



Statistical Analysis of the Erasmus for Young Entrepreneurs Programme

Executive Summary

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Programme**

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EXECUTIVE SUMMARY

This report provides the results of the study on the Statistical Analysis of the Erasmus for Young Entrepreneurs (EYE) Programme.

Following the five years of existence of the EYE initiative, a survey of participants was implemented in 2013 in order to capture the longer-term results of the programme. One of the two objectives of this study is to provide a statistical analysis of the results of the survey, and to support the European Commission services to take stock of the extent to which the programme is contributing to the achievement of medium- to long-term impacts. The second objective of the study is to provide recommendations on the design of the monitoring methodology to better track the medium- to long-term impacts of the programme in the future.

In order to put the results of the EYE programme into a wider context at European level, this study makes an overview of the landscape of European SMEs and the evolution of their performance since 2009. This has allowed to understand the general environment in which EYE entrepreneurs have operated, and has consolidated the image of the EYE beneficiaries as dynamic, with a very diverse sectoral specialisation, and resilient to the economic crisis.

The main messages resulting from the analysis of the EYE survey and the European entrepreneurship landscape are presented below.

EYE Goal 1 - Supporting entrepreneurial attitudes

Host Entrepreneurs:

- **EYE supports entrepreneurial attitudes by helping Host Entrepreneurs who are seeking opportunities to develop new ideas and expand their own businesses.** 64% of Host Entrepreneurs were motivated by these prospects when joining the programme.

New Entrepreneurs:

- **EYE promotes entrepreneurial attitudes by supporting a wide range of individuals with either the curiosity to experience entrepreneurship, ambition to become entrepreneurs, or the intention to develop or expand their newly established business.** Almost half (44%) of the New Entrepreneurs who have participated in EYE 'always dreamed of becoming an entrepreneur, and 96% considered that EYE has contributed to their ambition of becoming entrepreneurs.
- **EYE can be a defining experience for entrepreneurs starting up a business.** The participation in EYE contributed significantly to the ambition to start their own business in the case of 78% of the Would-be entrepreneurs who created their own company after their EYE exchange.
- **EYE participants considered entrepreneurship to be a solution to unemployment.** 15% of the EYE aspiring entrepreneurs were motivated to participate by the lack of a job.

EYE Goal 2 - Developing and expanding skills related to running a business

Host Entrepreneurs:

- EYE contributes to building up skills in running a business as a result of the commitment of HEs to engage NEs in daily activities of running a business and to create an open culture of sharing experience and knowledge. 50% of HEs gained personal skills by hosting a new entrepreneur.

New Entrepreneurs:

- EYE supports the development and expansion of a wide range of skills necessary for developing a business including soft and hard skills, from confidence to managerial or administrative skills and more technical skills. More than 60% of NEs acquired 'Personal skills', 'Language skills' and 'Management skills'.

EYE Goal 3 - Creating new businesses and employment opportunities

Host Entrepreneurs:

- **Considerable shares of the enterprises supported by EYE have grown in the period following the exchange.** While these figures cannot be considered a direct result only of the entrepreneurs' participation in EYE, they point to the strength and ambition of EYE beneficiaries: more than 56% of the Host Entrepreneurs replying to the survey recruited persons after the completion of EYE. 54% of Host Entrepreneurs increased their turnover after participating in EYE.

New Entrepreneurs:

- **EYE can be a launch pad for would-be entrepreneurs to start new businesses.** 36.5% of the would-be entrepreneurs have created a business since their participation in EYE. 61.5% of these started their business within two years of the EYE experience.
- The **survival rates of the EYE SMEs show the high resilience of the EYE beneficiary enterprises.** 87% of Newly established entrepreneurs are still in business. 23% of the newly established entrepreneurs had already been in business for 3 years and 38% for 4-6 years at the time of the survey.
- **EYE can contribute to the good start of the New Entrepreneurs' companies.** 61% of New Entrepreneurs increased their turnover after participating in EYE. Asked to assess the influence of the EYE exchange, 61% of NEs consider that EYE contributed with a lot or with very much to the good start of their company. These results show that both would-be and newly established entrepreneurs have gained considerably from the experience in their endeavour to start a new business.

EYE goal 4 - Strengthening and expanding existing business through developing new ideas

Host Entrepreneurs:

- **Host Entrepreneurs may use EYE as a platform for low-risk experimentation with different dimensions of potential business expansion.** In ca. 60% of cases HEs stated they gained 'New ideas/techniques'. 53% of HEs have also developed new products or services since the exchange took place. This confirms that EYE has contributed to strengthening the Host Entrepreneurs' businesses in terms of new products or services through the development of new ideas gained in the exchange. More than half of the Host Entrepreneurs who developed new products or services also increased their turnover.

New Entrepreneurs:

- **A large proportion of New Entrepreneurs (73%) developed new products and services since participating in EYE.** About half of the participating NEs stated they benefitted substantially or strongly from EYE in finding a supplier or buyer or joint venture partner in the short term, already at the end of the programme. Moreover, the great majority (81%) of NEs also benefitted from the EYE in developing potential new business opportunities in the short term.

EYE Goal 5 - Expanding to new markets

Host Entrepreneurs:

- **HEs participating in the programme tend to pursue growth outside their own markets.** While they may have done so with or without the programme we still observe that 65% of the survey Host Entrepreneurs respondents extended their operations to other markets, with 24% of the HEs operating in the New Entrepreneur's country since the EYE exchange. For them, the EYE programme can be an opportunity and facilitator to find business partners and penetrate new markets.

New Entrepreneurs:

- **NEs believe that EYE contributed substantially to their access to knowledge of foreign markets and network of contacts.** 90% of the surveyed NEs believe they benefited from participating in EYE by gaining knowledge about foreign markets and developing international connections during the EYE exchange. While NEs may currently have a less pronounced intention to expand to new markets due to for instance the maturity stage of their business, they retain the option in the medium or longer term to put in practice the acquired knowledge and gained network for the future expansion of their businesses.

EYE entrepreneurs in a European context

- **EYE is attractive for a wide range of entrepreneurs, offering the possibility to match Host Entrepreneurs and New Entrepreneurs in a very diverse spectrum of sectors, which mirror the EU-level landscape of enterprises.** The top five most frequent sectors of activity of EYE entrepreneurs are as varied as the advertising, promotion and media sector (15%) and the manufacturing sector (15%), architectural, construction, engineering and inspection services (11%), hotel, restaurant, tourism and travel services (10%) and legal, fiscal and consultancy services (9.5%).
- **The Would-be entrepreneurs who went on to create a business after the exchange showed their high potential for entrepreneurship in a very difficult economic environment.** On the background of a 5% drop in enterprise births in Europe in 2009-2011, and a 3% decrease in the number of micro-enterprises in 2010-2012, the fact that 36.5% of EYE 'Would-be' entrepreneurs started a business in this period is a positive and encouraging result.
- **New Entrepreneurs exhibit relatively high survival rates, compared to European SME averages, which consolidates their image of resilience.** On average, only 79% of European start-ups survive after two years of activity, while only 57% of them reach their three-year anniversary. 87% of EYE NEs are still in business since their exchange.
- **Considerable shares of EYE entrepreneurs were able to hire more people in spite of the general trend in diminishing employment numbers during the economic crisis.** 56% of Host Entrepreneurs and 30% of New Entrepreneurs have been in the position to hire new persons since their exchange, while the level of employment in SMEs diminished with an average annual rate of 1.2% in 2009-2013 in Europe.