

THE NATIONAL UNIVERSITY OF LESOTHO

FACULTY OF HUMANITIES

**THE ROLE OF BASOTHO ENTERPRISE DEVELOPMENT CORPORATION AND
BACHA ENTREPRENEURSHIP PROJECT IN REDUCING YOUTH UNEMPLOYMENT
IN LESOTHO**

PALESA MARY MARTINS

**A DISSERTATION SUBMITTED TO THE DEPARTMENT OF DEVELOPMENT
STUDIES IN ACCORDANCE WITH THE REQUIREMENTS FOR MASTER OF ARTS
IN DEVELOPMENT STUDIES**

SUPERVISOR: PROFESSOR TŠEPISO A. RANTŠO

DECLARATION

I hereby declare that this dissertation is my original work and has not been presented for examination in any other university for the award of an academic certificate, except where otherwise indicated and due acknowledgement is given.

Palesa Mary Martins

(Supervisee)

Signature.....

Date.....

Prof. Tšepiso A. Rantšo

(Supervisor)

Signature.....

Date

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MAY THE ALMIGHTY BLESS YOU ALL!!!

LIST OF ACRONYMS

AFDB	African development bank
ACBF	African capacity building foundation
BEDCO	Basotho Enterprise Development Corporation
BEP	Bacha entrepreneurship project
BPC	Business plan competition
CAD	Computer aided design
CAM	Computer aided manufacturing
CU	Credit union
CYCI	Commonwealth youth credit initiative
DTI	Department of Trade and Industry
EDP	Entrepreneurship development programme
EU	European Union
GDP	Gross domestic product
GOL	Government of Lesotho
ICT	Information and communication technology
IDC	Industrial development corporation
ILO	International labour organisation
KOL	Kingdom of Lesotho
LEAP	Lesotho enterprise assistance programme
LNDC	Lesotho national development corporation
LNHDR	Lesotho national human development report
LRA	Lesotho revenue authority

NGOs	Non-governmental organisations
NYP	National youth policy
OECD	Organisation for economic co-operation and development
PCGS	Partial credit guarantee scheme
PISA	Participatory initiative for social accountability
SLB	Standard Lesotho Bank
SMEs	Small and medium enterprises
UNCTAD	United Nations conference and trade and development
UNDP	United Nations development programme
UNESCO	United Nations, educational, scientific and cultural organisation
WB	World Bank

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ABSTRACT

The purpose of the study was to assess the role of BEDCO and BEP in reducing youth unemployment in Lesotho. According to the literature, it is evident that youth who graduated from institutions are unable to get jobs. This is because the labour market is unable to absorb all of them; as a result, young individuals opt for entrepreneurship as a viable solution to the high unemployment rate they face. The governments in many countries have made interventions and policies that foster entrepreneurship. Among the interventions that were made, the implementation of entrepreneurial supportive programmes were established. Lesotho was not an exception in this, as there were and still are several entrepreneurial programmes established to help young entrepreneurs build their businesses and ideas. This is done by establishing and promoting viable and sustainable MSMEs. These programmes offer business development support, incubation, access to finance and markets among other initiatives. However, despite the efforts made to support youth entrepreneurship in the country, the study findings confirmed that the majority of youth businesses are still struggling to be fully fledged due to several challenges they encounter. Insufficient amount of funding, market unreliability, high competition in the market were challenges that affected their businesses among many other challenges. Against this background, the study made some recommendations that the government and the funding organisations may implement to improve the overall business performance of youth enterprises. Improving their performance will enable them to contribute significantly to the reduction of unemployment

CHAPTER ONE

INTRODUCTION

1.0 Introduction

This chapter covers the background to the study chapter. It will also present a succinct overview of the concepts at the global and regional level. The background will also provide a brief explanation of the notions of entrepreneurship and unemployment from the historical perspective. The statement of the problem will also be included in the chapter to clearly demonstrate the problem identified within the study and the purpose of the study.

Additionally, the objectives and the questions which the study wishes to investigate will be outlined in this study. The chapter will further outline the hypotheses which are an intelligent guess based on the questions and research objectives. Further the study also encompassed the significance of the study, assumptions as well as the delimitations of the study. Finally, the chapter will present the definition of the key concepts as well as a summary of what the whole chapter discussed.

1.1 Background to the study

1.1.1 Historical background on unemployment

Unemployment has been a persistent issue in varying degrees throughout human history. However, the modern concept of unemployment as understood in the contemporary world began to take shape during the industrial revolution in the late 18th and early 19th century (Helleiner, 2002). As Benanav (2015) indicates, the prevalence of unemployment persisted even during 1950s, the year when unemployment was mostly a result of activities that took place on a global scale. During this time, there was a significant growth in the global working population (UN, 2022; Benanav, 2015). In addition, there was a worldwide green revolution that not only significantly reduced food prices but also led to a massive agricultural diaspora. This shift from agrarian economy to industrialised economy led to significant changes in the labour market (Villamil et al., 2020).

Between 1960 and 1973, Sabolo (1975) mentions that there was a significant change in the sectoral employment distribution. The transition away from agricultural activities and into non-agricultural activities was high in both developed and developing countries. What was

contradictory about this tendency was that while agriculture in developing nations created the biggest percentage of new jobs, a significant amount of labour left the industry for non-agricultural pursuits (Sabolo, 1975). This transition created structural unemployment and contributed to the rise of urban poverty and labour exploitation.

Further, there was a universal wave of de-industrialisation that occurred not only in the high-income countries as is commonly acknowledged, but also across the developing countries. The result of this was an incredible increase in the global supply of labour which was relative to a weak demand and in turn, this created a gigantic number of individuals who were unemployed (Benanav, 2015). For instance, Ramaswamy and Rowthorn (1997) note that de-industrialisation began at various points and has advanced at different rates depending on the individual economies.

Bhattacharya (2002) also states that most regions experienced high rates of rural to urban migration. This rural to urban migration became a major challenge for humanity as it resulted in rapid urban growth. Although it was previously believed that towns made up a relatively small portion of the overall population, during the start of the 19th century, urban populations began to expand faster than those in rural areas. The Harris Todaro model then showed that in some parametric ranges, the development of jobs in urban centres may have ultimately led to higher unemployment rates (Bhattacharya, 2002).

Continually, the fact that the development of jobs in urban centres may have contributed to unemployment rate is backed up by Bhattacharya (2002) who demonstrates that 3 to 4 workers who were already actively occupied with work in the agricultural sector moved to the industrial areas for each new job established in the modern urban sector. This induced migration resulted in higher levels of urban unemployment as well as lower levels of agricultural productivity (Gary, 1990; Bhattacharya, 2002). Furthermore, unemployment is rapidly rising in urban areas because people are leaving rural areas. Similarly, Lewis (1967) observes that urban unemployment is swiftly growing in many developing countries causing depression.

During the great depression in the 1930's, the world witnessed a severe global economic downturn which resulted in the wide-spread of unemployment (Kapstein, 1996). The period was characterised by high levels of joblessness, leading to wide-spread suffering and social unrest.

The history of unemployment in the developing countries is closely tied to their colonial past and subsequent struggles for independence. Colonial powers often exploited African nations

for their resources leading to skewed economic structure that heavily relied on exporting raw materials (Thusi et al., 2022). This approach often hindered the development of local industries and job opportunities, resulting in limited employment prospects for the growing population.

After gaining independence in the mid-20th century, the majority of African countries faced the challenge of building stable economies and job markets. Rapid population coupled with limited industrialisation are some of the factors that exacerbated the unemployment issue (Liu & An, 2023). While some countries faced experienced period of economic growth and job creation, others faced recurring challenges such as corruption, inadequate infrastructure and conflicts that hampered their economic development and contributed to high unemployment rates (Hove et al., 2013).

Finally, Sabolo (1975) indicates that between 1960 and 1990, the number of people without jobs and the rate of unemployment in developing countries showed a potential of rising. It is also said that, the situation in developing nations has been concerning since 1960 and 1973. During this period, unemployment rate increased by 46% which meant that it was rising quicker than the employment rate (Benanav, 2020). Further, ILO (1998) highlights that because of the economic downturn that unfolded in Asia and other regions of the world, the number of unemployed and underemployed employees worldwide has never been so high and will continue to rise by millions more before the end of 1998. The number of unemployed people is still high and has not decreased as of yet.

1.1.2 Historical background on entrepreneurship

Entrepreneurship is not a new phenomenon and has been a part of human history for centuries. Individuals and groups have engaged in entrepreneurial activities. According to Casson and Casson (2014), the genesis of entrepreneurship is often attributed to industrial revolution although historical data suggests that entrepreneurship emerged much earlier than the industrial revolution around the 1250s and the 1500s. In addition, business historians have long acknowledged entrepreneurship as an essential parameter in the industrial revolution. A general observation is that Western entrepreneurship has improved the world for millennia.

In ancient civilisations, traders and merchants served an important role in linking various regions and enabling the exchange of products and ideas. The rise in modern market economy during the renaissance and the age of exploration further fuelled entrepreneurial activities (Baumol, 1996). However, the industrial revolution marked a significant turning point in entrepreneurship. Innovations in technology and manufacturing processes opened up new

opportunities for entrepreneurs to create and scale businesses in emerging industries (Lee et al., 2018; Goldstone, 2002).

Entrepreneurship presents a very challenging situation in the context of Africa. It is a complex matter because Africa is not a solitary country and home to one people. Nonetheless, Grietjie (2017) denotes that due to the colonial intrusion, western style businesses came to Africa and developed in a manner that is equivalent to the rest of the western entrepreneurs. Cross fertilisation took place among the indigenous African traders, other ethnic business entities and forms of business organisation of the new European entrepreneurs. He further argues that the Arab Muslim invasions in the 18th century heralded the first globalisation of trade relations in Africa.

It was only after European commercial interests began to influence trade within African markets in the 18th century did the phenomenon of a business begin to take shape. Acs and Virgill (2009) state that between 1945 and 1980, approximately 100 nations in Africa, Asia, and the Caribbean attained independence and started the process of initiating a development strategy for their citizens.

Unfortunately, many of the countries in Africa, Asia and the Caribbean failed to experience any economic development nor significant growth. After several failed attempts at development, developing nations were now beginning to concentrate on improving their business environment and fostering an economic atmosphere which supports private enterprises. Indeed, in recent years, encouraging entrepreneurship and enacting of small and medium sized enterprise policies became a crucial development prescription (Acs & Virgill, 2009).

According to Blattman and Ralston (2015), the global measurement of entrepreneurial activity stated that the African entrepreneurship is growing. The entrepreneurial activity in Sub-Saharan Africa is significantly and intricately influenced by the colonial or post-colonial environment of the continent. The colonial history of Africa has had a significant influence on how entrepreneurship has evolved as well as how it has been recognised and addressed.

There is evidence to support the idea that intricate commercial institutions and native entrepreneurial activities existed before colonisation. Due to constraints that prevailed prior to the arrival of the imperials, no indigenous bourgeoisie emerged regardless of these forms of commercial capitalism (Hopkins, 1987). Following that, during the post-colonial era, the

multinational businesses started operating in Africa. The post-colonial era was marked by the emergence of indigenous businesses, real estate companies, and transitional corporations.

Finally, in the 1980s, entrepreneurship was starting to become more and more prominent as a desirable career path. Contrary to the past, when expatriates served as the driving force, particularly those ejected from East Africa in 1972, entrepreneurship has now been viewed by many as a desirable career choice. Throughout the 1990s, a growth in the number of new businesses that were being established began to increase (Godley & Casson, 2017). As a result, many developing countries experienced the wave of entrepreneurial activities. This is because factors such as population growth, urbanisation and increasing access to education contributed to the rise of entrepreneurship in these regions. As a result, governments and internal organisations recognised the potential of entrepreneurship in fostering economic growth and job creation, leading to the promotion of policies and programmes to support and nurture entrepreneurial venture in most African developing countries (Nicolaidis, 2011).

1.2 Statement of the problem

As stated by the Bureau of statistics (2021), the national unemployment in Lesotho was estimated at 25% at that time. From this national unemployment, youth unemployment was recorded 37.4 % by O'Neill (2023) while the labour force participation was 39.9%. There are different causes of unemployment, particularly youth unemployment in Lesotho. Against this backdrop, lack of employment opportunities is stated as one cause in the country.

This is because a large number of active labour force entering the labour market fails to find employment opportunities. This affects both the educated and less educated youth in the country. It is reported that Lesotho has low industrial base and this affects the country's ability to create employment opportunities for people. Research in Lesotho further states that many young people are reluctant to engage or employ in agricultural activities (Rantsó & Seboka, 2019). In-turn, this dramatically intensifies unemployment among the youth population in Lesotho.

1.3 Statement of purpose

The study aims to assess the role of Basotho Enterprise Development Corporation (BEDCO) and Bacha Entrepreneurship Project (BEP) in reducing youth unemployment in Lesotho

1.4 Objectives of the study

- To assess the role played by Basotho Enterprise Development Corporation (BEDCO) and Bacha entrepreneurship project (BEP) in enhancing job creation among unemployed youth.
- To investigate the contribution of Basotho Enterprise Development Corporation (BEDCO) and Bacha Entrepreneurship Project (BEP) in improving the living standards of unemployed youth.
- To analyse how Basotho Enterprise Development Corporation (BEDCO) and Bacha Entrepreneurship Project (BEP) entrepreneurial training and skills impact on the businesses of youth.

1.5 Research questions

- What is the role played by BEDCO and BEP in enhancing job creation among unemployed youth?
- How does BEDCO and BEP contribute to the improvement of the living standards of unemployed youth?
- How does BEDCO and BEP entrepreneurial training and skills impact on the businesses of youth?

1.6 Hypotheses

- BEDCO and BEP play a very significant role in job creation of youth.
- BEDCO and BEP contribute positively to the lives of youth.
- BEDCO and BEP entrepreneurial training and skills have a positive impact on the businesses of the youth.

1.7 Significance of the study

This study is significant as it will provide the government with awareness and clarity of entrepreneurship and its benefits such as creating employment and contribution to economic growth by young entrepreneurs in Lesotho. The study will make a huge contribution in enhancing academic literature in developing nations like Lesotho, mainly because there is a dearth of entrepreneurial academic literature in the country.

The study will also be very constructive to entrepreneurs and upcoming researchers and also assist in improving policies towards fostering and supporting entrepreneurial development in Lesotho. Finally, the study will help raise awareness of the positive impact that the funding

organisations have on youth enterprises and may help attract foreign investors to invest more on these organisations and to form even more funding organisations to help many Basotho youth. Finally, it is important to note that both BEP and BEDCO play a very significant role in reducing youth unemployment in Lesotho.

1.8 Assumptions of the study

The assumption of the study is that Lesotho youth lack the entrepreneurial spirit, acumen and culture; as a result, entrepreneurship is not considered to be prestigious among them. This possibly leads to youth lacking interest in embarking on entrepreneurship. The assumption of the study is that, the lack of entrepreneurial spirit among youth might have led to entrepreneurship failure in addressing the high rates of unemployment faced by youth in the country despite so many measures undertaken to tackle youth unemployment through entrepreneurship. Another assumption is that the rate of youth unemployment is exacerbated by the fact that youth are hesitant when it comes to engaging in agricultural activities.

1.9 Delimitations of the study

There are many youth entrepreneurs in Lesotho and many organisations that support youth businesses. However, the study is delimited only to youth entrepreneurs who received funding from both Basotho Enterprise Development Corporation and Baha Entrepreneurship Project to commence their own business.

1.10 Definition of key terms

1.10.1 Entrepreneurship

Entrepreneurship is referred to as the process of establishing a firm by one person or a group of people (Kritikos, 2014). It is also defined as the practice of creating value and appropriation driven by business people in a tentative setting (Mishra & Zachary, 2014). Another explanation of entrepreneurship is the way of developing, planning, and establishing a business opportunity and then, through innovation, nurture it into a company with the potential for rapid growth as observed by Rwigema and Venter (2004). Further, entrepreneurship is defined as a vigorous method for people or groups of individuals to generate wealth (Sathiabama, 2010; Olawale, 2011).

1.10.2 Entrepreneur

Carton et al. (1998) define a group of individuals who partake in entrepreneurial activities or an individual who identify an opportunity, gather the necessary resources, establish, and

ultimately assume responsibility for the outcomes of the business as entrepreneurs. While Balloch et al. (2020) describe an entrepreneur as a creative designer of novel ideas, and a provider of goods and services. Lastly, an entrepreneur is understood as somebody who manages the process of commercialising inventions or ideas often encompassing high risk or return (Banguara et al., 2019).

1.10.3 Youth

According to Pitsong Institute of Implementation Research (2011) youth are defined as individuals who age between the 15 and 35. According to UNESCO (2016), youth is referred to as an individual between the ages of leaving an obligatory education to search for their first job. However, for statistical consistency, UN defines youth as people ranging from 15-24 years of age.

1.10.4 Youth unemployment

According to the Youth Employment Report (2003), youth unemployment is the term used to describe young individuals between the ages of 15 and 25 who are jobless, but are actively job hunting. In support of that, O'neill (2022) asserts that youth unemployment rate of a country or region is the share of the total work force aged between 15 and 24 years of age that is currently without work, but actively searching for employment.

1.10.5 Unemployment

Unemployment is defined as the entire population of individuals who are economically active and who are unemployed, but are ready to work, including people who have lost their jobs as well as those who have willingly left their jobs (World Bank, 2000). Further, unemployment is defined as being jobless, a condition that arises when people do not have jobs yet remain persistent in their search for employment. Lumen learning courses (2005) further explain that unemployment is an occurrence whereby a person actively looking for work is unsuccessful in finding one.

1.11 Summary

Chapter one mainly shows the direction which the study wishes to embark on. It provides a brief background to the study. The chapter also outlined the statement of the problem which the study wishes to investigate as well as the purpose of the study which shows what the study intends to do. The research objectives and questions of the study are shown. The hypotheses were clearly shown which makes the predictions about the relationship between the two variables of the study.

The chapter also briefly presented the significance of the study as well as the assumptions of the study denoting beliefs that are held to be true often with little or no evidence at all. Further, delimitations of the study were stated. Finally, the chapter provided the brief definition of the key concepts.

CHAPTER TWO

THE CONTRIBUTION OF ENTREPRENEURSHIP TO DEVELOPMENT IN DEVELOPING COUNTRIES

2.0 Introduction

The following chapter reviews the literature that relates to the study from different scholars. Chapter two is divided into sub-sections. First of all, it provides a discussion on the theories underpinning the study. Then, it outlines the causes and consequences of youth unemployment in developing nations. The chapter also discusses the role of entrepreneurship in solving youth unemployment as well as providing a discussion on small businesses by different scholars. The different types of business ownership and source of start-up capital for youth businesses are also entailed in this chapter including factors affecting the performance of youth businesses as well as challenges facing them. Finally, the chapter provides the conclusion.

2.1 Theoretical framework

2.1.1 Schumpeter's theory of economic development

The genesis of modern economic theory began to emerge around the 18th century with the works of Adam Smith, who is often acknowledged as the pioneer of modern economics. Since then, many other economists have contributed to the economic development theory (Langroodi, 2021). The theory of Schumpeter was pioneered in the early 20th century. This theory maintains that economic development is driven by innovation and entrepreneurship rather than just the accumulation of capital (Langroodi, 2021). Schumpeter's theory assumes that economic growth is cyclical and driven by waves of technological change, which create new opportunities for entrepreneurs to introduce new products and production methods (Legrand & Hagemann, 2017). The theory also stresses the responsibility of an entrepreneur in driving economic growth rather than just the market forces of supply and demand.

Schumpeter argues that economic development is not a smooth and gradual process, but rather a series of disruptive innovations that create new industries and destroy old ones (Schumpeter, 1934). Schumpeter also introduces the notion of creative destruction, which refers to the process of ancient industries and technologies being substituted by novel ones through entrepreneurial activity. In terms of its relation to manufacturing and production of SMEs,

Schumpeter's theory suggests that small businesses can play a significant role in the economic growth through their innovative activities (Iurii, 2016).

2.1.2. Lewis dual sector model

The Lewis dual sector model is a theory of economic development that was pioneered by Arthur Lewis in 1954 (Todaro & Smith, 2014). This theoretical model of economic development is based on the assumption that there is an infinite surplus labour in the rural agricultural sector of the least developing nations. Also, as the contemporary urban sector in such nations grow, the vast pool of surplus labour becomes absorbed (Hirota, 2002). According to the model of Lewis, the restructuring process in the least developed nations will last until the excess labour leaves the agricultural sector and into commercialised non-agricultural activities (Lewis, 1954).

According to this model, the underdeveloped nations are categorised into two segments. The initial segment is the rural subsistence sector in which marginal labour of productivity is zero. The study centres on the second sector of Lewis model known as urban industrial sector which is very high in productivity. This urban industrial sector is where labour shifts from the traditional subsistence sector, as highlighted by Hossein (2012). The author contends that this model underscores the labour transition process, alongside the expansion of production and workforce within the modern sector.

2.2 The causes and consequences of youth unemployment in developing countries

Unemployment among young individuals is a challenge facing many developing nations. It affects both educated and less educated individuals even though it is more prevalent among the less educated youth. Youth unemployment is caused by many different factors, which ultimately result in different consequences. Some of the causes and consequences of youth unemployment are discussed below.

2.2.1 The causes of youth unemployment

There are different causes of youth unemployment as stated in the literature. Firstly, skill mismatch between education and the corporate world is mentioned as one of the major causes. According to Chadva and Patel (2015), the significant rise in youth unemployment has been ascribed primarily to the disparity between the skills young workers possess and those demanded by the job market. This issue is underscored by Manacorda and Petrongolo (1999), who contend that a substantial correlation does exist between skill mismatch and overall unemployment. Employment possibilities have been negatively impacted by a widespread

mismatch between skills and labour market demands, which jeopardise the realisation of poverty alleviation and decent work for all (UN, 2021).

Further, the population of university and college graduates rises year over year. However, estimates reveal that on about 75000 certified graduates entering into employment annually, only half of them get employed while others fail to attain employment. This happens as a result of the mismatch between skills acquired and skills needed in the labour market. This, therefore, creates a number of problems for economic and social development (UN, 2021).

There is also seemingly a noticeable discrepancy emerging between the skills imparted by the educational system and the skill set demanded by the job market. This dissonance has intensified a circumstance where numerous recent graduates find it challenging to integrate into the conventional economic workforce. Hausmann (2008) further underscores that in the context of South Africa, a principal cause for the pervasive unemployment in the nation stems from a structural disparity between the contemporary economic requisites and the prevalent skill mismatch affecting the broader economic landscape.

Secondly, the labour market in most developing countries is too saturated; as a result, it fails to absorb new applicants. According to the ILO (2014), it is stated that between 1993 and 2003, youth labour force participation in the job market declined drastically. For instance, young people in South Africa encounter significant challenges when trying to find employment.

There are some scholars who attributed this problem to the educational crisis where the public schooling system is seen as being overly feeble. Some believe that this issue is brought on by the high cost of labour, which forces employers and employees to adhere to stringent labour laws. While others believe that because the economy is a component of the global structural capitalism economy, it makes unemployment unavoidable (African capacity building foundation, 2011).

Thirdly, academically talented young people are prepared to wait for formal work prospects in urban locations. Youth from affluent backgrounds often focus their job searches on higher paying public sector and formal professions and are willing to line up for such while unemployed. This is known as the "educated youth hypothesis" (African capacity building foundation, 2011). Due to their reluctance to see self-employment as a viable option, this makes youth unemployment even worse.

Furthermore, despite the decline and scarcity of jobs in the formal sector, young people appear to be generally positive about the future and anticipate finding a fulfilling work. They feel that employers place a high value on qualifications. The aspirations and attitudes of young people themselves are traditional. They want the transfer to the labour market to lead to desirable full-time, stable, fascinating, and well-paying employment (Bynner et al., 1997). This poses a huge threat as such jobs are very scarce and may lead to more prolonged years of unemployed youth.

Fourthly, lack of financial start-up is hindering many young people to start self-employment jobs. Many young people find it difficult to secure financial loans to start a business. The financial guidelines for loan access requirements are too stringent as they appear to be too risky and do not have any collateral (African capacity building foundation, 2011). Access to capital is likely to limit the ability of young entrepreneurs to launch and expand their ventures. This is because youth lack business expertise, credit profiles, savings, and other assets to utilise as leverage; therefore, financial institutions view young business owners as riskier clientele. These flaws typically lead to a negative view of young business owners, which worsens the already high prevalence of youth unemployment (World Bank, 2020).

2.2.2 The consequences of youth unemployment

There are many challenges that are associated with youth unemployment. Some of these challenges affect youth directly, while others affect the community and the society as a whole. Therefore, the consequences of youth unemployment are many, and include among others, disruptive social behaviour and armed conflict.

Youth being unemployed throughout their formative years has a lasting detrimental effect on all of their subsequent lives and opportunities. This prolonged unemployment is also harmful to young people's productive potential and future employment possibilities as well (Ahukanna, 2018). The unemployment among them also results in poverty as they lack income to take care of their necessary basic needs. There is also a reported increase in crime rates, violence and too much reliance on family and other unfavourable traits that are associated with the joblessness among youth (Karlán & Valdavia, 2011; Pitsong institute of implementation Reserch, 2011).

Ahukanna (2018) further confirms that unemployment is a social issue that harms everyone. The impact on certain people in society are harmful. Unemployment endangers the young people's lives by making them feel frustrated, rejected, poor, and dependent on family members who are already dealing with their own issues. For example, the majority of people in Nigeria have called on the federal government to create jobs for the youth in order to avoid dangerous

consequences (Ahukanna, 2018). The author also notes that youth graduate unemployment in Nigeria is frightening.

Further, youth are more likely to join a rebellion as a means of alternative income generation when they are given no choice but unemployment and poverty. UN (2021) highlights that a surge in crimes like armed robbery, drug-related offences, and homicide are linked to persistent youth unemployment.

On this basis, the causes and consequences of youth unemployment need an intervention. While many countries cannot afford to absorb youth in the formal sector, entrepreneurship is considered an alternative to youth unemployment. Therefore, the following section looks at the role of entrepreneurship and small businesses in solving youth unemployment in developing countries.

2.3 Role and importance of entrepreneurship in solving youth unemployment

Currently, there exists a prevailing belief that entrepreneurship plays a pivotal role in fostering economic advancement (Tende, 2013). This stems from the observation that youth imbued with an entrepreneurial drive often establish small enterprises that experience rapid growth and generate substantial employment opportunities, thereby positively impacting a country's socio-economic progress (Muhammad et al., 2014). Moreover, a nation's economy is deemed to gain advantages from these entrepreneurial endeavours.

2.3.1 Employment creation

According to Muriithi (2017), it is widely accepted that business owners contribute significantly to the development of jobs. The impact of enterprises on the generation of jobs has been the subject of extensive empirical research. For instance, the generation of jobs depends heavily on small businesses with 20 or less employees and small enterprises, which are frequently independent. In fact, Birch (1987) discovered that the bulk of new jobs were really created by small businesses rather than large businesses. Therefore, entrepreneurship can generate jobs by promoting the establishment of small businesses that can employ people. Additionally, it has been discovered that small business clusters are highly innovative, which enables them to compete with bigger businesses and possibly increase the number of employees (Zutshi, 2009).

Entrepreneurs are renowned for establishing new employment possibilities as well as providing employment to a large young population and distributing the profits of monetary advancement (Ogunlana, 2018). Ogunlana mentions that entrepreneurship encourages economic growth in

times of crisis since it provides the youth with employment, thus reducing unemployment while increasing the savings. Further, by creating employment opportunities for others, entrepreneurs also provide wealth to a massive population of youth.

According to Zutshi (2009), there are a number of reasons why entrepreneurship plays a significant role in job creation. First, it produces new businesses, which may result in the development of jobs and economic expansion. Second, the bulk of new employment is generated by small enterprises, as they are particularly significant for job creation. Additionally, small enterprises play a vital role in creating jobs for local communities and lowering unemployment rates, especially in the developing nations (Du Plessis et al., 1989). In the same vein, the Global Entrepreneurship Monitor claims that entrepreneurship is essential in fostering self-employment in numerous economies around the world (Doran et al., 2018).

Entrepreneurship fosters innovation and creativity since business owners are frequently inspired to develop novel approaches for solving problems or to establish new products and services. This may result in the creation of novel products, services, and technology that enhance people's lives, promote economic growth, and create more job possibilities. Du Plessis et al. (1989) add that since small businesses are more versatile and can change with the market more rapidly as compared to larger enterprises, they are frequently more inventive.

A research study conducted by Chatterji et al. (2018) verifies the positive correlation between small-scale entrepreneurship and outcomes on the labour market. The researchers highlight that establishing new businesses creates opportunities for both wage and self-employment, which benefits both the wellbeing of employees and the welfare of the economy as a whole.

Zutshi (2019) affirms that entrepreneurship can play a role in the promotion of social and economic development, particularly in developing countries. This is the case because entrepreneurship has the capacity to open up opportunities that allow individuals to launch their own enterprises and generate money. For instance, small businesses contribute to the growth of the economy by creating revenue, paying taxes, and raising demand for goods and services. Du Plessis et al., (1989) also state that local residents frequently own and run small-scale businesses; as a result, they contribute to the growth of the community through the creation of jobs, the provision of goods and services, monetary support of community events, and the promotion of a sense of community satisfaction,

In general, entrepreneurial activities by small businesses play a significant role in the economy and society, and their success is crucial for the expansion and advancement of local

communities as well as the nation as a whole (Du Plessis et al., 1989). Moreover, entrepreneurship is a key engine of economic growth, innovation, and social development since it can help to foster market competition and efficiency, which can result in better goods and services for consumers.

2.3.2 Poverty reduction

Ifeona et al. (2018) assert that poverty alleviation is closely linked to entrepreneurship, highlighting the importance of acknowledging entrepreneurship as a crucial avenue for addressing the persistent issue of poverty. This viewpoint gains prominence in view of the growing significance of poverty eradication efforts over time. A notable illustration is offered by Shirima (2013), who conducted a study centered on the assessment and analysis of the influence of entrepreneurship on poverty reduction. The findings of the study highlight that entrepreneurship and innovation play a substantial role in diminishing poverty. Furthermore, the research identifies that independent business ventures make a significant and positive contribution to the endeavour of alleviating poverty.

Additionally, Hussain et al. (2014) conducted a study with the purpose of corroborating the relationship between entrepreneurship and poverty alleviation. In that study, it was unearthed that innovation, entrepreneurship training and education, government support programs as well as participation of micro small and medium enterprises are a key tool for entrepreneurship development which stimulate employment and eventually alleviate poverty.

According to Ifeona et al. (2018), the advancement of entrepreneurship plays a vital role in reducing poverty by generating jobs through the inception of new enterprises or the expansion of existing ones. Consequently, this leads to heightened societal prosperity, facilitated by the augmented availability of employment prospects and the amplification of overall production. Therefore, a plausible inference can be drawn that an escalation in the count of entrepreneurs within a country correlates with a reduction in poverty rates.

Furthermore, Nwaoke (2016) conducted a study aimed at determining the extent to which entrepreneurship lessens unemployment. The findings of this study revealed a favourable impact of entrepreneurship on wealth generation, subsequently elevating the quality of life for Nigerian citizens by fostering the creation of job openings. Employing a descriptive survey design, the study utilised questionnaires and oral interviews as tools for collecting data. Moreover, the research stressed that entrepreneurship plays a pivotal role in bolstering the national employment rates and nurturing new opportunities for job creation.

2.3.3 Contribution of entrepreneurship to gross domestic and national product

In addition to alleviating youth unemployment, entrepreneurship also plays an important role in increasing a country's gross domestic product (GDP). This outcome transpires as entrepreneurs opt to reinvest their profits within their enterprises rather than directing these funds towards foreign investments, leading to accrued earnings. For instance, this practice in Nigeria, is purported to yield a constructive impact on the nation's holistic advancement, thereby elevating the GDP and engendering heightened economic expansion (Ochepa et al., 2017). A report from the Nigerian Bureau of Statistics (2021) unveiled that entrepreneurship contributes to a substantial 48% of Nigeria's total GDP, highlighting its profound influence.

Since entrepreneurship forms an integral component of the national advantage, it has been accorded more recognition in economic development (Acs, 1992). A growing number of economists and policymakers now acknowledge the robust impact that entrepreneurship exerts on both gross domestic product and employment. This renewed attention among economic experts and decision-makers aligns with the concurrent surge in business ownership across numerous nations. Joseph Schumpeter's theory of economic development accentuates the importance of entrepreneurs as primary catalysts for driving economic progress. For instance, a study conducted by UNCTAD (2016) demonstrated that SMEs contribute to over 40% of the GDP in many African countries including Kenya, Tanzania and Uganda.

In a rapidly expanding economies entrepreneurs paly an essential role by ensuring the optimal supply of goods and services in response to the demand made by people,. For instance, in Ghana, small businesses contribute to 50% of GDP making them critical to the country's economic growth (Ghana statistical service, 2019). This shows the fundamental role that entrepreneurs fulfil, because without their contribution, countries would find themselves heavily reliant on importing goods from multinational corporations. Such a scenario could lead to a detrimental impact on the gross domestic product, highlighting the economy's intense dependence on entrepreneurs for the sustained generation of GDP (Acs,1992).

2.3.4 Small businesses

Defining a small business can differ based on the country and industry. Zutshi (2009) defines a small business as a privately owned and operated company with a limited number of employees and little revenue in comparison to larger businesses. Furthermore, Du Plessis et al. (1989) define small businesses using both the qualitative and quantitative standards. Firstly, the authors explain that the qualitative criteria of small businesses include factors such as

privately and independently owned, simple organisational structure, and owners providing capital. Secondly, they clarify that the quantitative criteria of small businesses include maximum yearly turnover, maximum number of employees as well as the value of assets.

Moreover, in a study conducted by Agryemang-Duah and Osei-Assibey (2017) on small businesses in Ghana, small businesses are described as enterprises that employ between 1 and 29 workers while Kumar and Kaur (2014) define small businesses as enterprises that employ fewer than 50 workers. Olowokere and Oludayo (2018) classify small firms as companies with a staff size of 10 to 49 in their study on factors affecting the growth of small businesses in Nigeria.

Another definition by Hashai (2018) shows that small businesses based on developing countries are enterprises that are self-sufficiently owned and operated and are part of the informal economy with no more than 10 employees. The author denotes that these small businesses use personal resources for financing, and operate in environments with weak institutions and a high level of uncertainty. Finally, Mapukata and Mutsa (2020) conducted a study on small business growth in developing countries and echoed that small businesses are enterprises that employ fewer than 20 people, operate in the informal sector, and have limited access to resources including finance, technology, and skilled labour.

2.4 Different types of business ownership

2.4.1 Sole proprietorship

Prescott et al. (2010) define a sole proprietorship as an autonomous business operated by a sole proprietor in their own capacity and power. Although a sole proprietorship is the most basic type of business ownership, it is important to remember that it is not a distinct legal entity. In terms of the law, the sole proprietorship has no existence apart from its owner (Prescott et al., 2010). Furthermore, as stated by Skripak (2016), the type of business ownership known as a sole proprietorship gives an individual total control over the enterprise. It is noted that all significant choices are made by the sole proprietors, who are also typically in charge of all daily operations. In turn, the owner of a business receives all of the revenue generated by the enterprise.

According to Kaburi and Wahuhi (2015), this type of business is prominent in developing nations. It is considered to have the benefit of allowing for flexibility in decision-making because the owner makes all of the decisions alone (Scarborough & Cornwall, 2014). Again, Anderson and Fox (2016) note that owning a sole proprietorship frees the owner from

having to consider competing interests of shareholders or partners when making company decisions. Seemingly, because of its simplicity, this type of business is a great option for those wishing to launch a small business but do not want to deal with an abundance of documentation (Gray, 2002).

However, a sole proprietorship business does have certain disadvantages. To substantiate, the owner of a business may have restricted number of resources available (Scarborough & Cornwall, 2014; Kaburi & Wahuhi, 2015). Additionally, Gray (2002) notes that attracting investors and raising funds can be challenging. Anderson and Fox (2016) stress that this type of business ownership can be dangerous and advise prospective sole proprietors to carefully weigh the rewards and hazards before beginning a business. Another drawback of a sole proprietorship is that in the event of a move or resignation by the owner, the business would immediately come to an end, necessitating the owner to seek new outside finance (Skripak, 2016).

2.4.2 Partnership

Scaborough and Zimmerer (2016) explain that a partnership is defined as an arrangement in which two or more individuals or entities jointly own and manage a business. This kind of business is one that has two or more owners who are co-owners. Though more difficult than starting a sole proprietorship, establishing this type of business is rather simple and affordable. Although it is feasible to establish a simple partnership without an attorney or accountant's assistance, it is typically advisable to get professional guidance when operating this type of business (Skripak, 2016).

The advantage of partnerships is being able to provide a number of benefits such as shared workload and duties, enhanced access to resources and financing, and the capacity to draw on extra abilities and knowledge (Gil-Gomez et al., 2020). Additionally, partnerships enable the sharing of resources and skills (Scarborough & Cornwall, 2014).

The drawback of partnerships, according to Scarborough and Cornwall (2014), is that partners may have conflicting goals and purposes. Gil-Gomez et al. (2020) suggest that there may arise a significant possibility for disagreements and conflicts between partners as a result of these varying goals and objectives. Lastly, one disadvantage of this type of corporate structure is that each partner is responsible for the debts and obligations of the company.

2.4.3 Cooperatives

A cooperative is a type of business that is privately owned and operated by its stakeholders who joined together to work towards similar aims and objectives, such as achieving economic, social, or cultural goals. In a cooperative, members collaborate to share resources, rewards, and risks associated with their undertakings (Hanisch, 2013; Miyazaki, 2016). There are numerous varieties of cooperatives, including credit unions, worker cooperatives, housing cooperatives, consumer cooperatives, and agricultural cooperatives as mentioned by Hanisch (2013).

Hoff and Stiglitz (2016) highlight the significance of cooperatives in advancing social justice and the development of communities. These authors assert that cooperatives can give under-represented groups, such as women and indigenous people, a method of collective action and economic empowerment. In the same line, Fairbairn and Fulton (2001) posit that cooperatives are also desirable because they allow people to create and manage their own enterprises, share risks and rewards, and enhance their communities. Finally, Fields and Nannyomo (2019) clarify that small business entrepreneurs can access markets, pool resources, and save expenses with the aid of cooperatives. The authors add that because cooperatives support the equitable distribution of money and resources, they can have a good effect on social and environmental sustainability.

However, Hoff and Stiglitz (2016) also warn that cooperatives can face challenges in terms of financing, governance, and sustainability. As noted by Fairbairn and Fulton (2001), cooperation can be difficult to manage as members may have conflicting interests and goals. They extrapolate that cooperatives can be vulnerable to internal conflict and lack of effective leadership. The same sentiments are shared by Fields and Nannyomo (2019) and Mendoza (2020) who further highlight that cooperatives face challenges of managing complex governance structures.

2.5 Source of start-up capital for youth businesses

2.5.1 Business incubation

Business incubation is a scheme designed to provide young, entrepreneurial enterprises with a variety of support services to keep them warm and secure until they are strong and developed enough to leave the incubator and thrive on their own. The main motivation for a business incubation project as mentioned by Rice and Matthews (1995), is to promote entrepreneurship.

Furthermore, with the hope of being employed after graduating from tertiary, the youth lack access to funding to kick-start their businesses as they only resort to entrepreneurship after

facing unemployment. However, Herrington and Turton (2012) state that business incubation has been effective at nurturing business start-ups to develop into viable firms in several nations. For instance, the Department of Trade and Industry (DTI) in South Africa launched an incubator support programme in September 2021. The aim was to encourage innovation, creation of jobs, and expansion of small businesses. This programme offered cost-sharing grants to businesses and organisations that want to establish more incubators in South Africa (Timm, 2012).

2.5.2 Soft and micro loans

According to Chigunta (2001), there still exists a dearth of effective micro-credit schemes for young entrepreneurs, particularly in nations that are developing. These programmes, micro-loans and soft-loans, seek to provide funding for young individuals with small enterprises that might not otherwise be able to obtain funding but still stand a strong chance of prospering. These loans frequently have less stringent collateral and owner equity requirements than commercial loans, which makes them a good source of funding for new and developing companies (Heidrick, 2002).

According to Schoof (2006), the soft loans technique incorporates offering no-interest or low-interest loans to budding youth entrepreneurs, typically through some sort of loan fund. Generally, there is no obligation for leverage, but meeting specific criteria is necessary. These prerequisites encompass the possession of a well-structured business plan, a demonstration of dedication and accountability, and the maintenance of a satisfactory equity share. Notably, some recently introduced initiatives are designed to tackle a significant challenge faced when extending loans to young entrepreneurs, primarily the absence of practical experience and business acumen. Moreover, a practical business training component is required before a competitive loan may be provided (Schoof, 2006; Chigunta, 2001).

Schoof clarifies that micro-loans are little loans that are typically provided by NGOs and credit unions, which are part of the micro-finance sector. For instance, there is a micro-credit financing scheme operated by the common wealth youth programme known as the common wealth credit for youth initiative (CYCI). CYCI, which is currently active in Africa and other regions of the world, provides finance to young business owners. Schoof further indicates that these micro-loans with their lower capital requirements, are still a relatively new source of funding for young business owners in both the formal and informal sectors. They call for little or no collateral and scant company's background (Heidrick, 2002).

2.6 Factors affecting performance of youth businesses

2.6.1 Access to markets

Access to markets can have both positive and negative impacts on small businesses depending on a number of variables including the degree of competition, the level of quality of the goods or services, the availability of resources, access to infrastructure, and use of technical advancements. Increased sales and revenue is identified as a positive impact of accessibility of markets to small businesses. Aggarwal and O'Brien (2008) also cite increased sales and revenue as a benefit of market access for small businesses where they note that small businesses' access to markets has the potential to expand their clientele to boost their revenue and sales. This can be particularly beneficial for businesses that operate in niche markets or have unique products or services. According to a study by Aggarwal and O'Brien (2008), access to foreign markets can increase the revenue of small businesses by up to 30%. Karagozoglu and Lindell (1998) affirm that access to bigger market places also enables small enterprises to reach more clients and increase income.

Furthermore, it is observable that access to markets can also assist small firms in enhancing their brand recognition and exposure. That is small businesses can broaden their client base and develop their brands by selling their goods or services in several areas. This might be crucial for businesses that depend on recurring business or referrals. A study by Vargo and Lusch (2004) revealed that recognising business brands can boost consumer loyalty and sales income.

Additionally, access to markets can also provide small businesses with access to new resources, such as suppliers, distributors, and financing options. This can help small firms run more efficiently, spend less money, and be more competitive. Kim and Lee (2017) further showed that small enterprises can access new suppliers and funding choices by having access to global market places. In Lee et al.'s (2013) words, small businesses may acquire access to new resources such as finance, technology, and knowledge through collaboration with bigger competitors in the market.

However, accessibility to markets, especially in congested markets, can make it more difficult for small businesses. This may result in price pressure, smaller profit margins, and a loss of market share. In a study undertaken by Anwar and Nguyen (2011), it was demonstrated that small enterprises may experience decreasing profitability as a result of rising competition. This

implied that small enterprises may find it challenging to continue if they have access to more competitive markets (Acs & Audretsch, 1993).

It is important to note that regulations like trade restrictions, tariffs, and quality standards can present small businesses with difficulties when it comes to accessing markets. It can be costly as well as tedious to comply with these rules, especially for small enterprises with limited funding. A study by Bosire and Muturi (2020) confirms that regulatory obstacles may make it more difficult for small enterprises to access international markets.

Finally, having access to markets exposes small enterprises to cultural hurdles such as difficulties with linguistic and verbal communication, variations in business procedures, and consumer preferences. For small firms, establishing relationships with clients and business partners in new areas can be challenging due to cultural barriers. In support of this declaration, Ocansey's (2017) study revealed that cultural barriers can limit the ability of small businesses to access global markets.

2.6.2 Access to infrastructure

Mugo et al. (2019) note that one of the essential elements of manufacturing and economic development is infrastructure. An organisation's performance in terms of productivity volume, revenue, proceeds as well as the generation of jobs in the economy will, however, undoubtedly be significantly impacted by changes in the infrastructure's quality used in the manufacturing processes.

Obokoh and Goldman (2016) confer that the majority of sub-Saharan African countries, with the existence and quality of infrastructure, directly influences economic development. In Nigeria, for instance, there is a gap in the access to infrastructure, which, according to Obokoh and Goldman (2016), has had a significant impact on the manufacturing sector's ability to produce goods especially the ability of small businesses to compete on the global market. The authors also discovered that the lack of infrastructure has a detrimental influence on the performance and profitability of small, youth-owned businesses due to high costs incurred by small businesses in the self-provision of infrastructure and distribution of finished goods. These authors further explained that this is due to the fact that small businesses must pay large costs for infrastructure provision and distribution on their own (Obokoh & Goldman, 2016).

Conclusively, it is argued that lack of proper infrastructure in developing countries has negatively affected the small businesses' abilities to fairly compete in the global market. Infrastructure incorporates services that primary, secondary and tertiary production cannot

perform and function without, thus, the absence of proper infrastructure will lead to negative performance by small businesses (Mugo et al., 2019) as infrastructure comprises buildings like roadways, electrical facilities, communication infrastructure, educational establishments, and community amenities, to name a few.

2.6.3 Use of technology

Technology has a big impact on how well small firms succeed through an increase in productivity, effectiveness, and quality. Firstly, efficiency and automation can help small firms function better. The productivity of small enterprises can be increased by using technology to automate repetitive processes. Small enterprises that use automation technology can boost productivity by up to 50% as shown in a study by Demirkan et al. (2018). For instance, a small manufacturer can use machinery to automate the production line and shorten the time needed to complete a product.

Secondly, modern technology has the potential to raise the standard of products manufactured by small businesses. For instance, tools such as Computer-Aided Design (CAD) and Computer-Aided Manufacturing (CAM) can assist small enterprises develop products that are accurate and fulfil customer standards. According to a study by Song and Parry (2018), using CAD and CAM technology can lead to a 60% reduction in product flaws.

Thirdly, e-commerce can aid small enterprises in growing their clientele and revenue. To exemplify, electronic commerce platforms allow small businesses to market their goods online and reach an international customer base. A study by Hussain and Hussain (2018) revealed that e-commerce might boost small enterprises' income by up to 50%.

However, the employment of simple technology by small enterprises may present a number of difficulties that may hinder their ability to create goods and services of high quality and quantity. Common problems include lack of creativity, inefficiency in the production process, difficulties adjusting to changes in the marketplace, and restricted availability of real-time data and insights.

According to a study by the European Commission (2017), small enterprises may experience lower productivity and growth rates if they do not invest in advanced technologies in comparison to their more technologically advanced competitors. The study demonstrated that small enterprises that used sophisticated manufacturing technology were more productive and had greater export rates for their goods.

Similarly, a research report by Dasgupta et al. (2019) contends that small enterprises may have trouble satisfying client expectations if they continue to employ antiquated technologies. The authors assert that as a result of technological improvements, customers now have higher expectations, and businesses that do not live up to them risk losing business to rivals.

Additionally, the National Small Business Association (2019) conducted a study and showed that small firms may be more susceptible to cyber-attacks and data breaches if they use antiquated technology. According to the survey, cutting-edge technologies can assist small firms in securing their sensitive data and guarding against online dangers. Examples include cloud-based software and cyber-security solutions.

2.6.4 Source of competition

Small businesses may be significantly impacted by the market competition between them and larger corporations. The size of a business can affect its access to resources, such as cash, technological advances, and human resources, which can impact its ability to compete in the market as argued by Chen and Chen (2018). Furthermore, it can be challenging for small businesses to draw clients because larger corporations frequently enjoy greater brand awareness and customer loyalty. Additionally, larger organisations frequently have cheaper prices because of economies of scale, which can make it difficult for smaller enterprises to compete on price (Blair, 2020).

However, in spite of these difficulties, small businesses can still compete with larger ones by concentrating on their particular advantages and using technology to reach out to new clients. Small firms, for instance, can increase their online presence and reach by utilising social media and e-commerce platforms (Dholakia et al., 2020).

In some cases, small businesses compete against one another. Competition among small businesses on the local market can have both positive and negative effects on their business performance. Competition can spur businesses to enhance their goods, services, and business practises resulting in more productivity, efficiency, and innovation (Porter, 1990). On the other hand, competition can also lead to a price war and shrinking profit margins which can threaten the survival of small businesses (Malecki, 2018).

Several studies have looked at how competition affects the performance of small enterprises. For instance, researchers found out that competition had a beneficial impact on sales growth but a negative impact on profit margins in a study of 102 small retail enterprises in the UK (Kotabe et al., 2002). Also, the study by Ogunye and Oladapo (2015) sought to determine how

competition affected Nigerian small enterprises. According to the study, increased competition not only resulted in smaller profit margins for small enterprises but also promoted innovation and higher-quality products.

2.7 Challenges facing youth businesses

2.7.1 Lack of business experiences and skills

Studies show that young people's enterprises perform quite poorly, which may not come as a surprise given the average business profile. According to Schoof (2006), the lack of the knowledge and abilities necessary to run a business is one of the major obstacles facing young businesses in terms of obtaining financing. Youth entrepreneurs often are obliged to provide tangible evidence that their businesses have been operating in some capacity for at least six months, which presents a problem because they lack solid evidence (ILO, 2017; UNCTAD, 2019). Young people are also less likely to possess some form of business knowledge, track record, or business acumen that financial institutions or other banking firms would look for in evaluating credibility and worth due to their age.

According to a report by the International Labour Organisation (ILO), youth entrepreneurship in poor nations is reportedly hampered by a lack of expertise and abilities in business planning, financial administration, marketing, and other crucial areas (ILO, 2017). Young entrepreneurs find it challenging to launch and maintain their enterprises due to this lack of experience, which has a significant negative influence on their failure rates and economic impact.

Since many young people lack basic skills, they are mainly precluded from leading fulfilling economic and social lives. Millions of young people are unemployed because those who have obtained schooling frequently possess talents that are useless on labour market, where school qualifications and skill prerequisites are rising (African capacity building foundation, 2011).

2.7.2 Limited understanding and information

Frequently, youth entrepreneurs fall victim of commencing their businesses without thoroughly evaluating the total amount of funds that will be necessary to actually start their entrepreneurial activity (Schoof, 2006). They are also ignorant of the full range of financial options, financing channels, and unique support initiatives (WB, 2021). A significant obstacle on their path to entrepreneurship is that young entrepreneurs do not fully apprehend the idea of businesses they establish, the advantages, the prospects, and the disadvantages that arise from the different forms of debt and venture capital financing.

Additionally, Baluku (2018) points out that young entrepreneurs' access to capital and resources may be hampered by their lack of awareness and understanding. Many young entrepreneurs might not know how to apply for loans, grants, or other sorts of finance that could help them establish or grow their business if they do not have a clear understanding of how to access financial resources. This may restrict their ability to make investments in new products, grow their business, or hire additional personnel.

2.7.3 Lack of credibility for debt financing

While addressing the issue of youth unemployment, accessibility to start-up finance is a crucial concern given the scale of informal and self-employment in most African countries (Pop et al., 2019). However, young business owners frequently have challenges in obtaining financing since they are viewed as particularly hazardous investments and lack self-sustaining resources, a strong credit history, adequate collateral, or guarantees to acquire loans. Some young people with the ability to start their own businesses may have college debt, which could make it more difficult for them to obtain funding for new projects (Schoof, 2006).

2.7.4 Cultural and social attitude towards entrepreneurship

Culture plays a crucial role in shaping individuals' attitudes towards entrepreneurship. In some cultures, entrepreneurship is highly valued and is seen as a desirable career path. For example, Autio et al. (2006) posit that in some countries, entrepreneurship is often associated with success and wealth, and individuals who start their own businesses are often admired and celebrated. While in some cultures, entrepreneurship is not as highly valued; therefore, individuals may be discouraged from pursuing this career path.

Additionally, Schoof (2006) argues that social and cultural views might have an impact on a person's perspective of the world. These social and cultural sentiments have an impact on individual's entrepreneurial behaviour and business culture. Moreover, the cultural beliefs have a significant impact on the behaviour of entrepreneurial activities while held perceptions of the society and perceived legitimacy of entrepreneurship are also substantial factor barriers to entrepreneurial behaviour (Krueger & Brazeal, 1994).

The success of young enterprises can also be impacted by their attitudes towards entrepreneurship. People who are enthusiastic about entrepreneurship are more likely to launch their own companies and succeed in their endeavours. A negative attitude towards entrepreneurship, however, may make people less likely to take chances and seek business prospects (Autio et al., 2006).

Research has demonstrated that a range of entrepreneurial attitudes can be shaped by a variety of factors, including education, personal experiences, and social norms. For instance, according to Krueger and Brazeal's (1994) study, people who had prior entrepreneurial experience were more likely to have a favourable view towards entrepreneurship. Similarly, a study by Autio et al. (2006) discovered that social norms, such as the idea that starting a business is a rewarding career path, can influence people's views towards entrepreneurship.

2.8 Conclusion

In essence, this chapter reviewed the related literature which discusses aspects leading to youth unemployment as well as the repercussions brought by unemployment on the lives of the youth. It further highlighted the role of entrepreneurship in solving unemployment among youth as well as some of the means of start-up capital that finance youth businesses. Youth businesses are faced with many challenges and the chapter included some of the factors that affect the performance of the youth businesses as well as the challenges faced by youth businesses.

CHAPTER THREE

THE CHALLENGES FACING YOUTH BUSINESSES AND ENTREPRENEURIAL PROGRAMMES IN LESOTHO

3.0 Definition of small business in Lesotho

According to Fisseha (1991), small businesses are defined as those non-farm enterprises engaged in market oriented production, commerce and service activities employing 50 people or less. These are businesses ranging from roadside vendors operated by one person to more organised modern outfits. Ramphoma (2021) also adds that small businesses are classified by using the size of enterprise and the number of employees. According to Rantšo (2015), the main purpose of the establishment of small businesses in developing countries such as Lesotho is associated with the high prevalence of poverty and unemployment. The author goes on to say that small businesses display a significant role in the growth of developing nations where unemployment and poverty are prevalent.

3.1 Challenges facing youth and their businesses

According to LNHDR (2015), youth comprise a large and diversified group of people in Lesotho. This is so because according to the UN, youth are those who are between the ages of 15 and 24. Youth in Lesotho include those between the ages of 15 and 35. As a result, this wide range of the population faces a variety of challenges. The following section discusses some of the difficulties that young people and their businesses come across in the country. The entrepreneurial programmes that aid in combatting the difficulties faced by young people and their businesses will also be covered in this section. The discussion also covers the causes and consequences of youth unemployment as well as the types of businesses held by young people. This part also includes the youth policy which is concerned with youth unemployment.

3.1.1. Challenges facing youth businesses

3.1.1.1 Access to markets

The absence of market-driven strategies of small youth owned businesses in Lesotho is likely to be the cause of their poor marketing execution and inability to strategically build their market operations to achieve competitive growth (Gain & Ryan, 2018). It is reported that 45% of Lesotho's businesses are undeveloped in terms of business acumen, which can be attributed to a dearth of market-driven strategy while 41% are seen as emerging small businesses that face the challenges of market-driven strategic incapability (GOL, 2016).

According to the EU report (2012), it is observed that a study on Lesotho's small enterprises also revealed that the majority of local businesses run by Basotho people have a significant lack of a market environment. The study demonstrated that less than 10% of Basotho businesses survive and prosper till maturity, while the majority collapse within five years of establishment (EU, 2012).

Sebolelo and Makhetha (2015) argue that to successfully manage the massive market incompetence, and obstacles that most enterprises come across in Lesotho, it is necessary to engage in market-driven interventions. Such factors comprise market orientation, intensive competition and technological dynamics. Embracing these factors is seen as crucial for guiding the operations of youth-owned small businesses toward achieving competitive growth within the region.

3.1.1.2 Access to infrastructure

ILO (2014) claims that one of the biggest challenges young people encounter in starting their own businesses is the lack of a suitable infrastructure that may provide sufficient protection to certain social categories. The creation of sustainable businesses is incredibly dependent on the availability of high-quality physical infrastructure, including buildings and transportation networks. Access to energy and water is also crucial. This implies that the unavailability and lack of such infrastructure hinder the performance of youth-owned businesses.

Qhobela (2010) shares the same sentiments that one of the factors leading to failure in the performance of youth of businesses is the inefficient infrastructure which directly and indirectly hinder development as well as employment. The author further explains that many small business owners in Lesotho are entrepreneurial, however, they lack the support both financially and institutionally.

3.1.1.3 Use of technology

The central emphasis of technology regulatory frameworks revolves around ensuring universal availability of affordable and effective ICT infrastructure across various platforms, including telecommunications networks and internet access (ILO, 2014). Despite this objective, Gain and Ryan (2018) argue that Lesotho is not completely profiting from international technological advancements.

Furthermore, Gain and Ryan (2018) assert that the central issue arises when competition within the ICT market is inadequate, leading to high prices. This, in turn, hinders the growth of the

digital economy. The expansion of this economy is additionally hindered by the limited adoption of advanced technological tools like smartphones and grid electricity, as well as a low level of digital literacy among the youth in Lesotho. The sluggish advancement of e-government services, a scarcity of ICT graduates, and the relatively small size of the ICT industry within the country also contribute to these constraints.

3.1.1.4 Source of competition

According to ILO's (2015) report, it is mentioned that Lesotho lacks established legal frameworks or regulations that ensure equitable competition. A competition bill was once drafted, and was supposed to be passed in 2013. However, in 2014, there was still no sign of this bill being implemented (Gain & Ryan, 2018). Drawing from this observation, the key strategy of intensifying competition among service providers is to elevate the quality of services and affordability emerges as the pivotal step in augmenting Lesotho's involvement in the digital economy.

In addition, the level of competition in different markets has risen significantly, leading to a scenario where numerous SMEs find it challenging to concentrate on the dynamic market and this, in turn, inhibits their ability to diversify their product offerings and, when needed, establish a distinctive presence in the minds of customers. Also, in a study conducted by Rants'o (2015), it was unearthed that foreign competition serves as one of the major challenges hindering success of non-farm enterprises in Lesotho.

3.2 Challenges facing youth

3.2.2.1 Access to finance

The major impediments to an entrepreneur's growth and development are both economic and monetary constraints. One such major barrier to a strong enterprise lending market is the fact that small businesses are unable to obtain financing from local banks at all or are subject to extremely disadvantageous lending circumstances, such as excessive expenses associated with borrowing from banks (Polasi et al., 2015).

The EU's (2016) report highlights that for locally owned private SMEs in Lesotho, acquiring financial aid is very difficult. For example, according to the EU research, it was discovered that 56% of medium-sized businesses and 71% of small businesses experienced difficulties in obtaining credit facilities. The GOL has also acknowledged that many Basotho

enterprises experience substantial problems to financial access, which in turn, contributes immensely to the high failure of such enterprises (GOL, 2016).

It is further asserted that, youth encounter significant obstacles in obtaining financial support. This is due to the rigorous criteria and intricate processes imposed by banks. Consequently, this issue hinders disadvantaged people from securing financial resources (ILO, 2014). Additionally, Rants'o (2015) highlights that young unemployed individuals in Lesotho confront numerous difficulties, including inadequate initial capital and limited access to distribution channels.

Furthermore, as indicated by ILO (2014), a significant hurdle faced by youth owned enterprises in Lesotho revolves around the difficulty in obtaining credit. Nonetheless, the Vision 2020 of Lesotho has articulated a vision for the financial intermediation sector to be both diverse and exceptionally attuned to the requirements and desires of customers. The cornerstone of this endeavour is the establishment of accessible credit, coupled with effective loan administration and repayment mechanisms, all aimed at fostering the growth and advancement of the small business sector.

3.2.2.2 Social exclusion

As outlined by GOL (2010-2012), youth unemployment brings about consequences that extend to social isolation and fragmentation within the community. Moreover, the absence of entry to essential social services and the incapacity to engage widely within the economic, social, cultural, and political spheres further intensifies the marginalisation experienced by young individuals in society. For instance, Rapiitse et al. (2022) declare that the voices of young individuals are not heard in Lesotho. They lack government-supported organisations such as the youth parliament that could address issues affecting them. The authors further indicate that while it may appear as though the government is continuously responding to youth-related concerns, as time goes on, these initiatives are ineffective since there is little or no tangible action being undertaken besides politicking about youth related concerns.

The Lesotho common country analysis (2020) further highlights that persistent grievances stemming from economic marginalization, social isolation, and ineffective governance have given rise to a sense of distrust in national values and institutions. This has culminated in the exclusion of Basotho youth to an extent that they perceive limited gains from the natural resource wealth of Lesotho. Since inequality and biasness impede the establishment and expansion of viable business ventures, it is important to realise that well defined measures for

promoting social inclusivity and ensuring equal employment opportunities are imperative (GOL, 2010-2012).

3.3 Causes and consequences of youth unemployment in Lesotho

There are different causes of youth unemployment in Lesotho. These affect both the educated and the uneducated ones. The causes of unemployment have the consequences that affect the country negatively.

3.3.1 Causes of youth unemployment

3.3.3.1 Lack of entrepreneurial culture

Due to lack of a strong business culture among Basotho people, conducting business in Lesotho is highly challenging, and being an entrepreneur does not confer any prestige. Young Basotho individuals are therefore neither inspired nor attracted to start their own businesses (ILO, 2014). Furthermore, despite some efforts currently being undertaken to reduce youth unemployment through entrepreneurship, there seems to be little or no progress due to this kind of attitude.

Polasi et al. (2015) concede that there may be a variety of barriers to the success of entrepreneurs depending on the region and type of enterprise. For instance, the cultural and social barriers such as fear of failure and lack of entrepreneurial knowledge and skills may serve as a cause of unemployment. Due to lack of entrepreneurial knowledge, it is argued that the indigenous entrepreneurs in Lesotho participate in financially lucrative hand-to-mouth management strategies that hinder them from saving, investing the money, and expanding their businesses (Maile, 2015). Finally, the initial Basotho business owners are concerned with boosting their reputation and social status than they are with maximising their profits when engaging in entrepreneurship (Maile, 2017; Dana, 1997).

3.3.3.2 Skills mismatch

As mentioned by Gain and Ryan (2018), the incongruity of skills and the inaccessibility of entrepreneurship programs for businesses concerned with growth impede the competitiveness of Lesotho's private sector. This means that lack of specialised skills and skills mismatch are vital constraints for the Basotho businesses. In addition, Ntlaloe (2011) stipulates that young people also have weak skill sets and minimal access to financial resources, which makes it challenging for them to make use of any resources that may be availed to them in order to start their own businesses.

Further, it is asserted by Thaanyane (2019) that there is a growing concern that schools are not producing citizens that are able to apply their knowledge across a variety of contexts. This results in skills mismatch as what they study is not in alignment with the skills that are required in the labour market. In addition, Parliament of the Kingdom of Lesotho (2021) states that, for youth, the transition from school to the productive work is very slow and often unsuccessful due to the inadequate marketable or appropriate skills.

Continually, the absence of essential skills demanded by the contemporary job market stems from outdated educational curricula and inadequate collaboration between educational planning and industries. This misalignment between competencies and labour market requirements has unfavourably affected employment prospects, thereby undermining an attempt to reduce poverty and facilitating universal access to high-quality employment opportunities (GOL, 2010-2012).

Finally, Mukurunge and Tlali (2017) reiterate that the tertiary education system in Lesotho falls short in adequately equipping graduates for either employment or entrepreneurship. This presents a significant challenge due to Lesotho's limited industrial capacity to absorb a substantial volume of tertiary graduates; as a result, there is a pressing need for an education approach that fosters graduates capable of generating employment opportunities for others.

3.3.2 Consequences of youth unemployment

3.3.2.1 Waste of resources

A substantial level of unemployment signifies a challenging situation where resources that should be utilised for the creation of goods and services are instead laying idle. This misallocation of resources not only leads to wastage but also hampers the long-term expansion prospects of an economy. Consequently, due to declining income, the rates of economic growth and overall demand for goods and services are curtailed. Moreover, there is a clear association between elevated youth unemployment rates and heightened instances of poverty and income inequality (Economic review, 2012; UN, 2021).

According to Thaanyane (2019), is experiencing the loss of highly valuable human capital as these young individuals depart from Lesotho to foreign nations in pursuit of improved prospects following the completion of their higher education. In addition, GOL (2010-2012) highlights that the scarcity of skilled workforce resulting from significant emigration adversely impacts the economic efficiency of Lesotho.

3.3.2.2 Slow economic growth

There are students who are sponsored to continue their education in colleges and universities; these beneficiaries are obligated to reimburse a specific portion of the loan. Without a stable source of income and employment, this is not possible. As a result, the government's revenue declines, reducing its ability to finance student loans in the future. This is due to the increased unemployment of young people who have graduated from higher institutions.

It turns out that money that would have been utilised to fund essential programmes like development projects is now being used to fill this gap (CBL Economic review, 2012). In addition, Khalimane (2020) increased levels of youth unemployment indicate that the economy is producing tax incomes significantly beneath its capacity. This situation leads to an increase in the borrowing of governments and slow delivery of public goods, thus resulting into slow economic growth.

3.3.2.3 Disruptive social behaviour

Young people are more inclined to engage in rebellious activities as an alternate means of making money if they are given no other options but unemployment and poverty. Robbery, drug-related offences, and murder are among the crimes that rise when young people are unemployed (CBL economic review, 2012). In addition, youth unemployment leads to higher rates of crime and violence, dependency on families, and other undesirable characteristics as shown by Pitsong institute of implementation Reserch (2011).

Furthermore, Khalimane (2020) adds that youth unemployment results in young people experiencing feelings of resentment and frustration, leading them to behave irrationally and become involved in unlawful activities. This author states that because of these unlawful activities, countries of this nature witness a diminished inclination among foreign investors to allocate their resources. Furthermore, parents not only experience frustration but also emotional distress as they witness their children getting involved in criminal activities and prostitution due to the adverse effects of substantial unemployment.

According to PISA (2018), high unemployment rates lead to negative social behaviours such as high alcohol consumption and substance use due to too much idling. It is further added that, due to this unemployment and idling, youth resort to early marriage as well as engagement of young people into commercial sex work which results in an increased occurrence of teenage pregnancies.

3.4 Youth entrepreneurship programs

Considering the level of unemployment among young individuals in Lesotho and many other developing economies, it is important for governments to pay more attention to programmes that nurture entrepreneurship development. Entrepreneurs are gaining greater prominence worldwide, serving as a significant wellspring of creativity and innovative ideas (Endris & Kassegn, 2022).

Entrepreneurship development initiatives encompass deliberate interventions designed to instil entrepreneurial attributes and competencies in learners, enabling them to thrive within the dynamic business landscape. These programs aspire to furnish participants with the aptitude, expertise, and mind-set necessary for formulating and executing inventive business or societal strategies (Pepple & Enuoh, 2020). This section presents an exploration of several entrepreneurial programs aimed at helping entrepreneurs from Lesotho and their enterprises.

3.4.1 BEDCO's business plan competition (BPC) and Bacha Entrepreneurship Project (BEP)

BEDCO is a parastatal of the government of Lesotho that was established by an Act of parliament. BEDCO Act no.9 of 1980 is mandated to promote the development of Basotho owned entrepreneurial skills for commercial purposes. BEDCO fulfils this mandate through facilitating the establishment and growth of micro, small and medium enterprises (MSMEs) by performing several functions. First, BEDCO facilitates the establishment and growth of MSMEs; two, it enhances access to finance and markets. Three, it provides and facilitates the establishment of incubation services.

BEDCO's Business Partnerships and Cooperation (BPC) initiative is designed with the objective of establishing a ground breaking financial framework that generates employment opportunities, bolsters the entrepreneurial environment, fosters economic expansion and advancement, and fosters a conducive setting for collaborative innovation, mentorship, and the cultivation of entrepreneurial and technological breakthroughs. The business plan competition was funded by African development bank (AFDB) through the economic diversification support project (EDSP). This competition targeted youth aged between 18 and 35 years. The BPC was founded as a back up to Bacha Entrepreneurship Project.

3.4.2 Bacha Entrepreneurship Project (BEP)

According to Nonyane (2022), the purpose of the BEP project is to create business opportunities and to instil an entrepreneurial spirit and culture in youth towards job creation,

poverty reduction and the reduction of social vulnerability. As a result, finance for Basotho youth is made more accessible through the project by the public sector. The Bacha Entrepreneurship Project was launched by BEDCO, LRA, and Standard Lesotho Bank with the goal of creating a new generation of young entrepreneurs and funding their business proposals with a total start-up of M50,000 (UNCTAD, 2019; Rantšo, 2016).

According to Central Bank of Lesotho (2020), these three organisations came together to form BEP with the intention of tackling youth unemployment by fostering an entrepreneurial spirit amongst the young people. In addition, it was said that the Vodacom Lesotho Foundation would invest M100 million to help economic development in entrepreneurship, education and other domains. According to Nonyane (2022), the chief executive officer of BEDCO, Idia Penane, reported that this intervention was initiated to tackle the high youth unemployment rate, which, according to the World Bank, has been rising more quickly in Africa than in other regions of the world for the population of young people aged 15 to 35. According to Lesotho revenue authority (2015), the inauguration of the Bacha Entrepreneurship Project by the LRA, BEDCO, and Standard Lesotho Bank is expected to improve the lives of young people for the better in Lesotho.

Finally, the SLB entrepreneurial development initiatives in Lesotho attempt to encourage entrepreneurs through the BEP, which works with the LRA and BEDCO to help young entrepreneurs get start-up finance. For instance, in 2019, SLB organised an entrepreneurial development program which included the BEP, an enterprise hub among other programs to learn activities and skills development training (Standard Lesotho Bank group, 2019). SLB made a total of M960, 000 in investments in 2019, which benefited over 600 business owners.

3.4.2 Lesotho Enterprise Assistance Programme (LEAP)

According to ILO (2014), there are several initiatives that were put in place to encourage an entrepreneurial culture among Basotho youth. In order to solve these problems and assist young Basotho entrepreneurs in raising capital for their ventures, funding organisations were set up in Lesotho. To mention but a few, the Lesotho Enterprise Assistance Programme (LEAP) was established to help strengthen the development of the business competence of Basotho-owned small businesses as well as their representative organisation. This was accomplished by giving them financial and technical support to purchase company development services in an effort to make them more competitive in the market (Nhlapo, 2018).

According to World Bank (2011), it is reported that 168 businesses and private sector groups have received assistance from the Lesotho enterprise assistance programme (LEAP). The majority of the businesses that benefited from the programme reported an increase in employment generation and sales. The LEAP matching grant scheme was created to provide financial and technical assistance totalling \$1 million to private businesses, largely MSMEs owned by Basotho, in order to develop their institutional and human capacity.

3.4.3 Entrepreneurship development programme (EDP)

Young entrepreneurs can also receive assistance from the Standard Lesotho Bank through its business banking division. SLB helps young entrepreneurs address some of the primary issues concerning start-ups that they face, more precisely with loans accessible for enterprises at various levels. The banks make it simple for entrepreneurs to acquire financing and start-up capital (Nhlapo, 2018).

In addition, SLB promotes entrepreneurship and the growth of small businesses. In 2018, it introduced the Entrepreneurship Development Programme (EDP), which aims at assisting local entrepreneurs through the Supplier Development Project by enhancing the capability of local businesses to be reliable suppliers of choice (UNDP, 2021). According to the Standard Lesotho Bank group (2021), the Entrepreneurship Development Project is a comprehensive plan that combines a number of sponsorships and product initiatives that have been particularly crafted to address the needs of the economy. This program's goal is to address the capacity issues that the Lesotho entrepreneurial sector faces, as well as the issues of unemployment, inadequate financing for SMEs, financial inclusion for under-banked and unbanked segments of society, and lack of banking.

3.4.4 Partial Credit Guarantee Scheme (PCGs)

Furthermore, a deal known as the partial credit guarantee programme (PCGF) was also signed by the government of Lesotho in 2012 with the commercial banks along with the Lesotho national development corporation (LNDC). The partnership was intended to encourage entrepreneurship and finance local business ventures (ILO, 2014).

The partial credit guarantee scheme (PCGS) offers a 50/50 guarantee indemnity for businesses that have already been established and a 70/30 guarantee coverage for new businesses on the final loss. Additionally, PCGS also aims to contribute to the collateral that most financial institutions require before providing a loan to a business (Lesotho Development Finance Assessment, 2021).

3.5 Different types of youth owned businesses in Lesotho

Youth in Lesotho are making every effort to start their own businesses because there are so many initiatives being taken to foster an entrepreneurial culture among them. According to Rantšo (2015), some youth-owned enterprises in Lesotho engage in trading, agro-processing, manufacturing, commercial, and service-related endeavours. Records from the LRA (2007) indicate that small businesses include independently held enterprises including cafes, mini-supermarkets, and partnerships, among others. Since these privately owned businesses employ 99.5% of the entire population, they are essential to the nation's economic growth in terms of job creation and the reduction of poverty.

3.5.1 Agro-processing

Bertelsmann-Sacott et al. (2018), indicates that the government of Lesotho considers that the country's primary small-scale farmers could experience growth in the agro-processing sector. Additionally, the agro-processing industry is listed as a priority sector in the 2016 micro-small and medium enterprises policy. It is regarded as a potential location for the establishment of SMEs. The industry is also being targeted because it has the potential to help reduce poverty and offer young individuals with employment possibilities.

According to Bertelsmann-Sacott et al. (2018), the Ramkolowan article demonstrates that the SADC EPA in Lesotho stands to benefit the agro-processing sector because of the beneficial tariff preferences built into the programme. Additionally, the Industrial Development Corporation (IDC) provides a distinctive agro-processing plan. The agro-processing competition fund was created directly to get SMEs involved in the agro-processing industry.

3.5.2 Service sector and manufacturing

Service sector is a type of business that concentrates on doing tasks and typically providing consumers with tangible services instead of selling real goods. Service sector has a wide array of service jobs. For instance, Kanono (2000) outlines how the service sector offers conveniences like shopping, transportation, and hair dressing while a manufacturing sector is a type of business that uses both labour and machinery to convert raw materials into finished goods. Produced in this sector, both consumer goods and producer goods are possible types of completed commodities. The manufacturing sector has a significant potential to generate jobs because it is labour intensive (GOL, 2012). For example, crafts like carpentry, tailoring, basketry, and mat making fall under the purview of Basotho-controlled manufacturing companies (Rantšo, 2015; Kanono, 2000).

3.6 Youth policy

Entrepreneurship is a key driver towards the structural economic transformation envisioned in the NSDP. As a result, to realise the full benefits of youth entrepreneurship and financial inclusion, the policy makers should comprehensively deal with the issue of low financial literacy as well as management systems of SMEs. This section will provide the measures undertaken or that the government wishes to undertake through the Lesotho national youth policy to solving youth unemployment (MGYSR, 2017) .

3.6.1 The Lesotho national youth policy (2017-2030)

The vision of the NYP 2017-2030 remains consistent with empowerment of Basotho youth through the effective integration of youth into socio-economic development issues of the country. The overall goal is the empowerment of all Basotho youth and it is to be achieved through proper coordination of youth interventions and initiatives in Lesotho. The NYP 2017-2030 provides a framework for enabling youth to develop social, economic, cultural and political skills to enhance their participation in all aspects or spheres of the overall development process to improve their quality of life (MGYSR, 2017).

According to GOL (2012) a notable prevalence of unemployment is observed among the youth. This situation is attributed to factors such as insufficient technical skills, premature departure from the educational system, and hurdles arising from limited opportunities for work experience, given the preference for more seasoned labour. In response, the Lesotho government, in collaboration with the United Nations Development Programme (UNDP), introduced the National Youth Volunteer Corps Project (NVC) in 2010.

Further, this programme place young people who have achieved tertiary education into host institutions. The mission is to work towards a healthy and well developed population of Lesotho by creating a one-year work placements for young graduate youth between 18 and 35 years. Over the last four years, the NVC has registered approximately 6361 applications and secured 742 volunteer placements (MGYSR, 2010).

Regarding lack of technical skills, the NYP states that through the national youth service (NYS) programme which became operational in 2020, more than 20 % of qualified youth accessed pre-employment opportunities (internships, apprentice trainings and volunteerism) by 2021. All tertiary graduates have been deployed on a one-year compulsory youth service from 2022 (MGYSR, 2017).

The policy also reports that by 2030, the following policy outcomes will have been achieved. To mention but a few, it will have mapped all youth employment and entrepreneurship development programmes and agencies in Lesotho by 2018. Entrepreneurship and financial literacy skills and ability to provide basic advice and support to these youth is a basic requirement for all youth in Lesotho by 2020. It is a system, platform or programme developed by the department of youth in collaboration with other ministries and other partners to annually certify, list and promote all certified youth enterprises in Lesotho. The categorisation is by industry and locations providing recognition for agencies and organisations including private sectors that support youth enterprises in Lesotho among other outcomes (MGYSR, 2017).

In essence, most policies fail due to poor implementation. Stakeholders are committed to ensuring that this national youth policy succeeds. All efforts must therefore, be made to ensuring holistic and comprehensive implementation of this policy document by all stakeholders throughout the period from 2017-2030. The first step to be undertaken in ensuring a successful implementation of this NYP is access by all stakeholders.

3.7 Conclusion

This chapter discussed the challenges facing youth and their businesses in Lesotho. It further addressed the causes and consequences of youth unemployment in Lesotho. It also provided a discussion on different forms of youth owned businesses in Lesotho and the entrepreneurial programs that are aimed at assisting youth and their businesses to deal with the challenges they come across. There are more financing bodies in place that fund new businesses across the country to offer prospects for employment to young people as well as youth owned businesses, however, this chapter only discussed a few of them which were considered to be salient. Finally, the chapter included the discussion on the policy addressing youth showing what the government has done and what it intends to do to help mitigate the prevailing wave of unemployment faced by the young people.

CHAPTER FOUR

RESEARCH METHODOLOGY

4.0 Introduction

The purpose of this chapter is to provide a comprehensive account of the research methods, strategies, and designs employed in the study. This involves a detailed exploration of the methodologies adopted, with a focus on those utilised consistently throughout the research. The rationale behind the selection of specific tools is elaborated upon, highlighting their strengths and aligning them with the study's objectives. The chapter is organised into distinct sections covering research methodology, research paradigm, research approach, design, population and sampling, research instruments, procedure for data collection, process of data presentation, considerations regarding the study's validity and reliability, and ethical aspects.

4.1 Research methodology

According to Brown (2006), the research methodology serves as the underlying philosophical structure guiding the execution of the research or forming the fundamental basis upon which the study is established. Sarantakos (2005) also explains that research methodology refers to the process by which a researcher goes about essentially learning what they believe can be known. It is a research strategy that translates ontological and epistemological tenets into instructions for conducting research. Finally, Leedy and Omrod (2001) research methodology encompasses the comprehensive series of actions that a researcher employs when embarking on a research journey.

4.2 Research paradigm

According to Habib (2020), the notion of the word paradigm was introduced by Kuhn (1962). A research paradigm is basically a set of fundamental ideas that represents the nature of the universe and the position that people hold in it. A paradigm also serves as a framework for guiding people's behaviour (Guba & Lincoln, 1994). The truths that the researcher identifies or discovers, according to Leedy and Omrod (2015), are merely human creations that can be useful in identifying meanings that are either objective or subjective when collecting data.

4.2.1 Pragmatism paradigm

Pragmatism was introduced by Charles Sanders Pierce around 1939-1914. Pragmatism is a philosophical stance that emphasises the practicality of using different research methods to address specific research questions (Morgan, 2014). In a mixed method approach, pragmatism enables researchers to select the most appropriate integration of quantitative and qualitative

methods based on research objectives and the nature of the research problem. The paradigm acknowledges that both qualitative and quantitative approaches have strengths and limitations and their integration can lead to a more comprehensive understanding of the phenomenon under study (Östlund et al., 2011).

Morgan (2014) argues that pragmatists are less concerned with abstract theoretical questions, instead they are more focused on practical applications and empirical results. They view knowledge as an ongoing process of inquiry, where ideas are continually tested and revised based on their effectiveness in achieving desired outcomes. Pragmatism paradigm remains relevant today as a philosophical framework that encourages a practical, problem-solving approach and values the impact of ideas in real-world contexts. Its emphasis on empirical evidence, flexibility, and adaptability makes it well-suited to address contemporary challenges in various domains (Gray, 2021).

In this study, pragmatism enabled the researcher to use the most appropriate methods to address the research questions. The researcher was able to openly combine both quantitative and qualitative data to gain a comprehensive understanding of the research problem. The flexibility of this paradigm allowed the researcher to adapt and adjust the methods based on the needs of the study.

4.3 Research approach

In this study, the researcher employed a mixed methods approach, which is defined by Johnson et al. (2007) as the amalgamation or fusion of qualitative and quantitative elements within a single study. This approach aims to provide a more comprehensive depiction of the research issue at hand. Frankel et al.(2019) explain that quantitative research is a systematic empirical investigation that aims to gather numerical data and analyse it systematically to understand and explain phenomena. Qualitative approach, on the other hand, examines how individuals derive meaning from their tangible real life encounters, as conveyed through their own language, and subsequently analyses these interpretations.

In the context of this study, the researcher mixed the elements of qualitative and quantitative approaches to gain a broader understanding. Quantitative approach enabled the researcher to present the findings in a clearer, numeric and systematic way since the population of the study was large. Quantitative data collection and analysis took the primary role. In qualitative approach, the participant's perspectives contributed to a deeper understanding of behaviour and offered a great deal of knowledge about actual human experiences. As a result, the qualitative

data obtained from respondents was embedded into the quantitative analysis to provide additional insights and explanations from the quantitative findings.

4.4 Research design

4.4.1 Embedded design

According to Sekaran and Bougie (2016) research design is a structured framework or an outline devised to facilitate the gathering, measurement, and analysis of data, with the aim of addressing one's research inquiries. The study used embedded research design. This is a design which works by integrating one type of data, either qualitative or quantitative, within the other to gain a more comprehensive understanding of the research problem (Gelo et al., 2008). The design is characterised by one type of data taking precedence as the primary data and the other type serving secondary/supportive role. In this study, the quantitative data collection and analysis took the primary role and the qualitative data was embedded to provide insights and explanations for the quantitative findings. The findings were merged from both data types to provide a cohesive interpretation of the research problem.

4.5 Population

Mweshi and Sakyi (2020) describe population as the complete set of individuals, occurrences, or items that hold significance and are subject to investigation by the researcher. This group comprise individuals, events, or objects of particular interest, serves as the foundation for drawing conclusions using statistical samples. In the context of this study, the population being examined consisted of young entrepreneurs who received financial support from BEP and BEDCO to establish their businesses.

4.6 Sample and sampling techniques

A sample is a smaller set of the entire population. It includes some members selected from it. In other words, some, but not all, elements of the population form the sample (Sekaran & Bougie, 2016). Out of all the youth entrepreneurs who received funding from both BEDCO and BEP, the sample was selected using appropriate sampling techniques. According to Sekaran and Bougie (2016), sampling is the technique used for choosing an appropriate number of the essential elements from the population, so that a study of the sample and an understanding of its properties make it possible for researchers to generalise such properties to the population elements which make it important. The present study employed both probability sampling procedure and non-probability sampling procedure. In probability sampling, the study used simple random sampling.

According to Kothari (2004), simple random sampling involves electing participants from a population in such a way that each individual has an equal chance of being chosen and the selection is entirely random. Within non-probability sampling, there is no probability that any particular member of the population will be selected as a sample. Such samples use human judgement in selecting units (Sharma, 2017). Under non-probability sampling, the study uses purposive sampling where participants are chosen based on their experiences, behaviours and understandings. Participants are also selected on the basis of traits or experiences pertinent to the researcher's area of interest.

This study utilised a mixed approach of simple random sampling and purposive sampling techniques. This combination was used to select a group of 41 youth entrepreneurs from a larger population. Simple random sampling is unbiased, however, it may not adequately capture the diversity of the population in certain situations. Purposive sampling allows researchers to deliberately select samples based on certain criteria. Combining these two methods helped the researcher reduce potential biases in the sample which improved the overall accuracy of the results.

4.7 Research instruments

A research instrument refers to a mechanism or apparatus employed for gathering data in a research. The instruments used in this study included structured questionnaires and interviews. A questionnaire is an organised, written compilation of questions to which respondents provide their answers, typically within a specified range of choices (Burns & Grove, 2009). An interview is a discussion in which questions are posed and responses are provided. It alludes to a one-on-one discussion between the interviewer and the subject (Matthews & Ross, 2010).

In this study, the structured-questionnaires were used to collect large numbers of quantitative data and the researcher personally administered the questionnaires. The researcher also used the semi-structured interviews, which allowed her to gather rich and detailed data directly from participants. Interviews also provided insights into participants' experiences, and perspectives, which might have been difficult to capture through other data collection methods.

4.8 Data collection procedure

Fowler (2003) defines the data collection procedure as a methodical approach to acquiring data or information to serve research objectives. This process entails the careful selection of suitable methods for collecting data, the implementation of such methods and collecting the necessary data to address the research objectives. In this study, the researcher used face-to-face interviews

and personally administered questionnaires through phone calls and face-to-face. Phone calls were used to collect data from respondents who were always busy, and the researcher physically attended to the respondents who were available, and in the end succeeded in obtaining the data needed for the study.

4.9 Data presentation procedure

Data presentation procedure involves the process of organising and displaying the collected data in a meaningful and understandable format. It comprises summarising, analysing and visualising the data to effectively communicate the findings to the intended audience (Field, 2013). As reiterated by Sekaran and Bougie (2016), Data analysis entails engaging with collected data to depict, deliberate upon, construe, assess, and explain the data in relation to the research questions or hypotheses of the project. The study used both quantitative and qualitative approaches to analyse data collected from the field. Textual data presentation was used to present qualitative data. Qualitative data was analysed to provide an in-depth understanding and explanations for the quantitative findings.

The study also used descriptive statistical analysis as a method of data analysis. Statistical analysis is a technique which enables a researcher to examine the quantitative data that has been gathered. The data analysis in this study involved the descriptive statistics analysis to enable the researcher to summarise and describe the main features, characteristics and patterns of the dataset. This analysis provided a way for the researcher to organise, present and analyse data to gain a better understanding of the variables and their distributions. The data was presented using frequency tabulations as well as bar-charts, where data was analysed and interpreted. The presentation of the data used numerical variables to show the distribution of variables and the analysis was done using the cumulative percentages.

4.10 Validity and reliability

While validity and reliability are closely intertwined, they represent distinct attributes of the measuring instrument. According to Bryman (2016) and Cook and Campbell (2015), reliability refers to the consistency, stability and repeatability of measurement tools or procedures. It is a critical aspect of research as it ensures that the results obtained from the study are consistent and dependable.

Validity refers to the degree to which a measurement instrument or procedure precisely assesses the intended construct. This is a crucial aspect of research as it ensures that the conclusions drawn from the data are meaningful and trustworthy. Without validity, researchers

cannot have confidence in the accuracy and relevance of their findings (Leedy & Omord, 2015; Cook & Campbell, 2015).

To test the validity and reliability of the study, the study incorporated two groups of youth entrepreneurs. The youth who received funding from BEP and youth who received funding from BEDCO. The researcher conducted a pilot study on few participants to assess the feasibility of the research plan. The pilot study allowed the researcher to evaluate whether the research objectives can be achieved using the chosen methods and resources and making necessary adjustments where needed.

4.11 Ethical considerations

This study observed anonymity, confidentiality and voluntary participation as ethics. Anonymity and confidentiality are closely associated with the principles of beneficence, respect for dignity, and fidelity. Anonymity ensures that respondents' identities remain separate from their personal responses, whereas confidentiality involves the researcher safeguarding private information to shield participants' identities. Voluntary participation signifies that individuals willingly chose to engage in the research without coercion. The present study diligently upheld these ethical guidelines.

4.12 Limitations of the study

There are some challenges that were encountered during field work. One of the greatest challenge encountered was that, some people were not willing to participate in the study because of their personal reasons, and the researcher had to respect their decisions due to the ethic of voluntary participation. Initially, the researcher had planned to personally administer questionnaires to the respondents, however, some reported that they were very busy; as a result, the researcher had to electronically administer the questionnaires (WhatsApp and email) and engage the use of phone calls with other respondents.

Some people who received the questionnaires electronically (through emails and WhatsApp), did not respond. When the researcher made follow ups, they explained that they were busy and are not able to respond. In addition, there were some youth entrepreneurs whose businesses have collapsed, because of this, they were not able to answer all the questions presented in the questionnaire. Some explained that their businesses failed at the initial stages before even operating, they too were not able to partake in the study.

4.13 Conclusion

In summary, the chapter on methodology outlined the research approach used throughout the study. The approach used is quantitative research. The study presented research methods, approaches and designs found in quantitative research and justified their choices as well as considering their applicability to the study. The methodology provided the solid foundation for conducting the research and addressing the research objectives.

CHAPTER FIVE
THE ROLE OF BEDCO AND BEP PROGRAMMES IN PROMOTING YOUTH
ENTREPRENEURSHIP

5.0 Introduction

This chapter presents, interprets, and analyses data gathered from youth entrepreneurs who received funding from the Basotho Enterprise Development Corporation (BEDCO) and Bacha Entrepreneurship Project (BEP) programmes to start and support their own businesses. The chapter focuses on the role of these two programmes in the promotion of youth entrepreneurship. Small businesses are important as they play a significant role in reducing unemployment in Lesotho.

5.1 Demographic data of youth entrepreneurs

This section looks at the demographic characteristics of youth entrepreneurs. The demographic factors discussed are gender, age, and education. This demographic information about youth entrepreneurs plays an important role in the accessibility of start-up capital as well as in determining business performance.

5.1.1 Gender of youth entrepreneurs

Gender is very important in entrepreneurship because there are some activities that are dominated by one gender over the other. In addition, the gender of youth entrepreneurs in this part provides an idea of the gender that is dominant in entrepreneurial activities. Table 5.1 presents the gender distribution of youth-supported businesses

Table 5.1: Gender distribution of youth entrepreneurs, May 2023

Gender	BEDCO		BEP		Total	
	N	%	N	%	N	%
Male	16	53	7	64	23	56
Female	14	47	4	36	18	44
Total	30	100	11	100	41	100

Source: Field data

Looking at Table 5.1 above, it can be asserted that males benefit more than females from the funding programmes. As a result, 56% of males (from both BEDCO and BEP) are involved in entrepreneurship, while females (from both BEDCO and BEP) make up 44%. There are different factors that contribute to gender differences in entrepreneurial activities. Firstly, males are more willing to take risks compared to females. This is because entrepreneurship is about taking risks (Drucker, 2014). Secondly, males are breadwinners in most African societies (Lindsay, 2007). Due to this, they participate in large numbers in some income-generating activities. In terms of gender participation, Welter and Brush (2019) indicate that young male and female entrepreneurs can bring unique insights and problem-solving approaches to the entrepreneurial field, thus contributing to a more inclusive and balanced entrepreneurial ecosystem.

5.1.2 Age category of youth entrepreneurs

According to the United Nations, youth are people ageing between 15 and 24 years (UNESCO, 2016). However, Lesotho and many African countries define youth as individuals ageing between 18 and 35 years. Many African countries have a youthful population. Many of them are faced with a high unemployment rate due to a lack of economic opportunities in their countries. This section looks at the age categories of youth who received funding for self-employment. In this case, Table 5.2 presents the age category of youth entrepreneurs.

Table 5.2: Age category of youth entrepreneurs, May 2023

Age	BEDCO		BEP		Total	
	N	%	N	%	N	%
18-24 years	2	7	0	0	2	5
25-29 years	10	33	2	18	12	29
30-35 years	16	53	8	73	24	59
Other	2	7	1	9	3	7
Total	30	100	11	100	41	100

Source: Field data

As demonstrated in Table 5.2, the majority (59%) of youth entrepreneurs are aged between 30 and 35 years. Most youth found in this age category have completed tertiary education and are faced with unemployment. As a result, they participated in BEDCO and BEP entrepreneurship programmes to establish businesses for the purpose of job creation. In addition, many people in the age category of 30–35 are married and have to take care of families. As stated above, many African countries define youth as people ageing between 18 and 35 years. However, most

people who are over 30 are married. So, they participate in income-generating activities to maintain their families. It can also be noted from Table 5.2 that 5% of youth entrepreneurs are aged between 18 and 24 years. Many people in this age group are at different levels of education (secondary, high school, and tertiary). Therefore, many of them are focusing on their studies and not on employment activities.

It is reported that youth unemployment in Lesotho affects mostly those ageing between 25 and 35 years (LNHDR, 2015). This is because most of them are graduates from higher learning institutions, and the formal sector cannot absorb all of them. As a result, they resort to entrepreneurship as an activity for generating income (Adebayo et al., 2019). Despite participating in entrepreneurship for self-employment, most young people grow up in the digital era. The majority of them are technologically conversant, which gives them an advantage in increasing productivity, effectiveness, and quality in their businesses (Demirkan et al., 2018).

5.1.3 Educational background of youth entrepreneurs

This section focuses on the educational background of youth entrepreneurs. The factors discussed in this section are academic qualifications and the duration spent to acquire the qualifications. The educational background of entrepreneurs is important for showing their level of innovation. In addition, it also shows graduates who are mostly affected by unemployment and thus resort to entrepreneurship.

5.1.3.1 Academic qualifications of youth entrepreneurs

Unemployment affects both educated and uneducated youth. However, education plays a great role in the development process. The educated are considered to have higher cognitive thinking compared to the less educated (Guerra-Carrillo et al., 2017). As a result, they are able to adopt new ideas that can be used to improve the performance of their businesses. Despite unemployment affecting both educated and less educated youth, BEDCO and BEP programmes support youth with tertiary education. This is because the level of rational decision-making is associated with the qualification level. The educational qualifications of youth entrepreneurs are presented in Table 5.3 below.

Table 5.3: Academic qualification of youth entrepreneurs, May 2023

Academic qualifications	BEDCO		BEP		Total	
	N	%	N	%	N	%
Diploma	5	17	3	27	8	20
Degree	18	60	6	55	24	59
Hons. Degree	3	10	0	0	3	7
Masters	4	13	2	18	6	14
Total	30	100	11	100	41	100

Source: Field data

The observation in Table 5.3 shows the academic qualifications of youth who received funding from the Basotho Enterprise Development Corporation (BEDCO) and the Bacha Entrepreneurship Project (BEP). The results reveal that degree holders make the largest percentage (59%), compared to those holding other qualifications (diploma, honours, and masters) combined (41%). There are different conclusions that can be drawn from the above results. Firstly, there are many unemployed degree holders in the country.

The high percentage of unemployment among degree holders can be attributed to the saturation in the labour market that is evident in the country. The new entrants into the labour market are unable to secure formal jobs (Dungey & Ansell, 2020). As a result, they find entrepreneurship a viable solution to unemployment. Secondly, there is a mismatch between the curriculum offered in the local tertiary institutions and the labour market (Chadva & Patel, 2015). Due to this, many graduates become stranded in securing formal employment. Thirdly, there are few or no entrepreneurship courses or programmes offered to students at the local tertiary institutions that prepare them for post-school employment. Failure to get training in entrepreneurship at the tertiary level made graduates depend on BEDCO and BEP entrepreneurship programmes for self-employment.

Despite the mismatch of skills between tertiary education and other challenges that young people face, educated youth stand a better chance of benefiting from the offered entrepreneurship programmes to reduce unemployment. Firstly, being educated can enhance the credibility and legitimacy of youth entrepreneurs in the eyes of potential investors, funders, and partners (Detinne & Chanlder, 2004). Secondly, academic qualifications provide young

entrepreneurs with the opportunity to gain knowledge and develop relevant skills that are essential for running a successful business (Gras, 2011).

5.1.4 Duration of the qualifications that youth entrepreneurs were enrolled in

Education at higher learning institutions offers a holistic environment for personal and professional growth (Kolvereid, 1996). It is therefore important to show the duration of the programmes studied by youth entrepreneurs. Different academic programmes at the tertiary level provide people with skills such as critical thinking, problem solving, building teamwork, and communication skills that are essential for entrepreneurship. The data showing the duration of the qualifications of entrepreneurs is presented in Table 5.4.

Table 5.4: Duration for qualifications of youth entrepreneurs, May 2023

Duration for the qualification	BEDCO		BEP		Total	
	N	%	N	%	N	%
2 years	2	6	1	9	3	7
3 years	8	27	3	27	11	27
4 years	14	47	5	46	19	46
5 years	6	20	2	18	8	20
Total	30	100	11	100	41	100

Source: Field data

Table 5.4 shows that the majority (46%) of youth entrepreneurs were enrolled in 4-year programmes at tertiary institutions. Although most entrepreneurs pursue four-year programmes at the university level, many of them lack entrepreneurial education. They were pursuing general education programmes (in Social Sciences, Engineering, Nursing, Education, Humanities, Law, etc.). Therefore, most of them lack the vocational and technical training that is important for most entrepreneurial activities.

It can be deduced from the above results that there is no relationship between the type of education and participation in entrepreneurship. This is because there are many people without both formal and informal education in the SME sector who still excel in business operations. It can also be concluded that youth with a degree are numerous in Lesotho. Many of them develop social networking and collaboration opportunities while enrolling in school. These networks offer valuable support, mentorship, and access to resources even after graduation (Wadhwa et al., 2019).

5.2 Purpose for business establishment

It is very important for people to establish businesses. As a result, there are different reasons why people establish businesses. One of the major reasons why youth establish their own businesses is because, after completing their studies, the labour market cannot absorb all of them. Based on this, they venture into businesses to be able to generate income. The following table presents data on different reasons why youth establish their own businesses.

Table 5.5: Purpose for business establishment of entrepreneurs, May 2023

Purpose for business establishment	BEDCO		BEP		Total	
	N	%	N	%	N	%
Unemployment and lack of job opportunities	12	40	7	64	19	46
Entrepreneurial spirit	4	13	1	9	5	12
Desire for autonomy	2	7	1	9	3	7
Financial and income related reasons	7	23	1	9	8	20
Addressing societal issues	2	7	0	0	2	5
Passion and personal interest	3	10	1	9	4	10
Total	30	100	11	100	41	100

Source: Field data

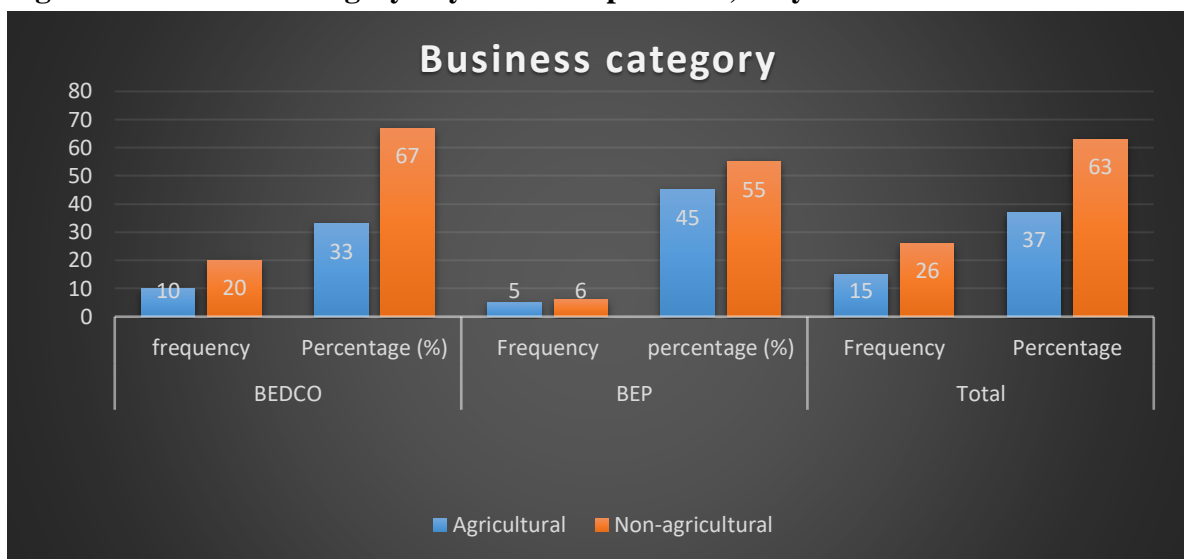
Table 5.5 above presents different factors that encourage youth to establish small businesses. For instance, it can be seen that 46% of youth entrepreneurs established businesses for self-employment. Lesotho, like many African countries, is confronted with a high unemployment rate. According to the Bureau of Statistics (2021), unemployment is rated at 22.5%. Therefore, small businesses are very important for creating self-employment. High unemployment also results in a lack of income, which adversely affects youth as income is important for purchasing basic needs such as food, clothing, and others (Muzondi, 2014). In this regard, 20% of entrepreneurs venture into businesses to generate some income that can be used to cater for their different needs.

It can be noted from the results in Table 5.5 that youth establish businesses for self-employment and income generation. This is the major reason for the establishment of small-scale businesses in developing countries. According to ILO (2019), SMEs are the largest job creators in different countries. Employment opportunities offered by small businesses do not only benefit owners but workers as well (Pitsong Institute of Implementation Research, 2011). Employment in small businesses provides many opportunities, such as income that is important for poverty reduction and the maintenance of families or households (UNDP, 2020).

5.3 Business category of youth entrepreneurs

There are two main sectors of the economy in developing countries: agriculture and non-farm sectors. Agriculture is the backbone of many developing countries, so farming employs a large number of people (Seboka, 2018) who perform different agricultural activities to earn a living. Despite the contribution of farming to livelihood making, a decline in agricultural production has forced many people to engage in non-agricultural activities to make a living (Rantšo & Seboka, 2019). In this case, the results showing the type of business established by youth entrepreneurs are presented in Figure 5.1 below.

Figure 5.1: Business category of youth entrepreneurs, May 2023



Source: Field data

Figure 5.1 shows that most youth entrepreneurs (63%) have established non-agricultural businesses. These results suggest that although agriculture is the dominant means of living in most African countries, non-farm incomes are also important for making a living. There are some factors that contribute to many youth establishing non-agricultural businesses. One is that agricultural businesses are affected by climate change, which contributes to decreased production (Morahanye, 2020). For instance, Lesotho is mostly affected by the effects of climate change such as drought, hail, snow, and others. These contribute to a decline in farm production, thus affecting agriculture-related businesses. Two, most youth are not interested in farming; consequently, they opt for non-agricultural businesses. According to Rantšo and Seboka (2019), most youth in Lesotho are not interested in farming activities. This is due to the slow returns provided by farming compared to non-agricultural activities. Three, the rise of digital technology and access to the internet have created new possibilities for youth

entrepreneurship in non-agricultural sectors such as e-commerce, digital marketing, and online services (WB, 2020). It is stated in Section 5.2 of this study that youth grow up in the digital era; as a result, they become technologically conversant and eager to establish businesses that use modern technologies.

It is important to note that while youth may be more dominant in non-agricultural activities, the agricultural sector remains crucial for food security, rural development, and sustainable livelihoods. Efforts to support and promote both agricultural and non-agricultural entrepreneurial activities are important for overall economic growth and development (Davis & Bezemer, 2004).

5.4 Amount of funding for youth entrepreneurs

The amount of funding given to youth entrepreneurs is crucial because it can cover initial start-up costs such as product development, marketing, equipment, and operational expenses (UNCTAD, 2019). Funding also enables young entrepreneurs to establish their ventures and bring their ideas to life. Against this background, the results showing the amount of start-up capital received by youth entrepreneurs are presented in Table 5.6.

Table 5.6: Amount of funding to youth entrepreneurs, May 2023

Amount of funding	BEDCO		BEP		Total	
	N	%	N	%	N	%
M100,000.00	30	100	0	0	30	73
M120,000-M130,000.00	0	0	5	46	5	13
M140,000.00-M150,000.00	0	0	3	27	3	7
M160,000.00-M170,000.00	0	0	3	27	3	7
Total	30	100	11	100	41	100

Source: Field data

The field data shows different amounts of start-up capital provided by BEDCO and BEP. While BEDCO provides a uniform amount of start-up capital to beneficiaries, this is not the case with BEP, where the amount of start-up capital differs. When looking at the amount of start-up capital provided to youth entrepreneurs, the results in Table 5.6 show that 100% of youth entrepreneurs supported by BEDCO receive the uniform amount of M100, 000.00 per person. The BEP beneficiaries do not receive the same amount of start-up capital. The amount ranges between M120, 000.00 and M170, 000.00. BEP offers different amounts of funding to youth entrepreneurs because when youth apply for funding, they draw a budget plan based on how

much they think they will need; as a result, the amount of money provided is disbursed based on the budget plan of each business proposal.

5.5 Sufficiency of funds for youth entrepreneurs

Funding young entrepreneurs for business purposes is very important, as it is equally challenging for youth to raise their own start-up capital. However, funds provided by funding institutions are sometimes not enough to cater for the business needs of beneficiaries. For instance, insufficient funds can impede the growth and expansion of youth businesses as well as impact on the scale of business operations such as investing in new technologies (Knockaert, 2017). The data in Table 5.7 below shows whether the amount of funding received by youth entrepreneurs is adequate or not.

Table 5.7: Sufficiency of funds to youth entrepreneurs, May 2023

Sufficiency of funds	BEDCO		BEP		Total	
	N	%	N	%	N	%
Yes	16	53	5	46	21	51
No	14	47	6	55	20	49
Total	30	100	11	100	41	100

Source: Field data

Table 5.7 shows that 51% of youth entrepreneurs consider the funds provided by BEDCO and BEP to be enough for the necessities of their businesses. However, 49% of youth entrepreneurs find funds to be limited to cover all their businesses operations. It can be noted from the above quantitative data that there is no significant difference between entrepreneurs who find the funds adequate and those who find them inadequate. In this case, it is not easy to conclude that the funds provided by BEDCO and BEP are adequate or inadequate for the establishment and running of youth businesses. It was observed during the field work that funding is provided for both existing and new or good business ideas. When looking at these two conditions, funds have a positive impact on the existing businesses because they have already acquired some equipment, and funds are only used to expand and purchase additional equipment.

As for entrepreneurs with new business ideas, the funds are used to pioneer the business from the beginning. This is too costly, and entrepreneurs often run short of funds to purchase goods used to run the business. Although some youth entrepreneurs stress limited funds as a challenge, funding from the two funding organisations is very important for the establishment

of self-employment businesses. The importance of funding for the establishment of small businesses is mostly acknowledged by recipients. This is because most lending institutions find them lacking a strong credit history to acquire loans (Schoof, 2006).

5.6 Products and services offered by youth businesses

It is very fundamental to study the activities that youth entrepreneurs specialise in. This is because in an attempt to reduce unemployment among themselves, youth engage in different kinds of activities. Some businesses specialise in offering goods or products, some in services, and others offer both goods and services at the same time. Table 5.8 presents goods and services provided by youth businesses.

Table 5.8: Goods/services produced by youth businesses, May 2023

Goods/Services	BEDCO		BEP		Total	
	N	%	N	%	N	%
Goods	18	60	7	64	25	61
Services	7	23	4	36	11	27
Both	5	17	0	0	5	12
Total	30	100	11	100	41	100

Source: Field data

The above data shows that the majority of youth entrepreneurs specialise in offering goods. As a result, it can be observed that 61% of youth entrepreneurs have established businesses that specialise in producing goods. These include businesses operating in technology and renewable energy, manufacturing, and agro-processing. Most of these businesses focus more on producing goods than services. For instance, the majority of youth businesses in manufacturing produce shoes, clothes, hair products, pencils, and cleaning chemicals, among other goods. Businesses that specialise in agro-processing produce goods such as jams, marmalade, canned peaches, chillies, and other products. Most businesses providing services are businesses focusing on technology and renewable energy.

It can be concluded that goods are more in demand than services. On account of this, youth entrepreneurs become more innovative and creative as they bring fresh perspectives and ideas. Their ability to think differently and challenge the status quo can lead to the development of new products and services that foster innovation as well as driving economic progress (Sadha, 2015; Dhaliwal, 2016).

5.7. Business performance of youth businesses

Business performance determines the success or failure of youth businesses. There are different factors that determine business performance. Some factors include, among others, the managerial competences of entrepreneurs, the use of modern technologies, and the source of raw materials. It is, therefore, imperative to look at the performance of businesses because performance also determines the business's ability to create employment and generate income. The results showing whether the performance of a business is good or bad are presented in Table 5.9 below.

Table 5.9: Business performance of youth entrepreneurs, May 2023

Business performance	BEDCO		BEP		Total	
	N	%	N	%	N	%
Good	12	40	4	36	16	39
Bad	14	47	6	55	20	49
Other	4	13	1	9	5	12
Total	30	100	11	100	41	100

Source: Field data

It is clearly indicated in Table 5.9 that 49% of youth entrepreneurs rate their businesses as performing poorly. There are different factors that contribute to the poor performance of businesses. Inadequate start-up capital is mentioned as one of the factors. It is shown in Section 5.7 that 49% of youth entrepreneurs identified insufficient funds as the major challenge facing their businesses. It can, therefore, be deduced that there is a correlation between the amount of funds and the performance of businesses. In this case, entrepreneurs who consider funds to be insufficient found their enterprises performing poorly.

Haji and Khedhaouri (2018) argue that if youth lack a solid understanding of their target market, they may struggle to develop competitive products or services, resulting in poor performance and failure. According to ILO (2017), the successful performance of youth businesses has the potential to create plenty of jobs. However, when youth businesses perform badly or fail, it can result in a reduction of available job opportunities for other youth (OECD, 2015).

5.8 Marketing strategies for youth businesses

Marketing is an essential tool for people who own businesses. There are many strategies used by entrepreneurs to market their products, services, and businesses to potential customers. This

is important for their businesses because, as they employ effective marketing strategies in their businesses, they can be crucial for their success and competitiveness. Marketing of products is important as it enables goods and services to reach the target audience as well as differentiating them from competitors (King, 2018). It is, therefore, important to present data showing different marketing strategies used by youth entrepreneurs. The data is presented in Table 5.10.

Table 5.10: Marketing strategies for youth businesses, May 2023

Marketing strategy	BEDCO		BEP		Total	
	N	%	N	%	N	%
Digital marketing	16	53	8	73	24	59
Word of mouth	6	20	1	9	7	17
Traditional advertising	2	7	0	0	2	5
Banners and trade expos	4	13	2	18	6	14
Direct sales and interactions	2	7	0	0	2	5
Total	30	100	11	100	41	100

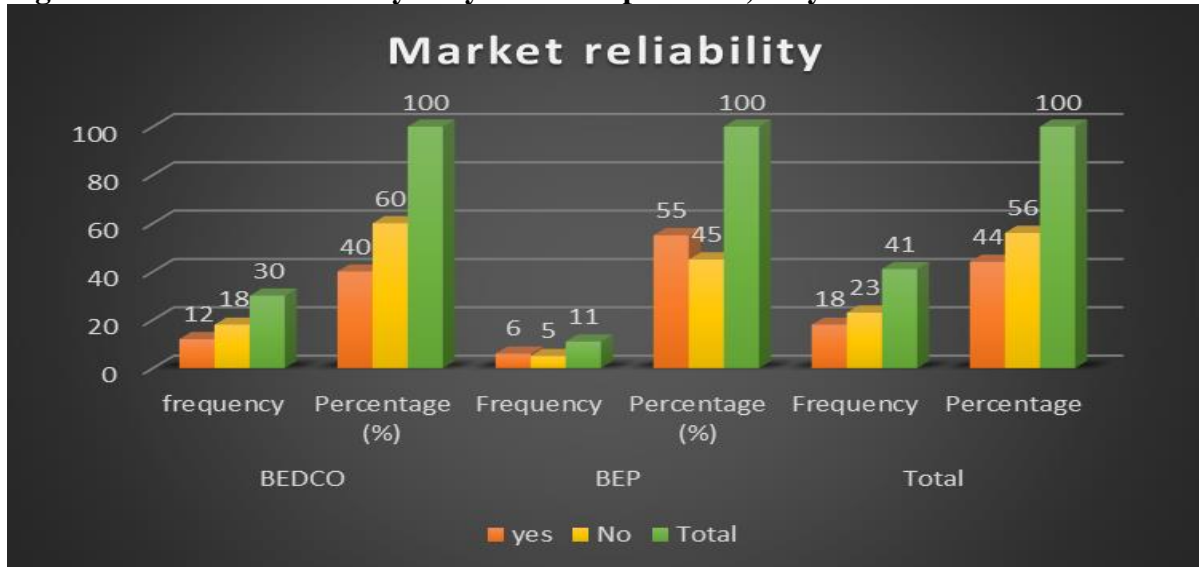
Source: Field data

From the above table, it is clearly shown that 59% of youth entrepreneurs use digital platforms to market their goods. There are different reasons for many youth businesses to employ this marketing strategy. Firstly, digital marketing has become increasingly important in today's business setting due to its wide reach, cost-effectiveness, and ability to target a specific audience. Secondly, digital platforms provide powerful targeting options based on interests, demographics, and behaviour (Nusea, 2016). The results of the study show that most youth entrepreneurs utilise social media platforms such as Facebook, WhatsApp, Twitter, Instagram, and YouTube for marketing their goods. However, many entrepreneurs use social media platforms such as Facebook and WhatsApp because of their popularity in Lesotho. The importance of social media is its wide coverage of the market.

5.9 Market reliability for youth entrepreneurs

Market reliability is significant for youth businesses for several reasons. One, it provides a stable and consistent customer base, ensuring that the business can generate steady revenue over time. Two, when the market is reliable for businesses, it leads to customer loyalty. Three, market reliability provides youth entrepreneurs with a solid foundation to kick-start their businesses. The Figure 5.2 below provides information on the state of market reliability among youth entrepreneurs.

Figure 5.2: Market reliability for youth entrepreneurs, May 2023



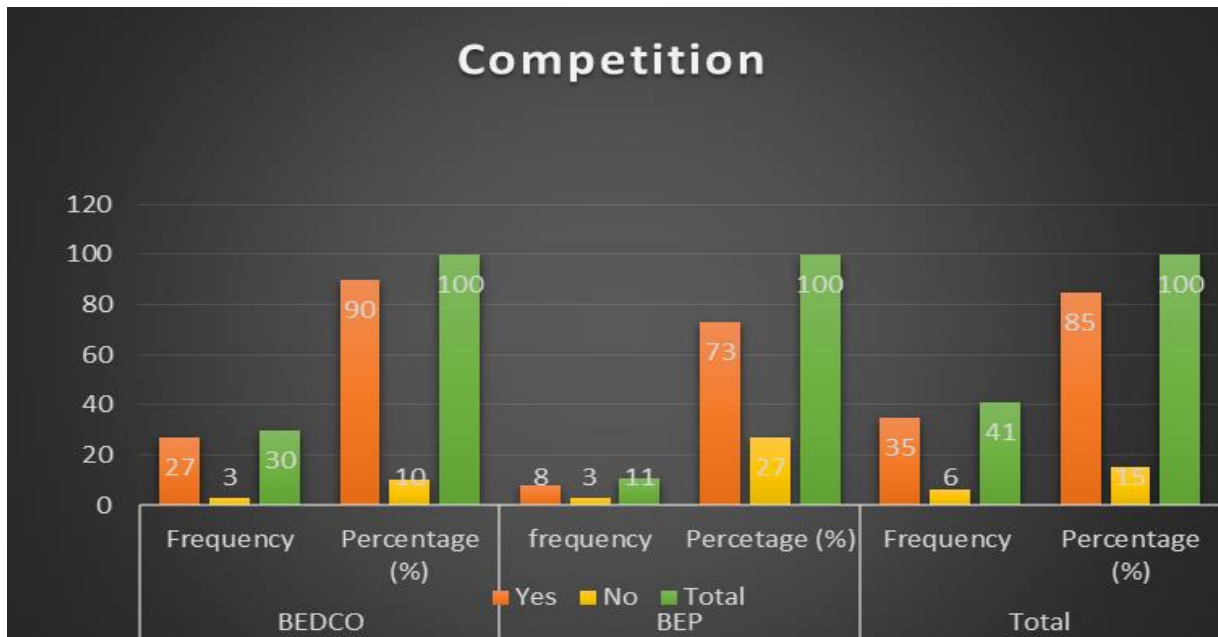
Source: Field data

The data presented in Figure 5.2 shows that 56% of youth entrepreneurs have an unreliable market for their businesses. According to the EU report (2012), a study on Lesotho's small enterprises revealed that the majority of local businesses run by Basotho people have a significant lack of a market environment. Nonetheless, Sebolelo and Makhetha (2015) contend that addressing the considerable market inefficiencies, inadequacies, and challenges encountered by many businesses in Lesotho requires the adoption of market-driven strategic elements. Concepts such as market orientation, competitive intensity, and technological dynamics should be harnessed to steer the operations of youth-owned small businesses, enabling them to achieve competitive growth effectively.

5.10. Competition in the market for youth businesses

Competition can have both positive and negative impacts on small businesses owned by youth. Competition can stimulate young entrepreneurs to come up with unique solutions to stand out from their competitors. However, in highly competitive markets, youth entrepreneurs may face saturation where there are already numerous players offering similar products and services. The data showing whether youth businesses face competition or not is presented in Figure 5.3 below.

Figure 5.3: Competition in the market, May 2023



Source: Field data

According to Figure 5.3, 85% of youth entrepreneurs mentioned competition as the major challenge facing their businesses. There are reasons associated with the high competition faced by youth businesses. One is that there are many large foreign businesses in Lesotho. These businesses often outcompete small businesses as they have high brand recognition. This competition affects the performance of youth enterprises (Rantšo, 2016). Two, competition is high because there is a lack of differentiation in products and services (Sebolelo & Makhetha, 2015). As a result, this causes saturation of similar products and services in the market. A conclusion can be drawn that competition serves as a limiting factor in the growth and performance of youth businesses.

Further, in a study undertaken by small business prospects (SBP) in Lesotho for the Ministry of Trade and Industry, Cooperatives, and Marketing (MITCM) on the state of SMEs in Lesotho to examine business activities, it was revealed that competition was very high. Competition intensity is seen as the level of contest that SMEs face and have to contend with as it moderates their influence through market-driven strategies to attain competitive growth (Amadasun & Mutezo, 2022).

5.11 Number of employees in youth businesses

The number of employees in youth businesses is very fundamental. This is because small businesses owned by youth have the potential to create employment opportunities for their counterparts. This can be helpful as it enables the assessment of the extent to which youth

businesses contribute to youth employment (UNDP, 2016). The data presented in Table 5.11 provides data on the number of employees in youth businesses.

Table 5.11: Number of employees in youth businesses, May 2023

Number of employees	BEDCO	BEP		Total		
	N	%	N	%	N	%
1 – 2	3	10	3	27	6	15
3 – 5	14	46	5	46	19	46
6 – 8	8	27	2	18	19	24
10 – 12	0	0	0	0	0	0
13 – 14	0	0	1	9	1	2
Operated by owner	5	17	0	0	5	13
Total	30	100	11	100	41	100

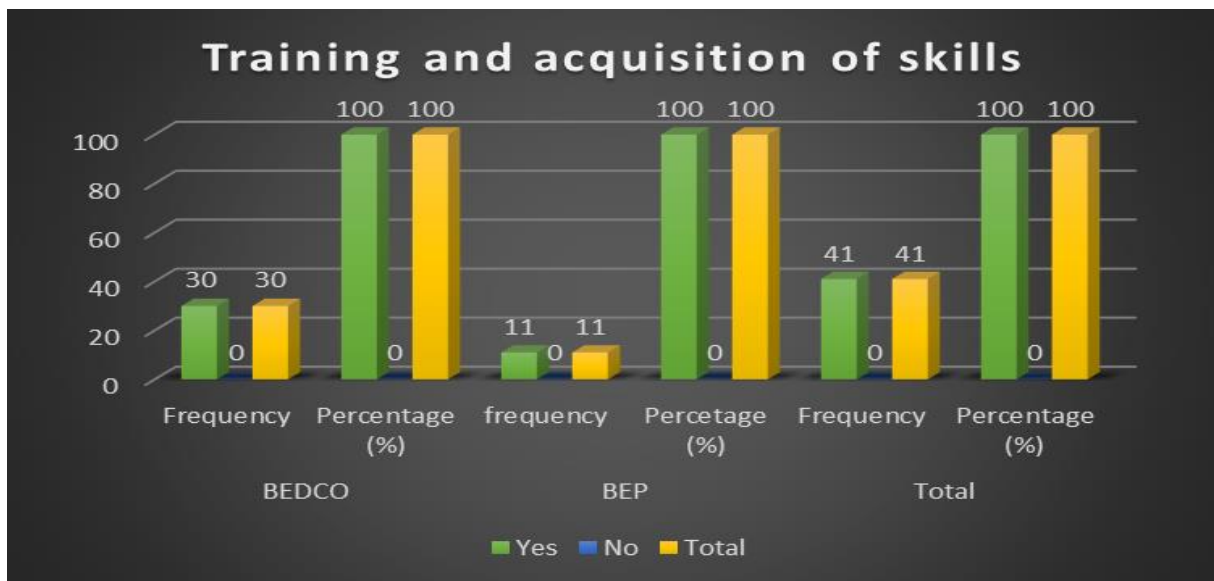
Source: field data

The above Table 5.11 clearly presents the number of people employed by some youth businesses. The results show that the majority (46%) entrepreneurs have employed between 3-5 employees. While 24% of entrepreneurs have employed between 6–8 people. According to GOL (2016) in Lesotho, small enterprises are businesses that employ between 6–20 people. From the above discussions, it was found out that youth businesses are faced with multiple challenges, such as high competition in the market, an unreliable market, and an insufficient amount of funding. These challenges, coupled together, have the potential to hinder the capacity of youth businesses to hire a significant number of employees. It can, therefore, be concluded that the challenges that youth businesses face have a negative impact on their overall business performance, thus affecting their potential to employ people.

5.12 Training and acquisition of skills

This variable is significant in this study because it provides insights on whether youth entrepreneurs have attained training and skills for their business administration or not. Training and the acquisition of skills equip young entrepreneurs with the knowledge and skills necessary to effectively manage their businesses (Cooney, 2012). The findings of the study are presented in Figure 5.6 below.

Figure 5.4: Training and acquisition of skills, May 2023



Source: Field data

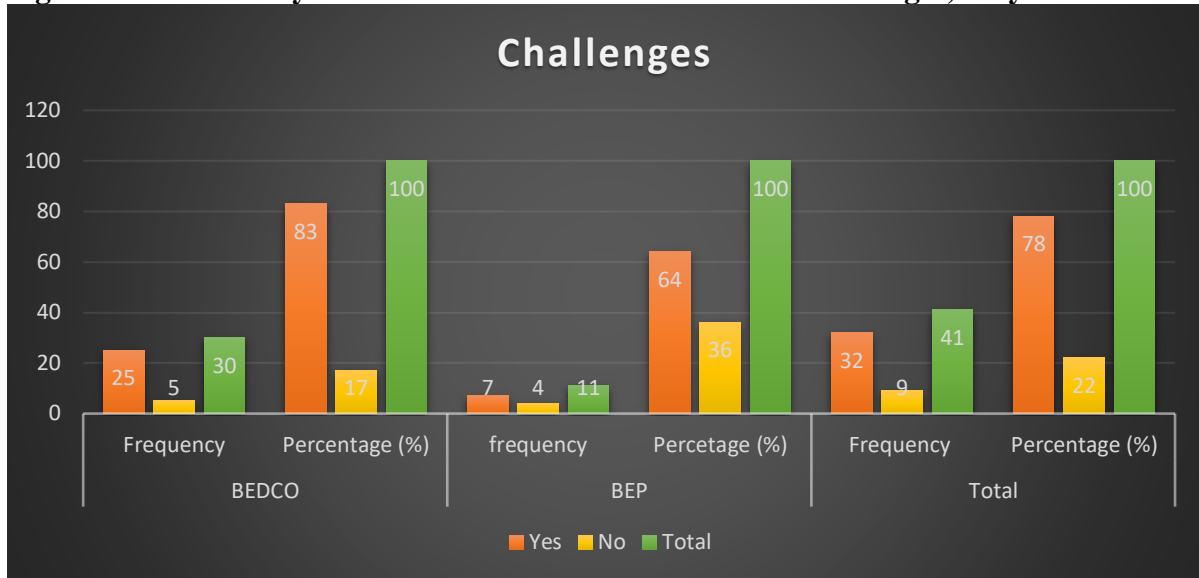
The research findings in Figure 5.4 above reveal that 100% of youth entrepreneurs received training and acquired skills for their businesses. As a result, youth entrepreneurs funded by both BEDCO and BEP are equipped and trained to manage their businesses. From these results, several conclusions can be drawn. First, youth entrepreneurs are provided with the necessary knowledge and competencies to start and manage a business effectively.

Second, youth have the ability to improve the performance of their businesses by enhancing their skills and knowledge through training. It is also important to note that the effectiveness of training can vary depending on the relevance and applicability of the skills taught. If the training does not align with the specific needs and challenges faced by youth entrepreneurs, its impact on their businesses may be very limited (European Commission, 2012).

5.13 Challenges faced by youth businesses

Youth businesses are faced with different challenges. These challenges can have negative impact on the overall performance of businesses. In this regard, Figure 5.7 provides results on whether youth businesses are facing challenges or not.

Figure 5.5: Whether youth businesses are faced with some challenges, May 2023



Source: Field data

According to Figure 5.5 above, it is observed that 78% of entrepreneurs regard their businesses as facing some challenges. Despite youth entrepreneurs receiving funding for their businesses as well as training and the acquisition of skills, they still come across certain challenges that significantly impact their business operations and success. Among other challenges, youth identified need for more funding, limited market and working capital, inflation and expensive raw materials, market shocks, covid-19 and competition as challenges that were encountered in their businesses. COVID-19 pandemic was identified as the greatest challenge affecting the majority of youth businesses. This pandemic had detrimental outcomes for all types of youth businesses, such that some of the youth businesses had to undergo a complete shutdown.

Businesses focusing on agro-processing, manufacturing, services, and commerce were all equally affected. This is because COVID-19 resulted in the complete shut-down of movement. This in turn resulted in a reduction in demand, supply chain disruption, and financial constraints (UNCTAD, 2022). Some businesses obtain the raw materials that are used to produce their goods from neighbouring countries, as they are either unavailable or too expensive in Lesotho. This means that their production stopped during COVID-19. As a result, no income was being generated for the business at the time. From this, it can then be concluded that these challenges affected the growth and progress of youth businesses (OECD, 2020).

5.13.1 Impact of challenges on business performance

The previous discussions revealed that youth entrepreneurs face some challenges as well as the kind of challenges that they face. It is against this background that this section looks at how these challenges affect youth businesses. The results are presented in Table 5.12 below.

Table 5.12: Impact of challenges on business performance, May 2023

Impact of challenges on business performance	BEDCO		BEP		Total	
	N	%	N	%	N	%
Business failure	2	6	3	27	5	12
Slow market penetration and competitiveness	6	20	5	46	10	25
Slow progress	5	17	1	9	6	15
Insufficient income	5	17	2	18	7	17
Limited market and compromised turnover	12	40	0	0	13	31
Total	30	100	11	100	41	100

Source: Field data

Based on the findings in Table 5.12, it is clearly shown that the challenges that youth entrepreneurs encounter in their businesses have multiple negative impacts on them. As can be seen, 31% of entrepreneurs state that the challenges contribute to the limited market for their businesses that compromise increased turnover. From this, it can be concluded that the impact of challenges that face youth businesses is observed on increased turnover. The limited market opportunities, market saturation as well as unreliable market have the negative impact on business performance, especially profitability.

5.13.2 Strategies used to overcome the challenges faced by businesses

Strategies that youth use to overcome the challenges that they face are important because if well implemented, they have the potential to keep the business up and running. Table 5.14 below presents data on the different strategies that youth entrepreneurs use in their businesses to overcome challenges.

Table 5.14: Strategies used to overcome challenges faced by businesses, May 2023

Strategies used to overcome challenges	BEDCO		BEP		Total	
	N	%	N	%	N	%
Persistence and consistency	2	7	1	9	3	7
Reinvestment in advertising	6	20	3	27	9	22
Seeking extra funds	4	13	0	0	4	10
Marketing and consulting	9	30	5	46	14	34
Become competitive	5	17	2	18	7	17
Diversification	4	13	0	0	4	10
Total	30	100	11	100	41	100

Source: Field data`

In this study, it is revealed that youth entrepreneurs use different strategies to overcome different challenges. In this regard, the majority (34%) of youth entrepreneurs use marketing and consulting as a strategy to overcome challenges. This is the case because most youth businesses are struggling to effectively market their products and businesses. Therefore, they opt for marketing and consulting because, for one, marketing is essential for a business to thrive and bloom. Two, marketing and consulting have the potential to help entrepreneurs understand their target market, their needs, and their preferences. Three, consulting can provide valuable insights and expertise to help business owners adapt to dynamic market conditions. Against this background, it can be concluded that marketing is very fundamental to entrepreneurship because, without marketing, no business would exist. As a result, youth businesses ought to revise their effective marketing strategies.

According to AU (2020), effective strategies have the potential to provide guidance and support to youth businesses that may be facing similar challenges. The strategies used to overcome challenges can also create an environment of sharing and collaboration, resulting in continuous improvement and ultimately contributing to the development of a thriving ecosystem for youth businesses. Finally, these strategies that youth entrepreneurs use will help them navigate complex business environments as well as learn from past setbacks.

5.14 Relevance of the theories on the study

5.14.0 The Lewis dual sector model

The Lewis model assumes that in developing countries, there is a large pool of surplus labour in the agricultural or traditional sector. This sector is characterised by low productivity, low wages, and excess labour that can be transferred to the modern industrial sector. In many developing African countries, gender disparities exist in terms of labour participation and access to economic opportunities. This is the case because males are the ones in search of the means of generating income. They, therefore, migrate to urban areas in large numbers as compared to females. In this regard within the Lewis model, gender composition of youth entrepreneurs can influence the distribution of labour between the traditional and modern sector.

The findings of the present study revealed that males are the most dominant in the entrepreneurial activities as they make up 59%. This can be associated with the fact that in Africa, men are responsible for taking care of their households so they need to migrate and search for income generating activities. These findings are in alignment with the Lewis model as migration from rural to urban sector was done by more males than females. Gender inequalities may impact the extent to which women or men participate in the labour migration process or have access to entrepreneurial opportunities. The findings also revealed that women participation in entrepreneurial activities was 44%.

Furthermore, the Lewis dual sector model states that there is a process of structural transformation in developing economies where surplus labour from the agricultural sector is absorbed into the modern industrial or service sector (Johnston, 1970). In this regard, the age of youth entrepreneurs can affect their mobility and willingness on transition from the traditional to the modern industrial sector. Young individuals may be more open to taking risks, exploring new opportunities and seeking employment or entrepreneurial ventures in urban areas. Their age can influence the demographic composition of the labour force in both sectors. The reason behind this is that, the shift that occurred over the years from agriculture into the modern sector, has left young individuals perceiving agricultural sector as demanding hard labour and as an activity for older generations (Kansiime & Bagamba, 2015). As a result, they become absorbed in the modern sector.

In addition, the rate at which youth entrepreneurs participate in non-agricultural activities can also be aligned to the Lewis model. The data analysis on the business category of youth businesses unearthed that indeed most youth entrepreneurs embark on non-agricultural businesses as a total of 63% covered youth entrepreneurs who identified their businesses as non-agricultural, while 37% are businesses owned by youth that were recognised as agricultural.

Youth entrepreneurship can play a role in this transition process by creating opportunities in the non-farm sector for unemployed or underemployed youth. As young entrepreneurs start new businesses or join emerging industries, they contribute to the growth of the non-agricultural sector, helping absorb surplus labour from the agricultural sector according to the Lewis model (Verick, 2006), thus reducing youth unemployment rates.

5.14.1 Schumpeter's theory of economic development

Schumpeter's theory of economic development stresses that there is more to entrepreneurship than just the accumulation of capital namely innovation and entrepreneurship (Langroodi, 2021). In light of this, education plays a very crucial role in fostering innovation and entrepreneurship. That is the duration that youth spend in institutions of higher learning can impact their knowledge acquisition, skills development and exposure to new ideas. This can contribute to the youth's ability to become more innovative and creative in the entrepreneurial endeavours.

Additionally, this theory is in correspondence with the analysis of the study where it is mentioned that youth grow up in the digital age; as a result, they have a high level of technological proficiency. This can give them an advantage in leveraging technology for their new business ideas. Also, as mentioned in the general literature, technology has a big impact on how well small firms succeed, through an increase in productivity, innovation, and quality (Demirkan et al., 2018).

Schumpeter's theory highlights the process of creative destruction, where new innovations and entrepreneurial activities displace existing industries and practices (Holmén et al., 2007; Langroodi, 2021). This process leads to productivity gains, economic restructuring, and long-term economic growth. The purposes of business establishment, as perceived by youth entrepreneurs is in alignment with the underlying tenets of Schumpeter's theory. This is the case because youth entrepreneurs bring fresh perspectives, ideas, and approaches to the market, disrupting existing industries while creating new ones. This aligns with the concept of creative

destruction, as youth entrepreneurs can spur economic activity, attract investments, and create jobs in sectors where traditional employment opportunities may be limited.

The role of entrepreneurs is one of the tenets in Schumpeter's theory of economic development. This tenet aligns with the findings of the study in several ways. Firstly, Schumpeter identifies entrepreneurs as key agents of change in the economy. These individuals possess the ability to innovate, take risks, and introduce new ideas, products, and methods of production. Successful entrepreneurial business ventures that achieve sustained growth, profitability and market dominance have a transformative effect on the economy. High performing youth businesses generate employment opportunities, they create value and drive economic growth. The study found out that entrepreneurs play a significant role in creating employment. Chatterji et al. (2018) also emphasise the benefits of establishing new businesses, such as creating opportunities for both wage and self-employment, which contribute to the overall well-being of employees and the welfare of the economy.

Secondly, the number of employees in youth businesses is relevant to Schumpeter's theory as it reflects the scale and growth potential of entrepreneurial ventures. Youth businesses that successfully expand their operations and create job opportunities contribute to the economic development by increasing employment levels as well as generating income thus, contributing to wealth and the reduction of poverty. The growth on the number of employees signifies the scalability and impact of innovative businesses on the overall economy.

Finally, like any other businesses, youth businesses often face various challenges. Technological progress and cycles, innovation, role of entrepreneurs and creative destruction are the tenets of Schumpeter's theory of economic development. All these can be affected by the challenges that youth entrepreneurs face in their businesses. These challenges have the potential to impede the growth and sustainability of youth businesses and hinder their potential to contribute to economic development. The findings showed that 78% of youth businesses were faced with several challenges, and 31% of businesses identified COVID-19 pandemic as the greatest set back to their businesses.

Overall, the theories of Schumpeter's economic development and the Lewis dual sector model are in correspondence with the study as they demonstrate the importance of entrepreneurship, innovation, and the transition from agriculture to non-farm sector.

CHAPTER SIX

CONCLUSION AND RECOMMENDATIONS

6.0 Introduction

Chapter six presents the discussion based on the findings of the study. First of all, the chapter will provide a summary, challenges, conclusions and some recommendations drawn from the findings of the study. The recommendations will be made based on the interventions that the government and the funding organisations should revise to improve youth businesses so that they become effective in reducing youth unemployment. The summary of the study will be discussed based on the specific objectives and the findings of the study.

6.1 Summary

In many developing countries and other parts of the world, entrepreneurship has been given so much credit as a viable solution to the high prevailing rates of unemployment that people face, especially young people. Due to the recognition given to entrepreneurship, Lesotho has made many efforts to support entrepreneurship in the country. One being that, there are entrepreneurial programmes that are invented, with the intention of helping young individuals with capital to support their businesses, training and skills and the management of businesses. BEDCO and BEP play a significant role in ensuring all these aspects. As these programmes provide all the necessary requirements for the establishment of business ventures, they help youth entrepreneurs to be able to create employment, generate income, contribute to the reduction of poverty, thus, improving their living standards, which ultimately results in reduced social vulnerability.

The study looked at the role of BEDCO and BEP in reducing youth unemployment. The study's main objectives were, to assess the role played by BEDCO and BEP in enhancing job creation among unemployed youth, to investigate the contribution of BEDCO and BEP in improving the living standards of unemployed youth and to analyse how BEDCO and BEP entrepreneurial training impact on the youth businesses. From the findings of the study, several conclusions can be made.

Firstly, the study concludes that both BEDCO and BEP play a fundamental role in enhancing job creation among youth entrepreneurs in Lesotho. This is the case because the research findings unearthed that all youth businesses that participated in the study, were given funding

from both BEDCO and BEP ranging from M100,000.00 to M170,000.00 as a seed capital to support and finance their businesses. This played a huge role to youth businesses as some of the businesses were able to bloom, creating employment for other youth counterparts and reducing youth unemployment. Additionally, the study indicated that the majority of youth businesses (46%) employed 3-5 people while 24% employed 6-8 people. This implies that youth enterprises contribute to the decrease in unemployment.

In terms of funding, BEDCO and BEP target young graduates from institutions of higher learning. The discussion on the findings stressed that young graduates have higher cognitive thinking as compared to the less educated and unemployed youth. As a result, they are perceived to have the ability to adopt new ideas that can improve their business performance, thus increasing the chances of employing more people. It is also mentioned that, educated youth are also technologically proficient; as a result, they can increase their production which will necessitate more employees in the business.

The second objective of the study was, to investigate the role of BEDCO and BEP in improving the living standards of youth entrepreneurs. The discussions made in the findings of the study revealed that there is a mismatch between curricular offered in the local tertiary institutions and the labour market (Chadva & Patel, 2015). On account of this, many graduates become stranded in securing formal employment. This results in youth who lay idle instead of being effective and contributing to the overall economy. In this case, BEDCO and BEP presented an opportunity for such individuals to start their own businesses. This helped them to improve their living standards as they gain the ability to generate income, contribute to the reduction of poverty and contribute to the economy.

Further, the findings demonstrated that the reason why the majority (46%) of youth entrepreneurs decided to establish their own businesses was because of unemployment and lack of job opportunities. The study findings also demonstrated that the age group of entrepreneurs dominating the entrepreneurial activities were between 30-35 years of age making 59%. When youth at this age are not engaged in any streams of generating income, it means they are unable to take care of their basic needs which results in poverty and unhealthy living conditions. As a result, BEDCOO and BEP cater for their unmet needs by giving them an opportunity to create employment for themselves, generate income and improve their way of living.

Finally, the study looked at how BEDCO and BEP entrepreneurial training impact on youth businesses. Training and acquisition of skills is highly important as it equips entrepreneurs with knowledge and necessary skills to effectively manage their businesses. The study revealed that 100% of funded youth by both BEDCO and BEP programmes received training and acquired skills. This study therefore, concludes that BEP and BEDCO have a positive impact on the youth businesses.

6.2 Challenges

There are many challenges that youth entrepreneurs faced in their businesses, and some of them have caused devastating outcomes on their business performance as a whole. Schumpeter (1934) also confers that entrepreneurship is not a smooth and gradual process but rather a series of disruptive innovations that create new industries and destroy old ones. In this case, the study disclosed that 78% of youth entrepreneurs acknowledged that their businesses were facing challenges. Among different challenges that youth encountered, 31% of youth identified COVID-19 as the major challenge that affected their businesses. However, this global crisis helped youth to be innovative and diversify.

COVID-19 brought negative results to the youth businesses because the movement of people was prohibited and the businesses were forced to close down completely. As a result, some of the youth businesses were completely shut down, while others declined dramatically and are still recovering. In addition, the findings also revealed that youth identified business failure, slow market penetration and competitiveness, slow progress, insufficient income, limited market and compromised turnover as other challenges that negatively impacted on their businesses.

However, these challenges were eye-opening as they resulted in digital transformation. For instance, COVID-19 pandemic accelerated the need for digital transformation in many youth businesses. Youth businesses that were not utilising technology effectively had to advance and use digital platforms to run their businesses. Furthermore, these challenges have helped youth to come up with effective strategies to overcome them. These strategies that youth entrepreneurs use will help them to navigate the complex business environments as well as learn from past set-backs and prepare future entrepreneurs when faced with the same challenges.

6.3 Concluding remarks

Based on the findings presented in Chapter five above, several conclusions can be drawn. One, young male entrepreneurs are the ones dominating the entrepreneurial space as compared to female entrepreneurs. This is because the male people are not afraid of taking risks; as a result, they applied for BEDCO and BEP funding competition in large numbers. Again, males are the ones responsible for taking care of families; therefore, they are compelled by culture to engage in income generating activities more than females. However, this does not change the fact that both males and females play an equally important role in reducing unemployment among youth as they are equally exposed to technological advancements, which they can use to their advantage.

Finally, if much more dedication and priority can be given to entrepreneurship and the entrepreneurial programmes that support youth business in Lesotho, there is a high potential of these programmes having an extensive contribution to the eradication of youth unemployment through the injection of capital into youth businesses. Similarly, if youth entrepreneurs can strive to invest all their energy and time in building strong businesses and avoid the desire to accumulate quick cash, they too have the potential to contribute significantly to the economic development of the country by reducing poverty, generating employment and improving the living standards.

6.4 Recommendations

The section provides recommendations following the findings of the study as well as the conclusions. The recommendations are divided into two sections. The first section will make recommendations in relation to the government. Secondly, the recommendations are suggested by the funded youth to both BEDCO and BEP funding programmes. The recommendations made are discussed below.

6.4.1 Recommendations to the government and policy makers

The findings of the study revealed that many youth businesses are faced with different challenges; therefore, when interventions are made to overcome these challenges, the voices of the youth entrepreneurs should be prioritised. In this regard, the government should create

adequate government supported organisations such as the youth parliament, where youth will be able to present issues that they face. The youth should also be allowed to partake in the decision making or the implementation of policies that address the youth related issues. In this way, the policies and decisions made will be effective in solving such challenges.

The majority of youth businesses stated that the amount of funding they get is often not enough to cater for all their business needs. This calls for the government to increase the budget aimed at supporting youth businesses. If businesses are struggling, there should be an additional funding to help such businesses. This will help them to grow until they are fully fledged and contribute to the reduction of youth unemployment.

Further, the study revealed that most of youth entrepreneurs who received funding from BEDCO and BEP did not study entrepreneurial related programs. In this case, the government should implement more institutions that provide entrepreneurial education. There are only limited institutions that provide this kind of education, meaning that they are not able to absorb all youth who are interested in entrepreneurship.

Finally, the observation made in the findings of the study was that, the young males are the ones dominating the entrepreneurial ecosystem. The government should continue implementing strategies and interventions that empower women to participate in large numbers in entrepreneurship. This will contribute to a more inclusive and balanced entrepreneurial ecosystem and contribute to gender equality.

6.4.2 Recommendations to BEDCO and BEP funding programmes

The types of businesses that youth specialise in differ. These types range from agro-processing, manufacturing, commerce and providing services. The mentorship and guidance provided by the funding organisations should not be general. Instead, experts who come from the same business type as youth entrepreneurs should be allowed to mentor such entrepreneurs. This will provide youth with adequate knowledge on how to handle challenges encountered in the type of business they engage in, how to market their products, as well as knowing how to be competitive in the market.

The findings showed that the majority of youth are faced with high competition (85%) in the market. The reason for this is associated with market saturation, competition between small businesses and large foreign businesses and large local businesses. The funding organisations should help these businesses to expand their market and provide them with certification to be able to supply their products to large foreign businesses found in the country as well as being able to sell internationally. This will decrease the competition and the saturated market as the products and services that youth businesses offer may not be found in other countries.

All youth who received funding, also received training. However, most businesses are still struggling to be stable as they are faced with one challenge after the other. The funding organisations should, therefore, extend the training period for youth to acquire and fully understand the requirements of running a business. There should also be an additional technical support.

Finally, when youth apply for funding, they draw a budget plan of how much they will need looking at the costs of raw materials at the time. However, they explained that inflation and expensive raw material was one of the challenges they faced. Against this background, the funding organisations should consider disseminating funds promptly after the announcement of winners. They should also consider an additional funding for youth businesses to meet all the needs of the businesses.

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APPENDIX

ANNEX 1

Questionnaire guide

SECTION A: Demographic information of business owners

1. Gender

Male { }

Female { }

2. Indicate your age category

18-24 { }

25-29 { }

30-35 { }

3. Marital status

Single { }

Married { }

Divorced { }

Separated { }

Widowed { }

4. How many household members do you have?

1 – 2 { }

3 – 4 { }

4 – 6 { }

Other (specify): _____

5. Qualifications obtained in a higher institution

- | | |
|-------------|-----|
| Certificate | { } |
| Diploma | { } |
| Degree | { } |
| Masters | { } |
| PhD | { } |

Other (specify): _____

6. Which higher institution of learning did you attend?

.....

.....

7. Which program did you study?

.....

.....

8. How long did the program take?

.....

.....

9. In which year did you graduate?

- | | |
|-----------|-----|
| 2015-2016 | { } |
| 2017-2018 | { } |
| 2018-2019 | { } |
| 2020-2021 | { } |
| 2022-2023 | { } |

Business profile

10. Why did you decide to establish a business?

.....
.....
11. What is the name of your business?

.....
.....

12. When was your business established?

2010 – 2012 { }

2013 – 2015 { }

2016 – 2020 { }

2021 – 2022 { }

13. Type of business ownership established?

Sole proprietorship { }

Partnership { }

Cooperative { }

(Others) Specify: _____

14. What is the type of your business?

Agro-processing { }

Services { }

Commerce { }

Manufacturing { }

(Others) specify: _____

Source of capital

15. What was the source of start-up capital for your business?

.....
.....

16. How much capital did you receive, for your business?

.....
.....

17. Was the capital enough to cater for needs of the business?

Yes { }

No { }

18. If No to the above question, what did you use to supplement the meagre capital?

.....
.....

19. How has your business been doing since you received capital?

Doing good { }

Struggling { }

20. What are conditions of funding/start-up capital?

.....
.....

21. Did you meet all the conditions?

Yes { }

No { }

22. Was funding the once off thing or you receive it annually?

Once off thing { }

Receive annually { }

Goods produced by the business

23. Does the business specialise in offering products or services?

Products { }

Services { }

Both { }

(Other) specify

24. What are the activities/goods that the business specialises in?

.....
.....

25. Where does the business get supply of inputs/goods/raw materials?

.....
.....

26. Is the supplier of inputs/goods/ raw materials sustainable?

Yes { }

No { }

27. If not, which alternatives do you use to keep the production ongoing?

.....
.....

Marketing of goods and services

28. Where do you market your goods?

.....
.....

29. Is the market reliable?

Yes { }

No { }

30. If No, what is the problem and how do you overcome it?

.....
.....

31. Which marketing strategies do you use?

.....
.....

32. Are the strategies efficient?

Yes { }

No { }

33. If No, what is the problem?

.....
.....

34. How do you plan to overcome the challenge?

.....
.....

Competition

35. Do you face competition in the market?

Yes { }

No { }

36. If Yes, what kind of competition?

Large foreign businesses { }

Large local businesses { }

Small local businesses { }

Price competition { }

37. What strategies do you use to overcome competition?

(a) Large businesses

.....
.....

(b) Small businesses

.....
.....

(c) Price competition

.....
.....

Business performance

38. How is the performance of business? (Self-rating)

Good { }

Bad { }

39. If the performance is bad, what causes poor performance?

.....
.....

40. What strategies have you used to improve the performance of the business?

.....
.....

41. What kind of technology(ies) (machinery) do you use in your business?

.....
.....

42. Has the technology improved performance of the business?

Yes { }

No { }

43. If yes or no to the above question, please explain

.....

.....

44. Is the business profitable or not?

Profitable { }

Not profitable { }

45. If the business is profitable, how much annual turnover does it make?

.....

.....

46. If the business is not making profits, what are the challenges?

.....

.....

Employees' profile

47. How many people are employed in your business?

1-2 { }

3-5 { }

6-8 { }

10-12 { }

(Other) specify _____

48. How many workers are:

Youth _____

Adults _____

49. How many are:

Females _____

Males _____

50. How many employees have:

No education _____

Primary _____

Secondary _____

High school _____

College _____

University _____

Training and acquisition of skills

51. Do your workers have vocational or technical training?

Yes { }

No { }

52. If no in question 51, how did they acquire entrepreneurial skills and training?

.....
.....

53. Where did they get the skills and training from?

.....
.....

54. Are they proficient in producing/ offering services?

.....
.....

SECTION B: Challenges facing the business

55. Does your business face any challenges?

56. What kind of challenges is the business facing?

57. How do these challenges affect the performance of the business?

58. What strategies do you use to overcome the challenges?

59. What should funding organisations do to improve their services to recipients of funds?

Thank you for your participation!!!

ANNEX 2: Goods produced by entrepreneurs



