3. Youth self-employment and entrepreneurship activities

This chapter presents data on self-employment and entrepreneurship activities by youth, including self-employment rates and the proportion involved in starting a business. The chapter also presents data on the characteristics of the businesses operated by youth, including the sector, the proportion of new businesses that offer new products and services, and the proportion of new entrepreneurs who expect to create a substantial number of jobs. Data are also presented on some of the key barriers to entrepreneurship for youth such as fear of failure and a lack of entrepreneurship skills. Data are presented for European Union Member States and OECD countries along with the averages for the European Union and the OECD.
Key messages

- Youth have a high level of interest in self-employment but only 6.5% of working youth (20-29 years old) in the European Union (EU) were self-employed in 2018. Further, the number of self-employed youth has declined over the past decade, falling from 2.7 million in 2009 to 2.5 million in 2018.

- The gender gap in self-employment starts early. In 2018, young women in the EU were only about 60% as likely as young men to be self-employed (4.8% vs. 8.0%).

- Youth are slightly more likely than adults to be involved in starting a business. In the EU, survey data indicate that 4.7% of youth (18-30 years old) were actively working on setting up a business between 2014 and 2018, compared to 4.0% overall. However, youth in OECD countries were more active in business creation over this period (7.4%).

- Few self-employed youth are employers. In 2018, only 15.9% of self-employed youth (20-29 years old) in the EU employed other people compared to 28.5% overall.

- However, new young entrepreneurs in the EU were optimistic about their job creation potential: 11.1% indicated that they expected to create at least 19 additional new jobs over the next five years compared to 9.8% overall. The share of new youth entrepreneurs expecting this level of growth was higher in OECD countries over this period (14.6%).

- Approximately half of new youth entrepreneurs reported that they introduced new products and services to their customers over the 2014-18 period, which was slightly above the proportion of adults over this period.

- Youth face a number of key barriers to business creation and self-employment. Youth (18-30 years old) in the EU were slightly less likely than adults to feel that they had the knowledge and skills for entrepreneurship over the 2014-18 period (36.3% vs. 41.9% for adults). A similar result was found in OECD economies over the same period (38.7% vs. 44.5% for adults). Further, 44.5% of youth in the EU viewed fear of failure as a barrier to entrepreneurship over this period. This proportion was above the proportion for OECD countries (39.2%).

- Public policy can address many of the market and institutional failures in youth entrepreneurship by increasing awareness about the potential of entrepreneurship, embedding entrepreneurship teaching at all levels of education, offering training and coaching outside of education, improving access to finance and supporting the development of entrepreneurship networks for young people.

The policy context for youth self-employment and entrepreneurship

Youth unemployment has been a major crisis over the past decade...

One of the greatest policy challenges of the past decade for many European Union (EU) Member States (and non-EU OECD countries) has been the youth unemployment crisis. In the EU, the youth unemployment rate peaked in 2013 at 23.7%, but it reached much higher levels in several Member States such as Greece (58.3%), Spain (55.5%) and Croatia (50.0%). In Italy, the youth unemployment rate peaked a year later at 42.7%. At the same time, the number of youth who were not in employment, education or training (i.e. NEETs) was also increasing rapidly.
This challenge led to a range of policy actions in the EU, including the EU’s Youth Guarantee (European Union, 2013[1]), which was a commitment by all EU Member States in the form of a Council Recommendation. It aims to ensure that all young people under the age of 25 years receive a good quality offer of employment, continued education, apprenticeship, or traineeship within four months of becoming unemployed or leaving formal education. The main financial instrument used to implement Youth Guarantee schemes in Member States is the Youth Employment Initiative (YEI). It was launched in 2012 and supports youth living in regions where the youth unemployment rate is higher than 25%. The YEI provides financial resources to complement actions funded by national budgets in Member States, as well as those supported by EU funds, notably the European Social Fund (ESF). In 2017, the Council and the Parliament agreed to increase the budget of the YEI by EUR 2.4 billion for eligible Member States for the period 2017-20, bringing the total budget to EUR 8.8 billion for 2014-20 (European Commission, 2018[2]).

Although the youth unemployment challenge has not yet been fully resolved, youth unemployment has returned to pre-crisis levels (i.e. 2007) in most Member States. Moreover, the proportion of youth (15-29 years old) that are not in employment, education or training (i.e. NEETs) has declined in the EU since 2011, falling from 15.4% to 13.4% in 2017 (Eurostat, 2018[3]). However, it must be recognised that these trends vary greatly at the regional level and many regions continue to face high levels of youth unemployment.

Moreover, labour market participation rates for youth continue to decline, having fallen nearly 10 percentage points over the last decade in the EU (Eurostat, 2018[3]). Participation rates have also declined in OECD countries over the last decade, but to a much lesser extent (three percentage points) (OECD, 2019[4]). This is likely a response to tightening labour markets, which is expected to continue in the coming years (OECD, 2018[5]). Youth are one of the most affected groups because their lack of experience makes it difficult to enter the labour market, particularly those with low skill levels (OECD, 2018[6]). Consequently, many youth delay entry into the labour market by pursuing post-secondary education.

Youth unemployment and delayed entry into the labour market are a concern for policymakers because the short- and long-term consequences can be great. The long-term impacts of youth unemployment include serious negative effects on earnings and employment opportunities, even after 20 years (Schmillen and Umkehrer, 2017[7]). Moreover, prolonged periods without a job can reduce civic engagement, lower trust in society and other citizens and potentially lead young people into crime (Carcillo et al., 2015[8]). Youth unemployment also has a substantial cost to economies. For example, estimates suggest that NEETs aged 15 to 29 years old cost the EU economy EUR 142 billion per year (Eurofound, 2019[9]).

...and other challenges are emerging

A number of structural changes are unfolding in the labour market. A growing number of workers have non-standard work arrangements, including temporary work, part-time work and self-employment. The number of workers with temporary contracts has increased in most EU countries, and this has affected youth disproportionately. Further, the proportion of workers in part-time work has also increased, especially among youth (Eurostat, 2018[3]).

The increase in non-standard work represents an opportunity for some workers. For example, some people that have difficulty entering the labour market may have opportunities to take a first step into work and gain experience that can lead to other opportunities. This is particularly relevant for youth. However, the increase in non-standard work can also be associated with “false” self-employment and deteriorating working conditions, notably reduced employment and income stability and fewer prospects for
career development. For youth, the increases in temporary and part-time work have been largely involuntary (European Commission, 2017[10]). The consequence is income instability, which can delay major decisions such as home-ownership or starting a family.

Self-employment activities by youth

Youth are interested but not active in self-employment

Survey data often indicate that youth are very interested in becoming self-employed (OECD/EU (forthcoming)[11]; Halabisky, 2012[12]). Recent surveys show that almost half of youth would prefer to work as self-employed rather than working as an employee (European Commission, 2012[13]). However, very few youth work as self-employed. In 2018, only 6.5% of employed youth between 20 and 29 years old were self-employed in the EU (Figure 3.1). This was less than the overall self-employment rate for adults overall (15-64 years old) – 13.5%. The self-employment rate for youth has remained fairly constant despite a decline in the absolute number of self-employed youth from 2.7 million in 2009 to 2.5 million in 2018.

At the country level, youth self-employment rates varied greatly across EU Member States and non-EU OECD countries (Figure 3.2). The proportion of youth working as self-employed was relatively high in 2018 in Italy (12.6% for youth vs. 20.6% for adults), Lithuania (6.9% vs. 10.8%), Romania (10.5% vs. 15.5%) and the Slovak Republic (10.2% vs. 14.6%). At the same time, it was relatively low in Austria (3.3% vs. 10.4%), Croatia (2.9% vs. 10.2%), Ireland (2.9% vs. 12.9%) and Switzerland (3.2% vs. 11.6%).

Over the past decade, the youth self-employment rate declined in many EU Member States, likely due to the improving labour market conditions following the economic crisis that allowed more youth to move into paid employment. Nonetheless, there were marginal increases in the youth self-employment rate some countries over the past decade: Estonia, Latvia, the Netherlands, Slovenia and the United Kingdom. Countries with high youth unemployment tend to also have high youth self-employment rates, which often reflects necessity entrepreneurship (Figure 3.3).

Figure 3.1. Youth in the EU are half as likely as adults to be self-employed

Self-employment as a percentage of employment

Source: (Eurostat, 2019[14])

StatLink  http://dx.doi.org/10.1787/888934065285
Figure 3.2. Youth self-employment rates vary greatly by country

Self-employment as a percentage of employment

Source: (Eurostat, 2019)
Figure 3.3. Youth self-employment is higher in countries with high youth unemployment

Share of active youth (20-29 years old) that are unemployed and the proportion of employed youth (20-29 years old) that are self-employed, 2018

Source: (Eurostat, 2019[14])

StatLink 
http://dx.doi.org/10.1787/888934065323

Box 3.1. Country spotlight – the difference in motivations for youth entrepreneurs starting from unemployment, selected EU Member States

The EU project Cultural Pathways to Economic Self-Sufficiency and Entrepreneurship sought to undertake a comparative analysis of youth unemployment in Europe. The project ran from February 2014 until January 2018.

As part of this project, a survey was undertaken between January and June 2016 about labour market activities of youth aged 18 to 35 years old. The United Kingdom, Denmark, Switzerland, Germany, Austria, the Czech Republic, Hungary, Spain, Italy, Greece, and Turkey participated in the survey. For each country, data for a stratified random sample of at least 1 000 youth aged 18–35 years was collected. The data comes with post-stratification weights according to age, gender, educational attainment, NUTS2 region, and country population size.

One of the issues explored by the survey was motivations for self-employment and whether they differed between those who started a business out of unemployment and those who were not unemployed (Figure 3.4). Self-employed youth who were not previously unemployed were most frequently motivated by greater independence or the opportunity to become their own boss (38.7%). However, for those who were previously unemployed, the main driver was a necessity for earning money (36.2%). Only 23.1% of those who were not unemployed were motivated by necessity. Other differences in motivations between the two groups of self-employed youth were minimal.

However, differences in the types of activities done in self-employment were also observed. About one-fifth of the self-employed without unemployment experience worked as managers while only 12.1% of those who were unemployed did. Furthermore, relatively
more of the self-employed with unemployment experience worked in services and sales (especially as sales managers) or elementary occupations.

**Figure 3.4. One-third of self-employed youth that were formerly unemployed started their business out of necessity**

Motivation for becoming self-employed for individuals with and without unemployment experience (relative frequency in %), 2018

<table>
<thead>
<tr>
<th>Motivation</th>
<th>Not previously unemployed</th>
<th>Previously unemployed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Out of necessity, I had no better alternative to earn money</td>
<td>30%</td>
<td>40%</td>
</tr>
<tr>
<td>Greater independence, being my own boss</td>
<td>35%</td>
<td>30%</td>
</tr>
<tr>
<td>Increasing my personal income</td>
<td>25%</td>
<td>20%</td>
</tr>
<tr>
<td>Realise my dream and interesting work with a variety of tasks</td>
<td>20%</td>
<td>15%</td>
</tr>
<tr>
<td>Other</td>
<td>5%</td>
<td>10%</td>
</tr>
<tr>
<td>Status, I wanted to be perceived as successful</td>
<td>10%</td>
<td>5%</td>
</tr>
</tbody>
</table>

*Note: Results are weighted by age, gender, education, NUTS2 region and country population size. Source: (Dvouletý et al., 2018)*

The gender gap is also significant among self-employed youth

The gender gap, which was noted in Chapter 2, also appears significantly among self-employed youth. In the EU, young men (20-29 years old) were nearly twice as likely to be self-employed than young women in 2018 (8.0% vs. 4.8%) (Figure 3.5). The gender gap among self-employed youth has closed one percentage point since 2002 (i.e. about 25%).

There were only a small number of countries where young women were about as likely as young men to be self-employed over the past decade (Figure 3.6). The gap was very small in 2018 in Cyprus (0.2 percentage points, p.p.), Hungary (0.3 p.p.) and Estonia (0.9 p.p.), and was negative in Luxembourg, i.e. young women were more likely to be self-employed than young men. Over the past decade, the gender gap closed slightly in Cyprus, Ireland, Romania, Slovenia, Spain and Turkey, while it increased in Greece, Poland and the Slovak Republic.
Figure 3.5. The gender gap in youth self-employment in the EU has been decreasing

Self-employment as a percentage of employment

Source: (Eurostat, 2019[14])

StatLink  
http://dx.doi.org/10.1787/888934065361
Figure 3.6. The gender gap in youth self-employment varies greatly by country

Self-employment as a percentage of employment

Source: (Eurostat, 2019[14])

StatLink  http://dx.doi.org/10.1787/888934065380
Self-employed youth are less likely to have employees

Overall, 15.9% of self-employed youth (20-29 years old) in the EU employed other people in 2018 (Figure 3.7). This was about half of the proportion of self-employed adults (28.4%). Since 2007, the share of self-employed youth with employees has declined from 19.1% to 15.9%, which is slightly faster than the overall decline among all self-employed over this period (30.8% to 28.4%).

Young self-employed women in the EU were less likely than young self-employed men over the 2007-18 period to have employees, although the gap narrowed over this period. In 2018, 13.6% of young self-employed women had employees, relative to 17.0% of young self-employed men.

Despite the overall decrease in the share of self-employed youth that had employees, the proportion increased over the past decade in Austria, Croatia, Denmark and Sweden (Figure 3.8). Furthermore, there were a number of countries where young self-employed women were as likely as young self-employed men to have employees, notably in Belgium, the Czech Republic and Norway.

Figure 3.7. The proportion of self-employed youth with employees in the EU is declining

Source: (Eurostat, 2019[14]).

StatLink  http://dx.doi.org/10.1787/888934065399
Figure 3.8. The proportion of self-employed with employees varies greatly by country

Percentage of the self-employed

Source: (Eurostat, 2019[14])

StatLink   http://dx.doi.org/10.1787/888934065418
Entrepreneurship cycle

Another approach to estimating the level of entrepreneurship activities in an economy is through household surveys. The most well-known international survey on entrepreneurship is the Global Entrepreneurship Monitor (GEM). It is composed of a network of researchers and research institutes that manage the annual household survey. For more information on GEM, please refer to the Reader’s Guide at the beginning of this report.

*Many youth are involved in pre start-up activities*

The GEM framework measures four stages of entrepreneurship: nascent entrepreneurship, new business ownership, established business ownership and business discontinuation. The first stage of entrepreneurship activities, *nascent entrepreneurship*, measures the proportion of the adult population (18-64 years old) that are actively involved in setting up a business they will own or co-own. To be considered in this stage, the business must not have paid salaries, wages or any other payments to the owners for more than three months. For more information, please see the Reader’s Guide at the beginning of the book.

According to this measure, youth (18-30 years old) were slightly more active in nascent entrepreneurship than the overall adult population between 2014 and 2018 (Figure 3.9). Among EU Member States, 4.7% of youth were nascent entrepreneurs relative to 4.0% of the overall adult population. The proportions were slightly higher among OECD countries during this period – 7.4% of youth and 6.6% of adults.

Among EU Member States, nascent entrepreneurship rates among youth were highest between 2014 and 2018 in Latvia (12.7%) and Estonia (13.9%), and lowest in Spain (2.2%) and Bulgaria (2.5%). The nascent entrepreneurship rate for youth was lower than the rate for adults in only one EU Member State over this period – Finland (3.6% vs. 4.0% for adults).
**Figure 3.9. Youth are more likely than adults to be involved in pre start-up activities**

Nascent entrepreneurship as a percentage of the population, 2014-18

*Note:* The nascent entrepreneurship rate is defined as the proportion of the adult population (18-64 years old) that is actively involved in setting up a business they will own or co-own; this business has not paid salaries, wages or any other payments to the owners for more than three months. All EU and OECD countries participated in the GEM survey between 2014 and 2018 except the Czech Republic and Malta. Several countries did not participate in the survey in every year: Australia (2018), Austria (2015, 2017), Belgium (2016-18) Bulgaria (2014), Cyprus (2014-15), Denmark (2015-18), Estonia (2018), Finland (2017-18), France (2015), Hungary (2017-18), Japan (2015-16), Korea (2014), Latvia (2014, 2018), Lithuania (2015-18), Mexico (2018), Norway (2016-18), Portugal (2017-18), Romania (2016-18), Turkey (2014-15, 2017).

*Source:* (Global Entrepreneurship Monitor, 2019[16])

**Youth are more likely to be new business owners**

The second phase of entrepreneurship activities in the GEM framework is *new business ownership*, which measures the proportion of the population (18-64 years old) that is currently the owner-manager of a new business that has paid salaries, wages or any other payments to the owners for more than three months, but not more than 42 months.

Overall, there was little difference between youth and adults according to this measure. In EU Member States, the new business ownership rate among youth was 3.1% for the period 2014-18, which was essentially the same as the rate for adults (2.8%) (Figure 3.10). As with the nascent entrepreneurship rate, the new business ownership rate for youth was slightly higher in OECD countries during this period (4.0%). But again, the rate for youth was approximately the same as the rate for adults (3.9%).

Among EU Member States, the new business ownership rate for youth was highest in Latvia (8.3%) and the Netherlands (8.3%) between 2014 and 2018. It was 2% or lower in Italy (1.7%) and Finland (2.0%). The gap between youth and adults was the largest in Latvia (3.2 percentage points, p.p.) and the Netherlands (3.1 p.p.).
Youth are as likely to be new business owners as adults

New business ownership as a percent of the population, 2014-18

Note: The new business ownership rate measures the proportion of the population (18-64 years old) that is currently the owner-manager of a new business that has paid salaries, wages or any other payments to the owners for more than three months, but not more than 42 months. All EU and OECD countries participated in the GEM survey between 2014 and 2018 except the Czech Republic and Malta. Several countries did not participate in the survey in every year: Australia (2018), Austria (2015, 2017), Belgium (2016-18), Bulgaria (2014), Cyprus (2014-15), Denmark (2015-18), Estonia (2018), Finland (2017-18), France (2015), Hungary (2017-18), Japan (2015-16), Korea (2014), Latvia (2014, 2018), Lithuania (2015-18), Mexico (2018), Norway (2016-18), Portugal (2017-18), Romania (2016-18), Turkey (2014-15, 2017).

Source: (Global Entrepreneurship Monitor, 2019[16])

Youth are not likely to be established business owners

The next phase of entrepreneurship activities in the GEM model is the established business ownership rate. This is defined as the proportion of the adult population that is currently the owner-manager of an established business that has paid salaries, wages or any other payments to the owners for more than 42 months.

Between 2014 and 2018, youth were much less likely than adults to be established business owners (Figure 3.11). In EU Member States, 2.1% of youth were established business owners relative to 6.8% of adults over this period. Similarly, 2.4% of youth and 7.4% of adults were established business owners in OECD countries. Among EU Member States, the proportion was the greatest in Romania (5.5%) and Greece (9.8%).

StatLink ▼ http://dx.doi.org/10.1787/888934065456
Youth are unlikely to be owners of established businesses

Established business ownership as a percent of the population, 2014-18

Note: The established business ownership rate is defined as the proportion of the adult population (18-64 years old) that is currently owner-manager of an established business that has paid salaries, wages or any other payments to the owners for more than 42 months. All EU and OECD countries participated in the GEM survey between 2014 and 2018 except the Czech Republic and Malta. Several countries did not participate in the survey in every year: Australia (2018), Austria (2015, 2017), Belgium (2016-18) Bulgaria (2014), Cyprus (2014-15), Denmark (2015-18), Estonia (2018), Finland (2017-18), France (2015), Hungary (2017-18), Japan (2015-16), Korea (2014), Latvia (2014, 2018), Lithuania (2015-18), Mexico (2018), Norway (2016-18), Portugal (2017-18), Romania (2016-18), Turkey (2014-15, 2017).

Source: (Global Entrepreneurship Monitor, 2019[16])

StatLink: http://dx.doi.org/10.1787/888934065475

Youth are more likely to discontinue their business because it was not profitable

The final stage of entrepreneurship is business discontinuation or exit. There are many reasons why businesses may stop operating and some of the reasons are positive (e.g. the business was sold for a profit), while others are negative (e.g. the business was not profitable).

Over the period 2014-18, the most common reason cited by youth entrepreneurs in EU Member States and non-EU OECD countries for business exit was that it was not profitable (Figure 3.12). Nearly one-quarter of youth entrepreneurs cited this as the reason for business exit, which was approximately the same proportion as adult entrepreneurs. Youth were more likely to cite personal reasons (20.1% in EU Member States and 21.0% in OECD countries) than adults (17.4% in EU and 18.3% in OECD), as well as that they had pursued another job or entrepreneurship opportunity (16.1% vs. 11.4% in EU and 13.9% vs. 10.5% in OECD).

The frequency of the various reasons for business discontinuation varies greatly across countries. For example, the proportion of youth who discontinued their business because it was not profitable was very high in some countries such as Greece (64.1%), Spain (49.7%) and Bulgaria (48.6%) – which are countries with high youth unemployment rates – but was low in others such as Belgium (4.5%), Germany (11.3%), Finland (13.0%) and Slovenia (13.6%).
I.3. YOUTH SELF-EMPLOYMENT AND ENTREPRENEURSHIP ACTIVITIES

THE MISSING ENTREPRENEURS 2019 © OECD/EU 2019

Figure 3.12. Most youth entrepreneurs discontinue because their business was not profitable

“What was the most important reason for quitting the business?”

Share of entrepreneurs that exited in a business exit in the past 12 months, 2014-18


Source: (Global Entrepreneurship Monitor, 2019[6])

StatLink 2 http://dx.doi.org/10.1787/888934065494

Barriers to business creation for youth

Entrepreneurship skills and experience are greater barriers to business creation for youth than for adults

Overall, entrepreneurship skills is one of the most frequently cited barriers to successful business creation and this barrier is relatively greater for youth since they are less experienced in the labour market than older age cohorts.

Between 2014 and 2018, 36.3% of youth in the EU and 38.7% of youth in OECD countries indicated that they had the entrepreneurship skills and experience needed to start a business (Figure 3.13). Both of these proportions were slightly below the proportions of adults that indicated that they had sufficient entrepreneurship skills and experience to start a business – 41.9% in EU Member States and 44.5% in OECD countries.

Among EU Member States, youth were the most confident about their entrepreneurship skills in Romania (50.1%) and Latvia (50.6%), while they were the least confident in Denmark (25.6%). These differences are likely explained by social attitudes towards entrepreneurship and work, as well as the extent to which entrepreneurship education has been embedded in the formal education system.
Figure 3.13. Youth are less likely to have entrepreneurship skills than adults

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

Percentage of population who responded “yes”, 2014-18

Source: (Global Entrepreneurship Monitor, 2019[16])

Youth are as likely as adults to cite “fear of failure” as a barrier to start-up

Another barrier to business creation that is frequently cited is a fear of failure. Over the 2014-18 period, however, youth were not more likely to report that a fear of failure prevented them from starting a business. In EU Member States, 44.5% of youth cited this barrier and in OECD countries, the proportion was 39.2%. Both of these proportions were essentially equal to those of adults (Figure 3.14). During this period, more than half of the youth indicated that a fear a failure was a barrier to business creation in Luxembourg (51.7%), Cyprus (53.4%), Italy (55.9%) and Greece (68.5%). The EU Member State with the lowest proportion of youth that cited this barrier was Slovenia (34.8%).
Figure 3.14. Youth are as likely as adults to report a fear of failure

“Does a fear of failure prevent you from starting a business?”
Percentage of population who responded “yes”, 2014-18

Source: (Global Entrepreneurship Monitor, 2019[16])

StatLink  http://dx.doi.org/10.1787/888934065532

Characteristics of self-employed youth

Youth are less likely to be self-employed in all sectors except “households as employers”

Overall, self-employed youth in the EU are more likely to operate in less capital-intensive sectors that have low entry barriers. With the exception of “Activities of households as employers” (e.g. babysitters, gardeners, tutors), the self-employment rates for youth were for all sectors below those of adults (Figure 3.15). In 2018, youth working in agriculture, forestry and fishing were the most likely to be self-employed (26.9%) and the least likely in Manufacturing (1.9%).
Figure 3.15. Youth self-employment rates vary by sector in the EU

Self-employment as a percent of employment by sector, 2018

Source: (Eurostat, 2019[14])

StatLink 2 http://dx.doi.org/10.1787/888934065551

Most self-employed youth are professionals

The distribution of self-employed youth (20-29 years old) by occupation varied substantially from that of adults in 2018 (Figure 3.16). In the EU, self-employed youth were more likely than the overall average to be working as Professionals (e.g. business and administration professionals, ICT professionals) (21.9% vs. 15.1%), Service workers (e.g. personal care services, shop salesperson) (17.5% vs. 6.4%), and in Elementary occupations (e.g. cleaners, labourers, food preparation assistants) (5.6% vs. 3.2%). Conversely, they were likely to be less working in occupations that require greater levels of skills and experience such as Managers (7.3% vs. 23.6%) and Skilled agricultural and fishery workers (11.5% vs. 20.6%).

Figure 3.16. Most self-employed youth in the EU are professionals or service workers

Distribution of self-employed workers by occupation, 2018

Source: (Eurostat, 2019[14])

StatLink 2 http://dx.doi.org/10.1787/888934065570
A growing share of self-employed youth have a tertiary education

The share of self-employed youth (20-29 years old) with a tertiary education more than doubled between 2002 and 2018, increasing from 16.1% to 34.9% (Figure 3.17). This increase was greater than the increase in the overall proportion of self-employed with a tertiary education, which grew from 20.9% to 36.0%. It was also greater than the increase in the share of youth employees that had a tertiary education (21.8% in 2002 to 34.4% in 2018).

The EU Member States where the greatest share of self-employed youth had a tertiary education were: Luxembourg (63.6% vs. 41.4% of youth employees), Ireland (58.8% vs. 47.8%), Cyprus (57.6% vs. 53.3%), Belgium (56.8% vs. 46.1%), France (56.7% vs. 46.0%) and Austria (52.0% vs. 36.2%) (Figure 3.18).

Figure 3.17. Self-employed youth in the EU are more likely to have a tertiary education than employees

Self-employed by education level

Source: (Eurostat, 2019[14])

StatLink 2 http://dx.doi.org/10.1787/888934065589
Figure 3.18. Self-employed youth are more likely to have a tertiary education than employees in most countries

Self-employed by education level, 2018

Note: Levels 0-2 refers to less than upper secondary education, while Levels 3-4 refers upper secondary and post-secondary non-tertiary education. Levels 5-8 refers to tertiary education.

Source: (Eurostat, 2019[14])

StatLink: http://dx.doi.org/10.1787/888934065608
Youth are more likely to start businesses in teams

Youth (18-30 years old) were slightly more likely to be working in teams on their new start-ups than adults. Between 2014 and 2018, 21.2% of new youth entrepreneurs in both EU and OECD countries indicated that they were working in teams. This proportion was slightly above the EU average (18.7%) and OECD average (19.0%) for this period.

Among EU Member States, youth entrepreneurs were most likely to be working in teams in Finland (33.3%), Slovenia (34.9%) and Hungary (38.9%). Conversely, few new youth entrepreneurs worked in teams in Poland (6.5%) and Netherlands (10.5%).

Figure 3.19. About 20% of new youth entrepreneurs started their business in teams

Business performance

Self-employed youth work longer hours than those working as employees

Self-employed youth (20-29 years old) tend to work more hours per week than those working as employees. Moreover, among self-employed youth that worked full-time at their business, those who employ others tend to work, on average, more hours per week than those who do not have employees. Among EU Member States, self-employed youth worked the most hours per week in Greece (52.6 hours for employers and 49.9 hours for those without employees), France (52.4 hours for employers and 42.2 hours for those without employees) and Austria (50.1 hours for employers and 50.9 hours for those without employees) (Figure 3.20).
Figure 3.20. Self-employed youth work more hours per week than those working as employees

Number of average weekly hours for full-time work, 2018

Note: Own-account workers are those self-employed people who do not have any employees.
Source: (Eurostat, 2019)
Youth entrepreneurs are slightly more likely to be innovative

New youth entrepreneurs (18-30 years old) were slightly more likely to report introducing new products and services than the overall average between 2014 and 2018 (Figure 3.21). Nearly 30% of new youth entrepreneurs in the EU reported that they offered new products and services to their customers (29.4%) relative to 27.5% of adults (18-64 years old). Similarly, 33.2% of new youth entrepreneurs in OECD countries reported offering new products and services, which was slightly more than the overall average of 31.6%. Among EU Member States, new youth entrepreneurs were the most likely to report offering new products and services in Luxembourg (55.3%) and the least likely in Bulgaria (18.1%).

Figure 3.21. Nearly one-third of new youth entrepreneurs offer new products and services

Percent of early-stage youth entrepreneurs that offer products and services that are new to potential customers, 2014-18

Youth entrepreneurs are more likely to export

New youth entrepreneurs (i.e. nascent entrepreneurs and new entrepreneurs) (18-30 years old) appear to be more likely to operate internationally-oriented businesses than older entrepreneurs (Figure 3.22). In EU Member States, 22.9% of new youth entrepreneurs reported having customers in other countries, which was slightly above the overall average (19.2%) between 2014 and 2018. In OECD countries, new youth entrepreneurs were slightly less likely to have customers in other countries (17.5%) during this period. Among EU Member States, youth entrepreneurs that operate new businesses were the most likely to report having customers in other countries in Austria (40.2%), Croatia (42.9%) and Luxembourg (48.1%). Conversely, they were the least likely to report having foreign customers in Denmark (6.4%) and Finland (7.6%).


Source: (Global Entrepreneurship Monitor, 2019[16])

StatLink  http://dx.doi.org/10.1787/888934065665
Figure 3.22. About one-fifth of early-stage youth entrepreneurs export

Percent of early-stage youth entrepreneurs that sold to customers in other countries, 2014-18


Source: (Global Entrepreneurship Monitor, 2019[16])

StatLink 2 http://dx.doi.org/10.1787/888934065684

Youth are more likely to pursue business growth

Between 2014 and 2018, youth entrepreneurs (18-30 years old) that operated businesses that were less than 42 months old were slightly more likely than older entrepreneurs to report an expectation of creating at least 19 jobs over the next five years (Figure 3.23). In the EU, 11.1% of new youth entrepreneurs expected to create at least 19 jobs over the next five years during this period, which was slightly above the proportion of adults (9.8%) but lower than the proportion of new youth entrepreneurs in OECD countries expecting this level of employment growth (14.6%). It is important to note that expected job creation does not necessarily translate into actual jobs created, and it is likely that youth entrepreneurs overestimate their business management abilities and underestimate the challenges that will likely be encountered.

Among EU Member States, new youth entrepreneurs were the most likely to report an expectation of high growth in Romania (20.9%) and Hungary (23.1%). Conversely, those in Bulgaria (1.8%), Greece (3.8%) and Spain (4.6%) were the least likely to expect high levels of employment creation.
Figure 3.23. More than 10% of youth entrepreneurs expect high-growth

Percent of early-stage youth entrepreneurs that expect to create at least 19 jobs over the next five years, 2014-18


Source: (Global Entrepreneurship Monitor, 2019[16])

StatLink  
http://dx.doi.org/10.1787/888934065703

Conclusions

Overall, about 40% of youth express an interest in entrepreneurship but very few youth are self-employed. This gap signals untapped entrepreneurial potential. It is clear that youth face many barriers, including a lack of entrepreneurship skills. Other key barriers include a lack of entrepreneurship role models, little entrepreneurship and work experience, few financial resources, limited business networks and market barriers such as low credibility with potential customers (Halabisky, 2012[12]; OECD/EU (forthcoming), n.d.[11]). Common public policy responses to these barriers include entrepreneurship training, grants and loans for business start-up, coaching and mentoring and support in network building. It is also important for public policy to go beyond helping youth start businesses by helping them develop and grow their businesses. Many youth indicate that their businesses introduced new products and services to their customers and that they sell to customers in other countries. It is important to help these youth exploit these opportunities to maximise the economic impact of their businesses.

For further policy discussion on youth entrepreneurship and related policy actions, please refer to (OECD/EU (forthcoming), n.d.[11]). Examples of recent policy actions to support youth entrepreneurs are highlighted in several country profiles in Part III of this report: Croatia, Estonia, Hungary, Malta, Portugal, Romania, Spain, Sweden, and the United Kingdom.
References


