

POLICY HIGHLIGHTS



Unlocking the potential of youth-led social enterprises

About the OECD

The OECD is a unique forum where governments work together to address the economic, social and environmental challenges of globalisation. The OECD is also at the forefront of efforts to understand and to help governments respond to new developments and concerns, such as corporate governance, the information economy and the challenges of an ageing population. The Organisation provides a setting where governments can compare policy experiences, seek answers to common problems, identify good practice and work to co-ordinate domestic and international policies.

About the OECD Centre for Entrepreneurship, SMEs, Regions and Cities

The Centre helps local, regional and national governments unleash the potential of entrepreneurs and small and medium-sized enterprises, promote inclusive and sustainable regions and cities, boost local job creation and implement sound tourism policies.

About the OECD Global Action “Promoting Social and Solidarity Economy Ecosystems”

In 2020, the OECD launched the Global Action “Promoting Social and Solidarity Economy Ecosystems”, funded by the European Union’s Foreign Partnership Instrument, to support the development and internationalisation of the social and solidarity economy. The Action focuses on two critical policy levers that can help unlock the potential of the SSE, namely legal frameworks and social impact measurement, while considering the entire policy ecosystem as a framework.



Contact

Amal Chevreau

✉ amal.chevreau@oecd.org

© OECD 2022

This document is published under the responsibility of the Secretary-General of the OECD. The opinions expressed and arguments employed herein do not necessarily reflect the official views of OECD member countries. The document and any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

Youth-led social enterprises are helping to address pressing social and environmental issues around the world

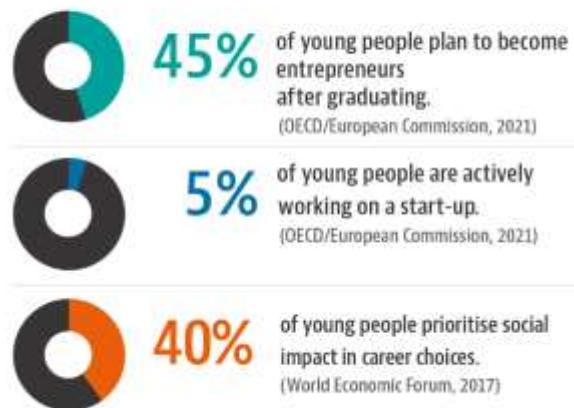
Today's young people (i.e. those aged between 15 and 29) are passionate about making a difference. Many are agile and innovative digital natives, building and growing innovative social enterprises that harness new technologies and business practices to drive change.

Young people increasingly prioritise pursuing careers with positive social and environmental impacts. Globally, two in five young people see social impact as one of the deciding factors for their career choices. At the same time, almost half of young people in OECD countries would prefer to be self-employed rather than work as employees. Social enterprises can help young people to turn these aspirations into a dual opportunity: to engage in entrepreneurship and generate positive social impact.

Young people are seizing opportunities, and leading many social enterprises across the world. Up to 20% of leadership positions in social enterprises in the Province of Québec (Canada), France and Spain are filled by young people, and more than one in four social entrepreneurs and almost two in five aspiring social entrepreneurs in Australia, the United States and Western Europe are below the age of 34. In some OECD countries, older cohorts of social enterprise leaders and workers are likely to retire in the coming decade. For example, in France more than 750 000 social enterprise employees are expected to retire by 2028. Such demographic shifts could create opportunities for young people to take leading roles within social enterprises.

There are already many examples of successful youth-led social enterprises. For example, in France, [Enercoop](#) is a cooperative energy provider founded by young social entrepreneurs, focussing on providing 100% renewable energy to private households and businesses. In Italy, [Quid](#), a social enterprise founded in 2013 by young social entrepreneurs in Verona produces ethical clothing from recovered surplus fabrics, employing 140 staff from disadvantaged backgrounds. In 2012, two young social entrepreneurs founded [SINGA](#) to connect refugees with their new communities, find employment and engage in social activities. Today, SINGA has over 50 000 members and 90 full-time employees located across seven countries (Belgium, Canada, France, Germany, Luxembourg, Spain and Switzerland).

Young people aspire to entrepreneurial jobs with social impact.



Social enterprises offer employment opportunities to young people.



These social enterprises are having a powerful social impact, enabling sustainable development, and strengthening economic resilience. In the European Union, there are roughly 397 000 social enterprises. They account for more than 6% of employment in European countries, albeit with variation among Member States. They have also thrived during times of crisis, supporting economic and social resilience. For example, in Spain and Portugal, employment in social enterprises grew after the 2007/08 financial crisis, while it stagnated in other types of firms.

However, youth-led social enterprises face a double bind associated with the age of their founders or leaders and the characteristics of social enterprises. Social enterprise objectives and business models have specific features which might

further amplify the challenges generally faced by young entrepreneurs, and vice versa.

This double bind exacerbates four main challenges often faced by young entrepreneurs or social entrepreneurs: access to finance, a lack of specialised skills, difficulty navigating legal frameworks and a lack of visibility of youth-led social enterprises. Youth-led social enterprises face difficulties accessing loans or grants as many lack collateral, personal savings or demonstrated experience, and investors or donors may be less familiar with social enterprise legal forms and hybrid business models (i.e. relying both on market income and grants). Young people, in particular those from disadvantaged socio-economic backgrounds, have difficulty obtaining the necessary skills (e.g. social and emotional skills, hybrid resource mobilisation and measuring social impacts) to successfully run and scale a social enterprise. Young people have difficulty navigating the diversity of legal forms and statuses available for social enterprises (e.g. associations with market income, cooperatives, traditional business forms or specific legal forms such as solidarity enterprises of social utility in France). The recognition and visibility of youth-led social enterprises and their social impact is still lacking, including among policy makers, which may be attributed in part to a lack of meaningful opportunities for exchange among them and young people.

Governments in many OECD countries are taking measures to address these challenges by investing in outreach, capacity building and facilitating access to finance for youth-led social enterprises. For example, in France, the State Secretariat for the Social and Solidarity Economy supports the five institutional partners organising the annual social economy month in November to increase the visibility of the social economy among the general public, as well as an annual social economy week in primary and secondary schools all across the country. In 2021, the European Commission adopted the Social Economy Action Plan to “make the social economy more visible and improve the recognition of its work and potential”. The Province of Ontario (Canada) has contributed to a capital fund issuing specialised loans to young social entrepreneurs. In the United Kingdom, the Scottish Social Enterprise Strategy has introduced learning opportunities about social

Youth-led social enterprises present a **double opportunity** for young people: to run businesses that drive social impact.



enterprises across all levels of education. Between 2011 and 2018, Korea increased its annual spending on young social enterprise start-up grants by a factor of five and is improving its social entrepreneurship education and training programmes.

Nevertheless, there remains a gap between what youth-led social enterprises consider to be the most important challenges and the support provided to them. In 2021, the OECD conducted a survey among stakeholders (i.e. young people, social entrepreneurs, social economy networks and associations, academic experts) and policy makers to collect their views and better understand the challenges, opportunities and existing support structures for youth-led social enterprises. Based on the data collected, 76% of stakeholders of the youth-led social enterprise eco-system consider access to finance the biggest challenge for youth-led social enterprises, however, only 44% of policy makers and 43% of stakeholders report measures in place to facilitate access to finance for youth-led social enterprises (e.g. direct financial support, and financial education and training, among others). A very similar pattern applies to the challenge of young people lacking the knowledge and skills to operate a social enterprise (67% of stakeholders). 48% of policy makers report the availability of tailored support (e.g. technical assistance, training, and specialised intermediaries, among others) as challenges and 43% the provision of tailored guidance (e.g. open-access manuals or adapted tools).

Youth-led social enterprises face a **double bind** due to their nature and age...

This intensifies four main challenges: Policy makers can address them by:



OECD Recommendations

Apart from improving the framework conditions of social enterprises more generally, policy makers can support youth-led social enterprises through tailored policy support. A range of measures can be implemented to address the specific challenges faced by youth-led social enterprises, such as:

<ul style="list-style-type: none"> ✓ Helping young people develop the knowledge and skills to launch, run and scale social enterprises. 	<p>Integrating social entrepreneurship into primary and secondary school curricula (e.g. Korea and Scotland (United Kingdom)) can help young people develop the necessary interest, social and emotional skills to engage in social entrepreneurship. It can also help further reduce barriers to access for disadvantaged groups to social entrepreneurship. Specialised training opportunities in secondary and higher education can develop business competencies to engage in social entrepreneurship as well. The co-creation of learning opportunities can allow young people to take ownership of the process and develop solutions for the future they want together with teachers and trainers (e.g. Enactus in 35 countries). This can complement higher education curricula, such as that of the Marshall Institute in the London School of Economics, and specialised training opportunities that are already accessible for aspiring social entrepreneurs in many countries.</p>
<ul style="list-style-type: none"> ✓ Encouraging private investment and developing tailored funding and financing opportunities for youth-led social enterprises, accompanied by clear guidance. 	<p>Policy makers can improve access to funding (i.e. funds provided by government agencies) and financing (i.e. capital provided by lenders such as banks and private investors) for youth-led social enterprises in different ways. Social enterprises are generally looking to achieve long-term social impact at the local level. These objectives and local scope of operation can constrain their growth prospects and require (often scarce) access to patient capital. Nonetheless, youth-led social enterprises can represent an attractive investment opportunity for the growing impact investment market and other funders looking to promote environmental and social goals. Starter grants for youth-led social enterprises covering the initial seed funding needs are becoming more common. To support their survival, policy makers can complement them with a mix of other tools such as dedicated financial intermediaries (i.e. specialised organisations or banks acting as a go-between for funders and youth-led social enterprises looking for a loan, such as the Youth Social Innovation Capital Fund in Canada), scale-up grants (e.g. Young Social Entrepreneurs Global in Singapore), and publicly funded loans and loan guarantees (e.g. La Social Cup in France). Together with the awareness and knowledge to navigate these measures, youth-led social enterprises can increase their access to finance.</p>

<ul style="list-style-type: none"> ✓ Raising the profile of social enterprises more generally, including through legal frameworks, can boost the recognition of youth-led social enterprises. 	<p>Developing strong framework conditions for social enterprises through clear legal frameworks that are co-created with social enterprises. Awareness raising campaigns (e.g. Social Enterprise UK's "Buy Social" campaign), awards and events (e.g. Forbes "30 under 30" or the Youth Social Enterprise World Forum), can help educate both the public and policy makers about the positive social and environmental impacts generated by youth-led social enterprises. Awards that recognise youth-led social enterprises also help to raise their profile and inspire others to use social entrepreneurship to address challenges in their own communities.</p>
<ul style="list-style-type: none"> ✓ Improving the evidence base on youth-led social enterprises. 	<p>Collecting data disaggregated by age (and gender) as well as evidence on the nature of skills needed, the success and performance of youth-led social enterprises and support programmes, is an important step towards informing policies that effectively support them. Together with clear definitions of social enterprises (e.g. in terms of legal definitions or statuses) that are recorded, existing business registries, labour force surveys and programme data can serve as an initial step in understanding the size and characteristics of the social enterprise labour market, its growth prospects and the effectiveness of programmes. In the United Kingdom, the Department for Digital, Culture, Media and Sport and the Department for Business, Energy and Industrial Strategy are conducting periodical assessments of social enterprise market trends based on existing SME survey data. The Province of Québec (Canada) is regularly collecting detailed data on youth-led social enterprises. This requires a clear definition and common criteria for social enterprises across government institutions.</p>
<ul style="list-style-type: none"> ✓ Giving young people a seat at the table so that their perspectives and needs are considered and addressed in policy frameworks. 	<p>Countries, regions and local authorities can extend existing public engagement practices to specifically incorporate young social entrepreneurs into stakeholder consultation processes. This can include ad hoc consultations of youth organisations as part of financial support schemes or infrastructure investments (e.g. for urban infrastructures, youth centres, or business support services), targeted outreach to young people on social economy employment, as is done in Brazil, or through the creation of youth advisory bodies, as is done in France where one fifth of the members appointed to the National Council of the Social Economy (policy shaping body) in 2015 were youth.</p>