

Youth Entrepreneurship

Opportunities and Challenges

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Definition of Youth Entrepreneurship

- Unfortunately there is not general agreed definition of youth entrepreneurship.
- "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."
(suggested by a paper in Australia)

Types of youth entrepreneurship

- Economic, social and public entrepreneurship
- Intrapreneurship (Corporate entrepreneurship) and co-operatives
- Categorization of young entrepreneurs
 - Pre-entrepreneurs (15-19 years)
 - Budding entrepreneurs (20-25 years)
 - Emergent entrepreneurs (25-29 years)

Youth Unemployment

- Young people represent one fifth of the world's population and 50% of the total unemployed global workforce.
- Youth unemployment is one of the major challenges faced by most governments in the world.
- Youth comprise more than 98 million of the total of 192 million unemployed people.
- 85% of these people live in developing countries
 - Over quarter of all youth in Sub- Sahara are unemployed.
 - A third of all youth in Central and Eastern Europe are unemployed.
 - One seven youth in developed countries are either in education or in employment

Challenges of Youth Entrepreneurship

- Social and cultural attitude towards young entrepreneurship
 - Not being seriously by colleagues or business contacts
 - Age discrimination by suppliers or customers
 - Difficulties in attracting funding to the business
 - Age discrimination by institution or the government
 - Lack of support from family or friends

Challenges of Youth Entrepreneurship

- Entrepreneurship education
 - General lack of introduction and adoption of enterprise education
 - Inadequate curricula and study programmes
 - Wrong learning methods
 - Negligence of students' personal environment
 - Lack of trained / educated teachers
 - Lack of career information and business possibilities
 - Lack of business and education linkages
 - Lack of ICT infrastructure / capability

Challenges of Youth Entrepreneurship

- Access to finance / start-up financing
 - Lack of personal saving and resources
 - Lack of security and credibility
 - Lack of business experience and skills
 - Strict credit – scoring methodologies and regulations
 - Long waiting periods
 - Lack of knowledge, understanding, awareness of start – up financing possibilities
 - Unfavorable firm characteristics and industry
 - Lack of status / form of enterprise
 - Lack of micro lending / -finance and seed funding

Challenges of Youth Entrepreneurship

- Administrative and regulatory framework
 - Unsupportive tax regimes
 - Business registration procedures and costs
 - Bankruptcy laws: Time and costs involved in insolvency proceedings
 - Ineffective competition law
 - Regulatory framework changes and lack of transparency
 - Property right, copyright, patent and trademark regulations

Challenges of Youth Entrepreneurship

- Business assistance and support
 - Lack of business connections: Business contacts, suppliers, suitable partners and networks
 - Lack of knowledge of available business support services
 - Lack of tailor made business training and advice for young start-ups
 - Lack of trained counselors, development workers and adequate support agencies
 - Lack of mentoring capacities
 - Lack of work space and ICT infrastructure
 - Lack of exchange networks forums and meeting places
 - Lack of other business development services

Advantages of Youth Entrepreneurship

- Every successful entrepreneur brings about benefits not only for himself/ herself but for the municipality, region or country as a whole. The benefits that can be derived from entrepreneurial activities are as follows:
 - Self-employment, offering more job satisfaction and flexibility of the work force
 - Employment for others, often in better jobs
 - Development of more industries, especially in rural areas or regions disadvantaged by economic changes, for example due to globalisation effects
 - Encouragement of the processing of local materials into finished goods for domestic consumption as well as for export
 - Income generation and increased economic growth
 - Healthy competition thus encourages higher quality products
 - More goods and services available

Advantages of Youth Entrepreneurship

- Development of new markets
- Promotion of the use of modern technology in small-scale manufacturing to enhance higher productivity
- Encouragement of more researches/ studies and development of modern machines and equipment for domestic consumption
- Development of entrepreneurial qualities and attitudes among potential entrepreneurs to bring about significant changes in the rural areas
- Freedom from the dependency on the jobs offered by others
- The ability to have great accomplishments
- Reduction of the informal economy
- Emigration of talent may be stopped by a better domestic entrepreneurship climate

Opportunities of Youth Entrepreneurship

- Fight against Youth Unemployment is part of the Millennium Development Goals.
- UN Secretary General in association with World Bank and International Labor Organization initiated the Youth Employment Network (YEN)
- YEN was created to mobilise and engage all major stakeholders to promote youth entrepreneurship.
 - Public Sector (Governments at national, regional or local level)
 - Private Sector (Entrepreneurs, Banks, Investors, small and large companies, trade associations and unions)
 - Non-profit Sector (NGOs, IOs, youth associations, YE clubs and networks, Universities, Private foundations and think tanks)
 - Other stakeholders (Public or private media, donor agencies)

Importance of Promoting Youth Entrepreneurship

- Creating employment opportunities for self-employed youth as well as the other young people they employ.
- Bringing alienated and marginalized youth back into the economic mainstream and giving them a sense of meaning and belonging.
- Helping address some of the socio-psychological problems and delinquency that arises from joblessness.
- Helping youth develop new skills and experiences that can then be applied to other challenges in life.
- Promoting innovation and resilience in youth.
- Promoting the revitalization of the local community by providing valuable goods and services.
- Capitalizing on the fact that young entrepreneurs may be particularly responsive to new economic opportunities and trends.

Youth Entrepreneurship Policies

- Aimed at the pre-start-up (Including entrepreneurship education), start-up and post start-up phases of the entrepreneurial process,
- Designed and delivered to address the areas of motivation, opportunity and skills
- With the main objective of encouraging more young people to start an entrepreneurial undertaking or venture and at the same time to improve young people's general employability.

WAY Contribution to Youth Entrepreneurship

- Global Youth Entrepreneurship Forum
 - ICT and Small Business (2006), Indonesia
- Melaka International Youth Dialogue
 - Youth Employment (2002), Malaysia
 - Youth and Tourism (2007), Malaysia
- Other programmes related to youth employment issues.

Thank You!

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