

Youth Enterprise:

How it can contribute to the goal of having no young person under 25 out of work or training.

Report commissioned by the Mayors Taskforce for Jobs

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Executive Summary

At an international level, youth enterprise is increasingly recognised as an effective solution to the large and growing number of young unemployed people, as vital to the ongoing growth of economies around the world, and as an important policy issue for national and local governments.

In New Zealand, the Ministry of Economic Development is currently developing a policy on youth enterprise, and the Growth and Innovation Advisory Board is also creating a taskforce to look at furthering enterprise education in New Zealand.

Many youth enterprise initiatives already exist in New Zealand. The main focus is on enterprise education at a secondary level. Most start-up and business development support available is general in nature and often is not tailored to, and does not meet the needs of, young people in business. However, there are many isolated or small-scale initiatives scattered around New Zealand, aimed at developing enterprise skills or supporting young people in business.

Between the high-level national policy and the grass-roots initiatives operating in communities lies a gap, and an opportunity. At the regional and local level there is an opportunity to support and operationalise the national policy, and to bring together and support those currently working at the grass-roots level. This role at a local level has been identified as vital by the OECD.

Recommendations to the Mayors Taskforce for Jobs:

- That youth enterprise be formally recognised as integral to achieving the goal of having no young person under 25 out of work or training;
- That those currently involved in creating the national youth enterprise policy be made aware of the inclusion of youth enterprise in the Taskforce's goal;
- That links be made with the Enterprise New Zealand Trust, and the Growth and Innovation Advisory Board, with a view to supporting enterprise education;
- That one or more pilot schemes be run, focusing on the initiatives set out below:
 - Supporting the establishment and ongoing running of a network that allows young self-employed people to meet, share ideas and problem-solve;
 - Working with other providers (or alone if no providers exist in the region) to provide physical space (subsidised or free) for young self-employed; and
 - Facilitating access to finance through the guarantee of loans, or providing grants and loans directly (working with partners to provide the necessary support services).

As individual members of the Taskforce, and for those interested in encouraging youth enterprise to increase opportunities for young people in their region, it is recommended:

- That each region "stock-take" to establish what initiatives are currently in place;
- That focus is placed on facilitating the collaboration of current initiatives;
- That the needs and gaps in each region are identified by those already working with the young self-employed, and by the young people themselves;
- That members consider initiating or facilitating the following (whether through resource, in-kind services or funding):

- Supporting the establishment and ongoing running of a network that allows young self-employed people to meet, share ideas and problem-solve;
- Working with other providers (or alone if no providers exist in the region) to provide physical space (subsidised or free) for young self-employed; and
- Facilitating access to finance through the guarantee of loans, or providing grants and loans directly (working with partners to provide the necessary support services).

Purpose of report

The Mayors Taskforce for Jobs ('the Taskforce') has a goal that no young person under the age of 25 is out of work or training by 2005.

The purpose of this report is to investigate whether enterprise is a viable option for people under 25, how youth enterprise could contribute to the Taskforce's goal, and provide recommendations as to whether the Taskforce should incorporate enterprise into its strategy.

Scope of report

This report does not consider *all* youth enterprise initiatives available. Rather it looks at a cross-section of those in New Zealand and overseas. It outlines the ways in which the Taskforce could include youth enterprise in its strategy, but does not look into *how* any one initiative should be put in place.

Methodology

This report is based on research, literature review, anecdotal evidence and personal experience.

There is some useful research available in the area of youth enterprise. In New Zealand Kate Lewis (Massey University) specialises in researching youth enterprise and is well published. She has worked extensively with Enterprise New Zealand Trust and her research (both primary and secondary) is relied on in this report.

International research is referred to where relevant, as well as the 2001 OECD report on policy challenges for youth entrepreneurship.

This report also draws on my own experiences as a young entrepreneur, my work with other young entrepreneurs, and my recent visit to the Prince's Trust Business Programme in London.

International trends

"Younger people can indeed found new businesses and succeed. This activity can contribute handsomely to economic dynamism and growth. For these reasons, the encouragement of youth entrepreneurship should have a place in national, regional and local labour market and education policies."

Organisation for Economic Co-operation and Development (2001)
Putting the young in business: Policy challenges for youth entrepreneurship. France: OECD, p 13

The increasing presence of young entrepreneurs around the world has been noted by many researchers, including Lewis & Massey in New Zealand (2003). Factors contributing to increasing numbers of young entrepreneurs include changes in traditional employment paths, high youth unemployment levels and the changing nature of work. In the future, work for most people is likely to involve a mixture of salaried work, self-employment and even unemployment (voluntary *and* involuntary). Against this backdrop, entrepreneurial skills will be more important than ever (Henderson, 2000).

Some of the initiatives in place overseas will be looked at later in this report. For now, it is sufficient to note that internationally the presence of young entrepreneurs is increasing, as is recognition of the positive impact that this has on both unemployment and economic growth.

New Zealand policy and trends

There currently is no government policy relating to young people and business. However, in line with international trends, there is increasing awareness about the number of young people starting businesses, and a desire to encourage more enterprising behaviour. The business community is calling for more enterprise education in schools, and the debate is featuring more in the media.

Whilst there is no national strategy in place, there are government initiatives which are operating in the broad area of 'enterprise culture'. The Enterprise Culture and Skills Activities Fund administered by New Zealand Trade and Enterprise has driven a lot of activity. It provides funds for activities which, among other things, "develop a culture in education where business is seen as a positive contributor to society and a worthwhile career; or results in students developing enterprising attitudes and behaviour including business-related skills".

The Ministry of Economic Development is currently developing a policy on youth enterprise. The scoping phase is anticipated to run until October 2004, with the new policy expected to be introduced in early 2005.

The Growth and Innovation Advisory Board (GIAB) is also creating a taskforce to look at furthering enterprise education in New Zealand. GIAB sees enterprise

education as a critical to encouraging more young New Zealanders to start businesses, which they believe will create growth and continue to provide opportunities for New Zealanders in the future. The initial forum to begin discussion is being held on 7 September 2004.

Is enterprise a viable option for young people?

This report has been commissioned in the context the Taskforce's goal to ensure youth participation in education, training or work. It is therefore prudent to consider whether enterprise is a viable option for young people in terms of their ongoing employability.

As noted earlier, the OECD reported, "younger people can indeed found new businesses and succeed." However, there are objectors who claim that young people should have work and/or life experience before embarking on a business venture.

A study titled "Assistance and the Young Self-Employed in New Zealand" (Lewis, 2000) some young people themselves agreed that their age has worked against them. Others felt that their youth or inexperience was an advantage. In a focus group I conducted with young entrepreneurs in 2003, similar comments were made.

Overall, the decision to start an enterprise is a very personal, one. Rather than an issue of age, "certain individuals may be better suited for self-employment than others" (Feldman, 65). There are enough examples of successful businesses started by young people to quash any theory that self-employment is not a viable option for young people.

However, self-employment and business ownership is not desirable or suitable for every young person. Enterprise or entrepreneurship requires self-selection, and any initiative considered by the Taskforce needs to take that into account.

Does enterprise make a young person more employable?

In the context of ensuring youth participation in education, training or work there are two purposes for self-employment. The success of the business itself, and the personal development of the individual. Both are equally important.

The Prince's Trust Business Programme in the UK assists disadvantaged young people to start and sustain a business. They measure the success of the programme in two ways. The first measure is the number of businesses started and their existence over time. The other measure of success is the growth and development of each young person. "A business failure can still constitute a success. They have gained skills, developed confidence and grown personally" (Interview with Stefan Warfhatig, Prince's Trust London, April 2004).

Anecdotal evidence suggests that many young people learn more in a short time in business than over a long period as an employee. One particular lesson (noted by myself and others I have spoken to) relates to self-determination. As a business owner you learn that your success or failure rests on you, your ability to take action and generate results. That learning is applied to all areas of your life. Regardless of whether a young person continues in business, they now understand that they can make things happen, that they can take risks and that they are responsible for how things turn out. It is this belief that researchers, policy analysts and government

officials are referring to when they say that New Zealand needs an 'enterprise culture'.

What if the business fails - what is the risk?

The risk of failure is always present as a business owner. For many people, it is part of the challenge. But what effect does, or could, business failure have on a young person?

There is no research on this in relation to young people specifically. However, in relation to business failure generally it has been noted that such failure represents a personal loss, with similar emotions to grief (Shepherd, 2003). As with all types of grief, young people may find business failure difficult to deal with. A lack of life experience and a lower level of maturity can make processing the emotions, and identifying the lessons in the failure, more difficult. Having support, and an opportunity to discuss the failure and work through the emotions of it would be important in any youth enterprise initiative.

In relation to the issue of 'employability' following a business failure, there seems to be no greater risk associated with it than with failing a training course, or a job choice not working out. Overall, the experience and personal development gained from starting a business is valuable, regardless of the outcome of the business. Rather than a risk of returning to unemployment, it is likely to have made them more *employable*.

Youth enterprise initiatives

In this section, we look at different types of youth enterprise initiatives. In New Zealand, and internationally, there is a wide variety of youth entrepreneurship programmes. The range of initiatives can be categorised as follows (OECD, 2001):

- Education (primary, secondary, tertiary);
- Training outside formal education systems;
- Start-up assistance;
- Business development assistance;
- Networking; and
- Intergenerational transfers.

Just as there are many different types of initiatives, opinion on how best to encourage or assist young people into self-employment is diverse. Lewis and Massey have identified "a lack of understanding of the decision-making processes young people engage in when considering entrepreneurship and self-employment" (2003, p 2). As a result, it is difficult to know how to positively influence these decisions made by young people.

Outlined below is what is currently happening in New Zealand. It is not a comprehensive summary of all the initiatives available, rather a cross-section to show where the focus has been to date. The format follows the OECD's categorisation of initiatives above, however many initiatives fall into a number of areas (for example, training *and* start-up assistance).

1. Education

The type of initiative most talked about in New Zealand is enterprise education in schools. The Young Entrepreneurs Scheme (YES) run by the Enterprise New Zealand Trust (ENZT) is the most well-known enterprise education programme. Individual schools sometimes also incorporate business or enterprise elements in their curriculum, but none so formally or well-known as YES. As mentioned earlier, the GIAB is also intent on furthering enterprise education in New Zealand.

The effectiveness of enterprise education in assisting young people to become self-employed or business owners once they leave school is unclear. However, it does contribute to an 'enterprise culture', that is, society accepting and acquiring a certain mindset and behaviour. This provides the foundation on which young people can choose to become self-employed.

One caveat on the effectiveness of enterprise education is the finding of a UK study of sustained enterprise education in one region. "Despite being exposed for over a decade to [enterprise education], there has been no obvious change in expectations and outlook among young people generally and they remain largely unconvinced of the merits of the enterprise message" (Ashford, 1991). The region was one of virtual economic collapse, which may have contributed to the outlook of the young people in this instance.

2. Training outside formal education systems

There is a range of enterprise and business training outside of New Zealand's formal education system. Some programmes are more structured than others, with some also having qualifications attached. The two set out below are widely available, but not designed specifically for young people:

The NZIM Small Business Entrepreneurs' Certificate SBEC is a new programme developed for people who are in business or are starting a business. The course is based on 'on-the-job' learning and solving the practical problems students face in their businesses. This course is to be provided through polytechnics and tertiary providers around New Zealand. This is a general course, with no specific tailoring for a young audience.

The Be Your Own Boss course is available through various agencies around New Zealand. Again, it is for a general audience, and is not designed with young people in mind.

The issue of whether specific programmes or 'special treatment' is required for young people who want to be entrepreneurs, as opposed to the rest of the population, is an interesting one. In Lewis' study of young New Zealand self-employed people, opinion was divided. Some felt that special treatment would not be beneficial for their long-term business prospects. On the other hand, there were many experiences of traditional business programmes and support services not working well for them, because of their age.

In addition to the two broad programmes above, there are many local initiatives throughout New Zealand, often run by economic development agencies or by community groups, which are specifically for young people. The following programmes have all received funding through the Enterprise Culture and Skills Activities Fund. Evaluations for many of these programmes are not available. However, it shows the diversity and breadth of initiatives happening at the local level:

The Young Entrepreneurs Programme (YEP) has been developed by Enterprise Northland in conjunction with ENZT. It follows on from YES and aims to further develop an enterprise culture. It challenges participants to build on their school-based YES enterprises and become job creators. YEP provides low-interest loans as well as mentoring. YEP was piloted in Northland and will be made available to the rest of New Zealand in late 2004. Three businesses were launched in Northland during the pilot period. Further information is available about the programme, and its planned roll-out, through Frank Leadley, YEP Director (see Contact List, p 22).

An Income of Their Own: Ko o Ratou Putea Areke is a Wellington programme aimed at Year 10 students of mainly Maori and Pacific Island descent. It provides ideas, role models, information and resources to encourage entrepreneurship.

Education to Business (E2B) is run by the West Coast Development Trust. It focuses on enterprise education to develop entrepreneurial attitudes and develop business skills.

The Rangatahi Business Programme is for young Maori at Te Wharekura O Rakaumanga school in Huntly. The programme is developing a mentoring programme and a video promoting Maori entrepreneurship.

The Wahia Ngarua Project is an entrepreneurial and motivational business programme for teenagers in Ngaruawahia. It provides seminars, workshops, work experience and a careers fair.

Enterprise for Rural Youth is run by Enterprise North Canterbury. It encourages students in rural areas to assess their career options and consider developing their own business.

Outside the Square is run by Canterbury Development Corporation to "train the next generation of Canterbury entrepreneurs". Its strategy includes seminars, clusters, case-studies and a website facilitating an online community.

3. Start-up and business development assistance

In this context, start-up and business development assistance incorporates finance, logistic support, counselling and mentoring, and operational support (OECD, 2001).

a. Finance

Most research notes finance as an obstacle for young people starting businesses (Blanchflower and Oswald, 1998; Lewis & Massey, 2003; Henderson, 2000; Gilbertson, 1995). Lewis' study confirms the obstacle also exists for young entrepreneurs in New Zealand (2000). The OECD summarized the issue (2001, p 44):

"Perhaps the largest single barrier to establishment for any entrepreneur, and especially for younger ones, lies in finding sufficient start-up and working capital to see a business successfully through its initial stages."

An Australian report on youth entrepreneurship went so far as to recommend the "creation of a specific youth financing scheme to overcome the problems that young people often face." (Kenyon & White, cited in Lewis, 2000).

Financial assistance can take many forms. It can include loans, grants and prizes. It can also include facilitating access to capital.

There is little evidence of any structured, ongoing programme providing loans and grants to young entrepreneurs in New Zealand. The new YEP programme piloted in Northland does provide low-interest loans to participants – a seemingly unique development in New Zealand.

Despite the lack of formal loans or grants, there have been various competitions. One example is the Nescafe Big Break Competition (although this is wider than just business ideas). Another example is the Go Westland competition, supported by the Westland District Council, for young people under the age of 25. Although it attracted fewer applications than expected, it did enable 2 businesses to startup. Another example is the Big Ideas Contest co-ordinated by Creative HQ, a business

incubator in Wellington. Although not strictly for young people, it attracted a high number of entries from young people.

Facilitating access to capital is another form of assistance. Rather than providing finance, an organization takes responsibility for providing young people with appropriate information about financing and the process required. I found no formal examples of this in New Zealand.

Despite the recognised importance of access to finance for young entrepreneurs, New Zealand is not very active in this area.

b. Logistic and operational support

Logistic support includes access to premises and equipment required. Operational support includes planning, operational and financial management.

The availability of logistic support in New Zealand is very limited, particularly for young people. Whilst there are an increasing number of business incubators operating (which offer logistic support) the entry requirements are such that they often exclude young people, i.e., a requirement that the businesses be technology-based and high-growth potential.

Operational support in the start-up phase is also weak, for similar reasons as above. More operational support is available at the business development stage, but not specifically for young people.

NRG Trust in Wellington is an 'enterprise facilitator' for young people aged between 18 and 30. NRG Trust was established to help young New Zealanders broaden their work options by starting their own businesses. It provides physical space, mentoring, and access to advisors. In addition it has started its own network and runs occasional seminars on business-related topics. NRG was established in 2001, but no formal evaluation is yet available to indicate the success or otherwise of NRG's approach. Recently NRG Trust has moved away from focusing on physical incubator space following little take-up rate by its target market. However, the success of incubators generally in New Zealand suggests that low-cost premises, when delivered to a suitable standard and in an inviting environment, are popular.

In relation to physical space, an independent evaluation of the Prince's Trust Business Programme suggested that "success rates might be improved if youth enterprise workspace were more readily available at a local level" (Shutt, 28-29). Over half of the young people supported by Prince's Trust were working from home. Other than incubators currently operating (most of which do not specifically target young people) there are few examples of physical work space being made available to young entrepreneurs in New Zealand.

4. Networking

"Like business people of all types, young entrepreneurs in small, new companies have a need to band together in associations that both provide mutual assistance and serve as lobbying bodies nationally and internationally." (OECD, p79)

*OECD report (2001) Putting the young in business:
Policy challenges for youth entrepreneurship. p13*

In both Australia and New Zealand, young entrepreneurs consider informal networking opportunities extremely useful but they find such opportunities difficult to organise (Lewis, 2000). Participation in formal networks (for example, the Chamber of Commerce) is high, but not generally considered very useful (Lewis, 2000).

Networks were identified as one of the dominant sources of assistance used by the young self-employed Lewis studied (2000).

Elevate is a network of young business owners, aspiring business owners and people involved in working with them, and is a recent development in Wellington. It is an initiative of NRG Trust, the Wellington Regional Chamber of Commerce and a number of young employed and self-employed people. Initial scoping suggests that members are most interested in networking, hearing inspiring speakers and opportunities for mentoring.

5. Intergenerational transfers

Role models and mentors were used widely by participants in Lewis' study. However, overall the availability of appropriate role models for young entrepreneurs is poor" (Lewis, 2000, citing Kenyon and White (1996)).

Business in the Community is the most well-known business mentoring programme in New Zealand. However, only half of the participants in Lewis' study had heard of it. Feedback from those that had used the service described the mentor match as poor, with the mentor having no relevant industry experience. It was also stated that "the age gap precluded an effective working relationship." (Lewis, 2000, p 40)

The ideal role model for young people is another young person with experience in business, or someone who started their business when they were young. Much of the mentoring available is with older business-people, but the age gap is often difficult for younger people to bridge.

International best practice

Between the high-level national policy and the grass-roots initiatives operating in communities lies a gap, and an opportunity. At the regional and local level there is an opportunity to support and operationalise national policy, and to bring together and support those currently working at the grass-roots level. Such an approach has been highlighted by the OECD and has benefits more far-reaching than reducing youth unemployment:

“The pressures of globalisation cause economic development strategies to become ever more local and regional. The promotion of local entrepreneurship, especially among the young, has a central place in such strategies because it accelerates development, localises it and arrests the out-migration of talented people.” (OECD, p91).

Below are several initiatives operating overseas, highlighted by the OECD as examples of ‘best practice’ approaches.

General

Prince’s Trust Business Programme in the UK is recognised as one of the few “full service” providers for youth business start-ups. A private charitable trust, the range of services it provides includes training, assistance with creating business plans, funding, mentoring and advisory support for three years.

In Canada, which has a national policy for entrepreneurship, central and local government both take an active role in encouraging and supporting youth enterprise. Most programmes cover all age groups. However, one provincial initiative, the Young Entrepreneurs Programme in Ontario, provides counselling, mentoring and consulting as well as guaranteed bank lending.

In Greece a grants programme, the *Aqual Programme*, was set up in 2001 by the Ministry of Labour and Social Affairs to encourage 2,500 new small businesses and self-employed workers (among other initiatives). The target was unemployed people aged 18-25 years with technical (ie, skill-based) diplomas. No formal evaluation of this programme is yet available.

Grey Angel is a European initiative which actively facilitates the handing-down of business experience from older mentors to young entrepreneurs. It uses older professionals or retirees to lead young people through the start-up phase. The Grey Angels themselves receive allowances and training in business mentoring.

Financial assistance

Prince’s Trust Business Programme provides both loans and grants to young people as one aspect of their programme. Financial assistance is predominantly in the form of no-interest loans issued at the outset of each new business (loans range from £2,000 to £5,000). Repayment is made over a period of three years, during

which time the young person also receives mentoring and other support from Prince's Trust. It was identified early on by Prince's Trust that the mentoring and support was an essential part of providing finance. In no circumstances is a loan provided without requiring the recipient to actively engage in a mentoring relationship.

In Portugal, the *Sistea de Apoio aos Jovens Empraserios (SAJE)* provides grants to new businesses, covering 50% of capital needs, plus an extra 10% for those involving young unemployed. It provides access to bank capital through guarantees and agreements with lending institutions. The level of grants available is tied further to the number of new jobs created.

The *Commonwealth Youth Credit Initiative (CYCI)* is a micro-credit financing scheme operated by the Commonwealth Youth Programme. It offers credit to young entrepreneurs, and is currently operating in Africa, Asia, the Caribbean and the South Pacific. More than just a financing scheme, CYCI provides training in small business and personal development and a mentoring programme. The CYCI identified the following as critical elements for success: partnering with a non-profit organization that has a solid grass-roots connection and appropriate capacity (to administer the finance), appropriate pre- and post-loan training and support services, and continuous monitoring of, and contact with, borrowers (Ryan, 2003). A Micro-Credit Management System (MCMS) has now also been established which provides a package of principles, procedures and guidelines for implementing new CYCI's.

In addition to highlighting best practice initiatives, the OECD has warned about certain approaches. In particular, they note that many initiatives focus merely on the start-up phase for young entrepreneurs (2001, p 77):

"Oriented towards short-term labour-policy goals (i.e., "get youth off the rolls of the unemployed"), they ignore the subsequent opportunities for youth-business development and expansion, where the payoffs to society as a whole in terms of employment and job creation may become potentially the greatest".

This was echoed in a study of youth self-employment in England. The study showed that young entrepreneurs felt ongoing support and help in developing their venture was lacking, even though the initial support had been good (MacDonald and Coffield, cited in Lewis and Massey 2003).

Other policy suggestions offered by the OECD, particularly as the burden shifts toward private and local organisations to implement and facilitate initiatives, included:

- *The field must become more institutionalised* – More cooperation, and less competition, would make better use of scarce resources, build credibility and possibly generate more funding support;
- *More programme evaluation is needed* – measure results to provide hard data rather than anecdotal accounts of success;
- *Establish more co-operative connections with others* – educators, social workers, community groups and local government should work together more fully;
- *Young entrepreneurs need more networks and support groups among themselves* – youth entrepreneurship promoters traditionally pay little

attention to helping young entrepreneurs to band together to exchange information and help each other.

What the young self-employed think

Lewis' 2000 study "Assistance and the young self-employed in New Zealand" is the only formal research into young people's opinions about the assistance available, and what is required. The following is a brief summary of some of the findings of that report:

- "The majority of participants were aware of their local enterprise agency and the types of assistance that they offered. However, the same proportion had never utilised their services." Participants in Lewis' study described their experience of their local provider as generally negative. Courses were described as "uninspiring, and being the youngest made the experience more difficult". (p39).
- Membership at their local Chambers of Commerce was high amongst participants. However, the cost of the courses limited their participation, there was little of practical help to them, and being young made them feel conspicuous and a little out of their depth.

The following forms of assistance were further identified by Lewis' report as being important:

- A greater availability of venture capital
- The facilitation of opportunities to meet other young self-employed people
- A forum for the expression of ideas and generation of feedback
- More practical business based experiences provided within the secondary education system
- The provision of information by one centralised source
- Access to mentors who have successfully run businesses and who had started when they were young.

Anecdotal evidence, as well as a focus group I conducted, suggests that information tailored to young people and available on a website would be valuable. The need to network with other young people was again reiterated in the focus group.

Lewis believes that an approach that bridges the gap between finishing formal education and starting a business would create the most value in New Zealand's current environment. In particular, she sees huge opportunities to use the many existing young entrepreneurs as mentors and role models for those young people considering self-employment (Interview, August 2004).

Options for the Taskforce

When looking at how the Taskforce could increase the number of young self-employed in the context of its overall goal, the following has been taken into account:

- initiatives that are already underway in New Zealand;
- international trends and best practice; and
- what young self-employed New Zealanders have identified as important.

Also taken into consideration is the nature and role of the Taskforce (and its independent members).

1. Initiatives in New Zealand

Enterprise education is receiving strong support in New Zealand. Training outside of the formal education system is variable. Some programmes are widely available, but do not cater well for young people. There are also local initiatives specifically for young people, but operating on a small scale and often isolated.

The area that New Zealand is weak in, and that directly impacts the number and success of youth enterprises, is start-up and business development assistance. In particular, there is no evidence of assistance with access to finance, despite recognition that lack of finance is a significant barrier. Networks for young self-employed people are weak, and mentoring programmes are limited.

2. International trends and best practice

There is an overall trend toward national policies regarding youth entrepreneurship. The next step is that local authorities have a part to play. In terms of the types of initiatives, internationally, recognition is paid to "full-service" providers, offering financial as well as general business support. However, warnings have been issued about programmes whose focus is just to reduce unemployment and "get people off the books".

Suggestions have also been made as to how local authorities can maximise the effectiveness of initiatives. In particular, the OECD recommends more cooperation amongst those running programmes, as well as amongst schools, businesses, programmes and local agencies. In addition, more programme evaluation is recommended as are more networks specifically for the young self-employed.

3. What the young self-employed identify as important

Overall, many young self-employed people feel excluded from existing business services – as if they don't quite "fit". In particular they have identified the following as important: access to finance and capital, informal networking, appropriate role models and information from a centralised source.

Recommendations

Throughout the report, common themes have emerged. Start-up support and services, particularly access to finance, has been identified in all quarters as significant. The need to meet and network with other young people is also important.

Collaboration and cooperation is another issue emerging. Cooperation is recommended by the OECD, it is strong in countries where enterprise initiatives are most effective, it would assist the many local initiatives which are developing (currently in an isolated way), and would go some way toward the plea of the young self-employed for a "one stop shop".

A gap has already been identified between national policy and grass-root, local initiatives. The Taskforce is ideally placed to play a role in bridging this gap and further developing strategies in the regions.

Recommendations to the Mayors Taskforce for Jobs:

- That youth enterprise be formally recognised as integral to achieving the goal of having no young person under 25 out of work or training;
- That those currently involved in creating the national youth enterprise policy be made aware of the inclusion of youth enterprise in the Taskforce's goal;
- That links be made with the Enterprise New Zealand Trust, and the Growth and Innovation Advisory Board, with a view to supporting enterprise education, as well as central government (New Zealand Trade and Enterprise, and Ministry for Economic Development);
- That one or more pilot schemes be run, focusing on the initiatives set out below:
 - Supporting the establishment and ongoing running of a network that allows young self-employed people to meet, share ideas and problem-solve;
 - Working with other providers (or alone if no providers exist in the region) to provide physical space (subsidised or free) for young self-employed; and
 - Facilitating access to finance through the guarantee of loans, or providing grants and loans directly (working with partners to provide the necessary support services).

Each region in New Zealand will have different experiences in terms of encouraging and supporting young people into self-employment. Some regions have programmes in place that are already backed, or run, by the local authority (for example, Northland and Canterbury) while others may have no initiatives in place. Yet more regions may have informal or piecemeal initiatives operating.

As individual members of the Taskforce, and for those interested in encouraging youth enterprise to increase opportunities for young people in their region, it is recommended:

- That each region "stock-take" to establish what initiatives are currently in place;
- That focus is placed on facilitating the collaboration of current initiatives;
- That the needs and gaps in each region are identified by those already working with the young self-employed, and by the young people themselves;
- That members consider initiating or facilitating the following (whether through resource, in-kind services or funding):

- Supporting the establishment and ongoing running of a network that allows young self-employed people to meet, share ideas and problem-solve;
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