

## **YOUTH ENTREPRENEURSHIP: KEY CHALLENGES FOR INCLUSIVE DEVELOPMENT**

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### **ABSTRACT**

*Entrepreneurship is the key driver of the country's economy. In recent years, the promotion of entrepreneurship as a possible source of job creation, empowerment and economic dynamism in a rapidly globalizing world has attracted increasing policy and scholarly attention. However, despite this attention, there has been no systematic attempt to look at it from a youth angle. There is also very little research on the qualities and particular needs of youth who want to become self-employed in both developed and developing countries. Especially in developing countries, there is currently a dearth of empirical data on the informal sector, and on the participation of youth in the sector and the extent to which the existing policy and institutional framework impacts on youth entrepreneurship. The aim of this paper is to obtain a clearer and more comprehensive picture of concrete barriers and specific constraints that impede young people from starting and running a business, and policy measures and strategies that can be initiated to support it for Inclusive Development.*

**KEYWORDS:** *Youth Entrepreneurship, Job Creation, Economic Dynamism, Inclusive Development.*

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### **Introduction**

Before looking at the potential benefits of promoting youth entrepreneurship, it is important to have an understanding of what 'youth entrepreneurship' is. Related to this is the need to understand the importance of promoting entrepreneurship in general and youth entrepreneurship in particular. Thus, the key questions that this section addresses are: What is entrepreneurship? What is youth entrepreneurship? What is the value of youth entrepreneurship? What are the social attitudes towards youth entrepreneurship? Who are youth entrepreneurs? 'Youth' is defined by the United Nations as those between 15-24 years of age. For the purpose of this paper, however, a 'youth' is defined as any person aged between 15-35 years of age. Business, governments, and other sectors of society are increasingly recognizing that supporting young entrepreneurs can be a highly effective way to reduce youth unemployment and stimulate growth in local communities. The human capital formed in Youth is an important determinant of long-term growth that a nation can invest on.

### **The Value of Youth Entrepreneurship**

It is now widely accepted that there are many good reasons to promote entrepreneurship among young people. This is especially the case in an economy subject to rationalization, change and restructuring. Many experts believe that this could bring back the alienated and marginalized youth into the economic mainstream. There may also be a direct effect on employment if new young entrepreneurs hire fellow youths from the 'dole' queues. In this way, entrepreneurship could help address some of the socio-

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psychological problems and delinquency that arise from joblessness. Youth-run enterprises (YREs) also provide valuable goods and services to society, especially the local community. This results in the revitalization of the local community. It has also been observed that new small firms tend to raise the degree of competition in the product market, thereby bringing gains to consumers. In addition, the enterprises may create linkages between youth entrepreneurs and other economic factors, such as through sub-contracting, franchising, and so on. Thesaurus, 'enterprise' is defined as "resourcefulness, initiative, drive, imagination, enthusiasm, zest, dash, ambition, energy, energy, vitality, boldness, daring, audacity, courage, get up and go" It is worth noting that these attributes are generally associated with youth.

### Three Stage Transitional Phase in Youth Entrepreneurship

Nurturing and Building Youth Entrepreneurship has got to be a long term developmental program with strategic focus and policy framework at the National Government level identifying specific areas and programs to nurture and build awareness of amongst the Youth, train and enhance their skills required for starting business enterprise. In the long run the effort in this direction has to be sustained with the same enthusiasm and many more action plans involving various other agencies and fields have got to be built into the programs. To help build Entrepreneurship awareness programs as a part of Education, it helps to understand how the Youth Entrepreneurship develops and progresses in the early years:

- **Pre-Entrepreneurs:** The onset of this stage starts at 15 years up to 19 years. This is the stage when the youth is leaving home and starts identifying himself as an individual. His thoughts and ideas about his future and career start forming at this stage. Entrepreneurial attitudes are formed naturally or as a result of awareness programs and honed from this stage onwards.
- **Budding entrepreneurs:** This stage lasts from 20-25 years. During this period the youth would have tried their hand at some kind of work or tried to start and run a small business. Whether they manage to succeed or burn their fingers, they will have acquired the practical knowhow and pitfalls of Entrepreneurship and the outside world.
- **Emergent entrepreneurs:** Youth between the ages of 26 to 29 years fall into this category. By this time they would have had the necessary experience, made mistakes and realised what it takes to manage a business. They are more likely to be grounded, realistic and ready to prepare and start their enterprise on more mature and sure footage with good lot of preparation and wisdom.

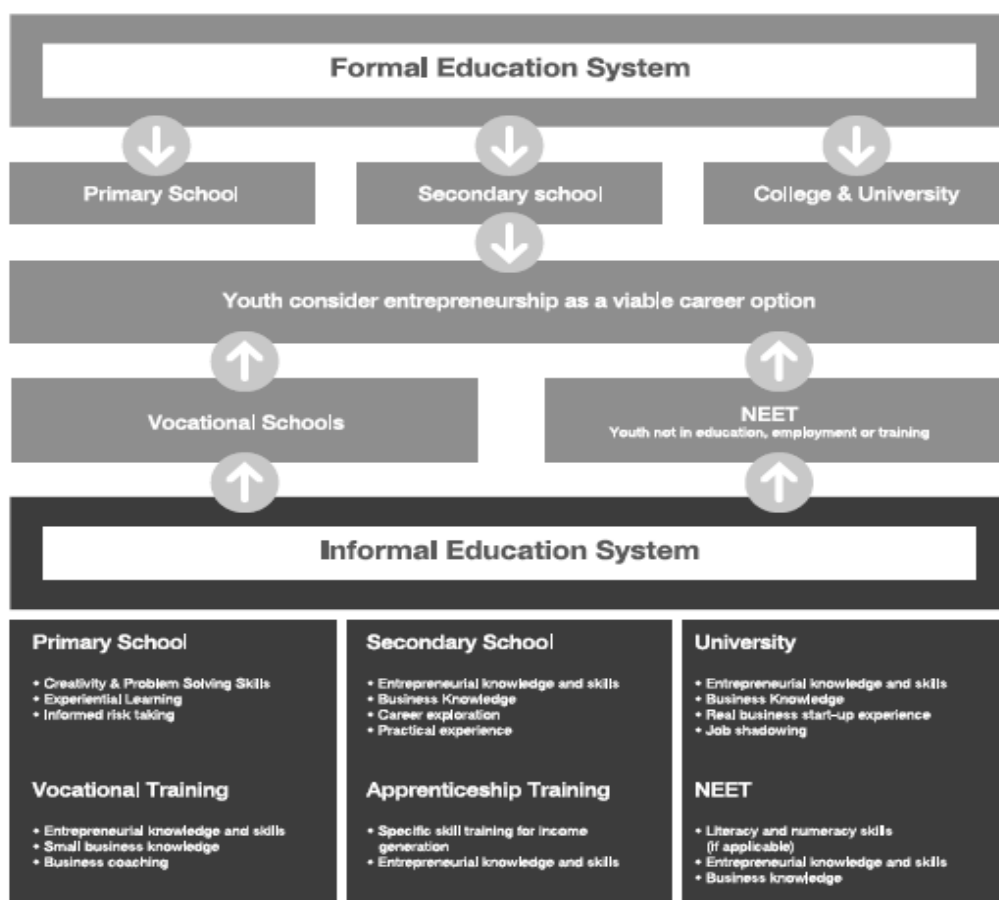
### Reasons and Causes of Youth Unemployment & Entrepreneurship

- **Socio-Cultural Factors as Inhibitors to Entrepreneurship:** In some of the countries the social and cultural outlook of the societies may not encourage initiatives and entrepreneurship. Many societies expect the youth to obtain education that enables them to get a job and earn salary to support the family. Some other societies are risk averse and tend to play safe, while many communities believe in their children pursuing defense services opportunities or social service opportunities and so on.
- **Economic & Political Factors:** Economies which are not growing are grappling with huge unemployment problems and this is affecting the youth too. Political will and focus to focus on youth in the country and to create a positive environment that encourages youth to dream and work towards realizing their dream is very much necessary in any society.
- **Policy Framework:** Government policy and framework in the country helps identify and build the base for youth entrepreneurship. Policy directives will need to engage the business, banking, educational and other sectors to be able to deliver definitive steps to encouraging and aiding youth entrepreneurship. Lack of such policy framework can hinder the growth and initiative in the youth.
- **Industry Support & Patronage:** In any industry, it is largely the business sector that provides opportunities for support services and creating new networks of business enterprises. Similar to their role in social responsibility, Industry can create a very strong platform to help develop the youth and give them the support and guidance as well as opportunities to the youth. In society where the industry enterprise is not very significant or not very active, there can be no encouragement for youth entrepreneurship.
- **Education System & Orientation:** In most of the countries today the education system is geared to enabling the youth to pass out with their qualifications based on academic knowledge and prepare for seeking a job. There is little or no focus on building and equipping the students with leadership, building awareness and giving them training for entrepreneurship. Of late there is a trend to introduce specialized courses and training modules on entrepreneurship in many of the universities. In most cases the students do not attempt to think out of the box as they are not equipped with the necessary skills.

- **Finance & Business Support:** One other biggest hurdle faced by each and every entrepreneur is the lack of financial backup and funding as well as guidance required to incubate new business. Most often those who attempt to start any enterprise do so borrowing from family and friends and dipping into their saving. After a while the business starts to suffer due to lack of funds and they end up in a debt trap. Banking and financial assistance should be made available easily and this can happen only with the active support and engagement by the Government.

### Entrepreneurship Education in Formal and Informal Education

Integrating entrepreneurship in formal and informal education systems is a necessary step in ensuring that young people acquire the appropriate competencies and skills to enable them to become entrepreneurs. For entrepreneurship education to be effective it needs to be an integral part of a student's experience and not an add-on, and should focus on inculcating an entrepreneurial mind-set and promoting self-employment as a viable career option, i.e. it should encourage innovation and ensure that students develop confidence, flexibility, enterprise awareness, resilience and risk-orientation from the outset. To ensure that entrepreneurship is effectively integrated in education, different stakeholders, including the Ministry of Education and other ministries, such as Youth, Science, Export/Trade, Technology and Labor, as well as entities in the public and private sector, schools, academic institutions, business development services and NGOs that support young people, among others, need to be engaged in entrepreneurship education. Entrepreneurship education should start at an early age, with the curriculum adapted at different levels of the education system—primary, secondary and tertiary levels. Students should also develop non-cognitive skills, entrepreneurial knowledge, skills and attitudes and gain experiences in starting a business. In addition, they need to engage in real-life projects that provide them with an opportunity to exercise problem-solving and leadership skills as well as an understanding of risk and reward. In addition, enterprise skills need to be embedded in all lessons, not just in business classes.



### **Role of Society and Culture in Shaping Youth Entrepreneurship**

Youth unemployment and absence of Youth Entrepreneurship developmental programs creates not only economic problems in the society but leads to several social problems too. Lot of research has gone into studying the influence of cultural attitudes of a community, a society or an ethnic group and the national political as well as economic environment and their mutual interactions affecting the attitude of the youth towards Youth Entrepreneurship. The individual's perception of what his family and friends think or opine about entrepreneurship has a crucial role to play in his views. Besides, the view of the family, their support and the society with regard to failure is also a very important factor playing upon the young minds and framing their opinion. Family's support is very essential because in most cases the Youth would need to borrow initial finances from the family and friends. The family's attitude towards education and other careers in fields like medicine, engineering etc are also likely to dominate the Youth's mindset towards entrepreneurship. It is quite likely that the families will be ready to take loan and fund the youth's professional education rather than funding for a new business venture where risk is involved. Normally professionals like lawyers, doctors and scientists are seen to be the most preferred as bridegrooms. Parents of eligible girls are likely to associate self employed youth with certain values like corruption, straight forwardness, honesty etc. These are but purely individualistic opinions but they are still relevant in terms of shaping the Youth Entrepreneurship in the society.

### **World Economic Forum Identifies Seven Steps to Develop Enterprising Spirit Among the Youth.**

Trade secretary Gregory Domingo has been very vocal about the need to inculcate entrepreneurship into the young, instead of training them to become employees. While the study has been based on the entrepreneurial environment of Europe, these steps may also apply to the Philippine setting. Identified during the European Roundtable on Entrepreneurship Education organized by the WEF, the actions needed for entrepreneurship to thrive are the following:

- **Transform the Education System:** Educational institutions, from the earliest levels up, need to adopt 21st century methods and tools to develop the appropriate learning environment for encouraging creativity, innovation and the ability to think "out of the box" to solve problems. Embedding entrepreneurship and innovation, cross-disciplinary approaches and interactive teaching methods in education requires new models, frameworks and paradigms.
- **Build Policy Commitment:** The government must act now to address the growing skills gap. This requires a clear and coherent commitment at the highest political levels. Policies should send a strong signal of support for entrepreneurship and also set the strategic framework in which schools and universities can work to implement programs and activities within their institutions. To do so, greater coordination and action is needed at the national, regional and local levels.
- **Develop Institutional Commitment:** Academic institutions must revamp their programs to enable the development of 21st century skills. Commitment is required from the top of the institution coupled with clear strategies and tangible action plans. Currently, too much "lip service" is being paid to entrepreneurship without sufficient reach to students. Academic institutions need to "walk the talk", which includes providing the proper incentives and support for educators and students. Student-led initiatives should be encouraged to leverage the inherent interest of students in entrepreneurship.
- **Train, Develop and Motivate Teacher:** There is a need to grow the number of entrepreneurship educators as well as further develop them by providing the appropriate training, particularly in interactive teaching methods.
- **Leverage and Scale Good Practices:** While an increasing number of entrepreneurship education programs exist compared to a decade ago, scalability and penetration remain key challenges. In today's environment, technology plays an increasingly important role in the educational process, both as a delivery channel and a teaching tool. Technology provides a mechanism for reaching greater economies of scale as well as providing broader sharing of practices.

### **Conclusion**

Now-a-days, "entrepreneurship" happens to be the key ingredient apropos (of) success of any industry, in any given sector agriculture, livestock, fisheries, dairy or food and, we must not forget that creation of "entrepreneurship" in any society is not possible through individualistic efforts only and, therefore, if we wish to inculcate the "entrepreneurial skills" among our unemployed youth and women,

then there has to be a collective and cooperative effort to promote this Endeavour!! However, for that to happen, the Central as well as respective state governments have to come forward, in creating a conducive and suitable environment, in order to encourage the would-be/ prospective/ probable entrepreneurs... apart from supporting the initiatives and efforts being pursued, already, by the private entrepreneurs, in this direction!!! Finally, entrepreneurs must be on the lookout for corporate predators who once they realize that the venture is doing great, might invest substantial money into taking over the venture. This has happened in practice across the world and the strategy of the entrepreneurs in this case was to hold the majority stake in the venture and keep management control and retain shareholding patterns tightly and closely.

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