

FINANCING YOUTH ENTREPRENEURSHIP IN A DEVELOPING COUNTRY

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ABSTRACT

This paper is a contribution to the sparse scholarly literature on youth entrepreneurship in Latin America and the Caribbean. Uniquely, it provides a case study on financing youth entrepreneurship in the developing country of Guyana, both from the standpoint of youth entrepreneurs and the agencies that provide such funding. Based on a review of literature we developed a six-fold typology of sources of youth entrepreneurship financing in developing countries. The utility of this typology is that it enables identification of stakeholders for youth entrepreneurship financing in a country or community. This paper is derived from a broader case study of the factors impacting youth entrepreneurship in the town of Linden, Guyana. Its objectives are to identify the sources for youth entrepreneurship financing; determine the profile of youth entrepreneurs who access loans and grants for business start-up and expansion; and, explicate the problems agencies report in providing financing for youth entrepreneurs in Guyana. We obtained data from a survey of youth entrepreneurs in Guyana; agency interviews with governmental, non-governmental and other entities supporting youth entrepreneurship; and, secondary sources. Among the findings are that: 77% of youth entrepreneurs surveyed sourced capital for business start-up from their personal savings and/or family and friends. Some agencies from which youth entrepreneurs derived funds were less than sanguine about youths' entrepreneurial prospects; and, programs supporting youth entrepreneurship were not coordinated, scattered across different levels of government and other agencies, did not evidence a common purpose and were advertised inadequately. Invariably, these agencies lacked adequate funding and were inconsistent in their delivery of financial support for youth businesses.

Keywords: financing youth entrepreneurship; youth entrepreneurship challenges; developing countries; Entrepreneurship in Guyana; Latin America and Caribbean youth; informal economic sector, youth unemployment

INTRODUCTION

Unemployment is one of the principal global challenges affecting the economic inclusion of youth in their respective countries. For Latin America and Caribbean (LAC) countries youth aged 15 - 29 comprised about a quarter of the region's total population or some 163 million (OECD/ECLAC/CAF, 2016). The World Bank (2019) reported that for 2018 the unemployment rate for LAC youth aged 15 – 24 was 17.6%. Youth unemployment in Latin America remained twice as high as the overall global rate and three times that of adults in the region (OECD/ECLAC/CAF, 2016). For the Caribbean sub-region, youth unemployment averages 22.6% and is among the highest in the world (International Monetary Fund, 2017; World Bank, 2019). Youth unemployment in Guyana was 25.6% in 2018 (Bureau of Statistics, Guyana, 2019). These

unemployment rates are considerably higher for younger, less-skilled youth from more disadvantaged backgrounds; higher in urban than in rural areas; and, higher for young women than for young men. International organizations and national policy makers are promoting youth entrepreneurship, as a solution, to combat high youth unemployment and to alleviate poverty in both developed and developing countries. Young people themselves are gravitating to embrace entrepreneurship often out of necessity. Gallup (2016) reported that among Latin American nations, one-fifth of the population between 15-29 years old had planned to start a business within the following 12 months of that poll.

Despite declared support by governments and international organizations for a youth entrepreneurship strategy (UNCTAD, 2015), youth entrepreneurs face considerable challenges in procuring financing for their business start-ups and expansion. Consequently, more youth entrepreneurs initiate their businesses with lower levels of capital resulting in lower profit levels and lower market value and inventories. Youth entrepreneurs in less developed countries mainly operate in the informal economic sector and are the owners and managers of businesses that face problems of financial exclusion. UNCTAD (2012, 2015) reported that access to financing is the key constraint for young entrepreneurs whom lenders view as risky, lacking credit history, work history, banks accounts and having insufficient collateral to secure loans or lines of credit.

This paper is derived from a broader case study of the factors impacting youth entrepreneurship in the depressed economic environment of the town of Linden, Guyana. Its objectives are to pinpoint the sources of financing for youth entrepreneurship; determine the profile of youth entrepreneurs who access loans and grants for business start-up and expansion; and, explicate the problems financial institutions, governmental, international and nonprofit agencies report in seeking to provide financing for youth entrepreneurship. Compared to other entrepreneurs in Linden, youth entrepreneurs are more likely to operate in the informal sector, possess lower levels of capital and/or collateral and, are perceived by lenders as riskier. Hence, the need for the focused attention, on this category of entrepreneurs, that this study aims to provide.

Based on the literature review, we constructed a typology of sources of youth entrepreneurship financing in developing countries to enable identification of these sources in Guyana. Data are obtained from: a survey of youth entrepreneurs in Guyana; agency interviews with officials from government ministries and departments, non-profit organizations, the private sector and other entities in Guyana that provide support for youth entrepreneurship; and, secondary data - derived from official reports. Located on the mainland of South America, Guyana is considered part of the Anglophone Caribbean and the wider LAC region. Like other governments in the LAC region, the Government of Guyana has articulated a commitment to encourage and incentivize the Guyanese people to embrace entrepreneurship as a realistic avenue for individual, communal and national economic development (Danns & Danns, 2019).

Guyana is a developing country with an area of 214,970 sq. km. and a population of 746,955 (Bureau of Statistics, 2012). Its income per capita in 2017 was US\$4,725 compared to US\$59,532 for the United States (The World Bank, 2018). The town of Linden has a population of approximately 30,000 people. It is the second largest town in Guyana and is located 65 miles south of the capital city, Georgetown. Linden was once a thriving mining town. The bauxite industry that was Linden's economic mainstay has diminished considerably and currently employs less than

eight percent of its previous workforce of more than 6,500 workers. One consequence of the diminished bauxite industry is that the unemployment rate in Linden has escalated, particularly among the youth. Other sources of employment in the town, mainly dominated by adults, include retailing, agriculture, transportation and government services – education, health, public safety etc.

REVIEW OF LITERATURE

The World Bank Group (2015) found that the Caribbean is under-researched when it comes to issues of entrepreneurship and innovation. A dearth of research literature on the phenomenon of youth entrepreneurship is even more striking in the broader Latin American and Caribbean region. There are, however, notable studies conducted by international institutions and scholars respectively, which will be referenced in this literature review. This paper is aimed at adding to this emergent literature.

Youth Entrepreneurship

Definitions of ‘youth’ vary widely across countries, international institutions, funding agencies, youth organizations and scholarly research. Across countries, the age range of “youth” spans from 12 (in several African countries) and extend up to 35 (UNCTAD, 2015). Youth is here defined as a young person between the ages of 18 – 35 years. Further, for this study “an entrepreneur is an individual who establishes and manages a business for profit and growth. The business is the primary source of income and it consumes most of the time and resources of the entrepreneur. Consequently, the activity of establishing and managing a business for profit and growth is called entrepreneurship” (Goel, Vohra, Zhang & Arora, 2007, p. 10).

In defining “youth entrepreneurship,” some researchers linked the concept to self-employment among youth (Chigunta, 2002; Green, 2013; OECD, 2017). The OECD (2017) posited that for both developed and developing countries “Youth Entrepreneurship can be defined as self-employment among youth” (p.18) while Green (2013) advanced that self-employment is often seen as a limited proxy for entrepreneurship, and that much of the data on entrepreneurial choices of young people related to self-employment. Schoof (2006) recognized that both entrepreneurship and self-employment are sources of new jobs and economic dynamism and can improve economic livelihoods. Schoof argued that for young people in the informal economy, micro-entrepreneurism generates income, self-reliance and a new innovative path to earning a living. The OECD advanced that “all self-employed persons are considered entrepreneurs (business owners) in one of two different categories: self-employed with no employees (own-account workers with no employees) and self-employed who employ other workers (self-employed who are employers)” (p. 202).

Positing that youth entrepreneurship can be a vehicle for enhancing individuals’ employability and social mobility, while also inducing productive transformation, OECD/ECLAC/CAF (2016) reported that young entrepreneurs from Latin American and Caribbean (LAC) region tended to be less educated and come from more disadvantaged socio-economic backgrounds than in OECD economies. Further, “With fewer resources, skills and experience, they face higher barriers for business creation, in accessing finance, acquiring entrepreneurial skills, integrating business networks, creating new markets and overcoming regulatory barriers” (p. 200).

Sources of Financing for Youth Entrepreneurs

Procuring financing for start-up, operation and expansion of their businesses is undoubtedly the major challenge faced by youth entrepreneurs worldwide (Dzisi, 2014; Gwija, Eresia-Eke & Iwu, 2014; Simmonds, 2017; UNCTAD, 2015). Heidrick and Nicol (2002) argued that youth-owned businesses must overcome the same obstacles as other businesses in financing their operations and that the hurdles are often more pronounced.

Danns and Danns (2019) pointed to a composite of international and regional institutions, governmental and other agencies that lend support to youth entrepreneurs and youth entrepreneurship promotion strategies in developing countries. Improving youth entrepreneurs' access to financing is among the types of support offered by some of these agencies (Greene 2013; UNCTAD 2012 & 2015;). However, many of these agencies lack adequate funding and other resources, target only small numbers, and some may be neither consistent nor reliable in their delivery of financial support for youth businesses. Further, even when support for youth entrepreneurs is available, information on such programs is often not accessed by most youth entrepreneurs (Danns and Danns, 2019; Simmonds, 2017).

Typology. Based on a review of research literature on financing youth entrepreneurship we proffer a six-fold typology of the sources of youth entrepreneurship financing in developing countries (See Fig 1). These sources identified from the literature are governmental agencies, international and regional agencies, banks and other financial institutions, non-governmental agencies, personal savings/family and friends, and new players/new financial instruments. Often, two or more these sources work in partnership with each other to provide youth entrepreneurship financing.

Figure 1: Typology of Sources of Youth Entrepreneurship Financing in Developing Countries



Government Financing of Youth Entrepreneurship programs. In recognition of the problems that youth entrepreneurs face obtaining funds from traditional sources like banks and other financial institutions, many governments have committed and are committing funds to assist (Danns & Danns, 2019; Ahaiwe & Kasirye, 2015; UNCTAD, 2015). In some developing countries in Africa and elsewhere, governments have developed ‘national youth funds’ to provide

some financing for youth businesses. Ahaibwe and Kasirye explained that these youth funds are financial resources contributed by governments through their annual budgets for the specific purpose of supporting youth businesses. These funds may be in the form of loans and grants and governments can disburse these in conjunction with the private sector and non-governmental organizations (NGOs). The authors discussed four such cases for Africa (Kenya, Botswana South Africa and Uganda). In Kenya, the government contributes the majority of funds for the Kenyan Youth Fund while financial institutions provide some. The Botswana Youth Fund is 100% government-funded with 50% going to loans and 50% to grants. The government of South Africa initially funded their Umsombuvu Youth Fund which overtime attracted significant private investment partnerships. The government of Uganda, in partnership with three banks, made the Uganda Youth Venture Capital Fund (UYVCF) available “to support growth of viable and sustainable SMEs by youth in the private sector” (p. 4).

In the Caribbean, the Dominica Youth Business Trust (DYBT) launched in 2004 is an initiative of the Government of the Commonwealth of Dominica and the Commonwealth Youth Programme (CYP) with support from the Organization of American States (OAS) and the Caribbean Development Bank (CDB). The DYBT is a program that involves inputs from several institutions and donors to deliver “an efficient package of services” to young entrepreneurs. Among these services are loan guarantees, mentorship and technical support for youth entrepreneurs (Government of the Commonwealth of Dominica, 2019).

Governments also incentivize youth entrepreneurs through competitions and monetary awards. The South African government, for example, provides the Youth Enterprise Award and the Entrepreneurial Ambassador award collectively aimed at bringing national recognition to youth entrepreneurs and as a method of funding (Republic of South Africa, 2013).

In reporting on youth entrepreneurship in LAC countries, OECD/ECLAC/CAF (2016) explained that public policies to tackle financing constraints are gradually being introduced, and that development banks have expanded their role in the region. Further, these agencies reported that recent programs in LAC are targeting youth entrepreneurs by providing credit guarantee schemes to assist young individuals with no collateral. Grants are also being introduced as an instrument targeting youth entrepreneurs. However, the report concluded that spending on entrepreneurship programs generally, was low and that such spending was disbursed disparately through various government ministries and government agencies.

International and Regional organizations. International agencies such as the International Labor Organization (ILO), the World Bank and the United Nations (UN) have supported the Youth Entrepreneurship strategy in developing countries by providing some financing. One example is the Youth to Youth Fund (Y2YF), a scheme run by the Youth Employment Network, an initiative of the ILO, World Bank and the UN. This scheme awarded grants to help youth entrepreneurs in countries such as Tanzania, Uganda and Kenya in East Africa ((UN Envoy on Youth, 2018).

Regional development banks provide some funding for youth entrepreneurs. In Africa, for example, the African Development Bank (AfDB) in collaboration with the European Investment Bank (EIB) manages the “Boost Africa Empowering Young Entrepreneurs” initiative. This initiative, among other goals, provides funding at the earliest stages of enterprise creation (AfDB,

2018). The Inter-American Development Bank (IDB) has a Young Entrepreneurship Program (YEP) designed to provide funding for young entrepreneurs in Latin America and the Caribbean (IDB, 2018). These agencies provide mainly concessionary loans and some grant funding.

Banks and other Financial Institutions. The OECD/ECLAC/CAF (2016) found that adequate financing is a key constraint for developing entrepreneurial activities among the young, and that scarcity of funds in the LAC region is often the outcome of a low level of financial intermediation. It was reported that “SMEs in the region receive only 12% of the total credit, while SMEs in OECD countries receive 25% of total credit; one-third of small businesses in Latin America identify access to finance as a serious restriction” (p. 208).

Commercial banks in Guyana have a poor track record of lending to small and medium size enterprises (SMEs) and youth businesses, many of which are micro-enterprises and are denied as part of this mix in that country. According to the IDB (2014a) commercial bank loans are instead granted to large companies and are denied to SMEs and new businesses. The IDB reported:

in many cases these businesses lack appropriate collateral. Commercial banks require up to 150% collateral and have cumbersome loan application processes. This acts as a major constraint to small and medium- sized enterprises (SMEs). The banking system is biased towards the exclusive use of real estate as collateral” (p.18).

Some development banks and other development financial institutions are being urged by governments to help support youth entrepreneurship. Simmonds (2017) pointed to the case of the Tanzania Agricultural Development Bank that developed a program to provide loans to over 1000 young entrepreneurs during a five-year period. Simmonds, however, cautioned that even where Development Financial Institutions (DFIs) exist, these dedicate only a limited amount of resources and effort on funding for youth. Further, he explained that some banks do not have the risk profile to engage with youth entrepreneurs as a lending class and are unprepared to work with and assist them to integrate themselves into a supply chain where there are many opportunities.

Non – governmental organizations (NGOs). Some non-governmental organizations, both national and international, are involved in the development of youth entrepreneurship and youth enterprise in developing countries (UNCTAD, 2015). While many such NGOs provide entrepreneurship training and mentorship, some also provide funding (Danns & Danns, 2019). In the Caribbean, for example, several countries have Youth Business Trusts with membership in broader umbrella international and regional NGOs. Youth Business International (YBI) and Youth Business Caribbean (YBC) have been working together in tandem to strengthen the ecosystem for young entrepreneurs by expanding access to entrepreneurial support activities for young people throughout the Caribbean (Youth Business Caribbean, 2018).

The Jamaica Youth Business Trust (JYBT) as an accredited member of Youth Business International is a non-governmental youth entrepreneurship development organization which supports entrepreneurial ventures initiated by Jamaican youths from 18 – 35 years old (Jamaica Youth Business Trust, 2019). In addition to training, business mentorship and advisory services, the JYBT provides start-up capital for eligible youth entrepreneurs. Youth entrepreneurs can borrow up to Jamaican \$500,000 per business, collateral-free, low interest loans with a minimum

of three months moratorium and up to three years to repay (JYBT, 2019). JYBT reported disbursing in excess of J\$20 million in start-up loans to youth entrepreneurs in varying industries with agri-business being the most represented. In similar vein Youth Business Trinidad and Tobago (YBTT), Barbados Youth Business Trust (BYTT); St. Lucia Youth Business Trust (SLYBT) and other Youth Business Trusts in the Caribbean and in other developing countries often provide access to start-up financing for youth businesses. Both the SLYBT and BYBT described their programs as “a private sector initiative made possible through a partnership with the voluntary sector” (SLYBT, 2019; BYTT, 2019). The YBTT describes itself as “a registered charitable body” and lists a number of other NGOs, private sector businesses, financial institutions, and international/regional agencies as its donors (YBTT, 2019). These variations underscore the fact that funding sources for youth entrepreneurship are often manifest as integrated networks and collaborative partnerships.

Personal Savings, Family and Friends. Because of the unavailability or inadequacy of formal funding, youth entrepreneurs resort to obtaining financing from family and friends when investing in productive activities for business start-up and expansion (Simmonds, 2017). Heidrick and Nicol (2002), in a study on Canadian youth entrepreneurs, pointed out that 46% used personal savings for start-up; 38% received money from family or friends; 28% obtained loans or a line of credit from financial institutions; and just 9% obtained youth business loans. The findings for this developed country are not totally dissimilar to what is reported in studies on youth entrepreneurship in developing countries. Kew, Herrington, Litovsky and Gale in the 2013 GEM/YBI Report found that approximately three quarters of youth new or nascent businesses were primarily reliant on personal savings or family and friends for funding to start a business. In Latin America and the Caribbean 75.7% of youth businesses were dependent on these sources of financing; 77.7% in Sub-Saharan Africa; and, 73.2% in Asia Pacific and South Asia (Kew et al.). DeGobbi (2014) explained that personal savings was the main source of funding for most Sub-Saharan African countries except for Liberia and Zambia which had higher shares of young entrepreneurs receiving start-up financing from family and friends.

New Players and New Financial Instruments. The OECD/European Union (2014) pointed to the emergence of several new financing mechanisms to fill the start-up capital void for disadvantaged and under-represented entrepreneurial groups, including youth, in Europe. These included loan guarantees, micro-credit, crowdfunding, peer-to-peer lending, business angels, Islamic financing and self-financing groups. Some of these newer mechanisms are finding their way into the youth entrepreneurship financing mosaic in developing countries. Simmonds (2017) reported on financing such as social impact funds, livelihood funds and informal financing mechanisms such as crowd funding for youth entrepreneurs the agricultural sector in Africa.

Otsuka and Canseco (2012) noted that young entrepreneurs needed small loans (not micro) and long-term financing but are inhibited from obtaining these because of lack collateral and credit history. Further, youth entrepreneurs are disadvantaged because the necessary financing amount may be too large for microfinance and too small for venture capitalists or angel investors, if even these exist. These authors found that, contrary to conventional wisdom, loan guarantees can prove an effective vehicle for financing youth start-ups. The authors examined a Multilateral Investment Fund financed project in Peru which selected promising youth start-ups through business plan competitions, trained the screened start-ups, and facilitated financing through a US\$1,000,000

fund (half of which was cash collateral) that guaranteed 67 percent of the credits granted to the winners. This program was executed by PROBIDE- a Lima-based NGO- in collaboration with a local university, 13 private firms, and four partner banks. The authors reporting on this loan guarantee fund stated:

It provided a total of US\$1.32 million in loans to 121 youth businesses. The average loan amount was US\$11,000 with a three-year repayment period and interest rate of 15%. The project technical assistance component supported over 16,000 young entrepreneurs in developing business plans of which 4,695 plans were presented, and ultimately 328 were selected and presented for financing. With the guarantees, a total of 121 businesses were created over the past 10 years, with a 25% failure rate. Of the remaining 90 surviving businesses, their combined sales are currently estimated at US\$11 million and they employ approximately 500 people. (p. 1)

Simmonds (2017) concluded that the availability of financing for youth entrepreneurs was no guarantee that they will become successful. He stated:

A market can have all the liquidity it wants, however without a technical assistance provider- a firm providing knowledge, business or technical skills and mentorship many youth who obtain financing will be doomed to failure. Furthermore, financial literacy and management skills are key resource gaps for many youths in some of these developed markets. (p. 6)

Problems experienced in financing Youth Businesses

Compared to larger firms, youth entrepreneurs' businesses tend to be micro, small and medium size enterprises (MSME). Consequently, accessing financing tends to be more difficult because of credit standards, technical and formal loan eligibility requirements - including requests for collateral and guarantees- and higher evaluation and monitoring unit transaction costs. Youth entrepreneurs often have little information on the solvency of their businesses inclining banks to refuse to lend or require that they pay a very high interest rate in order to borrow. It was found that among the most common reasons for excessive financing costs or even outright credit rationing are lack of a track record; lack of transparency in accounting often associated with weak disclosure capacity; and insufficient capital to offer collateral for the loan (OECD, 2017).

Typically, lenders view young people as risky; lacking credit history, work history, banks accounts and having insufficient collateral to secure loans or lines of credit (Heidrick & Nicol, 2002; UNCTAD, 2015). UNCTAD explained that collateral requirements, excessive restrictions when opening bank accounts, high banking fees, inadequate youth-friendly products, and lack of financial literacy are key impediments for youth entrepreneurs' access to financing. Simmonds (2017) focused on some of the actors who are financing youths in agriculture and found a lack of tailored financial products suitable for season-based enterprises and or farm related risks.

Youth entrepreneurs in less developed countries mainly operate in the informal economic sector, operate unregistered businesses and may be ineligible to access available credit and in general experience problems of financial exclusion. (Danns and Danns, 2019; UNCTAD 2012, 2015). The cost and time needed to register and start up a business in Latin America and Caribbean countries

are among the main obstacles to their development with the LAC reportedly lagging other regions and the global average in this regard. This issue impacts more on youth entrepreneurs and contributes to their economic and financial exclusion (OECD, 2017).

Using recent estimates from selected LAC countries, the OECD reported that entrepreneurship programs represented only a small share of the expenditure in other labor market programs such as training. Further, the OECD stated that estimating public expenditure in youth entrepreneurship can be cumbersome because programs are scattered across different levels of government, ministries and government agencies. (OECD, 2017).

The World Bank (2015) reported that generally for entrepreneurs in the Caribbean obtaining credit was very constraining. The Bank noted that the region performs poorly in terms of depth of credit information and that this increases constraints to accessing financing. The Bank concluded that generic technical assistance, training, advocacy and financing do not appear to match the entrepreneurs' requirements.

A consideration of gender is imperative for an effective understanding of youth entrepreneurs' access to financing. Women in LAC countries experience greater difficulties in starting their own businesses compared with their counterparts in the OECD countries (Kelley et al., 2014). The Inter-American Development Bank (IDB) (2014b) found that: "Despite the efforts of the public and private sector to improve the entrepreneurial environment, there is still a significant gender gap in entrepreneurship (primarily in terms of quantity and growth), which puts the female population at a disadvantage" (p. 6). These studies on women entrepreneurship in the LAC, although applicable, generally do not focus exclusively on women 18 – 35 years old.

Lashley and Smith (2015) pinpointed obstacles women entrepreneurs in the Caribbean experience including a lack of collateral, poor business or management skills (including record-keeping), risk of lending to own-account proprietors, poorly prepared applications and a concentration in low growth and small-scale sectors. Lashley (2009) noted that women's access to financing is constrained by the informal/semiformal sector, and mostly involves small amounts, which restricts growth. Lashley asserted: "a level of stasis where clients that commence activity in the informal sphere do not graduate to the formal sphere where greater opportunities for growth and development are available" (p. 8). Similarly, the Caribbean Development Bank (CDB) (2012) found that "access to finance for women continues to be one of the central barriers to growth, due to limited ownership of requisite collateral to access credit from traditional banking sectors" (p. 36). The challenges that youth entrepreneurs face accessing business financing, therefore, may be compounded for female youth entrepreneurs.

RESEARCH QUESTIONS AND METHODS

The research questions for the article are: (1) What are the sources for youth entrepreneurship financing in the town of Linden, Guyana? (2) What is the profile of youth entrepreneurs who access loans and grants for business start-up and expansion? (3) What problems do agencies report in providing financing for youth entrepreneurship in the town of Linden? The town of Linden was selected for study because the bauxite industry, which was the mainstay of its economy, has diminished considerably. For many young people, in what was once a thriving mining town, the path to success in life consisted of graduating from high school and acquiring a "good job" in the

bauxite industry. The current reality is that bauxite mining has declined considerably over the past ten years and now employs only 506 people from an earlier high in excess of 6,500. Becoming an entrepreneur was not generally on the career radars of youths in Linden. Unemployment and the lack of job prospects, however, are constraining youths to either leave the town or resort to the possibilities of entrepreneurship. Further, entrepreneurship is being promoted by policy makers in Guyana, as a key strategy to generate youth employment, reduce individual poverty and to give youths a stake and say in the development of their communities (Danns & Danns, 2019).

This article utilized data from a broader mixed method study conducted by the authors, during May – June 2018, to determine the factors impacting youth entrepreneurship in the town of Linden, Guyana. IRB approval was granted in April 2018. Survey data from the broader study were used to identify the sources of financing for youth entrepreneurs and to determine the challenges youths experience in accessing business financing. Further, it utilized qualitative data derived from agency interviews with officials and, secondary data to explicate the problems financial institutions, governmental, international and nonprofit agencies report in seeking to provide financing for youth entrepreneurship.

Survey of Youth Entrepreneurs

The survey instrument comprised: demographic questions, questions about business characteristics and start up, current business operations and assessments of the current economic environment. Included in these broad categories were questions on types of businesses owned, startup capital, revenue, profit, reinvestment, access to loans and other forms of financing, entrepreneurial skills and training, number of employees, working hours, family and other support systems, and challenges facing youth entrepreneurs.

Youth entrepreneurs in Linden operate mainly as informal/semi-formal economic operatives where most of their businesses are not registered, taxes and social security obligations are invariably not adhered to and, limited formal records are available. The researchers were able to access and interview 77 youth entrepreneurs. Thirty-five respondents were accessed through the assistance of community leaders and were interviewed in two facilities provided by the Linden Municipality. Questionnaires were distributed to eligible respondents and the research team members were available to provide any guidance required. Secondly, two teams of researchers traversed key business districts and other areas in the town and were able to locate and interview an additional 42 youth entrepreneurs at their business locations. Researchers used the snowball technique to access some of these respondents. We completed the latter interviews on a Friday and Saturday, which are the busiest business days in the town. Survey data was taken off from the questionnaires, recorded onto an excel spreadsheet and further processed using a statistical package.

To determine the sources of financing received by respondents, researchers analyzed responses to three survey questions. These questions are: “Where did you get financing from to start your business?” “Have you been able to secure any financing to grow your business since starting?” and “If yes, from where/whom?” To establish the profile of youth entrepreneurs receiving loans and grants, researchers isolated these respondents and analyzed this data by gender, age group,

number and types of businesses owned, entrepreneurship education received, challenges faced and other factors; and, compared these to other youth entrepreneurs in the survey, when applicable.

Agency interviews

Researchers for this project read news articles from Guyana and contacted governmental, international and non-governmental sources to pinpoint the key drivers of the youth entrepreneurship development strategy. A semi-structured interview schedule was developed in accordance with the study objectives and, the principal researchers conducted 18 agency interviews over a three-week period in May – June, 2018. Interviewees included ministers of government, education officers and other government department officials, the Linden Mayor and town councilors, representatives from youth funding agencies, non-profit agencies, commercial banks, other private sectors entities and community groups. Interviews were recorded and transcribed. For this paper, researchers report on agencies associated with youth entrepreneurship financing in the town of Linden; pinpoint their role in such financing; and, identify themes emerging from agency interviews on the problems agencies faced in providing youth entrepreneurship financing. This is reported in the results using themes and quotations from agency respondents.

RESULTS

Survey Results: Entrepreneurs and Business Characteristics

Table 1 provides the demographic profile of youth entrepreneurs in the survey. Seventy-seven youth entrepreneurs between the ages of 18 and 35 were interviewed. Of these, 47 or 61% were female and 30 or 39% were male. Twenty-four respondents (31.2%) were in the 18 to 25 age group; 17 or 22.1% in the 26 to 30 age group while 36 or 46.7% were in the 31 to 35 age group. Thirty-nine respondents (50.6%) identified as “Black/African;” five or 6.5% identified as “East Indian” and 33 (42.9%) identified as “mixed race.” Thirty-nine or 50.6% of respondents were single while 20 or 26% were married and 17 (22.1%) were cohabiting. Almost 64% of the female respondents and 70% of male respondents had children.

Table 1: Demographic Profile of Youth Entrepreneur Respondents

Gender	N= 77	%		N = 77	%
Female	47	61	Number of Children		
Male	30	39	No children	26	33.8
			One	13	16.9
Age Group			Two	18	23.4
18-25	24	31.2	Three	14	18.1
26-30	17	22.1	More than 3	3	7.8
31-35	36	46.7			
Race/Ethnicity			Highest level of Education		
Black/African	39	50.6	Primary School	7	9.1
East Indian	5	6.5	Secondary School	35	45.4
Mixed Race	33	42.9	Technical/Vocational	25	32.5
Marital Status					

Single	39	50.6	University	8	10.4
Married	20	26	Other	2	2.6
Common Law Rel.	17	22.1			
Divorced	1	1.3			
Religious affiliation			Current Enrollment in Educational Institution		
Christian	56	72.7	Technical/Vocational School	9	12.2
Hindu	2	2.6	University	7	9.4
Muslim	4	5.2	Other institutions	2	2.7
No religion	5	6.5	Do not attend any institution	56	75.7
No response	10	13	No response	3	4

The highest level of education attained was determined: 9.1% reported primary education; 45.5% reported secondary education; 32.5% reported post-secondary technical/vocational education; and, 10.4% attended university. These findings reveal that 70 out of the 77 youths had attained secondary education or higher. No youth reported never attending school. Nine and seven respondents respectively were currently enrolled in the Linden Technical Institute and the University of Guyana.

Business Characteristics. Table 2 provides some characteristics of the youth businesses. Of the 77 youths in the survey 59 or 76.6% owned one business; 14 or 18.2% owned two businesses; and, four respondents owned three businesses each. Sixty-two respondents (80.5%) earned all their income exclusively from their businesses; seven respondents had jobs along with their businesses; and, four reported earning other income by assisting their spouses. Fifty-five respondents (71.4%) were the sole owners of their businesses while 21 (27.3%) were in business with others including parents, siblings and other relatives.

Table 2: Youth Entrepreneurs’ Business Characteristics (N =77)

<i>Categories of Businesses owned*</i>	<i>Freq.</i>	<i>% of Resp.</i>	<i>Number of Businesses owned</i>	<i>Freq.</i>	<i>% of Resp.</i>
Agriculture	2	2.6	One	59	76.6
Art & Craft	3	3.9	Two	14	18.2
Beauty & Grooming	12	15.6	Three	4	5.2
Butchery	1	1.3	Length of time in Business		
Catering	2	2.6	2 years or less	24	31.2
Event Planning	2	2.6	3 - 6 years	21	27.3
Garment Manufacturing	1	1.3	7 - 10 years	15	19.5
Internet services	3	3.9	11 - 15 years	11	14.3
Livestock rearing	4	5.2	Over 15 years	5	6.4
Other services	6	7.8	No response	1	1.3
Restaurant and/or Bar	4	5.2	Age at which Business was started		
Retailing/Vending	32	41.6	17 years or younger	20	26
Seamstress/Tailor	2	2.6	18 - 25 years	38	49.4
Snack preparation	8	10.4	26 years and older	19	24.7
Transportation services	5	6.5	Is Youth Entrepreneur sole owner of Business		

Tutoring	2	2.6	Yes	55	71.4
*Some respondents owned more than one business			No	21	27.3
			No response	1	1.3
No. of Persons currently employed by Business			Respondents' Business co-owners		
One	8	10.4	Parents	2	2.6
Two	11	14.3	Spouse	9	11.7
Three	2	2.6	Brothers/Sisters	3	3.9
Four	2	2.6	Other Youths	1	1.3
Six	1	1.3	Other adults (not youths)	3	3.9
Eighteen	1	1.3	Other relatives	2	2.6
None	50	64.9	No response	1	1.3
No response	2	2.6	Not applicable	56	72.7

The main business categories reported were retailing/vending (41.6%), beauty and grooming services (15.6%), snack preparation (10.4%), and transportation services (6.5%). Additionally, youth entrepreneurs engaged in event planning, catering, agriculture and livestock rearing, garment manufacturing and other sewing activities; owned restaurants, bars and meat shops; provided art and craft services, internet services, tutoring, printing and other services. Data revealed no statistically significant differences in male and female ownership of specific business categories. However, it is worth noting that of the 12 beauty and grooming business in this survey ten were female-owned and all five youth entrepreneurs in the transportation business were males.

Thirty-one percent of respondents were in business for two years or less; 27.3% were in business for three to six years; 19.5% were in business for seven to ten years, while 20.8% reported being in business for 11 years or more. Five respondents reported being in business for over 15 years. Fifty-five of the 77 youth entrepreneurs in the survey started their business at age 18 or older. Fifty-nine respondents (76.7%) reported seeing other family members run businesses.

Survey Results: Access to Financing for Start-up and Expansion

Business Start-up Financing. When asked “Where did you get financing from to start your business” 75 respondents provided answers. Nine respondents named two sources each for their start-up financing. Predominantly, youth entrepreneurs used their own funds and/or help from persons they knew to finance their start-up. Table 3 provides data on youth entrepreneurs’ sources of start-up financing. Forty-nine or 66% of respondents used money from their savings to start their businesses. Male respondents (75.9%) were more likely than females (58.7%) to report using their savings for business start-up purposes. Forty youth entrepreneurs named “savings” as their only means of start-up financing. Thirteen respondents (18%) said that someone else (family and friends) financed their start-up and they did not have to repay. Female respondents (21.7%) were more likely than males (10.3%) to have family and friends financing their start-up. In total 58 respondents (77%) named personal savings and/or family and friends as their source for start-up financing.

Table 3: Sources of Financing for Business Start-up

Financing for Business Start-up (N = 75)	*Freq.	%*
From my savings	49	66%
Someone financed my start-up and I do not have to repay	13	18%
Borrowed from the bank	7	9%
Borrowed from the Linden Enterprise Network (LEN)	1	1%
Borrowed from Inst. for Private Enterprise Development (IPED)	1	1%
Borrowed from another agency	2	3%
Grant from a non-governmental agency (SKYE, USAID)	4	5%
Grant from a Guyana Government agency	2	3%
Inheritance	1	1%
Someone financed my start-up and I have to repay	1	1%
Did not need start-up money	3	4%

*Does not add up to 75 or 100% as some respondents provided more than one source of financing

Sixteen of the 75 respondents (21.3%) acquired loans and/or grants for business start-up. One respondent accessed both a loan and a grant for start-up. Seven respondents (9.3%) got financing from a bank; two received grants from government agencies; four received grants from non-governmental agencies; four others borrowed from other agencies including the Linden Enterprise Network (LEN) and the Institute for Private Enterprise Development (IPED). Of the seven respondents that got bank loans, four reported that they also used their own savings. Respondents who procured financing through loans and grants from other agencies did not report also using own funds.

Business Expansion Financing. Respondents were asked “Have you been able to secure any financing to grow your business since starting: if yes from where/whom?” Thirty-three respondents reported getting financing to expand. Twelve respondents (15.6%) got financing from family and seven self-financed their expansion. Eleven respondents (14.3%) got loans from banks; two got financing from government programs; one from an NGO and one from a SSYDR grant. In total, 15 youth entrepreneurs (19.5%) received loans or grants for expansion purposes. This compares to 21.3% who got start-up loans and grants. Of the 15 youth entrepreneurs receiving expansion loans and grants from banks and other agencies, six or 40% of those also received loans or grants for start-up purposes.

Survey Results: Profile of Youth Entrepreneurs receiving loans or grants

This section focuses on the youth entrepreneurs in the survey who were able to acquire grants and/or loans for business start-up and/or expansion. It examines several factors and distinguishes the differences, if any, from other respondents in the general survey. Twenty-five or almost 33% of youth entrepreneurs in this survey reported receiving loans and/or grants to start or expand their businesses. Three entrepreneurs reported accessing bank loans for both business start-up and expansion. The commercial banks were the most popular source of financing for these respondents with 16 of the 25 (64%) accessing loans from this source. Nine in total had grants

from governmental and non-governmental sources, while four reported receiving loans from sources other than banks.

Of the 25 loan and grant recipients:

- 14 (56%) were female and 11 (44%) were male; Data revealed no statistically significant difference between males and females acquiring loans and grants.
- 44% were in the 31 – 35 age category, while 28% each were in the 18 – 25 and 26 – 30 age categories respectively. The data revealed no statistically significant difference among age categories acquiring loans and grants.
- 80% of loan/grant recipients owned one business while the remainder owned two or more businesses.
- 48% of loan/grant recipients were in the retailing/vending business, and 12% were in the beauty and grooming services business; 9% were into agriculture/poultry rearing.
- 52% of the loan/grant recipients had some form of entrepreneurship and business education/training prior to starting their businesses compared to 26.9% for those who did not receive such loans/grants. This difference was statistically significant ($p < .05$ level). One possible reason for this disparity is that invariably grant recipients and some loan recipients are required to attend entrepreneurship training as a pre-requisite for funding.
- 84% of loan/grant recipients reported observing a family member (mother, father and other relatives) run businesses compared to 73% for those who were not recipients of grant/ loans.
- All loan and grant recipients reported reinvested some profit into their businesses.
- There was no statistically significant difference in the level of business satisfaction between those who received loan/grants and those who did not. However, those who received loans reported feeling more worried when they think of their business than those who did not.
- Loan/grant recipients were less likely to “agree” or “strongly agree” that “the lack of collateral” was a challenge than those who did not receive such financing.
- Loan/grant recipients were less likely to “agree” or “strongly agree” that “support from the community” was a challenge than those who did not receive such financing.
- Greater than 50% of both loan/grant recipients as well as non-recipients “agreed” or “strongly agreed” that the “weak economic environment,” “lack of support from government,” “lack of funding information,” “lack of money to invest,” “high cost of running their business” and “uncertainty about the future” were challenges facing them.

Qualitative Results: Agencies involved with Youth Entrepreneurship Funding

Interviews with agencies offering support for youth entrepreneurship revealed that financial support in the form of loans and/or grants to Linden youth entrepreneurs derived from:

1. Commercial banks with branches in Linden
2. The Linden Enterprise Network (LEN)
3. The Institute of Private Enterprise Development (IPED)
4. The USAID and FAO-funded projects executed through SSYDR and the SKYE Program
5. Government ministries executing programs such as the Hinterland Employment and Youth Services (HEYS) Program and the Small Business Bureau (SBB).

Commercial Banks: Two of the six commercial banks operating in Guyana, Republic Bank Ltd. and Citizens Bank Guyana Inc., have branches in Linden. These branches undertake general

commercial banking activities in the town and have no special lending facilities for youth entrepreneurship. Both banks indicated that they are unlikely to lend for start-up businesses but loans can be acquired if the business is an on-going concern, proves that it has good potential and can repay. However, some youths in our survey indicated that they got loans from the banks to start their businesses and named one commercial bank operating in the town. The banks indicated that they lend to youths who have jobs.

The Linden Enterprise Network (LEN). LEN is a funding agency that facilitates start-ups as well as existing businesses that do not meet the requirements for commercial bank financing. It offers both loans and grants. The agency serves Region Ten in Guyana, which includes the town of Linden, and while not specifically a youth entrepreneurship lending facility, LEN offers loans and grants to youth entrepreneurs. According to LEN's executive director, an estimated 15% of LEN's funding has gone to youth entrepreneurs. LEN is funded primarily by the Government of Guyana but seeks partnership with other agencies. The Executive Director described a grant program in which the agency received funding from the Caribbean Development Bank (CDB) and partnered with the Georgetown Chamber of Commerce to train youths in apiculture and then offered them grants to start businesses. In another initiative, 35 youths were reportedly given collateral-free loans to start businesses that included ice-cream vending, salon, barbershops, poultry rearing, and construction. Some youths paid off their initial loans and borrowed again while others did not continue in business. The LEN program started in 2010 after the Linden Economic Advancement Project (LEAP), a community advisory and technical assistance facility, and its funding arm Linden Economic Advancement Fund (LEAF) ended in 2009. LEN took over the combined functions of those two facilities.

Institute for Private Enterprise Development (IPED). IPED is a national non-profit, non-governmental organization that provides loans, training and mentorship to micro and small business enterprises in Guyana. It is headquartered in the capital city of Georgetown but has a branch office located in the town of Linden. Only five percent of IPED's overall loan portfolio of G\$3B for 2018 was allocated for youth businesses. (Guyana Chronicle, March 29, 2019). According to the Business Counselor/Field Officer for Linden, IPED has a youth loan package and offers youths entrepreneurship training, some counseling, and links them to technical expertise, like agricultural officers, when the need arises. According to the field officer, the agency does not finance business start-up and, lends only to registered businesses. IPED does not seek collateral from youth entrepreneurs but has mandatory small business management training when providing loans to youth entrepreneurs. At the time of interviewing IPED Linden had seven youth loans granted under the youth loan initiative.

Specialists in Sustained Youth Development and Research (SSYDR) Inc.: SSYDR is a non-profit enterprise focusing on youth development "so as to reduce youth crime, violence and poverty among youth in Guyana" (personal communication, May 2018). SSYDR works mainly with "at risk" youth who, according to SSYDR's executive Director, comprise "dropouts, teenage mothers, youths who come from communities where there is a systemic crime environment, youths whose socio-economic conditions are pretty low and generally youths who are unemployed and don't have the wherewithal to become employed." SSYDR's foci include youth entrepreneurship training and funding as a means of reducing youth poverty. SSYDR receives funding for project execution from various donor agencies. The Executive Director pinpointed that youth

entrepreneurs in Linden have benefitted from funding that SSYDR obtained from the Food and Agricultural Organization (FAO), the Guyana Ministry of Communities through the SLED Funds and from the United States Agency for International Development (USAID). Prior to the development of SSYDR, this agency's management team executed the USAID's SKYE (Skills and Knowledge for Youth Employment) project, which had a similar focus. Upon project completion, SKYE's training curriculum was gifted to SSYDR.

The Hinterland Employment and Youth Services (HEYS) Program. HEYS is a central government funded project geared to provide scholarships, training, stipends, entrepreneurship funding and much more to youths from indigenous Amerindian villages and other hinterland areas in Guyana. Researchers for this project did not interview HEYS project officials because technically Linden is not considered as being in Guyana's Hinterland. However, it is explained here because one survey respondent of Amerindian origin pointed to this project as a funding source. It is not unusual for residents of Linden to also have some residential ties to the Hinterland.

The Small Business Bureau. The Small Business Bureau (SBB) is a "semi-autonomous" Guyana Government agency that was created to fulfill and execute the mandate set out in the Small Business Act No 2 of 2004 (SBB, 2018). One of the SBB's four functional areas is access to financing for small business. It achieves this by partnering with international agencies, local commercial banks, the Institute for Private Enterprise Development (IPED) and other entities to fund and implement projects and connect small businesses to such funding. One such project was the US\$5 Million Micro and Small Enterprise (MSE) Development Project for which the Inter-American Development Bank (IDB) was the funding entity and the SBB the implementing body. This project aimed at addressing two main bottlenecks for MSEs – limited funding and limited business skills. The project operated through a credit guarantee facility, an interest payment support facility and a low carbon grant scheme for businesses. Two local commercial banks and IPED facilitated the loan process while the government supported a reduced interest rate for all project loans disbursed (Guyana Redd + Investment Fund, 2013, SBB, 2016). One youth entrepreneur from the Linden sample survey benefited from an SBB sponsored loan.

Qualitative Results: Problems associated with Funding Youth Entrepreneurs

Researchers asked agencies to outline some of the problems associated with financing youth entrepreneurs. The agencies dependent on government subventions explained that government funding was sporadic and insufficient. LEN for example, explained that from 2010 to 2015 it was "starved for funding" but got some funds when a new government administration came into power. Further, funding agencies reported problems dealing with youth entrepreneurs from Linden in general (not necessarily respondents from the sample survey). Some distinct themes emerged from these agency interviews. Agencies reported that youth entrepreneurs: lacked good business ideas and were not forward looking; lacked a sense of responsibility and were not motivated; lacked financial and general literacy; lacked a deep sense of what business entailed; lacked collateral and assets; and, had poor business and management skills. This section reports on these and other emerging themes.

Lack of good business ideas/Not forward looking. The theme of youths not having good business ideas emerged specifically from institutions that offered loans. These institutions reviewed closely

the quality of loans and were interested in lending to what one interviewee called “quality borrowers.”

One loan officer from IPED said:

“Youths have corner shops: five or six on the same street with everyone offering the same products; not much distinguishing or differentiating them from each other. There are not many persons with a niche in the market.”

One banker concluded that:

“The youths are stuck in a box; they think just of Linden when there are a number of surrounding areas that can form their market. They can venture out into a number of the riverain areas but are reluctant to go that extra mile.”

LEN’s Director stated:

“We’re living in an innovative age... We don’t see a lot of people [youths] getting into tourism but Linden has a lot of opportunities [Youths] need to see what is there and try to be transformative.”

The director however, reported observing several promising exhibits from youths at a recent trade show.

Lack of a sense of responsibility/ Lack of Motivation. There were mixed sentiments about the motivation of youth entrepreneurs and youths generally in Linden. Some lending agencies felt that the youth entrepreneurs were not responsible and lacked the responsibility to carry on businesses. One banker said: *“The youths are not responsible enough to do these businesses. A lot of them start and then they stop.”*

LEN’s Director stated:

The youths always have to be motivated. They start the programs but do not complete. [we are] constantly motivating them. This is one of the difficulties we are having with youths. They don’t have the stay-ability with them. Some of the youths do not want to go through the training before they are given the funds. We are trying with the new program we are rolling out to give them a stipend to see if this would increase the number of youths in our program.

An IPED loan officer stated:

“From my observation persons seem to be stuck in a malaise – They have a problem plowing back profits into the business. Businesses are barely breaking even, making money in Linden. They do not have an idea of re-investing in their businesses.”

Lack of financial and general literacy. While the lack of financial and general literacy was not a complaint specific to the youth entrepreneurs in Linden it is worth noting that a few lending and other agencies working with youths in general lamented the lack of financial and other literacy of some youths aspiring to be entrepreneurs. Specifically addressing the financial literacy problem, the Advisor to the President on Youth empowerment explained:

When we developed the youth policy, we decided that there were two ways we can solve the youth unemployment problem: 1. actually creating employment and 2.

through entrepreneurship – putting young people in business ... We found that many of them were not financially literate. So, our program became Financial Literacy and Small Business Training.

Echoing a similar sentiment, one banker reported the level of literacy as one of the challenges facing youths seeking business funding. She found that some youths who approached the bank could not “*put their business ideas down on paper.*”

Some funding agencies recognize these problems and work with youths to improve financial and general literacy, along with providing entrepreneurship training before offering any form of business financing. The remedial work needed in these areas lengthen the training period before youths can access funding. Some funding agencies reported that youths may become impatient and/or despondent and may withdraw from programs aimed at empowering them.

Lack of a deep understanding of what business entails. One banker explained that youths seeking funding do not take into consideration factors that can negatively impact their bottom line. The banker stated:

I think they [youths] just look at it [business] from a face value standpoint. They do not sit down to look at it in detail. This is because of limited knowledge....For example, take poultry.... They would say I rear so many birds and sell it for so much; this is my price, my income and this is my profit. They do not take into account or make provision for losses. They would not consider that the price of feed may increase.

Lack of Collateral. Bankers in Linden explained that youths invariably lacked the requisite collateral to obtain loans. One banker explained that from a funding standpoint this lack of collateral was a main challenge. The banker said: *Because they have such a difficulty getting a land title or even getting a vehicle, the youths basically cannot get collateral to put up. The lack of assets is the biggest problem.* This sentiment was echoed by another lending agency that said youths needed access to titled land.

Poor business and management skills. The interviewee from IPED Linden explained:

Another problem you will find is that some clients [youth] are not too quick [good] with management skills to effectively function as an entrepreneur. To help solve this problem we try to offer them some training and skills to help them manage...some record keeping so that they can keep track with what's happening in the business

This loan officer also felt that youth entrepreneurs were not implementing what they learned and that poor management by youth entrepreneurs caused loans to become delinquent. He explained that “*Youths coming for loans are a poor quality of borrowers. We are trying to focus on quality rather than quantity.*”

Most of the lending agencies further explained that there were difficulties in terms of youths’ business plans and in presenting their financial statements and other documents.

Other Problems affecting Youth Entrepreneurship in Linden. The general state of the economy in Linden also impacted on the youths being granted funding. One lending officer described the lending risk in this way:

Because the economy is going down there is a very high risk giving the self-employed a loan. You will find that we only grant loans to those who have already had loans and would have proven themselves worthy customers. With the new ones it may be too risky.

Some lenders felt that the youth entrepreneurs and youths in Linden generally needed more guidance in terms of the various lending institutions and that there are not many programs introducing youths to entrepreneurship and business. Some felt that more training of youth entrepreneurs was needed. Further, there should be some evaluation to determine whether the training was being implemented. Many of the lending agencies felt that the government should be doing much more for youth entrepreneurs in the community. One banker summed it up in this way:

“This community has a lot that can be developed but I do not know where that will come from. The government isn’t doing much. This may have to come from private entities that will try to do something.”

CONCLUSION

This study is a contribution to the scholarly literature on youth entrepreneurship in Latin America and the Caribbean. Uniquely, it provides a case study on financing of youth entrepreneurship in the less developed country of Guyana, both from the standpoint of youth entrepreneurs themselves and the agencies that provide funding for them. Based on a review of research literature on financing youth entrepreneurship, we developed a six-fold typology of the sources of youth entrepreneurship financing in developing countries (See Fig 1). The utility of the typology is that it enables identification of stakeholders for youth entrepreneurship financing in a country or a community.

As depicted in the typology, the sources for financing youth entrepreneurship are governmental agencies, international and regional agencies, banks and other financial institutions, non-governmental agencies, personal savings/family and friends, and new players/new financial instruments. It is usual for two or more of these stakeholders to work in partnership with each other to provide youth entrepreneurship financing. When the typology is applied to the town of Linden, this study found that all these funding sources were operative except for new players/new financial instruments.

This study found that except for the Linden Enterprise Network (LEN) whose funding is directly for the Linden community and the broader Region Ten of Guyana, other funding agencies operated country-wide and some Linden youths benefited from their loans and grant facilities. LEN, however, does not target youths specifically but has some youth entrepreneur loans on its portfolio. Similarly, the Institute for Private Enterprise Development (IPED) sets aside a small amount of funding specifically for youth entrepreneurs. Overall, youth funding programs do not specifically target youth entrepreneurs but provide financial and other support for broader youth development causes. The SSYDR-executed programs, for example, target at-risk youths generally and youth entrepreneurship may be funded as part of these operations. The banks in Linden operate as general

commercial banks and do not have a specific funding portfolio for youths. There is therefore very little government or other agency funding specifically for youth entrepreneurship in Linden.

Similar to the findings of Kew et al. (2013) we found that 77% of youth entrepreneurs in our survey sourced financing for business start-up from their personal savings/family and friends. Twenty-one percent accessed loans from commercial banks for start-up and/or expansion. Commercial banks then, were the second source of youth entrepreneurship financing followed by loans and/or grants from nonprofit organizations and selected government programs. In sum, only one out of every three youth entrepreneurs from the survey reported receiving loans or grants to start or expand their businesses. Youth entrepreneurs who received loans and grants were more likely than non-recipients to have as role models, family members who also operated their own businesses. Further, this study found no statistically significant difference between male and female survey respondents acquiring loans and grants to start or expand their businesses. Probable reasons for this finding are that both female and male respondents had achieved similar levels of education and neither was discouraged by family members, the community, funding institutions and other youth agencies from entrepreneurial pursuits as a means of employment.

Agencies from which youth entrepreneurs derived loans and grants were in general less than sanguine about the entrepreneurial prospects of youth entrepreneurs in the town, judging them as neither business-like nor transformational. Notwithstanding the paucity in agency financing and negative judgement of the performance capabilities of youth entrepreneurs, survey data revealed that respondents were able to earn a living from their businesses and 70% of them were in business longer than two years and 21% for over ten years.

Youth entrepreneurs in the town of Linden operate in a depressed economic environment, which limits business opportunities. The bauxite industry as the mainstay of the town's economy has experienced precipitous decline, severely affecting employment opportunities and all other aspects of economic life. Linden's majority youth population are often constrained to seek employment outside of the town or gravitate to survival entrepreneurship within it. Access to financing for start-ups or business expansion remains a serious challenge. UNCTAD (2012) recommended for developing countries: improving access to financing by developing public credit guarantee schemes and facilitating collateral-free loan screening mechanisms; promoting funding for innovation; building the capacity of the financial sector to serve start-ups; providing financial literacy training to entrepreneurs; and encouraging responsible borrowing and lending. Based on the findings of this study we endorse these UNCTAD recommendations.

The Guyana government has encouraged residents in the Town of Linden to get involved in business. While the intent to promote and support the development of entrepreneurship in Guyana was affirmed by the government, there is yet no comprehensive plan in place for its actualization. Programs supporting youth entrepreneurship are not coordinated, scattered across different levels of government ministries and government agencies, do not evidence a common purpose and are inadequately advertised. These agencies invariably lack adequate funding and are not reliable nor consistent in their delivery of financial support for youth businesses. It is recommended that coordinated, targeted and financially supported policies and programs for youth entrepreneurs in Linden be specifically developed, publicized and implemented.

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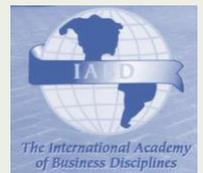
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