

# **EY global job creation and youth entrepreneurship survey 2015**

**Boosting employment,  
inspiring youth**



## We can work it out

Of all the gifts entrepreneurs have given us over the years – from the automobile to social media – the one I like best is the spirit of optimism. It's an asset that can't be quantified – it's priceless. Henry Ford said, "If you think you can, or you think you can't, either way you are right." Over the past 15 years of celebrating EY World Entrepreneur Of The Year™, I have never met a single entrepreneur who thought he or she couldn't!

Our fourth annual global job creation survey again provides a striking snapshot of what the world's leading entrepreneurs are thinking, planning and doing for the year ahead. This year we have expanded the scope of our survey beyond the usual 200-plus leading entrepreneurs to include an additional sampling of ideas from another 2,000-plus innovative business leaders around the globe. They represent a broad and diverse range of emerging country economies, including key global growth drivers such as India, China and Brazil.

Two points to highlight:

- ▶ **Job creation – the world's economic lifeblood – remains in good hands.** 77% of our roster of the world's most dynamic entrepreneurs – EY Entrepreneur Of The Year participants – expect to increase their total global workforce in 2015. This is considerably higher than the 47% figure from the rest of the world's entrepreneurs we added to the survey this year. Noteworthy as well is a comparison to another EY report, the April 2015 *Capital Confidence Barometer*, which tracks job creation in large public and privately held companies in 54 countries. Only 29% of 1,600 senior executives surveyed indicated they expect to create jobs or hire new talent in the next 12 months.
- ▶ **Good spirits run high. Confidence in both domestic and global economic prospects remains relatively bouyant,** with 71% of global entrepreneurs surveyed feeling optimistic about the economic direction of their domestic market. 66% feel good about the economic direction of the global economy on the whole. Those in China, India and Middle East/North Africa are almost twice as optimistic as those in France, Australia and Japan.

While the past four years of the EY global job survey show that entrepreneurs are solid job creators, they give even more than that to our society. They stimulate growth, challenge orthodox methods and create new markets for goods and services. Google, Facebook, Virgin Airlines and GoPro are well-known examples of transformative businesses in developed markets.

Through the EY World Entrepreneur Of The Year program, the developing world now has its fair share of well-known, game-changing, high-impact entrepreneurs as well, chosen through a rigorous process by a jury of their peers. Recent World Entrepreneur Of The Year winners have hailed from India, Kenya, Singapore, South Africa and China (for more on these dynamic business leaders, please see page 11).

### The relationship between youth and entrepreneurs

In addition to being more global, we also know that entrepreneurs are increasingly young. The EY *Megatrends 2015* report pegs nearly half of the world's entrepreneurs between the ages of 25-44. It would seem that positive mainstream views and visible entrepreneurial role models are attractive to young people. Given that entrepreneurs represent more than 75% of employment in the G20 and rapid-growth economies, we were perplexed by the troubling and growing youth unemployment figure of some 75 million. We decided to delve deeper in this year's survey and find out what the world's youth – given the current bleak employment landscape – are feeling about their career aspirations and if entrepreneurship plays a part in their plans.

We know from our report, *The Power of Three*, how governments, entrepreneurs and corporations can work together to nurture the ecosystems that spur growth and employment across the G20. We learned that entrepreneurs play a particularly important role when it comes to driving youth employment opportunities. But what do youth think about entrepreneurship?





## Going to the source

For the answer, we went to the source: we talked to 2,807 young people from around the world who are in education or actively involved in a job search or on their first job. What the world's young people reveal about their future may surprise you as much as it did us.

We learned that most young people are optimistic, in true entrepreneurial fashion, about their future:

- ▶ 84% of young people are either very or quite optimistic about fulfilling their career ambitions.
- ▶ A resounding 65% want to start their own business – 27% immediately and 38% after first learning from someone else.
- ▶ Interestingly, while we see a gender gap in so many other areas, both young men and women are almost equally confident they can achieve their entrepreneurial ambitions. A global, interconnected marketplace is providing increased opportunities for entrepreneurs – which both genders believe they can access.

Above all else, young people say that what would most help them fulfill their ambitions is current entrepreneurs providing them with advice, support and job opportunities. This appears to be a win-win: young people and entrepreneurs would seem to share an affinity for energy, curiosity and a spirit of can-do.

- ▶ We know that 86% of entrepreneurs we surveyed have seen evidence of young people improving and inspiring their business over the last year.
- ▶ 47% tell us they have witnessed young people forming and sharing innovative ideas that have improved the business.
- ▶ 40% have seen young people introducing smarter ways of working and a further 40% have seen young people helping older workers to embrace digital skills and technology.

EY is proud of the support it gives youth with entrepreneurial ambitions, through the alliances and initiatives we partner with around the world, and the 40,000 young people a year we hire and train.

We urge all organizations to consider what they can do to offer more mentoring, internships and job opportunities to youth.

It's encouraging to see young people's optimism and enthusiasm for entrepreneurship. If we can now provide them the support and encouragement they need then the future will truly be theirs.

Sincerely,

Maria Pinelli  
EY Global Vice Chair – Strategic Growth Markets



# Entrepreneurs continue to flex their hire power and optimism to build a better working world

Our fourth annual survey from the EY Global Center for Entrepreneurship and Innovation surveyed more than 2,000 entrepreneurs in March 2015 from around the world, representing 13 key global economies, on their economic confidence and outlook on job growth. Separately, we surveyed 2,807 aged 18-25 in 13 key global markets. The sample represents a combination of students, workers in their first jobs and those looking for work. The survey was conducted online and provides the real-time views and ambitions of young people in education or actively engaged in the job market (please read the results in the second section).

## The survey respondents:

**201** EY Entrepreneur Of The Year winners – the world's most dynamic entrepreneurs – represent the vanguard of a select, proven and influential global community. The highest respondent rate came from the US, Canada, Australia, the UK, the Czech Republic and France.

**2,144** global entrepreneurs – an independent sample of between 100 to 200 entrepreneurs in each of the following countries and regions: Australia, Brazil, Canada, China, France, Germany, India, Japan, Mexico, the UK, the US, Sub Saharan Africa (SSA) and the Middle East/North Africa (MENA).

**2,807** young people – an independent sample of approximately 250 young people in each of the following countries and regions: Australia, Brazil, Canada, China, France, Germany, India, Japan, Mexico, the UK, the US, Sub Saharan Africa (SSA) and the Middle East/North Africa (MENA).

# This is what they had to tell us



## Hiring is happening

We learn that 47% of global entrepreneurs expect to increase their total global workforce in the next 12 months, while 49% expect their workforce to remain the same size. But only 4% think it will decrease. 77% of our roster of the world's most dynamic entrepreneurs – EY Entrepreneur Of The Year participants – expect to increase their total global workforce in 2015.

Either way, entrepreneurs are clearly leading the way when it comes to expanding their workforce. Another EY report, the April 2015 *Capital Confidence Barometer*, which tracks job creation in large public and privately held companies in 54 countries, shows that only 29% of 1,600 senior executives surveyed expect to create jobs or hire in the next 12 months.

Among those entrepreneurs who anticipate adding talent, the expected average increase to employee numbers is 17%. Chinese entrepreneurs are most confident about their workforce growth – with 67% expecting to add people in the next 12 months, followed by entrepreneurs in Sub Saharan Africa (61%), India (54%) and Mexico (52%). Brazil and Japan are least likely to forecast workforce growth (30% and 33% respectively).

The results are perhaps not surprising. The gulf between developed and emerging countries continues to shrink and a new tier of emerging nations is being driven by its own budding middle classes. Faster growth rates and favorable demographics in key emerging markets will feature prominently over the next decade. The battle for talent will be fierce, driving greater workforce diversity to secure competitive advantage.

## Job creation champions

The most striking variations between the world's most dynamic entrepreneurs – that is, EY Entrepreneur Of The Year winners – and those entrepreneurs we extended the survey to more broadly:

- ▶ **Job creation rates:** 77% of the world's most dynamic entrepreneurs expect to increase their total global workforce (up one percentage point from 2014) – which is considerably higher than the 47% for the rest of the world's entrepreneurs.
- ▶ **Hands-on help for young people:** The world's most dynamic entrepreneurs are almost twice as likely to be mentoring young people compared to the rest of the world's entrepreneurs (62% versus 32%). They are also almost 50% more likely to be providing internships and apprenticeships compared to the rest of the world's entrepreneurs.
- ▶ **Growing economic confidence:** 65% of the world's most dynamic entrepreneurs have confidence in the economic direction of their home market – up four percentage points from 2014 and 57% have confidence in the economic direction of the global economy – up 10 percentage points from last year.



# Where are the jobs?

Almost half (47%) of the entrepreneurs surveyed expect to hire outside their home markets next year. The main driver is a desire to enter new markets (55%). Rising consumer economies in developing markets and rapid advances in technology have provided both the motive and the means to expand globally – and to do so quickly. Interestingly, younger

entrepreneurs are more likely to make global hires than their older counterparts, with 69% of our under-35 age group intending to hire globally in the next year.

Markets where global hires are most likely are MENA (74%), China (68%) and India (63%), while for Australia the likelihood is only 23%.

## The top four reasons for hiring outside of one's home country are:



*\*Respondents were asked to check all that apply; results will not total to 100%*

# Feeling good at home and abroad

Entrepreneurs are, on the whole, overwhelmingly optimistic about economic prospects in their home market and globally (71% and 66% respectively). Regional variations give clues as to the muscle of certain markets and suggest that despite recent slowdowns, entrepreneurs see economic prospects in

many developing markets as strong. China, India, the Middle East/ North Africa and Sub Saharan Africa are typified by overwhelming confidence in both their own markets and the global economy. Meanwhile, France, Australia and Japan have the lowest confidence levels.





# Warning signs on the horizon

While it is true the world's go-getters are optimistic, we learn that they are realists as well. Threats loom on the horizon – and none more so than macroeconomic risks. Except for negative market conditions (the number one “biggest potential business threat,” cited by 31% of entrepreneurs), the biggest business threats are rising costs (28%) and a talent and skills gap (23%). The larger the organization, the higher a talent and skills gap ranks as a business threat.

## But the results vary dramatically by location:

- ▶ In the UK and Germany, red tape and bureaucracy is the number one perceived business threat in 2015.
- ▶ In the US, a skills and talent gap is the biggest concern.
- ▶ Chinese, Indian and Middle Eastern entrepreneurs cite increased global competition as what they need to watch out for most.
- ▶ French, Brazilian, Japanese, Australian, Canadian, Sub Saharan African and Mexican entrepreneurs all cite negative market conditions as the biggest threat.

# Mind the (skills) gap

Despite much debate in developed markets over whether their youth have the right skills to compete in complex business world – 74% of global entrepreneurs express confidence in a sufficient talent pool of young people with the right skills for their organization. China and India, especially, are most likely to say they have no concerns about the depth of their talent pool (just 1 in 30 Chinese entrepreneurs, for example, expresses doubts). Again, this points to the strength and possible in-house training capabilities in rapid-growth markets.

Still, this leaves a quarter of all respondents not confident this is the case. In Japan we find more than half of entrepreneurs (55%) aren't confident there is a sufficient talent pool, followed by Germany (38%), Brazil (36%) and the UK (31%).

The biggest perceived gap among the next working generation is in literacy skills, where more than a fifth of global entrepreneurs (32%) predict a severe gap.

28% believe there is a severe gap in specialist and technical skills, 21% believe there is a severe gap in digital and IT skills and a further 29% believe there is a severe gap in soft skills, which is defined as communications and personal skills. Numeracy skills clock in at 24%.

Latin and Central America struggle most with perceived skills gaps among the next working generation, with Brazil and Mexico, on average, having twice the rate of “severe gaps” across each skill set.

Noteworthy is that the skills gap is confined not only to the next generation. More than a fifth of entrepreneurs (21%) add that they encounter a literacy gap in their current workforce, too.



# Doing well by doing good for youth

Our survey shows that entrepreneurs aren't standing back from the skills challenge that faces them nor the wider threat that youth unemployment poses to the global economy. We see entrepreneurs working hard to raise youth employment levels in their local markets and taking steps to provide the right opportunities for young people.

Just 14% of entrepreneurs say they are doing nothing to raise youth employment levels. This figure rises to a stark 38% among Japanese entrepreneurs.

More could still be done – only 14% of current entrepreneurs actively buy from young entrepreneurs starting out. Just 19% work with governments and NGOs to develop job skills for young people.

## Doing well by the young

**34%**

of entrepreneurs are mentoring young people,



rising to

**58%**

in Sub Saharan Africa

**41%**

are providing internships and apprenticeships for young people,



peaking at

**61%**

in China

**33%**

work with local schools to match the needs of their business,



peaking at

**50%**

in China

**26%**

are providing guidance and advice to young people on how to enter the workplace,



rising to

**44%**

in Sub Saharan Africa

**22%**

are interviewing or recruiting a set percentage of unemployed young people

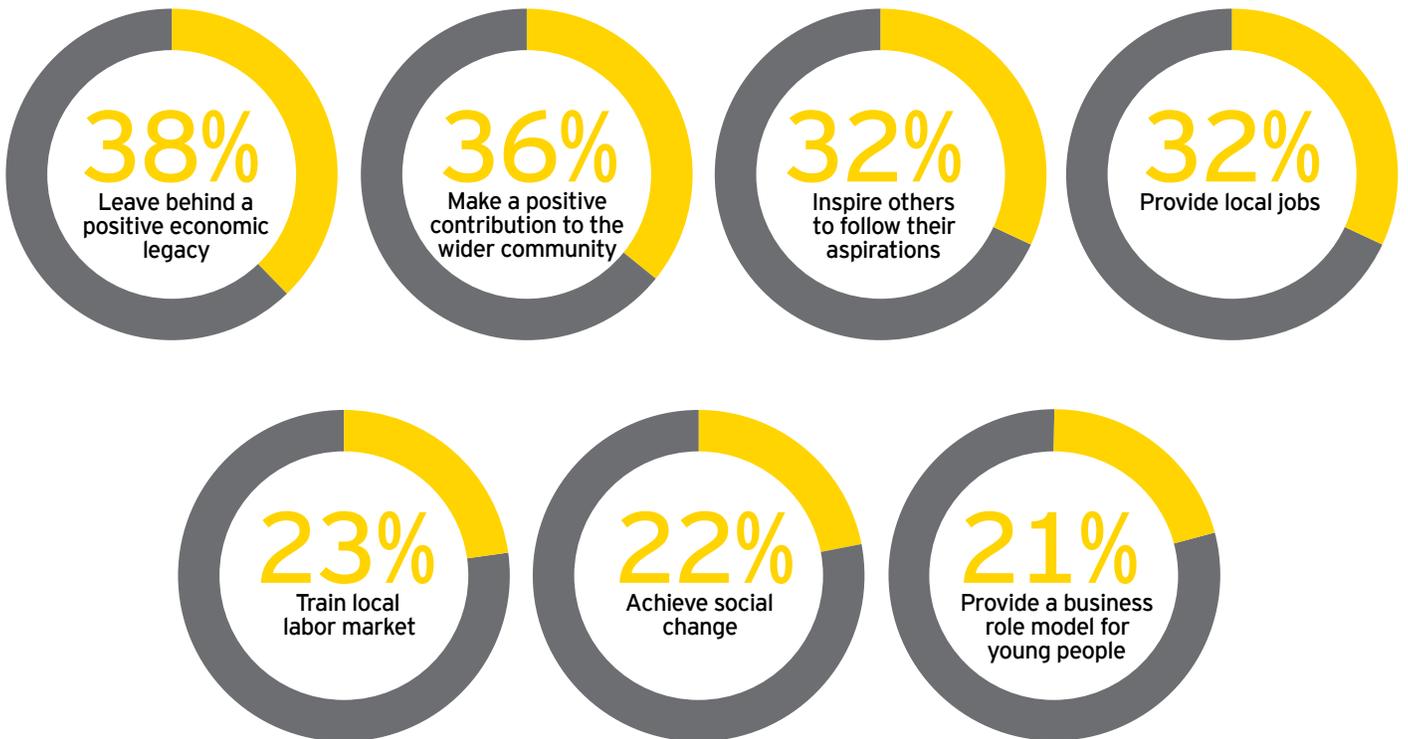


# The legacy is what endures

Finally, all entrepreneurs were asked why, apart from making a living, they started their business. We learned that there is something deeper at work here than just the goods and services that are bought and sold: it is the legacy they will leave the world

that often drives them. More than living well, they want to make an impact on the wider economy, serve as an inspiration to others and act as proponents of profits with a purpose.

## Reasons for starting a business



*\*Respondents were asked to check all that apply; results will not total to 100%*



# Conclusion

## Money isn't everything

The results are clear – entrepreneurs are doing more than simply making money. The number one reason to set up in business – aside from financial necessity – is to leave behind a positive economic legacy, and more than a fifth of entrepreneurs want to achieve social change.

With their consistently high levels of job creation clocked over the past four years of this EY survey (and that includes one of the world's worst economic downturns), these visionary men and women have proven themselves to be one of the greatest sources of sustainable economic growth. Fortunately, we can see that leaving a legacy is part of their DNA, which bodes well for the future.



## Youth section

Global youth speak out on entrepreneurial dreams



# Youth and optimism hold steady

Despite a global youth employment landscape that can appear statistically bleak, our survey finds optimism is widespread among young people when it comes to fulfilling their career aspirations. In fact, 84% of the more than 2,800 young people interviewed around the world feel positive about achieving their aims, with 39% very optimistic and 45% quite optimistic. The sample reflects the views, hopes and ambitions of young people aged 18-25 in 13 key global markets. The respondents are a combination of students, workers in their first job and those looking for work, providing an accurate snapshot of the real-world aspirations of the global youth population.

However, there are notable regional variations. In Sub Saharan Africa, for example, 97% feel positive about their future prospects. (This contrasts with just 54% in Japan.) India, Brazil and Mexico reflect high levels of optimism, at 90-plus%.

This finding may not be that surprising given that rapid-growth markets have long generated high rates of entrepreneurial activity.

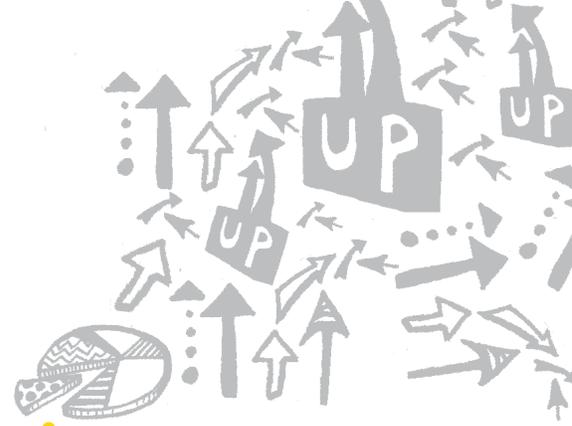
According to the Total Early Stage Entrepreneurial Activity Index, this is due to the fact that entrepreneurs in these markets launch businesses out of necessity, including poverty and lack of alternative wage-based employment opportunities.

But rapid-growth markets are beginning to see their fair share of high-impact entrepreneurs as well. These high-achievers serve as role models in their countries. Their visibility influences the next generation in a positive way. For example, recent EY World Entrepreneur Of The Year winners have come from India (Uday Kotak, Kotak Mahindra Bank), Kenya (James Mwangi, Equity Bank Limited), Singapore (Olivia Lum, Hyflux Limited), China (Cho Tak Wong, Fuyao Glass Industry Group) and South Africa (Bill Lynch, Imperial Holdings), and each winner has generated excitement at home.

## The future looks bright

% who are optimistic about achieving their career aspirations





# Young women's confidence on the rise

Eighty-seven percent of young men say they are confident they will achieve their aspirations compared to 83% of young women – a surprisingly close number given the low ratio of women leaders to men leaders everywhere you look in the corporate world. But a global, interconnected marketplace provides increased opportunities for entrepreneurs – and that means for the world's young women as well. This bodes well for the future. Diversity of background encourages diversity of thought, which has been found to be critical to innovation as well as financial performance, according to Catalyst research.

The face of entrepreneurship is increasingly female, according to the *Global Entrepreneurship Monitor: Women's Report*. Today, roughly 126 million women are launching or operating brand new businesses in 67 economies around the world. Their ventures are also an increasingly important source of new jobs in the local economies – not to mention a source of inspiration to young women. Our survey suggests this is having a positive effect on young women worldwide.

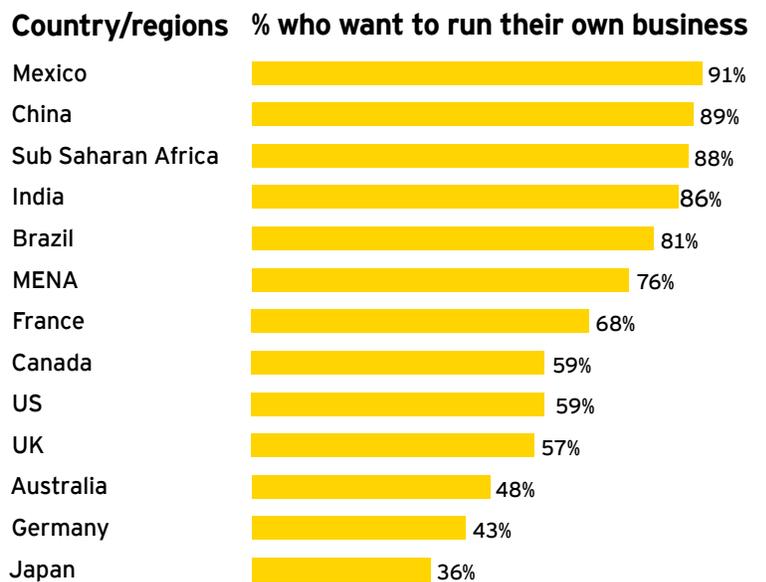
## You're in charge

The optimism of youth plays out in a very real fashion as the majority of respondents tell us they have faith in their ability to create their own destiny. Revealing a huge well of untapped potential and ideas, 65% of young people tell us they want to run their own business, 27% immediately and 38% after first learning from working for someone else. In general, 72% of young men and 58% of young women want to be in charge of their enterprises. This is encouraging news. The World Bank reported that women-owned companies in the US, using just one country example, are expanding at more than double the rate of all other firms.

Japanese young people are almost three times less likely to want to run their own business compared to their counterparts in Mexico. Three factors could account for Japan's low score on the survey: a lack of diversity in employment and educational opportunities; a tax regime that tends to favor large corporates at the expense of small business and start-ups; and a culture placing group consensus and seniority above individual risk-taking behavior.

### Who wants to run their own business?

Entrepreneurial desire is considerably higher in developing economies – where we see opportunities abound as both economies and the middle class grow faster than in mature markets.





# Grounded in reality

Will these ambitions fall by the wayside once reality enters the picture? While the responses above gauge entrepreneurial desire, we dug deeper to see if this was more than just a passing fancy.

Our survey suggests not, with a picture emerging of a highly ambitious generation of young people who are grounded in reality and already making plans for their businesses.

For instance, 36% of young people who want to run their own business already have a fully formed idea (peaking at 56% in France, 51% in Sub Saharan Africa, 42% in Mexico and 41% in the UK).

A further 53% have the beginnings of an idea and just 1 in 10 say they haven't really thought about the idea itself.

Nearly half of young people in China (43%) have an idea involving a consumer product, perhaps a reflection of their rapidly growing middle class. Technology-based business ideas are most prevalent in India (26%), MENA (22%) and Sub Saharan Africa (25%).

Young Americans are most likely to have an idea for a media and entertainment business (14%), while British youth favor a hospitality-based venture (18%).

## What industries offer the most appeal to the young?

We learned that the top 10 business ideas currently incubated by young people fall into the following sectors:

- |                            |     |                                    |    |
|----------------------------|-----|------------------------------------|----|
| 1. Consumer products       | 18% | 6. Automotive                      | 5% |
| 2. Technology              | 15% | 7. Construction                    | 5% |
| 3. Media and Entertainment | 11% | 8. Life Sciences                   | 4% |
| 4. Hospitality             | 9%  | 9. Telecoms                        | 4% |
| 5. Banking and Finance     | 5%  | 10. Utilities, power and cleantech | 3% |



# Making it real

As further testament to how grounded our young people's entrepreneurial aspirations are – nine out of 10 of our respondents have taken further action. They say they have also started to explore the idea or ambition by researching, talking to others or seeking advice in some way.

In most cases, family and friends are the most trusted source of advice, at 39% (rising to 51% in Mexico). One in five have asked family and friends to help finance them – rising to 41% in China. Established entrepreneurs are also important – with 3 in 10 young respondents seeking their counsel and 1 in 5 asking them to be mentors. Thirteen percent say they have started looking for premises or an incubator for their plan – rising to 26% among young Chinese respondents.

Potential young entrepreneurs in China, Sub Saharan Africa, India and Mexico are much more likely to have already started taking steps toward achieving their dreams. More than 95% in each of the above are proactive, compared to 77% in Australia, 80% in Canada and 65% in Japan.

Again, this shows that faster growth rates and favorable demographics in key rapid-growth markets will continue to be a feature of the next decade. The *Global Entrepreneurship Monitor 2013* finds that 57% of China's entrepreneurs are already between the ages of 25 to 34. A new tier of emerging nations, driven by their own fledgling middle classes, will draw global attention –

not to mention the attention of their youth. A flowering of innovation will be a feature, with Asia surfacing as a major hub. High activity levels of entrepreneurship and young entrepreneurship look set to take root in this fertile environment.

## Is help on the way?

The question is: what help do these aspiring entrepreneurs need to achieve their ambitions? When asked what would be the biggest boon in fulfilling their dream, two factors shone through above all others.

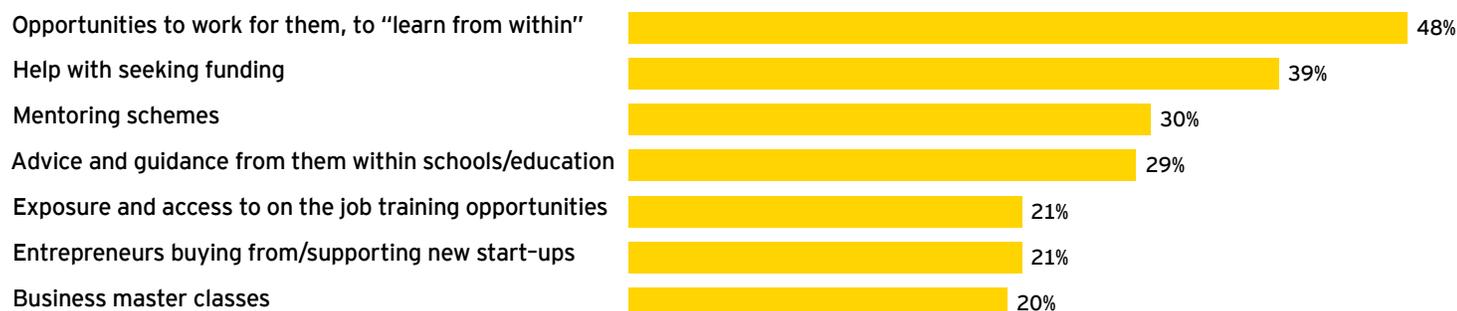
**A hands-on internship** within a related business and/or mentoring from a leading entrepreneur within their field are both seen as (jointly, 39% each) the most valuable to help fulfil their dreams. This demonstrates the power, responsibility and even obligation today's entrepreneurs have in nurturing the next generation – especially by affording them the opportunity to work for them and “learn from within.”

This raises important questions for today's business leaders in terms of their perception as to how they nurture and harness young entrepreneurs of tomorrow. While only 36% of young people tell us they get enough support from local entrepreneurs, three-quarters of the entrepreneurs surveyed earlier in this report believe they do enough to inspire and/or hire young people.

However, less than a quarter of young people in the UK or Australia say this is the case, although more than half in India agree.

## What do young people want from entrepreneurs?

% who said they want:





# Hurdles to dream fulfilment

Despite the optimism, lack of funding is, as with entrepreneurs of any age, a key barrier to success – as are wider negative economic factors. Interestingly, one in four are of the opinion they don't get good advice, something that governments and schools need to consider and possibly redress in their curricula and small business programs.

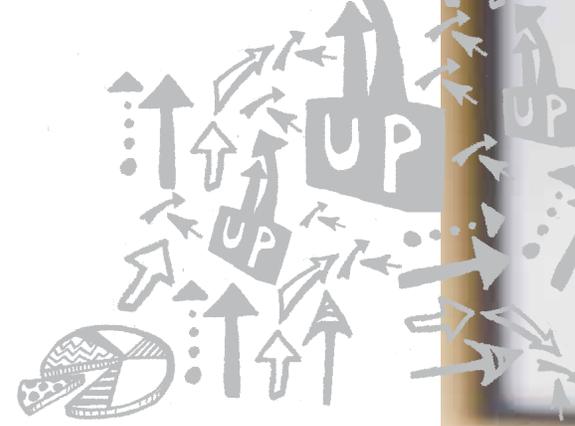
## The top six barriers young people identify that could prevent them from fulfilling entrepreneurial ambitions are:

1. Lack of access to funding **43%**
2. Negative economic factors **43%**
3. Competition **25%**
4. Lack of access to good advice **25%**
5. Lack of self-belief **25%**
6. Limited internships **18%**

*\*Respondents were asked to check all that apply; results will not total to 100%*

Markets where "negative economic factors" are seen as the number one barrier are France, Brazil, MENA and Mexico.





# Conclusion

## Great expectations

Finally, we asked our young entrepreneurially minded respondents if they believe they will achieve their ambition.

- ▶ A resounding 97% said yes, and 16% believe they can make this happen in the next year. The percentage of those who believe they can make it happen was highest in Sub Saharan Africa (27%), the UK (22%), India and Brazil (19% each)
- ▶ Despite an often harsh climate for young people in many global markets, optimism and determination are still their defining characteristics.
- ▶ While a wealth of entrepreneurial ambition, desire and idea generation is in evidence, young people themselves still see today's entrepreneurs as vital in helping them to fulfill their dreams.

The global job creation survey was conducted online in March 2015 with an independent panel of global entrepreneurs and young people in 13 key global markets, as well as input from the world's most dynamic entrepreneurs – EY Entrepreneur Of The Year winners. Opinion Matters, part of the markettiers4dc group of companies in the UK and overseas, conducted the research for the EY Global Center for Entrepreneurship and Innovation.



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