



Making youth entrepreneurship a viable path

How can TVET institutions help promote entrepreneurship?

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Introduction

Statistical forecasts paint a challenging picture for today's youth. The World Bank estimates that the global economy needs 600 million new jobs over the next ten years just to keep employment rates constant, while the International Labour Organization (ILO) reports almost 36% of the world's unemployed—nearly 73.3 million people—are young people, and adding under-employed youth to this account trebles the total (ILO, 2015). Furthermore, over 169 million youth earn less than US\$2 per day, representing more than one third of the working poor in developing countries.

Youth employment continues to be a key challenge in many countries and in different geographical contexts, including the Arab States, Sub-Saharan Africa, and the European Union, with unemployment rates in many of these countries looming 30%. In Latin America, youth are often stuck in the informal sector—six of every ten jobs available to them are in the informal sector, forcing approximately 27 million youth in the region into poor quality jobs. This is worrying, especially considering that Latin American firms in the formal economy are three times more likely than South Asian firms and thirteen times more likely than Pacific-Asian firms to face serious operational problems due to a shortage of human capital.

Clearly, in today and tomorrow's economy, being young and looking for employment is not an easy task.

In this context, youth entrepreneurship can play an important part in facilitating economic development and job creation. While young people often turn to self-employment because they cannot find jobs elsewhere, entrepreneurship can provide them with valuable skills such as critical thinking, decision-making, leadership, teamwork and innovation—all of which remain relevant for the rest of their lives. In general, they gain expertise in areas not incorporated in traditional education, constructing unique careers that resonate outside the typical economic model by pulling in talent from their peers and fostering positive community development.

Considering youth's enormous entrepreneurial potential, governments, practitioners, and policymakers need to focus more on the challenges that young people face when starting and growing successful businesses while at the same time concentrating on policies and programmes that have the ability of unleashing the potential of young entrepreneurs. It is interesting to note that 'Fostering youth employment and entrepreneurship' is one of the three priority areas in UNESCO's Strategy for Technical and Vocational Education and Training (2016-2021).

In this virtual conference we aim to explore some of the key challenges young entrepreneurs face and the skills they require in order to develop successful ventures, as well as the role that technical and vocational education and training (TVET) can play in helping develop some of these skills.

Defining youth entrepreneurship

Although there is no accepted universal definition of "entrepreneurship," "entrepreneur," or "youth entrepreneurship," for the purpose of this virtual conference we will define entrepreneurship in the broadest sense. We borrow the definition proposed by the Schoof (2006), which states:

"Entrepreneurship is the recognition of an opportunity to create value, and the process of acting on this opportunity, whether or not it involves the formation of a new entity. While concepts such as 'innovation' and 'risk taking' in particular are usually associated with entrepreneurship, they are not necessary to define the term."

This definition focuses on behaviour rather than traits, and views entrepreneurship as "a set of behaviours and an entrepreneur is someone who undertakes these behaviours". A behavioural definition of youth entrepreneurship focuses on what an entrepreneur does and how he or she does it, rather than identifying and classifying specific 'entrepreneurial' traits and qualities, avoiding the suggestion that entrepreneurs are born and not made (Schoof, 2006).

Making youth entrepreneurship a viable path

Many young people tend to see entrepreneurship as a viable and desirable path, particularly those from developing countries. A survey of 7,800 youth across 26 countries conducted by Deloitte in 2014 unveiled that while 70% of respondents view themselves as working independently at some point in their careers, nearly 82% of those in developing countries expect this independence in the future, compared to 52% of respondents in developed nations. For youth in the developing world, entrepreneurship is seen as a potential catalyst of economic development and job creation.

However, it is important to keep in mind that youth are not a monolithic entity but rather an incredibly diverse group and their different approaches to entrepreneurship and use of business models reflect this.

In developed economies, entrepreneurs are usually attracted to the sector due to perceived opportunities, while in developing and emerging economies necessity and lack of alternatives are the main drivers behind the decision to start a business. These entrepreneurs tend to focus on low-skills and easy to enter sectors, as they lack some of the more sophisticated skills needed to create more complex businesses.

Providing young people with the entrepreneurship skills, information, mentoring and financial support they need in order to become successful entrepreneurs is crucial in order to make entrepreneurship a viable path.

Through the provision of entrepreneurship education and skills, TVET institutions can help promote entrepreneurship as a viable employment option for youth. TVET institutions can also play an important role fostering cross-sector collaboration, working alongside with policy makers, academic institutions, the business community and other stakeholders in order to prepare young people for a globally competitive and dynamic world.

Main questions for discussion

During this virtual conference we will discuss the key skills that young entrepreneurs need to develop and how to design and implement successful youth entrepreneurship programmes. The virtual conference will build upon the observations made in the Virtual Conference on *Tackling Youth Unemployment through TVET* (2013), which only briefly addressed entrepreneurship education. The virtual conference also takes place in the context of the launching of UNESCO's Strategy for TVET (2016-2021), which has youth and entrepreneurship as one of its priority areas.

Through the virtual conference we will aim to answer some key questions, including the following:

- ***What are some of the key challenges that young entrepreneurs, in different markets and from different backgrounds, face? And how can programmes or policies help them address those challenges?***

While limited access to capital still constitutes a major hurdle for young entrepreneurs to overcome, other barriers may be just as detrimental to the development of a business. In fact, capital without an adequate support system, know-how and mentorship can quickly become lost investment.

- ***What are the key skills that young entrepreneurs need to develop in order to be able to run prosperous ventures? And what role can TVET play in helping develop some of those skills?***

Many young people, especially in developing economies, turn to entrepreneurship due to a lack of available job opportunities. While they may not stay on the entrepreneur track, the experience of developing the hard, soft, and technical skills necessary to start and run a business will bring increasing returns on investment throughout their careers. Development programmes that feature skills training,

especially those that can be used beyond the end of the project, are more attractive to youth, their families, and their communities.

- **What are some key best practices that we can identify when implementing youth entrepreneurship programmes?**

Youth entrepreneurship can offer an innovative alternative for economic growth for young people. However, youth entrepreneurship is still a relatively new phenomenon and there is little definitive evidence supporting or refuting the effectiveness of different support models. As we continue to build the evidence over time we can start to identify key best practices and recommendations when implementing youth entrepreneurship programmes.

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About the moderator

Claudia Pompa



Claudia is a specialist on workforce and skills development, with a particular experience in youth entrepreneurship, vocational training, and small and medium sized enterprise development. She has twelve years of experience as an international development consultant and technical adviser and has worked extensively in Africa, Asia and the Pacific, Latin America, and the Arab States. Her work involved designing, implementing, monitoring and evaluating complex development programmes, particularly focused on entrepreneurship and business development strategies and programmes, across a number of government and non-government organizations.