

Youth Entrepreneurship as a Catalyst for Inclusive Economic Growth in Developing Nations

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Abstract: This paper examines the impact of youth entrepreneurship on fostering inclusive economic growth in developing countries. It captures qualitative interviews as well as quantitative assessments emerging from government and NGO reports to depict the value ascribed to youth-led businesses in employment creation, innovation, and social advancement. The evidence suggests that countries with policies to support youth entrepreneurship have a higher rate of startup success and lowered disparity. The paper underscores the significant value of financing, mentorship, and digital infrastructure, providing final remarks aimed at policymakers to enhance the entrepreneurial prospects of the youth for enduring economic development.

Keywords: Inclusive Growth; Youth Entrepreneurship; Economic Empowerment; Startup Ecosystem; Policy Frameworks; Employment Generation; Innovation; Developing Nations.

(Submitted: June 06, 2024; Revised: July 12, 2024; Accepted: August 16, 2024; Published: September 30, 2024)

I. Introduction

The underutilization of formal employment opportunities for the youth across many developing countries has highlighted the need for economic growth and advances alongside youth entrepreneurship. It has also proven to be a significant driving force for economic development in developing countries. There is a large population of youths in areas like Sub-Saharan Africa, South Asia as well as Latin America; approximately 60% of the total population, which acts as a double edged sword. Even though youth inclusion in the workforce is meager at best, entrepreneurship stands out as one of the key social drivers that aims to facilitate economic participation. The blend of socially responsive entrepreneurship and economic growth, as put forth by the World Bank, fosters initiatives and defines economic growth as Sustainable Development Goal 8 which states, inclusiveness for all citizens to take advantage of the growth activities offered within a country's economy as a prerequisite. While youth entrepreneurship is hindered by economic disparity, it enables access to basic resources necessary for sufficiency while advancing gender discrimination, leading to better social mobility and inequality within society. The self-generated entrepreneurial ventures are predominantly embedded in the local social issues as they enhance economic activities and opportunities, which is the key distinguishing feature of youth driving initiatives. However, there is something to be done about the sluggish marginal youth enterprise programs many developing economies are integrating into their frameworks. This paper focuses on the contribution of youth entrepreneurship towards inclusive growth by asserting case studies, developing literature reviews, and evaluating apartheid development programs of countries mapped across different economic structures.

The aim is to evaluate the impacts on economic initiatives created by the youth as well as its gaps and suggest plans for improvements to be the center of eco-friendly development tactics.

II. Review of the Literature

More recent works have discussed the impact of young entrepreneurs in the Global South. Othman and Othman (2019) highlight that entrepreneurship education in Southeast Asia has supported youth enterprises in agriculture and ICT, with microfinance and mobile banking systems helping sustain their businesses.

Le et al. (2024) analyzed youth entrepreneurship initiatives in Southeast Asia, noting that Vietnam and Indonesia experienced marked increases in youth-founded businesses between 2020 and 2023 due to

entrepreneurial training embedded in secondary and higher education. Their research stresses the importance of instilling entrepreneurial skills and mentorship at an early stage.

In Latin America, Wu and Wu (2017) examined the influence of entrepreneurship education and found that cultural attitudes toward failure, combined with access to incubators and co-working spaces, significantly increased youth participation. Similarly, Chao (2018) reviewed entrepreneurship policy frameworks in ASEAN nations, showing how incubator and university-based initiatives enhanced youth engagement and startup ecosystems.

Paul Dana (2001) provided early insights into youth entrepreneurship in Asia, arguing that education and training are central to shaping entrepreneurial mindsets. These ideas are echoed in more recent studies, which emphasize customized mentorship and capital access as vital in strengthening youth-led businesses.

Collectively, these studies suggest that while youth entrepreneurship is increasingly recognized as a driver of economic transformation, structural and cultural challenges persist. Policies must therefore focus on entrepreneurship education, financial inclusion, and ecosystem-building initiatives that empower young people to fully realize their potential.

III. Methodology

The research adopts a mixed-method approach with a qualitative case study and quantitative performance analysis and in examinees. The focus is on five developing countries, India, Kenya, Peru, Indonesia, and Nigeria, selected for their variety in entrepreneurial activities and demographics. The data collection process included field interviews, secondary data gathering, and policy analysis.

Fifty youth entrepreneurs, 10 from each country, were selected via local incubators and startup networks, and primary data was collected through semi-structured interviews. The interviews were centered on entrepreneurial motivation, challenges of startups, institutional backing, and growth results. Data from national economic documents, governmental websites, World Bank data sets, and NGO impact evaluations were used as secondary data.

To assess the impacts of youth entrepreneurship in the context of promoting inclusivity, we constructed the Youth Entrepreneurial Inclusivity Index (YEII). The YEII comprises six indicators: employment creation, inclusivity of various socio-economic groups, rural engagement, innovation rate, financial support accessibility, and sustainability of the business. Each parametric measurement was rated from 0 to 10, then aggregated to form a single index per country. Youths Entrepreneurship Programs were compared to vocational job placement programs in recessive economies to assess the long term impact used as a baseline framework. Data triangulation was applied to consolidate qualitative and quantitative perspectives in ensuring validation. The assessment incorporated additional themes such as the coherence of the policy, quality of the institutions, and public-private partnerships. This approach enables complete evaluation of the impact of youth entrepreneurship on inclusive economic growth.

IV. Results and Discussion

The analysis indicated that programs aimed at promoting entrepreneurship among the youth had greater impact than the more traditional employment programs, particularly in terms of fostering economic activity and employment in rural areas.

Table 1: Youth Entrepreneurial Inclusivity Index (YEII) Across Five Countries

Country	YEII Score (0–60)	Employment Impact (%)	Rural Outreach (%)	Gender Inclusivity (%)
India	48	35	42	38
Kenya	45	33	44	36
Peru	43	30	38	34

Indonesia	47	34	40	37
Nigeria	44	32	41	35

Table 2: Comparison of Traditional Youth Employment Schemes vs Youth Entrepreneurship Initiatives

Impact Metric	Traditional Schemes	Youth Entrepreneurship
Job Retention Rate (%)	52	68
Monthly Income Growth (%)	12	28
Business Continuity (3 yrs)	30	61
Innovation Index Score	4.3	7.8

The results indicate that nations with holistic strategies on entrepreneurship inclusive policies tend to achieve inclusivity to a greater extent. Employment surge was mainly observed in India and Indonesia, where digital marketing and grant funded startups were available. Gender inclusivity was diverse; however, India and Indonesia had relatively greater female inclusion because of particular gender-focused policies. This information underscores the fact that with proper policies and support at all levels of the ecosystem, youth entrepreneurship has the potential to be highly impactful.

V. Conclusion

In the context of developing countries, youth actively participating in entrepreneurship is a vital component in the fight towards achieving a more equitable economy. It increases the number of jobs available, increases the level of creativity implemented, and closes the wealth gap between the rich and the poor. This research illustrates the positive impacts of certain policies on the use of digital technology and support from organizations actively involved with entrepreneurship. Shifts on issues like uninterrupted guidance and support to all levels of finance, and cross-sector policies need to be more fluid require cross-industry regulatory adjustment to optimize result-focused policies for change.

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