

NEETs’ Attitude towards Entrepreneurship

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Abstract

The social and economic problems related to young people were a constant preoccupation for the EU governments. The NEET category represents young people, aged between 15 and 29 years, who are not in employment, education, or training, a very vulnerable group of persons. In Romania the NEETs agenda was correlated with the European framework, that includes entrepreneurship, as a specific solution for the economic and social inclusion of this category. Our study is based on the results provided by a questionnaire answered by 54 NEET participants in an entrepreneurial training course, that took place in Constanta County. The aim of this paper was to evaluate the respondent’s opinion toward entrepreneurship. The results indicate that entrepreneurial education and entrepreneurial activity represent solutions for the economic and social problems related to young people in the region.

Key words: young people, NEET, entrepreneurship

J.E.L. classification: J11, L26

1. Introduction

The term NEET refers to young people, aged between 15 and 29 years, who are not in employment, education, or training. The share of NEETs in total population has become an important indicator of sustainable development for both international organizations and the media. According to the International Labor Organization (ILO, 2013), a person must meet two criteria to be included in the NEETs category: to be unemployed and to have not received any education or training in the past four weeks.

Romania has one of the largest percentages of NEETs in the European Union. In 2021, 20.3% of young people were considered part of this category, compared to a 12.3% average for the EU (Eurostat Sustainable Development Indicators). The percentage of females (26.3%) in 2021 was almost double the males one (14.6%). Also, a big gap between the values of the indicator for the urban and rural areas can be noted. In cities the percentage of NEET for 2021 was 10.1%, in towns and suburbs 22.9%, while in the rural area it was 29.4%. In chapter 4, we present a more detailed evaluation of the evolution of the percentage of NEETs in Romania.

The above-mentioned data show that Romanian authorities and educational professionals should pay more attention to the needs of these young people and try to offer them the chance to develop skills that will allow them to change their occupational status. Entrepreneurial education can play an important role in this process.

Our study focuses on a group of NEETs from Constanta County that participated in an entrepreneurial training course. Using a quantitative analysis of a questionnaire, we will try to identify the perception of young persons that are not employed or in training and education towards entrepreneurship.

The paper is composed of a short chapter dedicated to the previous studies in the field, a presentation of the research methodology, an extended discussion about the findings of our study, and conclusions.

2. Literature review

The specific issues related to youths represented a constant preoccupation at the European Union level. In the Europe 2020 Agenda, the European Commission established specific objectives related to youths, including support schemes for young people that start a business, such as guarantee schemes and apprenticeships, volunteering opportunities or social entrepreneurship support.

The EU Council of Employment and Social Affairs (Feb. 2013) established Youth Guarantee Recommendation. Member-states are bound to take the necessary steps to provide good quality employment offers for young people up to the age of 25. They must ensure youth with opportunities to continue their education, offer guidance, training, and other useful solutions that would ensure their active presence in the economic and social life.

The NEET concept has been approached by different organizations and researchers. The complexity of this concept brought into discussion various aspects. One of the most important was related to the level of education of these young people. Some studies pointed out that those young people with lower education level are three times more likely to become a NEET compared to others (Eurofound, 2015).

An improvement in the situation of the of young people preparing to enter labor market was identified by Dănilă L.C and Dumitru C. (2018) and it is considered a consequence of Youth Guarantee Recommendation introduced in 2013 by the European Commission.

Regarding the measures used to reduce the NEET unemployability (apprenticeship, internships, entrepreneurship) some researchers concluded that they were less successful in Romania compared to other European countries (Strat V.A et.al., 2018).

Another point of view about NEETs problems was related to the differences between rural and urban young people included in this category. The used of the supportive measures and the assessment of their effectiveness should consider these differences (Petrescu C. et.al., 2022).

The level of education and especially the entrepreneurial education proved to be positively correlate with the skills required for self-employment by young graduates, thus reducing the unemployment level (Ilori, D.B. and Ayedun, T.A., 2022). The importance of NEETs' perception on entrepreneurship was highlighted by Baschiera et.al. (2018), who approached the role of senior entrepreneurs on reducing young people social and work disengagement.

Considering the points of view above depicted we can notice the importance of entrepreneurial education for NEETs and its role in offering them real opportunities. Consequently, this paper tried to analyze the perception of these young people on entrepreneurship.

3. Research methodology

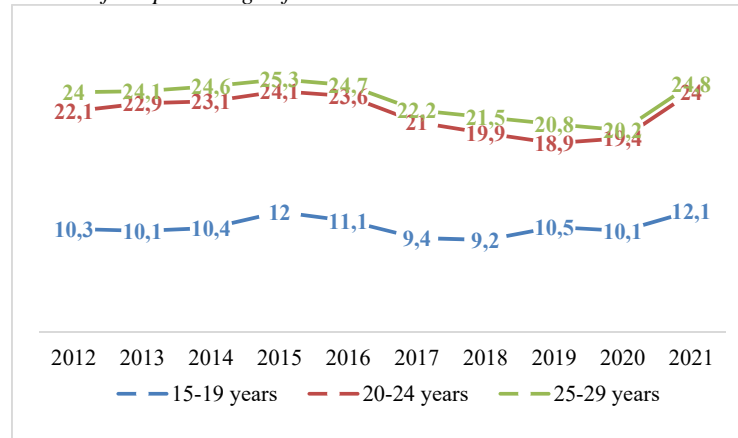
Our study was conducted between August and November 2022, on a group of 60 NEETs that participated in entrepreneurial courses in Constanta County. The questionnaire was distributed using a Google forms link that the participants received via e-mail or WhatsApp at the end of their training. All questions were mandatory, therefore all submitted answers were considered valid. A number of 54 questionnaires were collected, the response rate was 90%.

Based on the collected results we conducted a quantitative analysis of the studied group and their perception towards entrepreneurship. The results of the study are presented in the following section.

4. Findings

The percentage of NEETs in Romania increased in the last decade. The data provided by the National Institute of Statistics shows that for young people aged between 15 and 19 years the percentage of NEETs increased from 10.3% in 2012 to 12.1% in 2021. The percentage increases for young people aged between 20 and 24 years and is the highest for the 25-29 years category. For all three age groups, the period between 2017 and 2019 is characterized by a decrease in the percentage of NEETs, but as expected, the COVID 19 pandemic led to a new rise in the number of young people unemployed or not in education.

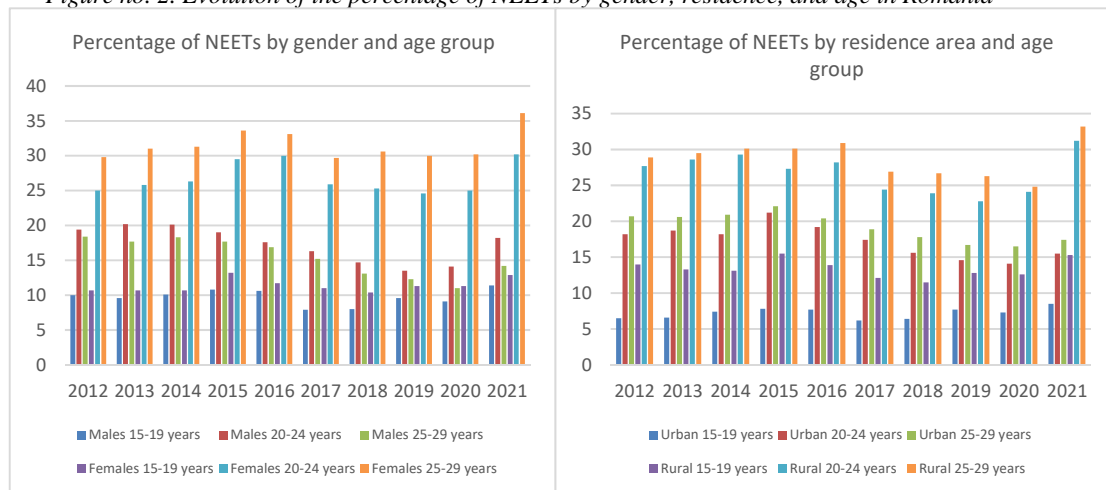
Figure no. 1. Evolution of the percentage of NEETs in Romania between 2012 and 2021



Source: authors' representation of data from the National Institute of Statistics Romania

A gender and residence area-based analysis of the data from the same period shows that the highest number of NEETs are in females with age between 25-29 years category and are living in the rural area (and the same age group). Figure 2 shows the percentage of NEETs by category between 2012 and 2021.

Figure no. 2. Evolution of the percentage of NEETs by gender, residence, and age in Romania



Source: authors' representation of data from the National Institute of Statistics Romania

The sample structure of our research was composed of 40 females and 14 males. Table 1 depicts the respondents' distribution by age, level of education, living area, marital status, and monthly income, both in absolute figures and as a percentage of the total. Also, in Table 1 we divided each criterion based on gender and presented the figures and the percentage of respondents from each gender that are included in that category. As it can be observed, the sample complies with the distribution of NEETs at national level, being composed of more females and persons in the 25-29 years age category.

Table no. 1. Structure of the sample

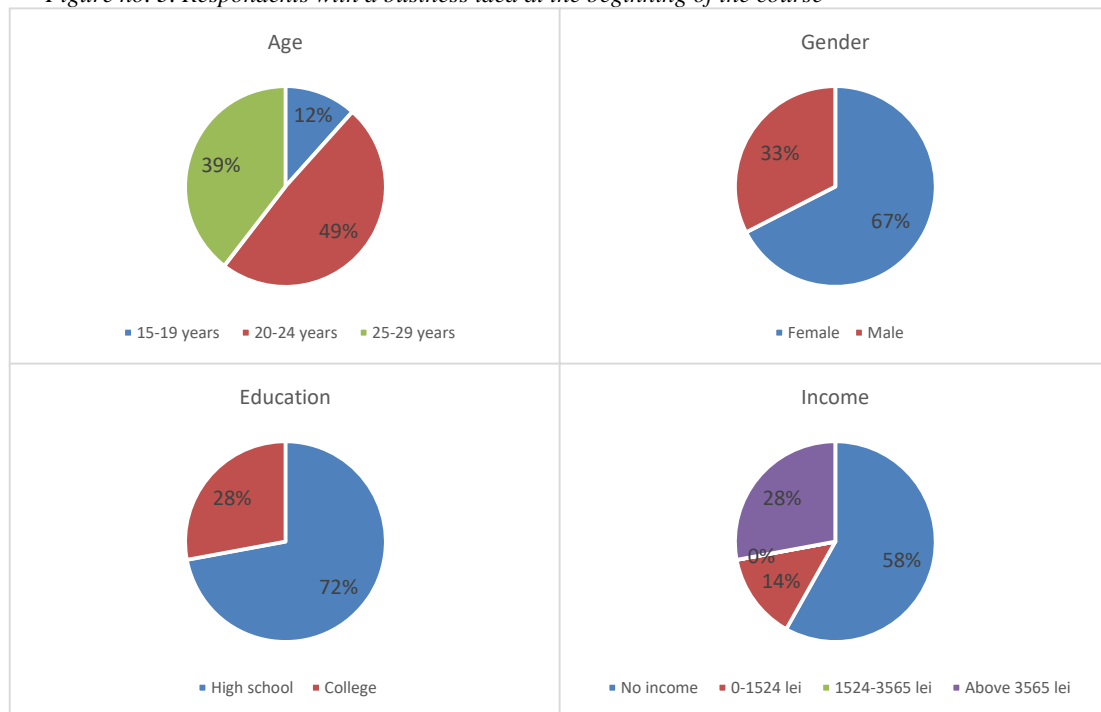
Category		Total		Females		Males	
		No	%	No	%	No	%
Age group	15-19 years	5	9.26	5	12.50	0	0
	20-24 years	23	42.59	13	32.50	10	71.43
	25-29 years	26	48.15	22	55.00	4	28.57
Level of education	High school	35	64.81	25	62.50	10	71.43
	College	19	35.19	15	37.50	4	28.57
Degree of urbanization	City	31	57.41	23	57.50	8	57.14
	Rural	23	42.59	17	42.50	6	42.86
Marital status	Married	25	46.30	25	62.50	0	0
	Single	29	53.70	15	37.50	14	100
Level of monthly income	No income	32	59.26	26	65.00	6	42.86
	0-1524 lei	6	11.11	2	5.00	4	28.57
	1524-3565 lei	4	7.41	4	10.00	0	0
	Above 3565 lei	12	22.22	8	20.00	4	28.57

Source: authors' calculations

5 participants were aged between 15-19 years (all females), 23 between 20-24 years (13 females and 10 males), and 26 between 25-29 years (22 females and 4 males). 35 respondents were high school graduates and 19 had a bachelor's degree. 31 persons lived in a city, while 23 were from a rural area. Regarding the marital status of the respondents, the distribution was almost symmetrical, with 25 married persons and 29 unmarried. None of the respondents were divorced or widowers. Most of the respondents claimed that they have no monthly income (32), 6 said that their monthly income is below the net minimum wage, 4 persons responded that their income is between the net minimum wage and the net medium wage, and 12 said they have incomes above the net medium wage.

We divided the participants into two groups: a) people that had a business idea prior to the start of the course and b) people that had no business idea when they registered for the course. Most of the respondents, 43 (representing 79.63% of the group) said that they already had an idea to start a business. Figure 3 depicts the distribution of respondents that had a business idea before the course.

Figure no. 3. Respondents with a business idea at the beginning of the course



Source: authors' representation

The percentage of respondents from each category that had a business idea prior to enlisting in the entrepreneurial course emphasizes the following: the existence of a business idea decreases with age (only 65.38% of the respondents aged between 25-29 years answered “yes”, compared to 91.30% aged 20-24 years and 100% aged 15-19 years); all male participants had business ideas, but only 72.5% females said “yes”; people with only high school education said that they had a business idea in a 88.57%, while college educated respondents with a business idea were only 63.16% of the total college educated respondents. Finally, 78.13% of the respondents with no monthly income already thought of starting their own business, as well as all people with incomes below the net minimum wage and those with incomes higher than the net medium wage.

When it comes to the field of activity in which they would like to start their own business, we registered the following answers: 8 – production of goods; 5 – creative industries; 12 – services providing; 7 – commerce; 11 – other fields.

Females, aged between 15-19 years, with high school education, living in the rural area, unmarried and with no income are interested in starting a production business. All participants that opted for a business in the creative industries field were 20-24 years old, females, with high school education, living in the city, married and with incomes above the net medium wage. A service providing business was chosen by 9 persons 20-24 years of age and 3 persons 25-29 years of age, 6 females and 6 males, all with high school education, 9 living in the city and 3 in the rural area, 6 married and 9 single, 9 with no income and 3 with incomes above the net medium wage. All responders that opted for a business in the field of commerce were 25 to 29 years old, females, living in the city, 2 of them had high school diplomas and 5 were college educated, 4 were married, 5 had no income and 2 had incomes below the net minimum wage. The distribution of answers to this question is presented in table 2.

Table no. 2. Filed of activity for the business idea

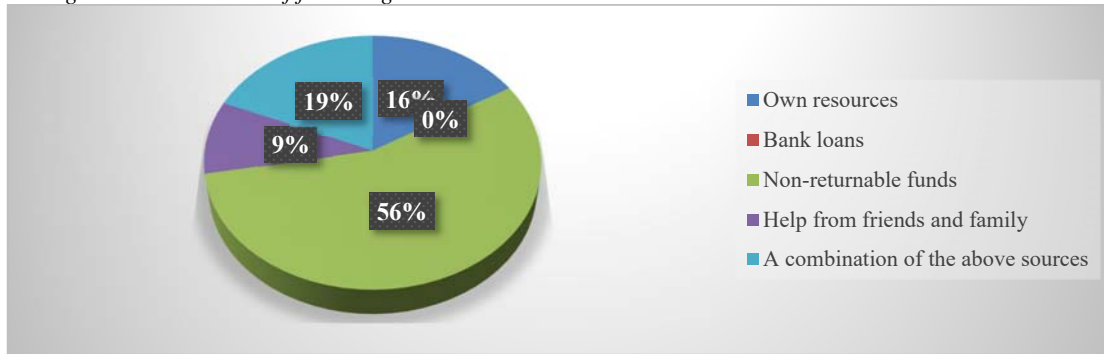
Category		Production of goods	Creative industries	Services	Commerce	Others
Age group	15-19 years	5	0	0	0	0
	20-24 years	3	5	9	0	4
	25-29 years	0	0	3	7	7
Gender	Female	8	5	6	7	3
	Male	0	0	6	0	8
Level of education	High school	8	5	12	2	4
	College	0	0	0	5	7
Degree of urbanization	City	0	5	9	7	11
	Rural	8	0	3	0	0
Marital status	Married	3	5	3	4	3
	Single	5	0	9	3	8
Level of monthly income	No income	8	0	9	5	3
	0-1524 lei	0	0	0	2	4
	1524-3565 lei	0	0	0	0	0
	Above 3565 lei	0	5	3	0	4

Source: authors' calculations

When asked how much the participation in an entrepreneurial training course has help them to develop the business idea that they had, 10 participants answered that it has helped them very much and 33 that it has helped them a lot. None of the participants considered that it had no influence on the development of their business idea.

Next, we asked the participants to identify the primary source of finance for their business idea. Figure 4 shows the distribution of answers.

Figure no. 4. Sources of financing the business idea



Source: authors' representation

Most of the participants (24, representing 56%) answered that they intend to finance their business with non-returnable funds, 7 chose their own resources as a financing source, 4 said that they would ask for the help of family and friends, and 8 opted for a combination of sources of finance. An interesting fact is that none of the participants chose to finance their business by a bank loan.

All responses that identified the help of friends and family as the desired financial source came from males between 25 and 29 years old, with college education, single, living in the city and with incomes higher than the net medium wage. The respondents that intend to finance their business idea from their own resources were aged between 20 and 24 years, mostly male (57%), living in the city (57%), with incomes above the net medium wage (57%) or without incomes (43%). Non-returnable funds were the most frequent answer for females, 20-24 years old persons, people with high school training, living in the city and with no monthly income. A combination of financing sources was chosen by 5 persons between 15-19 years and 3 persons between 20-24 years, 5 persons with high school training and 3 with college education, 3 persons living in the city and 5 living in the rural area. All respondents that choose this variant were females and had no monthly income.

The number of employees that they intend to hire was the final question for the participants that had a business idea before starting the course. The distribution of answers is presented in table 3.

Table no. 3. Number of intended employees and the field of activity

No of employees	Production	Creative industries	Services	Commerce	Other	Total
1			9		3	12
2	3	5		1		9
3	5			4		9
4					4	4
5					4	4
6				2		2
7			3			3
Total	8	5	12	7	11	43

Source: authors' calculations

Most answers indicated that the respondents intend to create one job (mostly in the field of services). In the fields of production, 3 persons opted for 2 employees and 5 for 3 employees. For the creative industries businesses all five respondents said they will need 2 employees. We also had 3 participants who said that they would like to hire seven people for their business in service providing, and 2 participants that consider that their business idea requires six employees (in commerce).

For the second group of participants, those that did not have a business idea before starting the entrepreneurial training, we tried to identify the reasons why they were not interested in starting their own business, the impact of the course on their decision and the influencing factors that could determine them to start a business.

This group was composed of 11 females (100%), 1 person between 20-24 years old and 10 persons between 25-29 years old, 5 had high school education and 6 college education, 5 lived in the city and 6 in the rural area, 7 were married and 4 unmarried, 7 had no monthly income and 4 had incomes between the net minimum and net medium wage.

First, the participants that did not have a business idea were asked to rate the importance of several criteria in their unwillingness to start a business. The results are presented in table 4.

Table no. 4. Reasons not to start a business

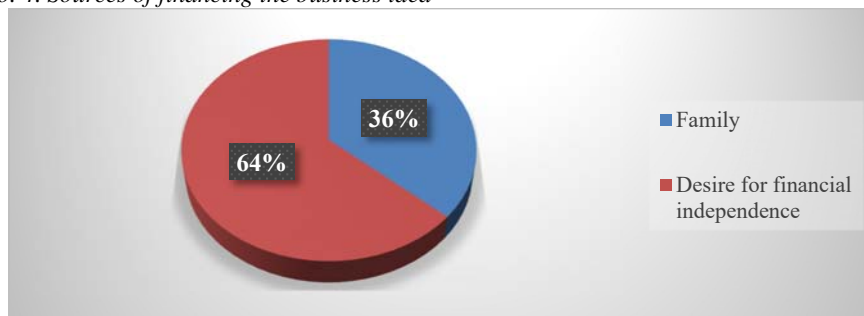
	Very important	Important	Moderately important	Slightly important	Unimportant
Bureaucracy	4 (36.36%)	4 (36.36%)	2 (18.18%)	1 (9.09%)	
Taxes		8 (72.72%)	3 (27.27%)		
Social and economic instability	4 (36.36%)	4 (36.36%)	2 (18.18%)		1 (9.09%)
Corruption		2 (18.18%)	4 (36.36%)	5 (45.45%)	
Bankruptcy risk		2 (18.18%)	9 (81.81%)		
Risk of not getting a profit	2 (18.18%)	4 (36.36%)	5 (45.45%)		
Time consumption of managing a business	2 (18.18%)	2 (18.18%)	5 (45.45%)	2 (18.18%)	

Source: authors' calculations

The high levels of bureaucracy involved in establishing a company and running its' day-to-day businesses was considered a very important set back by 4 participants and an important one by other 4 respondents. The high level of taxes that a company must pay is important for 8 participants. Social and economic instability is a very concerning for 4 people and concerning for another 4. Corruption was considered only slightly important by 5 participants. The majority of respondents (9) are moderately concerned about the possibility of going bankrupt, while the risk of not getting a profit from the business is very important for 2 respondents, important for 4, and moderately important for 5 persons. The extended amount of time required to manage their own business is a very important reason not to start a business for 2 participants, important for other 2, moderately important for 5, and slightly important for 2 respondents. Therefore, we consider that the most important reasons why the participants are not determined to start a business are the level of bureaucracy and taxes and the concerns about the economic and social instability.

When asked what would motivate them to consider starting a business, 7 participants identified the desire to become financially independent and 4 considered that their families might give them the motivation they require. The desire for financial independence was important for females of 25-29 years of age, married, and with incomes smaller than the net medium wage. Family motivated females of 20-29 years of age, unmarried, and without a monthly income. The distribution of results in presented in figure 5. We would like to note that the participants were also given two more possible answers (advice from friends or the example of other entrepreneurs), but none of them considered them as potential motivations.

Figure no. 4. Sources of financing the business idea



Source: authors' representation

To stress out the relevance of entrepreneurial training for generating a business idea, the participants were asked to what degree was the course helpful in identifying a possible business they would like to start. 5 participants considered that the course has giving them little help, 4 that it has helped them a lot, and only 2 that it has extremely helpful.

5. Conclusions

The youth related problems are a constant preoccupation for the European Union regulatory bodies. The regulators’ main concern is related with the employability of the young throughout the European countries.

One category of young people with special characteristics is represented by the NEETs, term that refers to young people, aged between 15 and 29 years, who are not in employment, education, or training. The Europe 2020 Agenda includes specific objectives concerning this category.

In case of Romania, the government regulations have address quit efficiently the NEET’s issues, complying to the European objectives prior mentioned.

Our paper has investigated the perception of these young people from Constanta County, Romania towards entrepreneurship, highlighting the importance of this specific solution for the economic and social inclusion of NEETs.

The group that has participated in this study was composed of 54 persons, 40 of them being women and 14 men. This structure corresponds to the official statistics that highlight a larger number of women than man in this category. Therefore, we consider that an interesting and important future research direction should approach the entrepreneurial orientation among the women in NEETs category.

A limitation of the study is that we have a smaller number of respondents living in the rural area compared to the situation registered at national level.

We identified two categories of participants in our study, those who had already an idea to start a business (almost 80% of the respondents) prior to their participation to the mentioned entrepreneurial training course. Only 20% of the respondents had no business idea prior to the course. This indicates a preoccupation of these young people for entrepreneurship.

Another result reflects the fact that the most numerous business ideas (19 answers) are related to the service and commerce sector, the most developed economic sector in Romania and also in Constanta County, followed by the production sector (8 cases) and creative industries (5 answers).

More than half of the respondents have indicated that they will try to access non-returnable funds to finance their business ideas, which are available in different financing schemes for entrepreneurs offered by the Romanian Government or European Union.

The participation in the entrepreneurial training course has helped them to develop the business idea that they had. In this case 10 participants reported that the course helped them very much and 33 of the respondents have indicated that it has helped them a lot.

Those participants that have no business idea prior to their involvement in the entrepreneurial training course were women. This indicates that an important segment of NEETs category that could be vulnerable to social and economic is represented by women.

As the main setbacks fort starting a business those participants with no prior business idea have indicated the taxes, bureaucracy, social and economic instability, that are reflecting ones the main concerns of the Romanian people in the present times.

The results of our study allowed to highlight the perception of the young people included in NEETs category towards entrepreneurship. Based on these results we can conclude that entrepreneurial education and entrepreneurial activity represent solutions for the economic and social problems related to young people in Constanta County.

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