Overview

This unit focuses on the creation of youth enterprise and entrepreneurship. We will provide you with information on the conditions which are necessary for the developing of youth entrepreneurship and promoting of a culture of youth enterprise. Developing youth enterprise and entrepreneurship requires innovation and creativity; however, there are also some challenges. This unit explores some of the major constraints and challenges of youth entrepreneurship, in general, and to enterprise creation by young people, in particular. You will also be introduced briefly to strategies that could assist in making or make starting a business a more viable alternative and easier for youth. Integrating the youth livelihoods principles into entrepreneurship will also be discussed in greater detail. Finally you will be provided with information about how to develop a proper business plan, which is a major asset in efforts to alleviate some of the problems experienced.

Unit 7 Learning Objectives

At the end of this unit, you will be able to:

1. Analyse factors which are necessary for the development of youth entrepreneurship
2. Justify the need for the creation of youth enterprise and entrepreneurship
3. Outline and critically review constraints and barriers experienced by young people when creating youth enterprises
4. Advocate for the development of policy to support youth enterprise and entrepreneurship.
5. Outline major strategies that could assist in making a business sustainable
6. Recognize the importance of building partnerships and strategic alliances to support youth entrepreneurship
7. Explain the importance of a business plan to entrepreneurs
8. Outline the basic elements of a business proposal and a simple business plan.

Session 1 - Factors that affect Youth Entrepreneurship and Enterprise Creation
Session 2 – Promoting a culture of Youth Entrepreneurship
Session 3 – Integrating the youth sustainable livelihoods approach into entrepreneurship
Session 4 – New venture creation.

Readings


Session 7.1

Factors that affect entrepreneurship and enterprise creation

Introduction

In previous units, you learnt that more and more governments in the world are promoting entrepreneurship and enterprise creation as a sustainable livelihood for young people. You also became aware that young people have positive attitudes towards and the potential for engaging in enterprise. You also learnt that the level of entrepreneurial activities is not as high as it should be. In this session, you will explore the factors affecting youth entrepreneurship in general and enterprise start-ups by young people. You will, therefore, examine a range of key factors that encourage or constrain young people from engaging in business. It is important for you as youth development officers to understanding these factors if you are to promote entrepreneurship and help young people develop entrepreneurial attitudes and enterprise. You will also be provided with a brief introduction to strategies that could assist in making a business viable.

Learning Objectives

At the end of this session, you will be able to:

1. Examine the factors which are necessary for the development of youth entrepreneurship

2. Analyse the social and cultural context of entrepreneurship in the Caribbean context

3. Describe constraints and barriers experienced by young people when creating youth enterprise.

4. Outline the major types of legislation which might affect micro and small business owners relevant legislation

5. Identify major strategies that could assist in making a business sustainable

6. Discuss six (6) administrative and regulatory burdens that hinder young people from developing microenterprise.

7. Explain ways in which the regulatory and administrative systems could be
improved
8. Describe key challenges youth encounter in accessing start-up funds
9. Identify the different funding sources that youth can access to start a youth enterprise

Factors that affect youth entrepreneurship and enterprise creation

Schoof (2006) identifies five factors that affect youth entrepreneurship (see figure 7.1). They are:

1. Social and cultural attitudes towards youth entrepreneurship;
2. Entrepreneurship education;
3. Access to finance/Start-up financing;
4. Administrative and regulatory framework; and
5. Business assistance and support.

Each of these factors listed above has key constraints and impediments for young people which must be addressed if young people are to increase their participation in entrepreneurial activities.

Figure 7.1: Factors that influence youth entrepreneurship

Schoof (2006) posits that it is important to recognize the social and cultural influences on entrepreneurship and the formation of new enterprises. The author contends that just as these factors influence an individual’s approach to life, similarly, they influence their entrepreneurial activities and enterprise culture. This claim is supported by research which shows that cultural attitudes influence the entrepreneurial activities of not only the individual, but the entire population, a region and country (Birley, 1987; McGrath et al., 1992; Kreiser et al., 2001; Hofstede, 1980). Culture is defined as the system of collective values that distinguishes the member of one group from another (Hofstede, 1980). An enterprise culture can be defined as “set of attitudes, values and beliefs operating within a particular community or environment that lead to both “enterprising” behaviour and aspiration towards self-employment” (Gibb, 1988 as cited in Schoof, 2006).

You may well be wondering what would be the main cultural and social influences affecting entrepreneurship. Schoof (2006) identifies cultural factors that generally play a crucial role in the development of youth entrepreneurship. They are (1) religion, cultural values, beliefs and behaviours and (2) the social legitimacy and perception of entrepreneurship

Religion, Cultural Values, and Beliefs Behaviours

Schoof (2006) further stated that religion, as a cultural aspect and enterprise, enjoys a complex interdependent relationship with entrepreneurship, since it usually shapes the values and beliefs of a person and can influence an individuals entrepreneurial behaviour, the nature and the type of business as well as women’s participation in business in particular. To explain the way in which cultural values and beliefs may have an influence on individuals’ entrepreneurial behaviour and the decision of whether or not to become an entrepreneur, Schoof utilised Hofstede’s model which was designed to help understand how values in the workplace are influenced by culture. To differentiate culture, the model isolates four primary dimensions, each of which has an influence on individual’s needs and motives (e.g. for achievement, affiliation or the pursuit of individual and social goals) and their beliefs, behaviour and orientation (e.g. risk- taking, proactivity and self-efficacy). They are uncertainty avoidance, individualism, masculinity and power distance. The terms are explained in Box 1.
**Uncertainty avoidance** measures the ability of a society to deal with the inherent ambiguities and complexities of life. Cultures that are high in uncertainty avoidance rely heavily on written rules and regulations, embrace formal structures as a way of coping with uncertainty, and have very little tolerance for ambiguity and change.

**Individualism** describes the relationship that exists between the individual and the collectivity in a culture. Societies high in individualism value freedom and autonomy, view results as coming from individual (and not group) achievements, and place the interests of the individual over the interests of the group.

**Masculinity** is primarily concerned with the level of aggression and assertiveness present in a culture. Highly masculine cultures place a high emphasis on assertive and ostentatious behaviour, material goods and prestige are highly sought after, individuals tend to exhibit a high need for achievement, and organizations are more willing to engage in industrial conflict.

**Power distance** is "a measure of the interpersonal power or influence between B (the boss) and S (the subordinate) as perceived by the least powerful of the two S (the subordinate)" Hofstede, 1980, pp. 70-71). In high power distance cultures, there is an unequal distribution of power, strong hierarchies and control mechanism are present, there is less communication among organizational levels, and an emphasis is placed on subordinates being differential and obedient to those in positions of power Kreiser et al., 2003).

For example, uncertainty avoidance or acceptance in a culture is strongly linked to the level of risk-taking and proactive-ness of an individual or an organization. Individuals (like entrepreneurs) with a high need for achievement, such as those in uncertainty accepting societies, will be more willing to take risks than individuals in uncertainty avoiding societies.

**ACTIVITY 7.1**

**Reflection**
Writing in your professional learning journal, identify the isolate(s) which most aptly describe(s) your community/society. Describe the impact on entrepreneurship.
The Social Legitimacy and Perception of Entrepreneurship

Although cultural values play an important influence on entrepreneurial behaviour, that does not mean that they are enough to cause or to inhibit the rise of entrepreneurial activity. Social perceptions and perceived legitimacy of entrepreneurship play a crucial role in helping of hindering entrepreneurial behaviour. Wilken (1979 as cited in Schoof, 2006) argued that “the degree of approval or disapproval of business activity will influence its emergence and characteristics, being favoured by those environments in which entrepreneurs enjoy greater legitimacy” (p. 26). Schoof (2004) claims that the ways in which young individuals perceive entrepreneurship depend particularly upon:

a) their personal environment.

b) their individual awareness and familiarity with the concept of entrepreneurship;

c) the general reputation, acceptance and credibility of entrepreneurs in society.

Young people need a supportive environment to facilitate their entrepreneurial activities which involves entering into a new venture, risk taking and uncertainty. They generally rely on different types of support and encouragement within the environment. Parents, relatives and friends can have a crucial influence on young people’s opinions about entrepreneurship, playing a strong role in imparting positive or negative views of business. For example, if they do not see entrepreneurship as being important, they are not likely to provide any type of support to the young person. This could result in discouragement and abandonment of the entrepreneurial idea.

As discussed in the previous unit, one of the motivating factors for young people engaging in entrepreneurial activities is family background. For example if a young person comes from a background where the families and relatives own businesses, they are more likely to engage in entrepreneurial activities. According to Schoof (2006) some studies suggested that “overall family background seems to play a more important role in the entrepreneurial attitude of students than general cultural variables associated with the country” (p.27). Another motivation which was identified is the level of awareness about knowledge of, and familiarity with, the concept of entrepreneurship as being a viable career path. This can be linked to family background, since young people whose parents engage in entrepreneurship may already have some level of awareness of, and familiarity with, entrepreneurial activities.

Another cultural or social factor that has an important influence on young people’s attitude to entrepreneurship and on their decision to start up their own enterprise, is the image, reputation and credibility of entrepreneurs in a society.
Young people often assess the image and reputation of other entrepreneurs before
venturing into business. Their appreciation and assessment of entrepreneurs can range from regarding them as successful, honest, courageous, independent and innovative people who create jobs (“the economic DNA” in Schoof, 2006) and have a clear sense of social justice, to being perceived as ruthless, dishonest and selfish people who destroy more jobs than they create through overt risk taking and who use their skills and abilities in ways that are not always or completely socially acceptable (such as lack of honesty or sense of social justice) (Schoof, 2006). Additionally, young people, who are willing to engage in business, have to cope with the particular reputation and stereotypes given to young entrepreneurs in society and in the business world. Some of the problems endured by young people as identified by a Barclays Bank Survey in Europe are:

- not being taken seriously by colleagues or business contacts
- age discrimination by suppliers or customers
- difficulties in attracting funding to the business
- age discrimination by institutions or the Government
- lack of support from family or friends (Schoof, 2006)

Schoof (2006) also indicated that cultural perceptions of social entrepreneurship depend upon additional factors such as (1) the need to have insight and being exposed to social problems; (2) successful role models and (3) the opportunity to obtain knowledge of the social entrepreneurship process. He further stated that most societies continue to view entrepreneurship only in narrow economic terms rather than embracing its potential wider social benefits.

**ACTIVITY 7.2**

**Social and Cultural Attitudes of People in your Community**

In the Discussion Forum, assess the cultural and social attitudes of people in your community towards entrepreneurship. You can begin by examining and recording your personal views about entrepreneurship as a career for young people. Next, respond to the following questions:

1. How do people within your community view entrepreneurship?
2. Do they consider entrepreneurship to be a good choice for a career?
3. Does entrepreneurship have a high status in your country?
4. What part do the media play in entrepreneurship? Do they highlight the entrepreneurial activities of people? If they do, is it portrayed positively?
Haftendorn & Solzano (2003) made the important point that ILO Recommendation No. 189, which was adopted in 1998, indicated ways in which cultural attitudes could be influenced. It recommended general conditions to stimulate job creation in small and medium enterprises. ILO proposed that its member States should adopt these conditions to influence social and cultural attitudes in society. This recommendation aims to create and strengthen an enterprise culture which favours initiatives, enterprise creation, productivity, environmental consciousness, quality, good labour and industrial relations, and adequate social practices which are equitable. Members should consider:

- “pursuing the development of entrepreneurial attitudes, through the system and programmes of education, entrepreneurship and training linked to job needs and the attainment of economic growth and development, with particular emphasis being given to the importance of good labour relations and multiple vocational and managerial skills needed by small and medium-sized enterprises;
- seeking, through appropriate means, to encourage a more positive attitude towards risk-taking and business failure by recognizing their value as a learning experience, while at the same time, recognizing their impact on both entrepreneurs and workers;
- encouraging a process of lifelong learning for all categories of workers and entrepreneurs;
- designing and implementing, with full involvement of the organizations of employers and workers concerned, awareness campaigns to promote
  a. respect for the rule of law and workers’ rights, better working conditions, higher productivity and improved quality of goods and services;
  b. entrepreneurial role models, and award schemes, taking due account of the specific needs of women and disadvantaged and marginalized groups” (p.5).

**Entrepreneurship Education**

Entrepreneurial competencies are developed through education and practical experiences. Increasingly, more institutions are developing entrepreneurship programmes and initiatives, as well as, increasing their research activities on enterprise education in general, and on its various effects and in particular best practices (Schoof, 2006). Enterprise education is defined 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 as cited in Schoof, 2006, p. 34).
Entrepreneurship education is crucial in assisting young people to develop enterprise awareness and to understand and to realize entrepreneurship as a career option. It also helps them to develop the requisite entrepreneurial skills, attributes and behaviours. In support of this view, Schoof (2006) stated that current research has shown that entrepreneurship education encourages students to start their own business and has a positive impact on students’ self-assessment and their attitude towards entrepreneurship as well as towards general occupational aspirations and achievement.

Schoof (2006) however, asserted that there are some key educational constraints that hinder the effective delivery of entrepreneurship education. These constraints are outlined in Box 2.

**Box 2: Key Educative Constraints**

- General lack of introduction and adoption of enterprise education;
- Inadequate curricula and study programmes;
- Wrong learning methods;
- Negligence of students’ personal environment (parents and family members);
- Lack of trained/educated teachers;
- Lack of career information and business possibilities;
- Lack of business and education linkages;
- Lack of ICT infrastructure/capability.

Despite evidence of the positive impact that entrepreneurship education has in creating self-employment, many countries, particularly, developing countries, have not implemented, or have not sufficiently implemented, enterprise education in schools. In countries where entrepreneurship is taught, not all youth benefit from the teaching and it is not taught in a holistic way. According to Schoof (2006), the teaching of entrepreneurial skills and attributes and behaviours is often not properly integrated into school curricula or not adequately taught on different educational levels (primary, secondary, technical and vocational and higher education). Haftendorn & Solzano (2003) further opined that entrepreneurial education has to be an integrated part of national curricula in primary, secondary, vocational and higher education (p.4). They further stated that “focusing on awareness-raising programmes at educational institutions and start-up programmes for youth allows governments to influence the cultural attitudes towards a positive perception of entrepreneurial activities. Young people
are also not taught skills such as independent thinking and acting, risk-taking
and self-reliance: instead, most education systems still teach traditional values of compliance to the norm. As a matter of fact, the approach to education is mainly academic and as such, nurtures skills that are more appropriate to working in the public sector or large organizations and companies but not for an entrepreneurial career. Practical and experiential learning is probably the most powerful way of learning entrepreneurship. Yet it is very rarely used in most education systems as an effective way of gaining knowledge and experience.

In schools, university and non-formal education programmes, teachers usually teach entrepreneurial education. However, teachers at all levels in the education system often have only limited understanding of, and experience in, small businesses and self-employment. They also are not adequately trained or educated to teach entrepreneurial skills to young people. Entrepreneurship is very often not sufficiently introduced to youth as a career option in school. Tools, resources and information material to support youth entrepreneurship are not readily available. Relationships between educational institutions and the business community do not exist or are poorly developed. Schoof (2006) also pointed out that in most the important role of family members of young people and their parents, in particular, is not taken into consideration in most entrepreneurship education initiatives and as such they are not aware of the importance stimulating entrepreneurial culture is crucial. Additionally, due to financial constraints, schools often cannot afford to provide access to appropriate ICT infrastructure (hardware, software, Internet access and multi-media applications). An inadequate ICT infrastructure and training constrain ICT capabilities of young people, which are increasingly crucial for many new entrepreneurial opportunities.

**Start-up Financing**

A major constraint to the creation and growth of youth enterprises is lack of access to finance and/or micro credit. (Chigunta, 2002). There is need for affordable capital to support youth enterprise development. Schoof (2006) identifies, the ten key constraints and challenges young entrepreneurs face in accessing funding for their business venture (see Box 3).
Box 3: Key constraints to start-up finance

- Lack of personal savings and resources
- Lack of securities and credibility (for debt financing)
- Lack of business experience and skills (for debt financing)
- Strict credit-scoring methodologies and regulations
- Complex documentation procedures
- Long waiting periods (time needed to decide on an application for funding)
- Lack of knowledge, understanding, awareness of start-up financing possibilities
- Unfavourable firm characteristics and industry
- Legal status/form of enterprise
- Lack of (successful) micro lending/finance and seed funding.

A major hurdle young people face when accessing finance to start and grow their businesses is the fact that financial institutions usually require collateral or guarantees to secure loans or lines of credit. Youth, generally, lack financial and other self-sustaining resources, substantive credit history, and sufficient collateral and are therefore seen as risky investments. They also often lack social support without which they might not be able to access adequate capital to move the idea to an actual venture/enterprise. In addition, where the funds are given without collateral and in the absence of a viable business plan, they are faced with significantly higher interest rates and fees.

Another key barrier to accessing finance is lack of business experience and skills. Young people are unlikely to have the type of business experience, track record or business skills that banks or other financial institutions would look for in assessing creditworthiness. They are often required to show that their business has already been operational for six months.

Strict credit-scoring methodologies and regulations set by banks are also key obstacles. A credit score is “a numerical index which represents an estimate of an individual’s financial creditworthiness. Lenders, such as banks and credit card companies, use credit scores to determine credit limits and interest rates” (Schoof, 2006, p.43). Banks often deal arbitrarily with terms and conditions and youth entrepreneurs often have difficulties in meeting the strict credit scoring criteria. Furthermore, there is a lack of binding rules and clear general terms to ensure that the rating procedures and credit scoring systems for young entrepreneurs are
transparent. Complex documentation also limits youth access to finance. Young people are easily put off by the documentation procedures and information required by many commercial lenders of credit. As noted before, funds requiring little or no collaterals charge very high interest rates and fees. These, however, often have more complex documentation procedures.

Youth also experience long waiting periods when they apply for funding, particularly from public support agencies and programmes. The time that they are required to wait could span a continuum of a minimum of 30 days - 90 days or longer. Sometimes the time the entrepreneur spent on preparing the application to the time it is processed by the agency can easily exceed five months, which is a very long time for a potential young entrepreneur. Young people often lack the knowledge, understanding, awareness of start-up financing possibilities. Young entrepreneurs often launch their businesses without carefully estimating the amount of start-up and working capital they will need to actually get started. Furthermore, young entrepreneurs are often not aware of all available types of finance, funding forms and special support programmes. They often do not understand the concept, the benefits, the possibilities and the drawbacks of the numerous forms of debt and equity (venture capital) financing (Schoof, 2006).

Unfavourable firm characteristics and industries also impede the ability of the youth entrepreneur to access funding. The majority of youth enterprises are micro businesses that are owned and operated by youth in the service sector which is a low-growth area. These particular characteristics have implications for the access of business capital, as most of these enterprises are in the early stages of growth (looking for seed money or start-up funds); have limited tangible assets and low profit margins. Heidrick, (2002) posits that these characteristics also limit the availability of angel investors and venture capital as sources of equity financing (cited in Schoof, 2006). The legal status and form of enterprise are often interrelated. The majority of youth entrepreneurs work in the informal sector. The enterprises in the informal sector are not registered with the relevant jurisprudence as limited liability companies; there is no difference between enterprise assets and personal assets. A young entrepreneur is, therefore, directly and jointly, held responsible for his/her liabilities. This lack of separation between ownership and control makes it quite difficult for investors to fund with entrepreneurs in the informal sector.

Youth are not very successful in their quest to obtain micro lending/finance and seed funding.

Schoof (2006) indicated that research shows that youth seems to be underrepresented as a target group of micro credit programmes in many countries. Curtain (2001) identified a number of reasons to explain why micro credit has neglected young
people. These include (1) the age-requirement in most programmes for clients to be at least 18 years old to ensure that they can sign a legal contract (2) the assumption is that there is a high risk of default for loans to unmarried girls who
might stop repaying their loans once they get married and (3) some programmes also have minimum asset requirements to qualify for participation which exclude adolescents for the most part” (Esim et al., 1999, cited in Schoof, 2006, p.). Schoof (2006) asserted that many young men and women are required to use alternative financing that due to the numerous difficulties faced when it comes to obtaining start-up finance as a consequence they use a variety of ways (legal and illegal) are used by youth to finance their businesses.

The author outlined four major strategies that are used in different countries to improve and expand the access to finance for young people. They have divided the promotional efforts can be broadly divided into four categories:

1) Research into start-up and business finance
2) Provision of start-up and business capital
3) Improving the regulatory environment for start-up finance
4) Information and counselling on access to finance and funding.

It is very important to assess and evaluate the real need for start-up finance and its accessibility for young entrepreneur before targeting youth with particular strategies and initiatives. This should be carried out to determine whether the lack of financial funds is indeed the major hindrance to an entrepreneurial career. Funding for youth enterprises can be promoted under three broad categories, grants, debt financing and equity financing. The administrative and regulatory environment for start-up finance can be improved by (1) making rating procedures and credit scoring systems transparent (2) shortening and simplifying the documentation procedures (3) improving cooperation and code of conduct (4) verifying and differentiation of lending criteria and (5) improving taxation regulations, strengthening young entrepreneurs’ capacity for self-financing (Schoof, 2006).

**Administrative and Regulatory Framework**

The World Bank (2005) stated that government regulations and bureaucratic formalities are seen as one reason for large informal sectors in many developing countries. This is so because the costs of formalising enterprises are higher than the gain in productivity derived from entering the formal sector. Schoof (2006) posited that administrative and regulatory burdens on youth entrepreneurship are among the most important barriers to start-ups of young people in high-income and developing countries. Today, 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 and utility hook-ups. As stated before, young people often have little or no prior experience with these issues which are
particularly time and cost consuming for young entrepreneurs. Young people often lack of capital and as such administrative costs and high tax levels can become an insurmountable barrier to set up a business. This can push many promising young entrepreneurs into the grey or black market where there are limitations to the opportunities for them to grow and prosper.

It is within this context that Schoof (2006) outlined the key impediments young entrepreneurs face in this area. The key constraints are:

- Unsupportive tax regimes (system and tax levels)
- Business registration procedures and costs
- Bankruptcy laws; time and costs involved in insolvency proceedings
- Ineffective competition law - cost consuming effort.
- Regulatory framework changes and lack of transparency
- Property rights, copyright, patent and trademark regulations

Young entrepreneurs with little experience are either fazed by complex tax-regulations or are afraid of doing something wrong. They often cannot afford to hire an accountant to assist with tax administration. Business registration can be lengthy and time consuming. It may or may be costly; the cost varies from country to country. The procedures for registration are often associated with bureaucracy, corruption and lack of transparency or accountability. Additionally, bankruptcy laws in many countries are often unreasonably punitive to business failure. Severe penalties for failure can greatly impact on the willingness of young entrepreneurs to engage in business.

The Eurobarometer Survey 2004 results revealed that the younger the respondent the more he or she was afraid of going bankrupt (cited in Schoof, 2004). The risk of losing one’s property is one of the most (second most) important financial risks for young people to start a business. Property rights are neither adequately defined nor protected in many countries. Registering property can be a highly time and cost consuming. Another issue is poor enforcement of copyright, patent and trademark regulations which can greatly disadvantage young people who are often not sufficiently familiar with this issue. As a consequence, they do not appropriately protect their business or they may find themselves caught in litigation with companies in the same sector or industry for copyright infringement. Competition-related restrictions on market access or government subsidies could prevent many young people from entering markets.
To simplify regulatory and administrative procedures and maximise the support that will make it easier for young people to comply with them and start-up and run their business, Schoof (2006) proposed the following:

- Supportive taxation regulations and rates such as simpler tax filing requirements, methods of accounting and the provision of assistance/advice for SMEs in general and for young entrepreneurs
- Facilitating and streamlining business registration procedures and lowering costs
- Re-framing of bankruptcy laws to make them more tolerant to risk taking and business failure of young people and reduce the administration costs of the process
- Provide information, counselling and assistance on regulatory issues.

**Business Assistance and Support (BAS)**

According to Schoof (2006) youth entrepreneurs have a better chance of creating a successful and sustainable business when they have business support and assistance. The more assistance they received, the greater the chances of business success. Youth-owned start-ups enterprises can be transformed into successful small and medium businesses with support services such as mentors, support networks, business clubs and incubators.

**Key Constraints Affecting Young People in the Area of Business Assistance and Support**

Schoof (2006) outlines the key constraints affecting young people in the area of business assistance and support. They 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
• Lack of other business development services
Business contacts are particularly crucial for young and inexperienced entrepreneurs. In experienced entrepreneur need people in their field of business whose advice they can seek. Young entrepreneurs do not make much use of government-funded advisory services. In many cases, they are either not aware of the range of business support services (public or private) available or may simply be confused over the service provisions. They often lack entrepreneurial training which focuses on technical aspects of starting up a business including how to develop a business plan, project formulation, start-up administration, procedural details, forms, accountancy and taxation. They require appropriate training and counselling pertinent to their particular start-up situation, their business and the sector in which they operate. There are very few enterprise agencies or centres which provide business advice, training, guidance and specialist access to finance exclusively to young people. However, there is an overall lack of particular business support for young entrepreneurs seeking to expand and further develop their enterprise in many countries. One of the most beneficial support services that can be offered to young entrepreneurs is the provision of mentoring programmes that match experienced entrepreneurs. In many countries, there are not enough business leaders and business professionals to mentor young entrepreneurs or they may not willing or simply not capable of guiding, coaching and supporting a young person. Besides mentoring, the communication and exchange of experiences and ideas between entrepreneurs in general and young entrepreneurs in particular are important.

Improving Business Support and Assistance for Young People

Schoof (2006) outlined some major strategies used in different countries to improve Business Assistance and Support (BAS) for young people. Promotional efforts can be broadly divided into four categories:

1. Research on business assistance and support

2. Provision of business skills training, guidance and counselling services - enterprise support agencies and NGOs should provide sufficient and accessible on-the-job training on start-up issues as well as business expansion support.

3. Provisions of working infrastructure - establishing mentorship and incubator support systems at all levels, community and national level business incubators have become a powerful tool for supporting the entrepreneurial process and for helping to increase survival rates for young innovative start-up companies. Providing or sharing any kind of basic service equipment (computers, cars, transporters, etc.) can already be a valuable support for young entrepreneurs.

4. Promotion of enterprise integration and business linkages. In many countries, Youth Chambers of Commerce, trade associations and young entrepreneur
clubs are dedicated to connect students or young entrepreneurs with other local entrepreneurs and support organizations. Trade fairs and exhibitions, media
and other online business networks and virtual meeting places are utilised to achieve this goal.

**Session Summary**

In this session, you explored the factors affecting youth entrepreneurship, in general, and enterprise start-ups by young people. You examined factors that encourage or restrain young people from engaging in business in particular, the social and cultural attitude towards youth entrepreneurship; entrepreneurship education; access to finance/start-up financing; administrative and regulatory framework; and business assistance and support. You would have noted the key constraints of each factor and had a brief introduction to strategies that could assist in making a business viable and sustainable. In the next session you will examine in greater details strategies for promoting youth entrepreneurship.
Promoting a Culture of Youth Entrepreneurship

Introduction

In the previous session, you explored several factors that affect youth entrepreneurship including the social and cultural attitudes of most societies towards enterprise creation and entrepreneurship as a career. The picture painted may seem to be dismal and could be very daunting for young aspiring entrepreneurs. None-the-less, an encouraging picture is also emerging, research is showing that promoting a positive attitude to entrepreneurship is increasingly becoming the policy of governments whose objective is to generate more employment through enterprise creation. In this context, youth entrepreneurship programmes are promoted in schools and communities across the world (Chigunta, 2002, Schoof, 2006). As youth development officer, it is important that you not only understand the culture of youth entrepreneurship in the environment (systems and people) in which you will operate but that you also work to promote entrepreneurship and make which you work more responsive to the needs of youth. This session therefore focuses on strategies for promoting a culture that is responsive to and appreciative of entrepreneurship. You will be able to revisit the many reasons why it is important to promote entrepreneurship, as well as, the major strategies that are currently used in different countries to promote a culture of youth entrepreneurship that is supportive to potential entrepreneurs.

Learning Objectives

At the end of this session, you will be able to:

1. Discuss the importance of promoting youth entrepreneurship
2. Examine young people’s beliefs about and attitude towards youth entrepreneurship
3. Identify and discuss ways in which the culture of youth enterprise can be promoted
4. Demonstrate an understanding of the need to promote youth enterprise and youth entrepreneurship
5. Construct an action plan for promoting of culture of youth enterprise in a
known community
Importance of Promoting a Culture of Enterprise

The discussion on the importance of promoting a culture of enterprise will emanate from the following activity. You must take some time to complete this activity before reading the other sections since the activity provides the foundation for this entire session.

ACTIVITY 7.3


Watch the above mentioned video and complete the following activities:

1. Discuss the reasons why it is important to promote youth entrepreneurship.
2. What are some of the ways youth can engage in entrepreneurial activity?
3. What are some of the myths you possess about entrepreneurship?
4. How can you as a youth development officer prepare young people to become more entrepreneurial?
5. Identify the social and cultural attitudes you have that may restrict you from effectively promoting youth entrepreneurship.

Figure 7.2: Strategies for promoting a Culture of Enterprise
Schoof (2006) posited that promoting a culture of youth enterprise change is a medium or long-term process that requires a multi-faceted commitment, as culture is complex and difficult to change. It also requires a combination of specific programmes and initiatives to create positive attitudes towards entrepreneurship and entrepreneurs.

The author outlined four major initiatives and mechanisms that can be used to raise the image and attractiveness of entrepreneurship for young people. These strategies are used indifferent countries and can be considered as best practices. They are research, promotion of role models, PR-campaigns, competitions and awards, media coverage, youth business events and education.

**Research:**

Understanding the influences of culture on entrepreneurship and assessing the attitude, awareness and aspirations of young people towards it is crucial in order to promote an entrepreneurial culture among young people (Schoof, 2006). He asserted that appropriate research and testing are necessary before targeting them with particular interventions and initiatives to raise their entrepreneurial profile. The author advised the following:

1. Young people’s level of awareness, attraction and involvement with business and enterprise should be assessed in order to establish a benchmark of their current attitudes and behaviours with the subject topic.

2. Identify and test initiatives that would increase young people’s interest with business and entrepreneurship.

**Promotion of role models**

Shapero & Sokol (1982) claimed that there exists a strong connection between the presence of role models and the emergence of entrepreneurs (cited in OECD, 2004, p.41). Role models are persons who “by their attitudes, behaviours and actions establish the desirability and credibility of a choice (in this case becoming an entrepreneur) for an individual” (OECD, 2004, p.41). Young men and women or adults (male and female) who are successful entrepreneurs are the best ambassadors for promoting entrepreneurship among young people. Research has also shown that the influence of role models is gender related, that is, an individual will be more influenced by another individual of the same sex, as a person’s aspirations and choices tend to be more influenced by persons of the same sex (OECD, 2004, p.42).

Schoof (2006) stated that by conveying an image of independence, success and
achievement, successful entrepreneurs can motivate young people to consider and explore entrepreneurship and self-employment. He also claimed that the more
young people know successful entrepreneurs, the more likely it is that they might become interested in starting a business because they have a role model to follow. Additionally credible role models can have an influence on young people’s personal environment when they are supported by media campaigns. Parents and relatives often change their attitude to entrepreneurship and encourage their children to engage in this field. Also successful self-employed parent is of central importance to the young people’s perception of entrepreneurship as a career option. In particular, young people whose parents are perceived as successful entrepreneurs are more likely to choose entrepreneurship as a career than individuals who perceive their parents as being less successful or have parents who are not self-employed (OECD, 2004).

PR-campaigns, competitions and awards, media coverage, youth business events promoting youth requires developing meaningful incentive and disincentive schemes, with clear participation constraints, that targets youth and youth enterprise development. Haftendorn & Solzano (2003) stated that social campaigns are needed to create positive attitudes towards entrepreneurship and entrepreneurs. Schoof (2006) also posits that public relations campaigns, youth business events, competitions and awards which target young people can be used in this way to make entrepreneurship more appealing to young people. Youth business events (gatherings, expositions, fairs, galas, concerts, open business days are ways of tapping into youth culture and can be useful instruments for introducing entrepreneurship to youth (Schoof, 2006, p.32). These events are usually covered by media and provide good opportunities for publicising entrepreneurship. Business competitions and awards provide special incentives for ambitious young people. The impacts of business competitions (business plan competition, simulation games, mini-companies, and awards) are very broad in that they attract young men and women to the support services that are offered as a part of the competition (Kenyon, 2001 as cited in Schoof 2006). Appropriate media coverage and PR-campaigns on television and radio spots and programme shows which showcase start-up business success stories can also increase youth interest and familiarity with the concept of entrepreneurship.

Promotion of the Entrepreneurial Culture through Education

Education that focuses on entrepreneurship and enterprise development has an important impact upon young men and women. Entrepreneurship education encourages young people to think about entrepreneurship and the role of the business community in economic and social development (Haftendorn & Solzano 2003). It is also critical in assisting young people to develop entrepreneurial skills, attributes and behaviours (Schoof, 2006). In addition, Schoof (2006) pointed out that an important aim of entrepreneurship education is the promotion of entrepreneurship
as a viable career path. The author also claimed that positive attitudes towards entrepreneurship are created when young people learn about the development,
administration and management of businesses and develop the necessary skills, attributes and behaviours. This has a significant impact on a young person’s decision to become an entrepreneur. Chigunta (2002) stated that entrepreneurial education basically involves two types of programmes: enterprise education and entrepreneurship promotion programmes. Schoof (2006), however, contended that most government programmes that aim to promote an entrepreneurial culture among young individuals focus more on a coherent combination and coordination of entrepreneurship education initiatives and other measures to elevate the profile of entrepreneurship in society. Entrepreneurship promotion programmes can be broadly divided into 5 categories:

1) Curricula and study programmes
2) Student, Minicompanies (competitions).
3) Information resources and material.
4) School-entrepreneur/business activities and events
5) Simulation games (often computer-based)

According to Haftendorn & Solzano (2003), the importance of education and training for an entrepreneurial society has been underscored several times through United Nations Declarations and Conventions and ILO Recommendation No. 189, adopted in 1998. These declarations refer to entrepreneurship education as a way of promoting a positive enterprise culture. Entrepreneurship education stimulates young people to think about entrepreneurship and the role of the business community in economic and social development. The OECD educational monograph, Towards an Enterprising Culture, stated:

“Changes in educational methods are needed to foster competence in ‘being enterprising’ as a vitally important qualification needed by the young as they enter society. This competence means having the ability to be creative and flexible, to be flexible to take and exercise initiative and to be able to solve problems.” (p. 12).

**Policies**

Haftendorn & Solzano (2003) noted that almost all countries in the world have promoting entrepreneurship and enterprise creation high on their policy agenda, as successful enterprises generate additional employment. However, “few, if any, countries have created clear and comprehensive policy frameworks to promote youth entrepreneurship and self-employment.” (p.13). Chigunta (2002) also stressed that many countries do not have explicit policies on the youth. National youth policies are wide-ranging documents, covering the issues affecting young women and men including enterprise and employment. The International Labour
Organisation noted that the interest of the governments in developing youth policies has been supported internationally through specific initiatives by such
organizations as the International Labour Office, the United Nations, through its Youth Policies and Programmes Unit, the Division of Youth and Sports Activities in UNESCO, and the Commonwealth Secretariat, through the Commonwealth Youth Programme Chigunta (2002).

Governments are also becoming more concerned with fostering a spirit of enterprise and a number of countries, especially in the European Union, promote self-employment as an important part of their efforts to reduce youth unemployment. A recent World Bank study (2002) notes, “a well-formulated youth-specific policy – no matter how good it looks – is not the panacea”. Having a policy in place tailored to the needs of youth is a key ingredient in the promotion of youth entrepreneurship (p.144). As youth development officers we must work to ensure that youth policies are properly integrated with key macro-economic policies and integrated with key sectoral policies and have the mechanism to be properly implemented.

**Teachers’ or Trainers’ training**

Teachers’ or Trainers’ training is absolutely necessary in promoting a culture of entrepreneurship as they play a major role in stimulation enterprise creation (Chigunta, 2002; Haftendorn & Solzano, 2003). Studies by the European Commission have highlighted the need for special training courses to give teachers the confidence to develop enterprise education and make them more aware of how they can help their students gain entrepreneurial attitudes and skills (Haftendorn & Solzano, 2003). They are the main facilitators of education and training given to young people. Young people also need adequate and appropriate training packages and resource materials at all educational levels.

**Partnership Arrangements**

Partnership arrangements between governments, the international community, businesses community and schools are also important. Schoof (2006) pointed out that National Ministries of Education should forge genuine alliances with agencies that possess comparative advantage in various aspects of training provision. Collaboration are usually formed with enterprise promotion agencies, local Chambers of Commerce, the business community, public education and training institutions, community-based organizations and regional or local government. Partnership arrangements in which there is a commitment through mutual beneficial activities to give students greater insights into the world of work and business and to prepare them for self-employment have proven to be a key in the success of many projects and programmes. Chigunta (2002) promoted the creation of support Youth Networks which are usually established to address the problems of isolation and lack of mutual support facing many youth businesses. Many of these networks operate at various levels: international, national, regional and
local. An example of a youth organisation operating at the international level is the Junior Chambers of Commerce International (JCI) or ‘Jaycees’.
Clemensson & Dyring Christensen (2010), however contended that for the promotion of youth entrepreneurship to have a lasting impact, it should be approached comprehensively, placing emphasis on the sectors with job creation potential and integrating the three components of sustainable enterprises, social, economic and environmental. “Human progress and sustainable economic development depend on new ideas and the ability of young and future entrepreneurs to implement these ideas. The authors posit that the “only means to bring about sustainable development is through investments in the creativity, innovation and problem solving skills of youth” (p.6). They recommend an integrated approach to promote sustainable enterprise creation by young entrepreneurs which emphasises multi-level interventions tailored to the specific challenges, constraints and opportunities at the macro, meso and micro levels. The authors see this integrated approach as key to effectively supporting existing and potential young entrepreneurs to start and improve their businesses. A systemic and integrated enterprise development approach is illustrated below (see figure 7.3) along with examples of relevant activities.

Figure 7.3:

**ACTIVITY 7.4**

*Designing an Action Plan (Summative)*

Conduct an investigation into the youth entrepreneurship situation in your community to determine the constraints and barriers that affect youth entrepreneurship, as well as the promotional strategies that exist; Design an action plan to promote youth entrepreneurship in your community.
Session 7.2 Summary

In this session we discussed some of the major initiatives and strategies that are currently used in different countries to promote a culture of youth entrepreneurship that is supportive to potential entrepreneurs and entrepreneur. These strategies include research, role models, public relation and media campaigns education, creating policies that incorporates youth entrepreneurship, teacher training and the creation of partnership and youth network Each strategy has an important role to play in raising the profile and attractiveness of entrepreneurship for young people.
Session 7.3

Integrating the Youth Sustainable Livelihoods Approach into Entrepreneurship

Introduction

For youth entrepreneurship to have a lasting impact, the principles of the youth sustainable livelihoods approach must be integrated into entrepreneurship. Integrating the youth sustainable livelihoods approach into entrepreneurship requires applying the principles to sustainable livelihoods in developing entrepreneurial projects and programmes for communities and community base organisations. In this session we will review the meaning of sustainable livelihoods approach and its application to youth. You will also examine the principles of the youth sustainable livelihood approach and how it could be applied to entrepreneurship. The importance of integrating the approach to entrepreneurship will be explored. You will be exposed to the key elements of a youth sustainable entrepreneurship approach and study how the sustainable livelihood approach can be used to evaluate an existing project.

Learning Objectives

At the end of this session, you will be able to:

1. examine and apply the principles of the youth sustainable livelihoods to the creation of entrepreneurial projects
2. discuss the importance of integrating the youth sustainable livelihoods
3. describe the key elements of a sustainable entrepreneurship approach
4. evaluate an existing project using the youth sustainable livelihoods framework.

Youth Sustainable Livelihoods Approach

As discussed in Unit 3, the youth sustainable livelihoods approach was adopted from the sustainable livelihoods framework as defined by CARE, and the Institute of Development Studies and adopted by the World Bank (See Box 7.4 for further details).
“Livelihoods” is also defined as “encompassing income, as well as social institutions, gender relations, and property rights required to support and sustain a certain standard of living. It also includes access to and benefits derived from social and public services provided by the state, such as education, health services, and other infrastructure” (Masanjala, 2006, p. 1033). For youth livelihoods to be sustainable, youth livelihood activities must be based on a holistic view and an approach that recognises that the provision of quality education, decent employment, proper health care for young people. These factors help the livelihoods of youth to withstand shocks and recover from stresses. They help youth to maintain or enhance their capabilities and assets, both current and in the future.

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**Box 4: Defining Sustainable Livelihoods.**

Defining Sustainable Livelihoods?

“Livelihoods encompasses capabilities, resources, and opportunities that enable people to pursue individual and household economic goals. Economic goals can range along a continuum from survival to longer-term security for future generations. Different goals imply different strategies, often dependent upon different resource levels, vulnerabilities, and life cycles.

- Capabilities include skills, good health, self-confidence and self-esteem and decision-making ability.
- Resources include financial assets (loans, savings), physical assets (housing, land, infrastructure), and social assets (e.g., social ties, networks, and trusting relationships).
- Opportunities include activities to generate income or to invest in assets. Activities may include self-employment, wage employment, home-based work, domestic production, and the maintenance of reciprocal social and community relations that build social capital.

A livelihood is sustainable which can cope with and recover from stress and shock, maintain or enhance its capabilities and assets, and provide opportunities for the next generation; and which contributes net benefits to other livelihoods at the local and global levels and in the short and long term.”

The Livelihoods Approach embodies principles within a framework and call for the use of a range of analytical tools and methods (Ashley & Carney, 1999). The key principles of sustainable livelihoods approach such as sustainability and a people-centred, dynamic, responsive, and participatory multi-level focus conducted in partnership was applied and explained with regard to the specific challenges of youth.

**Principles of the Youth Sustainable Livelihoods Approach**

The essential principles of Youth Sustainable Livelihood approach (as detailed in Box 7) provides a lens through which to view work as a way to cents, increase their knowledge through informal educational means, and build self-esteem and confidence.

**Table 7.1: Principles of Youth Livelihoods Approach**

<table>
<thead>
<tr>
<th><strong>Principles of Youth Livelihoods Approach</strong></th>
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</thead>
<tbody>
<tr>
<td><strong>Youth-centred</strong></td>
</tr>
<tr>
<td><strong>Dynamic</strong></td>
</tr>
<tr>
<td><strong>Responsive and participatory:</strong> <strong>Multi-level focus:</strong></td>
</tr>
<tr>
<td><strong>Conducted in partnership:</strong></td>
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</tbody>
</table>

**Why Integrate Youth Sustainable livelihoods Approach into Entrepreneurship?**

The sustainable livelihoods approach seeks to understand what an economy’s demands are in order to determine the skills young people need. It seeks to comprehensively link the social and economic factors affecting young people’s lives through programmes that seek to build opportunities for those who are not prepared to enter the formal employment structure because of low levels of education, skills,
and resources ((Population Council and ICRW 2000). It is a also holistic approach
which provides opportunities for linkages that allow interventions to consider the young person in the context of her/his environment, skills and aspirations. The approach allows for the disaggregation of needs, and for focus on specific issues relevant to young people.

A focus on youth livelihoods within the youth livelihoods framework would therefore:

- engage them in identifying and addressing their livelihood priorities;
- recognise the importance of young people’s work as part of household livelihood;
- be sympathetic to special needs populations;
- place needs and responses in a holistic framework that recognises the opportunities and constraints of their households, communities and the wider economy;
- recognise the opportunities that adolescents and young people work presents and not just the needs;
- advocate the building of their asset or capital base, predicated on their strengths;
- promote livelihood resources and outcomes; and
- create linkages between the micro-level realities and situation of adolescents and policies at the macro-level, as well as between micro- and macro-level action.

A sustainable youth livelihoods approach can provide a strategy for intervention which gives young people the means for making informed decisions about their lives. The strategy should take into consideration the fact that that the concerns and needs of youth are distinct from those of adults as well as from each other and must be dealt with differently. It should be gender based and take in the special needs of young men and women including disabled youth and poor youth. Youth sustainable principles points to the link between school, work, the social environment and family and the important role they play in the creation and maintenance of enterprises. For example, linkages could be established between vocational and entrepreneurial training as part of a strategy to generate interest in the latter.

Entrepreneurship and sustainable livelihoods are interrelated in light of the dynamism of the physical, social, and economic environments and relate directly to the ability of individuals to recognise, predict, and adapt to these developments in order to sustain economic returns from their livelihood practices (Grierson,
2000). The strategy must be responsive to youth and their ability to participative. This makes it a particularly useful intervention as the needs of working young
people generally span more than one sector, for example, education and income generation). It should focus on the individual, community and governmental and conducted in partnership. Incorporating youth sustainable livelihood approach be therefore requires changes in policy, practice and thinking about youth entrepreneurship. It is important to recognise that livelihood interventions in isolation can have limited impacts if broader policy-making at the macro-economic level does not explicitly address issues that affect adolescent.

**Integrating the Principles of Youth Sustainable Livelihoods Approach to Entrepreneurship.**

As discussed in Unit 3, there are three areas of action in which the sustainable youth livelihoods processes could be facilitated. They are (1) building capabilities, (2) creating access to resources and (3) creating opportunities in youth job programmes, access to markets, protection and rights, development of local institutions and organisations and programmes that work for structural changes (See box 3 for more details).

![Box 5 – Domains of Action](image)

**Domains of action**

1. Building capabilities: programmes may focus on basic literacy, numeracy, vocational skills and money/business management, technical skills, entrepreneurship development, and life-skills training.

2. Creating access to resources: programmes that improve access to, and control over resources such as microfinance programmes, insurance services, credit and savings, and new technologies.

3. Creating opportunities in five key areas: (1) programmes that structure opportunities for jobs, (2) access to markets (3) protection and promotion of rights (4) development of local institutions and (5) organisations and programmes that work for structural changes required to create income opportunities for economically disadvantaged groups, including changes in policies and laws.

Dyring Christensen & Simpson (2009) noted that the International Labour Organisation (ILO) promotes a sustainable approach to youth enterprise creation. This could be facilitated through a combination of training and other non-financial support with access to credit, as well as with macro interventions to promote an enabling environment for small business and micro-interventions. The authors
suggested that core components of delivering effective youth entrepreneurship support include:

- Universal access to entrepreneurship education – entrepreneurial education at all levels of the education system.
- A national enterprising culture – this was discussed in session 7.2
- An enabling business environment - without an enabling policy environment, the impact of sustainable livelihoods interventions will be limited. The creation and adoption of youth policies with specific reference to the issues of young people are necessary for creating the conditions in which a livelihoods agenda can be meaningfully promoted and adopted at national level. This is an important entry point for the integration of young people’s issues into national agendas.
- access to affordable finance
- an effective entrepreneurship development and business management tool

**Key Elements of a Sustainable Youth Entrepreneurship Strategy**

Dyring Christensen & Simpson (2009) further posited that to ensure long-term and sustainable impact on youth entrepreneurship, interventions must target the very specific challenges that youth face i) in the enabling environment for youth entrepreneurship, ii) at the service provider and financial provider level, and iii) at the individual level that is inspiring them and motivating them towards entrepreneurship. They proposed three essential system levels of inter-action for supporting young entrepreneurs in Africa which is in keeping with the principles of youth sustainable livelihoods. They are:

- The macro-level of the system is captured by stakeholders with a mandate for defining and coordinating a policy and regulatory framework that is conducive to doing business. There is a need for policy coordination and coherence within government and between ministries.
- The meso-level of the system is constituted by stakeholders with a mandate to facilitate or physically deliver BDS, in this context understood as any non-financial and financial services meant to improve physical and business infrastructures that results in improved performance of a business. These are industry associations, young entrepreneur associations, consultancy companies or vocational/technical institutes and other training institutions and service providers for youth.
- The micro-level of the system (the market level) is made up by the stakeholders
directly in the production and provision of the product (the entrepreneur), or by buying it (the customer). At this level improving young entrepreneurs’
awareness of, and access to, business development services (BDS) including responsible enterprise practices is crucial, as well as the stimulation of an entrepreneurship culture for in-school and out-of-school youth and stimulation of demand for social entrepreneurship.

An example of an integrated programme and intervention mix is illustrated below in Figure 7.4:

<table>
<thead>
<tr>
<th>Macro Level</th>
<th>Meso Level</th>
<th>Micro Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research and dissemination of knowledge on YE</td>
<td>Entrepreneurship education for in-school youth</td>
<td>Stimulating demand for entrepreneurship support</td>
</tr>
<tr>
<td>Youth Business Climate surveys and regulatory reforms</td>
<td>Business start-up &amp; improvement programmes</td>
<td>Access to after-training support services</td>
</tr>
<tr>
<td>Promotion of successful young entrepreneurs as role models</td>
<td>Women's entrepreneurship</td>
<td>Support to young entrepreneur associations and cooperatives</td>
</tr>
<tr>
<td>Entrepreneurship culture campaigns</td>
<td>Market diagnostics and sector analysis</td>
<td>Facilitating business linkages and access to memberships</td>
</tr>
<tr>
<td>Business idea competitions for young entrepreneurs</td>
<td>Establishment of finance schemes</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Establishment of youth funds to finance innovative projects</td>
<td></td>
</tr>
</tbody>
</table>

In addition to the above interventions additional interventions would be needed to ensure that a focus on youth entrepreneurship is contributing to tackling youth employment challenges within a country:

- Development of National Youth Policies
- Implementation of National Action Plans
- Vocational and Technical Skills Training
- “One Stop Shops”
- Business linkages with Industry Organisations and B2B North-South Networks

Figure 7.4: Examples of Youth Entrepreneurship Policy & Programme Mix
USEFUL RESOURCES

Clemensson, M. & Dyring Christensen, J. (2010). How to build an enabling environment for youth entrepreneurship and sustainable enterprises: Paper for the knowledge sharing event on integrated youth employment Strategies. pp. 4 - 6 Moscow. ILO


Using the Sustainable Livelihoods Framework to Evaluate Existing Projects

Sustainable Livelihoods approaches require on-going learning throughout implementation, and therefore highlight the importance of monitoring and evaluation (Ashley & Carney, 1999). SL thinking can add value to on-going monitoring processes For example, in Mexico, it has strengthened annual output-to purpose reviews by checking the validity of assumptions, the wider impacts of pilot projects, and the relationship of outputs to critical livelihood factors (Ashley & Carney, 1999, p. 27). Monitoring and evaluating programmes for social value created is important. It is seldom possible to monitor change in all components of livelihoods. SL analysis, however, can help identify he priority second round effects to be monitored, for example the impact on other assets, activities, structures and processes. The emphasis of the evaluations should move past outputs (the amount of programmes conducted, or persons participated in the programmes), to outcomes (the benefit derived at the macro level – individual and/or community) and impacts (benefits derived from the programme at the Macro/National level). The SL framework can help clarify which exogenous factors are likely to influence the outcomes of a project/programme. The framework allows for more comprehensive impact assessment by allowing the consideration of how a project may affect the types of decisions people are making, given the assets that they are able to access and the risks they face(Ashley & Carney, 1999).

Evaluating projects that focus on livelihoods is important as they provide information on how effective the more effective in reducing poverty than projects that seek to reduce poverty through economic growth or improved access to infrastructure and social services without regard for the ways that poor people make their living. Areas of analysis include, the vulnerability context (reduction of shocks, stresses), assets (increase or decrease in assets), transforming structures (level of Government, private sector, community and individual involvement and support), structure and processes (policies governing, laws, culture and
institutions) and the outcomes of the project. Some outcomes include increased
or improved income levels; increased access to goods and services; changes in consumption and diet; an increase in risk preparedness; increased capacity to cope with/prepare for/adapt to natural or economic shocks; increased capacity to cope with/prepare for/adapt to seasonality and increase in general well-being.

ACTIVITY
7.5

Evaluation Questions
As a preliminary exercise to your final assignment, you are to complete the following:

• Using the components of the SL framework or youth sustainable livelihoods framework, Develop a list of ten questions which you think will be necessary to evaluate the sustainability of an organisation of your choice.

• Share this information with your tutor and members of your Group for feedback

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Ashley and Hussein (2000) posited that “the aim of a livelihoods assessment is to gain an understanding of the significance of the project to the livelihoods of project participants and other local residents” (p.19). It is based on the premise that the project and project participants shared a core aim: the enhancement of local people’s livelihoods. The authors proposed eight overall review questions as detailed in Table 7.2.
### Table 7.2: The Eight Questions of the Overall Review

<table>
<thead>
<tr>
<th>QUESTIONS</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Who are the stakeholders in the project?</td>
<td>The distribution of costs and benefits (e.g. between rich and poor, men and women) is an important consideration when judging developmental impact.</td>
</tr>
<tr>
<td></td>
<td>• Identify main groups of people involved in and affected by the enterprise.</td>
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<tr>
<td></td>
<td>• Classify those with common interests into stakeholder groups. For example, direct participants (e.g. owners, workers, customers), non-participants affected by the enterprise (e.g. local residents), and those who may influence the project (e.g. government).</td>
</tr>
<tr>
<td></td>
<td>• If necessary, further divide stakeholder groups, depending on factors such as community type.</td>
</tr>
<tr>
<td>Is the enterprise commercially viable?</td>
<td>This issue is essential to the AWF methodology due to the exclusive focus on wildlife enterprises.</td>
</tr>
<tr>
<td></td>
<td>• Assess past and potential commercial performance. If the enterprise is not flourishing, why? If it is receiving indirect subsidies, would it be viable without these.</td>
</tr>
<tr>
<td>3. What is the financial impact of the enterprise on local people</td>
<td>This is a key concern when assessing developmental impact of a project. Financial analysis should consider the benefits to different stakeholder groups and how significant these are to their overall livelihoods. Estimate:</td>
</tr>
<tr>
<td></td>
<td>1. Wages earned by workers;</td>
</tr>
<tr>
<td></td>
<td>2. Casual earnings from sales of project-related goods, informal sector activity and casual labour</td>
</tr>
<tr>
<td></td>
<td>3. Collective community income earned from lease fees (which may be distributed as a household dividend);</td>
</tr>
<tr>
<td></td>
<td>• Positive, negative and none (related to the community)</td>
</tr>
<tr>
<td>What is the livelihood impact for local participants?</td>
<td>The following types of impact should be assessed:</td>
</tr>
<tr>
<td></td>
<td>• Tangible (e.g. income) and intangible (e.g. empowerment)</td>
</tr>
<tr>
<td></td>
<td>• Direct (e.g. new services) and indirect (e.g. impact on other activities)</td>
</tr>
<tr>
<td></td>
<td>• Positive and negative</td>
</tr>
<tr>
<td></td>
<td>• Intended and unintended</td>
</tr>
<tr>
<td>What is the impact on non-participating local residents?</td>
<td>The effect of the project on non-participants might be significant in the overall calculation of development and conservation impact. Explore:</td>
</tr>
<tr>
<td></td>
<td>• Positive impact (e.g. multiplier effects of participants’ earnings, increased recognition of the area by decision-makers, improved access to market or infrastructure); and</td>
</tr>
<tr>
<td></td>
<td>• Negative impact (lost access to natural resources used by the enterprise, diversion of resources, increased conflict)</td>
</tr>
<tr>
<td>Question</td>
<td>Answer</td>
</tr>
<tr>
<td>-------------------------------------------------------------------------</td>
<td>----------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
</tbody>
</table>
| What is the impact Government bodies, NGOs, private sector, & other external stakeholders? | It is essential to consider the role of other stakeholders who can either obstruct or support the enterprise.  
- How do external stakeholders benefit or lose from the project and how does this shape their contribution?  
- How do they affect the nature and scale of project impact on local people? |
| What is the overall developmental impact?                                | Can the enterprise be said to be contributing to development? In what way?  
- Drawing on the responses to the previous questions: identify the main positive and negative impacts, their distribution between stakeholder groups, key factors affecting impact, and the significance of those impacts in the development context. |
| What is the likely contribution of the enterprise to conservation?       | Is the enterprise contributing – or likely to contribute – to conservation of natural resources in the area?  
- What is the ‘conservation logic’ of the enterprise?  
- What are the trade-offs or complementarities between development, conservation, and financial sustainability objectives? |

**Session Summary**

This session focussed on integrating the youth sustainable livelihood approach into entrepreneurship. To help you to understand the process, we reviewed the meaning of sustainable livelihoods approach and its application to youth. You also examined the principles of the youth sustainable livelihood approach and how it could be applied to entrepreneurship. The importance of integrating the approach to entrepreneurship was explored. You were also exposed to the key elements of a youth sustainable entrepreneurship approach and learnt that it required intervention at three levels, the macro, meso and micro. Finally, you studied how the sustainable livelihood approach can be used to evaluate an existing project. You were able to peruse resources which provided you with examples of an evaluation and guidelines to develop questions for evaluation an existing project.
Session 7.4

Uew Venture Creation

Introduction

This section will examine the process of starting a business in Jamaica. Students will explore the varying forms of businesses ranging from Sole Trader to Limited Liability Company (LLC). Further exploration will be done of the advantages and disadvantages of each form of business. Students will be exposed to the business registration processes that exist in Jamaica (as an example) and the legal constraints that may be attached to starting a business. Students will be provided with resources and information about the existing funding options for new venture creation and especially those for young entrepreneurs. Three main categories of funding will be explored: Personal financing, Asset Based financing and Equity based financing will all be explored.

Learning Outcomes

At the end of this session, you will be able to:

1. describe the process for setting up a business
2. describe the basic types of businesses
3. outline the advantages and disadvantages
4. describe the legal constraints of a business
5. discuss the main categories of funding

Process of Starting a Business

The basic forms of businesses are sole proprietorships, partnerships, limited liability companies and Franchise.

A Sole trader or Sole Proprietorship is a business with one owner. The individual entrepreneur owns the business and is fully responsible for all its debts and legal liabilities. Examples include writers and consultants, local restaurants and shops, and home-based businesses
The advantages of sole trading include:

- It is the least complicated business form
- It is the least expensive form of ownership
- All profits go to the sole trader
- The owner has complete autonomy over the business
- Profits from the business flow through directly to the owner’s personal tax return
- Business is easy to dissolve.

The disadvantages are:

- Unlimited liability and sole trader is legally responsible for all debts against the business
- Business and personal assets are at risk
- The business runs the risk of bankruptcy.

**Partnership** – a partnership consists of two or more people who share the assets, liabilities, and profits of a business and are contractually bound by contractual agreement. There are four types of partners:

- General partner - all partners are liable for the acts of all other partners and have unlimited personal liability for business debts.
- Sleeping partner
- Limited partner is a limited partnership that has at least one general partner who is fully liable, plus one or more limited partners who are liable only for the amount of money they invest in the partnership.
- Salaried partner.

The advantages of a partnership include that the fact that it:

- does not have to disclose accounts to registrar
- is unregulated – partners decide how to run business
- allows for the pooling of skills and experiences.
The disadvantages are:

• Profits must be shared with others
• Partners are jointly and individually liable for the actions of the other partners
• Partnerships may have a limited life.

A Limited Liability Company is a legal body with an existence that is separate in law from its owners. A company is owned by shareholders who can appoint directors to give direction to the business.

The advantages are:

• Limited liability – only liable for amount outstanding on shares or guarantee
• Company may sue and be sued in its own name
• Ownership can be easily transferred
• Perpetual succession – if a member dies the company continues.

The disadvantages are the fact that it is:

• subject to government regulation
• likely to attract publicity
• an administrative burden.

A Franchise is an agreement or license between two independent parties. This allows the franchisee the right to market a product or service using the trademark or trade name of the franchisor.

The advantages are that it:

• provides an established product or service which may already enjoy widespread brand name recognition
• offers pre-opening and ongoing support for business such as training, site selection, design and construction
• allows for national and regional advertising.

The disadvantages include the fact that:

• it is not completely independent
• in addition to the initial franchisee fee, ongoing royalties and advertising fees must be paid
• the duration of franchisee agreement is usually limited
• there is less autonomy in some business decisions.

**Business Registration and Legalities**

Let us look at the step by step process of registering a business in Jamaica. (N.B. Students should research and understand the process in their countries, which might be different from the situation in Jamaica).

What are the legal considerations that should be in place (E.g. Schedules, Constitutions?)

Decide on the legal structure or business you will have:
- A Company - a commercial enterprise registered or incorporated under the Companies Act. (A company can be either be Non Profit (Charity, Club, NGO etc) or Profit Generating)
- A Business - a sole trader or partnership registered under the Business Names Act.

1. Create a business/ company name
2. Complete the appropriate form, found on the Company’s Office of Jamaica’s website [http://www.orcjamaica.com/docs/](http://www.orcjamaica.com/docs/)
3. Apply for companies Tax Registration Number (TRN) at the Inland Revenue Department and the National Insurance Scheme (NIS) number at the Ministry of Labour and Social Security Office
4. Once you have your TRN and NIS numbers, you can take the next step, which is to register with the Inland Revenue Department to obtain permission to take various legal tax deductions, such as those for:
   - Income tax
   - Education tax (ED tax)
   - General Consumption Tax (GCT)
5. If necessary, you will need to obtain the appropriate patents of copyrights from the Jamaican Intellectual Property Office. After that, you can register with the National Housing Trust (NHT) and apply for a Tax Compliance Certificate (TCC). In order to get a TCC, you must obtain a clearance letter from the National Insurance Scheme (NIS) office, the National Housing Trust (NHT)
office, and provide your Business Name Certificate.
6. In addition, you may need to comply with other licensing and/or inspections from the appropriate government agencies, such as the Bureau of Standards. Specific industries must also provide an Environmental Impact Assessment.

7. There may also be other legal requirements associated with each type of business structure. Visit the http://www.orcjamaica.com

Financing for Business Development (Exploration of funding and lending agencies).

Funding options are available to young entrepreneurs. This will include, but will not be limited to:

- **Personal Financing** - use of own money, loans/gifts from family or friends
- **Asset Based Financing** - Loans from Banks, Micro-Credit Institutions, Other Lending Agencies
- **Equity Financing** - Angel Investors, Venture Capitals.

**ACTIVITY 7.6**

Research the registration process for small businesses or micro enterprise in your country and share it with your peers in the discussion forum

**Session Summary**

In this session, you explored the varying forms of businesses ranging from Sole Trader to Limited Liability Company (LLC). The advantages and disadvantages of each form of business was also highlighted. You were exposed to the business registration processes that exist in Jamaica (as an example) and the legal constraints that may be attached to starting a business. You were also provided with resources and information about the existing funding options for new venture creation and especially those for young entrepreneurs. Three main categories of funding were identified: Personal financing, Asset Based financing and Equity-based financing will all be explored in Unit 8.
References


Clemensson, M. & Dyring Christensen, J. (2010). How to build an enabling environment for youth entrepreneurship and sustainable enterprises: Paper for the knowledge sharing event on integrated youth employment Strategies. pp. 4 - 6 Moscow. ILO.


