

## Chapter 3

# Youth self-employment and entrepreneurship activities

*Data on self-employment and entrepreneurship activities by youth are presented in this chapter. These data include self-employment rates for youth and the proportion of youth involved in starting a business. The chapter also presents data on the characteristics of the businesses operated by youth, including the sector, the proportion of new businesses that offer new products and services, and the proportion of new entrepreneurs who expect to create a substantial number of jobs. Data are also presented on some of the key barriers to entrepreneurship for youth such as a lack of entrepreneurship skills and fear of failure. Data are presented for the European Union and OECD averages, as well as at the country level.*

**Note by Turkey:**

The information in this document with reference to “Cyprus” relates to the southern part of the Island. There is no single authority representing both Turkish and Greek Cypriot people on the Island. Turkey recognises the Turkish Republic of Northern Cyprus (TRNC). Until a lasting and equitable solution is found within the context of the United Nations, Turkey shall preserve its position concerning the “Cyprus issue”.

**Note by all the European Union Member States of the OECD and the European Union:**

The Republic of Cyprus is recognised by all members of the United Nations with the exception of Turkey. The information in this document relates to the area under the effective control of the Government of the Republic of Cyprus.

The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

## Key messages

Youth indicate a high level of interest in self-employment but only 4.1% of working youth (15-24 years old) in the European Union were self-employed. However, household survey data suggest that youth are almost as likely as adults to be involved in starting a business. In the European Union, 4.9% of youth were actively working on setting up a business between 2012 and 2016 and in OECD countries, this proportion was 6.6%. Over the same period, approximately one in five youth entrepreneurs started their business with a team of other entrepreneurs, which is above the proportion for the adult population.

Approximately one-third of new youth entrepreneurs reported that they introduced new products and services to their customers over the 2012-16 period, which was the same as the proportion of adults over this period. Further, new young entrepreneurs were optimistic about their job creation potential: 11% indicated that they expected to create at least 19 additional new jobs over the next five years. Despite this optimism, self-employed youth were one-third as likely to have employees as self-employed adults in 2016 (9.9% vs. 28.5% for adults).

Youth face a number of key barriers to business creation and self-employment. Youth (18-30 years old) in the European Union were slightly less likely than adults to feel that they had the knowledge and skills for entrepreneurship over the 2012-16 period (36.0% vs. 41.9% for adults). A similar result was found in OECD economies over the same period (37.8% vs. 44.1% for adults). Further, nearly half of youth in the European Union viewed fear of failure as a barrier to entrepreneurship (46.6%) over this period. This proportion was above the proportion for OECD countries (39.6%).

The reason most frequently cited by young entrepreneurs for business exit in the European Union over the 2012-16 period was that it was not profitable (27.5%). The second and third most cited reasons for youth were “personal reasons” (20.6%) and “another job or business opportunity” (18.2%). These proportions were nearly identical across OECD economies.

## Self-employment activities by youth

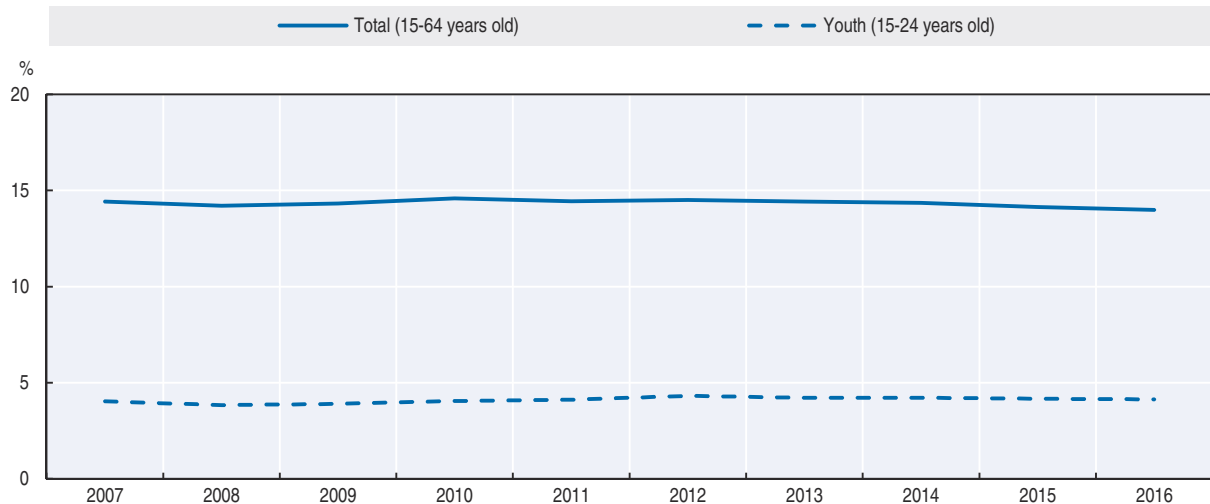
- Some survey results suggest that more than 40% of youth would prefer to be self-employed over working as an employee. However, only 4.1% of youth (15-24 years old) in employment in the European Union were self-employed in 2016. This was one-third of the proportion of all adults (15-64 years old).
- In the European Union, self-employed youth were one-third as likely to have employees as self-employed adults in 2016 (9.9% vs. 28.5% for adults).

There is evidence to suggest that youth have a keen interest in self-employment. Survey results show that nearly half of youth would prefer to work as self-employed over

working as an employee (OECD/EU, 2014). However, the proportion of youth who are self-employed is much lower. In 2016, only 4.1% of employed youth (15-24 years old) were self-employed in the European Union. This is approximately one-third of the self-employment rate for adults (15-64 years old). Both of these self-employment rates have been stable over the last decade, despite the economic crisis that resulted in a rapid increase in youth unemployment (Figure 3.1).

Figure 3.1. **Youth self-employment rate in the European Union, 2007-16**

Self-employed as a percentage of employment



Source: Eurostat (2017), Labour Force Survey, available at: <http://ec.europa.eu/eurostat/web/lfs/data/database>.


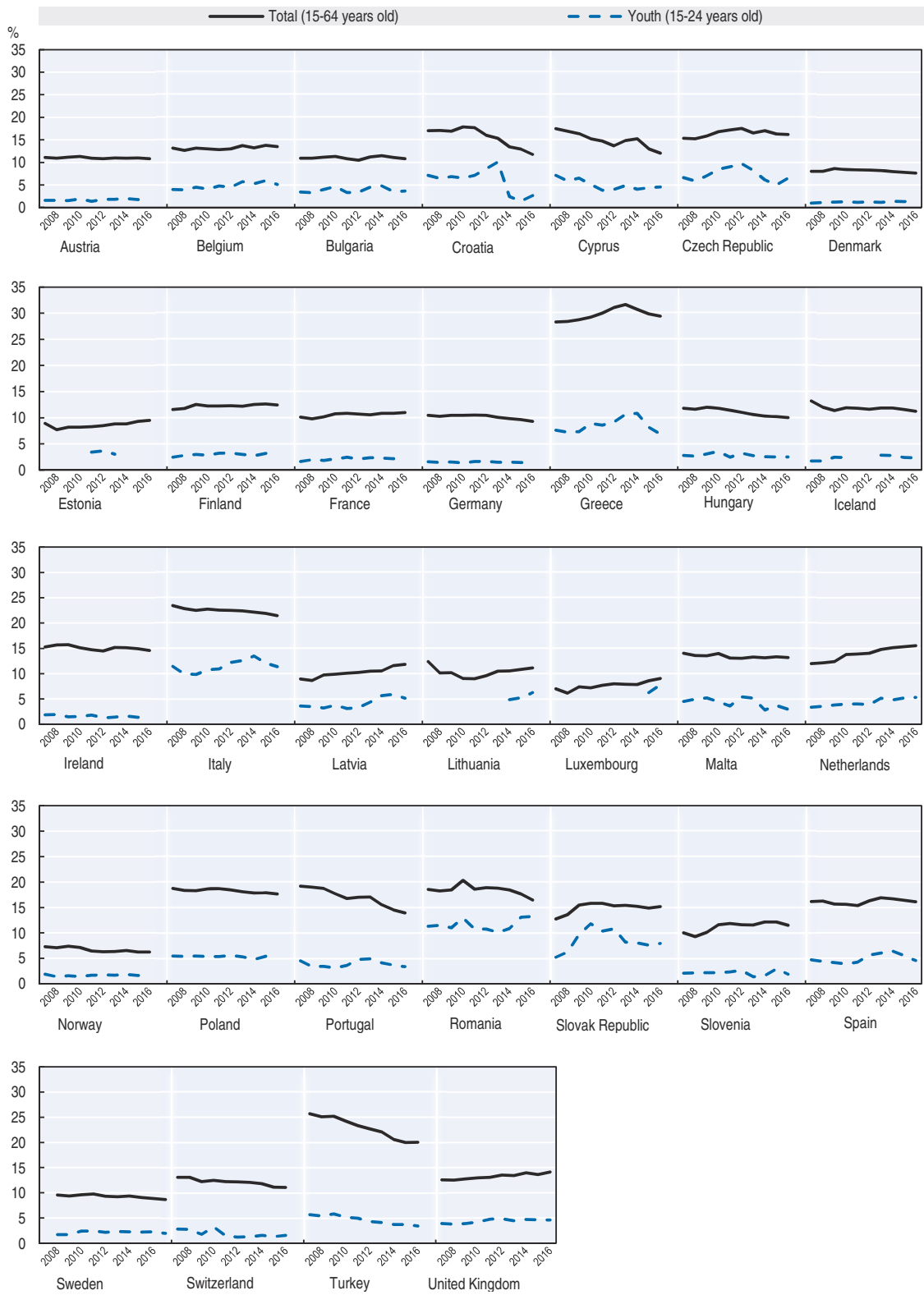
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Figure 3.2 presents the youth self-employment rates by country. This rate was low in many of the European Union Member States in 2016, notably Germany (1.3%), Denmark (1.5%), Austria (1.8%), Ireland (1.9%) and Slovenia (1.9%). However, there were two European Union Member States where the youth self-employment rate was greater than 10%: Italy (11.4%) and Romania (13.2%). The gap between the adult self-employment rate and the youth self-employment rate was quite consistent across countries with the youth self-employment rate typically being about one-third of the adult rate. However, it was significantly below this benchmark in Slovenia and Austria (about one-sixth). The gap was the smallest in Luxembourg and Romania, where the youth self-employment rate was more than 80% of the adult rate. Over the last decade, the youth self-employment rate increased in 15 European Union Member States, remained unchanged in two and declined in 11.

The proportion of self-employed youth in the European Union that have employees between 2007 and 2016 is presented in Figure 3.3. In 2016, 9.9% of self-employed youth had employees. This is down from 13.3% in 2008. However, the proportion of self-employed adults with employees has also declined. In 2008, 31.1% of self-employed adults had employees but only 28.5% did in 2016. Thus the gap between the proportion of self-employed youth and self-employed adults with employees has widened slightly.

Figure 3.4 presents the proportion of self-employed youth by country to the extent possible. Due to small sample sizes, it is not always possible to obtain reliable estimates for the proportion of self-employed youth with employees. However, the data are available in the vast majority of European Union Member States and they confirm that self-employed

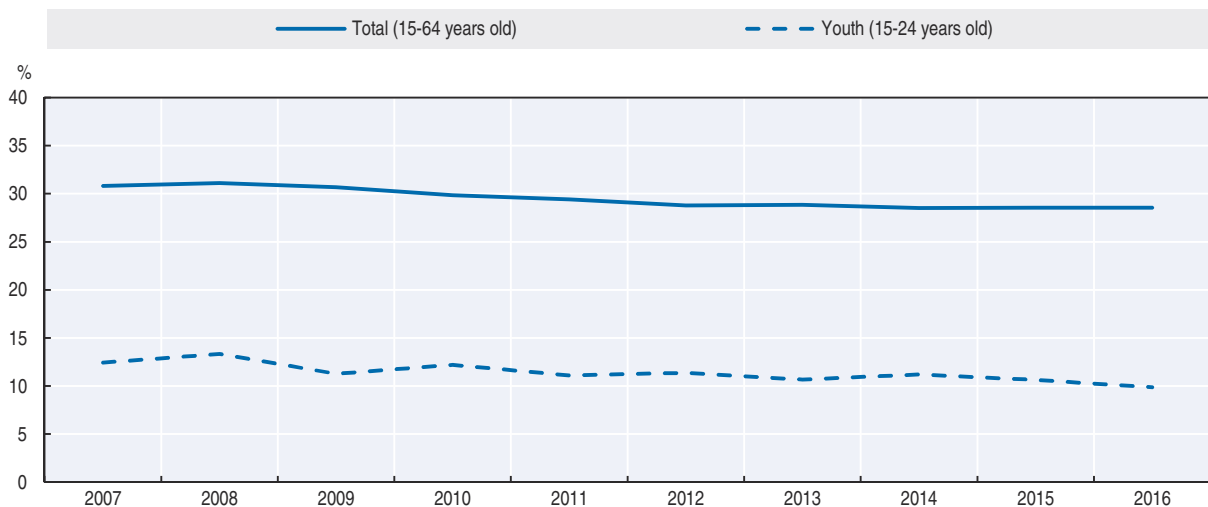
**Figure 3.2. Youth self-employment rate by country, 2007-16**  
Self-employed as a percentage of employment




Source: Eurostat (2017), Labour Force Survey, available at: <http://ec.europa.eu/eurostat/web/lfs/data/database>.

StatLink  <http://dx.doi.org/10.1787/888933624217>

Figure 3.3. **Proportion of self-employed youth with employees in the European Union, 2007-16**  
Percentage of self-employed



Source: Source: Eurostat (2017), Labour Force Survey, available at: <http://ec.europa.eu/eurostat/web/lfs/data/database>.

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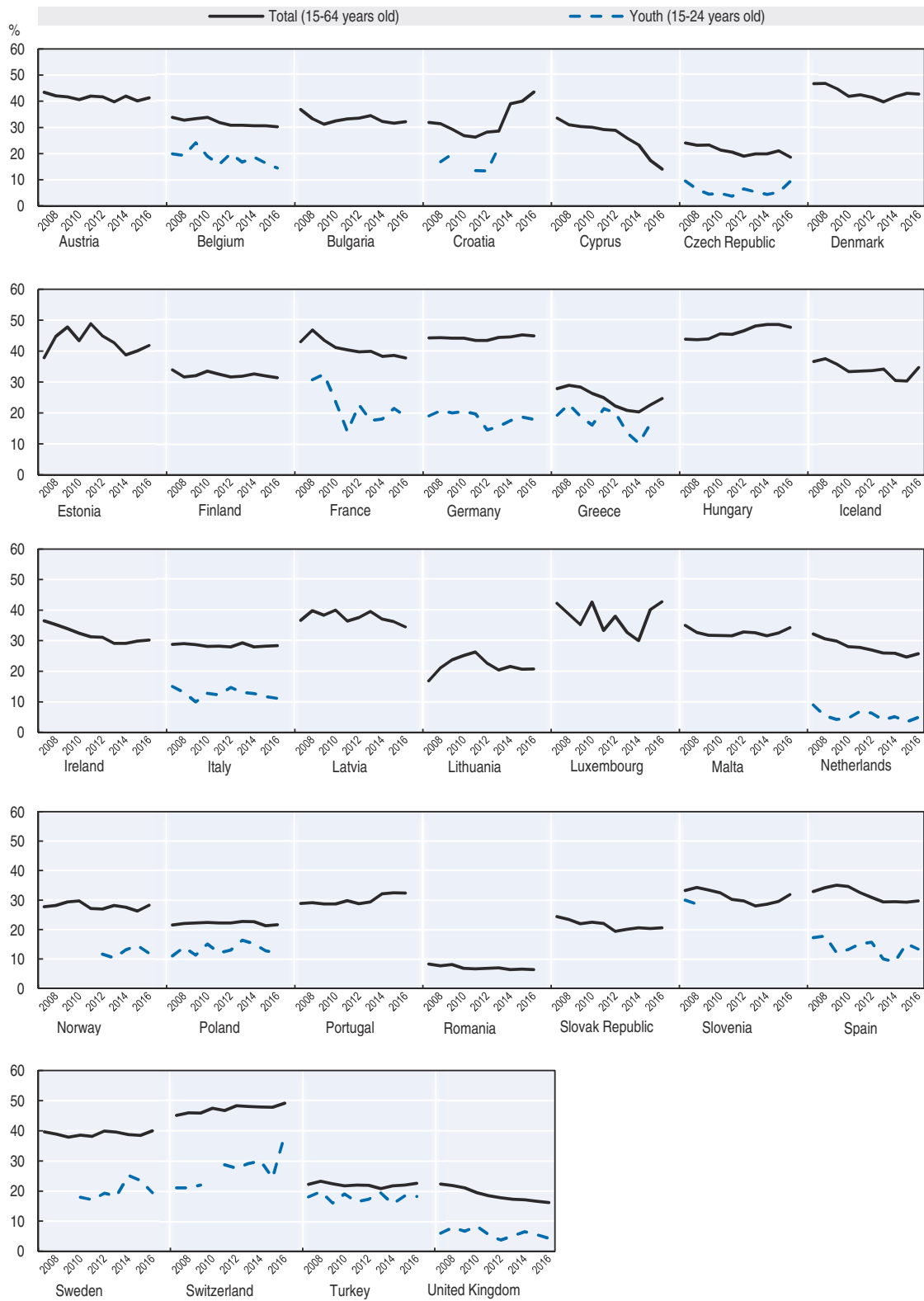
youth are much less likely to have employees than adults. The proportions varied greatly across countries over the last decade. In 2016, for example, the percentage of self-employed youth with employees ranged from 4.3% in the United Kingdom to 37.3% in Hungary. Despite the overall downward trend in the proportion of self-employed youth (and adults) with employees, there was a slight increase in Sweden.

### Activities by youth over the entrepreneurship life-cycle


- Youth (18-30 years old) appear to be quite active in starting new businesses. Within the European Union, 4.9% of youth were actively working on setting up a business between 2012 and 2016. In OECD countries, this proportion was 6.6%. The rate for adults over this period was 4.0% in the EU and 6.1% in OECD countries.
- Youth were as likely as adults to be new business owners over this period in the European Union (3.1% vs. 2.8% for adults) and OECD countries (3.5% for both youth and adults). However, they were much less likely to be established business owners. This is consistent with the low self-employment rates observed for youth across the European Union and OECD countries.
- The reasons that youth entrepreneurs cited for business discontinuation were very similar in the European Union and OECD countries. The most frequently cited reason in the period 2012-16 was that the business was not profitable (27.5% in the European Union and 25.8% in OECD countries). This proportion was similar to that of adults. However, youth were more likely than adults to cite that another employment or business opportunity came up.

Another approach to estimating the level of entrepreneurship activities in an economy is through household surveys. The most well-known international survey on entrepreneurship is the Global Entrepreneurship Monitor (GEM). It is composed of a network of researchers and research institutes that manage the annual household survey. Since 1999, more than 100 countries have participated in this survey.

Figure 3.4. **Proportion of self-employed youth with employees by country, 2007-16**  
Percentage of self-employed



Source: Eurostat (2017), Labour Force Survey, available at: <http://ec.europa.eu/eurostat/web/lfs/data/database>.

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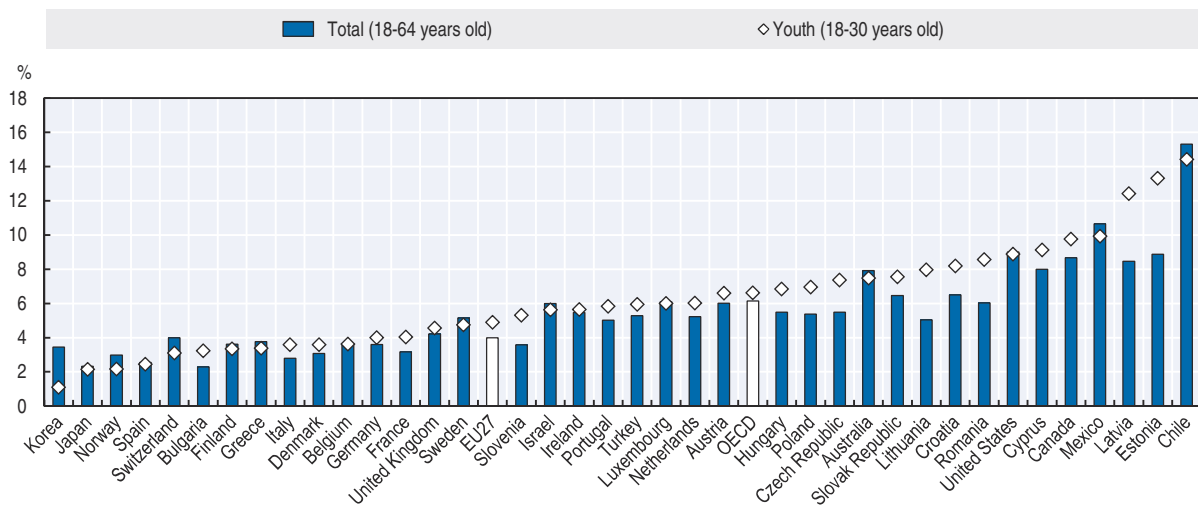
The GEM framework measures four stages of entrepreneurship: nascent entrepreneurship, new business ownership, established business ownership and business discontinuation. The first stage of entrepreneurship activities, nascent entrepreneurship, measures the proportion of the adult population (18-64 years old) that are actively involved in setting up a business they will own or co-own. To be considered in this stage, the business must not have paid salaries, wages or any other payments to the owners for more than three months. (For more information, please see the Reader’s Guide at the beginning of the book). According to this measure, youth are slightly more active in entrepreneurship than the overall adult population. Over the 2012-16 period, 4.9% of youth (18-30 years old) in the European Union were in the process of setting up a business (Figure 3.5). This was slightly greater than the overall rate for the overall adult population (4.0%).

Among EU Member States, youth were the most active in nascent entrepreneurship in Latvia (12.4%) and Estonia (13.3%) during the 2012-16 period. At the same time, they were the least active in Spain where only 2.4% of youth were in the process of setting up a business. The proportion of youth involved in starting a business was greater than the overall adult rate in all countries except for Spain, Finland, Greece, Sweden and Luxembourg, where adults were as likely as youth to be engaged in nascent entrepreneurship activities.

The nascent entrepreneurship rate for youth in OECD countries<sup>1</sup> was 6.6% between 2012 and 2016, which was approximately equal to the overall nascent entrepreneurship rate (6.1%). The nascent rate for youth ranged from 1.1% in Korea to 14.4% in Chile.

Figure 3.5. **Nascent entrepreneurship rate for youth, 2012-16**

Percentage of population

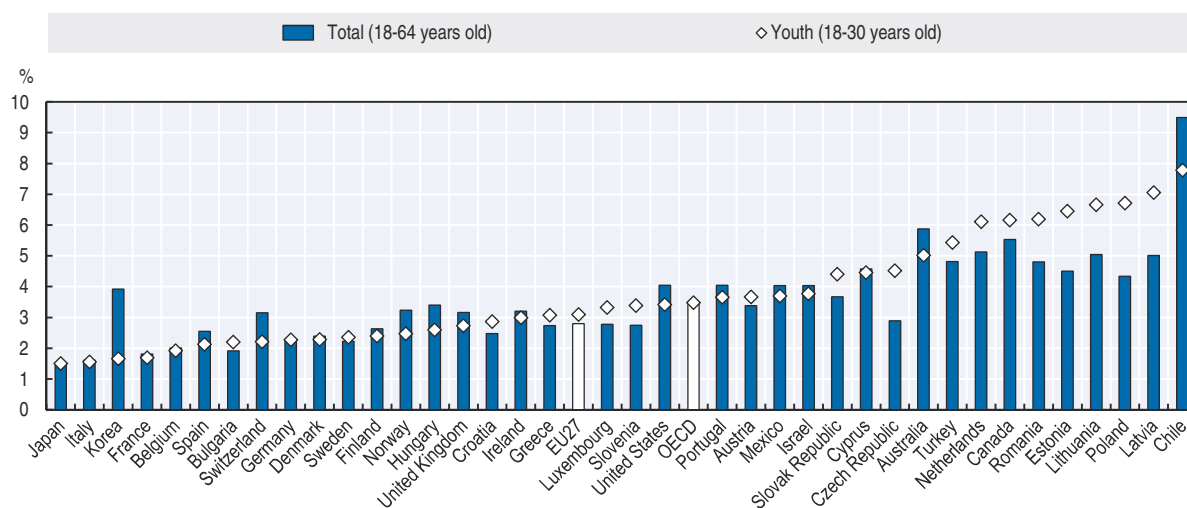


Notes: 1. All European Union Member States participated in the GEM survey at least once during the 2012-16 period except for Malta. 2. All OECD countries participated in the GEM survey at least once during this period except for Iceland and New Zealand. 3. Data presented in this figure were pooled over the 2012-16 period. A number of countries did not participate in the GEM surveys in every year but were included in the figure: Australia (participated in 2014, 2015, 2016); Austria (2012, 2014, 2016); Belgium (2012, 2013, 2014, 2015); Bulgaria (2015, 2016); Cyprus (2016); Czech Republic (2013); Denmark (2012, 2014); France (2012, 2013, 2014, 2016); Israel (2012, 2013, 2015, 2016); Japan (2012, 2013, 2014); Korea (2012, 2013, 2015, 2016); Latvia (2012, 2013, 2014); Lithuania (2012, 2013, 2014); Luxembourg (2013, 2014, 2015, 2016); Norway (2012, 2013, 2014, 2015, 2017); Romania (2012, 2013, 2014, 2015); and Turkey (2012, 2013, 2016). 4. The nascent entrepreneurship rate is defined as the proportion of the adult population (age 18 to 64) that are actively involved in setting up a business they will own or co-own; this business has not paid salaries, wages or any other payments to the owners for more than three months. Source: Global Entrepreneurship Monitor (GEM) (2017), Special tabulations of the 2012-16 adult population surveys from the Global Entrepreneurship Monitor.

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The second phase of entrepreneurship activities in the GEM framework is new business ownership. This indicator measures the proportion of the population (18-64 years old) that is currently an owner-manager of a new business that has paid salaries, wages or any other payments to the owners for more than three months, but not more than 42 months. There was little difference between youth and adults according to this measure in the European Union over the 2012-16 period (Figure 3.6). The proportion of adults and youth who were new business owners over this period was approximately 3% in both the European Union and OECD countries. However, this measure does vary across countries. The new business ownership rate for youth was less than 2% in Italy, France and Belgium, and it was greater than 6% in the Netherlands, Romania, Estonia, Lithuania, Poland and Latvia. Outside of the EU, the rate was the highest in Chile (7.8%). The gap between the new business ownership rate for youth and adults was quite small in the vast majority of countries. The difference was the largest in Estonia (2.0 percentage points), Latvia (2.0 percentage points) and Poland (2.4 percentage points), where the rate for youth exceeded the rate for adults.

Figure 3.6. **New business ownership rate for youth, 2012-16**  
Percentage of population



Notes: 1. All European Union Member States participated in the GEM survey at least once during the 2012-16 period except for Malta. 2. All OECD countries participated in the GEM survey at least once during this period except for Iceland and New Zealand. 3. Data presented in this figure were pooled over the 2012-16 period. A number of countries did not participate in the GEM surveys in every year but were included in the figure: Australia (participated in 2014, 2015, 2016); Austria (2012, 2014, 2016); Belgium (2012, 2013, 2014, 2015); Bulgaria (2015, 2016); Cyprus (2016); Czech Republic (2013); Denmark (2012, 2014); France (2012, 2013, 2014, 2016); Israel (2012, 2013, 2015, 2016); Japan (2012, 2013, 2014); Korea (2012, 2013, 2015, 2016); Lithuania (2012, 2013, 2014); Luxembourg (2013, 2014, 2015, 2016); Norway (2012, 2013, 2014, 2015, 2017); Romania (2012, 2013, 2014, 2015); and Turkey (2012, 2013, 2016). 4. The new business ownership rate measures the proportion of the population (18-64 years old) that is currently an owner-manager of a new business that has paid salaries, wages or any other payments to the owners for more than three months, but not more than 42 months.

Source: Global Entrepreneurship Monitor (GEM) (2017), Special tabulations of the 2012-16 adult population surveys from the Global Entrepreneurship Monitor.

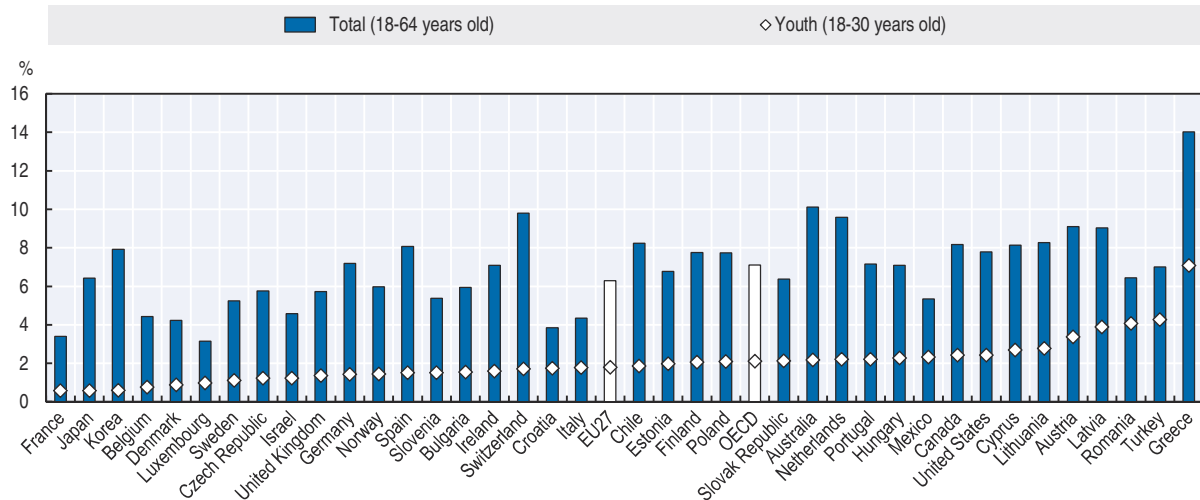
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The third phase of entrepreneurship activities in the GEM model is the established business ownership rate, which is defined as the proportion of the adult population that are currently owner-managers of an established business that has paid salaries, wages or any other payments to the owners for more than 42 months. Over the 2012-16 period, 1.8% of youth in the European Union were established business owners (Figure 3.7). This proportion was one-quarter of the proportion of adults who were established business




owners (6.3%). Similarly, in OECD countries the proportions were 2.1% for youth and 7.1% for adults. For youth, the established business ownership rate ranged from 0.6% in France to 7.1% in Greece. The gap between the proportion of youth and adults who were established business owners was the greatest in France, where adults were nearly six times more likely than youth to be established business owners. It was the smallest in Romania where adults were 1.6 times more likely than youth.

**Figure 3.7. Established business ownership rate for youth, 2012-16**  
Percentage of population



Notes: 1. All European Union Member States participated in the GEM survey at least once during the 2012-16 period except for Malta. 2. All OECD countries participated in the GEM survey at least once during this period except for Iceland and New Zealand. 3. Data presented in this figure were pooled over the 2012-16 period. A number of countries did not participate in the GEM surveys in every year but were included in the figure: Australia (participated in 2014, 2015, 2016); Austria (2012, 2014, 2016); Belgium (2012, 2013, 2014, 2015); Bulgaria (2015, 2016); Cyprus (2016); Czech Republic (2013); Denmark (2012, 2014); France (2012, 2013, 2014, 2016); Israel (2012, 2013, 2015, 2016); Japan (2012, 2013, 2014); Korea (2012, 2013, 2015, 2016); Latvia (2012, 2013, 2014); Lithuania (2012, 2013, 2014); Luxembourg (2013, 2014, 2015, 2016); Norway (2012, 2013, 2014, 2015, 2017); Romania (2012, 2013, 2014, 2015); and Turkey (2012, 2013, 2016). 4. The established business ownership rate is defined as the proportion of the adult population that are currently owner-managers of an established business that has paid salaries, wages or any other payments to the owners for more than 42 months.

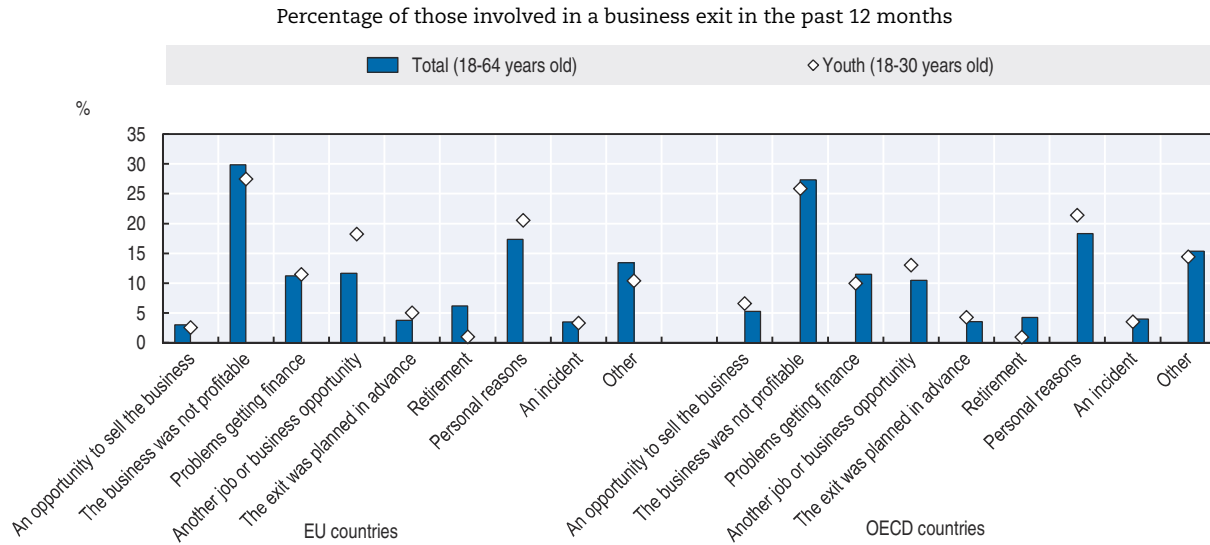
Source: Global Entrepreneurship Monitor (GEM) (2017), Special tabulations of the 2012-16 adult population surveys from the Global Entrepreneurship Monitor.

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The final stage of entrepreneurship is business discontinuation, or exit. There is a wide range of reasons why an entrepreneur would cease their business' activities. Some reasons are positive (e.g. they sold it), while others are negative (e.g. the business was not profitable). The reasons that youth in the European Union and OECD countries discontinued their businesses over the 2012-16 period are presented in Figure 3.8. In the European Union, the most frequently cited reason by youth for discontinuing a business was that it was not profitable (27.5%). This was also the most frequently reported reason for adults (29.8%). The second and third most cited reasons for youth were "personal reasons" (20.6%) and "another job or business opportunity" (18.2%). These proportions were nearly identical across OECD countries.

The frequency of the various reasons for business discontinuation varies greatly across countries. For example, the proportion of youth who discontinued their business citing that it was not profitable was very high in some countries such as Austria (72.8%) and Cyprus (56.6%) but very low in others, including Bulgaria (5.1%), Germany (7.0%) and Spain (7.9%).

Figure 3.8. **Reasons for business exit cited by youth entrepreneurs in European Union and OECD countries, 2012-16**



Notes: 1. All European Union Member States participated in the GEM survey at least once during the 2012-16 period except for Malta. 2. All OECD countries participated in the GEM survey at least once during this period except for Iceland and New Zealand. 3. Data presented in this figure were pooled over the 2012-16 period. A number of countries did not participate in the GEM surveys in every year but were included in the figure: Australia (participated in 2014, 2015, 2016); Austria (2012, 2014, 2016); Belgium (2012, 2013, 2014, 2015); Bulgaria (2015, 2016); Cyprus (2016); Czech Republic (2013); Denmark (2012, 2014); France (2012, 2013, 2014, 2016); Israel (2012, 2013, 2015, 2016); Japan (2012, 2013, 2014); Korea (2012, 2013, 2015, 2016); Latvia (2012, 2013, 2014); Lithuania (2012, 2013, 2014); Luxembourg (2013, 2014, 2015, 2016); Norway (2012, 2013, 2014, 2015, 2017); Romania (2012, 2013, 2014, 2015); and Turkey (2012, 2013, 2016).

Source: Global Entrepreneurship Monitor (GEM) (2017), Special tabulations of the 2012-16 adult population surveys from the Global Entrepreneurship Monitor.

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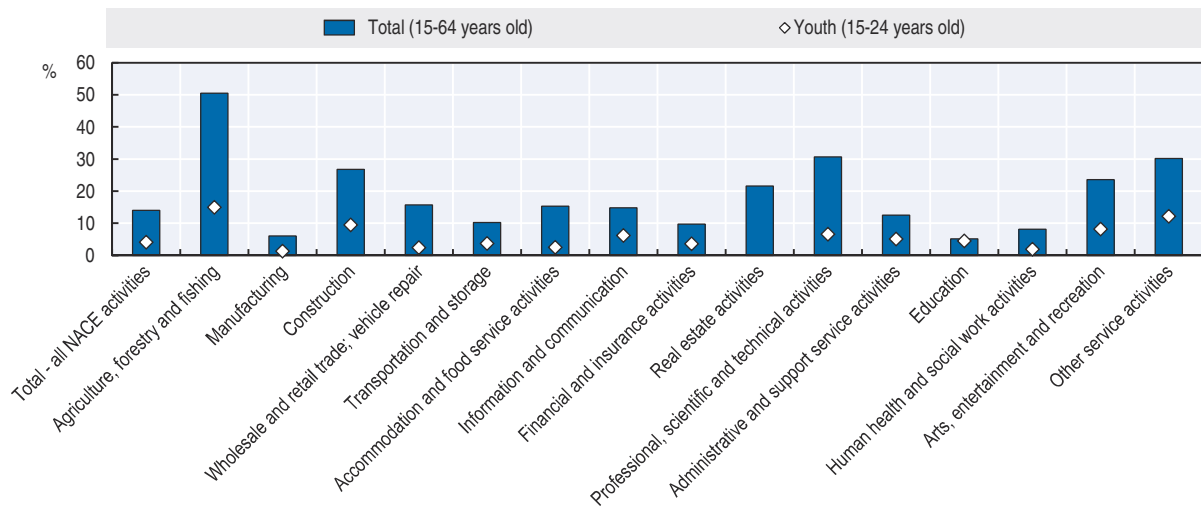
### Business activities by youth entrepreneurs and self-employed youth

- Self-employment rates for youth (15-24 years old) were lower than the rates for adults in almost all industries.
- Between 2012 and 2016, youth (18-30 years old) who were involved in setting up a business were slightly more likely than adults to be doing so in a team of three or more. This was true in both the European Union (21.4% vs. 18.9% for adults) and OECD countries (22.9% vs. 19.8% for adults).
- In EU Member States and OECD countries youth entrepreneurs (18-30 years old) were approximately as likely as adults to offer new products and services to potential customers in the period 2012-16, and were also as likely to expect to create at least 19 new jobs over the next five years. However, variation across countries is substantial.

The self-employment rate for youth in the European Union is presented by industry in Figure 3.9 for 2016. Youth (15-24 years old) were less likely to be self-employed than adults in almost all industries. In 2016, the self-employment rates for youth were the lowest in Manufacturing (1.3%), Human health and social work activities (1.9%), Wholesale and retail trade; repair of motor vehicles and motorcycles (2.4%) and Accommodation and food service activities (2.5%).


Youth (18-30 years old) were slightly more likely than adults to be involved in entrepreneurial teams when starting their business. Over the 2012-16 period, 21.4% of

Figure 3.9. **Self-employment rate for youth by industry in the European Union, 2016**  
Self-employed as a percentage of employment



Note: Data for activities in which less than 0.5% of all self-employed are active are not shown.

Source: Eurostat (2017), Labour Force Survey, available at: <http://ec.europa.eu/eurostat/web/lfs/data/database>.

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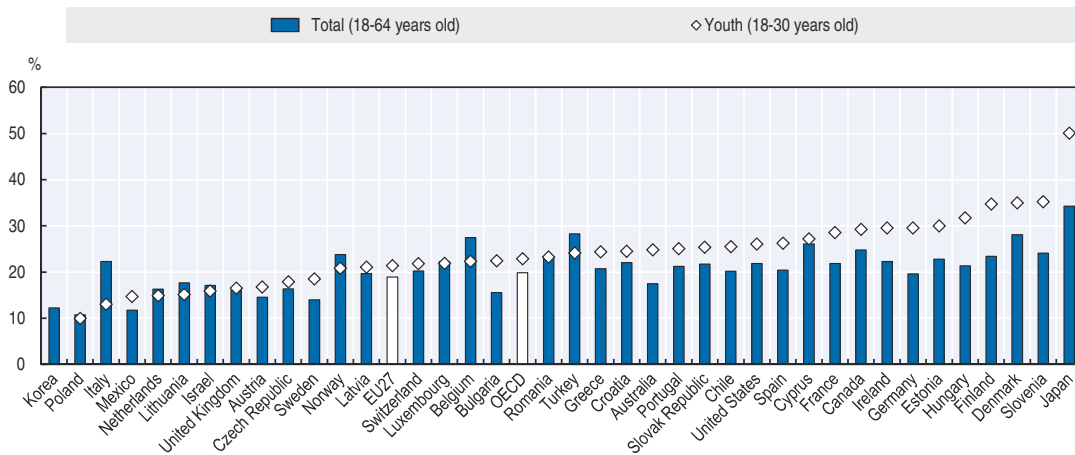
youth in the European Union and 22.9% of youth in OECD countries were in the process of starting a business within a group of three or more entrepreneurs (Figure 3.10). This was above the proportion of adults over this period (18.9% for the European Union and 19.8% in OECD countries). Across European Union Member States, more than one-third of youth nascent entrepreneurs were working in a team of three or more in Finland (34.7%), Denmark (35.0%) and Slovenia (35.2%). This proportion was even higher in Japan (50.1%). Conversely, fewer than 15% of youth who were starting a business over this period were working in teams in Poland (10.0%), Italy (13.0%) and the Netherlands (14.9%).

Figure 3.11 presents the proportion of youth entrepreneurs that offered products or services that were new to potential customers over the 2012-16 period. In the European Union, youth entrepreneurs (18-30 years old) were as likely as adult entrepreneurs to offer new products and services (approximately 30%). This proportion varied across Member States but the gap between youth and adults was almost always very small. The gap was the greatest in Slovenia (7.4 percentage points), Portugal (6.6 percentage points), Denmark (+6.2 percentage points) and Poland (6.0 percentage points).

Similarly, 33.5% of youth in OECD countries offered new products and services, which was approximately equal to the proportion of adults who did (31.1%). For youth, this proportion ranged from 15.6% in Norway to 60.5% in Chile.

Over the 2012-16 period, youth entrepreneurs were slightly more likely than adult entrepreneurs to report that they expected their business to create a substantial number of jobs in the medium-term (Figure 3.12). In the European Union, 11.1% of youth reported that they expected their businesses to generate at least 19 new jobs over the next five years, against 10.0% of adults. Although this growth threshold is quite high, more than one in five youth entrepreneurs in Latvia (20.4%) expected to meet this threshold. Conversely, no youth entrepreneurs in Bulgaria expected to reach this level of job creation over this period and only 2.7% of youth entrepreneurs in Greece did.

Figure 3.10. Proportion of new youth entrepreneurs who operate in teams, 2012-16

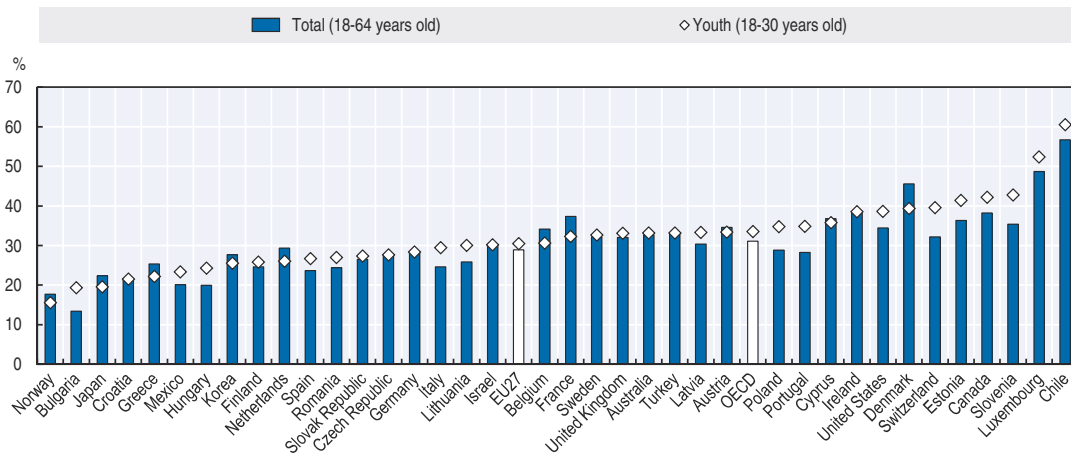


Notes: 1. All European Union Member States participated in the GEM survey at least once during the 2012-16 period except for Malta. 2. All OECD countries participated in the GEM survey at least once during this period except for Iceland and New Zealand. 3. Data presented in this figure were pooled over the 2012-16 period. A number of countries did not participate in the GEM surveys in every year but were included in the figure: Australia (participated in 2014, 2015, 2016); Austria (2012, 2014, 2016); Belgium (2012, 2013, 2014, 2015); Bulgaria (2015, 2016); Cyprus (2016); Czech Republic (2013); Denmark (2012, 2014); France (2012, 2013, 2014, 2016); Israel (2012, 2013, 2015, 2016); Japan (2012, 2013, 2015, 2016); Korea (2012, 2013, 2014, 2015, 2016); Latvia (2012, 2013, 2014); Lithuania (2012, 2013, 2014); Luxembourg (2013, 2014, 2015, 2016); Norway (2012, 2013, 2014, 2015, 2017); Romania (2012, 2013, 2014, 2015); and Turkey (2012, 2013, 2016). 4. Nascent entrepreneurs are those that are actively involved in setting up a business they will own or co-own; this business has not paid salaries, wages or any other payments to the owners for more than three months. Source: Global Entrepreneurship Monitor (GEM) (2017), Special tabulations of the 2012-16 adult population surveys from the Global Entrepreneurship Monitor.

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Figure 3.11. Proportion of new youth entrepreneurs who introduced new products and services, 2012-16

“Do all, some, or none of your potential customers consider this product or service new and unfamiliar?”  
Percentage of early-stage entrepreneurs who responded “yes”



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Source: Global Entrepreneurship Monitor (GEM) (2017), Special tabulations of the 2012-16 adult population surveys from the Global Entrepreneurship Monitor.

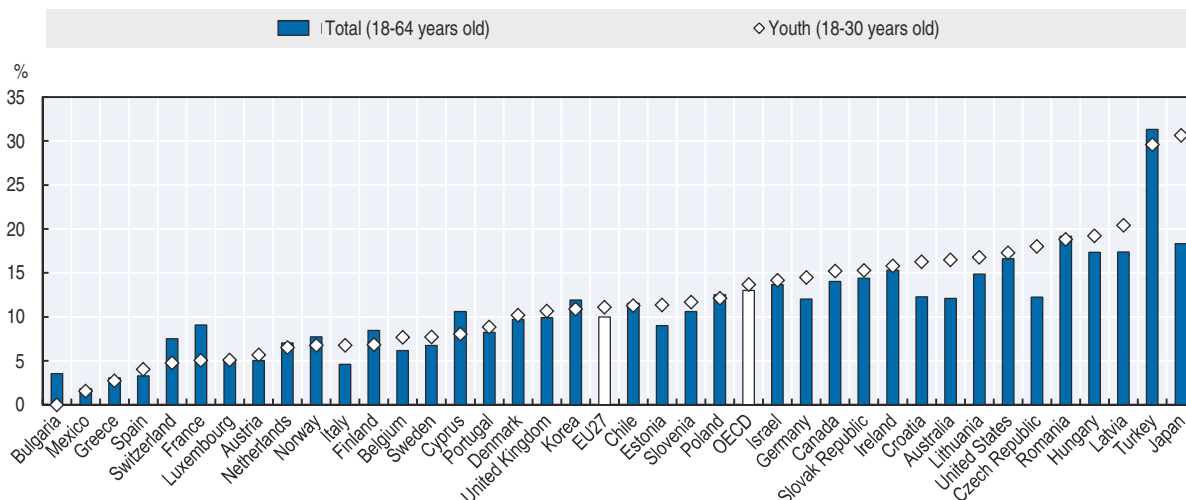
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Youth were slightly more likely to expect high employment growth in OECD countries. Approximately 13% of new youth entrepreneurs expected to create 19 new jobs over the next five years over this period, which was equal to the proportion of adults. Youth entrepreneurs were the most likely to expect this level of growth in Turkey (29.6%) and Japan (30.6%).

Figure 3.12. **Growth expectations among new youth entrepreneurs, 2012-16**

“Not counting owners, how many people, including both present and future employees, will be working for this business five years from now? Please include all exclusive subcontractors, meaning people or firms working only for this business, and not working for others as well.”

Percentage of early-stage entrepreneurs who indicated at least 19 new jobs would be created over the next five years



Notes: 1. All European Union Member States participated in the GEM survey at least once during the 2012-16 period except for Malta. 2. All OECD countries participated in the GEM survey at least once during this period except for Iceland and New Zealand. 3. Data presented in this figure were pooled over the 2012-16 period. A number of countries did not participate in the GEM surveys in every year but were included in the figure: Australia (participated in 2014, 2015, 2016); Austria (2012, 2014, 2016); Belgium (2012, 2013, 2014, 2015); Bulgaria (2015, 2016); Cyprus (2016); Czech Republic (2013); Denmark (2012, 2014); France (2012, 2013, 2014, 2016); Israel (2012, 2013, 2015, 2016); Japan (2012, 2013, 2014); Korea (2012, 2013, 2015, 2016); Latvia (2012, 2013, 2014); Lithuania (2012, 2013, 2014); Luxembourg (2013, 2014, 2015, 2016); Norway (2012, 2013, 2014, 2015, 2017); Romania (2012, 2013, 2014, 2015); and Turkey (2012, 2013, 2016). 4. Early-stage entrepreneurs are those who are in the process of setting up a new business and those who operate a business that is less than 42 months old.

Source: Global Entrepreneurship Monitor (GEM) (2017), Special tabulations of the 2012-16 adult population surveys from the Global Entrepreneurship Monitor.

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## Barriers to business creation for youth

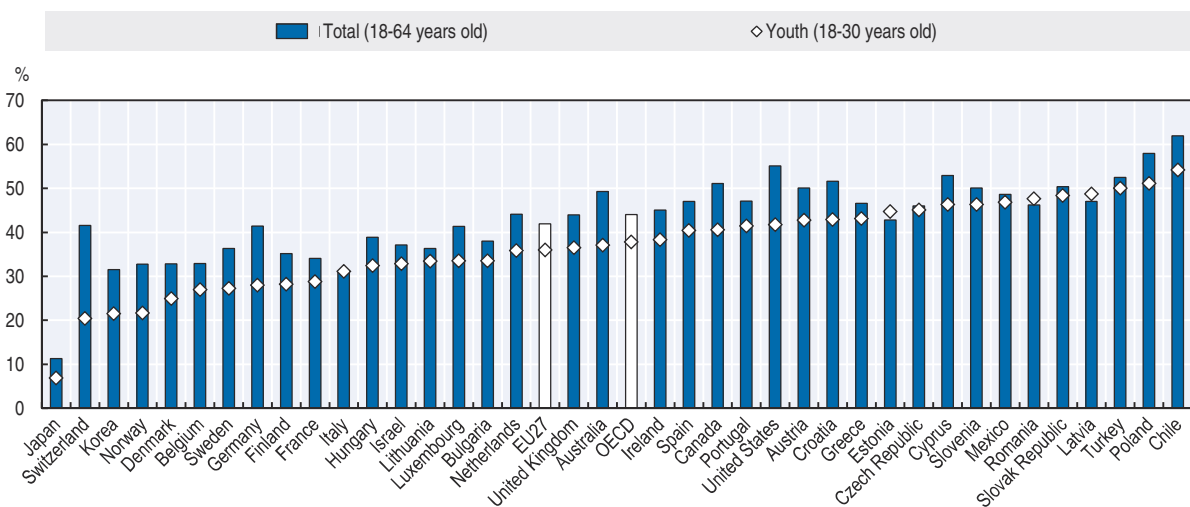
- Youth (18-30 years old) were less likely than adults between 2012 and 2016 to feel that they had the knowledge and skills for entrepreneurship in the European Union (36.0% vs. 41.9% for adults) and across OECD countries (37.8% vs. 44.1% for adults). In other words, approximately two-thirds of youth view entrepreneurship skills as a barrier to business creation.
- Nearly half of young people in the European Union viewed fear of failure as a barrier to entrepreneurship over the 2012-16 period (46.6%). This proportion was above the proportion for OECD countries (39.6%).

Entrepreneurship skills is one of the most frequently cited barriers to successful business creation and it is often a particular challenge for youth since they have had little time to acquire skills in the labour market, either in employment or self-employment. Over the 2012-16 period, youth (18-30 years old) in the European Union were less likely than the

overall population to report that they had the skills and knowledge to start a business (36.0% vs. 41.9% of adults) (Figure 3.13). Youth appear to be the most likely to be confident in their entrepreneurship knowledge and skills in Poland, where more than half of youth reported that they had the skills and experience to start a business (51.1%). This is more than double the percentage of youth in Denmark who felt the same (24.9%). With two-thirds of youth in the European Union suggesting that a lack of entrepreneurship skills is a barrier to business creation, there is clearly room for policy makers to introduce and improve the quality of entrepreneurship education offered in formal education and to improve the quality of entrepreneurship training offered outside of education.


Figure 3.13. **Entrepreneurship skills as a barrier to business creation for youth, 2012-16**

“Do you have the knowledge and skills to start a business?”  
Percentage of population who responded “yes”



Notes: 1. All European Union Member States participated in the GEM survey at least once during the 2012-16 period except for Malta. 2. All OECD countries participated in the GEM survey at least once during this period except for Iceland and New Zealand. 3. Data presented in this figure were pooled over the 2012-16 period. A number of countries did not participate in the GEM surveys in every year but were included in the figure: Australia (participated in 2014, 2015, 2016); Austria (2012, 2014, 2016); Belgium (2012, 2013, 2014, 2015); Bulgaria (2015, 2016); Cyprus (2016); Czech Republic (2013); Denmark (2012, 2014); France (2012, 2013, 2014, 2016); Israel (2012, 2013, 2015, 2016); Japan (2012, 2013, 2014); Korea (2012, 2013, 2015, 2016); Latvia (2012, 2013, 2014); Lithuania (2012, 2013, 2014); Luxembourg (2013, 2014, 2015, 2016); Norway (2012, 2013, 2014, 2015, 2017); Romania (2012, 2013, 2014, 2015); and Turkey (2012, 2013, 2016).

Source: Global Entrepreneurship Monitor (GEM) (2017), Special tabulations of the 2012-16 adult population surveys from the Global Entrepreneurship Monitor.

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Another important barrier for youth entrepreneurs is a fear of failure. Over the 2012-16 period, 46.6% of youth in the European Union reported that a fear of failure stopped them from starting a business (Figure 3.14). This was equivalent to the proportion of adults who reported this barrier (47.8%). Between 40% and 50% of youth in most European Union Member States reported this barrier. The exceptions were Slovenia (36.7%), Bulgaria (38.3%) and the United Kingdom (39.3%), as well as Luxembourg (51.9%), Cyprus (54.7%), Poland (57.3%), Italy (57.9%) and Greece (68.5%).

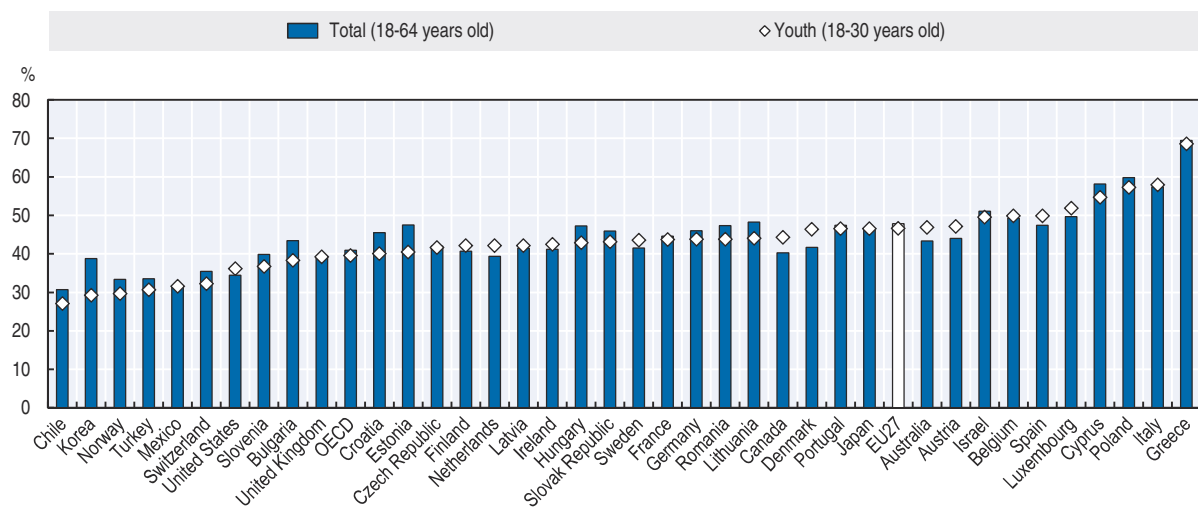
The proportion of youth who reported a fear of failure was lower among OECD countries over this period (39.6%) than in the European Union. There was no difference compared with the proportion of adults who reported this barrier. The OECD countries where youth were the least likely to report a fear of failure over this period were Chile (27.1%), Korea (29.3%) and Norway (29.7%).



Figure 3.14. **Fear of failure as a barrier to business creation for youth, 2012-16**


"Does a fear of failure prevent you from starting a business?"

Percentage of population who responded "yes"



Notes: 1. All European Union Member States participated in the GEM survey at least once during the 2012-16 period except for Malta. 2. All OECD countries participated in the GEM survey at least once during this period except for Iceland and New Zealand. 3. Data presented in this figure were pooled over the 2012-16 period. A number of countries did not participate in the GEM surveys in every year but were included in the figure: Australia (participated in 2014, 2015, 2016); Austria (2012, 2014, 2016); Belgium (2012, 2013, 2014, 2015); Bulgaria (2015, 2016); Cyprus (2016); Czech Republic (2013); Denmark (2012, 2014); France (2012, 2013, 2014, 2016); Israel (2012, 2013, 2015, 2016); Japan (2012, 2013, 2014); Korea (2012, 2013, 2015, 2016); Latvia (2012, 2013, 2014); Lithuania (2012, 2013, 2014); Luxembourg (2013, 2014, 2015, 2016); Norway (2012, 2013, 2014, 2015, 2017); Romania (2012, 2013, 2014, 2015); and Turkey (2012, 2013, 2016).

Source: Global Entrepreneurship Monitor (GEM) (2017), Special tabulations of the 2012-16 adult population surveys from the Global Entrepreneurship Monitor.

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## Conclusions

Overall, youth express a great interest in entrepreneurship with some surveys suggesting that almost half of youth would prefer to work in self-employment rather than employment. However, few youth become self-employed. It is clear that youth face many barriers, including a lack of entrepreneurship skills. Other key barriers include a lack of entrepreneurship role models, little entrepreneurship and work experience, few financial resources, limited business networks and market barriers such as low credibility with potential customers (OECD/EC, 2012). Common public policy responses to these barriers include entrepreneurship training, grants and loans for business start-up, coaching and mentoring and support in network building. It is also important for public policy to go beyond helping youth start businesses by helping them develop and grow their businesses. Many youth indicate that their businesses introduced new products and services to their customers and that they sell to customers in other countries. It is important to help these youth exploit these opportunities to maximise the economic impact of their businesses.

For further policy discussion on youth entrepreneurship and related policy actions, please refer to OECD/EU (2012).

### **Note**

1. The OECD has 35 member economies: Australia, Austria, Belgium, Canada, Chile, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Korea, Latvia, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Poland, Portugal, the Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Turkey, the United Kingdom and the United States.

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**From:**  
**The Missing Entrepreneurs 2017**  
Policies for Inclusive Entrepreneurship

**Access the complete publication at:**  
<https://doi.org/10.1787/9789264283602-en>

**Please cite this chapter as:**

OECD/European Union (2017), "Youth self-employment and entrepreneurship activities", in *The Missing Entrepreneurs 2017: Policies for Inclusive Entrepreneurship*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/9789264283602-8-en>

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