

**UNIVERSITY OF GHANA**

**COLLEGE OF HUMANITIES**

**EFFECTS OF ENTREPRENEURSHIP CAPACITY BUILDING PROGRAMS  
ON THE PERFORMANCE AND SUSTAINABILITY OF YOUTH  
STARTUPS IN LOWER MANYA KROBO MUNICIPALITY: A CASE  
STUDY OF THE RURAL ENTERPRISES PROGRAMME (REP)**

**BY**

**NA-AFUA WOYRAM TETTEY  
(11007615)**

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**DECLARATION**

I **NA-AFUA WOYRAM TETTEY** do hereby declare that this work is the result of my own original research under the supervision of Dr. Guillaume Soullier and Prof. William F. Steel that no part of it has been presented for another degree in this university or elsewhere. All references used have been duly cited.



14<sup>th</sup> April, 2024

Na-Afua Woyram Tettey

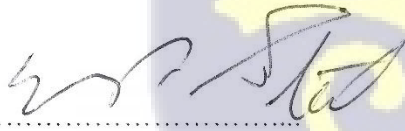
Date



15<sup>th</sup> of April, 2024

Dr. Guillaume Soullier

Date



15 April, 2024

Prof. William F. Steel

Date



## **DEDICATION**

This study is dedicated to the Almighty God who has been my source of strength, guidance, grace and wisdom throughout the period of my study.

To my family whose unwavering love, encouragement, and support has fueled my determination to pursue this endeavor.

This achievement is as much yours as it is mine, and I am deeply grateful.



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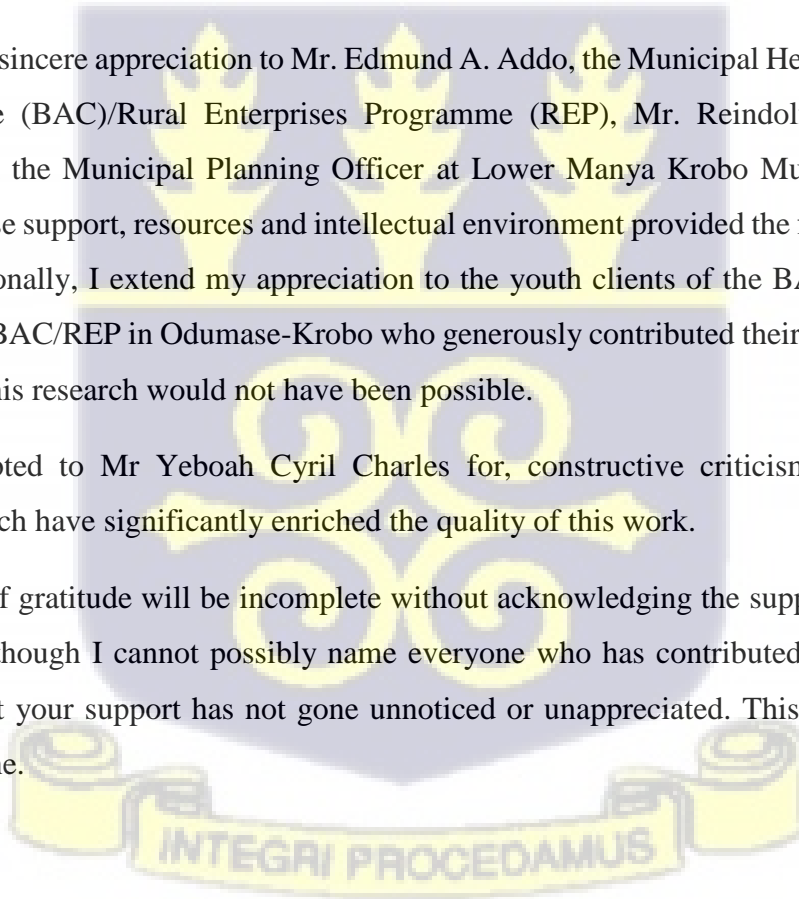


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## ABSTRACT

Youth unemployment poses significant challenges globally, particularly in regions like the Lower Manya Krobo Municipality of Ghana. This study examines the efficacy of the Rural Enterprises Programme (REP)'s capacity-building interventions, including entrepreneurial training and starter kit support, in addressing this issue. It aims to evaluate the impact of these interventions on the sustainability and profitability of youth startup businesses in the Lower Manya Krobo Municipality.

The study employed a mixed-methods approach, involving qualitative interviews and quantitative analysis. The sample comprises 145 respondents, including those who have received training and starter kits, those who have received only training, and those who have received neither. These respondents represent diverse sectors such as industry, commerce/trade, agriculture, and services.

The study findings underscore the critical role of prior entrepreneurial training in enhancing startup profitability and sustainability. Quantitative analysis using chi-square tests revealed no significant association between the REP interventions (training and starter kits) and the profitability of youth startups. However, the qualitative data provided valuable insights into the challenges faced by youth entrepreneurs, such as access to finance, market linkages, and business management skills.

Based on the findings, the study recommends strengthening the entrepreneurial training component of the REP to ensure it adequately equips youth with the necessary skills and knowledge to start and sustain their businesses. Additionally, it suggests exploring the provision of complementary support, such as access to finance, mentorship, and market linkages, to enhance the overall success of youth startups. Regular monitoring and evaluation of the REP are also recommended to identify areas for improvement and ensure the program remains responsive to the

evolving needs of youth entrepreneurs. Furthermore, promoting collaboration between the REP, local government, and the private sector is essential to creating a more enabling ecosystem for youth entrepreneurship.

This study contributes to the understanding of the role of capacity-building interventions in fostering youth entrepreneurship and addressing unemployment in Ghana. The findings highlight the importance of comprehensive support, beyond just the provision of starter kits, to ensure the long-term sustainability and profitability of youth-led enterprises.



## CHAPTER ONE

### INTRODUCTION

#### 1.1 Background to the Study

Youth unemployment refers to the situation where individuals typically between the ages of 15 and 24 are unable to find employment despite actively seeking work (Pellegrini, 2019; Nalulasi, Luseneke and Omondi, 2023; Aprilia and Anas, 2024) According to the International Labour Organization's (ILO) World Employment and Social Outlook for Young People and worldwide Employment Trends for Youth, the youth unemployment rate is now at 13.1% nearly three times higher than the adult unemployment rate of 4.3% (ILO, 2023). This is supported World Bank (2023) data which revealed that in 2021, 12.4% of youth were classified as unemployed in Sub-Saharan Africa; 9.6% in the same year in Ghana. In fact, the global economic crisis revealed that youth unemployment is more delicate than adult unemployment (Ayhan, 2016; Adaeze & Adaeze, 2018). This suggests that during the global economic crisis, youth unemployment was more susceptible to negative impacts compared to adult unemployment.

Several factors have been cited to explain youth unemployment. Mentioned among others are, mismatch between skills acquired in school and the skills demand of the labour market, slow growth of the private sector and rapid population growth. The ILO's (2023), 2030 declaration highlights that unemployment, specifically among the youth demographic, is a significant concern. The text stressed that the youth

constitute a distinct demographic cohort and underscores their significance in various sections. Influential factors in this regard include limited work experience, fewer skills and a higher reliance on temporary or entry-level positions among young people, making them more vulnerable to job loss during economic downturns (Brue et al., 2014). Additionally, employers may prioritize retaining experienced workers during periods of economic uncertainty hence exacerbating youth unemployment rates.

The disparity between youth unemployment and adult unemployment highlights the unique challenges faced by young people in the labour market. One of the primary reasons youth unemployment is more delicate is due to the long-term socioeconomic impacts it can have. Unemployed youth are at a higher risk of experiencing prolonged periods of joblessness, which can lead to skill degradation, lower lifetime earnings, and increased likelihood of future unemployment (Bell & Blanchflower, 2011).

Youth unemployment can also have a range of negative social and economic consequences, both for individuals and for society as a whole. The perpetuation of the inter-generational cycle of poverty has far-reaching effects across various domains, including social, political, and psychological (Todaro & Smith, 2015). This phenomenon has been linked to elevated levels of criminal activity, violence, civil unrest, depression, substance abuse, and the emergence of political extremism (Todaro & Smith, 2015). Bell and Blanchflower (2011) studied the long-term

socioeconomic impacts of youth unemployment, finding that it is largely influenced by low levels of education. They argue that young people aged 16-24 continue to suffer disproportionately from the negative effects of unemployment. Additionally, youth unemployment can contribute to social instability and heightened rates of mental health issues among young people (O'Higgins, 2012).

This is further emphasised by their inclusion in multiple Sustainable Development Goals (SDGs) and corresponding targets particularly SDG targets 4.4, 8.5, 8.6, and 8.b which relates to the promotion of decent work. These targets pertain to the development of skills for youth employment, the attainment of full employment, the reduction of youth unemployment, and the establishment of a global strategy for youth employment, respectively.

### **1.2 Global Content of Training and Starter Kits**

To address these challenges, many organizations worldwide have developed some models of support programs that include comprehensive starter kits designed to equip young entrepreneurs with essential resources (Beyhan & Findik, 2022; Pedruzzi et al., 2021; Finster & Fermanich, 2023). These starter kits vary in content but generally aim to cover crucial aspects of business development and growth. These kits typically include business plan toolkits essential for helping startups outline their business model, strategies, and goals in a structured format (Elkhouly & Abdeldayem, 2015; Park et al., 2023). Additionally, marketing product toolkits are sometimes provided to assist businesses in creating effective marketing strategies and promotional materials, while budget toolkits help startups in financial

planning, budgeting, and managing their finances efficiently (Boboniyazovich, 2022; Kim & Lim, 2022; Kumar & Singh, 2023).

Furthermore, pitching resources are sometimes included to aid entrepreneurs in preparing and delivering compelling business pitches to potential investors, and fundraising starter kits offer strategies and tips for raising capital through various funding sources (Widardi et al., 2020; Kravchyk, 2022; Mira, 2022). Other components of the program such as adoption workbooks assist startups in understanding and adopting new business practices or technologies, and comprehensive checklists ensure that entrepreneurs do not overlook critical steps in their business development processes. Even more crucial, user onboarding kits are also part of these starter kits, designed to help startups effectively onboard new users or customers (Part et al, 2023).

In addition to these tangible resources, it has been found that small business support programs often offer grants and funding opportunities to provide financial support for startups (Illarionova & Petrova, 2023; Ikhsan et al., 2023). Not only that, this is often supplemented by training programs which aim to educate entrepreneurs on the knowledge and skills needed to succeed. On rare occasions, support for government sales and digital readiness are also provided to help entrepreneurs navigate government procurement processes and enhance digital capabilities. Studies have shown that some countries even have access to accelerator programs, such as the 500 Global Flagship Accelerator Program which provides mentorship, networking opportunities, and additional resources to help startups scale (Bergmann & Utikal, 2021; Campeau & Kelly, 2023; Shybalkina, 2022).

Indeed, other models have been found which, in addition to those discussed above, which involve providing tools to increase the visibility and reach of startups. For instance, listings on platforms like Amex's Shop Small Map can enhance exposure and attract more customers, thereby supporting the sustainability and success of youth startups globally (Francke & Hammarfelt, 2021; Saima et al., 2023).

Given the high rate of unemployment among the youth in Sub-Saharan Africa, there is the need for a deliberate attempt to create employment opportunities for the youth to actively contribute to the development of their societies. In this regard, governments have been urged to partner with the private sectors and international donors to address this issue. Adekiya and Ibrahim (2016) suggested the need for entrepreneurship education and training in many African countries. This is the kind of training that causes a change in the attitude of the youth and imparts an enterprise culture to them. Such capacity building endeavours among the population, should therefore incorporate youth training, mentoring, coaching and provision of fund for entrepreneurship development to be effective and sustainable.

### **1.3 The REP of Ghana**

The Rural Enterprises Programme (REP) in Ghana, initiated in 1995, is a collaborative effort involving the Government of Ghana, the International Fund for Agricultural Development (IFAD), and the African Development Bank (AfDB). Its primary goal is to enhance the livelihoods of micro, small, and medium-sized enterprises (MSMEs) through business development services, appropriate

technology, skills training, financial support, and a supportive policy environment. The REP has evolved significantly from a pilot project in 10 districts to its current third phase (REP III), which covers 161 out of 170 rural districts in Ghana. REP III, which began in 2011 and is scheduled to conclude in 2024, aims to improve the income, profitability, growth, and job creation capabilities of rural MSMEs (African Liberty, 2012).

A significant component of REP is the establishment of Business Development Services (BDS), including Business Advisory Centres (BACs), Rural Technology Facilities (RTFs), and Resource Centres. These centres offer essential training, advisory, technical, and marketing support to rural MSMEs. The development of Agricultural Commodity Processing Infrastructure (ACPI) facilitates the acquisition and installation of agro-processing equipment, ensuring reliable energy, water, and sanitation for MSMEs. Additionally, the programme seeks to create an Enabling Business Environment (EBE) by improving the institutional, regulatory, and policy framework for rural MSME growth, addressing issues like taxation, licensing, registration, standards, and quality control. Effective programme coordination and management are ensured through the Programme Coordinating and Management Unit (PCMU) and other stakeholders.

Youth entrepreneurship, a critical driver of economic growth in Ghana, faces challenges such as lack of capital and entrepreneurial skills. Studies emphasize that entrepreneurial training and skills acquisition are as crucial as startup capital for

business success (Chatterjee & Das, 2016). Governments, therefore, provide seed capital and training to enable youth startups to thrive (Akaeze et al., 2018; Ampadu-Ameyaw, 2020). REP, designed to support women and youth-owned businesses, incorporates various models of rural enterprise development, including comprehensive training in business skills like financial management, market linkages, and technical skills tailored to sectors like agro-processing and small-scale manufacturing (Adam et al., 2023; Alzua et al., 2023; Maimunah et al., 2022). The programme's impact is notable in several areas. For instance, by 2022, the income of targeted beneficiaries increased by 1455%, surpassing the 30% target set for 2012 (AfDB, n.d). Additionally, REP III aimed to create 85,561 new formal MSEs by 2022, achieving 67,481 new formal MSEs, and targeted the formalization of 59,892 businesses, resulting in 23,395 formalized businesses. It also aimed to create 100,000 wage jobs by 2022, with 80,083 wage jobs realized. Despite falling short of some targets, these achievements highlight the program's success in fostering entrepreneurship and job creation (African Liberty, 2012).

Moreover, REP III focused on skill development and training, with targets for training Business Advisory Centre (BAC) staff, Local Business Association (LBA) members, and various apprentices being exceeded. The programme also facilitated access to financial support for rural MSEs through Matching Grant Funds (MGF) and the Rural Enterprises Development Fund (REDF), although the number of MSEs accessing these funds fell short of targets, significant amounts were disbursed, contributing to MSE growth and sustainability (REP, 2021).

#### 1.4 Statement of the Problem

Despite its ambitious goals, the REP has struggled to achieve its desired outcomes. Several factors have contributed to this shortfall, including inadequate funding, poor implementation strategies, and limited access to markets for the goods and services produced by the enterprises supported by the project (Sarfo-Mensah et al, 2009; Manku, 2018). Furthermore, the project has faced challenges such as insufficient training and capacity-building initiatives, which have hindered the ability of young entrepreneurs to effectively manage and grow their businesses (Lambon-Quayefio et al, 2023; Manku, 2018). The lack of a robust monitoring and evaluation framework has also made it difficult to measure the project's impact and make necessary adjustments to improve its effectiveness.

This has been exhibited in the various youth entrepreneurial programmes that have been rolled out by the government since 2006 (Peprah, Afoakwah, Koomson, 2015; Mensah 2013). As per the findings of Oladapo (2018), it has been observed that the micro, small and medium enterprises (MSMEs) operating in Ghana have not exhibited commendable performance and have failed to fulfil their anticipated role in contributing to the economic growth of the region. Both parties have failed to impact apprentice training in a manner that would expedite employment and mitigate poverty, thereby promoting economic development in Ghana. As a result of this, the Ghanaian Government with the support of other private organizations including the World Bank, AfDB and IFAD have worked hard over the years to put in place and ensure relevant interventions to ensure the sector meets and fulfils its

potential in contributing significantly to the economy of the country. Interventions especially targeted at improving the Technical and Entrepreneurial skills of the business owners ensures they fulfil their potential of being profitable to the extent of driving the economy.

Scholars have focused on different aspects of entrepreneurial training on MSMEs and their development including the effect of processes and strategies employed and the effect of seed capital on income and wellbeing of youth startups. Despite the availability of some literature on entrepreneurial training and capital/funding for startup businesses in Ghana, there is inadequate information on how entrepreneurial training has affected the success of business startups of young people who have been enrolled in government entrepreneurial programmes in Ghana.

Wooseung and Boyoung (2019) noted that although numerous studies have been conducted on the success factors and entrepreneurial aspects of startups, limited attention has been given to the sustainability of businesses, particularly with regards to their survival and growth. When establishing a startup, it is crucial to prioritise business sustainability alongside post-establishment performance. An examination of the relationship between business sustainability and startups can be conducted by analysing factors such as flow experience and entrepreneurial satisfaction. A number of studies have examined the impact of REP on specific aspects of women empowerment, promoting MSMEs such as access to finance or market linkages, impact on poverty reduction etc. (Manku, 2018; Oladapo et al, 2018), but it seems

the focus has not been on the sustainability and overall performance of the programme in the aspect of youth enterprise. Although REP has been in operation for over two decades in Ghana, there is a lack of comprehensive data on the program's impact on the overall performance and sustainability of youth startups enterprises especially in the assessment of startup kits support and entrepreneurial training received by young beneficiaries of the program. Akaeze and Akaeze (2018) disclosed that the extent to which government intervention programs have succeeded to address youth unemployment overall is unclear.

### **1.5 Contextualizing the Study**

The human capital theory emphasizes the importance of investing in education and skills development to increase productivity, wages, and economic growth (Becker, 1964). This theory is particularly relevant in addressing youth unemployment, as it suggests that equipping young people with the necessary skills and knowledge can improve their employability and economic prospects. In Ghana, where youth unemployment is a significant challenge, especially in peri-urban areas like the Lower Manya Krobo Municipality, applying the human capital theory can provide valuable insights into tackling this issue. Therefore, this study aims to investigate the role of entrepreneurial training and startup kits in the sustainability and profitability of youth startup enterprises in the context of the REP in Lower Manya Krobo Municipality.

This area has not received much study, so it is not clear how entrepreneurial training affects startups of young people in government-supported skills training

programme. In this regard, this study deems it worthwhile to understand the role of capacity building in the attainment of business success, using REP as a case study in the Lower Manya Krobo Municipality. The Lower Manya Krobo Municipality, located in the Eastern Region of Ghana, is a peri-urban community that faces various socio-economic challenges, including youth unemployment. According to the Ghana Statistical Service (2021), the overall unemployment rate in Ghana is 8.4%, while the youth unemployment rate is 19.7%. Although specific data on youth unemployment in the Lower Manya Krobo Municipality is limited, it is likely that the area experiences similar or even higher rates of youth unemployment compared to the national average.

For the purpose of this study, our focus will be on the youth who have completed traditional apprenticeship and received additional entrepreneurial training and starter kit support from REP in the Lower Manya Krobo Municipality. The study encompasses traditional graduate youth apprentices who are registered with the Business Advisory Centre (BAC)/REP and have received training and starter kits between 2016 and 2020. Despite the importance of youth entrepreneurship and the potential impact of REP, the impact of the program on the success of youth startups in rural communities in Ghana has not been fully evaluated.

Several factors contribute to youth unemployment in peri-urban areas like the Lower Manya Krobo Municipality. These include limited access to quality education and vocational training, lack of relevant skills demanded by the labour market, and inadequate job opportunities (Baah-Boateng, 2013). Additionally, the

informal sector, which employs a significant portion of the youth in Ghana, often offers low-quality, low-paying jobs with little job security or prospects for career advancement (Aryeetey & Baah-Boateng, 2015).

The Rural Enterprises Programme (REP) is a government intervention aimed at addressing youth unemployment in rural and peri-urban areas of the country including the Lower Manya Krobo Municipality. The starter kits provided by the Rural Enterprise Program (REP) in Ghana are designed to help unemployed youth establish their own businesses. These kits include essential tools and equipment tailored to the specific type of business the beneficiary is starting. The value of these starter kits is approximately one thousand Ghana Cedis.

This is particularly important since studies show that lack of access to funding, entrepreneurial training, and skills constitute some of the significant challenges to the success of youth startups (Nkambule and Ngubane, 2023; Schweickart et al, 2023; Et.al, 2021). The focus of the study is youth who have completed traditional apprenticeship and have been supported by REP in starting a business in Lower Manya Krobo Municipal Assembly (LMKMA). The study encompasses traditional graduate youth apprentices who are registered with the Business Advisory Centre (BAC)/REP and have received training and starter kits between 2016 and 2020.

Against this background, this study examines the role of entrepreneurial training and startup kit support in the success of youth startups in the Lower Manya Krobo Municipality in the Eastern Region of Ghana, using the Rural Enterprises Programme (REP) as a case study. The study will also examine the challenges faced

by youth startups in the municipality and how they can be addressed appropriately in fulfilling their potential for nation building.

### **1.6 General Objective**

The broad objective of the study is to assess how the REP support (training and starter kits) has affected the ability of graduate youth apprentices to startup and sustain enterprises in the Informal sector in the and whether or not youth startups differ in their perception of licensing challenges in LMKMA.

In assessing the impact of the REP support on graduate youth apprentices' ability to startup and sustain enterprises in the Informal sector in the LMKMA, it is essential to consider two primary ways in which this impact could be evaluated. Firstly, the success of the intervention could be measured by whether participants were able to establish businesses that endured for at least three years, indicating a level of sustainability. Secondly, the performance of these businesses in terms of growth and profitability serves as another crucial indicator of impact hence the study will examine both indicators. By incorporating both profit performance and sustainability into the analysis, a comprehensive understanding of the effectiveness of the REP support can be achieved.

#### **1.6.1 Objectives of the Study**

- i. To determine the factors that influence the association between youth startup sustainability and profitability in LMKMA

- ii. To establish the association between starter kits and training on youth startups sustainability and profitability in LMKMA
- iii. To identify whether there are differences in licensing challenges faced by youth startups in LMKMA

### **1.6.2 Research Question**

To accomplish the objectives of the study, the following research questions have been developed:

- i. Which factors associate with youth startup sustainability and profitability performance in LMKMA
- ii. How does startup kit and training associate with the operational sustainability and profitability of youth startups in LMKMA
- iii. Are there differences in the perception of licensing challenges faced by the youth startups/MSMEs in LMKMA?

Additionally, the following hypotheses have been framed for examination:

H1: Youths who receive REP training would perform better on sustainability and profit performance than youths who do not receive training.

Null hypothesis: H1.0: There would be no difference in sustainability and profit performance between youths who received REP training and youths who do not receive REP training.

H2: Youths who receive REP starter kits and training will show significantly higher startup sustainability and profit performance than youths who receive only training, or neither training or starter kits.

Null hypothesis: H2.0: There would be no difference in startup sustainability and profit performance between youths who receive REP startup kits and training and youths who receive only training, or neither training nor startup kits.

Null hypothesis: H3.0: There will be significant difference between males and female youth in their perception of licensing challenges.

H3: There will be no difference in the perception of licensing challenges between males and female youth in the sample

### **1.7 Significance of the Study**

Issues related to youth employment have received increasing attention in recent times. Experts have argued that youth unemployment and underemployment are among the main barriers to development in West Africa (ACET, 2016). As a solution to the problem, the youth has been encouraged to venture into entrepreneurship (Akaeze, & Akaeze, 2017). One of the strategies of governments has been the provision of seed capital to the youth to enable them to establish entrepreneurial activities. Studies have also shown that there is more to entrepreneurial activities than the provision of startup capital. Possessing entrepreneurial skills is one of the factors that lead to successful entrepreneurship (Chatterjee & Das, 2016). However, this area has not received much study, so it is not clear how entrepreneurial skills affect startup business of the youth.

An investigation into the entrepreneurial skills of startup of the youth will aid in understanding the entrepreneurial skills that drive business success among the youth. This could lead to the effective use of public funds if seed capital were only provided to the unemployed youth who on the basis of an assessment of their

entrepreneurial skills, could attain startup success. The study holds significant implications for various stakeholders and the broader context of youth entrepreneurship and government initiatives to combat youth unemployment, particularly in the Lower Manya Krobo Municipality. Here are five key significances of the study:

### **1.7.1 Policy Formulation and Improvement**

Understanding the role of entrepreneurial training and startup kit support in the success of youth startups is crucial for policy formulation and enhancement. The study's findings can guide policymakers in tailoring effective policies aimed at promoting youth entrepreneurship, ensuring that they are better aligned with the actual needs and challenges faced by youth startups. It provides insights into the potential refinement of existing government programs like the Rural Enterprises Programme (REP) to enhance their impact on youth entrepreneurship.

### **1.7.2 Youth Empowerment and Socioeconomic Development**

By evaluating the effects of entrepreneurial training and startup kit support, the study contributes to empowering the youth economically. It highlights how specific interventions can positively influence the success and sustainability of youth-owned businesses, fostering economic growth at both individual and community levels. Empowered youth entrepreneurs can generate employment, contribute to local economies, and enhance community development, ultimately playing a vital role in nation-building. Capacity building can be defined as a process for strengthening the management and governance of an organization so that it can

effectively achieve its objectives and fulfil its mission. This process involves enhancing the organization's ability to fulfil its mission through a blend of sound management, strong governance, and a persistent rededication to achieving results (Liberto et al, 2011; Nurdin & Baharuddin, 2023) Capacity building is the process by which individuals and organizations obtain, improve, and retain the skills, knowledge, tools, equipment, and other resources needed to perform their jobs competently or to a greater capacity. It encompasses various activities that enhance the abilities of individuals, organizations, and communities to achieve their goals and objectives effectively. Capacity building can be categorized into three primary areas: individual, organizational, and systemic levels (Laverack, 2022; Evans et al, 2014).

### **1.7.3 Knowledge Enrichment and Academic Contribution**

The study significantly contributes to the academic understanding of youth entrepreneurship, particularly within the Ghanaian context. By conducting a comprehensive literature review and employing advanced analytical methods, it adds to the body of knowledge concerning the factors influencing the success of youth startups. This enriched understanding can serve as a foundation for future research, enabling a deeper exploration of youth entrepreneurship dynamics and the impact of interventions.



#### 1.7.4 Capacity Building and Skill Development

The findings of the study have implications for capacity building and skill development initiatives. Understanding how entrepreneurial training influences youth startups sheds light on the skills and knowledge that are pivotal for business success. This information can guide training programs and curricula, ensuring they are designed to equip aspiring entrepreneurs with the right set of skills, knowledge, and resources needed to thrive in their business ventures. Capacity building refers to the process of developing and strengthening the skills, abilities, processes, and resources that organizations and communities need to survive, adapt, and thrive in a fast-changing world (Morgan, 2006). It encompasses a wide range of activities, including training, organizational development, resource mobilization, and strategic planning. The United Nations Development Programme (UNDP) defines capacity building as a long-term, continuous process involving multiple stakeholders, including ministries, local authorities, non-governmental organizations, and community-based organizations (UNDP, 2009). Focuses on enhancing the skills and knowledge of individuals through training, education, and professional development programs (Horton et al., 2003).

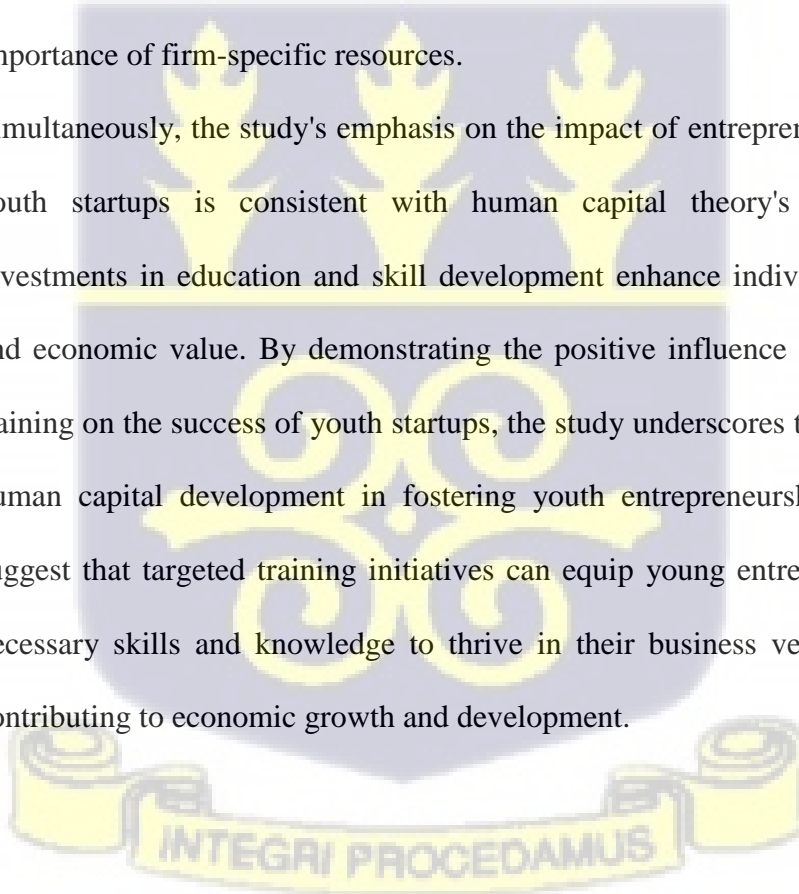
In summary, the study's significance lies in its potential to inform policymaking, drive socioeconomic development, enrich academic understanding, and enhance capacity building efforts, all aimed at fostering successful youth entrepreneurship and ultimately contributing to national development.

### **1.7.5 Significance of the Study in Light of the RBV and Human Capital**

#### **Theory**

The study's findings on the role of entrepreneurial training and startup kit support in the success of youth startups align with both the RBV and human capital theory. From the RBV perspective, the entrepreneurial skills, knowledge, and resources gained through training and support can be considered valuable, rare, and difficult to imitate, providing youth startups with a competitive advantage. By highlighting the significance of these resources in driving the success and sustainability of youth-owned businesses, the study reinforces the RBV's emphasis on the strategic importance of firm-specific resources.

Simultaneously, the study's emphasis on the impact of entrepreneurial training on youth startups is consistent with human capital theory's proposition that investments in education and skill development enhance individual productivity and economic value. By demonstrating the positive influence of entrepreneurial training on the success of youth startups, the study underscores the significance of human capital development in fostering youth entrepreneurship. The findings suggest that targeted training initiatives can equip young entrepreneurs with the necessary skills and knowledge to thrive in their business ventures, ultimately contributing to economic growth and development.



### **1.8 Limitation of the Study**

Although, there are several government youth entrepreneurial programmes, this study focuses only on REP, which is not necessarily representative of the other types of programmes. This is because they were the one available to answer the research questions. Also, this study was carried out only in the Lower Manya Krobo Municipality in the Eastern Region due to the constraints of time and resources.

### **1.9 Structure of the Study**

The study comprises five chapters, each serving a distinct purpose in exploring youth entrepreneurship and the Rural Enterprises Programme (REP) within the Lower Manya Krobo Municipality's context. Chapter one establishes a foundational understanding by introducing critical topics of youth unemployment and the significance of youth entrepreneurship. It articulates the research problem, objectives, and research questions, providing a glimpse into the study's overarching purpose.

Moving on to the second chapter, a comprehensive review of existing literature, theories, and research findings concerning youth entrepreneurship, government interventions, and factors influencing youth startups' success is presented. This literature review critically evaluates pertinent studies to construct the theoretical framework and context for the research. The third chapter homes in on the methodology and approach to data analysis. It outlines the research methods employed, placing emphasis on the application of chi-square tests. This chapter

elucidates the approach to data collection, measurement, and analysis, ensuring the study's rigor and reliability. Chapter four presents the methodology of the study's analysis. This chapter offers insights into the impact of entrepreneurial training and startup kits on the sustainability and performance of youth startups under the REP. Finally, Chapter Five marks the culmination of the study. It synthesizes the key findings and draws conclusions based on the data analysis. Additionally, this chapter offers actionable recommendations for policymakers, stakeholders, and future research. It provides a comprehensive overview of the study's contributions to the field and outlines potential avenues for further exploration.

#### **1.10 Chapter summary**

Chapter one serves as an introduction to the intricate issue of youth unemployment, delving into both the global panorama and the specific Ghanaian context. It illuminates the gravity of youth unemployment, shedding light on the challenges that come with it and potential negative ramifications. The chapter underscores the critical necessity of addressing youth unemployment in alignment with Sustainable Development Goals (SDGs) and policy interventions. Furthermore, it expounds on the state of youth unemployment in Sub-Saharan Africa and Ghana, emphasizing the imperative of creating employment opportunities for the youth.

The problem statement directs attention to the prevalent approach of providing seed capital to the youth as a remedy for youth unemployment, emphasizing the need for a thorough evaluation of this approach's efficacy. The chapter sets the foundation for an exhaustive study with the objective of assessing the influence of entrepreneurial training and startup kit support on the prosperity and sustainability

of youth startups, within the context of the Rural Enterprises Programme (REP) in Lower Manya Krobo Municipality.

The chapter delineates both the overarching and specific objectives of the study, focusing on evaluating how REP support, encompassing training and startup kits, impacts the capacity of graduate youth apprentices to initiate and sustain businesses in the informal sector. Guiding research questions are formulated to steer the study towards the attainment of its objectives. The study's significance is emphasized, underscoring the importance of comprehending the role of entrepreneurial skills in startup success for effective policy formulation. Finally, the chapter acknowledges the limitations of the study, providing insights into its scope and geographical focus.



## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Overview of the Chapter**

This chapter provides a comprehensive exploration and analysis of existing scholarly works and research findings relevant to the study's focus on youth entrepreneurship, specifically considering the Rural Enterprises Programme (REP) in the context of Lower Manya Krobo Municipality. This chapter critically examines various studies and theories related to youth unemployment, entrepreneurship training, startup kits, and the impact of governmental initiatives on youth startups. By delving into the existing body of knowledge, this chapter aims to identify gaps, theoretical frameworks, and methodologies that will guide the present study in understanding the dynamics of youth entrepreneurship and how the REP interventions influence their success and sustainability.

#### **2.2 Conceptual Review**

The following sections presents definitions of relevant concepts related to the study.



### **2.2.1 Entrepreneurship Capacity Building**

The concept of entrepreneurship capacity building is crucial for fostering entrepreneurial skills and knowledge through structured training and institution-building programs. Entrepreneurship capacity building refers to the process of enhancing the skills, knowledge, and abilities of individuals or groups to create, develop, and sustain successful entrepreneurial ventures. It involves a variety of interventions, including training skills, mentorship and coaching, access to finance, infrastructure support, and business development services (UNESCO,2017). These interventions aim to equip entrepreneurs with the necessary tools to effectively manage their businesses, innovate, and adapt to changing market conditions. Entrepreneurship capacity building is critical for fostering economic growth and innovation, especially in rural areas where opportunities are often limited. In Ghana, the Rural Enterprises Programme (REP) plays a significant role in enhancing the entrepreneurial skills and capabilities of youth, thereby promoting sustainable development.

The Rural Enterprises Programme (REP) is a comprehensive initiative launched by the Government of Ghana, in collaboration with international partners such as the International Fund for Agricultural Development (IFAD) and the African Development Bank (AfDB). The REP aims to reduce poverty and improve living standards in rural areas by supporting the growth of micro and small enterprises (MSEs). It focuses on providing technical skills, business development services, and access to finance to rural entrepreneurs, with a particular emphasis on youth.

### **2.2.1.1 Entrepreneurship Capacity Building Strategies of REP**

#### **I. Technical Skills Training**

The REP offers extensive technical and vocational education and training (TVET) to equip young entrepreneurs with practical skills. Training programs cover areas such as agro-processing, metalwork, textiles, and crafts. Research shows that technical skills training enhances productivity and innovation among rural youth, enabling them to establish and grow their businesses (Owusu-Mintah & Antwi, 2016).

#### **II. Entrepreneurial Education and Business Development Services (BDS)**

Entrepreneurial education under the REP includes mentorship, business planning, and management training. These services help young entrepreneurs develop essential business acumen and strategic planning skills. Studies indicate that BDS is crucial for the sustainability and growth of youth startups, providing them with the knowledge and tools needed to navigate business challenges (Agyapong & Osei, 2019).

#### **III. Access to Finance**

The REP facilitates access to credit through partnerships with rural banks and microfinance institutions, offering favourable loan terms and interest rates. Evidence suggests that financial access is a major enabler for rural startups, allowing them to invest in necessary resources and expand their operations (Boamah, 2014).

#### **IV. Market Access and Linkage**

The program supports market access by organizing trade fairs, exhibitions, and networking events, which help young entrepreneurs to showcase their products and connect with potential buyers and investors. Improved market access is linked to increased sales and business growth, as it opens up new opportunities for rural startups (Kusi-Sarpong et al., 2018).

#### **V. Infrastructure Support**

The REP provides infrastructure support such as rural technology facilities (RTFs) that offer shared workspace, modern equipment, and technology access. Infrastructure support enhances production efficiency and product quality, contributing to the competitiveness of rural enterprises (Mensah & Aidoo, 2017).

##### **2.2.1.2 Impacts of Capacity Building under REP**

#### **I. Economic Empowerment**

Capacity building initiatives under the REP have led to significant economic empowerment among rural youth, with many reporting increased income levels and improved living standards. Studies highlight that economic empowerment through entrepreneurship reduces poverty and promotes self-reliance (Sarpong, 2020).

#### **II. Job Creation and Employment**

The REP has been instrumental in job creation, with many youth startups expanding and creating employment opportunities within their communities. Employment

generation helps mitigate rural-urban migration, retaining talent and labor within rural areas (Anang, 2018).

### **III. Sustainable Development**

The program promotes environmentally sustainable practices, encouraging the use of local materials and eco-friendly production methods. Sustainable development practices ensure long-term viability and environmental stewardship among rural enterprises (Yeboah-Assiamah et al., 2016).

The ultimate goal of entrepreneurship capacity building is to foster economic growth, job creation, and sustainable development. This capacity building is particularly important for startups, as it enables them to recognize, identify, assimilate, and exploit new external information effectively. The absorptive capacity (AC) of startups is critical for their innovation processes, involving the ability to acquire, assimilate, transform, and exploit new knowledge (Flechas Chaparro, Kozesinski, & Salles Camargo Júnior, 2021).

The AC construct has been extensively studied in the context of startups, with various scholars contributing to the understanding of how entrepreneurs can enhance their innovative processes. For instance, Cohen and Levinthal (1990) defined AC as the ability to recognize, identify, assimilate, and exploit new external information, which is critical for the innovation process. Zahra and George (2002) reconceptualized AC as a dynamic capability related to knowledge creation and exploitation, emphasizing the importance of both potential and realized capacities.

Several strategies have been identified to enhance AC in startups. These include developing partnerships with institutions such as universities or research laboratories to gather new knowledge, networking and direct interpersonal contacts to access knowledge, and emphasizing problem absorptive capacity to identify and acquire knowledge related to customer needs. Additionally, internal capabilities are essential for transforming new knowledge into value, and intellectual property rights can influence the openness to acquire external knowledge (Cohen & Levinthal, 1990; Zahra & George, 2002).

### **2.2.2 Micro, Small and Medium Enterprises (MSMEs)**

There is no universal definition of MSMEs, as criteria vary by country and context (Abor & Quartey, 2010; Martey et al., 2013; Muriithi, 2017; Oppong et al., 2014). Definitions differ based on measures like number of employees, balance sheet totals, or turnover (ICA, 2002). The World Bank relies on varying definitions provided by others (World Bank Group, 2019). The IFC defines micro enterprises as those with fewer than 10 employees and less than \$100,000 in capital, and medium enterprises as those with 50 to 300 employees and assets between \$3,000,000 and \$15,000,000. In Ghana, the Ghana Enterprises Agency defines MSMEs by both fixed assets and number of employees.

### **2.2.3 Youth, Entrepreneurship, and Unemployment**

The United Nations Educational, Scientific and Cultural Organisation (UNESCO) defines youth as “those persons between the ages of 15 and 24 years, without prejudice to other definitions by the Member States”. This implies that at the

national level, UNESCO relaxes the definition of “youth” so that countries can define “youth” to suit the definition provided by their member state. However, “youth”, typically defined by chronological age, as outlined by the United Nations—a demographic cohort spanning 15 to 24 years—takes on a broader definition in numerous sub-Saharan African nations, extending the age threshold to the mid-30s (Chigunta, Schnurr, James-Wilson, & Torres, 2005). For example, the African Youth Charter (2017) defines “youth” as “every person between the ages of 15 and 35 years”. Ghana adopts the definition of the African Youth Charter as reflected in its National Youth Policy, which defines youth as “persons who are within the age bracket of fifteen (15) and thirty-five (35)”. However, the concept of youth transcends mere age demarcations, encompassing a complex array of experiences that manifest diversely across distinct cultures.

To comprehend the various dimensions of youth experiences within diverse cultural contexts, a critical examination of cultural perspectives becomes paramount. The cultural approach, while enlightening, has faced critique for its tendency to emphasize deviant, conspicuous, and predominantly male youth. It also stands accused of isolating young people's agency from the broader societal milieu (Valentine et al., 1998). This examination has primarily centred on northern contexts, primarily Britain and the United States, with a dearth of studies conducted in sub-Saharan Africa.

The life-stage or transitions approach and the cultural perspective need not be viewed as mutually exclusive; rather, their synthesis can offer profound insights. Undoubtedly, a comprehensive understanding of the lives of young people

necessitates an amalgamation of perspectives that consider how young individuals perceive and interpret the world, and how societal and familial structures position them within it. This entails a dual focus on the agency of young people and the constraints imposed by their environments, elucidating the nature of their movements and the forces that shape them (Gough & Langevang, 2017).

In the past decade, burgeoning research (Darkwah, 2013; Gough & Langevang, 2017; Hajdu et al., 2011; Sommers, 2012; Esson, 2013) has shed light on the diversity and multiplicity characterizing young people's trajectories and lived experiences across various sub-Saharan African settings. These studies underscore the considerable influence of factors such as gender, socioeconomic status, education, and geographical location on young people's lived experiences about entrepreneurship. By considering the intricate interplay of these factors, this study contributes to this rich tapestry of literature by exploring how youth entrepreneurship exhibits variations across diverse social strata, elucidating both commonalities and distinctions among youth in disparate settings. This study adopts the definition of the Ministry of Youth and Sports (2010) and defines “youth” as all persons between the ages of 15 to 35 years during the reference period of receipt of government support. This is because the study focuses on REP, which is a programme that was carried out in Ghana, with the youth as the target group.

Turning to entrepreneurship, it is paramount to elucidate its etymology and core tenets. The term "entrepreneurship" finds its linguistic roots in the French word "entreprendre," denoting "to begin something" or "to undertake." Its conceptual

foundation can be traced back to the 18th century through the seminal work of Richard Cantillon, an economist whose research laid the groundwork for three major economic traditions (Hébert & Link, 1989). The German tradition, spearheaded by Schumpeter, portrays entrepreneurship as pivotal to economic advancement, with entrepreneurs seen as extraordinary individuals ushering in innovation through new products, processes, markets, or organizational structures. Conversely, the Chicago tradition, championed by Knight, positions entrepreneurs as risk takers, contending that profit opportunities arise due to uncertainties inherent in a changing landscape. Finally, the Austrian tradition, advocated by Kirzner (1978), perceives entrepreneurs as individuals astutely attuned to profitable opportunities for exchange arising from information gaps in the market, leveraging their superior knowledge to identify and capitalize on these opportunities.

Historically, entrepreneurship research has predominantly adhered to an economic discourse, often spotlighting elite businesses in the global North. In recent years, the understanding of entrepreneurship has undergone a paradigm shift, aligning with Steyaert and Katz's (2004) perspective of entrepreneurship as an "everyday societal phenomenon." This shift has broadened the scope of entrepreneurship, encompassing not just a select few individuals but ordinary people engaging in entrepreneurial activities. This study embraces this perspective, defining entrepreneurship as the identification and pursuit of an opportunity to establish a business, inherently involving risk-taking and resource management in a creative manner.

Emphasizing the process-oriented nature of entrepreneurship, often referred to as "Entrepreneurship," this research illuminates the dynamic interplay between this practice and the broader economic, social, institutional, and cultural milieu (Steyaert, 2007). It underscores the diversity in actors, forms, practices, and discourses of entrepreneurship that emerge in varied societal contexts. As Baumol (1990) noted, the rules governing entrepreneurship undergo significant shifts across different times and places, underscoring the pivotal role of context in understanding when, how, and why entrepreneurial endeavours transpire and who engages in them (Welter, 2011). Thus, a contemporary understanding of entrepreneurial behaviour necessitates a contextual lens, considering historical, temporal, spatial, institutional, and social dimensions (Welter, 2011).

While the discourse on entrepreneurship has historically been dominated by experiences from the global North, there is a burgeoning wave of research focusing on entrepreneurship in the global South, including Africa. This shift has been catalysed by seminal works such as Spring and McDade's (1998) book, "African Entrepreneurship: Theory and Reality." The research in this domain spans a wide array of topics, encompassing motivations driving entrepreneurs to start businesses, the characteristics of family businesses, the role of social networks and associations, innovation in small enterprises, and the unique challenges faced by female entrepreneurs.

A parallel vein of research pertains to the "informal sector," where a substantial portion of entrepreneurial activity in Africa is concentrated. The terminology—"informal sector," "informal work," and "informal business" — although

commonly employed, proves challenging to precisely define. The informal sector is generally understood to encompass economic activities that operate outside or escape state regulation (Abor & Quartey, 2010), although this definition is not devoid of complexities, as many informal businesses do comply with certain local government regulations, including paying license fees and taxes.

Further, there is a school of thought that conceives of entrepreneurship as the ability to carry out self-employment activities (Block & Sandner, 2009, Akyol & Athreya, 2009). This has come under very strong attacks by scholars like Krasniqi (2009), and Verhuel et al (2006) who contend that entrepreneurship does not have the same meaning as self-employment. They stress that entrepreneurship is a broader concept than self-employment. For this reason, the self-employment rate may not necessarily reflect the actual rate of entrepreneurship. This is reflected in the case of Ghana and other developing countries where self-employment can be conflated with 'entrepreneurship,' even in the area of policy (Ajayi & Anyidoho, 2017). The delineation of employment and unemployment boundaries within this context also poses challenges, particularly in economies characterized by informality, where work is often irregular, insecure, and casual.

Like entrepreneurship, self-employment is seen as a solution to unemployment since it enables the youth in particular to create jobs for themselves, and for others. Self-employment can be explained to be a single person being in charge for the daily activities, decision-making, and risks in their enterprise, whilst reaping the profits from the business directly (Ajayi & Anyidoho, 2017). In the same way,

entrepreneurship implies inventiveness, independence, and the ability to take a risk and be responsible for it. For this reason, it is often the assumption that an entrepreneur will be the head of a startup business even though it is not necessarily the case that an entrepreneur should be the founder or head of an enterprise (Shane et al, 2003). Drawing from the work of Startiene et al (2009), who defines self-employment as a kind of entrepreneurship, this study focuses on the similarities between self-employment and entrepreneurship since this is usually the assumption (Ajayi & Anyidoho, 2017). For this reason, self-employed persons in their respective startups, who have received training and startup kit from REP, are considered as entrepreneurs in this study.

Entrepreneurial skills are essential for entrepreneurs to analyse situations and perform their roles in a startup (Kuratko and Hodgetts, 2008). These skills encompass recognizing business opportunities and effectively undertaking business activities (Shane, 2000). Successful entrepreneurs effectively utilize various skills, including financial management, accounting, and marketing (Hood and Young, 1993). Moreover, research suggests that educational level, industrial and managerial experience, and business exposure significantly contribute to startup success (Lussiers and Pfeifer, 2001). The Global Entrepreneurship Monitor (GEM) defines startup success as a positive outcome resulting from the equitable use of resources (GEM, 2004). Achieving success in startups depends on the entrepreneur's personal characteristics and skills (Markman and Baron, 2003). REP

ensures that its beneficiaries receive training in entrepreneurial skills, recognizing the vital role these skills play in startup success (Asimenu, 2013).

### **2.2.3.1 Unemployment**

The ILO (1982) explains that the unemployed consist of all who are beyond a specified age, who during the reference period are either without work, searching for a job or available for a job. Being without work means that this person is not in paid employment or self-employment during a specific period of time. The person who is searching for a job should be ready to accept a paid employment or self-employment during the period under discussion. It also means that one has taken particular steps in a certain recent period to gain paid employment or self-employment (ILO, 1982). In this study, a person is said to be unemployed if they are without work during the reference period of receipt of government support. Another inference from this definition is that a person who is without a job and is available for a job but does not take steps to search for a job is not considered to be unemployed (Baah-Boateng, 2012).

One significant dimension of unemployment that has become worrisome in recent years is youth unemployment which is a canker facing many African countries today. It affects both the political and socioeconomic aspects of the continent (Baah-Boateng, 2012). Therefore, even though youth unemployment is a major challenge facing the world at large, Sub Saharan Africa is faced with a “disaster” because of the high rate of unemployment of the youthful population, and the

anticipation of a further increase in its youth population. More than half of the population of Africa is below 25 years (World Bank, 2014), and there is going to be further increase of about half a million of young people who will be joining the labour market every year between the year 2015 to 2035.

Unemployment among the youth in Ghana is one of the challenges that was highlighted in the Population and Housing Census in 2010. The Ghana Statistical Services (2013) found that unemployment among people between the ages of 15-29 years tends to be high. Statistics from the World Bank (2017) shows that 11.5% of Ghanaian youth remained unemployed as of the year 2017. The Ghana Statistical Services explained that unemployment is mostly experienced at those ages because that is when people move from different levels of education into the job market. Other factors such as education and skills acquisition are also major determinants of individuals' ability to gain employment. According to the Ghana Social Development Outlook (2014), this stems from the mismatch in training skills or the educational system to meet the requirement of the employment sector, low employment growth rates amongst others.

Youth have been encouraged to venture into entrepreneurship in order to be employed and to create employment for other unemployed youth (Acs et al, 2005; Palmer, 2009). Entrepreneurship leads to economic growth, through the combination of existing resources with innovative ideas to create products and services (Ogunlana, 2018). Government has, therefore, been urged to partner with the private sector to address the issue of youth unemployment (World Bank, 2009).

However, the lack of experience and low survival rate causes some of the new startups to close in a very short period which limits the reduction of employment (Wong et al, 2005).

Across sub-Saharan Africa, governments have heavily invested in entrepreneurial skills development programmes in order to address youth unemployment and further create employment opportunities for the youth. Africa has benefitted significantly from external assistance to promote skills development programmes such as Technical and Vocational Education and Training (TVET) in order to provide the youth with entrepreneurial skills towards sustainable livelihood. According to DANIDA (2002), twenty-three Sub-Saharan African Countries received \$30 million aid from the French government in the year 2000 for such programmes. Also, twelve African countries received \$120 million and \$50 million from the Danish and Swiss government, respectively (DANIDA, 2002).

The Ghanaian government has invested resources to provide the youth with skills that would make them employable. For instance, in 2013, former president John Dramani Mahama mentioned in his state of the nation address that skills development programmes were being rolled out as a national apprenticeship programme to provide the youth with employable skills (State of the Nation Address, 2013). He further mentioned that measures had been put in place to create sustainable jobs for the youth. This included an amount of GH¢10 million toward the Youth and Enterprise Development Fund (YEDF) to support the youth to become successful entrepreneurs through the creation of sustainable job

opportunities, the establishment of Job and Enterprise Centres (JEC) and youth centres in all ten regions of Ghana (State of the Nation Address, 2013). In 2017, a 100-million-dollar package was announced by the President of Ghana (Nana Addo Dankwa Akuffo-Addo) to fund the National Entrepreneurship and Innovation Plan (NEIP) (Citifmonline, 2017) so that unemployed youth will be able to establish a means of employment.

#### **2.2.4 Startups**

Stevenson (2010) describes a startup as a company that has newly been established. Investopedia (2017) also describes a startup as a business that is in the early stage of its activities. These definitions focus on the origin or timespan of a startup. In this study, startups refer to new businesses/enterprises that have been established by the youth. It is expected that the youth who are beneficiaries of REP should be better able to startup businesses after their graduation from the programme, than similar youths who did not receive the training or starter kits. Many youths in Africa are confronted by a myriad of challenges when attempting to star-up a business.

For example, gaining access to ample financial resources is a major ordeal for many budding African business visionaries. The paucity of collateral, credit history, and formal business registration often dissuades financial institutions from extending loans or other financial aids (African Development Bank Group, 2017). According to a report by the African Development Bank, a mere 20% of SMEs in Africa

possess a line of credit from a financial institution (African Development Bank Group, 2017).

Some studies also found that a major challenge facing startups particularly in Africa is the deficiency of essential skills and quality education. Inadequate literacy, numeracy, and technical vocational skills, along with a dearth of entrepreneurial expertise, obstruct their capacity to establish and manage businesses successfully (World Bank Group, 2018). A mere 40% of the labour force in sub-Saharan Africa has completed primary education, and only 7% have completed tertiary education (World Bank Group, 2018).

Additionally, young entrepreneurs grapple to connect with potential customers, suppliers, and business support networks due to diverse obstacles such as inadequate infrastructure, exorbitant transportation costs, limited information, and feeble legal frameworks (Global Entrepreneurship Monitor, 2020). Only 8% of African entrepreneurs' report having access to professional and business networks (Global Entrepreneurship Monitor, 2020).

Further, the, there is ample evidence to support the notion of unfavourable regulatory landscape in Africa for young entrepreneurs, making it onerous for them to operate and expand their businesses. Hurdles such as burdensome taxes and fees, bureaucratic red tape, and political instability pervade (World Bank Group, 2020).

Sub-Saharan Africa ranks as the most challenging region globally to conduct business (World Bank Group, 2020).

Finally, the social and cultural attitudes of people also wield significant influence in curbing young entrepreneurs. Pessimistic societal perceptions regarding entrepreneurship and cultural norms constrain the ambitions of young individuals, especially young women, who grapple with additional societal pressures linked to family responsibilities (Global Entrepreneurship Monitor, 2020). A mere 56% of African adults perceive entrepreneurship as a viable career option (Global Entrepreneurship Monitor, 2020).

Though these challenges pose formidable barriers, they are by no means insurmountable. Various initiatives and opportunities exist to empower and bolster young entrepreneurs in Africa, such as the African Youth Charter and the Youth Entrepreneurship and Innovation Multi-Donor Trust Fund. Additionally, the success stories of young African entrepreneurs that highlight innovation and resilience within African youths underscore that overcoming these challenges is indeed feasible, (AfDB, n.d).

## **2.5 Theoretical Framework**

The two main theoretical perspectives relied on to provide analytical lens for the study are the Resource-based View (RBV) and the Human Capital Theory.

### **2.5.1 The Resource-based View**

The Resource-Based View (RBV) is a strategic management theory that prioritizes a firm's internal resources and capabilities as the foundation for achieving long-term competitive advantages (Adams & Lamont, 2003; Wibisono & Supoyo, 2023). It posits that firms can outperform competitors by effectively utilizing unique, rare, and challenging-to-replicate resources that are in line with their strategic objectives and hard for rivals to imitate. According to the RBV, the distinctiveness and immovability of these resources are what create sustainable competitive edges.

Prominent figures associated with the Resource-Based View (RBV) theory include scholars like Jay Barney, Birger Wernerfelt, and Gary Hamel (Gisip & Harun, 2013; Somsuk et al., 2012). Jay Barney, in particular, has been instrumental in the advancement and popularization of the RBV through his influential works. Wernerfelt's 1984 seminal paper, "A Resource-Based View of the Firm," is often regarded as a foundational piece in shaping the RBV theory. Gary Hamel has contributed to the RBV by highlighting the importance of firms' dynamic capabilities in adapting and rejuvenating their resource pool to meet evolving market demands. While the RBV has its strengths, it is not without its limitations. One critique of the RBV is its heavy emphasis on internal factors at the expense of external factors and industry dynamics. Critics argue that a firm's competitive edge is not solely determined by its internal resources but also by its industry positioning and its ability to navigate external challenges and opportunities. Another drawback of the RBV is its vague definition of what qualifies as a "resource" and how its value and rarity should be assessed. This lack of clarity can pose challenges in the practical application of the RBV and in comparing (DeSarbo et al., 2007).

Nevertheless, despite these limitations, the RBV remains pertinent to this research for multiple reasons. Primarily, the RBV offers a valuable structure for evaluating how the distribution of starter kits and training initiatives by the REP contributes to the cultivation of valuable resources and capacities for youth startups in Ghana. By concentrating on the internal assets of these startups, including knowledge, expertise, and technological advancements gained through training, the RBV provides perspectives on how these resources can result in sustainable competitive edges.

Secondly, the RBV helps to highlight the importance of resource heterogeneity and immobility in sustaining competitive advantages over time. In the context of this study, the RBV suggests that the unique combination of resources and capabilities developed through REP's interventions may be difficult for other startups to replicate, thereby contributing to their long-term sustainability.

Lastly, the RBV encourages a dynamic perspective on resource management, emphasizing the need for continuous investment in resource development and renewal to maintain competitiveness. This aspect of the RBV is particularly relevant to the study's focus on understanding the ongoing challenges affecting youth startups in Ghana and identifying strategies for overcoming them.

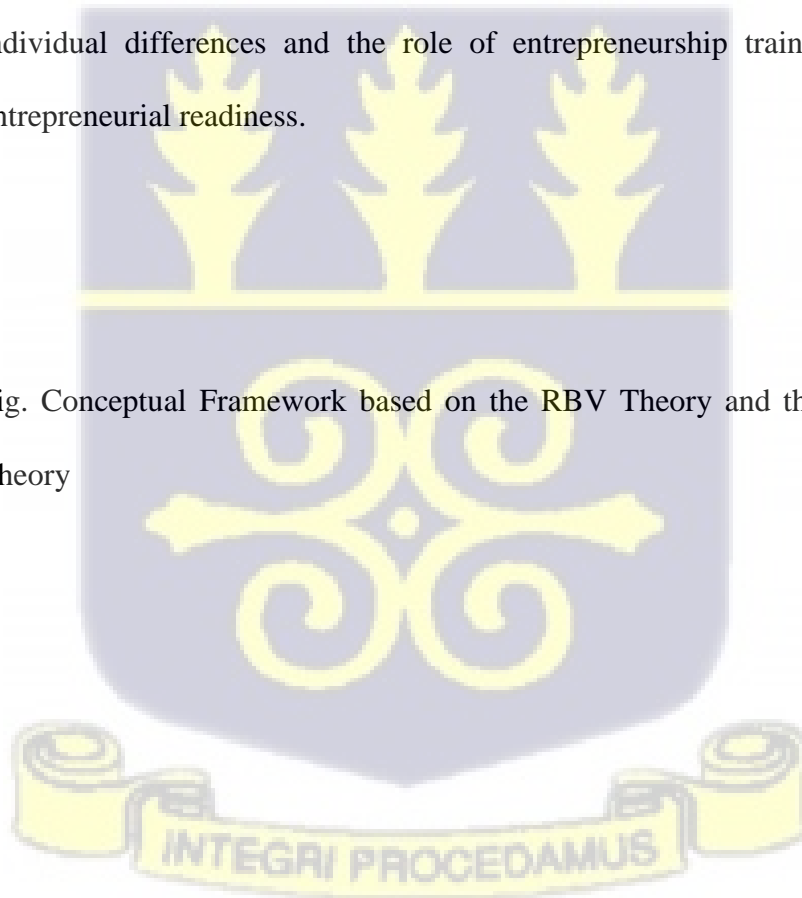
In sum, while the RBV has its limitations, its focus on internal resources and capabilities makes it a valuable theoretical framework for analysing the factors influencing startup sustainability in the context of the Rural Enterprises Programme in Ghana.

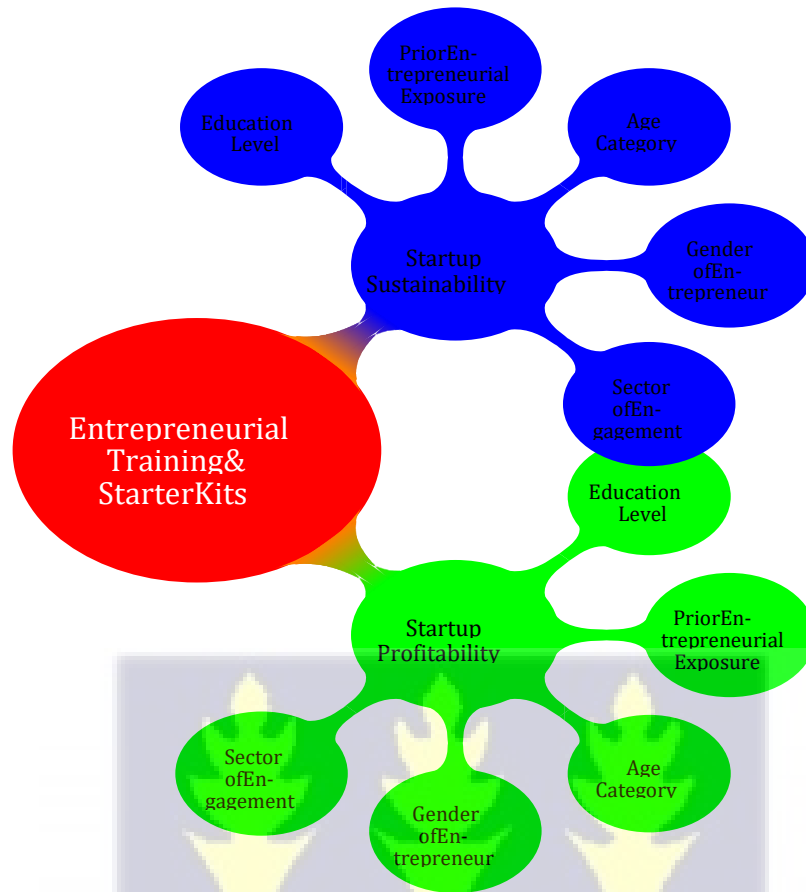
### 2.5.2 The Human Capital Theory

The human capital theory is a significant framework in understanding the relationship between an individual's skills, knowledge, and entrepreneurial success. This theory posits that entrepreneurs with higher levels of human capital, such as education and training, are more likely to produce superior outcomes (Davidsson & Honig, 2003). Human capital is a critical factor in determining entrepreneurial readiness, as it enables individuals to identify and capitalize on business opportunities effectively (Mulongo, 2012). In the context of this study which explores the perception of youths about the effect of starter kits and training on youth startup sustainability and profitability, the human capital theory is highly relevant. The theory suggests that entrepreneurship training can significantly enhance the skills and knowledge of young entrepreneurs, thereby increasing their chances of success (Seun & Kalsom, 2015a). This is particularly important for youth entrepreneurs, as they often lack the necessary experience and skills to navigate the entrepreneurial landscape effectively (Hempel & Fiala, 2012). The human capital theory also highlights the importance of considering individual differences in entrepreneurial readiness. For instance, research has shown that gender, age, and education level can all impact an individual's entrepreneurial potential (Greene & Saridakis, 2008; Sharma & Madan, 2014). Furthermore, prior entrepreneurial exposure and risk aversion can also influence an individual's ability to successfully start and sustain a business (Ekpe et al., 2015). In terms of the role of youth entrepreneurs' gender, age, sector of engagement, education, prior entrepreneurial exposure, risk aversion, and innovation, the human capital theory

suggests that these factors can all impact an individual's entrepreneurial success. For example, research has shown that women are more likely to be risk-averse and may require additional support to overcome this barrier (Lau et al., 2012). Similarly, younger entrepreneurs may require more guidance and training to develop the necessary skills and knowledge to succeed (Green, 2013). In conclusion, the human capital theory provides a valuable framework for understanding the relationship between an individual's skills, knowledge, and entrepreneurial success. This theory is highly relevant to a study exploring the effect of starter kits and training on youth startup sustainability and profitability, as it highlights the importance of considering individual differences and the role of entrepreneurship training in enhancing entrepreneurial readiness.

Fig. Conceptual Framework based on the RBV Theory and the Human Capital Theory





Source: (Author's Construct)

In the conceptual framework above, based on the Resource-Based View (RBV) theory, entrepreneurial training and starter kits emerge as central concepts influencing startup profitability and sustainability. These elements, essential for understanding the dynamics of entrepreneurial ventures, are intricately linked to the broader theoretical framework of RBV, which underscores the significance of firm-specific resources and capabilities in achieving competitive advantage.

Entrepreneurial training, a fundamental component of the framework, encompasses programs designed to impart skills, knowledge, and competencies crucial for

entrepreneurial success. This aspect highlights the pivotal role of human capital accumulation in enhancing entrepreneurial capabilities and driving business performance. Complementing entrepreneurial training, starter kits represent the initial infusion of capital and resources provided to startups to facilitate their operational commencement and development.

Within this framework, two key outcomes are identified: startup profitability and sustainability. These outcomes encapsulate the financial success and long-term viability of entrepreneurial ventures, respectively. Drawing from the Human Capital Theory, entrepreneurial training contributes to the accumulation of human capital, thereby enhancing the entrepreneur's skills and abilities, which subsequently positively influences profitability. Similarly, starter kits play a vital role in providing the necessary resources to kickstart operations, directly impacting the financial performance of the startup.

The framework further elucidates the role of influential variables, which shape the relationship between central concepts and key outcomes. Sector of engagement, for instance, underscores the impact of industry dynamics on the effectiveness of training programs and resource allocation. Gender of the entrepreneur emerges as another significant important variable, reflecting the differential impact of training and resources on male and female entrepreneurs, influenced by societal norms and access to opportunities.

Moreover, age category and prior entrepreneurial exposure are identified as critical factors shaping the effectiveness of training and resource utilization. The age of the entrepreneur influences receptivity to new ideas and technologies introduced

through training, while prior exposure to entrepreneurship enhances absorptive capacity, enabling entrepreneurs to extract maximum value from training programs and starter kits. Additionally, the educational background of the entrepreneur plays a pivotal role in shaping the assimilation and application of knowledge acquired through training, further emphasizing the multidimensional nature of human capital in entrepreneurial ventures.

By integrating the Human Capital Theory into the RBV framework, this conceptual framework provides a comprehensive understanding of the intricate interplay between entrepreneurial training, starter kits, individual characteristics, and environmental factors in shaping startup performance and longevity. This holistic approach contributes to the advancement of theoretical insights and practical implications for fostering entrepreneurial development and sustainability in diverse contexts.

## **2.8 Empirical Review**

The effect of age, gender, education, risk aversion, access to training programmes, access to capital/finance, and sector of engagement on sustainability of enterprises or startups is a very broad and complex topic that requires a thorough and systematic review of the existing literature. However, this brief overview will try to provide a summary of some of the main findings and gaps in the research on this topic.

### **Study 1: Entrepreneurship Training Support**

Lu, Song, and Pan (2021) examined the impact of university entrepreneurship support on college students' entrepreneurial intentions in China. This study was grounded in the resource-based view (RBV) theory, which posits that the resources and capabilities provided by universities can enhance students' entrepreneurial outcomes. The researchers utilized a sample of 13,954 recent graduates from Chinese higher education institutions. Key variables included university entrepreneurship support in the form of training and starter kits, entrepreneurial intentions, entrepreneurial attitude, subjective norms, and entrepreneurial self-efficacy. The findings revealed that university entrepreneurship training support positively influenced students' entrepreneurial intentions, albeit the effect was weak. The support significantly enhanced entrepreneurial attitudes, subjective norms, and self-efficacy, which mediated the relationship between support and entrepreneurial intention.

### **Study 2: Profitability Drivers of Start-Up Firms**

Cacciolatti et al. (2020) conducted a comprehensive review to identify the key drivers of startup growth and profitability, categorizing 66 growth and profitability drivers into six main groups. This study was informed by both the resource-based view (RBV) and human capital theories. It highlighted individual and team-related drivers such as founders' age, gender, previous industry experience, and social and professional networks as significant factors influencing startup sustainability and profitability. The study found that personal attributes and prior exposure to

entrepreneurship played a crucial role in determining startup success, suggesting that targeted training and development programs could enhance these attributes.

### **Study 3: Context-Related Drivers and Institutional Support**

A study focused on the role of context-related drivers, such as location and institutional training support, in startup sustainability. The researchers used the RBV theory to explore how external factors like effective financial and labour regulations, taxation policies, and public support impacted new firm growth. The study utilized variables related to the startup's environment and found that supportive policies and a robust innovation ecosystem were critical for startup success. The findings underscored the importance of a conducive external environment in fostering sustainable and profitable startups (Emerald Insight, 2020).

### **Study 4: Innovation and Sectoral Engagement**

Nuscheler et al. (2019) investigated the relationship between innovation, sectoral engagement, and startup profitability and sustainability. Using the RBV theory, this study examined variables such as innovation capabilities, sectoral dynamics, and market competitiveness. The researchers employed a sample of startups across different sectors, finding that those in more innovative sectors and those utilizing cutting-edge technologies had higher profitability and growth potential. The study highlighted the significance of innovation as a driving force behind sustainable and profitable entrepreneurial ventures.

### **Study 5: Gender Differences in Entrepreneurial Outcomes**

A study on gender differences in entrepreneurial outcomes explored how gender influences startup sustainability and profitability. Grounded in human capital theory, this research used a sample of new businesses across various sectors and locations. The study found that female entrepreneurs often faced more significant challenges compared to their male counterparts. However, with adequate training and support, they could achieve substantial success. The findings suggested that gender-specific support programs could mitigate these challenges and enhance the sustainability and profitability of startups led by female entrepreneurs (MDPI, 2021).

Another pertinent study by Bates and Robb (2014) focused on the impact of entrepreneur's age, sector of engagement, and location on startup performance. Grounded in human capital theory, this study employed regression analysis on data from the Kauffman Firm Survey, involving a sample of 4,928 startups. The findings indicated that older entrepreneurs, those engaged in high-tech sectors, and businesses located in metropolitan areas had higher profitability and sustainability, underscoring the significance of these variables in the success of startups.

### **Study 6. Prior Entrepreneurial Exposure**

A third study by Estrin and Mickiewicz (2011) explored the role of prior entrepreneurship exposure and risk aversion on startup outcomes using the RBV. Utilizing the Global Entrepreneurship Monitor (GEM) dataset, they conducted

logistic regression analysis on a sample of 27,000 entrepreneurs across 43 countries. Their results suggested that prior exposure to entrepreneurship significantly increased the likelihood of startup sustainability and profitability, while high levels of risk aversion negatively impacted these outcomes.

## **Other Studies Related Studies**

### **I. Age of the Entrepreneur and Sustainability of Startup**

Age is a demographic variable that may influence the entrepreneurial behaviour and performance of individuals. Some studies have found that age has a positive effect on the sustainability of enterprises or startups, as older entrepreneurs may have more experience, knowledge, skills, networks, and resources than younger ones. For example, a study by Kautonen et al. (2017) using a panel data set of 18,000 individuals from 18 European countries and a Cox proportional hazards model found that older entrepreneurs (aged 50 and above) had higher survival rates and growth expectations than younger entrepreneurs (aged 18-49). Similarly, a study by Lévesque and Minniti (2006) using a theoretical model and simulations based on the US Census data found that older entrepreneurs had higher probabilities of success and lower probabilities of exit than younger entrepreneurs.

However, other studies have found that age has a negative or insignificant effect on the sustainability of enterprises or startups, as younger entrepreneurs may have more creativity, innovation, flexibility, and adaptability than older ones. For example, a study by Parker and Rougier (2007) using a longitudinal data set of 10,000 individuals from the UK and a fixed effects model found that younger entrepreneurs (aged 16-24) had higher growth rates and lower failure rates than

older entrepreneurs (aged 25 and above). Similarly, a study by Wong et al. (2005) using a cross-sectional data set of 500 new ventures from Singapore and a logistic regression model found that age had no significant effect on the performance and survival of new ventures. Therefore, the effect of age on the sustainability of enterprises or startups may depend on other factors, such as the industry, the market, the technology, and the personal characteristics of the entrepreneurs.

## **II. Gender and Startup Sustainability/Performance**

Gender is another demographic variable that may influence the entrepreneurial behaviour and performance of individuals. Some studies have found that gender has a significant effect on the sustainability of enterprises or startups, as women and men may face different opportunities, challenges, barriers, and motivations in the entrepreneurial process. For example, a study by Brush et al. (2004) using a cross-sectional data set of 37,000 entrepreneurs from 37 countries and a multivariate analysis of variance (MANOVA) found that women entrepreneurs had lower levels of human, social, and financial capital than men entrepreneurs, which may limit their ability to start and sustain their enterprises or startups.

Similarly, a study by Verheul et al. (2006) using a cross-sectional data set of 29,000 entrepreneurs from 29 countries and a structural equation modelling (SEM) found that women entrepreneurs had lower levels of growth orientation and innovation than men entrepreneurs, which may affect their performance and survival of their enterprises or startups. However, other studies have found that gender has no significant effect on the sustainability of enterprises or startups, as women and men

may have similar levels of education, risk aversion, sector of engagement, and entrepreneurial orientation. For example, a study by Watson (2003) using a panel data set of 2,000 small businesses from Australia and a multivariate regression analysis found that gender had no significant effect on the profitability and growth of small businesses. Not only that, a study by Robb and Watson (2012) using a longitudinal data set of 5,000 new ventures from the US and a survival analysis found that gender had no significant effect on the survival and exit of new ventures. Therefore, the effect of gender on the sustainability of enterprises or startups may also depend on other factors, such as the culture, the context, the type, and the size of the enterprises or startups.

### **III. Education and Startup Sustainability**

Education is a human capital variable that may influence the entrepreneurial behaviour and performance of individuals. Some studies have found that education has a positive effect on the sustainability of enterprises or startups, as higher levels of education may enhance the cognitive, technical, and managerial abilities of the entrepreneurs, as well as their access to information, networks, and resources. For example, a study by Bates (1990) using a cross-sectional data set of 4,000 small businesses from the US and a logit model found that education had a positive effect on the survival and growth of small businesses, especially for minority entrepreneurs. Similarly, a study by Van der Sluis et al. (2008) using a cross-sectional data set of 63,000 entrepreneurs from 63 countries and a meta-analysis found that education had a positive effect on the performance and innovation of

entrepreneurs, especially for developing countries. However, other studies have found that education has a negative or insignificant effect on the sustainability of enterprises or startups, as higher levels of education may also increase the opportunity costs, the expectations, and the risk aversion of the entrepreneurs, as well as their preference for formal employment over self-employment. For example, a study by Parker (2009) using a panel data set of 10,000 individuals from the UK and a discrete choice model found that education had a negative effect on the entry and exit of self-employment, especially for highly educated individuals. Similarly, a study by Bjørnskov and Foss (2016) using a cross-sectional data set of 97,000 individuals from 97 countries and a multilevel regression analysis found that education had no significant effect on the quality and quantity of entrepreneurship, especially for developed countries. Therefore, the effect of education on the sustainability of enterprises or startups may also depend on other factors, such as the quality, the relevance, and the field of education, as well as the nature, the stage, and the growth potential of the enterprises or startups.

#### **IV. Risk Aversion**

Risk aversion is a psychological variable that may influence the entrepreneurial behaviour and performance of individuals. Some studies have found that risk aversion has a negative effect on the sustainability of enterprises or startups, as higher levels of risk aversion may discourage the entrepreneurs from initiating, pursuing, and exploiting new opportunities, as well as from investing, innovating, and expanding their enterprises or startups. For example, a study by Caliendo et al.

(2010) using a panel data set of 5,000 individuals from Germany and a bivariate probit model found that risk aversion had a negative effect on the entry and survival of self-employment, especially for individuals with low income and wealth. Similarly, a study by Guiso and Paiella (2008) using a cross-sectional data set of 8,000 households from Italy and a Tobit model found that risk aversion had a negative effect on the investment and innovation of entrepreneurs, especially for small and young firms.

However, other studies have found that risk aversion has a positive or insignificant effect on the sustainability of enterprises or startups, as higher levels of risk aversion may also motivate the entrepreneurs to plan, prepare, and manage their enterprises or startups more carefully, as well as to diversify, hedge, and insure their risks. For example, a study by Cressy (2000) using a cross-sectional data set of 2,000 new ventures from the UK and a hazard model found that risk aversion had a positive effect on the survival and growth of new ventures, especially for entrepreneurs with high human capital and collateral. Similarly, a study by Astebro et al. (2014) using a cross-sectional data set of 800 entrepreneurs from Canada and a quantile regression analysis found that risk aversion had no significant effect on the performance and exit of entrepreneurs, especially for entrepreneurs with high ability and experience. Therefore, the effect of risk aversion on the sustainability of enterprises or startups may also depend on other factors, such as the personality, the experience, and the perception of the entrepreneurs, as well as the uncertainty, the volatility, and the competitiveness of the environment.

## V. Access to Training Programmes

Access to training programmes is an institutional variable that may influence the entrepreneurial behaviour and performance of individuals. Some studies have found that access to training programmes has a positive effect on the sustainability of enterprises or startups, as training programmes may provide the entrepreneurs with valuable knowledge, skills, guidance, and support in various aspects of the entrepreneurial process, such as opportunity identification, business planning, financial management, marketing, and innovation. For example, a study by Bruhn and Zia (2013) using a randomized controlled trial (RCT) of 445 microenterprises from Bosnia and Herzegovina and a difference-in-differences (DID) estimation found that access to training programmes had a positive effect on the profitability and growth of microenterprises, especially for female and young entrepreneurs. Similarly, a study by Karlan and Valdivia (2011) using a randomized controlled trial (RCT) of 1,600 micro entrepreneurs from Peru and a regression discontinuity design (RDD) found that access to training programmes had a positive effect on the sales and profits of micro entrepreneurs, especially for entrepreneurs with low education and experience. However, other studies have found that access to training programmes has a negative or insignificant effect on the sustainability of enterprises or startups, as training programmes may also have limitations, drawbacks, and unintended consequences, such as low quality, irrelevance, inefficiency, crowding out, and dependency. For example, a study by McKenzie and Woodruff (2014) using a randomized controlled trial (RCT) of 5,000 small

businesses from Mexico and a randomized encouragement design (RED) found that access to training programmes had no significant effect on the performance and survival of small businesses, especially for entrepreneurs with high ability and motivation.

Similarly, a study by Drexler et al. (2014) using a randomized controlled trial (RCT) of 1,200 microfinance clients from the Dominican Republic and a randomized encouragement design (RED) found that access to training programmes had a negative effect on the repayment and retention of microfinance clients, especially for entrepreneurs with low financial literacy and discipline. Therefore, the effect of access to training programmes on the sustainability of enterprises or startups may also depend on other factors, such as the design, the delivery, the evaluation, and the impact of the training programmes, as well as the needs, the preferences, and the feedback of the entrepreneurs.

In Africa, Murimi (2014) did a study on whether funding, entrepreneurial skills and type of enterprise affects the success and sustainability of startup youth enterprises in Nairobi County. He found that more than half of the youths running enterprises have no business skills which affected their business. Some government policies and regulations slowed the establishment, sustainability and profitability of the startup youth enterprises. A study by Akaeze & Akaeze (2019), studied the experiences of unemployed youths regarding whether access to initial capital had any influence on success of startup small business initiatives in Nigeria. They found

that potential small business owners lack ability to access medium to long term loans from formal banks because they cannot provide the collateral required to support such loans. In addition, high interest charged on loans, bureaucracy, bribery and corruption make the cost of borrowing very high, leading to inability to initiate startup small businesses

In Ghana, several scholars have researched youth entrepreneurship but none on the role of entrepreneurial skills in the success of startup of youth enterprises in the Informal sector. Thus, there is a scarcity of knowledge on the factors affecting the establishment of youth enterprises. This limits the effectiveness of the policies designed to reduce youth unemployment in the country. Thus, research on the factors affecting the establishment of youth enterprises is desirable and appropriate as objective for this study.

## **VI. Access to Capital/Finance**

Access to capital/finance is another institutional variable that may influence the entrepreneurial behaviour and performance of individuals. Some studies have found that access to capital/finance has a positive effect on the sustainability of enterprises or startups, as capital/finance may enable the entrepreneurs to start, operate, and grow their enterprises or startups, as well as to overcome various challenges, constraints, and shocks in the entrepreneurial process, such as liquidity, solvency, profitability, and viability.

For example, a study by Kerr and Nanda (2009) using a panel data set of 2,000 venture capital (VC) backed firms from the US and a propensity score matching (PSM) method found that access to capital/finance had a positive effect on the survival and growth of new ventures, especially for high-tech and high-potential firms. Similarly, a study by Banerjee et al. (2015) using a randomized controlled trial (RCT) of 3,000 microenterprises from India and a randomized phase-in design (RPD) found that access to capital/finance had a positive effect on the profitability and productivity of microenterprises, especially for male and experienced entrepreneurs.

However, other studies have found that access to capital/finance has a negative or insignificant effect on the sustainability of enterprises or startups, as capital/finance may also have costs, risks, and trade-offs, such as interest, repayment, collateral, equity, and control. For example, a study by Cressy (1996) using a cross-sectional data set of 2,000 small businesses from the UK and a logit model found that access to capital/finance had a negative effect on the survival and growth of small businesses, especially for young and risky firms. Similarly, a study by de Mel et al. (2008) using a randomized controlled trial (RCT) of 400 microenterprises from Sri Lanka and a randomized phase-in design (RPD) found that access to capital/finance had no significant effect on the sales and profits of microenterprises, especially for female and low-return entrepreneurs. Therefore, the effect of access to capital/finance on the sustainability of enterprises or startups may also depend on

other factors, such as the source, the type, the amount, and the terms of the capital/finance, as well as the demand, the supply, and the efficiency of the market.

## **VII. Sector of Engagement**

Sector of engagement is a contextual variable that may influence the entrepreneurial behaviour and performance of individuals. Some studies have found that sector of engagement has a significant effect on the sustainability of enterprises or startups, as different sectors may have different characteristics, opportunities, challenges, and dynamics that affect the entrepreneurial process, such as demand, supply, competition, regulation, innovation, and profitability.

For example, a study by Acs and Audretsch (1988) using a cross-sectional data set of 250 industries from the US and a regression analysis found that sector of engagement had a significant effect on the entry and exit of new firms, as well as on the market share and profitability of incumbent firms. Similarly, a study by Audretsch et al. (2002) using a panel data set of 23 countries and a fixed effects model found that sector of engagement had a significant effect on the growth and innovation of new and small firms, as well as on the employment and productivity of large and established firms.

However, other studies have found that sector of engagement has no significant effect on the sustainability of enterprises or startups, as the sector of engagement may be less important than the entrepreneurial orientation, strategy, and performance of the entrepreneurs, as well as the external environment, the internal

resources, and the competitive advantage of the enterprises or startups. For example, a study by Wiklund and Shepherd (2005) using a cross-sectional data set of 400 small businesses from Sweden and a structural equation modelling (SEM) found that sector of engagement had no significant effect on the growth and profitability of small businesses, as the entrepreneurial orientation and the strategic planning of the entrepreneurs had a stronger effect.

Similarly, a study by Zahra et al. (2000) using a cross-sectional data set of 200 new ventures from the US and a regression analysis found that sector of engagement had no significant effect on the performance and survival of new ventures, as the environmental dynamism and the resource endowment of the new ventures had a stronger effect. Therefore, the effect of sector of engagement on the sustainability of enterprises or startups may also depend on other factors, such as the subsector, the niche, and the differentiation of the enterprises or startups, as well as the trends, the changes, and the disruptions in the sector.

In a nutshell, the empirical review has shown that the effect of age, gender, education, risk aversion, access to training programmes, access to capital/finance, and sector of engagement on sustainability of enterprises or startups is not clear-cut, consistent, or conclusive, as different studies have found different results, depending on various factors, methods, and contexts. Therefore, more research is needed to explore, explain, and compare the effect of these variables on sustainability of enterprises or startups, using more rigorous, comprehensive, and comparative approaches, as well as to identify, test, and evaluate the best practices,

policies, and interventions that can enhance the sustainability of enterprises or startups, using more relevant, reliable, and robust indicators.



## CHAPTER THREE

### METHODOLOGY

#### 3.1 Introduction

The aim of this study is to assess whether there is any difference in the sustainability of youth entrepreneurs who received training and starter kits from the Rural Enterprises Project (REP) organizers in Ghana, and those who did not. The REP is a government initiative that aims to promote rural entrepreneurship and reduce poverty by providing skills training, business development services, and startup kits to potential and existing entrepreneurs. The study is motivated by the need to evaluate the impact and effectiveness of the REP interventions on the performance of the beneficiaries, and to identify the factors that influence their entrepreneurial success.

This chapter provides an in-depth discussion of the methodological approach employed in the study. It encompasses the research design, population, sample, sampling technique, research instrument description, data collection procedure, and the plan for data analysis.

#### 3.2 Research Paradigms

The research design refers to the overall plan and structure of the study that guides data collection and analysis. Research designs are informed by paradigms and in the social sciences research paradigms fall into three main branches: quantitative, qualitative, and mixed-methods research (Creswell, 2009; Saunders et al., 2013;

Johnson and Christensen, 2014; Harrevelled et al., 2016). Quantitative research, grounded in positivism, emphasizes deductive testing of theories through the examination of relationships between variables measured using numerical data (Creswell, 2009). Qualitative research, rooted in interpretivism and social constructionism, explores knowledge constructed through sensory experiences and cultural contexts (Creswell, 2009; Kumar, 2011). Mixed-methods research integrates both quantitative and qualitative approaches for enhanced understanding (Creswell, 2009; Saunders et al., 2013).

The study adopted a mixed methods approach, which is a research paradigm that integrates qualitative and quantitative methods to provide a more comprehensive and holistic understanding of a research problem. A mixed methods approach is suitable for this study because it allowed the researcher to explore the experiences and perceptions of the youth entrepreneurs who received training and starter kits from the REP organizers, using qualitative methods, and to identify and measure the factors that affect their income and performance, using quantitative methods. A mixed methods approach also enables the researcher to compare and contrast the qualitative and quantitative findings, and to use them to answer the research questions and test the hypotheses.

Specifically, the study used sequential triangulation design, which is a type of mixed methods design that involves collecting and analysing the qualitative data first, followed by the quantitative data, and then integrating the results. The rationale for this design is to use the qualitative data to explore the research problem and the stated hypotheses. The advantages of this design are that it can provide a

deeper and richer understanding of the research problem, enhance the credibility and generalizability of the results and also address the limitations and biases of each method (Kumar, 2011). The challenges of this design are that it can be time-consuming and resource-intensive and may require a high level of expertise and skills in both methods (Creswell, 2009). It may also pose ethical and practical issues in the data collection and analysis (Saunders et al., 2013).

### **3.3 The Statistical Estimation Model**

To determine the factors that associate with the startup profit performance and sustainability, the study employs the Chi-Square Test, which is appropriate for analysing categorical data and determining whether there is a significant association between independent and dependent variables.

The dependent variable in this study, startup sustainability, is a binary variable indicating whether a business has been operational for three years or more (coded as 1) or less than three years (coded as 0). Meanwhile, the independent variables include demographic characteristics (such as age and gender), sector of engagement, prior entrepreneurial exposure, risk aversion, education level, and access to training/starter kits.

I will conduct Chi-square tests to examine the association between each independent variable and startup sustainability. For categorical independent variables (e.g., sector of engagement, prior entrepreneurial exposure, education level, access to training/starter kits, and gender), I will use a Chi-square test of independence to determine if there is a significant relationship between the variable

and startup sustainability. This analysis will help identify which demographic and entrepreneurial factors are associated with longer-term business sustainability.

Additionally, I will explore the relationship between age as a categorical variable and startup sustainability using a Chi-square test for trend. By conducting Chi-square tests, I aim to identify significant predictors of startup sustainability among youth entrepreneurs in the LMKMA. The results of these tests will provide valuable insights into the demographic and entrepreneurial factors that contribute to long-term business success.

### **3.4 The Study Population**

The population of interest in this study is youth startups in the Lower Manya Krobo Municipal Assembly (LMKMA). The LMKMA represents a specific geographical area, and the target population includes young entrepreneurs engaged in various business activities within this region. These youth startups belong to diverse sectors, such as retail/commerce, services, and manufacturing and agriculture. For instance, some respondents were involved in providing technology services such as software development, digital marketing, and IT consulting. Others were engaged in hospitality and tourism services, including operating hotels, restaurants, and tour guiding services. In the manufacturing sector, respondents were involved in activities such as agro-processing, producing food products, carpentry, cosmetics, and textiles. In the services sector, respondents were involved in dressmaking, hairdressing, metal fabrication and auto-mobile services.

The LMKMA is one of the districts chosen by the Institute for Statistical, Social and Economic Research (ISSER), Legon, as designated study districts for students, which is the reason I chose it for this study. It is also one of the few districts in Ghana to benefit from the REP, the focus of this study.

### **3.5 Sampling Approach and Techniques**

To obtain a representative sample, a combination of stratified and purposive sampling approaches and techniques was employed based on the with or without criterion. The 'with' or 'without' approach refers to the stratification based on whether individuals received training and/or starter kits, while purposive sampling was used within each stratum to select the final participants.

Purposive sampling involves selecting participants based on specific characteristics or criteria relevant to the research objectives (Marshall & Rossman, 2014; Vanderstoep & Johnston, 2009). Stratified sampling, on the other hand, involves dividing the target population into subgroups or strata based on certain characteristics and then randomly selecting participants from each stratum (Babbie, 2013). In this study, the population of youth startups in the LMKMA were divided into three (3) strata based on individuals who received the treatments (training and starter kits), those who received only training, and the control, those who received neither training nor starter kits. Individuals within the three groups were purposively chosen to ensure a balanced representation of the treatment groups.

### 3.5.1 Sample Size Determination

The sample for this study consists of three groups of youth entrepreneurs based in Lower Manya Krobo municipality in Ghana: 1) those who received both training and startup kits from the REP organizers, 2) those who received training only but no startup kits from the REP organizers, 3) those who received no training and startup kits. The study used purposive random sampling to select the participants, which is a non-probability sampling method that involves accessing a particular subset of the population that shares certain characteristics, and then selecting a random sample from each subgroup. The rationale for this method is to ensure that the sample is representative of the population, and that it reflects the diversity and the variation of the population. The sample size for this study was determined by using the formula for calculating the sample size for a given population, confidence level, margin of error, and effect size.

Information obtained from the REP office at the municipal assembly during preliminary field visits indicates that there is an estimated 600 registered youth startups in the municipality. Out of this number 150 have benefited from either the REP's training only or both entrepreneurial training and startup kits in the past 4 years (2016-2020).

Given the population of 600, and using 95% confidence level with a 5% the margin of error is 5%, and the effect size of 2%: and 80% power which is normally used in the social sciences, the estimated number of samples to be drawn from each group is given by the following formula:

$$n = \frac{2 \times (Z_{\alpha/2} + Z_{\beta})^2 \times (\pi_1 + \pi_2) \times (1 - \pi_1 - \pi_2)}{(\pi_1 - \pi_2)^2 \times fpc^2}$$

where  $n$  is the sample size for each group,  $Z_{\alpha/2}$  is the critical value of the standard normal distribution for the desired significance level ( $\alpha$ ),  $Z_{\beta}$  is the critical value of the standard normal distribution for the desired power ( $1-\beta$ ),  $\pi_1$  is the proportion of the population in the first group,  $\pi_2$  is the proportion of the population in the second group, and  $fpc$  is the finite population correction factor. The finite population correction factor is a factor that adjusts the sample size when the population size is small, and the sampling fraction is large. The formula for the finite population correction factor is:

$$fpc = \sqrt{(N - n)/(N - 1)}$$

where  $fpc$  is the finite population correction factor,  $N$  is the population size, and  $n$  is the sample size. Using the population size is 600, and the proportion of the population in each group is:

Group 1 (training and startup kits):  $100/600 = 0.167$

Group 2 (neither training nor startup kits):  $480/600 = 0.8$

Assuming that the significance level is 5% ( $\alpha = 0.05$ ), the power is 80% ( $1-\beta = 0.8$ ), and the effect size is 0.2, the sample size for the two groups is calculated as follows (assuming that treatment and control groups)

$$n = (2 \times (1.96 + 0.84)^2 \times (0.167 + 0.8) \times (1 - 0.167 - 0.8)) / ((0.167 - 0.8)^2 \times fpc^2)$$

$$n = (2(1.96 + 0.84)^2 \times (0.167 + 0.8) \times (1 - 0.167 - 0.8)) / (0.167 - 0.8)^2 \times fpc^2$$

Substituting into formula gives  $fpc = \sqrt{\frac{600-54.87}{600-1}} = 0.97$

Hence

$$n = (2(1.96 + 0.84)^2 \times (0.167 + 0.8) \times (1 - 0.167 - 0.8)) / (0.167 - 0.8)^2 \times 0.97^2 = 58.87$$

That is approximately fifty-nine (59) from each group. This study assumed that there are three groups which have been discussed under appropriate section in this chapter. Therefore, the required sample size is estimated to be  $59 \times 3 = 177$  participants. Participants who refused to take part in the study would be replaced with other participants from their group who desire to take part in order to reduce the non-response rate. The 177 respondents for the quantitative study would be supplemented with 10 participants purposively drawn from the BAC office and the LMKMA to participate in the qualitative study. The selection criteria for the sample were determined to ensure representativeness and generalizability of the findings. The criteria for inclusion are that the participants must be aged between 18 and 35 years, and that they must be engaged in any form of entrepreneurial activity within LMKMA and based on the age must not be older than 40 years at the time of the

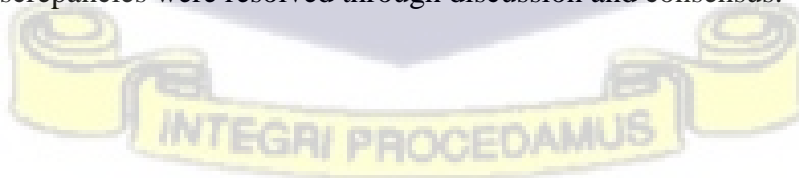
study (United Nations, 2020). The criteria for exclusion are that the participants must not have received training or starter kits from any other source, and that they must not be engaged in any other form of employment or occupation.

### **Approach to Qualitative Data Collection and Analysis**

Data collection methods: Semi-structured interviews were conducted with 10 participants, including youth entrepreneurs who received training and starter kits, those who received only training, and those who did not receive any intervention. The interviews were audio-recorded and transcribed verbatim for analysis.

With respect to the sampling strategy and participant recruitment approach, purposive sampling was used to select participants from each of the three strata (training and starter kits, training only, and control group). Participants were recruited through the local youth entrepreneurship network (Local Business Association) and screened for eligibility based on their involvement in the Rural Enterprise Programme (REP) interventions.

Thematic analysis was employed to identify patterns and themes in the interview data. The transcripts were coded, and the codes were iteratively refined and grouped into themes. The analysis was conducted by two independent coders, and discrepancies were resolved through discussion and consensus.



### 3.6 Variables and Measures

This section explains performance variable, characteristics variables and participation variable in the study and how they were measured.

#### 3.6.1 Business Sustainability and Performance Variable

The dependent variable in this study is business or startup performance and sustainability. Sustainability, in general parlance, refers to the capacity to endure or persist over time. In the context of startups, sustainability encompasses various dimensions, including economic viability, environmental responsibility, and social impact. It represents the ability of a startup to maintain its operations, adapt to changing circumstances, and contribute positively to its stakeholders and the broader community. There are thus several measures of business performance and sustainability including revenue generation, profitability, and number of years in existence (Darby & Jenkins 2006; Kerr & Nanda, 2009; Zahra et al., 2000). For this study, startup sustainability measures the extent to which an entrepreneur is able to sustain business for an upward of 3 years or more. The performance variable in this study is thus a binary variable and takes on the value of 0 for all businesses that has been in operation for less than 3 years and 1 for all business that has operated for at least 3 years.

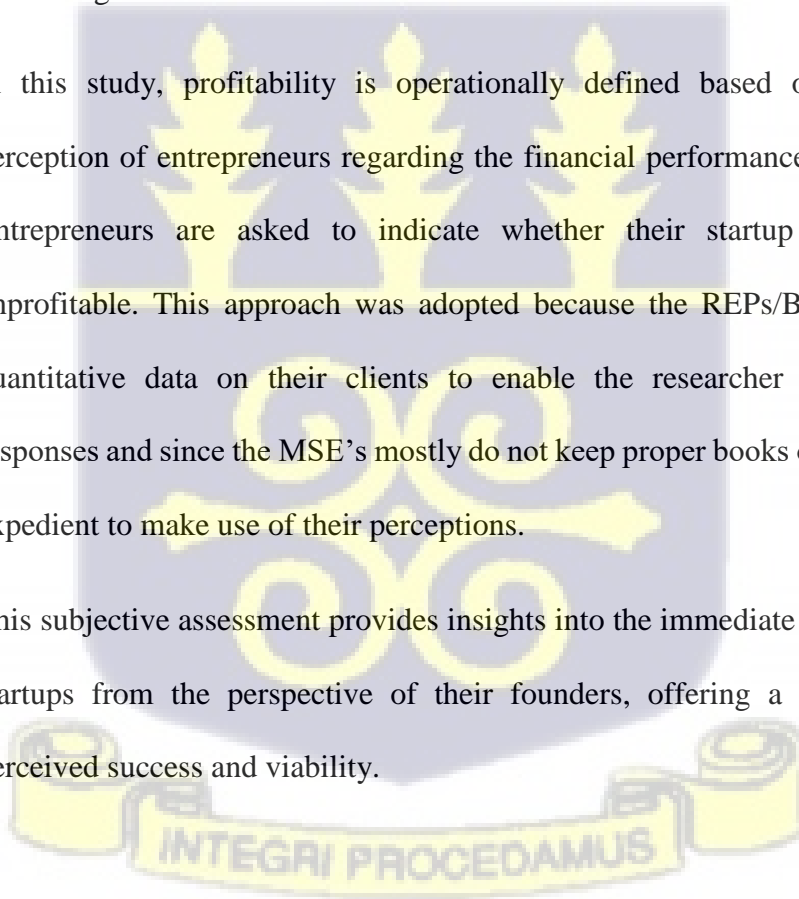
In my case, I operationalized sustainability by focusing specifically on the temporal dimension. Here, sustainability is defined as the duration of a startup's existence, with a cut off of at least three years. Thus, a startup is considered sustainable if it

has been in operation for three years or more, indicating a level of resilience and viability that surpasses the initial hurdles of establishment. It is important to stress the fact that this is a qualitative study and which employs statistical analysis to the responses. Although this approach has its short-comings, it was difficult to argue that the entrepreneurs would be dishonest in their responses.

Profitability on the other hand refers to the ability of a business to generate revenue that exceeds its expenses. It is a fundamental indicator of financial success and viability, reflecting the efficiency and effectiveness of a business model in generating returns for its stakeholders.

In this study, profitability is operationally defined based on the subjective perception of entrepreneurs regarding the financial performance of their startups. Entrepreneurs are asked to indicate whether their startup is profitable or unprofitable. This approach was adopted because the REPs/BAC did not have quantitative data on their clients to enable the researcher cross-check their responses and since the MSE's mostly do not keep proper books of accounts, it was expedient to make use of their perceptions.

This subjective assessment provides insights into the immediate financial status of startups from the perspective of their founders, offering a snapshot of their perceived success and viability.



### **3.6.2 Characteristic Variables**

The independent variables for the study are the demographic variables and the variables that are related to the entrepreneurial behaviour and performance of the participants. These variables are:

#### **3.6.2.1 Age**

This is a categorical variable that measures the age of the participants in years. Age is expected to influence the sustainability of enterprises or startups, as it may reflect the experience, knowledge, skills, networks, and resources of the entrepreneurs, as well as their creativity, innovation, flexibility, and adaptability. In this study, age was measured as a categorical variable using the variable "Age Group." This categorical variable was coded into three distinct groups: Group 1 represented individuals aged 25 to 34 years, Group 2 represented individuals aged 35 to 44 years, and Group 3 represented individuals aged 45 years and above. Each respondent was assigned to one of these age groups based on their age range, allowing for the categorization of participants into distinct age cohorts for analysis purposes. This approach enabled the exploration of potential differences or patterns in the variables of interest across different age groups, providing valuable insights into the relationship between age and the outcomes under investigation.

#### **3.6.2.2 Sector of Engagement**

This is a categorical variable that measures the type of industry or activity that the participants are engaged in. Sector of engagement is coded as 1 = services, 2 =

retail/commerce, 3 = industry, and 4 = agriculture. Sector of engagement is expected to influence the sustainability of enterprises or startups, as it may reflect the characteristics, opportunities, challenges, and dynamics of the market, the competition, the regulation, the innovation, and the profitability of the enterprises or startups.

### **3.6.2.3 Prior Entrepreneurial Exposure**

This is a binary variable that measures whether the participants have had any previous experience or involvement in entrepreneurship, either as owners, managers, employees, or family members of entrepreneurs (Lingappa et al. 2022; Bae et al., 2023; Geng et al., 2023). Prior entrepreneurial exposure was coded as 1 = prior exposure, and 0 = no prior exposure. Prior entrepreneurial exposure is expected to influence the sustainability of enterprises or startups, as it may reflect the motivation, confidence, learning, and socialization of the entrepreneurs, as well as their opportunity recognition, business planning, financial management, marketing, and innovation skills.

### **3.6.2.4 Risk Aversion**

This is an ordinal variable adapted from the DOSPERT scale that measures the degree to which the participants are willing to take risks in their entrepreneurial activities, such as investing, innovating, and expanding their enterprises or startups. The scale, developed by Weber, Blais, & Betz (2002) is a 30-item scale (only three were adopted in this study) that assesses risk-taking in five domains: financial, health/safety, recreational, ethical, and social. Participants rate their likelihood of

engaging in various risky behaviours on a 3-point Likert scale, with higher scores indicating greater risk-taking propensity. Risk aversion is coded as 0 = low risk aversion, 1 = moderate risk aversion, and 2 = high risk aversion. Risk aversion is expected to influence the sustainability of enterprises or startups, as it may reflect the attitude, behaviour, and perception of the entrepreneurs, as well as their decision-making and strategy.

### **3.6.2.5 Education**

This is an ordinal variable that measures the level of formal education that the participants have attained. Education is coded as 1 = JHS and below, 2 = SHS, and 3 = Degree or Higher. Education is expected to influence the sustainability of enterprises or startups, as it may reflect the cognitive, technical, and managerial abilities of the entrepreneurs, as well as their access to information, networks, and resources, and their opportunity costs, expectations, and preferences.

### **3.6.2.6 Participation Variable**

This is a binary variable that measures whether the participants have received any training or startup kits from the program that supports their entrepreneurial activities. Training or startup kits may include knowledge, skills, guidance, support, equipment, tools or materials that are provided to the participants to help them start and sustain their enterprises or startups. Access to training/startup kits is coded as 1 = only training 2 = Training and Startup Kits and 3 = Neither training nor Startup kits. Access to training/starter kits is expected to influence the sustainability of enterprises or startups, as it may enhance the value, impact, and quality of the

enterprises or startups, as well as overcome some of the challenges, constraints, and shocks that the entrepreneurs may face.

### **3.6.2.7 Gender**

This is a categorical variable that measures the sex of the participants. Gender is coded as 0 = male, and 1 = female. Gender is expected to influence the sustainability of enterprises or startups, as it may reflect the opportunities, challenges, barriers, and motivations of the entrepreneurs, as well as their human, social, and financial capital, and their growth orientation and innovation.

### **3.7 Data Collection Approach**

These variables were measured using a structured questionnaire that was administered to the participants at the end of the program. The questionnaire consisted of closed-ended questions that asked the participants about their demographic characteristics, their entrepreneurial activities, and their perceptions and attitudes. The questionnaire was designed to be simple, clear, and consistent, and to avoid any ambiguity, bias, or error. The questionnaire was also pre-tested and validated before being used in the field. The questionnaire was administered by trained enumerators who followed a standardized protocol and ensured the confidentiality and consent of the participants. The data collected from the questionnaire was then coded, cleaned, and analysed using appropriate statistical methods.

Additionally, qualitative data was collected from the REP officials, some of the entrepreneurs and some management staff of the LMKMA on challenges facing youth startups, the content of the REP training programme and its effects on startups using a semi-structured interview guide developed based on the objectives and the literature review.

### 3.8 Qualitative Data Analysis

The study used thematic analysis to identify the main themes and patterns in the qualitative data, following the six steps proposed by Braun and Clarke. These steps are: 1) familiarizing oneself with the data, 2) generating initial codes, 3) searching for themes, 4) reviewing themes, 5) defining and naming themes, and 6) producing the report. Throughout the process, I with the coding and the analysis of the data, to facilitate the generation of themes or quotes that are crucial for making the study findings.

The table below summarizes the data analysis approach adopted for each objective.

**Table: Analysis of Objectives, Key Variables, and Approaches**

Objective	Key Variables of Interest	Approach Adopted
To determine the factors that influence the association between youth	- Youth startup sustainability	Quantitative analysis: chi-square tests and cross-tabulations.

startup sustainability and profitability in LMKMA	Profitability Influencing factors	
To establish the association between starter kits and training on youth startups' sustainability and profitability in LMKMA	- Starter kits Training received Sustainability Profitability	Quantitative analysis: Comparison of performance metrics between groups (e.g., those who received starter kits and training versus those who did not). Statistical tests to determine associations and significance.
To identify whether there are differences in licensing challenges faced by youth startups in LMKMA	- Licensing challenges Perceptions of youth startups	Qualitative analysis: Interviews with youth entrepreneurs. Thematic analysis to identify and compare perceived challenges. Quantitative analysis for comparing responses statistically.

### 3.9 Construct Validity

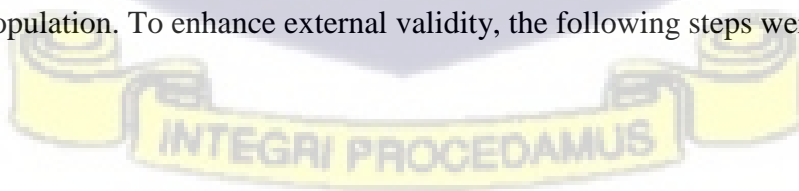
Construct validity refers to the extent to which the chosen constructs accurately measure the concepts of interest. In this study, the constructs include the treatment variables (entrepreneurial training and starter kits), outcome variables (youth startup performance), and control variables. The constructs are carefully defined and operationalized to capture the underlying concepts accurately (Babbie, 2016).

### **3.9.1 Internal Validity**

Internal validity refers to the extent to which causal inferences can be made regarding the study findings. In this study, internal validity was achieved in the following manner: To ensure the internal validity of the qualitative data through triangulation, I employed multiple data sources and methods. Specifically, I conducted semi-structured interviews with various stakeholders, including REP officials, youth entrepreneurs, and LMKMA management staff. This allowed me to gather diverse perspectives on the challenges facing youth startups, the content of the REP training program, and its effects on youth startups. Additionally, I incorporated quantitative data from surveys to corroborate the findings from the interviews. Additionally, the data collection procedures were described in-depth, including the development of the semi-structured interview guide, the sampling and recruitment strategies for participants, and the process of conducting the interviews. I also provided details on the duration of the interviews, the settings in which they were conducted, and the methods used to record and transcribe the data.

### **3.10 External Validity**

External validity refers to the extent of generalizability of the findings to the target population. To enhance external validity, the following steps were taken:



### **3.10.1 Sampling Approach**

The population of interest, youth entrepreneurs in the LMKMA, is defined clearly. A suitable sampling approach is employed to ensure that the sample represents the target population adequately.

### **3.10.2 Replication and Comparison**

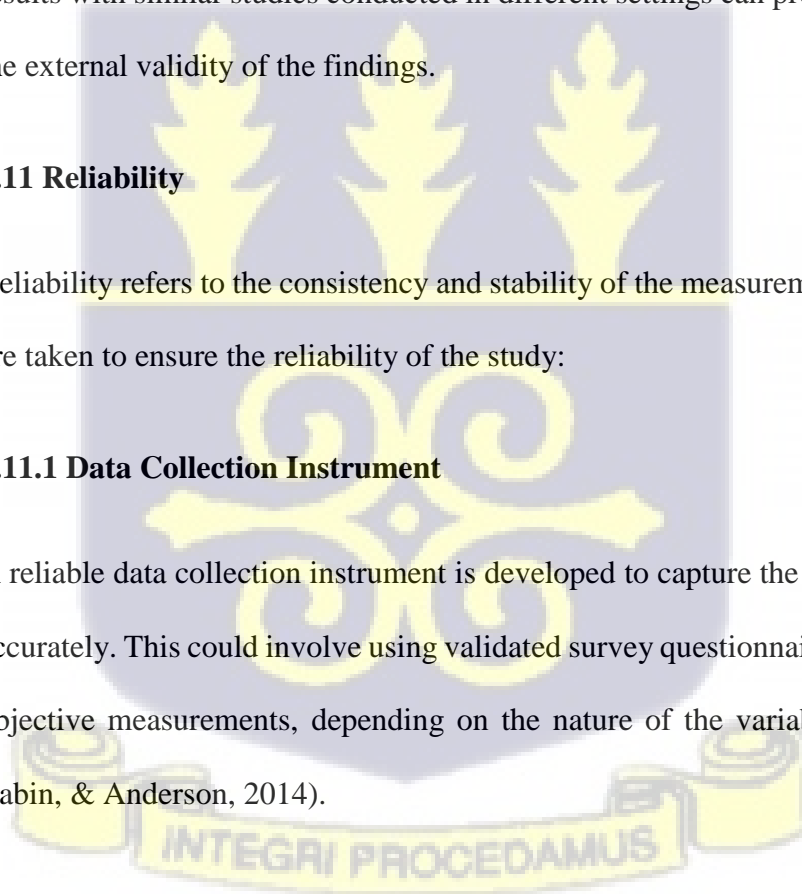
The study can be replicated in different contexts or with different samples to assess the consistency and generalizability of the findings. Additionally, comparing the results with similar studies conducted in different settings can provide insights into the external validity of the findings.

### **3.11 Reliability**

Reliability refers to the consistency and stability of the measurement. Several steps are taken to ensure the reliability of the study:

#### **3.11.1 Data Collection Instrument**

A reliable data collection instrument is developed to capture the relevant variables accurately. This could involve using validated survey questionnaires, interviews, or objective measurements, depending on the nature of the variables (Hair, Black, Babin, & Anderson, 2014).



### **3.11.2 Pilot Testing**

Before data collection, a pilot test was conducted to assess the clarity and reliability of the measurement instrument. This helped to identify any ambiguities or inconsistencies in the instrument and ensures the reliability of the data collected.

### **3.12 Ethical Considerations**

Ethical considerations are crucial to maintain the integrity and credibility of the study. Measures taken to ensure research ethics were complied with in this study included the following.

#### **3.12.1. Informed Consent**

Participants were provided with clear information about the study's purpose, procedures, and any potential risks or benefits. Informed consent is obtained from each participant, ensuring their voluntary participation and protecting their rights (American Psychological Association, 2017).

#### **3.12.2 Anonymity and Confidentiality**

Participants' data are anonymized and kept confidential to protect their privacy. Data are stored securely and only accessed by authorized researchers to ensure the confidentiality of the information.

Not only that, the study protocol and procedures were reviewed and approved by the research supervisors at the Institute of Statistical, Social and Economic

Research, University of Ghana. This ensures that the study adheres to approved ethical guidelines and safeguards the well-being of the participants.

Thus, to fulfil the requirements for validity and reliability in the study, measures are taken to ensure construct validity, internal validity, external validity, reliability, and ethical considerations. These steps, combined with the use of appropriate statistical models, allow for robust and credible findings. The rigorous approach employed in this study strengthens the validity and reliability of the results (Babbie, 2016; Dubin & McFadden, 1984).

### **3.13 Challenges in the Field and How They Were Overcome**

One key challenge of this study was the unwillingness of some beneficiaries to speak on the subject of the study. I observed that some of these beneficiaries identified as relevant respondents for the study had defaulted in their respective loan repayment agreement with the BAC/NBSSI on the Coronavirus Alleviation Program Business Support Scheme (CAP-Buss) programme, which was to specifically to support MSMEs affected by the Coronavirus pandemic in 2020. They, therefore, saw this academic endeavour as disguised law enforcement agent purported to track and bring them to justice. However, respondents' openness to the study was subject to the condition of anonymity and confidentiality on some information such as name, place of location and so on. Despite the challenges, I collected enough data to answer the research questions.

## CHAPTER FOUR

### DATA ANALYSIS

#### 4.1 Introduction

The objective of this study is to evaluate whether a distinction exists in the sustainability and performance profit of youth entrepreneurs who have undergone training and received starter kits from the organizers of the Rural Enterprises Project (REP) in Ghana, as compared to those who have not benefited from such interventions. Out of the estimated sample size of 165 respondents that were invited to take part in the study, only 145 were readily available and willing to take the survey. Many of the youths who benefited from the REP program and could have been included were not in the community at the time of the survey. The 145 respondents represent 88 percent of the number targeted for a 95 percent confidence level (see section 3.5.1 above). Considering the total sample size of 145 respondents, the distribution of respondents in percentage across the treatment groups is as follows: 49.7% of the respondents were in the only training group, 24.8% were in the training and startup kit group, and 25.5% were in the neither training nor startup kit group. These percentages provide insights into the proportion of respondents in each treatment category relative to the total sample size. The demographic information of the respondents is presented below.



**Table 4.1: Demographic Information of Respondents (n = 145)**

<b>Variables</b>	<b>Characteristics</b>	<b>Frequency</b>	<b>Percentage</b>
<b>Sector of engagement</b>	Services	78	53.8
	Commerce	7	4.8
	Industry	28	19.3
	Agriculture	32	22.1
<b>Age</b>	25 -34 years	34	23.4
	35-44 years	88	60.7
	45 years	23	15.9
<b>Education</b>	JHS and below	102	70.3
	Tertiary/Degree and Above	43	29.7
<b>Prior Entrepreneurial Exposure</b>	No	59	40.7
	Yes	86	59.3
<b>Participation</b>	Only Training	72	49.7
	Training and Startup Kit	36	24.8
	Neither Training nor Startup Kit	37	25.5
<b>Sex</b>	Male	75	51.7
	Female	70	48.3

Source: Field Data (2023)

The demographic information unveils insightful patterns among the participants. In terms of sector engagement, a significant majority, at 53.8%, are involved in the Services sector, with Agriculture following closely at 22.1%. Commerce and Industry contribute 4.8% and 19.3%, respectively.

Moving to age distribution, a noteworthy 60.7% fall within the 35-44 years range, demonstrating a concentration in this bracket. The 25-34 years age group represents 23.4%, while those aged 45 years and above constitute 15.9% of the participants.

Educationally, a substantial 70.3% have attained education at the Junior High School (JHS) level and below, contrasting with the 29.7% who hold Tertiary/Degree and above qualifications.

Regarding prior entrepreneurial exposure, the majority (59.3%) of participants report previous experience, reflecting a seasoned aspect within the sample.

In terms of the treatment received, close to half (49.7%) underwent solely training, while 24.8% received both training and a starter kit. Notably, 25.5% did not receive either training or a starter kit.

The gender distribution is relatively balanced, with 51.7% male and 48.3% female participants, presenting a diverse representation.

These demographic data lay a robust foundation for the ensuing analysis, offering a comprehensive understanding of the participants' characteristics in the context of the Rural Enterprises Programme in Ghana.

#### **4.2 Research Question One: “What factors are associate with youth startup sustainability and profit performance?”**

I analyse whether different treatment groups, including those who received only training, those who received training and startup kits, and those who received neither training nor startup kits, exhibit variations in profitability performance. I also explore the correlation of demographic and situational factors, such as gender, age group, education level, sector of engagement, prior entrepreneurial training, and risk aversion, with the relationship between treatment and profitability.

To achieve this, I first investigate the various groups regarding their startup profitability and sustainability before employing chi-square tests of independence to examine the association between treatment groups and profitability performance across the various demographic and situational factors. The results of these statistical tests provide valuable insights into the effectiveness of different treatment interventions in enhancing youth startup profitability.

#### 4.2.1 Treatment by Gender and Profitability Performance

The cross tabulation of treatment type (only training, training and startup kit, or neither) by gender and profitability performance revealed interesting patterns.

**Table 4.2: Percentage Distribution of Profit Performance**

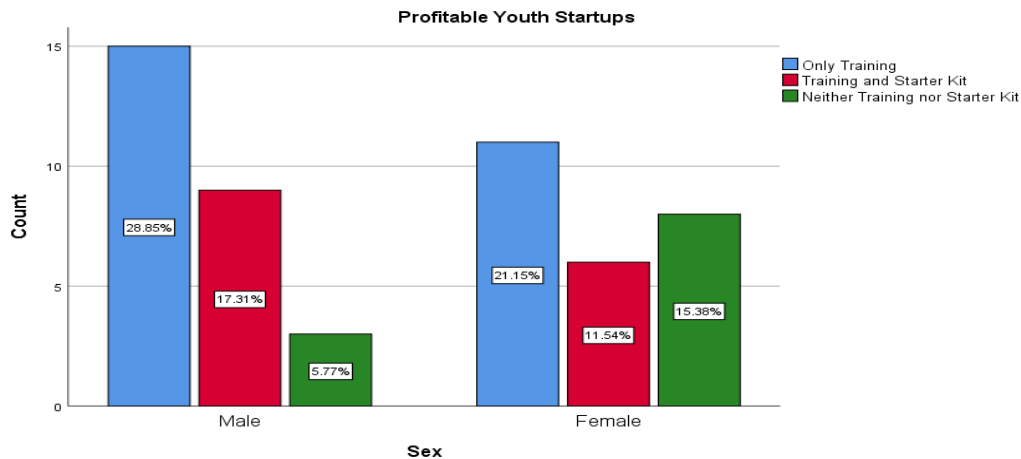
Profit_performance	Treatment	Sex	
		Male	Female
Not Profitable	Only Training	29 (39%)	17 (23%)
	Training and Starter Kit	10 (14%)	11 (16%)
	Neither Training nor Starter Kit	9 (12%)	17 (24%)
	Total	48 (65%)	45 (63%)
Profitable	Only Training	15	11

		(20%)	(16%)
	Training and Starter Kit	9	6
		(12%)	(9%)
	Neither Training nor Starter Kit	3	8
		(4%)	(11%)
	Total	27	25
		(37%)	(37%)
<b>Total</b>	Only Training	44	28
		(59%)	(40%)
	Training and Starter Kit	19	17
		(26%)	(24%)
	Neither Training nor Starter Kit	12	25
		(16%)	(36%)
	Total	75	70
		(100%)	(100%)

As can be seen from the histogram containing the cross-tabulations of respondents who indicated their startup has been profitable organized by treatment and gender below:



*Figure 4.1: Cross tabulation of Treatment and Profitable Startups by Gender*



From the chart, more than a quarter (approximately 29%) of males and 21% females who received "Only Training" were operating profitable startups, while in the "Training and Startup Kit" category, 18% of males and 12% of females had profitable startups. Further, the "Neither Training nor Startup Kit" category, there were only 5% of males and 15.38% females who were operating profitable startups.

As before, both genders show high number of profitable startups in the "Only Training" category. The "Training and Startup Kit" category however exhibits fewer profitable startups for both genders. Finally, the group that received "Neither Training nor Startup Kit" had a higher number of profitable startups among females compared to males.

In the examination of unprofitable youth startups by treatment and gender, I delve into the distribution of startups that did not yield profits across different treatment groups and genders.

For instance, among respondents who received only training, 39% were male and 23% were female, totaling 62% of all respondents in the unprofitable performance category. Among those who received both training and a starter kit, 14% were male and 16% were female, totaling 30% of all

respondents in the unprofitable performance category. Finally, among respondents who received neither training nor a starter kit, 12% were male and 24% were female, totaling 36% of all respondents in the unprofitable performance category.

Thus, both genders exhibit higher levels of unprofitable startups in the "Only Training" category whereas the "Training and Startup Kit" shows fewer unprofitable startups for both genders. Interestingly, the "Neither Training nor Startup Kit" category has a higher number of unprofitable startups among females compared to males. This also shown in the diagram below:

**Figure 4.2: Cross-tabulation of Treatment by Unprofitable Startups by Gender**



I also carried out a chi-square test after the cross-tabulations to assess whether the observed differences or associations between categorical variables (Gender treatments groups and

profitability) in the cross-tabulation are statistically significant or if they could have occurred due to random chance alone (See table below).

#### 4.2.2 Chi-Square Test

The chi-square test was conducted (see table below) to examine the relationship between treatment groups and the profitability of youth startups. The treatment groups consisted of "Only Training," "Training and Starter Kit," and control group consisted of "Neither Training nor Starter Kit."

**Table 4.3: Chi-square test on the relationship between treatment and profitability**

Treatment: (1 = only training; 2 = training and startup kit), Control: ( 3 = Neither training or starter kit)		Value	df	Asymptotic Significance (2- sided)	Exact Sig. (2- sided)	Exact Sig. (1- sided)
Only Training	Pearson Chi-Square	.200 <sup>c</sup>	1	.655		
	Continuity Correction <sup>b</sup>	.038	1	.845		
	Likelihood Ratio	.199	1	.655		
	Fisher's Exact Test				.802	.421
	Linear-by-Linear Association	.197	1	.657		
	N of Valid Cases	72				
Training and Startup Kit	Pearson Chi-Square	.538 <sup>d</sup>	1	.463		
	Continuity Correction <sup>b</sup>	.156	1	.693		
	Likelihood Ratio	.541	1	.462		
	Fisher's Exact Test				.516	.347
	Linear-by-Linear Association	.523	1	.469		
	N of Valid Cases	36				
Neither Training nor Startup Kit	Pearson Chi-Square	.190 <sup>e</sup>	1	.663		
	Continuity Correction <sup>b</sup>	.003	1	.959		
	Likelihood Ratio	.194	1	.660		
	Fisher's Exact Test				1.000	.487
	Linear-by-Linear Association	.185	1	.667		
	N of Valid Cases	37				

Total	Pearson Chi-Square	.001 <sup>a</sup>	1	.971		
	Continuity Correction <sup>b</sup>	.000	1	1.000		
	Likelihood Ratio	.001	1	.971		
	Fisher's Exact Test				1.000	.555
	Linear-by-Linear Association	.001	1	.972		
	N of Valid Cases	145				

- a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 25.10.
- b. Computed only for a 2x2 table
- c. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 10.11.
- d. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 7.08.
- e. 1 cells (25.0%) have expected count less than 5. The minimum expected count is 3.57.

From the table, for the "Only Training" group, the chi-square test revealed a non-significant association between treatment and profitability,  $\chi^2 (1) = .200$ ,  $p = .655$ . Similarly, the continuity correction yielded  $\chi^2 (1) = .038$ ,  $p = .845$ , indicating no significant relationship. The likelihood ratio was  $\chi^2 (1) = .199$ ,  $p = .655$ , also showing non-significance. Fisher's Exact Test, with a two-sided p-value of .802, further supported the lack of significant association. Additionally, the linear-by-linear association was .197,  $p = .657$ . Among the 72 valid cases, no significant association was found.

In the "Training and Startup Kit" group, the chi-square test indicated a non-significant relationship between treatment and profitability,  $\chi^2 (1) = .538$ ,  $p = .463$ . The continuity correction yielded  $\chi^2 (1) = .156$ ,  $p = .693$ , with no significant association. Likewise, the likelihood ratio was  $\chi^2 (1) = .541$ ,  $p = .462$ , showing non-significance. Fisher's Exact Test also provided a non-significant result, with a two-sided p-value of .516. The linear-by-linear association was .523,  $p = .469$ , with 36 valid cases showing no significant association.

For the "Neither Training nor Startup Kit" group, the chi-square test revealed no significant association between treatment and profitability,  $\chi^2 (1) = .190$ ,  $p = .663$ . The continuity correction

yielded  $\chi^2 (1) = .003$ ,  $p = .959$ , indicating no significant relationship. The likelihood ratio was  $\chi^2 (1) = .194$ ,  $p = .660$ , also showing non-significance. Fisher's Exact Test, with a two-sided p-value of 1.000, further supported the lack of significant association. Additionally, the linear-by-linear association was  $.185$ ,  $p = .667$ . Among the 37 valid cases, no significant association was found.

Overall, the total chi-square test indicated no significant association between treatment and profitability,  $\chi^2 (1) = .001$ ,  $p = .971$ . The continuity correction yielded  $\chi^2 (1) = .000$ ,  $p = 1.000$ , with no significant association. Similarly, the likelihood ratio was  $\chi^2 (1) = .001$ ,  $p = .971$ , showing non-significance. Fisher's Exact Test also provided a non-significant result, with a two-sided p-value of 1.000. The linear-by-linear association was  $.001$ ,  $p = .972$ , indicating no significant association among the 145 valid cases.

In addition to the chi-square tests, tests of homogeneity of the odds ratio and tests of conditional independence were conducted to further analyse the relationship between treatment and profitability of youth startups.

#### **4.2.3 Treatment by Age Group and Profitability Performance**

The cross-tabulation of profit performance by age group provides insights into the distribution of profitable and non-profitable youth startups across different age categories and treatment groups. Looking at the data, among youth startups aged 25-34 years, 19 startups were classified as not profitable, while 15 were profitable. In the 35-44 age group, there were 59 not profitable startups and 29 profitable startups. Among startups aged 45 years and above, there were 15 not profitable and 8 profitable startups. When considering treatment groups, for startups receiving only training, the distribution was as follows: 19 startups were not profitable and 15 were profitable among the 25-34 age group, 59 were not profitable and 29 were profitable among the 35-44 age group, and

15 were not profitable and were 8 profitable among the 45+ age group. Startups receiving both training and startup kits had 88 youths who felt their startup was not profitable and 29 were considered profitable among the 35-44 age group.

**Table 4.4: Cross-tabulation of Profitability by Age**

Crosstab						
Count						
Profit_performance		Age Group (1 = 25-34; 2=35-44; 3=45+)				Total
		25-34 years	35-44 years	45 years		
Not Profitable	Treatment: (1 = only training; 2 = training and starter kit 3 = Neither training Or starter kit	Only Training	5	32	9	46
		Training and Starter Kit	5	14	2	21
		Neither Training nor Starter Kit	9	13	4	26
Total			19	59	15	93

Profitable	Treatment: (1 = only training; 2 = training and starter kit 3 = Neither training Or starter kit	Only Training	2	19	5	26
		Training and Starter Kit	7	6	2	15
		Neither Training nor Starter Kit	6	4	1	11
	Total	15	29	8	52	
Total	Treatment: (1 = only training; 2 = training and starter kit 3 = Neither training Or starter kit	Only Training	7	51	14	72
		Training and Starter Kit	12	20	4	36
		Neither Training nor Starter Kit	15	17	5	37
	Total	34	88	23	145	

The table presents a cross tabulation of startups categorized by age group and treatment received. Each cell in the table represents the count of startups falling into a specific age group and treatment category. The age groups are divided into 25-34 years, 35-44 years, and 45 years and above, while the treatment categories include only training, training and starter kit, and neither training nor starter kit. The totals at the end of each row and column provide the overall count of startups within each age group and treatment category. This summary highlights the distribution of startups across

different age groups and treatment conditions, allowing for an analysis of potential relationships between age, treatment received, and startup performance.

The Chi-square tests were conducted to examine the association between profitability and age group across different treatment categories output of which is provided below.

**Table 4.1: Chi-square test on relationship between Treatment, profitability and Age**

<b>Chi-Square Tests</b>				
<b>Treatment: (1 = only training; 2 = training and startup kit)</b>		<b>Value</b>	<b>df</b>	<b>Asymptotic Significance (2-sided)</b>
<b>Control: (3 = Neither training or starter kit)</b>				
Only Training	Pearson Chi-Square	.202 <sup>b</sup>	2	.904
	Likelihood Ratio	.208	2	.901
	Linear-by-Linear Association	.047	1	.829
	N of Valid Cases	72		
Training and Startup Kit	Pearson Chi-Square	2.606 <sup>c</sup>	2	.272
	Likelihood Ratio	2.622	2	.270
	Linear-by-Linear Association	.781	1	.377
	N of Valid Cases	36		
Neither Training nor Startup Kit	Pearson Chi-Square	1.297 <sup>d</sup>	2	.523
	Likelihood Ratio	1.289	2	.525
	Linear-by-Linear Association	1.106	1	.293
	N of Valid Cases	37		
Total	Pearson Chi-Square	1.343 <sup>a</sup>	2	.511
	Likelihood Ratio	1.319	2	.517
	Linear-by-Linear Association	.718	1	.397
	N of Valid Cases	145		

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 8.25.

b. 2 cells (33.3%) have expected count less than 5. The minimum expected count is 2.53.

c. 2 cells (33.3%) have expected count less than 5. The minimum expected count is 1.67.

d. 3 cells (50.0%) have expected count less than 5. The minimum expected count is 1.49.

The results indicate that, with respect to startups receiving only training, the Pearson Chi-Square statistic yielded a value of  $\chi^2 (2) = .202$ , with 2 degrees of freedom, and an asymptotic significance of  $p = .904$ . Similarly, the Likelihood Ratio ( $\chi^2 (2) = .208$ ) and Linear-by-Linear Association ( $\chi^2 (1) = .047$ ) tests resulted in comparable statistics. Among startups receiving both training and starter kits, the Pearson Chi-Square value was  $\chi^2 (2) = 2.606$ , with 2 degrees of freedom, and an asymptotic significance of  $p = .272$ . The Likelihood Ratio ( $\chi^2 (2) = 2.622$ ) and Linear-by-Linear Association ( $\chi^2 (1) = .781$ ) tests produced similar results. For startups receiving neither training nor starter kits, the Pearson Chi-Square value was  $\chi^2 (2) = 1.297$ , with 2 degrees of freedom, and an asymptotic significance of  $p = .523$ . The Likelihood Ratio ( $\chi^2 (2) = 1.289$ ) and Linear-by-Linear Association ( $\chi^2 (1) = 1.106$ ) tests yielded comparable statistics. Overall, when considering all treatment groups, the Pearson Chi-Square value was  $\chi^2 (2) = 1.343$ , with 2 degrees of freedom, and an asymptotic significance of  $p = .511$ . The Likelihood Ratio ( $\chi^2 (2) = 1.319$ ) and Linear-by-Linear Association ( $\chi^2 (1) = .718$ ) tests resulted in similar outcomes.

These results indicate that there is no significant association between profitability and age group across different treatment categories.

#### **4.2.4 Treatment by Education Level and Profitability Performance**

The cross-tabulation below presents the relationship between treatment type and education level concerning profitability. Among youth startups with JHS and below education, 62 were not profitable, while 40 were profitable.

**Table 4.2: Cross-tabulation of Treatment by Education and Profitability**

<b>Crosstab</b>				
<b>Treatment: (1 = only training; 2 = training and starter kit) Control:( 3 = Neither training or starter kit) Total</b>				
<b>Count</b>				
		<b>Education Level (1 = JHS and Below; 2=SHS; 3 = Tertiary and Above</b>		<b>Total</b>
		<b>JHS and Below</b>	<b>Tertiary/Degree and Above</b>	
<b>Profit performance</b>	<b>Not Profitable</b>	62	31	93
	<b>Profitable</b>	40	12	52
<b>Total</b>		102	43	145

For those with tertiary/degree and above education, 31 were not profitable, and 12 were profitable. In total, 102 startups had JHS and below education, with 43 having tertiary/degree and above education, out of which 93 were not profitable, and 52 were profitable.

These findings suggest that there may be a relationship between education level and profitability among youth startups, with a higher proportion of startups with tertiary/degree and above education being profitable compared to those with JHS and below education. Further statistical analysis using chi-square tests, were carried out to provide insights into the significance of this relationship.

**Table 4.3: Chi-square test on the relationship between Treatment and profitability by Education**

<b>Chi-Square Tests</b>					
<b>Treatment: (1 = only training; 2 = training and starter kit) Control: ( 3 = Neither training or starter kit)</b>	<b>Value</b>	<b>df</b>	<b>Asymptotic Significance (2-sided)</b>	<b>Exact Sig. (2-sided)</b>	<b>Exact Sig. (1-sided)</b>

<b>Only Training</b>	Pearson Chi-Square	1.092 <sup>c</sup>	1	.296		
	Continuity Correction <sup>b</sup>	.620	1	.431		
	Likelihood Ratio	1.114	1	.291		
	Fisher's Exact Test				.440	.217
	Linear-by-Linear Association	1.077	1	.299		
	N of Valid Cases	72				
<b>Training and Startup Kit</b>	Pearson Chi-Square	1.867 <sup>d</sup>	1	.172		
	Continuity Correction <sup>b</sup>	.952	1	.329		
	Likelihood Ratio	1.974	1	.160		
	Fisher's Exact Test				.252	.165
	Linear-by-Linear Association	1.815	1	.178		
	N of Valid Cases	36				
<b>Neither Training nor Startup Kit</b>	Pearson Chi-Square	.074 <sup>e</sup>	1	.786		
	Continuity Correction <sup>b</sup>	.000	1	1.000		
	Likelihood Ratio	.073	1	.787		
	Fisher's Exact Test				1.000	.546
	Linear-by-Linear Association	.072	1	.789		
	N of Valid Cases	37				
<b>Total</b>	Pearson Chi-Square	1.682 <sup>a</sup>	1	.195		
	Continuity Correction <sup>b</sup>	1.226	1	.268		
	Likelihood Ratio	1.722	1	.189		
	Fisher's Exact Test				.256	.134
	Linear-by-Linear Association	1.670	1	.196		
	N of Valid Cases	145				

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 15.42.

b. Computed only for a 2x2 table

c. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 9.03.

d. 1 cells (25.0%) have expected count less than 5. The minimum expected count is 3.75.

e. 1 cells (25.0%) have expected count less than 5. The minimum expected count is 2.68.

For startups receiving only training, the Pearson chi-square value was calculated as  $\chi^2(1) = 1.092$ , which was not statistically significant ( $p = .296$ ). Similarly, for startups receiving both training and a starter kit, the Pearson chi-square value was  $\chi^2(1) = 1.867$ ,  $p = .172$ . In contrast, startups receiving neither training, nor a starter kit showed a Pearson chi-square value of  $\chi^2(1) = 0.074$ , indicating no statistically significant association with profitability ( $p = .786$ ).

Further analysis using Fisher's exact test revealed similar non-significant results for all treatment groups:  $p = .440$  for startups receiving only training,  $p = .252$  for startups receiving both training and a starter kit, and  $p = 1.000$  for startups receiving neither training nor a starter kit.

Overall, the chi-square tests did not show a significant association between treatment type and profitability among youth startups ( $\chi^2(1) = 1.682$ ,  $p = .195$ ). These results suggest that treatment type may not be a significant predictor of startup profitability.

#### 4.2.5 Treatment by Sector of Engagement and Profitability Performance

Further, among youth startups categorized as not profitable, the majority were engaged in services ( $n = 50$ ) and agriculture ( $n = 22$ ), followed by industry ( $n = 17$ ) and commerce ( $n = 4$ ) see table below. Conversely, among profitable startups, services ( $n = 28$ ) and agriculture ( $n = 10$ ) remained prevalent, with fewer engagements in industry ( $n = 11$ ) and commerce ( $n = 3$ ).

**Table 4.4: Cross tabulation of Profitability of Youth Startups by Sector of Engagement**

Performance	Services	Commerce	Industry	Agriculture	Total
Not Profitable	50	4	17	22	93
Profitable	28	3	11	10	52
Total	78	7	28	32	145

Overall, the table provides an overview of how the distribution of startups varies across different sectors of engagement, contingent on their profitability and the type of treatment received.

The chi-square tests were then conducted to assess the association between treatment type and sector of engagement with profitability.

**Table 4.5: Chi-square tests on the Relationship between Treatment and Profitability by Sector**

<b>Chi-Square Tests</b>				
<b>Treatment: (1 = only training; 2 = training and starter kit)</b>		<b>Value</b>	<b>df</b>	<b>Asymptotic Significance (2-sided)</b>
<b>Control: (3 = Neither training or starter kit)</b>				
<b>Only Training</b>	Pearson Chi-Square	1.334 <sup>b</sup>	3	.721
	Likelihood Ratio	1.322	3	.724
	Linear-by-Linear Association	.451	1	.502
	N of Valid Cases	72		
<b>Training and Startup Kit</b>	Pearson Chi-Square	5.857 <sup>c</sup>	3	.119
	Likelihood Ratio	6.463	3	.091
	Linear-by-Linear Association	.891	1	.345
	N of Valid Cases	36		
<b>Neither Training nor Startup Kit</b>	Pearson Chi-Square	1.100 <sup>d</sup>	3	.777
	Likelihood Ratio	1.123	3	.772
	Linear-by-Linear Association	.642	1	.423
	N of Valid Cases	37		
<b>Total</b>	Pearson Chi-Square	.588 <sup>a</sup>	3	.899
	Likelihood Ratio	.588	3	.899
	Linear-by-Linear Association	.076	1	.783
	N of Valid Cases	145		

a. 2 cells (25.0%) have expected count less than 5. The minimum expected count is 2.51.

b. 3 cells (37.5%) have expected count less than 5. The minimum expected count is 1.08.

- c. 4 cells (50.0%) have expected count less than 5. The minimum expected count is .83.
- d. 5 cells (62.5%) have expected count less than 5. The minimum expected count is .59.

Results from the Chi-square tests table above show that for startups receiving only training, the Pearson chi-square value was  $\chi^2(3) = 1.334, p = .721$ . Similarly, for startups receiving both training and a startup kit, the Pearson chi-square value was  $\chi^2(3) = 5.857, p = .119$ . Startups receiving neither training, nor a startup kit showed a Pearson chi-square value of  $\chi^2(3) = 1.100$ , indicating no statistically significant association with profitability ( $p = .777$ ).

Overall, the chi-square tests did not demonstrate a significant association between treatment type and sector of engagement with profitability  $\chi^2(3) = 0.588, p = .899$ ). These findings suggest that neither treatment type nor sector of engagement alone may be reliable predictors of startup profitability.

#### 4.2.6 Treatment by Prior Entrepreneurial Training and Profitability Performance

Next, the respondents were asked to rate whether having a prior entrepreneurial training impacted their startup profitability performance. The cross-tabulation table below presents the distribution of startups based on their prior entrepreneurial training, categorized by profitability and treatment type.

**Table 4.6: Cross-tabulation of Treatment by Prior Entrepreneurial training with Profitability**

	Prior Entrepreneurial Training		Total
	No	Yes	

Profit_performance	Not Profitable	38	55	93
	Profitable	21	31	52
Total		59	86	145

The cross-tabulation shows that among startups with no prior entrepreneurial training, there were 38 not profitable and 21 profitable startups. Conversely, among startups with prior entrepreneurial training, there were 55 not profitable and 31 profitable startups. This table provides insight into how the distribution of startups varies based on their prior entrepreneurial training status, highlighting potential implications for the effectiveness of different treatment types in relation to startup profitability.

Turning to the Chi-Square test table below, it can be seen that for startups that received only training, the Pearson chi-square statistic yielded a value of  $\chi^2=2.713$  with 1 degree of freedom, indicating no significant association ( $p=.100$ ).

**Table 4.7: Chi-square Test of Prior Entrepreneurial Training by Treatment and Profitability**

Chi-Square Tests						
Treatment: (1 = only training; 2 = training and startup kit)		Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Control: (3 = Neither training or startup kit)						
Only Training	Pearson Chi-Square	2.713 <sup>c</sup>	1	.100		
	Continuity Correction <sup>b</sup>	1.942	1	.163		
	Likelihood Ratio	2.687	1	.101		
	Fisher's Exact Test				.130	.082
	Linear-by-Linear Association	2.675	1	.102		
	N of Valid Cases	72				
Training and Startup Kit	Pearson Chi-Square	4.629 <sup>d</sup>	1	.031		
	Continuity Correction <sup>b</sup>	3.214	1	.073		

	Likelihood Ratio	4.984	1	.026		
	Fisher's Exact Test				.040	.034
	Linear-by-Linear Association	4.500	1	.034		
	N of Valid Cases	36				
<b>Neither Training nor Startup Kit</b>	Pearson Chi-Square	.002 <sup>e</sup>	1	.969		
	Continuity Correction <sup>b</sup>	.000	1	1.000		
	Likelihood Ratio	.002	1	.969		
	Fisher's Exact Test				1.000	.627
	Linear-by-Linear Association	.001	1	.969		
	N of Valid Cases	37				
<b>Total</b>	Pearson Chi-Square	.003 <sup>a</sup>	1	.955		
	Continuity Correction <sup>b</sup>	.000	1	1.000		
	Likelihood Ratio	.003	1	.955		
	Fisher's Exact Test				1.000	.549
	Linear-by-Linear Association	.003	1	.956		
	N of Valid Cases	145				

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 21.16.

b. Computed only for a 2x2 table

c. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 9.75.

d. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 5.00.

e. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 5.05.

A similar result was obtained using the likelihood ratio test ( $\chi^2=2.687, p=.101$ ). These findings suggest that there is no significant relationship between treatment type and profitability for startups with no prior entrepreneurial training.

Conversely, for startups that had prior entrepreneurial training that received both training and starter kits, the Pearson chi-square statistic was significant ( $\chi^2=4.629, p=.031$ ), indicating a relationship between treatment type and profitability. This result was consistent with the likelihood ratio test ( $\chi^2=4.984, p=.026$ ). These findings suggest that treatment type has a significant impact on profitability for startups with prior entrepreneurial training.

For startups that received neither training nor starter kits, the chi-square tests did not show any significant association between prior entrepreneurial training and profitability ( $p > .05$ ). Both the Pearson chi-square and likelihood ratio tests yielded non-significant results ( $p = .969$ ). This suggests that treatment type may not influence the profitability of startups without prior entrepreneurial training. Indeed, the symmetric measures table below provides insights into the strength of association between treatment type, prior entrepreneurial training, and profit performance.

**Table 4.8: Symmetric Measures**

<b>Symmetric Measures</b>				
Treatment: (1 = only training; 2 = training and starter kit) Control: (3 = Neither training or starter kit)			Value	Approximate Significance
Only Training	Nominal by Nominal	Phi	-.194	.100
		Cramer's V	.194	.100
		Contingency Coefficient	.191	.100
	N of Valid Cases		72	
Training and Startup Kit	Nominal by Nominal	Phi	.359	.031
		Cramer's V	.359	.031
		Contingency Coefficient	.338	.031
	N of Valid Cases		36	
Neither Training nor Startup Kit	Nominal by Nominal	Phi	-.006	.969
		Cramer's V	.006	.969
		Contingency Coefficient	.006	.969
	N of Valid Cases		37	
Total	Nominal by Nominal	Phi	.005	.955
		Cramer's V	.005	.955
		Contingency Coefficient	.005	.955
	N of Valid Cases		145	

For startups that received only training, the Phi coefficient, Cramer's V, and the contingency coefficient all showed a small negative association with no prior entrepreneurial training and profit performance, although this association was not statistically significant ( $\Phi = -0.194, p = 0.100$ ). This suggests a weak relationship between treatment type and profit performance among startups with no prior entrepreneurial training.

In contrast, for startups that received both training and startup kits, the Phi coefficient, Cramer's V, and the contingency coefficient indicated a moderate positive association with prior entrepreneurial training and profit performance, and this association was statistically significant ( $\Phi = 0.359, p = 0.031$ ). This indicates the combined treatment comes out as more effective when participants have had prior entrepreneurial training.

However, for startups that received neither training nor startup kits with prior entrepreneurial training, all the symmetric measures showed very close to zero values, indicating negligible association with profit performance, and this lack of association was not statistically significant ( $p > 0.05$ ).

Overall, when considering the entire sample, the symmetric measures shows that prior entrepreneurial training had no significant effect on the association between treatment type and profit performance ( $p > 0.05$ ). This suggests that other factors beyond treatment type and prior entrepreneurial training may influence startup.

#### **4.2.7 Treatment by Risk Aversion and Profitability Performance**

Analysing treatment type by risk aversion and profitability performance revealed varying distributions of profitable ventures among different risk aversion levels. Notably, individuals with

moderate risk aversion had the highest count of profitable ventures across all treatment groups as shown in the table below.

**Table 4.9: Cross-tabulation of Treatment by Risk**

<b>Crosstab</b>					
Treatment: (1 = only training; 2 = training and startup kit) Control: ( 3 = Neither training or startup kit): Total					
Count		I am prepared to take Risk to improve my business depending on whether the level of risk)			Total
		Low Risk	Moderate Riks	High Risk	
<b>Profit_performance</b>	<b>Not</b>	36	56	1	93
	<b>Profitable</b>				
	<b>Profitable</b>	11	39	2	52
<b>Total</b>		47	95	3	145

The chi-square test results for the relationship between treatment type, risk aversion, and profitability indicate some interesting findings. Among startups that received only training, the Pearson chi-square test was not significant ( $\chi^2(2) = 5.1685, p = .075$ ) Similarly, the likelihood ratio test and the linear-by-linear association test also showed a trend towards significance ( $p = .054$ ). These results suggest a potential relationship between treatment type and risk aversion among startups that received only training.

For startups that received both training and starter kits, the Pearson chi-square test resulted in a value of  $\chi^2(1) = 1.616, p = .204$  indicating no significant relationship between treatment type and risk. Other tests, including the likelihood ratio test and the linear-by-linear association test, also failed to reach significance ( $p > .05$ ).

Similarly, among startups that received neither training nor starter kits, the chi-square tests did not indicate a significant relationship between treatment type and risk aversion ( $p > .05$ ).

Overall, when considering the entire sample, the Pearson chi-square test showed a value of  $\chi^2(2) = 5.522, p = .059$  approaching significance. The likelihood ratio test was also close to being significance ( $p = .059$ ), while the linear-by-linear association test was significant ( $p = .020$ ). These results suggest a potential relationship between treatment type and risk aversion across all startups, although further investigation may be needed to confirm this relationship.

### **4.3 Discussion on Research Question One**

This section discusses the findings on research question one in the light of the literature.

#### **4.3.1 Age of the Entrepreneur and Profitability Performance**

The study identified age as a demographic variable potentially influencing startup sustainability. While some literature suggests a positive relationship between age and startup success, attributing it to accumulated experience and resources (Kautonen et al., 2017; Lévesque & Minniti, 2006), other studies present conflicting findings, proposing that younger entrepreneurs may possess advantages such as creativity and adaptability (Parker & Rougier, 2007; Wong et al., 2005). In the context of RBV, older entrepreneurs may leverage accumulated resources and knowledge, aligning with the theory's emphasis on firm-specific resources and capabilities as determinants of competitive advantage.

#### **4.3.2 Gender and Profitability Performance**

Gender emerged as another significant factor associated with startup sustainability. While some studies indicate gender disparities in access to resources and capital, potentially affecting women entrepreneurs' performance (Brush et al., 2004; Verheul et al., 2006), others find no significant

gender-based differences (Watson, 2003; Robb & Watson, 2012). RBV suggests that differences in resource endowment between male and female entrepreneurs could influence startup outcomes, emphasizing the importance of leveraging available resources for competitive advantage.

#### **4.3.3 Education and Profitability Performance**

The role of education in startup sustainability appears multifaceted. While higher education levels may enhance entrepreneurial abilities and access to resources (Bates, 1990; Van der Sluis et al., 2008), they can also increase risk aversion and opportunity costs, potentially hindering entrepreneurial engagement (Parker, 2009; Bjørnskov & Foss, 2016). RBV would suggest that the quality and relevance of education influence the acquisition of valuable resources, aligning with the theory's focus on leveraging firm-specific resources for sustained competitive advantage

#### **4.3.4 Risk Aversion and Profitability Performance**

Risk aversion emerged as a psychological factor potentially impacting startup sustainability. While some studies suggest that moderate risk aversion may encourage cautious planning and management (Cressy, 2000; Astebro et al., 2014), others propose that high risk aversion could deter entrepreneurial engagement (Caliendo et al., 2010; Guiso & Paiella, 2008). RBV would view risk aversion as a personal characteristic influencing resource allocation and strategic decision-making, highlighting the importance of aligning risk-taking behaviour with the exploitation of firm-specific resources.

#### **4.3.5 Access to Training Programs and Profitability Performance**

Access to training programs emerged as an institutional factor affecting startup sustainability. While such programs may enhance entrepreneurs' knowledge and skills (Bruhn & Zia, 2013; Karlan & Valdivia, 2011), their effectiveness could vary due to factors like program quality and

relevance (McKenzie & Woodruff, 2014; Drexler et al., 2014). RBV would emphasize the role of training programs in augmenting entrepreneurs' human capital, potentially leading to the acquisition of valuable firm-specific resources and capabilities.

#### **4.3.6 Access to Capital/Finance and Profitability Performance**

Access to capital/finance was identified as a critical institutional factor impacting startup sustainability. While some studies suggest a positive relationship between access to finance and startup success (Kerr & Nanda, 2009; Banerjee et al., 2015), others highlight potential drawbacks such as high costs and risks (Cressy, 1996; de Mel et al., 2008). RBV would stress the significance of financial resources in augmenting firm-specific capabilities and competitiveness, underscoring the importance of strategic resource allocation and financial management.

#### **4.3.7 Sector of Engagement and Profitability Performance**

The sector of engagement emerged as a contextual factor influencing startup sustainability. While sector-specific characteristics may affect startup outcomes (Acs & Audretsch, 1988; Audretsch et al., 2008), other studies find that entrepreneurial orientation and strategic planning may have a stronger impact (Wiklund & Shepherd, 2005; Zahra et al., 2000). RBV would highlight the importance of aligning sector-specific opportunities and challenges with firm-specific resources and capabilities to achieve sustained competitive advantage.

#### **4.3.8 Conclusion on H1a**

Based on the results the null hypothesis *H1.0: Youths who receive REP training would perform better on sustainability and profit performance than youths who do not receive training* is rejected.

In a nutshell, the integration of findings with the empirical literature review and the RBV framework underscores the complexity of factors influencing the profitability performance of youth startups in LMKMA. While demographic, psychological, institutional, and contextual factors play significant roles, their effects are contingent on resource endowment, strategic decision-making, and competitive positioning. This highlights the importance of leveraging firm-specific resources and capabilities to enhance startup sustainability amidst diverse challenges and opportunities.

**4.4 Research Question Two: How does starter kit and training associate with the operational sustainability and performance of youth startups in LMKMA.**

Another dimension of youth startup performance that was investigated was sustainability which was measured as the number of years of successfully operating a startup if the business was still in activity or not after 3 years. The analysis employed chi-square tests to explore relationships between variables such as years in business, age group, education level, sector of engagement, prior entrepreneurial training, and risk aversion. The results from the Chi-square tests on these are provided in the table below.

**Table 4.10: Summary of Results from Chi-square tests**

Variable	Treatment	$\chi^2$	Df	p-value	Cramer's V	Phi $\Phi$	Likelihood Ratio
<b>Years in Business (&lt;3years or ≥3 years)</b>	Only Training	48.610	2	< .001	.822	.822	61.653
	Training & Startup Kit	10.737	1	< .001	.546	.546	14.201
	Neither Training/Kit	20.724	1	< .001	.748	.748	21.288
<b>Education Level</b>	Only Training	1.564	2	.458	.147	.147	1.879
	Training & Startup Kit	1.235	1	.267	.185	.185	1.394

	Neither Training/Kit	.240	1	.624	.081	.081	.233
<b>Sector of Engagement</b>	Only Training	26.777	6	< .001	.610	.412	10.212
	Training and Kit	1.926	3	.588	.231	.231	1.985
	Neither Training/Kit	.904	3	.825	.156	.156	1.418
<b>Prior Entrepreneurial Training</b>	Only Training	1.505	2	.471	.145	.145	1.844
	Training & Startup Kit	2.667	1	.102	.272	.272	3.051
	Neither Training/Kits	1.403	1	.236	.195	.195	1.439
<b>Risk Aversion</b>	Only Training	2.698	4	.610	.194	.194	3.701
	Training & Startup Kit	.156	1	.693	.066	.066	.158
	Neither Training/Kits	.397	2	.820	.104	.104	.656

Source: Field Data (2024)

In the analysis, the variable "years in business (if the business was still in activity or not after 3 years) " was examined to determine if there was an association between the number of years a youth startup has been in business and its sustainability, in relation to the treatment received (i.e., only training, training and startup kit, or neither training nor startup kit).

The chi-square test results for "years in business (if the business was still in activity or not after 3 years) " indicate that there is a significant association between this variable and the treatment received. Youths receiving only training showed a strong association with sustainability ( $\chi^2 = 48.610$ ,  $df = 2$ ,  $p < .001$ ). Similarly, receiving both training and startup kits demonstrated significant association with sustainability ( $\chi^2 = 10.737$ ,  $df = 1$ ,  $p = .001$ ). Conversely, not receiving any training or startup kits was also significantly associated with startup sustainability ( $\chi^2 = 20.724$ ,  $df = 1$ ,  $p < .001$ ).

Further analysis explored the impact of other factors on startup profitability. Years in business exhibited a significant association with sustainability ( $\chi^2 = 7.146$ ,  $df = 4$ ,  $p = .128$ ). Education level, however, did not show a significant association with sustainability ( $\chi^2 = .840$ ,  $df = 2$ ,  $p = .657$ ).

Sector of engagement revealed significant associations with startup sustainability ( $\chi^2 = 24.586$ ,  $df = 6$ ,  $p < .001$ ). Conversely, prior entrepreneurial training did not exhibit significant association with startup sustainability ( $\chi^2 = .826$ ,  $df = 2$ ,  $p = .662$ ). Additionally, no significant association was found between risk aversion and startup sustainability ( $\chi^2 = 2.866$ ,  $df = 4$ ,  $p = .580$ ).

In a nutshell, training and starter kits significantly contribute to the sustainability of youth startups. This suggests that the number of years a youth startup has been in business is related to whether they received training only, training and startup kits or neither.

Based on the analysis conducted, the results support hypothesis H2a: Youths who receive REP starter kits and training will have significantly higher startup sustainability than youths who receive only training, or neither training or startup kits. Based on the analysis provided, the results support this restated hypothesis. The chi-square test results show significant associations between the treatment groups (only training, training and startup kit, or neither) and startup sustainability. Specifically, youths who received only training ( $\chi^2 = 48.610$ ,  $df = 2$ ,  $p < .001$ ) or both training and starter kits ( $\chi^2 = 10.737$ ,  $df = 1$ ,  $p = .001$ ) demonstrated significant associations with sustainability. This means that both groups had higher startup sustainability compared to those who received neither training nor startup kits ( $\chi^2 = 20.724$ ,  $df = 1$ ,  $p < .001$ ).

## Conclusion on H2a

Based on the results the null hypothesis *H2.0: There will be no difference in startup sustainability and profit performance between youths who received REP startup kits and training and youth who received only training or neither training or startup kits* is rejected.

Therefore, the hypothesis (H2a) is confirmed based on the analysis provided. *Youths who received REP startup kits and training indeed exhibited significantly higher startup sustainability and profit performance compared to youths who received only training and those who received neither training nor startup kits.*

### 4.4.1 Discussion on Research Question Two

In the analysis of the relationship between startup kits and training, and the sustainability of youth startups in LMKMA, several variables were examined, including years in business, education level, sector of engagement, prior entrepreneurial training, and risk aversion.

The findings from the chi-square tests indicate significant associations between certain variables and startup sustainability. Notably, both receiving only training ( $\chi^2 = 48.610$ ,  $p < .001$ ) and receiving both training and startup kits ( $\chi^2 = 10.737$ ,  $p = .001$ ) showed significant associations with sustainability. Conversely, not receiving any training nor startup kits also exhibited a significant association with startup sustainability ( $\chi^2 = 20.724$ ,  $p < .001$ ).

Comparing these results with the literature, we find support for the importance of training in enhancing startup sustainability. Prior research has emphasized the role of entrepreneurial skills and training in startup success, aligning with the significant associations found in the analysis. Studies by Kuratko and Hodgetts (2008) and Markman and Baron (2003) emphasize the significance of training in equipping entrepreneurs with the necessary skills for startup success,

corroborating the findings that both training alone and combined with startup kits significantly contribute to sustainability.

However, the analysis did not find a significant association between education level and startup sustainability ( $\chi^2 = .240, p = .624$ ). This finding contradicts some previous research suggesting that higher levels of education contribute to startup success (Bates, 1990; Van der Sluis et al., 2008). It's important to note that while education may enhance certain skills, the practical training provided by startup kits and targeted entrepreneurial programs might play a more immediate and direct role in startup sustainability.

Furthermore, the analysis revealed significant associations between sector of engagement and startup sustainability ( $\chi^2 = 26.777, p < .001$ ). This aligns with the literature, which suggests that the industry in which a startup operates can significantly impact its sustainability (Acs and Audretsch, 1988). However, the analysis did not directly address other demographic variables such as age and gender, which have been found in previous research to influence entrepreneurial behaviour and startup success (Kautonen et al., 2017; Brush et al., 2004).

Building upon the findings from the analysis and considering the resource-based view (RBV) as the theoretical foundation of the study, we can interpret the results through the lens of RBV, which emphasizes the role of resources and capabilities in creating sustainable competitive advantage. From an RBV perspective, training and startup kits can be viewed as valuable resources that contribute to the competitive advantage of youth startups. The significant associations found in the analysis suggest that these resources are essential for enhancing the sustainability of startups in LMKMA. Training programs equip entrepreneurs with the necessary skills, knowledge, and

capabilities to effectively manage their startups, identify opportunities, and navigate challenges. Startup kits, on the other hand, provide tangible resources and tools that enable entrepreneurs to operationalize their ideas and translate them into viable businesses.

These findings align with the core tenets of RBV, which argue that sustained competitive advantage arises from the possession of valuable, rare, and inimitable resources (Barney, 1991). In the context of youth startups, access to quality training programs and startup kits can be considered valuable resources that are relatively rare and difficult for competitors to imitate. As such, startups that leverage these resources are more likely to achieve sustainable success compared to those that lack them.

Furthermore, the significance of sector of engagement in influencing startup sustainability underscores the importance of industry-specific resources and capabilities. RBV suggests that resources must be tailored to the specific demands and dynamics of the industry in which a firm operates (Barney, 1991). Thus, startups in certain sectors may require different types of training and resources to effectively compete and survive.

However, the lack of significant association between education level and startup sustainability raises questions about the role of human capital in RBV. While education is traditionally considered a valuable resource, its relation on startup sustainability may be contingent upon other factors such as the quality and relevance of the education received. RBV emphasizes the importance of resources that are not only valuable but also rare and difficult to imitate. In this regard, practical training provided through programs and starter kits may offer more immediate and tangible benefits compared to formal education alone.

To restate, the findings from the analysis, when viewed through the lens of RBV, highlight the critical role of resources and capabilities, particularly training programs and starter kits, in enhancing the sustainability of youth startups in LMKMA. By investing in these resources, policymakers and stakeholders can effectively support the development and growth of startups, ultimately contributing to economic development and prosperity in the region.

#### **4.5 Research Question three: What are the challenges faced by the youth startups/MSMEs in LMKMA?**

The third research question explored challenges faced by youth start-ups within the target population. These challenges were classified into pre-startup challenges (focusing on the challenges that the youth face when trying to set up a business, and post-startup challenges (i.e. challenges encountered after successfully establishing a business). For the former, the factors examined include challenges with raising startup capital, regulation challenges, education, and difficulties in securing suitable sites for the business. Metrics used for the latter included high taxes, bank loans, the cost of power, business management, the quality of the personnel, external competition, and marketing challenges.

##### **4.5.1 Pre-startup Challenge: Getting Access to Startup Capital**

This theme encapsulates the challenges respondents faced with the capital that was needed in their startups. Responses in this category fell into two groups: (i) low quality of startup equipment and (ii) insufficient capital/lack of capital

Whereas other beneficiaries were elated with the startup equipment received from REP and how it has boosted their income through job creation, five of the other beneficiaries mentioned that the low quality of the startup equipment was the main challenge they faced with their startup. This

undermines the role of the startup capital, which was to help them startup and expand, rather becoming a challenge for them. This is evident in the quote below:

*“I was operating with my master after graduation because I had no capital to start my business. Until a friend introduced my master and I to the REP/BAC office. I attended most of their skills training program, trade shows and the ‘Start Your Business’ training program. I later received a set of auto electrical equipment from REP. As I applied the skills taught by REP in my business I was able to acquire a shop and additional two (2) apprentices and 2 employees. I have also opened a corn mill centre that I have employed someone to operate it. So, for me REP has really improved my standard of living” (Respondent 1, male, auto electrician)*

*“Yes, the welding machine that they gave me did not really help me. The motor spoilt after using it only twice. I couldn’t afford a new motor so I had to abandon the machine that they gave me and manage with using my old one.” (Respondent 3, male, welding fabricator)*

This is supported by a key informant, who mentioned that beneficiaries come to them with complaints about the startup kits they received. He said

*“A few complained about the equipment that we gave them, that it is faulty or not of quality. An example is the hairdressers, they will take the standing hairdryer home and then call you after a month that the motor has spoilt so we need to replace it for them. Whereas, others beneficiaries acknowledged our interventions” (Key informant, male, BAC officer)*

Another respondent mentioned that REP not including startup capital to the startup kit/interventions was not enough to start up. This is seen in the quote below:

*“They gave us some equipment to start without adding startup capital to help us in getting a place to position our business or put up a container or even buy additional equipment. So, personally, it became a problem for me.” (Respondent 5, female, dressmaker)*

Support from family played a role in enabling few respondents to get a better of the obstacle of capital. Two respondents explained that support from their families helped them to overcome the challenge they encountered in their startup. This is evident in the quote below:

*“My husband is a public servant so he helped by securing a loan from the bank for me to get a shop and additional equipment” (Respondent 2, female, caterer)*

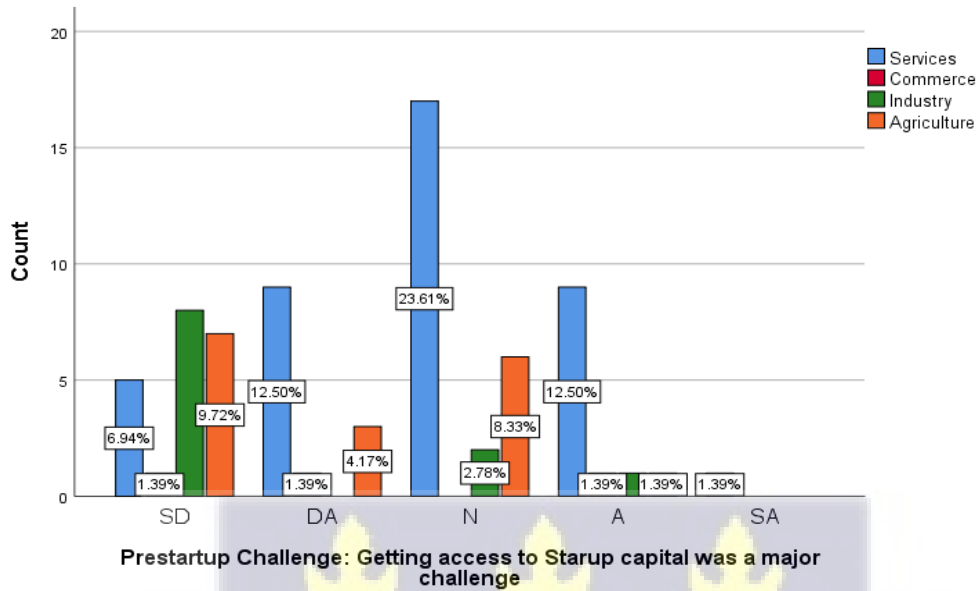
The finding was supported by the BAC Head. However, he attributed this problem (lack of capital) to the misconception that existed among beneficiaries that REP was to provide them with startup capital they needed to startup. This is evident in the quote below:

*“Some of the beneficiaries were having a lot of misconceptions that when they finish training, REP will buy every equipment for them including give them enough capital. Which was not true” (Key informant 1, male, BAC Head)*

The cross-tabulation between the perception of startup capital as a major challenge and the sector of engagement by gender revealed notable patterns as observed from the bar chart below:



**Figure 4.3: Pre-Startup Challenge -Difficulty in Accessing Startup Capital**



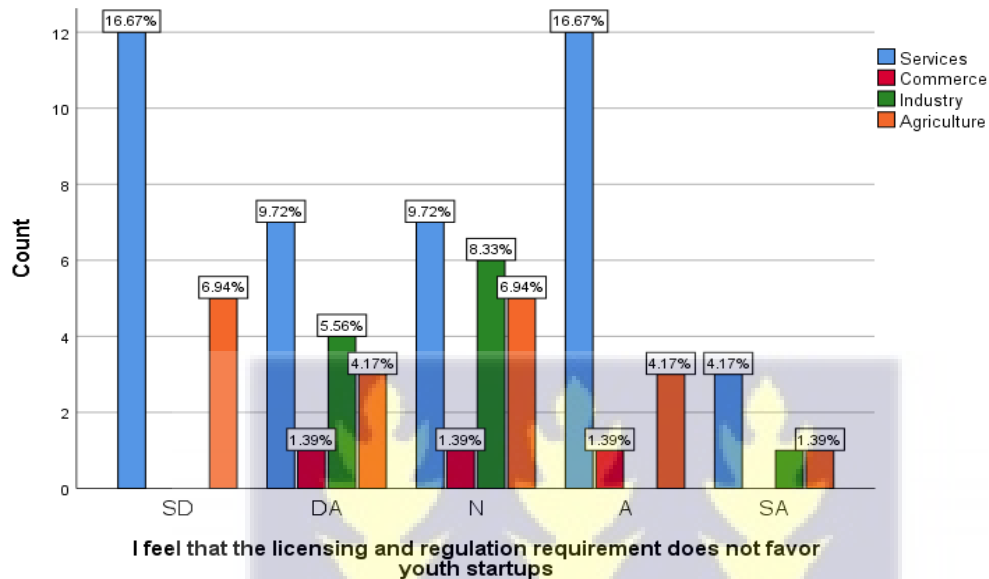
In the services sector, out of 78 respondents, 13 indicated a strong disagreement (SD) with the statement that startup capital was a major challenge, 21 disagreed (DA), 28 were neutral (N), 13 agreed (A), and 3 strongly agreed (SA), representing 6.94%, 12.50%, 23.61%, 12.50%, and 1.39% respectively of the total responses in the services sector.

For this item, the chi-square test results indicated a significant association between the perception of startup capital as a challenge,  $\chi^2 (12) = 22.700, p = .030$  (refer to appendix for the table). Further analysis revealed a significant linear-by-linear association, suggesting a trend in the data. Symmetric measures showed a moderate association between the variables, with Cramer's V = .228, indicating a meaningful relationship beyond mere statistical significance.

### 4.5.2 Perception of Licensing and Regulation Requirement

Regarding the perception of licensing and regulation requirements favouring youth startups, the cross-tabulation showed varying responses across sectors as depicted in the bar chart below.

**Figure 4.4: Challenges with Licensing by Youth startup**



Notably, in the services sector, out of 78 respondents, 19 individuals strongly disagreed with this statement, while 6 strongly agreed, representing 24.4% and 7.7% respectively of the total responses.

However, the chi-square tests did not yield significant results for gender differences, indicating no substantial association between gender and this perception ( $\chi^2 (12) = 10.451, p = .576$ ) as provided below.

**Table 4.11: Chi-square test on the relationship between licensing challenges and gender**

Symmetric measures further confirmed this finding, with a negligible association between gender

Treatment: (1 = only training; 2 = training and starter kit) Control: (3 = Neither training or starter kit)		Value	df	Asymptotic Significance (2-sided)
<b>Only Training</b>	Pearson Chi-Square	14.734 <sup>b</sup>	12	.256
	Likelihood Ratio	19.692	12	.073
	Linear-by-Linear Association	.074	1	.786
	N of Valid Cases	72		
	<b>Training and Startup Kit</b>	Pearson Chi-Square	6.480 <sup>c</sup>	12
Likelihood Ratio		7.372	12	.832
Linear-by-Linear Association		.016	1	.898
N of Valid Cases		36		
<b>Neither Training nor Startup Kit</b>		Pearson Chi-Square	10.973 <sup>d</sup>	12
	Likelihood Ratio	15.660	12	.207
	Linear-by-Linear Association	3.931	1	.047
	N of Valid Cases	37		
	<b>Total</b>	Pearson Chi-Square	10.451 <sup>a</sup>	12
Likelihood Ratio		10.546	12	.568
Linear-by-Linear Association		1.063	1	.303
N of Valid Cases		145		

a. 8 cells (40.0%) have expected count less than 5. The minimum expected count is .39.

b. 16 cells (80.0%) have expected count less than 5. The minimum expected count is .21.

c. 19 cells (95.0%) have expected count less than 5. The minimum expected count is .06.

d. 18 cells (90.0%) have expected count less than 5. The minimum expected count is .11.

and the perception of licensing and regulation requirements (Cramer's  $V = .155$ ) as a challenge to youths when starting a business.



#### 4.5.3 Difficulty in Accessing Suitable Location

Analysis of the perception of difficulty in accessing a suitable location for startups revealed a varied pattern. Responses in this category fell into two groups: (i) lack of affordable land to site a shop and (ii) difficulty in identifying an appropriate location for business.

This theme indicated that the affordability of a land to site a shop was a problem for beneficiaries. Two respondents explained that acquiring a land to site a shop was usually costly and demanded an amount of money that was difficult for them to pay for. This is seen in the quote below

*“The landowner will charge you for the space as if it is a room you want to rent” (Respondent 1, male, auto mechanic).*

This finding was supported by responses from both key informants who revealed that a challenge they identified with beneficiaries was the affordability of a place to site their shops, as stated in the quote below:

*“Getting a good place to put a shop today, will require some amount of money, which most of them cannot afford.” (Key informant, male, Municipal Planning Officer)*

Across different sectors, individuals expressed varied opinions on this challenge. Notably, in the services sector, 16 individuals indicated a strong disagreement, while 2 strongly agreed with the statement. The Chi-square tests indicated no significant association between gender and the perceived difficulty in accessing suitable locations ( $\chi^2 (12) = 14.158, p = .291$ ). Symmetric measures supported this finding, showing a weak association between gender and this aspect of startup challenges (Cramer's  $V = .180$ ).

#### 4.5.4 Education as a Barrier to Startup

Finally, the analysis of education as a barrier to startup management revealed contrasting patterns across genders. In the services sector, 4 individuals strongly disagreed with this perception, while 1 strongly agreed.

For this item, the Chi-square tests revealed a significant association between gender and the perception of education as a barrier to startup,  $\chi^2 (12) = 9.651$ ,  $p = .647$ . However, further examination showed that this association was driven primarily by female respondents, as indicated by the strong significance level in the female subgroup ( $\chi^2 (12) = 33.896$ ,  $p = .001$ ). Symmetric measures supported this finding, with a moderate association between gender and the perception of education as a barrier for females (Cramer's  $V = .402$ ).

These findings underscore the nature of pre-startup challenges and highlight the importance of considering gender-specific perspectives in addressing them effectively.

Regarding the challenges young people go through after they have established a business, the following table present a summary evaluation by the participants on seven challenges that confront them.

**Table 4.12: Challenges faced by youth startups (post-establishment challenges)**

Variables	Item	SD (%)	D (%)	N (%)	A (%)	SA (%)	Mean
Taxes	High tax rates are major challenge for my business	8.28	25.52	26.9	33.1	6.21	3.03448
Bank loans	High interest cost or difficulty in securing bank loans are obstacles for my business	13.1	20	30.34	31.03	5.52	2.95862
Power utility	The high cost of power or utility negatively affect my business operation	11.72	7.59	9.66	36.9	34.4	3.689
Business Management	Business management challenges are significant for my start-up	8.28	17.93	38.62	28.28	6.9	3.07586

Qualified Personnel	Lack of well-qualified personnel pose a challenge for my business	2.07	24.14	45.52	28.28	0	3
Foreign competition	Competition from cheap foreign substitutes affects my business viability	19.31	41.38	22.07	15.86	1.38	2.38621
Marketing challenges	Marketing challenges impacts the growth and success of my start-up	9.66	44.83	27.59	14.48	3.45	2.57241

Note: SD=Strongly Disagree, D=Disagree, N=Neutral, A=Agree, SA=Strongly Agree

The table shows that regarding taxes approximately 8% of respondents indicated that high tax rates were a major challenge for their businesses, while 26.52% felt that they posed a significant obstacle. Moreover, 26.9% viewed taxes neutrally, whereas 33.1% disagreed, and 6.21% strongly disagreed with taxes being a challenge. On average, the perception of taxes as a challenge was moderate (Mean = 3.03448). When it comes to high interest costs or difficulty in securing bank loans as a challenge, 13.1% of respondents strongly disagreed, while 20% disagreed. In contrast, 30.34% viewed this challenge neutrally, and 31.03% and 5.52% agreed or strongly agreed, respectively. The average perception leaned slightly towards considering bank loans as a challenge (Mean = 2.95862).

For the high cost of power or utility negatively affecting business operations, only 11.72% strongly disagreed, and 7.59% disagreed, while 9.66% were neutral. However, a significant portion, 36.9%, agreed, and 34.4% strongly agreed, indicating a substantial perception of this challenge (Mean = 3.689).

In terms of business management challenges, 8.28% of respondents strongly disagreed, and 17.93% disagreed. Meanwhile, 38.62% were neutral, 28.28% agreed, and 6.9% strongly agreed. Overall, there was a moderate perception of business management challenges (Mean = 3.07586). On the other hand, regarding the lack of well-qualified personnel, only 2.07% strongly disagreed, while 24.14% disagreed. However, a substantial 45.52% were neutral, and 28.28% agreed, with none

strongly agreeing. The average perception leaned towards considering this challenge moderate (Mean = 3). Concerning competition from cheap foreign substitutes, a notable 19.31% strongly disagreed, and 41.38% disagreed. However, 22.07% remained neutral, while 15.86% agreed, and 1.38% strongly agreed. The average perception indicated foreign competition as a moderate challenge (Mean = 2.38621).

Finally, in terms of marketing challenges impacting the growth and success of startups, 9.66% strongly disagreed, and 44.83% disagreed. However, 27.59% were neutral, 14.48% agreed, and 3.45% strongly agreed. Overall, the average perception leaned towards considering marketing challenges as moderate (Mean = 2.57241).

Based on the data presented, it's evident that the main challenges facing the respondents vary in severity. Lack of Well-Qualified Personnel stands out as a significant concern, with 45.52% of respondents indicating neutrality or agreement. The absence of qualified personnel can hinder business operations and growth. Additionally, the high cost of power or utility negatively affecting business operations is another prominent challenge, with 70.3% of respondents agreeing or strongly agreeing. This indicates a widespread perception of its impact on business viability. Marketing Challenges are also noteworthy, with nearly 59.31% of respondents expressing disagreement or strong disagreement. While not as pronounced as the previous two challenges, it still represents a notable concern for a considerable portion of respondents.

The results from the Chi-square test relating to the challenges youth startups face that may be threatening their sustainability after having successfully established a business are reported in the table below:

**Table 4.13: The Chi-Square Tests on Post-startup Challenges (n = 145)**

Variable	Gender	$\chi^2$ Value	Df	p-value	Cramer's V	Approx. Significance (Symmetric Measure)
Marketing challenges impact the growth and success of my start-up	Male	9.820	12	.632	.209	.362
	Female	7.322	12	.836	.187	.323
Lack of well-qualified personnel poses a challenge for my business	Male	4.067	9	.907	.134	.233
	Female	5.123	9	.823	.156	.271
The high cost of power or utility negatively affects my business operations	Male	9.887	12	.626	.210	.363
	Female	15.979	12	.192	.276	.478
High tax rates are a major obstacle for my business	Male	12.475	12	.408	.235	.408
	Female	14.040	12	.298	.259	.448
High interest costs or difficulty in securing bank loans are obstacles for my business	Male	15.646	12	.208	.264	.457
	Female	12.603	12	.399	.245	.424
Business management challenges are significant for my start-up	Male	10.388	12	.582	.215	.372
	Female	24.610	12	.017	.342	.593
Competition from cheap foreign substitutes affects my business viability	Male	6.346	12	.898	.168	.291
	Female	17.054	12	.148	.285	.494

Source: Field Data (2023)

Results revealed significant gender differences in the perception of these challenges. When examining the impact of marketing challenges, there was no statistically significant difference between males and females ( $\chi^2 = 9.82$ ,  $df = 12$ ,  $p = .632$ ). Similarly, regarding the lack of qualified personnel, both genders showed similar perceptions ( $\chi^2 = 4.067$ ,  $df = 9$ ,  $p = .907$ ). However, concerning the high cost of utilities, males and females differed significantly ( $\chi^2 = 9.887$ ,  $df = 12$ ,  $p = .626$ ).

Moreover, regarding high tax rates, males and females also demonstrated divergent viewpoints ( $\chi^2 = 12.475$ ,  $df = 12$ ,  $p = .408$ ). Similarly, challenges related to high interest rates or difficulty in

securing bank loans exhibited gender-based variations ( $\chi^2 = 15.646$ ,  $df = 12$ ,  $p = .208$ ). Furthermore, significant disparities were observed in perceptions of business management challenges between males and females ( $\chi^2 = 10.388$ ,  $df = 12$ ,  $p = .582$ ).

Interestingly, competition from cheap foreign substitutes emerged as a significant concern for both genders, with notable differences ( $\chi^2 = 6.346$ ,  $df = 12$ ,  $p = .898$  for males;  $\chi^2 = 17.054$ ,  $df = 12$ ,  $p = .148$  for females).

### **Conclusion on H3a**

Overall, while some challenges exhibited consistent perceptions across genders, others showed distinct differences. Based on these findings, hypothesis H3a: *There will be no significant difference in the perception of licensing challenges between males and females in the sample* is confirmed and the alternate hypothesis is not accepted.

### **4.6 Discussion on research question three**

In analysing the challenges faced by youth entrepreneurs in both pre-startup and post-establishment phases, the integration of quantitative data through chi-square tests and qualitative insights from thematic interviews provides a comprehensive understanding of the complexities of these challenges.

Starting with the issue of taxation, both quantitative findings and qualitative responses underscore the detrimental impact of high tax rates on entrepreneurial activities. The chi-square test results indicate a significant association between perceptions of taxation challenges and business viability. The findings align with existing literature on the impact of taxation on entrepreneurial activities. Studies have shown that high tax rates can hinder entrepreneurship by reducing incentives to invest and innovate, especially among youth who often have limited financial resources to begin with

(Acs & Szerb, 2009). This quantitative data was corroborated by some of the respondents who are quoted as saying the following.

*"High tax rates eat into our profits, making it challenging to invest in new equipment and expand our operations. It feels like we're being punished for success." (In-depth interview, 2023).*

*"As a young entrepreneur, I already have limited resources. High taxes make it even harder to compete with established businesses and grow my venture. It's discouraging. I spend so much time and money trying to navigate complex tax laws and regulations, instead of focusing on growing my business and serving my customers." (In-depth-interview, 2023).*

Previous studies by Djankov et al. (2010) and Pissarides (2000) highlighted the adverse effects of excessive taxation on business creation and growth, emphasizing its role in constraining investment and innovation. Additionally, research by Blanchflower and Oswald (1998) and Acemoglu and Robinson (2012) suggests that high taxes can stifle entrepreneurial dynamism and hinder economic development, especially in environments where regulatory burdens are already significant.

With respect to access to finance as a challenge particularly with regards to bank loans, 36.6% of respondents either agree or strongly agree that high interest costs or difficulty in securing bank loans are obstacles for their businesses. This indicates a notable proportion of youth entrepreneurs who perceive bank loans as challenging. However, it's also noteworthy that a significant portion, 33.1%, either disagree or strongly disagree with the statement, suggesting that not all youth entrepreneurs view bank loans as significant obstacles. The mean for the perception of high interest

costs or difficulty in securing bank loans as obstacles for youth businesses is 2.96. This suggests that, on average, respondents lean slightly towards agreement with the statement that high interest cost or difficulty in securing bank loans are obstacles for my business. The chi-square test results also reveal association between perceptions of bank loans as obstacles to business viability. This resonates with literature emphasizing the critical role of financial access in entrepreneurship (Beck et al., 2006). Qualitative insights echo these findings, with entrepreneurs expressing frustration over high interest rates and stringent loan requirements, hindering their ability to grow their ventures as captured in the following:

*“Securing a bank loan feels like an uphill battle as a young entrepreneur. The high interest rates they offer eat into our profits, making it challenging to grow our business without accumulating excessive debt.” (In-depth-interview, 2023).*

*“As a startup, we rely heavily on external funding to get off the ground. However, banks seem reluctant to lend to us, citing our lack of business history or collateral. It’s disheartening and makes it seem like the system is stacked against us. Even when we do manage to secure a bank loan, the terms are often unfavourable, with high interest rates and strict repayment schedules. It feels like we’re set up to fail from the start, instead of being given the support we need to succeed.” (In-depth-interview, 2023).*

Regarding power utility costs, both quantitative and qualitative data converge on the significant challenges posed by high utility expenses to business operations. Analysing the distribution of responses for power utility variable shows that the majority of respondents (71.3%) either agree or strongly agree that the high cost of power or utility negatively affects their business operations. This suggests that a significant portion of youth entrepreneurs perceive utility costs as a significant challenge impacting their operations. However, it's notable that a small proportion (19.3%) either

disagree or strongly disagree with the statement, indicating some variance in perceptions among respondents. The mean for the perception that the high cost of power or utility negatively affects youth business operations is 3.7. This indicates that, on average, respondents agree with the statement. This was also confirmed by the chi-square test which revealed a strong association between perceptions of utility costs as obstacles and business viability. Further qualitative insights from a few of respondents reinforced this quantitative perception who are quoted as below.

*“Our business operates in a highly energy-intensive industry, and the soaring costs of electricity have put immense pressure on our bottom line. We’re constantly seeking ways to optimize energy usage and reduce expenses, but it’s challenging to remain competitive amidst such steep utility bills.” (In-depth-interview, 2023).*

*“High utility costs not only affect our operational expenses but also limit our ability to invest in sustainable practices. We’d love to transition to renewable energy sources, but the upfront costs are prohibitive. It’s frustrating to see the potential benefits of green energy out of reach due to financial constraints.” (In-depth-interview, 2023).*

The results on the power utility aligns with research by Boons et al. (2013) and Zhang and Alavalapati (2009) that underscored the detrimental effects of high energy costs on business competitiveness and profitability, particularly within energy-intensive industries. High utility expenses can significantly inflate operational costs, reducing profit margins and eroding the competitiveness of businesses, especially SMEs that may have limited resources to absorb such expenses. Moreover, in sectors where energy constitutes a substantial portion of production costs, fluctuations in energy prices can directly impact pricing strategies and market positioning, further exacerbating the challenges faced by businesses. Further supporting this notion, studies by Kumar

and Pathak (2014) and Wolde-Rufael (2006) emphasize the critical role of affordable and reliable energy access in fostering economic growth and entrepreneurship. Access to affordable energy not only reduces operational expenses for businesses but also enhances productivity and efficiency, enabling them to allocate resources towards innovation, expansion, and job creation.

Business management challenges emerge as another significant obstacle, with the chi-square test results indicating a notable association with business viability perceptions.

One respondent also mentioned the inability to keep up with market demands as a challenge. She explained the difficulty she encountered in undertaking the new hairstyles and makeup that emerged. This is revealed as quoted below.

*“I also had challenge learning some new hair styles that came up and also makeup. And I needed to know that, otherwise I will lose my customers.” (In-depth-interview, 2023).*

Another respondent also explained how her inability to get apprentices to understudy her craft created a challenge for her. This was because an apprentice doesn't only understudy her craft, but also shares in the workload of the startup, which in turn increases the revenue of the startup. This is evident in the quotes below:

*“I had challenges with getting apprentices. You know the girls of today. They want quick money.” (In-depth-interview, 2023).*

In the literature, the significance of effective business management for start-ups has been widely acknowledged. Research by Davidson and Wiklund (2001) and Brush et al. (2001) emphasizes the crucial role of management competencies in driving entrepreneurial success, including strategic planning, financial management, and human resource management. Additionally, studies by

Cooper et al. (1998) and Timmons (1999) underscore the importance of proactive management practices in navigating the complexities of start-up ventures and overcoming various challenges. Furthermore, the lack of well-qualified personnel was highlighted as a prevalent challenge, with both quantitative and qualitative data emphasizing its significance. The chi-square test results reveal a notable association between perceptions of personnel shortages and business viability. This mirrors literature emphasizing the importance of human capital for entrepreneurial performance (Bosma et al., 2013). Qualitative interviews underscore the difficulties in attracting and retaining skilled employees, pointing to the need for investments in workforce development initiatives:

*“Finding skilled and qualified personnel has been a constant struggle for our business. We often have to invest significant time and resources in training new hires or resort to hiring less experienced candidates, which can impact our productivity and competitiveness.” (In-depth-interview, 2023).*

*“As a start-up, we’re competing with larger companies for top talent, which can be challenging given our limited resources. We’ve had instances where qualified candidates opt for more established firms with better benefits and stability, leaving us understaffed and stretched thin.” (In-depth-interview, 2023).*

The quantitative data analysis also found that approximately 56.7% of respondents either disagree or strongly disagree that competition from cheap foreign substitutes affects their business viability. This suggests that a significant proportion of youth entrepreneurs do not perceive foreign competition as a major threat to their business viability. However, it’s also notable that a considerable portion (37.9%) either agree or strongly agree with the statement, indicating some level of concern among respondents regarding the impact of foreign competition. The mean for

the perception that competition from cheap foreign substitutes affects the viability of youth businesses is 2.86. This indicates that, on average, respondents lean towards disagreement with the statement. Further qualitative insights from some of respondents reinforced this quantitative perception who is as quoted as below.

*“We’ve felt the impact of foreign competition first hand, especially in industries where price is a major deciding factor for consumers. Competing with cheaper substitutes from abroad puts pressure on our profit margins and forces us to constantly reassess our pricing strategies.” (In-depth-interview, 2023).*

*“As a small business, it’s challenging to compete with foreign substitutes that benefit from economies of scale and lower production costs. We’re often forced to differentiate ourselves based on quality or customer service to remain competitive in the market.” (In-depth-interview, 2023).*

Finally, marketing challenges were recognized as a key aspect of business growth, with both quantitative and qualitative findings shedding light on its impact. While the chi-square test results show some variance in perceptions regarding marketing challenges, analysis of the qualitative data highlight the importance of effective marketing strategies for start-up success. This was corroborated by one of the respondents who intimated that.

*“Navigating marketing challenges has been a key aspect of our start-up journey. From building brand awareness to reaching our target audience, we’ve had to get creative with limited resources and compete with larger competitors.” (In-depth-interview, 2023).*

The significance of effective marketing strategies for business growth and success has been widely acknowledged. Research by Kotler and Armstrong (2016) and Keller and Kotler (2012) highlights the pivotal role of marketing in driving customer acquisition, brand awareness, and revenue

generation for start-ups and small businesses. Additionally, studies by Grönroos (2007) and Vargo and Lusch (2004) emphasize the shift towards relationship-oriented marketing approaches, focusing on building long-term customer engagement and loyalty.

In summary, the integration of quantitative data from chi-square tests and qualitative insights from thematic interviews provides a comprehensive understanding of the challenges facing youth entrepreneurs in LMKMA. By triangulating these findings with existing literature, the study offers valuable insights for policymakers and practitioners seeking to support and empower young entrepreneurs in navigating the complex landscape of entrepreneurship.

#### 4.7 Summary Hypothesis Test

A summary of results from the three hypotheses tested is provided in table 4.18.

**Table 4.14: Summary of Results from Hypotheses Tests**

Hypothesis	Supported (√)	Unsupported (X)
H1a: Youths who receive REP training would perform significantly better on sustainability and profit performance than youths who do not receive training.		X
H1.0: There would be no significant difference in sustainability and profit performance between youths who received REP training and youths who do not receive REP training.		√
H2a: Youths who receive REP startup kits and training would perform significantly better on startup sustainability and profit performance than youths who receive only training, or neither training or startup kits from REP	√	
H2.0: There would be no significant difference in startup sustainability and profit performance between youths who receive REP startup kits and training and youths who receive only training, or neither training nor startup kits from REP.		X

H3a: There will be significant difference between males and female youth (gender) in their perception of licensing challenges.		X
H30: There will be no significant difference in the perception of licensing challenges between males and female youth (gender) in the sample	√	

The study tested five hypotheses (H1a, H2a, and H3a) examining the relationships between various factors and the profitability, sustainability, and challenges faced by youth startups in Ghana's Lower Manya Krobo Municipality (LMKMA), each stated along with its alternate hypothesis (H1b, H2b, and H3b),

The "Supported/Unsupported" column indicates whether the data supports or does not support each hypothesis. A hypothesis is considered "Supported" if the p-value is less than a predetermined significance level (typically 0.05), indicating a statistically significant relationship between the variables. Conversely, a hypothesis is considered "Unsupported" if the p-value is greater than the significance level, suggesting that there is insufficient evidence to conclude a significant relationship between the variables.

In this case, hypotheses H1b, H2a, and H3a are supported by the data, as their p-values are less than 0.001, 0.001, and 0.576, respectively. This suggests that there are significant relationships between treatment and sustainability, starter kits/training and sustainability, and gender and licensing challenges.

On the other hand, hypotheses H1a and H2b are unsupported, with p-values of 0.971 and 0.463, respectively. This indicates that there is insufficient evidence to conclude significant relationships between treatment and profitability, and starter kits/training and profitability.

#### 4.8 Theoretical Implications

The success and sustainability of youth startups in Ghana's Lower Manya Krobo Municipality (LMKMA) can be understood through the lens of the Resource-Based View (RBV) and human capital theory. These complementary frameworks shed light on the critical factors that shape entrepreneurial outcomes, highlighting the pivotal roles of the Rural Enterprises Programme (REP) and the entrepreneurs' own characteristics and resources.

The RBV emphasizes the importance of a firm's internal resources and capabilities as the foundation for achieving long-term competitive advantages. In the context of youth startups, the REP's provision of entrepreneurial training and starter kits can be viewed as valuable resources that enhance the entrepreneurs' knowledge, skills, and access to essential tools. These resources are often unique, rare, and challenging for competitors to replicate, enabling the startups to outperform their peers.

The training component of the REP, for instance, equips young entrepreneurs with essential business management skills, such as financial planning, marketing, and operations. This human capital development empowers the youth to navigate the complexities of entrepreneurship more effectively, increasing their chances of achieving profitability and sustainability. The starter kits, on the other hand, provide the necessary physical resources and equipment to kickstart their ventures, addressing the common challenge of limited access to capital faced by young entrepreneurs.

Integrating the insights from human capital theory further enriches our understanding of youth startup success. This perspective emphasizes the critical role of the entrepreneurs' own characteristics and resources, such as their age, gender, education, and prior entrepreneurial exposure, in shaping their entrepreneurial outcomes.

The findings from the study reveal intriguing patterns in the relationship between these human capital factors and startup performance. For example, the data suggests that younger entrepreneurs (aged 25-34) are more likely to operate profitable startups, potentially due to their greater adaptability, creativity, and risk-taking propensity. In contrast, older entrepreneurs (aged 35-44) exhibit a higher proportion of non-profitable startups, which may be attributed to factors such as increased opportunity costs, higher expectations, and a more risk-averse mindset.

Gender also emerges as a significant factor, with male entrepreneurs demonstrating a higher incidence of profitable startups compared to their female counterparts, particularly in the "Only Training" and "Training and Startup Kit" groups. This disparity may be rooted in the persistent gender-based challenges and biases that female entrepreneurs face in accessing resources, networks, and opportunities.

Interestingly, the study also highlights the importance of prior entrepreneurial exposure, with those having previous experience in entrepreneurship exhibiting a greater likelihood of operating profitable startups. This aligns with the human capital theory, which suggests that accumulated knowledge, skills, and social capital from prior entrepreneurial endeavours can provide a valuable foundation for future success.

By integrating the insights from the RBV and human capital theory, a comprehensive framework emerges for understanding the factors driving youth startup success in LMKMA. The REP's interventions, in the form of entrepreneurial training and starter kits, serve as crucial internal resources that enhance the entrepreneurs' capabilities and provide a competitive edge. At the same time, the entrepreneurs' own human capital, shaped by their age, gender, education, and prior experience, plays a pivotal role in determining the profitability and sustainability of their ventures.

This holistic understanding underscores the need for a multifaceted approach to supporting youth entrepreneurship in Ghana. Policymakers and stakeholders should not only focus on strengthening the REP's offerings but also address the broader systemic barriers and inequities that disproportionately impact certain demographic groups, such as female entrepreneurs. By fostering an ecosystem that nurtures the development of diverse human capital resources and provides equitable access to essential entrepreneurial support, the potential for youth-led startups to thrive and contribute to economic growth can be significantly enhanced.

The synthesis effectively integrates the key insights from the Resource-Based View (RBV) and human capital theory to provide a comprehensive framework for understanding the factors driving youth startup success in Ghana's Lower Manya Krobo Municipality (LMKMA).

The writeup highlights the crucial role of the Rural Enterprises Programme (REP) in providing valuable internal resources, such as entrepreneurial training and starter kits, which enhance the entrepreneurs' capabilities and competitive advantage. It also emphasizes the importance of the entrepreneurs' own human capital, shaped by factors like age, gender, education, and prior experience, in determining the profitability and sustainability of their ventures.

By consolidating the insights from both theoretical perspectives, the synthesis offers a nuanced understanding of the complex dynamics underlying youth startup performance and the potential avenues for supporting and empowering young entrepreneurs in LMKMA. It underscores the need for a multifaceted approach that not only strengthens the REP's offerings but also addresses the broader systemic barriers and inequities faced by certain demographic groups, particularly female entrepreneurs.

The synthesis provides a solid foundation for policymakers and stakeholders to develop targeted interventions and foster an ecosystem that nurtures diverse human capital resources and promotes

equitable access to essential entrepreneurial support. By leveraging these insights, the potential for youth-led startups to thrive and contribute to economic growth in LMKMA can be significantly enhanced.



## CHAPTER FIVE

### SUMMARY, CONCLUSION AND RECOMMENDATION

#### 5.1 Introduction

The goal of this chapter is to consolidate the findings of the study on youth entrepreneurship within the Rural Enterprises Programme framework in Lower Manya Krobo Municipality, Ghana. It summarizes the key findings from the analysis and offer actionable recommendations for policymakers and stakeholders.

#### 5.2 Summary

Chapter one served as an introduction to the issue of youth unemployment, delving into both the global panorama and the specific Ghanaian context. It illuminated the gravity of youth unemployment, shedding light on the challenges that came with it and potential negative ramifications. The chapter underscored the critical necessity of addressing youth unemployment in alignment with Sustainable Development Goals (SDGs) and policy interventions. Furthermore, it expounded on the state of youth unemployment in Sub-Saharan Africa and Ghana, emphasizing the imperative of creating employment opportunities for the youth.

The problem statement directed attention to the prevalent approach of providing seed capital to the youth as a remedy for youth unemployment, emphasizing the need for a thorough evaluation of this approach's efficacy. The chapter set the foundation for the study with the objective of assessing the influence of entrepreneurial training and starter kit support on the prosperity and sustainability of youth startups, within the context of the Rural Enterprises Programme (REP) in Lower Manya Krobo Municipality. The chapter delineated both the overarching and specific objectives of the

study, focusing on evaluating how REP support, encompassing training and startup kits, impacted the capacity of graduate youth apprentices to initiate and sustain businesses in the informal sector. Guiding research questions were formulated to steer the study towards the attainment of its objectives. The study's significance was emphasized, underscoring the importance of comprehending the role of entrepreneurial skills in startup success for effective policy formulation. Finally, the chapter acknowledged the limitations of the study, providing insights into its scope and geographical focus.

Chapter two provided an in-depth exploration of key concepts and factors relevant to the study's context. It began by defining unemployment according to the International Labour Organization (ILO), emphasizing the criteria for categorizing individuals as unemployed. Additionally, the chapter elucidated the concept of startups, drawing from definitions by Stevenson (year) and Investopedia (year), and highlighted the expectations regarding youth startups in the context of the REP. Furthermore, the chapter discussed the myriad challenges facing youth entrepreneurs, including financial accessibility, skill set gaps, limited market and network access, unsupportive policy landscapes, and cultural barriers. These challenges were substantiated with data and reports from various sources, indicating the multifaceted nature of the obstacles encountered by young entrepreneurs in Africa. Moreover, the role of government in job creation and youth empowerment was examined, with a focus on initiatives aimed at skills development and entrepreneurship promotion. Examples from both Africa and Ghana illustrated efforts to address youth unemployment through governmental interventions and funding schemes such as the National Entrepreneurship and Innovation Plan (NEIP).

The theoretical framework section introduced the Resource-Based View (RBV) as a lens through which to analyse the sustainability of youth startups. Despite its limitations, the RBV was deemed

relevant for evaluating how interventions like the REP contribute to building sustainable competitive advantages for youth entrepreneurs.

The empirical review delved into various factors influencing startup sustainability, including age, gender, education, risk aversion, access to training programs, access to capital/finance, and sector of engagement. Studies from diverse contexts were summarized to highlight the complexity and variability of these factors' effects on startup sustainability.

Thus, chapter two laid the groundwork for understanding the challenges and dynamics of youth entrepreneurship in the context of the REP in Ghana, providing a comprehensive overview of theoretical perspectives and empirical evidence relevant to the study's objectives.

In chapter three, the study presented the methodology employed in the study, which aimed to assess the sustainability of youth entrepreneurs who received training and starter kits from the REP organizers in Ghana compared to those who did not. The research design adopted a mixed-methods approach, combining qualitative and quantitative methods for a comprehensive understanding. Specifically, a sequential triangulation design was utilized, involving qualitative data collection followed by quantitative analysis. The study population comprised youth startups in the Lower Manya Krobo Municipal Assembly (LMKMA), and sampling techniques included purposive and stratified sampling methods. The sample size determination involved calculating the required number of participants for each group based on specific criteria. Variables such as age, sector of engagement, prior entrepreneurial exposure, risk aversion, education, access to training/startup kits, and gender were measured to examine their influence on startup sustainability. Data collection involved structured questionnaires administered to participants and qualitative interviews with relevant stakeholders. Thematic analysis was used to analyse qualitative data, while statistical methods like Chi-square tests were employed for quantitative analysis. Validity and reliability

were ensured through careful design, piloting, and ethical considerations. Overall, the rigorous methodology aimed to provide robust insights into the factors affecting youth entrepreneurship sustainability in the LMKMA.

Chapter four presented the results from the analysis of the field data with respect to the three research questions that were framed in chapter one. The analysis of Research Question One revealed several significant findings. Firstly, there was no significant relationship between treatment type (training only) and profitability among startups without prior entrepreneurial training. Conversely, for startups with prior entrepreneurial training, receiving both training and startup kits significantly impacted profitability. However, for startups without any training or startup kits, there was no significant association between treatment type and profitability.

Regarding risk aversion, there was a potential relationship between treatment type and risk aversion among startups that received only training, although this association was not significant. For startups that received both training and startup kits or neither, there was no significant relationship between treatment type and risk aversion.

Overall, when considering the entire sample, the relationship between treatment type and profitability approached significance. However, further investigation may be needed to confirm this relationship conclusively.

In a nutshell, the study's data analysis on research question one highlighted the importance of prior entrepreneurial training in influencing startup profitability, with treatment type showing varying impacts based on the presence of prior training. Additionally, while there were indications of a potential relationship between treatment type and risk aversion, further research is warranted for conclusive findings.

Regarding the second research question which explored the effect of the REP's startup kits and training intervention on the operational sustainability of youth startups using chi-square tests to investigate the relationship between variables such as years in business, education level, sector of engagement, prior entrepreneurial training, and risk aversion. Notably, both receiving only training and receiving both training and startup kits showed strong associations with sustainability compared to receiving neither training or starter kits.

Comparing these findings with existing literature, training emerged as a crucial factor in enhancing startup sustainability, aligning with previous research emphasizing the importance of entrepreneurial skills and training for startup success. However, education level did not exhibit a significant association with sustainability, contradicting some previous studies linking higher education levels to startup success. The sector of engagement was found to significantly influence startup sustainability, consistent with literature suggesting the impact of sector dynamics on startup success.

Interpreting the results through the lens of the resource-based view (RBV), training programs and startup kits were identified as valuable resources contributing to the competitive advantage of youth startups. RBV emphasizes the importance of possessing valuable, rare, and inimitable resources for sustained competitive advantage. Therefore, startups leveraging these resources are more likely to achieve sustainable success compared to those lacking them. The findings underscore the need for tailored resources and capabilities aligned with industry demands to effectively compete and survive.

Despite the lack of significant association between education level and startup sustainability, the study highlights the critical role of practical training and industry-specific resources in enhancing startup sustainability. Policymakers and stakeholders are encouraged to invest in these resources

to support the development and growth of startups, ultimately fostering economic development and prosperity in the region.

With respect to the third research question, the analysis delved into the hurdles that young entrepreneurs faced in LMKMA, breaking them down into pre-startup and post-establishment challenges. It looked at real-life experiences, using both hard data like chi-square tests and personal stories from interviews to paint a complete picture.

In the lead-up to starting a business, getting enough money to kick things off, dealing with regulations, finding the right spot for the business, and sometimes struggling with education barriers were common roadblocks. Gender played a role too, affecting how people saw things like getting startup cash or dealing with education issues.

Once businesses were up and running, new challenges popped up. High taxes took a bite out of profits, while getting loans from banks was tough due to high interest rates and strict rules. The cost of keeping the lights on also hit hard, making it tough for businesses to stay afloat. Then there were all the management headaches, from figuring out where to spend money to just keeping things running smoothly.

Finding the right people to work for them was another big challenge. It was not easy attracting skilled workers, and even when they did, it was hard to keep them around. Plus, competing against big companies, especially those selling cheap stuff from overseas, made things even tougher. And marketing was a whole other ballgame, needing savvy strategies to stand out in a crowded market.

### 5.3 Conclusions

The study has provided insights into the efficacy of capacity-building intervention programs targeting young entrepreneurs within the context of the Rural Enterprises Programme (REP) in the

Lower Manya Krobo Municipality of Ghana. Through a comprehensive examination of the impact of entrepreneurial training and starter kit support on youth startups, the research addressed three critical research questions.

Firstly, the study shed light on the factors associated with youth startup profitability, emphasizing the significance of prior entrepreneurial training. The findings underscored the importance of equipping young entrepreneurs with essential skills and knowledge before venturing into business, as evidenced by the significant impact of training on profitability for startups with prior training experience. Additionally, while the relationship between treatment type and profitability approached significance across the entire sample, further research is warranted to confirm these findings conclusively.

Secondly, the research elucidated the effect of the REP's startup kits and training intervention on the sustainability of youth startups. The results highlighted the significant associations between receiving training alone or in combination with startup kits and startup sustainability, reaffirming the crucial role of training programs in enhancing sustainability. Furthermore, the findings emphasized the importance of tailored resources and capabilities aligned with industry demands for sustained competitive advantage, as advocated by the Resource-Based View (RBV).

Lastly, the study identified and examined the challenges confronting young entrepreneurs in the LMKMA of Ghana, both before starting their businesses and during their operations. These challenges ranged from financial constraints and regulatory hurdles to management issues and market competition. The analysis provided a comprehensive understanding of the multifaceted obstacles hindering the success and sustainability of youth startups in the region.

Overall, the findings underscore the critical importance of targeted capacity-building interventions, such as entrepreneurial training and access to startup kits, in supporting the development and

growth of youth startups. Policymakers and stakeholders are urged to prioritize investments in these resources to empower young entrepreneurs, foster economic development, and mitigate the challenges associated with youth unemployment in Ghana. By addressing these challenges and leveraging the findings of this study, stakeholders can create an enabling environment conducive to the prosperity and sustainability of youth-led enterprises in the region.

#### **5.4 Recommendations**

Based on the findings of the study evaluating the impact of capacity-building intervention programs on youth startups within the Rural Enterprises Programme (REP) in Ghana's Lower Manya Krobo Municipality, the following recommendations are proposed:

##### **I. Enhance Access to Entrepreneurial Training Programs**

Given the significant influence of prior entrepreneurial training on startup profitability and sustainability, there is a critical need to expand and improve access to high-quality entrepreneurial training programs for young aspiring entrepreneurs. These programs should be designed to equip participants with practical skills, knowledge, and resources essential for business success, thereby increasing their chances of profitability and long-term sustainability. Collaborations between government agencies, educational institutions, and private sector organizations can facilitate the development and implementation of effective training initiatives tailored to the needs of youth startups in the region.

##### **II. Provide Comprehensive Starter Kit Support**

Based on the findings that the non-durability of some of the equipment was also a challenge respondent identified, organizers of government youth intervention programme should, therefore, ensure that startup kits are durable and of good quality. This can be achieved by putting in policies to guard the procurement of these equipment. Places of spare part should

also be introduced to beneficiaries during the programme. This will reduce the loss of revenue for beneficiaries, which is experienced through the frequent breakdown of startup equipment, and the search for spare parts. Building on the positive impact of starter kits on startup sustainability, policymakers and program organizers should prioritize the provision of comprehensive starter kit support to complement entrepreneurial training efforts. Starter kits should include essential tools, equipment, and resources specific to various industries and business sectors, empowering young entrepreneurs to overcome initial barriers and establish viable businesses. Additionally, efforts should be made to ensure the accessibility and affordability of starter kits, particularly for disadvantaged youth populations, through targeted subsidies or financial assistance programs.

### **III. Address Regulatory and Financial Barriers**

Recognizing the challenges posed by regulatory hurdles, financial constraints, and high operational costs, policymakers should implement measures to streamline business registration processes, reduce bureaucratic red tape, and enhance access to affordable financing options for youth startups. Initiatives such as simplified registration procedures, tax incentives for small businesses, and low-interest loan schemes can alleviate the financial burden on young entrepreneurs and facilitate their entry and growth in the market. Furthermore, collaborations with financial institutions and development agencies can facilitate the provision of tailored financial products and services designed to meet the unique needs of youth-led enterprises.

### **IV. Foster Collaborative Ecosystems and Mentorship Networks**

Building supportive ecosystems and mentorship networks can provide invaluable guidance, support, and networking opportunities for young entrepreneurs navigating the complexities of starting and growing a business. Policymakers, industry stakeholders, and community leaders

should collaborate to establish and strengthen mentorship programs, incubators, and accelerators that offer personalized coaching, networking events, and access to experienced mentors and industry experts. By fostering a culture of collaboration, knowledge sharing, and peer support, these initiatives can empower young entrepreneurs to overcome challenges, capitalize on opportunities, and drive sustainable growth and innovation in the local economy.

#### **V. Promote Access to Market Opportunities and Networks**

Facilitating access to market opportunities and networks is essential for the growth and sustainability of youth startups. Policymakers, industry associations, and development agencies should collaborate to create platforms and initiatives that connect young entrepreneurs with potential customers, suppliers, and partners. This can include organizing trade fairs, networking events, and matchmaking sessions where youth startups can showcase their products and services, establish business relationships, and explore new market opportunities. Additionally, efforts should be made to leverage digital technologies and e-commerce platforms to expand the reach of youth-led enterprises and facilitate their participation in regional and international markets.

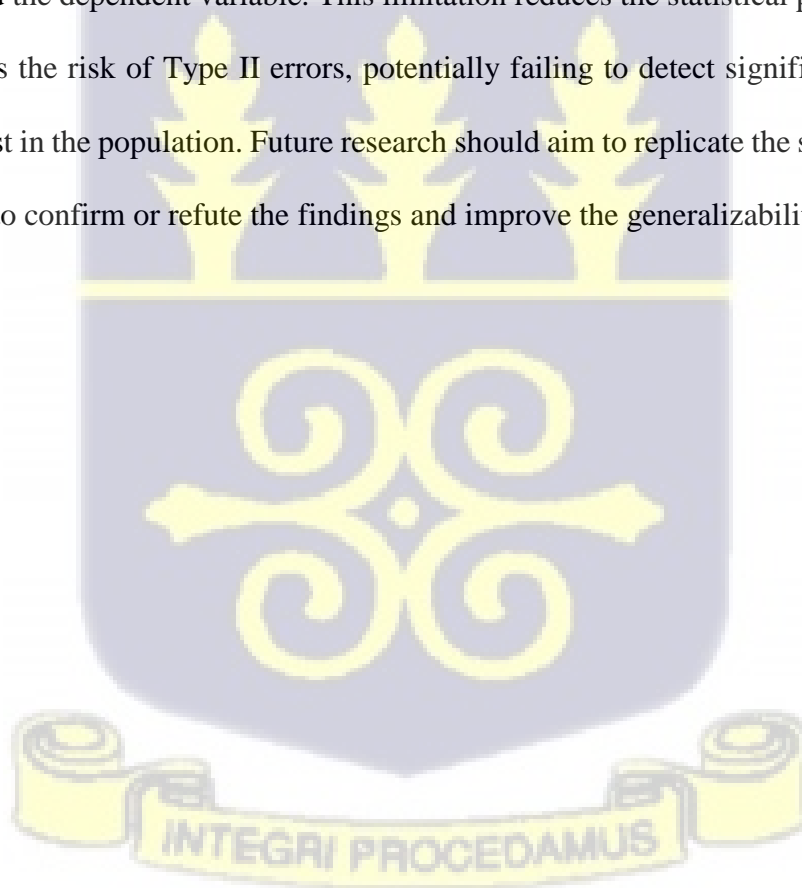
#### **VI. Strengthen Supportive Policy Frameworks**

Developing and implementing supportive policy frameworks is crucial for creating an enabling environment conducive to the growth and sustainability of youth startups. Policymakers should engage with stakeholders to identify regulatory barriers and inefficiencies hindering the development of youth entrepreneurship and undertake reforms to address these challenges. This can involve reviewing and revising existing policies related to business registration,

taxation, licensing, and land tenure to streamline processes, reduce costs, and facilitate the establishment and growth of youth-led enterprises. Furthermore, policymakers should prioritize the allocation of resources and funding towards initiatives that promote youth entrepreneurship, innovation, and job creation, ensuring that young entrepreneurs have the necessary support and opportunities to thrive in the competitive business environment.

### **5.5 Limitations of the Study**

The small sample size of 145 respondents, which is 88% of the targeted sample size of 165, may have contributed to the insignificant associations found between many of the independent variables and the dependent variable. This limitation reduces the statistical power of the study and increases the risk of Type II errors, potentially failing to detect significant relationships that may exist in the population. Future research should aim to replicate the study with a larger sample size to confirm or refute the findings and improve the generalizability of the results.



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