



# ONE FOOT OUT: WHY UNEMPLOYED UNIVERSITY GRADS ABANDON YOUTH ENTERPRISE SCHEMES

## Introduction

Supporting young university graduates to become successful entrepreneurs is riskier and more likely to fail than commonly assumed. This finding contradicts the notion that university graduates show high success and resilience in enterprise development due to enhanced skills and better resource access (Premand et al., 2016; Sá et al., 2025). Our action research—a social experiment analyzing entrepreneurial behavior among trained, seed capital-supported, and nurtured unemployed graduates—reveals an intractable challenge for policymakers supporting youth-led businesses.



The study of 20 youths across five districts shows that university graduates rarely commit to self-employment in enterprise development. Instead, they adopt a "one foot in, one foot out" approach, waiting for wage-paying office jobs rather than investing time and resources in businesses offering 10x higher returns. Non-university

graduates stay committed due to limited office job prospects. This has implications for government policy to:

1. Initiate the "Adwumawura Programme" – a special start-up policy aimed at facilitating the creation, tracking and mentoring of a minimum of 10,000 youth-led businesses every year under the 24-Hour economy policy;
2. Establish a Young Entrepreneurs Microcredit Institution with a seed fund of 750 million Cedis to disburse affordable loans to young entrepreneurs;
3. Develop and implement a programme to support graduates of tertiary institutions to form cooperatives to bid for public and private contracts;
4. Scale up small to medium enterprises created by young people tailored to district-level economies.

On the basis of the study's findings and drawing on findings of other similar studies (World Bank, 2020), we conclude that focusing financial and technical support to more of the senior high school graduates and nurturing them may help the government achieve its objectives of promoting youth led businesses and job creation than university graduates.

## Ghana's growing youth population requires creation of about 300,000 new jobs annually

In 2016, the World Bank estimated that about 300,000 new jobs would have to be created each year in Ghana to absorb unemployed young people (World Bank, 2016).

In 2022, the unemployment rate among young adults between 15-24 years was 32.8%, and that translates to about 1.9 million people (GSS, 2022). Since the year 2000, governments in Ghana have launched more than 40 youth employment related programmes with mixed results (Avura & Uizen-Appiah, 2016; Ampadu-Ameyaw et al. 2020).

## Next Generation Local Economic Development (NGLED)

In 2024, the Institute of Local Government Studies (ILGS), with support from the Knowledge Platform on Inclusive Development Policies (INCLUDE), launched a three-year action research project: "Youth Economic Inclusion through Next Generation Local Economic Development (YEI-NGLED)." NGLED shifts local government (LG) ideology and strategy toward directly pursuing economic activities beyond just creating an enabling environment. It holds that LGs must partner with the private sector to create jobs and raise incomes—through direct support for productive activities, partnerships, entrepreneurial aid, governance improvements, and coaching/mentoring for local business development. It rejects the notion that job creation happens automatically in an "enabling environment."

## Approach to the study

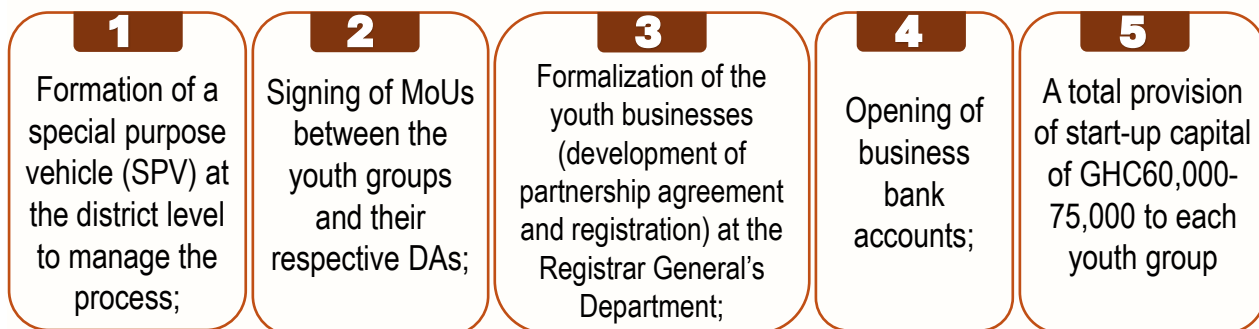
Designed as action research (a controlled behavioral and institutional approach to implementing NGLED), this study analyzed entrepreneurial behaviors among youth and intrapreneurial behaviors among LG officials when trained and facilitated in productive economic activities. The key research question: How do skills training combined with support services like working capital facilitate youth enterprise and self-employment? The objective was to use the study's evidence to inform the design of a sub-national LED program for creating sustainable self-employment among unemployed graduate youth.

ILGS facilitated the incorporation of 5 youth businesses comprising of four 'unemployed graduates' per group (a mix of 13 university graduates and 7 non-university graduates) in 5 LG jurisdictions and provided them with hands-on entrepreneurial skills to enable them successfully develop business products for the market.



The groups that chose fish farming as their business received grants to construct fish ponds, training in aquaculture, stocking of ponds with suitable fish species, and feed for six months. Those in poultry and small ruminant rearing received assistance to build farms (chicken coop, flock pen) and starter packs such as day-old chicks and feed. The groups also received mentorship from the ILGS-LED Centre and experts from the respective district assemblies (DAs)

## The ILGS further facilitated:



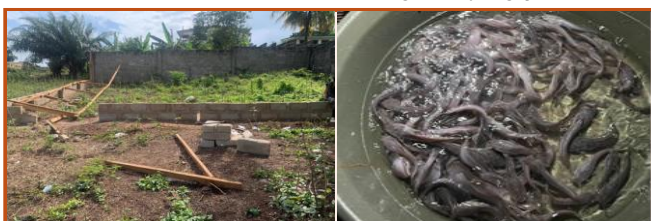
It was expected that within a year, the five start-up youth groups would replicate their businesses by creating additional groups with the same project support, making the seed capital a revolving fund. Hence, by the end of the third year, at least 60 young people would achieve sustainable self-employment from the initial 20 start-ups.

## Findings

During the first 12 months of working with the youth groups and their DAs, we observed the following findings related to youth attitudes toward business development.

### 1. Risk-averse

For young university graduates, early entrepreneurship setbacks can be devastating—and in this experiment, there were many. In one youth enterprise, 1,200 of the 2,000 supplied fingerlings and juveniles died within their first month. In the goat farm, thieves stole all initial wooden structure materials; in another community, poor fish pond construction caused leakages. These setbacks discouraged some graduates, making some contemplate to seek risk-free wage-paying jobs.



### 2. Tendency for university graduates to abandon business development

The analysis suggests that those who abandoned enterprise development were university graduates who preferred office jobs paying about GHC1,500 monthly rather than committing to enterprise development that would guarantee higher future income. As one local government officer put it, "the university graduates have one foot in the business and the other foot outside the business." Many see entrepreneurship and enterprise development as survival or transient activity until they get wage-paying jobs. As Table 1 shows, nine months into business development, many university graduates had abandoned their businesses for wage jobs, compared to non-university graduates.

**Table 1: Youth enterprise start-up and status after 9 months**

No	Registered Name	No. of youth that started the business	No. of youth remaining after 9 months
1	Atiwa Youth Poultry	4 (2UG & 2NUG)	2 NUG
2	Aquayouth Harvesters	4 2UG & 2NUG	2 NUG
3	Fish Haven Farms	4 (3UG & 1NUG)	1 UG & 1 NUG
4	Big Mind Catfish Farm	4 (2UG & 2NUG)	2UG & 1NUG
5	Ecohoof Ranch	4 (4UG)	2 NUG

**Key: UG= university graduate; NUG= non-university graduate (High School)**

### 3. Under-employed instead of unemployed graduates

We observed that many of the university graduates although claimed to be unemployed at the beginning, were rather underemployed. They were doing ad-hoc jobs that were difficult to detect at the selection stage, hence they had divided attention for nurturing growth of their enterprises. This contributed towards early set-backs in their enterprise development. While logically they could reinvest income from their side jobs into their businesses, they chose not to.

### 4. Inadequate attachment to business ownership

Even when empowered to own businesses, youth often lack a true sense of ownership and entrepreneurial behavior. They are less assertive in protecting their business interests and sometimes ambivalent about the risk of not repaying seed capital. This attitude appears culturally rooted in patron-client relationships, where the government is seen as a father providing all needs in return for obedience, loyalty, and support.



*“Some members of the group assumed the program was politically motivated, which led them to exhibit poor work ethic” (Young graduate in KEEA).*

### 5. Start-up capital plus

Providing seed capital and assets for graduate startups is insufficient. An additional running budget (at least 10%) is also needed to cover participants' errands. Without it, young graduates' enthusiasm for enterprise development wanes. Even with side income, they expect the local government or project to provide transport for business travel.

### 6. Revolving fund in one year is overly optimistic

The initial analysis—that youth enterprises could replicate themselves after one year with the same seed capital—appears overly optimistic. Nevertheless, it is doable in two years when local governments perform at their facilitative best

### Implications on government policy on youth enterprise development and job creation

Successive governments have developed youth enterprise development programs that provide start-up grants and loans, business advisory services, opportunities for international exposure, and mentorship. These programs commonly target tertiary graduates.

Our study show that most university graduates prefer wage jobs over self-employment, especially in agribusiness. As the government aims to create 10,000 youth-led businesses annually under the 24-Hour Economy policy, these findings must inform its design and implementation.

Government intervention through deliberate public schemes is a necessity, not an option. Development economists like Shapiro, Paul Rosenstein-Rodan, Albert Hirschman, and Raul Prebisch argued that focused capital and entrepreneurship cannot be guaranteed in free markets, making industrial policies essential.

To ensure the policy's immediate success, government must prioritize senior high school graduates over university graduates for youth beneficiary selection. Constantly monitor business decision-making, as youth may perceive government support as political patronage and sidestep economic rationality. Furthermore, target underemployed rather than unemployed youth to temper expectations of full-time business commitment

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## **Further Information**

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