What can the EU do to encourage more young entrepreneurs?

“The best way to predict the future is to create it”

- Peter Drucker

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INTRODUCTION

Although, a range of activities for youth entrepreneurship have been set up within the EU from the creation of regulatory frameworks to business support infrastructures, research has shown that a mere 6.5% of young people opt for self-employment with only one third of young self-employed being women.¹

The choice in becoming self-employed is essentially shaped by individual and societal attitudes towards entrepreneurship and there is no denying that the specific needs and entrepreneurial potential for young people is underestimated.

So, how can the EU pave the way, so that energetic, enthusiastic-minded people can become Europe’s next Bill Gates, Mark Zuckerberg and Larry Page?

In order to explore possible ways in which the EU can tackle creating a business-friendly environment for young and dynamic minds, this paper has been divided into three sections:

1. **Raising awareness about the concept of entrepreneurship among young people**
2. **Integrating entrepreneurship into education from an early age**
3. **Enhancing support for young entrepreneurs**

1. Programmes which promote entrepreneurship amongst young minds

There is no denying that the European Commission has already introduced initiatives which attempt to tackle the underlying problems of youth entrepreneurship such as New Skills for New Jobs (2008) and Youth on the Move and Progress Microfinance (2010). However, these initiatives do not promote youth entrepreneurial activity and, instead support and mentor young people throughout the different stages of entrepreneurship.

For this reason, the Commission needs to focus on raising awareness about the potential career prospects of self-employment. One way in which the European Commission could do this is by hosting an annual entrepreneurial event in Brussels aimed at young people.

1.1 An annual entrepreneurial youth event

This idea has been inspired by the EYE event which takes place in Strasbourg every two years. It has proved to be an extremely successful event in engaging young people in politics and it is here where a diverse mix of young people come to the European Parliament in Strasbourg from all over Europe and beyond to participate in debates, shows, workshops and share ideas.

I believe a similar event could be organised by the EU each year to promote entrepreneurship for the youth. Young people from around Europe can come together over a course of three days to participate in workshops, share and brainstorm ideas, involve themselves in projects together with successful entrepreneurs and businesses across Europe.
The programme for the entrepreneurial youth event could include the following:

**WORKSHOPS**
Creating an awareness of the kind of skills required in entrepreneurship. Local businesses can hold these workshops in accordance with their specialisms e.g. workshops on marketing, finance, innovation, negotiations.

**SEMINARS**
Speakers from a range of start-ups can offer expertise and detailed seminars as well as question and answer sessions about their own experiences when setting up their businesses. These speakers would act as a set of ambassadors of successful entrepreneurs in order to promote an image of independence, commercial intellect and leadership, which, in turn, motivates young people to explore the route of self-employment.

**COMPETITIONS**
Creating a competitive environment will give people a realistic view of the dynamic entrepreneurial environment.

Competitions could also be organised within schools across the 28 Member states who are encouraged to put their innovative and creative minds into action and come up with a business proposal. These competitions could give pupils the chance of participating in the event in Brussels in order to present the winning business proposals.

**DEMONSTRATIONS AND PRESENTATIONS**
Sessions during which young people are allowed to work in teams or individually to discuss business ideas and turn them into projects which they can ultimately present to other participants.
**1.2 Impact of such an event**

The event should represent a platform for innovation, creativity, ambition and entrepreneurial passion and be an effective way in creating networks and forming a closer connection to young people and businesses.

One important aspect of entrepreneurship is developing a network. This event will enable young striving or established entrepreneurs across Europe to develop a network with start-ups and established entrepreneurs.

The event will also give young people a flavour of a business, networking environment from a very international perspective because it will be here where young people from all different Member States can come together to share and discuss their business propositions among varying cultures.

One aim of the event should be about raising an awareness of youth entrepreneurship i.e. allowing young people to become aware of the entrepreneurial opportunities and how they can become involved and seek access to funding.

The event would also potentially attract a great deal of media coverage and could be promoted by means of social media and live streaming, thus raising awareness amongst those young minds who are unable to attend the event.
2. Integrating entrepreneurship into education from an early age

Education is essential when it comes to shaping young people’s attitudes and skills. Therefore, it is important that entrepreneurship is addressed in education in order to lay down the essential skills crucial to creating an entrepreneurial culture.

Although Member States in the EU have integrated entrepreneurship into education strategies, it is less likely to reach all students in countries where it is more often an optional rather than a compulsory subject. Additionally, entrepreneurship is only recognised as an objective of education in a minority of Member states.

Nowadays, schools seem to channel professional prospects into one direction: heading to university and obtaining a degree. However, in light of fierce competition in the working world and high youth unemployment, a university degree does not necessarily pave the way to prosperity and success, but instead an endless string of low paid internships and a hard struggle to sustainable and permanent employment.

Therefore, it is essential that employment prospects for the youth are broadened and thus cover a spectrum of self-employment opportunities from an early stage of education. The EU needs to work closely with education establishments and education ministers in order to integrate entrepreneurial programmes into education, thus equipping the youth with the right entrepreneurial mindset and skills during their school years so that they make reasonable and objective decisions about their careers, based on a wide range of possible options, upon completion of their studies.

2.1 School entrepreneurship schemes

The EU could promote and provide funding for school programmes whereby school pupils can create their own business by creating a product or service in an attempt to generate profit, which will, in turn, inspire young people to learn and succeed through enterprise.

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Practical elements

These programmes should expose young people to competitive environments whereby school pupils (sixth formers) and their businesses have to compete with one another using real money in a real marketplace in order to give young people a flavour of young entrepreneurship and to promote the realities of this career prospect.

Financial management

Financial literacy should be given emphasis in these programmes in order to instil a financial foundation which schools often fail to teach. If school pupils are given the opportunity to earn their own money through their small business, they are thus educated about investment and how this money could generate more money in the future.

Theoretical elements

These programmes should contain theoretical elements whereby school pupils are instructed on how business works, the role it plays in providing employment and creating prosperity as well as learning concepts such as market economics, entrepreneurship and business ethics.

Examples of topics for programmes:

- **Business Management Skills**
  - Personal and social skills; enhancing customer service

- **The art of negotiations**

- **Tools for working in teams**

- **How can we encourage innovation?**
  - Confidence building and public speaking

- **Financial Training**
  - Pricing, marketing and selling

- **Product design**

- **Identifying a target audience**

- **Managing money effectively: budget and costs**
The aim of these programmes should not only be to give young people the theoretical tools and practical experience to enable them to realize their entrepreneurial projects, but also to accompany them in their reflexion and project development.

However, the programme itself needs to be evaluated by school pupils. Knowledge about what works and what does not work ensures the success of programmes in the future.

2.2 Impact of such schemes

At present, I feel that education is quite limited in providing young minds with the right skills in order to engage in entrepreneurial practices. To some extent, schools prevent young people from thinking outside the box, which is exacerbated by endless mark schemes and guidance on “what is right and what is wrong”. Many are taught in school to go with the flow and follow the rules. They are programmed to learn and memorize facts instead of becoming independent thinkers. This, in turns, sometimes restricts young people from exploring their own creative minds and consequently many feel outside of their comfort zone and gasp with fear at the prospect of setting up a business on their own.

These programmes will ultimately provide young people with the rudimentary prerequisites and skills for tackling self-employment challenges:

- Recognising opportunities before they are taken to market
- Organising and directing tasks in a team
- Enhancing the ability to plan and manage projects
- Being driven by a whole range of motivations such as financial reward and satisfaction of seeing a project through to the end result
- Distinguishing innovation from creativity
- Building a high level of self-confidence in order to be able to trust one’s own judgement and make decisions
- Learning to move outside of your comfort zone, think for yourself, experience failure and take risks

**PLEASE NOTE:**

Previous experience has proved that these theoretical-type training programmes in entrepreneurship can face difficulties in motivating young people to attend on a regular basis. For this reason, the courses must be:

1. Concise, practical and relatively brief
2. Personalised and individualised; i.e. the development of individual plans for each of the proposed businesses
3. Include networking possibilities and collaboration opportunities with local businesses and start-ups in order to make the courses that bit more stimulating, thus enhancing the link between schools and businesses
This idea of “failure” is one aspect that should be particularly avoided in such programmes. Schools tend to teach the idea that “failure is bad”. However these programmes need to emphasise the positive aspects that can be learnt from failure. These programmes should seek to find the “learning lesson” in each adversity and encourage young people not to give up!

**HOWEVER...**

*...it is important to note that these programmes should function independently within each Member state in order to identify specific training needs depending on the states’ concerns over youth entrepreneurship. It is important to adapt this common approach to local contexts and this will certainly require collaboration with national governments and local businesses.*

**2.3 Clear guidelines for teaching methods in entrepreneurship education**

Although the Commission has supported entrepreneurship in education with programmes such as Innovation Union, there are no clear guidelines in place in order to establish a mutual understanding of what teaching methods are appropriate when it comes to entrepreneurship education. For these programmes to boast success, it is necessary to have highly trained staff to properly support and guide young entrepreneurs throughout their entrepreneurial endeavours.
3. Enhancing support for entrepreneurs

3.1 Improving access to finance

The lack of resources is one of the most significant barriers to young people creating a business\(^3\). Due to the lack of funds, young people are usually seen as risky investments and therefore face difficulties in accessing finance.

*Proposed solutions*

- *EU grant-based schemes*
- *Collaboration between banks and community organisations* - the majority of the time banks and MFIs are unwilling to reach disadvantaged young people because they often represent a high risk and lower profitability. By working with local organisations that understand the risk profile of young people, financial institutions are able to extend services to new sections of society.

3.2 An EU online forum for young entrepreneurs

Young entrepreneurs need more than just access to money. They also need to know how to manage budgets and business, how to make a business plan and so on. It is essential for the EU to create an environment where registering a business is an accessible and uncomplicated process for young entrepreneurs.

A “one-stop-shop” online forum can combine training, access to finance and mentoring as well as helping entrepreneurs with all the registration procedures and provide information and assistance from one location.

A forum will also provide young entrepreneurs with the opportunity to connect with one another in order to talk about their challenges and how they have managed to overcome any difficulties. Essentially, it would be an open platform to share information, receive advice and have access to business information.

3.2 Enhancing the regulatory framework for young entrepreneurs

Opting to become an entrepreneur carries a number of risks - with most young people seeking stability, a regular income and social protection. In many EU Member states, the business registration procedures entail heavy costs, strict bankruptcy laws on business failures and the social security systems penalise entrepreneurs with them losing a number of entitlements to future social security benefits.

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It is necessary for the EU to work together with the national governments in order to facilitate the business registration procedures so that the costs incurred are lowered, the bankruptcy laws are reanalysed and equal access to social security systems for both employed and self-employed people is ensured. For instance, the registration procedures could be simplified by using electronic online tools, as suggested with the “one-stop-shop” online forums.

4. Conclusion

Increasing youth employment across the EU has proven intractable under policies already in force. If young entrepreneurs are to be encouraged, the EU needs to place more emphasis on promoting the profession in addition to enhancing support.

Young people may already have the imagination, energy and determination, however a focus on promoting the ideas of entrepreneurship through events, building relations with businesses and building strong partnerships are all key elements for developing stronger effective support for young entrepreneurs.

Education largely omits the development of entrepreneurial thinking and this is one area the EU needs to predominantly work on. The education system needs to inculcate the skills in order for young people who choose to go into business to succeed!