- Reducing the tax burden on the business sector
- Reducing the administrative burden of existing support programmes.

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