

## InFocus Programme on Skills, Knowledge and Employability

*Enterprise-based youth employment  
policies, strategies and programmes*

Initiatives for the development of enterprise  
action and strategies

Simon White and Peter Kenyon

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## Foreword

At the beginning of the new century, youth employment problems continue to pervade both developed and developing countries, with disproportionately large number of young women and men exposed to unemployment or else limited to precarious or short-term work. As a result, many drop out of the workforce or fail to enter it successfully in the first place and become inactive. Socially disadvantaged youth are particularly affected, thereby perpetuating a vicious circle of poverty and social exclusion. In developing countries, where the vast majority of young people live and where very few can afford to be openly unemployed, the employment problem is more one of underemployment and low pay and low quality jobs in the typically large informal sector. Consequently, the promotion of productive employment for young women and men is high on the decent work agenda of the International Labour Organization. Its efforts in this field are guided by the recognition that effective policies and programmes are needed to improve their living standards and to facilitate their full integration into society.

The ILO has taken many initiatives to promote policies, programmes and action on youth employment. Most recently, the ILO's Director General, Juan Somavia, has joined the UN Secretary-General, Kofi Annan and the World Bank President, James Wolfensohn, in convening a high-level policy network on youth employment. The network draws on the most creative leaders in private industry, economic policy and civil society to explore imaginative approaches to the youth employment challenge. The objective of the policy network are three-fold: (a) to formulate a set of recommendations on youth employment which the Secretary-General will propose to world leaders for action, (b) to disseminate information on good practices and lessons learned from specific past or ongoing youth employment policies and programmes, and (c) to identify for implementation a series of youth employment initiatives.

This publication on youth employment aims to contribute to the work of the policy network by presenting research findings and good practice in various areas such as training and education, vocational guidance, school-to-work transition, youth entrepreneurship, labour market policies and institutions, and social protection.

This paper examines policies and programmes that can assist young people in generating self-employment opportunities. A general review of national youth policies is presented followed by an analysis of what governments, the private sector and local communities can do to promote entrepreneurship among the young. The young – even more so than adults – face significant barriers in starting a business and best practice shows that their success depends to a large degree on the extent to which a range of integrated services are available to assist business start-ups such as basic entrepreneurship skills training, access to credit and workplace facilities, mentoring, and post-business start-up counselling. The paper concludes with a review of some of the special difficulties faced by particular groups of young people such as women, the long-term unemployed and those in rural communities so that these may be addressed by policy-makers and practitioners.

Pekka Aro  
Director  
In-Focus Programme on Skills  
Knowledge and Employability



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## Executive summary

Youth unemployment has its own unique problems and the programmes and schemes designed to help young people find jobs have inherent advantages and disadvantages. The International Labour Organization seeks to heighten awareness of the problems associated with youth unemployment and the advantages and disadvantages of the various policy options affecting the design and implementation of programmes and schemes for youth employment. One approach, the so-called “enterprise-based youth employment promotion”, assists young people in setting up their own businesses. This ILO study of youth enterprise promotion policies, strategies and programmes addresses the following objectives:

- To define the relationship of enterprise-based youth employment initiatives with wider youth employment programmes.
- To develop an overall conceptual framework for various categories of enterprise-based youth employment initiatives and their major components.
- To identify major lessons learned to date with regard to the design and implementation of enterprise-based youth employment policies and programmes.

The report sets the context of sound youth enterprise-based policies, strategies and programmes by first examining the role of national youth policies. A national youth policy is a practical demonstration and declaration of the priority and directions a country intends giving to the development of its young women and men. It makes a political commitment to a certain vision, framework and guidelines for facilitating meaningful youth participation and development within a country.

Sound youth enterprise promotion policies, strategies and programmes focus on the opportunities and problems specific to young women and men entering self-employment. Youth share many of the problems the general population experience in small business development, such as the lack of business and management skills and abilities, inadequate, inaccurate or non-existent financial records, an inability to cope effectively with fluctuating costs and prices, and taking too much money from the business for personal uses.

In addition, many young women and men face the challenge of their age, limited life and work experiences; limited financial resources, limited business networks and contacts, limited exposure to relevant role models, and age discrimination. Young people also often lack the necessary skills to develop their business idea, such as performing a market analysis, differentiating their product or service from the competition, preparing cash-flow statements and book-keeping, and presenting a case for financial support.

In business development terms, young people often have problems securing adequate start-up funds, as well as with managing cash flow, especially dealing with bad debts and late payments. They must often cope with the stress of their friends not understanding the demands of self-employment. In addition, young people are for the first time challenged by the task of finding and managing other staff, managing the expansion of the business and expanding their share of the market.

Many young women and men need support to test out possible markets, differentiate their product or service from the competition, prepare cash-flow statements and book-keeping, and present a case for financial support. Effective enterprise development programmes focus on two aspects: First, they address areas of potential weakness or need. Second, they maximize the potential particular to young men and women. Programmes for

young people based on needs alone merely emphasize what young people cannot do and what resources they need. Thus, there is a need to build upon the strengths and opportunities young people bring to business.

This report examines a range of programmes, from a number of developed and developing countries designed to address the needs and opportunities for young people. They include promoting and introducing self-employment, skills-training, business-counselling, mentor support, access to finance and appropriate workspace, business-expansion support, creating support networks, and multifunctional youth enterprise agencies.

Special attention is given to understanding the influences on young women and men when considering self-employment and the pathways that lead a young person to enterprise. Instead of being an option of last resort (i.e., to overcome unemployment), self-employment should be presented to young women and men earlier, for example, while they are still in school. The issue of pathways is important to the design of sound policies, strategies and programmes for it recognizes the different resources and capacities young men and women can bring to business, and the different agencies and stakeholders that can influence their success. Many factors influence young men and women in their thinking about self-employment. Successful youth enterprise development is more likely to occur when these factors are recognized and where an environment for enterprise can be created.

Role models are a powerful means of promoting youth enterprise for if presented properly, they can teach as well as inspire. Self-employment should be promoted as a genuine career alternative for young people, particularly as a way to achieve greater financial reward and work satisfaction, rather than focusing on self-employment as a way to escape the negative circumstances of unemployment. Enterprise competitions raise the profile of young women and men in business, whilst providing a special incentive for participants who aim to win. However, the results of such competitions are much broader – they attract young men and women to the support services that are offered as a part of the competition. The promotion of an enterprise culture and the development of enterprising skills and attitudes are also significant and valuable strategies.

The promotion of youth enterprise should involve two basic steps. First, it should create awareness of what enterprise is and what it takes to own and manage a business. This awareness should allow young men and women to consider realistically self-employment as a career option. Then, if a young person decides to explore further, or to start his or her own business, the second step – the provision of practical support services (e.g. training, advice, access to finance) – can be provided. Youth enterprise programmes should highlight the success of young women and men in business, so that self-employment is seen as a viable career alternative.

Effective youth enterprise programmes require adequate funding well-trained, properly supported staff; and a style of operation that is flexible and responsive to the needs of young men and women. The target group for programmes should be well-defined and services should respond to the needs, capacities and opportunities facing young men and women.

Participation is seen as an important foundation principle for all effective youth development programmes, including enterprise-promotion activities. The participation of young men and women in the design and delivery of enterprise support services helps workers in these programmes develop an honest and trusting relationship with participants. Through active participation, young people develop problem-solving skills and gain a sense of power over their own lives, independence and self-sufficiency.

The report describes the roles of various stakeholders in youth enterprise. Governments' role in youth enterprise policies, strategies and programmes, includes

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setting the scene through a national youth policy and other employment and enterprise-related policies; the creation of policies which specifically support and direct opportunities for youth enterprise promotion; the design of programmes and strategies; and the facilitation of linkages between different stakeholders involved in youth enterprise development. The private sector, on the other hand, plays an important role in youth enterprise promotion by providing advice and support, programme sponsorship and business-linkage opportunities. In addition, the private sector can provide extremely valuable resources, such as buildings, facilities, equipment and seconded staff.

The role of local communities in youth enterprise development is also discussed. Local communities can create an environment for youth enterprise, first by promoting young people's participation in economic planning and action, and, second, through specific measures to support business development amongst young women and men. All types of development workers – youth workers, business development officers, trainers, advisers and community workers – should be aware of their role in creating an environment in which young people can learn to be enterprising. Young people must be able to develop the skills, in relative safety and with reasonable risks, before venturing out on their own into real enterprises.

Finally, the review of youth enterprise strategies and programmes indicates a range of possibilities for financing such activities but no common or consistent theme. In some cases, donor funds support programme implementation, whilst in others government directly or indirectly support these efforts. There are also a number of interesting examples of how the private sector has provided financial and technical support to these programmes.



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## 1. Introduction – The role of enterprise-based youth employment policies, strategies and programmes

Youth unemployment is a growing and perennial problem in many countries. Increasing internationalization of labour markets and flexibility of labour relations, with the traditional cycle of school-to-work-to-retirement giving way to more varied patterns of employment provide a new context for this problem. In years, a sizeable group of young women and men have become detached from the economic mainstream.

This report outlines the findings of a study of youth enterprise promotion policies, strategies and programmes. Such programmes have become increasingly important throughout the world since both the public sector and large-scale private enterprises are stagnant or even declining in their ability to absorb labour. In this vacuum, the growth of small business and self-employment has become a global phenomenon.

In the United Kingdom, for example, businesses employing fewer than 20 people now account for over 35 percent of total employment outside central and local government. Research in the UK suggests that between 1987 and 1989, firms employing fewer than 20 people created over 0.6 million jobs more than the larger firms (Gallagher and Thompson 1994). In the United States “at any given time, three million people are starting companies ... That’s more people than are currently getting married and more than are having children” (Reynolds 1995). John Case (1995), also in the United States, says “the world has changed, in short, and small business along with it. Where once it was a sleepy appendage to the corporate sector, it now stands alongside it, and in some cases well out in front of it. Small companies themselves rarely look the way they once did, even if they are in traditional industries”.

It is in this context that attention is given to the design of policies and programmes that assist young women and men in owning, managing and expanding a small business. This report has been prepared to address the following objectives:

- To define the relationship of enterprise-based youth employment initiatives with wider youth employment programmes.
- To develop an overall conceptual framework for various categories of enterprise-based youth employment initiatives and their major components.
- To identify major lessons learned with regard to the design and implementation of enterprise-based youth employment policies and programmes.

Despite the growing interest and demand for policies, strategies and programmes which promote youth enterprise, qualitative or quantitative data on the experiences of young people in small business or of the factors that enable them to grasp small business opportunities is largely unavailable. Small business researchers tend to generalize the issues of young men and women, while the youth sector focuses more on the social, psychological and community aspects of young men and women. As one group of researchers (MacDonald and Coffield 1990) in England described it, just as “small business studies have ignored youth, studies of youth have certainly ignored small business”.

A summary of youth enterprise promotion schemes described in the report is enclosed as annex 1.

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## **2. The context for enterprise-based youth employment policies**

In this section the context for enterprise-based and enterprise oriented youth policies is discussed. The starting point for policy development is the formulation of a broad national youth policy addressing the major challenges, opportunities and problems of young women and men. Such a policy sets the framework and direction for youth development. Youth enterprise, therefore, should be seen as an important component to a national youth policy as is the need for broader youth employment policies, strategies and programmes.

Three issues affecting the context for youth enterprise policy development are examined: the role of a national youth policy as a holistic frame work for youth development; issues affecting the definition of youth; and the significance of specific international declarations related to young men and women and enterprise promotion.

### **2.1 National youth policies – A holistic framework for youth development**

Since the mid-1990s, many nations have shown a growing interest in and commitment to the concept of a national youth policy recognizing and addressing the needs and development opportunities facing their young women and men. Such interest has been supported internationally through specific initiatives by such organizations as the International Labour Office, the United Nations, through its Youth Policies and Programmes Unit, the Division of Youth and Sports Activities in UNESCO, and the Commonwealth Secretariat, through the Commonwealth Youth Programme.

The Commonwealth Youth Programme has, under the direction of the Commonwealth Youth Ministers, a commitment to support the formulation and implementation of national youth policies in every Commonwealth country by the year 2000. This commitment has been realized through a support programme known as National Youth Policy 2000.

A national youth policy is a practical demonstration and declaration of the priority and directions a country intends giving to the development of its young women and men. It makes a political commitment to a certain vision, framework and guidelines for facilitating meaningful youth participation and development within a country.

The United Nations Economic and Social Commission for Asia and the Pacific conducted a workshop on Youth Policy Formulation in 1981, which outlined the following values of a national youth policy:

- provides Parliament with an effective means of declaring to the nation the importance of youth in national development;
- acts as a sign and symbol of the commitment of the nation it attaches to youth;
- challenges and appeals to the young to mobilize their resources and participate effectively in national development;
- appeals to all citizens to give priority attention to youth concerns, to generate a new spirit of cooperation between young and old;

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- demonstrates the distinctive and complementary roles of governments, NGOs and youth groups in youth development – a framework for common goals and the development of a spirit of cooperation and coordination;
  - calls for a concerted effort by all Ministries and departments of government to promote youth needs and responses;
  - identifies the priority needs and aspirations of youth; and
  - provides, through both the processes of formulation and subsequent discussion, an example of how youth can engage in the decision-making process of the country.

In addition to these values, a national youth policy communicates a nation's vision for its young men and women, providing clear directions and priorities. It is a basis for equitable distribution of government resources to meet the needs of young women and men, particularly those most disadvantaged, and outlines a collective strategy to address problems and issues affecting young men and women. A national youth policy provides an opportunity to mainstream youth policies in other sectional ministries, such as employment, and sets a basis for strategic and forward planning and a mechanism for monitoring and evaluating youth policies and programmes. Finally, a national youth policy raises the national profile of young women and men, their needs, concerns and aspirations, and those agencies specifically committed to their development.

A national youth policy is not necessarily about spending more money. It is about trying to ensure that services and programmes, government and non-government, affecting young women and men are provided effectively, efficiently and equitably.

The Commonwealth Youth Programme (1996) has offered the following benchmarks for the assessment of national youth policy – providing an excellent summary of the importance and potential of a national youth policy. “A national youth policy should be a document of national and historic significance. However, its eventual status will be judged against its ability to be:

- a statement that gives young women and men faith in the future;
- a vision for youth development;
- an opportunity for young men and women to shape their own futures, assume responsibility and play an active role in the life of their country and community;
- a statement of values and principles;
- a gender-sensitive and holistic response to the needs and aspirations of both young women and men;
- a vehicle based on the idealism, commitment, energy and creativity of young men and women;
- an instrument to raise the profile of young women and men within the government and the wider community;
- a statement of the relationship between young people and national goals;
- a framework for future action;
- a catalyst for communication, cooperation and coordination between government and non-government agencies concerned with youth development;

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- a document of relevance for all concerned for, and involved with young women and men; and
  - a benchmark to review youth policy and programme relevance and achievement.”

National youth policies are wide-ranging documents, covering the issues affecting young women and men. Enterprise and employment is, however, only one element that can be contained in such policies. A national youth policy may establish such goals and objectives as involving young men and women in national development and social responsibility; facilitating a coordinated response to youth development; developing supportive families and communities; achieving social justice; promoting healthy lifestyles and personal well-being; encouraging a positive perspective toward global issues and international understanding; developing positive attitudes and actions toward the environmental issues at local, national and international levels; or fostering economic well-being. A discussion on the definitions of youth is enclosed as annex 2.

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### **3. Enterprise-based youth employment policies**

Having surveyed the purposes of a national youth policy and the issues that are usually contained in such a broad policy framework, attention will now be given to youth enterprise and the policies and programmes targeting it. This section considers the main purpose behind youth enterprise policies, strategies and programmes, their common areas of focus, and the issues that have influenced their design and implementation.

Youth enterprise has several aspects: It can move young entrepreneurs into self-employment; it can promote the development of enterprising skills and attitudes; and it can create linkages between young entrepreneurs and other economic actors, such as through sub-contracting, franchising, etc.

Moreover, by engaging young women and men into productive economic activities, a new resource for innovation and change can be accessed. Young people bring new ideas and approaches. They can present alternatives to the organization of work, the transfer and use of technology and a new perspective to the market.

#### **3.1. Programme purpose**

The development of programme objectives for the promotion of youth enterprise is based upon an understanding of the roles of youth enterprise promotion as a means of youth development, economic empowerment and employment creation, and the purpose of the programme in addressing the general and specific needs of young people in business.

There are many good reasons to promote enterprise amongst young women and men. Youth enterprise helps young men and women develop new skills and experiences that can be applied to many other challenges in life. It creates employment, both for the young person who owns the enterprise and those employed in the business. Youth enterprise provides valuable products and services for the country and promotes innovation and development – it encourages young people to find new solutions, ideas and ways of doing things.

Social change and cultural identity is promoted through youth enterprises, as is a stronger sense of community, where young women and men are valued and better connected to society. Youth enterprise also gives young people a sense of meaning and belonging. It can shape a person's identity and encourage others to treat them as adults.

It is important to acknowledge, however, that youth enterprise is not the solution for youth unemployment. In certain situations and conditions, youth enterprise should not be promoted, especially when it is only concerned with “keeping young people busy”, or where it sets young women and men up for failure by not providing sufficient support. Inadequate youth enterprise programmes do not have sound training or advisory mechanisms in place to help young men and women overcome the gaps in their skills and experiences. Some misplaced programmes encourage young women and men to take high risks (e.g., by taking big loans), instead of looking at alternative ways of starting a business with a more manageable risk.

Youth enterprise is sometimes presented as a solution to all the problems of the economy (e.g., “small business alone will save the economy”) or of young people (e.g., “young people must address their problems themselves by starting their own business”). Such misconceptions encourage unrealistic ideas of quick wealth and can encourage young men and women to start businesses when there is no market or too many competitors.

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The promotion of youth enterprise should complement and support a broader youth employment policy, one that places enterprise within the context of education and training, industrial relations, skill development, apprenticeships, traineeships and other forms of vocational opportunities. Cultural factors also play an important role here. In some countries, waged employment, especially public sector employment (with its promise of job security), is a dominant goal for young people.

In general, small business development promotes national and regional economic development goals; alleviates poverty and assists those who are disadvantaged (especially disadvantaged young women and men); facilitates the transition to a market economy; and promotes democracy and a civil society.

The Aspen Institute's Rural Economic Policy Programme (Lichtenstein and Lyons 1996; 11-12) in the United States, recommends that small business promotion programmes should be based around four key objectives:

- (i) to increase the rate of new business formation;
- (ii) to increase the rate of survival and success of new enterprises;
- (iii) to increase the rate of development of new enterprises, i.e. to help them grow faster and more efficiently; and
- (iv) to increase the efficiency of the dissolution process if a firm fails.

### **3.2. Programme focus**

The review of various international models of youth enterprise promotion programmes has found that the promotion of youth enterprise should involve two basic steps. First, it should create awareness and understanding of what enterprise is and what it takes to own and manage a business so that young men and women can consider self-employment realistically as a career option. Then, should a young person decide to explore further, or to start their own business, the second step – the provision of practical support services (e.g. training, advice, access to finance) – can be provided. Some youth enterprise programmes attempt to take the second step first; “selling” enterprise as the best option for everyone and forgetting that successful enterprise development begins with initiative. Initiative coming, that is, from the young women and men themselves.

When designing programme services for young men and women interested in starting their own business it is important to identify their specific areas of need and opportunity. Young women and men share many of the problems the general population experiences in small business development, including a lack of business and management skills and abilities; inadequate, inaccurate or non-existent financial records; an inability to cope effectively with fluctuating costs and prices; and taking too much money from the business for personal use. In addition, many young men and women have limited language and communication skills, as well as poor education which can affect their ability to deal with numbers (e.g., book-keeping and stock-control).

Research in Australia has found (Kenyon and White, 1996) that in addition to the above problems, many young people also face the challenge of limited life and work experience. Whilst some young men and women do have broad experience, most usually have less life and work experiences than older people. They also have less financial resources – many young women and men have been working for only a few years, while many more have studied for years, creating a situation where personal savings or property which can be used to start their own business is much less than for older people.

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Young people also have limited business networks and contacts compared to older people, leading to isolation and increased pressure. There are fewer relevant role models of successful young men and women in business – this often means that self-employed young people see themselves as abnormal or “a bit strange” compared to others their age. Finally, young people suffer from age discrimination – where older people, customers, suppliers, or bank staff, do not take them seriously.

Young people in business often experience six common problems,<sup>1</sup> namely:

1. Securing adequate start-up funds – leading to under-capitalization (i.e. starting a business without enough funds).
2. Managing cash flow, especially dealing with bad debts and late payments.
3. Coping with stress, especially without friends who understand the demands of self-employment.
4. Employing the right staff and managing other people for the first time.
5. Managing the expansion of the business.
6. Expanding their share of the market.

Business in the Community Ltd., a community agency based in the United Kingdom which supports local youth enterprise initiatives has identified four areas where young people often lack the necessary skills to develop their business idea. These areas are testing out the market, differentiating their product or service from the competition, preparing cash-flow statements and book-keeping, and presenting a case for financial support.

The issues outlined above indicate where sound youth enterprise policies, strategies and programmes should focus. Strategy and programme interventions are described below in more detail.

### **3.3. Programme design and implementation**

The design and implementation of youth enterprise promotion programmes should recognize the different influences that shape a young person’s ability to own, manage and expand a business. Views differ on whether young people need specialized, youth-oriented, business support services or whether they should use the same general agencies and programmes as anybody else. The latter view holds that the skills available in general support agencies are appropriate for working with young clients and that specific youth agencies risk creating a “youth ghetto” which is artificial and poor preparation for the “real world”. Such agencies also prevent young people from the opportunity of learning from older people.

Promoters of specialized youth business support programmes such as Business in the Community (UK), argue that young women and men as a group require more time and attention than other people and this may exceed what general development agencies wish to provide one client. Older clients are unlikely to need some of the help young women and require so agencies specialising in young people can build up this expertise. Furthermore, to get the most from counselling, the client and counsellor have to empathize whatever

<sup>1</sup> These findings are based on research conducted by the authors in Australia and southern Africa.

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their ages – staff trained and experienced in dealing with young men and women have a better chance of success.

The style of the agency is also important – waiting areas, staff attitudes, behaviour of advisers and counsellors must appear relevant and approachable to a young client. Research by Business in the Community (UK) indicates that young people are looking for a central point where they can meet other young people and gain continued support and advice when required.

In its review of youth enterprise programmes in a number of African, Asian and Caribbean countries, the Commonwealth Youth Programme (1991), found four major reasons why youth enterprise support programmes fail. The first reason is too few resources – programmes inadequately funded, with insufficient resources and staff. Second, too much bureaucracy – administrative procedures and operational styles of these programmes were found to be too rigid, and inappropriate. The third reason was the lure of wage-employment. Employment in the public sector or with larger corporate firms attracts those young people with the greatest potential for self-employment. Fourth, the high failure rate of enterprise programmes. These programmes were often found to have been poorly designed or young candidates were wrongly selected for support, resulting in a high failure, dropout, or default rate.

Effective youth enterprise programmes require adequate funding, well-trained and properly supported staff; they must develop a style of operation that is flexible and adaptable, whilst being responsive to the needs for young men and women. Finally, youth enterprise programmes should highlight the success of young women and men in business, so that self-employment is seen as a viable career alternative. When delivering their programmes, the target group should be well defined, and services should respond to the needs, capacities and opportunities facing young men and women.

Effective enterprise development programmes focus on two aspects: First, they address areas of potential weakness or need. Second, they maximize potential and draw on the capacity of young men and women. Programmes for young people based on needs alone merely emphasize what young people cannot do and the resources they lack. According to Hammond (1988; 23) it is important to ensure that the design of youth enterprise promotion services also involves the identification of the skills, experiences and abilities of young women and men. Young people should be asked for their own views on developing initiative and enterprise. To do so requires techniques for drawing out young people's creativity, energy and enthusiasm and for facilitating and supporting youth initiatives.

Participation is an important foundation principle for all effective youth development programmes, including enterprise promotion activities. The participation of young men and women in the design and delivery of enterprise support services helps programme staff develop an honest and trusting relationship with participants, while the young develop problem solving skills and gain independence and self-sufficiency.

One of the greatest concerns about business development programmes is their narrow focus. Often programmes focus only on one of the needs of a young entrepreneur, such as training or finance, ignoring other developmental needs. As the Director of the CYP African Centre has stated:

In creating self-employment opportunities for our youth, we should try to learn from previous attempts at promoting self-employment and income generation in various countries. Such programmes well-intentioned though they may be, have often provided merely skill training, or set up some revolving funds, with no consideration of other complementary requirements, such as extension services, marketing know-how and facilities, training in organizational



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work, business management, credit utilization, or follow-up and monitoring – all of which are critical factors for entrepreneurial development. As a result the impact of such programmes has been marginal and the economic enterprise short-lived.

Our strategy should therefore be directed at providing a comprehensive package of support to the young entrepreneurs with the aim of integrating all of the factors essential to successful income generation. (Commonwealth Youth Programme, Africa Centre 1993; 9)

Thus, a holistic approach to enterprise promotion is required and where one single agency cannot provide all these services, whether it be due to a lack of funds or expertise, it is important that other agencies fill the gaps in services that may exist.

In Cleveland, United Kingdom, a study of young people in self-employment, enterprise schemes, cooperatives and community projects was conducted over fifteen months from October 1988 to December 1989. The study interviewed 104 young people and, on the whole, reported a bleak picture of over-work and low pay. “Youth enterprise” the researchers say, “means low pay and long hours. The average pay of individual entrepreneurs was divided by the average hours to arrive at an average rate per hour. Again this paints a bleak picture. Only six people reported earning more than £2 per hour. Over two-thirds were working for £1 per hour or less.” (Mac Donald and Coffield 1990; 143)

The authors of the Cleveland study went on to support the view that self-employment is part of a changing culture of work in late-20th century capitalist economies which involves a move away from employment in large-scale manufacturing industries toward small, flexible craft and service-based firms. “Youth enterprise”, they claim, “forms a new and important segment of the poorly paid, casualized, insecure and peripheral economy”. (MacDonald and Coffield 1990; 239)

A review of international enterprise promotion programmes has found that youth support programmes should have the following key principles:

- commercial orientation: it must be recognized that business promotion services are not the same as welfare or social services; businesses have a productive capacity, they create profit, they can re-pay loans and can grow to employ others;
- initiative-based: enterprise promotion services should be based upon the initiative that comes from young men and women, not the programme itself;
- improvement of risk management : effective enterprise promotion services do not remove risk, instead they help young people deal with the risks that are a part of every enterprise;
- appropriate targets: young people are a homogenous group successful and enterprise programmes identify variations amongst young women and men in their skills, experiences, status, needs, aspirations and capacity to obtain resources – all of which influence their ability to establish and run a small business successfully;
- comprehensive in nature: it is not enough to address one area of need or constraint to business development while ignoring others; successful enterprise promotion programmes provide a wide range of services either under one roof (e.g. “one-stop-shop”) or in collaboration with other agencies;
- complementary services: young people are, by definition, going through a variety of transitions (e.g. from childhood dependence to independence, from school to the labour market) so training, advice and support should complement other services;

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- equity: ensuring that those in a disadvantaged position are assisted in ways that specifically address their situation, whilst remaining commercially-oriented and sustainable; and
  - sustainability: the support programme must be cost-effective and not rely on a single source of external support, be it technical, organizational or financial.

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## 4. Programme support

An international review of youth enterprise policies and programmes conducted for this study reveals that youth enterprise support schemes address a number of key elements necessary for creating and sustaining new viable enterprises. These are:

- promotion and introduction of the self-employment option;
- skills training;
- business counselling;
- mentor support;
- finance;
- access to work space;
- business expansion support;
- creating support networks; and
- multifunctional youth enterprise agencies.

Each of these are examined in detail below.

### 4.1. Promotion and introduction of the self-employment option

The design of youth enterprise policies, strategies and programmes should recognize the various entry points or pathways into enterprise. The most popular motivation for self-employment is to “make my own job”. Unfortunately, for many, this decision is made because of unemployment or the failure to continue studies. The challenge then, is to increase the number of pathways into enterprise so that self-employment appears as something other than an option of last resort.

One way in which young men and women enter enterprise is through a family business, that is, through growing up in families where business is a way of life. As they grow older, these young people become more involved in the business and, eventually, run it themselves. Other young people move into self-employment after a period of employment where they have learned skills or saved some money to put into the business. For others, self-employment is presented as a possible career opportunity when leaving school.

Some local communities involve young people in development planning, thus, encouraging them to consider business opportunities or the role they can play in development projects. In other cases, a young person will identify with a community, national or international role model. Indeed, the influence of the media can be very powerful – young men and women are exposed, more than ever before, to the trends and changes occurring in the outside world and this may include exposure to small business lifestyles and opportunities.

The issue of pathways is important to the design of sound policies, strategies and programmes. It recognizes the different resources and capacities young men and women

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can bring to business, and the different agencies and stakeholders that can influence their success. Just as there are many pathways to enterprise, there are also many reasons why enterprise interests young men and women. This includes to avoid unemployment and poverty; to be my own boss; to create my own lifestyle; to express myself; to help my family; to make money through business profits; to help the local community by providing a good or service that is required; to achieve another goal, e.g. to save money for further studies; or to fulfil a want, need or interest that cannot be met within the community. Successful youth enterprise development is more likely to occur when these factors are recognized and where an environment for enterprise can be created. Some specific measures developed to promote the self-employment are outlined below.

### **Promotion of role models**

Role models – people who present an image of success and achievement – are one of the most important sources of motivation is. However, young people do not fit the image of the “typical” businessperson in the traditional economy. This narrow image is, of course, a mistake. Peter Drucker gave the following profile of an entrepreneur thirty years ago: “Some are eccentrics, others painfully correct conformists; some are fat, and some are lean; some are worriers; some relaxed; some drink quite heavily, others are total abstainers; some are persons of great charm and warmth; some have no more personality than a frozen mackerel.” (Drucker 1966:22) Clearly, there is no special profile of a entrepreneur and although, there are skills and attitudes that help someone to succeed in business, age should make no difference.

Role models have become recognized as a valuable means of helping young people consider and explore self-employment as a career option. In British Columbia, Canada, the South Peace Secondary School has established an enterprise centre for students. The Centre’s Director claims that their programmes are “inoculating our kids against unemployment. Our objective is to present self-employment as a career option.” (Taylor 1994) In many educational institutions around the world, the value of career education and vocational guidance has played an important part in the self-employment promotion.<sup>2</sup>

In South Africa, the Junior Achievement Southern Africa (JASA) has been a pioneer in non-racial education since its inception in 1979. Over 25,000 students from all sectors of South African society have benefited. Today 14 branches operate through the support of the Centre for Developing Business of the University of the Witwatersrand Business School, other local universities and 120 private sector and foreign investors. The Junior Achievement programme is also conducted in many other countries, including the USA and Fiji.

In New Zealand, a workshop programme known as “An income of their own” has been designed to assist indigenous people to consider self-employment. Using successful business people from the local community this programme aims to introduce the principles of entrepreneurship; enhance self-esteem; familiarize participants with the language, concepts and practices of business; and expose participants to business role models.

### **Youth business competitions**

Competitions are a way of raising the profile of young women and men in business, whilst providing a special incentive for participants who aim to win. However, the results of such competitions are much broader – they attract young men and women to the support

<sup>2</sup> See Bailey (1995), OECD (1989) and Rachapaetayakom (1989).

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services that are offered as a part of the competition. Livewire is a programme established in the United Kingdom in 1982 providing an opportunity for young women and men aged between 16 and 30 years to explore and develop a business idea. Each year over 5,000 young people register with Livewire in the UK. Young people with a business idea complete a simple Livewire Start-up Entry Form and are then linked with a local business adviser (or mentor) who provides free business advice. Once a business plan is prepared it is submitted to a panel of judges who assess it and award prizes to the best plan- first prize is £1,000. The competitions are organized on a regional basis, with the winner of each region going on to a national competition. This programme provides many new opportunities for exposure through the media. In 1994 it was estimated that Livewire generated 18 hours of radio airtime, 20 minutes television airtime, 1,150 press articles and 70 articles in a range of trade and general interest magazines.

The Nescafe Big Break, an Australian programme described later in this report, is another example of how business competitions can be used to promote a spirit of initiative and enterprise amongst young women and men. As is the youth business competition in South Africa, sponsored by Eskom.

### ***Promoting a culture of enterprise***

When it comes to the promotion of enterprise, it is important to consider the many influences on young men and women in their decision to start their own business. Collectively these influences make up an “enterprise culture”. An enterprise culture has been defined (Gibb 1988) as “a set of attitudes, values and beliefs operating within a particular community or environment that lead to both “enterprising” behaviour and aspiration towards self-employment”.

“Youth workers are faced with the challenge of creating a climate and environment in which young people can learn to be enterprising. Young people must be able to develop the skills in relative safety and take reasonable risks before venturing out on their own into real enterprises.” (Commonwealth Youth Programme 1991b; 43) In practice, this requires development workers to provide opportunities for considering, learning, exploring and testing enterprise ideas. Then, should a decision be made to begin a business, a development worker provides support and assistance which responds to the needs, challenges and opportunities facing each young woman and man.

Gibb (1988) has identified three of the most common cultural influences affecting a person’s decision to go into business. These are, firstly, parents or relatives – those who have parents or relatives working in a small business are more likely themselves to start their own business. Secondly, previous experience in small business employment – those who have worked in small enterprises as employees are more likely themselves to start their own business. Thirdly, enterprising environments – those young people who work in organizations that allow them a great deal of independence and freedom of operation under conditions of uncertainty are more likely themselves to start their own business.

Thus it is important to recognize the wide range of influences that can lead a young person to consider starting an enterprise and, when promoting youth enterprise, to find ways to ensure young men and women benefit through them.

### ***Use of enterprise-focused curriculum and educational experiences***

The school environment can have an important impact upon young women and men and is a significant influence on their life and career aspirations. “Enterprise education”, i.e., enterprise-focused curriculum and educational experiences that allow young men and

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women to explore and consider the self-employment option, has become an important part of many education and training institutions around the world. Understanding self-employment as a career option is an important ingredient in preparing young women and men for their movement from school, college or university to the workplace.

There are two general types of enterprise education. The first is learning about business development, administration and management. The second is developing the skills of enterprise through teaching methods that encourage responsibility, initiative and problem solving. The purpose of enterprise education can vary according to the type and level of education institution involved. In schools, for example, its main objectives are to teach and encourage enterprise to students and to foster their personal development; in higher education institutions, such as colleges and universities, students may be exposed to learning situations which develop their skills for action planning and implementation to encourage creativity and to develop their skills in time and personal management. (Bailey 1995)

There are different types of enterprise education activities that can be used by schools, colleges and universities. These include:

- whole-of-curriculum approach – where enterprise forms a part of every subject affecting all levels of the teaching curriculum;
- cross-curriculum approach – also known as “education through enterprise”, this approach helps students develop enterprising skills such as risk-taking, initiative, problem solving and possibly encouraging students to start their own business;
- enterprise programmes – usually business courses that enable students to plan and manage their own business;
- an exposure programme, to help teachers better understand the dynamics of small business and appreciate the value of self-employment as a career option;
- career information to introduce young men and women as early as possible to the concepts of enterprising behaviour and self-employment as a realistic post-school career option;
- exposure of successful young entrepreneurs as role models;
- development of school and industry links (“industry in the class room”); and
- campaigns designed to highlight the success and growth of youth enterprise.

In the United States the REAL Enterprises programme provides an action-learning approach to enterprise education. The mission of REAL (Rural Entrepreneurship through Enterprise) [REE?] is to link education with rural economic development by assisting students in rural areas to plan and establish their own businesses. In many cases the business has graduated with the students – by continuing as a profitable business. REAL is now established in many rural communities of the USA and is being tested in Eritrea.

### ***Creation of industry and education linkages***

Linkages between educational institutions and industry allows students to explore the opportunities of self-employment through the practical and direct involvement of local businesses. The Graduate Enterprise Programme of the United Kingdom is a national programme targeting final-year undergraduate students of any discipline for a range of training workshops and placement opportunities within local businesses. This programme

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allows students to learn more about the realities of small business and to explore their own potential for self-employment.

Young Achievement Australia (YAA) is a non-profit organization which attempts to bridge the gap between business and education by teaching young people hands-on business skills while they are still in school. Supported by some 600 companies, Young Achievement Australia provides business education programs to over 14,000 students each year. Between 1977 and 1995, over 70,000 secondary school students had participated in Young Achievement Australia.

Young Achievement Australia runs Business Alive, a curriculum-based enrichment programme teaching senior secondary students about business through the experiences of a “consultant” from a sponsor organization. Teamed with a teacher, the consultant spends approximately one hour per week with the students over a ten-week period. One of these classes usually involves an industry visit, further establishing the link between theory and the real workplace. Business Alive gives students the opportunity to learn more about the role of business in the economy and its importance in securing Australia’s future well-being. Students of the programme gain a better understanding of the overall operation of business and an opportunity to meet and interact with positive role models in employment. They also develop more effective communication and interactive skills and benefit from an improved general knowledge and understanding of relevant business issues through informed discussion with business people. These experiences expand their career choices and post-school options.

Host companies involved in the programme gain an opportunity to forge links with local schools and their students. In addition, these companies benefit by gaining a positive corporate image recognized by the business community, young people and the public in general; and their staff benefit through improved verbal presentation and public speaking skills from their interaction with a group of interested young people.

## **4.2. Skills training**

There is no simple recipe for business development and the skills and attitudes of enterprise help young men and women cope with change and uncertainty. (OECD 1989) The skills of enterprise refer to a person’s ability to:

- assess one’s strength and ability;
- seek information and advice;
- make decisions;
- plan one’s time and energy;
- carry through an agreed responsibility;
- communicate and negotiate;
- deal with people in power and authority;
- solve problems, resolve conflict;
- evaluate one’s performance; and
- cope with stress and tension.

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When seen from the skill perspective, business development is more concerned with the ability of a young woman or man to address the challenges that face them, than to follow a step-by-step guide. Different enterprising behaviours and skills are required in different situations. The Commonwealth Youth Programme (1991b) has summarized these in three categories. The first is being enterprising, where a young man or woman sees and responds to an opportunity. Being enterprising in this way requires the skills of:

- self-assessment and awareness – to be able to identify personal strengths and weaknesses;
- problem solving – to be able to examine and assess problems, and identify solutions;
- investigation of opportunity – to be able to ask questions, assess and analyse results;
- seek information and advice from others – to gain from the perspective or knowledge of others, including older people;
- communication – to communicate with people of all ages and at different levels of power and authority;
- monitor performance – to be able to assess progress and make changes where necessary; as well as;
- planning and using time.

The second is business development skills – where a young woman or man takes steps to investigate a business idea. This requires skills for:

- searching for opportunities for business;
- research and analysis – to be sure about the size of the market;
- decision making – to choose the best path based on the information that has been collected;
- planning – to set targets and determine a time frame;
- motivating oneself and others – to keep going and build commitment; and
- influencing others – whether they be customers, family, suppliers, or the bank.

The third category identified by the CYP is business management skills – where a young man or woman gets a business going and manages it successfully. Being enterprising in this way requires the skills of:

- planning;
- financial management – to budget, control stock and keep financial records;
- marketing and selling – to promote the business and its products or services to potential customers;
- managing people – to ensure that employees are working as a team contributing fully; and
- monitoring and evaluating progress – to identify areas for improvement.



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A review of a wide range of enterprise-training programmes shows that best practice in training young women and men in entrepreneurship and business management means training should be designed around researched and known needs and the requirements of the particular industry, group or market segment. They should also be interactive – allowing students to question, discuss and work with the information you are providing.

Effective training programmes promote experiential learning by allowing students to learn by doing, building their knowledge through experience, and building upon participants' knowledge base – moving from the known to the unknown. They should be flexible in structure, timing and materials used so that they respond to the needs and capabilities of the group. Training should be linked to the broader community – its resources, networks, markets and social structure – and should be delivered at an appropriate level, e.g., in language understandable to a young person. An integrated approach will make each component relevant to the complete process of managing a business. For example, training should be relevant to the needs and interests of trainees and focused on improving skills and competencies rather than providing certificates. Finally, good training should be arranged in sections or small “bites” and should encourage ownership of learning by ensuring participants remain active in the programme. It should be practical, providing know-how rather than theoretical content.

Training companies have been developed in some countries to help young women and men learn about business in a safe and practical way. Training companies provide an environment for the young to plan, develop and operate their own companies under the supervision and management of a support agency. A facilitator is required to work with a group of young women and men to identify business ideas. Before the training companies are set up, the young people make their choices in which company they want to participate and take the leadership initiative, only after which they go out and look for more directors or participants. Thus, the companies may involve only two participants as the “founding directors”. In order to promote and introduce enterprise learning and training programmes, youth organizations are required to divert from conventional support activities to create new environments for learning. The organization has to become enterprising itself and run the programmes as “businesses”. This requires a high degree of flexibility and creativity on the side of the organization's management and staff. It is wrong to think that a young man or woman with no exposure to business life and situations would be able to plan and run a business after a conventional business-training course. In such courses, the participant learns theoretical skills, but not the attitudes and abilities required to undertake the risk of running a business. The business plan, produced at the end of the course may look good on paper but has not been put to the test. Also, a business plan may not necessarily suit the abilities and talents of the individual course participant. Thus, training companies provide a hands-on learning environment. In Namibia the Katutura Youth Enterprise Centre (KAYEC) has been using the training company approach to youth enterprise development with some success. Training companies have been established with young men and women as their directors in a building company, a security firm and in the repair and assembly of wooden pallets.

In South Africa, the Education with Enterprise Trust was established in 1989 as a result of a number of young people and teachers expressing their need for developing skills appropriate to the world of work and more specifically towards the option of self-employment. The Trust offers two programmes – the Youth Enterprise Society (YES) programme and Business Now. The YES programme is underwritten by Ohio State University (USA) and operates throughout the school year as an extra-mural activity. Students enter the programmes at Standard 7 level and proceed through Standard 8 and 9. They graduate in Standard 10 or after school. Participants develop business competencies through a set of special learning and experiential activities. Teachers trained through a one-year programme (including a four-day workshop and one-day workshop each month) serve as YES facilitators. Local business people, community leaders, educationalists and young

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men and women are involved in Local Enterprise Councils (LECs) which own the local YES societies and form a business support system for participants.

The Business Now programme is aimed at out-of-school unemployed young women and men. In 1994 the Trust followed the basic YES approach with a group of young unemployed people and by 1995 the entire group was employed. However, it has been found necessary to rework the approach to be more appropriate to the target group. There is pressure on the participants to generate an immediate income, they have a higher level of maturity, more time available, and they need to gain immediate business skills and access to business start-up finance.

### 4.3. Business counselling

It is important for all types of development workers – youth workers, business development officers, trainers, advisers and community workers – to be aware of their roles and responsibilities in promoting youth enterprise. This role has been summarized by the Commonwealth Youth Programme (1991b; 43) as follows: “Youth workers are faced with the challenge of creating a climate and environment in which young people can learn to be enterprising. Young people must be able to develop the skills, in relative safety and take reasonable risks before venturing out on their own into real enterprises.” In practice, this requires development workers to provide opportunities for considering, learning, exploring and testing enterprise ideas. Then, should a decision be made to begin a business, a development worker should provide support and assistance which responds to the needs, challenges and opportunities that face each young woman and man.

Counselling young women and men requires skills and sensitivity quite different from those required when dealing with adults. Whilst there is no replacement for experience, it is important that business counsellors working with young people ask them what they need, that is, how they think you can help, rather than assume. They should<sup>3</sup> show interest in what the young person is saying and listen carefully. They should treat all young people as responsible adults; asking for their opinions, feelings and ideas. They should encourage, affirm and support the young people.

Conversely, counsellors to young entrepreneurs should not patronize their clients or constantly interrupt or appear uninterested. They should not use difficult words or put on a stiff or bureaucratic image. They should not censor or talk too much. It is essential that business counsellors recognize the role that gender can play. Both on the young person and on their own performance as a counsellor.

Other important factors (White 1995) when counselling or advising young men and women about business include the need to help the young man or woman understand difficulties for themselves. Rather than tell a person what is wrong with their business or their idea, give them the tools (for example, techniques of market research, cash flow forecasting, and stock control) to find this out themselves. It is important to promote an awareness of strengths and weaknesses – strengths should be used to their full, whilst weaknesses must be addressed.

Young people should be encouraged to identify barriers (perceived or real) and helped to find ways that these barriers can be overcome. They may require assistance to come to their own conclusions about their business – the potential consequences of their actions and the risks they may need to take. Not all young men and women are the same.

<sup>3</sup> Adapted from resource material prepared by Business in the Community.

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Although they may share similar circumstances and situations, each individual has different skills, experiences, needs and capabilities. It is important to recognize that many young people come to thinking about self-employment along different paths and a result of different influences.

Many young men and women have very ambitious ideas about business – as a counsellor or trainer it may be necessary to help them to be realistic about their business idea without putting them off. This may include preparing them for time delays, or for smaller returns in the short-term. Some young women and men will require extra support when dealing with outsiders such as bank managers, suppliers, etc. Initial support may be required to help young people overcome fears and learn how to deal with older people who may have power or influence over their business. Many young people require advice and guidance on how to sell themselves and their business idea. This may require confidence and enterprising attitudes – all of which a young person can quickly develop.

Special attention should be given to the identification of business opportunities. Many people start thinking about self-employment with the most common or popular businesses in mind and these markets are often limited, i.e. people in these businesses usually struggle to make profits. Help should be offered to young men and women to consider a wide range of business possibilities before starting their own business. Although the final choice must be the young person's alone.

Many young men and women will need assistance to identify the steps they must take to establish their business – they may not know where to start or which route to take. Don't assume that a young person knows something you think they should – ask questions and find out what the young man or woman knows and what must be learned. Some young women and men will have already started trading. These people should be encouraged to evaluate their business by using practical tools for stock control and cash flow management. In this way they will become more aware of the dynamics of their business and how to stay profitable.

#### **4.4. Mentor support**

One of the most beneficial areas of support and advice that can be offered to young men and women starting in business is that of mentor support. That is, informal advice and guidance from someone who has good business experience and, in some cases, business networks that may assist a young person with little experience and few contacts. Research in Australia (Kenyon and White 1996 and Johnstone 1993) has found that this form of support is of great value to young people because it helps overcome two of the major problems faced by young women and men as they enter business: limited life and business experience and the lack of networks and contacts.

In India, the Bharatiya Yuva Shakti Trust (BYST) claims that its most beneficial service to young entrepreneurs is creating one-to-one linkages along the lines of the "Guru-Shishya Tradition", where the teacher (mentor) not only teaches, but guides and helps to develop discipline. The "Guru-Shishya Tradition" reflects an Indian philosophy, in which three persons are depicted, one of whom is larger and is helping the other two. The mentors of this organization, who are all interested professionals, give personalized advice and maintain regular contact with the youth enterprise. They monitor progress, help solve problems, and generally assist in the development of the enterprise. The mentor provides regular reports to the BYST Secretariat.

Those organizations that claim good results through mentor support strategies and programmes stress the need for careful selection of mentors – to find people who are prepared to coach and support young women and men, rather than lecture or give

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unnecessary advice. Guidelines to assist the mentor and young person to understand what is expected of them may also be useful. Mentor training that explains the roles, expectations and limitations (i.e. boundaries) of the mentor relationship is important. As is training in basic counselling and support skills. Regular monitoring of the mentor–young person relationship, especially in situations where problems are likely to arise, is essential.

#### 4.5. Finance

Usually, difficulties that young women and men face in obtaining finance for their business is due to their lack of previous business experience, the absence of sufficient collateral upon which the loan can be secured, or the result of a general bias against young women and men taking such initiatives.

Limited access to finance can have two results. First, it may prevent a young man or woman from initiating their business idea. It is, obviously, impossible to determine young people are prevented from starting their own business, but it is assumed that the number is considerable. The second result is that people who start a business do so under-capitalized. That is, business viability is threatened as a result of limited access to finance.

Given the difficulties that young men and women experience when it comes to obtaining commercial finance for their business, many are required to find finance from “alternative sources”. There were a wide variety of methods (legal and illegal) used by young women and men to finance their business, (Kenyon and White, 1996) including:

- loans provided by family members;
- loans provided by friends;
- additional employment (i.e. finding a casual, part-time, or in some cases even a full-time job, to provide extra money to live on or to invest into the business);
- seeking a financial partner or investor – usually older people with more financial resources;
- use of credit cards;
- personal loans;
- establishing accounts with suppliers;
- working from home (to reduce the costs of the business);
- grants; and
- prizes.

To address the problem many young women and men face in securing funds to properly start, operate or expand their business, four general types of strategies and programmes have been used: the provision of grants, soft loans, access to conventional banking finance, and the creation and use of finance and support networks.

Before examining these four types it is important to recognize that as with other youth enterprise services, the provision of finance alone is not enough. As the review of one youth enterprise-financing scheme operating in the Pacific found, the success of businesses funded through this scheme often depended on “how projects get identified, implemented, managed and monitored at community level... Inputs on training, project development and

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management are requisites for project success. Project planners and implementation officers, or those who follow up on project activities at field level, know this fact both by training and experience. They can readily cite the causes of project failure or success. What seems lacking is the great leap from description and piecemeal solutions to prescription, not merely on a limited-single project basis as what sectoral planners and implementers usually do, but with a wide-angle view, taking the entire development scenario into account. The lessons that the interviewees have drawn... have tended to show that, among other things, a single-motive credit programme will not work.” (IADP 1993; 4)

### ***Grants for youth enterprise***

In a number of countries, youth enterprise has been promoted through the provision of grants. Whilst this approach has generally been superseded by loan schemes, there are still some examples of grant-based schemes. The Commonwealth Youth Programme administers a Youth Enterprise Fund in a number of Commonwealth countries, through its Regional Centres in Africa, Asia, the Caribbean and the Pacific. Whilst Youth Business Initiative in Australia, provides small start-up funds to unemployed people who have undergone business training, have an approved business plan and wish to establish their own business.

The issue of grant finance for self-employment ventures is a vexed one. The proponents of this form of business finance suggest that it balances the scales by assisting those people who have been rejected from other conventional forms of finance because of their lack of collateral to still start their business. Thus, young men and women with little collateral should not be prevented from starting their business given that they can demonstrate its viability and expected growth through a well-prepared business plan. The opponents to grant finance, however, suggest that businesses should not require free money (i.e. grants) to successfully establish. That these approaches circumvent the real problem of business finance without dealing directly with it. Instead of giving money to young people to start their business, programmes should help people to deal directly with the problem of access to capital.

### ***Soft loans***

In preference to grants, a number of schemes can be found where low interest loans are provided to young entrepreneurs – usually through some form of revolving loan fund. In Canada, for example, the Canadian Youth Business Foundation runs a Specialized Youth Business Loan Programme designed to help young women and men, particularly those who are unemployed and under-employed, over the initial start-up phase of their own business. There are no collateral requirements “other than genuine commitment, appropriate business training, a valid business plan and agreement to a mandatory mentor programme”.

In India, the Bharatiya Yuva Shakti Trust (BYST) provides low interest loans up to Rs. 50,000, with repayments based upon projected cash flow. This money can be used on its own, or as leverage to gain additional funds from financial institutions.

### ***Access to conventional banking finance***

For many organizations it is preferred that young men and women are assisted into conventional finance schemes, rather than through specially designed loan schemes. Helping young women and men obtain such finance is usually achieved through advice and counselling in the preparation of business plans, introductions to banking officials and the packaging of continued support and mentor services. Loan guarantee schemes are sometimes used to provide an incentive for finance institutions to lend money to those

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without collateral. Such guarantee funds can be spread across many more businesses than grant funds because they may never be called upon.

### ***The creation and use of finance and support networks***

An example of this type of scheme is a new form of network that has been established to help women gain access to business finance in New Zealand. The Angel Fund is a non-profit incorporated society linking women who are entering business and who, whilst being able to repay a loan, experience difficulty in obtaining credit from traditional sources. “Angels” are people who come up with the money that other people need. They can lend directly to a borrower, or to the Angel Fund itself, and they can give a donation as well if they wish. The Angel Fund is also interested in assisting women with training or further education opportunities, transition to work expenses, pre-commercial business proposals, and emergencies that are preventing transition to work or education.

#### **4.6. Access to work space**

Finding a secure place to work – one that is affordable, well-located and with flexibility to accommodate business expansion – is a requirement of many young women and men who are establishing their own business. Shared workspaces or business incubators are property developments accommodating the start-up and early development of small nascent businesses. They provide small spaces on flexible terms and a range of back-up services including management support. The same commercial criteria that normally apply to all business activities also apply to the establishment and management of incubators. Tenants enter into a short term, flexible licensing arrangement, rather than a long term lease, and centralized services such as reception and bookkeeping are provided, either as a component of the rent or on a user pays basis.

Incubators and shared workspaces can be found in different forms in many countries. However, there appears to be few which specifically address the needs of young men and women.

#### **4.7.**

##### **Business expansion support**

Growing or expanding an existing business is an aspect often forgotten in enterprise-promotion programmes and requires specific skills, knowledge and attitudes that differ to that of establishing a new business. Whilst many young men and women in business may have the potential to expand and take on additional staff, often they are fearful of such a development. There is a need for support measures to assist such a vital step.

A different set of training needs can be found amongst those young people currently in business compared to those who are starting out for the first time. These include:

- the management of business finances;
- time management;
- stress management;
- how to improve sales;

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- how to manage and reduce costs;
  - debt recovery techniques;
  - stock control techniques;
  - marketing;
  - how to hire and fire (how to choose the right staff); and
  - how to make decisions regarding insurance and superannuation.

Livewire in the United Kingdom has, over the last decade, piloted a range of successful programmes, which focus on this issue including Business Growth Challenge. This programme offers young business owners and managers a weekend workshop of personal, management and business development activities with other young business operators who are facing the demands of growing their business.

The second Livewire programme is called On the Right Tracks. It is a series of workshops funded by British Rail to explore techniques for continual review of business objectives. It uses an informal and participatory approach and covers selling techniques, perceptions of business, recognizing achievement, goals and uncertainties and action planning.

#### **4.8. Creating support networks**

Isolation and a lack of support networks and business contacts are problems many young men and women experience. To address this, youth chambers of commerce, or youth entrepreneurs clubs have sometimes been established. There are a wide range of roles a youth chamber of commerce can perform in an effort to help its members deal with those issues affecting young men and women in business, including, for example:

- supporting networks between young people in business;
- promoting entrepreneurship and a culture of enterprise amongst young women and men;
- promoting linkages between the formal and informal sectors;
- representing youth business interests to government, commercial banks and other agencies affecting the livelihood of small business;
- facilitating access to new learning experiences, such as internships with established businesses or scholarships;
- identifying and address the problems or barriers experienced by young people in business;
- promoting and market businesses that are owned and managed by young women and men;
- assisting in the identification of new products, services and markets;
- facilitating access to business training and skill development.

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The choice of roles is dependent upon many factors, including the specific needs of young people in business, the roles of other organizations and institutions, the capacity (financial, human and technical) of the chamber, and the support the organization is given by others.

In New Zealand, a new and inspiring organization has been formed called the WISE Women Network. WISE (Women In Self-Employment) is a network of women, self-employed or interested in self-employment, who meet monthly to “encourage and learn from one another”. Whilst not specifically a youth organization, WISE offers a valuable insight into the possibilities of support networks for young people in business. The Network “provides an opportunity to meet other businesswomen, listen to a guest speaker and participate in forum groups on topical issues”.

The benefits that come from joining the WISE Women Network are described as promoting your business; overcoming isolation; sharing ideas; trading with each other; gaining confidence; learning new skills; keeping up to date with legislation and business trends; meeting positive role models; supporting other business women; providing opportunities for new contacts; and having fun.

The many local WISE Women Network groups that operate across New Zealand are coordinated by a small national office. Individual networks are managed by local coordinators. The women who attend and support it own the Network. There are no formal rules to the Network, but everyone is expected to respect each other’s point of view; participate; share; be friendly; and maintain confidentiality. Participants are discouraged from “hard selling” or badgering.

The Junior Chamber International (JCI), is a worldwide organization of people aged 18 to 40 years with some 300,000 members from 88 affiliated national organizations. The mission of JCI, also known as “Jaycees”, which has, is to “contribute to the advancement of the global community by providing the opportunity for young people to develop leadership skills, social responsibility and fellowship necessary to create positive change”.

JCI programmes address five areas: The first focuses on the individual – JCI offers training programmes that promote leadership and personal development. The second is management. Training is provided to gain experience in management skills and techniques. This is achieved through participating in JCI’s local, state, regional, national and international organizations, as well as through training conferences. Thirdly, community and social programmes focus on the environment, the future of children, and economic development. Fourthly, JCI promotes international collaboration, tolerance and friendship through participation in global programmes such as international meetings and an International Business Network (IBN) created to unite entrepreneurs in Junior Chamber countries around the world. Finally, JCI endeavours to provide opportunities for members to contribute to the development of the economic infrastructure, prosperity and well-being of all nations.

The use of the Internet as a means of networking and as a source of information, referral and advice is becoming more popular. A number of Internet Web Sites now which deal with the issues affecting young men and woman in business.

#### **4.9. Multifunctional youth enterprise agencies**

In some cases it has been found valuable to establish a specific youth enterprise support agency – providing business advice, training, information and access to funds, directly to young women and men. The Katutura Youth Enterprise Centre (KAYEC), in Namibia, for example, is a not-for-profit community organization that helps young women



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and men develop enterprising attitudes, skills and projects so that they can gain more control over their own lives and contribute to the development of Namibia. KAYEC offers training, business advice, information and practical assistance to young people with enterprising ideas and encourages young people to deal with the challenges they face in a realistic and enterprising way.

In Australia, the Youth Business Initiative organization established, in 1997, a Youth Enterprise Resource Centre (YERC) as a mechanism for young men and women to pursue their goals and interests. The concept of youth enterprise promoted by the YERC is broader than, but inclusive of, self-employment or small business development. Enterprise can include a range of income generating activities, and managing multiple incomes and employment opportunities. Thus, enterprise for young people involves the planning, organization and pursuit of a range of skills, resources and experiences. It may include financial planning, market research, training, education, personal development and marketing of themselves and their business.

The key principles underlying the development of the YERC are to develop and support a culture of enterprise among young men and women both within and beyond the school system and provide practical support, networking, training and assistance in enterprise development, to address the barriers to self-employment for young women and men and assist them into self-employment. The YERC also plans to provide specific support and assistance to unemployed and disadvantaged young people to explore the option of self-employment.

The Canadian Youth Business Foundation aims to help young people who would not otherwise have the opportunity, to develop their self-confidence, achieve economic independence, fulfil their ambitions and contribute to the community through the medium of self-employment and job creation. The Foundation offers five strategies of youth enterprise support: A specialized loan scheme, mentor support and business counselling, “intervision” – an on-line business support service, special projects – addressing the needs of specific disadvantaged groups, and special sectoral initiatives (e.g. in construction, retail and aquaculture).

In Gauteng, South Africa, the Centre for Opportunity Development has been established to maximize the capability of marginalized young women and men to gain access to legitimate economic activity and to reduce their feelings of alienation through a specialized business and life skills training programme. The programme consists of the following phases spread over four months:

- Phase 1: Recruitment – where the Centre’s programmes are promoted in collaboration with community agencies such as churches, youth and sports clubs, political organizations, development agencies.
- Phase 2: Selection and student assessment – to ensure the target group gain access to the programme.
- Phase 3: The Opportunity Development Course – comprising 75 hours contact time, this full-time course requires trainees to learn all aspects of business management whilst running a manufacturing-based franchise business.
- Phase 4: Coop – where participants form six small cooperatives with the aim of raising further capital through these part-time ventures. Staff members act as mentors to these coops.
- Phase 5: Business planning – a two week period where staff assist participants in the preparation of a business plan.

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Phase 6: Business implementation – where participants launch their business using the capital available to them (which may include savings, bank loans or funds through a Centre for Opportunity Development loan scheme).

Phases 7 and 8: Certificate and contingency – where certificates are issued to those in business and continued support is offered to those not yet in gainful employment.

Phase 9: Business advisory service – continued advice and support to the young person in business.

In some countries specialized business incubation programmes have been developed to provide young women and men with tailored support services within specific sectors. In Australia, for example, Young Aussie Enterprises is an enterprise and employment development programme for young people aged from 15 to 26 years. It was established in 1990, as a non-profit, public benevolent institution, and was modelled on a successful European venture called Young Scot which is a part of the Euro 26 Network operating in over 28 countries. The programme focuses on long-term unemployed people and combines business training with work experience in a managed enterprise. The main focus of activities revolves around the Young Aussie Car Wash which operates in the car parks of large shopping centres, providing training and employment opportunities for young people on a contract basis. In this way, Young Aussie operates like a franchise; where the franchisee (i.e. the young woman or man) is able to establish or join a car wash enterprise operating under the name of Young Aussie.

The Young Aussie programme provides staff training, use of Young Aussie logo, uniforms, contracts, certificates, membership packs and supplies (e.g. cleaning products), access to full data base of clients, a \$5 million public liability cover for all contract car washers, and access to a general youth network support programme including membership/discount card, action fund, magazine, adventure days and participation by young people on the management committee.

The success of Young Aussie comes from its base in a commercial car cleaning operation. In addition, however, the training and associated support provided by Young Aussie, allows young people to grow into their own business. That is, to build the skills, experience and confidence required to operate their own business at their own pace.

In South Africa, the Pasada Fashion Incubation Centre was established in 1994 to primarily promote and develop clothing entrepreneurs from disadvantaged communities. This programme equips young entrepreneurs with practical, relevant training programmes leading to job creation and stimulation for self-employment. It exposes trainees to other disciplines through a multiskilling programme offered by other institutions and empowers them with soft skills and life skills. Finally, the Centre encourages out-of-school youth in particular, to proceed with their education utilising a number of local resources.

This nine-month course, which is being accredited by the National Clothing Training Board, consists of two days orientation, six months training and three months on-the-job experience (incubation stage) involving entrepreneurial skills and production under supervision. The course covers hard skills (70 per cent), business skills (10 per cent), entrepreneurial skills (10 per cent) and life skills (10 per cent). The Centre offers post-programme support through an after-care specialist who track former trainees and offers guidance and recommendation with regard to ways in which the Centre can assist them.

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## 5. Role of key stakeholders

In this section the role of key stakeholders in the design and implementation of enterprise-oriented youth policies, strategies and programmes is described. Policy design and implementation involves many different stakeholders. Whilst government is usually responsible for initiating policy and providing the broader policy, legal and regulatory framework in which youth enterprise strategies and programmes take place, the private sector and the broader community are required to play an active role.

### 5.1. Government

Before examining the specific issues of government in relation to youth enterprise policies, strategies and programmes, it must be recognized that role of government in small business promotion has often been the subject of debate and change. Where once governments promoted small business development by intervening in the activities of the private sector, today, there is a greater emphasis on the development of “market friendly” economies. That is, one where markets are not distorted by the activities of government; where the task of developing small businesses has less to do with providing direct assistance to the private sector and more with the facilitation of access to a market friendly environment (Harper 1991).

Whilst small business development may be recognized as a valuable tool for broader economic and social development, there are a number of special needs the small business sector experiences. In many circumstances policies affecting economic development are weighted in favour of large-scale (and sometimes, foreign-owned) enterprises, leaving small businesses in a vulnerable position and facing barriers to their expansion. There is a need to find a balance, in policy terms, between addressing the needs and capacities of the small business sector and those of large-scale industries. There are many ways in which complementary policies and structures can be developed in support of small businesses and large-scale industries. Indeed, a diverse and healthy economy will contain both forms of enterprises and will promote sub-contracting and trading arrangements between each other.

In terms of youth enterprise, governments have an opportunity to identify the particular needs, challenges, opportunities and capacities young women and men can bring to the formation and expansion of small businesses. Whilst the design of a national youth policy, described previously in this report, provides the general context for such efforts, so too do policies related to small business, industrial development, education as well as vocational education and training. Governments’ role in youth enterprise policies, strategies and programmes, therefore, is generally found within the following spheres:

- (i) Setting the scene – through a national youth policy and other employment and enterprise related policies, governments create the environment in which youth enterprise is promoted. This will often involve a number of government ministries and may be coordinated at a cabinet level.
- (ii) Policy creation – where government can create a policy which specifically supports and directs the opportunities for youth enterprise promotion, providing a basis for strategy and programme development. This will usually involve the youth ministry, but may also be located with a ministry for small business and industry.
- (iii) Programme and strategy design – where government develops specific programme and strategy interventions, which promote businesses that, are owned and managed by young women and men. Specific government departments may be involved in delivering these initiatives. However, it has become more common for government to

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use partners (otherwise referred to as managing agents, collaborating institutions or intermediary organizations) to deliver these to the target group.

- (iv) Facilitating linkages – in some cases, governments can be involved in forming linkages between different stakeholders involved in youth enterprise development. This can include bringing youth agencies and business organizations closer together.

## 5.2. Private sector

The role of the private sector in youth enterprise policies and programmes can be wide ranging and can include providing advice and support – this type of involvement is usually formalized through mentor-based programmes, such as those described previously.

Programme sponsorship is also an avenue for private sector support, where a private company sponsors a programme, usually with a promotional benefit for the company. In Australia, coffee producer Nescafe, have developed a competition for young people (aged 16 to 21 years) with “a big idea, project or talent”. Known as the Nescafe Big Break, this competition offers an award of \$20,000 for the idea that is judged to be the best. Nescafe Big Break provides a total of eight awards each year. Some examples of the “practical, achievable ambitions” quoted by Nescafe Big Break in their promotional literature are as follows: “getting a business on the boil – one that you know just bubbles with big potential”; “financing your first album – a record which will send the music world into a spin”; “producing a new range of clothing designed to make the rag trade sit up and take notice”; “creating a film, video or theatre production that project the full scope of your creative genius”; and “developing wheels, wings, widgets or whatever – if it works a wonder you can get it off the drawing board”.

Applicants are required to provide information on the following themes:

1. What’s your big ambition?
2. Why is it good for Australia?
3. What would it mean to you?
4. Get references from some people who believe in your big idea.
5. Time to make the break (a time frame).
6. Going all out to make the break (describe what has been done to-date).
7. Budget.

For Nescafe, one of the motivations behind this campaign, which is largely run through a contracted promotions agency, is to promote their product to a more youthful audience. Thus, through the promotion of youth enterprise, Nescafe is attaching their own business interests.

In South Africa, Eskom, a national energy utility, has also been involved in supporting youth enterprise programme – particularly through a business competition similar to that of Livewire in the United Kingdom, which is supported by the Shell Oil Company.

Business linkages are another common means of youth enterprise support for by private sector companies. The promotion of business linkage opportunities can provide valuable new market opportunities for nascent small businesses. Such programmes have

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been developed in southern Africa, Europe and North America. One of the first steps toward success in this field is to establish a goods and services database. Such a data base can be used to identify small businesses and the goods and services they provided (this may include a rating of small businesses according to their competencies and experience), list goods and services required by larger businesses on a local and regional basis and provide contact points for introductions and initial discussions.

Other activities that can be used to promote business linkage include matchmaker fairs – an effective way to bring large corporations and small businesses together to begin to explore linkage opportunities. These fairs generate a great deal of interest in business linkage opportunities. Study tours and seminars can also be used to enable small businesses to learn more about the procurement practices and needs of large corporations provide another means through which small businesses can begin to identify linkage opportunities.

### **5.3. Local communities**

The community sector can play an important role in the promotion of youth enterprise opportunities. Whether this is through local authorities, community-based organizations, youth clubs, non-government organizations, or religious organizations.

Young women and men are an important, if often unrealized, source of skills, energy, creativity and vision for local communities. The mobilization of young men and women in local development efforts is an important aspect of community economic development; not only because they are an important part of the community, but also because they are a potent resource that the community can benefit from. There are two ways in which local communities can create an environment for youth enterprise, by promoting young people's participation in economic planning and action, and through specific measures directed at supporting business development amongst young women and men.

Local communities are coming to recognize the contribution that young people can play in positive economic change. Ensuring young people's representation on committees, task forces, and on any community economic development initiatives can do this.

The formation of youth councils with a specific mandate to provide a young person's perspective on key issues affecting their community, and to mobilize peer involvement is another valuable mechanism for engaging young people. As are regular youth forums that enable young men and women to reflect on the perceptions of their community (its strengths and limitations), key concerns and ideas for practical action.

Some communities use competitions to elicit young people's perspectives and ideas on economic development. Others acknowledge young people as leaders and contributors to local and regional development through annual.

Local communities can promote youth enterprise through a number of specific actions. Some of the most effective ways are to promote role models and raise awareness so that the potential for young women and men to become involved in business are recognized more broadly, by young people and the wider community.

Often, age-based barriers and biases need to be addressed. These are the things that prevent or dissuade young men and women from starting and succeeding in business (e.g. community attitudes which say "young people are too young to succeed in business").

It is important to identify and use young people's networks as a means of communicating information on youth enterprise, rather than relying on general

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(mainstream) networks, which are often not given much attention by young people. Involving young men and women in the processes of planning for community development is also a good idea. This facilitates the processes required to identify enterprise opportunities and is more likely to enlist the support from families and the broader community.

To help overcome isolation and the limited business and support networks that young women and men often have, local communities can facilitate the broadening of networks between young people as well as with older, more established businesspeople.

Finally, local business development agencies can be made more “youth-friendly” so that they are used more often by young women and men.

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## 6. Target groups

International experience has demonstrated the value of the self-employment option in terms of empowering certain special and disadvantaged population groups. There are a wide variety of groups of young people that may be targeted through these programmes, including:

- Young women: both the United States and New Zealand have now implemented programs entitled An income of her own, targeting young women (especially those at risk) between the ages of 16 and 20 years.
- Indigenous young men and women: The Canadian Youth Business Foundation's Aboriginal Community Involvement Project shows that an integrated package of support can produce significant results.
- Young people in rural environments – given the limited meaningful employment opportunities that often exist in rural and regional areas, the potential of self-employment needs exploring and promoting. There are a growing number of examples in Australia and the United States where such a focus is beginning to have long-term local economic impact.
- Young women and men who are already running their own business.
- Young men and women with a disability.
- Unemployed young women and men.
- Young students.

Further information on some of the above mentioned target groups is provided below.

### 6.1. Young women

Despite the gradual shift in community attitudes, young women are still likely to face the following problems when starting or operating a business:

- most young people are being encouraged to stay home rather than start their own businesses;
- childcare – finding someone to care for children while they plan, start or manage a business;
- sexual harassment – the victims of sexual harassment are usually women and can experience it in business, at school and, in fact, anywhere;
- men's negative attitudes towards women in business;
- family members becoming insistent "hangers-on" – demanding financial support; and
- gender rivalry – unemployed men in the house who become abusive or threatening.

Young women possess many skills and experiences that can contribute to success in business. To promote their success means addressing the particular problems young women face and affirming and supporting them in their decisions regarding self-employment. To address these issues, enterprise support agencies must become more

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responsive to the needs of young women and promote women in business as role models. Having more women in the role of business advisers can also help young women feel more comfortable, affirmed and accepted.

## **6.2. Unemployed young men and women**

In Australia, the Commonwealth Government in 1985 set up the New Enterprise Incentive Scheme (NEIS), one of the longest running labour market programs in Australia. NEIS provides income support approximately equivalent to unemployment benefits for a period of twelve months, and in addition, offers small business training, mentor support and assistance in the research and development of business plans. A network of private sector and non-government organizations (managing agents) contract with the Government to administer and deliver the programme. Specific groups (such as young women and men) are not targeted however, some managing agents, such as Youth Business Initiative, provide a package of support services to their client group, which includes access to the NEIS. Annually some 10,200 people establish new businesses as a result of taking part in the NEIS programme (12 percent aged 18 to 24 years).

For unemployed young people, youth enterprise programmes usually need to address the concerns of access to capital, since many people in this situation have extremely limited financial resources. Skill development, career advice, and mentor support have also been found to be important. Many unemployed people approach self-employment as a last resort (i.e., when all other employment options have been exhausted). Thus, care must be taken to ensure that a young unemployed person with inadequate skills or the wrong attitude does not attempt to enter the risky world of business.

## **6.3. Young students**

As indicated previously in this report, young students often require a particular set of supports and programme interventions. The first of these concerns the promotion of self-employment as a potential career option; raising awareness of the opportunities, risks and challenges associated with small business ownership and management. Following this, young students need to be informed about the skills, pathways and resources that are used in the development and management of a small business.

## **6.4. Young people in rural environments**

Youth enterprise promotion in rural environments is often connected to the development plans and activities of rural communities. Many rural communities are beginning to realise that their future depends on the opportunities that exist for their young women and men. Unless jobs are available, many young people will be forced to migrate to urban environments to find employment. Thus, youth enterprise is as an important means of developing a sustainable rural community.

In addition to the usual programme supports young people require to start and manage their own business, many rural communities are concerned with their access to resources. Thus, rural enterprise support programmes often attempt to link and inform residents to broader support services. This may be done through one-stop information and support centres, information technology centres or a community-based facilitator who is available to work with young people to develop their enterprise ideas.



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## **6.5. Young women and men who are already running their own businesses**

As indicated previously in this report, helping those young people who have already taken the risk to begin their own business has been found to be a valuable strategy in many cases. These young people have already proven the desire toward enterprise. Business management and expansion concern other issues than business establishment. Thus, programmes that target young people in business tend to provide support in terms of addressing management problems, identifying new markets, improving products and services, etc.

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## 7. Financing youth enterprise development

A review of youth enterprise strategies and programmes indicates a range of possibilities for financing such activities, but no common or consistent theme. In some cases (e.g., the Commonwealth Youth Programme Enterprise Fund, the Katutura Youth Enterprise Centre in Namibia) donor funds support programme implementation whilst in others (e.g. Youth Business Initiative in Australia) government directly or indirectly (i.e., through managing agent contracts) support these efforts.

There are a number of interesting examples of how the private sector has provided financial and technical support to these programmes. The Canadian Youth Business Foundation, for instance, has established a programme of support, which is entirely funded by the private sector. Canada's second largest bank (CIBC) is a Foundation Partner in CYBF's youth enterprise programme with funds of \$3 million. In southern Africa, the private sector has begun to promote the development of business linkages; where a nascent SME is provided with support and facilitation in obtaining a supply contract to a larger company. Thus, new market opportunities are provided to the small enterprise through the support of the larger form.

In the United Kingdom and Australia, senior private sector staff are seconded to Business in the Community (BIC) for a one to three year period. These people bring substantial business experience and contacts to the agency.

Young Achievement Australia offers another interesting example of programme financing through the private sector. Private sector companies who sponsor a Young Achievement Australia Business Alive programme pay a programme fee to assist with administrative costs and to provide a consultant for the ten-week programme. This fee represents less than 60 percent of the actual cost of the programme and some organizations choose to make an additional donation. Young Achievement Australia coordinates the programme between the business and the school, providing an orientation briefing for consultants and teachers, as well as comprehensive written reference materials. While a list of suggested topics is provided, delivery of the programme is flexible, allowing the consultant to choose topics based on areas of expertise and of maximum interest to the students. Thus, private sector companies are purchasing a pre-prepared package of support – one that suits the project and its sponsor.

Whilst little consistency exists across youth enterprise programmes, their financing offers some valuable points. Governments, for instance, often provide financial and technical assistance in the operation and management of youth enterprise programmes, either by directly administering a programme of support, or through contracting other agencies (community or private agencies) to provide services on their behalf.

In developing countries, donor agencies perform a significant role in financing youth enterprise promotion activities.

The private sector is often encouraged to become involved in youth enterprise because they hold financial, technical and managerial resources which can be of direct benefit to the programme or its beneficiaries. The pay-back for a larger company to become involved in supporting a youth enterprise programme may include a more positive public profile or possibilities for new business (e.g., by supporting a youth enterprise programme, a bank may encourage all new business owners to establish accounts with them). Supporting these initiative can also provide new training and development opportunities for staff who may be seconded or contracted to the programme.

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Community networks can help youth enterprise programmes in a number of ways including, for example, fund-raising activities and identifying mentors. They can also help youth enterprise programmes obtain premises, equipment, volunteers or expertise to assist the programme's operation. Finally, assistance can be provided through community networks to link youth enterprise programmes to other community economic development activities (e.g., the identification of new development opportunities).

Most youth enterprise promotion programmes require a long-term commitment of funds. Self-financing is unlikely in that most young people with business ideas have insufficient funds to pay for the full costs of training or advice. Programmes which have become financially self-sufficient (e.g., Young Achievement Australia) are usually narrowly focused activities well-designed to address a specific need. Broader development programmes appear to require more funds over a longer period of time. In many cases, those programmes that have survived over a long period of time have done so by mixing their funding sources. In these cases, funds and other resources use a combination of government support (some times on a contractual basis containing performance quotas), donor funds (where available), private sector involvement, community support and participation by young people themselves.

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## Annex I

### Summary of youth enterprise promotion schemes described in the report

#### ***School-based youth enterprise agency (British Colombia, Canada)***

Implementation organization: South Peace Secondary School

Scheme purpose: To present self-employment as a viable career opportunity for school-leavers.

Target group: Secondary high school students.

Key lessons: The inclusion of self-employment as a career option for secondary high school students, especially school leavers, as a part of the school's career and vocational education programme provides an important opportunity for young women and men to consider their suitability to small business ownership and management and to try out possible business ideas.

#### ***Junior Achievement South Africa***

Implementation organization: Centre for Developing Business, University of the Witwatersrand

Country: Fourteen branches across South Africa. The Junior Achievement programme also operates in a number of other countries.

Scheme purpose: Promoting the opportunities of small business ownership and management amongst young men and women.

Target group: Secondary high school students.

Key lessons: There is value in promoting new youth enterprise to students in secondary schools.

#### ***Bharatiya Yuva Shakti Trust (India)***

Implementation organization: The Bharatiya Yuva Shakti Trust (BYST) is a public, non-profit organization.

Scheme purpose: To help young people establish their own business by providing low interest loans, training and mentor support.

Target group: BY.ST helps young people aged 18 to 35 who are unemployed or under-employed

Key lessons: A strong emphasis is placed on active mentorship. It targets under-privileged and disadvantaged young people and is closely connected to the Indian Business Community.

#### ***Livewire***

Implementation organization: Livewire – with sponsorship from the Shell Oil Corporation.

Country: United Kingdom, although Livewire operates in other countries as well.

Scheme purpose: To highlight opportunities for young people in small business and to promote the development of good business plans. Livewire is a business plan competition, which incorporates training and mentor support.

Target group: Young women and men aged from 16 to 30 years.

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Key lessons: Livewire raises the public profile of young people in business and shows young people there are many ideas and ways to start their own business. Promotes role models of young people in business. Whilst the competition is a flagship, the real value of this programme lies in the combination of training and mentor support. Livewire also benefits from significant private sector support.

### ***Nescafe Big Break (Australia)***

Implementation organization: Nescafe – a private sector coffee producer. Administered by the marketing agency of Nescafe.

Scheme purpose: Provides cash awards to young people with a “big idea”.

Target group: Young women and men aged 16 to 24 years.

Key lessons: There is great value in promoting the initiative and creativity of young people with enterprising ideas. The Nescafe Big Break also shows how a private sector company can support a youth enterprise programme.

### ***REAL (Rural Entrepreneurship through Enterprise)***

Implementation organization: Mainly local high schools.

Country: Developed in the USA, but also conducted in other countries, such as Eritrea.

Scheme purpose: Provides a structured programme for students to plan and develop their own business.

Target group: Rural high school students.

Key lessons: An experiential learning programme that allows students to test out their suitability and interest in self-employment. The rural focus is also a unique feature of this scheme.

### ***Young Achievement Australia***

Implementation organization: YAA has a central resource agency, but is implemented by local high schools.

Scheme purpose: School-based enterprise programme supporting students to plan and develop their own business. Also includes the Business Alive programme – where a team of students visit industry and learn more about business.

Target group: Secondary high school students.

Key lessons: Promotes role models, increases students’ knowledge of business and expands career opportunities.

### ***Katutura Youth Enterprise Centre (Namibia)***

Implementation organization: Katutura Youth Enterprise Centre (KAYEC)

Scheme purpose: KAYEC is community-based organization which provides training, information, work space and support to young people who aspire to start their own business.

Target group: Young unemployed people.

Key lessons: KAYEC provides a one-stop business support service to young people. Amongst its more innovative programmes are training companies which allow young people to own and operate their own company as they receive training, advice and support.



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## ***Education with Enterprise Trust (South Africa)***

Implementation organization: Education with Enterprise Trust resources programmes in local communities and schools.

Scheme purpose: Two schemes are conducted under the EET banner: the Youth Enterprise Society (YES) for secondary high school students and Business Now. Both schemes provide a structured learning programme in business planning and establishment.

Target group: Youth Enterprise Society targets secondary high school students; Business Now is for young unemployed people.

Key lessons: A structured training programme involving local schools, community leaders, educationalists and local business people.

## ***Youth Business Initiative (Australia)***

Implementation organization: Youth Business Initiative is a project of the Queen's Trust of Australia.

Scheme purpose: Provides training, information, advice and grant funds to young people who are starting their own business. A new initiative, the Youth Enterprise Resource Centre (YERC), provides a one-stop information, training and advice centre for young men and women who are planning to start their own business, or who are already in business.

Target group: YBI targets young unemployed people, whilst the YERC is open to any young person.

Key lessons: YBI has shown the value of a comprehensive support service for unemployed young people. Whilst the issue of grants for business development is contentious, YBI has found this to be a valuable means of getting young people going in business.

## ***Commonwealth Youth Programme (CYP) Youth Enterprise Fund***

Implementation organization: CYP Regional Centres in Africa, Asia, Pacific and Caribbean. In some cases, managing agents are used to administer these grants.

Country: Developing Commonwealth countries.

Scheme purpose: Small start-up funds to young unemployed people, along with business training and assistance in the preparation of business plans.

Target group: Young unemployed women and men.

Key lessons: Grant funds provide a direct means of addressing the problem many young people face when trying to obtain capital – a lack of collateral. Combining training, support and the preparation of business plans are essential ingredients to the success of these schemes.

## ***Youth Business Loan Programme (Canada)***

Implementation organization: Canadian Youth Business Foundation

Scheme purpose: The Youth Business Loan Programme provides loans to youth enterprises without the requirement of collateral.

Target group: Young men and women, particularly those who are unemployed or under-employed.

Key lessons: Young people in business can repay loaned capital. The Canadian Youth Business Foundation has benefited from private sector sponsorship from a number of large corporations.

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Mentor support, training and advice are also provided to help participants in their applications for loan assistance.

### ***Junior Chamber of Commerce***

Implementation organization: Junior Chamber of Commerce

Countries: International

Scheme purpose: A worldwide organization of young people in business, also known as the “Jaycees”.

Target group: Young women and men aged 18 to 40 years who are in business and wish to improve their leadership skills.

Key lessons: The value of networks and youth participation in enterprise and leadership development schemes is demonstrated.

### ***Centre for Opportunity Development (South Africa)***

Implementation organization: Centre for Opportunity Development

Scheme purpose: A structured training and experiential development programme for young people with aspirations toward starting their own business.

Target group: Young unemployed men and women.

Key lessons: This training programme combines theoretical training with “real life” experience in starting and running a small business.

### ***Young Aussie Enterprises (Australia)***

Implementation organization: Young Aussie Enterprises

Scheme purpose: A training and enterprise development programme which helps young people learn enterprise skills by working in a small business and then develop their own business in the same or similar field.

Target group: Young unemployed men and women aged 15 to 26 years – particularly disadvantaged young people.

Key lessons: This programme operates in a manner similar to a franchise; providing a tailored support package along with practical experience.

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## Annex II

### Definitions of youth

Internationally there is no generalized definition of the term “youth”. Whilst age provides a certain simplicity to dealing with this issue, the influences of culture, economics, society and politics vary from one country to the next. It is important for each country to establish its own definition of youth in response to national circumstances. The variety of age-based definitions are illustrated by the following countries:

United Nations	15-24 years
Australia	12-25 years
Botswana	12-29 years
Malaysia	15-40 years
Mozambique	14-35 years
Nigeria	6-30 years
Swaziland	12-30 years
Uganda	13-35 years
Zambia	15-25 years

It may be appropriate for a policy to clarify a degree of flexibility in their definition. For example, the Malawi National Youth Policy says it defines youth “as all young people, female and male, from the age of 14 to 25 years. However, it is recognized that youth is not only a chronological definition, but also a term commonly used to describe roles in society ascribed to the young. This policy, therefore will be flexible to accommodate young people under 14 years and over 25 years depending on their social and economic circumstances. The age definition, despite its limitation, offers certain statistical utility as well as the practical convenience of a definitive social group which has its own specific problems and needs”.

The National Youth Policy of Botswana, on the other hand, “is directed toward young males and females who are aged from 12 to 29 years. Young people in this age group require social, economic and political support to realize their full potential. This is a time when most young people are going through dramatic changes in their life circumstances as they move from childhood to adulthood. It is recognized, however, that there may be some people who fall outside this age range, but who may experience similar circumstances to other young people (e.g. there may be 10 year olds who are not engaged in full-time education). Thus this definition is intended to indicate the primary target group, without excluding those who may share similar circumstances.”

