

Start-up support for young people in the EU: From implementation to evaluation

Executive summary

Introduction

Young people have been hit hardest by the Great Recession. In 2014, the unemployment rate for those aged 15–29 was more than seven percentage points higher than the total unemployment rate. Promoting entrepreneurship has become an increasingly accepted policy tool for reducing unemployment and creating sustainable jobs. However, entrepreneurship is not in itself a solution to youth unemployment and is not without its own risks. Although European data show that a higher proportion of young people generally express a preference for self-employment than older age groups, the self-employment rate for young people in the EU is particularly low. This may be down to specific barriers that they face when starting a business.

This report provides an overview of the current start-up support measures targeted at young people, as well as other more general measures that have relevance for them. It also reviews evaluations of the impact of selected measures and the methodologies used. The effectiveness of youth entrepreneurship policies is particularly difficult to assess, and this report aims to highlight key issues in relation to the implementation as well as the evaluation of start-up support measures.

Policy context

At EU level, since 2008, there has been a shift from policy promoting small and medium-sized enterprises towards policy promoting entrepreneurship, partly driven by the steady decline in youth employment rates in many Member States. This signifies a shift of priorities from boosting competitiveness and sustainable economic growth, in the context of the Lisbon Strategy, towards tackling unemployment and promoting job creation, which are core objectives of the Europe 2020 strategy. Greater emphasis has been placed on young people, particularly those not in employment, education or training (NEETs).

The promotion of youth entrepreneurship is emphasised in the Youth Employment Package. This includes the Youth Guarantee, established in 2013, which aims, among other things, to ensure greater availability of start-up support services for young people. All Member States have presented their national Youth Guarantee Implementation Plans (YGIPs), many encompassing start-up support incentives for young entrepreneurs. However, these vary between Member States, and there are also differences in the type of entrepreneurship support measures offered to young people.

Understanding the variety of start-up support measures that exist across the EU and their impact, as well as the value of different impact evaluations, is important in order to better achieve the goals laid out by the Youth Guarantee.

Key findings

Mapping of start-up support measures

Nearly all Member States have entrepreneurship policy measures in place. A growing number are youth-specific, introduced mostly in response to the high youth unemployment rates.

Many start-up interventions for young people are discrete, small-scale, temporary measures with relatively limited financial resources, which may reduce their overall potential impact. Although their effectiveness may be enhanced when embedded in holistic and well-coordinated entrepreneurship policies, few start-up support measures are set within larger policy frameworks or broader youth employment strategies.

Youth entrepreneurship measures typically feature 'soft' support in the form of entrepreneurship training, advisory services, mentoring and coaching, or a combination of these with financial incentives. The approach adopted by long-standing and successful

programmes for young people – such as the often-cited Prince's Trust Enterprise programme in the UK – feature a phased approach, providing all-round support throughout the different stages of the entrepreneurial process, from the conceptualisation of the business idea to the actual launch and development of the business.

Despite the increasing number of youth entrepreneurship initiatives, many of the available measures are directed at the unemployed as part of active labour market policies (ALMP); this, however, does not preclude their inclusion in countries' YGIPs. Many of these general start-up support measures have limited applicability to young people as stringent selection criteria often apply. The most suitable schemes offer help in the pre-start-up phase, because young people lack prior work experience and basic entrepreneurial skills.

Review of policy evaluations

The growing interest in youth entrepreneurship has not been matched by sound evaluations of the impact of specific initiatives. Only three of the impact evaluations analysed, which used advanced and robust statistical methods, assess measures directly or specifically targeting young people (CréaJeunes in France, the predecessor of the current Prince's Trust Enterprise programme in the UK and the Junior Achievement Company Program in Sweden). Other evaluations carried out on youth-specific schemes are monitoring-type exercises providing information on take-up and participants' opinions on the difference the assistance made to them. Although these are useful and informative, they do not tell much about the effectiveness of the interventions.

A common finding is that the more sophisticated the evaluation approach, the lower the identified impact of the programme being evaluated. Among the studies reviewed, the evaluation that applied the most robust and scientific method used in policy evaluation (the experimental method) found the policy had no impact.

In many cases, the evaluation process was hampered by the measure's initial lack of clearly defined objectives and quantifiable targets. To overcome this, many of the evaluations reviewed adopted a 'post-rationalisation' approach to the assessment of performance against objectives, whereby targets were input afterwards by researchers as part of the evaluation exercise.

In addition, very few evaluations have explored the magnitude of possible deadweight loss (where the outcomes are not additional to what would have happened in the absence of the support) and displacement effects (negative consequences for competitor enterprises) resulting from any type of entrepreneurship policy. When this is done, the estimates tend to be based on self-reported data and vary greatly between studies.

Policy pointers

- Considering that expenditure on 'soft' forms of support for young people is likely to grow with the implementation of the Youth Guarantee, there is a pressing need to investigate the impact of these interventions on the labour market outcomes of young people.
- Assessing the long-term impact of policy interventions in terms of enhanced employability of young people is particularly important and should be taken into account in policy evaluations to a greater extent than has been done so far.
- Equally essential is the exploration of potential deadweight loss and displacement effects associated with entrepreneurship policies, to ensure public resources are used efficiently and effectively.
- There is a need to move towards experimental evaluations when assessing youth interventions. Quasi-experimental approaches, for example using propensity score matching, rely heavily on data on the employment history of individuals, and there is limited potential to do this for young people.
- A comprehensive assessment of the impact of business start-up support schemes should include both quantitative and qualitative elements. All start-up programmes should have clear objectives and indicators against which success can be measured.
- In principle, elements of all schemes could be replicated in other EU countries, but it is essential to question first the validity and effectiveness of the interventions. Properly implemented evaluations are therefore indispensable, ideally designed as an integrated part of the policy delivery and adequately resourced.

Further information

The report *Start-up support for young people in the EU: From implementation to evaluation* is available at <http://www.eurofound.europa.eu/publications>

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