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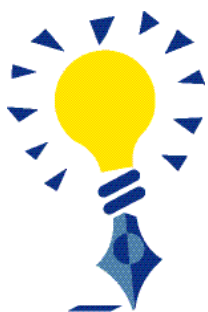
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The Challenges of Young Entrepreneurs in Ghana

Saeed Mahmoud Jajah

Article at a glance

- Due to an unfavorable business climate and a lack of proper education, many young people in Ghana view entrepreneurship as a risk that is not worth taking.
- The government and the private sector need to work together to foster a new culture of entrepreneurship among the Ghanaian youth.
- With the proper incentives and motivation youth can become a major source of economic growth in Ghana.



This article is a 2009 CIPE International Essay Competition first place winner in the category of entrepreneurship and leadership.

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The Current State of Youth Entrepreneurship in Ghana

Ghana was the first country south of the Sahara to attain political independence in 1957. At the time of the struggle for independence, Ghana's first Prime Minister and President Dr. Kwame Nkrumah said in a speech that Ghana should "seek ye first the political kingdom, and all things shall be added unto you." He then introduced an economic system he called "scientific socialism," which proposed that the state be at the center of economic planning and activities. So Dr. Nkrumah went on to build industries that were charged with taking care of the needs of the people. The government became the beginning and the end of all economic activities.

Yet, rather than building a great industrial society, scientific socialism led Ghana into economic decline. Most people in Ghana, and especially young people, have been made to believe that it is the responsibility of the state to provide for their economic needs. Whenever the issue of unemployment rises, people still refer to the Nkrumah's era as the "good old days." However, it was wrong for the state to take charge of economic activities directly. While the state sometimes must intervene to support the weaker sections of the economy, it should not control the bulk of it.

Today in Ghana, most young graduates expect the government to employ them and in the absence of government employment, they cannot do anything for themselves. Entrepreneurship and leadership education is all but non-existent. The best business schools in Ghana still teach archaic and outdated business concepts that have very little to do with the country's current level of economic development or future prospects. Most lecturers in Ghanaian business schools have never started their own businesses. The old concept of "go to school, get good grades, and you will get a good job" is still the order of the day. Students read only their course materials – nothing more – as they have no incentive to excel.

Although no official statistics exist, very few young people in Ghana can be classified as

entrepreneurs. Most are not familiar with modern business, management, or leadership principles. Yet, entrepreneurs and leaders are a special breed of people who by the virtue of their existence make the world go round. If there are none to be found among Ghana's youth, how can the country progress?

Challenges Facing Young Entrepreneurs in Ghana: A Personal Perspective

To be young and start your own business in Ghana is one of the most difficult things one can choose to do. The business environment is extremely unfavorable to a young entrepreneur. I know these challenges from first-hand experience. In 2003, just after completing senior high school, I decided to form a community-based non-governmental organization. It was the first time I had started anything on my own. Fortunately, I was introduced to the concepts involved in starting a business in a book by David Schwartz *The Magic of Thinking Big*. This book helped me build the necessary confidence and courage to take on the world and create something new.

I established AVERT Youth Foundation to serve as a platform for young people in my community to share ideas on how we can make meaningful impact. This organization is still serving its purpose. A significant challenge that I faced in the beginning was funding, which is normal. Compounding that, was the difficulty of recruiting members as it was the first time such an organization was in our community.

Opening a for-profit business also presents its own set of challenges. In 2006, I registered a company called MahLid Communications Limited with the help of a friend who also became a shareholder. The business concept was to publish student-focused newspapers and magazines, as well as to organize events for the growing student population in Ghana. When we started, there was no national students' newspaper in Ghana; only campus newspapers existed. Yet, the company

was only able to publish two editions of a nationwide student newspaper, *The Student Observer*. My newspaper business collapsed because of lack of capital. I had a very good team of reporters and a business system in place, but not enough money or access to loans to run it. Sponsors were unwilling to buy advertisements in my newspaper prior to the sixth or seventh edition, which I did not have the resources to print. I could not rely on subscriptions, either, since they did not even support distribution costs.

Our company suffered the same challenges facing other young entrepreneurs in Ghana, and eventually ceased operations due to the following challenges.

Cost of Market Research. Market research is vital to any business, but in Ghana the cost of research in terms of money and time is huge. There are virtually no available statistics to help aspiring entrepreneurs cut costs. The few government statistics freely available are obsolete and cannot serve any meaningful business purpose.

Lack of Confidence. Young people in Ghana face a challenge of confidence. Most people think that young entrepreneurs are wasting their time and that it would be better for them to be in the classroom. This is largely due to the fact that there is no precedent for youth entrepreneurship and no inspiring role models.

Unfriendly Business Environment. The business and economic environment in Ghana is not favorable for young entrepreneurs. There is no single government policy or program targeting young entrepreneurs or providing special services to this group. If a young entrepreneur in Ghana is looking for support, he or she must compete with established businesses for limited access to credit. Furthermore, they must go through a complex business registration process. There is no help or special consideration for youth.

Lack of Capital. Like other entrepreneurs, young people face serious challenges in raising start-up capital. When youth start their business they often rely on a portion of their school fees

because family and friends think their ideas are too risky and will not give them money to start a business. Ironically, perhaps the worst place to look for funds is a bank as they have no desire whatsoever to lend to young entrepreneurs.

Lack of Technical Know-How. Most young entrepreneurs in Ghana lack the necessary knowledge and expertise to manage their businesses, especially knowing how to finance their endeavors. While there is information available to young people through books or business magazines, they do not seize these learning opportunities since many are trapped in the old linear mindset of education: good grades means a stable government job. Young people seem to start their business almost by accident without any clue as to how to manage it successfully.

Fear of Risk. Entrepreneurs are risk-takers. Yet, in Ghana most people are afraid to step out of their comfort zones and take up new challenges. Most people want someone to employ them rather than seeking to create their own business and employ others. Young people often think that it is better to get a good-paying job than to risk starting their own business. Entrepreneurship is a challenge and few people have the will to endure the risks.

Lack of Role Models and Mentors. Because there are very few entrepreneurs in Ghana, it is difficult for aspiring entrepreneurs to find role models and mentors. Personally, I have yet to find a role model in Ghana. All my role models are foreigners who have written books on the keys to their success. Local entrepreneurs and businessmen do not write books or create programs to support young entrepreneurs.

The Way Forward for Youth Entrepreneurship in Ghana

Addressing the issue of youth entrepreneurship must be a top priority for government. Ghana, like any other developing country in the world, must take the necessary steps to encourage entrepreneurship in young people to reduce unemployment, increase productivity, and make the economy more

dynamic. Below are practical steps the Ghanaian Government can take to address the issue of youth entrepreneurship:

Creating a Business-Friendly Environment. There should be a conscious and deliberate policy effort by the government and the private sector to create a business-friendly environment. Currently, many government programs and policies are burdensome to the business community. For example, in Ghana small business owners must pay a multitude of different taxes without any tax breaks. Policies and programs should be reformed in such a way that even those who are not inclined to start their own business will see its evident advantages. Additionally, property rights must be guaranteed and enforced by an unbiased and impartial legal system.

Specialized/Technical Training. Specialized institutions for entrepreneurship training outside traditional schools need to be established. These institutions should offer practical training so that even those with little formal education can follow the instructors. Entrepreneurs and successful businessmen and women should be encouraged to teach at these institutions.

Business Funding. Either through the government, the private sector, or public-private partnerships, viable small businesses need to have access to the capital they require to succeed. Incentives for banks and micro-finance institutions to lend to small businesses and entrepreneurs should be put in place. Lending institutions with programs and facilities that support young entrepreneurs should be given tax incentives to expand their work. No business can survive without access to capital. Small businesses and entrepreneurs in particular need special financial support in the early stages of their business.

National Awards. The government and/or the private sector should institute an award program to recognize the efforts and contributions of young entrepreneurs in Ghana. At the moment, youth entrepreneurship is hardly mentioned. However, if an award were established to recognize youth

entrepreneurship efforts, it will motivate and inspire other young people to start their own businesses.

Creation of an Economic City Center. Ghana needs to create its own economic and financial hub for the country and the region. Cities and hubs such as Bangalore, Silicon Valley, and Dubai have brought increased prosperity and created entire new industries for their countries. A proper and well-planned economic center will serve the entire country by helping to boost economic activity.

Mentorship Programs. A crucial component to supporting and increasing youth entrepreneurship is linking these young people with business mentors. Mentors can play an important role in serving as role models and helping young entrepreneurs by passing on their knowledge and experience.

Continuing Education. Young entrepreneurs must make it a habit to read extensively in their chosen field as a means to self-education. Entrepreneurs are leaders, and you cannot be a leader if you are not well-versed in your field. Those who aspire to become entrepreneurs must know that they need to be well-informed on issues affecting their businesses. Young people should seize the opportunity to attend seminars and events aimed at improving their knowledge and skills. During these business events, young entrepreneurs will be able to create networks that can benefit their businesses.

Conclusion

Even though I am a student at one of the best business schools in Ghana, I learn more through my own self-study than in many of my courses. Many students have never heard about, let alone read, some of the top business and management books and they are more interested in a passing grade rather than useful knowledge.

Entrepreneurship is not meant for everyone. However, if stakeholders and government policymakers take the above solutions seriously, we can attract more young people into the entrepreneurship field. Yet, even with these

solutions in place, the government alone cannot solve the problem. It will require the efforts and participation of every citizen.

There are certain attributes of entrepreneurs that can never be taught – they are acquired along the way. These traits are confidence, courage, tenacity, risk-taking, hard work, honesty, and determination. Yet, even naturally gifted entrepreneurs have a lot to learn about how to run a successful business and they should be given an opportunity to do so.

The Center for International Private Enterprise's 2009 International Youth Essay Competition asked young people aged 18-30 to share their ideas about citizenship, democratic and market-oriented reform, and youth leadership. Saeed Mahmoud Jajah's essay, which won first place in the "Entrepreneurship and Leadership" category, was written in response to the following question: "What needs to be done in your country to provide youth with the opportunity to become entrepreneurs and/or leaders in their communities?" To learn more about the essay competition, visit www.cipe.org/essay.

Saeed Mahmoud Jajah is in his final year as an undergraduate student at Central University in Accra, Ghana. He will finish with a bachelor's of science in management studies, and hopes to have a career in consulting and writing. He has founded or co-founded five organizations in Ghana, among them the AVERT Youth Foundation, the Ayawaso East Youth Parliament, and the Fortune Investment Club.

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