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## **Stimulating youth entrepreneurship in the public sector's organizations**

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# Stimulating youth entrepreneurship in the public sector's organizations

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## Abstract

An entrepreneurial education and work culture brings changes in the relation between the public sector's organizations and its interested parties. More precisely, it is a question of changing managerial and organizational education practices towards self-direction, innovativeness, flexibility and responsibility. Understanding how public sector's organizations operate in an entrepreneurial manner is also helpful for supporting growth within the business community. This article aims at presenting a framework on young people's possibilities of becoming successful entrepreneurs within the public sector's organizations, showing a literature review that concentrates on the entrepreneurship subject, with focus on youth and the public sector's field. The results are the research made by using studies on this subject, thus leading to a proper use of entrepreneurial means, knowledge and start-up activities that allow an evolved education, self-responsibility and autonomy. We will see that the entrepreneurship concept has been expanded and a strong tendency is in favor of placing entrepreneurship in the center of attention, being regarded as natural in more contexts than the economic one. The wide understanding aims at developing abilities – power of initiative, energy, creativity, cooperation and responsibility, whereas the narrow understanding is more aimed at students obtaining business and self-engaging knowledge regarding personal growth activities.

*Keywords:* social innovation; public sector; youth; entrepreneurship education

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## 1. Introduction

In this consumerist society we live in, knowing how to financially support yourself is an essential element. Regarding this aspect, it is of great importance for an individual to be able to benefit from the entrepreneurship field, if he/she doesn't find the job which will satisfy his/her needs, desires and requirements. In order for a person to enter this new zone, one must be creative, have innovative ideas and do not be afraid of doing whatever is possible for putting those ideas into practice. We see, therefore, that innovational education is very important in every person's growing up process (Tirziu & Vrabie, 2015). Not so many people are able to become entrepreneurs by their own so, in this sense, the public sector, through its educational institutions and organizations, should provide the citizens with the relevant knowledge on this regard (Vrabie, 2014). Having qualified and able-to-think-for-themselves persons in its composition will reflect in the public sector's economic and social growth, in people that are more satisfied with their lives and, eventually, in talking about developed and not developing countries.

We know that the public administration's main responsibility is to keep the citizens of a country satisfied and with their needs well met. In order to do so, one of the best solutions would be to stimulate entrepreneurship, especially when referring to the younger generations – which are about to make their first steps into the business world, this attitude eventually leading to lower levels of unemployment, not only amongst young people (which will probably employ also elder persons), bigger level of happiness at a national level (this is a very important aspect, because being happy is every individual's right), more motivated people and, thus, an economic growth from which will benefit all the parts involved in the process, and not only. In other words, it will be a win-win situation for both the public sector and the citizens.

## 2. Theoretical framework

In order to talk about youth entrepreneurship, we should firstly understand what does the basic concept of entrepreneurship mean. In this sense, the International Labour Organization (ILO) states that entrepreneurship is “a way of thinking, reasoning and acting. It is much more than starting a new business. It is the process whereby individuals become aware of self-employment career options, develop ideas, take and manage risks, learn the process and take the initiative in developing and owning a business” (Ellis, Williams, 2011). Thus, entrepreneurs are seen as “essential agents of change who accelerate the generation, application and spread of innovative ideas and in doing so [they] not only ensure efficient use of resources, but also expand the boundaries of economic activity” (Acs et al., 2005, cited by Integral Assets Consulting, Inc., 2006).

Entrepreneurship is fundamental and it can be applied to all types of organizations both in the public sector and especially in the private one, whether we refer to a multigenerational family business, a new launched independent start-up, an already established organization or a social project. In this regard, economic and social value creation is not jointly exclusive, but the two aspects are integral to one another (Singer, Amorós, & Moska, 2015).

Increasing youth entrepreneurship represents a way through which young people can be included into the labor market. Entrepreneurship can bring benefits to the individuals of the younger generations by developing their human principal qualities, such as: self-confidence and skill development, and by increasing their level of happiness (Blanchflower & Oswald, 1998, cited by Green, 2013).

The society also benefits from youth entrepreneurship. To be more precise, we can think about the fact that jobs are being created by entrepreneurs, which also increase innovation, raise the level of competition and are willing and able to change opportunities and trends regarding the economic field. An example through which young entrepreneurs offer a positive externality is the fact that setting up a new business by young people can be seen, in poor and underprivileged communities, as a “demonstration” that entrepreneurship represents a tool that can help disadvantaged individuals escape social exclusion (De Clercq & Honig, 2011).

### 2.1. Motivation for entrepreneurship

People often think that leadership is born and cannot be learned, but this belief does not hold ground in all circumstances. Entrepreneurship is seen as a mixture of attitude, character, behavior, passion, natural orientation towards entrepreneurship and leadership, improved by training and building awareness and skills required to become entrepreneurs. In this regard, many countries around the world have introduced or are working towards adopting policy measures to support the growth of an “enterprise culture” and entrepreneurship. More precisely, efforts have been made in the direction of introducing entrepreneurship into the educational system as a method to develop

entrepreneurial attitudes, skills, behaviors and mind-sets, and also to improve young individuals' employability in general (International Labour Organization, 2011).

When talking about entrepreneurship education, some specialists in this domain think of it as involving the use of structured learning environments and supporting tools with which individuals are given a helping hand in order to develop entrepreneurial skills and become entrepreneurs. Traditional business education concentrates on dealing with existing corporate resources. Conversely, entrepreneurship education focuses less on management techniques and more on innovation, creativity and risk assessment (Integral Assets Consulting, Inc., 2006).

In many countries, economic recession, high unemployment rate and fluctuations in international trade represent just a few reasons why policy makers and political decision makers were led to pay more attention to the potential role of the private sector and entrepreneurs as a way of job creation, and also to the importance of encouraging and supporting an entrepreneurial, creative and innovative workforce both in the private and the public sector, as strategies for promoting economic prosperity and decent work over the long period (International Labour Organization, 2011).

Becoming aware of the importance of introducing enterprise education to the youth generations, countries like Canada, Australia and US are already seeing business management studies as a part of the normal educational system's curriculum, also having established specialized higher education courses that can be useful for creating well informed, well trained and wise entrepreneurs, able to take the lead in producing and starting new projects and developing them as to form organizations that will create and provide more jobs on the labor market (Haftendorn & Salzano, 2004).

#### *2.1.1. Benefits and barriers of youth entrepreneurship*

Youth entrepreneurship brings with it many advantages, among which we can mention the fact that it creates employment opportunities, it brings isolated and marginalized young persons into economic mainstream and it can help in addressing psychosocial problems and delinquency arising from unemployment. Moreover, it can build innovation and flexibility among the younger generations, it can be useful for the development of local neighborhood communities, giving youth a sense of meaning and belonging. Youth entrepreneurship is helpful for youngsters in order to develop new skills and experiences that can be applied to many other life challenges (Chigunta, 2002).

Most often, the barriers that arise towards youth entrepreneurship are from areas of social and cultural attitude, being caused by cultural values, beliefs, religion, social perception of entrepreneurship or young persons' personal environment. In this context, among the most popular barriers are: not being taken seriously, age discrimination, lack of family support, high uncertainty avoidance, fear of failure and negative perception of entrepreneurship (Schoof, 2006).

When referring to the area of entrepreneurship education and training, the main identified constraints come from the lack of entrepreneurial education, wrong curriculum or learning methods, lack of properly trained teachers and also deficient linkages with business (Schoof, 2006).

The area of access to finance or start-up financing brings with it barriers, such as: lack of personal savings and resources, securities and debt credibility, complex credit or financing documentation procedures with long waiting periods for decisions, lack of (successful) micro lending or finance and seed funding, lack of financing possibilities knowledge (Schoof, 2006).

In regard to the administrative and regulative framework, the highest barriers are linked to unsupportive tax regimes, unfavorable bankruptcy laws and property rights, business registration procedures and costs and lack of transparency. Ineffective competition law and changes in the regulatory framework can also represent constraints in the entrepreneurial process (Schoof, 2006).

In the group of factors concerning business assistance and support, there can be encountered the following key barriers: lack of business connections, lack of business development service and lack of knowledge of available business support services. Moreover, in this context, the lack of counseling and training, of mentoring services or of exchange networks, forums and meeting places can also be seen as barriers of entrepreneurship (Schoof, 2006).

#### *2.2. Rediscovering social innovation through entrepreneurship*

Some specialists in the field define social innovation as being "a novel solution to a social problem that is more effective, efficient, sustainable, or just than existing solutions and for which the value created accrues" (Phills, Deiglmeier & Miller, 2008).

Rather than focusing on the person or the organization, there should be a based-on-equality partnership between the public organizations and the citizens (Matei, Matei & Dinu, 2009). The innovation should be put at the center of

the equation, thus helping us better understand the mechanisms through which the process is possible. These mechanisms are defined by the Oxford English Dictionary as “an ordered sequence of events” or “interconnect[ed] parts in any complex process” that result in positive social change (Oxford Dictionaries).

Social entrepreneurship, as well as entrepreneurship itself, focuses on the personal qualities of individuals who start new businesses, confidence, creativity and determination being considered among the main ones. Contrarily, the social enterprise’s field is likely to focus on the organization, therefore it practically focuses on commercial activities, earned income and for-profit ventures, these giving support to the traditional social service programs, from a financial and operational point of view (Phills, Deiglmeier & Miller, 2008). However, both terms discussed – social entrepreneurship and social enterprise – have their roots in the nonprofit sector, thus they tend to limit their domains to nonprofits, excluding public and for-profit organizations (Light, 2006).

The research on innovation defines its concepts more precisely and consistently, in comparison to the one on the entrepreneurship field. As a consequence, this research is a stronger basis for building knowledge about new methods of producing social change (Hage, 1999; Thornton, 1999, cited by Phills, Deiglmeier & Miller, 2008). Even the Austrian economist Joseph Schumpeter, considered to be the godfather of entrepreneurship, was interested in entrepreneurs only as a means to the end of innovation and, in his book *Capitalism, Socialism, and Democracy* (Schumpeter, 2003), the “creative destruction” associated with entrepreneurship is primarily a way of producing economic growth.

Social problems or needs are met by many innovations, but only the social innovations have their financial and social value distribution focused towards society as a whole. Much like innovation in general, a social one can be a product, a production process or a technology, but it can also be viewed as an idea, a principle, a social movement, a piece of legislation, an intervention or even a mix of all these elements (Phills, Deiglmeier & Miller, 2008).

### *2.3. Youth entrepreneurship support initiatives*

The European Union has its employment policies strongly centered on increasing youth employment, within the context of the Europe 2020 growth and jobs strategy (European Commission<sup>a</sup>). The European Commission has taken specific steps in order to be helpful for confronting youth unemployment, steps to be mentioned next:

a) The Youth on the Move flagship initiative (2010) is a full package of measures for education and employment regarding young people (European Commission<sup>b</sup>);

b) The Youth Employment Package (2012), through which the European Union is working on the issue of reducing youth unemployment and increasing the youth employment rate in line with the wider EU target of achieving a 75% employment rate for the working population aged between 20 and 64 years old (European Commission<sup>c</sup>);

c) The Youth Employment Initiative (2013) represents a reinforcement for the Youth Employment Package, offering support for young people not in education, employment or training, from regions with a youth unemployment rate above 25% (European Commission<sup>d</sup>);

d) Working together for Europe’s young people is a call to action on youth unemployment, started in 2013. It represents a message meant to speed up the implementation of the Youth Guarantee, boosting investment in young people, and developing European level instruments that can help EU member countries and firms in the process of recruiting young people (EUR-Lex).

e) Another helpful initiative is represented by Erasmus+ (2014-2020), which is a programme strongly centered on innovation and entrepreneurship, particularly through strategic partnerships and transnational youth initiatives (European Commission<sup>e</sup>).

## **3. Conclusions**

Efficient support initiatives from the public sector’s side can have a positive and lasting effect on the individual’s short and long term regarding the source of revenue and the outcomes that follow. As young adults, individuals have maybe the greatest chance to develop the attitudes and skills that can help in achieving exponential economic and social gains for themselves, but also for the community they live in.

When thinking about young people, we can easily understand that they are at a developmental stage, in which they have the ability to absorb cognitively, use information and knowledge in an adaptive and creative manner, make gains for themselves, influence peers and contribute to their families’ economic security and stability. The skills learned by them can be immediately applied and result in the mitigation of future poverty.

The younger generations who have the necessary means are not pleased with just a high school certificate. Thus, the businesses they develop and grow allow them to save financial resources for higher education, stage in which actual models and instruments do not result only in factual results with and for young people, but also offer to practitioners and institutions specific models, tools and skills or ways in which they can associate and present their experience and outcome evidence in such a manner that can influence the decisions of other practitioners, institutions and public and private sector's organizations. These collective results influence the critical mass necessary for making an effective cost and for obtaining accountable investments in a sustainable way.

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