The young, the fast and the furious: A study about the triggers and impediments of youth entrepreneurship

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Abstract: Existing literature argues that young entrepreneurs lack the human, financial and social capital to establish a growing business. Since opportunity costs for them are low, there are also a few triggers for start-up entrepreneurship, which brings us to our research question: *What are the triggers for starting a business at a young age and how do young entrepreneurs mitigate the lack of education, experience, knowledge and other critical resources in the start-up process?* Twelve entrepreneurs younger than 25 were interviewed, although they clearly lack the human, social and financial capital needed to start a new business, they do not experience this as a disadvantage. Young entrepreneurs deal with these issues by using bootstrapping and effectuation mechanisms to accommodate financial capital constraints and mobilise social support from their parents and other entrepreneurial family members and friends. By taking part in all kinds of small-scale ventures and by being granted access to additional opportunities and introductions to new customers by senior managers of established companies on the basis of their originality, creativity and energy, young entrepreneurs acquire the experiences and the contacts they need for their next entrepreneurial step.

Keywords: youth entrepreneurship; nascent entrepreneurship; opportunity costs; human capital; social capital; financial capital; bootstrapping; effectuation.

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> "Entrepreneurship is like swimming. They can teach you all the theory they want, but being thrown in at the deep end is much more effective. You'd be surprised how quickly they learn to swim", Rob Heilbron (co-founder of the Sapph lingerie chain)

1 Introduction

Existing entrepreneurship literature emphasises that people are more likely to pursue an entrepreneurial career when they have obtained sufficient experience, knowledge and resources (Davidsson, 2006). Young entrepreneurs, defined as business founders below the age of 25, have not yet done so, but that does not stop them from pursuing an entrepreneurial career. Apart from a number of (auto-)biographies of Dutch and international youth entrepreneurs and some collections of young business profiles (Swartz, 2006; Casnocha, 2007; van Schagen, 2010), relatively little is known about this type of entrepreneurs. They form an atypical group with interesting outliers (see Gladwell, 2008), because their scores on human, social and financial capital, variables which, according to entrepreneurship literature, are supposed to contribute to the success of new businesses, are not high (cf. Oosterbeek et al., 2010; Bhide, 1996; Shane and Khurana, 2003; Elfring and Hulsink, 2007). Young entrepreneurs experience all kind of problems in starting and running a business: they face constraints to start-up finance and appropriate training and experience and deficiencies in terms of business assistance and support (e.g., not being taken seriously by colleagues or business contacts) (Schoof, 2006).

In general, young entrepreneurs have a carefree attitude when it comes to school/education.[1] Most of them learn about business creation either at home through their parents, from their friends and peers or through early 'just do it yourself' experiences, but not through traditional education. Some prominent entrepreneurs who started at an early age, like Bill Gates, Mark Zuckerberg and Steve Jobs, did not finish university. In addition to lacking the proper education, they also tend to lack any prior background knowledge and professional or entrepreneurial experience, nor do they excel in terms of relevant business expertise. In short, these young entrepreneurs are inexperienced and their education tends to be generic in nature (certainly not industry-specific). In addition, they do not have access to the capital that is usually needed to start and grow a high-impact business. Although, in a limited number of cases, they are the offspring of entrepreneurial parents who have passed their unique genetic material on to them, this is certainly not something that they have in common (Swartz, 2006; van Schagen, 2010). On the other hand, people in their home environment do play an encouraging and facilitating role in the young entrepreneurs' quest to start their own businesses. The early life history of successful adolescent Dutch entrepreneur, Ben Woldring, as pictured in Box 1, exhibits the key intentions and incentives, but also the impediments involved in setting up and running his new business(es).

Box 1 The business profile of the Dutch adolescent entrepreneur Ben Woldring

It all started with a school assignment, which turned into a successful dynamic company. The Dutch Internet company Bencom was founded in 1998 by Ben Woldring, by now a famous Dutch young entrepreneur, who launched his company when he was only 13 years old. He had no degree, no industry knowledge and no work experience, and his support network consisted of his mother and a few family friends. The timing for his new business was excellent: the telecommunications market in the Netherlands had just been liberalised and the new internet-based economy had manifested itself and offered all kind of opportunities to established as well as new businesses. At that time, Ben had already started comparing telephone subscriptions for his parents and neighbours, advising them how to make cheaper calls. Inspired by an assignment in the informatics/mathematics class at his local high school, he developed a website that was able to compare the rates of the services offerings of various telecommunications operators. On Dutch television, in the consumer program Kassa, he fearlessly debated the lack of transparency in the telecommunication sector and the substantive differences in rates (as published on his website) with the CEO's of the established telecommunications companies. One of the CEO's even suggested he change the address to his website from http://home.wxs.nl/~woldring to www.bellen.com (Woldring, 2000). Ben launched websites that compared telephone rates, called *Bellen.com*, followed soon by *Internetten.com* (iternet provision rates) and *Vakantiebellen* (mobile rates abroad for tourists).

To build these sites, he first learned to program in HTML. His websites were a great success and he earned money by persuading advertisers to pay for their banners on his sites and by charging telecom operators for the traffic he generated (based on the number of click-throughs). Because, at the time of founding, Ben was still a minor, his mother registered the company at the Chamber of Commerce, and together they stood at the cradle of *Ben.com*: his mother was the company's first formal director and later its first employee. After starting on an academic *international economics and business* BSc degree with great enthusiasm in 2001, he became frustrated and decided to switch to art history part-time four years later. More than ten years later, Ben Woldring is the CEO of Bencom and (co-)owner of nearly a dozen websites and portals (including among others Gaslicht.com, Energiewereld.com and Looking for Booking), which are all part of Bencom holding, employing over 20 people at three locations in the Netherlands. In 2003, he won Ernst Young's Entrepreneur of the Year Award and three years later, in 2006, he was named the best European Entrepreneur under 25 by Business Week.

Fortunately, there are more enthusiastic young entrepreneurs like Ben Woldring who, without any education, business experience or network partners to speak of, inspire whole (new) sectors like IT-services or the internet industry and put pressure on the established competition to innovate and streamline their operations. There are a number of other prominent teenage entrepreneurs in the Netherlands, including Naomi Gelderblom (ran her own supermarket when she was 16), Bernd Damme (started selling A-brand and luxury sunglasses online: Eyewear), Fleur Kriegsman (started her own online clothing shop Hipvoordeheb.nl before she reached 16) and Stacy Rookhuizen, who, at 16, already had her own record label and was busy scouting for musical talent. Many young entrepreneurs do not have the necessary experience, knowledge and resources. They face numerous challenges when they want to start a business, which is why many other young people do not start a business. When we go back to Ben Woldring's example (as summarised in Box 1), we see that he also had to overcome several obstacles. In addition to facing issues regarding the mobilisation of human, social and financial capital for his new venture, he was unable to register himself at the Chamber of Commerce. Young entrepreneurs are faced with administrative problems, for instance in the Netherlands registering with the Chamber of Commerce and banks when they are under 18, in which case their parents need to help out. Also, child benefits and student grants are reduced when they make more than a certain amount a year with their venturing activities (in the Netherlands, the threshold is €11,000).

The focus of this exploratory paper is on youth entrepreneurship, in particular on the specific trajectories, processes and strategies of ambitious entrepreneurs in their teens and early twenties setting up and running autonomous for-profit businesses. With a few exceptions, there are few studies, either theoretical or empirical, available; in the words of Schoof (2006, p.xi), the author of an influential study published by the International Labour Organization (ILO):

> "Young people are mostly treated as part of the general adult population, while their specific needs and particular entrepreneurial potential as well as their critical contribution to economic and social progress are underestimated. Unfortunately, there is still a general lack of in-depth research and concrete data on youth entrepreneurship, especially as it relates to different (entrepreneurial) framework conditions and to the creation of new firms".

Successful young entrepreneurs, like Stacey Rookhuizen and Ben Woldring, are an interesting category of business founders, who cannot not be easily pigeon-holed: they do not have a superior education, expertise or experience, they have no start-up capital or wide-ranging network. Nor do they have affinity with the business or a proven track record. So what makes these young entrepreneurs so unique? This contribution offers an initial exploration. This small but select group of successful young entrepreneurs is in need of special attention, both in terms of empirical analysis and its theoretical significance. What can we as entrepreneurship researchers, theoreticians and teachers learn from 'natural born' young entrepreneurs like Ben Woldring in the Netherlands, Mark Zuckerberg in the USA (now) and Richard Branson in the UK (then)? This brings us to our main research question: *What are the triggers for starting a business at a young age (< 25 years) and how do these young entrepreneurs mitigate the lack of education, experience, knowledge and other critical resources in the start-up process?*

With regard to the relevant entrepreneurship literature, this study draws on the process theories of nascent entrepreneurship and effectuation (or bricolage) and the concepts of human, financial and social capital. Finally, the notion of opportunity costs and three perceptual variables, i.e., fear of failure, self-efficacy and risk perception, will be applied throughout this study. Youngsters who are involved in the process of starting and running their own company can be classified as either nascent or actual entrepreneurs: the former category includes those who are actively trying to set up their own business, while the latter category includes those who have already started their business (Reynolds et al., 2004). Nascent entrepreneurship refers to all activities aimed at setting up a business, including the technical and commercial research, the business plan, the relevant business courses, approaching potential clients, etc. Nascent entrepreneurship will be formed by attributes, like access to human, social and financial capital, while perceptual variables, like risk perception and self-efficacy, are important in the decision whether or not to start one's own business (Arenius and Minniti, 2005; Davidsson, 2006). These three capital variables also affect perceptual variables: for example, a nascent entrepreneur's local environment with many strong ties to business persons that themselves have started a successful company, will increase someone's self-efficacy with regards to entrepreneurship (Mueller, 2006). Within this process, it is important to realise when and why certain insurmountable barriers occur that may cause young entrepreneurs to shelve their plans (Reynolds and Miller, 1992; Carter et al., 1996). This may indicate a lack of information (where can I obtain information about setting up my own company, where do I need to register) or resources like money, coaching and assignments (Carter et al., 1996).

It is interesting to note that existing literature on nascent entrepreneurship is largely based on test groups with an age category between 18 and 64 years old, like in the GEM and PSED datasets (Reynolds et al., 2004). Empirical studies on start-up entrepreneurship in the categories of < 25 years and > 55 (or 65) years are almost non-existent (Schoof, 2006). Although there have been other studies in the field of youth entrepreneurship, for instance on their attitudes toward and knowledge of basic entrepreneurship concepts (Kourilsky and Walstad, 1998), the dominant traits and belief systems of adolescent entrepreneurs (i.e., internal locus of control and belief in hard work (Bonnett and Furnham, 1991), an analysis of young entrepreneurs participating in young enterprise schemes encouraging youngsters to pursue their aspirations and increase their entrepreneurial capacity (Greene and Storey, 2004, 2005; Greene, 2002; Peterman and Kennedy, 2003; Bonnett and Furnham, 1991) and rule-breaking behaviour by adolescents and the subsequent impact on their entrepreneurial status (Zhang and Arvey, 2009; Obschonka et al., 2013), none – as far as the authors of this study are aware of – have addressed the specific trajectories, processes and strategies of young successful entrepreneurs. In short, the business founders investigated in this study initiated their entrepreneurial career, irrespective of school-run projects or government support programme aiming to improve the entrepreneurial skills and abilities of young people.

The effectuation approach is relevant to youth entrepreneurship because it allows entrepreneurs to model, shape, transform and reconstitute existing realities, including their own limited resources, into new opportunities (Sarasvathy, 2001; Read et al., 2010). These 'effectuators' open themselves up to surprises regarding which markets they will eventually build or enter. While effectuation (or experimentation) begins by estimating the downside, examining how much one is willing to lose and leveraging limited means in creative ways, causal or predictive models, characterised by certain clear goals and well-known causes, allowing for reliable predictions about the future and focusing on maximising returns by selecting optimal strategies, are less relevant to young entrepreneurs. Opportunity costs, which are related to human and financial capital (Amit et al., 1995), are also important predictors of nascent and actual entrepreneurship. When opportunity costs are increasing, the likelihood that someone will start a company decreases. Alternatively, when opportunity costs go down (with easier entry and exit possibilities), the likelihood that someone will start a new venture will go up.

Because few studies have thus far examined young entrepreneurship, we decided to conduct an inductive and explorative study based on multiple case studies (Ozcan, 2009). We look at entrepreneurs who are under 25. The origin of this study is the *25-under-25* list, compiled annually by the Dutch entrepreneurship and business magazine *Sprout* (the equivalent of the *Inc* and *Entrepreneur* monthlies). Entrepreneurs who started a company before the age of 25 and who have had a measure of success (e.g., survival, growth, internationalisation, hiring employees, etc.), as identified by the *Sprout* journalists, qualify to be ranked. Our sample of 12 more or less successful young entrepreneurs was drawn from the *Sprout 25 under 25* list of 2007, 2008 and 2009, with a mix of female and male youth entrepreneurs, in their teens and early twenties and who are active in different industries.

Before discussing and interpreting the results and presenting our conclusions, we first summarise the relevant academic literature on youth entrepreneurship. In the following sections, leading up to the results and the analysis of the more or less successful cases, an overview is provided of the emergence of youth entrepreneurship in the Netherlands, followed by a discussion of the research design and methods used in this study.

2 Literature overview

All young individuals who have the intention to start a business belong to a larger category of nascent entrepreneurs. A nascent entrepreneur is someone who tries to start a business alone or with someone else, who is currently active in starting up a business or who anticipates full or part ownership of the new business (Reynolds et al., 2004). These nascent entrepreneurs are in between potential and real entrepreneurs: they are somewhere in the (pre-)start-up phase in which the utility of a new business idea or concept is tested, its technical and commercial feasibility is further explored and tentatively exploited and the new business is officially registered and established. In addition, the founder(s) are now part-time or full-time committed to the further development of the new venture, human capital and knowledge resources are appropriated and allocated (van Gelderen et al., 2005, 2011). Firm creation by nascent entrepreneurs plays a significant role in employment creation, productivity growth and innovation (Davidsson, 2006; Davidsson and Gordon, 2009). The relevant personal factors of young nascent entrepreneurs, include human, social and financial capital (Davidsson, 2006).

The first relevant factor in nascent entrepreneurial status is human capital, which provides knowledge and skills on the one hand and education and experiences on the other, which facilitate the discovery of opportunities, as well as the identification, collection and allocation of scarce resources (Unger et al., 2011). Earlier studies indicate that there is a close connection between education and nascent entrepreneurship (Kim et al., 2006; Delmar and Davidsson, 2000; Bonnett and Furnham, 1991). Formal education has a small significant positive effect on the likelihood that someone will start a company (Davidsson and Honig, 2003) and especially higher levels of education are strongly related to nascent entrepreneurship (De Clerq and Arenius, 2006). Other Studies, like the PSED and GEM, also show this connection (Davidsson, 2006, Reynolds et al., 2004). In their contribution to the discussion whether an entrepreneur’s human capital matters, Ucbasaran et al. (2008) draw a distinction between general human capital (i.e., education and work experience) and distinctive entrepreneurial and managerial capabilities. Work experience means that someone has general full-time work experience at a company, managerial work experience, previous start-up experience and/or is currently self-employed or owns a small business (Kim et al., 2006). In general, work experience has a (small) significant effect on the likelihood that someone will start a business.

The most common indicators of human capital used in labour force participation analyses are education, workplace experience and family/relationships, which have been associated with the success of (nascent) entrepreneurs. The human capital theory, mentioned by Davidsson and Honig (2003), explains that knowledge increases a person's cognitive and entrepreneurial abilities, leading to more productive and efficient potential activities. The human capital concept is important to the nascent entrepreneur when it comes to recognising and exploring opportunities (Unger et al., 2011; Ucbasaran et al., 2008). Human capital provides the entrepreneur with knowledge and experiences, which facilitate the discovery of opportunities, as well as the identification, collection and allocation of scarce resources. Certain aspects of human capital have a significant influence on the likelihood of people becoming nascent entrepreneurs, in particular earlier start-up experience. Knowledge-based factors have a strong impact on people's decision whether or not to engage in business start-up activities (De Clerq and Arenius, 2006). The process of acquiring human capital will increase people's self-confidence in terms of starting a successful business of their own. An individual's entrepreneurial identity is shaped by that individual's parents and relevant peer group: peers at school and parents at home will have an impact on the development of entrepreneurial intentions and activities (Falck et al., 2012).

Social capital also plays an important role in nascent entrepreneurship (Davidsson and Honig, 2003). Nascent entrepreneurs have the ability to create a social environment and social relationships (Liao and Welsch, 2005). Social capital has often been described by referring to the identification of social networks and the extraction of benefits by actors from their social relationships, groups and memberships (Davidsson and Honig, 2003). In theory, the social networks provided by extended family ties and/or community-based contacts and/or organisational relationships supplement the effects of education, experience and financial capital in general and more specifically compensate for certain deficiencies in those areas (Davidsson and Honig, 2003). The entrepreneur's social capital provides the networks that facilitate the discovery of opportunities, as well as the identification, collection and allocation of scarce resources and subsequently the provision and diffusion of critical information and other essential resources in the exploitation process (Davidsson and Honig, 2003). A person's local environment can have a major impact on the decision whether or not to pursue an entrepreneurial career (Mueller, 2006). In their research into the prevalence and characteristics of nascent entrepreneurs, Delmar and Davidsson (2000) argue that 'having entrepreneurial parents' is an important factor in determining who becomes a nascent entrepreneur. Entrepreneurs with parents who own or have owned a company are influenced in their decision whether or not to start their own business. As shown by Reynolds et al. (2004), most entrepreneurs start their own company before the age of 40 and have parents who were or still are self-employed. Not only the presence of self-employed parents is important, but also their performance. Successful parents can serve as role models for the next generation of entrepreneurs.

Social capital, which plays a role in all processes involved in starting a business, is often described by two kinds of relationships with different strengths: weak and strong ties. Several authors have discussed how the pattern of network development of new firms changes and how the mix of weak and strong ties evolves over time (Witt, 2004; Greve and Salaff, 2003; Elfring and Hulsink, 2007). The combination of weak and strong ties is different in each phase of a company and each phase requires a different set of weak and strong ties to meet the requirements of that particular phase. Social capital is often described by referring to two kinds of relationships: the bonding of close friends and family and the bridging to acquaintances and relevant others. According to

Davidsson and Honig (2003), the former is important when it comes to gaining trust and legitimacy, while the latter is important when it comes to acquiring the required resources and clients. Both types of relationship are important in the process of setting up a business. First of all, they play a role in the discovery process of new venture creation. Secondly, they are needed in the exploitation process. Without them, nascent entrepreneurs are not able to set up a business, because they provide crucial resources and legitimacy. When nascent entrepreneurs start a new company, they suffer from a lack of legitimacy (Aldrich and Fiol, 1994). Public knowledge about the new firm is limited and it does not have the credibility and familiarity that older and more established firms have. Both entrepreneurs and crucial stakeholders may not fully understand the nature of the new venture and its conformity to established institutional rules may still be in question. In this respect, two possible approaches have been suggested by Aldrich and Fiol (1994):

1 cognitive strategies, through knowledge dissemination, public relations, showcase behaviour and endorsement by third parties

2 socio-political strategies, through lobbying and regulatory approval.

By creating a social network filled with a large number of weak ties, nascent entrepreneur can overcome their relative lack of legitimacy.

Overall, social and human capital have a strong relationship with nascent entrepreneurship (Davidsson, 2006; Mueller, 2006), compared to the relationship between financial capital and nascent entrepreneurship (Davidsson, 2006; Kim et al., 2006). Even when people perceive several risks and face financial capital constraints, they still start a business. Individuals may become nascent entrepreneurs regardless of their current wealth and job position. The relevance of financial capital to nascent entrepreneurs can be viewed along two dimensions: household wealth and household income (Kim et al., 2006). Household wealth has everything to do with the amount of financial resources that are available and accessible in someone's environment, while household income refers to the amount of money someone is currently earning and the amount of money he or she will earn in the future. In the case of household income, entrepreneurs evaluate two things before deciding whether or not to pursue an entrepreneurial career (Kim et al., 2006): firstly, the potential for additional income from a start-up and secondly, the present and perceived future income from the current place of employment.

Most start-up entrepreneurs lack the financial resources to launch their venture. Although this could be a clear reason not to start (Kim et al., 2006; Davidsson, 2006), many people set up their business anyway, which means that other considerations, such as the value of a perceived opportunity, are more salient to nascent entrepreneurs than any financial restrictions (Kim et al., 2006). Research by Kim et al. (2006) shows that most entrepreneurs start a business with very little money. 80% of all nascent entrepreneurs start their business with less than US$10,000 while 50% start their business with less than US$2,000. Only a few young entrepreneurs raise funds from external parties. We may assume, then, that entrepreneurial individuals facing financial constraints use several ways to overcome those constraints. Two ways to deal with financial impediments are bootstrapping (Bhide, 1992) and bricolage (Baker and Nelson, 2005). Examples of bootstrapping are guerrilla marketing, subsidies, mentoring/coaching instead of consulting, leasing instead of buying, etc. Bricolage is the process by which entrepreneurs in resource-poor environments are able to render unique services by recombining elements at hand for new purposes that challenge institutional definitions and limits.

A person's human, social and financial capital will influence that person's opportunity costs (Amit et al., 1995; Levesque and Minniti, 2006; Mueller, 2006). People who decide to pursue an entrepreneurial career also face particular opportunity costs (Amit et al., 1995; Levesque and Minniti, 2006). Employees earning higher incomes may find the opportunity costs involved in leaving their current secure position, to embark on a career filled with uncertainty, too high (Mueller, 2006). Amit et al. (1995) and Mueller (2006) argue that people who work for a boss are likely to have higher incomes compared to people who are self-employed. According to Levesque and Minniti (2006), people choose a career path according to the dynamic interplay of age, wealth and risk aversion. People who become older have more risks and they perceive those risk differently (Mullins and Forlani, 2005), due to the increase of human, social and financial capital. People facing lower opportunity costs are more likely to pursue an entrepreneurial career. Research by Parker and Belghitar (2006) indicates that human capital is related to financial capital. Higher levels of education will lead to higher levels of human capital, which will lead to better career opportunities and a higher income. People who potentially earn more money have greater opportunity costs, which may reduce the likelihood of them becoming nascent entrepreneurs.

People's local environment will shape their personal factors, which in turn affects their opportunity costs (Mueller, 2006). It is especially the local environment that plays an important role in determining whether or not someone becomes an entrepreneur. An environment filled with entrepreneurial activity is important when it comes to reducing the level of ambiguity associated with self-employment, but it also increases the legitimacy of that career option by indicating that running a business is a valuable source of reward (Mueller, 2006). The influence of the local support environment is especially strong at the start of a new business. Furthermore, a person's attitude and work experience are also important and in fact they are even more important than formal education (Mueller, 2006).

The nascent entrepreneurship literature seeks to capture and analyse individuals in the early stages of their entrepreneurial career and shows the relative importance of the three forms of capital in initiating and establishing start-up ventures. The possession of high levels of human, social and financial capital facilitates the emergence of new firms and increases their survival chances. As most nascent entrepreneurs in general and youth entrepreneurs in particular, suffer from a lack of these forms of capital, the shortage of human, social and/or financial resources poses a real impediment to entrepreneurial entry. Applying the nascent entrepreneurship literature to youth entrepreneurship, several impediments have been identified across the entrepreneurial process (Schoof, 2006), including (additional) constraints in start-up finance (e.g., a lack of personal savings and resources, a lack of securities and credibility), mismatch in training and prior experience (e.g., inadequate curricula, no/limited business and industry knowledge and experience), problems with business assistance and support (e.g., a lack of business connections, a lack of knowledge of available business support services) and problems in the actual running of the business (e.g., not being taken seriously by colleagues or business contacts, age discrimination by suppliers, customers or the government). Young entrepreneurs do not have the labour market experience allowing them to find out and know whether or not they possess the necessary abilities to become a successful entrepreneur (Falck et al., 2012). Young entrepreneurs are aware that they have little knowledge about entrepreneurship, but they are eager to learn (Kourilsky and Walstad, 1998).

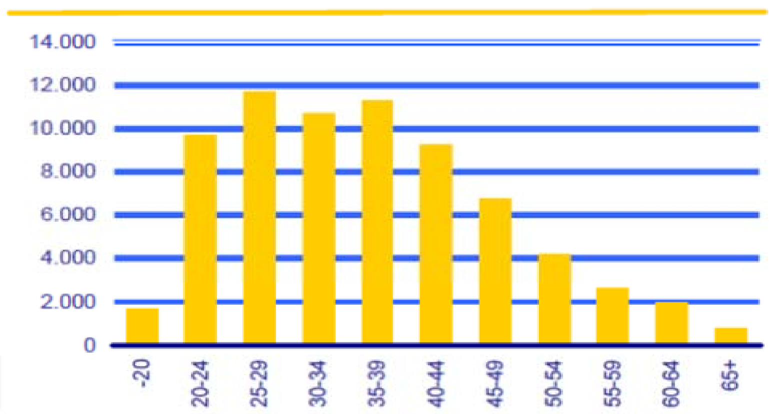
Perceptual variables are important in the nascent entrepreneurship literature for predicting who becomes a real entrepreneur and who not (De Clerq and Arenius, 2006; Davidsson, 2006). Examples of perceptual variables are: fear of failure, self-efficacy and risk perception (Arenius and Minniti, 2005; Mullins and Forlani, 2005). A perceptual variable what young entrepreneurs need to face is the risk perception. When young individuals are starting a business they perceive a particular risk, which can be split up into a magnitude of risk (the amount of money that they could lose) and a likelihood of risk (that they could loss a particular amount of money) (Baron, 2004; Mullins and Forlani, 2005). The most important variable, according to Arenius and Minniti (2005), is self-efficacy: someone needs to have faith in his or her own abilities of being an entrepreneur. Increase of education and work experience is a positive predictor for an increase in self efficacy of an individual (Arenius and Minniti, 2005; Davidsson, 2006). Also, young entrepreneurs gain confidence through their social local environment, which gives them support, credibility and trust. While having faith in their own abilities and being only modestly risk-seeking, fear of failure is not perceived. Young people do not have the intention to make risky choices and most of them do not have fear of failure. They think that when one chooses to become an entrepreneur he or she will gain a lot of experiences in a short time.

This is the 'just do it' mentality: the start of a new venture is no longer an incredibly risky and heroic act, but it is something one can do relatively easily within the constraints and possibilities of one's normal life. There is a correlation between low opportunity costs and the tendency to engage in entrepreneurial activity (Amit et al., 1995). Opportunity costs for young entrepreneurs are relatively low: the lower the opportunity costs, the more someone is to engage in entrepreneurial activity. Simply put, they have nothing to lose. Young entrepreneurs start with limited means, using what is known as effectuation: rather than pursuing ambitious and well-considered objectives (causation), they use and develop existing resources and network contacts and ingredients (Sarasvathy, 2001). Their starting point is: who am I, what and who do I know and what types of effects can I create, after which they look around on the internet or in the workplace, kitchen or laboratory to see what is available and build their businesses on the basis of acceptable losses and risks. Unlike the causation logic of experienced and seasoned entrepreneurs, which is all about choices among given alternatives and applying pre-specified criteria to achieve predetermined goals, young entrepreneurs make conjectures about the future, determine what can be done and let their goals emerge over time (Sarasvathy, 2001; Read et al., 2010). In other words, effectuation is not a process that involves choosing among given alternatives, but of generating those alternatives and simultaneously discovering and assessing the desirable and undesirable qualities of several possible ends. While firms that are created through effectual processes may not be immune to failure, the costs of failure are much lower. They allow errors and failure to occur sooner and with lower levels of investment, while keeping the option of making larger investments open should early successes begin to accumulate.

3 Age and entrepreneurship: the emergence of junior and senior entrepreneurship

In their research into the motivation of starting entrepreneurs, Levesque and Minniti (2006) mention the so-called age effect: young people are more likely to start a new business than old(er) people [really young people (< 24 or < 18) were not included in the study]. This has to do with the past career of the 'budding entrepreneur', his or her accumulated wealth (or lack thereof) and the associated risk-avoiding behaviour. Older start-ups have less time and more resources to set up a business effectively and to make it grow. Although young entrepreneurs initially lack financial and other resources, they do have sufficient time at the start of their careers to become successful entrepreneurs. Also, they have a different attitude towards failure and bankruptcy. Older entrepreneurs are afraid of the stigma of a business failure and the hassle of a bankruptcy (their reputation is on the line), while younger people seem decidedly unafraid (they have much less to lose). De Kok and Winnubst (2007) examined the average age categories of starting entrepreneurs (from 25 to 54 years old), as well as young entrepreneurs (under 24) and senior entrepreneurs (over 55). In both age categories, entrepreneurship is becoming increasingly more popular. In 2008, there were 13,421 start-ups in the Netherlands below the age of 25 (see Figure 1). The percentage of senior starters (over 55) rose from 9.9 in 2002 to 13% in 2004. The motivation for becoming an entrepreneur varies, with older starters setting up their own company out of necessity (after bankruptcy, lay-off or unemployment), while younger starters are driven by a mixture of enthusiasm, ambition and opportunism (De Kok and Winnubst, 2007). Youngsters have more choices than older entrepreneurs: they can go to school or university, find employment or set up their own company, while older entrepreneurs cannot or do not have to work and they cannot go (back) to school, which means that setting up their own company is basically the only alternative they have.

Figure 1 Youth and senior entrepreneurship: age distribution of business founders in 2011 (see online version for colours)



Source: Dutch Chamber of Commerce (www.kvk.nl)

For some senior entrepreneurs, entrepreneurship is a way to combine work with a hobby or volunteer work or to start a one-man business. For others, it is driven by necessity, as an alternative to age discrimination and (threatening) long-term unemployment. Most senior entrepreneurs choose a gradual and well-planned start to their new business. The ambition to grow quickly (in terms of turnover and the number of employees) and willingness to invest are limited. In addition, older entrepreneurs are generally speaking men with a relatively high education and a relatively diverse social network who are more often than not working in the business and financial service sector (De Kok and Winnubst, 2007).

When we look at the background of young entrepreneurship, we see that most young entrepreneurs see entrepreneurship as an attractive alternative to temporary jobs (working in the supermarket, delivering folders or waiting tables), because of the higher earnings, the freedom to manage their own time and the learning opportunities it provides (Bakker, 2009; Dekkers, 2009). What is also striking is that the start-up process is a gradual one: they start trading in the school playground, after which they begin selling gadgets or clothing and then move on to exploiting their own website or trading via eBay or similar websites (van Schagen, 2010). Because this 'part-time' approach has a low threshold, investment levels are zero or very low: the sectors involved are typically retail, consultancy, organising events, mediation and trade, e-commerce and IT/internet applications. These young entrepreneurs have mixed feelings about school.

Nine of the 18 young entrepreneurs in van Schagen (2010) did not finish their education. Most young entrepreneurs have neutral or negative associations with the education they have received: they argue that there is little room for creativity, competitiveness and entrepreneurship. Schools do not engage much in providing knowledge about and encouraging entrepreneurship. A recent study by Sprout Business Magazine (2010) showed that 45% of the 25 entrepreneurs under 25 received no support at all from their school, while 22% quit school because they were unable to combine it with their business. Instead, young entrepreneurs obtain their information and knowledge about entrepreneurship from different sources, like the online and offline sources of the Chamber of Commerce, business magazines and entrepreneurship websites and network and coaching clubs.

As far as the young entrepreneurs are concerned, the situation at home is more important in their decision to start their own business. Although most of Sprout's young entrepreneurs claim they have taught themselves to be entrepreneurs (82%), parents and relatives play a role in 52% of all cases, while the constructive contribution of friends/acquaintances and schooling are clearly less important (26% and 22% respectively) (Sprout Business Magazine, 2010). In a number of cases, one of the parents is an entrepreneur who passes on 'the creative gene' to the young entrepreneur in question. Through a structured upbringing aimed at cultivating an independent, extrovert and proactive attitude, parents can encourage their children to become entrepreneurs. Entrepreneurial parents and older brothers and sisters can also provide the necessary technical, legal and/or financial support. In addition, parents can lend a hand when their son or daughter is between 16 and 18 and wants to be economically independent. According to Dutch law, people in that age group still need the approval of their parents to engage in certain economic activities. Parents can have those limitations partially lifted, allowing the young entrepreneurs to be economically independent and borrow money, sign contracts and buy expensive items without their parents' consent.

4 Methodology

Existing literature about entrepreneurship argues that young individuals lack the human, financial and social capital to get started and establish a growing business. None of the distinctive elements attributed to new successful entrepreneurs, such as dedicated education and business experience, multiple and overlapping networks of strong and weak ties, a proper track record and a minimum set of financial resources to get started, seem to apply to young entrepreneurs (< 25 years). As such, there are many impediments when it comes to starting a business, especially at a young age. Since opportunity costs for young entrepreneurs are low and, with entry barriers being low in internet-based industries, there are also a few triggers for high-impact start-up entrepreneurship. This brings us to the research question of this paper: *What are the triggers for starting a business at a young age and how do these young entrepreneurs mitigate the lack of education, experience, knowledge and other critical resources in the start-up process?*

The purpose of this research is to understand the role of several triggers and impediments with regard to young entrepreneurship. This paper qualifies as a qualitative study: through interviews with young entrepreneurs and multiple case studies, we explore and discover new substantive areas and phenomena about which little is known (Corbin and Strauss, 1990). Because there is limited literature available about youth entrepreneurship, we conducted an inductive, multiple case study. Inductive studies are especially useful in providing insight into new or under-researched areas, like young entrepreneurship, that are not yet covered by existing theories (Eisenhardt, 1989). In case studies, it is possible to use several sources of evidence and apply different variables that explain why someone starts a business at a young age. According to Yin (1994), a case study is an empirical inquiry that investigates a contemporary phenomenon within its real life context, with the boundaries between the phenomenon and its context not being evident, using multiple sources of evidence. In this study, we use multiple case studies, effectively allowing for a proper collection of data that can be compared.

In this study, we look at entrepreneurs who are under 25. The origin of this study is the *Sprout* 25-under-25 list: entrepreneurs who started a company before the age of 25. Each year, the Dutch entrepreneurship magazine *Sprout* publishes a list of 25 entrepreneurs who were successful in that particular year. As a first step in the selection process, we used the *Sprout* lists of 2007, 2008 and 2009, which yielded an overall test group of 74 young entrepreneurs (one of the entrepreneurs was included in two of the lists). Next, we developed several criteria for selecting a particular set of young entrepreneurs: a mix between female and male entrepreneurs and between teenagers and somewhat older entrepreneurs (still younger than 24 years), in different types of industry, etc. To put the cases together, we used several data sources:

1. background information, internet sources, an interview with the leading business journalist covering the *Sprout 25 under 25*
2. open and semi-structured interviews with the entrepreneurs
3. informal follow-ups; additional e-mails, phone calls and observations designed to validate the content of the interviews and case reports.

The population of young entrepreneurs featured in *Sprout* from we drew our sample satisfies the following criteria (Sprout Business Magazine, 2010):

1 they are all under 25
2 their firms still had to be operational
3 the young entrepreneurs and their firms had to be successful
4 they had to have something special
5 they should display firm growth in terms of revenue and number of employees.

Using the *Sprout* lists of 2007, 2008 and 2009 yielded a test group of 74 young entrepreneurs (one founder was included in the lists of 2007 and 2008). We wanted to have a somewhat diverse sample, with a mix of male and female young entrepreneurs, business founders across several industries and solo starters and team start-ups. The total population of 74 young entrepreneurs was skewed, with a limited number of young female entrepreneurs and a heavy emphasis on IT and internet-based applications. In addition, 50% of the people we approached were unwilling to take part. Ultimately, we interviewed 12 young entrepreneurs who all started a company before they were 23 years old and who were under 26 at the time the interviews took place. When looking at our sample (see Table 1), it is clear that most of the young entrepreneurs (ten of the 12) started an internet-based company, while half of them started their company before the age of 20 years old. Eight of the 12 started a company together with other people, while ten of them were male.

Table 1 Sample of selected young entrepreneurs

Name of the young entrepreneur	*Company*	*Industry*	*Current age (in 2010)*	*Age at start*	*Started together or alone*	*Revenue 2008 in euro*	*Gender*
Alexander Klopping	The Gadget Company	internet	22	16	Together (friend)	250,000	Male
Andrew Brouwer	Neostrada	internet	20	14	Alone	-	Male
Bernd Damme	Eyewear	internet	19	16	Together (friend)	200,000	Male
Carl Meijer	N-Media	internet	21	13	Alone	-	Male
Danny Mekic	Domeinbalie	internet	22	15	Alone	600,000	Male
Eric van Noort	Taartenwinkel	internet	24	20	Together (friend)	2,000,000	Male
Klaas Kroezen	WUA	internet	25	23	Together (brother)	-	Male
Mariska Mellegers	Dineaux	School care	22	21	Together (boyfriend)	-	Female
Naomi Gelderblom	Naomi's Troefmarkt	Retail/ supermarket	20	16	Alone	-	Female
Robert Gaal	Wakoopa	internet	24	22	Together (friend)	-	Male
Sander de Jonge	CreatAd	internet	24	23	Together (friend)	-	Male

Table 1 Sample of selected young entrepreneurs (continued)

Name of the young entrepreneur	*Company*	*Industry*	*Current age (in 2010)*	*Age at start*	*Started together or alone*	*Revenue 2008 in euro*	*Gender*
Sebastien Willems	Viddex	internet	23	21	Together (two friends)	-	Male
		Ten of the 12 internet	Average age: 22,17	Average age: 18,33	Eight of the 12 started together	-	Ten of the 12 are male

The aim of the interviews was to obtain longitudinal information about what kind of choices they faced over time and which impediments and triggers had influenced their decision to start a business. At the start of each interview, we asked general questions about the entrepreneur, like age, how long the company existed, whether it was a solo or a team effort, etc. After addressing these items, we then continued with asking questions about the key variables which we had identified in the literature review. For each variable, the three constructs of human-, social- and financial capital and the three perceptual variables (i.e., fear of failure, risk perception and self-efficacy), questions were formulated. This gave us the opportunity to get a total overview of all impediments and triggers and specific perceptions of these young entrepreneurs. Twelve entrepreneurs younger than 25 were interviewed; these in-depth interviews, together with additional desk research, were used to compile distinctive profiles of the young entrepreneurs and compare them.

For the data analysis, we described each individual case. Each interview took roughly between 60 and 90 minutes. First, we transcribed all the interviews, coded them on the basis of the relevant variables distinguished in our study and interpreted them with the help of the background information we collected about the young entrepreneurs and their businesses and follow-up communication for feedback and validation (Yin, 1994). An open coding procedure was followed in which on the one hand the data were broken down, examined, compared, conceptualised and categorised and on the other hand key phrases, stories and statements made by the entrepreneur in the interview were collected. Relevant or revealing quotes by the individual youth entrepreneur and inferred patterns as manifested in the cross-case analysis contributing to or blocking youth entrepreneurship, were used in the interpretation and analysis stages of the study. There were a few difficulties with coding the content of the interviews: one of them included the set of questions referring to education (the reasons for leaving or quitting school were not always clear-cut), to family support (which distinctive role did their parents and entrepreneurial family members play) and to the efforts and results of the young entrepreneur's activities (how many hours a week is he/she putting into the venture; what are the revenues?). The answers to these questions were sometimes not precise and could not always be double-checked.

Finally, we conducted a cross-case analysis, looking for common items and themes, based on which we established tentative relationships between constructs and provisional conclusions (Eisenhardt, 1989). We also frequently revisited each case to compare and verify the occurrence of specific constructs and underlying relationships. This iteration between theory and data, inspired by the grounded theory approach (Corbin and Strauss, 1990; Strauss and Corbin, 1990), helped us clarify construct the definitions and measurements, theoretical relationships between constructs and underlying theoretical arguments).

5 Results and analysis

This section contains a description and analysis of the 12 cases selected for this study. For a brief and schematic overview of the results on a case-by-case basis and a cross-case analysis of the cases, see Appendix 1.[2]

5.1 Human capital

Sub-variables related to human capital that are investigated in this study are education and experience (work and/or entrepreneurial experiences). Education in relation to human capital has four aspects: the level of education, whether the studies were completed, education related to entrepreneurship (business) and finally, whether or not the entrepreneurs feel that their education encouraged them to pursue an entrepreneurial career. Ten out of 12 young entrepreneurs have finished high school (in the Dutch system: HAVO and VWO); this means that two did not complete their secondary education (i.e., leaving school without a diploma). Three out of those ten completed their high school after they have started their company. Only five out of 12 have finished their next stage education (college and academic level). With regard to the type of study and whether it was relevant to their business operations, only five of the 12 young entrepreneurs took a study that was related to entrepreneurship, for instance (international) business administration (Bernd Damme and Klaas Kroezen), small business (Eric van Noort and Mariska Mellegers) and economics (Sander de Jonge). For example, Mariska Mellegers took a minor course in small business and did an internship at the end of her studies. She thinks that her education in general did not encourage her to pursue an entrepreneurial career; her small business minor and internship really triggered her to set up her own company. Overall, the young entrepreneurs we interviewed did not think that their study encouraged them to pursue an entrepreneurial career. This is striking, because in five of the 12 cases, the education in question was related to business and entrepreneurship. Although the education levels of the people we interviewed are relatively high, most of them did not complete their studies, while, in most cases, the education in question was not business-related.

We also asked the interviewees about how they managed their lack of experience and if they felt it had been an impediment. There are several relevant types of experience: work experience, market-related experience, entrepreneurial experience and experience in setting up a company. In particular work experience can be valuable for someone starting their own business. We looked at all types of experience. Six of the 12 young entrepreneurs had work experience before they started their own company, although it was not always related to the type of company they subsequently started. Eric van Noort worked at Vodafone and at his father's accountancy firm. Others had work experience before they started their own company in the same industry. It is striking that half of the young entrepreneurs never worked for a boss before starting their own company. Also, it is remarkable that, in two of the six cases, the young entrepreneurs continued working for a boss after starting their own company. While setting up his business, Eric van Noort worked at Vodafone, which allowed him to make calls for free. Mariska Mellegers continued working for a gym, which gave her access to many gym instructors and trainers she could then hire for her own company. Most of the young entrepreneurs (nine out of 12) had some marketing experiences. They know their markets well: most of them were already active in the market in which they set up their own business. Only Eric van Noort, Sander de Jonge and Naomi Gelderblom had no prior experience in their respective markets. Others, for instance Carl Meijer, gained market-related experience by becoming really active with the internet (web development, among other things).

Nine of the 12 young entrepreneurs were involved in several entrepreneurial activities, like building websites for family and friends, Andrew Brouwer, for example, who gained experience in internet business simply by searching on the internet and building websites for himself and some of his friends and relatives. Most of the young entrepreneurs had not started a business before, so they lacked the experience of setting up and running a business. Only four out of 12 young entrepreneurs are serial entrepreneurs: Naomi Gelderblom, Andrew Brouwer, Klaas Kroezen and Sebastien Willems had all started companies before, which gave them valuable insights and a useful business track record. Ten of the 12 young entrepreneurs think that their lack of experience was not an impediment.

Nine of the interviewees used their larger social environment to overcome their lack of experience, either in the form of a mentor or of more experienced family members and friends. Eight of the interviewees started their company with someone else, which increased the level of experience. It is striking that two of the 12 made no use of their local environment to deal with their initial lack of experience: neither Carl Meijer nor Danny Mekic used anyone in their local setting when launching their company, although, in the early growth phase, they occasionally consulted external people, while obviously still making the decisions themselves.

To summarise, the young entrepreneurs we interviewed gained experience through limited prior work experience and their new entrepreneurial activities. In most cases, their lack of experience was related to their age. Generally speaking, work experience is considered an impediment when it comes to starting a business at a young age. Although the human capital of the young entrepreneurs in our sample was not appropriate in the early stages of launching their company, they dealt with this effectively by initiating all kinds of entrepreneurial activities and by mobilising family members, more experienced friends and acquaintances. Most of them did not think that their lack of experience was an impediment to starting their business.

5.2 Social capital

An important aspect of the social capital of entrepreneurs is the home situation. Parents can help their children set up their business. With regard to the parents we looked at three aspects: do the young entrepreneurs have entrepreneurial parents, did their parents stimulate entrepreneurship and did their parents help at the start of their company. Only six of the 12 entrepreneurs had entrepreneurial parents. Robert Gaal had an entrepreneurial father before he started his own company, but his father terminated his business when Robert started his company. Naomi Gelderblom and Bernd Damme are both examples of young starters with entrepreneurial parents. It is remarkable that eight of the 12 young entrepreneurs have parents who stimulated their children in their entrepreneurial ambitions, while seven of the 12 young entrepreneurs were helped by their parents at the start of the company. For instance, despite the fact that Danny Mekic's parents are not entrepreneurs, they strongly encouraged him to pursue an entrepreneurial career, even though they did not (could not) help him to set up his business. To summarise, all the young entrepreneurs but three (i.e., Carl Meijer, Mariska Mellegers and Sebastien Willems) received inspiration and support from their parents.

In addition to having entrepreneurial parents, new entrepreneurs can also have an extended family promoting entrepreneurship. Six of the 12 people we interviewed had entrepreneurial relatives other than their parents. For example, Naomi Gelderblom has an entrepreneurial father, but has also an entrepreneurial uncle and brother. Friends can also play an important role in triggering young people to pursue an entrepreneurial career. In nine cases, the young entrepreneurs had close friends who were instrumental in the start-up phase of their new businesses. One explanation is that eight of the 12 young entrepreneurs started their business with someone else. Another explanation is that many of the young entrepreneurs already knew entrepreneurial people before they started their business. While Eric van Noort had many entrepreneurial friends when he established his company, Andrew Brouwer, Carl Meijer and Naomi Gelderblom did not. It is remarkable that all interviewees acquired entrepreneurial friends after the launch of their business. Apparently, young entrepreneurs attract and look for other entrepreneurial people before, during and after the start-up phase of their company, probably to share experiences and best practices. This is also shown by the abundance of other young entrepreneurs in their network. Ten of the 12 young entrepreneurs were helped by friends at the start of their company. Most young entrepreneurs (nine out of 12) had entrepreneurial friends before the start of the company, helping them setting up the company. Only Naomi Gelderblom had no entrepreneurial friends at the start of her company, but she had a really helpful friend with managerial experience. It is interesting to see that all the people we interviewed had friends who helped them prepare and launch their business.

Young entrepreneurs can develop and extend their social network by including strong and/or weak ties. Ten of the 12 young entrepreneurs used strong ties (i.e., family connections and friends) to extend their network. Alexander Klopping, on the other hand, used his strong ties to boost his business and extend his network. Alexander likes to meet many new people through online communities and at network events. It is also remarkable that many young entrepreneurs (ten out of 12) set themselves targets for meeting people they like to meet, for example Alexander Klopping and Mariska Mellegers. In the case of Alexander, this allowed him to add weak ties to his network of strong ties. Three of the people we interviewed did not engage in this activity. They already had a large network of strong ties, which they used to extend their business and social network. Young entrepreneurs may feel a lack of legitimacy (no track record) when they start their company; in the words of Andrew Brouwer: "Many people don't trust you if you are 14 years old, so I never told anyone at the start how old I was." Most of the young entrepreneurs did not think they suffered from a lack of legitimacy at the start of their company, with the exception of Bernd Damme and Eric van Noort. Eric van Noort found it difficult to acquire a network of bakeries, while Bernd Damme faced problems with his suppliers because of his age when he set out. Most of the interviewees are pragmatic about the initial lack of legitimacy, seeing it as an opportunity for learning and innovation: "We always ask feedback about our activities and, in addition, you need to be honest and ask what the client thinks about how things could be done better" (Mariska Mellegers).

None of the people we interviewed felt that their lack of social capital was an impediment at the start of their company. One possible explanation is that they had no lack of social capital. As mentioned earlier, 11 of the 12 young entrepreneurs had a local environment that was pro-entrepreneurship and all of them managed to extend their personal and business network by adding strong and/or weak ties. In short, social capital can be a trigger for starting a business at a young age. Most of the interviewees had some social ties on which they could rely when they established their business, but they extended their social capital as their companies grew. Entrepreneurial parents can also be a trigger: six of the 12 young entrepreneurs were triggered by entrepreneurial family members and/or friends. It is also worth mentioning that the majority of the ventures in our sample were team start-ups.

5.3 Financial capital

The first impediment related to financial capital we examined was the difficulty of raising and obtaining funds when a lot of money is needed to launch a new firm. In eight cases, little money was needed to get started, possibly due the low entry and exit barriers in the IT and internet markets in question. Ten of the young entrepreneurs started an internet venture. Some of them, notably Naomi Gelderblom, Klaas Kroezen, Sebastien Willems and Robert Gaal, had to find a lot of money to establish their business. They were able to raise financial capital on their own, from investors, family members and/or friends. Only four of the interviewees had any financial capital at the start of their company, which in their cases proved a trigger. Bernd Damme and Danny Mekic had acquired some financial capital through activities prior to starting their own company, while Andrew Brouwer and Naomi Gelderblom had accumulated some financial capital in previous enterprises. It is remarkable that only Naomi Gelderblom, who was required to bring a large amount of money into her new start-up company, had financial capital of her own that could be redeployed into new activities.

Financial capital impediments can be solved by parents or/and friends who bring money into the company, which was not the case with nine of the people we interviewed. Only Klaas Kroezen, Andrew Brouwer and Bernd Damme were able to raise financial capital from their parents. Friends can also help out. Only one of the 12 young entrepreneurs had a friend who invested some money in the start-up company. Alexander Klopping was able to rely on a good family friend, but that money was not really required. Alexander's friend put his money into the new firm, because this allowed them to start a limited liability company rather than a partnership. Another way to acquire financial capital is through an investor. Two of the 12 young entrepreneurs approached an investor when they started their company, while one of them did so in the early growth phase. A disadvantage of this approach is that ownership of the company is diluted and the young entrepreneur has less control. Most of the young entrepreneurs decided not to pursue this avenue, allowing them to keep control of their firm. The infusion of financial capital by investors was seen as an impediment, for the reasons mentioned above.

According to the aforementioned effectuation and bricolage theories, young entrepreneurs can deal with limited financial capital when they are creative and frugal and are able apply some so-called bootstrapping techniques. All the young entrepreneurs we interviewed used these techniques, for example by not paying themselves and by writing blogs about particular events to obtain free tickets. Most of them did not have to invest a great amount of money into the company at the start. None of the people we interviewed indicated they thought that the lack of financial capital was an impediment. They tend to be critical about banks, the tax authorities and the Chamber of Commerce. In addition to complaining about tax levels and bureaucratic fiscal rules, banks were described as mean and conservative, because of their reluctance to provide young entrepreneurs with money based on the perceived risk. Also, the Chamber of Commerce does not know what to do with new entrepreneurs under 18: "The Chamber of Commerce is a useless organisation" (Alexander Klopping).

To summarise, most of the people we interviewed did not obtain financial capital in the early phases of their company, but that did not prevent them from getting started: by relying on all kinds of bootstrapping techniques, they were able to get things done with limited resources and free external support. Family and friends played a very modest role in funding the new ventures. Most young entrepreneurs in our sample did not feel that a lack of financial capital was a major impediment at the start of their company. In fact, it can even be a kind of trigger to start a new business, because it forces the potential entrepreneur to use what limited means that are available in a creative way.

5.4 Opportunity costs and perceptual variables

The young entrepreneurs in our sample had low opportunity costs when they started their company. Some held simple jobs next to their studies, while most had no significant income or wealth when they launched their company. Despite having finished their study and with great career opportunities as future managers, two young entrepreneurs decided to become employers instead. All interviewees felt that, for them, the opportunity costs were modest, because they were related to their age and life course: "I have no fixed costs, I have no home, I have no children and my private costs are almost nothing" (Naomi Gelderblom). Other young entrepreneurs turned their hobby into a business: "I have been always busy with computers, so it was just a logical step" (Andrew Brouwer). Young entrepreneurs have very simple ideas about what can happen when their company fails: "If you are older and you have children, you will not start a business" (Mariska Mellegers).

The perceptual variables we investigated were self-efficacy, risk perception and fear of failure. They are strongly interconnected, as well as connected to opportunity costs, human capital, social capital and financial capital. Self-efficacy is strongly related to human capital and social capital. Eight of the people we interviewed think that they have a high level of self-efficacy, which means that they trust their own entrepreneurial abilities. Generally speaking, *when we refer to someone's entrepreneurial local environment, young entrepreneurs gain confidence when other people trust them and give them something back:* "If you start a business, I really recommend having coaches who have been really successful and who have started more businesses. You can learn a lot from them and it gives confidence, because they see that you have the potential to start a business" (Klaas Kroezen). Opportunity costs, personal factors and self-efficacy are related to someone's risk perception. *Nine of the people we interviewed are risk-adverse and evaluate their financial position before taking a risk:* "It is a financial trade-off" (Andrew Brouwer) and "I always check the risks. When it looks good, I go for it" (Bernd Damme). *Two of the 12 are clearly not risk adverse:* "I love risk. If you want to growth fast and want to set up a big company, you need to take risks" (Klaas Kroezen). A person's risk perception and self-efficacy are closely related to their fear of failure. *Seven of the 12 young entrepreneurs had no fear of failure:* "If my company fails, I will still have many opportunities through my connections and network" (Naomi Gelderblom) and "Don't have doubts after you made a decision. Many people fail because they are afraid to fail" (Bernd Damme). Only one of the young entrepreneurs was afraid at the start of his company: "You are afraid when you start a business at the age of 14 years old" (Andrew Brouwer).

Young entrepreneurs deal with their lack of human capital by tapping into an entrepreneurial local environment filled with entrepreneurial friends and family (strong ties). Furthermore, they do not think that a lack of financial capital is an impediment. They gain self-efficacy by operating in an entrepreneurial environment, by being creative and by just doing it (their risk-perception is modest at the highest). Most young entrepreneurs (ten out of 12) feel that starting a business at a young age is clearly a good thing, as nicely formulated by Sebastien Willems: "For young entrepreneurs, it is easier to start a business. When you are young, most people really like it that you are entrepreneurial at a young age" (see Table 3).

Table 3 Perceptions of starting a business at a young age

Alexander Klopping	"I don't want to work for a boss. The idea that someone else earns money with the work that I am doing does not feel good"
Andrew Brouwer	"Starting a business at a young age is just a matter of doing it and how to do it" and "I only faced impediments that had to with regulation"
Bernd Damme	"You will learn along the way" and "Most of the knowledge and experience I gained by just doing it by myself"
Carl Meijer	"Everyone is always talking about barriers for young entrepreneurship, but I haven't faced those barriers"
Danny Mekic	"The nice thing of entrepreneurship is that you growth into something"
Eric van Noort	"Setting up a business is just simply doing it"
Klaas Kroezen	"Have you ever seen someone who starts playing tennis at 40 years old? Yes. They would never hit the ball so nice and well as someone who starts playing tennis at a young age. When you are young, you have the opportunity to learn how hit that ball so nice and well" and "It is also just a matter of starting your business"
Mariska Mellegers	"I think it is easier to start a business when you are young, but it is all about persistence and being open to other people"
Naomi Gelderblom	"Suppliers don't have faith in you when you are 19 years old and start a business" and "It just went like this and of course, at home, we always talked about entrepreneurship" and "If you are a young entrepreneur, you are more flexible and you have more contact with your employees, because they are the same age"
Robert Gaal	"I was always busy with computers and many people came to me with questions and so I developed this idea" and "At the time when we have started our company, we were really unique so it gave us a lot free publicity, because of our age"
Sander de Jonge	"I have been always interested in how to make two Euros from one Euro"
Sebastien Willems	"For young entrepreneurs, it is easier to start a business. When you are young, most people really like it that you are entrepreneurial at a young age"

6 Concluding remarks

Although young entrepreneurs clearly lack the human, social and financial capital needed to start a new business (like > 25 years entrepreneurs) they do not experience that as a disadvantage and develop effective coping strategies. Young entrepreneurs deal with these issues by using bootstrapping and effectuation mechanisms to accommodate financial capital constraints and mobilising dynamic family members and friends. These young entrepreneurs are encouraged and supported by their parents and entrepreneurial family members and friends. By taking part in all kinds of small-scale projects and ventures and by being granted access to additional exclusive opportunities, resources and introductions to customers and investors by senior managers and established companies on the basis of their originality, creativity and energy, they acquire the experiences and the network contacts they need.

When they set up their business, the 12 young entrepreneurs had no substantial human capital. They had limited education, negligible business experience and little professional expertise. Only two of the interviewees finished their education before starting their own company. Although five of the young entrepreneurs took minor entrepreneurship courses and programmes, they have limited faith in education as a stimulant for self-employment and stepping stone towards new business ventures. Furthermore, nine of the people we interviewed had prior entrepreneurial experience, while eight of them had substantial marketing experience. Most of them dealt with their lack of human capital by aligning themselves with a supportive local network environment that included other entrepreneurs and business angels. Another variable we investigated was social capital. Most of the young entrepreneurs had access to social capital at the start of their company and their social capital even grew over time, through strong as well as weak ties. It is striking that nine young entrepreneurs had parents who were entrepreneurs (or clearly showed entrepreneurial behaviour). Most of the young entrepreneurs have a large network full of fellow young entrepreneurs. They actively look for other high-impact entrepreneurs who are somewhat older, for dynamic sparring sessions. Such an environment is important to reduce the level of ambiguity associated with self-employment, but it also increases legitimacy (Mueller, 2006). According to existing literature, having an entrepreneurial family is a positive predictor for nascent entrepreneurship (Delmar and Davidsson, 2000). This study confirms that most of the young entrepreneurs had entrepreneurial parents or/and parents who stimulated entrepreneurship directly or indirectly. However, research by Delmar and Davidsson (2000) emphasises that it is important for those parents to be successful in one way or another. All young entrepreneurs in our sample but one (Robert Gaal) had successful entrepreneurial parents. In short, the young entrepreneurs in our sample all had an entrepreneurial local environment full of young entrepreneurial friends and pro-active and supportive family members when they started their company. Social capital is a trigger for starting a company at a young age.

The third factor we investigated was financial capital. None of the young entrepreneurs we interviewed, despite their lack of financial capital, felt financially constrained when launching their company. Almost all of them felt that, in general, financial capital is not an impediment at the start of a company (except Sander de Jonge and Sebastien Willems). It is remarkable that four of the 12 young entrepreneurs had to invest a large amount of money in their company. None of them one felt that their lack of financial capital was an impediment and they used different bootstrapping techniques. Financial capital related to opportunity costs is a potential trigger to start a company at a young age. Previous studies have described financial capital as having a weak relation to nascent entrepreneurship (Davidsson, 2006; Kim et al., 2006). Apparently people become entrepreneurs regardless of their financial situation. Also, ten of the 12 young entrepreneurs started their lean and low-cost company in the internet industry, characterised by low entry and exit barriers.

On several occasions, the interviewees expressed frustration with business support institutions like the Chamber of Commerce, banks and trade associations, especially those who started their company before they turned 16 or 18 (critical ages for youth entrepreneurs) voiced these kinds of frustrations. For this category, special legal requirements concerning personal and corporate liabilities have to be met or the parents have to step in and help out. Eight of the 12 interviewees experienced no real impediments with regard to this aspect at the start of their own company, although most of them indicated that government policy does not really stimulate (youth) entrepreneurship. They do not think that support institutions play a key role in effectively promoting self-employment and new venture creation. They perceive institutions as neither an impediment nor a trigger for starting a company at a young age**.** Finally, we investigated the perceptual variables of the young entrepreneurs. People's perceptual variables are strongly related to their opportunity costs, human capital, social capital and financial capital. Most of the people we interviewed had a high level self-efficacy when they started their company. This was remarkable, because most young entrepreneurs lack human capital. They tapped into their local environment (which was full of inspirational best practices and entrepreneurial role models). Young entrepreneurs in general are not making risky choices. Only two of the 12 people we interviewed actively sought out risks. Self-efficacy and risk perception are closely related to fear of failure. Most of the young entrepreneurs we interviewed had no fear of failure at the start of their company.

The theme of young entrepreneurship is a challenge for theory formation regarding nascent entrepreneurship (gestation) and start-up formation and management. Apart from a few books with interesting tales about clever ways to obtain money, support and clients, empirical studies into this phenomenon are few and far between. Davidsson (2006, p.25) has conceptualised the process of nascent entrepreneurship as a lengthy experiment in the (pre)start-up phase, characterised by exploring, shaping, enacting and evaluating the opportunity and finding the most appropriate business model and organisational form to exploit the opportunity. Young entrepreneurship can be seen as 'entrepreneurship in the shade', where youngsters who have little affinity with the regular education system, temporary jobs and sports and who set out with a vague idea and some early trading and market experiences, can try their hand at entrepreneurship without being pushed by their school, boss or parents. Furthermore, most of the young entrepreneurs are not fully dedicated to their venturing activities (venturing is a part-time activity) but also (have to) attend school and college (a case of moonlighting) and a substantive part of their costs of living and working is paid by their parents (a case of shadow employment). Parents, older brothers and relatives and acquaintances with business experience give the dynamic and proactive young entrepreneurs an opportunity and are even more thrilled when the young entrepreneurs become successful. In this kind of easy-to-enter-easy-to-exit environment, the young entrepreneurs can easily get out with being too much in debt or risking loss of reputation or continue to grow on the basis of their youthful enthusiasm and their knowledge, experience and contacts. There is a good chance that the young entrepreneurs in question will become experienced and/or seasoned entrepreneurs with a broad portfolio of businesses and grow into serial, sequential or portfolio entrepreneurs.

This explorative study has some limitations. First of all, the young entrepreneurs who participated in our comparative study were selected from the *Sprout* magazine list, which does not cover all the high-impact young entrepreneurs in the Netherlands, but only those who contacted *Sprout* for a feature in this business and entrepreneurship periodical or who were contacted by a journalist actively looking for inspirational cases. Furthermore, not all young entrepreneurs we originally selected from this list were able or willing to collaborate. Although the semi-structured interviews and the open coding was beneficial to new insights and relevant and unique quotes, a new study may follow a more quantitative strategy by using a survey with a systematic and analytical approach to applying the three forms of capital (human, social and financial) and the perceptual variables (e.g., fear of failure, risk perception and self-efficacy). Such a more analytical study may shed a light about the interrelationships among and between these variables and possible hypotheses may be generated (e.g., self-efficacy and social capital, compensating for shortcomings in human capital, contributes to the start-up activities of youth entrepreneurs).

Finally, there is a survivor and success bias in our study. All the young entrepreneurs we interviewed had survived the critical early stages of new venture creation and had established relatively successful businesses (at the time of writing). Many other young people have tried to do the same thing but they had less luck, they may have started their business with little publicity or in less prominent sectors. As a consequence they were not extensively covered by the business press and/or short-listed by the journalists in charge of running the *Sprout* 25 under 25 list. One could say that the sample of youth entrepreneurs selected for the Sprout list and for our study suffered from the *being special* bias. These youth entrepreneurs often had deliberate public relations strategies with interesting views, energetic presentations and attention-grabbing stories and as such were very much loved by the business press, the general public and potential customers and investors.

To conclude the list of shortcomings of this explorative study, there is a clear bias in favour of the IT sector, which shows that youngsters are perfectly qualified to develop commercially attractive IT/internet applications at low/minimal cost: they have the human capital in terms of expertise and skills required to enter the internet industry with low entry barriers and limited initial investments needed to survive the early stages of their ventures. In short, the young entrepreneurs do not have a lot to lose and time is definitely on their side.

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Notes

1 The terms young and youth entrepreneur will be used throughout this paper interchangeably.

2 The young entrepreneurs were asked whether the real names of themselves and their companies could be revealed in this research effort. All participants in this study appreciated the interest we showed in their career and their business(es) and agreed to having their real names revealed in the results and the analysis sections of this publication. This was also the reason they featured prominently in the *Sprout* magazine's 25 entrepreneurs under 25 year competition.

Appendix 1

Triggers and impediments for young entrepreneurship (based on what young entrepreneurs have and do not have)

Concept	*Variable*	*Alexander Klopping*	*Andrew Brouwer*	*Bernd Damme*	*Carl Meijer*	*Danny Mekic*	*Eric van Noort*	*Klaas Kroezen*	*Mariska Mellegers*	*Naomi Gelderblom*	*Robert Gaal*	*Sander de Jonge*	*Sebastien Willems*	*Average*
Support institutions		--	--	0	--	0	0	0	0	--	0	0	0	Neutral
Human capital	Education (opportunity costs)	--	----	--	--	----	0	++	++	--	0	++	++	Small impediment
	Experience	--	----	--	--	--	--	++	++	--	++	--	0	Small impediment
Social capital	Entrepreneurial local environment	++++	++	++++	----	++	++++	++++	++++	++	++++	++++	++	Great trigger
	Help by entrepreneurial local environment	++	++	++	--	--	++	++	++	++	++	++	++	Soft trigger
	Lack of legitimacy	++	++	--	++	++	--	++	++	++	++	++	++	Soft trigger
	Strong ties	0	++	++	0	++	++	++	++	++	++	++	++	Soft trigger
	Weak ties	0	--	++	++	++	++	++	0	--	++	++	++	Soft trigger
Financial capital	Financial capital of their own	----	++	++	----	++	----	----	----	++	----	----	----	Great impediment
	Amount of money required at start	++	++	++	++	++	++	--	++	--	--	++	---	Soft trigger
	Bootstrapping	++	++	++	++	++	++	++	++	++	++	++	++	Soft trigger
	Opportunity costs	++	++	++	++	++	++	++	++	++	++	++	++	Soft trigger
	External people (needed help)	-	+	+	+	+	+	-	+	+	-	+	-	Soft trigger
Perceptions impediments and triggers	Human capital	0	--	0	0	0	0	0	0	--	0	0	0	Neutral
	Social capital	++	++	++	++	++	++	++	++	++	++	++	++	Trigger
	Financial capital	++	++	++	++	++	++	++	++	++	++	++	++	Trigger

Notes: ---- = great impediment; -- = small impediment; 0 = neutral; ++ = soft trigger; ++++ = great trigger