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# **A SYSTEMS VIEW OF YOUTH BUSINESS START-UPS IN THE ARAB COUNTRIES: Influences and Barriers**

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## **Abstract**

**Purpose** – After the Arab spring, much attention has been devoted recently to diffuse the boiling situation across the Arab world. A number of policies have been introduced by governments. Amongst of them, it is to encourage youth job creation and entrepreneurship activities. Thus, a number of youth found themselves pushed toward starting up their own business in a very rigid and complex environment. This has not happened without problems. Therefore, this paper attempts to presents a conceptual model of youth business start-ups. It conceptualises youth attitudes towards entrepreneurial activities, the influential factors, barriers and business start-up process.

**Design/Methodology** – Both *a systematic review of key literature* and *a systems approach* have been used in this study. From a systems approach, this study examines the *entrepreneurship decision process* through the interrelationships amongst its environment, its relationship structure and process and, its outcomes

**Findings** – This study shows that youth are influenced by different factors. This study reiterates that a relationship exists between youth motives and drivers towards entrepreneurship. Other factors are the awakening of youth and determination to challenge governments for job creation and employment.

**Contribution** – The study has the following contributions: (1) provides an understanding of youth attitudes and difficulties towards entrepreneurship activities, (2) Developing an exploratory and integrated model of new business start-ups and, (3) A proposed model acting as “A Systemic Framework Guide of Decision Process” for both academic/researchers and policy-makers in the Arab and developing countries.

**Keywords:** Business start-up, Arab youth, entrepreneurship process.

**Paper type:** Conceptual paper

## **1. Introduction**

It is widely agreed that economic development is a controversial issue for policy makers. The economic growth is primarily challenged by high rates of youth unemployment in most countries. Entrepreneurs are people who own a small or medium enterprise (SME). Moreover, different researches (Blau 1987; Carree and Thurik 2008; Acs and Audretsch, 2010) believe that there is a strong relationship between a level of business ownership (self-employment) and gross domestic product (GDP) of a nation. For instance, dynamics of entrepreneurship has positive impact on economic well-being through alleviation of unemployment and promotion of productivity (Acs and Audretsch, 2010). Previous studies such as (Scott and Twomey 1988, Mazzarol, Volery, Doss and Thein 1999, Lewis number 2005, Aitken 2006) showed that youth attitudes are the first determinants of embracing entrepreneurial activities. The attitudes emerge from different motives that influence young people. The previous studies have also mentioned different variables that urge youth to start new venture such as: demographic variables personality, human capital, ethnic origins, educational level, employment status and experience, age, gender, socioeconomic status, family entrepreneurial background and religion. These variables vary according to the importance of each factor based on the purpose of the research, location and context. Other studies carried out by (Bonnett and Furnham 1999, Aitken 2006, Schoof 2006) investigated the issues faced by youth in entrepreneurial process in which they widely acknowledged that the decision to start new business is affected by different barriers although there are environmental influences in the process. The challenges are more related to access to resources such as financial, physical and knowledge.

## **2. The Study Background**

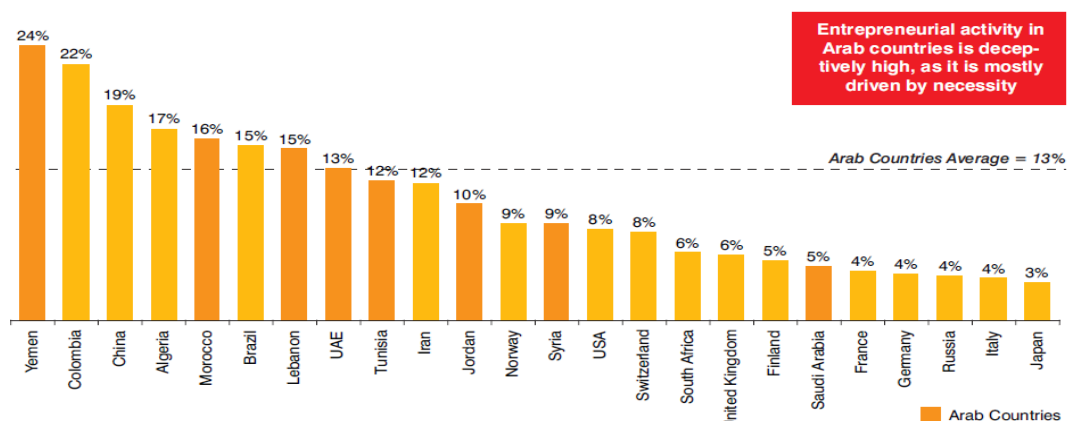
According to World Economic Forum (2011), the Middle Eastern and North African countries have more than one-half of its population under the age of 25 and one of the youngest workforces worldwide. This is considered as an enormous opportunity and challenge to motivate generations of youth and excel growth and prosperity for the Arab nations (World Economic Forum 2011). The challenge for the Arab world will be generating jobs and opportunities to young populations. For instance, the region needs to create 75 million jobs by 2020 with an increase of more than 40% over the number of jobs in 2012

(World Economic Forum 2012). A key to accelerating job creation in the Arab world is to develop an entrepreneurial culture among youth. The benefits of new businesses in the economy can be significant: sources of innovation, increased competition, efficiency and productivity, economic flexibility and adaptation, job creation, supply chain development and future growth. Indeed, once a new business is developed into small and medium-sized enterprises (SMEs), they become major contributors to employment and gross domestic product GDP (OECD 2010). According to the World Bank 2011 report, two third of MENA region<sup>1</sup> countries have implemented reforms to facilitate the creation of small businesses. These reforms include the creation of entrepreneurship agencies, start-up loans and management and marketing programmes for youth. For instance, such programs include Qatar’s Science and Technology Park, Oman’s SANAD programme, Tunisia’s Centre des Jeunes Dirigeants d’Entreprises and Algeria’s Agence Nationale, de Soutien a l’Emploi des Jeunes. Moreover, women’s role in the economic activity has increased for which they own 13% of firms (OECD 2011).

In the MENA region, about 13% of the working population is embracing entrepreneurial activities, far more than developed countries (Figure 1)

**Fig.1**

**Early Stage Entrepreneurial Activity (% Adult Population 2009)**



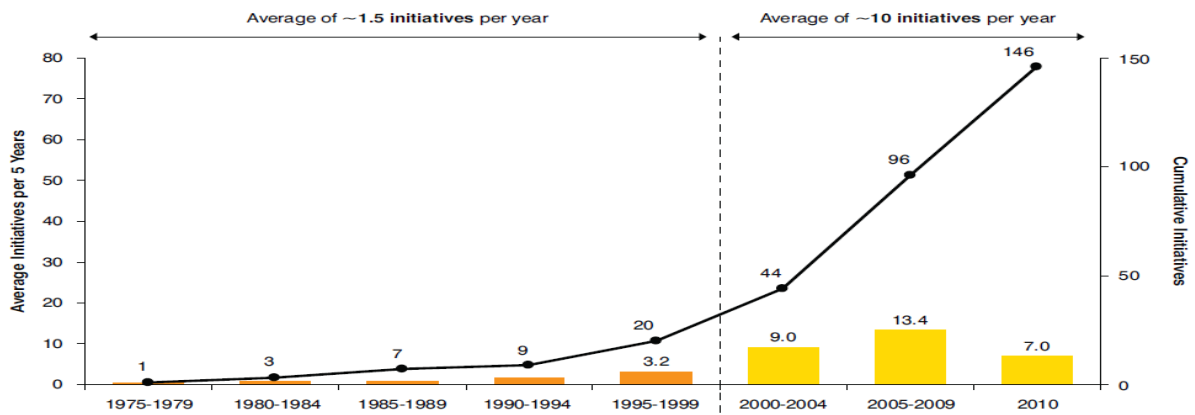
Source: OECD., 2011. *Accelerating Entrepreneurship in The Arab World*. OECD. (p. 8)

However, the advancement of entrepreneurial activities in MENA region is more driven by shop owners, farmers and cart sellers for the purpose of satisfying people’s basic needs. Thus, implementing innovation and creativity is a key to diversify the economy in the Arab world (OECD 2011).

It appears that there are about 150 government initiatives to promote entrepreneurial activities in MENA countries. These initiatives include technology and financial incentives, university programs, networking associations and NGOs for the purpose of creating entrepreneurial culture among youth. Since 2000, the pace of initiatives has increased significantly coming primarily from NGOs (62%) and with only 25% government contribution (Fig.2). Indeed, there is a low contribution by the government compared to advanced economies (OECD 2011).

**Fig.2**

**Number of Entrepreneurial Initiatives in MENA by Government NGOs and Private Sector**



Source: OECD, 2011. *Accelerating Entrepreneurship in The Arab World*. OECD. (p. 10)

To develop entrepreneurial activities, a number of questions have been raised in the Middle and MENA countries such as: How to raise awareness in terms of innovation and entrepreneurship among youth? How can governments identify the most potential industry for entrepreneurship and support initiatives? What are the appropriate programmes and schemes to create entrepreneurial intentions among youth and encourage others who aspire to start their own businesses? What are the roles of the educational system, the media and the culture in fostering entrepreneurial activity? To what extent innovation plays a role in expanding SMEs in order to create a complete support system for entrepreneurs? (OECD, 2011). These questions are being addressed by some Arab governments such UAE, Qatar and Saudi Arabia. Others governments are throwing funds to their Youth to start-up businesses but the business environment, structure and process are staying the same.

Against the backdrop, there are *three main reasons* for studying youth entrepreneurs in Arab countries. *One* is the recent uprising and regime changes after the Arab spring and the wave of youth rising against rules and policies of their governments. There is a climate of change (The Economist, 2013). A *second reason* relates to motives and drivers towards

entrepreneurial activities. These governments' schemes pre-existed the Arab uprising but they were given little attention. Now, these schemes are more accelerated and publicised in the governments' control media. As one question needs to be answered - *can entrepreneurship save the Middle East?* In Saudi Arabia, teaching entrepreneurship in the 'eye of the storm' during 'Arab Spring' has been given a clear focus and partnership in this area between one American university (Kent) and its counterpart Saudi Arabia University in Riyadh for three years is estimated, \$3.4 million dollar partnership program between the two universities (PRWEB (2011)). Therefore, youth are asking for help from their governments and banks altogether but the existing structure, management, organisational culture and problems such as corruption and nepotisms have led to new barriers for youth. As a consequence, policy makers need a more thorough understanding of youth behaviour and attitudes towards entrepreneurship activities and barriers they are facing in their start-up business. This will constitute a basis for youth scheme improvements and policy-making.

The *third reason* is research oriented. It provides a systemic framework for understanding and assessing a business start-up in the Arab world as well as in developing countries. Our model also provides a platform for future debate and model's improvements. To assist policy-makers and academic researchers who are interested in youth employment, job creation and business start-ups, a theoretical framework is provided of what determine the key influential factors and barriers in youth business start-up. These determinants are explained and graphically presented from a systemic approach perspective (figure 2).

### **3. Methodology**

For our conceptual paper, both *a systematic review of key literature* and *a systems approach* have been used. Using a systematic review, a critical review of 13 selected key studies in the business start-ups literature and youth entrepreneurship from 1988 to 2010 in different geographical locations (table 1 and 2) were considered. These studies have identified factors that push youth to start-up a business. Thus, *influences and barriers* are the main focus in this study. The examined studies reveal that most young entrepreneurs struggle during the process of business creation. This is due to a number of determinants such as the nation's economic development and willingness to implement entrepreneurial culture in the country. Specifically, some studies (Scott and Twomey 1988, Mazzarol, Volery, Doss and Thein 1999, Lewis 2005, Aitken 2006) showed that *youth attitudes* are the first determinants of

embracing entrepreneurial activities. These attitudes emerge from different motives that influence young people. Thus, some variables were identified as demographic, personality, human capital, ethnic origins, educational level, employment status and experience, age, gender, socioeconomic status, family entrepreneurial background and religion. It is also found that these variables can vary according to the importance of each factor based on the purpose of the research, location and context. Adding to this, other studies (Bonnett and Furnham 1999, Aitken 2006, Schoof 2006) investigated the issues faced by youth in entrepreneurial process and argued that the decision to start new business is affected by environmental influences. Therefore, challenges are more related to access to resources such as financial, physical and knowledge.

From a systems approach, our study examines the *entrepreneurship process*. Examining behaviour and attitudes within a social system, is to explore the interrelationships amongst its environment, its relationship structure and process and, its outcomes (Van de Ven, 1976; Nauman and Lincoln, 1989; Felix, 2003 and Beloucif et al., 2006). Therefore, this paper provides an integrated business start-ups process (fig.3) and a systemic framework guide for youth entrepreneurship decision process (fig.4).

Based on the combination of these two approaches, the paper is set to address the following aim of study, i.e., to identify and explore the factors influencing youth to embrace entrepreneurial activities and the main barriers facing them in the business start-up process. This interpretive approach is deemed to find a link between youth attitudes and barriers in business start-up process.

#### **4. Literature Review**

First, it attempts to critically review the relevant studies that investigated how youth are influenced to embrace entrepreneurial activities in different countries. It also shows the importance of entrepreneurship and economic growth for any nation. Thus, a number of studies were identified and selected for their focus on the attitudes of young people towards entrepreneurial activities and the motives and drives involved in their career aspirations. Second. Importance is equally given to studies that investigated issues and barriers faced by youth in the process of business start-up. Finally, based on the literature a conceptual framework for Youth entrepreneurs business start-up is developed and explained.



#### 4.1 Entrepreneurship and Economic Growth

Although entrepreneurship is seen as the creation of a new business (self-employment) by an individual, different schools have adopted different approaches to explain entrepreneurial activities. An entrepreneurship is not simply seen from the ownership perspective of a business, but it is more about the purpose, behaviour and skills and the whole situation of the start-up process. According to Cunningham and Lischeron (1991), there are six schools established (Great Person School; Psychological Characteristics School; Classical School; Management School; Leadership School and Entrepreneurship School). These authors have identified the start-ups situation and their links to school orientation as well as behavioural and skills required by entrepreneurs. In other words, personality traits is a vital factor for entrepreneurship success business and indeed, these schools highlight different behavioural factors related to a founder of a business.

According to Wennekers and Thurik (1999), entrepreneurship is defined as:

The manifest ability and willingness of individuals, on their own, in teams, within and outside existing organizations to perceive and create new economic opportunities (new products, new production methods, new organizational schemes and new product-market combinations), and to introduce their ideas in the market, in the face of uncertainty and other obstacles, by making decisions on location, form and the use of resources and institutions. (p. 46)

Based on this definition, we argue that the role of individuals is creating and capturing new economic opportunities through small businesses. For instance, entrepreneurs are generally self-employed and use innovation and creativity to introduce new products or services into the market. Moreover, opportunity, new idea, creativity, resources, institutions, uncertainty are the factors related to the willingness of the individual to embrace entrepreneurial activities (Timmons and Spinelli 2004). Porter (1990) claimed that “*Entrepreneurship is at the heart of national advantage.*” (p. 125)

Nowadays, economic development is a controversial issue for policy makers. The economic growth is primary challenged by high rates of unemployment in most countries. Entrepreneurs are people who own a small or medium enterprise (SME). Moreover, some researches (Blau 1987; Acs and Audretsch, 2010; Carree and Thurik 2008) believe that there is a strong relationship between a level of business ownership (self-employment) and gross

domestic product (GDP) of a nation. For instance, dynamics of entrepreneurship have positive effects on economic growth and help alleviate unemployment and increase productivity (Acs and Audretsch, 2010).

Significantly, there are input variables that link entrepreneurship to economic growth. The linkage starts with personality traits, cultural and institutional aspects which create entrepreneurial intentions. Next, intermediate variables include innovation, variety of production, competition, efforts and energy of entrepreneurs for the purpose of growing regions, firms, industries and nations (fig.3). For instance, economic growth refers to the linkage of individual level to aggregate level. In other words, entrepreneurs create new businesses, and in turn new businesses create jobs, more supply of products or services, intensify competition and increase productivity for the benefit of the nation such as employment, productivity and consumption (Wennekers and Thurik 1999).

#### *4.2 Influences and Barriers to Business Start-ups*

The attitudes of youth towards entrepreneurial activities have been discussed by academics over the years and in different geographic locations (Table 2). This study focuses on influential factors and barriers.

##### Influential Factors

Scott and Twomey (1988) found that the most influential factors in youth entrepreneurship attitudes in USA, UK and Ireland were predisposing factors (background, personality and perception), triggering factors (situation of unemployment and looking for a job) and possessing a business idea. Other academics such as Mazzatol, Volery, Doss and Their (1999), Rasheed and Rasheed (2003), Gurol and Atsan (2006) highlighted variables such as personality traits, entrepreneurship education, employability, work experience, which have a significant effect on youth attitudes in USA and Turkey. In this context, personality traits, family entrepreneurial background, employment and possessing a new idea are regarded as important factors in influencing entrepreneurship career aspirations.

Studies by Bonnett and Furnham (1991), Kate Lewis (2005), Hire Prospects, CERIC and DECODE (2008) have also examined the possible factors influencing youth attitudes towards entrepreneurial activities in the UK, New Zealand and Canada. Respectively, similarities in

entrepreneurship education coupled with young scheme are found to be the most influential factors in youth intentions. Studying young people, Aitken (2006), Goel, Vohra, Zhang and Arora (2007) and Dordevic, Bogetic and Cockalo (2010) found that variables such as employability, infrastructure development and family business background are needed especially in countries in transition phase constitute the main sources of embracing entrepreneurial activities in India, China and Serbia respectively.

In addition, Mazzarol, Volery, Doss and Thein (1999) pointed out to the influences such as demographic, financial support, business support, employability and infrastructure development. Indeed, this has been confirmed in a study conducted by Martinez, Mora and Vila (2007) in the European Union. They found that there was a relationship between entrepreneurship, education and work experience, personality traits and demographic variables (gender, location) in determining the motives of youth career aspirations. Significantly, personality traits are considered as the main motive influencing youth intentions followed by infrastructure development, employability and entrepreneurship education.

### Barriers

From the review of previous studies (Table 3), there are some challenges in the process of entrepreneurship. Consequently, youth have a tendency to perceive these challenges as barriers that discourage them from embracing entrepreneurial activities.

Scott and Twomeny (1988) found that business idea and lack of work experience remain big challenges for youth in the business start-up process. Martinez, Mora and Vila (2007), Middlesex University (1991) found that financial issues, lack of information accessibility, lack of business and management support, lack of entrepreneurship education and gender are the critical obstacles for youth. CEEC youth were also confronted by lack of economic and political support in the UK while in the study of Bonnett and Furnham (1991) excluded gender as a problem for entrepreneurship.

In addition, Mazzarol, Volery, Doss and Thein (1999) as well as Wilson, Kickul and Marlino (2007) conducted studies in Australia and USA respectively, shared similar grounds of entrepreneurship education and gender concerns. Moreover, the research conducted in Canada by Hire Prospects et al., (2008) discovered wider issues including financial issues,

lack of business and management support, lack of entrepreneurship education, business idea and lack of resources availability are critical for young people.

Indeed, Goel, Vohra, Zhang and Arora (2007) carried out a survey in India and China and found that entrepreneurial activities are primarily challenged by the lack of political and economic support. Comparatively, Dordevic, Bogetic and Dragan (2010) stated, as a result of their study in Serbia, the transitional phase (economic and political transformation) has witnessed a number of barriers such as financial issues, lack of information accessibility, lack of business and management expertise, lack of entrepreneurship education, lack of work experience, business idea and lack of resources availability. Table 1 summarises the key influences and barriers that affect youth entrepreneurship process.

**Table 1**  
**A Survey of influential factors & barriers of Youth Business Start-ups (1988-2010)**

| <b>Studies</b>   | <b>Influential Factors</b>   | <b>Key Barriers</b>  | <b>Location</b>     |
|--|--|--|---------------------|
| 1. Michal G.Scott and Daniel F.Twomey (1988)                             | Predisposing factors, triggering factors and possessing business idea                                  | Business idea, lack of work experience   | UK, USA and Ireland |
| 2. CEEDR, Middlesex University (1991)                                    | -  | Financial issues, lack of entrepreneurship education, gender and lack of political and economic support  | EU and CEEC         |
| 3. Celia Bonnett and drian Furnham (1991)                                | Business support, young schemes and entrepreneurship education   | Financial issues , lack of entrepreneurship education, lack of business support, and lack of information accessibility   | UK                  |
| 4. Tim Mazzarol, Thierry olery, Noelle Doss and Vicki Thein (1999)       | Personality, business support, financial support, employability, infrastructure development and gender | Gender, lack of entrepreneurship education and lack of political and economic support  | Australia           |
| 5. Howard S. Rasheed and arbara Y. Rasheed (2003)                        | Personality traits, entrepreneurship education and work experience                                     | N/A  | USA                 |
| 6. Kate Lewis (2005)   | Family business background, young schemes and entrepreneurship education                               | -N/A   | New Zealand         |
| 7. Katie Aitken (2006)   | Employability, financial support, infrastructure development and family business background            | Financial issues, lack of resources accessibility, lack of business support and lack of networking   | UK                  |
| 8. Yonca Gurol and auray Atsan (2006)                                    | Personality traits, new business idea and gender   | Financial issues, lack of business support, lack of entrepreneurship education and gender  | Turkey              |
| 9. Daniel Martinez, Jose ines Mora & Luis E.Vila (2007)                  | Entrepreneurship education, work experience, personality traits and new business idea                  | Lack of business support, lack of entrepreneurship education and gender  | EU                  |
| 10. Abhishek Goel, eharika Vohra, Liyan Zhang and Bhupinder Arora (2007) | Family business background, infrastructure development and location                                    | Lack of political and economic support   | India and China     |
| 11. Fiona Wilson, Jill ickul and Deborah Marlino (2007)                  | Gender, personality traits and employability   | Lack of business support, lack of new business idea and gender   | USA                 |
| 12. Hire Prospects, ERIC and DECODE (2008)                               | Infrastructure development and entrepreneurship education  | Financial issues, lack of business support, lack of entrepreneurship education, lack of new business idea and lack of resources accessibility                              | Canada              |
| 13. Dejan Dordevic, Srdan ogetic and Dragan Cockalo (2010)               | Personality traits, financial support, employability and infrastructure development                    | Financial issues, lack of information and resource accessibility, lack of business support, lack of entrepreneurship education, and lack of political and economic support | Serbia              |

To sum-up, the critical review of literature reveals that personality traits (perception, background, personal achievement, motivation, self esteem, locus of control, risk taking) are the main factors that influence youth entrepreneurial decision. Adding to these, tackling employment issues and economic development and support as well as education and training remain as crucial elements in pulling youth towards entrepreneurial activities.

In this study, the critical review of literature reveals that the major challenge for entrepreneurial activities is financial (fund, loans, taxes) followed by business support and entrepreneurship education (Table 2). Thus, financial support, business and management support, improving entrepreneurial education and training are key priorities to implement entrepreneurial culture among youth.

**Table 2**  
**Summary of Key Findings from the Literature (1988-2010)**

| <b>Factors</b> →<br><b>Studies</b> ↓                                      | Motives & Drives towards Entrepreneurship |                  |                   |               |                            |                            |                            |                            |                 |                   |        | Challenges & Barriers in Business Start-up Process |                  |                                       |                          |                            |                         |                           |                    | <b>← Factors</b><br><br><b>Location</b> |        |                                      |
|---|---|------------------|-------------------|---------------|----------------------------|----------------------------|----------------------------|----------------------------|-----------------|-------------------|--------|--|------------------|---------------------------------------|--------------------------|----------------------------|-------------------------|---------------------------|--------------------|---|--------|--------------------------------------|
|   | Personality Traits                        | Business Support | Financial Support | Employability | Infrastructure Development | Family Business Background | Entrepreneurship Education | Young Schemes & Programmes | Work Experience | New Business Idea | Gender | Location   | Financial Issues | Lack of Information/ Resources Access | Lack of Business Support | Lack of Entrepr. Education | Lack of Work Experience | Lack of New Business Idea | Lack of Networking |   | Gender | Lack of Political & Economic Support |
| 1. Michal G.Scott and Daniel F.Twomey (1988)                              | √   |                  |                   | √             |                            | √                          |                            |                            |                 | √                 |        |  |                  |                                       |                          |                            | √                       | √                         |                    |   |        | England, USA and Ireland             |
| 2. CEEDR, Middlesex University (1991)                                     |   |                  |                   |               |                            |                            |                            |                            |                 |                   |        | √  |                  |                                       | √                        |                            |                         |                           |                    | √                                       | √      | EU and CEEC                          |
| 3. Celia Bonnett and Adrian Furnham (1991)                                |   | √                |                   |               | √                          |                            | √                          | √                          |                 |                   |        | √  | √                | √                                     | √                        |                            |                         |                           |                    |   |        | UK                                   |
| 4. Tim Mazzarol, Thierry Volery, Noelle Doss and Vicki Thein (1999)       | √   | √                | √                 | √             | √                          |                            |                            |                            |                 | √                 |        |  |                  |                                       | √                        |                            |                         |                           |                    | √                                       | √      | Australia                            |
| 5. Howard S. Rasheed and Barbara Y. Rasheed (2003)                        | √   |                  |                   |               |                            |                            | √                          |                            | √               |                   |        |  |                  |                                       |                          |                            |                         |                           |                    |   |        | USA                                  |
| 6. Kate Lewis (2005)  |   |                  |                   |               |                            | √                          | √                          | √                          |                 |                   |        |  |                  |                                       |                          |                            |                         |                           |                    |   |        | New Zealand                          |
| 7. Katie Aitken (2006)  |   |                  | √                 | √             | √                          | √                          |                            |                            |                 |                   |        | √  | √                | √                                     |                          |                            |                         |                           | √                  |   |        | UK                                   |
| 8. Yonca Gurol and Nauray Atsan (2006)                                    | √   |                  |                   |               |                            |                            |                            |                            | √               | √                 |        | √  |                  | √                                     | √                        |                            |                         |                           |                    | √                                       |        | Turkey                               |
| 9. Daniel Martinez, Jose Gines Mora & Luis E.Vila (2007)                  | √   |                  |                   |               |                            |                            | √                          |                            | √               | √                 |        |  |                  | √                                     | √                        |                            |                         |                           |                    |   |        | EU                                   |
| 10. Abhishek Goel, Neharika Vohra, Liyan Zhang and Bhupinder Arora (2007) |   |                  |                   |               | √                          | √                          |                            |                            |                 |                   | √      |  |                  |                                       |                          |                            |                         |                           |                    |   | √      | India and China                      |
| 11. Fiona Wilson, Jill Kickul and Deborah Marlino (2007)                  | √   |                  |                   | √             |                            |                            |                            |                            |                 |                   | √      |  |                  | √                                     |                          |                            |                         | √                         |                    | √                                       |        | USA                                  |
| 12. Hire Prospects, CERIC and DECODE (2008)                               |   |                  |                   |               | √                          |                            | √                          |                            |                 |                   |        | √  | √                | √                                     | √                        |                            | √                       |                           |                    |   |        | Canada                               |
| 13. Dejan Dordevic, Srdan Bogetic and Dragan Cockalo (2010)               | √   |                  | √                 | √             | √                          |                            |                            |                            |                 |                   |        | √  | √                | √                                     | √                        | √                          |                         |                           |                    |   | √      | Serbia                               |

### *4.3 Relationship between Influences and Barriers*

An examination of the relationship between influences and barriers in business start-up process shows a close tie between entrepreneurial activities and start-up process:

- 1) Influences towards entrepreneurial activities.
- 2) Barriers facing youth in business start-up process.

Significantly, there is a relationship between these two determinants of youth intentions to create a new venture. Indeed, a youth is in the middle of two pulling forces. On one hand, he/she is influenced and pulled by factors such as (personality traits, government support and entrepreneurship education). On the other hand, challenges (financial issues, lack of resources, lack of entrepreneurship education, lack of experience and lack of business idea) as discouragement pull youth into different direction. It is clear a decision is driven by a set of motives, drives, obstacles and barriers. If a person decides to start-up a business, then motives and drives are more powerful influential in one's decision. Comparatively, youth reacts negatively to challenges that are seen as discouragement to take any entrepreneurial decision Table 2).

It is important to note that for example financial support can be a motive and could be a factor that pushes people to start-up a business and also a barrier if it is not available. Similarly, business support is seen as a motive and lack of business support is a barrier too. Therefore, elements (inputs) needed to create a business can motivate youth and their unavailability turn them into barriers in business start-up process. Overall, a youth needs the following inputs to start-up a business: finance, material/ machinery, resources, business idea, staff, motivation and passion, work experience and qualifications.

## **5. Developing A Conceptual Framework**

### *5.1 Existing Entrepreneurial Business Start-Up Process*

Entrepreneurship aims create a new business that is considered in economics as a value and wealth. In this purpose, the founder should demonstrate leadership, creativity and communication skills to coordinate between the right opportunity, resources and human capital. There has been an attempt to conceptualise business start-up process by Timmons and Spinelli (2004). According to them, entrepreneurial activities go through a process that uses



an opportunity, resources and a team. These factors are needed to the founder to create a new business. A successful entrepreneurship depends on the balances of these three factors. For instance, the entrepreneur looks for an opportunity, drawing up a team and find resources to start a new business. These factors can either be affected by creativity, leadership and communication (Timmons and Spinelli 2004). However, this model has some pitfalls. First of all, there is a lack of clarity on the starting and ending of the process. This model shows only the dimensions of entrepreneurship and what is needed to start-up a business. Secondly, it does not cover other important factors in the process. For instance, business idea, administrative procedures and timing are neglected. Finally, the team as a dimension should have been considered as part of human resource.

## 5.2 An Integrated Business Start-Up Process

Our new emerging model (fig.3) explores the interactions and links between the three levels of a start-up business process. **The first level** represents the four entrepreneurial stages. It starts with generating and searching for a *business idea*. Then, evaluating different *opportunities* follows. An opportunity is evaluated and exploited through market dynamics. For instance, market size, industry attractiveness, and economic competitiveness of the country as well as the social and political factors are important to determine the opportunity. Next, the business founder should identify the right *resources* for his/her business. Resources can be financial, physical (machinery, material, raw material) or non physical (knowledge, expertise and know-how). Finally, after finding a good business idea, evaluating the best opportunity and finding the right resources, a founder should develop a *business plan*. The business plan is a set of documents that determine the strategy, vision, mission and objectives.

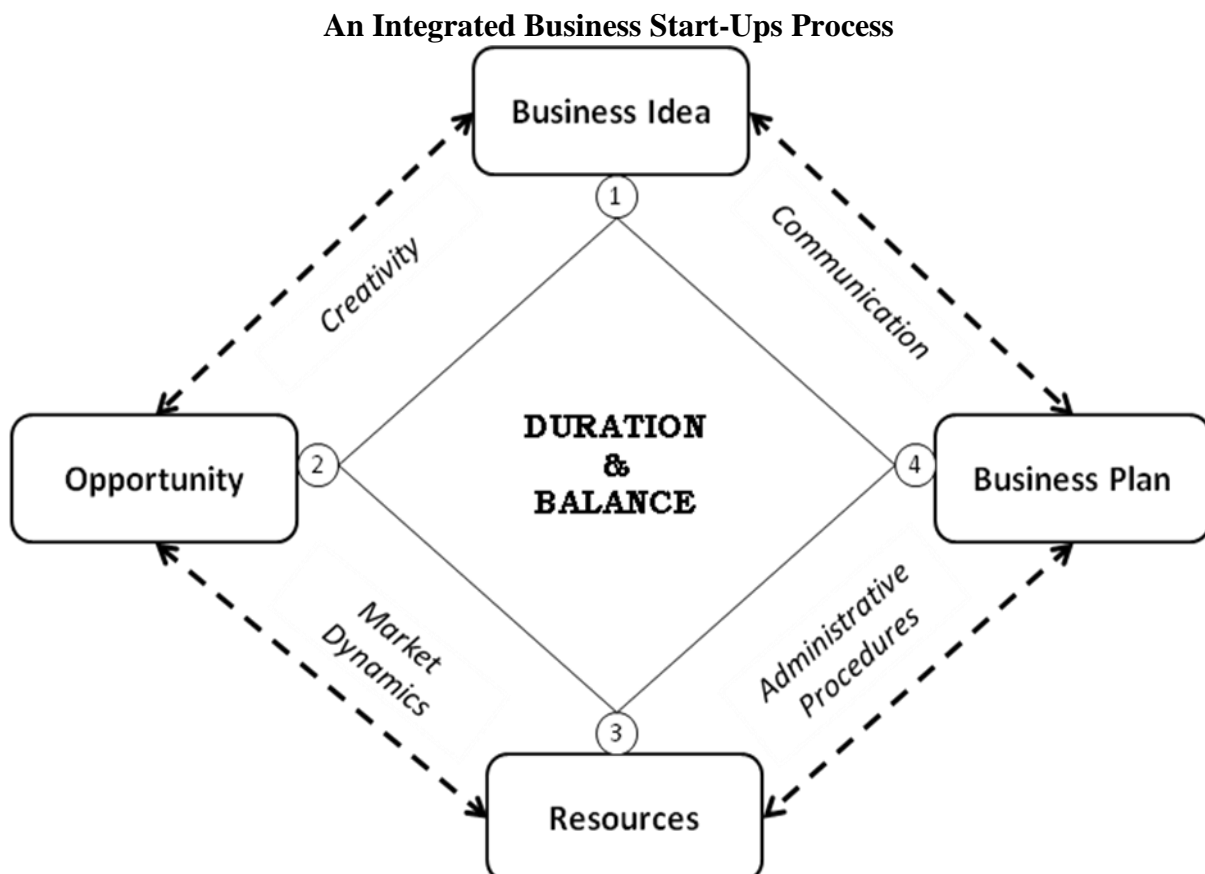
**The second level** of the process is made of creativity, *communication, market dynamics and administrative procedures*. These factors affect the entrepreneurial stages. For instance business idea can be affected by creativity during the evaluation of different opportunities. *Market dynamics* have a significant impact on exploiting opportunity and finding the right resources to start-up the business. Next, once the founder determines the right business idea, opportunity and resources, administrative procedures can be involved in developing a business plan. Finally, in the process of business plan development, communication is highly needed to fit the gaps of the proposed business. If the founder discovers some issues during

the development of the business plan, he/she can drop the existing idea and find a new one and then restarting the whole process again.

**The third level** of the entrepreneurship process consists of the *duration and balance* among level one and two. The idea is to determine a time frame from business idea to the development of business plan and also, between communication, creativity, administrative procedures and market dynamics. For instance, the following questions are vital to the founder:

1. How much time and duration is needed to find a business idea, evaluate opportunity, identifying the right resources and developing a business plan?
2. To what extent there is a balance between business idea, opportunity, resources and business plan that might affect the process?

**Fig. 3**



Indeed, a balance between different variables and factors is important to create a solid relationship between the three levels. In addition, this model has a systemic approach to understand the whole process. There is a relationship between business idea and opportunity

in which both factors can influence or affect each other. For instance, if a founder finds a new business idea, it can have an impact on business opportunities. In return, if there is an opportunity, it may drag a good business idea. As part of system, creativity, communication, administrative procedures and markets dynamics are interconnected. Together, they also shape a business idea, opportunity, resources and business plan factors.

### 5.3 A Systemic Framework Guide for Youth Entrepreneurship Decision Process

As a result of a systematic review of key studies (table 1 and 2), the main influences are summarised as follows:

1. Personality traits (Background, locus of control, motivation, risk and need to achieve).
2. Government support and economic condition (financial support, business support, networking, employability and infrastructure).
3. Education (family background, young schemes and school/university).
4. Others (Gender, location, work experience, business idea)

The barriers that might face youth in the process of business start-up found are:

- a) Financial issues
- b) Lack of management and business support
- c) Lack of entrepreneurial education
- d) Information and resources accessibility issues
- e) Lack of business idea or networking
- f) Lack of political or economic or social support

Based on these studies, the *process* (fig.4) is divided into three categories starting by *factors influencing* youth to embrace entrepreneurial activities, then the *barriers and challenges* that affect the new entrepreneurship process and finally the final start-up decision.

Significantly, influential factors have an impact on *integrated business start-ups process* in different ways. They have a positive influence on the business idea, opportunity, resources and business plan. For example, government and financial support affect the opportunity and resources. Any risk taking has a vital role in creating new opportunities. Another example can be drawn from family business background while it can assist the founder to develop a good business plan and find the right resources. Furthermore, creativity, communication,

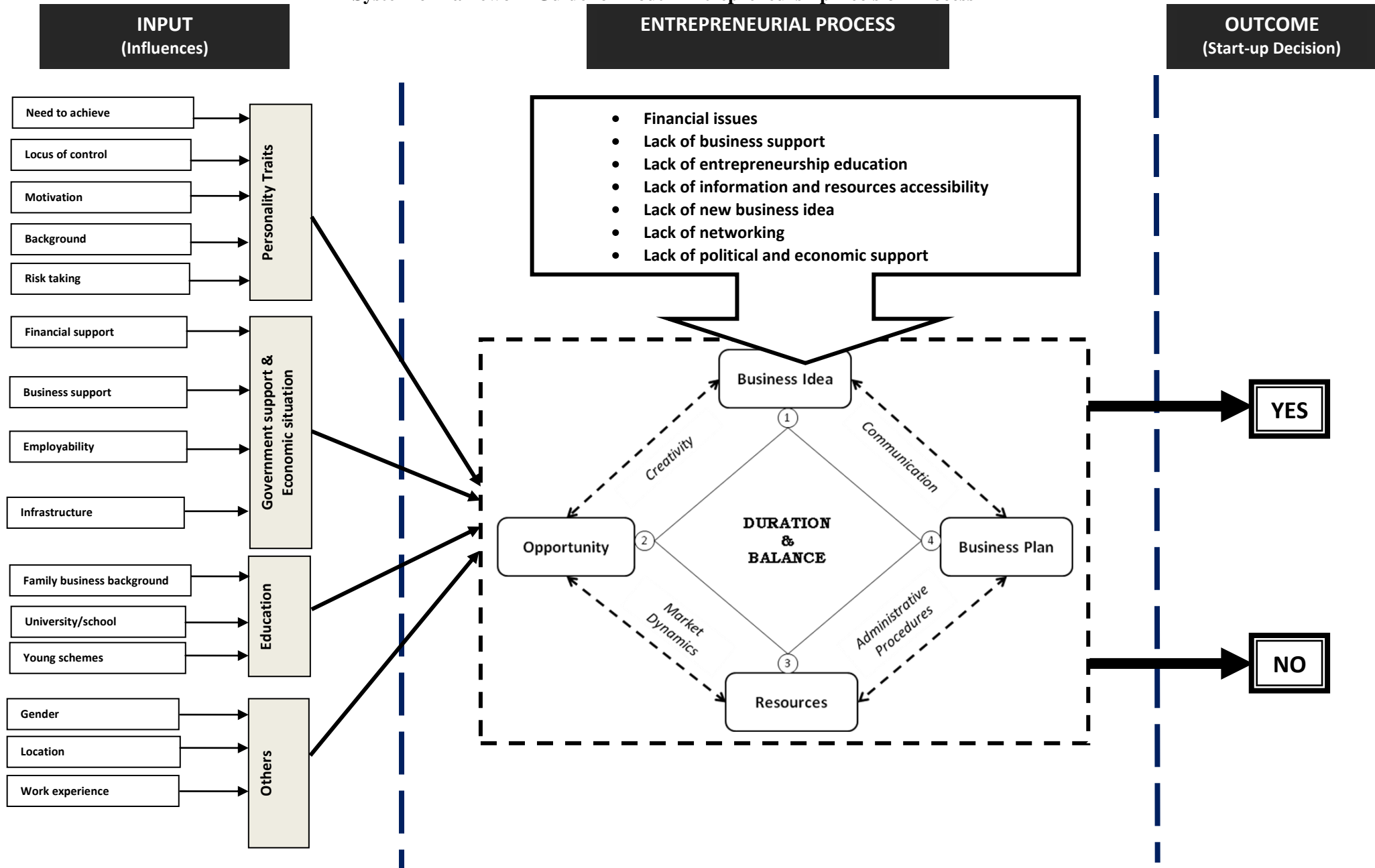
administrative procedures and market dynamics are under the influence of these factors. At the end, these influential factors will stimulate youth to embrace entrepreneurial aspiration at the first stage.

In addition, the barriers facing youth affect negatively the entrepreneurship process. In this context, a lack of entrepreneurship education might harm any development of a robust business plan. Adding to this, a lack of political and economic support may lead to a poor resources availability, inadequate business idea and bad business plan. The barriers are also considered as the second stage of business start-up decision.

From the two stages that affect the entrepreneurship process model, now the youth decides to start-up a business. In this context, if the youth decides to start-up a business, it means that influential factors have more power on the entrepreneurship process and vice versa. Indeed, the generated model may be applicable to different geographical locations and countries. Therefore, influences and barriers might change due to cultural, social, political, economic and legal variables of the study's location.

Fig.4

A Systemic Framework Guide for Youth Entrepreneurship Decision Process



## CONCLUSION AND IMPLICATIONS

The aim of this paper is to develop and present a conceptual framework that would help understand youth attitudes towards entrepreneurial activities, the influential factors and barriers facing them in their business start-up process. It also provides useful Framework and guidelines for the policy makers to use when supporting and encouraging youth job creation.

Conceptualising from a systemic perspective was necessary and useful because it provided an insight and understanding of youth business start-ups. It also identified the key barriers and influencers in the process. This has led to some suggestions. First, policymakers have to understand the difficulties and barriers facing new entrepreneurs during their business start-up. This should have a broader review of all the activities involved in the process as well as the influences. Many governments are putting in place supports, mechanisms and schemes for job creation. There are a number of actors (government agencies, banks, institutions etc.) are involved in the process. Coordinating between all the actors is a complex task and youth with limited experience are also lost in this lengthy process. Government and agencies should be aware of those difficulties faced by youths. They should have a better understanding and mechanisms to facilitate the start-ups. Moreover, examining the success and failure of youth entrepreneurs would help other business start-ups.

Second, academic researchers need to be aware that business start ups are subject to macro-environmental forces such as economic and political influences, i.e., this paper reveals that certain motives are used by governments and policy makers alike in relation to job creation and business start-up during a wider country protests. Adding to this, the rise of religious belief not paying interests (Riba) to banks has reduced the government efforts. Some governments such as in Algeria, any interest resulting from a loan will be covered by the government, i.e., youth entrepreneurs are exempt from any interest payment. One question that requires an answer – is it economically viable?

### End notes:

<sup>1</sup> The MENA region includes: Algeria, Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, The Palestine Territories, Qatar, Saudi Arabia, Syria, Tunisia, The United Arab Emirates and Yemen.

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