

Explain the
importance of youth
entrepreneurship
business essay



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The Singapore government has been consistently pushing for the development of local business. In recent times, there has been an increase in the amount of young adults coming forth to set up their own businesses. The government has stepped in to provide aid in the form of various funds and aid schemes and even during the 2001 recession, the government provided even more aid in an attempt to encourage local businesses.

However, recent trends suggest that the amount of youths starting their own business has fallen to 37.5% (Global University Entrepreneurial Spirit Students' Survey 2011 Singapore Report). The Singapore government is looking for ways to increase the amount of youths starting their own business.

Therefore, this report was commissioned by the National Youth Council of Singapore (NYC) to explore and promote youth entrepreneurship in Singapore.

1.2 Purpose

The objectives of this report are to investigate the various means taken by other countries to promote their youth entrepreneurs and analyse how applicable these programs are to Singapore context. The report should also recommend relevant strategies to better nurture young entrepreneurs in Singapore.

1.3 Scope

The report covers the following

- Programs implemented by the European Union and United Kingdom to encourage youth entrepreneurship
- Analysis how to applicable these programs are to Singapore's context
- Strategies to promote the setting up of youth entrepreneurship in Singapore

The report would not cover the challengers facing SMEs not run by youths and how they can cope in the current economic climate.

1. 4 Method of investigation

The information for this report was retrieved from online databases, governmental websites and non-governmental websites. All information would be verified for accuracy and reliability.

2. 1 Small Business Act for Europe

Youth Entrepreneurship is the setting up and running of business by teenagers or young adults. They are usually aged from 15~29.

Explain the importance of Youth Entrepreneurship

Youth Entrepreneurship creates employment opportunities for youth as well as the other young people they employ. These helps to bring ostracized youth back into the economic mainstream and address some of the socio-psychological problems and delinquency that arises from joblessness.

Youth Entrepreneurship also helps youths to develop new skills and experiences and promote innovation and resilience in youth. As young

entrepreneurs are particularly responsive to new economic opportunities and trends, they would be able to better adapt to the changing market.

Benefits of implementing these measures

Youth Entrepreneurship is an important tool in stimulating the region's economy. This is because each entrepreneur brings about benefits not only for himself but for the municipality, region or country as a whole. As they are Self-employed, they often have better work satisfaction. These businesses also create jobs for others as well. Youth Entrepreneurship can lead to development of more industries, especially in rural areas or regions disadvantaged by economic changes by encouraging the processing of local materials into finished goods for domestic consumption and export.

2. 2 Youth Entrepreneurship in the European Union

Explain what Small Business Act for Europe is

The Small business Act for Europe is “ a set of 10 principles to guide the conception and implementation of policies both at EU and Member State level. These principles outlined in detail in chapter 4 are essential to bring added value at EU level, create a level playing field for SMEs and improve the legal and administrative environment throughout the EU” (“ Think Small First” A “ Small Business Act” for Europe”, 2008)

Create an environment in which entrepreneurs and family businesses can thrive and entrepreneurship is rewarded

According to research, “ The 2007 Flash Eurobarometer on entrepreneurial mindsets shows that 45% of Europeans would prefer to be self-employed, compared to 61% in the US. This has not changed for many years. People in

Europe need to be made more aware that self-employment is a potentially attractive career option and be provided with the necessary skills to turn their ambitions into successful ventures.” (“ Think Small First” A “ Small Business Act” for Europe”, 2008)

Europe aims to promote the exchange of experience by giving young entrepreneurs the chance to learn from more experienced entrepreneurs. Each of the Member States are invited to develop entrepreneurial mind sets among the youths by introducing entrepreneurship as a component of the school curriculum and ensure that it is correctly reflected in teaching material so that the importance of entrepreneurship is correctly reflected. The education ministries would step up cooperation with the business community in order to develop a systematic strategy for entrepreneurship education.

Facilitate access to finance and develop a legal and business environment supportive to timely payments in commercial transactions

Youths and SMEs “ often have a weak equity position, which is further undermined by the late payment culture in Europe. In fact, depending on the country, SMEs have to wait between 20 and over 100 days on average to get their invoices paid. One out of four insolvencies is due to late payment. This leads to the loss of 450 000 jobs and of €25 billion every year” (“ Think Small First” A “ Small Business Act” for Europe”, 2008) The European Union would be developing financing programmes that address the funding gap. These measures would also tackle the regulatory and tax obstacles that prevent youths from tapping into bank loans and investors.

2. 3 Measures to encourage Youth Entrepreneurship in UK

2. 3. 1 Shell LiveWIRE

Shell LiveWIRE is an online support service and awards programme for young entrepreneurs in the UK. Shell LiveWire provides a monthly award of £1, 000 to 16-30yr olds in their first 12 months of trading with the most innovative new idea and an annual award of £10, 000 to one of the recipients of the monthly reward judged to be the best in the given year. Shell awards £40, 000 to innovative business ideas that tackle climate change. Shell LiveWire also provides a discussion Forum where young entrepreneurs can get free help and advice from fellow Shell LiveWIRE members, business advisers and mentors.

Shell LiveWire helps to provide start-up funds to many youths who wish to become youth entrepreneurs in UK. As funding is difficult to get, many youths are reliant on these funds. By awarding innovative ideas, it provides an incentive to come up with better ideas and further improve them. As these start-ups often times have no contacts or reputation in the economy, Shell LiveWire helps to play the middleman and introduce them to prospective business partners. This way, young entrepreneurs would not be hard pressed to find people willing to work with them.

2. 3. 2 AdvantageNI

Advantage specialises in economic development and entrepreneurship for young people. Working with the public, private and not-for-profit sectors, they apply their expertise to promote youth entrepreneurship as a viable career option to young people. Advantage helps to connect youth enterprises

at an international, national, regional and local level. Advantage draws upon and shares the best practice of enterprise professionals, academics and other partners to better aid the youths. Advantage provides extensive project design and management skills along with detailed knowledge and thorough understanding of the client's needs.

Benefits of AdvantageNI

As youths often lack the experience in management and negotiations, Advantage fills the gap by providing an experience and well-connected organization that can help them in their business. This way, SMEs can better focus on improving their products and services and not worry about the management issues until they are ready to take on the challenges.

2. 4 How applicable are these programs to Singapore's context

In Singapore, the ACE " aims to support 500 startups under its Startups scheme. Each startup could receive up to S\$50, 000 in grants which sums up to S\$25 million in total possible investment." (" Singapore's ' ACE' to Provide S\$25M to Seed 500 Startups, Removes Age Limit [UPDATED]", 2012) The funding is given out in portions based on how much has the business grow. The Youth Enterprise Academy provides enterprise training to the entrepreneur clubs in schools.

One of the main problems in Singapore is the lack of expertise support given to youth businesses. As starting a business in Singapore is expensive, most are depending on a larger company noticing them and providing them with the capital. Furthermore, only those who perform very well in school get to

present their ideas to them. This means that there is a large amount of youths who would not even get the opportunity to show off their ideas.

Another problem is that Singaporeans does not like to take risk, and starting their own business is seen as extremely risky. The social and psychological stigma of failure is heavily engrained in the youths since primary school. As such, many prefer tried and tested means such as looking for a job rather than setting up their own business.

3. Conclusion

Base on the research findings, the other countries are already preparing the framework to encourage youth enterprises. They know what the youths need and are setting in place laws to cater to SMEs. On the other hand, Singapore has yet to develop a framework that encourages youths to take risk. The lack of support, coupled with the heavy social and psychological stigma means not many are willing to take the chance.

4. Recommendations

Based on my research I would like to make the following recommendations to the National Youth Council on the issue of promoting youth entrepreneurship. I would suggest that these measures to be set up over a period of 5 years.

Singapore should set in place laws that make it easier for start-ups to thrive. Following the example set by the Small Business Act for Europe, Singapore should make it easier for youths to gain access to funding and aid.

Knowledge of entrepreneurship should be taught in schools so as to develop the mind-set needed. Finally, the government to remove the stigma of failure

from the environment, this in turn would help to encourage more youths to take risk.

Organisations such as Shell LiveWire and Advantage should be formed so as to provide aid to youths. The current organisation, ACE start-ups only funds up to 500 people and the funding is given in portions. This means that only a selected few can receive the funding. Another problem is the lack of technical support given to these start-ups; many of them are preyed on by scams or fall to bad investment. More need to be done to curb these incidents.