YOUNG PEOPLE’S ENTREPRENEURSHIP: THE EVALUATION OF AN EXPERIENCE IN TRAINING YOUNG ENTREPRENEURS – JUVENILE ENTREPRENEURSHIP AGENCY PROGRAM

Author(s):
Hilka Pelizza Machado – UEM
Juliano Mario da Silva – UEM/CESUMAR
Silvio César de Castro – UEM/CESUMAR

Contact Details:
Av Colombo, 5790, Maringá - PR - CEP: 87045-000,
email:hilkavier@yahoo.com, site: www.uem.br

Keywords:
Young People’s Entrepreneurship; Entrepreneurship Education; Entrepreneurs
YOUNG PEOPLE’S ENTREPRENEURSHIP: THE EVALUATION OF AN EXPERIENCE IN TRAINING YOUNG ENTREPRENEURS – JUVENILE ENTREPRENEURSHIP AGENCY PROGRAM

ABSTRACT: The integration of young people in the employment market is a challenge for governments and is directly associated to local development. Global Entrepreneurship Monitor data (GEM, 2004) have shown that the entrepreneurship rate in Brazil within the age bracket 18-24 years reached 12.6%, above the world average of 9.2%. Young people’s entrepreneurship seems to be an important strategy for the insertion of young people in the labor market. In spite of the incentives for the establishment of firms by young people, initiatives for training of young entrepreneurs are low. This paper discusses Juvenile Entrepreneurship Agency Program, established in 2003, analyzing the implementation of the program in Maringá PR Brazil, initially with 1200 young people. Twenty eight young people were interviewed and results show the importance in behavior changing in such experiences, more than result in starting business.

1. INTRODUCTION

The integration of young people in the employment market is a challenge for governments and is directly associated to local development. According to data provided by the International Labor Organization (ILO, 2005), one in every five persons, from 15 to 25 years old, is unemployed. The Brazilian Institute of Geography and Statistics (IBGE) reported that in 2002 unemployment reached 3.5 million people within the 16 to 24 years age bracket. Whereas provisions such as the First Job National Program adopted by the Ministry of Labor and Employment (MTE, 2005), other alternatives incentive programs for the establishment of firms by young people. Global Entrepreneurship Monitor data (GEM, 2004) have shown that the entrepreneurship rate in Brazil, within the age bracket 18 to 24 years reached 12.6%, above the world average of 9.2%.

Young people’s entrepreneurship seems to be an important strategy for the insertion of young people in the labor market. Dib and Dias (2004) report, from a sociological perspective, young people's dilemma which has been produced by pressures for the end of employment and for entrepreneurship incentives. In spite of the incentives for the establishment of firms by young people, initiatives for the training of young entrepreneurs are low. Juvenile Entrepreneurship Agency Program, established in 2003, is a program with the above synopsis as its aim. An analysis of the implementation of the program in Maringá, PR Brazil shows that its aim is to prepare young people for entrepreneur activities in weekly meetings during two consecutive months.

Owing to the importance of this initiative and the need for an evaluation of its efficaciousness, current research investigates the effectiveness of the Juvenile Entrepreneurship Agency Program, planned by the Institute for the development of of Citizenship (IIDAC-UNO). This Institute is an Organization of the Civil Society of Public Interest (OSCID), with international profile and socially interactive nature, established in Brazil, in 1998, and founded on the principles and directives of the United Nations World Conferences (Site IIDAC, 2005).
Twenty-eight young people who participated in the program were interviewed in order to verify the establishment of small businesses and their opinion about the entrepreneurship program. Entrepreneurship Educational Programs were analyzed and compared, specifically in approach, focus, emphasis, teacher’s role, students’ activities and expectations, lessons, topics, mistakes, evaluations and aims.

First of all some points about Youthful Entrepreneurship are discussed, including other international experiences and then IIDAC Program is detailed, following participants data are introduced and commented in order to evaluate the Program application in Brazilian context.

2 YOUNG PEOPLES’S ENTREPRENEURSHIP

According to Julien (2005) there are different forms of entrepreneurship, considering the existence of differences in the social environment. These differences can express themselves by means of various economies or distinct territories as a function of specific socio-cultural contexts, or even by the history or the local development level. The implication to youthful entrepreneurship is the importance of studies in different environments.

A recent study on the Latin American Entrepreneur synopsis by the Inter-American Development Bank (2004) shows that these entrepreneurs are classified in the middle class, have a university degree and have decided to have their own business at the age of 25.

In Brazil, discussions about the strategic importance of the youth for the development are increasing. Last census from the Brazilian Geography and Statistics Institute (IBGE 2005) pointed a number higher than 34 million people within the age bracket from 15 to 24 years. Nevertheless, the youth unemployment rates have been stable at levels twice rate for adult population. According to the National Research of Residence Sample – PNAD/IBGE of 2003, while the unemployment rates of the total population have changed 9%, the juvenile unemployment rates have reached 18%, considering the youth ages from 16 to 24 years. Similar results can be found in the Month Employment Research (IBGE 2005) and also in the Employment and Unemployment Research accomplished by the State System of Data Analysis (SEADE - IBGE, 2005), both of them developed in metropolitan regions. As stated by Dib and Dias (2004), discussing about entrepreneurship and ways of integration people, pointed out that Brazilian juvenile insertion in the production system can’t be dissociated of a wider social project. They salient that the notion of youth is related to mean sense.

According to Global Entrepreneurship Monitor, in 2005 (GEM 2006), in Brazil, for the age bracket 18-24 years, the entrepreneurship activity rate was approximately 12%. The report points that in high and median revenues countries, this rate gets around 4% and 8%, respectively. It is important to emphasize that the entrepreneurship activity rate in Brazil maintain equivalent proportions between Necessity and Opportunity entrepreneurship.
### 2.1 Some international experiences in youthful entrepreneurship

Table 1 presents some international programs, including Latin American countries, which are offering support to integrate the youth in the labor market by means of entrepreneurship initiatives.

<table>
<thead>
<tr>
<th>Country</th>
<th>Program</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gales</td>
<td>The “Youth Business International” – YBI is a Non Governmental Organization started in 1983, whose main goal is to help social excluded youth from 18 to 30 years to become entrepreneurs. It coordinates a global structure of affiliated entities in twenty countries that have in common an organizational structure and a work methodology. YBI has helped more than 50 thousand juveniles around the world to build their business, from which 60% of them keep active after two years of their creation. When selected, they have the right of financial support, as by loans, and access to a net of technical support, constituted by a resource center and a volunteer mentor.</td>
</tr>
<tr>
<td>Great Britain</td>
<td>The program “Live Wire International”, created and financed by Shell, was implemented in 21 countries directed to youth candidates with entrepreneur profile, for the subsequently development of a business idea. Candidates with most viable ideas receive financial rewards that are addressed to the business’ expenses, assisted by consultants and experts during the firms incubating period. The different element in this program is the focus on local sustainable development, considering local culture.</td>
</tr>
<tr>
<td>Peru</td>
<td>The “Colectivo Integral de Desarrollo” – CID is an Non Government Organization that coordinates, since 1996, the competition “Make your Business Real”, whose main objective is to identify and support juvenile entrepreneurs that might, with viable and sustainable projects, increase and strengthen the enterprising tissue, create employment and contribute to the local development, especially at poverty areas, as in many peripheral parts in big cities.</td>
</tr>
<tr>
<td>Argentina</td>
<td>The “Integración Joven”, has as its goal the stimuli of entrepreneur spirit among the youth and the qualification service offer and enterprise project development assistance. The Non Governmental Organization is financed with special resources from the Inter Bank of International Development – BID (50%), central government and juvenile organizations participants. In agreement with the valuation conducted by the (OIT/Cinterfor), this Argentinean program has been suffering several difficulties, reasoned by institutional weakness, specially juvenile organizations, delay in financial resources and due to selection process of projects criteria.</td>
</tr>
<tr>
<td>Venezuela</td>
<td>The “Formación, Información y Publicaciones” Team – EFIP, executes, since 1994, Support Program of youth micro enterprises, whose objective is to give support to the generation of labor opportunities to unemployment juveniles at the age bracket 18-35 years, as well as for autonomous or micro enterprises owners. This support involves both the creation of youth micro enterprises as well as the strengthening of the existing ones. The program bases itself in two big strategies: The formation of entrepreneurs and the concession of financial credit.</td>
</tr>
<tr>
<td>Colombia</td>
<td>The Program “Joven Empresario”. The main objective of this program is to reduce the Colombian juvenile unemployment and prepare young people to enter in market job. For that, the goal is to enable and advise youth in administrative and managerial techniques. Additional fifty thousand other new indirect employments would be generated. Simultaneously, there must</td>
</tr>
</tbody>
</table>
be created a financial fund for constitution of juvenile enterprises and, as well, a favorability mechanism for the acquisition of products and services produced by these firms, in the scope to the governmental program.

Source: Based on Furtado (2006)

Table 1: Youthful Entrepreneurs Programs

The majority of Programs about juvenile entrepreneurship is in the eighties, as showed in Table 1. However, it can be verified that many Latin American countries are integrated in programs, in many times focusing on low revenue population. Features in programs include managing training up to start a business and some times also financial lines of credit.

2.2 Education towards young people entrepreneurs

Possibilities to encourage young people to become entrepreneur exist in learning formal levels or as complementary instruction. The entrepreneur apprenticeship, despite the profile, is defined by Politis (2005, p.401) as:

“A continuous process that facilitates the development of necessary knowledge for being effective in starting up and managing new ventures”.

Entrepreneurship educational strategies are relatively news, since the first experiences have began in 70’s, but in Brazil it happens only in the 90’s. In the Brazilian case, although most of experiences are developing in under-graduate levels, there are initiatives in high school levels and some experiences in the elementary school level. As described, as in public or private schools, educators have been searching methodologies adapted to an entrepreneur perspective.

Braun and Diensberg (2003) mention that traditional model of entrepreneur education emphasizes a complexity reduction, while modern education uses different pedagogic references, as can be viewed in Table 2.

<table>
<thead>
<tr>
<th>Features</th>
<th>Conventional Education</th>
<th>Modern Education</th>
</tr>
</thead>
<tbody>
<tr>
<td>Focus</td>
<td>Centered in teacher</td>
<td>Centered in student</td>
</tr>
<tr>
<td>Emphasis</td>
<td>Know what</td>
<td>Know how</td>
</tr>
<tr>
<td>Students Activities</td>
<td>Isolated work</td>
<td>Small group work</td>
</tr>
<tr>
<td>Teachers Role</td>
<td>Expert</td>
<td>Facilitator</td>
</tr>
<tr>
<td>Students Role</td>
<td>Passive/receptive</td>
<td>Active/Generator</td>
</tr>
<tr>
<td>Students Expectation</td>
<td>Dependence</td>
<td>Independence</td>
</tr>
<tr>
<td>Lessons</td>
<td>Programmed</td>
<td>Flexible</td>
</tr>
<tr>
<td>Content</td>
<td>Imposed</td>
<td>Negotiated</td>
</tr>
<tr>
<td>Errors</td>
<td>Must not be committed</td>
<td>Learns from them</td>
</tr>
<tr>
<td>Vision of the world</td>
<td>Right versus wrong</td>
<td>Uncertain and flexible</td>
</tr>
<tr>
<td>Goal</td>
<td>Practice in theory</td>
<td>Theory in practice</td>
</tr>
</tbody>
</table>


Table 2: Conventional versus modern Education in Entrepreneurship
In modern education, the interactive forms are more valued and the student has a more active role in the learning process. Students stimuli tend to be higher in an education based on a modern method. It is convenient to point out that behavior entrepreneur is pro-active, creative, more adapted to modern education, specially for youth entrepreneurs.

Melquicedec and Luz Miriam (2004), discussing the Colombian education system, list ways of encouraging student’s vision for new ideas enterprises. They suggest a model of managerial education, in the high school level, that value a curricular structure with strategic disciplines and strategies pedagogic towards the development of the managerial spirit, as well as teachers prepared to motivate students for managerial education. They give emphasis on the teachers education, adapted to an entrepreneur spirit. The whole apprenticeship process include courses and entrepreneur activities, contacts with managers, entities, as well as with other students’ experiences. The family role is also important to increase young possibilities to become entrepreneurs.

Bastos et al (2004) analyzing an entrepreneurship education program in Cearà, Brazil, emphasize the development of the project as a significant point. The methodology and the engagement of local partners tend to generate future impacts in a period of 5 or 10 years.

Braun and Diensberg (2003) indicate some elements for improvement programs related to entrepreneurship education, among these: a) attention to the program – objective, theme, emphases (oriented to the knowledge, oriented to the control). b) Forms of program-information, participants’ integration; c) method, process of information transmission, forms of implementation; d) instructors competence. Result levels, work places and innovation can integrate the evaluate system.

This paper is a result of an evaluation of a juvenile entrepreneurship program, that has been adopted in Brazil. A brief description of the referred program is detailed as following methodologies procedures and analysis and conclusions.

3 JUVENILE ENTREPRENEURSHIP AGENCY PROGRAM (AJE)

The Juvenile Entrepreneurship Agency Program (AJE) is an initiative originated in one of the BID meeting. The Program aim the promotion of sustained young people participation in labor market; it is a source of mobilization for effort, production of experiences and other forms, seeking stimulus for the juvenile insertion in the labor market. In Brazil, the International Institute for the citizenship development–IIDAC, constituted in 1998, assumed the form of a Civil Society Organization of public interest, has been responsible for the Program.

The pedagogic project is dimensioned for three consecutive years and uses the following resources (IIDAC, 2006):

a) Empowerment: includes technical visits during the project;

b) Entrepreneur experiences presentation;
c) Entrepreneur Incentive forms, presenting institutions that will be able to contribute in enterprise creation and development;

d) Assistance and monitoring in analysis and business openings procedures.

This method is complemented by peculiar features, depending on the region and the partners involved in each AJE. In this study case, the AJE involved a partnership form with: a) IIDAC- responsible for regional institutional involvement and for the management of the program; b) SEBRAE/PR that trained five consultants and selected young people; c) Maringá State University (UEM), made available it's structure and faculty; d) University Superior Studies Center of Maringá (CESUMAR), responsible for the structure to receive students, such as: auditoriums, class rooms and audio-visual resources required by activities, and; e) Juvenile Protagonism Center (CPJ), the latter associated to BID, that oriented program methods. Additionally some city halls available young people transportation.

The experience analyzed initiated in 2004, in the Maringá, Paraná State. There were selected ten consultants that teach disciplines in: Psychology; Personal Relations; Communication; Entrepreneurship; Social Skills; Ethics and Human Rights, Democracy and Development. They have different formation, such as: administrators, psychologists and sociologists. Five hundred young people from senior high schools were selected for the first stage, joined in three cities: Maringá, Astorga and Nova Esperança, providing easier access to participants.

The implementation of the program occurred through a lecture, with five hundred initial group integrants, by the coordinator of the Protagonism Juvenile Center. He discussed program goals and following participants were selected in 20 groups with 25 students per class. They have 40 hours teach class, in five meetings. Methodologies applied in this stage consisted in: exposition classes, group dynamics, debates, workshops and simulations.

In the second phase case studies elaborated by participants in the first stage were analyzed. Two hundred young people were then selected for the second stage, which occurred on July 2005. In this stage, participants received contents related to associative enterprises, in accord with the objective of Regional Juvenile Entrepreneur Agency, in a total of eight meetings, with eight hours each one (64 hours).

The third stage consisted in three meetings of eight hours (24 hours). In this stage 50 young people were selected from the second stage and will help the next group, in 2006. They will be agents for this group helping consultants, as monitors, to develop their leadership, as an experience to act in their communities.

To sum up, whereas the first stage consists of the transmission of technical training on the management of small businesses, on interpersonal relationship and macro-economical aspects, the second stage, two months after, includes four additional meetings that deal with the previous aspects and, as well, defines a business perspective whose feasibility may be explored and analyzed. At the end of eight meetings, participants elaborated a plan and submitted it for appreciation by instructors. The partner institutions, as well, should prepare plans to make feasible the financing of the firms by the Social Bank and by other sources for the initial capital.
4 METHODOLOGY

This is qualitative research. Davidsson (2004) indicates that a qualitative research is an excellent strategy in entrepreneurship studies, this is due the field’s youth and the heterogeneity of the phenomenon. In addition he exposes that, within a case study, there may also be room for the application of statistical or other qualitative analysis methods.

It is an exploratory study, describing a Young People Entrepreneurship Program case, developed in partnership with different private and public institutions in 2004 and 2005. The choice in this case has been reasoned by its' uniqueness, specifically referring to the: a) public to which it is designated – Youth, as there are few examples in the literature; b) The wide range of the program, in terms of number of people involved (approximately 1100 students in both versions of the program).

The instrument used for collecting data was a questionnaire previously structured, contending eight open questions. The three initial questions intended for the profile data of the respondent. The next questions involved information about the business structure, about the business plan and the required resources. In the following, attempts were made to explore if participants created any enterprise after training program. The two final questions were about the positive and negative features in the Juvenile Entrepreneur Program Agency. The other sources of data were documentary analysis, manuals about the program, Internet data about the application program in other regions.

The participants choice criteria was fixed in those that participated in all program and had been selected in the last phase (200 selected students for the second stage of the program). A list of sixty of these participants was provided through the IIDAC. For them, was mailed the questionnaire followed by telephone assistance to explain the goals of the research and ask for adhesion, assuring confidence information. A total of 60 people were contacted and 28 questionnaires were obtained, belonging to 18 different cities.

Quantitative data was analyzed with assistance of the Excel software. Qualitative data were grouping in thematic codes, according to Bardin (1977), to make possible meaning analysis in an efficient manner. From this thematic analysis, three categories are derived: about teaching; the positive and negative features.

5 RESULTS AND DATA ANALYSIS

Data were grouped in four categories: a) participants profile; b) about teaching; c) Positive Program Feature; d) Negative Program Feature.
a) Participants profile

In regard to the gender, the result was of 54% for females and 46% for males. The average age identified was 19 years and 4 months old. The average female age was 18 years and two months and, for males, 20 years and six months. All juveniles were studying, since this was a requirement for their participation at the AJE. Participants were in undergraduate and high school levels. Business Management was the most predominant area, following Psychology and Civil Engineer.

b) About teaching

Attempting to discover how many participants have elaborated a business plan, we verified that 12 had, that is, 43% of total participants did the total business plan. Concerning initial capital, only six young people reached this requirement. Others participants stated that they concluded before business plan elaboration and decided to improve their planning.

<table>
<thead>
<tr>
<th>Case</th>
<th>Initial Capital</th>
<th>Business Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>R$ 5.000,00</td>
<td>Video Rental Store</td>
</tr>
<tr>
<td>2</td>
<td>R$ 5.000,00</td>
<td>Video Rental Store</td>
</tr>
<tr>
<td>3</td>
<td>R$ 10.000,00</td>
<td>Snack Bar</td>
</tr>
<tr>
<td>4</td>
<td>R$ 10.000,00</td>
<td>Confection</td>
</tr>
<tr>
<td>5</td>
<td>R$ 25.000,00</td>
<td>Pizzeria</td>
</tr>
<tr>
<td>6</td>
<td>R$ 100.000,00</td>
<td>Ciber Coffee</td>
</tr>
</tbody>
</table>

Table 3: Initial Capital - AJE participants.

From six participants that determined a performing sector, in agreement with Table 3 (except the sixth case that had a bigger projection), the average of initial capital was R$ 11.000,00 approximately. Considering average initial investments values, presented at the GEM report, this value is small.

Only one of the 28 participants has started business, in clothes fashion field, using fish raw – an innovation. She had a family that is running in business for long time. The enterprise started in January, 2005, with an amount of R$ 10.000,00, originated from family resources. Even starting enterprises was not the main objective in Entrepreneurship Agency Program, this number is very low, representing 0,5% of the total juveniles in the second program phase.

Among difficulties pointed for not starting a new business, the big majority (96%) did not start a business and had no experience in starting business, the most significant reasons were: priority to study and to the current employment, followed by the uncertainty about the performance sector and the high investment required. The main reason can be related to average age - 19 years, while in Latin American studies the average is 25 years old.
c) Positive Program features

Positive features pointed by participants, concerning the Youth Entrepreneurship Agency Program were: 50% referred to the new perception that they have obtained about entrepreneurship: "...I never had imagine that entrepreneurship could be so important for the economic development..."; "...the disciplines related towards entrepreneurship will contribute very much in my personal life..."; "...today I feel more confident when I talk about Business Enterprises, I feel that these knowledge received will be very important for starting a small business in the future...". Besides that, 29% indicated that the Program brought, as its main effect, the participants' personal life change, especially as for their personal planning (including: financial private life control and daily activities organization). The method of teaching was mentioned by 18% of the students, emphasizing simulations and group dynamics as remarkable experiences. Finally, the content adopted in the disciplines was considered positive by 3% of the respondents.

d) Negative Program Features

Negative features include: 18% of the respondents indicated the lack of disciplined behavior in class by participants, some respondents asking about initial selection criteria's validity. Failures in communication and in the information system among participants and facilitators, especially those related to financial systems, was the second most referred negative feature, representing 10%, followed by relationship problems with participants, 7%. It is also convenient to enhance that the majority, 55% of the interviewees, did not mention negative aspects.

In summary, it was verified that only one of the respondents had started a new business after training provided but, for the greatest majority the program has contributed to create a vision about entrepreneurship, as well as to change some personal attitudes. Melquicedec and Luz Miriam (2004) emphasize the importance of training the facilitators. In this case, it was identified that the group of consultants were well trained, including personal experience, related to the subject teach. However, as stated by Melquicedec and Luz Miriam (2004), referring to the importance of the continuity of training teachers, in the AJE’s case, this does not occur. The criterion used for establishing contracts is a service type, and, usually there isn’t a complete devotion to the program by consultants.

In addition, Bastos (2004) enhances that agents involvement in the teaching process is important for complementing learning process directed to the youth. This can be noticed in the participants agents program.

International programs presented in Table1 (Furtado 2006) enables a perception about financial resources and Business plans originated from the programs. In the AJE case, there was no subsequent support that could reflect a Program strategy, contributing to implement the ideas enterprises generated during the project, what may have interfered in the reduced number of enterprises created. Another feature refers to the small number of participants that achieved the definition of the total amount of the initial capital (six of twenty eight). The supposition is, therefore, that some kind of deficiency occurred in the process of plan elaboration.

Considering the lack discipline behavior was the main negative aspect, according to respondents, and, considering that last groups were constituted by a maximum of 25 participants. It is supposed that teachers training towards young
people was not enough, and it is important to highlight the importance of this specific pedagogic to young entrepreneurship education.

6 FINAL REMARKS

Results can contribute towards the improvement of the Program and the strengthening of experiences with young people, important in entrepreneur process. Related to the study field, this research represents a contribution for the scarce studies about youth entrepreneurship.

Emphasis should be given also to the fact that this Program analysis reinforces the need to think planning and evaluation in the same process to youth entrepreneurship education. In the AJE case there is no an evaluation system. However, some features showed the importance of evaluating the experience, as for an example: the orientation in the business plan and the involvement and special young learning by instructors.

Although the amount hours of the Program reached 128 hours, findings indicate that many participants showed changes in their attitudes and behaviors, especially in concern to their vision and personal organization.

It is interesting to note that participants emphasized simulations and group dynamics as remarkable experiences. This indicates that the method employed is more in conformity with the modern education, than with the individual education, as Braun and Diensberg (2003) argument.

Another point to mention is the necessity of youth entrepreneur educational forms be compatible with the school time. This is important because business growth requires time and intensive devotion and, simultaneously, the juveniles need to complete their formal education. In this study, this need can be confirmed, since the juveniles have shown themselves worried with the advancement of their academic formation (this had been the main reason for the not starting a new business). At last, the negative points of the Program indicated also a need of thinking forms of integration among participants.

Finally, this experience analysis suggests some ideas to further researches, such as: pedagogic aspects in young’s education and methods of planning and evaluate youth entrepreneurship teaching.

7 REFERENCES


