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THE COVID SHOCK DRIVES GEN Z TO ENTREPRENEURSHIP

Teens and young adults are learning valuable life skills, and making some cash, by setting up online shops, freelancing and joining the gig economy.

By Lara Williams
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The last year has been hard for everyone, but spare a thought for youngsters.

Generation Z are at a very delicate stage of life, many in the crucial exam years of their education or taking those first baby steps into the working world. Either way, they appear to be stuffed.

Research suggests that those unlucky enough to start careers in a recession see lower earnings for 10 to 15 years after graduation. Then there are the social effects, including higher divorce rates and shorter lifespans. In the US, a 3.9 percentage point increase in the unemployment rate at job market entry has been found to decrease life expectancy by about six to nine months. For the Class of 2020, that could translate into a shortened life span of one to one and a half years.

In this depressing economic outlook, there are clear echoes of the world that millennials found themselves graduating into after the 2008 financial crisis, which has had lasting effects on their careers and well-being.

But is there a case for optimism? Unlike the Great Recession, the Covid-19 downturn appears to have unleashed a wave of entrepreneurialism.

Many new businesses are aimed at creating opportunities in the dislocation by catering to life suddenly going remote. Take, for example, the boom in online retailers. While that doesn't mean all home-bound students were starting their own companies, we do know that the younger generations have an entrepreneurial streak that intensified with the pandemic.

A 2020 survey by Girls With Impact, a nonprofit organization that provides courses for girls about launching businesses and community projects, found that 53 percent of Gen Z men and women expect to be running their own companies – up from 46 percent in 2019. Nowhere is this clearer than in the obsession with the side hustle.

Swiping through TikTok or Instagram, it doesn't take long to find clips of enthusiastic teens explaining how they earn money through various side projects – whether it's selling customized clothing, dog walking or offering business services such as copy writing or bookkeeping.

Like millennials, Gen Z aren't strangers to economic disruption. Still very young at the time of the 2008 financial crisis, they saw the impact it had on their parents. Dorie Clark, author of "Entrepreneurial You," told me this might feed into the side hustling trend. "They've grown up in a context where disruption is the norm and so the idea of hedging your bets and trying a lot of different things is not so alien," she said. In fact, for both generations, it may seem like the smart move.

New online marketplaces such as Etsy, Depop and Fiverr are making setting up shop to sell goods and find freelance work easier and cheaper than ever – especially for young digital natives. Just look at the rise of active sellers on Etsy.

Some have turned to remote consulting gigs, especially those who lost their jobs or graduated into the world of Covid-19. A survey by Upwork in June and July last year found that of millennial and Gen Z freelancers, respectively 44 percent and 36 percent had started during the pandemic. In the combined millennial-Gen Z workforce, 47 percent had done such work in the past year. What's more, these freelancers tended to report a lower negative impact from the health crisis.

Could this trend help lift the Classes of 2020 and 2021 out of the recession? While not all side hustles will flourish into full-time employment, they can give young people some added security with an extra revenue stream – a “built-in plan B” as Clark calls it – along with skills that will help them in their careers down the line. Being an entrepreneur is like entering an intense business boot camp, she explains, covering the gamut of marketing, customer acquisition and product development.

Plus, having the purpose of a side hustle and an outlet for creativity could also help ward off some of the adverse mental health effects teens and young adults are suffering amid social-distancing restrictions.

The kids are undoubtedly getting a rough start, and many will need a lot of support to catch up on educational shortfalls and make up for lost opportunities. But I'm confident that Gen Z aren't going to let Covid-19 rip their future out of their hands.