

**ORGANIZATION
OF THE BLACK SEA
ECONOMIC
COOPERATION (BSEC)**

**KONRAD
ADENAUER
STIFTUNG
(KAS)**

**WORKSHOP ON
“DEVELOPMENT OF YOUTH ENTREPRENEURSHIP AND
START-UPS”**

Istanbul, 1-3 April 2009

Summary Proceedings

1. The Workshop on “Development of Youth Entrepreneurship and Start-Ups” was held in Istanbul, the Republic of Turkey, on 1-3 April 2009. It was jointly organized by the Permanent International Secretariat of the Organization of the Black Sea Economic Cooperation (BSEC PERMIS) and the Representation of the Konrad-Adenauer-Stiftung (Foundation) (KAS) for Turkey, in cooperation with the Turkish Foundation for Small and Medium Business (TOSYÖV).

2. Welcoming statements were delivered by Ambassador Murat SUNGAR, First Deputy Secretary General of BSEC PERMIS; Mr. Jan SENKYR, Resident Representative of KAS for Turkey; Mr. Mustafa KAPLAN, President of the Small and Medium Industry Development Organization (KOSGEB); and Mr. Hilmi DEVELİ, Chairman of Board of the Turkish Foundation for Small and Medium Business (TOSYÖV).

2.1. Ambassador M. SUNGAR welcomed the participants to the Workshop and mentioned that the issue of youth entrepreneurship has not been addressed within the framework of BSEC. Many of the most innovative and successful business ideas originate from young entrepreneurs. Therefore, it is important to promote youth entrepreneurship and start-ups in the process of supporting sustainable economic development in the region. He called BSEC Member States to revise the impact of the normative acts, regulations and policies aimed at promoting youth entrepreneurship. Finally, he highlighted the importance of the Black Sea Trade and Investment Promotion Programme (BSTIP) launched by BSEC and UNDP at the end of 2007.

The text of opening statement of Ambassador M. SUNGAR is attached as Annex I.

2.2. Mr. J. SENKYR welcomed the participants of the Workshop on behalf of KAS. He emphasized the importance of cooperation between KAS and BSEC during the last 13 years. This event is the 38th SME-related meeting. He stated that their aim is strengthening the political dialogue among the BSEC countries and fostering a better understanding between entrepreneurs, the SME sector and the state administration. The current global economic crisis affects SMEs. In all EU countries there are associations dealing with youth

entrepreneurs, which created a global YES for Europe. Similar initiative would be useful also for BSEC countries.

Mr. SENKYR expressed his gratitude and thanks to H.E. Ambassador M. SUNGAR on the occasion of his future new position after 35 years successfully serving the Turkish Foreign Office.

2.3. Mr. M. KAPLAN emphasized the importance of SMEs in BSEC countries. Entrepreneurship is a password and received great importance. In the new economic era self employment has increasing importance. KOSGEB is playing a significant role in spreading and disseminating the idea of entrepreneurship. Training and consultancy, training of trainers, business development programs, organizing meetings at universities are the focus of current SME support activities.

2.4. Mr. H. DEVELİ welcomed the participants of the Workshop and mentioned the importance of the Turkish Loan Guarantee Fund in support of entrepreneurship development. The argument of pushing young people toward entrepreneurship is growing in consequence of the current economic crisis.

3. Mr. Eyüp Şenol ÖMEROĞLU, Deputy Undersecretary, Ministry of Industry and Trade of the Republic of Turkey welcomed the participants of the Workshop on behalf of H.E. Mr. Zafer ÇAĞLAYAN, Minister of Industry and Trade of the Republic of Turkey, and emphasized that entrepreneurship is a driving force of the economy. Every start-up is a new seed in the field of economic and an appropriate favorable environment is needed for its growth. Entrepreneurs are the symbols of change and prospect. The existing 2 million entrepreneurs in Turkey create the basis for economic growth. Promotion of young entrepreneurship is part of fighting against the youth unemployment.

4. The Workshop was co-chaired in rotation by Mr. J. SENKYR; Ambassador M. SUNGAR; and Dr. Antal SZABO, UN ret. Regional Adviser on Entrepreneurship and SMEs, Scientific Director of ERENET.

5. The Workshop was attended by the representatives of the following BSEC Member States:

Republic of Albania
Republic of Armenia
Republic of Azerbaijan
Republic of Bulgaria
Hellenic Republic
Republic of Moldova
Romania
Russian Federation
Republic of Serbia
Republic of Turkey
Ukraine

The list of participants is attached as Annex II and the Program of the Workshop is attached as Annex III.

6. On the second day of the Workshop, Mr. Dieter IBIELSKI, Presidential Counselor of the Union of Small and Medium Sized Enterprises (UMU), Germany; Prof. Dr. Hans-Jürgen WEISSBACH, University of Applied Sciences Department of Economy and Law Institute for Entrepreneurship, Germany; Dr. Antal SZABO; and Assoc. Prof. Dilek ÇETİNDAMAR, Sabancı University/Director of the Turkish Industrialists' and Businessmen's Association (TÜSİAD)-Sabancı Competitiveness Forum addressed the Workshop as lead speakers.

6.1. Mr. D. IBIELSKI made a presentation on “Challenge of Young Entrepreneurs – Public and Private Support for Youth Entrepreneurship in Germany”. In Germany, a wide range of start-up facilities are available at national, regional and local levels from subsidies, through financial tools up to training, advisory and coaching services. Additionally, there are increasing appointments of entrepreneurship chairs. The essence of qualified young entrepreneurship is lasting commitment. He described the prerequisites of start-ups, explained the start-up program alterations, drew attention on whom to prevent start-up failures and highlighted the start-up promotion resources.

6.2. Prof. Dr. H.J. WEISSBACH made a presentation on “Entrepreneurial Education from the Kindergarten through Entrepreneurial Curricula up to Ph.D. in the light of the EU new Employment Policy”. Today, entrepreneurial education in Germany is not really embedded in employment policy, although the employment deficits of the 1980s have contributed to implement entrepreneurial education at universities. Today, it refers more to goals of innovation and research policy. 35% of the German universities have chairs for entrepreneurship. However, the contacts to practice are still rather weak. The actual financial crisis has a negative impact on the number, quality and life-span of start-ups. Existing state programs for start-ups are not really appropriate to this difficult situation.

6.3. Dr. A. SZABO presented the “Development of Youth Entrepreneurship as part of the National SME Policy in Countries in Transition – The Tasks of the Government”. The development of youth entrepreneurship policies and programs have to be based on the recognition that promotion of the youth entrepreneurship is part of the national youth development program, as well as organic part of the small business development program, and thus it contributes to economic development, job creation, economic empowerment, alleviation of poverty and unemployment. He explained in detail the key objectives and main orientation of a national youth entrepreneurship development program.

6.4. Assoc. Prof. D. ÇETİNDAMAR delivered a presentation on “Entrepreneurial Education and Nurturing Student Start-ups in Turkish Universities”. Turkey is an entrepreneurial society. One over every four adults is self-employed. However, there are critical infrastructural problems in the education system which is changing in the recent years. Some elective courses such as Entrepreneurship are offered at the high school level. This is not widely applied due to limited number of teachers. Universities are getting aware of the importance of entrepreneurship and offering courses in various topics including

entrepreneurship and business plan. The Sabancı University has an Entrepreneurship Development Program and a wide entrepreneurs pool.

7. An exchange of experiences in national SME youth policies and promotion of young entrepreneurship took place. The representatives of the BSEC Member States made their presentations. Issues addressed included:

1. Review the impact of normative acts, regulation and policies aimed at promoting entrepreneurial activities for youth;
2. Implementation of Government policy in cross-sectoral dimension of youth and entrepreneurship development policies;
3. Exchange best practices in eradicating unemployment and poverty through promotion of entrepreneurial activities and self-employment;
4. Exchange best practices in national youth entrepreneurship development programs, national and regional awards for young entrepreneurs;
5. Financial instrument available for start-ups and young entrepreneurs;
6. Exchange of experiences in school business programs;
7. Situation, problems and challenges of Bachelor and Master courses on entrepreneurship;
8. Promoting spin-of businesses and innovative start-ups at institutions of higher education and universities;
9. Suggestion for BSEC project in raising the awareness of youth entrepreneurship;
10. Modalities and possibilities of cooperation between youth entrepreneurship development agencies and organizations in the BSEC region.

Question and answer session was held after each presentation.

8. On the third day of the Workshop, presentations were made by Ms. Ayşe CAN BAYRAKTAR, Board Member of Young Businessmen Association of Turkey (TUGIAD) on “Support of Young Businessmen/-Ladies”; by Mr. Mümtaz Oğuz TAŞ, SME Expert, KOSGEB on “Activities of Entrepreneurship Development Directorate”; by Ms. Oya BUMİN, Expert in Youth Unit, The Center for EU Education and Youth Programmes, Turkish National Agency on “EU Youth in Action Program and Youth Initiatives”; and by Gülseren ONANÇ, Chairman of Board of Women Entrepreneurs Association of Turkey (KAGIDER) on “Development of Entrepreneurship among Young Women”.

Final Discussions and Conclusions

9. The following points were made in conclusion:

9.1. The rapid transformation of society – especially in the countries in transition - has changed living conditions for the citizens including the youth generation. Radical transformation, within a globalization context has meant new opportunities and challenges for the youth generation within boundary-less nations. Those various changes affect human

relationships, process of education and access to the labor market, and are also reflected in the ability for young people to become independent adults.

9.2. Concerning the BSEC region, certain challenges for youth in the transition economies have highlighted the problems in terms of health, education and employment opportunities. More than half of the unemployed in the transition economies belongs to the young generation (18-24 years).

9.3. The current economic crisis has great impact on SMEs and negatively affect the situation of the youth.

9.4. SMEs in practice create more jobs than large enterprises, while they are more flexible and innovative; however, they are also more vulnerable than large enterprises. To revitalize the economy, the BSEC Member States need more people willing to become entrepreneurs.

9.5. Youth entrepreneurship provide job opportunities, help in bringing unemployed or marginalized youth back to the labor market, and through this assist in alleviation of poverty and social inclusion.

9.6. Some participants of the Workshop emphasized that entrepreneurship is not equal to self-employment, it is not just something to survive, but rather contribution to the economic growth.

9.7. Young entrepreneurs have great potential to generate ideas and expand innovation. However, a tendency of “brain drain” has been mentioned in the countries in transition.

9.8. Many BSEC graduates do not opt for self-entrepreneurship as a career due to lack of education and awareness about the importance of businesses in supporting the economy.

9.9. The participants underlined the serious problem of misbalance between formal education and real labor market demands.

9.10. Since the beginning of 1990s the traditional cycle of school-to-work-to-retirement is changing. The increasing globalization and internationalization significantly influenced the pattern of the labor market.

Recommendations

10. The following recommendations were made:

10.1. Development of youth entrepreneurship should be placed at the cross-road of national youth policy and entrepreneurship policy.

10.2. Promotion of youth entrepreneurship would be based on two consecutive steps:
First: Creation of awareness and understanding of entrepreneurship and business,
and
Second: Creation of self-employment and/or micro-enterprise.

10.3. The key objectives of youth entrepreneurship promotion programmes should be the following:

- Support creation of self-employment and micro-companies;
- Provide business consultation by mentoring or business service institutions;
- Secure adequate start-up funds;
- Help in marketing and finding business partners;
- Help in increase the rate of survival and success of businesses;
- Assist in implementation of new business ideas and innovation.

10.4. The main orientation of a youth entrepreneurship development programme should be built on the following:

1. Entrepreneurship education;
2. Promotion of self-employment;
3. Youth business incubation;
4. Skill training;
5. Financing;
6. Community information centers/telecenters;
7. Mentoring; and
8. Youth entrepreneurs' competition/awards.

10.5. Based on the key aspects of the European Commission's entrepreneurship action plan it is recommended that the BSEC Member States introduce entrepreneurship into the national curriculum from primary school to university in order to foster entrepreneurial mindsets through school education. Entrepreneurial thinking has to be introduced at early stage as possible, preferably in kindergartens and not just starting at universities.

10.6. The long-term policy objectives should be to:

- Introduce entrepreneurship into the national curriculum at all levels of formal education (from primary school to university);
- Promote the methodology on “learning by doing”, for instance by means of project work, virtual firms and mini-companies, etc.;
- Involve authentic entrepreneurs and local companies in the design and running of entrepreneurship courses and activities;
- Increase the teaching of entrepreneurship within higher education and putting emphasis on setting up companies in the curricula of business-type studies through university business incubation, business plan competition and others.

10.7. Designing a Bachelor Program in Entrepreneurship is very critical for entrepreneurs development point of view. Entrepreneurship should be trained by people in business and not only theoretic oriented university professors. The curricula should contain both knowledge and practical elements and should be interactive with the business community.

10.8. Entrepreneurship education in universities should be available for students and researchers from all fields, and especially in technical universities. However, the entrepreneurial thinking is obligatory at all disciplines starting from the medical studies up to the studies of economics including human resource management.

10.9. The BSEC countries are encouraged to support creation of national young entrepreneurs associations and participate in the activities of the “YES for Europe” or create a similar organization called “YES for BSEC”.

10.10. Rewarding experience in start-up entrepreneurship might be a useful tool of the national entrepreneurship development program. The BSEC Member States should launch “young entrepreneurs of the year competition and awards” schemes.

10.11. “Erasmus for Young Entrepreneurs” is a new European exchange programme aimed at helping new entrepreneurs to acquire relevant skills for managing an SME by spending time upto 6 months working in another EU country with an experienced entrepreneur. The new exchange programme financed by the European Union and has been launched recently in all the 27 Member States.

10.12. It is suggested to organize in the year 2010, a BSEC workshop on reviewing the impact of the economic crisis on SMEs.

11. The Participants to the Workshop expressed their deep gratitude to KAS for its financial contribution to the Workshop and for the hospitality extended to them during the meeting in Istanbul.
