

YOUTH EMPLOYMENT AND INNOVATION

"Innovation" is considered to have a crucial role in improving the performance of the companies and, at the aggregate level, in favouring the rate of growth of the economic system and in the sectors considered.

"Innovative" needs highly qualified human resources. The occupation that is created is an occupation of quality and, theoretically, better paid.

We are in an era in which the impact of digital transformation redefines instruments, markets and business models. This orients the processes of growth in both the companies and the country.

Innovation and information technology are increasingly powerful and indispensable drivers of development for those who require it in business today.¹

U.S. students rank 25th out of the 29 developed nations for awareness in math and science. The undesired decline in science, technology, engineering, and mathematics (STEM) students has led to an unfilled demand for ICT jobs and a very competitive environment for non-IT-related jobs.

As a result, the IT industry has started to fill its demand for highly skilled software developers and engineers in emerging countries such as India, China, Russia and Brazil. Governments of developing nations and corporations such as GE, Intel, Microsoft and SAP have put programs in place to increase the number of technology and engineering students.²

In the face of surging youth unemployment, the OECD is advising governments to provide income support to young workers and to set up apprenticeship schemes for low-skilled youth. The OECD estimates that unemployment among young people is set to keep rising in the months ahead.³

ICT represents an opportunity for governments to enable socioeconomic development and it can help improve education, prepare youth with the skill sets to find employment in a knowledge-based economy and provide career opportunities in the ICT sector itself.

In addition, to improving career opportunities, ICT has also created opportunities for youths to start their own businesses. ICT tools, especially mobile technologies, helped develop entire new business models, such as establishing micro-markets in disadvantaged areas by ordering goods and services

¹ Based on Digital Transformation Institute, Innovazione come leva di crescita: il punto di vista dei giovani imprenditori, 7/11/2017 (<http://www.digitaltransformationinstitute.it/2017/11/07/innovazione-leva-crescita-punto-vista-dei-giovani-imprenditori>)

² Based on GE Foundation, Developing Futures in Education (http://www.ge.com/foundation/developing_futures_in_education/index.jsp)

³ Based on OECD, OECD Observer, 1/05/2010, p.6 (<http://www.oecd.org/employment>)

in bulk using mobile phones. ICT further helps to connect local manufacturers of goods and services with global markets.⁴

Youth entrepreneurship is high on the EU political agenda as a tool to combat youth unemployment and social exclusion as well as stimulating innovation among young people. Fostering youth entrepreneurship is one of the objectives of the Europe 2020 strategy and its Youth on the Move flagship initiative; Employment and Entrepreneurship are one of the eight fields of action promoted by the EU Youth Strategy (2010-18); Entrepreneurship is a key competence in the European Reference Framework on Key Competencies for Lifelong Learning (2006);

Youth work and non-formal learning play an important role in developing the creative and innovative potential of young people, including entrepreneurial skills.

The EU Youth Strategy Council Resolution on a renewed framework for European cooperation in the youth field (2010-18) includes creativity and entrepreneurship among its eight fields of action.

The Erasmus+ programme (2014-20) has a strong focus on innovation and entrepreneurship, particularly in the Key Action 2 through strategic partnerships and transnational youth initiatives.⁵

Most of the companies, which operate in Italy, are vertical and this system does not allow dialogue between the various actors. Accelerators, associations or organizations end up communicating with 1% of the population who are already fully aware of the issues of innovation and the problems brought back here in Italy. For this reason in the last two years was created in Italy the ANGI, the first "facilitator" for young people who want to innovate. This national non-profit association is dedicated to the world of innovation and unites public and private institutions. The main objective of the ANGI is to put around the same table all those who work in this fascinating world of innovation. This world is not only made of robots that steal work, but represents a new way of living life. In short, spread a new culture and talk to someone, nobody has ever talked about.

The ANGI is aimed at young people, those young people who are still far away - unfortunately - from the themes of innovation. On average, only 30% of university students know the correct definition of digital innovation tools applied to the business, while as many as 60% have never heard of some of the main areas of digital innovation. Going from theory to practice, the gap becomes more evident: only one university student in five has a concrete experience in managing digital projects.⁶

⁴ Anderson D., Chen F., Schoroder K., Innovation and technology for youth employment, 2013 (<http://www.un.org/esa/socdev/egms/docs/2013/ict/innovation-technology-youth.pdf>)

⁵ https://ec.europa.eu/youth/policy/youth-strategy/employment-entrepreneurship_en

⁶ Ferrero V., Nasce ANGI, il primo facilitatore per i giovani che vogliono fare innovazione, Diario del web, 23/01/2018 (<https://www.diariodelweb.it/innovazione/articolo/?nid=20180123-481022>)

A significant aspect is also the participation of young people in innovative start-ups. An innovative start-up is a joint-stock company, also incorporated in a cooperative form, under Italian law or European Societies, whose shares or quotas are not listed on a regulated market or on a multilateral trading system. The Report of the Chambers of Commerce of Italy underlines that the youth-dominated start-ups (under 35) are about a quarter of the total. A value more than double compared to the percentage found among companies (12%) and equal to four times the figure relating to joint-stock companies (7%). The gap widens even more if we consider the companies in which at least one young person is present in the shareholders' group or in the administrative body: 40.2% against 13.9% of joint-stock companies. Innovation confirms a process that receives a strong impulse from youth dynamism.

The relationship between young people/companies/innovation/employment has been highlighted by recent economic literature. According to OECD data, in the last 10 years young companies (up to 5 years old) are those that have produced the highest level of employment, that is almost half of the total number of new jobs. They are the ones that have withstood the crisis better and managed to keep net employment growth positive, while the greatest loss of employment was recorded in companies over 5 years of age.

In Italy, new innovative companies, compared to existing ones, show a greater impact on overall production and employment levels. The innovative start-ups represent a reality that now employs 22 thousand people and, in the period September 2014-June 2015, produced an increase of 64% of both employees and members.⁷

Youth participation in the social capital of innovative start-ups does however record important values: a total of 1,412 companies have mainly members under-35, in fact the sub-group 25-34 years represents almost the whole: the percentages mentioned decrease significantly among the under-25, standing at 1.4% and 2.1% respectively.

Based on the periodic surveys of InfoCamere, which calculates the presence of under-35 in the social structures of Italian companies, weighting the shares of possession and administrative positions held, start-ups with a predominance of young people are 1,569, 21.2% of the total. This share is about three times higher than that of joint-stock companies (6.7% with youth prevalence). The companies, in which at least one young person is present in the company structure, are 2,621, the 35.5% of total start-ups, against 12.8% recorded among joint-stock companies.

⁷ Lavalle C., Start up innovative, la mappa italiana, www.pmi.it, 22/02/2016 (<http://www.pmi.it/impresa/business-e-project-management/approfondimenti/113781/giovani-start-up-innovative-crescono.html>)

Therefore, innovative start-ups have a participation of young people significantly higher than the total of joint-stock companies.⁸

The identikit of Italian start uppers is young but not very young, with experience in the field and highly qualified with an average age of 40 and a great passion for innovation. The identikit of the young Italian innovative company is small in size, with a prevalent B2B model and with a great desire to emerge.

From the analysis conducted on a sample of over 300 start-ups emerge the prevailing qualities in the figures of the founder of companies, whose goal is to innovate in the respective sector of professional belonging. These are individuals with a prevalent age between 25 and 45 years. Compared to 2015, there is an increase of 18% of Italian start uppers belonging to the age group ranging from 30 to 39 years: a positive trend that sees lower the age of innovators in Italy from year to year. With the reduction of age, however, the Italian founders' level of preparation of is not reduced, which in over 56% of cases declare to have achieved a second level degree, a postgraduate degree or a master's degree, in addition to the title of three-year degree. The percentage of under 30s and over 50s, instead, numerically tends to converge, recording respectively 16.2% and 13.4% of respondents.

The approach of the experts is clear: half of the respondents identify the strengths of their start-ups with the total focus on the project and the desire to undertake and risk, inherent in their business. With regard to growth prospects, a variable increase is expected in the number of employees from + 6% to + 25% for over 40% of respondents and a strong growth in turnover in the current year for 74% of the start-ups under examination. Of these, around 14% report a boom in the expected change in turnover of 50% and over, 25.7% expect growth from + 26% to + 50% and 34.4% expect a stable increase, from + 6% to + 25%.

The approach of the founder and their companies turns out to be oriented towards the innovation of the sector in which they have greater skills, as can be seen from the clear predominance of activities related to B2B Business-to-Business (50.7%) and B2B2C Business-to-Business-to-Consumer (36.1%), with only 11% of the pure B2C start-up.

As for the start-up identikit, 86% of start-up seed, that is business activities of recent training, often supported by the so-called financing to the idea, the first financial funds used to launch an innovative business activity. Only 8.6% of the sample taken into consideration is made up of consolidated start-ups with a turnover of more than 1 million euros. The human resources employed in the company are mainly contained, with 50% of the interviewed realities declaring to have a team

⁸Calenda C., Relazione annuale al Parlamento, 2017

composed of a variable number of 3/9 people, 32% have a ceiling of 3 employees and only 13% of the cases there is a pool of resources ranging from 10 to 20 individuals and beyond. Regarding the percentage of turnover generated abroad, 36% of respondents have an export share less than 10% and a similar 36% declare that they do not export their products / services to other countries.⁹

In a situation where we hear about youth unemployment, innovation and ICT can represent development opportunities for young people.

In general, innovation requires young people but highly qualified and prepared young people who can use all their knowledge and their studies and energies to create new realities or to improve what is already present.

A great opportunity is given by the projects created by the EU that focus on young people and innovation.

A particular interest is given to innovative start-ups that have been growing over the last few years and which have demonstrated precisely because of their main characteristic, that is to say being innovative, of resisting the crisis.

Today's startupper are young, highly qualified with many innovative ideas and with a desire to take the risk.

It can be concluded that, given the current economic situation, one of the possible solutions for the success of young people is to create companies that know how to take risks and get involved, distinguishing themselves from the crowd and offering new innovative products and services.

⁹ Tech Economy, Startupper italiani giovani e altamente qualificati, 28/09/2017
(<http://www.techeconomy.it/2017/09/28/startupper-italiani-giovani-altamente-qualificati>)

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AUTHOR

Name and Surname: Natascia Castellani

University: Università degli studi di Perugia, Dipartimento di economia

Personal identification code: 305962

Email adress: natascia.castellani@studenti.unipg.it/ natascia1912@gmail.com