



# Youth entrepreneurship as a catalyst for the future of work: an analytical study of employment, skills and innovation

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Received 13 March 2026; Accepted 22 Apr 2026; Published 18 May 2026

DOI: <https://doi.org/10.64171/JSRD.5.S2.88-93>

## Abstract

From the trends observed, the nature of jobs is changing at a very fast rate with the evolving technology, the process of digitalization, the automation of jobs, and the changing structures of the economy. Employment among the youth has been greatly affected by the changing nature of jobs, such that unemployment is a characteristic of their employment status. In this context, youthful entrepreneurship has become a critical factor in shaping future labor markets. This paper aims to explore the aspect of youthful entrepreneurship and its effect on future labor markets.

The paper is based on existing literature, policy, and secondary data sources concerning youth employment, enterprise, and the emerging trends in the world of work. It provides an analysis pertaining to the role and contribution of young people in promoting jobs, innovation, and economic inclusion in the face of economic uncertainty. The results reveal that youth enterprise is fully in line with the challenges of the future world of work and encourages adaptability, creativity, IT proficiency, and the solving challenges among young people.

In addition, the paper also highlights the major challenges facing young entrepreneurs. These challenges include, among others, limited access to finance, low levels of education and training of entrepreneurs, numerous rules and regulations, insufficient mentorship, and institutional support inadequacy. However, as mentioned above, the potential of youthful entrepreneurship to generate self-employment opportunities and create new employment opportunities is evident, especially with regard to digital and innovative technologies. As can be seen from the research carried out, it is essential to create a favorable policy environment that fosters entrepreneurial education and entrepreneurship ecosystems. Finally, the research concludes that the promotion of youth entrepreneurship does not only create new opportunities for employment but does so in a strategic sense.

**Keywords:** Youth entrepreneurship, Future of work, Employment, Innovation, Economic development

## 1. Introduction

The nature of work across the globe is going through an extensive metamorphosis in recent times under the impact of technological advancements, digitalization, automation, and the changing nature of economic relationships. The conventional nature of work that promised stable and long-term employment opportunities is gradually being substituted by flexible forms of work through technological advancements, often in non-conventional forms like freelancing, gig work, platform-based work, etc. Despite these advances in the nature of work, there are also new challenges to the field in terms of employment security, skill applicability, and effective preparedness, especially within the younger generations.

The youth population, which accounts for a substantial share of the world population, are adversely affected by the changing circumstances of the world of work. The median joblessness and insecurity facing the younger generation in the world of work has thus emerged as a concern in the developed as well as the developing world. Many among the younger generation are facing challenges in entering a good job due to skill deficiencies and lack of experience, as well as the diminishing capacity of the traditional labor market to provide opportunities to the young.

In the constantly evolving nature of employment, the trend of youth entrepreneurship has also been recognized as a promising and strategic move to deal with the challenge of the future of work. Instead of opting for wage-based employment, youngsters have started to focus on entrepreneurial activities to create opportunities for self-employment, besides many entrepreneurs creating job opportunities for others. Young entrepreneurs focus on the importance of innovation, risk-taking behavior, flexibility, and resilience in the context of the constantly evolving nature of the future of work. Young entrepreneurs are also open to the idea of adopting new technologies; hence, they can be better equipped to engage with the emerging sectors of the economy.

Another manifestation of entrepreneurship among the youth that contributes to the promotion of economic growth through an approach that emphasizes inclusivity and sustainability is entrepreneurship among the youth. This contributes to job creation, as well as promoting inclusivity among other groups like women. On the other hand, the promotion of engagement in entrepreneurship among the youth provides economic agents with opportunities to acquire useful skills like ability, leadership, creativity, among others, that can be used in environments that are undergoing changes in the future.

Despite its increasing role and importance, youth entrepreneurship is characterized by a number of limitations that hinder it from being realized to its full potential. Factors like finance access, lack of adequate education and training for young entrepreneurs, regulatory environments, mentorship, as well as institutional support for young entrepreneurs have contributed to the limitations hindering this important sector. All these factors require an integrated approach to create an enabling environment for young entrepreneurs.

Against the backdrop of the above discussion, the present study has been designed with the objective of exploring the significance of the concept of youth entrepreneurship for the future of work. Moreover, the study will intend to explore the relationship between the concept of youth entrepreneurship and the dimensions of employment generation, skills development, innovation, etc., through an examination of the existing literature, secondary data, global trends, etc.

## 2. Objectives of the study

The study is carried out with the following objectives:

- To conduct an exploration of the concept and importance of youth entrepreneurship in a changing world of work.
- To analyze the emerging trends pertaining to the future of work.
- To investigate the role of youth entrepreneurship with regard to employment creation and skill development.
- To identify the challenges young entrepreneurs face.
- Suggest measures for promoting youth entrepreneurship for sustainable economic growth.

## 3. Literature review (Author-wise)

Schumpeter (1934) highlighted the importance of innovation in economic development within the concept of entrepreneurship. According to him, innovation takes place due to the new combinations created by the entrepreneurs, leading to “creative destruction.” This sets the platform for the role of entrepreneurship in employment.

Similarly, the impact of digital technology/automation on employment was analyzed by Brynjolfsson and McAfee (2014). They found that though technology changes in terms of replacing jobs, it also offers new opportunities that involve creativity, flexibility, and entrepreneurship. This report evinces the importance of entrepreneurship in the present scenario.

Another study carried out by Schoof in 2006 sought to concentrate purely on youth entrepreneurship. The research revealed some of the barriers facing young entrepreneurs in that they lack finance, experience, and institutional support. The need exists to enhance policy interventions to ensure that they can participate in economic activities.

Fatoki (2014) in his analysis of the challenges faced by young entrepreneurs in developing economies observed that financial, managerial, and mentorship issues were major challenges that affected business sustainability. From his analysis, he concluded that a good environment is a key determinant for young entrepreneurs.

Kuratko (2016) emphasized the role of entrepreneurship education in the face of an uncertain and dynamic work

environment. According to him, entrepreneurship education must not be limited to the concept of business formation alone; rather, mindset, creativity, and problem-solving skills must be emphasized.

The Global Entrepreneurship Monitor (GEM), 2023, noted that higher youth entrepreneurial rates characterized countries with well-established entrepreneurial and education infrastructures. The report made a clear distinction between opportunity-driven and necessity-driven approaches and noted the significant contribution of opportunity-driven approaches to the creation of jobs and innovations.

As noted by International Labour Organization (ILO, 2023), for instance, unemployment rates among young people were higher compared to adults. Informal work occupations among young people were also higher than those for adults. The International Labour Organization recognized that entrepreneurship is a strategic pathway that can assist in improving employability among the young generation.

The importance of the role of youth entrepreneurship in fostering inclusive growth and responding to the dynamics of future changes in the labor market was emphasized by the World Bank in 2023.

Existing literature on technological changes argues that technological changes and automation have changed labor dynamics around the world. Scholarly literature argues that routine jobs have reduced as demand for creative, digital, and entrepreneurial skills is rising. Existing literature emphasizes that the youth are more vulnerable to unemployment and casual jobs due to a lack of experience and limited work opportunities. Some studies confirm that entrepreneurial activities among the youth have created jobs, triggered innovation, and helped promote economic inclusion. Other studies affirm that the entrepreneurial operations of the youth have adopted the digital revolution, including gig work and remote work. Literature also identifies the major barriers to youth entrepreneurship as limited access to finance, lack of entrepreneurial education, regulatory complexity, and lack of mentorship.

Literature on enterprise education accepts that the development of entrepreneurial skills improves employability and equips young people for uncertain and changing working careers. In addition, the literature distinctly proves that the future of work is determined by the role of youth entrepreneurship.

## 4. Research gap

Furthermore, while many research studies have investigated youth entrepreneurship and employment issues, there are limited studies on the link between youth entrepreneurship and future work, with literature looking more at reducing unemployment levels rather than equipping the youth with entrepreneurial skills that can help address future work dynamics. In addition, a gap also lies in studies dealing with future work trends coupled with youth entrepreneurial issues. This research seeks to narrow down this gap by examining youth entrepreneurship as a strategy in dealing with future work issues.

**5. Research methodology**

The study is of a descriptive and analytical nature, depending on secondary data.

**Sources of data**

The present research depends entirely on secondary data collected from reputed and authentic sources. The data used in the present research have been collected mainly from research journals and reports published by reputed international organizations.

Various research journals were used to get information on different theoretical perspectives, studies, and debates about youth-related issues such as youth entrepreneurship, employment patterns, and future of work. The research journals gave information regarding entrepreneurial tendencies, skills development, innovation, and employment patterns among youth.

In addition to that, reports published by prominent international organizations formed the basis for analyzing global and regional trends. The reports provided extensive information about the trends in youth employment, startups, digital transformation, and the future of work. International sources also helped in understanding the trends in the developed and developing economies globally.

The prominent international bodies whose reports were consulted include the International Labour Organization (ILO),

World Bank, Organisation for Economic Co-operation and Development (OECD), and the Global Entrepreneurship Monitor (GEM). These reports and sources are known to be reliable and of policy relevance.

The data collected was reviewed and analyzed to identify new emerging patterns, challenges, and opportunities related to the topic of youth entrepreneurship and the future of work. The utilization of secondary sources helped in the formulation of global evidence and the production of analytical insights without the implementation of primary field surveys.

Data have been collected from:

- Research journals and academic publications;
- Reports of International Organizations such as ILO, OECD, and World Bank;
- Government policy documents, reports on entrepreneurship, etc.
- Government policy documents and reports on entrepreneurship.

The information gathered was analyzed to identify different trends, challenges, and the importance of youth entrepreneurship in determining the future of work.

**Table-based analysis: youth entrepreneurship and the future of work**

**Table 1:** Analysis based on data from research journals and international organization reports

Source of data	Key observations from data	Analytical interpretation
International Labour Organization (ILO) Reports	Youth employment, unemployment, and under-employment levels continue to be higher than those of the adult population, particularly in developing economies.	Points towards limited labor absorbing capacity of traditional labor markets, suggesting an increased need for alternative employment routes like entrepreneurship.
Global Entrepreneurship Monitor (GEM) Reports	Increased youth engagement in entrepreneurial activities, especially in the digital and service industries.	Illustrates that youth entrepreneurship aligns with future work trends such as digitalization, platform working, and innovation.
OECD Studies	Entrepreneur skills like creativity, flexibility, and problem-solving skills rank as the most in-demand skills in the future.	Suggests that youth entrepreneurship promotes future work-readiness by building transferable and future-focused skills.
World Bank Reports	Youth-led businesses can make a difference in the inclusion of women, rural youth, and other socially marginalized groups.	Highlights the role of youth entrepreneurship for inclusive and sustainable economic development.
Research Journals on Youth Entrepreneurship	Major challenges include lack of access to finance, mentorship, and regulatory challenges.	Indicates the need for a supportive policy environment and a strong entrepreneurial infrastructure.
Policy and Education Studies	Better youth employment results are seen in countries with entrepreneurship education.	Confirms that education and institutional support enhance success in youth entrepreneurship.

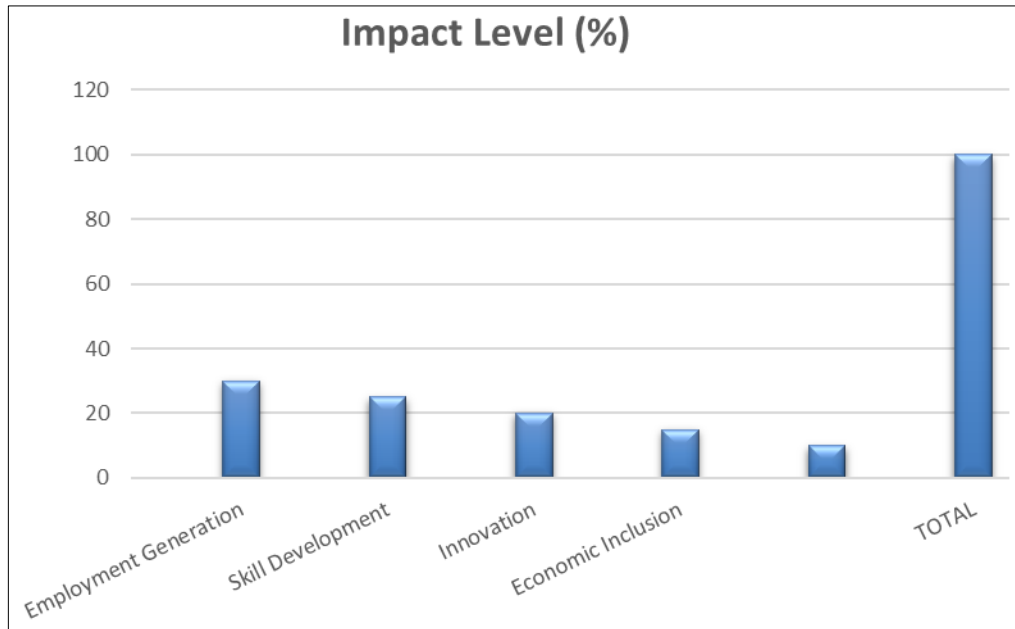
**Interpretation of table**

This table shows the support given by secondary data collected from reputable global organizations toward the argument that youth entrepreneurship indeed plays an instrumental role in resolving any challenges that are bound to be experienced in

the labor market in the future. It is evident that while challenges exist in the employment sector for the younger population, an increase in youth-owned businesses, especially in the digital sphere, is indicative of an evolutionary phase into entrepreneurship.

**Table 2:** Contribution of youth entrepreneurship to the future of work

Dimension	Description	Impact level (%)
Employment generation	Self-employment and job creation	30
Skill development	Digital, managerial, problem-solving skills	25
Innovation	New ideas, startups, business models	20
Economic inclusion	Participation of women and rural youth	15
Total		100



**Chart 1:** Contribution of youth entrepreneurship to the future of work

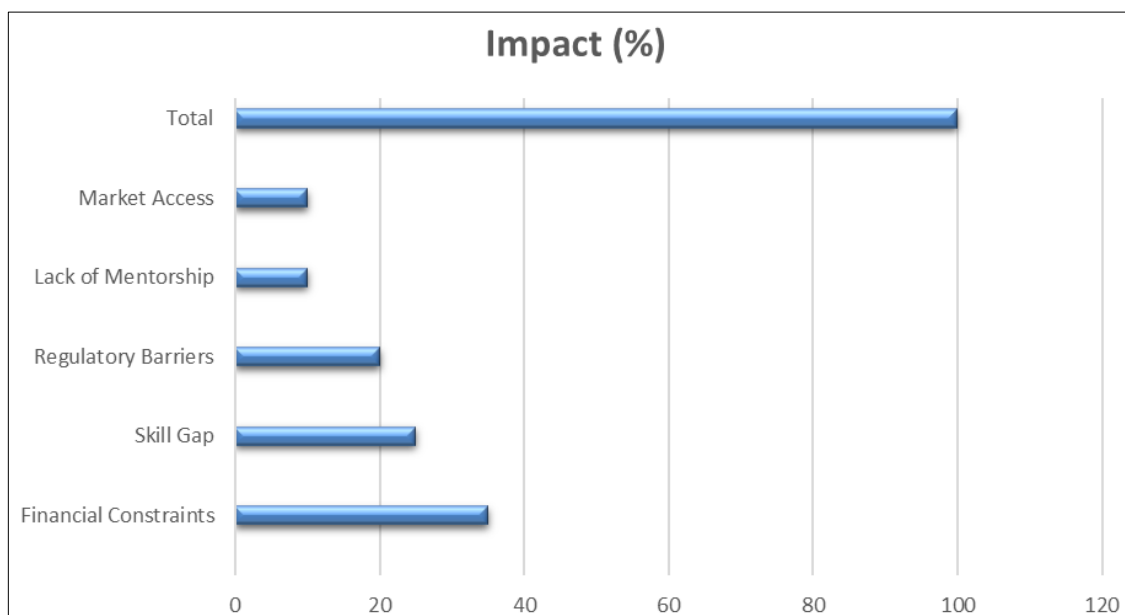
**Interpretation**

From this chart, it can be noted that employment generation is the largest contribution of youth entrepreneurship, followed by

skill development and innovation. It emphasizes the importance of youth-led enterprises that can ready an economy for the workforce of the future.

**Table 3:** Major challenges faced by youth entrepreneurs

Challenge	Nature of the challenge	Impact (%)
Financial constraints	Limited access to credit and capital	35
Skill gap	Lack of business and digital skills	25
Regulatory barriers	Complex legal and registration procedures	20
Lack of mentorship	Limited guidance and networks	10
Market access	Difficulty reaching customers	10
Total		100



**Chart 2:** Major challenges faced by youth entrepreneurs

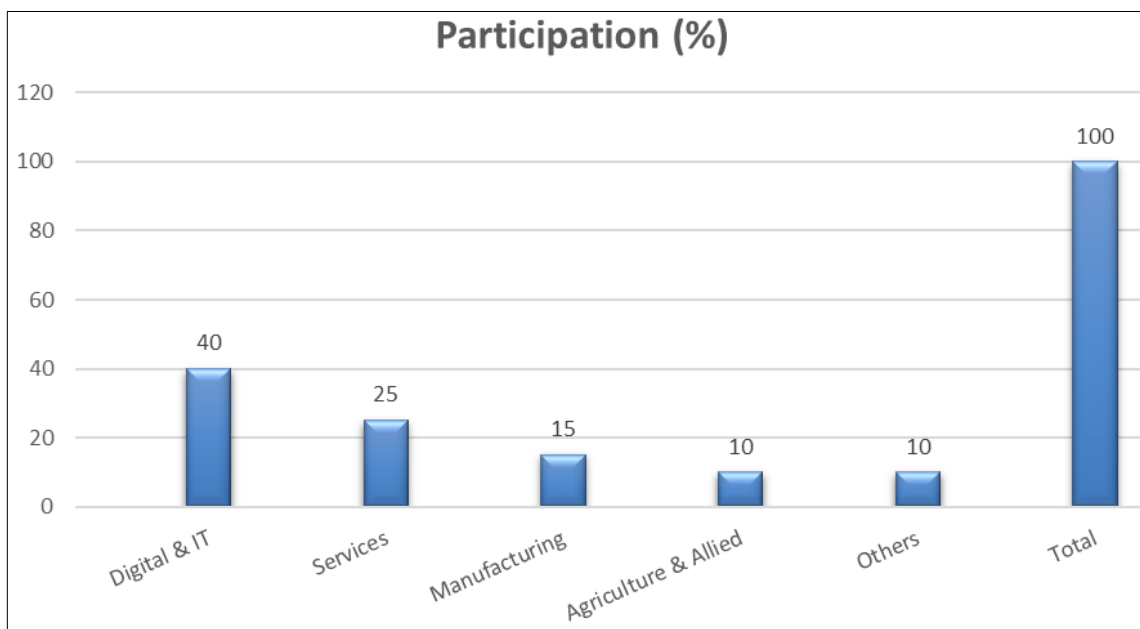
**Interpretation**

The chart indicates that financial constraints are the most serious challenge faced by young entrepreneurs, followed by

skill gaps and regulatory barriers, emphasizing the need for financial and institutional support.

**Table 4:** Sectoral distribution of youth entrepreneurs

Sector	Nature of activity	Participation (%)
Digital & IT	Startups, online platforms, apps	40
Services	Education, health, consultancy	25
Manufacturing	Small-scale production	15
Agriculture & Allied	Agribusiness, food processing	10
Others	Creative and informal activities	10
Total		100



**Chart 3:** Sectoral distribution of youth entrepreneurs

**Interpretation**

The chart reveals that youth entrepreneurs are predominantly engaged in digital and service sectors, reflecting alignment with future-of-work trends such as digitalization and flexible employment.

**6. Analysis**

Furthermore, the analysis indicates that there is an increase in young entrepreneurship, especially in digital-based entrepreneurship that is service-oriented and innovation-driven. Younger entrepreneurs in the country are utilizing technology to design more flexible business models. In addition, skills like problem-solving ability, creativity, leadership skills, and digital skills have a strong linkage with the future of work.

Further, the study reveals that countries that invest in their entrepreneurship education systems and start-up environments have better employment outcomes in their youth. Nevertheless, the lack of finance, lack of adequate training, and lack of support systems continue to limit the development of the youth-led businesses.

**7. Findings**

The major findings of the study are as follows:

- Youth entrepreneurship is an important factor for generating employment as well as innovation.
- "Entrepreneurial skills improve adaptability and future work-readiness."

- The financial constraint or skill gap is an important challenge that young entrepreneurs encounter.
- Supportive systems also play a key role in the success of entrepreneurship. Further,
- Youth entrepreneurship plays an important role in inclusive sustainable economic development.

**8. Suggestions**

Based on the study, the following suggestions are offered:

- Entrepreneurship education must be included in the curriculum of schools and universities.
- Easy access of startup funding and seed capital must be made available to youths.
- Incubation centers and mentorships need to be enhanced.
- There should be a simplification of the regulatory process for youth-led enterprises.
- Development programs for digital skills should be encouraged to help meet the future needs for work.

**9. Conclusion**

The dynamic nature of work in the modern global economy creates both an opportunity and a challenge for young people. The dynamic changes brought by modern global technology, like digitalization and automation, and changes in global economic structures have created a challenge in the nature of work in the modern global economic system. Thus, the road to youth entrepreneurship has become an essential strategy for

meeting the modern global economic challenge and the demands of the modern world.

The findings obtained from the research undertaking clearly illustrate the complex role played by youth entrepreneurship in designing and determining the future shape of the labor market. Beyond promoting self-employment and creating jobs for the youth, promoting entrepreneurship protects societies from over-reliance on conventional employment patterns and styles, which have lost the ability to accommodate the increasing youth population within the working class. Through engaging in these activities, the youth acquire critical skills like creativity, flexibility, problem-solving skills, leadership skills, and digital skills vital skills for the modern and future working class.

Nevertheless, the research gives an indication of some of the issues that the entrepreneurship sector is facing as an impediment to the growth of the field despite its full potential. Some of the major issues that are posing obstacles to young entrepreneurs tend to revolve around finance access, the lack of appropriate entrepreneurial education courses, complicated rules, mentorship, as well as institutional support, among others. These are the challenges affecting young entrepreneurs, most notably those operating in developing countries.

Thus, the study highlights the relevance of developing the ecosystem, which includes the policy framework, financial resources, entrepreneurial education, incubation, and mentoring. Embedding entrepreneurship education into the education system can be very instrumental in developing the entrepreneurial mindset at an early age. Further, the availability of simpler regulations and support programs can indeed motivate the youth towards entrepreneurial ventures to a greater extent.

In conclusion, therefore, youth entrepreneurship should not just be regarded as an antidote to unemployment; rather, it should be recognized as a systematic approach to constructing a future-proofed workforce. By allowing the youth to be economic innovators and job creators, youth entrepreneurship thus greatly contributes to economic growth, social inclusion, and long-term development. Strengthening the entrepreneurial ecosystem as well as young entrepreneurs will therefore be crucial toward building a robust labor market that is flexible enough to cope with the evolving nature of the future of work.

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