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YOUTH ENTREPRENEURSHIP – POSSIBILITIES OF EUROPEAN UNION SUPPORTIVE PROGRAMMES*

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Abstract: *Youth unemployment is one of the key problems faced by young people in the Republic of Serbia and other European countries. Considering the importance of entrepreneurship as a generator of new jobs and a driver of economic development, the paper pays special attention to the entrepreneurship of young people, who have a significantly smaller share in the country's entrepreneurial potential than other age categories. In order to overcome this, the European Union and member countries are developing various supportive programmes for young people to strengthen their entrepreneurial potential and encourage them to start entrepreneurial ventures. In the paper, an overview of the available programmes of the European Union that support the development of this type of entrepreneurship was performed to get better insight into the possibilities of these programmes and to give concrete guidelines to young people during and after formal education.*

Key words: *youth entrepreneurship, European Union, supportive programmes, EU Youth Strategy*

JEL classification: *J210, J230, F020 ili F550*

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PREUZETNIŠTVO MLADIH – MOGUĆNOSTI PROGRAMA PODRŠKE EVROPSKE UNIJE

Sažetak: *Nezaposlenost mladih jedan je od ključnih problema sa kojima se susreću mladi u Republici Srbiji i drugim evropskim zemljama. S obzirom na značaj preduzetništva kao generatora novih radnih mesta i pokretača ekonomskog razvoja, u radu se posebna pažnja posvećuje preduzetništvu mladih koji imaju znatno manji udeo u ukupnom preduzetničkom potencijalu od ostalih starosnih kategorija. U cilju prevazilaženja ovog problema, Evropska unija i zemlje članice razvijaju različite programe podrške mladima kako bi ojačali njihov preduzetnički potencijal i podstakli ih da započnu sopstvene preduzetničke poduhvate. U radu je izvršen pregled dostupnih programa Evropske unije koji podržavaju razvoj ovog vida preduzetništva kako bi se stekao bolji uvid u mogućnosti programa i dale konkretne smernice mladima tokom i nakon formalnog obrazovanja.*

Ključne reči: *preduzetništvo mladih, Evropska unija, programi podrške, EU strategija mladih*

1. INTRODUCTION

The role of entrepreneurs in modern society is to introduce innovations, find new solutions for social and economic problems, provide work for themselves and others and generate significant income with good business opportunities. In order to realise its full potential for growth, innovation and inclusion, entrepreneurship must be equally accessible and feasible for all people, regardless of their social status, level of business activity and employment. In practice, the share of the population of specific categories, such as young people and members of the female population, is much smaller compared to other groups.

Young women exhibit a much lower employment-to-population ratio than men, and the gender gap has shown no sign of closing over the past two decades. Young men are almost 1.5 times more likely to be employed than young women (International Labour Organization, 2022). According to OECD research (2019), although nearly half of the youth are interested in entrepreneurship, only 4.7% of young people in the European Union actively tried to start a business between 2014 and 2018. This gap is due to several important barriers, such as a lack of experience and skills, low levels of collateral and savings and under-

developed professional networks (OECD/European Commission, 2021). Still, about 11.1% of new young entrepreneurs in the EU expect their new business to create at least 19 jobs in the next five years, compared to 9.8% of new entrepreneurs overall. However, the business viability rates of young entrepreneurs tend to be low, and few create jobs for others.

The youth unemployment crisis is one of the greatest policy challenges of the past decade for the European Union countries, and it was especially emphasised in 2013 when the youth unemployment rate peaked at 23.7% (OECD/European Commission, 2020). In order to reduce youth unemployment and increase youth self-employment, the European Union developed numerous supportive programmes for young people. These and similar programs can also serve other countries outside the European Union in defining the further development of youth incentive measures. Considering the importance of entrepreneurship as a generator of new jobs and a driver of economic growth, the paper pays special attention to the entrepreneurship of young people, who have a significantly smaller share in the country's entrepreneurial potential than other age categories.

2. YOUNG PEOPLE POSITION AND YOUTH ENTREPRENEURSHIP IN THE EUROPEAN UNION

The concept of entrepreneurship can be defined as a group of actions conducted by individuals and/or groups where the main goal is to create new opportunities that are not existent nor part of the already established organisations (Čoćkalo et al., 2020; Carree & Thurik, 2010). Entrepreneurship offers a viable and proven pathway to economic growth and personal fulfilment. However, the number of individuals engaged in entrepreneurial behaviours remains low (Geldhof et al., 2014).

According to Bakaton et al. (2022), experiences in the development of entrepreneurship in the world indicate the increasing role of young entrepreneurs in achieving sustainable growth and joint prosperity in their countries and beyond. Young entrepreneurs influence the development of competitiveness at the national level (Bakaton et al., 2022); they are a source of innovative solutions that are needed equally by corporations and economies and which relate to solving current and future business and development challenges (Vladimirovich et al., 2019; Ogamba, 2018). At the same time, youth entrepreneurship policy increasingly emphasises the quality rather than the quantity of businesses created and the pathways generated to better opportunities in the labour market (OECD/European Commission, 2020).

2.1. YOUTH SELF-EMPLOYMENT TENDENCIES IN THE 21ST CENTURY

The youth self-employment rate in the EU has been relatively stable over the past two decades, at around half the rate for the total population. At the country level, youth self-employment rates varied widely among EU member states; for example, the percentage of young people working as self-employed was relatively high in 2018 in Italy (12.6% for youth compared to 20.6% for adults) and Romania (10.5% compared to 15.5%). On the other side, it was relatively low in Austria (3.3% compared to 10.4%) and Ireland (2.9% to 12.9%) (OECD, 2019).

In Figure 1, the blue line represents the youth self-employment rate for the ages 20 to 29, compared to the total population aged 15 to 64, presented with a red line.

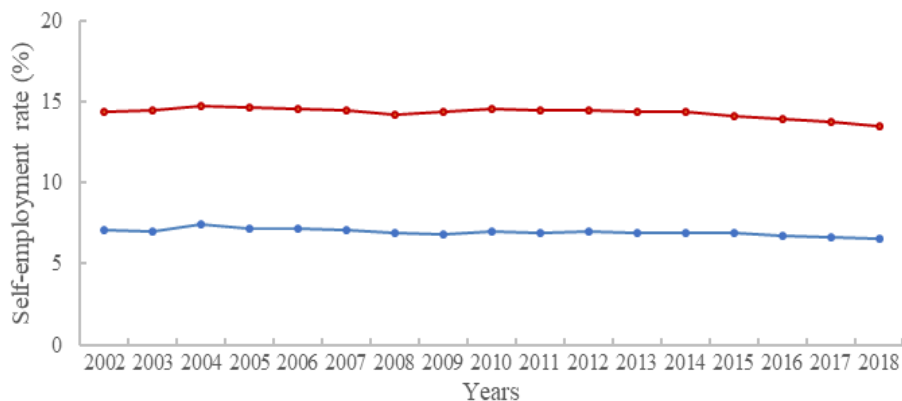


Figure 1. Youth self-employment rate in the European Union

Note: Eurostat (2019). *Labour Force Survey*. Available at <https://ec.europa.eu/eurostat/web/lfs/data/database>.

Figure 1 shows that from 2002 to 2018, the youth self-employment rate was around 7%, while it was at its lowest level in 2018 (6.5%) and highest in 2004 (7.4%).

According to research carried out by the European Commission, young people show exceptional interest in self-employment in relation to work as employed persons; however, practice shows that their share as entrepreneurs is significantly lower compared to the adult population. Of course, the obstacles that young people face, which include a lack of entrepreneurial skills and financial resources, also contribute to this. According to the OECD Survey

(2020), they are also often disadvantaged by their lack of experience in the labour market and lack of credit history.

2.2. ANALYSIS OF YOUTH SELF-EMPLOYMENT BY CATEGORIES

In previous years, it is noticeable that the youth self-employment rate has decreased in most EU member states. The assumption is that the decline occurred due to improvements in the labour market, which made it easier for young people to find paid work. Concurrently, in November 2020, unemployment among those under 25 in the EU averaged 17.7%; it is more than double the unemployment rate of the general population (Youth Business International, 2021). At the same time, the number of self-employed young people (20-29) was about 2 million, which was 7% of working youth (20-29) and half of the total share of employees (15-64) who were self-employed (OECD, 2021).

In Figure 2, the number of self-employed youth by different categories in the countries of the European Union in the period from 2013 to 2022 is shown.

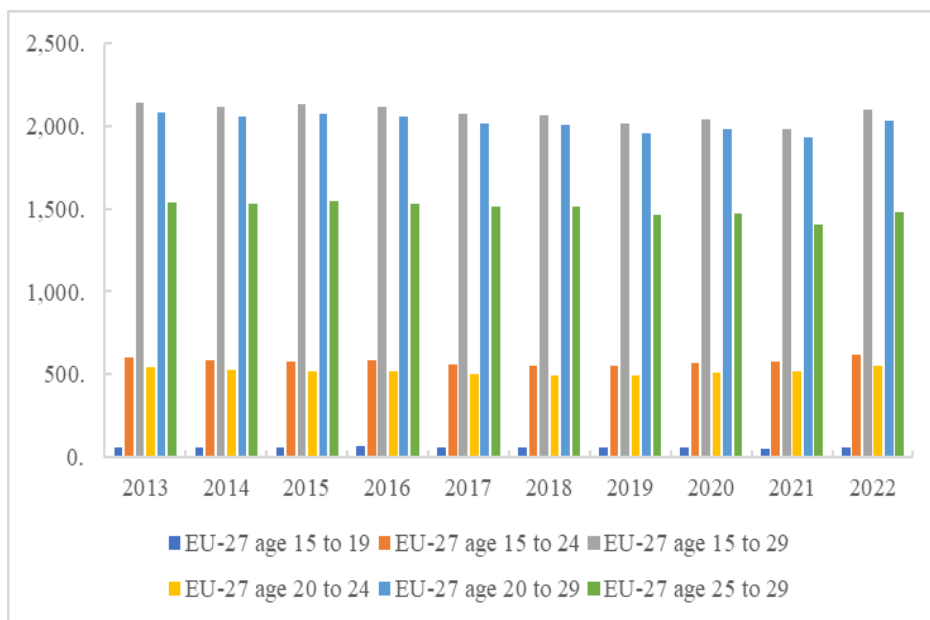


Figure 2. Youth self-employment in the European Union (EU27) in thousands

Note: Adapted by author based on Eurostat (2023), *Youth employment by sex, age and educational attainment level*. Available at <https://ec.europa.eu/eurostat/data/database>

As can be seen, throughout the entire period, youth self-employment is the highest for the category of young people aged 15 to 29, while it is at an approximate level for the age of 20 to 29, which is logical, given that this category is included in the previously observed. As expected, the self-employment of young people aged 15 to 19 is at the lowest level.

When it comes to gender differences, it is noticeable that young women are at a double disadvantage when trying to integrate into the labour market. An encouraging finding of the GEM Global Youth Report (2015) is that there is no difference in educational levels between young women and young men globally. The research also shows that young men perceive entrepreneurial competencies more favourably. At the same time, the discrepancies are most pronounced in terms of self-efficacy and access to entrepreneurial role models. Men have a 1.2 times higher level of confidence in their ability to run a business, while, on the other hand, young women are more likely to start their own business out of necessity than young men.

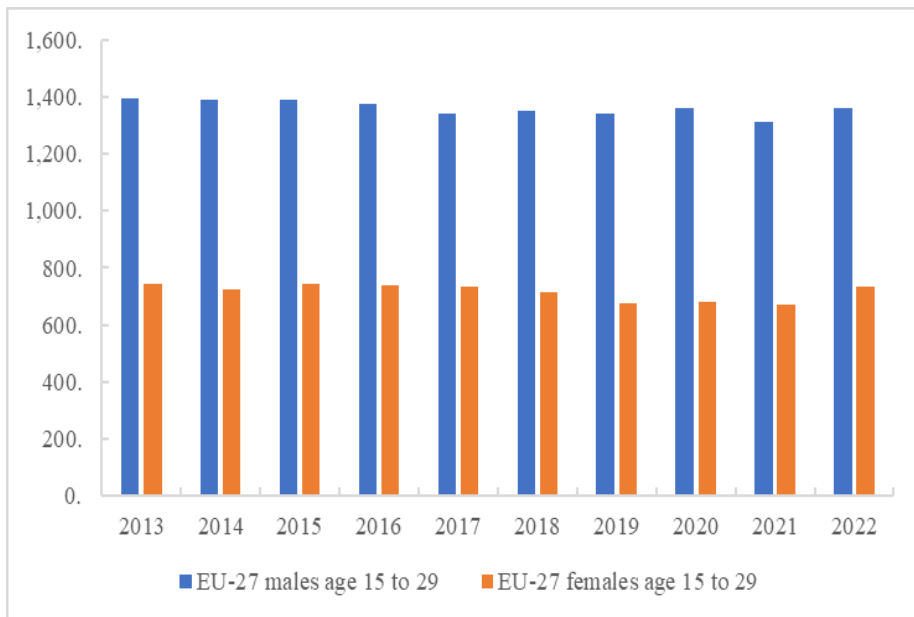


Figure 3. Gender differences in youth self-employment in the European Union (EU27) in thousands

Note: Adapted by author based on Eurostat (2023), Youth employment by sex, age and educational attainment level. Available at <https://ec.europa.eu/eurostat/data/database>

If we look at youth self-employment from 2013 to 2022, it is noticeable that for all age categories, the number of young female entrepreneurs is significantly lower than that of men. Considering that according to Figure 2, the most significant number of self-employed young people is between the ages of 15 and 29, Figure 3 shows the gender differences in the level of self-employment for this category of young people.

During the observed period, it can be concluded that the number of young female entrepreneurs is almost twice as low as the number of young male entrepreneurs. The most significant difference is present in 2020, where this ratio is 680,000 young women in relation to 1,360,900 young men, i.e. 50.3%, while the slightest difference is in 2017, when this ratio is 54.7%.

3. EUROPEAN UNION SUPPORTIVE PROGRAMMES

Policymakers shape the business environment not only with the legislation framework but also by actively supporting new and existing business entities through various entrepreneurship policies (Dvouletý & Lukeš, 2016; Minniti, 2008). The European Union recognised the need to develop different strategies and procedures that would facilitate young people to engage and become active citizens involved in democracy and society. EU member states work together to promote youth employment and the development of youth entrepreneurship by investing in skills that are in demand in the labour market, supporting quality internships and apprenticeship programmes, developing career guidance services, etc. Youth entrepreneurship is considered extremely important for the fight against youth unemployment and social exclusion, as well as for encouraging innovation among young people.

For that reason, increasing youth employment occupies a central place within the Europe 2020 growth and jobs strategy. The EU Youth Strategy represents the legal framework for establishing cooperation and harmonising youth policies for 2019-2027, defined based on the Council Resolution of November 26, 2018. In this way, the aim is to encourage the participation of young people in democratic life while at the same time providing the necessary resources for active involvement in society.

In this sense, the following vital actions stand out: (1) Youth Guarantee, which should provide all young people up to the age of 30 with quality employment, continuing education or apprenticeship programs; (2) Investing in Europe's Youth; which presents an additional effort to support young people; (3) European Solidarity Corps encourages young people to volunteer; (4) Quality

Framework for Traineeships; and (5) European Alliance for Apprenticeships strive to provide quality traineeships for youth.

Youth Guarantee initiatives (European Commission. *Employment, Social Affairs & Inclusion*) is a commitment by all Member States to ensure that all young people receive a good quality offer of:

- employment
- continued education
- apprenticeship
- traineeship

within four months of becoming unemployed or leaving education.

The Youth Guarantee has created opportunities for young people and is a decisive structural reform and innovation driver. Research shows that the Youth Guarantee had a tremendous transformative effect, under which youth unemployment was reduced to a record low of 14.9% in February 2020. Experience has shown that over 24 million young people who were part of the program received an offer in a short period for work, continuing education, apprenticeship or internship.

Initiative **Investing in Europe's Youth** was launched in 2016 by the European Commission to encourage youth employment, improve and advance education, increase investment in young people's skills and improve opportunities for learning and studying abroad. Under the influence of this initiative, about 9 million young people accepted the offer, most of which were job offers.

European Solidarity Corps offer opportunities to young people mainly oriented on cross-border volunteering activities. Volunteer activities of the European Solidarity Corps are open to young people aged 18 to 30. These initiatives are an excellent opportunity to help those in need, learn new skills, master foreign languages and gain new experiences.

With a wide range of issues covered by the initiatives, such as environment, health, inclusion, digital technologies, culture, and sports, young people can choose the program according to their personal interests.

The Council on the **Quality Framework for Traineeships** (QFT) recommendation was adopted in 2014. This initiative aims to empower young people and contribute to developing their skills and experience through various training programs to make it easier to enter the labour market after completing a formal education or from unemployment and inactivity. The main element of

the Quality Framework for Traineeships (Council Recommendation, 2014) is the written traineeship agreement that indicates the educational objectives, adequate working conditions, rights and obligations, and a reasonable duration for traineeships.

European Alliance for Apprenticeships (EAfA) unites governments and all vital stakeholders to strengthen the quality, offer and overall image of apprenticeships across Europe while promoting the mobility of apprentices through national commitments and voluntary pledges by stakeholders (European Commission. *Employment, Social Affairs & Inclusion*). From 2020, this initiative points to the importance of digital and green apprenticeships and deals with social inclusion issues and professional education internationalisation.

4. CONCLUSION

Most countries and regions are developing supportive youth entrepreneurship programmes to encourage them to start their ventures. Providing adequate support to young people after completing formal education could serve as a good basis for reducing youth unemployment rates and creating new jobs through self-employment programs.

In order to analyse the role and importance of youth entrepreneurship, a comparative analysis of available European Union programs that support the development of this type of entrepreneurship was carried out. Through various initiatives presented within the EU Youth Strategy (2019) and the declaration of the 2022 European Year of Youth, the European Union seeks to support young people ready to start their entrepreneurial ventures and invest in realising their ideas.

Analysing the available support programs for young entrepreneurs, it can be concluded that the interest among policymakers in this topic has increased in recent years, primarily due to high youth unemployment, but also weaker offers on the labour market for young adults and recent graduates. Policymakers have various instruments to support young people in creating businesses, primarily by providing additional training opportunities, accessible access to available financial resources and loans, and networking in entrepreneurial networks. Experience and research results suggest that available programs are more effective when young people are offered different opportunities in one place.

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