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Exploring the desire to be an entrepreneur among university-educated youths: Lessons from Sierra Leone

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Introduction

Previous studies have assessed entrepreneurial intentions among African students (for example Sieger et. al 2011); but few have reconciled intentions with observed entrepreneurial practices leaving a gap in the literature. This is an important policy question as entrepreneurship is often positioned as a key strategy for reducing youth unemployment and achieving sustainable development in developing countries. This paper aims to add to this discourse.

A review of the literature suggests that although a vast number of new enterprises are created, very few succeed; and even fewer are high-growth (Olafsen and Cook 2016). Some critics have argued that targeting large companies with high growth potential rather than small start-up enterprises would be more worthwhile (Shane 2009) and that programmes should not be conflated with poverty alleviation objectives (DeJaeghere and Baxter 2014).

Entrepreneurial success is often explained by factors at the individual/entrepreneur level such as ambition and attitudes to risks; the firm level such as organisational culture; and the macroeconomic level such as the institutional setting (Bosma et al. 2021; Olafsen and Cook 2016). This viewpoint addresses issues at the individual level which may be consequential to entrepreneurial success. Findings are based on qualitative data collected from a sample of university-educated youths in Sierra Leone, and lessons extracted for policymakers.

Throughout the paper, entrepreneurship and self-employment are sometimes used interchangeably though the literature often distinguishes between the two (Bosma et al. 2021). There are two justifications for this. First, the two terms are commonly used as synonyms in development practice (Olafsen and Cook 2016). And second, the majority of participants of this study equate the two terms.

Data from focus group discussions show that demand or inherent desire to be an entrepreneur is often absent. At a time when entrepreneurship programmes are being widely

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rolled out and promoted as a source of growth and development in the world's poorest regions, understanding what drives or constrains entrepreneurial ambitions is an important policy question. Entrepreneurship programmes often assume a pool of potential entrepreneurs exist, who for various factors (skills, credit constraints, political landscape, etc (Olafsen and Cook 2016)) are unable to fully capitalise on their entrepreneurial talents to innovate and create new ventures. If such a pool of willing entrepreneurs is absent or a strong desire for entrepreneurship is lacking, this may result in businesses being created as a second-best option. This in turn affects the degree of innovation and creativity, and has implications for the entrepreneurship-growth nexus.

Entrepreneurial intentions – A brief overview of theory and evidence

Entrepreneurship is often conceptualised as “a creative human process, one which mobilizes resources from one level of productivity to another, a superior one. It implies the individual's will of taking on responsibilities and the mental ability of carrying out the task from idea to implementation” (Toma et al. 2014, 438). Toma et al.'s (2014) definition aligns with the “innovative entrepreneur” who is able to identify and create new opportunities (opportunity-driven entrepreneurship), and not the “replicative entrepreneur” who starts a business in an area that is already developed or even saturated – linked to necessity-driven entrepreneurship (Baumol 2010).

Sieger et al. (2011, 7) propose a theory of planned behaviour where entrepreneurial intentions are driven by personal/family background and intrinsic motivations. Empirical evidence suggests that individual factors such as social capital, drive for success and creativity can explain entrepreneurship; and those from entrepreneurial families are more likely to become entrepreneurs (Bosma et al. 2021; Olafsen and Cook 2016). Cele and Wale (2020) show that being business minded, innovative, risk-taking and self-confident matter for smallholders' entrepreneurial drive, willingness and ability.

Specific to university-educated African youths, social expectations affect entrepreneurial mindsets (Ogunsade et al., 2020). Added to this, socio-demographic factors like age, gender and education also matter (Bosma et al. 2021). The evidence from this present study helps us to shed light on other pertinent factors.

Sierra Leone as a case study

Sierra Leone is a small West African country, with a population of 7.5 million and GDP per capita of US\$534 making it one of the world's poorest countries. This has led to large inflows of aid, peaking at 150 percent of the Government's budget in 2014.ⁱ Aid targets Government-provided skills development and entrepreneurship through the Ministry of Education or Youth

Affairs. According to 2016 Ministry of Finance estimates, of total aid disbursement to Sierra Leone, 18 percent was spent on activities targeting youth development and training, private sector development and entrepreneurship. The Government has also launched the Youth Entrepreneurship Project to promote gainful youth employment and a thriving business sector by 2024.

Sierra Leone boasts an expanding population and labour supply at all skill levels (Statistics Sierra Leone 2015). At the highest education level, there is a glut of university graduates unable to find jobs (Statistics Sierra Leone 2015). Such a setting, in principle, should stimulate entrepreneurship as graduates create opportunities themselves – or at the very least, a desire for self-employment which may be constrained by lack of access to finances, limited skills or an unfavourable economic and/or political environment.

However, findings show that a minority of 2.6 percent (of a sample of 392 university students comprising 256 males and 136 females) wish to be entrepreneurs just after graduating (Harris 2019). This is below estimates from previous global studies of university graduates showing five percent (Sieger et al.'s 2011, 13) and 6.6 percent (Sieger et al. 2014, 14).ⁱⁱ The 2020/2021 Global Entrepreneurship Monitor report also shows that the total early-stage entrepreneurial activity is higher for graduates in comparison to none graduates in all but seven of the 43 countries surveyed, and post-secondary degree holders are more likely to start a business (Bosma et al. 2021, 57). Moreover, no Sierra Leonean females opted to be an entrepreneur in Harris (2019), a finding consistent with an established global entrepreneurial gender gap (Bosma et al. 2021).

Given entrepreneurship interventions, a large youth labour force, limited employment opportunities, and simultaneous low desires to be an entrepreneur *ex ante*, Sierra Leone provides an apt case study to evaluate factors that may drive/constrain entrepreneurial ambitions.

Data and methods

Data for this study was collected using focus group discussions between August and December 2017, and August 2018 in the Sierra Leonean capital, Freetown.

A subset of 36 respondents from the sample of 392 university students surveyed in Harris (2019) in August 2017 were contacted and invited to focus group discussions. Twenty-nine of those invited attended. This nested-analysis design aims to better understand results from Harris (2019) which quantified low entrepreneurial ambitions, as focus groups allow exploring the underlying reasons behind the quantitative results. Another 24 respondents were contacted via snowball sampling based on their previous ties with the National Youth Commission (NAYCOM). NAYCOM offers entrepreneurship/business advice and support, and runs an internship programme for Sierra Leonean youths. These 24 respondents had between

one- and ten-years' experience in the labour market, and the majority had engaged in entrepreneurial activities, thus increasing the heterogeneity/diversity of the sample. The 53 participants were all university-educated, comprised 34 males and 19 females, and spanned disciplines of social sciences, humanities, natural sciences, law, and engineering.

Thirteen semi-structured focus group discussions were conducted with the 53 participants (average of four per group). Focus group eleven was the point of data saturation where discussions stopped revealing new data; however an additional two were conducted to ensure no new data emerged. Discussion topics included youth entrepreneurship in Sierra Leone, individual perceptions about entrepreneurship and constraints faced. Discussions were conducted using a mix of English and Krio, the commonly spoken local language. Written notes from the discussions were analysed using thematic analysis. Anonymised quotes extracted from the discussions are presented in the appendices.

Findings and discussions

Factors affecting the desire to be an entrepreneur

Three salient factors emerge from the data: (i) conceptions of personal success, (ii) cultural and historical perceptions toward self-employment/entrepreneurship, and (iii) capital constraints. The first two factors have been largely absent from the debate on entrepreneurship in developing countries. The third is well acknowledged as an impediment to entrepreneurship, and thus corroborates a well-established story. Each factor is presented in turn with supporting qualitative data.

Conceptions of personal success

A dominant theme from the group discussions was the ambiguous connection between entrepreneurship and personal development/success. Notably, entrepreneurship was often equated with self-employment in the discussions – though the literature often distinguishes between the two (Shane 2009; Baumol 2010). Several respondents expressed uncertainty regarding how their careers would progress or the types of skills they would develop should they become self-employed entrepreneurs. The types of entrepreneurship/self-employment they observed and reported on, did not lead to large scale employment nor high profits, but simply allowed the business owner to subsist.

Many gave examples of wholesalers, retailers or small-scale farmers when asked about entrepreneurial activities. Many believed they could earn more from wage-employment in the private or development sector; and make a greater contribution to society by working for a development organisation or the government. However, these jobs are often scarce given the economic situation in Sierra Leone. Entrepreneurship is therefore seen as a stepping-stone or

temporary option until wage-employment is secured, and is seldom perceived as a “real” or “preferred” career option – see Box 1 of the appendices.

The inability to view entrepreneurship as a viable career option may be explained (in part) by limited exposure to successful entrepreneurs who have lucrative and fulfilling careers. Of the 53 participants, only one was able to name what they perceived to be a “successful” entrepreneur within their network. This participant had in turn developed an interest in entrepreneurship and operated a small palm oil business, while simultaneously reading for a bachelor’s degree in entrepreneurship. Others referred to family and friends who were self-employed, but in most cases, these were examples of involuntary self-employment or necessity entrepreneurs, and included petty-trading and other small-scale retail endeavours. The absence of inspirational/successful entrepreneurs may limit entrepreneurial aspirations; and may imply a vicious cycle where the sparse number of successful entrepreneurs locally in turn limits a new generation of entrepreneurs being born.

Cultural factors

A second explanation of low entrepreneurial ambitions stems from historical feelings and cultural perceptions toward white-collar jobs. A common theme was that entrepreneurship could be good for Sierra Leone, but was not suitable for the respondent themselves as an “office job” in the capital city was preferable. It can be argued that a sample of university graduates would be expected to prefer wage employment, and as noted by Ogunsade et al. (2020), may be guided by social expectations. That said, understanding why is still important as entrepreneurial aspirations among Sierra Leonean graduates are well-below global estimates (Sieger et al.’s 2011, 13; Sieger et al. 2014, 14) – 2.6 versus five and 6.6 percent respectively.

One explanation relates to the strong links respondents associate between self-employment and agriculture. When discussing entrepreneurship, most respondents associated this with ventures in the agriculture sector giving examples of starting a palm oil, rice, cassava or groundnut business.

Agriculture is the largest sector in the economy (Statistics Sierra Leone 2015), several national and donor policies related to entrepreneurship/private sector development projects have significant agricultural components, and most respondents hailed from the provincial areas where agriculture is the main activity. Agriculture as the chosen sector for entrepreneurship promotion in development projects likely relates to the combined donor-effort to promote self-employment and alleviate poverty (DeJaeghere and Baxter 2014). Agriculture as a reference point is therefore understandable. However, such a link may be disadvantageous to youth entrepreneurship as respondents described the agriculture sector as being “for the less-skilled and uneducated”, “hard work”, and “less comfortable” compared to office work.

Capital constraints

The desire to be an entrepreneur is influenced by country-level factors related to access to capital – see review study Olafsen and Cook (2016). Many discussants were sympathetic to the idea of starting a business in agriculture or services; but were constrained by limited access to capital. These types of entrepreneurs essentially fall into a “missing middle” in the financial market as they are too small to benefit from large on-lending agreements, but too large for microcredit to be useful.

Two examples are given in Box 2 of the appendices. In the first example, the respondent owns a small palm oil packaging and distribution business, but was unable to access capital from commercial banks because of high interest rates and collateral requirements. Access to the Tony Elumelu Entrepreneurship Program and personal savings enabled him to start his own business and realise his entrepreneurial ambitions. The second respondent inherited a small retail business, but lack of capital limits his ability to grow and develop the venture.

There were other stories similar to those presented in Box 2 where the respondent identified a gap in the market and started a small-scale venture (usually in agriculture or goods import for resale), but were unable to scale up operations because of limited capital. Notably, participants with concrete examples of innovative ideas, but facing capital constraints, were more likely to be males.

Reconciling low entrepreneurial ambitions with observed self-employment

Despite the low desire to be an entrepreneur *ex ante*, observed self-employment is relatively high *ex post*. National data from the Labour Force Survey show that 10.3 percent of university graduates are self-employed (Statistics Sierra Leone 2015, 21); almost four times the amount that desire to be self-employed entrepreneurs (Harris 2019). This is consistent with global studies. Sieger et al. (2011, 13) and Sieger et al. (2014, 14) estimate that the number of graduates that intend to start their own business increases from five percent at the time of graduation to 21.6 percent five years after graduation and from 6.6 percent to 30 percent respectively. Sieger et al. (2011) explain this difference as temporary employees who ultimately have plans to either start their own business or take over another company. According to Sieger et al.’s framework, wage-employment is a stepping-stone to self-employment.

Though the quantitative trend is similar in Sierra Leone, the explanation is reversed as self-employment functions as a stepping-stone to wage employment for most respondents. From the data, many respondents often “ended up” self-employed because they were unable to find wage-employment, were tired of holding multiple short-term jobs, or had become redundant – see Box 1.

Entrepreneurship in this case is a second-best option, rather than a preferred state. Several respondents reported having catering businesses, farms in the rural areas, mobile retail businesses, or being part of the gig-economy as a freelance plumber, electrician, technician, tailor, or hairdresser. These ventures were often micro/very small, included no other employees, and were not formally registered. They are also not unique, but common among both skilled and unskilled in the informal sector. Respondents reported that they were attracted to such ventures as the entry and exit costs are relatively low, which is preferred should wage-employment become available.

Toma et al.'s (2014, 438) definition of entrepreneurship conceptualises the entrepreneur as someone who engages in a creative process, willingly takes risks, mobilises resources, identifies opportunities in the midst of chaos; and ultimately serves as a change agent. This type of entrepreneurship is rarely observed in the Sierra Leonean data. Instead, most resort to entrepreneurship out of necessity.ⁱⁱⁱ

Given that, for many, entrepreneurship is a gap-filling option (and not a preferred choice), there is little evidence from the data in this study that there are strong incentives to invest in businesses started, to understand the market, and to innovate and expand. Such necessity-driven entrepreneurship often stops at a replicative stage with little to no innovation. This, in turn, may have implications for economic growth from entrepreneurship in countries like Sierra Leone. The established view asserts that such necessity-driven ventures are unlikely to be growth enhancing, especially in the long-run (Baumol 2010; Shane 2009).

Conclusions and policy implications

Understanding the desire to be an entrepreneur is likely to be key to the entrepreneurship-development nexus. The Sierra Leonean data gives evidence that the inherent desire to be an entrepreneur among university-educated youths in developing countries may be lower than envisaged because of conceptions of success and cultural factors. In the absence of inherent desire, entrepreneurship functions as a waiting ground or stepping-stone to the next best alternative. International organisations need to be mindful of this when developing policies that aim to stimulate entrepreneurship among this group. Factors in the local economy such as access to capital, skills training, and an enabling environment, likely make the tasks of setting up and running a business easier and may incentivise some to become entrepreneurs. These factors are necessary but not sufficient for producing successful entrepreneurs who innovate, create opportunities, and stimulate economic growth and development.

Complementary to these interventions is the desire to be an entrepreneur. Inherent desire to be an entrepreneur may be absent because of a mismatch between the attributes of desirable employment and those of establishing an enterprise, and negative images associated

with entrepreneurship that stem from perceptions and culture. This study offers these as explanatory factors based on qualitative analysis.

Policy should there aim to improve the image and attractiveness of entrepreneurship, bearing in mind the local cultural context. For example, entrepreneurial success stories could be better highlighted and an entrepreneurial mentoring scheme established. In addition to this, special financing options could be made available to the types of entrepreneurs in this study who essentially fall into a “missing middle” in the financial market as they are too small to benefit from large on-lending agreements, but too large for microcredit to be useful.

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Appendices

Box 1: Entrepreneurship as a second-best option (Data Extracts)

“My dream was to work for government, but I could not get a job. For the NGOs its one to two months tops. Then they say lack of funds. The private sector company is run by someone else. They can die, then you’re out of a job. If ownership takes over, you have to reapply. Even though private salaries are higher, it’s less stable. That’s why I go for self-employment. I went into business after college. I brought some Koreans to start a production company. But my partner’s mother died so we stopped. Now I am an agent selling Korean equipment for road projects. Things can change anytime.”

Self-employed entrepreneur, Male, BSc. History and Politics (2016)

“You can make more if you are in business and you are determined. You can make 500k (US\$67) a day. You can do multiple businesses. But it’s not for certain. If I see there is no way as a university graduate to get a job, then I will be self-employed.”

Unemployed graduate, Male, BSc. Philosophy (2018)

“I did a consultancy then the NAYCOM internship. I was promoted to M&E officer. Then I was at home for 2 months. Then they called me back again. I was at another job between 2016 to April 2017. Now I have a government scholarship to do entrepreneurship at Limkokwing University. My late stepdad was an entrepreneur, so I developed this interest. Plus, I was tired with all these jobs. Two months here, four months there.”

Aspiring entrepreneur, Male, BSc. Economics (2013)

“I do designs and bake cakes. I am good at it, but I want a real job. I will do this for pocket money until I get a job.”

Self-employed entrepreneur, Female, BSc. Commerce (2018)

“I will engage in other business. Like hairdressing and food selling, like shawarma while I search for job. I want to be a researcher.”

Unemployed graduate, Female, BA. Linguistics (2018)

“My uncle was a former minister of agriculture. We had poultry and pigs. We were selling eggs, pork. That was my uncle. I don’t have this in mind.”

Unemployed graduate, Female, BA. Philosophy (2018)

Box 2: Capital Constraints (Data Extracts)

“I worked at a commercial bank but left because I was not passionate about it. Now I have a palm oil packaging and distribution business. The money is not in white-collar jobs, but enterprise. The challenges to starting a business are many. It is very difficult to get capital. I am a beneficiary of the Tony Elumelu Entrepreneurship Program for seed capital. Plus, I had my stipend from my scholarship. I would not have been able to start my business without the seed capital.”

Entrepreneur, Male, Msc Entrepreneurship Education (2017), BSc. Economics (2015)

“I have considered self-employment and see the advantages. The problem is that it does not happen like that. It is difficult to acquire capital without connections. I will be employed, and self-employed as well, that way I can generate more income. I have a shop I inherited but I don't have the capital. I would also like to focus on animal husbandry. We import chicken, meet, I can generate income and help the industry import less. Sierra Akker is not enough to support the country. We have lots of backyard farming. I want to mechanise it.”

Self-employed and currently searching for employment, Male, BSc. Economics (2018)

ⁱ Data based on estimates from the World Bank's World Development Indicators:

<https://data.worldbank.org/data-catalog/world-development-indicators>

ⁱⁱ Sierra Leone was not part of the sample of countries.

ⁱⁱⁱ High levels of necessity-driven entrepreneurship have also been reported in other African countries such as Angola, Burkina Faso and Togo (Bosma et. al. 2021, 40).