

FROM NASCENT ENTREPRENEUR TO ENTREPRENEUR - A CASE STUDY IN THE PHILIPPINES

The business start-up chances of young nascent entrepreneurs in a developing country and the motives for a home based business location investigated.





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Master thesis 2013/2014

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22.5 ECT

Abstract

The first success that must be achieved in the prospective life of a firm is actually getting it started. This thesis aimed to investigate which barriers nascent entrepreneurs faced while they set-up a business and which factors influenced the business location decisions (home based or not) of those entrepreneurs that started a business. In order to conduct this study, data of 429 youth participants of an entrepreneurial program (Youth at Venture) in the Philippines were analyzed, using a logistic regression analyses. Different characteristics of the youth participants that started the program were used to see if there were any correlations to be found between these characteristics and the business start-up chance of the participants. In addition, 24 participants that did not start a business were interviewed, in order to gain more information on the barriers that they faced while starting a business. 10 participants of the same program that did start a business were interviewed as well, to see what and if they had faced the same barriers. In this way, it was tried to find out which factors influenced in a positive or negative way, the business start-up chances of these participants. Hence, the 10 participants that did start a business, were asked which factors influenced their initial business start-up location, which was either a home based business, or a business at another place rather than home. The outcomes of this study show, that not all participants who started a business, had the same motivation to do so. Also, the outcomes showed that the barriers that the participants faced, were most of the time the same for those who started a business, compared to those who did not start a business. Hence social and economic background of the participants factors determined whether these barriers would hinder the business start-up in the end. Recommendations for the entrepreneurial program are to introduce a stricter selection criteria on the motivation of the participants, in order to avoid a "substitution effect". Outcomes towards the motives for a home based business location are that especially the favorable location of the homes is the main driver for a home based business or not. The outcomes of the business location decisions also show, that even though entrepreneurs start a business not at home, they stay closely located to their homes, in the same neighborhood.

Preface and acknowledgements

This thesis is realized due to the help of many - many people. When I started writing my thesis more than a year ago I had no idea what kind of an adventure this would bring me, as I thought I would 'just' do desk research at my internship Child at Venture in The Hague.

After doing research about barriers of youth entrepreneurs in the slum areas of Manila, I came across two barriers of my own; the first that there was no way to interview these youth, rather than to go there, and the second barrier immediately emerged after: I had absolutely no money to do so. So what to do? As a student and intern at an NGO the money I was making was not enough. What I did have was a birthday coming up and a lot of lovely friends. This is when the idea of crowd funding my way to the Philippines emerged. After setting up a website (www.yhuissoon.wix.com/yonne2manila) and explaining the purpose and need for me to go to the Philippines, so many of my lovely friends and family decided to invest some money in me. To all of these people, as there are too many names to write down in this preface, my sincere gratitude and love is going out to you all. Without your help I would not have done and completed this thesis in the way I did now. Again, thank you so much.

Another acknowledgement goes to the people who helped me in the Philippines; either with my research or just enjoying me and taking care of me. Jopie and Sam, my hosts in the Philippines, thank you so much for accepting me in your home for two months and taking care of me like your own daughter. Especially when I was hospitalized you and Nenneng, ChinChin, Wally and James were of incredible value to me. It made me not feel lonely for a minute. Thank you for that. The Youth at Venture team, and all the members of the partner organizations who helped me during my research, thank you as well. And of course all the participants from the Youth at Venture program. Thank you for sharing your stories with me and opening up to me. I truly admire that. The Philippines will always have a special place in my heart and hopefully life will guide me back to this place someday.

Of course I need to thank Veronique Schutjens, for her critique, and her sharp comments. This learned me how to be a critical thinker myself.

Luca, Miranda and Dolf, thank you for spending your time reading and commenting my thesis and giving me feedback where needed and believing in me the whole process. Especially the whatsapp conversations proved to be of incredible importance on the last moments, Luca!

Last but certainly not least I need to thank my boyfriend Rein, for his unconditional support and love. Whether I was in the Philippines or 'just' in the Netherlands, he was always there on the moments I needed him, either to cheer me up, or encourage me when I was about to lose all faith in myself. Thank you so much for that dear Rein!

All I can say is that this thesis was a true journey and learned me much more rather than 'academic skills' but proved to be a real inspiring time of my life. I can only thank everyone who made this possible: SALAMAT!

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1 INTRODUCTION

“I just don't want to be poor”

This is one of the quotes derived from the participants of the Youth at Venture entrepreneurial program, as an answer to the question why they wanted to start a business. Among many reasons this reason was often heard; participants wanted to start a business to help out their families and have a better life than they are having right now.

The Youth at Venture program is a non-governmental organization which operates in the capital of the Philippines, Manila. This NGO has the objective to help unprivileged youths that live in the slum areas of Manila to start their own business. This project was visited and studied during a period of 2 months to investigate to complete this master thesis on young nascent entrepreneurs in a developing countries.

Not only in the Philippines, but all over the world people are living in extreme poverty (World Health Organization, 2013). In reaction to these poverty levels and in order to elevate people out of this poverty, (youth) entrepreneurship programs emerge all over the world (ILO, 2013). The idea behind these programs is that by becoming an entrepreneur, people are able to gain an own income and escape poverty. Hence, with all these different programs emerging everywhere, how do you know if a program is successful? This is a question postulated by the Guardian in august 2013 (The Guardian, 2013). The Guardian states that there is little evidence on what works best for these entrepreneurial programs, and that is therefore hard to define how the impact of a program could be maximized; without evidence this seems hard to do.

That is why the objective of this thesis is to gather evidence in order to see what works best for the specific entrepreneurial program of Youth at Venture in Manila. This entrepreneurial program offers youths (15-24 years old) in the slums of Manila the opportunity to take up an entrepreneurial training and starting a business. Although many youth have been helped since the start of the program, the overall figures show that a high percentage of the youths that start the training do not start a business¹. By investigating the main barriers and success factors of the program, this entrepreneurial program can maximize her impact. This would help to foster more nascent entrepreneurs to become entrepreneurs. By doing so, more young adults can escape poverty, in the hope that less youths needs to say “I just don’t want to be poor” in the future.

¹ 11,2% of all the participants that started the Youth at Venture program between November 2011 and September 2013 started a business. The remaining 88.8% did not. Source: database Youth at Venture.

1.1 Objective of this study

The purpose of this study is twofold. On the one hand the objective of the current study is to investigate which factors influence the business start-up chance of the participants of the Youth at Venture program. On the other hand the motives for a business location (either at home or somewhere else) of the participants that started a business are studied as well.

The Global Entrepreneurship Monitor is one of the largest entrepreneurial monitoring programs in the world, measuring the different levels of entrepreneurial activities between countries (GEM, 2013). The GEM project has focused on entrepreneurship as a process comprising different phases, from intending to start, to just starting, to running new or established enterprises and even discontinuing a business. Figure 1 shows the different phases within the entrepreneurial process according to the GEM.

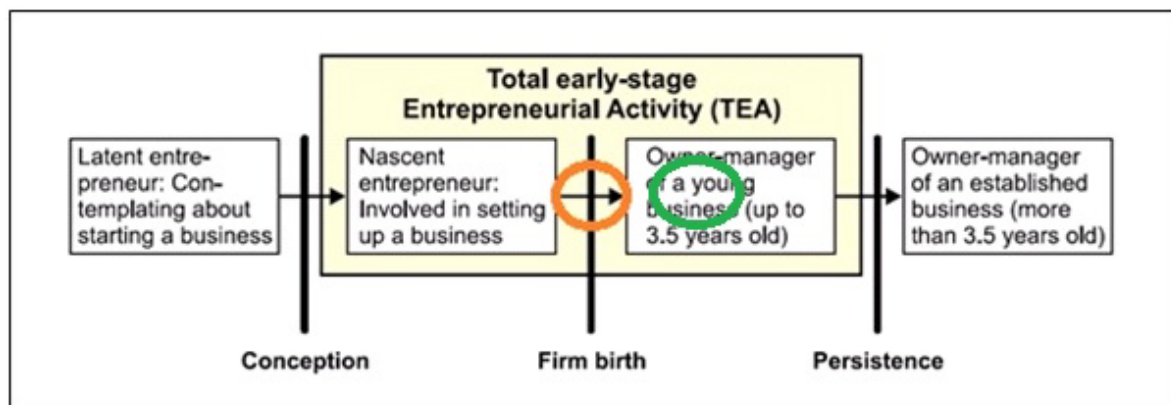


Figure 1 Entrepreneurial stages according to the GEM and the two scopes of interest for this thesis. Based on Source: GEM, 2012

This thesis focus on two different phases within this process. The first focus of the current study is placed upon the nascent entrepreneurial phase within the Total Entrepreneurial Stage, depicted in figure 1 by the red circle. The transition from the nascent entrepreneurial phase, marked by the birth of the firm, to the next phase of manager owner of a business, is the first topic of interest of the current thesis. What factors influence this transition, or differently stated, which nascent entrepreneurs do start a business, and which do not? By comparing nascent entrepreneurs that started the entrepreneurial training of Youth at Venture, with the group of entrepreneurs that successfully started a program, the differences between these groups can give an answer to this question.

The second scope of this thesis concentrates on another phase in the TEA: the new owner manager stage (the green circle in figure 1). This is the phase that follows the nascent entrepreneurial phase and is marked by the firm birth. In this phase, nascent entrepreneurs turned into entrepreneurs and started a business. The business that is started, is located somewhere (Brush, 2006). In developing countries this business location decision often exist between a choice for a business based at home (a home based business) or at another place (Brush, 2006). Which factors led to the decisions to start a home based business are the second scope of this thesis. Because part of the participants that started the Youth at Venture training did established a business, their location decisions are investigated.

1.2 Societal relevance

Unemployment and a growing youth population are two key issues that the East-Asian region face coming years, as predicted by the GEM and the International Labor Organization (GEM, 2013 pp. 10; ILO, 2013). The annual report of the GEM states that identifying and successfully implementing policies that help youth to start a business can be critical in job creation and to ensure economic growth and societal stability (GEM, 2013).

According to the International Labour Organization entrepreneurship could be a tool to escape unemployment (ILO, 2013) and consequently as a tool to elevate poverty. Poor people should be stimulated to develop their entrepreneurial ambitions and nurture enterprises (Verrest, 2007). Consequently, barriers constraining the emerge of such activities, should be removed. With the emerge of (youth) entrepreneurship programs that are aiming to tackle these problems, it is helpful to gain information on the problems and decisions participants of these programs encounter. Getting insight in the demands, questions and background of their participants can help entrepreneurial programs to be more effective, which will lead to more successful entrepreneurs and could led to an elevation of some poverty.

Micro-level studies suggest that the informal sector comprises a large and growing portion of the work force in many countries (Ligthelm, 2005). Hence, the business operating in this sector are not only an important source of income for the owners, but do also create a significant demand for a variety of products and services at prices below those of formal sector businesses (Ligthelm, 2005). These businesses can have a positives impact on the local environment, because of the suppliers they might locally use, as well as the possibility to hire people from the area (Ligthelm, 2005). If the motives for the business location are known, this could led to stimulate business to start in certain areas. This could help certain areas to benefit from starting businesses and elevate a part of the area.

1.3 Scientific relevance

Nascent entrepreneurs are hard to find, because they are not registered. This is one of the explanation why nascent entrepreneurs are currently under investigated in the literature (Van Gelderen et al., 2006, Delmar and Davidsson, 2000; Cassar and Graig, 2009, GEM, 2012). The Youth at Venture training program provided an unique opportunity to study a group of nascent entrepreneurs, since the program fostered a group of people that had the intention to start a business, and could be marked as nascent entrepreneurs. In addition, few studies on nascent entrepreneurs have attempted to study youth entrepreneurs in developing countries, but mostly focus on nascent entrepreneurs in developed countries (Shabbir and di Gerggio, 1996; Parker and Belghitar, 2006; Schoof, 2006). The circumstances, backgrounds and environments in which these nascent entrepreneurs live are often very different. It is therefore likely that the problems which the nascent entrepreneurs encounter in the entrepreneurial process differ as well. Therefore the present study extends to current scientific literature not only on nascent entrepreneurs, but within the specific context of a developing country.

With respect towards the business location decisions of entrepreneurs, it is posed by Nijman (2009) that geographical studies of businesses in urban slums are sparse, especially empirical observations within South Asian cities (Nijman, 2009). Moreover, Verrest and post (2007) note that there is a lack of literature on the spatial dimension of peoples livelihoods (Verrest and Post, 2007). How and why people decide to start a business at home, or somewhere else in the context of a developing country is largely unexplored yet (Verrest and Post, 2007; Ligthelm, 2005). Because the motives for a home based business location in

the informal economy are largely unexplored (Tipple, 2005) this thesis contributes to this field by exploring these motives.

1.4 Research questions

The first aim of this thesis is to gather more information on the factors that influence the business start-up chance of youth nascent entrepreneurs in the context of the entrepreneurial program of Youth at Venture. The second aim of this thesis is to gain insight factors that influence the firm location decisions made by the youth entrepreneurs that successfully finished the business start-up program of Youth at Venture.

Because the motivations of nascent entrepreneurs to start a business are yet a field of study that is relatively unexplored (especially in the context of developing countries) (Parker and Belghitar, 2006; Davidsson & Honig 2003, Baughn, 2006 and Shabbir and di Gregio, 1996) and because the decision to either locate a business at home, or elsewhere in this context is not studied much either, this thesis aims to gain more information on these topics, and does so by using the central research question, which :

“Which participants of the Youth at Venture program start a business, and which participants do not start a business and how can these differences be explained? And why do some of those participants that start a business within the Youth at Venture program choose to locate a business at home while others chose another business location? “

Because this thesis consists of a theoretical part and an empirical study, several sub questions are formulated that relate to both parts. The first part of the questions concentrates on the existing literature; the second part of the questions concentrates on the empirical part of the study.

The first sub questions related to the literature are as follows:

Which characteristics of the entrepreneur relate to a business start-up according to the literature?

What are the barriers that nascent entrepreneurs face during the business start-up process according to the literature?

Which factors cause entrepreneurs to start their business at home, or at another location rather than home according to the literature?

A second group of research questions is constructed around the empirical research:

Which characteristics of the participants relate to a business start-up according to the Youth at Venture database?

Does the business start-up rate of the start-ups differ per “ batch” of Youth at Venture and if so, how can this be explained?

What are the barriers that the Youth at Venture program participants reported in starting up a business?

What are the reasons for the young entrepreneurs to locate their business at home or at another location rather than home?

What are the recommendations towards the Youth at Venture program using results of this study?

The literature study will cover the first two chapter of this thesis, while the empirical study will cover chapter 6 and 7. The outcomes of the literature study and the empirical study are compared and form the conclusion of this thesis.

1.5 Background information of the Youth at Venture program

The empirical study in this thesis, which is used to assess the theoretical framework, is the entrepreneurial program of Youth at Venture Philippines. The objective of this program is **“to help deprived youths in developing countries to learn how to start their own business”** (Year Report Child at Venture, 2012). By providing poor youths in developing countries with the chance to learn to start their own business, the participants of this program get the opportunity to create a job for themselves.

The Youth at Venture project was chosen as a research object, because the researcher had an internship at the mother organization of this program, Child at Venture. Child at Venture is a Dutch based NGO, which has several subsidiaries in developing countries which operate under the name of Youth at Venture. Child at Venture made the entrepreneurial program, and the subsidiaries of Youth at Venture execute this program, all in slum areas in developing countries. The exact content and the selection of the training is outlined in chapter 4. At the time of the internship, Child at Venture only had one Youth at Venture program running, Youth at Venture Philippines. This is why this project was visited to conduct an empirical study. From now on this thesis is speaking of “Youth at Venture” since the empirical study for this research is done at their program.

1.5.1 Research area

Youth at Venture operates within the capital of the Philippines, Manila (also referred to as Metro Manila). Manila consist of 16 different districts. Youth at Venture is based in one of these districts, the district “Pasay” (see figure 2). Within the district of Pasay, Youth at Venture has a training center, in which the participants are trained, and which also functions as an office for the staff.

The participants of the Youth at Venture program live scattered over the different districts of Manila. These slum areas are characterized by high unemployment rates, especially under youth (Ragrario, 2011). Unlike most western cities, where the different realms of life (residential, work, religious, public, etc.) are spatially segregated, the slum areas accommodate all these functions of space (Nijman, 2009).



Example of a house in a slum area in Manila. Source: Author



Figure 2 The research area: (Metro)Manila.

1.6 Reading Guide

In order to answer this research question, this thesis is divided in four different parts. The first is a theoretical part in which the theories concerning barriers in the nascent entrepreneurial phase are presented, as well as the theories that are concerned with the location decision behavior of entrepreneurs with start-up firms.

The second part gives an overview of the program investigated, and presents the methodology chapter. This part provides the reader with background information on the study.

The third part concentrates on the empirical part of this study, and presents the data that are gathered in a real life situation, the Youth at Venture program in the Philippines. In this part, the hypothesis that are derived from the theory are tested and rejected or verified.

The fourth part compares the outcomes of part 1 (the theoretical framework) with the outcomes of part 3 (the empirical research). This comparison leads to the conclusion of this thesis, in which the similarities and differences between the theory and the practice are

PART 1: THEORETICAL FRAMEWORK

Literature research
Chapter 2 & 3



PART 2: CONTEXT AND METHODOLOGY

Case and Methodology
Chapter 4 & 5



PART 3: EMPIRICAL RESULTS

Results
Chapter 6 & 7



PART 4: CONCLUSION

Conclusion discussion
Recommendations
Chapter 8

assessed. The central research question is answered in this last part, using the outcomes of both theory and practice.

Chapter 2 and 3 cover the “theoretical framework” of this thesis, and present different theories and studies on nascent entrepreneurship and location decisions. The first sub questions are answered here and based on the literature, a conceptual framework is presented, as well as some hypotheses that are tested in this study.

Following, chapter 4,5 show the background information, while chapter 6 and 7 cover the empirical part of this study.

This leads to the fourth and conclusive part of this thesis, chapter 8. The 8th chapter compares and tries to explain the outcomes of the literature study with the results of the empirical study. In addition, within this chapter a discussion on the study and recommendation towards future research and the Youth at Venture program are done.

PART ONE

THEORETICAL FRAMEWORK



2 THEORETICAL FRAMEWORK: BUSINESS START-UP AND NASCENT ENTREPRENEURS

Several studies have shown that there are different factors that influence the business start-up chance of nascent entrepreneurs. Different studies show that specific personal characteristics, like gender or age, can have an influence on this process (Van Gelderen, 2006; Delmar and Davidsson, 2000; Davidsson and Honig, 2006). Hence, not only characteristics of the nascent entrepreneurs will influence the business start-up chance, but nascent entrepreneurs can encounter many different problems within their start-up process, within their social environment, but also because of own believes for example process (Van Gelderen, 2006; Delmar and Davidsson, 2000; Davidsson and Honig, 2006). For some nascent entrepreneurs these barriers can be such a hinder to start a business that they will decide to stop and not start a business. This chapter investigates which factors and which barriers nascent entrepreneurs encounter in their process of starting a business. Especially those factors that hinder nascent entrepreneurs to transfer from the nascent entrepreneurial phase towards the owner manager stage are of interest in this chapter. The red circle in figure 3 marks the focus of this chapter within the entrepreneurial process.

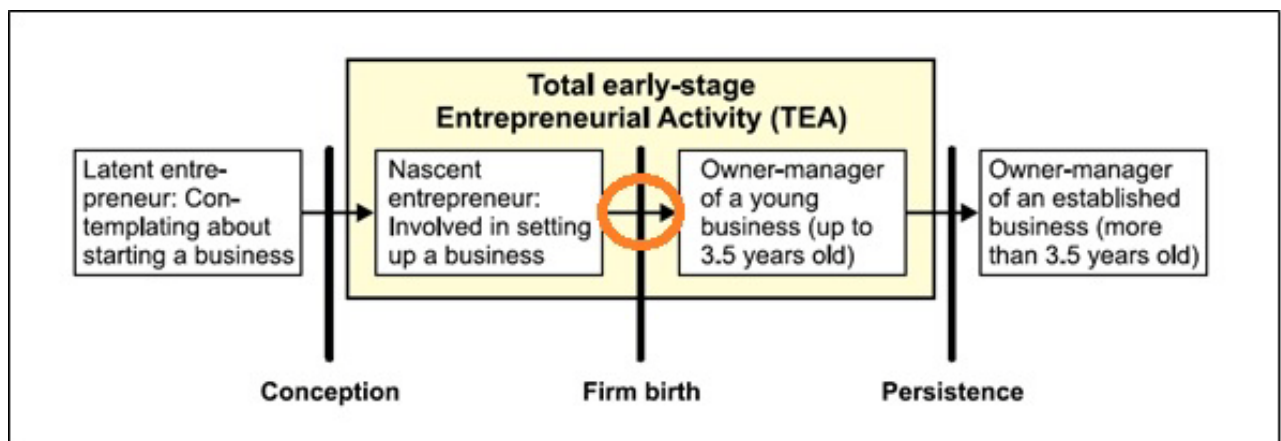


Figure 3 Entrepreneurial process and focus of this chapter

This chapter aims to answer the first two sub questions relating to the literature, posted in the introduction chapter of this thesis:

Which characteristics of the entrepreneur relate to a business start-up according to the literature? And What are the barriers that nascent entrepreneurs face during the business start-up process according to the literature?

2.1 Why do people want to start a business?

Yet, before exploring the characteristics and barriers of the nascent entrepreneurs, it should be noted that the motivation of nascent entrepreneurs to start a business might differ (GEM, 2013). Although nascent entrepreneurs can be perceived as people who are all engaged in setting up a business, or taking steps to start a business, the motivations of these nascent entrepreneurs still can differ. The Global Entrepreneurship Monitor distinct two different types of motivation to start a business. The first motive to start a business, is a necessity driven motive. People who start a business out of necessity motivations, often do so because entrepreneurship is not necessarily the preferred occupation, but the only option to gain an income (GEM, 2013). This way of entrepreneurship is called 'necessity driven entrepreneurship' and occurs more in developing countries, where job opportunities are low, and a high percentage of the people are unemployed (GEM, 2013). A second motive to start a business, is an opportunity driven motive (GEM, 2013). Opportunity driven entrepreneurs are people who want to start a business out of perceived opportunities, rather than having no other options for work (GEM, 2013). Those opportunity driven entrepreneurs can be 'pulled' into entrepreneurship because of the need for achievement, or the desire to be independent for example (Verheul et al., 2010). Carter et al. (2003) distinguish between six categories of opportunity driven motivations: innovation, independence, recognition, roles, financial success and self-realization.

Of course a combination of the two motivations can occur as well. This would refer to people who have no other job options, but for who entrepreneurship is also the preferred occupation. Verheul et al. (2010) note that although there can be different motivations to start a business, often times the wish to be independent is the main driver for possible entrepreneurship (Verheul et al., 2010). This desire can occur out of desire to escape the current situation, or because entrepreneurship as an occupation is desirable. Although there is a distinction between necessity and opportunity driven entrepreneurship, a combination of factors might lead people to getting engaged within the process of starting a business (Verheul et al., 2010).

Santarelli and Vivarelli (2002) show in their study on subsidizing entrepreneurship, that stimulating people into entrepreneurship who start a business not because of intrinsic motivation, but rather because they are subsidized, might arise a 'substitution effect'. This substitution effect refers to investing time and money in less efficient entrepreneurs who will stop their business as soon as the subsidy is over, but in the meanwhile taking up place in the market from those who are willing to start a business (Santarelli and Vivarelli, 2002). This is striking, because entrepreneurial programs often subsidize the business start-up. This could implicate that entrepreneurial programs target people do not necessarily want to start a business. Because Youth at Venture states that their participants are selected on 'interest in entrepreneurship' (Year Report Youth at Venture, 2013; pp. 10) this would implicate that although entrepreneurship might be the only occupation for these participants, it is their preferred option at the same time and no substitution effect arises.

2.2 Barriers in the entrepreneurial start-up phase

People setting up a business might encounter numerous difficulties and (unforeseen) problems (Van Gelderen, Thurik and Patel; 2011). Nascent entrepreneurs might try to deal with these problems, but for some people these problems outweigh the actual birth of a venture (Van Gelderen et al., 2011). Barriers can be defined as factors that make it difficult to achieve a certain desired goal, objective or purpose (Van Gelderen et al., 2011). Within the current study the desired goal is the start-up of a business, and the barriers that are encountered working towards that goal are subject of interest of this section.

Barriers can occur on different levels; on a personal level (e.g. someone can lose interest in starting a business) or can also occur within personal sphere (e.g. having family that demands otherwise) (Van Gelderen et al., 2011; Schoof, 2006). Stereotyping and norms and values in society can also form barriers on a higher level for certain groups of nascent entrepreneurs (Minniti and Nardone, 2006).

Because the business literature lacks studies on barriers within the nascent entrepreneurial phase (Van Gelderen, et al., 2010), and since entrepreneurship can be perceived as a career choice (Douglas and Dean, 2002) a social career theory is used to assess the concept and implementation of barriers. The used theory is derived from the career literature, because barriers in a career perspective are investigated more than in the entrepreneurship literature. Implementing a social career theory onto the nascent entrepreneurial phase, might be of value to understand the concept of barriers.

2.2.1 Social Cognitive Career Theory and barriers in the nascent entrepreneurial phase

The social cognitive career theory (SCCT) represents a relatively new effort to understand the processes through which people form interests, make choices, and achieve varying levels of success in educational and occupational pursuits (Lent and Brown, 2000). Because the social cognitive career theory (SCCT) is a social theory that emphasizes cognitive personal variables that enable individuals to influence their own career development and decisions, as well as contextual variables that enhance or constrain personal agency (Lent et al., 2000) it can be used in this study to investigate the different areas in which barriers may occur. SCCT was cited as a *"particularly promising model for understanding career-related barriers"* by Swanson et al. (1996, p. 221).

The social cognitive career theory (SCCT) is based on the foundations of different career development theories, emphasizing that internal factors play a role in career development on the one hand (Lent et al., 2000) and on the other hand combining this with external or environmental factors, like family and peers that influence one's decision for a particular career. This is combined with the influence of a person's notion of barriers (Lent et al., 2000). The SCCT proposes that contextual support and barriers play a key role in the career decision process (Lent and Brown, 2001). The career decision process has many different stages, which are quite similar to the stages of entrepreneurial activity presented by the GEM. The SCCT is a theory is focused on the barriers that hinder the career process in the pursuing state, so is not necessarily focused on the barriers of setting a goal, but rather the barriers to achieve the desired goal (Lent et al., 2000). The SCCT derives from the assumption that people do perceive particular barriers to their career process, but that it is person related how someone copes with these barriers. Within the SCCT a distinction is made in different environments that influence a specific career choice. There are different environments that can inhabit barriers, which can hinder the career choice. These environments can be viewed as a serie of embedded layers, or concentric circle, which all evolve around the person, who is residing in the innermost circle (see figure 4). This person is surrounded by his or her immediate environment, consisting of friends, family, but also their financial situation. This proximal context is in turn

encircled by the larger societal context, which consists of stereotyping factors, cultures, beliefs and values within the society, but also macro economic conditions which might influence someone's career choice (Lent et al., 2000). Apart from personal factors, like described in the previous section, both the proximal context of a person and the larger societal context can inhabit barriers, or can work as a filter to barriers (Lent et al., 2000). For example, lacking support of parents towards starting a business can be a barrier within the proximal context that can hinder a career decision. But, having peers and other family members that are supportive can mitigate this effect. Otherwise, gender stereotyping factors suppressing women in society can exist, but factors in the proximal context (like having a lot of role models) can work as a filter to this barrier. Barriers therefore, depend on multiple factors, which do not only reside within the person, but can exist in different contexts.

These analytical layers are used to analyze various barriers on different levels. Because this theoretical framework is partly based on the SCCT a distinction is made between barriers that relate to the person and barriers that relate either to the proximal or the societal context.

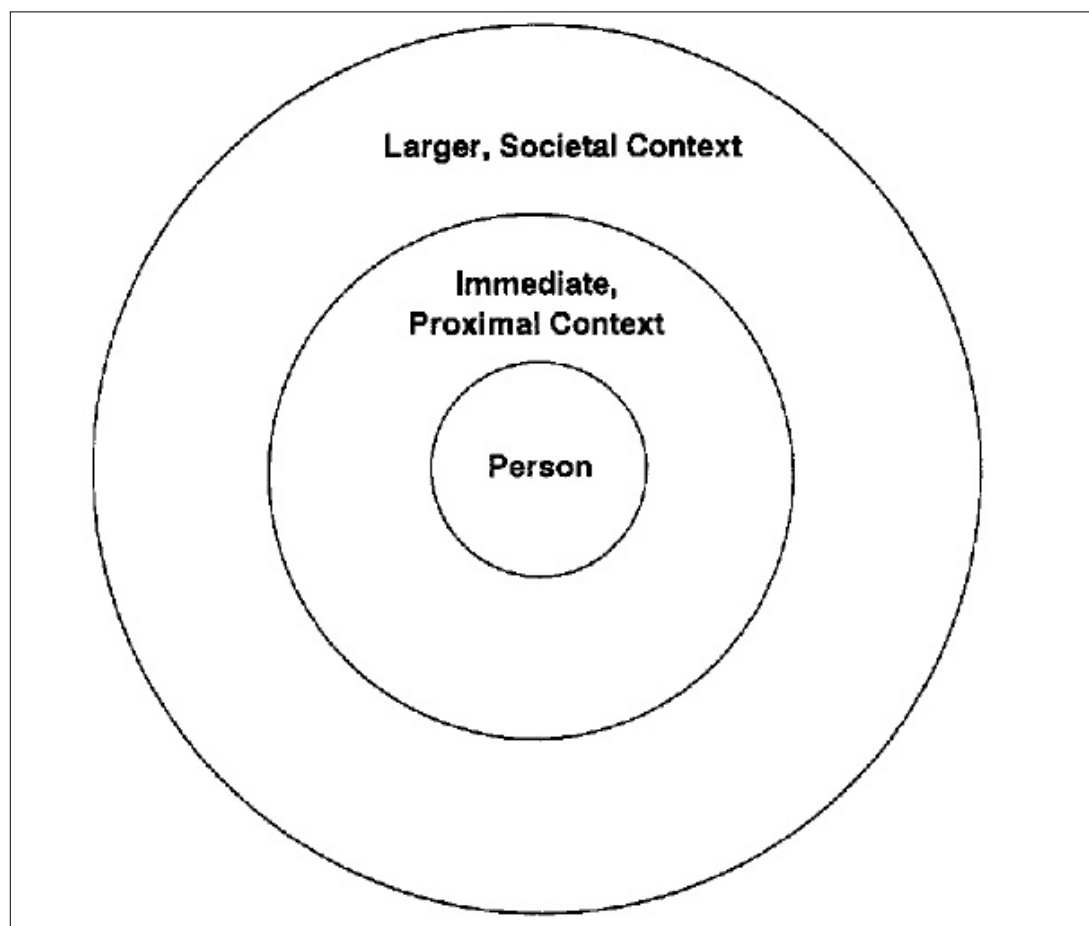


Figure 4 Concentric model of environments that shapes one's career decision and in which barriers may occur. Source: Lent et al., 2000

2.3 Person related barriers

Individuals may have confidence that they can complete the tasks required for a certain career (self-efficacy), believe that they would experience positive outcomes should they pursue that career (outcome expectations), and have interests that align with that career. Yet, if they perceive significant obstacles to their desired career path, they may choose to abandon it (Brown & Lent, 1996; Raque-Bogdan, 2012). However, the degree to which they let such barriers influence their behavior, might be related to their gender, age, and other intrapersonal characteristics. Although current nascent entrepreneurial studies do not investigate barriers that much, factors that influence the transition from nascent entrepreneur towards entrepreneur are investigated. Factors that will positively influence the startup chance of a venture are therefore translated into barriers, by assuming that a lack of these factors will have a negative influence on the startup chance.

2.3.1 Gender

According to the GEM studies and according to Delmar and Davidsson *“self-employment is a male dominated career decision”* (Delmar and Davidsson, 2000 pp. 4). More studies indicate this predomination of men in the nascent entrepreneurial and entrepreneurial phase (Wagner and Sternberg, 2004; Parker and Belgithar, 2006; Minniti and Nardone, 2007).

One of the possible explanations for this predomination points into the direction of the traditional distributions of tasks within the households. In a lot of societies women are still the ones who are responsible for household and care taking tasks. This implies that women are often more bound to home and have less opportunities to work outside the house and start a business (Delmar and Davidsson, 2000; Mueller, 2004; Handy, Kassam, Ranade, 2003; Shabbir and Gregio, 1996). This differentiation between the believed tasks of men and women is referred to as “gender stereotyping” (Mueller, 2004). Although gender stereotyping seems to be an pan cultural phenomenon (Mueller, 2004), studies on culture and gender stereotypes show that the magnitude of this stereotyping tends to differ across cultures, wherein the stereotyping tends to be more prevalent in developing countries (Mueller, 2004; Minniti and Nardone, 2006, Hofstede 2001)

Another explanation for the differences in business start-ups between male and females, does not refer to the social roles of men and women in society, but refers to the difference in attitudes between men and women (Minniti and Nardone, 2007). An increasing number of scholars agree that opportunity recognition, self-confidence and fear of failure are among the most important drivers of entrepreneurial behavior (Arenius and Minniti, 2005; Koellinger et al., 2005a). These factors are also often associated with male characteristics and because these factors tend to be of positive influence on a business start-up decisions, men are more likely to start a business than women.

Both cultural prepositions and differences in attitudes between men and women can cause women to be less likely to start a business, compared to men.

2.3.2 Age

The GEM showed in their latest annual report that the highest prevalence for entrepreneurship happens, regardless of the phase of economic development in a country, in the age groups of 25-34 and in the age group 35-44 (GEM, 2013). Although there are differences in age groups between nascent entrepreneurs and entrepreneurs according to the GEM, in this thesis the focus lies on one age group only, those of age 15-24, which is a group that is not necessarily investigated by the GEM. But, the difference within this group of age (15-24 years old) can be very distinctive, due to the nature of

the age group. The age group investigated in this group, deals with adolescent youth (18-25 years), but also with teenage youth (12-17).

Chigunta (2002) studied youth entrepreneurship in developing and came up with a categorization for youth entrepreneurs, based on their age (so not the age of the firm). The first category is called “pre-entrepreneurs” and cover the group of youth in the age of 15-19 years old. These youth are often times still living with their parents, or in the transition towards living on their own (Chigunta, 2002). The second category deals with the age group of 20-25 years old youths. More likely these youth have gathered some experience in either previous work or former schooling. The third group is the group of youth from 26-29. Because of the more mature nature of this group, they are more likely to become entrepreneurs. Besides the fact that this group will have more experience in work, they also react more mature to circumstances and might therefore be able to run more viable enterprises (Chigunta, 2002). Hence as Lent et al., point out, age can also be a factor that influences a career process especially in the teenager and adult age state (Lent et al., 2000). Young adults (15-19 years) tend to be less capable to oversee consequences and barriers in the near future (Lent et al., 2000; Stearns and Glennie, 2006). Adolescents and adults facing complex life decisions, such as career-related choices, typically realize that long-term payoffs may entail short-term sacrifices. This, however is often different for teenagers, who can not always oversee the needed short term sacrifices. Trying to start a business at a young age can therefore enhance the barrier of not having foreseen the possible sacrifices (like taking up a long training, or needing to invest time and money) which might be needed to achieve the desired career goal (Lent et al., 2000; Stearns and Glennie, 2006).

The youth that is investigated in this thesis, will either fit in the first or the second category of Chigunta. Following Chigunta’s study, this would imply that age would matter for setting up a business, but that this would correlate with the amount of previous work experience. Age would therefore not be a factor on its own that would influence the chance that youth will succeed in starting up a business. On the other hand the capability to oversee the consequences and sacrifices to start a business are more likely to be calculated by those participants that are older. Therefore teenagers could have a disadvantage compared to young adolescents in starting-up a business.

2.3.3 Formal educational level

Although researcher supported the fact that the educational level of a person influences the business start-up chance, the results are mixed on how the educational level does so (Block and Sandner, 2007, Reynolds et al., 2007; Davidsson and Honig, 2006). On the one hand studies show that a higher educational level has a positive influence on a business start-up chance as people are more able to identify opportunities (Block and Sandner, 2007; Davidsson and Honig, 2006) and are more able to absorb information needed to run a business (Block and Sandner, 2007). On the other hand other studies point into a different direction, and show that a higher educational level can have a negative influence on the business start-up chance (Reynolds et al., 2002). This negative influence is especially prevalent in strong economies where higher educated people might have more interesting alternatives in paid employment, compared to low educated people.

Because this is not likely to be the case in developing countries, in which chances for paid employment are often low anyway, and even more for people with a low educational level, it is assumed that lacking education will not form a barrier towards starting a business.

2.3.4 Previous business experience

Davidsson and Honig (2003) show in their research that previous experiences in the entrepreneurial field positively influence the chance that nascent entrepreneurs become a business owner. This previous business experience can either be gained through former jobs, or gained experience by owning a business beforehand. This is consistent with the findings of Delmar and Davidsson (2000), who show that people who have had a business, or previous business experience, are more likely to start a business than people that lack this experience (Delmar and Davidsson, 2000). Previous business experience is one of the factors founded in nascent entrepreneurial research to be of positive influence on the business start-up chance. This is because people have learned from earlier mistakes, or have just learned certain skills that might be needed in the business start-up. Translated into barriers, deriving from this theory, it can be said that lacking previous business experience might form a barrier for nascent entrepreneurs to become entrepreneurs.

2.3.5 Ambition

As it is showed in several studies (Van Gelderen, 2001; Baughn, 2006) a nascent entrepreneur who has the ambition for his business to grow large, has a higher chance of actually starting up this business. Some other studies show however, that even if the ambition for your business is to stay small and gain income – so you can support your family, which tends to be the case in a lot of developing countries, this will not negatively affect the chance of starting- up a business.

2.3.6 Finances

Business start-ups require a certain capital. However, obtaining this capital might be difficult for nascent entrepreneurs (Delmar and Davidsson, 2000; Reynolds et al., 2006; Kim et al., 2006). Especially for young people gaining access to start-up capital might be hard, even more so within the context of a developing country (Schoof, 2006). Lack of finance is therefore an often heard argument for nascent entrepreneurs to abandon the entrepreneurial process (Schoof, 2006; van Gelderen et al., 2006; Baughn, 2006) and perceived as one of the main barriers to not start a business, both in the developing and developed world (and Davidsson, 2000; Reynolds et al., 2006; Schoof, 2006; van Gelderen et al., 2006; Baughn, 2006).

That is why a lack of funding might be a reason for nascent entrepreneurs to not start a business. One way to overcome this problem is to invest personal or family money or savings into the business (Kim et al., 2006). This, however is only possible if there is personal or family income to invest. In case of the youth in the Child at Venture program, the assumption is made that this personal or family capital is not available, since the aim of the program is to get the family and the entrepreneurs out of poverty. De Soto notes that even if the family has assets (like owning a house) this in developing countries is often not recognized as a basis for a certain loan (De Soto, 2000). Even if the family would have financial capital in the form of assets, this can not be transformed into money which can be invested in the set-up of a business. This lack of funding might therefore be a constrain for the youth to not start their business. But, because entrepreneurial programs in developing countries often are made to help people in a poor economic situation, they often provide funds (Ligthelm, 2005). These funds can remove the barrier lacking finance to start a business.

2.4 Proximal context related barriers

The personal characteristics of the potential founder aren't solely explaining who becomes an entrepreneur and who does not. As stated by Shane and Venkataram *"...it is improbable that entrepreneurship can be explained solely by reference to a characteristic of certain people independent of the situations in which they find themselves"* (Shane & Venkataraman, 2000: 218). That is why in this section the social environment of friends and family are studied.

One of the theories that relates to social networks and performances is the social capital theory. This theory mainly refers to *"the ability of actors to extract benefits from their social structures, networks and memberships"* (Davidsson and Honig, 2003: pp. 307). Davidsson and Honig (2003) showed in their research among nascent and non nascent entrepreneurs in Sweden that especially the social capital is viable to nascent entrepreneurs in their way to become an business owner, especially due to their viable networks. More studies point out the importance of social capital in the nascent entrepreneurial phase (Samuelsson and Davidsson, 2009; Carter et al., 1996; Parker and Belghitar, 2006). Significant to social capital theory are the ideas of strong and weak ties within social contacts (Davidsson and Honig, 2003). Strong ties refer to ties between family members, neighbors and close friends, while weak ties are contacts through association between people of different ethnic, geographical, and occupational backgrounds

The way in which a nascent entrepreneur is able to extract valuable information for his or her business from this network can partly determine whether or not actual firm birth occurs (Granovetter, 1973; Carter, et al., 1996). For example, nascent entrepreneurs with parents that are business owners tend to have a higher chance to become an entrepreneur (Davidsson and Honig, 2003; Parker and Belghitar, 2006; Delmar and Davidsson, 2010 ; Van Gelderen et al., 2006). This can be explained from a social capital angle, because parents are able to share valuable information on starting a business. Nascent entrepreneur who lack parents with business experience can miss this crucial information and lag behind on this point (van Gelderen, 2006; Gartner, 1985; Viveralli, 2013; Delmar and Davidsson, 2000;). Being an important determinant for success, the lack of having parents who had a business can be considered a barrier for nascent entrepreneurs who do not have this.

According Cleaver (2005), strong ties between immediate family and friends guards against the vulnerability of the poor, because they can secure informal insurance when the government fails to provide this (Cleaver, 2005). In the specific content of the starting phase of a business within a poor area, it can be assumed that the strong ties, so the reliance on family and friends is important for the start of a business (Cleaver, 2005), because of the reliance on family and friends for informal assurance.

That social support is of importance in achieving a goal in general is proofed in the social science in several researches (Van Bouwhuijsen, 2011; Stearns and Glennie, 2006). When family is supportive towards the idea of setting up a business they are more willing to help, either financially, physical, or psychological than people whom do not feel this (Delmar and Davidsson, 2000). Even more in "collectivist cultures" (a culture that emphasizes the development of cohesive groups, not the individual)(Baughn, et al., 2006) the social ties with family and friends might even play a more important role in whether or not to start a business. Schoof (2006) and Chigunta (2002) show in their studies on barriers in youth entrepreneurship that one of the main obstacles for this youth entrepreneurs was the lack of support from family. In addition, in many Asian cultures (where kin role takes precedence over individual role) decisions of any nature are usually made with the approval of the head of the family. Without the support of the head it becomes very difficult to implement one's decisions. This, of course, also applies to youths who decide to start their own

businesses. It is assumable that without the support of the larger extended family the chance to start a business will not be high, even if the individual wants to do so (Baughn et al., 2006).

Apart from family, Autio and Wennberg (2010) show that the behavior of nascent entrepreneurs is influenced by peers as well, and that this explicitly applies to young nascent entrepreneurs. Following the theory of Autio and Wennberg (2010) especially youth nascent entrepreneurs who have peers that will also be involved in setting up a business, or who have peers that are already enrolled in a business might influence the chance that these youth will also set up a business. Because “peer pressure” tends to be even higher within the age group of 12-18 year old (Stearns and Glennie, 2006), it can be assumed that peers have a significant influence on the behavior of the group that is investigated. This “peer pressure” might enable entrepreneurship, and having a lack of these peers, can influence the chance of starting a business negatively.

2.4.1 Training

Another environmental aspect that might enhance barriers for the youth participants is entrepreneurial training. Although there is no literature on the specific case of the Youth at Venture training, the process of becoming an entrepreneur tend to influence the actual start-up chance of nascent entrepreneur (van Gelderen et al., 2006). With regard to the present study, it can be assumed that the process of becoming an entrepreneur is equal for all participants, since they all take part in the same training. The training is assumed to train the youth for entrepreneurship, and therefore it is not foreseen that the training will have a negative effect on the start-up chance of the youth nascent entrepreneurs.

But, as research shows, with regard to process it may matter how aggressively a person pursues the completion of start-up activities, whether they work on their start-up effort full-time or part time, and whether they work with a business plan or not (van Gelderen et al., 2006). As the participants of the program all work with a business plan, this won't influence their chances in starting a business or not. Since all youth are targeted because of their lack of current occupation or other obligations, it is assumed that participants will not have other obligations, and there won't be differences in full time or part time start-up efforts, which therefore won't result in barriers.

2.5 Societal context related barriers

Cultural prepositions can have an influence on the barriers that occur in a certain career path (Lent et al., 2000). An unfavorable environment for women to make career (because this is not cultural acceptable) may cause a barrier for those women who want to start a business. The section on person related barriers already highlighted the possibility of an unfavorable cultural stereotyping towards women, which might arise a barrier to start a business. Because women in most developing countries are assumed to not take up formal work, but stay at home and take care of the children in the household, this cultural phenomena might cause less women to start a business. Hence, culture can be a determinant that creates perceived barriers (Johnson, Munoz, & Alon, 2007).

Culture can also determine what is socially accepted and if individualism is more valued than collectivism, for example (Hofstede, 1983). These socially accepted criteria can form barriers for certain groups, or for certain aspirations (the desire to start something of your own for example) (Lent et al., 2000). Every society has his own culture, which can be more favorable or less favorable towards different aspects in this society. Hofstede (1983) used different dimensions of culture to describe a certain society. One of these dimensions refers to the rate of individualism in a society. In most Western societies individualism is an important factor (Hofstede, 1983), and career choices are made on own account. In most developed

countries, career choices are not necessarily an individual choice, but take up the relatives as well (Hofstede, 1983). With regard towards entrepreneurship, it can be stated that individualistic societies are more favorable for this career choice, because starting a business asks someone to make decisions only for the business, regardless of family pressure (Johnson, Munoz, & Alon, 2007). Within collectivist cultures, sharing of goods and assets is more socially accepted than in individualist societies. Chances are that especially women are more sensitive towards these families sharings, because women in developing countries tend to be more reliant on their families than men, because of values and economical disadvantages of women (Tinkler, 2013). This might cause a disadvantage for women to start a business, as starting a business needs all the assets and nothing can be shared during this start-up phase (Johnson, Munoz, & Alon, 2007).

Another cultural dimension described by Hofstede is uncertainty avoidance. This dimension deals with the dimension of time; and especially the future and how people in a society deal with that. Since the future is unknown, people need to live with this uncertainty. Societies might be more accepting towards the uncertain future and will not be upset by it. In terms of entrepreneurship, it is mainly agreed that risk taking is a characteristic that would enhance entrepreneurship (Davidsson and Honig, 2006; Vivarelli, 2013). Because most developing countries are often more accepting towards an uncertain future, this should not cause any barriers towards the career path of most entrepreneurs in these countries. On the other hand, this dimension often entails that people need to deal with the 'here and now' and are not necessarily busy with the coming future (Hofstede, 1983). In terms of entrepreneurship this could entail that no long term strategies are made, which can negatively influence the business start-up chance.

2.5.1 Developing countries, barriers and youth entrepreneurship

In one of the rare studies on obstacles encountered by youth entrepreneurs in developing countries, Schoof (2006) and Chigunta (2002) showed that especially youth entrepreneurs run into problems like not being taken seriously by their customers, not getting enough access to financial capital, and lacking experience in the field of business (Schoof, 2006). Another study on youth entrepreneurs in South Africa showed that the entrepreneurs come across the same kind of problems and obstacles, especially lacking finance, or the lack of savings, which made the youth go bankrupt very quickly (Fakoti, 2011). This however were problems that started entrepreneurs run into mostly however. However, following the line of thinking proposed by Van Gelderen (2006) that the problems that the nascent entrepreneurs encountered are the same for those nascent entrepreneurs that started a business, compared to those who did not, these all could also be viable reasons for nascent entrepreneurs to stop their business. Because the studies of Schoof (2006), Chigunta (2002) and Fakoti (2011) all showed that one of the biggest problems for the youth is having a lack of capital, this might be translated onto the youth of this thesis as well. However, the studies done by Schoof, Chiginta, and Fakoti all investigated entrepreneurs that weren't part of an entrepreneurial program, like the youth of this thesis. The difference here is that the youth of Youth at Venture will get a startup capital, so this barriers should be avoided. The assumption is therefore made that lack of capital won't be a barrier for the studied youth in this thesis.

2.6 Hypotheses

Derived from the literature review above, some assumptions can be made with regard to the characteristics that can influence the start-up chance. Based on the literature described above, it is assumed that gender will play a role in the firm start-up chance, because especially women in developing countries are more bound to household activities and have less freedom to start a business (Minniti and Nardone, 2007). Studies of entrepreneurship by the GEM also show that more male than female nascent

entrepreneurs start a business, which might be related to the more risk taking attitude of men; which tend to influence the start-up chances positively (GEM, 2012). It is therefore postulated that male participants will have a higher chance starting a business compared to the female youth participants of the program. This leads consequently to the following hypothesis:

1. *Youth at Venture male participants will have a higher chance to start a business compared to Youth at Venture female participants.*

Age could be a determinant for having a higher chance of starting a business, but that effect would correlate with the amount of work experience. On the other hand age could be a determining factor in the business start-up chance, because Lent et al. showed that people in the age of teenagers are less capable of overseeing the possible sacrifices and consequences that require a career process. Translated onto the participants of Youth at Venture, this implies that teenagers are less likely to start a business, because of their incapability of overseeing the needed efforts that are required to start a business. That is why the second hypothesis proposed in this thesis is:

2. *Youth at Venture participants that are in the adolescent age (20+) have a higher chance to start to start a business, compared to Youth at Venture participants that are in the teenager years.*

Derived from the literature it can be postulated that another factor that could influence the business start-up chance, which is having previous business experience (Davidsson and Honig, 2003). Lacking this previous business experience is as an expected barrier for the youth, which leads to the following hypothesis:

3. *Youth at Venture participants who have gained previous business experience have a higher chance to start a business, compared to Youth at Venture participants that do not have this experience.*

In the proximal or intermediate environment of the youth, it is expected that lacking parents with business experience will be a barrier to the startup of a business by the youth. This leads to the hypothesis:

4. *Youth at Venture participant(s) who have parents with business experience have a higher chance to start a business, compared to Youth at Venture participants whose parents are lacking this experience.*

So it is predicted that other barriers are lacking support for the business of friends and family, as well as a lack of friends with business experience. This consequently leads to the following hypothesis:

5. *Youth at Venture participants who have parents that support a business start-up are more likely to start a business, compared to the Youth at Venture participants who have parents that do not support a business start-up.*
6. *Youth at Venture participants who have friends that have business experience are more likely to start a business, compared to Youth at Venture participants who are lacking these friends.*

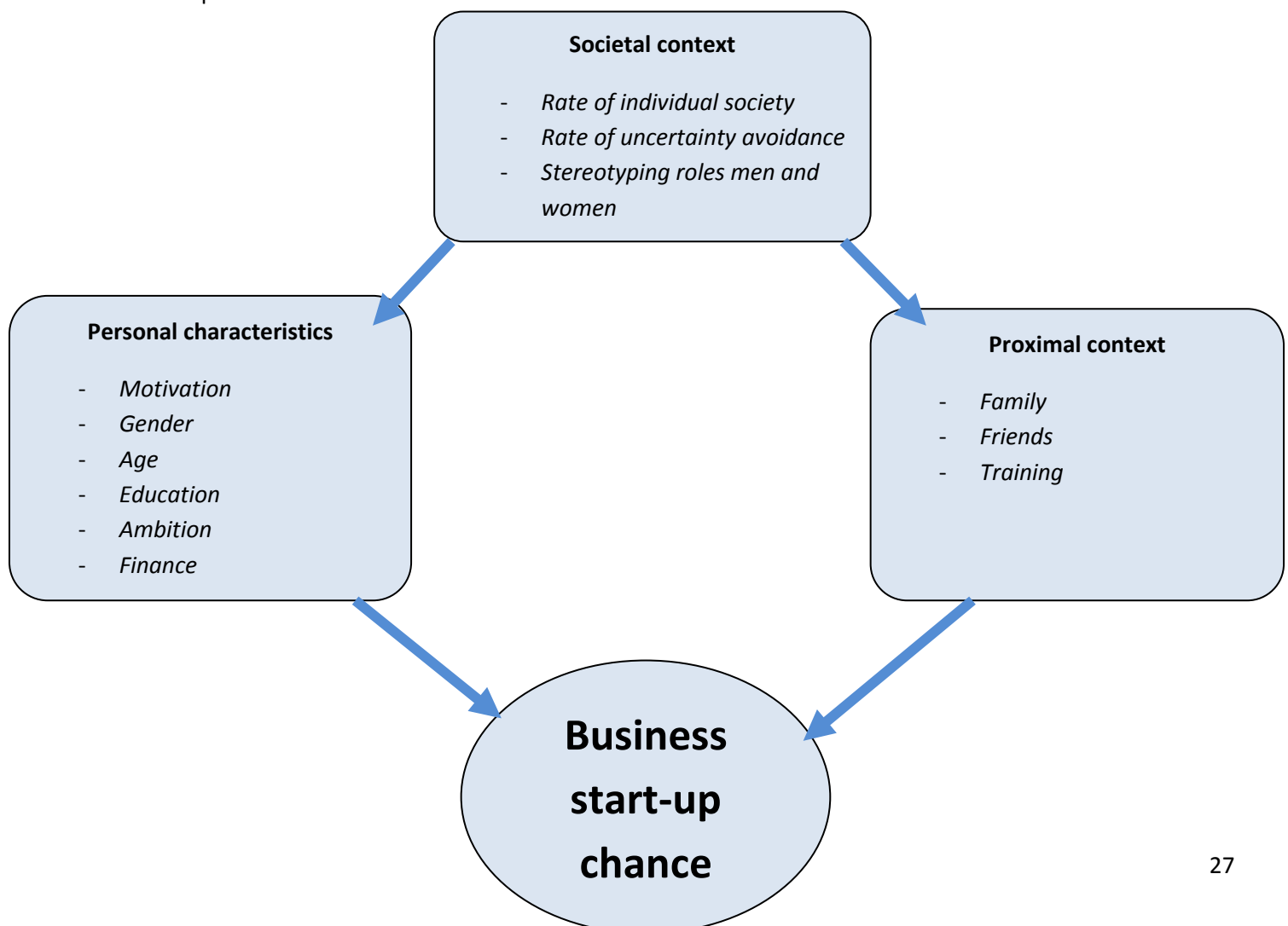
Other personal characteristics like finance, motivation and ambition are not suspected to form any barriers or to be characteristics that will influence the start-up chances of the group of youth investigated in this thesis.

2.7 Conclusion

This theoretical framework tried to answer the two questions stated at the beginning of this chapter: “Which characteristics of the entrepreneur relate to the start-up process according to the literature?” and “What are the barriers that nascent entrepreneurs face in starting up a business according to the literature?”. It can be said that different characteristics of the entrepreneur, like amount of business experience, gender, financial situation and motivation and ambition are theoretically related to the start-up process according to the literature, but that not all these characteristics are expected to influence the start-up chance of the Youth at Venture participants, because of the nature of the training (start-up capital is provided and because of the participation in the program, motivation is suspected to be equal). The second question that is postulated can be answered by saying that there are different barriers that nascent entrepreneurs can face different barriers, ranging from lacking business experience, to lacking the social support of peers and family.

2.8 Conceptual model

The conceptual model depicts the different factors that can influence the start-up chance of the nascent entrepreneurs according to theoretical framework presented above. Concluding, it can be stated that there are different barriers that can influence the business start-up, which can either occur within the person (like the age of the person, or the gender) but can also occur in the proximal context; like lacking the support of parents, or like having other influential person that have influence on individual decisions. If and how much these barriers occur, might depend on the societal context. This context will influence mitigate the effect of barriers that can occur in the proximal or personal context. This leads to the following conceptual model:



3 THEORETICAL FRAMEWORK: MOTIVES FOR BUSINESS LOCATION DECISIONS

Nascent entrepreneurs that do start a business, are entrepreneurs and they need to make multiple choices concerning their business. One of these decisions concerns the location decision for their business (Brush, 2008; Manolova et al., 2011) and this decision can be narrowed to a decision for a business at home (a home based business) or a business location somewhere else (Verrest, 2007). This chapter describes the different aspects of the entrepreneur and the firm that can influence this location decision. Figure 5 shows the area of interest for this chapter within the entrepreneurial process.

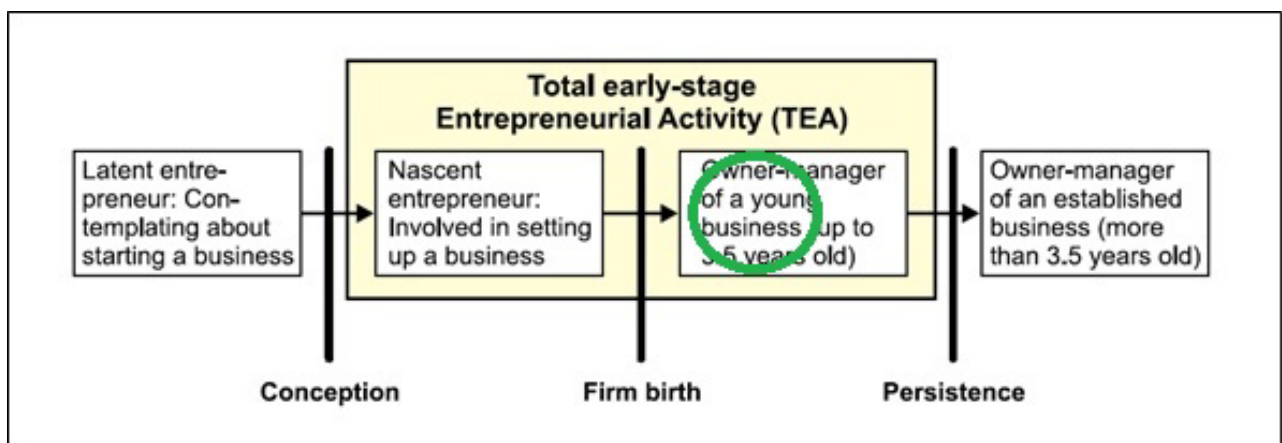


Figure 5 Entrepreneurial process and focus of this chapter. Source: Based on GEM, 2012.

The sub question answered in this chapter is:

Which factors cause entrepreneurs to start their business at home, or at another location rather than home according to the literature?

The chapter starts with the description of several location decisions theories, used in economics, geography and current development literature and continues with personal, business and environmental factors that could influence the locations decisions according to the literature.

3.1 Location decisions in perspective – neo classical firm location decisions theories versus firm location decisions of entrepreneurs in developing countries

There are different theories that describe the factors that influence the firm location decision. Traditional Western (neo) classical location theories describe the firm location choice as a pure rational decision, based on economic motives only. Examples are the theory of Weber (1909) and Von Thünen (1826), which review the entrepreneur as someone who makes business location choices on rational grounds only, having complete knowledge of the market (Pellenbarg, et al., 2002). As a reaction to the concept of ‘complete knowledge’, the behavioral theory arises, accounting the entrepreneur as a person who lives in ‘bounded rationality’ ; i.e. not knowing and having complete knowledge on the market, hence making still rational decisions for the location of their firm, within this bounded rationality (Pellenbarg et al., 2002). Within both the (neo) classical and behavioral theories, there is an abundance of social, personal and environmental factors that could account for the location decision process. In these theories there is no space for different types of entrepreneurs, nor is there a distinction made between entrepreneurs living under different conditions in different countries, for example.

As much of the literature on Western entrepreneurs emphasis the rational and economical location decisions that entrepreneurs make in order to be ‘successful’, the location decisions made by micro entrepreneurs tend to be different, as the perception of ‘successful’ is often not formulated in terms of economic prosperity for their business, but rather as being successful in helping out their family to sustain a living; the growth and optimal location for their business is rather subordinate to the prosperity of their (extended) families (Turner, 2005; Tinker, 2003; Verrest and Post, 2007; Ubogu,). Tinker notes that *“For this reason, it is essential that entrepreneurs ‘choices’ are not assumed to be reducible to the neo-classical paradigm of rational decision-making – i.e., abstracted from their social and cultural context [...] In other words, the goals of capitalism are rendered problematic in this context, where greater consideration of local ideologies and strategies is essential to an appreciation of the objectives of the small scale entrepreneurs.”*(Turner, 2005; pp. 265). It is because of the importance of other factors rather than solely economic factors that personal and family related are discussed here as possible factors that influence the location decisions of the small scale entrepreneurs as well.

3.2 Start-ups and motives for location decisions – home based business or not

However, economic factors cannot be excluded from the analysis, as capital, and firm related characteristics might still be held accountable for the location decision making process as well (Brush, 2008; Schutjens et al., 2006; Stam, 2007, Risselada, 2013). Most often the location decision in developing countries is a decision to start a home based business or not; which is partly dictated by economic and firm related factors (Brush, 2008). It is therefore argued in this thesis that the firm location decision for the youth entrepreneurs is choice between starting a home based business versus starting a business that is not home based.

The use of a home as a workplace is prevalent because *“livelihoods logic precedes business logic. Rather than deliberately looking for the most appropriate business site, home bound business operators simply take the location of their house for granted”* (Verrest and Post, 2007; pp. 164). The decision whether to start a business from home, or start it somewhere else can be influenced by different personal related factors (either being a women) (Verrest and Post, 2007; Brush, 2008) but also tend to be influenced by firm

specific related factors (like the firm sector for example)(Brush, 2008; Schutjens et al., 2006; Risselada, 2013). In developing countries, the decision to establish a business at home or at another location is even more prevalent, concerning the financial constraints of the entrepreneurs and concerning the importance of social ties within weak economies (Smallbone and Welter, 2001; Cleaver, 2005), which can cause entrepreneurs not to leave the place they are familiar with.

3.3 Personal characteristics and the decision for a home based business or not

In the start-up phase of a business, the firm and the entrepreneur are often the same, as all decisions concerning the firm are made by the entrepreneur (Stam, 2007). Because of the interdependence between firm and entrepreneur in the start-up phase of a business, it is assumed that personal characteristics of the entrepreneur can influence the location decision of a firm. This section gives an overview of the most important personal factors that influence the firm location decision on a micro scale with special emphasizes on developing countries.

3.3.1 Residence of origin

In studies on location decisions of startups it is very prevalent that the geographical origin of the entrepreneur is the same location as where they start their business (Schutjens et al., 2006; Risselada, 2013; Stam, 2007; Michelacci and da Silva, 2007). Figueiredo and Guimaraes (1999) also found that the entrepreneur's geographical origin is a key factor in explaining the location decision of new firms, because the area is best known by the entrepreneur. Dahl and Sorensson (2009) add to this: *“Most notably, entrepreneurs may locate their ventures in a familiar place to satisfy social preferences”* (Dahl and Sorensson, 2009; pp. 173). Because social preferences might even be more prevalent in developing countries (Cleaver, 2005; Smallbone and Welter, 2001) the assumption is made that these ties will influence the business location decisions as well

The reason to start a business in the same area that the entrepreneurs reside, or even within the same house, has multiple explanations, ranging from social explanations (having friends and family in the neighborhood) to economic explanations; that it is cheaper to locate at home than somewhere else. When entrepreneurs decide to start their business in the geographical area they are born, or live, the assumption is that they do so because of the local (business) contacts which they have in that region. Which makes it easier to start-up a business in the area than somewhere else (Michelacci and da Silva, 2007; Dahl and Sorensson, 2009). The reason to start a business from home comes with even more advantages, which especially in developing countries tend to play a big role (Verrest and Post, 2007). The closeness to family that comes with starting a business in a known or within a home, has the advantage that people can rely on skills and labor from various people, in case of home based businesses this will most of the time be household members; this means that entrepreneurs do not need to look for employees, but can rely on the cheaper social ties (Verrest and Post, 2007). When locating a business in a unfamiliar place, this safety net is lost and the entrepreneur needs to pay wages to employees, or do all the work alone (Cleaver, 2005). Smallbone and Welter add to this that: *“ In an unstable and weakly structured environment, informal networks often play a key role in helping entrepreneurs to mobilize resources, win orders and cope with the constraints imposed by highly bureaucratic structures and often unfriendly officials”* (Smallbone and Welter, 2001). The decision to locate their business close to – or even in their residence – can also be influenced by the fact that locals can better exploit their personal network to contact customers and suppliers and in this way obtain more reliable information about the company's business market (Michelacci and da Silva, 2007). The place of origin of the entrepreneur, will therefore hold multiple advantages compared to places in which entrepreneurs are unknown. Even more do home bound business have the advantage of relying

on cheap labor in the form of family members, which might downgrade costs and therefore will profit the business; especially in the start-up state when not much profit is assumed to be made yet (Smallbone and Welter, 2001). This is endorsed by a study of Ubogu (2011) on the location decision making process of entrepreneurs in the informal sector in Africa, which showed that the local entrepreneurs do not follow the classic location theory on location decision making of Weber, meaning that they do not locate their business on the most cost effective place, but rather base their decision on some sub optimal behavior and strongly relates to personal factors and preferences, as is noted by Turner (2005) as well. This means that starting a home based business would be based on more than economic reasons alone, but that personal factors should influence this decisions as well.

3.3.2 Gender

In developed and developing countries the gender role and the role of the (wo)men in the household tend to still be interwoven (Verrest and Post, 2007; Tinker, 2003). Many women in developing countries need to combine reproductive, productive and social/community activities, resulting in long working days. The possibility to exercise productive tasks from home enhances their capabilities to combine these multiple roles, or, in case of women bound to their house for socio-cultural reasons, to carry out productive activities at all. This has multiple implication for women entrepreneurs and the firm location decision that they make. Verrest and Post (2007) note in their study on home bound business in Suriname that the gender role has implicit influence on the firm location decision, especially for woman. They state that *“Women’s large participation in home bound business, however, is not just a matter of free choice between viable alternatives. For many women, their only option to earn an income is through engagement in home-based work. They lack access to other segments of the formal and informal labour market. Their options are shaped by their role identities, which are governed by gender norms”* (Verrest and Post, 2007; pp. 165).

A study of Tinker (2003) on street vendors and gender showed that whenever micro entrepreneurial women do sell goods on the streets, the location they choose for their mobile business is however still in the neighborhood of their home (Tinker, 2003). Often women have their business located close or in their homes so that children or other kin’s can help whenever they return from school, so that the women can take care of the household and the meal cooking (Tinker, 2003). The gender roles in development countries are often very strict and leave not much space for especially woman to choose a business location outside or far from of the home (Verrest and Post, 2007; Naudé, 2006; Tinker, 2003; Dawood et al., 2010). The role of gender is therefore assumed to influence the firm location decision of specifically woman.

3.3.3 Finance

Finance can influence the startup location for a business in several ways. The firm location can be determined by financial constraints; like having no money to start from another location rather than home (Brush et al.2008). Whenever entrepreneurs do simply not have the money to start a business outside of the home, a home bound business has the positive factors that it include the low costs of work space (Verrest and Post, 2007). When entrepreneur have more money, locating outside of the home, or vending a cart or other place can be a valuable option, especially when the home is not located in a favorable position (not close to costumers for example) (Verrest and Porter, 2007; Tinker, 2003). Albeit even if the families have some assets or capital, the possibilities are low that they can use these capitals outside their local environment, because the assets of poor people in developing countries most of the time consist of their houses which are not officially bought and therefore cannot be turned into money which can be spent on business. Hernando de Soto notes on this topic that *“ [poor people’s] assets cannot readily be turned into capital, cannot be traded outside narrow local circles where people know and trust each other, cannot be used as collateral for a loan, and cannot be used as a share against an investment”* (De Soto, 2000 pp. 6).

Even if there is some difference in the financial situation of the entrepreneurs, chances are high that these assets cannot be invested in the business anyway, that is why it is assumed that the finance of the entrepreneurs will not influence the firm location decision.

3.4 Firm related factors and firm location decisions

Firm related factors, like firm size age and the sector of the firm, tend to influence the firm location decision of the new born entrepreneurs as well (Risselada, 2013). This section gives an overview of the firm related characteristics that can influence the firm location decision.

3.4.1 Firm size

The firm size tends to influence the firm location decision for obvious reasons; when a firm lacks the space that is needed, a different location is searched (Risselada, 2013). The type and age of the firm can correlate with the size of the firm, but this is not necessary the case, since young firms can be big firms, and old firms can be small, for example (Stam, 2007). The size of the firm can correlate with the aspirations of the business owner however. With growing aspirations comes different spatial organization of the firm (Brush et al., 2008; Stam, 2003; Risselada, 2013). The aspirations for the business can determine whether an entrepreneur decides from the start to locate a business not at home, because he/she knows that the space at home will bound the aspiration of growth for the firm. In many developing countries however, the first aspiration of the business is not to grow, but rather to survive and if this succeeds, to invest in human capital of their children or themselves, rather than invest in the expansion of their business (Tinker, 2003). It is therefore assumed that the firm size is small and will not influence the startup location decision of the participants.

3.4.2 Firm age

The age of the firm can have an influence on the location decision of the firm, because of growing aspirations and possibilities of the firm and different push and pull factors that can cause a firm during their life cycle to change their business plans (Stam, 2007; Schutjens et al., 2006). Because this thesis investigates the firm start-up location decision, the firm age will not be of influence here. However, the firm age can be of influence on the firms that are older. Because of growing demands or restructuring the firm, the location decisions can be changed and a firm location can be changed as well (Stam, 2007). This will be taken into account, but the firm age cannot have an influence on the start-up location, simply because the all firms are the same age in this stage.

3.4.3 Firm type

The decisions whether to start a business from home or from somewhere else is also influenced by the type of the firm (Brush et al., 2008). In the modern literature on business types and location decisions, it is stated that because of the emerge of internet a lot of entrepreneur can work from whatever place they want and are more or less 'Foot loose', or not specifically bound to a place seen the nature of their business (Risselada, 2013). However, in developing countries, most necessity driven entrepreneurs start business that are more in the manufacturing sector, or in food and beverage sectors, which require more physical space than foot loose enterprises (Naudé, 2006; Tipple, 2005). In a study on food vendors in developing countries, Tinker notes that *"food vendors could be spotted near construction sites, where imported labor apparently preferred the price, convenience, and taste of traditional street foods."* (Tinker, 2003 pp. 342). Closeness to the market is another important factor that influences the business location decision (Verrest and Post). Type of businesses that require a certain target market (like food vendors) are more likely to start a business away from home, simply because their products need to be sold to

customers right away (Tipple, 2005). Therefore food vendors are more likely to go to sites where a lot of people are, instead of staying at the home bound location, especially when this is in an area where no people pass by. According to Tipple, home bound businesses are predominant in clothing and textile industries, and in service industries like electronics and teleworking (Tipple, 2005). This is because of the 'easiness' that comes with these business, which are suitable to provide labor from home. So both the closeness to the market, which might be different for food vendors than for cloth makers, influences the decision to start a business from home or from another place.

Business types that require less space and request labor that can be easily done from home (like services) are also more likely to be home based businesses. It also suggest that firms that need a large physical resource are more likely to not be based at home, as homes often do not lend themselves for these purposes (Manolova et al., 2011).

Other firms in the same industry nearby, might be a reason to locate the business somewhere else rather than home. The basis for the attraction may be some combination of a shared skilled labor pool, comparison shopping in the case of retail, co-location at a site with highly desirable characteristics, or other factors that cause the costs of production to decline as greater concentration of businesses in the industry occurs (Andersson, 2000; Waddel et al., 2003). Also the tacit knowledge that entrepreneurs have and can transport to their employees can cause these employees to start (related) businesses in the geographical area of their former employer (Andersson, 2005). This 'knowledge spill-over' is a more broad term used in several geographical agglomeration theories, like in the studies of Bosma et al., (2008) Heblich and Slavtech (2014), Mead and Liedholm (1998) Brush et al., (2008).

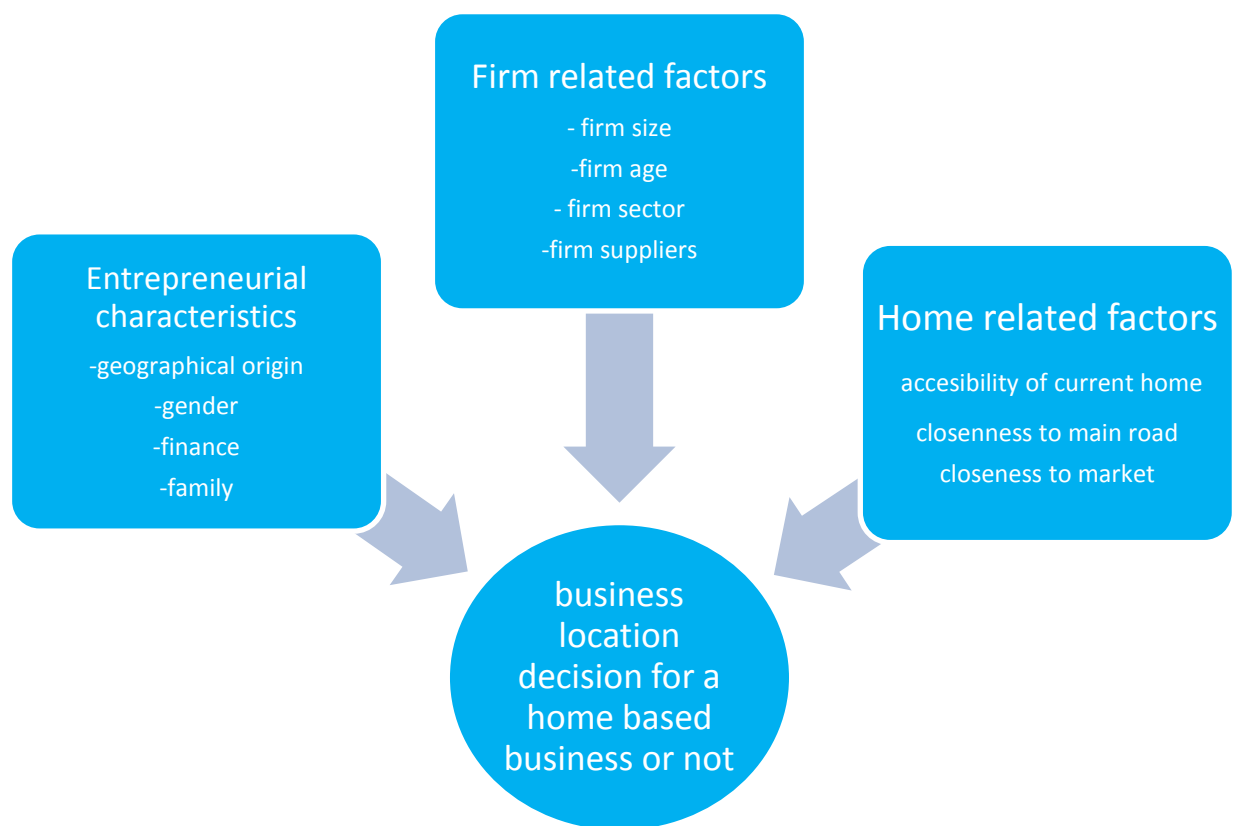
A business location decisions can also be influences by the suppliers (Brush et al., 2008). The location of the business far from its resource supply may increase the costs of resource acquisition, and therefore cause entrepreneurs to locate close to their suppliers – and start a business not necessarily at home (Brush et al., 2008).

3.5 Location of the home

The business location does not only influences the local environment in which it is placed, the environment (either the economic, social and physical) will influence the choice for a home based business as well (Brush et al., 2008; Tipple, 2005). First the location of current residence from where the entrepreneurs might or might not start a business influences the decision to start a home bases business (Tipple, 2005; Verrest and Post, 2007). Whenever the home of the entrepreneurs is located in a favorable position, for example close to main roads (Tipple, 2005) or close to a certain target market, entrepreneurs are more likely to start a business from home, as to when the location of the house is unfavorable, for example in a place that is hard to reach, a home based business location is less likely (Tipple, 2005). This is endorsed by Manolova, Brush and Edelman (2011) who state that *"a home location may be constrained by zoning ordinances, transportation access or even the physical size of the home"* (Manolova et al., 2011, pp. 440). Although access is not the main and only factor that determines whether someone start a home based business, it is an important factor, especially for those businesses that depend on customers that stop by (like small retail shops) (Tipple, 2005). The relative closeness of the home to the target market of the business can therefore influence the business location decision as well.

3.6 Conclusion and conceptual model

This chapter tried to answer the question *Which factors cause entrepreneurs to start their business at home, or at another location rather than home according to the literature?* The startup location decisions is divided in deciding to start a business from home, or not (Brush et al., 2008). There are different factors that influence the decision to start a home based business or not. These can be divided in factors that are concerned with different the entrepreneurial characteristics as well as with firm related characteristics, as factors that relate to the location of the current home. The conceptual model depicts these factors and the influence they have on the startup firm location decision according to this theoretical framework.



PART TWO

CONTEXT AND METHODOLOGY

4 THE ENTREPRENEURIAL PROGRAM OF YOUTH AT VENTURE MANILA

This chapter gives an overview of the program of Youth at Venture in order to give context to the study. Because the data that is used in this thesis is derived from this case, and the training can influence the outcomes of the program, it is opted that it is of importance to describe the case here.

4.1 Historical overview and concept of the program

The Youth at Venture program in Manila is part of the Child at Venture program, which is the Dutch- based mother organization of the program. Child at Venture was founded in 2005 by Jamy Goewie and Jan Jaap van der Wal. They wanted to start a program that would help unemployed and out of school youth to start their own business. A special training program was developed to help these youths to start and maintain a business.

The objective of Child at Venture was to distribute this program to different developing countries within Africa and South- East Asia. These continents were chosen because of their high youth unemployment rate. The initial set-up of the program was to sell the entrepreneurial training to local NGO's which already operated in Africa and South-East Asia. The program was implemented into the existing program of the NGO's, which executed the entrepreneurial training. In this way, Child at Venture ran their program in 8 different countries between 2005 and 2011 (see figure 6) (Child at Venture Year Report, 2012).

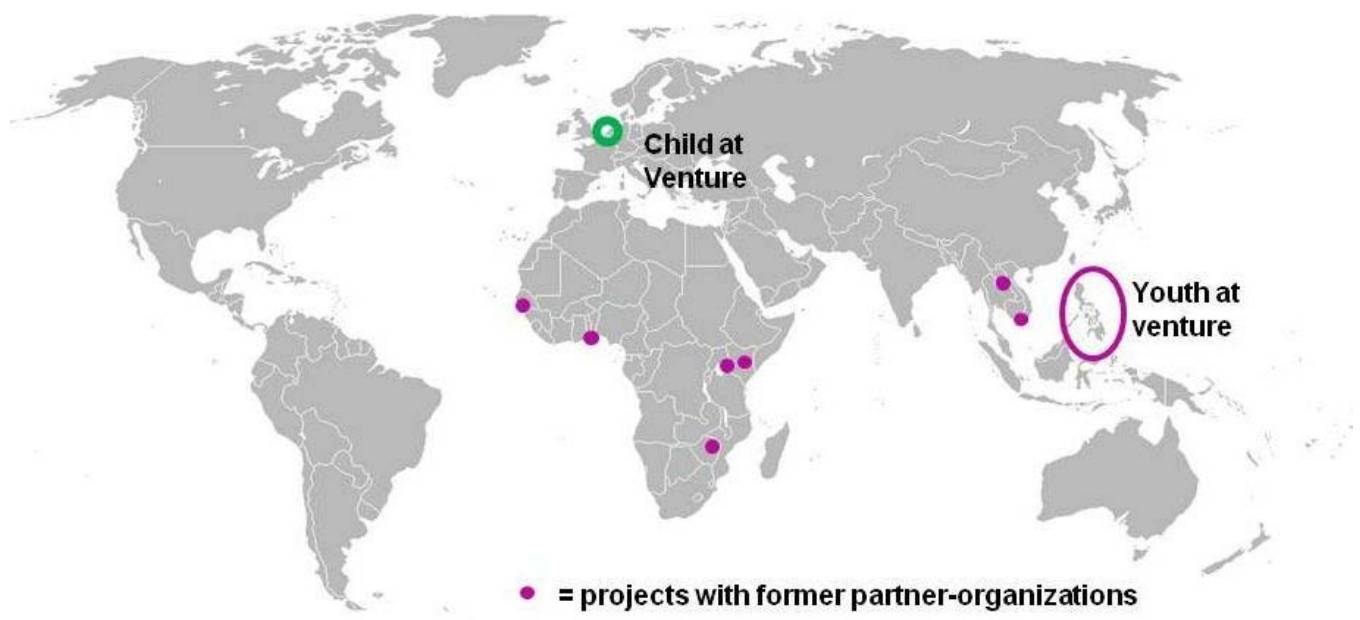


Figure 6 The former projects of Child at Venture

Because the NGO's that executed the Child at Venture program often had other objectives to meet as well, Child at Venture noticed that the program often was not executed as well as they wanted to (Child at Venture Year Report, 2011). That is why in 2011 all partnerships with the NGO's were stopped and Child at Venture decided to downgrade the program to a new concept, in which a local team would be appointed, with the only objective to execute the entrepreneurial program of Child at Venture. In 2011 this team was appointed under the name of Youth at Venture in the Philippines. The Philippines was chosen because of the contacts that the founder already had there.

From November 2011 until July 2013 429 participants started the Youth at Venture training. Out of these 429 participants 48 started a business in the end (see table 1). The participants started in 9 different groups, referred to as batches. Within these batches, different waves of participants started the training. One wave contains a maximum of 30 participants. The batches 1-9 are investigated in this study.

Table 1 Total number of participants that started the training and started a business per batch. Source: Youth at Venture Database

Batch	Youth started the program	Youth started a business (% of total starters)
1 (November 9, 2011)	44	6 (13,7%)
2 (February 23, 2012)	31	8 (25,9%)
3 (March 22, 2012)	18	7 (5,5%)
4 (May 10,2012)	41	4 (9,8%)
5 (July 9, 2012)	47	4 (8,5%)
6 (September 3, 2012)	86	2 (2,4%)
7 (December 11, 2012)	61	5 (8,3%)
8 (April 3, 2013)	44	5 (11,4%)
9 (July 3, 2013)	57	7 (12,3%)
Total	429	48 (11,2%)

4.2 The Team and the trainings center

Youth at Venture has a team consisting of 5 members: one head of the organization, two trainers, who are also responsible for the communication and marketing and two monitoring and evaluation specialists. This team is partly sponsored by Child at Venture, and is partly responsible for gaining an own income, through local sponsoring (Child at Venture Year Report, 2011). Youth at Venture currently has an office and trainings centre in Pasay in one of the slum areas of Manila (see figure 7). This location was chosen, so youth from the slum area could easily walk by and walk in, and to avoid an entrance barrier (Child at Venture Year Report, 2012). Child at Venture currently aims to open a second Youth at Venture trainings center in one of the other slum areas of Manila, to help more youth start a business (Child at Venture Year Report, 2012).



Figure 7 Location of Youth at Venture trainings center in Manila. Philippines.

4.3 Training

The training offers consists of two parts: the INTRO training and the T.E.A.S.E (Training in Entrepreneurship, Attitude Skills and Economics) training.

The INTRO training is a full day training, starting at 9.00 AM and ending at 5:00 PM. This takes three full consecutive days. The first day of training the participants get introduced into the program and get more information on the training outlines. They fill in a pre questionnaire which provides Youth at Venture with basic information of the participants.² The first day the main topic of the training is the person behind the business. The participants are asked to look at their own experiences to see if these could help them with starting a business. Day 2 of the INTRO training is all about the business idea. What is the initial business idea, what should a business idea look like and how do you present your business idea. In day 3 the participants get an introduction into marketing and finance, and they learn how to make a budget for their business.

If the participants attended the three days of INTRO, the participants can decide whether they would like to continue into the next phase of the training, the more intensive 8 day T.E.A.S.E training.



The Youth at Venture Trainings center in Manila. Source: Author



Participants during the T.E.A.S.E training. Source: Author

The T.E.A.S.E Training takes up 8 day, spread over a period of 2 weeks. The T.E.A.S.E training start normally a week after the INTRO training is finished. Hence it can be postponed because of weather conditions, like typhoons, which often happens in the Philippines. The T.E.A.S.E training also takes up a full day, from approximately 9:00 AM until 5:00 AM. The topics of the T.E.A.S.E per day are the following:

Day 1: On the first day the T.E.A.S.E participants are writing down their business goals. They also learn what a good business plan looks like, and which factors should be included in a good and viable business plan.

Day 2: The second day is all about

² In batch 1-4 simple pre questionnaires were used; these questionnaires were not available anymore, so could not be included in this thesis. The forms that were used from batch 5 onwards can be found in appendix 1. The information of these forms is used to create a Youth at Venture database.; more information on this database can be found in the Methods Chapter.

communication. What is communication? In what ways can you communicate? What does your body language do? And how do you handle complaints from customers? Hence, the participants also learn how to negotiate and how to convince someone to buy your product.

Day 3: Day 3 is about the entrepreneur. Participants learn to think about their skills and ambitions. They also learn to think about their future and their future dreams. What do they need to accomplish these dreams? They also learn to think about what they would still like to learn.

Day 4: Day 4 is about the product. What is the product the participants are going to sell. Where can they purchase it and what should the price be of the product to make their business profitable? Also, a small market research is done, to see what their target market is going to be. And what the desires of these customers can be

Day 5: This day is about finance. The participants learn about profit, quick and small returns and expenses of the business. A simple cash flow is made and learned in this day.

Day 6: On day 6 the participants learn about marketing and sales. How do you attract customers? How do you make your business to stand out? How do you build a relationship with your customers? And how do you enlarge and use your network for your business?

Day 7: Day 7 revolves around the practical things the participants should take account of before they open their business. Do they need a permit to open their business? Do they need to rent a place? And how do you open a bank account? (This is needed because the seed money is transferred there).

Day 8: By the end of the T.E.A.S.E training the participants have written down their own business plan. On day 8, they present this for a jury, consisting of all of the Youth at Venture team members.

If the business plan is accepted (this means: if the Youth at Venture team thinks the business plan is economically viable), participants receive a business loan, to start their business. This business loan is called "seed money". This seed money equals 25 dollar. The seed money is transferred in tranches to the bank account the participants opened. This is done out of 'safety' reasons for Youth at Venture, so the money can't be spend at once on other things, rather than the business. In this way the participants first need to ask money for the specific needs they want to buy for their business (for example a mobile cart to vend from). They first receive only the money for this specific need. Afterwards the Youth at Venture members check if this is bought, if so, the participants can receive the next tranche of money for the net needed business equipment. In this way Youth at Venture minimizes the possibility that the participants will use the seed money for other things, rather than



Participants working on their assignments during T.E.A.S.E. Source: Author

business equipment. This can take up until one month until the participants are ready to officially open their business. If the participants are ready to open their business, Youth at Venture celebrates this with an official opening. This is the moment that the business is started.

The participants that start a business, receive a year guidance from the Youth at Venture team. This means the entrepreneur has the support of the team and can always stop by the Youth at Venture centre for advice. In addition, every month one of the Youth at Venture team members visits the business. During this visit, the business is discussed. Youth at Venture members help the entrepreneurs by helping with accounting, but also with problems with customers for example. After a year of guidance – and if the business is still running- the participants are allowed into the ALUMNI program of Youth at Venture. This offers them the benefits of being part of entrepreneurial network, facilitated by Youth at Venture (Child at Venture Year Report, 2012).

The participants do not receive transportation cost for the INTRO training. Whenever the participants start the T.E.A.S.E training, transportation cost are covered by Youth at Venture.

4.4 Selection of the participants

The selection of the participants for the training is not done directly by Youth at Venture. Youth at Venture first selects so called “partner organizations”. These are organizations that help marginalized youths within the city of Manila. These partner organizations on their turn, select participants from their programs. This section deals with these two important selection procedures. And first outlines the selection of the partner organization by Youth at Venture. And is then followed by the selection of participants, done by the partner organizations.

4.4.1 Selection of the partner organizations

From the start of the program, Youth at Venture had worked within close collaboration with NGO’s, churches, local governments (barangays) that all have a program for underprivileged children that live within Manila. Youth at Venture offers these programs an entrepreneurial training for the young adults that are part of their organization and are between 15-24 years old. The partner organizations are selected by Youth at Venture on the following criteria:

- a. the partner organizations should be based and working within Metro Manila
- b. the partner organizations needed to work with young adults between 15-24 years old
- c. work with children who live in the slum areas of Manila

From batch 1 -4 the partner organizations through the personal networks of the Youth at Venture members. From batch 4 onwards, new partner organizations were selected. This was because the majority of the partner organizations that endorsed youth to the first 4 batches, had no more youths that they could send. The need for new partner organizations also arise after batch 4, because Youth at Venture expanded to a more mature organizations and wanted to offer more youths the chance to start the training. The selection of the partner organizations after batch 4 no longer went through the personal networks of the Team Member, but were sought and selected on above criteria through the internet.

From batch 5 onwards, enlistment forms were also introduced.³ These enlistment forms were used to gain more background information on the participants, their families, their education and their skills, before they entered the program. This enlistment form can be found in appendix 1. The enlistment forms were sent to the partner organizations, which needed to fill these in and return these forms before the participants started the program. This also mainly exists in theory. Often the forms are not returned on time, or not at all. In that case, the participants were asked to fill in the forms on the first day of the INTRO training.

In this way, Youth at Venture worked from batch 1 until 9 with 31 different partner organizations.

4.4.2 Selection of the participants

The partner organizations in their turn, select the participants for the Youth at Venture training. In theory the partner organizations select the participants for the Youth at Venture training on some criteria made by Youth at Venture. In practice however, it showed that this was often not the case. Partner organizations need to select participants that meet the following requirements:

1. The participants need to be between 15 to 24 years old
2. The participants should not have been enrolled in formal schooling⁴ for the last 6 months
3. The participants should be literate and should be able to do basic arithmetic
4. The participants should all live in a slum area

Youth at Venture does not check whether the partner organizations select the participants on these requirements. Therefore the selection of the participants is only done by the partner organizations. Because this selection is not monitored or written down, it can not be verified if all the participants actually met these requirements.

In theory the partner organization should also select participants “who have an intrinsic motivation to start a business”(annual year report Child at Venture, pp. 10, 2011). However, what this entails is not explained nor quantified by Youth at Venture and is left to the interpretation of the partner organization. In practice this means participants often start the program who do not want to start a business at all, but either were not told what kind of program they were enrolled, or needed to participate because their partner organization told them so.

Especially the “intrinsic motivation to start a business” is not measured at all. This might cause participants to start the program, who lack this motivation and might therefore not necessarily be “nascent entrepreneurs”. This however, can not be said with certainty, but is an important note to make, as the foundation of this thesis is laid upon the assumption that all starting participants are “nascent entrepreneurs”; in other words, are people who at least have the interest to start a business.

³ See appendix 1.

⁴ Formal schooling means fulltime schooling and excludes schooling like the Alternative Learning System, which is a part-time schooling project for out of school participants that want to get a high school degree.

4.5 Total training and placement within the theory

The total training, including the selection before the training is depicted in figure 8. The total placement of this training within the GEM entrepreneurial process is depicted as well. The picture of the total entrepreneurial stage below the total training picture displays the placement of the Youth at Venture training within the theory of the total entrepreneurial process. Note how the business start-up within the Youth at Venture training equals the firm birth in the Total early –stage Entrepreneurial Activity of the GEM.

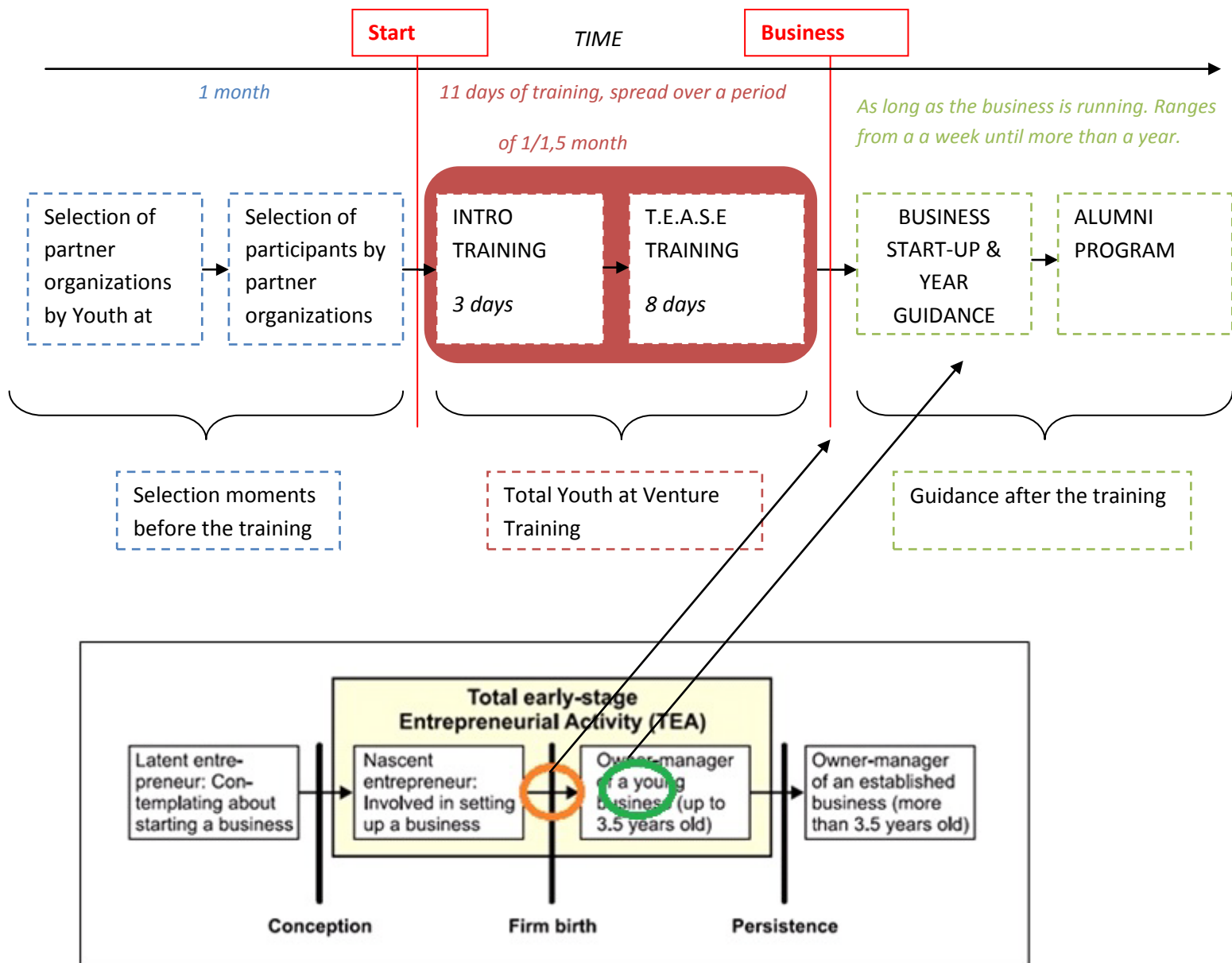


Figure 8 The total Youth at Venture Training and the correlation with the total entrepreneurial process according to the GEM.

4.6 Concluding

This chapter laid out the program of Youth at Venture. The history, location and selection procedures that the training involves were displayed. Figure 8 summarizes the total training and places it within the entrepreneurial process according to the GEM. Before participants actually start the training, several selection moments already passed. The objective of this chapter was to give more context to the case that is studied in this thesis. The next chapter (the methods chapter) will explain how the data from this case is derived in order to test the theory in chapter 6 and 7.

5 METHODOLOGY

At the start of this thesis, the central research question was stated, to make clear *what* this thesis wanted to explore and study. After examining the current literature on the two central topics of this thesis in 2 and 3, this chapter provides a framework on *how* to study these phenomena in a real life situation. Figure 9 shows the difference between part 1 and part 2 of this study. This method chapter can be put between these two parts, as this chapter bridges the gap between the theoretical part and the empirical part of this thesis.

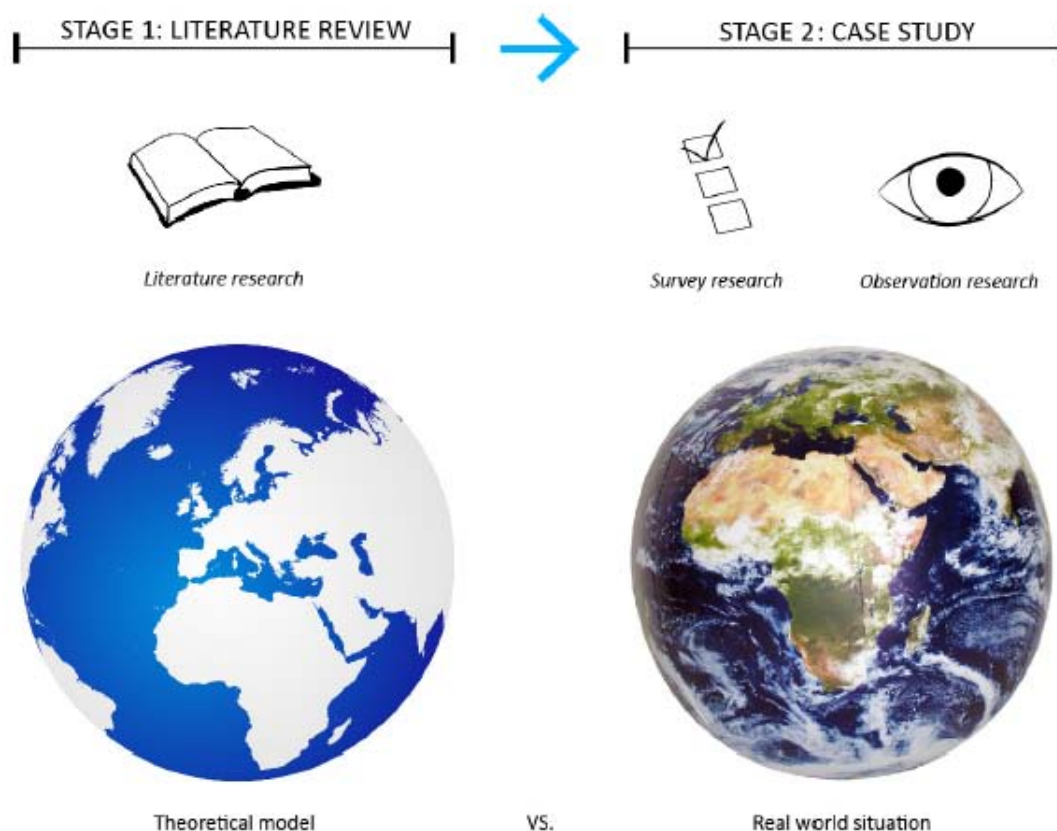


Figure 9. The difference between the first and second part of this study. The current chapter can be positioned between the two parts.

This chapter is divided into different sections. The first section describes and advocates the choice for a case study as a research design. The second section describes and advocates the methods and techniques used to derive empirical data from this case. This enables readers to interpret the empirical results (presented in chapter 6 and 7) well.

5.1 Research Design

All studies that derive data from empirical work to test theory, need a certain design, or framework in which these data can be gathered (Hancock and Algozzine, 2011). This framework enables the researcher to generate evidence from a real world situation within certain boundaries and within certain rules. This framework in which data is collected is called a research design. Because there are different types of study, which all need different boundaries to collect their data, there are several research designs, that all account for different studies and ways in which data is collected (Bryman, 2008).

A case study design is one of these possible designs and is described by Bryman as a framework that entails the researcher to gain detailed and intensive knowledge of a single case and often refers to a specific location (Bryman, 2008). Hancock and Algozzine (2011) add that this phenomena being studied is studies within its natural context, bounded by space and time.

The objective of this thesis is twofold: a. to gain knowledge on the possible barriers and factors that influence the business start-up chance of the Youth at Venture participants, and b. to investigate the motives for a business location decision by those participants that started a business within the specific context of the Youth at Venture program. Because of the specific nature of the research question *“Which participants of the Youth at Venture program start a business, and which participants do not start a business and how can these differences be explained? And why do some of those participants that start a business within the Youth at Venture program choose to locate a business at home while others chose another business location?”* which aims to investigate a specific case into detail, it is opted here that a case study design fits this purpose perfectly.

The Youth at Venture program in Manila was chosen as a case study because the program presented an unique advantage to study nascent entrepreneurs. Nascent entrepreneurs are normally hard to find, because they are not registered somewhere (Van Gelderen et al., 2006, Delmar and Davidsson, 2000; Cassar and Graig, 2009).

5.1.1 Strengths and limitations

A case study design has several different strengths and limitations (Bryman, 2008). Because a case study intensively studies one single case in the natural surroundings of the case, the internal and ecological validity of a case study design is often high (Bryman, 2008). Whether the results from this one single case can be generalized to a broader population is questionable and most of the times considered not to be possible (Bryman, 2008, Flyvbjerg, 2011; Swanborn, 2013). However, the purpose of a case study is not to generalize its findings, but rather to gain in-depth knowledge of a single case (Flyvbjerg, 2011). The in depth knowledge gained through this study might eventually lead to possible recommendations of other similar cases, but this is not the primary objective of a case study design. That is why the findings of this study are not generalized onto a larger population.

However, some remarks can be made with respect to the generalization over the population. Although the purpose of a case study is not to generalize its findings, there are many entrepreneurial programs in developing countries that might face similar problems, like a low business start-up rate from their participants. It is therefore free for other programs or scholars to generalize the findings of this case study onto other similar cases. Whenever other entrepreneurial programs would do so, they should at least denote the specific circumstances (poverty, slum areas) in which the participants live, hence are free to use the finding in a 'transferable way' (Swanborn, 2013).

5.2 How the empirical study was conducted

This section deals with the question how (using which methods) the data was gathered to answer the research sub questions, and how specific terms are measured.

The information gathered for this research is the result of both desk research and field research. Desk research has been used to review the relevant literature on the research topic and to gain information on the program of Youth at Venture. The desk research took place in the Netherlands, during the research preparation phase and continued in the Philippines, where the fieldwork took place.

The fieldwork took place in Manila from July 2013 until September 2013. This fieldwork was necessary to interview the participants of the Youth at Venture team. It was impossible to contact the participants from the Netherlands, as they all lack access to internet (to send surveys by email). Also the partner organizations and the Youth at Venture team members were hard to interview from the Netherlands, as they not always had access to internet either and were very hard to reach otherwise.

5.2.1 Methods used within the case study

This study used different methods, because using different ways of data gathering can improve the validity of the research (Bryman, 2008). Moreover, both qualitative and quantitative data were used as this allows for a more complete picture and deeper understanding of the situation (Bryman, 2008).

To understand the context of the process and to measure a correlation, quantitative and qualitative methods can be used within a case study, this is referred to as a 'mixed methods design' (Bryman, 2008). While the qualitative method might have a weak understating of the occurrence of the phenomena under study, this can be verified by using a quantitative approach, while the weak understanding of the context can be understood using a qualitative method.

The use of both methods is believed to enlarge the understanding of the case study (Bryman, 2008) because the outcomes of the quantitative study can be put into a greater context, using the results from the qualitative method.

5.2.2 Quantitative data collection

Because this thesis has the objective to both measure the correlation between the characteristics of the participants and their business start-up chance. Hence, at the same time tries to understand the context and the underlying motivations and barriers of the participants under study, both research methods are used. The quantitative methods are used to answer the research questions:

Which characteristics of the participants relate to a business start-up according to the Youth at Venture database?

Does the business start-up rate of the start-ups differ per “batch” of Youth at Venture and if so, how can this be explained?

And to verify or reject the hypotheses.

The quantitative data has been collected by using secondary data and by conducting a questionnaire.

5.2.3 Secondary data analyses

Because the literature showed that gender, age and the educational status could influence the business start-up chance, it was opted to see if there was a correlation between these factors and the business start-up chance. Specific factors that only related to the Youth at Venture case were also included to see if they had any correlation with the business start-up chance.

These data were derived from the Youth at Venture database, in which basic information on all the 429 participants that started the program and was gathered by Youth at Venture since the start of the program⁵. Although not all information from the pre questionnaires was inserted in the database, the database did contain information on the participants’:

- Gender
- Age at the start of the program,
- Educational status at the start of the program
- The batch number,
- The partner organization that referred the participants to the program,
- The residential location of the participants at the start of the program
- Whether the participants started a business or not within the program.

In order to use these concepts it is necessary to define them, which is done in the following section.

5.2.3.1 Operationalisation of concepts

By defining the concepts it is made clear what is being measured and how the empirical results in chapter 6 and 7 should be interpreted.

The first concept that is measured is the “business start-up” . This is defined in the Youth at Venture database as those who started a business and those who did not. A business is started, when Youth at Venture officially opened the business (see chapter 5 for more detailed explanation).

Gender does not need any further explanation, but for the completeness of this study this is marked as being male or female, as the literature show that relative more male nascent entrepreneur start a business, compared to female nascent entrepreneurs (Minniti and Nardone, 2006; Mueller, 2004).

The age of the participants is the age of the participants at the start of the program and is divided in two groups. Participants within the age range of 15-19 and those who are 20 years and older. This distinction was made because the literature showed that young adults (15-19 years) tend to be less capable to oversee consequences and barriers in the near future (Lent et al., 2000; Stearns and Glennie, 2006).

⁵ This was done by the pre-questionnaires, which can be found in appendix 1.

The **educational status** of the participants is divided into a “high” and “low” educational status. A “high” educational status is referring to the participants who at least finished high school (or more). Those participants who did not finished high school, or who did not finished elementary, are marked as participants with a “low” educational status.

Apart from factors that are derived from the theory, case specific factors, like the batchnumber, the affiliated partner organizations that endorsed the participants to the program and the residential location of the participants might influence the business start-up chance as well. That is why these factors are investigated as well.

All the participants started in a different **batchnumber**, ranging from batch 1-9. Because the participants of batch 1-4 are almost all referred different partner organizations compared to the participants of batch 5-9, the batches are grouped together.

Because the **partner organizations** select the participants it is assumed this factor will have an influence on the business start-up chance. Because the Youth at Venture members often mentioned that the participants from faith based organizations performed better, this distinction was also made here. The partner organizations were divided in partner organizations which were either churches, ministries and those who did not worked from a Christian background.

The participants **residential location** is the location where they lived at the start of the program. Because travel distances are large in Manila, it was opted that participants who need to travel far might be lose interest in the program quicker because of these distances. The residential locations are divided into locations “close” to the Youth at Venture training centre, and those that are “far” from the training centre. Close residential locations refer to residential locations that either in the district of Pasay (in which the Youth at Venture training center is located), or residential locations that border the district of Pasay. Residential locations that do not border Pasay are marked as residential locations that are “far from the centre”.

5.2.4 Questionnaire

Because the literature showed that previous business experience, previous business experience from the parents, the support of the parents, and having friends with business experience can influence the business start-up chance, these data were conducted as well.

However, because the Youth at Venture database did not contain all the needed data to answer the hypothesis and sub questions an additional questionnaire was made (appendix 2). This allowed the researcher to make a complementary database (complementary to the Youth at Venture database). The questionnaire contained additional questions on the participants’:

- **Previous business experience**
- **Parents previous business experience**
- **Parents motivation**
- **Friends with business experience**

Questionnaires were considered to be the most appropriate method for a number of reasons. First, questionnaires made it easy to compare the answers from the different participants. In order to be able to compare the participants’ answers regarding their characteristics their answers should be on similar levels. The convenience of survey research is that the questions are set, that all respondents answer to the same questions, and that they can be limited to choose their answer only from a given number of possibilities.

This makes the data better comparable than in the case where all respondents would describe their characteristics in their own words (Swanborn, 2010).

Second, it made gaining information from the participants easier through a questionnaire rather than an interview, as the participants were often afraid to speak and not used to give their opinion. By using a questionnaire participants were presented options for answers, which made it easier for them to answer the questions. This often 'eased' the participants and gave them time to think over their answers. Last, the use of a questionnaire minimized biases in translations as well, as the answers were often short and not multi-interpretable. Using questionnaires also allowed the researcher to interview more participants, as questionnaires are less time intensive compared to open interviews.

5.2.5 Conducting the questionnaire

The questionnaire was executed face to face, most because of practical reasons. First, the participants are not familiar with the concept of a questionnaire. A self-completed questionnaire would have led to many questions, and probably a high non-response. Second, participants are not used to write down their opinion. Other constraints were that the questionnaires could not be sent through email, because participants do not have that.

The face-to-face questionnaires were conducted with the help of an independent translator. Although English is spoken in the Philippines, the local language is Tagalog. Because English is perceived as 'the language for the rich Filipino's' a lot of poor people in the Philippines are afraid to speak English. The translator spoke both Tagalog and English fluently.

The translator was encountered by the researcher through social media in the Netherlands. A request for a translator who both spoke English and Tagalog was posted. Through some friends, a university student, who just studied a year in Holland and now was back again in the Philippines, was encountered. He was willing to help out during the two months the fieldwork was done in the Philippines. His girlfriend, also a university student, helped out as well, whenever he was not available. During the questionnaires, it became clear that the translator also had a mediating effect. Participants often did speak English, but because of the appearance of a "white person" they often shy away, but the company of a native-speaking Filipino made the participants more relaxed, which benefited the interviews.

5.2.6 Approach and location

Participants were approached in several ways.

First, participants were approached through the partner organizations. When a partner organization was visited by the team members I asked if it was possible to come along. Beforehand this was announced to the partner organizations. Partner organizations were also approached through an endorsement letter (appendix 3). The letter was sent by Youth at Venture through email. The partner organizations would ask the youths that participated in the program to come and stop by at the site of the



Conducting questionnaires in a mall. Source: Author

partner organization. In this way some of the former participants were interviewed.

Second, participants were encountered in the Youth at Venture center. Whenever they would stop by in the center, they were asked to be interviewed. Third, sometimes (former) participants were encountered on the streets of Manila, when I was visiting the partner organizations with the team members. In these cases, an appointment was made to interview the participants. Lastly, the Youth at Venture members sometimes encountered former participants as well and made an appointment for me with the participants in the Youth at Venture center.

The participants were either interviewed at the site of the partner organizations, at the youth at venture center, or when a separate appointment was made, the questionnaires were conducted in a mall. This was easy for the participants and for the researcher to find, as visiting a slum was too dangerous. In one case, the partner organization worked with street children. These participants could only be encountered by searching for them in the streets of Manila. This was done on one day, together with one of the members of that partner organization and with the translator.



Conducting questionnaires at the partner organization.
Source: Author

The participants were not paid for taking part in the research. Whenever an appointment was made for which the participants needed to travel (so either to a mall, or to the Youth at Venture center, or to the partner organization site), the travel expenses of the participants were covered. Whenever the appointments took place in a mall, lunch was provided as well. Whenever the participants were interviewed in the Youth at Venture center and they traveled long distances as well, lunch or food was provided as well.⁶

Obviously, it is noted that the selection for these participants is not at all non random, and it is acknowledged that these participants are not necessarily a representative sample of all the Youth at Venture participants. Hence, due to practical

constraints, time and money, it was believed that the selection of the participants in the above described way was the best option. It is however tried to still make the sample representative by interviewing both participants who started and not started a business, and by trying to interview and approaching them in as much as possible ways. By not only interviewing those participants that stopped by at Youth at Venture, but also interview participants that no longer had a connection with Youth at Venture (and which were encountered through the partner organizations) it was aimed to make a representative sample of participants.

5.2.7 Reliability

Special attention went to preventing socially desirable answers for reasons of reliability. In the introduction of the questionnaires, it was emphasized by the researcher that the questionnaire responses were very important for improvement of the Youth at Venture program and to help the researcher finish her thesis. The respondents were told that their sincere answers were very much welcomed and that there were no good or bad answers. The researcher emphasized that she was no member of the Youth at Venture

⁶ All the interviewees shown in the pictures gave permission for the use of these pictures in this thesis.

organization. The specific research objectives were not made clear to the respondents, contributing to the survey neutrality.

5.2.8 Response rate

In total 34 participants completed the questionnaire. Both participants that started and not started a business were interviewed. In the end, 34 participants were interviewed, of which 24 did not start a business and 10 did start a business within the Youth at Venture program. In total 40 participants were asked to participate in the research. The 6 participants that did not participated in the end, did not showed up for the appointments that were made and could not be reached afterwards.

The partner organizations that were approached, were chosen because they either endorsed participants that performed relatively well (above average: more than 11,2% percent of the youth that they endorsed started a business). Or because they endorsed a lot participants that performed relatively bad in terms of business start-up (less than 11,2% of the youth that they endorsed started a business). In total 10 partner organizations were approached. The letter was send by Youth at Venture trough email. After 2 days, the researcher contacted the partner organization by phone, to see whether they were interested in making an appointment. Out of the ten partner organizations that were approached, five were interested in making an appointment for an interview and to establish contact with participants that they send to the Youth at Venture program. Out of these five partner organizations, three were interviewed in the end⁷. Out of these three, one organization endorsed youth that performed better than average, and the other two endorsed youth of who almost none started a business.

The other partner organizations had no interest in taking part in the study, because of lack of time.

5.2.8.1 Operationalisation of concepts

Because Davidsson and Honig (2003) showed that previous business experience influence the business start-up chance, this factor was included in the questionnaire. [Previous business experience](#) was measured by a self-reported dichotomous measure indicating whether or not the participants had their own business, or whether they helped in a business from friends or family.

Deriving from the literature, business experience of the parents can influence the business start-up as well. [Business experience from the parents](#) is also a dichotomous variable, indicating whether at least one of the parents ever had a business. If both or one of the parents ever had their own business, this is marked as parent(s) having business experience. If none of the parents had a business, or if participants did not know whether their parents ever had a business, this was marked as parents having no business experience.

The [support of the parents](#) is divided into two sections: parents who were supportive, and those who were not. To measure the supportive feelings of the parents that the participants perceived a 5 point likert scale was constructed. Here, participants could indicate to which degree their parents liked the idea at the start of the training of entrepreneurship and the participants becoming one. Whenever participants indicated that their parents “did not like the idea at all” “Did not like the idea” or whenever the participants indicated that their parents had “no opinion on this topic” these parents were reported as parents who were not supportive towards the idea of their children becoming an entrepreneur. Participants who indicated that their parents “liked the idea” or “liked the idea very much” were marked as parents who

⁷ Because of sudden illness of the researcher, two appointments with the partner organizations were cancelled.

were supportive. Although it is possible that the attitudes of the parents from the participants that started a business positively changed. And the attitudes of those parents who have children that did not start a business might have changed negatively, it was tried to avoid this bias by asking for their attitudes when the participants started the program.

Because the literature showed that friends can influence the business start-up chance, this concept was also measured . The concept **friends with business experience** is also divided into two categories, those who have friends with a business and those who do not. It was asked whether the participants have a friend, or more friends, that ever had a business, or are currently in business. Whenever participants answered yes to this question, they were marked as participants with friends Here, no time component was inserted, and therefore no statements around causation can be made, only on the correlation between this factor and the business start-up chance.

5.2.9 Complementary database

The data gathered from these 34 participants, was saved into a complementary database, used for the purpose of this study only. This complementary database both contained information on the variables that were used in the Youth at Venture database, like age, gender, educational status, residential location, batch number and the partner organization that referred the participants, but it also included the additional information on previous business experience, information on their parents and information on their social environment. Table 1 an gives an overview of the variables that are either included in the Youth at Venture database, in the complementary or in both.

Tabel 1 variables included in the Youth at Venture database and in the Complementary database.

Variables	Youth at Venture database	Complementary database
Gender	√	√
Age at the start of the program	√	√
Educational status	√	√
Batch number	√	√
Affiliated partner organization	√	√
Residential location	√	√
Previous business experience		√
Previous business experience parents		√
Are the parents motivating		√
Friends with business experience		√

5.2.10 Representative analysis of the complementary database versus the Youth at Venture database

To be able to generalize the findings of the complementary database onto the participants of Youth at Venture, the complementary database needs to be a representative sample of the Youth at Venture database. In order to see whether the data that was collected from the 34 participants is representative for the whole group of 429 participants, a chi2 goodness of fit test was executed. Obviously the chi2 goodness of fit test could only be done executed on those variables that exist in both databases.

Table 2. Chi2 goodness of fit test

Variable	Chi2 goodness of fit
Gender	Chi2: 0.230 p: 0.631
Age at the start of the program	Chi2: 0.103 p:0.748
Educational status of the participants	Chi: 1.065 p:0.302
Batch number	Chi2: 0.887 p:0.346
Affiliated partner organization	Chi2: 0.931 p:0.334
Residential location of the participants	Chi2: 1.465 p: 0.226

Table 2 shows that all the variables in the complementary database do not significantly differ from the variables in the Youth at Venture database. This outcome implicates that the complementary database is a representative sample of the Youth at Venture database and that results derived from the small database can be generalized to the whole population of the Youth at Venture participants.

The complete tables of the chi2 goodness of fit can be found in appendix 3.

5.2.11 Used statistical test

In order to answer the question: *Which characteristics of the participants relate to a business start-up according to the Youth at Venture database?* The correlation between the characteristics from the Youth at Venture participants and their business start-up chance are tested. It is aimed to predict which factors influence the business start-up chance. Because the depended variable is categorical (either starting a business or not starting a business) a logistic regression analysis is executed (Field, 2009). The logistic regression analysis makes it possible to see which multiple characteristics correlate with the business start-up chance of the participants. Because the depended variable only had two categories (starting versus not starting) a binary logistic regression is used.

Field (2009) has a 'rule of thumb' to check what the minimum acceptable sample size for a logistic regression should be. This rule of thumb relates to the overall fit of the model, and recommends a minimum sample size of $50+8k$, where k refers to the number of independent variables. In case of the logistic regression analysis, 6 independent variables used. In this case, according to Field, a minimum of 90 cases are required. As the regression analysis used 252 cases, the sample size is large enough to conduct the logistic regression analysis.

5.3 Qualitative methods

To come to a deeper understanding of the underlying processes that shape the current situation it is important to include the gathering of qualitative data in the research (Bryman, 2008). The quantitative methods are used to answer the questions:

What are the barriers that the Youth at Venture program participants reported in starting up a business?

What are the reasons for the young entrepreneurs to locate their business at home or at another location rather than home?

Qualitative data has been obtained by open ended questions in the questionnaire and by semi structured interviews.

To gain an deeper an broader understanding of the situation in which the participants live, and into the problems they might face, not only the participants were interviewed, but also the team members of Youth at Venture and some members of the partner organizations, since they all could have additional information on the living conditions of the participants, as well on the selection process of the participants.

The information on the barriers of the Youth at Venture participants was derived trough open ended questions in a questionnaires. The Youth at Venture team members were interviewed using open ended questions in an email and the members of the partner organizations were interviewed using semi structured interviews. The following sections lay out why these methods were used and how the participants were selected for the qualitative data collection.

The selection of the participants for the questionnaire can be found in section 5.2.6. All the team members were interviewed, and the selection of the participants is described in the following section.

5.3.1 Selection of partner organizations

In total 3 partner organizations were selected. Either because of the high business start-up rates of the participants they referred to the Youth at Venture training, or because of the low start-up rates of the participants they endorsed.

Partner organization 1 was selected because of the low start-up rates for their participants. This partner organization mainly worked with street children. This partner organization referred 7 participant to batch 2, of which one participants started a business. And referred 20 participants to batch 6 of which none started a business. The head of the organization and one team member that both were responsible for the selection of the participants were interviewed at the head quarter of the partner organization, during an 1,5 hour interview. The interviews were recorded with permission of the partner organization members.

Partner organization 2 was also selected because of the low start-up rate of their participants. This partner organization was a local barangay⁸, which offered training to the out of school youth of this barangay. Most of the youth within this partner organization did live with their families in a home. This organization referred 26 participants to batch 6, of which none started a business. Here the head of the organization, who was at the same time the person responsible for the selection of the participants was interviewed as well at the head quarter of the organization as well. This interview also took 1,5 hour.

⁸ Local government offices

Partner organization 3 was selected because of the high start-up rates of the participants. This partner organization was a church, based in one of the slum areas of Manila and mainly worked with children from that community, either living with their parents, or living within the church. This partner organization referred 10 participants to batch 2, of which 6 started a business. This partner organization was interviewed because of their high start up rate. The person responsible for the selection of the participants was interviewed. The interview took place at the temporary house of the researcher. This was done because at the time of the interview heavy floods occurred in Manila, and this was one of the only 'safe and dry' places, as the head quarter of the partner organization and the trainings center of Youth at Venture were flooded as well.

5.3.2 Open ended questions in email and questionnaires

The information on the motives for business location decisions was also derived through questionnaires. The questionnaire was the preferred option, because this saved time, and in this way, both the collection of the data for the quantitative and qualitative part could be gathered at once. By including open ended questions on business location decisions, the participants had freedom to express themselves.

Although this allowed the researcher to gain more information on the barriers and the motives of the participants, the limitation of this method was that no extended questions were asked.

Four out of five Youth at Venture team members were interviewed by email, using open ended questions. These questions can be found in appendix 4. Disadvantage of this method, using open ended questions, is that it was hard to ask more questions, whenever answers were unclear. However, when this was the case, a follow-up question was emailed.

5.3.3 Semi structured interviews

The partner organizations members were interviewed using semi structured interviews. With permission of the interviewees, a tape recorder has been used during all in depth interviews.

Semi-structured interviews were the preferred technique, because these interviews allow the researcher to ask more detailed questions which makes it easier to gain more contextual knowledge. A topic list was used to make sure certain topics were addressed during the interview. Because of the use of a topic list, a modicum of comparability or interviewing style was ensured. Using a topic list does not indicate however that topics that were not on the list could not be discussed. Especially because there was not much information known on the topic of barriers, it was impossible to make closed answers in a questionnaire, as this would implicate that a lot of information could be lost.

The topic list of the semi structured interviews looks as follows:

- What is the target group of the partner organizations, which kind of children do they work with?
- How did they come into contact with Youth at Venture?
- How did they select participants for the Youth at Venture training?
- How did they explain the low/high start-up rate of the participants that they endorsed to Youth at Venture?
- What were the main barriers the participants faced during the training?

One team member was interviewed using semi structured interview and face to face, this mainly was done on the topic of recruitment and selection of the partner organizations, as she was in charge of this part in the training. Although this was recorded on a tape recorder, half of the interview went missing due to technical defaults. However, at the same time, notes were taken by the researcher which replaced the

missing part of the interview. The outcomes of this interview were mainly used to get background information on the program, as presented in chapter 4.

5.3.4 Response

The participants that were interviewed for the quantitative method, were also the participants that were interviewed for the qualitative part. In total 34 participants answered the questionnaire. Regarding to the participants that started a business (and were asked questions that related to the motives of starting a business) 10 started a business and were interviewed on their business location decisions. Out of these 10 participants, 3 started a business at their house, while the remaining 7 participants started a business at another location rather than home.

4 team member answered the questions that were asked by email. 1 team member was interviewed in the Philippines.

The response of the partner organizations can be found in section 5.2.8

5.3.5 Techniques to analyze the data used in the qualitative methods

The data gathered through the semi-structured interviews and data derived from the open ended questions were analyzed using the grounded theory. Concepts that appeared to be particularly salient within the case were coded. Most of these concepts were anticipated, and related to the barriers, the selection criteria of the partner organizations but also to the reasons of the business location decisions. A code tree was constructed, in which answers were selected either because they related to :

- The selection criteria used by the partner organizations for the selection of the participants of the Youth at Venture program
- Related to the barriers the participants faced. These barriers could relate to:
 - o Family/ friends
 - o Training aspects
 - o Motivation
 - o Other job opportunities
 - o Other schooling opportunities
 - o Other obligations
 - o Financial situation

The motives for the business location decisions were coded:

- Finance
- Family
- Suppliers
- Market related aspects

5.4 Conclusion

This section bridges the theoretical part of the study and the empirical part. By evaluating and choosing a case study design, this method chapter showed which framework was used to collect the empirical data used to answer the empirical sub questions. Because the sub questions asked for both qualitative and quantitative methods, a mixed methods design was used to obtain the needed empirical data. By using multiple sources of data and different methods, it was tried to obtain a holistic view of the studied case.

The following chapter is the first result chapter. The results chapters are divided in the same way the literature chapters are divided; one chapter that concentrates around the nascent entrepreneurial phase, and one that focuses on the business location decisions of the participants. The results chapter will both entail quantitative and qualitative research methods.

PART THREE

EMPIRICAL RESULTS

6 EMPIRICAL RESULTS: YOUTH AT VENTURE PARTICIPANTS AND THEIR BUSINESS START-UP CHANCE

The theoretical discussion on nascent entrepreneurs and their business start-up chances shows that there are different factors that can either stimulate or hinder a business start-up. According to the literature there can be different personal characteristics (like being male for example, Minniti and Nardone, 2006; Delmar and Davidsson, 2000) that positively influence the chance of a business start-up. Within this chapter it is checked whether these assumptions, that are derived from the theory, are applicable on the participants of the Youth at Venture program as well.

This chapter presents the results that relate to the business start-up chances of the participants, and the barriers that they mentioned while trying to start a business. Chapter 7 discusses the results relating to the business location decisions of the participants. Because this chapter focuses on the results that relate to the nascent entrepreneurial phase, the sub questions that relate to this part are answered in this chapter:

Which characteristics of the participants relate to a business start-up according to the Youth at Venture database?

Does the business start-up rate of the start-ups differ per “batch” of Youth at Venture and if so, how can this be explained?

What are the barriers that the Youth at Venture program participants reported in starting up a business?

In chapter 5 the different methods to answer these questions were mentioned. The first two questions will be answered using quantitative methods. The last question is answered using qualitative methods using the answers of both the participants, the partner organizations and the Youth at Venture team members.

6.1 Characteristics and business start-up chance

The first question that is posed in the section above, relates to the different characteristics of the participants and the relationship with the business start-up chance within the program. The objective of this section is therefore to answer the question: *“Which characteristics of the youth relate to a business start-up according to the Youth at Venture database?”*

First, bivariate analyses are done, followed by the logistic regression analysis.

6.1.1 Gender and business start-up chance

Because the literature shows that often more men compared to women start a business (Minniti and Nardone, 2006, Shabbir and Gregio, 1996), this should be checked for the Youth at Venture participants as well. Table 3 points out, that although there are slightly more male participants that start a business, this correlation is not a significant one, using an alpha of 0.10.

Table 3 Gender and business start-up chance in %

Gender	Male	Female	Total
<i>Did not start business</i>	88,4	89,3	88,8
<i>Did start business</i>	11,6	10,7	11,2
<i>Total</i>	100	100	100
<i>Total N</i>	232	197	429

Pearson's Chi Square: 0.103 p: 0. 749

In contrast to the studies of Minniti and Nardone (2006), Delmar and Davidsson (2000) and Shabbir and Gregio (1996) there seems to be no difference between the business start-up chances for male and female participants that started the Youth at Venture training.

6.1.2 Age and business start-up chance

According to Lent et al. (2000) and Stearns and Glennie (2006) young adults (in the age over 19 years) are more capable to oversee the possible consequences of their actions and the sacrifices that they might need to make in order to start a business. It could therefore be possible that they have a better understanding of what it takes to start a business, and have made a more profound choice to start a business. Table 4 shows that there is no significant relationship between the age range of the participants and the chance that they start a business however.

Table 4 Age range of the participants and the business start-up chance in %

Age	15-19 years	20+ years	Total
<i>Did not start business</i>	88,4	85,1	87.2
<i>Did start business</i>	11.6	14.9	12.8
<i>Total</i>	100	100	100
<i>Total N</i>	225	141	366

Pearsons Chi2:0.049 p: 0.353

6.1.3 Previous business experience of the participants

Apart from gender and age, another factor that, according to the literature, correlates with the business start-up chance is the previous business experience of people (Delmar and Davidsson, 2000; Davidsson and Honig, 2003). People who gained experience while working in a business before they started their own business, have learned skills, which often are used when they decide to start their own business.

The original database of Youth at Venture did not contain information on the previous business experience of the participants, yet this information was gathered through the surveys. Table 5 shows the results of the correlation between the previous business experience and the business start-up chance of the Youth at Venture participants. Although more participants that have previous business experience started a business, the results are not significant.

Table 5 Previous business experience and business start-up chance in %

Business experience	No	Yes	Total
<i>Did not start business</i>	88,9	64	70,6
<i>Did start business</i>	11,1	36	29,4
<i>Total</i>	100	100	100
<i>Total N</i>	24	10	34

Pearson's Chi Square: 0.160 Fisher's P: 0.225 p: 0.160

6.1.4 Parents with previous business experience and who are supportive

Although the previous business experience of the participants did not tend to influence their business start-up chances, the previous business experience of one of the parents might leverage the chances to start a business for the participants (Delmar and Davidsson, 2000; Davidsson and Honig, 2003). Participants who might have had the advantage to learn and see how their parents worked within the business, might have an advantage over their fellow participants. The outcomes of the bivariate analysis nevertheless show that there is no correlation between having parents with business experience and starting a business.

Table 6 Business experience parents and business start-up chance in %

Parent (s) business experience	No	Yes	Total
<i>Did not start business</i>	83,3	67,9	70,6
<i>Did start business</i>	16,7	32,1	29,4
<i>Total</i>	100	100	100
<i>Total N</i>	6	28	34

Pearson's Chi square: 0.570 Fisher's Exact Test: 0.644 p: 0.405

Although the business experience of the parents is not of significant influence, there is a second factor that relates to the parents and which is assumed to influence the business start-up chance as well. The support that young adults receive in starting a business tends to correlate with the business start-up chances of young adults (Chigunta, 2002; Schoof, 2006). If parents are supportive towards the idea of entrepreneurship, and stimulate this process with their children, the children are more likely to succeed in

actually starting a business (Chigunta, 2002; Schoof, 2006). Table 7 shows that this support of parents is and the chance of starting a business do not correlate significant.

Table 7 Support parents and business start-up chance in %

Parent (s) supportive	Not supportive	Supportive	Total
<i>Did not start business</i>	100	66,7	70,6
<i>Did start business</i>	0	33,3	29,4
Total	100	100	100
Total N	4	30	34

Pearson Chi Square: 1.889 Fisher's Exact Test: 0.296 p: 0.169

6.1.5 Friends with business experience

Not only parents with business experience tend to influence the start-up chance of the youth, but also friends who have business experience can positively influence the chance that the youth start a business (Autio and Wenneberg, 2010). If this is the case for the Youth at Venture participants, is tested here. Since the data on peers is missing in the original database, the database of 35 youth is used to see if there is a correlation between the two variables. Table 8 shows that there is a significant correlation between having friends with business experience and the having a business yourself. With a p of 0.041 and using an alpha of 0.05 this correlation is significant. Cramer's V indicates the strength of the correlation and shows that with 0.350 there is a strong relationship between the two variables. Although there is a strong correlation, the causality of these variables cannot be measured. Because the variable "friends with business experience" computes whether participants have friends now who have a business, the causal relationship between the variables cannot be verified. Assumable is that participants who started a business, made friends with other business owners, and not necessarily started a business because they already had these friends beforehand. Consequently the outcomes of this test show that there is a correlation, nevertheless no conclusion regarding the causation of this correlation can be drawn.

Table 8 Participants' Friends with business experience and business start-up chance in %

Participants' Friends with business experience	Friends without business experience	Friends with business experience	Total
<i>Did not start a business</i>	87,5	55,6	70,6
<i>Did start a business</i>	12,5	44,4	29,4
Total	100	100	100
Total N	16	18	34

Pearson Chi Square: 4.163 Cramer's V: 0.350 p: 0.041

6.2 Logistic regression analysis

Apart from the bivariate analysis, a multi variate analyses is also executed, using the data from the Youth at Venture database. These data are used to see which of the variables that is included in this database influence the business start-up chance. Youth at Venture's database contains information on the gender, the age, the educational status, the batch, the partner organizations that referred the participants and the residence at the time of the start of the program from the participants. Because these factors are believed to be of possible influence on the business start-up chance of the participants (this believe is either derived from the literature, or because these factors are believed to have influence within the Youth at Venture program) a logistic regression analysis is executed. A logistic regression analysis is used because the depended variable is categorical (Field, 2009).

Table 9. summary of logistic regression analysis for variables predicting business start-up chance of Youth at Venture participants

Chance to start a business													
		α	β	β	B	β	β	β	β	β	β		
Gender	ref= male												
	Female	-0,476	-	0,410	-0,489	-0,224	-0,239	-0,201					
Age	ref= 15-19												
	20+		0,383	0,370	0,467	0,503	0,516						
Educational status	ref= low												
	High				0,994	*	1,151	*	1,104	*	1,148	*	
						*		*		*		*	
Batch	ref= 1-4												
	5_9					-1,220	*	-1,135	*	-1,110	*		
							*		*				
Background partner organization	ref = non church based												
	church based							0,264		0,126			
Residence at start	ref= close												
	Far									1,100	*		
Constant		-1,418	*	-	*	-1,896	*	-1,430	*	-1,555	*	-2,249	*
			*	1,601	*		*		*		*		*
-2 Log likelihood		217,25		216,1		208,79		198,04		197,64		189,65	
		2		1		1		1		7		5	
Cox & Snell R Square		0,008		0,012		0,041		0,082		0,083		0,112	
Nagelkerke R Square		0,013		0,021		0,070		0,139		0,141		0,191	
N		248		248		248		248		248		248	

**p>0.05 *p>0.10

Looking at the logistic regression analysis it shows that three variables in the final model have a significant influence on the business start-up chance of the sample of participants used in this model and that with the entrance of these variables the Nagelkerke's R square increased significant. This indicates that the model had more predictive power after the independent variables were added.

The [educational status](#), the [batch](#) and the [residence](#) of the participants all seem to have an influence on the business start-up chance of the participants.

Deriving from the analysis, the results of the [educational status](#) on the business start-up chance show that whenever Youth at Venture participants have an educational status that is high (meaning that they at least finished high school) these participants are three times more likely to start a business within the Youth at Venture program (the odds/ratio is 3.15) compared to the Youth at Venture participants that have a low(er) educational status. Although the program aims to target out of school youth, those participants who have at least finished high school, are more likely to start a business.

The fact that participants with a higher educational status perform better with regard to the business start-up, compared to those who have a low educational status, can be explained in different ways. One of the most likely explanations is that the participants who at least have a high school degree, have more (basic) knowledge and therefore can more easily adopt the training material of the Youth at Venture program. Participants who lack a high school degree might have more difficulties with the training material and might therefore stop the program more easily. Yet another, less obvious, explanation refers to the possible other educational obligations that participants with a high school degree do not have, but participants without a high school degree can have. Participants who do not have a high school degree, are likely to be in an Alternative Learning System (A.L.S). The A.L.S is an educational program imposed by the Philippine government, as a solution for the high drop-out rates among high school students. The A.L.S offers an alternative high school degree. High school drop-outs are often offered to participate in an A.L.S program. These A.L.S classes are provided by different NGO's, governmental organizations (like barangays), church-based organizations and organizations who work with deprived people in the poor areas of the Philippines. By taking up A.L.S classes, high school drop-outs are still able to get a high school degree. However, this means that Youth at Venture participants who do not have a high school degree, are more likely to be involved in an A.L.S. This means that they have other obligations, which might be more important to them than a business start-up. Because the relative importance that is given in the Philippines to a high school degree it is likely that the A.L.S classes will be given priority over an entrepreneurial program like Youth at Venture. However, because there is no available data to check this, this can not be verified here.

A second variable that shows to have significant influence on the business start-up chance of the Youth at Venture participants, is the range of [batches](#) in which the participants started the program. The outcomes of the regression analysis show that participants who started the program within batch 5 or later, have a significant *reduced* chance of starting a business within the Youth at Venture program, compared to those participants that started in batch 4 or before batch 4. The chance of starting a business for participants who started the Youth at Venture program in batch 5 or after batch 5, is more than three times lower (1/0.329) compared to the participants who started the program in batch 4 or batches previous to that. This outcome is remarkable, especially given the fact that from batch 5 onwards, partner organizations needed to fill in the enlistment forms. From batch 5 onwards, the Youth at Venture program started to work with enlistment forms that entailed and provided the Youth at Venture team with more detailed information on

the possible participants. Although the enlistment forms are used, they are not used to select participants; no participants are rejected based on the information on these forms. It is therefore unlikely that the implementation of these forms led to a different selection of the Youth at Venture participants.

Because there are no strict selection criteria used by the Youth at Venture team, it cannot be traced back if there was a different selection between batch 1-4 and 5-9. Exactly the fact that the selection *criteria* stay unknown and intangible, could be the problem. If there are any selection criteria used, these stay unknown. Therefore, it could be that some selection criteria do cause the lower business start-up rate, hence it cannot be traced back where this flaw occurred, because the selection criteria are not documented.

Another possible explanation for the differences between the two batch groups, is the endorsement of the participants by different partner organizations. After the selection criteria were implemented (after batch 4) partner organizations needed to fill in the forms, which was not the case in batch 1-4. The implementation of these forms meant that more was asked from partner organizations, which could cause the withdrawal of some of these organizations. And possibly this led to missing out on suitable participants. The possible withdrawal of certain partner organizations, implies that some partner organizations referred more suitable entrepreneurs compared to others. The logistic regression analysis shows that at least these differences between partner organizations are not caused by their religious background (being church based or not) but be explained by other factors.

Although the selection criteria for the recruitment of the partner organizations stayed the same, the partner organizations from batch 1-4 were mostly selected by the Youth at Venture members on a 'personal account'; which had to do with the start-up phase of the program. From batch 5 onwards, new partner organizations needed to be sought, which happened on a less personal account. This personal connection with a partner organization, might have led to higher start-up rates of the participants, because the partner organizations felt more involved, and likely felt more responsible to select suitable candidates. From batch 5 onwards, partner organizations were not so much more selected on personal accounts, but rather through a formal setting. This difference in selection partner organizations might have led to less participatory feelings with the partner organizations, which therefore might have selected less strict, and less suitable participants. Because the strict selection process from batch 1-4 until 5-9 is not documented, this however is just a possible explanation, which can not be verified.

The third significant outcome of the regression analysis is the [residence](#) of the participants at the start of the program. The place of residence tends to be of significant influence on the business start-up chances. And this does so in a surprising way. The model shows that the odds-ratio of the residential place of the youth is 0.192, with a significance level of 0.001. This indicates that whenever youth live far from the Youth at Venture training center, their chances of starting a business are 5.2 ($1/0.192$) times higher compared to the participants who live close to the Youth at Venture training center. This was not expected, since living close to the center is thought to elevate the barrier of distance. A possible explanation for this correlation might therefore be that participants that needed to travel large distances to come to the Youth at Venture centre for the training, did make a profound choice to start the entrepreneurial training, whereas the participants who can 'just walk by' had to make a less profound choice. Participants that were not really determined to start a business, would not bother to travel a distance that far, while participants that were really determined to start a business are more willing to travel. Participants that live far from the center, needed to think through their decision to start a training earlier than the participants who could more easily travel to the center. The distance that participants need to travel to the center, might be working as a

‘natural barrier’ in the sense that it selects those participants who are really willing to start a business, from those who are not that determinate. But, yet another factor might influence this relationship as well. Because traveling large distances costs more money than traveling small distances, and because the transportation costs for the INTRO training are not provided by Youth at Venture, this can also cause less economical advantage participants to not be able to pay this amount of money for three days, while participants who come from a slightly better economic environment are able to pay for this. In this case, the distance does not only select on motivation, but also on economic status. This would implicate that those with a slightly better economical background do better in business. This assumption, however, is hard to verify, because the economical status of the participants is not documented.

6.2.1 Conclusion

This section of the results aimed to answer the question: *“Which characteristics of the youth relate to a business start-up according to the Youth at Venture database?”* And to verify or reject the hypothesis that were derived from the literature.

- *Youth at Venture male participants will have a higher chance to achieve actual firm birth compared to Youth at Venture female participants.*
- *Lack of previous entrepreneurial experience creates a barrier for nascent entrepreneurs to achieve actual firm birth.*
- *Lacking parents with business experience creates a barrier for nascent entrepreneurs to achieve actual firm birth.*
- *Lack of support from parents creates a barrier for nascent entrepreneurs to achieve actual firm birth.*
- *The lack of friends with business experience creates a barrier for nascent entrepreneurs to achieve actual firm birth.*

The bivariate analyses answered the hypotheses. Although expected from the literature, nor gender, previous business experience, business experience of parents, nor the support of parents tended to be of significant influence on participants business start-up chance. Consequently the first four hypotheses are rejected. Although having friends with business experience does correlate significant with the chance to start a business, the causal direction of this correlation can not be assured. Although there is a relationship between these variables, the last hypothesis therefore is also rejected. This is why “lacking friends with business experience” can not be said to be a barrier for a business start-up.

To answer the sub questions, different variables were used in a logistic regression analysis. The outcome of this analysis was that the educational status of the participants, the range of batches in which they started the program and their residential location at the start of the program influenced chance of starting a business.

Participants with an educational status of at least a high school degree have a higher chance to start a business within the program, compared to the participants that lack this educational status. Not having a high school degree might also entail that participants are also occupied with gaining a high school degree during the training. As a degree is more valued in the Philippines, rather than starting a business, those with a low educational degree might prioritize getting a degree. This causes them to have less time to spend on the training and might cause them to stop the training.

The range of batches in which the participants started the training tend to influence the business start-up chance as well. Those participants that started in batch 1-4 have a higher chance to start a business, compared to those who started in batch 5-9. This relationship can be caused by the fact that partner organizations were not approached any more through a personal network from batch 5 onwards. The partner organizations from batch 5 onwards, might therefore feel less connected to the program, compared to the partner organizations that were selected before batch 5. This change in procedure might have caused these differences. There is no notable account that there are differences in the background of the partner organizations which might cause the decline in business start-up rates after batch 5.

The last factor that influenced the business start-up chance was the residence of the participants at the start of the training; those who lived far from the center and needed to travel a large distance tended to have a higher chance to start a business. The distance here might have worked as a natural barrier, which selected the participants who were more determined to start a business. This distance worked as a natural selection tool in motivation. Although the participants needed to be selected on “intrinsic motivation to start a business” this is not checked in the program. The motivation to start a business might therefore differ among the participants; and those who are willing to start, are not ceased by the fact that they need to travel long distances, compared to those with less motivation.

It can therefore be said that the answer to the sub question *“Which characteristics of the youth relate to a business start-up according to the Youth at Venture database?”* is that according to the Youth at Venture database, having at least a high school degree, starting the program in batch 1-4 and living far from the Youth at Venture training center are characteristics that relate positively to a business start-up during the Youth at Venture program

6.3 Batches & the differences business start-up success rate

The second question concentrates on the different batches that started the Youth at Venture program. The question *“Does the success rate of the start-ups differ per “batch” of Child at Venture and if so, how can this be explained?”* is answered in this section. First, the differences in batches are presented using the database, followed by the possible explanation for these differences which are derived from the interviews with the partner organizations and the Youth at Venture Team members.

From November 2011 until July 2013 9 batches with different participants started the Youth at Venture program. As the outcomes of the logistic regression analysis already showed, the range of batches in which the participants started influenced the business start-up chance. This section looks at the business start-up rate between the 9 batches. Table 9 shows the different start-up rates between all the batches. The table shows that relative a lot of youth from batch 3 started a business (38.9%) and relative a small number of youth from batch 6 started a business (2,3%).

Table 9 Business start-up rate per batch in %

Batch number	Did not start a business	Did start a business	Total	Total N
1	86,4	13,6	100	44
2	74,2	25,8	100	31

3	61,1	38,9	100	18
4	90,2	9,8	100	41
5	91,5	8,5	100	47
6	97,7	2,3	100	86
7	91,8	8,2	100	61
8	88,6	11,4	100	44
9	87,7	12,3	100	57
Total	88,8	11,2	100	429

Another striking point is the difference between batch 3 and 4, as success rate seem to drop between these two batches. After asking what might have caused this enormous drop down, it was found out that during the time of batch 4 an huge fire run through the slum areas of Manila, leaving many people even more deprived behind then they already were. This might have effected participants of the training as well, although this was not recorded.

A third interesting fact is that the absolute figures show that the more participants started the training, the less participant started a business (see the total numbers in table 9). This could indicate that whenever the emphasis is laid upon quantity in participants starting the training, the quality of the program might decrease. In this way, less attention can be given to the participant, leaving less participants with starting a business.

It can also indicate that whenever the number of participants starting the training is important, less strict criteria are used for the participants entering the program (as the focus is laid upon starting numbers). This however might entail hat less suitable participant enter the program, leaving the business start-up numbers to decrease. However, this assumption cannot be verified, since the selection criteria per batch are not known. However, what is known is that from batch 4 onwards the Youth at Venture program wanted to attract more participants, because the organization wanted to grow (see chapter 4). If this also ended up in lowering the selection criteria for those that entered cannot be verified, yet it is an interesting point to take account of.

6.3.1 Differences in business start-up rates between the batches explained by selected partner organizations

Another possible explanation for the differences in these success rates can be find in the selection of the participants by the partner organizations. It was tried to find out why some batches did have a low business start-up rate while other have a high business start-up rate. Because batch 6 had the lowest start-up rate, partner organizations that referred participants to that batch were interviewed, to find out whether their selection might have influenced this start-up rate. Because batch 2 had one of the highest start-up rates, a partner organization that referred participants to this batch was also interviewed. The outcomes of these interviews are presented in the following sections.

Partner organization 1 referred 7 participants to batch 2 of which 1 started a business in the end. This partner organizations also referred 20 participants to batch 6 of which none started a business. The selection for batch 2 by the partner organization went as followed:

"[for batch 2]We only selected youth who already had a business, because of the seed capital... so they could continue their business [R1]

It showed that here the selection of the participants for batch 2 was based on the fact whether the participants already had a business. Essentially the start-up capital was a reason for them to start the program. In the end though, only one participant did ended the training and 'started' a business with the Youth at Venture capital. The partner organizations members stated that the other participants of batch 2 did not continue because:

"The others dropped out.. because.. of .. The Youth at Venture training.. If you are absent once, they not allow you to go to the other phase.. So you need to complete the 3 days [INTRO]."[R1]

"It was hard for them to start the training so early... because you know.. they are street children.. they live on the street.. they are awake all night" [R2]

The specific target group of this partner organization, might not have been suitable for the training, because of their living conditions, which made it impossible for them to take up a full day of training, starting at 9:00 in the morning.

The participants for batch 6 however, were selected on other grounds, rather than that they already had a business.

"We wanted to learn our kids to start a business and how to coop with money and other stuff that comes with starting a business and make entrepreneurship part of our training"[R1]

When asked why none of the youth from batch 6 started a business it became clear that this had nothing to do with the youth; the partner organization members stated that:

"They [the youth] are not expected to engaged in business....We only agreed with Youth at Venture that they would only teach the 3 day entrepreneurship training"[R1]

"This part of the training was part of our curriculum" [R2]

The youth from batch 6 from this partner organization did enter the training, but did not even have a chance to continue into the next phase of the program, simply because the INTRO training was referred as part of their own curriculum. This explained why none of these youth started a business, and the relative low rate of youth from batch 6 that started a business. They did not expect the youth either to start a business

The second partner organization that was interviewed referred 26 participants to batch 6 youth to batch 6 of which none start a business. The partner organization member stated that this was because:

"The problem here is that.. they [the youth from batch 6] enrolled in Youth at Venture program, and they are still in the Alternative Learning System....and is was a period of examination....so....dual

focus.. and only if they are already graduated from ALS, probably the program of Youth at Venture would be more successful.’[R2].

This implies that the participants that were enrolled in batch 6 from this partner organization had other duties as well, like taking up classed in the Alternative Learning System, which had a higher priority. Here, it showed that other factors are prioritized over the completion of the Youth at Venture training and that selecting participants who are currently enrolled in such a learning system like A.L.S might negatively influence the business start-up chance of the participants.

The fact that none of these participants started a business, is even more prevalent, since they did all finished the INTRO training, but none of them started the T.E.A.S.E. According to the partner organization member, this was also because:

“you know the reasons of the youth.. they don’t want to travel, they don’t want to travel with public transport..”[R2]

Because the INTRO training for these participants was held at the site of the partner organization travel to the Youth at Venture trainings center. The participants only needed to travel for the T.E.A.S.E training (for which the transportation costs were provided) hence still the participants were not willing to travel the distance.

The third interviewed partner organization referred 10 participants to batch 2, of which 6 started a business. These participants were selected on different criteria, as stated by the partner organization member:

“I knew them.. and also I visit them while they were in training..I selected them.. they needed to be at least high school graduates.. and also they needed to be willing to travel...to the Youth at Venture center.. Considering that they provide transportation on their own..” [R4]

This quote shows several things of which some support the findings of the logistic regression analysis as well. First, participants needed to at least have a high school degree. Whether this influenced the business start-up rate of the participants, because they could more easily comprehend the training, or because they had no other obligations like the A.L.S is not clear. Yet, it supports the outcome of the logistic regression analysis. Second, the participants were selected on motivation; they needed to be willing to pay for the transportation costs, because the INTRO training was not held at the partner organizations site (as was the case for partner organizations 1 and 2).

The difference here compared with the participants from partner organization 2, is that the participants from this partner organization needed to travel for the INTRO training already, as the participants from partner organization 2 did not. This supports the findings derived from the logistic regression analysis, which show that a first selection criteria can be that participants need to be willing to travel to the center.

6.3.2 Differences in business start-up rates between the batches explained by Youth at Venture team members

Youth at Venture team members were also asked to explain the differences between the start-up rates between the batches. One of the team members stated:

“ Sometimes the gap between the T.E.A.S.E and the business start-up was extra long; for one batch we informed them they cannot start business until possibly mid january because we do not disburse [seed money] during December, this is why youth had to trade off... We do not disburse money for the business in December, because it is the Christmas season (culturally it means a lot) and the youth would want to earn to celebrate the season. It is really cultural. So, there is a higher expectation and pressure to produce and earn, and therefore a higher chance that money is spend on the season in stead of the business”[R4].

This fact, however, would only explain the low start-up rate of batch 7, because this batch started in December. Another team member stated:

“ I believe that selection is the key. Even if we have an excellent training program; a very good trainer and a very conducive learning climate, if the youth candidate is not selected well, (very poor self esteem; poor home conditions; unsupportive parents; tough living environment), the youth will find it difficult to start a business or even if he has the audacity to set up one, there is a great chance that he or she will fail.”[R2]

Two other explanation points into the direction of the partner organizations:

“The more successful ones seem to be the ones coming from faith-based communities and organizations. Perhaps it is because of the support and encouragement of their guardians and peers that make them more resilient and optimistic.”[R5]

“The youths referred by faith-based organizations fare better than those youths referred by local government units and orphanages perhaps because of faith ... faith in a higher, mystical being; faith in their organization which develops their own faith in themselves and their self confidence. The difference I believe is on the mindset and how the referrals from faith-based organizations look at themselves. It makes a lot of difference. If a young person believes that a brighter future is ahead, he works for it and is not easily deterred by obstacles. Aside from these, the others from faith-based organizations seem to be more people oriented and can articulate their ideas better perhaps because of exposure in church gatherings.” [R3]

Although this would indicate that batches that included more church based partner organizations would do better in terms of business start-up, the logistic regression analysis showed otherwise.

Three of the team members however show in their opinion that the selection of the participants are of importance for the business start-up chances. This is interesting to note, because almost all the team members notice the importance of the selection of the candidates by the partner organizations, hence this selection is not done by Youth at Venture, but is left to the partner organizations.

The importance of the selection of the partner organizations for the difference between the batches is only noted by one of the team members:

“success rate for the batches may likewise be a product of the innovation in the process for recruitment and selection. recruitment and selection...heavily affects the results for each batch” [R3]

Hence, these another team member give no notion of this process for recruitment and selection of the partner organizations:

“The recruitment and selection [of the partner organizations] was done before.. by [name].. if I am not mistaken, it was the same process as well..she did batches 1 to 4.. and I do from batch 5 until now..”[R5]

Although these two quotes contradict each other, it also highlights the importance of clear selection criteria, also for the explanation of the differences in the batches.

6.3.3 Conclusion

This section answered the question *“Does the success rate of the start-ups differ per “batch” of Child at Venture and if so, how can this be explained?”*

Deriving from table 9 the first part of the question can be answered with a simple yes. The explanation for these differences were both derived from the table, explanations were sought within the selection of the partner organizations. And the team members were asked to shed a light on this topic.

Part of the low start-up rate of batch 6 is explained because for 20 of the participants (those from partner organization 1) could not even continue with the training, as the INTRO training was part of the curriculum of the partner organization. Another explanation for the low start-up rate of batch 6 is that 26 of the participants (those from partner organization 2) had other obligation during the T.E.A.S.E training. The high start-up rate of batch 2 can be explained because of the selection of the participants on their willingness to pay for their expenses to travel to the Youth at Venture center. And also because they were selected on a high school degree or higher, which might implicate that they had at least no other obligations like the A.L.S training. Although the outcomes of these 3 partner organization cannot account for all the differences between the batches, it does show that the agreements between the partner organizations and Youth at Venture can influence the business start-up rate of the participants. It also shows that whenever the INTRO training is held at the partner organizations site, the participants are not yet selected for motivation, whereas this is the case if the need to pay to travel to the Youth at Venture center. Although not all the difference between the batches can be explained, these findings should point out that the selection and agreements between Youth at Venture and the partner organizations at least partly can explain some business start-up differences.

The Youth at Venture team members noted that both the selection as the gap in between the T.E.A.S.E and the business start-up, hence also the nature of the partner organizations is named as explaining factors for the differences within the batches. Interesting to note is that the team members to not explain the differences between the batches because of made agreements between the partner organizations and Youth at Venture. This is at least remarkable, since these agreements (at least for batch 6) highly influenced the business start-up rate.

6.4 The barriers

This section answers the question *“What are the barriers that the Child at Venture program participants face in starting up a business?”* and discusses the barriers that are named by the participants, partner organizations and the Youth at Venture team members. These answers are compared and the differences between these answers are presented, after which a possible explanation for these differences is given.

34 participants are interviewed and asked what the barriers were that they encountered during the training and during the set-up of their business (if they started a business). The answers of the participants that started a business are compared with the answers of those participants that did not started a business. In this way it is aimed to explain the difference barriers that both group faced.

In total 24 participants that not started a business what the reasons was to stop the training and not continue to start the business start-up process. The figure below shows all the different barriers that the participants named.



A wordcloud was constructed with all the reasons that the participants gave to stop the program. The wordcloud shows all the words that the participants named. The more a word is mentioned, the bigger the word will appear in the wordcloud. Figure 10 shows the wordcloud. From the cloud, the word “training” emerges as the word mentioned most. In some cases the training was named, as a reason to stop the training:

"I could not continue the training, because I needed to take care of my youngest brother. He is a "special Child. The days with training were too long."[R15]

"It was really hard to take my baby with me to the training, that is why I stopped" [19]

"My grandmother died during the training, so I couldn't continue as I needed to stay home and take care of my family"[R20]

"I didn't have the time to come to the training because of other schedules, I needed to take up A.L.S classes"[R11]

"Because I am out of school youth, and wanted and needed a diploma first, I did not continue this training" [R34]

"I could not continue, because of the program of my partner organization, which made me ended the training"[R5]

These quotes all relate to the fact that family and other obligations were prioritized over the training. The obligations to take care of family members often played a role to quit the training.

The other word that stands out is the word "job". This also refers to another obligation that came by during the training. As one of the participants that successfully finished the training, but decided to not start a business stated:

"After graduation come a job opportunity, and I wanted to do this, since it's really hard to get a job for us."[R25]

The "us" in the last quote refers to participants like this participant, who come from the slum areas of Manila, in which opportunities for a job or other schooling do not come by frequently. Therefore, when someone gets this chance, they are almost certain to take it, rather than starting a business. This was indicated by more participants:

"I could get a job. I am the only source of income, and needed to let my family come first"[R26]

"I stopped the training, because I had a job interview during the training so I couldn't pursue" [R18]

Exactly how important a job was for these participants, and for young adults who lived in same situation was noted by one of the participants:

"Even if you want to have a job at MacDo [Mac Donalds] you need to at least started college.. for us this is very hard, so if we can get a job, we need to do this" [R18]

Prioritizing a job over the entrepreneurial training seems in the light of the poor circumstances the participants come from a fair choice. Often the participants are needed in the household as well; either as a breadwinner or otherwise to help and support the families. This all refers to the money that is needed on a short term. Although the business ought to provide an income, a job offers a more stable and immediate income for the participants, rather than needing to wait for the business to generate money. The quotes above indicate that the money is an urgent need, and that starting a business would take too long.

The paradox is that the Youth at Venture program aims to get the participants out of poverty, but in order to start a business, people need to have time and money to invest in this business. Whenever this is not around, it tends to be really hard to start a business. That the participants decide to rather take a job than

Although the participants that did not started a business often mentioned family reasons, this was also one of the barriers named by one of the participants that started a business:

“During training I had relational problems with my family. I was fighting a lot with my tita [aunt], She said she had no money to support me anymore and wanted me to move out of the house” [R22]

Another participant stated:

“I had classes during training as well; so it was hard to combine the training and my classes” [R31]

Although the participants that did not started a business often time also had other obligations, like classes, this was also a barrier named by one of the respondents that started a business, as were family matters. The indication that both the participants names similar barriers, could point into the direction of different motivation before the start of the program. The difficulties that the participants face, and whether or not they could overcome them, could indicate that the participants already started with a different motivation, as for some family troubles could be a reason to stop the program, while for other this is not the case.

6.4.2 Differences between barriers and unexpected findings

While the participants that stopped the training often chose a job over the business training of Youth at Venture, the participants that started a business, did not encountered this problem. This can indicate that the urgent need of getting a job is more prevalent among the youth that stopped the training than among the youth that started a business.

This can be explained in different ways. One explanation is that the youth that stopped had a more urgent need for a regular and relative ‘quick’ income, compared to the youth that started a business. This can indicate that the youth that stopped the program to start and earn money had more obligations towards their family to earn an income, where the youth that started a business might not have these. Put differently, the position within the household income of the participants might have differed, as some participants might be the breadwinners in the household and others were not.

To check whether this was the fact, the participants were also asked how much of the total household income they earned at the start of the training. They could either indicate that this was more than half of the total household income, half, or less than half. Those who earned more than half of the household income are perceived as the ‘breadwinners’ of the family, and expected to have less chance starting a business; because a ‘quick income’ was needed.

Table 10 shows that there is no correlation to be found between the position within the household income that the participants earned, and their chances to start a business.

Table 10 relative income levels of the participants compared to the total household income and the business start-up chance in %

Level of income participants	<i>Earned less than half, or half of the total household income</i>	<i>Earned more than half of the total household income</i>	Total

Did not start business	75	60	70.6
Did start business	25	40	29.4
Total	100	100	100
Total N	24	10	

Pearson Chi Square: 0.765 Fisher's Exact Test: 0.431 p: 0.382

This indicates that those participants that were responsible for the mayor part of the household income not necessarily have a lower chance to start a business.

Another explanation is that the youth that chose to stop the program and get a job, were less motivated from the start to start a business, and were more interested in having a job anyway. The youth that did start a business, might have perceived a job opportunity not as a choice, since they were more motivated from the start to start a business. This would indicate that the motivation of the youth from the start would have been different, with regard to becoming a business owner.

The participants was therefore also asked why they started the Youth at Venture program or why they wanted to start a business. The answers of the participants were categorized in three categories. Those participants who wanted to start a business because they wanted to do so for themselves: either to be independent or they were just curious to learn more because they had interest in starting a business (they resemble the [opportunity driven entrepreneurs](#), as marked the GEM, 2013 and Verheul et al., 2010). The second category is those who wanted to start a business because they wanted to help their families and contribute to the household income (and resemble with the category of [necessity driven entrepreneurs](#); GEM, 2013). And the third category, those participants who did [not wanted to start a business](#), hence started the training because they needed to go because the partner organizations told them so. Table 11 shows that the motivation of the participants significant correlates with the business start-up chance of the participants. The participants that are opportunity driven, and want to have a business because they wanted to be independent have the highest chance to start a business, followed by those participants who want a business so they can help out their families with gaining an income. Those participants who had no interest in starting a business at all, did obviously not started a business.

Tabel 11 Correlation between motivation and business start-up chance in %

Motivation	Opportunity	Necessity	No interest	Total
Did not start business	50	68.8	100	70.6
Did start business	50	31.2	0	29.4
Total	100	100	100	100
Total N	10	16	8	34

Pearson Chi Square: 5.401 Cramer's V: 0.399 p: 0.067

This unexpected finding however, indicates a crucial element in the reasons for participants to make it into entrepreneurs; this is not dependent on their economic background, hence really relies on their motivation. It also shows that not all participants that started the training, were selected on their “intrinsic motivation” to start a business.

The combined outcomes of the quotes of the participants and the outcomes of table 11 show that although participants might face the same barriers, it might be the motivation that determines whether they overcome these barriers.

6.4.3 Barriers according to partner organizations

The partner organizations named different barriers that caused the participants to stop the training and abandon the entrepreneurial process:

“ they need to...they need to take care..of their babies so they do not have the time to take up an entrepreneurship training, that’s why it’s a problem.. especially if they have a child, they can not bring it to the Youth at Venture training..”[R2]

“The priority of the people right now is that.. for example.. a 17 year old that participates in the program that has 2 children: he is torn between the choice for entrepreneurship or the daily needs of the family that they need to gather. And most likely they choose the daily needs..”[R3]

“They have a baby, they have a husband or living partner.. so they need to have an income”[R2]

“I mean they are poor.. they can’t finished what they started.. it so difficult.. if they first go to the first training of three days and then to the T.E.A.S.E this costs a lot..” [R4]

Here the main problems seem to arise because of the duration of the training. The group that is targeted for this training, is the same group that simply could not afford themselves to take a day off. Taking a day of would mean immediate loss of income. As most of the participants were responsible for their own income, or even for that of their families, it showed that taking days of to go to the training simply was a barrier. This was also referred by one of the partner organization members:

“at least I will give them a small amount, at least to buy rice or something.. because if not, they will not be able to attain the classes.”[R3]

This also illustrates that the participants from this partner organization could not afford to attend a whole day training.

Another barrier that the youth faces has to do with the level of the education given in the training, according to the partner organization member.

‘And one thing is that.. they were complaining that the contend of the.. of the program.. was to technical.. technical meaning that it is to more serious, it’s very serious”[R3]

“This youth.. they did not excel in school.. because they are not auditory and visual learners.. and they would excel if a some learning practices will be attached” [R3]

Here, it shows that the participants had problems with the content of the Youth at Venture program because of the way it was presented.

Another problem that the participants faced according to this partner organization member, was a cultural problem that relates to the role of the parents. Parents that are depending on participants for their own income, are often influencing the participants' decisions. Instead of starting a business, these parents want their children to have a stable income, so an economic resource for the family is provided.

"If your parents are allowing you to make it all alone or not [which is needed when you want to start a business], this depends on the income of the parents.... if you [the participant] are the source to make them better they want to control you.. they are trying to get ahead of you.. in your decisions.. in what you are doing.. so you are not the one to get in trouble.. because sometimes.. sometimes parents want to borrow money from you..in this way, your business planning gets affected" [R4]

So the economic situation of the household and the position of the participants in the household tends to influence the decision to start a business, or search for a job instead.

6.4.4 Barriers according to the Youth at Venture teammembers

The Youth at Venture Team members are also asked to shed a light on the barriers for the participants. When asked which specific barriers participants might face, several different factors are named that have to do with the self confidence of the participants:

"A lot of participants have a lack of self confidence and they are afraid to meet the requirements of the training because of their feeling of inadequacy or inability, this is because the participants are not used to hear that they can actually accomplish something" [R1]

"The ones who have family problems and other emotional baggage's and have poorer self esteem found it difficult to see themselves succeeding as entrepreneurs and therefore did stop more often than participants who had more self esteem and less family problems"[R5]

Another reason for the participants to stop the training relates to the obligations within the household many participants have:

"Problems and responsibilities in the household of the participants is one of the top concerns of the participants. It affects them so much that often this is the determinant of they will stay in the program or not."[R3]

This resembles the problems that the participants that did not start a business as well; as taking care of the family, or needing to have an income often influences their choice to stop the program.

The role of the family seems to play an important contextual role in the decisions to stop the program.

"The nature of the Filipino participants being "dependent" among others to their family may be both a blessing and unfortunately sometimes a curse. The deep family connection sometimes impedes on the success of the participants in the program because they have to attend to other responsibilities at home, like helping in the family's finances."[R2]

As the participants already stated that they often had other obligations in the household, either to take care of family members, or to earn an income, this is supported by the Participants at Venture team members as being a barrier to start a business or complete the program.

6.4.5 Conclusion

This section answers the question *“What are the barriers that the Child at Venture program participants face in starting up a business?”* and derived the answers from different angles.

What came forward from the answers of the participants, is that they often named the same barriers, hence, these barriers did cause some participants to stop, while others did not. One of the most prevalent findings is that the motivation of the participants showed to be correlated to the business start-up chance. In case of this study it seems that those who did not start a business, either started the program with a different motivation, and therefore were stopped more easily by a hindrance compared to others. Those participants who started a business might have faced the same barriers as the participants who did not started a business, hence those who wanted to start a business overcome these problems. In other words, motivation can mitigate the effects of certain barriers.

But, another explanation could be that the socio-economic status of the participants played a role in overcoming these barriers, however table showed that there was no correlation between the income participants generated and their business start-up chance.

6.5 Overall Conclusion

This chapter aimed to answer three different question that were all related to the chances of starting up a business by the participants from the Youth at Venture program. In order to do so, quantitative data was used, in the form of two different databases, and qualitative data, consisting of interviews with the participants, the partner organizations and the Youth at Venture team members were used. The first question that is answered, is

“Which characteristics of the youth relate to a business start-up according to the Youth at Venture database?”

The database showed there were several characteristics of the participants that related to a successful business start-up process, which either relate to the Youth at Venture program, or to the individual characteristics of the participants. Participants with a high educational status have a higher chance of starting a business, compared to those participants that have a low educational status. Although a quick conclusion would state that this is because participants with a higher educational status can more easily adopt and learn from the program, another explanation is found within the obligations that participants with a low educational status can have, while those with a high educational status will not have this. Participants with a low educational status are likely to still be in an alternative learning system to obtain a high school degree. And, while participants are only allowed into the program if they are not taking up formal schooling, this A.L.S is not part of that rule. Taking up these classes can cause participants do drop out of the program, since schooling is often prioritized over entrepreneurial programs, as these will not give the participants an official degree. Beside the educational status, the residence of the participants influence the business start-up chances as well. Those participants who live far from the Youth at Venture center have a higher chance to start a business, compared to those who live nearby. It seemed that having to travel a large distance worked as a natural barrier within the selection of participants. Those participants who were

willing to travel this distance, were probably more motivated to start a business, compared to those who were not willing to do so.

Another factor that correlates with the business start-up chances of the participants were the friends who had a business. Because the causation of this factor could not be determined, no other statements regarding this correlation will be made. The last factor that influenced the business start-up chance were the batch numbers in which the participants started. Those participants who started in the batch 1-4, had a higher chance to start a business, compared to those from batch 5-9. This could be explained by the fact that partner organizations were selected within batch 1-4 on a more personal note, while those from batch 5-9 were more formally selected, since more partner organizations were needed for the referral of the participants.

The second question that is answered is *“Does the business start-up rate differ per “ batch” of Youth at Venture according to the Youth at Venture database?”*

The beginning of the question can be answered with a simple “yes”; the success rate of the business start-ups differ per batch, the question why do they differ needs a longer answer. Several reasons were presented why there are differences between the success-rate of the batches. Some of the low start-up rates from certain partner organizations can be explained by the fact that sometimes the training of Youth at Venture was part of the curriculum of the partner organization, which made it impossible for these youth to further continue the Youth at Venture program. Also some partner organizations had other obligations for the youth, which conflicted with the Youth at Venture program, which made the start-up rates really low.

The selection and recruitment of the partner organizations with the partner organizations stayed more or less the same, other than that someone else executed the selection and recruitment; there is no evidence to be found from the interviews however that this changed the selection procedure and influenced the start-up rates of the batches. It remains partly unknown why the success rates between the batches differ, apart from the agreements with the partner organizations, like only offering them the INTRO training or the agreement to do the first part of the training at the site of the partner organization and the latter at the center; which caused a lot of youth to lose interest.

The third question that is answered is *“What are the barriers that the Child at Venture program participants reported in starting up a business?”*

The main barriers that the youth face are related to having other obligations; either within the family, like taking care of family members, or needing to take care of an income. The youth that were able to start a business did often not have these obligations, which might indicate that they come from slightly ‘richer’ families which don’t depend entirely on the income of the youth. This gives the participants the freedom to take up the full time training of Youth at Venture, where participants who are more needed in the household often can’t afford this. The barriers that the participants that started a business and of those who did not start a business, were often were the same. Within both groups participants named the expenses to travel to the center and having other obligations as barriers. It showed however that for the group that started a business, this barriers could be overcome, while for the participants that stopped the training, this was not a problem that they – either were willing- or could overcome. The main finding is that the biggest barrier to not start a business was lacking motivation. This seems obvious, hence because the Youth at Venture program states that participants were selected on their intrinsic motivation to start a business, the outcomes showed different. The main problem that caused participants to stop the training

was lack of motivation. This lack of motivation could let other problems occur as well, hence seemed to be the larger overall explaining factor.

Although there is no significant relationship found between the position of the participants within the total house income (whether they were the breadwinners or not) it should be said that this did not indicate that there is no relation between the household income and the possibility to start a business. It only indicates that the *position* of the participants within the household income does not correlate with their business start-up chance. There still is the possibility that those who come from a slighter 'richer' household can afford themselves better to start a business. And that whenever participants are not necessarily responsible for the household income, still can come from such poor economic background that they can't effort themselves to invest time and money in a training.

Barriers however, often related to the duration of the program and to the poor economic situation of the participants, which withhold them from taking up a full course. The less privileged participants could simply not afford to spend the time (= money) on the training. This is somewhat ironic, since the program aims to actually help poor youths to gain an income. Albeit it looks like that just these poor youth are too poor to finish the program and start a business. This is related to the 'poverty trap' which often causes people to stay into poverty, because they are effectively too poor to investigate in factors that could help them get out of this poverty, like the Youth at Venture training. This was formulated by one of the partner organizations members also as "*I mean they are poor.. they can't finished what they started..*" which holds them in the same poor positions as they were. The barrier that the participants face is a much larger societal problem (the widespread poverty) which is hard to solve with one single program. But one solution would be for this case to compensate the youth with money or food for their missed hours of working. However, this might cause a lot of youth to start the training because of the money, which might also not be a good incentive. Another possible solution would be to take up a training that consist of half days. This would allow participants to earn money next to the training.

7 EMPIRICAL RESULTS: MOTIVES FOR HOME BASED BUSINESS LOCATION

This chapter presents the results on the motives for a home based business location, made by the young entrepreneurs of the Youth at Venture program. And has the objective to answer the question *What are the reasons for the young entrepreneurs to locate their business at home or at another location not at home?*

In order to do so, the motives for a home based business location are compared with the motives for a business location somewhere else. Do they differ? And if so, why? The first section concentrates on the home based businesses and the motives that led to the decision to start a business here, followed by a section that concentrates on the motives for a business location decisions for 'away' based businesses.

7.1 Descriptive of the participants that started a business

From the 34 youth that were interviewed, 10 participants started a business – regardless if they were still in business- and were interviewed regarding their location decisions. Of these 10 entrepreneurs three were located at home; the others established in another place rather than home.

Table 12 gives an overview of the descriptive of the participants, those who started a business at home compared to those who started somewhere else.

Tabel 12 Descriptives of the participants that started a business at home and somewhere else

	Variable	Home based business	Not home based business	Total
Gender	Male	2	6	8
	Female	1	1	2
Age	15-19	1	4	5
	20+	2	3	5
Educ. Status	Low	0	5	5
	High	3	2	5
Batch	1-4	3	2	5
	5-9	0	5	5

It shows that of the eleven interviewees, 2 were female, of which one started a business from home and the other from another location. This does not necessarily support the expected findings, based on gender (Verrest and Post, 2007; Tinker, 2005). What the exact reasons for a home based business are, are discussed in the next sections.

7.2 Motives to start a home based business

The entrepreneurs that started a business at home were asked why they chose their homes as a business location. The participants stated:

"It's free, no rent. Second; a lot of people pass by" [R1]

"Because of the 'gap': not a lot of stores selling rice and coal here and there are a lot of people. Also, I don't pay rent, it's convenient" [R 3]

"Location is close to target market. Many persons stop by. Help for my business is found here easily. I can ask help from my church mates" [R2]

Apart from monetary or social reasons, the home based business locations all share the fact that they are already located in a place where people can find them and where already a lot of people are. The three entrepreneurs all note the fact that a lot of people pass by in front of their houses. This might indicate that they all have business that require persons buying their goods (rather than companies for example) and that having a home located on a spot where people pass by is a criteria that made them decide to reside here. Although the target market can be a motive to locate a business at home, it is not to be said that this target market might have been chosen *because* of the home location; rather than that first the target

market was analyzed and entrepreneurs came to the conclusion that they could also run their business from home. It can't be said if the target market is chosen based on the home location, or the other way around.

When looking at the type of business for these three participants, it shows that they two sell prepared foods (fried sugar coated peanuts as a snack and breakfast) and one has a Sari Sari⁹ store in which mainly canned food was sold. Tinker (2005) noted that food vendors mainly sell to the labors, the target market of the two entrepreneurs who sell prepared food are:

"For me, I sell to students and workers, who pass by on their way to school or to their work " [R1]

"I mostly sell to passengers who come and go here in the street and go their work, and to people in front of my house"[R2]

The target market for the Sari Sari store holder was followed:

"Most people who come here are people with children, to which I just sell rice and other things they need" [R3]

The entrepreneurs that sell prepared food seem to sell more to passengers to commute to and from their houses to work, while respondent 3 mainly served the people living in his neighborhood. This shows that that their target market consists of consumers, rather than businesses.



Example of a "Sari Sari" Store at a home.
Source: Author

⁹ Little convenient store in which canned goods, cigarettes and candies are sold.

Concluding it can be said that these participants chose to operate from home because their homes already were in a good place where they could sell their stuff and enough people passed by. The fact that two entrepreneurs could sell their foods to passengers indicates that their homes were already in a favorable position to do so and that their houses were easily accessible. This resembles the findings of Tipple (2005) which states that a favorable home location is a precondition for a home based business. The Sari Sari store owner, mainly started a business because of the “gap” in the market, by selling rice and coal in his Sari Sari store, where other Sari Sari store did not. Here, he also notes that a lot of people pass by, hence the uniqueness of his business might have attracted customers as well. The type of firm they owned, also allowed them to produce and prepare and sell everything from home, no bigger or other places where needed to sell and execute their products. In addition the entrepreneurs also name that the free option (not paying rent) was motive to start a business from home, rather than from somewhere else.

7.3 Reasons for a business located somewhere else than home

7 out of 11 entrepreneurs that were interviewed established a business at a location other than their homes. The location of the away based business and the home based business are depicted on a map of Metro Manila, which is showed in the map on page..

Table 13 shows the different business, and the products which are sold, as well as the type of business location they are located at.

As the table shows, the away locations can be divided in locations with a fixed stand, either a stand hired at a market, or a shop, and into businesses who have mobile carts and can move themselves and their businesses. 5 out of the 7 entrepreneurs sell foods, and 2 entrepreneurs do either cell-phone repairs. Here, the findings of Tipple (2005) are partly supported, as 2 entrepreneurs, who are street vendors sell their food near or on a construction site.

Tabel 13 businesses product and location of away based business owners

Business	Product	Type of business location
1	Pizza's	At the high way near construction site, on a mobile cart
2	Noodles	At the high way at constructions site, on a fixed cart
3	Pancakes, juice, popcorn	In front of a school, on a mobile cart
4	Afternoon snacks	In different places in the neighborhood, on a mobile cart
5	Repairing cell phones	In the centre of the village, at a hired shop (a fixed stand)
6	Cellphone repairing & selling cellphone accessories	At a local market, at a fixed stand.
7	Fresh Fish	At a local market, at a fixed stand.

The participants that started a business not at their houses, often noted that they choose their location, because they wanted to be close to people who they can sell their products to.

"There are many people there" [R 7]

"My target group is there; there are a lot of passengers and I sell my goods to them" [R9]

"I am selling my product to garbage collectors, who work there" [R 3]

"There are many people, it looks like a market"[R10]

Sometimes, besides the closeness to the market, the type of their business also played a role in the location decision of their firms:

"There was no cell-phone repair shop in the neighborhood and there were a lot of people; in the centre of the village" [R 9]

This particular entrepreneur, looked besides for a place with his target group, also at the competitors and saw a gap here, which was the reasons to locate his business there.

In one case, a girl could not start a business at 'home' simply because they did not have a home, and stayed on the street. Her business was at the same time her house, as she used the cart she had as a business stand to sleep on as well. She still decided not to wander all over town, but to stay in her own community, and the social ties there kept her and her business there.

" I wanted to start a business in my own community, because I have a relationship in here with many people and I want to sell my goods to them" [R 8]

When some participants were asked why they were not located at home, all relate to the distance from their homes with their target market

"I live in a place where no one walks by, that is why it is not a good place" [R 10]

"You can't see my house from the busy street, no one would see me" [R 7]

Often times the entrepreneurs decided to locate their business at another location rather than their houses so they could be close to their target market. These motives accordance with the motives of the entrepreneurs that started their business at home, with the difference that the target market probably was not close to their houses. Only in one case an entrepreneur choose his location because of the gap in the market that he spotted and in another case the social ties with the neighborhood played an important role for the location decision of the business.

7.3.1 Activities done at home and business type

Of the 7 entrepreneurs who had an 'away' business location the ones who had repaired cell-phones had no activities for their business which



Mobile food cart. Source: Author

they would perform from home. The participants that sold food, all did some preparing at home, apart from the entrepreneur who sold fresh fish, who prepared this at the market stand right away:

"I prepare my toppings at home, and everything else at my cart while the people watch" [R2]

"I prepare my ingredients for the noodles at home, the noodles I make in the cart as well" [R3]

"My snacks I make at home, I fry them and then I sell them on my stand in the street to children when they come home from school"[R5]

"My fish I only prepare at my stand, because it is fresh, I don't take them home first, I do everything there" [R6]

One of the entrepreneurs who repaired cell phones initially did everything at the business location, but after a while, he got robbed often at this location, so he decided to take all the cell phones home and do the repairing there, instead of using his business location for this purpose.

"The cell phones got stolen a couple of times, than I decided to take my stuff at home and do the repairing there" [R9]

The other entrepreneur that had a cellphone repair shop, especially needed to use his business to do his repairing:

"I make cell phones and need to do this at my business, because at home I don't have the stuff to do so" [R 10]

The type of business and the products that the participants sell, influenced the business activities that could be done at home in case of these participants. It can not be said however that these were the main reasons for the participant to establish a business not at their houses, since in case of one of the entrepreneurs, it showed that the activities for the cell phone repair, in the end could still be done at his home. All the other entrepreneurs still could prepare foods at their house, but did sell these at another location rather than their homes. The business location might therefore be influenced by the closeness to the target market, rather than that these were influenced by the business type.

7.3.2 Conclusion

Comparing the reasons for the participant that started a business at home, and those that did start a business at another location rather than home, it shows that all the entrepreneurs named the same reasons for their business location, being close to people to sell their goods. The difference between the home based businesses and the away based businesses is that the houses of the entrepreneurs that had a home based business location probably were at a favorable business location (being close to the target market, like being on a busy road) which compared to those who choose an away business location. This would explain the differences in business location decisions between the two groups. Apart from the target market, some entrepreneurs, both home based and not, named social aspects as a reason to locate (close) to their homes. Because entrepreneurs are known in their neighborhood, the help of family and friends could be a reason to stay located in the neighborhood that they knew. The homes of the entrepreneurs were often also used as a place to prepare foods, which was also often the case for away based entrepreneurs. This indicates that the houses still have business function, but cannot be used to sale their goods. Only for those entrepreneurs who needed to have special equipment, the homes were not used at

all. The initial location of the homes might have been the most important factor in the business location decision of these entrepreneurs. This, however should be investigated in a larger population to be verified.

7.4 Spatial patterns of home based businesses and away based businesses

Besides the factors that influence the business location decisions, an spatial pattern distribution of the business locations is showed as well. This is a global overview of the business locations in the city of Manila. A map was made, because no maps exist on the informal businesses. Brush et al. (2008) showed that the suppliers might influence the business start-up location because being located far from the supplier might increase costs. That is why, besides the business locations the main suppliers of the entrepreneurs are mapped as well. Because the literature indicated that the original residential location could probably influence the business location, as entrepreneurs often stay in the neighborhood of their homes (Stam, 2007; Michelacci and da Silva, 2007) for those entrepreneurs that started a business away from home, the home locations are depicted as well.

On page 90 a map of Metro Manila is shown, with all the businesses of the participants that were interviewed. The square indicates that this is an home based business location. The triangle indicates a 'away based' business location. Number 1 indicates the business location and number 2 indicates the location where the main business supplier is located. Because no exact addresses were known (as these do not exist in the slum areas) the symbols in the map rather present the spatial patterns, rather than the exact locations. The red square marks the area of the map within Manila.



As the map shows, the main suppliers are often located in the same area as is the business, which indicates that the businesses use suppliers in the neighborhood. If this is to minimize the costs is assumable, hence it can not be stated that the business chose their location because of these supplier. A good possibility is as well that entrepreneurs that did not needed specific suppliers, looked for a supplier after they established their business. In the questionnaire it was also asked whether the entrepreneurs purchased their goods at local business suppliers or shop, or rather at multinationals. Out of the 10 entrepreneurs, only one bought his materials at a national supermarket chain, called SM. All the other entrepreneurs bought either at other local businessmen and women, or at business suppliers at the local market. The activities of the entrepreneurs mainly unfold itself around their business location, and they did not travel to the other side of town to purchase their goods. The map also shows that there are more business established in the areas that do not border the area in which the Youth at Venture center is located, which is in line with the findings of the previous chapter, that indicates that those participants that lived far from the Youth at Venture had more chance to establish a business. This map shows that those participants who live far from the center, also locate their business in near their residence, which resembles the findings of Stam (2007) and Michelacci and da Silva(2007). One of the reasons for locating a business in an known area is because of social reasons, which is also named by one of the entrepreneurs as a reason to locate a business near her home. Other entrepreneurs notice that they know the environment, because they know the target market; this advantage of knowledge of the local market (like not having a cell repair shop) might have led the entrepreneurs to establish within the area in which they lived.

This could be because of the social environment that the entrepreneurs have in these areas, or could indicate that they know the area in an economic way (they know the market) and therefore have more information that might be needed to start a business. None of the participants started a business far from their home locations, which indicates that the neighborhood might be of importance for these businessmen and women.

7.5 Conclusion

This chapter has the objective to answer the question *What are the reasons for the young entrepreneurs to locate their business at home or at another location not at home?*

By analyzing both the reasons for a business location home based business entrepreneurs and 'away' based business entrepreneurs a comparison could be made.

The first factor that relates to the business location choice of all the entrepreneurs seems to be the target market of the businesses. All the entrepreneurs name being close to their customers one of the main reasons to be located at the place that they are, rather being at a home based location, or somewhere else. What made a distinctions was the favorable location of the home location. Whenever the location of the home was in a place where it was busy enough to sell the goods of the entrepreneurs, and therefore be close to their target market, entrepreneurs might therefore choose their home as a business location. The entrepreneurs that did not start a business at home, often did not do so, because of the unfavorable location of their homes. This finding corresponds with the findings of Verrest and Post (2007) who also found that the home location was one of the most important determinants for a home based business.

Apart from the economic factor, closeness to the market, social aspects, like being close to friends and family, tend to be a factor that influences the business location as well. The social aspects influence the entrepreneurs who have business that are not located at home in this way, that they stay in the area where they are known, which is often their own neighborhood. None of the participants left their own

neighborhood to establish a business. This could indicate that the neighborhood facilitates certain aspects that make the entrepreneurs decide they want to stay. Social factors can be assumed to play a role in these decisions, like it was noted that the help of friends and family was an important factor to establish a business close to home. Other than that, the familiarity of the surroundings in an economical way can influence these decisions. As stated by one of the entrepreneurs he knew that in his area there was a 'gap' and no one else repaired cell-phones, which made him decide to do so. This familiarity with the market in the neighborhood can also influence the location decisions of the participants.

Concluding, it can be said that the target market of the businesses in combination with the initial home locations of the entrepreneurs influence the business location decision, and made these participants decide to start a business from home or not.

PART FOUR

CONCLUSION & DISCUSSION

8 CONCLUSION AND DISCUSSION

Different (youth) entrepreneurial programs emerged all over the developing world the past years, to offer an answer to the growing unemployment rate and poverty levels (ILO, 2013). However, what does work, and for whom? Are all poor people suitable to become an entrepreneur? This thesis investigated one of these entrepreneurial programs, the Youth at Venture program in Manila. This organization helps youth from the slum areas of Manila to start a business, by providing them an entrepreneurial training and with start-up capital afterwards. This thesis investigated with characteristics of the participants influenced the chance that they did started a business, and which barriers the participants faced while they were in the middle of starting up a business. This is relevant, because by investigating what works for whom and what barriers are faced, these insight could help the program and help more participants start-up a business. Hence, not only the barriers during the start-up process were studied, but attention was also paid to the phase after the business was started. After people start a business, a location for this business is chosen, which can be divided in a business located at home or somewhere else. The motives for these business location decisions are unexplored, especially within the informal economy of developing countries. That is why this thesis had the objective to answer the research question:

“Which participants of the Youth at Venture program start a business, and which participants do not start a business and how can these differences be explained? And why do some of those participants that start a business within the Youth at Venture program choose to locate a business at home while other chose another business location? “

This thesis consist of several parts: in part one a theoretical framework on nascent entrepreneurs and their business start-up chance was presented, as well as theoretical framework on motives that could led to a home based business location. Part two provided insight in the context of the empirical study, and laid out the program of Youth at Venture. Second, part two presented a methodology chapter, in which a framework for the empirical study was laid out. Part three consisted of two chapters, in which the theory derived from part one, was tested in the real life situation of case study. To finalize, this chapter brings back the findings from both part one and part three and concludes what the similarities and differences between the theory and practice are, and how these can be explained.

The theoretical framework showed that barriers can occur in many different contexts (Lent et al., 2000). Barriers can either occur within the person itself, within the immediate context or within the societal context. Different characteristics like gender, age and educational status influenced the chance of starting a business, according to varied authors (Davidsson and Honig, 2003, Delmar and Davidsson, 2000, Parker and Belgithar, 2006, Autio and Wennberg, 2010, Baughn et al., 2006). Deriving from the theory on the characteristics of nascent entrepreneurs and their business start-up chance, it was assumed that gender would play an important role in this process (Delmar and Davidsson, 2000; Mueller, 2004; Minniti and Nardone, 2006). Because of the cultural imposed roles between men and women, it was assumed that, especially in the context of a developing country, this factor would be of importance in the business start-up chances. The empirical data however, do not show that there is a significant difference between men and women and their relative business start-up chances within the program. This outcomes could be explained by the fact the population of Youth at Venture consists of

teenagers and young adults, and that women in this age range not yet are responsible for the household tasks and taking care of kins, which gives them more freedom to start-up their own business.

From the theory it was assumed that human capital would only influence the business start-up chance (Davidsson and Honig, 2003). The empirical data show the explicit knowledge (the educational level) influences the business start-up chance. The empirical data show that participants who have a high educational status are the participants who are more likely to start a business. This could indicate that the Youth at Venture program is easier for them to finish, and therefore it is easier to start a business. Although, it could also indicate that participants with a low educational status might still be occupied with gaining a degree. As gaining a degree is perceived as important within the Philippines, this could be a possible explanation as well. The outcomes of the interviews do point into the direction that a lot of participants who still needed to gain a A.L.S degree prioritized this over starting a business. Because an A.L.S degree only applies to those participants who do not have a high school degree, the relationship between a high education and a business start-up chance could be spurious and is not necessarily a one on one relationship.

Other factors that influenced the start-up chance of the participants in a negative way and can be named barriers, were factors that were not derived from the theory first, but that emerged from the empirical data of this thesis. The data showed that participants that lived close to the center had less chance to start a business, compared to those who lived far from the training center. A possible explanation for this fact is that the youth participants who needed to travel far, made a more profound choice to start the training and a business, because they needed to invest more time and money to come to the training. For the participants that lived nearby this natural barrier did not exist, which might indicate that more participants started the training while they were not certain to start a business. Unexpected finding on motivation show that indeed the *motivation* of the participants correlates significant with the chance to start a business. This is an important note to make, as the assumption of this thesis was that the entrepreneurial program focused on *nascent entrepreneurs* ; being people that already had at least some motivation to start a business. The outcomes of this thesis however show that a some of the participants started the program not because of 'intrinsic motivation' for entrepreneurship, but that they needed to an were not even planning on starting a business. Santarelli and Vivarelli (2002) showed in their study on entrepreneurship that investing in people who are not necessarily interest in starting a business causes a 'substitution effect'. This implies that whenever money and time is invested in people who are not willing to start a business, will cause entrepreneurs to enter the market who substitute the entrepreneurs who are willing to start a business and will stop as soon as the incentive is over. Translated to this thesis, it can be said that the substitution effect takes place within the training: by investing in those people who are not even willing to start a business, valuable money and time is lost on those who in the end will not even start a business.

Apart from motivation, there were other barriers that the participants named that related to the time the training took, and the other obligations the participants had – either taking care of family members, or needing to take a job, because they needed to provide an income for their families. This could indicated that the poor economic background the participants came from, played a role in abandoning the training, simply because they could not afford to spend the time that was needed on the training. Although the relative position in the household income of the participants was measured

(checking if they were either the breadwinners or not) and pointed out that there was no correlation between their position in the household and the business start-up chance, it did not measure the total household income. It still could be possible that participants who are not necessarily breadwinners, but come from such a poor background, they still cannot afford themselves to take whole day of training, as their income is still needed. And even if their income is not needed, the family might still want them to help in the household by taking up other tasks in the household. The paradox here is that the larger societal problem of poverty here seems to be the barrier that withhold participants to finish the entrepreneurial program, but that it is just that problem – the poverty – that the program tries to tackle.

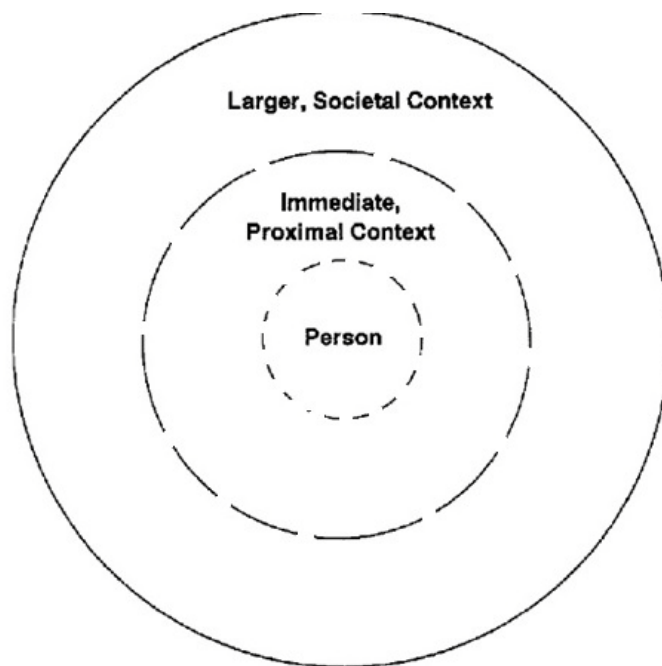
The family obligations tended to be a big reasons for the participants to stop the program, and even when entrepreneurs were in business, family constraints did often occur. This refers to the collectivist culture” of the Philippines, in which emphasis is not as much laid upon the individual, rather on the social group of the individual (Baughn et al., 2006). The outcomes of this study show that not only barriers occurred within the personal sphere of the nascent entrepreneur, hence that family constraints were often reason to stop the entrepreneurial process.

The characteristics of the participants and their businesses that tend to correlate with their business location decisions all seem to be related to one typical economic market related factor, namely being located close to their target market. Whenever the home location was closely located to the target market, participants would often choose this as a business location, mainly because they didn’t need to pay rent, but in a single case also because there he could rely on the help of friends and family. The entrepreneurs of business locations that were not located at home all named the reason noted before; that they wanted to be close to their target market. Still, the participants all stayed in the close surroundings of their homes, which indicated that other than economic factors, social factors, like having friends and family to help out with the business, influenced the business location decisions as well. Because almost all the participants had help from either friends or family this showed the importance of social ties as well, and is in line with the theory of Hofstede (1983), who showed that in countries where there is less space for the individual, social ties are an important factor and decisions will be based upon and taking account of social actors, rather than only rely on individual motives.

8.1.1 Implications of the outcomes

On a theoretical level, the outcomes of this thesis show that some of the believed theoretical assumptions were verified by the empirical data, on the other hand it showed that the specific environment of a developing country might cause barriers to happen on a different level. As the SCCT showed three separate analytical levels in which barriers could occur (the personal, the immediate and the large societal context), this might need to be revised for the case of a developing country. Because the Social Cognitive Career Theory is a model based on Western thoughts, in which the individual has his own ‘sphere’ and can make his own decision, this level is seen separate from the surrounding contextual levels. However, it can be opted that in societies in which the individual is not as much of importance, the analytical layers are more interwoven and not necessarily separate. A revised model of the SCCT would modified to developing countries might therefore look more like a concentric model of layers, in which the role of the individual is less strict. The new model would more look like the model depicted in figure 13. This importance of social and environmental factors upon the choices of the individual can also be found in the findings regarding the motives for business location decisions as well, hence, as all entrepreneurs take account of their social environment and do not locate anywhere

far from their homes. Although this showed, it also showed that entrepreneurs do make location decisions based on economical factors; this could indicate that these entrepreneurs are more individual and have more decision power, which enables them to make choices for their own; which could have led them to start a business in the end. Being more individualistic in a developing country can cause you to encounter less barriers; this however should be studied more in depth in following research.



Figuur 12 Model of SCCT modified for a developing country

In addition, the findings of Santarelli and Vivarelli (2002) with regard to substitution effects can also be applied onto the nascent entrepreneurial phase, in which people are taking up an entrepreneurial training. The substitution effect seems to occur not only after the firm birth, hence already before this can happen as well. This model could be revised for nascent entrepreneurs therefore as well.

8.2 Recommendations for Youth at Venture

One of the last questions of this thesis still needs to be answered: *What are the recommendations towards the Youth at Venture program using results of this study?* Which is done in this section. There are several recommendations towards the Youth at Venture program, based on the results of this study.

One of the main recommendations is to select participants on their motivation. Although it is stated in the Youth at Venture Year Rapport that this is already done, the criteria for this selection can not be found, and the results show that not everyone starts with a positive motivation towards the program, some even do not want to start a business. Right now the objective of Youth at Venture is: **“to help deprived youths in developing countries to learn how to start their own business”**. However, the results show that being deprived (or being poor) alone is not enough motivation to become an entrepreneur. A recommendation therefore is to make an extra selection: so not only select deprived youth, but select deprived youth that are motivated to start a business. The participants do not necessarily be opportunity driven entrepreneurs (as many of the necessity driven entrepreneurs will start a business as

well) yet they need to have a reason to start a business. This reason should be checked before the participants start the program. This could be done by asking them their reason to start a business, hence an 'entrance barrier' could also be implemented, as the results also show that participants who need to 'do' something to start the program (either travel far) perform better in relation to a business start-up. Right now, Youth at Venture might only select participants because they are poor, yet it is not the objective of the program to 'help poor youth' rather to help youth start a business. Youth at Venture should take account of this, and decide whether they want to help poor people, or if they want to help possible nascent entrepreneur. If they want to be an entrepreneurial program, they should not let everyone in, and implement a 'entrance barrier' . This is especially relevant in the light of the plans of Youth at Venture, to start more training centers in different slums; before they do so they should implement this entrance barrier, as the distance to travel to the center right now works as a natural barrier. By opening more trainings center, this natural barrier might vanish. Not implementing an entrance barrier might cause a 'substitution' effect to arise, and valuable time and money is invested in participants who will not start a business in the end. A possible entrance barrier could be to let them 'apply' for the Youth at Venture, beforehand. They could either write down their motivation and the motivation letter, or maybe come to the centre to apply beforehand. By not lowering down the entrance barriers, more suitable participants should be targeted in this way. Making Youth at Venture an nascent entrepreneurial program rather than a helping program.

Another recommendation is to use the enlistment forms not only to gather information, hence also to select participants with the available information. The results of this study show that Youth at Venture has valuable information, yet this is not used (sufficiently) yet, while this could benefit the program. Another recommendation is to write down the selection criteria for the partner organizations and monitor where and how results differ. Now, it seems to come forward that the selection of the partner organizations is not clear yet. A recommendation is to still let the participants be endorsed by the partner organization, yet let them not select participants on motivation, rather let them alone endorse participants from the right age group, and keep the selection in own hand. One of the other recommendations is to consider a 'part time' training. These might enable participants who need to earn money on a daily basis to take part in the training as well.

A last recommendation is to not start the INTRO trainings at the partner organizations site. This lowers the barrier for participants to come to the center and chances are high that time and money is spend on participants who are not interested to start a business anyway.

Concluding, the main recommendation is to build in an entry barriers, so time and money is spent from day 1 on participants who are determined to start a business. This would both benefit the program, but also the participants. In addition to also help the poorest participant, an part-time program might be an option, as well as a scholarship; but still using an entry barrier. Of course, these are recommendations, and as always the practice and theory can be different. If and how these recommendations are implemented depends on the resources of the Youth at Venture team of course.

8.2.1 Recommendations future research

Because of the lack of information on the barriers of nascent entrepreneurs, especially in developing countries, it should be noted that more research needs to be done on this topic to gain more and broader understanding on this specific field. Although the current study attempted to contribute to this field, more research is needed in developing countries to gain more insights. The relationship between the suppliers

and the motives for a business start-up location are not yet investigated sufficiently in this thesis yet, and more participants should be heard regarding their business start-up chance.

Because this research took place in the Philippines, special cultural impacts might have occurred. A recommendation for future research is to do a similar research in a different country, which might shed light on differences between countries and might show if youth participants in other countries might encounter the same problems. Also, entrepreneurial programs that do not necessarily target youth participants could be addressed in future research, to see if different factors might be addressed to the age range. In addition, the economical background (and not only the relative position of the participants within the household income) can be topic of future research. Because there can still be difference in the level of 'poorness' it could be that these differences might influence the business start-up chance. By not accounting everyone 'poor' in the same category, more research can point out of these relative difference in the level of income, correlate with the business start-up chance.

The fact that gender tended not to be of influence in this study on the business start-up chance, could be explained by the fact that the stereotyping roles of men and women only occurred after a certain age, this should be verified in future research however as well. Another recommendation for studying entrepreneurial programs that offer a training is to not to assume that everyone in these programs is automatically a 'nascent entrepreneur'. Participating in an entrepreneurial training, especially in developing countries, might not be the effect of interest in entrepreneurship (as with a Western look might be assumed) hence can also be the result of needing to participate in a certain helping program.

8.2.2 Recommendations towards study in developing countries

Even though it was aimed by the researcher to learn as much about the Philippine culture as possible before going there, cultural differences did occur. For example, on more than one occasion when an appointment was made for an interview, it turned out no one was there. Also the polite way of answering in the Philippines caused some troubles between the researcher and her environment. As it is common in Asian cultural to say yes for every request, even when no is meant, this caused some difficulties. In more than one occasion this meant that the researcher was waiting (for example to send the endorsement letters) when nothing would happen. This different way of communication took a lot of patience and time. One recommendation towards future researchers therefore is to take at least twice as much time as you have anticipated beforehand, as this will might

In addition, unexpected circumstances at times slowed down the progress of the research. For example, during the weeks that were planned for the survey heavy rainfall made it impossible for some to do research, as large parts of Manila could not be reached. This should be noted, because the time of the year might highly influence the chances that certain areas are not able to be reached. Taking account of rainy and dry seasons can therefore be very valuable.

The main recommendation however for scholars is that doing field research tremendously increased to the understanding of the situation of the participants. Writing from a desk about slums, or actually be able to walk in slums and see with your own eyes what the circumstances are in which people live, could have not been achieved by only desk research. Many factors that influenced the business start-up chance, could have only been accounted for by visiting the country.

8.3 Discussion

There are several limitations that restrict this study and should be noted because they can influence the outcomes of this study. First, because of the population group and using a case study as a research design, the finding of this study cannot be generalized onto the broader population of youth in slum areas in Manila, or to other nascent entrepreneurs. On the other hand, the outcomes of this study can form a basis for other entrepreneurial programs, working with the same kind of population. Because the target group of the case are youth from the lower social economic classes and outcomes should not be generalized towards other groups within entrepreneurial programs.

The main findings of this study are based on the outcomes of secondary data (the Youth at Venture database). This, however has its limitations. It could, for example not be checked how these data were gathered and why some characteristics of the participants were not listed. This could imply that some factors are measured differently. That is why the data that was used from this database for the logistic regression was relative 'simple' and not subject to subjectivity (like gender, or age), causing no subjectivity problems. Because of the limitations of the Youth at Venture database (lacking information on certain topics that were used in the theory and should be checked) an additional database was constructed. Although the findings of this database seem to be representative for the total group of participants, the causality of some findings could not be proved. This also had to do with the questions that were asked to derive data for this database. In the case of the correlation between 'friends having a business' and the business start-up chance, it cannot be said with certainty how this relationship worked: did participants first had friends with businesses, and did this influence the chance that they started a business, or did this relationship occurred the other way around? In addition, the same could be said of the perceived correlation between business location decisions and the home suppliers; did entrepreneurs chose a supplier first and based their location decision on this fact, or did they searched for supplier after choosing a location decision? Future research should account for these correlations.

The selection of the participants for the questionnaires was done using as many possible options, minimizing selection effects. It should be noted however, that not the selection of the participants was not a random selection and that participants that moved back to the countryside and did not lived in Manila did not had a voice in this thesis. However, it was tried to not only find participants that were still in contact with Youth at Venture by also finding participants trough partner organizations, in this way not only the participants that are favorable towards the program were interviewed and had a voice in this thesis. As not all partner organizations are interviewed, not all partner organizations were able to shed a light on the possible factors that influenced the barriers of the participants and the selection procedures used by Youth at Venture. However, by seleting both partner organizations that endorsed participants that did relatively well, and which did less, al teast the opinions of these two different groups were heard.

Using the behavior of the participants (either starting a business or not) as a depended variable made it possible to study behavior of the participants, and not only their *intention*. This, however has its implications: researching the barriers afterwards however, might implicate that participants might have forget certain reasons or a hind sight bias effect might occur. This however, does not implicate that the barriers that were perceived (also in hind sight) are not the barriers that caused them to stop. Entrepreneurs might have forgotten which barriers they faced on the exact moment in the business process, hence this only shows that these barriers were not of real importance. This effect was tried to be minimized to ask question about the past: and not asking what do you think now are the reasons to stop the entrepreneurial program, hence rather what were the reasons back then.

The findings of the entrepreneurs and their business location decisions are based on a small group (10 out of 48). Although the findings are not generalized onto the whole group of entrepreneurs, as it could not be stated that the 10 entrepreneurs were a representative sample of the total group, it does show that in specific cases motives for location decision are different.

Because there is a lack of information on barriers in the theory for nascent entrepreneurs, it could be that not all barriers that could be assessed are found in this thesis. That is why in the theory additional theory from the career perspective was used to assess the barriers that the participants faced. Although the empirical data show that this might have been fruitful (explaining for some of the barriers) it should be noted that not all possible barriers that could occur in the nascent entrepreneurial phase within a developing country for a specific group (of young adults) are addressed. However, by both combining information from developing literature, career decision theory and nascent entrepreneurial theory it was opted to make a holistic framework in which the possible barriers could be assessed.

Furthermore, it was chosen to combine two data collection methods in the case study: questionnaires and (with the main reason to make the data comparable, especially regarding the relational characteristics) in-depth interviews. The open ended questions in the questionnaires however had its limitations as well. Although the open ended questions allowed participants to give their opinion on some topics, further questions could not be asked. This had its limitations, because not all in-depth reasons might therefore be assessed. On the other hand, this was tried to be mitigated to interview several other stake holders of the program more in depth, to still gain a complete and in-depth overview of the situation in which the participants lived. Using the questionnaires however, did resulted in the fact that both quantitative and qualitative research could be combined. Matching the results of both data collection methods to get a deeper understanding of the processes under study increases the reliability of the research.

Another factor was that not all participants spoke English fluently, which could cause biased results. To limit this bias, an independent (independent of Youth at Venture) translator helped translating the interviews. This also caused minimizing the effects of the researcher on the participants. Especially because of the appearance of the researcher (being blond and white) (which is associated with status in the Philippines) caused some participants to think they should give 'important' answers, rather than just giving their true opinion. Even though the researcher aimed to have a neutral approach during this entire research, the translator had a mediating effect here as well, as it eased the participants and allowed them speaking in their own language, which made it easier for them to express themselves.

Very important to keep in mind is that this research has quite an explorative character. The results provide a strong indication of the importance and effects of the studied concepts. The results provide a good basis for further (quantitative or qualitative) research into the interdependencies between barriers and start-up chances.

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Appendix 1

Youth at Venture Philippines Foundation Inc. Enlistment Form



A. INFORMATION ON THE PARTICIPANT

1. Name: _____
2. Gender: ☐ Male ☐ Female
3. Age: _____
4. Birthdate: _____
5. Civil Status: _____ (has spouse/no spouse)
6. Has child/children? _____ (yes/none)
7. If yes, how many? _____
8. Exact Address: _____

9. Active Cellphone number: _____
10. E-mail address: _____
11. Associated Organization: _____

12. In what program of your organization you belong to? Give a brief description of the program.

13. What valid IDs do you have?

B. EDUCATION

Educational Level	Name of School	City	Highest educational level achieved	Graduated (yes/no)	School Year (eg. 2005-2009)
Elementary					
Highschool					
College					
Vocational					

For college/vocational, what course?

Still studying: ☐ Yes ☐ No
 Currently taking ALS: ☐ Yes ☐ No
 What is your schedule in ALS?

Has plans to go back to school?

☐ Yes ☐ No When?: _____

Sure to go back to school:

☐ Yes ☐ No When?: _____

C. COMPETENCIES

1. Put a check mark (✓) if it is applicable and (X) if not applicable

	Knows how to read	Knows how to write	Knows how to understand
Filipino			
English			
Taglish			

2. Put (✓) if it is Yes or No

Has knowledge in:	Yes	No
Addition (sum)		
Subtraction (minus)		
Multiplication		
Division		

D. BACKGROUND

1. Put a check mark (✓) to what kind of family you belong.

☐ **broken family**-refers to a family where the parents (mother and father) of a child or children are separated and do not include within the same home and do not constitute a family.

☐ **dysfunctional family**-where older family members perform poorly their responsibilities at home.

☐ **abandoned**-refers to an individual without communication or not receiving any support from parents.

☐ **not applicable**

Explain your answer thoroughly (e.g. dysfunctional because...)

2. How many are the members of the household including the parents? _____

3. What are the sources of income of the household? _____

4. How many in the family are working? _____

5. Who is the primary of the household? _____

6. Is it on a regular base or contractual-based? _____

7. How much is the total income of the household per day/month? _____

8. Do you have source of income or work?

☐ I have ☐ None

APPENDIX 2 questionnaire participants

Questionnaire for participant including closed and open questions

I am Yonne Huissoon a 26 year old student from Holland, the Netherlands. Currently I am writing my master thesis on youth with business aspirations in the Philippines Therefore I made up this questionnaire; since you are or once was part of an entrepreneurial program (Youth at Venture) you could help me get more insight in youth entrepreneurs in the Philippines. With your help and answers Youth at Venture will be able to help other participant from the program to become an entrepreneur and you would help me to finish my thesis: this would be a great help.

The questionnaire will take 10-15 minutes. I would be honored if you could fill it out. This questionnaire will involve questions on your personal background, your friends and family, your business and your household. There are no right or wrong answers; as long as it is what you think, this is the most important. Your answers will not be passed on to third parties since the information you give me here would only be used for research and to improve the program. Your answers will also be anonymized.

The questionnaire will contain questions regarding to the time when you started the Youth at Venture program, and questions on the current time. Please read carefully to which time is referred! If you are still in training, you can simple answer "the same" at the current time questions.

Thank you so much. If you have any questions: please contact me by email: yhuissoon@gmail.com.

Name:

Cellphone number/email:

Batch number:

Gender: [☐] Male [☐] Female

Who was your trainer at Participant at Venture?

Current Participant at Venture status (multiple answers possible):

- ☐ I am still in training
- ☐ I finished the INTRO training
- ☐ I finished the T.E.A.S.E training

ONLY IF YOU FINISHED T.E.A.S.E TRAINING ANSWER THE FOLLOWING QUESTIONS

- ☐ I have started a business after T.E.A.S.E training [☐] Yes [☐] No
- ☐ I am currently still in business [☐] Yes [☐] No

A. Personal information

What is your current age:

What was your age at start training:

What is your place of residence now (address):

What was your place of residence at start TRAINING (address):

Did you had children of your own at start training? ☐ Yes ☐ No

Do you have children now? ☐ Yes ☐ No

Were you married at the start of the training? ☐ Yes ☐ No

Are you married now? ☐ Yes ☐ No

What was your highest completed educational level at start TRAINING:

- ☐ None
- ☐ Elementary
- ☐ High school
- ☐ College/University
- ☐ ALS

What is your highest completed educational level now:

- ☐ None
- ☐ Elementary
- ☐ High school
- ☐ College/University
- ☐ ALS

What was your occupation before you started the Participant at Venture training? (student, employee, unemployed, business owner)

What is your current occupation? (student, employee, unemployed, business owner)

With how many people did you lived in a house at the start of the training?

With how many people did you lived in a house right now?

How many of the total HH members had an income at start training?(# persons responsible for HH income)

How many of the total HH members have an income now? (# persons responsible for HH income)

When you think of the total HH income when you started the training, and compare that to your own income at that time, was your income more than half of the total household income, about half of the total household income, or less than half of the total HH income? (or if hard; were you the breadwinner..):

- ☐ Less than half total HH income
- ☐ Half of total HH income
- ☐ More than half total HH income

Is your income now (compared to the total HH income)

- ☐ Less than half total HH income
- ☐ Half of total HH income
- ☐ More than half total HH income

With whom did you shared a household at the start of the training:

- ☐ Parent(s)
 - ☐ Grandparent(s)
 - ☐ With spouse
 - ☐ With other family
 - ☐ In a shelter
 - ☐ Alone
 - ☐ Alone with siblings
 - ☐ Other, namely:
-

With whom do you share a household right now?

- ☐ Parent(s)
 - ☐ Grandparent(s)
 - ☐ With spouse
 - ☐ With other family (tita's
 - ☐ In a shelter
 - ☐ Alone
 - ☐ Alone with siblings
 - ☐ Other, namely:
-

Occupation mother at start TRAINING

Current occupation mother:

Occupation father at start TRAINING

Current occupation father:

B. Information parents family and friends (social environment)

Did you started the YaV training together with friends?

☐ Yes ☐ No

Before you started Participant at Venture, did you had previous business experience?

☐ Yes ☐ No

Did your mother ever had/has business? ☐ Yes ☐ No ☐ Don't know

Did your father ever had/has business? ☐ Yes ☐ No ☐ Don't know

Do you have other family (other than parents) that ever had/has business?

☐ Yes ☐ No ☐ Don't know

Do you have friends that ever had/has business? ☐ Yes ☐ No ☐ Don't know

Could your parents/caregivers support your business financially

☐ Yes ☐ No

How do your parents felt about entrepreneurship, and you starting to become one when you started the Participant at Venture program?

☐ They don't like the idea it at all.

☐ They don't like the idea.

☐ They have no opinion on this topic.

☐ They like the idea.

☐ They like the idea very much

Entrepreneurial reasons/ambitions

Why did you participate in the Participant at Venture program?

What is/was your biggest reason to start a business/ to become a business owner?

Would you rather be employed, or own your own business (if you would be offered a job right now as an employee, would you rather take that, or try to start your own business)., and why?

(Only for those currently in training): What is your ambition for business (or biggest dream for your business)

If you stopped the training, or you didn't start a business after finishing the training, what were the reasons to stop the training, or not to start a business? Please be explicit here; the reasons not to start a business/ the difficulties are very important for helping out the program!

If you stopped the training or didn't start a business, what are your current future plans (do you still think you will start a business; if yes, why, if no, why not?)

Do you have a role model? [☐] Yes [☐] No

If yes, who is your inspiration/role model?

If you didn't set up a business, this is the end of the questionnaire. Salamat po. If you started a business after the training (even when you stopped) please continue to the next section.

C. Business information:

What is/was the name of your business?

When did you started the business: (date)

If you are no longer in business; when did you stopped the business: (date) – still running

Started business how long after graduating T.E.A.S.E?(in weeks)

What kind of business do you have/did you had (what do/did you sell?) (product)

Where is/was your business located (address)?

Was/Is your business located at home?

[☐] Yes

[☐] No

Is your business located on a fixed place, or do you have a stand or would you go to people with your product?(more answers possible)

☐ My business is at a fixed place/stand, if so: where is your business located?

☐ I have a stand/ cart/ mobile device which I will move to my costumors—If so: how do you choose your locations:

☐ People can order. If so from where do you work:

-
- Other, namely
-

What are the reasons to locate your business here?

Who/what is the target market of your business?

What activities for your business would you do at home?

Was/Is your business DTI registered?

☐ Yes

☐ No

If yes, did this influenced your business location decision? And if so, how?

Did you ever moved you business?

☐ Yes , if so, how many times, where to and why?

☐ No

D. Employees

Do or did you had family members/friends would help out in business?

[] Yes, are they payed? And what kind of activities would they do? [] No

Do or did you have employees?

[] Yes: how many: _____ [] No (continue to NEIGHBORHOOD BUSINESS)

Fulltime/part time (encircle)

What were the activities of your employees:

How did you met your employees?

Do they live in your neighborhood? Or in the neighborhood of the business?

[] Yes [] No

Are they responsible for the HH income?(breadwinners?)

[] Yes [] No

If you had employees, but not anymore, what were the reasons to let go of them?

E. Neighborhood business

Do/did you have competitors in the neighborhood?

☐ Yes

☐ No

If so, explain what kind and how you handled the competition. If no, why not?

Where did/do you get your ingredients or needed materials to work with from? (e.g local grocery, multinationals; place does matter here! Is it local.global etc)

F. Challenges

What were your main challenges in putting up a business/ What were your main trials during your set-up? (please be honest here as well; all your answers will help the program improve)

(then specify: main challenges during Training, main challenges during begin business, main challenges when business was older)

First specify your challenges during Training:

What were your main challenges during the start of your business?

What were the main challenges when you were in business longer:

If you stopped the business, what were the main reasons that made you decide to stop your business?

This is the end of the questionnaire. Thank you for your time and input. If you have any other comments or questions, please describe them below. For more information feel free to contact me by email: yhuissoon@gmail.com

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Appendix 3 Chi²goodness of fit

Appendix 4 Introduction letter to partner organisations



**youth^{at}
venture**

Empowering the youth through entrepreneurship

August 31, 2013

Greetings!

In our pursuit towards the continuous enhancement of Youth at Venture's Entrepreneurship Program for our youth clientele, we have engaged our colleague, Ms. Yonne Huissoon from our partner organization Child at Venture based in the Netherlands, to pursue her research objective with us here at Youth at Venture Philippines.

Ms. Huissoon is currently completing her graduate degree program, Masters in Economic Geography from the University of Utrecht and is a trainee for Child at Venture. She is completing her graduate thesis on nascent youth entrepreneurs.

The research intends to interview youth who have underwent the Youth at Venture Entrepreneurship Training, particularly those who may or may have not established a business.

On this regard, I would like to endorse Ms. Huissoon to your esteemed organization to conduct her research and necessary interviews with youth who are, likewise, part of your program.

You may contact Mary Ann P. Datoy, Programs Specialist for any concern arising from this request.

Sincerely,

KHRISTINA ERIKA M. RAYALA-CLAVIDO
Executive Director

Appendix 5