

Entrepreneurship and Poverty Reduction in Nigeria: An Empirical Analysis

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Abstract: *This study empirically examined the impact of entrepreneurship training and education on poverty reduction in Nigeria. The researcher adopted a stratified random sampling technique, 500 entrepreneurs and apprenticeships were chosen from six recognized Local Government in Lagos State. The best linear unbiased estimator was used to test the relationship between entrepreneurship training and poverty reduction Nigeria. The result emanated from the findings suggests that there exist a positive and significant relationship between entrepreneurship and poverty reduction and this was confirmed by the value of R^2 the coefficient of determination. The study therefore recommends that the government should be wary of encouraging entrepreneurship training in all level of government as well entrenching it primary schools, tertiary institutions and inculcating it in the National University Commission curriculum.*

Keywords: *Poverty reduction, entrepreneurship training vocational education.*

I. Introduction

Entrepreneurship is a process undertaken by the government to reduce the level of poverty in the economy. It also encompass creating innovation, promoting new sets of attitudes and culture for the attainment of future challenges (Arogundade, 20011). This viewed is supported by Ogundele (2007) who opined that the promotion and development of entrepreneurial activities would aid the dispersal and diversification of economic activities and induce even development in a country. Similarly, Osuagwu (2002) defined entrepreneurship as a catalyst to increase the rate of economic growth, creating job opportunities as well as reducing the dependence on the import of manufactured products.

Poverty on its own according to Nweze and Ojowu (2002) can be subdivided into three namely: absolute poverty, relative poverty and subjective poverty. Absolute poverty is a situation where an individual is constrained with limited financial resources and he is unable to meet his/her basic needs of life. Such as food, clothes, shelter and health. In reference to the World Bank (1996) individuals, families or groups are considered to be absolute poverty oriented when they lack the resources particularly real income to obtain the types of dots needed to enjoy some fixed minimum standard of living by a given society.

Relative Poverty according to Nweze and Ojowu (2002) is a situation where an individual's income is less than the average income of the population in the society being considered. The consequences is that the individual possess goods and services lower than those other persons in the society.

The third aspect of poverty considered is the subjective poverty which according to Hara Lambos and Holborn, 2004; World Bank, 1996 is based on the individual perception about his/her standard of living. This feeling of being poor is a subject of the absolute minimum standing of living.

Having considered the salient meaning of the two terms there are plethora of studies regarding the linkage between entrepreneurship and poverty reduction in Nigeria. In Nigeria, over the years successive government have tried in their own capacity to introduce measures that were designed to alleviate poverty, these measures were targeted at employment generation, the provision of basic needs as well as the promotion of an integrated rural development and initiatives for community development.

Since 1999, the poverty challenge has been a focus of attention. Some of the government programmes targeted at poverty reduction have included poverty alleviation programme (PAP), the National poverty eradication programme (NAPEP) and National Economic Empowerment and Development strategy (NEEDS) with counterparts at the state (SEEDS) and Local Government (LEEDS). But, all these programmes failed to yield the needed results due to the erroneous assumption that the poor are homogenous lot to be subjected to across board treatments in when it comes to alleviating their poverty.

II. Selected Existing Literature

Detailed and historical validation has provided comprehensive empirical evidence on the link between entrepreneurship and poverty reduction Nigeria. According to Ajakaiye and Olomola, 2003, Ariyo and Jerome

(2005). Poverty is associated with lack of dignity, status security and hope. There is general consensus in the literature that growth is actually necessary but not sufficient for poverty reduction. Ravallion and Datt (2002) were of the opinion that for growth to have some meaningful impact on poverty, it must accompany with private sectors participation through entrepreneurship.

Entrepreneurs were seen as agent of social and economic change according to Ogundele and Olayemi (2004). They were of the opinion that entrepreneurship training will equip the people with skills for constant improvement and innovation. In another study conducted by Timmons and Spinnelli (2004) they were of the opinion that the entrepreneurship act can be learnt.

Wiklund (1999) asserted that entrepreneurial behavior orientation comprises of two components namely action orientation which results into actual entrepreneurial behavior and mental orientation which is not necessarily put into action.

Finally according to Alberti et al (2004) there should be a positive linkage between the entrepreneurship education and poverty reduction in the economy.

2.1 Trends In Poverty In Nigeria Poverty Situation In Nigeria

Nigeria as of today is plagued with twin issues of poverty and inequitable distribution of income. According to (FOS, 1999, Okojie et al 2000, seventy percent of Nigerians in 1999 were living in poverty. But according to Soludo, 2006) the incidence of poverty has remained relatively high hovering around 54% between 2005 and 2009 (CBN, 2009). The per capita income by 2000 was around the same level in 1965.

Worse still the problems of poverty in Nigeria is multifaceted, among which are wide spread outbreak of AIDS pandemic, lack of access to good health facilities, high infant mortality rate, lack of essential infrastructure, unemployment, underemployment and corruption.

2.2 The Oretical Frame Work

It has been empirically established that poverty theory are woven around the objects and subjects as well as the nature of the phenomenon Tella (1997).

The first theoretical linkage between the entrepreneurship and poverty reduction is the theory of capitalist entrepreneurial theory that centres on crude exploitation of the poor by means of low wages and poor condition of services which allows for possible rise savings among the entrepreneurial class. The resultant inequality could lead to vast poverty among the peasant majority.

Another theory on poverty is the individual attributes theory which posits that an individual's location in the society is hierarchy of income and wealth is presumed to be determined by his own motivation, attitudes and abilities (Mc-Clelland, 1961 Hagen, 1962).

Other notable theory is the national circumstantial theory which identifies factors such as geographical locations and natural endowments of the environments that a person find himself and other factors that include unemployment old age, physical disabilities etc as culprit of poverty Akeredolu (1975).

In addition to this theory is the power theory which recognizes the structure of political power in the society as the sole determinant of the extent and distribution of poverty among the population.

And lastly, the modern theoretical approach considers the income dimension as the core of most poverty related problems. Poverty may arise as a result of change in average income and change in the distribution of income. Assuming a relationship exist between poverty line (L) and average income of the population (Y) the poverty index will either decreases or increases.

And if the higher average income is above the poverty line, there will be less poverty. But with one having a wider spread of income distribution of poverty will tend to be higher.

2.3 Method Of Data Collection

This paper used a descriptive survey design which entails factual information that explains the phenomenon. The population of study is Lagos State. Lagos State chosen because it is an old city with about 15million people and is plagued with high level of poverty, unemployment and social inequalities.

A sample of six local government out of 20 local government recognized under Federal Constitution is Chosen as our object of analysis. The local government areas are Bariga local government, Ifelodun local government, Badagry local government, Alimoso local government, Ojo local government and Epe local government. The Target population of the study are the entrepreneurs and the apprenticeships in the selected local government of the sampling frame.

The study make use of structured questionnaire to elicit information on the two sections namely the demographic characteristics of the population which comprises of age, sex, experience, professional status, marital status and position while the second sections borthers on the vital role of entrepreneurship training and education on poverty reduction in Lagos State using five scaling points namely strongly agree, agree, disagree, strongly disagree and undecided. There are 500 respondents of these 350 (70% (were entrepreneurs, while 30%

were apprenticeship while 400 (80%) the respondents were male, while 100 (20%) of the respondents were females. Their age ranges from 25-50 with a mean of 38 years. The academic qualification of the participants are: SSCE, OND, B.SC, BED, M.SC, and MBA. Best linear unbiased estimator was used to run the data generated with diagnostic test such as t-test, F, t_{ast} R² and the adjusted R².

III. Empirical Results And Discussion

The table below shows the empirical results of the relationship between youth empowerment and entrepreneurship training. Here the dependent variable is the youth empowerment as a function of the independent variable entrepreneurship training.

Table 1. Summary of regression analysis on relationship between entrepreneurship training and the youth empowerment

Dependent Variable	Coefficient	t-Value	Standard Error	R ²	R ² Adjusted	F Ratio	Probably
Constant Youth	13.423	6.800	0.028	0.680	0.612	22.721	0.00
Empower-ment	(2.425)	(4.906)					

Source: Authors is computation (2015)

The above results describes the relationships between entrepreneurship training and youth empowerment judging from the coefficient of R² known as the coefficient of determination which explains that 68 percentage variations in youth empowerment is accounted for by the entrepreneurship training.

The adjusted R² value of 0.612 shows that model after taking care of the degree of freedom shows that the actual variations in youth empowerment is attributable to the variations in entrepreneurship training reveals the actual variation of 0.612 percent as against the 0.68 suggested by R². The t-test of significance of (4.906) shows that existing relationship between entrepreneurship training and youth empowerment is a true reflection of each other.

The F statistic always measure overall significance of the explanatory variable in the model. As long the F-ratio of 22.721 is higher than table value of 3.93 at 5% level of significance suggest that the explanatory variable is a good predictor of the dependent variable.

H2: There is a positive relationship between entrepreneurial ability community welfare services.

Table 2: Summary of regression analysis on relationship between entrepreneurial ability and community welfare services.

Dep. Variable personal entrepreneurial skill	Co-efficient	t-value	Std. Error	R	R ²	R ² adjusted	F Ratio	Sig.
Constant community welfare services	8.3113 2.0114	6.430 5.868	0.014	0.691	0.679	0.613	19.401	0.000

Source: Author's Computation (2015)

The second equation in Table 2 examines the relationship between entrepreneurial ability and community welfare services. The coefficient of determination (R²) 0.678 obtained from the results indicates an average relationship between the two variables. The regression explains 67.8 percent of the total variation of community welfare services as explained by the entrepreneurial ability. The relationship is significant, given the value of the coefficient of determination and the t-statistics of 5.868. This implies that a large proportion of the total improvement in entrepreneurial skill is attributed to provision of community welfare services in Lagos State, which is major quality of successful entrepreneur. It does not, however, explain the sufficiency of the entrepreneurial skill compared to entrepreneurship training and education.

IV. Conclusion

The contribution of entrepreneurship training and education on poverty reduction through youth empowerment and community welfare service improvement will be much significant if entrepreneurship is encouraged at all level in the state especially at local and community level.

Youth development and empowerment are vital stages in life for building the human capital that allows young people avoid poverty and leave better life. Education and training helps individuals to be empowered and escape poverty by providing them with the skills and knowledge to raise their output, income and wealth. The technical skill is significant, as seen in the relationship between the technical skill and youth empowerment for the selected areas. This shows that government should promote entrepreneurship training and education through appropriate policy in Lagos State.

V. Recommendations

The wide spread of skills acquisition centers in all the Local Governments and Local Council Development Areas in Lagos State is a clear indication of the acceptance of entrepreneurship education and training by the government, necessary for economic empowerment and poverty alleviation. Developing entrepreneurship has been identified as a means of providing employment and a powerful weapon of fighting poverty in the country. Entrepreneurship development is crucial in boosting productivity, increasing completion and innovation, creating employment and prosperity and revitalizing economics. To encourage entrepreneurship training and education, the following recommendations are made:

- i. Entrepreneurship development should be inculcated into the school's curriculum to promote human empowerment and development through entrepreneurial skill acquisition and training.
- ii. There should be collaboration between small business entrepreneurs and research institution for exploitation and research findings of those institutions to achieve technology development.
- iii. Governments at all levels could intervene in postulating good policies to reduce the problems of entrepreneurs through the supply of needed technological and business information and advices.
- iv. Entrepreneurship training should be part of programmes of National Youth Service Corps (NYSC) in Nigeria to make the fresh graduate self-employed after a year mandatory programme to serve their father land.
- v. The National Universities Commission (NUC) should mandate all Universities in Nigeria to create Entrepreneurship development centre to put in place two compulsory courses on Entrepreneurship for all undergraduate students' irrespective of their discipline. The same thing should be done for the Polytechnics and Colleges of Education.

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