

# Why Youth Aspirations and Family Circumstances Matter for Entrepreneurship Interventions

Over the last decade the Government of Tanzania has invested in entrepreneurship as a solution to unemployment and poverty. It has developed various national policies and guidelines alongside entrepreneurship programmes in partnership with development actors and financial institutions, particularly for youth from poor backgrounds. Despite these efforts, business failures and dropouts characterise youth engagement in entrepreneurship. When businesses survive, they tend to operate on a low scale with limited opportunities for growth. To address this, policymakers and implementers must ensure that interventions align better with young people's career aspirations and develop safety nets to protect business capital from being used to supplement the incomes of poor families.

The general framework that informs youth entrepreneurship programmes in Tanzania posits that a lack of capital, technical skills, business knowledge and mentorship, and a poor policy framework explain why business ventures are unsuccessful among youth living in poverty. However, research indicates that family and youth aspirations are also important factors that influence youth engagements with entrepreneurship. Family dynamics involve the give-and-take interactions between youth and members of their families in relation to the need to access money and meet the basic needs of their households. Youth aspirations, in this context, refer to forms of work and remunerations young people imagined for themselves as well as the quality of life they wished to attain. Opportunity constraints resulting from particular family dynamics and the mismatch between youth aspirations and the realities of intervention programmes have a serious effect on the outcomes of entrepreneurship intervention.

## The effect of unstable household income on interventions outcomes

Youth in families with fewer resources to meet their basic household needs were found to be less likely to sustain their businesses. In 2013, 52 graduates aged 18–24 years old were given US\$125 to start small business ventures. A total of 45 youth (87 per cent) used the capital provided to subsidise family income when heads of their households could not provide food for them. As youth businesses were established, business income was also used to cover transportation costs, provide pocket money for siblings, and

continue to cover food when needed. In extreme situations, business income was used to contribute to priority household needs such as school fees and health. Small profit margins, of US\$1–3 a day, could rarely be reinvested in the business because they were required to meet family income needs. As a result, 23 out of 52 youth businesses (44 per cent) that repeatedly subsidised family income died within six months of being established, while the majority of the remaining businesses had minimum growth. Therefore, a family income that meets the basic needs of youth's household is crucial for enabling them to focus on entrepreneurship.

## Career aspirations and commitment to entrepreneurship

Research findings indicate that there is a significant relationship between youth aspirations and their commitment to entrepreneurship. Not every young person who participates in an entrepreneurship programme has a career aspiration of being an entrepreneur. Also, those who wish to be entrepreneurs have a preference toward the type and scale of entrepreneurship venture they want to be involved in. In the case of career aspirations, three main groups of young people emerged. The first group were entrepreneurial youth who looked at business as their first or only career choice. For this group not doing business was hardly an option at all as this was the path to the future they imagined for themselves. However, their imagination of entrepreneurship was not a small business in the informal sector, rather a medium business in the formal sector.

The second group were youth with multiple career interests who viewed entrepreneurship as one among many possible career choices. This means entrepreneurship was not necessarily central to the future they envisioned; rather, it could become another source of income once they established their first-choice career. Hence, they were more likely to explore other job opportunities and drop out of doing business when an alternative employment opportunity opened up. Moreover, they were more likely to drop a well-running business and go for a job that earned them less money. Such decisions were based on the perceived stability and security of employment, which includes the assurance of regular pay.

The third group were youth whose main interest was furthering their academic

credentials in order to achieve white-collar work in the future. These youth were constantly searching for opportunities or financial resources to support their education. For them, entrepreneurship was only a temporary measure or a stepping-stone in their journey towards their desired futures. Out of 52 youth, only 14 (about 27 per cent) aspired to be entrepreneurs. This means that nearly 73 per cent of youth were either interested in entrepreneurship as a side activity or as a means to attain another career. Therefore, a generic entrepreneurship programme might not be the best approach for youth who aspire to be employed or who have multiple career interests. Since the imagined future of this group was to attain middle-class quality of life, where they will own a house and car, interventions geared to starting small businesses are not attractive.

## Policy recommendations

### 1. Align entrepreneurship interventions with youth career aspirations

To ensure sustainable outcomes, entrepreneurship programmes need to align intervention objectives with youth aspirations. It is critical that policymakers and practitioners developing such interventions understand youth imagined futures in relation to career preferences and the quality of life to which they aspire – which is typically middle class. The focus of entrepreneurship education and business incubation needs to consider youth in relation to the level of their academic attainment; for example, youth who are secondary school graduates do not imagine being street vendors. It is also imperative to consider what type of career youth were already working towards prior to the intervention, and what they aspire to in the future. Hence, the curriculum of entrepreneurship education should be customised to the aspirations and needs of potential young entrepreneurs in relation to their family poverty statuses. There is evidence in the literature that doing what one likes has the potential of motivating a person to be more productive and innovative.

### 2. Provide a basic needs grant for poor families of young entrepreneurs

Conceptualisation of what constitutes capital for starting a business venture for youth from poor families should include a basic needs financial relief grant. This means the capital should include not only the necessary capital required for the business start-up, but also a top-up financial package that covers the household's basic needs. This may involve providing a grant to meet some of the household needs directly to the family on the basis of an agreement that its youth would be freed from supporting it until his/her business stabilises. It could also involve providing an additional grant that youth can use to cater to their families without affecting their business money. Recent evidence on the efficacy of cash transfer to poor families indicates that such grants can be useful in easing the burden of family members.



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## Further reading

Aizer, A.; Eli, S.; Ferrie, J. and Lleras-Muney, A. (2016) 'The Long-Run Impact of Cash Transfers to Poor Families', *American Economic Review* 106.4: 935–71

Flynn, J.; Mader, P.; Oosterom, M. and Ripoll, S. (2017) *Failing Young People? Addressing the Supply-side Bias and Individualisation in Youth Employment Programming*, IDS Evidence Report 216, Brighton: IDS

Mgumia, J. (2017, forthcoming) 'Necessity-Interventionist Entrepreneurship and Young People's Aspirations', *IDS Bulletin* 48.3

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