



# EUROPEAN POLICY BRIEF



## THE IMPACT OF LABOUR MARKET POLICIES ON ENTREPRENEURIAL ACTIVITIES

Jan Zouhar, Martin Lukes, Felix Hörisch, Jale Tosun and  
Jennifer Shore

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### I. INTRODUCTION

As the levels of unemployment grew over the last five years, policy makers focused their attention on entrepreneurship as a promise to reduce unemployment. However, policies focused on the transition from unemployment to self-employment have not always fulfilled expectations, with some studies even suggesting that more self-employment is not necessarily the best solution to unemployment (e.g., Shane 2009).

This policy brief aspires to explore questions regarding the factors influencing nascent entrepreneurship of the unemployed. It furthermore aims specifically at better understanding the role of labour market policies and, on this basis, to present policy recommendations. We draw on individual-level data on unemployed individuals gathered in the frame of Global Entrepreneurship Monitor in 33 countries in the years 2006 to 2012 and combine them with country-level data on unemployment rate, entrepreneurship rate and labour market policy expenditures.<sup>1</sup>

Using multinomial logistic regressions and fixed-effects panel regressions, we confirm the negative impact of unemployment benefits on solo entrepreneurship. On the other hand, we find a positive influence of active labour market policies that aim to create jobs on entrepreneurial activity. Surprisingly, high aggregate unemployment rates are found to encourage entrepreneurial activity of the unemployed. Nascent entrepreneurship of unemployed individuals was lower for women, youths and people with lower education. Particularly the young unemployed in the age group 18-24 have comparably lower entrepreneurial activity, with 3.07% of young unemployed being involved in

<sup>1</sup> This policy brief is based on the study by Zouhar and Lukes (2015).

early-stage entrepreneurial activities. By contrast, the entrepreneurial activity of unemployed people age 25 to 34 is the highest, with 5.27% being involved in early-stage entrepreneurial activities. These figures indicate that entrepreneurship promotion may have particular relevance for unemployed individuals in this age group. To that effect, this policy brief outlines useful policy implications for the transition from unemployment to self-employment, and in particular for 25 to 34 year olds.

As presented in the first CUPESSE policy brief (Hörisch et al. 2014, cf. also Tosun 2015, Arndt and Hörisch 2015), active labour market policies (ALMPs) fostering entrepreneurial activities currently play only a minor role in overall labour market policy making within the European countries. On average, ALMPs account for only 0.03% of GDP, while the average overall spending on labour market policies comprises 1.91% of GDP in the European countries. Accordingly, and as we document below, increasing the budget for active labour market policy making and fostering entrepreneurship may prove to be one of many promising paths for tackling high youth unemployment rates.

This policy brief is structured as follows: In section two, we provide an overview of the literature on self-employment and entrepreneurship as a way out of unemployment. In section three, we discuss recent developments and findings on the effects of active and passive labour market policies on entrepreneurial activities. Section four documents the results of our analyses on the impact of different labour market policies on entrepreneurship. Lastly, in section five we offer conclusions and present policy recommendation based on our findings.

## II. STATE OF THE ART: SELF-EMPLOYMENT AND ENTREPRENEURSHIP AS A WAY OUT OF UNEMPLOYMENT?

Most scholars and policy makers agree that entrepreneurship is important and has many positive effects. On the aggregate global level, it predicts future GDP and future unemployment (Koellinger and Thurik 2012). It adds to productivity growth, creates jobs, increases consumer choice and competitive pressure, helps to optimize prices, and has many other benefits (Berglann et al. 2011, Lukes and Zouhar 2013). Unemployment, however, has many negative effects for economies (e.g., lower income tax revenues and the many costs related to unemployment benefits); society (e.g., related to higher levels of substance use or crime); as well as individuals (e.g., lower self-esteem and well-being). Moreover, during the recent economic crisis in Europe, unemployment levels grew substantially (Tosun et al. 2014, Hörisch and Weishaupt 2012), with young people being particularly affected by these developments (Berlingieri et al. 2014, O'Reilly et al. 2015).

Self-employment has been identified by the European Commission in its Agenda 2020 as one of the ways to reduce the overall level of unemployment in general as well as youth unemployment in particular. Policy makers in my countries have thus aimed to implement policies supporting the transition from unemployment into entrepreneurship. There are two contradictory forces influencing the engagement of unemployed in nascent entrepreneurship during economic crises. The first is positive and is related to so-called necessity entrepreneurship. Unemployed people try to start new businesses in order to achieve better living standards or as a last resort following failure to find a job as an employee. As they generally have lower opportunity costs (since they do not have a job), the likelihood of engagement in entrepreneurship increase. The other effect is negative and relates to objectively worsened market conditions related to the economic crisis. Here we would expect lower levels of entrepreneurship due to the overall poor economic climate which would render starting a new business a particularly precarious activity.

### Who are the entrepreneurs?

In addition to individual level factors such age, gender or education level, there are also institutional factors influencing the unemployed persons' individual decisions to engage in nascent

entrepreneurship, mainly related to existing labour market policies (e.g., Koellinger and Minniti 2009) Understanding these factors can help policy makers to decide if and how to promote entrepreneurship in their battles against unemployment (Thurik et al. 2008).

As Román et al. (2013) emphasize, it is necessary to distinguish between nascent entrepreneurs who start businesses as a last resort option (entrepreneurship out of necessity: not innovative, not employing others) and entrepreneurs with more ambitious goals who may further reduce unemployment by employing others. In examining both the individual as well as country-level factors that influence the decisions of the unemployed to engage in entrepreneurial activities, we also differentiate between nascent entrepreneurs who plan to start businesses as the sole owners and those who plan to start businesses that will also employ others.

One disadvantage of many previous studies (e.g. Koellinger and Minniti 2009) is that they work only with country data and thus cannot map the factors that influence the likelihood of a transition from unemployment to self-employment at the micro-level. Considering the significant heterogeneity across individuals, for example in terms of education, ignoring the micro-level results gives an incomplete picture of entrepreneurial activities. We overcome this shortcoming by utilizing individual level datasets and combining them with country level variables. Moreover, by focusing on *nascent* entrepreneurship of the unemployed we capture those efforts at the very beginning of the process of becoming self-employed.

#### The role of the economic climate

Somewhat surprisingly, the relationship between entrepreneurship and unemployment is not straightforward, but rather dynamic and nonlinear (Faria et al. 2010). The questions regarding the extent to which entrepreneurship can reduce unemployment as well as which policy measures help in this task remains open.

There is empirical support for bi-directional causation between changes in the level of entrepreneurship and the level of unemployment (Parker et al. 2012). The ‘entrepreneurial’ or ‘Schumpeter’ effect of entrepreneurship reduces subsequent unemployment in the long-term due to the generation of jobs by new firms (Reynolds et al. 1994, Baptista and Thurik 2007, Thurik et al. 2008). Entrepreneurship has been shown to lower unemployment with a time lag of up to eight years, the time needed for new firms to grow and create a significant number of jobs (Audretsch et al. 2001, Thurik et al. 2008). This finding, however, does not apply to all countries. For example, Thurik (2003) does not find support for the model in the UK, nor do Baptista and Thurik (2007) for Portugal. Their explanations points to in the prominent position of large firms in the UK case, and to the higher number of marginal entrepreneurs in Portugal. In such a specific situation of excessive self-employment, self-employed individuals operate inefficiently, i.e., below the optimal firm size, and their resources may have been better utilized had they worked for a larger business. Excessive self-employment can be a characteristic of poor economies of scale in production and R&D rather than of vivid entrepreneurial activity (Carree et al. 2007). Carree et al. (2007) therefore introduced a model in which they assume an ‘optimal’ level of self-employment for each country. Generally, the ‘entrepreneurial’ effect is stronger for more developed countries (van Stel et al. 2005, Grilo and Irigoyen 2006).

On the other hand, there has also been documented evidence of a ‘refugee’ effect (also called ‘supply push’ or ‘unemployment push’ effect); that is, high unemployment rates stimulating start-up activity of the unemployed (Evans and Leighton 1990, Grilo and Irigoyen 2006), particularly in the form of subsistence entrepreneurship (Thurik et al. 2008, Koellinger and Thurik 2012). In this case, entrepreneurship is an alternative for people who have lost their jobs. At the national level, a rise in unemployment leads to subsequent growth in entrepreneurship rates (Koellinger and Thurik 2012). Subsistence entrepreneurship, however, produces firms with very low growth rates and thus has a very limited impact on subsequent employment (Baptista and Thurik 2007). Thurik et al. (2008) as well as Grilo and Irigoyen (2006) find that the ‘entrepreneurial’ effects are considerably stronger than the ‘refugee’ effects.

There is also a negative effect of recession related to high unemployment that goes hand in hand with lower purchasing power and lower demand for new products and services (e.g., Audretsch and Fritsch 1994), resulting in a decrease of potential business income and increased failure risks (e.g., Parker 2009). Furthermore, in bad economic times it is more difficult to secure the necessary financial resources needed to start a new business (Parker 2009). Overall, however, the positive influences of slack labour markets outweigh the negative influences and thus tend to lead to a higher incidence of start-ups (Fairlie 2013).

Finally, there is a discussion in the entrepreneurship literature on pro-cyclical and/or counter-cyclical relationships between self-employment and economic conditions (Congregado et al. 2009, Román et al. 2013). Pro-cyclical effect occurs when more high-skilled opportunity-driven individuals enter into entrepreneurship due to perceptions of good business opportunities, which naturally improves with economic conditions (e.g., Carrasco 1999). In such situations, high market demand for products and services pulls individuals towards self-employment. On the other hand, a counter-cyclical relationship is triggered by the 'refugee' effect – in times of recession opportunity costs for self-employment decrease (Evans and Leighton 1990), particularly for less skilled necessity-driven unemployed individuals (Thurik et al. 2008), thereby leading to an increase in start-up rates. This relationship has also been confirmed at the aggregate level (Koellinger and Thurik 2012).

### Becoming an entrepreneur

The theory of occupational choice that deals with individual decisions regarding the entry into self-employment dates back to Knight (1921), who described individuals as making decisions between unemployment, self-employment and employment. The actual decision is influenced by the relative prices of these options. Unemployed individuals with a low probability of good wage employment may turn to self-employment as the best alternative. Labour market opportunities, which are lower during a recession period with higher unemployment rates, decrease the opportunity costs of starting a firm (Evans and Jovanovic 1989, Thurik et al. 2008). Despite being mitigated by more uncertain economic prospects, unemployment is positively related to self-employment (Grilo and Irigoyen 2006, Thurik et al. 2008). According to Berglann et al. (2011), whereas individual unemployment encourages entrepreneurship, aggregate unemployment discourages entrepreneurship. The theory of occupational choice views individuals as utility maximizers taking an occupational choice decision to become employees or self-employed on the basis of the utility associated with the returns coming out from the two types of activity (Evans and Jovanovic 1989, Blanchflower and Oswald 1998, Douglas and Shepherd 2002, Grilo and Irigoyen 2006, Baptista and Thurik 2007).

The unemployed tend to have lower knowledge, skills and experience needed to start a new firm. Even in normal economic conditions most start-ups engage in marginal, imitative entrepreneurial activities (Koellinger and Thurik 2012) and tend not to employ other individuals (Román et al. 2013). When unemployment rates are high more people start-up businesses because they cannot find a job therefore and in general increase the share of less ambitious forms of marginal self-employment, e.g., dependent or last-resort self-employment (Evans and Leighton 1990, Thurik et al. 2008, Román et al. 2013). Such unemployed individuals who plan to start a business will be more likely influenced by national labour market policies such as start-up subsidies than by global technological trends. The opposite can be expected for highly skilled opportunity driven entrepreneurs (Koellinger and Thurik 2012, Román et al. 2013) who start businesses more frequently when global business opportunities arise.

Román et al. (2013) propose that at least three groups of unemployed entering self-employment should be distinguished: opportunity driven entrepreneurs; necessity driven entrepreneurs; and dependent entrepreneurs who work for one employer out of wage employment in order to reduce labour costs of the employer. These groups of self-employed differ largely in their motivations, skills and innovativeness (Meager 1992, Santarelli and Vivarelli 2007, Berglann et al. 2011), and we thus can expect that the determinants of self-employment will also differ.

To conclude in line with Román et al. (2013: 154), the theory of occupational choice “considers individuals as rational beings who seek to maximize their economic and non-pecuniary utility associated with occupational choice”. The individual makes a choice for employment or self-employment if the expected payoff of these activities exceeds the value of remaining unemployed, i.e., taking into consideration public unemployment insurance benefits plus the pecuniary value of leisure and home production activities and potential income from other activities.

### III. THE EFFECT OF LABOUR MARKET POLICIES ON ENTREPRENEURIAL ACTIVITIES: RECENT DEVELOPMENTS AND FINDINGS

The financial and economic crisis that hit Europe in 2008 led to growing unemployment rates in most countries (Heyes 2013, Berlingieri et al. 2014, Tosun et al. 2014). Some countries, mainly those in Southern Europe, have faced extremely high levels of both unemployment in general and youth unemployment in particular, forcing policy-makers to engage in policy dismantling and austerity measures (see, e.g. Bianculli and Jordana 2013, Jordana 2013, Ladi and Tsarouhas 2014). Member states have been advised to increase labour market flexibility while improving employability, and thus ensuring security, through active labour market policies (O’Reilly et al. 2015). The strategies of lifelong learning have focused on adaptability, coping with change, encouraging (self-)employment and making transitions to new jobs easier. However, the actual trend was towards less security rather than in the direction of flexicurity (Heyes 2011, Tsarouhas and Ladi 2013). These developments led to noticeable public unrest and a lowered trust in both domestic and European political institutions (Tosun et al. 2014). High unemployment rates coupled with limited economic growth or even decline required policy makers to place a greater emphasis on entrepreneurship and self-employment as ways to reduce unemployment and jump-start economic growth (e.g., Baptista and Thurik 2007, OECD 2012). Entrepreneurship, moreover, is viewed as holding a promise of higher productivity and innovations and can increase competition as well as consumer choice (e.g., Reynolds 2007).

In 2013 the European Commission adopted a Communication – the Entrepreneurship 2020 Action Plan (European commission 2013) – that aims at ‘reigniting the entrepreneurial spirit in Europe’. The action plan rests on three pillars and explicitly aims at societal groups that traditionally have tended to stay out of entrepreneurship: women, seniors, migrants, the unemployed and – most importantly – young people. The European Commission regards young people as a particularly important resource that cannot be allowed to go untapped. The first pillar refers to entrepreneurial education and training to support growth and business creation, the second to the creation of a favourable environment for entrepreneurship, and the third pillar addresses establishing entrepreneurs as role models and how to reach out to the above-mentioned groups. Somewhat remarkably, the action plan does not emphasize the role of labour market policies for strengthening entrepreneurship. One reason for this omission may be that these policies often did not deliver expected results.

For example, active labour market policy programmes in Switzerland (Lalive et al. 2002) and Scotland (Adams and Thomas 2007) did not reduce the duration of unemployment; a similar result was found for the effects of training programmes in France (Créponet et al. 2008). The authors recommended that policies focus more on creating demand for labour, i.e., supporting existing employers.

On the other hand Perry and Maloney (2007) found that work experience programmes are effective in the short-term. The key finding of Sianesi’s (2008) Swedish analyses was that when programmes were more like a regular job they tended to be more effective for their participants. Lechner and Wunsch (2009), using German data, found a clear positive relationship between the effectiveness of the training programmes and the unemployment rate of programme participants over ten-year period. Similarly, Strandh and Nordlund (2008) confirmed the positive long-term

effect of training programmes; Jespersen et al. (2008) found a positive relationship between employment and earning effects of job training.

Concerning the transitions from unemployment to employment, active labour market policies delivered mixed results. Berglann et al. (2011) found that participation in active labour market programmes correlates negatively with entrepreneurship, perhaps due to the design of these programmes to motivate job search rather than job creation. However, for the ones opting to enter into entrepreneurship, regardless of the success of the business, self-employment served as a stepping stone back to regular employment.

Start-up subsidies for the unemployed have increasingly been used as a part of active labour market policies because lacking financial resources can represent a barrier to entering into entrepreneurship. A case in point is the Finnish start-up grant 'starttiraha', which is also accessible for unemployed people. By 2014 some 4900 beneficiaries had received the grant, which amounts to EUR 32.66 per day during the first 6–18 months. There is also the possibility of add-ons of less than or equal to 60% of the basic grant. While the grant duration or value is generally not dependent on the target group, there are longer grant periods for young people and women in some cases (European Commission 2014: 18).

This financial stimulus may nevertheless lead to distortion of individuals' occupational choices, i.e., even individuals who lack the skills and capabilities for entrepreneurship may pursue entrepreneurship, as this option constitutes a lower risk and higher potential profit. Román et al. (2013) expect the positive effect of these incentives to be stronger for the self-employed without employees, whereas Carrasco (1999) perceives liquidity constraints as more important for entrepreneurs with employees.

Again, the effects of start-up subsidies are not straightforward. Andersson and Wadensjö (2007) suggest such measures should be implemented with great care, as the economic outcomes of self-employment are often inadequate for many people who were previously unemployed.

Caliendo and Künn (2011), on the other hand, analysed the effects of a newly implemented German system of start-up subsidies and found that over 80% of participants were integrated into the labour market and had good incomes five years after starting up a business. Survival rates 2.5 years after the founding of the business were also quite high (Caliendo and Kritikos 2010). Similarly, Chandler (2012) found a highly significant positive impact of the Canada Small Business Financing Program on employment, salary and revenues. It is however important to keep in mind that these results come from single country studies and, as such, should not be taken as definitive proof about the efficacy of these programmes, nor should they be automatically be transferred to other countries with different economic circumstances and institutions.

Unemployment benefits clearly play a negative role in the effort to increase self-employment among the unemployed. It has been found that high unemployment benefits are directly linked to the duration of unemployment (e.g., Tatsiramos 2009), this longer period of unemployment, in turn, can discourage self-employment (e.g., Robson 2010). In relation to self-employment, both Koellinger and Minniti (2009) and Carrasco (1999) found that unemployment benefits lowers entrepreneurial activity of the unemployed. Where unemployment benefits are more generous, necessity-based entrepreneurship in particular is often rendered unnecessary by benefits that directly address this necessity (Braunerhjelm and Henrekson 2013).

## IV. MAIN RESULTS: THE IMPACT OF DIFFERENT LABOUR MARKET POLICIES ON ENTREPRENEURSHIP

To test the effects of labour market policies on entrepreneurship, it is necessary to make a distinction between the effects of active and passive measures. For the latter, neither theoretical nor empirical evidence can be found that supports the idea that passive labour market policies encourage entrepreneurship. With active measures, contradictory arguments exist: On the one hand, the increased flexibility may encourage entrepreneurial endeavours; on the other hand, it is true that the policies may be more efficient in relocating the participants back into wage employment (rather than self-employment). Moreover, empirical evidence on the effects is mixed, both in terms of reducing unemployment in general and in boosting self-employment in particular.

In this policy brief we refer to a study combining two types of data: individual-level data and country-level data. The former were obtained from the global GEM individual datasets; the latter were primarily extracted from publicly accessible databases, namely those administered by OECD and Eurostat (2006). The total sample size, aggregated across all years and countries, was 36,030. Broadly speaking, we included available data on all OECD and EU countries in years 2006 to 2012. Individual-level data were taken from the 2014 release of the GEM global individual dataset, containing all available years up to 2012. For each country and year, GEM data contain a random sample of adults of age between 18 and 64 years.<sup>2</sup> In Model 1, we used multinomial logistic regression to explain a respondent's probability distribution over entrepreneurial states using both the country- and individual-level variables and a full set of year and country dummies. In Model 2, we aggregated individual-level data up to the country-year level. For the independent variables, this meant taking the mean of the values in each country and year.

The following figures present the results of the analysis, plotting the marginal effects<sup>3</sup> of active and passive labour market policies on the entrepreneurial activities of the unemployed.

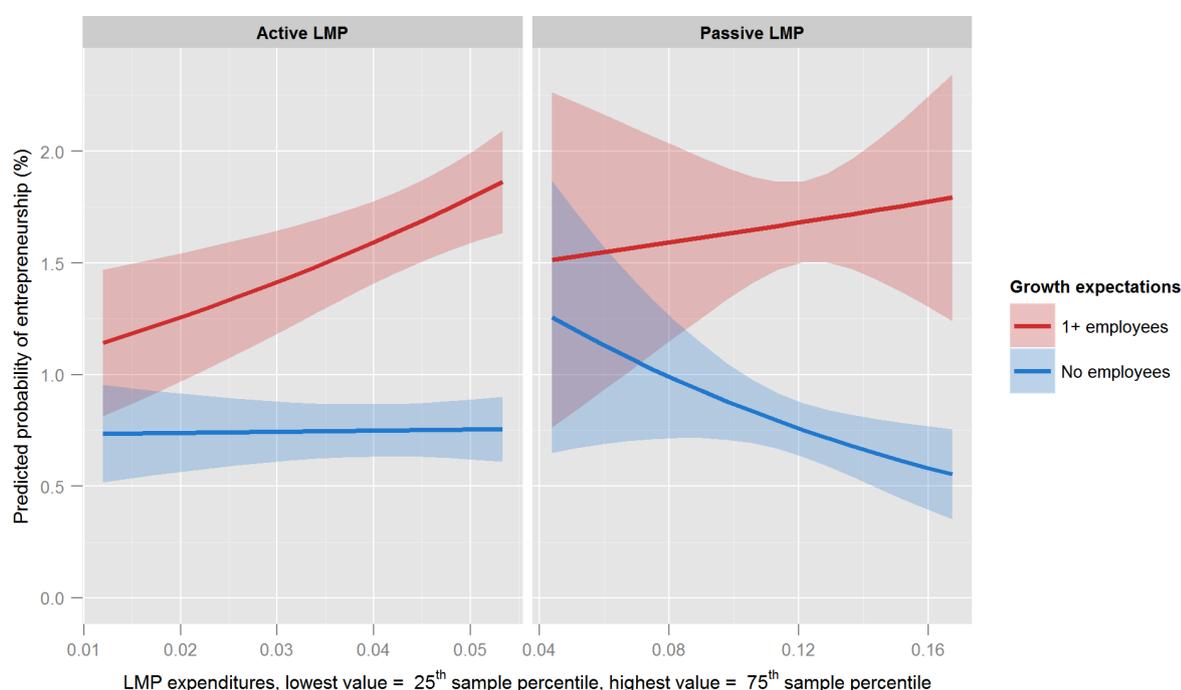


Figure 1: The effect of active and passive labour market policies on entrepreneurship rates of the unemployed. Based on multinomial logistic regressions; individual data, N = 36,030.

<sup>2</sup> For more detailed information on the data, methods and results see Zouhar and Lukes (2015).

<sup>3</sup> A marginal effect estimates the extent to which the dependent variable (here, the probabilities of entrepreneurial activity for the unemployed) is expected to increase or decrease when an explanatory variable (here, active or passive labour market policies) changes by one unit.

Key results from the multinomial logit regression using individual-level data are presented in Figure 1. The figure shows predicted probabilities of entrepreneurial activity of the unemployed for varying levels of active and passive labour market policies, with the “1+ employees”, i.e., the ones planning to create other jobs, and “no employees”, i.e., solo entrepreneurs with no plans for job creation, categories treated as separated outcomes. This distinction is important because the former group has a higher likelihood of further reducing unemployment by employing others. While in the last group, the entrepreneur only creates a job for her- or himself, entrepreneurship with one or more employees also creates jobs for others and is accordingly particularly helpful to fight (youth) unemployment. In the active labour market policy panel (left), the value of active labour market policy spans the range of the middle 50% of its sample levels (the 25th percentile in the sample is 0.012 and the 75th is 0.053), while all other variables are being fixed at their sample means. The passive labour market policy panel is created analogously. Shaded areas indicate the 90% confidence interval ranges. Statistically significant effects are (i) the positive effect of active labour market policies on “1+ employees” entrepreneurship and (ii) the negative effect of passive labour market policies on “no employees” entrepreneurship.

The key independent variables in our analysis are the labour market policy expenditures (for a different approach, see Jensen et al. 2014). Here, the results in both models are remarkably similar and, as such, the results seem fairly robust. In both cases active labour market policies have a significant positive effect on the probability of a start-up with 1 or more employees, while own-account workers are not significantly affected. Passive labour market policies, on the other hand, seem to decrease the probability that an unemployed person will start an entrepreneurial endeavour as an own-account worker (effect marginally significant in both models, two-sided  $p < .10$ ), with there being no significant effect on start-ups with employees.

## V. POLICY RECOMMENDATIONS

Before outlining policy recommendations based on the results presented above, we would like to state that our recommendations focus solely on how specific types of entrepreneurship (from unemployment to nascent entrepreneurship with employees and without) are influenced by passive and active labour market policy expenditures. It should be noted that such policies may have other effects beyond the influence on nascent entrepreneurial behaviours, such as impacts on health or social aspects. Despite the narrow focus in this policy brief, we nevertheless have gained a number of interesting insights.

First of all, these results suggest that the two categories of nascent entrepreneurs differ markedly in their responses to labour market policies. For own-account workers, results show that active labour market policies have no significant overall effect on entrepreneurial activity of the unemployed, whereas passive labour market policies *reduce* the entrepreneurial activity of the unemployed. For start-ups with at least one employee, however, we no impact of policy expenditures on passive labour market policies; with regard to active labour market policy, however, entrepreneurial activity appears to be fostered. . From the view of policy assessment, this is a generally optimistic finding – and one that goes against the recent recommendations of scholars such as Román et al (2013) or Thurik et al (2008). Put differently, we find evidence that active labour market policies can stimulate entrepreneurship and therefore represent an important policy tool for mitigating the problem of high unemployment levels in Europe, including the phenomenon of youth unemployment.

As mentioned above, start-up incentives within European countries constitute on average only 0.03% of GDP and therefore currently comprise only a very small share of active labour market policies (0.77% of GDP). Passive labour market policy expenditures, on the other hand, make up on average 1.14% of the GDP. (e.g., Hörisch et al. 2014). When compared to the findings presented in this policy brief, these numbers reveal that perhaps more can be done in terms of

investing in active labour market policies, such as start-up incentives, as one possible route to promoting entrepreneurship as a means to fighting (youth) unemployment.

As the levels of unemployment have grown over the last five years, policy makers have increasingly focused their attention on entrepreneurship as a promising approach to reducing unemployment. We have been able to confirm previous findings (e.g., Koellinger and Minniti 2009) that unemployment benefits tend to decrease nascent entrepreneurship of the unemployed. However, this was true only for the entrepreneurially active unemployed who do not plan to employ anyone else. On the other hand, and contrary to Berglann et al. (2011), we find a positive influence of active labour market policies on entrepreneurial activity that intends to employ others. This may suggest that not only start-up subsidies, but also other measures focused on improving employability of the population, such as training measures, can support entrepreneurial efforts.

Our study has three major implications for labour market policies with the goal of fostering entrepreneurship among the unemployed:

1. First, the analyses show that labour market policies are much more than a cost factor for European countries. In addition to their important economic and social functions, tailored expenditures for active labour market policies may help to promote new business start-ups funded by the younger generations and to foster youth entrepreneurship.
2. Second, active labour market policies appear to have some unexpected positive externalities and thus could be a promising part of policy programmes in European countries aiming to fight unemployment by stimulating entrepreneurship by additional investments in start-up incentives as well as by incorporating entrepreneurship related aspects in job training. For instance, recent papers by Frese and colleagues (Glaub, Frese, Fisher and Hoppe 2014; Gielnik, Frese et al. 2015) demonstrate the usefulness of job training promotion action-based approaches and personal initiative.
3. Third, the young unemployed (18 to 24) are a particularly vulnerable group, as evidenced by their high unemployment rates and low levels of entrepreneurial activity. We however see highest levels of entrepreneurial activity among the young unemployed between the ages of 25 and 34. Start-up programmes tailored to the needs of this target group thus have the potential for high impact. For example, it is often difficult for young persons of all ages to obtain the financing and loans needed to establish a business. Policy programmes offering financial support for young people for businesses is a means to foster youth entrepreneurship. From the analyses of entrepreneurship promotion in this policy brief, it can be concluded that it appears to be more effective to provide young people with subsidies that support their activities within the labour market. Such approaches seem to be promising ways of supporting them in the development of skills, maintaining positive attitudes and habits regarding work, and some may even go on to start businesses that will grow and employ others in the future.

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## PROJECT IDENTITY

<b>PROJECT NAME</b>	Cultural Pathways to Economic Self-Sufficiency and Entrepreneurship: Family Values and Youth Unemployment in Europe (CUPESSE).
<b>COORDINATOR</b>	Prof. Dr. Jale Tosun, University of Heidelberg, Heidelberg, Germany, jale.tosun@ipw.uni-heidelberg.de
<b>CONSORTIUM</b>	Aarhus Universitet – Department of Political Science and Government – Aarhus, Denmark European Research and Project Office GmbH – Eurice – Saarbrücken, Germany Koc University – Department of Psychology – Istanbul, Turkey Közep-Europai Egyetem – Department of Political Science – Budapest, Hungary Ruprecht-Karls Universität Heidelberg – Institute of Political Science – Heidelberg, Germany Universidad de Granada – Department of Developmental and Educational Psychology, Department of Research Methods of Psychology, Department of Didactics of Language and Literature – Granada, Spain Università degli Studi di Catania – Department of Economics and Business, Department of Education – Catania, Italy Universitat Pompeu Fabra – Department of Political and Social Sciences, Barcelona, Spain Universität Bern – Institute of Political Science Universität Mannheim – MZES – Mannheim, Germany Universität Wien – Department of Economic Sociology – Vienna, Austria University of Newcastle Upon Tyne – School of Geography, Politics and Sociology – Newcastle, UK Vysoká škola ekonomická v Praze – DCBV/DMPS – Prague, Czech Republic
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**BUDGET**

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**WEBSITE**

www.cupesse.eu

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**FOR MORE  
INFORMATION**

Contact: Jale Tosun, jale.tosun@ipw.uni-heidelberg.de.

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**FURTHER READING**

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