Youth Entrepreneurship in Accra, Ghana: The Role of Education and Social Networks in Opportunity Development

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“In Ghana we have this saying in Twi,

‘Nia ofro dua pano nya boafo’

...

He who claims a good tree has helpers

Or

She who puts her pot on her knee needs help to put it on her head

...

What it means is, if you want to start something you should make the effort to a certain level, you know like your knee, before people can easily help you”

Barnabas Apom (young Ghanaian entrepreneur)
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Source: Economist Intelligence Unit, 2006
Abbreviations and Acronyms

AIESEC: The world’s largest student-run organisation
BBB: Begin Believe Become, the business plan competition of TechnoServe
CR: Critical Realism
DANIDA: Danish International Development Assistance
GEM: Global Entrepreneurship Monitor
GIMPA: Ghana Institute of Management and Public Administration
GoG: Government of Ghana
GSS: Ghana Statistical Services
HBE: Home Based Enterprise
IEEE: Institute of Electrical and Electronics Engineers
IMF: International Monetary Fund
ISSER: Institute of Statistical Social and Economic Research
MEST: Meltwater Entrepreneurial School of Technology
MSME: Micro, Small and Medium Enterprises
NYEP: National Youth Employment Programme
PNCD: Provisional National Defence Council
SIDA: Swedish International Development Cooperation Agency
SME: Small and Medium Enterprise
SNS: Social Network Site
SSS: Senior Secondary School
WB: World Bank
WOMEX: The World Music Expo
YEMP: Youth and Employment: The Role of Entrepreneurship in African Countries
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Katrine Bay and Pia Rasmussen

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Abstract

Recent debates in the development community and countries in Sub-Saharan Africa have centred on how to create employment for the growing youth population. Entrepreneurship has become very popular in private sector development as a way of creating self-employment and hereby decreasing poverty. The purpose of this thesis was to examine how educational background and social networks affect opportunity development for young entrepreneurs in Accra. In particular, how entrepreneurial education might influence opportunity identification since there is an increased focus on this education in Ghana. We therefore identified three groups of young entrepreneurs whom we interviewed during a field trip to Accra. The entrepreneurs in two of the groups had received specific entrepreneurship education whereas those in the last group had not. The thesis employed the philosophy of critical realism in order to answer the research question, and employed a qualitative methodology consisting of semi-structured interviews and participant observations. A framework of opportunity development was proposed with variables identified from the literature. The data obtained from the 20 interviews indicated that educational background influenced opportunity identification and that entrepreneurs used social networks in the execution of opportunities. Moreover, our research indicated that religious networks and the use of online social networks played an important role in business for young entrepreneurs. These findings make a small contribution to an understanding of opportunity development in the under researched area of youth and entrepreneurship. Further, our findings may be of interest to companies, organisations or donors that want to offer entrepreneurial training programs, or who are already doing so.
1.1. Problem Field

From a development perspective entrepreneurship has recently come to be seen as a viable alternative to formal employment in Africa. Much development aid is therefore being focused on the ways in which to unleash the potential of the African youth through entrepreneurship, which it is believed will lead to private sector-led growth and improve the competitiveness of the African economies (see for example, the African Commission, 2009; UNDP, 2004). Young people are regarded as an abundant resource in Africa and “By 2010 youth will account for 28 percent of the population, making Sub-Saharan Africa the ‘youngest’ region in the world” (Garcia & Fares, 2008). However, estimates indicate that youths comprise as much as 40-65 % of the urban unemployment in many African countries (Chigunta et al., 2005).

In the West African country Ghana young people between the ages of 15 and 35 constitute 33% of the population (2000 estimate in Ministry of Youth and Sports, 2010). The Government of Ghana (hereafter GoG) has embarked on formulating specific youth policies to promote entrepreneurship. These include amongst others, courses at tertiary institutions designed to teach young people entrepreneurial skills, and employment programmes such as the National Youth Employment Programme (NYEP) specifically targeting young people, with the aim of teaching them vocational skills. However, Chigunta et al. (2005:15) argue that “there is little empirical data on how far the perceived benefits of youth entrepreneurship are realized in reality in Africa … it is not clear what form of youth entrepreneurship governments seek to promote”. Further, to date there have been few previous attempts to view entrepreneurship from a youth perspective and therefore in-depth research and concrete data is lacking, especially in relation to the ways in which youths are creating employment through entrepreneurship, or the constraints that they face in doing so (Schoof, 2006). From a development perspective therefore it is imperative to address the specific problem of creating employment for youth through entrepreneurship.
Over the last two decades the field of entrepreneurship has received considerable attention from various academic disciplines. However, from an economic perspective the role of entrepreneurs in promoting the economic development of nations has been widely recognized (Acs, et al., 2008; Mead & Liedholm, 1998; Schumpeter, 1934; Thurik, et al., 2008). Therefore, private sector development, notably entrepreneurship, is a central concern in the international development community, and for the GoG (Arthur, 2006; Gibbon & Schulpen, 2002). In the global South the individuals who choose the path of entrepreneurship as a livelihood are classified as either ‘necessity’ or ‘opportunity’ entrepreneurs (Acs et al., 2008; Bosma, et al., 2008). The former is an individual who is pushed into self-employment due to necessity and a lack of wage employment. A necessity entrepreneur is likely to return to paid employment as soon as such an opportunity arises. The latter, an opportunity entrepreneur, refers to self-employment by choice in order to exploit a perceived opportunity (Naudé, 2008).

The starting point for entrepreneurship is entrepreneurial opportunities (Shane & Venkataraman, 2000); without opportunities there can be no foundation for entrepreneurship. The literature on opportunities differs widely in its focus; some researchers focus on the outcomes of opportunity identification such as new venture formation, others see opportunity as the chance to introduce innovative goods or services and yet other researchers focus on opportunities as a creative process involving a synthesis of ideas over time (Short, et al., 2010). However, there seems to be general agreement that the study of entrepreneurship is best carried out within a particular context with due consideration for the environment within which the entrepreneur must operate because “the emergence of an opportunity is embedded in particular social, cultural and economic structures (Fletcher, 2006) and entrepreneurship is a ‘context-dependent social process’ (Low & Abrahamson, 1997:435 in Lounsbury & Glynn, 2001:546). However, research on how young entrepreneurs identify opportunities in Ghana is lacking.

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1 As this paper operates within the discourse of development studies, we use the term ‘global North’ and ‘global South’ to designate the ‘developed’ and the ‘developing’ countries respectively.
The modern entrepreneur has been labelled a ‘network hero’ by some (Nijkamp, 2003:401) and increasingly networks are being perceived as a key element of entrepreneurship (Jack, 2010). However, according to Nijkamp (2003) networking is an activity that requires investments in social communication and informal bonds, as well as training and education. Although there is a large body of research which argues that there is a positive relationship between the success of starts-ups and the use of personal networks (Witt, 2004), this research has mostly been concentrated on the global North, and less on young people in the global South. Moreover, in the global South the business environment is often characterized by institutional voids such as insufficient access to market information, misguided regulations, imperfect capital and labour markets, inefficient judicial systems and the low enforcement of rule of law (Khanna & Palepu, 1997). As a result, institutional voids cause market failures and local firms therefore have to perform these basic functions themselves or seek them out in the informal market. In this regard social networks may compensate for the institutional voids in the business environment.

African youth has been labelled a ‘lost generation’, a generation that lost out on education opportunities due to civil wars and political conflicts and which has consequently lived daily lives characterized by violence (O’Brian, 1996 in Hansen, 2005). In a study of youth in Zambia, Hansen (2005:4) posits that young people tend to be victims in a structural sense, i.e. they are victims of the inability of the educational system and the job-market to deliver as well as of the overall institutional decline of society. Therefore it is not so much an issue of a ‘lost generation’ but rather of a segmentation of the young population that will never be able to become adult in a normative and cultural sense. This is due to the fact that in an African context the attributes of adulthood include having a job, as well as having a spouse and children; in short, having the ability to run an independent household (Hansen, 2005). After graduating, young Ghanaians are faced with fewer opportunities in the job-market and therefore find it harder to get a job and to acquire the financial resources required to achieve social positions as adults (Langevang, 2007). And so ‘Youth can be seen as a slippery and fuzzy concept owing to its position as caught between childhood and adulthood’ (Valentine et al., 1998 in Langevang, 2008b: 228).
Olomi (2009) posits that people with formal education who enter the field of entrepreneurship are likely to do better than those without. Further, in a study of small African enterprises, Mead (1999) states that lower level education makes little difference to enterprise profitability but that going beyond a certain threshold (for example, primary school), is associated with substantial differences in enterprise profitability (in Kiggundu, 2002:244). In many African countries, entrepreneurship is looked down upon as a risky choice of livelihood (Olomi, 2009) and naturally this causes obstacles for young graduates who want to become entrepreneurs, since they have to deal with the added burden of prejudice in their immediate environment.

This thesis aims to fill a research gap and to investigate if, or how, social networks and education affect opportunity development for young entrepreneurs in the specific urban context of Accra, the capital of Ghana.

1.2. Research Question

In the light of the issues explicated in the above problem field, the thesis seeks to answer the following research question:

**RQ: How do Education and Social Networks Influence Opportunity Development for Entrepreneurship by Young Ghanaians in Accra?**

In conceptualizing entrepreneurship, one can differentiate between concepts such as (1) the entrepreneur, or individual actor in the market, and (2) entrepreneurial which is defined as the behaviour in the market, and lastly (3) entrepreneurship which is defined as a process that combines the actor and the behaviour in the market (Virtanen, 1997). The thesis employs the last definition of entrepreneurship. We take a behavioural approach to entrepreneurship, which addresses multiple variables and looks at what the entrepreneur does when creating a new enterprise (Gartner, 1985). According to Schoof (2006) using a
behavioural definition facilitates the analyses of youth entrepreneurship, as it is easier to observe what young entrepreneurs do and how they do it than to identify their particular “entrepreneurial” traits and qualities. According to Venkataraman (1997:1) “Entrepreneurship as a scholarly field seeks to understand how opportunities to bring into existence “future” goods and services are discovered, created and exploited, and by whom”. Further, keeping this definition in mind we define youth entrepreneurship as the “practical application of entrepreneurial qualities, such as initiative, creativity, innovation, and risk-taking into the work environment in self-employment, using the appropriate skills necessary for success in that environment and culture” (modified from Schnurr and Newing, 1997 in Chigunta, 2002, emphasis added). The term, ‘appropriate skills’, includes skills which entrepreneurs acquire through their education and which may enable them to successfully manage an entrepreneurial enterprise. We concur with Schoof (2006:7), who argues that although the concept ‘innovation’ is usually associated with entrepreneurship, it is not necessary in order to define entrepreneurship in Ghana.

Underlying the above research question is the hypothesis that entrepreneurial opportunities are developed by entrepreneurs, and that this is a dynamic process, which is not only limited to opportunities for start-ups. This argument is in line with that of Lee and Venkataraman, (2006: 112) who criticise the literature for relying on the assumption that “the characteristics of individuals and the opportunities they pursue are permanent and unchanging”. We define opportunity development like Dimov, (2007a:718) who argues that “every opportunity has an initial idea as its progeny, i.e. someone must have thought about it for it ever to become a subject of human discussion”. The notion here is that we can all have ideas about a new product or service however, it is only when acting on the idea and hereby facing uncertainty that we may talk about opportunity development or entrepreneurship (Dimov, 2007a; McMullen & Shepherd, 2006). Further, we assume that opportunities are mainly developed to generate revenue for the enterprise.

Ardichvili et al. (2003) posit that opportunity development includes recognition, development and evaluation and that these are strengthened by personality traits, social networks, and prior knowledge. Prior knowledge refers to idiosyncratic information or
knowledge that is accumulated through work experience. However, young graduates have limited working experience and therefore it is interesting to address the issue of their educational background and how this may relate to opportunity development. With the recent focus on entrepreneurial education and training by the GoG, as well as other international initiatives, it is also interesting to look at the influence of entrepreneurial education in relation to opportunity development.

We therefore hypothesise that the independent variables education and social networks influence the dependent variable opportunity development. To answer the research question, the thesis will compare three groups of Ghanaian entrepreneurs; two groups which have had training in entrepreneurship and the third one without such training however, all have enterprises in Accra. In order to structure and operationalise the main research question, two guiding sub-questions must first be answered and they are the following:

**Sub-Question 1:** How does Education Influence Opportunity Development?

**Sub-Question 2:** How are Social Networks used in Opportunity Development?

### 1.3. Scope and Delimitation

The unit of analysis in this thesis is opportunity development as it is enacted by individual entrepreneurs in an urban context only and limited to Accra, which is situated in Southern Ghana. This approach is deemed appropriate as the focus in this thesis is on youth, and Munive (2008) argues that youth unemployment is overwhelmingly an urban phenomenon in Sub-Saharan Africa. The analysis will be operationalised through a comparison of three different groups of young entrepreneurs, all of whom have an educational level higher than Senior Secondary School (SSS)$^2$ and a few of whom have taken their degree overseas. The

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$^2$ SSS is a second cycle institution. After completing SSS students who meet certain requirements are eligible to enter training colleges, Polytechnics or universities. The highest paying formal wage jobs increasingly require SSS education or higher (Palmer, 2007a).
first group has received entrepreneurial education at the Meltwater School of Entrepreneurship in Accra (hereafter MEST). The second group consists of entrepreneurs who are receiving entrepreneurial training and participating in a business plan competition initiated by TechnoServe, Believe Begin Become (hereafter BBB). The third group comprised university-educated students (hereafter Group University) with no specific entrepreneurial training. Interviews were limited to entrepreneurs between the ages of 24 and 35 (Appendix 1). MEST is in the services sector, that is, software development. The sectors for BBB are the following; agribusiness and processing, tourism, light manufacturing (including art crafts), and private sector solutions to water and sanitation.

No distinction will be made between entrepreneurs operating in the formal or informal sector of the Ghanaian economy, as this is beyond the scope of the research question, and it is not easy to distinguish between the two. Furthermore, the aim is to approach opportunity development from the perspective of youth as a whole, in so far as this is possible. The gender diversity issue will not be addressed, and therefore the thesis will not investigate whether there are differences between men and women with regard to opportunity development. Such an investigation would, no doubt, yield important insights as the entrepreneurship literature generally indicates that there are important differences in the ways in which male and female entrepreneurs use networks and social capital and this equally applies to entrepreneurs in Ghana (Kuada, 2009). To the best of our knowledge gender specific studies in entrepreneurship have not specifically addressed the issue of gender in relation to youth. However, at this early stage of research into youth entrepreneurship, it is perhaps premature to segment youth according to gender, and it is beyond the scope of this thesis which, as a starting point, seeks to gain insights on youth in general.

Furthermore, the thesis will not apply the traits approach to entrepreneurship, which is based in psychology and predicated on the notion that some individuals possess certain innate qualities that predispose their becoming entrepreneurs. Furthermore, many behavioural studies in entrepreneurship have been based on the taxonomy of cultural values
developed by Hofstede (1980)\(^3\) in order to explain the relationship between national culture and entrepreneurship. Such functionalist approaches are often criticised for ‘black boxing’ culture, and Storr and Butkevitch (2007:252) argue that ethnographic approaches are necessary in understanding the cultural frames that guide entrepreneurs in any given context. However, the scope of this thesis does not permit an in-depth examination of Ghanaian culture.

### 1.3.1 Structure of the Thesis

The thesis is divided into eight main chapters. The first two chapters give the reader a general introduction to the field of entrepreneurship. The literature review serves to identify the independent variables which are hypothesised to influence opportunity development. These chapters, moreover, position the contribution this thesis may make to other research in the field. Chapter three introduces critical realism (hereafter CR), as the underlying philosophy of the thesis. The aim of this chapter is to account for the methodological choices that we have made, as well as introducing the primary data collected in Accra. The analyses are based on primary data deriving from semi-structured interviews (Appendix 2) in order to understand how individual entrepreneurs develop opportunities for entrepreneurship. To comply with the demands of CR, the discussion accounts for the macroeconomic environment in which entrepreneurs must operate and therefore the findings in the analyses are viewed in the broader context of the political, economic and social environment in Ghana. Lastly, the two sub-questions are answered and conclusions are reached concerning the problems posed by the research question.

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\(^3\) Hofstede (1980) developed one of the most commonly employed measures of national culture, defined as “a set of shared values, beliefs, and expected behaviours”. He identified four basic cultural dimensions: Individualism, masculinity, uncertainty avoidance and power distance.
2. Reviewing the Literature

This chapter provides a brief presentation of the entrepreneurship literature, where the main variables relevant to answer the research question are further elaborated upon. The section commences with an introduction to the field of entrepreneurship and then proceeds to examine how the variables opportunity development, social networks and education have been dealt with in the entrepreneurship literature. The section concludes with a framework of opportunity development. It must be noted that the methodological approaches applied differ widely in the research on entrepreneurship as it is a multi-dimensional concept and the body of theory is vast and heterogeneous.

2.1. The Entrepreneur

Classic contributions to theories of entrepreneurship place emphasis largely on the individual entrepreneur as the entrepreneurial agent, although each theory defines the entrepreneurial function in a different manner (Foss, et al., 2008; Wennekers & Thurik, 1999). Some of the economic theories incorporate psychosocial ('human' or 'personal') elements with varying degrees of objectivity and formality, such as the 'innovation' factor in the Schumpeterian entrepreneur and the 'attraction to opportunities' in Kirzner's (1997) entrepreneur (Fontela, et al., 2006:4).

At the risk of oversimplification, it can be argued that the theory of Schumpeter (1934, 1950) is, “about exploitation, about the carrying out of new combinations and the creative destruction that often results there from” (Langlois, 2007:1109). Schumpeter describes the entrepreneur according to perceived functions that are performed. The term ‘creative destruction’ introduced by Schumpeter (1934) refers to the process of entrepreneurs developing new products and processes that displace old patterns of the past.
According to the second tradition, the neo-classical model, all agents have perfect information and the role of the entrepreneur is to lead the market to equilibrium through their entrepreneurial activities (Wennekers & Thurik, 1999). When the market reaches equilibrium, there is no need for innovative alertness and risk-bearing initiative tasks from firms. This particular model however, excludes aspects like initiative, the struggle with new ideas and uncertainty (Ibid.).

The third tradition, the Austrian model, focuses on discovery and alertness to new profit opportunities (Langlois, 2007; Wennekers & Thurik, 1999). Kirzner (1973) sees the entrepreneur not only as someone who initiates change but also as an individual who facilitates adjustment to change by spotting opportunities for profitable exchange. According to Langlois (2007:1109), “Kirzner is about discovery, about alertness to new opportunities”.

Other approaches to entrepreneurship include the occupational approach. According to this approach, entrepreneurs are defined as self-employed; this implies that a person has a choice between unemployment, self-employment or wage employment (Foss et al., 2008; Naudé, 2008). However, in the global South, individuals may not have the option to choose between these and therefore it may be more appropriate in this context to view entrepreneurship from the situational and environmental motivations for starting a business, also termed ‘push’ and ‘pull’ factors.

In a comparative study on entrepreneurship in Ghana, Kenya, and Nigeria, Benzing and Chu (2009) argue that individuals face greater pressure from ‘push’ factors than ‘pull’ factors in their motivation for becoming entrepreneurs. In terms of ‘push’ factors, an individual can be ‘pushed’ into starting a business due to external negative conditions such as unemployment and retrenchment, a low-paying job with little upward mobility and /or in order to avoid supervision (Curran & Blackburn, 2001). On the other hand, ‘pull’ factors, such as the desire

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4 Equilibrium is when “consumers and producers reach one set of prices at which the demand for each good equals its supply. All markets that are implicitly assumed to exist and to work perfectly well are cleared at this set of equilibrium prices” (Wennekers & Thurik, 1999: 32)
to be one’s own boss, to increase personal wealth or to use one’s experience and knowledge, can also attract an individual to entrepreneurship (Birley & Westhead, 1994; Burke, et al., 2002). Similarly, research from the Global Entrepreneurship Monitor (GEM), shows that although countries in the global South exhibit high entrepreneurial activity, a larger number of individuals become entrepreneurs because they are pushed into it due to a lack of employment opportunities elsewhere (necessity entrepreneurship) and not because there is an obvious business opportunity that they want to explore (opportunity entrepreneurship) (Bosma et al., 2008).

Olomi (2009) presents another way of addressing the dichotomy between necessity and opportunity entrepreneurs in his study of small enterprises in Tanzania. Olomi (2009) argues that one can distinguish between two reasons for starting an enterprise, that is, enterprises are started out of economic necessity or as a career choice. When an enterprise is started out of economic necessity, the typical owner-managers are neither committed to the business nor to an entrepreneurial career, and are therefore categorized as hangers-on (Ibid.). The second category consists of those who have started enterprises for the purpose of doing business, and are referred to as tied to a business. In this case the owner-manager is devoted to the business but not to an entrepreneurial career; such a person is likely to have another occupation or be looking for another career. Movement between categories is possible and if a person who is tied to a business leaves his/her job to commit fully to the enterprise, then that person becomes tied to an entrepreneurial career. In the latter category some people devote themselves to an entrepreneurial career even before they have established an enterprise; they have decided to pursue a career as an entrepreneur and are not necessarily fixed on a particular business. Olomi (2009) further notes that the transition phase from hanging on to entrepreneurship for economic reasons to being fully committed to the business, and later the entrepreneurial career depends on the ability of the owner-manager proactively to seek growth. It is therefore only a person who is continuously seeking growth that can be regarded as an entrepreneur (Ibid.: 53).

Rather than addressing only one aspect of entrepreneurship, such as the traits of individual entrepreneurs, or concentrating on what entrepreneurs do, or determining whether they are
opportunity or necessity entrepreneurs, Shane and Venkataraman (2000) posit entrepreneurship to be the nexus of two phenomena, namely, the presence of opportunities and of enterprising individuals. The following section will therefore address entrepreneurial opportunity.

2.2. Opportunities

In recent years there has been a trend in the entrepreneurship literature for positing opportunity as a fundamental aspect of entrepreneurship (Gartner, et al., 2003; Shane & Venkataraman, 2000; Short et al., 2010). Overall, the literature draws attention to two popular schools of thought, the first contends that opportunities are discovered, and the latter that they are created (Alvarez & Barney, 2007; Short et al., 2010). According to Scott (1992:141) the controversy amongst researchers basically centres on how opportunities should be studied, and this is essentially determined by whether environments are best understood employing subjective or objective measures (in Gartner et al., 2003). Economic approaches generally refer to a priori opportunities waiting to be discovered by the entrepreneur. According to the second school of thought opportunities are created. Dimov (2007b:561) argues that nowadays it is commonly accepted in the research community that entrepreneurial opportunities do not simply “jump out” in a final ready-made form but emerge in an iterative process of shaping and development.

Economic approaches generally refer to entrepreneurial opportunities as largely exogenous (Foss et al., 2008) objective phenomena existing in time and space, and which may not be known to all people at all times (Shane & Venkataraman, 2000). Broadly defined opportunity discovery is ‘the chance to meet a market need (or interest or want) through a creative combination of resources to deliver superior value’ (Schumpeter, 1934; Kirzner, 1973 in Ardichvili et al., 2003). According to Kirzner (1997) opportunity discovery is based on surprise or luck and relies on alertness (in Patel & Fiet, 2009; Shane and Venkataraman, 2000).
Alertness presupposes that discovery of opportunities cannot be anticipated and must therefore occur accidentally (Kirzner, 1997 in Fiet and Patel, 2009). However, Kirzner (1973) argues that in order for opportunities to be known they must first be recognised by alert (or knowledgeable and attuned) individuals (in Companys & McMullen, 2007:304). Although opportunities exist a priori their discovery is reliant to a certain extent on the interpretation framework of the entrepreneur, opportunity recognition is thus largely a process of discovering something already formed. Ardichvili et al. (2003:115) argue that “People do not search for opportunities, but, rather happen to recognise the value of new information, which they happen to receive”. Discovery may be the result of a heightened awareness of the entrepreneur or a ‘state of passive search’ (Ibid). According to Fiet and Patel (2009:503) Kirzner’s argument for alertness is “primarily an argument against systematic search” as discovery depends on being alert which is typically interpreted as to “notice without search” and implies that deliberate search is impossible.

With reference to opportunities as created, Ardichvili et al. (2003:109) build on Kirzner’s thoughts of discovering something already formed and argue that an understanding of opportunity discovery as a development process, as a continuous, proactive process is essential to the formation of a business. Ardichvili et al. (2003), posit that opportunity development does not happen by “accident” but is rather a process of actively searching for opportunities, and hereafter developing a particular opportunity further. This process is dependent on the entrepreneur’s traits, social networks and prior knowledge (which precede or) are necessary for entrepreneurial alertness to opportunities, and so while “elements of opportunities may be recognized, opportunities are made, not found” (Ardichvili et al., 2003:106). Dimov (2007a) posits that opportunities are “creative ideas that have been vetted through an evaluative process” this illustrates that opportunity development involves creativity and evaluation, and therefore the importance of prior knowledge and learning cannot be underestimated. The ability to recognise opportunity is dependent on cognitive processes or stocks of information because new information or knowledge requires complementary resources such as prior knowledge in order to be useful (Sarasvathy, et al., 2003) as “People tend to notice information that is related to information they already know” (Von Hippel, 1994 in Ardichvili et al., 2003:114). Therefore prior
knowledge is a facilitator of absorptive capacity, which is necessary for an individual to make sense of new information (Cohen and Levinthal, 1990 in Sarasvathy et al., 2003; Shane, 2000).

The concept of prior knowledge is given much weight in the literature on opportunity discovery. Ardichvili et al. (2003), refer to prior knowledge as, prior knowledge of markets, prior knowledge of ways to serve markets, and prior knowledge of customer problems. Sigrist (1999) introduces two domains of prior knowledge (in Ardichvili et al., 2003). Domain 1 refers to knowledge accumulated from a special interest where the entrepreneur has spent significant time and effort engaging in autodidactic learning that advances and deepens his or her capabilities of the topic of interest. Domain 2 refers to knowledge accrued over the years while working in a certain job. Although prior knowledge is an important facilitator of opportunity development, Dimov (2007b) argues that prior knowledge may influence the generation and nature of one’s ideas, however it may not in itself be a sufficient condition for explaining the further development of an individual’s opportunity ideas. There are other factors influencing such a development since the entrepreneur must guess about the prospect of a variety of things and is therefore forced to form expectations based on hunches, intuition, and on limited information.

Fiet et al. (2005), argue that systematic search replaces the search for unknown ideas with the search of known information channels. Systematic search is based on the idea that cognitive barriers, such as prior knowledge and bounded rationality constrain effective search (Fiet & Patel, 2009:503, Shane and Venkataraman 2000). However, these same barriers may also shape what can be known, and how to search for information. The rationale for the approach is that “discovery depends on a fit between an entrepreneur’s prior, specific knowledge and a particular venture idea, which may be discovered through

5 ‘Fit’ is one of four attributes in ‘consideration sets’ (Fiet et al., 2006). It is a construct to provide guidance for narrowing a search domain, or a “grouping of information channels that represent an entrepreneur’s best judgment as to where an idea with wealth creating potential may be found”. Entrepreneurs can select channels in their information set using prior knowledge). Other attributes are the value of an idea, rarity and lastly, the inimitability of an idea (Fiet 1996 in Fiet et al., 2006:3).
systematic search” (Fiet & Patel, 2009: 503). This approach is based on informational economics and concerned with a constrained, systematic search within a known domain (Fiet & Patel, 2009). Fiet and Patel (2008) distinguish between specific knowledge and general knowledge. The former refers to knowledge that an individual has and which is linked to occupational knowledge, and knowledge that can be accessed through networks and the social capital embedded in these. The latter refers to knowledge widely available and which can be acquired at less cost from the Internet or newspapers, for example. The challenge for entrepreneurs is to capitalise on specific knowledge, whilst spending less time and money on identifying general information. In a study of opportunity discovery two groups of graduate students in entrepreneurship were selected, the one group had to apply a systematic search and the other group had to rely on alertness (Ibid.). The results show that the group which applied a systematic search “tended to recognise a problem that existed in the market as a first step in making a discovery”. Further, this group also “tended to consider ideas that were an extension of an existing product or service” (Fiet & Patel, 2008: 224). The other group which relied on alertness, tended to “recognise a problem that they personally encountered as a first step in making a discovery” (Ibid.). This group founded ideas based on personal problems and ideas that were not market driven, but rather motivated by problems in their personal experience.

It is apparent from the above review that there exists a whole range of different arguments about opportunities, that is, opportunities simply exist out there waiting to be found, or they must be found through a creative process which includes an active search and planning process. However, according to Short et al. (2010) a middle ground position is gaining ground in the entrepreneurship literature where it is contended that some opportunities are discovered whereas others are created. This is also the viewpoint adopted in this thesis. Moreover, whether the search for opportunities is systematic or not (that is, accidental) the argument is that it is influenced by cognitive processes or stocks of information because new information or knowledge requires complementary resources such as prior knowledge in order to be useful (Sarasvathy, et al., 2003). Further, opportunities are also influenced by an individual’s ability to develop social capital (De Carolis & Saporito, 2006). Many entrepreneurs have stated that their network contacts were a key source of information, or
provided the initial idea for the very opportunity being pursued (Hoang & Young, 2000 in Hoang & Antoncic, 2003). The following section will therefore address how networks play a role in opportunity development.

2.3. Social Networks

Network theory came about due to the recognition that traditional approaches to studying entrepreneurs had failed adequately to account for the social or environmental context in which entrepreneurship takes place (Aldrich and Zimmer, 1986 in O’Donnell et al., 2001; Lounsbury & Glynn, 2001). According to Kragelund (2005: 319), “Network literature highlights institutional features that have national historical boundedness, such as conventions and standards, and which may have great importance for the private sector”. Further, networks are a form of informal economic organisation which are formed from the social structure and represent a re-enactment of this structure (Jack, 2010: 130). The implications of this are that to get an understanding of how networks operate they must be explored in the context in which they are formed and utilized.

A network is fundamentally “a set of interconnected nodes” (Castells 1996 in Meagher, 2009:9). From a social science perspective, nodes can be replaced by actors and connections with social ties or bonds (Davern, 1997 in O’Donnell et al., 2001). The research on entrepreneurial networks has generally focused on two categories: in strategic management the theory focuses on formal networks between enterprises. Sociological theory generally departs from the notion that individual persons constitute the nodes of the network, and investigates the communication or information links between these actors; these are known as social networks. Social network theory views economic behaviour as being embedded in a social context, that is, a network of relationships (Slotte-Kock & Coviello, 2010). The embeddedness approach is predicated on the notion that partners are linked by embedded ties which are based on trust and personal relations (Granovetter, 1985). Economic action is thus embedded in ongoing social ties that sometimes facilitate exchange but may at other
times constrain it (Ibid.). Networks can therefore be regarded as being embedded in both economic and social relationships.

The network approach highlights many aspects of networks. Firstly, networks are dynamic constructs and attention is focused on the linkages between units (Larson & Starr, 1993). Secondly, it emphasizes the exchange processes between the actors; ‘networks exist in the recognition by people of sets of obligations in respect of certain other identified people. At times these special relations may be used for a specific purpose” (Mitchell, 1969:26 in Meagher, 2009). Thirdly, the approach views the actors in their environmental context (Aldrich and Zimmer, 1986 in O’Donnell et al., 2001).

Social networks have been linked to opportunity recognition (Hills et al., 1997 in Ardichvili et al., 2003). This argument is based on Granovetter’s (1973) research on strong and weak network ties, and their differing uses for accessing information. Weak ties are those which are formed with more casual acquaintances and business associates, and which give access to information resources. Strong ties, are formed with family and friends, and are important because they provide the mental and social support that is necessary to spur entrepreneurial action (Ibid.). Weak ties are generally argued to be more important for business as they give access to unique information (Johannisson, 1988). A study done by Hills et al. (1997) shows that those entrepreneurs who have extended networks identify significantly more opportunities than sole entrepreneurs (in Ardichvili et al., 2003: 115). Networks have been linked to the success of start-ups where the underlying assumption is that entrepreneurs use their network of personal and business contacts to acquire resources and information, which they would not be able to acquire on the market (Brüderl & Preisendörfer, 1998; Jenssen & Koenig, 2002; Witt, 2004). Furthermore, it is assumed that networks enable resources to be acquired at a lower cost than market value or simply without charge (maybe as a favour). This is, of course, dependent on to whom the entrepreneur has access in the network (Witt, 2004).
Networks may provide access to social capital and other resources that would otherwise have to be accessed in the market (Burt, 1993). Another way of addressing this is to look at the social capital incorporated in the network, where social capital is the resource available to people through their social connections (Aldrich & Kim, 2005). Social capital is a form of social infrastructure created by groups or individuals through their social ties (Unger, 1998 in Kuada, 2009). Bourdieu and Wacquant (1992:14) define social capital as “the sum of the resources, actual or virtual, that accrue to an individual or a group by virtue of possessing a durable network of more or less institutionalized relationships of mutual acquaintance and recognition” (in Ellison, et al., 2007: 1145). From the standpoint of entrepreneurship, therefore, social capital may facilitate access to economic resources, distribution networks, labour, expert advice, and information.

In general, the network literature has tended towards focussing on the positive aspects of networks. However, the advantages of the network approach to social capital is that it views both the positive and negative sides of social capital and examines both power and inequality through different combinations of bonding, bringing and linking social capital (Turner & Nguyen, 2005). Bonding social capital refers to closed networks of family, friends and homogeneous groups. This type of network can help people to ‘get by’ on a day-to-day basis. In contrast, bridging social capital refers to open networks that bridge different communities, and are therefore more heterogeneous (Putnam, 2000 in Turner & Nguyen, 2005:1695). However, “not all bridges (or network locations) lead to better information, influence, social credentials or reinforcement” (Lin 1999:36). Linking social capital refers to ties between different economic classes and those of different social status. Linking social capital can be viewed as a vertical dimension, that is, resources, ideas, and information which are gained from formal institutions beyond the immediate community, and which are particularly relevant for economic development (Turner & Nguyen, 2005:1696).

Much research has been focused on the content and quality of the ties that make up networks. In this regard social capital has been related to the concept of trust. Trust refers to the social attribute that creates a willingness among people in dyadic relations to sacrifice their short-term, individual self-interests for the attainment of joint goals or long-term
objectives (Sabel, 1993 in Kuada, 2009). If people trust one other and believe that the relationship is worth sustaining, then high levels of loyalty and long-term collaboration may be attained through networks (Fukuyama, 1995 in Kuada, 2009).

In the past two decades there has been increasing interest in how online networks affect social capital. The Internet has been linked to both decreases and increases in social capital (Ellison et al., 2007). Putnam (1995:31) posited social capital to be decreasing in the US as a result of the increasing use of Internet which is ‘privatizing’ or ‘individualizing’ leisure time and disrupting opportunities for social capital formation. There is however, a lot of support among researchers for the opposing view, namely, that Internet usage, and specifically online social network sites (SNSs), lead to increased social capital (Ellison et al., 2007; Lin, 1999; Quan-Haase & Wellman, 2002; Wellman et al., 2001). Putnam is often critiqued for focussing on observable public spaces of groups and communities whilst failing to recognise new forms of communication in less accessible private homes (Wellman et al., 2001:437). Quan-Haase and Wellman (2002) argue that changes in how people socialize suggest that there is a need to develop new models for conceptualizing and measuring community, as “Communities have become embedded in digital networks rather than in traditional, geographic groups” (Ibid.p.5).

Online SNSs are used both for maintaining existing social ties and for forming new connections. Furthermore, the Internet facilitates new connections as it provides people with an alternative way to connect with others who share their interests or relational goals (Ellison et al., 2007). In a large survey, Ellison et al. (2007) found evidence of a strong association between the uses of the social network site, Facebook, and bridging social capital. This can be attributed to the fact that recently researchers have emphasized the importance of Internet-based linkages for the formation of weak ties. Bridging social capital is associated with weak ties and may therefore be augmented by SNSs, such as Facebook, which support loose social ties and allow people to create and maintain large networks of relationships.

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6 Online SNSs are online environments in which people create a self-descriptive profile and then make links to other people on the site, creating a network of personal contacts.
from which they can potentially draw resources (Donath & Boyd, 2004). Further, Donath and Boyd (2004:80) hypothesise that SNSs are platforms from which individuals can maintain weak ties, cheaply and easily. Lin (1999:45) suggests that we are ‘witnessing a revolutionary rise of social capital as represented by cyber-networks’. Lin refers to SNSs as cyber-networks, and posits that they represent ‘a new era of democratic and entrepreneur networks and relations where resources flow and are shared by a large number of participants with new rules and practices...’ (1999: 45).

It is apparent from the above review that network research is characterised by ‘a loose federation of approaches’ (Hoang & Antoncic, 2003), and therefore the term ‘network’ has been rather loosely applied in entrepreneurial research (Shaw, 1997 in O'Donnell et al., 2001). This has led to widespread disagreement among researchers as to what constitutes a network. Lastly, a Cooper et al. study (1991:179) determined that age and management experience were positively correlated with the use of personal ties for information helpful in starting a new business venture (in Hoang & Antoncic, 2003). They also found that the education level of the entrepreneur encouraged the use of professional advisors. In this sense, network development may be related to the characteristics of the entrepreneur, including his/her financial resources, level of education, and work experience (Ibid.). In conclusion, we believe that social network theory should play a large role in the entrepreneurship research especially in the context of the global South.

2.4. Education

There are differing opinions on the role of education in entrepreneurship. In general, two schools of thought can be distinguished; the first group argues that education can foster creativity, curiosity and good interpersonal skills (Olomi, 2009), and entrepreneurial skills can be taught. The second group argues somewhat differently, positing that formal education may stifle creativity and that, therefore, its focus should be on cultural conditioning. Advocates of the former view argue that a propensity for, or inclination towards, entrepreneurship, is associated with the personal characteristics of individuals but that
these can be influenced by a formal programme of education (Gorman, et al., 1997). Drucker (1985) argues that “entrepreneurship is a discipline and like any other discipline it can be learnt” (in Kuratko, 2005: 580). Further, Olomi (2009) posits that individuals are not necessarily born with specific competencies but that these may be acquired through formal and informal socialization in various contexts, such as community, school, and work which may either enhance or stifle the development of any behaviour or competence, including enterprising behaviour. Ronstadt (1990) states that there are high indications that entrepreneurial education will produce more and better entrepreneurs since they will know better when, how and where to start their new ventures. Nevertheless, a review of the research in the area of entrepreneurial education indicates only that entrepreneurship can be taught, or at least, encouraged (Gorman et al., 1997).

In contrast to the above, the second group posits that formal education can be an impediment to entrepreneurship; “Too much domain knowledge may in fact impede one’s ability to come up with unusual, outside-the-box solutions” (Frensch & Sternberg, 1989 in Dimov, 2007a:716). Singh (1990) takes this stance and argues that in the case of developing countries, education may actually inhibit entrepreneurship and that there is a need for school systems to be reoriented to emphasise and value entrepreneurship so that an enterprise culture can be cultivated (in Gorman et al., 1997). Likewise Gupta (1992) argues that the focus should preferably be on cultural conditioning and family conditioning, as these are more important than formal education in shaping entrepreneurial attitudes, and that the primary benefit of formal education is to increase self-confidence (Ibid.).

Schoof (2006:24) postulates that “a cultural environment in which entrepreneurship is respected and valued, and in which business failure is treated as a useful learning experience rather than a source of stigma, will generally be more conductive to entrepreneurship”. The perceptions of young entrepreneurs depend, amongst other things, on their personal environment (family and friends), and the general reputation of entrepreneurs in society. In this matter, education has a particularly important role to play in raising the awareness and attractiveness of the characteristics and attributes of entrepreneurship. As mentioned in the introduction, young entrepreneurs may not be taken seriously as they have not been able to
accumulate the economic resources needed to attain adulthood in Ghana and therefore this aspect of education in promoting entrepreneurship is paramount. Gorman et al. (1997) posit that there is a need for a broader support network for entrepreneurship education, which includes educators, financial intermediaries, counsellors and advisors, as this has been overlooked.

Olomi (2009) states that entrepreneurial education and training generally has two main objectives. Firstly, learning for entrepreneurship entails developing the skills, attitudes and knowledge as to how to behave in an entrepreneurial manner. Secondly, learning about entrepreneurship, which means understanding the context and concept of entrepreneurship, for example, the history, theories, and the factors that facilitate it. According to Olomi (2009), this necessitates advocating three main areas for entrepreneurship: firstly, entrepreneurial values, such as a strong belief in one’s own abilities, independence and willingness to accept risk. Secondly, entrepreneurial skills, including how to identify opportunities, take decisions in difficult circumstances and how to address creative problem-solving. Thirdly, promoting entrepreneurial motivation, since entrepreneurship in some cultures might be looked down upon as a career choice because more secure wage employment is favoured. It is therefore important to promote an entrepreneurial career choice as something that is perceived as attractive and usable.

Regarding the identification of opportunities, we may distinguish between systematic searches and non-systematic searches. When it comes to opportunity development in entrepreneurship education, some researchers, for example, Akpomi (2008), posit that one must guard against traditional assumptions and perspectives about how things ought to be, since such thinking can restrain creativity, that is, a systematic search for opportunities is not necessarily always a good approach. In the same vein Ronstadt (1990) argues that although opportunity identification skills are regarded as necessary in entrepreneurial education, learning how to identify opportunities can hamper the underlying creative process the entrepreneur possesses. There is therefore a need to be flexible and creative, and not to dwell too much on detail. For example, a systematic approach in identifying opportunities in the market space may not identify the most profitable opportunities, in
contrast to those opportunities that appear more accidentally (Teach et al., 1989 in Ardichvili et al., 2003).

In relation to entrepreneurial education offerings, it is relevant briefly to address business plan writing. Universities and Business schools around the world teach students in entrepreneurship classes about the importance of preparing and writing business plans. Indeed business plan competitions are regarded as important in fostering entrepreneurship in many countries (Russell et al., 2008; Lange et al., 2007 in Brinkmann et al., 2010). In fact, leading entrepreneurship professors rate the development of a business plan as the most important element of entrepreneurship courses. However, the value of business planning for the performance of firms is a matter of some controversy in the entrepreneurship literature (Brinkmann et al., 2010; Bygrave, 2007), and Brinkmann et al. (2010) posit there is a ‘planning euphoria’ in the entrepreneurship domain.

Researchers generally distinguish between two schools of thought, the planning school and the learning school. The former advocates that a systematic prediction-oriented planning approach fosters the development of firms, as decision speed is increased and resources are used more effectively (Delmar and Shane, 2003 in Brinkmann et al., 2010). Further, according to Shane and Venkataraman (2000), planning is a means by which to exploit opportunities. The latter opposing group argues that planning is time-consuming and time should preferably be dedicated to acquiring resources and building the enterprise (Bhide, 2000 in Brinkmann et al., 2010). The focus must be on placed on learning and strategic flexibility, especially when facing high degrees of uncertainty (Brinkmann et al., 2010). Furthermore, planning may lead to cognitive rigidities, organizational inertia, and limited strategic flexibility (Vesper, 1993 in Brinkmann et al., 2010). Brinkmann et al. (2010) posit that business planning has a positive effect on the success of enterprises. However, the effect on performance in new enterprises is limited. Therefore, basic planning may be sufficient at this stage as resources should preferably be allocated to enable the complementary activities of information gathering and learning which would lead to better business planning activities in the long run, and therefore more resources could be allocated to the business planning process later on.
In a recent study Karlsson and Honig (2009) oppose this view, arguing that the value of business plans is explained mainly by their function as signalling or formal-legitimating written documentation to deal with external actors or institutional pressures rather than as management tools. Indeed, many of the most successful entrepreneurs may never write a business plan at all (Bygrave, 2007). Nevertheless, business plans are necessary if entrepreneurs are hoping to obtain funding from banks or venture capital providers. Karlsson and Honig (2009) argue that entrepreneurs write business plans even though they rarely refer to the plans or plan to use them, and only loosely couple their plans to their actual ventures. They posit that; “much of the advice and business plan education is based on taken-for-granted presumptions about the local environment, rather than by empirically supported effective business practices. Future scholarship regarding the use of written business plans in new organizations needs to be aware of these implications” (Ibid. p. 42).

In this section the literature has pointed to two schools of thought. The first school argues that education can foster creativity, curiosity and good interpersonal skills (Olomi, 2009). The second school posits that education may stifle creativity and the focus should therefore rather be on cultural conditioning (Gupta, 1992, in Gorman et al., 1997). Furthermore, what shines through in this section is that innovation is a central theme in discussions of entrepreneurship education, especially with regard to creativity, or searching the market for ways in which to reconfigure existing products and services in new creative ways. Researchers often argue that innovation is an important but not essential condition of entrepreneurship in the global South, yet to date there has been little focus on innovation in Africa. According to Chudnovsky et al. (2000:267) “The relevance of the innovation process in firms doing business in developing countries is not always properly acknowledged” (in Robson et al. 2009). In a study of 496 entrepreneurs in Ghana, Robson et al. (2009) examined the extent to which the characteristics of the entrepreneur, the internal competencies of the firm and the environment are related to innovation activity. The findings indicate that the incidence of incremental innovation was higher than novel innovation. The extent of innovation was related to the education level of the entrepreneur, and so entrepreneurs with

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7 A novel innovation refers to an innovation that is new to the enterprise and to the industry. An incremental innovation is defined as an innovation that is new to the enterprise but not new to the industry.
graduate/post graduate and/or professional qualifications, were most innovative. Further, the entrepreneurs come from middle or upper class families where the importance of education is emphasised. Lastly, innovation was higher in enterprises located in urban areas.

### 2.5 Insights and The Framework of Opportunity Development

It is apparent from the above review of the literature that the academic field of entrepreneurship remains an amalgam of perspectives from radically different schools of thought (Ardichvili et al., 2003; Hoang & Antoncic, 2003). Further, it is difficult to generalise about scientific approaches to entrepreneurship due to the fact that the entrepreneurship literature is fragmented and lacks precise definitions. To date, there is no consensus on the entrepreneurial agent or what constitutes an opportunity, or whether these are discovered or created. In sum, “Entrepreneurship in developing countries is arguably the least studied significant economic and social phenomenon in the world today” (Lingelbach et al., 2005, in Naudé, 2008:1).

Foss et al. (2008:87) posit that existing entrepreneurial theories “built on economic concepts of entrepreneurship that treat the entrepreneurial act as a black box - do not explicitly articulate and acknowledge the centrality of subjectivism to entrepreneurial discovery and judgment”. As opposed to purely economic approaches, the more contemporary entrepreneurship literature generally takes a holistic approach to entrepreneurship. Opportunity development is most often considered to be interlinked with a variety of contextual factors, such as the institutional environment in which the entrepreneur operates, the level of education of entrepreneurs, the networks entrepreneurs use, as well as their social standing in society. Therefore the dominant considerations in entrepreneurial research generally include the impacts of the social context of entrepreneurs on their business activities (Barr, 2000; Kuada, 2009).

The literature review inspired us to attempt to take a holistic approach to entrepreneurship. We therefore distance ourselves from economic approaches, or approaches termed atomistic
There is no single best approach to studying opportunity development and many researchers have expanded on existing theories. We take our inspiration from Ardichvili et al. (2003) who posit that entrepreneurial opportunity development is a result of entrepreneurial alertness, which is in turn reliant on social networks, personality traits, and prior knowledge. As previously stated (cf. 1.2.), it is helpful to include education as a complement to prior knowledge when studying young people, as it is likely that they have limited work experience. The literature focuses to a large extent on prior knowledge that is accumulated over time from being employed. However, the situation in many African countries, Ghana included, is that young graduates experience difficulty finding formal employment and consequent experience, therefore many of them have no choice but to become business-owners after graduating (Chu, et al., 2007). It is therefore important to include the factor of educational background in order to see whether it influences opportunity development. This has prompted us to suggest The Framework of Opportunity Development below (hereafter The Framework), in analysing opportunity development in the global South from a youth perspective. The Framework depicts the relationship between the variables identified in the literature, that is, education (including prior knowledge), social networks and opportunity development.
Figure 1 The Framework of Opportunity Development

The Framework depicts the proposed interaction of identified variables

The central concern of this thesis is the independent variables education and social networks and how these influence opportunity development. Opportunity development does not take place in a vacuum and therefore the thesis considers the environment in which entrepreneurs must operate. We further acknowledge that entrepreneurs possess prior knowledge which they have gained from interacting with the environment, and therefore this factor is also included in The Framework.

In the following paragraph we begin by addressing the operationalisation of the variables as follows: education, social networks and lastly, opportunity development. Hereafter we address the hypothesised interaction between said variables.
The function of education is embodied in the Latin word *educare* which means “to train or to mould” (Craft, 1984 in Bass, 1997). According to this line of thought, it is evident that education affects cognition or ‘ways of thinking’. The education variable is operationalised according to systematic and non-systematic approaches to opportunity development. Systematic approach refers to approaches which have been taught, and therefore the search for opportunities is planned. Planning consists of adopting a systematic search in identifying a demand in the market for a service or product. Such a search could be based on identifying opportunities through extensive idea generation, and brainstorming sessions. With reference to the non-systematic approach we distinguish between two different ways of opportunity development. Firstly, opportunity development arising from education and/or prior knowledge. We define prior knowledge according to Sigrist’s (1999) two domains of prior knowledge as originating from either special interest or working experience. Secondly, an opportunity recognised on the foundation of an own demand for a service or product, or simply seeing a demand in the market.

With regard to social networks, the literature has generally tended to focus on the structural elements of networks (Jack, 2010; O’Donnell et al., 2001) and less on the interactional dimension of networking. In this thesis we address both issues. The structural element of networks is examined using Granovetter’s (1973) concepts of strong and weak ties, and the interactional element is addressed through Putnam’s (2000) three concepts of social capital. We define social networks as informal relations between Ghanaian entrepreneurs and actors in the environment. In relations such as these a distinction can be made between strong or weak ties, that is, strong ties are defined as consisting of links to family and close friends whereas weak ties refer to casual linkages with business and acquaintances. It is not very clear how Granovetter (1973) operationalised family. However, the role of family is a central one in a Ghanaian business context, and at the risk of overlooking the cultural complexities inherent in Ghanaian culture, it can generally be said that “some institutional features, such as the role ascribed to the family as the primary social unit, seem to persist” (Kragelund, 2005:201). Generally, all ethnic Ghanaian groups regard family as central and the concept of family most often includes extended family, in the sense that it is a grouping related by descent, marriage and adoption, including grandparents, grandchildren, cousins, nephews
and their children as well as in-laws. In Ghanaian families, respect plays a large role in social behaviour especially with regard to the senior members of families who are often respected for their wisdom (Kragelund, 2005). Social networks are invested with social capital, which can be utilized to acquire resources, and we analyze social capital by using Putnam’s (2000) concepts of bonding, bridging and linking. This social capital is defined as the resources embedded in an individual’s social network, and therefore social capital relies on all the actors present in the social network (Lin, 2001 in Turner & Nguyen, 2005: 1694).

Opportunity development refers to (1) an opportunity existing a priori in the environment or (2) an idea which is identified and then developed into an opportunity by the entrepreneur. Only once the entrepreneur has acted on the idea, and executed the opportunity, can we refer to it as opportunity development (Dimov, 2007a; McMullen & Shepherd, 2006). Executing the opportunity refers to the actual activity of both starting an enterprise and/or introducing new opportunities into an existing enterprise. Further, we do not limit ourselves to looking at opportunity development as a linear process only and have therefore placed a circle (with no ending and starting point) around the variables.

We hypothesise an interaction existing between the variables in The Framework as follows: in The Framework, the double arrow between education and opportunity development illustrates a causal and mutually reinforcing interaction between the two variables. In the same manner a causal and reinforcing interaction is hypothesised to exist between social networks and opportunity development. Taken together, these interactions lead to an outcome, which is indicated above as executing opportunity. However, the entrepreneur may decide not to execute the opportunity, and decide instead to return to opportunity development, as indicated by the double arrow between opportunity development and executing opportunity. Based on the outcome of the analysis to follow, we intend either to confirm or negate the premise upon which The Framework is based.
3 Methodology

In the following chapter the research methods of this thesis will be presented. It includes the following sections; research approach, data collection methods and data.

3.1 Research Approach

This section sets out the purpose of the research, including the research strategy, philosophy of science, and the research design that guides this thesis.

3.1.1 Purpose of Research

The thesis aims to fill a research gap on how opportunities for entrepreneurship are developed in the urban context of Accra. We identify both an empirical and a theoretical research gap, corresponding to the concrete-abstract research method proposed by Andrew Sayer (1992: 236). With regard to the empirical research gap, we contribute primary data on opportunity development among young entrepreneurs. The theoretical research gap relates to a new perspective, which focuses on the interaction between education and social networks and whether these variables influence opportunity development for young entrepreneurs. The thesis aims at gaining new insights into existing theories of entrepreneurial opportunities rather than developing a new theory or generalizing the findings to the wider population.

Chigunta (2003) argues that there is no obvious reason for treating ‘youth entrepreneurship’ differently from ‘adult entrepreneurship,’ as both groups face the same basic operational constraints in small business development, such as a lack of technical and business management skills, adequate capital, access to infrastructure and social isolation. Therefore the “general factors critical to success in business are similar for both youth (mostly
emergent entrepreneurs) and non-youth” (in Chigunta et al., 2005:33). Robson and Obeng (2008) studied Ghanaian entrepreneurs and the problems they face, and posit that, generally, neither the age nor the sex of entrepreneurs were related to business barriers. While this may be true, we believe that due to certain cultural factors young Ghanaian entrepreneurs may be at a disadvantage vis-à-vis older entrepreneurs by virtue of their youth and inexperience. Thus, it is assumed that young entrepreneurs must also face a generational barrier, and therefore they need to be distinguished from their older cohorts (Schoof, 2006).

We hope to make a small contribution to an understanding of opportunity development, with a specific emphasis on young entrepreneurs in Accra. In this respect, our findings may be of interest to researchers who want to take this study further by testing the interaction of the proposed variables on a larger sample (Sayer, 1992:249), in order to deepen the complexity of understanding and the dynamics involved (Jeppesen, 2005b). Furthermore, this thesis may be of interest to companies in the global North, NGOs or donors that are providing entrepreneurial education, or wish to do so in the future. If entrepreneurial training can be targeted specifically for the needs of young entrepreneurs, then it may help them to build the skills needed to operate and sustain an enterprise in Accra.

3.1.2 Research Strategy

The thesis draws on CR in order to answer the research question and the two guiding sub-questions. The research method is thus founded on CR and, according to Sayer (1992), this presupposes that all social action is the result of certain structures and mechanisms, that there is a cause for everything, and whether or not causal powers are activated depending on external factors. The thesis predominantly employs concrete research (Sayer, 1992: 236), since the focus is on events and objects as ‘unities of diverse determinations’, each of which we have isolated through abstract research. In order to uncover causalities (cf. Figure 1, p. 27), we have constructed The Framework, in which we posit a causal relationship existing between the variables education and opportunity development, as well as between social
networks and opportunity development. We recognise that young entrepreneurs are not operating in a closed system and therefore CR will aid an analysis of the underlying structures and mechanisms that may affect the interplay between the variables in The Framework.

The research strategy (cf. Figure 2, p.33) addresses the role of theory versus data, or the abstract and concrete, to use the terminology of Sayer (1992). We therefore commenced by reviewing and critiquing the literature (cf. chapter 2). Thereafter we identified two variables relevant to opportunity development, which are prior knowledge and social networks. However, for the purposes of this thesis, prior knowledge (as defined in Ardichvili et al., 2003) was later re-conceptualised to include a specific focus on education. In taking this approach we followed the advice of Yeung (1997), who posits that an explanatory study which takes critical realism as its point of departure, should commence with a critique of existing work, which should be followed by re-conceptualisation. We collected empirical data by conducting semi-structured interviews with young entrepreneurs in Accra. We chose semi-structured interviews in order to place importance on the perspectives and actions of the subjects studied (Bryman, 1989 in Alvesson & Sköldberg, 2009: 7). This data confirmed the need to re-conceptualise prior knowledge as education, and this variable was subsequently addressed in the literature review. This finally led to the development of The Framework (cf. Figure 1, p.27) in explaining the hypothesised relationship between education (including prior knowledge), social networks and opportunity development.

Further, as we do not seek to measure but rather to understand and explain complex social phenomena, a qualitative approach was deemed appropriate. The method employed in this thesis commenced with deduction; and here we refer to the initial phase of reviewing the literature and determining which variables were important to opportunity development. In the latter half of the thesis retroduction is used. Retroduction is a mode of inference in which events are explained by postulating (and identifying) mechanisms which are capable of producing them (Sayer, 1992:107), and to this end we propose The Framework. Moreover, as stated by Sayer (2000:26); “we need to know not only what the main strategies were of actors, but what it was about the context which enabled them to be successful or otherwise”.
Therefore it is necessary to include the Ghanaian context in The Framework, as we need to understand and investigate how young Ghanaian entrepreneurs are positioned in society. The research strategy of this thesis is illustrated below in Figure 2.

**Figure 2 Research Strategy**

(Inspired by Kragelund, 2005:12; Yeung, 1997:66)
**Philosophy of Science**

CR is “a scientific Philosophy that celebrates the existence of reality independent of human consciousness (realist ontology)⁸, ascribes causal powers to human reasons and social structures (realist ontology), rejects relativism in social and scientific discourses (realist epistemology) and re-orientates the social sciences towards its emancipatory goals (realist epistemology)” (Yeung, 1997: 52). CR thus emanates from realism and recognizes social conditions (such as class and wealth) as having real consequences, whether or not they are observed and labelled by social scientists; but it also recognizes that concepts are human constructions (Easterby-Smith, et al., 2008). Ontologically, the basic understanding of CR is that the world exists independent of our knowledge of it and that our knowledge of that world is fallible and theory-laden (Sayer, 1992: 5-6). Further, social phenomena such as actions, texts and institutions are concept-dependent and therefore we must explain their production and material effects as well as understanding, reading or interpreting what they mean (Sayer, 1992). These social phenomena must be interpreted starting from the researcher’s own frame of meaning, bearing in mind, however, that they exist regardless of researchers’ interpretations of them (Ibid.). With regard to interviewees, Sayer (2000:35) states that although they “… give us answers which are influenced by our research framework … it does not follow from this that when they go back to their normal lives, they think and act differently, though that of course is a possibility…”.

Lastly, CR aims to take a critical stance towards its object and therefore the researcher must evaluate social phenomena critically if she/he wants to be able to explain and understand these. Nevertheless, CR also recognizes the importance of understanding people’s socially constructed interpretations and meanings. It claims that we can go ‘behind’ language, purify words of their ideological content and reach the objective truths that are hidden in the real (Bitsch-Olsen & Pedersen, 2005). The benefits of applying a critical realist approach in this

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⁸ According to Yeung (1997:52) philosophy deals with the ontological and epistemological aspects of the social sciences (i.e., what is the social world and why do we need to research it?), whereas substantive social sciences themselves address the theoretical and methodological issues (i.e., why do social phenomena occur the way they do and how do we research them?).
thesis have been twofold. On the one hand, it prevents the researcher from falling into the trap of ethnocentrism (Jeppesen, 2005b) since it is an approach that is sensitive to the context. The application of CR also enables this thesis to move beyond “the ontological grids of positivism, which systematically misrepresent society by presenting such phenomena as reducible to independent individuals or atoms” (Sayer, 2000: 13).

### 3.1.3 Research Design

Generally, research in relatively new fields, such as youth entrepreneurship, has to move through various phases, starting with explorative studies and proceeding to descriptive, explanatory, analytical ones and, finally, to prescriptive studies (Jeppesen, 2005b). There is little research in the area covered by this thesis, and this means that its design is both exploratory and descriptive. The first half of this thesis is exploratory, in the sense that it seeks to target and investigate the under-researched area of how young entrepreneurs develop opportunities for entrepreneurship in Accra. This is done through the collection of qualitative data in Accra. The specific focus on young entrepreneurs is relevant because little has to date been written about this particular group, or how they identify opportunities for entrepreneurship. The second half of the thesis, starting at the analysis and discussion, are descriptive.

CR advocates two approaches to research. These are: intensive and extensive research. Extensive research deals with discovering some of the common properties and general patterns of a population as a whole. However, this thesis takes an intensive research approach where the primary research questions concern how some causal process works out in a particular case (Sayer, 1992). Typical methods for this type of research involve the study of individual agents in their causal context, interactive interviews, and qualitative analysis. The limitations of this research approach are that the actual concrete patterns and contingent relations are unlikely to be representative, average or generalisable (Sayer, 2000: 21).
The main objective of the thesis is to explore and understand the relationship between opportunity development, social networks and educational background. A qualitative approach, or intensive research, is suitable when “dealing with soft issues, which are not amenable to quantification, searching for the meanings which lie behind actions (Hammersley, 1992 in Jack & Anderson, 2002: 473). The intensive research design employed here consists of semi-structured and unstructured interviews, as well as participant observations and field notes which were made during a field trip to Accra in May 2010. In relation to the use of semi-structured interviews in research, Robson (2002) states that semi-structured interviews are appropriate if the aim is to “find out what is happening and to seek new insights” (in Saunders, et al., 2003:248). Furthermore, the advantages of semi-structured interviews are that they give a sense of order and structure and allow the researcher to prepare questions for the interview, as the main aspects to be studied are predetermined (Jones, 1985 in Easterby-Smith et al., 2008).

CR acknowledges that the researcher may influence the social world that is under study but maintains that this influence is insignificant. What is important is that the researcher practices reflexivity, which, it is argued, is vital to ensure objectivity, as “we are always in some position or other in relation to our objects; the important thing is to consider whether that influence is benign or malign” (Sayer, 2000:53). Certain aspects must therefore be given special attention when doing qualitative studies in Ghana and interviewing young people. This is because the latter are given a low position in society and the power relationship between the researched and the researcher may thus be unequal. We argue that the use of semi-structured interviews affords the interviewees the opportunity to put forward their own point of view. This is in line with Sayer (1992:245), who states that structured interviews disregard the differences in types of respondents in the context which is causally relevant to them and make comparisons meaningless. Further, our contact person, Nathan, was present for all the interviews with Group University and this turned out to be an advantage as the interviewees appeared less nervous, the informality helping them to feel more at ease. Perhaps this also lessened the uneven power balance between the interviewers and the interviewee.
Another decision regarding the research design is to compare and contrast primary data from three different groups of young entrepreneurs, and hence engage in a comparison of how opportunities are identified by these. The first two groups, that is, MEST and BBB, comprise entrepreneurs who have received entrepreneurial training. One of the basic assumptions of entrepreneurship education is that educators can improve student performance, and teach them how to discover opportunities (Fiet & Patel, 2008:222). The third group, Group University, functions as a ‘control group’, in the sense that it comprised entrepreneurs who had not received specific entrepreneurial training. This approach was chosen in order to determine whether opportunity development differs between the groups.

3.2 Data Collection Methods and Data

This section elaborates on the method used to collect the primary data obtained from interviews during a two-week field trip to Accra in May 2010, and includes data from secondary sources.

3.2.1 Data Collection Method

Interviewees were selected using two different methods, ‘snowballing’ and purposive sampling. Purposive sampling is employed to “seek out groups, settings and individuals where...the processes being studied are most likely to occur” (Denzin and Lincoln, 1994:202 in Silverman, 2010). The university group was put together using ‘snowball sampling.’ This is a non-probability sampling procedure in which subsequent respondents are obtained from information provided by initial respondents (Saunders et al., 2003). We identified the first young entrepreneur, Nathan Adjetey Adjei, by asking for contacts to the entrepreneurial environment from the research team at ISSER (Institute of Statistical, Social and Economic Research, University of Ghana, Legon) whilst we were still in Denmark. Nathan is an active member of the student organization AIESEC and has been engaged in organising conferences for students and young entrepreneurs (refer appendix 3). The ‘snowball effect’ had thus taken effect by the time we arrived in Accra for the field-trip.
According to Jeppesen (2005b), when doing fieldwork in a different context, the origin of the researcher poses several challenges in the form of language, cultural sensitivity and personal contacts. One such challenge was the fact that we were unfortunately unable to replicate the snowballing sampling method for MEST and BBB, as this would have been preferable. Both MEST and BBB were selected by extensive searches on the Internet, and contact was initiated with the organizations before coming to Accra.

At the time of our visit, MEST did not have any information or contact details of students from the first class that graduated in February 2010, as the establishment of an alumni network was still in the pipeline. We identified one graduate from the programme (Barnabas Apom) by chatting to a MEST employee who himself had graduated from MEST in February 2010. We initiated contact with Barnabas (without the involvement of MEST management) and conducted an interview in his small office at the University of Ghana, Legon. From our experiences in Ghana we learnt that it is best to be very flexible as the best-laid plans may not always work out. Due to financial constraints it was not possible to extend our time in Accra although this would have been optimal. Upon returning to Denmark, we noticed that MEST had updated their webpage and we therefore identified a further three entrepreneurs whom we contacted via Skype.

### 3.2.1 Primary Data

20 semi-structured interviews conducted with young entrepreneurs comprise the primary data upon which this thesis is based. Each interview was started with a short introduction, in which we elaborated upon the research and stated that we were independent researchers not affiliated with any organization. Further, we made it clear that we could not facilitate contact with any organization, nor would we be paying for any interviews. The interviews were intended to obtain information on the variables identified in the literature review; however room was left for the interviewees to put forward issues which they considered important in relation to operating as an entrepreneur in Ghana (or relating to entrepreneurship in general). A notebook was carried to record our observations or
information on the spot. Short summaries detailing our observations were typed out at the end of every day in order to retain the impressions and observations we made during the interviews as well as supplementing the information in the interview guide, a procedure recommended by Overå (2007) and Saunders et al. (2003).

At the MEST School we did five group interviews with a total of 15 third year students who would graduate in June 2010 from the MEST programme. Unfortunately we were only able to use data from one of the interviews as the rest of the students were presently not operating an enterprise. The interviews with BBB entrepreneurs were conducted on a one-on-one basis and all participants meeting the age requirement (that is between 24-35 years) were asked to volunteer, the majority being however older than 35. Our role at the BBB seminar was ‘participants as observers’ (Easterby-Smith et al., 2008), as our identity and purpose for being present were disclosed. At the seminar we were able to make observations about the content of the teaching, how the participants responded to the training as well as the general dynamics in the classroom. The interviews with BBB participants were carried out on the premises of GIMPA (Ghana Institute of Management and Public Administration) where the training also took place. In this regard, it must be noted that some interviewees might have felt intimidated in speaking frankly about the training given by BBB. All interviews were digitally recorded and transcribed (refer appendix 4). The length of the interviews varied from 25 to approximately 80 minutes. 21 interviews were conducted in Accra over two weeks, and an additional three interviews were done via Skype in August 2010.

In addition to the above, especially knowledgeable local academics, Dr. George Owusu of ISSER and Dr. Osman Al-Hassan, head of the Institute of African Studies at the University of Ghana, Legon, were consulted on issues relating to youth entrepreneurship in Ghana. The discussions were informal and the academics were invited to bring up issues they considered important with regard to youth, education and entrepreneurship in Ghana. Although the discussions were, naturally to some extent informed by the topic of this thesis, Dr. Owusu and Dr. Al-Hassan provided us with a broader view of entrepreneurship in Ghana, government policy and insights into Ghanaian culture. Notes were taken during these discussion sessions, lasting approximately 60 minutes each, as the interviews were not
recorded. We also benefited immensely from our contact with Thilde Langevang, Assistant professor at CBS, who was in Ghana at that time conducting research on young entrepreneurs.

### 3.2.2 Secondary Data

Updated and accurate statistical data for Ghana is difficult to obtain. Liedholm (2002) argues that the number of micro and small enterprises is far larger than that reported in most official statistics which often cover only registered firms. Summaries of interviews which the Youth and Employment (YEMP)\(^9\) research team conducted with various Ghanaian institutions, both non-government and government, were kindly provided for us by Thilde Langevang. These serve as a useful supplement to our own research as they give a picture of the current institutional environment in Ghana. Lastly, peer-reviewed scientific articles from various academic disciplines were consulted in relation to the topics presented in the literature review.

Data obtained from the homepages of BBB and MEST has been used to draft the profiles of the two organisations. The information on these homepages may be biased, focussing on the positive aspects only as it is intended to promote the work of MEST and BBB. Further, at the time of writing, the BBB webpage had not been updated for two years. We therefore contacted the BBB management directly for further information, never receiving however, any final response to our emails.

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\(^9\) YEMP is an interdisciplinary research project between the University of Copenhagen, CBS, GEM, and universities in Ghana, Zambia and Uganda. The research examines the role of entrepreneurship for employment generation among young people in African countries. It is funded by Danida and runs from 2009-2013 (YEMP, 2010).
4. Youth entrepreneurship in Accra

With reference to The Framework (cf. section 2.5), this section presents an overview of Ghana and its business environment.

4.1 Macroeconomic Overview

Ghana was the first Sub Saharan country to gain its independence from British colonial power in 1957. Situated on the coast of West Africa, it is a constitutional democracy with a population of approximately 23.4 million, the capital Accra has close to 2,73 million inhabitants (GSS in Gough, et al., 2003). According to the World Bank (2009) Ghana is considered a low-income country,\(^\text{10}\) as it has an annual per capita income of less than $1,025 (Gross National Income per capita in 2009 was $700). However, a stated objective of the GoG (Ghana Poverty Reduction Strategies, or GPRS II) is to achieve middle-income status by 2015. The country is politically stable, multiparty politics were established in 1992, and free and fair elections were held in 2000 (Robson, et al., 2009). The current economic policies can be traced back to the World Bank (WB) and the International Monetary Fund (IMF) sponsored economic reforms initiated in 1983 which were designed to promote the private sector. These structural adjustment programmes (SAPs), were intended to provide an “incentive framework to enhance efficiency, encourage savings and investment, create an enabling environment to facilitate private sector development, and improve the efficiency of public sector resource management” (World Bank, 1995 in Aryeetey & Baah-Boateng, 2007).

Ghana is characterized as a mixed economy with agriculture constituting the largest proportion of GDP (40,4%), followed by services (32,4%) and industry (27,7%) (2005 estimates in Robson et al., 2009). The country relies on foreign export earnings from a small

\(^{10}\) The criterion used by the World Bank (2010) for classifying economies is gross national income (GNI) per capita. Economies are classified as follows: Low income ($995 or less), middle income (subdivided into lower middle: $996- $3,945 and upper middle: $ 3, 946 – $12,195), and finally, high income ($12,196 or more).
number of natural resources such as gold, timber and cocoa production (Robson & Freel, 2008), thus the country’s economic base remains narrow and vulnerable to unpredictable and fluctuating commodity prices (Bogetić et al., 2007). The domestic economy depends largely on subsistence agriculture which also accounts for approximately 50% of employment (Aryeetey & Baah-Boateng, 2007). However, Ghanaian youths rarely view the agricultural sector as attractive and prefer instead to migrate to “urban centres in search of non-existent jobs” (ISSER, 2010), putting further pressure on these urban labour markets (Langevang, 2008a). The overall composition of employment has been changing over the past two decades with the strength of agriculture in employment shrinking in line with the pattern of labour demand becoming skewed towards services and industry. The services sector has registered stronger growth than agriculture and industry (Aryeetey & Baah-Boateng, 2007) (refer appendix 5 for employment indicators 1984-2000).

The IMF and WB maintain that Ghana is a successful adjuster as it has reversed its economic downturn and stabilised key economic indicators. And in recent years Ghana has become very popular with the development community due to its macroeconomic success, such as a consistent growth rate and decreasing inflation. Growth has been fairly strong over the past two decades, averaging 4.8% annually since reforms began (refer appendix 5). However, a more nuanced view is in order here; although inflation was halted and the exchange rate improved, growth has not led to the creation of sufficient employment and, according to Aryeetey and Baah-Boateng (2007:22), the “decent growth performance that made Ghana the model of economic reform in sub-Saharan Africa has been somewhat dented by the increasing rate of unemployment and underemployment”. This is attributed to policies which have been narrowly focussed on achieving macroeconomic stability and accelerated growth without adequate consideration for employment (Aryeetey & Baah-Boateng, 2007). The overall employment growth in the Ghanaian economy has not kept pace with the growth of the labour force due to high population growth, slower domestic growth and adverse effects from globalisation (Baah-Boateng and Turkson 2005, in ISSER, 2010:189).
Those who focus on the social costs of SAPs argue that the programmes have forced people into self-employment, increased inequalities and poverty, and that these aspects outweigh the positive effects (Kragelund, 2005). Spring (2009) argues that in many cases SAPs have resulted in a move from the formal sector to the informal sectors as salaried workers became informal entrepreneurs, consequently increasing the competition among the established entrepreneurs. It appears that it is especially women, youths and other vulnerable people, who seem to have borne the brunt of the failed structural reforms and later economic crisis (Chigunta et al., 2005; Rankin, 2002). Indeed, the high rates of unemployment and underemployment among youths and the challenges that these present, have been widely acknowledged (Africa Commission, 2009; Garcia & Fares, 2008; ISSER, 2010). Youth between the ages of 20 and 25 years have been the most severely affected by unemployment (ISSER, 2010:189). Further, the proportion of total youth employed in Sub-Saharan Africa (15 to 35 years) has worsened, declining over the past decade from 51.3% in 1997 to 49.8% in 2007 (ISSER, 2010). This has led the GoG to initiate measures such as the NYEP in 2005, due to a concern for addressing “the ever-increasing problem of unemployment among the youth, perceived to be a potential threat to national security” (Langevang, 2010: 5). The programme was officially launched in 2006 “to facilitate job creation and placements for the youth in various economic ventures in all districts across Ghana” (Langevang, 2010). The initial targets of the NYEP were to create 175,000 jobs in a year (June 2006 to June 2007) and thereafter to create 500,000 jobs in three years (2006-2009). These targets, however, were not reached. The NYEP focuses on creating jobs mainly in the public sector, but according to the deputy director of NYEP there are plans to make the programme more focused on bringing in the private sector, to have a greater focus on entrepreneurship and to engage with donor partners (Ibid.).

The pie chart below (Figure 3, p.44) indicates the employment status of the economically active population. The chart shows that a large proportion of the economy is self-employed with no employees (67,6%), 5,2% are self-employed with employees, and wage employees make up a mere 15,3% of the economy (refer appendix 4 for employment by sector).
It must be noted that many Ghanaians often hold wage employment and are self-employed at the same time (they are referred to as part-time entrepreneurs) and it is not clear from the Population and Housing Census how this issue was addressed. Unfortunately there is often a discrepancy between figures obtained from different official sources in Ghana.

Estimating the size and contribution of the informal sector is difficult but Aryeetey and Baah-Boateng (2007) argue that although the share of the informal sector in the economy has been decreasing since 1984 it still employs over 80% of the Ghanaian workforce (refer appendix 6). According to Gough et al. (2003) however, the informal sector is increasing and they claim that this sector will absorb most of the annual increase in the labour force. In fact, the informal economy represents the best hope of avoiding widespread unemployment and deepening poverty (Chamlee-Wright, 1997). It is the primary destination for both out-of-school and school graduates in Ghana, providing both skills training and a possibility of finding, or creating, decent and productive livelihoods (Palmer, 2007b). The increase in informal sector employment has reportedly led to the informal sector becoming overcrowded with falling profit margins and falling incomes (Brydon and Gough, 1999 in Gough et al., 2003).

**Figure 3 Employment Status of Economically Active Population in 2000**

![Figure 3](image)

*Source: 2000 Population and Housing Census, Ghana Statistical Service in (Aryeetey et al., 2005:119)*
The informal and formal sectors can be seen as “dual economies” of African countries (Spring, 2009), and the labour market is also fragmented into an informal and formal sector (Maloney, 2004). In the global South the informal markets are substantial and largely consist of self-employed entrepreneurs, with these markets also generating employment for a large number of young people (Munive, 2008). In contrast, the formal sector consists of wage employment and is characterised by high unemployment rates (Naudé, 2008). Further, wages in the formal sector are low relative to the high cost of living in Ghana, with these low wages are often being blamed for the low productivity in the economy, providing as they do, little incentive to work. Further, the wage structure in the public sector, coupled with inefficient supervision, offers little incentive to improve skills and productivity (Aryeetey & Baah-Boateng, 2007). Governments are usually more concerned with the formal sector (Spring, 2009) and Munive (2008) critiques donor initiatives such as the ‘Africa Commission 2009’ for its focus on employment in the formal sector whilst neglecting other less formal means of youth employment. The unemployment rate in Ghana has increased from 2.8 % in 1994 to a high rate of 10.5% in 2000, and the situation is worse among the youth and in urban areas (refer appendix 4) (Aryeetey & Baah-Boateng, 2007; Munive, 2008).

Further, it is argued that the presence of a large number of micro and small enterprises in the global South is the result of a failure of the economy to provide jobs (Liedholm, 2002). Generally, there is little upward mobility of small enterprises and this has led to what many researchers have referred to as the ‘missing middle’ in the Ghanaian economy, and it is often the SMEs in this middle segment that are a great source of employment (Mkandawire, 1999 in (Robson et al., 2009). The pie chart (p. 44) indicates that a high number of Ghanaians are self-employed in micro-enterprises. In Ghana, businesses with five employees are generally defined as micro enterprises whilst those with up to 29 employees are defined as small enterprises (Kuada, 2009). One of the problems from a private sector development point of view is that the MSMEs are generally not able to grow due to various factors, such as a lack of finance, lack of skills (of both the owner -entrepreneur and employees) as well as a lack of export opportunities, and low productivity (Jeppesen, 2005a), to mention but a few. Unfortunately, these small-scale enterprises generally cannot produce large quantities of goods of consistent quality.
They are therefore vulnerable to imports from international corporations that benefit from economies of scale and can produce better quality at lower prices. Further, many enterprises lack the resources to advertise and market their products (Arthur, 2007).

Many of the self-employed have established enterprises in the absence of employment opportunities and have no real long-term business plans, being confined instead to simple business activities with low entry barriers and low returns (Altenburg, 2009). In the informal sector many enterprises operate out of the home (hereafter HBE). The HBEs in Madina, Accra, operate mainly in retailing and/or producing food and drink (Gough et al., 2003). The food and retailing enterprises are popular because they cater to local demand, require little initial capital and need only limited skills (Gough et al., 2003). Operating from home is a general problem in youth entrepreneurship yet it is very hard for young people to acquire the necessary capital to pay in advance the often high rents required to obtain office space (Chigunta et al., 2005). In a recent study of entrepreneurs in Ghana, Benzing and Chu (2009) noted that in the formal sector entrepreneurs were engaged in the following areas: services were the largest sector (42%), followed by manufacturing (21%), retailing (20%), wholesale (6%) and agriculture (7%). However, (Palmer, 2007a) argues that the informal sector is heterogeneous, and activities encompass both survivalist petty trading (termed bogyuwa-bo-gyuwa), manufacturing and farming activities as well as more expansionist enterprises in micro-manufacturing, trading, repair, transport, financial, ICT and agriculture (Palmer, 2007a:27).

The outcomes of institutional restructuring under the SAPs are ambiguous and the relationship between the state and private businessmen has therefore come to be characterised by suspicion and uncertainty, sometimes even outright hostility, ever since independence (Kragelund, 2005). Moreover, the events following the military coup by Jerry John Rawling and the Provisional National Defence Council (PNCD) in 1981 still have an impact on this relationship. After the takeover in 1981, a witch-hunt was initiated on private businesses thought to have been engaged in corruption under the previous government, and private capital was confiscated. Moreover, market women were under constant attack and
the demolition of the Makola market\textsuperscript{11} in Accra may have had a chilling effect on the development of an entrepreneurial mindset in the country. Nevertheless, at the beginning of 1990s, the PNDC, under the influence of the WB and the IMF, began to focus on providing more assistance to local capitalists, engaging in discussions with the business associations in order to hear their thoughts about the needs of the private sector. The intention of the GoG however, was generally mistrusted as local entrepreneurs were afraid of a repetition of the events of the early 1980s (Arthur, 2005). Throughout the 1990s the PNDC was believed to favour entrepreneurs who were its political supporters and consequently Ghanaian business owners started to question the competences and honesty of both state agencies and other business owners with whom they interacted (Bergman et al., 2003 in (Arthur, 2005).

Government policies and the overall quality of public administration impact on entrepreneurship. According to a WB report Ghana is one of the top ten reformers\textsuperscript{12} (Appendix 7). It has, amongst other things, increased the efficiency of its public services, and reduced bottlenecks in the registration of companies by cutting the time for business start-up from 81 to 42 days (World Bank, 2008). Although initiatives such NIRP\textsuperscript{13} were established to transform public sector institutions have been taken by the GoG to reduce corruption and create an enabling environment for investment and economic growth (Mensah et al., 2003), results of the 2000 Ghana Governance and Corruption Survey indicate that corruption (\textit{kalabule})\textsuperscript{14} is still a major problem in both public and private sectors in Ghana. The results from the survey show that 44 % of the firms made unofficial payments to

\begin{itemize}
\item \textsuperscript{11} The Makola market is considered a major commercial and entrepreneurial centre in Ghana
\item \textsuperscript{12} This report compares regulation in 178 economies that affect a business’ life. Ghana had improved in the following areas: starting a business, dealing with licenses, registering property, getting credit, paying taxes, enforcing contracts, and trading across borders.
\item \textsuperscript{13} The National Institutional Renewal Programme (NIRP) aims to transform public sector institutions from an “input-oriented, hierarchical system which is relatively inflexible ... into a responsive enabling sector which is results oriented and where decision making is deconcentrated and devolved”(Mensah, Aboagye, Addo, & Buatsi, 2003:42).
\item \textsuperscript{14} Kalabule is a societal practice that illustrates the challenges of entrepreneurship. It refers to illicit, improper or illegal business conduct. According to Buame (1996) kalabule ruled in Ghana in the 1990s, undermining the legal framework, and the national regulatory system. Kalabule also undermines trust and confidence among entrepreneurs themselves (Kiggundu, 2002:250).
\end{itemize}
public officials, and 56% of firms reported that service is frequently delivered only once they have made an unofficial payment (Mensah et al., 2003:23). Politics also play a large role in business and many Ghanaian entrepreneurs rely on connections with the political establishment to obtain contracts (Kragelund, 2005). Further, according to Overå (2007: 543) there is little consistency in the way that rules are applied and the relations between the state and informal enterprises are full of paradoxes; “Self-employed people may register their enterprises without paying taxes. Conversely, unregistered traders in marketplaces have often been heavily taxed [...] Most of the activities of the self-employed thus take place at the formal-informal interface”. There is room for improvement in the business environment in Ghana, which is characterised as unstable and highly bureaucratic and where high tax rates, burdensome administration, corruption and the unpredictability of laws and regulations are reported as constraining factors (Chu et al., 2007). Some argue that bureaucracy and corruption in the public sector leads enterprises to engage in corrupt practices. Others state that these factors may affect the development of small businesses, as they encourage small enterprises to remain small and informal in order to avoid corrupt officials and government bureaucracy (Fadahunsi & Rosa 2002 in Robson et al., 2009). The reasons for, and effects of, corruption are many and varied and the scope of this thesis does not permit further elaboration on this topic.

Problems persist with infrastructure services, such as telecommunications, power, railway transport, roads, water and sanitation which are at the core of economic growth and private sector investment (Kwaku, 2002 in Arthur, 2006; Bogetić et al., 2007). In general it can be argued that not all Ghanaian entrepreneurs are seeing concrete evidence of the growth in the economy trickling down and benefiting them as the wealth remains unevenly distributed between the ‘deprived’ Northern Ghana and the more ‘affluent’ Southern Ghana (Aryeetey, 2009 in ISSER, 2010). Overall, the road conditions are poor and the lack of an effective railway system prevents many enterprises from getting their goods to market on time, and impedes market integration. Structural problems such as land acquisition, an unstable industrial relations environment and unreasonable bureaucracies at the ports have combined to impede manufacturing and overall industrial growth (Aryeetey & Baah-Boateng, 2007). Furthermore, the public agencies and institutions promoting small-scale
enterprise generally lack well-qualified professional staff and the financing needed to acquire credibility and gain the confidence of the private sector (Berman, 2003:40 in Arthur, 2007).

Access to capital has an impact on how entrepreneurial enterprises operate and companies consistently rate access to credit as among the greatest barriers to their operation and growth (Chigunta et al., 2005; Chu et al., 2007; Kuada, 2009; Naudé, 2008). Ghanaian enterprises are burdened by a very high cost of credit (Arthur, 2006) and the lending rates by commercial banks to private enterprises currently stand at about 30% (Bowers, 2010). Although there are Western-types of banking institutions in the larger cities of Ghana, the majority of small-scale entrepreneurs do not approach these banks (Chamlee-Wright, 1997) and the banks are reluctant to serve their needs (Arthur, 2006; Chamlee-Wright, 1997). According to Aryeetey and Baah-Boateng (2007) banks prefer to provide credit to the public sector and large but low labour absorption enterprises, such as mining and imports, rather than to agriculture and other informal enterprises with a high employment generation potential. In addition, small-scale entrepreneurs are often unable to raise the initial funds necessary to open a savings account or to raise the collateral required by banks to secure loans within the formal sector, and therefore indigenous financial arrangements may be used instead such as social networks (Arthur, 2006) and susu 15. A study of Ghanaian entrepreneurs revealed that many had little awareness of micro-credit schemes (Benzing & Chu, 2009). Although micro-credit schemes may provide some financial support to entrepreneurs, they do not come with “micro-interest rates”, and rates may in some cases reach 20% (Arthur, 2006).

In conclusion, it is apparent that economic and political legacies have impacted on the operations of many Ghanaian enterprises. Even though Ghanaian politicians have

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15 Susu is informal credit from rotating credit associations, professional moneylenders, family and friends. The amounts that are available through susu are generally too low to cater for entrepreneurs wanting to expand their enterprises. Furthermore, SMEs are generally excluded from credit from suppliers, as relationships between an enterprise and its suppliers are seldom long-term (Funkor, 2003; Steel & Andah, 2003 in Kragelund, 2005).
acknowledged that youth has a large role to play in the future of Ghana, little has been done to implement specific policies and strategies in addressing youth employment and unemployment (ISSER, 2010). Some of the policy interventions relevant to youth employment are: the Ghana Vision 2020 (1997-2000), Ghana Poverty Reduction Strategies or GPRS (GPRS I: 2002-2004, GPRS II: 2006-2009) and, to address youth unemployment, there is the National Youth Employment Programme (NYEP) (ISSER, 2010) (refer appendix 8). Employment generation was considered the core objective of the policy frameworks, with more emphasis on public investment in education, health and infrastructure (Aryeetey & Baah-Boateng, 2007). However, negligible results have been shown in terms of jobs created (ISSER, 2010) and although numerous industrial development policies have been formulated by successive governments, until recently only a few economic achievements were realised (Arthur, 2002 in Kragelund, 2005).

4.2 Education

The educational system is responsible for training and providing the skills which will later become available to the private sector. Therefore it can be said that the enrolment rates for education in Ghana represent its human capital base. Although education does not represent particular abilities such as technological abilities or managerial abilities, it nevertheless provides the base on which learning can take place. According to Lall (2000:41 in Kragelund, 2005) “enrolment data can serve as a reasonable proxy in the absence of other comparative human capital formation data”. In Ghana, enrolment at universities has increased fourfold from 1990 to 2001, and enrolment at Polytechnics has also increased substantially (refer appendix 9) (Ansu-Kyeremeh, et al., 2002:58). Nevertheless, enrolment data are no reflection of the quality of education (Kragelund, 2005) and according to Ansu-Kyeremeh et al., (2002) the growth in admissions has stretched academic facilities to the point of impacting on the quality of academic standards. According to Aryeetey (2001:10) “With respect to measurement very little systematic work has been done on characterising human capital in Ghana, except in the form of periodic reports on educational attainment”; these reports refer to the number of students who graduate from educational institutions.
In Ghana, school attendance is low, with indications that about one third of all economically-active Ghanaians have never been to school. This includes 22% of working men and 43% of working women. The total illiteracy rate in Ghana, as of 2000, was 45.9% the majority of whom are females. In fact, 37.1% of the adult male population is illiterate as compared with 54.3% adult females (Aryeetey et al., 2005). As for those who did attend school, 25% did not obtain any qualification and only 10% went up to secondary school or higher (GSSa, 2000 in Aryeetey, 2001). Furthermore, inequalities exist in education between the more affluent Southern and poorer Northern parts of Ghana, and participation is problematic for students in the Northern parts of the country where high levels of poverty prevail (Casely-Hayford, 2004). Further, there are gross gender inequalities in education, with Ghanaian females making up only one quarter of the tertiary student population (Aryeetey, 2001). Generally, university education is associated with middle-class and upper-class families (Sackey 2005 in Robson et al., 2009:346), although government initiatives are underway to improve access to education for the majority of Ghanaians.

In 1987 the educational system was reformed. However, Yamada (2005:72) argues that generally, the educational policies of African countries are under the strong influence of external forces and so what is perceived as relevant knowledge today dates back to the colonial system of education. The 1987 reform reduced the number of years spent in school because, “As policy-makers saw it, the average Ghanaian spent too many years in school, learned too few practical skills, and had little chance of advancing into higher education with the "book knowledge" he or she did acquire’ (Nugent, 1995: 173 in Kragelund, 2005). A 6-3-3-4 system was implemented and, accordingly, primary school attendance is 6 years, followed by junior secondary (3 years), senior secondary (3 years) and lastly, training college (4 years). University can be entered after 12 years of schooling. The reform was aimed at instituting vocational and technical skills in order to provide the necessary skills for paid or self-employment (Yamada, 2005). According to Yamada (2005:76) policy-makers “see vocationalization as the solution to unemployment [...] a solution that they expect to reorient students from aspiring to unattainable employment in cities to accepting available jobs in their vicinity. Vocationalization is seen more as a strategy of moralistic socialization
than as skill training for employment". These changes were therefore effected to make education more relevant to the needs of the Ghanaian economy.

As for the quality of education, there appear to be mixed feelings, and it is argued that the 1987 educational reform did not inculcate any meaningful vocational and technical-oriented skills into the students (Aryeetey et al., 2005). Kwami (1999) argues that "Ghanaian graduates are generally mediocre and lacking in innovativeness and perceptive thinking" (in Aryeetey, 2001:18). Indeed according to Aryeetey (2001), many analysts consider this to be one of the stumbling blocks to progress in Ghana. Aryeetey and Baah-Boateng (2007:21) argue that graduates from tertiary, vocational and technical training institutions as well as traditional apprenticeships are "unable to secure placement in the labour market since the contents of some of the courses are less relevant to the needs of the economy. It is generally difficult for youths to make the transition from school to work because many are not equipped with basic numeracy, literacy and computer skills required by industry, which are needed to succeed in the work place. The mis-match between education and skills training and the expectations of industry is also found among highly educated university graduates (ISSER, 2010). This is attributed to an underdeveloped Labour Market Information system which is unable to track the demand for labour (ISSER, 2010:196). It can partly be ascribed to the fact that Ghanaian educational institutions measure their success in terms of the number of graduates or trainees that have graduated and attained certificates and diplomas, and so there is little data available on the number of students who proceed to the labour market (Akplu and Amankrah, 2008 in ISSER, 2010:196). However, it is also a result of a lack of inputs from prospective employers into curriculum design and training delivery (ISSER, 2010:197). Reasons for high unemployment rates among graduates include the lack of entrepreneurial training in the school curriculum (AU, 2007:22 in ISSER, 2010).

In sum, the growing number of unemployed youth indicates that educational reforms to address youth unemployment and poverty reduction have not been realised (ISSER, 2010), and youth unemployment is still a critical issue. This is because the necessary contributing framework (such as a supportive enterprise environment) needed alongside these reforms
has not been put in place. It is also attributed to low government funding for skills development and training when compared with other sectors (Ibid.).

4.3 Networks

Undoubtedly social networks are embedded in everyday life in Ghana. In particular, when it comes to business transactions, it is beneficial to have a large informal network to draw upon for getting access to various resources. However, different kinds of networks come with different levels of impact (Wilson and Chipaka, 2006 in Robson & Obeng, 2008). For instance, attention has been given to the fact that social networks in an African context come with social obligations that might outweigh the benefits. Moore (1997) notes that entrepreneurial activities might be constrained by excessive demands made on the resources of their owners by family members (in Kuada, 2009). Then again, family, especially extended family, can serve as a major source of resources and according to Baume (1996), Ghanaian entrepreneurs use family links and connections as a strategy to enhance access to suppliers, customers, financers, and authorities in government establishments (in Robson & Obeng, 2008). In terms of more formal networks, various business organisations exist to promote the views of the private sector vis-à-vis the Ghanaian state, which determines the rules of the game, and is pro-private sector. However, Kragelund (2005) posits that these organisations do not pose a real challenge to the state as most of them have neither established branches nor adequate funding. Their number is estimated at 1.824 but this rather high number is not an indication of activity among the organisations or among the members (PEF 2003 in Kragelund, 2005). In fact, most of the organisations lack member support and, a high number of members notwithstanding, only a few members pay their membership fees (Kragelund, 2005). Finally, private-public interaction has been influenced by the low capacity and inadequate coordination of Ghanaian business organisations (Kragelund, 2005: 158).
4.4 The Importance of Trust

Several studies of Ghanaian business culture have shown that the environment is characterized by low levels of trust (Kuada, 2009). This is manifested by Ghanaian firms having increased operational costs due to irregular delivery and payment delays (Fafchamps, 1996). In relation to entrepreneurship, the low trust environment might contribute to fewer joint business activities and other forms of resource sharing especially with people from the same communities due to interpersonal jealousy deriving from individual ambitions to excel and climb the social ladder (Kuada and Baume, 2000 in Kuada, 2009). In general, the concepts of trust and family are closely related in Ghanaian terms, and Kragelund (2005) notes that, as a rule of thumb, non-kin Ghanaian businessmen tend not to engage in long-term business partnership for two reasons. Firstly, because there is limited access to information about a person’s trustworthiness since business information is not shared in a systematic way, there is inherent suspicion of unknown persons. Secondly, there is a strong obligation to put family first, therefore engaging in trade with kin is considered before engaging in trade with non-kin. In Ghana, religion plays an important role as it is seen as a collective and social undertaking, “bringing together persons from the entire status spectrum of Ghanaian society and therefore containing a rich pool of expertise that entrepreneurs can tap” (Assimeng, 1989 in Kuada, 2009: 99). Interestingly, Ghanaians tend to view an enterprise as inseparable from their family and religious belief (Bowditch, 1999 in Benzing & Chu, 2009). In a study on social networks in Ghana, Hanson (2005:1305) found that religious ties in particular eliminate the element of mistrust. Furthermore, Kuada (2009) also recognizes that the use of social networks with church members is an important avenue for non-kin social interaction, which can lead to, for example, opportunities for financing.

This section has dealt with the institutional environment in Ghana which places many constraints on young people. The GoG has largely focused on achieving macro-economic stability, thereby neglecting the importance of ensuring employment for young Ghanaians who make up a large percentage of the population. The agricultural sector supplies employment to a large number of Ghanaians, however, the young do not see it as an attractive sector. Due to the lack of employment in the formal sector, young people are
forced into self-employment in the informal sector, which is already overburdened. The general business environment in which young Ghanaian entrepreneurs must operate is not supportive of entrepreneurial enterprises and it becomes apparent that doing business in Ghana is fraught with difficulties, not least of which are the institutional voids that entrepreneurs must find a way to circumvent. There is little access to credit and a lack of adequate infrastructure. Furthermore, business organizations lack the clout to represent the plight of entrepreneurs in their interactions with government. The business climate is generally characterised by low levels of trust, which is exacerbated by the fact that information is difficult to obtain. To mitigate these problems, entrepreneurs may often choose to do business with family rather than to deal with outsiders. The illiteracy rate remains high and, unfortunately, it appears that tertiary institutions are neither equipping students with the skills demanded by future employers nor the entrepreneurial skills needed to be successful and to grow an enterprise in an increasingly competitive environment.

4.5 Accra’s Young Entrepreneurs

The following section commences with a summary of the data obtained from the interviews. Thereafter the MEST programme and the BBB competition from which interviewees were selected are briefly introduced. The aim of both initiatives is to teach entrepreneurs the necessary entrepreneurial skills to establish enterprises and compete in a competitive Ghanaian business environment. Hereafter, there is a brief introduction to the third group, which consists of entrepreneurs who have received no specific entrepreneurial training. This is done in order that the latter group can be compared and contrasted with entrepreneurs from the first two groups.
Table 1 Summary of Interviews

<table>
<thead>
<tr>
<th>Characteristics of Entrepreneurs Interviewed</th>
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<tbody>
<tr>
<td><strong>Number:</strong> 20 entrepreneurs interviewed</td>
</tr>
<tr>
<td><strong>Age:</strong></td>
</tr>
<tr>
<td>• 20-24: 5%</td>
</tr>
<tr>
<td>• 25-29: 65%</td>
</tr>
<tr>
<td>• 30-35: 30%</td>
</tr>
<tr>
<td><strong>Sex:</strong></td>
</tr>
<tr>
<td>• Female: 15%</td>
</tr>
<tr>
<td>• Male: 85%</td>
</tr>
<tr>
<td><strong>Types of Enterprise:</strong></td>
</tr>
<tr>
<td>• Service: 55%</td>
</tr>
<tr>
<td>• Direct sales incl. food processing: 25%</td>
</tr>
<tr>
<td>• Manufacturing: 10%</td>
</tr>
<tr>
<td>• Agriculture: 5%</td>
</tr>
<tr>
<td>• Entertainment: 5%</td>
</tr>
<tr>
<td><strong>Age of Enterprise:</strong> 0-7 years</td>
</tr>
<tr>
<td>• Established in</td>
</tr>
<tr>
<td>• 2003-2005: 35%</td>
</tr>
<tr>
<td>• 2006-2008: 25%</td>
</tr>
<tr>
<td>• 2009-2010: 30%</td>
</tr>
<tr>
<td>• n/a: 10%</td>
</tr>
<tr>
<td><strong>Number of Employees:</strong></td>
</tr>
<tr>
<td>• 13 enterprises &lt;5 employees (categorized by size as “micro”)</td>
</tr>
<tr>
<td>Breakdown: 1 employee: 69%</td>
</tr>
<tr>
<td>2-4 employees: 31%</td>
</tr>
<tr>
<td>• 6 small enterprises (5-29 employees)</td>
</tr>
<tr>
<td>• 1 medium-sized (&gt;29 employees)</td>
</tr>
<tr>
<td><strong>Formal / Informal:</strong></td>
</tr>
<tr>
<td>• 16 claimed to be “registered”</td>
</tr>
<tr>
<td>• 1 unregistered</td>
</tr>
<tr>
<td>• 3 n/a</td>
</tr>
<tr>
<td><strong>Full-time or part-time entrepreneurs:</strong></td>
</tr>
<tr>
<td>• Full-time entrepreneurs: 55%</td>
</tr>
<tr>
<td>• Part-time entrepreneurs: 45%</td>
</tr>
</tbody>
</table>

*Source: interview transcripts*
### 4.5.1 MEST

MEST is a non-profit initiative under the Norwegian Meltwater Group. The Meltwater Group specializes in offering global software solutions to companies around the world and was founded in 2001 by Jørn Lysenggen. MEST was set up in 2007 on the initiative of Mr. Lysenggen in order to develop “the software entrepreneurs of tomorrow” (Meltwater Group, 2010). The goal of the two-year MEST program is to teach students the skills required to launch break-through global companies and thereby enable them to create jobs and wealth locally and so stimulate the African economy. The students whose business ideas for software solutions are selected in the final year of the programme are thereafter placed in an incubator for one year, where they receive mentoring and funding in return for equity stocks. The MEST program is targeted at young, talented university graduates who are interested in entrepreneurship, technology and business. Once accepted to the MEST programme the students receive hands-on training in software development, basic business fundamentals and entrepreneurship, so that they can develop software applications and prepare these for launch in the global marketplace. We interviewed five young men who had all received training at MEST. Three of them succeeded in obtaining funding for their final year project and are now in the MEST incubator programme. The fourth (Barnabas) did not receive any funding and has returned to the entrepreneurial venture he had established before joining MEST in order to develop this business further. The fifth (Edward) was still a student at MEST at the time of the interview. The age-range of the MEST sample is 24-28, with an average of 26 years (refer appendix 1).

### 4.5.2 BBB

BBB is a national business plan competition for Ghana, initiated by TechnoServe, an American not-for-profit organization operating in Ghana since 1971. The mission of TechnoServe is to help “entrepreneurial men and women in poor areas of the developing world to build businesses that create income, opportunity and economic growth for their families, their communities and their countries” (TechnoServe, 2009). The BBB was launched in 2006 as the first of its kind in Ghana, with the domestic and international
support of Google and USAID. The BBB in Ghana is targeted at Ghanaian citizens who are over 18 years of age and have been running a Micro or Small Medium Enterprise (MSME) for more than two years.

Forty entrepreneurs are invited to attend a core training program, comprising an intensive seven-week business plan building programme that includes business course work, business plan development seminars, one-on-one sessions with a consultant, and networking events. From among the forty entrepreneurs, twenty are selected to continue and to develop their business plan further. These entrepreneurs must present their ideas in front of a judging panel, and the final ten receive grants to develop their enterprise further. When we conducted the interviews, the training was in its final phase and the group consisted of 40 entrepreneurs, only four of whom were women. We kept contact with one participant, Samson, after returning to Denmark, and he gave us information on which entrepreneurs had made it to the last twenty, as well as the final ten that received funding. After the ceremony, we were informed that only one of our interviewees had made it to the top ten, and who received funding of 3.000 cedi. However, all those who succeeded in getting into the top twenty were entitled to receive 3.000 cedi worth of business services from TechnoServe consultants. One woman and five men under the age of 35 were interviewed during the two days we were present at the BBB training facilities. The age range was from 31-34 with an average of 32 years old (refer appendix 1).

4.5.3 Group University

This group of nine young entrepreneurs comprises young people who have completed SSS in Ghana. We interviewed nine young entrepreneurs: two females and seven males. Their ages range from 25 to 30 years, with an average age of 27 years. Some of the entrepreneurs are still enrolled at university whilst others have completed their degrees. Fees for education

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16 One US$ is approximately 1, 44 cedi. 3.000 cedi is therefore equal to approximately US$2,085, exchange rate as at October 2010 (fx-rate.net, 2010).
were either financed by the parents of the entrepreneurs, or with the revenue earned from their own entrepreneurial activities (Refer appendix 1).
5. Analyses

In the following section, we begin by giving a brief account of how the interviewees viewed entrepreneurship in Ghana. This is to see what it means to be an entrepreneur, according to a young Ghanaian person. Thereafter, we analyse the interview transcripts in relation to The Framework. We commence with an analysis of how education influences opportunity development; this is followed by an analysis of how social networks are used in opportunity development. It should be noted that all quotes from the interviews have been slightly modified in order to make them more reader-friendly, and therefore speech imperfections have been omitted.

Although this thesis has a distinctive focus on the role of education and social networks in opportunity development, we also asked the interviewees about their own views on entrepreneurship. Posing this question gave us a starting point for understanding how individual young entrepreneurs view their own role as entrepreneurs. From the responses, it can generally be said about youth entrepreneurship that “young people should not think that it is easy to start a business … this is lacking in the debate. The idea that entrepreneurship solves everything is not true” (George). This thought is echoed by at least two other young entrepreneurs, who argue that it is necessary to prove oneself first before one should expect to receive loans, or help from outsiders and institutions. Another young entrepreneur drew attention to the social aspect of entrepreneurship, stating that it is, “the art of an individual who is trying to make a living by embarking on any business venture … we are in Africa you need to take care of other people too” (Thomas). This quote emphasises the need help others, and the fact that starting any kind of enterprise makes an individual an entrepreneur. In contrast, Barnabas argues that entrepreneurship is about “growing one’s business and turn it into something bigger”. In general, it was possible to draw parallels to Olomi’s (2009) work on entrepreneurship in Tanzania, such as the argument that entrepreneurship involves the growth of an enterprise.
Overall, it can be said that there was agreement among our interviewees that entrepreneurship gives them freedom to make their own decisions and to be their own boss, and most believed it to be more profitable than wage employment in the formal sector. Another observation from the interviews is that being an entrepreneur is easily combined with formal employment (Wanlov). This was further confirmed by the fact that many of the young entrepreneurs seemed to be engaged in a variety of business activities; “In Ghana you don’t run one business, so I’m also running another company” (Barnabas). Further, Kuorkor explains why she prefers to keep her full-time job: “... I don’t think that it is challenging enough for me. My work is already challenging and I enjoy that”. However, Wanlov notices that these attitudes pose a problem, namely that what is lacking in Ghana is full commitment to the entrepreneurial enterprise.

According to Olumi (2009) entrepreneurship is often met by cultural constraints as it is not viewed as a respected way of earning a living. Young people in Ghana face many constraints when choosing entrepreneurship as a way of living. This is illustrated by Adwoa, who comes from an academic family and states that; “we’re academic people ... it’s uneducated people who go into business ... So every time people ask me what I do, and I say ‘I run a clothing company’ they say ‘so what else do you do?’ because it can’t be my real job ... when I say I work at MEST then I ‘save face’”. Adwoa argues that entrepreneurship is only accepted if the entrepreneurial enterprise is run as a side-business, and a person has wage employment as well, which is not regarded as a respectable way to make a living if you have tertiary education. Some entrepreneurs draw attention to the fact that being young affects opportunity development in various ways; “you are a young guy, you don’t drive a nice car, you dress not shabby but not in expensive clothing, but they look down on you. They measure you with such age; they believe your age has a link to your experience or what you can deliver. But I think they should give the youth a chance” (Thomas). Another adds; “... if an older person goes with a stupid idea (referring to a business proposal), sorry to use that, and a young person goes with a brilliant idea, the fact that the person is old, it is thought that his idea is superior” (George). Of course, such statements must be taken with a degree of reservation as it is likely that factors other than the age of the entrepreneur could have lead to the rejection of the business proposal.
5.1 Opportunity Development and the Role of Education

In general, the data from the interviews revealed that the young entrepreneurs develop opportunities for entrepreneurship in many different ways. The four MEST graduates applied the opportunity recognition skills that they had been taught in the MEST programme. This is a very structured process of idea generation and brainstorming which can be characterized as a systematic approach to opportunity development. The BBB group differed in the way that they had developed opportunities, some had a systematic approach from the beginning, and others not. However, from the BBB teaching it was evident that there was a focus on how to develop opportunities for the middle-income consumer segment, as well as a focus on hygiene in order to attract this particular segment. This specific focus was confirmed when we interviewed the entrepreneurs about their business idea, as some were now trying to incorporate these aspects into their business plans. Group University did not show any indication of using a systematic approach to opportunity development, therefore opportunity development for this group followed an unsystematic approach where the opportunity originated in one of two ways, that is, from education (and/or prior knowledge), or experiencing a demand. The interview data will now be presented in relation to systematic and non-systematic approaches to opportunity development. In order to ensure the anonymity of the interviewees, only first names are mentioned below, unless otherwise agreed with the interviewees.

5.1.1 Systematic Approaches to Opportunity Development

The MEST interview data reveals that the entrepreneurs are using a systematic search to identify a need in the market for a service or product. Students are required to carry out searches on the Internet, which is perhaps applicable in this instance as the MEST interviewees focus on the overseas market for software development, and are to some extent, advised to disregard the local market.
Streemio is a company that came about after a systematic search where other ideas were rejected. The idea was generated from reading international blogs on various software developments where Francis noted an online music streaming service called ‘Spotify’; “the MEST focus on foreign markets. So one of the things we have started doing a lot is to follow these markets to see what is going on. So there are some specific blogs we access ... and that is where I picked it up. I just found it being on the net”. Moreover, the search also consists of evaluating opportunities “... you will brainstorm with a lot of ideas, we look at a lot of ideas and how relevant they were and what the chance of success was” (Samuel). Similarly, Edward shares his experience of doing a systematic search for opportunities with his teammates at MEST; “we took a vote on the 3 top ideas ... We considered how technically feasible it was going to be, where there was a market for it. And already I think we were trying to look out for an idea that we could implement locally here in Ghana”.

Leti Games is another company that has come out of the MEST programme. In the local news, Eyram heard about a Kenyan, Wesley Kirinya, who had also developed a game and told Mr. Lysenggen, about this. Mr. Lysenggen decided to offer Wesley a job at one of the Meltwater companies in Accra so that Wesley and Eyram could meet and develop opportunities for game applications together. Eyram states that; “I think that I learnt everything I know now from MEST”. Samuel and Francis both stated that the MEST programme had given them knowledge on the software industry and although this has a heavy Western bias, they conclude that they are able to customize this knowledge to fit in with the Ghanaian environment in which they are operating. Moreover, Samuel states that the MEST programme made him; “… get comfortable with uncertainty and ambiguity ... so it is that confidence in what you do, I think, that has been the biggest lesson from MEST”. This is further confirmed by Barnabas who graduated from the same class as Francis and Samuel but was not selected for the MEST incubator; “I was able to discover so many things about myself that I didn’t know before ... I see the Meltwater program to be a platform where your confidence is indulged, building the confidence to be able to stand the pressures of maybe from your family members”. However, Barnabas also states that he knows a lot about the business environment overseas due to the teaching at MEST but little about the African context; “...if it (the focus) was more of kinda local products, that would spring a lot of small
small businesses. It will not be as huge as what is anticipated by Meltwater but it will also kind’ve create a ground”.

Upon graduating from MEST, Barnabas returned to an entrepreneurial enterprise he had started whilst still studying at university, and he is now concentrating on finding ways to scale-up his enterprise. He is using some of the skills that he learnt at MEST to expand on the original idea for the business and to develop the enterprise to target commercial customers. To search for opportunities, he combines Internet searches with other methods, such as looking through local newspapers to see which companies are advertising because a lot of Ghanaian companies do not advertise on the Internet. It can be argued that Barnabas initially entered entrepreneurship out of necessity as he needed to make money to put him through university. He states that, “I wasn’t serious about it… (the enterprise)”. Further, he mentions that after graduating from university he did not feel that he had enough self-confidence to go it alone and commit to the enterprise and that confidence was something he felt he needed to develop further. Barnabas is now fully committed to the two enterprises he is running and has therefore made the shift from being a necessity entrepreneur to choosing entrepreneurship as his career path.

The BBB business plan competition emphasises the importance of how viable the business opportunity in fact is and this is illustrated in the judging criteria where identifying an opportunity accounts for 20% of the overall score in the final evaluation to receive funding (refer appendix 8). This also came across in the lectures where we observed and noted that they had, what we regard as a somewhat Western focus, as lectures focused on systematically identifying opportunities and concentrating specifically on certain segments of customers, or niche markets. Further, the term “innovation” was bandied about a lot although “incremental innovation” or “differentiation” may have been more appropriate because the focus lay on how existing products or services could be modified to serve the needs of specific customer segments, and in this regard the words “hygiene” and “middle class consumers” were mentioned many times. It can be argued that such a narrow focus may lead to some opportunities being missed in other market segments, as “The systematic
approach to identify opportunities in the market space might not identify the most profitable opportunities in contrast to those opportunities that appear more accidentally” (Teach et al., 1989 in Ardichvili et al., 2003). The teaching focused on minimizing risk through identifying a need rather than simply pushing one’s service or products onto the market. The lecturer, Dr D. Quay, repeatedly referred to this approach as “operating by chance,” as it entails simply taking a chance and deciding to push a product or service onto the market. It became evident from ensuing class discussions that many of the entrepreneurs present were “operating by chance”, and had so far managed to stay in business.

From the transcripts, it appears that many BBB entrepreneurs had identified the opportunity to start their own enterprise by using non-systematic approaches. However, at BBB, they were asked to change their approaches radically and to proceed systematically by writing up business plans. Only Horlase, (who has an MBA) recounts how she looked for an opportunity within the agricultural sector by extensively searching on the Internet, and applying a systematic approach. Horlase explains that she did not come to BBB to get any extra training but rather because “TechnoServe is free money”. She needed the money to invest in her enterprise. She is very confident that she will win because the way in which she is running her enterprise fits neatly with the objectives of TechnoServe, that is, the creation of employment. She creates jobs by giving young people free seedlings so that they can grow Moringa trees and then buys back the Moringa leaves and seeds from them.

We also noticed the focus on middle-income consumers and the focus on producing under more hygienic conditions when we talked to Jonathan, who is an electrical engineer by profession. He runs two enterprises, one where he uses his engineering background and the other is an unrelated business, the family business which is a bakery. He plans to innovate the baking business by focusing on the health aspect, that is; “use only natural ingredients, no additives, no chemicals or substitute for the ingredients. And the innovative is in terms of the varieties” and to serve customers in the middle-income segment. In a similar vein, Gilbert, who has a background in marketing, is also planning to differentiate his product
from his competitors but will focus on hygiene and therefore intends to bottle his kenkey\textsuperscript{17}, and sell it iced. He noticed the unhygienic way that kenkey was produced and sold on the street and thought that he could improve on this. In referring to how he is applying his training, he says, “so the demand itself is there for the supply, as we were taught today”. Gilbert states that the training is “more practical. We hear a lot of theories but what the man (Dr. D. Quay) does is more practical ... I have to know that is where the people are that I really want to produce for. So the target market is essential.” He is referring to a few examples given by Dr. D. Quay which were related to the local context. He believes that learning to write a business plan will give him a “competitive edge... over other people who do not have ideas about how to write a business plan”.

5.1.2 Non-Systematic Approaches to Opportunity Development

Opportunity development for this group of entrepreneurs happened in quite diversified ways. There is no real evidence to support the application of any form of systematic approach to opportunity development. However, two different ways of opportunity development can be identified; firstly an opportunity development arising from education and/or prior knowledge, and secondly, an opportunity is recognised on the foundation of a demand for a service or product in an industry not related to education and prior knowledge. The two different categories identified from the interview transcripts will now be analysed in more depth.

**Opportunity Development Developed from Education and/or Prior Knowledge**

Quite a few of the young entrepreneurs we interviewed had developed an opportunity related to what they had studied at university, and some had complemented this knowledge with internships. Romeo, a BBB participant with a degree in accounting, spent some years

\textsuperscript{17} Kenkey is a staple dish in Ghana, it is grainy dough made from maize and water which is wrapped inside a corn husk and steamed.
working in formal employment in order to gain experience before opening his accounting consultancy; “You must have some minimum level of experience before you get a practicing licence that demands that you have to work for a company or an organisation before you can start practice”. George, a graduate student in marketing, got the idea of establishing marketing consultancy services from his internship to a consulting firm; “… I got so involved in drafting strategy after strategy and I realized that it was marketing (I was doing). So when I finished with my attachment I decided that ok let me start my own marketing consulting company”. Nathan is another entrepreneur who got the idea for his enterprise from doing an internship at a tourism office, and he says “… So I was a marketing executive and a field researcher, so on the field I realized that this will be a very good business. I need to act smart I was getting people to come to my company and buy my holiday package”. Nathan basically poached customers from the company during his internship and copied the way in which the tourism company was putting together its tourist packages.

In addition, Thomas, a graduate student in marketing, started very early on with his entrepreneurial activities and used the experience gained to pursue different enterprises. His first business was started seven years ago when he was working for a lady who was selling used spare parts from cars, “considering the amount of money she was making and all that, I thought it was wise for me also to go in there (to do the same)”. After starting his studies at the University of Ghana, Legon, he moved into the printing business and says; “… people thought I was joking (about running the printing business). I would come to class late because I had to meet a client, all sweating and all that”. Recently he has started a marketing research company where he is using his education in marketing, “… I picked a product and I asked a friend ‘why is this product not available on the market?’ So I call the manufacturer, and the manufacturer said ‘Well, it is difficult to supply and all that’. So I told him, ‘don’t worry, I’ll do a survey for you on where you can sell’”. Thomas states that the reason for his diversified portfolio of enterprises is that he wants to spread risk. Similarly, Emmanuel, (a BBB participant) saw the opportunity to run a hostel when he was a resident there. He studied management and decided that he could manage the hostel in a better way by improving on its facilities; “I just watched the way a relative of this property owner was running the facilities, and I thought I could do it better”.

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The harsh reality of facing unemployment can be a trigger to enter entrepreneurship; this was the case with Sydney. During his national service, Sydney had the opportunity to work for Blue Skies, a Ghanaian company exporting fresh fruit cuts to the overseas market only, and which has recently launched fresh fruit juice to the local market. When Blue Skies could not offer Sydney a contract, he decided to start a distribution company to distribute Blue Skies products in order to get to know the market, “... Actually as a biochemist I want to end up producing my own, so by selling somebody’s it is exposing me to the market ... They (Blue Skies) are not aware of the market (for fresh cuts) here in Ghana.” Sydney’s idea is to compete with Blue Skies by producing fruit juice and selling fresh fruit cuts in Accra. He plans to, “... have something like a branded fridge ... we have fresh cut fruits, fresh cut vegetables, then if possible juice”. Although Sydney is presently only distributing Blue Skies products, he has plans for expanding his business; “... I have distributed up until now, and by now I’ve been able to get my own van for a start, after the van I get the fridge and then brand it ... through the profits I’ll build my own small miniature company where the fresh cuts will start because getting the raw materials are very cheap in Nsawam”.

Wanlov the Kubolor differs from the other entrepreneurs since he has turned his life-long passion for the Ghanaian music style, Hiplife, into a livelihood. Due to pressure from his parents to get higher education, Wanlov started computer science and business administration at university but he dropped out after some time; “I realized I didn’t want to sit in an office and I started getting paid doing music”. Wanlov is dedicated to bringing back the original elements of Hiplife, “... what we do now is how Hiplife sounded the first time it came out ... So what we do now has filled a gap that has now appeared because the music form has changed ... we speak a broken English, that people, from the market women, from the business men to the banks understand what we are saying. So just because of that the

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18 The Ghana National Service Scheme is an agency under the Ministry of Education. Its mandate is to mobilize and deploy Ghanaian citizens of 18 years and above, especially newly-qualified University graduates on national priority development programmes that contribute to improving the quality of life of the ordinary Ghanaian for a one year mandatory national service (Ghana.org).

19 Hiplife is a Ghanaian music style from the early 1990s which was introduced by Reggie Rockstone and Panji Anoff. It is performed in Ghanaian Pidgin English.
music reaches a wider audience.” Since Wanlov raps about the local context using the local languages, he can differentiate himself from other local artists, who want to sound American, Jamaican or British, and thereby create a niche market for his product.

Similarly, MacLean states that he has always had an avid interest in computers and that this is the reason he decided to import computers and other hardware, which he sells to other students on campus; “One is the passion. I’m IT oriented, I like the IT stuff”. Additionally, MacLean and his business partner also realized that; “these equipments are terribly expensive on the university campus. That is, people who sell them, sell them at high prices. But then we noticed that when you are buying them from the suppliers or the retailers it is really cheap”. Moreover, MacLean stresses that being a member of AIESEC (appendix 3) has given him; “the realization that you, you actually make your future, your future is in your hands and everything like that, it’s a motivation factor in starting up”.

**Opportunity Development as the Discovery of a Demand**

The following young entrepreneurs have developed opportunities due to own demand or seeing an opportunity, and seizing this opportunity without having any specific knowledge about the product or industry which they are entering. The entrepreneurs rely more on ‘feeling their way’ than systematic planning, although most have somewhat ‘sketchy’ ideas for how to develop the opportunity further. This is illustrated by Adwoa who had an idea for producing ready-made African prints in different sizes for the growing middle-class segment, since she could not find this product anywhere in Ghana; “So why don’t we try to start it today … we don’t know if the market is ready or not but somebody has to do it for more people to try it.” The idea originated from a holiday in the Ivory Coast where Adwoa saw a lot of women dressed in African prints (this is less common in Ghana, although the fabric is made in Ghana). Similarly, upon returning from studying abroad, Kuorkor had grown accustomed to having her hair treated with chemically-free products but there was no salon offering these treatments in Accra; “… So I started the salon essentially for my own reasons, for like health”. She also knew beforehand that some family members and friends would be
interested in getting their hair done with these products. Kuorkor does not have any experience in hair treatments or any experience as a hairdresser. She draws on the Internet for information and instruction videos about natural hair treatments as well as her personal experience of treating her own hair.

Before joining the MEST programme Edward was running an enterprise selling talk time for mobile phones to students on campus. “I was just doing it as a hobby then I realized there was huge demand for it. So I spoke to one lady who had a restaurant and a hall and she got me a place where I had somewhere to sit and then do the reselling and people came there to buy and stuff like that … with time I got two selling points”. Edward realized the financial potential in selling talk time. The Reverend Adzika, who is a PhD fellow in psychology and religion, explains that he started his advertising agency in 2002 when he was doing his first degree because he thought he could do better than many other people in the advertising business; “I was looking at people in the industry of adverts whom I thought were not doing it right … whom I thought were also making a lot of money, so I thought ‘well, if it is really good why don’t we pursue’.” The Reverend explains that he has no training in business but he sees it as an opportunity for profit, and a way to finance his academic studies. Kuorkor also emphasises the financial incentive for developing the opportunity; “…financial independence. You want to be able to say that ‘Ok this is the money that I’ve earned’. Or ‘this is the extra money that I’ve earned to be able to do X, Y or Z’.”

George A. is a BBB participant, who developed an opportunity outside his education background. He has vocational training in building and construction but due to a downturn in the industry, he was forced to refocus and so identified an opportunity in selling clothing. However, when competition in this segment increased, he changed direction. He asked people in the handicraft sector, “What is it that the handicraft has certain challenges?” Once he had made some enquiries, he decided to produce African crafts (drums, baskets and the like). In order to meet the quality requirements of overseas buyers, he decided to employ his own artisans so that he could have some control over production.
Although the group of young entrepreneurs who applied a non-systematic approach to opportunity development differ in the ways in which education and/or prior knowledge influenced their choice of opportunity, the group shares some similarities. Almost all the interviewees seemed to believe that they were well-equipped to start a business with the level of education that they had at the time. Some were relying more on knowledge gained through their studies than were others, who seemed to be less concerned about not knowing anything or very little about the particular market they were entering, or indeed about the type of business they planned to establish. Those who embarked on an opportunity that was not related to their educational background often reasoned that a lot of people talk about how difficult it is to run a business and as Adwoa puts it; “you speculate on all the challenges, entrepreneurs have challenges but how do you know?” With regard to university education, Nathan notes; “… the analytical thinking you get from being educated and the network from friends and some privileges that you enjoy as a student, in certain organization in the school, it has really helped me”. Adwoa points out the same positive aspect of tertiary education, claiming that even though she does not have any specific training in entrepreneurship, she has the analytical skills and the ability to understand capital inflows and outflows, and knows how and where to cut costs. However, she sees entrepreneurship as an experiment where you don’t need to hold an MBA to start up a business: “I mean you spend a lot of money on an education that does not prepare you for the life you want to live. I mean our situation in Ghana is different, the obstacles you face and so on and so forth, and we looked at it (the business) as an experiment”.

In this group of entrepreneurs, there are some who have attended brief entrepreneurial courses at the universities, as well as conferences. Further, those participating in BBB are obviously exposed to entrepreneurial training. Although they have not applied the opportunity recognition skills they were taught, they have gained other skills. For example, Sydney who took a course in entrepreneurship whilst studying, tells us that it taught him how to keep track of his stock. George A. mentions that BBB has made him aware of the importance of including employees in the future strategy of a company, of creating a vision and thereby motivating employees collectively to reach the goals of the enterprise. Thomas reflects on his experiences of the entrepreneurial course and says that it added benefit if one
is already running an enterprise; “It’s very difficult to put words on what I got from the entrepreneur course ... if you are not into work (running your own business) you won’t know of it. It will turn all about theory. But if you are already into a business yourself then you appreciate whatever is being taught.” MacLean shares his views on entrepreneurial training seminars; “... we have a lot of seminars on campus that talk about entrepreneurship ... most of these entrepreneur seminars have the big entrepreneurs coming in and telling about their business. So connecting directly with them as someone being a young person and starting your own business is pretty hard, the gap is really big”. Furthermore, MacLean tells us about the attitude of some young people who attend these seminars; “Some people go to the seminars and the only thing they are thinking about is to get the certificate ... and expect somebody to come and give them some bulk capital for whatever they want to start with. Most of them don’t realize that you have to start small, and then you can build it up little by little to where you would like to get”.

5.2 Opportunity Development and the Role of Social Networks

This section will first examine social networks in terms of strong and weak ties and then address the type of social capital embedded in these networks with reference to the concepts of bonding, bridging and linking social capital.

From the data it is evident that strong ties play a large role in opportunity development, especially when it comes to executing the opportunity, and access to credit and information, as well as customers. Surprisingly, friends seem to play a larger role for the young entrepreneurs than does family. In most cases family was excluded from the enterprise, although in some cases, family did provide financing. It was surprising how many of the young entrepreneurs had managed to start their enterprises with only a small amount of money, such as their savings. The majority did not have any experience of taking a bank loan to finance the enterprise, and access to credit was repeatedly pointed out as an obstacle to operating an enterprise. Although most of the young entrepreneurs recognized the importance of forming weak ties it was only a small number of the interviewees who had
actually been able to form weak ties, and to benefit from these. With regard to social capital, a more diversified picture emerges. All the interviewees are able to bond social capital, which helps them to get by on a daily-basis. Quite a few are in the process of establishing social capital so that they can bridge into different groups with people who might be beneficial to their enterprises, and in this regard, several people mentioned the church as a good place. Finally, linking social capital presently appears to be impossible for the majority of the interviewees, as they are still trying to bridge social capital. However, a few young entrepreneurs from the MEST incubator and to some extent also George A., are able to do this.

5.2.1 Family

In general, the interviewees described their networks as mainly composed of friends, and only to some extent, of family. There were various reasons for this, for example George is not eager to draw on his family when it comes to his business, and says “I don’t deal with family members, standard procedure”. The reason for this is that George finds it difficult to scold family members, and it is hard to fire them. This view was also held by many at MEST, where a reliance on family networks is strongly discouraged in the teaching. All the third year students, except one, stated that they would not employ any family members in their enterprise because the obligations would outweigh the benefits, and that it would be difficult to fire a family member who did not perform well. The teaching at MEST emphasizes building weak ties that can give access to unique information, which is not found in strong ties with family. In fact, entrepreneurs are strongly discouraged from relying on strong ties, as these are regarded as a hindrance rather than a benefit when it comes to identifying opportunities and running an enterprise.

From the MEST entrepreneurs it is clear that none of them have engaged family in their enterprise. Barnabas mentions that family can be demanding; “…it’s really very hard especially if you are in a family where there’s a lot of dependencies, you know. The university, your parents, everyone is expecting you to get a job and help out with younger ones”. One of the BBB participants, Jonathan, has a bakery and he shares the responsibility
for running it with three other family members. He talked a lot about the problems that one encounters when involving family in the enterprise; “...you can’t treat it as a business (the enterprise). It is all about socialising ... employees come recommended and family they come in ... they don’t put in but there is not much you can do, you can’t sack them”. Emmanuel, a BBB participant, specifically draws attention to the drawbacks of networks based on strong ties and informs us that he delayed for a long period in telling his extended family that he was running a hostel because they would otherwise expect him to support members of the family. Adwoa tells us that she is reliant on bootstrapping to establish and run her clothing business because she did not want family to get involved in the enterprise. However, when it comes to expanding the enterprise, Adwoa will consider borrowing money from her friends or family. Financial institutes are viewed as a last resort due to the high interest rates. Adwoa says, “I think generally, Ghanaians are risk averse ... if they invest in their family, it’s probably because they’ve been talked into it as opposed to that they have really identified that this is a business and it is going somewhere. We don’t want to convince people. We want to be able to have a track record ... it doesn’t matter if you’re family, friend or foe at that point, it’s a business transaction”.

Although there is strong consensus concerning the constraints attached to involving family in the enterprise, family can be useful. For example, family can facilitate contact with important people, access to capital, provide business advice and help out by providing physical facilities for an enterprise. George’s father has played a part in his son’s entrepreneurial career, as he gave George the starting capital for his first distribution enterprise. As for his newest venture, George tells us that he consulted his father about the idea to open a marketing consultancy but his father discouraged him. Nevertheless, his father has proved helpful in matters relating to conducting business in Ghana and has given George advice on how to ‘fiddle’ his taxes; “my dad is a businessman so some of these things you know...” Thomas’ family also plays a large part in his different business ventures; they are running the supermarket whilst he is studying in Accra. He gets help from his brother, studying in Helsinki, who gave him start-up capital and sends goods to Ghana. The brother also introduced him to a guy in Canada who might be able to supply Thomas with printing equipment for his printing business. MacLean’s brother, who is on student exchange in the
US, purchases items online in the US for MacLean’s enterprise, which is very advantageous to MacLean who otherwise would not be able to purchase these goods online himself.

Horlase relies to a large extent on strong ties with family, specifically her father, who is an agro-engineer, from whom she obtains valuable advice regarding most aspects of her new agri-business but she also speaks to other entrepreneurs; “When I’m not really getting something right I put questions. I see a lot of entrepreneurs, already-made entrepreneurs in my field but this guy (her father) is my god”. Her father is working in the agriculture sector and has two farms and so she was determined from the outset to establish an enterprise in the same sector, since she could benefit from know-how and the networks of her father. Another young entrepreneur who is relying a lot on her family is Kuorkor. She specifically uses her family for moral support, financing and to discuss her ideas; “she (a cousin) supported me with my idea. I’m supporting her with hers … she decided that ok as a show of confidence and to encourage me when I was broke, she gave me about 20% out of my total 100% … I have an uncle, two uncles actually. Sometimes I discuss with them the problems that are going on, and the little things and they give me ideas”. Kuorkor tells that she first consulted her uncles after she started the salon in order to gain their recognition. Moreover she talks to her family about her ideas and the problems in her enterprise as well as to get encouragement, since there is usually a high level of trust when dealing with family members. George A., a BBB participant, also relies on borrowing money from his family so that he can take part in trade shows in Europe; he also explains how hard it can be to face family members when he does not succeed in making sales overseas.

Family also seem to be useful when it comes to getting access to office space or storage facilities. Adwoa says that AfroChic is currently located at her parent’s house due to the unfavourable rent conditions in Ghana, and this was also the reason for starting her business as an online store instead of renting a space in Accra; “if you are familiar with rent in Ghana, you pay rent a year or two years’ in advance ... I mean until you have clients that are not your friends ... you don’t know that you have a business ... we are going to put it on the Internet, it’s the cheapest way we can do it”. MacLean uses his parents’ house for storage and his father has provided him with some of the start-up capital for his business.
In terms of getting access to resources, Sydney was able to buy a van for his distribution business at a subsidized/reduced price, since his uncle knew the seller, and could negotiate the discount. On the other hand, Sydney has to support his own network of family with his earnings from Plus Distribution; “so if the need arises you have to help.” Family does not seem to play a large role in Reverend Adzika’s network. The reverend only mentions that he has to support his (extended) family financially and that this can be troublesome when running a business. Thomas also supports his family; “Because when you are growing up your uncle gives some help to you, and then you are becoming an uncle and then you need to take care of your sister’s kids and you have to take care of your brother’s kids. Sometimes extended family members when they come around you can’t just tell them to go away”. Most of the young entrepreneurs were fortunate in not having to support family members and therefore could decide what to do with the earnings from their enterprises. In most cases these earnings were reinvested in the enterprise.

5.2.2 Friends

From the transcripts it is clear that the young entrepreneurs are drawing on their friends for a variety of things when it comes to developing opportunities. Firstly, friends facilitate contact with public institutions and/or private organisations. Secondly, friends help with the day-to-day tasks of operating an enterprise. Thirdly, friends help to promote the enterprise and generate sales. Lastly, friends assist in recruiting potential employees.

Facilitating contact with public institutions and/or private organisations: It is especially important to have or to know friends who are working for public institutions and/or private organisations. Although Samuel and Francis are in the MEST incubator, which gives them a lot of contacts with important people in the industry, they are also relying on a network of friends from school and claim that; “A lot of information we have used has come from friends who give us backdoor information (Samuel)”. Francis adds; “So I call them up to get the inside scoops and who to talk to, and who to avoid”. The same applies to Thomas, who also states that it is important to rely on friends if you want to expand your business to another
city or get a deal at a company; “if you need to expand to other cities, you need someone who knows someone who can lead you to someone ... if you have a friend who works for a company and the company wants to print something. You need a friend to connect you somehow”. There are many examples from the interviews where friends made it possible for the entrepreneurs to get contracts for work, or to circumvent normal procedures when dealing with the authorities. Barnabas refers to how he got a contract with the local branch of the Food and Agriculture Organization of the United Nations because the father of one of his university friends worked at the branch. Additionally, Reverend Adzika mentions that it is easier to get contracts if one knows an insider; “if I’m in the ministry of tourism and I have a friend (who is working there) who is into event planning, I just tell my friend to put some few documents together and then the contract is there”.

When it comes to dealing with the authorities, it is helpful to draw on the networks of friends, in order to ease the registration process for an enterprise, for example. Sydney took advantage of this when he had to register; “so you just have to pay your way through and then they (public official) do it for you so that your business can go.” George also had to rely on friends when he wanted to ‘facilitate’ the registration process and had to pay money to speed up his application; “I couldn’t just go to the guy (the official) and say do it for me, I will pay you because he is also afraid government restrictions can get him, so obviously a friend had to call a friend who called a friend who finally called the guy for me.” Through his friends Thomas also has links to weak ties with government officials; “… we have to know someone at the port - the official who is likely to do the evaluation, and all that. So if you know, it helps. Your goods goes out faster, you are seen to faster”. Edward managed to get his hands on a special SIM-card from MTN since he had a family member whose friend worked at MTN; “it was very difficult to get access to that special SIM card and I had the network so I got two of those SIM cards”. Moreover, when he registered his enterprise Edward received help from a friend; “That is also another problem, registering business names in Ghana is a bit cumbersome...so I knew a friend there who fast tracked it”.
The day-to-day tasks of operating an enterprise: friends can be helpful in providing advice and helping with the day-to-day tasks of running a business. Even though Reverend Adzika states; “I don’t so much discuss the business problems, we (me and my friends) discuss other issues. If I have business challenges I go to the people I can get solutions from”. However, he later reveals that he is relying on a good friend who works for a financial institute to give him advice on his business plans. Thomas also has a network of friends which he uses in a casual way for discussing ideas or getting access to important people; “through friends when we meet over a bottle of Fanta or something, somewhere. And then you will discuss and then they will tell you ‘I know this man’ ... the network eh my network base is friends ... I try to go to social gatherings, a friend introduces you to someone or this one ... it helps to lead you to the right people. If a friend introduces you to a Management Director or someone then you can start your business deal from there.”

When Sydney had just started out with his distribution enterprise he had to bring friends on board and get his dad to drive the car, just to make ends meet. He further explains that he is currently relying on friends living at the university campus to store the fruit juices if there is a power cut because he does not yet have his own cooling facilities. Others like Adwoa, rely on friends with skills such as accounting; “I do give him something every once in a while but it’s not like he’s doing it for the money”. Kuorkor also benefits from having a friend who is a chemical engineer and who has helped her to make some of the products that are used in the salon, and which are for sale in-store.

Wanlov relies on friends who help him to get equipment, to hang his posters around town, and to go scouting for jobs in the UK, and the US. Some of these friends are getting paid but Wanlov also stresses that he is relying on friendly favours. Kuorkor mainly uses her friends to access resources; “Shea butter I get from the north I, my friend sometimes lives there or works there so then I ask him ‘can you buy me box? Kuorkor also has friends living in the U.S. who help her to purchase special hair products and who take these to Ghana. Another young entrepreneur who is benefitting from knowing people overseas who can purchase goods, is MacLean. He is co-operating with two students in China, whom he has met through AIESEC,
to buy computer goods; “we talk to them about it, they send us the link ... We send them the money and they will buy it for us. When there is an intern coming from China we try and give that person the stuff to bring here”.

George informs us that he has experience with running two different businesses with friends, both of which failed due to disagreements and trust-related issues. He now prefers running his business alone but tells us a story about how he had to rely on his friends, who were also each running their own small enterprises, to get access to an office space and to keep up appearances; “So four of us got a small office and we were sharing, so we had a long desk where we all placed our laptops, and we had a common secretary outside that we all shared, and then we had a small meeting room, so whoever gets a guest uses the meeting room, and then we all pretended as if it was one whole business; so you come and I show you that these are my employees”.

_Promoting the enterprise and sales:_ The young entrepreneurs use their friends to promote their businesses, and to generate potential sales. Kuorkor’s network of friends makes it possible for her to take part in small fairs and events where she can promote her business by handing out flyers. She has co-operated with a few other young entrepreneurs who are in the fashion business to style the hair on their models “I do it informally (networking) with my friends. So one person has this clothing line so I’ll support them and then they will also support me and I’ll promote them. And I will tell someone’ Oh, have you heard of their things?’ the same thing they will do for me”. Adwoa also promotes her clothes though a friend working for a financial institute. The friend would wear the designs to work, creating an awareness of the product. Consequently Adwoa was invited to come and show her collection; “I went to Databank to show the clothes to the workers there. And this is because I have a friend who works there”.

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Recruiting employees: Using a network of friends and to some extent family can help with the hiring of suitable employees. Although quite a few of the interviewees mentioned that the Internet was a good way of finding employees, they were very clear on the importance of knowing someone who also knows the potential employee. Kuorkor explains; “there’s a check because if the person messes up then there’s more than one person to hold them accountable. So you can tell (them) and his mum will even call. Even though she also uses the Internet to advertise job vacancies she prefers to employ someone of whom she has a little knowledge from another person in her network; “If a person comes to you and you know nothing about them, there is not that level of comfort. But if you know a niece, one or two of their people, maybe a friend or a relative you feel as though you can talk to someone to talk to them”.

Adwoa relied on her network for recruiting the first employee for AfroChic; I mean I know her (she was one of Adwoa’s students) by going to MEST, it means she is interested in entrepreneurship”. MacLean would rely on AIESEC when it came to recruiting employees since; “we are AIESEC’ers ourselves, and we know the value of our work and how perseverant we are, it would be prudent to employ them in this new company, because they really have the drive to be able to get the results, really good”. The MEST entrepreneurs in the incubator seem to have a problem when it comes to recruiting suitable staff. Samuel and Francis have been able to recruit two current MEST students to help them with the software development over the summer holiday, however, they stress that their biggest obstacle is to recruit people who have the right technical skills to develop software. Although they have relied on friends for recommendations they have still not been able to recruit any suitable employees. Further, Eyram states that; “getting really technically skilled resources to actually help develop games is very scarce in Africa”.

Lastly, a lot of the young entrepreneurs emphasised the use of the Internet to create awareness about their product. Adwoa is relying a lot on Facebook to reach her target audience; “we advertise on Facebook … which is targeted towards people in Ghana, so 18 to 35 years old”. Kuorkor also mentions Facebook as a good medium where friends can tell
other friends about her hair salon and where she can display pictures of different hair styles. Others mention the Internet as a good place to establish contact with other entrepreneurs, and all MEST entrepreneurs network by putting their contact details on the Internet, on LinkedIn and Facebook. In addition to the sites mentioned above, Wanlov uses ‘Twitter’, ‘MySpace’ and ‘YouTube’ to expose his music to both fans and potential musicians who may want to collaborate with him.

5.2.3 Business Networks

Data from the interviews also indicated that the young entrepreneurs have social networks that comprise ties, and which can be characterized as relations to business associates, business and trade organizations, and interest groups.

Business Associates: The two companies that are in the Meltwater incubator benefit from getting instant access to credit, and contacts to key persons in the industry are initiated by MEST. Samuel elaborates; “… when we go out to meet other businesses it gives some credibility that someone has put his money into the business … the investors have pretty good networks, so through their contacts we have been able to meet with the country managers from the major mobile phone operators here in Ghana”. Moreover, through their education at MEST, the students have been exposed to guest lecturers from overseas, and who are mainly knowledgeable people from the software industry. Francis mentions that he is still in contact with some of the lecturers and sometimes calls them for advice or to get information.

Even before Eyram started his current enterprise, his network played a particularly important role for him, and led to the possibility of establishing Leti Games. Being in an incubator, enabled Eyram to attend an international gaming conference in San Francisco where he was able to establish further links to the gaming community, and to promote Leti Games overseas. In contrast, Barnabas has not been able to draw on the network at MEST.
Since he is a former student and has good relationship with the head of department for statistics, he has got an office, which is situated on campus at the University of Ghana. This is convenient as he can be close to his customers who are mainly undergraduates, and MBA students. He does not need to pay rent for the office space, only a small amount for electricity. We interviewed him in his office which was a small makeshift affair in which he had installed some electrical plugs and placed some furniture. The ceiling was very low as the office was placed just under the roof of the building.

At BBB it became clear at an early stage that one of the goals of the training was to enable the entrepreneurs to network. This was also emphasised when we spoke to the coordinators of the event and they stressed that the networking angle is very important for the entrepreneurs. This was confirmed by our observations. At the start of training, every entrepreneur was asked to introduce him/herself to the group, explain a little about their enterprise and briefly to state how they thought they could benefit from BBB. We also observed this from the way in which the entrepreneurs made a point of mingling with one other during breaks and lunch hour, everyone exchanging business cards. To facilitate this networking, TechnoServe handed out a list to all those present with the names, telephone numbers and email addresses of all the entrepreneurs present at BBB. Apart from the wish to be among the top ten finalists (and to receive a cash prize) a large number of entrepreneurs explained that they were at BBB to network and establish new contacts.

This was further confirmed from the interviews in which many entrepreneurs said that they came to BBB with the specific intention of developing networks with other entrepreneurs at the event. Jonathan mentioned that it was the first time he was talking to other people about his business, and that he was actively working on extending his network at BBB. He had identified another entrepreneur at BBB with whom he wanted to co-operate so that he could sell fruit juices in his bakery shop. Gilbert managed to network with another entrepreneur at BBB, who provided him with useful information about a product sold in Northern Ghana similar to his own. However, before this interaction, Gilbert had no idea that such a product existed. Networking has therefore given him access to useful market information. Emmanuel claims that he has identified an opportunity to expand his business, through networking at
BBB, and plans to branch out into transportation. Romeo mentions that he joined BBB specifically because of the networking opportunities and at the time of the interview he had already acquired two clients at BBB. So there are indications of that BBB has created a forum where entrepreneurs felt comfortable to share market information and their own experiences of running an enterprise so as to benefit the whole group.

**Business and Trade Organisations:** Although most of the young entrepreneurs were positive about the potential benefits of being a member of a trade or business organisation, only a few had membership. The potential benefits mentioned included potential sales leads, networking, and collective bargaining power. However, there were also a few who stated that they did not know of a business organisation representing their industry and that joining would be a waste of time since they would only be throwing money out of the window. The Reverend Adzika explains why he is a member of an advertisement association; “In fact there are no benefits. In fact, the only benefit is when you go for a contract you will be asked to produce your certificate.” In addition, Kuorkor mentions why she has not joined a trade organisation; “The Hair Salon Association is a mess; they’re all fighting and squabbling ... All the salon owners that I have spoken to said ‘don’t bother’.” Thomas has considered joining a business associated to get more leads but says; “you find it difficult getting the leads that you want, so why wasting your time, go attend meetings?”

George A., is a member of the Ghana Export Promotion Council and the West African Trade Hub. It is membership of these organisations that has made it possible for him to attend trade shows in Germany. Furthermore, he has networks with buyers overseas and he networks at international trade fairs in Germany. These networks provide him with information about the requirements of the overseas customers. He has attended a training course about European consumer markets presented by the Swedish International Development Cooperation Agency (SIDA). One German importer gives George A. a lot of business advice and is promoting Geolicrafts on his website. Also Adwoa has experience of attending trade fairs, and she has taken part in the Ghana International Trade Fair this year.
Here she was able to get into contact with other Ghanaian enterprises interested in cooperating with her, or in buying her products. However she has yet to realise any real benefits from the fair.

**Interest Groups:** Francis is a member of IEEE, which is a professional association for the advancement of technology, and tells us that the biggest advantage of being a member is the networking. He is using this network for recruitment and for getting advice; “...so you can call up any member internationally if you know them personally or you have some reference to them”. Due to the lack of an interest group in his particular field, Eyram is in the process of establishing an ‘African Game Developers Union’ in order to create awareness about games developed in Africa. “I’m planning to hold one (a meeting) by the end of this year in my former university, which is the Kwame Nkrumah University of Science and Technology to educate people about games that we can have. We can discuss how we can use gaming to impact Africa, and to challenge globally.” Another motive for establishing this union is to be able to get into contact with skilled and passionate people who work with games and whom he can recruit as employees at Leti Games. Nathan and MacLean both draw attention to the vast network they are able to form by being members of AIESEC. As Nathan states, “I’m an AIESEC’er that is AIESEC, that’s largest student organization in the world. And being in AIESEC alone qualifies me to have an unlimited network.” Nathan seems to regard AIESEC as a vehicle to get in touch with other people who are trustworthy; “because there are other AIESEC’ers who also know them, so you can keep track on them (referring to his employees)”. Moreover, Nathan believes that being an AIESEC’er gives him more credibility in the eyes of others. This is because he is a member of an international student organisation that represents certain values and good business practices. Through his association with AIESEC he has managed to get start-up capital from an AIESEC’er in the Unites States whom he met while that person was in Ghana.

Although he is not a member of a formal business organisation, Wanlov mentions the record label that he is attached to as a venue for accessing professional networks such as WOMEX (The World Music Expo). He further states that it is very important to network with other Ghanaian and international artists. Wanlov networks by using the Internet and when he is
travelling. To meet local artists Wanlov goes to a club where a lot of musicians gather; “Accra is not so big you will meet other musicians if you are doing well and they want to work with you it is easy for one musician to find another. You know by word of mouth he can make contacts.”

5.2.4 Religious Networks

The church seems to play an important role for some of the young entrepreneurs as a venue to meet other entrepreneurs and possible to conduct business. Romeo elaborates “…church really plays an important part in social and business networking”. There is more trust among business people if they attend church because, as he says, “you know down here in Africa the problem of people not doing business together is because of the element of trust. So if I go to church with you and I see you being committed in church…then I get a little comfortable with you”.

MacLean stresses that the church is an excellent place to network and promote his business, “Because you notice that a religious denomination is a family on its own and if you are able to make your ideas known to people in the religious organization, that is, your church, and them being high up on the entrepreneurial ladder, when you go to them for advice or help they feel more willing to help”. George mentions that he has changed his church because; “my old church is a very conservative church and we do not have too many business people”.

In Accra, it seems that many churches have a separate forum where church members only meet to discuss business. The church Romeo attends also has a business fellowship attached to it called ‘The Haven’ and where “… the objective is to help each other out, make money, and finance the Gospel”. Romeo tells us that “you can be a market woman, you can be a lawyer, you can be a doctor, you can be whatever. We all mix together and help each other”. Horlase explains that members of her church meet once a month for ‘business purposes,’ that is to talk about business ideas and to talk about issues of interest to other members, such as
the business environment, the stock market, training programmes, agriculture and so on. Additionally, The Reverend Adzika is a member of the ‘full gospel business gathering,’ where the purpose is to network. This membership has benefited him a lot since one of the other members pulled some strings and arranged for him to start as a PhD student at the University of Ghana. “I wasn’t shortlisted ... so immediately my colleague, who was a doctor in the department, made a call to the head of the department an interview was arranged for me the following day ... In the full gospel you want to give a job to somebody who is in the clique, who you believe will be able to handle it”. Gilbert recruited his two trustworthy sales-ladies from the church he attends, and he mentions that, should he encounter any problems with these two employees, he can simply contact their families, and in this sense the network is used as a type of ‘enforcement mechanism’.

5.2.5 Political Networks

Only two of the interviewed entrepreneurs drew attention to the importance of forming linkages to political parties in power. These young entrepreneurs were however, disappointed as they had not yet benefited from such networks. George explains how he campaigned for an MP to get into parliament because he thought that this would help him to get connections to government projects. However, the proposal (which he submitted with Thomas) was rejected by that very same MP because George was so young, and he says, “I think in Ghana your political connections are very important but you have to be careful because my dad has lost his business because there was a change of government in 2009, and so you play on both sides”. Thomas is also very aware of how political networks can benefit his business; “the political environment affects you therefore you should have your way through it somehow. Now it is difficult but you have to cut some connection that link to a minister, or somehow”.

To conclude, the interviewees gave us some inputs on the types of networks which they thought would be beneficial for them. In general, it can be said that they want a credible institution where they will be able to get business-related information, such as information
on taxation, imports, how to access finance, to mention a few. Adwoa suggests that a credible Chamber of Commerce might be helpful for young people such as herself and states; “...being able to have a central repository of information ... But being able to have a credible [one], because there’s a lot of information floating around”. Kuorkor supports this idea but especially in relation to getting information on taxation. George suggests that, “… The government should have a common agency, and should know that the focus is on young people for doing business”. He reasons, “in Ghana if you are not more than forty, then do not think you will get much ... they are too suspicious about business men, when you get there to the ministry, ... everybody wants to squeeze some amount out of you, and some of the procedure when you deal with government”. In the same vein, Thomas wants networks for young people to be, “Networks that can lead them to finance. And networks that can get them some god-father figure in the industry that can help them to establish”. Thomas says that accessing relevant information is very troublesome and that he often has to pay for information that should be free, “I don’t think it is absolutely bad, although unethical, but if you pay your way through. So if all these information can be made available for an exporter”.

5.3 Sum Up on the Findings in Relation to The Framework

The analyses of a systematic approach to opportunity development represented by MEST and BBB share similarities but are also dissimilar in meaningful ways. Both programmes focus on first identifying a market need and then proceeding in a systematic manner to evaluate the demand for a service or product and to establish whether it would be feasible to introduce it. The MEST entrepreneurs have a very structured way of developing opportunities which they have learnt from MEST and are still applying. Although the MEST teaching is heavily focused on foreign markets, Samuel and Francis were able to take a western idea for a software programme and customize it to fit with their local surroundings instead of trying to develop a concept for the Unites States or Europe, “… it is a market that we are familiar with, it gives ways to and at business meeting we know the language (Samuel)”. Nevertheless, it is commonplace that students pursue ideas targeted at foreign markets, and, as Barnabas mentions, at MEST there is insufficient focus on learning how to
identify skills in the local market; “...I have never travelled outside but I see the problem that I have maybe in Ghana”.

In contrast to MEST however, BBB focuses solely on giving entrepreneurs the skills to cope in a local context, although most of the examples given by the lecturer, Dr. D. Quay, had a western reference and this may have been hard for everyone present to relate to. Writing a business plan is thought to force the participants to look at their opportunities more systematically since they have to do research on how viable the opportunity really is. It was clear from classroom discussions and the interviews that most of the entrepreneurs were ‘operating by chance’, that is, their enterprises were based on goods or services where no systematic searches had been performed, and the entrepreneurs had merely pushed their goods onto the market. At BBB they were asked to revise the original opportunity in order to determine whether the enterprise would be viable in the long term, as this played a great part in the judging criteria (appendix 8). The young entrepreneurs from Group University took a non-systematic approach to opportunity development where educational background and prior knowledge played a role. However, some of the BBB participants had been using the same approach. It can be argued that five young entrepreneurs do not fit with this category because educational background and prior knowledge did not play a role in opportunity development, that is, a sector was entered without the entrepreneurs having any knowledge of the particular sector or any educational skills linking them to it. To conclude on the findings, 35% of the young entrepreneurs applied a systematic approach to opportunity development. These include four from the MEST programme and three of the BBB entrepreneurs. 65% of the young entrepreneurs applied a non-systematic approach to opportunity development.

In general the analysis of how entrepreneurs identify opportunities shares some similarities with the results obtained by Fiet and Patel (2008). They found that entrepreneurs who had received training in identifying opportunities, that is, who were taught to do systematic searches started out by identifying a problem in the market, and that he ideas tended to be

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Adwoa, Kuorkor, Edward, Vincent, and George A.
extensions of an existing product or service. In contrast those who had not performed a systematic search tended to recognise a problem that they personally encountered as a first step in finding an idea (Ibid.). They found more ideas based on personal problems, and ideas which were not market driven. It is clear what we termed non-systematic approach is to a large extent built on personal experiences rather than solid market research.

The analysis of the role of social networks in opportunity development shows that social networks are a powerful tool used in a variety of ways by entrepreneurs. The data shows that the young entrepreneurs rely on a mix of strong and weak ties when developing their opportunities. Of the interviewees, 100% relied on strong ties; this result was not surprising since it is in line with what is stated in the literature on Ghanaian entrepreneurs. Entrepreneurs use their networks of mainly strong ties to obtain “favours”, i.e. advice, and supplies (65%). Networks are used as a form of enforcement mechanism and to hire employees (40%), accessing credit (35%), sales/marketing (word of mouth) (20%), and lastly, to gain market information (20%). Further, as seen from the analysis, all interviewees are able to bond their social capital in the sense that they draw on their immediate environment in order to get by on a daily basis.

Young entrepreneurs who use weak ties comprised 70% (14/20) of all interviewees. 36% attended conferences and trade fairs. 50% joined business organisations or interest groups. Lastly, 50% mentioned the church as a good place to network because the focus is on joining in faith rather than on status and age. The teaching offered at both MEST and BBB emphasises the building of weak ties as these are assumed to give access to valuable information. However, it is interesting that although Samuel and Francis are in the incubator they are still relying on a network of friends with whom they attended school and who can provide them with market information because they are now employed at large companies or in public institutions.

21 By advice we mean simply asking others for their opinion on certain matters. By supplies we refer to examples such as when friends or family agree to purchase goods overseas, or help to procure goods and services on behalf of the entrepreneur.
There was general awareness among the entrepreneurs in the sample of the importance of joining a business organization or an interest group. Although the percentage of weak ties may seem high, the data does not indicate if benefits were actually realised from such ties. However, for some of the entrepreneurs, weak ties have proven beneficial, and 50% of the interviewees were able to bridge because their network spans across different communities. With regard to linking social capital, we only saw evidence from the entrepreneurs in the MEST incubator and George A. (20%). The MEST incubator enables entrepreneurs to establish links with businesses within and outside the borders of Ghana. George A. is connected to overseas communities though his membership of Ghana Export Promotion Council and The West African Trade Hub. He has formed ties with buyers overseas with whom he has regular contact, and exports his product overseas. An additional dimension of social networks must be mentioned here, that is, online social networks such as ‘Facebook’, ‘Twitter’, or LinkedIn. 55% (11/20) of the interviewees stated that they made use of such networks in order to promote their business, or to expand their network. It is hard to categorise SNS into either strong or weak ties, as they appear to be a mix of both (as indicated in the literature).
Table 2 Summary of Findings

<table>
<thead>
<tr>
<th><strong>Summary of findings</strong></th>
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<tr>
<td><strong>Number:</strong> 20 entrepreneurs interviewed</td>
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<tr>
<td><strong>Type of opportunity development:</strong></td>
</tr>
<tr>
<td>• Systematic approach: 35%</td>
</tr>
<tr>
<td>• Non-systematic approach: 65%</td>
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<tr>
<td>Breakdown: related to education/prior knowledge: 62%</td>
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<tr>
<td>Non-related: 38%</td>
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<tr>
<td><strong>Usage of social networks:</strong></td>
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<tr>
<td>• Strong ties: 100%</td>
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<tr>
<td>Breakdown: “favours” (advice, and supplies): 65%</td>
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<tr>
<td>enforcement mechanism and to hire employees: 40%</td>
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<tr>
<td>accessing credit: 35%</td>
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<tr>
<td>sales/marketing (word of mouth): 20%</td>
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<tr>
<td>gain market information: 20%</td>
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<tr>
<td>• Weak ties: 70%</td>
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<tr>
<td>Breakdown: Business organisations/interest groups: 50%</td>
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<tr>
<td>Conferences/trade fairs: 36%</td>
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<tr>
<td>Church: 50%</td>
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<tr>
<td>• Online SNS: 55%</td>
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<tr>
<td><strong>Usage of social capital:</strong></td>
</tr>
<tr>
<td>• Bonding: 100% (everyone is able to bond)</td>
</tr>
<tr>
<td>• Bridging: 50%</td>
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<tr>
<td>• Linking: 20%</td>
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*Source:* interview transcripts.

To conclude, on the causal links in The Framework we see some support for the influence of educational background of the entrepreneur on both the choice of opportunity developed and how it is developed. However, this is not conclusive as there are entrepreneurs who establish enterprises regardless of their educational background or prior knowledge. This finding is an indication that factors other than education may influence opportunity development. Furthermore, we could not establish how educational skills were used in opportunity development, although MEST is an exception here. As for social networks and embedded social capital we see strong support for a causal link to opportunity development. Nevertheless, in this thesis it was evident that social networks are used more in the actual
execution of opportunity development and less in the initial phase from discovery or idea to opportunity development. This is attributed to the fact that, generally, there is low intra-cultural trust in the Ghanaian business environment and therefore entrepreneurs do not share their ideas with others. Regarding execution, strong ties are especially useful when it comes to day-to-day problems of running an enterprise.

Lastly, we note that the two variables of education and networks are interrelated, and a higher level of education may have an effect on the strong and weak social networks formed, as networks give access to a wider range of knowledge and expertise. Young people who have undergone tertiary education have been exposed to people with competencies in many areas from a wide variety of studies and may therefore be able to link up with more varied network. Further, we note that 78% (7/9) of Group University are part time entrepreneurs as opposed to BBB and MEST where 73% (8/11) of the entrepreneurs are committed to the enterprise on a full-time basis. One reason for this is that the majority of entrepreneurs from Group University are still students, however Kuorkor and Adwoa have employment and although they are tied to the business they have not yet committed themselves to a career as entrepreneurs. For Kuorkor the hair salon is a way of generating additional income and she does not regard it as something with great career potential.
6. Discussion

In order to comply with the demands of CR, the discussion will take account of the political, economic and social contexts that frame the social phenomena of opportunity development. The discussion proceeds by accounting for the context in Ghana which influences education and social networks. We therefore commence with a critical analysis of our data with regard to answering sub-question 1, and later sub-question 2. We conclude by reflecting on The Framework and the methodology.

Education has held a central place in Ghana for many decades. The educational system in Ghana today may still be influenced to some extent by its colonial past (it gained independence some 53 years ago) because “Social change is evolutionary – path-dependent yet contingent, shaped by legacies yet affected by contingently related processes or conditions” (Sayer 2000:26). Therefore what is perceived as relevant in Ghana today is coloured by past events. Prior to the SAPs, Ghana had a large public sector which traditionally employed the majority of Ghanaian wage earners, and which provided jobs for young graduates. However, due to the SAPs, this sector was down-sized considerably and unemployment rose. The social costs of these programmes were therefore high, especially for the vulnerable members of society such as the youth. Today, the labour market is unable to absorb graduates from university, and so even the educated youth face unemployment and must find alternatives to wage employment. In fact, the high incidences of youth unemployment and youth migration to urban centres are evidence of the depth of the social challenge facing education in Ghana.

The literature generally states that in Africa there is a predominance of necessity entrepreneurs. Although, the motives for entering entrepreneurship differ, it is argued by some that in Ghana there is a predominance of necessity entrepreneurs, or entrepreneurs who have been pushed into entrepreneurship (Benzing & Chu, 2009). Our data indicates that some of the entrepreneurs can be regarded as tied to a business. This means that the
entrepreneur is committed to running the enterprise; however it might only be for a limited
time and therefore opportunities for wage employment are still considered. For those who
have wage employment, the reason for running an enterprise is mainly to supplement
income. However, the majority of the entrepreneurs are tied to the entrepreneurial career
and cite freedom to make their own decisions as one of the reasons for choosing
entrepreneurship, as well as the belief that they can make more money by being self-
employed than being wage employees. We argue, that there is a possibility for the
entrepreneurs who are tied to the business to make the transition to be tied to the
entrepreneurial career, if they decide to turn the enterprise into a self-employment option
and focus fully on its expansion, after graduating from university. As for those running an
enterprise as a side project to wage employment, the transition can occur if they take the risk
of quitting their jobs to focus fully on the entrepreneurial venture. Nevertheless, it can be
hard to determine whether entrepreneurship is in fact a choice as many young people are
pushed into entrepreneurship due to the limited possibilities for formal employment in
Ghana. This may lead to a lack of commitment to the enterprise and there is a sense that
some entrepreneurs are ‘holding out’ until wage employment can be found. The banking or
mobile phone industries were indicated as very attractive industries in which to obtain
employment by some of the young entrepreneurs whom we interviewed.

There are many constraints on entering entrepreneurship such as the lack of infrastructure.
Cheap and reliable Internet connections, good roads, a well-functioning railway system and
credit facilities, amongst others, are factors which place severe restrictions on the private
sector. Moreover, it is common procedure in Ghana to pay rent two years in advance for
office space and it is hard, if not impossible, for young entrepreneurs to obtain the necessary
capital for this. Such conditions force many young entrepreneurs to operate HBEs, which
makes it difficult to create a separation between the workplace and the home. This
separation could be important when it comes to the further expansion of the entrepreneurial
venture, as an office may be needed to give the outward appearance of a successful and
professional enterprise and for face-to-face interactions with customers. We see evidence of
this when George recounts how he went to great lengths to convince his customers that he
had an office and that the other entrepreneurs sharing his office were in fact his employees.
Generally, entrepreneurship has had a tumultuous history in Ghana. The looting under the Rawlings Government in the early 1980s has contributed especially to a chilling effect on the development of an entrepreneurial mindset in the country (Arthur, 2005). Therefore, the perception of white collar jobs as preferable to self-employment, seems to prevail in Ghana today. However, the parent generation of today’s young entrepreneurs faced different difficulties to their offspring and therefore it is necessary to try to change these negative perceptions of entrepreneurship that have endured in Ghana. It may take considerable time to shift the negative perceptions that many Ghanaians hold of entrepreneurship and, in this regard, education has a role to play in raising an awareness of entrepreneurship as an acceptable and attractive career option. In fact such a perceptual change requires both cultural and family conditioning. Our data indicates that entrepreneurship is viewed as risky especially by the parent generation and therefore the young are advised by the older generation to ‘play it safe’ and try to obtain wage employment. If entrepreneurship is not regarded as a respectable career choice for the educated young Ghanaians, then these young people will continue to be challenged about their choice of career and face pressure from their own families and wider Ghanaian society. They will struggle to attain the material resources necessary for them to take their place among the adults. It can therefore be argued that the young entrepreneurs are also victims in a social or cultural sense. Furthermore, it was voiced in an interview that in Ghana there seems to be an opinion that people with higher education should not engage in commerce and that this should be an activity reserved for the uneducated only (Adwoa). Dr. Owusu mentioned that there seems to be a belief that there is no need to train the young in entrepreneurship and this is often linked to the success stories that circulate about how ‘good’ entrepreneurs with limited education can start from petty trading and expand into large enterprises.

To date, it appears that government initiatives to change the negative perceptions of entrepreneurship have had little effect on improving the attractiveness of entrepreneurship as a career choice. The focus of the GoG has on been on creating employment programmes such as NYEP that target young people who cannot find employment and teaching them vocational skills. However, the NYEP does not focus specifically on entrepreneurship although a component of entrepreneurship is scheduled to be added to the programme in the
near future. Moreover, the NYEP is focused on training the youth for low-skilled jobs, and therefore an initiative is missing that can accommodate the specific needs of graduates from tertiary institutions who want to enter the field of entrepreneurship.

Even when young people are fully committed to entrepreneurship, they choose to establish not one but two or more smaller enterprises because they believe that diversification reduces risk. However, this need to diversify must necessarily result in less commitment to the further development of a particular enterprise, as it must be kept in mind that most are self-employed with no employees. Our data shows some dissimilarity with the country data for Ghana (cf. Figure 3, p. 44), which indicates that in the year 2000, 67.6% of the economically active population, was self-employed with no employee). In contrast, the majority of entrepreneurs in our sample had one or more employees. However, it must be noted here that the pie chart represents the whole population, and so there is no specific data for the age group 15-35 (no data for this specific group could be obtained). Furthermore, the young entrepreneurs in our sample were mainly engaged in the service sector which corresponds with the findings from Benzing and Chu (2009), and the fact that the services sector is expanding in Ghana (appendix 6). Moreover, our data indicates that there seemed to be a preference for entrepreneurial activities that will pay off quickly. This may be due to the fact that entrepreneurs do not have the resources to build their enterprises slowly nor can they easily obtain finance and so they must use the earnings generated from one enterprise to finance another enterprise.

In addition, many of the entrepreneurial enterprises in our sample were based on copying concepts and ideas already found in the immediate market rather than developing a more diversified product or service, and operating in a niche market. Regardless, they seem to be managing and this can be attributed partly to the fact that there is little transparency in the Ghanaian environment. It can be argued that the practice of copying and thus entering into direct competition with larger players, rather than adapting services and products to niche markets, is a strategy that can only be sustained because there is a lack of information on the market. Interestingly, our data indicates that the entrepreneurs who have been exposed to
other ideas through their travels overseas or who have been trained overseas, seem to have based their enterprises on what appear to be more 'innovative' ideas, that is, they have not merely copied larger players in the Ghanaian business environment but have taken Western concepts and modified these to the local market (see for example, Kuorkor, Adwoa, MEST incubators, Horlase, Romeo, Wanlov and George A.). Generally, however, the literature does not regard innovation as a necessary factor to entrepreneurship in the global South, nor was it argued as such in this thesis.

The GoG has implemented various policies aimed at educating the youth, nevertheless the policies lack coherence and have yet to show positive results. This is often attributed to the fact that although education is given high priority by the GoG, in reality few funds are allocated to educational efforts. Further, there is a lack of co-ordination and co-operation between government institutions and business in general. It is often argued by researchers, that young entrepreneurs are victims in a structural sense, since the skills that are demanded by business are not being 'produced' in the public educational institutions. This is attributed to an underdeveloped Labour Market Information system which does not track the demand for labour. If it is not known, or there is no agreement on which skills are necessary to enable the youth to get employment or be self-employed, then educational initiatives and policies cannot be targeted at the right areas. Furthermore, apprenticeship can be a good way for young people to acquire skills, however it only makes up for 3.7% of the total employment in Ghana (cf. Figure 3 p. 44). It is clear that some entrepreneurs have benefited from internships at established companies which have equipped them with the skills and the chance to practice their knowledge in a company setting. After this they have gained the know-how and confidence to establish their own enterprises.

From a political point of view, garnering the support and the votes of the young is important since they make up 33% of the Ghanaian population (Ministry of Youth and Sports, 2010). There is thus a tendency to focus on the plight of young people at election time, making a lot of promises on which government fails to deliver. (Langevag in Klubværelset, 2008). The importance of politics to business was illustrated by George and Thomas who attempted to
form networks with politicians in order to garner favour for their enterprise. These attempts, however, failed. In fact, there appear to be two somewhat contradictory stances towards youth. On the one hand, much of the rhetoric surrounding youth proclaims that they are the ‘great hope’ of Ghana because they can create employment and lead the economy forward. On the other hand their place in society remains low due to cultural attitudes which accord them less status in society because of their youth. Moreover, GoG has failed to make it clear what sort of entrepreneurship it wants to promote and it fails to recognise that there are different needs in different segments of youth. Once such a focus is made explicit, then entrepreneurial programs can be updated to focus more specifically on the immediate educational requirements of youth. Moreover, there seems to be a need to have courses that teach entrepreneurs all-round business skills, such as accounting, so that they may know how to do their accounts (this was suggested by Sydney and Adwoa), rather than focusing on skills such as how to identify opportunities.

Various government programmes have been instituted to provide entrepreneurial education to the youth, yet there is a lack of co-ordination between these. In addition, many argue that the quality of the tertiary education system is low (Casely-Hayford, 2004:164) and it is claimed that young students are not taught to question or to think critically (Interview Dr. Al-Hassan; Ansu-Kyeremeh et al., 2002). Further, the curriculum at many universities is not up to date with contemporary theories and there is perhaps a tendency to focus too much on theories from the global North rather than to customize/modify training at the universities in order to help entrepreneurs deal with the unique challenges in the Ghanaian business environment (as stated by Romeo, MacLean, and Dr. Al-Hassan). Our data indicates that many entrepreneurs regarded the educational curriculum at the university as outdated and thought it had to be updated in line with contemporary business conditions. Furthermore, our observations from the entrepreneurial teaching offered at BBB was that the lecturer, Dr. D. Quay, was communicating taken-for-granted presumptions about the local environment, rather than relying on empirically supported effective business practices in Ghana, and he mainly referred to western examples of business practices. Additionally, the BBB teaching was focused on how to write a business plan, which can be very useful as a legitimating device when applying for financing from banks. However, writing business plans may be too
taxing on the entrepreneur and they are often only loosely adapted for the actual enterprises. This means that a lot of time and effort is spent on producing a business plan that will probably not be implemented, as some enterprises are too small for such a process to bear fruit. Naturally, it is an exercise meant for BBB participants to think about their enterprise in a more systematic manner. We are not opposed to the idea of giving entrepreneurs a chance to form visions and future plans for their enterprise. However, it was striking to observe how many of the participants did not seem to have knowledge of business skills such as basic accounting and marketing knowledge which are a pre-requisite for writing a business plan. Indeed the majority of the interviewees stated that more practical and applicable business skills and information about the local Ghanaian environment were important to running an enterprise.

The literature indicates that training aimed at instilling entrepreneurial values such as confidence, independence and willingness to take risks on the part of young entrepreneurs, is an important factor and this is particularly applicable in Ghana since the young are accorded low status in society. We generally see support for this argument in our data from the BBB and MEST groups, as the entrepreneurs stated that confidence was one of the things they took away from the training. Indeed the mantra, “if you put your mind to it and you work hard for it, you can do anything” seems to have been instilled in the MEST entrepreneurs. When GoG welcomes educators from abroad such as, for example, MEST, there is a concern that these educational programmes will not take local conditions into account, focusing rather focus on issues important to the organisation itself (Brock-Utne, 2004). It can be argued that the predominant focus on foreign markets neglects the fact that the MEST students who do not receive funding are left with little skills with which to compete in the local Ghanaian market. These entrepreneurs will still need to access social networks to start and sustain an entrepreneurial enterprise, as was the case with Barnabas.

Furthermore, since tertiary education is not free, the majority of graduates are reliant on their parents or ‘wealthy’ family members to finance their university education. There is also an expectation in Ghanaian society that the young must care for the old when they can no longer work. Therefore the family members who have financed the education of the young
people, generally want to see a ‘return on their investment’ and expect the young to provide for them when they themselves become too old to work. This sentiment was echoed by many entrepreneurs in our sample.

Social networks play a large role in the business environment in Ghana where there is a history of suspicion, uncertainty and even direct hostility in the relationship between the state and entrepreneurs in the private sector (Kragelund, 2005), and this contributes to a reliance on social networks rather than formal institutions. Furthermore, social networks are not only a re-enactment of economic organisation as argued by Jack (2010) but also a complement to it. Social networks complement economic organisation by filling institutional voids; for example, networks are used to obtain finance and information which is otherwise difficult to access in Ghana. Social networks are a re-enactment in the sense that the corruption that is found in public institutions is perpetuated by entrepreneurs who use their social networks to obtain privileged information. Therefore it can be argued that there are both positive and negative sides to social networks. Indeed the type of financing available through these networks is limited, as is the type of information that can be accessed. This further limits the potential of entrepreneurs to grow their enterprises, or expand into value-added activities.

When looking at access to credit in Ghana it becomes clear that the financial set-up is not geared to comply with the needs of young entrepreneurs, or entrepreneurs in general for that matter, due to high lending rates of approximately 30% (Bowers, 2010) and banks are generally reluctant to lend money for start-ups. Furthermore, venture capitalist and ‘angel investors’ can normally fill in this gap by providing initial funds. However, the existence of and identification of such benevolent persons, may be hard to determine for young entrepreneurs. Nevertheless, while some interviewees did mention this as a possible way to obtain financing once the enterprise had started to turn a profit, none were able to give examples of these. Little credit is given to entrepreneurs since banks and financial institutes favour investments in larger established companies, preferably those operating in the sectors which the government is supporting, such as the public sector and large but low-labour absorption enterprises, for example, mining and imports. The informal sector and
small players in the formal sector are largely ignored. One of the reasons why small entrepreneurial enterprises operating in the informal sector are not considered credit-worthy by the banks within the formal sector, is their inability to raise collateral in order to secure loans as well as to provide the necessary financial statements or business plans. Further, due to high administration costs, the banks and financial institutions favour short-term measures that will pay off quickly, as opposed to financing small companies with a potential to grow.

Interestingly, the group of young entrepreneurs whom we interviewed did not seem to face constraints when it came to acquiring start-up capital. Perhaps this is due to the fact that often only smaller amounts of capital are required and they rely on bootstrapping or using their social networks of friends or family as a substitute for banks and financial institutions. The use of bootstrapping was especially evident with regard to the group of young entrepreneurs who were in wage employment and were running an entrepreneurial enterprise as a sideline. The interviewees showed little awareness of micro-credit schemes which could provide some financial support. All the same, it must be kept in mind that these schemes do not come with “micro-interest rates” and rates may in some cases be as high as 20% (Arthur, 2006). Although starting up an entrepreneurial venture may seem relatively ‘easy’ when it comes to accessing credit, it was very hard for the majority of interviewees to get access to capital to invest in expanding or upgrading their enterprises. On quite a few occasions we heard entrepreneurs refer to a Ghanaian proverb stating, “if you want someone to carry your pot of water then you put it on your knee, and then someone can help you carry it. What it means is, if you want to start something, you should make the effort to a certain level, like your knee, before people can easily help you”. It was explained that this means if you have managed to set up a business, you must first show that it is profitable and/or sustainable, that is, the enterprise should have had a good track record for the first 1-2 years, and only then should you expect to get financing from banks, financial institutions or capital funds. Nevertheless, even relatively successful MSME entrepreneurs in Accra cannot obtain finance to expand their enterprises.
There is little consistency in how government applies the rule of law for example; even if a company is registered it does not mean that it automatically pays taxes (Overå, 2007: 543). Additionally, there seems to be a lack of co-ordination between public institutions, which makes it difficult for entrepreneurs to know where to go to seek help regarding taxation or information about export and import tariffs. This was confirmed by the interviewees. Therefore the inability to get the correct information or even knowing where to get it, is a source of great frustration for young entrepreneurs. Moreover, taxation rates for newly-established enterprises were thought to be too high. At BBB while there was a session with an official from a tax office in Accra and a tax auditor, unfortunately they mainly audited large firms and did not seem able to provide the kind of information that was required by entrepreneurs operating small enterprises, nor were they able to answer specific questions put to them. In sum, the advice they provided was not very practical because it did not apply to MSMEs.

Although Ghana is improving standards in terms of the time required to register a business, corruption is still cited as a serious problem in both the public and private sectors (Mensah et al., 2003). This was confirmed by some of the interviewees who referred to ‘paying your way through’ or ‘creating affections’ when dealing with government officials. The problem does not seem to be meeting the formal requirements for registration but the process can be hastened by paying an additional ‘unofficial fee’. Nevertheless, it was emphasized that if you wanted to speed up the process and were a young entrepreneur, then you had to know someone who knew the officials at the given office as it was more difficult to establish these contacts as a young person. For the larger number of entrepreneurs, it is crucial to have someone in their social network that can facilitate contact with government officials. Therefore strong ties can open up avenues to weak ties at government institutions.

When it comes to social networks, the literature on entrepreneurship in an African context suggests that family make up a significant share of an entrepreneur’s social network (Benzing & Chu, 2009; Kuada, 2009). In general the concepts of trust and family are closely related in Ghanaian terms, and (Kragelund, 2005) notes, a rule of thumb is that non-kin Ghanaian businessmen tend not to engage in long-term business partnerships since there is
limited access to information about a person's trustworthiness and this leads to a suspicion of unknown persons. However, there can both be benefits and costs to involving the family in the entrepreneurial business, indeed social obligations may outweigh the benefits as family members often impose excessive demands on the resources of the enterprise and/or the entrepreneur. This was echoed in the interviews as it was continuously mentioned that there are negative consequences of involving family directly in the enterprise. Our sample indicates a great reluctance, even unwillingness of entrepreneurs to hire family members, as it can prove very difficult to dismiss 'lazy' workers or to scold family members. Jonathan in particular, was very troubled by this issue in his family-run enterprise. Moreover, receiving credit from family members was seen as an obstacle since the entrepreneur would have to deal with interference in the enterprise from family members, and thereby stood to lose control. Nevertheless, our data generally indicates that the young entrepreneurs do currently not have to meet family obligations; many stated that this would probably change once the enterprise started to turn a profit.

However, since the term 'family' in a Ghanaian setting includes extended family members, there is potential for young entrepreneurs to tap into the social networks of close or more distant relatives in order to gain access to suppliers, customers, financiers, and authorities in government establishments. Therefore, family and extended family can serve as a major source of resources to the entrepreneurial enterprise. Our data confirms that young entrepreneurs are using family networks as a strategy to enhance access to resources, customers, finance, and authorities in government establishments. However, friends seemed to play a larger supporting role than family members in our sample. The issue of the older generation opposing entrepreneurship as a career choice may explain why friends are favoured over family in social networks. Perhaps friends are seen as 'the path of least resistance,' as they generally do not have negative attitudes towards entrepreneurship, and are themselves entrepreneurs. Nevertheless, this argument may be generally applicable to youth across the world and not be specific to Ghana only, as young people may prefer working with their cohorts.
In Ghana it is the norm that the older generation is treated with respect and the voice of the younger generation is not heard, although this is slowly changing (Kragelund, 2005). The young are only considered adults once they have married and can provide for a household. Consequently today’s generation of youths find themselves in a place between adulthood and childhood. The literature indicates that young entrepreneurs lack the networks that can connect them with suitable business contacts or partners, and suppliers (Schoof, 2006; Chigunta et al., 2005). The young entrepreneurs in our sample highlighted their youth as the main obstacle when interacting with government officials and business people in general. They seem to hit ‘a glass ceiling’ due to their young age. George states that his youth is an obstacle to doing business and to networking since it prevents him from forming links with people who could provide him with valuable information about future projects, or indeed let him be in charge of such projects. Interestingly, the three entrepreneurs from the MEST incubators reported that they had not met obstacles in regard to their young age, since the incubator leads to direct access to relevant contacts, and so in many instances the entrepreneurs can bypass the gatekeepers of companies. Incubators also provide entrepreneurs with funding which heightens their credibility when they interact with potential local business partners, since a Western company has already invested in their idea. However, they face great obstacles in recruiting skilled employees and are planning to train graduates whom they will recruit directly from Ghanaian universities. Lastly, they must still rely on friends to get market information about the Ghanaian market with which MEST cannot provide them.

With regard to the general lack of information about the local Ghanaian market, BBB serves as a platform to obtain market information about other businesses in Ghana. It is thus a platform where knowledge-sharing among entrepreneurs takes place. The BBB programme was highly focused on getting the participants to network and share knowledge or ideas, and in this way, perhaps establishing more trust between entrepreneurs. In general, the BBB entrepreneurs were new to networking, and many stated that they had few contacts with business associates and were at BBB to build networks. In addition to a contact list of all the BBB participants, a ‘Facebook’ group was established so the participants could keep in contact and have a forum in which to share information. It was emphasised that networking
could open up opportunities for sales in other parts of Ghana and as a way in which to promote their enterprise to other BBB participants. Although the networking aspect of BBB seemed to function well among the participants, a more formal aspect of networking was lacking in the set-up. The BBB lecturer, Dr. D. Quay, repeatedly told entrepreneurs to build relationships with others in their industry by talking to industry people in order to get the market information that they needed to write a good business plan. However, exactly how they were to identify these persons was not elaborated upon and no representatives from trade or business associations, who could perhaps facilitate such contact, had been invited to the lectures. Had such representative been present, perhaps the BBB entrepreneurs would have had a chance to engage with networks in a more formal manner. However, the vast majority of young Ghanaian entrepreneurs are not in the same fortunate situation as the entrepreneurs in the MEST incubator or BBB, and they are often judged or evaluated on the basis of their age rather than their business acumen or academic knowledge. Consequently, they often come up short when compared with their older cohorts.

Generally, membership of business organisations and trade associations is not regarded as beneficial since it is claimed that it is not able to promote the interests of such members, nor able to take these to a national level of policy making. Kragelund (2005) argues that these organisations do not pose a real challenge to government as most of them have neither established branches nor adequate funding, and therefore have low capacity. Further, there is a lack of commitment from members and unwillingness to pay membership fees. Our analysis indicates that the young entrepreneurs were somewhat ambivalent towards these organisations, and indicated that they would consider membership only once their enterprise was more established, in order to get contacts and gain credibility for the enterprise. There is a perception among the interviewees that these organisations cannot give the young entrepreneurs the industry information and best practice that they seek and therefore they currently try to access this information through their social networks. This is partly due to the fact that, generally, the public agencies and institutions which promote micro and SMEs do not have well-qualified professional staff or the financing needed to gain credibility. As the analysis also illustrates there are alternative ways of expanding social networks where age is viewed as a lesser issue, such as churches or online social networks.
Religion in Ghana plays an important role, since it is seen as a collective and social undertaking, that is, the church serves as a place in which to bring together people from the entire status spectrum of Ghanaian society and therefore there is a possibility for entrepreneurs to tap into a rich pool of knowledge (Assimeng (1989) in Kuada, 2009). In a religious setting, there seems to be an effacement not only of class but also of age structure. There is thus a possibility to interact with older more established business people, especially in the business fellowships initiated by the church where the objective is to 'help each other make money and finance the Gospel' (Romeo Jones). This can also be related to the business culture in Ghana, which is characterized by low levels of trust (Kuada, 2009). Entrepreneurs are generally reluctant to share any of their business ideas with others for fear that someone might steal the idea. This is, of course, understandable but at the same time, entrepreneurs would no doubt gain a lot from knowledge-sharing or even partnerships with other entrepreneurs. There is nonetheless a general reluctance to engage in joint business activities and other forms of resource sharing, especially with people who are not known from church, or who are outside the social network. Moreover, the lack of transparency in the Ghanaian business environment makes it difficult to obtain information about potential business partners, failing which entrepreneurs must once again turn to their networks to obtain such information. The analysis shows that there seems to be more willingness to cooperate with church members because these persons are believed to be God-fearing, and therefore trustworthy.

Interestingly, the analysis indicates that online social networks such as ‘Facebook’, ‘Twitter’ and ‘LinkedIn’ are a way of circumventing age discrimination and they may lead to increased social capital. Further, participation in such networks is ‘classless’ in the sense that the networks do not discriminate on the basis of social standing. It appears that the focus is rather on common interests and knowledge-sharing (Ellison et al., 2007). Furthermore, these online social networks have the potential to serve as a vehicle by which entrepreneurs can bridge into other knowledge-sharing online communities, accessing ‘consultancy’ advice, as well as promoting their enterprises. Since the Internet connects the world, there is a possibility to link to people overseas who share the same interests. Not to overstate the importance of online networks, they can be a ‘cheap’ and easy way to access consultancy
advice and advertise the products and/or services of small Ghanaian enterprises (Lin, 1999:45). LinkedIn and Facebook especially, help entrepreneurs to keep track of friends and acquaintances whom they have met through educational programmes.

The MEST programme attempts to establish linkages between its entrepreneurs in Ghana and MBA students at Oxford University, as well as facilitating contact to international guest lecturers. Francis emphasised that he would take advantage of connections he had made as a student at MEST and ‘just call up people for advice’. However, these linkages seemed to be somewhat tenuous and it cannot be determined whether all MEST graduates will benefit from them. Indeed Barnabas made no mention of this. Online linkages may therefore be more appropriate if an entrepreneur is seeking advice, know-how or information on how to deal with specific problems such as, software development, or information related to imports, rather than information on how to set up production in Ghana. Some young entrepreneurs have successfully been using the Internet to consult both blogs and international interest organisations. For example, Kuorkor accessed information on the Internet to learn how to do chemically free hair treatments, a specialised service which was not available in Accra, and is partly the reason why she opened a salon. Further, young entrepreneurs who are members of AIESEC (see appendix 3) are also able to bridge into different communities overseas through the connections they have formed with AIESEC volunteers coming to Ghana. AIESEC’ers generally vouch for each other and assist one other and so there is a higher level of trust among the members. This has helped many of the interviewees from AIESEC and some also recruit employees for their enterprises among other AIESEC members.

To sum up, it has been argued that the young entrepreneurs are victims of the system in both a structural and a cultural sense. Entrepreneurship in Ghana is fraught with structural constraints and, in addition, the young entrepreneurs must also deal with societal pressures. There is a need for the GoG to address both structural and cultural perceptions of entrepreneurship if it is to be regarded as a prosperous and acceptable career path. One problem from the viewpoint of entrepreneurs in MSMEs is that these small-scale entrepreneurs are generally not able to expand their enterprises due to institutional
constraints, a lack of finance, and an overreliance on family or employees who generally do not possess adequate skills. MSMEs will generally not be able to produce larger quantities of goods and thus benefit from economies of scale, nor in many cases will they be able to produce goods of a consistent good quality (Jonathan’s bakery is a good example of this). Most choose to compete with larger producers and suppliers in the market by offering very similar services and products (such as Sydney’s vision for a miniature company of the well-established ‘Blue Skies’). This scenario of MSMEs competing with larger companies is sustainable for the individual entrepreneur since there is low market information for the consumer and the infrastructure is poor so the mobility of goods is low. But this does not further private sector development in general (Altenburg, 2009). This means that, for the time being, it is possible to offer very similar goods and services. However, the sustainability of such an approach is questioned as the economy develops and the market becomes more transparent and so perhaps it would be preferable for MSMEs to operate in niche markets where they are not in direct competition with the larger companies.

In addition, many enterprises lack the resources to advertise and market their products; this is exacerbated by the lack of infrastructure in Ghana. Road conditions are poor, and the lack of an effective railway system prevents Sydney from obtaining fruit at cheaper prices from Northern Ghana. Unreasonable bureaucracies at the ports impede MacLean from importing computer parts directly from China and he must instead resort to asking friends and family to bring him a few parts from the USA. Many interviewees voiced their concern about the ineffective Chamber of Commerce and stated the need for a co-ordinated institution and more credible Chamber of Commerce, where reliable industry information could be accessed (many were prepared to pay a fee for this service). Moreover, this institution should provide accurate information in relation to the tax requirements of MSMEs as well as the import and/or export of goods.
6.1. Sub-Research Question 1

Sub-question 1 stated ‘How does education influence opportunity development?’ We note that it does so in a number of ways. Generally the data indicates that education and prior knowledge influence opportunity development. Our data indicates 35% of entrepreneurs applied a systematic approach which they had been exposed to in the training programmes at MEST and BBB. The majority of entrepreneurs without specific entrepreneurial education were influenced by their educational background and/or prior knowledge. Only five entrepreneurs from a sample of 20 did not follow the same path, entering sectors of which they had absolutely no knowledge.

Education benefits opportunity development as it gives entrepreneurs the confidence to face uncertainty and take the step to start an enterprise. In general, all interviewees felt confident about being an entrepreneur although a few mentioned that their families did not approve of their choice. The role of education in altering the negative perceptions of entrepreneurship is very important; however in this respect, there is a long way to go in Ghana. Our data indicates that negative perceptions of entrepreneurship persist.

A systematic approach to identifying opportunities has many benefits, such as ensuring that the initial idea which is developed is based on market research. However, in Ghana, where there is a lack of transparency and of market information, such an approach may be less effective. Therefore training programmes should focus more on learning about strategic flexibility especially when facing high degrees of uncertainty in a market like the Ghanaian and less on how to develop solid market-researched opportunities. Further, a very narrow and structured approach in identifying opportunities may lead to a lot of opportunities being overlooked. In order to overcome these deficiencies in the market many entrepreneurs chose to develop their ideas slowly and to test the market by ‘feeling their way’, emphasising that they were learning as they went along, before they would make a commitment to a particular enterprise. This uncertainty surrounding market conditions is also one of the reasons why entrepreneurs often established enterprises in diverse and unrelated activities,
so that they could spread risk. Further, we suggest a more context specific approach, that is, entrepreneurial education more tailored to the needs of Ghanaian youth would be beneficial to entrepreneurs. Many of the entrepreneurs we interviewed did not know where to go to obtain information, and so perhaps training programs neglect these more practical aspects of doing business in Ghana. Moreover, entrepreneurial training programmes or conferences were lacking information about sector specific opportunities for entrepreneurship.

In general, entrepreneurial training programs also emphasise the writing of business plans, which entrepreneurs often are required to present at banks to obtain credit. However, we believe that this requirement places a large burden on the young entrepreneur who may not have acquired the necessary skills, or have the time to cope with such a task. We are not implying that business plans have no function but perhaps the resources of these entrepreneurs would be better allocated to tasks such as sourcing information. More broad-based business training would be preferable to entrepreneurial training programs that focus too narrowly on how to identify opportunities, whilst neglecting other necessary skills such as basic business skills, for example accounting.

In conclusion, education both empowers and limits entrepreneurs. While education definitely gives confidence, there is, however, little focus on critical thinking and this may be one of factors which contributes to entrepreneurs imitating or copying what they see in their local surroundings. As for entrepreneurial education, the positive aspect is that the MEST entrepreneurs seem to have developed a high tolerance for risk and high aspirations. A negative aspect that we note is that entrepreneurial teaching at both MEST and BBB had a Western bias where the application of theory was seldom related to the local context in Ghana. Critics of initiatives to expand university education and/or entrepreneurial education among the young in Ghana may state, “Isn’t there a risk of educating people for unemployment?” (Danida, 2010). However, we feel that education which equips the young with the type of skills which enable them successfully to run an enterprise is of paramount importance.
6.2. Sub-Research Question 2

In order to answer sub-question 2: “How are social networks used in opportunity development?” we note first that education and social networks are interrelated. There is a relationship between the social networks that are formed, the type of social capital accessed through these networks, and education. Therefore tertiary or higher education often gives entrepreneurs access to social networks comprising individuals who possess knowledge or expertise in many areas and who may, after graduating, occupy positions in government institutions or large corporations. Attendance at educational institutions such as universities can lead entrepreneurs to form diverse networks as illustrated by the following; “… that is why I decided to get more education, so that I can get more social network with the rich because it is only the rich that are able to study to that level (higher education. In Africa most of the elite are the academics, they go on to become ministers, and so you want to network” (George). However, whilst it is often at places such as university that networks are formed, it must also be noted that access to the better educational institutions in Southern Ghana is likely to be enjoyed by entrepreneurs who come from more affluent backgrounds, such as middle-class and upper-class families.

It is clear that social networks are important not only in the start-up phase but also when it comes to sustaining the enterprise, that is, to the execution of further opportunities. Our research indicates that there is a predominant use of strong ties (100%). This is not surprising as it is in line with what is stated in the literature dealing with social networks in the global South. Strong ties are used to circumvent institutional voids in Ghana such as accessing credit, gaining market information, speeding up governmental procedures as well as the promotion of the enterprise. The literature suggests that valuable business information is mainly accessed through weak ties. However, since the young entrepreneurs rely on strong ties it is hard for them to access more diverse social capital such as bridging and linking. Nevertheless, our data indicates that as many as 70% of the entrepreneurs use weak ties. In the church it appears to be easier for the young entrepreneurs to form weak ties, especially if there is a business fellowship attached to the church. In general it appears
that these fellowships offer a possibility for accessing resources, sharing information, and forming partnerships with other entrepreneurs. There is thus a possibility to bridge or link with people from a different class, and who have a higher status in society.

In general, it was surprising that social networks were not used to generate ideas and that the young entrepreneurs did not share their ideas with others. This is attributed to the low level of trust between business people in Ghana with entrepreneurs often being afraid that their ideas will be stolen or copied; this is understandable since many of the ideas that are developed into opportunities can easily be copied by others. The Internet plays an important role for the larger number of young entrepreneurs whom we interviewed. It was regularly consulted for information on overseas products and trends, and as an aid to idea generation. Moreover, online social networks are used for keeping in contact with people overseas, whom some of the entrepreneurs have met through their studies, and who were helping the entrepreneurs. Although Internet connectivity in Ghana is presently low, it is rapidly expanding. The networks are also a cheap way of creating awareness in Ghana and other regions for the products or services marketed by entrepreneurs. It is especially the many contacts overseas which may later lead to bridging and linking social capital and these networks are an easy and cost-free way to consult or ask other ‘resourceful’ people overseas for help.

In conclusion, networks are dynamic and new members enter as old members leave. Consequently there is a possibility that, over time, young entrepreneurs will be able to form networks with weak links. Most of the young entrepreneurs had little faith in business and trade organisations and rejected the idea of an organisation aimed at bringing together young entrepreneurs as most thought it would be a “waste of time” or that ‘...[other] young people have nothing to offer’. Most were of the opinion that a credible Chamber of Commerce

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22 Mobile phone and Internet usage has developed explosively in Ghana. According to Slater and Kwami (2005) the Internet in Ghana is a platform for accumulating, reproducing and managing social capital, and it is often used to realize advantageous relationships with foreigners. In Ghana, the number of Internet users is concentrated in urban areas.
or organisation where information could be obtained would be most beneficial to their enterprises.

6.3 Reflections on The Framework and Methodology

In this section we commence by reflecting on and critiquing the methodology and theories applied in the thesis. After this we comment on and critique The Framework that we have proposed to study opportunity development.

The methodology employed in this thesis is applicable when studying a social phenomenon such as opportunity development, especially since we have argued from the outset that opportunities are present in the environment and are created by entrepreneurs. CR has enabled us to understand the ways in which the environment in Ghana may both inhibit and further opportunity development. A shortcoming of the theories employed in this thesis is that they have been developed mainly to address entrepreneurship in the global North, and they do not focus specifically on youth. Our research supports the fact that education influences opportunity development and therefore it is an important factor to include when addressing youth, as they generally possess little prior knowledge, at least with reference to the way in which prior knowledge is often defined in the literature. As for social networks, it has been posited that they can have a positive effect in the start-up phase of an enterprise, and we see support for this in our data.

Moreover, Granovetter’s (1973) terminology of strong and weak ties can be criticized for lacking nuance and being hard to apply. In general, it is not very clear how the young entrepreneurs defined the term ‘friend(s)’. Further, any definition of the term is culturally determined and influenced by the way in which individuals interpret the relationship between themselves and others. However, we chose to rely on the interviewees’ own interpretation of the term ‘friend’. ‘Friend’ seemed to refer to both close relationships with individuals, and infrequent interactions with individuals with whom the entrepreneurs had a
more distant relationship; another way to refer to such persons would be the term “acquaintances”. The same argument can be made when referring to the social capital embedded in the social networks. We cannot determine the extent to which the benefits of social capital are actually realised by the entrepreneurs, nor can we adequately evaluate the negative consequences of social capital. This type of research is best carried out using longitudinal studies.

With regards to the data collection, we identified 20 young entrepreneurs in Accra. This is a rather small sample, which places limits on our data, however, our sample shares similarities with the secondary data that we collected and therefore it can be argued that our sample is to a certain extent representative of young entrepreneurs in Ghana. The similarities include, amongst others, a predominance of opportunity entrepreneurs characterized as either tied to the business or tied to the entrepreneurial career and the use of networks to get access to information. There is a risk that we have been biased towards particular facts to the exclusion of others in the selection of our data. In treating young entrepreneurs as a homogenous group, we have disregarded the influences that gender may have on opportunity development. In addition, we have not accounted for in-group differences to opportunity development which are linked to age. It must be kept in mind that there is an age span of approximately 10 years between the youngest (24 years) and the oldest (34 years) entrepreneur that we interviewed (the mean age was 28 years). Since social networks and education (prior knowledge) are dynamic concepts there is bound to be a difference in the ways in which networks are used by the entrepreneurs, as well as the way in which accumulated knowledge affects opportunity development.

It is noteworthy that opportunity development is based on retroactive accounts and may therefore be filled with “recollection bias”, as well as a tendency to glorify the successful endeavours and to depreciate those that turned out to be wrong (Dimov, 2007a). In order to increase the transparency of the research methods, all interviews have been placed in appendix 4. We have taken measures to increase validity such as data triangulation. Data triangulation is a method that combines several different qualitative methods of interviewing, observing and collecting documents from secondary sources (Silverman, 2005
in Denzin, 2010). In the critical realist tradition, validity does not rely on the triangulation of data but depends instead on whether the research method can reveal the structures and mechanisms that underpin the observed phenomena. Generalisability is not a requirement for research adopting a critical realist approach, nor do we claim that our findings are generalisable. However, with a few adjustments The Framework below may be applicable to opportunity development in nearby countries like Nigeria, and the Ivory Coast.

As first commented upon after the analysis it is noticed that education and social networks are interrelated. We did not take this into account when we first proposed The Framework, and therefore set forth the new framework in Figure 4 (cf. p.116) where this interconnectedness is indicated by the double arrows between education and social networks. The implication of this is that the social standing or background of the entrepreneur has an effect on the type of networks that s/he is a part of. The problem with a Framework such as the one proposed below is that there is always a danger of falling into the trap of ‘thinking inside the box’, although this tendency is ameliorated by adopting a critical realist perspective. There may be factors other than education and social networks which influence opportunity development such as the individual traits of entrepreneurs which influence their behaviour, and luck. It is probable that an entrepreneur could have selected an idea by luck. Although the effect of luck is to some extent ameliorated because we used a control group which contained individuals who had not received any specific entrepreneurial education or instruction on how to identify opportunities.
Figure 4 Modification to The Framework
7. Conclusion

The research question was, “How do Education and Social Networks Influence Opportunity Development for Entrepreneurship by Young Ghanaians in Accra”. The answers obtained from the two sub-questions indicate that both education and social networks influence opportunity development in Accra in a number of important ways.

We see that education influences opportunity development, since 15 out of the sample of 20 have developed opportunities related to their education (including prior knowledge). Furthermore, 35% of the young entrepreneurs applied a systematic approach to opportunity development, which is characterized by ensuring that the idea is developed based on market research. A narrow majority (65%) of entrepreneurs did not apply a systematic search for opportunities in Accra. This suggests that many entrepreneurs who establish enterprises have not done research to see whether or not there will be a demand for their service. Interestingly, some of the entrepreneurs in this group had done an internship related to their field of education which had given them more applicable skills and spurred them on afterwards to open an enterprise. Within the group we identified five entrepreneurs, whose educational background and prior knowledge did not play a role in opportunity development, that is, a sector was entered without the entrepreneur having any educational skills or prior knowledge related to this sector.

Our data indicates that social networks do not influence the type of opportunity young entrepreneurs choose to develop. Rather, it is used when the opportunity needs to be executed. This can partly be attributed to the low intra-cultural trust in the Ghanaian society. Further, our findings indicate that social networks which are formed by young entrepreneurs predominantly consist of strong ties (family and friends), and to a lesser extent, weak ties (business networks and church groups). The network of strong ties is used to obtain “favours”, that is, advice and supplies (65%), as a form of enforcement mechanism and to hire employees (40%), accessing credit (35%), sales/marketing (word of mouth)
(20%), and lastly, to gain market information (20%). Our findings indicate that young entrepreneurs use strong ties to substitute for institutional voids such as a lack of access to market information and credit, and inefficient and corrupt government institutions. However, we notice that by relying on strong ties it is hard for the young entrepreneurs to access more diverse social capital such as bridging and linking capital. In general, the findings indicate that most of the young entrepreneurs were unable to establish weak ties which directly could benefit their enterprises, such as linkages to larger industry players or people in the industry with specific information and know-how. Moreover, they have difficulties in establishing weak ties that can facilitate access to credit and sale opportunities. The implications for youth entrepreneurship are serious as young entrepreneurs may face great difficulty in expanding their enterprises or expanding into value-added activities without these linkages.

In conclusion, both education and social networks influence opportunity development in Accra, and although these roles are interconnected, our data indicates that they also differ. We found a relationship to exist between education and social networks, in the sense that attendance at tertiary institutions or entrepreneurial training programmes enabled entrepreneurs to connect with individuals in social networks who have a wide range of knowledge. Further, our research indicates that religious social networks play an important role in business for young entrepreneurs and the role of online social networks may be gaining a foothold in Ghana among the more educated. We believe that these observations may carry implications for future research on entrepreneurship in Ghana.

As a final observation, we believe that it is difficult to classify neatly entrepreneurs as either necessity or opportunity entrepreneurs or to use the classification ‘hangers-on’ and ‘committed to the enterprise’ (Olomi, 2009). This is due to the fact that there is a strong push factor on entrepreneurship in Ghana, as wage employment is scarce. However, from our small data sample, it seems probable that entrepreneurship was a choice for the young entrepreneurs whom we interviewed.
Many stated that they intended to commit further to entrepreneurship, indicating a possibility that entrepreneurial ventures started whilst they were attending university would become self-employment opportunities after graduation. Barnabas illustrates this well.
8. Future Perspectives

In Ghana there is a dearth of research and knowledge pertaining to the skills necessary for self-employment among young people, or indeed, the skills needed for wage employment. This is just one of the reasons, another is inadequate funding, or why education policies and initiatives seem to miss the mark and do not equip young Ghanaians with the skills necessary to cope in an increasingly competitive local market. There is an urgent need for this research and knowledge to be disseminated if the GoG is to succeed in its aim of achieving a vibrant private sector, peopled with young entrepreneurs. In the same vein, there is little, if any follow-up on the entrepreneurs after they leave the MEST programme. Similarly TechnoServe did not have any information on what previous BBB winners were presently doing or how they had benefited from being part of BBB.

This thesis has drawn attention to the importance of training adapted to the local environment and training specifically designed to give entrepreneurs the basic business, management, accounting and marketing skills needed to run an enterprise in Ghana. It would be preferable were this training to include models based on empirically supported evidence of best business practices in the country, so that entrepreneurs could be equipped with the skills to enable them to face the unique challenges facing entrepreneurship in Ghana.

A focus on entrepreneurial training only is not sufficient and there is a need for mentors. Mentors should be individuals with a proven track record in entrepreneurship, who have knowledge about the challenges of operating in Ghana. In this regard, donor countries have an important role to play in training. They could sponsor the establishment of a mentorship organisation in Accra, staffed with professional mentors who would be remunerated for their services. The mentors running such an organisation should be in charge of following a number of entrepreneurs for a period of 2-3 years. Lastly, we believe that there should be further investigation into the possibility of using online networks to disseminate information and know-how to young Ghanaian entrepreneurs. It is not implausible that online networks could be established with students or lecturers at universities or business schools, both in
Ghana and in the global North and so young Ghanaian entrepreneurs could participate in a forum where their age or lack of experience would have little significance.
9. Bibliography


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Munive, J. (2008). The Danish Africa commission’s focus on youth. DIIS. Retrieved on 17/05/2010 from www.diis.dk/jmr


## 10. Appendices

### Appendix 1 Table of Interviewee Details

**Table 1 Overview of MEST Entrepreneurs**

<table>
<thead>
<tr>
<th>Name, age sex,</th>
<th>Educational Level</th>
<th>Type of activity, fulltime or part-time</th>
<th>Number of employees</th>
<th>Year of establishment</th>
<th>Registered company</th>
</tr>
</thead>
<tbody>
<tr>
<td>Barnabas, 28, M</td>
<td>Undergraduate degree in statistics from Legon University and a MEST graduate</td>
<td>Consultancy, offers statistical training and interpretation services, full-time.</td>
<td>1</td>
<td>2006</td>
<td>Yes</td>
</tr>
<tr>
<td>Eyram, 27, M</td>
<td>Undergraduate degree in computer science and a former MEST teaching fellow</td>
<td>Leti Games: develops games for smart phones</td>
<td>1 partner</td>
<td>2009</td>
<td>Yes</td>
</tr>
<tr>
<td>Samuel, 24, M</td>
<td>Undergraduate in biochemistry and now in the MEST incubator</td>
<td>Streemio: Online music stream service for mobile phones</td>
<td>2</td>
<td>2010</td>
<td>Yes</td>
</tr>
<tr>
<td>Francis, 25, M</td>
<td>Undergraduate degree in IT and now in the MEST incubator</td>
<td>Streemio: Online music stream service for mobile phones</td>
<td>2</td>
<td>2010</td>
<td>Yes</td>
</tr>
<tr>
<td>Edward 27 M (MEST Group 3)</td>
<td>MEST student; with an undergraduate degree</td>
<td>Established a small enterprise in telecommunications while studying at university; now in the MEST incubator</td>
<td>1 (First company)</td>
<td>n/a</td>
<td>Yes</td>
</tr>
</tbody>
</table>

Source: Interview transcripts group MEST
### Table 2 Overview of BBB Entrepreneurs

<table>
<thead>
<tr>
<th>Name, age and sex</th>
<th>Educational Level</th>
<th>Type of activity, fulltime or part-time</th>
<th>Number of employees</th>
<th>Year of establishment</th>
<th>Registered company</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jonathan, 26, M</td>
<td>Undergraduate in electrical engineering</td>
<td>Family bakery, full-time engaged</td>
<td>5</td>
<td>2008</td>
<td>Yes</td>
</tr>
<tr>
<td>Emmanuel, 31, M</td>
<td>Undergraduate in computer science and management</td>
<td>Runs a hostel on a lease and a full-time basis.</td>
<td>5</td>
<td>2007</td>
<td>Yes</td>
</tr>
<tr>
<td>Romeo, 34, M</td>
<td>Undergraduate degree in accounting and management, HR certificate from South Africa</td>
<td>Consultancy, offers financial advice to small business owners, full-time basis</td>
<td>5</td>
<td>2005</td>
<td>Yes</td>
</tr>
<tr>
<td>Gilbert, 31, M</td>
<td>Undergraduate degree in marketing</td>
<td>Food processing</td>
<td>2</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>George A., 32, M</td>
<td>Trained in building and construction at vocational school</td>
<td>African handicrafts</td>
<td>65</td>
<td>2004</td>
<td>Yes</td>
</tr>
<tr>
<td>Horlase, 32, F</td>
<td>MBA from the UK</td>
<td>Agri-business, not full-time entrepreneurs also works as a real estate broker</td>
<td>3 (also hiring ad hoc)</td>
<td>2007</td>
<td>n/a</td>
</tr>
</tbody>
</table>

Source: interview transcripts group BBB

### Table 3 Overview of Group University Entrepreneurs

<table>
<thead>
<tr>
<th>Name, age and sex</th>
<th>Educational Level</th>
<th>Type of activity, part- or fulltime</th>
<th>Number of employees</th>
<th>Year of establishment</th>
<th>Registered company</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adwoa, 27, F</td>
<td>Undergraduate degree in computer science from Cornell</td>
<td>Runs a African fashion company with a friend; works as a teacher at MEST has plans to become fulltime after the summer of 2010</td>
<td>In the process of hiring one (a former MEST student)</td>
<td>2008</td>
<td>Yes</td>
</tr>
<tr>
<td>Kuorkor, 27, F</td>
<td>Graduate degree in Marketing from</td>
<td>Runs a hair salon in Accra offering natural hair</td>
<td>6</td>
<td>2009</td>
<td>Yes</td>
</tr>
<tr>
<td>Name</td>
<td>Course/Background</td>
<td>Occupation/Activities</td>
<td>Hires</td>
<td>Year</td>
<td>Notes</td>
</tr>
<tr>
<td>---------------------</td>
<td>-------------------------------------------------------------------------------------</td>
<td>---------------------------------------------------------------------------------------</td>
<td>-------</td>
<td>------</td>
<td>-------------</td>
</tr>
<tr>
<td>Sydney, 25, M</td>
<td>Undergraduate in biochemistry from Cape University, Ghana</td>
<td>Has a distribution company with expansion dreams that distribute fresh juice from Blue Skies, full-time entrepreneur</td>
<td>1</td>
<td>2009</td>
<td>Yes</td>
</tr>
<tr>
<td>George, 26 M</td>
<td>Marketing Graduate student at Legon University</td>
<td>Runs a marketing consultancy next to his studies.</td>
<td>Hires ad hoc</td>
<td>2005</td>
<td>Yes</td>
</tr>
<tr>
<td>Nathan, 25, M</td>
<td>Psychology undergraduate student at Legon University</td>
<td>Runs a touring agency that arranges trips in Ghana and plane tickets overseas next to his studies.</td>
<td>5</td>
<td>2005</td>
<td>Yes</td>
</tr>
<tr>
<td>Thomas, 28, M</td>
<td>Graduate student at Legon University</td>
<td>Runs different operations e.g. importing and consultancy. Part-time next to his studies</td>
<td>Hires ad hoc</td>
<td>2003 (first company)</td>
<td>Yes</td>
</tr>
<tr>
<td>Vincent, app. 27, M</td>
<td>PhD. student in religion and psychology at Legon University</td>
<td>Runs different operations: a school, a marketing consultancy on part-time basis</td>
<td>9-10 (the marketing consultancy)</td>
<td>2003</td>
<td>Yes</td>
</tr>
<tr>
<td>Wanlov, the Kubolor 30, M</td>
<td>Undergraduate drop out in computer science and business administration, self-taught musician</td>
<td>Runs a production company with his friend and musical partner Mensa. Full-time musician</td>
<td>1 (also a few on commission )</td>
<td>2005</td>
<td>n/a</td>
</tr>
<tr>
<td>MacLean, 25, M</td>
<td>Undergraduate student in resource geography at Legon University</td>
<td>Runs a import activity on computers with a partner along with his studies</td>
<td>0</td>
<td>2009</td>
<td>In the process</td>
</tr>
</tbody>
</table>

Source: interview transcripts Group University
Appendix 2 Interview Guide

Semi-structured Interview Guide for Young Entrepreneurs in Accra.
The aim of this interview is to obtain more information about (1) the perceptions and experiences of entrepreneurs regarding their use of networks and (2) the use of networks to identify opportunities for entrepreneurship.

(1) General information about the entrepreneur and the enterprise

a.) Name of entrepreneur and name of enterprise:
b.) Age:
c.) Gender:
d.) Were you born in Accra? And if not, then what is the name of your hometown, and when did you come to Accra? (To which ethnic group do you belong?)
e.) Education and name of latest school attended:
   -Primary School
   -Junior High School (JHS) (previously known as JSS/Junior Secondary School or Form 4)
   -Apprenticeship

- Why did you leave school after finishing Primary school/JHS?

- Secondary High School (SHS) (previously known as Senior Secondary School/SSS)
  -Technical and Vocational education
  -University or Higher Education

- Which organisation or person was responsible for the payment of your school/university fees?

(2) Sector of activity: In which sector do you operate?

- Retail distribution (e.g. auto spare parts) - Transport - Communication (ICT e.g. phone assembly) - Agro-business (also the selling of prepared food) - Wholesale trade – Construction - Mining - Handicrafts/Artisan - Hairdressing - Selling directly to the public in markets (designing and selling of fashion, second hand clothes)?

(3) What is the nature of your business and where is it placed? Which activities, tasks do you perform? What kind of equipment do you use? Do you work with customers and/or suppliers?

(4) Can you tell us a little about your earnings, that is, is your business profitable (do you have any savings)?
(5) How old is your company and how many people do you employ? Are any family, friends, or family friends?

(6) Do you have any apprentices, and if so, how many? Are any of these family friends or relatives? (Why did you employ these people?)

(7) Why did you decide to start this business, and is this your first business? Do you have previous work experience? Have you received specific training in how to start and run your own business through your education or from other sources?

(8) How/where did you get the idea to start this business? (re: opportunity identification)
Did you draw on friends, family for ideas on how to start your business? Or did you get the idea from acquaintances, and if so, where did you meet these people? (Church/other social gatherings/family/friends?)

(7) Why are you self-employed – do you prefer this to other employment?
(E.g. was starting this business your only option? Did you try to look for wage employment first or was self-employment your first choice? Was entrepreneurship a choice?)

(8) How is your business financed? Did you receive start-up capital, and if so from whom did you receive this?
E.g. Financed by you/ by family/friends/personal contacts/ savings or susu/ government/banks/ micro-credit/NGOs

(9) How does this affect you and the business? (Does it constrain you/ the business?)

(9a.) How do you use your earnings? (Do you have to support your spouse and/or children/ other members of your family or friends? Are you sending money to family who live elsewhere?

- Do you have to pay the rent and/or do you have to buy the groceries?

(10) Have you re-invested your earnings in the enterprise or have others invested in the enterprise since the start-up phase?
(11) How do you use your network (friends and family, other traders in the market) in your business, do you help each other and/or do you share information, transport or equipment?

(11a) Where do you obtain your supplies?

(11 b) Do you co-operate with other entrepreneurs?

(12) Are other members of your family or your friends also entrepreneurs, and are they running enterprises similar to yours? (Do you have a role model?)

(12. a) What is their attitude towards entrepreneurship?

(13) Are you a member of a trade or business association, and if so, then why/why not? (What is the name of the organization?)

(13.a) What are the benefits or shortcomings of being a member of such an organization?

(14) Who helps you the most, is it your family, close friends or an acquaintance (e.g. a friend of a friend)? How does your family help you? And do your acquaintances help you in another way?

(15) What are your future plans for the business? Do you think that your network will help you realize these plans, and if so, how?

(16) How should the laws/ (regulatory framework) in Ghana be improved in favour of young traders/entrepreneurs? Which kind of support would have been (or would be) valuable for you?

(17. a) Which type of network/contacts/associations would be helpful for young entrepreneurs?

(18) Is there anything else that you find important and would like to add?
Appendix 3 Short Presentation of AIESEC Mission and Goals

AIESEC Ghana: About AIESEC

Our Role - Our Purpose of Existence:
Our international platform enables young people to discover and develop their potential to provide leadership for a positive impact on society.

Our Values- Our Core Beliefs:

Activating Leadership: We lead by example and inspire leadership through action and results. We take responsibility for our role in developing the potential of young people.

Enjoying Participation: We create a dynamic environment by active and enthusiastic participation of individuals. We enjoy being involved in AIESEC.

Demonstrating Integrity: We are consistent and transparent in our decisions and actions. We fulfil our commitments and conduct ourselves in a way that is true to our identity.

Acting Sustainably: We act in a way that is sustainable for our organization and society. Our decisions take into account the needs of future generations.

Living Diversity: We seek to learn from different ways of life and opinions represented in our multicultural environment. We respect and actively encourage the contribution of every individual.

Striving for Excellence: We aim to deliver the highest quality performance in everything we do. Through creativity and innovation we seek to continuously improve.

Our Core Work- Our Main Activity: AIESEC provides its members with an integrated development experience comprised of leadership opportunities, international internships and participation in a global learning environment.

AIESEC runs its global platform to deliver the AIESEC Experience with the following principles to:
* Individuals taking responsibility - for their participation in AIESEC, developing a proactive attitude
* Nurturing self-awareness- through goal setting, mentoring and visioning exercises, enabling them to act with purpose
* Challenging their world view- resulting in them seeing problems and issues from different angles.
* Building networks- to support them in achieving their goals and visions.
* Developing skills and knowledge- to increase their proactive attitude.

**Our Network**

Our global network of offices reaches over 800 universities in more than 100 countries and territories.
It attracts and cultivates young people with global mindsets. It also bridges the gap between the student and the corporate world for them to learn each other.


Picture above: The conference flyer, source: Nathan Adjetey Adjei
### Appendix 4 Contents of Enclosed CD

<table>
<thead>
<tr>
<th>Overview of transcripts, field notes and observations</th>
<th>Duration of attached sound files</th>
</tr>
</thead>
<tbody>
<tr>
<td>Barnabas p. 2</td>
<td>01:08 hour</td>
</tr>
<tr>
<td>Eyram p. 17</td>
<td>19:53 minutes</td>
</tr>
<tr>
<td>Samuel p. 24</td>
<td>23:34 m</td>
</tr>
<tr>
<td>Francis p. 31</td>
<td>40:49 m</td>
</tr>
<tr>
<td>Jonathan p. 39</td>
<td>27:18 m</td>
</tr>
<tr>
<td>Emmanuel p. 48</td>
<td>23:08 m</td>
</tr>
<tr>
<td>Romeo p. 55</td>
<td>25:22 m</td>
</tr>
<tr>
<td>Gilbert p. 64</td>
<td>18:44 m</td>
</tr>
<tr>
<td>George A. p. 70</td>
<td>22:44 m</td>
</tr>
<tr>
<td>Horlase p. 78</td>
<td>24:24 m</td>
</tr>
<tr>
<td>Adwoa p. 87</td>
<td>50:41 m</td>
</tr>
<tr>
<td>Kuorkor p. 100</td>
<td>01:08:55 h</td>
</tr>
<tr>
<td>Sydney p. 120</td>
<td>29:33 m</td>
</tr>
<tr>
<td>George p. 129</td>
<td>1:11:41 h</td>
</tr>
<tr>
<td>Nathan p. 143</td>
<td>37:25 m</td>
</tr>
<tr>
<td>Thomas p. 153</td>
<td>38:15 m</td>
</tr>
<tr>
<td>Vincent p. 163</td>
<td>49:46 m</td>
</tr>
<tr>
<td>Wanlov p. 175</td>
<td>1:03:01 h</td>
</tr>
<tr>
<td>MacLean p. 197</td>
<td>39:55 m</td>
</tr>
<tr>
<td>MEST Group 1 p. 207</td>
<td>32:46 m</td>
</tr>
<tr>
<td>MEST Group 2 p. 217</td>
<td>35:36 m</td>
</tr>
<tr>
<td>MEST Group 3 (Edward) p. 227</td>
<td>55:39 m</td>
</tr>
<tr>
<td>MEST Group 4 p. 241</td>
<td>31:49 m</td>
</tr>
<tr>
<td>MEST Group 5 p. 251</td>
<td>28:23</td>
</tr>
<tr>
<td>Prof. George Owusu p. 261</td>
<td></td>
</tr>
<tr>
<td>Dr. Osman Al-Hassan p. 263</td>
<td></td>
</tr>
<tr>
<td>Observations from Believe Begin Become p. 264</td>
<td></td>
</tr>
<tr>
<td>Field notes from trip to Ghana in May 2010 p. 267</td>
<td></td>
</tr>
</tbody>
</table>
Appendix 5 Growth Rates of Real GDP and per capita Real GDP, 1984-2004 (%)


The above graph shows that per capita GDP growth closely tracks that of GDP suggesting a seemingly stable growth of population. The slow rate of per capita income growth in the economy below the 4% mark after 1984 is largely attributed to low productivity (O’Connell and Ndulu, 2000 in (Aryeetey & Baah-Boateng, 2007). Growth since 2001 has been rising slowly as a result of the recovery of agricultural production and general improvement in economic management, particularly in the area of fiscal and monetary policies (OECD, 2003). However, this is not regarded as sufficient to drive the economy towards the achievement of the Millennium Development Goals (MDGs)\(^{23}\) (Aryeetey and McKay in E. Aryeetey & Baah-Boateng, 2007).

\(^{23}\) The MDGs are the most broadly supported, comprehensive and specific development goals the world has ever agreed upon. These eight time-bound goals provide concrete, numerical benchmarks for tackling extreme poverty in its many dimensions. Adopted by world leaders in the year 2000 and set to be achieved by 2015, the MDGs are both global and local, tailored by each country to suit specific development needs. The goals are as follows: Goal 1: Eradicate extreme poverty and hunger Goal 2: Achieve universal primary education Goal 3: Promote gender equality and empower women Goal 4: Reduce child mortality Goal 5: Improve maternal health Goal 6: Combat HIV/AIDS, malaria and other diseases Goal 7: Ensure environmental sustainability Goal 8: Develop a Global Partnership for Development. Retrieved from, http://www.undp.org/mdg/basics.shtml.
Appendix 6 Employment Indicators 1984-2000

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Population (in millions)</td>
<td>2.3</td>
<td>14.9</td>
<td>18.3</td>
<td>18.1</td>
<td>18.9</td>
</tr>
<tr>
<td>Labour Force (‘000)</td>
<td>5,580</td>
<td>6,020</td>
<td>8,632</td>
<td>8,210</td>
<td>8,292</td>
</tr>
<tr>
<td>Lab Force Participation Rate, age 7+, (%) – Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>– Male</td>
<td>82.5</td>
<td>76.1</td>
<td>---</td>
<td>79.9</td>
<td>74.7</td>
</tr>
<tr>
<td>– Female</td>
<td>83.5</td>
<td>74.2</td>
<td>---</td>
<td>81.4</td>
<td>76.7</td>
</tr>
<tr>
<td>Total Employment (‘000)</td>
<td>5,422</td>
<td>5,770</td>
<td>---</td>
<td>7,550</td>
<td>7,453</td>
</tr>
<tr>
<td>Agriculture (share in %)</td>
<td>61.1</td>
<td>62.2</td>
<td>58.0</td>
<td>55.0</td>
<td>50.7</td>
</tr>
<tr>
<td>Industry (share in %)</td>
<td>12.8</td>
<td>10.0</td>
<td>12.9</td>
<td>14.0</td>
<td>16.3</td>
</tr>
<tr>
<td>Manufacturing (share in %)</td>
<td>10.9</td>
<td>8.2</td>
<td>10.2</td>
<td>11.7</td>
<td>11.5</td>
</tr>
<tr>
<td>Service (share in %)</td>
<td>26.1</td>
<td>27.8</td>
<td>29.1</td>
<td>31.0</td>
<td>33.0</td>
</tr>
<tr>
<td>Public Sector</td>
<td>10.2</td>
<td>6.8</td>
<td>---</td>
<td>6.2</td>
<td>9.1</td>
</tr>
<tr>
<td>Private Formal</td>
<td>5.9</td>
<td>4.8</td>
<td>---</td>
<td>7.5</td>
<td>8.0</td>
</tr>
<tr>
<td>Informal*</td>
<td>83.8</td>
<td>88.4</td>
<td>---</td>
<td>86.3</td>
<td>80.3</td>
</tr>
<tr>
<td>Unemployment Rate (%) – National</td>
<td>2.8</td>
<td>4.7</td>
<td>---</td>
<td>8.2</td>
<td>10.4</td>
</tr>
<tr>
<td>– Male</td>
<td>3.2</td>
<td>3.7</td>
<td>---</td>
<td>7.5</td>
<td>10.1</td>
</tr>
<tr>
<td>– Female</td>
<td>2.5</td>
<td>5.4</td>
<td>---</td>
<td>8.7</td>
<td>10.7</td>
</tr>
<tr>
<td>– Youth</td>
<td>---</td>
<td>17.1</td>
<td>---</td>
<td>15.9</td>
<td>16.7</td>
</tr>
<tr>
<td>– Urban</td>
<td>6.0</td>
<td>11.3</td>
<td>---</td>
<td>13.4</td>
<td>---</td>
</tr>
<tr>
<td>– Rural</td>
<td>1.4</td>
<td>1.7</td>
<td>---</td>
<td>5.5</td>
<td>---</td>
</tr>
<tr>
<td>Underemployment Rate (%) – National</td>
<td>---</td>
<td>8.0</td>
<td>---</td>
<td>13.9</td>
<td>---</td>
</tr>
<tr>
<td>– Male</td>
<td>---</td>
<td>9.0</td>
<td>---</td>
<td>14.2</td>
<td>---</td>
</tr>
<tr>
<td>– Female</td>
<td>---</td>
<td>7.0</td>
<td>---</td>
<td>13.7</td>
<td>---</td>
</tr>
<tr>
<td>– Urban</td>
<td>---</td>
<td>6.0</td>
<td>---</td>
<td>11.3</td>
<td>---</td>
</tr>
<tr>
<td>– Rural</td>
<td>---</td>
<td>8.0</td>
<td>---</td>
<td>15.2</td>
<td>---</td>
</tr>
</tbody>
</table>

Appendix 7 Corruption and Regulatory Framework in Africa

Table depicting the top ten and bottom ten performers in Africa, 2008

<table>
<thead>
<tr>
<th>Country</th>
<th>Corruption perception index</th>
<th>political stability</th>
<th>Rule of Law</th>
<th>Voice and Accountability</th>
<th>Regulatory quality</th>
</tr>
</thead>
<tbody>
<tr>
<td>Botswana</td>
<td>5.8</td>
<td>0.96</td>
<td>0.64</td>
<td>0.55</td>
<td>0.52</td>
</tr>
<tr>
<td>Mauritius</td>
<td>5.5</td>
<td>0.84</td>
<td>0.88</td>
<td>0.88</td>
<td>0.95</td>
</tr>
<tr>
<td>Cape Verde</td>
<td>5.1</td>
<td>0.88</td>
<td>0.51</td>
<td>0.96</td>
<td>-0.02</td>
</tr>
<tr>
<td>South Africa</td>
<td>4.9</td>
<td>-0.04</td>
<td>0.12</td>
<td>0.68</td>
<td>0.63</td>
</tr>
<tr>
<td>Seychelles</td>
<td>4.8</td>
<td>0.91</td>
<td>0.24</td>
<td>-0.04</td>
<td>-0.63</td>
</tr>
<tr>
<td>Namibia</td>
<td>4.3</td>
<td>0.96</td>
<td>0.36</td>
<td>0.57</td>
<td>0.13</td>
</tr>
<tr>
<td>Tunisia</td>
<td>4.4</td>
<td>0.29</td>
<td>0.24</td>
<td>-1.26</td>
<td>0.11</td>
</tr>
<tr>
<td>Ghana</td>
<td>3.9</td>
<td>0.06</td>
<td>-0.1</td>
<td>0.48</td>
<td>0.08</td>
</tr>
<tr>
<td>Swaziland</td>
<td>3.6</td>
<td>0.22</td>
<td>-0.51</td>
<td>-1.2</td>
<td>-0.57</td>
</tr>
<tr>
<td>Burkina Faso</td>
<td>3.5</td>
<td>-0.11</td>
<td>-0.35</td>
<td>-0.23</td>
<td>-0.32</td>
</tr>
</tbody>
</table>


Appendix 8 Policy Interventions Relevant to Youth Employment

Source: this section has been reproduced from ISSER, 2010: pp.200-208.

(a) Ghana Vision 2020: First Medium –Term Development Plan

This is a 25-year development plan dedicated to the improvement of individual and social well-being. The plan notes the need to mobilize, co-ordinate and organize the resources of the youth for national reconstruction and development. Key objectives include addressing employment challenges that youth are faced with and providing them with appropriate skills to enhance their employability. The plan also included measures to establish entrepreneurial centres within the Regional and District Secretariats of the National Youth Council. Further, short-term enterprise courses were to be provided for young entrepreneurs on a regional basis to equip them with the necessary skills to start their own ventures and to sustain them.

Ghana Vision 2020 has been divided into different time horizons the first of which is:

(i) Medium Term Development Plan (MTDP) 1997-2000. The MTDP identified issues confronting the youth, such as the lack of information or a clear policy on youth, unemployment, lack of productive skills and limited awareness of the needs and potential of
the youth and lastly, the lack of clear and co-ordinated policies to support the youth. The MTDP states that youth is a segment of the population that is difficult to identify and to plan for and therefore formulating a coherent policy on youth and identifying the institutional structures to address youth issues is a difficult task (ISSER, 2010:200). Unfortunately the MTDP did not achieve much as far as the problem of youth employment is concerned and this was blamed on a mis-match between annual budgetary allocations and the objectives of the MTDP.

(b) Ghana Poverty Reduction Strategy (GPRS I) 2002-2004

The GPRS I was established to promote policies aimed at wealth creation through the transformation of the Ghanaian economy to achieve accelerated poverty reduction and the protection of vulnerable groups with a decentralised and democratic environment. No section was devoted specifically to youth employment. The employment framework GPRS I sought to create an enabling environment for growth and employment generation through the private sector, as well as creating adequate and self-employment opportunities for entrants into the labour market. Under GPRS I entrepreneurial programmes were to be introduced as an important option for all courses at tertiary level (universities and polytechnics) and agricultural colleges. Although the entrepreneurial programmes have been successfully implemented, the GPRS I gave insufficient attention to the specific problem of youth employment in Ghana.

(c) Growth and Poverty Reduction Strategy (GPRS II) 2006-2009

GPRS II was to address the failures of GPRS I as well as to build on its successes. This policy was aimed at pursuing an ‘employment-centred’ development approach leading to growth and poverty reduction. The policy sought to ensure that the benefits derived from growth are distributed through better job prospects, with improved incomes leading to poverty reduction. The National Employment Policy (NEP) is aimed at addressing youth employment objectives and industry-based skills training. GPRS II prioritises skills and entrepreneurial development measures to enhance the employability of the youth who generally lack employable skills and entrepreneurial know-how. The measures include the following:

- Provision of skills and entrepreneurial training in a gender responsive and equitable manner.
- Promoting dialogue between industry and skills/professional training institutions to produce demand-driven skilled labour required by industry
- Promoting apprenticeship programmes
- Promoting the formulation and adoption of a National Youth Policy

GPRS II sought to encourage the diversification of the economy to create new jobs, particularly for women and youth. To achieve this e-commerce was promoted and supported to facilitate trade and commerce within the economy. This is expected to lead to growth in employment and attract foreign direct and local investments that will promote the development and marketing of both hard and software products. There is little data available regarding the extent of job creation during the period 2006-2009, however, the proportion
of unemployed youth without the requisite skills to take advantage of any expansion in the services and ICT sectors has grown tremendously over the last decade.

(d) The National Youth Employment Programme or NYEP

The programme was launched in 2006 by the GoG. It is intended to serve as an additional source of employment opportunity for the youth in all districts of Ghana. When it was launched, the NYEP was expected to employ about half a million youth in 2009. The targets were, however, not met within this time period (As of 2008, 332,578 youths have registered with the programme although a mere 34% (108,403) of the youth registered were employed by the programme). More specifically the programme aims to do the following:

- Identify economically viable projects that can generate employment for many youths
- Create job opportunities in rural areas to check rural-urban drift
- Create employment opportunities for youth through self-employment
- Inculcate in the youth a sense of discipline, good morals and a sense of patriotism

The programme has 2 main phases (i) Phase I focuses on short-term employment activities and (ii) Phase II is to take a long-term perspective of employment issues within the context of GPRSII. The modules under Phase I are as follows:

- Youth in Agriculture
- Community Protection Unit (engaging youths to support law-enforcement agencies in maintaining law and order)
- Health Extension Workers (youths are trained to assist health professionals to deliver basic support services with health institutions)
- Waste and Sanitation (A private waste management firm operates the module and the activities of workers employed include cleaning, garbage collection etc.)
- Paid Internship (applicants registered under NYEP are posted to organisations that request their services, in order to enhance productivity)
- Community Education Teaching Module (teachers who are selected are posted to schools in mostly deprived rural areas to deliver basic school level education)
- Youths in Trade and Vocations (Non-Agriculture Services)(the objective is to empower youth engaged in ventures other than agriculture by providing them with support to undertake their activities)
- Youth in ICT-Module (to provide employment and develop the skills of the youth in ICT in order to help in the developing of the information and knowledge-based economy of the country)

However, the programme receives inadequate funding which then causes delays in paying the workers under the programme. There is unfortunately limited private sector involvement due to severe pressure to put people directly to work and this has meant that there is a significant focus on the public sector with limited emphasis on entrepreneurship programmes in the private sector. Further, the NYEP has not been fully decentralised (at district level) as it is mostly run from the head office in Accra where most of the major
decisions are taken. Individual districts are thus not able to make programmes that suit the conditions in a particular district. Lastly, the NYEP is heavily politicised with recruitment of personnel, operation and management of the programme being a contentious issue between the ruling party, the National Democratic Congress (NDC) and the main opposition party, the New Patriotic Party (NPP). The NPP initiated the programme when it was in power and has been accused of favouring its party members for positions in NYEP. It is important to note that the NYEP still lacks legal backing promulgated by Parliament and therefore the continuous implementation of the programme is left to the discretion of a government in power.

Appendix 9 Enrolment Rates for Universities and Polytechnics 1990-2001

![Enrolment Rates Graph]


The 1987 educational reform process has increased access to tertiary level education. Universities increased enrolments by about 4 fold from 1990 to 2001. Since the reforms the polytechnics increased their enrolment from 1299 to 18474 between 1990/91 and 2000/2001- a growth of 14 fold (Ansu-Kyeremeh et al., 2002: 57-58).
## Appendix 10 Judging Criteria for Believe Begin Become

<table>
<thead>
<tr>
<th>Judge’s Name: ______________________</th>
<th>Applicant Name: ______________________</th>
</tr>
</thead>
</table>

### Business Opportunity (20%)

<table>
<thead>
<tr>
<th>Description of products/services</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fails to explain the proposed good(s)/service(s)</td>
<td>Provides some explanation of the proposed good(s)/service(s) but many questions remain</td>
<td>Provides a reasonable description of proposed good(s)/service(s) that answers most questions</td>
<td>Provides an excellent and innovative description of good(s) or service(s) that leaves no doubt in the judges mind</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Market need for product</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fails to identify a market need</td>
<td>Attempts to identify a market need but does not provide evidence to verify the need</td>
<td>Demonstrates adequate knowledge of the market need</td>
<td>Clearly identifies the market need and provides some evidence to verify the need</td>
<td>Identifies and supports with strong evidence a clear market need</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Ability of product or service to meet market need</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unclear explanation of product(s)/service(s) ability to meet the market need</td>
<td>Plan demonstrates potential to meet the market need but does not provide a clear strategy to do so or the strategy appears to be unrealistic</td>
<td>Outlines a adequate strategy to meet the market need</td>
<td>Demonstrates a clear and detailed plan for product(s) or service(s) to satisfy the market need</td>
<td>Demonstrates a creative and outstanding plan for product(s) or service(s) to satisfy a market need and realistic strategy to do so</td>
<td></td>
</tr>
</tbody>
</table>
### Viability of the Business (20%)

<table>
<thead>
<tr>
<th>Target Market</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Looks evidence of a clear target market</td>
<td>Provides some knowledge of the target market but fails to provide details regarding its size and profile</td>
<td>Provides knowledge of the target market including identification of profile OR size but not both</td>
<td>Demonstrates researched knowledge of target market with identification of size and profile</td>
<td>Demonstrates extensive research of target market with realistic identification of size and profile of target market (strong quantification)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Marketing Plan</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Fails to communicate a marketing plan</td>
<td>Identifies a marketing plan but it appears to be unrealistic or ineffective</td>
<td>Demonstrates a sufficient plan for how the business will be marketed</td>
<td>Demonstrates a clear and realistic marketing plan</td>
<td>Identifies a realistic and unique marketing system which will capture the market effectively</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Financial Viability</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Fails to discuss financial viability OR financial projections that are unrealistic or not detailed to a satisfactory level</td>
<td>Provides good financial projections that include revenue and cost projections</td>
<td>Provides thorough and persuasive financial projections including realistic revenue and cost projections and details on all assumptions supporting the projections</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Competition &amp; Product Differentiation</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Does not differentiate product OR clearly identify competition</td>
<td>Identifies either market competition or product differentiation OR identifies both but in an unsatisfactory manner</td>
<td>Identifies both market competition and product differentiation in an unsatisfactory manner</td>
<td>Demonstrates a clear understanding of the market competition and identifies product differentiation</td>
<td>Demonstrates a thorough understanding of the market competition and is persuasive on the uniqueness of proposed product or service</td>
<td></td>
</tr>
</tbody>
</table>

### The Entrepreneur (40%)

<table>
<thead>
<tr>
<th>Entrepreneur and management team's qualifications &amp; experience</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Does not demonstrate any evidence of entrepreneurial experience or an academic background</td>
<td>Demonstrates limited experience and qualifications and does not provide evidence of leadership or initiative</td>
<td>Team possesses some entrepreneurial experience and / or formal education</td>
<td>Team possesses sufficient entrepreneurial experience and / or formal education</td>
<td>Team has the extensive business experience and academic qualifications to excel in the business</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Communication and idea presentation</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Fails to effectively communicate the key business ideas to the reader</td>
<td>Communication &amp; presentation of ideas is functional but not up to a satisfactory level</td>
<td>Communication and idea presentation is satisfactory</td>
<td>The business idea is well presented and strongly communicated</td>
<td>Demonstrates masterful writing and communication, clearly and succinctly presenting the idea and getting across all aspects of the business</td>
<td></td>
</tr>
</tbody>
</table>

*Source: The criteria were kindly provided to us by Samson Abagale, a participant in BBB*
Appendix 11 Short Summary of Thesis

**Introduction:** From a development perspective entrepreneurship has recently come to be seen as a viable alternative to formal employment in Africa. Much development aid is therefore being focused on the ways in which to unleash the potential of the African youth through entrepreneurship, which it is believed will lead to private sector-led growth, and improve the competitiveness of the African economies. In Africa young people are regarded as an abundant resource and “By 2010 youth will account for 28 percent of the population, making Sub-Saharan Africa the ‘youngest’ region in the world” (Garcia & Fares, 2008). In the West African country Ghana young people between the ages of 15 and 35 constitute 33% of the population (2000 estimate in Ministry of Youth and Sports, 2010). Therefore entrepreneurship is a central concern in the international development community, and for the government of Ghana (Arthur, 2006; Gibbon & Schulpen, 2002). However, “Entrepreneurship in developing countries is arguably the least studied significant economic and social phenomenon in the world today” (Lingelbach et al., 2005:1, in Naudé, 2008).

**Research question:** The starting point for entrepreneurship is entrepreneurial opportunities, without opportunities there can be no foundation for entrepreneurship. The thesis aims to fill a research gap on how opportunities for entrepreneurship are developed in
the urban context of Accra, the capital of Ghana. The thesis therefore investigates if, or how, social networks and education affect opportunity development for young entrepreneurs in Accra. The following research question is answered in the thesis: “How do Education and Social Networks Influence Opportunity Development for Entrepreneurship by Young Ghanaians in Accra?”

**Method:** The thesis draws on the philosophy of critical realism to order to answer the research question, and predominantly employs concrete research (Sayer, 1992). We commence by reviewing and critiquing extant literature, where after we identify two variables relevant to opportunity development, namely prior knowledge and social networks. Prior knowledge was later reconceptualised to include a specific focus on education. We then propose a framework of opportunity development to examine the interaction of the variables, that is, education (including prior knowledge), social networks and opportunity development. The analysis takes its point of departure in qualitative data obtained from semi-structured interviews with young entrepreneurs in Accra, in May 2010, and the discussion relates the findings to the broader macroeconomic context in Ghana.

**Findings:** Our results indicate that both education and social networks influence opportunity development in a number of important ways. Although these roles are interconnected our data indicates that they also differ. The educational background of the young entrepreneurs influenced the identification of opportunities. Interestingly, networks were not used to identify opportunities but rather in the execution of opportunity development. This can be partly attributed to the low levels of trust in the Ghanaian business culture. A relationship was found to exist between education and social networks, in the sense that attendance at tertiary institutions or entrepreneurial training programs enabled entrepreneurs to connect with individuals in social networks who have a wide range of knowledge. Further, our research indicates that religious social networks play an important role in business for young entrepreneurs, and that the role of online social networks may be gaining a foothold in Ghana among the more educated.

**Implications:** We believe that the results may carry implications for future research on entrepreneurship in Ghana. This thesis has drawn attention to the importance of training which should be adapted to the local environment, and training designed to give entrepreneurs the basic business, management, accounting and marketing skills needed to run an enterprise in Ghana. A focus on entrepreneurial training only is not sufficient and there is a need for mentors. Mentors should be individuals with a proven track record in entrepreneurship, who have knowledge about the challenges of operating in Ghana. These findings make a small contribution to an understanding of opportunity development in the under researched area of youth and entrepreneurship, and may be of interest to companies, organisations or donors that want to offer entrepreneurial training programs or who are already doing so.