

# Perceived Entry Barriers to Self-Employment in Eastern Ethiopia with Special Reference of Graduates and Youth Employees

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## Abstract

This study aims to investigate Perceived entry barriers to self-employment in eastern Ethiopia with special reference to graduates and youth wage-employees. The sample of 532 wage-employed workers and graduates has been responding the question.

As a tool of descriptive data analysis in this research paper frequency tables has been used.

The result of this study shows that based on demographic variables, individuals from business background families are likely to engage in self-employed. Male youths are likely to engage in self-employed than female, and when educational background increase their intention for self-employment decreases.

The overall results indicates that fear of risk is the most significant barrier, capital ranked as the second highest barrier, followed by environmental barriers, support, opportunity, skill and interest. Among them capital favors youth employees' group and environmental factors favor for graduates. There is no significant difference among skill, opportunity, risk and interest barriers to self-employment in youth employees and graduates. Youths perceived that the government gives attention jobs that requires elementary occupations that consists of routine tasks this discourages them to engage in self-employment. Most of the respondents have taken entrepreneurship course, but it didn't bring attitudinal change. Youths did not know about programs that the government appreciates the opportunities of self-employment.

Generally speaking, as the researcher has seen those back-us from the study, there must be an immediate and strict measure should be taken by the concerned body. Such as higher institutions should promote action oriented entrepreneurship training through establishing business incubation center. To create entrepreneurial culture all stakeholders including role models, mentors, government, big business, communities and indeed individuals should be involved. And lastly the government should identify a job sectors for youths that is related and deserves their educational background and level.

**Keywords:** entry barriers, self-employment, youth

## 1. Introduction

Africa has a youthful population as compared to other regions in the world. The young in Africa (aged 15 -24) constitute over 20% of the world population while 50% of Africa's population is not more than 25 years old in terms of age (ILO 2013). Sub Saharan Africa youth face high unemployment; 60% of the unemployed in Africa's are youths and its population increase yet access to jobs is problematic (AERC, 2013). Youth joblessness is a major concern for Ethiopian government because of high youth unemployment; youths are idle and may end up engaging in criminal activities (Nzinga H and Tsegay, 2012)

Researchers suggest that youth unemployment in developing countries could be reduced through self-employment (Garry, 2013, Wamuyu, 2010). It is also argued that self-employment has a high capacity of generating employment opportunities (Onwumere et al, 2011) Although the vital function played by self-employment in driving economic growth and job creation is increasingly understood, there has been little effort to look at it from a youth perspective. Youths are mostly treated as part of the general adult population, while their specific requirements and particular entrepreneurial potential as well as their critical contribution to economic and social progress are not given a due attention. unluckily, there is still lack of depth research on youths' perception on self-employment, especially as it relates to different self-employment structure circumstances and to the creation of new firms. This study try to find and address this research gap.

To promote self-employment we need to know the barriers to overcome it and endorse new policies and actions to create new ventures. As the report of Global Entrepreneurship Monitor (GEM) 2012, by taking 69 countries globally participated in the GEM survey, 10 of them in sub-Saharan Africa, including Ethiopia the report provides Ethiopia has one of the lowest rates of entrepreneurial activity in the sub-Saharan African region.

One possible reason is the overall low level of education which could imply that many Ethiopians are simply not well equipped for self-employment. Indeed only 22% of adults reported that they intended to create a business. In addition, Ethiopian would-be and actual entrepreneurs have great difficulties in accessing finance. The country is ranked 137th out of 144 countries in that respect. A third of the individuals surveyed said they had relinquished their business because of lack of access to finance. (GEM Ethiopia report, 2012)

One of the most important steps in the development of entrepreneurship is to identify the barriers youths

encountered. Identification and assessment of these barriers can be used as a guide to be used in making strategic and entrepreneurial background to provide further flourish.

Many researchers conducted on similar topics in different countries by taking different variables, target group and methodology. Among them Philippe Alby and Emmanuelle Aurio (2011) conducted a research in Africa on entrepreneurship barriers by taking social barriers variable, Khaled Nawaseretal (2011) conduct a research in India by taking motivational and legal barriers for Entrepreneurship development, Richard Shambare (2013) carry out a research on barriers of entrepreneurship to student in South Africa by taking inappropriate teaching methods, lack of entrepreneurial support, syllabus and course content, students lack of exposure & inters as barriers, Mohammad Baghe rGorji (2011) conducted a research through comparing between women and men's entrepreneur in Pakistan he classified barriers into three categories to (1) Individual entrepreneurship-family and education (2) Organization barriers - Physical resources, finance and marketing (3) Environmental-Social cultural and rules and regulations, Ahmad Jafarnejadetal (2013) conducted a research in Iran by taking the following three entry barriers A)Barriers to entrepreneurship in the education and preparation: lack of higher education, risk aversion B) Lack of motivation stage entrepreneurial activity. C) Barriers to entrepreneurship in the mutant (resources and opportunities). Sunil Shukla (2015) conduct in India on youths by taking the following barriers no attention in business/ distinct preference for service, want to stay for some more time, lack of confidence in business, disapproval of family/friends, Elena Suhir and Zlatko Kovach (2003) conducted a research in Asia by taking administrative barriers to entrepreneurship. Jugal Kishor (undated) also used being disadvantaged groups and absence of an exit strategy as a perceived entry barriers variable.

Even though intensity of barriers are not the similar for all the individuals in society, some problems are general to all people, some groups find specific obstacles.

The purpose of this research is to investigate the above entry barriers of self-employment and its extent in Eastern Ethiopia and make a cross sectional study between youth employees and graduates  
This study is intended to answer the following research questions

1. What is the perception of youth towards self-employment as a career option?
2. What are the barriers which restrict mobility of young employees from wage employment to self-employment?
3. What are the barriers that restrict graduate from selecting self-employment as career option?
4. Are entry barriers experienced differently across the graduates and youth employees' population?

## **2. Review of Related Literatures**

### **2.1 The Impact of Self-employment on Countries' Economy**

Today, self-employment in most developed and developing countries is considered as the main source of development, so that it is called the driving engine of economic and social development. The studies show that entrepreneurs play key roles especially in establishing SMEs which leads to high employment (Jahangiri et al. 2008). Entrepreneurship is the process of innovation and establishing new businesses conditions in hazardous conditions through discovering opportunities and utilization of resources. In other words, entrepreneurship means turning a new idea into a product or service which consequently provides increasing productivity, creating wealth, prosperity and employment. An entrepreneur is someone who presents a new product or service to the market with a new idea establishing a business mobilizing sources associating with financial, social and honor risks (Ahmadpoor and Erfanian 2007). Today, all agree that there is a positive relationship between economic growth and entrepreneurship (Benzing et al. 2009; Valliere and Peterson 2009).

Self-employment is a significant component of regional development and fostering entrepreneurship is one of the principal measures to accelerate economic and social development. To promote entrepreneurship we need to know the barriers that affect entrepreneurship to overcome the barriers and promote new strategy and measures to create new ventures. Small business firms account for 99 percent of all firms in the United States, 86 percent of all establishments, 50 percent of total employment, 45 percent of annual payroll, and 39 percent of total receipts. (James R. Barth, Glenn Yago and Betsy Zeidmann, 2006)

The European Commission has been concerned with the competitiveness and innovation of regions and assumes the entrepreneurship has the major driver of innovation, competitiveness and growth. The European Union is committed to promoting entrepreneurship as part of its strategy to transform its economy (Susana Martins, 2004) Activity levels in the entrepreneurial pipeline and entrepreneurial motivations in 10 sub-Saharan African countries, with comparisons to other regional averages, GEM 2012.

### **2.2 Self-Employment Practices in Ethiopia**

The ability of youth to engage in productive activities has both social and economic consequences for economic development of a nation. Youths being without a job is often higher than the unemployment rate for adults highlighting the concerns that many countries face in facilitating the transition from school to work. In developing countries, youth face not only the challenge of finding productive employment, but also finding

secure and satisfactory work. (Nzinga H et al 2012)

Ethiopia's youthful population is an incredible asset and untapped resource for positive growth. Of Ethiopia's population, estimated at 104 million, More than 28 percent is aged 15 to 29. Youth unemployment is estimated at nearly 27 percent. (USAID 2017)

It is crucial for Ethiopia to avoid the widespread youth unemployment that has plagued some other African countries as fertility declines and the conditions necessary for a demographic dividend emerge. Lack of employment opportunity for young people drives rural-to urban migration and leads many to emigrate. Investments in economic growth, job creation, and technical training will ensure adequate employment opportunities for young people entering the job market.

It is fair and proper to recognize the fact that the government of Ethiopia did not fold its arms to watch the MSEs stagger in the extent of problems. The government appreciates the opportunities MSEs create for self-employment, their contributions to economic growth and development as well as the constraints and difficulties in their operating environment (Mulu, 2009)

In Ethiopia, the numbers of youth self-employees increased from time to time. The increase has resulted from the extensive growth of the number of graduates from universities and technical and vocational Colleges. Because of this and recognizing their importance for reducing unemployment, in recent years the Ethiopian government has begun to address the problems that impede the growth by putting several programmes and policies that would provide an empowering operating environment. These support programmes and policies include technical services for innovation, financial services, training and investment promotion (Endalkachew, 2008)

The Ethiopian government recognizes the self-employment and shows its dedication to promote the MSEs development for youths by the issuance of national MSEs strategy in 1997 and the Establishment of the Federal Micro and Small Enterprises Development Agency. Ethiopia's industrial development strategy issued in 2003 also singled out the promotion of MSEs development as one of the important instruments to create productive and dynamic private sector. The promotion of this sector is justified on the grounds that enhancing growth with equity, creating long-term jobs, providing the basis for medium and large enterprise and promoting exports etc. The strategy puts a means to support the MSEs such as, infrastructure, financial facilities, supply of raw materials, and training (Ageba & Ameha, 2004)

However unemployment is still a major challenge in Ethiopia. According to Nzinga H and Tsegay, (2012) the trends in employment to population ratios and unemployment rates and regional distribution in Ethiopia are, Gambella (45 percent), Addis Ababa (51 percent), and Dire Dawa (61 percent) had the lowest employment-to-population ratios and the uppermost unemployment rates at 18 percent, 26 percent, and 29 percent for Dire Dawa, Gambella, and Addis Ababa in that order. Somali, Harari and Dire Dawa regions had the uppermost urban unemployment rates of 32 percent, 32 percent, and 33 percent correspondingly. (ibid)

### **2.3 Entry Barriers of Self-employment**

Creating an enterprise is a very difficult task because it demands knowledge of the legislation, environment, market, institutions, etc. To install an enterprise, the entrepreneurs need to know well a lot of local languages to have a better implementation and adaptation in the place. The promotion of entrepreneurial culture must be fostered in order to improve the motivation of persons, the appetite towards risk, the appropriate skills and knowledge, factors that inhibit the creation of enterprises. Role models must be also presented in order to give entrepreneurs an idea of the rewards and benefits of enterprise creation and reduce the stigma of failure. The real cost of enterprise creation is still a barrier for start-up an enterprises, both personal and financial costs. The fear of failure is a barrier that still remains implanted in because the legal and social consequences of failure are severe. Information, communication and resources are very important tools that can be provided by networks. The lack of access to the networks can be a significant entry barrier. (JugalKishor ,undated)

Social and cultural factors have an influence on youth latent entrepreneurial intention. Chigunta (2002) finds evidence from developing countries that participation of youths varies with gender and young men are more likely to be self-employed than young women. These findings appear to suggest the existence of socio-cultural constraints which tend to affect the participation rate of young women. In addition, most potential entrepreneurs are not aware of government programmes specifically designed to help them.

Due to the lack of self-sustaining resources, the absence of a substantive credit history, sufficient collateral or guarantees to secure loans or lines of credit, young people are often seen as particularly risky investments and therefore face difficulties in accessing finance. Furthermore, some potential entrepreneurs may be carrying youth debts, which will make it even harder to secure financing for new ventures. In addition, funds requiring less or no collaterals (except a viable business plan) often charge significantly higher interest rates and fees. (Ulrich Schoof, 2006)

Creating a business environment conducive to entrepreneurship and enterprise creation requires a broad range of reinforcing and supportive policies. These include fiscal and monetary policies, which are essential to

provide a basis for a stable macroeconomic environment. They also include structural policies that determine the overall economic framework in which the business sector operates, such as those affecting labor markets, tax design, competition, financial markets and bankruptcy laws. There is considerable evidence that regulatory and administrative burdens can impose adversely on entrepreneurial activity (S. T Maphallaetal, u.d.)

Role models are persons that by their attitudes, behaviors and actions establish the desirability and credibility as choice (in this case becoming an entrepreneur) for an individual. In the case of women entrepreneurs, historically we don't have women as models in entrepreneurship. There's a need to identify female role models because studies demonstrate that an individual will be more influenced by another individual of the same sex, as one's aspirations and choices tend to be more influenced by persons of the same sex. Parents also play an importance role because they function as carriers of value, emotions and experiences towards self-employment. The studies demonstrate that children of self-employed parents are over-represented among firm owners and those trying to start a business. Lack of business role models as well as mentors, who could be regarded as entrepreneurial leaders in communities, appears to have adverse effects on the establishment of an entrepreneurial culture or orientation (S. T Maphallaetal, u.d.)

The ability to discover and exploit opportunities to create a new business depends largely on previous education and work experience. Recent research demonstrate that highly educated youths seem to choose other career options than self-employment and entrepreneurship and that entrepreneurship is more dominated by unskilled youths or very skilled or already wealthy youths. Work experience influences self-employment. Individuals who have been in wage employment for a long period of time have a lower chance of engaging in self-employment as they experience higher opportunity cost of shifting from wage employment to self-employment (Sharma et al., 2014).

Parents, relatives and friends can have a crucial influence on young people's opinions about entrepreneurship, playing a strong role in imparting positive or negative views of business. Family background, in particular, plays an important role in the formation of a mindset open to self-employment and entrepreneurship. Some studies suggest that overall family background seems to play a more important role in the entrepreneurial attitude of youths than general cultural variables associated with the country (Postigo et al., 2003)

The motivation to keep in business and the choice to become an entrepreneur is closely linked to the level of consciousness about knowledge of and familiarity with the idea of entrepreneurship as being a viable career path. Among other social institutions, education has probably the most important impact on raising awareness and attractiveness to the characteristics and attributes of entrepreneurship. Education helps to arm young people with an understanding of and some of the skills necessary for entrepreneurship (Ulrich Schoof, 2006)

Researchers have long realized that cultural attitudes influence the entrepreneurial activities of a population, a country, region or ethnic group and that the interaction between culture and entrepreneurship is stronger in the case of some groups than others. Thus cultural differences between nations are increasingly understood as an important determinant of a nation's level of economic and entrepreneurial development. A cultural environment in which entrepreneurship is respected and valued, and in which business failure is treated as a useful learning experience rather than a source of stigma, will generally be more conducive to entrepreneurship. OECD (2001)

Education has an impact on business performance. Education increases managerial ability and then increases the probability of entrepreneurship. Education has a power to generate opportunities for business. Informal and formal education is required for entrepreneurship and it is most common in developing countries.. Formal education helps entrepreneurs to avoid mistakes and it is useful to develop business skills and industry specific skills. As IramAkhtar, Qamar Ali and Khaliq Ur RehmanCheema (2013) cited Fairlie and Meyer 1996; Bates (1997) have found that Better educated people are the most likely to become entrepreneurs. In an analysis of 1980 U.S. Census Data, Robinson and Sexton (1994) and Carr (1996) reported that education had a positive association on self-employment for both men and women.

One of the barriers to start business is lack of enthusiasm to take risk. Fear of failure and discomfiture prevent people with ideas not to discover them and venture into a competitive stage. Many young entrepreneurs become risk averse because of their social environment (Kazela, 2009).

Risk-aversion is another factor that influences self-employment. Risk aversion is the tendency of individuals when

## 2.4 Empirical Findings

According to Sunil Shukla (2015) What Keeps today's Indians youth away from Entrepreneurship are no interest in business/ distinct preference for service, want to stay for some more time, lack of confidence in business, disapproval of family/friends, According to Madhuri S. Deshpande(2014) lack of awareness, lack of confidence, fear of failure, lack of business experience, poor financial background are the major barriers. According to Jugalkishor (undated) economic and financial barriers, cultural and social barriers, regulatory barriers, the lack of role models in entrepreneurship, being disadvantaged groups, lack of experience

are the major obstacles. OECD (2009) also describes the following financial barriers, informational and contact barriers, managerial capacity barriers. According to Ahmed Mehrez (2014) lack of systematic awareness programs, lack of support at operation time, lack of funds, especially in the early stage, lack of adequate regulations/infrastructure and the absence of an exit strategy. Mohammad BagherGorji (2011) Educational background, financing, socio-cultural factors, rules and regulations, According to Ahmad Jafarnejad, etal (2013) financial barriers, cultural barriers, policymaking barriers, policymaking barriers, scientific – educational barriers, i.e. lack of skills and knowledge required to launch and sustain a business, lack of marketing are the major perceived barriers of entrepreneurship. Muhammad AsifTanveeret al(undated) conducted a research in Pakistan on business youths by taking cultural and social, Lack of awareness about government facilities and support, Lack of willingness to take risk, fear of failure, Entrepreneurial education, relevant business skills, knowledge and training as entry barrier variable

### 3. Methodology of the study

#### 3.1 Design of the Study

The study is conducted on perceived entry Barriers to self-Employment in Eastern Ethiopia with special reference to graduates and youth Employees. As the researcher's information there was no research conducted before on the issue in the region and due to accessibility to information, the region is selected purposely. The method of survey used for the study is descriptive survey. This method is believed to be convenient to discover common barriers to self-employment as perceived by youth employees and graduates.

#### 3.2 Population and Sample size

In this study the researcher takes 655 sample based convenient non probability sampling technique to found the sampling unit. The reason to use non probability sampling technique to find the sampling unit is the researcher is aimed to do exploratory study and randomization is impossible due to absence of list of the total population, due to limited budget, time and workforce.

#### 3.3 Data Collection Instruments

The researcher used questionnaires. The questionnaire contains two parts in which part one contains 15 components which are related to personal information, Part two contains 40 components indicate the degree to which these factors affecting them to operate their own business. The collected data are analyzed using mean and independent sample T-test. Validity of the scales utilized in this study was assessed for content validity and the reliability of the scales was examined by computing their coefficient alpha (Cronbach's Alpha) for the seven variables and all Cronbach's Alpha value is above .70. Therefore data that is collected for this research were considered to be consistent.

**Table 1: Results of Reliability Test: Cronbach's Alpha**

Variables	Construct	Chronbach's Alpha	Number of items
Variable 1	Lack of capital	.720	6
Variable 2	Lack of skill	.761	8
Variable 3	Lack of support	.773	5
Variable 4	Lack of Market	.821	3
Variable 5	Fear of risk	.795	6
Variable 6	Personal interest	.849	6
Variable 7	Environmental barriers	.749	6
Overall item		0.781	40

Source: Developed for the Research, 2018

#### 3.4 Analysis of Data

The collected data is encoded and analyzed by using Statistical Package for Social Science (SPSS) computer software program version 20. Mean and independent sample T-test statistical methods were used to determine perceived entry barriers to self-employment.

### 4. Data Analysis and Data Discussion

The objective of the study is to investigate the perceived entry barriers to self -employment in eastern Ethiopia with special reference to graduates and youth employees. Data were collected from youth employees and college and university undergraduates found in Eastern Ethiopia.

A total 655 sets of questionnaires were distributed; only 580 questionnaires were collected back. The response rate is 88.5% (i.e. 580/655). However, 48 questionnaires were rejected due to incomplete information and large number of missing values only 532 questionnaires were used for analysis.

First, demographic characteristics of the respondents were tabulated and presented to show distribution of the sample in different demographic variables. Second, factors that restrict youths and youth employees from preferring self-employment as career option were identified and tabulated. Third, the vigorous of each entry barrier affecting for self-employment were identified and tabulated. Forth testing of each entry barriers experienced differently across youths and youth employees were measured using. Finally, a summary of the findings of the study were presented.

#### 4.1 Demographic Profile of the Respondents

**Table2 Demographic Profile of the Respondents**

Category	N	Percentage (%)
<b>Gender</b>		
Male	357	67.1
Female	175	32.9
<b>Highest Educational Qualification</b>		
College certificate & diploma		
University degree	127	23.9
Second Degree	344	64.7
	61	11.5
<b>Job Status</b>		
Employee	248	46.6
Job seeker	284	53.4
<b>Service year of employees</b>		
Less than one year	26	10.48
1- 3 years	60	24.19
4-6 years	60	24.19
>=7 years	102	41.12
<b>Family background:</b>		
Business	131	24.6
Non business	401	75.4
<b>Total respondents</b>	<b>532</b>	<b>100</b>

**Source: Questionnaire 2018**

As can be seen in Table 2, most respondents (67.1%) are male. As regards their education, the majority of the respondents (64.7%) are degree holders. Large percentages (53.4%) of the respondents are job seekers while 46.6 % of the respondents are employees. Most of the respondents (75.4%) family background is business while 24.6 % of the respondents' family background is non-business.

Regarding service year of youth employees table 2 indicates that 26 (10.48%) of respondents are less than one year of service while 60(24.19) of respondents were between 1-3years of service, 60 (24.19%) of respondents are between 4-6 years of service while 102(41.12%) of respondents are between 7-10 years of service.

**Table 3: Future plan of employee**

What is your future plan if you are wage-employee?	Frequency	Percent
To stay being employee up to the end	103	41.53
I will stay as being employee for some years but I plan to run my own business	128	51.61
I decided to run my own business and leave the organization	17	6.85
<b>Total</b>	<b>248</b>	<b>100</b>

**Source: Questionnaire2018**

Youth employees were asked about their future plan, as illustrated intable3,a total of 103 (41.53%) of respondents prefer to stay being employee up to the end, 128(51.61%) prefer to stay as being employee for some years but they plan to run their own business, 17 (6.85) of respondents decided to run their own business and leave the organization.

This shows that most youth employees will stay as wage-employee for some years but planned to run their business.

**Table 4: Reasons for Desire to Wait for Some More Time**

what is your main reasons for desire to wait for some more time	Frequency	Percent
To gain professional experience	53	41.40
To arrange resources	75	58.59
To try for a good job first (If cannot get- I will start Business)	0	0
Total	128	100

**Source: Questionnaire2018**

The reasons of youth employees for desire to wait for some more time is 53(41.4%) to gain professional experience, 75(58.59%) is to arrange resources and 0 (0%) is to try for a good job first, If cannot get- they will start Business.

**Table 5: Future plan of graduates**

What is your future plan?	Frequency	Percent
Being employee in governmental or private organization	196	69.01
Create your own business	88	30.99
Total	284	100

**Source: Questionnaire2018**

Graduates were asked to indicate their future plan the response shows that 196 (69.01%) prefers to be employee, 88 (30.99) prefers to create their own job. This shows that youths prefer being wage employee rather than being self-employee. This result contradicts with the finding of Mats (2006). According to him low earnings in the wage sector push individuals to self-employment.

Reasons for choosing being wage-employee in the graduate's own words are "The government gives consideration jobs that needs simple occupations that consist of routine tasks and often require no more than a primary education, lack of knowledge about procedure and formality involved in induction to a business and intentions to want to have secured job."

**Table 6: Intention of youth's based on their family background**

What is your future plan?	Youths' family background			
	Business		Non business	
	Frequency	Percent	Frequency	Percent
Start your own business	86	65.64	113	28.17
Being employee in governmental or private organization	45	34.35	288	71.83
Total	131	100	401	100

**Source: Questionnaire2018**

As shown in table 6, most youths (65.64%) those have business family background planned to start their own business. Whereas most youths (71.83%) those family's' background from non business plan to being wage employee in governmental or private organization.

**Table 7: Intention of graduates for self-employment based on their educational level**

Respondents intention	Youths Educational level					
	College certificate & diploma		University degree/prospective degree graduate		Second Degree	
	Frequency	percent	Frequency	percent	Frequency	percent
Start own business	88	69.29	138	40.11	21	34.42
Being employee in governmental or private organization	39	30.70	206	59.88	40	65.57
Total	127	100	344	100	61	100

**Source: Questionnaire2018**

As indicated in table 7, 88(69.29%) of college certificate & diploma, 138 (40.11%) of university degree graduates/prospective graduates and 21(34.42%) having second degree youths plans to start their business. This shows that as educational level increase intentions for self-employment decrease. This result is supplemented by a study carried out by NzingaH. etal (2012) youths with higher education are more likely to work for the government.

This result also to some extent align with findings of Poschke (2013), Gindling et al., (2014). According to them the effect of education on self-employment has a U-shaped interaction between the self-employment rate and the education level of an individual. An increase in education attainment is results in a decline in the chances of one engaging in self-employment among the youth up to some level where an increase in education attainment results in an increase in probability self-employment among the youth.

**Table 8: Intention of graduates for self-employment based on gender**

What is your future plan?	Gender			
	Female		Male	
	Frequency	Percent	Frequency	Percent
Start your own business	45	25.71	130	36.41
Being employee in governmental or private organization	130	74.28	227	63.58

**Source: Questionnaire2018**

As shown in table 8, most female youths 130 (74.28%) prefer being employee in governmental or private organization whereas 45 (25.75%) planned to start their business. most males 227 (63.58%) prefer being employee in governmental or private organization whereas 130 (36.41%) planned to start their business. This shows that male youths are likely to engage in self-employed than female. This result is supplemented by a study carried out by Livanos (2009) females have less chances of being self-employed than males.

**Table 9: Entrepreneurship training/course**

Have you taken entrepreneurship training/course?	Frequency	Percent
Yes	343	64.4
No	189	35.5
Total	532	100

**Source: Questionnaire2018**

As indicated on table 9, most of the respondents 343 (64.6) of the respondents have taken entrepreneurship course, whereas 189 (35.5) of the respondents didn't take entrepreneurship course.

**Table 10: Impact of the Course/training**

Is the training/course brings attitudinal change on you to run your own business?	Frequency	Percent
Yes	101	29.44
No	204	70.56
Total	343	100

**Source: Questionnaire2018**

Table 10 indicated that, 204 (70.56) of the respondents replied that entrepreneurship course didn't bring attitudinal change to run their own business, whereas 101(29.44) of the respondents replied that entrepreneurship course brings attitudinal change to run their own business.

This shows that entrepreneurship course didn't bring attitudinal change to be self-employed.

Problems that entrepreneurship course can't bring attitudinal change to run own business on graduates' own words are "contents of Entrepreneurship cour is knowledge based, I give more attention for scoring better grade, the course is not modified in Ethiopian context and the course it self-in new form me."

**Table 11: Information about the government appreciates the opportunities of self- employment, and currently programs running in terms of self-employment.**

Have you information that the government appreciates the opportunities of self-employment, and currently programs running in terms of self-employment?	Frequency	Percent
Yes	192	36.09
No	340	63.9
Total	532	100

**Source: Questionnaire2018**

As shown on table 11,most of the respondents 340 (63.9) don't have information that the government appreciates the opportunities of self- employment, and currently programs running in terms of self-employment and only 192 (36.09%) of the respondents have information that the government appreciates the opportunities of self-employment, and currently programs running in terms of self-employment.

#### 4.2Data Analysis on Perceived Entry Barriers

The purpose of this study was to identify the perceived entry barriers of self-employment in Eastern Ethiopia (Dire Dawa, Harar, Jigjiga and Chiro towns.) To be self-employed, many factors challenges. Of the several hindering factors, the objective of this research is to assess the perception of youth towards self-employment as a career option and to identify factors which restrict mobility of youths from self-employment.

For this end the questioner contained 40 items of entry barrier factors are given for respondents to evaluate



how much these factors affected them to do their own business on a scale ranging from “very high” to “very low”.

Since it is difficult to analyze and compare these 40 items, it is important to group them into manageable number of categories. The 40 items were organized under seven categories. i.e. lack of capital, lack of skill, lack of support, lack of market opportunities, fear of risk, personal interest and environmental barriers.

**Table 12:Independent Samples Test**

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
capital	Equal variances assumed	21.414	.000	3.006	246	.003	.36003	.11975	.12415	.59590
	Equal variances not assumed			11.103	230.000	.000	.36003	.03243	.29614	.42392
Skills	Equal variances assumed	21.758	.000	.829	246	.708	.17045	.20573	-.23476	.57567
	Equal variances not assumed			.660	230.000	.702	.17045	.05571	.06070	.28021
Supports	Equal variances assumed	41.468	.000	.795	246	.027	.13170	.16561	-.19450	.45791
	Equal variances not assumed			2.576	168.865	.011	.13170	.05112	.03078	.23262
Opportunity	Equal variances assumed	34.375	.000	-3.106	246	.602	-.64646	.20816	-1.05648	-.23645
	Equal variances not assumed			-11.469	230.000	.600	-.64646	.05636	-.75752	-.53541
Risk	Equal variances assumed	41.748	.000	2.711	246	.607	.55195	.20357	.15098	.95292
	Equal variances not assumed			.713	230.000	.600	.55195	.05512	.44334	.66056
Environmental	Equal variances assumed	21.322	.000	4.206	246	.000	.19913	.16510	-.12605	.52432
	Equal variances not assumed			4.455	230.000	.000	.19913	.04470	.11105	.28721
Interest	Equal variances assumed	41.748	.000	2.711	246	.707	.55195	.20357	.15098	.95292
	Equal variances not assumed			.713	230.000	.700	.55195	.05512	.44334	.66056

**Source: Questionnaire2018**

Regarding the 0.003, 0.027, and 0.00 levels of significance in the first, third and six rows respectively, one can find that there is a meaningful difference between capitals, support and environment factor barriers to self-employment in youth employees and graduates.

This difference of capital favors youth employees' group i.e. their mean to self-employment among graduates are less than youth employees; and support and environmental factors favor for graduates i.e. their mean to self-employment among youth employees are less than graduates.

According to the 0.708, 0.62, 0.607 and 0.707 levels of significance in the second, fourth, fifth and seventh rows respectively, one can come to this result that there is no significant difference among skill, opportunity, risk and interest perceived barriers to self-employment in youth employees and graduates.

**Table 13:**Entry barriers most hinder youths from engaging in self-employment

	N	Mean	Std. Deviation
capital	532	3.6800	.62273
Skills	532	3.1729	.85560
Supports	532	3.3172	.70438
Opportunity	532	3.3070	.96504
Risk	532	4.0409	1.05783
Environmental	532	3.6115	.69920
Interest	532	2.9204	1.05783
Valid N (listwise)	532		

**Source: Questionnaire2018**

Overall, the results summarized in Table 13 indicate that fear of risk is the most significant barrier (mean = 4.0409), capital ranked as the second highest barrier (mean = 3.68), followed by environmental barriers, support, opportunity and skill (mean= 3.6115, 3.3172, 3.3070 and 3.1729 respectively) and lastly interest (mean=2.9204)

**Table 14: Experiences of self-employment barriers across the graduates and youth employees' population**

	Employees' Mean	Std. Deviation	graduates' Mean	Std. Deviation
capital	3.3353	.48423	3.69533	.65576
Skills	3.0338	.81813	3.20425	.87038
Supports	3.6979	.65854	2.7403	.72209
Opportunity	3.7188	.84272	2.4645	1.01541
Risk	4.38165	.82043	3.8297	1.19073
Environmental	3.57193	.65757	3.3728	.68539
Interest	2.6808	.82043	3.1297	1.19073
Valid N (listwise)	248		284	

**Source: Questionnaire2018**

The mean scores for each of the seven variables Table 14 and job status were used as the basis for segmentation. The result confirmed that there was a difference between the mean scores between graduates and youth employees. The results for the graduates indicated that fear of risk (3.8297), capital (3.69533), environment (3.3728) and skill (3.20425), interest (3.1297) had the highest means respectively, while support (2.7403), and opportunity (2.4645) had the lowest means. For youth employees' risk (4.2808), environment (3.8855), opportunity (3.7188), support (3.6979), capital (3.3353) and skill (3.0338) had the highest means respectively while interest (2.6808) had the lowest mean. Youth employees perceive opportunity as a barrier for self-employment than graduates.

The results indicate that for both youth employees and graduates, risk, capital environment are major barriers to self-employment. Youth employees tend to have a higher interest (lowest mean of 2.6808) for self-employment than graduates (have a higher mean 3.1297), but they have a higher fear of risk.

## 5. Conclusion

The status of youth self-employment is a very important policy issue not only in Ethiopia but also in many developing countries. In Ethiopia various policy interventions have been put in place to create enabling environment for self-employment creation for example, Entrepreneurship and small business management course is incorporated in higher institutions' curriculum, giving work premises, counseling service, loan provision and accessing technology. However, still there are challenges those hinder youths to be self-employee. The study sought to: first examined demographic variables such as sex, family background, educational background and entrepreneurship course. The results show that individuals from business background families are likely to engage in self-employed. Male youths are likely to engage in self-employed than female, and when educational background increase their intention for self-employment decreases.

Secondly graduates with wage-employee are more likely compared to those with graduates on factors refraining them to engage in self-employment. Respondents thought that all the barriers were important in hindering for self-employment. First, fear of risk plays a significant role, capital ranked as the second, followed by environmental barriers, support, opportunity, and skill respectively and lastly personal interest.

Among the seven variables capital favors youth employees' group and environmental factors favor for graduates. There is no significant difference among skill, opportunity, risk and interest barriers to self-employment in youth employees and graduates.

Youths perceived that the government gives attention jobs that requires elementary occupations that consists of routine tasks this discourages them to engage in self-employment.

Most of the respondents have taken entrepreneurship course, but it didn't bring attitudinal change to run

own business because of contents of the course are knowledge based, they give attention more for scoring better grade, the course is not customized in Ethiopian context and the course is self-in new for them.

Even though the government appreciates the opportunities of self-employment, and currently different supporting programs running in terms of self-employment, one of the biggest issues raised in the study was many youths did not know about these programs.

The finding indicates that among the environmental barriers high competition, nepotism and administrative bureaucracy lowers self-employment interest followed by socio-cultural influence, rules and regulations of the government, and absence of entrepreneurial model.

## 6.Recommendation

Stemming from the findings made in the study, the following recommendations are suggested:

- To teach and orientate youths from the grass root level for self-employment, informal entrepreneurial orientation programs or formal schooling modules are recommended to be set up by government and community intervention programs. This creates the opportunity for youth to consider self-employment as a viable career option and higher institutions are recommended to give action oriented Entrepreneurship training programmes for candidate graduates before graduation to increase the participation of educated youths in self-employment and to minimize unemployment rate.
- Higher institutions, youth and sport bureaus and MSEs development agencies should work together and better communication need to be implemented through more advertising, setting up offices close to the communities and explaining more and in detail what is on offer and how these programs can benefit them.
- To encourage graduates for self-employment, higher institutions should promote action oriented entrepreneurship training through establishing business incubation center
- In the region still there is negative attitude on self-employment for graduates by the society so, enhancing integrated approach in the future by government higher institution and private institution should be the indisputable.
- The perceived entry barriers to self-employment are found in a range of areas including capital, skill, support, market opportunities, risk, personal interest /psychological and environmental barriers. It will take a complex solution, which should include all stakeholders, including role models, mentors, government, big business, communities and indeed individuals, to overcome these barriers and to create an entrepreneurial culture.
- The government should identify a job sectors for youths that is related and deserves their educational background and level. This will help them to implement the theoretical knowledge gained from the formal education.
- Policies need to address for youth wage-employees' as well as apply strategies which advantage the rising number of educated and technical experienced youth entering to self-employment.
- One of the reasons for the innovation of microfinance has to give a credit service for youths usually excluded from the traditional banking system so they should support youths through providing sufficient credit service with reasonable interest rate.

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