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## Editorial: Youth and entrepreneurship in the developing world

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Thomas Schøtt\*

Department of Entrepreneurship and Relationship Management,  
University of Southern Denmark,  
6000 Kolding, Denmark

Email: tsc@sam.sdu.dk

\*Corresponding author

Martha Melesse

International Development Research Centre (IDRC),  
P.O. Box 8500,  
Ottawa, Ontario K1G 3H9, Canada  
Email: mmelesse@idrc.ca

Mike Herrington

University of Cape Town,  
P.O. Box 1002, Durbanville, 7551,  
Cape, Republic of South Africa  
Email: mherrington@gemconsortium.org

**Biographical notes:** Thomas Schøtt earned his PhD at Columbia University and Postdoc at Yale University, and is currently a Professor of Organisation, Entrepreneurship and Social Network Analysis. He has published numerous monographs, recently *Future Potential: A GEM Perspective on Youth Entrepreneurship* (2015), and *Social Entrepreneurship. GEM Special Report* (2016) (<http://www.gemconsortium.org>) and articles, recently in *International Journal of Entrepreneurship and Small Business* (2013, 2014, 2015), *International Journal of Business and Globalisation* (2013, 2016), *Journal of Business and Entrepreneurship* (2014), *Journal of Chinese Economics and Business Studies* (2014), *Small Business Economics* (2014), *International Journal of Gender and Entrepreneurship* (2015), and *Research Policy* (2016).

Martha Melesse is a Senior Program Specialist with the Employment and Growth Program where her work currently focuses on youth employment and entrepreneurship in sub-Saharan Africa. She spearheaded a ten-country research initiative on youth entrepreneurship which led to the publication of *Africa's Young Entrepreneurs: Unlocking the Potential for a Brighter Future* (2015). Since joining IDRC in 1993, she has worked in various programs covering issues of poverty, trade policy, social policy, and health systems. She holds a PhD in Public Policy from Carleton University in Ottawa with specialisation on health financing reform. She also holds a graduate diploma in international development and cooperation from the University of Ottawa and MBA from the United States International University.

Mike Herrington currently holds the position of Executive Director of the Global Entrepreneurship Monitor (GEM) which is part of the Global Entrepreneurship Research Association (GERA) an organisation operating in over 100 countries covering all geographic regions and at all levels of economic development. He is also the Team Leader for GEM South Africa and is currently based at the Faculty of Commerce, University of Cape Town, South Africa. He obtained an MBA from Cape Town University and PhD from London. In 2014, he was involved in teaching MBA students specialising in New Venture Planning and Entrepreneurship as well as teaching in Customised Academic Learning and Executive Education Programs. His activities revolve around teaching, research and business creation both in the high-tech, high-potential sector as well as with SMME's. He is involved in a number of SMME initiatives and has done research on SMME's both in South Africa and Sub-Saharan Africa as well as other developing countries such as in South America.

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The dynamics of youth entrepreneurship in the developing world is the theme of this special issue of the *International Journal of Entrepreneurship and Small Business*. The focus on young people is both timely and warranted. The changing demographic profile in many developing countries, coupled with a global concern over high levels of youth unemployment, has placed young people at the centre of national, regional, and global agendas.

The face of the developing world is predominantly young. Over 85% of the world's estimated 1.2 billion young people between 15 and 24 years of age live in developing countries. Africa alone houses 200 million of them (AfDB et al., 2012). Tapping into the potential of young people is critical for sustained economic growth and societal wellbeing.

Youth employment is one of the most pressing challenges facing governments today. Middle East and North Africa continue to grapple with high youth unemployment rates, at 28.2% and 30.5%, respectively. In many low income countries, where official unemployment figures appear to be low, the vast majority of young people chronically suffer from underemployment and work in low-productivity jobs that are essentially survivalist activities. Despite variations across and within regions in the nature and extent of the youth employment challenge, a unifying fact is that young people are over represented in the share of the unemployed and underemployed. According to the International Labour Organization, young people are three times more likely to be unemployed compared to adults – a trend which has persisted for over a decade. Similarly, two thirds of working age youth in low income countries are trapped in low-quality jobs (Hamaguchi et. al., 2013).

Economic growth in many developing countries has not delivered the necessary number and quality of jobs, particularly for young people and for women. At the same time, despite tremendous progress in educational attainment, young people are too often not well prepared to meet the demands of the current labour market. Giving young people the skills and opportunities to contribute meaningfully to national growth and wellbeing can allow countries to benefit from the 'youth dividend' (UNFPA, 2014). It can also help curb social unrest resulting from the frustration and desperation of young people.

While the full extent of the youth employment challenge is unknown and requires more research to really understand what is happening at a grass-roots level, one thing is clear: in the foreseeable future, young people are expected to bear the burden of creating

jobs both for themselves and for others. Each year, an estimated 120 million young people worldwide turn 16 years of age, of which a vast majority will be seeking employment (Ortiz and Cummins, 2012). This far outstrips the number of wage paying jobs being created. With limited prospects for fair wage employment, millions of young people in the developing world turn to creating their own enterprises.

Entrepreneurship is widely embraced as a means of generating employment and income, as well as a key driver of innovation and sustainable economic growth. However, these desired effects are not guaranteed, as data from the Global Entrepreneurship Monitor (GEM) has shown (Schøtt et al., 2015). While young people are actively engaged in entrepreneurial activities across developing regions, the majority – particularly in Latin American and the Caribbean and in Sub-Saharan Africa – create employment only for the business owners. Despite the high level of early-stage entrepreneurial activity, the majority of businesses remain one-person operations. Further, wide gender gaps persist in the motivations, growth aspirations, and sectors in which young women and men setup businesses. Business turnover is also exceptionally high among youth – in some countries, for each new business created by young people, two or three other businesses close. Many micro- and small firms encounter barriers to growth and fail to evolve into larger businesses.

A number of factors influence the development of entrepreneurial talent and the survival and growth performance of firms. Boosting youth livelihoods through entrepreneurship requires an in-depth understanding of the individuals behind firms – their profile and characteristics, perceptions, growth aspirations, and motivations. It also requires sound understanding of the cultural, financial, and institutional factors that help facilitate or constrain the entrepreneurial potential of young women and men, as well as the gender barriers that hold young women back.

Harnessing entrepreneurship to address the youth employment challenge requires sound empirical evidence that can help identify and inform country responses. Lack of reliable data often constrains the effectiveness of well-intentioned initiatives. Reliable and locally grounded data is essential to inform interventions that can help young people transition away from survivalist entrepreneurship towards pursuing genuine business opportunities with aspirations to grow and employ people, and equip them to take advantage of market opportunities.

Entrepreneurship has become a key focus of research over the past three or four decades, with a focus on its potential for economic development and job creation. The current volume adds to this growing body of knowledge. It helps strengthen the evidence base by drawing on a new data on entrepreneurship collected under the auspices of the GEM across a number of developing countries with financial support from Canada's International Development Research Centre. It is an outcome of a collective endeavour by researchers from Sub-Saharan Africa, the Middle East and North Africa, Caribbean and Asia.

The collection opens with an overview of the youth entrepreneurship landscape in the Caribbean. In the article, 'Youth entrepreneurship dynamics in the Caribbean region: 2011–2013', author Rodrigo Varela Villegas explains that while many of the young people in the Caribbean have entrepreneurial competencies, and thus have the potential to be entrepreneurs, few intend on becoming entrepreneurs and even fewer end up starting a business.

Young people's vocational intentions – to become entrepreneur or not – depend on their demographic and socio-economic background. This notion is examined in the article 'Entrepreneurial intentions among youth in MENA countries: effects of gender, education, occupation and income' by Zakia Setti. The article details how, in countries in the MENA region, the intention to become entrepreneur is higher for men, for individuals with more education, for youth in certain occupations, and for young people from wealthy households.

Education shapes young people beyond the codified knowledge they acquire in school. Through education, youth develop a certain mindset – attitudes, beliefs, etc. – that can influence the activities they pursue after graduation. The formation of students' attitudes as they affect intentions to become entrepreneurs is examined in the article, 'The role of autonomy as a predictor of entrepreneurial intention among university students in Yemen' by Ibrahim Al-Jubari, Arif Hassan and Junaidah Hashim. The article shows how students' autonomy shapes their attitude, subjective norms and perceived behavioural control, which in turn shape their intention to become entrepreneurs.

Young people's orientation toward entrepreneurship also depends on their psychological and behavioural attributes, including their emotional intelligence. This is examined in the article 'Young people's emotional intelligence promoting entrepreneurial orientation: enhanced by education' by Cansu Çakır and Özlem Kunday. The article shows how youths' emotional intelligence – the ability to feel and handle their own and others' feelings – benefits an orientation toward entrepreneurship, and how this benefit is strengthened by education.

It is not uncommon for young people to start off working in some type of employment before turning instead to become entrepreneurs. This shift towards entrepreneurship occurs more frequently among those who have autonomy in their job as employees, as examined in the article 'Young employees' job-autonomy promoting intention to become entrepreneur: embedded in gender and traditional versus modern culture' by Chuqing Zhang and Thomas Schøtt. The article shows that the young employees who are autonomous in their job are more likely to intend on becoming entrepreneurs than those without job-autonomy. This benefit of job-autonomy is especially strong for women and is stronger in modern culture than in traditional cultures.

In the pursuit of meaningful employment, many young people move away from their home to other countries in the world. Currently, many young people migrate from the developing world to Europe and elsewhere. The young migrants' interest in becoming entrepreneurs is examined in the article 'Immigrant and indigenous youth in Europe: entrepreneurial intention building on human, financial and social capital' by Thomas Schøtt. This article shows that young migrants have a dual embeddedness – i.e., are embedded in the home society and in the new host society – and carry with them a tradition of entrepreneurship which enhances their intention to become entrepreneurs.

While the articles described above focus on the intensions and aspirations of young people more broadly, a number of articles in this collection focus specifically on those youth who are in the midst of starting or running a business – i.e., the young entrepreneurs. These examine whether, how and why young entrepreneurs may be pulled or pushed into starting a business; utilise their human, social and financial capital, and often new technology, to start a business; run their business from home, in an open market, or elsewhere; and form expectations for the future of their business.

Some young entrepreneurs are pushed into entrepreneurship out of necessity, because they need to make a living and having no better choice than starting a small business. On

the other hand, some young entrepreneurs are pulled into entrepreneurship by opportunity, by the chance to pursue a genuine business idea in a given market. These forces are examined in the article, ‘Young entrepreneurs pushed by necessity and pulled by opportunity: institutional embeddedness in economy and culture’ by Maryam Cheraghi. The article shows how the push of necessity and the pull of opportunity on young entrepreneurs around the world depend on their society and the cultural norms engrained within it.

Young entrepreneurs’ motives are also the focus of the article ‘Motivation, competences and the moderating role of business discontinuance on the entrepreneurial effect of self-employment’ by Rebecca Namatovu and Samuel Dawa. The article examines how young entrepreneurs’ competence and opportunity-motivation (contrasted with necessity-motivation) benefit their entrepreneurial effectiveness, in terms of their rate of innovation and growth expectations. The authors also show how the experience from having recently had another business enhances the benefit of opportunity-motivation for entrepreneurial effectiveness.

Young entrepreneurs may locate their new business at home, on the street, in an organised market, or in a more formal place, as examined in the article ‘Gender dynamics in the choice of place of trade among young entrepreneurs in Ghana’ by Simon Bawakyillenuo and Innocent S.K. Agbelie. The article shows that, in Ghana, location of the business depends on the entrepreneurs’ gender, since women entrepreneurs are more likely to trade from home, whereas men are more likely to trade from a more formal place.

Access to finance and credit, especially among youth and women, is a widespread challenge in developing countries. The difficulties young entrepreneurs typically face in accessing finance for starting their new business is examined in the article ‘Start-up financing and expectations for growth: young and older entrepreneurs in Sub-Saharan Africa’ by Tomola Marshal Obamuyi. The article shows that, in Sub-Saharan Africa, the very young entrepreneurs (age 18 to 25 years) have less financing for starting than the slightly older young entrepreneurs (age 26 to 34 years). Further, the author finds that the amount of financing needed and sought after is related to the entrepreneurs’ expectations for business growth.

Young entrepreneurs’ expectation for business growth is the focus of the article, ‘Job growth expectations among young entrepreneurs in Caribbean small-island states’ by Girjanauth Boodraj and Maheshwar Boodraj. The article shows that young entrepreneurs’ expectations for growth vary by gender, in that men expect more growth than women do, and by education, in that those with higher education levels expect more growth than those with less education. The individual-level effects, however, are moderated by the context, in that young entrepreneurs in Trinidad and Tobago have higher expectations than those in Jamaica, and the benefit of education is higher in Jamaica than in Trinidad and Tobago.

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