

Youth entrepreneurship in Europe: Values, attitudes, policies





European Foundation for the Improvement of Living and Working Conditions

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Country codes

Country codes for EU Member States

AT	Austria
BE	Belgium
BG	Bulgaria
CY	Cyprus
CZ	Czech Republic
DE	Germany
DK	Denmark
EE	Estonia
EL	Greece
ES	Spain
FI	Finland
FR	France
HR	Croatia
HU	Hungary

IE	Ireland
IT	Italy
LT	Lithuania
LU	Luxembourg
LV	Latvia
MT	Malta
NL	Netherlands
PL	Poland
PT	Portugal
RO	Romania
SE	Sweden
SI	Slovenia
SK	Slovakia
UK	United Kingdom

Country codes for other countries mentioned in report

BR	Brazil
CH	Switzerland
CN	China
IL	Israel
IN	India
IS	Iceland
JP	Japan
KR	South Korea
NO	Norway
RU	Russia
TR	Turkey
US	United States

List of abbreviations

CEB	County and City Enterprise Board
EI	Enterprise Ireland
EVS	European Values Study
ESS	European Social Survey
ESF	European Social Fund
EYE	Erasmus for Young Entrepreneurs
GEM	Global Entrepreneurship Monitor
ISCED	International Standard Classification of Education
LEO	Local Enterprise Office
LFS	Labour Force Survey
MFI	Microfinance Ireland
NEETs	(Young people) not in employment, education or training
NFTE	Network for Teaching Entrepreneurship (Ireland)
OECD	Organisation for Economic Co-operation and Development
SMEs	Small and medium-sized enterprises
YEI	Youth Employment Initiative
YES	Youth Entrepreneurship Strategies

Executive summary

Introduction

The level of youth unemployment remains very high in several EU Member States, and there is increased awareness of the economic and social consequences associated with long-term disengagement from the labour market. In light of the high potential of entrepreneurs to create employment and sustainable growth, promoting youth entrepreneurship and making Europe more entrepreneur-friendly has recently become a priority on the EU policy agenda. Self-employment and entrepreneurship are not a panacea for solving the youth unemployment crisis, as only a minority of young people have the right skills, ideas and personality traits. However, making Europe more business-friendly and helping young people transform their creative ideas into successful business plans by removing the barriers to entrepreneurship has many potential benefits, including direct and indirect job creation and the development of human capital and new skills.

This report provides an overview of youth entrepreneurship in the context of the European policy agenda and individual Member States. It looks at factors that influence the decision to become self-employed and examines the individual and social attitudes of young people towards entrepreneurship, comparing Europe with other comparable parts of the world. To identify the specific traits that characterise the 'entrepreneurial personality', it investigates work values and personality traits of young European entrepreneurs as compared with young employees. Finally, the report analyses selected policy measures aimed at fostering youth entrepreneurship in Finland, Hungary, Ireland, the Netherlands and Spain, organised around three main support pillars: fostering an entrepreneurial mindset and culture among young people; providing information, advice, coaching and mentoring to young would-be entrepreneurs; and removing perceived practical and logistical barriers.

Policy context

In today's Europe, it is very difficult for young people to find their place in the world of work. Fostering greater participation of young people in the labour market has therefore become a policy priority. Examples of relevant activities include the 2011 'Youth Opportunities Initiative' and 'Youth Employment Package', which led to the introduction of a Youth Guarantee in all European Member States – adopted by the European Council in April 2013. The Commission subsequently launched the 2013 'Youth Employment Initiative' and the Communication 'Working together for Europe's young people – A call to action on youth unemployment' in order to accelerate the implementation of the Youth Guarantee and the investment in young people.

In this framework, youth entrepreneurship has become a very high priority in the EU debate due to its potential for job creation and human capital development. For example, in 2013 the European Commission published a Communication on the Entrepreneurship 2020 Action Plan. This document proposed decisive actions to unleash the European entrepreneurial potential and to remove existing obstacles to entrepreneurship.

Key findings

Despite the high policy interest in youth entrepreneurship, only a very small minority of young people in work opted for self-employment in 2013 (6.5% of young people between the ages of 15 and 29 – 2.7 million people). There are significant differences between EU Member States, and the share of youth self-employment varies from 15% or more in Italy and Greece to 3% or less in Germany and Denmark. This diversity may reflect existing national differences in terms of barriers/opportunities to set up new businesses, as well as different labour market conditions.

Youth self-employment is a predominantly male activity: just 33% of young self-employed people in the EU28 in 2013 were women. Of additional concern is the overrepresentation of young self-employed people in sectors with low barriers to entry, such as construction, where the problem of ‘bogus’ or false self-employment is significant.

The decision to become self-employed is complex and determined by different micro and macro factors. Furthermore, social and individual attitudes shape the perception and feasibility of entrepreneurship as a career option. Despite the low share of young self-employed generally, young people in Europe are quite interested in setting up as entrepreneurs: 48% of this group find this employment form desirable and 41% view it as feasible. While these shares are considerably higher than the share of young self-employed people, they are considerably lower than those recorded in other parts of the world such as Brazil, China, India and the United States.

By comparing the work and human values of young self-employed people with those of young employees, this report shows that the entrepreneurial personality has specific value preferences which affect social behaviour. Significant differences between the two groups emerge. In particular, among young people self-employment is positively associated with self-direction and stimulation, and negatively related to tradition, conformity and security. These results suggest that it is important for young self-employed people to be free and creative, to try different things in life and take risks; this group is less inclined to follow tradition and to prioritise having a secure and stable environment. Openness to change is a specific behavioural characteristic of young self-employed people, while conformity is clearly associated with employees.

The report examines 15 selected policy measures and initiatives that foster youth entrepreneurship in the five selected EU Member States. Eight policy measures have been identified in relation to policy pillar 1: *Fostering an entrepreneurial mindset, attitudes and culture among young people*. Some policy measures recognise the important role that teachers play in these processes (‘train-the-trainers’) and the initiatives, usually offered within the education system, tailor the goals and tools according to the levels and age of students.

Seven policy measures were identified in relation to policy pillar 2: *Providing information, advice, coaching and mentoring*. These help young entrepreneurs to overcome gaps in their work/business-related knowledge and experience via different support tools.

Finally, seven policy measures were found regarding policy pillar 3: *Removing perceived practical barriers and easing access to credit*. These deal with the lack of initial capital and difficulties in obtaining external finance that especially affect young entrepreneurs, as well as with finding a premises and physical infrastructure to develop their businesses.

Policy pointers

- Policies and initiatives to promote youth entrepreneurship should be targeted at those with the right skills, values and ideas to maximise the results of public investment.
- While the promotion of youth entrepreneurship is primarily the responsibility of public authorities, private and/or civil society organisations can play a very important role, especially where the public initiative is weak.
- Member States can learn from one another’s experiences, especially in countries where developing an entrepreneurship culture among young people is at an embryonic stage.

- Youth entrepreneurship support needs to be understood as a long-term strategy: the policies put in place are more likely to produce both tangible (new companies) and intangible results (changes in the general attitude of the young towards self-employment) in the medium to long term.
- Support programmes for youth entrepreneurs are especially effective when they provide a balanced, comprehensive range of support, as the difficulties encountered are often interrelated and require a combined approach. This support must be spread over a relatively long time span to be fully effective, as the first years of any enterprise are usually the most crucial.
- The quality of the teachers and mentors/counsellors is key for the success of the initiatives. Young entrepreneurs value in particular the experience and know-how of more experienced entrepreneurs.

Introduction

On 2 May 2012, Italian newspapers celebrated a new milestone in the history of Italian start-ups (Corriere della Sera, 2012). Glancee, a hi-tech company founded by two Italians and one Canadian just a year and a half earlier and the owner of a social location smartphone application, was acquired by Facebook for an undisclosed price (Bloomberg, 2012). The articles proudly told the story of two young Italian entrepreneurs who transformed their creative and innovative idea into a very successful business. However, on reading the press coverage a very important detail emerged: the company was not Italian, just the two founders were. The company was American. It started out in Chicago and then moved to San Francisco. This widely hailed story of triumph for Italian start-ups was actually accomplished by an American start-up, owned by Italians, who decided to leave Italy, and the European Union, to transform their ideas into business opportunities.

This story, and others like it (Corriere della Sera, 2010), is at the origin of this project. In a period when Europe is still facing many challenges due to global competition and the economic crisis and while entrepreneurship is an important driver for achieving economic growth and job creation, many young Europeans do not perceive Europe as the right environment to set up their own business. Despite the fact that half of the youth population consider entrepreneurship to be a desirable career option, very few young people decide to actually opt for this career. Some of them decide to migrate elsewhere and implement their business in other economies, such as the United States (US), because the barriers to success in Europe are considered too big.

Promoting youth entrepreneurship and making Europe a more entrepreneur-friendly environment has recently become one of the significant priorities in the EU policy agenda given its high potential for employment creation and ensuring sustainable growth. Along these lines, in 2013 the European Commission published a Communication on the Entrepreneurship 2020 Action Plan. The document suggested decisive actions to unleash the European entrepreneurial potential and to remove existing obstacles to entrepreneurship (European Commission, 2013c). Placing a special focus on youth and on the potential of youth entrepreneurship, these actions are grouped under three pillars: education and training; creation of an entrepreneurial-friendly environment where entrepreneurs can flourish and act as role models; and reaching specific groups that are not yet able to exploit their full entrepreneurial potential. In line with this action plan, the Commission proposed Youth Entrepreneurship Strategies (YES) to increase the number of young entrepreneurs in Europe, and Erasmus for Young Entrepreneurs (EYE), which is an EU exchange programme giving the aspiring entrepreneur the chance to learn from entrepreneurs in other countries. Similar efforts and initiatives have been implemented at the Member State level. For instance, in the context of a severe economic crisis, the Spanish government has recently approved the Spanish Strategy for Entrepreneurship and Youth Employment 2013–2016 (*Estrategia de Emprendimiento y Empleo Joven 2013–2016*) which includes some measures aimed at promoting an entrepreneurial culture among children and young adults. Furthermore, in Ireland, the Foróige Network for Teaching Entrepreneurship (NFTE) was launched to teach entrepreneurship to young people to improve their business knowledge.

While it should be generally recognised that self-employment and entrepreneurship are not solutions which can solve the youth unemployment crisis, there is no doubt that making Europe a more business-friendly environment and supporting young people in transforming their creative ideas into successful business plans by removing barriers to entrepreneurship has a wide number of potential benefits. These include direct and indirect job creation and the development of human capital and new skills. However, it should be clear that entrepreneurship is not a viable career path for all young people but just for the minority equipped with the right skills, attitudes and values which define their 'entrepreneurial personality'.

Against this background, this report is organised into four chapters. Chapter 1 gives an overview of youth entrepreneurship on the European policy agenda. Then, the European Labour Force Survey (LFS) data is used to provide a snapshot of youth entrepreneurship and compare the different patterns across Member States. The analysis then focuses on the characteristics of young entrepreneurs in terms of sociodemographic variables, such as age, gender and education. Finally, the characteristics of the businesses of young entrepreneurs are reviewed.

The discussion in Chapter 2 focuses on the factors influencing the decision to become self-employed. Then the investigation turns to individual and social attitudes towards entrepreneurship. Following the general literature and indicators extracted from the 2012 Flash Eurobarometer on Entrepreneurship and the Global Entrepreneurship Monitor, such as the desirability and feasibility of becoming an entrepreneur, as well as the role of entrepreneurs, the analysis firstly compares the different patterns across Member States and then it compares Europe with other economies, such as the so-called BRIC countries (Brazil, Russia, India and China) and the US.

Chapter 3 explores work values and personality traits of young European entrepreneurs and compares them with those of young employees. Following the theoretical approach developed by Schwartz (1994) and using the European Values Study data and the European Social Survey data, the chapter aims to identify specific traits, such as risk aversion, autonomy and independence, in the 'entrepreneurial personality' as compared with young employees as a whole.

In Chapter 4, the investigation examines the characteristics and effectiveness of selected policy measures and general initiatives to promote youth entrepreneurship in five countries: Finland, Hungary, Ireland, Spain and the Netherlands. The set of initiatives investigated were organised around three main support pillars:

- fostering an entrepreneurial mindset and culture among young people;
- providing information, advice, coaching and mentoring to young people who want to become entrepreneurs;
- removing perceived practical and logistical barriers, such as access to credit and administrative burdens.

In all, 15 policy measures and initiatives are described in terms of objectives, learning outcomes and assessment, to pinpoint the key factors underlying their projects.

Finally, Chapter 5 highlights lessons from the research and points to factors that favour the successful promotion of entrepreneurship among young people in Europe.

Six years have passed since the onset of the recession but youth unemployment is still at crisis levels in many European countries. According to the latest Eurostat figures, while the unemployment rate in the European Union reached 10.1% in August 2014, the youth unemployment rate was more than double that at 21.6%.¹ At the European level, this represents a modest improvement in comparison to the peak level of 23.6%, recorded in January 2013. The crisis has amplified Member States' differences in labour market participation of young people. While the youth unemployment rate is below 9% in Austria and Germany, the situation is still of great concern in Spain, Greece, Italy and Croatia. In August 2014 these countries had youth unemployment rates of 53.7%, 50.6%, 44.2% and 43.9% respectively. While the other countries have since seen a drop in the youth unemployment rate, in Italy a constant increase is still being recorded.

The consequences of a long-term disengagement of youth from the labour market are dramatic at the economic, social and individual level (Eurofound, 2012). The economic cost that European societies are paying for having a large cohort of young people who are not in employment, education or training (so-called NEETs) was estimated at €162 billion in 2013, almost €10 billion more than estimated in 2011 (Eurofound, 2014). Moreover, disengagement from the labour market can lead to disengagement from civic society as a whole, with the risk of a disruption of interpersonal and institutional trust and of extremist political behaviour (Eurofound, 2012). There is widespread agreement that at the individual level a problematic entrance into employment during youth can cause a huge disruption of human capital and can have a long-term scarring effect on the labour market performance of the individual both in terms of labour force participation and future earnings. It is estimated that one year of unemployment during youth can reduce annual earnings at age 42 by up to 21% (Gregg and Tominey, 2005; Smith, 1985; Gardecki and Neumark, 1997; Arulampalam et al, 2001). In this regard, there is general agreement in the literature that the best predictor of an individual's future risk of unemployment is the past history of unemployment of the individual and of his/her family (Narendranathan and Elias, 1993; Arulampalam et al, 2000; Gregg, 2001; Burgess et al, 2003, Meadows, 2001).

As a consequence of the high youth unemployment rates and the economic and social consequences associated with long-term disengagement from the labour market, fostering higher participation of young people in the labour market has become a top priority on the EU policy agenda. There is a renewed sense of urgency to develop and implement policies to bring young people (back) into employment, education or training across Europe. Since the onset of the crisis, EU Member States have been actively engaged in designing and implementing policy measures aimed at increasing the employability of young people and promoting a higher level of employment participation among them.

The initiatives of the European Commission and of Member States acknowledge the heterogeneity of young people and aim to address the different needs of the various subgroups of NEETs. These interventions aim to support youth in the different steps of their pathway to employment. In particular, they aim to prevent early school-leaving and reintegrate early school-leavers; provide education and training opportunities to young people who may not have the right skills for the labour market; support youth in their transition from school to work; and provide special support to the most vulnerable who may be facing more complex situations.

¹ Eurostat LFS, extraction on 29 October 2014.

In this framework, promoting youth entrepreneurship – with its high potential for employment creation and sustainable growth – has recently become one of the significant priorities among EU policymakers for addressing youth unemployment.

Youth entrepreneurship should not be seen as a ‘mass’ solution which can cure the youth unemployment crisis or solve all society’s social ills, because only a minority of young people will have the right skills and attitudes to become entrepreneurs (Curtain, 2000; Chigunta, 2002). However, there is no doubt that allowing young people to better exploit their talents and supporting them in transforming their creative ideas into business plans has a wide number of potential benefits.

First, youth entrepreneurship has a direct impact on job creation as it creates employment opportunities for both self-employed youth and other young people who may be hired by the newly created companies. Moreover, it may also increase innovation and raise competition, two of the drivers of economic growth (Green, 2013).

Youth entrepreneurship also promotes resilience among young people, encouraging them to find new, alternative solutions in a changing market (Chigunta, 2002). This also includes new and innovative models for work organisation and new perspectives on the market. Young entrepreneurs may be particularly responsive to new economic opportunities and trends. This is especially important in a globalised society (OECD, 2001; White and Kenyon, 2000).

Furthermore, a young person setting up a new business may have a positive ‘demonstration’ effect, showing by example that with hard work and good ideas it is possible to be successful. This may be of particular importance in deprived communities with marginalised youth where setting up a new business may be a mechanism for helping disadvantaged people to escape the vicious circle of social exclusion, offering an indigenous solution to economic disadvantage (Green, 2013).

Finally, the experience gained in setting up a business and becoming an entrepreneur helps young people to accumulate human capital by developing new skills that can be applied in other challenges in life.

For all these reasons, there have been several initiatives at European and Member State level aimed at fostering and promoting youth entrepreneurship. The importance of stimulating the entrepreneurial mindset of young people and encouraging innovative business start-ups while fostering a more entrepreneur-friendly culture has been widely recognised by the European Commission.

Youth entrepreneurship on the EU policy agenda

The first policy action that aimed at transferring entrepreneurial knowledge across the EU was the Bologna process in 1999. Then in 2003, the European Commission published the Green Paper on ‘Entrepreneurship in Europe’, which highlighted the importance of entrepreneurship for Europe’s competitiveness and recognised that the level of entrepreneurship in Europe is far lower than in the rest of the developed world (European Commission, 2003).

At the European level, most initiatives to foster youth creativity and to promote entrepreneurial spirit stemmed from education and training policies. The Action Plan for Entrepreneurship adopted in 2004 provided a strategic framework for strengthening entrepreneurship and contained elements to promote entrepreneurial mindsets and encourage more individuals to pursue entrepreneurship. Then in March 2005, fostering youth entrepreneurship became a key element of the European Youth Pact and in 2006 the Commission’s Communication ‘Implementing the Community Lisbon Programme:

Fostering entrepreneurial mindsets through education and learning' presented recommendations for a more active role of entrepreneurial culture in education (European Commission, 2006).

To recognise and address the barriers that entrepreneurs are facing, the Small Business Act was adopted in 2008. The act established principles to guide Member States in implementing policies which could support and help start-ups for both young and adult entrepreneurs. As part of the implementation of the Small Business Act, many Member States introduced entrepreneurship programmes in educational curricula to foster entrepreneurial skills and attitudes among young people and to make them more aware of the possibility of starting their own business. Moreover, in 2009 entrepreneurship was proposed as one of the tools for creating more education and employment opportunities for youth in the European Commission Communication 'EU strategy for youth – Investing and empowering' (European Commission, 2009). The Council Resolution of November 2009 on the framework for European cooperation in the youth field also discussed the support of young people in entering the labour market either as employers or employees. Supporting youth entrepreneurship through education, finance and mentoring was suggested to Member States.

In March 2010, recognition of entrepreneurship and self-employment as key for achieving smart, sustainable and inclusive growth was announced as part of the Europe 2020 strategy. In this regard, including innovation and entrepreneurship in education was recognised as a way of stimulating the comparatively low EU level of entrepreneurship. Spread among different flagship initiatives, the Europe 2020 strategy called for the creation of a more favourable environment for entrepreneurship and for the promotion of an entrepreneurial culture and mindset. Moreover, through the European Social Fund (ESF), dedicated efforts were made to help female entrepreneurs, as well as people from disadvantaged groups and those with disabilities who are interested in establishing their own start-up.

The importance of youth entrepreneurship was again emphasised in the 2012 European Commission Communication 'Towards a job-rich recovery', through the Employment Package, as a response to the youth unemployment crisis (European Commission, 2012d). The Commission emphasised the importance of promoting an entrepreneurial mindset and the need for easier access by young people to finance and services for start-ups to enable them to translate their creativity into businesses. As a follow-up to the Employment Package, again in 2012, the Commission launched a Youth Employment Package which included the Youth Guarantee. Actions and interventions of the Youth Guarantee include the provision of continued guidance on entrepreneurship for young people that can be supported by the ESF.

The EU Youth Guarantee initiative was formally adopted by the EU's Council of Ministers in April 2013 and endorsed by the European Council in June of that year. As stated in the official Memo (14/571) published by the European Commission, under the Youth Guarantee 'Member States should ensure that, within four months of leaving school or losing a job, young people under 25 can either find a good-quality job suited to their education, skills and experience or acquire the education, skills and experience required to find a job in the future through an apprenticeship, a traineeship or continued education'. Measures under the Youth Guarantee can range from providing training to supporting young people through enrolment in further education or the provision of concrete apprenticeships, traineeships or jobs. This initiative is funded by the ESF with an additional €6 billion from the Youth Employment Initiative (YEI).

One specific aim of the Youth Guarantee was to foster youth entrepreneurship and to ensure greater availability of start-up support services. The Council of the European Union recommendation states that ‘fostering entrepreneurial mindsets, making start-up support services and microfinance more available, and establishing schemes for converting unemployment benefits into start-up grants would play an important role, also for young people’. More specifically, under Recommendation 19, the Council stated that the Youth Guarantee should ‘make available more start-up support services, and increase awareness of the possible chances and perspectives connected with self-employment, including through closer cooperation between employment services, business support and (micro) finance providers’.

In 2013, the European Commission published its Communication on the Entrepreneurship 2020 Action Plan (European Commission, 2013c). The document suggested decisive actions to unleash the European entrepreneurial potential and to remove existing obstacles to entrepreneurship. These actions are grouped under three support pillars: education and training; creation of an environment where entrepreneurs can flourish; and developing role models and reaching specific groups that are not able to exploit their full entrepreneurial potential. Again, in 2013, with the Social Investment Package, the Commission underlined the need to prioritise investment to enable young people and women to contribute fully to the economy and to society. This can happen through the social economy and social entrepreneurship. Finally, and along the same lines as the Entrepreneurship 2020 Action Plan, the Commission proposed the Youth Entrepreneurship Strategies (YES) which aim to increase the number of young entrepreneurs in Europe. The project, which is funded by the European Regional Development Fund, focuses on new methods to review policies concerning youth entrepreneurship and on the exchange of good practices across regions and Member States.² Similarly, Erasmus for Young Entrepreneurs (EYE) is an EU exchange programme giving the aspiring entrepreneur the chance to learn from other entrepreneurs in other Member States.

Defining youth entrepreneurship

There are many different definitions of entrepreneurship in the literature. Because ‘entrepreneurship’ is a generic term that encompasses many elements, these definitions often overlap and conflict, generating some confusion and disagreement among researchers and practitioners about what entrepreneurship is (Parker, 2004). Schnurr and Newing (1997) and Davidsson (2004) list at least 20 definitions of entrepreneurship from various authors on the subject, concluding that efforts to reach a consensus on its meaning have not been successful and various analysts are changing their definitions as work, study and experience in the field evolve. In general, the definition of entrepreneurship depends on the disciplinary approach of the researcher defining it.

The sociological perspective sees entrepreneurship as mainly the creation of a new organisation and the analysis takes place at the individual level or firm level, focusing especially on the role of networks. Conversely, the psychological perspective focuses on the mental processes of an individual and therefore is more likely to frame entrepreneurship in terms of cognitive processes, or psychological traits such as creativity, motivation or the mental process generating the intention of starting a business. Finally, economists are mostly interested in firms and the processes underlying employment creation and growth. Given this heterogeneity, definitions of entrepreneurship can be clustered among four different dimensions: task-centric, looking at what an entrepreneur does; psychological traits and attitudes, that is how an entrepreneur thinks; business-centric, focusing

² <http://www.young-entrepreneurs.eu/>

on the characteristics of the firm; or as a multidimensional concept encompassing all of the above (European Commission, 2012d). Among those defining entrepreneurship as a multidimensional concept, Stevenson (1983) describes entrepreneurship as ‘the process whereby individuals become aware of business ownership as an option or viable alternative, develop ideas for business, learn the process of becoming an entrepreneur and undertake the initiation and development of a business’.

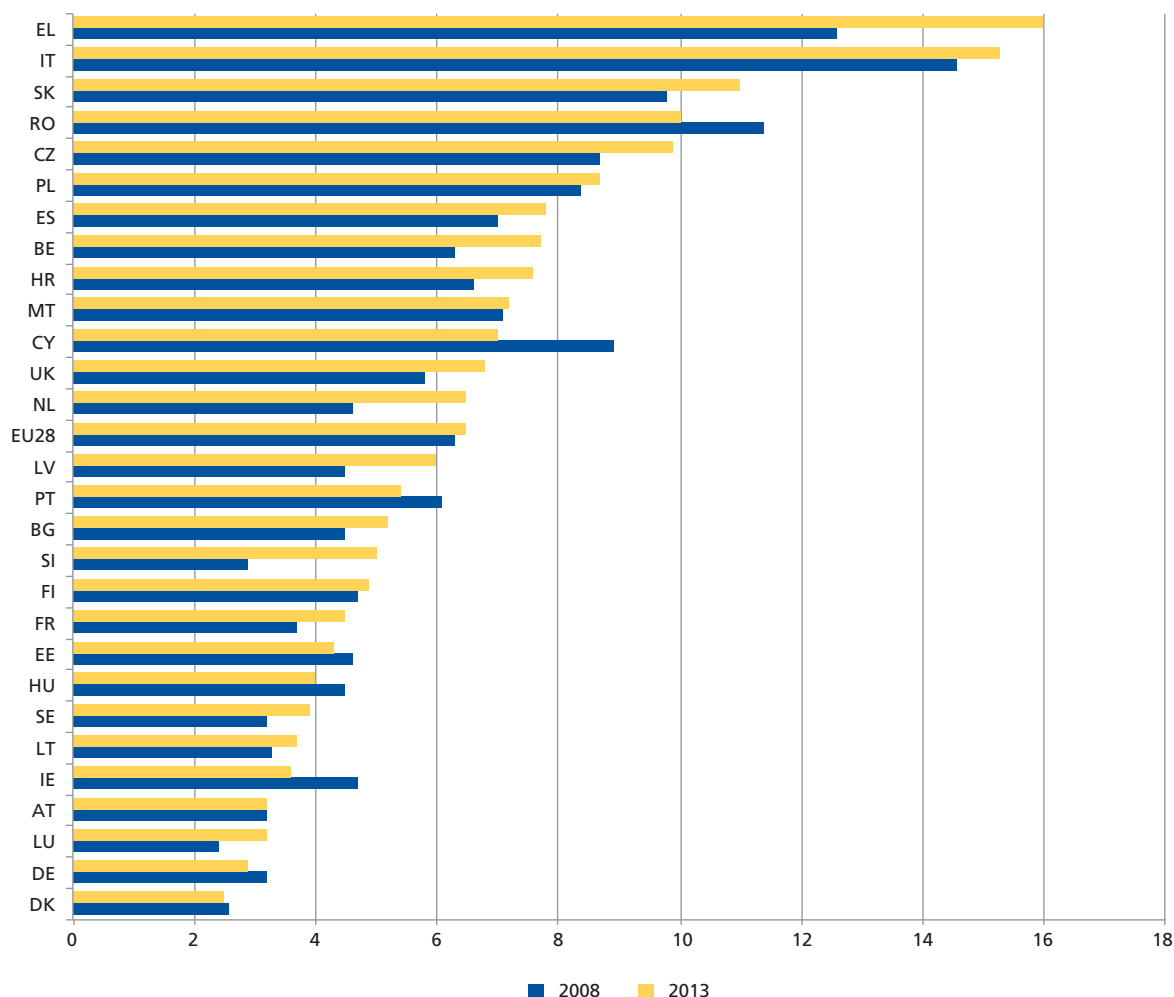
Despite the lack of agreement in the literature over a definition of entrepreneurship, to be properly debated at the policy level, youth entrepreneurship must be defined and measured. Following the seminal work of Chigunta (2002), youth entrepreneurship is defined in this report as the ‘practical application of enterprising qualities, such as initiative, innovation, creativity and risk-taking into the work environment (either in self-employment or employment in small start-up firms), using the appropriate skills necessary for success in that environment and culture’ (Schnurr and Newing, 1997). This definition assumes that by making the decision to initiate a business young people are developing and making full use of their own abilities, alone or in groups; young people are defining their own problems, identifying solutions and finding resources to realise their vision; and young people are realising their own potential and vision, growing in confidence and taking active roles in their own communities.

Measuring youth entrepreneurship

Once the concept of youth entrepreneurship has been defined, it needs to be measured. Adopting the Organisation for Economic Co-operation and Development (OECD) definition of self-employed as anyone who works for himself or herself but not for anyone else, except under arm’s-length contracts (OECD, 2001), in this report youth self-employment is used operationally as a proxy for entrepreneurship. Clearly the use of self-employment as a proxy for youth entrepreneurship has some limitations and only partly allows the characteristics of young entrepreneurs to be captured. For example, Lazear (2005) emphasised that being a (young) entrepreneur requires a wider understanding of business areas and a higher ability to combine talents and manage others than self-employed people, who may often work alone and may not have all the skills needed to be entrepreneurs. However, in practice, it is easier to measure entrepreneurship as self-employment, mainly because data are more easily available. The self-employed are individuals who earn no wage or salary and who derive their income by exercising their profession or business on their own account and at their own risk (Parker, 2004, p. 6). Moreover, self-employment is used as a proxy for entrepreneurship in a wide range of research, and many labour economists use self-employment as a measure of entrepreneurship on the grounds that self-employed people fulfil the entrepreneurial function of risk-bearing (Eurofound, 2009; Parker, 2004).

According to Eurostat, in the EU28 in 2013 there were 2.67 million people between 15 and 29 who were self-employed. This means that only 6.5% of the total young European population opt for self-employment. Eurostat data reveal very important differences in the relative level of self-employment among young people across Member States. The EU countries where self-employment was the most popular employment option for young people in 2013 were Greece and Italy (where 16.0% and 15.3% of young people opted for this type of employment), followed by the Czech Republic, Poland, Romanian and Slovakia (with between 8.7% and 11.0%). Meanwhile, the Member States where the share of self-employment among young people was lower were Austria, Denmark, Germany and Luxembourg (where less than 3.5% of all working young people opt to be self-employed).

Figure 1: Percentage of self-employed in relation to total employment (15–29 age group), by EU Member State, 2008–2013

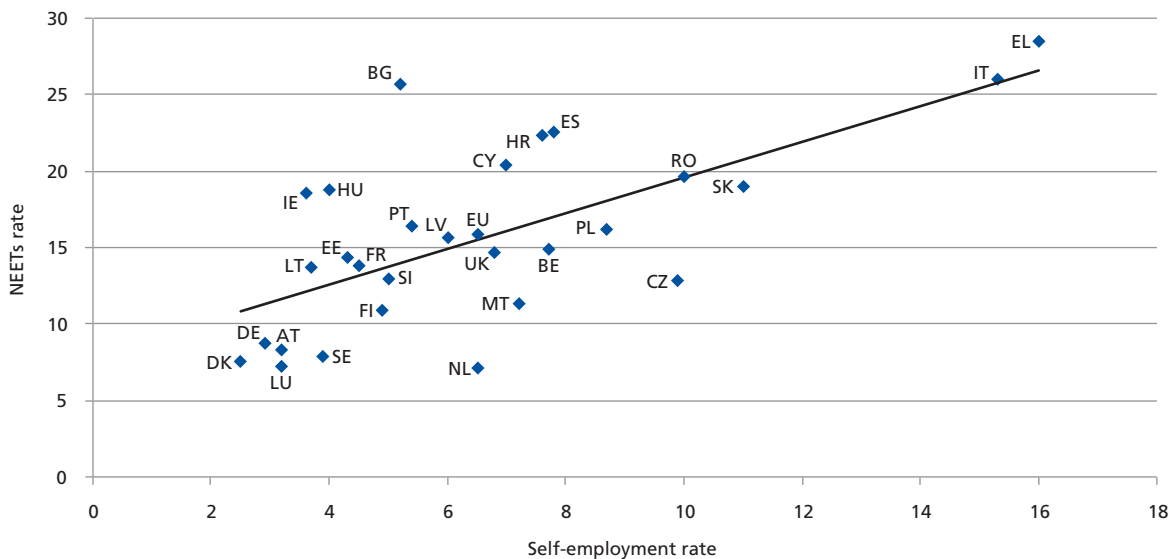


Source: Eurostat, Labour Force Survey

The comparison with 2008 reveals that the share of young self-employed increased from 6.3% to 6.5% at the European level. However, this increase was more marked in some eastern and south Mediterranean countries such as Greece, from 12.6% to 16%, Italy, from 14.6% to 15.3%, Slovakia, from 9.8% to 11% and the Czech Republic, from 8.7% to 9.9%. Conversely, a considerable decrease was recorded in Cyprus, from 8.9% to 7%, Ireland, from 4.7% to 3.6% and Romania, from 11.4% to 10%.

Interestingly, as shown in Figure 2, at the Member State level the share of self-employed is highly correlated (66%) with the share of NEETs, indicating that labour markets with high overall levels of young people not in employment, education or training, such as Italy, Greece, Romania and Spain, are also more likely to have high levels of youth self-employment. In line with the general literature, this may suggest that labour markets with more opportunities for paid employment may have less of a ‘push’ into self-employment in general and therefore also lower levels of youth self-employment (OECD, 2012). Conversely, in those Member States with slow or stagnant economic growth where labour market entry is more problematic, self-employment seems to attract more young people who are trying to find their own way into the labour market.

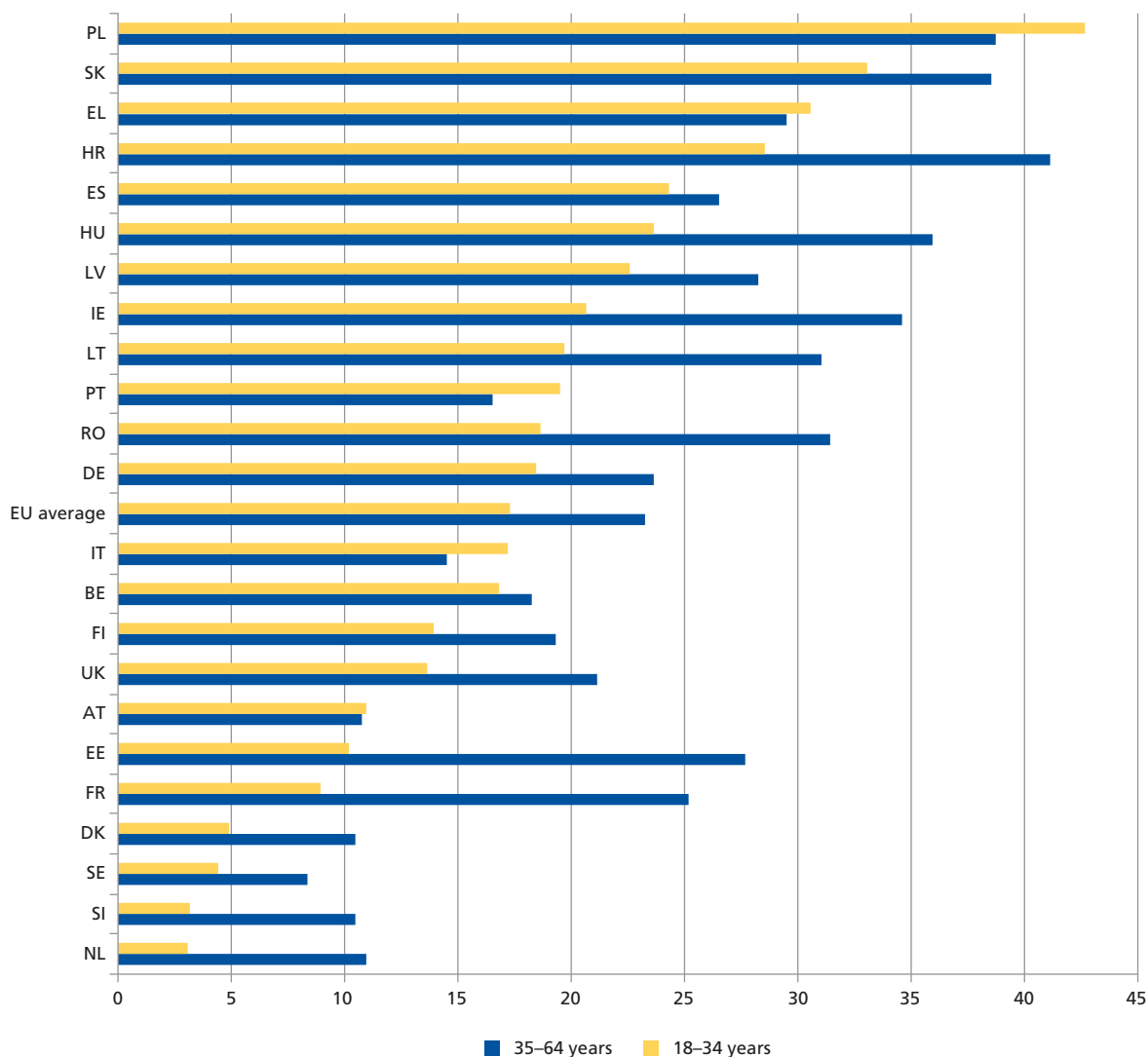
Figure 2: Share of self-employed and NEETs, EU28 (2013)



Source: Eurostat, 2013 Labour Force Survey; Eurofound elaboration

However, the link between the share of self-employment and the size of the cohort of NEETs is complex and merits more in-depth analysis. Young entrepreneurs can decide to set up an enterprise for a wide range of reasons. The main motives indicated by the existing literature include the desire for ‘independence’ and wish to ‘work for themselves’ (GEM, 2013; YBI, 2011). Together with these ‘positive’ influences (‘opportunity entrepreneurs’), the available research shows that a small percentage of young entrepreneurs are pushed into entrepreneurship because they have no other employment option (‘necessity entrepreneurs’). Research by GEM and YBI (2013) indicates that 17% of young entrepreneurs in the EU are driven by necessity, compared to 23% of adult entrepreneurs (aged 35–64) (Figure 3 overleaf). Although important differences between EU Member States can be discerned, in general young entrepreneurs seem to be more opportunity-driven than adult entrepreneurs.

Figure 3: Ranking of EU Member States according to the percentage of entrepreneurs motivated by necessity, by age group, 2013



Note: No data available for Bulgaria, Cyprus, Czech Republic, Luxembourg and Malta.

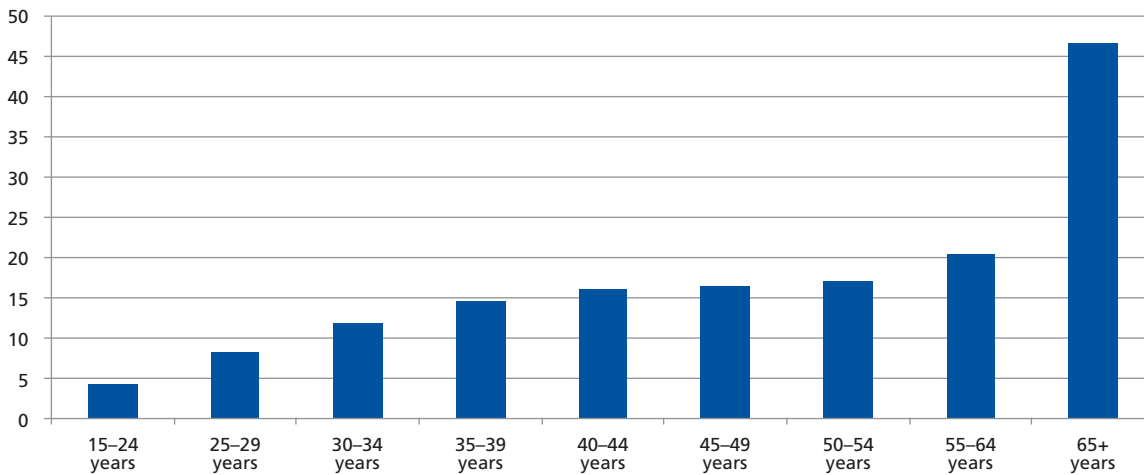
Source: GEM and YBI, 2013

Characteristics of young European entrepreneurs

Numerous studies suggest that people starting a business often do so at a later stage in life and after having acquired valuable professional experience. For this reason, older rather than younger individuals are more likely to be self-employed, and men are more likely to be self-employed than women (Greene, 2005; OECD, 2013; Storey and Greene, 2010).

This result is fully confirmed by Eurostat data which show that the relative presence of self-employed among working young people increases with age (Figure 4). In particular, just 4.2% of young employed workers aged 15–24 are self-employed, while this figure increases to 8.3% among those aged 25–29 and to 11.8% among those aged 30–34. This percentage goes up to 20.4% for those aged 55–64 and adds up to an average of 15.0% for the whole EU working population over 15 years of age.

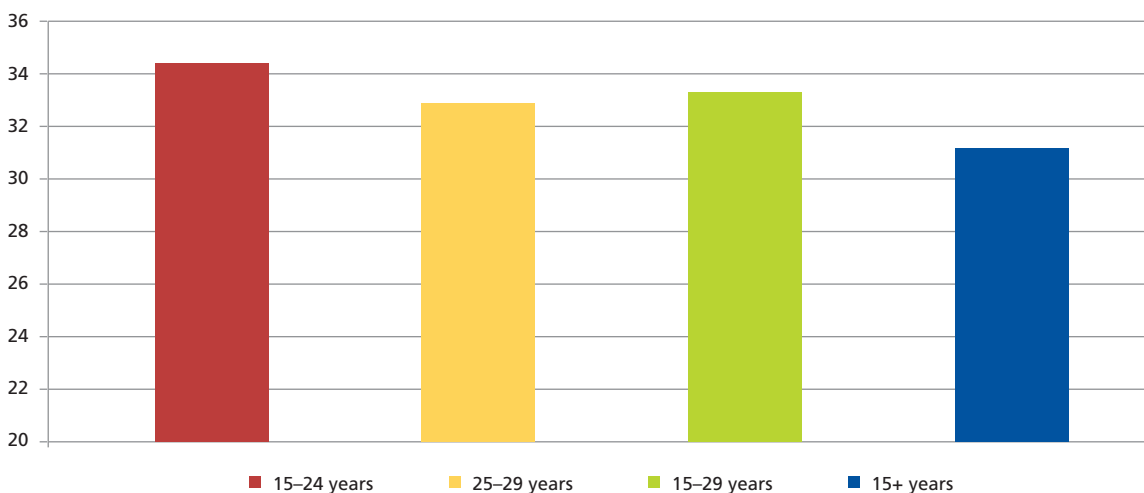
Figure 4: Percentage of self-employed in relation to total employment, by age group, EU28, 2013



Source: Eurostat, Labour Force Survey

Concerning gender considerations, as suggested by the general literature a gender bias exists in self-employment and it is reflected in a higher presence of men in comparison to women in youth self-employment (Blackburn, 1997; Dolton and Makepeace, 1990; Greene and Storey, 2004; Greene and Saridakis, 2008). This is also confirmed by Eurostat data in Figure 5, in the sense that only a third of young self-employed people in the EU28 in 2013 were women (33.3% of the total EU population aged 15–29 years, just slightly higher than 31.2% for the whole self-employed population, irrespective of age). The proportion of self-employed women is slightly higher in the youngest group of self-employed than for the other age categories (34.4% among the 15–24 age group compared to 32.9% for the 25–29 age group). These percentages have not changed much in recent years. This relatively lower presence of self-employed women in the EU as a whole is also confirmed at the Member State level, especially in some of states such as Romania or Slovakia, where less than a quarter of young self-employed people are women.

Figure 5: Percentage of female self-employed in relation to total self-employment, by age group, EU28, 2013



Source: Eurostat, Labour Force Survey

The existing studies on youth entrepreneurship show little evidence of the relationship between level of education and self-employment. Some studies suggest a positive relationship (Blackburn, 1997; Parker, 2009; Storey and Greene, 2010) whereas in other cases the relationship is negative (Astebro and Bernhardt, 2005; Van der Sluis et al, 2005). This mixed evidence is probably explained by the fact that more highly educated young people are likely to have the requisite skills necessary to set up and run a new business, but that they are also more attractive to employers offering high-quality jobs (OECD, 2013). Eurostat data for 2013 show that 60.0% of the young European self-employed (defined in this case as those aged 15–24 years) have completed an upper secondary/post-secondary non-university education level (ISCED 3–4), whereas 16.3% have completed a first/second stage of tertiary education level (ISCED 5–6) (Table 1). Therefore, 76.3% of young self-employed Europeans have an education level between ISCED 3 and 6.

Table 1: Percentage of self-employed by maximum level of education (ISCED), EU, 2008–2013

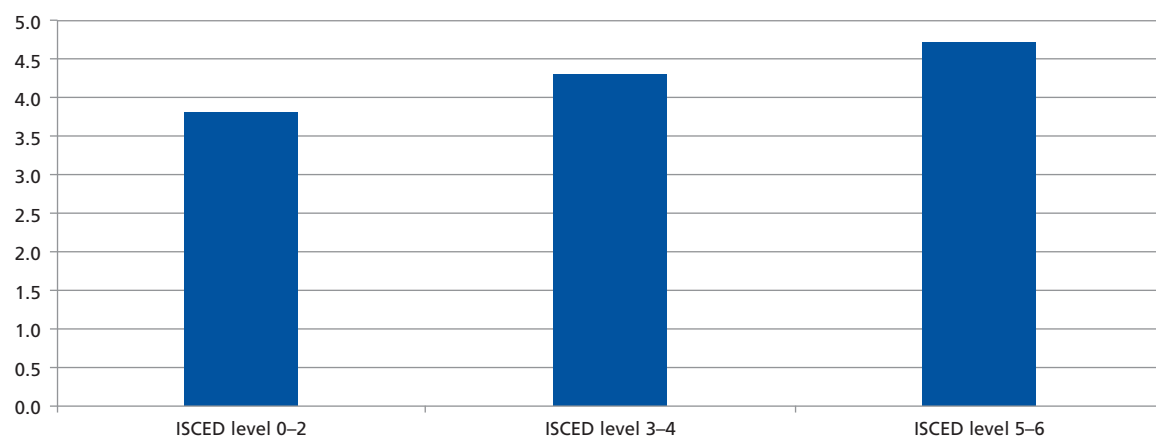
	15–24 years old			15+ years old		
	Level 0–2	Level 3–4	Level 5–6	Level 0–2	Level 3–4	Level 5–6
2008	30.0	58.3	11.4	29.4	44.0	26.4
2009	28.5	59.3	11.9	28.0	44.5	27.3
2010	27.3	59.4	13.1	26.9	44.8	28.2
2011	23.3	62.4	13.7	25.4	45.0	29.4
2012	23.7	60.8	14.5	24.5	44.7	30.6
2013	22.8	60.0	16.3	23.5	44.6	31.6

Note: The data before 2013 also include Croatia for comparison reasons over time.

Source: Eurostat, Labour Force Survey

Moreover, Eurostat data reveal that the percentage of young people aged 15–24 years in self-employment increases slightly with educational level (Figure 6). Thus, while 3.8% of European young people with lower secondary education or lower (ISCED 0–2) are self-employed, this percentage increases to 4.3% among young people with upper secondary and post-secondary non-tertiary education (ISCED 3–4) and 4.7% among those with short-cycle tertiary, bachelor’s degree or equivalent, master’s degree or equivalent and doctoral degree or equivalent (ISCED 5–6).

Figure 6: Percentage of young self-employed (15–24) in relation to total youth employment by educational level, EU28, 2013

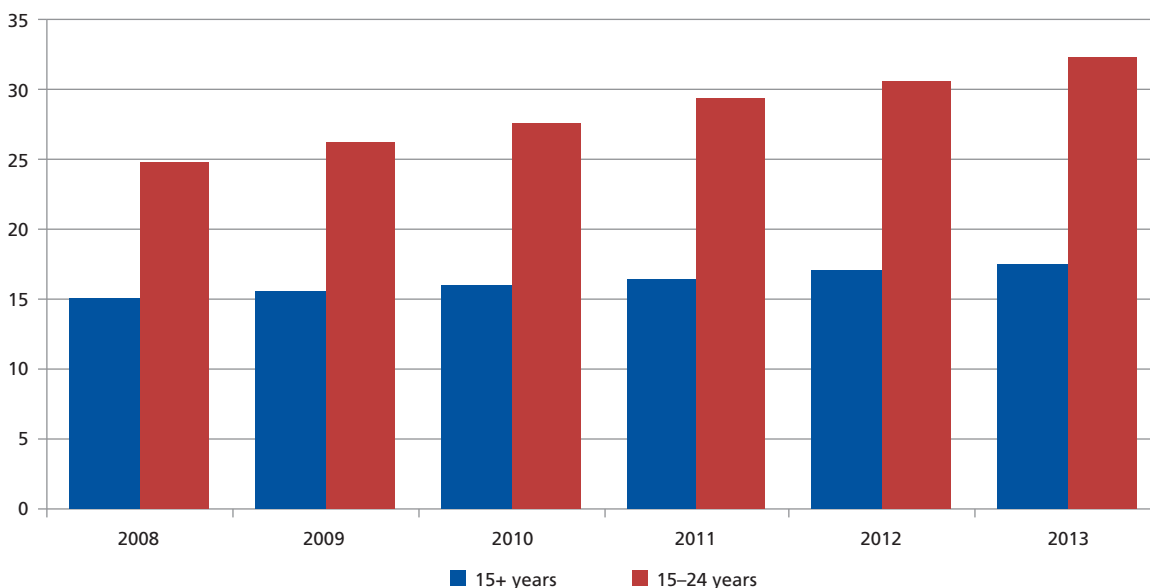


Source: Eurostat, Labour Force Survey

Finally, it is interesting to note that part-time self-employment practices are particularly common among young self-employed people, at least in comparison to other age groups, for a number of reasons (OECD, 2012; Strohmeyer and Tonoyan, 2007)). This ‘hybrid form of entrepreneurship’, once confined to older individuals, can provide a good opportunity to gain valuable hands-on experience of running a business on a small scale while doing other activities (completing education or working in paid employment), at the same time reducing the financial consequences of failure in comparison to full-time self-employment (Folta et al, 2010). As noted by Schreiner and Woller (2003), these forms of microenterprises are mainly concentrated in the provision of childcare, haircare and retail sales.

Data from Eurostat confirm this higher presence of young self-employed who do not work full time. Figure 7 shows that about one in three young self-employed Europeans work on a part-time basis, a higher proportion than among the general European self-employed (of whom almost 18% work part time). Interestingly, the data also show an increasing percentage of young self-employed 15–24 year olds who work part time, rising from 24.8% of the total in 2008 to 32.2% in 2013. This upward trend is also present among all self-employed people (irrespective of age), although at a much lower scale. Unfortunately, the available data do not provide information showing to what extent this part-time self-employment is voluntary or involuntary.

Figure 7: Part-time self-employed workers in relation to total self-employed, by age group, EU28, 2008–2013 (%)



Note: For comparison reasons, the data for all years cover the 28 Member States that currently form the European Union.

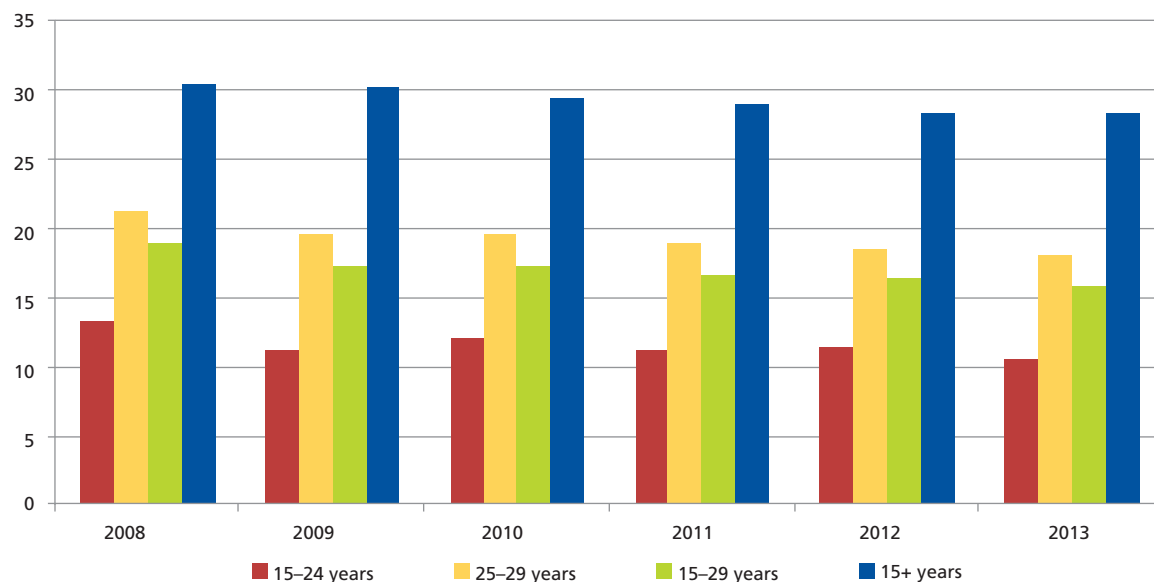
Source: Eurostat, Labour Force Survey

Profile of the businesses

The available literature suggests that young people, as an emerging group entering the labour market, run small-scale businesses and are less likely to work with employees than older self-employed adults (OECD, 2013). Eurostat data confirm this and show that the businesses of young European entrepreneurs are less likely to have employees than those of other age groups (Figure 8). In this sense, according to the latest data for 2013, up to 15.8% of the EU28 young self-employed had at least one employee, whereas this percentage increases to 28.4% for the general European self-employed population. Meanwhile, only 10.5% of the youngest self-employed (under 25 years old) had at least

one employee in 2013, compared with 18.0% among self-employed people between 25 and 29 years old.

Figure 8: Young self-employed with employees in relation to total self-employed, by age group, EU28, 2008–2013 (%)



Note: For comparison reasons, the data for all years cover the 28 Member States that currently form the European Union.

Source: Eurostat, Labour Force Survey

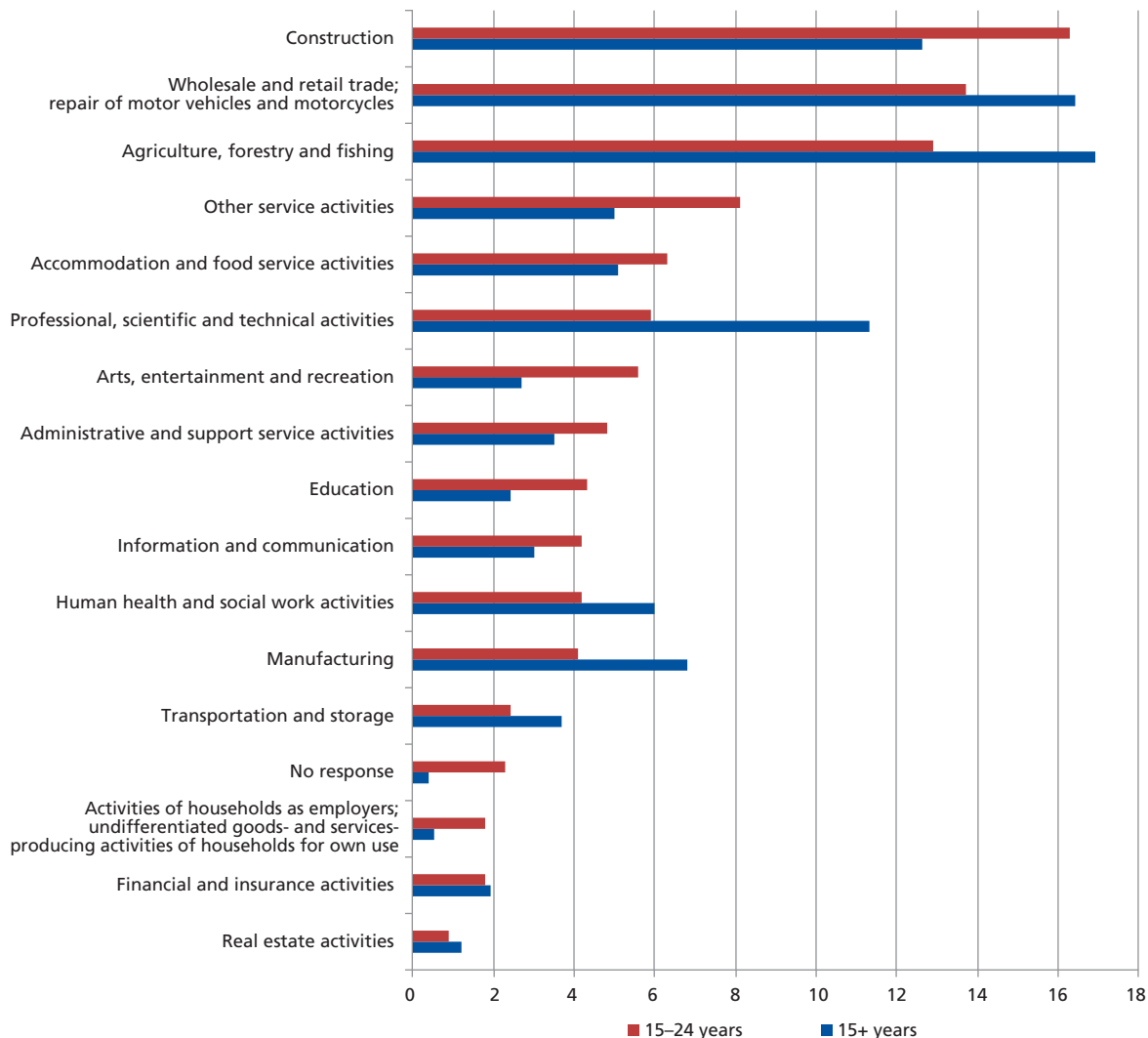
Unfortunately, the recent evolution over time of this indicator reveals that since the onset of the crisis the share of self-employed with at least one employee has decreased for all age categories (Figure 8). However, in relative terms this decrease has been more marked for young self-employed people than for the other age categories. In particular, the share of self-employed with employees decreased from 13.8% to 10.5% among those aged 15–24, and from 21.2% to 18% among those aged 25–29. Interestingly also, from a gender perspective, the Eurostat data show that young self-employed women (as with women in other age groups) are even less inclined to hire employees than their male counterparts. In 2013, 13.2% of young self-employed females had employees compared with 17.1% of young self-employed males, and this difference has been quite stable over recent years.

While having no employees does not necessarily imply running a business on your own, as other forms of cooperation among entrepreneurs exist, such as collaborative employment (Eurofound, 2015), two main reasons are usually given for this low level of young self-employed with employees (European Employment Observatory, 2011). On the one hand, young people’s businesses are often too new and small for them to hire employees. On the other hand, ‘bogus or false self-employment’ practices are particularly common among young self-employed people; that is to say, individuals who call themselves self-employed but who in reality only work for a single client (Eurofound, 2009). This bogus self-employment is usually linked to low-quality employment, undeclared work and informality, and penalises the workers concerned as in many cases they miss out on rights such as paid sick leave, holiday pay, overtime and employment protection. This means that they do not enjoy the same entitlements as other employees.

Concerning the main economic sectors where young self-employed people develop their activities, several studies show that these sectors tend to be service- rather than manufacturing-oriented, and are usually characterised by low barriers to entry, low capital needs and low levels of required business skills (Rosa, 2003; Parker, 2009).

In this regard, Eurostat data in Figure 9 show that the sectors where young entrepreneurs are most active are construction (16.3% of total youth self-employment), the wholesale and retail trade (13.7%), and the primary sector (12.9%), followed by 'other service activities' (8.1%), accommodation and food service activities (6.3%), and professional, scientific and technical activities (5.9%). Some authors suggest that the high level of bogus self-employment practices (see above) in some of these sectors (such as construction and trade) is also at the root of this sector specialisation in youth self-employment (European Employment Observatory, 2011).

Figure 9: Main economic branches where young self-employed are engaged in comparison to total self-employed, EU28, 2013



Source: Eurostat, Labour Force Survey

The comparison with the general self-employed population shows differences among the economic sectors chosen. In particular, among the general working-age population, the agriculture and trade sectors have the highest share of self-employed. Similarly, young self-employed people tend to be underrepresented in the sectors of professionals, human health activities and manufacturing. This is not surprising as higher levels of human and financial capital are needed to enter these sectors. Yet the presence of young entrepreneurs is somewhat higher in some sectors, such as other service activities, arts and recreation, education and, finally, administrative and support service activities.

Conclusions

Despite all the efforts and initiatives implemented and promoted by the European Commission since 1999, it is clear that very few young people actually start businesses and most of them are small in scale, with no employees, and with a high risk of failure.

While the level of youth unemployment is still very high, just 6.5% of young Europeans aged 15–29 years are self-employed and just one-sixth of them have employees. Data also reveal that the share of young self-employed people increases with age, as people's levels of professional experience increase. One source of concern is the gender bias observed, indicating that just one-third of the self-employed are female. However, as a positive sign of a slowly reversing trend, it is worth mentioning that the share of young self-employed females appears to be higher than in the general population. The young self-employed are overrepresented in sectors such as construction, where forms of 'bogus' or false self-employment are rampant. While more research and policies are needed in this field, this may imply that not only is the share of young self-employed people low, but part of it may mask the vulnerable situation of young people desperately looking for a job; they work as self-employed but in reality are dependent on a single client, missing out on some of their rights in order to participate in the labour market.

Youth entrepreneurship is not a panacea for solving the youth unemployment problem and it is not for all young people but for just a minority who have the right skills and attitudes to become entrepreneurs and create jobs. However, unlocking the potential of youth entrepreneurship is important to allow those who have the right skills to develop their own creative ideas in successful businesses which can contribute to job creation. This is especially true in a period when Europe's youth unemployment rate is worryingly high, and initiatives that promote entrepreneurship can play a role in meeting this challenge.

Youth attitudes towards entrepreneurship

As the previous chapter showed, the share of entrepreneurs among young Europeans is fairly low. Despite considerable country variation, young entrepreneurs on average account for 4.2% of the employed aged 15–24 years and 8.3% of the employed aged 25–29 years. The decision to become an entrepreneur and start one's own business is influenced by several complex and often interrelated factors.

According to the literature (Greene, 2013), factors influencing the decision to become self-employed include various micro and macro traits and determinants. At the individual level, Dolton and Makepeace (1990) found that 'older' young people, and particularly males, are more likely than average to be self-employed. The same age and gender divide is generally identified also by Blanchflower and Meyer (1994), Blackburn (1997), Shutt and Sutherland (2003), Greene and Storey (2004) and Greene and Saridakis (2008). However, little evidence is identified in literature about the relationship between high education levels and self-employment (Blackburn, 1997). Green (2013) notes that more highly educated young people are likely to have the skills necessary to set up and run a new business, but that they are also more attractive to employers (see also Astebro and Bernhardt, 2005; Castagnetti and Rosti, 2011). In this regard, past work experience and previous professional background are factors considered more important in influencing the decision to become self-employed (Blanchflower and Meyer, 1994; Williams, 2004). Furthermore, there is strong evidence that self-employment is intergenerationally transmitted, with children following the example of their parents (Fairlie and Robb, 2007; Mungai and Velamuri, 2011). There is a similar effect on the opposite side of the spectrum where a history of unemployment among parents increases the probability of their children being NEET by 17% (Eurofound, 2012). Finally, personality traits, such as risk aversion or independence, are identified as important factors influencing the decision to become self-employed (Tackey, 1999; Meager et al, 2003).

At the macro level, a positive correlation between the level of youth unemployment and the share of self-employment among youth is identified by Shutt and Sutherland (2003). Despite the complexity of this link, this follows the same lines as the positive correlation between the share of NEETs and the share of young self-employed identified in the previous chapter. Similarly, the social and regional environment, as well as the macroeconomic cycle, seem to have an impact on the decision to embark on a start-up (Storey and Greene, 2010; Congregado et al, 2010). However, as pointed out by Shapero (1984), individual and macro factors alone cannot explain why certain individuals become self-employed and others prefer paid employment. This emphasises the need to contextualise factors influencing the decision to become self-employed in a more general macro environment where culture and social attitudes towards entrepreneurship play a bigger role.

Following this view, this chapter investigates young people's attitudes towards entrepreneurship. First, the analysis investigates individual attitudes towards entrepreneurship by examining indicators such as the desirability and feasibility of entrepreneurship as a career option. It then explores the social attitudes of young people towards entrepreneurship through indicators drawn from the Eurobarometer and the Global Entrepreneurship Monitor (GEM). To explore how 'start-up friendly' Europe is perceived to be, the study compares the findings for Europe with those of other countries and economies. Finally, in the next chapter, the focus will be placed on personality traits and individual values of young self-employed people, to see what differentiates them from young employees.

Individual and social attitudes towards entrepreneurship

As discussed briefly in the previous section, research on determinants of (youth) entrepreneurship has often focused on individual characteristics, such as educational level or employment status. However, an individual's actions are determined and shaped by attitudes, which can be defined as evaluations and beliefs relating to a set of events, activities and ideas which influence or determine the behaviour of individuals (Bergmann, 2009).

In this regard, at the individual level the decision to become self-employed is certainly affected by the individual's perception of how desirable the choice of self-employment is, as well as the perceived feasibility of entrepreneurship as a career. Several studies have investigated the relationship between individual attitudes towards entrepreneurship and the decision to start business activities (Bergmann, 2009). Findings reveal that positive attitudes towards entrepreneurship and the perception of the feasibility of that potential choice exert a significant influence on the decision to become self-employed and to start a business (Arenius and Minitti, 2005; Sternberg et al, 2007; Bergmann 2004a, 2004b; Koellinger et al, 2007; Lee et al, 2004).

Going beyond the individual dimension of the desirability and the feasibility of self-employment, it is important to explore the more general perception of whether Europe is a business-friendly environment, which can attract talent or allow it to flourish by supporting the translation of creative ideas into successful business plans. In this regard, culture and social attitudes can significantly affect the economic activity of individuals in diverse ways: culture is known to influence attitudes towards work and consumption, as well as shape institutions and impact on their effectiveness (Fukuyama, 2001). The relationship between culture and entrepreneurship is often explored in the literature through the investigation of social attitudes towards entrepreneurship and self-employment. In fact, cultural features may influence attitudes towards self-employment and this, in turn, may affect the decision of an individual to become an entrepreneur (Bergmann, 2009). While no agreement has been reached in the literature about whether this link is at the individual or social level, Davidsson and Wiklund (1997) suggest that relationships between culture, attitudes and entrepreneurship exist at the individual, regional and group level and that a culture adverse to entrepreneurship may result in a 'business unfriendly' environment which will slow start-up activities and business creation. This would happen, for example, when entrepreneurs and entrepreneurship have a bad image within a society or a region and, as a consequence, individuals do not consider self-employment an attractive option. Hence more positive social attitudes towards entrepreneurship are a stepping stone for the creation of a more business-friendly environment which may positively influence the decision of young people to opt for self-employment.

Given the importance of entrepreneurship in policymaking, there is a growing body of literature investigating the impact of social attitudes on entrepreneurship. While there is agreement on the positive effect of culture and social attitudes on entrepreneurship, consensus has not been reached on the magnitude of these effects (Autio and Wennberg, 2010; Bosma and Schutjens, 2009; Grilo and Thurik, 2008; Grilo and Irigoyen, 2006; Licht and Siegel, 2006; Arenius and Minitti, 2005; Sternberg et al, 2007; Bergmann 2004a, 2004b; Koellinger et al, 2007; Lee et al, 2004).

In this regard, Davidsson and Wiklund (1997) investigated the effect of cultural differences on entrepreneurship in six Swedish regions. Their findings revealed that cultural differences had a statistically significant effect in explaining the variation of entrepreneurial activity among these six regions. However, the effect was deemed to be limited and small in comparison to the effect of other structural factors related to the economy and demography. The same limited effect of cultural

features on entrepreneurship was also found by Mueller and Goic (2002), who studied basic attitudes to entrepreneurship in six transformation countries.

Conversely, Autio and Wennberg (2010) focus on the effect of social peer group attitudes and behavioural norms on entrepreneurial behaviour. They find that social group membership matters for entrepreneurial behaviour and that the norms of social groups can have up to three times as much impact on the probability of individual entry into entrepreneurship as compared with the individual's own attitudes. Their findings indicate that the norms and attitudes of the social group influence job-related attitudes and engagement in entrepreneurship to a greater extent (Autio and Wennberg, 2010).

Regardless of disagreement over the magnitude of the effect, many studies on entrepreneurship have emphasised the significance of a positive and friendly entrepreneurial climate (Armington and Acs, 2002; Goetz and Freshwater, 2001; Johannisson, 1984; Shaper, 1984; Shaper and Sokol, 1982). While it is difficult to disentangle the effect of institution from the effect of culture and attitudes, there is agreement in literature that those countries with more favourable and friendly attitudes towards entrepreneurship are often those with a higher share of entrepreneurs.

Measuring individual attitudes towards entrepreneurship

Individual attitudes towards entrepreneurship, in terms of the level of desirability of becoming an entrepreneur and the perceived feasibility of accomplishing that choice, can be investigated through two indicators drawn from the 2012 Flash Eurobarometer No. 354 (European Commission, 2012b) with the focus on the population aged 15–34. The first indicator investigates how desirable entrepreneurship is as a career choice for young people, while the second indicator measures how feasible this choice is. An investigation of the perception of how feasible entrepreneurship is as a career choice is then completed by considering the factors perceived as barriers to entrepreneurship. Three indicators are investigated, also drawn from the 2012 Eurobarometer: lack of finance, the administrative burden, and insufficient information to start a business.

At the European level, despite the low level of young entrepreneurs discussed in the previous chapter, almost 49% of all young people aged 15–34 years consider a career as an entrepreneur to be desirable (Figure 10 and Table 2). This share varies considerably among European Member States. It ranges from 32% or less in the United Kingdom, Denmark, the Netherlands, Slovakia, Sweden and Germany to 57% or more in Mediterranean countries, such as Portugal, Greece, Italy and Croatia, the Baltic states and some eastern European countries such as Romania and Bulgaria. While a positive correlation is found with the rate of youth self-employment (24%), this correlation is statistically not significant.

The comparison with other economies reveals that becoming an entrepreneur is considered a more desirable career option in new and developing economies than in Europe. In particular, in China almost 75% of young people consider entrepreneurship a desirable option, followed by Russia (63%), Turkey (62%), India (53%) and Brazil (52%). Similar to the value recorded in the EU is the share of young people who are attracted by entrepreneurship in the United States (US), 46%. However, in other European countries, such as Iceland, Norway and Switzerland just 38%, or less, of young people consider a career as an entrepreneur to be desirable.

Together with desirability, it is important to see how feasible people perceive an entrepreneurial career to be. A positive perception of how feasible it is to become an entrepreneur can indicate favourable conditions for making entrepreneurship grow and flourish in a country. At European level, 41% of young people find it feasible to become an entrepreneur. The level varies widely among EU Member States and it ranges from 50% or more of young people in some Scandinavian countries such as

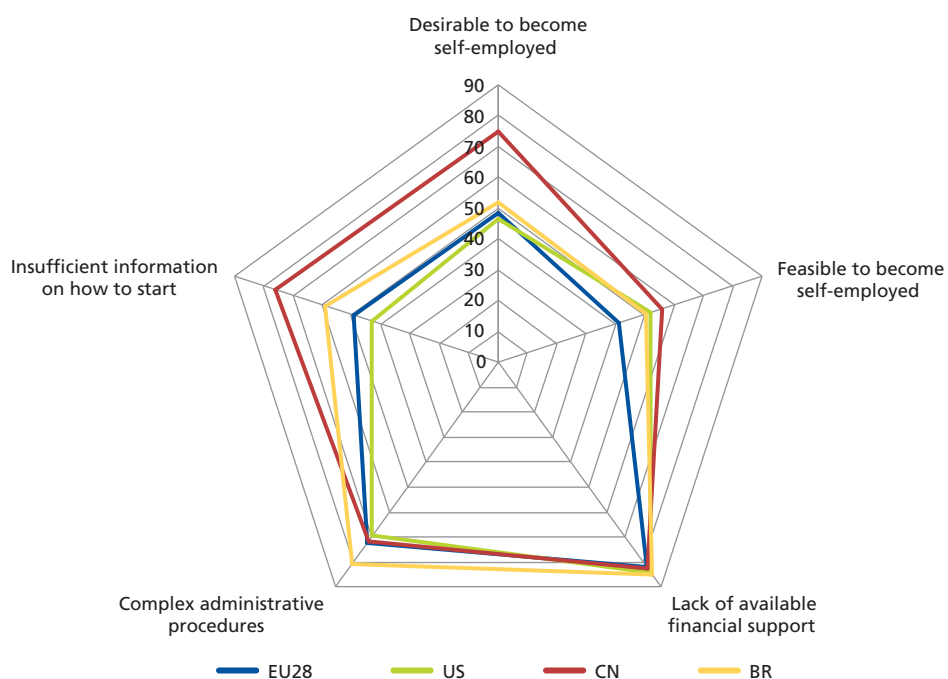
Finland and Sweden, the Baltic states such as Latvia and Lithuania, and other eastern European countries such as Poland and Slovenia, to less than 30% in some Mediterranean countries such as Malta, Croatia and Spain. Interestingly, a negative correlation with the share of self-employment is found, -22%. However, this correlation rate is statistically not significant.

The comparison with the other economies reveals that in several other countries the entrepreneurial choice is perceived as more feasible than it is in Europe. In particular, in Brazil, the US, Russia and China, 50% or more of young people consider it feasible to become an entrepreneur. In Norway, this share hits 61%. These data indicate that in new economies and in the US, not only do young people consider a career as an entrepreneur to be more desirable than their European peers, but they also believe it is more feasible than their European peers.

Focusing on the perceived barriers, at European level a lack of finance and financial support is indicated by 82% of young Europeans as the main factor making the option of entrepreneurship unfeasible. This value ranges from 92% or more in Italy, Spain, Portugal, Romania, Bulgaria and Greece, to 65% or less in the Netherlands, Denmark, Estonia and Finland. Interestingly, a statistically significant positive correlation rate, 56%, is found with the indicator measuring the desirability of entrepreneurship as a career. This indicates that the countries where more young people desire to become entrepreneurs are those where more challenges are found in terms of lack of finance. Conversely, as expected, a negative statistically significant correlation is found with the degree of feasibility of entrepreneurship as a career option.

In the other economies, the share of youth reporting lack of finance as a barrier is comparable with the value observed in the EU28; however, it is worth noting that this share is lower in non-EU European countries, such as Switzerland, and especially in Norway where just 61% of youth mention lack of finance as a barrier to becoming an entrepreneur.

Figure 10: Attitudes and barriers to entrepreneurship, 15–34 years



Source: 2012 Flash Eurobarometer No.354; Eurofound elaboration

Analogously, 72% of young Europeans mention the administrative burden of opening a start-up as a barrier to becoming entrepreneurs, with south and eastern European countries reporting higher shares of young people mentioning this barrier. This value reaches more than 80% in Portugal, Croatia, Italy and Romania. Again a statistically significant positive correlation, 48%, is found with the indicator measuring the desirability of entrepreneurship as a career option, indicating that those countries where more young people consider entrepreneurship as an option are those where youth identify the administrative burden as a barrier to achieving it. Again, as expected, a negative statistically significant correlation is found with the degree of feasibility of entrepreneurship as a career option.

The comparison between Europe and other countries reveals that in the US, China, Korea and Japan, the share of youth who perceive administrative burdens as a barrier to becoming entrepreneurs is lower than in Europe. It is important to note that the share of those identifying the administrative burden as a barrier is lower in some non-EU European countries.

Finally, 49% of young Europeans identify the lack of information as one of the barriers to transforming their desire to become an entrepreneur into reality. This share ranges from 66% or more of young Croatians, Portuguese, Bulgarians, Romanians and Greeks to 20% or less of young Estonians or Dutch. The same positive and negative correlation with the indicators of desirability and feasibility of this choice are found.

The comparison with the rest of the world reveals an interesting trend. While just 43% of young Americans report lack of information as a barrier, in several countries the share of youth reporting this kind of problem is higher than in the European countries and it is above 66% in Korea, India, Japan and China. Again, the other non-EU European countries report a share that is lower than the EU average.

Table 2: Attitudes and barriers to entrepreneurship among young people aged 15–34, by country

Country	Desirable to become self-employed	Feasible to become self-employed	Lack of available financial support	Complex administrative procedures	Insufficient information on how to start
AT	35.9	44.6	70.5	57.8	38.8
BE	34.1	37.2	83.0	73.2	51.5
BG	70.6	48.7	94.5	78.9	67.8
CY	52.9	33.2	95.5	72.4	61.0
CZ	42.6	34.5	66.2	70.9	36.5
DE	24.1	37.9	68.4	67.2	37.8
DK	31.2	35.6	62.1	62.2	30.4
EE	61.1	44.4	61.6	53.7	20.0
EL	57.7	36.1	97.6	79.1	78.0
ES	39.6	26.0	93.0	74.1	64.6
EU28	48.5	41.0	82.1	72.3	49.4
FI	46.1	51.9	49.9	70.1	39.7
FR	52.3	37.0	81.3	73.2	47.4
HR	74.6	28.9	91.2	82.9	66.1
HU	39.6	34.7	91.3	72.0	54.3
IE	45.4	40.4	90.4	75.2	48.4
IT	63.4	38.0	92.4	85.1	58.5

Youth entrepreneurship in Europe: Values, attitudes, policies

Country	Desirable to become self-employed	Feasible to become self-employed	Lack of available financial support	Complex administrative procedures	Insufficient information on how to start
LT	66.5	57.3	91.3	78.6	52.6
LU	47.1	42.9	72.4	66.5	53.3
LV	67.0	65.6	90.5	75.3	33.1
MT	36.8	29.5	84.2	74.5	50.0
NL	31.0	48.9	64.4	54.7	17.0
PL	55.1	60.8	79.0	75.6	47.7
PT	57.3	38.6	93.6	80.4	67.3
RO	66.5	40.7	94.0	87.8	76.2
SE	25.8	57.4	68.2	67.0	34.5
SI	50.9	57.2	84.0	67.7	41.7
SK	28.4	36.7	88.7	77.3	42.7
UK	31.6	31.1	84.1	65.2	48.5
BR	51.8	50.4	85.2	80.8	59.0
CH	29.9	37.6	71.6	64.5	32.4
CN	74.8	56.0	82.7	71.6	75.8
IL	42.6	47.8	82.7	67.9	47.5
IN	52.6	42.8	82.9	76.0	66.9
IS	37.6	35.0	69.4	48.8	32.4
JP	26.2	21.3	71.8	62.5	67.0
KR	48.9	31.3	87.9	68.6	66.6
NO	30.9	60.5	61.0	63.5	42.7
RU	62.8	52.7	88.7	76.5	46.6
TR	62.0	42.3	81.0	74.0	61.7
US	46.4	51.8	84.2	69.3	43.0

Source: 2012 Flash Eurobarometer; Eurofound elaboration

In general, while the desirability of becoming an entrepreneur is in line with that recorded in the US, undertaking this option is perceived to be less feasible by young Europeans in comparison to youth of other countries. Increasing the feasibility of this choice, by easing conditions for creating a business and providing greater access to financial support, could help to make Europe a friendlier environment for entrepreneurship.

Measuring social attitudes towards entrepreneurship

Taking the lead from the European Commission, in this research social attitudes towards entrepreneurship are defined as the set of attitudes and perceptions of individuals towards entrepreneurship (European Commission, 2012e). The 2010 Global Entrepreneurship Monitor (GEM, 2010) and the 2012 Flash Eurobarometer No. 354 investigate differences in social attitudes towards entrepreneurship across countries. Focusing on the population aged 15–34 years, social attitudes are examined using six indicators that reflect positive and negative attitudes to entrepreneurship. In all the questions, respondents are asked to declare their level of agreement with the following statements:

- entrepreneurs create products for the benefit of all (2012 Eurobarometer);
- entrepreneurship creates jobs (2012 Eurobarometer);
- entrepreneurs just think about their own pockets (2012 Eurobarometer);

- entrepreneurs exploit others (2012 Eurobarometer);
- successful entrepreneurs have a high status in society (GEM, 2010);
- there are stories of success in the media (GEM, 2010).

In particular, the four indicators from the Eurobarometer describe perceptions of the ‘outward’ (creation of jobs and products) and ‘inward’ (enrichment and exploitation of workers) behaviour of entrepreneurs. Similarly, the two indicators extracted from the GEM investigate the desirability of entrepreneurship as a career and the perception of entrepreneurs as a model in society.

In general, there is universal agreement on the role of entrepreneurs in creating jobs and products for the benefit of all: the ‘outward’ indicators. More than 80% of young Europeans think that entrepreneurs create products beneficial for all (Table 3). This share varies across countries and ranges from over 85% in Scandinavian countries and the Baltic states, to a low of 67% in Cyprus and 69% in Greece. The value recorded at the EU level is slightly lower than the value recorded in Brazil (82%), China (84%) and the US (85%).

Similarly, more than 88% of young Europeans agree with the statement that entrepreneurs are job creators. This figure ranges from 97% in Finland to 77% in Cyprus. This value is slightly lower than the share recorded among young Chinese (90%), young Brazilians (92%) and young Americans (91%).

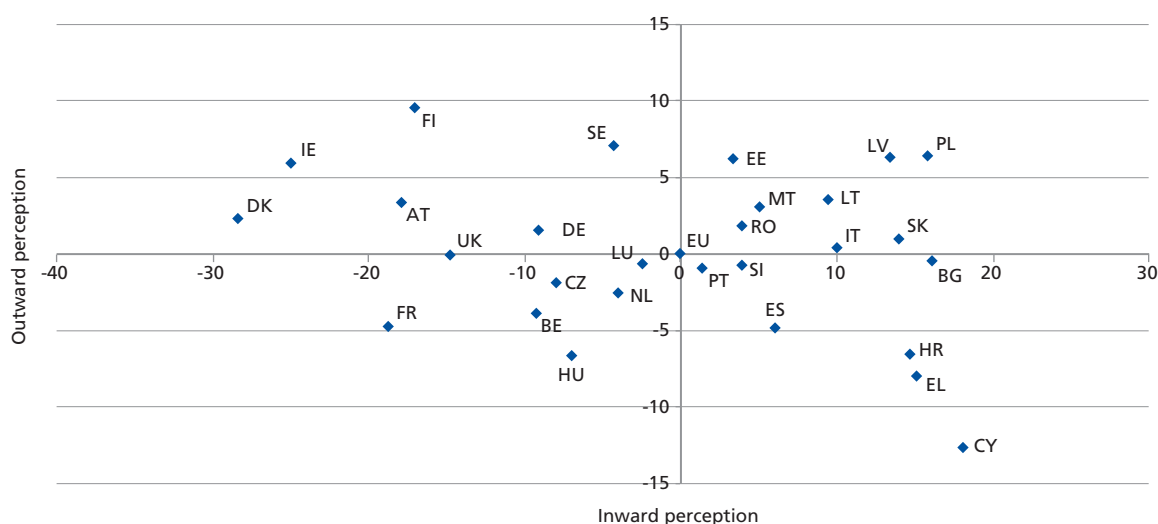
Conversely, perceptions among young people of the ‘inward’ behaviour of entrepreneurs such as thinking only of their own enrichment or the exploitation of other people are very different. In this regard, the majority of young Europeans (52%) consider that entrepreneurs just think about lining their own pockets. At Member State level, southern Mediterranean countries such as Cyprus (74%) and Greece (67%), as well as Croatia (71%), are those with the highest share of youth who believe that entrepreneurs just think about their own profit. Conversely, in Scandinavian countries, Ireland and the Netherlands between 30% and 37% of young people think entrepreneurs focus only on their own enrichment. The comparison with other economies reveals that 56% of young Chinese think that entrepreneurs prioritise their own enrichment while this value is below the EU average in Brazil (44%) and the US (29%).

A similar trend is recorded for the other inward indicator and 57% of young Europeans agree with the statement that entrepreneurs exploit other people. At the Member State level, the highest share of young people thinking that entrepreneurs exploit other people is recorded in some eastern European countries, such as Poland (92%) and Slovakia (83%), and in some Mediterranean countries, such as Italy (75%) and Greece (72%). On the other hand, the lowest share is recorded in Denmark (22%), Ireland (25%), Austria (28%) and France (29%). The comparison with the rest of the world reveals that the great majority of young Chinese people (71%) think that entrepreneurs exploit other people while this value decreases to 48% of young Brazilians and just 26% of young Americans.

An interesting picture is obtained by aggregating together the ‘inward’ and the ‘outward’ indicators and plotting them together by distance from the EU average (Figure 11). This makes it possible to cluster countries on the basis of similar social attitudes towards entrepreneurship. The first cluster to emerge clearly is made up of Scandinavian countries, German-speaking and anglophone countries in which young people’s perceptions of entrepreneurship are more positive. In particular, more young people in this cluster than the EU average think that entrepreneurs produce products beneficial for all and create jobs, and fewer young people than average think that entrepreneurs exploit people and think only of their own enrichment. On the opposite side of the spectrum is the

cluster composed by south Mediterranean countries, such as Croatia, Cyprus, Greece, Portugal and Spain. In this cluster, young people have a more negative perception of entrepreneurship and entrepreneurs. In particular, in these countries a higher than EU average share of young people think that entrepreneurs consider only their own enrichment and exploit people, and a lower than EU average share think that entrepreneurs create jobs and products for the benefit of all. Despite this negative perception of entrepreneurship, and while more research should be done, it is interesting to note that the level of desirability of entrepreneurship as a career option, as well as the share of self-employment among youth, is on average far higher in the south Mediterranean countries than in Scandinavian, German-speaking and anglophone countries.

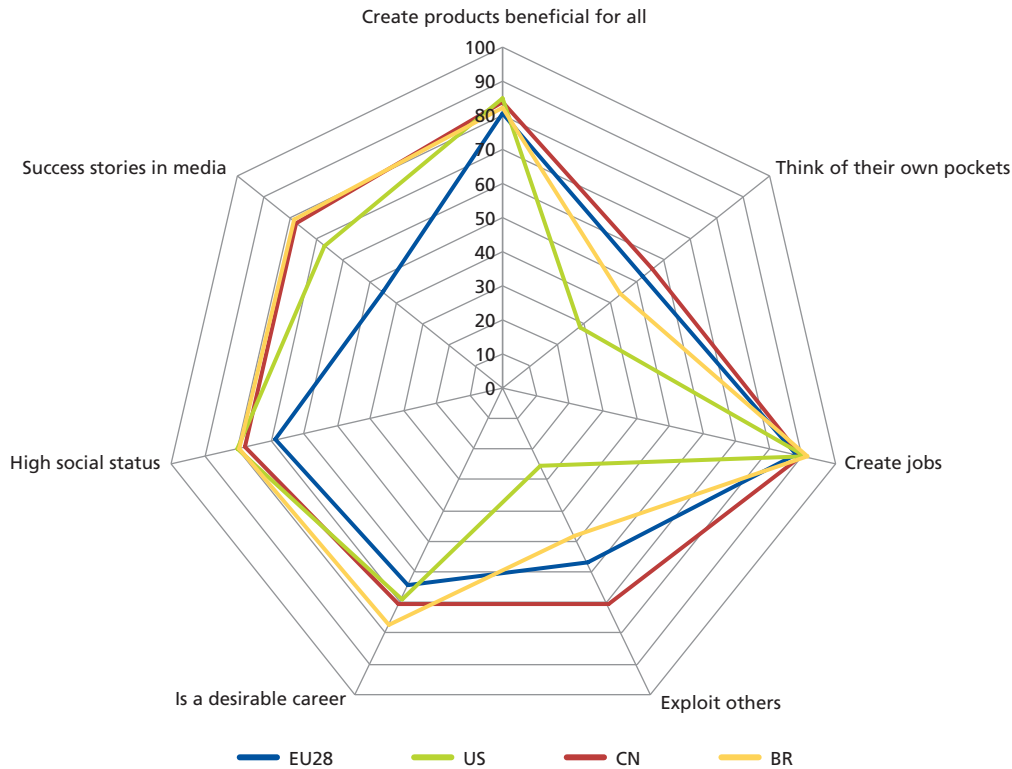
Figure 11: Perceptions of outward and inward indicators of entrepreneurship, by country cluster



Source: Eurofound elaboration on 2012 Flash Eurobarometer data

Finally, the GEM indicators measuring the perception of entrepreneurship as a positive model reveal that in the EU this perception is lower than in other countries. In particular, while just 69% of young Europeans think that successful entrepreneurs have a high social status, this share increases to 78% of young Chinese people and 80% of young Brazilians and young Americans (Figure 11). In the EU, this perception varies greatly among Member States, ranging from above 80% in Finland, Ireland and the UK (comparable with the 80% in the US), to below 60% in Belgium and Croatia (Table 3).

Similar trends, but with larger differences, are recorded for the perception of the number of success stories in the media. Just 45% of young Europeans agreed with the statement that it is common to see stories about successful businesses in the media (Figure 12). This share is considerably higher in the US (67%), China (78%), and Brazil (78%). At the Member State level, great differences are, however, recorded, and the figure ranges from 67% in Finland, a value comparable with the US, to below 40% in Belgium, Germany, Italy and Greece (Table 3).

Figure 12: Social attitudes of young people aged 15–34 towards entrepreneurs and entrepreneurship (%)


Source: 2012 Flash Eurobarometer No. 354 and 2010 Global Entrepreneurship Monitor APS microdata; Eurofound elaboration

Table 3: Social attitudes of young people aged 15–34 towards entrepreneurs and entrepreneurship, by country

Country	Outward indicators			Inward indicators			GEM indicator	
	Entrepreneurs create products and services beneficial for all	Entrepreneurs create jobs	Outward indicator (distance from the EU average)	Entrepreneurs think of their own pockets	Entrepreneurs take advantage of other people's work	Inward indicator (distance from the EU average)	Those who start a business have a high level of recognition	Success stories in the media
AT	81.43	94.2	3.3	44.88	28.44	-17.9	.	.
BE	74.98	86.22	-3.9	46.46	44.22	-9.3	54.34	39.2
BG	80.21	87.89	-0.4	63.75	77.65	16.1	.	.
CY	66.52	77.15	-12.6	73.68	71.71	18.1	.	.
CZ	79.73	85.51	-1.9	56.28	36.98	-8.0	.	.
DE	79.84	92.28	1.6	49.15	41.87	-9.1	78.12	38.8
DK	86.81	86.74	2.3	30.13	22.17	-28.5	.	.
EE	85.06	96.32	6.2	57.52	58.34	3.3	.	.
EL	69.22	83.8	-8.0	66.95	72.34	15.0	65.14	32.6
ES	77.67	81.68	-4.8	63.21	57.98	6.0	62.81	41.0
EU28	80.66	88.3	0.0	52.1	57.1	0.0	68.7	45.4
FI	90.9	97.17	9.6	34.88	40.3	-17.0	88.21	67.5
FR	75.92	83.66	-4.7	42.18	29.5	-18.8	72.6	49.2
HR	74.44	81.39	-6.6	70.77	67.84	14.7	56.26	42.1

Youth entrepreneurship in Europe: Values, attitudes, policies

Country	Outward indicators			Inward indicators			GEM indicator	
	Entrepreneurs create products and services beneficial for all	Entrepreneurs create jobs	Outward indicator (distance from the EU average)	Entrepreneurs think of their own pockets	Entrepreneurs take advantage of other people's work	Inward indicator (distance from the EU average)	Those who start a business have a high level of recognition	Success stories in the media
HU	73.79	81.89	-6.6	49.22	46.07	-7.0	79.16	45.7
IE	89.39	91.5	6.0	33.85	25.48	-24.9	81.52	55.5
IT	77.68	92.04	0.4	53.72	75.43	10.0	68.89	36.6
LT	85.09	90.98	3.6	65.31	62.89	9.5	.	.
LU	78.06	89.62	-0.6	51.45	52.88	-2.4	.	.
LV	87.46	94.23	6.4	53.4	82.58	13.4	65.11	55.6
MT	84.96	90.25	3.1	56.87	62.46	5.1	.	.
NL	74.27	89.7	-2.5	36.6	64.44	-4.1	72	56.5
PL	89.52	92.37	6.5	48.82	92.1	15.9	.	.
PT	75.48	91.62	-0.9	45.31	66.63	1.4	67.72	49.5
RO	85.95	86.74	1.9	60.89	56.24	4.0	70.24	52.4
SE	88.45	94.78	7.1	36.86	63.71	-4.3	79.48	56.5
SI	82.6	85	-0.7	59.34	57.72	3.9	73.19	58.0
SK	78.09	92.86	1.0	54.29	82.96	14.0	.	.
UK	82.93	85.94	0.0	42.86	36.74	-14.8	81.41	50.7
BR	81.83	91.51	2.2	44.09	48.04	-8.5	79.71	78.8
CH	82.2	91.32	2.3	44.66	71.14	3.3	73.94	45.1
CN	83.8	89.62	2.2	56.07	70.68	8.8	77.91	77.7
IL	67.05	85.75	-8.1	62.42	38.98	-3.9	73.2	49.9
IN	89.73	86.63	3.7	74.6	68.47	16.9	.	.
IS	84.74	94.44	5.1	17.33	61.6	-15.1	68.96	62.4
JP	48.57	60.39	-30.0	39.28	40.92	-14.5	60.05	56.3
KR	82.76	82.81	-1.7	67.41	82.5	20.4	75.11	64.5
NO	88.23	92.29	5.8	26.09	28.97	-27.1	74.35	62.8
RU	78.24	93.53	1.4	52.49	79.98	11.6	67.75	46.1
TR	82.35	73.34	-6.6	40.36	35.48	-16.7	75.23	59.5
US	84.86	91.01	3.5	28.69	25.67	-27.4	79.93	67.0

Source: 2012 Flash Eurobarometer no. 354 and 2010 Global Entrepreneurship Monitor APS microdata

Conclusions

The decision to become self-employed, a first step towards entrepreneurship, is complex and affected by several micro and macro factors. In this regard, age, gender, past work experience and intergenerational transmission of self-employment are identified in the literature as the main factors affecting the likelihood of an individual opting for self-employment. However, there is general agreement that individual and macro factors alone cannot explain why certain individuals become self-employed and others prefer paid employment, and the decision to become self-employed is affected by more general individual and social attitudes towards entrepreneurship. In particular, social and individual attitudes of young Europeans shape the positive perception of entrepreneurship as a career option and of the feasibility of this choice. Hence they affect both the decision of young people to set up their own business and the perception of Europe as a business-friendly environment.

Despite the low share of young self-employed, in Europe young people are quite interested in pursuing entrepreneurship as a career option; 49% of them find this option desirable and 41% find it feasible. While these shares are considerably higher than the share of young self-employed, it should be noted that they are considerably lower than those recorded in other parts of the world, such as Brazil and China. To make it more feasible to pursue entrepreneurship as a more common and viable career option and to make Europe a more youth entrepreneurship-friendly environment, it would be beneficial for Member States to improve access to finance and start-up funding and reduce the administrative burden associated with opening up a new business. These are the key factors identified by young people as the main barriers to becoming entrepreneurs.

While more analysis would be needed to draft definitive conclusions, the European Union seems to lag behind the other countries also in terms of the popularity of entrepreneurship. While there is general agreement over the role of entrepreneurs in creating jobs and delivering products beneficial for all, in the EU a higher share of youth than in some other economies think that entrepreneurs are just looking after their own interests by lining their pockets and exploiting people. Moreover, young people's perceptions of the social status of entrepreneurs seem to be lower than elsewhere, and examples of successful entrepreneurial stories do not seem to be common in the European media, at least not to the same extent as in other countries. This indicates that the EU is a less favourable environment for youth entrepreneurship, and initiatives aimed at promoting entrepreneurs as role models and improving young people's perceptions of this career choice would be beneficial in promoting entrepreneurship.

Values of young entrepreneurs

After discussing individual and social attitudes of young people towards entrepreneurship, this section describes work-related and basic human values of young self-employed people and more specifically compares them with those of young employees. Although attitudes and values are two distinct concepts, they are closely related. Indeed, in this study values are the basis for evaluations of events, people, behaviours and so on, and therefore they underlie attitudes (Schwartz, 1994 and 2012). By analysing the set of values influencing young people's judgements, actions and choices, the aim is to highlight differences in behaviours and personality traits between self-employed people and employees. These differences contribute to identifying a sort of 'entrepreneurial personality' and should be taken into account when designing policy measures aimed at supporting entrepreneurial activities. Indeed, to avoid excessive business failure rates, young people with the right attitudes and personality traits to become entrepreneurs – and therefore with the best chance of success – should be supported.

Although the literature recognises the difficulties in measuring the extent of entrepreneurial activities, it is well established that entrepreneurship is a behavioural characteristic (Thurik and Wennekers, 1999, p. 47) and that the entrepreneurial spirit is likely to consist of specific value preferences and a particular set of motivational goals (Licht, 2007). Historically, several views of the psychological traits of entrepreneurs have emerged, each of them emphasising different aspects of the entrepreneurial personality. By reviewing the early studies which investigate the differences between entrepreneurs and non-entrepreneurs, Korunka et al (2003, p. 24) conclude that at least three relevant personality traits can be identified: need for achievement, internal locus of control (or belief that one can control one's own life) and risk-taking propensity. Vecchio (2003, p. 306) identifies in the literature of entrepreneurial behaviour two additional personality dimensions, other than the three mentioned above, which are the need for autonomy and self-efficacy. Finally, Jeffrey Timmons recognises six universally accepted characteristics of entrepreneurs: commitment and determination; leadership; opportunity quest, tolerance of risk, ambiguity and uncertainty; creativity, self-reliance and ability to adapt; and motivation to excel (Byers et al, 1999, p. 2).

This chapter investigates whether young self-employed people in Europe present specific personality and behavioural traits, compared to young employees, which would help define an 'entrepreneurial spirit' in view of the existing relevant literature. First, the analysis investigates possible differences between the self-employed and employees in the set of work values. It then turns to the basic human value structure. Results for self-employed people and employees are compared and discussed. This analysis is based on two different data sources: the latest available waves of the European Values Study (EVS) and the European Social Survey (ESS). Due to a limited number of available observations, young people aged 18–35 years are considered, and results are presented for all European countries aggregated together.

Work values of young Europeans

Work values have been defined in the literature as those desired outcomes individuals feel they should achieve through work (Elizur, 1984; Sagie et al, 1996). The literature usually distinguishes between two broad categories: intrinsic and extrinsic work values. The first category comprises intangible outcomes, such as using initiative at work or doing a job which is useful for society; the second category includes tangible rewards, for instance having good pay or generous holidays. In this regard, Elizur (1984) defines extrinsic values as material (or instrumental) and divides intrinsic values into two subcategories: affective and cognitive values. While affective values are related to

social aspects of work and interpersonal relations (such as belonging or self-esteem), cognitive values refer more to psychological traits (such as independence or achievement).

The value that workers attach to intrinsic and extrinsic job characteristics differs substantially across nationalities (Clark, 1998). Huang and van de Vliert (2003) show that socioeconomic and cultural differences largely explain cross-country variation in work-related values. The socioeconomic perspective is based on Maslow's need-gratification theory of well-being, which suggests that higher needs become relevant only when lower needs are fulfilled. This implies, for instance, that workers in richer countries may give higher importance to intangible (intrinsic) aspects of a job because material needs have already been gratified.

The cultural perspective offers a complementary explanation for cross-national differences in work motivation by arguing that culturally inherited traits affect the value workers attach to different needs, as suggested by Hofstede (1991). Indeed, workers in collectivistic countries, where individual goals such as independence or self-actualisation are ranked lower than economic and social goals, value intrinsic aspects of a job less than those living in individualistic countries (Huang and van de Vliert, 2003, p. 162).

Another relevant strand of literature investigates the role of work values in explaining differences in job satisfaction between self-employed and employed individuals. It is indeed well recognised that the self-employed are more satisfied with their work, compared to employees (see for example Blanchflower and Oswald, 1998 and Blanchflower, 2000). Past studies have shown that this differential can largely be explained by a higher degree of workers' autonomy that self-employed workers enjoy relative to workers in dependent employment (Benz and Frey, 2003; Hundley, 2001). Indeed, greater discretion, freedom and independence in the decision-making process significantly explain higher job satisfaction among self-employed people. These results hold even when personality traits and personal values are controlled for (Lange, 2012).

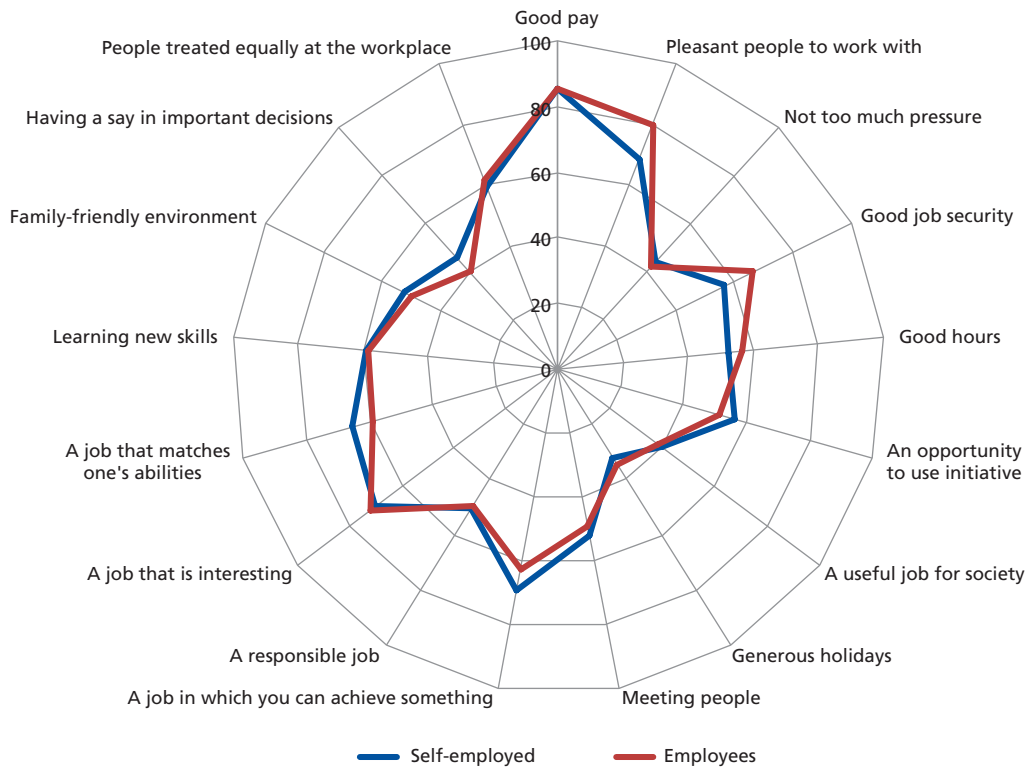
Differences in intrinsic and extrinsic work values between self-employed people and employees can be investigated by using questions on the subjective perception of the important things at work from the EVS. By conducting exploratory factor analysis, Kaasa (2011) shows that EVS data from the latest wave (2008) fit well with the five-level hierarchy of human needs proposed by Maslow in 1943. Indeed, extrinsic values correspond to physiological and safety needs (such as having good pay or good job security), while intrinsic values relate to affiliation, esteem and self-actualisation needs (for instance, working with pleasant people, having a responsible job and achieving something).

In this regard, in the fourth wave of the EVS respondents were asked to indicate whether the following 17 aspects of a job are important or not for them: good pay, working with pleasant people, not having too much pressure, good job security, good hours, using initiative, doing something useful for society, generous holidays, meeting people, achieving something, having responsibilities, doing something interesting, matching one's abilities to the job, learning new skills, working in a family-friendly environment, having a say in important decisions and equal treatment of people at the workplace. This analysis compares young self-employed people and employees across all the above dimensions and highlights the major statistical differences.

Figure 13 displays the percentage of young workers who say that different aspects of a job are important, by employment status. The radar chart offers a preliminary comparison between self-employed people and employees with respect to work values. In 2008, compared to employees, a higher percentage of young self-employed considered the following characteristics of a job to be

important: not having too much pressure, using initiative, doing something useful for society, meeting people, achieving something, having responsibilities, matching one's abilities, learning new skills, working in a family-friendly environment and having a say in important decisions. On the contrary, employees attach more value to the remaining seven aspects.

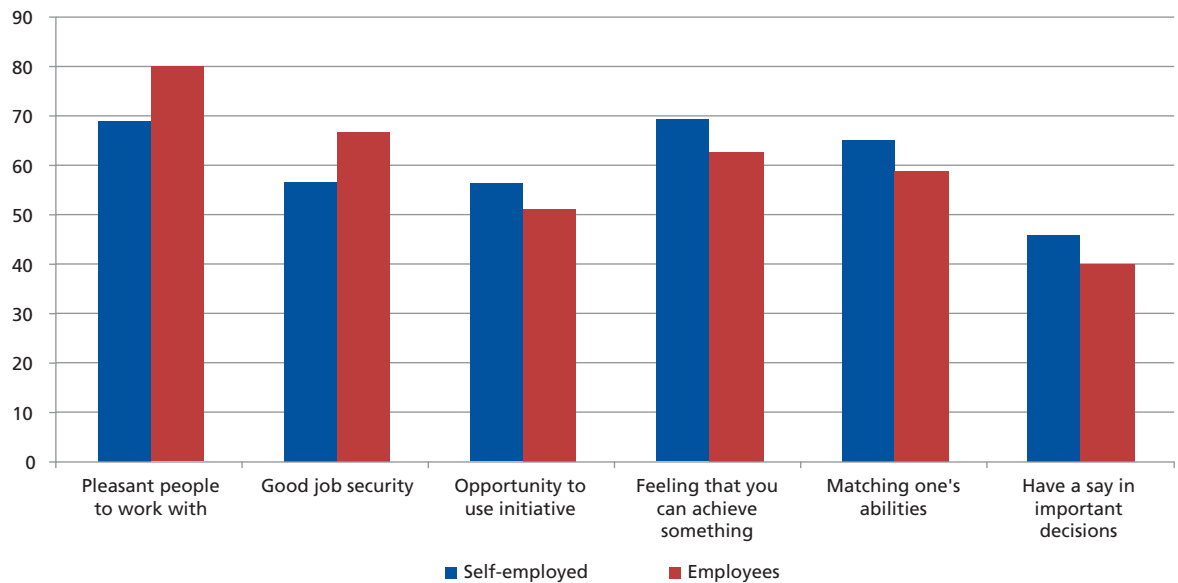
Figure 13: Young workers stating that different aspects of a job are important, by employment status (%)



Source: Authors' calculation based on the EVS 2008

However, a more refined analysis reveals that only some of the above-mentioned differences are statistically significant at the 5% level. In particular, a higher percentage of young self-employed people think that it is significantly more important in a job to have the opportunity to use one's initiative and achieve something, to have a say in important decisions and to match one's abilities. Conversely, a lower percentage consider that working with pleasant people and having good job security are key aspects of a job (Figure 14).

Figure 14: Significant differences in work values between self-employed and employees (%)



Note: The items reported are only those for which the difference between self-employed and employees is statistically significant at the 5% level.

Source: Authors' calculation based on the EVS 2008

In light of previous discussion on extrinsic and intrinsic work values, this study notes that most of the differences between young self-employed people and employees are related to the first group. Indeed, among all tangible rewards considered, only having good job security exhibits a statistically significant difference between young self-employed and young employees. As far as extrinsic work values are concerned, the findings are consistent with evidence from previous studies which relate higher job satisfaction among self-employed people to a higher degree of worker autonomy, which implies more discretion, freedom and hence responsibility. Indeed, this shows that for young self-employed people it is on average more important to have a say in important decisions and use initiative at work, compared to employees.

Basic human values of young entrepreneurs

After having investigated differences between the self-employed and employees in the set of work values, the focus now is on the analysis of basic human values of young entrepreneurs using ESS data. Before presenting and discussing results from the empirical analysis, it is relevant to consider the theory of basic human values developed by Professor Shalom Schwartz in the early 1990s and the related instruments used to measure them in the ESS.

In his seminal contribution *The nature of human values*, Milton Rokeach (1973) showed that behaviours and social attitudes are significantly related to one's own value structure. Values are defined as guiding standards or criteria in life, which influence not only actions but also, among other things, choices, attitudes, judgements and evaluations. Building on Rokeach's work, Schwartz (1992, 1994) introduced a comprehensive theory of basic human values which not only classifies value content, but also postulates a structure of relations among different value types. An overview of both views is presented below.

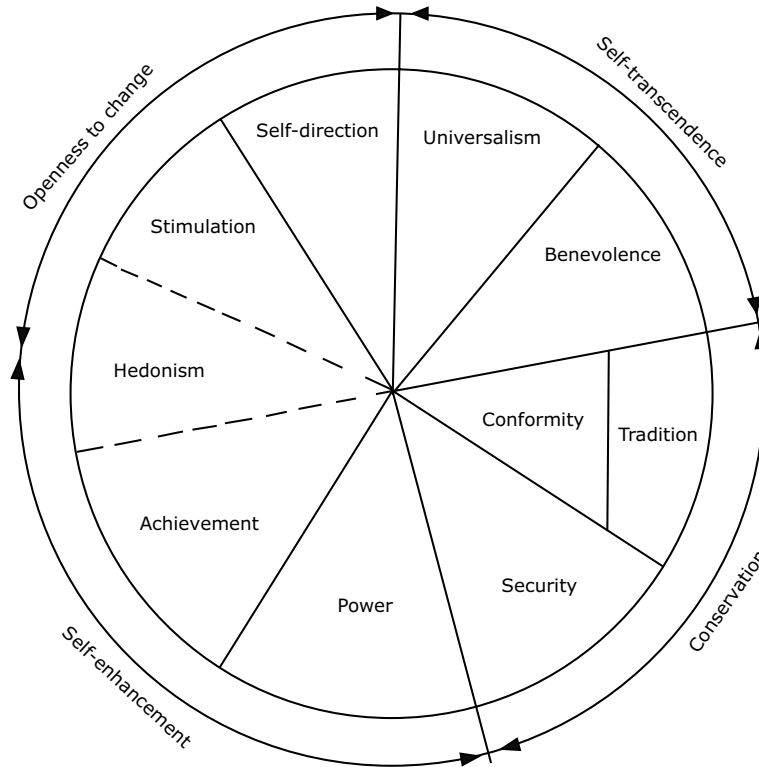
According to Schwartz, values represent the response to three basic and universal requirements: biological needs, demands of social interactions and survival and welfare needs of groups. Schwartz derives 10 distinct types of values from these three categories of demands. They are listed below as originally defined by Schwartz (1992, 1994) in terms of their motivational goals:

1. Self-direction: independent thought and action – choosing, creating, exploring;
2. Stimulation: excitement, novelty and challenge in life;
3. Hedonism: pleasure and sensuous gratification for oneself;
4. Achievement: personal success through demonstrating competence according to social standards;
5. Power: social status and prestige, control or dominance over people and resources;
6. Security: safety, harmony and stability of society, of relationships and of self;
7. Conformity: restraint of actions, inclinations and impulses likely to upset or harm others and violate social expectations or norms;
8. Tradition: respect, commitment and acceptance of the customs and ideas that one's culture and religion provides;
9. Benevolence: preserving and enhancing the welfare of those with whom one is in frequent personal contact;
10. Universalism: understanding, appreciation, tolerance and protection for the welfare of all people and for nature.

In addition to defining 10 basic value types, the theory specifies a set of dynamic relations among them. The structure of value relations that Schwartz suggested is based on the idea that actions undertaken when simultaneously pursuing different values may lead to conflicts or compatibilities. For instance, pursuing power or achievement may conflict with pursuing universalism and benevolence values. This is because seeking personal prestige and success is likely to inhibit actions aimed at improving and protecting the welfare of other people. On the contrary, the pursuit of stimulation and self-direction is compatible because both motivate novelty and change. Hence, the pattern of relationships among values has a circular structure where compatible values are located next to each other, while competing values are placed in opposite wedges of the circle. Figure 15 displays the total pattern of conflict and congruity among the 10 basic value types, as reported by Schwartz (1994, p. 24).

Although Schwartz's theory classifies values into 10 distinct categories, the circular structure is a reminder that they still form a continuum of related motivations. Conformity and tradition share the same broad motivational goal; hence they belong to the same wedge. The fact that traditional values are positioned far away from the centre means that, compared to conformity, they clash more with values placed on the opposite part of the circle. Finally, values are organised along two bipolar dimensions: openness to change and conservatism; self-transcendence and self-enhancement. The first dimension opposes stimulation and self-direction to security, conformity and tradition; the second dimension captures the conflict of universalism and benevolence versus power and achievement. Hedonism values are related both to self-enhancement and openness to change (Schwartz, 1994).

Figure 15: Pattern of relations of conflict and congruity among values



Source: Schwartz (1994, p. 24)

Measuring human values of young self-employed people

Two instruments have been developed to measure human values based on the theory described above: the Schwartz Values Survey (SVS) and the Portrait Values Questionnaire (PVQ).³ While in the SVS respondents rate the importance of 56 value items as a guiding principle in their life on a scale from 7 (of supreme importance) to -1 (opposed to my values), in the PVQ interviewees are asked to compare themselves to short verbal portraits of 40 different people by rating how much they like each person.⁴ Both instruments have been used in empirical studies to validate the theory across countries by providing evidence of its universal validity (for example, see Schwartz, 1992 and Schwartz et al, 2001). Since 2002, and for every round to date, the biannual ESS has incorporated in its questionnaire a specific module on human values. The instrument that is included in the ESS is a shorter version of the PVQ, where respondents are asked to compare themselves with 21 portraits. Respondents' values are therefore derived from self-reported similarity to portrayed people. Table 4 lists all the 21 items, together with the corresponding portrait and variable name, which are used to compute the score for each of the 10 human values.

³ See Schwartz (2003, pp. 264–266) for a discussion of other popular scales for measuring values available in the literature.

⁴ Portraits are gender-matched with the respondent.

Table 4: The 21 portraits included in the ESS questionnaire and corresponding variables

Human value	Questions and variables description in the ESS
Self-direction (SD)	1. Thinking up new ideas and being creative is important to her/him. She/he likes to do things in her/his own original way. 11. It is important to her/him to make her/his own decisions about what she/he does. She/he likes to be free and not depend on others.
Universalism (UN)	3. She/he thinks it is important that every person in the world should be treated equally. She/he believes everyone should have equal opportunities in life. 8. It is important to her/him to listen to people who are different from her/him. Even when she/he disagrees with them, she/he still wants to understand them. 19. She/he strongly believes that people should care for nature. Looking after the environment is important to her/him.
Benevolence (BE)	12. It's very important to her/him to help the people around her/him. She/he wants to care for their well-being. 18. It is important to her/him to be loyal to her/his friends. She/he wants to devote herself/himself to people close to her/him.
Tradition (TR)	9. It is important to her/him to be humble and modest. She/he tries not to draw attention to herself/himself. 20. Tradition is important to her/him. She/he tries to follow the customs handed down by her/his religion or her/his family.
Conformity (CO)	7. She/he believes that people should do what they're told. She/he thinks people should follow rules at all times, even when no one is watching. 16. It is important to her/him always to behave properly. She/he wants to avoid doing anything people would say is wrong.
Security (SE)	5. It is important to her/him to live in secure surroundings. She/he avoids anything that might endanger her/his safety. 14. It is important to her/him that the government ensures her/his safety against all threats. She/he wants the state to be strong so it can defend its citizens.
Power (PO)	2. It is important to her/him to be rich. She/he wants to have a lot of money and expensive things. 17. It is important to her/him to get respect from others. She/he wants people to do what she/he says.
Achievement (AC)	4. It's important to her/him to show her/his abilities. She/he wants people to admire what she/he does. IPSHABT: Important to show abilities and be admired. 13. Being very successful is important to her/him. She/he hopes people will recognise her/his achievements. IPSUCES: Important to be successful and that people recognise achievements.
Hedonism (HE)	10. Having a good time is important to her/him. She/he likes to 'spoil' herself/himself. 21. She/he seeks every chance she/he can to have fun. It is important to her/him to do things that give her/him pleasure.
Stimulation (ST)	6. She/he likes surprises and is always looking for new things to do. She/he thinks it is important to do lots of different things in life. 15. She/he looks for adventures and likes to take risks. She/he wants to have an exciting life.

Source: ESS, 2012

By using the latest available data collected in 2012, this study aimed to investigate whether young self-employed people differ from employees in terms of their value system which ultimately influences social behaviours. The analysis builds on that of Florian (2008) by using more recent data and considering all 21 European countries which took part in the survey (BE, BG, CY, CZ, DE, DK, EE, ES, FI, FR, HU, IE, IT, LT, NL, PL, PT, SE, SI, SK, UK). The final sample consists of 5,044 young people aged 18–35 years, 8.3% of whom are self-employed. Following Schwartz (2003, p. 275), the analysis corrects for the fact that respondents differ systematically in their tendencies to report that values are important to them.

The first step is to compare differences in the mean rating of each value type. Table 5 shows that there are statistically significant differences in some universal human values at the 5% level. Indeed, young self-employed people have a higher mean score for self-direction and stimulation, which suggests that they tend to be on the one hand more creative, independent and curious, and on the other hand more willing to explore new things, to be daring and to take risks. With respect to

the remaining values, evidence of clear-cut differences was not found. Only the t-statistics for the difference in the mean scores for security and benevolence are very close to the critical value at the 10% significance level (slightly below and above, respectively).

Table 5: Differences in human values between young self-employed people and young employees in Europe

	Self-employed Mean score	Employees Mean score	T-statistic for difference in means
Self-direction	0.62	0.39	4.45
Universalism	0.44	0.43	0.37
Benevolence	0.61	0.69	-1.68
Tradition	-0.31	-0.23	-1.21
Conformity	-0.53	-0.45	-1.02
Security	0.12	0.23	-1.61
Power	-0.91	-0.88	-0.46
Achievement	-0.02	-0.09	0.96
Hedonism	-0.05	0.05	-1.24
Stimulation	-0.20	-0.35	2.15

Source: Authors' calculation based on the ESS round 6, 2012

So far, the analysis has looked at the relationship between human values and self-employment among young people, without controlling for sociodemographic variables and country-specific effects. So a natural next step is to investigate whether and how these associations change when controlling for variables which correlate both with human values and self-employment status. Table 6 reports results from the regression analysis where each human value is regressed against a self-employment indicator, gender dummy, age, ISCED educational level, household's total net income and country dummies. Of course, none of these results should be interpreted as a causal relationship between human values and self-employment.

Table 6: Regression analysis of human values

	Self-direction	Universalism	Benevolence	Tradition	Conformity	Security	Power	Achievement	Hedonism	Stimulation
Self-employed	0.236*** (-0.052)	-0.01 (-0.047)	-0.03 (-0.045)	-0.133** (-0.066)	-0.161** (-0.075)	-0.119* (-0.067)	-0.07 (-0.074)	0.067 (-0.063)	0.03 (-0.068)	0.184** (-0.072)
Female	-0.02 (-0.03)	0.087*** (-0.026)	0.177*** (-0.028)	0.134*** (-0.038)	0.02 (-0.039)	0.248*** (-0.035)	-0.285*** (-0.038)	-0.078** (-0.034)	-0.128*** (-0.036)	-0.194*** (-0.04)
Age	0.003 (-0.004)	0.021*** (-0.003)	0.005 (-0.003)	0.019*** (-0.005)	0.016*** (-0.004)	0.012*** (-0.004)	-0.008* (-0.004)	-0.020*** (-0.004)	-0.026*** (-0.004)	-0.033*** (-0.005)
ISCED 3-4	0.07 (-0.055)	0.01 (-0.046)	0.02 (-0.049)	-0.095 (-0.066)	-0.173*** (-0.059)	0.04 (-0.068)	0.02 (-0.07)	-0.002 (-0.058)	0.09 (-0.065)	0.02 (-0.075)
ISCED 5-6	0.175*** (-0.056)	0.079* (-0.046)	0.03 (-0.049)	-0.209*** (-0.065)	-0.213*** (-0.06)	-0.10 (-0.067)	0.08 (-0.071)	0.078 (-0.059)	0.05 (-0.065)	0.00 (-0.073)

Notes: Robust standard error in parentheses, * $p < 0.10$, ** $p < 0.05$, *** $p < 0$. Constant, dummy variables for countries and for household's net income deciles are included but not reported. ISCED is the International Standard Classification of Education; ISCED 0-2 = pre-primary to lower secondary (base category); ISCED 3-4 = upper secondary to post-secondary; ISCED 5-6 = tertiary. $N=5,044$.

Source: Authors' calculation based on the ESS round 6, 2012

The regression analysis confirms previous results obtained by comparing group means and reveals further significant associations between human values and self-employment status. Indeed, after controlling for socio-demographic factors and country fixed effects, self-employment is still positively associated with self-direction and stimulation, and therefore with innovativeness, freedom and risk propensity. Moreover, negative relationships with tradition, conformity and security values emerge. These additional findings suggest that young self-employed people are also less inclined to follow customs, to conform to rules and to restrain their actions, and that it is less important for them to live in a secure and stable environment. What emerges from the regression analysis clearly reflects the conflict between two dimensions, openness to change and conservatism, which are opposite to each other according to the circular structure of universal values suggested by Schwartz (1994).

Overall, these results are consistent with the public perception of entrepreneurs and with the entrepreneurial personality described in the literature. Indeed, previous studies have shown that creativity and innovative tendencies are instrumental in motivating entrepreneurial behaviour (Mueller and Thomas, 2000; Danziger and Valency, 2006), in line with Schumpeter's view of entrepreneurship as 'creative destruction'. Similarly, relatively low risk aversion (Saravathy et al, 1998; Stewart and Roth, 2001), and independence and autonomy (Benz and Frey, 2003; Van Gelderen and Jansen, 2006) are key personality traits which characterise entrepreneurs. Initiating and managing new enterprises indeed requires a mix of all the above characteristics, which are in sharp contrast with conformity, tradition and security values that characterise employees.

As far as the need for achievement is concerned and unlike Florian (2008), this analysis does not find that young self-employed people are higher achievers than young employees once sociodemographic and country effects are taken into account.⁵ This is not surprising since results from previous empirical analysis do not unanimously support David McClelland's view of entrepreneurs as higher achievers than non-entrepreneurs (Korunka et al, 2003; Vecchio, 2003; Licht, 2007). Moreover, young entrepreneurs do not seek to gain power, to be rich and respected by others more than employees. Similarly, they do not appear to have significantly different value scores for benevolence and universalism, which suggests that they consider it equally important to help and listen to people around them, to treat everybody equally and to care for general well-being. Finally, it is important to note that there are no significant differences in terms of hedonism: this suggests that both employees and the self-employed consider it important to enjoy themselves.

These results are robust to the exclusion of the agriculture and construction sectors, which are characterised by low requirements for business skills and low barriers to entry.⁶ As far as control variables are concerned, gender and age play a very important role in explaining differences in human values between young self-employed people and employees. Tertiary education is also significantly associated with four out of 10 human value types.

Conclusions

This section investigates possible differences between young self-employed people and employees in terms of their own value structure, which ultimately influences behaviours and social attitudes. It is well established in the literature that entrepreneurship is a behavioural characteristic of a person which consists of specific value preferences. The aim is to use European survey data to identify the

⁵ Results from the EVS previously shown did not cover the same countries and control variables were not included in the analysis.

⁶ Only the difference in security value does not appear to be significant when these two economic sectors are simultaneously excluded.

personality traits which characterise young entrepreneurs aged 18–35 years, and compare them to employed workers.

In relation to work values, these are usually classified in the literature as intrinsic (corresponding to material rewards, such as having good pay or generous holidays) and extrinsic values (corresponding to intangible outcomes, such as using initiative at work or doing a job which is useful for society). Differences between self-employed people and employees in the set of work-related values can be investigated by using questions on the subjective perception of important aspects of a job available in the European Values Study (EVS). This analysis shows that a higher percentage of young self-employed people, compared to employees, think it is more important in a job to have a say in important decisions, to have the opportunity to use their initiative and achieve something, and to match their abilities to the job. On the contrary, employees consider working with pleasant people and having good job security to be more important job aspects. Therefore, all the significant differences between the two groups are related to intangible outcomes, except for good job security.

Significant differences also emerge from the European Social Survey (ESS), which includes measures of human values based on the well-known theory developed by Professor Shalom Schwartz in the early 1990s. Once controlling for sociodemographic variables and country-specific effects, this research finds that among young people self-employment is positively associated with self-direction and stimulation, and negatively related to tradition, conformity and security. On the one hand, these results suggest that for the young self-employed it is more important to be free and creative, and to try different things in life and take risks. On the other hand, it shows that they are less inclined to follow customs, conform to rules and restrain their actions, or to live in a secure and stable environment. Therefore, the findings show that openness to change is a specific behavioural characteristic of young self-employed, while conformity is clearly associated with employees. These findings are consistent with personality traits usually identified in the literature, such as creativity and innovative tendencies, relatively low risk aversion, independence and autonomy.

These differences should be taken into account when designing policies to foster youth entrepreneurship. Indeed, self-employment among young people is related to specific values which are not equally shared by employees. These values underlie attitudes and social behaviour, and therefore determine an ‘entrepreneurial personality’ characterised by creativity and innovative tendencies, relatively low risk aversion, freedom and independence. Thus self-employment is associated with personality traits that are the opposite to those typical of employees, who are instead more inclined to follow customs and conform to rules, and to live in secure and stable environments. To avoid excessive business failure rates, young people with the right entrepreneurial mindset and attitude should be supported. Effective policy measures should be highly selective rather than promoting self-employment as a ‘panacea’ for high youth unemployment levels. Entrepreneurship is not a feasible career option for all young people and this should be taken into account when designing and developing initiatives to foster it.

Initiatives to promote youth entrepreneurship in five EU Member States

Previous chapters discussed how many young Europeans consider starting a business as a viable and desirable career. While in Europe this share is lower than in the US or in the so-called BRIC countries (Brazil, Russia, India and China), still almost 50% of young Europeans are enthusiastic about becoming entrepreneurs. Unfortunately, this enthusiasm is seldom transformed into real businesses and start-ups, as just a small proportion of youth actually decide to start their own business and transform their creative ideas into viable and successful business plans.

In this regard, with huge variation across Member States, just 4 out of 10 European youths find the self-employment option to be feasible. This value is lower than that in the US and the BRIC economies. This may indicate that Europe is not a completely friendly environment for youth entrepreneurship, or at least not as friendly as other emerging, new or consolidated economies. This possibility also emerges from the investigation of social attitudes towards entrepreneurship, revealing that in Europe entrepreneurs are less commonly regarded as positive role models than in the US and BRIC economies.

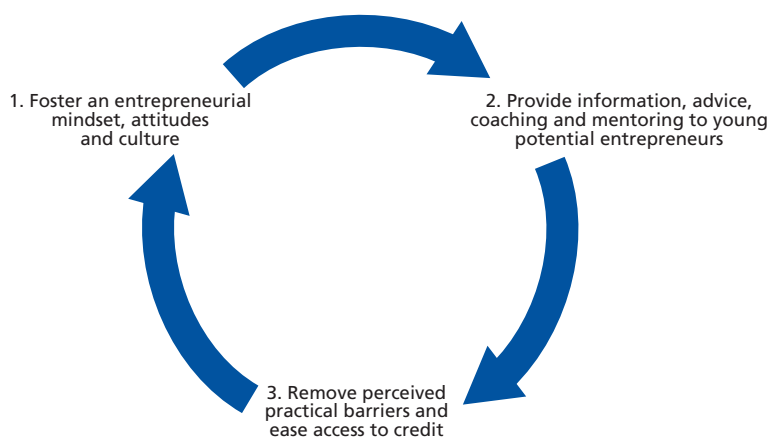
While, as highlighted in the previous chapter, just a minority of young people are suited to a career as an entrepreneur, initiatives that aim to remove barriers to entrepreneurship, such as access to finance or the provision of information, can be beneficial in promoting youth entrepreneurship. Similarly, initiatives aimed at fostering the entrepreneurial mindset and attitude among youth can play a role in making Europe a friendlier environment for entrepreneurship.

This chapter provides detailed information on selected national policy measures or initiatives fostering youth entrepreneurship in five selected Member States: Finland, Hungary, Ireland, Spain and the Netherlands. These Member States have been chosen as they represent a good mix in terms of the general employment situation of youth, the rate of youth entrepreneurship in the country, the disparities in existing welfare systems and geographical balance considerations.

These national policy measures or initiatives have been selected according to three main categories of support discussed in the Introduction – the so-called youth entrepreneurship support pillars (Figure 16):

- fostering an entrepreneurial mindset, attitudes and culture;
- providing information, advice, coaching and mentoring;
- removing perceived practical barriers and easing access to credit.

Figure 16: Three main categories of support needed by young entrepreneurs



Source: Authors' own elaboration

Fostering a more entrepreneurial mindset, attitudes and culture

As discussed earlier, Europe tends to be a less friendly environment for entrepreneurship in general, and for youth entrepreneurship in particular, than in other comparable economies. Therefore, promoting an entrepreneurial culture, mindset and attitudes among Europeans is of paramount importance in fostering youth entrepreneurship. Approaches fostering a more entrepreneurial culture among young people may include a wide range of activities.

- *Providing entrepreneurial education and skills:* Equipping young people with the right set of skills and promoting entrepreneurial education both in formal and informal channels is strictly connected to fostering an entrepreneurial mindset and culture. Providing entrepreneurship education not only fosters youth entrepreneurship but is also a means to acquire technical and soft skills, attitudes and knowledge necessary to set up and run a business; for example, creating a business plan, critical thinking, problem solving, self-awareness, creativity. These attributes are also important in developing a future workforce more open to creative thinking and innovation. Whether or not entrepreneurial education is offered as a part of formal education, evidence shows that these skills are better acquired at an early age (ILO, 2014), and when they are embedded in the formal education system with the involvement of entrepreneurs, educational actors and young people themselves in the education delivery.
- *Carrying out promotional campaigns:* awareness-raising campaigns to foster the social legitimacy of entrepreneurship, as well as events which can introduce young people to entrepreneurship, youth business fairs, competitions and awards.
- *Improving the image of entrepreneurship:* Promoting entrepreneurs as role models can be helpful because successful entrepreneurs are the best ambassadors for entrepreneurship. Their personal experience and image of independence, success and achievement can motivate young people to consider exploring the option of entrepreneurship and self-employment.

Providing information, advice, coaching and mentoring

Young people looking to start a business are in need of support, advice and guidance, as well as mentoring and coaching to help them overcome knowledge gaps. This is particularly relevant for those who, on top of having no entrepreneurial experience, also lack labour market experience. This

is confirmed by the results of the 2009 and 2012 Eurobarometer, where close to the majority of young people in the sample highlighted the lack of information and support on how to start a business. Approaches in this pillar aim to provide information, guidance and support to young people who want to set up a business and may also envisage the involvement of fellow entrepreneurs in such activities, especially in terms of coaching and mentoring. The public employment service (PES) can play an important role in promoting entrepreneurship and in providing information, advice and coaching.

Removing practical barriers and easing access to credit

Young people wanting to implement their business ideas are often confronted with multiple barriers such as complex administrative burdens, lack of finance and funding opportunities, as well as the stigma associated with bankruptcy legislation. As shown by the results in Chapter 2, lack of financial support and the administrative complexity of setting up a business are the main two barriers to business creation among young people. Approaches under this pillar aim to foster youth entrepreneurship by removing perceived barriers. As identified by the ILO (2006), some of these administrative burdens include: unsupportive tax regimes, costs of business registration procedures, excessively harsh bankruptcy legislations, regulatory framework changes and lack of transparency. In this context, policy efforts should focus on providing an attractive structure of risks and rewards, fostering policies that aim to ease the setting up and running of businesses, as well as a reframing of bankruptcy legislation, to ensure that real or perceived costs of bankruptcy do not overly dissuade potential entrepreneurs while providing a second chance to those who have started up a business and failed. It is also widely agreed that entrepreneurs with greater initial financial resources are more likely to succeed. However, young people are particularly disadvantaged as they tend to have lower personal savings and may encounter more difficulties in procuring external funding and capital as banks apply a set of parameters in the assessment of loan proposals which include credit history, past business performance and collateral. Policy efforts in this domain aim to improve funding opportunities for young people and provide financial support and safety nets to those young people who need assistance while starting their business.

Based on this framework, this chapter is divided into five different national sections, one per selected Member State. Each section provides a short overview of the youth entrepreneurship situation in the country, an overview of the national youth entrepreneurship support policy and, finally, detailed information on a number of successful and/or interesting national policy measures or initiatives identified in that particular country. Table 7 shows the list of 15 national policy measures or initiatives analysed in the context of this report. Lessons learned and steps forward will conclude the chapter.

Table 7: Policy measures or initiatives analysed

Country	Name of measure or initiative	Pillar(s) addressed
FI	Entrepreneurship education (Yrittäjyyskasvatus)	Pillar 1
	'The Young Entrepreneur of the year' competition	Pillar 1
	Startup Sauna	Pillars 2 and 3
HU	Young Entrepreneurs Association Hungary (Fiatal Vállalkozók Országos Szövetsége, FIVOSZ)	Pillar 1 and 2
	Social Renewal Operational Programme (Társadalmi Megújulás Operatív Program) item 2.3.6 (TÁMOP 2.3.6)	Pillars 2 and 3

Country	Name of measure or initiative	Pillar(s) addressed
IE	Network for Teaching Entrepreneurship	Pillar 1
	Student Enterprise Awards	Pillar 1
	Erasmus for Young Entrepreneurs (EYE)	Pillar 2
	Microfinance Ireland	Pillar 3
ES	Spanish Strategy for Entrepreneurship and Youth Employment 2013–2016	Pillars 1, 2 and 3
	Valnalón Educa	Pillar 1
	ENISA Young Entrepreneurs credit line	Pillar 3
NL	Education and Entrepreneurship Action Programme (Actieprogramma Onderwijs en Ondernemen)	Pillar 1
	YES!Delft	Pillars 2 and 3
	Qredits	Pillars 2 and 3

Source: Authors' own elaboration

Case study: Finland

Overview of youth entrepreneurship

In Finland, according to Eurostat data (2013), only 4.9% of those aged under 30 in employment are self-employed, whereas the EU average is 6.5%. Meanwhile, the absolute number of young Finnish people who opt for self-employment has been rather stable since 2008, at around 25,000 individuals per year.

In 2011, the Finnish Ministry of Employment and the Economy carried out a study on youth entrepreneurship among 6,336 respondents aged 15–29 years. According to this study, 46% of respondents had considered the possibility of becoming an entrepreneur. Several reasons were suggested by those who did not consider this possibility, including lack of interest in becoming an entrepreneur, a lack of good business ideas and capital and, finally, the higher risks assumed by entrepreneurs in comparison to paid workers (Finnish Ministry of Employment and the Economy, 2012).

In contrast, young Finns who felt attracted to the idea of becoming an entrepreneur suggested several reasons such as the opportunity to work independently, the possibility to earn higher salaries and the freedom to work at one's own pace. Only in a limited number of cases was entrepreneurship suggested as the only option to start a professional career and secure employment. Young respondents also mentioned the need for more advice, guidance and support for young entrepreneurs, and a large percentage of respondents pointed out that the existing Finnish atmosphere towards entrepreneurship could be more positive (Finnish Ministry of Employment and the Economy, 2012).

Meanwhile, several authors suggest that the economic crisis is having a massive impact on Finnish youth and their perspective on entrepreneurship. On the one hand, the economic crisis has resulted in a structural change in employment and working life, reflected in the increased use by enterprises of short-term contracts, particularly among young people. In this context, young people increasingly see themselves changing jobs several times in their life – an option they do not find attractive (Myllylä, 2013; Stenholm et al, 2012). On the other hand, young people are now more keen on having an interesting and satisfactory job than previous generations of youth for whom work was rather an 'enabler' for living. In this context, the option of self-employment and the opportunities opened by small-scale businesses are increasingly viewed as a potentially good employment option in comparison to paid jobs (Haanpää and Tuppurainen, 2012).

Public support fostering youth entrepreneurship

Generally speaking, Finland does not have specific support policy measures aimed only at young entrepreneurs, in the sense that most of the existing measures are aimed at supporting entrepreneurship in general and entrepreneurs of all ages. In this regard, some of the national experts interviewed suggest that the national entrepreneurship support policy is targeted and is particularly aimed at new enterprises with high growth and employment creation potential, where the policy focus is usually centred on providing support to entrepreneurs who already have work experience and know the basics of how to set up their own company. In this regard, and as a general Finnish rule, norms surrounding equality are very strong, so in principle discrimination based on age considerations is not supported. If anything, special attention is paid to companies that have important growth prospects that can result in new job opportunities for unemployed people.

Having said this, the Finnish youth entrepreneurship support policy has been primarily focused on supporting entrepreneurship education in the Finnish educational system. The origin of this focus can be traced back to the European Commission's Green Paper *Entrepreneurship in Europe*, published in 2003 (European Commission, 2003). This Green Paper emphasised that the general education system in the different EU Member States should contribute to entrepreneurship by fostering entrepreneurial skills, an entrepreneurial mindset and awareness of entrepreneurship as a career option. With this request in mind, in 2004 the Finnish Ministry of Education launched a comprehensive policy for entrepreneurship education, whose main goals were twofold: promoting entrepreneurship (understood in a general sense) at different levels of the general education system, and enhancing the attractiveness of entrepreneurship as a viable career option for young people (Finnish Ministry of Education, 2004). In this sense, the entrepreneurship education policies initiated by the Ministry of Education are applied to all levels of education, from basic and upper secondary general education to vocational education and training, as well as initiatives aimed at adult education, polytechnics and universities (Finnish Ministry of Education, 2004).

In 2009, Finland implemented a new national strategy for entrepreneurship education. This new strategy aimed to:

- develop a participatory approach for enhancing creativity and innovation in education and training, in leisure activities and in working life;
- create a positive entrepreneurial culture and climate of attitudes both nationally and regionally;
- promote business start-ups, help build up businesses and support transfer of business to the next generation.

One of the most important elements of the new Finnish national strategy for entrepreneurship education refers to facilitating training in entrepreneurship issues for teachers (for instance, the so-called YES entrepreneurship education service for teachers). Interestingly also, the Finnish entrepreneurship education policy extends the concept of entrepreneurship from the traditional perspective related to starting up a new enterprise to entrepreneurship as a positive proactive 'attitude' towards new ideas, the solving of existing problems or the improvement of everyday life, either within enterprises themselves (the so-called concept of 'intrapreneurship') or in real-life situations.

As a result of all these efforts, the issue of youth entrepreneurship has become more visible in recent years. Some authors suggest that the perspective of Finnish youth towards entrepreneurship has

changed, in that entrepreneurship is increasingly viewed by young people as a valid employment option that provides freedom and creativity (Haanpää and Tuppurainen, 2012).

A good indicator of this change is the increasing attention paid to entrepreneurship through the implementation of the EU Youth Guarantee in Finland. Thus the Finnish Social Guarantee for Young People Working Group, formed by several Finnish public and private organisations, has proposed some measures to promote entrepreneurship among young people. These measures include supporting and developing new forms of self-employment and entrepreneurship (such as cooperatives, teams, mentoring) through training, guidance and start-up grants, with financial support of €5 million, allocated to provide six-month training periods or start-up grants for 1,300 young people (Finnish Social Guarantee for Young People Working Group, 2012). Despite this, it is worth stressing that most of the efforts of the Finnish Youth Guarantee programme are still oriented towards supporting paid work and enabling young people to find employment corresponding to their skills, as well as encouraging employers to help young people enter work.

The next section discusses three initiatives in support of youth entrepreneurship:

- the Finnish entrepreneurship education policy;
- the ‘Young Entrepreneur of the Year’ competition, jointly organised by the Federation of Finnish Enterprises and the Finnish Association of Young Entrepreneurs;
- ‘Startup Sauna’, a business incubator facility for young entrepreneurs offering a number of additional valuable services for them.

Table 8: Finland – Initiatives analysed

Name of initiative	Brief description of initiative	Target population	Pillar(s) addressed
Entrepreneurship education (Yrittäjyyskasvatus)	Comprehensive policy to foster entrepreneurship education in the general Finnish education system.	Young people in the different levels of the Finnish education system	Pillar 1
‘The Young Entrepreneur of the Year’ competition	National yearly competition that rewards an outstanding Finnish young entrepreneur and, at the same time, inspires other young people to become entrepreneurs.	Young Finnish entrepreneurs	Pillar 1
Startup Sauna	Startup Sauna provides coaching opportunities for start-up companies initiated by young people, as well as networking and funding opportunities with external investors.	Young Finnish entrepreneurs involved in early-stage start-ups	Pillars 2 and 3

Source: Authors’ own elaboration

In-depth description of selected initiatives

Entrepreneurship education

Information on the policy measure

As mentioned above, in 2004 the Finnish Ministry of Education launched a comprehensive policy for entrepreneurship education – Yrittäjyyskasvatus. This policy was reviewed in 2009 and extended until 2015. It is important to emphasise that entrepreneurship education has been strongly supported by the Finnish Ministry of Education, which encourages Finnish schools to place entrepreneurship education on the curriculum. Also, entrepreneurship education is seen as a national programme, although it was foreseen that by 2015 the responsibility for entrepreneurship education would be given to local administrators and regions (Finnish Ministry of Education, 2009).

Objectives pursued and activities carried out

As outlined by the Finnish Ministry of Education (2004), the most important goals of entrepreneurship education in Finland are:

- the creation of an entrepreneurship culture and a climate conducive to entrepreneurship among the general young population participating in the educational system;
- the promotion of entrepreneurial skills among young people, understood in a broad sense, referring either to starting up and managing one's own enterprise (entrepreneurship) or behaving in a proactive way within existing organisations (intrapreneurship). In this sense, special attention is paid to entrepreneurship as a feasible career option, and on enhancing the skills of those who want to set up their own businesses.

Entrepreneurship education is extended to different levels of education, from basic and upper secondary general education to vocational education, polytechnics and universities. Different goals are assigned to the different educational levels. The foundation of the Finnish entrepreneurship education system is initially built up during basic education (6–12-year-old students). The main goals at this stage are to make students understand entrepreneurship as a general concept and to encourage a readiness to take responsibility, and to strengthen the self-image of students and encourage them to interact successfully with others, including working in teams (Finnish Ministry of Education, 2009).

During the upper secondary general school (12–16 years), the main goals pursued by the Finnish entrepreneurship education system are to strengthen the capabilities of students to participate and influence society from different perspectives (political, economic, cultural and so on), where society is defined from a wide perspective (local, national, European and global). At this stage, the focus is on understanding the value of work, the importance of self-motivation, autonomy, and the role that entrepreneurship can play in society.

Entrepreneurship education has a more concrete and focused approach during vocational education (16–19 years). At this stage, students are encouraged to develop enterprise-related ideas, stressing the cooperation with external enterprises and other relevant stakeholders and networks. Therefore, all Finnish Initial Vocational Education and Training (IVET) qualifications include at least five credits (weeks of study) of entrepreneurship and business studies.

Finally, at university and polytechnic level, entrepreneurship education is primarily designed to support and target those students who have an idea for setting up their own enterprise based on the expertise gained during their university or polytechnic studies.

The main methodology used to support entrepreneurship education is based on 'learning-by-doing', with an emphasis on 'activity-based', 'problem-based' and 'workgroup' learning. A good example of this approach is the 'Me & MyCity' project, aimed at sixth grade Finnish children (12–13 years).

Me & MyCity study module

'Me & MyCity' is a study module on society, working life and entrepreneurship. 'Me & MyCity' offers sixth grade children (aged 12–13 years) information and positive experiences of enterprises and different professions. It includes training for teachers, teaching materials based on the curriculum and a visit to the MyCity learning environment. The teaching materials for 10 lessons provide the pupils with basic information about enterprises, the economy and society. The MyCity learning environment is a miniature town built with movable wall elements. It includes business premises for at least 15 companies and public services. For one day, the visiting pupils work in a profession, earn a salary and act as consumers and members of their own society. MyCity is visited by 70 pupils at a time on a reserved date.

So far, 40,000 sixth graders and over 1,700 teachers have visited MyCity learning environments around Finland. The first MyCity began operating in 2010 and the learning environment has been realised in eight towns since then. Starting from autumn 2013, six MyCities toured Finland and visited 11 towns during one school year. In 2013, the European Commission gave 'Me & MyCity' an award for promoting entrepreneurial spirit in the European Enterprise Promotion Awards.

Source: www.yrityskyla.fi/en/

An additional important support activity for entrepreneurship education in Finland is the so-called YES initiative.⁷ YES is an entrepreneurship education service for teachers, in the sense that it provides training in entrepreneurship education-related issues for teachers, especially for developing entrepreneurship in schools and establishing school–business networks. The service organises events, seminars and training programmes both regionally and nationwide, and participates in the development of teaching plans and strategies. YES services were first established in Finland in 2001, and have since then developed into a wide entrepreneurship education network. YES services have been developed using money from the ESF and local partners, although the initial project was mainly funded and developed in association with the Finnish National Board of Education. The services are available in 17 regions and localities throughout the country. YES services are coordinated by National YES, founded in 2010. Partners of YES include regional development centres, entrepreneur organisations and other organisations.

Finally, it is important to highlight that entrepreneurship education is conducted in a network approach with collaboration between public authorities, mainly the Finnish Ministry of Education and the Finnish National Board of Education, and other public and private stakeholders such as local universities, educational institutes and the Federation of Finnish Enterprises and the Finnish Association of Young Entrepreneurs (Finnish Ministry of Education, 2009).

Learning outcomes and assessment

As suggested, the support to entrepreneurship education is the most extensive policy measure implemented at national level in Finland for boosting entrepreneurship among young people, starting from basic and upper secondary general education to polytechnics and universities. In this regard, and having in mind all the existing levels of education, a Finnish student receives, on average, 12 years of entrepreneurship education programmes as part of the compulsory education system, and between three and seven additional years linked to non-compulsory education.

⁷ www.yes-keskus.fi/english2/

However, the implementation of these entrepreneurship education programmes has also been criticised (Seikkula-Leino, 2006). Indeed, it has been argued that, despite all these resources, entrepreneurship education is still not seen as an important curriculum subject. Also, entrepreneurship teachers complain both about the difficulties of the subject, arguing that it is an abstract concept to teach, and about their lack of expertise to teach such a subject, due to a lack of entrepreneurial and business skills. The same authors suggest that there has not been a shared national understanding or definition of entrepreneurship education. Therefore, sometimes the concept of entrepreneurship has suffered from important regional and local differences in the way the concept is applied in the different local educational institutes. Finally, there is no national framework for monitoring the extent to which educational and training institutions follow the curriculum in practice due to several factors such as the decentralisation of the educational system, a high degree of trust in education providers and teachers, and the lack of a national system of external evaluation (GHK Consulting Ltd, 2011).

'Young Entrepreneur of the Year' competition

About the initiative

The Federation of Finnish Enterprises (Suomen Yrittäjät) represents the interests of Finnish small and medium enterprises (SMEs). Among its other activities, the federation is active in promoting and improving the position of Finnish entrepreneurs in society and making Finland a more entrepreneurial society. The Finnish Federation of Young Entrepreneurs (Nuoret Yrittäjät) is a part of the Federation of Finnish Enterprises and it represents the specific interests of young Finnish entrepreneurs within the general federation, irrespective of background, nationality or type of enterprise, with 'young entrepreneurs' defined as those aged under 35. Interestingly, membership of the young entrepreneurs' association is open not only to young enterprise owners but also to students and young people with entrepreneurial attitudes.

Both organisations are very active in their support of the Finnish entrepreneurship education policy and the various initiatives linked to it. In this regard, they cooperate with YES (see previous initiative on entrepreneurship education), and they both organise the 'Young Entrepreneur of the Year' competition to promote the image of entrepreneurs and entrepreneurship among young people.

Objectives pursued and activities carried out

'Young Entrepreneur of the Year' aims to fulfil several important goals. On the one hand, it aims to highlight the good work of some selected Finnish young entrepreneurs and spread awareness of it to relevant stakeholders, including other entrepreneurs, the general media, possible investors and the general public. On the other hand, the competition aims to inspire other young people to become entrepreneurs, foster an open social debate on youth entrepreneurship and challenge the idea that entrepreneurship is better suited to adults and professionals with a long work experience.

Each regional section of the Federation of Finnish Enterprises and the Federation of Young Entrepreneurs selects one local representative to take part in the annual competition. This regional selection requires the support of a minimum number of regional entrepreneurs to be officially nominated.

There are a number of entry rules for the national competition. First, only entrepreneurs aged under 35 years can be nominated. The relevant company must have been active in the market for at least three years when the competition takes place, and the company should employ at least one

other person (in addition to the owner(s) of the business). Also, the company should currently have a sound and stable financial situation, with positive real prospects for the future.

Nominated entrepreneurs may have either set up their own company or they may be young continuators of already existing companies that have experienced generational change or a change in ownership. As already suggested, and in all cases, the nominees need to have successfully managed the company for at least three years. Only individual entrepreneurs are selected. This means that, in cases where several shareholders own the company, at least 50% of the shares must be owned by the nominee to the competition. In total, 21 nominees finally take part in the national competition.

There are a number of main elements that are taken into account by the jury in selecting the final winner of the competition. First, the winner should have a proven record of business success, and the presence of a strong entrepreneurial attitude is particularly appreciated by the jury. Second, the jury particularly values young entrepreneurs who have a special ability to visualise and exploit the possibilities of the enterprise in a new and innovative way.

The winner is announced at the event 'Get Together', carried out on an annual basis by the Finnish Federation of Young Entrepreneurs. The winner receives a prize of €1,500, although the benefits are much wider due to publicity and coverage in the main Finnish media.

Learning outcomes and assessment

The competition plays a key role in the support and encouragement of young entrepreneurship in Finland. It is an important event and it is highly valued among the young entrepreneurs' community. However, and from a critical perspective, some of the national experts interviewed believe that the competition is not yet sufficiently visible for the general public and hardly goes beyond the community of young entrepreneurs. In this sense, more efforts should be devoted to widening the competition to young people in general and especially those who are considering becoming entrepreneurs.

'Young Entrepreneur of the Year' is only one of a whole range of activities conducted by the Finnish Federation of Young Entrepreneurs to support youth entrepreneurship in Finland. The federation is very active in cooperating with local and regional public and private organisations to make economic, social and cultural conditions more favourable to entrepreneurship. The Federation of Young Entrepreneurs also organises several networking events for young entrepreneurs, and it also participates in several projects geared towards fostering entrepreneurship education among Finnish young people.

Startup Sauna

About the initiative

Startup Sauna Foundation is a non-profit organisation that supports new start-ups not only to develop their activity but also to get access to external sources of financing. Startup Sauna was founded in 2010 by 57 Finnish entrepreneurs, investors and several public stakeholders, with the basic mission to build a top-performing start-up ecosystem in Finland that may support the further development of the private sector in the country.

The foundation started out with initial capital of €1 million, most of which was provided by the Finnish information technology group Digi.fi, the Finnish Public Innovation Fund (Sitra), the Federation of Finnish Technology Industries and the Finnish Funding Agency for Innovation (Tekes). Other important stakeholders include the Finnish Ministry of Employment and the Economy

and Aalto University, which provides the space for the Startup Sauna Foundation in Helsinki (Teknologiateollisuus, 2012).

So far, Startup Sauna has raised more than €46 million in funding. In the early stages of the initiative, activities were concentrated in Finland. However, since 2012 its activities have been extended to the Nordic and Baltic region and Russia.

Objectives pursued and activities carried out

As mentioned above, Startup Sauna is a non-profit organisation that helps promising early-stage start-ups developed by young people prepare to take the 'next step', be it entering certain markets, raising funding or better understanding the target market and customer needs. In this regard, Startup Sauna helps new start-ups to build a network of serial entrepreneurs and investors that could otherwise take a very long time to achieve. The support is open to everyone, no matter what industry or sector they work in.

The main activity developed by Startup Sauna is the so-called 'accelerator programme', which is organised twice a year in early May and mid-October and takes place in the foundation's premises (a co-working space) in Helsinki.

Prior to each accelerator programme, the foundation organises a 'Local Events' programme in more than 20 cities. These are one-day coaching events where any interested start-up meets with Startup Sauna coaches, who provide valuable feedback on the business potential of the new company. Only the best applications are selected for further interviews and, eventually, they are invited to join the accelerator programme.

In essence, the accelerator programme consists of a five-week programme where promising start-ups from Nordic countries developed by young people (usually graduates) are connected with experienced coaches, including serial entrepreneurs, investors and other industry experts, to work on the development of the business idea (including technical help). In this sense, participants receive valuable coaching services and contacts.

The participant start-ups also get access to Slush, a very important start-up event in Europe and held in Finland every year: for instance, in 2013 Slush attracted more than 6,000 attendees, 1,200 start-ups, 100 venture capital funds and 300 media representatives.

The best start-ups participating in the programme are also taken to Silicon Valley and New York City after the accelerator programme to gain an understanding of the US market via the 'Startup Life' internship programme. During a one-week programme, these selected teams meet US investors, media, potential customers and partners, both to establish useful contacts and to learn the tips and tricks of establishing a business in the US.

Finally, the top-performing start-ups are offered funding for their activity, which can be up to €40,000.

Learning outcomes and assessment

According to the available data, since the creation of the Startup Sauna Foundation 109 start-ups have graduated from the accelerator programme, most of which are technology-based companies set up by young graduates. The foundation has also helped to generate 'hype' around the concept of entrepreneurship, helping create some international success stories and inspiring many young people to develop a business idea.

In this regard, and despite the difficulties presented by the current economic crisis, Startup Sauna has been one of the most successful entrepreneurship-support programmes in Finland, where it is regarded as a good practice example (Teknologiategollisuus, 2012). Meanwhile, future expectations are very positive as this type of business accelerator is expected to play a key role in the future.

Case study: Hungary

Overview of youth entrepreneurship

The issue of youth entrepreneurship has been absent from the traditional Hungarian policy agenda, although there have been some fairly promising developments in this area in recent years. From a statistical perspective, Eurostat data show that in 2013 the rate of self-employed young people aged 15–29 years in relation to total employment in Hungary was 4.0%, 2.5 percentage points lower than the EU28 average for the same year (6.5%) and one of the lowest in the EU28. Therefore, the Hungarian youth self-employment rate is lower in comparison to other neighbouring east-central European countries such as those forming the Visegrád Group (the Czech Republic, Hungary, Poland and Slovakia). Interestingly also, the number of young self-employed Hungarians has experienced a downward trend in the period 2008–2013, both in absolute terms (from 34.1 to 26.8 per 1,000 people) and in relative terms (from 4.5% to 4.0%).

According to the 2012 Eurobarometer results (European Commission, 2012b), around 39% of young Hungarians aged 15–34 years considered self-employment to be a desirable career option. The main problems cited by those not interested included difficulties in accessing finance, the high risk linked to entrepreneurial activities and the lack of sufficient entrepreneurial skills where, interestingly enough, Hungarian young people report greater difficulties than the EU average. The widespread lack of personal financial resources and collateral in the case of young people is at the root of this situation.

Previous international reports can be complemented by other national reports which seem to suggest a changing trend. For instance, a survey by Bridge Budapest (Bridge Budapest Research, 2013) shows that 68% of Hungarian respondents aged 20–35 years would prefer to work as an employee rather than be self-employed in the next 10 years. The relatively high youth unemployment rate in Hungary (27.2% in the under-25 age group in 2013) is suggested by the study as a possible incentive for young people to consider self-employment as an opportunity.

The existing Hungarian social and economic environment cannot be regarded as entrepreneur-friendly. Thus, the inconsistency of existing legislation (in terms of taxation for example) and the massive amount of bureaucracy (administrative discomfort) has been a source of restraint for new entrepreneurs in recent years (Hungarian Commissioner for Fundamental Rights, 2014).

Another important problem related to youth entrepreneurship in Hungary is the existing inefficient and inadequate entrepreneurship-related education provision. Research suggests that young Hungarians do not receive proper and widespread education on entrepreneurial-related skills such as management, strategic planning, marketing and finance, economics and legal knowledge. As a result, a large percentage of young Hungarians find that their entrepreneurship skills and abilities are below market requirements. In contrast, Hungarian young people are raised to be employees rather than self-employed (Szirmai, 2008; Hétfa Research Institute, 2012).

A representative of the Young Entrepreneurs Association Hungary (FIVOSZ) emphasised that, according to internal available information, just 7.5% of Hungarian young people with an

entrepreneurial family background see themselves taking over the family business in the future. According to this expert, there are two additional reasons for this low interest in entrepreneurship among young Hungarians. One is the widespread national ‘culture of failure’, which prevents people putting innovative ideas into practice for fear of failing. Another is the risk-aversion of young people, as they are not ready to take risks or they do not have access to funding. Finally, this expert also claimed that there is an extensive potential investment capacity in markets for innovation and start-up companies, although insufficiently capitalised on by young people.

Public support fostering youth entrepreneurship

Despite this background, there has been remarkable progress in terms of policies and activities supporting youth entrepreneurship in Hungary, developed both by governmental and non-governmental institutions.

The most important current public policy measure is the Social Renewal Operational Programme item 2.3.6 (TÁMOP 2.3.6), initiated in March 2013 by the Hungarian government and specifically aimed at supporting youth entrepreneurship. Before this programme was launched, some efforts had already been made to foster youth entrepreneurial skills, but without success. For example, negotiations between the government and several agents were in progress in 2008–2009 to embed a labour market-related course (including entrepreneurship issues) into the national curriculum in primary and secondary education, but the course did not go ahead and no further steps have been taken since.

TÁMOP 2.3.6 is a tailored programme of the more general Social Renewal Operational Programme.⁸ It particularly helps those young entrepreneurs with a feasible business idea to develop it, providing them with external support in the form of professional advice, mentoring and access to finance. So far, it is regarded as a very interesting policy practice in the Hungarian context (this programme is discussed in detail later in this section).

In view of the successful results obtained by the previous programme and the interest received from different market actors, including young entrepreneurs, the Hungarian government is already preparing a regional ‘mirror programme’ aimed at extending the activities of the TÁMOP 2.3.6 programme into the region of Central Hungary. This regional mirror programme will have an estimated budget of HUF 830 million (€2.7 million). This extension highlights a real demand in Hungary for this type of policy measure.

Since 2013, Hungary has been part of the Youth Guarantee programme, which grants unemployed people under the age of 25 years who have either finished studies or have been unemployed for four months either an offer of continued education or an offer of employment. However, it should be emphasised that youth entrepreneurship support has received limited attention in the Hungarian Youth Guarantee Implementation plan in comparison to other youth employment support measures (European Network of Heads of Public Employment Services, 2013).

In addition to this main public programme, several non-governmental organisations (NGOs) support youth entrepreneurship activities. The NGO that has done the most in terms of promoting youth entrepreneurship is FIVOSZ. This organisation was founded in 2007 and carries out a number of activities to support young Hungarian entrepreneurs which are discussed in detail below.

⁸ The Social Renewal Operational Programme is intended to implement national interventions in the programming period 2007–2013, which affect the entire Hungarian population, based on the infrastructure background, equal chances of access to quality services provided primarily by the Social Infrastructure Operational Programme and regional operative programmes. Its funding comes from the European Social Fund (85%) and related domestic resources (15%).

Another important institution is the National Youth Council of Hungary (NIT). The NIT was founded in 2012 as an NGO with the purpose of providing the highest level of representation of Hungarian young people in general and their organisations in particular, participating in the formation and development of policies relevant to young people, and acting as a strong and united advocate of young people in relation to the government in power. The NIT has been very active since its foundation in developing a fair and coherent employment system for younger generations in Hungary, including the promotion of youth entrepreneurship activities.

Finally, another important organisation is the Youth Trade Union Association (SZISZ), part of the National Confederation of Hungarian Trade Unions (MSZOSZ). Among other activities, SZISZ is responsible for representing young employees and defending their rights by means of collective agreements, social negotiations and so on. SZISZ provides support to affiliated young entrepreneurs in various areas.

In summary, the development and implementation of policy measures supporting youth entrepreneurship in Hungary is all quite recent, and the economic crisis has played a major role in the introduction of these policies.

The following section describes in depth two selected Hungarian policy measures aimed at supporting youth entrepreneurship; the activities of FIVOSZ and TÁMOP 2.3.6 (see Table 9).

Table 9: Hungary – Initiatives analysed

Name of initiative	Brief description of initiative	Target population	Pillar(s) addressed
Young Entrepreneurs Association Hungary (Fiatal Vállalkozók Országos Szövetsége, FIVOSZ)	Association of young entrepreneurs that tries to foster an entrepreneurial attitude and culture among Hungarian young people. Also, FIVOSZ develops various guidance and support services for members.	Young entrepreneurs and potential entrepreneurs	Pillars 1 and 2
Social Renewal Operational Programme Item 2.3.6 (Társadalmi Megújulás Operatív Program, TÁMOP 2.3.6)	Policy measure supporting young entrepreneurs with external support (coaching and professional advice, mentoring, access to finance) to bring their business ideas to success.	Young entrepreneurs who have a feasible business idea and are in the early stages of setting it up	Pillars 2 and 3

Source: Authors' own elaboration

In-depth description of selected initiatives

Young Entrepreneurs Association Hungary

About the initiative

The first policy to be analysed refers to the activities conducted by the Young Entrepreneurs Association Hungary (FIVOSZ). This organisation, an independent NGO, is the most important Hungarian organisation involved in issues related to youth entrepreneurship.

FIVOSZ was founded in December 2007 by 10 individual young entrepreneurs, as they identified the lack of any organisation in Hungary involved both in promoting youth entrepreneurship in the country in a general sense and in defending the interests of young entrepreneurs. Interestingly, the foundation of FIVOSZ coincided with the global economic crisis and a sharp increase in youth unemployment levels, which have highlighted the issue of youth entrepreneurship among the Hungarian public as a feasible employment alternative for young people.

Since its foundation, the association has built a national community of young entrepreneurs and potential entrepreneurs. FIVOSZ has signed collaboration agreements with several national partners for the provision of services and access to resources, including both public and private organisations. On the public side are the Hungarian Ministry for National Development and the Ministry of National Economy, the Innostart National Business and Innovation Centre, and the Hungarian Investment and Trade Development Agency (ITD), while private organisations include several national banks and representative associations of managers. FIVOSZ also has extensive international relationships, giving voice to young Hungarian entrepreneurs in foreign forums. It has gained full membership of the European Confederation of Young Entrepreneurs (YES for Europe), and cooperates with various European-level organisations such as the European Economic and Social Committee (EESC), the European Association of Craft, Small and Medium-sized Enterprises (UEAPME), the European Commission Directorate-General for Enterprise and Industry, and the Enterprise Europe Network. The association has been invited to serve as a ‘best practice’ ambassador for young entrepreneurs in several non-European countries (Mexico, Philippines, Thailand and Togo).

FIVOSZ is primarily financed by members. There are several forms of membership; for individuals, for normal companies and for large companies exceeding a certain amount of yearly revenues. Annual yearly membership fees for individuals are around HUF 20,000 (about €66). The organisation provides benefits in exchange for membership, for example allowances or free attendance at all events organised by the association.

Objectives pursued and activities carried out

The main objectives pursued by FIVOSZ are twofold. On the one hand, it tries to foster an entrepreneurial attitude and culture among Hungarian young people, especially those in tertiary education. On the other hand, it provides novel solutions to young entrepreneurs and business-minded people aged 18–35 in the form of professional assistance in establishing or setting up spin-off businesses.

To reach these goals and objectives, the association carries out a wide range of activities. It provides a complex array of professional guidance and support services to its members in different domains (for instance, access to finance and investors, advice in different business-related domains, information on work opportunities, training sessions and networking events). These services are provided by specific regional committees established in the main regions of Hungary. Members are also informed about opportunities in regular newsletters. The association has also developed a booklet that contains practical information about doing business in Hungary.

Furthermore, FIVOSZ is responsible for the general management and running of the TÁMOP 2.3.6 programme in four out of the six eligible regions in Hungary (see below). For this purpose, the association has a group of 20 well-qualified lecturers and mentors with sound professional experience who can guide and help potential young entrepreneurs to succeed in their future businesses activities.

FIVOSZ also organises several events. The most important is the ‘Young Entrepreneurship Week’, organised every year in Hungary as part of the international initiative ‘Global Entrepreneurship Week’. During this event, primarily aimed at motivating young people to start up their own business, the association arranges 40–50 events in 12 Hungarian cities during a single week, where visitors can participate in different activities such as lectures, presentations and receptions. A national prize for an outstanding young entrepreneur is given in the context of this entrepreneurship week. In 2013, 750,000 young people participated in this event.

FIVOSZ Club events are also part of the association's activities, planned on a monthly basis in different cities around the country and free of charge, where successful entrepreneurs are invited as guest lecturers to talk about their experiences and interact with participants. Meanwhile, the so-called 'business beer parties', organised regularly in different Hungarian cities, are designed to bring together groups of young entrepreneurs on an informal basis to share and exchange ideas, fears and successes.

Learning outcomes and assessment

Currently, FIVOSZ has more than 1,000 affiliated members, with a gradual increase in this number since its foundation (especially in 2012, when more than 250 new members joined). More than 8,000 young entrepreneurs have been in contact with the association since its foundation. In this sense, FIVOSZ has developed a rich networking process among members and other interested parties.

FIVOSZ is doing pioneering and exemplary work in promoting youth entrepreneurship in Hungary, both among those who have already set up their own business and those with possible business ideas. Thus FIVOSZ has been the dominant player in Hungary in supporting the next generation of entrepreneurs. It has become a best practice model in central Europe and a source of inspiration in countries such as Croatia, Romania, Serbia and Slovakia. However, one possible weak point of FIVOSZ could be its marketing efforts towards its target population, as there is still a large share of young (potential) entrepreneurs who are not familiar with the association.

The association is forecast to see increasing numbers of members in the future, and an increasing focus on the issue of youth entrepreneurship among the Hungarian public. FIVOSZ is also trying to extend its network of external investors interested in investing in new enterprises developed by young people.

Social Renewal Operational Programme

Information on the policy measure

The Social Renewal Operational Programme (Társadalmi Megújulás Operatív Program) item 2.3.6 (TÁMOP 2.3.6) is a tailored programme of the more general Social Renewal Operational Programme, designed to implement national interventions successfully in the programming period 2007–2013.

The origin of this programme was the global economic crisis that started in 2007, which resulted in a rapid rise in unemployment levels in Hungary among the under-25s, from 18.1% in 2007 to 26.5% in 2009. This mass unemployment among young people was a 'wake-up call' for the Hungarian government, which reacted by introducing the TÁMOP 2.3.6 programme in March 2013.

TÁMOP 2.3.6 is composed of two main components, 'A' and 'B'. Component A deals with 'educational' elements (training activities), whereas Component B relates to financial support. Both components are described in detail in the following section.

TÁMOP 2.3.6 is largely co-financed by the EU, specifically the ESF which contributes 85% of the total funding while the government contributes the remaining 15%. The total budget of the programme is HUF 6.94 billion (€22.7 million), which is the largest public budget for supporting youth entrepreneurship in Hungary's recent history.

From an operational perspective, the programme defines young people as those aged 18–35 years.

Objectives pursued and activities carried out

The main goal of TÁMOP 2.3.6 is to support young entrepreneurs who have a feasible business idea and are in the early stages of setting it up. The programme provides prospective young entrepreneurs with external support, such as professional advice, mentoring or access to finance, to bring their business ideas to success.

As already mentioned, the programme was launched in March 2013 in six out of the seven NUTS-2 regions of Hungary. The Hungarian government put out a tender for organisations to run the programme in each of these six regions. The organisations selected were:

- the Hungarian Foundation for Enterprise Promotion (Magyar Vállalkozásfejlesztési Alapítvány) in the Közép-Dunántúl region;
- Budapesti Politechnikum Alapítvány in the Dél-Alföld region;
- the Young Entrepreneurs Association Hungary (FIVOSZ) in the regions of Észak-Alföld, Észak-Magyarország, Nyugat-Dunántúl and Dél-Dunántúl.

Several information campaigns were launched to publicise the programme and raise awareness among possible applicants. Then a general call for applicants was launched, with over 11,000 young people responding. Applicants completed a competency test to identify the most suitable business ideas and applicants. In total, 3,200 young people were selected to participate in Component A.

Component A refers to the provision of different training activities for the selected participants. This component is made up of 70 lectures on different business-related domains such as general management, project management, legal, financial and economic knowledge, and marketing. These domains are grouped under three main modules: becoming an entrepreneur and launching an enterprise, operating a business and, finally, developing entrepreneurial competences. The lectures, mostly theory-based, run for two to three months depending on whether the participants choose intensive training or weekend training.

In addition to the lectures, Component A foresees several mentoring or guidance activities to help participants research and identify market opportunities for their business, as well as assist them in developing business plans for their projects.

At the end of Component A, about half the participants (1,500) are expected to be selected for the next stage of the programme (Component B). The selection is made by an independent committee of external experts in the area of business creation, who analyse the performance of the candidates and the suitability of their business plans. Component A has a total budget of HUF 2 billion (€6.6 million).

Component B is concerned with helping to finance the new start-ups. The financial support is given in the form of a non-repayable one-off grant with a value of HUF 3 million (€9,800) per enterprise, although this value can be increased if the new enterprise is formed by at least two of the applicants whose business plans have been approved. Participants also receive personal counselling and guidance to follow up the enterprise creation process over a six-month period. As a precondition, only those young entrepreneurs who had an approved business plan and the financial capacity to self-finance at least 10% of the enterprise capital can participate (this 10% is reimbursed later and it is used as a proof that the entrepreneur's intentions are serious). Component B has a total budget of HUF 4.94 billion (€16.1 million).

Learning outcomes and assessment

It is difficult to give a definitive picture of the effectiveness of TÁMOP 2.3.6 as the programme is still relatively new. Indeed, Component A of the programme was scheduled to finish by June 2014, whereas Component B was expected to last for an extra six months, during which time successful participants would receive mentoring and counselling in addition to the financial aid. The programme will be assessed by the Hungarian government for two additional years after the programme is finished to ensure that resources are well spent and progress is as expected.

As mentioned above, over 11,000 young people applied to participate in the programme. In some regions, the number of applications exceeded the number of selected participants by almost five times, which reflects an overwhelming interest in the programme. The gender distribution of the applicants was quite balanced, with a female representation of 40%–45% of applicants. About 60% of the applicants were aged 18–30 years, whereas the remaining 40% (a very high share) were in the 30–35 age category.

Considering the successful results obtained so far, the Hungarian government is already preparing the introduction of a regional ‘mirror programme’ similar to TÁMOP 2.3.6 in the region of Central Hungary, which includes Budapest and the surrounding region. This programme will have an estimated budget of HUF 830 million (€2.7 million) and an estimated 350 people benefiting from Component A and 200 people benefiting from Component B. Apart from this, there are no plans for the further continuation of the programme.

To conclude, TÁMOP 2.3.6 has represented a turning point in the Hungarian public support policy for youth entrepreneurs, in the sense that until its launch there was a lack of youth entrepreneurship policies in Hungary. The programme has also shown the existing demand for this type of policy. However, the programme shows a number of weaknesses. First, it was insufficient to meet the existing demand. Therefore, it can be argued that the Hungarian government could have increased their co-financing share to increase the number of beneficiaries. Secondly, the amount of self-financing capacity required for young entrepreneurs to benefit from the financial support in Component B (the 10% previously mentioned) is regarded as a possible barrier for many young entrepreneurs who may have excellent business ideas but lack the capital to be eligible for the programme. In this sense, this self-financing capacity should be interpreted in a much more flexible way to bring as many interesting participants as possible into the programme.

Case study: Ireland

Overview of youth entrepreneurship

Eurostat Labour Force Survey data for 2008–2013 indicate that the number of self-employed people in Ireland aged 15–29 years declined from 28,800 in 2008 to 13,600 in 2013, a drop of about 50%. This percentage drop in young Irish self-employed people is considerably higher than the decline experienced for the EU28 of 12%, which may reflect the impact of the recession and high emigration rates among the younger age cohort.

Eurostat data also indicate that the percentage of young self-employed people in Ireland as a proportion of total employment has been falling, declining from 4.7% in 2008 to 3.6% in 2012. By contrast, self-employed young people in the 15–29 age bracket in the EU28 slightly increased their share of total employment, rising from 6.3% in 2008 to 6.5% in 2012.

The 2012 Eurobarometer indicates that 45% of young people aged 15–34 years polled in Ireland expressed a desire to set up their own business in the future. The main reason given by those who are not attracted by self-employment is the perception that they do not have adequate entrepreneurial skills. The most recent GEM report for Ireland indicates that early-stage entrepreneurial activity is relatively low among the 18–24 age group (4.5% of all adults in this age category) and that this group makes up just 12% of all early-stage entrepreneurs in Ireland. The GEM data also show that early-stage entrepreneurial activity in the 25–34 age category was higher (7.9% of all adults in this age category) and that this age group accounted for a third of all early-stage entrepreneurs (Fitzsimons and O’Gorman, 2013).

Public support fostering youth entrepreneurship

A review of national policy documents indicates that Ireland currently does not have an entrepreneurship strategy aimed specifically at youth. The government was, however, scheduled to launch a new national policy statement of entrepreneurship in 2014. The need for such a strategy statement was originally recommended in the report of the Small Business Forum, *Small business is big business*, published in 2006 (Department of Enterprise, Trade and Employment, 2006). The current government has indicated that an Action Plan for Jobs, a pivotal national initiative for tackling unemployment first published in 2012, will be published annually until 2016 when its term of office ends. The Action Plan for Jobs 2013 contains a commitment that the government would prepare a policy statement on entrepreneurship, including youth entrepreneurship (Department of Jobs, Enterprise and Innovation, 2013).

An analysis of public support measures for entrepreneurship and other related public initiatives indicates that to date a considerable amount of activity aimed at young people has taken place, and continues to take place, in fostering an entrepreneurial mindset, attitudes and culture among young people, including the provision of entrepreneurship education. In this context, it is important to mention the Leaving Certificate Vocational Programme (LCVP), one of the terminal examinations of the upper second-level sector. The LCVP, taken by 35,000 students, includes two Link Modules, one of which is Enterprise Education that aims to develop creativity, resourcefulness, self-confidence and initiative. During the LCVP, students are encouraged to interview enterprising people, investigate local enterprises and set up their own enterprise projects as ways of learning.

There is also a major focus on developing entrepreneurial skills within the higher education sector. A number of higher education institutions provide dedicated entrepreneurship programmes and offer entrepreneurship modules within their business, science and engineering degree courses.

At the other end of the education sector there are initiatives aimed at promoting an entrepreneurship culture among primary-level students. One such initiative is the ‘Bí Gnóthach’ Enterprise Education programme in which 5th and 6th class students (aged 10–12 years) study topics such as what makes a business succeed, idea generation, market research, finance and production culminating in setting up their own business and trading both inside and outside of school. The Bí Gnóthach Enterprise Education programme is organised at a local level by the network of City and County Enterprise Boards (CEBs), which on 15 April 2014 were remodelled as Local Enterprise Offices (LEOs).

The LEOs provide advice, mentoring, training and financial support at a local (county) level to microenterprises (firms employing fewer than 10 people). The LEOs also provide a ‘sign-posting’ service by directing enterprises to state-funded agencies providing support relevant to their sector, for instance agri-food or crafts.

The CEBs, the predecessors to the LEOs, often provided dedicated support programmes aimed at specific groups such as female entrepreneurs, older entrepreneurs and immigrant entrepreneurs. There is little evidence to indicate that they had provided any dedicated programmes targeted at young entrepreneurs. However, one of the recommendations of the Entrepreneurship Forum, the ad-hoc group set up by the government to help formulate the national enterprise policy statement, was that there should be a dedicated programme directed at young entrepreneurs. This recommendation was endorsed by the government, which indicated in the Action Plan for Jobs 2014 that a range of new initiatives would be put in place to support youth entrepreneurship and young people with a business idea to start their own business (Department of Jobs, Enterprise and Innovation, 2014b). The proposed programme for young entrepreneurs (described in detail in the profile of Microfinance Ireland below), will be delivered by the network of LEOs.

The Erasmus for Young Entrepreneurs (EYE) initiative is an example of a scheme where a young entrepreneur can receive mentoring from an experienced business person in another EU Member State. The feedback to date from Irish EYE participants has been positive.

In Ireland, activities related to the removal of perceived practical barriers and easing access to credit are more focused on assisting SMEs as a category rather than being specific to one category of entrepreneurs. The supports in this area include a whole-of-government approach to reducing business regulation and red tape, enhancing access by small businesses to credit and providing tax incentives to new start-ups.

It is important to note that supports for youth entrepreneurship are not just provided by the public sector. The private and voluntary sectors are actively involved in entrepreneurship programmes provided in the education system. These activities include competitions and skills development programmes aimed at second-level students such as the Student Enterprise Awards (SEA) and the Foróige Network for Teaching Entrepreneurship (NFTE) (both of which are profiled below). As an example, business people provide advice and information on a voluntary basis to NFTE participants and they are also involved in the judging of the awards. Both the SEA and NFTE incorporate a competitive element but, importantly, both programmes incorporate skills training to help participants develop their business ideas.

Research has identified a number of private and voluntary groups such as Entrepreneurs' Organization (EO) Ireland and Archipelago that provide peer-review and peer-to-peer learning opportunities for young entrepreneurs. EO Ireland describes itself as a learning organisation in which its members attend monthly forums and social events with the aim of growing both professionally and personally. Archipelago, whose mission is to make entrepreneurship a viable career choice for young people in Ireland, organises talks on the experiences of young entrepreneurs in setting up their businesses. Several experts interviewed mentioned the CoderDojo initiative,⁹ in which private sector and voluntary groups have combined to provide free IT coding clubs for young people, as an example of a successful structured approach that could be used to develop entrepreneurship skills in the 15–30 age group.

⁹ CoderDojo is a global network of clubs that teach young people aged 5–17 years computer programming and computer technology. CoderDojo clubs are after-school or weekend get-togethers where basic programming and web development is taught, but the real success of the clubs is the philosophy of peer learning – students learning from each other in a sociable and creative environment. The CoderDojo network was founded in Ireland in 2011 by teenager James Whelton and entrepreneur Bill Liao; there are now 405 clubs throughout the world of which 100 are in Ireland. For more information, see: <https://coderdojo.com/>

Several stakeholders have mentioned the difficulties faced by young entrepreneurs in obtaining bank finance given their lack of credit history and/or collateral, and how as a consequence the banks perceive them as a high-risk category. In this regard, another Entrepreneurship Forum recommendation is that there should be a dedicated fund for young entrepreneurs (Department of Jobs, Enterprise and Innovation, 2014a). The government has accepted this and included it in the Action Plan for Jobs 2014 (Department of Jobs, Enterprise and Innovation, 2014b). It is anticipated that some of this funding would be provided through a dedicated fund operated by Microfinance Ireland and a Competitive Feasibility Fund provided by Enterprise Ireland, the national SME development agency.

In January 2014, the government published a plan, Pathways to Work, outlining how Ireland would implement the EU Council Recommendation on establishing a Youth Guarantee, which seeks to provide young people under the age of 25 with a good quality offer of employment, continued education, an apprenticeship or a traineeship within four months of leaving school or becoming unemployed. The Pathways to Work plan covers the 2014–2015 period and includes the introduction of new options for young unemployed people such as entrepreneurship.

The implementation plan provides for the allocation of €2.5 million to cover microloan support to young entrepreneurs who wish to set up their own business – this is the same scheme suggested by the Entrepreneurship Forum and it is included in the Action Plan for Jobs 2014. To complement the access to microfinance, the Pathways to Work Plan notes that support for entrepreneurship and self-employment options for the young unemployed will be made available through a new Youth Entrepreneurship Programme. This programme will have a significant focus on capacity building, mentoring and coaching to bring participants to a point where they are in a position to launch a start-up business. The Pathways to Work plan estimated that the cost of providing training and mentoring supports for a total of 700 young entrepreneurs and self-employed (inclusive of those expected to be referred for microloans) will come to about €1 million.

Some of the experts interviewed highlighted the importance of providing dedicated support programmes for youth entrepreneurs, as well as the need to offer a balanced, multifaceted range of supports including training and skills development, mentoring and access to dedicated funding. While recognising the central role of the Department of Jobs, Enterprise and Innovation as a driver of youth entrepreneurship policies, there is also an appreciation of the important role that other government departments (ministries), for instance, the Department of Education and Skills, can play in fostering youth entrepreneurship via the development and provision of entrepreneurship education.

There is also recognition that, to be effective, youth entrepreneurship policies must be evidence-based; there is a concern that data on youth entrepreneurs in Ireland are lacking and this should be addressed as a matter of urgency.

In summary, the main focus in Ireland to date in relation to support measures and initiatives for youth entrepreneurs has been on fostering an entrepreneurial mindset, attitudes and culture among young people, followed by the provision of information, advice, coaching and mentoring. The government published a national policy statement on entrepreneurship in 2014 that includes policy objectives and initiatives in relation to young entrepreneurs. Finally, in early 2014 the Entrepreneurship Forum made a number of recommendations on support measures to facilitate youth entrepreneurship, some of which address barriers such as difficulties in accessing credit.

Four selected policy measures in Ireland aimed at supporting youth entrepreneurship are described in Table 10: the activities conducted by NFTE, the SEA, the EYE programme and the activities of Microfinance Ireland.

Table 10: Ireland – Initiatives analysed

Name of initiative	Brief description of initiative	Target population	Pillar(s) addressed
Network for Teaching Entrepreneurship (NFTE)	The programme involves the delivery of youth entrepreneurship education and development programmes through the use of in-school and out-of-school courses, workshops and awards for second-level education students from low-income communities.	Second-level students from low-income communities	Pillar 1
Student Enterprise Awards (SEA)	These awards represent the biggest enterprise competition for second-level students in Ireland, and aim to provide students with real life skills associated with running a real enterprise.	Second-level students	Pillar 1
Erasmus for Young Entrepreneurs (EYE)	This initiative is an innovative business exchange programme that gives new or aspiring entrepreneurs the chance to learn from experienced entrepreneurs running small businesses in other European countries.	New or aspiring young entrepreneurs aged 18–25	Pillar 2
Microfinance Ireland	This scheme provides loans to newly established or growing microenterprises across all industry sectors with commercially viable proposals that do not meet the conventional risk criteria applied by commercial banks. This scheme is aimed at all microenterprises, including (among others) young entrepreneurs.	Young entrepreneurs	Pillar 3

Source: Authors' own elaboration

In-depth description of selected initiatives

Network for Teaching Entrepreneurship

About the initiative

The Network for Teaching Entrepreneurship (NFTE) is an international non-profit organisation with experience in teaching entrepreneurship skills to young people from disadvantaged backgrounds. The mission of NFTE in Ireland is to teach entrepreneurship to young people to improve their business, academic and life skills.

The NFTE programme was originally introduced to Ireland in 2004 by Liavan Mallin, a graduate of Dublin City University (DCU) and entrepreneur, and was launched as an all-island initiative, following a successful pilot scheme in Coláiste Dhúlaigh (a further education college in Dublin) and Bonnybrook Youthreach (a centre for early school-leavers). The pilot was coordinated by Northside Partnership and funded by the Irish Youth Foundation.

The management of the NFTE programme in Ireland is undertaken by Foróige, a leading youth organisation founded in 1952 and affiliated to NFTE International, whose headquarters are located in New York. The programme is delivered to young people aged 12–18 years by youth organisations, schools and centres providing services to early school-leavers. The programme is offered in over 60 schools and youth services in a number of regions in Ireland including Thurles, Limerick City, Cork, Waterford, Kilkenny, Wicklow, Sligo, Roscommon, Mayo, Dublin, Donegal and Belfast.

Objectives pursued and activities carried out

The objectives of the NFTE programme are to build self-confidence and interpersonal skills, use life skills as a vehicle for employability, increase career and college aspirations, increase business knowledge and encourage school completion for young people from low-income communities.

Each year, secondary-level teachers and youth workers attend an intensive train-the-trainer programme, the so-called NFTE University, which equips them with the necessary skills and resources to successfully deliver the programme directly to young people. The NFTE University programme covers all aspects of entrepreneurship training including idea generation, market research, social enterprise, costings, product/service development, marketing and sales, communication skills, legalities and ethics in business. Participants who successfully complete the programme are known as Certified Entrepreneurship Trainers (CETs) and throughout the year they receive continuous hands-on support from NFTE.

Generally, students participating in NFTE range from 12 to 18 years of age. Participants study all aspects of starting and successfully running a business during the 40-hour, 12-module NFTE programme.

Foróige NFTE participants are required to develop a business during the programme year, which runs from September to May. They are supported and encouraged by their CET. Throughout the school year, NFTE participants meet local entrepreneurs and take part in sales events while working through the curriculum. At the end of the year, each student presents his or her business plan as part of the Youth Entrepreneurship Awards. Each student business is also encouraged to apply for the International Business Plan competition, the winner of which gets a trip to the US to attend the annual 'Dare to Dream' Awards Ceremony hosted by NFTE International.

NFTE participants also:

- receive a seed grant (€15) to start their business;
- visit wholesalers to buy their business supplies;
- engage with entrepreneurs, social entrepreneurs, business executives and community leaders;
- visit local and national companies;
- work with business and corporate mentors;
- sell their products at the NFTE Class Trade Fair;
- prepare and present their business plan to a panel of judges.

Graduates of the Foróige NFTE programme can participate in additional courses such as the BizCamp, an intensive one-week summer programme held in youth centres where they are exposed to all aspects of running a business. Foróige also runs shorter 'taster-type' programmes in the BizCamps as a method of recruiting young people into the NFTE programme.

Funding for the NFTE programme has come from a number of sources including the Ireland Funds, a philanthropic network that supports worthy causes in Ireland and around the world, and Atlantic Philanthropies, a private foundation established by the Irish-American businessman Chuck Feeney. The annual budget for the management and delivery of the NFTE programme is around €300,000.

In the 2013–2014 programme, 1,500 participants from low-income communities set up 850 businesses as part of the NFTE programme (in 2004, when the programme was first initiated there were 40 participants). A total of 8,360 young people graduated from the programme between 2004 and 2014. The number of locations where the programme is delivered has steadily increased since its inception; in 2004, the programme was delivered in two locations, but by 2014 that number had risen to 70.

Learning outcomes and assessment

Regular evaluations are carried out on the NFTE programme in Ireland:

- NFTE Ireland carries out detailed pre- and post-evaluations with participants to measure changes in business knowledge and career and college aspirations;
- NFTE Ireland completes a detailed pre- and post-evaluation with BizCamp students;
- NFTE carries out regular evaluations with all CETs to assess the success and reach of the programme. A detailed evaluation is also carried out among CETs in May following the completion of the programme.

Research commissioned by NFTE Ireland shows that the programme has not only increased participants' business skills but also their interest in further education and career aspirations, as well as encouraging a significant number to consider entrepreneurship as a career option (NFTE Ireland, 2012).

Students' abilities in mathematics, English and IT also improve as they learn to apply them in a very practical way to their project. The NFTE programme also helps students to learn team-building skills, such as supporting weaker students, identifying each person's strengths and overcoming different opinions to complete the task.

The participants are eligible for an entrepreneurship scholarship at the Institute of Technology Sligo, a higher education institution. The scholarship aims to provide a pathway for young people to develop their business idea and turn it into a reality. The recipient will receive financial support, be assigned a mentor and have the opportunity to attend international trade fairs.

If additional funding were available, Foróige would like to be able to provide the NFTE programme in more locations and to offer a more comprehensive service to graduates. The report of the Entrepreneurship Forum said that the Foróige NFTE programme, and similar efforts, should be actively promoted in schools across the country.

Student Enterprise Awards

About the initiative

The Student Enterprise Awards (SEA) is one of the highest-profile category programmes provided in second-level education and aims to foster an entrepreneurial mindset, attitudes and culture among students. Organised by the City and County Enterprise Boards (CEBs), now Local Enterprise Offices (LEOs), the awards are run in schools all over Ireland for students from first year right up to Leaving Certificate level (ages 12–17). Some 17,000 students take part in the awards every year and the programme culminates in a grand finale at the national finals.

The awards were introduced in the 2002/2003 academic years, replacing the Golden Vale Young Entrepreneurs Scheme that had in 1999 replaced the original Young Entrepreneurs Scheme inaugurated in 1991. The annual budget for organising the SEA programme is estimated at €100,000.

The awards give second-level students in Ireland the chance to set up and run their own business, bringing a taste of real-life business into the classroom. Students get to experience all the realities of entrepreneurship from generating their business idea and writing a business plan to producing the product, carrying out market research, promoting the business and managing the books.

Objectives pursued and activities carried out

The stated objectives of the SEA programme are:

- to give students practical, real-life experience of setting up and running their own business;
- to encourage students to think about entrepreneurship and self-employment as a viable career choice;
- to enhance the teaching of business and entrepreneurship in schools by combining classroom learning with real-life experience.

The awards programme includes three main competition categories – junior, intermediate and senior.

Table 11: Student Enterprise Awards programme categories

Award category	School year	Age group	Number of participants (2011–2012 academic year*)
Senior	Transition year, 4th and 5th year students and youth reach students	16–17	13,479
Intermediate	2nd and 3rd year students	14–15	1,333
Junior	1st year students	12–13	1,754
Total	-	-	16,566

Note: * Supplied by the CEB Education Committee

The CEB Education Committee, which is responsible for the management of the SEA programme, estimates that about 112,000 secondary school students have participated in the programme during the last six academic years.

Not only has the number of students taking part in the programme increased but so too has the number of participating secondary schools. In the 2011–2012 academic year, a total of 442 schools participated in the SEA scheme, compared with 420 in 2008–2009. School management and teachers in particular have embraced the programme because it is devised in such a way that it can be delivered by teachers regardless of whether their specialism is business-focused or not.

Students in all three award categories are encouraged to work in groups of up to five students, allowing for the division of functions but encouraging and facilitating the concept of teamwork.

Each project is entered into an annual SEA competition run by the CEBs. The first stage is held at school level, usually judged by local entrepreneurs and CEB personnel. School winners graduate to a county competition with the best in the county going forward to a national competition which is held annually in Dublin. The top three winners are presented with the Seán Lemass Award, which was introduced in 2010 as a means of raising the profile of enterprise in schools.

A number of CEBs contract a Schools Development Officer to visit secondary schools to assist the teachers with their SEA projects. These development officers can be retired teachers (ideally business teachers) or business people. A good development officer is regarded as a critical success factor.

CEBs continue to introduce initiatives to improve the scheme. For example, 'Innovation workshops' (also called Ideas Workshops) have been run in individual schools to help students come up with innovative and creative new ideas. Some CEBs follow up by running a second workshop about six weeks later to help teachers convert the ideas into projects.

Learning outcomes and assessment

In 2011, the CEBs contracted the University of Limerick (UL) to undertake a review of the SEA programme. The review found that students and teachers rated the programme favourably. The UL team which carried out the review said the programme had facilitated the students' personal development through the acquisition of creative thinking, had enhanced their communication skills, teamwork and problem solving skills, and had improved their self-confidence.

The UL review recommended changes in the operation of the SEA programme. For example, the review team proposed that the SEA website be made more user-friendly and that greater clarity and explanation in relation to the judging process be provided to the participants and teachers. The report also advocated that the benefits and success of the programme should be more aggressively marketed in a more public domain to create greater interest and buy-in from parents, local businesses and local communities.

Responsibility for the SEA programme will transfer in the 2014–2015 academic year to the new network of LEOs.

Erasmus for Young Entrepreneurs

Information on the policy measure

The Erasmus for Young Entrepreneurs (EYE) initiative is an innovative business exchange programme that gives new or aspiring entrepreneurs the chance to learn from experienced entrepreneurs running small businesses in other European countries. The initiative formed part of the EU's Small Business Act of July 2008, a framework policy to encourage entrepreneurship and help SMEs exploit the internal market (Erasmus for Young Entrepreneurs Support Office, 2014a).

Participation in the programme has progressed steadily throughout the years. Currently, around 10,000 entrepreneurs are registered in the EYE database and more than 3,000 exchanges have taken place, which means some 6,000 entrepreneurs have already participated in the programme. Highest participation comes from Spain, Italy, the UK, Germany and Belgium (Erasmus for Young Entrepreneurs Support Office, 2014b).

The EYE programme was first introduced in Ireland in 2011 by Dún Laoghaire-Rathdown County Enterprise Board. The board's Chief Executive Officer stated that 'by participating in the programme, new business start-ups increase their chances of survival in the early years, gaining experience, skills and know-how from more experienced business people, who have successfully come through the start-up phase' (Department of Jobs, Enterprise and Innovation, 2011).

The intermediary organisations (IOs) of the EYE initiative include the Dún Laoghaire-Rathdown County Enterprise Board, the Cork Institute of Technology (a higher education institution) and its Rubicon business incubation centre, the Dublin Chamber of Commerce and the Irish Small and Medium Enterprises Association (ISME). The IOs are responsible for paying the EYE grant to the new entrepreneurs who register with the programme's IOs and who have entered into an agreement with them for a cross-border exchange. The financial support is calculated monthly and reflects the overall living costs of the country of stay.

Objectives pursued and activities carried out

The EYE programme, which was launched in 2009, aims to support nascent or newly established entrepreneurs to develop their skills in business management through an exchange lasting between one and six months (within a 12-month period) in an enterprise run by experienced entrepreneurs in another European country. This helps the new entrepreneur acquire the skills needed to run a small firm while also assisting them in establishing a business network throughout Europe. The host benefits from fresh perspectives on his/her business and gets the opportunity to cooperate with foreign partners or learn about new markets. The stay is partially funded by the EU.

Whether a person is a new or experienced entrepreneur, the EYE programme can offer strong added value to their business expertise, including an exchange of knowledge and experience, networking opportunities across Europe and access to new commercial relations/markets abroad.

Any person aged 18 years or older and established in Ireland for at least six months and who is actively planning to start a business based on a viable business plan, or who has already started a business within the past three years, may be eligible to participate as a 'new entrepreneur'. Grant payments of up to €1,100 per month are available to support their placement in an enterprise run by experienced entrepreneurs in another European country. The EYE grant contributes towards travel costs to and from the country of stay, accommodation and subsistence costs.

The EYE programme also enables new business start-ups from other EU Member States to travel to host entrepreneurs in Ireland, exchanging skills and market knowledge. There is no participation cost for the enterprises that act as host businesses.

It should be noted that 'young' does not refer to the age of the new entrepreneur but to the level of entrepreneurial experience. Therefore, promotion of the programme is not meant to be limited to young people, according to the objectives of the programme. However, marketing of the scheme has been successful among youth and presentations on the scheme have been made at universities and other third-level institutions. The main focus of the promotional campaigns is to emphasise how the new entrepreneurs can gain from being mentored by an experienced business person.

Statistics published by the EYE Support Office in 2014 indicate that in Ireland 24 new entrepreneurs have registered with the EYE initiative – along with 31 host entrepreneurs.

Funding to organise the EYE programme in Ireland is drawn down by the Irish IOs from the consortium to which they belong that applied for the programme funding. It is estimated that overall the budget for organising the programme in Ireland is €160,000 per funding cycle.

Learning outcomes and assessment

The response from Irish participants on the EYE programme has been positive. A survey of all participants since 2009 found that 90.4% said their participation in the EYE programme had significantly contributed to their ambition to start their own business. Being a peer-to-peer learning experience between two entrepreneurs, other important benefits obtained from the EYE programme include both learning opportunities (international project management, technical expertise, market research in the host country, business skills from the host entrepreneur and so on) and the establishment of useful contacts abroad (Erasmus for Young Entrepreneurs Support Office, 2014b).

Encouraging greater numbers of young entrepreneurs in Ireland to participate in the EYE programme may require more focused marketing of the scheme to those most likely to make use of its benefits.

Moreover, the report of the Entrepreneurship Forum published in 2014 advocated that a national entrepreneurship internship programme should be established. It said that such a programme would enable a young person to spend time shadowing an entrepreneur to gain experience of how to manage a business. The Forum further recommended that, as a pilot initiative, 50 of the larger, more established start-ups and growth companies based in the Guinness Enterprise Centre in Dublin could be engaged to take on one young unemployed person each to undertake an internship.

Microfinance Ireland

Information on the policy measure

Microfinance Ireland (MFI) was incorporated by the Social Finance Foundation (SFF) on 17 August 2012, pursuant to the Microenterprise Loan Fund Act 2012 (No. 31 of 2012) on the initiative of the Minister for Jobs, Enterprise and Innovation. As a dedicated subsidiary of SFF, MFI was established to manage the Microfinance Loan Fund (European Commission, 2013e).

The Microenterprise Loan Fund is part of the government's Action Plan for Jobs and forms part of a suite of financial programmes provided through the Department of Jobs, Enterprise and Innovation to assist businesses of varying sizes across all industry sectors throughout Ireland.

The Microenterprise Loan Fund scheme aims to facilitate €40 million in lending to microenterprises that employ not more than 10 people over the period 2012–2017, although the government may extend the fund for a further five years to provide an additional €50 million in loan funding. The government anticipates that over its 10-year lifetime, the scheme will provide loans to 5,500 microenterprises, facilitating the creation of 7,700 jobs.

MFI has been approved as a microcredit provider under the European Progress Microfinance Facility (Progress Microfinance), which is supported by the European Commission and the European Investment Bank, and managed by the European Investment Fund. MFI can make available loans below €25,000 for setting up or developing a small business.

Objectives pursued and activities carried out

The objective of the MFI scheme is to provide loans to newly established or growing microenterprises across all industry sectors with commercially viable proposals that do not meet the conventional risk criteria applied by commercial banks. This scheme is aimed at all microenterprises, including those of youth entrepreneurs.

To be eligible for a loan from the fund, a microenterprise must have been unable to access bank credit and they must possess a business plan. A loan may be made by MFI to 'top up' bank credit where it is clear that the business will not succeed without it. Additionally, the microenterprise must be based in Ireland and have a tax clearance certificate.

Between its start in September 2012 and the end of 2013, MFI approved microcredit loans to 139 microenterprises to the value of €2.159 million and supported 310 net jobs. MFI received 379 applications for funding during this time period and had a 47% approval rate. The average size of the loan provided by MFI was €15,500. Of the 139 loans approved, 77 were to start-up enterprises (<18 months) and 62 to existing enterprises. Just over a fifth of applicants were from Dublin and 78%

were from the rest of Ireland. Of the loans approved by MFI by the end of 2013, 106 were to male promoters while 33 were to female promoters, and five were to young entrepreneurs aged 18–25 years.

All of the five youth entrepreneur projects approved for financial support by MFI were situated outside Dublin and were based in the sectors of business and administrative services, hotel, manufacturing, information and communications and, finally, wholesale/retail trade and repairs. The total amount of funding provided to the young entrepreneurs came to €99,497, or 4.6% of the total loan fund advanced by MFI.

MFI's main referral partners were the CEBs; the CEB network accounted for 57% of all loan applications to MFI. The CEBs also support MFI applicants with their application, relevant business training and both pre- and post-loan mentoring assistance.

Learning outcomes and assessment

The report of the Entrepreneurship Forum proposed that the LEOs, in conjunction with MFI, should pilot a new programme to support young people to set up their own businesses (Department of Jobs, Enterprise and Innovation, 2014a). The report also said that the LEO programme should involve facilitated learning, mentoring, peer learning and coaching. On completion, participants would be referred to the range of financial and soft supports from Enterprise Ireland/LEOs, MFI, the Department of Social Protection, and Local Development Companies. Each MFI youth entrepreneur loan would be supported by further dedicated mentoring during and after the duration of the loan. The Entrepreneurship Forum noted that post-loan mentoring was imperative for the provision of critical support for early youth-led start-ups, thus minimising the level of write-offs and ensuring long-term sustainability of jobs and the business itself. The report recommended that MFI should ring-fence money for a Micro Youth fund to facilitate youth-led ventures.

The Forum also proposed that Enterprise Ireland, the national SME development agency, should launch a Competitive Feasibility Fund for Youth Entrepreneurs. It said that this fund would represent a progression pathway to the LEOs/MFI programme.

The CEBs have submitted a proposal to the Department of Jobs, Enterprise and Innovation for a pilot action to implement the Forum's recommendations in relation to young entrepreneurs. The proposed action seeks to encourage and help young people to set up their own businesses either as sole traders or as limited companies. The programme (which if approved by the government will be delivered by the new LEO network) would involve a one-day workshop for young entrepreneurs augmented by two days of facilitated learning, mentoring, peer learning and coaching. On completion of the programme, participants would be referred to relevant support agencies for either financial support (Enterprise Ireland/LEOs), access to the Back to Work Allowance (Local Development Companies), further mentoring (LEOs), as well as applying to MFI for loan finance.

In terms of outputs, it is anticipated that over the 12-month pilot, each LEO will run the programme twice with a minimum of 10 participants on each programme (minimum of 700 participants and maximum of 1,030). It is expected that a minimum of 50% of participants (minimum 350, maximum 515) will go on to establish their business within the following six months and that 60% of these will apply for a loan from MFI. It is anticipated also that as the participants will have gone through the programme, have a robust business plan and have had some engagement with MFI executives through the programme, there will be a high level of successful applications for loan finance (80%

or minimum of 168). It is envisaged that the proposed pilot programme will lead to the provision of €2.5 million in loans to young entrepreneurs.

It is important to emphasise, however, that the CEB/LEO proposal is still under consideration by the Department of Jobs, Enterprise and Innovation. It is equally important to highlight that no decision has been taken by MFI to provide a dedicated loan fund specifically for young entrepreneurs as a follow-up to the proposed CEB/LEO pilot programme.

Case study: Spain

Overview of youth entrepreneurship

As outlined in the Spanish Strategy for Entrepreneurship and Youth Employment 2013–2016 ('Estrategia de Emprendimiento y Empleo Joven 2013–2016' in Spanish), the Spanish Ministry of Employment and Social Security takes the view that there is a need to raise the level of self-employment and entrepreneurial initiative among young people (Spanish Ministry of Employment and Social Security, 2013a).

According to 2013 Eurostat data, 180,700 Spanish young people in employment in the 15–29 age group were self-employed (7.8% of this group overall). While higher than the EU average, this figure is lower than the percentage corresponding to the total of self-employed among the Spanish population in employment aged 15 years and over (17.4%). By gender, Eurostat data for Spain show that men are more enterprising than women, in the sense that only about one third of young self-employed people in Spain aged 15–29 years were women.

The Spanish Ministry of Employment and Social Security has identified the following reasons that account for the low levels of self-employment and entrepreneurship among the Spanish young population (Spanish Ministry of Employment and Social Security, 2013a):

- difficulty in gaining access to credit, given that the lack of access to channels for funding is an obstacle to setting up a new enterprise;
- administrative complexity for business creation: administrative procedures required, high start-up costs, heterogeneity of processes and formalities in different parts of the administration, and so on;
- need to improve the promotion of entrepreneurship in education and training, with the principles of entrepreneurship and the development of business initiatives included in education from an early age;
- limited international projection: Spanish SMEs have traditionally not shown much interest in internationalisation and Spanish young people have poor foreign language skills.

However, it is worth highlighting that, despite a decrease in absolute numbers, the percentage of self-employed of the total of young employed people has increased since 2008, moving from 7.0% to 7.8% in 2013. The increase was particularly marked in 2010 when the proportion of young self-employed people rose by 6.2%.

In fact, a recent report of the Public Institute of Youth (INJUVE) indicates that the economic recession is having a positive effect on the number of business initiatives developed by young people. Although young people have traditionally been less interested than other age groups in entrepreneurship, the crisis is making Spanish young people resort to setting up new business initiatives to combat high

unemployment levels. Data from the Spanish Labour Force Survey (EPA) indicate that there has been an increase in the number of Spanish young self-employed within the group of young employed people, moving from 8.5% of all employed young people to 12.3% in the period 2008–2012 (INJUVE, 2012a).

Another report, also published by INJUVE, explains that, as a consequence of the economic crisis, an increasing number of young people start self-employment activities as a way to develop their professional career. Unfortunately, it seems that the failure rate of the businesses started due to labour needs is higher, as work necessities prevail over the ‘real vocation’, and entrepreneurs are less prepared and also have fewer resources. Moreover, the report describes the typical Spanish young entrepreneur as a man aged 26–35 years, who is single, whose business belongs to the new technologies sector and has fewer than 10 employees (INJUVE, 2012b).

Also, a very recent Spanish study based on a survey among 1,437 young people concludes that less than 10% of young people are or have been entrepreneurs, or are trying to set up their own business. Among the young persons who have entrepreneurial experience, 45% set up their own business because the business opportunity arose and 30% did it out of necessity, whereas 22% mentioned both reasons together (CIS and INJUVE, 2012).

Public support fostering youth entrepreneurship

Generally speaking, measures related to the promotion of entrepreneurship in Spain have been linked to the promotion of entrepreneurial values and culture via training plans and awareness programmes. These initiatives have usually been separate and unconnected, without a stable and uniform framework. Meanwhile, policies linked to the removal of barriers have been generally poorly or inefficiently developed (García Ruiz, 2008).

A study published by the Chambers of Commerce of Spain revealed the results of a survey assessing support policies relating to young businesses. Newly established enterprises were highly critical of the efforts made by public authorities to promote business creation and consolidation: 62% of the companies surveyed said that public policies were not developed enough, and considered that they should be improved and broadened. Surveyed companies felt that there were severe deficits in access to financial resources, and also in terms of business innovation, red tape simplification and tax policies. The report concluded that it was necessary to simplify administrative documents and applications, revise tax regimes, promote entrepreneurial training adapted to entrepreneurs’ needs, and support and facilitate the use of financial instruments and business innovation systems (Cámaras de Comercio Industria y Navegación de España, 2000).

There are a number of circumstances that hamper the entrepreneurial spirit and the setting up of new business. The report explains that although there are many initiatives in the right direction, there is still much work to do. In Spain, there is still a ‘failure culture’ which obstructs entrepreneurship values, and the institutional context is very complex, causing bureaucracy problems (Círculo de Empresarios, 2009). Similarly, another study among young people shows that, in terms of difficulties faced when setting up a business, 94.4% mention the lack of credit and 69.5% mention red tape. Moreover, with regard to school training, 66.9% of the young people surveyed report that they did not learn about managing a business in school, and education programmes in general did not spark their interest in the field. Only 27% of the students said they had participated in courses or activities related to entrepreneurship and business creation (CIS and INJUVE, 2012).

Information collected from interviews and literature consulted indicates that, typically, Spanish entrepreneurship support policies have not focused exclusively on young people, but generally were aimed at entrepreneurs of all ages. Trade union representatives interviewed agree that Spanish policies addressed to young entrepreneurs in Spain have traditionally been scarce.

Another interesting characteristic of support programmes in Spain is that there are different stakeholders at different levels who in most cases do not coordinate their actions. As pointed out by one informant representing an association of young entrepreneurs, there are a great number of public administration agents (different ministries and departments at different levels: central, regional and so on) and private stakeholders and these should be working together to promote more stable and coordinated support for entrepreneurs and to develop more effective lines of action.

There is growing interest among public entities in promoting entrepreneurship in the Spanish economy in general and among young people in particular. Information collected shows that Spanish public authorities have been applying interesting initiatives in recent years – although some critics say these measures should have been applied a long time ago. From a general perspective (considering all age groups), it is worth mentioning Law 14/2013 for supporting entrepreneurs and their internationalisation (Ley 14/2013 de apoyo a los emprendedores y su internacionalización), which includes beneficial adjustments concerning value-added tax (VAT) and tax incentives, as well as advantages concerning the renegotiation of debts (agreements with creditors) for businesses.

The most important recent initiative applied in Spain is the Spanish Strategy for Entrepreneurship and Youth Employment 2013–2016. This strategy was approved in a context of severe economic crisis, in which the Spanish government affirmed that promoting the integration of young people in the world of work and improving their situation in the labour market are two of their main priorities. This strategy includes some measures aimed at promoting the entrepreneurial culture among children and young people (see below for further information).

According to the trade union representatives interviewed, the Spanish government is currently using the idea of youth entrepreneurship as a tool to combat youth unemployment. That said, trade union representatives emphasise that self-employment is not a ‘panacea’ for high unemployment levels among Spanish young people. They also believe that the main barriers faced by young people when trying to start up their own business (primarily red tape and access to credit) still persist.

However, an important deficiency mentioned by the trade union representative interviewed is the lack of monitoring and support for young people who have already started their own business. It has been argued that national authorities are implementing measures to support the setting up of businesses, but initiatives for assisting recently created enterprises are still lacking. According to the union representative, the key is ‘not just to start a business, but to make it sustainable’. Likewise, the expert representing an association of young entrepreneurs was of the opinion that more active and coordinated policies are required. In his opinion, it is crucial to help entrepreneurs with their daily difficulties and to offer them support and monitoring services after the business has been set up. Unfortunately, current public budget cuts are an obstacle to implementing this type of measure.

Both trade unions and representatives of young entrepreneurs’ associations take the view that the entrepreneurship culture should be better promoted among children and young people, as the Spanish education system in general does not stimulate these values. They believe that the Spanish education system does not give enough information on the local business reality and entrepreneurial

attitudes. It seems that there is a gap between what students learn in class and what they are expected to know when they decide to set up their own business.

The following section describes three selected policy measures in Spain aimed at supporting youth entrepreneurship: the Spanish Strategy for Entrepreneurship and Youth Employment 2013–2016, the activities conducted by Valnalón Educa and, finally, the ENISA Young Entrepreneurs credit line.

Table 12: Spain – Initiatives analysed

Name of initiative	Brief description of initiative	Target population	Pillar(s) addressed
Spanish Strategy for Entrepreneurship and Youth Employment 2013–2016	This is a comprehensive strategy, aimed at reducing unemployment among young people, either through opportunities in the job market or through self-employment and entrepreneurship.	Young people in general, either students, unemployed or employed persons	Pillars 1, 2 and 3
Valnalón Educa	'Valnalón Educa' is an educational initiative developed in the region of Asturias, aimed at promoting enterprise and entrepreneurship education throughout the education system, from primary school to university level.	Young people in different levels of the Spanish education system	Pillar 1
ENISA Young Entrepreneurs credit line	'ENISA Young Entrepreneurs' is a line of credit for SMEs which have been recently established by young people, so that they can make the investments required at the initial stages.	Young entrepreneurs	Pillar 3

Source: Authors' own elaboration

In-depth description of selected initiatives

Spanish Strategy for Entrepreneurship and Youth Employment 2013–2016

Information on the policy measure

The Spanish Strategy for Entrepreneurship and Youth Employment 2013–2016 (Estrategia de Emprendimiento y Empleo Joven 2013–2016) falls within the Spanish government's objective to promote measures to reduce unemployment among young people, either through opportunities in the job market or through self-employment and entrepreneurship. In this regard, the strategy is based on one essential aim: to reduce the rate of youth unemployment and deal with its structural causes. In fact, the key aspects of the strategy are to create incentives for hiring young workers and for developing business initiatives among young people, to adapt education and training to the reality of the labour market and to reduce the number of early school-leavers.

The strategy addresses young people under the age of 30 years, especially those who are unemployed. It includes 100 measures to promote entrepreneurship and youth employment, covering the following fields: education and training; entrepreneurship and self-employment; improved mediation and efficiency of public employment services and collaborative bodies; incentives for hiring workers and for enhancing flexibility and equal opportunities; and actions aiming to promote public–private collaboration in job searching.

Among these 100 measures included in the strategy, 15 are early-impact or emergency measures expected to have an effect in the short term, whereas the 85 other measures need further development over time and their effects are therefore expected to be evident in the longer term. Royal Decree-Law 4/2013 of 22 February and Law 11/2013 of 26 July on measures for supporting entrepreneurs and promoting growth and employment creation approved the first emergency measures.

Resources amounting to €3.5 billion have been allocated to achieve the strategy's objectives and implement its measures. Almost €2.4 billion of this comes from the General State Administration, and around €1.1 billion from the ESF. In particular, short-term measures over the four years of implementation of the strategy are expected to total over €1.75 billion, of which 38% will be assigned to measures for self-employment and entrepreneurship – €677 million in total. However, the final destination of resources for the medium-term measures will be defined by the Interministerial Committee during the implementation of the strategy.

The strategy is the result of a process of dialogue with the social partners. Thus the strategy aims to serve as a channel for the participation of public and private institutions, businesses and organisations of all types wishing to collaborate in achieving these targets: such as autonomous communities, the local authorities, public and private businesses and youth organisations. It has therefore been drawn up as an open tool that can be used by anyone wishing to contribute with their own initiatives to the challenge of increasing youth employment in all its forms, including entrepreneurship and self-employment. Likewise, the strategy takes on board the recommendations made by the European Commission and is in line with the objectives of the EU Youth Guarantee (Spanish Ministry of Employment and Social Security, 2013a).

Objectives pursued and activities carried out

As a whole, the strategy is based on one essential motivation: to reduce the rate of youth unemployment and deal with its structural causes. More precisely, its objectives are as follows:

- improve the employability of young people;
- increase the quality and stability of youth employment;
- promote equal opportunities;
- promote entrepreneurship.

As mentioned earlier, the Spanish Strategy for Entrepreneurship and Youth Employment 2013–2016 includes 100 measures: 15 early-impact measures and 85 long-term measures. With regard to the 15 early-impact or emergency measures, there are eight measures specifically aimed at encouraging entrepreneurship and initiating self-employment activities. These are outlined here.

- Flat rate for young self-employed people (fixed contribution to social security). Young self-employed workers registering for the first time under the Special Regime for Self-Employed Workers (RETA) will have an 80% reduction during the first six months of the minimum contribution for common contingencies. This amounts to a contribution of about €50 a month. Subsequently and for the next six months, they will receive a reduction on the minimum base amount of 50% and, after the first year, men up to 30 years old and women up to 35 will continue to enjoy a reduction of about 30% in their contributions for the following 18 months.
- Compatibility of unemployment benefits with the start of a business. As an alternative to capitalisation, and to ensure a minimum income for unemployed people (under 30) who decide to start a business and facilitate the implementation of their projects, this measure allows people to remain in receipt of unemployment benefit for a maximum of nine months while carrying out self-employed activities.

- Extending the possibility of capitalising unemployment benefits. Recipients of unemployment benefits may capitalise up to 100% of their benefits to make a contribution towards the capital of any type of newly created business; moreover, the capitalisation may be used for contracting specific consultancy and training services and covering the costs of establishing a new business.
- Improved access to finance for entrepreneurs. All the different ministry departments with responsibilities in this area will make efforts to foster seed capital funds, microcredits and 'angel' funding and will strengthen participating loans for the purpose of starting businesses and financing key activities in early stages.
- Starting a business with a 'safety net'. To provide greater protection for self-employed workers, and to allow for a second chance if a project becomes unviable, those entitled to unemployment benefit may collect it again after de-registering from the self-employment scheme, provided that five years have not passed following their registration as a self-employed worker.
- Promotion of social and collective entrepreneurship. The strategy encourages the inclusion of under-30s in cooperatives and worker-owned companies as working partners, and the inclusion of unemployed young people at risk of social exclusion in social insertion enterprises, by means of a discount in the employers' social security contributions of €800 per year for a total of three years.
- Establishment of ad hoc offices in Public Employment Services that specialise in providing advice and support to new entrepreneurs.
- 'Generations contracts'. This new type of contract is an incentive for open-ended employment which aims to encourage young self-employed workers to hire long-term unemployed workers aged over 45 who can offer their experience to achieve business success. The reduction in the employers' social security contribution for common contingencies will be 100% during the first year of the contract.

Turning to the 85 long-term measures, there are 17 measures proposed for the line of action 'promoting entrepreneurship and self-employment', as follows:

- Facilitating entrepreneurship among university and vocational training students through incentives to help them accompany their training with self-employment.
- Studying the feasibility of creating a 'Passport to Entrepreneurship', to be connected to a residence permit.
- Conducting an impact assessment of administrative burdens which self-employed people have to undertake in order to reduce them and facilitating electronic business setting-up.
- Consolidating the system of prior authorisation through the statutory statement of accountability for certain activities and in some cases regarding the circumstances of the premises, or the business or professional activity.
- Encouraging young entrepreneurs to undergo training courses on e-marketing and promoting the use of social networks and other digital communication forums.
- Considering schemes which will allow part-time social security contributions for the self-employed in certain cases (compatibility of self-employment activities with study).

- Disseminating and increasing the social protection measures established by current legislation for the self-employed as well as any to be implemented in the future.
- Continuing to promote measures to ensure market unity in Spain, so as to encourage the operation of any activity undertaken under regional legislation in the rest of the country.
- Analysing measures allowing the self-employed and entrepreneurs who have not been successful to get a second chance, while preserving balance with any rights affected.
- In the context of social security, deferrals will be available and the conditions for repayment of any debts incurred by the self-employed will be made more flexible.
- Promoting business incubators and co-working spaces with an innovative basis in order to provide guidance for young people and equip them with a space to start a business.
- Raising the profile of the role of Mutual Guarantee Societies, with a view to promoting access to finance on preferential terms for young people and for independent Social Economy organisations.
- Seeking alternatives such as microloans in order to help young people to start up businesses.
- Promoting the internationalisation of companies created by young people.
- Promoting the role model of the young ‘intrapreneur’, which highlights how important it is that employees also engage in the search for alternative and innovative activities.
- Encouraging the media to communicate a positive outlook on young people’s entrepreneurship and the importance of employers and workers in society.
- Supporting R&D initiatives so that authorities promote entrepreneurial projects with high added value and practical applications, which will ensure high returns for society at large.

Interestingly, and as explained by interviewees from the Ministry of Employment, the Strategy has fostered some additional results. First, the Organic Law 8/2013 for the improvement of the quality of the education system has established the inclusion of entrepreneurial values in the education plans for children and young people. Likewise, and under the framework of the aforementioned Strategy, a new online portal known as ‘Portal of Employment and Self-employment’ will be implemented in June 2014. Concerning self-employment, this portal will help professionals to contact with clients, and it will facilitate relations with public administrations.

Learning outcomes and assessment

To begin with, the text of the strategy itself explained that its 15 early-impact measures (in the fields of hiring and entrepreneurship incentives, training and so on) were expected to lead to over two million actions which should benefit around one million young people over the four years of their implementation. In particular, in terms of areas of activity, measures to promote entrepreneurship included more than 53,000 actions per year, and more than 213,000 over the four years of implementation. This equates to 11% of all planned actions.

Looking at the actual results, in June 2013 the Ministry of Employment and Social Security explained that during the first four months after the approval of the strategy, approximately 62,000 young people had found a job thanks to the measures included in the strategy. Of them, 46,806 were young people who had started working after registering as self-employed, taking advantage of the flat rate for young self-employed people of about €50 a month (Spanish Ministry of Employment and Social

Security, 2013b). In December 2013, the Ministry of Employment and Social Security made public more figures on the results of the Spanish Strategy for Entrepreneurship and Youth Employment. Government representatives explained that around 110,000 young people had benefited from some of the measures included in the Strategy between February and November 2013 (Spanish Ministry of Employment and Social Security, 2013b), although first hand-information collected from the interviews with the Spanish Ministry of Employment increases this figure to 150,000 beneficiaries up to May 2014.

On the other hand, in February 2014, the Spanish Minister of Employment, Fátima Báñez pointed out that since the approval of the strategy, 138,000 newly self-employed had started their own business thanks to the measures agreed in it. As a whole, the Ministry of Employment estimates that the strategy is having very good results and that it is a useful instrument for young people to access employment (Spanish Ministry of Employment and Social Security, 2014a).

According to UPTA (Unión de Profesionales y Trabajadores Autónomos), the self-employment flat rate for young people who start up a business is a significant measure which has been used by many young people since its approval: in September 2013 there were a total of 229,059 young people (under 30) registered as self-employed (UPTA, 2013), an increase of 5.2% in comparison to January 2013 data. In contrast, the average number of self-employed (including all ages) increased by 0.4% in the same period (January–September 2013). Moreover, data provided by the interviewed representative of the Spanish Ministry of Employment show that between January 2013 and May 2014 there was an increase of 16,270 or 7% in the number of young people (under 30) registered as self-employed.

UPTA states that young people are willing to start up new businesses when incentives are available. As the youngest age group is characterised by its high mobility, it is necessary to apply new measures to support the consolidation and stability of these new businesses. For this purpose, UPTA says that accompanying measures, technical assistance and training programmes are essential, as it fears many self-employed people could de-register from the social security register and end their business activity after the six months of flat rate.

Finally, according to the trade union expert interviewed, the Spanish Strategy for Entrepreneurship and Youth Employment includes very interesting measures; for instance, they consider that the self-employment flat rate of €50 has been a useful device for encouraging young entrepreneurs. Moreover, the fact that the Spanish Strategy for Entrepreneurship and Youth Employment is an issue high on the public agenda reflects that public authorities are making an effort to face this problem. However, they are sceptical about the practical application and real effects of some of the 'theoretical objectives' included in the strategy. Moreover, they criticise the further development and monitoring of the strategy. In fact, when the strategy was approved, they proposed the establishment of a Commission for its evaluation. However, to date, trade union representatives have not been summoned and informed about its work and results.

Valnalón Educa

About the initiative

'Valnalón Educa' is an educational initiative developed by the Technological City of Valnalón. The Technological City of Valnalón, located in the region of Asturias (north of Spain), was created in 1987 as a public enterprise attached to the Council of Economy and Employment of the Regional Government of Asturias. The objective of the Technological City of Valnalón (originally an 'Industrial City') was the business regeneration, promotion and dynamisation of the area of the Nalón Valley,

given the dramatic consequences of the early 1980s recession in this industrial area. At present, the Technological City of Valnalón counts on the support of the Industry Council and Education Council of the Region of Asturias for developing its training programmes (Consejería de Economía y Empleo del Principado de Asturias, 2013).

The Valnalón Educa educational initiative is based on the so-called 'Training Chain for Entrepreneurship', composed of several training projects structured as a chain. The project was created in 1993 as the answer to a specific need, namely the lack of an entrepreneurial culture among young people in the region of Asturias, traditionally marked by a dependency habit derived from the era of heavy industrialisation. In particular, this 'training chain' has two lines of action:

- Entrepreneurial education, which aims to promote the entrepreneurial spirit among young people at different levels of the education system.
- Entrepreneurial promotion, whose objective is the creation, development and consolidation of new businesses.

With regard to the education section, the Training Chain for Entrepreneurship addresses its actions to all education levels: primary, secondary, vocational and tertiary (university). Therefore, the initiative aims to generate a cultural change that would lead to the development of an entrepreneurial spirit and reinforce entrepreneurial competences among young people, by means of the education system, in order to develop what they call the 'Entrepreneurial Ecosystem'. The objective is not to conduct parallel educational activities, but to integrate entrepreneurial training into regular educational plans. The methodology of the project is based on significant and cooperative learning, as well as on project working. This methodology allows students to play an independent and participative role: they work in teams, analyse information, make decisions and reproduce 'real situations'.

Valnalón has a team of 26 people working on the Training Chain for Entrepreneurship. They manage and support education centres (primary schools, high schools and vocational centres) during their participation in the project, they organise training/support workshops, and they also train interested teachers who want to implement the project in their schools. Moreover, Valnalón designs and publishes educational resources and provides technical support for the effective implementation of the project. The teachers in the participating education centres work as project facilitators for their students.

The Training Chain for Entrepreneurship was included in the '2004–2007 Programme for the Promotion of the Entrepreneurial Culture' signed by the Regional Government of Asturias and the Social Partners in 2004, and it was renewed for the period 2008–11 under the name 'Agreement for Employment Competitiveness and welfare in Asturias'. Moreover, the 'Integral Programme for the Promotion of the Entrepreneurship Culture 2013–15', implemented by the Economy and Employment Council of Asturias, also supports the Valnalón training programme. From a financial perspective, the annual budget available for the Training Chain for Entrepreneurship is estimated at around €500,000 in the past two years.

In addition to the entrepreneurship training programme, aimed at the education system via the Valnalón Educa initiative, the Technological City of Valnalón has a Business Creation Centre with three direct support programmes for the creation and consolidation of companies.

Objectives pursued and activities carried out

The Valnalón Educa initiative aims to:

- Make the education community (students, teachers, parents) aware of the importance of the entrepreneurship culture for personal and professional development.
- Inspire society at large about entrepreneurial actions.
- Develop and provide learning resources for training programmes and teaching activities for promoting the entrepreneurial culture.
- Provide training and assessment services for people interested in setting up their own business.
- Provide support for the consolidation and improvement of newly created enterprises.

With regard to the activities carried out, the main projects developed within the Training Chain for Entrepreneurship, by educational level, are as follows:

- Primary Education: The ‘Business Start-Up at my School’ (Emprender en mi Escuela, EME) project aims at spreading entrepreneurial culture among children, by creating a manufacturing cooperative company at school.
- Lower secondary education: The ‘Educational Project of Technology, Innovation and Work’ (Proyecto Educativo de Tecnología, Innovación y Trabajo, PETIT) is addressed to students aged 13–15, who work in ‘innovation and development teams’ for the design and manufacturing of an innovative product. ‘Young Social Entrepreneurs’ (Jovenes Emprendedores Sociales, JES) guides students in the set-up of an association working on social issues concerning disadvantaged countries, assessed by an NGO.
- Upper secondary education (baccalaureate, vocational education): The ‘Young Film Producers’ (Jóvenes Productoras Cinematográficas) project, for students aged 16–23, aims to develop a business project in collaboration with the International Film Festival of the City of Gijón. The ‘Business and Entrepreneurial Initiative’ (Empresa e Iniciativa Emprendedora, EIE) is a methodological proposal for a part of the official educational contents of Vocational Training Cycles. The ‘Entrepreneurs Workshop’ (Taller de Empresarios, TMP) is addressed to students in the last year of their diploma, and tries to ensure that all the students in these educational levels attend a workshop where they become familiar with the entrepreneurial culture.
- ‘Young European Company’ (Empresa Joven Europea, EJE) is an educational project aimed at lower and upper secondary-level and vocational tertiary-level students. It has been implemented and designed by Valnalón under the framework ‘Actions for the Promotion of the Entrepreneurial Culture in the Educational System of Asturias’.

There are also other projects such as ‘Young Educational Company’, ‘A company at my school’, ‘Business Start-Up with family’ and other actions such as workshops and conferences in different education centres. Likewise, it must be highlighted that Valnalón not only carries out their activities in the region of Asturias, but they also implement their projects in other regions of Spain, as well as in other European and Latin American countries. Interestingly, the experience of Valnalón Educa has been regarded as a case study experience by DG Enterprise itself (European Commission, 2012c)

Learning outcomes and assessment

With regard to participation numbers, the available information shows that between 1994 (when these activities started) and 2013 a total of 379,808 students participated in some type of activity organised by Valnalón (including activities in Spain, Europe, Latin America and Africa). In terms of number of participants, the most significant initiatives are Entrepreneurs' Workshops and the 'Young European Company' and 'Young Educational Company' projects together, as Table 13 shows. In addition, it is worth mentioning that in the period 1994–2012 more than 3,400 teachers were trained for their participation in these activities.

Table 13: Participation of students in Valnalón activities

Project	2013		Total accumulated
	Asturias	Others*	
Business Start-Up at my School	1,206	4,885	57,163
Educational Project of Technology, Innovation and Work	216	153	1,326
Young Social Entrepreneurs	517	925	10,158
Young European Company and Young Educational Company	2,993	10,157	102,213
Business and Entrepreneurial Initiative	554	-	3,097
Entrepreneurs' Workshop	8,281	-	152,490
Young Film Producers	-	-	812
A company at my school	978	12	5,530
Business Start-Up with family	125	80	283
Other projects (visits, workshops, conferences)	3,000	647	46,736
TOTAL	17,690	16,859	379,808

Note: * Others = Rest of Spain, Europe, Latin America and Africa.

Source: Valnalón Educa

This initiative is expected to fulfil its objectives over the long term, so the effects of its activities cannot really be evaluated in the short term. However, it has already been observed that students are acquiring knowledge on entrepreneurship and have some experience in the field, while teachers are encouraging students to be more independent and autonomous. The fact that students are the 'real protagonists' in these projects encourages them (especially the most demotivated ones). As a whole, the project has been very successful from an academic point of view, and it is regarded as a good practice by several Spanish and European entities. In fact, its success has facilitated its expansion to other regions, both in Spain and in other countries.

ENISA Young Entrepreneurs credit line

About the initiative

ENISA Young Entrepreneurs (ENISA Jóvenes Emprendedores) is a line of credit for SMEs recently set up for young entrepreneurs. This line of credit is offered by ENISA, the Spanish National Innovation Enterprise, a public company attached to the Spanish Ministry of Industry, Energy and Tourism. ENISA was constituted in 1982 mainly to support financial investments among SMEs, especially in their initial stages.

In March 2010, an agreement between ENISA and CEAJE (Spanish Confederation of Young Business Owners) opened the 'ENISA Young Entrepreneurs' credit line. Initially, the 'Young Entrepreneurs'

line was based on traditional loans, but since March 2011, ENISA has offered these loans in the form of 'participative loans' for young people. With these participative loans that there is no need for the company to offer a guarantee (bank endorsement), and interest rates are linked to the profitability of the company.

Objectives pursued and activities carried out

As mentioned above, the main objective of the 'ENISA Young Entrepreneurs' credit line is to offer the necessary financial resources to SMEs that have been set up by young people, so that they can make the investments required at the initial stages. Thus, this credit line aims to promote the creation of businesses by young entrepreneurs, facilitating their access to priority financing.

Concerning the loan conditions, in 2013 the limits of the amounts granted were between €25,000 and €75,000 (limits are revised yearly). The amount of the loan depends on the shareholders, equity level and the financial structure of the company. The interest rate depends on the economic results of the business, with a minimum rate which is composed of the Euribor plus a differential and a maximum according to the business profitability. Differentials are updated yearly by ENISA, according to the Ministry of Industry, Energy and Tourism. This financial operation has a maximum deadline of four years, and there can be a grace period of one year maximum.

The requisites for accessing the 'ENISA Young Entrepreneurs' credit as follows:

- The company must be an SME (according to the European definition), constituted as a trading company 24 months before the application, at the most.
- Its main activity and registered office must be located in the Spanish territory.
- All economic activities are accepted, except for activities in the real estate and financial sectors.
- The majority of the capital must be owned by physical persons of a maximum age limit of 40 years old.
- The company must be characterised by an innovative business model (or with clear competitive advantages). The technical and economic viability of the business project is also evaluated.
- Minimum contributions by partners to capital/equity should be equivalent to 50% of the loan granted by ENISA.
- Previous year's account statements must be recorded in the Official Trade Register.
- ENISA does not finance 100% of the project. It must be co-financed with partners' and investors' contributions, according to the needs of the project.

To apply for a loan, interested companies can apply via the ENISA website after filling in all the required forms (available online), including the business plan. The application selection and admission process is open throughout the year. Once the forms are received by ENISA, they are analysed, further information is requested if necessary, and the granting or rejection decision is communicated to the company. The average response time is normally around two months.

The 'ENISA Young Entrepreneurs' credit line includes a number of advantages. To start with, the credit line is compatible with any other type of loans available in the national market and with other public and private financing sources. Also, ENISA participative loans are 'subordinated debt', meaning that they have a lower priority claim (they are lower in repayment priority than other debts

in the event of default), only before the shareholders. Finally, and according to the Spanish legislation, participative loans reinforce shareholders' equity, since they can be included in the business assets, as permanent funds.

Learning outcomes and assessment

The results achieved since 2010 (year when this credit line for young people was started) are shown in Table 14.

Table 14: Number of projects financed by ENISA for Young Entrepreneurs, 2010–2012

Year	Type of loan	Number of projects financed	Total amount
2010	Traditional loan	161	€6,597,000
2011	Traditional loan	142	€5,225,000
	Participative loan	383	€15,562,000
2012	Participative loan	361	€19,072,376

Note: The 'participative loan' modality (as explained in previous sections) started in 2011. The credit line for young people started in 2010 (under traditional loan modality).

Source: ENISA, Annual Reports, 2010, 2011 and 2012

Available data also show that, in 2011 and for the participative loans credit line, 479 projects were revised, and 383 were finally approved. Thanks to this line, it is estimated that ENISA helped to maintain 1,531 jobs. Moreover, the creation of 2,642 new jobs was expected. With regard to the most common economic activities, 18% of the projects financed were presented by companies in the trade sector, and 15% by companies in the IT sector (2011 data).

The programme had the following outcomes and conclusions:

- Generally young entrepreneurs consider the 'ENISA Young Entrepreneurs' credit line as a very useful instrument (and in many cases the only one in Spain) to get seed capital for young companies.
- Some entrepreneurs consider that too much documentation is required: they complain about excessive red tape. The preparation of the application forms can be very costly, and it reduces the time available for the business itself.
- At the same time, some persons regard as positive the fact that ENISA requires a comprehensive business plan, as it helps young entrepreneurs to have a clear vision of their business for the next five years.
- Many young entrepreneurs receive support from local development agencies, which assess young people in the preparation and filling in of the forms and documents required for the application.
- There are private assessment companies that offer paid services for preparing the documentation required. On the one hand, some entrepreneurs consider that the required documents are easy to prepare so it is not necessary to pay for these external assessment services. ENISA staff are reportedly helpful and do assess and support applicants. On the other hand, others claim that it is worth paying for this external service, so that business owners can focus their efforts on the daily activities of their company.

- Normally, the Regional Sections of CEAJE (Spanish Confederation of Young Business Owners) sign collaboration agreements for the management and processing of the 'ENISA Young Entrepreneurs' applications, acting as intermediaries between entrepreneurs and ENISA. Some applicants have complained that these intermediaries delay or impede the process.

Case study: Netherlands

Overview of youth entrepreneurship

According to Eurostat, in the Netherlands in 2013, the percentage of self-employed people among all employed people between 15 and 29 years old was 6.5%. Since 2008, this share has increased by nearly two percentage points. Of self-employed people between 15 and 29, 36.7% were female.

The 2012 Flash Eurobarometer survey revealed that just 31% of Dutch young people aged 15–35 had a desire to set up a business, whereas the EU average was 48%.

Available national studies complement these results. In this regard, entrepreneurship features prominently in the career aspirations of Dutch students: one in five students reports that they definitely wish to become an entrepreneur after they have finished their studies. Students at senior secondary vocational, higher professional and academic institutions differ only marginally in the degree with which entrepreneurship features in their career aspirations (Van der Aa et al, 2012).

Another study focused specifically on Dutch university students shows that their interest in becoming self-employed is not as high (around 10% of them wish to do so), either by starting their own business (8%) or by taking over the family business (2%). By way of contrast, 70% of Dutch university students said they wanted to get a salaried job right after their studies (Verheul et al, 2012). These students were also asked about their career intentions five years after study. Once again, the majority (45%) wanted to be an employee, while 35% stated that they wished to engage in entrepreneurial activity, of whom the majority stated their intention to set up a business. These results indicate that university students in the Netherlands first want to gain experience as an employee before they start their entrepreneurial career: the percentage of students who want to set up a business five years after study is much higher than those who want to do so right after finishing their studies (Verheul et al, 2012).

In comparison with students who want to be employed after their studies, potential founders and successors find it more important to exploit a specific opportunity, to become their own boss and to develop an idea for a product (Verheul et al, 2012). Other studies show that the main reason Dutch students have for becoming entrepreneurs is to be independent and to be free agents (Van der Aa et al, 2012).

Approximately 3% of the students in university education (73% of whom are male), already run their own business. These student entrepreneurs found the idea for their business in their leisure time while pursuing their hobbies, from a current or former work activity or from inspiration at university (Verheul et al, 2013).

Public support fostering youth entrepreneurship

The focus of Dutch policymakers on entrepreneurship support for young people has been primarily focused on the development of entrepreneurship education among young people and students of all ages. In this regard, entrepreneurship education in the Netherlands dates back to 2000 (Dekker and Veeffkind, 2012). Prior to 2000, the Dutch educational system was focused on preparing young people to become employees instead of becoming self-employed. Late in the 1990s, the Dutch

government became increasingly aware of changes in the labour market. The boundaries between employment and self-employment were more or less fading. The labour market demanded emerging skills and attitudes such as creativity, need for achievement, self-efficiency, flexibility and a proactive attitude. These skills and attitudes also characterised successful entrepreneurs. Only a minority of Dutch students aspired to become an entrepreneur within three years after graduation, which was disappointing. In addition, only 20% of the start-ups felt prepared enough in their education for entrepreneurship (Tweede Kamer der Staten Generaal, 1999). For the majority of entrepreneurs, entrepreneurship is something they only learned by doing. Although there was a lack of interest in entrepreneurship among students, there were already several initiatives to prepare students for entrepreneurship and to stimulate an entrepreneurial mindset and attitude among students. However, the Dutch government wished to promote entrepreneurship in education more systematically.

In 2000, the Dutch Ministries of Economic Affairs, Education and Agriculture began to foster entrepreneurship education in cooperation with education and business organisations. Encouraging and integrating entrepreneurship training throughout the entire education system – from primary education up to and including universities – was one of the key policies of the government. The aim was that in the early stages of their education, children should learn certain skills and attitudes, in order to create an entrepreneurial mindset. In later stages of their education, students would also learn more about entrepreneurship and think about self-employment as a serious career option. The role of the government was to provide the necessary preconditions and take initiatives to bring the relevant institutions and businesses closer together.

In 2005, the Ministries of Economic Affairs and Education and organisations of education and business launched the so-called Learning Entrepreneurship (Leren Ondernemen) partnership. This partnership was primarily focused on providing opportunities to educational institutions to develop various initiatives on entrepreneurship (Ministry of Education, Culture and Science, 2008).

In 2007, the Entrepreneurship and Education (Ondernemerschap en Onderwijs) subsidy scheme was launched. This scheme contributed to improving the business climate within the Netherlands by expanding and improving entrepreneurial skills and knowledge, as well as an entrepreneurial attitude: self-confidence, cooperation, creativity, seeing and seizing opportunities. The idea was that encouraging the entrepreneurial spirit among students would make them realise that entrepreneurship was a good career option when the forces of entrepreneurship and education are combined (Van der Steen et al, 2012). In total, 28 projects were selected.

The projects were divided into two tracks. The first track, with a budget of approximately €4.5 million, was about developing entrepreneurial projects in primary, secondary and vocational education. Nine projects were selected in primary education, eight in secondary education and five in vocational education. Some of the projects in primary education were also aimed at teachers. Different kinds of activities were offered and entrepreneurial skills were combined with entrepreneurship. Making and promoting a CD, designing and planting a school garden and managing a bookstore were among the examples. In secondary and vocational education, projects concentrated on running a business, looking at different aspects of entrepreneurship or entrepreneurial skills (Gibcus et al, 2013).

In the second track, higher education institutions were asked to set up a Centre of Entrepreneurship, based on a partnership between universities, universities of applied sciences and businesses. Around €12 million of the total budget was available for the second track and since then, six Centres of Entrepreneurship have been set up. In the early stages the Centres of Entrepreneurship concentrated

on raising awareness with regard to entrepreneurship among students, to enable them to move towards the development of knowledge, skills and attitudes on entrepreneurship. Students with ambitions towards entrepreneurship were helped in either setting up or expanding their business. In the final stage, the Centres of Entrepreneurship offered educational and training activities to established student entrepreneurs and alumni (Gibcus and De Jong, 2010 and Van der Steen et al, 2012). Most of the projects in this subsidy scheme ended in either 2011 or 2012.

In 2008, the Learning Entrepreneurship partnership passed over into the Education and Entrepreneurship Action Programme (Actieprogramma Onderwijs en Ondernemen). The aim of the Action Programme was to embed successful initiatives developed within the Learning Entrepreneurship partnership in the curricula of educational institutions, with a view to encourage, support and professionalise entrepreneurship education (Ministerie van Onderwijs, Cultuur en Wetenschap, 2008). The Action Programme focused on all educational sectors from primary education to scientific education (for more detailed information on this Action Programme see next section). The budget for this programme was €30 million. The Action Programme ended in 2013, and a follow-up programme was not formulated, so new programmes for entrepreneurship education have not been launched.

However, the Dutch government's support to entrepreneurship education has been taken forward via the support to the so-called Young Enterprise Foundation (Stichting Jong Ondernemen) over the next three years (Ministerie van Onderwijs, Cultuur en Wetenschap, 2013). The foundation was established in 1990 as an entrepreneurial foundation offering entrepreneurial programmes at all levels of education, from primary education to university degrees with special focus on continuous learning and 'learning by doing' practices. Thus, in primary education, the BizWorld and BizMovie projects have been developed and offer business simulations. From secondary education on, students become entrepreneurs in projects using real money and real products. These students run their own biz company for almost a full year, whether it be a junior or student company. In order to make their company successful, the students write business plans, perform research, issue stock and develop a marketing strategy. In 2012, roughly 25,000 Dutch students participated in the programmes set up by the Young Enterprise Foundation. The foundation cooperates closely with schools and businesses in developing these programmes.

According to the Dutch Education Advisory Board, the national policy for the support of entrepreneurship education among young people can be termed coherent (Onderwijsraad, 2013).

Over the past few years Dutch knowledge institutions, businesses and social organisations have been working hard to support the transfer of newly generated knowledge and ideas to products, services and/or new business activities, especially those generated by students and young researchers (see the example of YES!Delft in the next section). In 2010 the so-called 'Valorisation programme' was started as a follow-up to the Centres of Entrepreneurship and other Dutch programmes. In total, 12 consortia formed by businesses, knowledge and research institutions, social institutions and the government were supported in shaping their activities on entrepreneurship education and knowledge transfer. Some of these activities provided pre-seed and proof-of-concept loans. For example, start-ups could address themselves to the consortia for support and financing. The programme was available for different domains of knowledge, from R&D to art and from economics to medical education.

The Dutch organisation for young entrepreneurs in the Netherlands (Jong MKB Nederland) believes that the Dutch government is doing enough to stimulate youth entrepreneurship, especially in the field

of entrepreneurship education. However, according to Jong MKB, teachers are often not the ideal people to transmit the possibilities of entrepreneurship to interested young people. Increased cooperation with entrepreneurs, who can transfer knowledge and experiences from day-to-day practice, would be desirable, as well as the deployment and implementation of train-the-trainers programmes. Also, there should be more emphasis on recruitment and selection of teachers with an entrepreneurial background. According to Jong MKB, there is plenty of information and advice for young entrepreneurs in the Netherlands, especially from the Chambers of Commerce. However, Jong MKB is critical of the barriers to accessing finance, especially for young entrepreneurs, in the sense that Dutch banks provide less funding to start-ups than to established enterprises. There are new funding initiatives for start-ups in the Netherlands, but it is not easy for start-ups to get an overview of these initiatives.

Dutch trade unions (represented by FNV Jong) do not have insight in the entrepreneurship policies of the Netherlands and the EU, but they acknowledge that these policies can be useful for decreasing youth unemployment. They also warn about the risk of pushing young people who are not suited for entrepreneurship into this option, in the sense that this situation can lead to a reduction in financial buffers of young people, thereby worsening their socioeconomic situation.

Finally, with regard to the impact of the introduction of the Youth Guarantee scheme in the Netherlands and in the Dutch the youth entrepreneurship support policy, it is worth emphasising that the Youth Guarantee scheme in the Netherlands includes four main initiatives, which are implemented by different ministries. Basically, three of them do not pay attention to entrepreneurship issues: the ‘School Ex programme’ (designed to reduce the number of school dropouts), the so-called ‘Technology Pact’ (aimed at making technical education more relevant to the labour market) and the so-called ‘Reintegration of young unemployed people into the labour market’ (aimed at bringing unemployed young people back into paid employment). However, the last initiative (the so-called ‘Youth Unemployment Ambassador’), responsible for the regional and sector implementation of unemployment fighting policies, acknowledges that support to entrepreneurship can be a possible route to youth employment, especially for young people and students who are motivated enough to become entrepreneurs in the near future.

The following section describes three selected policy measures in the Netherlands aimed at supporting youth entrepreneurship: the Education and Entrepreneurship Action Programme, the activities conducted by YES!Delft, and Qredits.

Table 15: Netherlands – Initiatives analysed

Name of initiative	Brief description of initiative	Target population	Pillar(s) addressed
Education and Entrepreneurship Action Programme (Actieprogramma Onderwijs en Ondernemen)	The Education and Entrepreneurship Action Programme is a comprehensive programme run from 2008 to 2012 to enhance the entrepreneurial spirit and attitudes among students by anchoring entrepreneurial skills and knowledge in the Dutch educational curriculum.	Young people at different levels of the Dutch education system	Pillar 1
YES!Delft	YES!Delft is a business incubator for start-ups run by young entrepreneurs that combines space facilities with the provision of coaching, guidance and training activities, as well as networking activities and special funding possibilities.	University students and young entrepreneurs who are in the early stages of setting up an enterprise	Pillars 2 and 3

Name of initiative	Brief description of initiative	Target population	Pillar(s) addressed
Qredits	Qredits helps start-ups and established SMEs which need external funding through the provision of microfinance loans combined with coaching and e-learning programmes. Qredits reaches young entrepreneurs in particular.	Young entrepreneurs	Pillars 2 and 3

Source: Authors' own elaboration

In-depth description of selected initiatives

Education and Entrepreneurship Action Programme

About the initiative

In order to promote entrepreneurship and to bring education and businesses closer together, the government launched the Education and Entrepreneurship Action Programme (Actieprogramma Onderwijs en Ondernemen) in 2008. The objective of the programme was to enhance the entrepreneurial spirit and attitudes among students by anchoring entrepreneurial skills and knowledge in the curriculum, so that entrepreneurship acquired a permanent position within the Dutch education system.

The Netherlands Entrepreneurship Agency (Rijksdienst voor Ondernemend Nederland) implemented the Action Programme on behalf of the Ministry of Education, Culture and Science, and the Ministry of Economic Affairs. The budget for this action programme was €30 million, and it ended in 2012.

Objectives pursued and activities carried out

The Action Programme consisted of seven schemes.

- Entrepreneurship Education Network:** The objective of the Entrepreneurship Education Network scheme was to bring education and business closer together and strengthen their cooperation. With this scheme, the Dutch government invested in regional and/or sectoral networks. Within these networks, educational institutions cooperated with business and social organisations to stimulate entrepreneurial behaviour not only among students but also among teachers and school management. The first subsidy within this scheme focused on network projects. Between 2009 and 2010, 79 network projects were selected for this scheme. The budget for these projects was €11.25 million in total and the average budget allocation per project was €150,000. The duration of each project was about two years. The second subsidy focused on the dissemination of best practices. In 2012, eight best practices were selected. The objective of these best practices was to transfer already developed and proven effective implementation practices of entrepreneurship education to other education institutions and to embed entrepreneurship even further within education at the selected institutions.
- Guiding six Centres of Entrepreneurship:** In the Entrepreneurship and Education subsidy scheme that was launched in 2007 (see previous subsection), six Centres of Entrepreneurship were supported and the budget was €12 million. These Centres of Entrepreneurship received extra guidance by including them in the Action Programme. On the one hand, the Centres of Entrepreneurship concentrated on raising awareness with regard to entrepreneurship, offering a wide range of (extra-curricular) activities (for instance, inspirational lectures, briefings, business weeks). In this regard, they have developed an extensive knowledge on skills and attitudes on entrepreneurship. On the other hand, the Centres of Entrepreneurship continue to help students

in setting up or expanding their business, so they offer different activities such as coaching, facilities for incubators and network events (Gibcus et al, 2011).

- **Facilitating education for teachers on entrepreneurship:** Within the Action Programme there was a special scheme for developing and offering training to teachers at all levels of the Dutch education system, as the success of entrepreneurship education largely depends on entrepreneurial teachers. In 2009, the Foundation for Curriculum Development (Stichting Leerplan Ontwikkeling) started developing a train-the-trainer programme on entrepreneurship education for teachers and managers within education.
- **Certification of entrepreneurship education:** As part of the Action Programme, a certificate was developed for entrepreneurship in vocational education. The Entrepreneurship Module eligible for certification (CEM) describes the type of entrepreneurship that is needed to start up and run a business. CEM is a package of skills, knowledge and expertise for a basic educational programme for students in vocational education. CEM has adopted seven key competencies (including individual responsibility, innovative abilities, working effectively, social skills and a commercial mindset). In addition, CEM offers courses in drafting a business plan and the initial steps that are necessary to start a business and maintain and develop the business once it has started. The CEM is part of the national qualification and can be used at all vocational education institutions across all sectors. CEM was introduced in the school year 2011–12. Institutions offer and recognise CEM as an extra ‘plus’ programme. A certificate for students at universities in applied sciences was also recently introduced.
- **Scholarship Programme on Entrepreneurship:** Higher education institutions nominate students for an internship programme in the US, the so-called Scholarship Programme on Entrepreneurship. This internship programme was set up in cooperation with the Kauffman Foundation and the Global Fellowship Programme. Every year a maximum of 10 students were selected for this internship programme and given the opportunity to learn more about entrepreneurial skills and to gain more knowledge on entrepreneurship. The students attended workshops at the universities of Harvard, Stanford and MIT Sloan, but also visited companies in Silicon Valley.
- **Research and impact assessment of Dutch policy and the Action Programme:** The Dutch government has carried out evidence-based research on the impact of the Action Programme. In 2007, a baseline measurement was conducted (see Overdiep et al, 2007), followed by a first measurement in 2010 to review the situation regarding entrepreneurship education in the Netherlands (see Gibcus et al, 2010). In 2012, a second measurement was published. The results of this monitor indicate that in comparison to the previous measurements in 2007 and 2010, entrepreneurship in education has become a permanent feature in the organisation and courses are offered by a growing number of education institutions (Van der Aa et al, 2012).
- **Creating awareness of entrepreneurship education and facilitating the dissemination of knowledge:** To create awareness of entrepreneurship education, the Dutch government supported national initiatives, such as Stichting Jong Ondernemen (see previous subsection), as well as the ‘New Venture’ business competition and a national award for student entrepreneurs (Ministerie van Onderwijs, Cultuur en Wetenschap and Ministerie van Economische Zaken, Landbouw en Innovatie, 2011). In addition, the Global Entrepreneurship Week in the Netherlands was supported. Global Entrepreneurship Week, founded by the Kauffman Foundation, is an international initiative to inspire young people to embrace innovation, imagination and creativity, bringing students and young entrepreneurs together.

Learning outcomes and assessment

The Dutch Ministry of Education and the Ministry of Economic Affairs both indicate that the policy of the past 10 years has been successful, as entrepreneurship has become a more permanent feature in education in many institutions and a growing number of education institutions offer courses and training on entrepreneurship (Ministerie van Onderwijs, Cultuur en Wetenschap and Ministerie van Economische Zaken, Landbouw en Innovatie, 2011). The number of schools that have included entrepreneurship in their curriculum has substantially increased in all educational sectors. In 2012, this was more or less the case in approximately three quarters of primary and secondary schools, with over 80% in senior secondary vocational schools and universities and over 90% in higher professional institutions. The greatest increase in this regard took place between 2007 and 2010, followed by a stabilising trend in 2012, which likewise is a sign that the level achieved has been embedded (Van der Aa et al, 2012).

Many activities relating to entrepreneurship education have been conducted in recent years. To embed entrepreneurship successfully, education institutions have to be clear about what they want to teach their students: theory, skills or attitude. It is also important to keep the level of education in mind. Students in vocational training have different needs in terms of entrepreneurship education than students at universities. Educational institutions should have a clear focus on their target group and the goals they want to achieve.

Education institutions are now fully capable of continuing with their activities on entrepreneurship and embedding entrepreneurship in their curriculum. For institutions that are new to entrepreneurship education, there are many best practices which can help them to start courses on the subject. In view of these positive results (as well as the economic crisis and the need for the Dutch government to cut budgets), the government has not formulated a follow-up. However, some activities are still available, such as the so-called Centres of Entrepreneurship (see above).

YES!Delft

General information on the initiative

The YES!Delft incubator supports starting technical entrepreneurs with an extensive development and education programme. YES!Delft focuses on students and young professionals who have an idea to start a business based on technical, innovative and scalable tech products. The project was initiated in the early 2000s by three main institutions, the Delft University of Technology (TU Delft), the City of Delft and the Dutch Organisation for Applied Scientific Research (TNO), although there are currently more than 17 local national and international organisations sponsoring the incubator. Since 2005, over 140 businesses have been incubated.

Objectives pursued and activities carried out

The mission of YES!Delft is to build tomorrow's leading firms. Therefore they bring entrepreneurs together, stimulate their development and show them the potential pitfalls. There are different programmes for different segments:

- Courses for tertiary-level students who might want to become entrepreneurs. One example is the 'Ready to Start-up' course for students who want to test the viability of their idea and check if they have entrepreneurial DNA.

- ‘LaunchLab’ is aimed at scientists and business professionals who have a business idea, but do not yet have a validated business model. ‘LaunchLab’ helps them to create and validate their business model and find a launching customer.
- The ‘Incubation Programme’ is for aspiring entrepreneurs who have already done their first market tests and are ready to take the next steps in building their business.

People have to apply for the Incubation Programme. The selection procedure starts with sending in the application form. Based on the provided information, the applicant is invited for a conversation with the incubation and growth manager. In preparation for this conversation the applicant is asked to complete the Application Deck, which consists of a set of questions based on the most common reasons for start-ups to fail. In the conversation the deck is discussed and if the quality of the answers in the deck is good enough, the applicant is invited to defend his/her application in front of a selection committee.

Once the entrepreneur is selected, YES!Delft offers a mix of facilities, activities, education and support, which are summarised below:

- **YES!Pro:** YES!Pro helps entrepreneurs at in setting up their business, offering 12 master classes in which established entrepreneur professionals give training sessions. Topics covered include personal effectiveness, finance and branding. The master classes aim at providing strategic insight and learning the skills to make their business grow.
- **Coaching and guidance:** Experienced business coaches give individual guidance and customised advice at every business level. YES!Delft has an elaborate network of experienced entrepreneurs and experts who coach the entrepreneurs supported. They offer support in one-on-one sessions, as a critical ‘sparring partner’ and in coaching tracks. There are also three entrepreneurs in residence. Once a week, the start-ups consult these entrepreneurs on their challenges and are coached at a strategic and management level, as well as on their personal development
- **Network and special events:** YES!Delft offers an extensive network with experienced entrepreneurs, service providers, investors and technical experts. It regularly organises small and large network meetings where technical start-ups, businesses, the government, alumni, service providers and investors can come together. Once a year, it also holds a large Network Event where the Dutch innovation network gathers to meet the supported entrepreneurs. YES!Delft has close ties with foundations, business angels, venture capitalists and investor networks to make the search for the right financing partner(s) easier. Lastly, informal network sessions are organised, such as social drinks and a business breakfast. During these events technical start-ups, business, government, alumni and investors all come together.
- **Incubator and other physical facilities:** Offices and work spaces in the incubator and access to the technical facilities of the TU Delft and TNO are offered to beneficiaries.
- **Consultation hours:** In addition to the education programme, and together with several partners, a wide range of workshops, training sessions and walk-in consultations are offered. During these activities, supported entrepreneurs have the unique opportunity to have specific questions answered on the subjects of finance, intellectual property, accounting, law and subsidies and consult with specialists within these fields.
- **Pre-seed loan and investor network:** Supported entrepreneurs are able to apply for a loan up to the maximum amount of €15,000 under favourable terms and conditions. Using this loan, an

entrepreneur can take the first steps in setting up their company. The young entrepreneurs also have access to an extensive network of investors and funds. In this regard, YES!Delft has close ties with business angels, venture capitalists, many representatives of local and European funds and investor networks to help in the search for good financing partners.

- **Growth programme:** Finally, a growth programme is also offered, in cooperation with the 'Entrepreneurs Organisation Netherlands' in order to keep supporting entrepreneurs with their further development even after three years.

Learning outcomes and assessment

Since YES!Delft was founded in 2005, they have helped 140 start-ups of which 115 enterprises, 82%, are still in existence. These figures attest to the fact that this policy measure has been very effective. Only a few enterprises have gone bankrupt. For the other enterprises that no longer exist, the entrepreneur decided to stop business activities themselves, because there was no market potential. In addition, 50% of the start-ups participating in the programme are exporters and 75% of the companies that have lasted longer than three years have shown growth outside the Netherlands. The network with national and international businesses is very good. YES!Delft used to be orientated at TU Delft, but gets more and more applicants from outside Delft and even outside the Netherlands.

YES!Delft mentions two learning outcomes:

- A discrepancy between applicants who had an interesting technical idea and applicants that were ready to join the 'Incubation Programme' was identified. To overcome this discrepancy, the so-called LaunchLab was introduced on a pilot basis, and has turned out to be very successful, where some elements like the focus on constantly testing your business model are also transferred to the programmes of YES!Delft.
- It is important to have a good relationship with the university to promote entrepreneurship among students and young professionals. The 'YES!Delft Students' student board was established for this purpose. Five different students serve on this board each year. Courses and all kinds of different events, such as lectures, business plan competitions, career events and entrepreneurship forums, are also offered to the students.

In a way, YES!Delft has profited from the economic crisis, as becoming an employee is currently more complicated than before and entrepreneurship has become a serious career option. For the participating entrepreneurs, the effect of the economic crisis differs. Some of the entrepreneurs participating take advantage of the crisis by offering technical solutions to problems. Other entrepreneurs have been hurt by the crisis, because it is hard for them to find funding for their investments. Looking at the future, YES!Delft wants to become the leading tech incubator in Europe. They continue to optimise the programmes they offer and they want to involve the corporate community more.

Qredits

About the initiative

Qredits is a non-profit organisation that provides microcredit and small business loans for SMEs. While it serves the general population, Qredits has a specific focus on young entrepreneurs under 30. Qredits was founded in 2009 and has provided more than 4,200 customers with microloans. In total, they have funded micro firms and SMEs to the amount of €71 million. The default rate is below 5% and the interest rate is between 9.75% and 10.75%.

The launch of the organisation was made possible by a grant from the Dutch Ministry of Economic Affairs and a number of Dutch banks, as well as the Dutch Council for Microfinance. Qredits initially focused on loans of €35,000, but this limit was soon increased to €50,000. Recently, the limit has been raised further to €150,000. This measure was taken because loans to SMEs in the Netherlands have become increasingly difficult to obtain as a result of both the economic crisis and Basel II and European legislation.

Objectives pursued and activities carried out

Qredits is active on a national scale in the Netherlands and has an office in Almelo, in the eastern part of the country. This location does not present a problem, as 35% of the clients use the internet to gain access to the organisation and almost 100% of the clients use internet for the loan application. In addition, they also have an extensive network with all important banks and government organisations and 25% of the clients are referred by this network. Another 25% come from governmental organisations (chambers of commerce, local governments). Qredits has employees located in different parts of the country who evaluate the applications and have calls with potential clients.

The reason for setting up Qredits is that providing small loans (microloans) for banks is relatively expensive. This is because of the costs associated with the screening of the application and the firm. These costs are just as high for a small loan as for a larger one. In addition, banks can do more cross-selling of financial products in larger firms, but in smaller businesses these possibilities are limited. Hence, a financial gap exists at the lower end of the credit market, so Qredits was established to bridge this gap. Apart from this rather technical reason, Qredits was also established to service specific groups that have relatively more difficulties in getting business loans, such as low-skilled and young people, ethnic minorities, residents of deprived areas or unemployment benefit recipients.

Qredits not only offers potential clients small loans, they have also developed several online tools such as an entrepreneurial test, a business plan template, marketing/sales planning and a tool for debtors management. E-learning packages are also available for the writing of a business plan and administration. Finally, the Qredits organisation has 500 trained volunteers who use their own entrepreneurial experience to coach and boost the companies involved.

In 2012, Panteia investigated which groups have actually been reached by Qredits (Smit, 2013) since 2009. Age, gender, education and ethnicity (country of birth of the father) are benchmarked with a representative group of SMEs and start-ups. This research showed that Qredits serves a high proportion of young people under 30: 27% of customers were in this age bracket. In addition, they serve relatively more female and ethnic minority entrepreneurs.

Learning outcomes and assessment

Qredits reports that since 2009 they have experienced the following specific issues relating to young people:

- more young people become unemployed when they leave school and want to start a business;
- more young people start businesses without work experience and without being used to the rhythm of work – this influences their success factors;
- more young people have accumulated debts, with loans for study purposes not taken into account. This reduces the potential for the funding of their business.

Despite these limitations, the record of young people is the same as average when it comes to repayment or default.

Qredits has developed a new strategy. They now offer their online tools and tests to higher education institutions that develop entrepreneurial modules and programmes. In addition, schools for secondary vocational training are serviced with Qredits tools. In this way, a logical framework is developed, so students wanting to start up a firm are already familiar with Qredits and they can ask for coaching, even if they do not wish to apply for a microloan.

Conclusions and lessons learned

This chapter has focused on providing an overview and discussing the strengths and weaknesses of initiatives to promote youth entrepreneurship in five countries: Finland, Hungary, Ireland, Spain and the Netherlands. The findings reveal that while some countries benefit from a highly sophisticated and well established support framework of youth entrepreneurship developed throughout the years (for instance, the Netherlands), others have only recently initiated such frameworks (for instance, Hungary).

Along the three pillars under investigation (fostering an entrepreneurial mindset, attitudes and culture among young people; providing information, advice, coaching and mentoring; removing perceived practical barriers and easing access to credit), several interesting conclusions for each of the pillars and indications can be drawn.

Pillar 1 activities: Fostering an entrepreneurial mindset, attitudes and culture among young people

- Eight initiatives have been identified that try to influence – directly or indirectly – this policy pillar. Some of these policy measures aim to increase the entrepreneurial knowledge, skills and attitudes of young people in general, including ‘soft’ skills such as teamwork, autonomy and self-initiative, as well as to increase the awareness of self-employment as a career option among young people.
- These initiatives, usually placed within the education system, have different goals and use different tools according to the different levels and age of students, ranging from the development of group-run start-up enterprises (see the Spanish ‘Valnalón Educa’ experience or the Finnish ‘Yrittäjyyskasvatus’ experience), the development of enterprise education related curricula (see the experience of the Dutch ‘Actieprogramma Onderwijs en Ondernemen’) or the interaction of young people with entrepreneurs and local leaders (see the Irish ‘Network for Teaching Entrepreneurship’).

- Some of the policy measures analysed also recognise the important role that teachers play in the development of these activities ('train-the-trainers'), via the provision of specialised training for successfully coping with the contents and methodologies to be implemented (see the Finnish YES initiative under the Finnish 'Yrittäjyyskasvatus' experience or the Certified Entrepreneurship Trainers (CETs) under the Irish 'Network for Teaching Entrepreneurship' programme). Interestingly, the limited available evidence shows that students' interest in entrepreneurship has increased in recent years as a consequence of all these activities at school.
- Alternatively, other identified initiatives (for instance the Finnish 'Young Entrepreneur of the year' competition, different events organised by the Hungarian FIVOSZ organisation or the Irish 'Student Enterprise Awards') try to promote the idea of becoming an entrepreneur among young people as well as improving the social image of entrepreneurship. Thus, the Finnish and Irish measures are aimed at highlighting outstanding young entrepreneurs or students who have developed particularly relevant enterprise projects as part of their general education process. Meanwhile, FIVOSZ organises several events aimed at spreading the idea of becoming an entrepreneur among the young population (for instance the so-called 'Young Entrepreneurship Week' or the FIVOSZ Club events).

Pillar 2 activities: Providing skills, advice, coaching and mentoring activities for youth entrepreneurs

- Seven initiatives related – directly or indirectly – to this policy pillar are presented. Basically, these measures help young entrepreneurs (usually at early development phases) to overcome their gaps in work/business-related knowledge and lack of experience via different 'soft' support tools such as the provision of skills, advice/information, coaching and mentoring activities.
- In some of the initiatives analysed, selected young entrepreneurs receive business-related skills development programmes from experienced teachers outside the general education system (see for instance the Hungarian TÁMOP 2.3.6 programme or the Dutch YES!Delft), sometimes also on an e-learning basis (the Dutch Qredits). In other cases, coaching and mentoring activities are supplied by experienced entrepreneurs and business experts (for instance the Finnish Startup Sauna or the European Commission's 'Erasmus for Young Entrepreneurs' programme) that facilitate not only valuable business know-how, advice and feedback to young entrepreneurs on how to manage a business, but also allow them to develop useful business contacts with existing enterprises and entrepreneurs that could otherwise take very long time to achieve. It is not only young entrepreneurs that benefit from these activities. For instance, as part of the European Commission's 'Erasmus for Young Entrepreneurs' programme, host enterprises can also benefit from opportunities to cooperate with foreign partners and learn about international markets. Special attention should be focused on the role played by young entrepreneurs' associations which, in addition to representing the youth interests to governments and other stakeholders, provide valuable services to their associates (access to finance and investors, legal advice in different domains, business contacts, information on work opportunities, training sessions, networking events) and support to youth entrepreneurship in general (see for instance the activities of the Finnish Association of Young Entrepreneurs or FIVOSZ in Hungary).

Pillar 3 activities: Removing perceived practical barriers and easing access to credit

- Seven policy measures and initiatives related – directly or indirectly – to the promotion of this policy pillar are presented. These initiatives address issues such as the lack of initial capital and the difficulties in obtaining external finance that affect young entrepreneurs, as well as the

provision of premises and physical infrastructure to develop the initial stages of their business life and the removal/alleviation of complex administrative and regulatory frameworks.

- Many of the policy measures identified try to address the financial difficulties that affect young entrepreneurs. In some cases (the Finnish ‘Startup Sauna’ or the Dutch YES!Delft), events are organised to bring together young entrepreneurs and external investors (business angels, venture capital funds). In other cases (the Hungarian TÁMOP 2.3.6 measure), the option is the provision of grants under a strong selection process to identify eligible entrepreneurs whereas in other measures the option is via microcredits (‘Microfinance Ireland’ and the Dutch ‘Qredits’) or participative loans (the Spanish ENISA Young Entrepreneurs credit line). Some of these policy measures combine financial support with other forms of support such as information/training/mentoring activities (for instance, the Finnish Startup Sauna, the Hungarian TÁMOP 2.3.6 or the Dutch YES!Delft programme).
- In other cases, support is given via business incubator facilities where young entrepreneurs can group together in a common physical space (for instance the Finnish ‘Startup Sauna’ co-working space or the Dutch YES!Delft example), fostering at the same time networking effects among them.
- Finally, some policy measures analysed (for instance the Spanish Strategy for Entrepreneurship and Youth Employment 2013–16) implement a number of initiatives aimed at reducing/alleviating existing administrative and regulatory procedures for young entrepreneurs (for instance, flat-rate social security contributions, additional funding facilities using unemployment benefits and so on).

In addition to these results, this chapter has shown that youth entrepreneurship support policies have recently gained a higher profile among the national authorities. The challenge and the objective seem to be twofold: on the one hand, to extend the broadly positive attitude towards this career path that has been observed among young people in Europe (two out of five consider starting a business to be a good employment option); and on the other, to devise policies and support measures that can help to translate this attitude into actual and successful entrepreneurial projects.

Youth unemployment is still at crisis levels in many European countries. According to the latest Eurostat figures, the European youth unemployment rate was 21.6% in August 2014, reaching peaks of over 40% in Croatia, Italy, Spain and Greece. As a consequence of the high youth unemployment rates and the economic and societal consequences associated with it, EU Member States have been actively engaged in designing and implementing policy measures to increase the employability of young people and to promote a higher level of employment participation among them. In this framework, promoting youth entrepreneurship has recently become a priority for EU policymakers in addressing youth unemployment, as it has a good potential to create employment and ensure sustainable growth.

Very few young people in Europe start businesses and become self-employed. However, the evidence in this report indicates that young people are interested and enthusiastic about becoming entrepreneurs, with almost half of them stating that self-employment would be a desirable career option. Unfortunately, the share of young people who find this option to be feasible is lower. The analysis of the 2012 Flash Eurobarometer reveals that, despite the high appeal of self-employment, the proportion of European young people who find a career as an entrepreneur attractive is lower than that recorded in other economies, such as the so-called BRIC states (Brazil, Russia, India and China). The share of young people who perceive entrepreneurs to be positive role models is lower in Europe, and the share of young people who cite access to finance and complex administrative procedures as the main barriers to entrepreneurship is higher in Europe than in comparable regions. This seems to indicate that Europe is viewed as a less favourable and friendly environment for youth entrepreneurship to flourish.

While self-employment is not a panacea for youth unemployment, there is no doubt that making Europe a more business-friendly environment and supporting young people in transforming their creative ideas into successful business plans has a large number of potential benefits, including direct and indirect job creation and the development of human capital and new skills. However, it should be clear that youth entrepreneurship is not a universal solution which would eliminate youth unemployment in general, as only a minority of young people will have the right skills and mindset to become entrepreneurs. The data presented in this report confirm findings from elsewhere indicating that young self-employed people have a different set of values and personality traits in comparison with non-entrepreneurs. As the findings of the European Social Survey reveal, the 'entrepreneurial personality' seems to be characterised by stronger creativity and innovative tendencies, relatively low risk aversion and more freedom and independence and autonomy. This seems to indicate that policies and initiatives to promote youth entrepreneurship should be targeted at those with the right skills, values and ideas in order to maximise the results of a public investment. Entrepreneurial education and skills should be provided to help this group better understand the risks associated with entrepreneurship and to face the challenges of the market.

In its examination of Member States' efforts to promote youth entrepreneurship, this report has analysed selected policies, measures and initiatives implemented recently in five Member States: Finland, Hungary, Ireland, Spain and the Netherlands. The set of initiatives under scrutiny were organised around three main support pillars: fostering an entrepreneurial mindset and culture among young people; providing information, advice, coaching and mentoring to young people who want to become entrepreneurs; and removing perceived practical and logistical barriers, such as access to credit and administrative burdens.

While all the Member States investigated appear to have recently developed new programmes and initiatives to foster youth entrepreneurship under the three pillars, their starting points and general approaches were all different. Hence several lessons can be learned from the review.

First, the promotion of youth entrepreneurship needs to be understood as a medium- to long-term policy strategy. In this regard, it is very unlikely that programmes to foster youth entrepreneurship will have sustainable effects in the very short term to contribute to significantly reducing the problem of youth unemployment. However, the promotion of youth entrepreneurship is likely to have substantial effects in the medium to long term, with both tangible – new rapid-growth companies – and intangible – changes in the attitude of young people towards self-employment and entrepreneurship viewed as a viable employment option due to entrepreneurship-related content in the education system – results which can foster job creation and make Europe a more dynamic labour market.

Second, the analysis shows that youth entrepreneurship policies are most beneficial when they bring together different labour market actors: public authorities, youth business organisations, entrepreneurs, education centres, financial institutions, individual companies and their representative organisations, NGOs involved in the topic and chambers of commerce. The participation of diverse stakeholders will allow synergies to grow, multiplying the results and facilitating their dissemination.

This is particularly important, for example, in the case of initiatives that aim to bring entrepreneurial education to school, where teachers may not have the right set of skills and where practical knowledge and the involvement of business organisations and entrepreneurs may be very beneficial. In this regard, the support measures analysed have highlighted the importance of high-quality teachers and mentors/counsellors for the success of the initiatives. It seems that young entrepreneurs who are in the early stages of their business life value highly the experience and know-how of other, more senior entrepreneurs, who can share their experiences.

On the basis of the review carried out, the promotion of youth entrepreneurship is primarily the responsibility of public authorities. However, particularly in cases where the public initiative is not active enough, stakeholders and civil society organisations can play a key role by giving the issue of youth entrepreneurship a higher public profile. Another factor worth bearing in mind is the role of business angels – very active in the US – to promote opportunities for young entrepreneurs through start-up and seed funding and finance.

Government initiatives to support youth entrepreneurship usually include a large range of different activities organised around the three policy pillars identified in this research. In this regard, support programmes for youth entrepreneurs are especially effective when they provide a balanced, comprehensive range of support modalities, such as training/skills development, mentoring and counselling, access to networking, dedicated funding or easier access to finance. As the problems experienced by young entrepreneurs are often interrelated, they invariably require a combined treatment: in this respect, comprehensive types of support are particularly effective. It is important also to ensure that this support is extended over a relatively long time span to be fully effective, as the first years of any enterprise are usually the most critical ones for its future survival. This is especially so in the case of new enterprises led by young entrepreneurs who, in many cases, still have to acquire the right experience in the labour market.

Furthermore, specific attention should be paid to the promotion of ‘entrepreneurship’ from a gender equality perspective, in light of the relatively small presence of young women in entrepreneurial

activities (one in three in comparison to their male counterparts). This patent imbalance should be targeted and addressed promptly.

Finally, Member States have a lot to learn from each other's experiences, especially those countries where the challenges are uphill in the coming years. However, despite the common issues to be found in terms of the problems of young entrepreneurs, it should be borne in mind that policy support measures need to be adapted to the specific constraints and opportunities of the different national contexts to maximise their impact.

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The level of youth unemployment is alarmingly high in several EU Member States, with rates of over 50% recorded in Spain and Greece in 2013. In light of the potential of entrepreneurs to create employment and sustainable growth, promoting youth entrepreneurship and making Europe more entrepreneur-friendly has recently become a priority on the EU policy agenda. However, research has shown that among young people the wish to become an entrepreneur, and their assessment of its feasibility, is lower in EU Member States than in comparable and emerging economies. This report investigates successful initiatives that have been implemented in five countries in the following areas: fostering an entrepreneurial mindset and culture; removing perceived practical and logistical barriers; and providing information, advice, coaching and mentoring to young would-be entrepreneurs. As entrepreneurship is not a viable career path for all young people, just for the minority equipped with the right skills, attitudes and values, future initiatives should focus on this target group to ensure the best use of public funds.

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