

An Investigation Into the Financial Obstacles Facing Young People When Starting a Business in the Democratic Republic of Congo

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Abstract: ***Objective:** The main objective of this study is to study the financial obstacles to business creation among young people in sub-Saharan African countries and more particularly young graduates in the Democratic Republic of Congo (DRC). **Methodology:** A qualitative research design was applied. Semi-structured interviews were conducted with young Congolese graduates in Kinshasa. **Results:** The results reveal that the difficulties of obtaining funds to finance the entrepreneurial project are enormous for young people in sub-Saharan African countries. This is the main source of vulnerability, a constraint and an important blocking element when setting up a business. Young Congolese graduates experience serious difficulties in accessing financing and credit during business creation. Moreover, they lack the personal funds to start their own business. Therefore, easy access to finance and credit is important to foster business creation among young graduates. **Practical implications:** Knowledge of financial barriers and the means to overcome them can have important implications for the creation, development and growth of small, micro and medium enterprises for young entrepreneurs in general and for young graduates in the Democratic Republic of the Congo. The fight against these obstacles can help encourage the realization of entrepreneurial projects through the creation of businesses by young Congolese graduates. **Originality/Value:** Youth entrepreneurship in the Democratic Republic of Congo is little studied. This research is an independent and comprehensive analysis of financial barriers among young graduates in one of the understudied entrepreneurial developing countries. Its operational aim is the development of entrepreneurship and the realization of entrepreneurial projects of young Congolese.*

Keywords—youth entrepreneurship; financial obstacles to business creation; young Congolese graduates; DRC.

1. INTRODUCTION

Financial resources are necessary for starting a business and for the day-to-day operations of the business. They are important for financing all other types of resources such as physical resources, human resources and technological resources. Limited access to financial resources could constitute an obstacle for the creation of a business (Bitzenis and Nito, 2005; Kemp and Lutz, 2006; Schmidt and Kolodinsky, 2007) . Most businesses fail, or never start, for lack of funds. The main challenge for any project leader is to find the financial means to start a business. According to Malaj and Dollani (2018), financing new entrepreneurs seems to be one of the biggest problems for young people and often lack of financing can lead to failure in the early stages of entrepreneurship. For Benata (2015), securing access to finance, both in the start-up phase and in later stages of business development, is one of the biggest challenges facing young entrepreneurs.

The lacks of financial resources at start-up, the difficult access to them or to credit constitute the most important obstacles to the entrepreneurial projects of young people in developing countries. Unlike developed contexts where financial barriers to youth entrepreneurship have already been addressed through low-interest loans granted to small entrepreneurs by banks and funds, created specifically for the

development of small entrepreneurship, by bank loan without guarantee, etc. ; in developing contexts, especially in sub-Saharan Africa, young people face serious financial barriers when starting their own businesses.

It is therefore important to highlight the financial obstacles that young entrepreneurs face when setting up their businesses to solve and overcome them. This research aims to explore this concern by identifying financial barriers among young graduates in the Democratic Republic of Congo (DRC). This would lead to the adoption of strategies that could help overcome them.

The study seeks to answer the question: What are the financial obstacles that hinder business creation projects among young people in the Democratic Republic of Congo, and particularly young Congolese graduates, and how to overcome them?

The objective of this research is to identify the brakes or obstacles influencing business creation by young people in the DRC, and to propose solutions to overcome them.

This research is part of the desire to improve the business creation process and to further promote the entrepreneurial culture among young graduates in the DRC and to enable young people to become entrepreneurs. This is a way to contribute to increasing knowledge in the field of entrepreneurship and to promote the entrepreneurial culture among young people in the DRC. By the way, barriers to

accessing financial resources involve different characteristics that also call for policy interventions. Designing effective policy interventions requires having accurate and comprehensive information on the difficulties of financing youth entrepreneurial projects and the nature of the challenges of financing these youth projects in the country. This study provides the necessary elements on the financial obstacles to business creation projects among young people in the DRC.

The originality of this study is based on the field analyzed, namely the developing countries of sub-Saharan Africa, specifically the Democratic Republic of Congo, a country less studied on the entrepreneurial level, and on its operational aim of developing entrepreneurship and the realization of the entrepreneurial projects of young Congolese.

This study is structured as follows. The second section presents the literature review of this study. The third section deals with the research methodology. The fourth section presents the results of the study. The fifth section offers the discussion of the results. The sixth presents conclusions and recommendations for different interest groups. Finally, we present the limitations as well as possibilities for future studies.

2. LITERATURE REVIEW EASE OF USE

The decision or plan to create a business may be thwarted by the existence of financial obstacles, the main ones being: difficult access to financing, obstacles to obtaining loans (difficult access to credit), lack of personal funds, etc.

2.1 Difficult access to financing

Funding is a crucial resource for the development of entrepreneurial projects (Omrane, 2015). It plays an important role and the difficulty of accessing it can hinder successful creation (Fielden, Davidson and Makin, 2000) or serene and sustained development (St-Pierre and Fadil, 2011). Winker (1999) demonstrated that problems of access to financing have an impact on investments and expenditures in research and development. They can even affect the attitudes and behavior of entrepreneurs when faced with the entrepreneurial act (Smallbone and Welter, 2001).

Difficult access to financing is a real obstacle to entrepreneurship. This is a common obstacle for all cohorts of entrepreneurs. However, young people are particularly affected because they have poor or no credit history, which creates problems in accessing financial support, especially in traditional financial institutions. The main reason for this is that they have not yet engaged in economic activity due to studies and have not acquired any work experience. They also invariably lack savings for the self-financing of a business. In addition, young people generally create small businesses. However, small businesses find it difficult to obtain financing (Ojah and Manrique, 2005; Soufani, Vrontis and Poutziouris, 2006), hence the difficulty of financing.

Research by Clemensson and Christensen (2010) found that lack of access to affordable finance is often perceived as one of the biggest barriers to entrepreneurship among young

people compared to older age groups. Several studies have confirmed this result (Chigunta, 2006; Greene, 2005; Okurut and Ama, 2013).

Youth Business International (YBI) (2010) argues that the lack of access to financial capital represents the biggest challenge for young people who want to start a business all over the world. For Nieman and Nieuwenhuizen (2014), young entrepreneurs are often particularly affected by limited access to financial resources and, in many cases; their creative ideas remain forever born, as they are unable to develop them into sustainable businesses.

Studies from Africa have also supported the claim that lack of finance is a major challenge for potential young entrepreneurs. A study in Zambia found that the majority of young entrepreneurs cited lack of capital as the main reason why they were not self-employed (Chigunta et al., 2005). Fatoki and Chindoga (2011) argue that lack of finance was one of the main constraints to starting new businesses. Sambo (2015) posits that lack of access to finance hinders the development of entrepreneurship among young people in South Africa. The majority of young people in this study had to use their personal savings to finance their start-up. A study by Chiloane-Tsoka (2013) confirmed that the lack of financial support is a major barrier to the development of entrepreneurship in South Africa.

However, Kew et al. (2013) argue that young people are particularly vulnerable to this constraint because young people often do not have a credit history or assets to serve as collateral to obtain loans from financial institutions, and were less likely to have accumulated enough capital to be able to use their own savings to fund a business venture.

It is clear that access to finance for young entrepreneurs is a global challenge and the DRC is no exception. According to World Bank (2019), young Congolese with viable new ideas find it difficult to find start-up capital. The majority of young entrepreneurs cannot use real estate as collateral, and the supply of start-up capital is limited to informal loans from family and social networks and high-interest microfinance institutions.

Moreover, because of poverty and the current situation, obtaining financing from family, relatives or friends is not easy and the amounts borrowed do not meet the needs of the project (Hamitouche Siham and Kherbachi Hamid, 2017).

Many authors (Herrington et al., 2011; Kew et al., 2013; Kojok et al., 2012; Turton and Herrington, 2012), express their point of view according to which the lack of micro-finance institutions, venture capital and business angels in developing countries has compounded the problem of financial support for entrepreneurs. This situation limited opportunities for young people to access business finance in developing countries. In these countries, sources of financing for young entrepreneurs were limited to commercial banks (Kojok et al., 2012). According to Cant and Wiid (2013), commercial banks are often unwilling to extend credit to young entrepreneurs

because young people are considered risky investments due to lack of collateral and business experience. For Gheorghie et al. (2012), the mistrust of lenders, banks and other financial institutions is at the root of the lack of financing which constitutes a major obstacle for the entrepreneurial activities of young business creators.

2.2 Difficult access to credit

Difficult access to credit is one of the fundamental obstacles to youth entrepreneurship. Problems obtaining loans and investments from financial institutions are often cited as obstacles encountered by young project leaders and entrepreneurs.

Studies show that the more or less varied guarantee requirements depending on the stage of development penalize start-up companies (Hanley, 2002; Hanley and Girma, 2006).

Studies conducted on problems of access to credit show that liquidity constraints influence and thwart many people in their desire to pursue their entrepreneurial project (Blanchflower and Oswald, 1998). Sambo (2015) alluded to the fact that there is a positive association between the expansion of youth entrepreneurship and access to credit. A study by Mwangi and Shem (2012) revealed that access to credit is a huge obstacle to the growth and development of small and medium enterprises (SMEs) and, also, to disadvantaged urban and rural families. Accessing capital to get started is a huge hurdle in one's quest to get into business. Research by Turton and Herrington (2012) found that 79% of entrepreneurs struggle to access finance, while many feel they are failing slowly, in terms of initial public offerings, angel investors or bank loans. In addition, funds for entrepreneurs are not easily accessible, and much capital is routinely too expensive, limiting the progress of promising businesses.

In addition, banks require the personal guarantee (for example, the land title, etc.) before even processing the file. However, as we can see, young people do not yet have any possessions to give to the banker in order to have a personal guarantee, hence the blockage. Thus, recourse to bank credit by young entrepreneurs requires the provision of guarantees which can form a significant obstacle for business creation. Such requirements can act as a brake on entrepreneurship and push some people to give up setting up their businesses despite the new ideas they bring (Haddad, 2013). According to Albagli and Hénault (1996), the absence of sufficient guarantees for the banks and the failures of the banking network erected barriers to access to business creation and caused discouragement or misappropriation.

The study conducted by Botes (2013) also revealed that financial institutions want collateral to finance businesses and for those who have no collateral, it is difficult to obtain finance. The study further revealed that access to finance is a major challenge that hinders business creation.

The study done by Onodugo and Onodugo (2015) shows that potential Nigerian entrepreneurs go through many

difficulties when trying to access credit for their businesses. Although there is a wide range of financial institutions that offer business loans, they generally charge high interest rates that deter potential entrepreneurs. For example, the big banks have set their lending rates at 28%, which deters potential entrepreneurs who are mostly low income. Other obstacles faced by our entrepreneurs include harsh warranty conditions set by banks and other credit institutions.

The study by Okirigiti & Rafey (2015) notes limited capital and very high bank interest rates among the main challenges faced by young entrepreneurs in Kenya.

Young people experience serious difficulties in obtaining financing, particularly from banks. Indeed, banks base themselves on a set of parameters before granting loans including the credit history of the applicant, the existing guarantees, the performance of the company, etc. However, young people lack experience in credit and they generally do not have guarantees that they can offer to the bank.

In addition, banks in the DRC and Congo (Brazzaville) are less motivated to grant loans to entrepreneurs in general, and particularly to young entrepreneurs, due to the high risk of default, poor repayment guarantees in a context of widespread poverty, and the fact that in the event of insolvency, the probability of recovering the credit through legal settlement is almost nil in the DRC and very low in the Republic of the Congo. Given this situation, access to bank credit is almost non-existent for young entrepreneurs due to the vulnerability of their financial resources and inexperience, particularly the lack of credit history (Dzaka-Kikouta and al., 2020).

Business creation experiences many failures in developing countries because of the difficulty of access to credit, the repayment terms of which are often not flexible.

Given the difficulties in accessing finance from banks, young entrepreneurs are limited to their own personal savings, family and friends as sources of finance for their businesses and if they could not obtain finance from these sources, young entrepreneurs would not be able to start and operate a business (Kojok et al., 2012).

2.3 Lack of personal funds

Creating a business requires a certain financial investment that project leaders are not always able to produce. The lack of personal funds for the start-up is a main difficulty encountered by the creators. Although they may have intentions of starting a business, they can never realize them due to lack of financial means.

Indeed, the most difficult first step in the realization of a business creation project is that of the initial financing. This is a step full of uncertainties. We don't know if the project is viable, if it will find a place on the market and especially if we will have the means to make it happen. Also, this step can be prohibitive for a project leader who does not feel strong enough. To be able to propose the offer on the market, it is necessary to be able to produce it, put it into service. And to

do this, we need financial means. The start-up period is a delicate period. It is all the more problematic when it comes to an innovative company. Indeed, as we do not know if the supply will find demand, we fear that the company will not hold up and will quickly collapse. Also, it is difficult to find financing from private investors such as banks who do not consider the project reliable and viable.

The more initial financial resources entrepreneurs have, the more likely they are to succeed. As a result, young people are already disadvantaged for two reasons, first they lack personal funds or initial financial resources, then they experience many difficulties as older people in obtaining external financing, in particular through a borrowing (OECD/European Union, 2012).

A lack of capital can be a real obstacle to business creation. Indeed, project leaders without capital are not able to promote it. And this, even with support organizations for the creation of innovative companies, personal capital is the key that opens the doors to the public aid sector. This notion of heritage is also essential in the banking sector. Indeed, banks only lend to project leaders if they already have assets.

According to Evans and Jovanic (1989), liquidity constraints can exclude potential creators, because they do not have sufficient funds, they will not complete the entrepreneurial process. According to Boyer et al. (2008), insufficient initial capital is an obstacle to starting a business.

Indeed, the share of equity in the company's total capital is an important indicator for the banker who judges the seriousness of the case. They contribute positively to the solvency of the project leader and increase their chances of credit. It is estimated that the minimum share of equity should be 20%.

This obstacle of lack of start-up funds strikes, in most cases, young graduates and other unemployed individuals or simple employees. In fact, unemployment, or underemployment, the young age of graduates... does not allow them to accumulate the capital necessary to start a business. Furthermore, the difficulties and barriers of access to the financial market (bank loans) where entrepreneurs for cultural and religious reasons do not allow themselves or simply they do not want and do not dare to go into debt, and if they dare it is not obvious to have the bank agreement on the pretext of the lack of guarantees generally.

Lack of start-up funds is one of the difficulties most frequently cited by young people who aspire to start their own business. Between the knowledge and skills acquired by the young entrepreneur and the complex world of start-up financing, which requires a great familiarity with finance, the gap is sometimes very wide (UNCTAD, 2014). The study by Bilewicz and Tsimayeu (2021) on obstacles to youth entrepreneurship in Belarus notes that the main obstacle to starting a business among young people was the lack of financial resources.

3. RESEARCH METHOD

This section explains the research methodology used in this research.

3.1 Research design

A qualitative research design was followed in this study. Indeed, qualitative studies provide information on the deep motivations of people, on their thoughts and their feelings. According to Wacheux (1996), putting a qualitative research process into practice is first and foremost a desire to understand the why and how of events in real situations.

3.2 Population and sample

The target population of this study is made up of young active Congolese aged 15 to 35, with at least a higher education diploma. Among them, the research focuses on young project leaders, those who have not succeeded in creation, entrepreneurs who have succeeded in creating a business. This is to better understand what is happening in all these situations.

The study sample is made up of 13 young Congolese graduates who were in Kinshasa at the time of the investigation.

3.3 Data and data sources

A qualitative methodological approach, based on an interview survey was used to conduct this research. The survey by interview consists of an interaction between two people, planned and obeying an objective. The interviewee gives his opinion on a subject and the interviewer collects and interprets this particular vision. This study has opted for the semi-directive type, leaving a great deal of freedom to both the interviewee and the interviewer.

The study only used primary data collected in the field from young Congolese graduates of higher and university education. The collection was carried out using an interview guide, made up of open-ended questions in order to obtain as much information as possible on the financial obstacles to business creation. The administration of the interview guide consisted of a direct interview with thirteen young entrepreneurs and future entrepreneurs. The interviews each lasted, on average, between 30 minutes and 1 hour. Each interview gave rise to a complete recording of the answers of the interviewee in question (using a Dictaphone) and then to a written transcription of the entire speech.

3.4 Data analysis

The data analysis of this study is carried out from the content analysis. According to Robert and Bouillaguet (2007), content analysis represents a research technique that allows the methodical, systematic, objective and, on occasion, quantitative examination of the content of certain texts in order to classify and interpret the constituent elements, which are not entirely accessible to naive reading.

This research used manual content analysis which is based on the selection and extraction of information capable of answering the research questions and interpreting them.

To apply this technique, the researcher carried out: firstly a transcription of all the speeches collected; second, the reading and subsequent re-reading of the texts to bring out the dissimilarities and similarities of the units of recording for the constitution or application of the categories; thirdly, the categorization or coding of texts (creation of categories or assignment of codes to documents). Once the codification process was carried out, he obtained fragmented texts in the categories of analysis (themes, words, sentences, etc.) according to the information sought by the themes determined beforehand in the interview guide and linked to the objectives of research; fourth, a grouping of the affected text fragments and analyzing them taking into account the research objectives; fifth, inference, interpretation and synthesis of findings.

To maintain confidentiality and protect each participant's privacy, we have used codes in place of participants' real names.

3.5 Study area

The Democratic Republic of Congo (DRC) is a state in French-speaking sub-Saharan Africa with access to the Atlantic Ocean. It is bordered by the Enclave of Cabinda and the Republic of Congo to the west; Uganda, Burundi, Rwanda and Tanzania in the East; the Central African Republic and Sudan in the North; Zambia and Angola to the south. With an estimated population of 91.994 million and an area of 2,345,000 km², the Democratic Republic of the Congo is one of the most populous and largest countries in sub-Saharan Africa. It is the fourth largest country in Africa and the eleventh in the world. The country comprises 26 provinces. Its capital is Kinshasa.

The DRC offers many entrepreneurial opportunities in agriculture-related activities, in the tourism, energy, mining, transport and information and communication technology sectors, with a population of more than 80 million inhabitants (AfDB, OECD, and UNDP, 2017).

The interviews were conducted in Kinshasa, with young Congolese graduates. It's about capturing the voices of young people firsthand. Basically, Kinshasa was chosen as the study area because most young graduates of different study streams are based in the region.

4. RESULTS

This section attempts to present and explain the financial barriers faced by recent graduates in the DRC.

4.1 Profiles of young graduates surveyed

Table 1 allows us to know the profiles of the individuals interviewed.

Table 1: Profiles of individuals interviewed

Young interviewee (Code)	Sex	Age	Education level	Field of study
YCG1	M	35	Master's degree	Development
YCG2	F	29	Bachelor's degree	cut and seam
YCG3	M	32	Bachelor's degree	Biology
YCG4	M	24	Bachelor's degree	Social sciences
YCG5	M	28	Bachelor's degree	Languages
YCG6	F	32	Bachelor's degree	Project management
YCG7	M	33	Bachelor's degree	Straight
YCG8	M	22	Graduat diploma	Agronomy
YCG9	M	31	Bachelor's degree	Chemistry
YCG10	M	26	Bachelor's degree	Biology
YCG11	M	28	Graduat diploma	Computer science
YCG12	M	32	Master's degree	Agronomy
YCG13	M	24	Bachelor's degree	Social sciences

Note: "YCG": Young Congolese Diploma. "Graduat" is the first university cycle in the DRC equivalent to three years of university studies, BAC+3. Source: Field survey, 2021

Of the thirteen (13) young graduates interviewed, there are 9 bachelor's graduates, 2 "graduat" graduates and 2 master's graduates.

The age of the participants varies between 22 and 35 years. Regarding gender, there are two women and eleven men.

None of the young graduates interviewed come from entrepreneurial parents, only 1 who had a merchant father, 1 a farmer, 3 in the liberal professions, 3 civil servants and 5 executives in public or private companies.

On the other hand, 6 of them have either brothers, sisters, other family members or friends who are already entrepreneurs and that they wanted to imitate them, compared to 7 who declared that there is no entrepreneur in their entourage they wanted to imitate.

4.2 Types and status of respondents' business creation projects

Table 2 gives the types of entrepreneurial projects of the young graduates interviewed.

Table 2: Types and status of entrepreneurial projects of interviewees

Coded	Type of entrepreneurial project	Project status
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YCG1	Creation of a tourism business	Blocked
YCG2	Starting a Sewing Business	Executed
YCG3	Creation of a small mango juice factory	Blocked
YCG4	Creation of an office and premises cleaning service company	Abandoned
YCG5	Creation of a fired brick manufacturing company.	Blocked
YCG6	Starting a bread making business	Standby
YCG7	Creation of a service company	In progress
YCG8	Creation of a banana chips production company	Executed
YCG9	Creation of a cosmetics manufacturing company	Blocked
YCG10	Starting a Ginger Juice Manufacturing Business	Executed
YCG11	Creation of a company in the field of printing	Blocked
YCG12	Creation of an agricultural business	Executed
YCG13	Setting up a business in the trade sector	In progress

Source: Field survey, 2021

All the people in our sample have an idea, an intention or a project to start a business. However, several of them have projects blocked or suspended by the brakes, which sometimes pushes them to abandon them or put them on hold. The few who were able to carry out their projects were financially helped by their families and by their friends and acquaintances. Thus, out of the 13 interviewed, there are 4 who have actually created businesses (2 bachelor's degree holders, 1 graduate diploma and 1 with a master's degree), 2 who have ongoing projects (2 bachelor's degrees), and 6 who have projects blocked and on standby (4 bachelor graduates, 1 graduate diploma and 1 master's graduate) and 1 having abandoned the project (1 bachelor's degree).

It is interesting to note that financial barriers affect all young graduates, regardless of their level of education and gender.

4.3 Financial obstacles to business creation by young Congolese graduates

In the DRC, financial barriers are relatively high for youth business creation. All the young project leaders and entrepreneurs in our sample have encountered serious financial problems at one time or another. But, none of them benefited from bank loans for the creation of a company.

1. Difficulties in accessing finance and credit

Interviews with young Congolese graduates revealed that the difficulties of obtaining funds to finance the entrepreneurial project are enormous. This is the main source of vulnerability, a constraint and an important blocking

element during the creation of a business by young graduates in the DRC. Here is what some respondents say:

I started to apply for funding which seems very difficult to obtain. Banks are rare in the provinces and the few that exist do not offer loans to young graduates. There are no state subsidies either (YCG1).

I was reluctant to start a small business (a sewing shop) because I had no personal funds for starting such a business, so I feared I would be a failure.... So I started looking for financing for the purchase of quality equipment, but I did not find it from banks or from public structures (YCG2).

Banks don't lend if you don't have any money at the start. They don't keep their promises (YCG4).

I had difficult access to financing and credit, because the few banks consulted were reluctant towards me (YCG5).

I started looking for funding from banks, state aid and NGOs. At the bank level, credits have been refused. Afterwards, at the level of state aid, I contacted a few ministries and certain public structures; I got nothing (YCG7).

According to those surveyed, the young age of the project leader can be a source of obstacles and challenges in their approach to financing with banks.

Banks are rare in the provinces and the few that exist do not offer loans to young graduates (YCG1).

Banks don't lend if you don't have any money at the start. And when you're young, it's even harder... (YCG4).

The few banks consulted were reluctant towards me, perhaps because of my young age (YCG5).

It is not easy for a young person to obtain financing from banks in the DRC (YCG6).

I gave up the option of seeking financing from banks. Because the latter are often reluctant, perhaps because of our young age (YCG8).

According to the respondents, the criteria of funders, particularly banks, for access to a loan are very restrictive. The requirements are high in terms of guarantees from banks and other credit institutions. Many young graduates are hampered by the lack of guarantees and fail to carry out their projects due to a lack of financial means. They are generally stuck with sometimes well-developed projects on paper. A few young graduates said in the interview:

I gave up the option of seeking financing from banks. Because the latter are often reluctant perhaps because of our young age and require many impossible guarantees (YCG8).

I contacted a bank where the gentleman who received me openly replied that if I had a guarantee or if I had a salaried job, they would accept the credit for me (YCG6).

I started looking for the funds to finance the activities, but so far I have not yet found. There are a lot of complications and requirements to get the credit. Banks don't lend if you don't have money at the start. And when you're young, it's even harder... (YCG4)

I approached many banks, they needed my credit history and collateral, and their interest rates were also high (YCG10).

Regarding the progress of the entrepreneurial project, the largest proportion of young graduates surveyed cite problems related to obtaining funding as the main reason for stopping or abandoning their entrepreneurial projects :

Since I started to solicit funds for the start-up of my business, I have never had a penny. That's why I gave up starting fending for myself first until I had money to continue my project (YCG11).

Discouragement set in when the difficulties piled up and no positive sign came to reward the work provided. I abandoned the project (YCG4).

Interviews with respondents revealed that the lack of information and ignorance of financing possibilities among young Congolese graduates. The latter have not received any education on the financing of business creation and have no information on the financial structures that support start-up projects.

I also have no information on the structures that can finance my project or the cost of the administrative formalities for setting up a business and obtaining the national identification number. I didn't receive any teaching on the financing of entrepreneurs (YCG13).

I studied chemistry at university, and I can make cosmetics, but I didn't study a course on financing entrepreneurial activities. I don't know where to look for funding for my project (YCG9).

I don't want to go to the bank, because I don't know how it works (YCG3).

2. Lack of personal funds

The lack of start-up funds is one of the problems most frequently cited by all young people looking to start their business in the DRC. The lack of start-up funds is one of the problems most frequently cited by all young people looking to start their business in the DRC. Indeed, the precarious situation in which some young graduates find themselves, who underline the fact of not yet having any possibility of personal contribution, since having had no professional experience until then to be able to accumulate sufficient savings to finance business start-ups. Moreover, the poverty of the parents does not allow them to be able to support their children after their studies. This can be seen in the interviews below:

I don't have any equity to start my business (YCG1).

I had no personal funds for starting such a business (YCG2).

Since I finished my higher education, I have never worked; I have no money to hire a consultant or expert in the field, or to start the activities (YCG3).

I have developed a project to create an office and premises cleaning Service Company, but I do not have the funds to start the activities or to buy the necessary equipment (YCG4).

I started the process of setting up a business...missing start-up funds due to my two-year unemployment (YCG5).

My family being very poor, and in most cases, the family and relatives stop with their assistance once the studies are finished. Due to a lack of start-up funds and support services, I have not been able to carry out this project so far and I have placed it on hold waiting funding (YCG6).

After my degree, I did three years without a job. As I had never worked, I had no capital to start the business creation process. Also, I had not had financial support from my family and close (YCG7).

I intended to start a business producing banana chips. The problem arose at the level of start-up funds; I had no money (YCG8).

I studied chemistry at university, and I can make cosmetics, but I lack the personal savings to undertake (YCG9).

When starting my ginger juice business, I did not have start-up funding. My poor family could not finance my project; they wanted me to work in the public service instead (YCG10).

I had the intention of starting a business in the field of printing. I realized that it really takes money. But I don't have any equity (YCG11).

I decided to go into business by starting my own company. I had some difficulty doing it. Personally, I had no money for the planned business creation (YCG12).

I want to start a business in the trade sector, but I do not have sufficient personal funds for the purchase of equipment, administrative procedures and other (YCG13).

5. DISCUSSION

Practically in developing countries, and especially in sub-Saharan Africa, poor young people, and often without start-up capital, face financial constraints to engage in entrepreneurial activities. First, they do not have enough personal savings and lack physical capital. Then, they experience great difficulty in obtaining financing, particularly from banks. Furthermore, financial support mechanisms (from the government and certain sometimes private institutions) are almost non-existent in certain developing countries, as is the case in the Democratic Republic of Congo. In most developed countries these difficulties are solved through low-interest loans granted to small entrepreneurs by banks and funds, created especially

for the development of youth entrepreneurship, as well as by other financial structures.

5.1 Difficulties in accessing financing

The results obtained from this study show that access to financing is the greatest difficulty that hinders young entrepreneurial projects in the DRC.

These results agree with the conclusions of Mayoukou (1996) who emphasize those financing remains the most important constraint for business creation in Africa, and those of Habtamu Legas (2015) who postulate that obtaining financing is seen as quite a challenge for entrepreneurs in sub-Saharan Africa.

Albagli and Hénault (1996) point out that in sub-Saharan Africa, a considerable number of projects are suffocating at the embryonic stage. Such a problem stems from the lack of support and means available to would-be entrepreneurs to carry out their project. This research confirms that.

5.2 Difficulties accessing credit

Difficulties in accessing credit during business creation were mentioned by most of the young Congolese graduates interviewed. This is due to the lack of financing structures and the complications of banks, mainly the restrictive guarantee procedures put in place by them.

The results of the present research are consistent with the findings of Rahmawati, Hasyiyati and Yusran (2012) that the lack of financial credibility to take out a loan as well as the complications and cost of administrative procedures hinder the development of entrepreneurship for young people. This study agrees with Gorji and Rahimian (2011) that financial constraints are the main barriers to the development of youth entrepreneurship.

Furthermore, Moog (2005) finds that young people are mostly seen as risky investments and face difficulty in accessing funds due to adequate security to obtain loans and young people are not likely to acquire business experience or business efficiencies that banks or financial institutions consider essential to assess creditworthiness. The present study confirms this conclusion.

Moreover, there is a lack of information and ignorance of financing possibilities among the young Congolese graduates interviewed. These obstacles can be reduced by disseminating quality information on external financing. Many authors (Hyytinen and Pajarinen, 2005; Scholtens, 1999) argue that the quality of information dissemination reduces barriers to external funding.

5.3 Lack of personal funds

The results of this research show that all respondents mentioned the lack of equity as the main obstacle for the entrepreneurship of young Congolese graduates. This difficulty can be explained by three things: (i) the lack of remunerative work, because of unemployment, sometimes

underemployment, (ii) the poverty of the parents to provide them with the minimum capital for the start-up of activities entrepreneurial skills, and (iii) insufficient savings, mainly due to the fact that most young graduates were unemployed, and are poor.

These results are consistent with those developed by Boateng, Boateng and Bampoe (2014) in Ghana who demonstrate that the lack of capital as the main obstacle for youth entrepreneurship in rural areas of Ghana. Moreover, Pretorius and Shaw (2004) observe that a large percentage of the failure of entrepreneurial firms is attributed to insufficient capital or poor resources.

Ultimately, our qualitative results on the financial barriers to business creation among young Congolese graduates are consistent with the quantitative results on the same young people (Kahuisa Makina, 2022) which reveal that young people perceive difficult access to financing, difficult access to credit, lack of funds as main obstacles to starting a business.

6. CONCLUSION AND RECOMMENDATION

6.1 Conclusion

The study was conducted to explore the financial barriers to business creation by young people in sub-Saharan African countries and more particularly young graduates in the Democratic Republic of Congo.

The results of the survey show that the difficulties of obtaining funds to finance the entrepreneurial project are enormous for young Congolese graduates. This is the main source of vulnerability, a constraint and an important blocking element during the creation of a business by young graduates in the DRC. Indeed, these young people experience difficulties in accessing financing and credit during business creation. This is due to the lack of financing structures and the complications of banks, mainly the restrictive guarantee procedures put in place by them. Moreover, young graduates do not have sufficient capital to create their own business.

Difficulties in accessing financing and credit for entrepreneurial projects and the lack of equity among young people lead to the delay in the creation of businesses by young people in the DRC.

The fight against these financial obstacles can help encourage the realization of entrepreneurial projects through the creation of businesses by young Congolese graduates.

6.2 Recommendation

Based on our results, we have deduced the recommendations below, aimed at different interest groups. Their implementation would contribute to overcoming the financial obstacles identified so that the entrepreneurial projects of young people are realized.

The Government should create favorable conditions for business creation also for young entrepreneurs. State support is one of the key factors for promoting youth entrepreneurship.

Thus, it should: (a) Make the fiscal environment more favorable to financing in the early stages of business development. It is therefore fundamental to facilitate the access of young graduates to existing financial services while imagining other innovations; (b) Adopt policies of access to finance in the interest of young people in general and young graduates in particular. The Government should also offer seed money or waiver or deferment of their student loans to new graduates starting businesses, such as a one-year grace period offered to entrepreneurs, etc.

Private economic actors, private companies, non-profit associations, private educational institutions, foundations and NGOs, etc. can create microloans for young graduates. The creation of microcredits for young graduates would be a way of introducing a new method of financing in the country. This will circumvent the resistance and refusal of Congolese banks.

Young graduates should resort to personal savings, loans from family and/or friends. In fact, recourse to personal savings or to their own network of relations, with those close to them (family and friends) appears to be the majority mode of financing for young people in Africa.

7. LIMITATION AND FURTHER RESEARCH

This research, like so many others, has its limits and opens up new perspectives. By the way, young people face many barriers to entrepreneurship. This study focuses only on the financial difficulties of entrepreneurship among young graduates. Subsequent studies may focus on understanding and explaining other difficulties or obstacles experienced by young graduates when setting up their businesses or even once they have created their businesses.

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