

**YOUTH ENTREPRENEURSHIP: INVESTIGATING OBSTACLES TO YOUTH  
ENTERPRISE CREATION AND DEVELOPMENT**

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**Abstract**

*In spite of the key role played by the youth in economic development, there has been little effort to look at entrepreneurship from the perspective of the youth. There is still a general lack of in-depth research and concrete data on youth entrepreneurship, especially as it relates to the key constraints that impede young people from starting and maintaining a successful business in a developing country context. This study seeks to address this research gap. The study investigates the barriers to youth enterprise creation in Ghana. Quantitative research approach was used to collect and analyse data for the study. 720 young entrepreneurs in Ghana participated in the study. It was found that during the start-up and ongoing stages of their businesses, the young entrepreneurs were confronted by a myriad of obstacles. The most critical of these were related to lack of access to finance, negative social and cultural attitude to entrepreneurship and lack of management experience. However, in spite of the numerous obstacles these young entrepreneurs encounter they have been able to create jobs for themselves and others in various economic sectors of Ghana. Incentives and measures to improve and promote youth entrepreneurship were recommended.*

*Keywords: Entrepreneurship; Youth; Job Creation; Youth Empowerment.*

**INTRODUCTION**

The promotion of entrepreneurship as a possible source of job creation, empowerment and economic dynamism has captured the attention of both scholars and policy makers in recent years. The world in the 21st century is witnessing a wave of entrepreneurship happening with more and more people looking for self-empowerment and business ownership. The role of governments and big businesses as providers of jobs is shrinking and people are looking to empower themselves in other ways (Awongbenle and Iwuamadi, 2010).

Employment is the life line of any economy. Human development will be undermined and impaired without employment. Within the framework of potential efforts and strategies to boost employment and job creation for young people, studies have recommended that

entrepreneurship should be seen as an important means and a valuable additional strategy to create jobs and improve livelihoods and economic independence of the younger generation (Ryan, 2003; ILO, 2006; Owusu-Ansah and Poku, 2012). Thus, entrepreneurship could be viewed as an innovative approach to integrating the youth into today's changing labour markets (ILO 2006).

Although the crucial role played by entrepreneurship in driving economic development and job creation is increasingly understood, Chigunta (2002) and Fatoki and Chindoga, (2011) have observed that there has been little effort to look at it from the youth perspective. 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 (ILO, 2006). Researchers have noticed that there is a general lack of accurate and systematic data on youth, especially as it relates to youth entrepreneurship (Chigunta, 2002; ILO 2006; Fatoki and Chindoga, 2011). Owusu-Ansah and Poku (2012) further argued that most of the limited studies on youth entrepreneurship focused on developed countries. But, as ILO (2006) rightly pointed out entrepreneurial framework conditions vary strongly from one country to the other; young people experience different incentives and face different barriers as they start their own businesses. To fully appreciate the dynamics in each country, factors such as income and development levels, particularly between developed, developing and least developed countries must be considered. Further attention should be paid to the differentiation between youth and adult entrepreneurship. As to their ages, limited lives and work experiences, young entrepreneurs often face specific constraints during the start-up process that differ from those of adults. At the same time incentives stimulating entrepreneurship often vary between these age groups.

Ghana's economy is in a developing stage and there is a need to conduct a study into obstacles and incentives to youth entrepreneurship. There is scarcity of data on the subject matter in developing countries, especially Ghana (Owusu-Ansah and Poku, 2012). The structure of Ghana's population is largely youthful (Ghana Statistical Service, 2010). People who fall within the age bracket of 15-35 years are considered as youth, according to the National Youth Policy of Ghana (2010). The Ghana Statistical Service 2010 Population and Housing Census indicate that persons who form the youth constitute about a third of the entire population of the country. Youth unemployment is relatively high in Ghana but the African Economic Outlook (2012) acknowledged that the government has been active in building a policy and regulatory environment that is more conducive to youth enterprise development to ensure sustainable jobs for the youth. This youth unemployment phenomenon has triggered policy makers to pay greater attention to youth entrepreneurship as ways to foster economic progress and reduce unemployment (Baptista and Thurik, 2004).

Therefore, the aim of this paper is to investigate and identify the obstacles and incentives to youth enterprise creation and development. The study seeks to examine a range of key constraints that impede the youth in Ghana from starting and maintaining a successful business and at the same time identifies incentives, initiatives and measures that could improve this youth entrepreneurship. Hopefully, the research findings will stimulate theoretical and policy debate on the factors that foster or impede youth entrepreneurship and the policy measures that can facilitate youth in starting their own enterprises in a developing economy context.

It is worth investigating the possible obstacles to youth entrepreneurship because ignoring youth entrepreneurship challenges impose not only widespread unhappiness and social discontent among youth, but also carry tremendous economic and social costs (ILO, 2006). An increase in youth entrepreneurship would have multiplier effects throughout the economy, boosting consumer demand and adding tax revenue. Fatoki and Chindoga (2011) also emphasized that young people's engagement in entrepreneurship helps them to achieve economic independence and reduce their reliance on state welfare. Again, youth entrepreneurship brings about self esteem and makes the youths more productive members of their families and communities (Owusu-Ansah and Poku, 2012). Youth entrepreneurship reduces crime, poverty and income inequality. This indirectly, according to Mutezo (2005) induces an environment for national and regional economic growth and development.

## **LITERATURE REVIEW**

### **Entrepreneurship**

Entrepreneurship is touted as a critical source of new jobs and economic dynamism in developed countries (Chingunta, 2002; Sathiabama, 2010). Scholars have also emphasized in the literature that entrepreneurship can improve youth livelihoods and economic independence in developing countries (Chingunta, 2002; Awongbenle and Iwuamadi, 2010). For young people in the informal economy, micro entrepreneurship is a bottom-up method for generating an income, self-reliance and a new innovative path to earning a living and caring for oneself (ILO, 2006). Since entrepreneurs introduce new products and new production processes in an economy, entrepreneurship is generally accepted to be a necessary condition for sound long-term economic development (Herrington et al., 2007). The development of enterprises and entrepreneurships creates new employment possibilities. In order to investigate youth entrepreneurship, a definition of entrepreneurship is necessary.

There is not a generally agreed upon definition of the terms "entrepreneurship" or "entrepreneur" in the literature yet. Various definitions have emerged in an attempt to explain entrepreneurship. According to Sathiabama (2010), entrepreneurship is a dynamic process of

creating wealth by individuals or groups of individuals. Rwigema and Venter (2004:6) defined entrepreneurship as “the process of conceptualising, organising, launching and through innovation, nurturing a business opportunity into a potentially high growth venture in a complex and unstable environment”. Entrepreneurship is a vehicle to economic growth, success and prosperity.

Joseph Schumpeter, a renowned economist described entrepreneurs as the innovators who drive the “creative-destructive” process of capitalism (Schumpeter, 1961). According to Schumpeter, the function of entrepreneurs is to reform or revolutionize the pattern of production. Entrepreneurs can do this by exploiting an invention or, more generally, an untried technological possibility for producing a new commodity or producing an old one in a new way, by opening up a new source of supply of materials or a new outlet for products, by reorganizing an industry (Schumpeter, 1961). Schumpeter’s entrepreneurs are the change agents in the economy. By serving new markets or creating new ways of doing things, they move the economy forward.

According to Pihie (2009) entrepreneurship can be categorized into actual entrepreneurship (i.e. people that have actually started business) and entrepreneurial intention or latent entrepreneurship (i.e. people that intend to start business). These two approaches each feature strongly in the literature (ILO, 2006). Vesalainen and Pihkala (2000:145) defined latent entrepreneurship as “a conscious state of mind that directs attention (and therefore experience and action) toward a specific object (goal) or pathway to achieve it (means)”. Latent entrepreneurs wish to be self-employed in the future and have the possibility to realise self-employment with adequate policy. The second category of entrepreneurship which is actual entrepreneurship (i.e. people that have actually started business) is rooted in the trait or behavioural based approach. It is characterized by attempts to identify “entrepreneurial” traits and qualities. This is evident, for example, in a definition of entrepreneurship proposed by Schnurr and Newing (1997, cited in Chigunta, 2002, p.1) as the “practical application of enterprising qualities, such as innovation, creativity, and risk-taking into the work environment (either in self-employment or in small start-up firms), using the appropriate skill necessary for success in that environment and culture”. Thus entrepreneurship is a set of behaviours and an entrepreneur is someone who undertakes these behaviours.

Thus, this paper adopts a definition of ‘entrepreneurship’ along the lines proposed by Stevenson (1989) which incorporate both “latent” and “actual” entrepreneurship approaches. This definition was also adopted by Chigunta (2002) in his study of youth entrepreneurship. According to Stevenson (1989:10) entrepreneurship is “the process whereby individuals become aware of business ownership as an option or viable alternative, develop ideas for business, learn the process of becoming an entrepreneur and undertake the initiation and development of a business”

From this definition, the contribution of entrepreneurship to the process of economic development is clear. Entrepreneurs are a dynamic force in an economy, envisioning the possibilities of new types of economic activities and doing everything necessary to realize their visions. As a consequence, entrepreneurs generate jobs for others; they produce goods and services for society and they introduce new technologies.

### **Youth Entrepreneurship**

The empowerment and development of the youth are vital stages in life for building the human capital that allows young people to avoid poverty and lead better, and possibly have a more fulfilling life. Awongbenle and Iwuamadi (2010) pointed out that the human capital formed in youth is an important determinant of long term growth that a nation can invest on. Hence, making sure that the youth are well prepared for their future is enormously important to the course of poverty reduction and growth. Reduction in youth unemployment is one of the major global challenges. In developing countries, there is a renewed commitment in recent years by governments to address youth unemployment as a means to intensifying the fight against extreme poverty, achieving the MDGs, and more importantly, meeting equity and development goals (ILO, 2006).

Studies (Ryan, 2003; ILO; 2007; Awongbenle and Iwuamadi, 2010; Fatoki and Chindoga 2011) have affirmed in the literature that Entrepreneurship is increasingly being accepted as an important means and a useful alternative for income generation in young people. As traditional job-for-life career paths become rarer, youth entrepreneurship is regarded as an additional way of integrating youth into the labour market and overcoming poverty (Fatoki and Chindoga 2011). Supporting this shift in policy is the fact that in the last decade, most new formal employment has been created in small enterprises or as self-employment (ILO 2004). Entrepreneurship can unleash the economic potential of young people.

In order to properly investigate the obstacles and incentives to youth entrepreneurship, it is important to have an understanding of what 'youth entrepreneurship' is. The key questions that this section addresses are: What is youth entrepreneurship? What is the importance of youth entrepreneurship? Who are youth entrepreneurs? And what are some of the identified obstacles and incentives to youth entrepreneurship in the literature?

Chindoga (2002) and ILO (2006) observed that there is not a generally agreed upon definition of "youth entrepreneurship" in the literature yet. But given that this paper aims towards at least tentative suggestions for the promotion of youth entrepreneurship, it needs more definitional rigour. Without it, the issues relating to youth entrepreneurship cannot be properly debated and policy issues cannot be precisely crafted. Drawing upon the definition of entrepreneurship by Stevenson (1989:10) cited earlier on, and for the purpose of this paper,

'youth entrepreneurship' is defined as the "practical application of enterprising qualities, such as initiative, innovation, creativity, and risk-taking into the work environment (either in self-employment or employment in small start-up firms), using the appropriate skills necessary for success in that environment and culture" (Schnurr and Newing, 1997:7) in Chindoga (2002).

This definition assumes the following: young individuals developing and making full use of their own abilities, alone or in groups; young people defining their own problems, identifying solutions and finding resources to realize their vision; and young people realizing their own potential and vision, growing in confidence and taking active roles in their own communities (Chindoga, 2002). It is now widely accepted that there are many good reasons to promote entrepreneurship among young people. While caution should be exercised so that entrepreneurship is not seen as a 'mass' or wide-ranging solution which can cure all society's social ills, as many experts such as Curtin (2000) warned, it has a number of potential benefits. An obvious, and perhaps significant one, is that it creates employment for the young person who owns the business.

Given global demographic trends, it is important that the social and economic contributions of young entrepreneurs are recognized. Chigunta (2002) sums up a number of reasons for the importance of promoting youth entrepreneurship such as creating employment opportunities for self-employed youth as well as the other young people they employ, bringing alienated and marginalized youth back into the economic main stream and giving them a sense of meaning and belonging and also helping address some of the socio-psychological problems and delinquency that arises from joblessness.

Africa is a continent with a massive population of young people. Awongbenle and Iwuamadi (2010) pointed out that more than half of Africa's population is aged less than 21 years and two-thirds less than 30 years. They (Awongbenle and Iwuamadi 2010) further observed that in all African countries, the median age of the population is 20 years or less, that is, half or more of the population are under 21 years of age and up to one fifth between 15 and 24.

Countries vary considerably in their definition of youth and childhood. The UN considers individuals under the age group of 15 – 24 as youths (ILO, 2006). In Uganda, for example, youth is from 12 to 30 years, while in Nigeria, it is between 18 and 35 years (Awongbenle and Iwuamadi 2010). In general, over 200 million Africans are now officially designated as youths (that is, aged 15 to 24). This group makes up 40% of Africa's working age population, unfortunately 60% are unemployed (Awongbenle and Iwuamadi 2010). In Ghana however, youth is from 15 to 35 years (National Youth Policy, 2010, p.5). For the purpose of this paper Ghana's classification of youth 15-35 years is adopted.

## **Obstacles and Incentives to Youth**

A range of key constraints and incentives to youth entrepreneurship as identified from the literature have been analyzed. ILO (2006) has outlined five crucial factors for entrepreneurial engagement that should be addressed by appropriate programmes to foster youth entrepreneurship. This includes social and cultural attitude towards youth entrepreneurship; entrepreneurship education; access to finance/Start-up financing; administrative and regulatory framework; and business assistance and support. These factors are explained as follows:

### ***Social and Cultural Attitude towards Youth Entrepreneurship***

As cultural and social backgrounds influence an individuals' approach to life, they similarly influence entrepreneurial activity and enterprise culture. Gibb (1988) described an enterprise culture as a set of attitudes, values and beliefs operating within a particular community or environment that lead to both "enterprising" behaviour and aspiration towards self-employment. Researchers have long realized that cultural attitudes influence the entrepreneurial activities of a population, a country, region or ethnic group and that the interaction between culture and entrepreneurship is stronger in the case of some groups than others (McGrath et al., 1992; Kreiser et al., 2001; Fatoki and Chigonda, 2011). Thus cultural differences between nations are increasingly understood as an important determinant of a nation's level of economic and entrepreneurial development (GEM, 2004). OECD (1998) asserted that a cultural environment in which entrepreneurship is respected and valued and in which business failure is treated as a useful learning experience rather than a source of stigma, will generally be more conducive to entrepreneurship. Chigunta (2002) and Fatoki and Chigonda (2011) found evidence from developing countries that participation of youths varies with gender and young men are more likely to be self employed than young women. These findings appear to suggest the existence of socio-cultural constraints which tend to affect the participation rate of young women.

Importantly, according to Stevenson and Lundström (2001), promoting an entrepreneurial culture is one of the most underdeveloped strategic areas of entrepreneurship development worldwide, poorly articulated in policy terms and the most subject to rhetoric. Moreover, culture is a multi-faceted commitment, as it is complex and difficult to change. ILO (2006) pointed out that the promotion of an entrepreneurial culture among the youth requires a combination of specific programmes and initiatives to create positive attitudes towards entrepreneurship and entrepreneurs. Best practice countries are probably those such as the United States, Canada, Australia and New Zealand that use a combination of approaches to promote entrepreneurship (GEM 2004).

### ***Entrepreneurship Education***

The crucial role entrepreneurship education plays in assisting young people to develop entrepreneurial skills and behaviours as well as to develop enterprise awareness to realize entrepreneurship as a career option is emphasized in the literature. The Australian Ministerial Council on Education, Employment, Training and Youth Affairs (MCEETYA) has defined enterprise education as: “Learning directed towards developing in young people those skills, competencies, understandings, and attributes which equip them to be innovative, to identify, create, initiate and successfully manage personal, community, business and work opportunities, including working for themselves” (DEST, 2005:7) Enterprise education is therefore seen as a highly valuable preparation for the changing job market and economy in which young people have to operate.

ILO (2006) observed that in the past 10 to 15 years, entrepreneurship education has grown dramatically throughout the world, particularly in those countries already known to be entrepreneurial such as the US, Canada and Australia. This growth is reflected in the development of numerous new entrepreneurship curricula, study programmes and initiatives, as well as increasing research activities on enterprise education in general, and on its various effects and best practices in particular (Gallaway et al, 2005). Current findings of various studies show that entrepreneurship education encourages students to start their own business. Moreover, it has a positive impact on students’ self assessment and their attitude towards entrepreneurship as well as towards general occupational aspirations and achievement (ILO, 2006; Awongbenle and Iwuamadi, 2010; Fatoki and Chigonda, 2011; Owusu-Ansah and Poku, 2012).

### ***Access to Finance/Start-up Financing***

One of the major obstacles to youth entrepreneurship identified in the literature is the lack of adequate start-up finance. According to the Eurobarometer Survey (2004), young people (aged 15-24) seem to be the strongest supporters of the perception that the lack of available financial support is an obstacle to setting up a business. In the same report, about 78 per cent of the respondents (aged 15-24), compared to 73 per cent of all other age cohorts agreed to this affirmation. The lack of finance was also considered to be a more severe barrier than administrative procedures/burdens or an unfavourable economic climate.

Other studies corroborate these findings. In 2000, the OAYEC (Ontario Association of Youth Employment Centres) conducted a survey on youth self-employment in Ontario. When a group of young entrepreneurs were asked what resources were missing when they started their businesses, the most likely response, lack of capital and financing, was given by 40 per cent of them. Other barriers such as high competition or lack of experience were thought to be less

important barriers. Pretorius and Shaw (2004) and Atieno (2009) also reported that lack of finance is one of the major constraints to the formation of new enterprises. Young entrepreneurs need access to both internal and external finance to start, survive and grow their businesses. Maas and Herrington (2006) indicated that lack of financial support is the second major contributor to the low total entrepreneurship activity rate in South Africa while Fatoki and Chigonda (2011) found out that lack of adequate start-up finance is a major constraint to youth entrepreneurship in South Africa. Pretorius and Shaw (2004) observed that a large percentage of the failure of entrepreneurial ventures in South Africa is attributed to inadequate capital structure or resource poverty. Awongbenle and Iwuamadi (2010) also cited inadequate access to funds as a major obstacle to youth entrepreneurship in Nigeria.

### ***Administrative and Regulatory Framework***

Studies have shown that the impact of administrative and regulatory burdens on youth entrepreneurship are among the most important barriers to start-ups of young people in developed and developing countries (World Bank, 2005; ILO, 2006; Fatoki and Chigonda, 2011; Owusu-Ansah and Poku, 2012). Government regulations and bureaucratic formalities are seen as one reason for large informal sectors in many developing countries, since the costs of formalizing are higher than the gain in productivity from entering the formal sector (World Bank 2005). Entrepreneurs face numerous administrative burdens including businesses registration, tax administration, obtaining investment approvals and business licenses, coping with copyright and patent regulations, competition law, access to work space and long-term leases, construction and building permits, customs clearances, utility hook-ups, etc. (ILO, 2006).

These issues are particularly time and cost consuming for young entrepreneurs, as young people often do not have prior or less experience with such matters. In view of their lack of capital, administrative costs and high tax levels can become an insuperable barrier to set up a business or can push many promising young entrepreneurs into the black market where there are limitations to the opportunities for them to grow and prosper.

### ***Business Assistance and Support***

Key support services, including mentors, support networks, business clubs and incubators can hold the key to transforming one-person youth start-ups into successful small and medium businesses (Derby, 2004; Fatoki and Chingoda, 2011). ILO (2006) was emphatic that the more business assistance a young entrepreneur obtains in the start-up and new business phases the better his or her chance of creating a successful and sustainable business.

However, there is a general lack of awareness and knowledge among young people on how to start and run a business (Awongbenle and Iwuamadi, 2010). Key deficiencies in the area of business assistance support to young entrepreneurs have been identified in the literature (Derby, 2004; ILO, 2006; Fatoki and Chinguda 2011). These are lack of business connections, business contacts, suppliers, suitable partners and networks; lack of knowledge of available business support services; lack of tailor made business training and advice for young start-ups; lack of trained counsellors; development workers and adequate support agencies; lack of mentoring capacities; lack of workspace and ICT infrastructure; lack of exchange networks, forums and meeting places; and lack of other business development services.

Fatoki and Chinguda (2011) pointed out that most potential entrepreneurs are not aware of government programmes specifically designed to help them. Ndhlovu and Twala (2007) found that access to government financial support is a problem in South Africa. Lack of awareness of the existence of government programmes is another problem faced by the youth. Mass and Herrington (2006) agree that most youths are not aware of the various support programmes available and as a result, youths with entrepreneurial tendencies perceive that there is no support from government.

## **METHODOLOGY**

Quantitative research design was employed in gathering data for this study. This helped to describe, examine relationships, and determine causality among variables being studied (Saunders et al., 2009). The study focused on all the young entrepreneurs in Ghana who have established their own businesses spanning a period of not less than six (6) months. There are ten (10) regions in Ghana and simple random sampling technique was used to select five regions for the study. One thousand and two hundred and fifty (1,250) vibrant registered enterprises, obtained from the five regional offices of the National Board for Small Scale Industries (NBSSI) constituted the population.

Seven hundred and twenty (720) owners of micro and small enterprises in five out of the ten regions in Ghana made up the sample size of the study. They were sampled through a simple random technique in order to ensure that the sample was highly representative of the entire population of the study. The data was collected from February to May 2014. Table 1 provides information on the breakdown of the population, sample size and response rate per each of the regions. A well structured questionnaire covering both open-ended, close-ended and scale response questions formats were administered to the 720 entrepreneurs surveyed. To check the reliability and validity of the instrument used, the questionnaire was pre-tested on 75 participants (Saunders et al., 2009). Out of the 720 questionnaires distributed, a significant number of 572 (79%) responses were retrieved for analysis.

Statistical Package for Social Science (SPSS), version 16.0 was used to analyse the data collected and to generate the relevant descriptive statistics and measures such as percentage and frequency tables. Multiple regression analysis was used to test the hypothesis of the study.

Table 1: Population, Sample Size and Responses

S/N	Name of Region	No. of young entrepreneur	Number Selected (simple random)	Responses
1	Ashanti	160	150	120
2	Volta	158	148	130
3	Eastern	138	120	112
4	Central	148	133	110
5	Western	146	139	100
<b>TOTAL</b>		<b>1,250</b>	<b>720</b>	<b>572</b>

## RESULTS AND DISCUSSION

### Demographics of the young Entrepreneurs

The results on the background profile of the respondents indicated that the majority of the respondents (young entrepreneurs) were in the 24 years and below (39%) and the 25-29 (34%) age range. The 30-35 had the least representation (27%). Female respondents (57%) were more than their male counterparts (43%). About their educational background, most of them were high school graduates (60%) while the rest of the respondents (40%) have completed tertiary institutions (university/polytechnic). Thus, the results imply that more high school graduates are in self employment compared to the university graduates. This result on educational background of the respondents corroborates Buame (2010) earlier findings in Ghana that most tertiary institution (University/Polytechnics) graduates will more likely prefer to seek formal employment than create their own businesses. Demographics of the respondents are presented in cross tabulation methods in Table 2.

It is clear from the results presented in Table 2 that more young females in Ghana engaged in entrepreneurship than their male counterparts. This result was not surprising since it was found that Ghanaian women are predominant in the informal sector, engaging in their own businesses than the males (Dzisi, 2010). Contrarily, Fatoki and Chindoga (2011) study of youth entrepreneurship in South Africa revealed that more young males have created their businesses than their female counterparts.

Table 2. The Demographic Profile of the young entrepreneurs in Ghana

Age			Sex			Educational Background		
Age	Freq.	Percent	Gender	Freq.	Percent	Level	Freq.	Percent
< 25	223	39	Male	246	43	High school	343	60
25 - 29	194	34	Female	326	57	University/ Polytechnic	229	40
30 - 35	155	27	Total	572	100	Total	572	100
Total	572	100						

### Entrepreneurial Ventures set up by the young entrepreneurs

To gain insight into the types of entrepreneurial ventures that the youth in Ghana have created, questions were included in the questionnaire survey on the kind of businesses that they engaged in. The responses to this question are presented in Table 3. It was found that the majority (35%) of the respondents were in the trading industry, where they described their activities as owning wholesale shops, importing and supplying large quantities of food products. Some also supply soft drinks and alcoholic beverages on a wholesale basis. The trading industry was also dominated by retailers who trade in a variety of products including clothing, cosmetics, jewellery, building materials and mobile phones.

Another business industry/sector that the youth in Ghana were predominantly found in is the service industry (32%). Some of the business ventures of the youth in this sector included catering services (restaurants, snack shops, rest stops and bakeries), fashion designing, tailoring and dressmaking; hairdressing and interior decoration. Females were mostly found in the service industry. The few males found in the service industry were engaged in information technology services. Also, the respondents' dominant business activities in the manufacturing sector (11%) were mineral water processing and handicraft making. Some of the respondents were engaged in jewellery making (gold and silver rings, chains, bracelets, and earrings), assorted bead making and pottery making.

The findings also indicated that 10 percent (10%) of the respondents were found in the textiles and fabrics industry. Some of the entrepreneurial activities they engaged in were weaving of *kente* (a beautiful Ghanaian traditional cloth), batik, and tie and dye making. The results also indicated that some (8%) of the young entrepreneurs in Ghana have started entrepreneurial ventures in the construction sector. They were engaged in business activities such as building private houses, office complexes production for constructional works. The results also indicate that few (5%) of the young entrepreneurs have set up microfinance and small loans centers to finance small scale businesses.

Table 3. The Entrepreneurial Ventures of the Youth in Ghana

<b>Industry/ Sectors</b>	<b>Types of Business Venture</b>	<b>% of respondents</b>
Trading (Wholesale/Retail)		<b>35</b>
	Building Supplies	
	Mobile phone / Computer	
	Vehicle Spare parts	
	Children Clothing, Clothing (Unisex)	
	Jewelry	
	Imported food (bags of rice, Sugar)	
	Soft drinks and Alcoholic beverages	
	Foodstuffs	
	Kitchenware	
	Fashion leather bags	
	Frozen meat, poultry and fish	
	Fabrics	
Hair products and cosmetics		
Manufacturing		<b>11</b>
	Handicraft	
	Jewelry making	
	Beads making	
Construction		<b>8</b>
	Mineral Water Processing	
	Residential	
	School and Office Complexes	
Microfinance/Loans/Investment Companies		<b>5</b>
Services		<b>32</b>
	Restaurants	
	IT Consultancy	
	Small Scale Catering, bakery	
	Hairdressing, Decorations, Bridal dressing, Florists	
	Dressmakers/Fashion Designers	
Textile and Fabric		<b>10</b>
	Kente weaving	
	Batik making	
	Local Tie & Dye fabric making	

### **Obstacles during the Start-up**

Information was sought on the various obstacles the young entrepreneurs encountered during their business start-ups. Respondents were asked to rank from a list of factors those factors that created problems during the initial stages of business development. The result indicated that access to credit or finance was the biggest (33.4%) obstacle encountered by the young entrepreneurs. The respondents itemized the various problems they have with access to finance. The major one is the lack of securities and credibility (for debt financing), as collateral is a major requirement for a debt finance from traditional banks. They also mentioned strict credit-scoring methodologies and regulations; complex documentation procedures; long waiting periods (time needed to decide on an application for funding) and lack of knowledge, understanding, awareness of start-up financing possibilities as constraints to easy access to finance. It is not surprising that lack of financial credit was the highest ranked obstacle for the young entrepreneurs, since it is cited in literature as one of the major problems young entrepreneurs face globally (GEM, 2004; ILO, 2006; Atieno, 2009; Fatoki and Chigonda (2011).

Negative social and cultural attitude towards entrepreneurship (13.7%), the lack of management experience (13.1%), financial planning (12.8%), lack of business assistance support (12.6%), administrative and regulatory framework (9.6%) and getting enough customers (6.8%) were the additional key obstacles that impede youth entrepreneurship in Ghana according to the respondents. This result is presented in Table 4. The responses indicated that the negative social and cultural attitude towards entrepreneurship arises out of the lack of knowledge and understanding of entrepreneurship. Low entrepreneurial culture was also underscored as determining factor of the negative social and cultural attitude to entrepreneurship. It was also found that entrepreneurship education only takes place in tertiary institutions (Universities/Polytechnics) in Ghana.

Thus, only forty percent (40%) of the respondents had access to entrepreneurship education. Majority (60%) of the respondents lack management, financial and customer care skills. The findings from this study supported a research by Fatoki and Chigonda (2011), which found that access to funds, lack of management experience and financial planning were the main obstacles encountered by the youth in the creation of business ventures in South Africa.

Table 4. Obstacles Encountered by the Young Entrepreneurs in Ghana

Nature of Obstacles	Problems at Start-up		Problems at Currently	
	Frequency	Percentage	Frequency	Percentage
Management Experiences	75	13.1	72	12.7
Obtaining Finance	191	33.4	183	32.1
Getting enough Customers	39	6.8	32	5.9
Financial Planning	73	12.8	75	13.1
Administrative and regulatory framework	55	9.6	48	7.9
Business Assistance Support	72	12.6	69	12.0
Social and Cultural Attitude	67	13.7	93	16.3

### Ongoing Problems in Business Operation

To ascertain whether the young entrepreneurs still encounter the same problems after start-up, they were asked to rank from the list of factors that created ongoing problems for them. In comparison to obstacles encountered at the start-up phase of the business ventures, a small number of variables were still considered to pose large problems, but most only presented average to small problems. The findings show that most of the obstacles they encountered at the start-up still currently persist in their businesses (See table 4). For instance the access to finance still posed a major obstacle (32.1%) to the development of the young entrepreneurs' business ventures although there has been a small reduction compared to the start-up phase. Negative social and cultural attitude to entrepreneurship (16.3%) and financial planning (13.1%) posed a higher problem (16.3%) currently compared to the start-up phase. However, we can see some positive changes in management experience (12.7% now while 13.1% at start-up phase), administrative and regulatory framework (7.9% now while 9.6% at start-up), and getting enough customers (5.9% now and 6.8% at start-up). This result showed that some of the obstacles the women encountered at the start-phase reduced over time while some persisted.

### Hypothesis Testing Results

The factor-analyzed independent variables (elimination of obstacles the young entrepreneurs encounter) and dependent variables (successful job creation) were subjected to standardized multiple regression analysis with enter method to test the hypothesis of the study. Of particular relevance is how well this set of independent variables- the elimination of the obstacles the

young entrepreneurs in Ghana encounter relates to the dependent variable successful job creation.

The coefficient of determination (R Square) value was .193, as shown in Table 6. Therefore, the independent variables in the hypothesis explained 19 percent of the variation in the dependent variable, which is the successful job creation of the young entrepreneurs in Ghana. Also the result on how much variance was explained by the independent variable was also confirmed as statistically significant by the ANOVA results: (F (2,238)=28.370,P 0.001.) Although a low contribution was found, the results indicate that a significant linear relationship exist between the reduction in the problems Ghanaian young entrepreneurs encounter and their success, thus providing support for the hypothesis.

The Pearson correlations in the second column of Table 6 indicate moderately negative significant correlations between the variables elimination in obstacles and job creation. This result implies that although the obstacles the Ghanaian young entrepreneurs encounter have decreased little, even a small reduction is significantly associated with the successful creation of their business enterprises.

Table 6. Regression for Elimination of Obstacles and Successful Creation of Businesses

<b>Elimination of Obstacles Variables</b>	<b>Pearson Correlation</b>	<b>Beta Scores</b>
Elimination of obstacles during start-ups	-.181*	.047
Elimination of on-going obstacles	-.437**	-.460**

N=572, R-Square = 19.3%\*\* , p<001, p.>005

## CONCLUSION

This study investigated the barriers or obstacles that the youth in Ghana encounter at the start-up and still face in the creation and development of their business enterprises. It was found that during the start-up and early stages of their businesses, the young entrepreneurs were confronted by a myriad of problems which negatively affect youth entrepreneurship in Ghana. The most critical of these were related to lack of access to finance, negative social and cultural attitude to entrepreneurship, management experience, financial planning and lack of business support assistance. In addition, the young entrepreneurs encountered problems relating to administrative and regulatory framework and getting enough customers. It was also clear from the study that in spite of the various obstacles these young entrepreneurs encounter in the creation of their business enterprises, they have been able to create jobs for themselves and others in various economic sectors. Thus, youth entrepreneurship is a growing, dynamic part of the Ghanaian economy. The entrepreneurial feat of the youth in developing countries is very

important and interesting one which needs much more attention from scholars, the media, practitioners, and policy makers.

The study was mainly based on five regions out of ten in Ghana. It is thus limited in size and scope by the number of the respondents, the representation from the different economic sectors and the generalizability of the results. Another limitation of this study is that it focused on the youth business enterprises registered with the National Board for Small Scale Industries (NBSSI) in the various regions. However, there are some youth who have created entrepreneurial ventures but have not registered with NBSSI that would have qualified for this study but were not included.

## IMPLICATIONS

Nevertheless, based on the results of the study, incentives, initiatives and measures were recommended to improve and promote youth entrepreneurship in Ghana. The study has identified lack of access to funds as one of the major business obstacles the young entrepreneurs encounter. Financial resources are obviously very important for boosting productivity leading to business growth and greater economic contribution to the nation. Thus, governments are to create the enabling environment and encourage various types of finance and funding such as grants, debt financing and equity financing to promote the financing of youth enterprises. It is recommended that specific loan schemes like *soft loans* which are increasingly superseding traditional grant schemes will be suitable for the youth whose major problem is the provision of collateral. The soft-loan approach involves the provision of no or low interest loans, usually through some form of revolving loan fund, to young entrepreneurs. There are generally no collateral requirements, but eligibility criteria is like having a business plan, demonstrating commitment and responsibility, having reasonable equity participation and demonstrating an ability to repay the loan are required.

Additionally, micro loans are also a fairly new source of finance for young entrepreneurs in the formal or informal sector with lower capital requirements, with little or no collateral and limited business experience. Micro-loans are small loans, mostly offered by microfinance institutions like credit unions and NGOs. Traditional banks are not generally interested in issuing small loans – as the interest benefits do not exceed the transaction cost. Central banks in the developing countries should encourage, regulate, and monitor microfinance institutions to be a good source of micro loans to the youth enterprises. ILO (2006) has earlier on recommended that given their size and particular conditions, micro-loans are particularly interesting for young entrepreneurs in developing countries.

Promoting public and private *Business Incubators* is another way to provide start-up capital for young entrepreneurs in high-growth industries. Aside from various services (such as provision of physical work space, IT-infrastructure, management coaching, administrative services, technical support, business networking, advice on intellectual property, etc.), they also often provide sources of financing.

Other critical obstacles identified by the study were social and cultural attitude to entrepreneurship, management experience, financial planning and lack of business assistance support. Entrepreneurship education is one of the initiatives that can be designed and effectively implemented to solve these problems. Entrepreneurship education is crucial in assisting young people to develop entrepreneurial skills, attributes and behaviours as well as to develop enterprise awareness, to understand and to realize entrepreneurship as a career option. Entrepreneurial skills include creativity, innovation, risk-taking and ability to interpret successful entrepreneurial role models and identification of opportunities. Entrepreneurial education thus provides basics of such practical business practices. Low levels of financial literacy can influence the degree to which entrepreneurs access formal sources of finance. Entrepreneurship education should be made accessible not to only tertiary learners but to senior high school students as well in order to be equipped for business practices. The results of the study show that the majority of young entrepreneurs in Ghana are senior high school graduates, but entrepreneurship is not part of their curriculum or learnt at that level. Entrepreneurship should be encouraged and embedded in education from early formative years through secondary education and be part of the curriculum in all stages of education and all subjects. To achieve this objective, there is the need to teach teachers in entrepreneurial and commercial skills. Also, expert financial training is recommended to increase the chances of young entrepreneurs securing appropriate and affordable finance and engaging in sound financial planning.

In addition, there is the need for more national, regional or specialist support and resources to drive up the youth entrepreneurship rate. There is an evident skills mismatch between what skills young entrepreneurs developed in higher education and what they need in order to survive in the business world (Fatoki and Chiguda, 2011; Owusu-Ansah and Poku 2012). It is recommended that university students and high school students should go for industrial attachments for at least a year during their study to gain valuable business and technical experience. There is the necessity for government support initiatives to be efficient. These institutions established by government could take a step in involving the youths by exposing them to their programs, informing them of what they expect from the students in order to receive their full assistance and select a few of them for assistance.

Furthermore, a “learning from peers” or mentorship approach can be instituted by government agencies to help the youth to get involved in entrepreneurship trainings. Awareness campaign of government support instruments should be done. Successful social or private, youth or adult entrepreneurs are probably the best ambassadors for promoting entrepreneurship among young people. By delivering an image of independence, success and achievement, they can motivate young people to consider and explore entrepreneurship and self-employment. The more a young person knows a successful entrepreneur, the more likely he or she might become interested in starting a business because they have a role model to follow. Moreover, when supported by media campaigns, credible role models can have an influence on young people’s personal environment, so that parents and relatives will change their attitude to entrepreneurship as well and encourage their children to engage in this field. This study recommends that excessive and over complex regulations should be loosened in the case of first time registration for business. This will encourage the youths to register for business. Entrepreneurship awareness day could be organized where individuals will be informed about how to register a business and how much it costs to register a business.

The findings of this study could serve as a framework in developing a more detailed research instrument. Such an instrument may provide more detailed results in youth entrepreneurship research in developing economies. This may help the concept to gain wider recognition to inspire the youth to create their own businesses for the development of themselves and their nations. Such studies are particularly needed in the developing economies of the world.

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