

POLICY BRIEF

Successes and Challenges of Youth Entrepreneurship for the SDGs in Seoul and Beyond

Introduction

By 2020, 500 million new jobs will need to be created in order to cope with the trend of unemployment and the growth of population, 90% of which is needed in developing countries.¹ Entrepreneurship has emerged as a solution to this problem. Economies worldwide have embraced this concept, leading to the development of novel economic models, such as the gig economy and entrepreneurial economics. Two factors are central to the shift towards a more decentralized, entrepreneurial economy: 1) technological innovation and 2) nurturing of ecosystems.

Both national and city-level institutional frameworks and policy support are crucial in underpinning the ecosystems of youth entrepreneurship and guiding it towards growth and development. They can also shape the impact that entrepreneurs and start-ups create beyond economic values, by assisting them in navigating the business landscape to generate needed capital and tackle development challenges in attaining the Sustainable Development Goals (SDGs).

Role of Entrepreneurship in Achieving the SDGs

Experts and entrepreneurs from over 90 countries gathered at the World Entrepreneurs Investment Forum (WEIF) 2017 to focus on achieving the SDGs through promoting entrepreneurship and innovation. In addition to job creation and economic growth, entrepreneurship has the potential to invite the participation of youth and women, offering unprecedented, innovative solutions in tackling development challenges and achieving social gains, thereby contributing to the enhancement of the SDGs. Promoting youth-led entrepreneurship offers young people an opportunity to not only support themselves, but also to create jobs and raise the living standards of those around them.

Based on this, the international community was urged to incorporate entrepreneurship and innovation in all of its economic and social efforts as key strategies to achieve the SDGs.² The cooperation and support from governments, the private sector, academia, civil society, and international organizations are integral to facilitate the promotion of entrepreneurs and innovative enterprises, in terms of nurturing the economic infrastructure and incubation management systems to ensure an inclusive and sustainable development. With such assistance, youth will be empowered to construct more innovative ideas and design more impactful and profitable business models.

Challenges for Entrepreneurs

The age of digitalization has left youth as one of the most vulnerable groups. In both developing and developed worlds alike, youth unemployment has emerged as a complex, multi-faceted socio-economic issue. Across Asia, youth-related unemployment manifests itself differently. For example, the Middle East has reached extreme levels of youth unemployment, whereas youth in South and East Asia, although faced with less severity, still has to cope with low quality work and tightening job opportunities. Soaring levels of joblessness, especially among the youth, generate huge downsides on society in terms of inequality, social tensions, and political instability.³

Despite their ample potential, young businesses and youth entrepreneurship experience many hurdles that threaten fair competition, equal access to capital, and opportunities. The occurrence of business failures amongst young entrepreneurs is not rare. For example, bankruptcy laws in many countries are unreasonably punitive to business failure, which often results in negative consequences such as unresolved debts. Young people are often viewed as a risky investment as they typically have no credit history and

insufficient collateral to secure loans. Overall, the lack of financial support, lack of networking and partnership opportunities, frequent regulatory changes or rigid government regulation, limited access to datasets, lack of skills enhancement and training programs suited for entrepreneurship, legal risks and high barriers to entry, and community stigma revolving around start-ups, all constitute the biggest risk factors that threaten the sustainability of youth entrepreneurship.⁴

Sustainable and Inclusive Entrepreneurship

Entrepreneurship stimulates economic growth through job creation and empowerment of marginalized and disadvantaged groups, as it is also intricately intertwined with gender equity and women empowerment. According to the World Bank, addressing barriers that female entrepreneurs face could yield significant economic benefits. The economic incentive along with social values has prompted many governments to identify the facilitation and mainstreaming of entrepreneurship and women's entrepreneurship, as the basis for sustainable development strategies.⁵

Entrepreneurial ecosystems foster public-private partnerships and cross-sectoral collaboration agents of innovation. In this era, innovation is not only a product but also an essential component of entrepreneurial ecosystems. For innovation to be effective, governments are influential in providing an environment that supports the research and commercialization of science and technology, while the private sector plays an important role in investing in bringing ideas to the market.

Given this context, there are a number of policy areas that can be considered to better cultivate and nurture the ecosystem for youth entrepreneurship:

- Providing networking platforms or hubs that bridge corporate investors and/or in-the-field stakeholders with young entrepreneurs, not only for realistic advice in the market, but also for greater opportunities to secure investment for further product or service development.
- Improving accessibility to more accurate, comprehensive and relevant databases from governments to enhance the capacity of youth entrepreneurs.
- Providing vocational training and counselling to better equip the youth with the tools and information they need for planning, implementing, facilitating, and managing their entrepreneurship.
- Actively promoting youth entrepreneurship to enhance awareness among various sectors.

- Providing opportunities for start-ups to verify their products or business models in both national and global markets.

Discussion Questions

- What are some ways that the local/central government can become more encouraged to take more interest in the SDGs, thereby providing greater financial and infrastructural support for start-ups?
- How can the government and investors help relieve start-ups' reliance on government support?
- What challenges did you face in the beginning stage of your start-up, and what support most effectively helped your business grow?
- What inspired your start-up to align itself with SDGs or sustainable development? What were some of the (dis)advantages of this choice?
- How can we attract more people to create start-ups that are impact-driven, including social and environmental impacts?
- What has been effective to support women to work and succeed in the start-up space?
- What can be suggested to start-ups that wish to access foreign markets? Is it better to grow a strong base in the local environment first and then expand internationally?

¹ *Entrepreneurship for development - Report of the United Nations Secretary-General*, UN, 2014.

https://unctad.org/meetings/en/SessionalDocuments/a69d320_en.pdf

² *Entrepreneurship and Innovation Are Essential to Achieve the Sustainable Development Goals*, WEIF, 2017.

<https://www.unido.org/news/weif-2017-entrepreneurship-and-innovation-are-essential-achieve-sustainable-development-goals>

³ *Technological Change & The Future of Jobs*, UNDP, 2018, in press.

⁴ 2018 *Citypreneurs Applicant Survey*

⁵ *Ibid.*, UN 2014.

The Citypreneurs Policy Briefs aim to provide a background introduction on topics to be discussed at Citypreneurs to generate forward-looking discussions among key stakeholders. The views and options expressed in the briefs are the author's own and do not necessarily reflect the official policy of the UN.

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