

## Youth Entrepreneurs

- ***Summary of the context and overall objectives of the action***

In view of the changing labour market conditions, starting one's own business or social organization is seen as a promising, albeit risky, work alternative for some young people. In recent years, the EU and national governments have actively promote entrepreneurship as a strategy to address the challenges of young people's transitions into economic activity and as a mechanism for stimulating economic growth. Despite the numerous initiatives and high policy interest on this topic, youth entrepreneurship remains an under-researched topic.

Statistics show that about 48% of young people (18-34 years) in the EU considered having their own business a desirable career, however only 6.5% were self-employed in 2013 (Eurofound, 2015). Furthermore, entrepreneurial intentions and activities vary largely across EU Member States, and tend to be more prominent in countries with high levels of young people neither in education, employment and training (NEETs) (Eurostat, 2013). This diversity seems to reflect national differences in terms of barriers/opportunities to set up new businesses, as well as different labour market conditions and attitudes towards entrepreneurship. Although entrepreneurship seems to be influenced by the wider context in which takes place, little is known about the experiences of young entrepreneurs, their socioeconomic background and the challenges young entrepreneurs face in different EU countries. This project aimed to address these gaps in our knowledge by exploring youth entrepreneurship in two economically and culturally distinct countries: Portugal and the UK Using a transnational, interdisciplinary and multi-method approach with different actors involved in this process - young entrepreneurs and stakeholders - we looked at factors that fostered or prevented young people from becoming entrepreneurs and how these were shaped by socio-economic and cultural factors. Moreover, we aimed to look beyond the numbers and analyse how young people interpret their experiences of becoming entrepreneurs and the main challenges they face. Hence, the main aims of the Youth Entrepreneurs (YE) projects was to improve the understanding of (a) how the process of becoming an entrepreneur was shaped by psychological, familiar, socio-economic and cultural factors (b) the motivations driving young people into self-employment (c) the main difficulties and obstacles they face in this process. Furthermore, it was intended to outline policy guidelines that could encourage and support youth entrepreneurship in both countries.

- ***Work performed from the beginning of the action to the end of the period covered by the report and main results achieved so far***

In a first phase of this study we analysed data from international data sets (e.g. European Social Survey, Global Entrepreneurship Monitor) and international and national reports that considered youth entrepreneurship, in order to understand the main characteristics and trends of this phenomenon. In a subsequent phase, we looked for in-depth information about the processes, challenges and opportunities of youth entrepreneurship in Portugal and the UK. In order to achieve this, we used a qualitative approach and performed two types of interviews: biographic interviews with young entrepreneurs during which they were asked to tell "their story" about how and why they became entrepreneurs; and semi-structured interviews with stakeholders that focused on exploring the support their organizations provided, and their perceptions about young people's needs, resources and main barriers in setting up a venture. This second phase constituted the main focus of the study. In total we conducted 38 interviews in both countries: 28 to young entrepreneurs with commercial and social orientated ventures (18-33 years old) and 10 to stakeholders. The qualitative data was collected in the Metropolitan area of Porto in Portugal, and in the North West and West Midlands of UK. These regions represent important areas of economic development and investment in both countries.

The interviews were analysed by repeated readings and identification of major themes that emerged across them. The main findings show that:

- Youth entrepreneurship is a heterogeneous and complex process. There is a diversity of paths that may shape young people's entry into entrepreneurship, as well as multiplicity of meanings and

identities associated with being an entrepreneur. This diversity is also associated with distinct challenges and needs.

- There is a gap between discourse and practice. Although young people's stories are embedded in meta-narratives of entrepreneurship, their experiences tend to be more complex and diverse; going beyond what usually is narrated and disseminated.
- Entrepreneurship was not necessarily the result of personal characteristics and abilities, but also came about in response to a labour market that was perceived as difficult to reach or unable to deliver self-fulfilment.
- Young adulthood was seen as the "right time" to explore and test entrepreneurial possibilities, since young people perceived there was less at stake. However, being young also involved greater barriers and challenges. This was mainly felt in terms of difficult access to finance, having little experience from the world of work and business, and the image of inexperience passed to others, such as clients and investors.
- Entrepreneurship was described as a co-constructed process. Numerous actors supported and influenced young peoples' process of becoming entrepreneurs, such as family, friends, business mentors, other entrepreneurs and entities involved in promoting entrepreneurship
- Overall Portuguese and UK participants shared more similarities than differences in the motivations and process of becoming an entrepreneur. Nevertheless, context was relevant in shaping how young people felt supported and limited in their actions. For example, Portuguese participants felt that the political investment made in promoting entrepreneurship clashed with family and social attitudes towards alternative professional paths. In the UK there was an overall perception of greater freedom of choice in defining professional paths.

*Progress beyond the state of the art and expected potential impact (including the socio-economic impact and the wider societal implications of the action so far)*

This work provided new insights into youth entrepreneurship research and policies by showing that:

- ▶ Entrepreneurship is a heterogeneous phenomenon and needs to be addressed from a variety of angles and perspectives. There is a need for a more nuanced view that considers the distinct needs and challenges of particular types of entrepreneurs.
- ▶ Programmes supporting youth entrepreneurship should provide a comprehensive range of different forms of support to reflect the diversity of experiences and pathways. This support needs to be spread over a relatively long time span to be fully effective, as the first years of any enterprise are usually the most crucial.
- ▶ Young people do recognise entrepreneurship as an alternative to working as an employee but their reasons for doing so vary. While some are entering entrepreneurship because of difficulties in finding paid employment, others embrace entrepreneurship because it provides an alternative life style and orientation to work. Supporting entrepreneurship as a viable alternative way of making a living and life style, rather than a reaction to limited labour market opportunities may engage more young people.
- ▶ Supporting youth entrepreneurship needs to be understood as a long-term strategy: the policies put in place are more likely to produce both tangible (new companies) and intangible results (changes in the general attitude of the young towards self-employment) in the medium to long term.
- ▶ Although, entrepreneurship should not be seen as a mass solution for youth unemployment, it is a path that needs to be further acknowledged and explored, particularly in the education system. In order to so, policies fostering youth entrepreneurship (e.g. training) should also target professionals working with this population (e.g. teachers, career advisors).