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Business Start-Ups & Youth Self-Employment

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i) to ‘advance the knowledge base that underpins the formulation and implementation of relevant policies in Europe with the aim of enhancing the independence’, and

ii) to engage with ‘relevant communities, stakeholders and practitioners in the research with a view to supporting employment policies in Europe.’ Contributions to a dialogue about these results can be made through the project website www.style-research.eu, or by following us on Twitter @STYLEEU.

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The authors retain the full responsibility for the research findings.
Executive Summary

This report (D7.3) provides insights into youth self-employment in Europe. It examines the interaction between youth self-employment, factors which encourage and impede the extent of start-up activity, innovativeness and also whether policy measures facilitate job creation capacity, sustainability and growth of such start-ups (STYLE, 2016). The findings from this report are based on 72 firm level case studies conducted in six EU ‘study countries’: Estonia, Germany, Ireland, Poland, Spain and the United Kingdom with youth self-employed (YSE) (12 in each ‘study country’). Specific focus is given to youth self-employment in the ‘Creative and Cultural’ (‘CCI’) and the ‘Information and Communications Technology’ (‘ICT’) industries. The ‘ICT’ industry represents 4.8 per cent of the European economy where investments into ‘ICT’ account for half of the productivity growth in Europe (European Commission, 2016a). The ‘CCI’ industry is perceived as one of Europe’s most dynamic sectors, providing around five million jobs across the EU-27 (European Commission, 2010) and thus has significant potential for job creation by young people and for young people.

The key findings1 of the case studies are as follows:

- The main motivation for starting a business among sample respondents was ‘to put an idea into practice’ (a “pull” factor). Furthermore, many started a business ‘to be more independent or have more job autonomy’. Moreover, some indicated that they became self-employed in order ‘to have a job’ (a “push” factor). Indeed, ‘pull’ factors, as opposed to ‘push’ factors seem to be more dominant in driving the decision of young people to become self-employed.

- Job creation is commonly highlighted as a benefit of promoting self-employment. In this study, 42 per cent of the sample had paid staff employed in the business which is high in comparison to the self-employed with employees (as a percentage of self-employed persons) for the EU-27 (28.49%) in 2015. This is attributed to the nature of the industry and the flexible employment patterns it harbours.

- Yet, 58 per cent of the sample did not have any paid staff employed in the business. Across the six ‘study countries’ and within the EU, there has been a decrease in the percentage of the self-employed with employees, reflecting, at least in part, the influence of recent economic and financial conditions, which appear to have weakened job creation opportunities that the self-employed can generate (in D7.2).

- The key challenges in hiring employees raised by the YSE interviewed were: financial costs, appropriate skills and experience, work ethic, trust, place of work (i.e., being based within the home) and legal obligations. Nevertheless, many YSE respondents plan to hire employees in the future. Emphasis, thus, needs to be placed on minimising the job creation challenges perceived by the YSE.

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1 The sample consists of 72 case studies i.e. 12 case studies from each of the six ‘study countries’. Given the small sample size, caution must be taken when interpreting the results and no EU-wide generalisations should be drawn. The Work Package’s earlier deliverables – D7.1 and D7.2 provide comprehensive reviews of the literature and secondary data analysis on YSE across the EU-27 countries. The objective of this deliverable is to provide insight into the complex processes that contribute to the outcomes analysed in the earlier deliverables for the six ‘study countries’.
A high proportion of YSE individuals had ‘innovative’ or ‘very innovative’ products, services and processes. Of those who had ‘innovative’ or ‘very innovative’ products, many of these were ‘new to market innovation’, unlike those who had ‘innovative’ or ‘very innovative’ services and processes where many of these were not ‘new to market innovation’. A high proportion of YSE individuals believed innovation was ‘important’ or ‘very important’ for business growth.

Of those who used assistance, the ‘soft’ form was the most common in stage 1: ‘initiating/preparing’ whilst the ‘hybrid’ was the most common in stage 2: ‘start-up’. In stage 3 ‘survival (a) current level’ and ‘survival (b) growth’ - of those who did use assistance - the ‘soft’ and the ‘hard’ type of assistance were the most common respectively.

Concerns have been raised surrounding deadweight and additionality of policies and such concerns are further compounded by the lack of rigorous and timely evaluations of self-employment policies. Evaluation analysis could be enhanced if policies were targeted at specific self-employed cohort groups.

In terms of the quality of employment, YSE individuals worked on average 50 hours per week which was above the EU-27 average for self-employed workers (43 hours) and employees (37 hours) as noted in D7.2. This illustrates that most YSE work longer hours than the EU average hours worked from all ages of self-employment.

Despite the longer hours, a high proportion of the sample only ‘sometimes’ worked in the evenings, at night, on Saturdays, on Sundays, on holidays and Bank Holidays. A high proportion of the sample ‘usually’ worked from home.

51 per cent of the sample did have net weekly takings – the average net weekly taking was about €700. This reports finds on average net weekly takings for the YSE is above the EU-27 average for all self-employed individuals (about €410 per week) and employees (about €340 per week) as noted in D7.2. However, of those YSE with net weekly takings, 68 per cent of these were below the average net weekly taking in the sample of €698.50. 39 per cent of YSE did not have net weekly takings as of yet, which was perhaps not surprising given the age of these start-ups.

A high proportion of YSE individuals in the sample reported concerns over healthcare, pension, unemployment benefit and financial stability. However, many did not have any concerns, believing they were too young to think about social protection. This is a worrying development and may have serious implications for the quality of life of the now YSE in the future.

A high proportion of YSE was ‘satisfied’ with their current working conditions, highlighting the benefits of flexibility in their work. Considering the work-life balance, a high proportion of the sample was ‘satisfied’. In terms of work experience, a high proportion of YSE found it to be ‘important’ or ‘very important’ for business sustainability and growth. Finally, in terms of workplace training/education, a high proportion of YSE found it to be ‘important’ or ‘very important’ for business sustainability and growth.
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1 Introduction

Youth unemployment remains high in Europe with the EU youth unemployment rate (20%) more than double the overall unemployment rate in Europe (9%) (European Commission, 2016c). Self-employment is perceived as one viable response to youth unemployment. Active labour market policies which focus on ‘training, private sector incentives, “services and sanctions”…and self-employment’ are perceived better equipped to address unemployment than direct employment initiatives (Banerji, Saksonovs, Lin and Blavy, 2014). As noted in an earlier deliverable (D7.1) of this work package, there is an absence of a standard definition of self-employment at European level. Yet, several EU Member States have their own interpretation of the concept (Sheehan and McNamara, 2015a). Following on from two earlier tasks within this work package, summarised in D7.1 and D7.2, this report (D7.3) provides some insights into youth self-employment in the ‘Creative and Cultural’ (‘CCI’) and the ‘Information and Communications Technology’ (‘ICT’) industries, with a particular focus on their business start-up motivations, employment capability, innovation activity, assistance received and quality of work. The ‘ICT’ industry represents 4.8 per cent of the European economy where investments into ‘ICT’ account for half of the productivity growth in Europe (European Commission, 2016a). The ‘CCI’ industry is perceived as one of Europe’s most dynamic sectors, providing around five million jobs across the EU-27 (European Commission, 2010). Youth self-employment is a novel area given how young people are often not yet socialised by ‘typical’ employment experiences and maybe more open to new trends in working environments. In the sample of countries employed in this study (see below for further details), rates of self-employment vary considerably (as found in D7.1) with much of this variation attributed to different institutional and cultural factors e.g. a rise in female self-employment (Sheehan and McNamara, 2015a). Moreover, across this sample of countries, rates of youth self-employment are also varied, with different patterns found in the relationship between youth self-employment and the business cycle in some of these countries (See D7.1 - Sheehan and McNamara, 2015a). This provides the rationale for the country selection.

The overall objective of work package 7 of the STYLE project is to perform a gender sensitive analysis of factors which encourage youth self-employment, the characteristics of such individuals and their businesses, and policies which strengthen business sustainability

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3 D7.2: See Masso et al. (2015).
4 Comment made by one of the team partners.
and growth (STYLE, 2016). To achieve this objective, a mixed methods approach is employed where macro patterns of self-employment identified in D7.2 are complemented by a micro level analysis of youth self-employment in six EU member states, as per this report (D7.3). A mixed methods study ‘mixes top-down deductive and bottom-up inductive processes in the same study, using both confirmatory and exploratory research questions in a search for relationships between entities [youth and self-employment], the processes that underlie these relationships, [motivating factors, innovation activity, assistance, quality of work] and the context of these occurrences [EU and national level] (Teddlie and Tashakkori 2010, pp. 17).

The decision to employ a mixed method study hinges on the ‘research question, purpose and context’ (Venkatesh, Brown and Bala 2013, pp. 22). Following Tashakkori and Teddlie’s (1998) perception of the ‘dictatorship of the research question’ (cited in Tashakkori and Teddlie 2010, pp.17), the method(s) chosen in research ‘becomes analogous to selecting the best tools from the repertoire of tools available in the researcher’s methods toolbox to answer the stated questions’ (Plano Clark and Badiee 2010, pp. 278). Indeed, ‘research methods should follow research questions in a way that offers the best chance to obtain useful answers’ (Johnson and Onwuegbuzie 2004, pp. 17-18).

Having outlined the ‘purpose’ of the study i.e. the objective of the work package, there are several research questions to be addressed (see D7.1), the combination of which renders a mixed method the most suitable research strategy. Firstly, to identify the characteristics of the self-employed and entrepreneurs across the EU and with a particular focus on six ‘study countries’ (Sheehan and Mc Namara 2015a), a quantitative approach is employed (See D7.2). By adopting this strategy, the ‘quantification in the collection and analysis of data’ (Bryman and Bell 2003, pp.25) is perceived most appropriate in outlining the main characteristics of self-employment. Secondly, several areas of interest inform the research questions examined in this report and include: 1) motivating factors for becoming self-employed, 2) barriers and challenges to becoming self-employed and sustaining self-employment, 3) barriers and challenges to hiring employees, 4) quality of work, 5) innovation and sustainability and 6) country specific issues (Sheehan and Mc Namara 2015a). To address these, this report employs a qualitative approach in which ‘words…in the collection and analysis of data’ (Bryman and Bell 2003, pp.25) is perceived most appropriate in addressing these research questions. Qualitative research ‘embodies a view of social reality as…property of individuals’ creation’ (Bryman and Bell 2003, pp.25). Indeed, the motivating factors, barriers/challenges, quality of work and innovation and sustainability of self-
employment arise from each individual’s experience of being self-employed and thereby should be interpreted only as the perceptions of study participants about the phenomena investigated.

Whilst D7.2 mapped out the patterns of self-employment across the EU and provided a macro-level overview of key patterns, drivers and impediments to youth self-employment, it identified a need for a greater understanding of the institutional factors (e.g., government policy, ‘push’/‘pull’ motivations) as well as more insight into how young people perceive self-employment, all of which can influence the likelihood of young individuals becoming self-employed, sustaining and growing their business (Masso et al. 2015). A key rationale for this report (D7.3) is to provide a greater understanding – by micro-level analysis (i.e., firm level case studies) - of the complex processes that contribute to the macro-level patterns found in D7.1 and D7.2. The overall aim of this report is to provide an insight into ‘the interaction between start-ups by youth in the ‘CCI’ and ‘ICT’ industries, especially among youth who were previously unemployed; factors that facilitate and hinder start-up activity and innovation; and how policy interventions….may assist with start-ups, generate job creation and enhance their sustainability’ as outlined on the STYLE website (STYLE, 2016).

The findings from this report are based on firm level case studies conducted in six EU countries (referred to hereafter as the ‘study countries’): Estonia, Germany, Ireland, Poland, Spain and the United Kingdom. These countries are the same as those reported in the earlier Deliverables.

1.1 Methodology

The results presented in this report are based on 72 case studies - 12 case studies from each of the ‘study countries’. Purposive sampling (non-probability sampling) is employed, defined as ‘selecting units (e.g., individuals, groups of individuals, institutions) based on specific purposes associated with answering a research study’s questions’ (Teddlie and Yu 2007, pp.77). Sampling criteria is employed in the study. In a 4 point approach to sampling, Robinson (2014) refers to a set of inclusion or exclusion criteria needed to establish a ‘sample universe’ which is the first step in sampling. The type of sample selected should facilitate the inquiry into the research questions such that what is found in the study is determined by the cases studied (Patton, 2015). Founders of the start-up companies are

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5 The researchers from the ‘study countries’ are Estonia (Jaan Masso, Kadri Paes and Eneli Kindsiko), Germany (Renate Ortlieb and Silvana Weiss), Ireland (Maura Sheehan and Andrea Mc Namara), Poland (Aleksy Pocztowski, Beata Buchelt and Urban Pauli), Spain (María C. González Menéndez and Begoña Cueto) and the United Kingdom (Robin Hinks, Nigel Meager, Sam Swift and Anna Fohrbeck).
youth self-employed (YSE) aged 18-34, which corresponds to two age categories, 'youth self-employment' (18-24) i.e. 'younger youth' and 'emerging self-employment' (25-34) i.e. 'older youth', similar to an earlier stage of the research project (D7.2) in which these categories were also utilised. To evaluate policy interventions, of the 12 start-up businesses in each 'study country', 6 have received assistance and 6 have received no form of assistance. Facilitating a gender sensitive analysis, in each of the two sub groups, 3 have male founders and 3 have female founders. Considering time dimensions, in the subsets of each sub group, start-ups are in operation for 1-5 months, 12-24 months and 4 years and over (STYLE, 2016).

The rationale for selecting the sampling criteria is driven by the research objectives (research purpose) and the research questions of the study. The research objective of D7.3 is to identify the interaction between the youth self-employed, factors which encourage and impede start-up activity (including innovation capacity) and policy interventions (in the context of providing assistance, generating job creation and strengthening sustainability) (STYLE, 2016). This is in line with the overall objective of work package 7. As a result, only founders aged 18-34 are included to capture youth self-employment. Moreover, assisted and non-assisted firms, (policy intervention analysis), female and male founders (gender analysis) and 3 firm age groups (time dimension analysis) constitute the sampling criteria (STYLE, 2016). These criteria enable an examination of different cohorts of youth self-employed individuals by important characteristics and provide insights which could not be attainable from the earlier macro-level analysis. See Appendix 1 for an illustration of the sampling criteria.

**1.1.1 Sampling Methods**

To derive the final sample, each 'study country' employed a similar sampling method. The UK’s sample proved difficult to source, due to the shortcomings of a centralised database or directory of self-employed people. Whilst such a list exists through Companies House, the inability to disaggregate this by age of either company or individual rendered it unusable. Interviews were therefore mainly sourced through purposive sampling, and a snowballing approach was adopted. In addition, the Institute of Employment Studies’ (IES’) social media channels were used, with advertisements and invitations to participate placed on the institute’s website, Twitter feed, and LinkedIn page. Through these channels, nine interviewees were sourced. For the additional three interviewees, British universities with student entrepreneurship societies or support mechanisms were contacted, with three interviewees being recent graduates or current students who ran their business alongside
part-time study or during a year in industry.

For the German sample, most interviewees were recruited using the following strategies: 1) Internet searches: companies were identified by using web pages which provided a link to start-ups. Available information about the products/services of the company, the date the company was founded and pictures of the founder to determine their age group was checked. 2) Research using the register of the Chamber of Commerce and Industry. In order to find companies that started within the last 5 months, the register of the German Chamber of Commerce and Industry was used. This register provides information on age and gender of the founder(s). 3) Using the above two strategies, approximately 100 start-ups were contacted and asked personally to participate. Usually, they requested further information which was provided via email. Most of these individuals declined the invitation to participate. However, around one in ten agreed. This was the most successful strategy. Moreover, three interviewees were recruited through personal contacts of the researchers. Furthermore, an open call was sent to more than 30 co-working spaces, however, only 1 interviewee agreed to participate.

Several sources were used to derive the sample of Irish start-ups to include local enterprise offices, the Directory of Craftspeople – Design & Crafts Council of Ireland, ‘Harnessing Creativity – Creative Economy’ Seminar and a ‘Start-up Weekend’ held in NUI Galway. Only start-ups from the ‘CCI’ and ‘ICT’ industries were selected. All founders of the start-ups were in the age category 18-34 i.e. youth self-employed. Within the boundaries of the industry and founder age specifications, non-probability sampling was used to derive the sample. This helped to address the sampling criteria (assistance v non-assistance, gender and firm age). With each element of the criteria satisfied, the remaining elements intensified the process of non-probability sampling until all were satisfied. In some instances, snowballing was used where referrals from existing participants completed the sample. Again, the sampling was thus, non-random.

For the Estonian sample, purposive sampling was used - the contacts were chosen because of their specific characteristics. Moreover, snowballing was applied to trace the contacts. These were applied in a linear manner – purposive sampling first (crafting the list of suitable contacts) and then snowballing (to seek their consent to participate).

For the Spanish sample, contact was made with an association of young entrepreneurs which was responsible for business incubators. Using an iterative process, a directory of firms was used to search for potential interviewees. Moreover, existing interviewees were asked about their contacts i.e. a snowballing method was used.
A number of steps were taken to derive the sample of Polish firms. The first step was to identify the chosen industries i.e. ‘CCI’ and ‘ICT’ industries. The Classification of Enterprises Activity (PKD – Polska Klasifikacja działalności) was used where the relevant codes (for classification of business activities) were selected. Once the codes were identified, three institutions were contacted - Voievodship Labour Office, County Labour Office and Cracow City Labour Office. All three provide supportive programmes to the self-employed. These institutions were asked to provide contact details of firms which satisfied the sampling criteria. Contact was made with these firms via telephone. For start-ups who received no assistance, three methods were used to derive this element of the sample – own contacts, referrals (snowballing) and social media.

The semi-structured surveys were constructed by the WP7 team. Three pilot interviews were conducted prior to finalising the surveys, 2 in Ireland and 1 in the UK. The firms which participated in the pilot interviews differed in age profiles, with some only a few months old, to others which were over 4 years old. Based on the pilot interviews, some questions were modified.

Whilst the sampling criteria evaluates policy interventions and facilitates a gender sensitive analysis, 12 cases from each of the six ‘study countries’ (72 cases in total) renders the sample to be small and more importantly, of unknown representativeness. This is a key limitation of the report. Caution must therefore be taken when interpreting the results and generalisations should not be drawn. Moreover, a further limitation of the study is how responses of interviewees are subject to the wording of interview questions and whether choices are given in how to answer the question.

Finally, interviews were conducted with policy makers and implementers in each of the ‘study countries’. Highlights of these interviews are presented throughout this document to provide insight from policy makers’ and implementers’ perspectives on the issues examined with the YSE interviewees.

In summary, the sample was non-random where participants were recruited through several means i.e. local and national agencies, social media, personal contacts and snowballing. Given the non-random and non-representative nature of the sample, plus its small size, no generalisations should be drawn. Nevertheless, the findings reported here do provide important insights into the complex processes that the youth self-employed navigate.
1.1.2 Structure of Semi-Structured Interviews

Five sections constituted the final survey and were as follows: ‘Section 1: About your Current Business’, ‘Section 2: Starting your Current Business’, ‘Section 3: Assisting your Start-Up’, ‘Section 4: Quality of Work’ and ‘Section 5: About Yourself’. See Appendix 2 for the interview questionnaire. Interviewees were initially contacted by email and/or telephone, outlining the purpose of the interview and the type of questions to expect. Arrangements to conduct the interview were made thereafter. Given the sensitive nature of some of the questions (e.g., earnings), all interviews were conducted in person (face-to-face). Please see Appendix 3 for details on the guidelines interviewers were given to ensure consistency in questions asked across the ‘study countries’.

1.1.3 Data Analysis

The method of analysing these case studies adopts an inductive approach in which the findings inform the theory (Bryman and Bell, 2003). The main steps (Bryman and Bell, 2003) include 1) research questions (derived from the work of the earlier deliverables D7.1 and D7.2 with a particular focus on the following themes - motivating factors, potential barriers/challenges, quality of work and innovation and sustainability of self-employment, 2) selecting relevant site(s) and subjects (sampling criteria is described above), 3) collection of relevant data (face to face interviews, about 60 minutes in duration, all interviews were fully transcribed), 4) interpretation of data - transcriptions were manually searched for references to the main themes of the study in which a method of indexing was applied to map the themes to the transcripts. Patterns are then identified across all transcriptions where the open end type of interview questions facilitates a more in-depth analysis of certain themes e.g. challenges to job creation. In qualitative research, researchers ‘develop categories and themes as they work through transcripts…..and allow the theory and ideas to emerge from the data’ (Hair, Wolfinbarger Celsi, Money, Samouel and Page 2015, pp.282). Direct quotes were then taken from the transcripts to highlight the salient issues identified, 5) conceptual and theoretical work and 6) write up of findings/conclusion. Quotations are perceived important ‘for revealing how meanings are expressed in the respondents’ own words rather than the words of the researcher’ (Baxter and Eyles 1997, pp.508). To ensure reliability in qualitative research, Seale (1999) emphasises ‘low inference descriptors’ which ‘involves recording observations in terms that are as concrete as possible, including verbatim accounts of what people say, for example, rather than researchers’ reconstructions of the general sense of what a person said, which would allow researchers’ personal perspectives to influence the reporting’ (pp. 148).

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6 The type and layout of interview questions facilitated with the indexing.
The rest of this chapter focuses on the type of business structure utilised by respondents and the key motivating factors for becoming self-employed as reported by the sample respondents.

1.2 Business Structure

This section presents the business structure of the sample. The cases from the ‘study countries’ are classified as a sole trader, limited company, partnership or other, i.e. freelancer, civil society and charity. Within this sample, the most common structure is limited company (49%); followed by: sole trader (42%); partnership (3%); ‘other’ to include freelancer, civil society and charity (7%). In the German, Estonian, and Spanish samples, a limited company is the most common business structure whilst in the Irish, Polish and the UK sample, a sole trader is the most common. As noted in D7.2, across the six ‘study countries’, the majority of the self-employed were sole traders. Thus, our sample does not appear to be representative of the overall population, likely reflecting its specific industry focus.

Furthermore, it does appear that the business structure may be influenced by external factors, e.g. the legal origin of a country, which is to say, common and civil law. Common law countries are perceived to have the strongest legal protection for investors relative to civil law countries (La Porta, López-de-Silanes, Shleifer and Vishny, 1998, hereafter LLSV, 1998). Given that Ireland and the UK are common law countries, the dominance of sole traders in these countries may be explained by the fact such countries have a higher level of legal investor protection relative to civil law countries (LLSV, 1998) so there is little need to have limited liability and establish as a limited company. Given that Estonia, Germany and Spain are civil law countries where the level of legal investor protection relative to common law countries is lower (LLSV, 1998); there may be a greater need to set up as a limited company so as to have more protection.

Across the sample, there are differences in the number of firms with and without employees. The majority of firms (58%) did not have employees (see Chapter 2 on job creation capacity where challenges were identified in hiring employees). Spain has the highest average number of employees whilst Ireland has the lowest.

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7 Freelancer is a person who was not officially registered as a company, mainly offering services. Civil Society is a private partnership contract between two or more people who want to contribute together to a for-profit activity. Each person can provide work or money to the activity. It is a recommended option for small businesses that require little investment and prefer easy management.

8 One of the research partners focused on the job creation capacity of the YSE and largely selected their sample based on firms with employees. This has some impact on the result obtained.
Table 1 Firms with and without Employees

<table>
<thead>
<tr>
<th>Study Country</th>
<th>Firms with Employees</th>
<th>Firms without Employees</th>
<th>Average number of Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estonia</td>
<td>3</td>
<td>9</td>
<td>3</td>
</tr>
<tr>
<td>Germany</td>
<td>10</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td>Ireland</td>
<td>5</td>
<td>7</td>
<td>1</td>
</tr>
<tr>
<td>Poland</td>
<td>4</td>
<td>8</td>
<td>3</td>
</tr>
<tr>
<td>Spain</td>
<td>3</td>
<td>9</td>
<td>8</td>
</tr>
<tr>
<td>UK</td>
<td>4</td>
<td>8</td>
<td>5</td>
</tr>
</tbody>
</table>

Source: Authors’ Own Calculations

The interviews found that the main reasons for being a sole trader included:

- **Easiest route to become self-employed**
  One interviewee from the UK [company 5 – male, website design, 1-5 months old, no assistance] noted that being a sole trader was the “basic...self-employed route” to take, requiring the least resources to do so. In Spain, an interviewee found it was easier to start up a business when registered as a sole trader. Three interviewees from Poland [company 1 – male, computer software services, 12-24 months, assistance, company 3 – female, coaching services, 1-5 months, no assistance and company 5 – male, production of industry equipment, machinery repair services, over 4 years, assistance] believed that being a sole trader was “the basic form of activity” with another interviewee [company 7 – male, production of specific devices, software design services, over 4 years, no assistance] noting a sole trader is “the simplest form of activity” when starting up a business. Moreover, in Poland [company 12 – female, training, 12-24 months, no assistance], newly introduced administrative procedures enable entrepreneurs to fulfil all requirements via the Internet. One YSE individual claimed that she “did it in two hours one night”.

- **Financial cost**
  One Spanish start-up [company 9 – male, computer applications, 12-24 months, assistance] stipulated that although they would prefer to be a limited company, the financial costs involved were too high, discouraging them from doing so. With higher earnings from the business, this may become an option in the future. In Poland, running a limited company requires additional accounting procedures. For YSE individuals who do not have the appropriate knowledge and skills, it was perceived this may require hiring an accountant or outsourcing the work, which creates additional costs.
• **Nature of the company**

One interviewee from Ireland [company 4 – male, digital marketing, web design, over 4 years, no assistance] believed being a sole trader suited the nature of the company in terms of its working relationships, emphasising that it is “easier to have partnerships with freelancers when you are a sole trader”. In the UK, one interviewee [company 11 – female, drama workshops, 1-5 months, assistance] enjoyed the flexibility and could manage their time better, as it “makes [their] life a lot easier” and improves clarity “[they] know what [they] want to deliver and could go ahead with it” as well as maintain their own relationships with clients.

• **Easy exit route**

In the UK, an interviewee [company 1 - male, writing of software, over 2 years, no assistance] stipulated that being a sole trader retained the “option to get out quite easily. I enjoyed the fact I could get in easily...[but now] I know it’s not the most efficient way to run the business... but I like the fact I can get in and get out if I need to”.

• **Industry specific**

In Poland, an interviewee [company 10 – female, social Media, PR, promotion, on-line marketing, over 4 years, no assistance] found that in the ‘Creative’ industry, cooperation with others while designing is difficult, resulting in many of these companies acting as sole designers. She claimed that “in ‘Creative’ businesses such as designing, you implement your own vision and it is very difficult to find someone who shares your ideas”. This was echoed by an interviewee in the UK [company 11 – female, drama workshops, 1-5 months, assistance] who noted that in a ‘Creative’ industry, especially part-time, they would look to recruit “other specialists part-time” on a freelance basis depending on their direction. This is most likely applicable to the ‘CCI’ and the ‘ICT’ industries and, in particular, the ‘Creative’ industries given the importance of self-expression.

The main reasons for being a limited company included:

• **Limited liability**

In the UK, an interviewee [company 2 – female, theatre production, 2 years, assistance] posited “we didn’t want to be personally responsible for any type of financial loss or trouble the company might get in, so we wanted the company to be a separate entity to ourselves”. Being a limited company was the “easiest and [produced] the least risk to us individually”. Several interviewees in Germany [company 3 – male, agency designing user interfaces., selling apps and software products, over 4 years, no assistance, company 4 – male, mobile game development, 12-24 months, assistance, company 5 – male, Wi-Fi access, over 4 years, assistance] also found this to be a primary reason for choosing limited liability.
years, assistance, company 6 - female, renting agency for designer dresses and accessories, 12-24 months, no assistance, company 8 – female, art gallery and shop, 1-5 months, no assistance, company 9 – female, online platform for social business and sustainable business, year, assistance, company 10 – male, strategic innovation management, 1-5 months, no assistance and company 11 – male, movie production, 12-24 months, assistance] also noted the importance of limited liability, e.g. one interviewee [company 10 – male, strategic innovation management, 1-5 months, no assistance] stated that “one day the order amounts reached such a large size that we felt better knowing that we are not directly liable”.

- **Facilitates business with larger organisations**
  In the UK, one interviewee [company 3 – male, production of software and hardware for broadcasting, 12-24 months, assistance] noted “when you start working with big [broadcasters] they expect... a proper setup - so a limited company, VAT... they use very complex processing systems so you need to [formalise your structure to work with them]....when working with large organisations you have to have that sort of structure [limited company]”. In Ireland, an interviewee [company 6 – male, graphic design, over 4 years, assistance] stipulated that it is “useful to have a limited company for doing business abroad as you are taken more seriously”. In Spain, one interviewee [company 6 – male, neurodesign, 1-5 months, no assistance] noted “if you want firms and clients to take you more seriously, you need to be a limited company...If you are a sole trader; it seems that it is not serious”. Several interviewees in Germany [company 10 – male, strategic innovation, management, 1-5 months, no assistance, company 11 – male, movie production, 1-5 months, assistance and company 12 – female, software development and consulting, 12-24 months, assistance], highlighted reputational reasons, “in particular, when you work with large professional companies, they expect that you are a limited company” [company 10].

- **Public contracts**
  In Spain, an interviewee [company 12 – male, design, over 4 years, assistance] found that being a “limited company is the way to apply for public contracts”. For some programmes, it is a formal requirement but in general, if you are a limited company, you are then seen to be more ‘professional’ or ‘serious’.

- **Assistance**
  Several of the interviewees stipulated that it was more appropriate to be a limited company in terms of applying for and receiving government assistance. In Ireland, one interviewee [company 1 – male, design production, 12-24 months, assistance] stated that being a limited
company was a requirement when seeking a form of government assistance. In Spain, two interviewees [company 1 – male, online marketing, over 2 years, assistance and company 3 – female, nano satellites, 1-5 months, no assistance] noted that in receiving government funding, it was better to be a limited company as sole traders can have more limitations.

- **Have separation between the business and personal life**

In Ireland, one interviewee [company 6 – male, graphic design, over 4 years, assistance] believed that being a limited company facilitated keeping the business separate from their personal life. An interviewee in Germany [company 3 – male, agency designing user interfaces, selling apps and software products, over 4 years, no assistance] found being a limited company facilitated "separation of private and business financial issues".

- **Tax reasons**

Several interviewees in Germany [company 1 – female, post production agency, over 4 years, no assistance, company 4 – male, mobile game development, 12-24 months, assistance and company 8 – female, art gallery and shop, 1-5 months, no assistance] noted that being a limited company stemmed from advice given by a tax advisor which highlighted several tax advantages for limited companies as an interviewee [company 4] stated: “using your personal tax number when you do the whole taxation procedure might result in a big muddle. Thus, my tax consultant gave me the advice to make a clear distinction between my company and my person.”

### 1.3 Business Motivations

This section presents the motivations for starting up a business. In particular, emphasis is placed on the main driving force in starting up a business to be either a ‘push’ or ‘pull’ factor. D7.1 highlighted the importance of differentiating between ‘push’ and ‘pull’ motivations in becoming self-employed.

To contextualise the sample and understand the business motivations underpinning the decision to be self-employed, emphasis is placed on the work

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9. The primary theory development around start-up and/or entrepreneurial motivations has been to classify motivations into categories of ‘push’ and ‘pull’ factors (McClelland et al., 2005; Schjoedt & Shaver, 2007; Segal et al., 2005). Push factors are characterised by personal or external factors (including a poor economic climate, high unemployment, reduced social protection), and often have negative connotations – e.g., the ‘distressed self-employed’. Alternatively, pull factors are those that draw people to start businesses – such as seeing an opportunity (Hakim, 1989); and/or having the desire to implement a product or process innovation. The self-employed who are driven by pull factors are more likely to be entrepreneurial. Extracted from D7.1.

10. Caution must be taken with regards to the interpretation of the business motivations. As noted by one reviewer, these motivations are based on narratives and contain ‘value-laded dominant discourses about the virtues of entrepreneurship, creativity, innovation…. Social desirability biases must be born in mind’. Emphasis must also be placed on the wording of questions as noted by the reviewer. In section 2 of the questionnaire (Appendix 2), interviewees were asked to think back to the reason(s) for starting up the business and to select the reasons (up to 4 from a list provided) which were important in their decision to enter self-employment. Subsequently, interviewees were asked to indicate which reason was the most important and the second most important. Also, interviewees were asked was the main driving force that led them to start up a business a ‘pull’ factor or a ‘push’ factor.
status of YSE prior to entering self-employment, in particular, whether individuals have been self-employed in the past.

Appendix 5 presents the reasons as to why YSE individuals decided to start up their own business. Forty three per cent of YSE reported ‘to put an idea into practice’ as their first reason in becoming self-employed i.e. a kind of “pull” or opportunity-driven type of YSE. Only 3 per cent of these YSE were unemployed prior to starting up the business. Seventeen per cent of YSE noted ‘to be more independent or have more job autonomy’ as their first reason to start a business, with a further 17 per cent indicating ‘to have a job’ as their first reason. Seventeen per cent of those who cited ‘to be more independent or have more job autonomy’ were unemployed prior to starting up the business, in contrast to 25 per cent of those who cited ‘to have a job’.

1.3.1 Push / Pull Factors

In relation to the main driving force that led YSE to start their business, across all the ‘study countries’, the ‘pull’ factor was the most dominant (67%) (see Figure 1). This may be influenced by the specificity of the ‘CCI’ and ‘ICT’ industries. D7.1 noted than when young people are ‘pushed’ into self-employment, they will not execute market opportunities or innovation in the same manner as those who are ‘pulled’ into self-employment, rendering the latter group to be more entrepreneurial. Of those who cited a ‘pull’ factor, 52 per cent were male. Most were nationals (83%) and were highly educated (77%). Only 6 per cent of these were unemployed prior to starting up the business. These YSE were more likely to have a self-employed father (52%) compared to those who had a self-employed mother (23%). Of those who cited a ‘push’ factor (25%), these YSE were mostly males (56%) and mostly nationals (89%). Fifty six per cent of these individuals were highly educated. Moreover, 17 per cent of these YSE were unemployed prior to starting up the business. Fifty per cent of this group had a self-employed father, compared to 17 per cent who had a self-employed mother.

In Spain, an interviewee [company 2 – male, apps and video games, 12-24 months, no assistance] noted that although they had a permanent job, they needed to do something different, to be creative. In Ireland, an interviewee [company 12 – female, jewellery design, 12-24 months, assistance] asserted “it was definitely pull. I identified something good”. Another interviewee from Ireland [company 4 – male, digital marketing, web design, over 4 years, no assistance] stated “before I started the business, I was developing websites for family and friends. I was still in school so it was a side line thing. I made good money, especially as a 16/17 year old. I saw then that there was a market for this”.

As noted in D7.2, there was an increase in the educational status of the self-employed across the ‘study countries’, possibly reflecting a lack of employment opportunities which appeared to be ‘pushing’ the highly educated into self-employment. Whilst this report finds those who were pulled to self-employment were highly educated, this possibly reflects a strengthening of opportunities to start a business given that most of these YSE became self-employed in the last few years, when arguably the effects of the recent financial and economic crisis were less pronounced.

Figure 1 Push/Pull Motivations over the ‘Study Countries’

To reinforce the ‘pull’ motivations in starting a business and thus the entrepreneurial spirit of young people, emphasis needs to be placed on strengthening the entrepreneurial mind-set at earlier ages through entrepreneurial education. In Estonia, policy experts found the majority of programmes aimed at teaching entrepreneurship do so at university level. Yet, these policy experts believe these programmes should be taught at much earlier ages i.e. kindergarten or primary level, where children are introduced to entrepreneurship through playing i.e. in a safe and risk-free environment. A policy expert in Ireland [policy expert 1] asserted there is a good focus on 15-17 year olds but the focus needs to be extended to younger age groups – “In terms of entrepreneurial education, this should start when a child is at three years of age. It is important to build cognitive and socialisation skills. At the minute, policy is concentrated on third level.” In Estonia, one policy expert stated that “entrepreneurial classes should be as common as singing classes to our students”. Indeed,
policy experts in Estonia believed today too many grown-ups are “highly afraid of entrepreneurship because they do not have any experience. Such attitudes can and should be changed from an early stage”. As part of entrepreneurial education, a mentality that is accepting of making mistakes must also be encouraged. Policy experts in Estonia found, from an early age, there is a mind-set that one should not make mistakes. Given that the risk of starting a business increases the likelihood that individuals will make mistakes, the ‘no mistake mentality’ can act as an internal barrier to entrepreneurship and thus needs to be addressed as part of entrepreneurial education. It is important, however, that the aim of these programmes is not to have everyone become an entrepreneur but that those who possess the necessary characteristics (very often innate) are encouraged to pursue a business start-up, as noted by policy experts in Estonia.

1.3.2 Work Status of YSE Respondents

Prior to starting up the business, 51 per cent of YSE individuals were working in a paid job or business as an employee, or working in a paid job or business on a self-employed/freelancer basis. A further 29 per cent of YSE were in full-time education. Only 11 per cent of the sample was unemployed prior to starting up the business. Sixty one per cent of YSE individuals indicated that they had never been unemployed since leaving full-time education.

Seventy five per cent of the sample had not been self-employed in the past; hence their current business is their first time entering self-employment. Interestingly, males are likely to have more experience being self-employed relative to females, given that those who were self-employed for the first time were predominately female. This links back to D7.1 and D7.2 in which self-employment was found to be predominately male.

1.4 Summary

Within this sample, the majority of firms were a limited company followed by sole trader. This is in contrast to the overall patterns in the ‘study countries’ (in D7.2) where sole trader is the most common business structure. This likely reflects the influence of the focus industry (‘ICT’/‘CCI’). Cross country differences were evident in the business structure of our sample with a limited company being the most common in Estonia, Germany and Spain. In Ireland, Poland and the UK, a sole trader was the most common form of business.

Country differences in the business structure composition appear to be explained by the legal origin of a country, where in common law countries which have a higher level of legal investor protection relative to civil law countries (LLSV, 1998), sole traders are most common. In civil law countries where the level of legal investor protection relative to common
law countries is lower (LLSV, 1998), a limited company is most common. It is quite possible; however, that these findings reflect the focus industry and therefore generalisations should not be drawn.

In terms of business motivations, ‘to put an idea into practice’, ‘to be more independent and have more job autonomy’ and ‘to have a job’ were found to be main reasons given by YSE individuals for starting up their own business. Not surprisingly, in light of these reasons, the report found ‘pull’ factors, as opposed to ‘push’ factors, were the most dominant in driving the decision to become self-employed. These patterns, however, are likely to be significantly influenced by the focus industry.

In the last few years, there appear to be more opportunities to start a business. This is in line with stronger economic growth within the EU-28 where in 2014, the real GDP increased by 1.3 per cent from 2013 (Eurostat, 2016a). This specificity of the ‘CCI’ and ‘ICT’ industries may also encourage more ‘pull’ type self-employment. In order to further strengthen ‘pull’ motivations, policy experts emphasised the need to build an entrepreneurial mind-set at even earlier ages through entrepreneurial education. Nevertheless, the finding that so few of the sample were previously unemployed and were highly educated does question whether the promotion of self-employment, at least within in the ‘CCI’ & ‘ICT’ industries, will have any significant impact on youth unemployment across the EU.
2 Job Creation Capacity

2.1 Introduction

This chapter reports on the job creation capacity of the sample of firms. Earlier stages of the research have highlighted the importance of self-employment in the creation of jobs; however, the extent of their capacity to create jobs is uncertain. Over half of the YSE sample (58%) did not currently have any paid staff employed in the business. As reported in D7.2, in recent years, there has been a decrease in the percentage of the self-employed with employees where recent economic and financial conditions are perceived to have weakened job creation opportunities by the self-employed. Of the youth self-employed with no paid employees, a larger proportion (52%) of these firms had been in operation for less than a year. This suggests that the age of the business does impact on job creation opportunities, which is consistent with Schumpeterian theory – and supported by significant empirical evidence - that firm size and firm age are highly correlated (Aghion and Durlauf, 2013). Gender patterns are not evident across the sample in relation to job creation patterns. Of the YSE which have paid employees (42%), 83 per cent of these were micro firms. In terms of staff headcount, a micro firm has less than ten employees (European Commission, 2016b). Only ten per cent of these YSE had ten or more employees with the majority based in Germany.

To explain the lack of employment opportunities, other factors must be considered i.e. the challenges of hiring. The key challenges in hiring employees raised by the YSE interviewed include financial costs, appropriate skills and experience, work ethic, trust, place of work and legal obligations. Indeed, financial costs are the most significant challenge followed by lack of skills and experience. Given that a top priority of the European Commission (2014) is ‘to get Europe growing again and to increase the number of jobs without creating new debt’; the job creation capacity of these firms is a key area of interest.

2.2 Job Creation Challenges

Across all six ‘study countries’, less than half (42%) of the total sample of YSE businesses had paid employees. This is high in comparison to the self-employed with employees as a percentage of self-employed persons (aged 15-64) for the EU-27 (28.49%) in 2015 (Authors own calculations based on Eurostat data). This most likely reflects the nature of the industry and the flexible types of employment patterns it harbours. However, over 90 per cent of the
sample of YSE reported facing challenges in hiring employees/additional employees. In the following, we present some of the key challenges reported in the case studies.

2.2.1 Financial costs

YSE report financial costs as ‘the most significant challenge’ in hiring employees (58%). The costs involved in having employees are significant in terms of wages and insurance contributions. As noted in D7.1, the self-employed have much less social protection than dependent employees. When the self-employed hire employees, they need to make contributions on behalf of their employees, contributing to healthcare and pension cover. In Ireland, there appears to be a high wage expectation from prospective employees with one interviewee [company 4 – male, digital marketing, web design, over 4 years, no assistance] emphasising “they [employees] expect to get even higher wages than me [the founder]”. In Estonia, the cost of labour is a challenge with one interviewee [company 6 – male, IT solutions, 1-5 months, no assistance] noting “where to find employees that would bring more profit than losses to your company?” In the UK, two interviewees [company 7 – female, theatre company, less than 1 year, no assistance and company 8 – female, actor/sales in media, over 2 years, no assistance] referred to a very limited access to funding which impedes the hiring capacity. In particular, in light of ongoing cuts to arts funding in the UK, access to such resources becomes more difficult. As a result, employees cannot be expected to commit to a company when it is unclear what funding will be available. Policy experts in Spain highlighted the reduction in social security contributions for new self-employed individuals (a flat rate of 50 euro a month for the first 6 months of self-employment) which was established in 2013.

Concerns over financial costs are further compounded by the seasonality of work, frequency of employee costs (weekly or monthly wages) and project duration (specifically, the short-term nature of the majority of contracts). In Spain, an interviewee [company 8 – female, socio cultural activities, over 4 years, no assistance] stated that “employees don't know how much you pay in taxes”.

- **Seasonality of Work**

Concerns of financial costs are further intensified by the seasonality of work, idiosyncratic of a start-up business in which it can experience significant variations in the demand for its products and services. As a result, inconsistent work flows impede the ability of the business to meet regular employee costs. In the UK, one interviewee [company 6 – male, film, over 4 years, assistance] noted “Until I have a sort of year-round programme of work guaranteed,
and there is space within that to recruit someone else, I couldn't hire anyone. Otherwise I would have to keep firing them." In Spain, one interviewee [company 6 – male, neurodesign, 1-5 months, no assistance] reported the need for stability in earnings so as to facilitate the hiring of an employee. Part-time contracts may provide more flexible employment.

- **Frequency of employee costs**

While a founder of a start-up may be willing to forego their wages for a certain time period given the instability of their work, the frequency of employee costs (monthly wages) renders this option impossible for employees. As noted by one interviewee in Spain [company 10 – female, engineering, over 2 years, assistance], “it is ok if I [founder] do not receive a wage but how can we do that to our employees?” Furthermore, given that timing issues can arise from when the work is completed and payment is received by the business, this can result in a cash flow shortage, creating difficulty in committing to monthly employee costs. As noted earlier, employee costs refer to wages and insurance contributions. A policy expert in the UK highlighted a new intervention - a ‘Small Business Commissioner’ (introduced in 2015) responsible for resolving disputes between small businesses and clients/customers e.g. late payment. Such a model was taken from Victoria, Australia, following its success there. The ‘Small Business Commissioner’ will also ‘enable small businesses to resolve disputes and avoid future issues through general advice and information related to different ways of resolving disputes and the agreement of contracts’ (Department for Business Innovation & Skills, 2015).

- **Project Duration**

Concerns are expressed over providing full-term contracts of employment given the seasonality of work and uncertainty over work flows. An interviewee in Germany [company 3 – male, agency designing user interfaces, selling apps and software products, over 4 years, no assistance] noted estimating project durations can be arduous, which limits their ability to calculate the length of employment contracts needed. This raises the question as to whether full-time employees are needed all the time, suggesting if part-time contracts might be more suitable, providing more flexible employment. As noted in D7.2, the possibility of under-employment was raised by some of the ‘study countries’, suggesting a possible absence of self-employed jobs with full-time hours (which could also be linked to the start-up phase of the business). This perhaps implies that both the self-employed and their employees may now be more likely to work part-time than full-time. In this sense, a Spanish interviewee [company 2 – male, apps and video games, 12-24 months, no assistance] preferred “having a network of external collaborators than employees so to have flexibility”. In Poland, YSE claim that their contracts are of different lengths. That is why they prefer cooperating with
other self-employed individuals while fulfilling tasks. If they hire someone, their tasks would cover mainly back-office supporting duties rather than those directly connected with the firm profile. Such workers are perceived to be helpful and the costs of employing them would be low, because they do not have to possess high-level skills.

2.2.2 Skills and Experience

Finding employees with the right level of skills and an appropriate level of work experience was the ‘second most significant challenge’ reported by the youth self-employed (25%).

In Estonia, one interviewee [company 5 – female, leather and textile design, 12-24 months, assistance] highlighted the challenge of matching employee skills with the needs of the company where highly specialised skills in the leather industry were required. In Ireland, an interviewee [company 10 – female, fashion design, 12-24 months, no assistance] noted the challenge of finding an individual who “can develop a luxury brand starting out” for the business. There are many established companies with luxury brands but not start-ups with luxury brands. The level of work readiness skills is a significant concern where one interviewee from Ireland [company 12 – female, jewellery design, 12-24 months, assistance] identified the lack of work readiness skills amongst prospective employees e.g. how to write a business email. An interviewee in the UK [company 12 – female, art and theatre, over 3 years, assistance], stated that they would be unlikely especially to hire younger employees, “because of experience…we’re not in a position to support people who don’t have experience”. Interestingly, an interviewee in Germany [company 11 – male, movie production, 1-5 months, assistance] noted “we are looking for young people who are not yet socialised in a large group thinking company….We want to have a nice working atmosphere, thus we look for people who have the same ‘vibe’”. According to the European Centre for the Development of Vocational Training (2014, pp.3), many of the job vacancies today cannot be filled due to the wrong skills set where prospective employees lack ‘soft skills including interpersonal, communication and problem-solving abilities’. This raises concerns of qualitative shortages in the supply of skills and renders the strengthening of transversal skills a key focus for the future. In terms of skills needed for the future, policy experts in Germany highlighted that the demand for IT skills will increase, driven not only by IT companies but also by ‘Creative’ companies given the digitalisation of the economy. As a result of this, employees will need up to date IT training but this currently remains a challenge as employees are often only “learning by doing”.

A policy expert in Ireland [policy expert 1] highlighted the importance of employer
engagement to identify skills needed in the market place – “there are problems recognising people with the right skills on the live register. In some instances, there is a need to brush up on skills e.g. work experience but this can be hard especially for the youth. Greater employer engagement is needed”. Another policy expert in Ireland [policy expert 2] highlighted the value of business forums in which roundtable discussions with the YSE, government agencies and other business actors can address the skills gap. Across the sample, most companies are based on ideas derived from the capability and talent of business founders. In the ‘Creative’ industries, the talents of individuals are the main driving force in entrepreneurship, resulting in the start-up of new businesses. That is why, where possible, support should be aimed at helping individuals to identify their talents. Policy experts in the UK referred to the growth of apprenticeships in the ‘Creative’ sector, “employer led developments that have seen apprentices coming into the sector”. This is an interesting development given the ‘Creative’ sector would be perceived as less “traditional” in comparison to ‘Manufacturing’ in providing workplace learning opportunities, as noted by UK policy experts.

2.2.3 Other Employment Creation Barriers

Other challenges in hiring employees include work ethic, trust, place of work and legal obligations. Concerns were expressed by interviewees about the lack of “work ethic(s)”, especially amongst the youth where 4.2 per cent of the YSE noted this. In Estonia, one interviewee [company 1 – female, embroidery/sewing, over 4 years, assistance] noted how young people [as employees] can be irresponsible in terms of punctuality and even fail to show up for work, providing no reason. In Poland, an interviewee [company 12 – female, training, 12-24 months, no assistance] referred to the poor work motivation of young people. Work flexibility is a further concern which can be particularly pronounced for start-up companies in light of the seasonality underpinning their work. In the UK, one interviewee [company 5 – male, website design, 1-5 months, no assistance] noted in taking on paid staff, an ultra-flexible worker is required who is able to take on work when needed but resilient enough to have no work during quieter periods.

Ten per cent of the YSE noted the ability of founders to trust employees as a key concern which can lead to further challenges, including the protection of intellectual property. As noted in several interviews, there appears to be a reluctance by founders to share business ideas, business solutions, and business techniques, which is not surprising. One interviewee in Ireland [company 8 – female, edible arrangements, less than 1 year, no assistance] stipulated, “In hiring employees, I would have to teach/share the knowledge of the creative arrangements but not share the knowhow. There is a fine line.” These concerns may reflect,
at least in part, the industry specific issues - knowledge is potentially highly extractable and transferable in the ‘Cultural and Creative’ industries. ‘CCI’s are perceived as knowledge-driven industries, a facilitator of a more knowledge-based society (European Commission, 2010). Within a new digital economy, ‘the ability to create social experiences and networking is now a factor of competitiveness’ (European Commission 2010, pp.2). In Estonia, policy experts identified a lack of idea sharing as a significant barrier to entrepreneurship, asserting “the mentality that you should spread your ideas (pitching) is still relatively hard for Estonians”. Greater emphasis is needed on how to pitch business ideas.

For many of the start-up companies, the home is the main place of work and, as noted by the YSE (2.8%), having an employee working in the home would be very uncomfortable. In the UK, an interviewee [company 6 – male, film, over 4 years, assistance] stipulated how impractical it is to hire employees given that the home is also the workplace. While the interviewee was asked to provide work experience, he felt this would be inappropriate because the workplace was home. In Ireland, an interviewee [company 8 – female, edible arrangements, less than 1 year old, no assistance] stated that given the stage her business is at, she is currently unable to pay for rental space, rendering her home also as her workplace. She noted “I would not like to have employees in my home”. In Poland [company 9 – female, interior design, over 4 years, assistance], one YSE only rented a workplace for a year. She claimed “I can do the same things at home and save my money. If I hire someone, such a person would work at his/her home as well, we would meet in some office spaces that can be rented for an hour or in a pub”.

Finally, the legal obligations associated with paid employees are found to create difficulties for hiring employees, in relation to the perceived volume of obligations to fulfil including the additional paperwork. Almost 6 per cent of YSE report concerns about legal obligations as a key barrier to hiring employees. In Estonia, one interviewee [company 5 – female, leather and textile design, 12-24 months, assistance] highlighted the bureaucracy of additional documents to complete when hiring employees. An interviewee in Germany [company 5 – male, Wi-Fi access, over 4 years, assistance] also referred to the legal issues of employment and emphasised a cost benefit analysis of additional employees, to determine whether a new recruit will pay off. In the UK, one interviewee [company 1 – male, writing of software, over 2 years, no assistance] noted how “a lot of companies in my position break the law and have [a worker] as a ‘freelancer’…… [as] that saves you a huge amount of headache….I see the pain of auto-enrolment pensions for example, there's a lot of threats, there's a lot of warning [on how this might affect employers in terms of administrative costs].” In light of these
requirements, ‘bogus’ self-employment may become a more favourable choice for individuals. As noted in D7.1, ‘bogus’/disguised self-employment has become a serious concern in many EU countries, blurring the boundaries of true self-employment. However, as found in D7.2, the extent of ‘bogus’ self-employment is no higher among the youth than the adults.

Despite the challenges identified in hiring employees, over half of the sample of youth self-employed (71%) ‘is planning to hire employees/additional employees in the next three years’. In some cases, this is contingent on several business factors, including the growth of the business. Interviewees indicated that both full-time and part-time contracts will be provided.

### 2.3 Summary

Less than half of the sample had paid staff employed in the business. The majority of the sample of YSE identified significant challenges in hiring employees to include the financial costs and skills/experience. Other less significant challenges include work ethic, trust, place of work and legal obligations. In light of these challenges, however, over half of the youth self-employed plan to hire employees in the future. In order to strengthen the job creation capacity of these companies and fulfil a significant priority of the European Commission (2014) as outlined earlier, emphasis needs to be placed on minimising these challenges. Indeed, such challenges inform a later stage in the research project (D7.4) in which key policy recommendations are made.
3 Innovativeness of Start-Ups

3.1 Introduction

This chapter reports on the innovativeness of start-ups in terms of their products, services and processes. In particular, emphasis is placed on “New to Firm Innovation” i.e. new or significantly improved to the business but already available in the market and “New to Market Innovation” i.e. new or significantly improved to the business and the market. These definitions stem from the Community Innovation Survey (CIS) available from Eurostat (2015)\textsuperscript{11}. Emphasis on the innovativeness of these start-ups is warranted given the importance of innovation to an economy. Innovation lays the ‘foundation for new businesses, new jobs and productivity growth’, serving as an ‘important driver of economic growth and development’ (OECD 2015, pp.2). Indeed, highly innovative economies are perceived to be ‘more productive, more resilient, more adaptable to change’ (OECD 2015, pp.2). Focusing on the ‘ICT’ industries, information and communication technologies underpin the innovation and competitiveness of both private and public sectors within Europe, justifying the emphasis given to it in H2020 (European Commission, 2016a). This chapter identifies key factors which influence the product, service and process innovation along with outlining differences which the innovation(s) has made to (a) the business and (b) the market.

3.2 Product Innovation

Fifty per cent of sample respondents reported having ‘innovative’ or ‘very innovative’ products. Estonia, Ireland and the UK had the highest share respondents who indicated that their products were ‘innovative’ or ‘very innovative’. Of those who had ‘innovative’ or ‘very innovative’ products, a high proportion of these YSE individuals (69%) had ‘new to market innovation’. In the UK, one interviewee [company 2 – female, theatre production, 2 years assistance] noted that their company is “always striving to do something innovative and new”. Another interviewee from the UK [company 3 – male, production of software and hardware for broadcasting, 12-24 months, assistance] emphasised that product innovation was “the most important factor” underpinning firm success. An interviewee in Ireland [company 8] believed “the product innovation is the business”. Several factors influencing product innovation were identified by respondents including:

\textsuperscript{11} Concerning the design of the CIS and these concepts, one may refer to the Oslo manual.
• **Personal interest**

Several interviewees noted that their own personal interest inspired their product innovation. In the UK, one interviewee [company 2 – female, theatre production, 2 years, assistance] stipulated that their own ideological beliefs were a factor, indicating that the product innovation was “something that we care about…, it wasn’t like we thought ‘ah, we want to be innovative’… we wanted to put something on stage that’s saying something and making people think a little bit differently about their lives, and I guess that always pushes innovation”. A further interviewee [company 1 – male, writing of software, over 2 years, no assistance] emphasised their personal interest in image recognition software but was frustrated by the lack of its practical use in the market; hence it was their keen interest in the practical application of the product which fuelled the innovation. One interviewee in Ireland [company 8 – female, edible arrangements, less than 1 year, no assistance] noted that her interest in healthy foods was an important factor, asserting “I think this is important for me especially now as I am a mum. Also I have a real faith/belief in the product. I have a lot of passion for the product”.

• **Market Demand**

Several interviewees highlighted market demand as a key factor. In the UK, one interviewee [company 3 – male, production of software and hardware for broadcasting, 12-24 months, assistance] referred to customer demand, to be able “to do what they did [previously, but]… better, faster and cheaper…. there is an expectation that things will move a lot quicker… and that generally does happen”. Furthermore, another interviewee [company 4 – female, dance, 12-24 months, assistance] noted that the product innovation was “not because we wanted to be different… but because it was lacking in the market”. In Ireland, two interviewees [company 3 – male, platform to connect with professional cleaners, 1-5 months, assistance and company 5 – male, farm modelling, over 2 years, no assistance] referred to their market research from which they believed there would be a demand for their product. [Company 3] “We looked at the market to see what was out there at the moment. There is a move towards more of an 'on demand' economy. We learn from others in other spaces”. A further interviewee from Ireland [company 12 – female, jewellery design, 12-24 months, assistance] knew there was a gap in the market, positing “I am doing something different. I knew there would be a demand for this.” In Estonia, one interviewee [company 4 – female, handicraft/homemade ice-cream, over 4 years, assistance] believed “their clients trigger[ed] [their product] innovation”. Following new trends in the market, an interviewee [company 3 – female, design/architecture, over 4 years, assistance] found other [competitors] were not innovative and that there was an opportunity to produce better products. An interviewee in
Germany [company 3 – male, agency designing user interfaces and selling apps and software products, over 4 years, no assistance.] found their product innovation stemmed from customer satisfaction, in terms of providing simplicity and usability. In Spain, client needs were an important factor driving the product innovation [company 5 – male, design, 12-24 months, no assistance].

- **Market Competition**

One interviewee in Estonia [company 4 – female, handicraft/homemade ice-cream, over 4 years, assistance] noted that due to stringent competition, “there is a need for standing out in the market”. Furthermore, another interviewee [company 12 – male, furniture making, over 4 years, no assistance] highlighted their “need to differ from the market”. In Spain, an interviewee [company 2 – male, apps and video games, 12-24 months, no assistance] found their product innovation stemmed from industry pressures, “if you are not innovative, you are out. We want to grow the business so we need to be very innovative”. In Ireland, an interviewee [company 9 – female, pottery, over 4 years, assistance] noted that their product innovation was in response to “keeping the interest of existing customers and to bring new customers in”.

Asking interviewees what difference the product innovation has made to the business, interviewees highlighted the following:
- an increase in profitability
- new customers
- job creation opportunities
- facilitating the building of the brand
- providing a survival mechanism and
- enabling a greater focus on bigger projects

Several of the interviewees believed the product innovation was synonymous with the business. In Spain, an interviewee [company 5 – male, design, 12-24 months, no assistance] believed that without innovation, there would be no firm. Furthermore, in Ireland, an interviewee [company 2 – female, jewellery, over 4 years, assistance] stipulated “this is why the business took off, it made the business”. In Estonia, one interviewee [company 12 – male, furniture making, over 4 years, no assistance] asserted “Innovative products work like marketing - they sell your company. Such innovative products tend to attract the customers who have even higher expectations for innovative products, thus in the end you get a snowball effect”. In identifying the differences made to the company, there appeared to be a
time effect where because of the young age of companies, some interviewees in Estonia were unable to outline any differences as of yet.

Asking interviewees what difference the product innovation has made to the market, interviewees highlighted the following:

- an increase in product choice including new products;
- providing a response to market needs and
- greater demand

For others respondents, however, innovation made no difference to the market. In line with company differences, interviewees in Estonia also referred to the time effect where young firms were unable as, of yet, to identify the differences made to the market by the product innovation.

### 3.3 Service Innovation

Thirty five per cent of respondents indicated that they had ‘innovative’ or ‘very innovative’ services. This is not surprising given that the ‘CCI’ are ‘dominated by small but flexible and dynamic organisations, very much user and service oriented’ (Eurocities, 2015). Moreover, innovation is perceived to be very relevant for the service sector (Gallouj and Weinstein, 1997). The number of firms whose services were ‘innovative’ or ‘very innovative’ was the highest amongst interviewees from Germany whilst it was the lowest amongst interviewees from Spain and Poland. Of those respondents who had ‘innovative’ or ‘very innovative’ services, a high proportion (52%) did not have ‘new to market innovation’. Key factors that influenced service innovation were as follows:

- **Customer needs**

Several interviewees in Poland noted that much of the service innovation stemmed from customer needs, which is not surprising given the specificity of service innovation. In Spain, interviewees stipulated the need to adapt to customers/clients fuelled their service innovation. In Ireland, one interviewee [company 1 – male, design promotion, 12-24 months, assistance] posited the innovation was driven largely by “customer focused needs”. An interviewee in Germany [company 6 – female, renting agency for designer dresses and accessories, 12-24 months, no assistance] referred to the shared economy in which, as part of the target group, it recognised a demand for this service innovation.

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12 A small number of interviewees had difficulty differentiating between service and product innovation and this is recognized as a limitation of the case studies.
• **Efficiency**

In Estonia, one interviewee [company 10 – male, IT solutions, over 4 years, assistance] noted greater efficiency fuelled much of the service innovation. In Ireland, an interviewee [company 3 – male, platform to connect with professional cleaners, 1-5 months, assistance] found that customer and contractor feedback was very time consuming, stipulating that it “was difficult to get a balance between customer and contractor. We are now trying to create a happy medium between customers and contractors [with the service innovation]”.

• **Market trends/developments**

An interviewee in Germany [company 1 – female, post production agency, over 4 years, no assistance] referred to software innovations and market trends, encouraging them to remain creative in the industry. In Spain, one interviewee [company 11 – male, financial technology development, less than 12 months, assistance] highlighted the changing nature of the market and how the very nature of the services they provide “requires continued innovation”. In Poland, market trends appeared to be an important factor for several of the interviewees.

• **To be different**

One interviewee in Ireland [company 2 – female, jewellery, over 4 years, assistance] highlighted their need to “keep the concept of ‘being different’ throughout the business. Innovation is at the core of everything…. [You] need to be different from others”. In Spain, an interviewee [company 8 – female, socio-cultural activities, over 4 years, no assistance] referred to their integrated services as a mechanism to be different from competition in the market.

Asking interviewees what difference the service innovation has made to the business, interviewees highlighted the following:

• an increase in revenue, profitability, new customers/clients, job creation opportunities
• a strengthening of business sustainability
• stronger brand recognition and
• a more customer-oriented focus

In Estonia, one interviewee [company 10 – male, IT solutions, over 4 years, assistance] found the service innovation facilitated more effective measurement of time and cost needed to complete their projects. An interviewee in Germany [company 11 – male, movie production, 1-5 months, assistance] highlighted that their service innovation strengthened customer and business relationships, increased turnover, provided better co-operation with
freelancers and supported knowledge acquisition. In Ireland, one interviewee [company 7 – male, writing/film making, 1-5 months, no assistance] noted that in the market, there is a lot of noise and little innovation. “The business gets lost as a result. Therefore this [service] innovation makes my business”.

Asking interviewees what difference the service innovation has made to the market, interviewees highlighted the following:
- providing a response to market needs
- environmental differences and
- more choice

In Ireland, an interviewee [company 7 – male, writing/film making, 1-5 months, no assistance] noted “it brings something new to the market. [It] provides originality and more choice”. A further interviewee [company 1 – male, design promotion, 12-24 months, assistance] believed their innovation “creates the opportunity to have a talking point. It creates a branding opportunity. It connects the market and brings together existing designers with new designers. There is a collaboration of designers”.

3.4 Process Innovation

Thirty nine per cent of respondents reported having an ‘innovative’ or ‘very innovative’ process. The number of firms whose processes were ‘innovative’ or ‘very innovative’ was the highest amongst interviewees from Germany whilst it was the lowest amongst the interviewees from Spain. Of those who had ‘innovative’ or ‘very innovative’ processes, 50 per cent of these YSE individuals did not have ‘new to market innovation’. In the UK, one interviewee [company 1] stipulated this process innovation is of greater value than the product innovation, asserting “the most interesting innovation for me is in processors, and the process that exists in, the process of marketing our talents together as a group largely outside of traditional forms -...[namely] trade associations and very centralised groups that previously you might have joined… it’s a very different way of creating a business community from what is identifiable before and that's been a massive boost for me”.

Influencing this innovation, several factors were identified including:

- Efficiency
Several interviewees noted a need to improve company efficiency. One interviewee in Ireland [company 3 – male, platform to connect with professional cleaners, 1-5 months, assistance] asserted “it was taking too long, too much time to address customer/contractor
feedback. There was too much inefficiency. Hence some change was needed”. An interviewee in Germany [company 5 – male, Wi-Fi access, over 4 years, assistance] referred to their need to work fast and become more cost efficient. There was also a need to keep their processes simple so as to remain flexible in the market. In the UK, one interviewee [company 10 – male, web design, 1-5 months, assistance] highlighted efficiency as a key process innovation in their sector (software), considering how rapidly the sector develops, espousing the need to keep on top of new software and programming languages.

- Communication
One interviewee in Poland [company 5 – male, production of industry equipment, machinery repair services, over 4 years, assistance] stipulated that their process innovation stemmed from stronger internal communication within the company.

- Customer expectation
An interviewee in Poland [company 9 – female, interior design, over 4 years, assistance] noted technological developments and a change in customer attitudes fuelled the innovation, asserting that customers are now expecting something extraordinary. In Ireland, one interviewee [company 11 – female, textile wall art, 12-24 months, assistance] referred to the encouragement of their clients, positing “I never stop looking for new ideas, new ways. I am always trying to discover new techniques”. Another interviewee [company 12 – female, jewellery design, 12-24 months, assistance] believed with the technology used, the process of designing jewellery results in more “crisp, precise and defined” pieces which meets their customer expectations. “The product would not be what it is otherwise. I tried many techniques but this technique is the best way. I am, however, always looking for something new”.

- Funding sources
One interviewee in the UK [company 2 – female, theatre production, 2 years, assistance] referred to public funds and their influence on process innovation. Public funds can be “quite restrictive in how you plan your year, so year on year we’ve had the same kind of rotation…it makes you do things in [the same] order... and the same way”. On the other hand, public funds can encourage innovation, in particular, diversifying the company’s revenue stream. “[The arts council] has put a lot more emphasis on you getting additional funding [e.g. matched funding requirements etc.] and I guess that has made people a bit more innovative in how they get that [nowadays, if you are applying for funding you usually need to demonstrate ‘in-kind’ support from other ‘reputable industry figures’, and supplementary
income streams], I mean crowd funding obviously has been a massive thing to the arts over the last few years, we've done that a couple of times”.

- **Experience**

Several interviewees noted that their experience(s) fuelled their process innovation. In the UK, one interviewee [company 6 – male, film, over 4 years, assistance] reflected on their learning from previous projects while in Ireland, an interviewee drew from their experiences in marketing their products. This suggests the importance of ‘learning by doing’ (Solow, 1997).

Asking interviewees what difference the process innovation has made to the business, interviewees highlighted the following:

- an increase in revenue, new customers/clients and sales
- diversification in the revenue stream
- improvements in time management
- better organisation of the work
- copyright protection
- new target audience
- greater customer confidence
- greater efficiency in terms of cost and time
- better coordination
- greater job satisfaction
- greater online presence and
- improvements in productivity

One interviewee in Ireland [company 8 – female, edible arrangements, less than 12 months, no assistance] noted that “the process innovation feeds into the product innovation which really is the business”. A further interviewee [company 12 – female, jewellery design, 12-24 months, assistance] stipulated “the product would not be the same and I would not have the same success”. Other interviewees asserted that due to the young age of their business, it was difficult to determine the differences which the process innovation has made to the company as of yet. In Estonia, one interviewee [company 8 – male, 3D Modelling software for mobile phones, 12-24 months, assistance] referred to the purpose of innovation, asserting “one should not be innovative just for the sake of being innovative”. Innovation on its own has no value; it has to have a working purpose to create value.
Asking interviewees what difference the process innovation has made to the market, interviewees highlighted the following:

- providing a response to market needs
- environmental differences
- new market developments
- better cooperation
- an increase in employment opportunities
- greater choice in the market and
- a greater capability to get products to the market sooner

3.5 Summary

A high proportion of YSE respondents in the sample had ‘innovative’ or ‘very innovative’ products, services and processes. Of those who had ‘innovative’ or ‘very innovative’ products, much of this was ‘new to market innovation’, unlike those who had ‘innovative’ or ‘very innovative’ services and processes where much of this was not ‘new to market innovation’. Appendix 6 presents the factors which have driven much of the innovation across products, services and processes along with highlighting the differences which the innovation(s) has made to the business and the market.

A high proportion of respondents believed innovation was ‘important’ or ‘very important’ for business growth. For those whose business is not innovative, business sustainability and growth is attributed to the quality of their products and services. It is also worth noting that to be innovative could mean different things to different people, suggesting there are cultural differences in how innovation is viewed (this is so despite the common definitions supplied to all interviewees).

Several challenges of innovation have been identified, including the availability of resources (time, capital and labour), the costs involved and the uncertainty of whether the innovation will work and thereby create value. It will be important for both innovation and the sustainability of self-employed enterprises that future policies are designed to target these challenges.
4 Assisting Start-Ups

4.1 Introduction

This chapter reports on assistance which the YSE sample respondents could have applied for in relation to (a) starting the business and (b) sustaining the business. In particular, assistance is categorised as (i) financial or ‘hard’ assistance (provided by government at local, regional or national level), (ii) ‘soft’ assistance (non-financial assistance to include networking, coaching/mentoring, building an entrepreneurial mind-set) and (iii) ‘hybrid’ assistance which incorporates both hard and soft policies. D7.1 also employed the same categories of assistance. The types of assistance are linked to the life-cycle of companies.

4.2 Type of Assistance

Table 2 presents the type of assistance used in four stages of the business i.e. stage 1: ‘initiating/preparing’, stage 2: ‘start-up’, stage 3: ‘survival (a) current level’ and stage 3: ‘survival (b) growth’.

Table 2 Type of Assistance per Business Stage

<table>
<thead>
<tr>
<th>Stage</th>
<th>‘Hard’ Assistance</th>
<th>‘Soft’ Assistance</th>
<th>Hybrid (hard and soft)</th>
<th>No Assistance</th>
<th>NA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stage1: Initiating/Preparing</td>
<td>3(4%)</td>
<td>15(21%)</td>
<td>10(14%)</td>
<td>25(35%)</td>
<td>19(26%)</td>
</tr>
<tr>
<td>Stage2: Start-Up</td>
<td>12(17%)</td>
<td>7(10%)</td>
<td>14(19%)</td>
<td>21(29%)</td>
<td>18(25%)</td>
</tr>
<tr>
<td>Stage3: Survival (a) Current level</td>
<td>6(8%)</td>
<td>8(11%)</td>
<td>5(7%)</td>
<td>25(35%)</td>
<td>28(39%)</td>
</tr>
<tr>
<td>Stage3: Survival (b) Growth</td>
<td>5(7%)</td>
<td>3(4%)</td>
<td>2(3%)</td>
<td>23(32%)</td>
<td>39(54%)</td>
</tr>
</tbody>
</table>

Source: Authors’ Own Calculations. The terms in brackets are percentages based on the sample.

Thirty five per cent of all sample respondents did not use any assistance in stage 1 of the business: ‘initiating/preparing’. Of those who did use assistance in stage 1 (39%), the ‘soft’ form of assistance was the most common (54%), similar to D7.1 in which ‘soft’ policies promoting YSE/entrepreneurship was most common across the 6 ‘study countries’. Policy experts in Estonia highlighted the importance of mentoring and counselling YSE, especially in the earlier years of starting a business given that the youth, relative to their older counterparts, tend to have limited contacts and experience.
Similar to stage 1, 29 per cent of sample respondents did not use any assistance in stage 2 of the business: ‘start-up’. Of those who did use assistance in stage 2 (46%), the ‘hybrid’ form of assistance was the most common (42%), to provide the financial and non-financial support. In the later stages of the business i.e. stage 3 ‘survival (a) current level’ (39%) and ‘survival (b) growth’ (54%), assistance was not applicable for most YSE individuals. The key reason for this was that these start-ups had not reached this particular stage. In stage 3 ‘survival (a) current level’; of those who did use assistance (26%), the ‘soft’ type of assistance was the most common (42%). In stage 3 ‘survival (b) growth’, of those who did use assistance (14%), the ‘hard’ form of assistance was most common (50%).

Interestingly, it appears that women in this sample are more likely to use the ‘soft’ form of assistance (67% in stage 1 ‘initiating/preparing’ and 63% in stage 3 ‘survival (a) current level’) whilst men are more likely to use the ‘hard’ type of assistance (100% in stage 3 ‘survival (b) growth’). As noted in D7.1, over 95 per cent of all ‘soft’ assistance policies were targeted specifically at women from the 6 ‘study countries’. D7.2 found policies which adopted a ‘hybrid’ form of support and targeted specific groups were important. Policy experts in Ireland found ‘hybrid’ policies were effective where policy expert [1] stated a “hybrid form of assistance is very good to get people back to employment. It is important to provide career guidance and strengthen work-readiness skills, as well as providing financial support”. Policy expert [2] in Ireland stated “when starting a business, cash flow can be an issue, so finance is needed at the start. However, to keep the business going, capabilities are required which can be provided via soft support”. However, of all those case studies which used assistance, the ‘hybrid’ support was the most common only in stage 2 of the business: ‘start-up’.

Business incubators/hubs are perceived as vitally important by both the YSE respondents in the sample and policy experts. In Spain, business incubators were viewed as the most effective way to facilitate the set-up of business and ensuring long-term success (growth and innovativeness). According to policy experts in Spain, business incubators (i) ground “the self-employed on the demands of a business, highlighting the importance of a long-term plan and discouraging commitment to weak projects”, (ii) provide “general business training and a working space to start from” and (iii) embed the self-employed “in a start-up culture early on”. In Estonia, policy experts referred to ‘creative cities’ which provide a work space for several businesses under the one roof. Participating in these ‘creative cities’ enables YSE to be automatically enrolled in an existing business network. Policy experts from Germany [policy expert 2, 4] emphasised that the young start-up scene in Berlin where the high number of public programmes, relatively cheap rent and many co-working spaces rendered the city as
“the start-up capital of Germany” [policy expert 2]. In Berlin, most co-working spaces are privately funded. Although “work hubs” have been well received in the UK, policy experts highlighted some concerns for the YSE, in particular, the complex tax system, little to no central government support and the limited focus of the “main welfare to work” (Work Programme) for the self-employed. One policy expert in the UK emphasised that the government’s Office of Tax Simplification (OTS), should be given more of a role within self-employment as a response to the complex tax system.

4.3 Relevance of Assistance

In response to the question, how ‘likely the business would have been set up anyway if no assistance was received’, of those who did receive assistance, 49 per cent of the YSE said that it would have been ‘very likely’ that the business would have been set up anyway if they were not in receipt of assistance. Examining the issue of ‘when the business would have been set up if no assistance was received’, it is found that of those who did receive assistance, 50 per cent of YSE said that they would have set up the business at the time they did and not at a later date if they had not been in receipt of assistance.

When asked about the likelihood of business growth and assistance, of those who did receive assistance, 27 per cent of YSE said that it would have been ‘very likely’ that they would have been able to grow the business if they were not in receipt of assistance. Given a higher proportion of YSE would have been able to grow the business anyway if no assistance was received, this raises concerns of deadweight and additionality13. Such concerns are further compounded given the lack of rigorous and timely evaluations of self-employment policies as noted in D7.1. A policy expert in Ireland [policy expert 1] highlighted the need to provide the necessary skills set to evaluate policy. According to the interviewee, policy holders’ learning can be ‘experiential’ and ‘ad hoc’ where officers often have to take up new duties and responsibilities and therefore need to ‘learn on the job’, often without any formal training. Another policy expert in Ireland [policy expert 2] highlighted how business forums can inform policy making at the top with relevant issues that are happening on the ground.

For those who did not use assistance in all or any of the business stage(s), several reasons were identified. Across all stages of the business, ‘Other’ was the most common reason which comprised of a miscellaneous of reasons. In the UK, an interviewee [company 1 –

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13 Deadweight is ‘policy supports actions by businesses that would have happened anyway: there is no increase in overall activity – no additionality’ (Bennett 2014, pp. 37).
male, software writer, over 2 years, no assistance] highlighted concerns over the scalability of formal advice centres, reporting that in some cases, advice centres were either too local or not national enough. “The local support is too local, the national support, not national enough”. In response to this, streamlining of supports may facilitate centres to assist locally but provide an opportunity to assist those who wish to achieve scale at a national level. In other UK examples, particularly those in the arts, the lack of grants and cuts to arts funding were flagged as concerns, with one interviewee [company 12 – female, art and theatre, over 3 years, assistance] stating that whilst these cuts have taken place, competition for the grants has not changed, so supply and demand are in an imbalance. In Spain, an interviewee [company 3 – female, nano satellites, 1-5 months, no assistance] raised concerns over the rigidity of requirements in applying for assistance including industry experience, a minimum turnover value and a minimum number of employees. Another interviewee from Spain [company 6 – male, neurodesign, 1-5 months, no assistance] stated that “to receive support, you adapt to requirements - changing your project or increasing your minimum investment - … That can be a problem instead of support”. Furthermore, many of the programmes in Spain focus only on the short term, with few having long term objectives, i.e. they focus on the start-up phase but not the growth phase of companies. Several interviewees in Germany raised concerns over the time taken to apply for assistance, reporting that the process was too time consuming and that they lacked the resources needed to apply for support. A policy expert in Germany [policy expert 1] highlighted the need to reduce the bureaucracy of EU measures - “Many young start-ups say: please don’t bother me with EU programmes! They are too complicated, too bureaucratic, and take too much time”. This policy expert noted how Berlin is a good example of how a decision regarding the application process can be given in a relatively short period of time. In Ireland, several interviewees referred to the process in applying for assistance to be time consuming and difficult, however, this perception appears to have changed in recent years with many seeing the process to be more responsive and user friendly. Across all stages of the business, ‘did not need Government/EU support’ was the second most common reason.

4.4 Summary

Different types of assistance were used at different stages of the business. Of those who used assistance, the ‘soft’ form was the most common in stage 1: ‘initiating/preparing’ whilst the ‘hybrid’ was the most common in stage 2: ‘start-up’. In stage 3 ‘survival (a) current level’ and ‘survival (b) growth’, of those who did use assistance, the ‘soft’ and the ‘hard’ type of assistance were the most popular respectively. Of those who received assistance, a high
A high proportion reported that it would have been ‘very likely’ that the business would have been set up anyway if there had been no assistance.

Moreover, of those who received assistance, a high proportion noted that they would have set up the business when they did and not at a later date if they had not been in receipt of assistance. A high proportion of those who received assistance said that it would have been very likely that they would have been able to grow the business if they had not been in receipt of assistance. These findings raise concerns about the potential ‘deadweight’ associated with this type of assistance and are further compounded by the lack of rigorous and timely evaluations of self-employment policies.
5 Quality of Work

5.1 Introduction
This chapter reports on the quality of work for the youth self-employed. This follows D7.1 in which concerns were raised surrounding working hours, income levels and weak social security nets and D7.2 which found that in some sectors of the ‘study countries’, there were concerns over the quality of self-employment jobs in terms of high job rotation and low earnings. In this chapter, emphasis is placed on working conditions, work experience and workplace training/education.

5.2 Working Conditions
Under working conditions, this section focuses on working hours, income and social protection.

5.2.1 Working Hours
As noted in D7.1, self-employed individuals work longer hours than dependent employees, contingent on less traditional working patterns i.e. often working evening, night, weekend and holiday periods. D7.2 illustrated that the self-employed worked more hours than salaried employees, however, the ‘study countries’ reflected how the hours worked were subject to country specific factors and differed by labour market status, age and gender.

D7.2 reports that in 2010, self-employed individuals in the EU-27 worked on average 43 hours per week in comparison to employees who worked on average 37 hours per week. This report finds YSE individuals worked, on average, 50 hours per week which is above the EU-27 average for self-employed workers and employees (found in D7.2). This report concurs with D7.2 and finds the YSE work, on average, longer hours than employees. Approximately 57 per cent\(^\text{14}\) worked 50 hours or more a week with 101.5 hours the highest number of weekly hours recorded. 7.7 per cent\(^\text{15}\) worked very short hours i.e. 20 hours or less.

Analysis of the work patterns in the sample found that a high proportion only ‘sometimes’ worked in the evenings (54%) and at night (49%). A high proportion of YSE ‘sometimes’ worked on Saturdays (49%) and on Sundays (54%). Moreover, 42 per cent of YSE

\(^{14}\) 37 interviewees out of 65 (whose hours worked could be deciphered) worked 50 hours or more.
\(^{15}\) 5 interviewees out of 65 (whose hours worked could be deciphered) worked 20 hours or less.
'sometimes' worked on holidays whilst 46 per cent 'sometimes' worked on bank holidays. Furthermore, a high proportion of the sample (51%) 'usually' worked from home which, as illustrated in chapter 2 of this report, intensifies the challenges in hiring employees.

5.2.2 Income
Considering the income levels of the YSE, 51 per cent of the sample did have net weekly takings\(^{16}\). The average net weekly taking\(^{17}\) was €698.50 with the lowest net weekly taking being less than €50 and the highest being €2,999.50 per week. The standard deviation was €738.36. Of those YSE with net weekly takings, 68 per cent of these were below the average net weekly taking in the sample of €698.50.

As reported in D7.2, the EU-27 average of net monthly earnings for all self-employed was €1,629 (approximately €407.25 per week), for the youth self-employed it was €1,266 (approximately €316.50 per week) and for employees, it was €1,354 (approximately €338.50 per week). This report finds on average net weekly takings for the YSE is above the EU-27 average for all self-employed individuals and employees as noted in D7.2.\(^{18}\)

Interestingly, in this report, 39 per cent of all YSE did not have net weekly takings as of yet. Most of these firms were only a few months and less than two years old. At early stages of the business, it is reasonable not to expect a wage as any revenue earned is generally injected back into the business.

5.2.3 Social Protection
Concerns have been raised over the social protection of self-employment with a high proportion of YSE individuals (40%) revealing concerns over healthcare, pension, unemployment benefit and financial stability. As noted in D7.1, the self-employed have much less social protection compared to salaried employees. An interviewee from Ireland [company 12 – female, jewellery design, 12-24 months, assistance] noted “I would have concerns, of course. I think if a self-employed worker gets sick tomorrow, there is no cover and that is crazy. Employees have this protection. It doesn’t make sense to me why the

\(^{16}\) 51 per cent of the sample did have net weekly takings (37/72) where their takings could be determined. 39 per cent of the sample did not have net weekly takings (28/72). The remaining 10 per cent could not indicate if they had net weekly takings or not while others just made a comment about their earnings i.e. good wage (7/72). When working out the average net weekly taking, this was based on those whose net weekly takings could be deciphered i.e. 37 firms

\(^{17}\) In section 1 of the questionnaire, interviewees were asked ‘could you please share with us how much you personally receive from the business in the form of net takings, or salary on a weekly basis?’ Interviewees were given income bands to choose from (See Appendix 2 for questionnaire). The average net weekly taking was computed by summing the net weekly takings and dividing this by the number of firms with net weekly takings (37 firms). In cases where an income band is selected as opposed to an exact figure for net weekly takings, the average of this income band was used e.g. 300-499 euro income band – 399.50 euro was used.

\(^{18}\) Direct comparisons between results found in D7.2 and D7.3 is not possible as in D7.2, actual monthly earnings were reported whilst in D7.3, income bands were used.
government treats the self-employed like this as they have such an important role in our economy in terms of job creation”. In Poland, some YSE respondents claimed that when they fall ill for a week, they are not entitled to get any money from the insurance system yet they are unable to work. While they do not receive a full month’s income, they still have to pay their monthly insurance fees. In the UK, an interviewee [company 8 – female, actor/sales in media, over 2 years, no assistance] highlighted concerns over financial stability where monthly variations in income limits their ability to predict how much tax will need to be paid and thus how much they are able to pay into a pension fund. A further interviewee [company 1 – male, writing of software, over 2 years, no assistance] referred to the complexities in having employees where they find other self-employed individuals have freelancers, as opposed to employees working for them. This further reinforces concerns over ‘bogus’ self-employment as noted earlier.

Policy experts in Spain noted under the Workers’ Statute (in place since 2007), self-employed individuals have a comprehensive legal framework which includes the establishment of benefits for the cessation of self-employment activity and temporary sick leave along with maternity/paternity cover. These schemes are voluntary but the participation from the self-employed is low. In relation to the benefits in line with cessation of self-employment, self-employed associations perceived the requirements to be very restrictive, limiting access to the benefits. These policy experts emphasised that further legal changes are expected to provide more adequate social protection for the self-employed. For women, the experts emphasised that policies need to help promote better balance between work and family responsibilities. Policy experts in the UK highlighted concerns of diversity and equal opportunity in the ‘Creative’ sector. In particular, one of the policy experts emphasised the need to increase representation of women in self-employment, emphasising needs such as maternity benefits should be included as part of self-employment policies.

Thirty-eight per cent of sample respondents indicated that they did not have any concerns about social protection usually reflecting that they perceived themselves as ‘too young’ to think about this issue. This is a potentially worrying development given that when these YSE individuals start thinking about social protection, the level of protection may adversely impact on the quality of their life. In Germany, many young self-employed use an interesting strategy to reduce insecurity and social risks: they start-up a business with others holding only a small share of the company. Thus, they are legally permitted to employ themselves as CEOs in their own company. In this way, they have both the freedom of the self-employed as they
chose the place, content and time when they work and the security of an employed person with pension, health and unemployment assurances.

Sixty five per cent of sample respondents indicated that they were ‘satisfied’ with their current working conditions. In particular, respondents refer to the flexibility in their working conditions, facilitating their commitment to other responsibilities, including family. There appears to be a strong sense of ownership where several of the respondents were satisfied with their working conditions as the work involved is for their business and not for someone else. In Ireland, an interviewee [company 4 – male, digital marketing/web design, over 4 years, no assistance] noted “I enjoy the work as I am building up my own business and not someone else’s”. Some interviewees in Spain were not satisfied with their previous jobs and now “we work for ourselves instead of for others. It is really nice to do things you like in the way you decide” [company 9 – male, computer applications, 12-24 months, assistance].

In relation to work-life balance, a high proportion of sample respondents (61%) were ‘satisfied’. An interviewee in Germany [company 10 – male, strategic innovation management, 1-5 months, no assistance] noted that “when you have fun doing your work then it is totally okay to work a lot”. Similar to the working conditions, several interviewees highlighted the flexibility inherent with their work, facilitating a better balance between work and life. Indeed, many of the YSE referred to their business as a lifestyle business. An interviewee in Spain [company 1 – male, online marketing, over 2 years, assistance] noted “[work-life balance] is good. I work in it. It is a lifestyle business”.

5.3 Work Experience and Workplace Training/Education

A high proportion of sample respondents (79%) found work experience (work experience of the YSE prior to becoming self-employed) was ‘important’ or ‘very important’ in the sustainability of their start-up. Indeed, a high proportion of respondents (67%) reported that work experience was ‘important’ or ‘very important’ for the growth of their start-up. Of those who found work experience was ‘important’ or ‘very important’ in business sustainability, 51 per cent were male. Moreover, of those who found work experience was ‘important’ or ‘very important’ in business growth, 52 per cent were female.

Fifty-eight per cent of respondents reported that workplace training/education was ‘important’ or ‘very important’ in the sustainability of their start-up. Moreover, 54 per cent of respondents

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19 In some cases, women with children struggled when trying to combine work and private life, particularly so when the business is totally dependent on them. This is an issue in need of further research.
indicated that workplace training/education was ‘important’ or ‘very important’ for the growth of their start-up.

5.4 Summary

YSE individuals worked on average 50 hours per week, which is above the EU-27 average for self-employed workers (43 hours) and employees (37 hours) as noted in D7.2. The respondents in this unique sample seem to work longer hours compared to the EU average hours worked by all ages of the self-employed.

Fifty one per cent of the sample did have net weekly takings – the average net weekly taking was €698.50. This reports finds on average net weekly takings for the YSE is above the EU-27 average for self-employed individuals and employees as noted in D7.2. This most likely reflects the nature of the industry. Interestingly, 39 per cent of YSE did not have net weekly takings as of yet, which was not surprising given the age of these start-ups.

Finally, most of the respondents in this sample were ‘satisfied’ with their current working conditions, highlighting the benefits of flexibility in their work. Considering the work-life balance, a high proportion of the sample was ‘satisfied’. This may reflect both the nature of the industry investigated – ‘ICT’ – and that the interviewees are generally highly educated (and few had even experienced unemployment). Therefore, the labour market probability transitions from self-employment to employee status is likely to be quite high for these individuals if/when they decide this is a more beneficial career trajectory in the future.
6 Conclusion

Following on from D7.1 and D7.2, this report provides an overview of a unique sample of YSE in the ‘Creative and Cultural’ (‘CCI’) and the ‘Information and Communications Technology’ (‘ICT’) industries across six ‘study countries’. This deliverable focuses on the micro-level processes that influenced the macro-level literature and data patterns reported upon in the earlier Deliverables.

Within this sample, the most common business structure was limited company (49%); followed by: sole trader (42%); partnership (3%); ‘other’ (7%). This is in contrast to the overall patterns in the ‘study countries’ (found in D7.2) where sole trader was the most common business structure. This likely reflects the influence of the focus industry (‘ICT’/‘CCI’). Cross country differences are evident in the business structure of start-ups, with a limited company being the most common in Estonia, Germany and Spain. In Ireland, Poland and the UK, a sole trader is the most common form of business. Country differences in the business structure composition appear to be explained by the legal origin of a country where, in civil law countries which have a lower level of legal investor protection relative to common law countries, (LLSV, 1998), a limited company is most common. The lower level of legal protection may necessitate the need to set up as a limited company so as to have legal protection. Nevertheless, these patterns may be influenced by the specific industry focus of this study and, given the small and unrepresentative sample size; no generalisations should be drawn from these observed patterns.

The analysis found that YSE in this sample were motivated to start their own business by the desire to: ‘put an idea into practice’ (43%), ‘be more independent and have more job autonomy’ (17%) and ‘have a job’ (17%). The analysis of this sample of YSE found ‘pull’ factors, as opposed to ‘push’ factors, were the most dominant (67%) in driving the decision to become self-employed. This is not surprising given the level of supports available at both national and European level to promote self-employment e.g. Europe 2020 strategy (See D7.1 for further details). The specificity of the ‘CCI’ and ‘ICT’ industries may also encourage more ‘pull’ type self-employment. To strengthen the ‘pull’ motivations further, policy experts emphasise the need to build the entrepreneurial mind-set at even earlier ages through entrepreneurial education.

Over 90 per cent of the sample of YSE identified significant challenges to hiring employees, the most significant ones being high financial costs (58%) and a lack of skills/experience
among potential hires (25%). Other less significant challenges included problems with work ethic (4.2%), trust (10%), place of work (2.8%) and legal obligations (5.6%). Given the importance of job creation, such challenges inform a later stage in the research project in which key policy recommendations will be made.

A high proportion of sample respondents reported they had ‘innovative’ or ‘very innovative’ products (50%), services (35%) and processes (39%). ‘New to market innovation’ underpins the innovation for products more than for services and processes. In examining the importance of innovation for business growth, a high proportion of sample respondents (58%) believed innovation is ‘important’ or ‘very important’. Colombelli, Krafft and Vivarelli (2016) find start-ups have a stronger survival rate when they have innovative products and processes with process innovation being of particular importance. Several challenges to innovation were identified in this report (D7.3) and include the availability of resources (time, capital and labour), the costs involved and the uncertainty of whether the innovation will work and thus create value. Future policies targeted at reducing these barriers and enhancing innovation rates among the YSE will be critical for the sustainability of these enterprises.

Different types of assistance were found at different stages of the business. Of those respondents who used assistance, the ‘soft’ form was the most common in stage 1: ‘initiating/preparing’ (54%); whilst the ‘hybrid’ was the most common in stage 2: ‘start-up’ (42%). In stage 3 ‘survival (a) current level’ and ‘survival (b) growth’, of those who did use assistance, the ‘soft’ (42%) and the ‘hard’ (50%) type of assistance were the most common respectively. Women in the sample are more likely to have utilised ‘soft’ forms of assistance, while men were more often supported with ‘hard’ financial assistance.

Among the interviewees who did receive assistance, 49 per cent indicated that it would have been ‘very likely’ that the business would have been set up anyway if they were not in receipt of assistance. Of those who received assistance, a high proportion (50%) noted that they would have set up the business when they did and not at a later date if they had not been in receipt of assistance, and 27 per cent of interviewees who received assistance said that it would have been very likely that there would have been growth in the absence of assistance.

These findings raise concerns about potential deadweight associated with the policy interventions, exacerbated further by the lack of rigorous and timely evaluations of self-employment policies. Furthermore, emphasis needs to be placed on data collection where
one policy expert in the UK highlighted how measuring the income levels of the self-employed remains “a ‘blind spot’ in evidence based policy.

YSB individuals worked, on average, 50 hours per week which was above the EU-27 average for self-employed workers (43 hours) and employees (37 hours) as noted in D7.2. Indeed, the YSE seem to work longer hours compared to the EU average hours worked by all ages of the self-employed. In terms of income, 51 per cent of the sample did have net weekly takings – the average net weekly taking was €698.50. This report finds, on average, net weekly takings for the YSE is above the EU-27 average for self-employed individuals and employees as noted in D7.2. These patterns likely reflect the characteristics of the sample: ‘ICT’/‘CCT’ industries and the associated relatively high educational status of the interviewees. Nevertheless, 39 per cent of sample respondents did not have net weekly takings as of yet, which was perhaps not surprising given the age of these start-ups. Despite these results, concerns have been raised surrounding the income levels of the self-employed. Meager and Bates (2001) find income levels of self-employment were highly dispersed where self-employment was seen to increase the probability of having a very low income. In a recent study in the UK, Broughton and Richards (2016) find close to half of the self-employed were officially ‘low paid’ (‘low paid’ measured as two thirds of median employee pay). A future area of research is how Governments will need to respond to ‘low pay’ as policies built on employer-employee relationships are more than likely going to become less effective in reaching low-paid self-employed individuals (Broughton & Richards, 2016).

Most of the YSE were ‘satisfied’ with their current working conditions, highlighting the benefits of flexibility in their work. Moreover, a high proportion of the sample was ‘satisfied’ with their work-life balance. Such results are similar to those found in other studies where the focus was on self-employment, as opposed to youth self-employment. In a European study, Hatfield (2015) find much evidence to illustrate job satisfaction was very high among the self-employed. Moreover, in a study which used the European Community Household Panel for the EU-15, the self-employed, compared to paid employees, were more likely to be satisfied with their job in terms of the type of work, attributing much of this to the independence and flexibility of the job (Millán, Hessels, Thurik & Aguado, 2013).
There are some country differences in key study variables i.e. net weekly takings and innovation which may be attributed to differences in youth unemployment across countries\textsuperscript{20} [Spain has a higher youth unemployment rate (53.2% unemployment rate for those less than 25 years in 2014) than Germany (7.7% unemployment rate for those less than 25 years in 2014)] (Eurostat, 2016b). In this report, the average net weekly taking is lower for Spanish YSE (300.50 euros) than German YSE (1,113.89 euros). Moreover, for the Spanish YSE, while there is a higher number of firms with ‘very innovative’ products, there is a lower number of firms with ‘very innovative’ services and processes compared to the German YSE. According to Shane (2008), businesses started by individuals who were previously unemployed perform worse than businesses started by those who were previously in paid employment. Indeed, the higher rate of youth unemployment in Spain may explain why the average net weekly taking of the Spanish YSE is lower than that of the German YSE. The motivations for starting a business are important where those who start a business because they are unemployed is not a good reason – ‘If you want your business to survive, grow, and generate a good income, start your business to achieve those goals’ (Shane 2008, pp.124).

Interestingly, the average net weekly taking is lower for the Estonian YSE (155.75 euro) than the Polish YSE (1024.55 euro), even though youth unemployment is lower in Estonia (15% [unemployment rate for those less than 25 years in 2014] than Poland (23.9% [unemployment rate for those less than 25 years in 2014]) (Eurostat, 2016b). Also, for the Estonian YSE, there are fewer numbers of firms with ‘very innovative’ products compared to the Polish YSE. All of this would appear to contradict Shane (2008) but may be attributed to the unique nature of the sample and the small sample size itself.

Overall, this micro-level analysis has contributed to the macro-level patterns reported in D7.2. This deliverable (D7.3) sheds light on the complex processes that influence the youth self-employed. Indeed, this micro-level analysis, which maps onto the macro-level patterns, will inform D7.4 of the research project in which key policy recommendations will be made.

\textsuperscript{20} Caution must be taken with this interpretation as these country differences are also likely to be influenced by the unique nature of the sample and the small sample size itself.
Bibliography


Appendices

Appendix 1 Sampling Criteria
Appendix 2 Interview Questionnaire

TASK 3: SEMI-STRUCTURED INTERVIEWS: TEMPLATE

Note to Interviewers:
At the start of the interview, Interviewers should highlight the focus of the STYLE project- ‘youth employment opportunities’ to interviewees. Focus on young people is important whereby young people are those in the age band recorded in the relevant country report of Task 2 i.e. 15-24 or 16-24 years. Interviewers should therefore probe about and emphasise ‘youth’ / ‘young’ throughout the interview. There are some specific questions included in the interview schedule to address this focus but youth and wherever possible the gender dimensions of WP7 should be probed about, especially in the open ended questions.

Please complete all template questions for your country. We appreciate that some questions and wording will need to be modified to reflect country contexts, but it is critical that any deviations are documented and noted for WP7 Task 3 Coordinators, NUI Galway. We also appreciate that many countries have specific issues that you wish to gather data on during the semi-structured interviews but please ensure the template questions are answered. It is absolutely critical that we collect responses that can be compared across the 6 study countries.

General Information to record for all interviews:
Name of Company: _______________________________________________________
Name of Interviewee: ____________________________________________________
Location (name of town/city & country): ____________________________________
Sample selection criteria met [Age band of Founder is 18-34] (please tick the relevant criteria):

<table>
<thead>
<tr>
<th>Assistance</th>
<th>Gender</th>
<th>Age of Business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Received</td>
<td>Male Founder</td>
<td>1-5 months</td>
</tr>
<tr>
<td>No Assistance</td>
<td>Female Founder</td>
<td>12-24 months</td>
</tr>
</tbody>
</table>
Section 1: About your Current Business

1. What is the primary activity (ies) of your current business?

________________________________________________________________________
________________________________________________________________________

2. In this business, are you? [Note to Interviewer: Offer choices]
   a. Sole Trader
   b. Partnership
   c. Family Run Firm
   d. Co-Operative
   e. Limited Company
   f. Franchise Arrangement
   g. Agency or Commission Arrangement
   h. Other

3. If ‘Other’, please specify:

________________________________________________________________________
________________________________________________________________________

4. Could you please explain what were the factors that contributed to you selecting this particular business structure as indicated in Q2? [Note to Interviewer: If this question is not relevant in your country’s context e.g. Germany, please skip.]

________________________________________________________________________
________________________________________________________________________

5. Exactly when was your business established? (Date and Year)

________________________________________________________________________
________________________________________________________________________

6. Are there currently any paid staff employed in your business (not counting yourself)?

   Yes [ ]  No [ ]

[Note to Interviewer: If answered ‘Yes’ to Q6, then ask Q7, Q8, Q9, Q10 & Q11]

[Note to Interviewer: If answered ‘No’ to Q6, then skip to Q12]
7. (i) How many paid employees do you have (excluding yourself, or any other business partners)?

____________________________________________________________________________________

7.(ii) How many of these paid employees are in the ‘youth’ age group i.e. 15-24 or 16-24? [Note to Interviewer: Interviewer should use the ‘youth’ age band recorded in their country report for Task 2].

____________________________________________________________________________________

8. (i) How many of these employees are full-timers (work 30 or more hours per week)?

____________________________________________________________________________________

8.(ii) How many of these full-time employees are in the ‘youth’ age group i.e. 15-24 or 16-24? [Note to Interviewer: Interviewer should use the ‘youth’ age band recorded in their country report for Task 2].

____________________________________________________________________________________

9. (i) How many of these employees are part-timers (work less than 30 hours per week)? [Note to Interviewer: If this question is not relevant in your country’s context e.g. Germany, please skip].

____________________________________________________________________________________

9.(ii) How many of these part-time employees are in the ‘youth’ age group i.e. 15-24 or 16-24? [Note to Interviewer: Interviewer should use the ‘youth’ age band recorded in their country report for Task 2].

____________________________________________________________________________________

10. (i) Over the past year, has the number of full-timers you employ increased or decreased?

____________________________________________________________________________________
10.(ii) How many of the increased/decreased number of full-timers were in the ‘youth’ age group i.e. 15-24 or 16-24?[Note to Interviewer: Interviewer should use the ‘youth’ age band recorded in their country report for Task 2].

11. (i) Over the past year, has the number of part-timers you employ increased or decreased?

11.(ii) How many of the increased/decreased number of part-timers were in the ‘youth’ age group i.e. 15-24 or 16-24?[Note to Interviewer: Interviewer should use the ‘youth’ age band recorded in their country report for Task 2].

ALL

12. Do you see any challenge(s) to hiring employees/ additional employees?

   Yes ☐   No ☐

[Note to Interviewer: If answered ‘Yes’ to Q12, then ask Q13]

[Note to Interviewer: If answered ‘No’ to Q12, then skip to Q14]

13. What do you see are the main challenges or difficulties to hiring employees [Note to Interviewer: Probe about perceptions of risk associated with having employees/more employees; cost of labour; employment legislation/regulation; lack of skilled/experienced/reliable employees].

ALL

14. Do you plan to hire employees/additional employees (modify to reflect circumstances) in the next three years?
[Note to Interviewer: If indicated ‘no plans’ to Q14, then ask Q15]

[Note to Interviewer: If indicated ‘plans’ to Q14, then skip to Q16]

15. Why are you not planning to hire employees/additional employees (modify to reflect circumstances) in the next three years? [Note to Interviewer: Prompt - security issues/too much risk/too much additional work/too many other commitments (e.g. caring responsibilities)]

________________________________________________________

________________________________________________________

16. (i) How many employees & type of employee (eg agency labour to help at busy times; partner up-with other self-employed persons to bid for/deliver larger projects together; or more ‘traditional employees’) and if so, will they likely be part-time or full-time?

________________________________________________________

________________________________________________________

16.(ii) How many of these employees will be in the ‘youth’ age group i.e. 15-24 or 16-24?[Note to Interviewer: Interviewer should use the ‘youth’ age band recorded in their country report for Task 2].

________________________________________________________

________________________________________________________

ALL
17. (i) Could you please give us a rough estimate of how much your business’s gross weekly takings are? [Notes to Interviewer:
   a) Re-emphasise confidentiality.
   b) Please ask this question however will be most appropriate in your own contexts (for example, Estonia has suggested the more general wording of: “In your estimates how much has your business grown and, if needed, ask interviewee to specify in terms of activities and revenues”?).
   c) Other team members have indicated that monthly or annual takings will be more appropriate. Please modify to reflect whatever unit of time is most appropriate for your country’s context but be certain to note the measure used.]

<table>
<thead>
<tr>
<th></th>
<th>Gross Weekly</th>
</tr>
</thead>
<tbody>
<tr>
<td>a.</td>
<td>No gross weekly takings, as of yet?</td>
</tr>
<tr>
<td>b.</td>
<td>Less than €50 a week?</td>
</tr>
<tr>
<td>c.</td>
<td>50-99 a week?</td>
</tr>
<tr>
<td>d.</td>
<td>100-149 a week?</td>
</tr>
<tr>
<td>e.</td>
<td>150-199 a week?</td>
</tr>
<tr>
<td>f.</td>
<td>200-299 a week?</td>
</tr>
<tr>
<td>g.</td>
<td>300-499 a week?</td>
</tr>
<tr>
<td>h.</td>
<td>500-999 a week?</td>
</tr>
<tr>
<td>i.</td>
<td>1,000-1,999 a week?</td>
</tr>
<tr>
<td>j.</td>
<td>2,000 or more a week?</td>
</tr>
</tbody>
</table>

17. (ii) If NO gross weekly earnings (possible for early stage start-ups), ask when they project to generate positive revenue.

________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
18. Could you please share with us how much you personally receive from the business in the form of net takings, or salary on a weekly basis (that is money coming in, less the cost of materials, stock, running expenses, wages for other members of staff and so on, but before tax)?

[Notes to Interviewer:

a) Offer choices.

b) Other team members have indicated that monthly or annual takings will be more appropriate. Please modify to reflect whatever unit of time is most appropriate for your country's context but be certain to note the measure used.]

<table>
<thead>
<tr>
<th>Monthly Takings</th>
<th>Gross Weekly</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. No net weekly takings, as of yet?</td>
<td></td>
</tr>
<tr>
<td>b. Less than £50 a week?</td>
<td></td>
</tr>
<tr>
<td>c. 50-99 a week?</td>
<td></td>
</tr>
<tr>
<td>d. 100-149 a week?</td>
<td></td>
</tr>
<tr>
<td>e. 150-199 a week?</td>
<td></td>
</tr>
<tr>
<td>f. 200-299 a week?</td>
<td></td>
</tr>
<tr>
<td>g. 300-499 a week?</td>
<td></td>
</tr>
<tr>
<td>h. 500-999 a week?</td>
<td></td>
</tr>
<tr>
<td>i. 1,000-1,999 a week?</td>
<td></td>
</tr>
<tr>
<td>j. 2,000 or more a week?</td>
<td></td>
</tr>
</tbody>
</table>

19. Is the market for your (main) product or service primarily

Local [ ] Regional [ ] National [ ] International [ ]

[Note to Interviewer: If answered ‘International’ to Q19, then ask Q20]
[Note to Interviewer: If answered ‘Local’, ‘Regional’, or ‘National’ to Q19, then skip to Q21]

20. Can you provide us with a break-down of these markets (e.g. 5% of sales to China)

<table>
<thead>
<tr>
<th>Market Breakdown</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<tr>
<td></td>
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<td></td>
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<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

ALL

[Note to Interviewer: If you are able to probe about age of customers/competitors, this would be very helpful]

21. Approximately how many customers and/or main clients do you have?

[Note to Interviewer: ‘Customers’ may not always be appropriate, so please modify accordingly.]

<table>
<thead>
<tr>
<th>Customer Count</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>
22. Are these customers/clients primarily [Note to interviewer: Please modify to reflect whether customer/client is most appropriate]: (Tick all that apply)

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>a.</td>
<td>Business to Business (B2B)</td>
</tr>
<tr>
<td>b.</td>
<td>Consumer/Household Market</td>
</tr>
<tr>
<td>c.</td>
<td>Government (local/national)</td>
</tr>
<tr>
<td>d.</td>
<td>Mix of the above</td>
</tr>
<tr>
<td>e.</td>
<td>Other</td>
</tr>
</tbody>
</table>

23. If ‘Other’, please specify:

_____________________________________________________

_____________________________________________________

24. In the market in which your business currently operates [Note to Interviewer: Please indicate if market is worldwide; EU; regional; local], are there other businesses offering the same goods or services are you?  
Yes ☐  No ☐

[Note to Interviewer: If answered ‘Yes’ to Q24, then ask Q25]

[Note to Interviewer: If answered ‘No’ to Q24, then skip to Q26]

25. Can you tell us approximately how many businesses you are competing with?

<table>
<thead>
<tr>
<th>Few (1-3) Few Competitors</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Many (4+) Many Competitors</td>
<td></td>
</tr>
<tr>
<td>Do not know</td>
<td></td>
</tr>
</tbody>
</table>

26. Compared to other businesses/companies (modify according to context) in the same industry and are the same size, how would you assess the financial performance of your business?

<table>
<thead>
<tr>
<th>Financial performance has not yet been established</th>
<th>☐</th>
</tr>
</thead>
<tbody>
<tr>
<td>A lot better than average</td>
<td>☐</td>
</tr>
<tr>
<td>Better than average</td>
<td>☐</td>
</tr>
<tr>
<td>About average for this niche market</td>
<td>☐</td>
</tr>
<tr>
<td>Below average</td>
<td>☐</td>
</tr>
<tr>
<td>A lot below average</td>
<td>☐</td>
</tr>
<tr>
<td>Do not know</td>
<td>☐</td>
</tr>
</tbody>
</table>
27. Compared to other businesses/companies (modify according to context) in the same industry and are the same size, how would you assess the quality of your product or service?

- Quality has not yet been established
- A lot better than average
- Better than average
- About average for this niche market
- Below average
- A lot below average
- Do not know
Innovation Activity

[Note to Interviewer: The interviewer should outline to interviewees that three innovations i.e. good/product, service and process will be looked at.]

A product innovation is the market introduction of a new good or service or a significantly improved good or service with respect to its capabilities, such as improved software, design or user friendliness. The innovation (new or improved) must be new to your business (after the business has started up), but it does not need to be new to your sector or market. It does not matter if the innovation was originally developed by your business or by other businesses. Exclude purely organisational innovations.

We are interested in ‘New to Firm Innovation’ (i.e. new or significantly improved to the business but already available in the market). We are also interested in ‘New to Market Innovation’ (i.e. new or significantly improved to the business and the market).

[Note to Interviewer: The Interviewer should tease out whether the innovation(s) is ‘New to Firm Innovation’ or ‘New to Market Innovation’ and whether the innovation(s) is completely new or significantly improved.]

Business Goods/Products

28. Over the past three years (2012-2015), how innovative have your business goods/products been?

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not Innovative</td>
<td>Minimal Innovation</td>
<td>Some Innovative</td>
<td>Innovative</td>
<td>Very Innovative</td>
</tr>
<tr>
<td>at all</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

[Note to Interviewer: If the business goods/products are innovative, then ask Q29, Q30, Q31 & Q32]

[Note to Interviewer: If the business goods/products are not innovative, then skip to Q33]

29. What factors influenced/inspired the innovation(s) [market research, own interest]?

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

30. Was the good/product innovation(s) new to the market?

Yes ☐ No ☐
31. How important do you think the following was for your annual turnover in 2014?  
(a) New or significantly improved goods/products introduced during 2011-2014 that were **new to your market**?  

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<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not Important</td>
<td>Minimal Importance</td>
<td>Some Importance</td>
<td>Important</td>
<td>Very Important</td>
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</tr>
</tbody>
</table>

(b) New or significantly improved goods/products introduced during 2011-2014 that were **not new to your market, only your business**?  

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<th>1</th>
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<tbody>
<tr>
<td>Not Important</td>
<td>Minimal Importance</td>
<td>Some Importance</td>
<td>Important</td>
<td>Very Important</td>
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</table>

(c) Goods/products that were unchanged or only modified slightly  

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<tr>
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<th>1</th>
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<tbody>
<tr>
<td>Not Important</td>
<td>Minimal Importance</td>
<td>Some Importance</td>
<td>Important</td>
<td>Very Important</td>
<td></td>
</tr>
</tbody>
</table>

32. What difference has the good/product innovation(s) made to (a) your business (E.g. Increase in profitability, hire more employees, attract new business/contracts) and (b) the market (E.g. Address a market demand/market need, an environmental difference)?

________________________________________________________________________

________________________________________________________________________
ALL

Business Services

33. Over the past three years (2012-2015), how innovative have your business services been?

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<tr>
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<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not Innovative at all</td>
<td>Minimal Innovation</td>
<td>Some Innovation</td>
<td>Innovative</td>
<td>Very Innovative</td>
</tr>
</tbody>
</table>

[Note to Interviewer: If the business services are innovative, then ask Q34, Q35, Q36 & Q37]

[Note to Interviewer: If the business services are not innovative, then skip to Q38]

34. What factors influenced/inspired the innovation(s) [market research, own interest]?

________________________________________________________________________

________________________________________________________________________

35. Was the service innovation(s) new to the market?

Yes ☐ No ☐

36. How important do you think the following was for your annual turnover in 2014?

(a) New or significantly improved services introduced during 2011-2014 that were new to your market?

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<tr>
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<th>5</th>
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<tbody>
<tr>
<td>Not Important</td>
<td>Minimal Importance</td>
<td>Some Importance</td>
<td>Important</td>
<td>Very Important</td>
</tr>
</tbody>
</table>

(b) New or significantly improved services introduced during 2011-2014 that were not new to your market, only your business?

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<tr>
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<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not Important</td>
<td>Minimal Importance</td>
<td>Some Importance</td>
<td>Important</td>
<td>Very Important</td>
</tr>
</tbody>
</table>
(c) Services that were unchanged or only modified slightly

<table>
<thead>
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<tbody>
<tr>
<td>Not</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Important</td>
<td>Minimal</td>
<td>Some</td>
<td>Important</td>
<td>Very</td>
<td>Important</td>
</tr>
</tbody>
</table>

37. What difference has this service innovation(s) made to (a) your business (e.g. increase in profitability, hire more employees, attract new business/contracts) and (b) the market (e.g. Address a market demand/market need, an environmental difference)?

---------------------------------------------

---------------------------------------------

---------------------------------------------
ALL

A process innovation is the implementation of a new or significantly improved production process, distribution method, or support activity for your goods or services (e.g. an artist adopting a new way of applying paint to canvass or a new way of organising backstage work in a theatre production¹). The innovation (new or improved) must be new to your business (after the business has started up), but it does not need to be new to your sector or market. It does not matter if the innovation was originally developed by your business or by other businesses. Exclude purely organisational innovations.

We are interested in ‘New to Firm Innovation’ (i.e. new or significantly improved to the business but already available in the market). We are also interested in ‘New to Market Innovation’ (i.e. new or significantly improved to the business and the market).

[Note: The Interviewer should tease out whether the innovation(s) is ‘New to Firm Innovation’ or ‘New to Market Innovation’ and whether the innovation(s) is completely new or significantly improved.]

38. Over the past three years (2012-2015), how innovative have your business processes been?

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<tr>
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<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not Innovative at all</td>
<td>Minimal Innovation</td>
<td>Some Innovation</td>
<td>Innovative</td>
<td>Very Innovative</td>
</tr>
</tbody>
</table>

[Note to Interviewer: If the business processes are innovative, then ask Q39, Q40, Q41 & Q42]

[Note to Interviewer: If the business processes are not innovative, then skip to Q43]

39. What factors influenced/inspired the innovation(s) [market research, own interest]?

________________________________________________________________________
________________________________________________________________________

40. Was the process innovation(s) new to the market?

Yes [ ] No [ ]

¹ See Miles and Green (2008) ‘Hidden innovation in the creative industries’
41. How important do you think the following was for your annual turnover in 2014?

(a) New or significantly improved processes introduced during 2011-2014 that were new to your market?

<table>
<thead>
<tr>
<th></th>
<th>1</th>
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<th>3</th>
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<tbody>
<tr>
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<td>Some Importance</td>
<td>Important Importance</td>
<td>Very Important</td>
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</tbody>
</table>

(b) New or significantly improved processes introduced during 2011-2014 that were not new to your market, only your business?

<table>
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<th></th>
<th>1</th>
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<th>4</th>
<th>5</th>
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<tbody>
<tr>
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<td>Minimal Importance</td>
<td>Some Importance</td>
<td>Important Importance</td>
<td>Very Important</td>
<td></td>
</tr>
</tbody>
</table>

(c) Processes that were unchanged or only modified slightly

<table>
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<th>3</th>
<th>4</th>
<th>5</th>
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</thead>
<tbody>
<tr>
<td>Not Important</td>
<td>Minimal Importance</td>
<td>Some Importance</td>
<td>Important Importance</td>
<td>Very Important</td>
<td></td>
</tr>
</tbody>
</table>

42. What difference has the process innovation(s) made to (a) your business (E.g. Increase in profitability, hire more employees, attract new business/contracts) and (b) the market (E.g. Address a market demand/market need, an environmental difference)?

ALL

43. How important do you believe innovation generally is for the growth of your business?

[Note to Interviewer: If NO growth yet, skip this question]

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
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<tbody>
<tr>
<td>Not Important</td>
<td>Minimal Importance</td>
<td>Some Importance</td>
<td>Important Importance</td>
<td>Very Important</td>
<td></td>
</tr>
</tbody>
</table>

[Note to Interviewer: If the business is not innovative (good/product; service and process), then ask Q44, Q45, Q46 & Q47]

[Note to Interviewer: If the business is innovative (good/product; service or process), then skip to Section 2]
44. If the business is not innovative (good/product; service and process), how does it (a) sustain itself and/or (b) achieve growth?
   [Note to interviewer: If NO growth yet, skip part (b) - NA]
   __________________________________________________________________________
   __________________________________________________________________________

45. What have been the main challenges to innovation for your business?
   __________________________________________________________________________
   __________________________________________________________________________

46. If the business is not innovative (good/product; service and process) now, do you plan to innovate in the future?
   Yes [ ] No [ ]

47. If Yes, (a) what type of innovation and (b) how will you innovate?
   __________________________________________________________________________
   __________________________________________________________________________
Section 2: Starting your Current Business

We would like to go back in time, and ask you some questions about the process of starting your current business.

1. Thinking back to the reasons for starting your business, which of the following reasons were important in your decision to enter self-employment? Please select up to FOUR reasons. [Note to Interviewer: Some of the team partners prefer not to show list to interviewees and to let them outline the main reasons for entering self-employment. Please ask question whichever way is most appropriate in your country context]

<table>
<thead>
<tr>
<th>a.</th>
<th>To have a job</th>
</tr>
</thead>
<tbody>
<tr>
<td>b.</td>
<td>To put an idea into practice</td>
</tr>
<tr>
<td>c.</td>
<td>To be more independent or have more job autonomy</td>
</tr>
<tr>
<td>d.</td>
<td>To obtain higher earnings</td>
</tr>
<tr>
<td>e.</td>
<td>To provide a supplementary source of income</td>
</tr>
<tr>
<td>f.</td>
<td>For better conditions of work</td>
</tr>
<tr>
<td>g.</td>
<td>Family commitments/want to work at home/more flexibility</td>
</tr>
<tr>
<td>h.</td>
<td>Joined the family business</td>
</tr>
<tr>
<td>i.</td>
<td>An opportunity arose – e.g., capital/financing, work/studio space, equipment available</td>
</tr>
<tr>
<td>j.</td>
<td>Recognised demand/market opportunity</td>
</tr>
<tr>
<td>k.</td>
<td>The unique nature of occupation/talent</td>
</tr>
<tr>
<td>l.</td>
<td>No alternative job opportunities which were attractive to you (locally)</td>
</tr>
<tr>
<td>m.</td>
<td>Made redundant</td>
</tr>
<tr>
<td>n.</td>
<td>Because self-employment offered more security than other available job opportunities</td>
</tr>
<tr>
<td>o.</td>
<td>To develop skills/experience for future careers</td>
</tr>
<tr>
<td>p.</td>
<td>Other</td>
</tr>
</tbody>
</table>

2. If ‘Other’, please specify:

3. Could you please indicate which reason was the most important?

4. And which was the second most important?
5. In your view, was the main driving force that led you to start this business a ‘pull’ factor (opportunity) or a ‘push’ factor (no other feasible choice other than starting your own business)?

________________________________________

6. Which of the following best describes what you were doing immediately before you started up your current business?

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>a.</td>
<td>Working in a paid job or business as an employee</td>
</tr>
<tr>
<td>b.</td>
<td>Working in a paid job or business on a self-employed/free-lancer basis</td>
</tr>
<tr>
<td>c.</td>
<td>Made redundant</td>
</tr>
<tr>
<td>d.</td>
<td>Unemployed and actively seeking work</td>
</tr>
<tr>
<td>e.</td>
<td>Unemployed and NOT actively seeking work</td>
</tr>
<tr>
<td>f.</td>
<td>Doing unpaid work for yourself or a relative</td>
</tr>
<tr>
<td>g.</td>
<td>A full-time student</td>
</tr>
<tr>
<td>h.</td>
<td>Looking after the family</td>
</tr>
<tr>
<td>i.</td>
<td>Assisting Relative/carer</td>
</tr>
<tr>
<td>j.</td>
<td>Other family responsibilities/personal responsibilities</td>
</tr>
<tr>
<td>k.</td>
<td>Not working because of sickness or disability</td>
</tr>
<tr>
<td>l.</td>
<td>Other</td>
</tr>
</tbody>
</table>

7. If ‘Other’, please specify:

________________________________________

________________________________________

[Note to Interviewer: If answered ‘unemployed’ to Q6 (code’d’ or ‘e’), then ask Q8]

[Note to Interviewer: If didn’t answer ‘unemployed’ to Q6 (code’d’ or ‘e’), then skip to Q9]

8. How long had you been unemployed?

   Number of months________

   Number of years________

ALL

9. Have you ever been unemployed since leaving full-time education?

   Yes [ ]   No [ ]

[Note to Interviewer: If answered ‘Yes’ to Q9, then ask Q10]

[Note to Interviewer: If answered ‘No’ to Q9, then skip to Q11]

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10. What was the longest spell of continuous unemployment you experienced?

Number of months

Number of years

**ALL**

11. Have you been self-employed in the past (before starting this current business)?

Yes ☐  No ☐

[Note to Interviewer: If answered ‘Yes’ to Q11, then ask Q12]
[Note to Interviewer: If answered ‘No’ to Q11, then skip to Section 3]

12. What was the main reason for exiting/leaving your self-employment in the past?

<table>
<thead>
<tr>
<th>Option</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>a.</td>
<td>Business closed</td>
</tr>
<tr>
<td>b.</td>
<td>Sold business</td>
</tr>
<tr>
<td>c.</td>
<td>Became an employee/went to work for a company</td>
</tr>
<tr>
<td>d.</td>
<td>Family responsibilities</td>
</tr>
<tr>
<td>e.</td>
<td>Other</td>
</tr>
</tbody>
</table>

13. If ‘Other’, please specify:

__________________________________________________________________________

__________________________________________________________________________

__________________________________________________________________________
Section 3: Assisting your Start Up

The next set of questions ask about any type of assistance you may have applied for, or not, when (a) starting your business and/or (b) sustaining your business.

1. How did you manage to start your business?

2. At each stage of your business (where applicable), what type(s) of assistance was used? Please complete the below table.

   [Assistance is categorized as follows:
   a. Financial or ‘hard’ assistance;
   b. ‘Soft’ assistance (non-financial assistance including networking; building an entrepreneurship mind-set; coaching/mentoring); and
   c. ‘Hybrid’ assistance has both hard and soft policies.]

   [Note to Interviewer: Interviewee may need to be prompted...some examples of assistance in relevant country, specific policies etc.]

   [Note to interviewer: If NO growth yet, skip this stage- NA]

<table>
<thead>
<tr>
<th>Stage</th>
<th>‘Hard’ Assistance</th>
<th>‘Soft’ Assistance</th>
<th>Hybrid (hard and soft)</th>
<th>No Assistance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stage1: Initiating/Preparing</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stage2: Start-Up</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Start3: Survival (a) Current level</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Start3: Survival (b) Growth</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

[Note to Interviewer: If there was ANY assistance used, then ask Q3 – Q9]

[Note to Interviewer: If there was NO assistance used at all, then skip to Q10]
3. If any type(s) of assistance was used, what was the name(s) and source(s) of each? Please complete the below table.

[Note to Interviewer: Interviewee may need to be prompted...some examples of assistance in relevant country, specific policies etc.]

[Note to Interviewer: If NO growth yet, skip this stage- NA]

<table>
<thead>
<tr>
<th>Stage</th>
<th>‘Hard’ Assistance</th>
<th>‘Soft’ Assistance</th>
<th>Hybrid (hard and soft)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stage1: Initiating/Preparing</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stage2: Start-Up</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Start3: Survival (a) Current level</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Start3: Survival (b) Growth</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4. If the business received any type(s) of assistance, how much assistance was used? (How much money, how many hours of training, counselling etc.) Please complete the below table.

[Note to Interviewer: If NO growth yet, skip this stage- NA]

<table>
<thead>
<tr>
<th>Stage</th>
<th>‘Hard’ Assistance</th>
<th>‘Soft’ Assistance</th>
<th>Hybrid (hard and soft)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stage1: Initiating/Preparing</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stage2: Start-Up</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Start3: Survival (a) Current level</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Start3: Survival (b) Growth</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

5. If you had not received any type(s) of assistance, how likely is it that you would have set up your business anyway?

Very likely ☐  Quite likely ☐  Quite unlikely ☐  Very unlikely ☐

6. If you had not received assistance, would you have set up your business when you did, or would you have set up later?

Set up when you did ☐  Set up later ☐

7. If you had not received assistance, how likely is it that you would have been able to grow your business anyway? [Note to Interviewer: If NO growth yet, skip this question – NA]

Very likely ☐  Quite likely ☐  Quite unlikely ☐  Very unlikely ☐
8. Overall, how helpful was the type(s) of assistance for the successful (a) start-up and
(b) sustainability/growth of your business?

9. Was any type(s) of assistance absolutely critical for (a) start-up and (b) sustainability/growth of
your business?

### ALL

10. If no assistance was used at all or any stage(s) of the business, why not?
    Please indicate from the below table the reason(s) why. [Note to Interviewer: If NO growth yet,
skip this stage – NA]

<table>
<thead>
<tr>
<th>Stage 1: Initiating/Preparing</th>
<th>Stage 2: Start-Up</th>
<th>Start3: Survival (a) Current level</th>
<th>Start3: Survival (b) Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Business idea not fully developed</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b. Perception of ineligibility</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c. Lack of knowledge of Government/EU support available</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>d. Lack of knowledge of the application process</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>e. Did not need Government/EU support</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>f. Assistance was applied for but was not given</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>g. Other</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

11. If ‘Other’, please specify

| | | | |
| | | | |
| | | | |
| | | | |
[Note to Interviewer: If answered ‘Assistance was applied for but was not given’ to Q10, then ask Q12]

[Note to Interviewer: If didn’t answer ‘Assistance was applied for but was not given’ to Q10, then skip to Q13]

12. If answered ‘Assistance was applied for but was not given’ to Question 10, can you please provide details?

__________________________________________________________________________________________

__________________________________________________________________________________________

ALL

13. What kind of assistance would have been most helpful to you (a) starting and (b) sustaining/growing the business but which you did NOT receive (application was declined)?

__________________________________________________________________________________________

__________________________________________________________________________________________

14. Can you please outline concerns you may have surrounding the social protection of your job? (E.g. Access to unemployment benefits, health care, pensions)

__________________________________________________________________________________________

__________________________________________________________________________________________

15. (i) Thinking back to when you decided to start up your own business, what were the biggest risk factors? (E.g. Financial risks [own money], product/service risk, competition risk)

__________________________________________________________________________________________

__________________________________________________________________________________________

15. (ii) In sustaining your business, what are the biggest risk factors? (E.g. Financial risks [own money], product/service risk, competition risk)

__________________________________________________________________________________________

__________________________________________________________________________________________
16. How could social protection policies have minimised these risk factors?

_________________________________________________________________________

_________________________________________________________________________

_________________________________________________________________________
ALL

Section 4: Quality of Work

1. What is your main place of work?

2. How many hours per week do you usually work in your business (excluding meal breaks)

3. How do you find the current working conditions? (E.g. Hours of work, work patterns, income)

4. Describe any element(s) of these working conditions you would like to improve?
5. To learn more about your current work patterns, please complete the following table:

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Do you work in the evening? (Between 8pm-12 midnight)</td>
<td>Usually ☐</td>
<td>Sometimes ☐</td>
<td>Never ☐</td>
</tr>
<tr>
<td>b. Do you work in the night? (Between 12 midnight-8am)</td>
<td>Usually ☐</td>
<td>Sometimes ☐</td>
<td>Never ☐</td>
</tr>
<tr>
<td>c. Do you work on Saturdays?</td>
<td>Usually ☐</td>
<td>Sometimes ☐</td>
<td>Never ☐</td>
</tr>
<tr>
<td>d. Do you work on Sundays?</td>
<td>Usually ☐</td>
<td>Sometimes ☐</td>
<td>Never ☐</td>
</tr>
<tr>
<td>e. Do you work from home?</td>
<td>Usually ☐</td>
<td>Sometimes ☐</td>
<td>Never ☐</td>
</tr>
<tr>
<td>f. Do you work on your holidays?</td>
<td>Usually ☐</td>
<td>Sometimes ☐</td>
<td>Never ☐</td>
</tr>
<tr>
<td>g. Do you work on Bank Holidays?</td>
<td>Usually ☐</td>
<td>Sometimes ☐</td>
<td>Never ☐</td>
</tr>
</tbody>
</table>

6. How do you find your current work-life balance?

__________________________________________________________________________

__________________________________________________________________________

__________________________________________________________________________

7. Describe any element of your current work-life balance you would like to improve?

__________________________________________________________________________

__________________________________________________________________________

__________________________________________________________________________

8. Describe how your skills set match your job requirements?

__________________________________________________________________________

__________________________________________________________________________

__________________________________________________________________________

9. How important do you believe work experience (general work experience such as working in a team and/or specific work experience such as experience of the industry) is for the sustainability of your business? [Note to Interviewer: Interviewee may need to be prompted....Eg, offer some examples of work experience in relevant country]

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Not Important</td>
<td>2</td>
<td>Minimal Importance</td>
<td>3</td>
</tr>
</tbody>
</table>
10. How important do you believe work experience (general work experience such as working in a team and/or specific work experience such as experience of the industry) is for the growth of your business? [Note to Interviewer:
   a) Interviewee may need to be prompted....some examples of work experience in relevant country]
   b) If NO growth yet, skip this question – NA]

   1                      2                      3                      4                      5
   Not Important          Minimal Importance        Some Importance        Important        Very Important

11. In the last three years (2012-2015), have you participated in any form of workplace training/education?
   Yes ☐ No ☐

   [Note to Interviewer: If answered ‘Yes’ to Q11, then ask Q12]  
   [Note to Interviewer: If answered ‘No’ to Q11, then skip to Q13]

12. Please provide details of workplace training/education you have received?

   ____________________________________________________________

   ____________________________________________________________

13. Why have you not participated in any form of workplace training/education in the last three years (2012-2015)?

   ____________________________________________________________

   ____________________________________________________________

   ALL

14. How important do you believe workplace training/education is for the sustainability of your business?

   1                      2                      3                      4                      5
   Not Important          Minimal Importance        Some Importance        Important        Very Important
15. How important do you believe workplace training/education is for the growth of your business?
   [Note to Interviewer: If NO growth yet, skip this question – NA]

<table>
<thead>
<tr>
<th></th>
<th></th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Not Important</td>
<td>Minimal Importance</td>
<td>Some Importance</td>
<td>Important Importance</td>
</tr>
</tbody>
</table>
ALL

Section 5: About Yourself

1. Are you.....
   Male ☐ Female ☐

2. Please indicate how old you are.
   a. Age band (18-24)
   b. Age band (25-34)
   c. Age band (35-64)

3. Were you born in (country X)?
   Yes ☐ No ☐

[Note to Interviewer: If answered ‘No’ to Q3, then ask Q4 & Q5]

[Note to Interviewer: If answered ‘Yes’ to Q3, then skip to Q6]

4. In what country were you born?
   __________________________________________________________
   __________________________________________________________
   __________________________________________________________

5. How long have you lived in (country X)?
   __________________________________________________________
   __________________________________________________________
   __________________________________________________________

ALL

6. Where applicable: To what ethnic group do you belong?
   __________________________________________________________
   __________________________________________________________
   __________________________________________________________
7. What is your highest formal educational qualification?

- Pre-Primary education
- Primary level of education
- Lower secondary level of education
- Upper secondary level of education
- Post-secondary non-tertiary education
- Short-cycle tertiary education
- Bachelor’s or equivalent level
- Master’s or equivalent level
- Doctor or equivalent level

8. Do you have a craft and/or IT-specific qualification?

   Yes ☐  No ☐ 

   [Note to Interviewer: If answered ‘Yes’ to Q8, then ask Q9]
   [Note to Interviewer: If answered ‘No’, then skip to Q10]

9. Could you please tell us the details of this (these) qualification(s)

   ___________________________________________________________
   ___________________________________________________________

   ALL

10. If you have other qualifications, please specify.

     ___________________________________________________________
     ___________________________________________________________
     ___________________________________________________________

11. Do you have any dependent children (under 16, or 16-18 in full-time education) for whom you are legally or financially responsible for, living with you as part of your family unit?

    Yes ☐  No ☐

    [Note to Interviewer: If answered ‘Yes’ to Q11, then ask Q12 & Q13]
    [Note to Interviewer: If answered ‘No’, then skip to Q14]
12. How many children do you have?

13. Are your children in paid child care while you are working in your business?
   Yes ☐ No ☐

ALL

14. Do you have any other caring responsibilities?
   [Note to Interviewer: Prompt e.g. elderly care, care for disabled relative]
   Yes ☐ No ☐
   [Note to Interviewer: If answered ‘Yes’ to Q14, then ask Q15 &Q16]
   [Note to Interviewer: If answered ‘No’, then skip to Q17]

15. How many hours a week do you spend on this care?

16. Is this a challenge to (a) sustaining and/or (b) growing your business?

ALL

17. Which category best reflects your marital status?

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>a.</td>
<td>Single and living alone</td>
</tr>
<tr>
<td>b.</td>
<td>Single and living with parent(s), friend(s), sibling(s)</td>
</tr>
<tr>
<td>c.</td>
<td>Married or living with another adult as a couple</td>
</tr>
<tr>
<td>d.</td>
<td>Civil Partnership</td>
</tr>
<tr>
<td>e.</td>
<td>Separated or divorced</td>
</tr>
<tr>
<td>f.</td>
<td>Widowed</td>
</tr>
</tbody>
</table>

18. Was your father self-employed/ran his own business?
   Yes ☐ No ☐

19. Was our mother self-employed/ran her own business?
   Yes ☐ No ☐
20. How would you describe your personal attitude towards risk-taking? Do you....

- a. Positively enjoy taking risks
- b. Take risks when necessary
- c. Avoid taking risks whenever possible

21. If you had to do everything over again, would you have entered self-employment?

________________________________________________________________________

________________________________________________________________________

22. Finally, may we contact you in again for possible follow-up research? [Note to Interviewer: this is likely to be obvious at the end of the interview & probably does not need to be asked formally, but please just record your view about likelihood of possible follow up with the interviewee].

Yes ☐ No ☐

THANK YOU
Appendix 3 Interviewer Guidelines

To ensure consistency in questions asked across the ‘study countries’, prior to commencing interviews, interviewers were given the following guidelines:

‘At the start of the interview, interviewers should highlight the focus of the STYLE project- ‘youth employment opportunities’ to interviewees. Focus on young people is important whereby young people are those in the age band recorded in the relevant country report of Task 2 i.e. 15-24 or 16-24 years. Interviewers should therefore probe about and emphasise ‘youth’ / ‘young’ throughout the interview. There are some specific questions included in the interview schedule to address this focus but youth and, wherever possible, the gender dimensions of WP7 should be probed about, especially in the open ended questions. Please complete all template questions for your country. We appreciate that some questions and wording will need to be modified to reflect country contexts, but it is critical that any deviations are documented and noted for WP7 Task 3 Coordinators, NUI Galway. We also appreciate that many countries have specific issues that you wish to gather data on during the semi-structured interviews but please ensure the template questions are answered. It is absolutely critical that we collect responses that can be compared across the 6 ‘study countries’.

Innovation definitions were presented to interviewees prior to answering questions regarding the innovation activity of their start-up. These definitions stem from the Community Innovation Survey (CIS) available from Eurostat (2015).
## Appendix 4 Firm Case Studies

### UK

<table>
<thead>
<tr>
<th>Company</th>
<th>Gender of Respondent</th>
<th>Age of Respondent</th>
<th>Activity of Company</th>
<th>Age of Company</th>
<th>Assistance or No Assistance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Male</td>
<td>30 years</td>
<td>Writing of software</td>
<td>Over 2 years</td>
<td>No Assistance</td>
</tr>
<tr>
<td>2</td>
<td>Female</td>
<td>27 years</td>
<td>Theatre production</td>
<td>2 years</td>
<td>Assistance</td>
</tr>
<tr>
<td>3</td>
<td>Male</td>
<td>25 years</td>
<td>Production of software and hardware for broadcasting.</td>
<td>12-24 months</td>
<td>Assistance</td>
</tr>
<tr>
<td>4</td>
<td>Female</td>
<td>27 years</td>
<td>Dance</td>
<td>12-24 months</td>
<td>Assistance</td>
</tr>
<tr>
<td>5</td>
<td>Male</td>
<td>22 years</td>
<td>Website design</td>
<td>1-5 months</td>
<td>No Assistance</td>
</tr>
<tr>
<td>6</td>
<td>Male</td>
<td>31 years</td>
<td>Film</td>
<td>Over 4 years</td>
<td>Assistance</td>
</tr>
<tr>
<td>7</td>
<td>Female</td>
<td>25 years</td>
<td>Theatre company</td>
<td>Less than 1 year</td>
<td>No Assistance</td>
</tr>
<tr>
<td>8</td>
<td>Female</td>
<td>29 years</td>
<td>Actor/Sales in media</td>
<td>Over 2 years</td>
<td>No Assistance</td>
</tr>
<tr>
<td>9</td>
<td>Male</td>
<td>26 years</td>
<td>Domestic services</td>
<td>Less than 1 year</td>
<td>No Assistance</td>
</tr>
<tr>
<td>10</td>
<td>Male</td>
<td>20 years</td>
<td>Web Design</td>
<td>1-5 months</td>
<td>Assistance</td>
</tr>
<tr>
<td>11</td>
<td>Female</td>
<td>21 years</td>
<td>Drama Workshops</td>
<td>1-5 months</td>
<td>Assistance</td>
</tr>
<tr>
<td>12</td>
<td>Female</td>
<td>32 years</td>
<td>Art and theatre</td>
<td>Over 3 years</td>
<td>Assistance</td>
</tr>
</tbody>
</table>

### Poland

<table>
<thead>
<tr>
<th>Company</th>
<th>Gender of Respondent</th>
<th>Age of Respondent</th>
<th>Activity of Company</th>
<th>Age of Company</th>
<th>Assistance or No Assistance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Male</td>
<td>24-29 years</td>
<td>Computer software services</td>
<td>12-24 months</td>
<td>Assistance</td>
</tr>
<tr>
<td>2</td>
<td>Female</td>
<td>24-29 years</td>
<td>Film and montage services</td>
<td>1-5 months</td>
<td>Assistance</td>
</tr>
<tr>
<td>3</td>
<td>Female</td>
<td>30-34 years</td>
<td>Coaching Services</td>
<td>1-5 months</td>
<td>No Assistance</td>
</tr>
<tr>
<td>4</td>
<td>Male</td>
<td>24-29 years</td>
<td>Photographic and montage services</td>
<td>1-5 months</td>
<td>Assistance</td>
</tr>
<tr>
<td>5</td>
<td>Male</td>
<td>30-34 years</td>
<td>Production of industry equipment, Machinery repair services</td>
<td>Over 4 years</td>
<td>Assistance</td>
</tr>
<tr>
<td>6</td>
<td>Male</td>
<td>30-34 years</td>
<td>Computer software services</td>
<td>12-24 months</td>
<td>No Assistance</td>
</tr>
<tr>
<td>7</td>
<td>Male</td>
<td>30-34 years</td>
<td>Production of specific devices, Software design services</td>
<td>Over 4 years</td>
<td>No Assistance</td>
</tr>
<tr>
<td>8</td>
<td>Male</td>
<td>24-29 years</td>
<td>Website design</td>
<td>1-5 months</td>
<td>No Assistance</td>
</tr>
<tr>
<td>9</td>
<td>Female</td>
<td>30-34 years</td>
<td>Interior design</td>
<td>Over 4 years</td>
<td>Assistance</td>
</tr>
<tr>
<td>10</td>
<td>Female</td>
<td>30-34 years</td>
<td>Social Media, PR, promotion, on-line marketing</td>
<td>Over 4 years</td>
<td>No Assistance</td>
</tr>
<tr>
<td>11</td>
<td>Female</td>
<td>24-29 years</td>
<td>Clothes Design</td>
<td>12-24 months</td>
<td>Assistance</td>
</tr>
<tr>
<td>12</td>
<td>Female</td>
<td>30-34 years</td>
<td>Training</td>
<td>12-24 months</td>
<td>No Assistance</td>
</tr>
</tbody>
</table>
### Spain

<table>
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<tr>
<th>Company</th>
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<th>Activity of Company</th>
<th>Age of Company</th>
<th>Assistance or No Assistance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Male</td>
<td>25-34 years</td>
<td>Online marketing</td>
<td>Over 2 years</td>
<td>Assistance</td>
</tr>
<tr>
<td>2</td>
<td>Male</td>
<td>25-34 years</td>
<td>Apps and Video games</td>
<td>12-24 months</td>
<td>No Assistance</td>
</tr>
<tr>
<td>3</td>
<td>Female</td>
<td>18-34 years</td>
<td>Nano Satellites</td>
<td>1-5 months</td>
<td>No Assistance</td>
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<tr>
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<td>Female</td>
<td>25-34 years</td>
<td>Audiovisual production</td>
<td>12-24 months</td>
<td>No Assistance</td>
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<td>Male</td>
<td>25-34 years</td>
<td>Design</td>
<td>12-24 months</td>
<td>No Assistance</td>
</tr>
<tr>
<td>6</td>
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<td>Neurodesign</td>
<td>1-5 months</td>
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<tr>
<td>7</td>
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<td>Clothes Design</td>
<td>Over 2 years</td>
<td>Assistance</td>
</tr>
<tr>
<td>8</td>
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<td>Socio-cultural activities</td>
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<td>9</td>
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<td>Computer applications</td>
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<td>Assistance</td>
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<tr>
<td>10</td>
<td>Female</td>
<td>25-35 years</td>
<td>Engineering</td>
<td>Over 2 years</td>
<td>Assistance</td>
</tr>
<tr>
<td>11</td>
<td>Male</td>
<td>18-24 years</td>
<td>Financial technology development</td>
<td>Less than 1 year</td>
<td>Assistance</td>
</tr>
<tr>
<td>12</td>
<td>Male</td>
<td>18-24 years</td>
<td>Design</td>
<td>Over 4 years</td>
<td>Assistance</td>
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### Ireland

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<tr>
<th>Company</th>
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<th>Assistance or No Assistance</th>
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<tbody>
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<td>Male</td>
<td>25-34 years</td>
<td>Design Promotion</td>
<td>12-24 months</td>
<td>Assistance</td>
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<tr>
<td>2</td>
<td>Female</td>
<td>25-34 years</td>
<td>Jewellery</td>
<td>Over 4 years</td>
<td>Assistance</td>
</tr>
<tr>
<td>3</td>
<td>Male</td>
<td>18-24 years</td>
<td>Platform to connect with professional cleaners</td>
<td>1-5 months</td>
<td>Assistance</td>
</tr>
<tr>
<td>4</td>
<td>Male</td>
<td>18-24 years</td>
<td>Digital marketing, Web design</td>
<td>Over 4 years</td>
<td>No Assistance</td>
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<tr>
<td>5</td>
<td>Male</td>
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<td>Farm Modelling</td>
<td>Over 2 years</td>
<td>No Assistance</td>
</tr>
<tr>
<td>6</td>
<td>Male</td>
<td>25-34 years</td>
<td>Graphic design</td>
<td>Over 4 years</td>
<td>Assistance</td>
</tr>
<tr>
<td>7</td>
<td>Male</td>
<td>18-34 years</td>
<td>Writing/Film making</td>
<td>1-5 months</td>
<td>No Assistance</td>
</tr>
<tr>
<td>8</td>
<td>Female</td>
<td>25-34 years</td>
<td>Edible Arrangements</td>
<td>Less than 1 year</td>
<td>No Assistance</td>
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<tr>
<td>9</td>
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<td>25-34 years</td>
<td>Pottery</td>
<td>Over 4 years</td>
<td>Assistance</td>
</tr>
<tr>
<td>10</td>
<td>Female</td>
<td>25-34 years</td>
<td>Fashion Design</td>
<td>12-24 months</td>
<td>No Assistance</td>
</tr>
<tr>
<td>11</td>
<td>Female</td>
<td>25-34 years</td>
<td>Textile Wall Art</td>
<td>12-24 months</td>
<td>Assistance</td>
</tr>
<tr>
<td>12</td>
<td>Female</td>
<td>25-34 years</td>
<td>Jewellery design</td>
<td>12-24 months</td>
<td>Assistance</td>
</tr>
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</table>

### Germany

<table>
<thead>
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<th>Company</th>
<th>Gender of Respondent</th>
<th>Age of Respondent</th>
<th>Activity of Company</th>
<th>Age of Company</th>
<th>Assistance or No Assistance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Female</td>
<td>25-34 years</td>
<td>Post production agency</td>
<td>Over 4 years</td>
<td>No Assistance</td>
</tr>
<tr>
<td>2</td>
<td>Male</td>
<td>25-34 years</td>
<td>App service</td>
<td>Over 2 years</td>
<td>No Assistance</td>
</tr>
<tr>
<td>3</td>
<td>Male</td>
<td>25-34 years</td>
<td>Agency designing user interfaces, Selling apps and software products</td>
<td>Over 4 years</td>
<td>No Assistance</td>
</tr>
<tr>
<td>4</td>
<td>Male</td>
<td>25-34 years</td>
<td>Mobile game development.</td>
<td>12-24 months</td>
<td>Assistance</td>
</tr>
<tr>
<td>5</td>
<td>Male</td>
<td>25-34 years</td>
<td>Wi-Fi Access</td>
<td>Over 4 years</td>
<td>Assistance</td>
</tr>
<tr>
<td>6</td>
<td>Female</td>
<td>25-34 years</td>
<td>Renting agency for designer dresses and accessories</td>
<td>1-2 years</td>
<td>No Assistance</td>
</tr>
<tr>
<td>7</td>
<td>Female</td>
<td>25-34 years</td>
<td>Fashion Design</td>
<td>Over 4 years</td>
<td>Assistance</td>
</tr>
<tr>
<td>8</td>
<td>Female</td>
<td>25-34 years</td>
<td>Art gallery and shop</td>
<td>1-5 months</td>
<td>No Assistance</td>
</tr>
<tr>
<td>9</td>
<td>Female</td>
<td>25-34 years</td>
<td>Online platform for social business and sustainable business</td>
<td>Assistance</td>
<td>Assistance</td>
</tr>
<tr>
<td>10</td>
<td>Male</td>
<td>25-34 years</td>
<td>Strategic innovation management</td>
<td>1-5 months</td>
<td>No Assistance</td>
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<tr>
<td>11</td>
<td>Male</td>
<td>25-34 years</td>
<td>Movie production</td>
<td>1-5 months</td>
<td>Assistance</td>
</tr>
<tr>
<td>12</td>
<td>Female</td>
<td>25-34 years</td>
<td>Software development and consulting</td>
<td>12-24 months</td>
<td>Assistance</td>
</tr>
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</table>
### Estonia

<table>
<thead>
<tr>
<th>Company</th>
<th>Gender of Respondent</th>
<th>Age of Respondent</th>
<th>Activity of Company</th>
<th>Age of Company</th>
<th>Assistance or No Assistance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Female</td>
<td>25-34 years</td>
<td>Embroidery/ sewing</td>
<td>Over 4 years</td>
<td>Assistance</td>
</tr>
<tr>
<td>2</td>
<td>Female</td>
<td>25-34 years</td>
<td>Photography</td>
<td>1-5 months</td>
<td>No Assistance</td>
</tr>
<tr>
<td>3</td>
<td>Female</td>
<td>25-34 years</td>
<td>Design/ Architecture</td>
<td>Over 4 years</td>
<td>Assistance</td>
</tr>
<tr>
<td>4</td>
<td>Female</td>
<td>25-34 years</td>
<td>Handicraft/ Homemade ice-cream</td>
<td>Over 4 years</td>
<td>Assistance</td>
</tr>
<tr>
<td>5</td>
<td>Female</td>
<td>25-34 years</td>
<td>Leather and textile design</td>
<td>12-24 months</td>
<td>Assistance</td>
</tr>
<tr>
<td>6</td>
<td>Male</td>
<td>25-34 years</td>
<td>IT solutions</td>
<td>1-5 months</td>
<td>No Assistance</td>
</tr>
<tr>
<td>7</td>
<td>Male</td>
<td>25-34 years</td>
<td>Mobile Games</td>
<td>1-5 months</td>
<td>Assistance</td>
</tr>
<tr>
<td>8</td>
<td>Male</td>
<td>25-34 years</td>
<td>3D Modelling Software for mobile phones</td>
<td>12-24 months</td>
<td>Assistance</td>
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<tr>
<td>9</td>
<td>Male</td>
<td>35-64 years</td>
<td>Computer and mobile game development</td>
<td>12-24 months</td>
<td>No Assistance</td>
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<tr>
<td>10</td>
<td>Male</td>
<td>25-34 years</td>
<td>IT solutions</td>
<td>Over 4 years</td>
<td>Assistance</td>
</tr>
<tr>
<td>11</td>
<td>Female</td>
<td>25-34 years</td>
<td>Educational text creation and clip making</td>
<td>12-24 months</td>
<td>No Assistance</td>
</tr>
<tr>
<td>12</td>
<td>Male</td>
<td>25-34 years</td>
<td>Furniture Making</td>
<td>Over 4 years</td>
<td>No Assistance</td>
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### Appendix 5 Business Motivations

<table>
<thead>
<tr>
<th>Country</th>
<th>1st Reason</th>
<th>2nd Reason</th>
<th>3rd Reason</th>
<th>4th Reason</th>
</tr>
</thead>
</table>
| Spain   | - To be more independent or have more job autonomy (4)  
- To have a job (4)  
- To put an idea into practice (3)  
- For better conditions of work (1) | - To be more independent or have more job autonomy (2)  
- For better conditions of work (1)  
- The unique nature of occupation/talent (1)  
- To put an idea into practice (1)  
- An opportunity arose (1) | - To be more independent or have more job autonomy (1)  
- No alternative job opportunities (1)  
- For better conditions of work (1) | - The unique nature of occupation/talent (1)  
- To develop skills/experience for future career (2)  
- For better conditions of work (2)  
- An opportunity arose (1)  
- Recognised demand/skill market opportunity (1) |
| Poland  | - To put an idea into practice (5)  
- To have a job (5)  
- To be more independent or have more job autonomy (3) | - To be more independent or have more job autonomy (5)  
- For better conditions of work (2)  
- To obtain higher earnings (2)  
- An opportunity arose (1)  
- To put an idea into practice (1)  
- The unique nature of occupation/talent (1) | - To obtain higher earnings (4)  
- An opportunity arose (2)  
- Recognised demand/skill market opportunity (2)  
- To be more independent or have more job autonomy (1)  
- For better conditions of work (1)  
- Made redundant (1) | - The unique nature of occupation/talent (1)  
- To develop skills/experience for future career (2)  
- For better conditions of work (2)  
- An opportunity arose (1)  
- Recognised demand/skill market opportunity (1) |
| Germany | - To put an idea into practice (8)  
- To be more independent or have more job autonomy (6)  
- Recognised demand/skill market opportunity (1) | - To be more independent or have more job autonomy (3)  
- An opportunity arose (5)  
- For better conditions of work (2)  
- To obtain higher earnings (1)  
- To develop skills (1)  
- Recognised demand/skill market opportunity (1)  
- Self-employment offered more security (1)  
- Having fun developing the software (1) | - Recognised demand/skill market opportunity (2)  
- An opportunity arose (1)  
- ARTSS-Freedom (1)  
- Personal reason: To live in Berlin (1)  
- To have 'local' impact (1)  
- Flexibility (1)  
- For better conditions of work (1)  
- Family commitments (1) | - The unique nature of occupation/talent (1)  
- To be more innovative and flexible (1) |
| Estonia | - To put an idea into practice (6)  
- No alternative job opportunities (2)  
- Self-employment offered more security (1)  
- Finding a job on the field that had been enjoyed (1)  
- Made redundant (1)  
- Family commitments (1)  
- Tired of being a wage worker (1) | - To be more independent or have more job autonomy (4)  
- Family commitments (1)  
- To have a job (1)  
- To obtain higher earnings (1)  
- To provide a supplementary source of income (1)  
- Personality match (1) | - An opportunity arose (2)  
- To put an idea into practice (2)  
- The unique nature of occupation/talent (1)  
- No alternative job opportunities (1)  
- To have a job (1)  
- To obtain higher earnings (1)  
- To provide a supplementary source of income (1) | - The unique nature of occupation/talent (1)  
- To develop skills/experience for future careers (1)  
- Family commitments (1)  
- Recognised demand/skill market opportunity (1)  
- To have a job (1)  
- To provide a supplementary source of income (1) |
| Ireland | - To put an idea into practice (6)  
- To have a job (3)  
- An opportunity arose (2)  
- To be more independent or have more job autonomy (1) | - To be more independent or have more job autonomy (4)  
- Self-employment offered more security (2)  
- The unique nature of occupation/talent (1)  
- Recognised demand/skill market opportunity (1)  
- Family commitments (1) | - To obtain higher earnings (4)  
- Recognised demand/skill market opportunity (2)  
- To develop skills/experience for future careers (1)  
- Family commitments (1)  
- The unique nature of occupation/talent (1)  
- Family commitments (1) | - For better conditions of work (1)  
- The unique nature of occupation/talent (1)  
- Recognised demand/skill market opportunity (1)  
- To develop skills/experience for future careers (1)  
- No alternative job opportunities (1)  
- Made redundant (1) |
| UK     | - To put an idea into practice (4)  
- To have a job (1)  
- To be more independent or have more job autonomy (2)  
- To obtain higher earnings (1)  
- Personal Reasons: To stay in Northern England (1)  
- Personal Reasons: Wanted to make the work we wanted to make (1)  
- Personal Reasons: Didn’t have anything better to do (1)  
- Recognised demand/skill market opportunity (1)  
- Provided an income stream to fulfill ambition (1) | - To be more independent or have more job autonomy (3)  
- Recognised demand/skill market opportunity (1)  
- For better conditions of work (1)  
- The unique nature of occupation/talent (1)  
- Realisation (1)  
- Part of Dissertation (1) | - No alternative job opportunities (2)  
- Recognised demand/skill market opportunity (2)  
- For better conditions of work (1)  
- The unique nature of occupation/talent (1)  
- No alternative job opportunities (2)  
- Made redundant (1)  
- The unique nature of occupation/talent (1)  
- Business grew organically from voluntary work (1) | - The unique nature of occupation/talent (1)  
- To develop skills/experience for future careers (1)  
- No alternative job opportunities (1)  
- Made redundant (1)  
- The unique nature of occupation/talent (1)  
- Business grew organically from voluntary work (1)
### Appendix 6 Summary Innovation

<table>
<thead>
<tr>
<th>Factors Underpinning Product, Service and Process Innovation</th>
<th>Difference to the Business</th>
<th>Difference to the Market</th>
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</thead>
<tbody>
<tr>
<td>• personal interest,</td>
<td>• an increase in revenue,</td>
<td>• an increase in product</td>
</tr>
<tr>
<td>• market demand,</td>
<td>profitability, new</td>
<td>choice including new</td>
</tr>
<tr>
<td>• market competition,</td>
<td>customers, job</td>
<td>products,</td>
</tr>
<tr>
<td>• customer needs,</td>
<td>creation opportunities</td>
<td>providing a response</td>
</tr>
<tr>
<td>• efficiency,</td>
<td>greater diversification</td>
<td>to market needs,</td>
</tr>
<tr>
<td>• market trends/developments,</td>
<td>in the revenue stream,</td>
<td>environmental</td>
</tr>
<tr>
<td>• the need to be different,</td>
<td>stronger brand</td>
<td>differences,</td>
</tr>
<tr>
<td>• communication,</td>
<td>recognition,</td>
<td>greater demand,</td>
</tr>
<tr>
<td>• customer expectations,</td>
<td>business sustainability,</td>
<td>new market</td>
</tr>
<tr>
<td>• funding sources,</td>
<td>greater efficiency,</td>
<td>developments,</td>
</tr>
<tr>
<td>• experience.</td>
<td>better organisation and</td>
<td>better cooperation,</td>
</tr>
<tr>
<td></td>
<td>coordination of work,</td>
<td>an increase in</td>
</tr>
<tr>
<td></td>
<td>copyright protection,</td>
<td>employment opportunities,</td>
</tr>
<tr>
<td></td>
<td>greater job satisfaction,</td>
<td></td>
</tr>
<tr>
<td></td>
<td>an increase in customer</td>
<td>a greater capability of</td>
</tr>
<tr>
<td></td>
<td>confidence,</td>
<td>getting products to the</td>
</tr>
<tr>
<td></td>
<td>a greater presence</td>
<td>market sooner.</td>
</tr>
<tr>
<td></td>
<td>online,</td>
<td></td>
</tr>
<tr>
<td></td>
<td>a survival mechanism,</td>
<td></td>
</tr>
<tr>
<td></td>
<td>more customer oriented</td>
<td></td>
</tr>
<tr>
<td></td>
<td>to include bigger</td>
<td></td>
</tr>
<tr>
<td></td>
<td>projects,</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Improvements in time</td>
<td></td>
</tr>
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<td></td>
<td>management,</td>
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<tr>
<td></td>
<td>Improvements in</td>
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</tr>
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<td>productivity.</td>
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</table>
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