

# Sustainability of youth self-employment schemes in Central Gondar, Amhara, Ethiopia

*Degsew Melak, Wuletaw Mekuria, and Agere Belachew*

**Abstract:** *This study examined survival of youth self-employment using primary data. Relevant factors are identified that influence youth's dropping out of self-employment. The findings of the study indicated that young women-managed small businesses are more likely to survive and be profitable than young men-managed businesses. Youth-managed small businesses with frequent technical support have more chance of long-run survival. Furthermore, attainment of a positive perception of readily available business options is related to the long-term survival of youth self-employment. Finally, small businesses operating according to a business plan with sufficient access to working places have better chances of long-run survival. Consistent multidimensional support before and after entry into self-employment is suggested for effective micro and small enterprise development.*

**Keywords:** investing, sustainability, self-employment, youth

## Introduction

LACK OF JOB OPPORTUNITIES HAS been an important concern for African governments as well as young people. As a result, youth unemployment in sub-Saharan Africa has become a topic of debate in politics, research, and among practitioners (CTA et al., 2014; Filmer and Fox, 2014; IDRC, 2015; Losch, 2016; World Bank, 2018). Similarly, youth unemployment (youth employment crisis) has become a major issue in labour markets and public policy in sub-Saharan Africa (Fox et al., 2020). As a result, there has been growing interest in investing in youth and youth-targeted interventions through micro and small enterprise development. Small and micro enterprise development is important for socio-economic development since it creates jobs, increases income, and reduces poverty (Thurik et al., 2008; Kongolo, 2010; Chege and Wang, 2020). The Youth Revolving Fund was established in Ethiopia to encourage young people to build their own small businesses and contribute to youth employment creation endeavours. The fund mainly focuses on creating a fertile atmosphere in which youth are engaged in various self-employment opportunities.

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The Government of Ethiopia has introduced the Youth Revolving Fund to encourage young people to start their own small businesses and reduce the rate of youth unemployment. This initiative has focused on creating a fertile environment and bringing a paradigm shift in the mentality of youth from job seekers to job creators. As a result, a significant number of young people have engaged in various self-employment schemes (SME, 2019). The initiatives in which the youth are involved are often thought to provide a long-term source of income. Despite this policy support, a large number of youths have eventually closed or stagnated their business at the starting phase or in the process (SME, 2019). This study was aimed at uncovering major characteristics that contribute to youth abandoning their businesses. Understanding whether or not young people are maintaining their businesses is a step toward providing them with more sustainable economic possibilities.

The willingness of youths to continue their business is the critical challenge that faces practitioners. Official reports and inspections showed substantial gaps in the survival of youth-owned business enterprises, notwithstanding the difficulty of getting readily available quantitative data (SME, 2019). Furthermore, past empirical studies have confirmed that both internal and external factors influence the success of youth-owned small businesses (Independent Evaluation Group, 2013; Abebe, 2015; Mengesha, 2019). The viability of micro and small enterprises is influenced by a number of factors. External constraints that have been identified as impeding the survival of youth-owned firms include lack of efficient infrastructure and access to production elements, bureaucratic procedures, improper skills, and training gaps (Millán et al., 2012; Sheehan and Namara, 2015). There are few, if any, options for transitioning from self-employment to paid work in the study area.

Previous studies have validated the predictors of self-employment (Georgellis et al., 2007; Millán et al., 2012; Rybczynski, 2015), duration of self-employment (Taylor, 1999; Georgellis et al., 2007; Block and Sandner, 2009), and the impact of formal education on business and employment survival (Asoni and Sanandaji, 2016). There are few studies in Ethiopia that specifically focus on identifying factors that influence the survival of youth-owned enterprises.

Other studies related to this study include graduate students' entrepreneurial attitudes toward self-employment (Abebe, 2015; Ayalew and Zeleke, 2018); youth aspirations in self-employment (Bezu and Holden, 2014); the nature of unemployment and entrepreneurial readiness (Buli and Yesuf, 2015); and the nature and drivers of self-employment (Getinet, 2009). The aforementioned studies mostly targeted urban youngsters in specific areas. Rural unemployment, like urban unemployment, has become a development challenge in Ethiopia (Broussard and Tekleselassie, 2012; Bezu and Holden, 2014). Despite the fact that the determinants of self-employment have been extensively explored using a variety of data types and approaches, the sustainability of youth-owned small businesses in Ethiopia has received little attention. There are few research outputs envisioned to identify characteristics influencing the survival of micro and small enterprises related to youth self-employment efforts, aside from entrepreneurial

preparedness and obstacles. As a result of this knowledge gap, this study was carried out to objectively analyse the factors linked to the risk of youth abandoning their small business. In the context of this study, the definition of sustainability given by Nayar (2014) is adopted: the ability of youths to maintain or keep going constantly without external support.

## Literature review

This study was conducted based on the perspective of the theory of entrepreneurship. This theory integrates three interrelated elements (Bates, 1993): 1) the decision to enter self-employment; 2) once self-employed, the decision to remain in business as opposed to closing down; and 3) the success of self-employment as measured by firm growth, profitability, and/or job creation. The first element (self-employment view) offers little insight into why the aggregate pattern of monetary rewards produces more entrepreneurs. This perspective recognizes the importance of access to financial capital as a prerequisite for entry into certain lines of self-employment. Studies on business behaviour show that possession of work experience, education, and specific subject matter skills are prerequisites for entry (Parker, 2004). The theory of entrepreneurship provides useful information for practitioners in promoting small businesses (Bridge and O'Neill, 2012). It reminds us of the importance of a set of characteristics that not only describe entry to self-employment but are also important for operating businesses that are likely to survive. This study focused on discussing the business survival perspective of entrepreneurship. Understanding the drivers of business survival has clear implications for business growth, profitability, and job creation opportunities. The theory provides a good opportunity to refocus efforts on integrating the diverse viewpoints of self-employment and its survival (Simpeh, 2011).

In Ethiopia, the performance of micro and small enterprises (MSEs) may be thought-provoking in terms of survival, but it needs proper analysis. A high failure rate among well-established small businesses has been reported (Bekele and Worku, 2008). Identifying the driving factors of MSE survival is critical because it serves as the foundation for developing a policy framework and strategy to ensure the success of MSE operators. However, there are few comprehensive survival studies (Bekele and Worku, 2008; Shiferaw 2009; Asfaw 2016; Woldehanna et al., 2018) that identify characteristics that influence the survival of youth-owned MSEs in Ethiopia. However, these studies are location specific, with due emphasis on the survival of MSEs in urban areas. The urban livelihood pattern, accessibility of training and/or education, and infrastructure are quite different from those of rural Ethiopia. Access to training and/or education has a significant impact on shaping the mentality of young people (Blanchflower, 2000). As a result of this dichotomy, it is wise to conduct an empirical study on factors associated with the likelihood of MSE dropout in rural areas of Ethiopia.

The failure rate of youth-operated micro and small enterprises is very high, despite the fact that youth can play a significant role in the Ethiopian economy via self-employment (Woldehanna et al., 2018). There is little concern in Ethiopia over the

failure of MSEs and about why youth-operated small businesses fail to become viable enterprises. In developed economies, extensive theoretical and empirical literature has identified factors influencing the emergence and success of businesses (Bridge and O'Neill, 2012; Bokoro, 2016). The majority of youth-related studies have found that the basic factors that determine a firm's success are owner- and firm-related characteristics (Woldehanna et al., 2018). Personal and psychological characteristics are typically recognized prior to business start-up. Studies have indicated that the sustainability of small businesses is influenced by higher initial capital investment, previous business experience, and attainment of higher education (Mor et al., 2020). Inadequate financing, a low level of education, poor managerial abilities, a lack of technical skills, and an inability to convert a portion of their profit to investment are all major characteristics of failing businesses (Bekele and Worku, 2008). Positive and significant relationships between firm growth and policy-related factors such as access to credit, working premises, and marketing premises are key to the growth of micro and small enterprises (Asfaw, 2016). Similarly, entrepreneurial survival is determined by a high educational level, training, and previous work experience (Cabrer-Borrás and Belda, 2018). Moreover, in Ethiopia, it was found that young women-owned enterprises have higher survival rates than young men-owned ones (Shiferaw, 2009).

Previous studies have confirmed mixed results with respect to the survival of small businesses operated by young people in Ethiopia. Owner, firm, and industry-specific characteristics are important factors for micro and small enterprises' survival. Marketing and financial management strategies are playing a crucial role in extending MSEs' survival duration (Woldehanna et al., 2018).

## Methodology

This study was carried out in Amhara National Regional State, Central Gondar Zone, Ethiopia. Recipients of the Youth Revolving Fund were the unit of analysis. A multi-stage sampling procedure was used for the selection of sample respondents. In the first step, three districts (East Dembia, Takusa, and Alefa) were purposefully chosen from the districts in the Central Gondar Zone that had similar livelihood patterns. In the second step, three *kebeles* (the lowest administrative unit) from each district were chosen on the basis of the number of youths who took out loans for different business purposes. In the third step, a list of youths was collected from the small and micro enterprises offices of the respective districts. After the sampling procedure was completed, the total number of sample respondents (224) was determined using Israel's (1992) sample size formula.

$$n = \frac{N}{1 + N(e)^2} \quad (1)$$

Where  $n$  is the sample size,  $N$  is the population size which is Youth Revolving Fund beneficiaries in the study areas, and  $e$  is the level of precision.

The important parameters determining the survival of youth-managed small businesses were determined using a probit model. In the dependent variable,

‘willingness to continue’ and ‘non-willingness to continue’ were binary responses. The model can constrain the value of the outcome variable to 0 and 1, as well as handle the heteroscedasticity problem. The model also includes a plausible error term distribution and a realistic probability distribution (Ajagbe, 2012). Both continuous and binary explanatory variables were used. The model is specified as follows:

$$P_i = P(y_i^* < \beta_0 + \beta_i X_{ji}) = F(y_i) \quad (2)$$

$$P_i = F(y_i) = \frac{1}{\sqrt{2\pi}} \int_{-\infty}^{z_i} e^{-\frac{s^2}{2}} ds$$

Where  $P_i$  is the probability that a person will decide whether or not to continue his or her business;  $S$  is a random variable with a mean of zero and unit variance;  $y_i$  is the outcome variable (intention to continue own business or not); and  $y_i^*$  is the endogenous variable's threshold value.

To obtain an estimate of the index  $Z_i$ , the inverse of the cumulative normal function is used:

$$Y_i = F^{-1}(P_i) = \beta_0 + \beta_i X_i + U_i \quad (3)$$

The parameters  $\beta_0, \beta_1, \beta_2 \dots \beta_k$  of the probit model do not provide direct information about the effect of changes in the explanatory variable on the likelihood of youths continuing their own business. The marginal effect, which accounts for the partial change in the probability of the dependent variable, is used to interpret the relationship between certain independent variables and the probability of the outcome variable.

The marginal effect associated with explanatory variables  $X$  on the probability  $P (Y_i = 1/X)$ , holding other variables constant, can be derived as:

$$\frac{\partial P_i}{\partial X_{ij}} = \beta_{ij} f(Z_i) \quad (4)$$

Where  $P_i$  is the mean endogenous variable whose value is given in the probit results as:

$$f(Z_i) = F^{-1}(P_i) \quad (5)$$

$$Z_i = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \dots + \beta_k X_k \quad (6)$$

$F(Z_i)$  = density function of the standard normal variable and is given by:

$$f(Z_i) = \frac{1}{\sqrt{2\pi}} e^{-\frac{1}{2}Z_i^2} \quad (7)$$

The probit model was specified here to analyse the decision of the youth to continue their business or not to continue. This can be expressed as follows:

$$Y_i = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \beta_7 X_7 + \beta_8 X_8 + \beta_9 X_9 + \beta_{10} X_{10} + \beta_{11} X_{11} + \beta_{12} X_{12} + \beta_{13} X_{13} + \beta_{14} X_{14} + \beta_{15} X_{15} + U_i \quad (8)$$

$Y$  represents the probability of the binary dependent variable, whether deciding or not to continue own business.  $\beta$  shows the coefficient of independent variables

which needs to be estimated,  $X_i$  represents the socio-economic factors expected to affect the survival of youth business,  $U$  indicates the error term.

However, before running the actual data analysis, a multicollinearity diagnosis test was carried out to filter variables that are independent. For continuous explanatory variables, the occurrence of substantial collinearity was assessed using the variance of inflation factor (VIF). As a rule of thumb, VIF values larger than 10 suggest the presence of multicollinearity. In addition, the contingency coefficient was calculated to examine the relationship between dummy variables. A value larger than 0.75 indicates that a problem exists (Gujarati, 1995).

## Results and discussion

### *Demographic characteristics of respondents*

In Table 1, the demographic characteristics of sampled respondents are provided. The proportion of male and female respondents was 74.6 per cent and 25.4 per cent, respectively. Despite the fact that sample respondents were chosen at random among sample districts, the sex distribution of sample respondents was considerably defined by a high proportion of men. Meanwhile, the majority of sample respondents (60.3 per cent) were single and unmarried, while 37.9 per cent of the respondents were married.

With regard to the educational level, the distribution of respondents was dominated by secondary education graduates, including vocational school. About 4.9 per cent of sample respondents were unable to read and write, and 5.4 per cent were university graduates. Only 18.3 per cent of sample respondents have no formal schooling but are able to read and write. The majority of respondents have had formal schooling (Table 1).

**Table 1** Demographic characteristics of respondents

	N	%
Sex of respondents		
Male	167	74.6
Female	57	25.4
Education level		
Cannot read and write	11	4.9
Can read and write	41	18.3
Elementary (1–8 <sup>th</sup> grade)	53	23.7
Secondary (9–12 <sup>th</sup> grade)	107	47.8
Degree and above	12	5.4
Marital status		
Single/unmarried	135	60.3
Married	85	37.9
Divorced	4	1.8

Source: Own survey data, 2020

### *Description of factors related to business survival*

Respondents were asked about their commitment to starting their own business from the beginning. According to their responses, about 54 per cent expressed that they were convinced themselves or committed to starting their business (Table 2). Youth who start businesses voluntarily, rather than out of necessity, can capitalize on an opportunity. Business activities will have better chances of survival if individual youths are committed (Van Praag and Cramer, 2001). In addition to the readiness of youth to engage in self-employment schemes, the majority of respondents had similar business experience, whereas 45.09 per cent of the respondents did not have business experience. This might explain why young people tend to start businesses in areas where they have experience. It has been confirmed that self-employment experience is the accumulation of business skills, and those individuals with previous experience in self-employment are less likely to fail (Georgellis et al., 2007; Millán et al., 2012).

Furthermore, the appropriateness of the business plan was analysed using data collected from sample respondents. Accordingly, 81.25 per cent of the respondents had positive perceptions of the relevance of their business plans. Only 18.75 per cent of the respondents blamed the quality of their business plan (Table 2). The majority of respondents confirmed that the business plan reflects their priorities, needs, and capabilities as young people. The implementation of business activities as per business plan was also analysed, and about 72 per cent of respondents replied that they have implemented their small business activities according to their initial business idea. While about 28 per cent have failed to implement their initial business idea. This would imply that there was an untargeted business investment (loan diversion). The problem of loan diversion was also confirmed by local official reports of study areas (SME, 2019).

**Table 2** Response of respondents to business-related factors (n = 224)

<i>Business factors</i>	<i>Responses (%)</i>		
	<i>No</i>	<i>Yes</i>	<i>Not sure</i>
Commitment to working hard	25.90	54.02	20.09
Business experience	45.09	54.91	
Quality of business plan	18.75	81.25	
Implementing business as per business plan	28.13	71.88	
Perception of business sustainability	8.48	91.52	
Market availability	69.20	30.80	
Family support	26.91	51.57	21.52
Access to regular technical support	43.75	37.5	18.75
Access to input/technology	34.37	54.46	11.16
Loan follow up	25.45	50.89	23.66
Likelihood of business sustainability	59.2	36.5	4.3

Source: Own survey data (2020)



When asked about their growth intentions, a small number of youths (8.48 per cent) stated that they had no intention of continuing their business. In contrast, a large number of respondents reported their intention to grow their businesses beyond a personal income target level. Courage for future growth aspiration is an objective factor for business success (Reijonen and Komppula, 2007). Aspirations for growth have little relevance if business owners do not perceive themselves as successful. Specific to the present study, successful young people who are small business owners are deeply involved in the day-to-day operations of their business. Youth attitudes and intentions become driving forces in small businesses and, as a result, have a significant impact on the success of the business (Simpson et al., 2004).

The long-term survival of small businesses is influenced by community and family-related characteristics as well as the characteristics of the business and the owner (Stafford et al., 2010). This study has analysed respondents' access to the market, family support, input and/or technology, and frequent technical support using data acquired from a sample of respondents. Their responses revealed that 30.8 per cent, 51.57 per cent, 54.46 per cent, and 37.5 per cent of them have a favourable attitude toward market access, family support, input and/or technology, and frequent technical support, respectively. This would demonstrate that youths engaged in self-employment initiatives had inadequate access to market and technical support. Relatively, sample respondents reported better access to family support and necessary production inputs and/or technologies connected to affirmative action given to small business enterprises.

### ***Determinants of business survival***

In recent years, the establishment of youth-oriented self-employment business programmes has become an essential policy initiative in Ethiopia. The continuation of these youth-owned small businesses, on the other hand, is a critical challenge in small enterprise development. As a result, youth-owned businesses fail to play their role in the local development process through creating jobs, increasing income, and reducing poverty. This situation needs an understanding of the significance of personal qualities and business-related factors in explaining the survival of youth-owned small businesses. The primary objective of this study was, therefore, to identify factors that influence youths' decisions to leave self-employment. Table 3 illustrates the econometric results of the study.

The explanatory power of the model, as determined by Pseudo  $R^2$ , was found to be strong (Table 3). In addition, the likelihood ratio test of the model against the null model hypothesis has resulted in a significant chi-square. This would also indicate that the final model performed better than the null model. A number of factors were hypothesized to influence the business survival of youth-operated enterprises. The result of the regression analysis indicated that family support, workplace, sex, perception of business sustainability, business plan implementation, and training gaps were found to significantly influence the business survival of youth-operated businesses. The marginal effect value represents the amount of change in the dependent variable caused by changes in each of the



**Table 3** Results of regression analysis on youth business survival

<i>Variables</i>	<i>Coefficient</i>	<i>Standard error</i>	<i>P &gt;  z </i>	<i>Marginal effect (dy/dx)</i>
Family sources of workplace	0.6802	0.3071	0.027	0.1917
Sex	-0.6745	0.22323	0.004	-0.1947
Perception of business sustainability	0.6496	0.1873	0.001	0.1874
Access to workplace	-0.1662	0.0851	0.051	-0.0479
Business experience	-0.1821	0.2148	0.397	-0.0026
Willing to start own business	0.1844	0.1437	0.199	0.0532
Market availability	0.3952	0.2297	0.085	0.1141
Amount of loan received	0.0974	0.1613	0.546	0.0281
Quality of business plan	0.0357	0.1604	0.824	0.0103
Business plan implementation	-0.6839	0.2715	0.012	-0.1974
Access to regular technical support	0.1336	0.0824	0.105	0.0386
Access to input/technology	-0.0334	0.0953	0.756	-0.0096
Loan follow up	0.1704	0.1422	0.231	0.0492
Commitment to work hard	0.0052	0.1295	0.968	-0.0015
Training gap (Effect size)	-0.3741	0.1857	0.044	-0.1080
Log likelihood	-110.61048			
LR $\chi^2(15)$	66.54			
Prob > $\chi^2$	0.0000			
Pseudo R <sup>2</sup>	0.2312			

independent variables while all other variables are held constant. The result of the model is discussed below.

The study's findings revealed that the training gap has a 10 per cent statistically significant impact on youth-driven small business survival (Table 3). It had an inverse relationship with small business survival and had a 12.13 per cent contribution to business survival. In addition to pre-employment entry training, on-the-job training has been shown to greatly improve small business survival. Policymakers may see the provision of training incentives as a way to encourage young people to start their own businesses as well as an effective tool for ensuring that people who start their own businesses have equal chances of their business surviving. Training before starting a business appears to be a key aspect in business survival, as the training gap had a large negative impact on youth dropouts from businesses. Previous studies (Simpson et al., 2004; Hameed et al., 2017) confirmed that training has a positive influence on business success and has a relatively higher effect on business performance. In order to understand the significance of training in relation to business continuity, it is important to determine that access to training facilities leads to increased business capability among youth.

The study found that sex has a negative significant effect on youth business survival in small businesses at the 1 per cent statistical level (Table 3). This appears to imply that female youth were less likely than male youths to be pulled out of self-employment. This finding suggests that female youth are capable of functioning well in small businesses and surviving in competitive settings. Consistent with the finding of this study, there is empirical evidence confirming women-owned businesses perform and survive better than men-owned businesses (Fairlie and Robb, 2009). Similarly, the findings of Giannetti and Simonov (2004) indicate that men are less likely to stay longer in self-employment than women. Once women have overcome all obstacles to engage in self-employment, there is no a priori reason for them to experience lower survival rates unless similar hurdles reappear (Millán et al., 2012). In contrast, the findings of Block and Sandner (2009), Haapanen and Tervo (2009), and Fertala (2009) indicate that women have higher failure rates in business survival. According to Simoes et al. (2016), women are less likely than men to start their own business, which could be explained by higher risk aversion, different sectoral preferences, or a theory of discrimination. Similarly, men-managed businesses are more profitable (Woodward et al., 2011; Boyer and Blazy, 2014; Hansen and Rand, 2014) and grow faster than those run by women (Asfaw, 2016).

The purpose of this study was to provide an insight into individual youths' perceptions towards their success and how their perceptions affect the performance of small businesses. The results of the regression analysis revealed that individual perceptions of business sustainability were strongly correlated with business survival (Table 3). That is, it is positively associated with the survival of small businesses, similar to prior expectations. Individual perception or aspiration towards business sustainability has contributed to small business survival by 18.74 per cent (Table 2). A similar finding was reported by Simoes et al. (2016), who concluded that willingness to take risks, overconfidence, over optimism, and self-efficacy have dictated business survival. Similarly, Caliendo et al. (2014) suggest that higher individual conscientiousness lowers the probability of dropping out of self-employment and increases the probability of being self-employed.

Access to workplaces was the most important factor hypothesized to affect the survival of small business enterprises' activities. The result of this study confirmed that access to workplaces showed a negative relationship with business survival at less than 10 per cent significance level (Table 3). That is, failure to provide youths with accessible workplaces has led to a 4.79 per cent dropout rate. Contrary to expectations, the negative association could be attributed to the youths' inability to find a suitable workplace and the cumbersome government bureaucracy. The focus group discussion revealed that small, youth-owned business enterprises with limited access to working premises were forced to operate in rented and family-owned working premises. Thus, local government offices fail to shoulder their responsibilities in facilitating youth self-employment. Other studies by Mengesha (2019) and Mulugeta (2014) have reported a positive relationship between working premises and business performance. The findings of this study highlight the need for stakeholders' active participation, particularly accountable

government offices in youth self-employment plans, in ensuring easy access to workplace opportunities.

The usual sources of workplace include own sources, government, family, and rental. From these sources, family support was found to significantly affect the business survival of youth-operated small businesses. It has a positive and significant influence on business survival at a 5 per cent statistically significant level (Table 3). Similarly, family support given to youth had a 19.17 per cent contribution to the survival or continuity of a youth-operated small business. That is, youths who receive family support have a better chance of succeeding in business. In addition to government assistance, family support is another viable source of employment for young people who want to start their own small business. For youths involved in self-employment programmes, sole reliance on government responsibilities may not be the only choice. Other options can be sought in this regard. Previous studies carried out in Ethiopia (Geremew & Toli, 2016) highlight their advice to extensively rely on business development services.

Contrary to expectations, there was a negative association between targeted business plan implementation and the survival of youth-operated small businesses. That is, youth who engaged in self-employment options were not able to fully implement their initial business plan to target business activities and had a higher probability of dropping out. This would suggest that youth who implement their business plan in a way that does not align with their initial objectives are more likely to fail. As confirmed by the result of focus group discussion, investing in non-targeted business activities is a critical problem for youth who participate in self-employment and they have a lower likelihood of survival in their businesses. It is highly recommended to focus on specific, feasible activities to increase the chances of small business survival. Non-targeted business intervention increased the likelihood of dropping out, meaning that youth-owned businesses lack the resources to fund their investments, become less successful, and less likely to survive.

## Conclusion and recommendations

In recent years, the establishment of youth-oriented self-employment programmes has become an essential policy initiative in Ethiopia. The long-term survival of these youth-owned small businesses, on the other hand, is a critical challenge for youth and practitioners. As a result, youth-owned businesses fail to maximize their contribution to job creation and poverty reduction. This situation necessitated understanding the factors that explain the survival of small businesses. Family support, sex, perceptions of business sustainability, access to workplaces, business plan implementation, and training gaps were found to be important driving factors affecting business survival. These variables have a strong link to the survival of small businesses and can serve as a benchmark to practitioners as to where they should concentrate their efforts in order to encourage viable small businesses.

This study has important implications for the effectiveness of self-employment policies. It has generated policy-relevant findings that will enable promoters of micro and small enterprise offices to rethink their support services, such as

gender-sensitive intervention, while targeting revolving fund beneficiaries, quality training to improve the competency of youth, and facilitating access to working premises. These driving factors have a greater impact on the long-term survival of youth-owned small businesses. This evidence supports stakeholders in their effort to promote sustainable self-employment for rural youth. In addition, the study has contributed to the body of empirical knowledge of literature because there are limited research reports that identify factors influencing the survival of micro and small-scale enterprises in Ethiopia. Based on the findings of this study, the following recommendations are made:

1. Gender-sensitive intervention is vital for viable business performance since young women are more likely than young men to stay longer in self-employment and can be considered target groups of self-employment policy interventions.
2. Training gap was a significant parameter that contributed to the dropout of youth from their self-employment career. Stakeholders should provide quality training for youth during the early phases of self-employment interventions to enhance mental readiness, future aspirations, and prepare them with entrepreneurial competence to engage in feasible intervention areas.
3. The findings of this study are location specific, and it is difficult to generalize the predictors of survival of youth-operated small businesses. Thus, further study is required to validate the findings of this study.

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