THE PERFORMANCE OF BUSINESSES OWNED BY THE YOUTH. DOES MOTIVATION MATTER?

BY

VIDA OPPONG

(10637629)

THIS DISSERTATION IS PRESENTED TO THE UNIVERSITY OF GHANA, LEGON IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF MASTER OF ARTS IN SOCIAL POLICY STUDIES.

AUGUST 2018
DECLARATION

I declare that this dissertation is the result of the research I conducted under the supervision of Prof Abena D. Oduro at the Centre for Social Policy Studies.

All references cited in this dissertation are duly acknowledged.

........................................................................................................................................
........................................................................................................................................

Oppong Vida

(Student).

........................................................................................................................................
........................................................................................................................................

Prof. Abena D. Oduro.

(Supervisor)
Despite the increasing rate of entrepreneurial activities among Ghanaian youth, most of these businesses are ranked small and undifferentiated, incapable of promoting economic growth. Extant literature in entrepreneurial performance has identified motivation as one of the main factors accounting for the differences in performance among entrepreneurs worldwide. The study therefore sought to find out the relationship between entrepreneurial motivation and firm performances among youth entrepreneurs in Ghana.

A probit regression model was employed to establish the relationship between motivation and performance.

Findings revealed that a majority of Ghanaian youth had a mix of opportunity and necessity types of motivation. This indicates that the average Ghanaian youth entrepreneur becomes self-employed based on both opportunity and necessity reasons. The results further revealed that both mix and necessity entrepreneurs were more likely to perform better than opportunity entrepreneurs. These relationships were significant at p values less than 0.05. It is therefore recommended that, mixed motives for business start-ups should be encouraged among young nascent entrepreneurs through entrepreneurship education and orientation to promote positive firm performance among youth entrepreneurs in Ghana.
VIDA OPPONG

DEDICATION

This work is dedicated to my parents, Mr. and Mrs. Oppong Adjei and my siblings Prince Oppong, Louis Oppong and Grace Oppong.
ACKNOWLEDGEMENT

I am thankful to God Almighty for the strength and knowledge he bestowed on me during the period of my dissertation. I am also grateful to my supervisor, Professor Abena Oduro for her time, guidance and contribution to this work. Despite her busy schedules as the director for the Centre, she always made time to supervise this work.

Also, to the entire administrative body of the Centre for Social Policy Studies, most especially Kelly, I say may God bless you all for your support throughout the work.
# TABLE OF CONTENTS

DECLARATION ............................................................................................................................... iii
ABSTRACT ........................................................................................................................................ iv
DEDICATION ................................................................................................................................. v
ACKNOWLEDGEMENT .................................................................................................................. vi
TABLE OF CONTENTS .................................................................................................................. vii
LIST OF TABLES ........................................................................................................................... ix
LIST OF FIGURES ........................................................................................................................ x
CHAPTER ONE .............................................................................................................................. 1

## INTRODUCTION

1.1 Background ............................................................................................................................. 1
1.2 Problem statement ................................................................................................................... 5
1.3 Research Question, Objectives and Hypothesis .................................................................... 7
   1.3.1 Research Question ......................................................................................................... 7
   1.3.2 Objectives ..................................................................................................................... 8
   1.3.3 Hypotheses .................................................................................................................... 8
1.4 Significance of the study. ........................................................................................................ 8
1.5 Study Limitation ..................................................................................................................... 9
1.6 Organization of study. ............................................................................................................ 10

CHAPTER TWO .......................................................................................................................... 11

## LITERATURE REVIEW

2.1 Introduction .............................................................................................................................. 11
2.2 Entrepreneurial Motivation .................................................................................................... 11
2.3 The Entrepreneur and Motivation ......................................................................................... 12
   2.3.1 Push/ Necessity and Pull/ Opportunity Motivation ......................................................... 13
2.4 Youth Entrepreneurs and Motivation ................................................................................... 18
   2.4.1 Youth Entrepreneurial Motivation and Gender ............................................................... 20
   2.4.2 Entrepreneurial Motivation and Age ............................................................................. 22
   2.4.3 Entrepreneurial Motivation and Education ................................................................. 23
2.5 Motivation and Performance ................................................................................................. 24
2.6 Theory and Conceptual Framework ...................................................................................... 29

CHAPTER THREE ....................................................................................................................... 32
LIST OF TABLES

Table 1: Descriptive Statistics of Entrepreneurs Profile .......................................................... 40
Table 2: Descriptive statistics of business profile ................................................................... 43
Table 3: Motivation and Gender. ............................................................................................... 47
Table 4: Motivation and education ............................................................................................. 48
Table 5: Motivation and Age. ...................................................................................................... 49
Table 6: Summary of variables ................................................................................................... 51
Table 7: Regression analysis of youth entrepreneurial motivation and firm performance. 52
LIST OF FIGURES

Figure 1: A conceptual Framework of youth entrepreneurial motivation and performance. 31
Figure 2: Youth Entrepreneurial Motives 45
CHAPTER ONE
INTRODUCTION

1.1 Background

The United Nations (UN) defines youth as any individual between the ages fifteen and twenty-four. In practice depending on the cultural, institutional and political factors, this age range may vary from country to country (Seekings, 1993). In Ghana the youth are a group of individuals who fall between the ages, 15 and 35 (MOYS, 2010). According to Ghana Statistical Service (GSS) (2012), 35% of the Ghanaian population are youth with those falling between the ages 15 and 19 forming 10%, 20 to 24 years, 8.5%, 25-29 years, 7.9%, and 30-35 years, 6.4% respectively. The youthful population is therefore an important force for national development.

Unlike other developing countries, high fertility rate in the sub-Saharan region of Africa has led to a gradual change in population structure. The population is becoming more youthful and the population growth of young people is expected to be on the rise for the next 20 years (International Labour Organization, 2010).

A major challenge the youth has consistently battled over the years is unemployment. Globally, the number of unemployed youth was fixed to grow by half a million in 2018 to reach 71 million (ILO, 2016).

The problem of unemployment persists in both the developed and developing countries despite mitigating measures put in place to address the problem. Youth unemployment however, is more prominent in Africa than in any other continent of the world (ILO, 2012). Also, the World Bank using the UN definition and GSS, the Ghanaian definition of youth reports 48% and 12.1% of the Ghanaian youth population as unemployed (GLSS, 2015; World Bank, 2016).
Ghai (1988) notes that the youth possess qualities of enthusiasm, energy, motivation, enterprise, risk-taking, flexibility, resourcefulness and willingness to try new approaches. In regards to this Bennell (2000) argues that tapping into the dynamic nature of young people and building on their strong spirit of risk-taking should be the focus of governments and bodies that aim to improve the livelihood of the youth.

Globally, entrepreneurship is increasingly being discussed as an alternative solution for reducing youth unemployment and poverty (Mensah, 2009). It has been encouraged by various institutions as a solution to unemployment, a key developmental challenge. (World Bank, 2006; Africa Commission, 2009).

Prior to this, many countries have resorted to entrepreneurship as a means of job creation for the youth. Interest shown by governments and policy makers is triggered by specific international initiatives by transnational institutions such 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 (ILO, 2000)

Ghana in following this trend has initiated programmes and activities aimed at promoting entrepreneurship development as a strategy for solving the problem of unemployment among the youth. The National Employment Policy (NEP), Students in Free Enterprise and Captain of Industry Programme and proposals embodied in the National Youth Policy are a few of the programmes adopted.

Also, initiatives such as of the 100 million dollar support fund for youth entrepreneurship was launched in July 2017 by the President of Ghana with the ultimate aim of reducing unemployment in the country (Citi fm online, July 13 2017).
“Entrepreneurship” as a term goes back to the twelfth (12th) century, it emanated from the French word “entreprendre” which means doing something in a different way, and “unternehmen,” a German word which means to “undertake” (Cunningham & Lischeron, 1991).

Currently there is not a single definition of “entrepreneur” that has been uniformly accepted in the literature (Carlock, 1994). Creation, founding, revitalizing, adapting to managing a business make up some of the range of activities entrepreneurship has been associated with (Cunningham & Lischeron 1991).

In this study, the definition by Shane and Venkataraman’s (2000) is adopted. They define entrepreneurship as the process by which opportunities to create future goods and services are discovered, evaluated, and exploited. As these scholars have explained, an entrepreneur do not necessarily have to be an inventor of a new product. The definition is more open to include traders as well as a corporate salesperson who discover and pursue opportunities for the invention of new products.

The unemployment and entrepreneurship association has been analysed by the empirical works of many researchers. They provide evidence that shows that unemployment leads to entrepreneurship and entrepreneurship leads to a reduction in unemployment (Blanchflower & Meyer, 1994; Thurik, 2003). However, despite the link established by many studies, research has also shown that not all young people venture into entrepreneurship by reason of unemployment. Other reasons such as poor wage employment, perceived market opportunities, independence and autonomy, income security and financial achievement, recognition and status, family roles, dissatisfaction with wage employment, and communal motives account for youth entrepreneurship. (Cromie & Hayes, 1991; Bosma et al. 2011; Shane et al. 2012; Stephan et al.2015). These reasons have been categorized by many studies including the Global
Entrepreneurship Monitor into two main factors that is the ‘pull, and ‘push’ also known as opportunity and necessity motivation. Little however have been done on mixed motives, a blend of both opportunity and necessity.

The role of self-employment in job creation is empirically proven in Ghana as the labour force report shows 52.5% of the working youth are self-employed (GSS, 2015). However, economic growth and livelihood improvement is not only channelled by the mere increase in self-employment. Certain types of self-employed tend to perform better than other types and show higher rates of efficiency (Stam & Van Stel, 2011). Hence, the share of productive self-employed, as contrasting to unproductive has a great impact on micro and macro-economic performance (Baumol, 1990).

The significance of start-up motivation as one of the key reasons of productivity differences between entrepreneurs is highlighted by extant literature (Block & Sandner, 2009; Fossen & Büttner, 2012). Opportunity entrepreneurs are entrepreneurs who start a new business to exploit an exclusive business opportunity, whereas necessity entrepreneurs start a venture because it is the best alternative available. Key difference lies in the extent of voluntariness in the decision to become self-employed. The assumption that necessity-driven entrepreneurs display less entrepreneurial competencies and perform poorer than their opportunity driven entrepreneurs is a common one.

Performance indicators as discussed in literature can be financial (reflecting for instance profitability and operating income) or non-financial, (reflecting, for example, human capital) (Anthony et al., 2001). Capon et al. (1990) on their examination of over 320 empirical studies on performance and how it is measured observed that scholars adopt different theoretical perspectives.
and use diverse groups of variables in their study. In this study performance is measured by sales growth. Performance and growth is used interchangeably in this research. Therefore in the quest to promote entrepreneurship as a source of employment options for the youth, it necessary and important to explore the necessary factors that may hinder or promote entrepreneurial performance. According to White and Kenyon (2000), the challenge lies in promoting entrepreneurship as a genuine career alternative for young people, especially as a way to achieve greater financial reward and work satisfaction. Also, the sustainable development goal eight, target three states the need for countries to promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and embolden the formalisation and development of micro-, small- and medium-sized enterprises. Hopefully this research will serve as a policy guide for the creation of entrepreneurship policies that will help promote youth entrepreneurship in Ghana.

Against this background, this study examines the relationship between entrepreneurial motives and performance among youth entrepreneurs in Ghana.

1.2 Problem statement.

“The youth are both tomorrow’s leaders, parents, professionals and workers and today’s assets. Properly supported and given the right opportunities, girls and boys, young women and young men can play a significant part in lifting themselves, their families and communities out of Poverty” (Maguire, 2007, p.2).

While many political administrations and policy makers have resorted to entrepreneurship as a strategy for resolving the issue of unemployment, it is also expected of entrepreneurs to create further job opportunities and to be innovative to promote economic growth (OECD, 2015; Mair & Marti, 2009; GEM, 2015).
However, albeit the increase in numbers of youth entrepreneurs, GEM, (2015) has observed that, most young people own small, undifferentiated businesses which are unlikely to generate a sustainable livelihood, much more create employment.

Data from Ghana support this finding as the GSS, labour force report, (2015) reveals that a majority of the working youth are self-employed but a larger percentage of them are own account workers. The report shows that 52.5% of the working youth are into entrepreneurship but 48.5% out of this percentage are without employees. The situation is however different taking into consideration the adult population of entrepreneurs, entrepreneurs between the ages 36 and 60. Findings indicate that a majority of the privately owned businesses that provide employment for many Ghanaians are owned by older entrepreneurs (GSS, 2015). Financial indicators (e.g. sales and profit) of firm performance has been associated with size of firm, the number of both paid and unpaid employees. In explaining this effect scholars have suggested that the increase in financial resources leads to the enlargement of firm productive activities leading to the employment of more hands.

Reasons that may account for the differences in entrepreneurial performance is discussed in literature to include entrepreneurial motivation. (Block and Sandner, 2009). Motivation comes in different forms and may differ from one entrepreneur to the other. Nonetheless existing works and theories on entrepreneurial motivation have categorised them into two main types, necessity and opportunity. Some entrepreneurs are motivated by both motives. Previous works however have found that the association between entrepreneurial motivation and firm performance may differ with respect to the different types (Caliendo & Kritikos, 2009; Nardo et al., 2013).

While the area of motivation and performance is less researched, mainly two school of thoughts have emerged. First of all, findings that indicate motivations is key to performance of a firm; the investments that entrepreneurs make in their businesses, sustainability of a firm and the ability of
budding entrepreneurs to transform their efforts into active businesses (Jayawarna et al. 2011; Levie & Autio 2013; Dunkelberg et al. 2013; Bradley et al. 2011, Zwan & Hessels 2010). Secondly, early works which found no associations between entrepreneurial motivation and firm performance (Birley & Westhead 1994; Miner, Bracker & Smith 1992; Solymossy, 1997) thereby concluding that motives to the establishment of ventures may only be of less importance to academics and policy makers.

In Ghana, however, the dearth of literature in the area has led to a poor understanding of the relationship. The importance of motives cannot be ignored as Carland, Hoy and Carland (1988) assert that unless the motives of the self-employed are known, it will be difficult to promote entrepreneurship.

Research in motivation and entrepreneurial performance is therefore timely and important.

1.3 Research Question, Objectives and Hypothesis

The section encompasses the research objectives, question and hypotheses. The main objective of the study was to find out the relationship between entrepreneurial motivation and firm performance among young entrepreneurs in Ghana. The hypotheses were generated from the first and second study objectives.

1.3.1 Research Question.

What is the relationship between youth entrepreneurial motivations and entrepreneurial performance in Ghana?
1.3.2 Objectives.

I. To identify the types of entrepreneurial motivation among young entrepreneurs in Ghana and their patterns in age, education and gender at startup.

II. To examine the relationship between youth entrepreneur motivation and firm performance.

1.3.3 Hypotheses

\( \mathbf{H}_1 \): Ghanaian youth entrepreneurs are motivated by necessity than opportunity and mixed reasons for start-ups.

\( \mathbf{H}_2 \): In Ghana, mixed motivated young entrepreneurs perform better than opportunity entrepreneurs.

\( \mathbf{H}_3 \): Young opportunity entrepreneurs perform better than necessity entrepreneurs in Ghana.

1.4 Significance of the study.

The 2010 Youth Policy of Ghana was designed to ensure the inclusion of the youth in developmental processes (NYP, 2010). Captured in it, is the state’s role in ensuring youth development by making opportunities available for them to grow with hand, head and heart. The document however does not substantially cover or make provision for youth entrepreneurs in the country. Advancement of youth entrepreneurship is only captured as the social corporate obligation of the private sector. Again the policy fails to state how this responsibility is to be carried out.

Further, policy makers seek to promote entrepreneurship with the purpose of promoting social inclusion and reducing unemployment (World Bank, 2006; Africa Commission, 2009). When entrepreneurship is narrowly focused on as a tool for unemployment, policy makers may only end
up making policies that makes it easier for the unemployed youth to become an entrepreneur. Consequently, the individual youth who may want to venture into entrepreneurship based on other motives other than unemployment may be left out of national development plans as policies may not necessarily target them. It is however, not surprising that majority of the youth entrepreneurs in Ghana are own account workers, failing to create employment, a significant aspect of entrepreneurship.

A study into entrepreneurship motivation and performance is essential for the promotion of entrepreneurship (Carland et al., 1988). It provides data and information that can be accessed to inform policy in the area of entrepreneurship. While data on entrepreneurial motives is elusive in Ghana, the discoveries of this research will provide statistics that may cause advocates and policy makers to rethink and modify their promotion and development strategy to suit not only growth in the number of youth entrepreneurs but also positive performance in entrepreneurial activities.

Again, there is the need for entrepreneurship policy to channel the course of nascent entrepreneurs and already established entrepreneurs. Findings of this research is expected to contribute towards this course by providing information necessary for policy creation and amendment.

Finally, this research will be an addition to the stock of knowledge in this field of study and as well provide literature for future reference. Hopefully the content of this work will inspire other researchers to conduct other studies necessary for the promotion of youth entrepreneurship.

1.5 Study Limitation

It is not possible to infer causal relationships between motivation and firm performance because the data used for the study is cross-sectional data. Second, issues of endogeneity could not be addressed because of the absence of adequate instruments.
1.6 Organization of study.

The section discusses how the entire study is organized and gives a summarized detail on what goes into every chapter of the study.

The work is made up of five chapters; introduction, literature review, methodology, findings and discussions and summary, conclusions and recommendations.

Chapter one introduces the work by discussing the background, problem statement, objectives, research questions and hypotheses and limitation of the study. It basically presents the purpose and significance of the study. The next chapter, literature review on the average reviews both theoretical and empirical data in the area of study. Discussions revolve around youth entrepreneurial motives and firm performance and the relationship between the two. A Conceptual Framework describing the relationship is presented in the chapter as well.

Chapter three presents methodology for the thesis. It discusses the study design, source of data, unit of analysis, variables of interest, statistical procedures and the limitation of the study. In chapter four data is analyzed and findings discussed. The last chapter which is five, summarizes the entire study and make conclusions and recommendations based on objectives and findings.
CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction.

This chapter examines the literature in the field of entrepreneurship and draws on it to develop a framework for the study. The literature review explores broadly youth entrepreneurial motivation and performance and the relationship that exists between them.

2.2 Entrepreneurial Motivation.

Motivation is essential in the study of entrepreneurship because it explains and provides an understanding of the ‘what’ and ‘why’ associated with a particular decision (Locke, 2000). Motivation is a desire to overcome a goal or value (Crumbaugh & Maholick, 1964; Ryan & Deci, 1990). Freud’s early work on instincts emphasised motivation. He argued that instinct informs drive towards achievement and drive is motivation. In erstwhile works, motivation has been studied to reflect why people react differently to the same stimuli and to answer what and why a person will chose one thing over another (Carsrud and Brännback, 2011). The main concepts of motivation was explained by Locke (2000) to reflect needs, goals, values; and emotions. Further clarifications assert that needs determine the value given to different actions and value leads to the setting of goals, goals in turn stimulate action. According to Locke (2000), these concepts influence decisions in three ways; first of all, what one chooses to do. Secondly, the intensity of one’s action through evaluation of goals to decide what is important. Last of all, goal and values determine persistence in behaviour (Locke, 2000; Green, 1994; Locke and Latham, 2004).
Earlier research on motivation mirrored three basic theories; Humanistic, existential and cognitive psychology. Rogers (1965) theories of humanistic psychology explains natural behaviour to be rooted in natural science and cultural theories, thereby propounding that human motivation is subjective to external features. According to existential psychology, motivation is a preference of peoples values (Frankl, 1985). From this standpoint people first of all have to find their “why” to find their central motivation.

The cognitive psychology approach on the other hand focuses on the relationship between the goals and the effort to achieve them. It asserts that since people have goals and are constantly trying to achieve them, the motivation processes are constantly active. The theory explains that the trajectory of life style, is normally determine by what individuals desire to do most; Intensity of behaviour, which describes how hard a person tries to accomplish goal; and Persistence, the readiness to remain focused when faced with obstacles. Self-efficacy, goal guilty and locus of control are some of the motivation factors discussed in the theory (Miller & Bollnick, 2004).

These theories and many others explain motivation among entrepreneurs. The push and pull theories however, have emerged as the most common.

As mentioned above, contemporary entrepreneurship motivation theories mirrors the pull and push factors, mainly influenced by extrinsic and intrinsic factors which compel and induce action (Locke & Latham, 2004). Extrinsic involves environmental factors. Intrinsic motivations are innate characteristics which are explained to include personal traits of an individual.

### 2.3 The Entrepreneur and Motivation

Previous works on entrepreneurship focused largely on the entrepreneur. They sought to determine what personality traits differentiated entrepreneurs from non-entrepreneurs, and studied the
influence of these characteristics on business creation rates. For instance, factors such as the need for achievement (McClelland, 1961), locus of control (Brockhaus, 1982), tolerance of ambiguity (Schere, 1982), risk-taking propensity (Brockhaus, 1980), and desire for personal control/independence (Greenberger and Sexton, 1988) have been identified and examined as possible characteristics associated with entrepreneurial motivation. Other background factors relating to individual entrepreneur, such as previous employment (Storey, 1982; Ronstadt, 1988), family background (Scott and Twomey, 1988; Matthews and Moser, 1995), gender (Buttner and Rosen, 1989; Kolvereid et al., 1993), education (Storey, 1982), ethnic membership (Aldrich, 1980), and religion (Weber, 1930) have also been discussed.

In recent times scholarly works on entrepreneurial motivations has primarily focused on ‘push’ and ‘pull’ factors, or to a lesser amount the variance between the necessity and opportunity entrepreneur (Stephan et al., 2015).

2.3.1 Push/ Necessity and Pull/ Opportunity Motivation.

The push-pull concept, also known as necessity-opportunity, is the oldest standing conceptualisation of start-up motivation (Stoner & Fry, 1982). In explaining opportunity and necessity entrepreneurial motivation, Ernest & Young (2009) emphasized that entrepreneurs enter the market to either exploit an identified opportunity or to stamp out a personal challenge. In effect entrepreneurs are either pulled into entrepreneurship by opportunities or pushed into it, because it is the only means to an end. Shane & Venkataraman (2000, p.220) define entrepreneurial opportunities as “situations in which new goods, services, raw materials, and organizing methods can be introduced and sold at a price greater than the cost of their production”.
In explaining the necessity-opportunity dichotomy however, it is necessary to note the differences in definition and methods used by individual scholars and institutions in the field. Empirical studies on entrepreneurial motivation reveals that opportunity/necessity motivation may each be treated as a single item motivation with no subcategorization or multiple item instrument where the two types have several items under each. The differences in categorisation emanates from different explanations of the necessity-opportunity concept and the use of sporadic measures. Some methods are founded on the subjective self-classification as defined by GEM. Other measures are based on a more objective operationalisation like the degree of voluntariness in starting a venture.

As a result, some studies have categorised entrepreneurial motivation into three types; opportunity, necessity and multidimensional types (Stephen et al., 2015). It was nevertheless discovered that these other dimensions described by other scholars had been captured under the push and pull motivations in other studies. For instance Stephen et al., (2015) observed that 27 out of 51 studies they reviewed explained the following entrepreneurship motivation as other dimensions. Achievement, challenge and learning which comprises facets like having significant job and obligation and also the challenge of learning through the establishment and running of a business; Independence and autonomy which highlights the entrepreneurial motivation to be able to control one’s work life including control over one’s own time and work, making independent decisions, having flexibility to combine work with one’s personal life; Income security and financial success; Recognition and status; Family and roles; Dissatisfaction with prior work arrangement and Community and social motivations(Aziz et al. 2013; Uddin & Kanti 2013; Reynolds & Curtin 2008; Renko et al. 2012; Akehurst et al. 2012; Benzing & Chu 2009; Dej et al. 2012).
These motivation items however are captured by other studies under the pull and push factors of entrepreneurship as already mentioned (e.g. Birley and Westhead, 1994; Giacomin et al. 2007; Shane et al. 2012).

Nevertheless, extant literature shows that motivational factors of entrepreneurs over the years revolves largely around the opportunity, necessity dichotomy and the mix of both factors.

**Push/ Necessity**

The “push” model specifies that entrepreneurs are forced into behaving entrepreneurially by adverse outside forces, like dissatisfaction with job, lack of wage employment opportunities, substandard salary, strict work calendar and family roles. These factors are forms of reactive measures.

Oxenfeldt (1943) was among the first to assert that unemployed individuals or people with little prospects for wage-employment may become self-employed. This can be traced back to Knight's (1921) argument that people make a decision between unemployment, self-employment and employment. He argues that the consequence of unemployment, reduces the opportunity costs of self-employment, thereby pushing individuals to establish their own enterprises; the process frequently discussed to as the push effect of unemployment. Statistics of unemployment as a push effect has been provided in more than a few studies (e.g. Oxenfeldt, 1943; Gilad and Levine, 1986; Ritsilä and Tervo, 2002).

However, despite the consistent association between unemployment to push motivation, there are, in fact, other factors that may push individuals into self-employment. In addition to unemployment, Giacomin et al. (2007) mentions the push motivations of family pressure and independence, for instance in case of a business handover to a new generation. Further, Sarasvathy (2004) contends the existence of diverse forms of necessity entrepreneurs, which includes
individuals who are dismissed from their waged source of employment; people who willingly make a decision to leave wage-employment because of unfavourable work conditions; and individuals who are "unhireable", for instance due to a lack of educational or language dexterities or criminal records. Similarly, more than a few studies found proof of job dissatisfaction as a cause for new business establishment (Brockhaus, 1980; Hisrich & Brush, 1986; Cromie & Hayes, 1991).

According to Margolis, (2014) more than 50% of the labour force in the developing countries are self-employed, and a large percentage of these workers engage in entrepreneurship because they must out of necessity.

Pull/ Opportunity

The “pull” theory asserts that individuals are drawn into becoming self-employed by reasons such as desire for financial independence, self-fulfilment, wealth, and other rewarding results.

Similar to push motivation, pull motivation may take different forms. Giacomin et al. (2007) for instance explains that factors describing opportunity motivations can be subdivided into three; the availability of market, social prestige and profitability. Shane et al. (2012) also found four concepts of opportunity entrepreneurial motivation. They include social acknowledgement, autonomy, learning and roles. Carter et al. (2003) differentiate between six groups of pull entrepreneurial motivation: invention, independence, recognition, roles, financial accomplishment and self-realization. Along similar findings are the classifications in works by Scheinberg & MacMillan (1988) and Birley &Westhead (1994), which each provide evidence of a diverse pull motivations, including the desire for recognition, autonomy, personal development, livelihood improvement and wealth, and emulating role models.
Also, in the year 2009 the Global Entrepreneurship Monitor piloted a motivation factor known as the improvement driven motivation. According to GEM the motivation type is a subset of Opportunity driven entrepreneurship as such entrepreneurs desire high amount of freedom and independence, and a personal source of income therefore venturing into entrepreneurship voluntarily (Bosma et al. 2011).

Opportunity-necessity dichotomy of entrepreneurial motivation continues to be explored by many scholars due to it instinctively attractive nature as well as its incorporation in large population-representative surveys like as Global Entrepreneurship Monitor, the EU Flash Eurobarometer and the Panel Study of Entrepreneurship Dynamics studies.

Empirical evidence supporting the different entrepreneurial motivations discussed above are presented below.

Collins, Locke, and Hanges (2000) conducted the first and only meta-analysis of “need for achievement (nAch)” and entrepreneurship studies, examining 63 nAch and entrepreneurship studies. The overall finding of the meta-analysis was that nAch is significantly correlated to the establishment of new firms.

Benzing, Chu and Kara (2009) in their research on entrepreneurs in Turkey, among other findings, presented a comparative review of several studies on the motivating factors of entrepreneurs in different countries. Their findings revealed that Vietnamese small business owners were highly motivated by pull factors such as the need for Achievement while Romanian entrepreneurs established businesses based on push factors like income and job security needs. The desire for autonomy and rise in income were the motivating factors for Indian entrepreneurs. Similarly, Kuratko et al. (1997) and Robichaud et.al. (2001) surveying North American entrepreneurs revealed that motivation of entrepreneurs were based on four factors, a mixed of
both opportunity and necessity; family security, independence/autonomy, intrinsic rewards and extrinsic rewards.

Furthermore, Chu, Benzing and McGee (2007) in their study of entrepreneurs in Kenya observed that the dominant motivators were to increase income and employment, a necessity.

Bewayo (1995) in his study of why Ugandan entrepreneurs are in business observed that a higher percentage of Uganda small scale entrepreneurs are more of necessity than opportunity entrepreneurs. The motivation basically was to earn extra income, employment independence and for others becoming entrepreneur was their only means of earning an income. Another motivation factor was the family. Out of the 208 respondents 50% were from families where parents owned businesses.

Roy & Wheeler (2006) further found that small scale business owners in West Africa were motivated by the desire to meet basic needs – food and accommodation in a larger extent.

In conclusion, literature on entrepreneurial motivation provides a wide range of findings and has broadly reflected the pull/opportunity and push/necessity factors. Research in this field reveals an extent of commonality despite differences in approaches used. Findings may however differ depending on socio economic characteristics of respondents or methodology.

2.4 Youth Entrepreneurs and Motivation.

A number of the reasons accounting for youth entrepreneurship has been captured and discussed in the already discussed literature on entrepreneurial motivation. Motivation types among the youth may differ with respect to the income or per capita status of an economy, indicating that the poorer a country is the more likely the youth will be motivated by push reason and vice versa for richer countries (Congregado et al., 2010). Findings show that the youth in developed countries
are more likely to go into entrepreneurship for pull or opportunity reasons while reasons such as unemployment and dissatisfaction with wage employment incentives seem to be major reasons for the youth in developing countries (Rogerson, 2001).

Although young people are more likely to be unemployed, there is little empirical evidence of a relationship between unemployment and youth self-employment in developed countries but the situation is different in developing countries as a number of studies have found a positive relationship between unemployment and youth entrepreneurship (Greene, 2002).

Kahn and Sokolof (1993) in their study of 160 entrepreneurial inventors in developed countries from 1790 to 1865 found that 57.2% of these entrepreneurs were in their youth when they established their business and a majority claimed to have gone into entrepreneurship because of the opportunity they had to create new goods in places where they were needed. A result that indicates the youth in developed countries are more of opportunity than necessity entrepreneurs.

On the other hand, a UN research on entrepreneurship in Africa revealed that a higher percentage of opportunity entrepreneurs were adults who fell within the age range of 36 and 60 while the youth formed a larger percentage of necessity entrepreneurs.

Also, evidence by Congregado et al. (2010) suggests that any relationship between unemployment and self-employment among the youth is influenced by the business performance sequence. They find that in economic downturns more unemployed youth are attracted to self-employment than in economic upturns propositioning that recession push effect is more imperative. This means there are both ‘push’ (e.g. self-employment was the only feasible means out of unemployment) and ‘pull’ (e.g. saw a profit opportunity) motivations underlying the decision to become an entrepreneur but however dependent on the economic state of a country (Green, 2013).
Some studies have identified family as a motivating factor for youth entrepreneurship. Green, (2013) using OECD data provided evidence which proposes that parents act as role models influencing the self-employment tendency of their children. While Green and other scholars have describe parental influence as an opportunity for the youth to venture into business, other studies have described parental influence as a push factor. In explaining this it was argued that young individuals are sometimes pressurised into businesses they may have little interest in and are only forced into it because of family inheritance or pressure.

Green, (2002) argues that the push (opportunity based) and pull (necessity based) motivations underlying setting up a new business for the youth are likely to be complex. For instance, specific groups of young people (e.g. those that have a disability, a criminal record, low or limited educational attainment levels, immigrants or particular ethnic groups) may experience or observe that they experience discrimination in waged employment which propels them towards self-employment. Other groups in society may also be ‘pulled’ towards self-employment because it offers them flexibility; offers them a chance to realise an opportunity; or because it fits in within prevalent cultural standards in their community.

With regards to this, a fair number of studies have endeavoured to discuss the motivational patterns in relation to age, education and gender.

2.4.1 Youth Entrepreneurial Motivation and Gender.

With respect to the pull and push motivation division, descriptive findings suggest that women are more likely to push (necessity) into entrepreneurship than men (e.g., Bosma et al. 2011).

Orhan and Scott (2001) in their qualitative study exploring why women venture into entrepreneurship sampled twenty five French women. The results highlight evidence of necessity dynamics such as boredom, dissatisfaction and the absence of development prospects in areas like the glass ceiling
occurrence in the professional life preliminary to entrepreneurship, as commonly present in female entrepreneurial activities and that, unlike their male counterparts, most women are pushed into entrepreneurship. Orhan and Scott (2001) building on findings of Ducheneaut (1997) identify flexibility for household responsibilities as a push factor among women entrepreneurs. For these writers, social reasons are the factors accounting for the differences in entrepreneurial motives among men and women entrepreneurs. They assert that two main push factors exist among women: family responsibilities, and their stand in the job market more precisely limited professional prospects due to patriarchal systems in the corporate world. On the contrary, Buttner and Moore (1997) in their study of tertiary student entrepreneurship observed that young women’s dominance in entrepreneurial activities are pull related. Similarly, Hughes (2003) in his study of 61 female entrepreneurs in Canada observed that the sampled entrepreneurs were more of opportunity/pull entrepreneurs’ than push challenging recent contours on pull-push debates that suggest otherwise.

McGowan et al. (2012) in comparing male and female entrepreneurs in his study of Northern Irish entrepreneurs classify family needs (e.g. flexibility to play role as a mother) as an essential motive for female entrepreneurship than for male oriented businesses. To be specific, the autonomy and flexibility of work accompanying entrepreneurship is seen as a motivational factor. Also, the overall immense time demands and the feelings of guilt in the abandonment of family responsibilities are labelled as limiting the interest of females to establish and build their personal business while men generally were motivated by financial independence.

Similarly, Jayawarna et al. (2011) report autonomy and flexibility as a reason for entrepreneurship amongst working class young white women in the UK. Reynolds and Curtin (2008) report similar results for the entrepreneurship among women in the U.S. in both PSED I and II studies. They discovered that women attach somewhat less importance to achievement, income/wealth and recognition motives but a much bigger significance to flexibility and independence.
In the African context, however, Benzing and Chu (2009) discovered that women entrepreneurs were high in motives relating to financial achievements and income increment than their male equivalents. In comparison, with male entrepreneurs, female entrepreneurs were more unlikely to be motivated to exhibit competence and also to establish businesses they can bequeath. Overall studies investigating the link between entrepreneurial motivation and gender, suggest that to some degree women and men start business with different motives. Flexibility and social/family motives play, comparatively, a bigger role for women than for men, making them less of opportunity entrepreneurs than men. However, fewer studies have provided contradictory findings.

2.4.2 Entrepreneurial Motivation and Age

Reynolds et al. (2002) provides evidence which indicate that opportunity entrepreneurs are older (30-44 years) than necessity entrepreneurs (18-24 years). In contrast, Jayawarna et al. (2011) in studying United Kingdom entrepreneurs living in less developed areas, find younger business owners to be more of necessity entrepreneurs parallel to necessity reasons. Evidence in sub-Saharan Africa has however reveals that a larger percentage of younger individuals both male and female are more likely to go into entrepreneurship to earn extra income or out of necessity (Chigunta, 2002).

On the contrary, Robichaud et al. (2006) in using 2002-2004 data from GEM correlate found the youth of Canada to be more of opportunity entrepreneurs than necessity. Similar findings were made in the works of Block and Sandner (2009), Bhola et al. (2006), Block and Wagner (2006) and Wagner (2005). However, report from Bergmann and Sternberg (2007) indicate that age does not have a relationship with necessity entrepreneurship.
Studies by Bhola et al. (2006), Djankov et al. (2004) and Wagner (2005) reveal that there is a greater probability for the youth to venture into businesses based opportunity reasons when they have parents who are into entrepreneurship. Taking advantage of an entrepreneurial network is more specific to opportunity entrepreneurs (Robichaud et al., 2006). They further indicate that younger individuals with parent entrepreneurs are more likely to be opportunity entrepreneurs than necessity.

Block and Sandner (2009) in a longitudinal study in Germany find a negative relationship between age and opportunity and a positive correlation for that of necessity motivation, indicating that opportunity entrepreneurs are somewhat younger than necessity entrepreneurs. Similarly, Verheul et al. (2010) using EU Flash Barometer (EUFB) data and controlling for socio-demographic characteristics and institutional features replicated the similar finding.

2.4.3 Entrepreneurial Motivation and Education

Block and Sandner (2009) do not find that educational level of the entrepreneur is a differentiating factor between the two types of entrepreneurs. Findings made by these scholars indicate that the opportunity and necessity entrepreneur are not different in ways related to educational attainments. This argument was based on a finding they made in their longitudinal study among German entrepreneurs which indicated that an entrepreneur’s education do not necessarily determine whether or not they pushed or pulled into entrepreneurship. Nonetheless, evidence from Bhola et al. (2006) and Robichaud et al. (2006), reveal that opportunity entrepreneurs are characterized by a higher level of education. Bergmann and Sternberg (2007) also found that higher levels of education is associated with opportunity entrepreneurship. Similarly, GEM, (2015) asserts that a
young, undereducated and underemployed individual in sub-Saharan Africa is pushed into entrepreneurship as a survival option.

Further, Verheul et al. (2010) using the EU Flash Barometer data, controls for social and demographic features of the entrepreneur as well as business characteristics and observes a positive relationship between education and both opportunity and necessity entrepreneurship, given the fact that the education influence is much more evident and greater for the mixed push-pull motivation category of entrepreneurs.

Again, Jayawarna et al. (2011) in a survey involving UK entrepreneurs residing in deprived areas, suggest that education correlates positively to older individual specifically men seeking recognition through entrepreneurship, whilst younger educated men are more likely to seek achievement and learning through entrepreneurship.

Findings from the various work in this field of study have led to contradicting conclusions. Notwithstanding, the impact of education on entrepreneurial motive is a complex coalition and also dependent on age and gender (Stephan et al. 2015).

2.5 Motivation and Performance.

Entrepreneur’s background, goals, values and motivations play an imperative role in a firm’s degree of accomplishment (Stevenson and Jarillo, 1990). Chandler and Hanks (1994) observed that theories of individual job performance have shown that performance is a function of ability, motivation and opportunity.

Failla (2012), in support of earlier studies stated that the motivation to transition to starting up ones’ own business or self-employment affects the task performed, the decisions taken and ultimately the performance of the firm. The researcher therefore explains that it is for this reason that understanding firm performance can be arguably improved by referring to a model including
the relationship between motivation of the entrepreneur and the survival, growth of the firm, revenue, output, level of employment or other performance measures of the firm.

A key challenge however, is selecting what to measure (Mukras, 2003). Overall, the choice of measures has been very eclectic, making it difficult to compare and contrast results from different studies. Further, the diversity in measures used in literature is as a result of additional sources of methodological heterogeneity (González-Benito & González-Benito, 2005).

Also, in reference to motivation and firm performance, Gimeno, Folta, Cooper and Woo (1997) posit that in order to straighten out the influence of motivations on a firm’s performance, researchers have to put importance on controlling for opportunity costs and abilities. According to this suggestion, for entrepreneurs with similar opportunity costs that is, homogeneous level of wealth prior to the startup of the business and abilities measured at similar level of education, it can be deduced that entrepreneurs subject to different motivations will perform differently. Consequently, motivation is in fact what explains “direction, effort, and persistence of action” (Hechavarria et al. 2012 p.5). Entrepreneurs presenting lower risk-aversion are more likely to engage riskier economic activities which are in turn are very likely to imply, on average, a higher failure rate of firms (Failla, 2012).

In explaining the relationship between entrepreneurial motivation and performance, various scholars have argued that necessity entrepreneurs are likely to suffer high risk of failure compared to opportunity and both push-pull entrepreneurs. This is because necessity entrepreneurs may lack adequate financial and social capital and also a larger market essential for growth. Further explanation argue that in situation where firms survived they may produce only marginal businesses, invest insignificant amounts of capital, fail to create further jobs and earn minimal incomes(Carrasco, 1999; Santarelli & Vivarelli, 2007; Hamilton, 2000; Shane, 2009).
Literature to support this assertion is however scarce. Subsequent paragraphs presents empirical findings made by scholars.

Nardo et al., (2013) in their research on the effect of opportunity-necessity motivation on firm performance observed that expected annual turnover was significantly lower for necessity entrepreneurs, compared to opportunity entrepreneurs. However, a significant number of necessity entrepreneurs made a relatively higher annual income. This indicates that necessity entrepreneurs are not necessarily poor performers nonetheless comparing them with opportunity entrepreneurs they may. The study controlled for age, gender, industry, legal form and the number of hours per week spent on running the firm, formal education and previous work experience.

Similarly, Reynolds et al. (2002) in their executive report of the 2001 GEM survey established that 70% of opportunity based entrepreneurs were more likely to create more than 20 jobs after establishing business while a larger percentage of necessity entrepreneurs remained own account workers, relatively determining firm performance outcome. The findings were based on cross sectional data analysis among 37 countries.

Also, Block and Sandner (2009) using data from the German Socio economic panel study, analysed entrepreneurial performance of both the opportunity and necessity entrepreneurs. In their analyses they found that necessity entrepreneurs performed poorly, thereby having a shorter life span in business. Opportunity entrepreneurs on the other hand stay longer in business and have a positive attitude towards growth leading to good business performance. However, after controlling for the entrepreneurs’ professionalism in relation to their educational attainment in the field of firm, the relationship was no longer significant.
Further, Caliendo and Kritikos (2009) in their analysis of the development of businesses defined by three different motivational types indicated a strong relationship between motives, survival rates and entrepreneurial performance. Controlling for a large set of factors (e.g. previous work experience and risk propensity) that are relevant for entrepreneurial outcomes, using logit regression model they found that necessity motivation has a lower and opportunity types a slightly higher performance rate than mixed/push-pull types. Moreover, entrepreneurs with mix motives that is both necessity and opportunity were more likely to perform better compared to push entrepreneurs.

Surveying a sample of UK entrepreneurs residing in deprived areas using an exploratory test, Jayawarna et al. (2011) found entrepreneurship performance and achievement/learning motivation to be positively correlated. They also discovered that necessity-motivated entrepreneurs had the nethermost performance rate in their sample. They further observed a positive link between opportunity motivation and growth but also found that this group had a moderate resolution to stay in business, and exhibited reasonably poor business performance.

Reynolds and Curtin (2008) report similar positive correlations amongst opportunity motivation and business performance and a negative association between necessity motivation and performance. They similarly link business performance to achievement and wealth-seeking motivations.

Hessels et al. (2008) confirmed that growth is adversely connected to the rate of necessity entrepreneurs and independence-motivated entrepreneurs, but positively associated with the level of entrepreneurs motivated to increase one’s income.

Scholarly works linking facets of opportunity and necessity entrepreneurial motives of business start up to firm performance suggest entrepreneurs who establish businesses based on wealth-
seeking motives are more likely to perform better than autonomy and independent entrepreneurs (Levie & Autio 2013).

Centre for High-Impact Entrepreneurship (2011) based on Global Entrepreneurship Monitor data pooled over a period of 5 years and over 61 countries reported a relationship between income-generation opportunity motivation and growth. Their report however, also shows that independence-motivated entrepreneurship are likely to lead to a better firm perform in high-income countries after controlling for other factors that influences business growth. McClelland (1961) also found that individuals who are highly motivated by the need for achievement (nAch) are more likely than those who were less motivated by it to engage in activities with a higher degree of individual responsibility for outcomes, necessitate individual skill and effort, have a moderate degree of risk, and include clear feedback on performance. In addition, family background positively correlated with entrepreneurial growth and development plans in a study conducted by Fahed-Shreih et al., (2009). An individual from a family with entrepreneurial background may capitalize on social capitals and ties which may lead to lower entry barriers associated with entrepreneurship.

In contrast with the findings above Birley & Westhead (1994) reported no links between entrepreneurial motivation and firm performance.

In conclusion more than a few literature on motivation and performance have reported a positive relation between mix and opportunity motives and performance while necessity motivation has been associated with poor firm performances. However, these findings were dependant on the differences in methods adopted by each study.
2.6 Theory and Conceptual Framework

The underlying theory in this study is Vroom’s expectancy theory of motivation. The theory is a process theory of motivation which was developed by Victor Vroom in the year 1964 to explain firm performance. It is considered one of the most important theories of motivation. It stipulates that people are motivated by the level of desire for something and the expectant rewards attached to them. It further explains that individuals have needs and these needs in turn explain their behaviour. In effect an entrepreneur’s performance is based on their motive for establishment and the expected reward. The theory establishes the relationship between motivation, effort, performance and reward. Consequently, the amount of effort put in an action can be defined by the goal or motive and the expected reward. Inferring from the theory an entrepreneur is likely to put much effort into their business if they expect outcomes to be greatly rewarding and vice versa.

Vroom (1964) expectancy theory of motivation is guided by four main assumptions. The first assumption is that individuals join or establish a business based on their needs, motivation and past experiences. A second is that the individual consciously make a choice to act in a certain way. The third assumption is that people are motivated by different needs and the fourth is people choose between alternatives that bring them personal gains. These assumptions underpin the three basic elements that define the Vroom expectancy theory of motivation; expectancy, instrumentality and valence. Expectancy is the estimate of the likelihood that job-related effort will yield a given level of performance. Instrumentality is the individual’s estimate of the probability that a given level of effort will defined outcomes achieved and valence is the ones preference for a particular reward. According to the valence element an individual could have a strong preference for attaining a reward or be indifferent about the reward. This is because valence is based on personal needs.
However, despite the relationship Vroom adds that performance is also based on factors such as personality, skills, experience, knowledge and abilities. In effect performance is an interplay of both external and internal factors.

The major conceptual argument of scholars of entrepreneurship in terms of motivation posits that entrepreneurial motivation is a unifying focus for the efforts of young entrepreneurs (Kuratko, 2005). In support of this assertion, Failla, (2012), argued that the motivation behind starting one’s own firm or self-employment affects decisions taken as well as tasks performed and ultimately firm performance.

Earlier discussions on entrepreneurial motivation in general categorises motivation into two main types; pull and push also known as opportunity-necessity types. A mix of both types however emerges as a third type. Pull motivation suggest that individuals seize opportunities that are financially rewarding to become entrepreneurs and the push motivation argues that people are forced into behaving entrepreneurial as a result of social challenges like unemployment.

In accordance with most of the reviewed works and theories, motivation can either affect firm performance positively or negatively. However, other factors like education, firm location, age of entrepreneur, age of firm, previous work experience, industry of firm and risk taking ability are important determinants of performance and can define how significantly positive or negative a firm will performance despite motivation. Figure 1 illustrates this relationship.
Figure 1: A conceptual Framework of youth entrepreneurial motivation and performance.
CHAPTER THREE
METHODOLOGY

3.1 Introduction

This chapter provides information on how the research was conducted; the research design, source of data, sampling size, unit of analyses, and variables for analyses, study area, statistical tool and analysis. The limitation of the study is also discussed.

3.2 Data source

Data was drawn from the Gender and Entrepreneurship Development in Africa (GENDA) survey. The GENDA survey was a cross-country collaborative study of the gender dimensions of micro and small enterprise development in Ghana, Kenya and Uganda. It was a two year project which was commissioned in the year 2014. The project was funded by the International Development Research Centre (IDRC) Canada. Researchers for the project in Ghana were from the Institute of Statistical, Social and Economic Research (ISSER) and the Department of Economics, University of Ghana. The study made use of the Ghana data set.

The Ghana GENDA survey sample consisted of information from 1,200 randomly sampled nonfarm enterprises. The 1,200 sample was then distributed across the 10 regions in proportion to the number of enterprises operated in each region in 2012/2013. In each region, the GLSS6 was the baseline for selecting Enumeration Areas (EAs) that had a high percentage of households with nonfarm enterprises. The sixth round of the Ghana Living Standards Survey (GLSS6) was conducted by the Ghana Statistical Service (GSS) in 2012/2013. It covered 18,000 households nationwide. Enterprises both in the rural and urban localities were included and a larger percentage
of entrepreneurs were women. The gender disparity is as a result of the fact that Ghana has more women entrepreneurs than men (GSS, 2012). Industrial types from the survey are service, manufacturing and trading/commerce.

### 3.3 Unit of Analysis

The unit of analysis of the study was Ghanaian youth entrepreneurs. The youth as espoused in the Ghana National Youth Policy is defined as “persons who are within the age bracket of fifteen (15) and thirty-five (35)” (MOYS, 2010). However, for the purpose of this study the youth is defined as individuals between the ages of 18 and 35 excluding the ages 15, 16 and 17 as stipulated in the Ghana Youth policy. This is because the GENDA data has no information on these age groups. The sample size for the study is 414, representing the total number of young entrepreneurs covered in the GENDA and GLSS6 data.

### 3.4 Study area.

Considering the sample of youth entrepreneurs covered by the GENDA survey the researcher decided to use the data on Ghana. The scope of the study is therefore Ghana.

### 3.5 Variables for Analyses

The section discusses variables employed in the regression analysis; dependent, independent and control variables.

**Dependent variables.** Performance measurement has suffered methodological heterogeneity explaining the diversity in results. However, recognizing that business growth is commonly treated as the most critical measure of performance for firms, sales growth was utilized (Brush & Vanderwerf, 1992; Danson, 1999). Sales growth was also adopted due to it consistent use in
other studies that aims to measure entrepreneurial performance (eg. McDougall et al., 1994; Robinson, 1998, Robinson & McDougall, 2001). In addition, sales is included in the standard performance measurement indicators by scholars as a good measure of entrepreneurial performance (Kald & Nilson, 2000; McNair, 1990; Kaplan & Norton, 1996).

Sales as a performance variable was measured using the difference in sales over a one year period (2012-2013). The difference is not a reflection of actual monetary figures but responses that indicate either an increase, maintenance or decrease in sales. Sales was therefore measured as a categorical variable, purposely to ascertain the increase otherwise maintenance or decrease in sales during the period. In this regard responses of increase = 1, and maintenance/decrease=0.

**Independent variable.** Motivation was the variable of interest. Benzing and Chu, (2009) asserts that entrepreneurial motivation has several motivation items. Similarly, the GENDA data had 14 different items depicting motivation with each item measured on a 5 point Likert-scale. The end points were strongly agree = 5 and strongly disagree= 1. These measurement points indicates the degree of importance attached to each motivation item.

Therefore in generating the motivational types used in this research, all 14 motivational items were categorised into necessity, opportunity and mixed motivation. The opportunity type include responses of pull motives only while necessity motivation involved responses of only push motives. A third category, the mixed type describes entrepreneurs who were motivated by reasons of mix of push and pull motives. The study therefore adopts the multiple-item instrument in the classification of both necessity and opportunity motivations.

Categorisation was done based on entrepreneurial motivation literature.
• Necessity motives: unemployment, frustration from previous job, unemployment as a result of low education, job security, family influence, flexibility to manage home, prepare for retirement.

• Opportunity reasons: availability of market opportunities, career option, earn extra income, financial independence, pursuant of passion.

**Control Variables.** Gender, age of entrepreneur, education, firm age, and firm size, previous work experience, risk taking ability, location and industry were controlled. These variables were identified in literature as contributory elements that may influence firm performance (e.g. Keats & Hitt, 1988; Ask & Ax, 1997). It was therefore necessary to control for them.

Gender was introduced into the model as a categorical variable where female=0 and female=1. Also, the age of entrepreneur, defined by entrepreneur’s age as at the time of interview was measured as a continuous variable. The age of firm, a continuous variable, was assessed by the number of years since incorporation of firm. Prior work experience was generated using responses to questions that enquired whether the respondent had any previous wage employment in the same firm or industry or had been an apprentice in the same firm or industry. It is presented as a dummy variable where responses that indicate previous experience takes the value 1 and 0 if otherwise. In measuring risk taking ability the entrepreneur’s willingness to take risk was measured using a scale 0-10 with zero indicating unwillingness to take risk and 10, fully prepared to take risk. The firm size is defined by the number of employees, either paid or unpaid. This is introduced as a dummy variable taking a value of 1 when the firm has paid workers and 0 otherwise. Firm size was controlled for based on theories like the resource-based theory which argues that resources such as human capital was essential for positive firm performance or growth and further arguing it importance for positive firm performance (Barney, 1991). With respect to education, three dummy
variables were created. They include no education, some or completed primary education and completed Junior high school and above. The default is some or completed primary education. Education was controlled for based on theories that indicates that among other factors an entrepreneur’s educational status is an indicator of firm performance (Weisis & Cropanzano, 1996). Industry was introduced into the analysis as a categorical variable (Three dummy variables were created). Using the manufacturing industry as a default the trade/commerce/ others and service industries were controlled for. The study also controlled for business locations.

3.6 Statistical tool and method of Analysis

The statistical tool used in the data analysis is the Statistics and data (Stata) software.

A multiple regression analysis which gives room for the test of the relationship between the dependent and independent variable as well as control for other variables was adopted to examine the relationship between youth entrepreneur’s motivation and entrepreneurial performance. Probit regression model was used due to the categorical nature of the dependent variable, performance. Cross tabulation was also performed to determine the association between motivation and gender, education and age. The model for probit regression analysis is as follows;

\[ Pr(Y_i = 1) = a (\beta_1 X_{1i} + \beta_2 X_{2i} + \beta_3 X_{3i} + \beta_4 X_{4i} + \ldots + \beta_K X_{Ki}) \]

Where Yi = Firm performance, i.e. sales

\[ a = \text{Cumulative normal distribution function. This indicates that conditional on the independent variables, the probability that the outcome variable Y is 1, is a certain function of these variables.} \]

\[ X_1, X_2, X_3 \ldots X_K = \text{represent independent variables at mean} \]
β = coefficient of independent variable.
CHAPTER FOUR
FINDINGS AND ANALYSIS

4.1 Introduction

This chapter presents findings on empirical study carried out to examine the relationship between youth entrepreneurial motivation and entrepreneurial performance in Ghana.

The chapter begins by describing the profile of surveyed youth entrepreneurs and their businesses. The next section addresses motivation types among Ghanaian youth and their association with gender, age and education at start-up. Finally, findings regarding the relationship between youth entrepreneurial motivation and performance are presented and discussed. The subsequent section discusses the results and discussion.

4.2 Profile of Surveyed youth Entrepreneurs and their Businesses

This section presents findings on entrepreneurs demographic and socio economic characteristics and the business profile of firms. Tables 1 and 2 present the results.

With regards to the gender of entrepreneur, findings indicate that a majority of Ghanaian youth entrepreneurs are women (70.8) than men (29.2). Perhaps this could be as a result of the economic state of the country as Bosma et al. (2011) argues that low and middle income countries are most likely to have more women entrepreneurs due to women’s poor access to wage employment.

Also, as shown in table 1, majority of the self-employed youth in Ghana are between the ages 25-35 years while a smaller percentage fall within the age bracket, 18-24. This is represented as (85.8%) and (14.3%) respectively. Perhaps a higher percentage of younger individuals are still pursuing their education or are nascent entrepreneurs yet to venture into entrepreneurship.
Findings on the educational attainment as at the time of interview indicate that a higher percentage of youth entrepreneurs had completed junior high school representing (33.2%) of sampled entrepreneurs. A minority of (12.9%) however, had secondary or tertiary education. Further (24.7%) had no formal education while (29.6%) had some or completed primary education. Some scholars have argued that the probability of choosing entrepreneurship as an employment choice decreases as the level of education increases (Blanchflower, 2004). Johansson, (2000) in explaining this effect argues that higher level of education increases the earning potential of an individual in the sector of paid employment, and higher wages in this sector mean higher opportunity costs of the self-employment. This argument could be a possible explanation to the results obtained.

Findings in relation to what young entrepreneurs used to engage in before establishing business revealed that a majority the youth entrepreneurs in Ghana were formerly unemployed comprising (45.7%) of the population of young entrepreneurs interviewed. A minority however, were students representing (8.5%) of respondents. These findings corroborate with findings of GEM, (2015) and many other scholarly studies which have found that unemployment is a major reason for youth entrepreneurship in most developing countries. They further explain that lack of wage employment leaves the youth with very little choice hence the decision to venture into entrepreneurship to cater for their needs.

Also, presented in table 1 is the entrepreneurs work experience in same industry before venturing into their current entrepreneurship activity; experience as an apprentice or a wage employee in similar firms or industry. Findings shows that a majority (94.2%) of business owners interviewed had no work experience in their industry or firm of operation. This however is not an indication of no work experience at all as some responses show work experience in a different industry or
firm. Business owners with prior work experience made up a smaller percentage of respondents representing (5.8%).

Table 1: Descriptive Statistics of Entrepreneurs Profile

<table>
<thead>
<tr>
<th>Profile of Entrepreneur</th>
<th>Distribution%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gender</strong></td>
<td></td>
</tr>
<tr>
<td>Female</td>
<td>70.8</td>
</tr>
<tr>
<td>Male</td>
<td>29.2</td>
</tr>
<tr>
<td><strong>Age</strong></td>
<td></td>
</tr>
<tr>
<td>19-24</td>
<td>85.7</td>
</tr>
<tr>
<td>25-35</td>
<td>14.3</td>
</tr>
<tr>
<td><strong>Education</strong></td>
<td></td>
</tr>
<tr>
<td>No formal education</td>
<td>24.7</td>
</tr>
<tr>
<td>some/completed primary</td>
<td>29.6</td>
</tr>
<tr>
<td>completed Jun. high/middle</td>
<td>33.2</td>
</tr>
<tr>
<td>completed Sen. High/ above</td>
<td>12.9</td>
</tr>
<tr>
<td><strong>Status before entrepreneurship</strong></td>
<td></td>
</tr>
<tr>
<td>Student</td>
<td>8.5</td>
</tr>
<tr>
<td>Unemployed</td>
<td>45.7</td>
</tr>
<tr>
<td>Employed</td>
<td>8.9</td>
</tr>
<tr>
<td>Operating another business</td>
<td>25.1</td>
</tr>
<tr>
<td>Others</td>
<td>11.8</td>
</tr>
<tr>
<td><strong>Previous work experience</strong></td>
<td></td>
</tr>
<tr>
<td>Experience</td>
<td>5.8</td>
</tr>
<tr>
<td>No work experience</td>
<td>94.2</td>
</tr>
</tbody>
</table>

Source: GENDA Field Survey, 2014

The profile of businesses interviewed is presented in Table 2. Subsequent paragraphs discuss findings.

More than half of youth entrepreneurs interviewed (53%) had their firms in the urban areas while (47%) had businesses located in the rural areas. A possible reason could be the high rate of urbanisation among the youth in Ghana owing to business opportunities that may be available
these areas. Nevertheless, perhaps the urban areas offer more wage employment considering that it is highly industrialised.

A business in this research is considered informal if it is not registered with the Registrar-General and or the metropolitan/district/local assembly. Registration with any of these institutions therefore indicates formality. The study reveals that a greater number of Ghanaian businesses are informal representing (86.5%) of firms owned by the youth in Ghana. Report and studies on youth entrepreneurship in Africa have revealed similar information as majority of the youth in Africa are reported to be more of informal entrepreneurs than formal (e.g. Chigunta, 2003). For a firm’s growth and development informality may not be appropriate as registration serves as a requirement for loans by financial institutions (De Groot, 2001).

With regards to industry, findings show that trading and commerce activity dominates youth entrepreneurial engagements in Ghana accounting for (44.4%) followed by manufacturing (39.6%) and services (14.9%) respectively. Results support findings of GSS, (2015) and contradicts findings of MacDonald and Coffield (1991) which found that majority of young entrepreneurs tend to patronise the service industry since it is relatively cheaper to establish.

Majority of firms (96.6%) of the businesses interviewed are sole proprietorship. This is consistent with majority of extant studies on youth entrepreneurship which found that majority of youth enterprises are solely owned (GSS Labour force report, 2015). Comparing the start-up legal requirement of the different business ownership types, sole proprietorship has a more flexible arrangement taking into account the extent of control and decision making and profit distribution. This could be a reason for this finding. On the other hand, cooperative business forms a minority of (0.2%).
The age of a firm is defined by the number of years a firm has been in operation, since start of business till the year of interview, 2014. Most firms (56.3%) are within the age bracket 1-5, an indication that a larger percentage of these firms are comparatively young. Firms that had existed for 16 to 22 years on the other hand made up a minority of businesses interviewed, representing (3.1%).

Firm size is defined by the number of employees a firm has. As shown in figure 4 majority of the firms (78%) interviewed were own account workers without any employees either paid or unpaid. Perhaps this could be explained by the highly informal nature of most of the businesses interviewed as these firms due to inadequate social and financial capital are likely to be underdeveloped.

Findings on the growth in sales over a one year period (2012 to 2013) revealed that a larger percentage (60.6%) of entrepreneurs had an increase in sales during this period while a minority of 39.4% either maintained or experienced a decrease.
Table 2: Descriptive statistics of business profile

<table>
<thead>
<tr>
<th>Profile of Entrepreneur</th>
<th>Distribution%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Firm Location</strong></td>
<td></td>
</tr>
<tr>
<td>Urban</td>
<td>53</td>
</tr>
<tr>
<td>Rural</td>
<td>47</td>
</tr>
<tr>
<td><strong>Formal-informal</strong></td>
<td></td>
</tr>
<tr>
<td>Formal</td>
<td>20.8</td>
</tr>
<tr>
<td>Informal</td>
<td>79.2</td>
</tr>
<tr>
<td><strong>Industry</strong></td>
<td></td>
</tr>
<tr>
<td>Trade/commerce</td>
<td>44.4</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>39.6</td>
</tr>
<tr>
<td>Service</td>
<td>15</td>
</tr>
<tr>
<td>Other</td>
<td>1</td>
</tr>
<tr>
<td><strong>Legal Status</strong></td>
<td></td>
</tr>
<tr>
<td>Sole proprietorship</td>
<td>96.6</td>
</tr>
<tr>
<td>Partnership</td>
<td>2.7</td>
</tr>
<tr>
<td>Cooperatives</td>
<td>0.2</td>
</tr>
<tr>
<td>Other</td>
<td>0.5</td>
</tr>
<tr>
<td><strong>Firm age</strong></td>
<td></td>
</tr>
<tr>
<td>1-5</td>
<td>56.3</td>
</tr>
<tr>
<td>6-10</td>
<td>30</td>
</tr>
<tr>
<td>11-15</td>
<td>10.6</td>
</tr>
<tr>
<td>16-22</td>
<td>3.1</td>
</tr>
<tr>
<td><strong>Firm Size</strong></td>
<td></td>
</tr>
<tr>
<td>Employees</td>
<td>22</td>
</tr>
<tr>
<td>No employees</td>
<td>78</td>
</tr>
<tr>
<td><strong>Sales growth in a year</strong></td>
<td></td>
</tr>
<tr>
<td>Increase</td>
<td>39.4</td>
</tr>
<tr>
<td>Decrease</td>
<td>60.6</td>
</tr>
</tbody>
</table>

Source: GENDA Field Survey, 2014
4.3 Entrepreneurial Motivation among Ghanaian youth

This section provides findings on the motivational drive of youth entrepreneurs in Ghana. The different motivations were categorised into necessity or pull motivation, opportunity/ push motivation and push-pull/mixed motivation. Motivations that made up the pull factors in this study covered responses that indicated financial independence, availability of market opportunity, monetary incentive and career option while flexibility in work schedule, former paid job dissatisfaction, child rearing/family influence, job security, lack of wage employment and low level of education make up push factors. A mix of both motivation forms the push- pull type. The section further discusses the distribution and incidence of motivation based on education, gender and age at start-up. Relationships become significant when p value is less than 0.10.

Figure 2 shows results of the entrepreneurial motivation among Ghanaian young entrepreneurs. The results show that a majority of youth ventures were established based on push-pull/mixed motivations representing 63.6% of entrepreneurs. Opportunity represented 26.5% while necessity formed a minority of the reasons behind Ghanaian youth entrepreneurship. On this basis hypothesis 1 which hypothesised a necessity motivated entrepreneurship among young entrepreneurs in Ghana is rejected. This finding, contradict studies like, Bosma et al.(2011) which found that the youth in developing countries were more of necessity entrepreneurs than opportunity and push-pull types. A reasonable explanation can be attributed to the methodological differences employed in the categorisation of the different types of motivation. This study as discussed earlier have multiple motivation items combined under each motivational type. However, most studies on motivation ask only one or two item questions with regard to necessity and opportunity entrepreneurship. An example is when unemployment is considered the only necessity item for a study.
A key interest of the study was also to know the distribution and incidence of motivation based on the gender of firm owner. Table 3, presents findings on this objective. Figures in the rows depicts the distribution of motivation among young men and women entrepreneurs while the column figures shows the incidence of the motivation types for each gender. The result shows that gender has no significant relationship with youth entrepreneurial motivation in Ghana. Nevertheless, women dominated all motivation types’ most especially necessity where they represented 82.9% of necessity entrepreneurs while men made up 17.1%. The dominance of women in all three types of motivation could be as a result of the fact that the women entrepreneurs formed a larger percentage of entrepreneurs’ interviewed.

On the other hand, among women entrepreneurs only, the results shows that more women (63%) were motivated by mix factors while a minority of 11.6% had necessity motives. This finding contradicts findings of Orhan & Scott (2001) and Bosma et al. (2011) which found that more women were motivated by necessity motives than reasons associated with increase in income. The result perhaps can be explained by the combination of different necessity types as studies have
VIDA OPPONG

specifically pointed out some but not all necessity reasons such as flexibility, to be the main reason why women venture into entrepreneurship. Therefore, women may not necessary venture into entrepreneurship only because of reasons of necessity but a mix of both necessity and opportunity explaining the results of this study.

Further, among young men entrepreneurs in Ghana the motive of starting a business based on reasons of necessity formed the least constituting 5.8% while again push-pull motives dominated representing 65%.

Considering the incidence of each gender across the different types of motivation, the results reveals that men are more of opportunity (29.2%) and mixed (65%) motivated entrepreneurs than women albeit the higher number of women entrepreneurs. On the other hand, more young women (11.6%) than men (5.8%) were necessity entrepreneurs. Interpreting the results from this angle, it is found that among young men and women entrepreneurs in Ghana, women are more of necessity entrepreneurs than men. These results corroborate findings that that revealed women in general are more of necessity entrepreneurs than men.
Table 3: Motivation and Gender.

<table>
<thead>
<tr>
<th>Motivation</th>
<th>Male</th>
<th>Female</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opportunity</td>
<td>35</td>
<td>74</td>
<td>109</td>
</tr>
<tr>
<td></td>
<td>32.1</td>
<td>67.9</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>29.2</td>
<td>25.3</td>
<td>26.5</td>
</tr>
<tr>
<td>Necessity</td>
<td>7</td>
<td>34</td>
<td>41</td>
</tr>
<tr>
<td></td>
<td>17.1</td>
<td>82.9</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>5.8</td>
<td>11.6</td>
<td>9.9</td>
</tr>
<tr>
<td>Mixed</td>
<td>78</td>
<td>184</td>
<td>262</td>
</tr>
<tr>
<td></td>
<td>29.8</td>
<td>70.3</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>65.0</td>
<td>63.0</td>
<td>63.6</td>
</tr>
<tr>
<td>Total</td>
<td>120</td>
<td>292</td>
<td>412</td>
</tr>
<tr>
<td></td>
<td>29.1</td>
<td>70.2</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Pearson chi2 (2) = 3.4083  Pr = 0.182

Education is significantly related to youth entrepreneurial motivation (Table 4). The distribution of educational attainment among entrepreneurs indicates that a higher of opportunity (37.6%) and push-pull (34.1%) entrepreneurs had completed Junior High School. Necessity entrepreneurs on the other hand scored high (36.6%) in no education, an indication most necessity entrepreneurs had no formal education. The results support findings that found that opportunity and push-pull entrepreneurs were more likely to have attained some form of formal education compared to necessity motivated entrepreneurs (Verheul et al. 2010; GEM, 2015). The findings further reveals that each of the three types of entrepreneurs based motivation had minority of it respondents having completed senior high school or higher education.
Table 4: Motivation and education

<table>
<thead>
<tr>
<th>MOTIVATION</th>
<th>No formal education</th>
<th>Some/completed primary</th>
<th>Completed JHS</th>
<th>Completed SHS/above</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opportunity</td>
<td>23</td>
<td>23</td>
<td>41</td>
<td>22</td>
<td>109</td>
</tr>
<tr>
<td></td>
<td>21.1</td>
<td>21.1</td>
<td>37.6</td>
<td>20.2</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>20.8</td>
<td>18.9</td>
<td>29.9</td>
<td>43.1</td>
<td>26.5</td>
</tr>
<tr>
<td>Necessity</td>
<td>15</td>
<td>14</td>
<td>7</td>
<td>5</td>
<td>41</td>
</tr>
<tr>
<td></td>
<td>36.6</td>
<td>34.2</td>
<td>17.1</td>
<td>12.2</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>14.85</td>
<td>11.48</td>
<td>5.11</td>
<td>9.8</td>
<td>9.9</td>
</tr>
<tr>
<td>Mixed</td>
<td>63</td>
<td>85</td>
<td>89</td>
<td>24</td>
<td>261</td>
</tr>
<tr>
<td></td>
<td>24.1</td>
<td>32.</td>
<td>34.1</td>
<td>9.2</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>62.4</td>
<td>69.7</td>
<td>65.0</td>
<td>47.1</td>
<td>63.5</td>
</tr>
<tr>
<td>Total</td>
<td>101</td>
<td>122</td>
<td>137</td>
<td>51</td>
<td>411</td>
</tr>
<tr>
<td></td>
<td>24.6</td>
<td>29.7</td>
<td>33.3</td>
<td>12.4</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Pearson chi2 (6) = 19.5001 Pr = 0.003

Source: GENDA Field Survey, 2014

Table 5 presents the findings on age at start up and motivation types. The result reveals that age and motivation has no significant relationship. Again, it shows that young entrepreneurs in Ghana start businesses at an age as low as 14 years as the data reveals that a majority (53.8%) of the entrepreneurs became entrepreneur between the ages 14 and 24 years. The distribution of motivation across the different age groups of young entrepreneurs’ shows that entrepreneurs that began their businesses between the ages 14 and 24 were high in opportunity (52.3%) and mixed (66.2%) types compared to those who became entrepreneurs between the ages 25 and 35. On the other hand, those who began their businesses between the ages 25 and 35 formed a majority (56.1%) of necessity entrepreneurs.

Nevertheless, taking into consideration the incidence of motivation among the age groups, the findings indicates mixed motivation was dominant in both groups. Again, older entrepreneurs were more likely than younger entrepreneurs to be motivated by opportunity motives. These
findings contradicts findings by Chigunta, (2002) and Reynolds et al. (2002) which reveals that much younger entrepreneurs are more likely to be necessity entrepreneurs than opportunity or push-pull.

Table 5: Motivation and Age.

<table>
<thead>
<tr>
<th>Motivation</th>
<th>(14-24)years</th>
<th>(25-35)years</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strong Opportunity</td>
<td>57</td>
<td>52</td>
<td>109</td>
</tr>
<tr>
<td></td>
<td>52.3</td>
<td>47.7</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>25.7</td>
<td>27.4</td>
<td>26.46</td>
</tr>
<tr>
<td>Strong Necessity</td>
<td>18</td>
<td>23</td>
<td>41</td>
</tr>
<tr>
<td></td>
<td>43.9</td>
<td>56.1</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>8.1</td>
<td>12.1</td>
<td>9.95</td>
</tr>
<tr>
<td>Mixed</td>
<td>147</td>
<td>115</td>
<td>262</td>
</tr>
<tr>
<td></td>
<td>56.1</td>
<td>43.9</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>66.2</td>
<td>60.5</td>
<td>63.59</td>
</tr>
<tr>
<td>Total</td>
<td>222</td>
<td>190</td>
<td>412</td>
</tr>
<tr>
<td></td>
<td>53.9</td>
<td>46.1</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Pearson chi2(2) = 2.2758  Pr = 0.320

Source: GENDA Field Survey, 2014

In conclusion, findings made on motivational types among young entrepreneurs in Ghana shows that majority of young entrepreneurs are motivated by mixed motives and least motivated by necessity reasons. This findings as already discussed contradicts many studies that have discussed necessity reasons as a major motivator among youth entrepreneurs in developing countries. The result however was explained to be a likely outcome of the combination of different motivational items under each type of motivation.

Further, the study reveals that both age and gender has no significant relationship with entrepreneurial motivation. Education on the other hand was found to be significantly related to entrepreneurial motivation, an indication that education is important in the formation of the different motives that leads to entrepreneurial activities among Ghanaian youth.
4.4 Motivation and performance.

A major objective of the study was to find out the relationship between entrepreneurial motivation and firm performance precisely sales growth. As espoused and defined in the data analysis section in the methodology, the probit regression model was employed in the study to determine the relationship. The model is as follows:

$$\Pr(Y_i = 1) = a (\beta_1 X_{1i} + \beta_2 X_{2i} + \beta_3 X_{3i} + \beta_4 X_{4i} + \ldots + \beta_K X_{Ki})$$

A summary of the variables which includes the mean, number of observation, standard deviation and the minimum and maximum values of each variable used in this analysis is presented in table 6. The dependent variable as already mentioned is sale growth within the years 2012 and 2013. The independent variable of interest is motivation; opportunity, necessity and the mixed types. Other explanatory variables include age of firm, age of entrepreneur, gender, education, experience, firm location, firm size (number of paid and unpaid workers), industry and risk taking ability of the entrepreneur. Whilst the dependent variable sales takes a categorical form (increase=1, maintained/decrease=0), the independent variables comprise continuous and categorical variables. As shown in table 6 risk taking ability of the entrepreneur and age of firm and entrepreneur are continuous variables and the rest of the variables, categorical. How variables are introduced into the probit regression is discussed in the methodology section of this study.
Table 6: Summary of variables

<table>
<thead>
<tr>
<th>Variables</th>
<th>Obs.</th>
<th>Mean</th>
<th>Std. Dev</th>
<th>Min</th>
<th>Max</th>
</tr>
</thead>
<tbody>
<tr>
<td>Young Men entrepreneurs</td>
<td>414</td>
<td>0.29</td>
<td>0.50</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Entrepreneur's age in years</td>
<td>414</td>
<td>29.59</td>
<td>4.19</td>
<td>19</td>
<td>35</td>
</tr>
<tr>
<td>J.H.S and above</td>
<td>414</td>
<td>0.46</td>
<td>0.50</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Primary education</td>
<td>414</td>
<td>0.30</td>
<td>0.46</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>No formal education</td>
<td>414</td>
<td>0.25</td>
<td>0.43</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Experience</td>
<td>414</td>
<td>0.06</td>
<td>0.23</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Risk ability</td>
<td>414</td>
<td>5.41</td>
<td>3.02</td>
<td>0</td>
<td>10</td>
</tr>
<tr>
<td>Paid/unpaid employees</td>
<td>414</td>
<td>0.22</td>
<td>0.41</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Trade/commerce Ind.</td>
<td>414</td>
<td>0.44</td>
<td>0.50</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Manufacturing Ind.</td>
<td>414</td>
<td>0.40</td>
<td>0.49</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Service ind.</td>
<td>414</td>
<td>0.15</td>
<td>0.36</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Urban areas</td>
<td>414</td>
<td>0.53</td>
<td>0.50</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Firm age in years</td>
<td>414</td>
<td>6.12</td>
<td>4.24</td>
<td>1</td>
<td>22</td>
</tr>
<tr>
<td>Sales</td>
<td>414</td>
<td>0.61</td>
<td>0.49</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Mixed</td>
<td>414</td>
<td>0.63</td>
<td>0.48</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Necessity</td>
<td>414</td>
<td>0.10</td>
<td>0.30</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Opportunity</td>
<td>414</td>
<td>0.26</td>
<td>0.44</td>
<td>0</td>
<td>1</td>
</tr>
</tbody>
</table>

Source: GENDA Field Survey, 2014

A multiple probit regression model was adopted to test hypotheses two and three which hypothesized opportunity entrepreneurs will perform better compared to necessity entrepreneurs and mixed entrepreneurs a better performance than opportunity. Using opportunity motivation as a default, the findings indicate that, compared to opportunity entrepreneurs, necessity and mixed type entrepreneurs are more likely to perform better in terms of sales growth. These relationships are significant for both necessity and mixed motives. Hypothesis 2 is therefore rejected while 3 is supported. Results of the composite relationships are depicted in Table 7. Subsequent paragraphs discusses findings.
Table 7: Regression analysis of youth entrepreneurial motivation and firm performance.

<table>
<thead>
<tr>
<th>Variables</th>
<th>Marginal effect</th>
<th>Standard Error</th>
</tr>
</thead>
<tbody>
<tr>
<td>Necessity</td>
<td>0.182</td>
<td>0.092*</td>
</tr>
<tr>
<td>Mixed</td>
<td>0.197</td>
<td>0.057*</td>
</tr>
<tr>
<td>firm size</td>
<td>-0.105</td>
<td>0.063*</td>
</tr>
<tr>
<td>JHS and above</td>
<td>0.045</td>
<td>0.060</td>
</tr>
<tr>
<td>No education</td>
<td>0.011</td>
<td>0.070</td>
</tr>
<tr>
<td>Trade /commerce ind.</td>
<td>-0.050</td>
<td>0.055</td>
</tr>
<tr>
<td>Service ind.</td>
<td>-0.015</td>
<td>0.075</td>
</tr>
<tr>
<td>Firm location</td>
<td>-0.039</td>
<td>0.052</td>
</tr>
<tr>
<td>Experience</td>
<td>-0.192</td>
<td>0.107*</td>
</tr>
<tr>
<td>Risk ability</td>
<td>0.005</td>
<td>0.008</td>
</tr>
<tr>
<td>Gender</td>
<td>-0.031</td>
<td>0.059</td>
</tr>
<tr>
<td>Firm age</td>
<td>0.000</td>
<td>0.006</td>
</tr>
<tr>
<td>Entrepreneurs age</td>
<td>-0.018</td>
<td>0.006***</td>
</tr>
</tbody>
</table>

Note. * 10% significance level
** 5% significance level
*** 1% significance level

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Num. of Obs.</td>
<td>414</td>
</tr>
<tr>
<td>Pseudo R2</td>
<td>0.0539</td>
</tr>
<tr>
<td>Log likelihood</td>
<td>-260.35035</td>
</tr>
</tbody>
</table>

Source: GENDA Field Survey, 2014

Hypothesis 2 predicted that mixed entrepreneurial motives will lead to a better firm performance than opportunity reasons only. The results support and confirm the hypothesis. As shown in table 7, mixed type of entrepreneurial motivation positively correlated with youth firm performance and the relationship is significant. The results contradicts findings of Caliendo and Kritikos (2009) who found among young German entrepreneurs that opportunity entrepreneurs are more likely to perform better than entrepreneurs with mixed motives despite positive relationships between both motives and firm performance.

Again, hypothesis 3 proposed that compared to opportunity entrepreneurs, necessity entrepreneurs will perform less. Results from the regression analyses show that compared to opportunity
entrepreneurs necessity entrepreneurs are more likely to perform better with regards to sales. The relationship between performance and necessity entrepreneurship is also significant. Hypothesis 3 is therefore rejected. This result contradicts majority of studies that found opportunity entrepreneurs’ as better performers than necessity entrepreneurs (e.g. Reynolds & Curtin, 2008; Caliendo & Kritikos, 2009). Nonetheless, some scholarly works have found that women who are motivated by opportunity reasons may also exhibit lower motivation compared to men in building businesses to a stage of passing it on to their younger ones (Benzing & Chu, 2009). A majority of the entrepreneurs captured in the study are young women, a possible explanation to outcomes generated. On the other hand, not all necessity reasons according to empirical evidence leads to poor performance as reasons such as pressure to inherit family businesses and flexibility have been identified to positively influence performance (Reynolds & Curtin, 2008). The combination of different necessity items may explain the results.

Results of other explanatory factors are presented in table 7 and are further discussed in the subsequent paragraphs.

Firm size is expected to have a positive relationship with firm performance (sales). The results from this studies, however, are that firm size, defined in the study as the number of employees, both paid and unpaid, negatively correlates with firm performance. A plausible explanation to this outcome is the fact that in the absence of other essential resources like working equipment and the adequate financial capital, human resource alone may not be enough for good firm performance (Barney, 1991). This means that firm performance is dependent on the interdependent relationship and the proper coordination and use of the various resources available to firm.

Education was introduced into the regression model using, no formal education, some/completed primary formal education and Junior high school qualification and above dummy variables, with
some/completed primary formal education as the default. The relationship between the level of education attainment and firm performance was expected to be positive. Cassar (2004) and Marvel and Lumpkin(2007) asserts that academic qualification of any kind provides the grounds to identifying good opportunities, processing information and evaluative abilities of an entrepreneur and went ahead to posit that there is a positive relationship between academic qualification of any kind and firm success and significant depending on the level of education. The findings however reveals that no formal education among Ghanaian youth entrepreneurs has a positive but insignificant relationship with firm performance. This results may be attributed to the fact that some youth entrepreneurs despite no or low education enrol in youth entrepreneurship programmes adopted by the government of Ghana to provide some form of entrepreneurial education. Formal education therefore may not necessarily be a tool for entrepreneurial performance among Ghanaian youth entrepreneurs.

There is an unexpected negative relationship between previous work experience and firm performance. The anticipated relationship was a positive significant relationship as scholars argue that an entrepreneur’s ability to identify opportunity as well as dealing with new affairs requires the entrepreneur to learn by actual running of a business (Appelbaum & Goransson, 1997). In this study however, very few of the youth entrepreneurs had previous experience in fields pertaining to the industry they are currently in. The result indicates that these few are either experiencing a decrease in sales or maintaining sales over a period of time. An indication that previous work experience may not necessarily be a requirement for firm performance among Ghanaian youth entrepreneurs. Scheier & Carver, (1988) found that despite the positive impact previous work experience can have on firm performance this may also be dependent on the stability of a particular market, arguing that entrepreneurs with work experience have more knowledge on business
opportunity and this makes it easier to devote less efforts in growing a firms in which they are uncertain about it outcome. This perhaps could explain the results in Ghana.

The study also controlled for risk taking ability of the entrepreneur with an expected relationship of significant positive relationship. The expected relationship was based on theories and findings that asserted a positive significant relationship between risk taking and sales growth (Kose et al. 2008). The results however shows a positive but insignificant relationship. This results could be as a result of the dominance of small scale businesses owned by majority of the youth entrepreneurs interviewed. Scholars have associated the level of firm size to the risk taking rate of businesses. Small and medium sized firm tend to take lower risk than larger firms (Peng, 2015).

Also, by controlling for gender, the expected relationship was a positive but significant relationship. The results however, reveals a negative and insignificant relationship. Thus, there is no statistically significant difference between the performance of firms owned by women and those owned by men.

Firm age has no relationship with sales as against the expected relationship of positive significant relationship. New ventures in the beginning stages of their existence are likely to differ in numerous ways from ventures later in their formation stages. Older firms are found to relatively perform better as they are assumed to have more knowledge on the market systems and are also more likely to have large pool of social capital, an incentive for growth. The results reflects the mean age of 6.12, an indication that most of these firms are relatively younger thereby explaining findings.

Findings on entrepreneur’s age and firm performance over the years have shown mixed results and sometimes depended on the socio economic characteristics of a firm and country. Nevertheless the study expected positive significant relationship taking into consideration the mean age which is
29 years. This was based on theories that implied older entrepreneurs were more likely to perform better than their younger counterparts (Reynolds et al., 2000; Feruholt & Wahid, 2003). The results however reveals a negative significant relationship between age of entrepreneur and sales growth. This is an indication that compared to younger entrepreneurs older entrepreneurs are likely to perform less. This findings corroborates with Sinha (1996) which made similar findings among Indian young entrepreneurs.

Another factor controlled for was the location of firms. The study controlled for location as literature reveal that firms in the urban or more developed regions of a country are more likely to perform better than those in the less developed areas. The expected sign relationship was a positive significant relationship with regard to urbanity. However, the results reveals an insignificant relationship.

Lastly the study controlled for the various industrial types, namely service, trade and commerce and manufacturing. The result shows that trade/commerce and service industry are less likely to produce a positive firm performance than manufacturing industry. This relationship was expected as studies have revealed that entrepreneurs in the manufacturing industry are more likely to perform better than the other industries.

In conclusion, findings indicate that mixed and necessity motives for starting a business are significantly more likely to birth positive firm performance than opportunity motives among youth entrepreneurs in Ghana. Findings have contradicted studies that found opportunity entrepreneurship as more likely to perform better than necessity entrepreneurship.

Hypothesis 2 was supported as mixed motives compared to opportunity motives was more likely to positively influence sales growth. Based on the findings however, hypothesis 3 was rejected as
results implied that necessity entrepreneurs were more likely to perform better in comparison with opportunity entrepreneurs.
CHAPTER FIVE
SUMMARY CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction.

The chapter presents a summary of the study based on the objectives, methodology, and the key findings. Conclusions are made based on findings and the necessary recommendations are made.

5.2 Summary

Entrepreneurial motivation has been identified by many empirical studies as an important element that influences firm performance. Considering the small and undifferentiated nature of youth entrepreneurship in Ghana, the study sought to find out the different entrepreneurship motivations and their relationship to firm performance among Ghanaian youth entrepreneurs. To achieve objective, three hypotheses were developed and tested. The study was organized into five chapters; introduction, literature review, methodology and conclusions.

Relevant literature linked to the objective of the study was reviewed. Empirical and theoretical evidenced on motivation identified two major types of entrepreneurial motivation; opportunity/pull and necessity/push. Each type has different but similar motivational items defining them. A third which was adopted by a number of studies is a mix of both types. Empirical findings on motivation and performance broadly reports a relationship. However, these studies despite similar findings differed with regard to methodology used.

In finding the composite relationship between the two variables of interest, the study used the probit regression model. Other explanatory variables that could have confounded results were controlled for. This study is a purely quantitative work which took place in Ghana. Data was
sourced from the GENDA survey which was conducted in the year 2014. A total of 414 youth entrepreneurs in Ghana were included in data analysis.

Data analysis revealed the following key findings.

- Considering the socio-demographic characteristics of youth entrepreneurs in Ghana. The findings revealed that there are more young women than men entrepreneurs in Ghana. Given a mean age of 29 years, a greater number of youth entrepreneurs fell within the ages 25 and 35 years. Also, with regards to educational attainment it was discovered that compared to no education, and primary/JHS education, very small percentage of entrepreneurs had completed senior high school or above. Most of the entrepreneurs were unemployed before start-up of business and a majority had no experience in their field of business before self-employment.

- Most of the firms were located in the urban areas of Ghana. However, a majority of firms in the study were informal and solely owned. Also most of the firms were within the trade/commerce industry. The average age of operation for firms interviewed was 6 years.

- Three types of entrepreneurial motivations explains entrepreneurship among Ghanaian young entrepreneurs. They include necessity, opportunity and mixed types. A majority of the youth entrepreneurs were motivated by push-pull/mixed motives. Educational attainments of young entrepreneurs is significantly associated with the type of entrepreneurship with regard to motivation. On the other hand findings revealed that age at start-up and gender was not significantly related entrepreneurial motive.

- The findings revealed that compared to opportunity entrepreneurs, mixed and necessity types of entrepreneurs are more likely to perform better in relation to sales. These relationships were significant.
5.3 Conclusions

Conclusions are made based on the objectives and findings made.

- Youth entrepreneurs in Ghana go into entrepreneurship as a result of available opportunities to make money and also because they have no better choice. However, majority of these entrepreneurs venture into businesses because they had to and also because opportunities were available for their exploit, a mix of both reasons. Necessity reasons as found by most studies to be dominant among youth entrepreneurs in Africa, is not a sole motive for majority of youth entrepreneurship in Ghana.

- Among Ghanaian youth entrepreneurs, mixed and necessity motives for starting a business is key to a successful business performance or sales growth. This combination as revealed in the study is a significant factor for positive firm performance. Also, motives based on opportunity reasons only may not have any relationship with firm performance among young entrepreneurs in Ghana. Findings made is an indication that opportunity motives as argued by many scholars to positively influence firm performance may not a necessary be requirement for a successful firm performance among youth entrepreneurs in Ghana.

5.4 Recommendations

The findings of this study have implications for youth entrepreneurs and policy makers in Ghana. Based on these the following recommendations are made based on findings and conclusions.

- Mixed motives is found to be an important element necessary for sales growth among Ghanaian youth entrepreneurs. It is therefore recommended that young individuals should be trained through formal and informal education on how to identify and seize opportunities entrenched in societal problems. By this young nascent and budding...
entrepreneurs can explore entrepreneurial opportunities amid employment problems leading to a better firm performance.

- Secondly, the youth through entrepreneurship friendly programs should be encouraged to exploit available opportunities present in the market. Policies should be put in place to prevent market failure, so young and nascent entrepreneurs can have a fair share of the market, thereby not venturing into entrepreneurship solely because of necessity reasons but also because the market is flexible enough for their exploitation. This way mix motives are encouraged hence better firm performance.

- Also, the focus of social policies should be on putting the necessary structures in place to provide a growth supporting entrepreneurship environment which allows younger youths who may be unemployed to explore opportunities available in the society and those who are already into entrepreneurship to also focus on building their businesses to a level capable of enhancing their livelihood and economic growth.
REFERENCES


Chigunta, F. (2002). Youth entrepreneurship: Meeting the key policy challenges, Oxford University, Oxford.


ILO (2016); World employment and social outlook: Trends for youth

ILO’s Women’s Entrepreneurship Development programme -www.ilo.org/wed, (sourced on 17/12/2017)


Storey, D.J. (1982), Entrepreneurship and the New Firm, Beckenham, Kent.


