

# 4 Youth self-employment and entrepreneurship activities

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Nearly half of young people indicate that they would prefer to be an entrepreneur relative to working as an employees and more than 40% of university students report that they plan to become entrepreneurs within five years of their graduation. Despite this high level of interest in entrepreneurship, very few young people are working on start-ups. This gap is due to a number of important barriers such as a lack of experience and skills, low levels of collateral and savings and under-developed professional networks. Nonetheless, start-up rates among youth are high in some countries such as Estonia and Latvia. This chapter presents data on self-employment and entrepreneurship activities by youth, including self-employment rates, the proportion involved in starting a business and the characteristics of these activities. Data are presented for European Union Member States and OECD countries along with the averages for the European Union and the OECD.

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## Key messages

- **The data presented in this chapter are based on Eurostat Labour Force Survey data covering the self-employed and Global Entrepreneurship Monitor data on pre start-up and early-stage business activities.** These data are complemented with country-specific statistics to provide additional insights on youth entrepreneurship.
- **Estimates suggest that about 40% to 45% of young people have an interest in pursuing entrepreneurship but few youth are self-employed or activity working on a business start-up.** This suggests that there continues to be untapped entrepreneurial potential among youth. If young people (18-30 years old) were as active as core-age men (30-49 years old), there would be an additional 1 million youth entrepreneurs in the European Union (EU). Youth account for 11% of the “missing” entrepreneurs in the EU.
- **Youth (20-29 years old) self-employment rates have been stable in the EU for the past 20 years at about 7%, but there have been some changes in the characteristics of these activities.** One of the most significant trends has been a steady decline by 4 percentage points in the share of self-employed youth who employ others since 2004. In addition, after a steady increase in the share of self-employed youth with a tertiary education, the proportion has stabilised at 35% since 2018.
- **Fewer than 5% of youth (18-30 years old) in the EU are involved in early-stage entrepreneurship.** Nearly 5% of youth (18-30 years old) were actively working on setting up a business between 2016 and 2020 compared to 4% of the overall population. Youth in OECD countries were slightly more active in business creation over this period (8%), likely due higher levels of business churn in North America and greater levels of informal entrepreneurship in countries such as Chile, Colombia and Mexico.
- **Youth face a number of key barriers to business creation, including a lack of entrepreneurship skills.** Youth (18-30 years old) in the EU were slightly less likely than adults to self-report that they had the knowledge and skills for entrepreneurship over the 2016-20 period (38% vs. 44% for adults). A similar result was found in OECD economies over the same period (44% vs. 49% for adults).
- **Those who are successful in starting a business are optimistic about their job creation potential.** About 11% of early-stage youth entrepreneurs in the EU during the period 2016-20 expected to create at least 19 jobs over the next three years, which was slightly above the overall rate (9%). These rates were below the proportion of early-stage entrepreneurs reporting high-growth expectations in OECD countries – 15% for youth and 14% overall. This job creation is likely driven by a greater likelihood of pursuing growth-oriented strategies such as exporting – 56% of early-stage youth entrepreneurs in the EU reported having customers in other countries relative to 47% of all early-stage entrepreneurs – but young people are also more likely to be overly optimistic about growth potential due to a lack of experience.
- **Youth unemployment has increased rapidly during the COVID-19 pandemic and entrepreneurship policy can be part of the policy response.** Youth entrepreneurship schemes were boosted following the financial crisis in 2008-09 and governments across the EU and OECD membership have strengthened investments in entrepreneurship schemes for youth. Within the EU, Member States can access greater amounts of financial support for youth entrepreneurship schemes through renewed investments in the Youth Employment Initiative.

## Policy context

### ***COVID-19 has made entry into the labour market even more difficult for young people***

The COVID-19 pandemic has had a negative impact on many young people since they have had difficulties getting the best out of their education and finding jobs in a labour market with increasing unemployment. Youth unemployment has increased more rapidly during the onset of the pandemic than unemployment overall, and many young people withdrew from the labour force or extended their studies since there are few job opportunities. About 19% of youth were unemployed in the European Union (EU) in 2021Q1 but this share was as high as 38% in Spain. Addressing youth unemployment has therefore become a policy priority much like it did following the financial crisis of 2008-09 when the youth unemployment rate reached more than 50% in Spain (55%) and Greece (53%) in 2012 and more than 30% in Croatia (42%), Portugal (38%), Italy (35%), Slovak Republic (34%) and Ireland (31%) (Eurostat, 2021<sup>[1]</sup>). Youth entrepreneurship policies and programmes have demonstrated that they can facilitate access to work for many young people and therefore should be part of the policy response to this unemployment challenge.

Furthermore, young people who are already entrepreneurs faced disproportionate challenges during the pandemic since they operate less established businesses and tend to have more difficulty accessing resources than older entrepreneurs. Older entrepreneurs are more likely than youth entrepreneurs to have experience managing their businesses during downturns and have larger networks and collateral that can be used to access additional financial resources (see Chapter 1 for further discussion of the impact on COVID-19 pandemic on youth entrepreneurship).

### ***The EU's “missing” million youth entrepreneurs***

There is an abundance of evidence to suggest that youth are very interested in entrepreneurship, yet few young people are actively involved in entrepreneurship. Recent data from the Global University Entrepreneurial Spirit Students' Survey (GUESSS) of 208 000 students across 54 countries found that 9% would like to become an entrepreneur immediately after their studies while another 35% plan to be an entrepreneur within the first five years after their studies (Sieger et al., 2018<sup>[2]</sup>). This is consistent with slightly older data from the Flash Eurobarometer survey, which shows that 45% of those surveyed between 15 and 24 years old indicated a preference for self-employment over working as an employee (European Commission, 2012<sup>[3]</sup>). However, very few people under 30 years old are creating businesses. This chapter shows that fewer than 7% of people aged 18 to 29 years old in the EU and 13% in OECD countries were involved in early-stage entrepreneurship, i.e. involved in creating a new business or managing one that is less than 42 months old. These rates are about equal to the overall average in EU and OECD countries. Nonetheless, these early-stage entrepreneurship rates are below those of core-age males (30-49 years old). If youth were as active core-age males in early-stage entrepreneurship, there would be an additional 1 million youth entrepreneurs in the EU. Those 18-30 years old account for 11% of the “missing” entrepreneurs in the EU.

### ***Youth entrepreneurship policy has strengthened over the past decade***

Public policy support for youth entrepreneurship in the EU has developed considerably over the past decade following the financial crisis in 2008-09. EU Member States responded to this youth unemployment crisis with a large range of youth employment measures, including the Youth Guarantee that ensures that all young people under the age of 30 receive a good quality offer of employment, continued education, apprenticeship or traineeship within four months of becoming unemployed or leaving education. This commitment was reinforced in a Council Recommendation of October 2020 (European Commission, 2021<sup>[4]</sup>). The European Commission provides financial support to Member States and regions

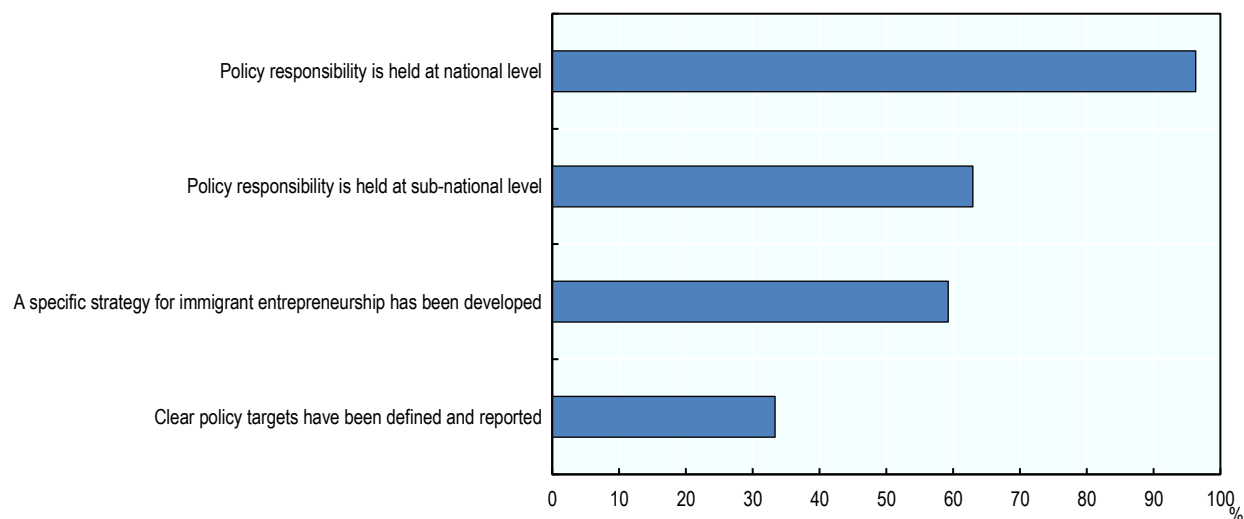
through the Youth Employment Initiative, which is one of the main EU financial resources to support the implementation of Youth Guarantee schemes until 2023. The EU launched it in 2012 to provide support to young people living in regions where youth unemployment was higher than 25%. This financial resource was boosted for 2021-23 along with European Social Fund resources to help young people affected by the COVID-19 pandemic through the additional funding available under the Recovery Assistance for Cohesion and the Territories of Europe (REACT-EU) initiative.

**Youth entrepreneurship policy is quite advanced relative to entrepreneurship support for other inclusive entrepreneurship target groups (e.g. seniors, immigrants) given this investment in youth policies over the past decade.** An OECD assessment of inclusive entrepreneurship policies across EU Member States examined approaches to promoting and supporting inclusive entrepreneurship, including youth entrepreneurship (see Reader's Guide). Only one EU Member State reports that they do not have a clear youth entrepreneurship policy at the national level and nearly two-thirds of Member States have a specific youth entrepreneurship strategy (Figure 4.1). However, only about half of youth entrepreneurship strategies have set clear targets and objectives. There is also strong engagement at the regional level, due in part to the regional management and disbursement of EU Structural Funds as well as the strong linkages with entrepreneurship education, which is often implemented by sub-national governments.

**One clear area for strengthening youth entrepreneurship policies in the EU is to make greater use of monitoring and evaluation tools.** Only about one-third of EU Member States routinely assess youth entrepreneurship policies and schemes despite the strong role of EU Structural Funds in supporting youth entrepreneurship schemes.

**Figure 4.1. Youth entrepreneurship policy benefited from investments following the financial crisis**

Share of EU Member States, 2020



Note: It is possible for countries to have clear policy responsibility at both the national and sub-national levels; these are not mutually exclusive.  
Source: (OECD, 2020<sup>[5]</sup>)

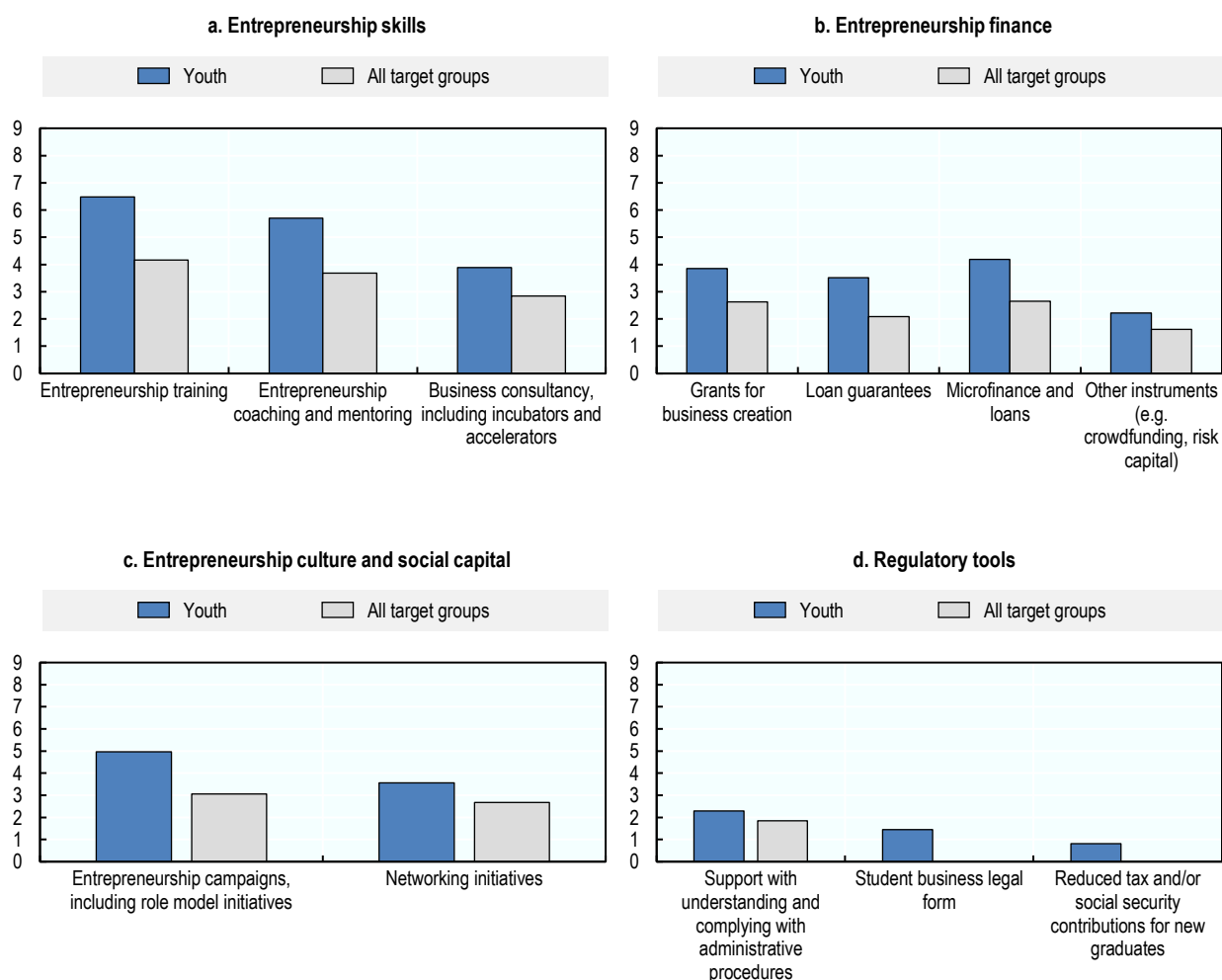
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## Youth entrepreneurship schemes use a wide range of instruments to support business creation

A wide range of schemes are offered for youth entrepreneurs in the EU, covering the main areas of entrepreneurship policy intervention. The OECD inclusive entrepreneurship policy assessments across the EU found that youth entrepreneurship schemes use various instruments to build motivations for entrepreneurship, develop entrepreneurship skills, improve access to finance, expand networks and provide incentives and supports through regulatory instruments. Using the OECD's 9-point assessment criteria (see Reader's Guide), schemes to support youth entrepreneurs appear to be, on average, more comprehensive in terms of the types of instruments used and better integrated into a system of support (Figure 4.2).

Figure 4.2. Youth entrepreneurship schemes widely available and use a range of instruments

Average OECD assessment scores for inclusive entrepreneurship schemes across EU Member States, 2020



Note: The panels in this figure present an unweighted average of policy assessment scores for EU Member States. Each policy instrument (e.g. Entrepreneurship training) is assessed a scored out of 9 as described in the Reader's Guide. The figure shows the average score for schemes for immigrant entrepreneurs relative to the score for all inclusive entrepreneurship groups combined (i.e. women, immigrants, youth, seniors and the unemployed). Some of the policy instruments in panel d are designed specifically for immigrant entrepreneurs so there is no comparative policy assessment score for all inclusive entrepreneurship target groups.

Source: (OECD, 2020<sup>[5]</sup>)

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### *Building entrepreneurship skills*

**Entrepreneurship training, coaching and mentoring schemes are one of the primary methods used by governments to help youth build entrepreneurship skills.** Tailored schemes for young entrepreneurs are available in essentially all Member States, and they typically use dedicated delivery channels (i.e. schemes for youth only), including partnerships with non-government actors who deliver entrepreneurship training and coaching on behalf of governments. Take-up is often very high in youth entrepreneurship training and coaching schemes when investments are made in outreach, and about half of EU Member States indicate that the scale of support offered is appropriate. While the quality of support is highly variable across regions and countries, there is a growing body of evidence that youth entrepreneurship training and coaching schemes can be effective at not only supporting business creation by young people but also help them move into employment (OECD/European Commission, 2020<sup>[6]</sup>). An area where many schemes could be improved is to take further steps to engage young entrepreneurs and youth entrepreneurship organisations and networks in the design of support. This will help to ensure that support is relevant for the barriers that young people face in business creation and that the format of support is attractive and appropriate for youth.

**Tailored business consultancy, including incubator and accelerator programmes, is less frequently offered than entrepreneurship training and coaching in EU Member States but about half of countries report having dedicated schemes for young entrepreneurs.** The lower availability of consultancy schemes for youth entrepreneurs is not surprising since they are designed for young entrepreneurs who are already operating a business, which is a small subset of youth who indicate an interest in entrepreneurship. When consultancy for young entrepreneurs is offered, many Member States indicate that take-up is high and that the scale of support offered is suitable for demand.

### *Facilitating access to start-up finance*

**Microfinance and grants are the most common type of finance scheme offered for youth entrepreneurs.** These types of financial supports for youth entrepreneurs are quite commonly offered together with entrepreneurship training and coaching, which can help increase the chances of the youth entrepreneurs in making effective use of the finance. There are both advantages and disadvantages to using both microfinance and grants to support young entrepreneurs. Grants tend to involve much smaller amounts of money so the main drawback is that grants may not provide sufficient resources to fully develop ideas and plans into sustainable businesses. In addition, grants are not repayable so governments do not recoup these investments and entrepreneurs may be given strong incentives to succeed unless they come with a condition that they must be repaid if the business is not operating for at least a period of time (e.g. two years). Microfinance schemes can have a greater impact since they provide access to larger sums of money and governments can achieve a multiplier effect with funds that are lent, i.e. money that is repaid can be lent to other entrepreneurs. However, these types of schemes are more difficult to setup and manage in practice since they often require private sector partners to manage the loans and select supported projects.

### *Expanding entrepreneurship culture and networks*

**Entrepreneurship is widely promoted to youth, including through entrepreneurship education programmes that are increasingly being introduced in formal education systems in the EU.** A common method used to promote entrepreneurship outside of education is to use entrepreneurship role models to inspire youth and inform them about the role of entrepreneurs. While it is difficult to measure the effectiveness of such actions (e.g. entrepreneurship speakers at community events, entrepreneurship festivals), they are usually low-cost interventions that leverage volunteer mentors and role models. About two-thirds of EU Member States have actions that promote entrepreneurship to youth outside of education.

**Tailored networking actions, either as stand-alone schemes or embedded into integrated packages, are an underused type of support in the EU.** Youth often have less access to resources due to their age and lack of collateral (OECD/European Commission, 2020<sup>[6]</sup>), so entrepreneurship networks can be a way of bridging these deficiencies. However, only about half of Member States have invested in supporting the development of entrepreneurship networks for youth entrepreneurs and take-up does not appear to be strong overall. This suggests that governments could do more to educate young entrepreneurs about the benefits of building entrepreneurship networks.

### *Supporting youth entrepreneurs with regulatory tools*

**Regulatory tools such as temporary tax reductions and relief from social security contributions can also be used to support youth entrepreneurs, but few EU Member States do so.** Only about a handful of EU governments use these types of financial supports, but those that do tend to follow good practice approaches where support is phased-out over a short time period. For example, young entrepreneurs may not be required to make social security contributions during their first year of operation, but half of their contribution in the second year and the full amount starting in their third year of operation. While these types of interventions can provide some financial relief to young entrepreneurs, there are almost no evaluation reports that assess the overall impacts of such measures.

**Another tool that about one-quarter of EU Member States use is a special legal form for businesses operated by youth entrepreneurs.** These include, for example, “student entrepreneur” businesses or “trial” companies that offer advantages to the entrepreneur (e.g. no or very little tax on revenue) provided that the businesses operates within defined revenue thresholds. If the youth entrepreneur exceeds defined thresholds, they must convert the form of their business. These business forms can provide a valuable learning opportunity for youth entrepreneurs since they can gain some experience operating a business without taking on the full risk that is assumed by a typical business start-up.

### *Recent developments in youth entrepreneurship policy*

**As noted at the outset of this chapter, there has been a strong renewal of the commitment to strengthen youth employment and entrepreneurship policy in the wake of the COVID-19 pandemic.** This includes renewed employment policies and action plans in many EU Member States, including for example the Spanish Youth Employment Action Plan 2019-21 (*“plan de choque para el empleo joven”*). It includes 50 measures, including entrepreneurship promotion, with an estimated cost of EUR 667 million for 2020.

**Many Member States are working to improve the business conditions for young entrepreneurs.** Some Member States such as Lithuania are adjusting the tax environment to support young entrepreneurs. This includes, for example, an amendment to the Law No I-442 on Corporate Tax initiated by the Ministry of Economy and Innovation provides greater incentives and flexibility for investments in new start-ups. The corporate tax relief now applies to venture capital and private equity entities that invest in both shares and convertible bonds. Until now, only venture capital and private equity entities that invested 70% of the capital value in equity securities (shares) have benefited from the corporate tax relief. Under the newly adopted legislative amendment, the 70% limit applies to both equity securities and convertible bonds together or if the investment portfolio is formed by only one of these investments. This amendment is expected to encourage increased investment by private and venture capital funds in early-stage start-ups. From the inclusive entrepreneurship perspective, this will mainly influence youth entrepreneurs, who often choose start-up form.

**Governments have continued to invest in entrepreneurship education over the past decade.** For example, the Austrian national action plan for entrepreneurship education was launched in 2020 (*“Map of Entrepreneurship Education”*), which includes three action areas to strengthen entrepreneurship education at all levels of education. It was developed through a co-operation between the Federal Ministry for Digital

and Economic Affairs (BMDW), Federal Ministry of Education, Science and Research (BMBWF), several other ministries such as Federal Ministry of Labour, Family and Youth (BMAFJ), Federal Ministry of Finance (BMF) and the Federal Chancellery. About 65 other stakeholders also had a strong role in developing the plan. Germany is another country that continues to strengthen entrepreneurship education. The main programme to support student entrepreneurs in higher education is EXIST, which is operated by the Federal Ministry for Economic Affairs and Energy (BMWi) with co-funding from the European Social Fund. The new programme EXIST-potentials was launched in 2020 to increase the start-up potential of female students and scientists through role models. It will run until 2024.

**As with most areas of policy delivery, youth entrepreneurship schemes have adjusted to the challenges presented by the COVID-19 pandemic by moving online.** In Italy, for example, the “Yes, I start up” project was transformed from an in-person scheme to a fully online scheme. Launched in 2018 as part of the suite of Youth Guarantee actions, it offers entrepreneurship training and start-up grants to youth who are not in employment, education or training (i.e. NEETs). A new online platform was created in 2020 in response to COVID-19 containment measures that prohibited classroom training and in-person business support. The new platform facilitated remote training, which ensured continuity for those already in the programme and also improved access to supports for those in rural and remote locations. The platform also had some unforeseen benefits, notably improved monitoring of programme participants and the ability to use the platform to facilitate access to emergency support measures for existing entrepreneurs.

## Trends in self-employment by youth

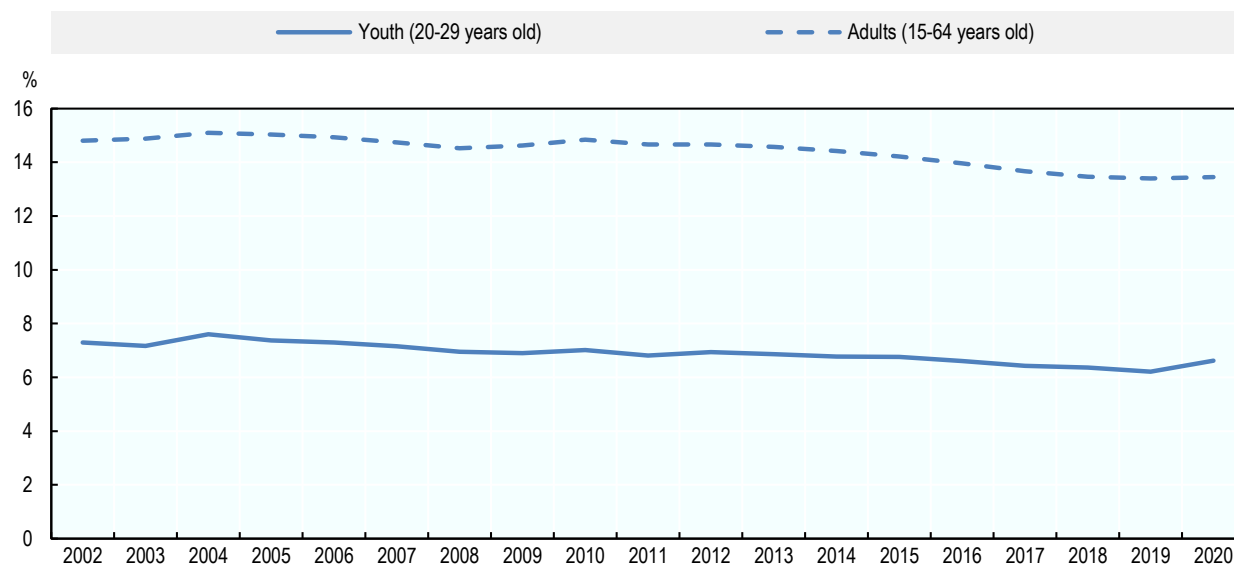
### ***Youth are about half as likely as all adults to be self-employed***

**The self-employment rate for youth in the EU has been relatively stable over the past decade at about half the rate for the overall population.** In 2020, there were about 2 million self-employed youth (20-29 years old) in the EU. This accounted for 7% of working youth (20-29 years old), which was half of the overall share of working people (15-64 years old) that were self-employed (Figure 4.3). Despite a stable self-employment rate, the absolute number of self-employed youth declined from 2.6 million in 2002. This decline is due partly to demographics since many self-employed youth would have grown out of this age category over this period and there are fewer young people in subsequent generations.



**Figure 4.3. About 7% of working youth in the EU are self-employed**

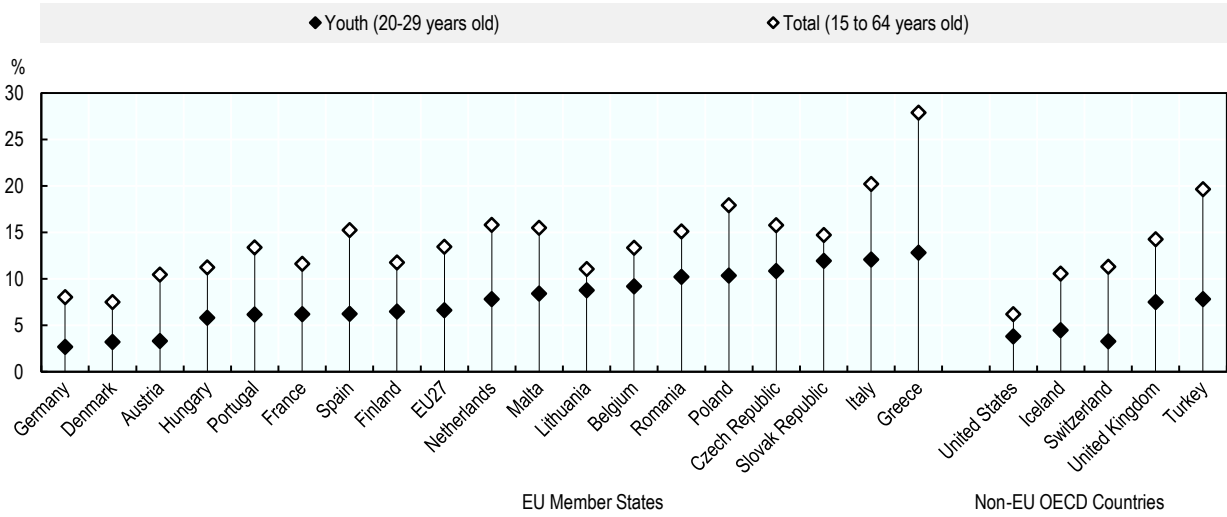
Self-employment as a percentage of employment in the EU

Source: (Eurostat, 2021<sup>[11]</sup>)StatLink  <https://doi.org/10.1787/888934280403>

**Among EU Member States, the share of youth who are self-employed ranged from about 2% in Germany to 13% in Greece.** At least one-in-ten working youth (20-29 years old) was self-employed in six Member States – Romania (10%), Poland (10%), Czech Republic (11%), Italy (12%) and Greece (13%) (Figure 4.4). Conversely, very few youth were self-employed in Germany (2%), Austria (3%) and Denmark (3%). These differences across countries are driven by many factors. First, there is a strong positive correlation (0.8) between the youth self-employment rate and the overall self-employment. Factors that influence self-employment levels include notably labour market conditions for young people entering the labour market and social attitudes towards entrepreneurship and risk. Countries such as Greece and Italy that have had high youth unemployment since the financial crisis (2008-09) also have a youth self-employment rate that is well-above the EU average. For further discussion on the role of youth unemployment influencing youth self-employment in the EU, please see Box 4.1. Conversely, countries such as Austria, France and Germany with strong mechanisms to support school to employment transitions (e.g. internships, work-study contracts) can result in lower levels of interest in business creation since employment is generally preferred (OECD, 2020<sup>[5]</sup>).

**Figure 4.4. Youth self-employment rates tend to be correlated with overall self-employment rates**

Self-employment as a percentage of employment, 2020



Note: Data for the United States only cover unincorporated self-employment activities and youth are considered to be 25 to 34 years old.

Source: (Eurostat, 2021<sup>[1]</sup>; US Bureau of Labor Statistics, 2021<sup>[7]</sup>)

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### Box 4.1. The relationship between youth unemployment and self-employment in the EU

A new study used a linear multiple regression to identify EU Member States with a strong relationship between youth unemployment and youth self-employment (Remeikienė et al., 2020<sup>[81]</sup>). It also sought to determine if this relationship is driven by “push” factors or “pull” factors.

Among EU Member States, a statistically significant relationships between youth unemployment and youth self-employment was found in only seven countries (Table 4.1). In four countries, a medium-strong positive correlation was identified. Thus, the youth unemployment rate in the Czech Republic, Germany, Malta and Sweden tends to increase as the youth self-employment rate increase, suggesting that young people are often “pulled” into self-employment. Conversely, a negative correlation was found in Cyprus, Greece and Italy which suggests that youth are more likely to be “pushed” into self-employment.

The push and pull theories help to identify motivations to become self-employed and can be useful for policy makers in designing and targeting youth entrepreneurship interventions. For instance, the results in Cyprus suggest that a targeted self-employment measure among youth would reduce unemployment, but this is not necessarily the case in other countries where a targeted support measure would not have an effect on the unemployment rate. Push and pull theories are useful tools in analysing existing relationships and adapting policies to address the most relevant issue for reducing youth unemployment considering specific situational factors.

**Table 4.1. Unemployment has both positive and negative influences on youth self-employment**

Country	Pull into self-employment		Push into self-employment	
	rs value	p value	rs value	p value
Czech Republic	0.724	0.012		
Germany	0.627	0.039		
Malta	0.695	0.018		
Sweden	0.706	0.015		
Cyprus			-0.772	0.050
Greece			-0.609	0.047
Italy			-0.618	0.043

Source: (Remeikienė et al., 2020<sup>[81]</sup>)

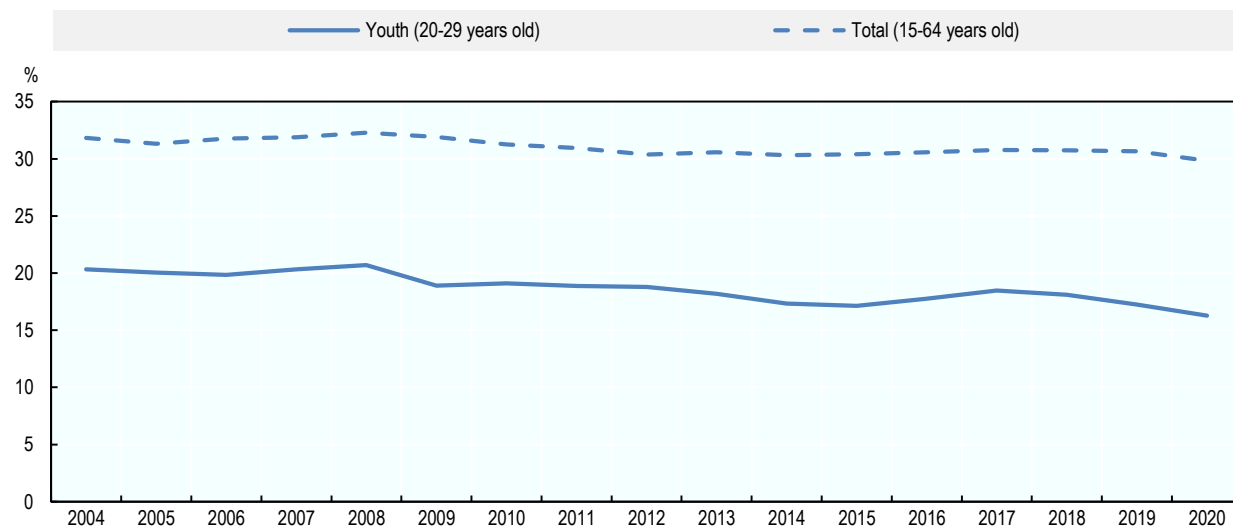
## Characteristics of self-employed youth and their activities

### *Self-employed youth are half as likely to employ others*

**The share of self-employed youth who employ others is declining and at a slightly faster rate than among the total self-employed population.** About 16% of self-employed youth (20-29 years old) in the EU had at least one employee in 2020, which has about half of the share of the total self-employed population (18-64 years old) (Figure 4.5). Both of these proportions have declined since 2004 – the share of self-employed youth who were employers declined from 20% and the overall share from 32%. This decline is likely explained by the changing nature of self-employment, including an increase in part-time self-employment which is nearly always undertaken by those without employees.

**Figure 4.5. One-in-six self-employed youth employ others**

Percentage of self-employed in the European Union



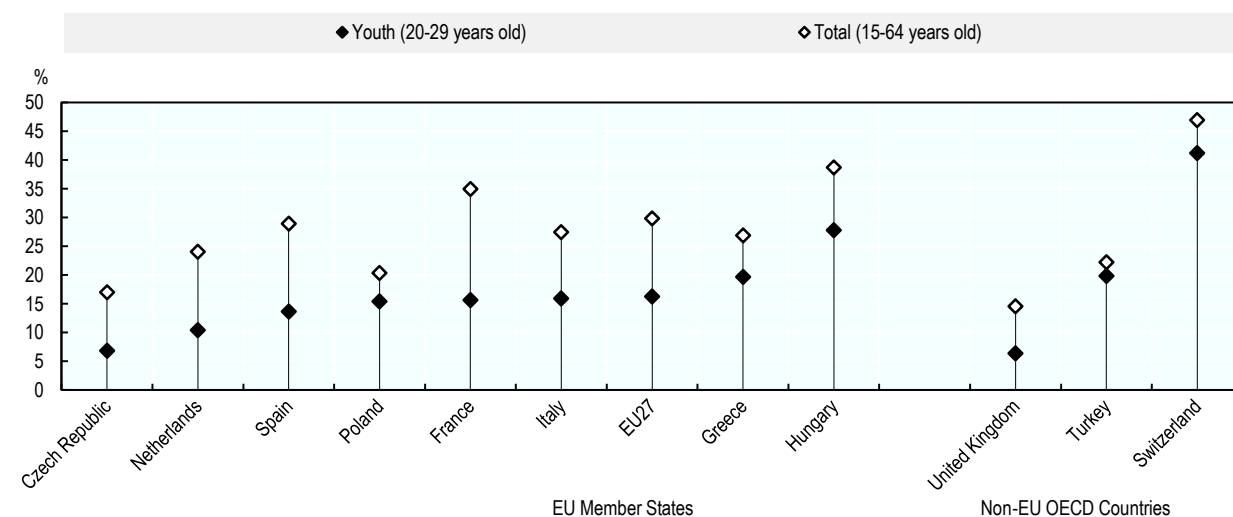
Source: (Eurostat, 2021<sup>[11]</sup>)

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**There was a substantial variation in the share of self-employed youth who had employees across EU Member States in 2020.** The share of self-employed youth (20-29 years old) who were employers range from 7% in the Czech Republic to 28% in Hungary (Figure 4.6). Differences across countries can be explained by several factors, notably the sector and occupation of the self-employment activity.

**Figure 4.6. Less than one-fifth of self-employed youth have employees in nearly all EU Member States**

Percentage of self-employed, 2020



Source: (Eurostat, 2021<sup>[11]</sup>)

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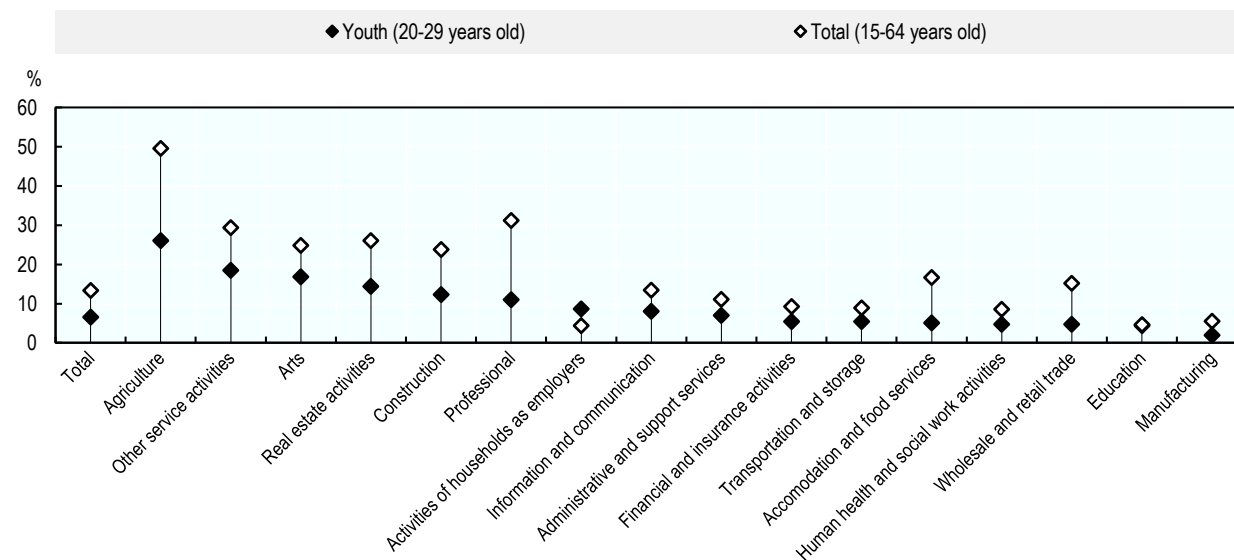
### Self-employed youth are most likely to operate in sectors with low levels of capital intensity...

Youth entrepreneurs tend to have lower levels of resources relative to older people, which often results in a disproportionate share of self-employment activities in sectors that have low barriers to entry. The self-employment rate for youth (20-29 years old) was the highest in the Agriculture sector (26% for youth vs. 50% overall) and Other service activities (19% vs. 29%), which includes personal services (e.g. hairdressing and beauty services), computer repair and more (Figure 4.7). Both of these sectors are characterised by a high share of workers who are self-employed and do not always require substantial investments in equipment unless the self-employed person is undertaking large-scale activities. Youth were less likely than adults to be self-employed in all sectors except for household activities (e.g. babysitters, gardeners, tutors) where they were slightly more likely to be self-employed (9% vs. 4%).

Variations across countries are difficult to report due to the limits of the Labour Force Survey but national research often points to differences in economic structure and education systems. For example, countries with strong vocational systems such as Austria and Germany tend to have a greater concentration of youth self-employment in professional and technical sectors. Other countries with strong agricultural sectors such as France and Italy tend to have higher rates of youth self-employment in agriculture. Moreover, several eastern EU Member States have had a rapid growth in technology sectors due to education investments and low living costs that attract multinational IT companies. In Romania, for example, young entrepreneurs and self-employed people have been moving into technology sectors due to a growing preference for flexible work in technology fields (Davidescu and Ghinararu, 2015<sup>[9]</sup>) and new types of business forms such as authorised licensed individual professionals (“*persoana fizica autorizata*”) (Ghinararu, Pasnicu and Ciobanu, 2020<sup>[10]</sup>).

Figure 4.7. Youth are more likely than adults to be self-employed in household activities

Self-employment as a percentage of employment in the EU, 2020



Note: The water supply and sewerage sector and electricity sector not presented in the figure due to the low self-employment rate in these sectors.

Source: (Eurostat, 2021<sup>[11]</sup>)

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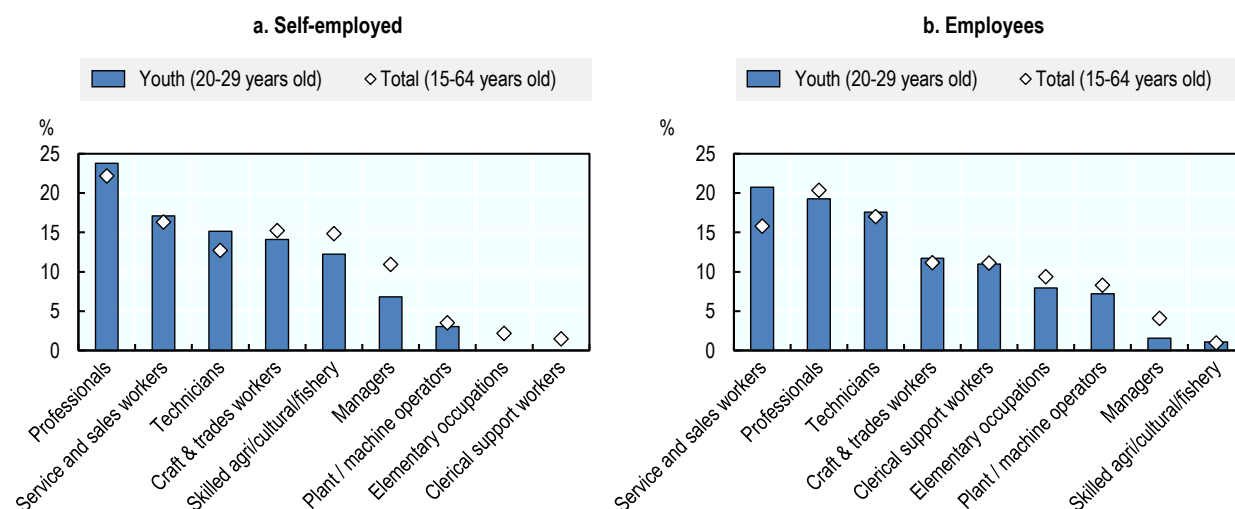
### ...and were more likely to be working as professionals and sales and service workers

**Self-employed youth were concentrated in occupations that are consistent with the higher likelihood of being self-employed in sectors with low levels of capitalisation.** In the EU, self-employed youth were most heavily concentrated in professional occupations such as IT workers, teaching professionals and business consultants (24%) and service and sales workers (17%) in 2020 (Figure 4.8). Both of these shares were similar to the proportions for all self-employed workers (22% and 16%) but slightly different than the distribution of youth working as employees (19% and 21%). The greatest gap between self-employed youth and the overall distribution of the self-employed was in the share working as managers. Only 7% of self-employed youth were managers relative to 11% overall, which is not surprising because management occupations typically require a substantial amount of work experience.

**The distribution of youth varies across EU Member States, reflecting differences in economic structure and education systems.** For example, self-employed youth in Germany are more likely to work as Technicians and associate professionals which is consistent with having a strong vocational training system (OECD, 2020<sup>[5]</sup>).

**Figure 4.8. Nearly one-quarter of self-employed youth are working in professional occupations**

Distribution of workers by occupation in the EU, 2020



Source: (Eurostat, 2021<sup>[11]</sup>)

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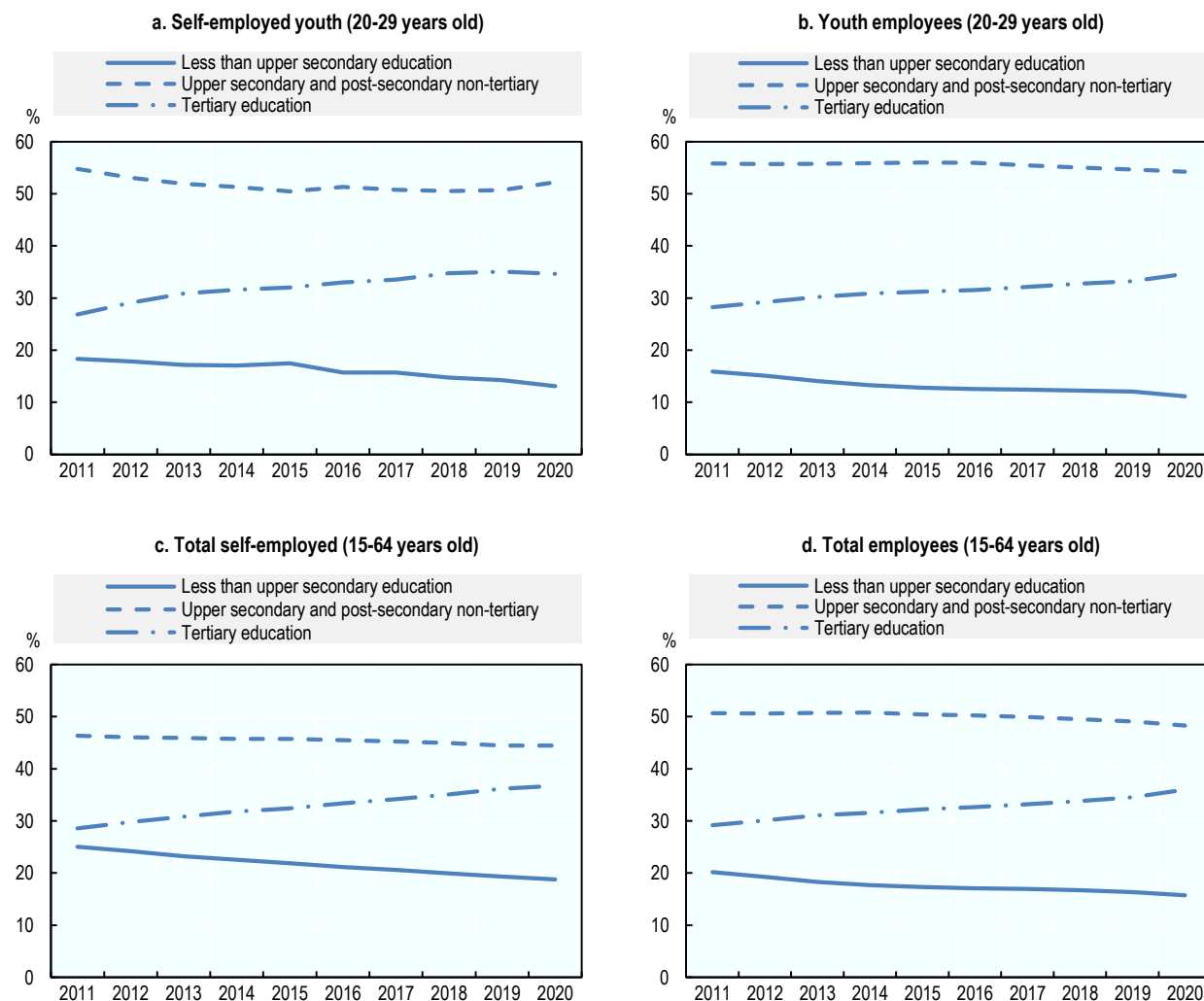
### One-third of self-employed youth have a tertiary education

**Growth in the share of self-employed youth in the EU with a tertiary education has stalled over the past three years, halting a long-term increase.** In 2020, about 35% of self-employed youth (20-29 years old) had a tertiary education, which is unchanged since 2016 and 2017 when the proportion was 33% (Figure 4.9). Nonetheless, the share of self-employed youth with a tertiary education has increased significantly over the past decade, due partly to a growth in the number of people completing tertiary education as well as growing investments by higher education systems in supporting entrepreneurship (Box 4.2). This growth in the share of self-employed youth with a tertiary education has been offset by a decline in the share who have less than an upper secondary education. Most self-employed youth have an upper secondary or post-secondary non-tertiary education (52%) and this proportion has been

essentially constant over the past decade. The distribution of self-employed youth by education level is similar to the distribution of youth working as employees.

**Figure 4.9. The share of self-employed in the EU with a tertiary education has plateaued in recent years**

Distribution of self-employment in the EU by education level



Source: (Eurostat, 2021<sup>[1]</sup>)

StatLink  <https://doi.org/10.1787/888934280517>

### Box 4.2. Supporting the development of entrepreneurship skills through the OECD EECOLE network

Entrepreneurs are not born, they are made. Over the past decades, a number of education and training programmes have focussed on entrepreneurship to promote spin-offs and start-ups, and to provide individuals with a bundle of skills that can help them vis-à-vis the future of work and society. Within this context, the OECD has developed programmes such as HEInnovate (in co-operation with the European Commission) and the Geography of Higher Education to identify good practices and generate data. Capitalising on these initiatives, the OECD recently launched a new network called EECOLE to strengthen evidence on entrepreneurship education, facilitate the sharing of good practices and offer a platform for policy dialogue on entrepreneurship education and university-business collaboration. The network is built around higher education institutions but also includes national and subnational authorities, private sector businesses, banks, venture capitalists and business angles, non-government actors and foundations.

A core priority for the network is to support youth in a post COVID-19 economy. This includes strengthening connections between HEIs and their students, the business community, and policy makers to identify innovative approaches to internships and career guidance services. EECOLE also focuses on mainstreaming entrepreneurship education and supporting start-ups and spin-offs as means to promote jobs and innovation in all regions.

EECOLE will work through task-and-finish groups. TFGs will work on defining entrepreneurship and measuring the effects of entrepreneurship education on individuals, and on the “geography of higher education” to assess the way in which HEIs’ resources can be mobilised to promote entrepreneurship ecosystems. Another TFG will focus on SDGs and in particular on the role HEIs can play helping communities to de-carbonise (evidence-based policy making).

For more information, please see: <http://www.oecd.org/cfe/smes/geo-higher-education.htm>.

## Activities by youth over the entrepreneurship life-cycle

**Entrepreneurship activities can also be estimated through household surveys that ask about activities related to business creation and business management.** The Global Entrepreneurship Monitor (GEM) is one of the most well-known international surveys on entrepreneurship. The GEM survey asks people about their involvement in entrepreneurship activities and the characteristics of these activities. It is administered by a network of researchers and research institutes. For more information on GEM, please refer to the Reader’s Guide at the beginning of this report.

### *Youth are more active in early-stage entrepreneurship than adults...*

**Youth (18-30 years old) in the EU were slightly more active in nascent entrepreneurship than the overall adult population (18-64 years old) between 2016 and 2020.** Across the EU, nearly 5% of youth were actively involved in setting up a business they will own or co-own relative to less than 4% of the overall population (Figure 4.10). Both proportions were higher in OECD countries during this period – 8% of youth and 7% of adults, due to high levels of business creation in non-EU G7 countries such as the United States and Canada as well as high levels of informal entrepreneurship in some OECD countries such as Chile, Colombia and Mexico. To be considered a nascent entrepreneur, the business start-up must not have paid salaries, wages or any other payments to the owners for more than three months.



**Nascent entrepreneurship rates for youth varied across EU Member States by a factor of ten over the 2016-20 period.** The share of youth involved in setting up a business ranged from about 2% in Italy and Spain to 19% in Estonia. These differences are explained by a range of factors including social attitudes towards entrepreneurship and risk, strength of entrepreneurship policies, market dynamics, relative size of the public sector, economic structure and more.

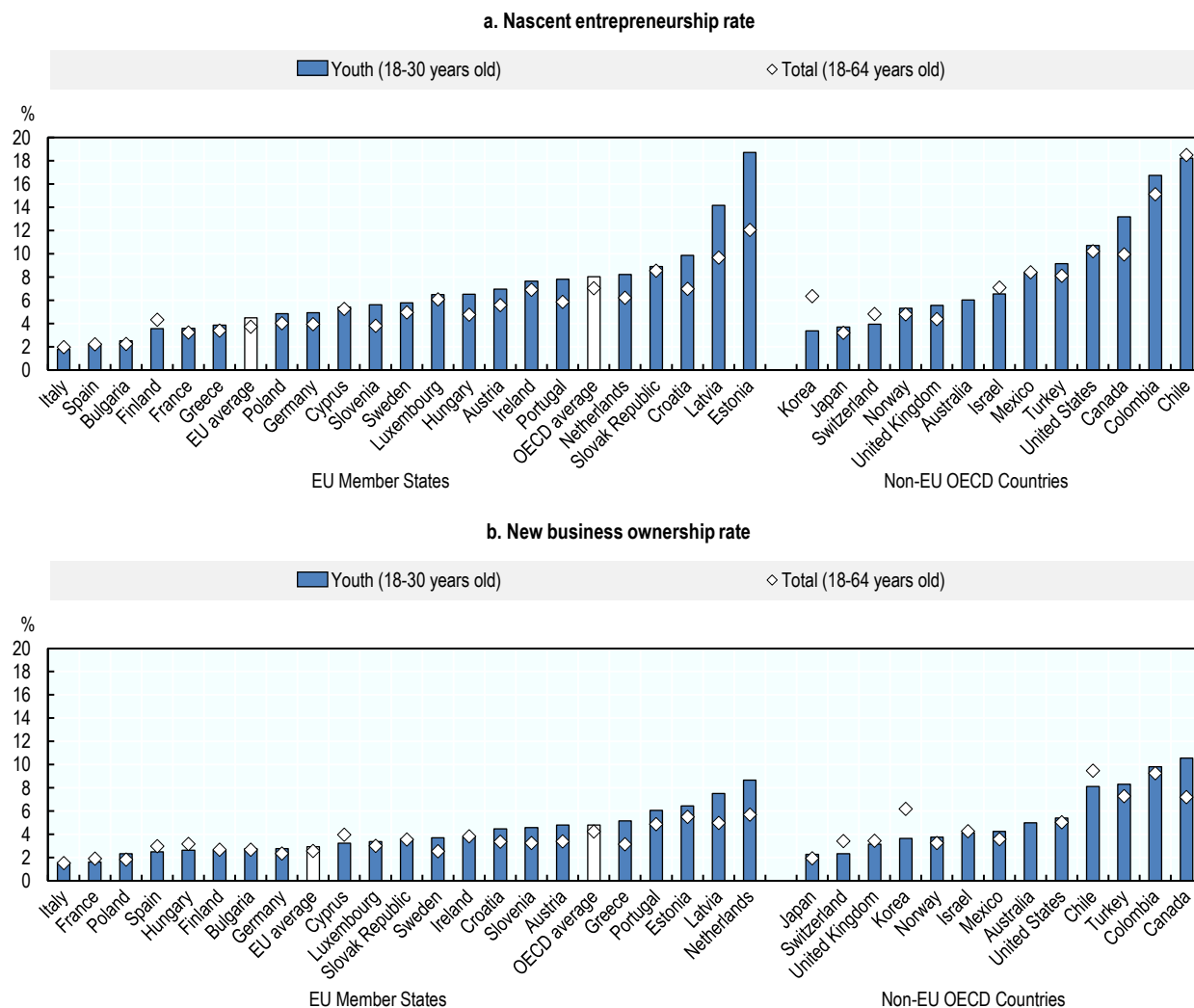
**However, there was no gap between youth and adults when it came to new business ownership in the EU over the 2016-20 period.** Just under 3% of youth in the EU were new business owners during this period, which was essentially the same proportion as the overall population (Figure 4.10). Consistent with the nascent entrepreneurship rate, the new business ownership rate was slightly higher in OECD countries (5%) than in EU Member States (4%).

**The new business ownership rate varied less across EU Member States than the nascent entrepreneurship rate during this period.** The share of new business owners among youth ranged from about 2% in France and Italy to 9% in the Netherlands. One of the main drivers of the new business ownership rate is the nascent entrepreneurship rate. The correlation rate between the nascent entrepreneurship rate and the new business ownership rate is 0.7 in EU Member States, indicating a strong positive correlation, i.e. those countries with a high nascent entrepreneurship rate are typically those with high new business ownership rates. There are several country-specific factors that influence the likelihood of a nascent entrepreneur succeeding in moving into becoming a new business owner, including sufficient access to finance to sustain the activity during the early stages of development, adequate entrepreneurship skills to identify opportunities, the level of competition and more. The high rates of new business ownership among youth in the Netherlands is largely on account of the increased number of young self-employed workers – notably those under 25 years of age. This may be partly due to the government’s focus on driving economic growth through knowledge-based sectors and their efforts to foster entrepreneurial skills within the Dutch education system and training programmes.

**There is a substantial drop-off between the nascent entrepreneurship and new business stages in several EU Member States, notably Estonia, Hungary and the Slovak Republic.** This drop-off (pre COVID-19) was often explained by perceptions related to the economic conditions. For example, less than one-third of early-stage entrepreneurs in the Slovak Republic indicated that they saw new opportunities for their business to pursue which suggests that many businesses do not go beyond the nascent stage (Bosma et al., 2021<sup>[11]</sup>). However, other factors also have an influence. Framework conditions and market receptivity may also explain gaps in nascent entrepreneurship and new business ownership.

**Figure 4.10. Youth in the EU are slightly more likely than adults to be involved in early-stage entrepreneurship**

Percent of the population, 2016-20



Note: All EU Member States participated in the GEM survey between 2016 and 2020 except for Belgium, Czech Republic, Denmark, Lithuania, Malta and Romania. However, the following countries did not participate in the survey in every year (years of participation indicated): Austria (2016, 2018, 2020), Bulgaria (2016-18), Estonia (2016-17), Finland (2016), France (2016-18), Hungary (2016), Ireland (2016-19), Latvia (2016-17, 2019-20) and Portugal (2016, 2019). Similarly, the following OECD countries did not participate in the GEM survey between 2016 and 2020: Belgium, Czech Republic, Denmark, Iceland, Lithuania and New Zealand. The following countries did not participate in the survey in every year (years of participation indicated): Australia (2016-17, 2019), Austria (2016, 2018, 2020), Estonia (2016-17), Finland (2016), France (2016-18), Hungary (2016), Ireland (2016-19), Japan (2017-19), Latvia (2016-17, 2018-19), Mexico (2016-17, 2019), Norway (2019-20), Portugal (2016, 2019) and Turkey (2016, 2018).

Source: (Global Entrepreneurship Monitor (GEM), 2021<sup>[12]</sup>)

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***...but they are less likely to be motivated by “push” factors***

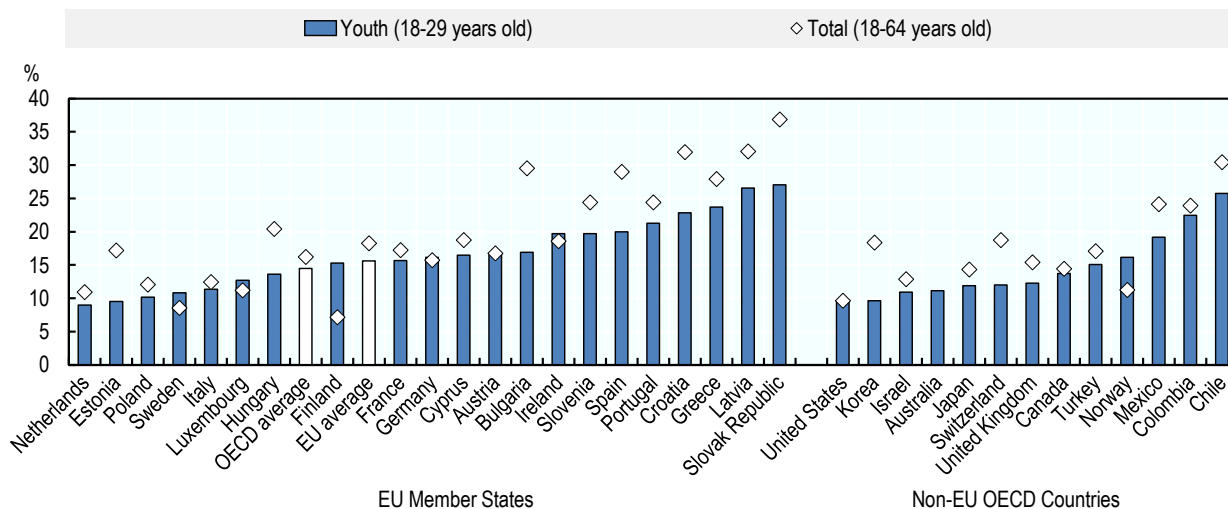
**The motivation for becoming an entrepreneur is often considered according to “push” and “pull” factors.** This includes, for example positive motivations such as generating income or having the freedom to make decisions about how one spends their time (i.e. pull factors) and negative motivations such as difficulty finding a job (i.e. push factors). While such a framework can help to understand factors that influence individual decision making and the impact that these business activities may have. Two caveats are needed. First, motivations can change over time. For example, someone may start a business because they could not find a job, but the business could be highly successful, potentially increasing the motivation of the entrepreneur to invest in its sustainability and growth. Conversely, pursuing a promising market opportunity does not ensure success and continued motivation from the entrepreneur. Second, the push-pull framework is overly simplistic in that there are only two possible motivations. This does not sufficiently capture the range of potential motivations that a person may have, including making a positive contribution to their community, creating a flexible lifestyle business that allows for the pursuit of other non-career objectives (e.g. travel, family care), and more.

**Youth entrepreneurs (18-30 years old) in the EU were slightly less likely to start their business out of “necessity” relative to the overall population (18-64 years old) in the period 2016-20.** About 16% of early-stage youth entrepreneurs in the EU reported that they started their business because they had difficulty finding a job (Figure 4.11), which was slightly below the share of early-stage entrepreneurs overall (18%). The proportion of youth in the EU who started their business out of “necessity” were similar to the share of youth in OECD countries (15%).

**The rate of necessity entrepreneurship among youth varied across EU Member States, reflecting several factors such as labour market conditions, cultural attitudes towards entrepreneurship and levels of informal work.** Among EU Member States, youth were most likely to be involved in necessity entrepreneurship in the Slovak Republic and Latvia (27% of early-stage youth entrepreneurs) and least likely in the Netherlands (9%), Estonia, Poland and Sweden (10% each) (Figure 4.11). Country-level research helps to explain some of these differences across countries. In Sweden, for example, youth entrepreneurs are the most likely to indicate that they started their business out of “necessity” but this is among the lowest necessity rates for youth among EU Member States. This low level of necessity entrepreneurship is explained by the high proportion of new entrepreneurs who indicate becoming entrepreneurs due to “personal development and realisation of ideas” and “independence” (Tillväxtverket, 2021<sup>[13]</sup>). Moreover, Sweden’s strong social security system also contributes to a low level of necessity entrepreneurship. Similarly, the social security system in Finland clearly distinguishes between self-employment and waged employment with access to the latter being clearer and more straight-forward (Saikkonen, 2019<sup>[14]</sup>). Finnish youth are less likely to have established an employment history which limits access to the strong welfare support available to those who have. These conditions make it more likely that youth will be pushed into employment out of necessity.

**Figure 4.11. Youth are less likely to be motivated by necessity across nearly all EU Member States**

Proportion of early-stage entrepreneurs, 2016-20



Note: All EU Member States participated in the GEM survey between 2016 and 2020 except for Belgium, Czech Republic, Denmark, Lithuania, Malta and Romania. However, the following countries did not participate in the survey in every year (years of participation indicated): Austria (2016, 2018, 2020), Bulgaria (2016-18), Estonia (2016-17), Finland (2016), France (2016-18), Hungary (2016), Ireland (2016-19), Latvia (2016-17, 2019-20) and Portugal (2016, 2019). Similarly, the following OECD countries did not participate in the GEM survey between 2016 and 2020: Belgium, Czech Republic, Denmark, Iceland, Lithuania and New Zealand. The following countries did not participate in the survey in every year (years of participation indicated): Australia (2016-17, 2019), Austria (2016, 2018, 2020), Estonia (2016-17), Finland (2016), France (2016-18), Hungary (2016), Ireland (2016-19), Japan (2017-19), Latvia (2016-17, 2018-19), Mexico (2016-17, 2019), Norway (2019-20), Portugal (2016, 2019) and Turkey (2016, 2018).

Source: (Global Entrepreneurship Monitor (GEM), 2021<sup>[12]</sup>)

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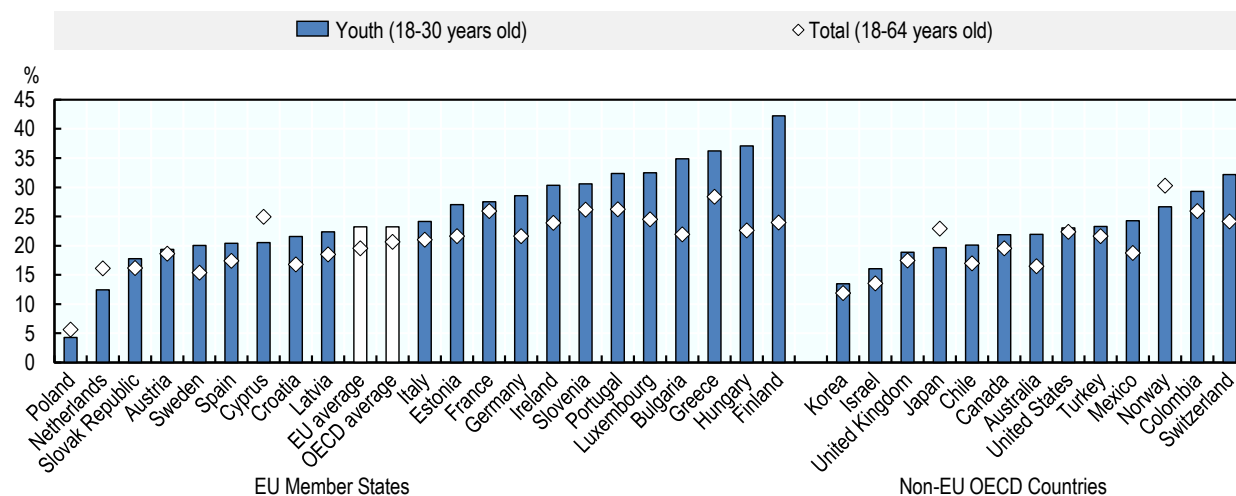
### **Youth entrepreneurs are more likely to start a business in teams than adults**

**Youth (18-30 years old) were much more likely than adults (18-64 years old) to be involved in nascent entrepreneurship in teams of three or more between 2016 and 2020.** Within the EU, nearly one-quarter of nascent entrepreneurs (23%) were working on their start-up in a team of three or more relative to one-fifth of all nascent entrepreneurs (Figure 4.12). The proportions of youth and adults starting businesses in teams in the EU were about the same in OECD countries.

**The share of team-driven nascent entrepreneurship among youth varied ten-fold across EU Member States between 2016 and 2020.** The proportion of nascent entrepreneurship by youth that was team-driven ranged from about 4% in Poland to 42% in Finland, which was significantly higher than the proportion for adults (24%). Only three EU Member States had a share of team-driven nascent entrepreneurship by youth during this period that was lower than the share for adults – Poland (4% vs. 6%), the Netherlands (12% vs. 16%) and Cyprus (21% vs. 25%).

**Figure 4.12. One-fifth of youth nascent entrepreneurs start their business in teams**

Proportion of nascent entrepreneurs starting their business in teams of three or more, 2016-20



Note: All EU Member States participated in the GEM survey between 2016 and 2020 except for Belgium, Czech Republic, Denmark, Lithuania, Malta and Romania. However, the following countries did not participate in the survey in every year (years of participation indicated): Austria (2016, 2018, 2020), Bulgaria (2016-18), Estonia (2016-17), Finland (2016), France (2016-18), Hungary (2016), Ireland (2016-19), Latvia (2016-17, 2019-20) and Portugal (2016, 2019). Similarly, the following OECD countries did not participate in the GEM survey between 2016 and 2020: Belgium, Czech Republic, Denmark, Iceland, Lithuania and New Zealand. The following countries did not participate in the survey in every year (years of participation indicated): Australia (2016-17, 2019), Austria (2016, 2018, 2020), Estonia (2016-17), Finland (2016), France (2016-18), Hungary (2016), Ireland (2016-19), Japan (2017-19), Latvia (2016-17, 2018-19), Mexico (2016-17, 2019), Norway (2019-20), Portugal (2016, 2019) and Turkey (2016, 2018).

Source: (Global Entrepreneurship Monitor (GEM), 2021<sub>[12]</sub>)

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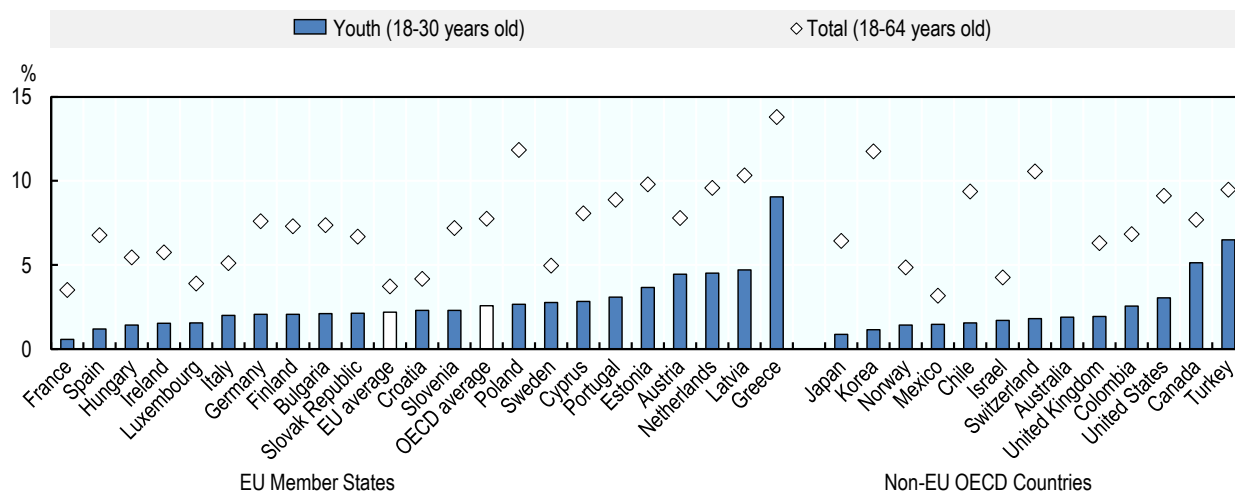
### **Youth are less likely than adults to operate established businesses**

**About 2% of youth (18-30 years old) in the EU operated an established business between 2016 and 2020 relative to nearly 4% of adults (18-64 years old).** This measures the share of youth who are the owner-manager of an established business that has paid salaries, wages or any other payments to the owners for more than 42 months. The proportion of youth who were established business owners was about the same in EU Member States as in OECD countries. In both EU Member States and OECD countries, this proportion is lower than the new business ownership rate for youth (3%), reflecting that many businesses exit the market before they reach 42 months old.

**As with the new business ownership rate, there was a large variation in the established business rate for youth across EU Member States.** The shares of youth who were established business owners over the period 2016-20 range from about 1% in France and Spain to about 5% in Latvia and 9% in Greece (Figure 4.13). These rates are driven largely by the shares of youth who are active in early-stage entrepreneurs, as well as the market conditions that influence business survival rates such as access to finance, competition and access to markets.

**Figure 4.13. Only 2% of youth in the EU own an established business**

Proportion of the population, 2016-20



Note: All EU Member States participated in the GEM survey between 2016 and 2020 except for Belgium, Czech Republic, Denmark, Lithuania, Malta and Romania. However, the following countries did not participate in the survey in every year (years of participation indicated): Austria (2016, 2018, 2020), Bulgaria (2016-18), Estonia (2016-17), Finland (2016), France (2016-18), Hungary (2016), Ireland (2016-19), Latvia (2016-17, 2019-20) and Portugal (2016, 2019). Similarly, the following OECD countries did not participate in the GEM survey between 2016 and 2020: Belgium, Czech Republic, Denmark, Iceland, Lithuania and New Zealand. The following countries did not participate in the survey in every year (years of participation indicated): Australia (2016-17, 2019), Austria (2016, 2018, 2020), Estonia (2016-17), Finland (2016), France (2016-18), Hungary (2016), Ireland (2016-19), Japan (2017-19), Latvia (2016-17, 2018-19), Mexico (2016-17, 2019), Norway (2019-20), Portugal (2016, 2019) and Turkey (2016, 2018).

Source: (Global Entrepreneurship Monitor (GEM), 2021<sup>[12]</sup>)

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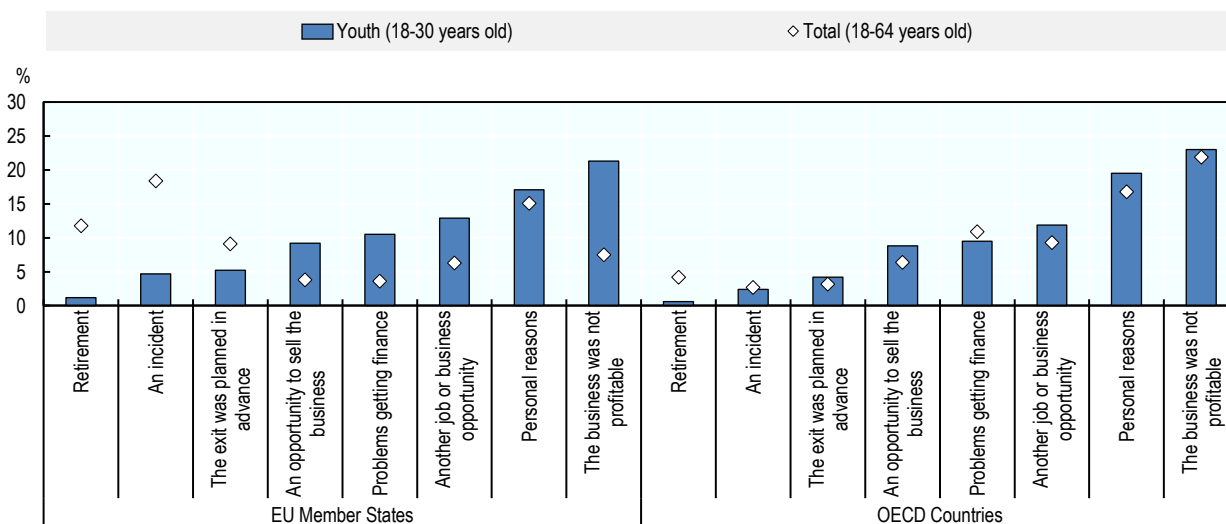
### ***The most common reason that youth stop operating their business is a lack of profits***

**Youth entrepreneurs in the EU most frequently cite a lack of business profitability as the main reason for stopping their business activity.** During the period 2016-20, more than one-fifth of youth entrepreneurs (18-30 years old) cited this as the reason for business exit, which was nearly three times more than adults (16-64 years old) (21% vs. 8%) (Figure 4.14). This was similar to the share of youth entrepreneurs in OECD countries who reported exiting due to a lack of profitability. However, the overall share of entrepreneurs in the EU who cited a lack of profitability as the reason for exit was well below the share who cited this in OECD countries. This difference appears to be offset by the proportion who cited “an incident”, which suggests that those in the EU are more likely to point to a specific decision or time period as the reason for exiting the business.

**Youth entrepreneurs in the EU were also more likely than the overall population of entrepreneurs to cite a positive factor for exiting the business.** For example, youth entrepreneurs were more likely to report that they had pursued another job or entrepreneurship opportunity (13% for youth vs. 6% for all entrepreneurs) and that they had an opportunity to sell the business (9% vs. 4%). In addition, youth entrepreneurs who exited were more likely than the overall population to report that they have difficulties securing finance (11% vs. 4%). Unsurprisingly, they were also much less likely to cite retirement as the reason for the business exit.

**Figure 4.14. Youth entrepreneurs are most likely to exit due to a lack of profitability**

Proportion of entrepreneurs who exited their business in the past 12 months, 2016-20



Note: All EU Member States participated in the GEM survey between 2016 and 2020 except for Belgium, Czech Republic, Denmark, Lithuania, Malta and Romania. However, the following countries did not participate in the survey in every year (years of participation indicated): Austria (2016, 2018, 2020), Bulgaria (2016-18), Estonia (2016-17), Finland (2016), France (2016-18), Hungary (2016), Ireland (2016-19), Latvia (2016-17, 2019-20) and Portugal (2016, 2019). Similarly, the following OECD countries did not participate in the GEM survey between 2016 and 2020: Belgium, Czech Republic, Denmark, Iceland, Lithuania and New Zealand. The following countries did not participate in the survey in every year (years of participation indicated): Australia (2016-17, 2019), Austria (2016, 2018, 2020), Estonia (2016-17), Finland (2016), France (2016-18), Hungary (2016), Ireland (2016-19), Japan (2017-19), Latvia (2016-17, 2018-19), Mexico (2016-17, 2019), Norway (2019-20), Portugal (2016, 2019) and Turkey (2016, 2018).

Source: (Global Entrepreneurship Monitor (GEM), 2021<sub>[12]</sub>)

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## Barriers to business creation by youth

### **Youth are less likely to report “fear of failure” as a barrier to business creation...**

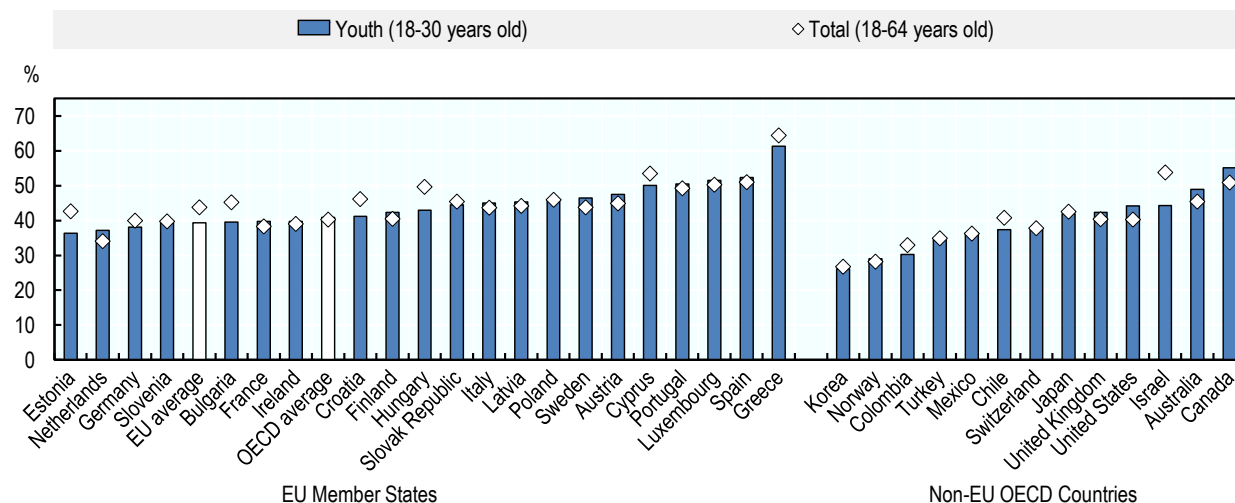
**About four-in-ten youth (18-30 years old) in the EU reported during the period 2016-20 that a “fear of failure” was a barrier to business creation.** Overall, fear of failure is one of the most frequently cited barriers to successful business creation, but in the EU, youth were slightly less likely than the overall average to cite this barrier (39% vs. 44%) (Figure 4.15). In OECD countries, the proportion of youth who cited fear of failure during this period was about the same as the share in the EU.

**Despite the relatively lower share of youth citing “fear of failure” as a barrier to business creation, there were five EU Member States where at least half of youth reported this barrier.** The highest shares of youth reporting this barrier over this period were in Cyprus (50%), Portugal (51%), Luxembourg (52%), Spain (53%) and Greece (61%). However, many of these countries have very high rates early-stage entrepreneurship. For example, Greece was among the top five EU Member States for new business ownership rates for youth despite having the highest share of youth who identified fear of failure as a barrier to business creation. Some researchers explain this paradox by suggesting the “fear of failure” barrier is more about prevailing social attitudes towards risk and failure rather than their individual views of being more or less afraid of a business failure (Tubadji et al., 2021<sub>[15]</sub>).

**Figure 4.15. About 4 in 10 youth report that “fear of failure” is a barrier to business creation**

“Does a fear of failure prevent you from starting a business?”

Percentage of population who responded “yes”, 2016-20



Note: All EU Member States participated in the GEM survey between 2016 and 2020 except for Belgium, Czech Republic, Denmark, Lithuania, Malta and Romania. However, the following countries did not participate in the survey in every year (years of participation indicated): Austria (2016, 2018, 2020), Bulgaria (2016-18), Estonia (2016-17), Finland (2016), France (2016-18), Hungary (2016), Ireland (2016-19), Latvia (2016-17, 2019-20) and Portugal (2016, 2019). Similarly, the following OECD countries did not participate in the GEM survey between 2016 and 2020: Belgium, Czech Republic, Denmark, Iceland, Lithuania and New Zealand. The following countries did not participate in the survey in every year (years of participation indicated): Australia (2016-17, 2019), Austria (2016, 2018, 2020), Estonia (2016-17), Finland (2016), France (2016-18), Hungary (2016), Ireland (2016-19), Japan (2017-19), Latvia (2016-17, 2018-19), Mexico (2016-17, 2019), Norway (2019-20), Portugal (2016, 2019) and Turkey (2016, 2018).

Source: (Global Entrepreneurship Monitor (GEM), 2021<sup>[12]</sup>)

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### **...and are also more confident in their levels of entrepreneurship skills**

**A lack of entrepreneurship skills is another frequently cited barrier to business creation, but youth are, on average, more confident in their entrepreneurship skills than adults.** In the period 2016-20, 38% of youth (18-30 years old) in the EU reported that they had the skills and knowledge to start a business, which was below the overall proportion (44%) (Figure 4.16). These shares were slightly below those reported in OECD countries over this period – 44% for youth and 49% overall – suggesting that the EU may lag slightly behind in developing entrepreneurship in the population. However, caution is needed with such a conclusion because this indicator measures the self-perception of entrepreneurship skills, which also picks up other factors such as self-confidence and cultural attitudes towards entrepreneurship.

**More than half of youth reported having entrepreneurship skills needed to start a business in several EU Member States.** Over the period 2016-20, the EU Member States with the greatest share of youth who reported having sufficient entrepreneurship skills to start a business were Croatia (57%), Latvia (53%) and Slovenia (52%). The shares were the lowest in Hungary (29%) and Finland (30%). These results are generally consistent with the shares of university students reporting that they have taken entrepreneurship courses (Figure 4.17). Differences across countries can be explained by many factors, including as already noted self-confidence and social attitudes towards entrepreneurship. For example, many of the EU Member States that are below the EU average have low levels of early-stage entrepreneurship and self-employment, reflecting an overall preference for employment. In addition,

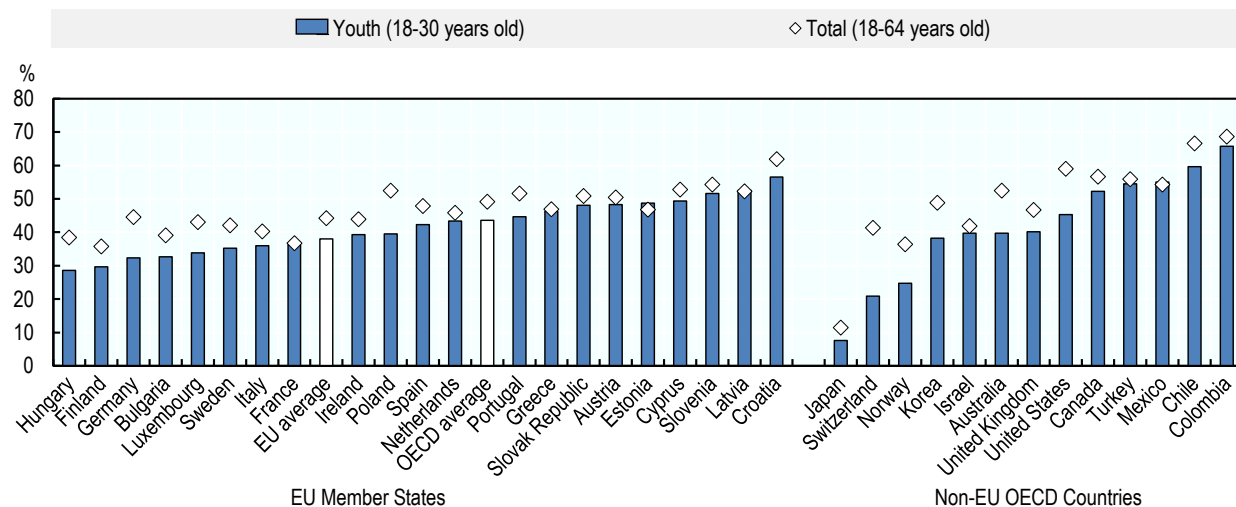


different levels of investment in entrepreneurship education can also influence the share of youth who self-report having entrepreneurship skills with stronger effects often observed among older students (Box 4.3).

**Figure 4.16. Youth are less likely than adults to self-report having entrepreneurship skills**

“Do you have the knowledge and skills to start a business?”

Percentage of population who responded “yes”, 2016-20



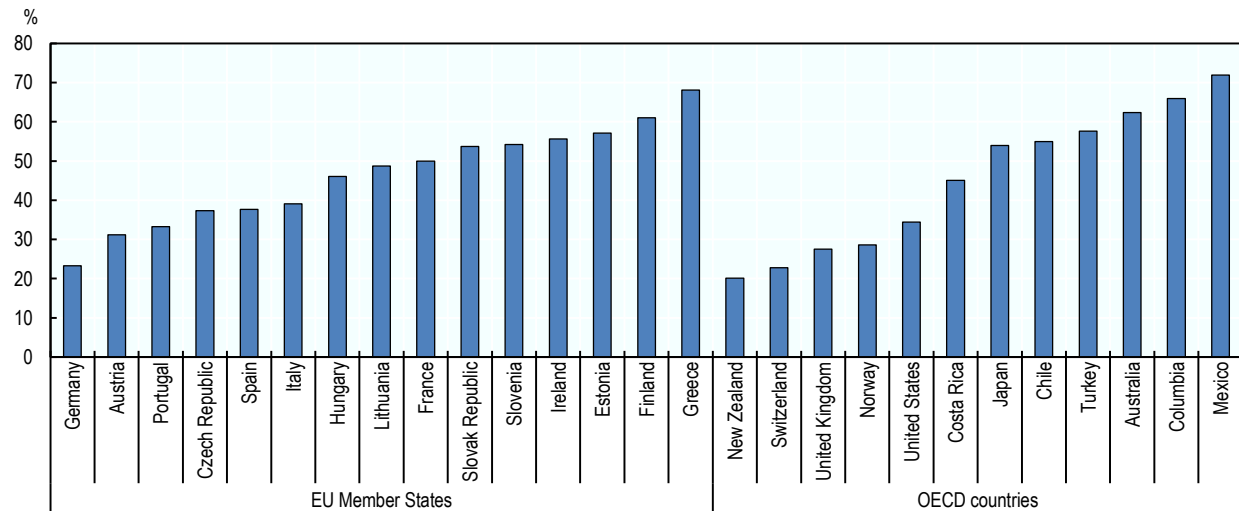
Note: All EU Member States participated in the GEM survey between 2016 and 2020 except for Belgium, Czech Republic, Denmark, Lithuania, Malta and Romania. However, the following countries did not participate in the survey in every year (years of participation indicated): Austria (2016, 2018, 2020), Bulgaria (2016-18), Estonia (2016-17), Finland (2016), France (2016-18), Hungary (2016), Ireland (2016-19), Latvia (2016-17, 2019-20) and Portugal (2016, 2019). Similarly, the following OECD countries did not participate in the GEM survey between 2016 and 2020: Belgium, Czech Republic, Denmark, Iceland, Lithuania and New Zealand. The following countries did not participate in the survey in every year (years of participation indicated): Australia (2016-17, 2019), Austria (2016, 2018, 2020), Estonia (2016-17), Finland (2016), France (2016-18), Hungary (2016), Ireland (2016-19), Japan (2017-19), Latvia (2016-17, 2018-19), Mexico (2016-17, 2019), Norway (2019-20), Portugal (2016, 2019) and Turkey (2016, 2018).

Source: (Global Entrepreneurship Monitor (GEM), 2021<sub>[12]</sub>)

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**Figure 4.17. More than half the students surveyed in EU and OECD countries had received entrepreneurship education during their studies**

Percentage of students who have attended any entrepreneurship-related course, 2018



Note: Data reported for the United Kingdom refer to England.

Source: (Sieger et al., 2018<sup>[2]</sup>)

StatLink  <https://doi.org/10.1787/888934280669>

### Box 4.3. Country spotlight – effectiveness of entrepreneurship education for youth, Korea

A new study evaluates youth entrepreneurship education (EE) programmes through two large-scale quasi-experimental studies at the middle and high school level. Two EE programmes – “Entship School” and “Hero School” – were implemented across the provinces of Seoul, Gyeonggi, Gwangju, Busan and Jeju, reaching 1 924 students. The Hero School offered the same programme for both middle school and high school students, which comprised of ten 2-hour classes. The Entship School had two different programmes, providing middle school students with a one-day workshop lasting 3-hours and high school students with six 2-hour sessions.

Six key indicators for EE outcomes were selected to assess the EE programmes’ effectiveness. The analysis compared pre-test and post-test scores of the control and experimental groups on the six variables: opportunity discovery, opportunity exploitation, entrepreneurial orientation, creativity capacity, social problem solving and entrepreneurial intention.

An ANCOVA analysis found that the two programmes had varying effects across age cohorts. The results of the Entship programme show that among high school students, the post-test scores of the experimental group were higher than the control group for all variables (Table 4.2.). This was also seen in the Hero programme with the exception of *entrepreneurial orientation outcome* where the two groups scored the same. However, the programmes’ impact among middle school students differed greatly. The Hero programme was more successful as the experimental group had higher post-test scores in all variables while middle school students in the Entship programme had scores that were almost equal to or even lower than those in the control groups, suggesting the impact of EE programmes depend on the age of the youth. Moreover, the ANCOVA results show that the Entship programme had statistically significant relationships for all variables while the Hero programme had significant relationships for five of the six variables for high school students. Regarding middle school students, the analysis revealed no significant differences in the post-test scores for all variables for the Entship programme but did find significant relationships for all variables in the Hero programme. Overall, this study is helpful in understanding entrepreneurship education and adapting EE programmes to fit the needs and goals of certain age groups.

**Table 4.2. Entrepreneurship education in Korea appears to be more effective among older students**

Outcome	Middle School Programme Results		High School Programme Results	
	Entship	Hero School	Entship	Hero School
Opportunity Discovery	0.14	21.2***	89.3***	46.3***
Opportunity Exploitation	1.51	15.8***	55.0***	39.2***
Entrepreneurial Orientation	1.09	60.7***	44.6***	-
Creativity Capacity	-	17.3***	54.5***	55.2***
Social Problem Solving	-	20.9***	30.1***	20.5***
*Entrepreneurial Intention	0.02	12.4***	23.6***	12.9***

Note: \*\*\*p<0.001

Source: (Kim et al., 2020<sup>[16]</sup>)

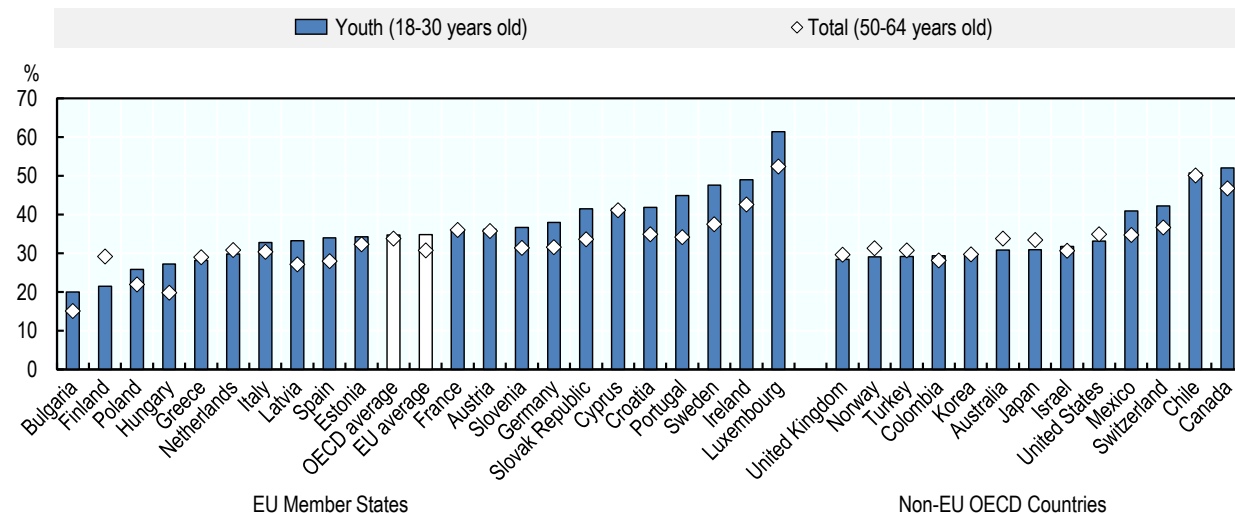
## Characteristics of youth entrepreneurship

### Youth entrepreneurs are slightly more likely to introduce new products and services

The introduction of new products and services is one potential way a business can achieve growth and youth entrepreneurs in the EU are slightly more likely than the overall average to introduce new products and services. About 35% of early-stage youth entrepreneurs (18-30 years old) in the EU self-reported that they introduced a new product or service for their customers between 2016 and 2020, which was slightly above the overall proportion for early-stage entrepreneurs (31%) (Figure 4.18). This proportion for youth entrepreneurs was the same as in OECD countries over this period (35%), but the rate for youth was the same as it was for all entrepreneurs (34%). Across EU Member States, the shares of early-stage youth entrepreneurs reporting the introduction of new products and services ranged from about 20% in Bulgaria to more than 60% in Luxembourg.

Figure 4.18. About one-third of youth entrepreneurs introduced new products and services

Proportion of early-stage entrepreneurs, 2016-20



Note: All EU Member States participated in the GEM survey between 2016 and 2020 except for Belgium, Czech Republic, Denmark, Lithuania, Malta and Romania. However, the following countries did not participate in the survey in every year (years of participation indicated): Austria (2016, 2018, 2020), Bulgaria (2016-18), Estonia (2016-17), Finland (2016), France (2016-18), Hungary (2016), Ireland (2016-19), Latvia (2016-17, 2019-20) and Portugal (2016, 2019). Similarly, the following OECD countries did not participate in the GEM survey between 2016 and 2020: Belgium, Czech Republic, Denmark, Iceland, Lithuania and New Zealand. The following countries did not participate in the survey in every year (years of participation indicated): Australia (2016-17, 2019), Austria (2016, 2018, 2020), Estonia (2016-17), Finland (2016), France (2016-18), Hungary (2016), Ireland (2016-19), Japan (2017-19), Latvia (2016-17, 2018-19), Mexico (2016-17, 2019), Norway (2019-20), Portugal (2016, 2019) and Turkey (2016, 2018).

Source: (Global Entrepreneurship Monitor (GEM), 2021<sup>[12]</sup>)

StatLink  <https://doi.org/10.1787/888934280688>

*...but were slightly more likely to sell to customers in other countries...*

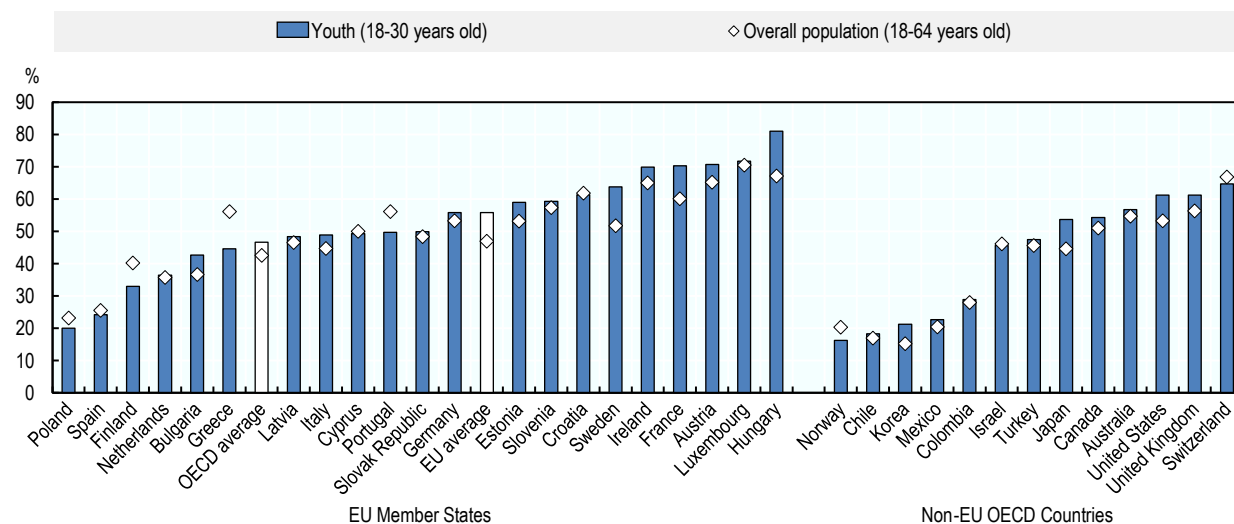
Early-stage youth entrepreneurs in the EU were more likely than adults to report exporting their products and services, which is another important avenue for achieving business growth. Between 2016 and 2020, about 56% of early-stage youth entrepreneurs (18-30 years old) self-reported that they exported during that period relative to 47% of all early-stage entrepreneurs (Figure 4.19). These proportions were higher than those found in OECD countries (47% for youth and 43% for all early-stage

entrepreneurs), which is not surprising given that the EU is a single market. This removes many of the trade barriers that are found in other parts of the world.

**The share of youth entrepreneurs who exported was very high in several EU Member States.** More than two-thirds of early-stage youth entrepreneurs reported selling to foreign customers in Ireland (70%), France (70%), Austria (71%), Luxembourg (72%) and Hungary (81%). These differences across countries are likely explained by differences in export intensities across countries.

**Figure 4.19. About 56% of youth entrepreneurs in the EU export their products and services**

Proportion of early-stage entrepreneurs, 2016-20



Note: All EU Member States participated in the GEM survey between 2016 and 2020 except for Belgium, Czech Republic, Denmark, Lithuania, Malta and Romania. However, the following countries did not participate in the survey in every year (years of participation indicated): Austria (2016, 2018, 2020), Bulgaria (2016-18), Estonia (2016-17), Finland (2016), France (2016-18), Hungary (2016), Ireland (2016-19), Latvia (2016-17, 2019-20) and Portugal (2016, 2019). Similarly, the following OECD countries did not participate in the GEM survey between 2016 and 2020: Belgium, Czech Republic, Denmark, Iceland, Lithuania and New Zealand. The following countries did not participate in the survey in every year (years of participation indicated): Australia (2016-17, 2019), Austria (2016, 2018, 2020), Estonia (2016-17), Finland (2016), France (2016-18), Hungary (2016), Ireland (2016-19), Japan (2017-19), Latvia (2016-17, 2018-19), Mexico (2016-17, 2019), Norway (2019-20), Portugal (2016, 2019) and Turkey (2016, 2018).

Source: (Global Entrepreneurship Monitor (GEM), 2021<sup>[12]</sup>)

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### ...and had higher growth expectations

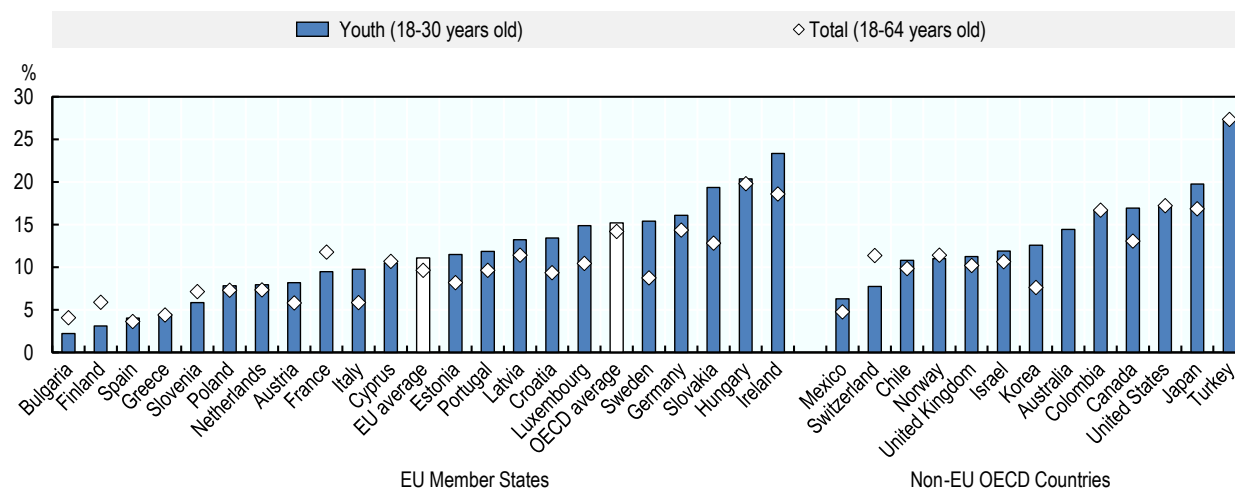
**Youth entrepreneurs in the EU are slightly more likely than the overall population of early-stage entrepreneurs to expect to achieve high levels of employment growth, which is consistent with higher shares who introduce new products and services and export.** Between 2016 and 2020, about 11% of early-stage youth entrepreneurs reported an expectation of creating at least 19 jobs over the next five years, which was slightly above the overall rate (9%) (Figure 4.20). These rates were below the proportion of early-stage entrepreneurs reporting high-growth expectations in OECD countries – 15% for youth and 14% overall. It should be noted that expected job creation does not necessarily translate into actual jobs created. Youth entrepreneurs likely overestimate their business management abilities while underestimating various challenges that they will likely encounter.

**There appears to be a positive correlation between the share of youth entrepreneurs who export and those who expect high levels of employment growth.** Across EU Member States, the share of

early-stage entrepreneurs who expected to create at least 19 jobs over the next five years ranged from about 2% in Bulgaria to 23% in Ireland. Growth expectations among youth entrepreneurs tended to be higher in Member States where there was an above-average proportion of youth entrepreneurs reporting that they export their goods and services. The correlation between the beyond high-growth expectations and exporting was 0.6 for the 2016-20 period.

**Figure 4.20. About 11% of youth entrepreneurs expect to achieve high growth**

Proportion of early-stage entrepreneurs who expect to create at least 19 jobs over the next five years, 2016-20



Note: All EU Member States participated in the GEM survey between 2016 and 2020 except for Belgium, Czech Republic, Denmark, Lithuania, Malta and Romania. However, the following countries did not participate in the survey in every year (years of participation indicated): Austria (2016, 2018, 2020), Bulgaria (2016-18), Estonia (2016-17), Finland (2016), France (2016-18), Hungary (2016), Ireland (2016-19), Latvia (2016-17, 2019-20) and Portugal (2016, 2019). Similarly, the following OECD countries did not participate in the GEM survey between 2016 and 2020: Belgium, Czech Republic, Denmark, Iceland, Lithuania and New Zealand. The following countries did not participate in the survey in every year (years of participation indicated): Australia (2016-17, 2019), Austria (2016, 2018, 2020), Estonia (2016-17), Finland (2016), France (2016-18), Hungary (2016), Ireland (2016-19), Japan (2017-19), Latvia (2016-17, 2018-19), Mexico (2016-17, 2019), Norway (2019-20), Portugal (2016, 2019) and Turkey (2016, 2018).

Source: (Global Entrepreneurship Monitor (GEM), 2021<sup>[12]</sup>)

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## Conclusions

**The number of youth who are active in self-employment and business creation has been relatively stable over recent years, but there are a number of changes in the characteristics of these activities.** About 7% of youth (20-29 years old) were self-employed in the EU in 2020, which is essentially unchanged over the past 20 years. Many of these youth are working in professional occupations or as sales and service workers, and most are concentrated in the following sectors: Agriculture, Services, Arts, Real estate activities and Construction. While the nature of self-employment activities has not changed much in recent years, there has been a marked decline in the proportion of self-employed youth who employ others. The driver of this shift is not known. It could be due to a greater incidence of part-time self-employment that occurs alongside education or working as an employee, or a change in preferences for more flexible and modular work such as freelancing. This requires further investigation because it may require policy makers to rethink the type of entrepreneurship support that is offered. If more young people are starting freelance activities, youth entrepreneurship schemes may wish to reframe how business

development and growth are supported. This may also require a greater emphasis on building motivations to develop a business in policy interventions.

**Governments have boosted their investment in youth entrepreneurship support schemes since the financial crisis in 2008-09.** Relative to other inclusive entrepreneurship target groups, youth entrepreneurship support is more developed. A wide range of policy instruments are used to stimulate and support youth entrepreneurship in the EU, including entrepreneurship training and coaching, various financial instruments and building entrepreneurship networks, and these have been strengthened with large investments by national and regional governments, often supported by the European Union. However, the quality of youth entrepreneurship schemes is highly variable, and there continues to be little knowledge exchange across regions and countries about “what works”.

**Governments have renewed their commitment to support youth given the strong impacts faced during the COVID-19 pandemic, including increased attention on youth entrepreneurship policy.** Evaluation evidence suggests that youth entrepreneurship schemes can have a role as part of governments’ policy response to growing youth unemployment during an economic crisis. However, it is less clear where governments should focus their efforts. Recent research suggests that financial supports tend to have a greater impact on the sustainability of the business, but evaluations note that training, coaching and mentoring are often more valued by youth entrepreneurs. Priority actions for government include:

- Address the finance gap faced by young entrepreneurs; and
- Improve the appeal of support initiatives by better capturing youth perspectives in the design of initiatives.

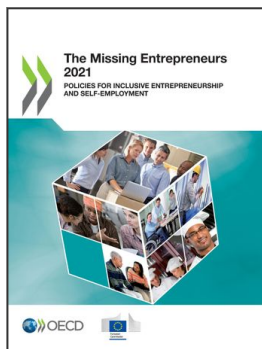
For further policy discussion on youth entrepreneurship and related policy actions, please refer to (OECD/European Commission, 2020<sup>[6]</sup>). Examples of recent policy actions to support youth entrepreneurs are highlighted in several country profiles in Part III of this report.

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**From:**  
**The Missing Entrepreneurs 2021**  
Policies for Inclusive Entrepreneurship and Self-Employment

**Access the complete publication at:**  
<https://doi.org/10.1787/71b7a9bb-en>

**Please cite this chapter as:**

OECD/European Commission (2021), “Youth self-employment and entrepreneurship activities”, in *The Missing Entrepreneurs 2021: Policies for Inclusive Entrepreneurship and Self-Employment*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/9ba6f871-en>

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