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Assessment of Challenges and Opportunities of Youth Entrepreneurship the Case of Kellem Wollega, Oromia, Ethiopia

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Research Article

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Abstract

Youth entrepreneurship is increasingly promoted as a pathway to reduce unemployment and foster inclusive growth in developing economies, yet empirical evidence from rural and semi-urban contexts remains scarce. This study examines the challenges and opportunities influencing youth entrepreneurship in the Kellem Wollega Zone, Oromia Regional State, Ethiopia, using an explanatory sequential mixed-methods design. Survey data from 399 youth respondents were analysed using descriptive statistics and multiple linear regressions, complemented by interviews and focus group discussions. The results show that motivation, access to finance, business support services, and technology adoption positively and significantly influence youth entrepreneurship, while limited opportunities, poor infrastructure, and weak social support exert significant negative effects. The model explains 45.8% of the variation in youth entrepreneurship. By integrating enabling factors and structural constraints within a single framework, the study provides novel evidence from a less-studied context and offers policy-relevant insights for strengthening youth-led enterprise development in developing countries.

1. Introduction

An entrepreneur is commonly defined as an individual who responds innovatively to opportunities and is willing to make decisions under conditions of uncertainty (Stefanović & Stošić, 2012). Youth entrepreneurship has gained increasing attention in academic and policy debates as a critical mechanism for addressing youth unemployment, reducing poverty, and fostering inclusive economic growth, particularly in developing economies. In contexts characterized by rapid population growth and limited formal employment opportunities, entrepreneurship provides young people with an alternative pathway to income generation, innovation, and socioeconomic mobility. As a result, promoting youth entrepreneurship has become a central component of development strategies across Sub-Saharan Africa. Furthermore, sociocultural norms often encourage young people to seek employment in the public sector rather than pursue self-employment, further limiting entrepreneurial engagement (Chigunta, 2002).

Globally, youth unemployment remains a persistent challenge. According to the International Labour Organization, young people continue to experience disproportionately higher unemployment and underemployment rates compared to adults, especially in low- and middle-income countries. Structural constraints such as limited access to finance, inadequate education and training systems, weak institutional support, and poorly functioning labour markets restrict young people’s ability to transition successfully into productive employment. Within this context, entrepreneurship is increasingly viewed not only as a survival strategy but also as a potential engine for sustainable job creation and economic diversification.

In Ethiopia, youth constitute a significant share of the population and represent a critical demographic for the country’s long-term development trajectory. The Ethiopian National Youth Policy defines youth as

individuals aged between 15 and 29 years, (Zeru, E., Alemu, T., & Tesfaye, K. 2018), reflecting the country's socioeconomic realities. In response to rising youth unemployment, the government has implemented various entrepreneurship and enterprise development initiatives through institutions such as the Federal Micro and Small Enterprises Development Agency and in collaboration with international development partners. Despite these efforts, youth-led enterprises continue to face high failure rates, limited growth potential, and persistent entry barriers, suggesting that existing interventions have not fully addressed the underlying constraints affecting youth entrepreneurship.

Empirical studies conducted in Ethiopia and other developing countries consistently identify access to finance, infrastructure deficits, skills gaps, regulatory barriers, and sociocultural attitudes as major obstacles to youth entrepreneurship. However, much of the existing literature focuses primarily on urban-based micro and small enterprises or examines entrepreneurial challenges in isolation, without simultaneously considering the enabling factors that support youth entrepreneurial success. Moreover, limited empirical attention has been given to rural and semi-urban contexts, where institutional weaknesses and market imperfections are often more pronounced. This narrow focus constrains the generalizability of existing findings and limits their relevance for designing context-specific policy interventions.

Against this backdrop, there remains a clear empirical gap in understanding how structural constraints and enabling opportunities jointly influence youth entrepreneurship in less-studied regions of Ethiopia. In particular, the Kellem Wollega Zone of Oromia Regional State represents a relevant but under-researched setting, characterized by a large youth population, limited formal employment opportunities, and emerging entrepreneurial activities. Existing studies have not adequately examined the combined effects of motivation, access to finance, infrastructure, social support, business assistance, technology, and institutional factors on youth entrepreneurship within a single analytical framework.

To address this gap, the present study investigates the challenges and opportunities shaping youth entrepreneurship in the Kellem Wollega Zone using an explanatory sequential mixed-methods approach. By integrating quantitative regression analysis with qualitative insights, the study provides a more comprehensive understanding of the factors influencing youth entrepreneurial engagement. The study contributes to the entrepreneurship literature in three key ways. First, it extends empirical evidence on youth entrepreneurship to a rural and semi-urban context that has received limited scholarly attention. Second, it simultaneously examines both constraining and enabling factors within a unified analytical model, moving beyond fragmented analyses found in prior studies. Third, the findings generate context-specific, policy-relevant insights that can inform the design of more effective youth entrepreneurship support programs in developing economies.

1.2. Statement of the Problem

Youth entrepreneurship is widely promoted as a strategic response to persistent youth unemployment, poverty, and labour market exclusion in developing economies. In Sub-Saharan Africa, where formal

employment creation has not kept pace with rapid population growth, entrepreneurship is increasingly viewed as a viable pathway for integrating young people into productive economic activities. Despite this policy emphasis, empirical evidence suggests that youth participation in sustainable entrepreneurial ventures remains limited, and youth-led enterprises often struggle to survive beyond the early stages of operation.

In Ethiopia, youth unemployment continues to pose a significant socioeconomic challenge, even amid sustained economic growth over the past decade. Although the government has introduced multiple youth entrepreneurship and microenterprise development programs, the outcomes of these initiatives have been mixed. Many youth enterprises remain small, informal, and vulnerable to failure, indicating that existing support mechanisms may not adequately address the complex constraints faced by young entrepreneurs. Structural barriers such as limited access to finance, inadequate infrastructure, weak institutional support, and restrictive administrative environments persist, while sociocultural norms often favour wage employment over self-employment, further discouraging entrepreneurial engagement among youth. Ethiopia is the second most populous country in Sub-Saharan Africa, with an estimated population of nearly 120 million people. Approximately 30 million of these are youths aged between 15 and 29 years (Zeru et al., 2018).

A growing body of literature has examined the challenges facing youth and small-scale entrepreneurs in Ethiopia; however, several critical limitations remain. First, most empirical studies focus predominantly on urban micro and small enterprises, thereby overlooking rural and semi-urban contexts where institutional capacity, market access, and support services are often weaker. Second, prior studies tend to analyse entrepreneurial constraints in isolation, without simultaneously accounting for enabling factors such as motivation, business assistance, technology adoption, and social support systems. This fragmented approach limits understanding of how multiple factors interact to influence youth entrepreneurial outcomes. Third, existing evidence provides limited insights into the relative magnitude and statistical significance of these factors, particularly within a unified analytical framework. The literature review indicates that the challenges appear to impact entrepreneurial organization's performance outcome; however, these challenges are typically addressed in isolation. Another notable issue is that the business exit is more common during the initial years indicating a logical observation to be young entrepreneurs. But according to the literature review, most studies only a small number of variables into account, which prevents them from offering a comprehensive picture of the elements that contribute to youth entrepreneurship (International Labor Organization (ILO), 2015). Furthermore, there is a scarcity of mixed-methods studies that combine rigorous quantitative analysis with qualitative insights to explain the lived experiences of youth entrepreneurs. As a result, policy interventions are frequently designed based on partial or generalized evidence, which may not reflect local realities or address context-specific challenges effectively. This evidence gap is particularly pronounced in less-studied regions such as the Kellem Wollega Zone of Oromia Regional State, where high youth population growth coincides with limited formal employment opportunities and emerging entrepreneurial activities.

Given these gaps, there is a clear need for an empirical investigation that systematically examines both the challenges and opportunities influencing youth entrepreneurship in a rural and semi-urban Ethiopian context. Addressing this problem requires an integrated analytical approach that captures structural, institutional, social, and individual-level factors within a single model. Therefore, this study seeks to provide empirical evidence on the determinants of youth entrepreneurship in the Kellem Wollega Zone, with the aim of informing more effective, evidence-based youth entrepreneurship policies and support programs in Ethiopia and similar developing-country contexts.

1.3. Specific Objectives

Specifically, the study seeks to:

1. Identify the key challenges affecting youth entrepreneurship in Kellem Wollega Zone.
2. Examine the available opportunities for youth entrepreneurship development in Kellem Wollega Zone.
3. Determine the appropriate interventions necessary to promote and strengthen youth entrepreneurship in Kellem Wollega Zone.

2. Research Hypotheses Development

Grounded in Human Capital Theory and Institutional Theory, this study posits that youth entrepreneurship is shaped by the interaction of individual-level capabilities and broader institutional conditions. Human capital theory emphasizes the role of motivation, skills, and knowledge in entrepreneurial behaviour, while institutional theory highlights how formal and informal structures either enable or constrain entrepreneurial activity. Based on these theoretical perspectives and the empirical literature, the following hypotheses are proposed.

Motivation and Youth Entrepreneurship

Motivation reflects an individual's internal drive, risk tolerance, and persistence, which are critical for entrepreneurial entry and sustainability. Prior studies suggest that highly motivated youth are more likely to initiate and sustain entrepreneurial ventures despite environmental constraints.

H1: Motivation has a positive and significant effect on youth entrepreneurship.

Access to Finance and Youth Entrepreneurship

Access to finance enables young entrepreneurs to mobilize start-up capital, invest in productive assets, and expand business operations. Financial constraints are widely documented as a major barrier to youth-led enterprises in developing economies.

H2: Access to finance has a positive and significant effect on youth entrepreneurship.

Business Assistance and Youth Entrepreneurship

Institutional support services such as mentoring, advisory services, and business development assistance reduce uncertainty and enhance managerial capacity, thereby improving entrepreneurial outcomes.

H3: Business assistance has a positive and significant effect on youth entrepreneurship.

Training and Youth Entrepreneurship

Entrepreneurship training enhances managerial and technical skills, which are expected to improve business decision-making and performance. However, the effectiveness of training depends on its relevance and practical orientation.

H4: Entrepreneurship training has a positive and significant effect on youth entrepreneurship.

Technology Adoption and Youth Entrepreneurship

Technology adoption improves productivity, innovation, and market access. Digital tools and modern technologies are increasingly recognized as key enablers of entrepreneurial competitiveness, particularly for youth.

H5: Technology adoption has a positive and significant effect on youth entrepreneurship.

Entrepreneurial Opportunities and Youth Entrepreneurship

The availability of entrepreneurial opportunities, including market access and demand conditions, influences the likelihood of business entry. Limited opportunities discourage entrepreneurial activity.

H6: Limited entrepreneurial opportunities have a negative and significant effect on youth entrepreneurship.

Infrastructure and Youth Entrepreneurship

Adequate infrastructure such as electricity, transport, water, and telecommunications reduces operational costs and facilitates market access. Poor infrastructure constrains entrepreneurial activity.

H7: Poor infrastructure has a negative and significant effect on youth entrepreneurship.

Social Support and Youth Entrepreneurship

Social support from family, community, and networks provides emotional encouragement, resources, and legitimacy, which are critical for entrepreneurial persistence.

H8: Weak social support has a negative and significant effect on youth entrepreneurship.

Government Support and Youth Entrepreneurship

Government programs and institutional support are intended to promote youth entrepreneurship; however, their effectiveness depends on implementation and alignment with market needs.

H9: Government support has a positive and significant effect on youth entrepreneurship.

Government Policy and Youth Entrepreneurship

A favourable policy environment reduces regulatory barriers and enhances entrepreneurial incentives.

H10: Government policy has a positive and significant effect on youth entrepreneurship.

Administrative and Regulatory Factors

Complex administrative procedures and bureaucratic requirements increase transaction costs and discourage business formation.

H11: Administrative and regulatory constraints have a negative and significant effect on youth entrepreneurship.

2.1. Conceptual Framework

This study is grounded in entrepreneurship theory and institutional perspectives, which emphasize that entrepreneurial behaviour is shaped by the interaction between individual attributes, resource availability, and the broader institutional environment. Human capital theory suggests that individual motivation, skills, and knowledge enhance entrepreneurial entry and performance, while institutional theory highlights the role of formal and informal structures—such as policies, infrastructure, social norms, and support systems—in enabling or constraining entrepreneurial activities. Drawing on these theoretical foundations, the present study develops a conceptual framework that integrates both enabling factors and structural constraints influencing youth entrepreneurship.

Youth entrepreneurship is treated as the dependent variable, representing young people's engagement in business creation and operation. It is conceptualized as an outcome influenced by a combination of individual-level, institutional, and environmental factors. The independent variables are categorized into two broad groups: enabling factors (opportunities) and constraining factors (challenges).

Enabling factors include motivation, access to finance, business assistance, training, technology adoption, and entrepreneurial opportunities. Motivation reflects the individual drive and willingness of youth to initiate and sustain entrepreneurial activities. Access to finance represents the availability of start-up and working capital through formal and informal financial institutions. Business assistance encompasses advisory services, mentoring, incubation, and enterprise development support provided by public and private actors. Training refers to entrepreneurship-related education and skill development programs that enhance managerial and technical capacity. Technology adoption captures access to and utilization of digital tools and modern production technologies that improve efficiency and market reach.

Entrepreneurial opportunities reflect the availability of market niches and favourable economic conditions that encourage business entry.

Constraining factors include poor infrastructure, weak social support, unfavourable administrative and regulatory conditions, and restrictive government policies. Infrastructure refers to the availability and quality of essential services such as electricity, transportation, water, and telecommunications, which directly affect business operations. Social support represents the extent of family, community, and network encouragement for entrepreneurial activities. Administrative and regulatory factors include bureaucratic procedures, licensing requirements, and compliance costs that may discourage business formation. Government policy reflects the broader policy environment influencing youth entrepreneurship, including the consistency and effectiveness of youth-focused interventions.

The conceptual framework posits that enabling factors positively influence youth entrepreneurial entry and success, while constraining factors exert a negative effect. These relationships are assumed to operate simultaneously, with youth entrepreneurship emerging from the net effect of supportive and restrictive conditions. By integrating both sets of factors within a single analytical model, the framework moves beyond fragmented approaches commonly found in the literature and allows for a more comprehensive assessment of the determinants of youth entrepreneurship.

3. Research Methodology

3.1. Description of the Study Area

The study was conducted in the Kellem Wollega Zone, one of the administrative zones of the Oromia Regional State, western Ethiopia. The zone is characterized by diverse agro-ecological conditions, with elevations ranging from below 500 meters to over 2,000 meters above sea level. Much of the area consists of undulating plateaus shaped by erosion, with significant lowland areas along the Sudan border and highland regions bordering Jimma and Ilubabor zones. Kellem Wollega comprises twelve districts, including Anfilo, Dale Sadi, Dale Wabera, Gawo Kebe, Gidami, Hawa Gelan, Jimma Horo, Lalo Kile, Sadi Chenka, Sayo, Yemalogi Welel, and Dambi Dollo town administration. The zone has a predominantly young population and faces persistent challenges related to unemployment and limited economic opportunities. These characteristics make the zone an appropriate setting for examining youth entrepreneurship challenges and opportunities.

3.1 Research Design

The study employed a descriptive and explanatory research design. The descriptive design was used to assess the current status of youth entrepreneurship and identify prevailing challenges and opportunities, while the explanatory design was applied to examine causal relationships between youth entrepreneurship and its determining factors. This combined approach enhances both analytical depth and empirical relevance. This combined design enabled the study to both describe the current situation

and explain the causal relationships among key variables, thereby strengthening the analytical depth of the research (Kothari, 2004; Krishnaswamy et al., 2012).

3.2 Research Approach

A mixed-methods approach was adopted, following an explanatory sequential design. Quantitative data were collected and analyzed first to identify statistically significant relationships among variables. Qualitative data were subsequently gathered through interviews and focus group discussions to contextualize and explain the quantitative findings. The integration of quantitative and qualitative evidence strengthens the validity and robustness of the study.

3.3 Study Area

The study was conducted in the Kellem Wollega Zone of Oromia Regional State, western Ethiopia. The zone consists of twelve administrative districts and is characterized by diverse agro-ecological conditions, limited industrial activity, and a predominantly youthful population. These characteristics make the zone an appropriate setting for examining youth entrepreneurship challenges and opportunities in a rural and semi-urban context.

Table 1
General Youths in Zone

L. No	*Name of District*	*Total numbers of Youth*		
		Male	*Female*	*Total*
1	***Anfilo***	***12,805***	***11,820***	***24,625***
2	*Dale Sadi*	*15,386*	*14,184*	*29,570*
3	*Dale Wabera*	*12,292*	*11,348*	*23,640*
4	*Gawo Kebe*	*14,853*	*13,712*	*28,565*
5	*Gidami*	*15,366*	*14,164*	*29,530*
6	*Hawa Gelan*	*16,390*	*15,130*	*31,520*
7	*Jima Horo*	*10,756*	*9,929*	*20,685*
8	*Lalo Kile*	*11,268*	*10,402*	*21,670*
9	*Sadi Chenka*	*8,195*	*7,565*	*15,760*
10	*Sayo*	*14,341*	*13,239*	*27,580*
11	*Yemalogi Welel*	*8,707*	*8038*	*16,745*
12	*Dambi Dollo*	*2657*	*2453*	*5110*
	Total	*143,016*	*131,984*	*275,000*
Source: Kellem Wollega Zone Sport Office. 2025				

3.4 Population and Sample Size

The target population comprised youths aged 15–29 years, in accordance with Ethiopia's National Youth Policy. According to official records, the total youth population of the zone was estimated at 275,000. The sample size was determined using Yamane's (1967) formula at a 95% confidence level and 5% margin of error, resulting in a sample of 399 respondents. Proportional allocation was used to ensure representation across districts. The formula is expressed as:

Where:

$$n = \frac{N}{1+N(e^2)} = \frac{275{,}000}{1+275{,}000(0.05)^2} = 399$$

n = sample size

N = population size (275,000)

e = margin of error (0.05

Accordingly, a total of 399 respondents were included in the study. The sample was proportionally allocated across the twelve districts based on their youth population size to ensure representativeness.

Table 2
Population proportion youth's

No	Name of District	Total numbers of Youth	Proportion	Sample Size
1	Anfilo	24,625	(24,625×399) ÷ 275,000	36
2	Dale Sadi	29,570	(29,570×399) ÷ 275,000	43
3	Dale Wabera	23,640	(23,640×399) ÷ 275,000	34
4	Gawo Kebe	28,565	(28,565×399) ÷ 275,000	41
5	Gidami	29,530	(29,530×399) ÷ 275,000	43
6	Hawa Gelan	31,520	(31,520×399) ÷ 275,000	46
7	Jima Horo	20,685	(20,685×399) ÷ 275,000	30
8	Lalo Kile	21,670	(21,670×399) ÷ 275,000	31
9	Sadi Chenka	15,760	(15,760×399) ÷ 275,000	23
10	Sayo	27,580	(27,580×399) ÷ 275,000	40
11	Yemalogi Welel	16,745	(16,745×399) ÷ 275,000	24
12	Dambi Dollo	5110	(5,110×399) ÷ 275,000	8
	Total	275,000		399

Source: Kellem Wollega zone Agriculture office 2025

- Based on this specification the sample size of the synopsis is determined as 399 respondents. Then three Keble was to be equal selected from each woreda.

Table 3
Number of Selected Keble

L.No	Name of District	Randomly Selected kebele	Number of Youth
1	Anfilo	3	**36**
2	Dale Sadi	3	**43**
3	Dale Wabera	3	**34**
4	Gawo Kebe	3	**41**
5	Gidami	3	**43**
6	Hawa Gelan	3	**46**
7	Jima Horo	3	**30**
8	Lalo Kile	3	**31**
9	Sadi Chenka	3	**23**
10	Sayo	3	**40**
11	Yemalogi Welel	3	**24**
12	Dambi Dollo	3	**8**
	Total	**36**	**399**

Source: Kellem Wollega zone Agriculture office, 2025

3.5. Sampling Technique and Procedure

A two-stage sampling technique was employed. In the first stage, the Kellem Wollega Zone was purposively selected due to its high youth population and the absence of prior empirical studies on youth entrepreneurship in the area. In the second stage, respondents were selected using systematic proportionate sampling from each district. Sampling frames were obtained from district-level youth and enterprise offices. The sampling interval was calculated by dividing the population size of each district by the allocated sample size. Every I^{th} individual from the list was selected until the required sample size was achieved.

3.7. Data Sources and Data Collection Methods

Both primary and secondary data sources were used.

Primary Data: Primary data were collected using: Structured questionnaires administered to youth respondent's Semi-structured interviews with key informants (youth officers, enterprise experts), Focus group discussions with selected youth entrepreneurs

Secondary Data: Secondary data were obtained from: Government reports and policy documents unpublished institutional records relevant academic journals and books. The use of multiple data sources enhanced data triangulation and improved the reliability of the findings.

3.8. Model Specification

To examine the determinants of youth entrepreneurship, a multiple linear regression model was employed. Youth entrepreneurship was treated as the dependent variable, while motivation, access to finance, infrastructure, technology, government policy, social support, business assistance, opportunities, and administrative factors were considered independent variables.

The model is specified as:

Where:

Yi = Youth entrepreneurship, β0 = Constant term, X_1 = Entrepreneurial opportunities, X_2 = Motivation, X_3= Access to finance, X_4= Government support, X_5 = Infrastructure, X_6 = Social support, X_7 = Training, X_8= Technology, X_9 = Government policy, X_{10}= Administrative factors, Ui, = Error term The regression analysis was conducted using SPSS, and statistical significance was evaluated at the 5% level.

3.9. Data Analysis Techniques

Quantitative data were analyzed using descriptive statistics (frequencies, percentages, means, and standard deviations) and inferential statistics (multiple regression and ANOVA). Qualitative data from interviews and focus group discussions were analyzed using thematic analysis, where responses were coded and grouped into themes that complemented the quantitative results.

4. Results and Discussion

4.1. Results

4.1.1. Model Fitness and Overall Significance

The multiple linear regression models were estimated to examine the combined effect of challenges and opportunities on youth entrepreneurship in the Kellem Wollega Zone. The model demonstrates strong explanatory power, with an Adjusted R^2 value of 0.458, indicating that approximately 45.8% of the variation in youth entrepreneurship is explained by the included independent variables. This level of explanatory power is considered satisfactory for social science research involving behavioural and institutional factors.

Table 4
Explaining Capacity of challenges and opportunities-youth entrepreneurship.

Model Summary						
l	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics	
					F Change	Sig. F Change
1	.689[a]	.474	.458	1.612	28.865	.000

a. Predictors: (Constant), technology, motivation, social support, gov't, finance, gov't policy, opportunity, infrastructure, business assistance, training, Administration, market

Source: SPSS output, 2025

The ANOVA results further confirm the overall fitness of the model. The F-statistic ($F = 28.865$, $p < 0.001$) indicates that the independent variables jointly have a statistically significant effect on youth entrepreneurship. Therefore, the regression model is appropriate for explaining the determinants of youth entrepreneurial activity in the study area.

4.1.2. Effects of Enabling Factors on Youth Entrepreneurship

The regression results reveal that several enabling factors have a positive and statistically significant influence on youth entrepreneurship.

Motivation exhibits the strongest positive effect ($\beta = 1.230$, $p < 0.01$), suggesting that highly motivated youth are more likely to initiate and sustain entrepreneurial activities. This finding highlights the importance of psychological and behavioural factors in shaping entrepreneurial behaviour.

Access to finance also shows a positive and significant relationship with youth entrepreneurship ($\beta = 0.246$, $p < 0.05$). This implies that improved access to start-up capital and credit facilities enhances youths' ability to establish and operate businesses.

Business assistance has a substantial positive effect ($\beta = 0.611$, $p < 0.01$), indicating that advisory services, mentoring, and institutional support significantly promote youth entrepreneurial engagement. Similarly, technology adoption positively and significantly influences youth entrepreneurship ($\beta = 0.366$, $p < 0.01$), reflecting the role of digital tools and modern technologies in improving productivity, innovation, and market access.

Conversely, training, government support, and government policy variables do not exhibit statistically significant effects at the 5% level, suggesting that existing programs may be insufficiently targeted or inadequately implemented to generate measurable entrepreneurial outcomes.

4.1.3. Effects of Constraining Factors on Youth Entrepreneurship

Several constraining factors are found to negatively and significantly affect youth entrepreneurship. Lack of entrepreneurial opportunities shows a strong negative effect ($\beta = -0.882$, $p < 0.01$), indicating that limited market access and weak opportunity structures significantly discourage youth entrepreneurial activity.

Poor infrastructure also has a negative and statistically significant influence ($\beta = -0.462$, $p < 0.01$), suggesting that inadequate access to electricity, transportation, water, and telecommunications increases operational costs and limits business performance. In addition, weak social support negatively affects youth entrepreneurship ($\beta = -0.626$, $p < 0.01$), emphasizing the importance of family, community, and network support for entrepreneurial success.

Administrative issues and marketing-related challenges do not show statistically significant effects, implying that these factors may be secondary constraints relative to more fundamental structural barriers.

Table 5
Predictor Model and its Interpretation

Coefficients[a]								
Model	Unstandardized Coefficients		Standardized Coefficients		T	Sig.	95.0% Confidence Interval for B	
	B	Std.Error	Beta				Lower	Upper
	(Constant)	3.652	.499		7.320	.000	2.671	4.633
	Motivation	1.230	.107	.482	11.520	.000	1.020	1.440
	Opportunity	− .882	.124	− .389	-7.125	.000	-1.126	− .639
	Gov't	.033	.106	.016	.308	.758	− .176	.242
	Finance	.246	.099	.133	2.490	.013	.052	.440
	Market	− .199	.133	− .092	-1.493	.136	− .461	.063
	Infrastructure	− .462	.114	− .243	-4.065	.000	− .686	− .239
	Training	.096	.109	.054	.882	.378	− .118	.311
	Gov't policy	.169	.110	.094	1.532	.126	− .048	.385
	Business policy	.611	.108	.317	5.647	.000	.399	.824
	Social support	− .626	.086	− .351	-7.283	.000	− .795	− .457
	Administration	− .135	.126	− .065	-1.073	.284	− .382	.112
	Technology	.366	.098	.192	3.740	.000	.174	.559

a. Dependent Variable: Youth entrepreneurs.

Source: SPSS output, 2025

4.2. Discussion

The findings of this study provide important insights into the determinants of youth entrepreneurship in a rural and semi-urban Ethiopian context. Consistent with human capital theory, motivation emerges as the most influential predictor of youth entrepreneurship. Highly motivated youth are more willing to assume risk, mobilize resources, and persist in business activities, even in the presence of institutional constraints. This finding aligns with prior studies that emphasize the role of entrepreneurial intention and motivation in venture creation.

The positive and significant effect of access to finance corroborates existing evidence that financial constraints remain a major barrier to youth entrepreneurship in developing economies. Limited access to credit restricts business entry and growth, particularly for young people who lack collateral and credit

history. The result is consistent with previous empirical studies conducted in Sub-Saharan Africa, which identify financial exclusion as a primary obstacle to youth-led enterprise development.

Business assistance is found to play a critical role in supporting youth entrepreneurship. This finding supports institutional theory, which highlights the importance of supportive ecosystems and intermediary organizations in reducing uncertainty and transaction costs for entrepreneurs. Advisory services, mentoring, and incubation support appear to enhance managerial capacity and improve business sustainability.

The positive impact of technology adoption underscores the growing importance of digital inclusion and technological capability in youth entrepreneurship. Access to modern technologies enables youth to innovate, reduce production costs, and expand market reach. This finding is particularly relevant in the context of digital transformation initiatives across developing countries.

In contrast, the negative effects of limited opportunities, poor infrastructure, and weak social support reflect deep-rooted structural and social constraints. Inadequate infrastructure increases operating costs and limits access to markets, while weak social support discourages risk-taking and entrepreneurial persistence. These findings suggest that youth entrepreneurship is not solely an individual choice but is strongly shaped by environmental and institutional conditions.

Interestingly, government support, training, and policy variables do not show statistically significant effects. This may indicate that existing youth entrepreneurship programs are either poorly aligned with market realities or lack effective implementation mechanisms. Similar findings have been reported in previous studies, which argue that policy interventions often fail to translate into tangible entrepreneurial outcomes without adequate coordination and monitoring.

Overall, the results highlight that youth entrepreneurship in the Kellem Wollega Zone is driven by a complex interaction of motivational, financial, technological, and institutional factors. Addressing youth unemployment through entrepreneurship therefore requires an integrated policy approach that simultaneously strengthens enabling factors and reduces structural constraints.

5. Conclusions and Recommendations

5.1. Conclusions

This study examined the challenges and opportunities of youth entrepreneurship in the Kellem Wollega Zone of Oromia Regional State, Ethiopia, using a mixed-methods approach. Based on the empirical findings from descriptive statistics, regression analysis, and hypothesis testing, several key conclusions can be drawn.

First, the study confirms that youth entrepreneurship in the study area is significantly influenced by both enabling and constraining factors. The regression results indicate that motivation, access to finance,

business assistance, and technology have a positive and statistically significant effect on youth entrepreneurial activities. This implies that youths who are motivated, financially supported, technologically equipped, and institutionally assisted are more likely to start and sustain business ventures. *Second*, the findings reveal that structural and social constraints remain major barriers to youth entrepreneurship. In particular, lack of entrepreneurial opportunities, poor infrastructure, and weak social support systems were found to have a negative and significant effect on youth entrepreneurship. These constraints limit market access, increase operational costs, and discourage young people from pursuing self-employment. *Third*, the study finds that government support, training, marketing challenges, administrative issues, and government policy variables were not statistically significant predictors of youth entrepreneurship in the regression model. This suggests that existing government interventions and training programs may be insufficient, poorly targeted, or inadequately implemented to generate measurable entrepreneurial outcomes among youth in the study area. *Fourth*, the findings highlight that youth entrepreneurship in Kellem Wollega Zone is still largely constrained by institutional inefficiencies and weak entrepreneurial ecosystems, despite the presence of a large and economically active youth population. Without coordinated support systems, youth enterprises struggle to transition from survival-oriented activities to sustainable and growth-oriented businesses.

Overall, the study concludes that youth entrepreneurship can serve as a viable strategy for employment creation and economic development in the Kellem Wollega Zone, but only if critical financial, technological, infrastructural, and social barriers are effectively addressed.

5.2. Recommendations

Based on the study's findings and conclusions, the following policy-oriented and actionable recommendations are proposed:

Improve Access to Youth-Friendly Finance: Given the significant positive effect of access to finance on youth entrepreneurship, government and financial institutions should establish youth-focused credit schemes with low interest rates, flexible repayment periods, and reduced collateral requirements. Strengthening partnerships between microfinance institutions, commercial banks, and youth enterprise programs would enhance financial inclusion for young entrepreneurs.

Strengthen Business Assistance and Support Services: Since business assistance was found to significantly promote youth entrepreneurship, relevant institutions should expand business development services, including mentorship, coaching, incubation centres, and advisory support. Creating platforms for experience sharing and networking among youth entrepreneurs would further enhance enterprise sustainability.

Invest in Infrastructure Development: The negative and significant impact of poor infrastructure underscores the need for improved access to electricity, roads, water, transport, and digital connectivity,

particularly in rural and semi-urban areas. Infrastructure development should be integrated into youth entrepreneurship promotion strategies to reduce operational constraints and improve market access.

Promote Technology Adoption and Digital Inclusion: As technology positively influences youth entrepreneurship, policymakers should support digital literacy training, subsidize access to digital tools, and promote the use of information and communication technologies in youth-led enterprises. Establishing innovation hubs and supporting technology-driven start-up would enhance competitiveness and innovation.

Strengthen Social Support and Community Acceptance: The study identified weak social support as a major constraint. Therefore, community-based awareness programs should be implemented to promote positive attitudes toward youth entrepreneurship, reduce gender-based discrimination, and encourage family and community support for youth-led businesses.

Reassess and Improve Government Youth Programs: Given the insignificance of government support and training variables, existing youth entrepreneurship programs should be reviewed and redesigned to better align with the actual needs of young entrepreneurs. Emphasis should be placed on practical, market-oriented training rather than purely theoretical interventions.

Declarations

Declaration of interest

No conflict of interest regarding the publication of this research article.

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Author Contribution

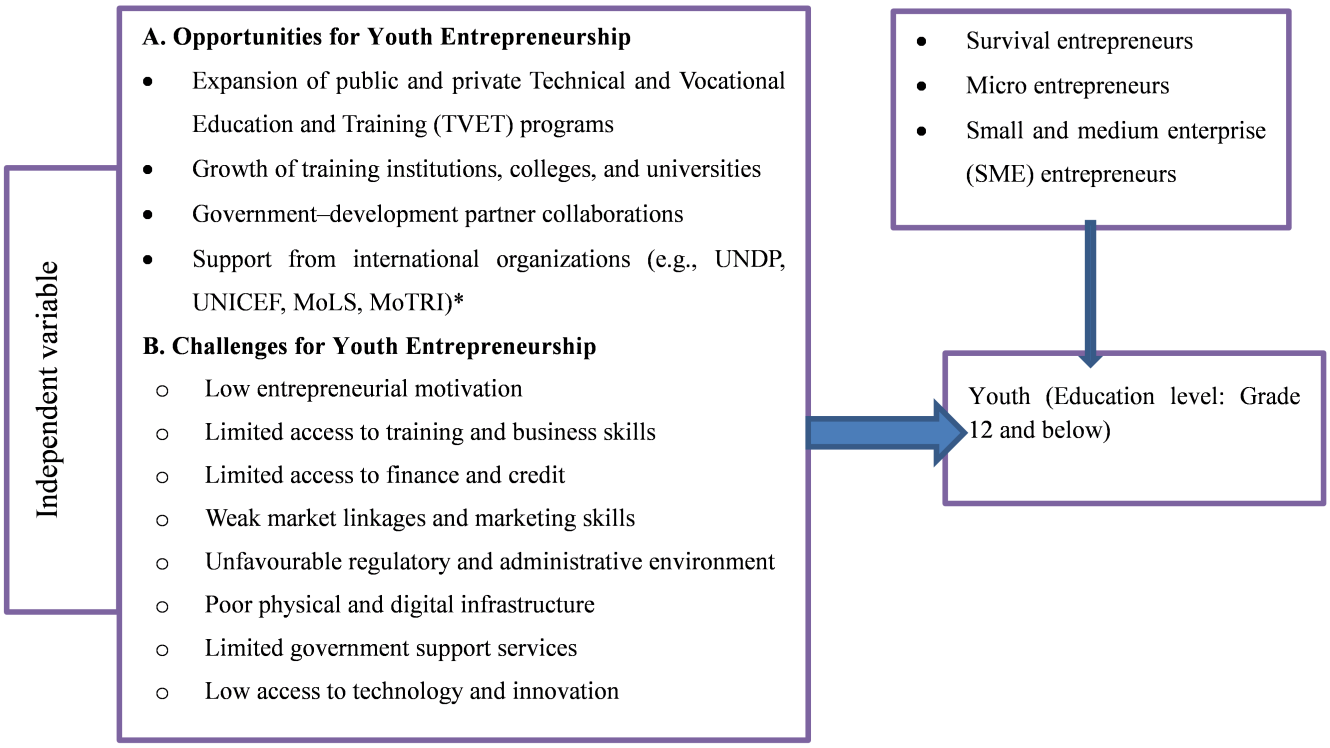
Data collection Writing Analysis

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Figures



Source: Author's own compilation based on field data and literature review.

Figure 1

Illustrates the proposed conceptual framework showing the directional relationships between enabling factors, constraining factors, and youth entrepreneurship. This framework guides the formulation *of research hypotheses and the empirical analysis conducted in the study*