

Youth Entrepreneurship Policy: Contemporary Challenges and Ways Forward

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Executive Summary

- This report sets out a *new agenda* for youth entrepreneurship. It should be of interest to policy makers, private and public support bodies, community organisations and academics.
- We aim to *stimulate debate* and change in support for youth entrepreneurship particularly in relation to finding decent work and enhancing their life experiences.
- We call for a *fundamental change* in policy for youth entrepreneurship. This needs to be attuned to the needs of young people in today's economy and society, to help them address the distinctive challenges they face at the individual, market and institutional levels.
- Our *primary evidence* is drawn from experts and presentations in a series of workshops in Liverpool, London and Paris. We also synthesise the most salient evidence and data, including research by academics, private and public organisations and policy reports.
- We found *numerous definitions* of young people, depending on jurisdiction, organisation, programmes and the research base. Such a broad age-band requires subdividing because of the specific needs of different age groups.
- We also emphasise the need for *segmentation* by gender, ethnicity, education and location because of the effects of intersectionality on the challenges faced. It is this very heterogeneity that underlines the need for a detailed unpacking of this population.
- Young people are currently facing *substantial and multifaceted challenges* as they enter adulthood. High levels of unemployment, growing economic inactivity and the lengthening of time before entering formal employment, pose fundamental challenges. The effects of these challenges are manifested in many ways, leading to longer term scarring. It should be no surprise that young people are experiencing rising and above average levels of mental health problems.
- What is the *role of entrepreneurship* in this picture? Our research finds evidence of a persistent gap between the intentions of young people (aged 18-30) reporting that they would consider running a business (40%) and those actually doing so (less than 10%). These intentions seem to have held up following the COVID-19 pandemic.
- Of those that start, businesses run by young people are *much less likely* to be operating beyond 42 months than all adults of working age, indicating further existing challenges.
- We show the existence of a *variety of challenges* including institutional, market and cultural barriers through to those intrinsic to age - their low levels of work and managerial experience, inadequate financial capital, under-developed business networks, fear of failure and motivational issues.
- An acceleration in the shift towards *life 'online'* and the decrease in personal interaction has changed the labour market experiences of young people. In particular, the reduced personal interaction with peers and mentors has had a deleterious impact on their training and work experiences and ability to develop new networks.
- However, we found that the shift towards a 'digitalised' world presents entrepreneurial *opportunities* for young people, including adapting existing products and services, and the possibilities for innovations through the opening of new markets. This of course assumes that young people can access and use new technologies which is not always the case.
- We found that some of the new forms of enterprise activity, such as in the gig economy, accompany *precarious ways* of earning a living and high levels of competition and stress, leading to negative work experiences.
- Within this dynamic environment, *what can policy do?* Interventions to support youth entrepreneurship, especially entrepreneurship education, are not new and span training,

mentoring and financial support. Evaluations suggest that these have had a mixed success although there is room for improving the robustness of the evaluation process.

- There has been *growth in the number of youth entrepreneurship programmes* across the world. Within the EU, there are programmes and measures that have focused on young people, with some success. However, the scale of the challenges facing young people are considerable and there is unequal access to support.
- Our evidence found that one of the weaknesses of current policies is their *over-reliance on educational institutions* and formal systems. Whilst important, not all young people are involved in further or higher education. Policies need to embrace those on various life-courses, facing different challenges. Policy needs to create an enabling environment in which all young entrepreneurs can thrive whatever their starting point.
- Our evidence found that although there are well-developed institutions and organisations delivering programmes, these vary over location, are *not sufficiently co-ordinated* or integrated. Thus, coverage is inconsistent, generating inequality of access and opportunity. Entrepreneurship should be presented as an opportunity for all, irrespective of academic subject or level of education, from school through to college, university and beyond.
- A focus on the United Kingdom unearthed a *shrinkage in support* for young people entering the labour market and considering entrepreneurship. This is associated with a diminution in the infrastructure for youth as a result of austerity measures and the withdrawal from the European Union (EU), losing access to various youth networks and EU funded programmes.
- We argue that offers of entrepreneurship learning and training should *reflect the diversity* of young people. This includes the provision of support across all types of locations and organisations where youth are prevalent. This is critical if young people are to be informed of the opportunities and challenges of engagement in entrepreneurship.
- Young people need *more agency and a voice* in policy making. Policy and policy makers need to come closer to the worlds of young people, understanding their motivations, where and how they interact, if the relevance, reach and effectiveness of support is to be raised.
- Entrepreneurship education programmes, their objectives, content and delivery have well-established paths but *require improvement* to meet the challenges faced in the contemporary world. This includes engagement through social, as well as educational, business and professional networks, with delivery both in person and online.
- We found that some of the popular and *orthodox methods* of introducing entrepreneurship to young people can be counter-productive. An emphasis on ‘winning’ competitions, for example, may lead to negative learning outcomes, reinforcing fear of failure and accentuating existing gaps between sub-groups.
- Although there is a substantial body of evidence on entrepreneurship policy for young people, much of this is not sufficiently rigorous or independent. We argue for more robust *policy evaluations* to help raise their efficacy, share learning and stimulate policy innovation.
- We do not claim to present a universal blueprint for action or assume that entrepreneurship is for everyone. However, we regard this paper as a *starting point for debate and discussion* to appreciate the power of young people, their diversity, ambitions, and challenges as they move into adulthood. This improved understanding should then affect innovations in the aims, design, content, and delivery of entrepreneurship policy measures for young people to enable them to meet contemporary challenges.

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1. Introduction: Why youth entrepreneurship policy?

This report aims to influence policy interventions for youth entrepreneurship, making it more relevant, engaging, and effective. It should be of interest to those developing policies for youth entrepreneurship at regional, national and supra-national levels, as well as for researchers and policy analysts. We argue that entrepreneurship policy for young people should be set within the context of the severe challenges they face in the labour market and in their lived worlds. The relative vulnerability of young people has been of concern for decades, evidenced by their disproportionately high unemployment and inactivity levels.¹ High levels of unemployment amongst young people tend to be a worldwide phenomenon with some variations: for example, around 15% of young people in the European Union (EU) were unemployed in 2024, but this share was as high as 29% in Spain (OECD, 2024). It was also nearly 13% in the United Kingdom (ONS 2024a). This stubbornly high unemployment has been hardened by the impact of COVID-19 and an economic downturn (Buchanan, 2023; OECD/EC, 2023). Such persistent high levels of unemployment in early life are found to lead to longer term ‘scarring’ with ramifications for subsequent occupational pathways and income, as well as reductions in levels of self-esteem and mental health (Arulampalam, 2001; Daly and Delaney, 2013; Dvoulety et al., 2018).

How should and can entrepreneurship play a role in helping raise engagement of young people in the labour market? Data shows that the business start-up rates for young people are lower than other age-groups and the survival rates of their businesses are lower (OECD/EC, 2023). This is not surprising given the enduring challenges that they face in starting a business with limited human and financial capital.

¹ In the United Kingdom, for example, the unemployment rate (the proportion of the economically active population who are unemployed) for 16 to 24 year olds was 12.8% at 533,000 in December to February 2024 (ONS, 2024a). This compares with 4.2% for the whole population and is up from 11.3% from the year before. The number who are economically inactive (not in or looking for work) increased by 311,000 compared to the previous year, to 3.05 million (ONS, 2024; ONS2024b). This was the highest recorded level since records began in 1992 (ONS, 2024a).

Self-employment rate, European Union

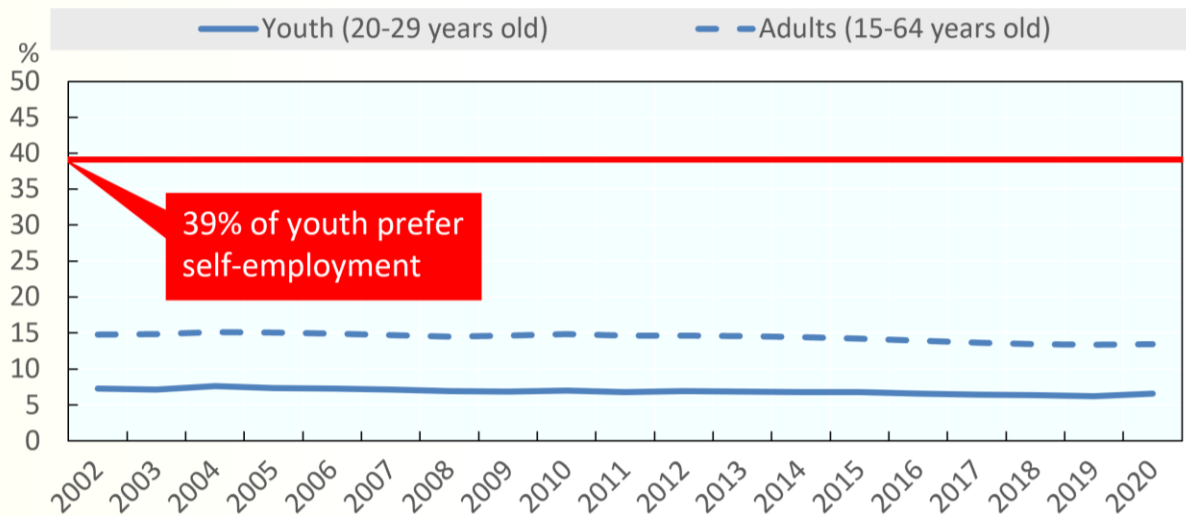


Figure 1.1 Untapped entrepreneurial potential among youth (Data Source: European Commission, 2023) reported in OECD (2023)

However, numerous studies have found that there is an ‘intentions gap’ between the aspirations of young people who would prefer to enter entrepreneurship and those actually doing so. EU survey data reports that 46% of young people would consider starting a business and 39% prefer self-employment over employment (OECD/EU, 2023). This ‘intentions gap’ has remained fairly consistent over time (Figure 1.1). Even if we allow for a sense of naïve ambition, the gap between the numbers actually starting a business and those reporting they would like to do so, suggests the existence of significant challenges for young people in business creation. Detailed analysis reveals that entrepreneurial intentions do affect start-up behaviour but there are massive differences within the population, for example varying by gender, with women less likely to convert their intentions (Shinnar et al., 2018). This brings into question how much policy interventions can make a difference by identifying and mitigating these challenges. How relevant have interventions been to understand and mitigate challenges?

Of course, youth entrepreneurship should not be regarded as a panacea for all the challenges facing young people in the labour market. Many of these precede the pandemic and are part of a longer-term decline of secure employment and rise in liminality (Cuervo et al., 2023). Some of the new forms of self-employment, in the so-called ‘gig-economy’ can bring with them a new precariousness (MacDonald and Giazitzoglu, 2019). Yet, the intentions gap suggests that more can be done to help young people realise their ambitions and ‘test the waters’ of entrepreneurship.

Policies to support young people into enterprise are not new (for example, OECD 1999) and have been subject to a series of vintages of initiatives, spanning different sub-populations of the group (Greene, 2002; Pittaway et al., 2023). Whilst we recognise these attempts, there remain deep-rooted impediments to youth entrepreneurship, as well as many new challenges deriving from social, economic and technological changes. We set out and seek to address these issues by drawing upon a range of evidence sources, including original material presented in a series of workshops by leading researchers and policy makers and a review of the contemporary literature on policies for young people.

We argue for a *major re-think of policy* for youth entrepreneurship. We argue that it needs to be developed as part of a wider strategic approach to assist young people to attain employability and realise their potential, as well as lead to benefits for the economy and society. We start by setting out the objectives of the report, consider the labour market challenges of young people, how entrepreneurship fits within this context and then address the potential for the development of youth entrepreneurship policy. The goal of this paper is to stimulate new thinking in the reach, design and delivery of youth entrepreneurship.

1.1 Objectives of this report

This report aims to influence policy support for youth entrepreneurship and affect change. Its objectives are to:

1. Examine the distinctive challenges that young people face when considering business creation;
2. Recognise and highlight the changes in the environment for youth entrepreneurship and the challenges and opportunities that this may bring;
3. Appreciate the diversity of young people and how the intersectionality of personal and contextual characteristics generate different opportunities and support needs;
4. Review case evidence and some of the policies and institutions that seek to address youth entrepreneurship; and
5. Suggest a new approach by governments to supporting youth entrepreneurship.

We emphasise the need for a *fundamental change in policy* such that new strategies for youth entrepreneurship are developed. These need to be attuned to the needs of young people in today's economy and society, recognising their diversity, ways of interaction in society and the economy. This requires giving young people more agency in policy interventions.

In seeking to realise this ambition we draw upon evidence from a series of presentations and discussions with key stakeholders in workshops held in Liverpool, London and Paris; and a review of the evidence, policy documents and research literature on youth entrepreneurship.

1.2 Defining ‘young people’ and their significance

There are many definitions of ‘youth’ in the field of entrepreneurship. The United Nations defines ‘youth’ as persons between the ages of 15 and 24 years, without prejudice to other definitions by Member States. For instance, the definition given in the African Youth Charter encompasses “every person between the ages of 15 and 35 years” (African Union, 2006). Elsewhere, the UNESCO (2024) reports that:

For statistical purposes, the United Nations defines ‘youth’ as persons aged between 15 and 24. However, this definition is not universal. As the experience of being young can vary substantially across the world, between countries and regions, we consider ‘youth’ as a flexible category. As such, context is always an important guide in UNESCO’s definition of youth.

One of the key observations from the UN is the growing length of time before young people become economically independent, with implications for their transitions to adulthood. Studies worldwide have reported the growth in the share of younger people continuing to live with parents or have returned back ‘home’ primarily because of lack of work and financial pressures (e.g. Budinski et al., 2023 ; Cuervo et al., 2023 ; Kajta et al., 2022 ; Pustulka et al., 2021).

For the purposes of this report, we will consider ‘young people’ and ‘youth’ to include those between 18-34, although we are sometimes constrained by the availability of data and definitions used by others. We also use these terms interchangeably. However, one of the key outcomes of our study is that such a generic definition requires dividing into sub-groups because of their different stages in life and needs in relation to entrepreneurship:

- 18–24 year olds often demonstrate less knowledge and role model awareness, but also less fear;
- 18–24 year olds tend to show relatively lower early-stage entrepreneurial activity;
- 25–34 year olds generally exhibit higher knowledge and role models, but also have a higher fear of failure.

We recognise the need to exercise caution in applying such ‘chronologically-centric’ definitions as they can mask the heterogeneity (e.g. gender, location, socio-economic background) within these groups. Hence, we must be cognisant of other characteristics when developing interventions and engaging with young people.

1.3 Why have a youth entrepreneurship policy?

There are an estimated 1.2 billion people in the world aged between 15-24 years old, accounting for 16% of the global population (UNESCO). Young people and entrepreneurship have been recognised as significant in at least four of the United Nation's Sustainable Goals.² Yet, young people have faced rising economic and employment uncertainties and are particularly vulnerable to the growing 'employment gap', that is the size of the labour force in relation to the number of jobs available, especially in developing economies (ILO, 2022a; ILO, 2023a).

It can be argued that consideration of policies to enable entrepreneurship opportunities for young people is critical in the current economic context (IYF, 2023). A central case for a youth entrepreneurship policy is the diversity of the group and the relatively high levels of under-employment of young people, especially those not in education, employment or training (NEET) and the challenges faced in finding decent work (Murphy, 2023; Francis-Devine, 2023; OECD, 2024). The share of young NEETs has increased to 23.5%, with females (32.1%) having levels twice as high as males (15.4%) (ILO, 2023b). This indicates a serious and growing loss of their potential contribution to the economy and for young people themselves, a diminution in their acquisition of skills and opportunities to achieve financial independence at such a critical point in life. The lack of engagement in the labour force or work is not only detrimental for the transition to adulthood but has been found to have enduring impacts throughout life (Greene, 2021). There is also a growing body of evidence that young people also have growing rates of mental health problems in absolute terms and relative to older age-groups (Blanchflower et al., 2024). This further reinforces the challenges they face when engaging in the labour market (McCurdy and Murphy, 2024; ILO, 2022a; 2022b).

Given this *macro-context* and the gap between young people wanting to start a business (intentions) and the lower levels actually doing so (actualisation), it is worthwhile scrutinising the reasons for this 'gap' and considering raising the efforts and investment into policy support for young people. Previously published youth entrepreneurship policy guides have stated that, when the formal labour market is not able to absorb an additional labour force, then special programmes may help by encouraging engagement through entrepreneurship (OECD/EU, 2012). When put alongside the high levels of unemployment and inactivity, the recognised 'intentions gap' may be interpreted as an opportunity for the reinvigoration of policy. Certainly, society is different from that of five years ago with higher levels of economic uncertainty, presenting a context that young people have to

² These are interdependent and include Goal 1: No Poverty; Goal 5 Gender Equality; Goal 8 Decent Work and Economic Growth; and Goal 10, Reduced Inequalities (UNDESA, 2020: 6).

encounter. Evidence shows that young people looking to enter business ownership face several distinctive and new challenges (Minola et al., 2014; OECD/EU, 2023). If this is the situation, a case for intervention requires careful consideration particularly given the risks that business ownership can bring. Yet what is more challenging is how to develop and deliver policies that provide decent work opportunities, and gain traction and impact. Can we produce an integrated policy that meets the needs of such a diverse population, with their different age categories and intersectional differences? What of the potential impact on the quality of work for young people, given the widespread rise in precarious jobs (Rydzik, & Bal, 2023)?

2. Youth entrepreneurship in action: what do we know so far?

The field of youth entrepreneurship has a well-established literature and history of policy interventions (e.g. Greene, 2002). Yet, the dynamics of the economy and society bring with it a changing landscape of challenges and opportunities for young people. Here we focus on their intention rates, previous policies and the key challenges facing young entrepreneurs today.

2.1 Intention rates

Young people are generally positive about entrepreneurship as a career option and have been so for some time (OECD/EU, 2020). However, there is a gap between the intentions of young people and their activation, the so-called 'intentions gap' (OECD/EU, 2020). A recent European Union (EU) survey on youth entrepreneurship by Eurobarometer revealed that 46% of young people would consider setting up their own business but have not yet taken steps to do so (European Commission, 2023). The survey also found that few young people surveyed are self-employed: 9% have already started a business and an additional 14% are taking steps to start a business. These shares are consistent with other surveys published over the last 20 years, with estimates of 40-45% of young people preferring self-employment as a career option (OECD/EC, 2023).

Explanations for the intentions gap include low levels of awareness of the potential of entrepreneurship as a career option, few entrepreneurship role models, lack of entrepreneurial skills (including soft skills such as decision-making and resilience), difficulty accessing finance, and lack of support infrastructure, such as networks for young entrepreneurs and a fear of failure (Liñán & Fayolle, 2015; OECD/EU, 2020). There are also differences within the population of young people. Longitudinal research shows that although entrepreneurial intentions are found to be positively related to start-up, the enactment rate is lower amongst females (Shinnar et al., 2018). There is also evidence reporting that although business ownership does appear attractive to graduates, many prefer first to take on an employee job, gaining the necessary skills and experience before starting their own enterprise (Sieger et al., 2021).

One of the persistent issues found in studies of young people is their fear of failure, a concept that is salient in studies of entrepreneurial intentions amongst young people (e.g. Tubadji, 2021).

A rise in the levels of uncertainty in the post-pandemic economy has further reinforced fear of failure amongst young people, to around a half of the 15-24 age group. This perceived cautiousness is confirmed with the fact that some businesses run by young people have become unsustainable. However, it may be argued that running a business is too often seen as a zero-sum game, where a

lack of financial success equates to the end of the line and complete failure. It is arguable that there is a need to allow for more experimentation and a culture of learning by doing, particularly amongst young people, even if it leads to an unsuccessful business outcome. Acceptance that failing is also a learning experience requires a major culture change starting in the early years of socialisation and education. This leads to questions of how can entrepreneurship education help to reduce the barriers to running a business and to what extent can entrepreneurship education help close the so-called intentions gap? Such agendas have been addressed by numerous researchers, using a range of methodologies but questions remain on the relationship between entrepreneurship education programmes and their outcomes (e.g. Fayolle & Gailly, 2015; Loi et al., 2021; Overwien et al., 2024).

2.2 A brief overview of previous youth entrepreneurship policies

2.2.1 The case of the United Kingdom

2.2.1.1 The United Kingdom's tradition for youth entrepreneurship support through educational structures

Entrepreneurship education (EE) programmes for young people in the United Kingdom span over 50 years and it is to this context that we focus attention when examining EE.³ Numerous studies chart its roots and development through educational institutions, business-sponsored programmes and government initiatives, the latter often stimulated in response to unemployment (Greene, 2002; Pittaway et al., 2023). In practice, such programmes have tended to address different cohorts of youth depending on their life course: entrepreneurship education, including schools, colleges and universities, to those aimed at young people of working age transitioning to or out of work, with different levels of mentoring and type of financial supports (Pittaway et al., 2023). Despite a lengthy existence and periodic reviews development appears to be piecemeal and it has been argued that the United Kingdom has 'long-lacked a comprehensive youth policy agenda' (MacDonald et al., 2023: 9). In this sense, youth entrepreneurship policies have a diversity of origins and goals with no over-riding strategy.

How effective this panoply of programmes has been remains open to debate given that independent evaluations are rare. Those that exist report mixed results and young people in the United Kingdom have consistently had higher rates of unemployment than other age-groups: at 10.5% compared with

³ Using STATA data from 2022, we estimate that there are 9.985 million people aged 18-30 in the United Kingdom (See: <https://www.statista.com/statistics/281174/uk-population-by-age/>).

4.2% for the overall population (Murphy, 2023; Francis-Devine, 2023). The most recent evidence shows that young people have also suffered disproportionately in terms of their financial stability with rising costs of living and fewer employment opportunities (British Youth Council/Youth Select Committee, 2024).

Formal educational institutions have played a prominent, if not dominant role in the development and delivery of entrepreneurship for young people. Our research and workshops reflected on the variety of entrepreneurship education activities, spanning all levels of education, from schools (e.g. Conway, 2022) through to universities (e.g. Pittaway et al., 2023). Despite the longevity and promotion of entrepreneurship education, critical analyses have called into question the strength and commitment of educational institutions to entrepreneurship. In practice entrepreneurship education interventions have often been positioned as *extra-curricular* activities in schools, and further and higher education institutions (Lin et al., 2023; Pittaway and Cope, 2007). In a report on EE in schools, for example, a report for an APPG argued that “England remains one of the few places in Europe that has yet to develop a specific entrepreneurship education strategy for schools” (APPG, 2022: 4).

A recurring issue in the United Kingdom appears to be an absence of a comprehensive youth entrepreneurship strategy with access for all, or systematic evaluations of programmes to stimulate subsequent programme innovations. We found weaknesses in the reach of interventions, despite exhortation by one of the pioneers of enterprise education, of the need to consider the *specific contexts* in which they were to be delivered (Gibb, 1993). This chimes with the experiences elsewhere (Penaluna et al., 2020). Furthermore, despite pioneering many youth entrepreneurship programmes, especially in the 1990s,⁴ the more recent experience in the United Kingdom has seen a diminished scale partly associated with a depletion of youth organisations and formal youth networks (see below: Dr Richard Parkes at the London Workshop).

One of the strongest aspects of support for younger people in the United Kingdom has been through schools and colleges. There have been numerous reports on the effects of such programmes on raising the awareness entrepreneurship as a career option (Pittaway et al., 2023). Davies (2002) conducted a review of enterprise and education and provided a clear statement of what government

⁴ For example, see the discussion of the Shell Technology Enterprise Programme. A long-term evaluation of the study found that although self-employment continued to be a less favourable employment option for all students, whether or not on the programme, those who had taken part in the STEP had a more positive attitude to self-employment or starting a business (Westhead et al., 2001).

policy should do, including the creation and monitoring of a benchmark for the enterprise capability of young people. Lord Young (2014) led a review of enterprise education within all levels of formalised education in the United Kingdom, making numerous recommendations.⁵

A decade ago, the All-Party Parliamentary Group (APPG) for micro-enterprises concluded that the government should have an overarching strategy crossing government departments on the matter of enterprise education (APPG, 2014) and this has been repeated more recently (APPG, 2022). The group recommended that this strategy should reflect the needs of the full educational spectrum, rather than just tertiary education. Deane (2016) led an independent review on self-employment in the United Kingdom, including on young people, which recommended that education should better prepare young people for potential future self-employment roles, especially in relation to finance and taxation. More recently, a review of youth entrepreneurship aimed to investigate the obstacles and propose solutions to support enterprising young people aged 18-30 years old from all backgrounds (Prince's Trust, 2021). This report emphasised the need for banks to address the needs of young people; a better support system to enable young people to transition from welfare to self-employment; that data on age be collected by support agencies to monitor engagement; the showcasing of successes; and a stronger representation of young people in support organisations. Despite such reports and their recommendations, these have not resulted in any formal government strategy or integrated approach for youth entrepreneurship.⁶

To this we heard in our workshops that a significant gap in provision exists for those outside mainstream educational systems, particularly young people not in further or higher education or training schemes (NEETS) (ILO, 2022c). Hence, whilst there have been some incremental improvements in entrepreneurship education in the United Kingdom, it is fair to say that these initiatives have not been available to all (FSB, 2022). Our research found that one of the most comprehensive strategies for young people in the United Kingdom was the Youth Entrepreneurship Education Strategy in Wales (YES, 2004).⁷ A distinctive feature is the recognition that there needs to

⁵ This included the establishment of a national volunteer network of enterprise advisors to collaborate with schools; the embedding of enterprise into various educational curricula, with the inclusion of entrepreneurship within Level 3 vocational courses, as well as enterprise modules for university students; and for a supported and active enterprise society within every higher education provider in the United Kingdom (Lord Young, 2014).

⁶ For a more comprehensive account see Pittaway et al. (2023).

⁷ Aimed at those aged 5-25 this encompassed activity both within and outside formal education with detailed action plans for i) Awareness - Developing the culture ii) Learning - Equipping young people with relevant skills, knowledge and experience and iii) Support - Providing an effective and demand-led support infrastructure (YES, 2010).

be an integrated approach with all relevant stakeholders and a built-in evaluation process. Hence, the plan stated:

‘It is crucial that the public, private and voluntary sectors take ownership of the vision and delivery actions. The success of this Strategy will ultimately depend on genuine commitment and partnership working by all stakeholders’ (YES, 2010: 10).

The initial action plan was extended for 2016-2022. An evaluation of the YES in 2022, found that the programme had exceeded its targets and suggested actions for improvement to 2026 (Arad Research, 2022). The YES of Wales provides a good example of what can be achieved through an overall strategic plan and working and co-ordinating with existing organisations inside and outside the education system. It has been argued that such initiatives could be used as a basis for the development of initiatives in other jurisdictions (Penaluna et al., 2020).

In terms of organisations outside the formal educational system, The Youth Futures Foundation (YFF), for example, focuses on young people aged 14-24 who face discrimination or disadvantages and highlight the challenges of overcoming inequalities, stating that “...recent policy action has not stemmed inequalities in the employment market” (PWC-YFF, 2022: 38). The report finds that much of the paid work that is available is either precarious or negatively impacting the overall wellbeing of young workers and driving them towards other options such as entrepreneurship. The latter may also be no haven for decent work. The PWC-YFF report highlights how different policies for young workers were implemented across the four nations of the United Kingdom at the beginning of the COVID-19 pandemic throughout the crisis, with Scotland subsequently performing the best in terms of youth labour market statistics since the implementation of these youth labour market policies.

2.2.1.2 Negative impact of Brexit and closure of European Union support measures

Many of the interventions that impacted on the lives of young people in the United Kingdom generally received support from the EU, including European Social Fund (ESF), the European Regional Development Fund (ERDF), and the European Agricultural Fund for Rural Development (EAFRD) (Soldi and Cavallini, 2017). The effects of Brexit on the demise of initiatives for young people have not been fully assessed or evaluated partly because of the time it takes to feed into programmes. Whilst accepting that the level of interventions varies across nations, our findings for the United Kingdom somewhat contrasts with the bolstering of investment and interventions for youth entrepreneurship in some parts of Europe (e.g. EXIST in Germany)⁸ (OECD, 2023: Ch. 8).

⁸ See: <https://www.exist.de/EXIST/Navigation/EN/Home/home.html>.

These findings are reflected in the views of younger people, who regarded the vote to leave Europe as led by older people.⁹ Inevitably, the diminution of EU supported programmes means that the ways in which young people can participate in society and the economy and be reached has also contracted (see Dr Richard Parkes below). Much of the support for young people is channelled through Local Authorities in the form of ‘youth work’ (Frontier Economics & Youth, 2022). These have undergone substantial reductions in budgets and support for young people has been rolled back. For example, published data shows that the amount spent in real terms per head on youth services for people aged 5-17 years old has fallen from GBP 158 in 2010/11 to GBP 37 in 2020/21 (Davies, 2024). Accompanying such cuts is a shrinking of the support infrastructure for young people, in 2017-18, for example, it is estimated that in the United Kingdom 760 youth centres closed, 4 500 youth work posts and 139 000 youth service places were lost together with at least 35 000 hours of ‘outreach work’ (Davies, 2024: 493).¹⁰

A decline in the support infrastructure has had an uneven impact across the youth population. One group that continues to experience severe challenges is those not in employment education or training (NEETS). In the United Kingdom the number of young people who were aged 16 to 24 years old and NEET has slightly increased since 2021 to an estimated 851 000 (12% of 19-24 year olds) (ONS, 2024b). These groups are somewhat harder to reach and require working with trusted local or community organisations. However, there are examples of programmes that can break down the barriers between delivery agencies and isolated groups. These involve careful targeting and the cultivation of trusted relationships. A programme involving European partners funded by Norway, Liechtenstein and Iceland, show that such an approach can make an impact (Parola et al., 2022). The United Kingdom and Europe are not alone in their experiences of the rising challenges associated with youth employment and the role that an enriched support eco-system can play. Van der Westhuizen (2023), for example, sets out a detailed case for the development of a youth-led eco-system for entrepreneurship development based on experience in South Africa.

Set within the most recent impacts of COVID-19 and a financial crisis in the United Kingdom, Brexit has inevitably led to a reduction in the infrastructure associated with EU funded-programmes and

⁹ For a discussion on the perspectives of young people see for example: Mejias, S. & Banaji, S. (2017).

¹⁰ The effects of this austerity have been highlighted in a survey of young people undertaken in April 2024 for the National Youth Authority who report that young people are ‘crying out’ for a return of youth clubs as a means of engaging with youth workers, supporting their well-being and meeting others to build confidence and enabling inclusion (See: <https://nya.org.uk/wp-content/uploads/2024/06/NYA-Youth-Survey-2024-Report.pdf>).

financial support for youth entrepreneurship. This must be set against the fact that the majority of young people eligible to vote in the Brexit referendum voted to remain and may lead to disaffection amongst younger people with feelings of not been heard.¹¹

Hence, we can only conclude that support landscape for young people seeking entrepreneurship opportunities is somewhat fragmented and has suffered because of the exit from the EU, COVID-19 and the recent financial crisis. Despite attempts to develop the support infrastructure and launch various initiatives, these have struggled from a lack of an overall strategic framework or plan, leading to the current patchwork of provision and inequality of access. In the face of the scale and complexity of the challenges faced by young people entering the labour market, their high levels of unemployment and disengagement and deteriorating well-being, the situation requires serious attention and systemic change.

2.2.2 International policies

Globally, entrepreneurship support for younger people has grown substantially, including developments in entrepreneurship education, attempts to understand the personal characteristics that lend themselves to having an ‘entrepreneurial’ mindset, through to specific targeted measures to overcome barriers to business start-up (OECD, 2023). In developing an understanding of entrepreneurship with a view to learning and education, the EU has identified a range of competencies, organised into a framework known as ‘EntreComp’ which forms the basis for personal development. This framework comprises three interrelated areas: ‘ideas and opportunities’, ‘resources’ and ‘ideas into action’ (Bacigalupo et al., 2016). These competency areas and their sub-competencies have been quite influential in entrepreneurship education, through setting out curricula content, programmes and learning activities, and are particularly relevant for younger people (e.g. Joensuu-Salo et al., 2022). In terms of public policy support for young people starting a business there has also been significant advances in two main fields: financial support (grants; loans; microcredit); and non-financial support (training; coaching; mentoring consultancy and networking) (OECD/EU, 2023: 194-5). More recently, EU Member States have responded to the youth unemployment crisis with a wide range of employment measures for young people (OECD/EC, 2021). An assessment of inclusive entrepreneurship policies across the EU found that two-thirds of all EU Member States now have a specific youth entrepreneurship strategy (OECD/EC, 2021). However, of

¹¹ One estimate is that 75% of those 24 and younger voted to remain in the EU with the strongest support to remain amongst those in full-time education (81%) (Dodourova et al., 2019).

these strategies, only approximately half of these have clearly-defined targets and objectives (OECD/EU, 2023).

Of course, there are no universal policy solutions to enabling entrepreneurship because of the very different socio-economic contexts worldwide. Although we primarily focus on developing economies in this study, there is recognition of significant progress in other countries and a need for context specific policies, particularly given the varying age distribution. In 2015, the United Nations Conference on Trade and Development published a policy guide on youth entrepreneurship (UNCTAD, 2015). The purpose of this guide was to support policy makers in developing and transition economies to construct policies and programmes, as well as to establish institutions to promote youth entrepreneurship, which would provide the foundation for job creation through the development, expansion and growth of youth-led enterprises. The main recommendations from the guide were that policy makers should do the following:

- Optimise the regulatory environment
- Enhance entrepreneurship education and skills development
- Facilitate technology exchange and innovation
- Improve access to finance
- Promote awareness and networking

A report by the Investment Climate Reform, an international funded organisation focused on Africa, Caribbean and Pacific (ACP) countries, details how national governments have invested in initiatives that concentrate on incorporating young entrepreneurs into economies through enhancing how they can supply their respective markets (ICR, 2023). This has been accomplished through investments into reforms that focus on augmenting their aptitudes and resources via the provision of training, mentorship and access to finance for entrepreneurial activities. We heard of the way in which a public-private partnership in Rwanda has been delivered to help young people in sustainable entrepreneurship (Darrell Kofkin at the Liverpool Workshop: see section 4).

2.3 Summary of key challenges

Our research for this report has found that policies for young people have evolved but had mixed impact primarily because of a failure to fully appreciate the heterogeneity of young people, the impact of COVID-19 and an uneven or weak support infrastructure. This renders setting out an agenda for entrepreneurship for young people with clear objectives problematic. The insights from the literature, published reports and articles on youth entrepreneurship policies and our three

workshops help to set the context for understanding the main challenges facing young people entering business ownership. We identify these as:

- i. A lack of *awareness* of the potential for entrepreneurship through accessible role models, resulting in a lack of encouragement or even negative social attitudes towards youth;
- ii. A weakness in the *content and scale of education* and training programmes to nurture entrepreneurial attitudes and skills across the diverse population of young people, especially in less privileged environments;
- iii. The lack of prior work and entrepreneurship *experience amongst young people* as a deterrent to business start-up and entrepreneurship performance;
- iv. Younger people having fewer *financial resources* including savings, difficulty obtaining external finance, including debt finance, which can hamper business start-up;
- v. *Limited business networks* and business-related social capital amongst young people, which has consequences for business start-up and obtaining legitimacy;
- vi. *Market barriers* against supporting youth-owned businesses and discrimination in their product and service markets by potential customers; and
- vii. *'Digital inequalities'*, in that young people have unequal access to the internet associated with location, costs of connection, hardware and software as well as specific skills. Clearly the often portrayed depiction of young people having access to the internet and being 'internet savvy' is far from the reality.¹²

We emphasise that the term 'youth entrepreneurship' is an umbrella term that should be treated with caution both conceptually and practically. The above challenges vary according to the specific contexts and the intersectionality related the different characteristics of young people. At the macro-level, there is a substantial amount of data sources that include the age of people including the United Kingdom's ONS, OECD, ILO, UN, GUESSS and GEM data sets. These sources provide an effective demonstration of the scale and types of enterprises run by young people, sometimes by subgroups based on available demographic data. These data provide a useful empirical background to help develop an understanding of the challenges and opportunities faced by young people in their transition to adulthood and beyond.

¹² See for example: Bynner, J. & Heinz, W. (2021) for a discussion of the challenges of youth and more recently <https://digitalyouthindex.uk/wp-content/uploads/2021/12/Nominet-Digital-Youth-Index-report-2021.pdf>

The purpose of this paper is not to repeat this conventional wisdom or provide a comprehensive critique (for full reviews see, for example, Smith (2020) or OECD/EC (2023)). However, in our study we drew upon the literature to help us contextualise our approach. Based on our review of these listed key challenges, the three emerging themes that we have identified are:

- Structural challenges for young entrepreneurs;
- Challenges that derive from the scale and scope across different groups of young people; and
- Motivational and attitudinal challenges to youth entrepreneurship amongst young people.

We also identified weaknesses in the policy content: the reach and delivery to meet contemporary challenges and learning from previous interventions. A recurring theme appears to be the patchwork quilt of policies which not only leads to a lack of co-ordination but has led to some young people being disenfranchised from accessing initiatives. We also recognise that there is insufficient shared learning because of poor evaluation systems. Our main evidence base is from developed economies, particularly Europe and the United Kingdom. The next chapter will draw upon our empirical collected data in order to address these themes and derive new insights.

3. Current challenges to youth entrepreneurship: workshop evidence

3.1 Structural challenges

In this section we acknowledge and discuss the fact that the youth population face a number of challenges associated with their skills, social and cultural capital, finance and networks when it comes to starting a business related to the environmental ‘shock’ of COVID-19 and changes in the economy and society, highlighting the enhanced precariousness and uncertainty that young people face today and how this relates to entrepreneurship.

3.1.1 The compounding impact of COVID-19 pandemic

The COVID-19 pandemic appears, on balance, to have accentuated the labour market vulnerability of young people (Barford et al., 2021; OECD/EC, 2021; OECD, 2023). This vulnerability is likely to have long-term impacts as crystallised by Blundell et al. who found

‘Young workers, particularly those who would have entered work this year, face potentially long-lasting scarring from the collapsing labour market’ (Blundell et al., 2020: 292).

This adds to the already significant hurdles in the transition to adulthood – progressing from school, college and university to finding employment and financial security (McCurdy & Murphy, 2024). This scarring is not merely an economic effect but there is also evidence of an impact on mental health (Hicks et al., 2021; McCurdy & Murphy, 2024). This impact is influencing the relative attractiveness of self-employment to young people. A recent survey found that the younger self-employed were 8 to 10 percentage points more prepared to switch to employee jobs even when this entails a pay cut (Blackburn et al., 2023: Appendix 1).

We found that, in some respects, young people were more able to take advantage of opportunities deriving from the pandemic’s effect on the acceleration in digitalisation given that many are ‘digital natives’. However, this relies on specific pre-conditions such as people having the appropriate education and skills, access to finance and hardware and access to infrastructure (Lythreatis et al., 2022).¹³ Overall, the evidence shows that the pandemic has had differential impacts on youth and youth entrepreneurship: much depends on their previous status and inevitably intersectionality issues lead to diverse outcomes.

¹³ See for example British Youth Council/ Youth Select Committee (2024).

We heard in one of our workshops how environmental shocks affect different groups differently and this can be explained with reference to the concept of cultural change or ‘hysteresis’ (Dr Annie Tubadji in Liverpool). This is based on the premise that, faced with the same change in uncertainty, people with different cultural identities tend to respond differently in their attitudes to the same change (Tubadji et al., 2016). Thus, although at the macro-level of entrepreneurial activity amongst young people appear not to have been disproportionately affected by COVID-19, it may have had a disproportionate impact on the levels of ‘fear of failure’ within the population of young people because of variations in cultural persistence. As a result, levels of entrepreneurship activities within the population of young people may increase or decline because of COVID-19 depending, in particular, on their response to fear of failure. Under these conditions, attempts to reduce labour market inactivity and unemployment through entrepreneurship may, within some circumstances, struggle and have uneven impacts because of the cultural diversity across young people. This suggests that public policy requires a fundamental step change in investment if it is to have an impact amongst *all* young people to overcome fear of failure. Moreover, policy interventions will have different effects across locations, depending on their already varying propensities to entrepreneurship (Tubadji et al., 2021).

3.1.2 Education and training

Over the previous two decades the general education levels of the self-employed has increased and in some countries exceeds that of the employee population (van Stel & van der Zwan, 2020). However, there remains a wide disparity in the educational levels of young people and their entrepreneurship education and training needs will vary. Entrepreneurship education has developed worldwide over the past 40 years, with various objectives and delivery organisations, and taken the form of short courses, training programmes, mentoring and competitions. This dynamism, diversity of objectives and activities makes it difficult to easily ring-fence what entrepreneurship education is (Greene, 2021).

In developed economies, whilst entrepreneurship education has been evident across further and higher education and in schools more sanguine assessments point out that they have tended to have limited reach and impact and their evaluation methods are problematic (Greene, 2002; 2021; Pittaway et al., 2023). First, they have tended to focus on business and management studies; second, they have been more evident in universities; and finally, they have been slow to become part of the mainstream curriculum. Only recently has entrepreneurship courses become available to

students across all disciplines with some areas remaining uncharted territory, particularly in the sciences and technology subjects.

Evaluations find that some government schemes to support entrepreneurship through education and training have failed to meet their core objectives. As an example, from 2003-2005 the United States Department of Labor, Employment and Training Administration collaborated with the Small Business Administration to create Project GATE (Growing America Through Entrepreneurship), which was designed to help people create, sustain or expand their own business (OECD/EU, 2013). The final evaluation of this project revealed that Project GATE had no impact on regular self-employment earnings during any of the 16 quarters following random assignment and also no impact on total earnings during the follow-up period (Impaq International, 2009). This example highlights the need for better tailored approaches to education and training schemes for young people as there is no guarantee of success when it comes to government-backed support provisions.

Ms Helen Shymanski, speaking at the Paris workshop:

“All entrepreneurs face challenges in business creation and growing their enterprises. Young entrepreneurs tend to face heightened barriers and more of them. This is due to a range of market barriers, regulatory burden, administrative procedures but also due to a lack of skills, access to finance, networks and also overall awareness of entrepreneurship as a viable career option. So among youth we see a notable lack of skills.”

Even though Project Gate was some time ago, with the passage of time evaluation methods remain problematic, not least because of the so called ‘ambiguity’ of what success means (Greene, 2021). Entrepreneurship education may lead to a range of outcomes and not necessarily business start-up, rendering particular care in evaluation design to capture different impacts (Pittaway et al., 2023). We also found that in many countries around the world, formal education and training regimes for young people continue to focus on employee jobs for labour market entry, leading young people to aspire to work for large corporations or public sector organisations. This can reinforce a preference of high uncertainty avoidance amongst young people (e.g. Ogunsade, 2021).

3.1.3 Bias against youth

Our workshops found that young entrepreneurs are found to have a challenge related to how they are perceived and treated by others, as well as how they perceive themselves (Prochotta et al., 2022). These perceptions can affect their entrepreneurial potential and success. This is sometimes

associated with misconceptions that young people are not sufficiently qualified or experienced to run an enterprise. This culturally-embedded bias adds to that faced by new and young firms generally, leading to a reluctance by others to engage in business exchanges as suppliers or customers. This is particularly tangible when young entrepreneurs try to engage with established support agencies or financiers because of a lack of a track record. Clearly, young people need support to help them with establishing legitimacy and credibility if their businesses are to be taken seriously. We found this bias to hold across different countries, irrespective of their stage of development (Makina, 2022).

3.2 Challenges emanating from the heterogeneity of youth

3.2.1 The complicated but significant role of intersectionality

There is strong evidence from our workshops of how the challenges of developing and delivering interventions are compounded by the heterogeneity of the youth population. At its simplest, whilst a chronological 18-34 year old age category is useful for some purposes, it is insufficient for the development and delivery of detailed and appropriate support interventions. If entrepreneurship support is to be available for all it needs to consider intersectionality issues, including socio-economic class, gender, race, etc. and attune interventions to their specific contexts. This is further compounded when location and regional opportunities for entrepreneurship are considered. Many of these characteristics are discussed in the OECD's Missing Entrepreneurs series (OECD/EC, 2023) but how to resolve these issues and deliver programmes to a scale remains a challenge. If entrepreneurship support is to be available to all, it must accommodate these complexities as well as address the variations in unequal access to resources within the youth population (e.g. UNDESA, 2022).

Professor Robert Blackburn, University of Liverpool, speaking at the Paris workshop:

“We need to understand how young people live their lives in current society if we want to raise the relevance and reach of entrepreneurship policies. It's important that we devise policies that enter the lived worlds of young people. There are some very, very successful policies but are these accessible for all? Certainly, quite a lot of people don't want to go near government and any policy interventions. So, it's important we try and understand the characteristics and needs of young people including intersectionality issues.”

The findings from our workshops illuminated how inequality and diversity are an integral part of the lives of young people, reflecting deep rooted conditions in society and the economy. It is the intersectionality of these phenomena that requires policies that are attuned to a variety of

conditions and inequalities of access to resources. This, may for example, be between regions within and across countries as well as socio-economic disadvantages or advantages between different groups of young people. The implication of this heterogeneity is that youth entrepreneurship policy appreciates the complexities deriving from intersectionality if it is to reach sub-groups of the population and develop programme content and support to help overcome their challenges. This point relates to the need to engage with organisations where young people socialise and are involved. For example, the challenge of achieving ‘legitimacy’ as entrepreneurs can be particularly challenging for females and some ethnic minorities starting and running a business (e.g. Swail & Marlow, 2018; Wingfield & Taylor, 2018).

3.2.2 Intentions gap and survival rates

As discussed earlier (section 2.1), one of the rationales for a policy to support young people into entrepreneurship is a recognition and response to an ‘intentions gap’. Survey data has found that 39% of young people expressed that their first choice of work is self-employment; this is in contrast to 9% that have already started a business and an additional 14% who are taking steps to do so (European Commission, 2023). Whether or not people convert their intentions into reality has been subject to academic investigation and modelling, for example by drawing upon the Theory of Planned Behaviour (TPB) (Ajzen, 1991). Such an approach provides a framework for understanding the process of the formation of entrepreneurial intentions and the subsequent behaviour of individuals to act on these (Tornikoski & Maalaoui, 2019). This process recognises three antecedents, including attitude to the behaviour (entrepreneurship), subjective norm (mainly cultural) and perceived behavioural control (ease or difficulty of performing a given behaviour).¹⁴ Hence, there will be variations in the start-up rates of people according to these antecedents and we can expect variations both between and within age-groups (Kautonen et al., 2011).

One of the challenges to young people starting a business is their relative vulnerability. Although start-up rates have held up during the post COVID-19 period, their *business survival rates* for younger people are on average are lower than those for the adult population. There also tends to be

Professor Mark Hart, Aston University, speaking at the London workshop:

“In recent years and through the pandemic actually we saw quite an interesting rise in youth entrepreneurship in 2021. I think this reflects a lot of the huge uncertainty and volatility we saw in labour markets as companies came out of the lockdown restrictions”.

¹⁴ See for example Kautonen et al. (2011; 2015) and Dodourova et al. (2019) for an application to younger people.

a significant drop-off for young people across different stages of the enterprise. For example, in the pre-start-up phase against the early-stage start-up phase, there is around a 30% greater drop-off rate for young people compared to older age groups (David Halabisky, speaking at the Liverpool workshop). These findings suggest inherent difficulties for young people when progressing from the pre-start-up to the early start-up phase and then to the established business phase. This makes a case for extending public policy beyond start-up to help young people gain a better chance of succeeding as they progress through these distinct phases.

3.2.3 Family and kinship ties

One of the biggest single predictors of the entrepreneurial intentions of young people and whether these are enacted is whether their parents run / ran a business (Fairlie & Robb, 2007; Laspita, et al., 2012; Palmer et al., 2021). This is not only a result of the cultural capital and role models derived through socialisation but also through the support that kinship networks can provide and compensate the absence of other safety nets (Maleki et al., 2023).

Our workshops also unearthed cultural constraints that can hinder youth entrepreneurship business development. We heard, for example, that in some societies informality and entrepreneurship run hand in hand, and kinship networks are dominant. It is important to recognise that kinship networks exist and that they go beyond that of the nuclear family. These may offer opportunities, but they also require investment and meeting obligations which can impede entrepreneurship. For instance, certain groups of people within Kenya are stereotyped as being particularly entrepreneurial, which can lead to higher chances of securing opportunities but also higher expectations to succeed (Professor Diane Holt in Liverpool Workshop). Whether or not public policy can engage with informality and affect the cultural disposition of societies to entrepreneurship and the role model influences between generations remains to be investigated.

3.2.4 The role of the business sector for youth: case study from London's creative and cultural industries

We found that young people are particularly attracted to working specific business sectors, driven by their passion and desire to pursue an interest. Indeed, OECD data finds that 'following a passion' is more important than 'creating my own job' or 'to become wealthy' amongst younger people entering entrepreneurship (OECD, 2023: Ch. 3). In our London Workshop we explored the case of the creative and cultural sector to help understand the grass-roots challenges of young people in

business. This is significant as it is considered that there are currently insufficient bottom-up, entrepreneurship support mechanisms for young people (Dr Richard Parkes and colleagues at the London Workshop discussing their partnership in Bridging the Gap).

Traditionally the creative and cultural industries (CCIs) is a sector dominated by graduate entry, but the growth of the CCIs is also providing new vocational routes for less academically qualified young people to enter new occupations (CBI, 2019; PEC, 2020).¹⁵ The sector has also attracted numerous policy interventions. *Bridging the Gap*¹⁶ is a European Union (EU) financed initiative to design and develop new mentoring methods for young entrepreneurs within the creative and cultural industries. Learning through cultural and creative experiences can be especially motivating and a pathway for young people who may be disaffected by 'traditional' educational experiences, including NEETs (CEDEFOP, 2014). Not only does Bridging the Gap reach those outside conventional pathways into entrepreneurship but it also provides a way of encouraging active citizenship and inclusion in a range of ways through a social innovation approach.

In our London workshop, we also heard first hand of the effect of Brexit and more recent austerity measures on the fabric of support and infrastructure for young people (see also Section 2.2). This is also exemplified with the demise of access to collaborative programmes such as ERASMUS and the free movement of students and young people across borders. It was also made clear in our London workshop that the local youth eco-system, including community-based organisations, has been severely diminished as financial support, such as that from the ERDF, and collaborations with EU partners ended.

The case demonstrates that in order to effectively engage with young people, support providers need to have some understanding of specific sectors and work with grass roots organisations, such as those found in the creative and cultural industries. Hence, to be effective and enhance its reach entrepreneurship policy interventions need to work with the existing youth infrastructure and be relevant to the occupational preferences of young people and where the opportunities are growing.

3.3 Motivational and attitudinal challenges to youth entrepreneurship

3.3.1 Desire for company-based work experience

¹⁵ IN 2019 the CCIs employed 8.7 million people in the EU, equivalent to 3.8% of the total workforce, 4.5% of the EU's GDP, an annual market value of 700 billion + Euro, and growing (Eurostat, 2019).

¹⁶ See: <https://www.bridgingthegapeurope.com/>

Although entrepreneurship is attractive to young people, recent evidence has suggested that even those preferring to start a business choose to work for others first, prior to entering business ownership (Sieger et al., 2021). To some extent, this pathway makes sense for young people especially given the need to accumulate financial capital, work experience, sector knowledge and network ties and overcome the risks associated with running a business (MacDonald, 2023). However, working for others, especially in large organisations, may not provide work experiences that are conducive to understanding entrepreneurship, or the environment of a smaller organisation to allow an informed career choice.

One enduring way of exposing young people to entrepreneurship is through work-based placements. Work-based placements are amongst the most common activities for young people in education to experience entrepreneurship in practice although programmes specifically geared towards small businesses can be challenging for both parties (Atfield et al., 2021). Placements in small firms are based on the premise that they can help younger people experience the working environment of smaller firms and appreciate the span of competencies needed for running an enterprise. Educational institutions have been particularly focused on work placements for their students, with evidence that this activity can raise the probability of being employed after graduating (Baert et al. 2021). Placements it is argued can also raise the entrepreneurial intentions of young people. In the United Kingdom, for example, work-based placements in small firms were offered to undergraduates through the Shell Technology Enterprise Programme 1994 with positive outcomes (Westhead et al., 2001). Such initiatives have continued with renewed efforts seeking to engender college and university student placement and employment links with SMEs (Doern, 2022).¹⁷ Placements can be part of a wider university-industry strategy which have hitherto tended to focus on knowledge transfer and innovation rather than providing the opportunity of students to experience entrepreneurship in practice. More recent evidence shows that placements continue to have positive impacts on the self-efficacy and attitudes to self-employment of students (Okolie et al., 2022).

Although the outcomes tend to be positive, there are issues regarding the desire and capabilities of business owners to engage with younger people and take on placements. Of course, brokering placements with entrepreneurial firms may be challenging, especially in new start-ups and smaller firms, where the dynamics of the enterprise can be disrupted with new inexperienced staff, or there

¹⁷ See for example, the National Council for Entrepreneurship Education (NCEE) which seeks to support and promote entrepreneurship in universities worldwide: <https://ncee.org.uk/>

may be shortages of staff to supervise placements. For one-person enterprises with limited resources and / or limited ambitions to expand, placements may prove particularly difficult to broker. Finding suitable placements may also be particularly tough during an economic downturn. Thus, whilst placements are an attractive means of introducing young people to entrepreneurship, these require careful implementation and given their dominance by educational institutions may not be within the grasp of all young people. Evidence also shows that even if in further or higher education some students may not choose an unpaid placement if having to pay student fees, instead choosing to work part-time in a paid job (Atfield et al., 2021).

3.3.2 Lack of engagement and informality

The most recent Youth Futures Foundation (YFF) report states that young people find it difficult to access high-quality support for self-employment because of their lack of engagement with support providers. Young people have their own networks, mentors and online information sources (YFF, 2023). The notion of informality is endemic in entrepreneurship with the *modus operandi* of entrepreneurs themselves given its connotations of freedom and creativity. It has been pointed out that there is a substantial difference between the 'business approach' of corporatism/ government and that of small businesses such that there exists a culture clash (Gibb, 2000: 17). We found that informality and a culture clash is particularly strong in some communities and young people. This affects their attitude and decision to engage, especially in top-down orientated projects.

There are of course differences between cultures and locations in terms of the significance of the informal economy. Our workshop heard that in Sub-Saharan Africa in particular, the informal economy is where the bulk of people earn a living (Professor Diane Holt, speaking at the Liverpool workshop).¹⁸ Only a small percentage of companies are registered with the appropriate authorities with many young people operating informal enterprises often on the margins of the economy. This leads to the question regarding the role of support agencies and what can be undertaken to help empower young people and support their overall poverty alleviation. For many of these young people, 'growth' in this environment is not necessarily about business growth. Sometimes this takes the form of developing a portfolio of subsistence level business activities, in response to the insecurity and fluctuations in the external environment (YTT, 2021). Young entrepreneurs may also intentionally conceal their enterprises because of the potential obligations associated with kinship ties. In some cultures, more successful young entrepreneurs are expected to draw upon some of

¹⁸ See for example, Rivera-Santos et al., (2015).

their earnings to support their family. This may detract from re-investment of earnings to grow the business. Part of the reason for informality in youth entrepreneurship is the flexibility or lack of institutional boundaries. This raises the question of why should young entrepreneurs in Sub-Saharan Africa register a business? Essentially, informality can be considered an identity within this region and policy needs to be sensitive to this culture. It also raises the wider question of how to reach young people in all types of contexts and not simply transfer programme content, mechanisms and networks from other settings or non-age specific interventions.

3.3.3 Fear of failure

There are important aspects to consider about being an entrepreneur – including what happens if you are not at first successful. Fear of failure has been shown to be particularly high amongst younger people in general (Conroy, 2003) as well as within entrepreneurship (Thoudam, et al., 2023). This was also underpinned by the findings in our deliberations that, although young people find the notion of running a business attractive, they have difficulty realising this because of a need to have a marketable product or service. This may also help explain the low level of conversion of intentions to actual start-up.

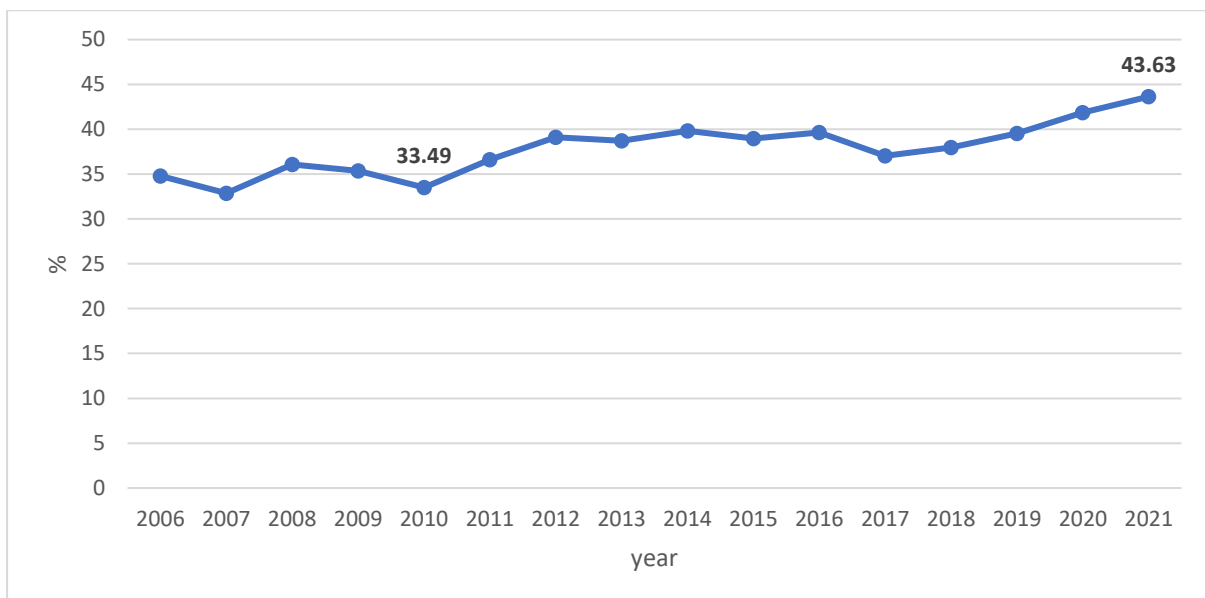


Figure 3.1 Fear of failure rates for young entrepreneurs 2006-2021 (Source: Dr Annie Tubadji, Liverpool workshop, referencing GEM, 2023)

A potential way forward would be for governments and policy makers to allow young people to experiment more in the early stages of start-up allowing opportunities for ‘proof of concept’ and the

provision for their mentoring in the concept development. This would help young people overcome the fear of becoming saddled with debt or being unable to move on from an unsuccessful venture and learn from that experience. Here, support programmes should aim to help young people develop an entrepreneurial mindset and to take small steps forward. That way, they can work on refining their ideas whilst testing them out.

3.4 Summary

Professor Jonathan Levie, University of Galway, speaking at the Paris workshop:

"Following COVID, intention rates aren't any lower among younger people than among core age people; I don't see a difference in the pattern due to COVID. However, I see an increase in opportunity driven entrepreneurship among young females relative to core age entrepreneurship. Established business ownership rates didn't really change that much and business continuation rates are no worse among young people than among core age people. So, I think overall that's probably kind of good news and perhaps surprising in many ways."

Our research and workshop discussions raised the following key effects of COVID-19 on youth entrepreneurship:

- i. Young people were more vulnerable in the jobs market – they were more likely to lose their jobs during lockdown, which has resulted in a rise in necessity-driven entrepreneurship (Professor Diane Holt, speaking at the Liverpool workshop);
- ii. However, younger people demonstrated more resilience than other age groups in terms of their health and business start-up rates (Professor Jonathan Levie, speaking at the Paris workshop);
- iii. Business discontinuation rates were no worse among young people than the older people during the pandemic;
- iv. Younger people appear to have been more capable of recognising the opportunities deriving from the acceleration in the digitalisation of economic activities. This was further enhanced by the lowering of barriers to business entry, for example by not having to have premises (Dr Richard Parkes, speaking at the London workshop).
- v. These changes have had positive impacts on both necessity and opportunity driven entrepreneurship (Professor Jonathan Levie, speaking at the Paris workshop);
- vi. Our research and workshop discussions found that COVID-19 lockdowns and economic disruption has had a particularly negative impact on the mental health and well-being of

younger people and has affected the confidence in some young people to become entrepreneurs.

4. Contemporary youth entrepreneurship institutional support landscape

In this section we examine the post-COVID-19 institutional business support for young people, consider evidence on the current trends in youth entrepreneurship, and assess what are the current policy and support developments for young people. Hence, we aim to place youth entrepreneurship in the context of a post COVID-19 world, the challenges and opportunities for this brings for young people, and the role of technological and educational changes.

4.1 Current policy/support developments

4.1.1 Increase in support

It is generally accepted there has been a substantial rise in the support for entrepreneurship by governments across the world. There is also an understanding that the forms of support are more effective when delivered in combined packages rather than in isolation. One of the key themes in this paper is that although young people require support in considering entrepreneurship within the population there is unequal access to support measures and institutions. This has been recognised more recently and is one of the driving forces of policy direction. For example, the European Union (EU) has been investing in youth entrepreneurship programmes spanning education, mentoring and financial support (OECD/EC, 2023: Table 8.1). Although most support is delivered at the national level, programmes within Europe often involve partners from across the EU leading to collaborative benefits and shared learning (OECD/EC, 2023: 8). Ostensibly the programmes for young people are well-developed but much remains to be done if they are to be made more accessible to all. At the national level, governments can benchmark their own interventions for disadvantaged groups that have lower levels of business ownership through a better entrepreneurship toolkit for policy makers.¹⁹ A future challenge for entrepreneurship policy makers, therefore, is how to gain traction with young people and have a dialogue with youth groups to understand their needs. Here we consider some of the options.

4.1.2 An expansion in online delivery of support

Our workshops found that the online delivery of support programmes has become much more commonplace post-COVID-19. This expansion presents both opportunities and challenges. During the pandemic, the necessity for support providers to continue to interact with clients resulted in a range of online channels such as live videos, pre-recorded videos, interactive websites and games including virtual reality. The Business Development Bank of Canada makes an interesting case in

¹⁹ To access the Better Entrepreneurship Policy Tool see: <https://betterentrepreneurship.eu/en/home>

point as they developed VR-type games and simulations during the pandemic (David Halabisky, speaking at the Liverpool workshop). Young people have been generally open to these types of interactions, although it is accepted that they will not be suitable for all young people nor desirable for some types of intervention. We also heard that care must also be exercised of readily accepting misplaced assumptions that young people have ease of access or are more adept at using mobile technologies than older age groups. The issue of poor Internet connectivity is still a significant obstacle in certain locations and countries. It is also important that policy makers do not make assumptions about how to reach young people and whilst 'online' can be appropriate, the significance of face-to-face in a post-pandemic world should not be underestimated.

Online support activities do, however, have other research-related benefits as they essentially track the usage of each participant, offering valuable data and insights into their preferences. From a provider perspective, many support programmes find online delivery to have secondary benefits in the form of monitoring and evaluation (through the tracking of activities within the system). Subsequently, this may help providers improve their service provisions through careful targeting and learning from evaluations.

4.1.3 Weak evaluations and sustainability of support programmes

As with many policy interventions, one of the key challenges of youth entrepreneurship support programmes is that not all of them set out their objectives clearly or are subject to rigorous evaluation focused on specific metrics (OECD, 2023: Ch. 8). As one of our speakers explained in our Paris workshop '...there's very few reliable evaluations in the whole field of entrepreneurship policy' (Dr Jonathan Potter, OECD).

Dr Jonathan Potter, OECD, speaking at the Paris workshop:

"Some youth entrepreneurship policies are effective. I think that's an important point because otherwise we're going to fall into the trap of quite easily the policy maker says, 'Don't intervene in youth entrepreneurship because policy cannot be successful there.' That's not true, but we also know that *not all* of the policies are working. The positive impacts could be on employment and labour market attachment rather than on business creation or self-employment. Sometimes they're on business creation, sometimes they're not. But labour market attachment can also be an objective and so this could be an important intervention."

As a result of a lack of robust evaluations, there is an inadequate accumulation of knowledge and best practice and shared learning. In some cases, throughout Europe, this has led to support

programmes becoming unsustainable and closing within a few years because of their lack of evaluation and inability to learn from previous programmes. This unfortunate programme cycle is related to the way in which funding mechanisms are established, especially when it comes to short-term funding. Within the EU, much of the short-term funding originates from structural plans whereby after the project, it is difficult to access in depth the monitoring and evaluation that has been completed as they are more of a 'tick box exercise'. These types of initiatives therefore do not go far enough to understand the underlying lessons behind the success and failure factors.

4.1.4 Educational support programmes

A popular way in which youth entrepreneurship programmes have been delivered is through the formal education system. This is understandable given that most young people are within the educational systems and this engagement has now extended into their mid-20s with the expansion of HE and the decline in youth employment opportunities. Although enterprise education has been in existence for decades, a focus on pre-16 year olds is relatively new. However, this is changing and there has been a continuing increase in investment at all levels – including school-aged children. As a case in point, Lithuania is currently considering the intersection between digital skills and entrepreneurship skills and developing new educational programmes that target this intersection. They are developing a new education programme to launch within the next few years that will provide digital entrepreneurship education through public school systems for children aged 10 years (David Halabisky, speaking at the Liverpool workshop).

Integrating digital skills into educational support programmes may represent a significant opportunity for providers to engage with young people, bringing them into an ecosystem using online platforms. In doing so, this approach could also increase the reach and level of engagement of young people with different stakeholders. This could address one of the fundamental issues in that young people do not have a sufficient voice in policy (Professor Simon Mosey, speaking at the London workshop).

We also need to ensure that educational support programmes are purpose-built and given the diversity of young people, avoid adopting a one-size-fits-all approach. There is an assumption in some policy and delivery circles that with some mentoring, by putting young people into teams and giving them a challenge then they will develop the skills, knowledge, confidence and wider attitudinal competencies to become career-ready entrepreneurs who will succeed at launching a start-up and impacting communities or social mobility. Often this type of support is embedded in

enterprise competitions. We found evidence that these can have the opposite effect, as competitions reward winners and can permanently discourage others particularly if they are already in disadvantaged positions (Brentnall & Higgins, 2022). The reality is that there is no “magic pill” solution to developing young entrepreneurs through these kind of educational support initiatives. Instead, support providers should think more deeply about the contexts of young people and develop appropriate relevant initiatives. In short, enterprise competitions may not be appropriate or beneficial for everyone and may actually be counter-productive for some (Dr Catherine Brentnall, speaking at the London workshop).

For young people within a university environment, research and support opportunities often take the form of an idea or prototype of some description. However, for those young people not in university, this raises the question of where they should go for support. There is a large proportion of young people who are unable to access research and development support because they are not part of the university system. Our London workshop identified the unevenness in access to support for those outside the formal educational sector. This may be considered a major gap in the provision of support for younger people and interventions may paradoxically accentuate the inequities in society if they concentrate on those in further and higher education.

Case study: public-private partnership in Rwanda by Liverpool speaker Dr Darrell Kofkin

Although our evidence and deliberations are mainly focused on the developed economies, particularly the context of the United Kingdom, we were also able to draw upon experiences from different contexts. There has been a substantial rise in interest in youth entrepreneurship in developing economies as they seek to harness the power of their growing young populations. A case in point is the ‘Shibuka’, a public-private partnership to support (social) enterprise development in Rwanda. Rwanda has experienced a period of enormous uncertainty and it was important for the Rwandan economy that young entrepreneurs received assistance to help them deal with recent economic turbulence. The project found that young people came through the crisis even stronger and more sustainable, with a revised mindset and business model that enabled them to be more capable of withstanding future shocks in what will be a less stable future. Higher Education Institutions helped cultivate an entrepreneurial mind-set and hatch new enterprises. This involved a move away from didactic ‘rote testing’ to experiential and beyond-the –classroom measures developed to provide young Rwandans with the entrepreneurial mindset, skills and capabilities. This required knowledge transference through train-the-local-trainer measures and close- mentoring provision for early-stage start-ups providing access to the required knowledge and capital to grow

‘Made in Rwanda’ enterprises. As a result, it is argued that this switch has led to a new cadre of entrepreneurs that are more able to withstand such shocks, through their enhanced resilience and self-development.

4.1.5 Coaching/mentoring-based support

Whilst online support and generic training programmes has boomed since the COVID-19 pandemic, bringing with it cost-effective ways of delivering support, our research found that the role of one-to-one mentoring and coaching cannot be underestimated. Many young people lack the skills needed to run a business and governments have invested heavily in addressing this weakness. Interventions can take the form of coaching and mentoring, as well as education – at both secondary and post-secondary level. These interventions are more labour-intensive but can be delivered via partners and in local organisations depending on the mode of delivery, including in educational institutions and incubators.

In terms of reaching young people and selectivity, we draw on the national programme in Hungary.²⁰ This entrepreneurship programme provides basic training and workshops to whoever wants to attend. If young participants can demonstrate that they have developed their project past the ‘idea stage’ then they may qualify for financial support. This represents a funnel scenario, in which the programme provides much basic support to everyone and then they focus more intensive support on those who actually demonstrate that they possess a sustainable business idea (David Halabisky, speaking at the Liverpool workshop). Thus, different mixes of objectives, content and delivery approaches can be combined to meet particular types of participants, objectives and programmes for young people.

²⁰ See the Youth Entrepreneurship Programme in Hungary, which has supported more than 6 500 young entrepreneurs in creating their businesses since 2014 (OECD, 2023: 103).

5. A call to policy makers: recommendations for enabling youth entrepreneurship

This report has set out the case for a more integrated youth entrepreneurship policy framework. We recognise that the so-called ‘intentions gap’, that is between young people expressing an interest in running a business and actually doing so, may include an element of naïve aspiration but even accounting for this, young people will benefit from support given the specific challenges they encounter. Youth entrepreneurship policy is not new and as reported, significant strides have been made worldwide. However, there is room for improvement and more needs to be done if the intentions gap is to be addressed, inclusion is to be enhanced and those young people who have a preference for entrepreneurship is to be realised. We argue for an *integrated framework* that involves detailed initiatives tailored to specific sub-groups of young people and in specific contexts. Our recommendations for policy makers are set out below.

5.1 Recognise diversity and intersectionality

Mr David Halabisky, OECD, speaking at the Paris workshop:

“We see in surveys that young people are very diverse and it seems like the entrepreneurship activities that they’re doing are becoming increasingly diverse. Surveys indicate strong interest in digital activities, green entrepreneurship, social activities, in addition to the more traditional types of businesses. So that poses a challenge for governments and policy makers to what extent should support be tailored and targeted to the different groups who are operating different types of businesses and have different motivations.”

Entrepreneurship support should reflect the diversity of young people, their range of experiences, to help deliver policies that are relevant to their needs. There are significant differences within the youth population that needs to be considered when developing policy interventions. Hence, interventions should consider the intersectionality within the youth population and acknowledge its various dimensions. Intersectionality is important here if policies are to be relevant, achieve take-up, affect change and realise their objectives.

Hence, we argue that policies need to be attuned to the different dimensions of the youth population, including:

- Within-youth age groups (e.g. school; 16-18 years old; 19+ years old)
- Education levels (school; further education; higher education; NEETS; post-higher education)
- Females

- Refugees and migrants
- Persons living with disabilities
- Work situation and experience, e.g. unemployed or in work
- Overall cultural context

There also needs to be an appreciation of the location within which interventions are to be delivered: the most successful interventions are embedded within the existing eco-systems and youth networks. Finally, interventions need to consider the motivations of young entrepreneurs: some will want to pursue a solo career whilst others may want to employ others.

5.2 Entrepreneurship education needs a strategic framework

Entrepreneurship education has developed substantially over the past 40 years, some of it in a piecemeal way to meet specific issues as they arise. However, much remains to be done.

Governments and policy makers should provide a strategic framework for entrepreneurship that integrates entrepreneurship education into the mandatory curriculum *for all ages*. This framework could have a portfolio of programmes for different age groups, each having overall key objectives and target groups, delivery approaches, incentives for educators and clear metrics for evaluation. Of course, those entering the labour market require a more detailed programme that is operational compared with those in school.

Ms Solène Le Coz Fortis, Ministry of Economy and Finance Department of Rural and Community Development, speaking at the Paris workshop:

“In France we have all the tools set you presented: we do a lot of promotion of entrepreneurship, we start at junior high, sometimes even earlier in primary school. But then it gets more intense for students and for job seekers.”

The advantages of having an overall strategic approach are its visibility, the attractiveness to key organisations and young people, the ability to share learning, identify impact and develop ways for improvement. Our research found school-level entrepreneurship education to be narrow and uneven. The content and ways of delivery require attention. Rather than formalised classroom sessions, young people need to be allowed to experiment and understand that the entrepreneurship process can involve making mistakes to develop their competencies and confidence. The rise in the popularity of entrepreneurship ‘competitions’ in schools requires careful application. These forms of

entrepreneurship delivery may backfire and alienate some young people because of the negative experiences associated with losing or inadequate feedback to understand learning outcomes.

Dr Catherine Brentnall, Manchester Metropolitan University (formerly of Sheffield Hallam University) speaking at the London workshop:

“Competitive enterprise education programmes (short and long) don’t ‘work’ as they are intended, if the intentions are to build ‘can do’ confidence and skills and create programmes that support social mobility. Students and schools ‘compete’ in the same programmes but with vastly different resources and this can be demoralising for teachers, as well as students, who may opt out of the programmes

A further weakness of a reliance on the formal educational system for entrepreneurship education is that, whilst commendable and making a contribution, this excludes most young people who are not in higher education pathways or technology-based enterprises.

Dr Darrell Kofkin, co-founder, Shibuka and Senior Lecturer in Entrepreneurship, University of Westminster, speaking at the Liverpool workshop:

“Higher education has the power to harness an entrepreneurial mind-set and hatch new enterprises, but a move away from didactic ‘rote testing’ to experiential and beyond-the-classroom’ measures must be delivered to provide young Rwandans with the necessary skills and capabilities.”

Thus, it is imperative that governments place an emphasis on spreading entrepreneurship education at all levels, whilst exposing students to role models to facilitate best practice and having an emphasis on experimentation and skills development rather than winning.

Finally, a strong entrepreneurship education system will allow for a more informed career choice amongst young people. Although it is widely recognised that there is an intentions gap between young people preferring entrepreneurship and actually starting a business, an understanding of what this involves through entrepreneurship education may allow for a more informed career choice.

5.3 Youth networks need to be cultivated and strengthened

One of the key weaknesses facing young entrepreneurs and inhibitors to youth entrepreneurship is their underdeveloped business networks and a benign, if not challenging, environment. Of course, networks are developed with age but to overcome this weakness, governments could stimulate their establishment through building upon the fabric of existing and nascent youth networks, including all

types of clubs and societies where young people congregate as well as social innovation organisations.

Dr Richard Parkes, Rinova, speaking at the London workshop:

“There is value in focusing on social investment, and investment in the practitioners who work with young people. So don't forget that at the end of the day, someone's working with them and [that is] where a lot of the challenges are to be found.”

Strengthening these networks can lead to a coalescing of young entrepreneurs, raising their visibility, self-identity and recognition from others. Youth networks could be aligned with existing eco-systems to become part of a wider enabling environment easing access to role models, mentors and educators. This can raise their levels of legitimacy in the economy. A strong youth entrepreneurship network that embraces all types of young people and organisations also has the potential to give them a more powerful voice in policy development and delivery.²¹

Thus, an enabling environment of actors – from government to financial service providers to ESOs– need to be aligned. They also need to be responsive to the specific needs of young people. This requires awareness, defined responsibilities, and resources. Ecosystems actors should develop shared leadership and build partnerships for a more enabled entrepreneurship ecosystem.

Anita Tiessen, Youth Business International, speaking at the London workshop:

“[Youth entrepreneurship programmes] have been connecting entrepreneurs with markets, big companies with little companies really working across the local government area, really trying to create that dynamic system. Then ultimately you get those wider, bigger development outcomes. But that whole enabling ecosystem is really, really important. That is a place where policy and particularly local policy can make a big impact.”

In developing enabling environments, lessons could be learnt from other groups who have been successful in raising their profile.²² Policy interventions should include tapping into these networks

²¹ Entrepreneurship clubs and societies have a long history and demonstrate benefits for students including learning, self-efficacy, intentionality and employability (Pittaway et al., 2023). Building upon this, we argue that policy should engage with all types of clubs and societies, including those outside educational institutions, if the reach of entrepreneurship is to be extended.

²² See for example, The Women's Organisation which has an extensive global network, an extensive portfolio of services and programmes and provides an influential voice for women in policy making <https://www.thewomensorganisation.org.uk/>.

and identifying who to engage with, keeping in mind some young people are disaffected with authority figures and official channels.

5.4 Finance is important but not on its own: need for packages of support

Whilst we recognise the importance of the challenges of securing finance for younger people, our research finds that it is more effective to deliver packages of support rather than merely offering training or a grant. The lessons learnt from income support schemes during COVID-19 demonstrate the problem of merely supplementing income without any development. As once the support ended, many businesses folded. These support packages should combine provision for developing skills to use the grant, helping recipients build and implement their training and product/service ideas. Ultimately, the effectiveness of policy support may be enhanced when finance packages are combined with specific advice, mentoring and networking development. Hence, the provision of small amounts of finance can have a positive effect but this needs careful delivery if it is to have a substantial impact for the entrepreneur.

Governments need to create not just financial incentives in terms of start-up loans but also financial protection for young people who are already running a business. There are also possibilities to enable broader sources of financial support through policies to strengthen and regulate microfinance providers and crowdfunding platforms that are already operating or access other financial support structures that exist in the entrepreneurship ecosystem. One such approach is to invest capital into the microfinance sector as there is a notable gap in the demand and ability to provide microfinance support that may be particularly beneficial for younger people with a limited track record.

5.5 Take entrepreneurship support and interventions to young people

Policy makers need to break down barriers between young people, policies and programme delivery agencies. One of the recurring themes in our workshops was the need for policy and programmes to be *closer to the worlds* within which young people interact: their networks and organisations. Many of the existing advice and support systems for entrepreneurship are rooted in the formal education systems and/or business networks and as such are not providing equality of opportunities for all young people especially in harder to reach groups.

There needs to be a much better appreciation of the diversity young people: different ages, personal characteristics, ambitions including NEETS. This includes engagement within non-formal or

conventional learning environments and educational pathways. The ways of reaching young people, the content and form of delivery needs to be embedded in the worlds of young people. For example, for many NEETS it is important that governments create positive and favourable framework conditions for entrepreneurship through administrative support to break the cycle of disengagement. This could involve simplifying administrative procedures to make it more straightforward for young people to start a business. A way of achieving this could be to introduce a temporary tax relief or social security relief payments. Some young people may have a strong concept for a business but fail to take it through to fruition because they become overwhelmed by the processes that they must go through. The language used to support young people should be understandable, relevant and inviting rather than off-putting, overwhelming and confusing.

5.6 Evaluations of interventions need strengthening and take into account the variety of impacts

One of the main challenges of the policy support process is understanding the impact of an intervention. We found that evaluation approaches for interventions designed to promote entrepreneurship for young people require robust but broad metrics.

These need to include impacts beyond narrow metrics, such as starting or developing an enterprise and include the effects on confidence levels, career decisions and employment prospects. Ideally, it would be useful to have evidence on the longer-term impacts of an entrepreneurship policy programme. Some young people, such as graduates, postpone taking action on their preference for entrepreneurship until after they have labour-market experience. Free entry support workshops from organisations such as The Prince's Trust in the United Kingdom can be very helpful here for exposure to understanding entrepreneurship and whether or not it is a career path they desire.

5.7 What governments need to do now

This report aims to influence policy support for youth entrepreneurship and suggest areas for interventions that should be considered by government. The evidence shows that young people are experiencing high levels of unemployment and inactivity, poor life and learning experiences associated with COVID-19 and reductions in wellbeing. Clearly there needs to be a step-change in support for this generation. One possibility is to help young people bridge the 'intentions gap' between those wanting to enter entrepreneurship and those able to do so. Public policy should aim to develop a strategic approach to supporting youth entrepreneurship. This is challenging because of its scope and interaction across a range of conventional policy domains. Yet problematising what is 'youth entrepreneurship' is an important starting point if a constructive contribution is to be made

in policy innovation. The boundaries of youth entrepreneurship policy intersect with business, employment, welfare and educational domains and these are often in different government ministries or departments. In practical terms, given the variations in the institutional frameworks across countries, the operationalisation of our suggestions requires detailed consideration and sensitising at national and regional levels. In the United Kingdom for example, in order to successfully achieve the aspirations set out in the report, there needs to be leadership from government. This necessitates better inter-departmental co-ordination within government, linked to a broad strategic framework. Departments responsible for Education, Employment and Business need to work together to address the deficiencies in support for younger people.

6. Conclusions and further research

In this policy report we have provided a series of recommendations and proposed priority actions for government. These outcomes will also inform OECD activities on inclusive entrepreneurship, including the themes and messages of the new OECD-EU Youth Entrepreneurship Policy Academy. This policy learning network organises regular international information exchanges between policy makers, youth entrepreneurship networks, researchers and practitioners to:

- (i) Raise awareness among policy makers about obstacles faced by young entrepreneurs;
- (ii) Raise awareness among policy makers about successful policy approaches and how to design and implement them and how to avoid policy failures; and
- (iii) Create a regular mechanism for policy makers to consult with youth entrepreneurship networks and to stimulate youth entrepreneurship network creation.

Important avenues for the further development of youth entrepreneurship policy are to run sets of workshops to establish new knowledge and learnings. Ultimately, these activities may refine core messages. The OECD have also created a new network with the European Commission in which they bring together around 150 different people with an interest in youth entrepreneurship. These interested parties originate from government, from non-governmental programmes, from researchers, from young entrepreneurs as well as youth entrepreneurship networks and organisations (including social entrepreneurship organisations). The idea behind bringing all these parties together is to work over the next several years on devising an action plan for the government.²³ Looking forward, there can be many synergies between these sets of workshops and the OECD programme, especially when expert delegates share their knowledge, experiences, lessons

²³ This initiative was launched in Brussels on 10th March 2023 at an event attended by the Commissioner and Acting Secretary General of the European Commission.

shared as well as issues faced through relevant work. The ultimate aim of these synergies is to find out what are the real issues for young entrepreneurs – crowdfunding, risk capital, etc.?

One of the main rationales for policy intervention is the ‘intentions gap’ discussed in this paper. Clearly more research is needed to explore this gap, the veracity of the evidence and its underlying causes. Ultimately, there is no guarantee that entrepreneurship policy interventions will help young entrepreneurs to start up their own business. Entrepreneurship is not just about starting a successful business, in the conventional sense, as the longevity of these ventures are relatively short. What is important is the learning and network development that young people experience, when starting and leaving or closing a business, that can then be utilised for future in their subsequent career journey. Entrepreneurship is also a mindset that that can be utilised in a range of career alternatives, including employee roles. Therefore, the metrics of monitoring and evaluating interventions to enable entrepreneurship should be designed to capture impacts beyond the start-up phase, going beyond a simple focus on the performance of enterprises started. Rather, interventions for young people should also capture the skills acquisition that can be leveraged and pivoted into other roles. This is part of the conversation that policy makers should have with funders as one considers the criteria for success with these initiatives.

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Appendix 1: Workshop speakers

Liverpool

Mr David Halabisky, OECD
Professor Francisco (Paco) Liñán, University of Seville
Dr Annie Tubadji, Swansea University
Dr Darrell Kofkin, University of Westminster
Professor Diane Holt, University of Leeds

London

Professor Mark Hart, Aston University
Dr Catherine Brentnall, Manchester Metropolitan University (formerly of Sheffield Hallam University)
Dr Richard Parkes, Rinova Ltd
Toby Fernandes, Collage Arts
Sarah Buller, Collage Arts
Professor Simon Mosey, University of Nottingham
Anita Tiessen, Youth Business International

Paris

Mr David Halabisky, OECD
Ms Helen Shymanski, OECD
Ms Solène Le Coz Fortis, Ministry of Economy and Finance, Department of Rural and Community Development
Professor Jonathan Levie, University of Galway
Professor Robert Blackburn, University of Liverpool
Dr Jonathan Potter, OECD