

Youth Entrepreneurship Development Issues and Policy Support

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Abstract

Youth in business have been facing a lot of problem from the very beginning of their ventures and for these problems a significant number of youth entrepreneurship cannot start their ventures, although they have willingness and capabilities. To identify constraints facing the youth, to snap a development paradigm for the youth and to recommend propositions for elevation of their present status are the major objectives of this study. Secondary data have been used in this research. Attribution Presentation of Initiatives, the intrinsic features of the underprivileged youth entrepreneurship, entrepreneurship development cycle, imperatives of micro finance in serving the youth, NGO interventions for enterprise development etc. are the key issues discussed in the study in a descriptive manner. A significant number of recommendations are drawn in the last part to uplift the overall scenario.

Key Points: *Youth entrepreneurship, Youth entrepreneur, Development*

1. Introduction

Entrepreneurship is an imperative to spur development initiatives. Bangladesh with its scarce resource can direct its efforts towards industrialization process. Youth are the vital workforce to accentuate economic mounting through their potential qualities. This workforce needs to be patronized through socio-economic policy interventions. The policy paradox should contain the pertinent issues which will encourage entrepreneurial initiatives by the young workforce. The important considerations which need due attention precepts the following:

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- Development of entrepreneurial skill through training and capacity building.
- Venture capital and technological support for project launching.
- Counselling service for marketing of products.
- Positive interventions to meet competitive risk.

Youth in business have been facing a lot of problem from the very beginning of their ventures and for these problems a significant number of youth entrepreneurs cannot start their ventures, although they have willingness and capabilities. Impediments lie in the variables like lack of necessary policy provisions in the national planning, family support, social awareness, financial support from the institutions and family. Since youth entrepreneurs are the dependent members of the family and underprivileged in respect of family support they are inherently constrained by financial and other development supports. These impediments lead to scares fund mobilization.

It is pertinent to let us pronounce that entrepreneurship improves living conditions of the youth and earns respect for them. Youth entrepreneurship proliferate business growth, goods and service provision, employment generation, productivity and skills development of the country.

2. Objectives

Objectives of this article lie in the consequent effects of issues and constraints affecting the youth entrepreneurship development and pledges recommendations for well being of this community. Emerging objectives of this article exposes the following.

- To identify constraints facing the youth.
- To snap a development paradigm for the youth.
- To recommend propositions for elevation of their present status.

3. Literature Review

Scholars now a day are more prone to think young entrepreneurial development in a socially responsive manner and widely promote ideas like group and community based development, cluster development, and likely models that in fact work primarily through development of micro, small and medium enterprises. The reasons inflicting this intervention lie in the intrinsic imperatives of small capital investment in ventures indigenous skills and technologies, local market appeal for products etc. A significant number of researches have been conducted for development of youth entrepreneurship segment.

In a discussion (Morshed, 2008, pers. comm..) it was stated that countries where youth entrepreneurship have advanced, the economy has usually been steady, and by contrast, in countries where youth entrepreneurship are constrained by socio-political impediments

economies are in stagnant state. In such case, efforts in terms of responsibility, guidelines, and rules of business should be developed for the betterment of the problem.

In a focus group discussion (FGD) the participants opined that social mores in Bangladesh tend to grant entrepreneurship limited access to material resources, land, capital and training. Thus, growing awareness should be in fluxed for youth entrepreneurship development which will lead to the national economic development process (Karim, 2001).

A recent study (Sarker, 2008) indicates that youth entrepreneurship are the best manager of economic interventions contributing income for economic emancipation of their family.

Another exposition (Monjuara, pers. com. 2008) indicates that youth are now a little bit organized through patronization of trade bodies. Specialized trade bodies/associations are in grooming stage. These trade bodies integrate issues of youth and place recommendations for inclusion into policy paradigms. This imperative enables youth to articulate their development efforts.

4. Methodology

Secondary data have been used in this research. The researchers have scrupulously reviewed the relevant credentials and other literatures. During the course of study the researchers discussed the issues with the university teachers to have clear insights of the issue.

5. Finding and Discussion

Entrepreneurial quality is a superficial imperative to augment development proponents. This pertinent element is viewed as the basic potent of industrialization. Entrepreneurship needs affiliation of available resources and also harnessing human potential qualities. The important attributes of development interventions of youth entrepreneurship depicts the following:

5.1 Attribution Presentation of Initiatives

- a. Financial resources available in family ownership needs to be mobilized through morale persuasion.
- b. Social pledge needs for development progression.
- c. Individual family commitment should be awarded for enterprise initiative.

Venture initiatives have pertinence to overall economic development interventions.

Ingredients of ventures initiatives have inherent relationship with development interventions. Pertinent factors affecting youth entrepreneurship venture initiatives lie the following:

- a. Floatation fund
- b. Marketability of economic output.
- c. Competition risk
- d. Sustainability of production option etc.

The context of income generation issues have a strong proposition for economic emancipation of the youth entrepreneurship community and urges for social, political, and economic cooperation.

5.2 The intrinsic features of the underprivileged youth entrepreneurship are-

- a) They are isolated;
- b) They are disadvantaged;
- c) Believe in fate and luck;
- d) They are beyond education opportunities;
- e) They remain out of employment opportunities;
- f) They have no savings;
- g) They are out of supporting niches of the NGOs;
- h) Extreme poor standing keep them away from edges;
- i) Household income is unstable and insufficient to meet basic needs;
- j) They live extremely unhygienic conditions;
- k) They feel disenfranchised with virtually no community initiatives to solve their problems;
- l) They are at risk during pre and post natal periods;
- m) Maternal and child malnutrition rates significantly higher than for rest of Bangladesh;
- n) Children continue to drop out of school at an early age.

5.3 Entrepreneurship development cycle

Every human being has the attributes like-initiatives, creativity, hard working and aspiration for achievement. Youth entrepreneurship also possess these attributes. This state of the youth entrepreneurship may be directed to IGAs by applying proposition of 3-stage cycle of entrepreneurship development consisting of stimulatory, support and sustenance as provided in the following stages:

Stage 1: Stimulatory

- Entrepreneurial education
- Advocacy of income earning opportunities
- Identification of potential hard core poor
- Evolve locally suitable income generating activities.
- Motivation to involve them in income generating activities
- Help and guidance in selecting the income generating activities

Stage 2: Support

- Arranging finance
- Providing information about best IGA's
- Guidance for selecting and obtaining machinery
- Offering management consultancy
- Help marketing product

Stage 3: Sustaining

- Helping diversification/expansion of the existing income generating activities
- Additional financing if required
- Deferring repayment/interest
- Product reservation /creating new avenues for marketing if involving manufacturing.

6. Imperatives of micro finance in serving the youth

Micro finance has a focus on the youth due to their poor resource endowments. The potent of micro finance is featured by the following proponents:

- a) Savings is encouraged,
- b) Financial need is met almost in time of need,
- c) Employment opportunities are created
- d) New income generating activities are sourced out.

Micro finance has become a strategy for reducing poverty of the youth entrepreneurship that is not in the purview of formal financial services. Access to credit and deposit services are the way to provide the youth with opportunities to take active role in their respective economies through income generation, bargaining power and social empowerment. This is also well focused in various reports and publications. In this perspective MFIs have aim to reach the poor entrepreneurs, but apparently they rare serve them. Most of them reach the “well off group” in much greater numbers than the “Poor entrepreneurs”. The extent to which micro finance program are able to reach the poor entrepreneurs remains an open debate. This may be due to the fact that they might be unable to repay their loans and could thus jeopardize the creditworthiness of the entire grade. Even when the poor entrepreneurs are not actively excluded by a community, they often opt out of community-related projects because they are intimidated, believing that the services offered by such projects do not suite to their needs.

However, MFIs have a laudable contribution to the reduction of total household unemployment. But the feature is that in most cases the income generating activities (IGA) promoted by MFIs did not help clients graduate beyond the reach of part-time self-employment.

7. NGO interventions for Enterprise development

There is an observation that most of the youth do the same type of IGAs. They always try to follow others who have success story. As a result innovative talents remain untapped and lead to fuelling market saturation. In such case, NGOs need to thrust on innovative strategy to combat the market saturation through motivating the poor and extreme poor to involve in diverse IGAs.

A recent study (Syed Azim, 2005) suggests scale-up the loan size for IGAs. The amount provided by the NGOs in general varies between Tk. 2000 to Tk. 10,000 for individual and Tk. 10,000 to Tk. 40,000 for group activities, which many practitioners think lower than actual requirements. So, effective interventions should be embedded in the policy strategy to address the youth. They require supports in the form of loan (L), skill development (S), information on IGA's (I) and held that IGA is a function of these proponents. The formulation as suggested above is therefore:

$$\text{IGAs} = f(L, S, I)$$

7.1 Non-financial service proponents

While some practitioners think that non-financial services are also essential for self employment and income generation of the youth entrepreneurship. Non financial initiatives will explore human potentials of the youth entrepreneurship and enhance their participation in income generating activities.

7.2 Sustainability propositions

It is important to have permanent operations based on a wider geographic outreach with quality financial and non financial products. This approach of outreach is based on a long-term view of micro finance services and, in many cases, there is a limit to depth of outreach. Thus a trade-off between sustainability and reaching youth becomes apparent. Attaching this issue to welfare arguments, the practitioners place strong proposition that micro finance should have priority in reaching the youth entrepreneurship because access to finance is considered a human right to fight against economic exclusion. This approach of course, requires narrow targeting of the very poor youth entrepreneurship.

Both breadth and depth of services are very important for the financing institutions. But important note is that financing programs would not serve the youth unless these are

objectively designed to reach them. So in designing financial products and services for this target group, it is important to better understand the factors that contribute to their dire conditions.

8. Conclusion and Recommendation

In one study, (ADB, 2008) it is observed that creating enabling conditions for investment and business is a challenge to sustaining private sector-led economic growth. The study has reviewed the status of youth in Bangladesh. It has set the propositions regarding the role of youth entrepreneurship in Bangladesh society, and the opportunities open to them to operate effectively and efficiently in their respective fields. BWCCI, BIDS, MOWCAWEDP, DYD and some other relevant entities have conducted several meetings, seminars, symposiums and recommended suggestions to solve the problems. A focus on the recommendations exhibits the following:

A recommendation (FBCCI, 2008) suggested that banking institutions should immediately start solving the problem of delayed payments to SMEs. A significant number of recommendations are needed to elevate the overall scenario and some of these may be as followed.

- The central bank should fix up a target for each bank to provide loan for youth entrepreneurship SME and form a monitoring team to monitor the implementation.
- Separate bank or banks may be establish for youth and for the other banks, an obligation may be imposed to maintain a minimum quota for the above mentioned segment in the above mentioned issue.
- A comprehensive credit policy should be initiated under the direct supervision of the central bank in order to create access of youth to finance. The policy must keep a provision of collateral free loan, credit without interest or low rate of interest, loan for long time duration, and so forth.
- Gender cell may be established to facilitate the female youth entrepreneurship for processing loan.
- Awareness of business opportunities and support services offered by various entities should be targeted towards youth entrepreneurship to motivate them.
- Priority should be given in this sector than that of others by the concerned policy makers.
- Proper training on operation in the enterprise is a must for the interested personnel.
- Proper coordination, necessary fund and trained staff should be provided by the GOs and NGOs to improve delivery mechanisms.

- Effective design, monitoring as well as evaluating techniques required to be introduced by observing the ever dynamic development on the world. Human resource training and advancement technological equipment can be the effective instruments in this phenomenon.
- Marketing support should be provided by observing the high context countries. It is suggested to provide market intelligence to the youth entrepreneurship SMEs through cross visits between and among youth within and outside of the country.
- EPB should maintain a minimum quota for youth entrepreneurship SMEs to send them to various national and international trade fair.
- Concerned entities should provide special support to youth who are involved in export-oriented activities for promoting marketing of their products.
- Credit programs need to be linked with entrepreneurship development training programs.
- Counseling on project ideas, techniques for selecting suitable projects, preparation of business plan, management, sustaining support and so forth should be provided by the concern entities to create and maintain the youth entrepreneurship environment.
- Harmony and coordination among the policy institutions need to be ensured.
- Media must play a positive role in this field.

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