Entrepreneurship as a mechanism for addressing youth unemployment in Botswana: A reality of idealism?

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Abstract
Developing countries have undoubtedly experienced a significant upsurge in unemployment, manifestations of which accounts for the most part of decreasing standard of livelihoods and pervasive effects of poverty. In the Global context, literature shows that entrepreneurship is increasingly accepted as an important means and a valuable additional strategy to create jobs and improve livelihoods and economic independence of young people. With an unemployment rate of 20% among youth in Botswana, there is a clarion call for entrepreneurship to act as an engine of self-employment. It is in this regard that, this paper seeks to determine whether entrepreneurship development can address youth unemployment in the context of Botswana or it is just idealism. Based on documentary analysis and the author’s experiential knowledge, this paper made several findings and recommendations comprising the need for government to inculcate entrepreneurship into the educational curriculum at every strata of the educational sector, sensitization of the youth on the importance, essence and need for entrepreneurship development especially on a practical basis, and the creation of an enabling environment for entrepreneurship.

Keywords: Entrepreneurship Development; Sustainability; Employment Creation; Botswana


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1. Introduction

One of the most pressing challenges facing government and policy makers in Southern Africa is the unemployment problem, especially youth unemployment. The underlying problem is that an increasing number of youth graduates from high schools, colleges and universities are seeking opportunities in the labour market every year. As the youth graduates cannot always depend on the public and private sector in providing job opportunities, entrepreneurship tends to be an alternative solution for their unemployment (Ibe and Aniagbaoso, 2012). Worldwide, there is an agreement on the importance of entrepreneurship for economic and social development. All governments alert of entrepreneurship as economic power, and implement policies to promote it.

Noticeably, entrepreneurship has long been considered a crucial mechanism of economic development and as the single most important player in the modern economy (see for example, Temtime and Pansiri, 2004; Agbaeze, 2007; Baumol, 2010; Assan, 2012). Numerous benefits are associated in the society through entrepreneurship. Starting their own enterprise, being self employed, and employing others are the substantial reasons of fostering entrepreneurship among youth. As it drives innovation, solves unemployment by creating new jobs, and satisfies new consumer demands.

As indicated in the aforementioned, many scholars have written widely on entrepreneurship and its potency to generate employment, thus underscoring the importance, significance and relevance of this sub-sector in the development of any given economy. The experiences of developed economies in relation to the roles played by entrepreneurship buttress the fact that the importance of entrepreneurship cannot be overemphasized especially among developing countries. In order to highlight its significance in relation to the growth and development of a given economy, entrepreneurship has been variously referred to as a source of employment generation (Awogbenle and Iwumadi, 2010). This is because entrepreneurship activities have been found to be capable of making positive impacts on the economy of a nation and the quality of life of the people (Chigunta, 2002). Studies have established its positive relationship with stimulation of economic growth; empowerment generation; and empowerment of the disadvantaged segment of the population, which include women and the poor (Thomas and Mueller, 2000; Oluremi and Gbenga, 2011; Diraditsile and Ontetse, 2017).

Against this background, this paper seeks to establish the relationship between entrepreneurial programmes and youth unemployment in Botswana. Therefore, it is pertinent to ask: whether entrepreneurship can be used as a mechanism to address youth unemployment in the context of Botswana or it is just an idealism which can never produce any tangible results that can impact positively the lives of the unemployed youth? Have policy makers been able to see through the connection between entrepreneurship and unemployment? Has the government been able to conceive and formulate effective entrepreneurial programmes aimed at addressing unemployment among youth directly? It is believed that even though entrepreneurship does not present an absolute panacea for youth unemployment, it is capable of reducing unemployment by half if there is a political will (Salami, 2013).
2. Background of youth entrepreneurship in relation to employment creation in Botswana

According to Kenewendo (2016) Botswana like many other developing countries has numerous business opportunities to deal with the plight of the young people, and investment potentials due to abundant human and natural resources. Therefore, tapping into these resources require the ability to identify potentially useful and economically viable fields of business endeavours. It is of utmost importance to note that, there is a substantial body of evidence which shows that over the years the country has made its marks in good governance and diverse fields such as mining, beef export and tourism.

In the hospitality and tourism business, there are hotels, accommodation, and resort centers mostly in the northern part of the country around Okavango delta and makgadikgadi pans. However, despite man-made and natural endowments Botswana has one of the highest rates of youth unemployment in sub-Saharan Africa. According to BIDPA (2015) the rate of unemployment is Botswana is worse than that of South Africa, Zimbabwe, and Namibia. While South Africa, Zimbabwe and Namibia have between 30% and 39% of its able-bodied citizens employed full time, Botswana only has between 20% and 29%. The overall youth unemployment rate as per BAIS IV (2013) results is estimated at 20.0%; 45.9% for females while that for the male is 36.0%.

The Government of Botswana acknowledges the plight of the youth and fully appreciates the opportunities entrepreneurship creates in terms of employment generation, and contributions to economic development as well as the constraints and difficulties faced by entrepreneurs in their daily business operations. This explains why since 1990s the government has established various support institutions and relief measures especially structures to render assistance to minimize the constraints, which entrepreneurship typically face if not to eliminate them. The support system/institutions established by the government range from government ministries, specialized banks designed to focus on the funding to Small to Medium Micro Enterprises (SMMEs) to agencies and departments all meant to give a flip to the fortunes of SMMEs.

In respect to the above efforts, it is worth reiterating that the government has done little to reduce a state of hopelessness on majority of young people who have resorted to any means of survival including crime so as to improve their livelihoods (Morima, 2012; Nthomang and Diraditsile, 2016). Young people resort to crime owing to the fact that they are not gainfully engaged. The dexterity with which poverty have devastated lives and future ambition of youth especially graduates in Botswana, have led to scholars (see for example, Sekwati, 2011; Williams, 2012; Motlaleng and Narayana, 2014; Pansiri and Yalala, 2017) prescribing entrepreneurship development as a means to ameliorate extreme hunger and poverty driven by high youth unemployment which leads to a series of negative health consequences. The great need for entrepreneurship development in Botswana today, more than ever, is necessitated by the rate of unemployment and its devastating effect on both the young people and the nation at large. It is in this respect that, this paper seeks to investigate the relationship between entrepreneurship and employment in Botswana, in terms of the extent to which entrepreneurship has thrived and also examines the major problems of entrepreneurship; whether entrepreneurship can address youth unemployment in Botswana or it is just idealism. Lastly, the paper proposes coherent and effective means that can promote effective entrepreneurship that will help address unemployment and thus generate employment for youth in Botswana.
3. Challenges of youth entrepreneurship development in Botswana

The development of youth entrepreneurship in Botswana is a major challenge and has been topic of concern. Moreover, it remains a source of academic discord and is a long and protracted point of contention. Notwithstanding, that nothing has been done, however to quell the challenges experienced by youth entrepreneurs hence the challenges remain unabated. It is worth noting that there are many institutions and entities offering entrepreneurship opportunities comprising Botswana Innovation Hub, Commercial Banks, and other parastatals. However, for the purpose of this paper, challenges of youth entrepreneurship development in Botswana would be looked into based on the following programmes; Out-of-School-Youth (OSYP); Youth Development Fund (YDF); Young Farmer’s Fund (YFF); Kgalagadi Brewery Limited-Kickstart (KBL); Youth Entrepreneurial Fund (YEF) and Enterprise Development (ED).

It is the contention of this paper that, although the above programmes have made some modest achievements towards tackling the problem of youth unemployment, the challenges far much outweigh the successes. Available programme data based on evidence from the field, anecdotes and observations suggests that over the year’s youth entrepreneurship development programmes have experienced a number of challenges and as such have not fully succeeded in achieving their core mandate, in particular, employment creation. Below are some of the challenges to youth entrepreneurship development in Botswana.

3.1. Lack of continuity

A study conducted by Williams (2012) on contextualizing youth entrepreneurship in Botswana, revealed that most of the youth businesses under the Young Farmers Fund had been in existence for less than two years. Similarly, Modisane (2017) acknowledges that a great deal of youth have ventured into commercial farming activity due to support programs from government on SMME development, more especially the Young Farmers’ Fund, at least 80% of SMMEs fail within 3-5 years of the establishment phase. Majority of them, however, do not have the technical know-how to make these businesses succeed. This may explain the reason why most financial institutions tend to shun young entrepreneurs and limit loans to them as they are considered to be risky and that their enterprises may not survive the following five years.

3.2. Failure to adapt to the changing business environment

Evidence abounds attesting to the fact that majority of the youth who venture into SMMEs do so because of potential financial gains, most cases such beneficiaries lack the relevant and adequate information about businesses (Pansiri and Yalala, 2017). Most of these business owners tend to lack sufficient problem solving skills needed to address business challenges and stay in business. Worse still, many SMMEs are still faced with the problem of maintaining proper financial information to keep track of the performance of their businesses, and in cases where the financial information is kept, it does not portray an accurate picture on the performance of the business. This adversely impact the ability of entrepreneurs to survive in the competitive business environment, hence eventual demise due to failure to adapt to the changing environment becomes inevitable.
3.3. Poor product or service

One of the major challenges facing SMMEs in Botswana is poor quality of products. Based on the author’s experiential knowledge as well as evidence gleaned from numerous official documents, product quality is an additional factor that affects SMME penetration of the market both locally and abroad. Modisane (2017) also asserts that, today's consumers are educated about their rights and they only spend their money on a good product that addresses their needs. Similarly, retailers demand high quality products from suppliers to satisfy the needs of the customers. It is against the foregoing that, the government has seen it fit to establish the Botswana Bureau of Standards in order to address product quality and compliance to standards. Most of the SMMEs fail to acquaint themselves with the mandate of such organizations and take advantage of their services. As a result, they end up producing products of poor quality which does not benefit their sustainability in the business market.

3.4. Lack of market

According to the 2011 Housing and Population Census the population of Botswana is approximately 2.2 million. This therefore makes Botswana one of smallest countries in Southern Africa in terms of population. Modisane (2017) argues that over 90% of businesses in Botswana rely on the government for market. Assan (2012) also indicated that due to lack of market, beneficiaries are sometimes employed by external companies, while they are still registered and operating as entrepreneurs. This then tends to affect the productivity and cost effectiveness of the enterprises and impacts negatively on sustainability and viability of the youth enterprises.

Pansiri and Temtime (2010) posit that apart from numerous causes of business failures in the country, carrying capacity is a major challenge for businesses in Botswana, given the country's population size. Programmes for regional and international markets have not increased Botswana’s footprint in international market either. This has implications for future policies and programmes on entrepreneurship.

3.5. Operational challenges

It is utmost importance to note that youth entrepreneurship development programmes (YDF; YFF, KBL, etc) received applications throughout the year. This continuous application if interrogated, one can come to a conclusion that is not working for the government. Taking YFF as an example, Sekwati (2011) asserts that the number of loan applications received by Citizen Entrepreneurship Development Agency (CEDA) when it started to operate far exceeded expectations. This also applies to YDF where the Ministry of Youth Empowerment, Sport and Culture Development (MYESCD) are always grappling with numerous back logs from the previous financial years. Themba and Josiah (2015) contend that due to the sheer number of applications that have to be processed within a short period of time, less attention is paid to detail resulting in the approval of some undeserving applications. The shortage of people with entrepreneurial skills in MYESCD and CEDA is also an issue of concern, as they are expected to appraise and monitor the projects once in operation.
3.6. High loan default rates

All youth entrepreneurship development programmes in Botswana are grappling with loan arrears from beneficiaries. Following a tracer study on Youth Development Fund conducted in the financial 2015/2016 it was discovered that, in terms of loan repayments, 1205 businesses, which is approximately 27% of the total portfolio, service their loans while 3188 businesses, accounting for 70% do not service their loans as expected (Lute, 2017). Moreover, within businesses/projects that do not service their loans, 1103 (24%) were on grace period and hence not expected to be servicing their loans yet. Worse still, according to Lute (2017), the study indicated that 2085 (46%) businesses were not repaying their loans as per the memorandum of agreement they signed with the government before kick starting their businesses. Even for YFF, loan arrears resulting from poor repayments leading to foreclosures are the greatest challenge for CEDA (Themba and Josaih, 2015). Given these problems, YDF and YFF programmes are struggling to sustain themselves from their loan disbursement. Therefore, organisations running these programmes have to depend on subventions from the government. Hence defeating their purpose of being revolving funds and these directly hamper employment creation of young people as many youth are left outside not being able to receive funding as well.

4. Lessons learnt from the challenges

A number of important lessons can be drawn from the challenges of fostering youth entrepreneurship development in Botswana. The importance of entrepreneurship in Botswana cannot be overemphasized in a country with a dire need to diversify the economy. It can therefore be argued that the role of entrepreneurship and SMMEs in employment creation in any country is more essential on two fronts (Salami, 2013). Firstly, Salemi argues that it is important in combating unemployment through direct self-employment, and secondly it’s a means of meeting the need of other unemployed young people who get involved through indirect employment. More importantly, it is worth highlighting that youth unemployment has been prominently raised in the Botswana national development agenda in the last two decades.

It should be noted that, although entrepreneurship development has made some modest achievements towards tackling the problem of youth unemployment in Botswana, the challenges far much outweigh the successes. There is a substantial body of evidence indicating that youth entrepreneurship is not producing result, hence failing to directly address employment creation for youth in the country. As mentioned earlier on, available evidence gleaned from the field and governments documents anecdotes that over the years youth entrepreneurship has experienced a number of challenges and as such has not fully succeeded in achieving its core mandate, in particular, employment creation. With youth entrepreneurship development programmes in place, it can be concluded that the success rate of SMMEs has been very low. Most have either not thrived beyond incubation period or have down-sized to the barest minimum, in anticipation of the fact that the economy will do well in the foreseeable future.

Based on lessons from the challenges discussed, it is reasonable to argue that entrepreneurship has been hindered by several factors which can be categorized as structural factors, lack of coordination, lack of political will and above all poor implementation. A number of scholars (Assan, 2012; Themba and Josiah, 2015;
Nthomang and Diraditsile, 2016; Pansiri and Yalala, 2017) have observed that lapses inherent in the above mentioned youth entrepreneurial activities were either defective in their formulation and conceptualization, or were not truly and religiously implemented. With regard to challenges as to why the policies are not effective could be explained by the fact that programme operators, and beneficiaries of SMMEs are neither consulted nor involved in the formulation of the policies, which are expected to solve their problems. Hence, there are apparent misplacements of priorities and emphases. All the stakeholders in the SMMEs should be involved in policy formulations and implementation for them to be effective and yield expected results. It can be concluded that successes are outweighed by challenges because the needs of the youth remain largely unaddressed. Particularly, there is very little (and in some cases no) noticeable change or qualitative improvement in the quality of life of the intended beneficiaries.

The comfort is that the government, non government organizations and private sectors are neither relenting nor giving up in their bid to revamp and invigorate the fortunes of SMMEs as to enable them to play the expected role in Botswana’s economic growth and development. This is evidenced by the government’s recent establishment of Youth Entrepreneurial Fund, which will be facilitated by Citizen Entrepreneurial Development Agency (CEDA). Furthermore, the President on his State of Nation Address indicated that, from April 2015 to March 2016, 2657 entrepreneurs were trained and mentored by Local Enterprise Authority (LEA), of whom 2033 were youth. As of March 2016, an additional 25,189 were also trained through the entrepreneurship awareness workshops programme, which targets secondary school leavers, vocational education trainees, as well as prison inmates (Mmegi, 2017).

The president further stated that Government is employing sector specific strategies to promote local industries. A statutory instrument to resist importation of salt in small quantities has been introduced to promote market access for locally packaged salt. Accordingly, the coming of these jobs raises hope of employment for teeming population of employed and as such encourages farmers to invest more on cashew and business as entrepreneurship.

5. **Prospects of entrepreneurship development in employment generation: reality or idealism?**

It is recognised that high rates of unemployment exacerbates poverty and several economic and social challenges (Siphambe, 2003). Even though the rate of unemployment in Botswana, estimated at 20% in 2015, might seem reasonable in comparison with other countries, foreign labour constitutes a large portion of the statistic. This reveals that the Botswana labour market relies exceedingly on foreign labour (Mogomotsi and Madigele, 2017). This issue has become a vital one, leading to many problems, mostly the phenomenon of long-term unemployment among domestic Batswana workforce. Based on the challenges of youth entrepreneurship and lessons learnt, this paper argues that youth entrepreneurship in its current format in Botswana will never be able to address youth unemployment, hence it is just an idealism.

It is regularly and reasonably argued that entrepreneurship is the solution of unemployment in Africa; this assertion is often based on the grounds that entrepreneurship allows job creation and as well as financial
independence. Pansiri and Temtime (2010) argue that entrepreneurship is an intervention that could yield the best results for employment creation, youth earn a living and beneficiaries can create work for themselves and possibly for others. However, this seems not to be the reality in Botswana as there is very little and in some cases no any noticeable change or qualitative improvement in the quality of life of youth entrepreneurship beneficiaries. As it has been mentioned earlier in this paper, there is high collapse rate of youth businesses and as for those in operation, many of them are not able to repay their loan component. Therefore, employment creation remains largely unaddressed by youth entrepreneurship development efforts in the country. Worse still, the government seems to be reluctant to take measures with regard to those projects which are disburdened, and defaulting to pay their loan component as per the dictate from their memorandum of agreement.

Although Botswana has achieved universal primary education, a substantial body of evidence has shown that the education system is the country is not entrepreneurship friendly, that it is does not provide young people with the knowledge and skills that foster entrepreneurship culture. Perhaps it can be argued that, due to teaching and education that does not seem to take the needs of entrepreneurial culture into consideration youth entrepreneurship will remain idealism in terms of addressing high youth unemployment in the country. Schools do not provide learners with the necessary skills to establish their own enterprises in future. Shemi and Procter (2013) stated that skills to manage and operate business are quite essential for the youth in the country. Botswana need to have policies that ensures that relevance of education particularly in the foundation stages of education is maintained.

The tendency of the government to assume that every young person can operate a business is not helping the situation, owing to the fact that not all youth have the aptitude or inclination to run businesses, even if they are given training and access to credit. Many beneficiaries use the money without prudence; it is on this basis that youth entrepreneurship development will remain idealism if the current situation is not addressed. Themba and Josiah (2015) also argue that while the availability to credit is important in fostering entrepreneurship, training and mentoring services are equally important.

Awogbenle and Iwuamadi (2010) assert that enterprise development is most critical for employment creation; they further states that governments should support and provide services that incubate and help develop their own businesses. It goes beyond entrepreneurship education by helping youth to access small loan that are needed to begin business operation and by providing more individualised attention to the development of a viable business idea. It is the contention of this paper that, the implementation of effective youth entrepreneurship development programme cannot be fulfilled without finding support fund for the trainees. This is predicated on the fact that empowerment is not complete without a corresponding adequate funding provision for the trained manpower (Diraditsile, 2017).

It is the contention of this paper that, if the main aim of creating the entrepreneurship development centers in Botswana is to reduce poverty, then there is need to ensure that soft loans are accessible by the youth within a reasonable time frame. Currently, youth entrepreneurship initiatives take a long period of time to appraise, assess, and adjudicate applications. Therefore, by the time the projects are approved, opportunity would be
lost as young people are not patient in nature. Consequently, it can be said that youth entrepreneurship development has had very low impact on reducing youth unemployment in Botswana.

6. Way forward for addressing youth unemployment through entrepreneurship development

It is worth noting that, much has been written on the appropriate response to high youth unemployment in Botswana (see for example, Motlaleng and Narayana, 2014; Sechele, 2015; Baatweng, 2015; Boikhutso and Molosiwa, 2016; Mogotsi and Madigele, 2017). From the foregoing, it should be clear that any policy to promote youth entrepreneurship for addressing youth unemployment needs to be based around economic policies which promote economic and employment growth in general. Evidence suggests that simply making the labour market more ‘flexible’ by relaxing employment protection legislation is not likely to resolve youth employment problems per se (O’Higgins, 2012). If the government must revitalize economy some shift in policies that are critical to effective entrepreneurship development. The following are some of initiatives that the government of Botswana, and other government elsewhere in developing countries in Africa can adopt in strengthening their entrepreneurial developments for curbing youth unemployment.

There is no debate in terms of the need for development of entrepreneurship more especially among the youth, since establishing enterprises can enable youth to escape poverty. However, what needs to be done is how? This is a pertinent question that needs to be addressed. Nonetheless, it is the argument of this paper that, in order to ensure sustainable job creation in the country, there is a need for a robust and concerted effort for entrepreneurship training among the youth. Since not everyone is an entrepreneur, entrepreneurship development training is critical for the success of SMMEs. There should be a proper auditing of all policy programmes aimed at stimulating entrepreneurial activity in other to make sure it gets to those whose really need the programme. There should be career centers that provide counsel to growing entrepreneurs. In this regard, training has to be provided to youth at a tender age in their development especially from elementary school level. This training if done well with good intentions will support and equip young people with adequate skills for running successful businesses in future, as a result, enabling the success of youth enterprises hence creating more employment for other young people in the country.

In order to promote and positively encourage the spirits of enterprise among youth at tertiary level, Ihugba, Odii and Njoku (2013) argued that, tertiary institutions and universities must be encouraged to become more commercially focused and more entrepreneurial. Therefore, with the proliferations of many tertiary institutions in Botswana of recent offering one and the same courses across, perhaps the government should encourage them to offer more courses specifically on business and entrepreneurship as their main courses and encouraged through measures in place to develop more ties with local businesses. Perhaps, this will help develop the interest in business, and provide the basic understanding of what to expect when venturing into business. The knowledge gained will help provide students with a ready option when they have completed their studies, rather than wasting their time looking for the jobs that are no longer available in the country. This can ultimately help to reduce the pool of unemployed graduates in the country.
The following sums up a number of reasons for the importance of promoting youth entrepreneurship in Botswana; (i) Tertiary institutions should emphasize entrepreneurship education which is not classroom based but highly practical programmes and increase the number of entrepreneur's graduates. Youth need to be motivated to start thinking of entrepreneurship as a career. (ii) Widen participation in national youth programmes by changing eligibility criteria for government financing programmes and permit young people enrolled in tertiary institutions to access funding and business support. (iii) Capitalizing on the fact that young entrepreneurs may be particularly responsive to new economic opportunities and trends (iv) Helping to address some of the socio-psychological problems and delinquency that arise from joblessness.

7. Conclusion

This paper sought to examine whether entrepreneurship development can be used as a mechanism for addressing youth unemployment in Botswana. From the foregoing as discussed earlier in the paper, it is clear that the need for encouraging increased productivity and self-employment has been accompanied by the formulation of SMMEs programmes in the country. However, the absence of a harmonized and well-focused national development programme agenda renders most of these initiatives ineffective. More often than not, government pronouncements are not backed up by effective implementation measures. Overall, it is worth pointing out that the youth unemployment crisis currently bedeviling the country cannot be solved overnight and easily.

This paper concludes that youth unemployment in Botswana is a serious challenge to economic growth and for general development of the country. With an alarmingly expanding labour market of youth who are actively seeking employment but remain unemployed, entrepreneurship is highly encouraged and presents a potential solution to the problem. It is the contention of this paper that youth entrepreneurship development should be increasingly accepted as a valuable strategy for job creation. Despite, the massive injection of public funds and efforts of the government to proffer entrepreneurship, the youth of Botswana still entrepreneurially excluded, particularly underlying factors that are involved in youth programmes. It does not seem unreasonable to suggest that the current youth entrepreneurial programmes are faced with operational difficulties. Therefore, the country is challenged with addressing structural impediments due to the fact that youth entrepreneurial programmes are fragmented, disjointed and scattered throughout different government departments and parastatals (Diraditsile, 2017). Therefore this makes it difficult for the relevant ministry to effectively monitor and coordinate youth entrepreneurial programmes. So far, explicated evidence and arguments suggest that Botswana's entrepreneurship has a long way to go before youth enterprises can effectively drive changes in the economy. Under the prevailing conditions, it may not be unreasonable to conclude that in the current formant, youth entrepreneurship development programmes still have a long way in addressing youth unemployment in Botswana.
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