Chapter 1

Introduction: Youth entrepreneurship in sub-Saharan Africa

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Introduction

Young people are highly visible throughout urban and rural areas of sub-Saharan Africa, engaging in a wide range of income-generating activities. Young women operating from open-sided shacks or table tops can be seen selling a range of goods from fruit and vegetables to cosmetics, and offering services such as plaiting hair and sewing clothes. Young men more commonly deal in manufactured goods, including electronic gadgets, and offer services such as car washing and charging mobile phones, though they are also increasingly entering into former female domains (Overà, 2007). These young people are predominant among the “ordinary” entrepreneurs of the global South (Jeffrey & Dyson, 2013) proving their skill in finding economic niches, managing scarce resources, and seizing profitable opportunities within constrained economic environments.

Economic restructuring and the transformation of labour markets have resulted in limited employment opportunities for young people whose unemployment rates can be two to three times higher than the norm (World Bank, 2012). Young people are often depicted as having become increasingly marginalised, causing idleness and frustration which, it is believed, can lead to involvement in crime, organised violence, and protests (Garcia & Fares, 2008; World Bank, 2006, 2012). Consequently, entrepreneurship is increasingly being promoted as a key tool to combat the youth unemployment crisis and as one of the main drivers of economic and social transformation in sub-Saharan Africa (World Bank, 2006; Africa Commission, 2009). In light of their limited possibilities to gain formal sector jobs in the public or private sector, young people are being encouraged to be “job creators” rather than “job seekers”, thus becoming self-employed “entrepreneurs” (Langevang & Gough, 2012).

Despite the increasing focus on youth entrepreneurship, little is known about who the young entrepreneurs are, which activities they engage in, the challenges they face, and their aspirations. This book aims to fill this gap by presenting detailed studies of the experiences of young entrepreneurs in a range of settings in sub-Saharan Africa. As well as presenting original empirical data, it also contributes to discussions regarding the concept of entrepreneurship and methodological approaches to studying youth entrepreneurship. The book is the principal outcome of a four-year research project titled “Youth and employment: the role of entrepreneurship in African economies” (YEMP), which explored youth entrepreneurship in Ghana, Uganda, and Zambia. An interdisciplinary team of 20 researchers from geography, business studies, and development studies worked collaboratively, conducting both quantitative and qualitative research. In this book, we analyse the nature of youth entrepreneurship at the national level in both urban and rural areas and in specific sectors, and show how it is affected by key factors including microfinance, social capital and entrepreneurship education. We illustrate the multifaceted nature of youth entrepreneurship and argue for a more nuanced understanding of the term “entrepreneurship” and the situation faced by many African youth today.
Conceptualising and linking youth and entrepreneurship

Youth and entrepreneurship are both highly debated concepts. The most common way of defining youth is by chronological age, such as the United Nations’ categorisation of youth as 15–24-year-olds. Many sub-Saharan African countries, however, define youth in more expansive terms, pushing the ceiling into the mid-30s (Chigunta et al., 2005). Consequently, in this project, we conducted research with young people aged between 15 and 35 years. Youth is clearly more than an age bracket, however, and there are numerous ways of conceptualising the term. Two key perspectives are the life-stage – otherwise known as the youth transitions – perspective, and the youth culture perspective (Christiansen, Utas, & Vigh, 2006; MacDonald et al., 2001).

Life-stage or youth transition studies characterise youth as a distinct stage between childhood (a phase of dependence and immaturity) and adulthood (a phase of independence and maturity). Youth is depicted as a stage through which people pass in order to become mature, independent adults (Skelton, 2002). Transition studies, however, have been criticised for failing to comprehend young people’s complex life paths in times of rapid socioeconomic change, and for reducing youth to a transitory state of becoming “rather than a recognized stage in its own right with distinctive experiences and issues” (Skelton, 2002: 103). The life-stages that have traditionally been associated with growing up, such as finding a job, leaving home, getting married, and becoming a parent, may in fact occur simultaneously or not at all, and many of them are reversible (Johnson-Hanks, 2002; Valentine, 2003). This is especially true in sub-Saharan Africa where rather than passing through neat, linear life-stages, young people traverse back and forth between fluid boundaries of time- and place-specific notions of childhood, youth, and adulthood (Burgess, 2005; Christiansen et al., 2006; Honwana & De Boeck, 2005; Johnson-Hanks, 2002; Langevang, 2008; van Blerk, 2008).

In contrast, cultural approaches to youth focus on young people’s here-and-now lived experiences, with a particular interest in their sub-cultures and styles. This perspective sees young people as a socially and culturally demarcated group with distinctive views and experiences. Whilst recognising the importance of understanding how youth experiences vary across different cultures, the cultural approach has been criticised for focusing on deviant, spectacular, and male youth, and for analysing young people’s agency in isolation from the surrounding society (Valentine, Skelton, & Chambers, 1998). These studies of youth cultures have been dominated by research in northern contexts, especially Britain and the US, with few studies conducted in sub-Saharan Africa.

The lifestyle/transitions approach and the cultural approach, however, are not mutually exclusive and the two can be usefully combined. As Christiansen et al. (2006) argue, understanding the lives of young people is a question of combining an analysis of how young people see and interpret the world, and how they are positioned within it through their families and societies. This requires focusing simultaneously on young people’s agency and how they are restricted by their environments to show how “youth are able to move, what they seek to move towards and the ways external forces seek to shape their movements” (Christiansen et al., 2006: 16). This is the approach this book adopts.
During the past decade, there has been an upsurge of research highlighting the diversity and multiplicity of young people’s trajectories and lived experiences in a range of settings in sub-Saharan Africa (see amongst others: Ansell et al., 2011; Burgess, 2005; Camfield, 2011; Christiansen et al., 2006; Darkwah, 2013; Day and Evans, 2015; Esson, 2013; Gough, 2008; Hajdu et al., 2013; Honwana & De Boeck, 2005; Honwana, 2012; Kristensen & Birch-Thomsen, 2013; Langevång, 2008; Mains, 2013; Porter et al., 2010; Ralph, 2008; Sommers, 2012; Thorsen, 2013; van Blerk, 2008; Weiss, B. 2009). As these studies highlight, young people’s lived experiences vary greatly according to gender, socioeconomic status, education, and place. In this book, we add to this literature by examining how youth entrepreneurship varies by social differences, thus highlighting both similarities and differences between youth in a range of settings.

Turning to entrepreneurship, the word stems from the French word *entreprendre*, which means “to begin something” or “to undertake”. The role of the entrepreneur was first recognised in the 18th century by the economist Richard Cantillon, whose research provided the basis for three major economic traditions (Hébert & Link, 1989). The first was the German tradition dominated by the research of Schumpeter (1934/1983) who saw entrepreneurship as key to economic development and entrepreneurs as extraordinary individuals who introduced new products or processes, identified new markets or sources of supply, or developed new types of organisation. The second, the Chicago tradition led by Knight (1921/2012), saw entrepreneurs as risk takers and argued that opportunity for profit arose because of the uncertainty surrounding change. The third, the Austrian tradition, was proposed by Kirzner (1978) who considered the entrepreneur somebody who was alert to profitable opportunities for exchange that occurred due to information gaps in the market, which they were able to identify because they had superior knowledge.

To date, most entrepreneurship research has been dominated by an economic discourse and focused on elite businesses in the global North (Gough, Langevang, & Owusu, 2013). More recently, however, in line with Steyaert and Katz’s (2004) notion of entrepreneurship as an “everyday societal phenomenon”, there has been a widening of the domains, spaces, and discourses of entrepreneurship. Consequently, entrepreneurship is seen as an activity not restricted to a select few individuals but one in which “ordinary” individuals engage. This is the approach adopted in this book where entrepreneurship is seen as spotting and seizing an opportunity to establish a business and, in the process, taking risks and managing the available resources creatively.

We focus in particular on the process-oriented character of entrepreneurship - “entrepreneuring” - which is seen as a practice that affects and is affected by the economic, social, institutional, and cultural environment (Steyaert, 2007), highlighting how different actors, forms, practices, and discourses of entrepreneurship emerge in differing societal contexts. As Baumol (1990: 898) notes, the rules for entrepreneurship “change dramatically from one time and place to another” and context is vital for understanding “when, how, and why entrepreneurship happens and who becomes involved” (Welter, 2011: 166). Hence, although conventional theories of entrepreneurship have tended to focus on the isolated individual entrepreneur, there is now growing acknowledgment that entrepreneurial behaviour must be understood within its historical, temporal, spatial, institutional, and social context (Welter, 2011).
While research on entrepreneurship has been dominated by experiences from the global North, in recent years there has been an upsurge in research on entrepreneurship in the global South – including Africa – spearheaded by Spring and McDade’s (1998) pioneering book *African entrepreneurship: theory and reality*. This research has focused on a broad range of topics, such as entrepreneurs’ motivation for starting a business (Rosa et al., 2006), the characteristics of family businesses (Khavul, Bruton, & Wood, 2009), the role of social networks and associations (Kuada, 2009; McDade & Spring, 2005), innovation in small enterprises (Robson, Haugh, & Obeng, 2009), and the particular challenges facing female entrepreneurs (Amine & Staub, 2009).

A related field of literature concerns the “informal sector” where most entrepreneurial activity in Africa is located (Lindell, 2010; Potts, 2008). The terms “informal sector”, “informal work”, and “informal business” are commonly used but difficult to define. The informal sector is typically considered to comprise “economic activities that lie beyond or circumvent state regulation” (Lindell, 2010: 5) though, as several of the chapters in this book illustrate, this is not unproblematic as many informal businesses do pay licence fees and taxes to the local government. Delimiting the boundaries of employment and unemployment is also problematic since unemployment is challenging to measure, track over time, and compare across contexts (Izzi, 2013). This is not least the case in economies characterised by informality where work is often irregular, insecure, and casual.

While there is a growing body of literature on both youth and entrepreneurship in Africa, there are still very few studies of youth entrepreneurship in Africa. Consequently, there is limited knowledge of the level and characteristics of youth entrepreneurial activity, including the types of business into which young people venture and the resources on which they draw (for exceptions, see Langevang & Gough, 2012; Langevang, Namatovu, & Dawa, 2012; Mwasalwiba, Dahles, & Wakkee, 2012). Despite this lack of knowledge, the notion that youth should become entrepreneurs is being promoted by development organisations and institutions such as the World Bank (2006; see also Africa Commission, 2009) and has been endorsed by governments and institutions throughout sub-Saharan Africa (see Oppenheimer, 2011). Consequently, there has been a mushrooming of initiatives, programmes, and policies to foster entrepreneurship among young people.

Discourses of entrepreneurship have been underpinned by neoliberal market values of competition, efficiency, self-reliance, and self-governance (Dolan, 2012). As Jeffrey and Dyson (2013: R1) highlight, however, there are “ideological risks attached to celebrations of youth entrepreneurialism.” The idea that people can “pull themselves up by their bootstraps” by engaging in entrepreneurship can result in a lack of state investment in services and in structural problems being seen as the individual’s responsibility, resulting in young people blaming themselves for their predicament. Moreover, it is important to recognise that not everyone has the assets – whether financial, social, or bodily – to become entrepreneurs (Dolan, 2012). There is a need, therefore, to understand the entrepreneurial efforts young people are making, the challenges they face, and to devise appropriate support measures; this book aims to do just this.

**Researching youth entrepreneurship across countries**
Research on entrepreneurship has been dominated largely by quantitative methodologies, which use structured surveys. As Neergaard and Ulhøi (2007: 1) argue, however, the complex and dynamic nature of entrepreneurship requires a “methodological toolbox of broad variety.” Using mixed methods is even more relevant in a sub-Saharan African context where much entrepreneurship takes place outside of formal registered businesses (Gough, Langevang, & Namatovu, 2014). By contrast, research on youth is characterised by the widespread adoption of qualitative methods, many of which are participatory. A wide range of methods, including the use of drawings, diaries, plays, photographs, etc., as well as the more standard in-depth interviews and focus group discussions are commonly used when researching young people (Langevang, 2007). Researching “youth entrepreneurship” thus entails bringing together two, often very different, methodological approaches. Inspired by both research on entrepreneurship and youth, in this project we have combined a quantitative approach using structured surveys with a range of qualitative methodologies, including in-depth interviews, focus group discussions, and participatory methods.

Ghana, Uganda, and Zambia were selected for this study of youth entrepreneurship as they are Anglophone African countries located in West, East and Southern Africa, respectively. Although all three are characterised as “developing” countries, according to the World Bank’s classification Ghana and Zambia have now joined the ranks of lower middle-income countries whilst Uganda remains in the category of low-income countries. Researching in three countries with their respective differing economies and societies provided the possibility to create a greater understanding of the opportunities and challenges facing young entrepreneurs in sub-Saharan Africa today. Within each country, a team of local researchers, including two PhD students, collaborated with Danish researchers at all stages of the research process. The research team was interdisciplinary, consisting of geographers based at the University of Ghana, business studies experts from Makerere University Business School, Uganda, development studies experts based at the University of Zambia, and in Denmark geographers from the University of Copenhagen and business studies experts based at the Copenhagen Business School (see figure 1.1).

In order to generate a picture of overall levels of youth entrepreneurship as well as an in-depth understanding of the influencing factors, the project was designed to incorporate both quantitative and qualitative data collection. An important aspect of the quantitative data collection was participating in the Global Entrepreneurship Monitor (GEM) survey. GEM is the largest survey of entrepreneurial activity in the world; in 2012, when the GEM studies presented in this book were conducted, a total of 69 countries participated all of which followed a common methodology (see introduction to Part 1 for more details). The GEM survey generated quantitative data on levels of entrepreneurship at the national and regional levels, including detailed information on young entrepreneurs; this data forms the basis for the chapters in Part 1 of this book. In order to generate a more in-depth understanding of youth entrepreneurship, a series of studies were undertaken by the YEMP team. Within each country, urban and rural areas were selected for detailed case studies along with certain sectors of the economy. Most of these studies entailed collecting both quantitative and qualitative data, some of which used
participatory methodologies (see the individual chapters for more detail), with common methodologies being adopted across countries where appropriate to facilitate comparison.

When conducting comparative research, it is vital to be aware of what is being compared. In the words of Melhuus (2002: 82), “Because similarities or differences are not given in the things themselves but in the ways they are contextualized,” we must “compare meanings, ways of constructing relationships between objects, persons, situations, events.” A comparative approach was central to the YEMP research project at a range of scales: between countries at national level and across both rural and urban settings; within countries between rural and urban areas and across sectors; and between youth of differing genders, income levels, and education. Correspondingly, within this book comparisons are drawn at national, settlement, and sectoral levels and the differences between youth with differing characteristics are illustrated. By comparing the similarities and differences between youth experiences of entrepreneurship, we highlight commonalities as well as indicating diversity.

**Structure and contributions of book**

The book is structured into five separate but interlinked parts, each preceded by an introduction and rounded off with a comparative discussion of the findings. The first part examines youth entrepreneurship at the national level in Uganda, Ghana and Zambia. Each of the three chapters draws on GEM data to provide a picture of the level and types of youth entrepreneurship in the respective countries. The policies that have been introduced to support youth entrepreneurship are also presented. In the concluding comments to the section, the similarities and differences in youth entrepreneurship between the three countries are drawn out. This section thus sets the scene for the chapters that follow.

The second section explores the nature of youth entrepreneurship in low-income urban settlements. In each country, one low-income settlement located in the capital city was studied, using a similar methodology that entailed working with young researchers to collect quantitative and qualitative data. Each of the three chapters presents and analyses data on the number and types of businesses run by young people in the respective settlements. In the concluding comments, the similarities and differences between youth entrepreneurship in Accra, Kampala, and Lusaka are highlighted.

The third section focuses on youth in rural areas. In each of the project countries, a study was conducted on youth entrepreneurship in one rural area, using a similar methodology. In the three chapters in this section, the nature of youth entrepreneurship in agricultural and nonfarm enterprises is discussed and the reasons these young people remain in, migrate or have returned to rural areas is explored. In the concluding comments, these findings are drawn upon to highlight the similarities and differences between youth entrepreneurship in the rural areas studied.

As part of the YEMP project, a number of studies of youth running businesses in specific sectors were conducted. These are presented in the fourth section with individual chapters focusing on four specific sectors, namely young people working in the mobile telephony sector in Accra, Ghana, engaged in small-scale mining in northern Ghana, making and selling handicrafts in
western Uganda, and working in the tourism industry in Uganda. In the concluding comments, the challenges and opportunities that young people face in their various business types are highlighted.

The fifth and final section presents three studies that examine ways of stimulating entrepreneurship undertaken under the auspices of the project. First, the role of social capital drawn on by young entrepreneurs in setting up and running businesses in Lusaka, Zambia, is examined. Second, the ways in which microfinance institutions cater to youth in Uganda is presented. Third, the role of education in promoting entrepreneurship is discussed, drawing on the experience of university graduates of entrepreneurship in Uganda. A discussion of the emerging issues for young entrepreneurs in sub-Saharan Africa concludes the section and the book.

References


**Endnote**
A causal link between unemployment and violence among youth has not, however, been empirically demonstrated (Izzi, 2013).

Understanding the power of self-employment for young people, especially in Sub-Saharan Africa, we’re equipping young people in Liberia with the knowledge and training to create small and micro-enterprises. /country/liberia. Mozambique.  

African development bank group. Skills and Youth Entrepreneurship in Africa: Analysis with Evidence from Swaziland. Zuzana Brixiová. 1. Introduction. For the past decade, Swaziland, as most of the other middle income countries in Southern Africa (e.g., Botswana, Lesotho, Namibia, South Africa) has been among the slow growing economies on the continent. With high unemployment and youth unemployment, inclusive growth in the region has remained elusive (Jauch, 2011; Ncube et al., 2014). Despite the oversized public sectors, the overall employment has been low, reflecting limited private sector job creation and entrepreneurship, both in the formal and informal sector. Most of sub-Saharan Africa’s cities are characterized by a relatively small formal sector, reflecting the slow rate of structural transformation (Lall et al., 2017). At the same time, however, entrepreneurship programs individualize responsibility for finding a job (or inability to find one) while they shift attention from the failure (and profound inequities) of the economic structure (Dolan and Rajak, 2016, p. 527). Sub-Saharan Africa’s demography is seen as representing a unique threat and opportunity: a dangerous youth bulge and a potentially immense demographic dividend. However, the size of both the bulge and the attendant dividend are commonly overestimated. Even so, Sub-Saharan Africa still has the world’s highest percentage, 29%, of young people are involved in businesses that are new or nascent. The downside is that about a third of these businesses were established out of necessity rather than to capitalise on a market opportunity, and most have low growth potential. Adding to the challenges is that fewer than 45% of youth business owners had completed secondary school. Also in their favour is that youth in Sub-Saharan Africa are less afraid of failing in business than their counterparts elsewhere. Only a quarter of potential entrepreneurs in the GEM/YBI study said fear of failure would prevent them from starting a business, compared to over 46% in the European Union, for example. In Sub-Saharan Africa, the issue of youth unemployment and underemployment remains as one of the major challenges for governments and development partners. It is the region that has the largest proportion of young women and men. Policies at national and international levels are important. However, what makes a real difference in day-to-day lives of young women and men are the interactions with their families, peers and communities, as well as with those adult practitioners such as youth workers, teachers, trainers and other service providers. This paper starts with the realities facing young people.