

# **Entrepreneurship Development Programme as a Mechanism for Poverty Reduction in Nigeria**

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## **Abstract.**

Poverty is a global threat and more devastating in the developing world. In line with the global proclamation, Nigeria government introduced several intervention programmes to address the problems of mass unemployment, low productivity, high inflation, and poverty. Against this backdrop, this conceptual paper employed secondary data to analyze the contribution of entrepreneurship development on poverty alleviation in Nigeria. The paper contends that entrepreneurship development program (EDP) in Nigeria offer a palliative measure in addressing unemployment crises vis-à-vis poverty reduction among our teeming graduates. The failure of EDP was attributed paucity of fund, political instability, corruption and lack of administrative capacity to provide a holistic approach to the policy on poverty reduction etc. To this end, the paper wishes to recommend that government needs to create an investor-friendly environment, that can address the dilapidated infrastructural facilities especially, power sector, roads and railways, adequate security and give every citizen the sense of belonging among others.

Keywords: Poverty, Entrepreneurship, Development, Program.

## **1.0 Introduction**

Poverty in Nigeria is described as a socio-economic problem that affects growth and development in the entire nation. Government at all level in the country have designed and embarked on several measures to reduce the degree of poverty and improve the social and economic well-being of the people. The federal government has initiated several measures and policies to reduce the level of poverty among the masses. Entrepreneurship Development Programs is one the measures embraced by the government to reduce the scourge poverty and unemployment in the country. This study is not established to evaluate past measures of poverty reduction in Nigeria but aims at investigating the effect of entrepreneurship development programs on poverty alleviation.

The development process of any country is determined by the level of government commitment to human development and how best economic activities were organized. For most countries, the economic development is largely depended on the role of private sector. Entrepreneurship development has played a major role in this regard. This opinion is supported by Ogundele (2007) 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) added that entrepreneurial development in Nigeria should be perceived as a catalyst to increase the rate of economic growth, create job opportunities, reduces import of manufactured goods and decrease the trade deficits that result from such imports.

Furthermore, entrepreneurship development program remains the gateway to sustainable wealth creation in Nigeria (Ogundele, 2004). Matanmi and Awodun (2005) opined that, if Nigeria desires to move out of the high rate of unemployment and ravaging level of poverty, adequate attention must be given to the growth of entrepreneurship. They concluded that Nigeria still remains in the doldrums because of the combination of ignorance, low capacity building and lack of encouragement of entrepreneurship development in the country. In another view, Ariyo (2008) state that if Nigeria wants to reach its full potential in terms of economic and social development, it cannot afford to ignore the importance of entrepreneurship development and the contributions that they make to the country's economic development.

The contribution of entrepreneurship development on poverty alleviation and economic development in Nigeria largely depends on the level of awareness on the impact of entrepreneurship training and development to the people. The entrepreneurship development

orientation is the development of entrepreneurial skills, for effective and efficient application of the skills acquired to create a significant difference from others, by recognizing the skills and allowing it to function effectively for transformative and profitable activities (Omolayo, 2006).

### **1.1 Methodology**

This study is conceptual in nature and it employed secondary data like journals, textbooks, internet resource, government documents and several others to analyze the contribution of entrepreneurship development on poverty alleviation in Nigeria.

### **2.0 The Concept of Entrepreneurship and Poverty**

The idea behind entrepreneurship development is about self-employment which will generate employment opportunities for the people. Is the most effective method for creating new enterprises, and bringing new products and services that can significantly affect the economy of a nation by building the economic base and providing jobs.

Aina and Salako (2008) described entrepreneurship as the willingness and ability of an individual to seek out investment opportunities and takes advantage of scarce resources to exploits the opportunities profitably. It is the process of creating something new with value by devoting the necessary time and efforts, assuming the accompanying financial social risks at the end receiving a resulting reward.

According to Robert Hisrich (1985), entrepreneurship is a process of creating something different with value by devoting the necessary time and effort, assuming the accompanying financial, psychological, and social risk, and receiving the resulting rewards of monetary and personal satisfaction.

Soyibo, (2006) defined entrepreneurship as the process of identifying an opportunity related to needs- satisfaction and converting it into a thing (product or service) of value. It can also be conceptualized to mean the process and activities undertaken by entrepreneurs directed at capturing value associated with business opportunities. It can be seen as a process driven by the desire to innovate; that is producing new things (goods and services; processes or approaches) or improving on existing ones, and profiting from it.

The term poverty has attracted a host of definitions, but generally, it describes a wide range of circumstances associated with need, hardship and lack of resources to satisfy basic human needs (Nolan & Whelan, 1996; Abbott & Pollard, 2004). Poor people or communities are incapable of raising healthy and educated families and are also incapable of participating in the governance of their societies. However, poverty is a relative term with no common measure and definition. Such terms as relative poverty, chronic poverty, extreme poverty and absolute poverty are common parameters that are used to denote the nature and severity of poverty in a given society.

In addition, Sachs (2009) defined poverty in terms of three distinguishable categories. These are Extreme poverty, moderate poverty, and relative poverty. Extreme poverty means those household that cannot be able to meet up with basic needs for survival. Such people are perpetually hungry, unable to access health care; they lack amenities of safe drinking water and sanitation. They cannot afford education for their children and cannot shelter their families. Moderate poverty on the other hand generally refers to conditions of life in which basic needs are met, but just manageable. Relative poverty is construed as a household income level below a given proportion of average national income.

In Nigeria, most of the poverty alleviation measures or initiatives are embedded in entrepreneurship but have suffered several challenges culminating in their failure. Some of the schemes include National Poverty Alleviation Program (NAPEP), Youth Empowerment Scheme (YES), Rural Infrastructural Development Scheme (RIDS), and Natural Resources Development and Conservation Scheme (NRDCS) Small and Medium Enterprises Development Agency (SMEDA) etc. In the attempt to alleviate poverty in Nigeria, microcredit scheme was introduced to give out loan to micro business owners, entrepreneurship training centers were established in

all higher institutions of learning and entrepreneurship education has been included in the school curriculum geared towards equipping students with skills required for self-employment and similarly to eradicate poverty in the country.

### **2.1 Entrepreneurship Development and Poverty Alleviation**

Globally, there has been a growing interest in entrepreneurship as a mechanism for poverty alleviation across international boundaries (Murphy & Coombes, 2009). That entrepreneurship can help alleviate poverty is not new, and reflects the assumption that entrepreneurial activity leads to economic growth and development in most of the developed countries. However, the economic rationale for the eradication of poverty is not universally compelling to all organizations. For firms that are profit oriented and already in developed economies, market outcomes in contexts of abject poverty that generally have the additional difficulty of being international are likely to be inefficient. The successful contribution of entrepreneurship to poverty alleviation and economic development in Nigeria depends on entrepreneurship training and orientation.

Entrepreneurship development programmes do not always lead to economic growth, but it has the greatest potential for significant economic impact and poverty reduction in many parts of the world. Countries like Bangladesh, South Africa has recorded success in entrepreneurship development government help some of the poor with short-term loan, training in entrepreneurship and provision skills development and provision of other facilities that could enhance owners of micro and small enterprises opportunities to grow their businesses and get themselves and others out of poverty (Mensah & Benedict, 2010; Alvarez, Barney & Anderson 2013). Additionally, in Cameroon, studies show that there is a bi-directional significant relationship between entrepreneurship and poverty reduction. The study concludes that training and retraining of entrepreneurs as well as organizing entrepreneurship skills acquisition programmes are vital to boost entrepreneurship in order to reduce poverty in the country (Wajung & Mbella 2014).

Several studies on entrepreneurship in Nigeria concentrate on the contribution of entrepreneurship to sustainable economic development, job creation, innovation and resource allocation, but there is a little attention on the effect of entrepreneurship development programs on poverty alleviation. The success of entrepreneurship development programs on poverty alleviation largely depends on many factors including skills acquisition, training, and educational development among others. Also, most of the government efforts to reduce poverty in the country were not tailored towards entrepreneurship development for the unemployed people in the society. These problems, therefore, prompt the need for current paper. The objective of this paper is to examine the impact of entrepreneurship development on poverty alleviation in terms technical skill on youth empowerment for sustainable national development.

### **2.2 Entrepreneurship Development Programme in Nigeria**

Employment opportunities are the lifeline of any national economy. "Human development will definitely be grossly undermined and impaired without employment" (NEEDS document, 2004). Nigeria is set to address the problems of mass unemployment, low productivity, high inflation and poverty to a large extent and how speedily it is able to develop the millions of its labor force into a knowledgeable and skilled people needed for the required change for self-empowerment. The world in the 21st century is witnessing a wave of entrepreneurship happening with more and more people looking for self-empowerment and business ownership. The role of governments and private organizations as a provider of jobs is shrinking and people are looking to empower themselves in other ways. The Entrepreneurship Development Programme serve as an urgent mechanism to youth unemployment is was specifically designed for the Nigerian youths, informing them about the world of business and opportunities to create their own businesses. The EDP provides youths with insights into entrepreneurship and enterprise; it aims to help them realistically consider the options of starting a small business or of self-employment. The following sums up a number of reasons for the importance of promoting youth entrepreneurship:

1. Creating employment opportunities for self-employed youth as well as the other young people they employ.
2. Bringing alienated and marginalized youths back into the economic mainstream and giving them a sense of meaning and belonging.
3. Helping to address some of the socio-psychological problems and delinquency that arise from joblessness.
4. Helping youths develop new skills and experiences that can then be applied to other challenges in life.
5. Promoting innovation and resilience in youth.
6. Promoting the revitalization of the local communities by providing valuable goods and services.
7. Capitalizing on the fact that young entrepreneurs may be particularly responsive to new economic opportunities and trends.

The Entrepreneurship Development Programmes in Nigeria is a short-term approach to the unemployment crises is to cater for the unemployed youth and the ever-increasing number of jobless university graduates in the country. In the long run, it brings the desired result for national growth and development. The EDP was seeking to move youth entrepreneurship into the mainstream of the economy with growth-oriented and sustainable businesses opportunities. Furthermore, the EDP is designed for new entrepreneurs, introducing them to basic elements of starting and managing a new business; the EDP creates training tools focused on the ways to improve performances and productivity of businesses, to encourage aspiring entrepreneurs to explore more deeply about their business ideas and in particular, the feasibility of turning a business idea into a profitable venture. The EDP believes that not everybody is an entrepreneur, but there is a bit of entrepreneurship for everyone. This just has to be identified, nurtured and developed and then sees where it takes you. The basic teaching and learning methods adopted at the EDP are such that could enhance capacity building and develop competencies. The EDP has as part of its goal is to see many of the trained youths have access to start-up loans which would help jump-start small business across the country. The EDP also has a monitoring unit to constantly check on its impact across the nation. Constant checks are being carried out on numbers of businesses created and employment generated from time to time.

Literature shows that entrepreneurship development programmes have reduced poverty in Nigeria. From the findings, entrepreneurial education has a strong and positive impact on inclusive growth in Nigeria and entrepreneurial education is a catalyst for inclusive growth through job creation, poverty reduction and wealth creation in Nigeria. The contribution of entrepreneurship training and education on poverty reduction through youth empowerment and social welfare service improvement is significant when entrepreneurship is encouraged at all level in the country especially at local and community level (Ogundele, Akingbade, & Akinlabi 2012).

### **2.3 Theoretical Perspective**

Early scholars viewed entrepreneurship from different dimensions, they describe entrepreneurship from the perspective of functions of an entrepreneur, which include as an inventor, imitator, innovator, or more appropriately as a calculated risk taker. Schumpeter (1950) introduced the concept of innovation and power. He believes that an entrepreneur brings about changes through the introduction of new technological processes or products. He further argues that only certain extraordinary people have the ability to be entrepreneurs and they bring about extraordinary events. Finally, Schumpeter disagrees with Weber and other theorists of entrepreneurship that entrepreneurship is a function of social, cultural or religious factors; rather, he believes that individuals are motivated by the Atavistic will to achieve power. He insists that this desire could occur randomly in the ethnically homogeneous group.

Max Weber (1958) argues that those business leaders and owners of capital, as well as the higher grades of skilled labor, and even more, the higher technically and commercially trained

personnel of modern enterprises are overwhelmingly Protestants, especially in Western Europe countries. Before coming to this conclusion, Weber surveyed the main participants of different religions, in order to find out their attitude and behavior toward profits. Consequently, he concludes that the Protestant ethics tend to go well with high-profit generation and accumulation of capital.

#### **2.4 Challenges of Entrepreneurship in Nigeria**

(a) Lack of knowledge in the Basic Sciences and Technology: in spite of the importance of investment and innovation in the economic development of the society, there is still a lack of understanding of the product-evolution process. This is the process through which innovation develops and commercializes through entrepreneurial activity, which in turn stimulates economic growth. The lack of expertise in this area matching the technology with the appropriate market and making the needed adjustments is a fundamental challenge of entrepreneurship in Nigeria. It is therefore regrettable that education is yet to be accorded the priority it deserves in Nigeria.

(b) Lack of Strong Patent Law: this is one of the most serious challenges that entrepreneurs face in Nigeria is the level of competition from foreign manufacturers. The local entrepreneurs are not protected; the situation is worsened by the apparent lack of faith in the Nigerian Patent Law which many entrepreneurs feel offers them little protection against piracy.

(c) High Cost of Doing Business in Nigeria: Entrepreneurs are in business because they want to maximize profit. Where the expected returns from a venture are lower than the opportunity costs, it will act as a disincentive for the entrepreneur. Due to collapsed infrastructural facilities and unbridled corruption, where entrepreneurs have to spend huge sums to provide some basic infrastructure and bribe government officials, it makes the costs of doing business in the country to be too high with adverse implication for profitability.

(d) Inappropriate Incentive Structure (Resource Curse): instability in the government policies have creates an atmosphere of uncertainty. The incentive structure that is generally biased in favor of activities with relatively short transaction cycles and quick returns discourages innovation and entrepreneurship.

#### **2.5 Conclusion and policy recommendation**

Entrepreneurship is essential for rapid and sustained economic growth and development. It creates the required manpower and skills necessary for accelerated growth, reduce unemployment and poverty in the society. It is therefore wise for Nigeria to assign a significant commitment to entrepreneurship development in her effort in rebuilding the economy. For entrepreneurs to be effective in creating wealth and employment opportunities, the government needs to create an investor-friendly environment which encompassing stable macroeconomic policies. The government needs to address urgently the dilapidated infrastructural facilities in the country, starting with the power sector, roads and railways, provide adequate security and give every citizen the sense of belonging. The educational sector needs to be revamped with an emphasis on science and technology. There is a need for the youth to change their mindset to embrace self-employment, self-reliance rather than waiting for inadequate government jobs. Lastly, there is the need for the government to ensure that those with innovative ideas are provided with the financial support to translate such ideas into reality for national development.

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