Breaking the Psychological Ceiling and Seizing Opportunities from Entrepreneurship: A Case of Youth Graduates in Rwanda

Laurance Ingabire
Uganda Management Institute

Abstract

Entrepreneurship holds greater potential to address youth unemployment in many countries. The strategic focus on empowering youth with skills and finance to startup businesses is yet to yield the much needed returns. This article leverages on a study which explored the psychological preparedness of the youth towards entrepreneurship with focus on ascertaining whether the youth exhibit the desired entrepreneurship traits entrepreneurially. Secondly, the analysis established the effect of the youth entrepreneurship traits on youth entrepreneurship. Empirical evidence derives from data collected on a randomly selected sample of 169 youth graduates in Technical and Vocational (TVET) in Kamonyi District Rwanda. A triangulation with the views of key stakeholders in promotion of skills development for entrepreneurship was done. Findings reveal that, despite the significance of the youth’s psychological mindset to entrepreneurship, they lack desirable entrepreneur traits i.e. personal traits and motivational attributes to venture into businesses. Their mindset remains tuned to searching for jobs which are scarce or for which they lack a competitive advantage. This article provides an alternative dimension of empowering youth beyond the technical and soft skills acquired from vocational training. Interventions to empower youth for entrepreneurship and employment need to focus on orienting them psychologically to gain entrepreneur traits.

Keywords: Youth, entrepreneurship, psychological orientation, entrepreneur traits, employment

Background

Entrepreneurship is widely underscored with huge potential to enhance employment and accelerate economic development and poverty reduction (Ovaska, 2011; Brixiová and Kangoye, 2013; Brixiová et al., 2014). The significance of entrepreneurship to employment and economic development dates back in the works of Cantillon, the first academic to explicitly attempt to define, and describe the role of entrepreneurs. Entrepreneurship became popular in 1990 and has since then attracted the attention of policy to boost entrepreneurship or improve entrepreneurial environment (Lundström and Stevenson, 2005; Hart, 2003; OECD, 2007). Consequently, entrepreneurship has in many countries been integrated in national development programming. Entrepreneurship development efforts in many countries has targeted youth owing to their huge share in the labor market.

Rwanda is among the countries with a high youth unemployment rate estimated at 50% of the youth labor force. The high youth unemployment has been linked with limited private sector job creation and entrepreneurship. Bottom line, the youth lack entrepreneurial skills and access to credit (World Bank, 2013). In view of this, the country is pursuing entrepreneurship development in the strategic framework to create more jobs especially for the youth. This is evident from its vision 2040, the country’s long-term development aspirations and its respective implementation strategy the Economic Development and Poverty Reduction Strategy (EDPRS).

Kamonyi District presents a good case of youth entrepreneurship and unemployment in Rwanda. Entrepreneurship development has been streamlined in the district’s development plan particularly in the face of limited job opportunities for the youth. The district has among other interventions put emphasis on building capacity for the youth through scaling up training on entrepreneurship to equip youth with work skills to enable them gain wage employment or start-up businesses. While the initiatives bear potential to foster entrepreneurship and create new jobs, the district still faces critical challenge of low entrepreneurship contributing to high unemployment (KDDP, 2013). The District has few micro enterprises dominated by craft practiced in the form of associations of craftsman-women or individually. An evaluation of the PROSKID project in seven districts including Kamonyi indicated that only 7% of the youth supported with skills development had ventured into business compared with 39% who had accessed wage or salaried jobs. The rest were unemployed (Kees et al., 2011). Similarly, the Belgium Technical Corporation (BTC) reported that less than 15% of youth who accessed TVET were able to venture into business compared to 49% who secured wage employment. To the worst, 36% were still searching for a job (BTC, 2015). The surveys also indicate gender disparities in business start-ups. It is very unlikely that the youth succeed in securing wage or salaried employment in Rwanda mainly due to job scarcity. This situation is a threat to realization of Rwanda’s development aspirations. It calls for understanding of the factors that foster or hinder entrepreneurship amidst entrepreneurship skills.

A variety of literature particularly the psychological theory (Landstrom, 1998) and empirical evidence (Tarcisio, 2014; Abil et al; 2014; Kümbül-Güler, 2008; Shane, Locke & Collins, 2003; Önder, 2010; Manolova, 2008; Varghese and Hassan, 2012) establish a significant link between psychological factors...