“We cannot build the future for youth; but we can build youth for the future”.
4.1 INTRODUCTION

The greatest challenge that countries all over the world are facing is that of eradication of unemployment especially that of the youth. This brings to light the drawbacks of our economic system. Youth is the phase of life when a person has dreams and hopes. The youth have energy and high aspirations. It is the time when a person looks forward to working hard and raising high in life. But if the young are not employed, it leads to a great wastage of their energies. Their hopes and dreams remain unfulfilled due to unemployment.

It is the youth that are the most badly affected by unemployment. Even if they get employment, it is not up to their expectations or else they are under employed. The position of women and the socially disadvantaged groups is still worse. Youth are an asset to any country, with proper support and guidance the youth can channelize their energies and bring dynamism to the economy. Entrepreneurship stands as a possible solution to the problem of unemployment. The youth are realizing the fact that if they can become job providers, then why they should be job seekers. In India there are ample of opportunities in the service sector for self employment both in rural and urban areas.

The pre-requisite for ensuring productive employment are skills, technology, funds and market linkages. Many educated youth do not have marketable skills and those who have attended vocational training institutes do not have skills for starting self employment ventures. Therefore, it is imperative to remove the shortcomings and focus on building skills for self employment among youth. This can be done by bringing about modification in the course curriculum and the training practices in schools, colleges and training institutions. Moreover, the policies and regulatory framework should take into account the specific needs of women and socially disabled persons.

Very often the entrepreneurial ventures are started on their own but in order to make them more successful, help from the government institutions and credit agencies as well as training for the entrepreneurs is required. There are several employment and self employment schemes initiated by government. But there is a need to create awareness among the youth regarding these schemes. Lack of support and guidance often results in closure of businesses of small entrepreneurs. In case of any difficulties faced by the young entrepreneurs, the government officers and concerned authorities should come forward and solve their problems.
An attempt has been made in the present chapter to study youth employment, youth unemployment: crisis at a glance, youth unemployment: a serious concern for Orissa, reasons for focusing on youth, productive employment and decent work for youth, youth employment and vulnerability youth entrepreneurship, differences between youth and adult entrepreneurs, role of youth entrepreneurship in the economy, youth entrepreneurship: road of opportunities, youth enterprise: a possible solution to youth unemployment, factors affecting entrepreneurship environment and youth entrepreneurial characteristics.

4.2 YOUTH EMPLOYMENT

"Creating jobs for youth is not enough. Across the planet, youth are not only finding it difficult if not impossible to find jobs, but also they cannot find decent jobs ...We are facing not only an economic challenge, but a security threat of monumental proportions."

(Juán Somavía -- ILO Director-General)

According to the ILO (International Labour Organization) data, out of the 191 million unemployed people in 2004, about 86 million are aged between 15-24 years. In many economies, the youth are more than three times as likely as adults be out of work. Both developed and developing countries have failed to increase employment opportunities for the youth. Approximately, 106 million youth work but live in households that earn less than equivalent of Rs. 50 per day. Millions of youth are engaged in temporary, involuntary part time or temporary jobs which offer limited scope for advancement.

4.3 YOUTH UNEMPLOYMENT: CRISIS AT A GLANCE

Unemployed youth are youth who are aggressively seeking employment but are not capable to find it. Underemployment is defined as the underutilization of labor (skills and economic capacity). In addition, informal employment is defined as employment “unregulated by the institutions of society.” (Portes et al., 1989).

Youth Employment Summit (YES), 2006 have found from their studies the following data

There are 1.1 billion young people (age 15-24) in the world

- 935 million youth live in developing countries
- 500 million youth live on less than $2 per day
- 238 million youth live on less than $1 per day
Youth unemployment has shot up to an all-time high of 14.4%

- This indicates a 4 per cent increase (24 million) since 1993
- 611 million youth are now in the workforce
- 577 million of these youth (94 per cent) are either unemployed or underemployed
- Reducing the youth unemployment rate by half would add at least $2.2 trillion to global GDP

Youth unemployment is more serious than the overall unemployment problem

- Youth unemployment rate is 8 per cent higher than the total unemployment rate (14.4 per cent vs. 6.3 per cent)
- In developing countries, youth are 3.8 more likely to be unemployed than adults
- Youth represent only 25 per cent of the global workforce, but 47 per cent of the world’s unemployed

Youth unemployment will increase in the future

- Youth employment will grow 0.2 per cent over the next 10 years
- Youth population will grow 10.5 per cent over the next 10 years

Population growth is expected to occur in regions least equipped to put youth to work

- Nearly 100 per cent of world population growth between now and 2050 will occur in Latin America, Africa and Asia.

4.4 YOUTH UNEMPLOYMENT: A SERIOUS CONCERN FOR ORISSA

Youth are the backbone of any country. Economic development of any country cannot take place if the youth are not gainfully employed. The economic development of Orissa has not been satisfactory because the youth in the state are facing the problem of unemployment. The unemployed youth face a lot of pressure from their families as well as from the society. Hence, the most important task for today’s youth is to secure a job. The youth are so busy finding jobs that they have no time for self development and for contribution towards the welfare of the society. Even, if the youth manage to get a job there is no job security. Besides, they are often forced to work at an inadequate remuneration as the supply of jobs is far less than their demand.

ILO Geneva report on Global Employment Trends for Youth 2004 stated that there are 184 million unemployed people around the world and among them 47 per cent are young persons. Around 88 million young people between the ages of 18-24 are unemployed worldwide. India accounts for a major chunk of Asia’s unemployed. There were 212 million young people in
India by 2001 but only 23.6 percent could be absorbed in the labour force. Simultaneously, there been a marked reduction in the number of job offers from the organized sector (less than 10 per cent). As a result, the importance of job creation has moved to the informal sector. So far as Orissa is concerned, growing educated unemployed youth is one of the serious problems of Orissa. As per the 2001 census, 38.79% of total population, which accounts 142.76 lakh are total workers in Orissa. Out of the total number of workers, main workers account for 67.2 per cent. The main workers comprise of agricultural labourers (21.9 per cent), cultivators (35.8 per cent), household industries workers (4.2 per cent) and other workers (38.1 per cent). The unemployment figures in terms of male and female population as calculated was 52.5 per cent of the male population and 24.7 per cent of female population are workers.

At the beginning of 2004-2005 the total unemployment was 9.97 lakhs. According to Live Register maintained by employment exchanges in the State, there were 833 lakh applications from individuals categorised as ‘educated’. Only 3,638 were placed in jobs in 2008. This is only the tip of the iceberg because not all job-seekers register with these exchanges. A reliable figure of unemployment can be reached only in the case of the educated unemployed who make the effort to get themselves registered at employment exchanges. But then question arises what about the school or college dropouts who have never heard of employment exchanges or who are not eligible for any government job? The Government of Orissa, in order to tackle the problem of unemployment attempted to deal with this problem in its Tenth Plan (2002-07) through self-employment schemes for around 1 crore people living below the poverty line.

General impression that education reduces the chance of unemployment is not the case always. Since the educated youth generally come from well to do families, they know that their families can support them. Hence, they tend to be choosy about the available jobs. Whereas, the illiterate youth are usually from poor families are ready to do whatever work is available. The youth in the villages usually take up tuition classes and become full time tuition masters. This profession is helpful only in short-run. In long-run, it rarely helps them to build a career. As these tuition masters spend 6-7 hours daily in tuition, they do not get enough time to think about taking up other works.
4.5 REASONS FOR FOCUSSING ON YOUTH

The youth are the torch bearers of a nation. They can use their energy, skills and talent for building the nation. Youth, through their activities give direction to their country. In any sphere, the role of youth is very important. But the problem of unemployment is making the youth visionless. The problem is eating away their talent and wasting away the golden years of their lives. Youth are too often at the whirlpool of a vicious cycle of poverty, inadequate education and training, and poor jobs. This creates an endless track of poverty linking one generation to another. This “poverty track”, from youth to adulthood, is filled with danger for today's societies. The prospects are bleak and the costs are enormous for individuals as well as economies. As the youth struggle with unemployment, reduced self-esteem, discouragement and the pressure from society leads them to anti-social activities. They indulge in violence and create social unrest.

The challenge faced in industrialized countries is finding jobs for millions of youth who are joining the labour market each year. But in the context of developing and transition countries, the challenge is more deep-seated not only in creating jobs, but finding decent jobs for young people who are often underemployed and working in the agricultural fields or city pathways of the informal economy.

4.6 PRODUCTIVE EMPLOYMENT AND DECENT WORK FOR YOUTH

Youth is the time when people are full of energy and aspirations. Their enthusiasm is at its peak. They are ready to take on the world. This is the time when young people set out to carve a career for themselves. They look forward to take up work and fulfill their responsibilities towards their families, society and the nation as a whole. It is a great challenge to provide productive employment to the youth especially in the face of growing population and reducing opportunities for employment. Although, lakhs of students pass out of schools and colleges each year the government have failed to secure them productive employment and decent work. The education of the youth and the investment by government in schools and colleges goes waste if these youth fail to get suitable jobs. It has been found that on an average young man and women are 2-3 times more likely to be unemployed than adults.

The young people have to often work for long hours under informal and insecure work arrangements. They are also paid poorly. This lessens the self esteem of the youth and also their employment prospects throughout their lives. The unemployed and under employed youth have
low incomes. Hence, they spend less, save and spend still less for their future. This will have negative impact on the economy. Unemployed youth have to face a lot of pressure from their families as well as the society. They are frustrated with their failure to get job and often indulge in anti-social activities.

In developed countries, youth unemployment is related to the switch over from school to work, various forms of discrimination, lack of work experience, periodic labour market trends and a number of elementary factors. In developing economies, youth unemployment may be linked to insufficient growth and development. In many poor communities, underemployment and poverty are acute problems for the youth as they struggle to earn money. The rural youth are poorly educated and cannot progress because of lack of support in terms of policy, infrastructure and inputs.

Young people as a group are not homogeneous. Some groups are more vulnerable and face disadvantages in entering and surviving in the labour market. These people lose faith in the system of governance and can lead to political instability and rise of extremism. Very often child labourers are hired to replace the young men and women. These children are paid low wages and their chances for getting education are next to impossible. According to H.E. Tomasi (2005), around 59 million young people between 15 -17 years of age are engaged in hazardous form of work.

ILO stated in a new statement issued to coincide with the beginning of the UN International Youth Year on 12th August that, global youth unemployment has reached its uppermost level on record, and is anticipated to rise further in 2010.

ILO Global Employment Trends report for Youth 2010 says that out of 620 million economically active youth aged 15 to 24 years, 81 million were unemployed at the end of 2009, the highest number ever in comparison to the global number in 2007, which was 7.8 million. The youth unemployment rate rose from 11.9 per cent in 2007 to 13.0 per cent in 2009.

According to the ILO estimation, the global youth unemployment rate is expected to persist its increase through 2010, to 13.1 per cent, followed by a moderate decline to 12.7 per cent in 2011. The unemployment rates of youth have proven to be more sensitive to the crisis than the rates of adults and that the resurgence of the job market for young men and women is likely to slacken behind that of adults as pointed out by the report.
4.7 YOUTH EMPLOYMENT AND VULNERABILITY
In many countries, some categories of young people are more vulnerable to unemployment than others. According to ILO in their study on “youth and work: global trends”, found that females tend to be far more susceptible than males. In an evaluation of youth unemployment in 97 countries, more young women than young men were unemployed in two-thirds of the countries. Female unemployment was more than 20 per cent higher than male unemployment in a quarter of these countries, and nearly half of the countries in Latin America and the Caribbean, unemployment rates for female youth exceeded by more than 50 per cent.

According to Higgins, in several countries, education and vocational skills provide some protection to the young people. Those having greater qualifications are less likely to be unemployed in the long-run. In more developed countries, a greater differentiation in experiences among young people has resulted due to the increasing differential chances of unemployment for qualified and unqualified young people. In the less developed countries, the educated young people are more likely to be unemployed as compared to the uneducated ones as there is less demand for skilled high wage labour. Other factors responsible for making the young people more exposed to unemployment are lack of necessary skills, competence and duty to take care of children or other relatives.

High level of youth unemployment is a cause for concern because it has a very negative impact on young people’s lives. Unemployment results in lowered self-esteem, lower standard of living and isolation from peers. In some countries the youth encounter a small period of unemployment and soon they land up with jobs. The problem becomes acute when it is for long-term and leaves the young people without any means to fulfill even their daily necessities. Long-term unemployment among youth tends to be relatively widespread in the Eastern European transitional economies. The ILO describes the situation as “alarming” where more than half of the young people who are unemployed have been out of work for over a year. As there exists a linkage between long-term unemployment and the processes of marginalization and segregation amongst youth, it makes greater sense to focus on this phenomenon than on short-term unemployment.

4.8 YOUTH ENTREPRENEURSHIP
‘Youth’ has been defined by the United Nations as those between 15-24 years of age. As per the National Youth Policy 2003 of India “youth” has been defined as people in the age group
of 13-35 years. The Prime Minister Rozgar Yojna (PMRY) has targeted educated unemployed youth between the age group of 18-35 years. Therefore, for the purpose of research “youth” is defined as any person aged between 18-35 years of age and ‘youth entrepreneurship’ is defined as the “practical exercise of enterprising qualities, such as initiative, innovation, organizing skills and risk-taking into the work environment using the required skills necessary for success in that environment and culture”. Entrepreneurship is a general term that includes many issues and has therefore been defined by various researchers in many ways. Rabboir (1995) has listed many definitions of ‘entrepreneurship’ from various authorities on the subject. He reached to a conclusion that attempts to reach an agreement on the subject have not been successful and various researchers are changing their definitions as work, study and experience in the field evolve. It is being increasingly observed that what entrepreneurs do or techniques in which different types of people, at different phases of lives of their enterprise will respond to the support of various types is more important rather than what or who entrepreneurs are (Schnurr and Newing, 1997; Harper, 1996).

According to Stevenson (1989), entrepreneurship is “the process whereby individuals become aware of business ownership as an option or viable alternative, develop ideas for business, learn the process of becoming an entrepreneur and undertake the initiation and development of a business”. Thus, young entrepreneurs are the young individuals developing and making full use of their own competencies, alone or in groups, defining their own problems, identifying solutions, finding resources to realize their vision, realizing their own capabilities and taking active roles in development of their own communities.

Evolutions in the process of Youth Entrepreneurship Development

Below is a discussion of the evolutionary stages of youth entrepreneurs.

- **Pre-entrepreneurs**

  This is the influential stage which appears to serve as a probationary period. It consists of young people between the age group 15-19 years. These youth are often in progression from the security of the home or education to the work place. But, as Curtain (2000) states for many young people, the transmutation from education to work is not a single step of exiting from the educational system and entering the world of work.

  In many countries, the transformation process for young people extends with neither a clear starting point nor a clearly defined end. It may include various steps forth and back
between education and work and sometimes by search and waiting times involving unemployment or chosen time off for leisure, travel and other activities. In consequence, pre-entrepreneurs tend to examine with various activities before some of them attempt to set themselves up in business.

- **Budding Entrepreneurs**

  This is the development stage. It includes young people in the age group 20-25 years who are in their mid twenties. These youth probably have acquired some experience, skills and capital to enable them run their own enterprises. During this stage, the young entrepreneurs may either remain stuck in marginal activities or go out of business or run successful enterprises.

- **Emergent Entrepreneurs**

  The emergent entrepreneurs between the age group 26-29 years have attained a higher level of maturity than youth in the lower age groups. They are also likely to have acquired vital experience in business or in other areas of life. Hence, they are more likely to run more feasible enterprises than younger youth.

### 4.9 DIFFERENCES BETWEEN YOUTH AND ADULT ENTREPRENEURS

Recent researches put forth that there are major differences in the socio-economic characteristics of youth and non-youth proprietors (Chigunta, 2003). The majority of youth tend to be single, most of them have no prior work experience and the majority still live with parents as compared to the adults.

The significance of age is also revealed in enterprise activities undertaken by youth and non-youth proprietors. It was found that most youth, especially younger youth, are likely to be involved in a narrow range of activities, mostly informal trading, and to some extent, low value services. But, the majority of non-youth proprietors (mostly males) are involved in manufacturing and service activities. This supports the view that young people generally find themselves relegated to activities which have comparatively easy entry and which are subject to lateral expansion, low returns and long hours of work especially those working in the informal sector. Overtime, however, some young people tend to expand or diversify their enterprise activities.

Chigunta (2003) found no considerable differences in the operational constraints facing youth and adult-run enterprises (White and Kenyon, 2000). Youth entrepreneurs experience many of the problems the general population experiences in small business development, in
addition to lack of technical and business management skills, adequate capital, access to infrastructure and social isolation. Hence, the general factors vital for the success in business are similar for both youth (mostly emergent entrepreneurs) and non-youth.

Still, it would seem that youth (especially pre-entrepreneurs) differ from non- youth or adults in their ability to transform an idea into a business, given the environment which they encounter as they begin to gather resources. While a large section of young people have positive attitude towards self-employment, they tend to face more problems in forming businesses than non-youth. Amongst other things this may be due to the minimal skills, experience, capital, networks and status that are normally associated with youth.

4.10 ROLE OF YOUTH ENTREPRENEURSHIP IN THE ECONOMY

Entrepreneurship is the professional exercise of knowledge, skills and competencies and/or of monetizing a new idea by an individual or a set of people by starting an enterprise or diversifying from an existing one. Thus, entrepreneurship is to strive for growth while generating wealth, employment and social welfare.

An entrepreneur is the one who implements ‘new blends of means of production’ plays a vital role in changing the circumstances through innovation or creative destruction and thereby becomes a driving force of change. The activities of an entrepreneur lead to the following conditions:

• employment generation;
• creation of additional wealth;
• introduction and distribution of new processes and technology;
• growth of economy.

The importance of entrepreneurship lies in innovation and generation of more wealth. The development of entrepreneurship does not depend on a single isolated factor but rather on a host of factors such as individual motivation, experience, socio-cultural environment, traditions, assistance from financial institutions, educational opportunities availability of required skills, attitude, availability of suitable infrastructure including transport and communication facilities and political stability. It is said that innovation and entrepreneur grow best in decentralized system by empowered people who are willing to search for new ideas and put them to a practical use.
4.11 IMPORTANCE OF YOUTH ENTREPRENEURSHIP

With the increasing endeavors and policies to increase employment and job creation for young people, entrepreneurship is gradually being accepted as an essential mechanism and a useful alternative for income generation among young people. Due to the dearth of decent and secured jobs, youth entrepreneurship is regarded as an optional way of integrating youth into the labour market and overcoming vicious cycle of poverty. Due to the increasing attention being paid to entrepreneurship in the last decade formal employment opportunities have been created in small enterprises or as self-employment. Given global demographic progressions, it is important that the social and economic contributions of young entrepreneurs are recognized. The economic potential of young people can be unleashed through entrepreneurship. Chigunta (2002) has stated various reasons for the growing importance of promoting youth entrepreneurship:

- Creation of employment opportunities for self-employed youth as well as the other young people they employ,
- Bringing the separated and marginalized youth back into the economic mainstream and giving them a sense of meaning and affinity,
- To tackle some of the socio-psychological problems and delinquency that arises from joblessness,
- To help youth build up new skills and experiences that can then be applied to other challenges in life,
- Promoting innovation and spirit in youth,
- To promote the resurgence of the local community by providing valuable goods and services, and
- To capitalize on the receptivity of young entrepreneurs to new economic opportunities and trends.

New job generation and economic dynamism in developed countries can be brought through entrepreneurship and self-employment. It can improve youth livelihoods and economic independence in developing countries. Micro-entrepreneurism is being looked upon as a medium for generating income, self-reliance and a new innovative path to earning a living and caring for oneself by young people in the informal economy.
4.12 YOUTH ENTERPRISE: A POSSIBLE SOLUTION TO YOUTH UNEMPLOYMENT

To the global challenge of youth unemployment and underemployment with both economic and social advantages, youth enterprise offers a high potential solution. Moreover, enterprise can act as a stepping stone for young people towards other forms of sustainable employment. While micro-credit schemes operate to shift people from poverty to subsistence, enterprise development schemes operate to shift people from subsistence to sustainable growth through encouraging youth entrepreneurship.

**Pathway to Self Employment**

Setting up a small business generally follows a patterned route from conceiving an initial idea, investigating, planning to raising the finance. At each stage there are opportunities for collective action between business, public sector and third sector organisations. Enterprise and entrepreneurship also presents opportunities for youth in terms of employment, enterprise, education and equal opportunities.

![Path to self employment](image)

**Fig. 4.1 Path to self employment**

*Source: Youth Business International*

**Advantages of Youth Enterprise**

- **Creation of Value**

  Through youth enterprise value creation is possible. Youth enterprise ensures to create this additional value in a non-wasteful and sustainable way which is one of the key elements in addressing youth unemployment.

- **Resource Maximization**

  Young entrepreneurs require relatively nominal inputs to achieve considerable outputs, which can be of benefit to themselves and the communities.

- **Skill Development**

  The level of skills among young people is raised by youth enterprise. Young people need to learn to decide well. Enterprise can help to build up vital skills like decision making, influence
among peer groups, attitude towards risk and can also open opportunities for young people to earn name and fame and recognition in the society. Honing these skills can lead to increase in self-confidence, whilst the enterprise provides tangible evidence of success.

- **Multiplier Effect**

  Supportive youth entrepreneurship programmes produce multiplier effects. The young entrepreneurs can create their own livelihood and provide jobs, and can also support their families.

### 4.13 FACTORS AFFECTING YOUTH ENTREPRENEURSHIP ENVIRONMENT

There are a number of factors that combine together for a successful entrepreneurship environment like individual motivations, socio-cultural factors, access to early-stage finance, education and business environment.

- **Motivation**

  Various approaches have been undertaken to understand as to why few individuals decide to venture into entrepreneurship and so find innovative ways of doing things. There have been numerous studies on entrepreneurial traits but there is no well defined psychological attitude or profiles which can fully portray the entrepreneur and its characteristics. Entrepreneurs can vary from being gregarious or taciturn, analytical or intuitive, cautious or daring.

  The important motivational triggers are: independence (arising from the freedom to do one’s own thing), market opportunity, family background in entrepreneurship, a new idea (with business potential), the anticipation of challenges offered by entrepreneurship as well as a long treasured dream desire to become an entrepreneur.

- **Socio-Cultural Factors**

  Socio-cultural factors as a determinant plays a vital role in nurturing the entrepreneurial ecosystem such as social criterions, family values, networks and social value of entrepreneurship. Certain communities in India confirm the role of social factors that encourage entrepreneurship which have been traditionally engaged in business. Key success factors include the practical use of social and family networks as well as ‘webs of association’ that incessantly facilitate the development of entrepreneurial environment at the community level.

- **Start-up Capital**

  Easy access to initial stage finance, especially seed capital, is an important factor in a favourable entrepreneurial ecosystem. For young people it is a crucial to decide to become an
entrepreneur and the nature of the enterprise. Early stage finance can be of two basic types: debt (largely from banks and financial institutions) and equity (from sources such as angels, venture capital funds and private equity funds). The traditional bank finances on the criteria of sufficient collateral and established track record to judge credit-worthiness before disbursement of funds while the equity based sources are less risk averse and restrictive in financing start-ups.

The relatively newer sources of finance such as angel investors, venture capitalists and private equity funds invest equity with the expectation of much higher returns as compared to the traditional banking finance, which is largely debt based. Over the last few years the emergence of angel investors, VCs and PE funds and their enterprising involvement in the equity market in India is one of the most major financial developments that could impact the growth of youth entrepreneurship in India.

- **Education and Innovation**

  The quality of education imparted and the presence of an environment that encourages innovation helps in creation of entrepreneurs. Three interconnected areas i.e., education, innovation and entrepreneurship provide possibilities for mutually beneficial synergies through the flow of ideas and wealth, which could produce high level of dynamism. Together, these are the foundations of inclusive and sustainable growth. As shown in the diagram below

![Diagram](image)

Fig 4.2 Building synergies

Source: National Knowledge Commission, 2008

- Education is crucial for skill development and essential for entrepreneurship and innovation. The capability to innovate, create and generate commercially valuable new
products and processes can only take place in an environment that encourages experimentation and value addition.

> Innovation mobilizes entrepreneurship by providing ideas that can be transformed into wealth (through goods and services). Innovation helps to unleash market opportunities for entrepreneurship to grow and prosper. Innovations not only involve high-end technology but also any new idea that generates commercial value, urges new entrepreneurs to plan a venture. To quote the economist, T. N. Srinivasan, ‘Innovation and Entrepreneurship is a two-way relationship. In one sense, in innovation, someone finds something but that somebody may not be equipped to convert that something into a commercial proposition. That is where youth entrepreneurship comes in’.

> An entrepreneurial culture initiates wealth creation from knowledge and generates momentum for further innovation. In return entrepreneurship helps in generating new jobs in the economy, and creates a culture of independence, risk-taking and confidence, more so amongst the emerging educated groups. A vibrant academic culture with innovation linking the two as a generator of new ideas and opportunities helps in creation of a dynamic entrepreneurial environment.

• **Business Environment**

Creation of a suitable and conducive business environment is necessary for nurturing entrepreneurship. The key factors for a conducive business environment includes smooth flow of information, ease of starting a business and obtaining various clearances and permits, filing taxes must be easier, well-organized legal system enabling legislations and regulations, absence of corruption and supportive infrastructure facilities.

Different relative studies on business procedures in India and in other countries are also quite revealing. Where these studies have observed India’s comparative advantage in workforce, skills, demographic profile and growing domestic demand, it has also found that India fares poorly with regards to its business environment. For example, the report which is published by World Bank and the International Finance Corporation (IFC) in the ‘Doing Business 2008’, India ranks 120th out of 178 countries even behind countries such as The Maldives (60th), Pakistan (76th), Sri Lanka (101st), Bangladesh (107th), and Nepal (111th). India lags behind various countries, including Chile and Brazil as stated by the Organization for Economic Cooperation and Development (OECD) draft report on regulatory framework in market for goods and
services. India was ranked at 48th position among 131 countries by The Global Competitiveness Report 2007-08 of the World Economic Forum. Certainly there seems a need for qualitative improvement in the business facilitation environment.

The multifaceted challenge of the number of unemployed young people around the world is growing faster than the number of new jobs which cannot be met by one single solution. The potential solution to the pressing problem of unemployment is the opportunities presented by youth enterprise. Youth enterprise can provide possible solution by its ability to generate employment opportunities directly and indirectly, its capability to place young people as positive roles model within their communities and the effect of reducing the continuing cycle of unemployment. To boost youth employment public, private and third sector organisations all have their part to play. Private sector initiative, the extent of government intervention and the ability of the third sector to reach young people can combine to provide youth employment, which is of concern to all the three sectors.

4.14 YOUTH ENTREPRENEURIAL CHARACTERISTICS

Market opportunities pull people toward an entrepreneurial venture and are taken as positive factors while necessity related events like unemployment or frustration with current job may push people to self-employment and are often taken as a negative factor.

People are more likely to follow an entrepreneurial career those who have a parent or close family member, who is self-employed (Matthews and Moser, 1996, Drennan et al, 2005). A family business background leads to perhaps lower barriers to entrepreneurial entry, since those having it may take advantage of their social ties and social capital (Greve and Saleff, 2003).

The attitudes of young people towards entrepreneurship are most likely to be shaped by experiences during early childhood, i.e., at home and in school (Basu and Virick, 2008). Parents act as role models and the parent’s engagement in a family business has an impact on the future entrepreneurial intentions through changing their mind-set and beliefs as for example self-efficacy (Krueger et al, 2000).

Entrepreneurial intention is indirectly influenced by the socio-demographic factors (Kolvereid, 1996). Females exhibit a tendency towards less risk than males and are more likely to take up non-entrepreneurial career choices in order to attain goals like work-life balance as regards to the influence of gender (Hisrich and Peters, 1998). Research results show males to
have a higher level of entrepreneurial interest than females (Matthews and Moser, 1996, Delmar and Davidsson, 2000).

In order to analyze the characteristics of the enterprise, entrepreneurs and relationship between factors affecting youth entrepreneurship, the data have been collected from 200 young entrepreneurs (110 from Bhubaneswar and 90 from Cuttack) through a structured questionnaire. The young people between the age group of 18-35 years who have taken loan from banks, financial institutions, non governmental organizations etc. for different business purposes, young people with small business of their own, enterprises registered with District Industries Centres (DIC), young people who have applied or taken training from various entrepreneurship development institutes like Institute of Entrepreneurship Development (IED), Micro, Small and Medium Enterprises Development Institute (MSME DI), Jan Siksha Sansthan and Udyog Vikas and have set up their own enterprise, have been taken as the young entrepreneurs. The data collected are edited and analyzed with the help of frequencies and percentages. Chi square is also to measure the independence of the sample responses.

4.14.1 CHARACTERISTICS OF ENTERPRISE

The various characteristics of the sample enterprises are discussed in table below.

**TABLE 4.1**

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<td>167</td>
<td>83.5</td>
</tr>
<tr>
<td></td>
<td>PARTNERSHIP</td>
<td>33</td>
<td>16.5</td>
</tr>
<tr>
<td>LOCATION</td>
<td>INDUSTRIAL AREA</td>
<td>14</td>
<td>7</td>
</tr>
</tbody>
</table>
From the Table 4.1 regarding the characteristics of the sample enterprises it was found that around 53.5 per cent of the enterprises have 5 to 10 years of existence whereas 46.5 per cent of the enterprises have 0-5 years of existence. 81.5 per cent of the enterprises were dealing with consumer products whereas 18.5 per cent were dealing with industrial products. Nearly 84.5 per cent of the enterprise sold their products in the local market and 15.5 per cent in other markets like villages, other districts etc. Out of the total enterprise 83.5 per cent were sole proprietors whereas 16.5 per cent were into partnership form of business. 93 per cent of the enterprises were set up in the market place whereas 7 per cent are set up in industrial area.

4.14.2 CHARACTERISTICS OF ENTREPRENEURS

The various characteristics of the sample young entrepreneurs to describe their background are discussed in table below.

**TABLE 4.2**

<table>
<thead>
<tr>
<th>FACTORS</th>
<th>DIMENSION</th>
<th>FREQUENCY</th>
<th>PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>TYPE OF FAMILY</td>
<td>JOINT</td>
<td>112</td>
<td>56</td>
</tr>
<tr>
<td></td>
<td>NUCLEAR</td>
<td>88</td>
<td>44</td>
</tr>
<tr>
<td>ORIGIN</td>
<td>BUSINESS</td>
<td>145</td>
<td>72.5</td>
</tr>
<tr>
<td>Category</td>
<td>Non Business</td>
<td>27.5</td>
<td>Age 20-27</td>
</tr>
<tr>
<td>------------------------</td>
<td>--------------</td>
<td>------</td>
<td>-----------</td>
</tr>
<tr>
<td>Gender</td>
<td>Male</td>
<td>193</td>
<td>FEMALE</td>
</tr>
<tr>
<td>Martial Status</td>
<td>Married</td>
<td>137</td>
<td>Unmarried</td>
</tr>
<tr>
<td>Education</td>
<td>Matriculation</td>
<td>25</td>
<td>Undergraduate</td>
</tr>
<tr>
<td></td>
<td>Graduate</td>
<td>63</td>
<td>Postgraduate</td>
</tr>
<tr>
<td>Academic Performance</td>
<td>Good</td>
<td>93</td>
<td>Average</td>
</tr>
<tr>
<td></td>
<td>Poor</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Economic Status</td>
<td>Upper Class</td>
<td>26</td>
<td>Middle Class</td>
</tr>
<tr>
<td></td>
<td>Lower Class</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Family Occupation</td>
<td>Service</td>
<td>50</td>
<td>Business</td>
</tr>
<tr>
<td>Prior Working Experience</td>
<td>Yes</td>
<td>85</td>
<td>No</td>
</tr>
</tbody>
</table>
The entrepreneur characteristics (traits, value and attitude) are often cited as the most influential factors related to the performance of an SME competitiveness (Man et al 2002:125, Simpson et al 2004:484, Gurol & Atsan 2006:28)
Graph 4.10 Classification of the Entrepreneurs by Educational Qualification

Graph 4.11 Classification of the Entrepreneurs by Gender

Graph 4.12 Classification of the Entrepreneurs by Academic Performance

Graph 4.13 Classification of the Entrepreneurs by Economic Status

Graph 4.14 Classification of the Entrepreneurs by Family Occupation

Graph 4.15 Classification of the Entrepreneurs by Prior Work Experience
Table 4.2 exhibiting the characteristics of the sample entrepreneurs revealed that 56 per cent of the respondents belonged to joint family whereas 44 per cent belonged to nuclear family. Around 72.5 per cent of the respondents hailed from business origin and 27.5 per cent from non-business origin. Nearly 24.5 per cent of the young entrepreneurs were in between the age of 20-27 and 75.5 per cent in between the age of 28-35 years. Out of the total respondents 96.5 per cent were male entrepreneurs and only 3.5 per cent were female entrepreneurs. 68.5 per cent respondents were married whereas 31.5 per cent were unmarried. Nearly 31.5 per cent of the respondents were graduate, 29.5 per cent under graduate, 12.5 per cent matriculates and 26.5 per cent post graduates. About 51 per cent have average academic performance, 46.5 per cent good and 2.5 per cent poor academic performance. 84.5 per cent belonged to middle class family, 13 per cent upper class and 2.5 per cent of the respondents were from lower class. A majority of respondents i.e., 75 per cent were from business family and 25 per cent service family. 57.5 per cent of the respondents have no prior working experience whereas 42.5 per cent have few years of working experience.

4.14.3 PRODUCT CATEGORY AND LOCATION OF MARKET

Before setting up a business, an entrepreneur has to decide as to which type of a product the firm wants to deal with, so choice of product is an important decision. The comparative analysis of the several products or services that the business can provide helps in taking this decision. Determining the size and structure of the market for the products; predicting the future demand pattern for each of them; examining their competitive positions in the market; drafting the life cycle of each product; finding the useful life of each product can also be considered during analysis. Easy availability of raw materials, technology for production as well as the manpower are other essential determinants.

**TABLE 4.3**

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Market</th>
<th>Consumer</th>
<th>Industrial</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No.</td>
<td>%</td>
<td>No.</td>
<td>%</td>
</tr>
<tr>
<td>1</td>
<td>Local market</td>
<td>150</td>
<td>88.75</td>
<td>19</td>
</tr>
<tr>
<td>2</td>
<td>Other market</td>
<td>13</td>
<td>41.93</td>
<td>18</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>163</strong></td>
<td><strong>81.5</strong></td>
<td><strong>37</strong></td>
<td><strong>18.5</strong></td>
</tr>
</tbody>
</table>

$\chi^2 = 38.088 \quad df = 1 \quad p = 0.000$
From the table 4.3 it was observed that about 169 young entrepreneurs (84.5 per cent of the sample young entrepreneurs) chose local market while only 31 young entrepreneurs (15.5 per cent) opted for other markets like villages, other districts etc. In the choice of product, young entrepreneurs preferred to sell consumer products in local markets. The reason for the choice may be availability of information about consumer preferences and tastes and easy access to consumers. The \( \chi^2 \) suggests that statistical significance exists between choice of product and location of market. Hence, choices of product and location of market were dependent on each other.

4.14.4 OWNERSHIP FORM AND FAMILY TYPE

In small enterprises generally two common forms of ownership are found, i.e., sole proprietorship and partnership. A particular form of ownership has its own advantages and disadvantages such as control, access to finance, formation etc. The type of family to which an entrepreneur belongs to also influences the choice of ownership form.

**TABLE 4.4**

**OWNERSHIP FORM AND FAMILY TYPE**

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Family type</th>
<th>Sole proprietor</th>
<th>Partnership</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>No.</td>
<td>%</td>
<td>No.</td>
</tr>
<tr>
<td>1</td>
<td>Joint</td>
<td>92</td>
<td>82.14</td>
<td>20</td>
</tr>
<tr>
<td>2</td>
<td>Nuclear</td>
<td>75</td>
<td>85.22</td>
<td>13</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td>167</td>
<td>83.5</td>
<td>33</td>
</tr>
</tbody>
</table>

\( \chi^2 = 0.340 \quad df = 1 \quad p = 0.560 \)

It was observed from the table that entrepreneurs from joint family as well as nuclear families chose sole proprietorship form of business. The reason may be easy formation, full control and less start up capital. The \( \chi^2 \) value was not significant implying that the choice of ownership form and type of family were independent of each other.

4.14.5 OWNERSHIP FORM AND EDUCATION

Maharana and Dash (1996) in their study in Orissa found that the proprietorship and partnership form of business organization were most preferred by the entrepreneurs. Further they have found that highly educated and technical entrepreneurs have opted proprietorship form while partnership was opted by less educated ones. However, company form is preferred by entrepreneurs with higher level of education in all types of education groups.
TABLE 4.5
OWNERSHIP FORM AND EDUCATION

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Education</th>
<th>Sole proprietor</th>
<th>Partnership</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No.</td>
<td>%</td>
<td>No.</td>
<td>%</td>
</tr>
<tr>
<td>1.</td>
<td>Matriculation</td>
<td>22</td>
<td>3</td>
<td>12</td>
</tr>
<tr>
<td>2.</td>
<td>Under graduate</td>
<td>54</td>
<td>5</td>
<td>8.47</td>
</tr>
<tr>
<td>3.</td>
<td>Graduate</td>
<td>52</td>
<td>11</td>
<td>17.46</td>
</tr>
<tr>
<td>4.</td>
<td>Post graduate</td>
<td>39</td>
<td>14</td>
<td>26.42</td>
</tr>
<tr>
<td></td>
<td>TOTAL</td>
<td>167</td>
<td>33</td>
<td>16.5</td>
</tr>
</tbody>
</table>

$\chi^2 = 6.950 \quad df = 3 \quad p = 0.074$

Out of the total entrepreneurs around 63 young entrepreneurs, i.e., 32 per cent were graduates, 59 young entrepreneurs, i.e., 30 per cent were under graduates, 53 young entrepreneurs, i.e., 27 per cent post graduates and 25 young entrepreneurs, i.e., 13 per cent were matriculates. It was found that majority of the entrepreneurs opted for proprietary form of ownership. However, $\chi^2$ suggests that ownership form and education were not statistically significant which implies that they were independent of each other.

4.14.6 FAMILY OCCUPATION AND ITS ENVIRONMENT

The most vital aspect of the childhood family environment in creating the interest about entrepreneurial activity in an individual is largely parental relationship to the child, regardless of whether the parents are entrepreneurs. Parents of the entrepreneur need to encourage independence, achievement and responsibility.

Extensive research has shown that growing up in a family business environment provides people with family capital (social, human, and financial) that gives them a comparative advantage in starting a new venture (Chang et al., 2009). Furthermore, the family business background shapes the attitudes and willingness of people to start new businesses.
TABLE 4.6
FAMILY OCCUPATION AND ITS ENVIRONMENT

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Family Environment</th>
<th>Service</th>
<th>Business</th>
<th>Total</th>
<th>F Ratio</th>
<th>Probability</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Education</td>
<td>2.51</td>
<td>2.35</td>
<td>2.39</td>
<td>0.493</td>
<td>0.483</td>
</tr>
<tr>
<td>2</td>
<td>Adventure</td>
<td>2.75</td>
<td>2.73</td>
<td>2.74</td>
<td>0.008</td>
<td>0.928</td>
</tr>
<tr>
<td>3</td>
<td>Honesty</td>
<td>2.04</td>
<td>1.88</td>
<td>1.92</td>
<td>0.927</td>
<td>0.337</td>
</tr>
<tr>
<td>4</td>
<td>Religion</td>
<td>1.71</td>
<td>1.64</td>
<td>1.66</td>
<td>0.168</td>
<td>0.682</td>
</tr>
<tr>
<td>5</td>
<td>Innovation</td>
<td>2.96</td>
<td>2.62</td>
<td>2.71</td>
<td>5.437</td>
<td>0.021</td>
</tr>
<tr>
<td>6</td>
<td>Learning</td>
<td>2.37</td>
<td>2.36</td>
<td>2.36</td>
<td>0.031</td>
<td>0.911</td>
</tr>
<tr>
<td>7</td>
<td>Independent</td>
<td>2.55</td>
<td>2.20</td>
<td>2.29</td>
<td>3.844</td>
<td>0.051</td>
</tr>
<tr>
<td>8</td>
<td>Openness</td>
<td>2.86</td>
<td>2.58</td>
<td>2.65</td>
<td>3.246</td>
<td>0.073</td>
</tr>
<tr>
<td>9</td>
<td>Doing Business</td>
<td>2.75</td>
<td>1.83</td>
<td>2.07</td>
<td>29.504</td>
<td>0.000</td>
</tr>
<tr>
<td>10</td>
<td>Hard Work</td>
<td>2.08</td>
<td>1.59</td>
<td>1.71</td>
<td>9.055</td>
<td>0.003</td>
</tr>
</tbody>
</table>

It was observed from the table that different types of families lay different types of emphasis to various environmental parameters. Innovation, doing business and hard work was emphasized more by business families. The factors like innovation, doing business and hard work were found statistically significant at 0.05 level.

4.14.7 ECONOMIC STATUS AND FAMILY ENVIRONMENT

The sample entrepreneurs are sub divided into three socio-economic classes at their initiation of their entrepreneurship career. The overall family environment can be influenced by the socio-economic status of the family. The socio-economic environment of the family of the entrepreneur mostly influences the push pull factors of entrepreneurship.
## TABLE 4.7

**ECONOMIC STATUS AND FAMILY ENVIRONMENT**

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Family Environment</th>
<th>Economic Status</th>
<th>F Ratio</th>
<th>Probability</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Upper Class</td>
<td>Middle Class</td>
<td>Lower Class</td>
</tr>
<tr>
<td>1</td>
<td>Education</td>
<td>1.88</td>
<td>2.44</td>
<td>3.40</td>
</tr>
<tr>
<td>2</td>
<td>Adventure</td>
<td>2.69</td>
<td>2.72</td>
<td>3.40</td>
</tr>
<tr>
<td>3</td>
<td>Honesty</td>
<td>1.69</td>
<td>1.93</td>
<td>2.60</td>
</tr>
<tr>
<td>4</td>
<td>Religion</td>
<td>1.42</td>
<td>1.69</td>
<td>1.60</td>
</tr>
<tr>
<td>5</td>
<td>Innovation</td>
<td>2.38</td>
<td>2.75</td>
<td>3.00</td>
</tr>
<tr>
<td>6</td>
<td>Learning</td>
<td>2.00</td>
<td>2.41</td>
<td>2.60</td>
</tr>
<tr>
<td>7</td>
<td>Independent</td>
<td>2.12</td>
<td>2.31</td>
<td>2.60</td>
</tr>
<tr>
<td>8</td>
<td>Openness</td>
<td>2.50</td>
<td>2.67</td>
<td>3.00</td>
</tr>
<tr>
<td>9</td>
<td>Doing Business</td>
<td>1.92</td>
<td>2.08</td>
<td>2.40</td>
</tr>
<tr>
<td>10</td>
<td>Hard Work</td>
<td>1.50</td>
<td>1.73</td>
<td>2.20</td>
</tr>
</tbody>
</table>

It was found from the above table that various sections of economic status provide different types of family environment. The environmental parameter, i.e., education is found to be statistically significant. The other parameters of family environment were not statistically significant.

### 4.14.8 FAMILY OCCUPATION AND CHOICE OF LOCATION

The occupational background also influences the choice of location of the unit. Industrial estates are built with a purpose to give momentum to industrial growth. They are also expected to provide extensive support to entrepreneurs by providing infrastructure support.
TABLE 4.8

FAMILY OCCUPATION AND CHOICE OF LOCATION

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Family occupation</th>
<th>Industrial estate</th>
<th>Market place</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No.</td>
<td>%</td>
<td>No.</td>
<td>%</td>
</tr>
<tr>
<td>1.</td>
<td>Service</td>
<td>6</td>
<td>12.</td>
<td>44</td>
</tr>
<tr>
<td>2.</td>
<td>Business</td>
<td>8</td>
<td>5.33</td>
<td>142</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>14</td>
<td>7</td>
<td>186</td>
<td>93</td>
</tr>
</tbody>
</table>

$\chi^2 = 2.560$  \hspace{1cm} df = 1  \hspace{1cm} p = 0.110

It is observed from the above table about 150 sample young entrepreneurs came from business background while only 50 young entrepreneurs came from service background. In the choice of location of their units, it was found that entrepreneurs preferred market place. The reason may be to ensure good accessibility for the public and nearness to consumers. The value is not significant at 5 per cent level of significance. Hence, it is concluded that the choice of location and occupational background are independent of each other.

4.15 SUMMARY

The analysis of entrepreneurial background explains the factors and sources of supply, which are responsible for the emergence of entrepreneurs. It is observed that the marginal presence of women in entrepreneurial activities is due to the traditions of Indian society. No specific relationship could be established between the educational background and the choice of a specific form of organization. Statistically significant association is found between the product category and location of the market. But family occupation and the choice of location do not have significant relationship. The family environment is the most important source of motivation for the new entrepreneurs. The analysis of family occupation and its environment provides insight into the varying emphasis on innovation, doing business and hard work. The economic status of the families of the entrepreneurs influences the education of the children. Many young entrepreneurs were not aware of the programme and schemes initiated by government and other institutional agencies to promote youth entrepreneurship. It was observed that young entrepreneurs were not taken seriously by other established business houses.

In many countries the problem of youth unemployment is rapidly increasing in proportion as the economies and educational system are unable to accommodate these numbers of youth. Thus, youth unemployment is a burning worldwide issue that has repercussions in demographic,
socio-economic, health and environmental fields. These effects will be felt at the individual, familial, national and global levels if not addressed properly.

Youth in both developed and developing countries can be the vital medium for social change, economic development and technological innovation if provided with an enabling environment and opportunities. Youth bring with them unlimited energy, imagination, creativity, ideals and limitless vision for their future and societies. If not exploited they are wasted resource. Thus, it is necessary that youth are associated as a part of society. This can be achieved through providing them support, assistance, decent employment and livelihood opportunities.

4.16 REFERENCES

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gender/documents/publication/wcms_097919.pdf