

Factors and Motives of Unemployed Youths Not to Engage in Own Business:

The Case of South Wollo Zone Districts, Amhara, Ethiopia

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Abstract

Economic development is achieved when the resources of a given country is being used efficiently and effectively. One of those basic resources of a country is its people. A major problem that every country faced is shortage of employment opportunity. Specifically, unemployment is a headache or chronic problem in under developed countries as well as world politicians and it keeps part of the labor force out of production and, persistent, skills and knowledge are likely to decrease. Therefore, this research paper aimed to identify the factors and motives of unemployed youths in having their own business in Haik, Mekaneselam; Aqista and Wereilu Districts at South Wollo Zone, Dessie, and Amhara, Ethiopia. The targets for the research were 361 youths who have a certificate, diploma, degree and above but stayed unemployed for six or more than six months. Closed questionnaires were used to gather the data from the unemployed youth. Responses were elicited using snowball sampling technique to facilitate the data processing and analysis activity. The analysis, which is recognized and cited by respondents, indicated that lack of intention to start own business is the major factor followed by lack of starting capital, lack of experience, and fear of risk of failure. The lesser attractiveness of business environment and social values are the next important factors which force the youths to spend much time for searching for a job instead of starting own business. So that, the paper suggested that government or other institutions should support potential youth entrepreneurs to inspire of starting a business and should pay close attention to the pull and push factors.

Keywords

Tendency, Business, Behavioral control, Norm, Attitude, Entrepreneurial experience, Capital

INTRODUCTION

Materials and Methods

Entrepreneurship influences economic growth, creates better work places, secures social unity, prevents social marginalization (Dimitriadis, D. (2008). It leads to development of enterprises, improves productivity of the labor force, contributes to the creation of new technologies, goods and services, changes and revives competition in the marketplace (Brzeziński, M. (Ed.). (2007). It also provides people with an opportunity to take chances and it solves new problems in a creative way, and secures flexible adaptation to changes in the environment.

Unemployment is a chronic problem in under developed countries. One of major problems that every country faced is shortage of employment opportunities (Josefin and Anna 2004). Many developing countries are not able to provide employment for their citizens. But, this does not mean that the developed world is free of such problems. But, still the issue that must be underlined here is the rate of unemployment in less developed countries is by far greater than that of developed world. No matter what the type of unemployment developing countries are experiencing a strong strain on their economy as a result of unemployment. What makes the problem very serious is representation of youth in the

total unemployed people. According to a report by ILO and World Bank, majority of the unemployed people (43.7% of the total unemployed people accounted for 25% of the working population) are the youth, which are considered as the productive part of a given country. In another side, in Sub-Saharan Africa, 3 in 5 of the total unemployed are youth (ILO 2006) and on average 72% of the youth population live with less than \$2 a day (world bank 2008). The share of unemployed youth among the total unemployed can be as high as 83% in Uganda, 68% in Zimbabwe, and 56% in Burkinafaso (World Bank 2008).

The above fact also holds true in the case of Ethiopia too. In 2005, 81.4% youth are not able to get employment opportunities in the formal sectors (World Bank 2008). The fast population growth coupled with poor economic conditions resulted in massive unemployment among youths. Youth unemployment stood 28% in 2005 (World Bank 2007). The unemployment rate is very high in urban areas, but the rural youth unemployment is also significant. The same report (World Bank 2007) also indicated the unemployment of educated Ethiopians youths. For youth, female unemployment peaks among those with general education, for young males, those in the beyond general category are most likely to be unemployed. Among youth even the most skilled have a very high unemployment rate.

Statement of the problem

People are motivated to act because of external rewards or incentives such as flexibility, income, or prestige and the diversity of motives, which is dependent on the background of the entrepreneur (Fayolle, A. (2014). Graduating students stated that lack of professional experience and funding are the major barriers to commence own business (Staniewski, M. (2009). In turn, entrepreneurs from the SME sector recognized the most important barriers and challenges. Some of these challenges are lack of sufficient knowledge of management skills, lack of adequate investment to start and run a business, difficulty in discovering information about markets, products and prices, troublesome rules, obtaining bank loans, and difficulty in recruiting good and reliable staff (Jafarnejad, A., Abbaszadeh, A. M., Ebrahimi, M., & Abtahi, S. M. (2013). Setting up a business is largely dependent on the motives that inspire a potential entrepreneur. It traditionally acknowledged that the reasons people start businesses are mainly economic in nature. Nevertheless, contrary to the common-sense approach that organizations responsible for granting financial aid frequently rely upon, money is not always the sole reason. This fact confirmed that non-monetary reasons for being self-employed play a much greater role than monetary aspects, and it is debatable that people choose self-employment as a means of gaining higher income than they could attain as employees (Douglas, E. J., & Shepherd, D. A. (2002). After graduation, many youngsters remain unemployed for long period and such an extended period of unemployment implies loss of earning and a huge fluctuation in consumption and finally results in socio economic and political chaos Solomon Worku (2004).

In addition, most researches done on unemployment focused on its effect of growth and development without understanding the main reason of it and there is no a research with the same title that is done in South Wollo Zone, Dessie, Ethiopia. Therefore, the researcher wants to assess the factors and motives of unemployed youths not to engage in own business by addressing the following research objectives.

Research objectives

1. What are the reasons that limit individuals (the unemployed youths) not to engage in self-employment?
2. What are the motives that stem unemployed youths from starting own business?

The Scope of the study

The study targeted on 361 youths who have a certificate, diploma, degree and above but stayed unemployed for more than six months. The study was delimited to reasons that limit individuals not to engage in self-employment and to the factors that emanate from societies hindered the unemployed youths from starting own business. The study also bordered to the focus areas of Haik, Mekaneselam; Aqista and Wereilu.

Significant of the study

Knowing the motives and the main issue at each phase of the business will help to put in place an effective business idea and the study is worth doing because

- ✓ It will provide significant knowledge (awareness) about the tendency of entrepreneurship.
- ✓ It may serve as additional sources of information for further investigation in engaging own business.
- ✓ It will help to create motive citizens in the district to create their own job.
- ✓ It provides information about the drawback of the practices to the concerned government body and forwards some possible solution.
- ✓ To take care at the time of starting a business after thoroughly examining
- ✓ It also helps in checking the profitability of the business before starting it

RESEARCH DESIGN

For this research paper, a descriptive study chosen as the most appropriate research strategy.

Sample size

The population of this study was equal to graduates who have certificate, diploma and degree, but remain unemployed youths for half a year and above in Haik; Mekaneselam; Aqista and Wereilu Districts. Using infinite population formula, which developed by Bill Godden, January 2004, 385 youth respondents invited to participate on the study. However, 24

youth responses were not correct. Therefore, the information/data pertaining to this topic collected from those 361 samples.

Sampling technique

A non-probabilistic, namely, Snowball sampling technique, was applied.

Method of Data Analysis and Management

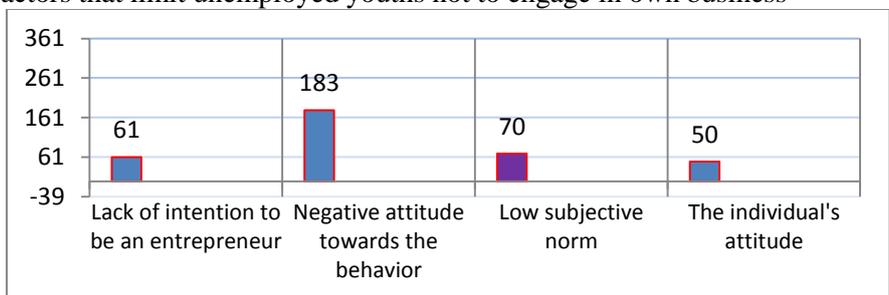
To analyze and interpret the data collected, and to drive a conclusion from the study through qualitative and quantitative techniques such as tabulation, percentage, charts and graphic statistical measures applied.

DISCUSSION AND RESULT

The result revealed that from the selected sample size, 139 respondents (38.5%) were from the age group of (25-35), and 99 respondents (27.5%) were from the age group of (36-50 years), 31 respondents (8.6%) were less than 25 years, 41 respondents (11.4%) were from age above 50 years and the remaining 51 respondents (14%) not stated their age. Likewise, majority of the respondents i.e., 40% were diploma holders, while 30.5% were degree holders, 6% of respondents were educated up to higher secondary. illustrate respondents were very less i.e., almost 5.5% and the majority of the respondents (76.2%) were male while respondents (23.8%) were females which makes 3 to 1 male to female ratio. This is also an indicative of gender imbalances among respondents in the study areas.

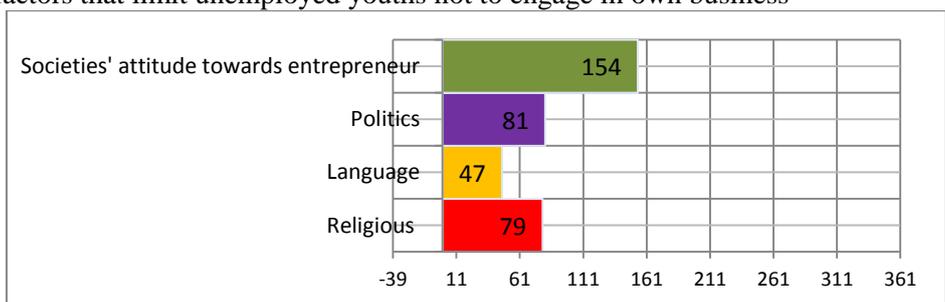
Figures and Tables

Picture-1: Individual factors that limit unemployed youths not to engage in own business



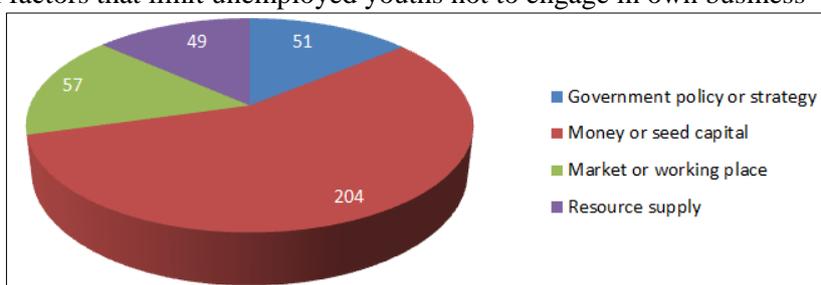
The study revealed that 61; 70 and 50 respondents disclosed their response as individual's lack of intention to be an entrepreneur; low subjective norm and their attitude are factors that limit unemployed youths not to engage in own business and their weight is 17 %; 19% and 14% respectively. Moreover, the remaining 183 respondents stated their response as the negative attitude towards the behavior is the main factor that limits unemployed youths not to engage in own business and it weighs 50% of respondents. This implies that educated but remain unemployed youths in the districts do not have enough knowledge or training on how to run or perform their own business. Thus, we can say that lack of intention to start business is the sum total of the negative attitude towards the behavior; low subjective norm and low perceived behavioral control.

Picture-2: Societal factors that limit unemployed youths not to engage in own business



The study indicated, that out of 361 sample responses, 154 respondents stated, societies' attitude towards entrepreneur is the main factor that limit unemployed youths not to engage in own business. It weighs 20.72% whereas 81; 79 and 47 respondents stated that politics; religious and language in the districts limit unemployed youths not to engage in own business and they weigh 22.5%; 22% and 13% respectively as shown in the chart below:

Picture-3: Environmental factors that limit unemployed youths not to engage in own business



As the diagram below indicates, 51(14%); 57 (16%) and 49 (13.5%) respondents stated their response as Government policy or strategy, Market or working place and Resource supply are the factors that limit unemployed youths not to engage in own business. The remaining 204 (56.5%) respondents stated their response as Money or seed capital is the main factor that limits unemployed youths not to engage in own business. This implies that youths who are educated but remain unemployed in the districts have lack of money to begin their own business.

Results

Relationship of factors pertaining to the individual, societal and external environment to be an entrepreneur

As the findings from questionnaire and interview questions indicated, in the study areas, individual factors are depending on societal and external factors and vice-versa. Because the study revealed that respondents (40%) stated that relationship of factors pertaining to the individual, societal and external environment to be an entrepreneur is very strong. As the responses from 120 (33%); 37 (10%) and 62 (17%) respondents indicated, there is a strong; poor and very poor relationship of factors pertaining to the individual, societal and external environment to be an entrepreneur respectively.

CONCLUSIONS

The study revealed that the perception of barriers to start a business seems unrelated to the sex of the respondent. To put it differently, the results of the study indicated that women and men perceive similar barriers for an entrepreneur. The vigorous potential entrepreneurs (between 25-35 years old) saw considerably more barriers to start their own business in comparison to the remaining groups of respondents and identified the lack of expected support from relatives and close friends as a barrier.

The motives revealed in the study are pull factors (internal motives) are more powerful rather than push factors (external motives) to start own business, regardless of sex or age. Both women and men more often declared as influenced by internal motives when planning to set up their own business. Likewise, the respondents from various age groups similarly inspired by internal motives when planning their own business largely than by the external ones.

RECOMMENDATIONS

- ✓ When the businessmen/women/entrepreneurs plan to start own business and make the final decision, they should have to consider various reasons such as self-realization, self-satisfaction, the possibility of higher earnings and independence in decision-making. And they should consider configurations of internal motives and external perceived numerous burdensome obstacles such as lack of experience, lack of capital and fear of risk of failure, complicated regulations concerning the registration and implementation of business activity, civil, commercial, economic, and accountability, etc.
- ✓ The responsible government organizations should establish the motive strategies such as giving initiation training of how to generate quick profits, reducing initial advertisement costs, etc., that will inspire entrepreneurs to start a business and should pay close attention to them.

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DECLARATION OF CONFLICT

The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

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