

**1ST COVENANT UNIVERSITY INTERNATIONAL  
CONFERENCE ON ENTREPRENEURSHIP  
(CU-ICE) 2017**



**THEME:  
ENTREPRENEURSHIP  
AND THE  
KNOWLEDGE  
ECONOMY**

**June 12 -14, 2017**

**CONFERENCE PROCEEDINGS**

**Editors**

Ibidunni, Ayodotun S.      Olusanmi, Olamide  
Olokundun, Maxwell A.      Salau, Odunayo P.  
Abasilim, David U.

**1<sup>ST</sup> COVENANT UNIVERSITY INTERNATIONAL  
CONFERENCE ON ENTREPRENEURSHIP (CU-ICE)  
2017**

**Theme:  
“Entrepreneurship and the Knowledge  
Economy”**

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**Conference Proceedings**

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Abasilim, David U.

Olusanmi, Olamide

Salau, Odunayo P.

Covenant University, Ota, Nigeria

E-mail: [cu-ice@covenantuniversity.edu.ng](mailto:cu-ice@covenantuniversity.edu.ng)

Postal: Covenant University,  
Canaan Land, KM 10, Idiroko Road, P.M.B 1023, Ota, Ogun State  
Nigeria

Website: <http://cu-ice.covenantuniversity.edu.ng>

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## PREFACE

Covenant University's International Conference on Entrepreneurship (CU-ICE) as an interdisciplinary conference aims at addressing key economic and development issues in Africa and beyond. The conference is focused on vectors conducive to economic growth and alleviation of poverty, famine and low growth rates.

CU-ICE will be an annual gathering of entrepreneurs, investors, researchers, policy makers, students and other start-up champions from Nigeria and beyond to identify new ways of helping start-ups and existing firms to achieve stronger competitiveness and enumerate the roles of entrepreneurship in solving economic challenges.

The theme of CU-ICE 2017 conference is Entrepreneurship and the Knowledge Economy. The purpose of discussing this theme is to reemphasise the role of entrepreneurship in stimulating economic development of nations in the present knowledge economy. Therefore, to achieve and sustain organisational competitiveness entrepreneurs must appreciate the role of knowledge engagement and knowledge management practices on their businesses.

To be more specific, operating entrepreneurial firms in the knowledge economy, means that entrepreneurs must be conversant with the role of ICT, they must give priority to formal education and continuous learning in their firms' budget, and pay close attention to acquiring the required knowledge of practice that can drive economic value for their organisations. More so, entrepreneurs in the knowledge economy are expected to utilise all forms of knowledge that are embodied in people and technology, as strategic resources to driving innovations that can command entrepreneurial competitiveness for their organisations.

The CU-ICE 2017 is a platform for scholars and industrialists to share ideas, discuss challenges and prospects that surround the entrepreneurship practices in the knowledge economy, and use entrepreneurial investigations to arrive at recommendations that can direct entrepreneurs on the strategic role of knowledge in their firms' operations. For us in Covenant University, hosting an international conference on entrepreneurship is a great delight, especially because the University is recognised as a strong advocate of entrepreneurship in any leading economy.

Over 100 papers and abstracts were submitted to CU-ICE 2017 out of which the Conference Programme Committee finally selected 60 papers. The selected papers have high quality and cover a wide spectrum of topics, such as Entrepreneurship and Economic Sustainability, Entrepreneurship and Gender, Revolving Entrepreneurship Theories and Practices, Entrepreneurship and Small Business Management and Entrepreneurship Education.

The CU-ICE 2017 submission was premised on the objective of ensuring quality papers through a peer review process. Therefore, the Conference Organising Committee would like to thank members of the Publication Subcommittee and all reviewers for their valuable support of the CU-ICE 2017 review process. We also appreciate all participants for their valuable contributions. The proceedings of the International Conference on Entrepreneurship 2017 is therefore a collection of highly resourceful academic papers that would aid research and development endeavours.

The Conference Organising Committee would like to thank all participants and all those who committed to ensuring the success of this year's conference and wish everyone a memorable experience at CU-ICE 2017

**Ibidunni, Ayodotun Stephen**

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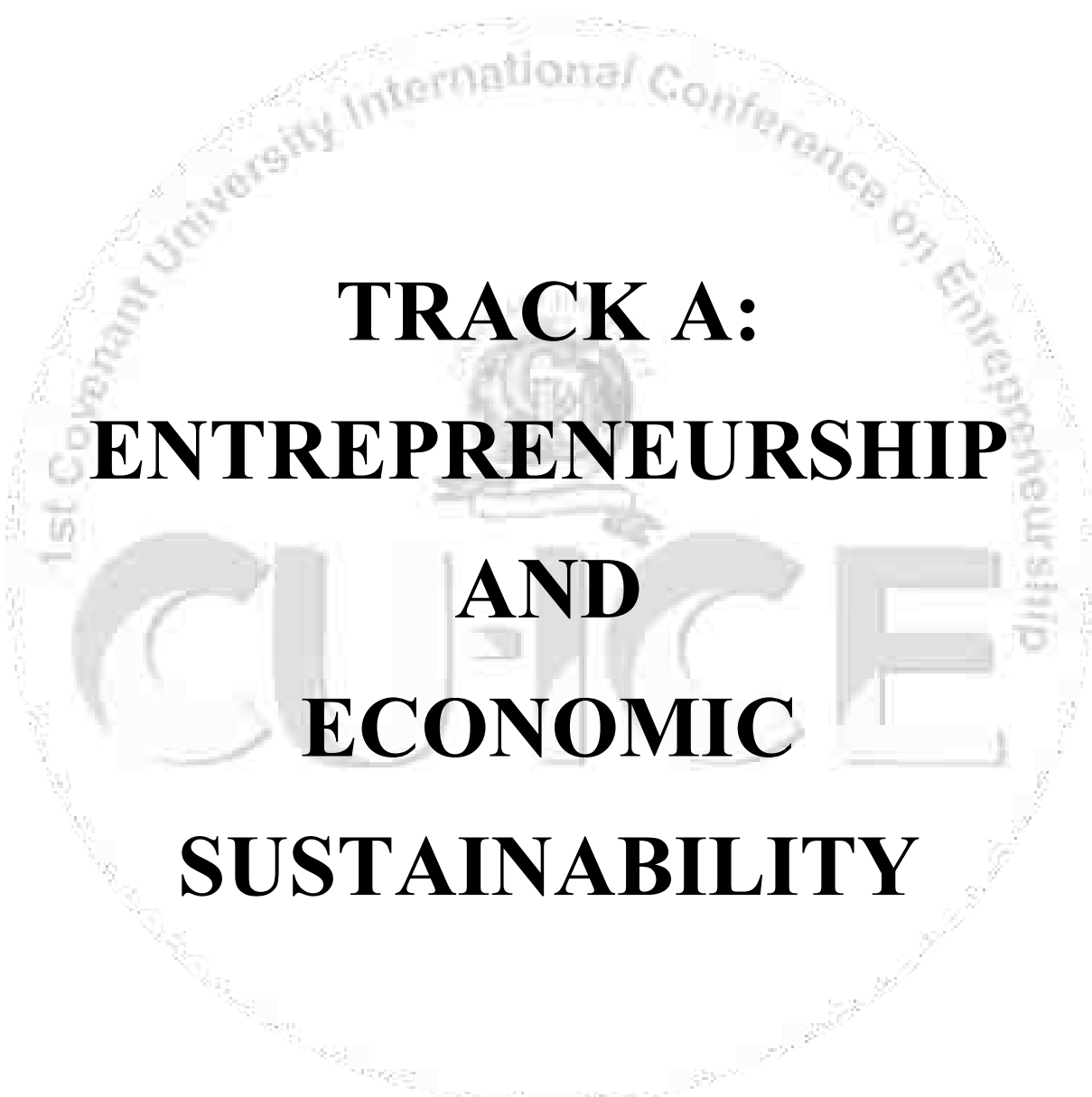
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**TRACK A:  
ENTREPRENEURSHIP  
AND  
ECONOMIC  
SUSTAINABILITY**

## BARRIERS TO SELF-EMPLOYMENT AMONG CORPS MEMBERS IN SOUTHWESTERN NIGERIA

<sup>1</sup>Adedeji Oluwaseun, ADEWUSI and <sup>2</sup>Yetunde Adebunmi, ALUKO (Ph.D.)

<sup>1</sup>Department of Sociology, Olabisi Onabanjo University, Ago-Iwoye, Ogun State, Nigeria

<sup>2</sup>Social Governance and Policy Research Department, NISER, Ojoo Ibadan, Nigeria

Corresponding Author: adewusi4success@yahoo.co.uk

### Abstract

*This study documented the perceived difference between institution-based and Skill Acquisition and Entrepreneurship Development (SAED)-based entrepreneurship education; examined the factors encouraging and discouraging corps members to venture into self-employment initiatives in the nearest future; and identified the perceived challenges of engaging in self-employment in Nigeria. A total of 352 questionnaire and 45 in-depth interviews were administered and conducted respectively among corps members who were purposively selected in Lagos, Oyo and Osun state. Findings revealed that institution-based entrepreneurship knowledge are basically theoretical in that it never gave room for practical which SAED-based entrepreneurship provides corps members with. Also, the findings of the study also corroborated the theoretical stand point of the paper as it was discovered that the intent of being self-employed is encouraged and discouraged by factors that are demographical, economic, family, social, political, educational and religious in nature. The study concludes that the goal of becoming one of the top 20 most industrialized economies cannot be achieved in a country that needs more of entrepreneurs but keep producing mere graduates. Hence, the study strongly recommends the need to orientate potential graduates on the state of unemployment in Nigeria and the need to venture into self-reliance initiatives as a major career choice in the emerging Nigeria.*

**Keywords:** Corps members, Entrepreneurship, Graduates, Skill Acquisition and Entrepreneurship Development (SAED), Unemployment

### INTRODUCTION

Unemployment can be a major driver of social vices in Nigeria. In recent times, the scourge of kidnapping, cybercrime, terrorism, armed robbery, prostitution, brain drain among others has been the order of the day among youths whose “get-rich-quick” ideology has continued to take new dimensions. However, a great vision of Nigerian government is premised on becoming one of the 20 most industrialized economies in the world by the year 2020. The aforementioned goal cannot be achieved if a country with over 95 million of youthful population has over 70% of persons in this category unemployed.

Available reports from various local and international bodies have shown a glaring evidence of joblessness in the recent decades, which are clear indications that there was no time in Nigeria’s history where unemployment is as serious as now (Asaju et al., 2014). It will be unjust conclude that successive governments at one level or the other has not done anything to reduce the menace of unemployment in Nigeria. For instance, the creation of National Directorate of Employment (NDE) and its skills acquisition programmes, National Poverty Eradication Programme (NAPEP), Poverty Alleviation Programme (PAP), the Subsidy Reinvestment and Empowerment Program (SURE-P), Youth Enterprise With Innovation In Nigeria (YOUWIN), just to mention a few, are some of the various intervention mechanisms aimed at ensuring economic growth that is rich with job creation initiatives.

Despite these efforts, unemployment and poverty have been the order of the day. Specifically, poor economic growth sequel to low economic activities coupled with an ever increasing population growth and thirst for foreign made products are probably some of the macroeconomic factors that account for higher unemployment rate in Africa, especially in a country like Nigeria where the number of universities, polytechnics and colleges of education kept increasing without a visible corresponding increase in job creation. More so, the trending socio-cultural believe that the acquisition of formal education is a major determinant of one being successful is adversely affecting the country as a whole. The implication is that the small labour market will be unable to absorb the resulting army of white collar job seekers. This was buttressed by Salami (2011) who argued that unemployment in Nigeria is such that it has accorded no respect for the educated chap – the graduates.

As a result of the foregoing, institutions are rapidly introducing entrepreneurship education at different levels of higher educational system to orientate and introduce potential graduates to take alternative career options instead of seeking for white collar jobs, which are in limited supply. To corroborate this effort, the government also instructed the management of National Youth Corps Service to engage

Corps members in entrepreneurship through the Skill Acquisition and Entrepreneurial Development (SAED) programmes. This is towards eliminating or reducing to the barest minimum, the syndrome of youth unemployment. However, the academia, researchers and other concerned policy makers are yet to pay adequate attention to identify and proffer a long lasting solution to the issues surrounding self-employment in Nigerian especially among the youths (Salami, 2011), To is end, what are the factors encouraging and discouraging corps members in engaging in self-employment programmes during service year?; Is there any perceived difference in entrepreneurship knowledge gained from undergraduate days compared to that gained during service year?; and what are the perceived problems of been self-employed in Nigeria?

### **Objectives of the study**

The board objective of this paper is to examine the barriers to self-employment among corps members in selected states of southwestern Nigeria. The specific objectives were:

1. To document the perceived difference between institution-based and SAED-based entrepreneurship education;
2. To examine the factors encouraging and discouraging corps members to venture into self-employment in the nearest future; and
3. To identify the perceived challenges of engaging in self-employment in Nigeria.

### **REVIEW OF RELATED STUDIES**

Myriads of studies have examined the factors influencing entrepreneurship intentions, otherwise referred to as factors that could influence the ability of been self-employed. For instance, Mahmoud and Muharam (2014) discovered a significant positive relationship between attitude, subjective norm and perceived behaviour control on entrepreneurial intentions. Agbim, Oriarewo and Owocho (2013) submitted that the most influential factor is creativity and that entrepreneurial intentions increased with increase in age. More so Siyanbola et al., (2009) suggested that the main factors found to significantly explain entrepreneurial interest are parents educational qualifications, family entrepreneurial history, family socio-demographics, students entrepreneurial experience, and students socio-demographics. Of the fourteen variables identified as being central in encouraging students entrepreneurial interests, only five can be defined as necessary, though but not sufficient, conditions to stimulate interest: gender, number of children by father, position among mother's children, father's monthly income and entrepreneurial education.

It is clear from the above that past studies majorly focused on factors such as personal trait and selected socio-demographic variables as it influences entrepreneurial intentions and these was largely conducted among university students. However, in addition to the above, this study will examine the influence of corps member's socio-demographic variables, household socio-economic variables, course of study, personal goals of corps members, place of primary assignment of corps member, role model, mentorship, the perceived challenges of engaging in strategic entrepreneurship and other demographic, economic, social, family, educational, marriage, technology, political and legal factors as factors that might encourage or discourage the intention of corps members to start up their own business in Nigeria.

Furthermore, Ajibola, Salau, and Aladejare (2014) found out that Oyo State Skills Acquisition Scheme was chequered by problems ranging from inadequate funding, lack of an enduring exit strategy, lack of start-up capital, ineffective monitoring and supervisory mechanism, absence of literacy and numeracy components, and poor sensitization. Additionally, Okeke and Eme (2014) argued that despite all the efforts of government, progress of entrepreneurs in Nigeria is still limited due to financial, infrastructure and business climate challenges. To Ojeifo (2012), the following are the most important obstacles facing rapid entrepreneurial development:

1. Rampant political and bureaucratic corruption together with the absence of social consensus on important macroeconomic policy issues.
2. Poor access to vocational and skills – development training for rural and urban youths involved in the informal economy.
3. Absence of regulatory mechanisms for effective oversight of enterprise development initiatives, especially those in the MSME space.
4. The presence of administrative and trade barriers that curtail capacity building and inhibit access to technical support.

5. Significant infrastructural deficits (especially with regards to roads and electricity) and systematic irregularities inimical to small businesses.
6. Absence of a pro-active regulatory environment that encourages innovative enterprise development at the grassroots level.
7. Lack of funds to startup entrepreneurial ideas

Furthermore, factors such as multiple taxes and levies, lack of knowledge of technology and unfair competition, lack of well-trained instructors are the challenges of entrepreneurship development in Nigeria (Diyoke, 2014; Adekunle and David, 2014; Agu and Ayogu, 2015). However, Duru (2011) suggests that the challenges of entrepreneurship in Nigeria includes lack of basic knowledge of science and technology, lack of strong patent law, high cost of doing business and inappropriate incentive structure.

From the foregoing, the above literature was largely conducted among university undergraduates with less empirical evidences. Therefore, this study seeks to explore empirical evidences of corps members on their opinion on the challenges of engaging in entrepreneurship in Nigeria.

## **Theoretical Exposition**

### **Institutional Theory**

Institutional theory focuses on the deeper and more resilient aspects of social structure. It considers the processes by which structures, including schemes, rules, norms, and beliefs, become established as authoritative guidelines for social behaviour of human (Scott, 2004). Different components of institutional theory explain how these elements are created, diffused, adopted, and adapted over space and time; and how they fall into decline and disuse. Scott (1995) indicates that, in order to survive, organisations must conform to the rules and belief systems prevailing in the environment (DiMaggio and Powell, 1983; Meyer and Rowan, 1977).

Relating this to the study at hand, organizations identified by Scott (1995) can be likened to the Corps members, while the rules and belief system prevailing in the environment depicts the axioms or philosophies of the existing social institutions in every society. They are the institutional beliefs and principles held by and imposed on Corps members by the societal institutions. Therefore in order to function to the fullest, Corps members would have to behave in conformity with the institutional demands (i.e., they have to conform to the prevailing customs and practice dictated by the social structure).

From the foregoing, it is not wrong to say that these aforementioned institutional/societal beliefs flowing from the basic institutions (i.e., Social, economic, family, political, Religious, Marriage, Educational institutions, demographic, Technological and cultural demands) has direct implications on the participation of Corps members in the SAED programme. Hence, if the prevailing social structure encourages the participation of Corps members in SAED, then sustainable economic development is achieved. However, the prevailing societal structure might also be a major constraint for the achievement of the former. It is hoped that this theory will not only assist the study in revealing the factors considered by Corps members in choosing between entrepreneurship training programmes but also identify the factors that encourages and discourages them to participate the programme.

### **Methods and Materials**

**Study area:** The study was conducted in the southwestern part of Nigeria, specifically Lagos, Oyo and Osun state. They were considered as a result of the proliferation of corps members in these selected states as evidences suggested that these states has the highest numbers of corps members in Nigeria (NYSC Bulletin, 2014).

**Research Design:** The study was descriptive in nature. It adopted a cross-sectional research design. Furthermore, quantitative and qualitative methods of data gathering were adopted. The adoption of both methods is to enable the researcher tap the advantages of both and to use the strength of one to support the weakness of the other.

**Study population:** The population of the study was all serving Corps members in the selected states. Specifically, the study considered serving batch A and B Corps members who mobilized for the year 2015 and are yet to have businesses. However, due to the dearth of data on total number of corps members in each state, this study shall utilize the frequency of those that fall within the youthful age



(15 – 29 years) as reported by the Population Census of 2006, since the maximum age of an average corps member is 30 years. Hence the table below shows the population of youths who falls between the ages of 15 – 29 years.

**Table 1: Distribution of Respondents by Selected States in Southwest, Nigeria**

| S/N | State | Population        |
|-----|-------|-------------------|
| 1   | Lagos | 9,113,605         |
| 2   | Osun  | 3,416,959         |
| 3   | Oyo   | 5,580,894         |
|     | Total | <b>18,111,458</b> |

*Source: NPC, 2006.*

Therefore, the population of the study was 18,111,458 subjects.

**Sample Size:** Sample size was determined through the adoption of the Leslie Kish (1965) statistical method

$$n = \frac{z^2 \times p \times q}{e^2}$$

Where: n= sample size; p= proportion of success (0.58); q= 1 – p; z= standard normal variate at a given level of significance (z= 1.96 at 95% level of confidence); and e= admissible error in the estimate (0.05)

$$\frac{(1.92)^2 \times (0.58) \times (1-0.58)}{(0.05)^2} \\ 3.6864 \times 0.58 \times 0.42 = 359 \text{ (Approximately)} \\ 0.0025$$

This, therefore, means that a sample size of three hundred and fifty-nine (359) was drawn from the youths, especially the Corps members. However, 10% of the sample size drawn, that is (36) will be added to take care of any attrition that may arise in the course of the study. The sample size is therefore 395 for the number of Corps members in each state of interest. Since all the selected states are not the same in size and composition, the probability proportional to size and weighing average would be utilized in determining the sample size of respondents in each of the selected locations. To ensure proportionate representation of the respondents the formula used in arriving at the number is:

$$\frac{\text{Number of questionnaire} \times \text{population of location (State)}}{\text{Grand total (State)}}$$

**Table 2: Distribution of Sample Size by Selected States in Southwest, Nigeria**

| S/N | State | Population        | Sample size calculation                   | Sample size |
|-----|-------|-------------------|---|-------------|
| 1   | Lagos | 9,113,605         | $\frac{395 \times 9,113,605}{18,111,458}$ | 199         |
| 2   | Osun  | 3,416,959         | $\frac{395 \times 3,416,959}{18,111,458}$ | 74          |
| 3   | Oyo   | 5,580,894         | $\frac{395 \times 5,580,894}{18,111,458}$ | 122         |
|     | Total | <b>18,111,458</b> |   | <b>395</b>  |

*Source: Authors Compilation, 2016.*

However, a total of three hundred and fifty-two (352) questionnaires were retrieved and valid for data analysis.

**Sampling techniques and Procedure:** The study adopted both probability and non-probability sampling techniques. Specifically, Cluster, Stratified, Simple random and purposive sampling techniques will be adopted. Nigeria will be clustered into the six (6) geopolitical zones to select southwest as an area of interest. Stratified sampling technique was used to divide southwest into manageable units (i.e. states). Furthermore, the required numbers of local governments the subjects for the study (i.e. Corps members) was selected purposively.

**Method of Data collection and Analysis:** Qualitative and quantitative methods were used to gather required data for the study. Specifically, three hundred and ninety-five (395) copies of questionnaires were administered and forty-five (45) in-depth interviews were used to gather data for this study. The table shows the methodological matrix employed in the study

**Table 3: Methodology Matrix**

| S/N | Objective   | Data Collection |     | Data Analysis |         |             |            |             |
|-----|-------------|-----------------|-----|---------------|---------|-------------|------------|-------------|
|     |             |                 |     | Quantitative  |         |             |            | Qualitative |
|     |             | QNN             | IDI | Descriptive   |         | Inferential |            |             |
|     |             |                 |     | Frequency     | Percent | Regression  | Chi-square |             |
| 1   | Objective 1 | ×               | √   | ×             | ×       | ×           | ×          | √           |
| 2   | Objective 2 | √               | √   | √             | √       | √           | √          | √           |
| 3   | Objective 3 | √               | √   | ×             | √       | ×           | ×          | √           |

*Source: Authors Compilation, 2016.*

Furthermore, the method of data analysis for this study was quantitative and qualitative methods. For qualitative method, descriptive and inferential statistics was employed for the analysis of the gathered data. The descriptive statistics made use of frequency distribution and simple percentage count to represent data obtained from the field work. However, the inferential statistics made use of regression and Chi-square analysis was used to analyze data relationship, and association between variables of interest respectively.

**Research Ethics Considered:** The study was made voluntary for the participants. Additionally, the study fulfilled the promise of causing no harm to the participants. Participants were also made anonymous while at the same time ensuring their privacy.

### Data Presentation, Analysis and Interpretation

**Table 4.1: Socio-demographic Features of Respondents**

| Sex                              |           |         | Religion                                 |           |         |
|----------------------------------|-----------|---------|--|-----------|---------|
|                                  | Frequency | Percent |  | Frequency | Percent |
| Male                             | 194       | 55.1    | Christianity                             | 272       | 77.3    |
| Female                           | 158       | 44.9    | Islam                                    | 80        | 22.7    |
| Total                            | 352       | 100.0   | Total                                    | 352       | 100.0   |
| Location of school               |           |         | Marital status                           |           |         |
|                                  | Frequency | Percent |  | Frequency | Percent |
| Nigeria                          | 340       | 96.6    | Single                                   | 316       | 89.8    |
| Abroad                           | 12        | 3.4     | Married                                  | 36        | 10.2    |
| Total                            | 352       | 100.0   | Total                                    | 352       | 100.0   |
| Numbers of children in household |           |         | Position among children in the household |           |         |
|                                  | Frequency | Percent |  | Frequency | Percent |
| 1 - 4                            | 134       | 38.1    | 1 - 4                                    | 272       | 77.3    |
| 5 - 9                            | 184       | 52.3    | 5 - 9                                    | 70        | 19.9    |
| 10 - 14                          | 20        | 5.7     | 10 - 14                                  | 8         | 2.3     |
| 15 - 19                          | 14        | 4.0     | 15 - 19                                  | 2         | .6      |
| Total                            | 352       | 100.0   | Total                                    | 352       | 100.0   |
| Age                              |           |         | Family type                              |           |         |
|                                  | Frequency | Percent |  | Frequency | Percent |
| 15 - 19                          | 4         | 1.1     | Nuclear                                  | 262       | 74.4    |
| 20 - 24                          | 144       | 40.9    | Extended                                 | 90        | 25.6    |
| 25 - 29                          | 204       | 58.0    | Total                                    | 352       | 100     |
| Total                            | 352       | 100.0   |  |           |         |
| Average Household income         |           |         | Stability of Household Income            |           |         |
|                                  | Frequency | Percent |  | Frequency | Percent |
| Less than 200000                 | 169       | 48.0    | Highly stable                            | 54        | 15.3    |
| 200000 and above                 | 183       | 52.0    | Moderately stable                        | 240       | 68.2    |
| Total                            | 352       | 100     | Slightly stable                          | 38        | 10.8    |
|                                  |           |         | Not stable                               | 20        | 5.7     |
|                                  |           |         | Total                                    | 352       | 100.0   |

*Source: Field Survey, 2016.*

Table 4.1 shows that majority of the male sex (55.1%) were considered for the study while female corps members were 44.9%. In religion terms, majority were Christians (77.3%) while 22.7% were Muslims. Majority of the surveyed graduates schooled in Nigeria (96.6%) while few attended schools

abroad (3.4%). Furthermore, 89.8% of the respondents were single while 10.2% were married. Table 4.1 also indicates that 38.1% of the respondents have 1 – 4 children within their households, while 52.3%, 5.7% and 4.0% had 5 – 9, 10 – 14 and 15 – 19 children respectively within their households. Hence, it is obvious from the table displayed above that the majority of the respondent up to 5 -9 siblings in their households. However, majority of these respondents were ranked between 1<sup>st</sup> – 4<sup>th</sup> children in their respective households.

Meanwhile, majority of the surveyed corps members were between 25 – 29 years old (i.e., 58.0%). These went in line with the age limit of being a corps member in Nigeria (i.e., 30 years old). More so, 74.4% of the respondents came from a nuclear while 25.6% of respondents' family backgrounds are extended in nature. 48.0% of respondents' household income is less than 200,000 while majority of corps members household earns 200,000 or more averagely, but at a moderately stable (68.2%) pace.

**Table 4.2: Socio-demographic Features of Respondents (Cont.)**

| Ownership of Tertiary school attended       |           |         | Course of study                             |           |         |
|---|-----------|---------|---|-----------|---------|
|   | Frequency | Percent |   | Frequency | Percent |
| State                                       | 182       | 51.7    | Applied and Pure Sciences                   | 130       | 36.9    |
| Federal                                     | 110       | 31.3    | Social Sciences                             | 56        | 15.9    |
| Private                                     | 54        | 15.3    | Management Sciences                         | 112       | 31.8    |
| Missionary                                  | 6         | 1.7     | Education                                   | 28        | 8.0     |
| Total                                       | 352       | 100     | Arts  | 26        | 7.4     |
|   |           |         | Total                                       | 352       | 100.0   |
| Ownership of place of PPA                   |           |         | Staying with                                |           |         |
|   | Frequency | Percent |   | Frequency | Percent |
| State                                       | 296       | 84.1    | Father                                      | 36        | 10.2    |
| Federal                                     | 42        | 11.9    | Mother                                      | 32        | 9.1     |
| Private                                     | 12        | 3.4     | Parents                                     | 274       | 77.8    |
| Missionary                                  | 2         | .6      | Siblings                                    | 10        | 2.8     |
| Total                                       | 352       | 100.0   | Total                                       | 352       | 100.0   |
| Highest educational qualification of Father |           |         | Highest educational qualification of Mother |           |         |
|   | Frequency | Percent |   | Frequency | Percent |
| No formal schooling                         | 60        | 17.0    | No formal schooling                         | 68        | 19.3    |
| Primary school                              | 32        | 9.1     | Primary school                              | 58        | 16.5    |
| WAEC/GCE                                    | 70        | 19.9    | WAEC/GCE                                    | 44        | 12.5    |
| Diploma/NCE/OND                             | 44        | 12.5    | Diploma/NCE/OND                             | 90        | 25.6    |
| HND/B.Sc./LL.B                              | 136       | 38.6    | HND/B.Sc./LL.B                              | 86        | 24.4    |
| M.Sc./M.Ed.                                 | 8         | 2.3     | M.Sc./M.Ed.                                 | 6         | 1.7     |
| PHD   | 2         | 0.6     | Total                                       | 352       | 100     |
| Total                                       | 352       | 100.0   |   |           |         |
| Ethnicity                                   |           |         | How many children do you plan to have?      |           |         |
|   | Frequency | Percent |   | Frequency | Percent |
| Yoruba                                      | 231       | 65.6    | 1   | 8         | 2.3     |
| Igbo  | 58        | 16.5    | 2   | 34        | 9.7     |
| Hausa                                       | 8         | 2.3     | 3   | 90        | 25.6    |
| Benin                                       | 29        | 8.2     | 4   | 182       | 51.7    |
| Tiv   | 12        | 3.4     | 5   | 24        | 6.8     |
| Ijaw  | 8         | 2.3     | 6   | 10        | 2.8     |
| Isoko                                       | 6         | 1.7     | 7   | 2         | 0.6     |
| Total                                       | 352       | 100     | 10  | 2         | 0.6     |
|   |           |         | Total                                       | 352       | 100.0   |

*Source: Field Survey, 2016.*

Table 4.2 further revealed that 51.7% of the surveyed corps members attended state-owned school, while 31.3%, 15.3% and 1.7% of the respondents attended federal, private and missionary schools respectively. In addition, 36.9% of the respondents studied pure/applied science related courses while 15.9%, 31.8%, 8.0% and 7.4% graduated from faculties' of social sciences, management sciences, education and Arts. It was also shown in the table above that majority of the respondents resides with their parents (77.8%). While the highest educational qualification for respondent's father was HND,

B.Sc. or LL.B, Diploma, NCE or OND was that of the mothers. Meanwhile, the Yoruba's were those who was majorly considered in the study. this can be linked to the fact that the study was conducted among the south-western state, which is the habitat of the Yoruba ethnic groups.

### Graphical representation of selected items

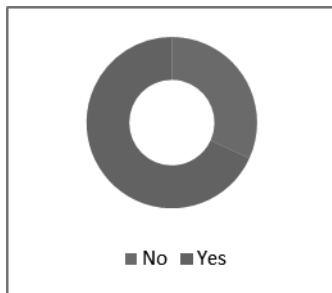


Figure 1: Availability of Role Model

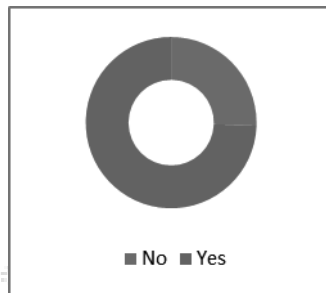


Figure 2: Availability of Mentor

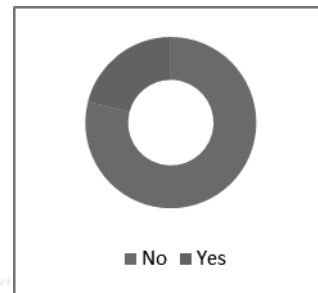


Figure 3: Allowance from PPA

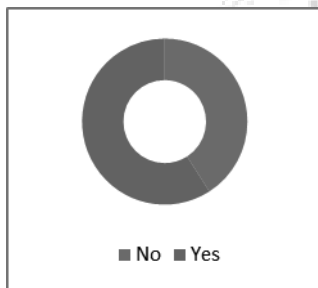


Figure 4: Participation in Entrepreneurship Programmes

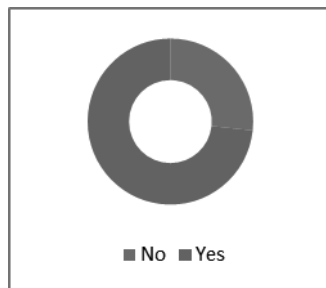


Figure 5: Participation in SAED

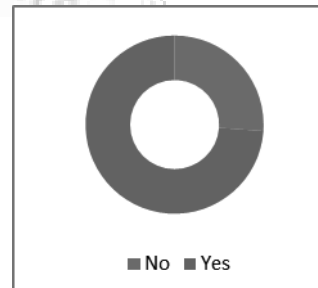


Figure 6: Allowance from FG

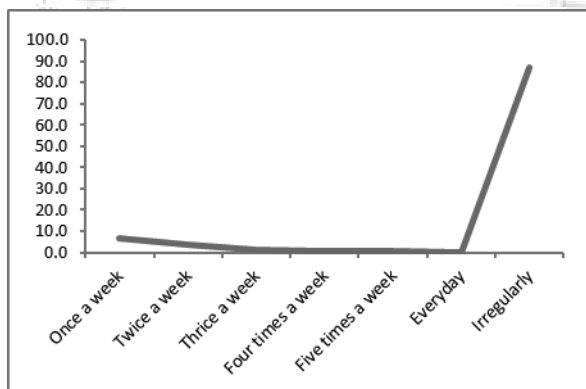


Figure 7: Regularity of SAED attendance

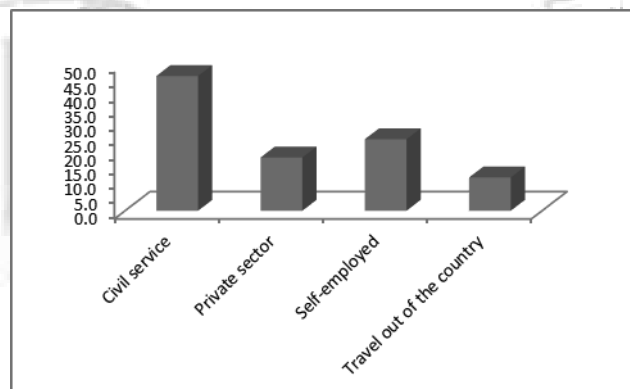


Figure 7: Prospective Career Choice

### Perceived difference between Institution-based and SAED-based Entrepreneurship Education

The first objective of this study was to gather the opinion of corps members on the disparity in entrepreneurship education gained during their undergraduate days and presently, during service year. It was gathered the institution-based entrepreneurship knowledge are basically theoretical in that it did not give room for practical. The participant specifically said that:

*Actually, when we were in school, we were thought entrepreneurship as a course to just pass it exam as a prerequisite for being a graduate. But now we see the practical application of entrepreneurship. You can have the competency to go into any business with full knowledge of what you want to do. I think the knowledge now is vast than we were in school (29/Male/Statistics/Lagos State/August, 2016).*

Another participant said that:

*I think the one I acquired in my school is outstanding except that we were not taught the actual skill. We were taught the theoretical aspect with no practical examples. They taught us how to make soaps, but the practical phase was lacking. However, the hands-on was what I acquired in the SAED program. Therefore, entrepreneurship education in school was basically theory but that of SAED was practical. But those theories learned from school served as my guiding principles that are really useful to me till date (21/Female/Accounting/Lagos State/August, 2016).*

To corroborate the point made above, data gathered extensively revealed that the depth of entrepreneurship education gained in school and that of the SAED programme is incomparable. In her words, she said that:

*When I was in the university, I was taught some of the basic principles, some of the analytical approaches and feasibility approach in order to own a business. Actually I have done so many feasibility studies on car wash business, on block industries, but that of SAED, I discovered that there are more to entrepreneurship. I realized that what I was taught in school was not what entrepreneurship is all about. As a matter of fact, you have to think big in order to make or own businesses. The difference is that the one I acquired in school is more of theory and that of the SAED is more engaging (26/Female/Industrial Chemistry/Oyo State/August, 2016).*

The above statements depicts that the self-employment education gained through the SAED programme is practical, as against that which was theoretical during schools days. While the theoretical entrepreneurship education gained in school by some corps members is grossly inadequate to allow them venture into self-employment, some were of the opinion that, though the then self-employment education is theoretical, but they are guiding principles that corroborated their practical experiences they were presently into. However, it was also revealed that owning a business is a second choice to those who could not secure white collar jobs. That is, when the process of securing a paid employment proves abortive, students were taught to revert to entrepreneurship. The interview session below confirms this point:

*There is a big difference between the ideas or knowledge I had about entrepreneurship during school days and presently in service year. Basically in school, I was taught that entrepreneurship should be like a second thing to white collar job. When we were in school, it's like you will be working with a company and at the same time, you have one or two things you will be using to make money from another end. But presently, am seeing entrepreneurship as one thing you really focus on as a major source of livelihood (28/Female/Finance/Osun State, August, 2016).*

From the point made above, it is not out of place to comment that entrepreneurship education during school days at handled with levity as securing white collar jobs by students were encouraged by teachers more than been self-employed. Furthermore, another participant commented on the fact that there were no specific entrepreneurship programmes they could engage there selves. She specifically said that:

*The one I gained in school was all about been innovative or business will die; how to get money by owning a business; and how to write a business plan. However in NYSC SAED programme, they variety of SAED programmes from which one can choose to specialize in. this was not available during school days (22/Female/Mass Communication/Osun State/August, 2016).*

From the foregoing, it is right to say that there exist a big difference between institution-based entrepreneurship education and SAED-based entrepreneurship education. The difference was that the former is basically theoretical, does not afford students to specialize in a particular entrepreneurship programme and seen as a plan B when securing a white collar job proves abortive, while the latter is practical; has different areas of specialization; and have been perceived as something one can venture into as a major source of livelihood.

**Table 5.1: Factors Encouraging and discouraging Corps members**

| Variables | Regression Analysis         |               |   |      |
|-----------|-----------------------------|---------------|---|------|
|           | Unstandardized Coefficients | Standardize d | t | Sig. |
|           |                             |               |   |      |

|  |           |            | Coefficients |        |      |
|--|-----------|------------|--------------|--------|------|
|  | B         | Std. Error | Beta         |        |      |
| (Constant)                               | .344      | .806       |              | .427   | .671 |
| Age                                      | -.083     | .027       | -.326        | -3.035 | .004 |
| Marital status                           | .022      | .346       | .011         | .063   | .950 |
| Location of school                       | -.571     | .302       | -.233        | -1.888 | .054 |
| Years spent before graduation            | .252      | .066       | .346         | 3.833  | .000 |
| Education of Father                      | .104      | .056       | .233         | 1.845  | .050 |
| Education of Mother                      | -.032     | .057       | -.075        | -.550  | .584 |
| Family type                              | .058      | .197       | .036         | .296   | .768 |
| Number of children in the family         | .054      | .042       | .153         | 1.279  | .206 |
| Position ( <sup>th</sup> ) in the family | .015      | .041       | .047         | .361   | .720 |
| Average Household income                 | .285      | .125       | .212         | 2.290  | .026 |
| Household financial stability            | .461      | .156       | .518         | 2.949  | .005 |
| Federal monthly allowance                | .460      | .191       | .236         | 2.408  | .019 |
| Place of Primary of assignment           | -.602     | .321       | -.204        | -1.877 | .046 |
| Allowance from PPA                       | 7.436E006 | .000       | -.133        | -1.573 | .121 |
| Role Model                               | -.428     | .170       | -.285        | -2.527 | .014 |
| Mentor                                   | 1.372     | .183       | .805         | 7.507  | .000 |
| Planned number of children               | .010      | .089       | .012         | .112   | .911 |
| Furthering of education                  | -.526     | .201       | .290         | 2.614  | .012 |

Source: SPSS Computation, 2016.

The second objective was to examine the factors that are encouraging and discouraging corps members to engage in self-employment initiatives. It was discovered from the regression analysis that factors such as years spent by corps members before graduation (**B=0.252, P=0.000**), education of father (**B=0.104, P=0.050**), average household income (**B=0.285, P=0.026**), level of household financial stability (**B=0.461, P=0.005**), the federal monthly allowance (**B=0.046, P=0.019**) and mentorship (**B=1.372, P=0.000**) are factors encouraging corps members to venture into self-employment initiatives. Of all this factors, the most encouraging factor is the mentorship been undergo by corps members. There was a positive significant relationship between mentorship and participation in self-employment initiatives. Specifically, as more and more corps members undergo mentorship, there is a 100 percent or more tendencies that corps members will participate in SAED initiative. The mentors of these corps members might by entrepreneurs.

However, factors such as age of corps members (**B=-0.083, P=0.004**), the location of corps member's institution (**B=-0.571, P=0.054**), place of primary assignment (**B=-0.602, P=0.046**), role-modelship (**B=-0.428, P=0.014**) and quest for further education (**B=-0.526, P=0.012**) are factors that discourages self-employment. The most discouraging of all these factors is the Place of Primary Assignments (PPA) these corps members are been posted to. Hence, as more and more corps members are been posted to their PPA's, there exist a 60% tendency that they will be discouraged to participate in the SAED self-employment initiatives. To corroborate this, one of the participants stressed on lack of adequate time SAED training when he said that:

*In my opinion, one of the factors discouraging me to participate in SAED is the timing. I have to teach my students at the PPA I am posted to everyday and at the end of the day, I will not have time for myself and too tired to go for entrepreneurship training (29/Male/English Language/Osun State/August, 2016).*

Furthermore, some of the in-depth interviews sessions revealed that a major discouraging factor is the SAED instructors. Specifically, this discouragement is the attitudes of instructors in training sessions an the act of prioritizing money at the expense of the real training and knowledge transfer process. Most of the surveyed participants said that:

*The problem I encountered was the way and manner my SAED addresses most of us during training sessions, especially the way they he talks. As a corps member, we are learned people and when someone who does not have a qualification that matches*

*ours like that of my instructor makes me feel embarrassed (25/Male/English Language/Lagos State/August, 2016).*

Another participant explained further on the instructors as a discouraging factor when she said that:

*The program is a very nice project by the federal government. However, some instructors have seen it as a means of mopping money from the corps members. I think when the government created the scheme, it was not monetary aspect that they looked into, it is for their own benefits and to help the youth gain more knowledge apart from what they studied in the university. However, SAED instructors have made money the bedrock of anything. During camping, they sold many handouts to us, which source was later discovered from the internet. This alone discouraged me to participate in the off-camp training because I believe that money should be the first priority of these SAED instructors (25/Female/Mathematics/Oyo State/August, 2016).*

In addition, comments were also made on the context within which SAED training sessions are been carried out. A participant said that:

*The problem that discouraged me was the large population size of corps members during training sessions. We are too much so not everybody will be able to learn. This also breeds noise to the extent that one will not be able to hear what the instructor is teaching (26/Female/Economics/Oyo State/August, 2016).*

Another discouraging factor is the dearth of instructors as well as lack of adequate instruments to engage in hand-on training sessions. A participant specifically said that:

*I think one of the problems of the SAED is that we don't really have enough teachers and instrument to actually teach us and to practice what we are been taught (27/Male/Microbiology/Lagos State/August, 2016).*

**Table 5.2: Factors Encouraging and discouraging Corps members**

| Variables                    | Categories                | Level of Initiatives |                     |                 | Total       | Chi    | DF | P-Value      |
|------------------------------|---------------------------|----------------------|---------------------|-----------------|-------------|--------|----|--------------|
|                              |                           | Low Initiative       | Moderate Initiative | High Initiative |             |        |    |              |
| Sex                          | Male                      | 92 (47.4)            | 34 (17.5)           | 68 (35.1)       | 194 (55.1)  | 0.713  | 2  | <b>0.700</b> |
|                              | Female                    | 82 (51.9)            | 26 (16.5)           | 50 (31.6)       | 158 (44.9)  |        |    |              |
| Ethnicity                    | Yoruba                    | 110 (47.6)           | 41 (17.7)           | 80 (34.6)       | 231 (65.6)  | 26.19  | 12 | <b>0.010</b> |
|                              | Igbo                      | 22 (37.9)            | 8 (13.8)            | 28 (48.3)       | 58 (16.5)   |        |    |              |
|                              | Hausa                     | 6 (75.0)             | 0 (0.0)             | 2 (25.0)        | 8 (2.3)     |        |    |              |
|                              | Benin                     | 18 (62.1)            | 7 (24.1)            | 4 (13.8)        | 29 (8.2)    |        |    |              |
|                              | Tiv                       | 6 (50.0)             | 4 (33.3)            | 2 (16.7)        | 12 (3.4)    |        |    |              |
|                              | Ijaw                      | 8 (100.0)            | 0 (0.0)             | 0 (0.0)         | 8 (2.3)     |        |    |              |
|                              | Isoko                     | 4 (66.7)             | 0 (0.0)             | 2 (33.3)        | 6 (1.7)     |        |    |              |
| Religion                     | Christianity              | 142 (52.2)           | 48 (17.6)           | 82 (30.1)       | 272 (77.3)  | 6.185  | 2  | <b>0.045</b> |
|                              | Islam                     | 32 (40.0)            | 12 (15.0)           | 36 (45.0)       | 80 (22.7)   |        |    |              |
| Ownership of School attended | State                     | 80 (44.0)            | 32 (17.6)           | 70 (38.5)       | 182 (51.7)  | 8.649  | 6  | <b>0.194</b> |
|                              | Federal                   | 60 (54.5)            | 22 (20.0)           | 28 (25.5)       | 110 (31.30) |        |    |              |
|                              | Private                   | 30 (55.6)            | 6 (11.1)            | 18 (33.3)       | 54 (15.3)   |        |    |              |
|                              | Missionary                | 4 (66.7)             | 0 (0.0)             | 2 (33.3)        | 6 (1.7)     |        |    |              |
| Course of study              | Applied and Pure Sciences | 74 (56.9)            | 18 (13.9)           | 38 (29.2)       | 130 (36.9)  | 7.706  | 8  | <b>0.463</b> |
|                              | Social Sciences           | 30 (53.6)            | 10 (17.9)           | 16 (28.6)       | 56 (15.9)   |        |    |              |
|                              | Management Sciences       | 48 (42.9)            | 20 (17.9)           | 44 (39.3)       | 112 (31.8)  |        |    |              |
|                              | Education                 | 12 (42.9)            | 6 (21.4)            | 10 (35.7)       | 28 (8.0)    |        |    |              |
|                              | Arts                      | 10 (38.5)            | 6 (23.1)            | 10 (38.5)       | 26 (7.4)    |        |    |              |
| Staying with                 | Father                    | 18 (50.0)            | 0 (0.0)             | 18 (50.0)       | 36 (10.2)   | 13.340 | 6  | <b>0.038</b> |
|                              | Mother                    | 14 (43.8)            | 6 (18.8)            | 12 (37.5)       | 32 (9.1)    |        |    |              |
|                              | Parents                   | 136 (49.6)           | 54 (19.7)           | 84 (30.7)       | 274 (77.8)  |        |    |              |
|                              | Siblings                  | 6 (60.0)             | 0 (0.0)             | 4 (40.0)        | 10 (2.8)    |        |    |              |
| Ownership of PPA             | State                     | 146 (49.3)           | 46 (15.5)           | 104 (35.1)      | 296 (84.1)  | 8.356  | 6  | <b>0.213</b> |
|                              | Federal                   | 18 (42.9)            | 12 (28.6)           | 12 (28.6)       | 42 (11.9)   |        |    |              |

|                           |                           |            |           |            |             |        |   |              |
|---------------------------|---------------------------|------------|-----------|------------|-------------|--------|---|--------------|
|                           | Private                   | 8 (66.7)   | 2 (16.7)  | 2 (16.7)   | 12 (3.4)    |        |   |              |
|                           | Missionary                | 2 (100.0)  | 0 (0.0)   | 0 (0.0)    | 2 (0.6)     |        |   |              |
| Prospective Career Choice | Civil service             | 56 (34.6)  | 38 (23.5) | 68 (42.0)  | 162 (46.0)  | 34.550 | 6 | <b>0.000</b> |
|                           | Private sector            | 36 (45.3)  | 8 (12.5)  | 20 (31.3)  | 64 (18.2)   |        |   |              |
|                           | Self-employed             | 62 (49.4)  | 6 (17.0)  | 18 (33.5)  | 86 (24.4)   |        |   |              |
|                           | Travel out of the country | 20 (50.0)  | 8 (20.0)  | 12 (30.0)  | 40 (11.4)   |        |   |              |
|                           | Total                     | 174 (49.4) | 60 (17.0) | 118 (33.5) | 352 (100.0) |        |   |              |

*Source: SPSS Computation, 2016. \*Note: Items in parenthesis are in percentages (%)*

Table 5.2 is a continuation of the factors encouraging and discouraging corps members to engage in self-employment initiatives. The table shows that factors such as Ethnicity ( $X^2 = 26.19$ ,  $P=0.010$ ), religion ( $X^2 = 6.185$ ,  $P=0.045$ ), who corps members are staying with ( $X^2 = 13.340$ ,  $P=0.038$ ) and prospective career choice of corps members ( $X^2 = 34.550$ ,  $P= 0.000$ ) are some of the factors associated with their ability to venture into self-reliance initiatives. Specifically, table 5.2 shows that the self-employment initiative of corps members who are Yoruba's (47.6%) is high as against the Hausa's (75.0%) who has the lowest self-employment initiative. This is to say that, while ethnicity encourages the Yoruba to venture into self-employment in the nearest future, the economic values of corps members from Hausa land, Igbo land; Ijaw, Benin and Isoko do not encourage self-employment as done by the former. Furthermore, been a Christian (52.2%) favours self-employment initiatives as against being a Muslim (22.7%) corps member. Therefore, the plan of owning a business in the future is prevails among the Christians than the Muslims

More so, corps members who reside with their siblings do have high intentions (60.0%) of owing a business at the nearest future when compared to those staying with their father (50.0%), mother (43.6%) and parents (49.6%). Lastly, corps members who intend to travel out of the country after service year have high self-employment intentions than those who intend to choose entrepreneurship as a career (49.4%), civil service (34.6%), and the private sector (45.3%). To corroborate the influence of chosen career on entrepreneurship intentions, a participant during an IDI session said that:

*I never actually have interest per-say acquiring skills because I know my profession won't allow me to venture into that, but from the little knowledge I have acquired during camp class, I think I was able to learn a little about poultry farm and it really made sense (29/Male/Law/Oyo State/August, 2016).*

From the foregoing, it may be right to conclude that the prospective career of corps members serves as a discouraging factors for them to venture into self-employment initiatives.

### 6.0 Perceived challenges of engaging in self-employment in Nigeria

| Perceived Challenges                   | Yes  | No   | Total | Perceived Challenges                                    | Yes  | No   | Total |
|--|------|------|-------|---|------|------|-------|
| Lack of required technology            | 246  | 106  | 352   | Lack of Funds/Capital                                   | 320  | 32   | 352   |
|  | 69.9 | 30.1 | 100   |   | 90.9 | 9.1  | 100   |
| Lack of access to financial assistance | 314  | 38   | 352   | Lack of raw materials                                   | 228  | 124  | 352   |
|  | 89.2 | 10.8 | 100   |   | 64.8 | 35.2 | 100   |
| Epileptic power supply                 | 296  | 56   | 352   | Lack of required training to engage in entrepreneurship | 184  | 168  | 352   |
|  | 84.1 | 15.9 | 100   |   | 52.3 | 47.7 | 100   |
| Unfavourable government policies       | 256  | 96   | 352   | Lack of market for products                             | 188  | 164  | 352   |
|  | 72.7 | 27.3 | 100   |   | 53.4 | 46.6 | 100   |
| Lack of trust of Nigerian products     | 240  | 112  | 352   | Over dependence on foreign goods by Nigerians           | 268  | 84   | 352   |
|  | 68.2 | 31.8 | 100   |   | 76.1 | 23.9 | 100   |

*Source: Field Survey, 2016.*

Table 6.0 inquires about the factors corps members perceive as threat to venturing into self-employment initiatives. The table shows that factors such as lack of required technology (69.9%), lack of Funds/Capital (90.0%), lack of access to financial assistance (89.2%), lack of raw materials (64.8%), epileptic power supply (84.1%), lack of required training to engage in entrepreneurship (52.3%), unfavourable government policies (72.7%), lack of market for products (53.4%) as a result of lack of trust of Nigerian products (68.2%) and over dependence on foreign made products (76.1%). Furthermore, to corroborate the challenge of fund, a participant in an IDI session said that:



*I think that the primary challenge of entrepreneurship is fund like money, like you need people to help you boost your business, like you need people to invest in you. I think that's just the main challenges every entrepreneur has (23/Female/Biochemistry/Osun State/August, 2016)*

Aside the problem of fund, corps members also lamented on the high rate of competition in Nigeria. A participant said that:

*First thing is that I know there will be competition and I think that one applies in all kind of business especially the one I mentioned now. We have so many people involved in selling of phone accessories, although some based on phone repair, some based in selling of accessories while some are doing the two together. Another thing is capital that one depends on locations, because in some areas now, if you want to get a shop, you need a huge amount of money to secure a shop, where people will have easy access to what to what one selling. So capital and competition are the major ones (27/Male/Mathematics/Oyo State/August, 2016).*

Hence, it is not out of place to conclude that the fear of competition, which might leads to low rate of patronage, is one of the perceived challenges of engaging in self-employment in nigeria among corps members

### **Discussion of Findings**

The first objective of this study was to document the opinion of corps members on the disparity that exists between entrepreneurship education gained during school days (tertiary institution) and during service year. It was found out that institution-based entrepreneurship knowledge is basically theoretical in that it never gave room for practical which SAED-based entrepreneurship provides them with. While the theoretical entrepreneurship education gained in school by corps members are grossly inadequate to allow them venture into self-employment initiatives, they were however used as guiding principles that corroborated their practical experiences they participated in during service year. The study also revealed that entrepreneurship education during school days was handled with levity as securing white collar jobs by students were encouraged by teachers more than being self-employed. However, the reverse is the case during service year. Lastly, the study revealed that entrepreneurship education during schools days does not have different areas of specialization when compared to the SAED-based entrepreneurship education. Therefore, the latter affords them to participant in the choice of entrepreneurship training.

The second objective was to examine the factors encouraging and discouraging corps members to venture into self-employment initiatives. It was discovered from the regression analysis that factors such as years spent by corps members before graduation, education of father, average household income, level of household financial stability, the federal monthly allowance and the most encouraging of all; mentorship, are factors encouraging corps members to venture into self-employment initiatives. Furthermore, factors that may encourage self-employment among corps members include being a Yoruba, a Christian, those who reside with their siblings and those who intend to travel out of the country after service year. However, factors such as age of corps members discourage self-employment intentions. This was against the findings of Agbim, *et al* (2013) who submitted that the entrepreneurial intentions increased with increase in age. The reason for the disparity in findings might be linked to the fact that Agbim, *et. al* conducted their study among university undergraduates while the present study focused on corps members.

Also, the location of corps member's institution, place of primary assignment, role-modelship and quest for further education are factors that discourage self-employment intentions among corps members. The most discouraging of all these factors is the Place of Primary Assignments (PPA) these corps members are been posted to. In addition, this study also revealed that one of the major discouraging factors is the attitudes of instructors in training sessions and the act of priotizing money at the expense of the real training and knowledge transfer process. Meanwhile, dearth of instructors as well as lack of adequate instruments to engage in hand-on training sessions were also factors discouraging members to venture into self-employment. From the foregoing, it may not be out of place to say that factors encouraging and discouraging self-employment intentions are demographical, economic, family, social, political, educational and religious in nature. This corroborates the assumption of *institutional theory* which argued that people are constrained by the context or structural factors they find themselves.

The last objective of this paper was to identify the perceived challenges of engaging in self-employment in Nigeria. Factors corps members perceive as threat to venturing into self-employment initiatives, are lack of required technology (Diyoke, 2014; Adekunle and David, 2014; Agu and Ayogu, 2015), lack of Funds/Capital (Ojeifo, 2012; Ajibola, Salau, and Aladejare, 2014; Okeke and Eme, 2014), lack of access to financial assistance, lack of raw materials, epileptic power supply, lack of required training to engage in entrepreneurship (Ojeifo, 2012), unfavourable government policies, lack of market for products as a result of lack of trust of Nigerian products and over dependence on foreign made products and the fear of competition, which might leads to low rate of patronage, are the perceived challenges of engaging in self-employment in Nigeria according to the surveyed corps members

### **Conclusion and Policy Recommendations**

The quest of Nigeria in becoming one of the top 20 industrialized economies by the year 2020 and the need for the achievement of the sustainable development has been the primary goal of successive governments in Nigeria. However, this cannot be achieved in a country that needs more of entrepreneurs but keep producing mere graduates. Therefore, the achievement of the aforementioned is premised on the extent at which the most vibrant but large aspect of the Nigerian demographics - the youth are trained and nurtured to fit into the current situation of the country through self-employment initiatives programmes of the NYSC or other training programmes. This should be done in such a way that it discourages the desperate quest of graduates for white collar jobs which are grossly inadequate to cater for the teeming graduates that the tertiary institutions have failed to bring to fore. Meanwhile, the intent of owning a business in the emerging Nigeria is gradually been encouraged and discouraged by factors that are demographical, economic, family, social, political, educational and religious in nature. Hence, this paper further concludes that there is the need to nurture and engage the positive and the need to discard the negative influencer's and perceived challenges of engaging in self-employment through stakeholders at all levels (i.e., the Government, community and the household). In achieving this, the study recommends the following:

1. Tertiary institutions in Nigeria should strike a balance between theory and practical during Entrepreneurship education classes. In addition, there is a need to orientate potential graduates on the state of unemployment in Nigeria and the need to venture into and see self-reliance Initiatives as a major career choice.
2. Institutions should introduce several areas of specialized subfields within the field of Entrepreneurship training so as to afford potential graduates to engage themselves in specific self-employment training during undergraduate schooling.
3. The study also suggests that corps members should willingly submit themselves for mentorship. In addition, institutions and the NYSC should introduce mentorship programmes to potential graduates and corps members respectively. According to the findings of this study, mentorship enhances the need to be self-reliant among corps members.
4. The management of NYSC should endeavour to post corps members to Primary Place of Assignments (PPAs) that will afford the former to engage in the Skill Acquisition and Entrepreneurship Programme (SAED). In achieving this, NYSC should make it mandatory for employers to release corps members as at when due in orders for corps members' attend the training at regular intervals.
5. The Federal Government (FG) is not only expected to provide enough SAED instructors for corps members, but they should also provide them with adequate training equipment in order to facilitate knowledge transfer from instructors to corps members.
6. The country needs Universities, Polytechnics and Colleges of Education that are well equipped and manned with quality and adequate instructors on Entrepreneurship studies only. Enrolment into these institutions must be made affordable to encourage potential applicants.
7. The FG in collaboration with financial institutions should not only make funds available for aspiring entrepreneurs but also make them accessible for them.
8. The government at all levels and concerned stakeholders should sort for sustainable solutions to the issue of irregular supply of electricity in Nigeria. This will discourage high running cost of businesses at the face of limited funds.
9. It is also advised that the government of Nigeria should systematically discourage the thirst for foreign made goods by Nigerians and encourage the consumption of local goods and services. This will encourage local entrepreneurs, create employment and make business to stay in existence.

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# ENTREPRENEURIAL FINANCING IN A KNOWLEDGE BASED ECONOMY

Bemaa, Terkura Titus<sup>1</sup> and Daniyan, Olalekan Victor<sup>2</sup>

University of Benin, Benin-City,  
Edo State-Nigeria.

[bemaaterkura@yahoo.com](mailto:bemaaterkura@yahoo.com), [daniyanayo@yahoo.com](mailto:daniyanayo@yahoo.com)

## **Abstract**

*Funding is critical to the smooth take-off, ensure the effective functioning and guarantees the continued existence of any new venture. Financing entrepreneurial ventures has particularly been challenging in all kinds of economies including knowledge-based economies. The inability to overcome funding problems has forced many people with ambitious ideas that would have been launched audaciously towards economic emancipation and development to forcefully discard them. The objective of this paper is to identify different sources of entrepreneurial financing, and review literature associated with the concepts. The paper concludes that every aspiring entrepreneur must prepare to launch out first with founders, family, and relatives capital and thereafter explore a catalogue of other sources mentioned in this paper depending on the firm's capabilities and peculiarities to continue with the financing of the firm.*

*Keywords: Entrepreneurial financing, Knowledge-based economy, New ventures, Start-ups.*

## **INTRODUCTION**

Entrepreneurial firms play critical roles in modern knowledge-based economies. These firms provide majority of the new jobs, are sources of radical innovations, increase in productivity, and serve as a disciplining device for the behaviour of established firms. These firms are helpful at achieving economic growth by combining resources, increasing competitive pressures (Valliere & Peterson, 2009) and, by way of purely imitating ventures have the exploited underutilised resources gainfully (Minniti & Levesque 2006). However, raising funds to pursue their visions, expand and seek avenues that guarantee survival and subsequently profitable operations has been an uphill task. Considering the central role entrepreneurial firms perform in economies around the world, many multilateral organisations such as OECD, UNDP, and national agencies like US' Small business administration (SBA) and Nigeria's (SMEDAN) have prioritise the financing of their organisations.

## **LITERATURE REVIEW**

### **Entrepreneurial financing**

Entrepreneurial financing entails the understanding of the importance along with the distribution of resources and its application to startups (Maleki, 2015; Kerr, Lerner, & Schoar, 2014; Cumming, 2007). The domain of entrepreneurial finance has helped in resolving significant questions that confront all entrepreneurs in respect of how much finance to raise; when should it be sourced and where, as well as how much will be considered appropriate for the new venture; and how should the financing be structured? (Maleki, 2015; Salamzadeh, 2015a, b; Winton & Yerramilli, 2008). Indeed, majority of new venture promoters have realised that except adequate funding is obtained, their dreams will largely remain on the drawing boards. This is why entrepreneurs draw out a long list of likely financiers including their own employers, banks, angel investors, venture capitalists, equity or some other source of funding (Chen, Miao, & Wang 2010; Jafari Moghadam 2014). Many traditional avenues for financing that entrepreneurs approach for funding are skeptical about the business and financial plans, demand for high equity participation, exert firm control and managerial influence and have little knowledge of the characteristic growth process that start-ups go through (Mason, 2006; Salamzadeh & Kawamorita Kesim, 2015).

### **Knowledge Based Economy**

Tocan (2012) asserted that the volume of knowledge available for our use had always doubled every five years and has served as the major motivation for the transition from the industrial society to knowledge society. The noticeable effect of knowledge is felt among many of our organisations, democracies, employees, politics, companies, educational institutions and the way we live.

The knowledge based economy is severally defined. Archibugi and Lundvall (2001) said that a knowledge economy is an economy influenced globally by the speed of information and communication technology's real time irrespective of the distance involved.

Tocan also cited Nicolescu (2006) who opined that knowledge based economy is typified by the transformation of the knowledge into base material, capital, products, production factors that is important for the economy and with the aid of the transformation process produce, sale, acquire, learn, stock, develop, distribute and save the knowledge for sustained competition and profit making in the future.

APEC (2000) on the other hand, opined that a knowledge based economy is dependent on the production and fruitful use of knowledge. APEC averred further that though knowledge seem to be the main driving force for economic growth, wealth creation and employment at all industries levels. APEC's economic committee cautioned that this knowledge should not be based only on a small number of high technology industries for economic growth and wealth creation but should encompass all the knowledge needed by the knowledge based economy such as cultural, social and managerial knowledge which is much more are comprehensive than technological knowledge.

### **Sources of Financing Entrepreneurial Ventures**

#### **Internal Sources**

##### **i. Funds Provided by Founder and Relatives**

This source of financing consists of the owner's 'personal savings, including money collected from relatives known as "love money". At this embryonic stage, the equity capital made available by the founder is the major source of funding (Mitter, & Kraus, 2011). These kinds of funds facilitate the earliest working capacity of the organisation. It also serves as an indicator of commitment and a display of seriousness on the part of the owner of the new venture. In this startup level, the capital need of the new venture is moderately diminutive ((Mitter, & Kraus, 2011) how long the entrepreneur is capable of surviving on owners capital, the long hours of work (sweat equity) and the cash flow of the firm minimises the risk associated with external funding. besides, avoiding external financing greatly reduces undue pressure from financiers and the owner more independence and the latitude to manage the organisation better (Markova & Petkovska-Mircevska, 2009).

##### **ii. Bootstrapping**

Neeley (2005) explains that bootstrap financing are creative techniques used in identifying and obtaining resources, optimizing its utilisation, and reducing the real costs accompanied with applying these methods irrespective of where they are identified; whether it is within the business, sourced from different people, or offered by various companies and organizations (Bhide, 1992; Winborg & Landstrom, 2001). It can also mean highly creative means of obtaining the utilisation of resources devoid of debt or sourcing for equity financing from traditional fountains like business alliances (Van Auken & Neeley, 1996) Bootstrap financing approaches inspire entrepreneurs to utilise private savings or rather private temporal debt, to solicit for capital from relatives, to barter for services, to obtain funding from quasi equity also known as unsecured loans with flexible loan repayment schedule. Examples of these kind of loans include mezzanine debt and subordinated debt, to cooperate for better customer access, to negotiate for client-based funds, to manage assets effectively, to reduce the length of accounts receivable, to share resources with other organisations, to forgo salary, to achieve effective cash management, to delay payments provided it does not affect firm reputation, to lease equipment, to outsource production, and to seek subsidies or incentives or grants (McMahon & Holmes, 1991).

##### **iii. Crowdfunding**

The funding of projects using multiple sources where little sums of money are raised from a considerable number of persons by means of the Internet through virtual platforms is known as crowdfunding (Otero, 2015). Crowd funding has developed rapidly since 2009 (Liu & Liu (2016). Crowd funding got its ideas from notions like micro-finance (Morduch, 1999) and crowdsourcing (Poetz and Schreier, 2012). However, crowdfunding stand in its own distinct class of sourcing for funds through the increasing number of people who use the internet and visit sites that have interest in the topic regularly. The field of crowdfunding has advanced considerably. In spite of this monumental achievement, consensus about what it means is not immediately in sight. That is why Schwienbacher and Larralde (2010) consider crowdfunding as a clarion call that is fundamentally done using the Internet with the sole aim of obtaining funding for a an important cause by encouraging people to donate in return for a kind of reward and/or voting rights or just to help humanity.

Mollick (2013) opined that as much as the above definition can be said to be comprehensive, it has been found to be deficient in what researchers in different domains have named crowdfunding including internet-based peer-to-peer lending (Lin & Viswanathan, 2013) and fund sourcing campaigns started by enthusiasts of the musical band (Burkett, 2011). However, for the sake of entrepreneurship, the next definition is precise and sufficient enough to permit further development of the concept. Thus, crowdfunding denotes the work done by entrepreneurial as a person or groups that may be cultural, social, and profit orientated to finance some of its ventures by pulling from comparatively little donations from a reasonably significant number of people that uses the internet devoid of standard financial intermediaries (Mollick, 2013).

#### **iv. Business Alliances**

Entrepreneurs at the startup level may resort to forming “cooperative agreements” with other firms to procure funding, improve its cash flow and minimise costs. Many benefits have been used in justifying the formation of a business alliance are: easy access to existing or emerging markets and regions, effective utilization of sales personnel and distribution channels, access to customer lists, product endorsement by bigger firms, lack of capital to do it independently, customer orders, expedited product development, economies of scale, cooperation instead of competition, increased business expertise, joint venture arrangements on projects, and others. Business alliance members are creative and commit to extensively looking out for most compatible and complementary members on the basis of industry experience, professional associations, industry networks and contacts, lawyers, trade fairs, accountants, bankers, friends, investment fora, and others. Functional business alliances are very useful to a new venture that is limited by resources to do it alone. However, alliances become unfashionable immediately the firm has grown, has competent human resource, and has attained self-sufficiency.

### **External Sources**

#### **i. Business Angels**

These are accomplished and wealthy persons, past entrepreneurs, or senior executives who put in their own money essentially in dynamic new ventures (Mitter & Kraus, 2011) exchange for ownership equity. Prowse (1998) argues that angels come in as the second round of funding to salvage the firm when the entrepreneur has exhausted his personal savings and other capital that were raised from relatives prior to formally approaching the venture capitalists.

Ernest and Young (2014) assert that one of the stipulations to their client firms to access their capital is to engage partners who will function energetically in managing the firm. Angels normally put their money in technologies or in businesses they have experience in. Besides, the provision of risk capital, Brettel, Rudolf, and Witt (2005) has demonstrated that angels offer put to the disposal of the entrepreneur his/her management prowess (know-how). That is, angel investors offer entrepreneurial knowledge and wide contacts to their client firms. They are well known and are helpful at propping-up new ventures using countless number of methods such as assisting in the writing the business plan, supporting in the distribution and marketing programmes while collaborating in the financing and the accounting function. Politis (2008) also revealed that angels assist new ventures with their network and personal links (*know-who*), which is instrumental at establishing linkages with resellers, fostering collaboration with partners and other investors. This is the main reason why angels invest in organisations within their catchment areas. Firms that are sponsored with angel capital also enjoy gaining mentorship and industry expertise from those who are knowledgeable and are willing to guide you along the path of your business (Ernest and Young, 2014)

#### **ii. Venture Capitalists (VCs)**

Mitter and Kraus (2011) explains that venture capitalists are organizations that provide capital funding to institutions. They are private or subsidiaries of publicly quoted companies or corporate venture capital firms. Venture capitalist can be said to be proficient asset managers known for investing capital got from institutional investors, or wealthy persons, into encouraging entrepreneurial firms that are likely to grow (DaRin, Hellmann, & Puri, 2011). Venture capital can be made available as venture firm enters different levels in its growth process. Conventionally, venture capitalists concentrated on the

provision of funds needed for the take-off the business. However in some knowledge based economies there is a gradual shift to bigger and later growth phases of the business (Aernoudt, 2005). Venture capital is particularly important in funding the early-stage (known as seed stage) of the entrepreneurial firm as the equity capital of the entrepreneur is expended and debt instruments are difficult to be accessed. At this time, most entrepreneurial firms are approximately 10.5 months old from the time the businesses received their first angel financing and to a greater degree have not earned income (Wong, 2002). Venture capital supported businesses are usually above one year old (Gompers, 1995) as at the time they received their first funding. It is estimated that a little below forty percent of them do not earn revenues within the period (Kaplan & Strömberg, 2003, 2004).

### **iii. Corporate Investors**

Entrepreneurial firms had consistently considered corporate investors as a divestment option, other than as a means of funding. Many corporate investors acquire entrepreneurial firms to complement their product or service offerings. The firms now see the new capital window as a strategic avenue to improve on the business' operations. Though these are typical occurrences in bigger businesses, many new venture promoters see this practice as a big source of funding especially when what is at stake has huge potentials. Most currently, Yahoo sold its internet business to Verizon. Corporate investors stop entrepreneurial firms from building cooperation with competitors or competing openly with the corporate investor. A good number of entrepreneurs currently are initiating firms fundamentally to be bought over by successfully huge company some day in the future.

### **iv. Bank loans**

Banks are external finance that takes the form of loans that are borrowed by an entrepreneurial firm to help its business activities (Mitter & Kraus, 2011). After, founders, family and friends capital come bank loans which stand as a basic source of funding to entrepreneurial firms (Fatoki, 2014). While, Winton and Yerramilli (2008) have hypothetically demonstrated that venture capital funding is preferred over debt financing especially under conditions of high risk and uncertainty. DeBettignies and Brander (2007) on the other hand, argued that entrepreneurs' preference for debt over equity occurs most especially when the interest of the entrepreneur is aligned and the cost of capital is lowered for the entrepreneur.

EY (2014) considered bank loans as the most traditional form of funding for new ventures but are of the view that naturally, banks like limiting their risk by lending to firms that offer some form of collateral. Though, an important source of external financing for small firms once they are established and creditworthy, the challenge most young entrepreneurs face when exploring this source of funding are: limited business and industry experience, limited credit history, volatile profit and cash flow, the likely huge debt outstanding, limited equity in the business the likelihood of earning marginally when the firm is publicly placed and there is a tendency to lose it all at liquidation (Markova & Petkovska-Mircevska, 2009).

### **v. Government grants and loans**

There are many sources of funding that are available to young entrepreneurs to access that are offered by government organisations. Some of these schemes are provided by Nigeria export processing council, Nigeria export processing zones authority Bank of Industry, and Central bank of Nigeria. However, experience has shown that meeting up with the requirements have prevented a large number of new venture owners/promoters from accessing such facilities (Ernest & Young, 2014).

## **Other Sources of Funding New Ventures**

### **i. Trade credit**

One way entrepreneurs finance their activities is to get customers/consumers to pay before actual supply is made. This is called prepayments. However, this situation is especially possible when the' product/service of the firm is in high demand. In many advanced and knowledge-based economies, it has been projected that slightly above 80 per cent of every industry to industry sale is done on credit. Consequently, left with little working capital, entrepreneurial firms have to ask suppliers for twice as much short-term credit as they obtain from banks, demonstrating its importance to the sector (Jones-Evans, 2013). In the United Kingdom, it is normal for new ventures to owe their suppliers an amount

equal to 20 percent of their total assets which is a key support expected of big corporations to give smaller suppliers (Independent taskforce on non-bank lending, 2012). Thus, the relative dependence of entrepreneurial firms on large firms has created a friendly relationship in the supply chain that has encouraged firms with sufficient cash flows to oblige debt to companies in need which has helped lending firms to exercise enormous control over recipient firms. More so, by changing and simplifying procurement procedures to ease contractual agreements for new ventures that are likely to create sufficient business and revenues with attendant reduction of bank funding (Jones-Evans, 2013). However, Mitter and Kraus (2011) argues that interest rates on trade credit are high and should only be considered as a source of financing where bank loans are lacking,

#### ii. **Factoring and Invoice discounting**

Motivated by the desire to sale and improve revenue base, many venture firms sale on credit. With the passage of time, scores of these accounts receivable are not paid on time. Challenged by the paucity of funds, a venture firm (borrower) approaches a lender to buy over the accounts receivables. The factor (lender) agrees to do so at a discount. The factor advances as much as 70-85 percent of the total receivables to pay the balance on collection of the balance outstanding with the purchaser after an interest and fee has been deducted. The practice is that the asset must be more than the amount requested. It is a kind of asset based financing that is useful to startups and gives them the leverage to use their working capital effectively. Factoring is typically undertaken by financial institutions such as banks or private factoring brokers (Bakker, Klapper, & Udell, 2004; Jindrichovska, 2009).

#### iii. **Asset financing**

This is another method that venture firms use to finance their plants and equipments (vehicles, machinery). It includes:

**Hire purchase** entails gradual payments which eventually write off what was left of the balance and the interest charged on the plant and equipment.

**iv. **Operating leases:**** involves the borrowing of a particular asset needed by a firm for its use over a period of time. The firm undertakes to pay an agreed amount of money known as lease payments during the period up to the time the asset is returned.

### **Discussion and Conclusion**

What is most dreadful to many people about venturing into entrepreneurship is first, how and where to raise funds? Second, there is the fear of failure. Third, is the fear of managers 'unscrupulous behaviour when the owner is not personally doing it. Fourth, is the fear of friends, classmates, and neighbours looking down on one disdainfully The question is what is your own fear? Most of these fears could be precipitated by the ambition every young man harbours, especially those aspiring for a degree or had already acquired one and are hoping of someday knotting their tie and working for blue-chip. Now, those aspirations are turning into despair and despondency. Hope is not lost though. It is important to audaciously state that because many illiterates are persuaded first by the desire to survive their venture into business become successful eventually as years' passes by, and end up employing the most educated. Yet the educated do not challenge themselves with questions or why?

Now that economies are contracting, and organizations are shrinking in sizes, the only viable alternative left to be explored is entrepreneurship. It is the question of raising finance that prompted this paper. Having enumerated the many sources of financing, their benefits and drawbacks, it is significant to state that first, you start with your savings. Anybody who did not start with his/her savings may give little attention to the venture. When the attention is lacking, the venture's chances of survival may become very low. All the sources of financing earlier mentioned are critical to the success of a venture. What is remains key is the relative ease with which various sources can be accessed. However, entrepreneurs should note that when you are privileged to be introduced to any bank by its respectable customer: the chances of you getting a loan from the bank become higher. Additionally, entrepreneurs should know that having the character, the capacity and collateral endears a firm to any bank. I also recommend that bootstrapping skills should be ready companion of any entrepreneur who wants to succeed.



Finally, just like any other contest presses demand on you, entrepreneurship is no exception. The challenges are myriad but the benefits finally are huge and so you should not be deterred by the challenge financing your entrepreneurial firm presents.

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## SOCIAL ENTREPRENEURSHIP AND POVERTY REDUCTION IN NIGERIA: A STUDY OF NON GOVERNMENTAL ORGANIZATIONS (NGOs) IN NIGERIA

<sup>1</sup>Dr. J. O. Fatile, <sup>2</sup>Opusunju, Michael Isaac

<sup>1</sup>Department of Public Administration, Faculty of Management Sciences, Lagos State University  
[jacofem@yahoo.com](mailto:jacofem@yahoo.com)

<sup>2</sup>Department of Business Administration, Faculty of Management Sciences, Nasarawa State  
University [opusunjumike@gmail.com](mailto:opusunjumike@gmail.com)

### **Abstract**

*The study assesses social entrepreneurship and poverty reduction using Non-Governmental Organizations in Nigeria. Descriptive survey research design was used and two sample populations were also used, one represents social entrepreneurs while the other represents poverty reduction. The estimated population of the study was Eighty Nine Thousand One Hundred (89,100) owners of NGOs according to media report in 2016 and the population of Nigeria which was estimated at One Hundred and Eighty Two Million, Two Hundred and Ninety Six Thousand, Five Hundred and Twenty One (182,296,521) according to National Population Commission in 2015 which represent the beneficiaries of NGOs social activities. The sample size was determined using a sample of Four Hundred (400) and Three Hundred and Ninety Nine (399) respectively were obtained from an estimated population of 182,296,521 and 89,100 respectively using Taro Yamane formula. A Point in time data was collected from primary source and the questionnaire was design in two parts. Data collected was analyzed using Regression Analysis with the aid of a software statistical package of e-view 7.00. Findings of this study revealed that social entrepreneurship activities tend to reduce poverty level in Nigeria. The study also observed that solving social problems, promoting social values and providing social needs are statistically significant to poverty reduction in Nigeria. The study recommended among others that social entrepreneurs in Nigeria should be encouraged by way of greater resiliency and independence in order to help beneficiaries to learn social values and diversify their funding base on social needs while enhancing their programmes or services towards social problems since it significantly contributes to the reduction of poverty rate in Nigeria.*

**Keywords:** Social Entrepreneurship, social values, social problems, social needs and poverty level

### **INTRODUCTION**

Social entrepreneurs in Nigeria in the form of philanthropy organizations helps in reducing poverty in terms of providing food for the less privileges, shelter to the needy in the society and clothing for those who cannot afford to buy or purchase. Social entrepreneurs in the form of Non-Governmental Organizations (NGOs) also helps the Nigerian society by providing potable water, safety environment, ensuring healthcare services to the rural and urban areas in Nigeria, providing basic education for the less privileges in the society and transportation services by reducing the cost for the people as well as ensuring that they provide economic activities that enables the poor to have better income by establishing training institutes for the disable and those who cannot pay for such services.

The Non-Governmental Organizations provide a good standard of living for the rural people by ensuring that wealth, comfort, material goods and necessities are available to a certain socioeconomic class (the poor). They undergo these by solving social problems and providing social needs and creating social values to the people in Nigeria. They provide social needs like shelter, farm and land for the poor in order for them to solve social problems and create social value in the society.

One of the major problems in Nigeria is that despite the activities of Non-Governmental Organizations in providing social needs, solving social problems and creating social values in Nigeria, the poverty rate in Nigeria is still very high and this is due to the fact that many Nigerians cannot afford to eat three square meals a day, some people in the rural areas of Nigeria cannot afford to purchase clothes. There is no clean water in Nigeria and the cost of buying refine water is very expensive and many Nigerian cannot afford to buy to get clean portable water. However, despite the activities of NGOs in Nigeria as social entrepreneurs, there is low standard of living and poor health care services as well as

high cost of basic education in some primary and nursery schools in Nigeria and the cost of transportation in major cities like Lagos, Abuja, Enugu, Kaduna and Kano is very high and the poor who are the majority in Nigeria tend to face these problems and it is believed that social entrepreneurs in Nigeria who run NGOs organizations will solve Nigeria these problems by creating values and providing social needs for the people of Nigeria, unfortunately reverse is the case in Nigeria. So many NGOs use the name to acquire wealth and deceive the people that they are solving their problem.

Previous studies such as Ibitoye, Atoyebi and Sufian, (2015) empirically examined the impact of entrepreneurship training and education on poverty reduction in Nigeria using stratified random sampling technique. Abd, Harafah, Muh and Rostin (2014) investigate the impact of entrepreneurship on increasing business performance and poverty reduction in micro business industrial sector in Kendari Southeast Sulawesi Province. Chebii (2016) investigate the effects of social entrepreneurship practices by micro finance institutions on poverty reduction using the beneficiaries of 7 Micro-Finance Institutions. Marie (2014) examines the role of social entrepreneurship in the fight against poverty, exclusion and marginalization in Haiti.

However, this study is different from the previous studies because it developed a new model that guide the research and study social entrepreneurship and poverty reduction in Nigerian context. The study is different from previous studies because it uses NGOs and administered questionnaire to the entire population of Nigeria. The study uses multiple regression and e-view statistical package to examine the effect and cause relationship of the variables. The study is different from previous studies in the sense that it developed model that is tested and convertible to theory which can be verified by other scholars to agree or disagree.

The objective of this study is to investigate the impact of social entrepreneurship on poverty reduction in Nigeria with particular reference to NGOs. The specific objectives are: to examine the impact of social entrepreneurship on absolute poverty in Nigeria, to determine the impact of social entrepreneurship on relative poverty in Nigeria and evaluate the impact of social entrepreneurship on material poverty in Nigeria.

The scope of this study is restricted to the impact of social entrepreneurship on poverty reduction in Nigeria. The proxies for measuring poverty are absolute poverty (food, shelter, cloth, transportation, potable water, health care services, basic education) relative poverty (income and standard of living) and material poverty (farm, car and land) while the proxies for measuring social entrepreneurship are social values, social problems and social needs in Nigeria. The study used Non-Governmental Organizations (NGOs) and the period of this study is 1 year and 4 months from 2016 to April, 2017. This period is chosen because the researchers considered the time Nigerians started buying a bag of rice at 22,000 and other items in the market which so many of people could not afford to purchase and they were complaining about the high prices of goods and services in the country. However, if they were not poor, they should be able to buy the products.

This study shall help the Nigerian government to regulate the activities of Non Government Organizations and also create an avenue for helping the Non-Government Organizations so that they can reduce poverty in Nigeria. The study would aid the Non Government organizations to understand why they should reduce poverty in Nigeria and to identify the areas they have been performing well and the areas they are not performing so that they can adjust and be able to achieve their aims.

The study helped in filling academic gap by developing a new model and tested the model which shall give room for other researchers to verify the theory and either adapt theory or adopt the theory. Students wishing to carry out research in social entrepreneurship and poverty reduction in Nigeria will equally use this study as a guide in their academy work.

**The null hypotheses are stated as follows:**

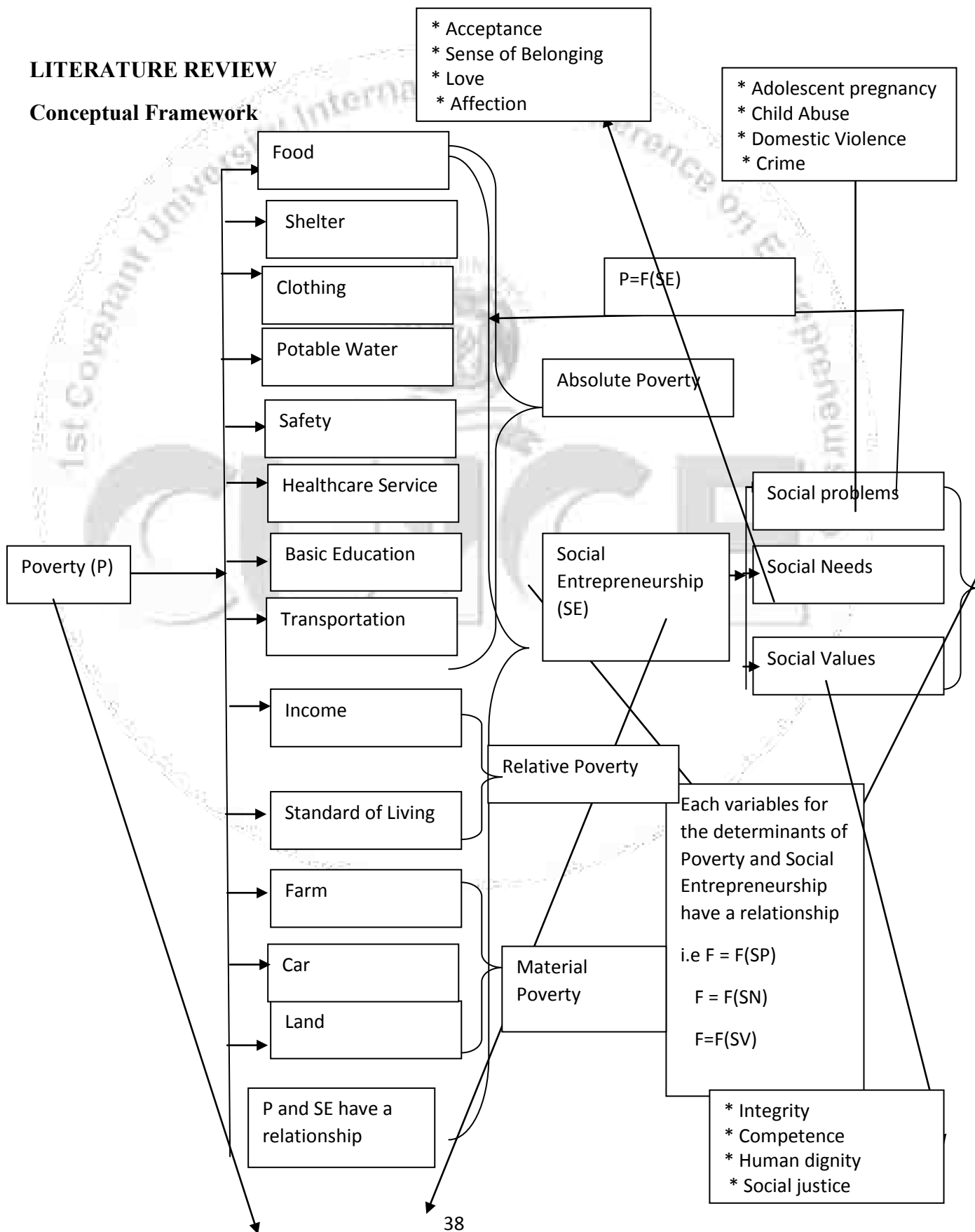
H<sub>01</sub>: There is no significant relationship between social entrepreneurship and absolute poverty in Nigeria

H<sub>02</sub>: There is no significant relationship between social entrepreneurship and relative poverty in Nigeria

H<sub>0</sub>: There is no significant relationship between social entrepreneurship and material poverty in Nigeria

**LITERATURE REVIEW**

**Conceptual Framework**



## Jacopus Model of Social Poverty, 2017

### Concept of Social Entrepreneurship

Social entrepreneurship is the process in which entrepreneurs tailor their activities and directly tie with the ultimate goal of creating social value. Social entrepreneurship is defined as entrepreneurship with a social goal (Thompson, 2002). To him, social entrepreneurs have been regarded as change agents. Social entrepreneurship is the practice of responding to market failures with transformative and financially sustainable innovations aimed at solving social problems. Mort, Weerawardena and Carnegie (2002) asserts that social entrepreneurship is multi-dimensional and covers business activities in achieving social mission. To them, social entrepreneurship lies on the achievement of a social mission, which is accompanied by a balance between objectives and immoral actions. Social entrepreneurship is the individuals' action for change using principles and entrepreneurial models to meet social needs, to address social problems, and to maintain social values (Dees & Anderson, 2006). A social entrepreneur is a businessman who creates novel business ideas to address societal problems, such as poor access to food, clean water, healthcare, and education (Yunus 2010).

According to Dees (2001) with an agreement with Dacin, Dacin and Matear (2010) defined social entrepreneurship as a philanthropic activity that aims to achieve social objectives. According to them, social entrepreneurs are social investors like the NGOs who utilize their resources and capital at their disposal to manage business activities with the aim of helping the poor through reasonable methods. Mair and Marti (2006) noted that social entrepreneurship is social wealth creation. Social wealth creation is achieved through the primary motivation of social entrepreneurs which is to create value for other people, not to capture value (Santos, 2012). Social entrepreneurs are individuals who have new solutions to address social issues, and ultimately provide economic opportunities for the community. Santos (2012) notes that social entrepreneurship is a process of economic innovation which occurs with a variety of features of institutions based on the creation of values in which the method used is generally fit and proper to address problems in modern era. Social entrepreneurship is the expertise, talents and resources of entrepreneurs to the variety of problems such as education, health, personal safety and security, poverty alleviation, social advancement, and environmental sustainability (Kirby & Ibrahim, 2011).

Social entrepreneurship is the process of recognizing and resourcefully pursuing opportunities to create social value with the innovative method. Social entrepreneurs are innovative, resourceful, and result-oriented, people who draw upon the best thinking in both the business and non-profit worlds to develop strategies that maximize social impact. These entrepreneurial leaders operate in all kinds of organizations: large and small; new and old; religious and secular; non-profit, for-profit, and hybrid (Jiao, H2011). Robert (2005) view social entrepreneurship as the creation of a social value that is produced in collaboration with people and organizations from the civil society who are engaged in social innovations that usually imply an economic activity.

However, social entrepreneurship is the process of finding social needs and creating social values that will enable the business man to solve social problem faced by the society and in return achieve the aim of being socially responsible for the poor in the society.

Seelos and Mair (2005), who defined creating social values as the ultimate goal of social entrepreneurship. The economic values obtained through social entrepreneurship is only an additional goal (by-product) undertaken to ensure the sustainability and self-sufficiency of social entrepreneurship organizations. Social values means a mission of improving access to basic health, education, clean drinking water, Social Justice and Social rights. According to business dictionary (2016) social values are the concept which includes social capital as well as the subjective aspects of the citizens' well-being like their ability to participate in making decisions that affects them.

The term social problem is said to include terrorism, poverty, unemployment, AIDS, crime, drug abuse and rape in Nigeria. A social problem like unemployment, alcoholism and drug abuse can impact on a person's life, health, well-being, person's family and friends (Wisdom, 2010). The term social needs

are acceptance, love, affection, appreciation, belonging and companionship which are essential to individual in the community and these needs are met by forging relationships with other people.

### **Concept of Poverty**

World Bank (2011) sees poverty as an economic situation where people lack plenty income to obtain certain minimal levels of health services, food, housing, clothing and education which are necessities for the standard of living. According to Nweze and Ojowu (2002) poverty is subdivided into three such as absolute poverty, relative poverty and subjective poverty. To them, 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 like food, clothes, shelter and health. Also, to them, relative poverty is a situation where an individual's income is less than the average income of the population in the society being considered and subjective poverty according to Hara, Lambos and Holborn, (2004) is based on the individual perception about his/her standard of living.

According to UNDP quoted by Uzuegbunam, (2001) poverty is grouped in three categories such as absolute poverty, relative and material poverty. To them, absolute poverty means the inability to provide such physiological needs that Maslow estimated, that is foods, shelter, clothing, potable water, safety, healthcare service, basic education, transportation and gainful employment. Relative poverty is a situation whereby there is inadequate income to enhance active participation in societal activities. Material poverty is the deprivation of physical assets such as cash-crop trees, land and animal husbandry.

Poverty is an economic phenomenon where people in a particular environment face poor basic needs in the form of foods, shelter, clothing, potable water, safety, healthcare service, basic education and transportation and this can either be relative, material and absolute. It is also a situation where people lack income and material needs such as physical asset in terms of land, farm and husbandry and these resulted to poor standard of living in the society.

### **Empirical Findings**

Ibitoye, Atoyebi and Sufian, (2015) empirically examined the impact of entrepreneurship training and education on poverty reduction in Nigeria. The researchers adopted a stratified random sampling technique, 500 entrepreneurs and apprenticeships were chosen from six recognized Local Government Areas 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<sup>2</sup> the coefficient of determination.

Abd, Harafah, Muh and Rostin (2014) investigate the impact of entrepreneurship on increasing business performance and poverty reduction in micro business industrial sector. This research was conducted in Kendari Southeast Sulawesi Province by taking samples from three kinds of groups of micro sector business industries namely: a group of micro business of food and drinks; a group of business of wood industry; and the other micro industries. A total of 100 micro business industrial sectors provided the data for the study. The data were analyzed using hierarchical regression analyses. The results showed that entrepreneurship has a positive impact on business performance. It confirmed that entrepreneurship has a positive effect on poverty reduction.

Chebii (2016) investigate the effects of social entrepreneurship practices by micro finance institutions on poverty reduction using the beneficiaries of 7 Micro-Finance Institutions. 100 questionnaires were distributed and later collected for analysis, interpretation and analysis. Through the correlation analysis of the services provided and the range of income increase, it is clear that the services provide helped reduce the level of poverty among the beneficiaries. It is observed from the study findings that there is a strong relationship between the products and services offered by MFIs and the level of poverty eradication through income generation. It was also observed that by offering services and products, MFIs have enabled many people start business, improve their saving knowledge, purchase new farming machinery and build modern homes.



Marie (2014) examines the role of social entrepreneurship in the fight against poverty, exclusion and marginalization in Haiti using a survey consisting of interviews with eight social entrepreneurs and three Non-Governmental Organizations. Some young entrepreneurs and ministry officials have also participated in the survey to provide a full picture. The results showed that social entrepreneurship seems to be a promising way to exploit poverty-reduction opportunities, while applying business practices in a sustainable manner.

## **THEORIES OF SOCIAL ENTREPRENEURSHIP**

### **Sociological Entrepreneurship Theory**

The sociological theory focuses on the social context and deals with the level of analysis in traditional society (Lanstorm, 1998). Reynolds (1991) has identified four social contexts that relates to entrepreneurship activities. The first one is social networks. Here, the focus is on building social relationships and bonds that promote trust and not opportunism. In other words, the entrepreneur should not take undue advantage of people to be successful; rather success comes as a result of keeping faith with the people. The second he called the life course stage context which involves analysing the life situations and characteristic of individuals who have decided to become entrepreneurs. The experiences of people could influence their thought and action so they want to do something meaningful with their lives. The third context is ethnic identification. One's sociological background is one of the decisive push factors to become an entrepreneur. For example, the social background of a person determines how far he/she can go. Marginalized group may violate all obstacles and strive for success, spurred on by their disadvantaged background to make life better. The fourth social context is called population ecology. The idea is that environmental factors play important roles in the survival of business. The political system, government legislation, customers, employees and competition are some of the environmental factors that may have an impact on the survival of an entrepreneurial business.

### **Anthropological entrepreneurship theory**

Anthropology is the study of the origin, development, customs, and beliefs of a community; in other words, the culture of the people in the community. The anthropological theory says that for someone to successfully initiate a venture the social and cultural context should be examined or considered. Here emphasis is on the cultural entrepreneurship and social entrepreneurship. The theory states that as the entrepreneurial activities or business is created by the influence of one's country economy, the cultural practices of that economic environment lead to entrepreneurial activities such as innovation and creativity (Baskerville, 2003).

### **Jacopus Model of Social Poverty**

This model is developed by Jacob and Opusunju to explain the relationship between social entrepreneurship and poverty reduction. The model believes that poverty reduction in terms of absolute poverty (food, clothing, poor refine water, poor security, poor health care services, unemployment and high cost of transportation), relative poverty (income and poor standard of living) and material poverty ( land, farm and car) are the functions of social entrepreneurship in terms of social problems, social values and social needs, that is, RP is a function of social entrepreneurs ( $RP=F(SE)$ ), AP is a function of social entrepreneurs ( $AP=F(SE)$ ) and MP is a function of social entrepreneurs ( $MP=F(SE)$ ). where (RP=relative poverty, AP=absolute poverty and MP = material poverty). The model haven been tested by the researchers indicates that solving social problems can reduce absolute poverty, promoting social values lead to reduction of absolute poverty and providing social values significantly reduce absolute poverty. The theory also noted that solving social problems minimize relative poverty, promoting social values reduces relative poverty and providing social values contribute to relative poverty reduction. However, the theory explains further that solving social problems by social entrepreneurs reduce material poverty, promoting social values by the social entrepreneurs lead to reduction of material poverty and providing social values significantly reduce material poverty.

## METHODOLOGY

The study adopted survey research design using ordinary least square method of regression and data were collected through structured closed ended questionnaires of 5-points Likert Scale format. Regression was used as a means of trying to assess the effects of social entrepreneurship on poverty reduction in Nigeria. The population was 89,100 owners of NGOs according to media report in 2016 and the population of Nigeria is 182,296,521 according to National Population census estimation in 2015 which represent the beneficiaries of NGOs social activities. The sample size was determined using a sample of 400 and 399 were obtained from an estimated population of 182,296,521 and 89,100 respectively using Taro Yamane formula. Yamane's (1973) Sample Size Determination Formula was used because it helped in reducing a large population to a study sample. The questionnaire was administered to the respondents on issues regarding social entrepreneurship and poverty reduction using a sample of 400 and 399, and sample were added together and shared among the six geopolitical zones in Nigeria. 20% were added to ensure successful returned of the administered questionnaire. The reason for adding the two sample sizes was that the issues of poverty can be answer by all the respondents and the issue of social entrepreneurship can also be answered by all the respondents. 958 copies of questionnaire was shared to South-south zone, north central zone, south east zone, south west zone, north east zone and north-west zone.

**Table 1: How questionnaire were shared**

|                    |                                      |
|--------------------|--------------------------------------|
| South South Zone   | 159 from this, 25 were sent to NGOs  |
| South East Zone    | 159 from this, 25 were sent to NGOs  |
| North Central Zone | 163 from this, 25 were sent to NGOs  |
| South West Zone    | 159 from this, 25 were sent to NGOs  |
| North East Zone    | 159 from this, 25 were sent to NGOs  |
| North West Zone    | 159 from this, 25 were sent to NGOs  |
| Total              | 958 from this, 150 were sent to NGOs |

**Source: Researcher's Computation (2017)**

However, the questionnaire were administered equally to all zones except North Central zone where the second author administered personally and other zones were assisted by friends who resides in those zones. After the questionnaire had stayed for two weeks with them, they were returned using transport courier services in Nigeria. The owners or representative of the NGOs filled and returned the questionnaire. The total questionnaire returned was 714 and these copies of questionnaire were by the researchers to analyse the data. The data were also tested for Normality of the dependent variables to ascertain if the data were to be used as its original state.

Reliability was ensured by testing the instruments for the reliability of values (Alpha values) as recommended by Cronbach, (1946). Cronbach recommends analysis for Alpha values for each variable under study. According to Sekaran 2001 Alpha values for each variable under study should not be less than 0.6 for the statements in the instruments to be deemed reliable. Consequently, all the statements under each variable were subjected to this test and were proven to be above 0.6. The validity of the data collection instruments was done with the help of Questionnaires.

**Table 2 Scale Reliability of Variables**

| Variables               | Cronbach's Alpha |
|-------------------------|------------------|
| Absolute Poverty        | 0.89             |
| Relative Poverty        | 0.66             |
| Material Poverty        | 0.71             |
| Social Entrepreneurship | 0.97             |

**Source: Researcher's Computation (2017)**

Therefore all the variables in the instrument are deemed reliable.

Ordinary least squares method of regression was used with the aid of e-view statistical package to analyze the impact of social entrepreneurship on poverty reduction in Nigeria. A multiple model of regression is used in line with estimated visual mode. A mathematical model which gave way to statistical model is estimated below:

$$Y = \alpha + \beta x$$

Where Y is the dependent variable

$\alpha$  = intercept

$\beta$  = coefficient

x= independent variable

**Statistical Models for the Regression are:**

$$AP = \alpha + \beta_1 SP + \beta_2 SV + \beta_3 SN + \mu \quad - \quad - \quad - \quad - \quad - \quad 1$$

$$RP = \alpha + \beta_1 SP + \beta_2 SV + \beta_3 SN + \mu \quad - \quad - \quad - \quad - \quad - \quad 2$$

$$MA = \alpha + \beta_1 SP + \beta_2 SV + \beta_3 SN + \mu \quad - \quad - \quad - \quad - \quad - \quad 3$$

**Where:**

AP = Absolute poverty

RP = relative poverty

MA = material poverty

SP = social problems

SV = social values

SN= social needs

$\alpha$  =Intercept or Constant

$\beta$  = Slope of the regression line with respect to the independent variables

$\mu$  = error term

**Analysis and Results**

**H<sub>01</sub>: Social Entrepreneurship and Absolute Poverty in Nigeria**

**Table 2: Absolute Poverty**

| Items- Absolute Poverty   | 5          | 4          | 3         | 2          | 1          |
|---|------------|------------|-----------|------------|------------|
| There is frequently scarcity of food and majority of Nigerian do not eat three square meal in a day | 202(28.29) | 221(30.95) | 33(4.62)  | 151(21.14) | 107(14.98) |
| Majority of Nigerian do not have shelter  | 151(21.14) | 132(18.48) | 41(5.74)  | 242(33.89) | 148(20.72) |
| Majority of Nigerian do not have good clothes to wear   | 199(27.87) | 211(29.55) | 34(4.76)  | 233(32.63) | 37(5.18)   |
| Majority of Nigerian do not have access to clean water  | 202(28.29) | 241(33.75) | 61(8.54)  | 121(16.94) | 89 (12.45) |
| There is no safety in Nigeria   | 228(31.93) | 251(35.15) | 56(7.8)   | 119(16.67) | 60(8.40)   |
| There is frequent poor health care services in Nigeria  | 219(30.67) | 271(37.96) | 48(11.76) | 121(16.94) | 55(7.70)   |
| There is high cost of education and majority of Nigerian do not have basic education                | 233(32.63) | 222(31.09) | 33(4.62)  | 117(16.38) | 109(15.26) |
| There is high cost of transportation in Nigeria   | 281(39.35) | 211(29.55) | 29(4.06)  | 109(15.26) | 84(11.76)  |

Source: survey, 2017

**Table 3 Mean of Absolute poverty**

| Variables   | 5   | 4   | 3  | 2   | 1   | FX  | N    | Mean | Remarks | Sectoral mean |
|-------------|-----|-----|----|-----|-----|-----|------|------|---------|---------------|
| Food        | 202 | 221 | 33 | 151 | 107 | 714 | 2253 | 3.15 | High    | 3.42          |
| Clothes     | 151 | 132 | 41 | 242 | 148 | 714 | 2038 | 2.85 | Low     |               |
| Clean Water | 202 | 241 | 61 | 121 | 89  | 714 | 2488 | 3.48 | High    |               |

|                |     |     |    |     |     |     |      |      |           |
|----------------|-----|-----|----|-----|-----|-----|------|------|-----------|
| Safety         | 228 | 251 | 56 | 119 | 60  | 714 | 2610 | 3.65 | Very high |
| Health care    | 219 | 271 | 48 | 121 | 55  | 714 | 2620 | 3.66 | Very high |
| Education      | 233 | 222 | 33 | 117 | 109 | 714 | 2495 | 3.49 | High      |
| Transportation | 281 | 211 | 29 | 109 | 84  | 714 | 2638 | 3.69 | Very high |

**Author's Computation, 2017**

From the table, absolute poverty in Nigeria is high and this implies that poor feeding (problem of food) is high and people do not eat three square meal a day, clothing is low and there is high problem of unclean water, the problem of safety is high, there is very high poor health care facilities in Nigeria, inadequate basic education in Nigeria is a major problem as well and majority of Nigeria do not have basic education and there is high transportation cost in Nigeria.

**Table 4: Social Problems**

| Items on Social Problems  | 5          | 4          | 3         | 2          | 1          |
|---|------------|------------|-----------|------------|------------|
| NGOs frequently solves social problems in terms of adolescent pregnancy | 255(35.71) | 215(30.11) | 22(3.08)  | 119(16.67) | 103(14.42) |
| NGOs solves child abuse problems in Nigeria                             | 233(32.63) | 222(31.09) | 76(10.64) | 121(16.94) | 62(8.68)   |
| NGOs solves domestic violence in Nigeria                                | 78(10.92)  | 69(9.66)   | 23(3.22)  | 211(29.55) | 333(46.64) |
| NGOs solves crime problems in Nigeria                                   | 67(9.38)   | 88(12.32)  | 12(1.68)  | 223(31.23) | 324(45.37) |

Source: survey, 2017

**Table 5: The Mean of Social Problems**

| Variables            | 5   | 4   | 3  | 2   | 1   | FX  | N    | Mean | Remarks   | Sectoral mean |
|----------------------|-----|-----|----|-----|-----|-----|------|------|-----------|---------------|
| Adolescent pregnancy | 255 | 215 | 22 | 119 | 103 | 714 | 2542 | 3.56 | Very high | 2.81          |
| child abuse          | 233 | 222 | 76 | 121 | 62  | 714 | 2585 | 3.62 | Very high |               |
| Domestic violence    | 78  | 69  | 23 | 211 | 333 | 714 | 1490 | 2.00 | Low       |               |
| Crime                | 67  | 88  | 12 | 223 | 324 | 714 | 1493 | 2.09 | Low       |               |

**Author's Computation, 2017**

From the table, NGOs have not solved much of the social problems, though only adolescent pregnancy problem and child abuse problem but have to a greater extent failed to solve domestic violence and crime that is why the rates are low.

**Table 6: Social Needs**

| Items on Social needs  | 5          | 4          | 3          | 2         | 1          |
|--|------------|------------|------------|-----------|------------|
| NGOs frequently accept the poor in the society                             | 311(43.56) | 212(29.69) | 156(21.84) | 33(4.62)  | 2(0.28)    |
| NGOs frequently make the poor to have a sense of belonging in the society. | 255(35.71) | 278(38.93) | 17(2.30)   | 44(6.16)  | 120(16.80) |
| NGOs frequently ensured that the poor are love in the society              | 288(40.33) | 299(41.87) | 23(3.21)   | 79(10.64) | 25(3.50)   |

|  |            |            |          |          |           |
|--|------------|------------|----------|----------|-----------|
| NGOs frequently ensured the poor have affection in the society | 265(37.11) | 312(43.69) | 14(1.96) | 48(6.72) | 75(10.50) |
|--|------------|------------|----------|----------|-----------|

Source: survey, 2017

**Table 7: The Mean of Social Needs**

| Variables          | 5   | 4   | 3   | 2  | 1   | FX  | N    | Mean | Remarks   | Sectoral mean |
|--------------------|-----|-----|-----|----|-----|-----|------|------|-----------|---------------|
| Acceptance         | 311 | 212 | 156 | 33 | 2   | 714 | 2939 | 4.11 | Very high | 3.94          |
| Sense of Belonging | 255 | 278 | 17  | 44 | 120 | 714 | 2646 | 3.71 | Very high |               |
| Love               | 288 | 299 | 23  | 79 | 25  | 714 | 2888 | 4.04 | Very high |               |
| Affection          | 265 | 312 | 14  | 48 | 75  | 714 | 2786 | 3.90 | Very high |               |

**Author's Computation, 2017**

From the table, NGOs have to a greater extent provided social needs such as making the poor to be accepted in the society, giving them sense of belonging and love as well as affection since the sectoral mean is more than average.

**Table 8: Social Values**

| Items on Social values   | 5          | 4          | 3        | 2        | 1         |
|--|------------|------------|----------|----------|-----------|
| NGOs frequently ensured that there is integrity among people in their dealing with others in the society | 322(45.09) | 278(38.93) | 18(2.52) | 20(2.80) | 76(10.64) |
| NGOs frequently ensured that there is competence among the poor in the society.                          | 267(37.39) | 296(41.46) | 44(6.16) | 39(5.46) | 68(9.52)  |
| NGOs frequently ensured that there is human dignity in Nigeria   | 342(47.89) | 211(29.55) | 31(4.34) | 51(7.14) | 50(7.00)  |
| NGOs frequently ensured that there is social justice in Nigeria  | 344(48.17) | 222(31.09) | 20(2.80) | 41(1.96) | 87(12.18) |

Source: survey, 2017

**Table 9: The Mean of Social Values**

| Variables      | 5   | 4   | 3  | 2  | 1  | FX  | N    | Mean | Remarks   | Sectoral mean |
|----------------|-----|-----|----|----|----|-----|------|------|-----------|---------------|
| Integrity      | 322 | 278 | 18 | 20 | 76 | 714 | 2892 | 4.05 | Very high | 3.96          |
| Competence     | 267 | 296 | 44 | 39 | 68 | 714 | 2797 | 3.91 | Very high |               |
| Human dignity  | 342 | 211 | 31 | 51 | 50 | 714 | 2799 | 3.92 | Very high |               |
| Social justice | 344 | 222 | 20 | 41 | 87 | 714 | 2837 | 3.97 | Very high |               |

**Author's Computation, 2017**

From the table, NGOs provide social values very well such as making the poor to live with integrity, competence, human dignity and social justice since the sectoral mean is more than average.

H<sub>01</sub> **Social Entrepreneurship and Absolute Poverty in Nigeria****Tests of Normality**

|    | Kolmogorov-Smirnov <sup>a</sup> |     |      | Shapiro-Wilk |     |      |
|----|---------------------------------|-----|------|--------------|-----|------|
|    | Statistic                       | Df  | Sig. | Statistic    | Df  | Sig. |
| AP | .376                            | 714 | .717 | .899         | 714 | .710 |

a. Lilliefors Significance Correction

The dependent variable was tested for normality such that kolmogorogy Smimov was more than 1% level of significance, 5% and 10% level of significance which indicates that the data collected was normally distributed and was used to conduct this study.

### Regression Result using E-view Statistical software Package

$$AP = \alpha + \beta_1 SP + \beta_2 SV + \beta_3 SN$$

Dependent Variable: AP

Method: Least Squares

Date: 04/24/17 Time: 17:41

Sample: 1 714

Included observations: 714

| Variable           | Coefficient | Std. Error            | t-Statistic | Prob.    |
|--------------------|-------------|-----------------------|-------------|----------|
| C                  | 0.026661    | 0.031393              | 0.849288    | 0.0000   |
| SP                 | 0.044238    | 0.034259              | 1.291290    | 0.0000   |
| SV                 | 0.659793    | 0.030725              | 21.47409    | 0.0000   |
| SN                 | 0.303435    | 0.031874              | 9.519765    | 0.0000   |
| R-squared          | 0.974831    | Mean dependent var    |             | 2.689655 |
| Adjusted R-squared | 0.974611    | S.D. dependent var    |             | 1.524519 |
| S.E. of regression | 0.242915    | Akaike info criterion |             | 0.019214 |
| Sum squared resid  | 20.29858    | Schwarz criterion     |             | 0.063492 |
| Log likelihood     | 0.656790    | Hannan-Quinn criter.  |             | 0.036842 |
| F-statistic        | 4441.155    | Durbin-Watson stat    |             | 1.301372 |
| Prob(F-statistic)  | 0.000000    |                       |             |          |

Source: Data output using e-view statistical package of 7.00 (2017)

Decision Rule: 10% significance level

The analysis indicates that the coefficient for social entrepreneurship in terms of solving social problems (SP) is significant in reducing absolute poverty (AP) in Nigeria. The  $AP = 0.02 + 0.04SP$  which indicates that solving social problems will reduce by 0.04% for every 1% reduction in absolute poverty in Nigeria. The p-value of 0.00 is less than the t-statistic value of 1.29 and the standard error value of 0.03 is less than the t-statistic value. This implies that there is a significant relationship between solving social problems and reduction of absolute poverty in Nigeria.

The coefficient for social entrepreneurship in terms of promoting social values (SV) is significant in reducing absolute poverty (AP) in Nigeria. The  $AP = 0.02 + 0.65SV$  which indicates that promoting social values will increase by 0.65% for every 1% reduction in absolute poverty in Nigeria. The p-value of 0.00 is less than the t-statistic value of 21.47 and the standard error value of 0.03 is less than the t-statistic value. This implies that there is a significant relationship between promoting social values and reduction of absolute poverty in Nigeria.

The coefficient for social entrepreneurship in terms of providing social needs (SN) is significant in reducing absolute poverty (AP) in Nigeria. The  $AP = 0.02 + 0.30SN$  which indicates that providing social needs will increase by 0.30% for every 1% reduction in absolute poverty in Nigeria. The p-value of 0.00 is less than the t-statistic value of 9.51 and the standard error value of 0.03 is less than the t-statistic value. This implies that there is a significant relationship between providing social values and reduction of absolute poverty in Nigeria.

The f-statistic value of 4441.155 is significant at p statistic value of 0.00 and a Durbin Watson value of 1.30 which provides evidence of existence of linear relationship between social entrepreneurship (social problems, social values and social needs) and reduction of absolute poverty in Nigeria. The  $R^2 = 0.97$  indicates that only 97% social entrepreneurship (social problems, social values and social needs) embarked upon by the NGO's contributes immensely to reduction in absolute poverty in Nigeria but 3% can be explained by other factors not noted in the regression model which is refer to as error term. Therefore we accept the alternative hypothesis that there is a significant relationship between social entrepreneurship (social problems, social values and social needs) and reduction of absolute poverty in Nigeria.

### **H<sub>02</sub>: Social Entrepreneurship and Relative Poverty in Nigeria**

**Table 10: Relative Poverty**

| Items on relative poverty   | 5          | 4          | 3        | 2          | 1          |
|---|------------|------------|----------|------------|------------|
| Majority of Nigerians earn poor income such as N5,000, N10,000; N 20,0000 and N30,0000 which cannot provide certain basic needs | 233(32.63) | 229(32.07) | 22(3.08) | 121(16.94) | 109(15.26) |
| There is poor standard of living among majority of Nigerians  | 267(37.39) | 296(41.46) | 44(6.16) | 39(5.46)   | 68(9.52)   |

Source: survey, 2017

**Table 11: The mean of relative poverty**

| Variables          | 5   | 4   | 3  | 2   | 1   | FX   | N   | Mean | Remarks   | Sectoral mean |
|--------------------|-----|-----|----|-----|-----|------|-----|------|-----------|---------------|
| Income of People   | 233 | 229 | 22 | 121 | 109 | 2498 | 714 | 3.50 | Very high | 3.71          |
| Standard of Living | 267 | 296 | 44 | 39  | 68  | 2797 | 714 | 3.92 | Very high |               |

Author's Computation, 2017

From the table, it shows that relative poverty in Nigeria is very high and this implies that income level of Nigerians is very poor making the mean value to be very high. Similarly, the standard of living in Nigeria is poor making the mean value to be very high and the sectoral mean is more than average.

### **Tests of Normality**

|    | Kolmogorov-Smirnov <sup>a</sup> |     |      | Shapiro-Wilk |     |      |
|----|---------------------------------|-----|------|--------------|-----|------|
|    | Statistic                       | Df  | Sig. | Statistic    | Df  | Sig. |
| RP | .397                            | 714 | .797 | .899         | 714 | .910 |

a. Lilliefors Significance Correction

The dependent variable is tested for normality such that kolmogorogy Smimov is more than 1% level of significance, 5% and 10% level of significance which indicates that the data collected is normally distributed and can be used to conduct this study.

### Regression Result using E-view Statistical software Package

$$RP = \alpha + \beta_1 SP + \beta_2 SV + \beta_3 SN$$

Dependent Variable: RP

Method: Least Squares

Date: 04/24/17 Time: 17:42

Sample: 1 714

Included observations: 714

| Variable           | Coefficient | Std. Error            | t-Statistic | Prob.    |
|--------------------|-------------|-----------------------|-------------|----------|
| C                  | 0.255171    | 0.108245              | 2.357349    | 0.0000   |
| SP                 | 0.866420    | 0.038793              | 22.33451    | 0.0000   |
| SV                 | 0.207357    | 0.039935              | 5.192408    | 0.0000   |
| SN                 | 0.204564    | 0.041782              | 4.895941    | 0.0000   |
| R-squared          | 0.874399    | Mean dependent var    |             | 2.689655 |
| Adjusted R-squared | 0.873304    | S.D. dependent var    |             | 1.524519 |
| S.E. of regression | 0.542643    | Akaike info criterion |             | 1.626697 |
| Sum squared resid  | 101.2947    | Schwarz criterion     |             | 1.670975 |
| Log likelihood     | -279.0453   | Hannan-Quinn criter.  |             | 1.644325 |
| F-statistic        | 798.2804    | Durbin-Watson stat    |             | 1.072483 |
| Prob(F-statistic)  | 0.000000    |                       |             |          |

Source: Data output using e-view statistical package of 7.00 (2017)

Decision Rule: 10% significance level

The analysis indicates that the coefficient for social entrepreneurship in terms of solving social problems (SP) is significant in reducing relative poverty (RP) in Nigeria. The  $RP = 0.25 + 0.86SP$  which indicates that solving social problems will reduce by 0.86% for every 1% reduction in relative poverty in Nigeria. The p-value of 0.00 is less than the t-statistic value of 22.33 and the standard error value of 0.03 is less than the t-statistic value. This implies that there is a significant relationship between solving social problems and reduction of relative poverty in Nigeria. The coefficient for social entrepreneurship in terms of promoting social values (SV) is significant in reducing relative poverty (RP) in Nigeria. The  $RP = 0.25 + 0.20SV$  which indicates that promoting social values will increase by 0.60% for every 1% reduction in relative poverty in Nigeria. The p-value of 0.00 is less than the t-statistic value of 5.19 and the standard error value of 0.03 is less than the t-statistic value. This implies that there is a significant relationship between promoting social values and reduction of relative poverty in Nigeria. The coefficient for social entrepreneurship in terms of providing social needs (SN) is significant in reducing relative poverty (RP) in Nigeria. The  $RP = 0.25 + 0.20SN$  which indicates that providing social needs will increase by 0.20% for every 1% reduction in relative poverty in Nigeria. The p-value of 0.00 is less than the t-statistic value of 4.89 and the standard error value of 0.04 is less than the t-statistic value. This implies that there is a significant relationship between providing social values and reduction of relative poverty in Nigeria.

The f-statistic value of 798.2804 is significant at p statistic value of 0.00 and a Durbin Watson value of 1.07 which provides evidence of existence of linear relationship between social entrepreneurship (social problems, social values and social needs) and reduction of relative poverty in Nigeria. The  $R^2 = 0.87$  indicates that only 87% social entrepreneurship (social problems, social values and social needs) embarked upon by the NGO's contributes immensely to reduction in relative poverty in Nigeria but 13% can be explained by other factors not noted in the regression model which is refer to as error term. Therefore we accept the alternative hypothesis that there is a significant relationship between social entrepreneurship (social problems, social values and social needs) and reduction of relative poverty in Nigeria.



**H<sub>03</sub>: Social Entrepreneurship and Material Poverty in Nigeria****Table 12: Material Poverty**

| Items on material poverty  | 5          | 4          | 3         | 2          | 1          |
|--|------------|------------|-----------|------------|------------|
| Majority of Nigerians do not have cars or machine and even bicycle | 212(29.69) | 209(29.27) | 52(7.28)  | 111(15.54) | 130(18.20) |
| Majority of Nigerians do not have land to build houses             | 322(45.09) | 278(38.93) | 18(2.52)  | 20(2.80)   | 76(10.64)  |
| Majority of Nigerians do not have farmland to cultivate            | 233(32.63) | 222(31.09) | 76(10.64) | 121(16.94) | 62(8.68)   |

Source: survey, 2017

**Table 13: The mean of Material Poverty**

| Variables                  | 5   | 4   | 3  | 2   | 1   | FX   | N   | Mean | Remarks   | Sectoral mean |
|----------------------------|-----|-----|----|-----|-----|------|-----|------|-----------|---------------|
| Cars, Machines and bicycle | 212 | 209 | 52 | 111 | 130 | 2404 | 714 | 3.37 | high      | 3.68          |
| Land to build house        | 322 | 278 | 18 | 20  | 76  | 2892 | 714 | 4.05 | Very high |               |
| Farmland                   | 233 | 222 | 76 | 121 | 62  | 2585 | 714 | 3.62 | Very high |               |

**Author's Computation, 2017**

From the table, it shown that material poverty in Nigeria is very high and this implies that majorities of Nigerian do not have cars, machines and bicycle making the mean value to be high, majority of Nigerian do not have land to build houses and mean is very high implying that most Nigerian live in rented apartment and majority of Nigerian do not have farmland to farm some vegetables. Most Nigerian buy all their food stuffs in the market and the sectoral mean is more than average meaning that material poverty is very high in Nigeria.

**Tests of Normality**

|    | Kolmogorov-Smirnov <sup>a</sup> |    |      | Shapiro-Wilk |    |      |
|----|---------------------------------|----|------|--------------|----|------|
|    | Statistic                       | Df | Sig. | Statistic    | Df | Sig. |
| MP | .397                            | 46 | .097 | .899         | 46 | .930 |

a. Lilliefors Significance Correction

The dependent variable is tested for normality such that kolmogorogy Smimov is more than 1% level of significance, 5% and 10% level of significance which indicates that the data collected is normally distributed and can be used to conduct this study.

**Regression Result using  
E-view Statistical software Package**

$$MP = \alpha + \beta_1 SP + \beta_2 SV + \beta_3 SN$$

Dependent Variable: MP

Method: Least Squares

Date: 04/24/17 Time: 17:43

Sample: 1 348

Included observations: 348

| Variable           | Coefficient | Std. Error            | t-Statistic | Prob.    |
|--------------------|-------------|-----------------------|-------------|----------|
| C                  | 0.194838    | 0.266346              | 4.486035    | 0.0000   |
| SP                 | 0.854443    | 0.053448              | 15.98651    | 0.0000   |
| SV                 | 0.179299    | 0.084444              | 2.123297    | 0.0044   |
| SN                 | 0.010933    | 0.053173              | 0.205619    | 0.0002   |
| R-squared          | 0.766477    | Mean dependent var    |             | 2.689655 |
| Adjusted R-squared | 0.764441    | S.D. dependent var    |             | 1.524519 |
| S.E. of regression | 0.739917    | Akaike info criterion |             | 2.246870 |
| Sum squared resid  | 188.3321    | Schwarz criterion     |             | 2.291148 |
| Log likelihood     | -386.9553   | Hannan-Quinn criter.  |             | 2.264498 |
| F-statistic        | 376.3633    | Durbin-Watson stat    |             | 1.037431 |
| Prob(F-statistic)  | 0.000000    |                       |             |          |

Source: Data output using e-view statistical package of 7.00 (2017)

Decision Rule: 10% significance level

The analysis indicates that the coefficient for social entrepreneurship in terms of solving social problems (SP) is significant in reducing material poverty (MP) in Nigeria. The  $MP = 0.19 + 0.85SP$  which indicates that solving social problems will reduce by 0.85% for every 1% reduction in material poverty in Nigeria. The p-value of 0.00 is less than the t-statistic value of 15.98 and the standard error value of 0.05 is less than the t-statistic value. This implies that there is a significant relationship between solving social problems and reduction of material poverty in Nigeria. The coefficient for social entrepreneurship in terms of promoting social values (SV) is significant in reducing material poverty (MP) in Nigeria. The  $MP = 0.19 + 0.17SV$  which indicates that promoting social values will increase by 0.17% for every 1% reduction in material poverty in Nigeria. The p-value of 0.00 is less than the t-statistic value of 2.12 and the standard error value of 0.08 is less than the t-statistic value. This implies that there is a significant relationship between promoting social values and reduction of material poverty in Nigeria.

The coefficient for social entrepreneurship in terms of providing social needs (SN) is significant in reducing material poverty (MP) in Nigeria. The  $MP = 0.19 + 0.01SN$  which indicates that providing social needs will increase by 0.01% for every 1% reduction in material poverty in Nigeria. The p-value of 0.00 is less than the t-statistic value of 0.20 and the standard error value of 0.05 is less than the t-statistic value. This implies that there is a significant relationship between providing social values and reduction of material poverty in Nigeria. The f-statistic value of 376.3633 is significant at p statistic value of 0.00 and a Durbin Watson value of 1.03 which provides evidence of existence of linear relationship between social entrepreneurship (social problems, social values and social needs) and reduction of relative poverty in Nigeria. The  $R^2 = 0.76$  indicates that only 76% social entrepreneurship (social problems, social values and social needs) embarked upon by the NGO's contributes immensely to reduction in material poverty in Nigeria but 13% can explained by other factors not noted in the regression model which is refer to as error term. Therefore we accept the alternative hypothesis that there is a significant relationship between social entrepreneurship (social problems, social values and social needs) and reduction of material poverty in Nigeria.

### Discussion of Findings

From the analysis, social entrepreneurship and poverty reduction in Nigeria is significant. This shows that social entrepreneurship (social problems, social values and social needs) lead to reduction of absolute poverty in Nigeria, social entrepreneurship (social problems, social values and social needs) contribute to reduction of relative poverty in Nigeria and social entrepreneurship (social problems, social values and social needs) lead to reduction of material poverty in Nigeria. The finding is in lined

to the findings of Marie (2014) who found a positive significant relationship between social entrepreneurship and poverty reduction. The study is also in line with anthropological theory which says that for someone to successfully initiate a venture the social and cultural context should be examined or considered. Here emphasis is on the cultural entrepreneurship and social entrepreneurship and study also ensure the theory developed in this study is unique. The theory that poverty reduction in terms of absolute poverty (food, clothing, poor refined water, poor security, poor health care services, unemployment and high cost of transportation), relative poverty (income and poor standard of living) and material poverty (land, farm and car) are the functions of social entrepreneurship in terms of social problems, social values and social needs.

### Conclusions and Recommendations

This study concludes that social entrepreneurship and poverty reduction in Nigeria is significant. This shows that social entrepreneurship (social problems, social values and social needs) lead to reduction of absolute poverty in Nigeria, social entrepreneurship (social problems, social values and social needs) contribute to reduction of relative poverty in Nigeria and social entrepreneurship (social problems, social values and social needs) lead to reduction of material poverty in Nigeria. It is therefore recommended that that social entrepreneurs in Nigeria should be encouraged to provide greater resiliency and independence by helping beneficiaries to learn social values and diversify their funding base on social needs while enhancing their programmes or services towards social problems since it significantly contribute to reduction of poverty rate in Nigeria.

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# THE EFFECT OF LED LAMP INVASION AND ITS POWERFACTOR ON THE UTILITY GRID: A CASE STUDY OF NIGERIAN MARKET

Anthony U. Adoghe<sup>\*1</sup>, Owuama Chinemere E<sup>\*2</sup>, Atuegwu Charity<sup>3</sup>, Ihuoma Ekeoma O<sup>4</sup>

<sup>1,2,3</sup> Department of Electrical and Information Engineering, Covenant University, Ota, (Nigeria)

<sup>4</sup> Department of Economics, Covenant University, Ota (Nigeria)

<sup>\*1</sup>anthony.adoghe@covenantuniversity.edu.ng

<sup>\*2</sup>owuamachinemere@gmail.com

<sup>3</sup>maczdata@gmail.com

<sup>4</sup>ieowuama@gmail.com

## Abstract

The power crisis problem is getting worse in the developing countries. Measures are being taken to overcome the power shortage problem by efficiently utilizing the available power. Replacement of high-power consumption lamps with energy efficient lamps is also among these steps. One of those energy efficient lamps is the light emitting diode (LED). However, LED lamps have low power factor. This paper will compare the power factor of eight (8) commercial LED bulbs and five (5) Compact fluorescent lamps (CFL) prevalent in the Nigerian market using the Plug-In Power & Energy Monitor. The results show that the power factor of most LED bulbs in the market range from as low as 0.08 – 0.5, whereas CFLs range from 0.55 – 0.66. Though LED bulbs are claimed to be energy efficient, low power factor energy bulbs results increase in I<sup>2</sup>R losses, thus increase the power crises already existing

Keywords: -- Energy saving, Grid, LED, Power Crisis, Power Factor.

## INTRODUCTION

This Power crisis problem is getting worse in the developing countries because the power generation is less than the demand and Nigeria is no exception to this scenario. For example, according to the Federal ministry of power in Nigeria, the power statistics show that the power generated as at 6th June 2016 was 2,687.2MW, and 4,232.6MW as at 24th March 2017, while the peak demand forecast was 12,800MW. This meets only about 21% of the energy demand in the country which is not good. Table 1 gives the power generated as at June 2016 vs the demand in Nigeria (Federal Ministry of power, 2016). Also, expanding it to some parts of Africa, Fig. 1 shows current consumption of electrical power, its unmet demand and additional demand by 2030 for six (6) African countries. This clearly shows that the unmet demand of energy to consumers far exceeds the current consumption of energy which further shows the power crisis in Africa.

Table 1: showing the energy generation for Saturday, 24<sup>th</sup> March 2017

| PEAK GENERATION (MW) | PEAK DEMAND FORECAST (MW) |
|----------------------|---------------------------|
| 4,232.6              | 12,800                    |

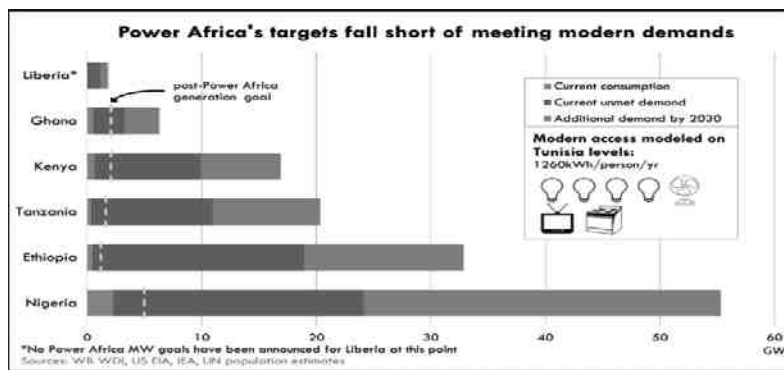


Fig. 1 shows a graph of energy consumption and unmet demand in some parts of Africa (M.M. Aman, 2013).

In order to overcome the power shortage problem, most researchers are of the opinion that the small available power should be efficiently managed by reducing consumption. One of such solutions is the replacement of high-power consumption lamps with energy efficient lamps (M.M. Aman, 2013).

## LITERATURE REVIEW

### Need to Reduce Energy Consumption

#### Why LED lamp

Today artificial lighting is a critical part of modern life and it accounts for approximately 20% of the electricity consumption worldwide (Sohel Uddin, 2013) & (Mahmoud S. Abd El-Moniem, 2014). Because energy saving is becoming increasingly important, given that easily accessible energy resources are becoming scarce. Therefore, the use of these products is being phased out across the industrialized world as in the European Union.

To promote energy sustainability and reduce energy consumption, governments have introduced policies that will ban energy-inefficient and high power consuming lamps (e.g. incandescent bulbs) and replace them with new technology lamps such as Fluorescent tubes, compact fluorescent tubes (CFLs) and LEDs (Mahmoud S. Abd El-Moniem, 2014). Surprisingly, the new technology of lighting source which is LED lamps differ from the traditional incandescent lamps, which use filaments to generate heat radiation, and fluorescent lamps, which use gaseous discharging (IR Green, 2011).

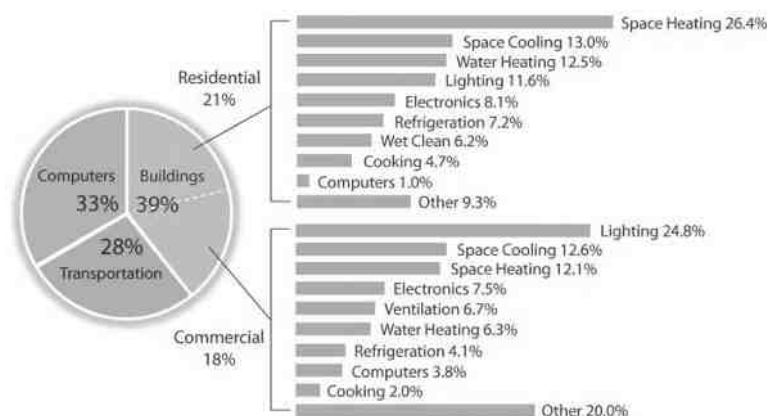


Fig. 2: Primary energy used in US commercial and residential buildings ((IIASA) and Global Energy Assessment (GEA), 2012)

According to literature, LED lamps present an effective and robust solution to replace the traditional lighting sources due to their advantages such as (Mahmoud S. Abd El-Moniem, 2014).

- luminous efficiency is high
- long life of c.100, 000 h.

- Absence of glass components or filaments makes it to be robust.
- No external reflector.
- LED lamp are usually composed of a string of LEDs; Failure of one LED may not cause the light to go off because of back-up.
- Has a property for the light to be easily dimmed, this can be achieved using PWM or amount of current introduced.
- Absence of infra-red (IR) or ultra-violet (UV) output. (Mahmoud S. Abd El-Moniem, 2014)
- Negligible heat transfer in the light beam (Ryckaert WR, 2012)

### General Overview of LED

LED is semiconductor diode which not only performs rectification and voltage regulation but can also be used to emit different colors of light. They are operated from a low-voltage DC supply.

In general lighting applications, the LED lamps have to operate from a universal AC input. They require a constant current source from a low-DC voltage source obtained from the AC mains, therefore, an AC–DC converter is needed to drive the LED lamp (N. Khan, 2011). The converter is used for voltage and current regulation. The boost, flyback, buck converters are renowned power sources for LEDs. [(Mahmoud S. Abd El-Moniem, 2014)

The LED brightness is strongly dependent on its current, so an efficient control is needed to regulate the LED current. (Mahmoud S. Abd El-Moniem, 2014) Fig 3 gives the basic block diagram of LED lamp internal ballast circuit.

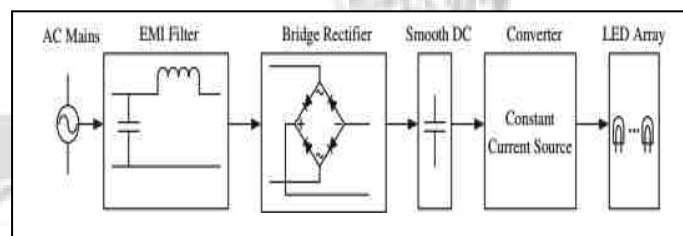


Fig 3 basic block diagram of LED lamp internal ballast

### LED lamp and power factor

Most of the applications that require AC–DC power conversion need the output DC voltage to be well regulated with good steady-state and transient performances. The rectifier with a filter capacitor is cost effective, but the quality of the supply is severely degraded with the presence of a filter capacitor after the rectifier connection this causes problem including affecting the performance of other loads connected to it. Although, an electrolytic capacitor which is usually large, reduces the ripple from the output voltage, it introduces distortions to the input current from the supply (Mahmoud S. Abd El-Moniem, 2014) & (N. Khan, 2011). This presents some problems, including a reduction of available power; the non-sinusoidal line current rises the total harmonic distortion (THD), and increases power losses. This results in poor power quality, voltage distortion, and poor power factor at input AC mains (Mahmoud S. Abd El-Moniem, 2014).

Lumen depreciation in case of LED lamp is primarily caused by the heat generated at the LED junction. LED does not emit infra-red radiations thus the heat must be removed from the device by convection or conduction method. Heat sink are usually provided for high power LED lamps to reduce the lumens depreciation rate. Without adequate heat sinking or ventilation, the increased device temperature results in lower light output and reduced life (B.Rajesh Kumar, 2014).

## Effect of Large Amount of Low Power Factor to The Grid

Factor is defined as the ratio between real power or actual power to apparent power (Richard Ellenbogen, 2008). The Effect of large amount of reactive power and low power factor to the Utility Network results in:

- Greater power losses occur in all components
- Burning wires and cables: low power factor causes  $I^2R$  Losses, which is in the form of heat. Excess heat can cause burning of systems components.
- Increased generation required to compensate for losses
- Wasted Energy
- Increased Greenhouse gas emission from extra power production

Since LED lighting represents a green technology, the issue of good power factor is very important. Thus, there is a need to solve the issue of low power factor of LED bulbs. This can be done by using power factor correction circuits together with the driver circuit to improve its power factor. The ideology of the power factor correction circuit is such that the Input current can be reshaped to be a sinusoidal waveform which can be in phase with the line voltage; the losses can be decreased and hence, a nearly unity power factor can be achieved (Mahmoud S. Abd El-Moniem, 2014).

The result of a network with good power factor is:

- Enhanced results from Distribution generation and distribution generation investment
- Improved service- Fewer network failures
- Improved Energy Efficiency – Fewer losses within systems (transmission and customer premise)
- Lower energy costs resulting from higher energy efficiency and reduced maintenance
- More capacity available on existing network.
- Reduction in Greenhouse gas emissions. (L. Rossetto, 1994)

In future work, either of the PFC techniques can be used in the LED driver circuit for LED lamps. A less expensive proposed technique is the boost PFC converter. The simplicity of the circuit configuration and the control structure mean that no regeneration back to the power supply is necessary. Besides, the input inductor can suppress the surging input current, and the power switch is non-floating, so it is easy to design the driver circuit. The main novelty of the proposed technique is that, there is no current sensor used, which can help to reduce the total cost. The input current will be estimated using two ADCs for sensing input and output voltages, which makes this proposed technique simpler and more reliable than other techniques. Also, a zero-crossing detector is to be used to make the proposed technique more accurate than other techniques, especially in transient operations, and when using distorted supply voltage (IR Green, 2011).

### LED Lamp Manufacturing in Nigeria

The local manufacturing of LED lamps in Nigeria has not yet materialized even thou in the year 2012, the Nigerian firm planned to set up a ₦500 million LED lamps factory. Information on if the factory of LED lamps has been set up or reason for delay in production is unknown ( Vanguard News, 2012).

### Methodology

#### Lamp Test from Market

In this study, eight samples of commercially available LED lamps with different power ratings from various manufacturers were tested using the Plug-In Power & Energy Monitor to analyze the characteristics of LED lamps with regard to its power factor, the real power (watt), reactive power (VA) and input current are as shown in Table 2. All the selected samples were suitable for 220– 240

Vac mains with frequency of 50Hz and their power consumption rating was between 3 – 9W as stated on their packets by their manufacturers.

The same test was also carried out for five (5) commercially replaceable CFLs as shown in Table 3, with power rating between 13 to 20 W as stated in their packets which were also suitable for 220-240Vac and frequency of 50Hz.

### Methodology for test

The test meter used for the experiment is the plug-in power and energy monitor meter. It is a digital meter that can measure the AC Voltage(V), the DC current(amp), Real power(watts), Apparent power (VA), Frequency and the PF.

- Firstly, an electrical connection was made with a dual -purpose lamp holder (it can serve for pin or screw head bulbs) and a 13Amp plug head. This was connected using a 1.5mm<sup>2</sup> wire of 1 meter.
- Secondly, the lamp to be tested was screwed or pinned as appropriate to the lamp holder.
- Thirdly, the plug head of the connection made with the lamp was connected to the plug-in power and energy monitor.
- Fourthly, the plug head of the plug-in power and energy monitor was connected to the 220-240V AC Mains power supply of 50Hz.
- Finally, the power supply was switched on and reading were taken for the lamp.

Then the power supply was switched off and the bulb taken out and replaced with another bulb. The power supply was switched on again to take the readings for the lamp which was repeated till all the lamps were tested and their readings recorded.

The result captures the real and reactive power consumption of the LED bulb. It gives a picture of whether the LED lamps bring to its billing the reduction of energy consumption and thereby ensuring energy sustainability.

### Result

Table 2: showing experimental results of LED lamps in Nigerian market

| LED TYPE                | Power (W) (on packet) | Test result from Plug-In Power & Energy Monitor |             |                |                     |              |
|-------------------------|-----------------------|---|-------------|----------------|---------------------|--------------|
|                         |                       | Color   | Current (A) | Real power (W) | Reactive power (VA) | Power Factor |
| AKT Energy Saver        | 8                     | White   | 0.05        | 4.5            | 11.7                | 0.37         |
| HQ-LCM                  | 8                     | White   | 0.07        | 2.2            | 16.9                | 0.13         |
| AKT Energy saver        | 3                     | White   | 0.06        | 1.8            | 14.2                | 0.12         |
| High power LED White    | 3                     | White   | 0.02        | 2.1            | 6.2                 | 0.33         |
| JD SMP                  | 5                     | White   | 0.07        | 1.5            | 17.1                | 0.08         |
| Totek Economic          | 3                     | White   | 0.03        | 3.1            | 6.6                 | 0.48         |
| Suiming                 | 3                     | White   | 0.03        | 3.1            | 6.6                 | 0.48         |
| Suiming (Driver sealed) | 3                     | White   | 0.03        | 3.1            | 8.1                 | 0.5          |



Table 3: showing experimental results of CFL lamps in Nigerian market

| CFL TYPE    | Power (W) (on packet) | Test result from Plug-In Power & Energy Monitor |                |                |                     |              |
|-------------|-----------------------|---|----------------|----------------|---------------------|--------------|
|             |                       | Color   | AC Current (A) | Real power (W) | Reactive power (VA) | Power Factor |
| Tiger head  | 18                    | White   | 0.11           | 15.7           | 25.7                | 0.61         |
| AKT`        | 18                    | White   | 0.10           | 13.9           | 24.6                | 0.58         |
| Chaoyi      | 13                    | Blue  | 0.05           | 6.4            | 11.5                | 0.55         |
| Nomi        | 15                    | White   | 0.05           | 8.7            | 13.4                | 0.66         |
| Chesterlink | 20                    | White   | 0.05           | 7.1            | 11.1                | 0.64         |

### Discussion

Our findings show that the power factor of LED lamps that flood the Nigerian market is very low, most of which is less than 0.5 as can be seen in table 2. This contradicts results from various literatures stating the power factor range from 0.6-0.99. It has invariably led to the increase in reactive power. Also, to note is the power rating of most of the bulbs tested is misleading as there are discrepancies in power rating of the bulbs compared with what was indicated on the packet.

On the other hand, the power factors of CFL bulbs which range from 0.55-0.66 agrees with the range of various literature studies carried out. It can also be notice that the reactive power of some CFL bulbs are less than that of LEDS which raises the question of if the LED lamps bring to its billing of reducing energy consumption and energy sustainability.

### Recommendation

There is a need for standardization of the power factor of LED lamps to be imported in the county to avoid changing more efficient bulbs to less efficient once.

We can start our manufacturing line of LED bulbs with good power factor.

### Conclusion

Lamb standards in accordance to IEC61000-3-2 class C needs to be implemented by standard organizations in the country. The acceptable power factor is from 0.7-0.98. This will foster having lamps with good power factor only imported in Nigeria.

If the market (Nigerian market as case) is left open to receive all manner of energy saving lamps (in quote) without standard organization coming together with the developed world to come up with standard of lamps that should be allowed in country, the problem of power crisis will be worse due to the low power factors of the LED lamps tested. This will lead to increased power generation that will be required to compensate for losses due to its low power factor thus reducing the real power available to be consumed.

Additionally, an increase in power generation in the utility grid will also increase greenhouse gas emission as well as increase in  $I^2R$  losses which can also cause burning of the components due to heat.

There are linear LEDs less efficient than fluorescent tubes and LED bulbs less efficient than compact fluorescent lamps. Customers have to be careful not to replace efficient fluorescent tubes with less efficient linear LEDs or compact fluorescent lamps with less efficient LED bulbs.

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## ENTREPRENEURIAL ECOSYSTEM AND GOVERNMENT SUPPORTS: IMPLICATIONS FOR DEVELOPING NATIONS

Ayoade Ezekiel O.<sup>1</sup>, Abiodun Hamed A.<sup>2</sup>, Adegbuyi, Omotayo (PhD)<sup>3</sup>, Ogunnaike  
O.O. (PhD)<sup>4</sup>

<sup>1234</sup>*Business Management Department, College of Business and Social Sciences, Covenant University,  
Ota, Ogun State – Nigeria*

<sup>1</sup>*omisade.ayoade@stu.cu.edu.ng* *sadeayoade@yahoo.com*, <sup>2</sup>*abiodun.abijo@stu.cu.edu.ng*,  
<sup>3</sup>*omotayo.adegbuyi@covenantuniversity.edu.ng*, <sup>4</sup>*olaleke.ogunnaike@covenantuniversity.edu.ng*

### **Abstract**

*The challenges faced by nations all over the world because of unemployment, recession, youth restiveness, terrorism and joblessness have made entrepreneurship a vogue in solving these perennial problems. However, despite the efforts put by various nations to encourage entrepreneurship, the resultant impact is not significant especially in developing nations. Exploring further ways to tackle these challenges, there is need to investigate entrepreneurial ecosystem as it relates to developing nations and the existing government supports in these nations. The objective of this paper therefore is to develop and propose a conceptual framework that will be tailored towards developing an entrepreneurial ecosystem that will be backed up by appropriate government support taking into consideration environmental factors that underpinned the utilisation of numerous opportunities that abound in developing nations. The study relied on existing literature, articles, text books, conference proceedings, online and other social media information. The study revealed that apart from flourishing entrepreneurial ecosystem in developed countries that are heavily backed up by government funds, the case in developing nations is worrisome. Based on the findings of this study, it was recommended that government should pattern her developmental programmes towards building industrial packs where all the necessary infrastructures are available for successful take off, growth and sustainability of entrepreneurial activities. It was also recommended that tiers of government in every developing nation should encourage and be involved in creating industrial packs to bring about pool of entrepreneurial activities that will bring development and small scale enterprise nearer to the grass root.*

*Keywords: Entrepreneur, Entrepreneurship, Entrepreneurial Ecosystems, Developing nations, Government supports*

### **1. INTRODUCTION**

The current economic upheavals that pervade both developing and developed nations have called for increase in entrepreneurial activities. Various governments are adopting entrepreneurship to be able to cushion or mitigate the adverse effects which are showing through low economic activities, unemployment, youth restiveness, terrorism, kidnapping, and so many other social vices. Despite the various interventions by developing nations, the earnings and livelihoods of many unindustrialized countries citizens have been very low and lag behind the rest of the world. The impact caused by these vices are more pronounced in developing economies compared to developed nations where improved political and macroeconomic stability have been experienced in the past decade (Sevastapulo 2014). Though there are few dotted skirmishes of terrorists' activities in few of the developed countries, these

are by no means caused by religious fanatics that spring up from unemployment and lack of entrepreneurial activities that can keep idle hands busy.

Development of entrepreneurship remains a core component of economic development all over the world despite the daunting challenges faced by different nations of the world. The largest symbol for raising the tempo of entrepreneurship that will be effective and as a strategic economic development is the phenomenon termed entrepreneurial ecosystem. The formation of entrepreneurial ecosystem should be devoid of sentiments and myths and concrete steps should be taken by all stakeholders such as policymakers, corporate leaders, business owners, and civil society organisations to path the way for economic development through effective and supported entrepreneurship ecosystem. A first step to stimulating entrepreneurship is mapping and measuring the existing entrepreneurial ecosystem (Amini, Keasey & Hudson 2012).

This study therefore seeks to explore and investigate the existing entrepreneurial ecosystem in developing nations and suggest solution to enhance, create and sustain such for economic rejuvenation of these underdeveloped nations.

## **2. LITERATURE REVIEW**

### **2.1 Entrepreneur**

The phenomenon growth of the economy is attributable to enterprising management of resources where entrepreneur is a significant factor of production that co-ordinates the sometime idle factors of production such as labour, land and capital. According to Say in 1803, as cited by Hinton and Hamilton, (2013) an entrepreneur is someone who consciously moves economic resources from area of low yield to area of high yield. He redeploys people, material, money and co-ordinates the processes necessary for efficient large scale industrial/trade development. An entrepreneur is the economic agent that combines all the factors of production to produce goods and services for economic gain. Levie (2013) further stated that the entrepreneur is the motive behind capitalist development. The entrepreneurial activities can result in increase in production, create employment, improve standard of living, facilitates swift growth of micro, small, medium and large scale enterprises, and reduce poverty and hunger among the people (Roper and Hart, 2013).

The actor at the centre of entrepreneurship is the entrepreneur who possesses the following characteristics and traits Bleda, Morrison and Rigby, (2013):

- Personal attributes and traits: An entrepreneur should be hard working, self-discipline, confident, innovative, determined, risk-taker, visionary, consistent, independent, lead, amenable to change or flexible and God-fearing. All these traits prepare him against the odds to success
- Creative attributes or technical skills: The entrepreneur needs unique skills as prowess in communication, writing, environmental management monitoring, engineering technology, interpersonal relation, networking, building, coaching, art making, organizing, technical drawing etc.

- Willingness to take risk is one of the attribute of successful entrepreneurs. Without the initial step of taken the entrepreneurial spirit into the market, the entrepreneur will not be able to bring about his or her skill into products and services.
- Business management skills: These are specific skills for decision-making such as accounting/finance, managerial, marketing/sales, information and operational/logistics skills.

## 2.2 Entrepreneurship

The discipline of entrepreneurship generally studies the why, when and how of opportunity recognition, creation and utilization for providing services and goods through the creation of start-ups (new firms) and within existing firms for both non-profit and profit purposes. Entrepreneurship development is a catalyst for economic, social and industrial development. Anyadike-Danes, Hart and Du (2013) affirms that entrepreneurship development is a disposition to accept new ideas, new methods and making people more interested in present and future than the past. Knowledge in entrepreneurship provides leadership in innovation, resource change, capital formation and technical progress to produce new knowledge, new production techniques/possibilities, economic and growth profits. According to Borrás and Edquist, (2013)

## 2.3 Entrepreneurial Ecosystems

According to Isenberg (2010), entrepreneurial ecosystems are environments that nurture and sustain entrepreneurship. These include capital markets, culture, leadership, and customers that are free to choose. In other words, for entrepreneurship to yield adequate result, the environment must contain all elements that will make it to strive maximally. While buttressing the above definition, Spilling (1996) defined entrepreneurial ecosystem as the complexity and diversity of various actors, roles and environmental factors that influences and interact to determine the performance of an entrepreneur in a region or locality.

Policy makers are now beginning to recognize the worth of a more systems-based form of support for high growth entrepreneurship. This represents a shift away from company specific interventions towards more holistic activities which focus on developing networks, building new institutional capabilities, fostering synergies between different stakeholders and aligning priorities (Rodríguez-Pose, 2013; Warwick, 2013). One emerging approach is the focus on 'entrepreneurial ecosystems' (Zacharakis, Shepard and Coombs 2003; Malecki, 2011; Feld, 2012; Kantis and Federico, 2012; Isenberg, 2010). The term ecosystem was originally coined by James Moore in an influential article in Harvard Business Review published in the 1990s. He claimed that businesses don't evolve in a 'vacuum' and noted the relationally embedded nature of how firms interact with suppliers, customers and financiers (Moore, 1993).

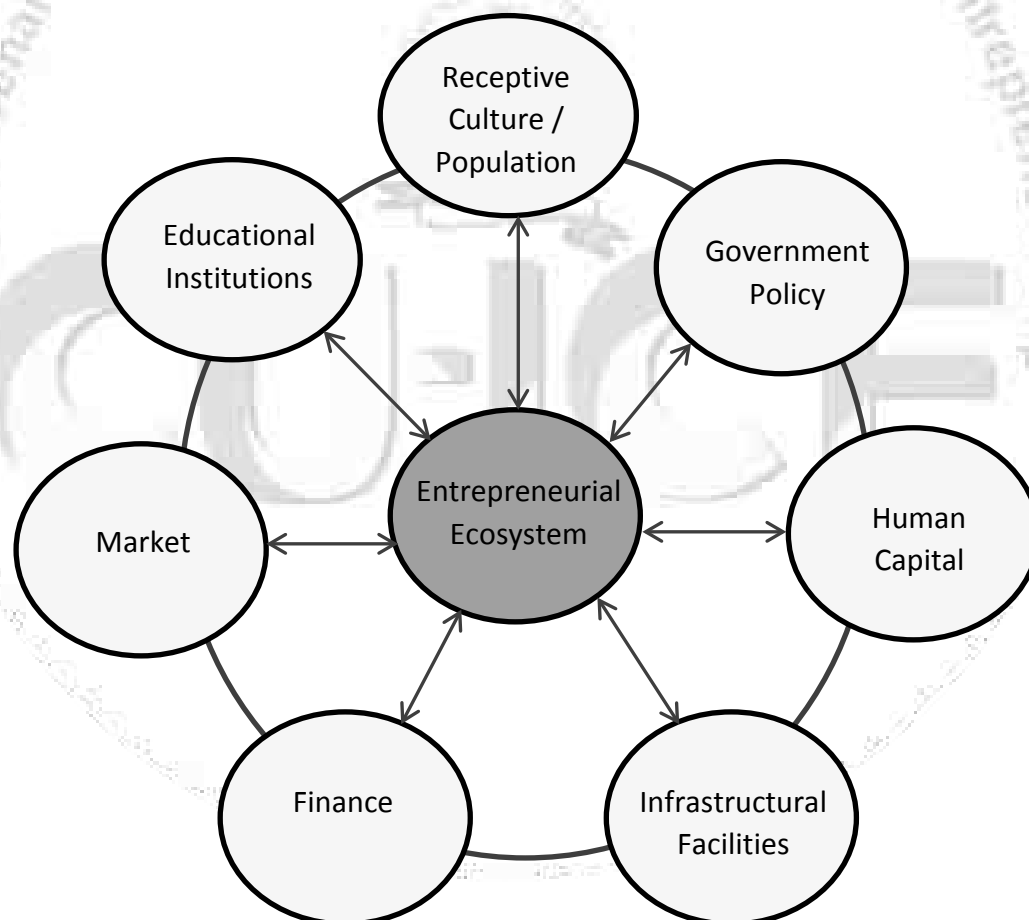
It is argued that in dynamic ecosystems new firms have better opportunities to grow, and create employment, compared with firms created in other locations (Rosted 2012).

The definition of an entrepreneurial ecosystem, based on a synthesis of definitions found in the literature is as follows:

*'a set of interconnected entrepreneurial actors (both potential and existing), entrepreneurial organisations (e.g. venture capitalists, firms, business angels, banks), institutions (financial bodies, universities, public sector agencies) and entrepreneurial processes (e.g. numbers of high growth firms, the business birth rate, levels of 'blockbuster entrepreneurship', number of serial entrepreneurs, degree of sell-out mentality within firms and levels of entrepreneurial ambition) which informally and formally coalesce to mediate, connect and govern the performance within the local entrepreneurial environment' (Mason and Brown 2014).*

Entrepreneurial ecosystems can be industry specific (e.g. leather processing in kano- Nigeria shoe factory in Ariara Aba Nigeria, pharmaceuticals cluster in Copenhagen, mobile cluster in North Jutland, Denmark) or may have evolved from a single industry to include several industries. They are geographically bounded but not confined to a specific geographical scale (e.g. campus, city, and region) and they are not related to particular sizes of city. Indeed, Austin, Texas, Boulder, Colorado, and Cambridge, England are all examples of small cities with thriving entrepreneurial ecosystems.

**Figure1. Model for Entrepreneurial Ecosystem**



### 2.3.1 Features of Entrepreneurial Ecosystems

The effective and efficient entrepreneurial ecosystem depends largely on the environmental factors that will influence the working of the activities of the economic agent called entrepreneur. The factors within the business environment differ from one region to the other and from one country to the other. However, the following are prerequisite for an entrepreneurial ecosystem to deliver the required result

in promoting entrepreneurial activities and bringing about all the attendance benefits.

### **Favourable governmental policies**

Good and supportive government policies should be in place for an entrepreneurial ecosystem to thrive and bring about all the expected attendance benefits. There must be clear rules and regulations guiding entrepreneurial activities. Registration of company and enterprise should not be made cumbersome and there should be adequate laws to protect patented right.

### **Culture and public attitude**

The culture and public attitude of the people should welcome entrepreneurial activities. An environment that is hostile to innovative and opportunity driven activities will not be conducive for entrepreneurial ecosystem. Availability of successful entrepreneurs will serve as role model to young and enterprising would be entrepreneurs. The environment should accommodate diversity which will propel economic growth.

### **Availability of human capital**

Availability of both skilled and unskilled labours is an important requirement for an entrepreneurial ecosystem. All the existing and new industries should have access to pool of labour to be able to carry out their respective entrepreneurial activities to booster the economic development of the nation. Fair and just labour policies should be the order of the day to promote healthy relationship between the employees and the employers.

### **Adequate financial supports**

There must be so many available means of finance that can be accessed by all the firms without discrimination as to which industry to finance or not to finance. Alternative source of finance especially for small scale enterprises will be a driving force for effective entrepreneurial ecosystem. The willingness of all the financial houses to support the entrepreneurial ventures will be a guarantee for effective and rewarding ecosystem for entrepreneurs.

### **Availability of training institutions**

Entrepreneurial training and development of business skills is vital for entrepreneurial ecosystem. The institutions of higher learning where all these skills can be taught are needed in areas where pool of entrepreneurial activities will take place. Existence of vocational and technical training programs is important for the growth and expansion of entrepreneurship.

### **Good infrastructural facilities.**

Good and working infrastructural facilities are sine qua non for effective entrepreneurial ecosystem to take place. All developing nations should start and continue to encourage investment that can increase the availability of good roads, electricity supply, recreational facilities and affordable health care system.

### **Availability of suppliers and customers**

Suppliers of raw materials for all the would-be industries and existing industries should be made available for the ecosystem to be effective and efficient. The finished goods also should have a good distribution channel for the goods and services to be able to get to final consumers.

### Good living conditions

What we attract pool of entrepreneurs in a particular area will be attractive living conditions. Good living conditions with security for lives and properties will be an attraction for various types of entrepreneurs to establish their businesses in a particular area.

### 2.3.2 Measurement indices for entrepreneurial Ecosystem

Measuring the existence and the performance of entrepreneurial ecosystem is paramount to having a good policy towards an effective, efficient, sustainable and growth oriented ecosystem. The measuring indices take into consideration the stakeholders that are involve in all aspects of entrepreneurship and entrepreneurial activities. The organisations, individual, government, and community will be taken as the stakeholders in this study as they all form the majority of all that are effectively play and affected by the entrepreneurial ecosystem. Vogel (2013) argued that measuring the existing template for an ecosystem is important for having a better and improve policies that will benefit all the stakeholders within the ecosystem.

**Table1. Entrepreneurial Ecosystem Measuring Indices**

| Measures     | Variables   |
|--------------|---|
| Government   | Infrastructure facilities<br>Contribution to GDP<br>New firms                                     |
| Organisation | Profitability<br>Access to Funding<br>Increase in Production<br>Increase in market share          |
| Community    | Cultural and social enhancement<br>Educational amenities<br>Security and recreational facilities. |
| Individual   | Improve standard of living<br>Wealth creation<br>Employment opportunity                           |

Source: Researchers' study.

The variables for measuring the performance of the ecosystem is however depend on each location and region. A variable that works in developing nations may not work in developed economies. Even



within developing nations the environmental factors may impede the generalisation of all the measuring variables.

#### **2.4 Government Support in Entrepreneurship Development in Nigeria**

Recognition of the importance of entrepreneurship in all nations of the world has made every government to give adequate support in relation to the level of understanding of the inherent benefits. The importance is more needed in developing economies like Nigeria where there is deluge of unemployment and low entrepreneurial activities. Ayoade and Agwu (2016) emphasised that the government of Nigeria has deployed several options by successive government to ameliorate the sufferings of unemployed and promote entrepreneurship.

- **Capability Development:** The government has involved in human capital development through the setting up of various parastatal and agencies that look into the training and empowerment of various entrepreneurs and young graduates who are seeking for skills to embark on entrepreneurship. Such organization like Nigeria Directorate of Employment (NDE) and Small and Medium Enterprises Development Agencies of Nigeria (SMEDAN). These bodies give experts' advice on subject matters and also encourages opportunities seeking for development.
- **Business incubation and Research:** Various incubation centers are provided all over the nations for the development of entrepreneurial activities. One that anchor this at the federal level in Nigeria is Federal Institute of Industrial Research, Oshodi (FIIRO). It is a parastatal under the agency of the Federal Ministry of Science and Technology. It provides various research result for the development of entrepreneurial activities.
- **Provision of Funds:** The federal governments through some of the finance agencies have been providing funds for entrepreneurs and Small and Medium Enterprises operators in the nation. Bank of industry (BOI) and the recently approved Development Bank of Nigeria (DBN) and Agricultural Bank of Nigeria will play a significant role in the development of entrepreneurship through provision of funds. These finance resources is to make entrepreneurship easier and to encourage a diverse funding.
- **Regulatory body and legal system:** The government has been helping the entrepreneurial activities through regulatory bodies like National Agency for Foods and Drugs Administration and Control (NAFDAC) and Standard Organisation of Nigeria (SON). These bodies have set out various regulatory laws to guide the operation of entrepreneurs in the country.
- **Registration of business:** The Corporate Affairs Commission (CAC) has been in the vanguard of improving and reducing the time a company can be registered in Nigeria. This is in line with Federal government policies to encourage entrepreneurs both local and foreign to do business without aisle.
- **Awareness and marketing:** International trade fairs in different location of the country are avenues to show case the goods and services from the country. These will create awareness

and promote to international bodies the availability of such goods and services displayed in the trade exhibition.

### 3. METHODOLOGY

The paper reviewed scholars' articles on the subject matter, relevant books, conference proceedings, and online materials were used. The study reviewed the practice of industrial nations towards encouraging entrepreneurial activities as compared to developing nations with catalogues of challenges hindering entrepreneurship. A model for entrepreneurial ecosystem was developed and the indices for measuring the existence of ecosystem were also highlighted. The implications for an entrepreneurial ecosystem were presented in the recommendation given by the study.

### 4. RECOMMENDATIONS FOR AN ALL-ENCOMPASSING ENTREPRENEURIAL ECOSYSTEM

1. The environment for successful entrepreneurial activities should be the priority of all the governments and their agencies. Developing nations should take a priority in establishing an ecosystem that will encourage foreign investors and local entrepreneurs to have confidence in the business environment that will allow free and competitive interaction.
2. The government should allow equal and fair play for all sectors of the industries. All area and sectors of the economy in all nations should be given opportunities to strive and aspire to higher height. There should not be a special area if an effective ecosystem should be in place.
3. Policies that will take care of all the industries and their management should be in place. Adequate laws that will encourage and protect the interest of all the entrepreneurs should be in place. There should be clear cut and simplified tax system and other obligations of the entire industries operator. The system should not give room to ambiguity.
4. The development and formation of entrepreneurial activities should be the top priority of all nations especially in the developing nations where the benefits of good and effective entrepreneurship is yet to manifest as seen in the developed nations.

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# ENTREPRENEURIAL CREATIVITY AND INNOVATION A TOOL FOR SOLVING ECONOMIC CRISIS IN NIGERIA

**OLUGBOYEGA Adenike Dorcas**

*National Youth Service Corp. Ado-Ekiti, Ekiti State. Nigeria; [olunicky07@gmail.com](mailto:olunicky07@gmail.com)*

## **Abstract**

*Entrepreneurship remains important in the development of a nation's economy. Creativity and innovation are the universal marks of entrepreneurs. This study intends to identify the major problems of entrepreneurship which includes: Lack of Credit Facilities, corruption, inconsistent government policies and multiple taxation and thus proposing some plausible Strategies that can promote effective entrepreneurship toward economic development, examine the relevance of entrepreneurship education, enumerate the roles of entrepreneurship in solving economic problems to include; significant contribution to Increase in Gross Domestic Product (GDP) and Gross National Income (GNI), creation of employment opportunity, poverty reduction, and also identify the loopholes in government policy on entrepreneurship. The study also identify the following entrepreneurship opportunities available in Nigeria: Cash Crop farming and Fishery Piggery and Poultry Farming as food is one of the basic necessities of man, Inland Water Way Transport, Information and Communication Technology, E-Services, Seminars, Training Centers to mention but a few and suggest pragmatic ways of entrepreneurship development in Nigeria. The research method adopts secondary source of data collection, this include the use library, internet, newspaper, review of literature on government economic policy on entrepreneurship and other theoretical works. It recommends that there should be a review of taxing policy on firms and industries, it is not enough to make policy, but implementation is very crucial. Some of the issues that require close attention include the disproportionate regulatory burden that entrepreneurs have to carry, enhancing access to finance and the overall health of the capital markets, the financial incentives for entrepreneurs, and the protection of intellectual property. A thorough analysis of the unique challenges that entrepreneurs are facing in Nigeria is critical and should be complemented by a time bound action plan for each of the stakeholders that can foster entrepreneurship development.*

**Key words:** *Entrepreneurship, innovation, creativity, economic development*

## **INTRODUCTION**

All innovations begins with creative ideas, creativity is the starting point to innovation. However, creativity is necessary but not sufficient enough for innovation. Innovation is the implantation of creative inspiration. Every successful entrepreneur needs creative innovation to sustain business success. Entrepreneurship as a cornerstone of development strategies for emerging economies has garnered support among a broad spectrum of scholars, policymakers and governments. Entrepreneurship theories and research is very important to the development of entrepreneurship and the economy at large. The functions of an entrepreneur include as an inventor, imitator, innovator, or more appropriately as a calculated risk taker. "Entrepreneurship is more than creating a business enterprise. MJ Gottlieb, co-founder of consulting firm Hustle Branding and author of "How to Ruin a Business without Really Trying" (Morgan James Publishing, 2014), said it takes a special kind of person to become a successful entrepreneur. Entrepreneurial spirit is characterized by innovation and risk-taking; it is an essential part of a nation's ability to succeed in this ever changing and increasing competitive global market. Since the global oil price crash in 2014, Nigeria has been one of the hardest-hit economies due to its over-dependence on oil as its only source of revenue. The way out of this economic crisis is entrepreneurial revolution; entrepreneurship needs to take the fore front of the Nigerian economy. The problem now is how do we help start-ups and existing firms to achieve stronger competitiveness in the market sector involving knowledge of entrepreneurship towards economic development in Nigeria? That is the scale of the challenge facing the global community as

we grapple with solutions to this seemingly intractable problem. The enormity of this challenge in Nigeria is corroborated with low score for Human Development Index. (HDI)

### **Objectives of Study**

This study intends to identify the major problems of entrepreneurship and thus proposing some plausible Strategies that can promote effective entrepreneurship toward economic development and examine the relevance of entrepreneurship education, enumerate the roles of entrepreneurship in solving economic problems identify the loopholes in government policy on entrepreneurship and suggest pragmatic ways of entrepreneurship development in Nigeria.

### **The concept approach and theories of Entrepreneurship**

Creativity has to do with the use of imagination or original ideas to create something; inventiveness. Innovation is crucial to the continuing success of any business enterprise; innovation is the mental characteristic that allows a person to think outside of the box, which results in innovative or different approaches to a particular task. Entrepreneurial creativity and innovation are tantamount to economic development. Three main conceptual approaches to entrepreneurship, which includes:

1. A functional approach: this is concerned with the dynamic actors that make key decisions on, creativity, innovation, production, location, investment, research and development. From this perspective, entrepreneurship is a psychological trait referring to dynamism, creativity and originality. This approach also includes managers of multi-national firms, state enterprises or non-profit organizations, and a variety of dynamic entrepreneurs within organizations.
2. The firm as the key economic actor: The firms included here are owner-operated firms, incorporated joint stock companies, state-owned firms' joint ventures and subsidiaries of multinationals.
3. The owner-operated enterprises. Within this approach, the entrepreneur is the person who is both owner and is actively involved in running the business. This is related to small and medium-scale enterprises (SMEs), startups and self-employment.

Knight (1921) views an entrepreneur as a calculated risk taker. The word, entrepreneurship is derived from the French word "entreprendre" meaning to undertake" Thus entrepreneurship is commonly defined as the process of creating a business. In the same vein, an entrepreneur is a person that creates a business.

### **Literature Review**

The situation of Nigeria economy has declined dramatically for the past eight months. The economic reforms have not been sufficient enough to reverse years of economic decline, deteriorating capacity, weakened institutions, inadequate infrastructure investment and the recent dramatic decline in stock market and banking crisis. Research shows that there is a drastic decline in the five key economic indicators which includes: GDP, manufacturing, employment, retail sales and Income. When there is a negative growth rate in GDP for more than two consecutive quarters that is an indicator of an economic recession.

According to Nigeria Finance Minister, Kemi Adeosun, (Vanguard news 10/2016 pg 2) "Nigeria's economic situation is in its worst possible time". The inflation rate shrank at 17.1%; the GDP had

contracted by 2.06%, the economy by 0.36%. The National Bureau of Statistics has reported that Nigeria's economy in the second quarter, including the GDP, Inflation, Employment and Unemployment, Capital Importation and other key fundamentals. On Employment; 4.58 million Nigerians have become jobless since 2014, adding 2.6 million to unemployment figures of 1.46 million recorded in the third quarter of 2015 and 518.102 in the fourth quarter of 2015. According to reports during the reference period, the unemployed in the labour force increased by 1,158,700 persons, resulting in an increase in the national unemployment rate to 13.3% in second quarter of 2016 from 12.1 in 2016, 10.4% in 2015 from 9.9% in third quarter of 2015 and from 8.2% in second quarter of 2015. The value of capital imported into Nigeria in the second quarter of 2016 was estimated to be \$647.1 million, which represents a fall of 75.73% relative to the second quarter 2015. This provision figure would be the lowest level of capital imported into Economy on record, and would also represent the largest year on year decrease. This would be the second consecutive quarter in which these records have been set.

Entrepreneurs play a vital role in job creation and providing opportunities to young people. Annual Job Creation Survey consistently shows that entrepreneurs' hiring plans outpace the rest. In 2015, record shows that 47% of entrepreneurs (and 77% of world-leading entrepreneurs) plan to increase the size of their workforce, compared to 29% of large corporations. As a result, supporting entrepreneurs to grow their businesses will have an impact on employment rates. The experiences of developed economies in relation to the roles played by entrepreneurship buttresses the fact that the importance of entrepreneurship cannot be over emphasized especially among the Developing Countries, this is because Entrepreneurial activities have been found to be capable of making positive impacts on the economy of a nation and the quality of life of the people. Studies established its positive relationship with stimulation of economic growth and empowerment of the disadvantaged segment of the population, which include women, children and the poor.

### **The role of entrepreneurship in a nation's economy**

Entrepreneurs have led and will continue to lead the economic revolution that has proved repeatedly to improve the standard of living for people. The key roles of entrepreneurship include mobilization of domestic savings for investment, significant contribution to Gross Domestic Product (GDP) and Gross National Income (GNI), harnessing of local raw materials, employment creation, poverty reduction and alleviation, enhancement in standard of living, increase in per capital income, skills acquisition, advancement in technology and expert growth and diversification. Augustine Ahiauzu in his article, Entrepreneurship and economic development in Nigeria; the way forward, recommends that to tackle the problems of Nigeria's economic development, concerted effort need to be made to fashion out a truly Nigerian economics ideology, and that the Nigerian Government should improve the entrepreneurial framework to galvanizing Nigeria's total entrepreneurial activities towards improved national economic growth and development. Ehis added that the issues to solve is how to engage the unemployed Nigerians in different fields of endeavor to complement or augment different skills they have acquired in their various capacity or their God given talents and creative thinking. Ann Ogbo and Agu Chidiebere (2012) in a paper titled "The Role of

Entrepreneurship in Economic Development: The Nigerian Perspective” wrote, Small and Medium Enterprises (SMEs) occupy a place of pride in virtually every country or state. Because of their significant roles in the development and growth of various economies, they (SMEs) have aptly been referred to as “the engine of growth” and “catalysts for socio-economic transformation of any country.” SMEs represent a Veritable vehicle for the achievement of national economic objectives of employment generation and poverty reduction at low investment cost as well as the development of entrepreneurial capabilities including indigenous technology. The development of indigenous technological base in all countries of the world has been championed by native entrepreneurs; this will help in transferring the much needed technology for the rapid transformation of the country.

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

The major challenges faced by entrepreneurs include:

1. **Lack of Credit Facilities:** Potential Nigeria entrepreneurs go through many hardships when trying to access credit facility for their businesses. Though there is a wide range of financial institutions that offer business loans, they usually charge high interest rates deterring aspiring entrepreneurs. For instance, major banks have pegged their lending rates to as much a 28% deterring potential entrepreneurs who are mostly low income earners. Severe collateral conditions set by banks and other lending institutions. Getting venture capital to finance entrepreneurial endeavor in Nigeria is very difficult because of the political and economic instability.
2. **Corruption:** Widespread and all present corruption that makes the procurement of licenses, permits, goods and services from government agencies and even the payment of taxes and levies difficult without playing the game i.e. paying bribes and kickbacks.
3. **Inconsistent Government Policies:** Government inconsistency is really a challenge an entrepreneur will have to tackle if he must succeed in Nigeria.
4. **Multiple Taxation:** One sensitive challenge that is encountered by majority of Nigerian entrepreneurs is multiple taxation. Although entrepreneurs in a country have a responsibility of funding the government through paying taxes, most of the taxes charged on entrepreneurs are not lawful and have the effect of increasing the cost of doing business.
5. **Low Entrepreneurship Education:** There is no gainsaying the fact that education is the key to knowledge and that it plays a strong role in forming the burgeoning entrepreneur. The world today is a global village and since an intending entrepreneur must be conversant and in tune with events around and about him, education becomes a critical factor in preparing and empowering the entrepreneur with the qualities required of him.
6. **Security Issues -** When there is no guarantee of security of lives and properties, it is difficult to run a successful venture. According to Arizona (2009), Nigeria has become a den of kidnapping and resulting in incessant hostage taking, kidnapping and unjust harassment. The constant political turmoil in the country greatly limits foreign investors who would be willing

to provide resources for entrepreneurship in the country, which is very rich in natural resources. Political and social movements strongly affect the level of entrepreneurial activity in Nigeria. Religious intolerance and ethnic warfare limit country progress in some areas of the country.

7. **Poor planning and Poor product or service:** Experts say individuals who have successfully managed major events are aware of the fact that success mostly come as a result of careful, systematic, strategic planning and hard work. The entrepreneur must understand the needs of his customers and seek ways to meet these needs via the product or service which he offers to the market.
8. **Poor infrastructures:** this includes transportation and electricity

### **Need For Entrepreneurship Education in Nigeria**

According to Bawuah, Buame and Hinson, (2006) despite the critical importance of entrepreneurship to economic development; less developed nations especially the Sub-Sahara African countries have not fully developed strategies to take advantage of this resource. What the- countries have, are haphazard policies, which do not actually reflect the importance of entrepreneurship to the economic development. National programs have been developed for the purpose of increasing entrepreneurial activity through various reforms, but these have proven abortive. There are several management training programs that have been developed to strengthen finance, marketing, personnel, and management skills, but these do not constitute entrepreneurship education.

There is an existing consensus among scholars that entrepreneurship education and training has a critical role to play in the development of entrepreneurial attitudes, abilities and related skills. According to Erkillia (2000), about 93 percent of scholars are of the opinion that entrepreneurial skill can be developed via education and training. Burger, O'Neil and Mahadea, (2005) sees the establishment of entrepreneurial education as a possible measure to promote entrepreneurship and economic development.

According to Owuala (1999), entrepreneurship education is "a programme or part of the programme that prepares individuals to undertake the formation of and acquisition of small-business". Entrepreneurship Development Programme/Education is a planned, systematic and sustained effort at inculcating and nurturing the entrepreneurial spirit among Nigerians so as to produce a pool of willing, able and successful entrepreneurs.

Entrepreneurial education is the purposeful intervention by a teacher or successful entrepreneur in the life of a learner to impact entrepreneurial qualities and skills to enable the learner to survive in the world of business (Gouws, 2002). It aims at equipping learners with skills, knowledge and dispositions that can help them develop or implement innovative social or business plans (Nnazor, 2005). Also according to Bawuah, Buame and Hinson (2006), research evidence from different sources seems to suggest that individuals attending entrepreneurship courses have a higher tendency to start their own business at some point in their career than those attending other courses. In the view of Rae (1997), the skills traditionally taught in business schools are necessary but not sufficient to make a successful entrepreneur. While entrepreneurship students need to develop their business skills and understanding,



more attention is required for the development of their entrepreneurial skills, attributes and behaviour (Bawuah, Buame and Hinson, 2006). Owualah and Obokoh (2008) posit that there should be a long term strategy that will focus on developing a set of programmes at different stages of the enterprise education drive. Such entrepreneurial education programmes could offer a progression from awareness increase to real activities to develop entrepreneurship and entrepreneurial skills, culminating in a desire to own and run a business (Owualah and Obokoh, 2008). The results of the study carried out by Thomberry (2003) also revealed that many managers can indeed be trained to act like entrepreneurs and that these actions can result in significant new value creation. This suggests that entrepreneurial training is vital for firms that are rarely satisfied with the status quo, firms that are always looking forward to creating new value.

### **Entrepreneurial Opportunities available for Nigerian youths**

Nigeria is a country of over 150 million people and primarily known as an oil producer. However, the country is naturally endowed with many other resources that are yet to be exploited. Sectors such as agriculture, mining, semiprecious and precious stones and other resources have taken a back seat to the petroleum industry. These present opportunities for investors. According to a report published online under strategic business team, reported by Agency Reporter (2012), Martins says if you are an experienced entrepreneur or an entrepreneur with guts; then you should know that one of the best places to invest your money and build a business is in a developing terrain. Nigeria is a developing country and one of the best places to invest or build a business is in Nigeria. An entrepreneur can invest in the following:

#### **Cash Crop farming**

Cash crop is a farming venture in which crops are grown for commercial purpose. Nigeria engaged in massive importation of food, especially, rice, wheat, sugar and fish, and this has continued to bleed the nation's economy, with the four items accounting for a whopping N1 trillion loss to the nation annually. Executive Secretary, Agricultural Research Council of Nigeria, ARCN, Prof. Baba Abubakar, disclosed this at a sensitization seminar on Genetically Modified Organisms, GMOs, and Agricultural Biotechnology organised for staff of Federal Ministry of Agriculture and Rural Development by Biotechnology Development Agency, in collaboration with other OFAB and National Bio-safety Management Agency, in Abuja August 12 2016.

#### **Fishery Piggery and Poultry Farming**

The first of the fastest growing business opportunities in Nigeria is fishery and piggery farming. It's an emerging industry that hasn't reached its peak or full potential. The ban imposed by the Federal Government with respect to the importation of live or frozen poultry birds has helped to explode the demand on poultry. When accessing any of these business opportunities listed above, you must note three important facts.

- food is one of the basic necessities of man, thus making catfish piggery and poultry farming a huge potential.
- The population in Nigeria is estimated to be over 150 million and growing so that entails a growing demands for food.

• Even if the local market with 150 million Nigerians gets saturated, there is still a growing demand for fish, egg, and live or frozen poultry birds all over the world. So do your own in-depth analysis and put your money to work.

### **Inland Water Way Transport**

In fact, this is still untapped because no modern commercial boat or ferry service system has been seen in Nigeria yet. Though there are a few operators in this industry; there are no modern facilities being used by the developed countries. Another reason inland water way transport business proves viable is because population in states such as Lagos, Ogun State and Rivers, is rapidly on the rise thereby resulting in roads congestion. Since the roads are becoming heavily congested, the next means of transportation for these heavily populated states is water transport. With proper planning, a good management team and adequate funding, will break into this untapped industry and carve a niche for your business.

### **Information and Communication Technology**

When it comes to ICT, Nigeria is lagging behind compared to the western world. **E-Services**

Just as the world is going e-crazy; so also is Nigeria catching up with the trend. Under the umbrella of e-services; you can find the following fast growing business opportunities: E-payment, bulk SMS services, web design and hosting, database management services, e-portal management, etc.

### **Methodology**

The research method adopts secondary source of data collection, this include the use library, internet, newspaper, review of literature on government economic policy on entrepreneurship and other theoretical works to understand the role of entrepreneurship towards economic development, enumerate the challenges of entrepreneurs and ascertain the efficacy of government policy on entrepreneurship development in Nigeria.

### **Recommendations**

There should a review of taxing policy on firms and industries, the taxing policy should be the one that will encourage the emergence of new firms and developing the existing firms there by improving entrepreneurship development in the country. The policy environment needs to be one that will foster the growth of entrepreneurs. The burden is on policy makers to understand the key factors that help entrepreneurs to thrive. It is not enough to make policy, but implementation is very crucial.

### **Conclusion**

A thorough analysis of the Economic growth generated by entrepreneurship is the core engine of a virtuous cycle that develops an economy. Some of the issues that require close attention include addressing infrastructure constraints, the disproportionate regulatory burden that entrepreneurs have to carry, enhancing access to finance and the overall health of the capital markets, the financial incentives for entrepreneurs, and the protection of intellectual property. The challenges that entrepreneurs are face in Nigeria are critical and should be complemented by a time bound action plan for each of the stakeholders that can foster entrepreneurship development.

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# Sustainability of Family Business in Lagos and Ogun States: Influence of Mentoring on Successor Entrepreneur

Oludare Adedayo<sup>1</sup> Peter Osazuwa<sup>2\*</sup>

<sup>1</sup>Simday Nigeria Limited, *Nigeria*

<sup>2</sup>PhD University of Ibadan, *Nigeria*

## Abstract

Family business constitutes a large chunk of commercial activities worldwide, thus contributing significantly to global economy. However, family business failures have remained widespread particularly in developing countries. Mentoring and grooming, which are important succession planning strategies, are critical influences in sustainability or failure of family business especially in high mortality countries like Nigeria where significant numbers of family businesses fail at the demise of their founders. This study, therefore, explored the nexus between mentoring and enterprise's sustainability in Lagos and Ogun States of Nigeria. It investigated influence of the time a mentee is actively involved on firm sustainability. It examined the place of responsibility clarity and successor possible future conflict. The study adopted a survey design focusing on family business owners who are members of the National Association of Small and Medium Scale Enterprises (NASME). A stratified sampling technique was used to sieve out family businesses, from where a random sample of 327 was selected. Pearson's Product Moment Correlation and Multiple Regression were used to analyze the data. The results revealed that there was a strong positive correlation between planning for succession and firm's sustainability ( $r=0.777p<0.05@0.000$ ). Firms that involved successor earlier are more likely to be sustainable than those that did later. Organizations where successors are known and responsibilities clarified over non-family members are less likely to have conflicts at the demise of founders as family conflict appeared the best predictor of sustainability ( $R^2=.296.p.value 0.000$ ). The founder must ensure that the successor is quickly introduced into the business and serves as protégé under the supervision of the founder early enough in the life of the business, such that his guidance and coaching will help the successor to quickly understand the running of the business.

Key words: Family Business, Succession, Sustainability and Mentoring

## 1 INTRODUCTION

Succession is critical to ensuring the continuity of any family owned business (Singhry, 2010). An effectively developed succession plan provides for a smooth transition in management and ownership (Chrisman, Chua, Sharma and Yoder, 2009). When the right successor is lacking, it can put large numbers of family businesses at undue risk and have serious impact on the sustainability of the family business. Family businesses make an important contribution to economic growth and wealth creation in the world (Merwe, 2009). Given the significant role family businesses play in national economy, it makes sense that more attention should be committed to understanding how to support and sustain them. Mentoring is thus, a major topic for family-owned businesses that is extensively examined in literature (Hester and Killian 2010; Hester and Setzer 2013; Haggard et al 2010; Allen et al 2008). Although the bulk of family owned businesses intend to pass the control of the business to the next generation of family member entrepreneur, it is surprising that such family members are not gifted with the skills required for the operation and management of the business (Merwe, 2009). The net result of this is that very few family businesses survive to the second generation (Merwe, 2009). A variety of factors might be responsible, but a large number of family businesses fail because they have no competent person to hand over the business to.

Mentoring is among the few tools used/needed for preparing tomorrows' skilled employees and is also used to strengthen organizational capabilities, intelligence, build organisation knowledge, and sustain the organization competitive advantage. Mentoring covers the activities often designed and encouraged by management to develop its personnel and ensure that they improve and maintain the organization's competitive advantage (Arogundade, 2011).

A mentoring relationship is a situation in which two parties that have worked together for some time is found to be both common and useful in succession (Dyck et al., 2002). Ward (1987) notes that the shift of power and authority typically takes five to seven years, while Dyer (1986) suggests that the incumbent needs to move gradually away from active involvement in the Family Owned Business (FOB) for a favorable succession to occur. A smooth phase-out is facilitated when incumbents have a plan to do so and possess some vision of a future outside the business (Ward, 1987). Research on mentoring relationships in organizations provides strong evidence that employees with mentors are much more likely to experience a range of positive outcomes, including enhanced job performance,

greater promotions and compensation, organizational commitment and job satisfaction, personal learning, and reduced turnover intentions (Lankua and Scandura, 2002; Dwyer, 2003). Indeed, research demonstrates that mentors provide protégé's with both psychosocial benefits (e.g. acceptance, encouragement, and coaching) and career facilitation benefits (e.g. sponsorship, exposure, and challenging assignments) (Yukl, 2006).

### **1.1 Statement of the Problem**

Family business represents the oldest and most prevalent type of business organizations worldwide (De Alwis, 2011). As such, they play a significant role in both the stability and health of the new global economy. It is estimated that 90 percent of all businesses in the US, Canada and Europe are family owned and operated (Ibrahim, McGuire & Soufani, 2009). Family business also represents the prevailing type of organization in most Asian and Latin American countries due to the strong clan type culture (Ibrahim & Ellis, 2006). Figures of family businesses in Nigeria could not be easily determined, due to paucity of data (Eseh, Mohd & Adebayo, 2011), the researcher however feels it will be similar to what operate in other countries. Despite their importance to the national economy, the survival rate of family firms beyond the founder's generation is extremely low especially in Nigeria (Ogundele, 2012). Also, very promising and vibrant organizations, have close down at the death of their founder, due to lack of adequate planning for succession (Ogundele 2012).

In Nigeria, history abounds of many big family businesses that disappeared with the death of their proprietors. We have the likes of Odutola Group, Sir Louis Odumegwu-Ojukwu, Lawrence Omole, Sir Mobolaji Bank-Anthony, Igwe Mathais Ugochukwu and J. K. Ladipo; they laid the foundation for modern business in Nigeria. Businesses of Chief Moshood Kashimawo Olawale Abiola's, the Tabansi Group, Alhaji Haruna Kassim, Alhaji Baballe Ila, Alhaji Mamman Goda, Alhaji Adamu Muri and Alhaji Sule Garo. Others are Alhaji Mai Deribe, Alhaji Umar Ali, Alhaji Inuwa Usman and Alhaji Ali Koloko, Danboyi Zang, Alhaji Ali Illya, Alhaji Bakari and Alhaji Namata, all went moribund at the death of their founders (Arogundade, 2011).

From the catalogue of businesses that have gone under at the demise of their owner/founder, the major problem confronting Nigerian family business owner is the need to ensure that the right successor is put place to take over from the founder, this is lacking with most family firms in Nigeria. When a possible material for successor is introduced into the business, they are done in half measure without carrying along all the all interested and most qualified parties: the possible successor, other siblings, other family members and also non-family member employees within the business (Ogundele, & Idris 2008). This research work therefore examines the reasons why family business owners/founder does not introduce a successor early in the life of the business and its effect on the firm's sustainability.

### **1.2 Objective of the study**

The objective of this study is to examine the reason(s) why family business owner/founder does not introduce a successor early in the life of the business and its effect on the firm's sustainability.

## **2 LITERATURE REVIEW**

Family business is an approach to entrepreneurship, and it has sometimes been referred to as family entrepreneurship. Unlike "entrepreneurship", there appears to be no standard definition of family business. It has even been suggested that the definition of family business varies with culture (BirdThistle, 2009). The definitional problem is compounded by a lack of consensus about what constitutes a family: whether it should include only parents and children, or all blood relations and in-laws.

Family firm is defined operationally by the components of a family's involvement in the business: ownership, management, or business succession (Chrisman et al., 2003). The family enterprises are business concerns in which members of a nuclear or extended family hold majority shareholdings in them (Onuoha, 2012).

Nwankwo (1990) is of the opinion that when family business is basically owned and operated by one person, he or she usually does the necessary balancing automatically. For example, the founder may decide that the business needs to build a new plant and decide to take less money out of the business to live on for a period of time in order for the business to generate the cash needed to expand. In making this decision, the founder is balancing his personal interest (taking cash out) with the needs of the society (expansion). The justification for the emergence of the field of family firm research lays in the assumption that family and non-family firms are different.

## 2.1 Succession

Succession is one of the most critical factors in family business life (Rima, 2016; Ramaswamy et al, 2017). Succession, in organizational theory and practice, refers to the process of transferring managerial control from one leader or one generation of leaders to the next. It includes the dynamics preceding the actual transition as well as the after-math of the transition (Shepherd and Zacharakis 2000). In the context of family business, Sharma et al (2001) define succession as the actions and events that lead to the transition of leadership from one family member to another.

By extension, succession is the process by which ownership and control of the production or commercial infrastructure accumulated by one generation of a nuclear or extended family is transferred to the next. In the context of this research work, it entails the transfer of a commercial investment of any type from the owner-founder to his prospective survivors. These could be members of a nuclear family in a monogamous household such as a wife and children, or members of a compound family in a polygamous household, namely wives and children.

## 2.2 Mentoring

Arogundade (2011) defined a mentor as the person that facilitates personal and professional growth of an individual by sharing the knowledge and insight that have been learned through the years. Mentoring is a personal developmental relationship in which a more experienced or more knowledgeable person helps less experienced ones Kram, 1985. Yukl, 2006 viewed mentoring as a process by which persons of superior rank, and prestige instruct, counsel, guide, and facilitate the intellectual and /or career development of persons identified as protégées. Mentoring includes providing direction on the kinds of opportunities and experiences that the successor should pursue, evaluating the successor's performance, serving as a role model, explaining company dynamics and politics, and introducing the successor to key contacts inside and outside of the company (Suzzan, 2001 quoting Crego, 1997).

Mentoring is a close, developmental relationship between two people in which a partner willingly avails him /herself of the full range of superior experience, knowledge, skills, or status of the other partner in all spheres of human endeavour (Yukl, 2006). Yukl, 2006 posited that mentoring is a set of tailor-made advice and incentive that a more experienced staff, in an innovative way can offer less experienced members in a plethora way and on a range of competencies. Mentoring is therefore a process in which mature and more experienced managers share their wisdom and experience with the younger employees on a one on one basis. Mentoring is a method growing in use for establishing relationship between junior and senior employees, a method gaining popularity in facilitating both employee and management development in the organization.

While business owners may assume that they themselves should mentor their successors, this can be a dangerous undertaking. Owners preparing their children for eventual management of the business may find it difficult to differentiate between parenting and mentoring tasks, and a successor receiving career guidance from a parent may find it difficult to "hear that advice in an unfiltered and open manner" (Suzzan, 2001 quoting Lansberg , 1997). When available, a well-prepared non-family executive may prove the ideal mentor. Such an arrangement offers the mentor an opportunity to deepen his or her relationship with the future generation of ownership and to strengthen his or her job security by ensuring the future success of the business (Suzzan, 2001 quoting Crego, 1997).

Regardless of who officially serves in the role of mentor, mentoring is likely to be most effective when all involved in the business are committed to the idea (Suzzan, 2001).

According to Arogundade, 2011 the purpose of mentoring is to ensure a continuity of skills, knowledge, desired organisational cultural traits and leadership styles, which can be formal or informal. He recommends mentoring as a strategy for “leadership succession” which ensures the availability of future qualified candidates to fill up critical vacancies. Arogundade, 2011 acknowledges the situational characteristics of mentoring and according to Hester and Setzer, 2013, mentoring may turn out to be a conceptual minefield whose definition is strongly related to the purposes and practices of different organisations, and thereby, is situationally defined.

Moreover, Hester and Setzer, 2013 state that for the definition of mentoring to be applicable across a wide-range of organizational cultures, it must be more general than many wish. They highly recommend separating mentoring from other organizationally – structured responsibilities such as teaching, coaching, training and /or supervising. They note that the purpose of mentoring is to develop a sense of identity, competence, and effectiveness in protégés. These may include acceptance, counseling, friendship and role modeling. They cautioned that a mentor should not be charged with evaluating the protégé because this may compromise the mentor – protégé relationship. Finally, Hester and Setzer, 2013 defined mentoring as a process engaged in by (usually) two people for the development of the protégé’s social character, personal enlightenment, or business success. This process is relationship permeated, is a means of leadership succession, and emphasizes responsible and ethical behaviours.

Mentors teach their inexperienced counterpart ways that yield superior results through modeling. As role models, they are also parent-like figures who reflect the optimal traits and behaviour needed to attain success in life. Beyond mere watching, the role modeling function of mentor provides a protégé with opportunities for questioning their mentors on what they have seen him or her do. On the basis of clarifications offered to them, protégé learn and become more like their mentors in actions, attitude and emotional response to issues. The rationale for the acclaimed benefits of mentoring is usually based on the premise that behaviour is learned in interaction with individuals who serve as models (Grote, 2003).

Both Girard, 1977 and Langsberg 1999 suggest mentoring as a final profitable succession approach (Grote, 2003). Girard, 1977 suggests that mentoring should be consistent and systematic and may assist in dealing with issues such as conflict between founding parents and siblings (Grote, 2003). Langsberg (1999) suggests that effective mentorship results when there is a committed relationship between the mentor and the protégé (Grote, 2003).

Based on the various arguments and the conceptual analysis proffered above, this proposition is formulated that;

- ⇒ There is no significant relationship between mentoring of successor and the sustainability of the family owned business.

### **3 RESEARCH METHODS**

The descriptive survey research design was adopted for this research work, as it helps in gaining understanding of the issue of variables responsible for entrepreneurial collapse occasioned by conflicts and reasons why founders do not make adequate preparation for succession. The descriptive method follows the use of quantitative method of analysis. The quantitative method is generally designed to ensure objectivity, generalizability and reliability.

#### **3.1 Population of the study**

Due to the problem of unorganized association of family business in Nigeria and the lack of access to information from the database (according to Esuh, Mohd & Adebayo, 2011), the population of this



study relied on family owned businesses that are members of NASME (National Association of Small Scale Enterprises) in Nigeria as at December 2015. Family owned businesses in NASME from Ogun and Lagos states were 7,690 members.

Total registered members on roll of NASME (National Association of Small & Medium Scale Enterprises) as at December 2015 was 25,000 members. According to Akande & Ojikutu 2008, Lagos and Ogun States accounted for 60% of business and industrial transactions in Nigeria. Therefore Lagos and Ogun States member companies in NASME are 15,000. The sampling frame therefore consisted of family businesses in Lagos and Ogun States that are members of NASME and the figure was 7,690 members.

### 3.2 Sample size and sampling techniques

Members of NASME that are Family Owned Businesses (as at December 2015) in Ogun and Lagos states were 7,690 companies. Therefore the sample size of the study is determined by using this formula:  $n = N/1+N(e)^2$  (Yaro Yamane, 1998). The sample size of 327 firms used for this study was derived through this method, 10 CEOs were also randomly selected to participate in the qualitative in-depth interview from the 327 companies. The choice of the 10 CEOs for the in-depth interview was in line with previous research that puts the success rate at between 2 – 5% of the sample size (Frankfort-Nachmias and Nachmias, 1996: 226).

#### 3.2.1 Analysis of Respondents

**Table 1: Distribution and Return of Questionnaires**

|                                   | Frequency | Percentage (%) |
|-----------------------------------|-----------|----------------|
| Total Questionnaires Administered | 350       | 100%           |
| Total Questionnaires Received     | 338       | 96.5%          |
| Invalidated Questionnaires        | 11        | 3.1%           |
| Valid Questionnaires              | 327       | 93.4%          |

*Source: Field Survey, 2016*

A total of 350 questionnaires were administered, 338 were collected which represented 96.5% of the total questionnaires sent out. Of this value 11 were invalidated leaving 327 as the valid questionnaires used for analysis. This represents 93.4% of the total questionnaires administered. The sample size of this study is 327 respondents.

## 4 RESULT

In testing the proposition that there is no significant relationship between mentoring of successor and the sustainability of the family owned business, all data obtained from the demographic variables, the qualitative discussion and its content analysis and the use of Product Pearson Moment Correlation were analyzed and discussion drawn appropriately.

### 4.1 Demographic Variable on number of children

The respondents had an average of 3 children per entrepreneurs interviewed; those with 3 and 4 children respectively had the highest rate of 71%.

**Table 2: Demographic variable on number of children**

|         |              | Frequency | Percent % | Valid Percent % | Cumulative Percent % |
|---------|--------------|-----------|-----------|-----------------|----------------------|
| Valid   | 1 child      | 2         | 0.6       | 0.6             | 0.6                  |
|         | 2 children   | 70        | 21.4      | 21.5            | 22.2                 |
|         | 3 children   | 132       | 40.4      | 40.6            | 62.8                 |
|         | 4 children   | 102       | 31.2      | 31.4            | 94.2                 |
|         | 5 children + | 19        | 5.8       | 5.8             | 100                  |
|         | Total        | 325       | 99.4      | 100             |                      |
| Missing | System       | 2         | 0.6       |                 |                      |
| Total   |              | 327       | 100       |                 |                      |

Source: Field Survey, 2016

The respondents had an average of 3 children per entrepreneurs interviewed; the need for mentoring a successor among the 3 children is therefore important. Again, it is through proper mentoring that the knowledge, intelligence, competence and the leadership traits of each child will become known, which will help the succession process.

**Table 3: Mentoring and Firm's Sustainability****Descriptive Statistics**

|   | Mean | Std. Deviation | Analysis N |
|---|------|----------------|------------|
| Early exposure of the successor to the business helps him/her to build relationships & credibility by successfully moving up the organizational ladder  | 4.71 | 0.46           | 327        |
| Early exposure of the would be successor provides the opportunity to develop capabilities needed by the firm  | 4.74 | 0.44           | 327        |
| Mentoring who to succeed the founding CEO is good for the future of your business   | 4.79 | 0.41           | 327        |
| Early exposure to your business operation, allows the successor to become increasingly familiar with a company, its culture and values, and its employees.  | 4.74 | 0.48           | 327        |
| The owner/founder should define the offspring's positions and the nonfamily member's positions at the beginning of the business in order to minimize possible future conflicts that can undermine managerial and corporate effectiveness. | 4.76 | 0.47           | 327        |

Early exposure of the successor to the business helps him/her to build relationships & credibility by successfully moving up the organizational ladder has the Mean and Standard Deviation value of (4.71  $\pm$ 0.46) of the factor analysis

**Product Pearson Moment Correlation****Table 4 – Analyzing the proposition that there is a significant relationship between mentoring of successor and the sustainability of the family owned business.**

|           |                     | Mentoring | Firm's Sustainability |
|-----------|---------------------|-----------|-----------------------|
| Mentoring | Pearson Correlation | 1         | 0.777(**)             |

|                              |                            |           |       |
|------------------------------|----------------------------|-----------|-------|
|                              | <b>Sig. (2-tailed)</b>     | .         | 0.000 |
|                              | <b>N</b>                   | 327       | 327   |
| <b>Firm's Sustainability</b> | <b>Pearson Correlation</b> | 0.777(**) | 1     |
|                              | <b>Sig. (2-tailed)</b>     | 0.000     | .     |
|                              | <b>N</b>                   | 327       | 327   |

\*\* Correlation is significant at the 0.01 level (2-tailed).

*Source: Field Survey, 2016*

## 4.2 Interpretation of results

The table above shows that the r value of correlation coefficient is 0.777\*\* between Mentoring and Firm's sustainability using the Pearson's Product Moment Correlation Coefficient (PPMC). This result indicated that Mentoring accounts for about 78% of the firm's sustainability. This shows a positive significant relationship between the dependent and the independent variable of mentoring and firm's sustainability with a significant level of  $P < 0.05 @ 0.000$ . Hence the null hypothesis ( $H_0$ ) which states that "mentoring of the successor will not significantly enhance the sustainability of the family business" is not confirmed.

**Table 5:** Regression Analysis for Attribute Image Driver (Mentoring of Successor)

### Model Summary

| Model | R                 | R Square | Adjusted R Square | Std. Error of the Estimate | Change Statistics |          |     |     |               |
|-------|-------------------|----------|-------------------|----------------------------|-------------------|----------|-----|-----|---------------|
|       |                   |          |                   |                            | R Square Change   | F Change | df1 | df2 | Sig. F Change |
| 2     | .544 <sup>b</sup> | .296     | .292              | .511                       | .085              | 38.957   | 1   | 322 | .000          |

The table above show the results of the regression analysis. The Stepwise Multiple Regression estimates the coefficient of the equation, involving two or more independent variables that best predict the value of the dependent variable. The result showed that R2 (Regression value) for Family Conflict is .296 and that the overall equation is significant at 0.000, which is significant at 0.05 level

## 5 DISCUSSION

The result above is in line with several studies which suggested that survival of family firms require commitment and proper grooming of family members (Kuratko, Hornsby & Montago, 1993; Handler, 1990; Churchill & Hatten, 1987). In addition, the studies of Schein (1983), and Hollander & Ellman (1988), corroborated this that family members' commitment to the family business is determined by the degree of involvement in the business and the way they were integrated into the business. The empirical works of Wang, Watkins, Harris and Spicer, 2004:62; Langsberg and Astrachan (1994); Grote, 2003:122; Langsberg (1999); Chrisman, J.J., Chua, J.H., and Sharma, P. (2005); also support the research finding that the successor should have a clear idea of expectations and the process to be followed as communicated by the incumbent. In support of this result also; Danco, (1982) found that mentoring by parents has been discouraged because of the many other roles they already play but that it has also been highly encouraged as the only way of making sure that the owner's knowledge get passed on to the successor.

The low level of interest and commitment of family members may in fact hinder the growth and sustainability of the family business. (Ibrahim, A.B. & Ellis, W. (2006)). Hollander and Ellman (1988), contend that the founder should develop the appropriate culture that integrates the family into the business effectively. The family business culture according to Harris, Martinez and Ward (1994) is based on shared values and vision and these values and cultures are learned through mentoring. Most

effective firms are those with a clear and consistent vision of their families (Ward & Aronoff, 1994). Interestingly, the present study suggests that family meeting is critical to the continuity and survival of family firms.

The new successor must be properly mentored, groomed and tutored on how to strike a balance between control, professionalism and human relations within the family business upon taking-over so as to retain and motivate the key managers in the family business. This finding underscores the works of Ogundele, Idris and Ahmed-Ogundipe, (2012) that mentoring the successor helps the firm's survival and sustainability.

The work is also in agreement with Le Breton-Miller et.al (2004) that mentoring relationship in which two parties work together for some time is found to be both common and useful in succession, they also noted that the shift of power and authority typically takes five to seven years, and that the incumbent needs to move gradually away from active involvement in the FOB for a favorable succession to occur.

Their work also found out that early exposure to the business allows the successor to become increasingly familiar with the company, its culture and values, and its employees. It also provides the opportunity to develop capabilities needed by the firm. Mentoring also helps the successors to build relationships and credibility by successfully moving up the organizational ladder. Dyer (1986, p. 128) highlights a classic training tool used by family business: the mentor. Mentors act as counselors and instructors and "use their knowledge of the culture of the business, the governing board, and the family to teach the neophyte all the subtle nuances associated with being a manager in the family dominated enterprise".

## **5.1 Conclusion**

The extents at which organizations are able to imbibe the culture of mentoring as a key to employees performance will determine their sustainability in the competitive market and improve employees performance. Family business owners need to understand that their valued family business may not survive the next generation if they do not introduce a possible successor early in the life of the business to mentor and groom. Mentoring is thus an important practice that must be done with care and precision. The institution of mentoring in business and organizations will go a long way in achieving the much needed sustainability objective of the family business.

## **5.2 Recommendations**

Family members' involvement and commitment are critical to the continuity, survival and sustainability of the family business. The family business culture is based on shared values and vision and these values and cultures are learned through mentoring. Mentoring is therefore essential to provide direction on the kinds of opportunities and experiences that the successor should pursue, evaluating the successor's performance, serving as a role model, explaining company dynamics and politics, and introducing the successor to key contacts inside and outside of the company.

### **5.2.1 Mentoring of Successor**

1. Results of this research work suggest that family members' involvement and commitment are critical to the continuity, survival and sustainability of the family business. In this context, family members' integration into the business, the grooming process that takes place to prepare the offspring for their leadership role in the business, the deeply entrenched company values and family beliefs which allow the family business to have its unique corporate culture and to develop its own governance model through its family meetings, were all found to contribute significantly to the continuity, survival and sustainability of the family business. The test of hypothesis also confirms that mentoring positively influences firm's sustainability and survival. This is also in line with several studies that suggest that survival of family firms require commitment and proper grooming of family members (Kuratko, Hornsby & Montago, 1993; Handler, 1990; Churchill & Hatten, 1987). Schein (1983), and Hollander & Ellman (1988), suggest that family members' commitment to the family business is determined by the

degree of involvement in the business and the way they were integrated into the business. The low level of interest and commitment of family members may in fact hinder the growth and sustainability of the family business. (Ibrahim et al., 2004). Hollander and Ellman (1988), contend that the founder should develop the appropriate culture that integrates the family into the business effectively.

2. The family business culture according to Harris, Martinez and Ward (1994) is based on shared values and vision and these values and cultures are learned through mentoring. Most effective firms are those with a clear and consistent vision of their families (Ward & Aronoff, 1994). Interestingly, the present study suggests that family meeting is critical to the continuity and survival of family firms.
3. The new successor must be properly mentored, groomed and tutored on how to strike a balance between control, professionalism and human relations within the family business upon taking-over so as to retain and motivate the key managers in the family business. This finding underscores the works of Ogundele, Idris and Ahmed-Ogundipe, (2010) that tutoring the successor helps the firm's survival and sustainability.
4. Mentoring includes providing direction on the kinds of opportunities and experiences that the successor should pursue, evaluating the successor's performance, serving as a role model, explaining company dynamics and politics, and introducing the successor to key contacts inside and outside of the company (Edwin T. Crego Jr., 1997).

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## GREEN ENTREPRENEURSHIP: AN OPPORTUNITY FOR ENTREPRENEURIAL DEVELOPMENT IN NIGERIA.

<sup>1</sup>KABIAMAOWEI Ataman, <sup>2</sup>JIMI-ONI Mayowa, <sup>3</sup>ESSIEN Senkan, <sup>4</sup>AJIBOLA Mayowa Olusola (Ph.D.).

<sup>1-4</sup>Dept of Estate Management, College of Science and Technology, Covenant University, Ota.

<sup>1</sup>[ibeguataman@yahoo.com](mailto:ibeguataman@yahoo.com), <sup>2</sup>[mayowagwu@yahoo.com](mailto:mayowagwu@yahoo.com), <sup>3</sup>[senessien@yahoo.com](mailto:senessien@yahoo.com),  
<sup>4</sup>[solaajibola@covenantuniversity.edu.ng](mailto:solaajibola@covenantuniversity.edu.ng)

**ABSTRACT:** *The environment is very important to human existence, and entrepreneurship on the other hand is known to be vital in economic development. In as much as entrepreneurship is of great importance, it is necessary for enterprising individuals and firms to consider the effects and impacts of their business operations on the environment; this leads to the concept of Green entrepreneurship, green economy, sustainability and eco-friendly products, services and marketing. The green economy became a UNEP agenda since the United Nations Conference on Sustainable Development (Rio +20) held in June 2012; every nation is encouraged to take advantage of the transition to the green economy which offers huge economic opportunities for entrepreneurship. For this purpose, this study looked at the concept of green entrepreneurship with the view of the opportunities it offers for entrepreneurial development in Nigeria. An exploratory approach was adopted in this study which involves the review and analysis of various research works on green economy and entrepreneurship; and the findings indicate that most developed and even some developing countries have worked hard on their compliance to green requirements according to UNEP. Considering Nigeria's compliance, the study recommends that much needs to be done regarding environmental sustainability, green economy and green entrepreneurship.*

**KEYWORDS:** Entrepreneurship, Green Economy, Economic Growth, Eco Entrepreneur, Green Entrepreneurship, Sustainability.

### INTRODUCTION

Over the years, the population growth across the globe increased the production and consumption of goods and services leading to the depletion of the natural resources and causing severe damage to the environment. Some of the serious repercussions of environmental damages include global warming, increased environmental pollution and decline in the flora and fauna (Chen and Chai, 2010). Various countries in the world realized the threats to the environment and began working hard to minimize the harmful effects of business activities on the environment. The realization, concern and conscious actions towards the environment led to the emergence of sustainable development which emphasizes the need to promote sustainability; by advocating the form of development that emphasizes minimal damage to the environment and the society bearing in mind the well being of future generations, Zillur and Yatish (2015). The drive for sustainability created the platform for eco-innovations and green consumption. Eco-innovation encourages and advocates the incorporation of environmentally sustainable practices at every stage of production process and service delivery (Veleva and Ellenbecker, 2001). On the other hand, green consumption refers to environmentally responsible consumption where the consumer considers the environmental impact of purchasing, using and disposing of various green products and



services (Moisander, 2007). This means sustainability and green practice is the responsibility of the producer, service provider as well as the consumer.

The need to go green creates opportunities for entrepreneurs and such green businesses are gaining popularity as more opportunities arise for eco-entrepreneurs to invest in and this will in turn result in a green economy which is the agenda of the United Nation Environment Programme (UNEP). The green economy creates opportunities for entrepreneurs and in order to take advantage of this, the employability of young people and women should be improved by providing targeted, up-to-date training in the new skills required in the green economy and by creating incentive mechanisms to encourage green entrepreneurship, Demuth (2015).

Studies have shown the positive impact of entrepreneurship to economic growth, which include employment generation and empowerment of the poor in the society, (Oluremi and Gbenga, 2011). In industrialized nations, increased entrepreneurial activities serve to reposition dying industries, provide new jobs to compensate for unemployment and generally enhance economic flexibility and growth (Thomas and Mueller, 1999, cited in Oluremi and Gbenga, 2011). Despite, the benefits of entrepreneurship to the economy of any society, it is pertinent for the sustainability of the environment to be put into consideration by business operatives. Hence, it becomes imperative for the Nigerian entrepreneur to adopt green practices in business.

The question then is, of what benefit is the transition to green economy and what are the opportunities available for the green entrepreneur in Nigeria? It is obvious that the response and efforts of environmentalists and governments is not enough to produce the desired economic and environmental results and so businesses (entrepreneurs) play a key role in combating environmental challenges. Thus, this paper looks at the issues with green entrepreneurship and how it can enhance economic activities through entrepreneurial development and create opportunities for entrepreneurs, especially in Nigeria where there is a high rate of unemployed youths who need to be engaged in entrepreneurial activities to ensure a stable economy.

## **CONCEPT OF GREEN ECONOMY**

The concept of green economy has gained popularity because it gives credence to major global issues which include environmental, economic and food crisis. The concept offers an opportunity of economic growth and food supply without putting the environment in jeopardy. It advocates and promotes a system that proactively addresses and prevents economic and environmental crisis as against the system that allows it, Antonio (2012).

According to UNEP (2011), green economy is “an economy that results in improved human well-being and social equity, while significantly reducing environmental risks and ecological scarcities.”

The UNEP’s working definition of a green economy (Fareed, 2012) defined it as a system of economic activities related to the production, distribution and consumption of goods and services that result in improved human wellbeing over the long term, while not exposing future generations to significant environmental risks and ecological scarcities. Some concepts of green economy as provided by UNEP are:

- A low carbon economy: part of a green economy measured by the carbon level of economic activities
- Green growth: GDP growth subject to green conditions as well as focusing on green sectors as new growth engines.
- Green jobs: jobs in green sectors, also known as green collar jobs

- Circular economy: an economy in which the waste from one production/consumption process is circulated as a new input into the same or a different process.
- Ecological economy: an economy subject to ecological principles (eg biodiversity & carry capacity) as well as utilizing ecological functions to contribute to both the economy and ecosystems (eg organic farming).

From the above perspective, the concept carries the promise of a new economic growth paradigm that is friendly to the earth's ecosystems and can also contribute to poverty alleviation. This is viewed to be compatible with the concept of sustainable development which has being a major drive of the United Nations for decades. Kor (2012), analysed the principles of sustainable development and green economy, he concluded that both concepts are geared towards the same goal. "Sustainable development would not only involve ecological practices that enable meeting the needs of future generations, but a change in production and consumption patterns in an equitable manner whereby resources which are currently being wasted are saved and rechanneled to meeting the needs of everyone today as well as the needs of future generations"; and this is the underlying principle of green economy.

Nwosu (2015), also views the green economy as a vision for growth and development; one that can generate growth and improvement in people's lives in ways consistent with sustainable development. That the green economy is more than merely "greening" economic sectors; it is a means of achieving sustainable development imperatives which include; (i) improving the well being of humans, securing better healthcare system, education and job security, increasing social equity; (ii) ending persistent poverty and ensuring social, economic and financial inclusion; (iii) reducing environmental risks, addressing climate changes, ocean acidification, the release of hazardous chemicals and pollutants; and (iv) reducing ecological scarcities, securing access to fresh water, natural resources and improving soil fertility.

But the green economy has its risks and challenges, especially for developing countries whose concern is that the concept may be misused or taken out of context, and that the promotion of the "green economy" may give rise to unhelpful or negative developments, that must be avoided. The fear is that the new concept could be used to reinforce protectionist trends, enhance the conditionality associated with international financial cooperation, and unleash new forces that would reinforce international inequalities (Nwosu 2015, Kor, Cosbey and Antonio 2012, and Demuth 2015). In response to the concerns of many countries, Kor, Cosbey and Antonio (2012), opined that the concept of green economy should be seen as consistent with the broader and older concept of sustainable development which encompasses the three pillars of development – economic, social and environment; and should also focus on *inter-generational* equity. As a result, the developed countries and the UNEP are advised to assist the developing world financially and also help in policy formulation that will ameliorate the green economy transition.

Nigeria is a highly populated nation plagued with economic problems; however, the green economy is an opportunity for economic transformation if handled with the best of care and intentions. Osmond and Uwazie (2015) opined that for a smooth and successful transition to a green economy, Nigeria must take full advantage of the report of the Trade Policy and Planning Unit of the United Nations Environment Programme (UNEP). He noted that the report is a key component of the Green Economy and Trade Opportunities Project (GE – TOP). It stated the types of opportunities arising from the transition namely trade in environmental goods and services, standards and certification, and the greening of global supply chains.

## ENTREPRENEURSHIP AND ECONOMIC DEVELOPMENT

Entrepreneurs are individuals who conceive new business opportunities and take on the risk required to convert those ideas into reality. Such people are able to identify new commercial ventures, incubate ideas and champion their adoption, assemble the resources needed to bring the idea to commercial reality and finally launch and grow the business idea. Entrepreneurship arises when an enterprising individual identifies an unsolved problem or an unmet need or want which he then proceeds to satisfy. In the process, he transforms the existing status quo into a future opportunity and turns ideas into a commercial reality. Entrepreneurs play an important role as the engine of change in a market based economy since they are responsible for introducing innovation, adaptation and new ideas, Demuth (2015).

According to Afolabi (2015), Entrepreneurship is the manifest ability and willingness of individuals, on their own, in teams, within and outside existing organizations, to perceive and create new economic opportunities (new products, new production methods, new organizational schemes and new product- market combinations) and to introduce their ideas in the market, in the face of uncertainty and other obstacles, by making decisions on location, form and the use of resources and institutions. Gevrenova (2015) considers entrepreneurship to be the moving force of the economy, assuring economic growth, technological and organizational innovations, and new workplaces.

Economic growth on the other hand refers to an increase in the value of goods and services produced by an economy and it's conventionally measured as the rate of increase in real gross domestic products. In economics, "economic growth" or "economic growth theory" typically refers to the growth of potential output, that is, production at "full employment," which is caused by growth in aggregate demand or observed output (Erbee and Hagemann, 2002 cited in Afolabi 2015).

Results from various studies have shown the direct link between entrepreneurship and economic growth. India and China are envisaged to rule the world in the 21st century on account of their feats in entrepreneurship and small business promotion. For over a century, the United States has been the largest economy in the world but major developments have taken place in the world economy since then, leading to the shift of focus from the US and the rich countries of Europe to the two Asian giants -India and China (Economy Watch, 2007 cited in Afolabi 2015).

In Nigeria, entrepreneurial development has made significant improvement as a result of individual's drive for entrepreneurial activities and various programmes put in place by the government to encourage entrepreneurial activities. For example, the Structural Adjustment Programme (SAP) in 1986, the National Directorate of Employment (NDE), National Open Apprenticeship Scheme (NOAS), the Small and Medium Enterprise Development Association of Nigeria (SMEDAN), Afterschool Graduate Development Centre (AGDC). Another initiative to encourage entrepreneurship in Nigeria was the move to introduce a mandatory course on entrepreneurial development skills in tertiary institutions, the Centre for Entrepreneurial Development (CED); with the aim of teaching and encouraging students to acquire entrepreneurial, innovative and management skills, (Afolabi 2015, Oyelola et al 2015, Agu et al 2012 and Ajagbe et al 2015). They opined that, by combining existing resources with innovative ideas, entrepreneurs add value through the commercialization of new products, the creation of new jobs, and the building of new firms. Afolabi (2015) explained that the Global Economic Monitor indicates that nations with higher levels of entrepreneurial activity enjoy strong economic growth.

Entrepreneurship is the heart of any nation's economy and one that does not play with its entrepreneurs has a better chance of an improved economy. The future of African economy depends largely on its entrepreneurs as well as government policies on entrepreneurship and a positive entrepreneurial environment is very important to ensure an entrepreneurial individual or a firm succeeds at its venture. However in Nigerian, different factors have deterred emerging entrepreneurs from starting and successfully running their businesses.

## **THE CONCEPT OF GREEN ENTREPRENEURSHIP**

The concept of green entrepreneur evolved as a result of environmental concerns such as pollutions, global warming, climate change, scarcity of natural resources and other disturbances in the ecosystem, Sharma & Kushwaha (2013). Owing to the growing awareness of environmental challenges, sustainable development and green economy; individuals, corporations and institutions are becoming more responsive towards the environment. These factors are also responsible for the changing consumer behavior towards green product, and the perception towards green product creates an opportunity for the development of the green market, Chitri (2015). The Green market is an emerging market which offers a wide range of opportunities for the green entrepreneur by creating opportunities in various fields such as green supply chain, green production, green design, green buildings, recycling among others.

Different terms such as 'environmental entrepreneurs', 'eco-entrepreneurs' and 'ecopreneurs' are used in various studies to describe the Green Entrepreneur. The term green entrepreneur is a combination of two words i.e. environment and entrepreneurship, Sharma & Kushwaha (2015). Demuth (2014) defined a green entrepreneur as an actor in the green economy that embodies the marriage of economy and environment taking into account the human factor and social development, explaining that green entrepreneurship is a concept that gives rise to new economic opportunities, job creation and environmental innovation. Bakari (2013) opined that green entrepreneurs get their motivation intrinsically and their business activities positively affect the natural environment, enhance economic sustainability, and deliberately focus on a more sustainable future. Green entrepreneurs are important to a nation's economic development as they are the significant contributors in providing jobs and are also the driving force towards the desired change. They also get appreciated for introducing innovation, adopting and developing new thoughts and ideas towards change in a rapid, flexible and efficient manner that sustains the environment, (Allen & Malin, 2008). Bakari (2013) explained that the main difference between the green entrepreneur and the traditional entrepreneur is that, the green entrepreneur seeks to create a business model that is both economically profitable and creates environmental and social value.

In the same vein, "green" entrepreneurship is an economic activity whose products, services, methods of production or organization have positive effect on the environment; by offering products or services, the consumption of which leads to a change in the consumer's behaviour and reduces the negative impact on the environment, Gevrenova (2015). A green business is regarded as an enterprise that has no or minimal negative impact on the global or local environment, community, society or economy. It is one that incorporates principles of sustainability into each of its business decisions and supplies environmentally friendly products and services that replace demand for non green products and services, Schapper (2016). Green Entrepreneurial practices are those activities that are related to products or processes that are involved in reducing, reusing and recycling of resources for economic, environmental and social sustainability, Fulvia et al (2011). Such practices will include but not limited to energy saving, pollution prevention, waste recycling, green product design or corporate environmental management, Bakari (2013).

The adoption of environmentally responsible business practices can conceivably open up an additional range of opportunities for entrepreneurs (Schapper, 2016). He opined that the move to a sustainable business framework provides numerous niches which enterprising individuals and firms can successfully identify and service. These include the development of new products and services, improving the efficiency of existing firms, new methods of marketing, reconfiguring existing business models and practice and so forth. By demonstrating the economic benefits which come from being eco-friendly, these green entrepreneurs act as a pull factor that entices other firms to proactively go green as opposed to the “push” factors of government regulations, risk minimizations factors and stakeholders or lobby group pressure, Demuth 2015 and Schapper 2016. The ecopreneur like every other entrepreneur has to identify a feasible business opportunity, research it, harness resources to turn the idea into reality, develop and execute a plan for business development and oversee its growth.

It has become obvious that there are bright opportunities for the green entrepreneur as the green market is expanding and consumer behavior is favorable towards green market and there is a conceptual link between environmental concern, emerging green market, green entrepreneurs and sustainable development, Sharma & kushwaha, 2015. Green businesses are creating new economic opportunities for both multinational corporations and small and medium-size enterprises (SMEs), Fulvia et al (2011). Also, green enterprises are increasingly successful in proving to shareholders and stakeholders that sustainability is not just a cost but rather an opportunity to increase revenues and customer loyalty while protecting the environment.

Although, green entrepreneurs often struggle to survive because of financial cost and unfavourable entrepreneurial environment, opportunities abound for entrepreneurs in the green economy if tapped and harnessed.

#### **EXAMPLES OF GREEN ENTREPRENEURSHIP IN DEVELOPING COUNTRIES:**

A research carried out by ILO (2010) in Bangladesh, the findings were:

- The sectoral analysis suggested there are nearly 2.8 million core environment related jobs in Bangladesh. These account for nearly 6 per cent of total employment in the economy (49.5 million jobs). Another 4 million jobs are indirectly supported as a result of these core environment-related jobs.
- Sustainable agriculture and forestry account for a very small share (0.2%) of total agriculture and forestry jobs. Nevertheless, jobs identified in sustainable farming (about 42,000) can be considered green on the basis of their environmental contribution (i.e. better soil conservation, water efficiency practices, reliance on natural nutrient cycling and reduced farm-to-market distances), as well as better working conditions and higher wages.
- In the sustainable forestry sector (about 29,000 jobs)
- In the sustainable energy sector (between 70,000 and 120,000 direct and indirect jobs are sustained); investment in solar photovoltaics and biogas/ biomass is creating new job opportunities in rural parts of Bangladesh. These renewable technologies are well suited to rural parts of the country as they are cheap to install and run. Biogas/biomass-based technologies have abundant supplies of organic waste from crop production and cattle.
- Jobs in waste management and recycling are thought to be growing at a high rate. Composting urban waste 90,000 jobs and plastic waste recycling 68,000 jobs account for the majority of these jobs.
- Brick kilns are the best-documented activity; most of the jobs in new brick kilns can be considered green and decent, as opposed to the traditional brick kilns.

- The sustainable construction sector is the second most important in terms of core environment-related jobs. Indirectly, the sustainable construction sector supports another 1.4 million jobs.
- In the transportation sector, potential green jobs have been identified in areas such as the conversion of vehicles to run on CNG (compressed natural gas). In 2008, there were 250 CNG filling stations and 121 conversion centres, supporting nearly 150,000 jobs.

Source: Andrew et al, 2011.

## INDIA

- **Green Drops India:** Engaged in vertical gardening on walls of the buildings.
- **Danteshwari herbal products:** Engaged in organic farming and won the “Earth hero” award from Royal bank of Scotland.
- **Damji Prajapati :** Making nest for birds made of clay, which can be fixed. Got many projects from the real estate sectors.
- **MINC retail store:** Eco friendly fashion store
- **Green oil:** Production of renewable energy and organic manure from waste material
- **Chalk and Chukles:** Manufacturing of toys without use of plastic and chemical based paints.
- **Go Green BOV:** Electric bikes
- **Biotec Bags:** Biodegradable plastic bags
- **Uravu, Kerala:** Making of houses and handicrafts of bamboo.
- **Mazhapolima:** Techniques of water harvesting
- **The Tree House Resort:** Providing natural habitat to exotic birds
- **Mitti cool clay products:** Fridge made of clay
- **Krya consumer products:** Chemical free detergent etc.

SOURCE: Sharma NK, Kushwaha GS (2015).

## EGYPT

**SEKEM**, a Consortium of companies producing and distributing organic and biodynamic food, textile and pharmaceutical products in Egypt and abroad. It has created 2,000 jobs with an annual turnover of 23m€ operating under environmental-chemical free food production, closed nutrient cycles to tackle climate change, resource depletion and desertification.

**Desert Lodge Resort** offering sustainable tourism and 50% of the Lodge’s needs from water and electricity are from renewable resources and 100% of the products and materials used and provided to guests are locally-made and locally grown. The management initiated a solid waste management project for the oasis with a population of about 7000 people.

**OneraSystems** (Sustainable energy): OneraSystems is a full service manufacturing and distributing company that provides clean, efficient and reliable energy to the Middle East. It initially started with a moderate investment capital of EGP 250,000 and now has a capital of EGP 35,000,000.

### Egypt Vehicle Scrapping and Recycling Program

- A national program launched in 2009 with the aim to reduce greenhouse gas emissions (GHG) and air pollution associated with aging taxi vehicles in Greater Cairo.
- 41,000 vehicles have been replaced through the program since 2009
- In 2012, tax and customs exemptions given through the program reached 1300 \$ per taxi.
- Average fuel efficiency achieved through the program is 9.39 liters/100 km for fueled cars.

- An average of 60,000 tons of carbon dioxide (CO<sub>2</sub>) aimed to be reduced annually.
- This is equivalent to taking 10,000 cars off the street annually.

**Adapt Egypt:** involved in developing low cost, environmentally-friendly housing for squatter and other low-income/neglected areas in Egypt, reducing the cost of housing by 30%. The Social benefit is 13,000 improved living conditions as well as hundreds trained on sustainable, local and environmentally-sound building methods by using local resources and minimum waste; and economically, housing cost is reduced by 30% and the Ministry of Housing is adopting the methodology.

**MOROCCO Green Chip (Managem & Al Jisr):** A company that collects, dismantles and sorts electronic wastes, recovery precious and non ferrous metals and selling other dismantled products. It has provided 24 full time jobs, 150 part time and 65 young unemployed trained each year in computer maintenance & recycled computers donated to schools. The annual turnover is 2m USD. The environmental impact is the reduction in contamination of soil and ground water from e-waste; 120,000 tonnes of e-waste is recycled per year.

Source: Hossam A. Allam (2015). *Green entrepreneurship success stories in the Arab Countries*

## OPPORTUNITIES IN GREEN ENTREPRENEURSHIP

Presently in Nigeria the environment is under threat from natural and human-induced disasters such as drought, floods and erosion and the increase in population is also exerting pressure on the environment. Inappropriate mining activities, oil and gas exploration, indiscriminate waste disposal and several entrepreneurial activities have also contributed to environmental degradation in the country. A research by Sunday et al (2015) to examine the impact of entrepreneurship on the environment and how green entrepreneurship can be used to sustain the environment for development in Nigeria indicates that opportunities for environmental entrepreneurs exist in the country and that the negative impact of entrepreneurial activities can also create a means for green entrepreneurship which will in turn aid the greening of the Nigeria economy. Therefore, the Nigerian entrepreneur needs to see the opportunities created by the transition to green economy and explore these opportunities for the economy to thrive economically, socially and environmentally.

Andrew et al (2011) asserted that businesses play a key role in the economy; green businesses and the relevant markets should be a key priority for an economy by improving energy efficiency and resource use, and that by recognizing green growth as a business opportunity, green entrepreneurs can become the agents of change. Examples of greening opportunities include:

- Introduction of controlled and sanitary waste management services and enhancement of decent work in the informal waste management sector;
- Introducing energy-efficient cooking stoves, solar water heaters and solar panel systems in place of unsustainably harvested firewood, creating jobs in the manufacturing and servicing of such equipment and reducing the burden of firewood collection.
- Building and servicing biogas plants to provide eco-friendly and economical fuel for lighting and cooking, in place of kerosene.
- Building and servicing composting plants to convert waste into natural fertilizers that can replace the costly urea-based or petroleum-based fertilizers that can pollute groundwater reserves and that can replenish the organic matter content of soils.
- Small-scale generation/decentralized power grids based on renewable energy technologies or industrial co-generation, rather than on large oil or coal-based power plants and centralized, inefficient and loss-making electricity grids.

- Labour-intensive, environmentally sustainable and climate-resilient infrastructure.
- Low-carbon public transport schemes.
- Sustainable natural management, such as forestry.
- Investing in green irrigation models (drip).
- 90% of energy and 70% of water saving can be achieved by investing in recovery and reuse of water - recycling industrial and municipal wastewater for industrial or cooling water.
- 70% of industrial wastes are dumped untreated into waters creating huge opportunities for investment in wastewater treatment;
- Investing in flood prevention and control
- Storage and transport infrastructure, to reduce post-harvest losses;
- Value addition by processing of harvested produce;
- Infrastructure for production, marketing and trade in organic fertilizers and biological and integrated pest control methods
- Improving irrigation infrastructure and its efficiency
- Green Banks and/or micro-credit for farmers and SMEs.

Green Opportunities in Agriculture accounts for 97% of revenues generated in Europe/North America with more than 80% of producers in Africa, Asia and Latin America. Employment opportunities of 30% more jobs in East Africa and 178,000 new jobs in Mexico. Globally, investing US\$630bn in the renewable energy sector by 2030 would create 20 million additional jobs and over 50 countries have set renewable energy targets including Mexico, Brazil, China, India, Iran, Morocco, Syria, Tunisia, Senegal, South Africa and Uganda, Fareed (2012).

## CONCLUSION

The green entrepreneur is an actor in the green economy that embodies the marriage of economy and environment, taking into account the human factor and social development in business operations, Hossam (2015) & Anita( 2014). He provides innovative solutions to the way goods and services are produced & consumed and also scale-up the business model and contributes to the greening of the economy. This means the green economy and green growth is made possible by the entrepreneurial activities and contributions of the green entrepreneur.

Green economy policies can help developing countries attain economic and social gains on several fronts. There are a number of ongoing developing country initiatives that are demonstrating a positive benefit stream from specific green investments and policies, and if scaled up and integrated into a comprehensive strategy, could offer an alternative sustainable development pathway, Fareed (2015). In order for us as a nation to attain sustainable development that meets social, economic and environmental standards as required by UNEP, we must follow the path of green economy by promoting environmental sustainability, addressing the challenges of climate change, greening various sectors of our economy amongst other things.

Although, efforts have being made by the government and individuals at various levels to encourage green entrepreneurship, the Nigerian entrepreneur needs to identify the opportunities created by the green economy and explore to ensure our economy thrives both socially and environmentally.

Therefore, this paper recommends further training and advice that more awareness be created with regards to the green economy and its benefits to sustainability and entrepreneurial development in Nigeria. The government also needs to put in place the necessary policies and



the enabling entrepreneurial environment to encourage entrepreneurs in green innovations and businesses.

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## ENTREPRENEURSHIP AS DRIVERS OF SUSTAINABLE DEVELOPMENT IN THE PRESENT KNOWLEDGE ECONOMY

Bankole A. Oluseun, Ezema M. Ejiehi, Omolade A. Ayoyimika, Idowu E. Adebayo

### **Abstract:**

*Sustainable Entrepreneurship is an emerging field in entrepreneurship which gradually creating attention to public and a way of interest in academic research. We consider 'traditional' entrepreneurship still necessary and vital to the continuing development of disruptive innovation and market change, however, a new breed of entrepreneur must now achieve greater focus. A sustainable shift in society's development is required to guarantee a capacity to endure. Sustainable development is critical to not only the environments long-term well-being, but also a necessity to curve the ultimate slow demise of the human race. The objective is to give an insight conceptually the challenges facing entrepreneurs and equally to develop a conceptual framework for entrepreneurship in the present knowledge economy. The critical review of multidiscipline literatures on entrepreneurship and sustainable development show a gap for understanding the concept. Sustainable development meets at the confluence of three constituent parts - environmental sustainability, economic sustainability and socio-political sustainability, the foundations to an emerging new field of entrepreneurship - Sustainable Entrepreneurship. Conceptually, this paper suggests a deeper analysis to be conducted with a detailed taxonomy and framework for sustainability innovations, the core of sustain entrepreneurship, primarily by cataloguing and categorizing case stories. This Paper explores the conceptual linkage between sustainable entrepreneurship and knowledge based development, an emerging discipline which focuses upon knowledge-based processes, including innovation related processes, to bring about sustainable development. This model could serve as blue print to guide policy-makers on how deliberate strategic incorporation of entrepreneurship (and sustainable entrepreneurship in particular) can transform existing knowledge based development frameworks into actionable instruments for sustainable development if empirically evaluated.*

**Keywords:** Sustainable Development, Sustainable Entrepreneurship, Social Entrepreneurship, Knowledge-Based Development, Knowledge Processes, Innovation.

### **INTRODUCTION**

The word sustainability has Latin origin. It comes from "sustinere", where "tenere" means "to hold" and "sub" means "up". It can also be defined as an established system or entity formulated for the protection and safeguard of the consumer or purchaser of goods and/or services.

Innovation can be described as change or novelty induced by human creativity. Innovation is the result of an iterative process of interaction between individuals, organizations firms, universities, systems and institutions using price signals or other signals to find the direction in which to develop (Lambooy 2005).

Entrepreneurs are individuals who innovate new ideas and business processes. They have the skills and initiative necessary to take good new ideas to market and make the right decisions to make the idea profitable. Users are often times referred to as entrepreneur because they invent products or services , also after using products or services they bring good new ideas to market and make the right decisions to make the idea profitable.

The for-profit sector has become ruthless in its customer acquisition tactics without paying attention to the effect their activities and that of the consumers have on the society. We are already seeing the damage this kind of approach can cause, from large-scale financial crises caused by irresponsible banking, to changes in global climate resulting from our dependence on fossil fuel-based energy sources, increased water and resource scarcity, a decrease in fresh water and air quality, diminishing biodiversity, growing desertification, increasing risks to human health and the exacerbation of poverty.

To stop this, users and businesses should find better ways of doing things, both for the present and the future generations. We need to change the way we work and live now, as this affects things we demand for and determines what business offer as goods and services, but this doesn't mean our quality of life will be reduced.

That is why the UN Conference on Environment and Development published in 1992 the Earth Charter, which outlines the building of a just, sustainable, and peaceful global society in the 21st century. The action plan Agenda 21 for sustainable development identified information, integration, and participation as key building blocks to help countries achieve development that recognizes these interdependent pillars. It emphasizes that in sustainable development everyone is a user and provider of information.

Sustainable Development stands for meeting the needs of present generations without jeopardizing the ability of future generations to meet their own needs – in other words, a better quality of life for everyone, now and for generations to come.

Sustainable development will not be brought about by policies only: it must be taken up by society at large as a principle guiding the many choices each citizen makes every day, as well as the big political and economic decisions that affects us all. This requires profound changes in thinking, in economic and social structures and in consumption and production patterns.

This is where the role of users as entrepreneurs and innovators in context of sustainable development comes to play. End users have to innovate and demand for products and services made from processes of productivity indefinitely (natural or human made) by replacing resources used with

resources of equal or greater value without degrading or endangering natural biotic systems. Thereby influencing business to promote sustainability and before long we will have a sustainable environment

## LITERATURE REVIEW

The American human psychologist, Abraham Maslow viewed the entrepreneur as one who can discern change, enjoy it and improvise without being forewarned. He further stated that the entrepreneur is a "here-now" creator, an improviser who is willing to operate against traditions (Stephens, 2010 cited in Hamza, 2013). An entrepreneur identifies the needs of a place or group of people and strives to meet them while making profit in the process (Anyadike *et al.*, 2012).

Harbison (1965) includes entrepreneurs among the prime movers of innovations, and Sayigh (1962) simply describes entrepreneurship as a necessary dynamic force. It is also opined that development does not occur spontaneously as a natural consequence when economic conditions are in some sense 'right': a catalyst or agent is always needed, and this requires an entrepreneurial ability.

The term entrepreneurship is relative, as it means different things to different people. In spite of the conflicting views, there are common grounds such as risk taking, creativity, independence and reward/profit (Garba, 2010). The objectives of an entrepreneur could be profit making, survival in business, growth, control of reasonable market share, innovation, employee's welfare, service to consumers and social responsibility. All these objectives, if achieved by all entrepreneurs will lead to sustainable economic growth in Nigeria.

### 1.1 Entrepreneurship Development in Nigeria

Entrepreneurship has a long standing history in Nigeria with significant impact on the livelihoods of the people. Hamza (2013) reported that people of the Ibo community in Nigeria are considered one of the oldest entrepreneurs in history. Their trade involved crafts, marketing and talent utilization. There are so many opportunities entrepreneurs can harness in Nigeria.

These opportunities include but not limited to agriculture (production, marketing and processing), creation of place utility for manufactured products (toiletries, beverages among others), repairs and servicing of mobile phones, computers, generators, cars etc. Nigeria has an estimated population of 170million people with majority being youths (Wikipedia, 2013b). This indicates that the Nigerian population is active and can expand production and marketing.

There is a sustained decline in the number of youths in the informal sector of the Nigerian economy over the years. This is not unconnected with the deep interest of youths in white collar jobs and businesses with short gestation periods such as okada riding, Motor Park rent seeking ("agberos") and commercial violence among others (Oluwatayo, 2014). Nigeria currently ranks 170 out of 189 countries (World Bank, 2014). The following are however some of the constraints to entrepreneurial development in Nigeria:

**1.) Financial Constraints:** Nigerian entrepreneurs are confronted with the problem of undercapitalization (Anyadike *et al.*, 2012). Some traders sit behind wares not up to 5000naira (USD 22) from morning till night; a situation that depicts poverty. Inadequate access to credit as a result of

high bureaucratic process of obtaining loans, and ‘throat-cutting’ interest rates charged by banks make businesses unprofitable.

**2.) Infrastructural Deficits:** The Nigerian business environment is characterized by bad roads, epileptic electricity supply, and inadequate access to potable water (Onukwuli *et al.*, 2014). The high cost of transportation resulting from deplorable state of roads in the country and cost of purchase and maintaining generators account for high production costs obtainable in Nigeria. A recent study by the Nigerian Customs Service awarded Nigeria the ridiculous honour as the continent’s biggest importer of generators. Estimated 60million Nigerian residents spent \$13.35 billion on fueling generators in 2012 (GGA, 2013). Inadequate access to basic infrastructure has resulted in high production costs and outright loss of goods in extreme cases. This situation renders Nigerian products too costly and inferior in the sight of consumers.

**3.) Government Policies:** Government policies are inconsistent and contradictory (Agwu and Emeti, 2014). For instance, while there is local rice in Abakaliki (Ebonyi State), Erinmo (Osun State) and Igbimo rice (Ekiti State) among others, government subsidizes foreign rice. The agricultural enterprise being a risky and rain-fed business, instead of being subsidized by government is taxed heavily.

Inconsistency in government policies has led to business failures. The basis of formulating most of the policies is wrong, coupled with poor implementation has led to policy summersault in some cases.

**(4) Corruption:** There is low funding to protect SMEs and when provided, they are diverted to private pockets. Developmental projects are made unnecessarily complex to justify the corrupt huge expenses on them. Government at all levels; spend the bulk of Nigerian budget on large and difficult-to-manage projects to encourage fraud through project execution. A high proportion of Nigerian budget is spent on defence and infrastructure rather than provision of necessary public services such as health, roads, housing, schools, electricity and water. Registering of new businesses is faced with bureaucratic complexities and fraud. In fact, Nigeria ranks 129th out of 189 countries in the starting a business index (World Bank, 2014). However, proceeds from drug trafficking, human smuggling, and other criminal activities which are often settled in cash were not included in the estimate. If billion of dollar is spent on provision of public services and monitored, SMEs will flourish consequently leading to economic development.

**(5) Insecurity:** The insurgency of Boko Haram in Northern Nigeria owing to religious misconceptions, government neglect, delayed and unfruitful response of security agencies makes it a sustained reality (Mbam, 2011). This makes entrepreneurial development and consequently economic development a herculean task. Agricultural products such as onions, yams, and beans are trapped in the North owing to terrorism resulting in high cost of food items. This situation renders traders who specialize in marketing of these commodities jobless.

## RESEARCH METHODOLOGY

This section gives a general overview of systematic literature review method (SLR) – its distinctive features and historical development. The reasons why SLR was chosen as a research method for this study are also provided in this chapter.

## SYSTEMMATIC LITERATURE REVIEW

The process of systematic review is generally understood to be a reliable, scientific overview of extent research on a subject area or topic (Petticrew and Roberts, 2006). Its purpose is to identify, appraise and synthesize all relevant studies using a transparent, replicable process (Tranfield et al., 2003). Systematic review should not be confused with traditional narrative review. It adopts a detailed technology, which is replicable, scientific and transparent, with the objective of performing an exhaustive literature search of published and unpublished studies and providing an audit trail of the reviewers, decisions, procedures and conclusions (Cook, Murlow and Haynes, 1997).

SLR is used not only to collect, synthesize all relevant data, but also to analyze and interpret it.

In the current thesis, SLR methodology was chosen because of several reasons. As it was described above, a lot of high-quality research on the connection between entrepreneurship and sustainability has been performed already. Therefore, it makes sense to take advantage of this vast number of studies and perform a thorough analysis of their results and it seems that the SLR methodology provides the best tools for doing this.

There are also few other reasons why the SLR method is chosen. Firstly, this method allows the author to try both the roles of a reviewer and a researcher, which is quite a challenging task. Secondly, this method is a great way to improve one's skills in such areas as data acquisition, systematization and data analysis. Additionally, the researcher hopes to obtain solid knowledge of the studied subject and related frameworks. Thirdly, diving into the huge number of different scientific articles coming from various sources and performing their "inventory" is an extremely interesting process.

One of the distinctive features of a good-quality systematic review is that it provides a transparent report of all the steps that have been undertaken by a researcher throughout the review process. Such reporting is expected to help the reader to reproduce the review if needed and also to help to assess the validity of the review's conclusions. In the current thesis the author followed the list of stages proposed by The Cochrane Collaboration's Cochrane Reviewers' Handbook (Clarke and Oxman, 2001) The following sections of the article provide a brief overview of each stage of SLR below and describe in detail what exactly the author of the current study did at each particular phase of the research. **Sustainable Development Goals**

Goal 1. End poverty in all its forms everywhere

Goal 2. End hunger, achieve food security and improved nutrition and promote sustainable agriculture

Goal 3. Ensure healthy lives and promote well-being for all at all ages

Goal 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

Goal 5. Achieve gender equality and empower all women and girls

Goal 6. Ensure availability and sustainable management of water and sanitation for all

Goal 7. Ensure access to affordable, reliable, sustainable and modern energy for all

Goal 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Goal 9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

Goal 10. Reduce inequality within and among countries

Goal 11. Make cities and human settlements inclusive, safe, resilient and sustainable

Goal 12. Ensure sustainable consumption and production patterns

Goal 13. Take urgent action to combat climate change and its impacts\*

Goal 14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development

Goal 15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss

Goal 16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all build effective, accountable and inclusive institutions at all levels

Goal 17. Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development

#### **Things you can do from your couch**

- Save electricity by plugging appliances into a power strip and turning them off completely when not in use, including your computer.
- Stop paper bank statements and pay your bills online or via mobile. No paper, no need for forest destruction.
- Turn off the lights. Your TV or computer screen provides a cosy glow, so turn off other lights if you don't need them.

#### **Things you can do at home**

- Air dry. Let your hair and clothes dry naturally instead of running a machine. If you do wash your clothes, make sure the load is full.
- Take short showers. Bathtubs require gallons more water than a 5-10 minute shower.
- Eat less meat, poultry, and fish. More resources are used to provide meat than plants
- Compost—composting food scraps can reduce climate impact while also recycling nutrients.
- Recycling paper, plastic, glass & aluminum keeps landfills from growing.

#### **Things you can do outside your house**

- Shop smart—plan meals, use shopping lists and avoid impulse buys
- Bike, walk or take public transport. Save the car trips for when you have got a big group.
- Bring your own bag when you shop. Pass on the plastic bag and start carrying your own reusable totes.
- Maintain your car. A well-tuned car will emit fewer toxic fumes.
- Donate what you do not use. Local charities will give your gently used clothes, books and furniture a new life.



## RESULTS AND ANALYSIS

This section provides the detailed data that was extracted from the reviewed article. The data analysis is based on three categories which are; general information about the paper (journal, publication, years, etc); specific information about the paper (methodology); and topic-specific analysis of the paper (focus of sustainability, definition, and suggestion for future work etc). The objective of the analysis is to answer the main question “how do entrepreneurs drive sustainability development, or still does entrepreneurship contribute to sustainable development?” and the related sub-questions. “How much is known about the link between entrepreneurs and sustainable development based on prior research?”; “What is known about the link between entrepreneurship and sustainable development based on prior research?; and “What kind of research agenda should be pursued in the future?”. We chose to use narrative synthesis approach for presenting and analyzing the results, since the data is not so numerous.

### 1 - How Much is Known about the Link between Entrepreneurship and Sustainable Development Based on Prior Research?

As it was described above, two established electronic databases were used in the current review: ProQuest and EBSCO (Business Source Complete). The author did not set up any time limits, so the search results include all the articles on the specified topic that were ever listed in the selected databases. The relevant articles can be dated back only as far as to 1999 (Hart and Milstein). Thus, the review data frame is 1999 – 2015 (May). This shows that connection between sustainability and entrepreneurship is, indeed, an emerging field of study. First publications on the topic appeared on the end of 1990s. Researchers see sustainability as a source of entrepreneurial opportunity and formulate the idea that those who see sustainable development as business opportunity “will drive the creative destruction process and build the foundation to compete in the twenty-first century”. Table 2. shows the distribution of the reviewed articles along the time frame.

Table 2. Distribution of the Reviewed Articles along the Time Frame

| Year             | Number of articles | Articles                |
|------------------|--------------------|-------------------------|
| 1999             | 1                  | Hart and Milstein, 1999 |
| 2005             | 1                  | Wheeler et al., 2005    |
| 2006             | 1                  | Elkington, 2006         |
| 2007             | 2                  | Cohen and Winn, 2007    |
| 2015 (until May) | 2                  | Muñoz and Dimov, 2015   |

Most of the reviewed articles are either fully conceptual or contain elements of a conceptual study, ultimately pursuing the development of applicable theoretical frameworks. This is representative of the early stages of a young research field, which lacks theoretical frameworks. This finding goes in line with the conclusions of Binder and Belz (2015), who claim that it is typical for a nascent, emerging research field to have a big proportion of conceptual articles and qualitative studies which are focused on theory development rather than on theory testing.

Table 3. Research Methods Used in the Reviewed Articles

| Research method  | Number of articles | Articles                |
|--|--------------------|-------------------------|
| Conceptual   | 13                 | Hart and Milstein, 1999 |
| Dean and McMullen,   | 1                  | 2007                    |
| Pacheco et al.,  | 1                  | 2010                    |
| Patzelt and Shepher,   | 1                  | 2010                    |
| Empirical Incl. Mixed<br>(both quantitative and qualitative) |                    |                         |
| Parrish,   | 1                  | 2010 (Qualitative)      |

Overall it can be concluded that the field of sustainable entrepreneurship is in its initial stage of development. It already gained rather solid positions in the research agenda, but it still requires more studies. It is expected to have more empirical studies, especially quantitative research, based on variance models, hypotheses and large surveys. Even though the studies of sustainable entrepreneurship and the related concepts have been quite intense, there are few areas that still require profound basic studies.

## **2 - What is Known about the Link between Entrepreneurship and Sustainable Development Based on Prior Research?**

One of the important conclusions that can be drawn from the analysis of the reviewed articles is that most of them “support the findings of other studies that demonstrated the existence of sustainability-driven entrepreneurship in practice” (Parrish, 2010). Another quite important finding of the current study is that sustainable development often itself forms a source of entrepreneurial opportunity (e. g. Gram Vicas’ “Water and Sanitation Programme” (Pless and Appel, 2012); sustainability-driven enterprises described by Parrish (2010) and others) Many scientists agree that sustainable entrepreneurship plays an important role in achieving sustainable development. For example, in the introductory article to the special issue of the Journal of Business Venturing, devoted to sustainable development and entrepreneurship, Hall et al. (2010) describe sustainable entrepreneurship as “a panacea for transitioning towards a more sustainable society”. Cohen and Winn (2007) define sustainable entrepreneurship as “type of entrepreneurship where founders obtain economic gains while simultaneously improving local and global social and environmental conditions”.

## **3 - What Kind of Research Agenda should be Pursued in the Future?**

Almost all the researchers agree that the field of sustainable entrepreneurship is in its initial stage of development and it requires more studies in general. Speaking about methodology the following can be concluded. Most of the studies that have been done in this nascent research area are either fully conceptual or contain elements of a conceptual study, which is a specific feature of a new research field. Therefore, it is suggested to perform more empirical studies, especially quantitative research, based on variance models, hypotheses and large surveys.

## **4 - Does Entrepreneurship Contribute to Sustainable Development?**

The research question of the current study is “Does entrepreneurship contribute to sustainable development?” Naturally, no article provides a direct answer to this question. However, many articles are clearly related to this research topic and could provide quite consistent foundation for formulating certain conclusions. As it can be seen in Table 2, no article provides a negative answer. Most of the researchers agree that entrepreneurship has a great potential to contribute to sustainable development and a number of case studies illustrate this statement with real life examples. There are a lot of entrepreneurial activities that pursue only one objective – generating profit (economic pillar of TBL), while ignoring social and environmental pillars (conventional entrepreneurship). There are also enterprises that are linked to two pillars of sustainable development (social and economic or environmental and economic). These enterprises are partly concerned about the issues of sustainability, but cannot be considered 100% contributors to sustainable development as they only include two aspects of TBL. Lastly, there are enterprises that pursue all three goals of sustainability (economic, social and environmental) and maintain them in balance. These are sustainable enterprises (Dean and McMullen (2007); Cohen and Winn (2007); Hockerts and Wüstenhagen (2010);

## **5-Does entrepreneurship contribute to sustainable development?**

| <b>Number of articles</b>  | <b>Articles</b>  |
|--|--|
| The findings of the article support the positive answer to this question | 23<br>Hart and Milstein, 1999<br>Cohen and Winn, 2007<br>Hall et al., 2010<br>Wheeler et al., 2005 |

## CONCLUSION

The thesis presented a systematic literature review of the articles that study the relation between entrepreneurship and sustainable development seen from the Triple Bottom Line viewpoint. The objective of this thesis was to see whether entrepreneurship contributes to sustainable development and to answer the three related sub-questions: “How much is known about the link between entrepreneurship and sustainable development based on prior research?”, “What is known about the link between entrepreneurship and sustainable development based on prior research?”, and “What kind of research agenda should be pursued in the future?” The review was performed using the guidelines of The Cochrane Collaboration’s Cochrane Reviewers’ Handbook (Clarke and Oxman, 2001) and the National Health Service Centre for Reviews and Dissemination (2001) and it fulfilled the requirements of a systematic literature review. A total of 27 articles were included in this study. The thesis answered the research questions, which were formulated in the review protocol, and achieved the set objectives. Summing up, the following can be said. Sustainable entrepreneurship is an emerging field of study. Regular publications about this topic started appearing in the high-impact entrepreneurship journals only in the recent years. Most of them are either fully conceptual or contain elements of a conceptual study, which is representative of the early stages of a young research field, which lacks theoretical frameworks. Naturally, this field of research requires more general studies. There is also a number of topics that need profound basic studies. Some topics in the area already received wide coverage in the scientific community. The existence of sustainable entrepreneurship has been proven in practice. It is defined as a type of entrepreneurship where founders obtain economic gains while simultaneously improving local and global social and environmental conditions. The nature of market imperfections, leading to opportunities for sustainable entrepreneurship, is also widely covered in the current research.

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# IMPACT OF ENTREPRENEURIAL FINANCING ON ENTREPRENEURSHIP DEVELOPMENT IN NIGERIA

<sup>1</sup> Lawal, Fatai Alani\*, <sup>2</sup>Dr. Omotayo A. Adebayo, <sup>3</sup>Dr. Oluwole O. Iyiola

<sup>1,2,3</sup> Department of Business Management, College of Business and Social Sciences, Covenant University, Ota, Nigeria

## **Abstract**

*Entrepreneurship development has been widely acclaimed as playing significant role in promoting growth, innovation and prosperity of economies. An effective financial system is one that can provide incentives in form of financial resources to a broad range of enterprises in diverse circumstances and channel financial wealth from different sources to business investments. However, availability, accessibility and sufficiency of appropriate financial capital to achieve growth and expansion has been the major constraint on entrepreneurs in contributing adequately to economic growth as well as achieving entrepreneurship development more importantly in developing economies. While Bank involvement in entrepreneurial financing extends beyond relationship lending, the inability of the financial sector to satisfy the financing needs of entrepreneurs creates a financing gap. This paper seeks to review targeted government assistance towards entrepreneurial financing as well as the extent to which entrepreneurs are utilising alternative financing avenues to meet their financing needs in Nigeria. Findings from the study reveal that where alternative financial channels are optimally explored by Entrepreneurs aside the use of traditional lending instruments, the bottlenecks in the wheel of entrepreneurship development will be minimised. The study recommends a purposeful and focused government policy initiatives aimed at instituting cost effective financing framework and awareness targeted towards ameliorating the financing needs of entrepreneurs.*

**Keywords:** Entrepreneurial Financing, Entrepreneurs, Entrepreneurship Development, Lending Instruments.

## **1.0 INTRODUCTION**

The role of finance cannot be over-emphasised in the development of entrepreneurship and Micro, Small and Medium Scale Enterprises (MSMEs). The environment in which entrepreneurial activities are cultivated contributes substantially to the development of private sector. Consequently, conditions that are favourable constitute the bedrock for the survival, growth and competitiveness of entrepreneurship development (UNESCAP, 2012). Availability and access to adequate and sustainable finance therefore is critical for entrepreneurs and small and medium enterprises (SMEs) in view of the fact that the life cycle of businesses require varied needs for cash taken cognisance of the start-up, growth and transitions stages of development. The increasing emphasis on the significance of entrepreneurship as a decisive factor for national development has dovetailed into the search through a wide range of schemes targeted at hastening the tempo of new business activities in the organized private sector (Okpala, 2012). To build and sustain SMEs, the entrepreneur needs to access diverse forms of resources such as financial capital, human capital and physical capital with each playing significant but different roles during the life cycle of a new business (Fatoki, 2014).

Gaining sufficient access to capital is one of the crucial hurdles to overcome in starting and growing a new business. Hitherto, in view of the important role played by entrepreneurship development in the process of creative destruction and hence economic growth, it is therefore not surprising that drives to alleviate financing constraints encountered by would-be entrepreneurs form a significant goal for policy makers across the world. Consequently, promotion of financial assistance is paramount on the agenda of European Union and Organisation for Economic Co-operation and Development (OECD) where member states are implored to promote the availability of risk capital financing for entrepreneurs (OECD, 2015). According to Pandey (2005), start-up capital (for new entrants) and working capital (for existing ones) constitute one of the major limitations of entrepreneurship since they can neither penetrate the capital market nor meet the requirements imposed by commercial banks for funding. In effect, access to finance has been aggravated by the financial and economic crisis, as entrepreneurs and SMEs have borne the dual shock of: a dramatic reduction in demand for goods and services, and a stiffening of credit terms, both of which are strictly affecting their cash flows (Corno, Lal & Colombo, 2013). The performance of entrepreneurial ventures in Nigeria have failed to produce the desired and expected impact on the growth and development of the economy and this is attributed to the array of challenges confronting SMEs among which is finance (Ogbo & Nwachukwu, 2012).

Lack of access to credit is one of the critical challenges confronting Nigerian entrepreneurs because they are constrained by dearth of collateral, non-existing past track records for business appraisal, occasional lack of cognate experience ((Somoye, 2013). The incapability of innovative entrepreneurs to convince financial intermediaries to invest in risky projects with tendency to offer low returns also constitute a major hurdle for entrepreneurship development. Though bank lending is the commonest source of external finance for many entrepreneurs and SMEs, with heavy dependence on traditional debt to satisfy their start-up, investment needs and cash flow, traditional bank finance often pose challenges to newer, innovative and fast growing SMEs that possess higher risk-return profile (OECD, 2015). As much as asset-based finance has a wide-spread usage in entrepreneurial and SME financing terrain, little seems to be known about the extent of deployment and success of alternative forms of financing for entrepreneurship development in Nigeria.

The long-standing desire by entrepreneurs and SMEs to boost their capital structure and to reduce dependence on borrowing from financial intermediaries, which often times is laden with stringent conditions, has made it expedient to explore alternative financing and

innovative channels with a view to surviving the prevailing economic and financial predicament. It is therefore necessary to widen the range of financing instruments available to entrepreneurs and SMEs, in order to enable them to continue to play their role in investment, growth, innovation and employment creation. Therefore, the major objective of the study is to explore the entrepreneurial financing challenges from the perspective of financing provision sources and examine feasibility and applicability of the innovative and conventional financing options, which are of great impact for the SMEs firm performance and improvement of Nigeria economy. The study will also seek to explore ways by which Nigerian government have been supporting entrepreneurial financing and the extent of deployment and success of alternative financing strategies.

## **2.0 ISSUES IN THE LITERATURE**

### **2.1 Entrepreneur and Entrepreneurship**

According to Gartner (1988) an entrepreneur is a person, working within an existing organization or independently, recognises a business opportunity within a given market and establish an enterprise or subsidiary to seize the opportunity. The entrepreneur shoulders the risks involved in chasing the opportunity and also assumes credit for the reward that may ensue from taking such risk. Ofili (2014) stressed that entrepreneurs cannot work independently, but rather require the appropriate environment to thrive vis-à-vis the financial system, the judicial process and government policies that inspire and foster entrepreneurship.

The term “Entrepreneurship” has extensive definition in the literature. Generally, different perspectives about its definition incorporates common teams such as creation of employment, creation of innovation, creation of enterprise as well as creation of growth amongst others (Kraus, Rigtering, Hughes & Hosman, 2012). Hashi and Krasniqi (2011) defined an entrepreneur as ‘‘ a person who introduces an innovation – the introduction of a new product, a new process or a new organisational arrangement, and the identification of a new market or sub-market’’ From another perspective, Hussain, Bhuiyan and Bakar (2014) defined entrepreneurship as ‘‘the identification of a new business opportunities and the mobilization of economic resources to initiate a new business or regenerate an existing business, under the conditions of risks and uncertainties, for the purpose of making profits. Wennekers and Thurik (1999) conceptualised entrepreneurship as ‘the manifest ability and willingness of individuals (on their own, in teams, within and outside existing organizations) to perceive and create new economic opportunities (new products, new production methods, new organizational schemes and new product-market combinations), and to introduce their ideas in

the market, in the face of uncertainty and other obstacles, by making decisions on location, form and the use of resources and institutions’ .

## **2.2 Entrepreneurship Development**

Tubey, Nandwa, Omboto and Situma (2015) conceived entrepreneurship development as the practise of improving entrepreneurial skills and knowledge via organised training and institution-building programmes. Also Osemeke (2012) defined entrepreneurship development as the “programme of activities to enhance the knowledge, skill, behaviour and attitudes of individual and groups to assume the role of entrepreneurs”. In his own views, Tende (2014) contend that entrepreneurship development focuses at widening the base of entrepreneurs so as to accelerate the rate at which new ventures are created, as well as paying attention on individuals who intends to commence or expand existing businesses. Thus, entrepreneurship development helps in alleviating poverty when employment opportunities are created through new entrepreneurial venture start-up or the growth of existing ones. This eventually result in boosting social wealth through the emergence of new market, new industries, new institutional form, new technology, and increase in income which result in enhanced living standards for the populace.

## **2.3 Entrepreneurial Financing**

The successful entrepreneurial process encompasses developing opportunities, assembly of necessary assets, financial resources, human capital, and managing and building operations with the ultimate objective of valuation creation. Leach and Melicher (2010) conceptualises entrepreneurial finance as “the application and adaptation of financial tools, techniques, and principles to the planning, funding, operations, and valuation of an entrepreneurial venture”. In essence, entrepreneurial finance lay emphasis on the financial management of a venture as it passes through the entrepreneurial process. Access to finance can assist entrepreneurial ventures to start up and expand their businesses through the development of new production processes and new products, and investment in human capital.

Pretorius and Shaw (2004) considered access to financing from either internal or external sources and infer that these constitute the crucial determinant of business start-up, development and performance for entrepreneurial ventures. According to Eniola and Entebang (2015) internal financing involve entrepreneurs getting capital on their own, mainly from savings, retained profits, depreciation and sale of assets, which thus form a crucial part of the survival and entrepreneurship development. They argued that more profitable SMEs deploy external sources of financing like individual investors, financial banks, venture capital

and crowd-funding to become successful in their entrepreneurial pursuits. Thus, merchant, commercial banks and development banks respectively constituting formal sources of external financing which can take the form of debt or equity. Klapper, Laeven, and Rajan (2006) posited that as the business start to expand, financing from external sources become imminent and their availability decisively determine the growth path of SMEs. Entrepreneurs and SMEs result to external sources of funding such as: government sponsored programs/grants, business loan from a bank, professional investors (venture capitalists, angel investors, and corporate investors), the equity market and initial public offering (IPO) to meet their funding needs.

A cursory look at SME financing reveals that funding for the SME sub-sector is derived from micro-finance banks, deposit money banks (DMBs), governments and agencies in the dimension of soft loans and interventions. Ketley, Lightfoot, Jakubec, and Little (2012) posited that though Nigeria remains a large and fast growing economy with a relatively competitive banking sector, however credit advancement to the SME sector is extremely small with loan to the sector representing about 5% of the total loan portfolio of deposit money banks despite MSMEs contributing about 48.47 percent to the Gross Domestic Products (GDP) of Nigeria. In the same vein, CBN (2014) estimated that less than 10% micro, small and medium enterprises took loan from DMBs. The report also reveal that only 3% of SME's working capital, and 2% of their fixed assets were financed from private funding sources, thus creating a substantial financing gap.

Gbandi and Amisah (2014) observed that traditional debt financing options availed by banks through term loans, overdrafts or the use of credit cards constitute the most common source of external finance for SMEs as they provide moderate returns for the lender. The after effect of global financial crises of 2008-2009 have resulted in more stiffening conditions in bank lending as the financial institutions have become more risk-averse in expanding credit to the SME sector. According to IFC (2010), the crisis not only impacted negatively on SMEs activity in terms of output, employment, exports and sales, but the low profitability arising from it also has adverse effect on SMEs' credit worthiness. OECD (2014) identify supplier credit as common source of finance for a number of SMEs worldwide. In this circumstance, trade credit allows businesses to delay payment for goods and services purchased, thus helping in effective cash flow management and bridging of short-term working capital requirement.



## 2.4 Constraints to Entrepreneurial Financing

Perception about the risk profile of SMEs premised on the lack of formal financial history and inadequate collateral have been adduced to be responsible for DMBs general averseness to credit delivery to the SME sector (Luper, 2012). This is in addition to the lack of requisite infrastructure and the fragile economic environment which in no small measure aggravated their cost profile, thus worsening their credit competitiveness. There also exist the presence of frictions in the credit market that precluded high-quality entrepreneurs (with good and innovative ideas) from entering the product markets due to their inability to access sufficient capital to initiate a new business.

According to Kerr and Nanda (2009) the metrics of financial market development moderate the ease with which entrepreneurs in dire need of external financial support can access the needed capital in addition to the prize that they pay for the funds. They emphasised three essential mechanisms through which frictions in the capital markets could lead to financing constraints for entrepreneurs as follows:

***The depth of the local Financial market-*** The willingness of financial intermediaries to lend to entrepreneurs (and by extension the willingness of keep their funds with intermediaries) is dependent on the security and financial laws in a country. Berkowitz and White (2004) stated typical example of U.S.A where entrepreneurs are less likely to obtain credit for their start-ups in view of strong bankruptcy protection for individuals. Thus, banks are less likely to extend credit facilities when there is less certainty of loan recovery in the event of start-up failure.

***Competition between Financial intermediaries:*** The degree of competition between financial intermediaries is seen to have decisive impact on the terms of credit to start-ups in addition to the extent to which capital is allotted to the highest-quality ventures, more importantly in developing economies where the banking system may be prone to political capture. Greater bank competition is said to have evolved sequel to U.S. banking deregulation (from 1970s through mid-1990s) with increase in the number of bank branches (as opposed to the earlier one bank, one branch restriction). This has led to an improved capital allocative efficiency with inclination towards projects yielding highest returns.

***Structure of Financial intermediaries and their relationship with firms:*** Studies have shown that where there are close ties between financial intermediaries and entrepreneurial firms, there is reduction in information asymmetries and consequently the lowering of financial constraints. Berger, Klapper and Udell (2001) observed that borrowing entrepreneurs with longer banking relationships have less tendency to advance collateral, less likely to depend on expensive trade credit and as well encounter less constraints in their investment decisions when compared to firms with shorter banking relationship. In another development, the work

of Stern (2002) suggest that small or more decentralised banks (where branch managers are able to exercise certain level of authority in adjudicating decisions) are more likely to lend to start-ups and small businesses than those in large, hierarchical banks where adjudication decisions are centralised. Terungwa (2011) attributed the reluctance of banks to extend credits to SMEs to the following reasons amongst others: inadequate collateral by SMEs operators, weak demand for the products of SMEs due to the dwindling purchasing power of Nigerians, lack of patronage of locally produced goods, poor management practices by SMEs operators and undercapitalization.

## **2.5 Ways of Reducing Constraints to Entrepreneurial Financing**

In exploring constraints to entrepreneurship development, both financial and non-financial barriers disproportionately affect SMEs although often times, these constraints are correlated. World Bank (2010) cited the five prominent non-financial components of the business environment that SMEs often rated to be critical obstacles as heavy regulations, lack of electricity, high tax rates, corruption and practices of competitors in the informal sector. These non-financial constraints are also binding on financial institutions which might ultimately undermine SME outreach and access to finance. Ayyagari, Beck, and Demirguc-Kunt (2007) observed that removing regulatory obstacles more especially in the aspect of property registration could significantly increase SMEs' access to finance as reducing cost of registering properties may lead to an increase in collateralisable assets. In view of the fact that property registration and legal procedures constitute a vital part of financial infrastructure, an improved and efficient courts and legal proceedings have the capability to reduce enforcement costs for lenders.

Certain attributes of entrepreneurs and SMEs sometimes confine them at a disadvantage situation in comparison with large firms. Chaudhry (2003) opined that lack of business and management skills can amplify financial barriers for SMEs. Chaudhry further emphasized that low degree of financial literacy can deprive SMEs from sufficiently assessing and comprehending different financing options, and from manoeuvring complex loan application procedures. Also, the fact that SMEs' accounting and financial statements are most times not transparent makes them risky borrowers and thus less attractive to lenders. According to EU (2006), capacity building of SMEs in terms being able to prepare financial statements and business plans, in addition to improving their financial literacy and management training, is demonstrated to have positive effect on entrepreneurship development.

According to International Finance Corporation -IFC (2010), persistent inadequacies in the enabling environment (including both financial infrastructure and general legal and regulatory framework for financial instruments and institutions) assist in explaining the limited access of Entrepreneurs and SMEs to finance. De la Torre, Peria and Schmukler (2010) suggested the institution of financial regulation (as in the case of interest rate maximum). They are of the opinion that effective legal and regulatory frameworks foster entrepreneurs' access to finance while at the same time preserving financial stability. This can be achieved by expanding the range of institutions and financial instruments such as insurance, banking, factoring, leasing and security laws and with a view to promoting market development and competition. In essence, banking regulations that encourages entry of efficient and sound banks as well leasing and factoring instruments promotes access to finance by acting as driver of SME lending.

Financial infrastructure development has also been identified as contributing to the improvement of financial access by SMEs as this reduces the phenomenon of information asymmetry and opacity, and legal uncertainties that aggravate risk to lenders, thus constraining supply of finance (World Bank, 2009). Entrenching strong accounting and auditing standards have the tendency of improving access to finance because as it enhances informational transparency, it encourages lending on the strength of financial statements (IASB, 2009)

The development of credit bureaus and registries improves access to finance in view of severe challenges of information asymmetry and opacity. According to Djankov, McLiesh and Shleifer (2007) lower financing constraint is observed in countries where financial information can be accessed through credit bureaus, thus reducing cost of finance with resultant increased use of external finance. It has also been established that an effective collateral regime act as support to SME finance by lowering the risks and losses arising from lenders' exposure to entrepreneurs and SMEs (Berger & Udell, 2006). The authors further stressed that collateral system that is well-functioning entails diverse permissible collaterals (more importantly movable collateral), efficient enforcement of collateral when there is default, and clear priority ranking (specifying the rights of secured creditors). OECD (2015) provided a number of measures developed by financial institutions to mitigate the risk of lending to SMEs with a view to altering the risk-sharing mechanism in order to align incentives between lender and borrower as follow: high equity contributions prospective borrowers, collateral requirement, credit guarantees –guarantors, loan covenants (e.g. key-man insurance).

## 2.6 Government Support towards Entrepreneurial financing in Nigeria

The financing of entrepreneurs and SMEs has been a major consideration in the development agenda in Nigeria with the involvement of largely two kinds of institutions in the provision of credit facilities (Fatoki, 2014). These are highlighted as: the private sector-led institutions consisting of mainly DMBs and micro-finance banks, and the public sector-led institutions established by the government to improve SMEs access to credit. In cognizance of financial setback confronting SMEs, successive governments in Nigeria had demonstrated interest in guaranteeing availability of adequate funds. This is being done by establishing diverse schemes and various specialized financial institutions to deliver appropriate funding to the subsector (Olaitan, 2006). Some of the schemes and specialised institutions as stressed by Tende (2014) include the following:

- i. The establishment of Bank of Industry (BOI) in 2001 (a merger of Nigerian Industrial Development Bank (NIDB), Family Economic Advancement Programme (FEAP), and Nigerian Bank for Commerce and Industry (NBCI)).
- ii. The introduction of Refinancing and Rediscounting Facility (RRF) by CBN in 2002 at concessionary interest rates to provide liquidity to banks so as to avail medium and long-term lending to SMEs in the productive sectors of the economy.
- iii. The establishment of Development Bank of Nigeria (DBN) in 2017 to inject additional capital that will enable MSMEs borrow for longer tenure and at lower interest rate, giving their businesses the flexibility in cash flow management, opportunity to achieve capital improvement as well as acquiring equipment or supplies (Azubuike, 2017). As a wholesale bank, DBN will lend to micro finance banks who will in turn lend medium to long term to MSMEs.
- iv. Initiation of Small and Medium Enterprises Equity Investment Scheme (SMEEIS) by Bankers' committee in 2001 (in collaboration with CBN) where DMBs are mandated to put aside 10% of their profit before tax towards equity investment in Small and Medium Enterprises.
- v. There has also been intervention at the State level, for example the establishment of Lagos State Employment Trust Fund (LSETF) in 2016 to provide N25 billion financial support to residents of the State to grow micro, small and Medium Enterprises with a view to tackle unemployment and create wealth. Through this scheme promoters and owners of micro-business can access a loan of up to N500,000 while small-businesses can get up to N5 million loan at 5% interest rate per annum respectively (LSETF, 2016)

Ketley *et al.* (2012) pointed out the presence of a number of more direct interventions in Nigeria such as Partial Credit Guarantee Schemes (PCGS) where the government and the Central Bank of Nigeria (CBN) provide proportional guarantees to financial institutions in case of borrowers' default in repaying their loan. The guarantee schemes include the following:

- vi. The establishment of N200billion Commercial Agricultural Credit Scheme (CACS) in 2009 by CBN (in collaboration with Federal Ministry of Agriculture and Rural Development (FMA&RD) to foster commercial agricultural enterprises in Nigeria.
- vii. The institution of N200 billion Small and Medium Enterprises Credit Guarantee Scheme (SMECGS) by CBN in 2010 aimed at providing guarantee on loans advanced by DMBs to SMEs in order to mitigate lending risks.

## 2.7 Alternative Entrepreneurial Financing Options

Bank lending is the most regular source of external finance for many entrepreneurs and SMEs, which are often heavily reliant on traditional debt to satisfy their start-up, cash flow and investment needs. Though it is commonly used by small businesses, however, traditional bank finance presents challenges to SMEs, precisely to newer, innovative and fast growing companies, with a higher risk-return profile. Alternative finance strategies play an increasingly important role in helping businesses meet their financing needs to grow and contribute to the economy (Eniola & Entebang, 2015).

The capital structure of a firm contends with decisions about debt and/or equity financing. According to Dagogo and Ollor (2009) the change in financing structure from debt to the adoption of more sustainable equity-based financial strategy represent an important solution to entrepreneurial financing challenge. A distinction exist between two aspects of equity investment: public equity investment involving raising share capital straight from the public through the stock exchange, and private equity investment in a private company by a few individual or institutional investors. . The adoption of alternative channels of funding (though gradually gaining ground in Nigeria) is a re-orientation towards appropriate debt-equity capital restructuring by ensuring a hybrid capital structure with differing degrees of risk and return. The wide spectrum covers low risk/return (Asset-based finance e.g leasing, asset-based lending, purchase order finance) and Alternative debt (e.g. Crowd-funding), medium risk/return (hybrid instruments e.g. Mezzanine finance), and high risk/return (equity instruments e.g. venture capital, business angels)

**Asset-based finance** represents the channel through which firms obtain financing based on the value of a particular asset generated in the course of its business, rather than on its own

credit standing) and this constitute a well-established and broadly used alternative for many SMEs (OECD Scoreboard, 2015). This financing option makes it a little more flexible for SMEs to access working capital under more flexible terms than they could from conventional lending channels.

**Venture Capital** is another important source of innovative financing alternative to traditional debt finance for entrepreneurial sector as it encompasses the provision of debt and equity financing to young privately held firms. Hisrich and Peters (1998) defined venture capital as “professionally managed pool of equity capital”. It is a strand of private equity finance which involve investments in unquoted companies (with growth potential) in exchange for a stake in the company by the venture capitalists (Dagogo & Ollor, 2009). An empirical study by the researchers on the effect of venture capital financing on the economic value added profile of Nigerian SMEs reveal that venture capital backed SMEs contributed more to the society in terms of provision for corporate social responsibility, taxes to government and staff welfare than non-venture capital backed SMEs. The venture capitalists take part in active management of the business they funded and often collaborate with the stock market to take the firm they fund public (Abereijo & Fayomi, 2005). In Nigeria, Small and Medium Enterprises Equity Investment Scheme (SMEEIS) represents the major institutional framework for promoting venture capital financing.

**Crowd Funding:** In recent time, crowd-funding has appeared to be an innovative source of entrepreneurial financing for SMEs with a projected value of USD 16.2 billion raised globally as at 2014 (Salau, 2015). Crowd-funding is “an internet- enabled way for organizations to raise money (funding) in the form of either donations or investments from a large group of people (the crowd)” (Wisse-Huiskes, 2017). Crowd-funding has an immense potential of turning out to be the largest financier of SMEs worldwide as entrepreneurs constantly seek flexible ways of raising funds outside family loans and traditional bank loans (Salau, 2015). Crowd funding started in US as an online annex of traditional financing by friends and family where communities combine money to fund members who have business ideas. This new form of capital formation appeared in the wake of the 2008 financial crisis largely because of the challenges encountered by entrepreneurs and artisans in raising funds. According to Wisse-Huiskes (2017) a distinction exist between three models of crowd-funding as follows:

**Equity Crowd Funding** which place emphasis on large group of small investors (crowd) providing equity financing to SMEs, while the crowd get a portion of shares of the company in exchange for the investment.

**Lending model** where the organisation borrows money from the crowd with the details of the loan such as type of instrument (e.g. bond), the details of the loan (e.g. payback period) and return are defined by the fundraiser and the platform.

**Donation / Reward model** where project donations are collected from the crowd for philanthropic purposes, cultural or community-based projects with reward model for donors being non-financial in nature.

Nigeria, one of the fastest emerging markets is yet to totally embrace crowd-funding due to the absence of appropriate legislation that guide crowd-funding, the culture of entrepreneurship with entrepreneurs and willing investors, and the slow pace of e-commerce adoption in contrast to some developed countries of Europe and America where the practice is heavily guided by legislation (IFC, 2010). The report of African and Middle East Alternative Finance Benchmark (2017) shows that out of the total of African alternative finance market of about \$83.3million in 2015, Nigeria contributed about \$8m with about 90% of the contribution coming from equity crowd-funding and peer-to-peer business lending while reward-based crowd-funding and donations and microfinance made up the remaining 10%.

More recently, Nigeria has been categorised as having the largest internet users in Africa and 8th in the world with more than 70.3 million internet users in 2014 (Eniola & Entebang, 2015). This evidenced that the pace of crowd-funding finance is continuously developing though not comparable to that of the US where \$1.5 billion was raised in 2011 (Ijatomi, 2012). In furtherance to this development, Wisse-Huiskes (2017) reported that crowd-funding online platforms are entering the Nigerian market with the emergence of four Nigerian based platforms as at the start of 2017 namely: Dmate-ng.com; a donation-based crowd-funding platform targeted at charities, Malaik crowd-funding – an equity-based platform, Imeela – a donation-based platform, and Naturad- a donation-based platform targeting charities.

### **3.0 Discussion**

SMEs access to credit is necessary to create an economic environment that enables firms to grow and prosper. Entrepreneurial financing enhances the performance of entrepreneurial ventures, facilitates market entry as well promotes innovation and exploitation of investment opportunities. The constraints to finance are more prominent in developing countries due to observed gaps in the financial system occasioned by high collateral requirements, high administrative costs and information asymmetry amongst others. Increased access to finance for SMEs can improve economic conditions in developing countries by fostering innovation, macro-economic resilience, and GDP growth.

Financing options for entrepreneurs and SMEs in Nigeria have been largely through the informal sector (personal savings, family and friends, money lenders, and co-operative societies amongst others), with the sector providing over 70% of funds to SMEs. Recourse to the formal sources of finance (like the commercial banks) for traditional lending to meet needed funding for growth and expansion has however been meted with constraints. The unwillingness of traditional banks to avail credit to SMEs has been predicated on the risk-profiling of SMEs, information asymmetry, and inability to meet collateral requirements amongst others. The reluctance has however culminated into the steady decline in financing of the SME sector. The high interest rate and exorbitant administrative cost on the other hand is also a disincentive to borrowing. There is no gain saying the fact that access to adequate funding spur entrepreneurs to contribute optimally to economic growth and development more importantly as they constitute vital agent of employment creation. Noteworthy is the fact that an increased SME growth has a direct effect on GDP growth due to increased output, value add and profits.

Common obstacle undermining the ability of entrepreneurs and SMEs to fully reap the benefits of a more diversified financing window borders on limited awareness and understanding of alternative instruments by start-ups which invariably slowed the development of these markets.

On the other hand, Nigerian population with the largest number of internet users in Africa represent a potential market for budding entrepreneurs to access funding via crowd-funding avenue, although the absence of appropriate legislation makes crowd-funding phenomenon under-exploited in contrast to advanced countries like U.S, United Kingdom, Canada, Turkey and some countries in Europe where the practice is heavily guided by legislation.

#### **4.0 Recommendations and Conclusion.**

This paper mainly explores the dimensions of financing constraints, ways of financing entrepreneurs and SMEs and financing innovative strategies. The review attest to the fact that entrepreneurs and SMEs are vital force for the sustenance of rapid and healthy development of Nigerian economy though there is still low external financing provisions for SMEs. The array of financing sources that can be adopted to finance SMEs is diverse depending on the capital structure desired. It is therefore imperative that entrepreneurs are innovative in choosing the correct and appropriate financing sources so as to overcome the financing challenges. Worthy of note is the prevalence of high lending rates which serve as disincentive for many entrepreneurs to borrow to grow their businesses, thereby reducing the extent of employment created. In such situation, as is the case in Nigeria, governments are often



tempted to either cap the lending rates or issue directive for preferential lending to the preferred sector of the economy.

Taking cognizance of the peculiarities of the business environment, effective policy interventions that provide SMEs with stable and competitive exchange rate, low and stable inflation, a steady growth rate as well positive (low) interest rates on loans should be designed to reflect the constraints and opportunities inherent therein. Despite the fact that Nigeria can implement specific support initiatives, there is still ample room to strengthen the basic legal and enabling environment. In environments in which legal action is lengthy, costly and with uncertain outcomes, interventions such as Partial Credit Guarantee Schemes (PCGS), which reduces the losses arising from defaults regardless of the outcome of the legal process, will be particularly effective. Crowd-funding can be an innovative financing option for entrepreneurs and SMEs although it entails certain risk such as: risk of fraud, project default, platform closure or failure, cyber-attack, misleading advertising, liquidity risk (lack of exit options), donor exhaustion, infringement of intellectual property rights, and legal uncertainty arising from different legislation amongst others. There is the need for government to provide the regulatory environment that will support crowd-funding in Nigeria.

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# EXPLORATION OF MATERIAL RESOURCES AND SUSTAINABLE ENTREPRENEURSHIP AMONG WOMEN OF THE YORUBA SPEAKING COMMUNITY OF NIGERIA

**Kofo A Aderogba (PhD)**  
(kofoaderogba@yahoo.com)

Department of Adult Education, College of Specialized and Professionalized Education, Tai  
Solarin University of Education, Ijagun, Ijebu-Ode, Nigeria

**Abstract:** *The work has examined the resource endowments of Southwestern Nigeria, women levels of empowerment and participation in the exploration, exploitation, development and management of the resources, and indicates directions for women empowerment and participation in the sector. Primary and secondary data and information were used. Relevant State Ministries in Akure, Osogbo, Ado Ekiti, Ibadan, Abeokuta and Ikeja provided data and information on what resources are where for extraction, management and development. A self structured questionnaire was used to collect data and information from 1,100 subjects on women and their employment status, empowerment, resource extraction, challenges, and suggestions for sustainable empowerment of women in Southwestern Nigeria. Data and information obtained were analyzed using tables of percentiles, a box, charts and the Likert Scale. The study was able to establish that there are quite some resource endowments in the area, namely Kaolin, Limestone, Gold, Syenite, Gemstone, Coal, Granite, Felspar, Columbite, Toumaline, Marble, Talc, Tantalite, Glass-sand, Clay, Bitumen, Phosphate, and others that could be extracted to meet the needs of the people and, particularly the women. A good proportion of the populace still see women as domestic tools that need not be heard. But the study advocates directions for women empowerment and purposeful and profitable exploration, extraction, development and management of the resources to the advantage of the women and the community in general. The paper canvassed for education, enlightenment and empowerment of women in the sub-region of Nigeria.*

**Keywords:** *resource endowment, women empowerment, Yoruba speaking communities, sustainable development*

## 1 INTRODUCTION

Omoruyi, & Oronsaye (2015) in their *Women Empowerment: A Catalyst for Peace Development and Justice in Nigeria* like Mbara, Anurugwo & Alatare (2015) assert that it is universally acknowledged that women are important in the economy of any nation, and they stress that "for any nation to develop and maintain sustainability, the empowerment of its women ought to be a national priority which must be pursued with rigour" (Mbara, Anurugwo & Alatare, 2015). Like Egunyomi, Fadeyi, Folaranmi & Adelore (2001), they all arguably agree that the empowerment of women has become a significant topic of discussion with regard to development and economics. They observe that "the issues of women and empowerment came into the forefront during the United Nations decade for women (1976-1985)" as the theme of some conferences, seminars and workshops, like the Beijing Conference, has been "the need to raise the awareness and status of women and bring them into the development process" (Ike, 2005) as quoted by Mbara, Anurugwo & Alatare (2015).

The position of women in the global society has been of concern to individuals, organizations and governments. Predominantly, the last two to three decades have been bothered about the status of women: Consistently and persistently, there have been

government policies and programmes towards empowerment of women (Mbara, Anurugwo & Alatare, 2015; Ike, 2005; Omoruyi & Oronsaye, 2015). Similarly, from different perspectives, there have been researches and development focusing on women empowerment (Ike, 2005; Ojobo, 2008; World Bank Group, 2011; Omoruyi & Oronsaya, 2015). This phenomenon has not only been recognised and accepted in policy formulation, interest has continued to gather momentum all over the world (Omoruyi & Oronsaye, 2015). The authors observe that "this has gained expression in the broad revision of various international organizations to advance opportunities in diverse sectors of the global economy for the empowerment and or development of women." Also, according to them, the mounting interest in women empowerment is traceable to the recognition of the fact that women are the cornerstone for peace and sustainable development in any society. Women, as mothers, home builders and managers "constitute the building block upon which happy homes revolve."

Still, like in most communities around the world, in Nigeria, following the Beijing Conference, the government came up with a National Policy in 1998. It articulates the predicament of women and means of addressing the challenges; and emphasizes that women empowerment can best be achieved and sustained through skill acquisition, functional literacy and numeracy and enlightenment campaigns.

## **2 The RESEARCH PROBLEM**

The southwestern Nigeria is endowed with quite a number of solid mineral resources, namely, Kaolin, Limestone, Gold, Syenite, Gemstone, Coal, Granite, Felspar, Columbite, Toumaline, Marble, Talc, Tantalite, Glass-sand, Clay, Bitumen, Phosphate, and others. While some are in commercial quantities, and are exploited, developed and managed, others remain as hidden treasure (stock) to the people, communities, governments and the nation at large. However, for those that are known, the mining and quarrying are massively carried out predominantly by men and the women appear not to be prominent in the industry: They seem to be uneducated nor empowered. This is probably not peculiar to this sector but common to all other sectors of human endeavour in the Yorubaland, the southwestern Nigeria, where, often, women are at the background; they are neither to be seen nor heard (Ike, 2005; Omoruyi & Oronsaye, 2015).

## **3 AIM AND OBJECTIVES OF THE STUDY**

The work has examined the resource endowments of southwestern Nigeria, women's level of empowerment for participation in the exploration, exploitation, development and management of the resources; and suggests directions for women empowerment for participation in resource exploration, extraction, development and management in the Yoruba communities of southwestern Nigeria. Exclusively, the following were pursued:

- Identification of the tangible material resource endowments of the communities;
- Unraveling the level of participation of women in resource exploration, exploitation, development and management in the communities;
- Identify contributory factors to low level of participation of women in the sector?
- Indication of areas that women can participate in resource exploration, exploitation, and management; and
- Making suggestions for sustainable women involvement in the solid mineral exploration, exploitation, development, management and empowerment in southwestern Nigeria.

#### **4 RESEARCH QUESTIONS**

Thus, the following four research questions were proposed to, and answered by the research sample collected in the area to address the objectives of the study:

1. What are the solid material resource endowments that could be exploited, developed and managed for sustainable development in southwestern Nigeria?
2. What are the levels of participation of women in resource exploration, exploitation, development and management in the communities?
3. What are the contributory factors to low level of participation of women in the sector?
4. What are the service areas women could be empowered in the sector?

The work was limited to selected solid mineral resource endowments of the southwestern Nigeria and the women of the communities regardless of their states of origin and whatever the background. The words "resource" and "materials" are sometimes used interchangeably to refer to solid mineral resources that are exploited to meet human needs. Kaolin, Gravel, granite, coal, gold, limestone sand, stone, lateritic soils, Talc, etc are in this grouping. Also, the work did not go into the details of exploration, exploitation, production and management of the resources.

#### **5 CONCEPTUAL UNDERPINNING**

For the purpose of this work and for better understanding of the relevance of some of the terms used in this work, "Resources," "empowerment" and "women empowerment" "sustainable entrepreneurship" have been explained thus:

##### **5.1 Resources**

A resource is an entity, tangible and intangible, exhaustible or inexhaustible - solid, liquid or gas - that a country, community, an organization or a person has and can use, especially to increase their wealth. Resource management is allocation and conservation of resources, natural and or man-made. Emphases are usually on: (1) an understanding of the processes involved in the exploitation of the resources; (2) the analysis of the allocation of the resources; and (3) the development and evaluation of management strategies in the resource allocation and utilization. But, sustainable development and environmental protection are the

major goals. "Resources" connotes a source of supply, support, or aid, especially one that can be readily drawn upon when needed. It is the collective wealth of a community or nation, or the means of producing wealth by that community or the nation. To such country or community, resource is a useful or valuable possession or quality of it. In other words, it is from resources that benefits are realized.

In this study, resources refer to material resources, tangible and exhaustible, drawn upon by the community to meet their wealth needs. As earlier mentioned, the words resources, material resources and mineral resources are used interchangeably to mean solid mineral resources in the study area that are drawn upon and or could be drawn upon to meet the wealth needs of the individual and the entire community.

## **5.2 Empowerment and women empowerment**

To empower is to give an individual the authority to do something. In other words, it is giving somebody control to exercise over an entity and or self. It entails gaining or transferring of power and control over activities earmarked for an individual. Ojobo (2008) defines empowerment as the process of strengthening the existing capacities and capabilities of disadvantaged groups or individual in a society as to enable them to perform towards improving themselves, their families and society as a whole. He goes further to say that "it involves the provision of [an] enabling environment for their productive and intellectual abilities to be realized."

The World Bank Group (2011) defines Women Empowerment as "the process of enhancing the capacity of individuals or groups to make choices and to transform those choices into desired actions and outcomes. In other words, empowerment is an act of equipping an individual or group with the knowledge and skills needed to deal with challenges of life and for self improvement.

Consequently, women empowerment can be seen as a synthesis of the two words "women" and "empowerment." Thus, the phrase "Women Empowerment," is the process of improving the potential of women for effective participation in all aspects of development of their community in particular and the nation at large. As Okukpon (2015) asserts, women empowerment enables individual women to acquire useful knowledge, attitudes and skills, and gives them opportunities to gain access to a wide range of learning activities. This is similar to the definition in Wikipedia Encyclopedia (2010) that women empowerment is "an act of self decision, regarding education, participation, mobility, economic independency, public speaking, awareness and exercise of rights, political participation and others." Mbara, Anurugwo & Alatare (2015) therefore conclude that an empowered woman is one that has "power over economic, social, psychological, health and cultural situations."



### 5.3 Sustainable entrepreneurship

Often, women who innovate, initiate or adopt business activities are called women entrepreneurs; and entrepreneurship is based on women participation in equity and employment of business enterprise. Sustainable entrepreneurship is the use of business organizing to solve problems related to social and environmental sustainability. It is a business with a "cause," where world problems are turned into business opportunities by deployment of sustainability innovations. Sustainable entrepreneurship is a modern business concept that is among one of the most renowned strategic management of our time. Christina Weidinger, Franz Fischler and Ren Schmidpeter (2013) are absolutely convinced of these in their book *Sustainable Entrepreneurship: Business Success through Sustainability*. They aver that "without a shift towards sustainable entrepreneurship, we will neither be able to maintain our affluence nor preserve our natural environment." Therefore, this work was made to establish the levels of participation of women in Yoruba land in the exploration, exploitation, development and management of resources in their land.

## 6 METHODOLOGY

### 6.1 Sources of data and collection

Primary and secondary data and information were used. Relevant State Ministries and Departments in Akure (Ondo State), Osogbo (Oshun State), Ado Ekiti (Ekiti State), Ibadan (Oyo State), Abeokuta (Ogun State) and Ikeja (Lagos State) provided data and information on the resources of their states, that is, what resources are where for extraction. A self-structured questionnaire was used to collect data and information from 1,100 subjects on women and their employment status, resource extraction, challenges, and suggestions for sustainable empowerment of women in southwestern Nigeria. Table 1 shows the distribution of the respondents by states, cities and towns. The largest number of respondents were drawn from Ibadan (5.91%), Sango/Ota (4.55%), and Abeokuta (3.75). The least were drawn from Ode, Ore and Igboho, 1.82% each. In all, samples were drawn from 37 major communities, out of over 350 of such communities. Data and information obtained were analyzed using tables of percentiles, a box, the Likert Scales and charts.

Table 1: Distribution of the Respondents

| State | No. of Community Sampled by State | Community     | Frequency | Percentage (%) |
|-------|-----------------------------------|---------------|-----------|----------------|
| Lagos | 8                                 | Ikeja         | 35        | 3.18           |
|       |                                   | Agege         | 35        | 3.18           |
|       |                                   | Epe           | 30        | 2.73           |
|       |                                   | Mushin        | 35        | 3.18           |
|       |                                   | Badagry       | 35        | 3.18           |
|       |                                   | Apapa Amukoko | 35        | 3.18           |
|       |                                   | Isale Eko     | 25        | 2.27           |
|       |                                   |               |           |                |

|       |    |              |      |        |
|-------|----|--------------|------|--------|
|       |    | Ajah         | 25   | 2.27   |
| Ogun  | 7  | Abeokuta     | 55   | 3.75   |
|       |    | Aiyetoro     | 25   | 2.27   |
|       |    | Ago-Iwoye    | 25   | 2.27   |
|       |    | Sango/Ota    | 50   | 4.55   |
|       |    | Ijebu-Mushin | 25   | 2.27   |
|       |    | Shagamu      | 35   | 3.18   |
|       |    | Owode        | 25   | 2.27   |
| Oyo   | 7  | Igbo-Ora     | 25   | 2.27   |
|       |    | Ibadan       | 65   | 5.91   |
|       |    | Oyo          | 25   | 2.27   |
|       |    | Ogbomosho    | 55   | 5.00   |
|       |    | Iseyin       | 25   | 2.27   |
|       |    | Igboho       | 20   | 1.82   |
|       |    | Igagan       | 25   | 2.27   |
| Osun  | 5  | Osogbo       | 25   | 2.27   |
|       |    | Ede          | 25   | 2.27   |
|       |    | Ikirun       | 25   | 2.27   |
|       |    | Ipetumode    | 25   | 2.27   |
| 8     |    | Ile-Ife      | 25   | 2.27   |
| Ondo  | 5  | Ondo         | 25   | 2.27   |
|       |    | Akure        | 25   | 2.27   |
|       |    | Owo          | 25   | 2.27   |
|       |    | Okitipupa    | 25   | 2.27   |
|       |    | Ore          | 20   | 1.82   |
| Ekiti | 5  | Ifaki        | 25   | 2.27   |
|       |    | Ijero        | 25   | 2.27   |
|       |    | Aramoko      | 25   | 2.27   |
|       |    | Ado Ekiti    | 25   | 2.27   |
|       |    | Ode          | 20   | 1.82   |
| Total | 37 | N/A          | 1100 | 100.00 |

## 6.2 Data analysis and presentation

As shown in Table 2, the characteristics of the sampled subjects about whom data and information were collected and who provided data and information on resource, exploration, exploitation, development and management and women empowerment and participation are distinctive. Also as deliberately designed, there were more female respondents (57.09%) than the males (42.91%) that completed the questionnaire. Other bio-data measured are age, educational background, occupation and income status. Questions were also asked on how long the respondents have been in the community; and a general question ask for their overall opinion of the mineral resource endowments of their communities, and empowerment and levels of participation of women in the exploration, exploitation, development and management of the resource. Table 2 accentuates. 46 to 55 years age group is the largest (21.91%); and the least were over 75 years age group (1.09%). "No Education" was 9.27%; and "Others," apart from holders of Primary School Leaving Certificate, School Certificate/NBTE, OND/NHD, B. Sc/B.A./B. Ed./ B.S., M. Ed/M. A./M. Sc./M. S./PhD was

3.18%. The respondents included Students/Apprentices (0.91%), Traders (10.55%), Transporters (9.27%), Clergymen (1.09%), Farmers (12.18%), Miners/Quarrying Operators (6.90%), Civil Servants (9.55%), Teachers/Lecturers (9.64%), Artisans (12.36%), Contractors (4.73%), House Wives (10.46%), Unemployed (10.27%) and Others (Specified) (2.09%).

Table 2: Demographic characteristics of the respondents

| Attributes   | Frequency | Percentage (%) |
|--|-----------|----------------|
| <i>Sex</i>   |           |                |
| Male   | 472       | 42.91          |
| Female   | 628       | 57.09          |
| <i>Age</i>   |           |                |
| < 25 Years   | 85        | 7.73           |
| 25 – 35 Years  | 123       | 11.18          |
| 35 – 45 Years  | 234       | 21.27          |
| 46 – 55 Years  | 291       | 26.46          |
| 56 – 65 Years  | 241       | 21.91          |
| 66 – 75 Years  | 114       | 10.36          |
| > 75 Years   | 12        | 1.09           |
| <i>Educational Background</i>                        |           |                |
| No Education   | 102       | 9.27           |
| Primary School Leaving Certificate                   | 191       | 17.36          |
| School Certificate/NBTE                              | 236       | 21.46          |
| OND/NCE  | 177       | 16.09          |
| B. Sc./B.A./B. Ed./B.S.                              | 242       | 22.00          |
| M. Ed./M. A. /M. Sc./M. S./PhD                       | 117       | 10.64          |
| Others (Specified)                                   | 35        | 3.18           |
| <i>Occupation</i>                                    |           |                |
| Student/Apprentice                                   | 10        | 0.91           |
| Trader   | 116       | 10.55          |
| Transporter  | 102       | 9.27           |
| Clergymen  | 12        | 1.09           |
| Farmer   | 134       | 12.18          |
| Miner/Quarrying Operator                             | 76        | 6.90           |
| Civil Servant (Paid Employee)                        | 105       | 9.55           |
| Teacher/Lecturer                                     | 106       | 9.64           |
| Artisan  | 136       | 12.36          |
| Contractor   | 52        | 4.73           |
| Housewife  | 115       | 10.46          |
| Unemployed   | 113       | 10.27          |
| Others (Specified)                                   | 23        | 2.09           |
| <i>Income Status (Per Month)</i>                     |           |                |
| < 50,000   | 38        | 3.45           |
| 50,000 – 100,00                                      | 84        | 7.64           |
| 101,000 – 150,000                                    | 123       | 11.18          |
| 151,000 – 250,000                                    | 118       | 10.73          |
| 251,000 – 300,000                                    | 148       | 13.45          |
| 301,000 – 350,000                                    | 201       | 18.27          |
| 351,000 – 400,000                                    | 146       | 13.27          |
| 401,000 – 450,000                                    | 129       | 11.72          |
| 451,000 – 500,000                                    | 82        | 7.46           |
| > 500,000  | 31        | 2.83           |
| <i>For how long have you lived in the community?</i> |           |                |

|               |     |       |
|---------------|-----|-------|
| < 10 Years    | 77  | 7.00  |
| 10 - 20 Years | 216 | 19.64 |
| 21 - 30 Years | 221 | 20.09 |
| 31 - 40 Years | 240 | 21.82 |
| 41 - 50 Years | 158 | 14.36 |
| 51 - 60 Years | 106 | 9.64  |
| > 60 Years    | 82  | 7.45  |

The income status was categorized into ten groups. The least were less than ₦50,000:00 per month (3.45%) and over ₦500,000:00 per month (2.83%). But the highest number of respondents fell within ₦301,000:00 and ₦350,000:00 group (18.27%). All the respondents responded to the question *For how long have you lived in the community?* 7.45% had lived there for over 60 years and only 7.00% had lived there for less than 10 years.

Undoubtedly therefore, adequate and robust representation of the population have been selected and considered for the work. The data and information collected and analyzed for the inferences drawn also represent a good replica of the population studied.

## 7 RESEARCH FINDINGS AND DISCUSSION

### 7.1 Research question 1

*What are the solid material resource endowments that could be exploited, developed and managed in southwestern Nigeria?* Major resource endowments in southwestern Nigeria are as tabulated by state and level of development in Table 3. Irrespective of the size of the states' land mass, Oyo had the largest number of mineral resource endowments, 12, followed by Ondo, 10, and Ogun, 8. Lagos State had the least number, 3. Both Ekiti and Osun States had 5 each. Incidentally, Lagos had the least land mass, 3.345km<sup>2</sup>; and Oyo State had the largest, 28.454km<sup>2</sup>. Major resource endowments are Kaolin, Clay, Feldspar and Granite that are common to almost all the states except Lagos State that does not have Kaolin. Others are Tatinum, Syenite, Glass-sand, Phosphate, Bitumen, Limestone, Gemstone, Coal, Gypsum, Gold, Colimbite, Talc, Toumaline, Sillimnote, Talc, Gold, Aqua Marine, Dolomite, Tantalite and Cassiterite. Except Granite, Clay, and Glass-sand, other resources are not developed or, at best, partially developed. In other words, women have ample opportunities to expand their coast of resource exploration, exploitation/extraction, development and management.

Table 3: Major Solid Resource Endowments and their status of Development in Southwestern Nigeria

| Location/State | Approx. Land Mass (Km <sup>2</sup> ) | Resources   | No. of Major Resources | Status of Development   |
|----------------|--------------------------------------|---|------------------------|---|
| Ekiti          | 6.353                                | Kaolin<br>Feldspar<br>Tatinum<br>Granite<br>Syenite | 5                      | Partially Developed<br>Partially Developed<br>Not Developed<br>Developed<br>Not Developed |
|                |                                      | Glass-sand  |                        | Partially Developed   |

|       |        |  |                |  |
|-------|--------|--|----------------|--|
| Lagos | 3.345  | Clay<br>Bitumen  | 3              | Developed<br>Not Developed   |
| Ogun  | 16.762 | Phosphate<br>Clay<br>Granite<br>Feldspar<br>Kaolin<br>Limestone<br>Gemstone<br>Bitumen   | 8              | Not Developed<br>Developed<br>Developed<br>Partially Developed<br>Partially Developed<br>Partially Developed<br>Not Developed<br>Not Developed   |
| Ondo  | 15.500 | Coal<br>Limestone<br>Bitumen<br>Kaolin<br>Gemstone<br>Gypsum<br>Feldspar<br>Granite<br>Clay<br>Glass-sand                            | 10             | Not Developed<br>Partially Developed<br>Not Developed<br>Partially Developed<br>Not Developed<br>Not Developed<br>Not Developed<br>Developed<br>Developed<br>Partially Developed                                   |
| Osun  | 9.251  | Gold<br>Granite<br>Colimbite<br>Talc<br>Toumaline  | 5              | Partially Developed<br>Developed<br>Not Developed<br>Not Developed<br>Not Developed  |
| Oyo 9 | 28.454 | Kaolin<br>Marble<br>Clay<br>Granite<br>Sillimnote<br>Talc<br>Gold<br>Aqua Marine<br>Dolomite<br>Tantalite<br>Cassiterite<br>Gemstone | 12             | Partially Developed<br>Partially Developed<br>Developed<br>Developed<br>Not Developed<br>Not Developed<br>Partially Developed<br>Not Developed<br>Not Developed<br>Not Developed<br>Not Developed<br>Not Developed |
| Total | 79.665 | N/A  | Effectively 23 | N/A  |

Source: Federal Ministry of Solid Minerals (2016). *Major Solid Resource Endowments and status of development in Southwestern Nigeria*, Abuja: Federal Ministry of Solid Minerals.

## 7.2 Research question 2

*What are the levels of participation of women in resource exploration, exploitation, development and management in the community?* The level of participation in exploration, exploitation/extraction, development and management is summarized in Tables 4, 5 and 6. The level of participation of women in resource *exploration* is obviously very low. "Very High Level of Participation" and "High Level of Participation" are 0.00% each. "Do Participate" is only 2.09%. "Very Low Level of Participation" and "Low Level of Participation" are equally very low, only a meager 4.09% each. But "Don't Participate" is humongous high, the majority, 81.18%. Cumulatively, responses as to "Very High Level of

Participation," "High Level of Participation," "Do Participate," "Low Level of Participation" and "Very Low Level of Participation," of women in resource exploration were 10.27% only. Inversely however, "Don't Know" and "Don't Participate" were massive, 89.73% (see Table 4).

Table 4: Level of Participation in Exploration of Mineral Resources

| <i>Levels of Participation</i>   | <i>Frequency</i> | <i>Proportion (%)</i> | <i>Cumulative %</i> | <i>Inverse Cum. %</i> |
|----------------------------------|------------------|-----------------------|---------------------|-----------------------|
| Very High Level of Participation | 0                | 0.00                  | 0.00                | 100.00                |
| High Level of Participation      | 0                | 0.00                  | 0.00                | 100.00                |
| Do Participate                   | 23               | 2.09                  | 2.09                | 100.00                |
| Low Level of Participation       | 45               | 4.09                  | 6.18                | 97.91                 |
| Very Low Level of Participation  | 45               | 4.09                  | 10.27               | 93.82                 |
| Don't Participate                | 893              | 81.18                 | 91.45               | 89.73                 |
| Don't Know                       | 94               | 8.55                  | 100.00              | 8.55                  |
| Total                            | 1100             | 100.00                |                     |                       |

On the level of participation in exploitation/extraction of the resources, Table 5 shows as follows: "Very High Level of Participation," 1.18%; "High Level of Participation," 1.36%; "Do Participate," 4.64%; "Low Level of Participation," 10.64%; and "Very Low Level of Participation," 11.00%. But "Don't Participate" was the highest, 70.09% and "Don't Know" was 1.09%. Conversely, "Don't Know" and "Don't Participate" alone were huge, 71.187%.

Table 5: Level of Participation in Exploitation/Extraction of Mineral Resource

| <i>Levels of Participation</i>   | <i>Frequency</i> | <i>Proportion (%)</i> | <i>Cumulative %</i> | <i>Inverse Cum. %</i> |
|----------------------------------|------------------|-----------------------|---------------------|-----------------------|
| Very High Level of Participation | 13               | 1.18                  | 1.18                | 100.00                |
| High Level of Participation      | 15               | 1.36                  | 2.54                | 98.82                 |
| Do Participate                   | 51               | 4.64                  | 7.18                | 97.46                 |
| Low Level of Participation       | 117              | 10.64                 | 17.82               | 92.82                 |
| Very Low Level of Participation  | 121              | 11.00                 | 28.82               | 82.18                 |
| Don't Participate                | 771              | 70.09                 | 98.91               | 71.18                 |
| Don't Know                       | 12               | 1.09                  | 100.00              | 1.09                  |
| Total                            | 1100             | 100.00                |                     |                       |

In addition, studied was the levels of participation/involvement in the development and management of the resources by the women. Only 2.09% picked "Very High Level of Participation." 2.55% picked "High Level of Participation," 3.91% picked "Do Participate." "Low Level of Participation" and "Very Low Level of Participation" were 5.18% and 14.54% respectively. "Don't Participate" was 70.18%. Surprisingly, an enormous proportion, 71.73%, picked either "Don't Know" or "Don't Participate," that is, as against 28.27% of "Very High Level of Participation," "High Level of Participation," "Do Participate," "Low Level of Participation" and "Very Low Level of Participation" all put together (see Table 6).

Table 6: Level of Participation/Involvement in Development and Management of Resources

| <i>Levels of Participation</i> | <i>Frequency</i> | <i>Proportion (%)</i> | <i>Cumulative %</i> | <i>Inverse Cum. %</i> |
|--------------------------------|------------------|-----------------------|---------------------|-----------------------|
|--------------------------------|------------------|-----------------------|---------------------|-----------------------|

|                                  |      |        |        |        |
|----------------------------------|------|--------|--------|--------|
| Very High Level of Participation | 23   | 2.09   | 2.09   | 100.00 |
| High Level of Participation      | 28   | 2.55   | 4.64   | 97.91  |
| Do Participate                   | 43   | 3.91   | 8.55   | 95.36  |
| Low Level of Participation       | 57   | 5.18   | 13.73  | 91.45  |
| Very Low Level of Participation  | 160  | 14.54  | 28.27  | 86.27  |
| Don't Participate                | 772  | 70.18  | 98.45  | 71.73  |
| Don't Know                       | 17   | 1.55   | 100.00 | 1.55   |
| Total                            | 1100 | 100.00 |        |        |

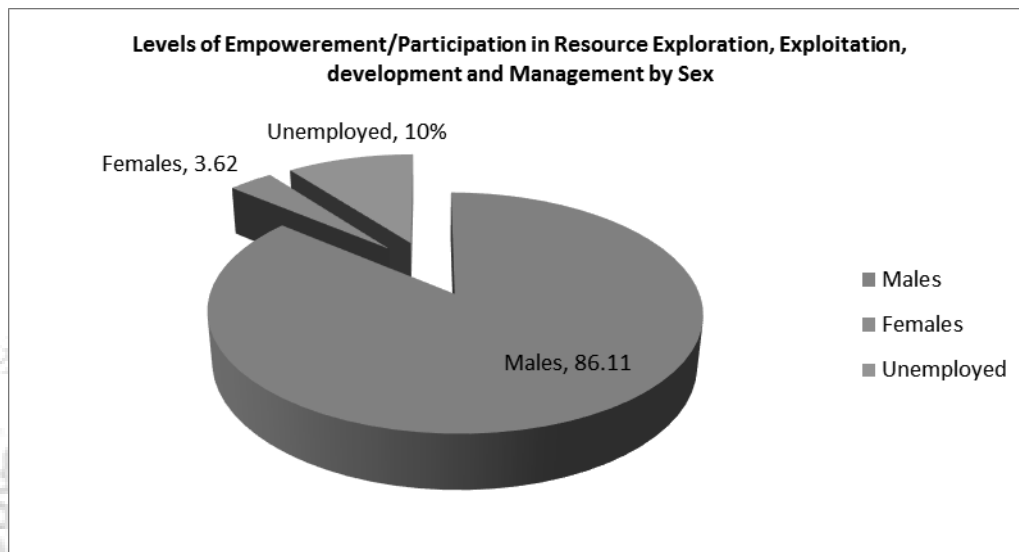


Fig. 1: Levels of Empowerment/Participation in Resource Exploration, Exploitation, Development and Management by Sex

Figure 1 compares the level of participation/involvement of males and females in the exploration, exploitation, development and management in the sector. The response to this question showed that the level of female participation was extremely low, 3.62%, compared to the males' 86.11%, see Fig.1. There was need to examine further the level of participation of the women in other major areas of human endeavour: (1) Teaching Service (including lecturing in higher institutions); (2) Civil service (including services in private companies and government agencies); (3) Quarrying and Mining; and (4) Trade and Commerce, see Fig. 2 (a), (b), (c) and (d) respectively.

The unemployed, (males and females), 10.27%, was generic to all the four categories. In the teaching service, there were more males, (58.18%) than females (31.55%). In the civil service, the proportion of males was 61.00% and the females account for 28.73% only. Similarly, the proportion of males in quarrying and mining was 79.64% compared to their female counterparts, 10.09% only. But there were more women in trade and commerce 48.00% as against the 41.73% of their male counterpart, see Fig 2 (a), (b), (c) and (d).

It is obvious, more men were generally engaged in all major recognized areas of human endeavour - teaching service, civil service, and quarrying and mining, except in trade

and commerce - that were prominent in the community than the women; and as much as 10.27% were unemployed.

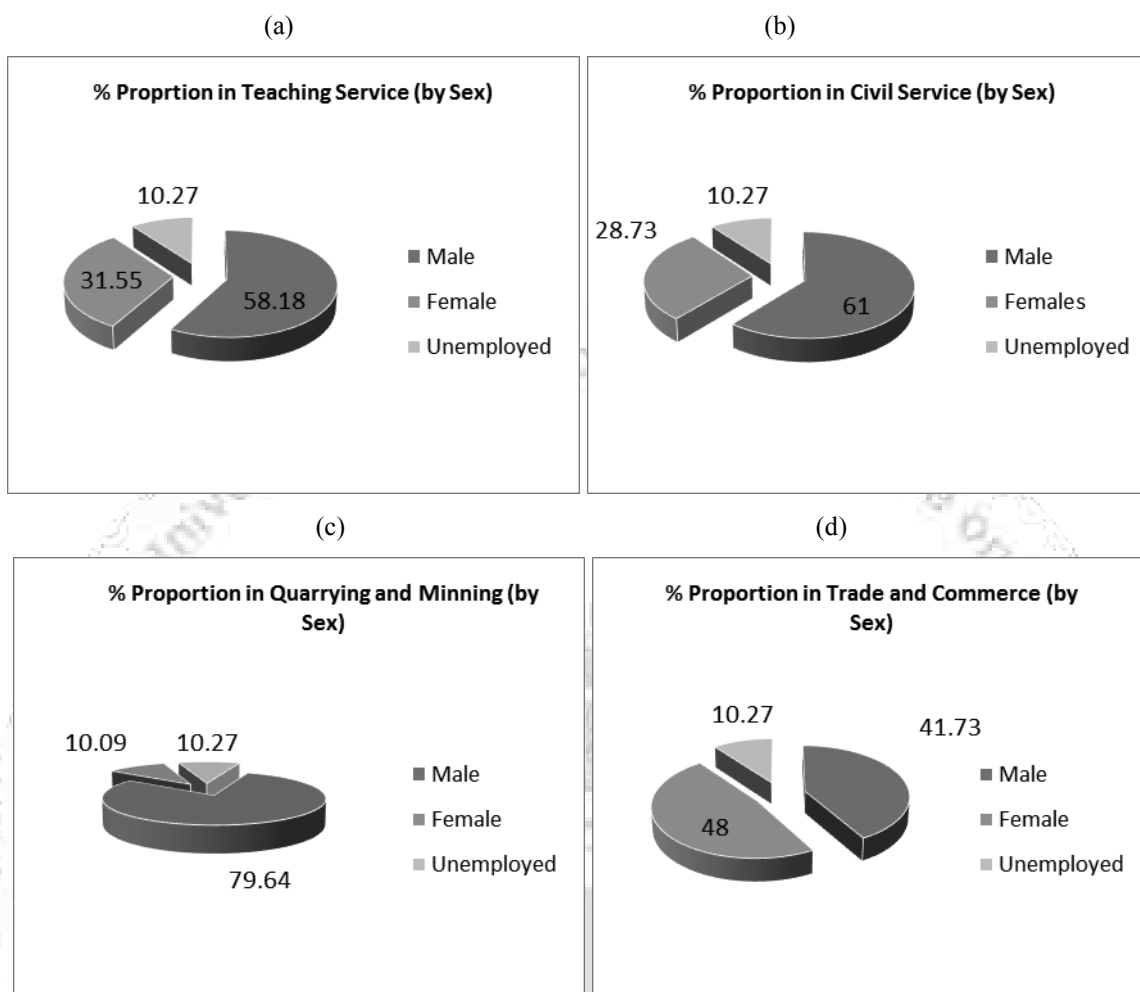


Fig. 2: Level of participation of the women in other major areas of human endeavour in Southwestern Nigeria

By and large, a question was asked: *what could have been responsible for low level of participation in the entrepreneurship by the women?* See Table 7.

### 7.3 Research question 3

*What are the contributory factors to low level of participation of women in the sector?* Table 7 summarizes reasons why the participation of the women in the sector is low.

Table 7: Why were there low level of participation women in the business of Mineral Resources Exploration, Exploitation, Development and Management

| Challenges                                  | Frequency | Proportion (%) |
|---|-----------|----------------|
| Limited Access to Fund                      | 1001      | 91.00          |
| Fear of Failure                             | 982       | 89.27          |
| Balancing Business/Work and Family Life     | 910       | 82.73          |
| Building Support Network                    | 932       | 84.73          |
| Lack of Self Confidence                     | 769       | 69.91          |
| Taboo and Cultural Background               | 979       | 89.00          |
| Social Expectations                         | 781       | 71.00          |
| Educational Background                      | 1051      | 95.55          |
| Lack of Background Knowledge and Experience | 1048      | 95.27          |
| Societal Support                            | 931       | 84.64          |
| Others (Specified)                          | 1008      | 91.64          |



Once again, a respondent picked more than one choice but none of them was picked by all of the respondents: The least picked was "Lack of Self Confidence" (69.91%), followed by "Social Expectations" (71.00%). Others were "Social Adaptation" (99.09%), "Limited Access to Fund" (91.09%), "Fear of Failure" (89.27%), "Building Support Network" (84.73%), "Balancing Business /Work and Family Life" (82.73%), "Educational Background" (95.55%), "Lack of Background Knowledge and Experience" (95.27%) and "Societal Support" was 84.64%. Others (Specified) was 91.64%.

These are significantly high by any standard (Weidinger, Fischler and Schmidpeter, 2013). In other words, women are not significantly empowered/supported to participate in the sector.

## 7.4 Research question 4

*In what areas could the women be empowered to participate actively in resource exploration, exploitation, development and management in the community?* Box 1 shows the tangible solid resources of the communities that are in commercial quantities (Federal Ministry of Solid Minerals (2016): Kaolin, Granite, Clay, Limestone, Gypsum, Talc, Sillimnote, Tantalite, Feldspar, Syenite, Bitumen, Gemstone, Gold, Toumaline, Aquamarine and Cassiterite. Others are Titanium, Glass-sand, Phosphate, Coal, Columbite, Marble and Dolomite, about 23, that were differently found in different communities in various quantities and qualities (The Presidency (2007; Federal Ministry of Solid Minerals, 2016). While some are being exploited in commercial quantities, others remain (in the ground as untapped) stock. More importantly, there are multiplicity of opportunities that these have and can equally availed both men and women (Ali & O'Faircheallaigh, 2012; Richard, 2005; Hamann, 2003; Lertzman & Vredenburg, 2005).

Box 1: Mineral Resources that can be exploited/extracted, developed and managed southwestern Nigeria

|           |           |            |             |
|-----------|-----------|------------|-------------|
| Kaolin    | Feldspar  | Tatinum    | Aquamarine  |
| Granite   | Syenite   | Glass Sand | Dolomite    |
| Clay      | Bitumen   | Phosphate  | Cassiterite |
| Limestone | Gemstone  | Coal       | Sillimnote  |
| Gypsum    | Gold      | Columbite  | Tantalite   |
| Talc      | Toumaline | Marble     | Etc, etc    |

Apart from the exploration, exploitation, development and management roles in the sector, Table 8 outlines 19 responses to questions as to others possible service areas that the

women may be empowered for self development and sustainability in the community. All the subjects picked more than one item each. The least picked were "Provision of Religious Services" (47.34%), "Transport and Communication Services" (50.18%) and "Financing of Projects" (59.82%). The highest picked/suggested were "Environmental Gentrification" (91.09%), "Record Keeping" (91.00%), "Office Administrative Services" (90.70%) and "Education/Training of Stakeholders" (90.18%). All others picked were also by not less than 60.00% of the respondents.

Table 8: Service areas women could be empowered for the exploitation, exploitation, development and management of the resources

| <i>Possible Services<sup>2</sup></i>      | <i>Frequency</i> | <i>Proportion (%)</i> |
|---|------------------|-----------------------|
| Awarding/Servicing of Contract            | 781              | 71.00                 |
| Provision of Security Services            | 715              | 65.00                 |
| Food Vending                              | 922              | 83.82                 |
| Financing of Projects                     | 658              | 59.82                 |
| Provision of Errand Services              | 929              | 84.45                 |
| Transportation and Communication Services | 552              | 50.18                 |
| Provision of Religious Services           | 521              | 47.36                 |
| Legal Services                            | 817              | 74.27                 |
| Mediation Services                        | 804              | 73.09                 |
| Medical/First Aid Services                | 922              | 83.82                 |
| Welfare Services                          | 982              | 89.27                 |
| Office Administrative Services            | 998              | 90.73                 |
| Record Keeping                            | 1001             | 91.00                 |
| Educating/Training of Stakeholders        | 992              | 90.18                 |
| Expert Advice                             | 818              | 74.36                 |
| Shelter and Accommodation                 | 901              | 81.91                 |
| Environmental Gentrification              | 1002             | 91.09                 |
| Research and Development                  | 988              | 89.82                 |
| Others (Specified)                        | 938              | 85.27                 |

The opinions of the male and female subjects and the different professionals do not differ significantly. But this work was unable to discuss in detail the direction and dimension of either sex's involvement nor was it able to explore further the reasons for lack of empowerment and or the insignificant participation of women in the industry.

But, for sustainability of the individuals, families and the communities (and of course, the nation at large), women must be empowered. The onus is on the governments of the region and the communities to enforce the empowerment of the women in this sector in both formal and non-formal settings so that they will be able to perform expert roles; and also be able to educate/train stakeholders in relevant skills; in environmental gentrification, welfare services, record keeping, medical/first-aid services, mediation and legal services, food vending and others. As Anyanwu (2002), Abiona (2009), Hamann (2003), Lertzman & Vredenburg (2005) and Okpanachi (2011) have stressed, women in the communities may be educated in different areas of human endeavour, and mostly in those areas that will be most relevant to the industry in both formal and non-formal settings.

## 8 CONCLUSION AND RECOMMENDATIONS

Southwestern Nigeria is rich in material resources but women empowerment, and participation in the exploration, exploitation, development and management is insignificant compared with the levels of their male counterparts. Women face barriers like discrimination, matrimonial and inheritance law, cultural practices, lack self confidence, education, societal supports, access to fund and others. Culture and traditions limit what a woman can do. Whereas, there are several areas of the industry that women could be well endowed and empowered to participate. Undoubtedly, Adult Education may have to play a significant role to educate and develop the women. Women must not be discriminated against; and they must be encouraged and supported financially, socially and morally by the families, friends, philanthropists and government institutions.

In addition, individual women should have the character of empowered persons for social and economic development of themselves, their communities and the nation at large, namely by: (i) having decision-making power; (ii) having access to information and resources that will enable them to take properly, informed decisions for themselves and to the advantage of the community and the nation at large; (iii) having the belief in themselves and capable of making positive change or have the ability to make a change for themselves, the community and the larger society; and (iv) having the ability to learn new skills and or improve their personal and or group power.

The southwestern Nigeria women must be empowered for the betterment of each and every one, and for the development of the communities and the nation at large. Social taboos and traditions, poor backgrounds, lack of motivation, heavy workload, early marriages, low social status and so on should not constitute any barrier to women's education, development and empowerment.

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## ENTREPRENEURSHIP AND POLITICS IN DEVELOPING ECONOMY: THE NIGERIAN EXPERIENCE

By

**Daniel Oguche, Ph.D, Department of Banking and Finance, Veritas University, Abuja. (The Catholic University of Nigeria). Email address: [danielogucheheadunvi@gmail.com](mailto:danielogucheheadunvi@gmail.com) Tel: +2348065367853 & +2348170444393**

### **Abstract**

*This paper discussed entrepreneurship and politics in developing economy: The Nigerian experience. It emphasizes that God has blessed African continent with human and natural resources resulting in the evolution and involvement of differing participatory systems of government for socio-economic and political development of their countries. Though Nigerian government has made some interventionist contributions to entrepreneurship development, the effect has not been felt positively. The methodology adopted was the narrative-textual case study (NTCS) method which is preferred because of the absence of sequential data related to entrepreneurship and politics in developing economy like Nigeria. However, interviews were conducted. The paper used simple percentages in tables, graphs, and charts to analyze and interpret the collated secondary data. The paper found that Nigeria's economy continues to be driven by the non-oil-sector albeit at a slower pace. Unemployment and underemployment in Q4 2015 rose from 104.3million to 105.02million. It was found that entrepreneurship can enhance economic growth and development by generating employment and foster the growth of micro, small, and medium enterprises in Nigeria. It also recommends that there should be proper policy coordination and policy stability; reforms in educational curriculum to prepare students for self-reliance and fixing the power sector for the good of Nigeria. The paper opines that if Nigeria functional micro, small and medium enterprises (MSMEs), gainful employment will be created, wealth created will be distributed evenly, economy is developed and we are happy.*

*Key words: Entrepreneurship, Developing Economy, Narrative-Textual Case study (NTCS) and Micro, Small and Medium Enterprises (MSMES)*

### **Introduction**

God has blessed African continent with both human and natural resources resulting in the evolution and involvement of differing participatory systems of government for socio-economic and political development. European contact with Africa in the 15<sup>th</sup> century to augment cheap farming labour in their country had a dual advantage for Africa. It had exposed us to their knowledge economy and partially their system of governance which we adopted in the past colonial era. Since Nigerian Independence on October 1, 1960 both military and democratic systems of government at the three tiers promised to focus on development across the board.

Though Nigeria is naturally endowed with entrepreneurship opportunities, the realization of the full potentials of those opportunities was thwarted by the adoption of inappropriate industrialization policies at different times. There were policy interventions that would have stimulated entrepreneurship development through small and medium scale enterprises promotion based on strategic technology transfer but failed to achieve intended goals as it led

to most indigenous entrepreneurs becoming distribution agents of imported products as opposed to building internal entrepreneurial capacity for manufacturing, mechanized agriculture and expert services(Thaddeus,2012).

## LITERATURE REVIEW

Afolabi (2015) reported studies by UNIDO-Nigeria, 2012 which show that Micro, Small and Medium Enterprises (MSMEs) have the propensity to drive the Nigerian Economy and data revealed that they were over 17 million MSMSEs employing over 31 million Nigerians. It says that MSMSEs Accounts for over 80% of Enterprises that employ about 75% of the Nigeria's total workforce. Therefore, formulating and effectively implementing MSMSEs friendly policies represent innovative ways of building the capacity to engage in entrepreneurial activities and creating job opportunities, thus, playing a central and invaluable role in helping Nigeria realize its quantity advantage. In addition, the 2012 global entrepreneurship (GEM) has empirically identified Nigeria as one of the most entrepreneurial countries in the world. The studies show that 35 out of every 100 Nigerians (over a third) are engaged in some kind of entrepreneurial activities or the other.

The hypothesis that entrepreneurship is linked to economic growth finds it's most immediate foundation in simple intuition Common sense and pure economic observation activities to convert ideas into economic opportunities lie at the very heart of entrepreneurship. Entrepreneurship is a source of innovation and change and as such spurs improvement in productivity and economic competitiveness (UNCTAD, 2004).

Entrepreneurships are not synonymous with small business. Certainly ,small firms are an outstanding vehicle for individuals to channel their entrepreneurial ambitions. The small firm is an extension of the individual in charge (Lumpkin and Dess, 1996). However entrepreneurship is not restricted to persons starting or operating an (innovative) small firm. Enterprising individuals in large firms, the so-called 'entrepreneurs' or corporate entrepreneurs; undertake entre-preneurial actions as well.

As at 2015, it was reported that Nigeria's Gross Domestic product (GDP) for ten years showed the country was one of the fast growing economies in the world. The implication then was that any good business established was capable of generating unusual and above average returns. It was then one of the few countries with the highest returns on investment anywhere in the world –money, market, capital market, mutual funds, real estate and property, entrepreneurship cetera (Popoola, 2014 ). Furthermore, for entrepreneurs to play an appropriate role, the role of the state remains important if not more than before. Strong states as regulators and gate keepers play a vital role. In the absence of appropriate 'rules of game'

entrepreneurship may result in undesirable social outcomes including corruption, crime, speculation and financial crises, and may worsen the vulnerabilities of people during natural disasters (UN Report, 2011).

Entrepreneurship suggests a drastic or revolutionary change but does it promote wealth creation and job opportunities? Although there are researches and studies on the relationship (link) between entrepreneurship and economic growth and development, there is still the need to assess the case of the Nigerian economy. The question we may ask what is the contribution of micro, small and medium enterprises (MSMEs) to the nation's Gross Domestic Product (GDP) or better still, how has the multiplicity of the so called MEMEs bettered the living standard of the over 170 million Nigerians.

In Nigeria, most textile industries spread across the length and breadth of the country have since gone moribund due to corruption and managerial insensitivity to financial discipline. In Kaduna state, almost all the small businesses owned by individuals (entrepreneurs) and corporate bodies have gone into extinction. The story is the same in different states in Nigeria.

### **Recent Development of Entrepreneurship**

The role of government in entrepreneurship development in Nigeria became significant only after the Nigeria civil war (1967-70). Afolabi (2015) opines that since the mid 1980s, there has been an increased commitment of government to entrepreneurship development, especially after the introduction of the structural adjustment program (SAP) in 1986. Added to this was the establishment of the National Directorate of Employment (NDE), National Open Apprenticeship scheme (NOAS) and the Small and Medium Enterprise Development Association of Nigeria (SMEDAN) (Thaddeus, 2012). Fundamentally, the Nigerian government promotes entrepreneurial culture through initiatives that build business confidence, positive attitude, pride in success, support and encouragement of need ideas, social responsibility, providing technological supports, encouraging inter-firm linkages and promotion of research and development.

Nwachukwu (2012) opined that in the past forty years or so the government has established various support institutions specially structured to provide succor and to assist SMEs to contend with some of the hurdles along their growth path. Some of these specialized institutions include the Nigerian Industrial Development Bank (NIDB), The Nigerian Bank for Commerce and Industry (NBCI), the National Economic Reconstruction Fund (NERFUND), The Nigerian Export Bank (NEXIM), The National Directorate of Employment (NDE), Industrial Development Coordinating Centre (IDCC), Peoples Bank (PB), Community Bank (CB), Construction Bank, Family Economic Advancement Programme (FEAP), State

Ministries of Industry SME schemes, The Nigerian Agricultural and Cooperative Development Bank (NACDB), Bank of Industry (BOI) among others. These support institutions and other incentives created by the government notwithstanding, policy instability and reversals in addition to high turnover and frequent changes in government have impacted negatively on the performance of the primary institutions responsible for policy formulation, monitoring and implementation resulting in distortions in the macroeconomic structure, low productivity and dismal performance of SMEs. There were also limited access to long term capital, high cost of even short term financing, poor partnership spirit, dearth of requisite managerial skills and capacity, illegal levies, street “urchins” harassments, over dependence on imported raw materials and spare parts, poor inter and intra-sectorial linkages that make it difficult for the SMEs to enjoy economies of scale production, bureaucratic bottlenecks and inefficiency in the administration of incentives that discourage rather than promote SME growth, weak demand for products arising from low and dwindling consumer purchasing power, incidence of multiplicity of regulatory agencies and taxes that have always resulted in high cost of doing business and poor corporate governance and low entrepreneurial skills arising from inadequate educational and technical background for many SME promoters (Nwachukwu2012). Literature records that there has been a decline in percentage of total loan portfolio advanced to SMEs by banks. Alamode (2007) In Ikechukwu (2014) disclosed that In 1992 total loan from banks to SMEs declined in 2006. Percentage of bank total loan to SME declined from 39% to 32% .At the then 100% it was more than 22% in South Africa and 20% in India. The financial inadequacies above notwithstanding, there is still the difficulty in accessing these loans by the entrepreneurs because most of them are unable to prepare good and bankable business plans/feasibility reports.

### **Entrepreneurial Environment**

A nation’s environment has a significant impact on the level of entrepreneurship activities. An unconducive environment for entrepreneurial development can mar economic growth (Zaki, 2007). In Nigeria, social-economic problems, political instability and religious intolerance have been identified as the major challenges of entrepreneurship development. This class of problem has heightened political aberrations in Benue, Plateau, Niger Delta regions, Lagos and in almost the entire country giving birth to violent armed robbery, arson, vandalization of oil pipelines and most recently kidnapping by Niger Delta militants. Under this condition, entrepreneurs suffer as their properties are destroyed. In northern states of Nigeria, there are religious attacks, looting and burning down of shops as well as killing of human beings. These actions have discouraged many entrepreneurs that survived the mayhem while those



that are aspiring to start a small business in such areas have relocated or completely changed their businesses.

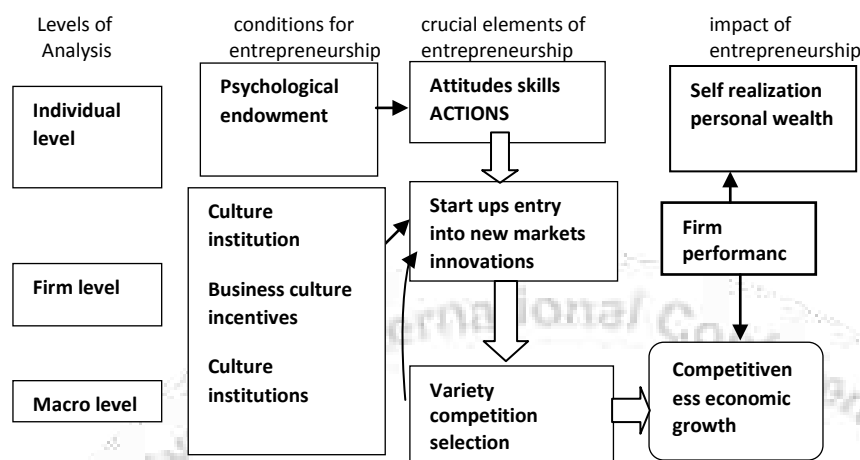
### **Relationship between Entrepreneurship and Economic Growth or Development**

The idea that entrepreneurship and economic growth are very closely and positively linked together no doubt has made its way since the early works of Schumpeter. An increase in the number of entrepreneur leads to an increase in economic growth. This in effect is a result of the concrete expression of their skills, and more precisely, their propensity to innovate. Schumpeter has already described this innovative activity, "the carrying out of new combinations (Schumpeter, 1963). Through this innovative activity, the Schumpeterian entrepreneur seeks to create new profit opportunities. These opportunities can result from productivity increases, in which case, their relationship to economic growth appears quite clearly.

In terms of how entrepreneurship has been a stimulant in economic growth, there exists enormous discussions and debates but it is however eminent to realize the importance of constant innovations and rivalry enhancement (Todtling and Wanzanbock, 2003). There has been a problem in defining and measuring entrepreneurial factors and this has further complicated the exact contributions to economic development and growth. In addition, Carree and Thurik (2002) explained that the concept of entrepreneurship is multidimensional and largely ill-defined. Understanding the role of entrepreneurship in the process of economic growth will therefore require a framework because of the nature of intermediary variables and connections which exist (By Grave and Minniit, 2000). The best examples of these intermediate variables include innovation, competition mainly characterized by exit and entry of firms, variety of supply and particular energy and efforts invested by entrepreneurs. Other conditions of entrepreneurship also add up when it comes to their contributions to economic growth (Robbins et. Al, 2000)

In addition, ASC (2006) and Alriazu (2010) assert that there is a positive relationship between entrepreneurship and economic growth while Henderson (2007) explained that entrepreneurship is increasingly being recognized as a primary engine of economic growth. By combining existing resources within innovative ideas, entrepreneurship add value through the commercialization of new products, the creation of new jobs, and the building of new firms. The global economic monitor indicates that nations with higher level of entrepreneurial activities enjoy strong economic growth. In short, entrepreneurs are the link between new ideas and economic growth.

Figure 1: A Frame work linking entrepreneurship to economic growth.



Source: Adapted from Naude (2013)

Furthermore, Naude (2013) posited that entrepreneurship will, in the light of the above contribute to growth and employment creation in advanced, emerging and least developed economies alike. Entrepreneurship creates jobs and we know that unemployment is a major and significant cause of unhappiness. we also know that goods that entrepreneurs provide, such as health and experimental activities, raise happiness levels.

### METHODOLOGY OF THE STUDY

This study used both descriptive and explanatory analyses. The methodology is Narrative-Textual Case Study (NTCS) method which is considered preferable in the absence of sequential data related to entrepreneurship and sustainable economic growth in Nigeria. NTCS is a social science research method that employs intensively information, data and academic materials made available and easily accessible by information and communication technology facilities such as intranet, internet worldwide web, online databases, e-libraries cetera. The choice of this method is informed by the fact that NTCS combines the use of quantitative and qualitative observation, text content analysis and available official statistics in different proportions for problem solving or problem identification on the objectives of the research.

According to Ahonsi and Soyombo (1996) a research is cross sectional if the data to be utilized has been gathered at one point in time and relates to the phenomenon being studied in its present or current state.

This research study is non-empirical but rather descriptive since information was collected without changing the environment we used appropriate statistical techniques consisting of

simple percentages in the analysis for the role of entrepreneurship on economic growth and development in Nigeria, charts were also used to present the data for more meaningful understanding

### **The Nigerian Economy, Politics and Entrepreneurship Development**

Leaders (2014) described the Nigerian economy as a middle-income mixed economy, as an emerging market with expanding financial service, communications and technology and entertainment sectors. With a rebased GDP, it was ranked 26<sup>th</sup> in the world the largest in Africa, and on track to become one of the real gross 20 largest economies in the world by 2020.

The return of democracy in 1999 ushered in a period of economic reforms and a renewed focus on enterprise development as the only viable means to sustainable growth. Nigerian leaders then initiated a massive programme of disinvestment and financial deregulation aimed at boosting business development across the Micro, Small and Medium Enterprises (MSMEs) space. Progress has been hampered by institutional deficiencies and widespread bureaucratic and political corruption (Osalor, 2010).

### **Analysis and Results**

#### **Analytical Performance of Nigerian economy.**

National Bureau of Statistics (2004-2013) report showed that Nigeria rebased its GDP from 1990 to 2010 resulting in 89% increase in the estimated size of the economy. As a result, the country then boasted of having the largest economy in Africa with an estimated nominal GDP of USD 510 billion, surpassing South Africa USD 352 billion. The exercise revealed a more diversified economy than perilously thought. Nigeria maintained its impressive growth over the past decades with a record estimated 7.4% growth of Real Gross Domestic Product (GDP) in 2013, up from 6.5% in 2012. This growth rate was higher than the West Africa Sub Regional level and far higher than the Sub Saharan Africa level. Economy continued to be underpinned by favourable improvement in the non oil sector with real GDP growth of 5.4%, 8.3%, and 7.8% in 2011, 2012 and 2013 respectively. Agriculture, particularly crop production trade and services continued to be the main drivers of non oil sector growth. The oil sector growth performance was not as impressive with 3.4%, 2.3% and 5.3% estimated growth rates in 2011, 2012 and 2013 correspondingly. Growth of the oil sector was thwarted throughout 2013 by supply disruptions arising from oil theft and pipeline vandalism, and by weak investment in upstream activities with no new oil finds. The key indices required to adequately assess an economy include the real GDP growth rate, unemployment and inflation rate

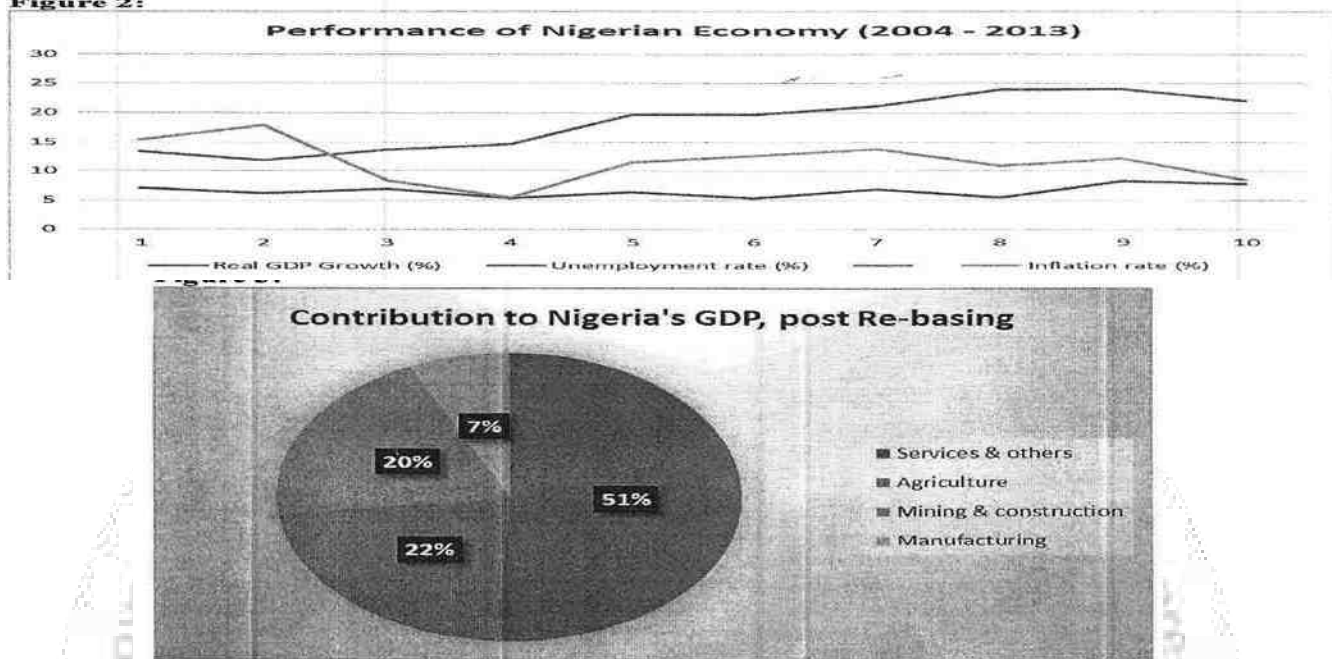
Table 2: Analytical Performance of Nigerian economy (2004-2013)

| Indices             | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---------------------|------|------|------|------|------|------|------|------|------|------|
| Real GDP growth (%) | 7.1  | 6.2  | 6.9  | 5.3  | 6.4  | 5.3  | 6.8  | 5.4  | 8.3  | 7.8  |
| Unemployment rate % | 13.4 | 11.9 | 13.7 | 14.6 | 14.9 | 19.7 | 21.1 | 23.9 | 24   | 22   |

|                    |      |      |     |     |      |      |      |      |      |     |
|--------------------|------|------|-----|-----|------|------|------|------|------|-----|
| Inflation rate (%) | 15.4 | 17.9 | 8.4 | 5.4 | 11.5 | 12.6 | 13.8 | 10.9 | 12.2 | 8.5 |
|--------------------|------|------|-----|-----|------|------|------|------|------|-----|

Source: National Bureau of Statistics

Figure 2:

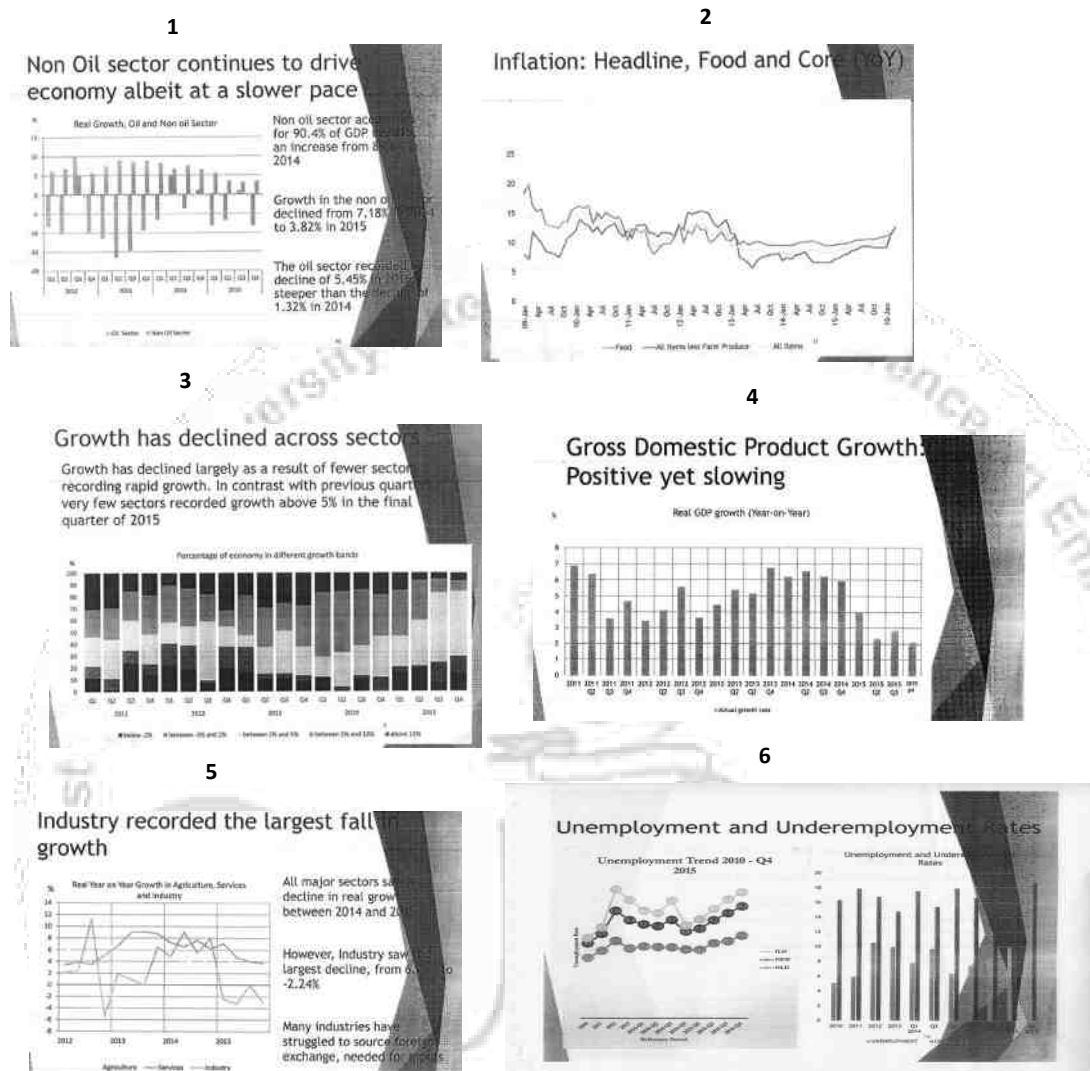


### The Trend of Entrepreneurship Development In Nigeria: Government Interventions

Nigeria as a country is blessed with business and investment potentials due to the abundant vibrant and dynamic human and natural resources it possesses. Tapping these resources require the ability to identify potential useful and economically viable fields of endeavours .Nigerians have made their marks in diverse fields such as science, technology, academics, business and entertainment (Nkechi et. Al, 2012). Thus entrepreneurship activities and innovation ingenuity in Nigeria have developed enterprises in the following areas; agricultural agro allied activities where there are foodstuffs, restaurants and fast food vending etc. In spite of the fact that entrepreneurship development has been regarded as the bulwark for employment generation and technological development in Nigeria, the sector nevertheless has had its own fair share of neglect with concomitant unpleasant impacts on the economy. From this premises, entrepreneurship when and if gallantly developed in Nigeria will take its pride of place in quelling unemployment and thus generating employment among Nigerian youths especially the graduates and once again place the economy on a proper footing (Nkechi et. Al, 2012)

## Overview of Recent Data on the Nigerian Economy.

National bureau of statistic (2016) presents an overview of recent data on the state of Nigeria economy.



However, the small and medium enterprises development Agency of Nigeria (SMEDAN) was established to promote the development of the MSMES sector of the Nigerian Economy.

The public works and women/Youth Empowerment scheme (PW/WTE) was launched by the Federal Government to create immediate employment for women and local governments and the private sector. The scheme it was explained would generate 50,000 skilled jobs and 320,000 unskilled job opportunities. It is a component of the subsidy re-investment and empowerment programme (SURE-P).

The youth enterprise with innovation in Nigeria (You Win) programme is a collaboration of the Federal Ministries of Finance, communication Technology and Youth Development to organize an annual Business plan competition (BPC) for aspiring young entrepreneurs in Nigeria. Expectedly, the programme will provide a one-tune Equity grant of one-million-ten

million naira to 1,200 selected aspiring entrepreneurs to start/expand their business concepts and mitigate start up risks; and to further generate some 80,000-110,000 new jobs for unemployed Nigerian Youths over a three-year period.

## **DISCUSSION OF FINDINGS**

Below is the summary of findings based on the interview conducted during the study.

- A. What is the level of entrepreneurship contribution to Nigeria's economic development?
1. Entrepreneurship has contributed significantly to Nigeria's economic development because it has created some employment for job seekers.
  2. The present economic condition of recession has not allowed entrepreneurship development to promote Nigeria's economic development.
  3. Corruption, religious and ethnic clashes have negatively affected government efforts to promote entrepreneurship development, hence no significant contribution has been made.
  4. The large scale unemployment that bedevils the economy shows that no significant improvement has been made in the area of entrepreneurship development in Nigeria.
  5. The contribution of entrepreneurship to Nigeria's economic development is marginal due to lack of access to capital.
- B. Do we have entrepreneurs that can power Nigerian economy? Over 60% of the respondents strongly believe that there are no enough entrepreneurs that can power the economy. This simply implies that although there are numerous micro, small and medium scale enterprises (MSMEs) across the nation, their size and capacities are largely negligible compared to the Nigerian economy as a whole.
- C. Has entrepreneurship brought wealth creation and employment opportunities to Nigerians
1. Entrepreneurship has fostered wealth creation and created employment in Nigeria extensively
  2. It is true that entrepreneurship is laudable and veritable tool for wealth creation and creation of employment opportunities.
  3. It will require a transformation and a revolution for entrepreneurship development to significantly promote wealth creation and solve Nigeria's unemployment problem.

## **RECOMMENDATIONS**

The paper recommends that policy makers should recognize the essence of entrepreneurship to economic development. Entrepreneurship deserves equal emphasis as is being placed on science and technology.

- D. However, it is important to fast all provide way for proper policy coordination and policy stability. There have several government interventions and programmes aimed at

promoting entrepreneurship and fostering Micro, small and medium enterprises (MSMEs) and yet no significant impact on Nigeria's economic development.

- E. A sustainable approach to poverty reduction is through encouraging youth, particularly those with identified business development. As result, there is need for reforms in educational curriculum to prepare students for self-reliance.
- F. Fixing Nigeria's basic infrastructure can do magic in reviving entrepreneurship development in Nigeria and promoting the Micro, small and medium enterprises sector to facilitate economic growth and development.

## Conclusions

Although Nigeria has to some extent enjoyed economic growth, the rate of unemployment and inflation over a period have been disturbing. Because of the lack of data to measure the level of entrepreneurship development in Nigeria, an empirical analysis may be impossible. However, critical narrative textual case study, such as the one done in this research work can provide a degree of confidence to make a conclusion. The framework and policy for entrepreneurship with consistency is fundamental and enabling infrastructural developments are prerequisites for any impactful entrepreneurship development. Until sufficient jobs are created and wealth created, entrepreneurship has a long way to go in Nigeria.

In summary, the paper found that; 1. Entrepreneurship plays a crucial role in the economic growth and development of any nation. There is, therefore, a verifiable link between entrepreneurship development and economic development. 2. Nigeria business environment and prevailing government policies and programs are quite unstable and turbulent to allow for any significant impact on entrepreneurship development. 3. Entrepreneurship can foster economic growth and development by generating employment and foster the growth of micro, small and medium enterprises in Nigeria. 4. Wealth creation and poverty reduction are key benefits when entrepreneurship is taken seriously by the Nigerian government since unemployment will be curbed gradually.

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# GREEN ENTREPRENEURSHIP AND ECONOMIC SUSTAINABILITY: A CONCEPTUAL PERSPECTIVE

*Chinonye Love M.,<sup>1</sup> Okesina Oluwaseun O.,<sup>2\*</sup> Ogueyungbo Opeyemi O.,<sup>3</sup> Oluwafemi Temitope V.,<sup>4</sup> Musa Philip O.,<sup>5</sup>*

<sup>1234</sup>*Department of Business Management, Covenant University Ota, Ogun State, (NIGERIA)*

<sup>5</sup>*Department of Public Administration, Federal Polytechnic Ilaro, Ogun State, (NIGERIA)*

## Abstract

*The need for reduction of environmental impact by economical activities has been accepted by governments and societies all over the world. Different measures are taken such as the obligatory 'green public orders' according to which products and services must comply with certain ecological requirements. Hence, the objectives of this study are to examine the relationship between green entrepreneurship, economic growth and development as well as economic sustainability. The methodology employed the secondary mode of data collection. The sources of data used include intensive library research and content analysis of archival materials from paper title related text books, journals, reports, lecture notes, seminar presentation, newspapers as well as internet materials. In conclusion, the study reveals that the economic sustainability in Nigeria rests on green entrepreneurship which aim solving the problem of the present as well as protect the future against negative environmental effects. The study further gave a recommendation that the Nigerian government should improve the entrepreneurial framework conditions to galvanize Nigeria's total entrepreneurial activities towards improved national economic growth and development.*

Keywords: green entrepreneurship, economic sustainability, economic growth, economic development

## 1 INTRODUCTION

The need of reduction of environmental impact by economical activities is already accepted by governments and society all over the world. In response of this need, there are different measures taken by companies in order to become stable on the market. The number of standardized by ISO 14 000 ones has grown, as well as those using the EMAS system. Thus, there appears the need for the new-born start-ups to organize their activities completing the requirements of these articulated standards (Tilley & Young, 2009).

The governments of the developed countries focus much more now than ever on the environmental issues, applying higher requirements concerning pollution and waste management. In addition, different measures are taken such as the obligatory 'green public orders' according to which products and services must comply with certain ecological requirements. On the other hand, society is too interested in the production methods and the resources used in those processes. The quality of the products and their eco- friendliness has nowadays almost the same meaning for the customer. Introducing and popularizing eco markings helps people stay orientated amongst the wide variety of goods on the market and choose products that correspond to their needs (Rachel, 2015).

## 1.2 Statement of Problem

A wide range of federal, state, and local policy interventions have been aimed at addressing the unemployment issue, the environmental issue, or both. In some instances, these initiatives have been either folded into or linked to local sustainability or climate action plans. However, there is little agreement on the definition of critical concepts such as 'green' and 'sustainable' and the specific program components included in each initiative as principles differ tremendously across regions. While some produce for markets and prosperity, others struggle to survive (Bassett & Shandas, 2010; Berke & Conroy, 2000).

Furthermore, social equity issues regarding the poor and the marginalized populations are notably absent from sustainability plans and priorities (Agyeman, Bullard, & Evans, 2003; Fitzgerald, 2010; Hecht, 2009; Warner, 2002). Unfortunately, some of the neediest populations and communities (including African Americans) are not well positioned to reap the benefits from the green recovery resources and as a result are being left out (Powell, 2010; Jones, 2009).

Therefore, the purpose of this article is to examine the relationships between Green Entrepreneurship and economic growth and development, access the trend of Green entrepreneurship development in Nigeria: Green entrepreneurship and economic sustainability in Nigeria.

## 2.0 LITERATURE REVIEW.

### 2.1 Conceptualizing Entrepreneurship

Entrepreneurship has been defined by various professions to mean many things since the middle age (Igbo, 2006). The entrepreneur has been seen as an actor, innovator or a developer of technology. However, the summary of what entrepreneurship means will reflect the individual definer's point of view.

Tijani-Alawiye (2004), defines entrepreneurship as the process of increasing the supply of entrepreneurs or adding to the stock of existing small, medium and big enterprises available to a country by creating and promoting many capable entrepreneurs who can successfully run innovative enterprises, nurture them to grow and sustain them, with a view to achieving broad socio-economic

development goals. Binks and Vale, (1990), defines entrepreneurship as an unrehearsed combination of economic resources instigated by the uncertain prospect of temporary monopoly profit. Entrepreneur is also defined as the instigator of entrepreneurial events for so long as they occur.

## **2.2 Conceptualizing Green Entrepreneurship**

Researches on the 'green entrepreneurship' have started around the last decade of the past century. Commonly referred to as 'green'; it is also called eco-preneurship, ecological entrepreneurship, and sustainopreneurship (Gevrenova, 2015).

The growing number of literary resources on the matter, however, does not focus on the 'green' idea itself, but on creating a widely-accepted definition of it and thus diluting its main purpose – preserving the environment.

Eco-preneurship is a key concept within management studies, highlighting the leading role entrepreneurial individuals and organizations play in transformations towards more sustainable practices within economies. Put simply, the term 'eco-preneurship' is an amalgamation of two words 'ecological' and 'entrepreneurship'. It thus combines two areas of enquiry and concern which are often seen as inherently incompatible, the 'ecological', or environmental and the 'entrepreneurial'.

This perceived incompatibility stems from entrepreneurship's stress on the force of the individual striving for success through exploiting opportunities in the market, which is seen as being inconsistent with the goals of the environmental movement which tends to stress the environmental damage caused by market forces and the benefits of a more communitarian approach to environmental problems (Walley & Taylor 2002). For this reason, eco-preneurs, individuals and organisations that, in various forms, combine the drive, imagination and impact of the conventional entrepreneur with a concern for the environment usually associated with environmental activists have often been overlooked.

### **2.2.1 The Relationship between Green Entrepreneurship and Economic Growth and Development in Nigeria.**

It is widely believed that entrepreneurship is beneficial for economic growth and development. Entrepreneurship has been remarkably resurgent over the past three decades in countries that achieved substantial poverty reduction. In the 1980s-tag inflation and high

unemployment caused a renewed interest in supply side economics and in factors determining growth. Simultaneously, the 1980s and 1990s have seen a revaluation of the role of small firms and a renewed attention for entrepreneurship. In fact, understanding the role of entrepreneurship in the process of economic growth requires the decomposition of the concept of entrepreneurship. Having considered the concepts of entrepreneurship, economic growth and economic development individually, ascertaining the link between the two concepts would not be unachievable (Afolabi, 2015).

Afolabi (2015) opined that entrepreneurship and economic growths are very closely and positively linked together has undoubtedly made its way since the early works of Schumpeter. An increase in the number of entrepreneurs leads to an increase in economic growth. This effect is a result of the concrete expression of their skills, and more precisely, their propensity to innovate. Schumpeter has already described this innovative activity, ‘the carrying out of new combinations’, by distinguishing three cases:

- 1) The introduction of a new good; that is, one with which consumers are not yet familiar or of a new quality of a good.
- 2) The introduction of a new method of production, that is one not yet tested by experience in the branch of manufacture concerned, which need by no means be founded upon a discovery scientifically new, and can also exist in a new way of handling a commodity commercially.
- 3) The opening of a new market, that is, a market into which the particular branch of manufacture of the country in question has not previously entered, whether or not this market has existed before.

### **2.2.2 Trend of Green Entrepreneurship Development in Nigeria and Government Interventions**

Nigeria as a country has numerous business and investment potentials due to the abundant, vibrant and dynamic human and natural resources it possesses. Tapping these resources require the ability to identify potentially useful and economically viable fields of endeavors. Nigerians have made their marks in diverse fields such as science, technology, academics, business and entertainment (Nkechi et.al, 2012).

Thus, entrepreneurship activities and innovative ingenuity in Nigeria have developed enterprises in the following areas: agricultural/agro-allied activities where there are foodstuffs, restaurants, and fast food vending, etc. In the area of solid minerals, there are quarrying, germ stone cutting, polishing and crushing engineering. In power and transport, there are power generations, haulage business (cargo and passengers). In the area of

information and telecom business, there are manufacturing and repairs of GSM accessories and the printing and selling of recharge cards. In hospitality and tourism business, there are hotels, accommodation, resort centers, film and home video production; in oil and gas business, there are construction and maintenance of pipelines, drilling, refining by-products. In the area of environmental and waste management business, there is refuse collection/disposal, recycling and drainage/sewage construction jobs. In the area of financial banking services, there is banking, insurance and stock trading. In engineering and fabrication work, there are machines and tools fabrications. There is also the building and construction, where there are plan and design services and material sourcing (Agbeze, 2012).

The economic benefits of youth participation in the development process are varied and have an effect on the national economy. Since youths constitute about 70% of Nigeria's population, the nation cannot achieve development when there are mostly idle and unproductive. This is basis for their productive engagement in entrepreneurship (Lemo, 2013). Furthermore, over the last decade or so, various efforts had been initiated by the government and other stakeholders to provide employment for the youths in Nigeria. These include the programmes on Universal Basic Education, Poverty Eradication, Agricultural Development, Economic Empowerment and Development, Commodity Marketing and Development, as well as Presidential Initiatives, such as the YouWin Programme. Beside this, the National Directorate of Employment (NDE) grooms unemployed youths and retired persons in vocational skills, entrepreneurship/business development, labor-based works, rural employment promotion and job placement guidance and counseling. The Federal Government earmarked on N100 Billion Textile Revival Fund for the Cotton, Textile and Garment Industries, which used to be among the largest employers of labour in the country (Nkechi et.al, 2012).

### **2.2.3 Green Entrepreneurship (Ecopreneur) and Economic Sustainability in Nigeria.**

Sustainability entrepreneurs are those who attempt to combine the environmental, economic and social components of sustainability in a holistic manner and are said to have a different organizing logic to more conventional entrepreneurs. In particular, sustainable entrepreneurs seek to use the enterprise as a tool for perpetuating resources involving 'whole enterprise design' focused on sustainable development. Increasingly, both the popular media and a small, but growing, set of academic literature have focused upon the role of these individuals as being in the vanguard of a shift to a new form of capitalist development that can help to directly address fears over global warming, climate change and their associated negative environmental impacts (Gibbs, 2009).

Hart (2006) stated that many of these sustainable entrepreneurs are said to operate their businesses in ways that run counter to popular perceptions of entrepreneurial behaviour.

Harvey (2007) opined that, as opposed to being the ruthless profit-seeking capitalists of popular imagination (as portrayed in a number of recent UK reality television programmes such as *The Apprentice* and *Dragon's Den*), sustainable entrepreneurs supposedly display a different mentality as evidenced through donations to environmental causes, employee-friendly working conditions, an interest in wider social issues than bottom-line profits and a concern for the longer-term implications of their business activities (Gibbs, 2009).

### **What is to be sustained in Sustainable Entrepreneurship?**

- a) ***Nature Is to Be Sustained:*** Nature refers to the phenomena of the physical world and includes the *earth*, *biodiversity*, and *ecosystems* and can have intrinsic value over and above it as simply a life support system. The Global Scenario group emphasized the need to preserve the “beauties of the earth” and similarly others have highlighted the importance of protecting natural resources and open/green space. If these are not sustained, the life of many species living on the earth including humans is threatened.
- b) ***Sources of Life Support Are to Be Sustained:*** Sustaining life support refers to the environment as “a source of resources and services for the utilitarian life support of humankind”. This life support appears to be sustained through preserving the environment, natural resources, and ecosystem services. If environmental systems are not sustained, life support for humans can be severely threatened. For example, the pollution of water with infectious agents, bacteria, and chemicals causes millions of deaths per year, particularly in third-world countries.
- c) ***Communities Are to Be Sustained:*** Communities refer to a complex web of relationships between a set of individuals who share values, norms, meanings, history, and identity. What makes communities distinctive (and therefore contribute to identity) are their culture, groups, and places, and to the extent these are threatened, community might be lost. Culture is a central aspect of communities, and it is believed that “human beings have a right to culture, not just any culture, but to their own”. By being able to maintain a culture within the larger society, individuals can secure their personal identity. The loss of cultural identity has been associated with enhanced alcoholism among American Indians, and diminished physical health and life expectancy in Australian Aborigines. Families and other groups also provide a sense of personal identity and are believed to be a basis for a well-developed community. Studies report that the disintegration of the family means that individuals are less capable of assuming social responsibilities that enhance community development, and that disruption of families diminishes individual well-being. Places can serve as important public symbols of culture and history and thereby provide a sense of identity to people's lives (Shepherd & Patzelt, 2010).

### **What Is to Be Developed in Sustainable Entrepreneurship?**

Shepherd & Patzelt (2010) stated that, while developing economic profit is central to the definition of entrepreneurship and therefore is also part of our definition of sustainable entrepreneurship, the literature on sustainable development suggests that besides economic gains, non-economic outcomes (gains to people and society) are also important development goals. The emphasis that sustainable entrepreneurs place on the generation of economic and non-economic gains likely differs across individuals and organizations. For sustainable entrepreneurship, may be sufficient to simply ensure the financial viability of their organization, but others may be primarily driven by developing economic profit for themselves.

a) ***Economic Gain:*** An economics perspective emphasizes the development of economic gains for the actor and/or the society. These economic gains are an important development goal. For example, developing economic gains enhances the socioeconomic status of people and leads to improved emotional, psychological, and physical health. This effect transcends boundaries of generations since increased socioeconomic status of parents' leads to enhanced childhood well-being and their socioeconomic status as adults. The subjective well-being and physical health of people increases with the economic development of the countries in which they live. The development of these economic gains is likely to be readily accepted as a consequence of entrepreneurship and therefore, when combined with a construct of "what is to be sustained," accepted as sustainable entrepreneurship (Shepherd & Patzelt, 2010).

b) ***Non-Economic Gains to Individuals:*** Non-economic gains to be developed in individuals include child survival, life expectancy, education, equity, and equal opportunity. Increasing the likelihood that a child will survive to adulthood is a gain that can be developed. For example, in low-income countries one out of every 10 children dies before the age of five and the United Nations aims to reduce this by two thirds (Millennium goals, United Nations). The primary causes of these deaths are pneumonia, diarrhea, malaria, measles, and AIDS. Furthermore, some individuals are exploited such that their true value is not recognized or rewarded. For example, the central question of stakeholder research seems to be for whose benefit and at whose expense should the firm be managed. Research has focused on the means of ensuring that resources are deployed fairly between the firm and its stakeholders. If resource deployment is not fair, then a stakeholder is being exploited by the firm. Studies from the emerging field of social entrepreneurship and the area of corporate social responsibility suggest that entrepreneurs can substantially contribute to the development of non-economic gains to individuals.

c) ***Non-Economic Gains to Society:*** While gains to society include gains for individuals living in that society, they differ from individual gains because the latter may only be available to a few individuals while societal gains are available to all (or the vast majority) societal members. For example, societies can gain through the development of well-being and security of national states, regions and institutions and, more recently, the valued social ties and community organizations. The well-being of nations and regions refers to the life satisfaction and happiness of their inhabitants, and security denotes both protection against threats from outside, e.g., by other nations, and threats from inside, e.g., through economic or environmental decline (Shepherd & Patzelt, 2010).

Moreover, societies can gain if social ties and interpersonal relationships between individuals are developed. Weak social norms, low interpersonal trust, corruption, and violence are more common in poor nations and regions with lower levels of human well-being and represent obstacles for societal development. Research on social entrepreneurship and corporate social responsibility highlights the important role of entrepreneurs in developing non-economic gains to society (Shepherd & Patzelt, 2010).

### **3. 0 The Methodology**

The sources of data used in this paper include intensive library research and content analysis of archival materials aimed at obtaining information from documents such as: paper title related, text books, journals, reports, lecture notes, seminar presentation, newspapers and the internet materials.

### **4. 0 Recommendations and Conclusions**

In conclusion, green entrepreneurship has been a new type of commerce which is equally profit and nature orientated, and might possibly solve ecological problems throughout its business activity. It also tends to destroy existing conventional production methods, products, market structures and consumption patterns and replace them with superior environmental products and services. Therefore, economic sustainability in Nigeria rests on green entrepreneurship as it tends to put the environmental (eco) effect as priority, solve the problem of the present as well as protecting the future against negative environmental effects.

The Prospects of Entrepreneurship in Nigeria to tackle the problems of Nigeria's economic development, concerted effort be made to fashion out a truly Nigerian economic ideology. Nigerian Government should improve the entrepreneurial framework conditions to galvanize Nigeria's total entrepreneurial activities towards improved national economic growth and development.



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## Exploring Tourism Entrepreneurship for Sustainable Development in Nigeria: A case of the Brazilian Baracoon in Badagry, Lagos state.

\*Adebanwa, Ayowole A.; \*\*Raimi, L., and \*\*\* Idowu Sunday S.

\* Department of Social Science, Yaba College of Technology

\*\*Centre for Entrepreneurship, Yaba College of Technology, Yaba Lagos, Nigeria

\*\*\* Department of Political Science and International Relations, Covenant University, Ota, Ogun State, Nigeria.

Corresponding Author's email: ayowole.adebanwa@yabatechedu.ng

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### Abstract

This paper discusses tourism entrepreneurship as a potent mechanism for achieving sustainable development in Nigeria. Relying on secondary data, the authors identified the tremendous opportunities of the numerous tourist attractions in Nigeria which could bring about sustainable development through private Entrepreneurs. Unfortunately, these opportunities have not been well-harnessed by the Stakeholders. The implication is that Nigeria's tourism sector has poor contribution to Gross Domestic Product (GDP), employment opportunities, capital investment, foreign exchange earnings and other related economic variables when compared to other African countries.

The results of this paper support the need for cooperation and collaboration of all stakeholders in tourism to come together and re-create various entrepreneurship avenues for the teeming unemployed youths in Nigeria. The government (at federal, state and local levels) are to provide adequate security measures to conserve and transform our natural endowments into further wealth for all and sundry, through inclusive entrepreneurship. Thus, we recommend that inclusive entrepreneurship would be needed to be fully applied for tourism entrepreneurship to yield sustainable development in developing economy like Nigeria.

**Keywords** – *Baracoon, Entrepreneurship, Sustainable development, Tourism, Nigeria.*

### 1.0 Introduction

The idea of tourism entrepreneurship entails offering creative and hospitable services to tourists in the different tourist destinations, yet realizing returns on investment. The tourism industry in Nigeria is embedded with potentials to serve as a potent instrument of economic diversification, thereby lessening the country's perpetual dependence on oil sector as main source of revenue but only if tourism sector is properly harnessed by the government and the stakeholders. In line with the thinking above, Manyara, Jones & Botterill (2006), the World Tourism Organization (UNWTO) noted that tourism in the contemporary times as emerged as a vehicle for economic development and poverty alleviation in developing countries. The most important strategy for repositioning tourism as mechanism for poverty alleviation and economic recovery is fortifying small enterprise development. UNWTO further projects that Africa's international tourist arrivals will rise to 134 million dollars in 2030 – that is an increase of 106% from the 2013 level of 65million arrivals due to the influx of new ecotourist visitors from emerging economies in Asia, Central and Eastern Europe.

Thus, this paper is premised on two objectives: the first is to explore the potentials of tourism entrepreneurship in Nigeria. The second is to integrate tourism entrepreneurship as an interventionist instrument for sustainable development in Nigeria. This paper is discussed under four parts. Part I is the introduction; it provides concise background on tourism potentials and constraints in Nigeria. Part II focuses on conceptual issues and theoretical framework. Specifically, tourism entrepreneurship and sustainable development were discussed as well as how both concepts fit into inclusive entrepreneurship framework. Part III discusses the research methodology and comparative analysis of findings of tourism potentials in Nigeria and some selected African countries. Part IV concludes with research implication and recommendations.

In Africa, Tourism has been acclaimed to be one of the fastest growing and most dynamic sectors, which has tremendous potentials to boost inclusive economic growth across the continent and reduce poverty (Lufumpa, 2014). Unfortunately, the contribution of tourism industry in the country to annual revenue is about N80 billion, which is abysmally inadequate (Henthorne, T.L et al, 2013).

To revamp the tourism industry in Nigeria, the tourist centers in the six geopolitical zones need to be upgraded and well developed in order to accelerate the anticipated socio- economic development. Specifically, the lack of adequate empirical data has hindered policy makers and other stakeholders on the viability of most of the existing tourism destinations in Nigeria (Ajibola, 2013).

Nigeria is a beehive of tourism destinations. According to Abubakar (2014), there are about 101 tourist attractions in the six geo-political zones in Nigeria and all these tourist destinations have different landmark features. Many tourist centres with significant attraction abound in Nigeria. Examples are Obudu cattle ranch in Cross- river state; Yankari game reserve in Bauchi state; Zuma rock in FCT Abuja; Olumo rock in Abeokuta; Ikogusi water spring in Ondo state; the National Art Theatre complex in Iganmu in Lagos; the Slave trade market in Badagry; the first storey building in Nigeria in Badagry; the first primary school in Nigeria; Badagry heritage museum; Early missionaries' cemenary; Hagia monument tree; the Point-of-no-return; Chinese market in Lagos; Watse Rock in Jos; Agbokim waterfalls in Calabar; Ibeno – Pkerete beach and Nwanibo Hills in Akwa-Ibom; Mambila Plateau in Taraba with a number of beaches and coastal in various parts of the country. Building at Kreigiani, near Omoku in Rivers State, Kiri Dam and the Zuig natural attraction in Adamawa State, Assop Water Falls in Plateau State, Owu water falls in Benue State and Other irresistible tourist sites are the ancient Raheh and Yamtarawala tombs and the Kyarini Park/Zoo in Borno State, Gurara Falls in Niger State and the ancient City Walls in Kano. The rest are the Royal Niger

Company Commodities market the Benin Museum, Emotan Statue; the ancient Palace of the Oba of Benin in Edo State, etc (Obioma, 2014).

Figure one shows attractive pictures of Brazilian Barracoon tourist centre in Badagry.

Fig 1: Cross- section of tourist attractions at Brazillian Barracoon in Badagry:



Source: Authors' compilation

It was gathered from interview conducted that the Brazilian Baracoon was the residence of one Late Chief Faremi Seriki Williams Abass, who was a Nigerian slave named Faremilekun, captured at the age of 6years and sold to a slave merchant named Abass in Benin Republic as a domestic slave, who later sold him to a Brazilian named Williams. This second owner educated him and found him worthy to become a slave ambassador in Nigeria, transacting the business of slave trade on behalf of his master- Mr. Williams, who later built the Brazilian Baracoon - a (Portuguese box) slave cell where slaves were kept for inspection by the whites who export these slaves abroad. The slaves were chained with ankle shackles, waist chains, iron driller, mouth piercers as way of controlling the freedom of slaves captured while awaiting export to a destination called '*point of no return*'. These slaves are exchanged with commodities such as umbrellas, ceramic bowl, schnapps, slave guns, etc. Each of these commodities has their respective exchange values.

Furthermore, there are countless festivals and carnivals organized across the 36 states of the federation which could be strengthened as income-yielding sources such as Eyo festival in Lagos, Osun festival in Osogbo, Ogun festival in Oyo, Ojude-Oba festival in Ijebu, Ofala festival in Anambra, Yam festival in Abuja/Suleja; Akpap Okoyong, Mgbe Cult, Mnikom Dance, Ekeledi Dance in Cross-river; Vwana Dance and Ngaraguta Leather Works in Plateau state all in Nigeria(Ajibola, 2013; Abubakar, 2014, Ekut *et al*, 2012).



Nigeria, with its vast landmass, physical features rich cultural diversity, numerous wild life zone and despicability clearly has several advantages over some countries (Udeme, 2010). Despite these natural endowments, the tourism sector had contributed less than 10% of Nigeria's GDP annually.

The nation's tourism potentials have not been effectively harnessed because the local entrepreneurs and the stakeholders are not adequately engaged. The local entrepreneurs are private investors who provide different tourism services for the purpose of making profits. They include among others hotels/guest houses and motel owners, car hire service providers, airline operators, restaurant owners, food vendors, local communities/natives, community leaders, dancers and entertainers, craft makers, fashion designers, tour guides, interpreters and market women. The stakeholders in the tourism on the other hand are government Federal, State and Local Government in Nigeria context, tourism regulatory authority, the traditional rulers, the natives, ecotourism workers at the destinations, host nation embassies, visitors, foreign tourists, conservators, visiting nation's high commissioners, police force, other security operatives and NGOs working in the area of conservation and environmental protection.

However, the needs of the local entrepreneurs and stakeholders in Nigeria in the tourism industry include: enabling environment for the ecotourism industry to thrive, provision of adequate security for lives and property of visiting tourists, repair of existing roads and opening of feeder roads to ecotourism sites, provision of soft loans for investment, building of capacities of the local communities on conservation and wealth creation from ecotourism. The

constraints militating against effective performance of the local entrepreneurs include poor funding of ecotourism business, lack of infrastructure that would make the sites habitable, incidences of political instability and hostage taking in some destination sites, armed robbery attacks, poor road networks, lack of standard hotels and guest houses for visitors, unfriendly local communities, dishonest interpreters and tour guides, visa application problem, delayed flight and inexperienced workers at the ecotourism sites. The paper is divided into five sections. Following this introduction is literature review while the third section discusses the theoretical frame work. The fourth section carries out the research findings and the last concludes with recommendations.

## **2.0 Literature Review**

### **2.1: Tourism Entrepreneurship**

In different parts of the world, tourism industry has continued to diversify her products and services through backward and forward linkages with relevant sectors of the economy. This creative policy of reshaping tourism into business entity has generated new employment and boosts income earning opportunities of all the stakeholders in the tourism industry (Ayeni & Ebohon, 2012). Conceptually, tourism entrepreneurship describes the systematic development and take-up of small businesses in tourism industry (Szivas, 2001). Tourism entrepreneurship therefore improves the quality of life of small tourism businesses which translates to a higher income and improved standard of living for the stakeholders operating in the industry. It accommodates different kinds of businesses ranging from the conglomerates to medium-sized firms and small-scale operations, yet all these business models are actively involved in business and destination development (Hitchcock, 2000).

Considering the financial requirements for running befitting tourism businesses, there is need to explore a collaborative private-public partnership as well as institutional support for the small tourism firm owners facing a number of challenges in the tourism environment (Ateljevic, 2009). Furthermore, visitor's interest in local culture provides employment opportunities for all categories of entrepreneur including both tourism related businesses such as travel and tour operators, hotels, motels, guest house, travel and tour agencies, restaurant, cafes, food stalls/outlets, transport/transfer services for services for tourist, elephant riding, boat station, traditional bars, cultural centers, dance and theatre groups. While the unconventional tourism- related businesses include photographic safaris, walking trails, parachuting, ranch, farm, cattle and post lodgings, bird watching tours, fishing camps, traditional games and story- telling, traditional music and dance, botanical gardens, games reserves, snake/ reptiles parks, museums, visit to magicians and traditional healers, etc. Tourism entrepreneurship, like other types of entrepreneurship, is a function of supply and

demand for tourism products and services. The entrepreneurs as business owners are tourism suppliers. Three tourism supply themes include: Entrepreneurial people, Entrepreneurial places, and Entrepreneurial process (Koh, 2006).

From the foregoing discussion, tourism entrepreneurs should possess certain skills which ranges from information seeking abilities, systematic planning to problem solving abilities which entails goal settings, effective decision making, human relations and communication and essential management skills.

Tourism entrepreneurs looks for and takes action on environmental opportunities, tries to overcome obstacles that gets along the actualization process, demonstrates self- confidence and uses variety of motivational strategies to influence others positively. Thus, if tourism entrepreneurship is well embraced and harnessed, sustainable economic development becomes realizable.

## **2.2 Inclusive Entrepreneurship**

The use of the word “inclusive” indicates a belief that entrepreneurship is for all and that the personal qualities and conditions required for entrepreneurship are not the prerogative of a privileged, highly educated few. Thus, inclusive entrepreneurship is about supporting entrepreneurs from all backgrounds by creating a genuinely level-playing field.

Through Inclusive Entrepreneurship, according to Hall (2008), sustainable tourism requires the informed participation of all stakeholders, as well as strong political leadership to ensure wide participation and consensus building. Achieving this requires monitoring of impacts, introducing the necessary preventive and/or corrective measures where necessary (Kiper, 2013).

Inclusive entrepreneurship goes beyond business ownership; it benefits everyone by fostering a fundamental understanding of business, stakeholder’s interests, community collaboration to reap the skills and benefits of business success. It involves understanding global, complex business decisions, managing risks, finding new innovative solutions that could be applicable to various aspects of tourism businesses and collaborating with other entrepreneurs to overcome prevailing business threats and obstacles.

Inclusive entrepreneurship therefore entails:

- (i) Effective combination of conceptual, human and technical skills in the business of tourism;
- (ii) Harmonization of the policies of the various interventionist Agencies and Ministries, established by the government. For example, in Nigeria, we have the National

Directorate of Employment (NDE), Small and Medium Enterprises Development Agency of Nigeria (SMEDAN), Small and Medium Industries Equity Investment Scheme (SMIEIS), Development Finance Industries (DFIs) and the Federal Ministry of Culture & Tourism. If well harnessed, the operations of these agencies and ministries could help remove constraints on entrepreneurs and expand the opportunities available through cultural diversities and various ecotourist sites in Nigeria.

- (iii) Critical evaluation of the various government schemes aimed at conservation of natural resources, employment generation and poverty alleviation. A good example is the National Youth Service Corps (NYSC), Graduate Employment Scheme (GES), etc.

In addition to all these afore mentioned, private sector participation in ecotourism will help to explore the potentials of tourism into sustainable development through inclusive entrepreneurship by all stakeholders.

In order to reap the benefits that tourism provides through sustainable development, inclusive entrepreneurship could be imbibed. Therefore, we could contend that inclusive entrepreneurship would be needed to be fully applied for tourism entrepreneurship to yield sustainable development in a developing economy like Nigeria.

### **2.3 Concept of Development**

Todaro and Smith (2006:16) looked at development as a multinational process involving major changes in social structures, popular attitudes, and national institutions, as well as the acceleration of economic growth, the reduction of inequality, and the eradication of poverty.

Development, in its essence, must represent the whole gamut of change by which an entire social system, tuned to the diverse basic needs and desires of individuals and social groups within that system move away from a condition of life widely perceived as unsatisfactory toward a situation or condition of life regarded as materially and spiritually better (Obioma, 2014).

### **3.0 Sustainable Development Theory**

The theory considered appropriate for this paper is Sustainable Development Theory (SD). The concept of sustainable development first appeared in public discourse in the report of the Brundtland Commission Report on Environment and Development in 1987, which defined sustainable development as development that meets the needs of the present without compromising the ability of future generations to meet their own needs (Brundtland Commission. 1987). It involves the interface between the social community and the



environment with positive impacts on the economy in which the social community and its environment operates. (Robinson, 2004).

Van der Merwe, & Saayman, (2005) added that sustainable development (SD) is a program for changing the process of economic development so that it ensures a basic quality of life for all people and at the same time protects the ecosystems and community systems that make life worthwhile.

Furthermore, the term SD refers to a comprehensive development strategy which addresses socio-economic and environmental needs of the present generation and, which by design would not endanger nor compromise the needs of upcoming generation (Steurer et al., 2005; Nagesha and Subrahmanya, 2006; Adebakin and Raimi, 2012).

The above thoughts align with the definition of SD provided by the World Commission on Environment and Development (2000). The body asserts that SD is a "... development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (p.43). But, Sagay et al. (2011:17) defines sustainable development as a process where the natural resource endowment of a nation is being utilized in a manner that is free from deterioration. To Tounes and colleagues, SD denotes a resources utilization method that gives the people long-term tripartite progress: economic, social and environmental progress (Tounés et al., 2011).

Fig.2



Source:

<https://www.google.com.ng/search?q=images+on+sustainable+development&biw=1366&bih=673&tbm=isch&tbo=u&source=univ&sa=X&sqi=2&ved=0ahUKEwjRos6uhMPMAhXpKMAKHVbhChYQ7AkIJA#imgrc=aYtJqMXL51oDsM%3A>

From Fig. 2 above, development can be seen to be sustainable when there is equitable distribution of socio-economic variables that makes business environment bearable and viable. Conversely, tourism activities generally can create various negative impacts on the surrounding environment. Increased human interference in ecologically fragile areas can cause irreversible change in the existing ecological processes. These problems can be reflected in degrading natural resources, vegetation structure and the size of the habitat patch, increasing deforestation and decreasing upstream water flow (Tourism Queensland, 2002).

The historical study by Tounés et al. (2011) revealed that SD has global outreach as it affects socio-economic issues as they affects different nationalities. SD was officially adopted in 1992 by the Rio conference as a working concept for articulating global concern on the environment, abuse and threat to the ecosystem (Raimi et al., 2012). SD has attained a theoretical status because of its multi disciplinary adoption for socio-economic analysis in the recent past though with varying contextual application and modification which is still ongoing.

Conclusively, Steurer et al. (2005) explained that sustainable development is a well-known societal guiding model that asks for the integration of three critical issues of economic, social and environmental into societal spheres and levels in the short- and long-term. Consequently, the concept ought to be pursued by everybody in a variety of ways. Therefore, exploring the potentials of tourism entrepreneurship is a means to achieving sustainable development such that earn socio-economic return for today without compromise for tomorrow's benefits.

#### **4.0 METHODOLOGY:**

##### **4.1 Critical Discourse Analysis (CDA)**

The paper tries to point out some salient features of the great potentials of tourism entrepreneurship that are more interesting from a critical perspective of several works done in the area of tourism as it pertains to the Nigerian economy using Critical Discourse Analysis (CDA).

CDA is a highly context sensitive, democratic approach which was taken and ethical stance on social issue with the aim of improving the society. Certain tools of CDA include genre, framing, foregrounding, omission and pre-supposition. They are introduced and implemented to explore the potentials of tourism entrepreneurship as potent weapons for sustainable development.

Furthermore, visits were made to some of the tourist sites in Nigeria, with particular reference to the Brazilian Baracoon in Badagry (which serves as the slave trade museum where some of

the ancient landmark objects traded in the slave market were kept). Personal interviews were conducted with the tourist attendants who narrated the stories behind the scene.

Due to time constraints, secondary data from previous works on the tourist attractions in Nigeria were critically analyzed in terms of tourism contribution to Nigeria's economic development, backed with on-site assessment of some of the tourist attractions in review.

#### 4.2 Discussion of Findings

The major findings from the discourse analysis is that there is a strong connection between tourism development and sustainable development indices such as increased Gross Domestic Product (GDP), employment opportunities (direct and indirect job creation), Capital investment and foreign exchange earnings from international tourists. The specific findings from the four phases of sustainable development are discussed hereunder with appropriate tables:

Abubakar (2014) discussed the economic contribution of tourism in Nigeria in comparison with those of other African countries such as Kenya, Gambia, Tanzania, Ghana and the Republic of Benin.

**Table 1:** Contributions of Travel and Tourism to GDP in Africa (2003- 2013)

| Index no.  | Countries      | Direct Contribution Of Travel & Tourism To GDP (%) | Total Contribution Of Travel & Tourism To GDP (%) |
|------------|----------------|--|---|
| 26         | Morocco        | 8.7  | 16.7  |
| 28         | Gambia         | 8.2  | 17.7  |
| 32         | Tunisia        | 7.3  | 13.7  |
| 36         | Egypt          | 6.9  | 13.3  |
|            | World Average  | 5.2  | 13.9  |
| 56         | Kenya          | 5.0  | 12.5  |
| 57         | Senegal        | 5.0  | 11.0  |
| 61         | Tanzania       | 4.8  | 13.2  |
| 91         | South Africa   | 3.2  | 9.8   |
| 97         | Namibia        | 3.0  | 15.1  |
| <b>171</b> | <b>Nigeria</b> | <b>1.5</b>   | <b>3.0</b>  |

**Source:** Abubakar (2014)

From Table 1, it is clear that relative to other African countries, Nigeria had the lowest contribution of Travel & Tourism activities to GDP in 2012, despite our growing population

of more than 150 million, making it the most populated country in Africa and in the whole of the black race.

**Table 2:** Contribution of Travel and Tourism to Employment in Africa (2003- 2013)

| Index no.  | Countries      | Direct contribution of travel & tourism to employment | Total contribution of travel & tourism to employment |
|------------|----------------|---|--|
| 30         | Morocco        | 7.6   | 16.7   |
| 35         | Gambia         | 6.9   | 17.7   |
| 32         | Tunisia        | 6.6   | 13.7   |
| 43         | Egypt          | 5.9   | 13.3   |
|            | World Average  | 5.4   | 13.9   |
| 61         | Namibia        | 4.6   | 19.9   |
| 62         | South Africa   | 4.6   | 10.3   |
| 61         | Kenya          | 4.3   | 10.9   |
| 91         | Senegal        | 4.2   | 9.6  |
| 97         | Tanzania       | 4.0   | 11.5   |
| <b>173</b> | <b>Nigeria</b> | <b>1.3</b>  | <b>2.6</b>   |

Source: Abubakar (2014)

Table 2 above showed that the tourism sector's contribution to Employment is also significant in other African countries except Nigeria at the bottom of the table except Senegal with a lower percentage than Nigeria. It is unfortunate that in spite of the benefits of tourism entrepreneurship, the Nigerian government, investors in tourism business, promoters and even the host communities where these tourism sites are located, seem not to bother much in developing and promoting tourism entrepreneurship in Nigeria (Obioma, 2014).

**Table 3:** Contributions of Travel and Tourism to Employment in Africa (2003- 2013)

| Index no. | Countries | Travel & Tourism investment contribution to capital investment |
|-----------|-----------|--|
| 34        | Egypt     | 12.3   |
| 37        | Namibia   | 11.2   |
| 38        | Gambia    | 11.2   |
| 42        | Morocco   | 10.7   |
| 45        | Tanzania  | 10.4   |

|           |                |            |
|-----------|----------------|------------|
| 63        | Tunisia        | 8.3        |
| 64        | South Africa   | 8.3        |
|           | World Average  | 8.1        |
| 69        | Kenya          | 7.4        |
| <b>91</b> | <b>Nigeria</b> | <b>5.4</b> |
| 141       | Senegal        | 3.1        |

Source: Abubakar (2014)

A look into the different tourism centres and potentials in Nigeria as shown earlier in section I is not justified in Table 3 above where Tourism & Travel only generated 5.4% investment contribution to capital investment by the Nigerian government. This underscores the low priority placed on the tourism sector in Nigeria.

That tourism creates jobs directly or indirectly through linkages is not obtainable in Nigerian case as it has been observed also in Egypt, Gambia and other African countries that employment opportunities are offered through national parks; guides, trackers, entertainers and the host communities.

**Table 4:** Contributions of Travel and Tourism to Total Export (2003- 2013)

| Index no. | Countries      | Visitors' export contribution to total exports |
|-----------|----------------|--|
| 34        | Egypt          | 21.7   |
| 37        | Namibia        | 8.8  |
| 38        | Gambia         | 79.4   |
| 42        | Morocco        | 24.4   |
| 45        | Tanzania       | 24.8   |
| 63        | Tunisia        | 12.8   |
| 64        | South Africa   | 10.1   |
|           | World Average  | 16.6   |
| 69        | Kenya          | 19.1   |
| <b>91</b> | <b>Nigeria</b> | <b>0.6</b>                                     |
| 141       | Senegal        | 15.8   |

Source: Abubakar (2014).

From Table 4 above, Nigeria's tourism sites had generated less than one per cent to our revenue from export between 2003 -2013. In the face of the lost of value of naira, decline in oil prices, and other economic recession signals, it is very expedient for the Nigerian

government to compare her economy with Gambia, Kenya, Egypt and other African countries which tourist sites are far from that of Nigeria and also with fewer natural, material and human resources but liberalize and harnesses the sector which is yielding dividends and also with a view to achieving sustainable development.

In sum, under- exploration of tourist and attraction centres in Nigeria as evidenced in the data reviewed lucidly present the experience the Brazillian Baracoon that is a case study point examined in this work. This unwarranted state of tourist sites has minimizes the socio-economic benefits accruable to the country from a viable sector of the economy.

## 5.0 CONCLUSION AND RECOMMENDATIONS

This paper concludes that aggressive re-branding; promotion and marketing of tourism activities in Nigeria could sell our brands easily to both indigenes and foreigners living in and outside the shore of this nation by consistently building the tourism brand and hospitality infrastructure.

There is urgent need for the Nigerian government (at all levels) to provide adequate security around the various tourist sites and generally across the states of the federation to forestall damages that could be caused by insurgencies (Boko Haram), communal clashes, herdsmen attack, and other security threat to the nation that can either destroy wild life conservation or cultural heritage preserved over the years with overall consequent of projecting the country as unsafe for tourist and business venture.

Furthermore, there should be enough will and commitment towards tourism entrepreneurship development, with the government leading the initiative, private investors should be encouraged to explore the benefits therein. Hence, we also recommend that the Federal Government of Nigeria should set up an intervention fund to assist prospective and potential entrepreneurs in various Eco tourist and cultural tourist sites in Nigeria with adequate monitoring and wide advertisement to hype her enormous attractive tourist sites with discernible or perceptive pleasures visitors can access and enjoy to the global community.

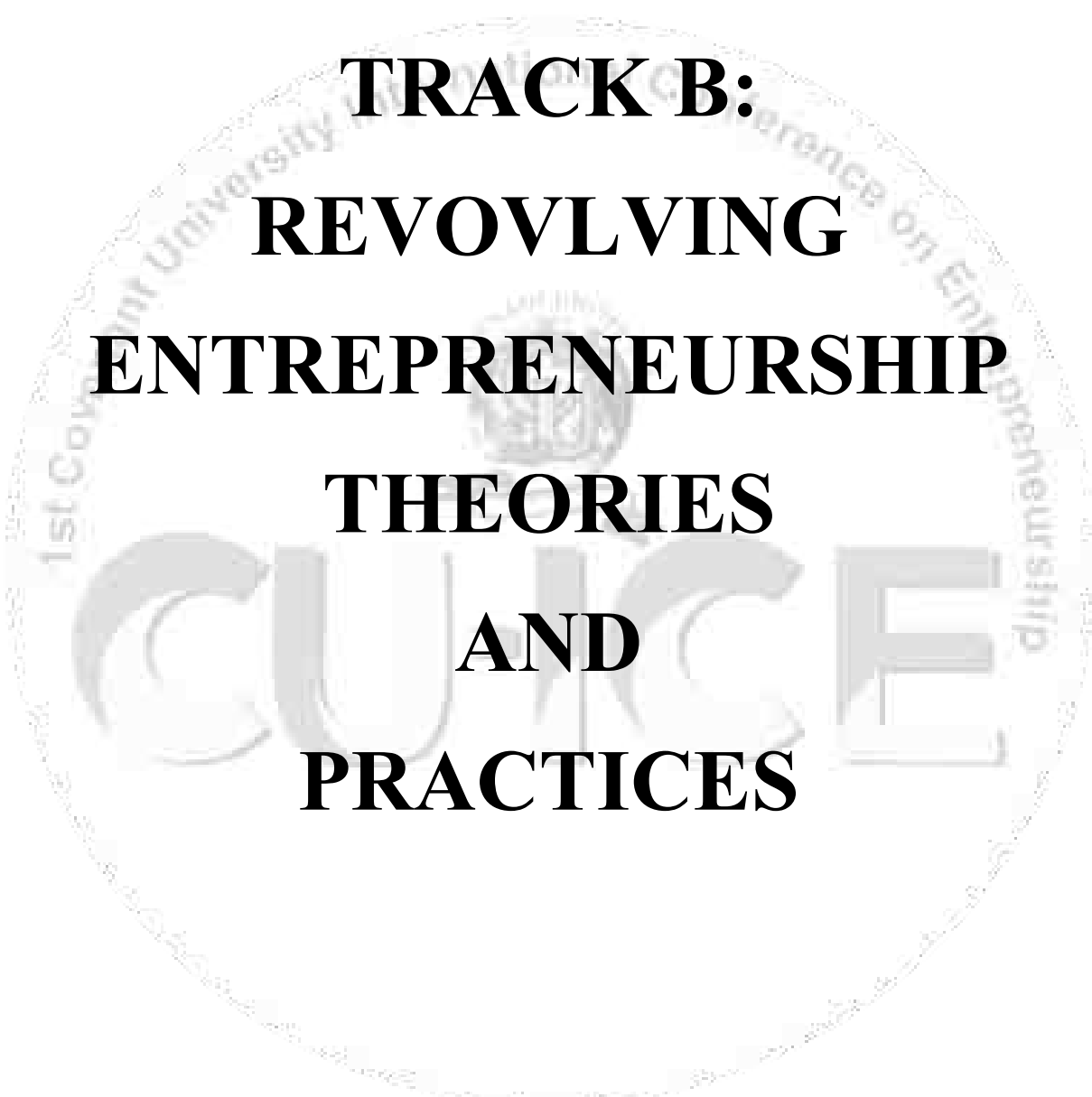
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**TRACK B:  
REVOVLVING  
ENTREPRENEURSHIP  
THEORIES  
AND  
PRACTICES**

## CASSAVA WASTE MANAGEMENT IN SELECTED LOCAL GOVERNMENTS IN OGUN STATE NIGERIA

Dr Olukanni, David <sup>1</sup>, \*Olatunji, Tope Oladapo <sup>2</sup>, Diwa Daniel <sup>3</sup>

*Department of Civil Engineering, College of Engineering, Covenant University, Ota, Ogun State, NIGERIA*

<sup>1</sup>[david.olukanni@covenantuniversity.edu.ng](mailto:david.olukanni@covenantuniversity.edu.ng), <sup>2</sup>[engrolatunji@yahoo.com](mailto:engrolatunji@yahoo.com),  
<sup>3</sup>[daniel.diwa@covenantuniversity.edu.ng](mailto:daniel.diwa@covenantuniversity.edu.ng)

### **Abstract**

*Agricultural waste like cassava, produces huge amounts of waste and is generally considered to contribute largely to environmental pollution. The continuous growth and thriving of cassava processing businesses in most developing sub-Saharan African Countries has resulted in the generation of large amounts of cassava processing. From the foregoing, there is a need for a better management and utilization of these waste residues through a better waste management system. This study therefore investigates the method of waste disposal that is adopted by cassava processors in five selected Local Government in Ogun State and also to find out what cassava residues are used for in the selected cassava processing factories. Testing the drawn hypotheses, the simple regression analysis was used to test if a significant relationship exist between the variables to be tested. Also, the chi square method of analysis will be used as a supporting tool since a public opinion is to be tested. The study observed that cassava peels are heaped at refuse dump, with waste water allowed to flow into the community and nearby vegetation. Also in most communities visited, the peels were used as animal feed while in most cases, they are used for cooking. The study therefore suggest proper waste management with the available technology to minimize the pollution effects of cassava waste in the Local Government.*

**Key words:** *Cassava waste; disposal methods; environmental pollution*

### **Introduction**

In 2016, agriculture contributed 19.17% to Gross Domestic Product of Nigeria, and it also generated large waste materials. The first objective of any waste management system is to maximize the economic value from the waste resource and maintain acceptable environmental standards. The system of waste management must also be affordable and suitable to the operation (National Bureau of Statistics, 2016). Improper handling of agricultural waste is a significant challenge to developing nations in the past decades. Studies (Ekundayo, 1980 and Okafor, 1992) show that improper disposal of waste has given rise to high rate of morbidity and mortality in a developing society. Waste is generally known to be generated from range of human activities, production processes to consumption stage and the management of waste has been a major problem in developing countries where generation of waste per unit of output is much higher than that in the developed countries because of inefficiency in manufacturing processes (Ubalua, 2007). Most developing Sub-Saharan African countries are involved in growing and production of so many food crops. One of such crops is Cassava, a starchy staple food crop, which is regarded as a primary food security crop in Africa due to its resistance to drought and diseases. Cassava provides a reliable and inexpensive source of carbohydrate for people in Sub-Saharan Africa, especially in Nigeria where its production, processing and consumption is most predominant and significant on a global scale (Westby, 2008; Olukanni,

Agunwamba & Abalogu, 2013). There are three main types of residues generated during the industrial processing of cassava: peels, solid and wastewater. These wastes are poor in protein content, but are carbohydrate-rich residues and are generated in large amounts during the production of 'garri' and cassava flour (which generates more solid residues) and starch (which generates more liquid residues) from the tubers. The cost associated with the handling and disposal of these wastes constitute a huge financial burden to the cassava processing industries in rural regions of developing countries. As a result of this challenge, most rural cassava processors choose to dispose the cassava processing wastes generated into the environment. These wastes have been identified to be toxic to the environment (Barros et al, 2012).

The production of cassava world-wide is valued at over 250 million tonnes, with Nigeria being the world's largest producer (Asante-Pok, 2013 in Omilani, Abass and Okoruwa (2015). In Nigeria, cassava is mostly produced and processed by small-scale farmers at the family or village level. In addition, it provides different opportunities for both men and women, from the production stage till it gets to the final stage. The technology of processing cassava roots includes predominantly, peeling, grating, de-watering, fermenting, drying, frying etc. The type and composition of the waste depend on the processing method and type of the technology used (Osunbitan, 2012).

#### **Statement of the problem**

Processing cassava, produces huge amounts of waste and is generally considered to contribute largely to environmental pollution (FAO, 2001). According to Aro et al. (2010) cassava starch production center that produces 100 tons of tubers per day has an output of about 47 tons of by-products, which may cause environmental problems when abandoned in the surroundings of processing plants or carelessly disposed. Some countries around the world (Thailand, Brazil, Vietnam and Kerala in India) known for cassava production, use the biological method for the treatment of waste water. However in Nigeria, cassava wastes are usually left to rot away or burnt to create space for the accumulation of yet more waste heaps (Eze, 2010).

The waste generated from cassava is organic and it is composed of both liquid and solid waste. Meanwhile, these waste products from cassava processing are mostly not properly disposed as over 60% of the rural population in Nigeria are involved in cassava-based industries and heaps of cassava waste are generated from such industries (Eze, 2010). Management of waste varies across several processing centers in the country and over 55% of waste generated from cassava processing are disposed in dumping sites. This implies that a great number of cassava processors don't get benefit from the waste they produce (Sackey and Bani, 2007). Majority of the cassava peels in Nigeria are either abandoned close to the processing site, used for land filling or burnt. Thus causing serious threat to the environment and health hazard to the processors and neighborhood (Omilani et al., 2015).

Waste generation is therefore seen as a vital environmental issue in all food processing industries especially the cassava processing industries. The continuous growth and thriving of cassava processing businesses in most developing sub-Saharan African Countries has resulted in the generation of large

amounts of cassava processing . From the foregoing, there is a need for a better management and utilization of these waste residues through a better waste management system.

Attempts have been made by various researchers to produce products such as organic acid, flavour and aroma compounds, methane and hydrogen gas, enzymes, ethanol, lactic acid, bio surfactant, polyhydroxyalkanoate, essential oils, xathan gum and fertilizer from cassava bagasse, peels and wastewater (Sacky and Bani, 2007; Siddhartha et al, 2012;. Olukanni et al., 2013 & Omilani, et al., 2015). The use of cassava residues as feedstock for methane (bioenergy) production could be a viable alternative to firewood Coker, Achi & Sridhar (nd)

Furthermore, prior studies on cassava waste management (Olukanni et al, 2013; Omilani et al, 2015; Sacky and Bani, 2007) focused on different aspects of cassava waste management, however there is still dearth of literatures on studies that combines the potentials in the reuse of cassava waste, gender composition of cassava processors in Nigeria and the willingness to pay for cassava waste management in Ogun State. It is against this backdrops that this research investigates the potentials for an integrated cassava waste management strategy in Ogun state Nigeria. Furthermore, the study examined the waste management systems presently in use by cassava processors and their willingness to pay for value-added solid waste management system. The aim of this study therefore is to identify an efficient waste management system for cassava wastes generated in Ogun State.

### **Hypotheses**

In achieving the set objectives, the following hypotheses stated in their null and alternate forms were tested:

#### **Hypothesis 1:**

H<sub>0</sub>: There is no significant difference in the waste disposal method adopted by cassava processors in the selected local governments in Ogun State

H<sub>1</sub>: There is a significant difference in the waste disposal method adopted by cassava processors in the selected local governments in Ogun State

#### **Hypothesis 2:**

H<sub>0</sub>: Cassava residues are not used for income generation by selected cassava processing factories in Ogun state

H<sub>1</sub>: Cassava residues are used for income generation by selected cassava processing factories in Ogun state

### Hypothesis 3

- H<sub>0</sub>: There is no significant relationship between identified influencing factors and processors' willingness to pay for improved waste management system in Ogun State
- H<sub>1</sub>: There is a significant relationship between identified influencing factors and processors' willingness to pay for improved waste management system in Ogun State

### Scope of the Study

In investigating the potentials for an integrated cassava waste management strategy and also to determine the factors that may influence the cassava processors' willingness to pay for value added waste management system in Ogun state; this study focuses on five (5) local governments (Yewa North Local Government, Odeda Local Government, Ijebu North East Local Government, Remo North Local Government and Ijebu North local Government). These local governments are dominant in processing cassava in Ogun state

## LITERATURE REVIEW

| AUTHORS                               | Study  | FINDINGS  | CRITIQUE   |
|---------------------------------------|--|---|--|
| <b>Niringiye and Omortor (2010)</b>   | Study was on factors influencing willingness to pay for waste management   | Found that age of the respondents has a negative and significant effect on WTP for waste management in Kampala city in Uganda   | Concentrated on only solid waste and only one district   |
| <b>Das and Gogoi (2010)</b>           | Study was on Municipal solid waste management in India   | Cost Sharing of waste management is affected by family income positively  | Focused only on household waste management. It is also a foreign study                                 |
| <b>Coker, Achi and Sridhar</b>        | This study focused on evaluating the cassava production activities in six selected cassava processing sites in the city                              | Results showed that the percentage and composition of solid waste (Peels and bagasse) and liquid waste generated during cassava processing depends on the nature of the final product.  | Concentrated only on one city (Ibadan)   |
| <b>Oladele (2014)</b>                 | The study compared the level of environmental pollution between small-scale cassava processing firms and large-scale cassava firms.                  | Investigations conducted confirm that small-scale cassava processing affect environment more than large-scale.  | Is a comparative study but did not focus on the type of waste generated by the cassava plants          |
| <b>Irene and Richard (2007)</b>       | The study focused on the types of waste generated by cassava processing plants   | The survey showed that the wastes generated were the cassava peels, fibrous material, chaff, wash water and liquor.   | The study did not investigate into the methods of waste management adopted.                            |
| <b>Yusuf, Salimonu and Ojo (2007)</b> | The study looked at the effects of age, educational level, household size, and household monthly expenditure on willingness to pay                   | The results revealed that the significant factors determining households' willingness to pay for improved solid waste management are the posted price of the service, age, educational level, household size and household's monthly expenditure. | Did not look at cassava waste but household waste. Also variables investigated did not include gender. |
| <b>Oyegbami (2010)</b>                | Investigated the Cassava processors' awareness of occupational and environmental hazards associated with cassava processing in south-western Nigeria | The study established that cassava processors were aware of occupational and environmental hazards associated with cassava processing but were ignorant of the hazards.   | Did not look into the methods of waste disposal and alternative methods of waste disposal              |

## **MATERIALS AND METHODS**

### **Research Design**

In line with Omilani, et. al (2015), survey research design is used for this study as it is found appropriate because the nature of this research requires the investigation of the opinions and experiences of a group of people by asking them questions. The main purpose of this study is to examine the opinion of respondents in areas identified in the scope.

### **Population of Study**

In carrying out this research, the population comprises of all cassava processors in the selected Local Governments as stated in the scope above.

### **Sample Size and Sample Technique**

A purposive sampling method was used to select five (5) out of the 20 Local Governments in Ogun State. 50 copies of questionnaire were distributed to each of the five (5) selected Local Governments, which gives a total of 250 copies of questionnaire. In each Local Government, 2 towns were selected and five processing centers were selected from each town (i.e. 10 processing centers from each Local Government).

### **Description of Questionnaire**

The questionnaire is constructed to provide precise, concise and accurate answers through close-ended questions. The questions were derived from the statement of problem, research questions, research objectives, and hypothesis for testing. The first page contained the cover letter to the respondents. Section A dealt with personal data of the respondents, while section B treated hypothetical questions. The administered questionnaire for the purpose of this research survey was constructed in line with the outlined research objectives and questions, such that it able to derive sufficient data requires to test the enumerated research hypotheses.

### **Method of Data Analysis**

For the purpose of testing the drawn hypotheses, the simple regression analysis was used to test if a significant relationship exist between the variables to be tested. Also, the ANOVA method will be

used to test if there is a significant difference in the waste disposal method adopted by cassava processors in the selected local governments in Ogun State.

### Model Specification

$$WPAY = \beta_0 + \beta_1 AGE_{it} + \beta_2 GEND_{it} + \beta_3 SZE_{it} + \mu_{it} \dots \dots \dots 1$$

## DATA ANALYSIS AND RESULT

### HYPOTHESIS ONE

#### Model Summary

| Model | R                 | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|-------------------|----------|-------------------|----------------------------|
| 1     | .019 <sup>a</sup> | .000     | -.005             | 21.98624                   |

a. Predictors: (Constant), How long have you been processing cassava in this location?

#### ANOVA<sup>b</sup>

| Model |            | Sum of Squares | df  | Mean Square | F    | Sig.              |
|-------|------------|----------------|-----|-------------|------|-------------------|
| 1     | Regression | 32.188         | 1   | 32.188      | .067 | .797 <sup>a</sup> |
|       | Residual   | 90878.212      | 188 | 483.395     |      |                   |
|       | Total      | 90910.400      | 189 |             |      |                   |

a. Predictors: (Constant), How long have you been processing cassava in this location?

b. Dependent Variable: How are the cassava solid wastes disposed?

### INTERPRETATION:

#### Hypothesis 1:

H<sub>0</sub>: The H<sub>0</sub> will be accepted rejecting the alternate hypothesis meaning that there is no significant difference in the waste disposal method adopted by cassava processors in the selected local governments in Ogun State. This is highly evident from the P-value where P-value is greater than P-0.05, that is, (P = 0.797)

### HYPOTHESIS TWO

#### Model Summary

| Model | R                 | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|-------------------|----------|-------------------|----------------------------|
| 1     | .010 <sup>a</sup> | .000     | -.005             | 10.05319                   |

a. Predictors: (Constant), How long have you been processing cassava in this location?

#### ANOVA<sup>b</sup>



| Model |            | Sum of Squares | df  | Mean Square | F    | Sig.              |
|-------|------------|----------------|-----|-------------|------|-------------------|
| 1     | Regression | 2.038          | 1   | 2.038       | .020 | .887 <sup>a</sup> |
|       | Residual   | 19000.536      | 188 | 101.067     |      |                   |
|       | Total      | 19002.574      | 189 |             |      |                   |

- a. Predictors: (Constant), How long have you been processing cassava in this location?  
 b. Dependent Variable: What do you use cassava residues for?

### INTERPRETATION:

H<sub>0</sub>: Cassava residues are not used for income generation by selected cassava processing factories in Ogun state. Therefore, H<sub>0</sub> will be accepted against H<sub>1</sub>. This is can be gathered from the result couple with the descriptive analysis, where it was stated that the residues from the cassava product is majorly used for animal feeds

### HYPOTHESIS THREE

#### Model Summary

| Model | R                 | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|-------------------|----------|-------------------|----------------------------|
| 1     | .212 <sup>a</sup> | .45      | .35               | 9.83616                    |

- a. Predictors: (Constant), How are the cassava solid wastes disposed?, What are the wastes/pollutions produced from your cassava processing?

#### ANOVA<sup>b</sup>

| Model |            | Sum of Squares | df  | Mean Square | F     | Sig.              |
|-------|------------|----------------|-----|-------------|-------|-------------------|
|       | Regression | 853.525        | 2   | 426.762     | 4.411 | .013 <sup>a</sup> |
|       | Residual   | 18092.244      | 187 | 96.750      |       |                   |
|       | Total      | 18945.768      | 189 |             |       |                   |

- b. Dependent Variable: Are you willing to pay for an improved waste management system

### INTERPRETATION:

H<sub>1</sub>: There is a significant relationship between identified influencing factors and processors' willingness to pay for improved waste management system in Ogun State. Therefore H<sub>1</sub> will be accepted rejecting the Null hypothesis based on the fact that the P-value is less than (0.05), that is (P < 0.013) meaning that there is a significant relationship between various identified influencing factors and processors' willingness to pay for improved waste management system.

## Conclusion and Recommendations

From the results presented, the study concludes that among the selected Local Governments, there is no significant difference in the method of waste management disposal. This is because, majority of the cassava processing centers dispose their wastes at the dump hills. Also, majority use the cassava wastes generated as animal feeds without generating income from them. In addition, the paper concludes that the identified factors, have significant impact on the willingness of processors to pay for improved waste disposal methods. The study further revealed that waste generated in cassava processing to gari at both small- and medium-scale processing centers is not adequately managed thus leading to poor sanitation and adverse environmental consequences in almost all the processing centers visited. Cassava processing to gari can have negative effects on the environment by producing unpleasant odour and unsightly display of waste if these are not properly disposed off. Proper waste management with the available technology can minimize the pollution effects of cassava waste.

To this end, this study therefore recommends that biogas could be used as a reliable and an eco-friendly alternative energy to fuel wood needed for the various unit operations in gari processing industries in Nigeria. Also, a waste water reservoir can be built to collect the waste water from the processing units to allow further treatment.

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## ENTREPRENEURIAL BRANDING AND PERFORMANCE: A SYSTEMATIC REVIEW

Adebayo, O. P\*.,<sup>1</sup> Adesanya, O. D.,<sup>2</sup> Ogunnaike, O. O.,<sup>3</sup> Ekechukwu, C. L.<sup>4</sup>

*Department of Business Management, Covenant University, Ota, Nigeria*

### **Abstract**

*Literature search revealed that brand corporate identity is one of the intangible assets that can be employed by an entrepreneur to carve a niche for his business in the business environment. It is a well calculated strategy that an entrepreneur uses through intrinsic and extrinsic plan to project itself. However, organisational performance management is a process wherein the organization manages its operations/activities to match its corporate and functional strategies and objectives. This study examined and chronologically reviewed extant literature in entrepreneurial branding and it can bring performance into the operating system. This research work made use of relevant academic literature from various disciplines ranging from entrepreneurship, marketing and business. The study carried out a systematic review of academic journals and publication, conference papers, few textbooks and websites. The study was restricted to English publications. Meanwhile, academic journals of various disciplines were consulted from where the review of literature was explored for this research study. In all, the findings of the study were that multifaceted nature of the discipline had for long been acknowledged by specialties who engages the knowledge of expertise searched across from diverse disciplines. This multi-sided approach may also be handily applied by social art researchers in way enlightenment can cross fertilized other field of research. Marketing probably can make an essential impact in this respect since it is expanding into novel areas. Gaps in literature were that the concept of corporate identity theories above can be endorsed for meticulously expounding, improving and inciting an in-depth knowledge about corporate identity, this could also be logical way they were deteriorated by their nonexistence of practical backing, and recommendations were that, it is anticipated that entrepreneurial branding for further studies occupies position in advertising and business programs in the nearest future.*

*Keywords: Entrepreneur, Branding, Corporate Branding, Corporate Identity, Business Environment*

*\*Corresponding author's E-mail Address: olufunke.adebayo@stu.cu.edu.ng*

### **Introduction**

In a swift, the world has gone global, making it a global village where information can circulate round the entire globe in a jiffy with the advent of technology and of recent the social media. This change has not only changed the face of the world but changed the usual way of doing business (Osakwe, Chovancova, & Agu, 2016). Erdem, Keller, Kuksov, and Pieters, (2015) were of the opinion that this has evidently empowered the way entrepreneurs and the organisation responds to situations as they have unrestricted access to relevant information of way of being innovative. Entrepreneurs are utilizing this opportunity by making their products widely known by using wider coverage. Consequently there are countless numbers of similar products calling for attention of the buyers and

end users, which makes them at loss of that which they are to choose from, and ultimately getting the value for their spending, hence branding comes in to play the role for easy identification. In the same vain, what keeps an entrepreneur above the waters in the highly competitive business world is to craft a brand for himself. The measurement of these success, that were set aforesaid and achieved is known as performance, Maduenyi, Oke, Fadeyi, and Ajagbe, elucidated further that performance is the sole existence of any business; even as profit is a measurement of performance.

## **Literature Review**

### **Entrepreneurship**

Entrepreneurship which has an important role in development of human capital, and also with responsibility to make wealth, took its root from a French word 'entreprendre' which literally means to 'undertake'. Therefore, this concept means to be engaged in a task, more so, as it relates to business, this engagement is a profitable with expected results (Burduş, 2010).

Mokaya, Namusonge and Sikalieh (2012) defined entrepreneurship as a force behind innovative businesses that characterize the modern economy and dynamic process of growing wealth by individuals who assume risks in equity, time and career commitment.

The concept of entrepreneur has different meaning to different persons due to the angle to which they take their perception of the concept, thereby having numerous definitions. The definitions combine a wide expanse of skills, thought process, intentions and actual behaviour in an entrepreneurial world. In accordance to Eroğlu & Piçak (2011) entrepreneur is initiations of new things, putting a new look to an existing things, doing all these with an ability to sense opportunities.

### **Brand**

Brand is so essential in our day to day life that it gives distinctiveness and inclination that it creates no room for ambiguity (Lamb, Hair & McDaniel, 2009). According to Manjunatha, & Amulya (2016) a "brand is a way of making a differentiation in ownership and it gives a quality image to the whole business". An effective brand goes beyond a tangible manufactured goods, it could be in form of service rendered, a personality or even a location (as in case of country branding) that customer or a consumer can recognize a value in it, that most suits their expectation from the expected brand (Alizadeh, Moshabaki, Hoseini, & Naiej, 2014).

### **Corporate Branding**

The emergence of corporate branding for over four decades ago was initially more of managerial inclined than academic oriented (Fetscherin & Usunier, 2012). Corporate Identity is an indispensable factor in every organisation, as organizations need to have identity formation which is critical to the corporate success; and also for them to have competitive advantage which is a key issue in corporate management (Balmer & Greyer, 1998). At first, corporate identity was identical with organizational vocabulary, logos, company house style in addition to visual identification. Quite a lot of corporate

identity experts had (and have) their pedigrees in graphic design and reasonably a good deal of significance were given to graphic design.

According to Munajjed & Sulaiman (2015), Organisation uses this important concept of corporate identity to convey its personality and values to employees and customers, and most importantly shape people's perception of the organisation. The classifications in the identity as an organisation perspective are organisational attributes, often intangible and gives the brand credibility in the mind of the consumers by communicating specific organisational values, which the product cannot (Abratt & Kleyn, 2012). Of recent, the interests on corporate identity have greater than before sizably among academics and professionals. As they realized that resilient identity helps them to align businesses with the marketplace, entice investors, motivate employees and differentiate their products and services from rivals. As a result, many organizations are harassed to develop a different and identifiable identity. In view of Einwiller & Will (2002), a prosperous corporate identity characteristic includes a standing for strong financial performance, high-grade goods and services, repute for social and a pleasant workplace environment, and environmental accountability Corporate branding gives an instrument of expression to people in the organisation by giving them expression of which they are either their personality or corporately by developing as subject to branding (Vasquez, Sergi, and Cordelier, 2013).

### **Brand Corporate Identity and Entrepreneurial Branding**

Corporate Identity is an expression given about an organisation using its mission and values to communicate through unforgettable brands moreover Ngugi (2016) furthermore, explained that it is the "persona" of an organisation. In the view of Rutto and Langat (2016), corporate identity in nature is made up of the right corporate image, multiply channels of marketing communications that requires constant feedback from the target audience. Yeo and Youssef (2010) were of the opinion that, corporate identity can give leverage to an organisation for successful competitive advantage, as the organisation over time build which make it difficult to be imitated by other competitors.

Entrepreneurial branding is management perspective designed for a long term strategy of earning customers' brand trust, on further note, it goes beyond being tactical under entrepreneurial marketing as these, and there could be clashing interest between the two.

### **Evolution of Brand Corporate Identity**

Those interested in the future handling the image of the company, the impression is given that such person's behaviour towards the organisation can be retained or transformed (Boulding, 1956). The first stage was between 1950s and 1970s shortly, thereafter according to Martineau (1958) as cited in Balmer & Greyer, (2003) it was found out that the total commitment of strategic managers was of great importance to deal with the challenges of corporate image management. Instituting the word corporate identity in that season was of remarkable event and furthermore, delineating the dissimilarity between corporate identities from corporate image.

The second phase saw an upward prominence of graphic design consultancies in the United States of America between 1970's and early 1980's. Marketing communications consultants, British designer and image-researcher specified their interest in the area, for instance Olins (1978), (Bernstein, 1986; Balmer & Stodtvig, 1997) advocated the 1970's and early *and mid*-1980's. Corporate communications, internal environment and concepts of corporate personality received more attention and, more precisely, corporate identity. According to Kennedy's (1977) as it was mentioned in (Balmer, 1997) the importance of personnel in image formation was clearly pointed out.

The period late 1980's and early 2000 saw various skilled experts from diverse field who are interested in corporate identity emerged, specifically from; human & Public relations. (Grunig, 1993; Balmer & Greyser, 2003, Marketing (Abratt 1989; Dowling, 1986) in (Balmer, 1995), Organisational behaviorists (Albert & Whetten, 1985) as cited in (Balmer & Greyser, 2003), Strategists Management (Gray & Smeltzer, 1985), Psychology (Bromley, 1993).

Corporate identity arose and took over corporate image as the differences were pointed out by Pilditch (1970). Progressively, clearer understanding about corporate identity was by moving it from its definition as visual design towards more-view distinctive view as quality of an organisation. In view of Thomson and Hill (2005), corporate identity received significant appreciation from various disciplines making it multi-faceted, owing to the fact that the above mention scholars showed interest in it. As the organisational behavior's representative with this unusual honor, that had led to the current universally accepted "multidisciplinary approach" to the field.

At the commencement of the new millennium, the multi-dimensional meaning of corporate identity was significantly enhanced. By this, there were linkages and partnership between scholars and consultants more so among the various nations. First and foremost, with the establishment of ICIG, corporate identity and other various corporate level concepts have grown on harmony of fundamental tenets (Thomson & Hill, 2005). In Balmer (2001), he made an outline of 15 likely motives for the mix-ups about the concepts. However corporate identity and other concept are approached in a steady way.

Corporate marketing, with its multifaceted nature with more of strategy focus, is bringing in the future into the presence (Thomson & Hill, 2005). Traditional, corporate identity is in the field of marketers, but was challenged with the duty of the topic that is discussed by scholars of diverse field. Corporate identity concept has been over-stretched definitely. Therefore, for corporate identity to stay within a comfortable contextual field of marketing, the discipline has to go beyond limits as it as to become "multidisciplinary in nature" to accommodate the more multipart concept of corporate identity.

### **A Systematic Review of Corporate Identity Literatures**

This study aims to look into the chronological review of literatures and articles over the years, their different perspectives on corporate identity though, from those various write ups that are available, there are mix ups on the term "corporate identity" often use as brand corporate image, corporate reputation, corporate design, corporate communication, corporate behavior.

This work 'Entrepreneurial Brand'; saw the importance of being innovative and having the entrepreneurial spirit of risk taking to stand this present day fiercely competitive business environment with other strategies that make the business successful. In the meantime, Erenkol and Öztaş (2015) couldn't forget the essential role of branding that make ones product to stand out among countless others. There was an emphasis on 'Entrepreneurial Brand' concept, if put into practice can gain a competitive advantage over competitors.

This work was able to synergise brand and entrepreneurship by comparative case studies. There was a merge of 'entrepreneurial spirit' with a 'brand mindset' through the concept of 'branderpreneurship'. According to Wijaya, Suharyanti, Hanathasia and Kania (2016) Branderpreneurship is a set devise, to incorporate the development of brand strategy by making use of available resources to enhance the growth of the business and the welfare of that of the entrepreneur. The branderpreneurship model which has seven steps, varies from first by identifying the values, to creating it, hence to distributing it, by communicating the value which has to be maintained and having time to time evaluation, and if there need be, to be updated. This model is useful in review of business performance.

However there was a clarification on the role branding plays in academics SMEs studies, bearing in mind that it is a new concept introduced in the small and medium scale businesses Ahonen (2008) made a comprehensive findings that incorporates branding into small and medium businesses is a different ball game as to when dealing with large organisations and came up with the result that small business is a "holistic complex" and corporate branding can be of good solution.

Unlike the review of articles that Ahonen (2008) used, Razeghi, Roosta, Alemtabri, and Gharache (2014) did a similar work but with an empirical analysis with a focus group interview on a number of successful entrepreneurs. The result came up that aligning of total brand with SMEs can outlast the business even when the owner have long gone.

### **Critiques of Corporate Identity Theory**

Usage of abstracts, theories and other methods of social model is a common occurrence in social art writings. Just as this various literatures serve as an avenue of projecting the way organizations brand their identity, in the same way in management studies and in certain "corporate identity texts", "social theories" as well as "schools of thought", "paradigms", "allegories" have dived a profound and better-off understanding of the definition of the concept of corporate identity. Aside the use of the theory, the use of different meaning as opposing the accepted theory upholds the deep cut and two way opposing definition raising different schools of thought. The up-rising of the various theories, gave a new in-depth look in relating to the emergency of new theory. The development of this concept looking at it from a different perspective gave a leap the upcoming generation an attention to the concept in general and in the process enhanced the understanding of the meaning of corporate identity. Besides these influences, the involvement of these models steered scholars out of a total state of confusion, ambiguity, and literary incomprehension, bringing thoughtfulness to the extents in which corporate identity has been constructed in literature.



However in the same vein as social theory has been universally be and is properly renowned with serving the purpose of the manner socio cultural way of behaving and large extent have the challenges for inherent mistakes. In accordance to Leppert (2005), there is a stand over and again that the thought of the social theorist can be presented in reality that it defines appears to remain all inclusive to remain provable. These major drives and disparagements embrace out even in management studies and in precise corporate identity. Although, the concept of corporate identity theories above can be endorsed for meticulously expounding, improving and inciting an in-depth knowledge about corporate identity, this could also be logical way they were deteriorated by their nonexistence of practical backing. Of prominence, these theories lack the background by the absence of the way organisation views corporate identity, often built through “corporate communication tools (i.e. corporate literature, corporate advertisements)”. Moreover discovering this opinion is challenging in corporate identity. The constructing way of thinking of Saussure alleged by a “well-articulated semiotic system” permits the created interpretations of establishments involving corporate identity to be fully reconnoitered and understood.

### **Conclusion and Recommendation**

The body of knowledge on corporate identity is commencing to grasp development. Social art researchers are displaying a fresh attention in the discipline that, in addition to marketers, comprise persons that carries out research work in “organizational behaviour”, “human resources”, “strategic management”, “graphic design”, “public relations” and “communication studies”. The multifaceted nature of the discipline had for long been acknowledged by specialties who engages the knowledge of expertise searched across from diverse disciplines. This multi-sided approach may also be handily applied by social art researchers in way enlightenment can cross fertilized other field of research. Marketing probably can make an essential impact in this respect since it is expanding into novel areas which have intended and unintended ties to corporate identity such as “social marketing”, “marketing of services” and “contemporary awareness” in corporate branding. Empirical and findings demands focus as well as analyzed formation system of corporate identity. Alternatively is to apply the modus operandi of the brand identity management to close related areas, “i.e. generic identities (banks, building communities), national identities (Spain as a brand) and professional identities (attorneys, teachers, and pharmacist)”. Another resourceful area is the effect of strategic coalitions on corporate identities and is also highly relevant. Prospect enquiries in corporate identity are expected to gain from an all-encompassing area approach. There is an expectation that in the nearest future there will be a large and exclusive organization of knowledge on corporate identity coupled with a realization by both scholars and consultants that a favorable corporate identity is one of an organization’s matchless resources and for that reason is commendable of incessant devotion from management. As such, it is anticipated that corporate identity studies occupies position in advertising and business programs in the near future of the next millennium.

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# ENTREPRENEURSHIP INNOVATION AND ECONOMIC GROWTH IN NIGERIA

<sup>1</sup>Ologundudu, M. Mojeed, Ph.D and <sup>2</sup>Ojo, J. Olanipekun, Ph.D

1. *Department of Economic, Mountain Top University, Nigeria*
2. *Department of Business Administration, McPherson University, Nigeria\*.*

## Abstract

*With current challenges in the global economy, new innovation strategies are emerging in the bid to stimulate and sustain growth in national economies. Entrepreneurship innovation is one model that is deemed critical to the formulation and implementation of these strategies. The role of entrepreneurship innovation in economic growth involves more than just increasing per-capita output and income. But involves initiating and constituting changes in the structure of business and society. This is accompanied by growth and increased output which allow more wealth to be divided by various participants. One theory of economic growth depicts innovation as the key, not only in development of new product (or Service) for the market but also in formulating investment interest in the new ventures being created. Therefore, this paper underscores the importance of entrepreneurship innovation as a mechanism for sustaining economic growth by considering case studies of successful entrepreneurship innovation that has taken place in some selected small scale food processing industries in Nigeria. The methodology adopted in this paper is the narrative-textual case study (NTCS) method which is justified by the absence of sequential data related to entrepreneurship and sustainable economic growth in Nigeria. However, interviews were conducted and we used simple percentages, graphs and charts in analysing and interpreting the collated secondary data. We found that Nigeria's economy has continued to grow over the last two decades with the real GDP growth rate hovering around 7.00%-10%. It was also found through the selected case studies that entrepreneurship innovation can enhance economic growth and development primarily by generating employment and foster the growth of micro, small and medium enterprises in Nigeria. We recommend that there should be proper policy coordination and stability; reforms in the educational curriculum to prepare for self-reliance and fixing the power sector basic infrastructure. When we have flourishing micro, small and medium enterprise (MSMEs) more employment will be generated wealth created will be distributed evenly and the economy is further developed and sustained.*

*Keywords: Entrepreneurship, Technological Innovation, Economic Growth and Development.*

## INTRODUCTION

The socio-economic impact of entrepreneurship innovation on the sustainable economic growth of the Nigerian economy is difficult to accurately measure or estimate, but it is believed to be highly dynamic and significant (Chu, Kara, Benzing, 2010). However, a study estimated that between 45 and 60 percent of the urban labour force work for small private enterprises or what is otherwise called small businesses (Chu, Kara, Benzing, 2010 quoting Nwaka, 2005). Another study suggests that entrepreneurship innovation has been beneficial because the Nigerian private sector comprising of small and medium enterprises provides diverse employment opportunities for 50% of the country's

population and 50% of the its industrial output (Ariyo (2005). On account of encouraging entrepreneurial initiatives, the country has experienced exponential growth in the number of private firms. However, majority of these businesses are very small when their operations are measured in terms of capital, employment and revenues (Attahir and Minet, 2000). Added to the above is difficulty confronted by small businesses in accessing bank credits, but the most serious and damaging problem threatening the state of entrepreneurship innovation in Nigeria is a lack of government interest and support for micro, small enterprises (Ariyo, 2005; Chu et al., 2008). Besides, entrepreneurship and small and medium enterprises development is hampered by plethora of challenges like bad roads, bribes by government officials, multiple taxes, epileptic power supply and rising overhead costs on transportation and communication. All these challenges and similar others have attracted global attention (Business Environment and Enterprise Performance Surveys, 2007). More importantly, economic growth has eluded Nigeria on account poor utilisation of its numerous oil wealth for communal benefits, as current socio-economic indicators suggest that the nation's mineral wealth has become worthless and a source of misery (Alan, 2007).

This paper, therefore, discusses how Nigeria can attain and sustain economic growth through the entrepreneurship innovation development. This paper shall be divided into six sections following the introduction. Section two shall discuss Literature review exhaustively while section three discusses methodology. Section four discusses the results and section five discussed the conclusion while section six discusses the Recommendations.

## **Literature Review and Conceptual Framework**

### **The Concept of Entrepreneurship**

No specific definition has yet emerged about the term entrepreneurship. The development of the theory of entrepreneurship parallels to a great extent the development of the term itself. However, the following definitions try to give some meaning to the term entrepreneurship.

(Robert Hisrich,2002) defines Entrepreneurship as the process of creating something new with value by devoting the necessary time and effort, assuring the accompanying financial, psychic, social risks, receiving the resulting rewards of monetary and personal satisfaction and independence. From the viewpoint of growth-oriented companies, one of the best definitions of entrepreneurship is found in Ronstadt (1984): "Entrepreneurship is the dynamic process of creating incremental wealth. The wealth is created by individuals who assume the major risks in terms of equity, time and/or career commitment or provide value for some product service. The product or service may or may not be new or unique but value must somehow be infused by the entrepreneur by receiving and allocating the necessary skills and resources. Entrepreneurship is a dynamic process created and managed by an individual (the entrepreneur), which strives to exploit economic innovation to create new value in the market. An entrepreneur is a person, who has entrepreneurial mind with a strong need for achievement as defined by Murray (1938). The most essential part of this definition is how it defines incremental

wealth of value creation as a result or goals of the process. This result is also parallel to need for achievement. While Ronstadt's definition above includes such other trait theoretical characteristics of entrepreneurship as risk taking propensity and responsibility, a more complete view of this could be achieved by including the need for achievement as defined by Murray (1938) in the definition.

The most interesting points of this definition are the purpose of value creation and the exploitation of economic innovation. The definitions of entrepreneurial process given below by Bygrave (1989) and by Bygrave and Hofer (1991) include some of the important characteristics, but lack, perhaps, the most important ones, namely: the goal and purpose. It could be argued that Bygrave supports the definition that "*entrepreneur is creating of organisations*" by describing entrepreneurship as a dynamic rather than, a static system; hence, a process of becoming rather than, state of being, which includes nonlinear and unstable discontinuities. But he argues also that this process is a holistic one that cannot be analysed partially by studying different piece of the entity. Thus, when considering holistic process of entrepreneurship, we should be aware that discontinuities do not happen all the time and able to identify discontinuous quantum jumps and their causes to understand entrepreneurship.

### **The Concept of Innovation**

Innovation has been and continues to be an important topic of study for a number of different disciplines, including economics, business, engineering, science and sociology. Despite the fact that innovation has been studied in a variety of disciplines, the term is often poorly understood and can be sometimes confused with related terms such as *change, invention, design and creativity*. Most people can provide examples of innovative products such as the iPod or the PC, but few can clearly define the innovative aspects of these products. Among academic there is a difference of opinion about what the term innovation really means one definition of innovation taken from the dictionary that fits the ideas and concept used in this paper is the following (*The New Oxford Dictionary of English, 1998, p.942*): *Making changes to something established by introducing something new.*

This definition does not suggest that innovation must be radical or that it occurs exclusively to products. Nor does it suggest that innovation is exclusively for large organisations or single entrepreneurs. Now does it suggest that it is exclusively for profit-making businesses; innovation is as relevant for a hospital or local government as it is for a business. In the organisational context innovation can occur to products, processes, or services. It can be incremental or radical, and it can occur at various levels in an organisation, from management groups and departments to project teams and even individuals. To express this development of good ideas in innovation, we need to add an addendum to our definition: *Innovation is the process of making changes to something established by introducing something new that adds value to customers.* This addendum is important. By describing an innovation as adding value to customers, we assume naturally that customers who experience the added value will continue to use the product, process or service or at least have an improved experience. This in turn will lead to growth for the organization. Innovation management is the process of managing innovation within an organisation. This includes activities such as managing

ideas, defining goals, prioritizing projects, improving communications and motivating teams. innovations have particular life cycles; today's innovation will become obsolete in the future. For organisations to sustain their mission, they must continuously innovate and replace existing products, processes, and services with more effective ones. Focusing on innovation as a continuous process acknowledges the effect that learning has on knowledge creation within the organisation. Learning how to innovate effectively entails managing knowledge within the organisation and offers the potential to enhance the way the organisation innovates. This element adds a further extension to our definition: Innovation is the process of making changes to something established by introducing something new that adds value to customers and contributes to the knowledge store of the organisation.

However, novelty is highly subjective. What may be a trivial change of one organisation may be a significant innovation for another. Based on this perspective, we can further extend the definition of innovation as follows: Innovation is the process of making changes, large and small, radical and incremental, to products, processes, and services that result in the introduction of something new for the organisation that adds value to customers and contributes to the knowledge store of the organisation. This latter definition, although general, is specific enough to illustrate a number of core concepts of innovation as applied in any organisation. Applying innovation is the application of practical tools and techniques that make changes, large and small, to products, processes, and services that results in the introduction of something new for the organisation that adds value to customers and contributes to the knowledge store of the organisation. However, Innovation is often used in conjunction with terms such as invention, growth, creativity and design.

### **Innovation and Invention**

*Invention* is a term often used in the content of innovation. *Invention* has its own separate entry in the dictionary and is defined as follows (*The New Oxford Dictionary of English*, 1988, p. 960): *Creating something new that has never existed before*. Invention need not fulfil any useful customer need and need not include the exploitation of the concept in the marketplace. Innovation differs from invention in that it is more than the creation of something novel; it also includes the exploitation for benefit by adding value to customers. Invention is often measured as the ability to patent an idea. If this can be achieved, then it is an invention. The success or failure of an invention depends not only on the ideas chosen by the organisation but also on how well their implementation is managed. Invention is often about creating something that has yet to be desired by a customer. Numerous inventions never lead to innovation because they are never brought to the marketplace. If an invention can be exploited and transformed into change that adds value to a customer, then it becomes an innovation. On the other hand, there are many innovations that do not require invention in terms of originality. Process and service innovations often involve applying well established techniques and technology. Although it can be argued that this does not encompass invention because it already exists, it is still a legitimate form of innovation because it is novel to the organisation applying it.

## **Innovation and Growth**

Innovation leads growth. According to Drucker (1988), innovation can be viewed as a purposeful and focused effort to achieve change in (an organisation's) economic or social potential. Bottom-line growth can occur in a number of ways, such as better service quality and shorter lead times in non-profit organisations and cost reduction, cost avoidance, and increased turnover in profit-focused organisations.

## **Innovation and Creativity**

Creativity is regarded as a key building block for innovation (Rosenfeld & Servo, 1991) and is an inherent capability in all human beings. Creativity is a mental process that results in the production of novel ideas and concepts that are appropriate, useful and actionable. The creative process can be said to consist of four distinct phases: preparation, incubation, illumination and verification (Wallas, 1926). Later revisions of this process have added a final phase, elaboration (Kao, 1989), in which the idea is structured and finalized in a form that can be readily communicated to others. Creativity entails a level of originality and novelty that is essential for innovation. Although creativity is a fundamental part of innovation, it is wrong to interchange the terms. Innovation encourages the further processing of the output of the creative process (the idea) so as to allow the exploitation of its potential value through development.

## **Innovation and Design**

The term *design* in the context of innovation is defined as “the conscious decision-making process by which information (an idea) is transformed into an outcome be it tangible (product) or intangible (service)” (Von Stamm, 2003, p. 11). The design activity draws heavily on creativity to resolve issues such as the aesthetics, form, and functionality of the eventual outcome. In this way, during the exploitation phase of the innovation process, organisations engage in design activities that will produce an output that provides the optimum fit with market requirements. Although design is an integral part of the exploitation phase of an innovation, it is only one aspect. Exploitation can include other elements, such as process development and market preparation.

It should be noted however that various factors such as Emerging technologies, competitors actions, New ideas from customers, Strategic partners and employers and Emerging changes in the external environment encourage an organization to innovate. Each of these drivers of innovation demand continuous learning so that the process can be repeated continuously. These drivers of innovations also create sense of urgency around the need to create new organizational goals and generate new ideas for meeting this goals.

## **Global View on Entrepreneurship Innovation and Economic Growth**

Literature that explores entrepreneurship innovation and Economic Growth in Nigeria is limited. The next option is to rely on materials from developed and developing countries for a deep insight into the impact of entrepreneurship innovation on sustainable economic growth and development. The link



between entrepreneurship as a catalyst of sustainable economic growth has been a major concern to academics and business analyst. Economics experts and various studies conducted across the globe envisage India and China to rule the world in the 21<sup>st</sup> century on account of their entrepreneurship and small business promotion feats. For over a century, the United States has been the largest economy in the world but major developments have taken place in the world economy since then, leading to the shift of focus from the US and the rich countries of Europe to the two Asian giants - India and China (Economy Watch, 2007). The United States Of America (USA) is the most technologically powerful economy of the world (Phoenix, 2006). The economy of the United States is the world's largest national economy. Its nominal GDP was estimated to be \$14.3 trillion in 2009, approximately a quarter of nominal global GDP. Its GDP at purchasing power parity was also the largest in the world, approximately a fifth of global GDP at purchasing power parity. The U.S. economy also maintains a very high level of output per capita. In 2009, it was estimated to have a per capita GDP (PPP) of \$46,381, the 6th highest in the world (Wikipedia, 2010).

During the days of the British Empire, the UK economy was the largest in the world and the first to industrialise (ushering in the Industrial Revolution). Although it has declined in significance, but the UK is still the sixth largest economy in the world by purchasing power parity. GDP growth was 1.1% in 2008 but declined to -3.2% and -11% in 2009 and 2010 respectively. The UK has a population of 61m and a GDP per capita is US\$37.4k, which makes it the 30th richest country in the world, above the European Union average of US\$33.8k (Economy Watch, 2010). Market liberalization in the Chinese Economy has brought its huge economy forward by leaps and bounds. China's economy is huge and expanding rapidly. In the last 30 years the rate of Chinese economic growth has been almost miraculous, averaging 8% growth in Gross Domestic Product (GDP) per annum.

The economy has grown more than 10 times during that period, with Chinese GDP reaching 3.42 trillion US dollars by 2007 and in terms of Purchasing Power Parity GDP, China already has the biggest economy after the United States. But now China has become the largest economy in the world in this century using all measures of GDP (Economy Watch, 2010). The public sector is dominated by about 200 large state enterprises concentrated mostly in utilities, heavy industries and energy resources (China Daily, 2006). India, an emerging economy, has witnessed unprecedented levels of economic expansion, along with countries like China, Russia, Mexico and Brazil. India, being a cost effective and labour intensive economy, has benefited immensely from outsourcing of work from developed countries, and a strong manufacturing and export oriented industrial framework. With the economic pace picking up, global commodity prices have staged a comeback from their lows and global trade has also seen healthy growth over the last two years (Economy Watch, 2010). Indian economy has been predicted to grow at a level of 6.9 %. Growth in the Indian economy has steadily increased since 1979, averaging 5.7% per year in the 23-year growth record. In fact, the Indian economy has posted an excellent average GDP growth of 6.8% since 1994 (the period when India's external crisis was brought under control). Many factors are behind this robust performance of the Indian economy in 2004-05. High growth rates in Industry & service sector and a benign world economic environment provided a backdrop conducive to the Indian economy. Another positive

feature was that the growth was accompanied by continued maintenance of relative stability of prices (Economy Watch, 2007).

Studies indicate that small enterprises are the leading force in the development of African economies and are essential for economic growth in many developing countries (Chu, Kara, Benzing, 2010). Entrepreneurial initiatives especially innovation, risk bearing, employment creation, new opportunities identification and the commercialization of results of inventions have indeed contributed to the prosperity in many regions of the world (Schumpeter, 1950; Ukaegbu, 2000, Chu, Kara and Benzing, 2008). In Africa, the contribution of entrepreneurship cannot be underscored. For instance, Ghanaian micro-enterprises employ less than 5 people, yet accounted for 70 percent of country's workforce (Government of Ghana, 2003; World Bank, 2006). Similarly, Kenya's private SMEs sector employed 3.2 million people and contributed 18 percent to the nation's GDP (OECD, 2005).

### **Economic Growth in Nigeria**

The Nigerian economy is one of the most developed economies in Africa. According to the UN classification, Nigeria is a middle-income nation with developed financial, communication and transport sectors. It has the second largest stock exchange in the continent. The petroleum industry is central to the Nigerian economic profile. It is the 12<sup>th</sup> largest producer of petroleum products in the world. The industry accounts for almost 80% of the GDP share and above 90% of the total exports. Outside the petroleum sector, the Nigerian economy is highly amorphous and lacks basic infrastructure. Several failed efforts have been made after 1990 to develop other industrial sectors (Economy Watch, 2010). Nigeria has great potentials for economic growth and development, given her vast natural resources in agricultural lands and minerals, as well as abundant manpower. In the last two decades, economic growth rate has been very low and in many years less than the population growth rate. The general macroeconomic outcome has been poor, resulting to high poverty level (Wikipedia, 2010).

GDP per capita of Nigeria expanded 132% in the Sixties reaching a peak growth of 283% in the Seventies. But this proved unsustainable and it consequently shrank by 66% in the Eighties. In the Nineties, diversification initiatives finally took effect and decadal growth was restored to 10%. Due to inflation, per capita GDP today remains lower than in 1960 when Nigeria declared independence. About 57 percent of the population lives on less than US\$1 per day. In 2005 the GDP real growth rate was 6.90 % composed of the following sectors: agriculture, 26.8 percent; industry, 48.8 percent and services, 24.4 percent. Compare to 2009 GDP of 3.80 %, composed of agriculture, 33.4 percent; industry, 34.1 percent; and services, 32.5 percent (CIA World Fact book, 2010).

The low growth rate deals with downsizing of the industrial sector in Nigeria. One factor that impacted negatively on growth was high lending interest rates which promoted savings, but discouraged the flow of credit and investments to the real sector. Another economic phenomenon that affected growth was large budget deficits that were financed by the banking sector. Deficit/GDP ratio

averaged 4.7 per cent in the last decade. The high level of deficit financing meant that the bulk of credit available to the economy was diverted to funding government, thus crowding out the private sector in the credit market. The most serious problem was inflationary pressure that devalued the currency and induced uncertainty that made entrepreneurs to postpone investment decisions. Inflation promoted the diversion of resources from productive to speculative activities with serious consequences for employment and growth (United Nations, 2003). The following are the most recent data on the growth rates of major sectors in Nigeria for period 2005-2015.

Table 1: Growth Rates of Major Sectors in Nigeria, 2015

| Sector  | 2005(%) | 2015 (%) |
|---|---------|----------|
| Agriculture                                   | 6.5     | 6.8      |
| Mining and Quarrying                          | -6.2    | -1.5     |
| Manufacturing                                 | 9.4     | 9.2      |
| Electricity, Gas & Water                      | 4.9     | 4.2      |
| Construction                                  | 14.5    | 13.2     |
| Wholesale & Retail Trade, Restaurants, Hotels | 15.2    | 12.3     |
| Finance, Insurance, Real Estate, etc.         | 7.5     | 6.7      |
| Transport and Communications                  | 20.2    | 21.5     |
| Public Administration and Defence             | 5.8     | 5.6      |
| Other Services                                | 11.5    | 11.2     |

Source: *African Statistical Yearbook 2015 by African Development Bank*

Table 2 below gives more insights into the nation's economic performance from 2000-2015. The real GDP in 2000, 2001, 2004, 2007, 2010 and 2015 were 3.8, 3.5, 7.1, 6.8 and 8.5 respectively. This indicates that there was inconsistent economic growth in Nigeria within the period under review. The dividend of real GDP growth even when there is an increase has not been judiciously used for sustainable economic programme like entrepreneurship development and small business promotion. Consequently, the capacity utilisation of the economy from 2000 to 2010 fluctuated between 36% and 50%. This has been blamed largely on frequent power outages, multiple taxes and other challenges to entrepreneurship development (BEEPS, 2015).

Table 2: Nigeria: Performance of the Economy, 2000 – 2015

|                                    | 2000 | 2001 | 2002 | 2003  | 2004  | 2005  | 2006  | 2007  | 2008  | 2009  | 2010  | 2015 |
|------------------------------------|------|------|------|-------|-------|-------|-------|-------|-------|-------|-------|------|
| Real GDP Growth                    | 3.8  | 3.5  | 3.5  | 3     | 7.1   | 6.2   | 6.9   | 5.3   | 6.4   | 5.3   | 6.8   | 8.5  |
| Population Growth (%)              | 2.67 | 2.61 | 2.54 | 2.53  | 2.45  | 2.37  | 2.38  | 2.379 | 2.025 | 1.99  | 2.0   | 2.5  |
| Unemployment Rates (%)             | 3.6  | 28.0 | 28.0 | 28.0  | 28.0  | 4.9   | 2.90% | 5.80  | 4.9   | 4.9   | 4.9   | 5.6  |
| Manufacturing capacity Utilisation | 36.1 | 42.7 | 54.9 | 56.05 | 55.7  | 55.88 | 53.3  | 54.6  | NA    | NA    | NA    | 50.0 |
| Inflation Rate (%)                 | 6.9  | 16.6 | 12.9 | 14.20 | 13.80 | 16.50 | 13.50 | 10.50 | 5.40  | 11.60 | 11.50 | 12.6 |

Source: The Central Bank of Nigeria, 2000-2015

## METHODOLOGY

The methodology employed in this paper is the narrative-textual case study (NTCS) method, which is preferred because of the absence of sequential data related to entrepreneurship and sustainable economic growth in Nigeria. NTCS is a social science research method that employs intensively, the information, data and academic materials made available and easily accessible by information and communication technology facilities such as intranet, internet, World Wide Web, online databases, e-libraries et cetera (Abouzeedan and Leijon, 2007). In this paper we shall review the case studies of some selected successful entrepreneurial innovation in small and medium food processing industries in Nigeria. The choice of this method is informed by the fact that NTCS combines the use of quantitative and qualitative observation, text content analysis and available official statistics in different proportions for problem-solving or problem-identification depending on the objectives of the research.

### The Garri-Processing Machine

Garri is a local staple obtained from cassava, which is a root crop grown widely in Nigeria. Cassava normally rots quickly and is difficult to preserve whole or as a fresh tuber. It needs to be processed and adequately stored if products derived from it are to be available on the market all year. Most Nigerian varieties of cassava have high cyanide content, another reason for processing the fresh crop. There are several ways of processing cassava to prevent postharvest waste converting it into flour is one method; another is to process it into garri (roasted pulp). The latter, however, is a long, tedious process. The harvested cassava has to be peeled, washed, grated, pressed, granulated, and dry roasted before becomes edible garri, which can be bagged and stored. Despite the length of the process, garri is produced extensively and is the cheapest food on the Nigeria market, being consumed on a large scale

by the lower and middle classes. Nearly all the garri is produced by women, and a lot of rural women spend great deal of their time producing it with the traditional, inefficient, manual methods. The labour-intensive nature of the process reduces productivity. It keeps rural women glued to their hearths, with little time for leisure, adult education, personal development, or participation in politics.

Several researchers and entrepreneurs have recognized the need to mechanize all or part of garri processing. Some successful attempts have been made, but only the Federal Institute of Industrial Research, Oshodi has developed a garri-processing plant that integrates all the processing stages (except peeling) and has been commercialized.

### **The Yam Pounding Machine**

Yam is another staple that is cultivated and consumed across Nigeria. It is also seasonal, and at present, it is very difficult to preserve, as it tends to rot. It is generally, a middle-and upper-class staple, especially when out of season. But nearly all Nigerians consume it on a large scale during the harvest season. It is particularly favoured by the Yoruba, especially those in Ijesha lineage, and the middle-belt people. The commonest way of prepare yam is to pound it into a sticky mash, after which it can be eaten in soup or a sauce. But pounding yam is a laborious process, and the pounding generates a large volume of sweat, not all of which escapes the food. The yam-pounding machine is not precisely a post harvest innovation, but it is an important processing machine in Nigeria, and there are important lessons to be learned from studying it. Essentially, the machine is a mechanized mortar and pestle. The industrial-size version has a huge basin, whereas the portable one looks much like a bread mixer or a large blender. There are allegations that a Japanese manufacturer copied the prototype and produced a much more compact and aesthetically pleasing model solely for the Nigerian market. The yam is first boiled and placed in the machine, the smaller version of which can pound enough yam in 60seconds to feed five people. There is no loss of the product, and the machine is more hygienic and produces a lump-free mash. The prototype was produced in 2006. After demonstrating its functionality and marketability, the innovator produced three of the machines to sell due to access to a modern workshop and trained technicians. After the Japanese model began to dominate the market, the patent for the domestic model was sold to Addis Engineering in Ibadan, a local manufacturer that has since produced the machine on a large scale; the firm claims to have sold hundreds of them since 2007. The corporate entrepreneur for this innovation was Leventis Nigeria Ltd, the main distributor of Addis products.

### **The Maize Sheller**

The innovator was an agricultural engineer. He developed it in response to a public need and at an institution where he had access to the workshop and research facilities. Two farmers had asked at different times for such a machine, and the engineer, accordingly, developed it from scratch. These farmers bought the first machine, and 20 other machines were subsequently sold. The idea has been replicated by other researchers, and the Sheller is now in general use.

Two entrepreneurs who bought the machines and have been using it commercially for more than 2 years commended its performance and efficiency and suggested that an adjunct function be added to the machine to sort bad grains from good ones. It is classified as one of the demand-pull innovation in Nigeria.

### Analysis and Results

In spite of this Entrepreneurial Innovation from the selected firms as established in the above case studies, their achievements and continuous existence could not be sustained due to environmental and financial constraints. As a result, those other entrepreneurs who had passion for innovation were not motivated to implement their ideas. In addition, there is paucity of infrastructure including bad roads, water shortage, erratic supply of electricity, and poor telecommunication system (Mambula, 2002; Chu, Kara, Benzing, 2008). Added to the above discouraging challenge is difficulty in accessing bank credits, but the most serious and damaging problem threatening the state of entrepreneurship in Nigeria is a lack of government interest and support for micro, small enterprises (Ariyo, 2005; Chu et al., 2008).

Furthermore, the Business Environment and Enterprise Performance Surveys (2007) identified fifteen (15) critical challenges facing businesses in Nigeria. These include: access to finance, access to licenses/permit, corruption, courts, crime/theft/disorder, customs & trade registration, electricity, inadequately educated workforce, labour regulations, political stability, practices informal sector, tax administration, tax rates and transportation. The responses of the firms have also been clearly analysed according to operational sizes (small, medium and large) as shown below.

**Table 3:** Critical Challenges Facing Businesses In Nigeria

| <b>Challenges of SMES in Nigeria</b> | <b>Nigeria</b> | <b>Small</b> | <b>Medium</b> | <b>Large</b> |
|--------------------------------------|----------------|--------------|---------------|--------------|
|                                      | <b>(%)</b>     | <b>(%)</b>   | <b>(%)</b>    | <b>(%)</b>   |
| Access to Finance                    | 15.55          | 17.01        | 11.52         | 3.90         |
| Access to Land                       | 2.85           | 2.70         | 3.38          | 2.85         |
| Licenses & Permits                   | 0.57           | 0.58         | 0.60          | 0.00         |
| Corruption                           | 1.87           | 2.13         | 1.12          | 0.00         |
| Courts                               | 0.00           | 0.00         | 0.00          | 0.00         |

|                                 |       |       |       |       |
|---------------------------------|-------|-------|-------|-------|
| Crime, Theft & Disorder         | 2.07  | 1.64  | 3.40  | 4.33  |
| Customs & Trade Registration    | 1.31  | 1.09  | 2.23  | 0.00  |
| Electricity                     | 63.63 | 62.66 | 65.50 | 78.78 |
| Inadequately educated workforce | 0.31  | 0.32  | 0.32  | 0.00  |
| Labour regulations              | 0.09  | 0.07  | 0.20  | 0.00  |
| Political instability           | 0.70  | 0.79  | 0.45  | 0.00  |
| Practices Informal Sector       | 1.05  | 0.92  | 1.66  | 0.00  |
| Tax Administration              | 0.28  | 0.12  | 0.49  | 3.48  |
| Tax Rates                       | 2.24  | 2.11  | 2.70  | 2.49  |
| Transportation                  | 7.49  | 7.88  | 6.42  | 4.16  |

*Source: Business Environment and Enterprise Performance Surveys*

*(BEEPS)/World Bank, 2014.*

More importantly, a survey conducted by the Manufacturers Association of Nigeria (MAN) lends credence to BEEPS/World Bank 2014 survey. The recent MAN survey reveals that a total of 834 manufacturing companies closed down their operations in 2009. This is consequent upon the companies' inability to cope with the challenges high overhead cost and unfriendly business environment (Punch, 2010, The Nation, 2011, Guardian 2015).

### 3. DISCUSSION AND CONCLUSION

Economic growth is the key to higher living standards. According to Onipede (2003), economic theory suggests several key institutions and policy factors that are important for the achievement of maximum economic growth. Entrepreneurship Innovation is one of the major ways of sustaining economic growth through job creation for people in Nigeria. Most of the researches from educational and research institutions in developed countries are to solve problems encountered by small, medium and

large scale industries. This is done by partnership among the elements in the National Innovation System (NIS). The major elements in the National Innovation System are:

- Education Institution: This is to generate knowledge-economy.
- Research and development Institution: generates research results for technology adaptation, and for commercial purposes.
- Firms and Industries Institution: the commercialization of the industrial products.
- Government and financial institution: are to give incentive and fund the other elements.

According to Okpara (2007) the place of innovation in commercial success is the development or adaption of new concept or ideas that leads to any form to increase organization or social benefit in the country. Innovation is vitally concerned with novel approaches, new ideas, and originality, and it is the means by which ideas are exploited for competitive advantage. The present economic reform of the Nigeria Government – National Economic Empowerment and Development Strategy (NEEDS) calls for less dependence on imported materials – goods and services and technology. Whereas, most entrepreneurs in Nigeria prefer to import goods and package for sales because of high cost of production.

### **Recommendations**

In order to reverse this trend, it is therefore recommended that the following policies should be adopted in order to enhance sustainable economic and entrepreneurial innovation in Nigeria.

- i. There is the need to investigate our latent natural resources for the possibility of transmitting them into goods and services. This would require a scientific analysis of the various resources available in the country, the identification of their properties, and a determination of the extent to which those properties can be harnessed.
- ii. There is the need to develop new technology which can be used to process the raw materials which may result from the investigation of natural resources suggested above and with a view to producing goods and services from them.
- iii. There is the need to adapt existing technology so as make them accept local materials are substitutes. A complete change from an almost total dependence on foreign research and technology is source of products is called for.



- iv. There is the need for government gives priority to capacity building for technological innovation, good infrastructure and provide environment conducive for business that will lead to sustainable economic growth.
- v. There is the need for legislators and other leaders who develop economic policies should strive to encourage the innovation and risk taking of entrepreneurs. Enforcing property rights through contract, patent and copyright laws; encouraging competition through free trade, deregulation and antitrust legislation and promoting a healthy economic climate.
- vi. There is the need for Nigerian government to shift from over-dependence on oil and place more attention on the development of small & medium sized enterprises. for Economic prosperity in Nigeria, as in the rest of the world, depends on strong and empowered private sector to lead MSEs to a higher level of growth which would significantly contribute to the country's economic well-being.

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# THE DYNAMICS OF PULL AND PUSH FACTORS IN ENTREPRENEURIAL DEVELOPMENT OF EMERGING ECONOMIES: EXPLORING THE INFORMAL ECONOMIES OF NIGERIA AND SOUTH AFRICA

<sup>\*1</sup>Oduwole, O.A., <sup>\*2</sup>Wale-Oshinowo, B.A., <sup>3</sup>Reckson, T.D., <sup>4</sup>Kuye, O.L

<sup>1 and 3</sup>University of Fort Hare, Alice Eastern Cape, South Africa

<sup>2 and 4</sup>Department of Business Administration, University of Lagos, Nigeria

\*Corresponding Authors' Email: [bamidele\\_oshinowo@yahoo.co.uk](mailto:bamidele_oshinowo@yahoo.co.uk); [saoduwole@gmail.com](mailto:saoduwole@gmail.com)

## Abstract

*This study endeavoured to identify the reasons why entrepreneurs are mostly motivated to establish an informal business in two emerging economies. The complexity of both Nigerian and South African societies requires understanding in order to achieve an equitable and sustainable nationhood. To realise a better life for the citizenry, economic planners have realised the importance of the entrepreneurship in achieving economic development. Entrepreneurship is the main source of employment in developed and developing countries alike, comprising of over 90% of African business operations and contributing to over 50% of African employment and GDP. However, the complexity of the decision to become an entrepreneur is dynamic and based on the several pull and push factors. These factors refer to the influences that push or pull individuals towards entrepreneurship. In order to examine these factors in South Africa and Nigeria, a survey was conducted in Khayelitsha, South Africa's largest township and three selected Local Government Areas (LGAs) of Lagos State, Nigeria. Employing both quantitative and qualitative approaches, questionnaires were used to obtain responses from 69 and 118 respondents selected through simple random sampling from Khayelitsha and Lagos respectively; while structured interviews were conducted on 15 and 10 purposively selected respondents from Khayelitsha and Lagos respectively. The following areas were explored during the interviews: entrepreneurial culture in terms of entrepreneurial activities, perceived start-up barriers, entrepreneurship climate, and general cultural factors relating to entrepreneurship. The findings revealed different levels of push and pull factors in both countries, while simultaneously displaying some complexities surrounding these factors.*

**Keywords:** Dynamics, Pull factors, Push factors, Entrepreneurial Development, Emerging Economies, Nigeria, South Africa

## INTRODUCTION

South Africa became a democratic country in 1994. The much progress is evident in dismantling the legacy of apartheid and a smooth transition as well as socioeconomic gains that include increased access to housing and basic services such as electricity, water and sanitation, improved access to health care, employment and a social security system that provides a safety net for the aged and most of the very poor. However, despite these progresses, there remain challenges of unemployment, poverty and inequalities. The census update in 2015 shows a population that has risen to 51.8 million people, with the unemployment rate officially standing at 25.6% (Stats SA, 2015). South Africa had undergone rapid socioeconomic and political change and development and is striving to achieve the

Millennium Development Goals underscored by the United Nations member states. However, the official unemployment rate is around 25 percent (Statistics SA, 2015), signalling serious economic problems. Although, the government had initiated and implemented some economic programmes intended to address the rampant poverty and deprivation, this is unsustainable. Social grants expenditure and the number of beneficiaries have quadrupled since 1994. The social programs includes old-age pensions, child support grants, and disability grants, currently cover around 16 million people and, at 3.5% of GDP, this is more than twice the median spending among developing economies. Economic planners have realised the importance of the small enterprise sector in achieving economic development. Many governments and development organisations have focused on the promotion of entrepreneurship as a way of encouraging broader economic participation especially of those in the townships as a viable approach to sustainable development because it suits the resources in Africa. SMEs are the main source of employment in developed and developing countries alike, comprising of over 90% of African business operations and contributing to over 50% of African employment and GDP (Okafor, 2006). Hence, for the citizens of a country to benefit from their social contract with the government a specific and deliberate strategy drive is required to intervene by providing enabling environment for entrepreneurial development. This would consequently enhanced the dynamics of the entrepreneurial motivation for starts ups, break the circle of poverty and also encourage citizens to become job-creators rather than job seekers and subsequently realise the country's full economic potentials. Similarly, Nigeria located in West Africa, is a country in which the informal sector dominates the poor urban and rural communities. Most especially in the rural communities, some specific sectors such as agriculture accounts for over 90% of informal employment in Nigeria and most other sub-Saharan African countries (Chen, 2007). The informal sector accounts for all economic activities that take place outside the formal sector. In Nigeria, the informal sector is suspected to play a significant role in the country's economy due to its huge population of over 170 million people and the significant activities of street traders, road hawkers in urban communities; and rural agricultural activities which are mostly informal in nature. Despite these obvious informal economic activities and their likely impact on the Nigerian economy, successive governments, social scientists and policy makers have not given the sector the required attention. The size of the economic activities in the Nigerian informal sector demands a review of the pull and push factors in order to fully understand the factors that drive its economic activities. The reasons for this are not far-fetched, not only does the sector provides a significant level of employment (about 75-80%) [Chilta, 1989]; the informal sector in Nigeria provide household income for most poor urban and communities (Tshuma & Jari, 2013); it also bridges the gaps for employment of women due to huge gender bias in the employment of women in the formal sector (Chilta, 1989).

### **Objectives of the Study**

To realise the ideal of a better life for all poor urban and rural communities in Africa, entrepreneurial energies and potentials must be stimulated and fostered. The quest for jobs had encouraged the mushrooming of informal settlements in the periphery of the cities filled with job seekers migrating

from the rural areas in most emerging African economies, for example, Nigeria and South Africa. Most become frustrated and are filled with huge despair when they feel cheated out of a democratic social contract and are unable to realise the dream of improving their quality of life. This often times result in violence, riots and sometimes crime. The focus of this study to compare pull and push factors into informal sector entrepreneurship in Nigeria and South Africa is based on some similarities that the country shares in terms of economic and population size. However, the two countries differ significantly in terms of cultural practices, infrastructural developments and standard of living of its citizens. Notwithstanding to clear differences between the two countries, the similarities they both share provides enough platform to carry out this comparative study.

The objectives of this paper are therefore as follows:

- i. To investigate the factors that motivate entrepreneurs in the informal sector in starting their enterprises; and
- ii. To examine the socio-cultural backgrounds and entrepreneurial mindsets that influences such start-ups.

## **LITERATURE REVIEW**

South Africa is a country with a “First” and “Third” World socioeconomic character in which the distribution of wealth and income is heavily skewed; the Gini coefficient is one of the highest in the world. Compared to other African countries, South Africa may be categorised as a relatively affluent and politically stable country. Van Aardt, Van Aardt, & Bezuidenhout, (2002) posited that the solution to South African’s unemployment and deep-rooted inequalities in the economic structure lies with emergence of entrepreneurs. Entrepreneurship is therefore important to generate economic growth of the country (Van Aardt et al., 2002).

Nigeria considered to be the most populous nation in Africa and is the seventh most populous in the world; with a population of over 170 million people, it is the most populous black country in the world and the second largest economy in Africa (Organisation for Economic Co-operation and Development, 2012). Although entrepreneurship is widespread all over the world and considered a key source for growth and employment creation, there are several challenges that SMEs face, particularly in the developing world such as Nigeria and South Africa (Martins and Van Wyk, 2004; Orford, Wood, Fisher, Herrington, & Segal, 2004; Rogerson, 2001). Earlier literatures offer a range of issues that consistently characterise the difficulties faced by enterprises (Orford, et al., 2004; Page, Forer and Lawton, 1999). Mead (in King and McGrath, 1999) says that the role of small business cannot be overlooked by considering the significant number of enterprises that make contribution put a dent on unemployment. Taking advantage of the effectiveness of self-employment will enable significant numbers of people to move up and out of the poverty ladder.

However, there is consensus among policy makers, economists, and business experts that small and medium enterprises (SMEs) are drivers of economic growth. A healthy SME sector contributes

prominently to the economy through creating more employment opportunities, generating higher production volumes, increasing exports and introducing innovation and entrepreneurship skills. Venture start-up includes a decision to become an entrepreneur. In the Glocal Education Business Partnership (GEBP) project we are interested as to how enterprise entrepreneurship (e/e) education enables people take account of these different stages. At the centre we can see the individual personal process. There is also the environment affecting the start up process. Push and Pull factors are present in the environment in this picture.

In this regard, Michel Porter (1990) stated that entrepreneurship is at the heart of economic advantage and he noted that since “we are all prisoners of our own socialization”. The lenses through which the world is perceived is coloured by history, background, experiences, and established norms. A large percentage of Nigerians and South African live in poverty; therefore entrepreneurship is required. Consequently, encouraging the development of an entrepreneurial culture would drive the creation of wealth from knowledge and generates impetus for further innovation in the poor urban communities in Africa (Oduwale, 2015).

Entrepreneurship, helps generate new jobs in the economy, and creates a culture of independence, risk-taking and confidence. A dynamic entrepreneurial environment is supported by a vibrant academic culture with innovation linking the two as a generator of new ideas and opportunities. In general, the factors contributing to the development of entrepreneurship, small entrepreneurship in particular can be broadly divided into ‘pull’ and ‘push’ elements (Turner 1993; Epstein 1993). Pull factors include all those reasons that emphasise entrepreneurship as positive and desirable alternative that pull the entrepreneurs to their choice. The pull or ambitious factors motivate the entrepreneurs to initiate the ventures. It is needless to say that ambitions differ among individuals on the basis of their personal characteristics. Therefore, ambitions, which nourish the achievement motivation, bring about economic growth and development. The ambitious factors do not always influence an individual to undertake an activity. Sometimes other factors compel or push one to take initiative to start a business. The factors, which force people to start business enterprises, are termed as push or compelling factors. It is therefore very difficult to draw a dividing line between entrepreneurs’ ambitions and compulsions. What represents an ambition for one entrepreneur may be a compulsion for another. The rise in unemployment rate is the result of the increasing proportion of educated individuals seeking paid work. Thus, the rising unemployment, underemployment and unstable or unsatisfactory job conditions and prospects have pushed a growing number of people into creating their own job through setting up small business. Some other factors have pulled some people into entrepreneurship nevertheless, including personal ambition, creativity, a desire for independence to be one’s own boss, self-realization and an ambition to improve the quality of working conditions, to raise economic returns, and to develop a flexibility that caters for the combination of family responsibilities with gainful employment (Buttner, 1997; Epstein, 1993; Shabbir and Gregorio, 1994; Goffee and Scase, 1983; Brush, 1992).

It is evident from findings of most studies in the entrepreneurship literature that the entrepreneurs had

mainly the ambitions of becoming self-reliant, materialising their ideas and skills, making money, continuation of family business and gaining social prestige and power. These important reasons appeared to have compelled most small entrepreneurs who are often times dissatisfied with their previous jobs, dependency situation, lack of gainful employment, and so on. Encouragements of family members, friends, relatives, and experience gained in employment are known to facilitate the emergence of entrepreneurship.

Begum (2001) pointed out self-motivation and confidence, job skills and technical qualification, external motivation, government policy, and calculated incentives as motivational factors. Most of the women were engaged in business with a view to create employment for themselves. Many went into business when their children were at least a bit grown up and had less gender related roles in their homes. Chijoriga, Olomi, and Nchimbi, (2002)'s study investigating factors that motivates start-ups revealed that early socialisation, childhood experiences, role models, and exposure had played a big role in motivating women to start business. In his own study, Ahwireng (2002) observed that the young entrepreneurs are motivated to go into business by a number of factors including the need to be their own boss, the desire to make money, the desire to support their families and themselves, and the need to achieve. In some instances, people were driven to starting their own businesses by their personal circumstances such as the death of a spouse. In the group representing rural entrepreneurs there was a much stronger desire to contribute to the development of their communities and most entrepreneurs are known to start and develop their businesses from personal savings. A few studies revealed that women sometimes get support from their spouses, parents or other close relatives when starting a business, and this support played a very significant role in the development of such businesses. Skills and competencies acquired prior to starting the business were also cited as having played a critical role in facilitating the start-up.

A long-term solution to Africa's unemployment and growth problem lies in the stimulation of a new entrepreneurial drive, including the informal sector. It is only through the vigorous exercise of entrepreneurship, with viable and lasting enterprises that we can create millions of sustainable jobs and economic growth in the continent. Schlemmer and Levitz (1998) argue that the "optimal route" to employment is through the critical mass of informal sector and small businesses with active private-public support. The level of inequality can only be reduced by concerted effort geared towards developing a new drive of entrepreneurial passion, where citizenry are determining to "mind their own business" by creating one.

Entrepreneurship is defined in different ways by scholars over the years. Cantillon (1755) calls entrepreneurship as risk bearing; Schumpeter (1959) views it as innovating and yet others consider it thrill-seeking. Schumpeter opined entrepreneurship as the factor that pushes entrepreneurs to start a new enterprise or restart existing enterprises. The sum is that the factors contributing to the development of entrepreneurship and/or small businesses in particular can be broadly divided into 'pull' and 'push' elements (Turner 1993; Epstein 1993). Pull factors include all those reasons that



emphasises entrepreneurship as positive and desirable alternative that pull the entrepreneurs to their choice. The pull or ambitious factors motivate the entrepreneurs to initiate new ventures. It is needless to say that ambition differs among individuals on the basis of their personal characteristics and experiences. Therefore, ambition, which nourishes the achievement motivation, brings about economic growth and development. The ambitious factors do not always influence an individual to undertake an activity. Sometimes other factors compel or push one to take initiative to start a business. The factors, which force people to start business enterprises, are termed as push or compelling factors. It is very difficult to draw a dividing line between entrepreneurs' ambitions and compulsions.

A well-planned and effective effort is required to achieve the creation of wealth for African countries such as Nigeria and South Africa. However, this will only be achieved when the dynamics of the motivation for entrepreneurship is understood. The pull or push factors are key determinant towards the relationship between economic realities and certain variables including socio-cultural background and entrepreneurial mind-set. These factors to a great extent influences business start-ups and tapping into understanding the dynamics of these factors would help the people most affected by unemployment, poverty and social disconnect from the social contract to "mind their own business" and become "masters of their own destinies."

## **METHODOLOGY**

The study utilised the sequential explanatory design, an explanatory case study. The quantitative approach is central to the study; however, the qualitative approach provides a stronger conclusion and corroboration of the quantitative findings. The studies were conducted in three densely populated local government areas (LGA) - Mushin, Oshodi/Isolo and Eti-Osa of Lagos, Nigeria and Khayelitsha, a township Cape Town, South Africa. Lagos is a megacity with an estimated population of 21 million and also the commercial centre of Nigeria; while Khayelitsha, is a principal informal settlement and Cape Town's biggest township. It is home to an estimated population of over 500,000, although the 2012 population figure is 400 000.

The research model adopted in this study is a combination of two research tools to gather information from various stakeholders in order to assess the impact of economic policies on entrepreneurship development in both countries. The design of this study follows the sequential explanatory approach with the initial quantitative data collection through questionnaire followed by the qualitative phase through face-to-face interviews for data collection in Khayelitsha Township, Cape Town. The reverse is the case for data collection in the three selected LGAs in Lagos. Quantitative data was collected through the use of questionnaire, first from 118 respondents selected through random sampling from the three LGA, thereafter, 10 businesses were selected for qualitative face-to-face interviews based on their business types, exposure and level of business activities in the informal sector.

In South Africa, the qualitative phase of the survey was with 69 participants, which comprises of 40 randomly selected participants from the Khayelitsha Township and 29 students of Business Studies at

the FET College in Khayelitsha. The quantitative research phase used information obtained from face-to-face interviews with 20 student and 2 lecturers in business studies, 10 unemployed people from the township, the representative of the “Khayelitsha Community Forum” (KDF), an advisor at Small “Enterprise Development Agency” (SEDA), a consultant at a bank small enterprise department, an officer of “The Business Place” (TBP) and 4 entrepreneurs in the Khayelitsha Township.

In Lagos, Nigeria, structured questionnaires with mostly close-ended questions were administered to solicit responses from approximately 118 entrepreneurs in the informal economy selected through random sampling of respondents from these three economically active LGAs of Lagos State. Direct interviews were also carried out further examine some recurring factors observed from the findings of the quantitative survey. However, prior to carrying out descriptive and inferential statistics on the key variables proposed for this preliminary report, Cronbach alpha was used to test their reliability. Alpha figures of 0.6 and above should be considered acceptable for constructs with smaller items (Malhorta and Birks, 2007). This is in line with Cronbach’s (1951) inference that the estimation of reliability depicted by Cronbach’s alpha increases with the number of items on a scale.

## RESULTS

The results are presented below.

### Quantitative Data - Khayelitsha, South Africa

#### Demographics (South Africa)

The result from the biographical data in the questionnaires from the survey respondents is reported and analysed in Table 1 below shows the frequency distributions of gender (male, female), age groups (18–30 years, 31–44 years 45 or more years), as well as the education groups (limited education, Grade 8–10 and Grade 11 or higher).

**Table 1: Results from the Biographic Data of the 69 Questionnaires**

| <i>Item</i>                     | <i>Frequency (N)</i> | <i>Frequency (%)</i> |
|---------------------------------|----------------------|----------------------|
| <b><u>Gender</u></b>            |                      | 100                  |
| Male                            | 23                   | 33%                  |
| Female                          | 46                   | 67%                  |
| <b><u>Age in Years</u></b>      |                      | 100                  |
| 18–30                           | 31                   | 45%                  |
| 31–45                           | 27                   | 39%                  |
| 46 or older                     | 11                   | 16%                  |
| <b><u>Educational Level</u></b> |                      | 100                  |

|                             |    |     |
|-----------------------------|----|-----|
| Limited education           | 2  | 3%  |
| Grade 8 to grade 10         | 32 | 46% |
| Grade 11, Matric and higher | 35 | 51% |

The survey result was relatively in favour of the 18 to 30 years' old age group, being much higher. On education level, about 2% of the respondents had only limited education, while about 46% had Grade 8-10 education. The large majority of respondents with 51% have above the primary educational knowledge, which is encouraging. The transformational culture of a targeted younger entrepreneurial mind set is good for development of entrepreneurs below the age of 30. There seems to be a remarkable difference between male and female respondents who are self-employed. A large percentage of the respondents expressed self-employment aspirations; majority of the respondents, 59 respondents are between the ages of 18 to 30 (the group also has the highest qualifications, which is 31 respondents compared to only eleven respondents above that age bracket. This result shows that a further qualification of Grade 11 and post-matric qualifications increases the entrepreneurship aspirations. The younger groups of 18 - 30 have the highest level with 46 females and 23 males who have shown aspiration to start a business or be self-employed while the 31- 44 of the age group bracket with 27 respondents, 45 years and older are eleven respondents. Meanwhile, 23 respondents with higher education have no self-employment aspiration, which simply means that the reason for acquiring higher education is simply to look for employment rather than aspire to start a business. Some of the findings are presented in bar chart formats to illustrate and explain the perceptions findings based on gender. The result of respondent's awareness of various government initiatives are indicated by below.

### **Awareness of Government's Entrepreneurship Initiatives**

The result on the awareness of the government entrepreneurship initiatives tabulated below.

Taken together, the table above gives the evidence that the main problems associated with business start-up is not lack of awareness of government programmes but patronage of such programmes. As noted in table 2 below, 65% of the respondents are fully aware of various government initiatives.

**Table 2: Result of Awareness of Government Entrepreneurial Initiatives**

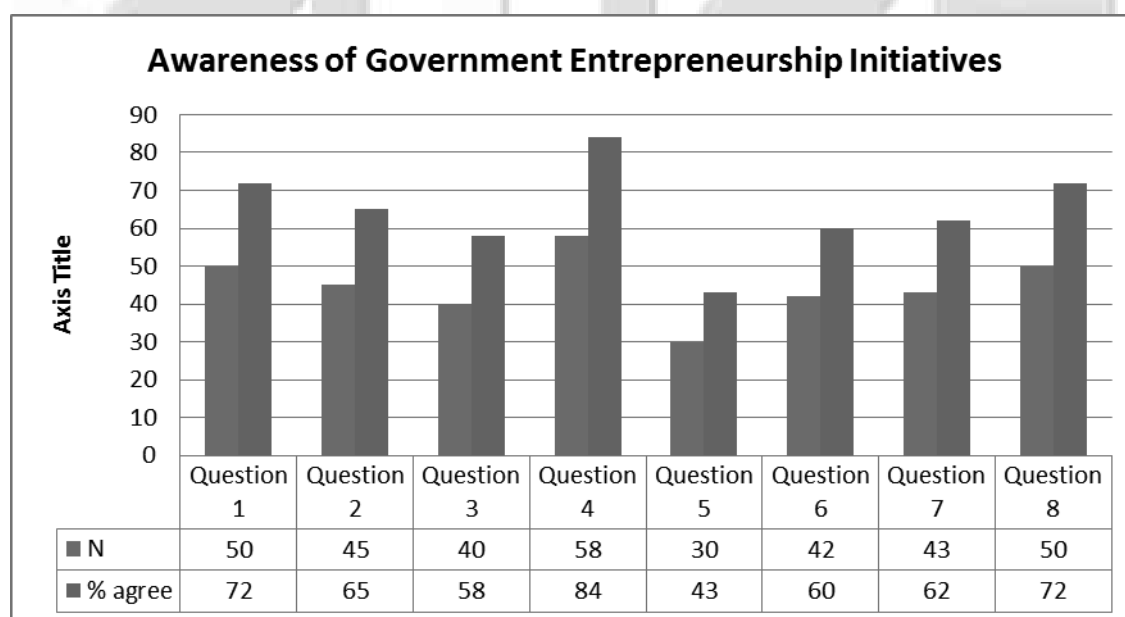
| <i>S/N</i> | <i>Items</i>   | <i>N</i> | <i>% Agree</i> |
|------------|--|----------|----------------|
| 1          | Are you aware of advantages of entrepreneurs in the community                            | 50       | 72             |
| 2          | Are you aware of the government policy on entrepreneurship development in Townships?     | 45       | 65             |
| 3          | Have you ever received training on entrepreneurship or any skills development programme? | 40       | 58             |
| 4          | Have you ever approached the (DTI, Umsobomvu, SEDA,                                      | 58       | 84             |

|   |   |    |    |
|---|---|----|----|
|   | Enterprise Finance (Khula), Real Enterprise Development (RED)?                |    |    |
| 5 | Have you ever applied for any entrepreneurship programmes?                    | 30 | 43 |
| 6 | Have ever aware, from school, of entrepreneurship as a choice                 | 42 | 60 |
| 7 | Is there any entrepreneur that you admire in your locality?                   | 43 | 62 |
| 8 | Have you identified and evaluated entrepreneurial opportunities in your area? | 50 | 72 |

Despite these many initiatives by the government, 84% of the respondents had never approached any entrepreneurship agency; 58% has never received training on entrepreneurship development from any of the agencies; and only 43% of the respondents eventually applied for any assistance. More worrisome is the fact that out of the 69 respondents, 72% of the respondents have ever identified entrepreneurship opportunities from their environment and only 62% have a role model they admire in the community. These outcomes reflect either poor marketing strategy or lethargic behaviour toward entrepreneurship in the township.

The misinformation that government always stand to benefit more from entrepreneurs in terms of taxes and should be clarified through grassroots education. It is important to amplify that entrepreneurship is more beneficial to citizens than the government.

**Figure 1: Bar Chart: Result on Awareness of Government Entrepreneurial Initiatives**



The lack of awareness of government support and initiatives usually has consequences, which in the end imply a waste of resources and futile effort. Figure 1 shows the pictorial responses to the questions in this section. The misinformation that government always stand to benefit more from entrepreneurs in terms of taxes and should be clarified through grassroots education. It is important to amplify that entrepreneurship is more beneficial to citizens than the government.

Therefore, holistic entrepreneurship development initiatives, establishment of support structures as well as better marketing strategies to address the primary concerns of the end users of these agencies is necessary. Patronage rather than access to business information appears to be lacking in the townships. Consequently, the well-being of entrepreneurs in Khayelitsha, particularly those who are passionate about business, may be jeopardised. It is safe to say that the country's support structures do not significantly discharge their responsibility toward the development of entrepreneurship in Khayelitsha.

### 8.1.1 Entrepreneurial Activities and Aspiration

The result of the aspirations of individual's response to the survey lays credence to the argument that the entrepreneurs are driven more by their own inner ambition than by external conditions.

**Table 3: Perceived Entrepreneurial Activities and Aspiration**

| <i>Items</i>   | <i>N</i> | <i>% Agree</i> |
|--|----------|----------------|
| Currently self-employed  | 5        | 7              |
| Expecting to start a business soon                                       | 30       | 43             |
| Expecting to start a business within the next three years                | 25       | 36             |
| Thoughts about starting own business, seriously                          | 20       | 29             |
| Thoughts about starting own business, but not seriously                  | 10       | 15             |
| Currently not self-employed, no self-employment aspirations and thoughts | 19       | 28             |

This fact suggests that the microenvironment plays a crucial role in influencing the initial decision of becoming an entrepreneur. As shown in Table 3 above, the number of respondents who are currently self-employed and are engaged in entrepreneurial ventures is limited, that is, 7%, and they are mostly engaged in petty trading of chips, sweets or fresh fruits on campus as well as at home. The percentages of the respondents for start-up are low with only 43% trying to start a new business and only 36% are willing to start a business in the next three years. Based on the full sample of the respondents, out of the 30 respondents who mentioned that they were in the process of starting a new business soon only 25 stated that they expected to start a business within the next three years which means 30% are not ready to start in the next three years. It can be deduced that less than half of respondents can be categorised as "self-employment aspirants", 10% are not seriously thinking about starting a business. The percentage of those respondents who are seriously thinking of starting a business is a sign that they probably lack the confidence that entrepreneurship could be a choice career. Therefore, a whopping 28% are not self-employed, have no business aspirations or thought of starting a business.

Entrepreneurship adds significant value to the economy by creating wealth and generating employment. Africans have a rich tradition of entrepreneurship, practised in diverse ways. Entrepreneurship is embedded in the people's mind-set. However, the number of respondents (39%) who, irrespective of gender, age and level of education, were neither currently self-employed nor with self-employment aspiration, shows that the development of entrepreneurship faces a huge challenge in South African townships. The solution to South African's unemployment and deep-rooted

inequalities in the economic structure lies in the emergence of entrepreneurs. One of the objectives of this research therefore is to examine ways of stimulating strategies for entrepreneurial drive in informal settlements in South Africa using Cape Town Metropolitan Municipality as a case study. As noted earlier, entrepreneurship is important for any society to generate economic growth for increase in social-economic welfare of the population in general (Van Aardt *et al.*, 2002). Entrepreneurship is at the heart of economic advantage and the escape route for township development as well as the viable solution for emancipation of the pride and dignity of the citizenry.

### Entrepreneurship Start-Up Barriers

Exploring the perceived start-up barriers against entrepreneurs in the community is based on the question of possible general or personal barriers of starting a business. The Table 3 below presents the responses in terms of agreement, ranked in descending order according to the highest level of agreement.

**Table 4: Perceived Entrepreneurial Barriers**

| <i>Items</i>                               | <i>N</i> | <i>% Agree</i> |
|--|----------|----------------|
| Lack of personal financial resources       | 60       | 86             |
| Difficulties in accessing bank finance     | 52       | 75             |
| Rather get a job than start a new business | 32       | 46             |
| Complex administrative procedures          | 40       | 57             |
| Afraid of losing money/property            | 45       | 65             |
| Too much competition from the suburbs      | 53       | 77             |
| Do not want to be known as a failure       | 42       | 61             |
| No appropriate skills and education        | 21       | 46             |

Table 4 reveals the various percentages of respondents based on their perceptions of the many entrepreneurial start-up barriers especially in the townships. It is interesting to note that all the respondents who indicate the highest level of agreement constitute only 46%. Lack of personal financial funding dominates the high response rates at 75%. The difficulties in accessing funding from banks also got an agreement percentage of 75%. In addition to financial matters, complex administrative procedures were considered problematic by 73%. However, lack of skills and low educational level rank minimal as a start-up barrier with 46% because the respondents believed that with the necessary support and overcoming the other barriers, they could succeed. Interestingly, 78% of the respondents were convinced that the township residents prefer to be employed rather than start a new business. The self-employment aspirants seemed to perceive the situation too optimistically, whereas the optimism of those who have real experience with self-employment is moderate. Self-employed persons and those with entrepreneurial aspirations perceived fewer start-up barriers than those without entrepreneurial aspirations.

This in the usual sense shows a need for a strategy to address a rigid cultural mind-set of the perception among respondents that township residents do not have a strong entrepreneurial persuasion. South Africa's townships have a higher prevalence of necessity entrepreneurs (people who become entrepreneurs as a means of survival, who, for example, sell sweets or fruits at a street corner) rather than opportunity entrepreneurs (those who start a business when they see a lucrative market-driven opportunity such as a Laundromat in a block of flats). In order to create much-needed jobs, the country needs to support and encourage both opportunity and necessity-motivated entrepreneurs by removing all perceived barriers. The barriers are narrowed down to Community climate and cultural factors. The two barriers are further discussed under many factors such as; historical, mind-set, lack of confidence, skill, crime and lack of finance, and even where finance is available, the difficulty to gain access to it.

### **Entrepreneurship and Community Climate**

The question of whether entrepreneurship is an integral feature of everyday life in the community is answered below in Table 5. The table presents the results of the perception of the respondents on the entrepreneurial climate in the Township.

**Table 5: Perceptions of Entrepreneurial Climate in the Community**

| <i>Items</i>   | <i>N</i> | <i>% Agree</i> |
|--|----------|----------------|
| There are many opportunities to start a new business           | 58       | 84             |
| Successful entrepreneurs have a higher status and more respect | 50       | 75             |
| The high crime rate affects the environment in the township    | 35       | 51             |
| Most people regard starting a new business a desirable career  | 30       | 43             |
| People do not trust successful entrepreneurs                   | 30       | 29             |
| It is shameful for one to start a business and fail            | 50       | 72             |

Table 5 shows that 84% of the respondents agreed that there are many opportunities in the community, while 75% alluded that successful entrepreneurs have a higher status in the community, and that people often talk about their success. This indicates a positive entrepreneurship climate. That the high crime rate affects the environment in the township is indicated by 51%. However, 43% agree that the residents of the community consider starting a new business as a desirable career choice. Furthermore, there is considerable distrust of successful entrepreneurs by 75% and social disapproval of failed entrepreneurs by 72% of respondents. However, further insight should confirm whether entrepreneurial aspirations influence the perceived entrepreneurial climate in answer to the first four statements and the last two. A certain disillusion, however, is that the currently self-employed respondents do not perceive the entrepreneurial climate to be more favourable. The notion reveals that 84% of the respondent alluded to the various opportunities available to start a new business. This is responsible for the insignificant influence of the self-employment activity on the entrepreneurship climate. While some of the businesses are one-person operations, it is assumed that they are motivated

by personal survival as opposed to other factors. The tremendous growth in recent decades is also said to parallel urbanisation, with migration to cities in developing countries far out spacing the employment capacity. The significance and role of the informal sector in the economic development of a country are controversial issues, and on the other hand, it could be argued that those comprising the informal sector are doing little more than eking out a bare existence and their primary concern is survival. The realisation that despite the high crime a lot of immigrants businesses are thriving in the township indicates the possibilities of greater success if the issues of crime sorted.

### **Qualitative Phase – Khayelitsha, South Africa**

The qualitative research phase used information obtained from face-to-face stakeholders' interviews, which were conducted with fifteen profiled interviewees in the quantitative phase in Khayelitsha were done through interviews on the impact of economic policies as well as the obstacles of start-up of businesses in the Khayelitsha. The interviewees comprise of a carefully selected group of people interested and knowledgeable about start-ups. The main area of interview also ascertained the influences of start-up relative to the degree of emphasis and effort placed by government on small business promotion. The responses of the four profiled entrepreneurs show that entrepreneurship is not just a random behaviour. Their perception is that anyone that would qualify as an entrepreneur is usually enthusiastic about life and takes pride in whatever work they are currently doing. The Bank representative also identified a typical good entrepreneur as a person that exhibits maturity. However, she cautioned that age should not be the determinant of the level of maturity:

*“Although some entrepreneurs are quite young but coping well with the intensity of business environment” (sic).*

Furthermore, the 12th respondent, an entrepreneur, said that entrepreneurship is “embedded in the African blood and part of its tradition”. There were concession that Africa has always been an entrepreneurial society, with emphasis that entrepreneurial skill was exhibited in the past but was suppressed for a long a time with the believe that it is time for it to thrive. The ninth respondent asserts to a change in the attitude to hard work in the township. In fact, he said:

*The “entitle-preneurship” attitude of thinking that the government owes us everything is killing our entrepreneurship spirit”.*

However, the perception from the seventh respondent is that a starting point is by creating support structures towards the setting up of new business ventures in a township is to develop a home grown strategy. She agreed also that establishing such support structures requires much awareness. She asserted that:

*“Involving some successful entrepreneurs in the township could aid access to business information, which appears to be lacking in Khayelitsha.”*



Nearly all the interviewed respondents referred to the “historical burden” of apartheid as an explanation on factors that influence the “Pull” or “Push” dynamics of entrepreneurial activities. The community development representative reiterated that the blacks were modelled to be dependent with initiatives ability suppressed through inferior education.

The second respondent also affirmed that:

*“The impact that apartheid has had on them is sustained, it is not something you will get rid of in twenty years”.*

Nevertheless, the reference to apartheid seems to have the weakness of a blanket excuse. Although apartheid excuse is valid, it appears too convenient to blame everything on apartheid alone. The seventh respondent said:

*“After all some people actually succeeded before and after Apartheid”.*

There is consensus among respondents of need for substantial change in the people’s general worldview from a negative historical disposition to futuristic and positive orientation. With respect to personality characteristics, factors repeatedly mentioned include lack of self-confidence, risk avoidance and fear of failure. People with low level of self-confidence in themselves have a tendency to avoid risks such as a high fear of failure, which reduces entrepreneurial impetus. The further assertion that some of the immigrants involved in business are also blacks from Africa, which means that entrepreneurship, is not the exclusive preserve of whites and Indians. One of the respondents emphatically said:

*“If they can do it and succeed we can also do it. They usually came (sic) here with nothing but over time they keep expanding”.*

On the “culture of dependency”, the sixth respondent, emphatically related that the apartheid system had created a psychological thought pattern that the black cultural values are different from the values in terms of entrepreneurial accrument. Build-up ancestral traits usually evoke entrepreneurial inclination. Therefore, lack of social capital network attests to the historical explanation. Social capital network is an important manifestation of cultural norms and values; this reasoning is also akin to the other explanations. Nevertheless, there is a need to demystify perceptions of people’s incapability despite the historical disadvantage.

### **Quantitative Study – Lagos, Nigeria**

The next few sections present the results of the direct survey method carried out on the informal economy of Lagos, Nigeria, using three economically active communities. Table 6 below presents the descriptive statistics of the 118 respondents. It shows the basic statistics of the 118 informal sector entrepreneurs in terms of gender, age range, marital status, educational qualification, ethnicity and other demographic data.

**Table 6: Descriptive Statistics of Respondents (Lagos, Nigeria)**

| <b>N = 118</b>                   |                                  | <b>FREQUENCIES</b> |          |
|----------------------------------|----------------------------------|--------------------|----------|
| <b>VARIABLE</b>                  |                                  | <b>N</b>           | <b>%</b> |
| <b>SEX</b>                       | Male                             | 60                 | 50.8%    |
|                                  | Female                           | 58                 | 49.2%    |
| <b>AGE</b>                       | <25years                         | 22                 | 18.6%    |
|                                  | 26 – 35years                     | 59                 | 50.0%    |
|                                  | 36 – 45years                     | 21                 | 17.8%    |
|                                  | 46 – 55years                     | 8                  | 6.8%     |
|                                  | 56 – 65years                     | 8                  | 6.8%     |
|                                  | >66years                         | -                  | -        |
| <b>ETHNICGROUP</b>               | Yoruba                           | 81                 | 68.6%    |
|                                  | Hausa                            | 4                  | 3.4%     |
|                                  | Igbo                             | 33                 | 28.0%    |
|                                  | Others                           | -                  | -        |
| <b>NUMBER OF DEPENDANTS</b>      | <5                               | 91                 | 77.1%    |
|                                  | 5-10                             | 25                 | 21.2%    |
|                                  | >10                              | 2                  | 1.7%     |
| <b>EDUCATIONAL QUALIFICATION</b> | Did no go to school              | 4                  | 3.4%     |
|                                  | First School Leaving Certificate | -                  | -        |
|                                  | Junior Secondary School Cert     | -                  | -        |
|                                  | Senior Secondary School Cert     | 44                 | 37.3%    |
|                                  | Ordinary Diploma or Technical    | 35                 | 29.7%    |
|                                  | University Degree or HND         | 32                 | 27.1%    |
|                                  | Masters' Degree or MBA           | 3                  | 2.5%     |
| <b>POSITION IN THE BUSINESS</b>  | Owner                            | 46                 | 39.0%    |
|                                  | Owner/Manager                    | 64                 | 54.2%    |
|                                  | Manager                          | 8                  | 6.8%     |
| <b>OTHER SOURCES OF INCOME</b>   | Yes                              | 19                 | 16.1%    |
|                                  | No                               | 99                 | 83.9%    |

The difference between the number of men and women actively involved in the informal economy is very minute. This confirms that women are very active in the informal economy of most developing countries such as Nigeria. The most active age group is '26 to 35years'. These are mostly high school graduates working with their parents, relatives or founded a business around their families. This is similar to the findings in Khayelitsha Township, where majority of the respondents were between 18 and 30 years. Ethnic group distribution is very important because Nigeria is a country that is highly polarised along religion, culture, and ethnicity. Ethnicity represents the individual attributes of a group of people, families, social groups and societies (Coleman, 1998). Measuring ethnicity is important because it contributes to the overall cultural values of individuals and families that tend to differentiate them from other ethnic groups. Therefore, based on geographical location of this study, a majority figure of 68.6% among the Yorubas, which is the dominant ethnic group in the South West is not out of order. This is followed by 28%, the Igbos who are well known for their active entrepreneurial pursuits and then the Hausas. Majority of the respondents have dependants that are less than five, which is directly proportional to the age range of the most active groups in the dataset. The educational qualification of the respondents show majority as secondary school certificate holders, followed by a significant proportion who are university degree holders and interestingly a few postgraduate degree holders. This important finding which is somewhat similar to that of Khayelitsha Township in South Africa, suggests that the informal sector is not made up of uneducated or illiterate entrepreneurs but

well informed people who are operating actively in the informal economy due to some other exigent factors. Other descriptive statistics show that most of the informal sector entrepreneurs are owner/managers and majority of these entrepreneurs (approximately 84%) depend on this business as their only source of income.

Table 7 below shows the descriptive statistics of respondents' businesses. Majority of the businesses are located on the streets and inside an informally organised market. Most (60.2%) are traders, and 76.3% founded the business themselves. Interesting here is the fact that very few are into manufacturing which is more capital intensive to start-up and manage in terms of meeting the conditions regulatory agencies. This partly confirms findings from previous literatures that suggest that a small capital is required to start and grow most businesses in the informal sector (Tshuma & Jari, 2013).

**Table 7: Descriptive Statistics of Respondents' Businesses**

| <b>N = 118</b>       |                          | <b>INFORMAL N = 101</b> |          |
|----------------------|--------------------------|-------------------------|----------|
| <b>VARIABLE</b>      |                          | <b>N</b>                | <b>%</b> |
| <b>BUSINESS SITE</b> | House                    | 6                       | 5.1%     |
|                      | Market                   | 33                      | 28.0%    |
|                      | Car                      | 1                       | 0.8%     |
|                      | Farm                     | 3                       | 2.5%     |
|                      | Street                   | 58                      | 49.2%    |
|                      | Trade Fair & Other Fairs | 3                       | 2.5%     |
|                      | Stall/Kiosk              | 10                      | 8.5%     |
|                      | Workshop                 | 4                       | 3.4%     |
|                      | Others                   | -                       | -        |
| <b>BUSINESS TYPE</b> | Manufacturing            | 8                       | 6.8%     |
|                      | Trading                  | 71                      | 60.2%    |
|                      | General Services         | 38                      | 32.2%    |
|                      | Knowledge Intensive Biz  | 1                       | 0.8%     |
| <b>FOUNDER</b>       | Myself                   | 90                      | 76.3%    |
|                      | Spouse                   | 7                       | 5.9%     |
|                      | Siblings                 | 2                       | 1.7%     |
|                      | Parents                  | 7                       | 5.9%     |
|                      | Grandparents             | 2                       | 1.7%     |
|                      | Great-Grandparents       | -                       | -        |
|                      | Relatives                | 5                       | 4.2%     |
|                      | Others                   | 5                       | 4.2%     |

Table 8 below shows some of the push or compelling factors that forces informal sector entrepreneurship on mostly college graduates who find themselves in extreme situations such as unemployment and poverty.

**Table 8: Reasons for Engaging in Informal Business Activities (Push Factors)**

| <b>FACTOR (N=118)</b>      | <b>Agree</b> | <b>Neutral</b> | <b>Disagree</b> |
|----------------------------|--------------|----------------|-----------------|
| Poverty                    | 80 (67.8%)   | 21 (17.8%)     | 17 (14.4%)      |
| Unemployment               | 83 (70.3%)   | 33 (28.0%)     | 2 (1.7%)        |
| Feed the Family            | 86 (72.9%)   | 25 (21.2%)     | 3 (2.5%)        |
| Desire to be Self-employed | 99 (83.9%)   | 17 (14.4%)     | 2 (1.7%)        |

The above table shows the following as the major push factors into informal sector entrepreneurship: the desire to be self-employed (83.9%); feed the family (72.9%); unemployment (70.3%); and poverty (67.8%). These four factors push or compel people into informal entrepreneurship and make it seem like the only choice in most situations and more-so during extreme situations like recession.

The factors motivating informal entrepreneurship which is otherwise known as pull factors are shown in table 9 below:

**Table 9: Factors Promoting Informal Business Activities (Pull Factors)**

| <b>FACTOR (N=118)</b>                   | <b>Agree</b> | <b>Neutral</b> | <b>Disagree</b> |
|---|--------------|----------------|-----------------|
| Expensive Registration Fees             | 81 (68.6%)   | 17 (14.4%)     | 20 (16.9%)      |
| Easy Entrance                           | 72 (61.0%)   | 26 (22.0%)     | 20 (16.9%)      |
| Heavy Taxes                             | 72 (61.0%)   | 26 (22.0%)     | 20 (16.9%)      |
| Opportunity Recognition                 | 60 (50.8%)   | 28 (23.7%)     | 20 (16.9%)      |
| Lack of Government Regulation           | 60 (50.8%)   | 29 (24.6%)     | 29 (24.6%)      |
| Profitability of Informal Businesses    | 57 (48.3%)   | 20 (16.9%)     | 39 (33.1%)      |
| Availability of Raw Materials           | 54 (45.8%)   | 31 (26.3%)     | 33 (28.0%)      |
| Not Compulsory to register (assumption) | 29 (24.6%)   | 20 (16.9%)     | 69 (58.5%)      |

Table 9 shows the analysis of the main motivating factors into informal sector entrepreneurship. These are identified as important: avoiding expensive registration fees (68.6%); easy entrance into informal entrepreneurship (61%); the benefit of avoiding heavy taxes on businesses (61%); recognising a business opportunity in the informal sector (50.8%); the lack of proper regulation of the informal sector by the government (50.8%); others are motivated and thus pulled into informal entrepreneurship because it is more profitable (48.3%); the availability of raw material and easy access to them (45.8%) and then the assumption that it is not even compulsory for them to legalise their businesses activities (24.6%).

The above factors make informal entrepreneurship look both positive and the only desirable alternative in the pursuit of their ambition to become an entrepreneur.

## Qualitative Study – Lagos, Nigeria

In the second stage of data collection, qualitative methodology was employed to conduct a series of interviews with ten profiled entrepreneurs, who were purposively selected based on their business age and active participation in the informal sector. These interviews were conducted as a follow-up on the questionnaire survey in order to generate a more robust data on the dynamics of the factors driving informal sector entrepreneurship in these three LGAs.

The Interviews were carried out by the researchers in their various business outlets of these respondents. Questions were asked on why they started their business; factors promoting their businesses; why they have not registered their business; on opportunities in the informal economy; on perceived threats; government's involvement; financial gains. The respondents were probed further in the following areas: perceived start-up barriers, entrepreneurship climate, and general cultural factors relating to entrepreneurship. The questions were asked at random and notes were taken. The interviews lasted over a period of 7 days; notes were taken by the two researchers. These notes were reviewed after each interview to ensure that all the responses from the respondents were accurately recorded verbatim. Each respondent or interviewee was given a code from numbers '1 to 10'. The details and themes that emerged from the interviews are presented below:

The first interviewee is a trader who is a school certificate holder.

*#1: "there are informal businesses everywhere, not only in Nigeria but all over the world, so I believe that informal businesses are much more than businesses in the formal sector. If you say doing business out government is bad, can government give all these young graduates roaming the streets selling one ware or the other, jobs?"*

The second interviewee is a young man who makes shoes in an open market. He is a high school leaver.

*#2: "I am glad I started this business three years ago. I get patronage from all kinds of people, especially big men in big cars. The business is very profitable, although, I get harassed by area boys sometimes, but overall, I still make enough money to feed my family."*

The next interviewee, who is a college graduate talked about the fact the formal sector cannot accommodate all the graduates in the economy.

*#3: "How many businesses can accommodate the numerous graduates produced by our universities these days? For me, I had no choice but to start this petty trading business with the little savings I gathered together and also some support from my parents."*

A few of the interviewees made statements that somewhat suggest a huge market for the informal sector:

#7: *“the informal sector has its own market, mostly low-income earners but also among the elite; if you can get something cheaper, won’t you take that option?”*

#5: *“more people buy from the streets, kiosks and businesses in the house so I set up my business with this mind.”*

*“my home business fetches me much more income than what I was earning in full time employment in the formal sector. It also gives me the opportunity to do multiple businesses at the same time.”*

#6: *“my sisters and I sell raw food items. We get our supplies majorly from the north and I must say that it is a very profitable business. We feed our families from this business. Everybody would at now! I can say that we are not interested in registering the business now because of the stress of registration and huge taxes that cannot be accommodated from our profit margin.”*

Other strong themes that came out from interviewees are the factors of hunger, poverty and crime control:

#4: *“since five years after graduation, I have not been able to get a job, doing this keeps me out of the danger of stealing to feed myself and family”*

#9: *“doing this business puts food on my table and keeps hunger away from me and my family”*

#8: *“I would rather work with my hands than steal and doing this business the way it is helps keep me busy and fed.”*

#10: *“this business has kept my brothers and me out of trouble. The government also needs to do more to encourage creativity such as this, not businesses can be formal and big, micro-businesses such as these tend to feed larger families and keep the young boys out of trouble.”*

The above themes suggest that several compelling factors “push factors” such as poverty, hunger, and unemployment and business opportunities fuels informal sector entrepreneurship. Informal sector entrepreneurship holds a lot of potential in growing entrepreneurship in megacities in Africa and beyond. The government of these countries also stands to gain if they can enact policies that would provide a ‘win-win’ situation for the major players within this sector and the government.

## **DISCUSSION**

The findings from the survey and direct interviews carried in both countries presented above are both similar in some ways and also differ in other ways. Although the studies are similar in terms of objectives, different survey instruments were used to fit the profile of the respondents. However, it is interesting to note that the findings from both Nigeria and South Africa presented similar key findings. For example, 99 percent of respondents from Nigeria and 86 per cent from South Africa indicated that the need to be self-employed is the main factor that pushes them towards informal entrepreneurship. However, response patterns differ significantly between men and women in South Africa.

Independence is the most commonly cited motivation for men but 22 per cent of women cited family commitments. In Nigeria, the pressure of unemployment was the more compelling factors for men, while women were pushed into informal entrepreneurship mostly to feed their families.

In general, a review of the studies from both countries indicated that “Push factors” were the main compelling factors for informal entrepreneurs. Respondents who report two or more factors tend to combine “pull” factors, however some tend to combine “push” with “pull”. The overall finding lean towards the push than the pull factor for these informal communities although, implied interpretation may play a factor in deciding whether the need for self-employment was occasioned by the absence of formal employment opportunities.

Despite the likely overlap between push and pull factors, there are stronger indications that the “push factor” reoccurs more in the literature on Africa’s Informal Economy. This factor may however be stronger in some countries than the other. The balance of the different forces, compelling and motivating, “push” and “pull” usually shifted during the recession, and also shift differently for men and women. The influence of choice of occupation may also differ significantly between genders. Entrepreneurship policy tends to be framed around the predominance of “pull” motivations, in that it is designed to raise long-term awareness of entrepreneurship, promote the acquisition of “enterprise” skills and, more specifically, support venture start-up activity through human and infrastructural development as well as working capital provision. However, it is clear that ‘push factors’ also known as ‘necessity entrepreneurship’ are more the compelling factors in most African economies as evidenced from both studies carried out in Nigeria and South Africa. These factors are also embedded in higher levels of uncertainties.

On the other hand, the “Pull” factor such as desire to be to make money, be independent, avoid heavy taxes and registration fees, lack of structured government regulation, easy entrance and availability of raw materials emerged as some of the main motivating preferences for informal entrepreneurship.

## **CONCLUSION**

The main objective of the study was to identify the factors those motivated and forced the entrepreneurs to engage in informal entrepreneurship. The main objective of the study was to identify the factors those motivated and forced the entrepreneurs to take these risky ventures. The findings of the study help to conclude that entrepreneurship development is influenced by different factors which bother mostly on socio-economic conditions and other environmental factors. The way forward is a more pragmatic and holistic approach to understanding and harnessing the benefits embedded in the very dynamic informal sectors of both countries. Furthermore, to develop and implement an effective policy intervention, particularly at a time when necessity entrepreneurship may be on the rise in both Cape Town and Lagos, a deeper understanding of the underlying motives for wanting to be self-employed within the informal sector is required.

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# INNOVATION THEORY OF ENTREPRENEURSHIP- A SYSTEMATIC REVIEW

Adesanaya Oluwaseyi<sup>1</sup>, Ogunnaike Olaleke<sup>2</sup>, Subi Jennifer<sup>\*</sup>, Onayemi Oluwakemi<sup>\*</sup>,  
Ayinla Kehinde<sup>\*</sup>

College of business and social sciences, Covenant University, PMB 1023, Ota Ogun state, Nigeria.

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## Abstract

*This paper views the innovation theory of entrepreneurship which helps to create and develop the business cycle. It looks at the different theorists and pioneers, their contribution to this theory and how it has affected or improved the society and the economy as a whole. It also looks at critics from others theorists that are against the views concerning innovation theory. The theory of innovation helps in understanding the roles of an entrepreneur in the society. Innovation is a very important tool for economic development of a country. It links an entrepreneur and his innovations in the development of a business cycle. It also focuses on theories rather than evidences.*

*Joseph Schumpeter is seen as one of the fathers of entrepreneurship innovation theory. His major contribution was on economic development of a country. Innovation is seen as a changing and systemic process that results out of different individuals and institutions in which knowledge flows and interaction in the market system is filled with uncertainties.*

*Keywords: Innovation, Entrepreneurship, adoption, diffusion*

**JEL Classification: M1, M13, M10, M15**

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## 1. INTRODUCTION

Innovation and entrepreneurship cannot be separated, they go hand in hand. They are both interrelated in the role of an entrepreneur. According to Rosenberg (1982), "Schumpeter's contribution not only has relevance for the understanding of modern development but is also truly a seminal contribution as it is one of the few early attempts to understand in combination with entrepreneurship, some of what is now a days known as "black box" of technology." This shows that Joseph Schumpeter's views on the entrepreneurship theory of innovation is highly regarded and accepted by most scholars.

Other scholars such as Rogers, Kole, Gross, Kaze and many others wrote about their view on innovation theory.

The adoption of the innovation theory that's first with the movement of an individual from a state of being unaware or ignorance to a state of awareness. At this stage, one of this two would occur; the individual accepts the new innovation or rejects it. If an individual accepts it, there would be an increase in the interest of that person towards the innovation. The individual now tends towards the adoption decision making process. There would be a comparison between the new innovation and the current ones. If it is favorable, the innovation would then be tested. The innovation is tested by an individual to see if it works for them.

## **LITERATURE REVIEW**

### **Evolution of Innovation Theory**

Gross (2010), said that “Innovation is not rooted in a single discipline or school of thought. This means that the innovation theory is made of different school of thought and disciplines. Conceptual studies have been gotten from different academic disciplines and researches such as the business cycle and socio-technical studies. A lot of research has been made concerning this theory from the academic discipline. The process of the development of the innovation theory was seen as something simple with a journey that was straight forward. This process of development of the theory was focused on two major aspects which are; diffusion and technology development. A study of these two aspects and its effect on the development of the innovation theory lead to the development of the linear model. This model states that the rate at which innovation is developed in an economy is determined by the level of advancement in science. The best way therefore to improve gaining new technology is by increasing research work on new inventions and innovations. When there is more focus on research, it brings about the expansion of knowledge.

The innovation theory was pushed forward by three approaches that are related to the change in technology; “evolutionary approach, induced innovation and the path dependency model. The path dependency approach and the evolutionary approach focused majorly on past decisions which may hinder the recent innovation. The induced innovation approach focuses on the importance of change in relation to technical changes. “Advanced technological knowledge has been identified as the single most important contributing factor to long term productivity and economic growth”, Grubier et al. (1999).

### **Schumpeter’s Innovation Theory**

Schumpeter (1961) in his book on “Theory of Economic Development” explained that development which is seen as a form of historical process for the promotion of structural changes which is as a result of innovation. This therefore was divided into five stages;

- Development of new product form an already existing one.
- The use of new and different methods for the production and sales of a product.
- Establishment of different new markets.
- Buying or hiring new sources for the provision of both raw materials and finished goods.
- Development of new structures for the industry such as the invention of a monopoly position.

Schumpeter (1961) emphasized that any person or organization that is seeking profit in business must have the ability to innovate. He therefore said that innovation seen as a basic driver to be able to compete effectively in the market. He defined innovation as “the process of industrial mutation that incessantly revolutionizes the economic structure from within, incessantly destroying the old ones, incessantly creating a new one”. He categorized the innovation process into four major dimensions; Invention, Innovation, Diffusion and Imitation.

The creation of new opportunities for growth, investment and unemployment can be possible by entrepreneurs with the use of discoveries from both investors and scientists. The first phase which is the invention phase has little impact while the imitation and diffusion process have a much larger impact on business cycle and also economic development. The diffusion of innovation which is seen as a period in which imitators are getting profit from the potential of new products and start investing a lot in technology which leads to economic growth, employment opportunities and investment in the economy.

Innovation is tagged as a “creative destruction” which helps in the development of the economy and an entrepreneur therefore is seen as a change creator which entrepreneurship is seen as innovation.

### **Analysis of Diffusion of Innovation Theory**

Diffusion is seen as the way by which innovation is transferred or communicated through different channels or means over a period of time between members of a social group. Messages spread faster by using the diffusion process to communicate. Innovation on the other hand is an idea that is perceived from an individual as new.

According to Roger (1962), new ideas can be diffused with four major elements which are:

- Innovation: the rate and speed at which the knowledge of innovation is passed across or communicated by these factors; relative advantage, complexity, trialability, compatibility, and observability to individuals of a social system.
- Communication channel: this involves the sharing of information from one person to another so as to reach a mutual agreement or understanding. The best platform for the diffusion of knowledge of innovation is the use of mass media. Innovation is evaluated majorly through the use of near-peers that have used that same system.
- Time: a lot of time is involved in the decision making process of innovation. This process involves the mental capacity of an individual which starts from the knowledge of what innovation entails to the decision and implementation of innovation. When information is gotten for the innovation decision process, it decreases the uncertainty of the expected consequences of innovation. The innovation decision process involves five stages, which are;
  - Knowledge: this is a state of awareness of innovation and how it functions. According to Bittner (2003), “it is the media that presents information that makes us aware of the existence of an item.” In this stage people may not be pushed towards finding more information about innovation.
  - Persuasion: attitude is developed towards innovation which may be positive or negative. “In this stage, the individual is interested in the innovation and actively seeks information’s/details about the innovation” (Rogers, 1995). This has to do with how people perceive and see innovation.
  - Decision: choices are being made about innovation either to accept or reject it. A group of people would have sat down to think and talk about what the best action is to be taken and

decision to be made. Rogers (1964) has this to say; “In this stage the individual takes the concept of the change and weighs the advantages of using the innovation and decides whether to adopt or reject the innovation”. This stage is quite difficult when applying empirical evidence.

- Implementation: this is the action stage where innovation is put into use. . In this stage, a new idea is given a trial by an adopter. Rogers (1964) further asserts that “the individual employs the innovation to a varying degree depending on the situation”. The individual tries to find out if the innovation is of any use in order to search for more information about it.
- Confirmation: this is the evaluation stage to know if actual performance equals to expected result. The innovation is either accepted or rejected by an individual and decisions would be either to use the innovation at its fullest potential or not.
- Social system: this is a system that is interrelated and interact together to create ideas, solve various problems and also to accomplish certain goals. Individuals are being able to influence each other which helps everyone to work together to gain innovative ideas in the social system.

According to Kaze (2005), the principles of diffusion in innovation are stated as follows:

- Diffusion is focused mainly on the conditions that can either increase or decrease possibility of a newly developed product or idea would be accepted or not.
- The opinion of leaders have direct influence on the behavior of people through personal contact and the change agent is also included in the diffusion process.
- The diffusion innovation theory shows that one on one contact helps in providing relevant information
- Information is communicated through network and both the role of a leader and the channel of network determines if innovation would be accepted or not.

### **Rates of Adoption of Innovation Theory**

Rate of adoption is seen as the speed that is used by the social system members for adopting an innovation. The rate of adoption is therefore measured by length of time that is used or required to adopt an innovation. An adopter category is a tool used to determine the rate of adoption. Early adopters require short adoption period or process while late adopters require longer period or process. When considering the rate of adoption, there is a point that is called the critical mass where the innovation reaches. The critical mass is a point within a curve where a group of individuals adopt an innovation so as to continue the process of adoption. This point can be seen as a self-sustaining point.

Rogers (1964), outlined different strategies for adoption of innovation. They are;

- Develop an innovation that would have a high respect by individuals that are in a social network that create a desire for innovation.

- Infuse an innovation into a social group of individuals who are willing and available to use an innovation.
- Early adopters of an innovation should be provided with positive benefits.

### **Categories of Adopters of Innovation Theory**

Rogers (1962) explained an adopter category as a classification of individuals within a social system on the basis of innovativeness. In Rogers's book, *Diffusion of Innovations*, he listed five adopters which are:

- Innovators: they are seen as the first people to adopt an innovation. They are risk takers, young in age, financially independent, their social class is quite high, they relate with scientific sources and communicate well with other innovators. According to Roger (1962), "Risk tolerance has those adopting technologies which may fail, financial resources absorb these failures." They are quick in absorbing risk and innovation and if innovation fails with them, they can easily bounce back and bear the burden with their rich financial independency.
- Early adopters: they have very good leadership skills unlike other categories. They are known for a social status that is high, financially independent and young at age. They also have the potential of absorbing risk and financial degrade to withstand any probability of loss occurring.
- Early majority: the adoption of an innovation is with a given period of time. This is higher and longer than the other two categories. Their adoption process is quite slow, their social status is on the average level. Their financial status is not buoyant which leads to a less tolerance of risks that may occur in the process.
- Late majority: they adopt innovation processes that are within the average level of members of the social group. They are not always sure when approaching innovation which makes them to adopt an innovation that has already been adopted by a lot of people in the society. Their social status and financial status is on the average level. Risk tolerance is very low and they always have reasons why an innovation cannot be adopted.
- Laggards: they are mostly seen as the last to adopt an innovation. They relatively have no opinion about the process of leadership. They focus more on traditions and develop in age rather than the present. Their social status is known to be the lowest and also their financial lucidity. They have contacts and mostly keep in touch with their close friends and families.

### **Strength of the Innovation Theory**

Diffusion of innovation theory has led to a lot of advancement. This theory was gotten from various empirical generalizations and they were used to provide insightful and useful perspective. Surveys were done and experiments were carried out, which was also very practical. The innovation theory has helped to provide a lot of promotional communication and theories in marketing which are still in use in today's world. Practical guides were also used for the campaign of information. Rogers

information and knowledge about the diffusion theory has been made as manual for various developing countries.

### **Weaknesses of the Innovation Theory**

There are some weaknesses that were discovered concerning the diffusion of innovation theory. The theory is seen as source dominated and linear, reason being that the communication process in this theory is majorly seen from the point of the elites who have taken the responsibility of diffusing innovation to suite them.

The relative power of media has been underestimated. They are majorly focused on new products and creating awareness for them. It is seen that the theory is of the opinion that media only has an influence on early adopter and innovators, rather the media helps in providing a wide range of group discussions that can be carried out by an agent of change.

### **Limitation of the Innovation Theory**

This theory does not put into consideration the fact that some people might not accept the innovation, Waterman (2004). The considerations given to the characteristics of innovation is relatively low or insufficient. According to Kole (2000) “it is technology driven because of its pro-innovation bias”. Pro-innovation bias is states that the adoption of innovation must happen quickly and each and every member of a social group must accept and adopt that innovation.

Kole (2000) also noted the following;

- The failure of the diffusion and adoption process is not taken into account.
- Alternatives are ignored because it puts together the most recent technologies with progress.
- Social structures were ignored as a result of a lot of focus on individual adopters.

Nutley et al. (2002), found out that “the nature of the utilization of knowledge in diffusion of innovations is further complicated by contrasting straightforward adoption (replication) versus reinvention (adaptation).”

Early diffusion of innovation theory studies were of the opinion that when innovation is adopted, it is seen as imitation of the previous setting. Following the different works of the theorists, the concept of reinvention is now recognized. The reinvention concept is seen the degree of change in innovation which is then modified by the person using it.

Looking at the angle of the adopters, a set of the adopters were missing out or omitted. Rogers didn't notice that a percentage of adopters may or can have the characteristics of innovators but they may not quickly accept an innovation. There may also be a form of delay in the adoption of an innovation from individuals or adopters that are financially buoyant and young in age.

It was concluded that a zero tolerance should be given to the adopter's categories, this therefore helps to manage individuals that are seen as innovators yet may not easily adopt a new invention or innovation.

## **Empirical Assessment of Innovation Theory in Business Research**

The growing importance of innovation to entrepreneurship is reflected by a dramatic increase in literature that addresses the role and nature of innovation (Drazin and Schoonhoven, 1996). Innovation is an important entrepreneurship tool used by entrepreneurs to take advantage of any form of change within the environment to create opportunities for a business venture. Kanungo (1999), said that “there is considerable overlap between entrepreneurship and innovation”.

A review of different literatures have been found that dealt majorly with structure, strategy and processes of innovation. There are a lot of diversities, it is the approach that actually makes up innovation. Garcia and Calantone (2002), cited that “many definitions have been proposed to explain innovation and as a result the term has gained greater ambiguity. However, “theorists have suggested that there is more to innovation than the process”, Amabile (1996); Cougar (1995).

Innovation on its own is multidimensional which can be expressed as dualisms;

- Radical versus Incremental
- Product versus Process
- Administrative versus Technological (Cooper, 1998).

Innovation can be seen as both radical and incremental. Green et al. (1995) defined radical innovation as “path-breaking, discontinuous, revolutionary, original, pioneering, basic or major innovation. Incremental innovation can be defined as small developments that are used to extend and improve an already made product, service or process. Product innovation reflects positive changes that are visible in the product produced by a company. “Process innovation represents changes in the firms and product or services”, Utterback cited in Cooper (1998). Innovation has been categorized into technological innovations. Daft (1978), defined technological innovation as “the adoption of a new idea that directly influences the basic output processes, whereas administrative innovations include changes that affect the policies, allocation of resources and other factors associated with the social structure of the organization.

Innovation is also seen as a perception of newness into a product or service. Slappendel (1996) argued that “the perception of newness is essential to the concept of innovation as it serves to differentiate innovation from change. Newness helps in understanding and creating a link between entrepreneurs and innovation which brings about new management, products and services. Johannessen et al. (2001) created a book that focuses on the investigation on the different types of activities that can be seen as innovative, which are; new services, new products, new sources of supply, open new market, new methods of production and new ways of organizing

When an entrepreneur is seen as imagining something that is new and different from existing products, he/she has added innovation to a new venture. Conelissen and Clarke (2010) was of the opinion that “innovation in new ventures require entrepreneurs to imagine something novel, refine those ideas, make an initial investment and justify their ventures to key stakeholders who can offer support and



legitimacy. Innovation therefore is a way of adding a degree of novelty, newness, and value by an organization to its customers and suppliers by developing new solutions, procedures, products and services (Knox, 2002; Lumpkin and Dess, 1996).

The study of the adoption of new innovations started over 30 years ago. A lot of disciplines have been researched upon that can be used as a model for the frame work. Dooley (1999) and Stuart (2000), emphasized that “several of these disciplines as political science, public health, communication, history, economics, technology and education and defined Rogers theory as a widely used theoretical framework in the area of technology diffusion and adoption”. Rogers diffusion of innovation theory is the most appropriate for investigating the adoption of technology in higher education and educational environment, (Medlin, 2001; Parisot, 1995). The research on diffusion dwells more on the technological innovations. Technology is divided into two parts which are hardware and software. The hardware deals with physical objects and materials while the software deals with information. Roger (2003) said “adoption is a decision of full use of an innovation as the best course of action available and rejection is a decision not to adopt innovation”.

A very important obstacle that is seen in the adoption of innovation is “uncertainty”. The consequences of innovation may create uncertainty among individuals. “Consequences are the changes that occur in an individual as a social system as a result of the adoption or rejection of an innovation”. One way of reducing the obstacle of uncertainty in an innovation is by making aware the advantages and disadvantages of that innovation to the individual. Roger (2003) explained the innovation diffusion process as “an uncertain reduction process”.

Furthermore, Isleem (2003) exclaimed that “many studies used Rogers theory as the theoretical framework, few studies among them have considered computer use for institutional purposes”. Medlin (2001) used Roger (1995) diffusion theory of innovation to explain and research on the various factors that might affect the decision to adopt new technologies. Based on Rogers theory concerning organizational, social and personal motivational factors, Medlin didn't find much difference between self-identified adopters. Jacobson (1998) used Rogers (1995) diffusion theory of innovation to find out the pattern of adoption that combines technology that is used to enhance learning and teaching in the educational system. Jacobson (1998) analyzed the features of early adopters with both quantitative and qualitative methods and also used the methods to differentiate between mainstream faculty and early adopters. The use of Rogers diffusion theory was employed by Blankenship (1998) to research on the study about various factors relating to technology and computer.

## **Methodology**

This study was carried out to determine the relevance of the application of the innovation theory in business research today. The methodology that was used for this study include relevant academic and management online database such as; Science Direct, JSTOR and EBSCO for important materials that relate with Innovation Theory in Business. Journals relevant to the study such as; European Journal of

Innovation Management, Journal of Product Innovation Management as well as websites were referred and adequately referenced.

The documents used for this research work was sufficient in aiding the evolution, strength, weakness and limitations of the Innovation Theory leading to recommendations by businesses.

### **Recommendation**

Innovation is a tool used to take advantage of opportunities, therefore more people should build up their innovative minds so as create new ideas and take advantages of opportunities that exists within the environment.

There should also be advancement in technology because it helps to foster innovation. New products and services can be fostered with improved technological processes which therefore boosts the business of an entrepreneur and also ensures growth in the economy.

Entrepreneurs and business owners should invest more into innovation such as going into research and development concerning new ideas, new developments and new opportunities. They should also invest more in new technology such as buying more improved equipment's and also employ technological expertise that are aware of the latest technology. These therefore fosters their business growth.

The media has a major role to play in developing innovation, therefore must not be left out in the process of innovation.

### **Conclusion**

Innovation is the overall generation of ideas that can be seen as a new invention to individuals. If the innovation has been created a long time ago but other individuals see it as new, it will still be called an innovation to them.

Mass media has been seen to be very helpful in the area of generating new ideas and innovation. The diffusion of innovation theory focused more on change agents and leaders which has given them more power and they believe that they are solely responsible for adopting the laggards, late majority and the late adopters. The period where an individual needs to generate a lot of information concerning an innovation or a new idea, the mass media plays a very important role in providing those information's that are needed, therefore the mass media must not be down played. The mass media is also needed in the decision stage processes. When media content is being exposed, it helps in convincing people or individuals to accept a new innovation.

Consequences are seen as different changes that take place in a social system or individually because of the rejection or the adoption of a new innovation. Little attention has been moved towards the consequences of innovation as a result of change agents and diffusion researchers that their primary concentration is on the research on correlates of innovativeness.

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# A REVIEW AND APPLICATION OF MCGREGOR'S THEORY X & THEORY Y IN BUSINESS RESEARCH

Oni Oluwakayode<sup>1</sup>, Ekechukwu Clinton<sup>2</sup>, Ajalie Stanley<sup>3</sup>, Jennifer Subi<sup>4</sup>.

<sup>1234</sup>College of business and social sciences, Covenant University, PMB 1023, Ota Ogun state, Nigeria.

[kayode.oni@cu.edu.ng](mailto:kayode.oni@cu.edu.ng)<sup>1</sup>, [ezenwa.ekechukwu@stu.cu.edu.ng](mailto:ezenwa.ekechukwu@stu.cu.edu.ng)<sup>2</sup>, [stanley.ajalie@stu.cu.edu.ng](mailto:stanley.ajalie@stu.cu.edu.ng)<sup>3</sup>,

[Jennifer.subi@covenantuniversity.edu.ng](mailto:Jennifer.subi@covenantuniversity.edu.ng)<sup>4</sup>

## Abstract

*This paper maps out the revolution of McGregors theory x and y. The objective of this study is to help with the application of this theory for business and management benefits. Supplementary information for this review was gathered from course books, magazines, diaries, unpublished materials and periodicals. McGregor's concepts suggested that there are two main approaches to managing Humans. The management technique used in theory X is said to get poor results compared to the management techniques in theory Y because theory Y is confirmed to produce high performance and results. This also permits individuals to develop themselves. The hypothesis trusted that educators/supervisors under hypothesis Y accept that the greater part people like to work; the directors expect that they have discretion. They accept that individuals can urge themselves and need to attempt and make a decent showing with regards to; likewise hypothesis Y administrators/educators have the ideas that their kin/instructors are great. We can enhance our capacity to control gave that we have a tendency to be acquainted with the undeniable reality that control comprises in specific variety to property rather than in attempting to make human instinct acclimate to our necessities.*

**Keywords:** Theory X, Theory Y, Management, Control, McGregor, Hypothesis

**JEL Classification:** M12, M52

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## Introduction

McGregors Theory (X and Y) was an ideology implemented in his book which was titled "The Human side of Enterprise". The book covers an elementary analysis between management designs. He has also shaped the premise for broader writing on the topic. The technique used in theory X laid emphasis on productivity. This theory's technique was widely used around businesses.

The Theory Y specialized on participative management system which gave assumptions that individuals can apply independence in accomplishing organizational objectives. It is the responsibility of management in this system to make use of that obligation.

## Objectives

1. To find out the implications of applying the theory to business
2. To find out the best practices in applying this theory to management

## **Evolution of McGregors Theory (X and Y)**

These theories served as a reference point for human resource movement and theory Y came out as one of the symbolic relationship between management principles.

As indicated by Drucker (1988) Businesses made utilization of the summon and administration demonstrate from the military over a hundred years past. Such standards normally got to be distinctly operational in a surpassing way steady with Theory X. For the principal part, this approach made waves, to a great extent because of representatives' aura to just acknowledge the directs of administration. Weber spoke to an official assortment of association that focused on the characteristics of specialist connections. Specialist was the possibility of workers' position on the hierarchy of leadership and that they had not exclusively to reply to expert figures higher than them, however additionally accept accountability for the activities of those beneath them.

McGregor's commitments in propelling Theory (Y), and along these lines the commitments of his peers are talked about. Philosophers like Locke and Smith presented ideologies which gave a strong establishment to the rise of Theory (Y) considering. Their work propelled singular impression and achievement. Locke's center theory was bolstered on "a law in light of reason, not hasty directs; an administration getting its forces from the administered; freedom to seek after individual objectives as a characteristic right; and individual property and its utilization inside the quest for satisfaction as a characteristic and legally secured right" (Wren, 1994). Lorke (1690) puts the obligation of force, freedom, and legitimate matters at a private level in a substantially more comparative way that McGregor encouraged administrators to have confidence in the individual specialist. McGregor propelled bosses to permit their specialists duty. Also, to enable the individuals have the freedom totake on responsibilities.

### **McGregor's Era**

Scholars under McGregor's era also shared their views;

### **Chris Argyris view**

Argyris went further on maslows work by presenting an order of necessities which was similar to Maslows pecking order of requirements. The essential characterization was amongst inward and external needs. Argyris (1957) communicated that the internal needs are more essential and imperative. Though, the internal needs give us a prompt of what the individual is; external needs disclose to us what the individual does. Argyris additionally talked in regards to requirements we might remember of cognizant needs will be necessities that we as

a whole know exist; we tend to recognize them and their significance in our lives. Oblivious necessities are requirements that we tend not to know about; they are usually our own needs. Next, he characterizes social needs as those requirements that a culture helps in influence. Most societies place shifting accentuation on internal and external needs and endeavor to confirm which needs matter most to them. At long last, he specifies our fundamental physiological needs, which encapsulate sustenance, asylum, and development.

Argyris' ideas additionally worked as a forerunner to McGregor's work on Theory X and Hypothesis Y. Argyris felt that there was an essential incongruence between necessities of a develop identity and furthermore the prerequisites of formal associations (Argyris, 1957).

Formal associations are laid out to join assignment specialization, levels of leadership, solidarity of heading, and traverse of control. at the point when these parts of an authoritative sort are available, it brings about a piece setting, where staff are given ostensible control over their workday world, are required to be aloof, ward, and subordinate, are relied upon to claim a short time viewpoint, are incited to great and esteem the continuous utilization of a few skin-surface shallow aptitudes, and are required to create under conditions bringing about mental disappointments (Argyris, 1957).

### **Frederick Herzbergs View**

Herzberg (1959) took an unmistakable course in discovering representative inspiration. They requested that workers recognize when they felt especially great or astoundingly undesirable in regards to their occupations (Herzberg, 1959). From their work they built up the two-calculate hypothesis, which subtle elements contrasting foundations for occupation fulfillment and uneasiness (Schermerhorn, Hunt & Osborn, 2000). Cleanliness variables affect work uneasiness..

Nearly connected with Theory (Y) suppositions are Herzberg's help components, which affect work fulfillment. Herzberg (1959) opined that discovery of these inspirations, for example, feeling of achievement, acknowledgment, the work itself, duty, headway, and development are further to representatives' employments, they are happier with their occupation. Also, they are significantly beneficial.

McGregor said the common individual does not disdain work. Herzberg (1959) opined that work itself could be an inspiring variable. Herzberg (1959) came to realization that acknowledgment influences work fulfillment. In a comparative vein, Herzberg and partners distinguish achievement as an essential employment setting motivator issue. Herzberg similarly records duty as a wellspring of worker inspiration. McGregor distinguished that the ability to unwind issues was not a novel capacity in hierarchical settings. Without these

critical thinking limitations, progression, as illustrated by Herzberg (1959) was conceivable. At last, Theory Y expresses that,

Under the states of late modern life, the scholarly possibilities of the regular individual are exclusively incompletely used (McGregor, 1960).

Herzberg and associates modify matters and express that development could be a propelling component that impacts work fulfillment. Herzberg and his partners distinguished these determinants and McGregor's Theory Y gives assist confidence to their discoveries.

### **Rensis Likerts View**

Likert (1967) made utilization of the advantage of McGregor's Theory (X & Y) before he extended four administration frameworks or types of administration. Likert (1967) sketched out each framework along six fundamental hierarchical factors that he labeled operational attributes. These operational qualities are: authorities prepare utilized, quality of motivational strengths, quality of specialized technique, quality of communication impact strategy, quality of basic leadership technique, quality of objective setting or requesting, quality of administration procedures (Likert, 1967). These primary factors contain sub-factors that give extra and nitty gritty depictions of the fundamental variable being referred to. Every single framework is measured and anticipated over all primary and sub-factors. The degree to which Likerts framework is harmonious with that of McGregors Theory (X&Y) was captivating.

Framework one peruses kind of a point by point portrayal of supervisor's Theory X suppositions.

Directors don't have any certainty and trust in subordinates. Subordinates don't feel even a little bit freed to talk about things concerning the assignment with their predominant. The manager once in a while gets thoughts and assessments of subordinates in assurance work issues. Inspiration is overseen through dread, dangers, discipline, and infrequent prizes. General population laborers feel next to no obligation regarding accomplishing the association's objectives. There is practically no connection and correspondence pointed toward accomplishing the association's goals.

Data streams in a sliding request and it is seen with awesome doubt. The data that is conveyed from a lower to a higher position has a tendency to be off base. Bosses don't have any information of comprehension of issues of subordinates. There is almost no collaboration amongst administration and subsequently the specialists, and what communication is there is through with stress and doubt. There is no agreeable cooperation exhibit.

Leaders who are either unconscious or exclusively mostly aware of lower level issues make most of the choices at the most noteworthy of the association. Specialized and talented information is utilized in basic leadership just if had at more elevated amounts. Subordinates don't appear to be worried in choices related with their work, which brings about almost no or no inspiration for the staff to execute the decision. Objective setting requests are issued and obviously acknowledged, however secretly opposed firmly. The audit and control capacities are to a great degree centered in high administration. There is an easy going association exhibit that contradicts the objectives of the formal association.



Administration information are utilized for policing and retributive means instead of self-direction or gathering drawback assurance (Likert, 1967).

On the off chance that equal factors are taken after crosswise over to framework four, administration's activities turned out to be continuously like the thought Y suspicions that McGregor illustrated.

Directors have certainty and trust in their subordinates. Subordinates on the other hand feels absolutely freed to talk about things concerning the assignment with their prevalent. The chief constantly gets thoughts and assessments of subordinates in tackling work issues and tries to make helpful utilization of them. Inspiration is said to be overseen through monetary prizes in view of a pay framework developed through interest.

Staff at all levels feel genuine obligation regarding association's objective and carry on in approaches to actualize those objectives. There is a great deal of collaboration and correspondence pointed toward accomplishing the association's goals. Data streams down, up, amongst companions, and is generally acknowledged or honestly addressed. The data that is conveyed upward is right. Bosses get a handle on and see the issues of subordinates exceptionally well. There is top to bottom, inviting connection amongst administration and in this way the laborers that is through with a high level of certainty and trust. There is generous agreeable cooperation show all through the association. Decisions are made all through the association, and with thought and attention to the issues of lower level specialists.

Specialized and gifted learning is utilized as a part of basic leadership paying little respect to at what level the data begins. Subordinates are concerned totally in choices related with their work, which brings about considerable inspiration for the staff to execute the choice. Objective setting is set up by method for engagement with the exception of in crises. The objectives that are set are taken after clearly and secretly. The survey and administration capacities are very far reaching.

Every social drive bolsters endeavors to accomplish the association's objectives. Administration data are utilized for self-direction or gathering drawback assurance (Likert, 1967).

Despite the fact that their speculations are fundamentally the same, McGregor and Herzberg was seen to have taken diverse measures to a comparable determination. Likerts first and fourth system allowed for extraordinary likenesses to Theory (X &Y), severally.

What set McGregor barring his peers was his capacity to re-present these thoughts in an exceedingly way that every academicians and professionals discovered engaging. Hypothesis X and Theory Y made self-satisfying predictions. Hypothesis Y abridged that if specialists were dealt with well at work, and got duty they reacted emphatically, the opposite of this was Theory X (Schermerhorn , 2000).

McGregor remains in an exceedingly particular place in administration history. McGregor has one foot inside the early human relations movement and another foot inside the movement of researchers who supported a concentrated attention to administration's duty regarding the human part of business worker relations. McGregor fills in as a genuine facilitator for development and progression inside the field of administration, as a rule, and human relations, particularly.

In spite of the fact that it is on the far side the extent of this paper, it might demonstrate supportive to require a speedy take a gander at wherever the field of administration headed once McGregor

solidified Theory (X&Y). The work seemed to empower the segment of administration and prodded a group of Theory Y based thoughts. Hypothesis Y bore such organic products as free work bunches, self-administration, work advancement, and approval, to give some examples. Each of those thoughts gave acknowledgement to McGregor's concept of giving specialists a great deal of obligation and watching them thrive.

### **The Common View: Theory X**

The normal idea of administration's assignment in preparing human vitality to authoritative necessities steady with McGregor's (1957) hypothesis Y has three (3) recommendations that are:

1. That administrations could be at risk for the arrangement based on elements of gainful duties, money, hardware, and individuals.
2. With reference to people, this can be a strategy to suit the prerequisites of the association.
3. Individual activities should be co-ordinated and controlled. This is the undertaking administration of acquiring things done through individuals.

Behind this hypothesis, there are numerous suppositions albeit less particular, however across the board, in any case.

- a. the normal man is actually slothful – he acts as next to no as could reasonably be expected,
- b. He needs aspiration, disdains duty wants to be driven,
- c. he is characteristically self absorbed, not interested in association's needs,
- d. he is normally safe to change, and
- e. he is simple, not splendid.

Traditional hierarchical structures and administration arrangements, practices and projects duplicate these suppositions.

### **The New Theory of Management Theory X**

McGregor (1957) says that the trouble of overseeing people should be changed, in light of a considerable measure of sufficient presumptions concerning human instinct and human inspiration. The expansive measurement of such a hypothesis is what's best-known as "Hypothesis Y".

The suppositions here incorporate the accompanying:

1. Management is at risk for sorting out the components of beneficial ventures
2. People when all is said in done actually don't appear to be receptive to the hierarchical needs. These individuals are said to be subsequently experienced inside the association.

3. The inspiration, the potential for building up the capacity for accepting accountability, the status towards authoritative objectives, are said to be seen in people. Therefore, it is the administrations duty to ensure that these attributes are developed in individuals.

### **Empirical Assessment of the Theories**

#### **Relationship between Theory X and Theory Y**

Theory X implies that workers are thought to be lethargic while hypothesis Y, says that representatives are more active and innovative.

Financial prizes can likewise be a noteworthy sane thought process to make Theory X workers create more. In Theory Y, man can practice autonomy and poise inside the administration of goals to which he is submitted. Hypotheses Y see supervisors like "mentors", helping the workers to be moreover profitable. There are a great deal of gathering focused however the hypothesis X is more individual situated. Hypothesis X pioneers are more dictator who have errand situated view though Theory Y pioneers are more participative. In strife circumstances: X and Y, sort of supervisor could be all the more apparently to practice a fantastic arrangement of "force" based clash determination procedure, especially with the hypothesis X representatives.

Hypothesis Y workers could be allowed to apply some adaptable "arranging" techniques to disentangle their own disparities.

#### **Effect of Theory X and hypothesis Y on Management Functions**

In regard to arranging, Theory X presumptions may bring about the prevalent setting of goals with almost no or no investment from subordinates. Hypothesis Y presumptions, then again, should bring about helpful destinations composed with contribution from every specialists and directors, prompting to a higher responsibility by subordinates to fulfill these mutual targets.

Under Theory X, directors' administration outlines are conceivable to be totalitarian, which can make resistance with respect to subordinates. Correspondence stream is all the more apparently to be descending from supervisor to the subordinates. In qualification, Theory Y could cultivate authority plans that are more participative, which would enable subordinates to look for obligation and be more dedicated to objective achievement. Hypothesis Y administration should expand correspondence stream, especially inside the upward bearing.

In regard to administration, Theory X is probably going to prompt to outer control, with the administrator going about as an execution judge; the primary target is for the most part on the past. On the other hand, Theory Y should bring about administration forms in view of subordinates' poise. The supervisor is all the more apparently to go about as an educator as

opposed to a judge, concentrating on how execution can be enhanced inside the future instead of on who was at risk for past execution. In spite of the fact that the conceptual linkages between Theory X and Theory Y suspicions and administrative styles are nearly basic, observational research has not unmistakably shown that the association between these presumptions and supervisors' sorts of arranging, sorting out, driving, and controlling is in accordance with McGregor's ideas.

### **Methodology**

The purpose of this material is to recognize and clarify the methodology required in sourcing and investigating information applicable to this review. With information assembled, complete direct data identifying with the hypothesis on administration will be gotten.

The technique for completing an examination is the way toward touching base at observational answers for the exploration issues under analysis.

Supplementary information was utilized for this review. Optional information is depicted as information that are being utilized for some reason other than that for which they are initially gathered. Supplementary information for this review was gathered from course books, magazines, diaries, unpublished materials and periodicals.

### **Critique**

There are in reality reactions of McGregor's thoughts from entirely unexpected quarters. Maybe one among the principal essential is the subject of culture. McGregor was vigorously impacted by his partner Abraham Maslow and his work on inspiration; so he utilized the chain of importance of requirements in his 1957 paper to help legitimize the deficiencies of Theory X as an adequate administration style. The feedback here is that it is extremely ethnocentric and does not take into thought very surprising social situations. As indicated by Sorensen and Minahan (2011), Theory Y ideas are not extensively appropriate and that Theory X is more relevant in nations recognized by high power or/and high vulnerability shirking. Furthermore, it is embarked to be contended, as Sorensen and Minihan (2011) called attention to, subsequently of worldwide social union, that now and again, societies illustrated by Hofstede's work in the 1970s as high power/vulnerability shirking may no longer match this model and be dynamic to more Theory Y good societies, particularly those with hearty exchange and trade associations.

A moment feedback of his ideas originates from the very reality that, as the market analyst (2008) puts it, people have "censured his ideas as being powerful on the weaker individuals from society, the individuals who require direction and who don't appear to be basically self-starters". However, McGregor contended that:

The conditions compulsory by standard association hypothesis and by the approach of logical administration for the past half century have fixing men to confined employments that don't

use their abilities, have demoralized the acknowledgment of duty, have roused lack of involvement, and have dispensed with which implies from work. (McGregor, 1957).

The suggestion here is that a part of the matter exists in the demonstrated actuality that people are persuaded that they require heading; that they can't be at risk for themselves. He comprehended this was a procedure which wouldn't occur without any forethought and required the endeavors of every administration and laborers to defeat this obstacle. Obviously, it might well be contended that this position doesn't think about the aptitudes surprisingly in the public arena, some of whom do not have the predefined abilities that notwithstanding preparing and chance would neglect to help. However, this dismisses McGregor's perspectives of mankind and their capacity to contribute which incorporates all, from the representative to the leader of an association. Part of the matter originates from the applying of what administration sees as McGregor's Theory Y thoughts. It must be recalled that a piece of his worry was for the effect that administration supposition and authoritative culture of Theory X associations had on the representative, however rehearses connected by associations (which are viewed as bolstered Theory Y statutes) will have a similarly negative effect on laborers. One such case is that the act of employment development, coming from tries at occupation improvement.

As per Schein (2011) and Lerner (2011), McGregor would apparently be disheartened on the off chance that he was watching employments and furthermore the work environment today. Given the vast monetary weights an association in both people in general and private segments, he would see that people are creating increasingly every year, for less pay, though accomplishing more errands and significantly divided by it all. Supervisors are keeping on making a screw up, work in efficiency as opposed to on representative prosperity. However again, it is depleting to put this at the entryway of McGregor, rather than at those that misjudge and confound his ideas.

A third feedback takes care of the pertinence of Theory Y to associations. there is a view that, as upheld by Joanne Woodward (Sorensen & Minihan, 2011), "robotic associations (Theory X) were more adequate for mass innovation, while natural associations (Theory Y) were more steady with cutting edge advances; basically, hierarchical situations that require "expanded undertaking unpredictability and enlarged mechanical refinement require authoritative structures that are portrayed or appropriate for Theory Y. Be that as it may, this will be viewed as a misnomer, there is verification of Theory Y being connected in various settings. As Sorenen and Minihan (2011) indicate that it is currently certain that the

achievement or disappointment of Theory Y projects are to a great degree snared into the authoritative culture at interims that they are actualized. For this situation, approaches, for example, execution investigation and administration by target will exclusively flourish if the general conditions are there to sustain them. Thoughts need to penetrate all levels of an association, not simply parts of it.

### **Conclusion**

McGregor sees these two speculations as two rather isolate mentalities, which have their advantages one by one in any association moreover to any given director/administration and these two hypotheses are utilized broadly in administration and inspiration. These hypotheses are used by supervisors and administration to make and create inspiration and positive administration plans, procedures and methods. It stays vital to the hierarchical advancement and rising authoritative culture.

Hypothesis X accept despotic administration. The hypothesis trusted that room instructor/administrator under hypothesis X accept that all understudies are actually apathetic and to be controlled and regulated, they expect that understudies must be constrained to be persuaded constantly, one among the thoughts that hypothesis X educators/chiefs have toward their kin/understudies is that they are bad and that they require great consolation to achieve their points.

Then again, hypothesis Y expect popularity based administration. The hypothesis trusted that educators/supervisors under hypothesis Y accept that the greater part people like to work; the directors expect that they have discretion. They accept that individuals can urge themselves and need to attempt and make a decent showing with regards to; likewise hypothesis Y administrators/educators have the ideas that their kin/instructors are great.

### **Recommendations**

It is comprehensible that the making of directors, into date as they are made, is scarcely to a somewhat minute degree the aftereffect of administration's formal endeavors in administration improvement. It is to a far bigger degree the aftereffects of administration's origination of the character of its errand and of the considerable number of arrangements and practices that are made to execute this origination. The way in which a business is overseen decides to an outrageously enormous degree what people are seen to have "potential" and the way they create. We have a tendency to go off on the mistaken track once we look to audit administration advancement as far as the formal apparatus of projects conveying this mark.

Every single administrative decision and activities lay on presumptions in regards to conduct. We can enhance our capacity to control gave that we have a tendency to be acquainted with

the undeniable reality that control comprises in specific variety to property rather than in attempting to make human instinct acclimate to our necessities.

The ability to impact others isn't a component of the measure of expert one will apply. It is, somewhat, a component of the fitting decision of the method for impact that the genuine situation required. Standard association hypothesis shows us that power and expert are comparable. Subsequently, giving up specialist is viewed as losing the capacity to oversee. This is regularly an absolutely disreputable origination.

Certainty along these lines lays vigorously on the subordinate's gave a false representation of inside the respectability of the prevalent, when one is needy, any doubt that the unrivaled can't be absolutely dependable stimulates tension.

Give us a chance to thoroughly consider some of the crucial natural conditions that affect the development of administrators.

- (1) Economic and mechanical attributes of the exchange and furthermore the firm,
- (2) Policies and practices of the organization, and
- (3) The conduct of the prompt predominant.

The motivation behind this volume is not to bait administration to settle on sides over Theory X and Theory Y. It's somewhat, to support the conviction that hypothesis is vital, to urge administration to take a gander at its presumptions and fabricate them particularly. In doing in this way, it will open a way to the long run.

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# LEARNING ORGANIZATION IN BUSINESS RESEARCH: A REVIEW OF LITERATURE

*Nwoke Ngozi<sup>1\*</sup>, Ogunnaike Olaleke Oluseye (Ph.D)<sup>2</sup>, Akinbiyi Faith<sup>3</sup>, Benjamin Ogunbowale<sup>4</sup>*

<sup>1234</sup>*Department of Business Management Covenant University, Ota. Ogun State, (NIGERIA)*

## **Abstract**

*Learning organization (LO) is a concept that has evolved for decades; but, it was popularized by the book “Fifth discipline” by Peter Senge. There are many literatures in relation to the idea of “learning organization”; however, most tend to respond to the issue of how to make it work. This article reviews existing literatures to assess the evolution, empirical assessment and critique of the concept in business research. This study confirms limited empirical work in relation to LO and complexity of the concept. There is evidence of lack of understanding of the concept and how to effectively apply it to one’s organization. This research recommends for the concept to be further revisited and that more empirical work be done to give more flesh to the concept, more especially in developing countries, bearing in mind the diversities of national cultures in places like Africa, in order to validate the principles and claims of LO.*

*Keywords: Learning organization, systems thinking, organizational learning, team-learning, mental models.*

*JEL Classification L2, L22, M53*

## **9 INTRODUCTION**

A learning organization (LO) is described as an organization where individuals continuously stretch their capacity to make the result they really desire, where patterns of thinking that are new and beyond easy reach are reared, where collective ambition is released, and also where persons are constantly thinking out ways to learn the whole altogether (Senge, 1990). The learning organization is seen as a structure that makes achievement of competitive advantage an easy one, that empowers workers, strengthens and improves the experience of clients and the cooperation they have with major business associates, and ultimately enhances the performance of the organization (Aly, 2016).

A great deal has been written, in relation to the idea of “learning organization”, however, most tend to respond to the issue of how to make it work. In concession to this statement, many researchers including Phillips (2003) and Kiedrowski (2006) did state that empirical research that looks into the practicality of the disciplines given by Senge (1990) and consequent results are limited. This study researches into existing literatures to assess the evolution, empirical work and critique of the concept in business research.

## **10 LITERATURE REVIEW**

### **The Evolution of the Concept**

Though the concept “Learning organization” was made popular in 1990 by Peter M. Senge, there had been many previous activities and publication that contributed to the learning organization we have

today, which is still evolving. According to Senge (1990), five disciplines are necessary for the formation of a learning organization. These include: (i) Personal Mastery – developing one’s personality. (ii) Mental Models – firmly fixed assumptions that determine how people perceive their environment and take actions. (iii) A Shared Vision – the capability to form a shared identity that generates the right focus and energy for learning. (iv) Team-learning – collection of individual learning. (v) Systems Thinking – Scientific method of assessing the performance of organizations as a whole with data, and not assumptions. However, these concepts evolved from earlier works.

The history of the learning organization is traced to the 1920s, with researches into learning systems and organisms (Coulson–Thomas, 1996). According to Stuart (2001), in 1938 John Dewey published a book “Experience and Education”, where he gave publicity to the idea of “experiential learning” as a continuous loop of activity. In 1940s, Margaret Mead, Lawrence Kubie and Gregory Bateson publicized “system thinking in the Macy conferences before a group of intellectuals. According to Ashby (1956), the scientific process of observing carefully, reflecting, creating hypothesis, experimenting, reflecting deeply, matured act and yet reflecting deeper, coupled with systematic arrangement and followed by dissemination to other parties that are interested, created the foundation for the present "systems thinking". Also in 1940s, Kenneth Craik formed the concept “mental models”. Again in 1946, Kurt Lewin, the theory founder of National Training Laboratories, suggested the concept of “creative tension” between individual conviction and reality.

According to Garratt (1999), the study of Revans, Schumacher, and Bronowski, under the support of Sir, Geoffrey Vickers by the end of Second World War (1945), at the “Intelligence Unit” of the newly-nationalized National Coal Board of United kingdom, created an all round system that launched the "action learning" activity, which is the center of operation that drives learning organizations. Cangelosi and Dill in 1965 introduced the concept of “organizational learning” to the management stock of words. They examined critically the learning procedures of a team of seven and made clearer the “mechanisms of adaption and learning” inside a corporation. And Argyris’ concept of “double loop learning” contributed highly to the design of learning organization.

In 1982, Senge, Arie de Geus, O’Brien and Stata, and some others formed the learning organization study group. In 1989, a series of event occurred; Bill Isaacs presented the idea of dialogue as a channel for team building capacity to Senge, Charles Handy’s “the Age of Unreason” was published and the Center for Organizational Learning was established at MIT, headed by Senge. By 1980s and early 1990s, the terms “learning organization” and “organizational learning” were usually used interchangeably. Then, by 1990, Senge’s book, “The Fifth Discipline” was published. This book drew resources from various notions: “system dynamics” and “personal mastery” from Fritz’s study, the idea of “creative tension”, “mental models” from Wack’s and Argyris’s research, “shared vision” from the research performed at the consulting firm (Innovation Associates), and “team learning” from David Bohm’s notions.

All these researches, seminars, conferences, activities and publications all contributed in one way or the other to what we understand by learning organization today.

## **Empirical Assessment of the Concept and Proposition Development:**

In a case study carried out by Steiner (1998) of a Swedish firm (manufacturer of tools) that attempted to develop a learning organization, certain barriers to learning were discovered. These barriers were as a result of the differences between the individual's mental models and metaphors, and the management's mental models and metaphors. According to Steiner, there was difficulty in changing from the old Taylor-inspired organization to the new ideology. Based on the findings from extant literature, this study therefore came up with the following proposition;

**PROPOSITION 1:** Conservative model is negatively related to the practice of learning organization

Dobbs (2000) in his article, "Simple Moments of Learning" gave an account of an informal learning organization – Reflexite North America's New Britain, CT, plant. Reflexite rearranged its plant in such a way that the employees could see the product from start to finish, enabling them to know how the organization functions and the impact of their individual contributions on the financial performance of the organization. Workers were made to function in small teams and to informally cross-train one another in their assignments.

Mercy Corps organization is said to be committed to developing into a learning organization.

According to the record of 2008, since 2003, knowledge generation and sharing, team development, and information management, have been the three main areas of agency that they have greatly invested in, to enhance their staff program results and effectiveness. They embarked on certain initiatives that dramatically decreased malnutrition in Indonesia, 40 interns were placed in 30 field offices worldwide as a result of the university partnerships, developed e-learning courses, and made transfer and sharing of knowledge easier.

Jamali, Sidani and Zouein, (2009) carried out a survey of all the measurement instruments of the learning organization available to identify which one is to be considered the most appropriate tool for measuring how progressive two sectors of the Lebanese economy are towards being LO, after which Dimensions of the LO Questionnaire (DLOQ) was adopted. The sectors considered include: information technology (IT) and banking. The findings suggested that LO best practices were integrated in both sectors with the IT sector showing good progress and evolution towards learning organization.

In an empirical study carried out by Thakur and Chaudhuri (2015), which focused on determining the barriers to becoming a learning organization faced by Indian banks, they discovered that learning environment and employee empowerment were the most barriers encountered by these India banks. Thakur & Chaudhuri concluded that the dimension 'learning environment' which consists of help, experimentation, openness and time for reflection and employee empowerment needed to be attended to by the banks as soon as possible if they want to become LO.

Hussein, Omar, Noordin and Ishak (2016) in their study of 40 scholars in a Public Institution of Higher Education in Malaysia (PIHE), explored the level of the culture of learning organization and its

relationship with organizational innovativeness and organizational performance. From the findings, learning organization culture was found to be moderate among the firms. Furthermore, organizational innovativeness and organizational performance were observed to be moderate. Continuous learning, followed by team learning and collaboration were discovered to be strongly related to the performance of the organization.

An exploratory study was conducted by Ellinger, Yang and Ellinger (2000) to determine the relationship between financial performance of the organization and the dimensions of the learning organization. They used Watkins and Marsick's DLOQ instrument and the measures of secondary financial data and firm performance, which was taken from the Stern Stewart Performance 1000 financial databases and "COMPUSTAT" to conduct this assessment. According to them, their findings propose that learning organization may have positive relationship with the performance of the firm.

**PROPOSITION 2:** LO is positively related to firm performance

Dekouloua and Trivellasb (2015) investigated the Learning Organization pattern in relationship with job satisfaction and job performance. Their findings showed that an important predictor of both individual performance and employee job satisfaction is learning-oriented operation, and a mediator of the relationship between learning organization and job performance is job satisfaction.

Goh (2001) carried out a research to articulate a learning organization archetype and to suggest a structure plan for gaining deeper insight on the notion of a learning organization from the perspective of normativeness. The introductory conclusion was that LO generally have organizational structure that is highly formalized and not hierarchical, and are relatively organic and flexible. The findings revealed that private organizations do better on LO attributes, confirmed job satisfaction as one of the benefits of a LO and experimentation - most significant attribute of LO.

**PROPOSITION 3:** LO is positively related to job satisfaction

Jamali and Sidani (2008) study aimed at analysing the performance of some Lebanese firms through some of learning organization's core dimensions pointed out in the literature. The dimensions that seemed most salient and relevant in the context of the Lebanese were their main focus. This study led to the conclusion that different cultures receive different dimensions of learning organization and so measurement instruments peculiar to each culture should be used to derive the correct insight that will add value.

According to the research done by Kuşçua, Yenerb and Gürbüzc (2015) where the culture of a leading, global white goods producer, was investigated using exploratory case study method, the company was seen as portraying learning organization. The results were examined using the fifth discipline model by Senge and were grouped in line with espoused values and organizational cultural levels of artefacts by Schein, and it was discovered that the firm exhibits a number of learning organization characteristics.

**PROPOSITION 4:** Culture affects the application of learning organization in an organization.

## **11 Methodology**

The approach adopted archival research method. This method involved surfing the online education databases like EBSCO, ERIC and Science Direct, for relevant academic literature on learning organization. These databases were picked because they cover wide range of disciplines and different publishers support them, and they provide access to a variety of academic publications and academic journals. A few books, conference papers and websites were also consulted. The literature review was restricted to English publications.

The research used as early as 1956 publications because of the evolution part of the work and empirical works were between 1998 and 2015. Eleven empirical works on learning organization were mentioned and chronologically arranged from earliest work to the latest work. In all, thirty-seven documents were consulted, mostly journals. The number of documents was enough for the work, which includes the description, evolution, empirical assessment and a critique of learning organization.

## **12 Discussion**

The notion of learning Organization (LO) looks as a promising ideal for companies. As Villardi and Leitão (2008) quoting Leitao & Martins (1998) stated, LO has the potential to furnish transforming changes in organization to the point of re-conceptualizing a business organization. It is a concept that has awakened many organizations to the power of learning in building a competitive edge over their competitors and in adapting to change and their environment. Emphasis is laid on building the levels of learning capacity of individuals, teams and organization. However, writers and researchers have criticized the theory saying that it is still a “pre-concept” that still needs more theoretical foundation, (Villard and Leitão, 2008). They said it is fragile, being born of prescriptive-orientation, that is, it is being applied before a theoretical formalization is developed that concedes scientific status to the abstraction “an organization that learn to learn”. LO requires more work to be done on it before it can be generally accepted as an organizational theory for transformation of change.

According to Ulrich and Glinow (1993), its lack of scientific density has been replaced with many different definitions by and increasing prescriptive literature, yet without any agreement on any single definition. This lack of consensus points out that there is still ambiguity as to what a learning organization really is or is expected to be (Jamali, Sidani & Zouein, 2009). Villardi and Leitão (2008) argued that LO notion cannot be fully apprehended within the obtainable business and organizational theory framework given that it is only acceptable by adaptive learning and change. According to them, if implementers and researchers don't recognize this fact, and do not apprehend the change in concomitant cognition required for a learning organization to form, it will not occur.

In line with Smith (2008) perspective, the idea of learning organization has established itself as a durable but vague concept. According to him, it is a prescriptive initiative and could have lasted this long because of its ambiguity, which has somewhat caused managers, practitioners of all fields, researchers, editors, and students great opportunities to conclude on it what they desired. For instance, the expression of the concept of LO in some ways provides managers with the raw materials for

ideologies which have the potentials to constrain the actions of other workers and their meanings, in order to have the interests of the dominant coalition supported (Coopey, 1995). Furthermore, Learning which can be used by employees to ward off layoff or cutbacks, is also seen as a tool in the hands of management for firing workers, downsizing, invasion of privacy and restructuring (Fenwick, 1995)

The concept of learning organization has attracted so much literature on it yet it lacks the critical analysis of a theoretical framework, a lot is still missing on the link between individual and organizational learning, how the individual benefits, detailed scenario under which LO is achievable, the type of companies that should not bother with LO model and the consequence of imposing it on the unwilling, (Jacobs, 1995; West, 1994). However, even with the lack of enough flesh to cover the concept, Kuchinke (1995) assumes that the notion is being over-rated as a one-off solution for a wide range of organizational issues.

Concerning leadership and learning, Caldwell (2011), argues that the LO concept is critically defective, because organization practices lack the theories that enable “learning to lead and leading to learn” to be disseminated in organizations. And so, Senge’s under-theorized attention on distribution of leadership, tend to consistently neglect problems of practices and power, and the likelihood of political activity being seen in learning organizations, which may pose as a deterrent to the learning aims, (Coopey, 1995).

Senge associates system theory with a one sided view of the world and a specific political outlook. Barrett (2007), though agreeing with Senge’s view, argues that if “systems thinking” is really a scientific tool, it should not align with a specific political outlook. This is because having a specific worldview and political outlook will turn away those who do not share the same view from “systems thinking”.

Another criticism of learning organization is that researchers and sociologists in community and adult education, and also in the training and vocational education community, (for example in Germany), see the concept as having foundation in a prescriptive or normative business-school management notion that is rooted in economic principles of organizational effectiveness in American/Anglo-Saxon (Fischer, 2003). They also criticized the fact that modern management used psychological theories and sophisticated cultural concepts to greatly increase the gains for the company without paying much attention to ensure that employees get personal learning benefits too, (Nyhan, Cressey, Tomassini, Kelleher & Poell, 2003).

Finally, the lack of adequate empirical evidences of organizations implementing this learning organization concept is of a major issue with the critics. It is seen as merely a decontextualized theory that has been made popular as a formula for immediate success in management literature (Nyhan et al., 2003; Barrett, 2007). The theory of learning organization is seen as being in the development stage still, since no empirical research of longitudinal form is available to uphold the assertions that it improves the effectiveness of organizations over a period of time (Worrell, 1995).

### 13 Conclusion and Recommendation

Learning Organization is a concept aimed at addressing the learning culture of organizations through personal development of employees, team work, sharing of knowledge and vision, and systems thinking, with the goal of improving the organizational performance. The concept has been evolving over the decades but was made popular in 1990 by Peter Senge through his book “The Fifth Discipline”. It is a concept that enhances the use of learning for the sustenance of an organization’s competitive edge over its rivals. However, it is still struggling with its definition and the process of implementation. This has affected the interpretations given by researchers, authors and practitioners. Everyone is interpreting and implementing it as he or she deems fit. Some have established a measure of success with it while some have failed. Critics have seen it as a concept without strong theoretical foundation which has left so many questions unanswered. It is seen as a tool to avoid being laid-off by employees and at the same a tool for managers to fire, retrench or force employees to support the actions of the dominant party.

As such the following recommendations are stated:

- i. From the initial challenges from the mentorship program by Pillay and Pillay (2012), it is vital that employees in a business organization aspiring to be a learning organization should be adequately educated of the purpose and benefits of learning organization before commencement of the concept. This will enable them to be fully involved and not be skeptical of the whole process, and any doubts and fears for the jobs will be fully dissolved.
- ii. Also, the organization management and executives should be fully involved in the process to foster unity and acceptance of the notion. They should enact policies and procedures which encourage learning in the organization and enhance the learning environment.
- iii. Furthermore, the study recommends that innovative orientation should be employed thereby promoting continuous learning and conscious desire to change the way of thinking and relating among the employees.
- iv. Equally important is the need to identify clearly certain individual and organizational assumptions, which may hinder the reforms and changes desired by management.
- v. Again, it is vital that businesses, which are aspiring to become learning organizations, recognize that LO is not an end but an on-going process which demands time, energy, empowerment of employees and commitment by all.
- vi. In addition, human resource management strategies such as job rotation should be encouraged in order to facilitate learning among the employees.
- vii. Finally, in spite of the challenges and complexities associated with learning organization, it is still a worth-while venture which is to develop the participants and set the organization on the path of improved organizational performance if the process is well structured. Therefore, this study recommends that more empirical work be done to give more flesh to the concept and provide adequate empirical evidences of successful implementation of the learning

organization concept, which can serve as reference points. This should be done more especially in developing countries, bearing in mind the diversities of national cultures in places like in Africa, in order to validate the principles and claims of LO.

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# ROLE OF ENTREPRENEURSHIP COMPETENCIES IN ENHANCING THE PERFORMANCE OF AGRO-BASED SMEs

Ibidunni Ayodotun Stephen\*<sup>1</sup>, Olokundun Maxwell Ayodele<sup>2</sup>, Oke Adunola Oluremi (Ph.D)<sup>3</sup>, Nwaomonoh Ifeoma C.<sup>4</sup>

<sup>1234</sup>Department of Business Management, Covenant University, Ota, Ogun State,

<sup>1</sup>[ayodotun.ibidunni@covenantuniversity.edu.ng](mailto:ayodotun.ibidunni@covenantuniversity.edu.ng);

<sup>2</sup>[maxwell.olokundun@covenantuniversity.edu.ng](mailto:maxwell.olokundun@covenantuniversity.edu.ng); <sup>3</sup>[adunola.oke@covenantuniversity.edu.ng](mailto:adunola.oke@covenantuniversity.edu.ng);

<sup>4</sup>[ifeoma.nwaomonoh996@gmail.com](mailto:ifeoma.nwaomonoh996@gmail.com)

## **Abstract**

*Despite the role of entrepreneurial competencies in achieving higher levels of performance in entrepreneurial firms, research has revealed that the rate of failure of small and medium enterprises in developing countries, like Nigeria is quite high. Besides, there is still dearth of empirical literature, especially in developing nations like Nigeria, to show the role of entrepreneurial competencies in enhancing the performance of SMEs in strategic industries to their economy, such as agro-based firms. Therefore, this research is focused on examining the role of entrepreneurial competencies in enhancing the performance of agro-based SMEs. The study used 232 copies of questionnaires that were administered to agro-based business owners and managers in Lagos State as the data gathered instrument. Data analysis was carried out using regression analysis to show relationships between the variables. At different levels, the findings revealed that entrepreneurial competencies relates with the firms' profitability, customer base, organisational effectiveness, and sales growth. Therefore, the study recommended that entrepreneurial firms should consciously develop the ability of being sensitive to the environment and the ability to recognize opportunities in the market place.*

**Keywords:** Entrepreneurial competencies, entrepreneurial orientation, performance, SMEs, Nigeria

## **1. INTRODUCTION**

Entrepreneurial competency reflect the extent to which entrepreneurs engage personal skills, abilities and knowledge to achieve good management, growth and success of firms (Oyeku, Oduyoye, Asikhia, Kabuoh & Elmo, 2014). They include motives, traits, and special skills, general or particular knowledge that leads to the birth of an enterprise, its survival and growth (Dermol, 2010). According to Man, Lau and Chan (2002) and Aruni, Akira and Hironori (2014) there are six significant areas of entrepreneurial competencies, namely: strategic, commitment, organizing, relationship, conceptual, opportunity competencies. These dimensions of entrepreneurial orientation have been found to significantly influence entrepreneurial firms' performance through their ability to set business goals for the firm, clearly stating how the goals will be achieved, taking corrective measures and steps to achieve the goals (Solesvik, 2012). They also enhance the ability of the entrepreneur to reason or think from different perspectives when making decisions (Lans, Verstegen and Mulder, 2011), and to identify business opportunity that can be exploited in the environment.

Despite the role of entrepreneurial competencies in achieving higher levels of performance in entrepreneurial firms (Noor, Hasliza & Siti, 2010, Sanchez, 2011), research has revealed that the rate

of failure of small and medium enterprises in developing countries, like Nigeria is quite high (Okpara & Wynn, 2007). Besides, most existing researches on entrepreneurial competencies and firm's performance reside in developed countries (for example, Lans, Vertegen & Mulder, 2011). Thus, there is still dearth of empirical literature, especially in developing nations like Nigeria, to show the role of entrepreneurial competencies in enhancing the performance of SMEs in strategic industries to their economy, such as agro-based firms. Therefore, this research is focused on examining the role of entrepreneurial competencies in enhancing the performance of agro-based SMEs.

## **2. LITERATURE REVIEW**

Entrepreneurial competencies are referred to as person's traits such as motives, specific knowledge, capabilities that lead to the success of a firm (Solesvik, 2012). According to Iandoli, Landstrom and Raffa (2007) entrepreneurial competencies are the abilities of an entrepreneur to effectively deal with critical issues by applying situational and internal skills and resources for the overall value of the organisation. These competencies can be learnt as a result of formal education and some are inbuilt features as a result of experience (Brownell, 2006). The areas of entrepreneurial competencies reflect that it is an important concept for improving entrepreneurship performance (Aruni, Akira, Hironori; 2014).

Man, Lau and Chau (2002) identified six major areas of entrepreneurial competencies they are opportunity competencies, relationship competencies, conceptual competencies, organizing competencies, strategic competencies and commitment competencies. These entrepreneurial competencies play direct and indirect roles in affecting the performance of a firm (Aruni, Akira & Hironori, 2014; Thomas, Theresa, & Snape, 2008).

Strategic competencies involves the abilities of an entrepreneur to set, execute and evaluate the strategies of the firm. These competencies can be compared to strategic management. They are characteristics, skills and knowledge that an entrepreneur should have to enable the entrepreneur envisions where it is going and how it wants to get there. It is the abilities of the entrepreneur to come up with long term goals for the business. According to Solesvik (2012) Entrepreneurs who lacked strategic competencies are individuals who perceive their environment as being too complex therefore they could not accurately predict the possible future outcome of their business.

Conceptual competencies enables the entrepreneur to think beyond the norm and creatively generate new ideas. Man et al (2002) suggested that risk taking, innovativeness and decision making skills are part of conceptual competencies. Decisions are needed to be made by the entrepreneur in their firms, when decision made involves unstructured problem then new ideas to solve this problem must be generated (Solesvik, 2012). Conceptual competencies are required by the entrepreneur to survive in a

dynamic environment by being proactive, creative and innovative in his activities. Conceptual competencies involve separating facts from opinions and trying to see things from the big picture.

Opportunity can be simply defined as not a completely formed market need, a technology, a product or service or an invention which has no defined market yet (Ardichvili, Cardozob and Ray, 2003). It is the ability of an entrepreneur to be able to see opportunities in the business environment. An entrepreneur that has opportunity competencies is characterized by the abilities to sense opportunities in the market and take advantage of the opportunity. It is the ability for an entrepreneur to sense a need and develop value adding product to satisfy the need.

Organizing competencies are associated with managerial competence, human resource management competence and financial management competence (Murray, 1996; Brownell, 2006, Brinckmann et al 2011). Organizing competencies is closely related to the management aspect of the organisation. This is very important because entrepreneurs most times are required to perform various tasks in the functional areas of their firm. It involves monitoring and ensuring that activities are carried out properly in the organisation.

Relationship competencies enable the entrepreneur to network with other people so as to get valuable information that will help the entrepreneur in sourcing for resources like raw materials and to venture into other activities. It also enables the entrepreneur to connect with other people into similar activities so as to share knowledge and ideas about ways things can be better done. Building a relationship of trust with customers and suppliers enables the entrepreneur to get suggestions from them on how to carry out their business operation in a better way and it enables the entrepreneur to get credit facilities from suppliers (Solesvik, 2012).

Commitment competencies involves abilities to drive business and be devoted to achieving the goals of the business and be devoted to achieving the goals of the business (Solesvik, 2012). Commitment competencies include drive, will, duty, responsibility and perseverance Baum and Locke (2004), Lans et al (2011), Markman and Baron (2003). Commitment competencies are the abilities that enable an entrepreneur to move ahead even after failing and making mistakes.

## **2.1 Relationship Between Entrepreneurial Competencies and Firm Performance**

Prior Literature has shown that entrepreneurial competencies have significant effect on firm's performance (Man et al; 2002). The capability for the entrepreneur to recognize opportunities in the business environment enables the entrepreneur to venture into activities that enables the firm to have competitive advantage (Noor, Hasliza and Siti; 2010, Solesvik; 2012). Entrepreneurial competencies affect the firm performance and also affect the competitiveness of the firm.

The ability for the entrepreneur to build a relationship of trust with their customer and suppliers and the ability to successfully partner or network with suppliers and other people encourages flexibility in production and other business activities. The ability to think quickly of solutions to problems encourages creativity and taking of calculated risk (Solesvik, 2012). The ability to coordinate and organize activities in the firm ensures smooth running of activities within the firm. The ability to set goals, execute plans and evaluate actions enables the entrepreneur to use his resources to achieve competitive advantage.

### **3. METHODOLOGY**

The research design that was used in this research is survey research. In survey research the opinions of people will be collected by use of questionnaires. The opinion of agro-based SMEs' owners and managers was collected so as to answer the questions of this research hypothesis. The population of this study is the agro-based firms that operate in Lagos and the estimated population of the registered agro based firms in Lagos is 1500 firms (Ibidunni and Falola; 2013). Hair, Black, Babin and Anderson,(2010) argued that a sample size of between 100 and 200 is considered appropriate given a research involving a fairly large population. Thus a sample size of 232 was used for this project. Based on internal consistency, a Cronbach alpha value of 0.803 was arrived at to ascertain the reliability of the reliability of the items in the research questionnaire. The regression analysis was used to test the research hypotheses.

### **4. ANALYSIS AND RESULTS**

The respondents that made up the study consist of both the male and female gender, however, the sample is made up of more males 180(77.6%) than female 52(22.4%) respondents. In terms of the age of respondents, 44(19.0%) of the respondents were between 21-30 of age, 97(41.8%) of the respondents were between the age of 31-40 and 91(39.2%) of the respondents are 41 and above. All respondents included in the sample were Nigerians. With respect to the educational qualification of the respondents, 18(7.8%) of the respondents have WASSCE/ O LEVEL, 38(16.4%) of the respondents have NCE/ OND, 139(59.9%) of the respondents have HND/ B.SC, 27(11.6%) of the respondents have a POST GRADUATE/ MBA and 10(4.3%) fall under the category of others. According to the samples 49(21.1%) of the firms have been in operation for less than 5 years, 76(32.8%) of the firms have been in operation for 6-10 years, 59(25.4%) of the firms have been in operation for 11-15 years and 48(20.7%) of the firm have been in operation for 16 years and above. More so, 219(94.4%) firms have below 100 staff, 11(4.7%) firms have between 100-199 staff, 2(0.9%) firms have 200-299 staff and no firm had 300-399 staff. This shows that most firms in the agro-based business are small and medium enterprises. With respect to position occupied in the firm, 67(28.9%) of the respondents occupy the position of Chairman/ M.D, 74(31.9%) of the respondents occupy the position of senior manager in their firm, 18(7.8%) of the respondents occupy the position

of CEO/ Deputy M.D in their firm, 73(31.5%) of the respondents are managers in their firm. According to the sample, 51(22.0%) of the firms business operations are fishery, 34(14.7%) of the firms business operation are farming, 58(25.0%) of the firms business operation are poultry, 69(29.7%) of the firms are involved in sales of agro allied products and 20(8.6%) of the firms fall under the category of others.

**Table 1: Regression Results of Entrepreneurial Competencies and Firm Performance**

| Independent Variable | Dependent Variable           | R     | R <sup>2</sup> | β     | F-value                        | Sig.    |
|----------------------|------------------------------|-------|----------------|-------|--------------------------------|---------|
| Opportunity          | Profitability                | 0.235 | 0.055          | .256  | F(4,227) = 3.305; sig. = 0.012 | .001*** |
| Conceptual           |                              |       |                | -.075 |                                | .366    |
| Strategic            |                              |       |                | .006  |                                | .944    |
| Commitment           |                              |       |                | .048  |                                | .487    |
| Opportunity          | Customer Base                | 0.109 | 0.012          | -.002 | F(4,227) = 0.686; sig. = 0.602 | .977    |
| Conceptual           |                              |       |                | .052  |                                | .545    |
| Strategic            |                              |       |                | .075  |                                | .361    |
| Commitment           |                              |       |                | -.001 |                                | .985    |
| Opportunity          | Sales Growth                 | 0.214 | 0.046          | .170  | F(4,227) = 2.717; sig. = 0.031 | .023*   |
| Conceptual           |                              |       |                | .061  |                                | .468    |
| Strategic            |                              |       |                | -.122 |                                | .130    |
| Commitment           |                              |       |                | -.056 |                                | .421    |
| Opportunity          | Organisational Effectiveness | 0.375 | 0.141          | .005  | F(4,227) = 9.283; sig. = 0.000 | .945    |
| Conceptual           |                              |       |                | .219  |                                | .006**  |
| Strategic            |                              |       |                | .153  |                                | .046*   |
| Commitment           |                              |       |                | -.252 |                                | .000*** |

Source: Ibidunni et al (2017)

\*\*\*p ≤ 0.001, \*\*p ≤ 0.01, \*p ≤ 0.05

Table 1 shows the regression results of four entrepreneurial competencies on performance variables. The first level of relationship reflects the effect of entrepreneurial competencies on firms' profitability. Only opportunity competency is statistically significant to profitability ( $r^2 = 0.055$ ,  $\beta = 0.256$ , sig. = 0.001). The second set of relationships shows that entrepreneurial competencies have no statistically significant role on the firms' customer base. At the third level, the sales growth of the firms is statistically influenced by opportunity competency ( $r^2 = 0.046$ ,  $\beta = 0.170$ , sig. = 0.023). At the fourth level, three dimensions of entrepreneurial competencies have significant effects on organisational effectiveness. These are: conceptual competency ( $\beta = 0.219$ , sig. = 0.006); strategic competency ( $\beta = 0.153$ , sig. = 0.046); and commitment competency ( $\beta = -0.252$ , sig. = 0.000). Together, these three entrepreneurial competencies account for 14.1 percent ( $r^2 = 0.141$ ) of the effect of entrepreneurial competencies on organisational effectiveness.

## 5. DISCUSSION

Findings from this study proved that entrepreneurial competencies, especially the opportunity competency, enhance profitability. Firms with competitive advantage are firms that are more profitable in that particular industry. Other researchers such as (Solesvik, 2012; Chandler and Hanks, 1994; Murray, 1996) found out that opportunity competencies essentially lead to competitive

advantage of firms which also leads to the profitability of firms. The findings of this study shows consistency with the finding of previous researchers because opportunity or a need identified in the business environment irrespective of the location or culture provides the entrepreneur the chance to increase the firm's profit margin.

In addition, this study showed that entrepreneurial competencies does not influence customer base of firm. Since the customer base of the firm are made up of people that patronize the firm regularly, it might be significant for owners and managers to think of relationship based competencies and competencies that enhance their access to information about the customers (Robles & Zárrega-Rodríguez, 2015). More so, opportunity competency was shown to influence sales growth. This indicates that that ability of the entrepreneurs to access new opportunity and gaps in their existing market can be a leverage for enhancing their sales volume, for example through the creation of new products (Ibidunni & Falola, 2014).

Findings from this study show that entrepreneurial competencies impact organisational effectiveness particularly the conceptual, strategic and opportunity competencies. The findings of this research are consistent with the findings of (Abolaji & Ibidunni, 2015; Solesvik, 2012). Conceptual competencies impact on the effectiveness of the firm because decision making skills are important for managing a venture and decision making skills make up the conceptual competencies. Commitment competencies also influence organisational effectiveness by enabling the entrepreneur to be committed or to be driven by the vision of achieving the goals and objectives of the firm. While, strategic competencies enhance organisational effectiveness by enabling the entrepreneur to come up with long-term goals and objective that makes up the reasons why the firm is in existence.

## **6. CONCLUSION AND RECOMMENDATION**

The study examined the role of entrepreneurial competencies in enhancing the performance of agro-based SMEs in Nigeria. Generally the statistical relationship between entrepreneurial competencies and performance was weak, except with organisational effectiveness. The recommendations of this research therefore include that entrepreneurial firms should consciously develop the ability of being sensitive to the environment and the ability to recognize opportunities in the market place. Also, entrepreneurial firms should not just rely on being reactive to the business environment by waiting for new trends to force them away from the normal way of carrying out their activities but they should also be proactive in the business environment by being an agent of change. In achieving effective organisations, the owners and managers of agro-based SMEs should be strategic, critical thinkers and be committed to their firms' strategic directions and stakeholders' satisfaction.

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# TECHNOLOGICAL ENTREPRENEURSHIP DEVELOPMENT: A Review of Literature

Worlu Rowland<sup>1</sup>, \*Mugri Ruth<sup>2</sup>, Akpakip Christiana Ekot<sup>3</sup>, Akintola Adebisi Ayodeji<sup>4</sup>,  
Amuta Ochanya Grace<sup>5</sup>

<sup>1,2,3,4,5</sup> Covenant University (Nigeria)

[rowland.worlu@covenantuniversity.edu.ng](mailto:rowland.worlu@covenantuniversity.edu.ng)<sup>1</sup>, [ruthybless3@gmail.com](mailto:ruthybless3@gmail.com)<sup>2</sup>,  
[christianaakpakip@gmail.com](mailto:christianaakpakip@gmail.com)<sup>3</sup>, [avogreatc@gmail.com](mailto:avogreatc@gmail.com)<sup>4</sup>, [ochanyamuta@gmail.com](mailto:ochanyamuta@gmail.com)<sup>5</sup>

## **Abstract**

*This paper focuses on Technological Entrepreneurship Development. It validates the importance of technological entrepreneurship development and examines the factors that influence the development of technological entrepreneurship. Change is accelerating and businesses are becoming more competitive. This has caused entrepreneurs to adopt new and creative ways of performing their functions. Technological tools like; machineries, advanced financial transaction technologies and other tools have led to the development of entrepreneurs. Entrepreneurs ought to be sensitive to new ideas, inventions and necessary creative actions to maximize, in order to stay competitive and enjoy sustainable growth. Organizations that are able to stand the test of time and move with the tides are those who are willing and ready to embrace innovation, technology and adapt to environmental changes. The paper reviewed relevant articles on technological entrepreneurship and discovered that entrepreneurship develops with the use of technological tools. In addition, it showcases the need for entrepreneurs to possess relevant competencies to generate wealth and grow in their business ventures. Considering the importance of technological entrepreneurship to modern business, the study recommends the need for entrepreneurs to equip themselves with relevant skills, abilities and gain knowledge of their business, while not neglecting advancement in technology.*

**Keywords:** Technology, Entrepreneurship, Development, Knowledge

## **14 INTRODUCTION**

Abhayankar (2014) considered entrepreneurship to be a process of systematic innovation which becomes consistent to get relevant changes to achieve a goal. And an entrepreneur is a person who assembles these changes to achieve the desired result, through the process of entrepreneurship.

Goutam and Sarkar (2015) revealed that technology entrepreneurship is a main ingredient which facilitates prosperity in individuals, industries, communities, nations and the world. It is therefore a vital aspect beyond satisfying the intellectual curiosity of an entrepreneur. Through its functions, a nation is transformed. Entrepreneurs cannot be successful in their business ventures without the use of technology. This is because the process of entrepreneurship involves the use of technology at every step. It could be in terms of idea selection, assembling of resources and even in the production process. Therefore, technology cannot be eliminated when talking about entrepreneurship.

Siyabola, Aderemi & Abiodun (2011), pointed out that the concept of technological entrepreneurship has gained more and more attention among policy makers, scholars, researchers and even firms. And this is because it has the capacity of creating and generating sustainable jobs and wealth in a country. It is equally realized that, though this concept has gained wide attention around the world, developing countries like Nigeria still focus most of its entrepreneurial activities in non-technological priorities. This mostly stems from the fact that most of these technologies are imported and costly to maintain over time.

Motihar (2012) posits that entrepreneurial development involves all activities and steps which aid management and growth of an organization. It is the wish of every entrepreneur to be successful in their business. However, finding the formula for success is a challenge. Research has shown that, the personal and professional features of an entrepreneur greatly affect the successful achievement of his/her business idea. In addition, research has also shown the impact of the influence of internal and external environmental factors and the necessary resources to make the business idea a reality.

### **Objectives of the Study**

The objectives of this study are divided into general and specific objectives. Thus, the general objective of this study is to identify key entrepreneurial competencies that influence technological entrepreneurship development.

The specific objectives are;

1. To validate the importance of technological entrepreneurship development.
2. To identify key entrepreneurship competencies that affect technological entrepreneurship development.

## **15 LITERATURE REVIEW**

This section gives an opportunity to reflect on the validity of technological entrepreneurship and the entrepreneurship competence relevant for entrepreneurial development. This review explores relevant literature on frameworks, definitions, components and other elements on technological entrepreneurship and entrepreneurship competence.

### **Technological Entrepreneurship**

According to Aderemi et al., (2011), technological entrepreneurship can be described as a form of leadership style, that involves identifying technology-intensive opportunities, efficient gathering of resources, such as capital and talents, adapting to rapid growth and changes, while taking significant risk through principled decision making.

Ferreira, Ferreira, Fernandes, Jalali, Raposo & Marques (2016), viewed technological entrepreneurship as a process of initiating production, engineering and the commercialization of

innovative processes and products. Increasing growth and productivity becomes evident, when entrepreneurs are rapidly adapting to the changes in technology and other innovations. Entrepreneurs can therefore increase their frequency and pace in technology, by setting up firms. Thus, to be a successful entrepreneur, entrepreneurship must be combined with technology-based innovation.

Technological entrepreneurship consists of some features such as;

**High Impending Opportunity:**

Giones (2013), posits that technological entrepreneurship has the ability to create high potential opportunity, once it can offer new value to customers. This is the ability to forecast what the market needs at a particular point in time and also be able to provide those needs. It involves high level of risk but once the risk is taken, there is barrier to entry for other entrepreneurs which enable it to withstand competition. This translates to high level of return. Hence, entrepreneurs must have a significant level of understanding of the prevailing technology.

**Unique Technological Knowledge:**

Nambisan (2016) realized that, highly successful technological entrepreneurs are those who are able to identify business opportunities through creative thinking, identifying potential markets, gaining vast knowledge about their customers and how to meet their needs through the application of distinctive technological advances, thereby staying competitive. This therefore looks at the combination of technological product knowledge and consumer know-how.

According to Frederiksen & Brem (2017) technological entrepreneurship contributes greatly to a nation, in terms of job creation, economic and social development. These bring about economic advancement, as independent entrepreneurs and even corporations are able to create new firms to enhance technological discoveries. These new firms in turn create jobs for the indigenes, while creating wealth for the firm owners, leading to the well being of the communities concerned.

Giones & Brem (2017) jointly agreed that, technological entrepreneurship forms the platform through which the diffusion of technological innovation in an economy become successful. And this goes further to enhance the quality of life of the citizens.

**Importance of Technology to Entrepreneurship Development**

We are in an era where information is King, and it takes a professional to know how to leverage technology to his advantage. Such a person must have an open and inquisitive bias towards technology in order to achieve his objectives.

According to Goutam and Sarkar (2015), technology facilitates entrepreneurship development in the following ways;

- i. Eliminates wastages.
- ii. Makes production and service provisions easier.
- iii. Increases efficiency and mobility.
- iv. Makes entrepreneurial training, education and awareness easy.
- v. Improves communication.
- vi. Aids in security and protection.

These are made possible through the use tools and techniques such as; internet, video conferencing, smart phones, email, social media, laptops, computers, GPS locators, just to name a few.

### **Entrepreneurial Competence**

Komarkova, Gagliardi, Conrads & Collado (2015) agreed that numerous researches have been carried to identify, explore and understand entrepreneurial skill -set, necessary for business growth and success. Komarkova et al, (2015) realized that, for any entrepreneur to be success and have a sustainable and productive business, they require certain vital skills, knowledge and attitudes. They tried to classify these competencies into four, which is examined below;

**1. Cognitive Competence;** this represents the knowledge-base of an entrepreneur. This is the ability for an entrepreneur to get knowledge about self, the environment and its elements, current and desired state of the business.

**2. Functional Competence;** this mainly focuses on the ability to make decisions, implement change, relationship with others (interpersonal skills) and capacity to improvise on the spot. Entrepreneurs are to be equipped with such competences to stay competitive.

**3. Personal Competences;** This refers to the endowments of an individual. It speaks of unique characteristics that enable an individual to produce superior performance. This also includes curiosity to explore new ideas and actions and the focus on helping others.

**4. Meta-Competencies;** these are soft skills an individual possesses, which gives rise to high level performance. They include; creativity, tolerance, flexibility and even problem solving skills.

These competencies are very vital for every entrepreneur to be successful and to enhance a business. These competencies ensure development in every entrepreneurial activity and lead to both national and international development.

Orhei (2011) cited in Komarkova, et al. 2015) equally agree to these competencies and suggest that these competencies can lead to success for all entrepreneurs, including intrapreneurs and social entrepreneurs. Thus, these competencies cut across all types of entrepreneurs.

Rasmussen & Nybye (2013) suggests that entrepreneurship competencies are grouped into four categories. They believe that every successful entrepreneur must align with these components;

Outward orientation, attitude, action and creativity. And these components enable the spotting of opportunities and development, both locally as well as globally.

In addition, a comprehensive framework for entrepreneur competence was developed by Mitchelmore & Rowley (2010:2013; cited in Komarkova et al. 2015) after collecting information from sources like; personal background, management skills, socio-economic factors, personal profiles and qualities to serve as evidence to this framework. This framework is summarized in the model below;

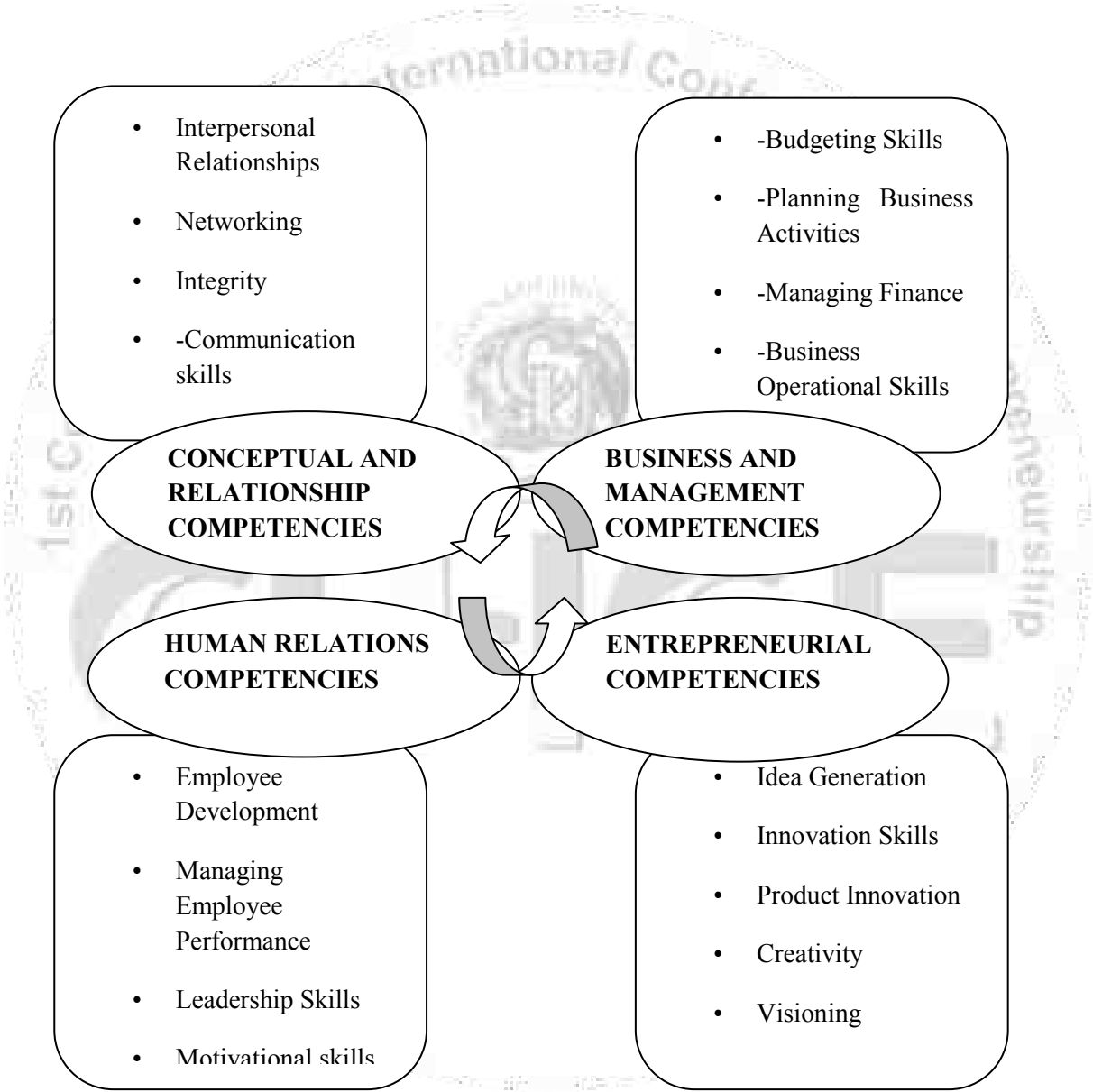


Fig 1: Framework for Entrepreneurship Competencies

Source: Adapted from Komarkova et al (2015).

**METHODOLOGY**

The method adopted for this study was based majorly on surfing the online education databases like EBSCO, ERIC and Science Direct, for relevant academic literature on technological entrepreneurship. These databases were selected because they cover a wide variety of disciplines, while equally providing access to a wide range of academic publications and academic journals. Different publishers support them. This study made use of important keywords like; Technology, Entrepreneurship, Competence and Development. Information from the internet and other websites contributed to this study, books and conference papers inclusive.

## **DISCUSSION OF FINDINGS**

Previous researches have shown that technological entrepreneurship is relevant in today's business world and will create enormous development and generate wealth for a nation. Several researches have been carried out, expanding and giving more details on this concept, few of which have been used in this work. The findings of this study are presented below in line with the objectives of the study;

### **1. To validate the importance of technological entrepreneurship development.**

Technology is the brain behind entrepreneurship development. This means that no entrepreneurial activity or process can be completed without the introduction of technology. Through technology entrepreneurial activities are enhanced, nations develop and the well being of citizens is improved (Goutam & Sarkar, 2015).

Furthermore, technology will not successfully achieve its objectives, if the needs of the environment, customers and other stakeholders are not catered for. Thus technological entrepreneurial activities, must align with both technological know-how and customer knowledge. This has given rise to giant and successful entrepreneurs all over the world, through the use of diverse technologies in performing their activities (Nambisan, 2016).

### **2. To identify key entrepreneurship competencies that affect technological entrepreneurship development.**

For entrepreneurs to experience continuous development in their business ventures, there is need for continuous skill and knowledge enhancement. Entrepreneurs are required to possess certain competencies keep them from going extinct. It is also realized that, these competencies keep changing to match or fit into changing systems and environments. This brings us to the point where, the failure of some entrepreneurs come as a result of possessing and implementing outdated skills and knowledge, which keeps them away from growth. As the world is advancing, knowledge is improved. Thus searching for new ideas and information will keep entrepreneurs above their rivals and make them able to compete in the market (Manjunath & Nagesh, 2013).

## RECOMMENDATION

The following recommendations are made based on the findings of the study

- i. Entrepreneurs must be able to fully appreciate and embrace the use of technological tools in carrying out their business operations. They should also ensure that the technologies applied align with meeting the demands and needs of their customers.
- ii. Technological entrepreneurship development can only be enhanced, when entrepreneurs are constantly improving their knowledge-base, skills and abilities relevant in changing their environment and generating wealth. Entrepreneurs should therefore invest in getting new knowledge, ideas and technological tools, so as to improve their operations.

## CONCLUSION

Technological entrepreneurship development can only be achieved, when technological progress and entrepreneurship competence are put to economic use by entrepreneurs. This is because an entrepreneur is someone who is able to effectively and efficiently combine the various factors of production for economic purposes and to achieve desired objectives. Entrepreneurs are agents of development and this development comes through the combination of technological tools and entrepreneurship competencies.

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# PRODUCT LIFE CYCLE THEORY AND ITS APPLICATION IN BUSINESS RESEARCH: A SYSTEMATIC REVIEW APPROACH

Godwin K. Achinivu <sup>1\*</sup>, Olaleke, Ogunnaike (PhD)<sup>2</sup>, Jennifer T. Subi <sup>3</sup>, Ayinla O. Kehinde <sup>4</sup>  
Ifunanya Anoruo <sup>5</sup>

<sup>1</sup>[gachinivu@gmail.com](mailto:gachinivu@gmail.com)\*, <sup>2</sup>[olaleke.ogunnaike@covenantuniversity.edu.ng](mailto:olaleke.ogunnaike@covenantuniversity.edu.ng),  
<sup>3</sup>[Jennifer.subi@covenantuniversity.edu.ng](mailto:Jennifer.subi@covenantuniversity.edu.ng), <sup>4</sup>[kehinde.ayinla@stu.cu.edu.ng](mailto:kehinde.ayinla@stu.cu.edu.ng),  
<sup>5</sup>[ifunanya.anoruo@covenantuniversity.edu.ng](mailto:ifunanya.anoruo@covenantuniversity.edu.ng) (Nigeria)

<sup>12345</sup>College of business and social sciences, Covenant University, PMB 1023, Ota Ogun state, Nigeria.

## Abstract

Upon presentation of the idea of the product life cycle (PLC) a few decades back, an awesome arrangement has been composed on the subject and a few experimental studies have been led. Be that as it may, observational research to date is regularly restricted in extension. It has been found being applied in several areas as international trade, economics, also used as a model for marketing strategy. It is arranged towards the investigation of the development and immersion stages and concentrated basically on the investigation of consumer products. Subsequent to the use of the PLC concept, inquiries about the model has risen to an extension and has become a central point. The purpose of the present research is to survey various articles in a chronological order, identifying with the product life cycle and how they have been connected in different fields ranging from marketing to economics, and most especially business, etc. The paper also looks to determine various tests and investigation carried out in the articles being reviewed, their results and findings and further critiques.

*Key words: Product Life Cycle (PLC); Business Research; International Trade; Marketing Strategy*

**JEL Classification: M1, M2, M3.**

## 1. INTRODUCTION

The concept has a persisting interest due to the natural rationale of the product prologue to the market – the growth - maturity - decline grouping in light of a natural similarity. All things considered, it has impressive illustrative esteem when utilized as an efficient system for clarifying business sector progression. The model demonstrates a relationship between the offers of a product, and time. The period under thought is the presentation of the product into the market down to the decrease of its deal. There is tremendous ambivalence towards the PLC theory. Be that as it may, its effortlessness makes it powerless against feedback, particularly if utilized as a predictive model used when suspecting changes purported to happen and each phase succeeds the other.

Kotler (1965); it is “an attempt to recognize distinct stages in sales history of the product.” Cox (1967) mentioned that the Product Life Cycle is an urgent calculate both product orchestrating and control. Besides, others prescribed the Product life cycle idea as a pertinent instrument for managerial investigation (Forrster, 1961). Muller (2011) emphasized that the life cycle of a product category in the market determines many aspects of the architecting approach, which includes four (4) phases: infancy, adolescence, mature and aging. Lilien, Rangaswamy, and DeBruyn (2007) also laid emphasis on the life cycle concept and stated that it emerged out of many sources. From the biological state, life

systems are born, grow, mature, and die. Many human inventions experience a beginning, a peak, and a decline or death. For products, the length of the life cycle varies from one to another.

Nevertheless, the PLC thought is an advantageous contraption that has any kind of effect in an organization and comprehends and deal with its products life in the market, it keeps them on track knowing when it's a great opportunity in the market to introduce and pull back its product, its position contrasted with contenders, and the prosperity of the product or disappointment.

Several authors have given their insights and critiques to this special theory and drawn up conclusions on its dependability, Moreover, this article offers help to the hypothesis which speaks to the result of innumerable powers for change present in the pertinent product market, every constrain acting in accordance to encourage the rate of product sales development or decline. This paper on PLC theory will likewise guide in its application in business research.

This paper aimed at reviewing various literatures pertaining to the Product Life Cycle (PLC) theory, examining several areas in which this theory has been applied, its implication, and various results that has been realized upon its application.

## **LITERATURE REVIEW**

### *Concept of the Product Life Cycle*

The concept is driven around belief that a product is (created) born, develops, matures and then declines, just as much as we humans. Therefore, once a product has been created and grows, it goes through phases ranging from when it is first put into the market till it is no more. Products life cycle varies amongst themselves, ranging from few weeks or short season to several decades Stanton (1981).

Kolter (1981) emphasized that the life cycle of a product asserts four things:

- i. The time is limited
- ii. Its sales passes through different stages of which each pose discrete challenge to the seller.
- iii. The profit increases as well reduces at different stages of the life cycle.
- iv. The Product requires various marketing, financing, strategies, etc. in different stages.

The product life cycle is therefore a means of recognizing dissimilar stages existing in the sales of a product. It is argued that the number of phases in the product life cycle literature varies between four and six. This research work adopted the four-phase cycle.

Stanton (1981) reveals that the duration of each stage of a products life cycle may be different among products. The author claims that some products may take years to pass through the introduction stage, while others can be accepted in just weeks. He also stated that, all products go through all the phases and the decline stage is inevitable because.

1. The need for product disappears.
2. The surface of a better or cheaper product that gives the same satisfaction
3. Increased competition.

Jagdish and Dennis (1982) states that the theoretical foundation of the PLC concept stems from the diffusion and adoption of Innovation theory. Meaning, there are low unit sales in the introduction phase because there are few customers aware of the product. With them recognizing and accepting it, the sales increases. This shows indicators of the start of the growing stage. However, the growth rate in sales will reduce as competition increases. Sales will further reach its peak when the product is in the maturity stage. Finally, sales will decline fast and possible removal from the market is eminent when it reaches the decline stage.

#### *The Evolution of the Product Life Cycle Theory*

Raymond Vernon and his associates were the developers of the PLC theory, especially Wells. The process of advancement began in 1966 in light of the disappointment of the Heckscher-Ohlin model on the factor proportion theory, and from that point forward has turned into the main clarifications to international trade pattern in the market.

Raymond Vernon who was an economist American. Vernon was born in New York. He got his BA from the College of the City of New York in 1933 and a PhD in economics from Columbia University in 1941. He was an individual from the gathering that built up the Marshall Plan and later assumed a part in the advancement of the International Monetary Fund and the General Agreement on Tariffs and Trade. He was the Clarence Dillon Professor of International Affairs at the Kennedy School of Government at Harvard University, getting to be distinctly emeritus on his retirement. He made an impact in Harvard in the study of genuine cases in business activities. It drove specifically to the school analysts which study the World's Largest Enterprises. Since he had additionally acted as a political researcher, He concentrated his exploration on the relation between firms and governments: he indicated the pattern for that relationship to wind up distinctly generally less essential and that between firms and their customers all along these lines, as business turned out to be more foreign in the post-world war. His work was additionally a reason for the development toward privatization in the 80s. He was alluded to as "**the father of globalization**" after he passed on.

He defined the Product life-cycle of the exports of the United States, initially which was published, the article being "International Investment and International Trade in the Product Cycle" in 1966, indicated how ventures by US firms develop to offshore production, which took after as a reaction for buyer request, or slack ranging from product advancement and capacity in earning rationally fulfill request thus impacted the conduct of companies. Early in a product's life-cycle, he proposed that every work connected with that product originate from the area where it was made. When the product becomes distinctly held onto and used as part of the world markets, production steadily shifts from the point of origin. A decent illustration would be a vehicle. Vernon's investigation in any case remained constant, specifically his distinguishing proof of three objectives for achievement in global business which are innovation, responsiveness to differing local markets, and cost.

Vernon's Theory is developed in stages which gives quintessential description about the processes a product goes through in the market;

### *Introductory Phase*

This phase happens when new products are first made accessible for general buy in the commercial center. It is set apart by a moderate ascent in sales for the most part since its market has not yet acknowledged that product. There is a solid bond with how good new products are, how simple clients find it in acknowledging it, the velocity which it's been moved up on, Baker (1999). In this stage, there is always a record of slow progress. In this phase, it is described by high assembling and advertising costs and deplete in money (Osugwu and Eniola, 1997). Benefits are small on account of the small sales and overwhelming conveyance and advancement costs. In this, rivalry varies. Price have a tendency to increase. Organizations guide sales endeavors to people ready to purchase. Management needs to guarantee sufficient inventories of products made obtainable, and should rapidly defeat inceptive innovative weaknesses. Numerous new items are stillborn or experience the ill effects of fundamental distortions, which seriously restrain their odds of survival. As Baker (1992. p.10 1) puts-it "Infant Mortality", is far greater than it should be." The achievement and disappointment of new products relies upon various technical components, for example, quality, execution, infrastructures, apparatus, prowess and innovation; and the planned purchaser's reaction toward it. To improve the probability of survival, businesses have to indulge more focus in considering on the reaction of prospective clients and focus endeavors on the best open-mindedness to development. It demands utilization of identical procedure underscoring the cost and advancement factors to empower enthusiasm and sell products early (Baker, 1992).

### *Growth Phase*

This phase is set apart by significant ascent in sales as buyers acknowledge and request the products on the off chance that it fulfills the market. As individuals make use of products, they talk about it and make it more known to those not using it and diminish probable risk found prior to advancement. Contenders will penetrate the marketplace because of the opportunity found in large scale production and the positive implications. These contenders will come with the strategy of new products which are beneficial to the customer needs and it will help them to broaden their market target. Their expansion will furthermore prompt an increase in quantity of dissemination locations. In this phase, firms look to increase their share in the market as stipulated in the BCG matrix on market attractiveness. (Adeleye, 1998) and support development of sales. In this phase, firm's need to specifically construct products that meet customer's needs to compete with substitutes. This phase looks to produce an increase in competition, and the firm, in this stage, can land themselves prevailing spot through sacrifices made in improving their products, promotional strategies and better distribution techniques.

### *Maturity Phase*

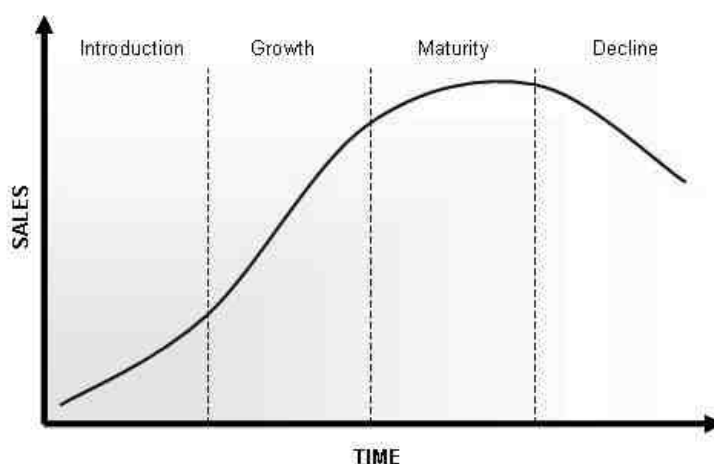
In this phase, there is recognition in the market and it has developed also. The quantity of contenders has balanced out and the market turns out to be exceedingly sectioned. The fundamental modes of dissemination get to be distinctly settled and special refinements must be intended for every section. Baker (1992) trusts that this phase is generally the prolonged period of the life cycle. Rivalry in the

product market puts more concentration in the firm's stage of market share which it has been able to attract. In this manner, basic promotion exercises should always be monitored to keep up with the distribution to consumers, ease of access by customers; and loyalty to customers and that can lead to them buying more. There are certain limits in markets at this phase and sales will equally have such limits as markets gets to be unmistakably drenched. Baker (1999) "taking after the introductory phase, the excited focused battle upon request, firms unwind, get to be distinctly smug mostly when being the built-up pioneers for developed and gainful markets. Despite facts that firms could attempt their possible best in order for delay to take place in this phase, they still cannot avoid a decline, which is the next phase.

*Decline phase*

In this phase, there is a noticeable and continuous fall in product sales and reduction in profit, of which such could prove to be irreversible. In this phase, a decline could be cause by advanced technology, industrialization, innovation, globalization, consumer perception toward products, product substitute, differentiation, change in tastes, etc. Persuading customers can be done easily without anyone else's input intrigue as opposed to dependability in this phase. The eagerness to switch constancy when substitutes surfaces. A few firms pull back from the market as deals and benefits decay and put their assets in more gainful zones. Firms remaining may decrease the amount of offered products, pull back once from littler and weaker exchange channels, reduce spending plans on promotions and others, etc. Kotler (2000, p.313), "Unless strong retention reasons exist, carrying a weak product is very costly to the firm.

This theory was deduced in a diagram with a curve shape giving vivid explanation in graphical form as to what the processes entail.



15.1.1

15.1.2 *Figure 1 the Product Life Cycle Model*

The curves genuine state in, as indicated by Modem (1991), will fluctuate contingent upon the product or brand. The phases will rely on upon the association of numerous factors such includes: (a) sudden emergence and vanish of the market and sectors.

(b) Accessible purchaser trends and limits in expenditure, genuine extra cash, and so on.

(c) Innovative advancements that could stretch the phases of the life cycle.

An essential start of the PLC is, when other products are introduced globally, companies in the country of origin do have reasonable upper hands. Potential foreign producers witness an underlying capital ventures important in ending distinctly aggressiveness in both local and foreign markets. After some time, introducing firms tend to witness a loss in benefits and innovation turns out to be all the more promptly accessible and imitated, as world markets for the product increase. Rivals assume control spots in domestic markets of which, after that, they venture into the foreign market. An expanding world market likewise allows economies of scale depending on regulated innovation inputs. Such regulated infrastructures and products allow economies of scale [Adler 1970; Gruber, Mehta, and Vernon 1967; Leamer 1974; Lowinger 1975; Ozawa 1968; Wilkenson 1968, p. 114].

## **THE PRODUCT LIFE CYCLE THEORY IN BUSINESS RESEARCH: A SYSTEMATIC REVIEW**

This section looks to review several literatures in relation to the product life cycle theory, the purpose is to find how several authors from different fields ranging from marketing to economics, business, etc. apply this theory and also to review the findings and results of their study and further critique them.

This theory is one which has been buttressed upon widely, since the development of the PLC by Vernon (1966), several other theories have been developed to either support or criticize the theory, which in turn has brewed several arguments to application and usefulness of the theory. We cannot but say that it has been applied in several areas and influential in research works, businesses, global economy etc.

Vernon (1966) "Like alternate perceptions which have gone before, these perspectives about the feasible examples of international business by the lesser nations when it comes to development tend to be endeavors to unwind a portion of the requirements forced by less complex ideas. Speculations thought on credibility since they agree with the previous records of occasions. Be that as it may, generally, they still are theoretical, also being subject to trial of a small request of thoroughness. The requirement, clearly, is to keep testing to figure out if the "blemishes" focused on so firmly and should be raised off Foot notes to fundamental content of theories in economics.

Brockhoff (1967) proved a test on the product life cycle. This paper manages strategies for assessing the parameters of the life cycle and two techniques for evaluating product life cycles are given. An iterative strategy is produced that is of autonomous esteem and additionally giving a decent beginning stage to Marquardt's summed up least squares technique. As described by the author, it as "an optimum interpolation between the Taylor series method and the gradient method." Neither method is pursued, as each has shown considerable weakness. It's demonstrated that corresponding and

substitute impacts amongst the product in thought and related products sold by the same organization exists.

Cox Jr. (1967) worked on linking of the PLC with models in marketing. In a multiproduct firm, working inside an assortment of market structures, there is an imperative need to create techniques for dispensing the constrained assets of the firm in an ideal way. The product life-cycle idea gives off an impression of being especially suitable in this regard. In either auxiliary or quantitative frame, a PLC model underscores examination of development of a product, of which, its present position is investigated in connection to the past of such product and its future. Every product may likewise be researched in connection to different products in the firm and the results of rival companies. A similar examination of the company's product offering inside the structure of a PLC model may in this way give a better premise than enhancing the allotment of the firm's resources. Much extra work stays to make product life cycle models completely operational for arranging and controlling marketing exercises, however the ways and prospects for further advancement are clear.

Louis T. W. (1968) characterized the product life cycle and its possible relation to the trade cycle for international trade. It focused on ways the businessman needs to analyze the potential exportability of his product and, similarly vital, apparatuses for anticipating which products are probably going to be debilitated by import rivalry. The paper portrayed another way to deal with International trade which seems most encouraging in supporting the business official, and has a close connection to the product life cycle idea. The idea proposes that numerous products experience a cycle, amid thereof a nation is at first an exporter, then loses it to an importer at long last. Empirical studies of trade in manufactured materials, electronic items, office machineries, consumer durables, etc. have shown that these products take after a cycle. As indicated by the exchange cycle idea, he presumed that items take after an example which could be separated into four phases: Phase I: U. S. Exports strength and quality Phase II: Foreign generation begins Phase III: Foreign creation focused in export markets Phase IV: Import rivalry starts. Looking at the reasoning underlying each of these stages will give some clues which will in turn help the businessman to identify the stage in which particular products may belong. The concept can then be an aid in predicting the product trade performance to come and in understanding what actions the manager can take to modify the pattern for certain products and to profit from different stages of the cycle.

Polli R. & Cook V. (1969) attempted validation of the PLC theory. They explained extensively in their paper the concept of the cycle moving in stages from the introduction, growth, maturity and decline. Tests were carried out in this paper using a given market for analysis and results recommended firmly that the PLC idea, as tried in a particular market and discovered legitimate, could lead to a genuinely rich sales conduct model. The paper likewise recommended it's erroneous for construe, also in a drawn out time of offers solidness in a class of product generally, also that sales which have reached the ceiling level or drenching has basically been attained. The product life cycle model, whatever its other benefits, can't be conjured to bolster this deduction. Immersion is achieved



just if new product structures are not attainable with existing technology, and if new uses can't be found for existing structures. The paper finished up on the way that it's unmistakably one decent sales model behavior in circumstances particularly so on account of various product frames going after basically a similar market section inside a general class of products.

Catry B. Chevalier M. (1974) "the competitive value of market share for a product varies with its stage in the product life cycle".

They shared their view on the effect of applying this model of the PLC theory on market share. It explained a market share to be a figure that brings about some noteworthy operational issues, such are: the measure of sales that is to be utilized? The market that we could say we are in? which brands are rivals? The market may include all suppliers selling products with the same physical features or products that are bought for the same use by customers. This characterizes the familiar dilemma of defining a market in terms of technical characteristics as opposed to substitutability at the consumer level. Different frameworks were developed to help in the analysis, for grouping the diverse market circumstances and vital choices. First was the phase in the product life cycle, which meant that the pattern in essential request furthermore the fundamental competitive patterns. The number of competitors at a given product group varies over time, as form of innovation, close competition, brand proliferation at the mature stage. Other framework included the firm's position in the market, the firm's alternatives in terms of market share. In summary, a definite pattern of profitability and opportunity for different market share positions over time. It is the marketing manager's responsibility to see that the company's products take full advantage of differences in profitability at different stages of market development

Harrell G. S. & Taylor D. E. (1981) tried to demonstrate that the product life cycle of another consumer durable products can be recreated with sensible precision expecting different causal marketing conditions. They talked about widely utilizing Major components of the model development and legitimacy of tests conducted. Strategic and operational uses of the model were also discussed. The authors view strategic planning as a systematic process for allocation of resources to achieve an established set of corporate goals. As to this, the PLC projections give direction in noting basic inquiries, for example, which business should the company attempt to invest in, and which products merits productive enhancements. It was finalized that the life cycle theory is a substantial management instrument used in anticipation of the volume of product sales; in any case, it's more prominent importance is identified with building up the discipline of deliberately addressing elements that impact the shape and plenitude of the volume projections remembering the open doors and dangers.

Ayal (1981) emphasized on International product life cycle. The theory is seen as the main clarifications of the patterns of International trade. His work analyzed the theory starting from the view of an (apparently) supporter nation. 1975 Israeli and U.S. export. Using this test samples, the research analysis were done in stages and results shown. The theory of the international PLC after

analysis suggested that nations like Israel can make export progress only after the U.S. initial relative advantage has disintegrated. It demonstrated that in reality, successful and effective Israeli export execution every now and again agrees with successful U.S. exports. A major impact of this review includes impact on U.S. trade and significant markets arrangement: Rivalry in the foreign marketplaces could emanate earlier than anticipated by the theory and show up through unforeseen quarter.

Day G. S. (1981) censured straightforwardness of the PLC idea. He contended that it is powerless against feedback, particularly when utilized to be a prescient model used in foreseeing when occurrence of change whereby phases will succeed each other, or as a prescriptive model which endeavors in endorsing what elective procedures ought to be considered at every stage. Five essential issues were underlined which will be confronted in significant application of the concept: How will product market be characterized with the end goal of life cycle examination? What components should decide the advancement of product through the PLC phases? Can the present life cycle position of the item be unambiguously settled? What is the potential for estimating the key parameters, including the extent of offers, the term of the stages, and the shape the curve? What part should the product life cycle concept play in the definition of focused technique?

Despite his criticisms on the theory, he in turn gave appraisal to the theory for being an essential guide and it serves a few distinct parts in the detailing of strategy, for example, an empowering condition, a directing variable, or an outcome of key choices. It serves as an empowering condition meaning the forces that encourage development make opportunities and threats having vital ramifications. Market development or the desire of development facilitates rivals entry to the market and makes open doors for offerings coordinated to certain segments beforehand uneconomic to serve. It's a directing variable through its impact on the estimation of market share position and the beneficial outcomes of key choices. The role is perceived through the incorporation of product development rates or life cycle stages as a noteworthy measurement in for all intents and purposes all portfolio classification models. At long last, he demands that the item life cycle gauge is not an accomplished fact, which must be responded to, however rather is just a single of a few situations that are contingent on competition.

Midgley (1981) buttressed on assumptions about temporal patterns of consumer adoption and repeat buying behavior. By means of a simulation model the impact of these assumptions of the shape of the PLC is assessed. Midgely (1981) has effectively outlined one approach which might eventually lead to a more useful model of the PLC. If only one point were to be gained from this paper, it would be that data on sales is deficient for the undertaking of picking up a more profound comprehension of the PLC. The sales are made out of first and repetitive purchases. Each is the outcome of a different consumer process and has a different temporal pattern. We have to know more about the shape, length, and greatness of adoption and inter purchase time distributions; profundity of repetitive impacts; the coupling relationship, etc.

Tellis G & Crawford C (1981) talked about the continuous issues of the (PLC) concept which may show that the idea, while valuable, is deficient to clarify the whole wonder of product growth and expansion. An option idea, the product evolutionary cycle (PEC), was proposed to determine this discussion and to give a superior structure to clarifying and overseeing product growth. The approach holds essential implications for some parts of marketing strategy, of which three were discussed; brand perpetuation: it is unequivocally those progressions or adaptations to developing customer needs and ecological considerations that are in charge of the products survival and development, consistent with Proctor & Gamble's strategy of never giving a brand a chance to bite the dust seeing that conceivable. A brand name today is often a firm's most valuable asset, and the evolutionary concept is consistent with the perpetration of these asset values. Strategic planning: The PEC analysis fits an exhaustive picture of product development, driving one to distinguish the origin of product and trends in the future. An auto-mobile is not only an Escort or a Honda but rather a method for transportation, a means that has evolved from foot-and animal drawn vehicles and will keep on evolving into winged, fly controlled, or other modern structures. The Technological cross-fertilization: Indeed, techno- logical cross-fertilization is turning into an imperative source of product innovation in an increasingly complex innovative era.

Lutz J. Green R. (1983) accentuated on exchange in four-digit level production classifications after some time for four countries, which where Japan, U.S, Germany then (West Germany), and the United Kingdom to learn significance of the PLC theory to such trade. Various relationships found through analysis in this study were only high in some cases, they did in general give theories affirming results, however different components without a doubt assumed a part, the product life cycle added value for changes in the export mix in innovation inclined product in U.S, Japan, and the United Kingdom. Change in non-technology intensive manufactures took after various routes (essentially unstated examination), showing distinctions in fact which is in existence amongst manufacturers in export positions of the 3 countries. The outcomes gave some extra understanding into market competitiveness in specific strategy moves from one of significant exporters. These outcomes, demonstrated significant just with regards to correlation with the connections long time. As stipulated, the net shift measure ended up being a more delicate pointer of changes in the export performance of the different nations the straightforward market change variable. Thus, this would demonstrate that any driving industrial nation of recent has a noteworthy (with respect to its general exchange produces) share of a substantial market, can sensibly expect declining trades in some cases.

Mullor-Sebastian A. (1983) analyzed the PLC theory, using three empirical tests taken after by a record of tests performed by Hirsch [1967], in light of the U.S. trade data and on a generally new data series giving information about a bigger number of products and at a lower level of accumulation than the data utilized already. It emphasizes that developed nations are universally focused in development products and less developed nations (LDNs) are competitive in developed products. To reiterate this paper,

The aftereffects of the tests emphatically bolster the speculation that modern products groups carry on in the way anticipated by the product life cycle theory on world markets. On account of individual products, in any case, the outcomes give less support to the theory.

The tests demonstrated that there is a huge connection between growth rate of goods production, taken as a sign of maturity, and the extent of their balance of trade inside different industrial groups considered. In these groups, the indication of the relationship coefficient was sure. This was steady with desires of U.S. International competitiveness in growing products. The test additionally demonstrated that the conduct of trade of various individual products did not comply with the forecasts of the theory. It additionally centered around the trade behavior of industrial groups instead of the conduct of individual wares inside each industrial group. The trade balance was figured as a rate of exports for every product and the middle of those rates was taken for each industrial group as a pointer of the competitive quality of every group in international markets. Industrial groups which developed generally quickly along these lines had a more grounded focused position than groups with a slower development rate. The above tests give weaker confirmation for the product life cycle than Hirsch's tests when singular products are concerned. The consequences of the last test, in any case, unequivocally bolster the speculation that industrial groups will carry on world markets in the way anticipated by the product life cycle theory. A vital strategy suggestion from these outcomes signifies that, when a nation attempts to expand its exports, parts situated in the proper scope of the maturity range ought to be developed as opposed to individual items likewise found.

Thietart R. & Vivas R (1984) concentrated on the investigation of the effectiveness of various methodologies for accomplishing cash flow and market share objectives. This review was performed on various sorts of businesses creating both buyer and firm product arranged in different phases on the PLC. An example around 1100 organizations of which 217 are in the growth stage, 315 of them are in the maturity stage, and then 569 are in the decline stage is drawn from the data base of PIMS. Large investigation was done to distinguish natural groups of consistent firms. In each of the distinguished groups, linear regression models are evaluated for studying the impact of marketing's, R&D, work force on two criteria of execution: cash flow. The paper demonstrated that procedures rely on upon the product cycle stage.

Gardener D. (1987) Emphasized on the product life cycle theory, he had three perceptions to offer. In the first place, he expressed pleasantly on statement made by Barksdale and Harris (1982, p. 76): While dispositions toward the product life cycle contrast, the model is broadly acknowledged by specialists and instructors as a vital construct in light of the fact that it conceptualizes the development patterns of products. In the meantime, it is for the most part perceived that the prescient force of the life cycle is low and its esteem as a structure for vital planning is constrained. The second perception is subtler. With the conceivable special case of studies utilizing the PIMS data base, the considerable greater part of studies seems to concentrate on products in the later phases of growth and maturity for brands or firms that would for the most part be depicted by Kotler (1984, pp. 383-413) as market

pioneers or market challengers. Thus, we know minimal about presentation, early phases of growth, later phases of maturity (regularly alluded to as saturation) and products or businesses that are fundamentally supporters. The third perception is that there is minimal cognizant thought apparently being given to discover approaches to connect the product life cycle with the dispersion of innovation. Tellis G. J. & Fornell C. (1988) presented an integrative theory in view of buyer reaction to publicizing and the expenses of manufacturing quality commodities. The theory sets that the relationship among promotion and quality is more grounded when: quality is created at lower cost and, purchasers are less receptive to adverts. Such a situation is more probable amid the last phases of the product life cycle. An empirical test was shown in support of this contention.

The debate over whether advertising has anticompetitive or informative effects has proceeded in the literature for some time and can be seen as a conflict between the views of Nelson and those of Comanor and Wilson. A theory was developed which suggests both these views are too simplified. As Schmalensee (1978) first proposed, two underlying variables help explain the effects of advertising: purchaser reaction to publicizing and the cost of creating quality. When advertising elasticity and the cost of quality are high, perverse relationships may be present as suggested by Comanor and Wilson. When the values of these variables are low, Nelson's scenario is likely to prevail. The authors tested these predictions using the stages of the PLC as a proxy for the key variables. Their empirical results provide consistent evidence that markets in general are competitive when advertising is present. The beneficial outcomes of value are more grounded in late times of the phases of the life cycle, when buyers are more educated about rival products and firms are better ready to control their expenses. Their discoveries propose that public policy makers require not be extraordinarily worried by promotion expenses as such for general consumer welfare. Markets in the aggregate show up genuinely competitive, as the positive prizes to quality indicate. The same may not be true for every individual market. Our findings also suggest that managers should not view advertising as a substitute for quality in the marketing mix. The growth of low priced, high quality products of foreign firms suggests that this point perhaps has not been understood adequately. With their traditional emphasis on product differentiation and advertising, marketers may have underestimated consumers' information level and their sensitivity to competitive quality and product improvement

Marjit (1989) built up a neo-classical trade model to explain the product life cycle of Raymond Vernon. Vernon had already analyzed the international trade in new and old goods which is modified to be called the product life cycle, the logic behind it is that new goods are produced in the North which are more cutting-edge and are sent out toward the South, the less developed nations. When it gets to be distinctly old, the manufacturing location changes and the comparative advantage positioning is reversed. The less developed nations begin sending out back toward the North and the North offers some new products to the South. The paper was developed to follow a traditional route of analysis in terms of the Heckscher Ohlin Samuelson theory on international trade, the idea rests on the fact that the input mix required to manufacture a certain product, changes over time. The paper was

divided into sections which was used to simplify analysis. The first section explained discussed a closed economy and the differences in trade patterns between two countries. The second explained the productivity differential and relative wages of the North and South which were the basis of assessment. It was demonstrated that with sensible suppositions, the traditional factor abundance model is adequate to create a product life cycle sort trade pattern.

Cohen M. A. & Whang S. (1997) in their paper built a PLC model that reviews an arrangement of vital decisions confronting producers when outlined, conjoined item/ benefit package for an item which may require maintenance after sales. The choice parameters of intrigue include the price of the product, the nature of after-sales benefit and the cost to be charged for the after-sales benefit. They embraced a focused, game theoretic system, when rivalry exist in after sales benefit with the producer and independence service administrator. The price of product and beneficial quality subsequent result was connected to bolster the valuation of alternate products plans in express thought of the trade-off between profit from product sales and from the provision of after sales service. The model can likewise be utilized to assess the advantage estimation of a company's customer base.

Steffens P (2002) referred to the theory as a marketing and planning tool, rather emphasizing on the diffusion models, which took an insight on developing an overall reasonable PLC demonstrate and administrative instrument for buyer durables. This approach portrays the new PLC phases in perspective of some key consumer patterns in the midst of item market advancement, realizing a four-phased PLC model: Innovation → Imitation → Repeat → Substitute. This phases where specifically developed to outwit the traditional phases of introduction – growth – maturity – decline. Which was discussed with in-depth facts in his paper. Prior the emergence of this phases new market strategies are implied in addition to the focus on customers. It in this manner framed the reason for both recognizing and foreseeing PLC movement. The new life cycle model, do have numerous impediments. It isn't straightforward compared to the customary life cycle idea. There isn't any more draw out in a uniformed phase PLC portrayal relevant to products being a manual used in the strategy of product manufacture and penetration. Rather, while the life cycle is still depicted through various successive stages, the term and nature of these changes between products.

Forlan P & Ciao H. (2009) Discovered that contemporary Product Life cycle Management is very not quite the same as the early 20th century's product life cycle management culture, and set up for premise of the classical life cycle, and kept on being stylish, until the end of 1960s. Thorough comprehension of manufacture with arrangement with various styles of PLM methodology which need a learning about premise of the kind of ideal models, of which, assortment of PLC theories accessible to the academician, and its existence history. Their paper reviews important models exhibited generally in writing which also partitions them into classifications, specifically: the long-established Marketing Product Life Cycle Model, and the emerging Engineering Product Life Cycle Model. They clarified distinctively the previous model which prompted to a comprehension of apparent deficiencies, purpose behind initiating subsequent models. The right information of this is

imperative, as contemporary PLM has been immersed with an assortment of PLM procedures with strategies, to a great extent from occasional writing over the web, regularly without unmistakable explanation of the model used in determining the method. Requirement for examination is provided upon this issue; simply not for clearance of variable term "product life cycle", yet to provide a right comprehension for the PLC model that is illuminating present verbal confrontation, frequently outside scholarly circles.

Shahmarichatghieh M. et al (2015) examined three ideas, they are the PLC which denotes Product Life Cycle, the TLC which means, "Technology Life Cycle" and the MLC meaning "Market Life Cycle". The point toward exploration was to look at the three life cycles in advancing effectiveness of key basic decisions in product development. The concepts investigate the high tech industries. PLC delineate changes of the sales of firm product income after some while, beginning with the earliest starting point of the outline to finished period of its slope down. The TLC exhibits an aggregate development of product activities of innovative performance. Along these lines, MLC speaks of appearance and improvements of different market sections to the point of technology. Be that as it may, results of every life cycle idea are distinctive and settling on choice in light of every one of them together can prompt to more advanced outcomes. The phases of the three examined Life Cycles are nearly undifferentiated, posing different requirement for examination. PLC consider sales of product income after a period of time, and innovation take a gander toward technological development throughout long haul. On the off chance that the technology gets to be distinctly matured for the market and will go into principal phase of MLC.

## **RESEARCH METHODOLOGY**

As the purpose of the current study is to determine the application of the Product Life Cycle Theory in business research. So, the secondary source of data will be the main instrument used due to the purpose of the study being an empirical study to review works of scholars published. Such data is one which already exists and is collected for the specific purpose of the research paper. Data gotten and used in this paper was produced from the review of several literatures, specifically thirty, which were reviewed in a chronological order and in correlation with the supposed topic of this research paper. Each of this papers/ articles reviewed provided a holistic perspective upon application of this theory, and ranging from wide areas of study and discipline and the relation to this theory. In this review, the implications and methodology were considered alongside other areas in the paper to give a concrete conclusion upon perusal.

## **DISCUSSIONS OF FINDINGS**

The PLC can make available to marketer's, direction to techniques, strategies to oversee changes in products in the economic situations. Lamentably, the PLC don't give an impeccable model though contains downsides which creates a bridge in pertinence to all products.

Natural interest in a relationship with HLC is a significant part of the Product Life Cycle, Czinkota, Kotabe and Mercer (1997). Faultfinders, in any case, claim that PLCs need what living life forms have. Many much regarded experts and scholars have refused accepting the PLC as a helpful panacea in market disrupt. It is noticed that managers settle on choices not correct while trying to use this idea because of distortion instead of a characteristic insufficiency in the idea itself. Such error constantly emerges from the mixed-up conviction that the PLC is an exact gauging apparatus when as a general rule is 'summed up sales model. (Buzzel and Baker, 1992). The model might be viewed in essentiality as an apparatus in strategic planning continually perceiving it's not predestined also it perhaps affected altogether by natural changes or potentially showcasing activity. Faultfinders of the PLC contend that, all things considered, the growth curve sometimes expect the plain conformity delineated from course readings, neither does the parameters conform to the logical formulae that gathers the dissemination forms in the physical and characteristic sciences (Baker. 1992). Czinkota, Kotabe and Mercer (1997) likewise present that information, in actuality, they are never plain like the PLC curve have convinced people to accept. Items encounter occasionally, briefly, sudden spurts and sharp drop-offs, especially when execution is measured on week outlines. A brief downturn, balance occurrence, might be mixed up due to decline and assets pulled back, provoking to an unavoidable lessening of the brand. This makes it hard to management to pick exactly where the product is a noteworthy piece of its life cycle.

The PLC model is one tool which is employed to monitor the maturity of products, with a goal to avoid decline (Baker, 1992). It may include product differentiation, potentially expanded limited time activity to broaden the mature stage, or restoration technique in light of product improvement and also increase in market growth. McDonald (1999) buys to the idea, of which he envisages the model, from a managerial perspective, as helpful in that it centers our consideration around the imaginable future sales pattern on the off chance that we make no remedial move. There are a few game-plans open to us in our endeavors to keep up (he beneficial offers of an item over its life cycle.

## **CONCLUSION AND RECOMMENDATION**

The product life cycle is quite simple, not only is it unavoidable but its pace is quickening. The idea of the PLC emerges from the way that individuals attempt to utilize it as a particular prescient tool. This is obviously as misconstrued as attempting to figure the personality of a natural living being from the representation of a cycle, and can be applied also to small and large industries. The model is not a scholastic fabrication from creative energy, rather it is real, and is disregarded by incredible hazard.

The achievement of any firm is an element of their product and services acknowledgment. Highlighting the significance of the model to companies, accompanying proposals are prepared in respect to appropriate management of different periods of the product life cycle to achieve extreme



advantages; firms planning to introduce new products should choose their time of entry into the market, it's essential. It is fulfilling and also dangerous when one wants to be first.

This study concludes by stating that the Product Life Cycle dictates strategies adopted especially in the marketing field, hence it is important that business management incorporate the theory when carrying out strategic planning for a product. This is essential because, the loyalty of a consumer is widely important in any business, so therefore consumer indifference which is created due to certain changes in product life cycle should be attended to promptly in order to assert corrections to any form of glitch. Life cycle affects different product lines. There is a need to ensure that a Product's Life Cycle is monitored consciously. It is important for organizations to maximize resources when it comes to managing product life cycle, thus there shouldn't be any form of reluctance in doing so as the cost of maintaining PLC does not have any negative influence on an organizations profit.

In conclusion, above all, Product Life Cycle should be incorporated in all businesses either in the product industry or service industry. There is a need for businesses to undertake a marketing research for the opportunity to identify sporadically the actual needs of their customers. It is very necessary in businesses and they could go as far as organizing workshops and sessions for executives in the organization to have insights into the concept of the product life cycle model in relation to their product; also making reference to the features of stage in the cycle including stumbling blocks and relevant strategies to manage such challenges.

Despite the concepts limitations, it remains an inevitable tool for marketing which enables continuous and effective evaluation of the progress of products in their life cycle and also it helps decide the best strategy to use at the right time.

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# DEVELOPING A MODEL FOR EMPLOYEES' INTRAPRENEURIAL ENGAGEMENT AND ORGANISATIONAL SURVIVAL

Falola, H. O; Salau, O. P; Olokundun, A. M, Ibidunni, A. S and Atolagbe, T. M  
Department of Business Management, Covenant University, Ota, Ogun State

## **Abstracts**

*The survival of any organisation in the midst of economic hardship and competitiveness is becoming a serious concern. One of the strategies organisations can adopt is to tap into the intrapreneurial potentials of their employees. The main objective of this study examines the strategic roles of employees' intrapreneurial engagement and its implication for organisational survival. A descriptive research method (Structural Equation Model {AMOS 22}) was applied to analyse the two hundred and fifty-nine (259) copies of valid questionnaire completed by the respondents using stratified and simple random sampling techniques. However, the study indicated that fostering employees' intrapreneurial engagement have positive significant implications on organisational survival. This suggests that employees' empowerment, involvement, autonomy, relationships and reward system have significant effects on organisational survival. It is therefore recommended that organisations should challenge their employees by providing them with autonomy and the freedom to innovate and carve out spaces for them to take risks and experiment.*

**Keywords:** *Intrapreneurship, Empowerment, Involvement, Autonomy, Relationships, Reward, Engagement*

## **INTRODUCTION**

The survival and sustainability of 21<sup>st</sup> century organisations in the midst of increasing competitive pressure requires that organisations invigorate intrapreneurial initiatives among the employees toward enhancement of job performance and organisational survival (Jasna & Bostjan 2011; Bhatia & Khan, 2013). Intrapreneurship is being perceived to be one of the dynamic approaches that helps organisations to attain a better competitive position (Qureshi, Rasli, Jusoh & Kowang, 2015). Fostering employee's intrapreneurial engagement however becomes an indispensable strategy that can be adopted for employees' willingness to take proactive initiatives towards improved work and exploring business opportunities (Parker, 2011; Arnab, 2014). Engagement of employees via empowerment, involvement, autonomy, relationships and adequate reward system are likely to compel employees to generate new ideas and innovation in the pursuits of opportunities that can reinforce the organisational overall strategic goal and performance (Antoncic & Hisrich, 2003; Sebor, & Theerapatvong, 2010). However, organisations that fail to promote and encourage intrapreneurial initiatives of its workforce are likely to lose employees with distinctive competencies (Ireland, Covin & Kuratko, 2009; Armstrong & Tylor 2014; Simon & Barr, 2015). Besides, in spite of the attention given to intrapreneurship or corporate entrepreneurship, many organisations are yet to fully explore the opportunities and profusely engage employees' intrapreneurial potentials towards sustainable organisational survival especially in Nigerian manufacturing sector.

It is on this premise that this paper seeks to investigate the effects of employees' Intrapreneurial engagement and its implications for organisational survival. The significance of this work stemmed from its objectives as follows: (i) to analyse how employees' empowerment affects organisational survival; (ii) to examine the effect of employees' involvement on organisational survival; (iii) to

evaluate the influence of employees' autonomy on organisational survival; (iv) analyse the effect of employees' relationships and the role of reward system on organisational survival.

## **LITERATURE REVIEW**

### ***INTRAPRENEURSHIP AS A CONCEPT***

The concept of intrapreneurship which is also known as corporate entrepreneurship is a process by which an existing organisation consider new business opportunities that is totally different from the existing organisation (Piening & Salge, 2015). The new business oftentimes leverages on the already established company's activities, assets, competencies and other resources. As noted by Azami, (2013) intrapreneurship motivates employees to come up with distinctive business initiatives without necessarily taken formal permission by the management. Employees who are intrapreneurial invigorated have strong desire to take initiatives in the pursuit of new business opportunities (Urbano & Turro, 2013). However, the intrapreneurial opportunities that the employees can take advantage of are: generation of new business ideas that will position the organisation for sustainable competitive advantage; productive engagement of employees' distinctive competencies or capabilities in generating fresh insight; encouragement of employees' commitment and involvement in taking new initiatives; empowering employees to go beyond the normal schedule among others (Kacperczyk, 2012; Simon & Barr, 2015).

### ***EMPLOYEES' EMPOWERMENT AND ORGANISATIONAL SURVIVAL***

It has been observed that any organisation that empowers its employees are more likely to get the best out of them which will invariably trigger innovation and commitment that will positively have a direct impact on job performance (Elnaga & Imran, 2014). Empowerment is described as a level of autonomy and responsibility given to employees in taking decisions about their job without necessarily taken approval from the immediate superior (Ghosh, 2013). Empowerment compels employees to be motivated and enthusiastic in utilizing their distinctive capabilities and creativity towards organisational survival (Sharma & MKaur, 2011). Employees' empowerment is also one of the strategies that organisations use to drive innovative thought that foster creative abilities (Lee, Hwang, & Choi, 2012). Employee empowerment to take initiatives, participate in decision making process, solving problems and taking charge of projects as well as having freedom to get the job done require clear effective communication and feedbacks (Elnaga & Imran, 2014). This will motivate and stimulate employees' mental and physical capabilities to engage in critical and creative thinking that will make them see new business ideas and opportunities that the organisation can venture into. However, as suggested by Molina & Callahan (2009), employees must be well trained, equipped and fairly remunerated to get the best out of them.

### ***EMPLOYEE INVOLVEMENT***

The ability of the organisations to encourage employees' participation or involvement in the day-to-day affairs of the organisations will boost employees' creative thought and critical thinking (Irawanto, 2015). It has been discovered that employees' who have been empowered and adequately trained are more involved and committed in taken new initiatives and are ready to work beyond normal job schedules (Bockerman, Bryson & Ilmakunnas, 2012). Evidently, employees' involvement makes them have a sense of belonging thereby enhancing performance. Other scholars such as BarNir (2012); Bhatia & Khan (2013) posited that involving employees in a project from the beginning is one of the strategies that triggers genuine commitment.

### ***EMPLOYEE AUTONOMY***

Studies have established that employee's autonomy tends to compel the individual employees in an organisation to be more committed and as well use their discretion to see to the achievement of the organisational goals and objectives. Employees autonomy involves delegation of responsibilities and authority to employees and oftentimes activates innovativeness (Rutherford & Holt, 2007). Besides, employees' freedom to use their discretion makes them to have psychological ownership of their job thus, propelling them to exert energy, invest time and come up with groundbreaking ideas that will eventually position the organisation for competitive advantage. Organisations must take proactive steps in fostering employees' intrapreneurial engagement by providing a platform that will allow the employees to have full control of their work process and offer necessary support even when they commit errors while innovating (Kuratko & Hodgetts, 2007).

### ***EMPLOYEE RELATIONSHIPS***

Harmonious and cordial relationships between the employees and employers of labour oftentimes triggers best innovative ideas. A positive working relationship with one another irrespective of the grade level and designation provide platforms to persevere and creates an environment that motivates innovative activities and entrepreneurial dispositions within an organization (Armstrong & Taylor, 2014). Some of the things that can foster employee relationships in the world of work includes but not limited to getting to know each other, playing together during break and close of business among others (Clark, 2008).

### ***REWARDS SYSTEM***

Reward system plays a vital role in making employees to act as intrapreneurs. The competitiveness and fairness of reward system determines the extent to which organisations can foster employees intrapreneurial engagement. The employees' perception and level of trust in the reward system determines their level of engagement, involvement, commitment to innovation, and their willingness to undertake the risks connected with the intrapreneurial activity (Falola, Ibidunni & Olokundun, 2014). Therefore, enriched performance based reward system can stimulate employees' commitment in taken new business initiatives by exploiting new business opportunities (Hayton, 2005)

### **RESEARCH METHODS**

The data for this study were collected from a survey of employees in selected manufacturing industries located in Agbara, Ogun State, Nigeria. However, the choice of the Agbara was because of the high concentration of industries in the area. Meanwhile, manufacturing industry chosen for this study were the first generation manufacturing industries located in Agbara, Ogun State, Nigeria. Three hundred (300) copies of questionnaire were administered but only two hundred and fifty-nine (259) copies were retrieved representing 86.3% response rate. Employees' intrapreneurial engagement was measured using Corporate Entrepreneurship Assessment Instrument (CEAI) developed by Kuratko and Hornsby (2008) with little modifications to suit the constructs of the subject matter. Five-point Likert scale that best describes the degree to which the respondents agree with each item in the questionnaire was used. A descriptive research design and (Structural Equation Model (AMOS 22) was used to analyse the degree of relationship and resultant effects between the dependent and independent variables of the study.

### **RESULT AND DISCUSSION OF FINDINGS**

Sequel to Regression Weights depicted in Table 1 below which shows the level of correlations that exists between the variables can be categorized as strong or low. The relationship between employees' autonomy and employees intrapreneurial engagement is positive and estimated to be  $r=.163$  ( $p<0.05$ ).

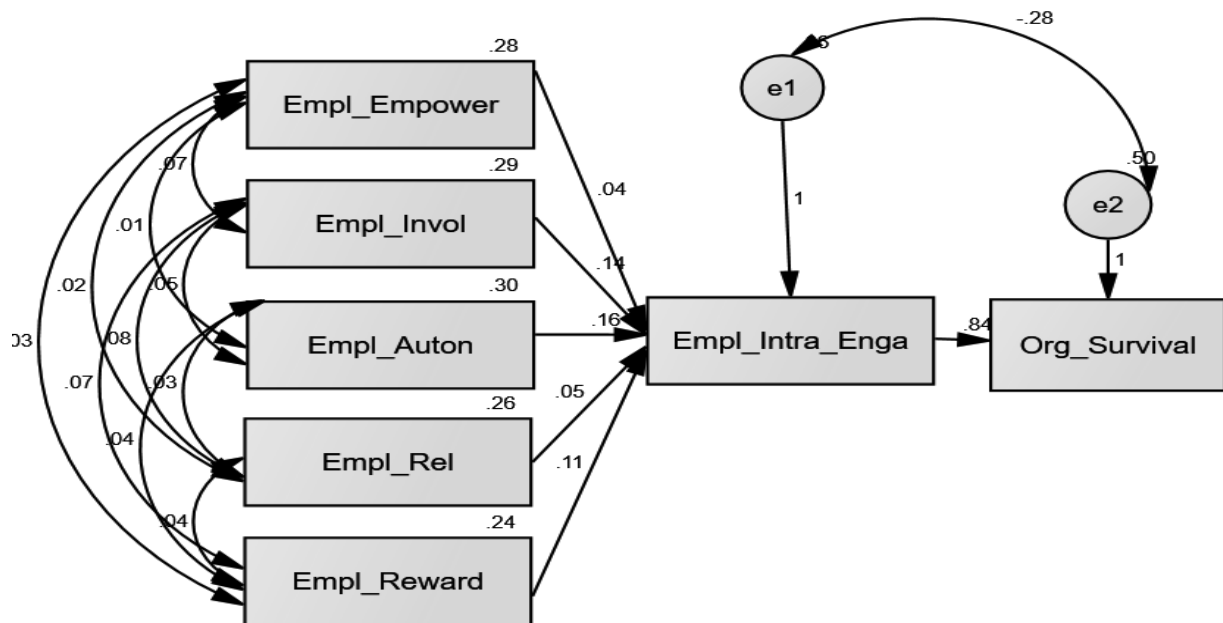
The level of relationship between employees' empowerment, reward systems and intrapreneurial engagement are positive and estimated to be  $r=.041(p<0.05)$  and  $r=.109(p<0.05)$  respectively. Similarly, there was a positive relationship between employee relationships, involvement and intrapreneurial engagement estimated at ( $r=.051, p<0.05$ ) and ( $r=.144, p<0.05$ ) in that order. Also, the relationships between employees intrapreneurial engagement and organisational survival are positive and estimated to be at ( $r = .837, p<0.05$ ).

**Table 1: Regression Weights: (Group number 1 - Default model)**

|                 |      |                 | Estimate | S.E. | C.R.  | P    | Label       |
|-----------------|------|-----------------|----------|------|-------|------|-------------|
| Empl_Intra_Enga | <--- | Empl_Auton      | .163     | .087 | 1.872 | .061 | Significant |
| Empl_Intra_Enga | <--- | Empl_Empower    | .041     | .062 | .664  | .507 | Significant |
| Empl_Intra_Enga | <--- | Empl_Reward     | .109     | .070 | 1.550 | .121 | Significant |
| Empl_Intra_Enga | <--- | Empl_Rel        | .051     | .066 | .778  | .436 | Significant |
| Empl_Intra_Enga | <--- | Empl_Invol      | .144     | .075 | 1.931 | .054 | Significant |
| Org_Survival    | <--- | Empl_Intra_Enga | .837     | .374 | 2.236 | .025 | Significant |

**Note: C.R. = Critical Ratio; S.E. = Standard Error; \* significant at 0.05**

Confirmatory factor analysis was adopted to evaluate the validity and to assess the goodness of fit of the model (Byrne, 2001). Structural Equation Modelling AMOS (Analysis of Moment Structure) path analysis version 22.0 was used for the analysis of the variables in order to determine the level of fitness. Various model fit indices such as chi-square ( $\chi^2$ ), chi-square/degree of freedom ( $\chi^2/df$ ), Comparative Fit Index (CFI); Normed Fit Index (NFI); Relative Fix Index (RFI); Incremental Fix Index (IFI); Tucker Lewis Index (TLI) and Root Mean Square Error of Approximation (RMSEA) were considered. Meanwhile the significance level was set at  $p < .05$ . The results of CFA analysis suggest that the factor loadings for all major variables range between 0.71 and 0.93. The Cronbach alpha values reported for the variables are as follows: employees' autonomy = 0.87, employees' empowerment = 0.79, reward system= 0.84, relationships = 0.77, involvement = 0.78, and organisational survival = 0.89. the model was tested using SEM. The minimum benchmark for model fitness index which must be above 0.9 as posited by Awang, (2012) and Tabachinck and Fidell, (2007) was considered. However, the result shows that all the fit indices are above the minimum value ( $\chi^2 = 12.450, p = .003, \chi^2/df = 4.036$ ; CFI= 919; NFI =.969; IFI = .933; GFI =986; TLI = 957; RMSEA =.087; AGFI =.905). All the fits indices are above the minimum acceptable value indicating a good fit. The result of structural equation model is depicted in figure 1:



**Fig. 1: Results of the Structural Equation Model of the Data Collected**

### DISCUSSION OF THE FINDINGS

The model shown in figure 1 indicates the regression between employees' empowerment, involvement, autonomy, relationships and reward system on organisational survival. All the variables tested have positive path coefficients as strategies that tend to foster employees intrapreneurial engagement and enhancement of organisational survival. However, the path coefficient scores (regression weights) of the observed constructs explain the regression between the studied variables. The regression weight between employees' empowerment and intrapreneurial engagement is .041 ( $p < 0.001$ ) which indicate that when **empowerment** goes up by 1 standard deviation, **intrapreneurial engagement goes up by 0.041 standard deviations**, therefore, the regression weight for empowerment in the prediction of **intrapreneurial engagement** is significantly different from zero at the 0.05 level. The implication is that the ability of the organisations to empower employees will foster organisational survival. Similarly, the effects of employee autonomy and relationships show the path coefficient of .163 ( $p < 0.001$ ) and  $r = .051$  ( $p < 0.05$ ) respectively. Therefore, when **autonomy** goes up by 1 standard deviation, **intrapreneurial engagement goes up by 0.051 standard deviations** while relationship goes up by 0.051 standard deviations in that order. The effect of employees' involvement and reward system on **intrapreneurial engagement** is positive with the regression weight of .144, ( $p < 0.05$ ) and .109, ( $p < 0.05$ ), therefore, when involvement and reward system goes up by 1 standard deviation then **intrapreneurial engagement goes up 0.144 and 0.109 standard deviations** respectively. It is important to note that employee **intrapreneurial engagement** has a strong relationship with organisational survival with positive coefficient value of .837 ( $p < 0.05$ ). Evidently, when **intrapreneurial engagement** goes up by 1, organisational survival goes up by 0.837.

### CONCLUSION

The study provides insight into the significance of employees' intrapreneurial engagement as a panacea to organisation survival. The study will assist the management and other stakeholders in the manufacturing industry to understand the significant relationship that exists between employees' empowerment, involvement, autonomy, relationships and reward system and its significant effects on



organisational survival. It is also imperative to state that the study serves as an eye opener to the management of manufacturing industries to ensure that adequate efforts are taken to foster employees' intrapreneurial engagement to drive organizations' quest for survival in the midst of competitiveness.

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# THE CONTRIBUTORY FACTORS OF EMPLOYEE INTRAPRENEURIAL BEHAVIOUR ON FIRMS PERFORMANCE

**Salau, O. P.; Falola H. O., Ibidunni, A. S., Igbinoba, E.A., & Olokundun, A. M**  
**Business Management Department, Covenant University, Ota, Nigeria**

## ***Abstract***

*Employee intrapreneurial behaviour has become a strategic choice for managing changes in regulations, economic demand and technological advances which have eroded the value of intrapreneurial activity and competence. Hence, this study examined the contributory factors of employee intrapreneurial behaviour on firms' performance. The study reviewed necessary academic literature with theoretical foundation. The study was descriptive and involved the distribution of questionnaire to 386 staff working in Foods/Beverages and Tobacco sector. Structural equation modeling technique was utilized with the help of AMOS software. The findings of the study revealed a positive association among work discretion, recognition, managerial support, innovativeness and remuneration, while a negative impact of organisational boundary on intrapreneurial behavior was recorded. This may be due to the nature of tasks within the organizations that require the employees to follow standard operating procedures. The findings of this study have several implications in the context of Nigeria's Foods/Beverages and Tobacco subsector. However, among all the dimensions, the most indicative predictor is recognition followed by remuneration. Therefore, giving a sense of recognition to employees with equitable remuneration package could facilitate more intrapreneurial behavior, which ultimately, will help improve the performance of the firms.*

*Keywords: Intrapreneurship, Innovativeness, Remuneration, Discretion, Behaviour, Performance*

## **INTRODUCTION**

Today's organization is faced with an environment that is turbulence arising from rapid and significant changes in regulations, economic forces, consumers' demand, technological advances which erode the value of firm competences and competitive advantages. Competitive advantage can be less valuable or even become redundant in the light of external changes which affect firm's performance (Piening & Salge, 2015; Seborá & Theerapatvong, 2010; Sharma & Kaur, 2011). Consequently, various measures have been taken by organizations to face the stiff competition; and one of the means is the need to respond appropriately and reconfigure capabilities by creating, modifying and improving intrapreneurial spirit among the workforce to enhance productivity and job performance.

Intrapreneurship is increasingly becoming the concern for many organizations, academic and organizational leaders. As the field of strategic management developed, however, the emphasis shifted to entrepreneurial orientation, that is, the methods, practices, and decision-making styles managers use to act entrepreneurially. Entrepreneurial orientation is one of the most frequently mentioned topics which has been followed by scholars and practitioners (e.g., Covin and Miller 2014; Lumpkin and Dess 1996; Wiklund and Shepherd 2003). Employee intrapreneurial orientation means a strategic approach that stimulate highly self-motivated, proactive and action-oriented employees who are comfortable with taking the initiative, even within the boundaries of an organization, in pursuit of an innovative product or service. The emphasis on fostering employee intrapreneurial behaviour among workforce in any sector is seen crucial to improve the competitiveness of the organization and subsequently enhance the competitiveness of the country. Employee intrapreneurial behaviour is the process of a firm acting entrepreneurially in its approach to carrying out business activities (Fatoki, 2012). This behaviour reflects in organizational decision making and operations as portrayed in work discretion, recognition, managerial support, innovativeness, remuneration, and organisational boundary (Ahmad, Nasuridin & Zainal, 2012).

This issue of quality and performance of the manufacturing sector has made the organizations' environments difficult to adapt to the changing needs of the 21st century and impossible to keep up with globalization. The conventional system of manufacturing sector require some progressions to embrace some entrepreneurial models to promote total quality and greater performance outcomes. Having said that, even though it has been acknowledged that fostering employee intrapreneurial orientation is imperative, the research on the contributory factors of employee intrapreneurial behaviour remains uncharted, particularly in the context of Nigeria. In view of this, firms in Nigeria seem not to have developed and exploited their intrapreneurial behaviours to achieve distinctive advantage. The Foods/Beverages and Tobacco manufacturing subsectors in Nigeria are reported to have witnessed increasingly fierce global competition coupled with dramatic changes in the political, legal, economic, socio-cultural and technological environments. These changes have had thoughtful effects on organizations and have led to various restructuring, layoff, attrition and turnover. Failing to be alert and responsive to such changes have brought dramatic consequences, putting the organizations' continued existence at risk. It is against this that that the study examined the relative contributions of employee intrapreneurial behaviour dimensions on firms' performance.

To investigate the contributory factors, the following research questions were posed:

1. How well do predictors such as work discretion, recognition, managerial support, innovativeness, organisational boundary, and remuneration predict the performance of firms?
2. Subsequently, how well do employee intrapreneurial behaviour predict the performance of firms?

## **LITERATURE REVIEW AND SYNTHESIS**

This review covers the relevant research surrounding the intrapreneurial behaviour and intention applications with the aim of laying the theoretical foundation of this study.

### **Theoretical Foundation**

Several theories have confirmed that intrapreneurial behaviour is regarded as a sense of belonging for employees and the characteristics of the structural support and recognition served by the organization which are internalized by individuals. These theories are supported with the implications of "social exchange theory", "social identity theory" and "organizational climate typology" since employees show intrapreneurial behaviors in accordance with their identification with the organization and how much they are structurally supported and recognized by the organization. In this study, establishing an intrapreneurial behavior in the organizations were viewed from a strategic management point of view since it has been addressed that intrapreneurial behavior has crucial role in improving organizational competitiveness and enhancing growth. As known, today's managers have to face rapidly changing and fast-paced competitive environments and they are challenged to manage a wide variety of uncertainties. As Guth and Ginsberg (1990) indicated in 1990s, to cope with such challenges, the firms are increasingly turning to employee intrapreneurship as a means of growth and strategic orientation. Adopting intrapreneurship for establishing a long term intrapreneurial orientation and strategic implementation has been also considered as a strategic choice (Jacobs and Kruger, 2001). Therefore, we suggest that enhancing intrapreneurial behaviors via supportive (communication openness, organisational boundaries, environmental scanning intensity, organizational and management support, remuneration, recognition, organizational climate) and innovative (innovativeness, proactiveness, risk propensity, aggressive competitiveness, work discretion)

organizational climates should be seen as a crucial process among strategic planning approaches of the organizations. As such, this study integrated theory and practice from the fields of management, organizational behavior, strategic management and intrapreneurship.

### Research Hypotheses

Intrapreneurial orientation are established capacities that are claimed by a firm and employees to demonstrate innovative behavior, bravery in taking risks and more proactive competitive advantage (Lumpkin and Dess, 1996). Prior research has identified work discretion and management supports as key determinants of behavioral intention or altitude (Bhattacharjee 2001; Brown and Venkatesh 2005; Karahanna et al. 1999). Prior studies show how employee discretion and management support varies across industries and countries in Europe. It was indicated that higher level employees enjoy significantly more discretion than lower level employees; and that larger organizations give significantly less discretion than smaller ones (Ortega, 2012). Thus we hypothesize that:

*Work discretion (H<sub>5</sub>) and management support (H<sub>1</sub>) have positive influence on the performance of sampled firms.*

Innovativeness means openness to new ideas, adoption of innovation or the presence of innovation tendencies of the business. Innovativeness is the inclination to take part in inventiveness through the presentation of new products or services and also innovative direction by means of R&D in new courses of action (Rauch et al, 2006). Innovativeness signifies the readiness to advance from technologies or processes and venture beyond present state of the art. This study adapt it as a predictor of intrapreneurial behaviour among employees and hypothesize that:

*Innovativeness (H<sub>2</sub>) has a positive influence on the performance of sampled firms.*

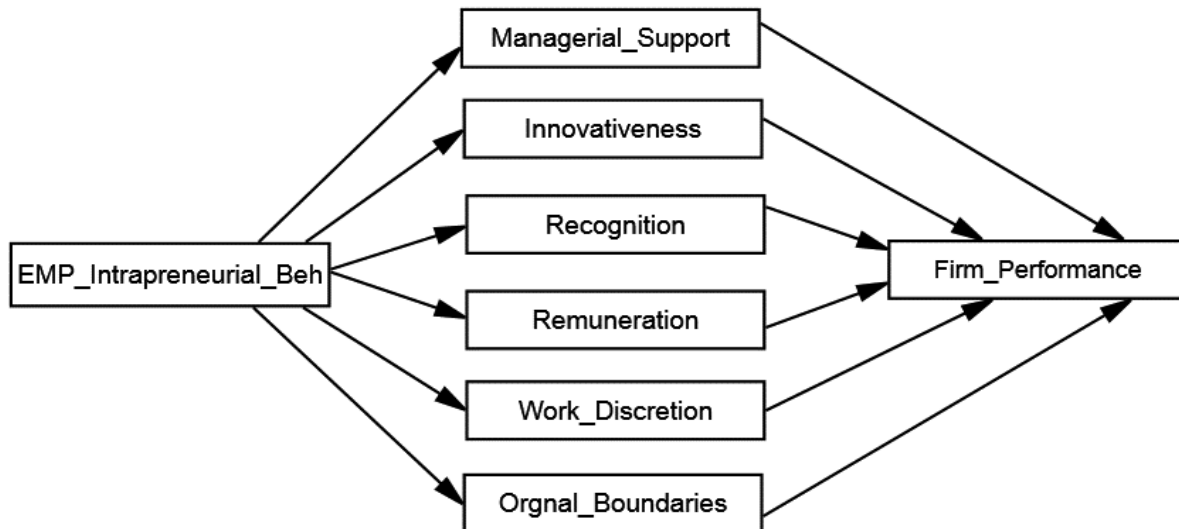
In fostering intrapreneurship behaviour, employees must be encouraged to look at the organization from a broad perspective. As such, top-level managers should avoid having standard operating procedures for all major parts of jobs and should reduce dependence on narrow descriptions and rigid performance standards. With respect to the aforementioned, we therefore hypothesize that:

*Organizational boundary (H<sub>6</sub>) has a positive influence on performance of sampled firms*

Besides, financial (remuneration) or non-financial (recognition) reward also has been proved to have the influence on ideas generation and application. Momaya (2007) observed that rewards can be in terms of recognition, appraisal or monetary factors. Thus to succeed in promoting corporate entrepreneurship, rewards system needs to be properly designed and structured so as to entice and motivate the workforce to behave intrapreneurially. Based on the preceding argument, it is hypothesized that:

*Remuneration (H<sub>4</sub>) and recognition (H<sub>3</sub>) have positive influence on the performance of sampled firms.*

Figure 1: Conceptual Model of Employee Intrapreneurial Behavior and Firm Performance



Source: Adapted from Ahmad, Nasurdin & Zainal, 2012; Lumpkin & Dess, 1996)

## METHODOLOGY

### Participants and Data Collection Procedures

The research method we used in our study is a survey methodology for two main reasons: (1) it is the most widely accepted methodology for a wide range of technology acceptance research is questionnaire-based survey (Wu and Wang 2005); and (2) the survey methodology has been consistently ranked highest by researchers and scholars on methods use to investigate the determinants of employee intrapreneurial behavior (Ahmad, Nasurdin & Zainal, 2012; Lumpkin & Dess, 1996). The datasets for our study were collected from 386 staff working in the leading Foods/Beverages and Tobacco sector of Nigeria. The firms selected include Nestle Plc, 7Up and Flourmill. The selected companies have emerged as the oldest in the sector and one with the highest value on Nigerian stock exchange (NSE, February, 2017).

### 3.2 The Operationalization of Constructs and Measurement scales

The characteristics of participants that participated in our study are shown in Table 1 to enhance both external and internal validity. The employee intrapreneurial behaviour which consists of managerial support, recognition, work discretion, remuneration, innovativeness and organizational boundary were measured using the Corporate Entrepreneurship Assessment Instrument (CEAI) developed by Kuratko & Hornsby (2008). While innovativeness element is measured using a 5-item instrument developed by De Jong (2007) and Lumpkin & Dess (1996). Participants responded to the items using a five-point Likert-type scale, with 1= “representing strongly disagree” and 5= “representing strongly agree”. Finally, items for job performance were adapted from Becker et al., (1996) and Janssen (2001).

## DATA ANALYSIS

A total of four hundred (400) copies of questionnaire were randomly administered to the staff of sampled firms. Only three hundred and eighty-six (386) copies of the questionnaire were retrieved, which amounted to 96.5% response rate (see Table 4.2.1).

### Distribution of Biographical Data of the Respondents

The tables below show the distribution of biographical data of the respondents in terms of gender, current rank/status, work experience and current status. Below is the frequency distribution of responses to biographical data as presented in Table 1.

Table 1: Distribution of Biographical Data of the Respondents

| Variables          | Frequency | Percentage |
|--------------------|-----------|------------|
| Gender             |           |            |
| Male               | 252       | 65.3       |
| Female             | 134       | 34.7       |
| Age                |           |            |
| 25 years & below   | 82        | 21.2       |
| 26 – 35 years      | 173       | 44.9       |
| 36 years & above   | 131       | 33.9       |
| Educational Status |           |            |
| OND/NCE            | 99        | 25.6       |
| Bachelor's Degree  | 177       | 45.9       |
| Master's Degree    | 87        | 22.5       |
| Others             | 23        | 6.0        |
| Work Experience    |           |            |
| Below 5 years      | 98        | 25.4       |
| 5-9 years          | 202       | 52.3       |
| 10 years and above | 86        | 22.3       |

*Source: Researcher's Field Survey Result (2017)*

The demographic variables above showed that 65.3% of the respondents were male and 34.7% were female. The table above shows that 21.2% of the respondents fall within the age bracket below 25 years, while 44.9% represent 26 to 35 years, while the age of 36 years and above constitutes 33.9%. For the educational status, the table showed that 25.6% of the respondents represent OND holders while 45.9% represented Bachelors' holder and only 22.5% were Masters' holder. For the working experience, the table indicated that 25.4% of the respondents had 1-4 years' of experience, while 52.3% have 5-9 years and 22.3% had 10 years experience and above.

### **Measurement Model and Model Fit Summary**

The analysis implemented the approach that was recommended by Anderson and Gerbing (1998) to evaluate construct validity, model fits, and the test of research hypotheses. Anderson and Gerbing (1998) adopted the use of: (1) measurement model and (2) structural model. Both the measurement and structural model in our study have constructs and measurement items that satisfy construct validity (i.e convergent validity). To demonstrate convergent validity in the first step, measurement model, we used CFA to assessed item reliability, item loadings, composite reliability, construct

validity, and error variance. The structural model was adopted to modify the constructs in the measurement model to theoretically fit the research model and to show the causal relationship between the constructs (i.e. latent variables). Moreover, the use of CFA in structural model was adopted to test for hypotheses, to measure the R-Square, and to investigate the significant and strengths of each individual path in our research model. It should be noted that Anderson and Gerbing (1998) argue that the two-step approach is a comprehensive and robust test for measuring construct validity, R-Square, paths significant/strengths, and hypotheses testing. Hence, in our study, we favor this two-step data analysis approach compared to the one-step approach.

In our study, we used confirmatory factor analysis (CFA) to assess the scale validity and the fit of the measurement model. Also, in our study, the one sequential phase for the validation of the scale was convergent validity. The three conditions we used to assess convergent validity is shown in Table 2. The three conditions are, first, the CFA loadings indicate that all scale and measurement items are significant and exceed the minimum value criterion of 0.70. Second, each construct composite reliability exceeds 0.80. Third, each construct's average variance extracted estimate (AVE) exceeds 0.50. The results of CFA analysis suggest that the factor loadings for all major variables range between 0.71 and 0.93. The convergence validity reported for the variables were as follows: work discretion = 0.88, recognition = 0.83, managerial support = 0.86, innovativeness = 0.79, organisational boundary = 0.84, remuneration = 0.88, Behaviour = 0.90 and firm performance = 0.86. The three conditions we used to assess convergent validity.

The three conditions are, first, the CFA loadings indicate that all scale and measurement items are significant and exceed the minimum value criterion of 0.70. Second, each construct composite reliability exceeds 0.80. Third, each construct's average variance extracted estimate (AVE) exceeds 0.50. Thus, our study indicates that most of the conditions for convergent validity as suggested and recommended by Fornell and Larcker (1981) and Bagozzi and Yi (1988) are met. Besides the measurement model, of particular interest is the path significance indicated by the standardised regression estimate ( $\beta$ ) that assesses the effects of the studied variables. A model fit was evaluated by examining several fit indices which include: chi-square ( $\chi^2$ ), chi-square/degree of freedom ( $\chi^2/df$ ), Goodness-of-Fit Index (GFI), Tucker Lewis Index (TLI), Comparative Fit Index (CFI), Standardized Root Mean Residual (SRMR) and Root Mean Square Error of Approximation (RMSEA) as presented in Table 2.

Table 2. The Model Fit Summary

| Model-Fit Index                                  | Score | Cut-off Values           | Remarks        |
|--|-------|--------------------------|----------------|
| Chi-square/Degree of Freedom (CMIN/DF)           | 2.745 | = 2, 3, or 5 upper limit | Acceptable fit |
| Normed Fit Index (NFI)                           | .954  | => .90                   | Good fit       |
| Comparative Fit Index (CFI)                      | 0.981 | => .90                   | Very Good fit  |
| Incremental Fit Index (IFI)                      | 0.963 | => .90                   | Good fit       |
| Root Mean Squared Error of Approximation (RMSEA) | .032  | <=.06                    | Good fit       |
| Goodness of Fit (GFI)                            | .961  | => .90                   | Good fit       |



As shown in Table 2, the model yielded a moderate fit given the sample data of  $\chi^2/df = 2.745$ , GFI = .961, NFI = .954, IFI = .963, CFI = .981, and RMSEA = .032. Thus, our study indicates that most of the conditions for indexes of overall model fit, as suggested and recommended by Hoyle and Panter (1995) are met.

### Hypotheses Testing and Structural Model

Table 4.3 and Figure 2 shows the model-fit measures that we used to assess the structural equation modeling's overall goodness of fit based on commonly accepted levels recommended by prior research (Chau and Hu 2001).

| Dependent Variable |      | Constructs of Independent variables | Estimate | S.E. | C.R.   | P    | Hypotheses    |
|--------------------|------|-------------------------------------|----------|------|--------|------|---------------|
| Firm_Performance   | <--- | Managerial_Support                  | .055     | .068 | .810   | .018 | Supported     |
| Firm_Performance   | <--- | Orgnal_Boundary                     | -.494    | .082 | -6.013 | ***  | Not Supported |
| Firm_Performance   | <--- | Innovativeness                      | .267     | .066 | 4.048  | ***  | Supported     |
| Firm_Performance   | <--- | Work_Discretion                     | .141     | .067 | 2.104  | .035 | Supported     |
| Firm_Performance   | <--- | Recognition                         | .425     | .047 | 9.119  | ***  | Supported     |
| Firm_Performance   | <--- | Remuneration                        | .314     | .046 | 6.794  | ***  | Supported     |

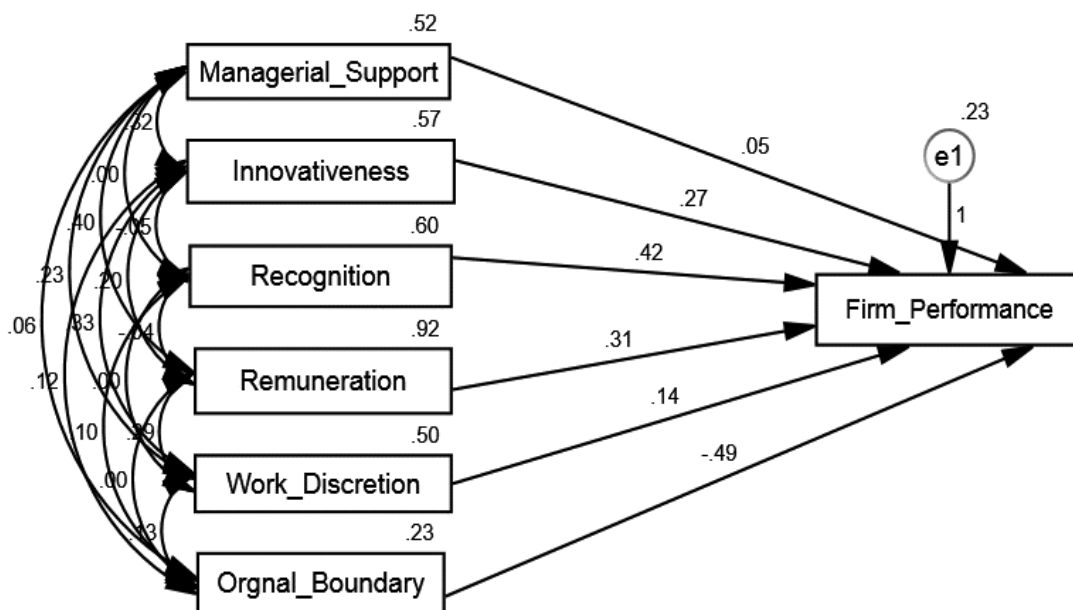


Figure 2: Output Results of Structural Model with Standardized Estimates

Source: Field Survey, 2017

An analysis of the data using the structural equation modeling procedure, as depicted in Table 3 and Figure 2, shows relative contributions of employee intrapreneurship behaviour dimensions on firm's performance. Figure 1 indicated that recognition ( $\beta = .425$ ,  $p < .05$ ), remuneration ( $\beta = .314$ ,  $p < .05$ ) were the major significant indicators followed by innovativeness ( $\beta = .267$ ,  $p < .001$ ), work discretion ( $\beta = .141$ ,  $p < .05$ ) and management support ( $\beta = .055$ ,  $p < .001$ ). The parameter estimate as depicted in Figure 2 indicates that recognition and remuneration are the most significant predictors of firm

performance. Surprisingly, organisational boundary (H6) exerted negative and insignificant influence on performance. As obtained in the literature, organisational boundary play a significant role on organisational performance. The results obtained from the survey is contrary to earlier studies in which positive and significant relationships were identified between organisational boundary and performance (Ahmad, Nasurdin & Zainal, 2012).

## CONCLUSION AND MANAGERIAL IMPLICATIONS

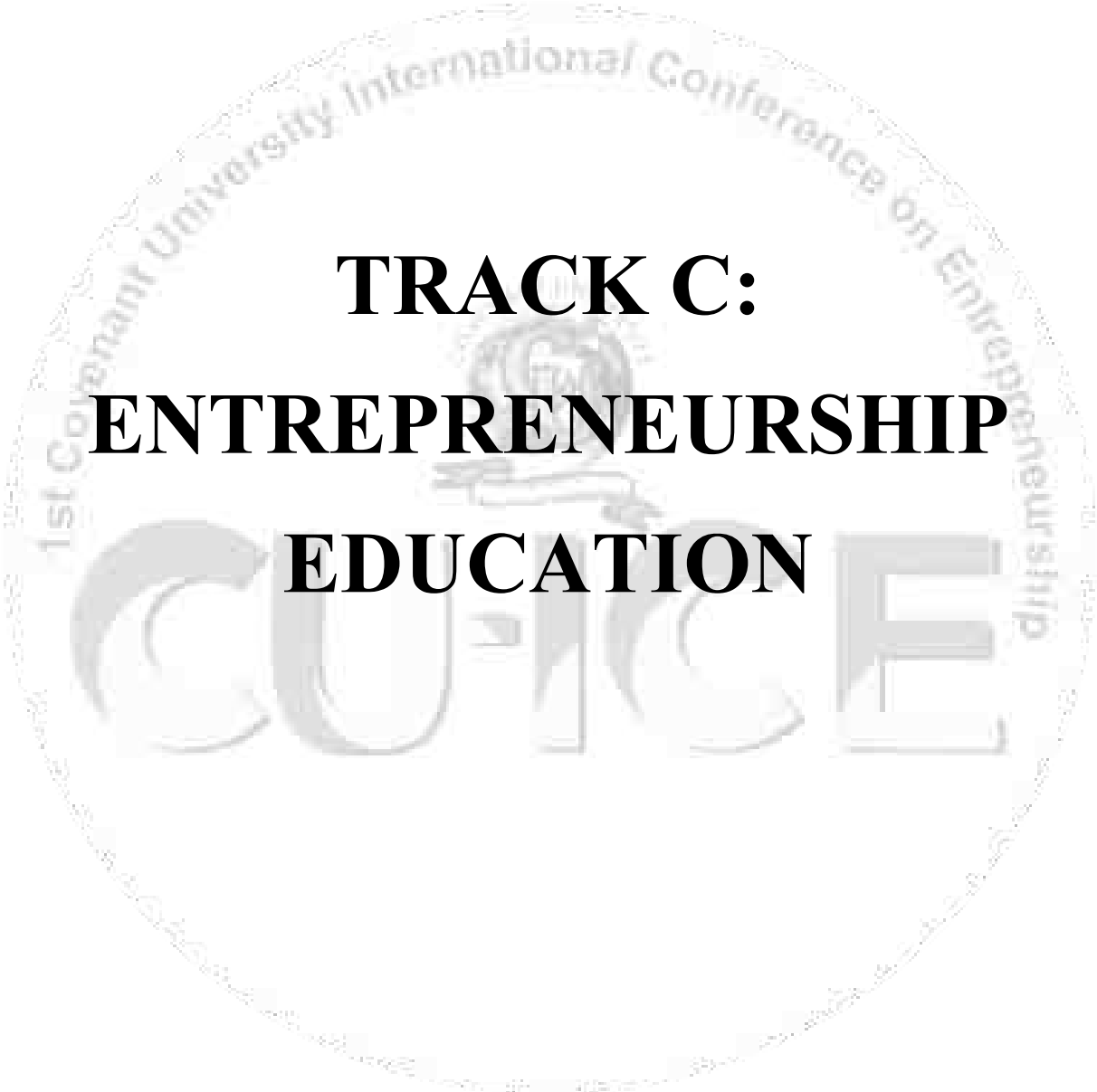
The findings of this study show the importance of intrapreneurial behaviour dimensions to business performance. Firms can improve their business processes and achieve better effectiveness and efficiency through the engagement of entrepreneurial approaches. The contributory factors of intrapreneurial behaviour such as work discretion, recognition, managerial support, innovativeness and remuneration prove to be necessary aids to achieving results and securing a better business performance; while a negative impact of organisational boundary on intrapreneurial behavior was recorded. This may be due to the nature of tasks within the organizations that require the employees to follow standard operating procedures. The findings of this study have several implications in the context of Nigeria's Foods/Beverages and Tobacco subsector.

Organizations that have intentions of developing new products can achieve better successes through constant innovations and engagement in research and development that can result in designing products that will satisfy customer needs. The result found that aging products don't necessarily have to be done away with but can be modified to form new products with better will achieve better value creation. The support for entrepreneurial activities can take the form of designing friendly policies and programmes that will achieve the proper implementation and control of chosen entrepreneurial activities. It is equally important for managers to understand that their commitment to the work discretion, recognition, managerial support, and innovativeness and remuneration models of business processes can establish a culture within employees and the entire corporate system. Organizations are considered to exist as a system that consists of many different components working together to achieve common objectives. The ability of management to ensure that all departments across the organization work together with a chosen intrapreneurial orientation will present the beauty in the system view of the organization and can better enhance their business performance. Therefore, giving a sense of recognition to employees with equitable remuneration package could facilitate more intrapreneurial behavior, which ultimately, will help improve the performance of the firms.

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**TRACK C:  
ENTREPRENEURSHIP  
EDUCATION**

# IMPLEMENTING A WEB BASED ON-DEMAND MENTORSHIP PLATFORM FOR YOUNG ENTREPRENEURS

Ojumah, S., Ogunleye, O., Udoh, A., Ameh, F. and Oluwatobi, S.

*Covenant University (NIGERIA)*

## **Abstract**

*Over 90 percent of startups fail after the first five years of kick-off in many developing economies like Nigeria due to the lack of entrepreneurial experiences, understanding of the environment and relevant insights required to handle peculiar challenges that come with running a startup company. Entrepreneurs and founders of startup companies can, therefore, improve the longevity of startups and mitigate the degree of startup failures if they can be equipped with the required knowledge and capacity. Such capacity can be harnessed from years of experiences gathered from trying, making efforts, succeeding and failing. However, entrepreneurs and founders, who are starters or lack substantial experience, may contribute to the failure rate of startups. This, nevertheless, can be addressed by taking advantage of those who have already gathered substantial experiences. These are referred to as mentorship in this study. Thus, a sound relationship between an experienced entrepreneur (mentor) and a starter entrepreneur (mentee) can enable the transfer of knowledge that mitigates the failure rate of startups. This study, therefore, seeks to explore the development of a web-based mentorship platform, where experienced entrepreneurs and young entrepreneurs meet and transfer knowledge. The platform is meant to give young entrepreneurs a leverage such that they harness the already existing experiences of experienced entrepreneurs, such as their failures, successes, methods, leadership styles and efforts. This will foster mentorship relationships, quick-finding help, and knowledge-sharing such that the failure rate of startup companies in Nigeria is reduced.*

*Keywords: Entrepreneurship; Innovation; Mentorship; Web*

## **1. INTRODUCTION**

Entrepreneurial education has been accepted as one of the means of empowering the youth to tackle the high rate of unemployment in Nigeria (Oyelola, Igwe, Ajiboshin & Peluola, 2014). This has motivated the rise of startups in different industries such as fashion, information technology, foods, and drinks to just mention a few. But the high failure rate of startups is a limitation to the efforts for a sustainable economic growth in Nigeria. Hence, it is insufficient for the youth to only go through entrepreneurial educational programmes without acquiring the necessary practical knowledge and capacity to succeed as an entrepreneur in their respective environment. As discussed by (Oluwatobi, Olurinola, Atayero & Ogundipe, 2016) the quality of a nation's human capital determines the level of entrepreneurial innovation and economic development. Therefore, capacity building in entrepreneurial activities through mentorship programmes can make the difference in effecting an upward curve in the success rate of startups. This can be validated from fact that a consistent and enduring mentorship in the outcome of a youth's endeavour has proven to be the difference between the successful or failing

youth (Bruce & Bridgeland, 2014), as it seeks to engage the youth in making healthy decisions that would yield the realization of their hidden potentials. Mentoring sessions require at least a physical meeting place and an appointed time but with the advancement in Information technology, several communication tools have been utilized to make virtual mentoring possible. Mentors can now use these tools to transfer the knowledge and build capacity required by the mentees. However, with the prevalent online applications and platforms, which address differing specific challenges, there are a few platforms such as iMentor Africa that are seamlessly bespoke mentoring solutions. Moreover, the approach taken by iMentor Africa is limited to the virtual world. This study therefore seeks to propose a framework for a web-based on-demand mentorship platform that provides the advantages of mentoring sessions taking place both online and onsite. The rest of this paper is structured as follows: Section 2 presents the literature review. In Section 3, the methodology is presented. Section 4 presents the results of this work as Section 5 discusses the results obtained while Section 6 provides recommendations and concludes the paper.

## **2. LITERATURE REVIEW**

Entrepreneurship is a significant element that adds to the economic development and growth of a nation. It has been widely studied in literature from different perspectives and is becoming a global phenomenon (Clarysse & Moray 2004).

Different authors have tried to define entrepreneurship yet there is no universally accepted definition. But in this paper we will consider the definition given by Chigunta (2002), that entrepreneurship is “the practical application of enterprising qualities, such as initiative, innovation, creativity and risk-taking into the work environment (either in self-employment or employment in small start-up firms), using the appropriate skills necessary for success in that environment and culture”. Furthermore, Aldrich and Yang (2012), gave a definition of who an entrepreneur is by defining an entrepreneur as somebody who is endeavoring to begin his or her own particular business, or the individuals who are at present dealing with their business.

Information on and the idea of entrepreneurship as a suitable profession spurs the interest of young people to become entrepreneurs (Uddin, 2015) and as a result, new businesses are springing up almost every day, yet the failure rates of new businesses remain very high (Jones, Macpherson & Jayawarna, 2013). This is because people are not getting the blueprints and relevant tools needed to build these businesses (Aldrich & Yang, 2012).

According to the survey carried out by Global Entrepreneurial Monitor (GEM) in Nigeria in 2013, 82% of young Nigerians were identified as potential entrepreneurs with relevant skills. However, only 40% said that they intend to start a business themselves, and 22% are actually in the process of setting up on their own. The reason for the big difference was as a result of inadequate information on the

opportunities and challenges they will encounter as entrepreneurs. This discourages them from going into entrepreneurship as it is hard to start up a business in Nigeria. Other limitations discovered were financial issues and lack of relevant skills. The findings from their survey showed that there is a shortage of adequate training and advice to young entrepreneurs (Aderinto, Obamuyi, Popoola & Obileye, 2013).

A possible solution to the problems identified is the introduction of mentorship. Mentorship is an important aspect for promoting career success. Different studies have been conducted on the concept of mentorship.

According to Kram (1985) in his mentor role theory, he stated that mentors offer career development for growth within the organization, and psychosocial growth, adding to the mentee's personal and professional development.

As a way of definition, Murray (1991), defined mentorship as a "deliberate pairing of a more skilled or experienced person (mentor) with a lesser skilled or experienced one (protégé), with the agreed-upon goal of having the lesser skilled person grow and develop specific competencies". From the definition above it shows that mentors can help young entrepreneurs to grow which could be done through guidance, counseling and providing ways on how to handle situations that are peculiar to new businesses. Therefore, the mentor-protégé relationship is an important avenue for securing required professional counsel and additionally serves as a source of moral support (Hisrich & Peters 2002).

Mentorship programmes where mentors provide guidance and support to emerging entrepreneurs have been found to enhance entrepreneurial traits (Ibrahim & Soufani, 2002). Mentors play a significant role in developing entrepreneurs (Cope & Watts, 2000), by providing focused and personalized support and can also improve an entrepreneur's capacity to perceive new business openings. In order to promote the startup of new businesses, mentorship has been found a tool for enhancing the success of these businesses (St-Jean & Tremblay, 2011; Rigg & O'Dwyer, 2012).

To further stress the importance of mentorship in entrepreneurship, a study was carried out by Lockyer and George (2012) on challenges faced by women in starting businesses and mentoring was found as an effective tool for overcoming those challenges (Lockyer & George, 2012; Smith & Beasley, 2011).

Although there are many benefits that come with mentoring, a lot of researchers have sought to determine what makes mentoring effective and how to improve these programs for entrepreneurs (St-Jean & Audet, 2013).

The most common means to mentoring is a face to face interaction with a mentor. But with the introduction of technology, mentorship programs have been enhanced. We now have what is called virtual mentorship (E-mentorship), where the mentors and protégés can now interact with one another via the use of web tools such as email, online discussion groups, instant messaging, chats, video conferencing, skype, blogs, wikis and document sharing (Purcell, 2004).

E-mentoring offers a number of benefits such as improvement in the quality of communication and access to more than one mentor or mentee at a time thereby expanding professional networks and granting participants with various perspectives on any given situation (An & Lipscomb, 2010). It can offer a global pool of potential mentors (Bierema & Merriam, 2002; An & Lipscomb, 2010). Headlam-Wells, Gosland, & Craig (2005) also mentioned that the effects of social status, gender, age, and race are diminished as physical characteristics are less visible in electronic communication, thus rendering them less important to the overall exchange.

Therefore, the main goal of a mentor is to provide “just-in-time” support and to add value by transferring the benefits of their education, experience, skills and attitudes (Sullivan, 2000) to these young entrepreneurs to ensure the growth of startups and viable entrepreneurial businesses and to contribute to the economic growth of Nigeria.

### **3. METHODOLOGY**

This section describes the steps taken in order to achieve the set objective of this research work.

#### **3.1 Requirements Elicitation**

The first step taken in the process was to gather the requirements needed to develop the system. The user requirements which are basic features required for the users of the system in order to achieve the goal of setting up meetings were collected. This was done by taking an informal survey in order to develop a minimum viable product, a proven methodology to maximize returns on risk. These requirements also cover the requirements for mentors on the platform which are part of the users. Table 3.1 and 3.2 shows the user requirements for both the entrepreneur and the mentors respectively.



**Table 3.1: Requirements for Entrepreneurs**

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**General Requirements**

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- Users should be able to create an account
  - Users should be able to login to the platform
  - Users should be able to request a meeting in real time
  - Users should be able to cancel a requested meeting
  - Users should be able to update their profiles
  - Users should be able to view the history of their meetings with mentors
  - Users should be able to send a feedback rating after a meeting
  - Users should be able to see a map of mentors in real time
- 

**Table 3.2: Requirements for Mentors**

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**Mentor Requirements**

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- Mentors should be able to perform all activities of the entrepreneur
  - Mentors should be able to accept and reject meetings from entrepreneurs in real time
  - Mentors should be able to get a feedback rating after a meeting
- 

**3.2 Programming**

The next step after gathering the requirements required to develop the system was the implementation of the platform. The core programming language used was JavaScript which was on the NodeJS runtime environment based on its real-time support. The database used was the MySQL database and the AdonisJS framework was used in order to develop a robust platform. Git was used for version control in order to provide a sustainable workflow platform and HTML, CSS and JavaScript were used for the

front-end platform with bootstrap as the CSS framework. The Google Maps API was also integrated to support map functionality.

### 3.3 Deployment

The web application was deployed using a single instance Heroku server with NodeJS and MySQL as add-ons. A website link was created and was shared to prospective users in which all were students, most of which were students of entrepreneurship.

## 4. RESULTS

This section describes the results from this research work.

### 4.1 User Interfaces

This section contains the different user interfaces for the users of the web application.

#### 4.1.1 The Signup Page

Fig. 1 shows the signup page which contains the form filled by new users. It contains details such as



The image shows a web form for user registration. It is divided into two main sections: 'Account' and 'Profile'. The 'Account' section includes an 'EMAIL' field with the placeholder 'name@example.com', a 'PASSWORD' field with the placeholder 'At least 5 characters', and a 'CONFIRM PASSWORD' field with the placeholder 'Repeat your password'. The 'Profile' section includes a 'FIRSTNAME' field with the placeholder 'Your first name', a 'LASTNAME' field with the placeholder 'Your last name', and an 'INTEREST' dropdown menu with the placeholder 'Select Interest' and a downward arrow.

the email, first name, last name and interest of the user.

Fig 1: The Signup Page

#### 4.1.2 Home Page

Fig. 2 shows the home page which is the primary page users see after login. Here users can perform activities such as requesting a meeting and see a brief history of the meetings. It also contains a map to see where mentors are in real time.

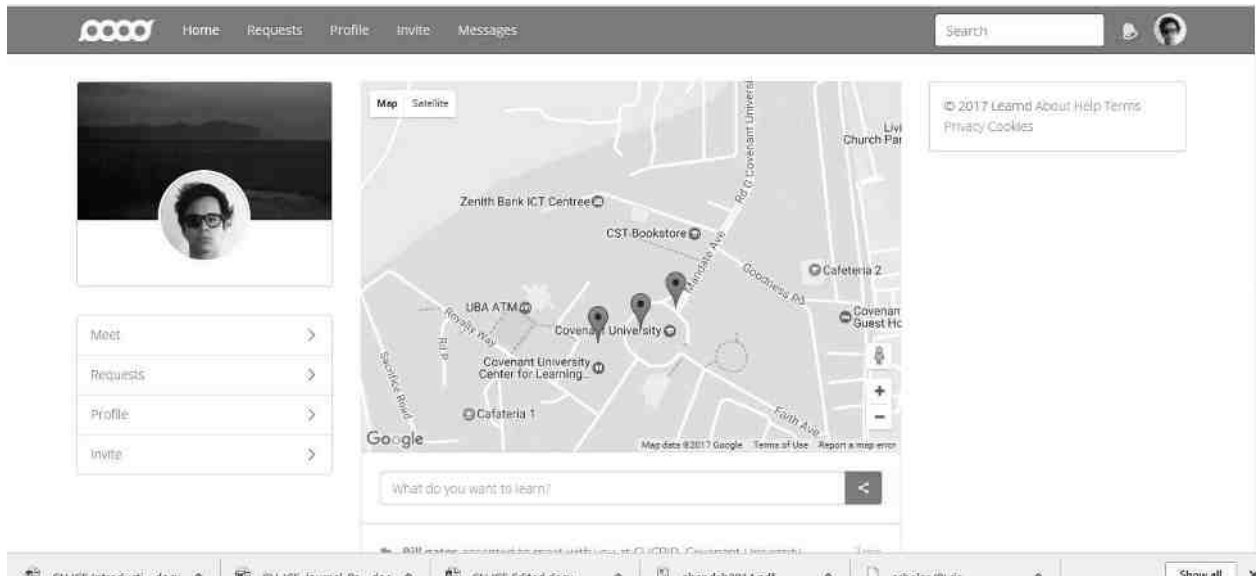


Fig. 2: The Home Page

#### 4.1.3 Profile Page

Fig. 3 shows the profile page which contains the basic details of a given user and the meetings



previously held at any given time.

Fig. 3: The Profile Page

#### 4.1.4 Requests Page

Fig. 4 shows the requests page which is a page primarily for mentors and contains the list of entrepreneurs who have sent a request for meeting at the point where the mentor has been online.

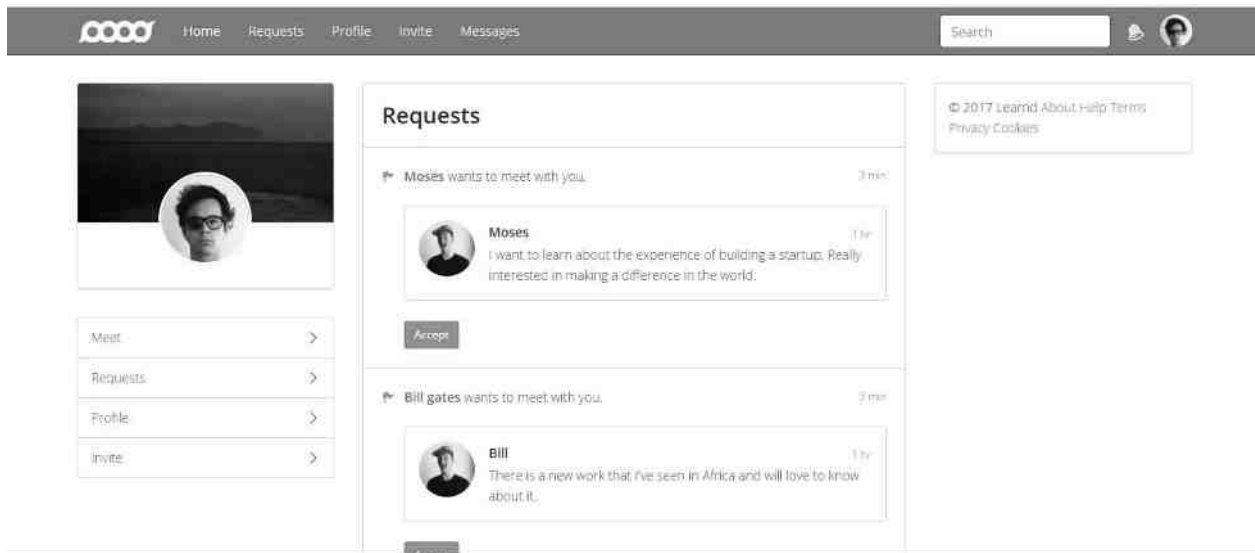
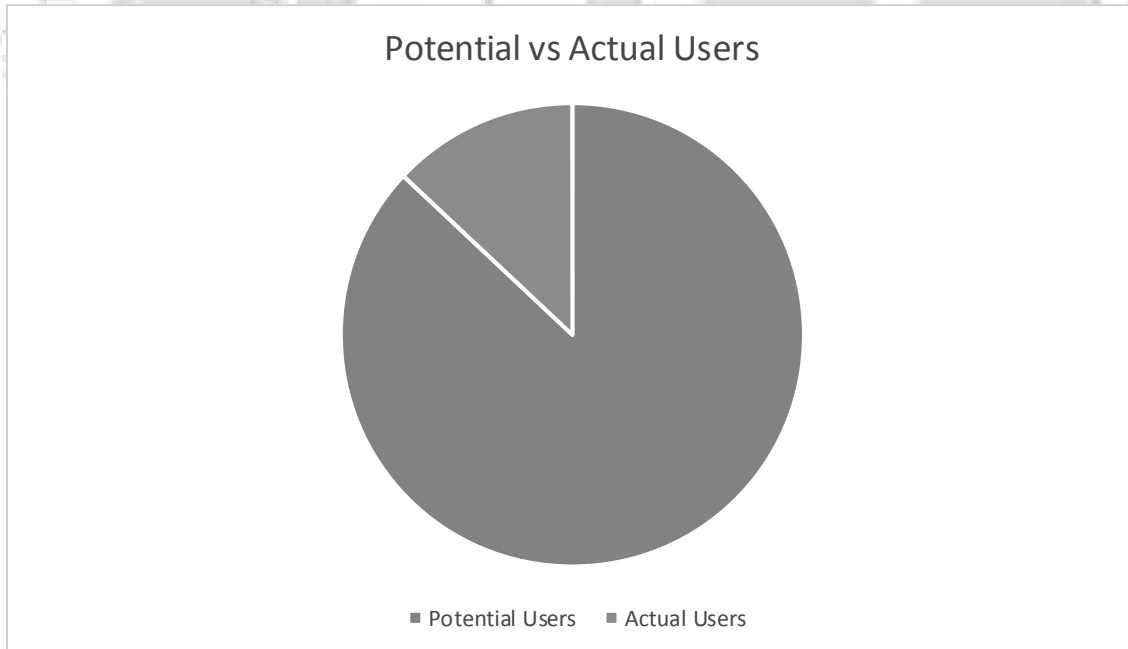


Fig. 4: The Requests Page

#### 4.2 Deployment and User Growth

After deployment and sharing the link to the web application, a total of 13 users out of an expected set of 100 users registered to use the platform. Fig. 5 shows the potential and actual user share of the



platform. However, there have been no meetings as at the time of this writing.

Fig. 5: Potential and Actual user share

## **5. DISCUSSION**

### **5.1 Effects on the economy**

The user growth rate shown in the results validate the need for the platform developed in this work. By focusing on meeting growth instead of raw growth, ideas will be flow freely and more entrepreneurs could potentially be enlightened in their areas of interest. This will cause a ripple effect across the entrepreneurial landscape and lead to higher success rates of startups which will in effect facilitate the growth of the economy where the system is deployed.

### **5.2 Effects on unemployment**

With the development of more successful startups comes the employment of more workers in the given geographical area. As more users are on the platform and meetings grow, the ripple effect will see the decrease in the unemployment rates. A more enlightened startup community will lead to more successful startups being created thereby leading to better job opportunities for individuals in the region.

## **6. RECOMMENDATION AND CONCLUSION**

### **6.1 RECOMMENDATION**

The results from this research work show that developing a platform for young entrepreneurs can serve as a base for the development of more successful startups. The development of a mobile application platform is recommended due to the ubiquity of smartphones around the world most especially among the young population which form the basis of this work. In addition, this work recommends further work to:

- ❖ Design specific use cases where young entrepreneurs can be mentored based on several factors stemming from factors such as education, location, gender and race.
- ❖ Explore mentoring in groups in which social learning is integrated for the benefit of each member of the group.
- ❖ Develop integrations to accommodate resource sharing where materials such as books and articles can be shared and or recommended to entrepreneurs.

### **6.2 CONCLUSION**

In this work, an on-demand mentorship platform for young entrepreneurs being implemented as a web application is presented. The basic requirements for the system were gathered from mentors and entrepreneurs which are to form the user base. The platform was developed using the NodeJS runtime environment running alongside a MySQL database with HTML, CSS and JavaScript used on the frontend. Usage statistics described in the results show about 13 users out of the target set of 100

registered to use the platform as early adopters as at the time of this writing. These results validate the need for the platform which will help in the development of entrepreneurs and lead to the success of more startups, thus reducing the failure rates seen in the startup ecosystem and ultimately lead to a robust economy in the region where it is deployed.

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# RELEVANCE OF SUSTAINABLE COMMUNITY EDUCATION FOR ENTREPRENEURSHIP DEVELOPMENT IN NIGERIAN RURAL COMMUNITIES

\*Adamu Isah<sup>1</sup>, Dr. Usman Da'u Aliyu<sup>2</sup>

Bayero University, School of Continuing Education (SCE), Department of Education, Kano, NIGERIA  
[adamisah77@gmail.com](mailto:adamisah77@gmail.com)<sup>1</sup> +2348073906748; [udaliyu@yahoo.com](mailto:udaliyu@yahoo.com)<sup>2</sup> +2348054434780

## **Abstract**

Community education is an education process that enables members of a community to identify their needs/problems and proffer solutions using locally available resources. Rural communities in Nigeria remain the central base of natural resources and producers of raw materials. Most of the necessary prerequisite needed to set up a vibrant entrepreneurial skill acquisition centre for a small scale business is available in the rural communities – land, labour, manpower, resources etc. but the problem lies in lack of awareness and inadequate knowledge or information on how to harness and mobilise these potentials to boost entrepreneurial skills. This paper is a theoretical highlight on the relevance of community education for entrepreneurship development in rural communities. The paper adopts the descriptive research method. Data used were mostly generated from secondary sources such as journals, conference papers, articles, books, websites and other texts etc. The paper highlights the nature of Nigerian rural communities, relevance of community education in entrepreneurship development and the strategies through which entrepreneurship can be enhanced in rural communities. The paper finally recommends among others that entrepreneurship development should be a component of any community education programme especially in rural areas.

*Key Words: Relevance, Entrepreneurship, Development, Rural communities*

## **INTRODUCTION**

Education is very important in the training and development of human resources in any country through imparting the appropriate skills, capacities, values, knowledge and attitudes which can be used in the transformation of individuals, communities, nations and the world at large. According to Freire (1973) put it that education...is the practice of freedom, the means by which men and women deal critically and creatively with reality and discover how to participate in the transformation of their worlds”.

Despite the fact that Nigerian rural communities are bedevilled with high rate of illiteracy, poverty and rural-urban migration syndrome, there is still the existence of various indigenous skills, mostly inherited from generations. Each family or clan have been noted for particular traits transmitted from ancestors. The rural communities also provide lots of occupational opportunities to the local people, upon which they earn a living, support their families and contribute towards the development of the community at large.

Community members at the local level are endowed with several entrepreneurial skills needed for the establishment of small scale businesses that can provide job opportunities to other members. But the



lack of knowledge and adequate information on how to mobilise and articulate these potentials for the benefit of others had limited the development and expansion of their skills and capacities. Community education is a means through which desired knowledge and information can be appropriately disseminated because it is an embodiment of educational programmes aimed at empowering the people to appreciate the value of their social existence to tackle the problems and challenges affecting their communities.

Community education has been advocated as a way to respond to social exclusion and systemic inequalities.... The whole idea of community education and learning is rooted in a process of empowerment, social justice, change, respect and collective consciousness. It builds the capacity of local communities to engage in developing responses to educational and structural disadvantage and to take part in decision-making and policy formation within the community. It is distinct from general adult education provision, due to both its ethos and the methodologies it employs (AONTAS, 2000).

Community education can be appropriately adopted and applied in the entrepreneurship development processes because its model caters for variety of learners at different levels, as it incorporates and recognizes formal, non-formal and informal learning. In view of this, Esenjor (1992) opined that it is crucial to ensure in the course of designing development programmes, the active involvement and contributions of the entire people who should be educated to share responsibility along with the benefits of development.

Therefore, it is based on this background that the paper reviews the relevance community education to entrepreneurship development at the rural communities. The paper reviewed relevant literature, described the nature of the Nigerian rural communities and identified strategies through which community education fosters entrepreneurship development.

### **Nature of Nigerian Rural Communities**

The nature of Nigerian rural communities can be clearly identified based on observation and the usual daily reports about rural communities on the media. Nevertheless the classic work of Sorokin & Zimmerman (1929) in Ezimah (2004) can still be slightly applicable to our current rural communities. They observed and analysed the rural communities in terms of occupation which is more of agrarian, agribusiness, extractive or primary activities and communalism. The environment is associated with nature, more natural than man-made, usually small communities, villages, country side, with productive capacity and low population density, often a homogeneous group. High degree of poor education and political docility, bias against women, religious dogmatism, low rate of crime, nominal identity and pronounced reign of traditional rulers. They further added that the rural communities have

low social differentiation and stratification, rural-urban migration is high, classified with high degree of primary contact, personal face to face contact, we- feeling (P. 303)

Ezimah (2004) further describes the rural community life (Gemeinschaft) in rating the different sectors of the national economy, the rural dwellers who are mainly farmers are at the continuum. Generally life revolves around low investment in agriculture, rural proletarianization leading to migration to cities. They are characterised by an aggregate of lineages exhibiting consanguineous we-feeling relationship with primary contacts. The poverty level in rural communities especially in developing countries makes it difficult to raise capital to invest in ventures that are lucrative and yield much of employment opportunities. Poor health facilities and the use of primitive technology in farming and processing culminate the prominent features of rural communities. Baker (1995) also pointed out that the rural communities have few cultural attractions, limited public services and in most instances benefits little from the national wealth. On the other hand, Baker (1995) indicated that a rural community presents positive values, beliefs, traditions, wealth of natural resources, diverse rural activities, friendliness and relatively low crime rates.

Along the same line, Mondal (2016) supporting the above view highlighted ten characteristics of the rural communities to include: (a) size of the community is usually small (b) low population density (c) Agriculture is the main occupation (d) close contact with natural environment (e) homogeneity of population (f) social stratification (g) social interaction (h) social mobility is rigid (i) social solidarity and (j) joint family.

Nevertheless, the negative features of rural communities can be appropriately transformed through entrepreneurship education as to enable the people understand their condition and be able to solve their problems using available resources at their disposal to enhance their general well-being and living condition.

### **Relevance of Community Education in Entrepreneurship Development**

Entrepreneurship education and training is becoming a global phenomenon due to the high rate of unemployment and poverty driven crimes and crises. This has made many countries of the world (developed, developing or underdeveloped) to be interested and making progress though at low pace (Anho, 2014), to extend entrepreneurship skills to the large population of people excluded from this development especially at the rural areas. Similar situation had already been described by Agboh (2009) stressing that, most developing countries like Nigeria are plagued with poverty, unemployment, underemployment, disease and lack of infrastructural facilities. He further stated that experts have suggested that graduates or even individuals should be job creators, self- employed or employers of labour and not only job seekers.

In this regard, Solomon (1989) lamented strongly over the traditional “mass production” educational system that has dominated our education system for decades, even in the United States, which tends to “to teach students how to become proficient employees instead of successful business person”. Even with the recent significant growth of entrepreneurship in higher education over the past 5-10 years in Nigeria, strong growth is expected to continue; researchers agreed that more needs to be done.

According to Global Entrepreneurship Monitor (GEM) 2010 expert survey report in Ruperto et al (2011) quoting (Corduras-Martinez, Levie, Kelley, Saemundson &Schott, 2011) laments that entrepreneurship education and training in school and outside school are inadequate in most countries. As supported by Twaalfhoven & Wilson (2004) that entrepreneurship in higher education needs to expand particularly in the areas of curriculum development, training and development of teachers, funding entrepreneurship, cross disciplinary research collaboration and facilitation of spin-outs from higher institutions.

It was in this dimension that Varela (2003) in Ruperto et al (2011) argues that our function as a nation is to educate our citizens within the bounds of ethics and social responsibility to make human beings capable of acting independently, innovatively and with the capacity for achieving goals and taking risks to create new sources of wealth and employment. This assertion was subtly affirmed by Kirby (2003) that educational systems need to focus not simply on what is taught but how it is taught.

In this sense, the role of community education in the formation of strong entrepreneur base especially at the rural level is inestimable; it enables participants to emerge with more than new personal skills and knowledge. As maintained by Omoyibo (1998) that the involvement of the local people in educational process is being advocated for based on the fact that the people are more equipped with the indigenous knowledge through informal and non-formal education of their environment in terms of all the existing traditional resources in the area which are viewed as important ingredients of sustainable educational development. They also emerge with a strong capacity for social action, a sense of collective empowerment and an ability to tackle issues of social justice.

In this sense, the World Economic Forum (2009) highlighted the importance of entrepreneurship education and training on the development of entrepreneurship capabilities. Thus,... while education is one of the most important foundations for economic development, entrepreneurship is a major driver of innovation and economic growth. Entrepreneurship skills, attitudes and behaviours can be learned and that exposure to entrepreneurship education throughout an individual lifelong learning path, starting from youth and continuing through adulthood into higher education as well as reaching out to those economically or socially excluded is imperative (The World Economic Forum (2009: 7-8)

Therefore in order to provide a levelling ground for effective introduction and mobilization of the rural communities into full participation in the entrepreneurship programme. The following key characteristics community education as outlined by the Green paper 1998 is crucial.

- i. It should be a learning environment and located in the community
- ii. It provides learning programmes based on identified needs
- iii. Its control remains in the local community's hands
- iv. Its teaching and learning methodologies are rooted in emancipatory, humanistic values.
- v. It maintains that people are capable of reaching their potentials through growth and development.
- vi. Participants' own experience is valued as the basis for learning
- vii. Its intended outcomes are personal acquisition of skills, knowledge and further directions on social and community advancement.

Moreover, promoting entrepreneurship through community education needs practical and operational strategies that are objectively realistic.

### **Community education strategies for Promoting Entrepreneurship Education in Rural Communities**

In a qualitative research report conducted in Donegal in 2007 exploring community education and social change, discovered that community education has been successfully used to reach marginalised groups and developing relationships with people who are often excluded from society. For this reason, statutory agencies such as training bodies and employment agencies use some methods from community education. In this regard, Connolly (2007) argues that there is a fundamental difference between community education (delivered by community groups where people can opt to attend) and programmes where people are compelled to attend, "the fundamental condition for community education, the grassroots movement, where participants identify and self-direct their own learning stories, is completely missing when people are forced to attend... it is top down, not compulsory imposition on people who have little social power" (Connolly, 2007:15).

The strategies and styles of community education are mostly differentiated from the mainstream of other forms of education by its ethos of empowerment and consciousness-raising; its group methodologies are also distinctive and purpose-oriented. Its model is deeply rooted in the process of active participation. Community education is a flexible educational process, and can be adopted and used by any group of learners or 'community of interest' to achieve its aims (ibid)

Community education provides local residents, community agencies and institutions the opportunity to become active partners in addressing community concerns. Its principles can be applied in implementing any form of programme meant for the community members. These principles according to Decker (1990) include the following:

- i. Self-determination: since the local people are in the best position to identify their needs and wants. Any community entrepreneurship programme organized with this purpose in mind will help immensely towards achieving balanced community participation.
- ii. Self-help: people are best served when their capacity to help themselves is encouraged and enhanced. When people assume ever-increasing responsibility for their own well-being, they acquire independence. Since entrepreneurship is aimed at producing a self-reliant people, this therefore creates a softer landing ground for community entrepreneurship education
- iii. Leadership development: the identification, development and use of the leadership capacities of the local citizens are core prerequisite for an on-going self-help and community improvement efforts of all sorts.
- iv. Localisation: this indicates that services, programmes, events and other community involvement opportunities that are brought closer to the people by organising it within their simplest reach have the optimum potential for a high level of public participation. Whenever possible, community education programmes should be decentralized to locations of easy access to the community members.
- v. Integrated delivery of services: this is where organizations and agencies with the same purpose collaborate for public good. Organizers of any entrepreneurship programme can collaborate with other agencies of like minds to provide the needed services for the benefit of the community members.
- vi. Maximum use of resources: the physical, financial and human resources of every community should be interconnected and used to their fullest to satisfy the needs and interests of the community members. This is very important principle that would be welcome by entrepreneurs, because entrepreneurs need these resources to initiate their ventures.
- vii. Inclusiveness: community education programme must be free from all sorts of segregation or discrimination based on age, gender, income, sex race, ethnicity, religion or other factors that might hinder the full development of the community. Therefore community entrepreneurship education programmes, activities, and services should involve the broadest possible cross section of all the community residents.
- viii. Responsiveness: community education principles provide opportunity for public institutions the responsibility to develop programmes and services that respond to the continually changing needs and interest of their constituents
- ix. Lifelong learning: learning begins from cradle to the grave. Formal and informal learning opportunities should be available to residents of all ages in a wide range of community settings. This makes the provision of any community entrepreneurship education programme sustainable and easy.

There are many areas of occupational engagements which could be used to engage the rural communities into different entrepreneurial skills as identified by Okekekiani (2008) cited by Akiri (2011), Anho (2013), which include the following:

- i. Agricultural crop production

- ii. Animal husbandry
- iii. Barbing
- iv. Beauty care
- v. Coal production and sales
- vi. Clothes dyeing
- vii. Driving career
- viii. Iron and steel production
- ix. Car washing
- x. Sewing and fashion designing
- xi. Soap and detergent production
- xii. Poultry farming e.t.c

Entrepreneurship education can be promoted in the rural communities through government resources (agencies) as it was done in Slovenia. Nwadiani (2011) reports that it was offered through different government resources, in which every year 4000 young people aged from 12-30 participate, which was approximately 30% of the secondary education population. That same year 2006, Slovenia adopted a new strategy into the regular school system to involve all levels of education.

### **Conclusion**

The paper significantly justifies how relevant community education could be to the overall implementation of successful entrepreneurship programmes in the rural communities of Nigeria. In view of the importance of entrepreneurship to nation building, community entrepreneurship education becomes a timely intervention in boosting the entrepreneurial potentialities of rural communities. It is an important community diffusion mechanism of empowerment and fostering mind-sets, skills and behaviours on the rural communities. It is expected that a well-organized community education programme will go a long way in motivating rural dwellers into full participation in any entrepreneurship programme that will improve their economic and productive power.

### **Recommendations**

By and large, the paper presents a guide to providers of entrepreneurship education to embrace community education principles to facilitate effective instructional delivery and elicit high degree of participation from the rural dwellers. It is based on this outcome that this paper recommends the followings:

- a. Programme planners, initiators as well as institutions should restructure and reorganise the bulk of their educational programmes to produce self-dependent individuals and entrepreneurs.
- b. Entrepreneurship development should be a component of community education programme.

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# EFFECT OF ENTREPRENEURSHIP EDUCATION ON STUDENT INDEPENDENCE-ORIENTED INTENTIONS IN SELECTED PRIVATE UNIVERSITIES IN ABUJA

\*Thomas Oladele Oyetunde<sup>1</sup>, Marcus Garvey Orji<sup>2</sup>, Jimoh Bolaji Akeem<sup>1</sup> and Sunday Alewo Omale<sup>2</sup>

<sup>1</sup>Department of Business Administration, Ahmadu Bello University, Zaria, Nigeria

<sup>2</sup>Department of Business Administration, Veritas University, Abuja, Nigeria

\* Corresponding Author

## **Abstract**

*The purpose of this paper is to investigate whether or not entrepreneurship education helps students who have undergone entrepreneurship courses develop independence-oriented intentions. Cross-sectional survey designs were conducted. Using a proportionate stratified purposive sampling approach, a sample of 228 students was drawn from four private universities in Abuja. This research focused exclusively on the effect of entrepreneurship education on student independence-oriented intentions. The findings of the study revealed that entrepreneurship education does not necessarily challenge the students to have independence-oriented intentions even for students who have enrolled for a degree in entrepreneurship. Therefore, there is need for Nigerian educational institutions to develop effective teaching techniques for entrepreneurship educators such that more attention would be paid to educating 'for' entrepreneurship rather than the "how" of entrepreneurship which is the norm in most entrepreneurship educational program in Nigeria. Thus, the study calls for a new approach to teaching entrepreneurship education in private universities in developing countries and Nigeria in particular.*

*Keyword: Entrepreneurship education, Student independence-oriented Intentions*

## **1. INTRODUCTION**

For the past three decades, Nigerian crude oil has been a major source of revenue for the government. This has made the economy largely unstable and vulnerable to the falling global crude oil prices in the international market. With dominance of the oil industry, among other consequences, unemployment rate is growing due to number of graduates without jobs. Given these realities, the Nigerian government has seen the need to diversify the economy to take advantage of pool of skilled labour.

Entrepreneurship development has been found to be capable of making an impact on economy diversification through employment generation and empowerment of the youth in the country. The economic recession the country experienced recently has contributed to the increased attention paid to the potential role of entrepreneurship. Entrepreneurs generate employment, produce new goods and services and earn foreign exchange through their personal skills and attitude. Consequently, entrepreneurship is most importantly an attitude that promotes creativity so that one could be active, useful, innovative and sensitive to opportunity (Samsudi, Widodo & Margunani, 2017).

Although, there is generally an agreement about the importance and necessity of encouraging entrepreneurship for economic development, entrepreneurship scholars have not still agreed on the antecedent of the decision to become an entrepreneur. Early research in this regard has been focused on psychological characteristics and traits of individuals as antecedents of new venture creation and

factors of venture success (Rokhman, & Ahamed, 2015). One of the factors that received much emphasis in recent years is the role of entrepreneurship education. Entrepreneurship education refers to education and training activities within the educational system or outside of it that tries to develop the intention of the participants to perform entrepreneurial behaviours (Abidin, Abdullah & Rahim, 2016). The aim of entrepreneurship education is not only for human capital to be drivers of economic growth through the creation of jobs and new ventures, but also to develop individuals who understand entrepreneurial processes and have entrepreneurial skills and ways of thinking independently after completing their education. (Täks, Tynjälä & Kukemelk, 2016).

Although past research has established a linkage between entrepreneurship education and entrepreneurship intentions (Rauch & Hulsink, 2015; Khalifa & Dhiaf, 2016; Efrata, Hadiwidjojo & Aisjah, 2016; Zurriaga-Carda, Kageyama & Akai, 2016; Desai, 2017), those past research conceptualized entrepreneurial intention as a single general construct notwithstanding the fact that entrepreneurs can either be self-employed or work in an established organization as an intrapreneur. Little is known about how students translate their entrepreneurship intentions into independence orientations. Simply possessing entrepreneurship intentions may not lead to independence orientations unless the student has aspiration to be self-employed. With this in mind, this paper therefore seeks to determine the effect of Entrepreneurship Education on student independence-oriented intentions in Selected Private Universities in Abuja.

### **1.1 Research Hypotheses**

In order to find out the effect of the independent variable on the dependent variable, the following null hypothesis is tested.

**H<sub>01</sub>:** There is no significant effect of entrepreneurship education on student independence-oriented intentions in selected private Universities in Abuja

## **2. LITERATURE REVIEW**

### **2.1 Independence-Oriented Intentions**

Studies provide evidence that most of entrepreneurial activities are intentionally planned behaviour. Ajzen (1991) theory of planned behaviour holds that entrepreneurial intention shows a person's efforts to have entrepreneurial behaviour. Besides the importance highlighted by Ajzen of intention as a concept in understanding behavior, Krueger, Reilly and Carsrud (2000) observe that intentions are the best predictor of planned behavior particularly when the behaviour in question is unusual, difficult to understand, or involves volatile time lags as is the case with entrepreneurship. In this study we focus on the individual's formation of the intention to behave entrepreneurially as a self-employed.

To understand why individuals pursue independence by being self-employment, it is critical to understand the nature and the precursors of intentions of putting up business venture for self-employment (Krueger *et al.*, 2000). According to Fitzsimmons and Douglas (2011), an intent for independence is defined “as the individual's intention to start a new venture that is primarily expected to allow the individual to ‘be one's own boss’ while providing an income sufficient to meet his/her needs and/or aspirations” (Fitzsimmons & Douglas, 2011, p. 4).

Some studies have examined the reasons why individuals choose to pursue entrepreneurial self-employment rather than non-entrepreneurial employment situations (DeTienne & Chandler, 2004; Dutta & Crossan, 2005; Xie, 2014). Although the descriptors differ across this prior research, the reasons typically given include reference to the outcomes of autonomy/independence, increased income, and the intrinsic benefits of associated with owning one’s own business. While these studies do not focus on the individuals’ attitudes to these outcomes of entrepreneurship, it can be inferred that individuals have positive attitudes to these outcomes since they are using them as the justification for their selection of entrepreneurial self-employment.

## **2.2 Entrepreneurship Education**

Entrepreneurship education is defined by Abidin *et al.* (2016) as education and training activities within the educational system or outside of it that tries to develop the intention of the participants to perform entrepreneurial behaviours. It is the process of exposing students to the concepts and skills to recognize business opportunities and the ability to act where others have hesitated. Entrepreneurship education is used to impart students with skills needed to set up a new business (Rahim *et al.*, 2015). This indicates that it is a carefully planned process giving rise to the acquisition of entrepreneurship skills for a more comfortable and qualified life (Seikkula-Leino, 2016). Similarly, it is the transfer of knowledge that inculcates in learners the traits of risk-taking, innovation, arbitrage and co-ordination of factors of production for the purpose of creating new products or services for new and existing users within human (Oluwafemi, Martins & Adebaye, 2014).

Entrepreneurship education is meant to change students’ behaviour pattern in the desired direction. Therefore, Entrepreneurship education is a continuing development of relevant entrepreneurial skills and habits whose understanding and application enable the students to contribute meaningfully towards the growth and development of Nigerian economy. However, despite huge interest and support entrepreneurship education, there is very little evidence to demonstrate its benefits. This leads the debate as to whether entrepreneurship can be taught and learned at universities at all, and, if so, what should be taught, how, and by whom (Hussain, 2015).

### **2.3 Entrepreneurship Education and Independence-Oriented Intentions**

Entrepreneurship education has continue to attract interest from policy makers and educators (Lackéus & Williams Middleton, 2015) calling for it to be included in all programmes of all students, irrespective of discipline or level of study (Rae, Martin, Antcliff & Hannon, 2012). Consequently, several entrepreneurship scholars have examined the outcome of entrepreneurship education centre mostly on entrepreneurial intention. Recently, Efrata *et al.* (2016) examined the effect of entrepreneurship education on entrepreneurial intention of students at Universities in Indonesia using business and management students. Their findings indicated that while entrepreneurship education exposes students to the perceived feasibility, the direct effect of entrepreneurship education on entrepreneurial intention is negative.

Prior research based on theory of planned behaviour indicates that entrepreneurship education increases the intention to start a business and successfully run it (Rauch & Hulsink, 2015; Zurriaga-Carda *et al.*, 2016; Desai, 2017). Entrepreneurship education equips students with the required entrepreneurial knowledge that directly influences individual's attitude and intention towards entrepreneurship (Miralles, Giones & Riverola, 2016). However, it has been argued that the effect of entrepreneurship education on entrepreneurial intention varies on the basis of the peculiar students' differences, duration of the entrepreneurship education and cultural values (Bae, Qian, Miao & Fiet, 2014), prior entrepreneurial knowledge of population studied (Mueller, 2011), how the courses are taught (Mueller, 2011; Bae *et al.* 2014) and the role of gender and self efficacy (Shinnar, Hsu & Powell, 2014).

Researchers who agree with this view have found full support for the theory planned behaviour in terms of the positive outcome of entrepreneurship education on entrepreneurial intention (Otuya, Kibas, Gichira & Martin 2013; Efrata *et al.*, 2016). Other researchers support the potential impact of theory planned behaviour as an assessment tool for entrepreneurship education (Solesvik, 2013) and the intention to start a business (Rauch & Hulsink 2015). While majority of studies on the link between entrepreneurship education and entrepreneurial intentions operationalized entrepreneurial intentions on a generic term, none of these studies examined entrepreneurial intentions in terms of independence-oriented intentions.

### **3. METHODOLOGY**

This research uses a cross-sectional survey research method. The study population is 427 undergraduates of business and management students that have undergone courses in entrepreneurship from four private universities in Abuja, namely (1) Veritas University, Abuja; (2) African University of Science & Technology, Abuja; (3) Nigerian Turkish Nile, University, Abuja and (4) Baze University, Abuja. Population of students already passed these entrepreneurship courses.

It has been argued that teaching and learning environment has generally been better in the private than in the public universities (Obasi, 2015). This implies that the entrepreneurship education in the private universities should be more effective than public universities, hence, the need to empirically determine the effectiveness of entrepreneurship education in the private universities. The sample size of 228 for the study was determined by the use of the Taro Yemen's formula. Thereafter stratified random sampling is used to take sample size of 228 students as unit of analysis. Data was collected by distributing questionnaires that have been tested for validity and reliability. Data was analyzed by simple regression method.

The research instrument used for this study comprises of two sections. Section "A" consists of questions about the demographic characteristics of the respondent such as gender and age. Section B included the questions to measure entrepreneurship education and student independence-oriented intentions. Entrepreneurship education was measured using a nominal scale ranging from "have not undertake any entrepreneurship education for the past six months = 0 and more than six months' exposure to entrepreneurship education = 1. independence-oriented intentions of the students was measured with a four-item scale of Douglas and Shepherd (2002) using a 7-point Likert scale ranging from very unlikely ('1') to very likely ('7') E.g: likely it was that you would start your own business within 2 years after graduation. All the variables are structurally sound and reliable as reflected by the respective factor Cronbach's alphas that are all above 0.70. Cronbach's values of above 0.6 are considered strong measures of reliability (Nunnally & Bernstein 1994).

The study used descriptive statistics and inferential statistics to analyze the data using SPSS 20.0. Descriptive statistics were used to analysis the demographic variables while simple regression was used to determine the effects of entrepreneurship education on student independence-oriented intentions. Student independence-oriented intention (Y) was expressed as a function of entrepreneurship education as specified in the following regression equation;

$$Y = \beta_0 + \beta_1 X_1 + e$$

Where Y= Dependent variable (Student independence-oriented intention)

$\beta_0$  = Constant

$\beta_1$  = Intercepts of Independent Variables

$X_1$  = Independent variable (entrepreneurship education)

$\epsilon$  = Standard Error term

## 4. ANALYSIS AND RESULTS

### 4.1 Preliminary test

The content validity of the questionnaire was established seeking opinions of experts in the field of study especially the lecturers in the department of business Administration. Chronbach's Alpha was

used to measure the internal consistency of the research instrument and its score for each variable was above 0.79. Coefficient of 0.7 is commonly used as the cut off point of acceptable reliability (Nunnally & Bernstein, 1994). 93.86% return rate of the copies of questionnaires was recorded. The descriptive analysis of the data from the respondents reveals that 118 (71.5%) of the respondents are male, while 47 (28.5%) are female. The analysis also shows that all the undergraduate students are within the range of 18-30. This descriptive analysis shows that the age of respondents is adequate enough for them to understand and express their opinion on the effect of entrepreneurship education their independence-oriented intentions.

## 4.2 Correlation Analysis

**Table 1:** Correlation analysis between entrepreneurship education and student independence-oriented intentions

|                                  |                     | Entrepreneurship education | Independence-oriented intentions |
|----------------------------------|---------------------|----------------------------|----------------------------------|
| Entrepreneurship education       | Pearson Correlation | 1                          |                                  |
|                                  | Sig. (2-tailed)     |                            |                                  |
|                                  | N                   | 214                        |                                  |
| Independence-oriented intentions | Pearson Correlation | .082                       | 1                                |
|                                  | Sig. (2-tailed)     | .232                       |                                  |
|                                  | N                   | 214                        | 214                              |

The relationship between entrepreneurship education and student independence-oriented intentions was investigated using Pearson product-moment correlation coefficient. Initial analyses were performed to ensure no violation of the assumptions of outliers, normality, linearity and homoscedasticity. As shown in table 4 above, there was a very weak, positive correlation between entrepreneurship education and student independence-oriented intentions [ $r = 0.082$ ,  $n = 214$ ,  $p < 0.01$ ].

## 4.3 Regression Analysis

**Table 2:** Model Summary<sup>b</sup>

| Model | R                 | R Square | Adjusted R Square | Std. Error of the Estimate | Durbin-Watson |
|-------|-------------------|----------|-------------------|----------------------------|---------------|
| 1     | .082 <sup>a</sup> | .007     | .002              | .002                       | 1.649         |

a. Predictors: (Constant), Entrepreneurship education

b. Dependent Variable: Independence-oriented intentions

**Table 3:** ANOVA<sup>a</sup>

| Model |            | Sum of Squares | Df  | Mean Square | F     | Sig.              |
|-------|------------|----------------|-----|-------------|-------|-------------------|
| 1     | Regression | 37.605         | 1   | 37.605      | 1.438 | .232 <sup>b</sup> |
|       | Residual   | 5545.334       | 212 | 26.157      |       |                   |
|       | Total      | 5582.939       | 213 |             |       |                   |

a. Dependent Variable: Independence-oriented intentions

b. Predictors: (Constant), Entrepreneurship education

**Table 4: Regression Coefficient**

| Model                        | Unstandardized Coefficients |            | Standardized Coefficients | T      | Sig.  | Collinearity Statistics |       |
|------------------------------|-----------------------------|------------|---------------------------|--------|-------|-------------------------|-------|
|                              | B                           | Std. Error | Beta                      |        |       | Tolerance               | VIF   |
| (Constant)                   | 35.99                       | 1.625      |                           | 22.153 | 0.000 |                         |       |
| 1 Entrepreneurship education | 0.168                       | 0.140      | 0.082                     | 1.199  | 0.232 | 1.000                   | 1.000 |

Dependent Variable: Independence-oriented intentions<sub>a</sub>

As shown on tables 2, 3 and 4, a simple regression model was used to determine the effect of entrepreneurship education on student independence-oriented intentions in selected private universities in Abuja. The regression model was:  $Y = \beta_0 + \beta_1 X_1 + \epsilon$ . Applying the values of the coefficients ( $\beta$ ) from the regression coefficient table 5 the simple linear regression equation will be  $Y = 35.99 + 0.168X_1$ , that means when the values of entrepreneurship education is zero, independence-oriented intentions of students would be 0.168. One unit increase in entrepreneurship education results in 0.168 units increase in independence-oriented intentions of students [ $X_1 = 0.168$ ].

The model summary in table 2 indicates that 08.2% of the variation in the dependent variable (independence-oriented intentions) may be explained by the variation in the independent variables (entrepreneurship education) included in the model. The ANOVA table 3 indicates the statistical significance of the result of the analysis of data. The P-value (sig.) provides an insight into the need to reject or fail to reject the null hypothesis. If the P-value (Sig.) is greater than 0.05, the researcher will fail to reject the null hypothesis. The ANOVA table 3 in this study indicates that the model is not a good fit because the model is not statistical significant ( $p > 0.05$ ). The findings in the regression model and ANOVA table shows that entrepreneurship education does not have a significant effect on independence-oriented intentions hence the research failed to reject the null hypothesis.

## 5. Discussion

The findings of this study are different from the proposition that entrepreneurship education has positive effect on entrepreneurial intention (Rauch & Hulsink, 2015; Efrata *et al*, 2016; Zurriaga-Carda *et al*, 2016; Desai, 2017) Previous research also indicates low or negative effect between these two variables (Lorz, 2011); Premand, Brodmann, Almeida, Grun & Barouni, 2016). This study findings show that entrepreneurship education does not necessarily increases the student independence-oriented intentions. This study supports the research findings of Efrata *et al*. (2016) that entrepreneurship education has negative effect on students' entrepreneurial intention. Due to the culture of Nigeria, where students want white collar jobs, the researchers found that after entrepreneurship education, students become more realistic about their risk aversion nature and their tolerance for uncertainties. Lower optimism on success make students becomes more realistic about the chances to become a successful entrepreneur. The same thing could potentially happen to students who are respondents in this study. This was confirmed from entrepreneurship education in universities

in Nigeria that still uses awareness education. These study finding indicates that the teaching methods of entrepreneurship education does not have benefit to improve student's independence-oriented intentions. These results differ from previous research that high entrepreneurial intentions is a direct consequence of entrepreneurship education (Efrata *et al*, 2016; Zurriaga-Carda *et al*, 2016; Desai, 2017; Wibowo, 2017). However, this study supports the findings that entrepreneurship education does not directly affect student's entrepreneurship intention (Lorz, 2011; Premand *et al*, 2016).

## **6. Recommendation and Conclusions**

Based on the findings from this study, entrepreneurship educators and policymakers in their efforts to provide better education in Nigeria should expose students to more practical aspect of entrepreneurship education as is practised in other foreign countries. That means entrepreneurship curriculum in Nigeria will be restructured to incorporate more practical and less of theories that only create awareness. Entrepreneurship educators could make the effect of long-term exposure to entrepreneurship education on entrepreneurial intention stronger by utilizing experiential learning methods. These methods would also assist students to acquire the necessary entrepreneurial competencies for starting and managing a business. This would provide students with the maturity and requisite foundation to understanding entrepreneurial activities. Furthermore, lecturers of business education should be differentiated from entrepreneurship educators by having lecturers with certificate specifically in entrepreneurship.

The findings and limitations of the current research present a number of promising opportunities for future research. One of the limitations of this study is the use of cross-sectional research design. This method involves the collections of survey data at a point in time. However, entrepreneurship education and entrepreneurship independence-oriented intentions are concepts that evolve over time and affected by many factors. This research therefore suggests that a longitudinal research could be more accurate to capture the nature of entrepreneurship education and degree of changes that affects independence-oriented intentions. Furthermore, this research suggests that the same study be carried out at a national level. The effectiveness of entrepreneurship education teaching methods in both private and public universities needs to be assessed.

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# ENTREPRENEURSHIP EDUCATION AND PRACTICES AMONG UNDERGRADUATES IN OLABISI ONABANJO UNIVERSITY, AGO IWOYE, OGUN STATE, NIGERIA

OLANIPEKUN, LATEEF OKIKIOLA

Department of Sociology, Olabisi Onabanjo University, Ago-Iwoye, Nigeria

Email: [kikkyboss@yahoo.com](mailto:kikkyboss@yahoo.com) or [lateephworld@gmail.com](mailto:lateephworld@gmail.com)

## Abstract

**Introduction:** *Entrepreneurship has been regarded as a reviving, revamping and a surviving tool for a recessed economy like Nigeria; it also serves as a pivot which aid sustainable development. This study therefore examined the entrepreneurial education and practices among undergraduates in Olabisi Onabanjo University, Ago Iwoye, Nigeria. It has been realized that the type of education offered in most tertiary institutions produce graduates for whom there is no market demands. Graduates are produced only for wage employment in the formal sector.*

**Objectives:** *The objective is to examine the effects of entrepreneurial education, practices and activities on self-reliance among undergraduate students. Entrepreneurship education will help influence self-reliance as well as creating wealth, employment and finally make these youths build a virile economy as entrepreneurship education shoots them from obscurity (unemployment) to limelight (business mogul).*

**Methods:** *Data was gathered using a questionnaire from one hundred and thirty eight (138) respondents. The data was analyzed using SPSS 20.0.*

**Findings:** *The outcome of the study revealed that entrepreneurial practices among students is high. This therefore implies that entrepreneurship is a key phenomenon to economic advancement.*

**Conclusion:** *The paper concludes that institutions have the responsibility of stimulating the interest of the students by creating an enabling environment for learning, making entrepreneurship education more fascinating, especially in the areas of procurement of facilities for training. Theory and practice also should be harnessed to form a whole for better entrepreneurial performance.*

**Keywords:** *Entrepreneurship Education, Practices, Students, Olabisi Onabanjo University*

## INTRODUCTION

In Nigeria, like most countries all over the world, the phenomenon of economic downturn is fast gaining momentum in recent times, with unemployment as a major indicator. This development has however become intractable over the years, and has continued to escalate, thereby posing serious challenges to the social wellbeing and economic stability of most countries in the world, both developing and developed (ILO, 2012). Nigeria, as a country, has been grappling with the problem of economic instability since the early 1980s when the key indicators of the erstwhile economic buoyancy of the country, traceable to the 1970s, were tingly noticed to be on the precipice. In recent time, there has been increasing global concern over the continuously expanded rates of unemployment around the world, particularly in most developing countries, where the youth have been identified as

the most affected groups. As a result, various governmental and non-governmental organizations have initiated policies through support agencies such as National Directorate for Employment (NDE), the National Poverty Eradication Programme (NAPEP), Small Medium Enterprises Development Agency (SMEDAN), National Office for Technology Acquisition and Promotion (NOTAP), Raw Materials & Development Council (RMRDC) among others to address the problems of unemployment among Nigerian citizens (Olayinka 2010, Emmanuel, 2012, Akhuemonkhan et al., 2013). These aforementioned strategies were initiated with the hope that the development of self-employment and small enterprise initiatives would serve as a measure to unlock the economic potentials of the people, increase the capacity to empower and equip individuals in society to participate and benefit from their national economy as well as facilitates economic development which forms the bases for transformation (Unachukwu, 2009, Ekpo and Edet, 2011). More recently, the Federal government of Nigeria established another means to inculcate self-employment (entrepreneurship) culture in students of tertiary institutions. This mandate was given to the National Universities Commission (NUC, 2004) to include entrepreneurial studies in the curriculum of Nigerian Universities with the hope of reducing unemployment among fresh graduates (Aja-Okorie and Adali, 2013).

## **1.1 Conceptual Clarification**

### **1.1.1 Who is an Entrepreneur?**

Entrepreneurs are individuals who recognize opportunities where others see chaos, or confusion. One anonymous quote found by Jeffery A. Timmons sums up the realities for entrepreneurs. “Anyone can be an entrepreneur, who wants to experience the deep dark canyons of uncertainty and ambiguity; who wants to walk the breathtaking highlands of success”. Entrepreneurship in the modern dispensation in Nigeria can be traced to the colonial era due to the problem of trade by barter of exchanging agricultural products. It means primarily innovation, to others it means risk-taking. To others, a market stabilizing force and to others it means starting, or owning and managing small business.

### **1.1.2 Nature and Characteristics of an Entrepreneur**

No one is genetically programmed to be an entrepreneur. It is not something you are born with. It is more a matter of will, persistence and environment which can be encourage or discouraged, conditioned or avoided. In other words, it can be acquired. According to Daniel (1997) has this to say about entrepreneurial behaviour. Behaviour that is quite profound in entrepreneurs we have observed the level of this initiative persistence and belief. Most entrepreneurs have to overcome significant odds to develop and fully capture their opportunities. The nature of the process in which entrepreneurs are involved requires significant levels of “out of the box” (nontraditional) thinking along with positive initiation Okpara, (2006). Typical of the attributes identified by a variety of writers on the subject of entrepreneurship or enterprise are: Innovation, autonomy/ independence, belief in control of one’s own destiny, creativity, determination, flexibility, Goal oriented, hard work, imagination thinking,

initiative, leadership quality, optimism, perseverance, problem solving ability, futuristic confidence and individuality and more (Okpara, 2006).

### **1.1.3 Types of Entrepreneurs**

Clarence Dangof made the classification of entrepreneurs as follows on the basis of this study.

**1. Innovating Entrepreneurs:** He introduces new goods, inaugurates new method of production and discovers new market.

**2. Imitative Entrepreneurs:** These are characterized as very great caution and skepticism in experimenting any change in their enterprises.

**3. Fabian Entrepreneurs:** They take very great caution and skepticism in experimenting any change in their enterprises.

**4. Drone Entrepreneurs:** They are characterized by a refusal to adopt even at the cost of several reduced returns relative to other producers. Other types of entrepreneurs include Solo Operators, Active partner, inventors, challengers, buyers and life timers etc. Nwachukwu (2009) said in his book that an average Nigerian thinks of owning business of his own but never fulfills the desire. Only very few actually begin a going enterprise or actualize their dreams.

### **1.1.4 Entrepreneurship**

Entrepreneurship refers to the intentional creation or transformation of an organisation for the purpose of creating or adding value through organization of resources (Bird and Jelinek, 1988). As a dynamics process of vision, change and creation (Kuratko, 2005), it requires to be taught for the transfer of its skills and knowledge from an expert to someone else. It involves an application of energy and passion towards the creation of an enterprise and this includes the; willingness to take calculative risks; team work; the creative skill to marshal needed resources; fundamental skill of building solid business plan; and finally, the vision to recognize opportunity where others see chaos, contradiction, and confusion (Walstad, and Kourilski, 1999; Arenius and Minniti, 2004; Kuratko and Hodgetts, 2004).

### **1.1.5 Entrepreneurship Education**

Entrepreneurial education is focused on developing youth with the passion and multiple skills. It aims to reduce the risk associated with entrepreneurship thought and guide the enterprise successfully through its initial stage to the maturity stage. According to Brown (2000) entrepreneurial education is designed to communicate and inculcate competencies, skills and values needed to recognize business opportunity, organize and start new business venture. Gorman, Hanlon, and King, (1997) point out that entrepreneurship education is an educational programs that is focused on impacting students with issues on entrepreneurship. Entrepreneurship education has passed through several developmental stages.

## **LITERATURE REVIEW**

Entrepreneurship, as an emerging field of study and as an area of human endeavour, has received increasing interest of researchers, academicians and policy makers the world over. It has equally provoked controversies over its concept and definition. Entrepreneurship is seen as an effective means not only of combating unemployment, poverty and under-development in the developing nations, but also as a strategy for rapid economic development in both developed and developing nations (Schumpeter, 1934; Clausen, 2006; Praag & Versloot, 2007). Entrepreneur is a function of mental ability that is, individual has to learn on how to think of what is lacking in an environment, ability to provide or supply to the environment whereby satisfying those needs is what makes individual entrepreneur and job creator Omoluabi, (2014). Entrepreneurship is so much more than just learning to run your own business. It is an approach to life that involves thinking of you as a can-do person. After all, if you can start your own business, you can do just about anything (Stevenson, 2007).

In Nigeria, studies have been carried out on the effect of entrepreneurship development on the problem of high unemployment rate, high level of poverty and slow economic growth rate (Adejumo, 2001; Salami, 2013). Given the generally held view that entrepreneurship development is the key to poverty eradication, employment generation and rapid economic development, various governments in Nigeria have, over the past three decades, evolved policies and programmes, aimed at developing entrepreneurship through the development of small and medium scale enterprises (SMEs). In spite of all the efforts, unemployment rate has remained high, rising from 13.1% in year 2000 to 23.9% in 2011, with youth unemployment put at over 50% (IMF, 2013; Risenetworks, 2013). Over 100 million Nigerians live below poverty line on less than US\$1 a day and with the percentage of the population in abject poverty rising from 54.7% in 2004 to 60.9% in 2010 (Yusuf, 2011). Above all, Nigeria's human development index (HDI) remains abysmally low at 0.453, much below world weighted average of 0.7 (UNDP, 2006).

### **Theoretical Anchorage**

#### **Planned Behaviour Theory**

This study draws heavily on the theory of planned behaviour. The theory of planned behaviour was postulated by Azjen (1991) and adopted by Krueger and Carsrud (1993). According to planned behaviour theory, entrepreneurial behaviour (EB) is a function of entrepreneurial intentions (EI). Krueger and Carsrud (1993) illustrated this relationship as follow: Attitudes = Motivation (Behavioural control) = Intentions = Behaviour. Entrepreneurial intentions are aimed at either creating a new venture or creating new values in existing ventures (Vesalainen and Pihkala, 1999). This theory according to Thandi and Sharma (2003) suggests that a person's attitude towards becoming an entrepreneur, subjective norms (perception of others), and behavioural control are antecedents of intention. Meaning that attitude, subjective norms and perceived behaviour control act (motivation).

Thus, the more favourable the attitudes and subjective norms is and the greater the perceived behavioural control is, the stronger the intention to perform the behaviour. The theory of planned behaviour has been used successfully to predict intentions in various applications (Kruegar and Carsrub, 1993).

## METHODS

Data was gathered using a questionnaire from one hundred and thirty eight (138) respondents. The data was analyzed using SPSS 20.0.

### Demographic Characteristics of Respondents

| Valuable              | Categories         | Frequency | Percentage (%) |
|-----------------------|--------------------|-----------|----------------|
| <b>Sex</b>            | Male               | 18        | 13%            |
|                       | Female             | 120       | 87%            |
| <b>Age</b>            | 15-20 years        | 8         | 5.8%           |
|                       | 21-30 years        | 100       | 72.5%          |
|                       | 31-40 years        | 20        | 14.5%          |
|                       | 41 years and above | 10        | 7.2%           |
| <b>Level</b>          | 100 Level          | 15        | 10.9%          |
|                       | 200 Level          | 50        | 36.2%          |
|                       | 300 Level          | 20        | 14.5%          |
|                       | 400 Level          | 48        | 34.8%          |
|                       | 500 Level          | 5         | 3.6%           |
| <b>Study Mode</b>     | Full Time          | 95        | 68.8%          |
|                       | Part Time          | 43        | 31.2%          |
| <b>Marital Status</b> | Single             | 85        | 61.6%          |
|                       | Married            | 53        | 38.4%          |
| <b>Religion</b>       | Christianity       | 83        | 60.1%          |
|                       | Muslim             | 55        | 39.9%          |
| <b>Ethnicity</b>      | Yoruba             | 98        | 71%            |
|                       | Igbo               | 32        | 23.2%          |
|                       | Hausa              | 8         | 5.8%           |
| <b>Nationality</b>    | Nigerian           | 120       | 87%            |
|                       | Foreigner          | 18        | 13%            |

**Source:** Field Survey, 2016

Analysis of demographic variables revealed that the distribution of respondents by sex according to the result of the analysis, 18 (13%) of the respondents were male while 120 (87%) were female, the studies revealed that majority of the respondents are female with 120 (87%). According to the result of the analysis, 8 (5.8%) of the respondents were between 15 - 20years, 100 (72.5%) of the respondents were between 21- 30years, 20 (14.5%) of the respondents were between 31- 40years while 10 (7.2%) of the respondents were 41 years and above, the studies revealed that majority of the respondents are 21 – 30 years with 100 (72.5%).

The result of the analysis, 15 (10.9%) of the respondents are 100 Level student, 15 (36.2%) of the respondents are 200 Level student, 20 (14.5%) of the respondents are 300 Level student, 48 (34.8%) of the respondents are 400 Level student and 5 (3.6%) of the respondents are 500 Level student, the studies revealed that majority of the respondents are 200 Level student with 50 (36.2%). Also, the result of the analysis, 95 (68.8%) of the respondents were full time study and 43 (31.2%) of the respondents were part time student, the studies revealed that majority of the respondents are full time student with 95 (68.8%).

According to the result of the analysis, 85 (61.6%) of the respondents were single and 53 (38.4%) of the respondents were married, the studies revealed that majority of the respondents are single with 85 (61.6%). Also, the result of the analysis, 83 (60.1%) of the respondents were Christianity, 55 (39.9%) of the respondents were Muslim, the studies revealed that majority of the respondents are Christian with 83 (60.1%). The result of the analysis, 98 (71%) of the respondents were Yoruba, 32 (23.2%) of the respondents were Igbo, 8 (5.8%) of the respondents were Hausa, the studies revealed that majority of the respondents are Yoruba with 98 (71%). According to the result of the analysis, 120 (87%) of the respondents were Nigerian while 18 (13%) of the respondents were foreigner, the studies revealed that majority of the respondents are Nigerian with 120 (87%).

#### **Relationship between Entrepreneurial Activities and Self-Reliance**

| S/N | Statement   | Yes          | No          | Undecided |
|-----|---|--------------|-------------|-----------|
| 1   | I'm adequately motivated to participate in entrepreneurial activities in Olabisi Onabanjo University. | 102<br>73.9% | 30<br>21.7% | 6<br>4.4% |
| 2   | Personal interest influence decision to become entrepreneurs.   | 115<br>83.3% | 19<br>13.8% | 4<br>2.9% |
| 3   | Role model in society influence decision to become entrepreneurs.                                     | 92<br>66.7%  | 41<br>29.7% | 5<br>3.6% |
| 4   | Educational institution/ environment/ facility influence decision to                                  | 82           | 54          | 2         |



|    |  |                            |                            |                          |
|----|--|----------------------------|----------------------------|--------------------------|
|    | become entrepreneurs.  | 59.4%                      | 39.1%                      | 1.5%                     |
| 5  | Entrepreneurial activities influence decision to become entrepreneurs. | 92<br>66.7%                | 43<br>31.1%                | 3<br>2.2%                |
| 6  | Fellow students motivate my intention to be an entrepreneur.           | 109<br>79%                 | 20<br>14.5%                | 9<br>6.5%                |
| 7  | Lecturers motivate my intention to be an entrepreneur.                 | 72<br>52.1%                | 63<br>45.7%                | 3<br>2.2%                |
| 8  | To make money motivate my intention to be an entrepreneur.             | 128<br>92.7%               | 8<br>5.8%                  | 2<br>1.5%                |
| 9  | Employment generation motivate my intention to be an entrepreneur.     | 115<br>83.3%               | 22<br>16%                  | 1<br>0.7%                |
| 10 | Meeting peoples' need motivate my intention to be an entrepreneur.     | 92<br>66.6%                | 43<br>31.2%                | 3<br>2.2%                |
|    | <b>Grand Total</b>   | <b>999</b><br><b>72.4%</b> | <b>343</b><br><b>24.9%</b> | <b>38</b><br><b>2.8%</b> |
|    | <b>Mean Total</b>  | <b>100</b><br><b>72.4%</b> | <b>34</b><br><b>24.9%</b>  | <b>4</b><br><b>2.8%</b>  |

Table 4.2 revealed that students are adequately motivated to participate in entrepreneurial activities in Olabisi Onabanjo University 102 (73.9%), personal interest 115 (83.3%), role model in society 92 (66.7%), educational institution/ environment/ facility 82 (59.4%), entrepreneurial activities 92 (66.7%) influence their decision to become entrepreneurs. Fellow students 109 (79%) lecturers motivate 72 (52.1%), to make money 128 (92.7%), employment generation 115 (83.3%) and meeting peoples' need 92 (66.6%) motivate their intention to be an entrepreneur.

**Table 4.3 Relationship between Entrepreneurship Education and Self-Reliance**

| S/N | Statement   | Yes          | No          | Undecided |
|-----|---|--------------|-------------|-----------|
| 1   | Entrepreneurship classes have fully prepared them for to be self-reliance.  | 94<br>68.1%  | 44<br>31.9% | 0<br>0%   |
| 2   | Are you encouraged to start their own business due to entrepreneurship courses attended in Olabisi Onabanjo University. | 106<br>76.8% | 30<br>21.7% | 2<br>1.5% |
| 3   | Entrepreneurship education has built me becoming self-employed  | 126          | 9           | 3         |

|   |  |                            |                            |                          |
|---|--|----------------------------|----------------------------|--------------------------|
|   |  | 91.3%                      | 6.5%                       | 2.2%                     |
| 4 | Entrepreneurship education has built me to be entrepreneur in order to creates job | 128<br>92.8%               | 10<br>7.2%                 | 0<br>0%                  |
| 5 | Entrepreneurship education has built me to gathers resources to create wealth.     | 85<br>61.6%                | 50<br>36.2%                | 3<br>2.2%                |
| 6 | Entrepreneurship education makes someone to be self-dependent.                     | 86<br>62.3%                | 50<br>36.2%                | 2<br>1.5%                |
| 7 | Entrepreneurship education makes me uses my creative ability to publicize          | 128<br>92.7%               | 8<br>5.8%                  | 2<br>1.5%                |
| 8 | Entrepreneurship education makes me sees opportunities where others do not see     | 120<br>87%                 | 18<br>13%                  | 0<br>0%                  |
|   | <b>Grand Total</b>   | <b>873</b><br><b>79.1%</b> | <b>219</b><br><b>19.8%</b> | <b>12</b><br><b>1.1%</b> |
|   | <b>Mean Total</b>  | <b>109</b><br><b>79.1%</b> | <b>27</b><br><b>19.8%</b>  | <b>2</b><br><b>1.1%</b>  |

Table 4.3 revealed that entrepreneurship classes have fully prepared them for to be self-reliance 94 (68.1%), students are encouraged to start their own business due to entrepreneurship courses attended in Olabisi Onabanjo University 106 (76.8%). Entrepreneurship education has built them to become self-employed 126 (91.3%), entrepreneur in order to creates job 128 (92.8%), to gathers resources to create wealth 85 (61.6%), makes someone to be self-dependent 86 (62.3%), makes me uses my creative ability to publicize 128 (92.7%) and sees opportunities where others do not see 120 (87%).

### Discussion of Findings

This study has been ‘carefully’ examined through the collection and analysis of quantitative data. The overall finding of the study is that there is a strong relationship between students’ exposure to entrepreneurship activities and their self-reliance to becoming self-employed. This was observed as majority of respondents in the study indicated their willingness and believed they have developed capacity to establish their own business based on the fact that they have benefited from entrepreneurship courses offered in Olabisi Onabanjo University. Thus, this study affirms that the provision of entrepreneurship education to students has impacted in them skills and knowledge as well as affects their decision or self-reliance to set up a business enterprise. It was however found that

despite the high rate of entrepreneurship intentions, most Olabisi Onabanjo University students perceive different barriers that could limit their plan or decision to start up their own business.

## **Recommendations**

Based on the findings of this study, the following recommendations are made:

- i. For this to become a reality and not a mere wish, the onus is tripartite, that is, respective institutions, government agencies concerned and the students. In this equation, the institutions have the responsibility of stimulating the interest of the students by creating an enabling environment for learning, making entrepreneurship education more fascinating, especially in the areas of procurement of facilities for training, both theories and practical as well as qualified instructors to impart in the students the required skills.
- ii. To achieve the foregoing, the government should, as a matter of urgency, fund tertiary institutions sufficiently, and give the businesses engaged by students after school the required protection and support. This would in turn instill confidence in the students and rekindle their hope of overcoming the general phobia of uncertainty trailing the business terrain in Nigeria.
- iii. Also, this would, in no doubt, boost the nation's economy, lest we have an accentuation of another vicious cycle of political stratagem. Students too have the responsibility to be resolute in their determination to become entrepreneurs after their tertiary education by backing their acclaimed intentions with actions and not merely words. Students do occupy a vantage position in the crusade of promoting the actualization of the government's initiative of encouragement of self-employment through entrepreneurship education in tertiary institutions in the country. In other words, students should be imbued with the determination to take advantage of this initiative, see it as a legacy bequeathed to them, and do all within their capability to ensure it comes to fruition.

## **Conclusion**

Against the background of getting more people in the private sector to be involved in the quest for job creation with a view to reducing the spate of unemployment in Nigeria, which is the haul mark of the transformation agenda of the present federal government in Nigeria, entrepreneurial activities of tertiary students after school is a good omen for the country whose economy is on the precipice. It will also create jobs for the other starters in the economy, especially fresh school leavers who are transiting. The study further concluded that qualitative academic foundation played a key role, and as such, provision of functional instructional facilities and experienced instructors are germane in order to enhance effective training and mentoring of the students. Adequate funding and

other support should be given to both the institutions and students as a means of motivation in order to allay attendant fears of uncertainty in the business terrain in the country, lest the intention to go into business fizzles out at the fledging stage.

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# Impact of Entrepreneurship Education on Entrepreneurial Activities of University Undergraduates

Omobolanle Adejana<sup>1</sup>, Chinonye Love Moses (Phd)<sup>2</sup>, Akatugba Vivienne<sup>3</sup>, Temitope A. Tadema<sup>4</sup>, Bolaji Adejana<sup>5</sup>

<sup>12345</sup>Department of Business Administration, Covenant University, Ota, Ogun State, Nigeria

<sup>1</sup>[omobolanleaz@yahoo.com](mailto:omobolanleaz@yahoo.com), <sup>2</sup>[torishescott@gmail.com](mailto:torishescott@gmail.com), <sup>3</sup>[temitopeabiiodun@gmail.com](mailto:temitopeabiiodun@gmail.com),

<sup>4</sup>[badejana@yahoo.com](mailto:badejana@yahoo.com)

## Abstract:

*The need for entrepreneurship education (EE) as vital indicators of entrepreneurial activities is the focal point of this research as it affects the entrepreneurial activities (EA) of undergraduates in the university environment. The paper identified the long history of research in the past centuries and also proposes possible applications for the next decade. As such the study adopted a systematic review for measurability of the concepts, to enable analyst and policy makers have access to reliable information. Hence, the study reviewed relevant literatures in the area of entrepreneurship education and entrepreneurial activity by defining and critically analyzing theories and reports. Finding revealed that curriculum content of entrepreneurship education is more of theory based rather than practice. Especially in the tertiary institution. However, there is no consensus on the course content, activities, and the unavailability of these indicators makes it a difficult task to analyze these requirement thereby initiating possible interventions in Nigerian universities in this regard. This transition is our focus of investigation.*

Keywords: *Entrepreneurship Education, Entrepreneurial Activities, Curriculum content, Teaching Method.*

## Introduction

Nigeria, despite her enormous human and natural resource endowments has been bedeviled by an alarming rate of unemployment. The situation is not peculiar to Nigeria alone as it is a long standing phenomenon that cut across the globe, hence it is a common trend in many countries to find graduates not being able to secure jobs even after several years of graduation (Twumasi, 2013). Policy direction of various governments across the globe tends to favor education on the basis of its importance to the development of the society because of the goals of wealth creation, poverty reduction and value re-orientation (Agi & Yellowe, 2013).

Meanwhile, Nigerian tertiary institutions have not included entrepreneurship fully into their curriculum up until the recent enforcement of a mandatory entrepreneurship development course for all undergraduate in the tertiary institutions in Nigeria (Oghojafor, Kuye, Sulaiman & Okonji 2009). The trend of entrepreneurship education in the world at large has now become an acceptable norm in the advent of a “knowledge economy” as to its delivery of thick values that can withstand global competitiveness in anticipation of change. In the light of teaching “about” entrepreneurship to give a content-laden and theoretical approach for a

general understanding of the phenomenon (Martin 2015). Despite its promising effects on students and society, it is important to keep in mind that the field of entrepreneurial education is in a quite early stage of development in Nigeria and specifically an evolving aspect of higher education in preparation of students for futuristic practice and function with skills needed in the dynamic and responsive society. This is made evident as the 21st century has been tagged the “Entrepreneurial Age” (Oghojafor et al 2009).

As the study sought to infuse entrepreneurship into education, a focus on equipping the learners to establish their own businesses or at least register such businesses on or before graduation Lekeoko, Rankhumise, and Ras, (2012) and as such the method of teaching entrepreneurship should entail a comprehensive **theory** and **practices** of activities that will not only expose the students to concepts, principles and theories of entrepreneurship but will also fire them towards entrepreneurship activities.

This occupationally oriented approach as cited in Martin (2015) aims at giving potential entrepreneurs the requisite knowledge and skills. Teaching “through” a process based and often empirical approach where students go through an actual entrepreneurial learning process (Kyrö, 2005).

The idea of entrepreneurship education towards entrepreneurship activity is very essential to an increased interest of a supply-led rather than a demand-led approach (Pittaway & Thorpe, 2012). However, the focus on entrepreneurship education has moved towards the actual practical involvement in entrepreneurship activities. In the University system, much ado is placed on entrepreneurship education as emphasized by NUC and many of the schools are fast incorporating it into their system. However, certain challenges such as the issue of the curriculum content, teaching methods, enabling environment, infrastructural facilities and other requirements vary from schools to schools depending on the program objectives within Nigeria, Oghojafor et al (2009), (Fatima and Yagoub 2015). The lack of entrepreneurial activity in the university system had forced the traditional mode of learning on the participants, thereby reducing the level of interest in the subject. Hence, there needs to be a bridge that will cover the gap between the theory thought at the schools and the practice profession of entrepreneurship.

It is expected that entrepreneurship education now act as life wires that will sends in positive currents of skill acquisition, business formation, Opportunity recognition, fostering leadership that should culminate into enterprising actions, increased business ownership/ start up rates, exploration of new products, and many more entrepreneurial activities within the university undergraduates. It is expected that the adoption of entrepreneurship education will serve as an Incubator that will help the students imbibe a unique approach towards being a differentiating factor in the society.

Therefore, the challenges of entrepreneurship education (EE) cum entrepreneurial activity (EA) of undergraduate students is the focus of this study, to assess the characteristics, activities and sustaining effects of entrepreneurship education as it affects entrepreneurial activity. It is expected that the knowledge of this challenges and prospects will be of immense relevance to policy makers in the ministry of education.

## **Objectives**

The main aim of this study is to review the impact of entrepreneurship education on entrepreneurial activities of universities undergraduate in the study area.

The specific objectives are stated below:

- i. To examine the effects of curriculum content used on the business formation intent of university undergraduates
- ii. To review the impact of teaching methods on the innovativeness of undergraduates in the university.

## **Methodology**

The study is basically a review study adopting the systematic review method. This method was adopted for a transparent, relevant, and measurable result. We link the various researchers' views and findings to avoid the pit falls of the approach being used. Choice of articles was based on relevance to the two constructs identified in the study: entrepreneurship education and entrepreneurial activities.

The study review is in three stages:

First, the study examined a comprehensive range of journals from the fields of entrepreneurship education and entrepreneurship activities. Hence, Data and literature used for the study was gotten from the views, comments and analysis found in Journals, articles, internet materials, and periodicals.

Secondly, the study identified variables that were used to measure the said constructs: curriculum content and teaching methods were chosen for entrepreneurship education and business formation and innovativeness were identified as variables worthy of measure for entrepreneurial activities.

Finally, the study conducted a critical review of the views, opinions and findings presented in the identified literatures and thereafter, drew conclusive recommendations, drawing from the findings of the study.

## **Literature Review**

### **Entrepreneurship Education (EE)**

The concept of Entrepreneurship is applicable to this study, According to Arogunade (2011), the willingness and ability of a person or persons to acquire educational skills to explore and exploit investment opportunities, establish and manage a successful business enterprise is regarded as Entrepreneurship. This operational definition as stated is inline (Isaac and Brijlal, 2007) as cited in (Moses and Mosunmola, 2014). Entrepreneurship education is the purposeful intervention by educators in the life of the learner to survive in the world of business. The two most frequent terms used in this field are enterprise education and entrepreneurship education. (Lackeus, 2015),

The need for entrepreneurship education surged in the mid-1980s, prior to this time, entrepreneurship education had been more of the "Bookish approach" Ayodele 2006 as cited in (Arogundade, 2011). Perhaps, there is no consensus on the definition of entrepreneurship



education. While some scholars refer to this phenomenon as encouraging student owned businesses, or building an opportunity oriented environment for students (Lackeus, 2015). Other scholars' viewpoints are dimensional towards, educational courses offered in the tertiary institutions, job creation for an increased societal security and also for development of entrepreneurship culture. (Manish and Sunil, 2015). Meanwhile, Fatima and Yagoub (2015) are concerned with building a consensus on the content and mode of teaching students with a devoted attention.

Manish and Sunil, (2015) argued three basic issues, emanating from a definition to be the basis for conceptually aligning entrepreneurship education with the appropriate target audience, course contents and teaching methodologies. This was supported by (Ahmad and Seymour, 2008). According to Usoagulu (2012) as cited in (Onuma, 2016), argued that in practice some universities simply design one or two entrepreneurial courses, taught by some lecturers who have no practical experience of entrepreneurship while students take such courses as a requisite for graduation. Meanwhile, many researchers claim that the only way to make people more entrepreneurial is by applying a learning-by-doing method.

Meanwhile, Arogunade (2011), in his own contribution, identified education policies, entrepreneurship career education, to be part of the key influences deterring entrepreneurship education in the university systems. Other challenges identified by Ayodele (2006) as cited in Arogunade (2011) include: viable entrepreneurship education, incorporation of apprenticeship scheme, provision of school based enterprises, Development of internship programmes by matching students with locally successful entrepreneurs with established educational programmes, and improved government taxation on small businesses.

These scholars see entrepreneurship education as basic background in fostering an Entrepreneurial driven society. This estimation best suit the economic growth, job creation, and increased societal residence needs of the nation. The trend of entrepreneurial education in Nigerian Institutions has shown comparative growth with the inclusion of entrepreneurship as part of the Professional courses offered students at the tertiary institutions, creation of Business Laboratory (KWASU) and adoption of technology Incubators.

The concept of entrepreneurial education lacks a unified definition, as scholars have presented their views from varied perspectives (Fatima and Yagoub, 2015) (Lackeus, 2015) (Manish and Sunil, 2015). For Instance, if the objective is to improve the Nation's Economy or social culture of entrepreneurship, entrepreneurship education would be more applicable. However, Fatima and Yagoub, (2015) have a curriculum content approach to it. To them, consensus and devoted attention is a specified issue that can be addressed in time, such as bridging the existent gap between the theories thought in the schools with the practice required in the industry. Another school of thought sees entrepreneurship education as a mandate to equip youth with functional knowledge and skills, and development of entrepreneurship culture (Manish and Sunil, 2015). The need to articulate the nature and role of entrepreneurship from genesis in the university system is required for fostering young entrepreneurs. Along this line, Lackeus (2015) propose a tenants of entrepreneurship in education for practitioners in entrepreneurship institutions. Also, lekoko et al (2012) state the essence of entrepreneurship education includes the ability to envision, chart a course for a new business, combine functional information of discipline and form environmental into wealth generating value.

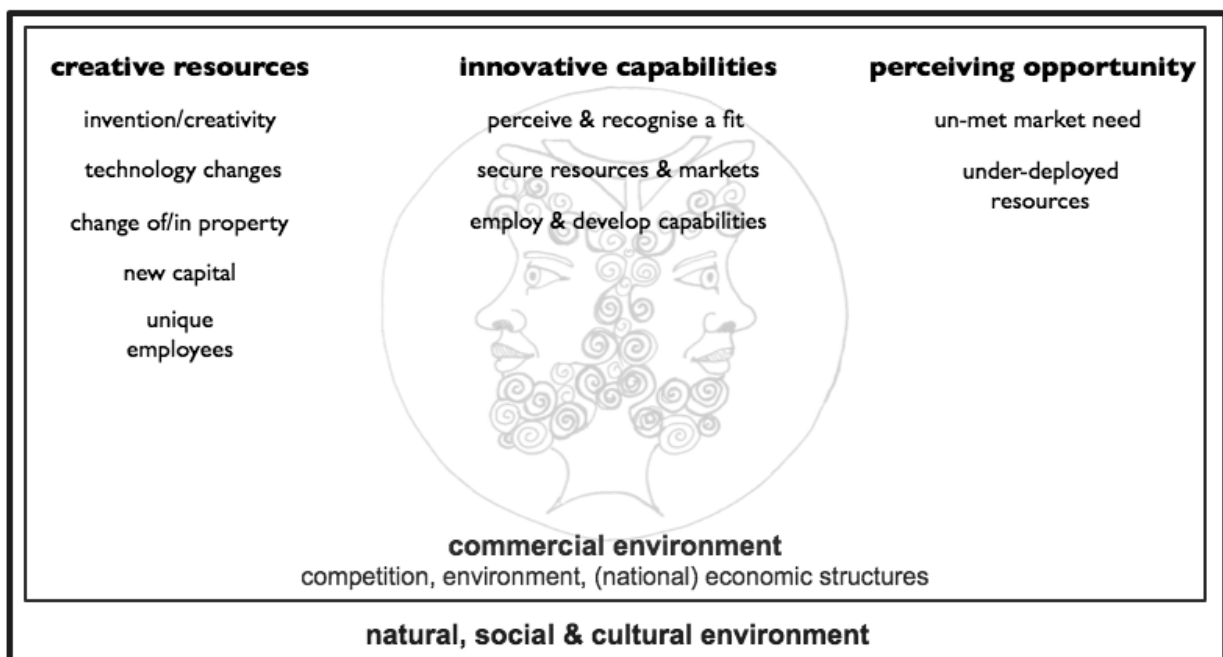
Discussion centers round the traditional education approach and the entrepreneurial education Lackeus (2015), with the transition of theory to practice, simplicity to complexity and replacement of individualism to Social application. In their words, the single-subject based curriculum in traditional education is contrasted with an individualized, active, process-based, project centric, collaborative, experiential and multidisciplinary approach in entrepreneurial educational comprehensive entrepreneurship education requires a responsive and functional orientation on entrepreneurial competencies (Enu, 2012). It is the acquisition of entrepreneurship based knowledge with a value proposition in mind. This knowledge is in the form of a “neutral stuff” until it is processed into values that will culminate into profit, it becomes irrelevant.

### Entrepreneurial Activity

Perhaps, there is no consensus on the definitions of entrepreneurial activity (EA). In the Global entrepreneurship monitor (2014) report, entrepreneurial activity was presented using the organizational life cycle approach, (Nascent, New Business, established business and discontinuation) was used to emphasize distinctive pattern. However, Dynamics of entrepreneurial activities lies in the “Actions” taken based on the educational skills and information received. Enu (2012), noted they are individual ability that requires creativity, Innovation, and risk taking. Entrepreneurial activity is the wisdom (application of knowledge) in entrepreneurship.

Entrepreneurial activity is the enterprising human action in pursuit of value generation, via creation or expansion of economic activity, by identifying and exploiting new product, processes or market (Ahmad and Seymour, 2008).

The entrepreneur, entrepreneurship and entrepreneurship activities are different phenomenons that are distinct in nature. So as to identify the development of related indicators, and differences within a time period in creating economic values, the entrepreneurial activities are being undertaking.



**Adapted from: Ahmad, N. and R. Seymour (2008),**

The graphical concept above explains the simultaneous role of the entrepreneur who looks back to make value of resources and looks forward to new markets (perceived new and unmet opportunities). Like the “SWITCH” of a transmission system, when the switch is put on, empirical measures requires that we see the light in practical although the transmission process is not seen, so is the case of entrepreneurial activities.

The concept of entrepreneurship as a phenomenon is an activity of venturing into an enterprise. ACS and Storey (2004) in Bodunrin (2014) noted entrepreneurial activities have been found all over the world to be capable of making positive impacts on the quality of life of a people.

Innovative capacities of the entrepreneur aids the entrepreneurial activity of transforming knowledge and Ideas, technology, Information... gained into products or processes or business etc. that is seen in the markets as products or services.

## **FINDINGS.**

### **Effects of Curriculum content used on the business formation intent of University Undergraduates**

Curriculum contents of entrepreneurship education is more of theory based rather than practice, the lack of unity in curriculum content used in teachings about entrepreneurship limits the availability of framework to assess practices Fatima and Yagoub, (2015), there is a need for a paradigm shift from the theory based teachings to a practical oriented curriculum and teachings approach Lekoko, Rankhumise and Ras, (2012), some scholars recommend the conversion of lecture presentations into videos and case studies, and group discussion based learning (Oghojafor, Kuje, Sulaimon and Okonji 2009). This is expected to aid students' ability to prepare to develop a career and also become job creators.

Policy implication for this to happen will include the education stakeholders such as NUC, Vice Chancellors of Universities to have a scheduled program for review of vital educational needs of statistics, curriculum contents, and teacher/students. Enu (2012), Posit that content and learning experiences are yet to be fully integrated into curriculum in institutions.

### **Impact of Teaching Methods on the Innovativeness of Undergraduates**

According to Ayodele (2006), as cited in Arogundade (2011), the Covenant University, and Landmark University Entrepreneurship Development (EDS) course is a good way of adapting to an interdisciplinary inclusion of undergraduates in the development of a sustainable entrepreneurial teachings with positive effects on students' activities.

Thus, adequate attention should be dedicated towards teaching methods, it should comprise of entrepreneurial human activities (such as establishing specific skill set required to foster entrepreneurship) with clearly established educational programmes that will lead to innovative conversion of resources into economic values (Ahmad and Seymour 2008). The skill based approach can be adopted for teachings.

Teaching method vary depending on program objectives (Fatima and Yagoub 2015). Practical oriented courses correlate with entrepreneurship learning. However, Traditional mode of

teaching is still being adopted. Moses and Akinbode (2014), train the trainer's programme (TTP) in entrepreneurship education can be employed for theoretical aspect of the lectures.

## **Conclusion**

This study focused on the impact of entrepreneurship education on entrepreneurial activities of undergraduates. The entrepreneurship education review presented in this paper reveals there is a need for review of the entrepreneurship education scheme (curriculum), such that there will be uniformity and peculiarities in the contents offered. Failure to do this has manifested into a poor, unregulated environment of education that is difficult to assess since there is no framework for such. Perhaps, the NUC should ensure practical oriented entrepreneurship education in order to produce undergraduates ready to start business even while in school..

## **Recommendation**

The study strongly solicit for re-engineering of the curriculum content and teaching methods adopted for entrepreneurial education in the universities; this would include the strengthening of the university libraries with entrepreneurial materials and also equipment (training) of staff for a balanced teaching approach.

An "Enterprise Incubation" scheme should be incorporated into the students' curricular requirement, such that the universities should liaise with local entrepreneurs (stakeholders) for mentoring and development of students in strategic sessions with practical experiences.

A compendium of entrepreneurial experiences should be developed from the record of strategic class sessions, entrepreneurial programs for future references and also serve as a guide to prospective entrepreneurs.

Also, in bridging the existent gap in entrepreneurship education and entrepreneurial activity, strong support should be availed to students to initiate and participate in entrepreneurial value creating process as managed and owned by the imitator (Students). And interdisciplinary entrepreneurship curriculum should be introduced and encouraged for all undergraduates

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# SOCIAL MEDIA AND ENTREPRENEURSHIP GROWTH IN NIGERIA: A CONCEPTUAL PERSPECTIVE

Worlu E. Rowland<sup>1</sup> Anoruo V. Ifunanya<sup>2</sup> Okesina O. Oluwaseun<sup>3</sup> Itade A. Shina<sup>4</sup>  
Ayinla O. Kehinde<sup>5</sup>

[rowland.worlu@covenantuniversity.edu.ng](mailto:rowland.worlu@covenantuniversity.edu.ng)<sup>1</sup>

[ifunanya.anoruo@covenantuniversity.edu.ng](mailto:ifunanya.anoruo@covenantuniversity.edu.ng)<sup>2</sup>, [oluwaseun.okesina@stu.cu.edu.ng](mailto:oluwaseun.okesina@stu.cu.edu.ng)<sup>3</sup>,  
[shinaiteade@gmail.com](mailto:shinaiteade@gmail.com)<sup>4</sup> [kehinde.ayinla@stu.cu.edu.ng](mailto:kehinde.ayinla@stu.cu.edu.ng)<sup>5</sup>

<sup>12345</sup> Department of Business Management,  
Covenant University Ota,  
P.M.B 1023,  
Ogun State.

## **Abstract**

*The new age entrepreneurs are witnessing a great shift in the way businesses are been conducted both locally and globally. Subsequently, social media has risen as an imperative showcasing stage and entrepreneurs regularly depend on social media as a form of connecting with the prospective clients and stakeholders. Thus, the focus of this research is on establishing the effect of social media on the growth of Entrepreneurs in Nigeria. Social Media has become essential for start-ups, and marketers need to understand how social media work as a communication and promotion tool and how they can considerably grow their businesses. The methodology employed in this research was the secondary data analysis. These include the review of relevant literatures, articles from online sources as well as textbooks and magazines. The research findings indicated that social media tools offer greater market accessibility and CRM which in turn have a major impact on the growth and performance of Entrepreneurs when engaged properly. It equally explained the tools in details on the effective use of social media.*

**Keyword: Social Media, Entrepreneurship, Growth, CRM, Performance**

## **1. Introduction**

Entrepreneurs and start-ups with majority in form of small and medium scale enterprises have long believed to be catalysts for economic growth and national development both in developed and developing countries. In Nigeria where private sector is not well developed SME is assumed to play the role of employment generation, facilitator of economic recovery and national development; thus, the need to engage social media for rapid and positive entrepreneurship growth (Fatai, 2010).

However, companies are presently experiencing several new unanticipated events and the development of the Internet as a communication channel is almost certainly one of the most influential factors (Smith and Taylor, 2004).

The nowadays entrepreneurs have witness a great shift in the ways businesses are been conducted both locally and globally. subsequently, social media has risen as an imperative showcasing stage and start-ups and entrepreneurs regularly depend on social media as a form of connecting with the stakeholders.

Overtime, young people have utilized the social media to connect with friends and reach out to loved ones but it has now run past just chatting with friends alone to building brands using

the social media platforms. Going by data made available, an average person spends about 4-6 hours online daily scrolling, double clicking, tweeting, facebooking and a whole lot of other things. It is therefore important for start-ups to make use of this least expensive social and digital media to grow their businesses and breakeven because the available statistic provides a reassurance that staying online can be very beneficial to any start-up ("Social and Digital Media", 2016).

## **1.2 Statement of Research Problem**

According to Mangold and Faulds (2009), social media allows an enterprise to connect with both existing and potential customers, engage with them and reinforce a sense of community around the enterprise's offering(s).

However, the right understanding and engaging of social media tools has yet to be fully performed among entrepreneurs in Nigeria thus, this work helps to bridge the gap for SMEs to comprehend how social media are capable of changing and growing them in terms of usage as advertising and communication channels, and how they can tap into the dynamism and potential social media provides. Thus, explaining the effect of social media and entrepreneurship growth in Nigeria.

## **2. Literature Review**

Social media communities permit people to connect with each other. It is imperative for entrepreneurs to grasp how the social media works and the desires of its clients both online and offline.

### **2.1 Social Media**

According to Kaplan and Haenlin (2010), Social media as we understand it nowadays can be said to be an evolution traced again to the Internet's roots because it retransforms the World Wide Web to what it was originally created for a platform to help information exchange between users.

The term Social Media has tended to be used as a substitute with the term Web 2.0. Many scholar like Constantinides and Fountain (2008, 232) consciously choose to use the two terms Social Media and Web 2.0 identically. However, Kaplan and Haenlein (2009:60) acknowledged this view, and explain additionally that there seem to be confusion among managers and academic researchers alike what precisely ought to be incorporated under term Social Media, and how it varies from the related ideas of Web 2.0 and User Generated content (UGC).

Subsequently, Kaplan and Haenlein (2010) views Web 2.0 as the platform for the revolution of social media and the representation of the ideological and technological foundation.

Web 2.0 as a term was first coined in 2004 by O'Reilly to describe the new way in which World Wide Web was used as a platform where content and applications are not only created and published by individuals but are also modified and shared by networks of users in a participatory and collaborative fashion (Kaplan and Haenlein 2010).

Therefore, Kaplan and Haenlein (2009:61) define the Social Media as "a group of Internet-based applications that build on the ideological and technological foundations of Web 2.0, and that allow the creation of exchange of User Generated Content".

In sum, Safko and Brake (2009) vividly elucidate that Social Media refers to activities, practices, and behaviors among communities of people, who gather online to share

information, knowledge, and opinions using conversational media. Conversational media covers the web-based applications that make it possible to create and easily transmit content in the form of words, pictures, videos, and audios. Drury (2008, 274) on the other hand, places emphasis on the word “share”, as the most important part of social media

## **2.2 Social Media Marketing**

Social media advertising is using social media platforms and web sites to sell a products or services. maximum of those social media platforms have their personal integrated records analytics equipment, which allow companies to track the progress, success, and engagement of ad campaigns. Companies address a selection stakeholders thru social media advertising and marketing including contemporary and potential customers, current and potential employees, journalists, bloggers, and the public (Social Media Marketing, 2017).

Thus, according to Gunelius (2011:10), social media marketing can be defined as “any form of direct or indirect marketing that is used to build awareness, recognition, recall, and action for a brand, business, product or person using the tools of the social Web”.

## **2.3 Entrepreneurship**

The concept of entrepreneurship was first established in the 1700s, and the meaning has evolved ever since. Many simply equate it with starting one’s own business. Most economists believe it is more than that (U.S. Department of State, 2006).

According to Schumpeter (1950), who viewed entrepreneurship as a force of “creative destruction.” The entrepreneur carries out “new combinations,” thereby helping render old industries obsolete. Established ways of doing business are destroyed by the creation of new and better ways to do them.

Peter Drucker (1909-2005) clearly described an entrepreneur as someone who actually searches for change, responds to it, and exploits change as an opportunity. A quick examination of the modifications in communications—from typewriters to personal computers to the Internet—illustrates these thoughts.

## **2.4 Start-up**

A start-up company is an entrepreneurial venture which is typically a newly emerged, fast-growing business that aims to meet a marketplace need by developing or offering an innovative product, process or service. A start-up is usually a company such as a small business, a partnership or an organization designed to rapidly develop a scalable business model (Start-up Company, 2017).

### **2.4.1 Importance of Social Media to Entrepreneurs and their Start-Up**

Social media is seductive because of its easy point of entry and low-cost basis, but a lot of time and effort are required to create a successful campaign. Large corporations can dump money into huge advertising campaigns whenever they want, but it’s the bit players -- the emerging start-ups of the world -- that can really take their campaigns to the next level. Why do startups seem to have such a distinct advantage in the social media marketing realm? The answer revolves partially around the fact that social users love what’s new -- and startups are new by default. However, startups also don’t have a ton of resources or options when it comes to advertising, and social media serves as a perfect “runway” on which to build a reputation (Demers, 2016).



### **3. Methodology**

The quality and success of any project is determined by the research method adopted. Thus, the process used to collect information and data for the purpose of decisions making. According Burns and Grove (2003:195), a research design as “a blueprint for conducting a study with maximum control over factors that may interfere with the validity of the findings”.

The research design that was used in this work is the quantitative research secondary data analysis specifically in order to examine the effect of social media on entrepreneurship growth in Nigeria.

The reasons for using secondary data analysis in this study included lower costs, greater speed of data collection and availability of population elements. Secondary data analysis can be literally defined as “second-hand” analysis. It is the analysis of data or information that was either gathered by someone else (e.g., researchers, institutions, other NGOs, etc.) or for some other purpose than the one currently being considered, or often a combination of the two (Crossen 1997).

### **4. Findings and Analysis**

#### **4.1 Social Media Marketing and business growth**

Social Media Marketing makes use of social media sites to raise visibility on the Internet and to promote products and services. Social media sites are useful for building social (and business) networks, and for exchanging ideas and knowledge (Innovation Pei, 2015).

These scholars (Gunelius, 2011; Weber, 2007; Gillin, 2008), recognizes publicity and promotion as one of the uses of social media and agree that publicity and promotion are typical ways of using social media. Thus, it is therefore importance for entrepreneur to get acquainted with the effective usage of this platform.

Innovation (2015), Give Five Reasons Small Businesses Should Use Social Media to Market Their Businesses:

You can reach a large number of people in a more spontaneous way without paying large advertising fees.

The use of blogs and social and business networking sites can increase traffic to your website from other social media websites. This in turn may increase your Page Rank, resulting in increased traffic from leading search engines.

Social media complements other marketing strategies such as a paid advertising campaign.

You can build credibility by participating in relevant forums and responding to questions.

Social Media sites have information such as user profile data, which can be used to target a specific set of users for advertising.

Abasiama Idaresit (n.d), Gives 5 Tips on how Entrepreneurs can grow their businesses using social media marketing in Nigeria:

Have a simple, mobile-friendly website with your products/services clearly, alongside contact details.

Ensure you have social media presence for your business, and link all your social media platforms to one another (this will help your business visibility on search engines)

Start small and test to see what kind of advertising works best for your business: Search, Display, Social Media, or Mobile

Track and measure traffic using free web analytics tools such as Google Analytics

Compare the results from the various advertising options to see which one delivers the greatest value for your business, and focus on that.

#### **4.2 Social Media for Internal Team Communication**

In many organizations, the implementation any new tool for internal communication is commonly resisted by the employees. Thus, people are reluctant to ‘learn’ new things. However, best thing about WhatsApp, Facebook Messenger, Instagram, etc. is that almost everyone uses it and it does not require any training. Another advantage is, as the team lead of your start-up, you might not need to explicitly ask your team to check WhatsApp as they are anyway hooked to it. Thus, firm can form groups of Sales & Development team, Production Team etc., on WhatsApp and share instant messages for which an email is not necessary. Its fast and fun to use.

#### **4.3 Social Media for Customer Communication**

Here is a business tip – Start-up firms can get 70% feedback when they do follow-ups on social media like WhatsApp, Facebook Messenger, BBM, Instagram, etc., rather than direct telephone calls. This is because nobody acknowledges telephone calls from obscure numbers yet we will probably react to individual messages. When you begin to utilize social media for client correspondence, you will notice better reaction and engagement.

This additionally gives a chance to be minimal casual. For instance, you have sent a quotation to your potential client yet haven't gotten feedback from him, what do you do? You either call him or send a follow-up mail utilizing formal dialect. Rather than doing this, a short message on WhatsApp asking about the status, you may get a quick reaction. Recently, more and more small businesses using WhatsApp to announce new offers or send festival wishes to their customers.

#### **4.4 Social Media for Customer Support**

Social Media sites could be a great tool for customer support simple because of its wider reach. Currently, customers would always prefer to send you a message over WhatsApp rather than calling a helpdesk number or raising a ticket.

NowFloats, a website development platform uses WhatsApp for the customer support. Arush Chopra from JustHerbs has been offering skin and product consultations on WhatsApp. There are even new business like Wazapper that provide tools & API to setup customer support system using WhatsApp.

However, offering customer support via WhatsApp may not be a good option for all types of businesses. Kritika from cloud telephony company, MyOperator warns that responding to every message on WhatsApp may not be practical for companies that get hundreds of customer calls every day. So, it is better to choose WhatsApp as a customer support tool only if you have lesser number of customer requests.

#### **4.5 Creative Usage of WhatsApp for Businesses**

Recently, people have built new businesses using WhatsApp as a platform and some are using it to grow their business in a cost-effective manner. Let's look at some creative usage of WhatsApp that might give you few ideas for the next project...

#### 4.5.1 Concierge-Service

This Mumbai-based errand-running service Russsh, uses WhatsApp as a booking platform. You can book a cake, flower delivery or courier service using WhatsApp.

#### 4.5.2 Food-Ordering-Using-WhatsApp

Lot of local restaurants are now offering their users an option to order food using a WhatsApp message. Customers can communicate their preference instantly.

#### 4.5.3 Medical-Consultation

Family doctors have now started offering consultation on WhatsApp. Of course, it can't replace an in-person visit but you can always text your doctor and ask about common medical queries. Apart from this, medical stores now accept photos of prescription and delivery the medicines.

#### 4.5.4 Government-Services

The Delhi Police last year launched a dedicated helpline powered by WhatsApp: 9910641064. On the launch day, they received more than 23,000 messages and complaints via on this number. The Gujarat State Road Transport Corporation (GSRTC) is providing Volvo bus helpline service through WhatsApp. The service is available for complaints and suggestions from Volvo bus passengers and information related to the buses.

### 5. Conclusions

Consequently, social media is a powerful communication channels and tools. They have become widely popular due to their simplicity. Apart from using it for personal communication, you can use social media for your business in various ways. Its cost effective and you can get started quickly.

However, you don't have to be a start-up to reap the benefits of a social media marketing campaign. In fact, it is vital for every business to get involved on social media platforms. The risks and costs are low, and if you plan and execute a campaign with your end users in mind, you just might see a huge return on your investment.

### 6. Recommendations (Five Takeaways for Entrepreneurs)

Show off what you've got. Find an angle that works for your brand -- one that's unique and valuable to your users; and use that angle as the foundation for your online presence.

Engage with your users. This is crucial. Don't just post content blindly; engage with your users on a regular basis.

**Be consistent.** You're only going to retain your audience if you're consistently providing high-quality material, so keep at it.

**Know your audience.** Learn what your audience finds most valuable or helpful, and give it to them. You won't have a social media campaign unless you keep your users in mind.

**Build anticipation.** This is a tip almost exclusively for startups, though you could also build anticipation around an upcoming product launch or reveal. Use social media as a way to tease your audience about what's coming next (Demers, 2016).

In addition, Innovation (2015), Explain Tips on How start-ups can Use Social Media Sites to Promote Their Business with Little or No Cash Involvement

Contribute, collaborate, inform, educate but do not sell.

Social Media marketing is different from paid advertising. Rather than taking a sales approach (i.e. directly promoting your product), instead consider how you can help and inform your target audience. For example, try to deliver useful and credible information that will help build your reputation and customer relationships.

### **Create high quality content.**

Whether you are part of a social networking site, have established your own blog, or are contributing to a blog, you need to develop interesting and high quality content. What information will your target audience find helpful?

### **Leave your name and URL when you comment on other blogs.**

This will help drive traffic to your website, particularly if you have provided useful or interesting information.

### **Consider video and/or photo sharing.**

If you are handy with a video camera you may want to consider “how to” videos or tours of your business. These videos can be shared on appropriate social media websites (e.g. YouTube). You can also take photos of your products and share these photos with people who are interested (using for example, Flickr). A word of caution though – avoid aggressive or invasive sales tactics on these websites.

### **Join online groups or mailing lists that are related to the products and services you offer.**

### **Connect with these groups and offer information and assistance.**

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# Impact of Entrepreneurship Education on Self efficacy, Attitude and Entrepreneurial Intentions

By

Akinbode Mosunmola Oluwafunmilayo Ph.D, Department of Business Management, Marketing Unit, Covenant University Ota, Nigeria,+2348055599408,[mosun.akinbode@covenantuniversity.edu.ng](mailto:mosun.akinbode@covenantuniversity.edu.ng)

Chinonye Love Moses Associate Professor, Department of Business Management, Business Administration Unit, Covenant University Ota, Nigeria,+2348035393240,[chinonye.moses@covenantuniversity.edu.ng](mailto:chinonye.moses@covenantuniversity.edu.ng)

Maxwell Ayodele Olokundun, Department of Business Management, Business Administration Unit Covenant University, Ota, Ogun State, Nigeria, +2348065803753 [ayomax@yahoo.com](mailto:ayomax@yahoo.com)

Adeniji Chinyerem Grace, Department of Business Management, Business Administration Unit Covenant University Ota, Nigeria.+2348032776851, [chinyerem.adeniji@covenantuniversity.edu.ng](mailto:chinyerem.adeniji@covenantuniversity.edu.ng)

## Abstract

**Orientation:** The extent to which entrepreneurship education can affect either directly or indirectly students' intentions to start a new business has become an issue of great relevance among scholars. Extensive review of the literature revealed that current practices in entrepreneurship education are in the direction to enhance students' confidence and induce self-belief mentality in their capabilities to start a new business (Zhao, Seibert, & Hills, 2005; Souitaris, Zerbinati, & Al-Laham, 2007; Izuierdo & Buelens, 2008). This studies show that this mechanism is associated with entrepreneurial self-efficacy and attitude. Previous research have argued that among other variables, perceptions of formal learning from entrepreneurship-related courses are expected to have a positive influence on intentions especially through the mediation of entrepreneurial self-efficacy and attitude.

**Research purpose:** The study was set to firstly identify the extent to which entrepreneurship education affects entrepreneurial intentions and secondly through the mediation of entrepreneurial self-efficacy and attitude.

**Motivation for the study:** The drive towards economic development and self-reliance has necessitated the need for stakeholders, such as educational instructors, policy makers, institutional training authorities and educational providers to understand the influence of entrepreneurship education, on entrepreneurial self-efficacy, attitude and on entrepreneurial intentions. The knowledge of this assist in formulating and implementing more effective and robust entrepreneurial education programmes and designing of entrepreneurship curricula that will help to equip students with the skills required to spur entrepreneurial intentions towards the identification of investment opportunity in entrepreneurship creation.

**Research design, approach and method:** This study used simple random sampling of undergraduates students of Covenant University. Structural equation modeling was used to validate the proposed model while multiple regression was used test the hypothesis raised in the study.

**Practical/managerial implications:** The theoretical and managerial implications of the results were discussed.

**Contribution/value-add:** This study contributes to the body of knowledge in theory building in entrepreneurship. Recommendations were made for policy and decision makers in entrepreneurship.

**Keywords:** Entrepreneurship Education, Entrepreneurial Self-efficacy, Attitude and Entrepreneurial Intentions.

## 1. INTRODUCTION

Nigeria has experienced persevering increment in unemployment level with graduate unemployment making up a major percentage of the unemployed population (Garba, Kabir & Nalado 2014). Entrepreneurship is generally considered as a popular option to tackle especially on account of the points of interest it holds for Job creation and Economic prosperity (Muiru & Moronge 2013). This informs why the Government of Nigeria at diverse administrations and at different levels has come up with different intervention projects such as National Directorate of Employment (NDE), National Poverty Eradication Program (NAPEP), and lately Youth With Innovation (YOU WIN) as well as the

Graduate Internship Scheme (GIS) all of which were geared towards tackling unemployment particularly through job creation initiatives.

It is quite notable and laudable that these projects are essentially equipped towards entrepreneurial development of the youths and particularly graduates, which is an indication that the Nigerian government also gives credence to the place of youths in driving economic development. However these programmes have not sufficiently produced positive results particularly because government at different levels has not been committed to effective implementation of these policies (Egwu, 2014).

The place of Education in human development is very crucial and more salient is the role of university education to educational policies targeted at skill development which if properly engaged will lead to economic prosperity (Agi & Yellowe, 2013). This show that universities can greatly influence entrepreneurship development in a nation has reflected in Nigeria's national policy on education stating that education is the most important instrument for initiating change, as no society can experience change except through educational revolution which impact on the intellects and knowledge of the people (Akhueomonkhan, Raimi & Sofoluwe, 2013). In line with recognition of the place of university education to entrepreneurship development of youths, the Federal Government in 2006 through the Nigerian University Commission (NUC) introduced entrepreneurship education in Nigerian universities focused at instilling entrepreneurial abilities in students towards increase in considerations of a career in entrepreneurship by graduates. Along these lines an educational system and orientation outfitted towards the development of enterprise/entrepreneurial abilities and attitude is viewed as notable to an individual's intention to become an entrepreneur (Owusu-Ansa & Poku, 2001). However the extent to which university students experience a re-orientation towards a career in entrepreneurship is still in question.

Upon this premise the aim of this article is to investigate the impacts of entrepreneurship education on students' entrepreneurial intention as well as assessing the mediating extent of self-efficacy, and attitude on entrepreneurial intention.

## **2. LITERATURE REVIEW**

The literature review for this study draws primarily on intention and self-efficacy theory, and the role of entrepreneurship education in the formation of entrepreneurial intention and the development of entrepreneurial self-efficacy.

### **2.1 Entrepreneurship**

Entrepreneurship is considered as the process of creating or grabbing an opportunity and seeking after it, while paying little heed to the resources as of now controlled (Nieman & Nieuwenhuizen, 2009).

Entrepreneurship is also portrayed as the process of changing ideas and creative thoughts into business opportunities while creating value. Entrepreneurship is seen as the commitment to make something new of value while undertaking the financial and social risks and accepting the subsequent benefits of financial and individual fulfillment (Hisrich & Peters, 2002). It is quite notable to state that the various school of thoughts associated with the definition of entrepreneurship suggests that opportunity identification and exploitation is at the center stage of entrepreneurship.

## **2.2 Entrepreneurship Education**

Entrepreneurship education can be conceptualized from numerous points of view depending on the intended goals of specific programmes. Entrepreneurship education is intended to equip individuals with the needed attitude, skills and knowledge necessary for setting up and running a new venture or business. Entrepreneurship education could be conceived as the procedure of furnishing individuals with the ideas and skills to perceive opportunities that others have ignored and to have the understanding, self-esteem and knowledge to act where others have dithered (Jones & English, 2004).

Entrepreneurship education has been seen as a consistent procedure that encourages the improvement of essential knowledge for being successful in business start-ups and management of new business ventures (Politis, 2005). Finally, entrepreneurship education could also be considered as the building of knowledge and skills to motivate entrepreneurship as a component of education programs at all levels of education but most importantly the universities (Martinez et al. 2010).

## **2.3 Entrepreneurial Self-efficacy**

Studies in the literature suggest that entrepreneurial self-efficacy should focus on individuals' perceptions regarding their ability to perform entrepreneurial tasks or skills needed to launch a new venture (Kickul & D'Intino 2005; Sequeira, Mueller & McGee 2007). Entrepreneurial self-efficacy have been identified to consist of factors such as interpersonal and networking skills, uncertainty management skills, product development skills, and procurement and allocation of critical resources were significantly related to the instrumental tasks within the entrepreneurial process (Kickul & D'Intino, 2005). These factors have been associated with likelihood of becoming an entrepreneur or capable of influencing entrepreneurial intention to start a new venture.

## **2.4 Entrepreneurial Intentions**

Entrepreneurship involves a process that unravels over time; consequently entrepreneurial intention is viewed as the initial phase of the process (Krueger, 2000; Kautonen, 2010; Lee et al, 2011). An individual's entrepreneurial intention is viewed as an impression of enthusiasm for setting up a business or creating a venture. Research in entrepreneurship has concentrated on entrepreneurial



intentions especially in light of the fact that intentions represents one of the few quantifiable results of entrepreneurship education programs (Franke & Luthje, 2004; Fitzsimmons & Douglas, 2011; Dirk, Benson, & Bruce 2013). Motivation researchers consider intentions as great predictors of behaviours (Ndubisi & Richardson, 2002; Ndubisi & Igau, 2003) thus a decent comprehension of the factors of entrepreneurial intention is still viewed as a strong basis for determining entrepreneurial behaviour (Dirk, Benson, & Bruce 2013; Armitage & Conner, 2001; Smith, Terry, Manstead, Louis, Kotterman, & Wolfs, 2007). Therefore the more grounded an individual's entrepreneurial intention the more probable it is for him/her to engage in entrepreneurial behaviour.

## **2.5 Conceptual Linkages:**

### **2.5.1 Entrepreneurship education and Entrepreneurial Intentions**

Entrepreneurship education can motivate and enhance students' interest towards career considerations in entrepreneurship resulting from the fact that entrepreneurship education can effectively furnish learners with the necessary skills and knowledge required to effectively tackle challenging situations and intricacies in decision making linked to a career in entrepreneurship (Izquierdo & Buelens, 2008; Gelard & Saleh, 2011). It is imperative to state that the perceptions of the obstacles and risks linked with entrepreneurship are downplayed with the acquisition of entrepreneurial knowledge and skills which in turn motivate creation of well-established business enterprises (Clouse, 1990; Zhou, Tao, Zhong & Wang, 2012). This indicates that entrepreneurship education performs an intervention role in providing required knowledge and skill capable of influencing individuals towards entrepreneurial intentions of self employment (Asomaning & Abdulia, 2015).

### **2.5.2 Entrepreneurship education and Entrepreneurial Self-efficacy**

Studies in the literature have stated that a person's self- knowledge about their own abilities is always a function of a combination of information sources such experiences of observing, verbal persuasion and judgement of the learning environment, evaluation of people's behaviour and mastery experiences (Malebana & Swanepoel, 2014) which form the basis of entrepreneurial self-efficacy developed from entrepreneurship education (Radu & Loué 2008; Malebana & Swanepoel, 2014). Findings from the literature suggest that learning environment such as educational studies positively facilitates the building of individuals self-efficacy especially has it relates to entrepreneurship (Segal, Schoenfeld and Borgia, 2007). This suggests that entrepreneurship education curriculum must consist of modulus focusing on perceptual development of the individual and his environment which will assist in the enhancement of entrepreneurial self-efficacy. Numerous studies in the literature have advocates for the integration of variety of learning experiences that is capable of promoting the development of entrepreneurial self-efficacy of the entrepreneur (Zhao et al., 2005; Chinonye & Akinbode, 2014).

Findings from the literature have reported that exposure to entrepreneurship education impacts positively on entrepreneurial intention (Zhou, et al., 2012; Malebana & Swanepoel, 2014; Chinonye, Akinbode, Olokundun and Agboola, 2015) and is significantly associated with entrepreneurial self-efficacy, and (Muofhe & Du Toit 2011; Sesen, 2013; Douglas and Fitzsimmons, 2013; Malebana & Swanepoel, 2014).

The theory of Planned Behaviour is relevant in this study because it emphasizes the importance of antecedent factors influencing entrepreneurial intention. Hence this study is based on the theory of Planned Behaviour (Ajzen, 1991). According to the theory of planned behavior, performance of a behaviour is a function of intentions which is guided by attitude towards a given behavior, subjective norms and perceived behavioral control, (Ajzen, 1991). Further, Ajzen's Theory of Planned Behavior Model, (Ajzen, 1991) proposed a link between cognition and action, and the model proposed that the behavioral performance can be predicted from a person's plan and intentions to perform the behavior in question (Engle, et al., 2010). The adaptation of the Theory of Planned Behavior Model is relevant to this study as it emphasizes the influence of the learning environment on attitude towards business ownership, entrepreneurial self-efficacy and entrepreneurial intention. Also, this study proposes based on the theory of planned behaviour from previous studies (Krueger et al., 2000; Shepard & Krueger, 2002; Singh, Prasad & raut, 2012; Kumara, 2012; Shittu & Dosunmu, 2014) that entrepreneurial attitude and self-efficacy have significant effect on entrepreneurial intention.

Based on the above discussion, the following hypotheses are formulated.

H<sub>1</sub>: Entrepreneurship education will significantly affects students' attitude towards entrepreneurship

H<sub>2</sub>: Entrepreneurship education will have a significant influence on students' Entrepreneurial self-efficacy

H<sub>3</sub>: Student's entrepreneurial attitude will have a significant impacts students' entrepreneurial intention.

H<sub>4</sub>: Entrepreneurial self-efficacy will have a significant influence on students' intention to become an entrepreneur

H<sub>5</sub>: Entrepreneurship education has significant positive effects on students' entrepreneurial intention

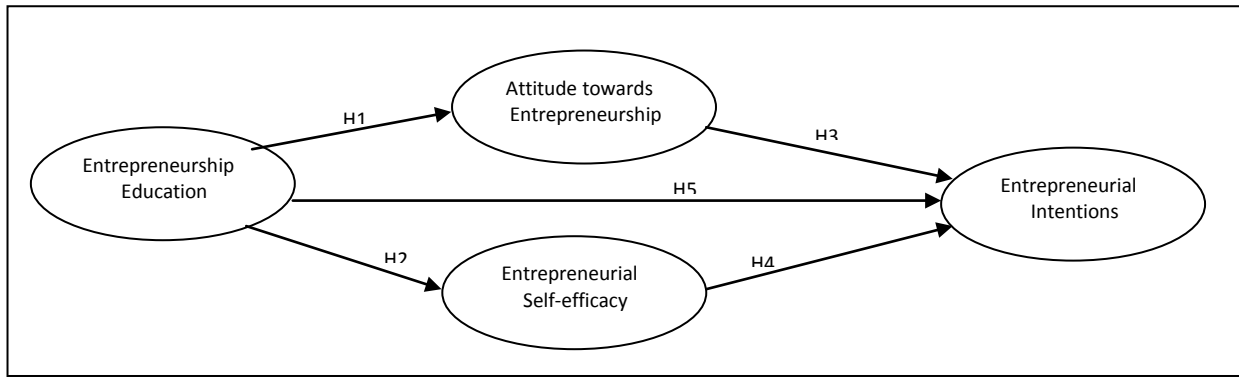


Figure 1: Conceptual Model of the Study

### 3. METHODOLOGY

This study used a cross-sectional survey conducted on Undergraduates students' of Covenant University. The sample respondent constituted 300-500level undergraduate students' who had already been exposed to entrepreneurship programs for at least 2years of higher educational study. The choice of Covenant University has the study area was chosen because the institution from its inception in 2002 has played tremendous role in promoting entrepreneurship education in Nigerian educational system. Covenant University runs entrepreneurship programmes for all students from the first year to the final year.

Questionnaires were distributed randomly in class after their entrepreneurial education course as the student were informed that participation was voluntary. A total of 450 questionnaires were distributed across the three levels (300-500level) equally and only 339 were found usable after sorting the retrieved questionnaires. In developing the survey questionnaire instrument, questions were adapted from existing instruments of similar research to suit this study. Composite reliability, convergent, discriminant validity was used in validating and testing the reliability and validity of the research instrument used in collecting data for the study. Regression analysis was used in validating the hypothesis raised in the study.

### 4. DATA ANALYSIS AND RESULTS

#### 4.1 Frequency Distribution of Respondents

Frequency distribution of sampled respondents in table 1, showed both gender was represented in the study with the female gender having the highest percentage of 55.2% and male respondents comprise of 44.8%. respectively. The analysis on respondent's age indicates that majority of the respondents (93.6%), are between the ages of 15-24years. This result supports the target population of the study was is University students in Nigeria. Analysis of respondent's educational background reveals that majority of the respondent (47.8%) were from the college of pure sciences, 41.9% from the college of social sciences and 10.3 from the college of art.

Analysis of respondents' academic level revealed that the sampled respondents were well represented with 25.7% from 300level, 58.7 from 400level and 15.6 from 500level. This indicated that key informant was sampled by ensuring that sampling respondents have core understanding of the subject matter.

Analysis on the expectation of sampled respondent from the entrepreneurship development program (EDS) revealed that 24.5% of the respondent are eager to learn more about entrepreneurship, 25.5% imagine being an entrepreneur therefore want to acquire necessary skills and 24.2% are determined to being an entrepreneur

**Table 1: Frequency Distribution of Respondents**

| Demographic Categories           |                                       | Frequency | Percent | Cumulative Percent |
|----------------------------------|---------------------------------------|-----------|---------|--------------------|
| Gender                           | Male                                  | 152       | 44.8    | 44.8               |
|                                  | Female                                | 187       | 55.2    | 100                |
|                                  | Total                                 | 339       | 100     |                    |
| Age                              | 15-19yrs                              | 88        | 26.0    | 26.0               |
|                                  | 20-24yrs                              | 229       | 67.6    | 93.6               |
|                                  | 25-above                              | 22        | 6.5     | 100                |
|                                  | Total                                 | 339       | 100     |                    |
| Educational Qualification        | Sciences                              | 142       | 41.9    | 41.9               |
|                                  | Social Sciences                       | 162       | 47.8    | 89.7               |
|                                  | Art                                   | 35        | 10.3    | 100                |
|                                  | Total                                 | 558       | 100     |                    |
| Level                            | 300                                   | 87        | 25.7    | 25.7               |
|                                  | 400                                   | 199       | 58.7    | 84.4               |
|                                  | 500                                   | 53        | 15.6    | 100                |
|                                  | Total                                 | 339       | 100     |                    |
| Expectation from the EDS program | No expectation                        | 88        | 26.0    | 26.0               |
|                                  | I am eager to learn more              | 83        | 24.5    | 50.50              |
|                                  | I imagine being an entrepreneur       | 86        | 25.4    | 75.90              |
|                                  | I am determined to be an entrepreneur | 82        | 24.2    | 100.0              |
|                                  | Total                                 | 558       | 100     |                    |

#### 4.2 Reliability and Validity Test

Convergent validity of the constructs is assessed by examining the standardized factor loadings of measurement variables and average variance extracted (AVEs) of the constructs which should exceed the recommended value of 0.5 for satisfactory convergent validity for a construct (Hair et al. 2010). The values of average variance extracted (AVEs) for the constructs in this study has shown in table 2, exceeds the recommended threshold and range from 0.697 to 0.776. Convergent validity can also be assessed by calculating the composite reliability (CR) which should exceed the recommended cut-off of 0.7 (Chin 1998b). The composite reliability (CR) for the constructs in this study has shown in table 2 exceeds the threshold of 0.7 ranging from 0.905 to 0.932. All of the composite reliability CR values were greater than the average variance extracted AVE values (Byrne 2010) in this study. To achieve satisfactory discriminant validity, the square root of the average variance extraction (AVE) for a particular construct (shown on the diagonal of each constructs) should be larger than the correlations between it and the other constructs (Hair et al. 2010). This was achieved as all values on the diagonal constructs in table 2 is higher than the correlations between it and the other constructs. And also the values for MSV and ASV were lower than the AVE values, thus confirming the discriminant validity

of the model as recommended by Hair et al. (2010). It suffices to say that the theoretical constructs in this research study have demonstrated adequate convergent and discriminant validity based on the above criteria as shown in table 4. Findings from table 4 showed adequate psychometric properties in reliability and validity of the study constructs and displayed meaningful relationships with relevant variables.

**Table 2. Convergent and Discriminant Validity**

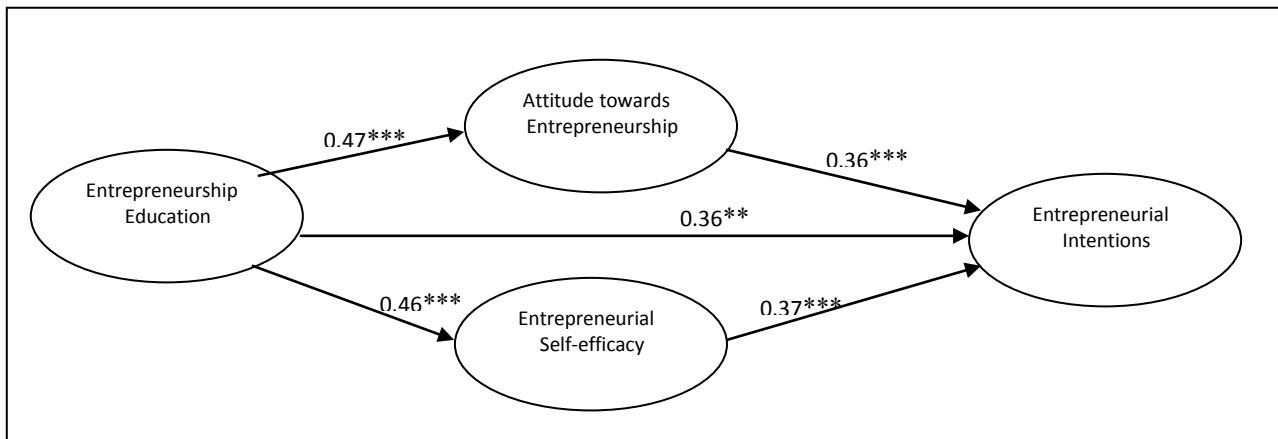
|      | CR    | AVE   | MSV   | ASV   |       |       |       |       |
|------|-------|-------|-------|-------|-------|-------|-------|-------|
|      |       |       |       |       | ATTD  | EE    | SE    | EI    |
| ATTD | 0.906 | 0.762 | 0.707 | 0.465 | 0.873 |       |       |       |
| EE   | 0.932 | 0.697 | 0.185 | 0.164 | 0.404 | 0.835 |       |       |
| SE   | 0.912 | 0.776 | 0.526 | 0.384 | 0.725 | 0.379 | 0.881 |       |
| EI   | 0.905 | 0.739 | 0.707 | 0.458 | 0.841 | 0.430 | 0.694 | 0.859 |

\*CR=Composite Reliability; AVE= Average Variance Extracted; ATTD=Attitude; EE= Entrepreneurship education; SE=Self-efficacy; EI= Entrepreneurial Intentions  
 \*Diagonal elements are the square root of AVE.

### 4.3 Hypothesis Testing

To validate the hypothesis raised in this study, multiple regression using structural equation modeling (SEM) techniques was used. This technique was used in determining the nature of dependent relationships between constructs identified in the literature and measured variables (Hair et al. 2010). The goodness-of-fit indices [such as the following with the rule of the thumb criteria: normed chi-square ( $\chi^2/df$ ) value must be less than 3, GFI value must be greater than 0.9, CFI value greater than 0.95, RMSEA value must be less than 0.08] was used in assessing the fitness of the structural model. The result showed that the structural model has adequate fitness with a Normed Chi-square value of 2.116, GFI value of 0.932, a CFI value of 0.975 and RMSEA value of 0.057 which are all within the accepted value range for the indexes. This indicates that the relationships specified in the model are well represented in the sample data gathered and used for this study.

The results from fig. 2 of the structural path using the standardized coefficient estimate (S.E) and p-value (significance) shows that entrepreneurship education significantly affects students' attitude towards entrepreneurship (S.E= 0.47,  $p < 0.001$ ) and entrepreneurial self-efficacy (S.E= 0.46,  $p < 0.001$ ). As shown in fig. 2, entrepreneurial attitude (S.E= 0.36,  $p < 0.001$ ), entrepreneurial self-efficacy (S.E= 0.37,  $p < 0.001$ ) was found to have a significant positive influence on students' entrepreneurial intention and entrepreneurship education (S.E= 0.03,  $p > 0.05$ ) was found to have direct significant positive effect on students' entrepreneurial intention. Thus, the entire five hypothesis raised in this study was upheld.



\* Significant at  $p < 0.05$ , \*\* Significant at  $p < 0.01$ , \*\*\* Significant at  $p < 0.001$   
 Figure 2 Structural Path Model

## 5. Discussion, Conclusion and Recommendations

Finding of this study reveals a significant positive influence of entrepreneurship education on students' entrepreneurial self-efficacy, attitude and intention. These results supports earlier findings that entrepreneurship education enhances entrepreneurial self-efficacy, (Malebana & Swanepoel, 2014; Douglas and Fitzsimmons, 2013; Muofhe & Du Toit, 2011) and is related to attitude towards entrepreneurship (Dabale & Masese, 2014). This result indicates the important role of entrepreneurship education in equipping an individual with the needed entrepreneurial mindset and capability that will initiate positive intentions to new venture creation. It could be suggested from the above findings that one of the main effects of entrepreneurship education is increased confidence in venture creation.

The findings of this study also indicate significant positive effect of entrepreneurial self-efficacy and attitude on entrepreneurial intentions. This finding is consistent with other studies (Sesen 2013; Kickul et al. 2008; Wilson et al. 2007) who found that entrepreneurial self-efficacy and attitude towards entrepreneurship is positively related and are important predictors of entrepreneurial intention to create new venture. The findings of this study indicate that entrepreneurship education have the capacity to stimulates intention for venture creation through impacts on entrepreneurial self-efficacy and attitude toward entrepreneurship (Gerba, 2012; Muofhe & Du Toit 2011).

Based on the findings of this study, it can be stated that entrepreneurship education impacts on students' entrepreneurial attitude and self-efficacy which increases the likelihood of entrepreneurial intentions among students'. The study has validated the work of Kruger (1993) who stated that entrepreneurship intention reflects the state of mind that initiates people to opt in favor of certain entrepreneurship acts based on their exposure to entrepreneurship knowledge and skills.

This study recommends that entrepreneurship educators and policy makers should use pedagogical methods that will build and enhance entrepreneurial self-efficacy of individuals in preparation for the dynamic entrepreneurial business world. This can be achieved by constant restructuring of entrepreneurship education curriculum to incorporate contents that would equip students with the necessary skills to start, manage and grow new ventures. Entrepreneurship educators and University authorities should adopt student-centred methods in teaching which will give room for student to perform entrepreneurial tasks that will build their confidence in executing the entrepreneurial process.

The Government in collaboration with entrepreneurship educators and tertiary institution authorities' should provide enabling environments (which include technical assistance, networking, mentorship and funds) to students to practice business on campus. This will enable students' experiments their ideas in order to provide them with mastery experiences before graduation, thus enhancing the development of entrepreneurial self-efficacy leading to increased entrepreneurial action.

The Federal Government through the Nigerian University Commission (NUC) and other relevant policy makers in the education sector should ensure the creation of Entrepreneurship departments in all tertiary institutions.

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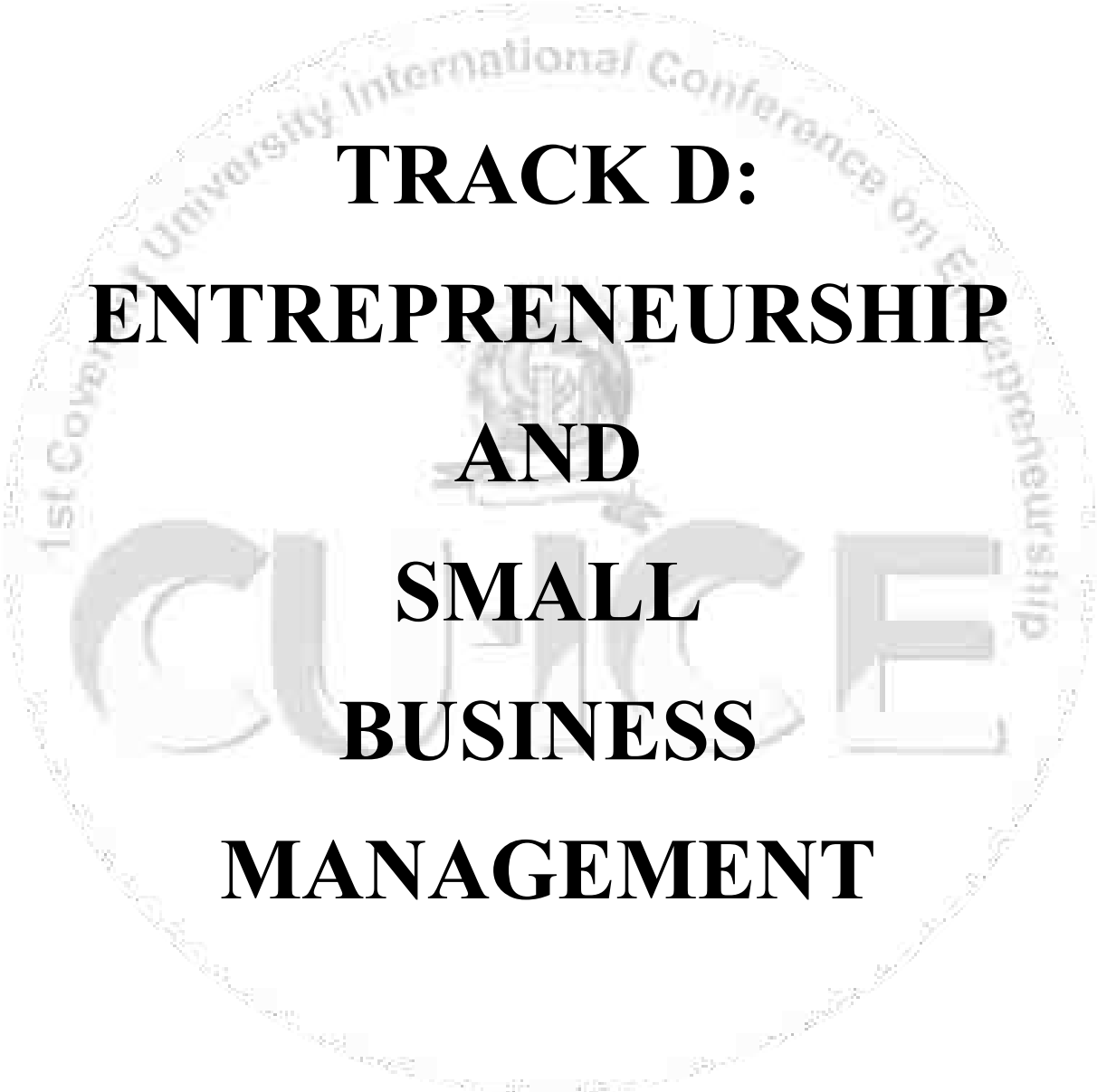
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**TRACK D:  
ENTREPRENEURSHIP  
AND  
SMALL  
BUSINESS  
MANAGEMENT**

# ANALYSIS OF THE ROLE OF CREATIVITY AND INNOVATION IN ENTREPRENEURSHIP

\*Adebayo, E.A.<sup>1</sup>, Olashebikan A.T.<sup>2</sup>, Agumadu, M. A.<sup>3</sup>, Peter, A. O.<sup>4</sup>, Akinsulire, H.W.<sup>5</sup>, Ikumapayi T.A.<sup>6</sup>

<sup>1-6</sup> Covenant University (NIGERIA)

## **Abstract**

*In the current situation of the Nigerian economy where the global economic financial crises have resulted in economic recession and has increased the level of unemployment, the need for increased entrepreneurial drive cannot be over emphasized. This study examines the role innovation and creativity play in developing entrepreneurial activity by analyzing the interaction between entrepreneurship, innovation and creativity. This study reviewed relevant literatures in examining the relationship between entrepreneurship, creativity and innovation. The role innovation and creativity play in triggering entrepreneurial process was also established. The study proposed a model representing this relationship and the study concluded that innovation and creativity are the fluid and egg that must interact to birth entrepreneurs. Based on the findings, the study recommends that Secondary schools, Technical schools, higher institutions of learning and most probably the National Youth Service Corp (NYSC) should intensify conscious efforts to steer the interaction of the components of these fluids and eggs in students during their course of study such that on or before completing their programs, many entrepreneurs will have been birthed.*

*Key Words: Innovation, Creativity, Entrepreneurship, Unemployment*

## **INTRODUCTION**

The impact of the global financial crisis on the Nigerian economy was multifaceted as it led to a dwindling of government revenues, affected the Nigerian currency, declining capital inflows and capital market down turn.

The above has also resulted in divestment by foreign investors with tightness and possible second round effects on the balance sheet of banks by increasing provisioning for bad debt and decrease in profitability, weakened the banking sector and fueled unmatched stock market crash, undermining confidence in the financial sector (Nwogwugwu, 2011).

Also, it resulted in retardation in Gross Domestic Product (GDP) worldwide, as consumer spending, consumer demand and industrial output declined, while unemployment rose; commodity prices fell sharply including oil sector which fell from a peak of USD 106 per barrel in September 2012 to USD 49.30 per barrel by October 2016 (YCharts, 2016). Given the Nigerian economy is heavily dependent on the oil sector, the major problem on Nigeria was the decline in oil prices which led to a dramatic decline in government revenue as oil makes up 80% of budgeted revenues 90% of exports and 33% of GDP (Nwogwugwu, 2011).

According to Udu and Agu (2005), unemployment is “a situation in which persons capable and willing to work are unable to find suitable paid employment”. As defined by International Labour

Organization (2007), unemployed workers are those who are currently not working but are willing and able to work for pay, currently available to work and have actively searched for work.

In the current situation of the Nigeria economy where the global economic financial crises have resulted in economic recession and has increased the level of unemployment, the need for increased entrepreneurial drive cannot be over emphasized.

Entrepreneurial drive is however defined as an umbrella term for the wide variety of characteristics that compel an individual to pursue a unique and untested path relentlessly, regardless of the failures and obstacles. (Boundless, 2016)

Under this umbrella includes the following characteristics that ultimately create a template for entrepreneurial mentality: vision, creativity, focus, passion, perseverance, opportunistic nature, problem – solving ability and self-discipline. (Boundless, 2016)

This study however focuses on creativity from the above and according to (Barringer & Ireland, 2006) creativity and innovation is central to entrepreneurial process. Bygrave & Zacharakis (2004) also presents the entrepreneurial process as set of stages and events that follow one another; they highlight the critical factors that drive the development of the business at each stage (Jorge, 2010).

Amabile, Conti, Coon, Lazenby and Herron (1996) define creativity as the production of novel and useful ideas while innovation is defined as the implementation or transformation of a new idea into a product or service, or improvement in organization or process.

Baldacchino (2009) also pointed out that creativity and innovation are considered to be inseparable from entrepreneurship, which in turn manifested in the act of starting up and running an enterprise.

It is on the above basis that this study sets to examines how innovation and creativity can further trigger this entrepreneurial process given the current economic situation of Nigeria.

### **Research Question**

This study will answer the research question of: what role does creativity and innovation play in increasing the rate of entrepreneurial activity and what is the significance of Creativity and innovation in Entrepreneurial process.

### **Research Objective**

The objective of this study is to identify the relationship between innovation, creativity and entrepreneurship. This study will also propose a conceptual model as regards how innovation and creativity can trigger entrepreneurial process.

## **LITERATURE REVIEW**

According to Hisrich, Peters and Shepherd (2006) cited in Moses, Olokundun, Falola, Ibidunni, Amaihian, and Inelo (2016) entrepreneurship is mostly associated with the concepts of innovation and creativity and it generally involves the identification and exploitation of business opportunities culminating into an enterprise or business firm (Hisrich, Peters, & Shepherd, 2006).

Drucker (1985) argued that innovation is the tool of entrepreneurship. In addition, both innovation and entrepreneurship demand creativity (Okpara, 2007).

### **Concept of Entrepreneurship**

Entrepreneurship has been regarded as a viable engine for the country's economic growth in the contemporary society (Mujuru, 2014).

Entrepreneurship is the process of creating something new with value by devoting the necessary time and effort, assuming accompany financial, psychic, and social risks and receiving the resulting rewards of monetary and personal satisfaction and independence (Hisrich, Peters, & Shepherd, 2006).

### **Concept of Creativity**

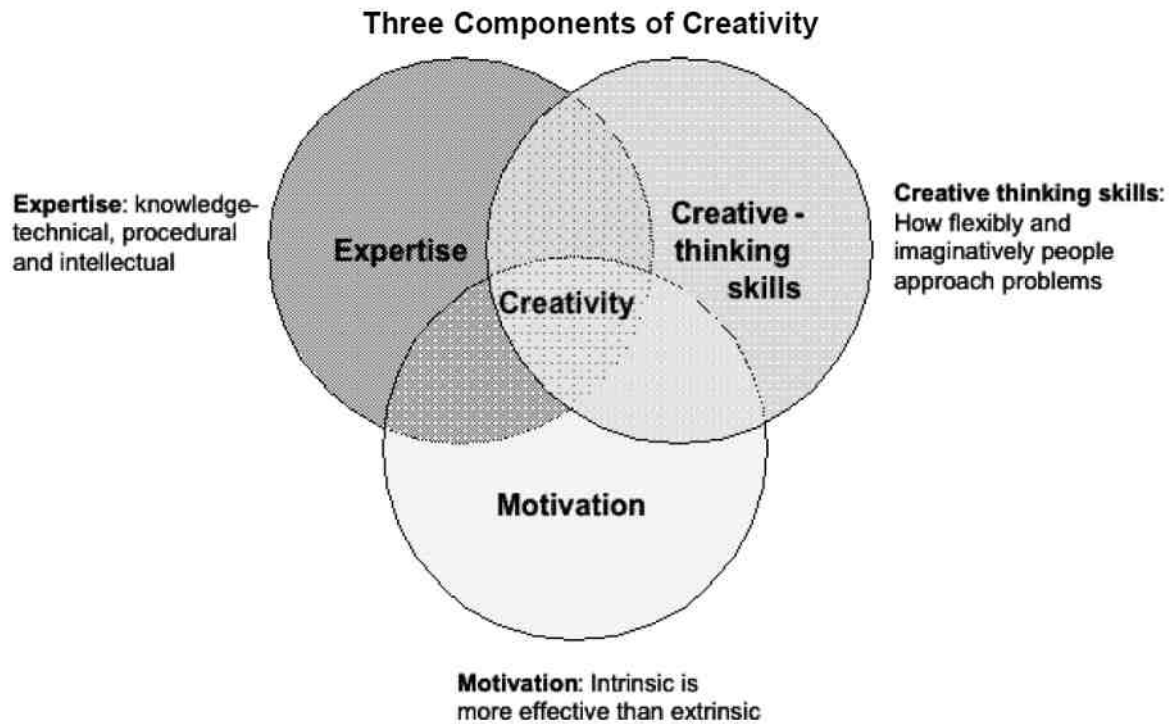
According to Akbar and Haitham (2014) many believed that creativity is an inherent and inherited characteristic that only some lucky people are born with it. Today, it is proved that this ability is common among the human species and all at birth have this talent in varying degrees. Creativity is marked by the ability to create, bring into existence, to invent into a new form, to produce through imaginative skill, to make to bring into existence something new (Okpara, 2007).

Creativity is not ability to create out of nothing (only God can do that), but the ability to generate new ideas by combining, changing, or reapplying existing ideas. Some creative ideas are astonishing and brilliant, while others are just simple, good practical ideas that no one seems to have thought, of yet (Babu, 2013). Adams (2005) pointed out in her work that creativity can arise from the confluence of three components as indicated below

**Knowledge:** All the relevant understanding an individual brings to bear on a creative effort.

**Creative thinking:** Relates to how people approach problems and depends on personality and thinking/working style.

**Motivation:** Motivation is generally accepted as key to creative production, and the most important motivators are intrinsic passion and interest in the work itself.



**Figure 1**

Adapted from Karlyn, A. 2005

### **Concept of Innovation**

Innovation is the successful development of competitive advantage and as such, it is the key to entrepreneurship (Okpara, 2007). Innovation can be considered from a divergent view. Fiona Fitzpatrick identified the following elements of innovation (Babu, 2013).

1. Challenge: What we are trying to change or accomplish-the “pull”
2. Customer focus: Creating value for your customers – the “Push”
3. Creativity: Generating and sharing the idea(s)- the “brain”
4. Communication: The flow of information and ideas –the “life blood”
5. Collaboration: People coming together to work together on the idea(s) – the “heart.”
6. Completion: Implementing the new idea-the “muscle”.
7. Contemplation; Learning and sharing lessons lead to higher competency-the “ladder”
8. Culture: The playing field of innovation includes:

Leadership (sees the possibilities and positions the team for action-the role model)

People (diverse groups of radically empowered people innovate –the source of innovation)

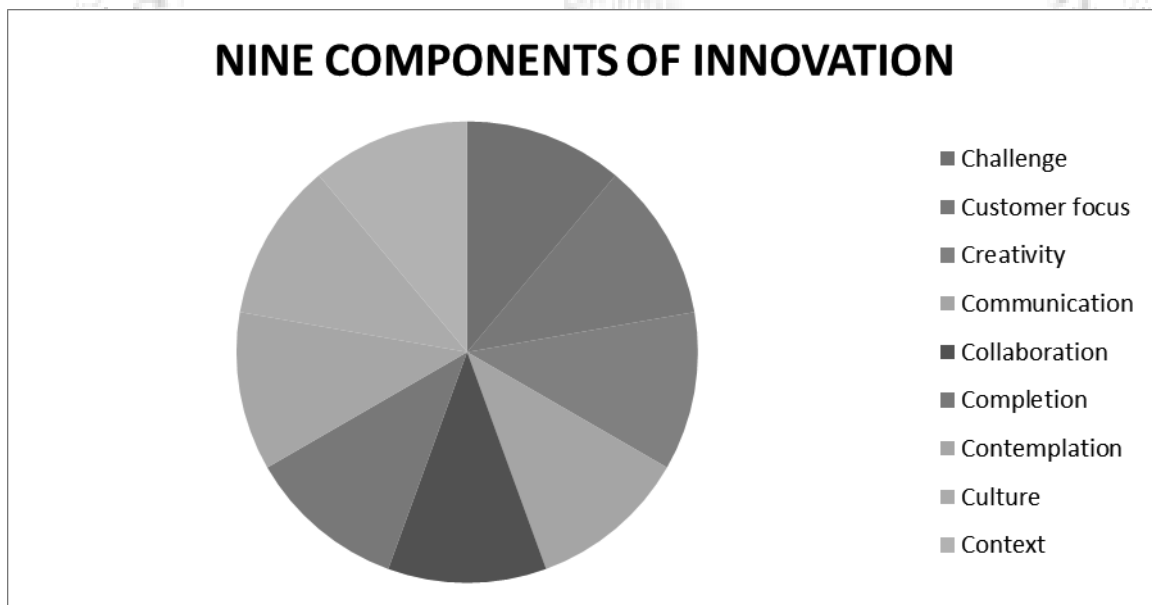
Basic values (trust and respect define and distinguish an innovative organization-the backbone).

Innovation values (certain values stoke the fires that make the “impossible” possible-the Spark).

9. Context: Innovation is shaped by interactions with the world.

In this study, creativity will be treated as a single unit, as this has been discussed above.

From the above it can be indicated that innovation can arise from the confluence of nine components, these components listed above are further describe in Fig. 2.



**Figure 2**

Components of Innovation

### **The Difference between Creativity and Innovation**

Considering the complexity of the concept of creativity, it is necessary to distinguish the concept of innovation and creativity (Akbar & Haitham, 2014). Innovation is application of new ideas from cited creativity and it is believed that innovation can be a new product, new service or a new way of doing something, but creativity is ability of creating new ideas and innovative thought (Akbar & Haitham, 2014).



Creativity and Innovation can be distinguished such that creativity is an intellectual activity to create new idea, and innovation is converting creativity into action or result (profit).

According to Akbar and Haitham (2014) innovation can process steps required to conclude a new mastermind.

The creative person can be non-innovative and have new ideas, but cannot supply or sell them. So often creative person is innovator, but all creative people are not necessarily innovative (Shahraray & Madani Pour, 1996).

## **METHODOLOGY**

This study is based on a review of relevant literature targeted at identifying the relationship between innovation, creativity and entrepreneurship.

## **ANALYSIS AND RESULTS**

Based on the reviewed literature, the study successfully proposed a conceptual model as regards how innovation and creativity can trigger entrepreneurial process. The next section summarizes the above as reviewed from extant literature.

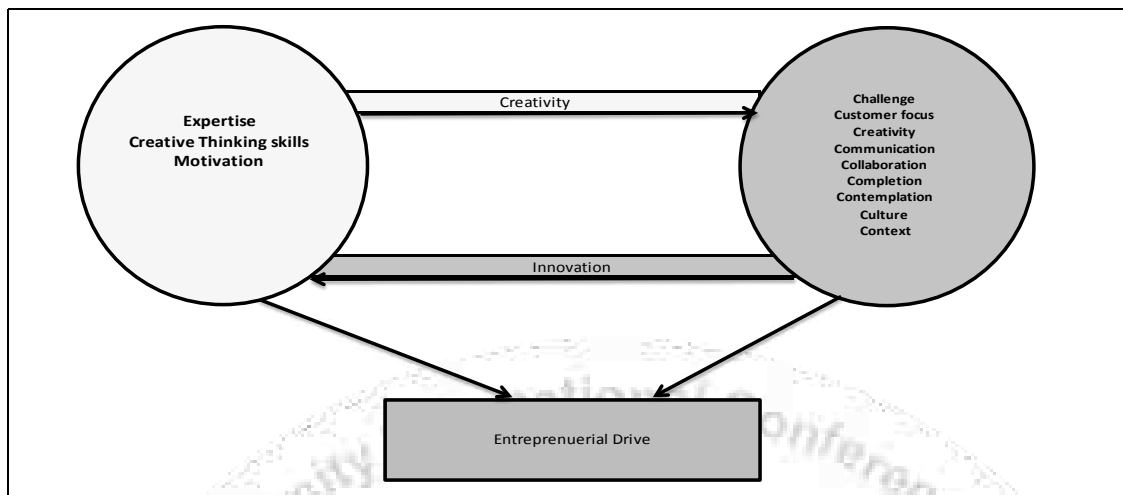
## **DISCUSSION OF FINDINGS**

### **The Link Between Entrepreneurship, Innovation and Creativity**

According to Ian & Ruth (2010) links have been made between creativity and entrepreneurship for some time. Whiting (1988); Lee, Florida, & Acs (2004); Stein (1974) claimed that creative ability and entrepreneurial ability are separate constructs but this is now disputed (Gilad, 1984).

As indicated by Fiona Fitzpatrick in (Babu, 2013) creativity is an element of innovation, as such it can be concluded that there is a link between entrepreneurship, innovation and creativity.

The proposed model below further portrays this relationship.



**Figure 3**

### **Relationship between innovation, creativity and Entrepreneurship**

The proposed model above is supported by the claim of Barringer and Ireland (2006) that creativity and innovation are inseparable from entrepreneurship, which is in turn manifested in the act of starting up and running an enterprise.

Pretorius, Millard and Kuger (2005) also affirms that creativity is clearly part and parcel of the entrepreneurial skills required to successfully start a venture.

Baldacchino (2009) also argued that Entrepreneurs by their very nature are the essence of creativity and innovation.

Based on the above, there is therefore no gain saying that where innovation and creativity is absent, there will be very limited entrepreneurship. Entrepreneurial activities will be on the minimal and will most likely happen by accident.

### **RECOMMENDATIONS AND CONCLUSION**

Creativity and Innovation are at the heart of the spirit of enterprise (Okpara, 2007) and based on the model above in Fig. 3, it can be concluded that innovation and creativity are the fluid and egg that must interact to birth entrepreneurs, thereby establishing a significant link between entrepreneurship, innovation and creativity. The implication is that Secondary schools, Technical schools, higher institutions of learning and most probably the National Youth Service Corp (NYSC) should develop conscious efforts to steer this interaction of the components of these fluids and eggs in students during their course of study such that on or before completing their programs, many entrepreneurs will have been birthed.

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# DECENT WORK AND POVERTY ERADICATION AMONG MICRO-ENTREPRENEUR RECHARGE-CARD VENDORS

OGUNRIN Florence Olu (Ph.D)<sup>1</sup> & ADEKUNLE Simon Ayo<sup>2\*</sup>

<sup>1</sup>Department of Entrepreneurship, <sup>2</sup>Department of Business Administration,  
Faculty of Management Sciences, University of Benin, Benin City.  
Corresponding Author's Email: [\\*simon.adekunle@uniben.edu](mailto:*simon.adekunle@uniben.edu)

## **Abstract**

*It is believed that most micro-entrepreneurial businesses lack decency, and unable to provide for the entrepreneurs and their relations/dependants satisfactorily with the income earned. This study was therefore designed to investigate whether or not recharge-card retailing provides enough income to permit the vendors live above United Nations (UN) poverty benchmark of \$1.25; and whether recharge-card retailing qualifies as decent work as conceived by the International Labour Organization (ILO). The population of the study comprised vendors of mobile-phone recharge-cards in Benin City. However, due to resource constraints, a sample of one hundred and five (105) vendors was taken in specific locations such as the main campus of the University of Benin, Ugbowo Campus; and its environs. This sample was drawn with the aid of convenience sampling technique. Being a descriptive research, the statistical analysis undertaken was also descriptive through the use of frequency distribution and simple percentages. The study found that the vendors' daily investment in card procurement and average sales per day suggests that the financial commitment by most of the vendors guarantees a daily profit that will be greater than \$1.25 UN benchmark and that recharge-card retailing can be considered as a decent work as examined on the basis of the four decent work indicators selected and used in the study. It is recommended that government should support vendors by formulating and implementing social and economic policies that will create a friendly and enabling working environment for them; recharge-card vendors should form associations/unions so as to protect their interests and enhance their wellbeing; and more women should be empowered to venture into the business because it does not require strenuous efforts.*

**Keywords:** Decent work, entrepreneur, poverty, recharge-card retailing, vendors.

## **INTRODUCTION**

Most people work to earn a living. They either work for pay or they work in self employment (Kantor, Rani & Unni, 2006). Work involves any activity that demands physical or mental effort, and which is directed at achieving a specific result (Stephen, 2009). Some forms of work are rewarded with pay or wages, while many others are unpaid. Examples of unpaid work in Nigeria include household chores

and childcare by mothers within the family, and favours done for others. More importantly, the pay and other conditions of work largely determine whether an individual is poor or rich. For many workers in self employment such as the micro-entrepreneur recharge card vendors, the work being performed by most of them was chosen out of necessity (Trebilcock, 2005), rather than out of positive motivators such as the love of the occupation (Kantor, *et al.*, 2006).

Most people must work to earn a living, since the products or services that sustain life including food, clothing and shelter must be paid for. The money needed to pay for these life supporting goods and services is earned by working. Paid work which is synonymous to job, employment, trade, profession, occupation and so on can be seen as the activity an individual perform regularly, especially in order to earn an income. Different forms of work command different pay, for various reasons such as differences in the value workers add to the firm they work for; the demand for the product or service of a worker; as well as workers' skills and the length of training involved in acquiring skills (Pettinger, 2012). In the real world, however, other factors which are difficult to objectively measure, affect pay. These include the power of monopsony employers who use their market power in setting wages; discrimination which prevents qualified workers from getting jobs; powerful trade unions which pressure for higher wages (Pettinger, 2012); and inefficiencies in social, political, and economic institutions which result in unequal access to education and training, and hence unequal access to jobs. The income made from working as well as other conditions of worker determine to a large extent whether a worker is poor or rich (Kantor, *et al.*, 2006; Trebilcock, 2005). Two major global institutions have been fighting poverty from different angles. These institutions are the United Nations Organization (UNO); and the International Labour Organization (ILO) through the decent work agenda. The main objective of this study is to examine the decency of work and poverty eradication among micro-entrepreneur recharge-card (air-time vouchers) vendors. The specific objectives of this study are; to:

- i. explore and describe whether or not recharge-card retailing provides enough income to permit the vendors live above poverty benchmark as measured by the United Nations; and
- ii. ascertain whether recharge-card retailing qualifies as decent work as conceived by the International Labour Organization (ILO).

## **REVIEW OF EXTANT LITERATURE**

This section contains a review of the concept of poverty, its causes and possible strategies for its eradication. The concept of decent work was examined as well as its different dimensions used in this study such as labour market security, employment security, work security and representation security. This section ends with a discussion on the overlap between decency of work and poverty.

### **Concept of Poverty, its Causes and Possible Strategies for its Eradication**

Different international organisations have unique definitions of poverty. Poverty means inadequacy of material property or money. It varies in degree from absolute poverty (destitution) to relative poverty. Poverty does not refer only to conditions of famine and shanty dwellings; and that is why poverty can

be absolute or relative. Absolute poverty is the most severe and it pertains to lack of basic human needs like foods, water, clothes, shelter, and so on while in terms of relativity, poverty also applies to situations where individuals or families lack resources that would enable them eat the type of food they want, engage in the types of activities and enjoy living conditions and amenities which are taken for granted in the societies in which they live (Foster, 1998).

Over the years, attempts have been made by government to alleviate poverty as reflected in increase in the number of programmes and commitment of resource to the different sectors of the economy. However, very minimal success has been recorded as according to Abur, Eche and Torruam (2013) the failure of poverty eradication programmes is due to lack of co-ordination and commitment, poor funding of the programmes, policy inconsistency, deficient infrastructural facilities and pervasive corruption. Also, Central Bank of Nigeria (2003) in its view based on empirical investigation attributed the failure of poverty alleviation programmes to deterioration in fiscal discipline, corruption, political instability and policy inconsistency. Other causes of poverty in Nigeria can be attributed to lack of sound agricultural policy, poor leadership, excessive internal and external debt burden, lack of basic infrastructural facilities especially bad road and epileptic power supply, and lack of comprehensive national poverty alleviation framework, among others (Edoh, 2003).

In mitigating the devastating effect of poverty on the citizenry, there is need for decisive commitment of all stakeholders such as individuals, communities, governments, non-governmental organisations and relevant international agencies (Abur, *et al.*, 2013). Investing early in basic education and health while fostering gender equality are some of the recommendations made by UNDP as the ways by which poverty can be reduced in a country. In addition, Edoh (2003) suggested the following ways of reducing poverty: government should recognize and encourage the non-governmental organisations to be actively involved in a wide variety of activities to help provide development opportunities for grass-root communities; develop a long strategic plan to address unemployment; federal, state and local governments must ensure commitment in the area of fund allocation for provisions of social services; provision of enabling environment to facilitate private sector economic framework; and government should realistically undertake a comprehensive study on the causes of poor implementation of development policies and strategies.

### **Concept of Decent Work**

Decent work refers to work that is productive which also offers fair income security in the work-place; social protection for families; prospects for personal development; social integration; freedom for workers to express their concerns and participate in decisions that affect their lives; as well as equal opportunity for male and female workers (ILO, 2013). Decent work offers freedom, equity, human security and dignity (Trebilcock, 2005).

The International Labour Organization (ILO) views decent work at the level of individual workers in terms of security. The Organisation identified seven dimensions of decent work which include labour market security, employment security, job security, work security, skill reproduction security, income

security, and representation security. Each dimension has several indicators with which it is assessed. Work that is decent should fulfil the requirements of these indicators under each of the seven dimensions. In other words, decent work will display security along these seven dimensions while work that lacks decency will show deficits or insecurities along the seven dimensions. Different jobs manifest different degrees of deficits or insecurities (Kantor *et al.*, 2006).

The seven work-based insecurities along with their indicators form what the ILO refer to as the People's Security Surveys (PSS). The PSS indicators are very many. Therefore, researchers tend to pick and specify a few for investigation (Kantor *et al.*, 2006, p.2090). In this study, four of the seven work-based indicators were assessed. The four comprised labour market security; employment security; work security; and representation security. The original PSS indicators were evaluated but a few additional variables were added by these researchers to suit the local environment under which the study was conducted.

### **Dimensions of Decent Work**

In measuring decent work, ILO's People's Security Survey identified seven dimensions namely: labour market security, employment security, job security, work security, skill reproduction security, income security and representation security (Kantor *et al.*, 2006, p.2090). In this study, four out of the seven dimensions were selected and examined as follows:

*Labour market security:* This dimension of decent work examines the ability to obtain work (Kantor *et al.*, 2006, p.2090). This dimension entails employment status, hours of work, multiple work activities, length of experience, days of employment, difficulty finding work in case of job loss, restrictions on women seeking work, perceived likeliness of losing work if pregnant or ill (Anker, 2002). In this study, labour market security was measured by asking if respondents could attract as many customers (patronage or demand) as they desired. Specifically, it was evaluated through the number of hours spent at work, number of hours spent daily on the retail trade, and whether respondents wished to spend more or less hours at work.

*Employment security:* This reflects the ability to keep one's work and incorporates dependent work relations particularly for self-employed and piece rate workers (Kantor *et al.*, 2006, p.2092). The indicators used in this study to measure employment security included the number of network providers whose recharge cards a vendor retailed. The higher the number of network providers, the more secure the employment is, since if one network provider folds up, the trader would be sustained by selling the cards of other thriving network providers. Another measure of employment security pertained to the potential of the trade to become the main and sole occupation of the trader; that is, the potential that the trader could make a life-long career out of recharge-card selling. Yet another employment security measure pertained to whether the traders registered their retail business with any government department, be it at the federal, state or local government level.

*Work security:* Issues covered by work security include absence from work due to work-related injury, illness, stress; excessive work hours; control over work; sexual harassment; hazardous



work/dangerous equipment; toilet and water availability; use of protective clothing; safety department at workplace; opinion of workplace safety; compensation for injury/insurance for injury; childcare help; and absence due to household duties (Anker, 2002). In this study, work security was assessed by unobstructively observing the environment under which the vendors sold their wares such as street corners, road junctions, commercial motor parks, car parks of institutions, the frontage of a house, or a shopping centre. Public toilets and water supply are not common features in Nigeria. So, vendors who operated at street corners, road junctions and car parks of institutions were deemed as lacking access to these two important utilities. Vendors who worked from the frontage of houses or in shopping centres would however have access to the toilet and water facilities provided for the houses and shopping centres.

*Representation security:* This dimension focuses on knowledge and opinions of unions; union in the workplace; belong to union; knowledge of and/or membership in other worker organisations; and circumstances for action (Anker, 2002). The fourth and final measure of decent work that was evaluated in this study was representation security, which is, having a voice. This was assessed by asking if there was a union of recharge-card sellers for interest representation. This dimension was further evaluated by asking if respondents had avenues for giving feedback to recharge-card producers with regard to consumers' reactions to recharge card quality.

#### **Overlap Between Decency of Work and Poverty**

Paid work, whether in the form of self employment (as in the case of recharge-card vendors), piece-rate production or waged employment is the commonest source of livelihood in developing economies, including Nigeria. If an economy must reduce poverty, it must improve the number and quality of work opportunities available, as well as the social conditions of all its citizens (Kantor *et al.*, 2006). Decent work which was being advocated by the ILO is closely related to poverty eradication that is being advocated by the United Nations' MDGs because increase in the number of job opportunities, as well as improvement in workers' rights, social protection and representation (having a voice in the work place), are all associated with improvements in people's economic and social well-being (Kantor *et al.*, 2006; Trebilcock, 2005). Poor quality jobs that lack decency tend to be more in the informal sector of economies. The informal economy refers to all economic activities by workers and economic units that are- in law or practice- not covered or insufficiently covered by formal arrangements (Trebilcock, 2005, p.14).

Jobs in the informal economy (recharge-card hawking inclusive) tend to be high in decent work deficits that is, work-related insecurities. Although not all informal workers are poor, and the ILO does not advocate for scrapping jobs in the informal economy, it is well-established that workers in the informal economy tend to be un-recognized, un-registered, un-regulated or un-protected under labour legislation and social protection (Kantor *et al.*, 2006). Workers in the informal economy tend to work in small or un-defined workplaces under unsafe and unhealthy conditions. These individuals tend to operate in the informal economy out of a need to survive. Nonetheless, many of these workers

truly are entrepreneurial and they should be supported through relevant government social and economic policies (Trebilcock, 2005).

## **METHODOLOGY**

This study entailed an investigation into the decency of mobile-phone recharge-card retailing business and its ability to alleviate poverty in Nigeria. The operations of the recharge card retailers were evaluated against indicators of decent work proposed by the ILO (Kantor, *et al.*, 2006; Trebilcock, 2005); as well as poverty bench-mark income established by the United Nations (United Nations Empowerment Programme [UNDP], 2014). The population of the study comprised vendors (also called sellers, hawkers or traders) of mobile-phone recharge-cards in Benin City. However, due to resource constraints, a sample of one hundred and five (105) vendors was taken in specific locations such as the main campus of the University of Benin, Ugbowo Campus; as well as localities that bordered the campus namely, Ekosodin, Osasogie and Ugbowo from where the vendors carry out their business activities. This sample was drawn with the aid of convenience sampling technique.

Recharge-card vendors are usually found under large umbrellas (for shade from the rain and sun rays), at bus-stops, car-parks, road junctions and similar sites that witness heavy and constant human traffic. The survey participants/respondents were recruited while at their trade. As many vendors as were willing filled the questionnaires in between selling their wares while the researchers waited to collect them. After three weeks of field work, the researchers obtained 105 valid and usable questionnaires which were used for the study.

The main research instrument for the study was a questionnaire which was designed for eliciting necessary information from the study participants. Questionnaire items were divided into sections. There were items on the trader's demographic variables and on the recharge-card trade. This latter set of questions generated the needed data about the income-yielding capacity of the trade. With regard to the second research concern: whether or not recharge-card retailing could be regarded as decent work, this study assessed indicators along four (4) of the seven (7) decent work measures identified in the People's Security Survey (PSS) (Kantor *et al.*, 2006). The four decent work measures evaluated in this study included labour market security, employment security, work security, and representation security. Survey research design was employed and data were descriptively analysed. The rationale for the use of descriptive design was based on its ability to provide rich data for subsequent (future) quantitative and/or explanatory investigations. Being a descriptive research, the statistical analysis undertaken in this study was also descriptive. In this sense, data were analyzed with frequency distribution and simple percentages through the use of Statistical Package for Social Sciences (SPSS).

## **ANALYSES AND DISCUSSION OF RESULTS**

This section is concerned with the presentation and analyses of data collected for this study through the administration of questionnaires. It contains the report and description of the respondents' demographics, evaluation of daily income of recharge-card vendors; and decency of recharge-card retailing.

### Description of Respondents' Demographics

Recharge-card vendors' background variables of interest to this study included gender, marital status, educational qualification, entrepreneurs' age and enterprise age. The results are presented in Table 1 below:

**Table 1: Background information on respondents and enterprise**

| S/N                               | Variable            | Frequency | Percentages |
|-----------------------------------|---------------------|-----------|-------------|
| <b>Gender</b>                     |                     |           |             |
| 1                                 | Male                | 70        | 66.7        |
| 2                                 | Female              | 35        | 33.3        |
|                                   | Total               | 105       | 100         |
| <b>Marital Status</b>             |                     |           |             |
| 1                                 | Single              | 73        | 69.5        |
| 2                                 | Married             | 29        | 27.6        |
| 3                                 | Separated           | 1         | 1.0         |
| 4                                 | Widow               | 2         | 1.9         |
|                                   | Total               | 105       | 100         |
| <b>Educational Qualification</b>  |                     |           |             |
| 1                                 | No formal education | 2         | 1.8         |
| 2                                 | Primary education   | 11        | 10.5        |
| 3                                 | Secondary education | 53        | 50.5        |
| 4                                 | Tertiary education  | 30        | 28.6        |
| 5                                 | Postgraduate        | 9         | 8.6         |
|                                   | Total               | 105       | 100         |
| <b>Age of Respondents (Years)</b> |                     |           |             |
| 1                                 | Below 20            | 12        | 11.4        |
| 2                                 | 20-30               | 63        | 60          |
| 3                                 | 31-40               | 22        | 21          |
| 4                                 | 41-50               | 6         | 5.7         |
| 5                                 | Above 50            | 2         | 1.9         |
|                                   | Total               | 105       | 100         |
| <b>Age of Enterprise (Years)</b>  |                     |           |             |
| 1                                 | Below 5             | 75        | 71.4        |
| 2                                 | 5 – 9               | 23        | 21.9        |
| 3                                 | 10 years and above  | 7         | 6.7         |
|                                   | Total               | 105       | 100         |

Table 1 above shows that 66.7% of the vendors sampled for this study were females while 33.3% were males. This indicates that there are more female in the recharge-card retailing business than the male counterpart. The marital status reveals that 69.5% of the respondents were single, 27.6% were married, 1% was separated from the spouse while 1.9% were widow. This shows that majority of the recharge-card vendors were singles. The educational qualification of the respondents reveals that 1.9% of the vendors had no formal education, 10.5% had primary education, 50.5% had secondary education while 28.6% had tertiary education. This shows that most recharge-card vendors sampled for this study had basic formal education. With respect to respondents' age, Table 1 above shows that majority of the vendors were between the age of 21-30 years old which constituted 60%, followed by age range of 31-40 years which constituted 21%. Age range above 50 years was the least which

constituted 1.9% and the remaining 17.1% were of the range of Below 20 and 40-49 years old. This indicates that most persons in this kind of business are at their youthful age. Finally, the age of the business enterprise shows that majority of the vendors' enterprises are below five (5) years old indicating that majority of the vendors' business was still in their infancy stage.

### Evaluation of Daily Income of Vendors

Ascertaining the daily income of recharge-card vendors and comparing it with the UN poverty benchmark of \$1.25 is one of the objectives of this study. The variables measured in other to achieve the objective includes: daily investments on cards procurement, average sales per day and vendors' satisfaction/dissatisfaction with the current sales level. The result of the analysis is presented in Table 2

**Table 2: Daily income assessment of vendors**

| S/N                                      | Variable        | Frequency | Percentages |
|--|-----------------|-----------|-------------|
| Daily investment on card procurement (₦) |                 |           |             |
| 1  | Less than 1000  | 2         | 1.9         |
| 2  | 1000 – 4999     | 19        | 18.1        |
| 3  | 5000 – 9999     | 25        | 23.8        |
| 4  | 10000 – 14999   | 16        | 15.2        |
| 5  | 15000 and above | 43        | 41          |
|  | Total           | 105       | 100         |
| Average daily sales (₦)                  |                 |           |             |
| 1  | Below 2000      | 14        | 13.4        |
| 2  | 2000 – 3999     | 33        | 31.4        |
| 3  | 4000 – 5999     | 15        | 14.3        |
| 4  | 6000 – 7999     | 11        | 10.5        |
| 5  | 8000 and above  | 32        | 30.4        |
|  | Total           | 105       | 100         |
| Satisfaction with current sales level    |                 |           |             |
| 1  | No              | 50        | 47.6        |
| 2  | Yes             | 55        | 52.4        |
|  | Total           | 105       | 100         |

Table 2 above shows that majority of the vendors invest ₦15000 and above on daily card procurement. This category accounts for 41% of the total daily investment. This group is followed by 23.8% and 15.2% of the vendors that invest between ₦5000 and ₦9999, and ₦10000 and ₦14999 respectively. Only 20% of the sampled vendors invest less than ₦5000 daily on card procurement. Table 2 also reveals that the highest percentage which is 31.4% had an average sales range of ₦2000 – ₦3999. This is followed by sales range of ₦8000 and above which accounts for 30.5%. Average sales range below ₦2000 was the least which constituted 13.4%. The remaining 24.8% had an average sales range of ₦4000 – ₦7999. Finally, the Table shows that 50 of the vendors which accounts for 47.6% were not satisfied with their current sales while 55 out of the 105 sampled vendors were satisfied with

their current sales level. A close look at the vendors’ daily investment in card procurement and average sales per day suggests that the financial commitment by most of the vendors will guarantee a daily profit that will be greater than \$1.25 UN benchmark. To further buttress this, majority of the sampled vendors said they were satisfied with their current sales which mean what they earn as profits will be able to take care of their basic needs such as foods, shelter and clothing that will cost more than \$1.25. The satisfied vendors must realise that being satisfied with current sales does not mean there is no room for improvement. They should search and adopt better management strategies that will help them to further expand their business and increase their financial fortunes.

**Decency of Recharge-Card Retailing**

The variables measured in achieving the objective of ascertaining whether recharge-card retailing qualify as decent work as conceived by the International Labour Organization (ILO) relate to labour market security, employment security, work security and representation security. These four selected dimensions of decent work are explained as follows:

*Labour market security:* This was measured using variables such as number of hours spent per day at work; number of days spent at work; and preference for spending more or less time for business operations. The results are presented in Table 3 as follows:

**Table 3: Labour market security assessment**

| S/N  | Variable     | Frequency | Percentages |
|--|--------------|-----------|-------------|
| Number of hours spent per day at work                          |              |           |             |
| 1  | 5 – 8        | 18        | 17.2        |
| 2  | 9 - 12       | 52        | 49.4        |
| 3  | 13 and above | 35        | 33.4        |
|  | Total        | 105       | 100         |
| Number of days spent at work per week                          |              |           |             |
| 1  | 4            | 2         | 2           |
| 2  | 5            | 10        | 9.4         |
| 3  | 6            | 48        | 45.7        |
| 4  | 7            | 45        | 42.9        |
|  | Total        | 105       | 100         |
| Preference for spending more/less time for business operations |              |           |             |
| 1  | More time    | 63        | 60          |
| 2  | Less time    | 42        | 40          |
|  | Total        | 105       | 100         |

Table 3 above shows that majority of the sampled vendors spent between 9 – 12 hours per day managing their business. This accounts for 49.4%. This is followed by 33.4% of the vendors that spent 13 and above hours in selling recharge card. Only 17.2% spent between 5 – 8 hours in the business. It can be deduced from the above result that majority of the sampled vendors spent substantial portion of their working days in doing the business. 45.7% of the vendors which is the majority work for 6 days

in a week, this is followed by 42.9% that work 7 days in a week. Only 11.4% of the entire sampled vendors work between 4 to 5 days in a week. This shows that majority of recharge-card vendors are committed to their work as they are ready to spend more time doing their business. This kind of entrepreneurial spirit is lacking among typical civil servants that will go late to work, complain bitterly about their job and be absent from work if opportune. Table 3 further shows that majority of the vendors (60%) desired to work more so as to make more sales and gain more profits as well as to serve their customers better to give them (vendors) better platform for favourable competition. For those that prefer less time for work, they assert that it was due to time constraint and the need to attend to personal and family issues.

*Employment security:* This was measured using the number of recharge-cards they sell (the higher the number, the more secure the employment is, since if one company folds up, the trader would be sustained by selling the cards of other thriving service providers); potential of the trade to become the man occupation of the trader; and whether vendors sign a written contract with anyone or registered their business with any government agencies. The results are shown in Table 4 below:

**Table 4: Employment security assessment**

| S/N  | Variable      | Frequency | Percentages |
|--|---------------|-----------|-------------|
| Brands of networks (telecommunication service providers) |               |           |             |
| 1  | Glo           | 105       | -           |
| 2  | MTN           | 105       | -           |
| 3  | Etisalat      | 101       | -           |
| 4  | Airtel        | 103       | -           |
| 5  | Visafone      | 27        | -           |
|  | Total         | 441       | -           |
| Number of network sales                                  |               |           |             |
| 1  | 3             | 4         | 3.8         |
| 2  | 4             | 74        | 70.5        |
| 3  | 5             | 27        | 25.7        |
|  | Total         | 105       | 100         |
| Career potential of recharge card business               |               |           |             |
| 1  | Not a career  | 39        | 37.1        |
| 2  | Worthy career | 66        | 62.9        |
|  | Total         | 105       | 100         |
| Formalisation of business through registration           |               |           |             |
| 1  | Yes           | 10        | 9.5         |
| 2  | No            | 95        | 90.5        |
|  | Total         | 105       | 100         |

Table 4 reveals that all the vendors are selling the recharge cards of GLO and MTN companies possibly because most phone users in Nigeria are subscribers to them while only 101 and 103 of the vendors also sell Etisalat and Airtel recharge cards respectively. Only 27 of the vendors sell visafone

cards possibly because of its low customer base in Nigeria. 70.5% which is the majority of the vendors are selling recharge cards of four networks possibly GLO, MTN, Etisalat and Airtel because of their popularity in the Nigerian market. Only 25.7% and 3.8% of the vendors are selling five and three recharge cards of different networks respectively. Table 4 also shows that 66 out of the 105 vendors could depend on recharge-card retailing as a life-long career while 39 of the sampled vendors do not consider sales of recharge card as a worthy career. Also, the Table shows that majority of the vendors do not register their businesses with the appropriate government agencies. This group accounts for 90.5%. This is abnormal because most of the vendors acquire basic formal education that should expose them to the need for formal registration of business especially with Corporate Affairs Commission (CAC).

*Work security:* This section emphasizes on variables such as number of vendors' shop outlets, number of workers, types of workers and access to water and toilet facilities. The outcome of the analysis is shown in Table 5 as follows:

**Table 5: Work security assessment**

| S/N                                   | Variable       | Frequency | Percentages |
|---------------------------------------|----------------|-----------|-------------|
| Number of vendors' shop outlets       |                |           |             |
| 1                                     | 1              | 72        | 68.6        |
| 2                                     | 2              | 9         | 8.6         |
| 3                                     | 3              | 3         | 2.8         |
| 4                                     | No shop        | 21        | 20          |
|                                       | Total          | 105       | 100         |
| Number of workers                     |                |           |             |
| 1                                     | 1              | 19        | 18.1        |
| 2                                     | 2              | 5         | 4.8         |
| 3                                     | 3              | 1         | 0.9         |
| 4                                     | No worker      | 80        | 76.2        |
|                                       | Total          | 105       | 100         |
| Type of workers                       |                |           |             |
| 1                                     | Family workers | 5         | 4.8         |
| 2                                     | Paid workers   | 20        | 19.1        |
| 3                                     | No worker      | 80        | 76.1        |
|                                       | Total          | 105       | 100         |
| Access to water and toilet facilities |                |           |             |
|                                       | Yes            | 66        | 62.9        |
|                                       | No             | 39        | 37.1        |
|                                       | Total          | 105       | 100         |

Table 5 shows that majority of the vendors has only one shop. This accounts for 68.6% while 20% of them do not have shop for carrying out their business transactions. 11.5% have between 2 to 3 shops. The result also reveals that majority of the vendors do not have employees working for them. This

means they are self-employed by managing the business themselves. Only 18.1%, 4.8% and 1% of the vendors employed one, two and three workers respectively. 20 out of the 25 vendors have paid workers while only 5 use their family members as workers. Finally, with respect to water and toilet facilities, 62.9% said they have access to the facilities. This outcome is interesting as such facilities are necessary to keep individuals in a safe environment if properly maintained. Only 37.1% of the vendors said they do not have access to water and toilet facilities.

*Representation security:* This dimension of decent work was evaluated to know if each vendor had a voice in the business. This was assessed by asking if there was a union of recharge-card vendors and if they had avenue for giving feedback to recharge-card producers. The result is shown in Table 6 below:

**Table 6: Representation security assessment**

| S/N                                 | Variable | Frequency | Percentages |
|-------------------------------------|----------|-----------|-------------|
| Existence of a union or association |          |           |             |
| 1                                   | Yes      | 12        | 11.4        |
| 2                                   | No       | 93        | 88.6        |
|                                     | Total    | 105       | 100         |
| Feedback to recharge-card producers |          |           |             |
| 1                                   | Yes      | 55        | 52.4        |
| 2                                   | No       | 50        | 47.6        |
|                                     | Total    | 105       | 100         |

Table 6 shows that majority of the vendors do not have or join any union/association. This category accounts for 88.6% while 11.4% said they belong to union/association. 52.4% of the vendors which is the majority said they have access for giving feedbacks to card producers. This access may possibly be through the use of customer care lines to lay complains on service failures. Calls to the lines are mostly free of charge. Finally, 47.6% of the vendor said they do not have access to give feedback to recharge-card producers. This may be as a result of ignorance of the availability of customer care lines through which complains and enquiries can be communicated with service providers.

## RECOMMENDATIONS

It is on this basis that this study recommends that government should support vendors by formulating and implementing social and economic policies that will create a friendly and enabling working environment; recharge-card vendors should form associations/unions so as to protect their interests and enhance their wellbeing; more women should be empowered to venture into the business since it does not require strenuous efforts as well as the promising prospect of the business due to the growing nature of the industry; and recharge-card vendor should build and sustain friendly relationship with loyal customers for future sales. Finally, this study focused on only four out of the seven dimensions of decent work. It is therefore recommended that other dimensions such as job security, skill reproduction security, and income security should be incorporated in future studies to provide broader perspective on the subject matter.



## CONCLUSION

Poverty is a serious threat to any society because poverty anywhere is a threat to prosperity everywhere (ILO, 1944). Impoverished countries or localities tend to witness inadequate supply of utilities, and high rates of violent crimes, among others. Citizens of such countries tend to migrate to richer nations, thereby constituting intense migration pressure on these richer countries. For example, it is said that there are more Ethiopia-trained doctors in Chicago (United States) than in Ethiopia (William, 2013). Therefore, there is need for governments everywhere to improve the well-being of their citizens. One way of ameliorating poverty is for governments to provide decent work conditions for their citizens, because of intricate link between poverty and decent work indicators. To do this, governments require data on specific groups of workers and economic units, and their challenges (Trebilcock, 2005, p.27). In proffering solutions to some of the challenges, this study empirically examined decency of recharge card retailing in Benin City and its potency to reduce poverty among the stakeholders. The study found that the vendors' daily investment in card procurement and average sales per day suggests that the financial commitment by most of the vendors will guarantee a daily profit that will be greater than \$1.25 UN benchmark. Hence, it can be concluded that majority of the vendors are living above the poverty line and that recharge-card retailing can be considered as a decent work as the trade perform well on the basis of the four decent work indicators selected and used for this study.

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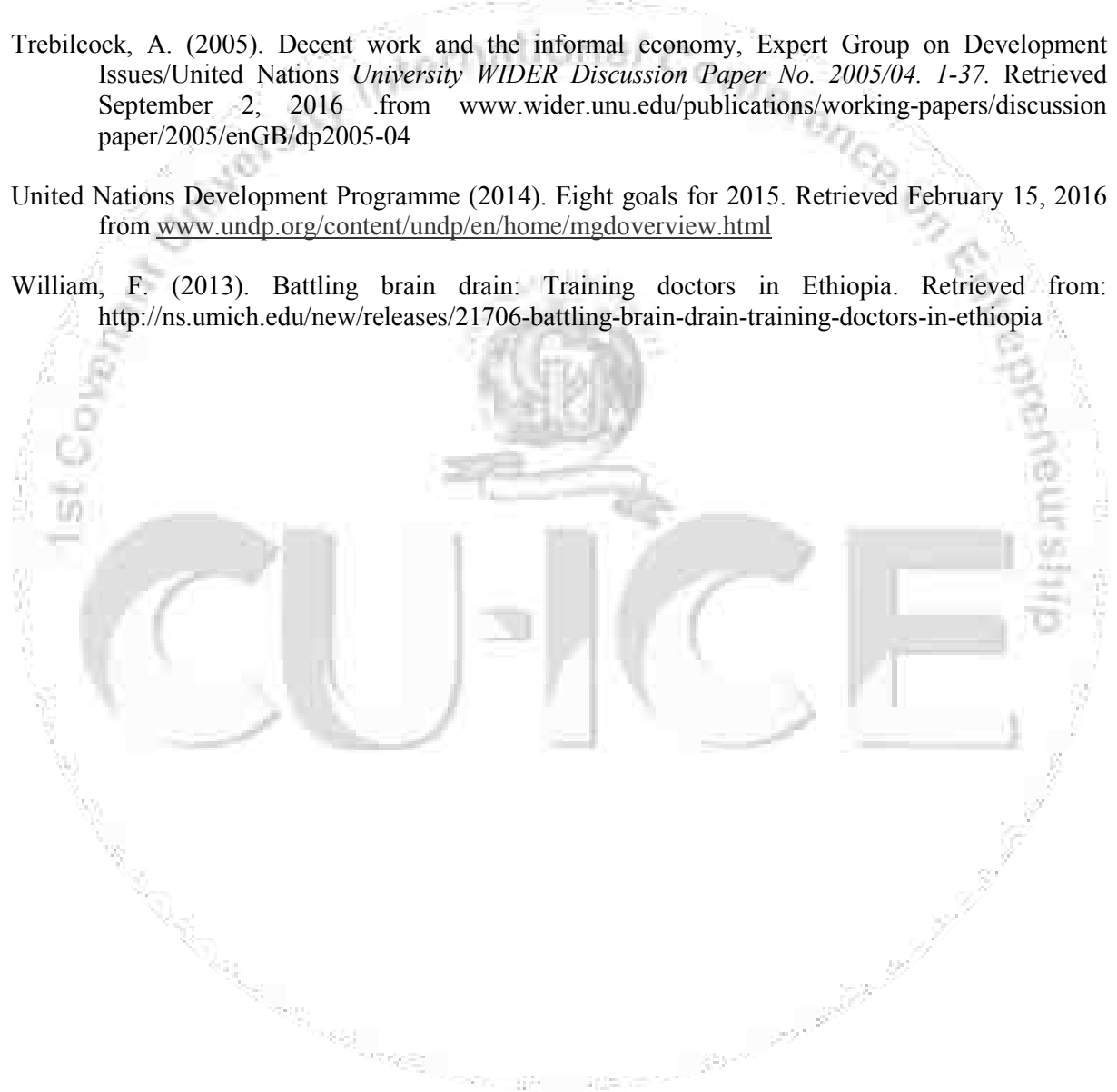
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## EVALUATING THE CHALLENGES OF ENTREPRENEURIAL TECHNOLOGY BASED FIRMS FOR CAPTIONED PERFORMANCE

<sup>1\*\*</sup>Mercy Ejovwokeoghene Ogbari, <sup>2</sup>Tolulope Morenike Atolagbe, <sup>3</sup>Mojoyinoluwa Mosopejojo Adeboye & <sup>4</sup>John Uzuegbunam

<sup>1-4</sup>Department of Business Management, Covenant University, CanaanLand, Ota Ogun State.

<sup>\*\*1</sup>[mercy.ogbari@covenantuniversity.edu.ng](mailto:mercy.ogbari@covenantuniversity.edu.ng), <sup>\*\*2</sup>[tolulope.atolagbe@covenantuniversity.edu.ng](mailto:tolulope.atolagbe@covenantuniversity.edu.ng), <sup>3</sup>[mojovinadebove@gmail.com](mailto:mojovinadebove@gmail.com), <sup>4</sup>[uzuegbunamj@gmail.com](mailto:uzuegbunamj@gmail.com)

### **Abstracts**

*The emergence of technology in business activities and its impact cannot be overemphasized. The commercialization of technology based firms is tremendously significant in economic development in fast tracking growth and rapid industrialization for optimization of revenue generation, wealth, creation, and improved employment opportunities. More companies are evolving from the popular labour intensive methods and are starting to adopt Technology based approaches to operating business. The focus of this paper is not to join the debate, nor to analyze the impact of technology on economic growth, but to evaluate the concept of “technology based firms challenges for captioned performance” within the context of Nigeria and developing economies. The study adopted cross-sectional longitudinal research design using multiple regression technique to test data generated from 160 employees from two technology based firms in Lagos- Nigeria. The paper found that both internal and external challenges have an effect on the performance of technology based firms. The paper suggests that technological based firms should react promptly and adopt innovative techniques to combat these challenges in order to improve their performance and gain competitive edge over competitors.*

*Keywords: Technology based firms, technology entrepreneurship, innovation, business environment, competition*

### **INTRODUCTION**

The emergence of technology in business activities is one aspect whose impact cannot be overemphasized. Technology is said to date back to the history of man in itself. To the times where cavemen had to be innovative in developing tools that aided their day to day activities, such as spears, arrows and clubs. In today’s continuously changing and dynamic business environment, no industry has been left behind by the revolutionary effect of technology. Technology has caused noticeable fundamental changes in the way companies operate and conduct their activities. Authors have referred to technology as more than just machine; they have described it as knowledge stored in hundreds of millions of books or billions of the human brain and into the artifacts themselves (King, Covin and Hegarty, 2003; Terjesen, Patel & Covin, 2011).

Technology has become indispensable for organizational effectiveness. To buttress this point Pires and Aisbett (2003), have shown us technology has played a major part in providing new possibilities for the development and improvement of market activities as well increasing efficiency in products and helps businesses to save time and reduce costs. Researchers have shown us technological change can be achieved either through pure invention or process innovation; these include devices such as artifacts, methods and processes, tools and materials that can be applied to industrial and commercial purposes (Ajagbe, Isiauwe, Ogbari and Sholanke, 2015).

Albert (2013), in his book “Technology and Future” believed technology to be more than machines. He digressed from the popular belief than technology was all about the human made and manufactured material that was used in the production process. In line with this belief, Rogers (2003) reported that technology is made up of both hardware and software components.

The high rise of the internet and the explosive growth of computer hardware and software development have led to the phenomenal technological advancement of today. With the high rise of technology, came the rise of technology based firms (Mason and Brown, 2012). Technology based firms which is the main concept in this study has been defined by various researchers as companies that generate sales revenue from the use of at least 51 percent of technology based operations. For example, the internet, electronics, mechanical, automobile, clean energy, biomedical, communications, telephone and so on. This basically implies that the business takes advantage and relies heavily on the use of high technology. The role technology based firms have played in the environment can in no way be overrated. Technology entrepreneurs according to Millar and Choi (2010), use technology as the driving factor in their endeavors to transform resources into goods and services, thereby creating a more conducive environment for the process of industrial growth.

The commercialization of technology based firms have been known to play a tremendously significant role in economic development and has also been regarded as an engine of growth that has brought about rapid industrialization, generated great revenue, wealth creation and improved employment opportunities (Ismail and Ajagbe, 2013). In today’s knowledge driven economy, economic growth depends greatly on innovation. One of the features synonymous with technology based firms is that they have a high level of innovation and export orientation and industrial development which leads to greater globalization. This is done by virtue of their significant size and quantity and their great economic and social contribution. Small and medium sized enterprises should be considered as an important engine that leads to great economic development of every nation (Ajagbe, Long, Aslan and Ismail, 2012).

The technological revolution has taken our economy by storm and is creating additional investments with facilities, software and hardware and also, services and human capital. With all these positive impacts that have been seen, the business world as we know it is evolving rapidly. This is why it is

important for us to ask ourselves that despite the numerous significance of technology based firms to economic development, why are there still a minute number of TBFs established in Nigeria? Hence accordingly, the need for the following hypothesis:

H<sub>1</sub>: Internal challenges have a significant impact on the performance of technology based firms.

H<sub>2</sub>: External characteristics have a significant effect on the performance of technology based firms.

H<sub>3</sub>: External linkages have a significant influence on the performance of technology based firms.

## **REVIEW OF RELEVANT LITERATURE**

The concept of technology based firms becomes more and more common as time goes by and as such, it is essential to define what is meant by high technology and how 'high tech' firms can be identified from the outset. This is not a straightforward task and there is little consensus about the precise characteristics that these firms should possess.

Researchers have developed different definitions of this concept according to their beliefs and what they perceive it to mean. Some view it from a more general point of view while others define it based on some certain factors. Maine, Shapiro and Vining (2010) defined these new technology based firms as the young and originally small firms that engage in research and development intensive sectors. While (Maula, 2001; Maula, Keil & Zahra, 2013) went on to describe technology based firms as those companies that are privately held which have been in existence for less than six years and carry out operations in the biotechnological, medical and health science, communications, computer software and services, computer hardware or semiconductor industries. These definitions imply that technology based firms are those organizations whose major activities depend on technologically inclined products.

Ajagbe, Long, Aslan and Ismail (2012) gave a comprehensive definition of technology based firms which took recognance of organizational revenue as pivotal to its definition. They argued technological based firms as those companies recording sales revenue is generated through the use of at least 51 percent of technology based operations e.g. internet, electronics, mechanical, automobile, clean energy, biomedical, communications, telephone, fax companies and so on. This can be interpreted to mean that the basic activities of the business rely greatly on the use of high technology.

Mason and Brown (2012) also viewed technology based firms as those businesses that have dealings with either technology related products, processes or services. Technology here can be classified as high, medium or low technology. in line with this study, "new technology based firms were referred to as recently established firms whose competitive strength comes from the knowledge and skills of the employees within the fields of the natural sciences, engineering and medicine, and the subsequent

transformation of this knowledge into products and services that can be sold on a market” Rickne, and Jacobsson (1999).

### **Characteristics of Technology Based Firms**

Daramola (2012) in his work implied that technology based firms can be divided into the following categories. The high-technology, medium-high-technology, medium –low-technology and low-technology based firms. He believed technology based firms should be categorized according to the type of technology it uses whether it be, a low level of technological products, or a high level of technological innovation.

Another categorization of technology based firms which is extremely similar to the previously stated categorization is that given by Saemundsson (1999) where he divided these firms into the new technology based and the medium technology based firms. Here, the new technology based firms are viewed as the newly developed firms who use their employees’ knowledge, skills and expertise in their areas of specialty such as the sciences and engineering to gain competitive advantage by producing innovative products and services (Rickne and Jacobsson, 1999). While the medium technology based firms are seen as an extension of the original technology based firms who have undergone several developments which in turn result in the expansion of these firms. Although very similar, these categorizations differ in the sense that while Daramola (2012) focus was on the level of technology and innovations used in the organization Saemundsson (1999) was more particular about the actual size of the organization and its growth level.

It is usually more likely to find new technology based firms than the medium sized firms. Carpenter and Peterson (2002) accredit it to the fact that it is difficult for new technology based firms to obtain the financing they need from external sources which in turn impedes the firm’s growth and prevents it from becoming a medium sized firm.

Another researcher who worked on the characteristics of technology based firms is Zakrzewska-Bielawsk (2010). He described them firstly as an innovative enterprise, then his second categorization was that they are knowledge-based enterprise, and lastly as a company which makes use of modern information technology. Taking a look at technology based firms as an innovative enterprise shall be the first concept we analyze. Schumpeter propounded the classical theory of innovation which opines that innovation is the process of creating new products and services and developing new production technologies also recognizing unique raw materials for formulating advanced solutions for the economy.

## **The Role of Technology Based Firms in Economic Development**

The famous economist, Porter (2003) defines economic development as the process of obtaining a continuous level of advancement that helps increase the standard of living of the citizens in a nation and enables a country to maintain a higher purchasing power over other countries. His belief was focused on the lives of the citizens and the economy as a whole. Another definition which agrees with that given by Porter is, Fitzgerald and Leigh (2002) who believe that it is the job of economic development to ensure the sustenance and elevation of a country's standard of living especially through the development of both human and physical infrastructure from a long term perspective.

It is believed that it is the characteristics that make up this technology based firms that are to be held responsible for the positive effect these firms have on economic development. Zakrzewska-Bielawska (2010) discussed these characteristics in his work and described them as companies based on knowledge, research and development, and effectively utilizes these resources to allow for greater inventions, innovations and technologically advanced products that determine the performance of the whole economy.

The concept of technology based firms cannot be fully discussed without mentioning their impact on economic growth and development. They have been seen to affect other firms directly or indirectly by their number and growth or by providing specialized input for them (Saemundsson 1999). Countries are now paying significant consideration to the issue of industrial reformation. Studies by researchers such as Jacobsson and Philipson (1996) have shown that the strength of most of developing countries industries is found within their traditional industries whose growth rate is usually slower than average. Schumpeter (2013) was one economist responsible for showing us that the prime movers in this modern economic developing world are the new business ventures and their entrepreneurs. They are responsible for encouraging technological innovations in industries, creating new jobs, and generating wealth for the society (Tushman, and Anderson, 2004).

From several bodies of knowledge, we can come to the consensus that these firms, especially the new technology-based firms' play a great part in contributing efficiency of the economy (Audretsch, 2003). Pinkwart and Proksch (2014) in their research on new technology based firms found out that these firms are responsible for a large number of new jobs, the development of new technologies, and are an important source of growth for the economy.

## **Challenges of Technology Based Firms**

Large bodies of work from researchers have always focused on what technology based firms mean and what they are all about. We have continuously been told that technology based firms are a major tool for economic development. But for us to truly have an in-depth understanding of technology based firms, it is crucial for us to understand that these firms face a lot of challenges even more than

ordinary startups and these problems impede their growth and are responsible for some of the reasons why some of these firms pack up and die. For the purpose of this study, we have divided the problems into three categories (Lee, Lee and Pennings, 2008).

The first problems are the internal challenges these firms face which consists of factors such as; entrepreneurial orientation, finance, and other factors. The second category refers to the external problems. It takes a look at factors such as competition, technological advancement and the unpredictable market place. The last source of challenges would be observed from the perspective of the role of external linkages; these are factors such as the partnership and sponsorship.

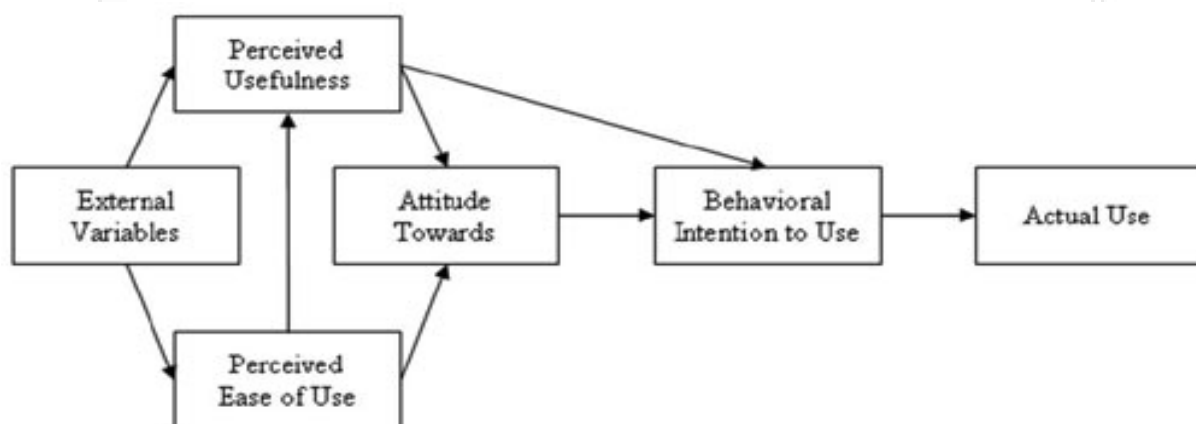
### Conceptual Frameworks

The technology acceptance model is a model developed from the Theory of Reasoned Action (TRA) which was focused on consumer's reactions to new technology introduced into the market place. The goal of the TAM is to explain how and why consumers accept technology differently. TAM was also established to provide a basis for tracing the impact of external factors on internal beliefs. This led to Davis (1986) positing the two particular beliefs of perceived usefulness and perceived ease-of-use.

He defines perceived usefulness as "the degree to which a person believes that using a particular system would enhance his or her job performance" (Davis 1989) while perceived ease-of-use is seen as "the degree to which a person believes that using a particular system would be free from effort" (Davis 1989).

TAM has been a useful tool in helping to explain and predict consumer behaviour when it comes to information technology (King, Covin and Hegarty, 2003). Davis (1989) and Davis, Bagozzi, and Warshaw (1989) proposed this model to explain why a user accepts or rejects information technology.

### Original Technology Acceptance Model (TAM)





Source: Park, S.Y. (2009). An Analysis of the Technology Acceptance Model in Understanding University Students' Behavioural Intention to Use e-learning. *Educational Technology and Society*, 12 (3), 150-162.

The "TAM suggests that the actual use of the system is determined by the users' behavioral intentions to use the system, which is in turn jointly determined by the users' attitudes towards using the system and their perceived usefulness of the system" (Davis, Bagozzi, and Warshaw, 1989)

With technology based firms, technological innovation is basis for the whole organization. When such organizations are placed in a market environment with a low tolerance for technology acceptance the firm tends to face difficulty. When consumers have a poor sense of perceived ease of use or the perceived usefulness of an innovative product or process the product tends to perform poorly in the market place and affect the firm's organizational performance.

Recent studies (Onetti, Zucchella, Jones and McDougall-Covin, 2012) have been carried out in different contexts in an attempt to determine the relationship between the challenges technology based firms face and their performance.

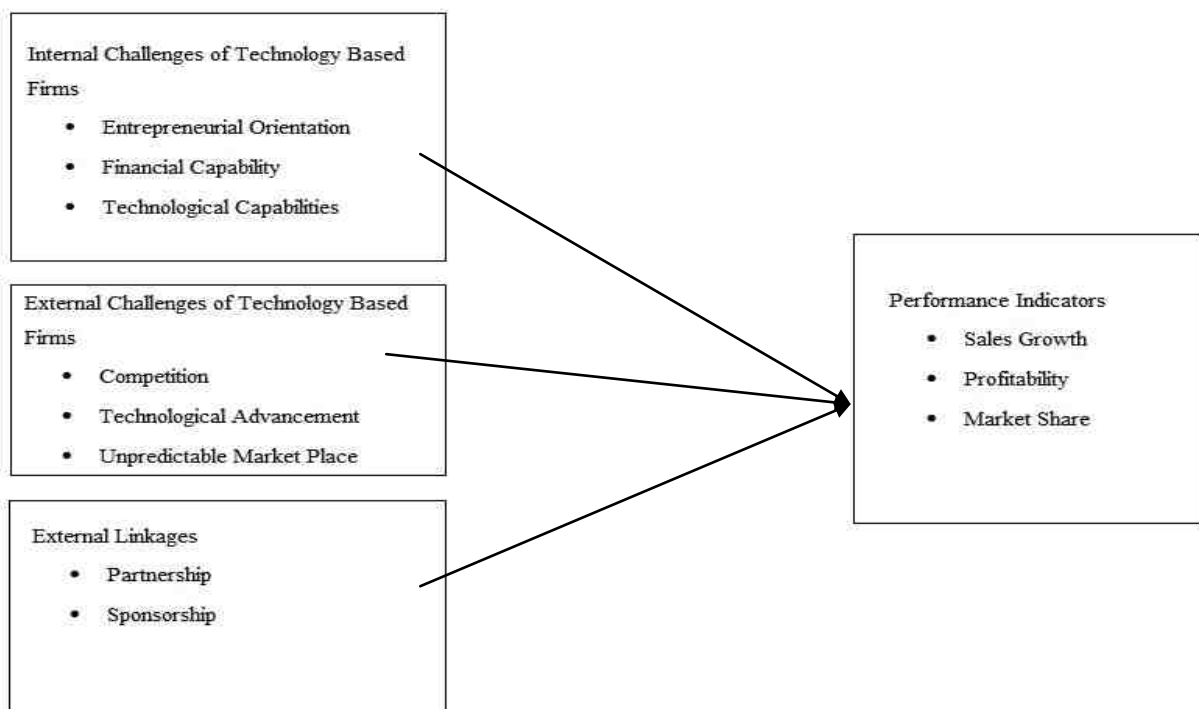
Lee, Lee and Pennings (2008) carried out a research on the relationship between "Internal Capabilities, External Networks, and Performance: A Study on Technology-Based Ventures". These researchers strongly believed that the challenges in the internal environment and external networks of technology based firms have a major impact on the firms overall performance. While carrying out their study, they viewed internal capabilities from the resource based perspective, where they used elements such as entrepreneurial orientation, technological capabilities, financial stability, lack of qualified personnel, and attitude of employees towards change to analyze the internal environment of the organization. They concluded that entrepreneurial orientation has a positive effect on firm performance. From their research, they discovered that high level of innovativeness, risk taking and proactiveness may not lead to a significant increase in sales growth during their first two years, but after the first two years, it tends to have a significant impact (Onetti, Zucchella, Jones and McDougall-Covin, 2012).

Lee, Lee and Pennings (2008) realized that linkages to other enterprises through partnerships do not have any main effects or interaction with internal capabilities. Sponsorships and partnerships were found to be rare with the TBF. The companies which had strategic alliances were seen to be aligned with other small firms and therefore these ties were not able to provide sufficient resources or reputation. In contrast, companies that were aligned to venture capital companies were found to be impacted significantly. This is based on the fact that venture capital companies that invested in the startups had an incentive to see the firm succeed. Venture capitalists were also found to provide financial resources and management skills which helped the TBF's generate more wealth from their internal capabilities (Onetti, Zucchella, Jones and McDougall-Covin, 2012).

Saemundsson (1999) in his work analyzed various perspectives and how they affect firm growth. His opinion of the innovation system was that it leads to the growth of these TBF. He observed that some companies are great producers of innovative technologies while some are not involved in innovation practices at all. The fastest growing companies were seen to be those with the highest level of research and development (Freeman, 1994).

The second factor that was analyzed in his work was growth willingness. According to Davidsson (1989) a relatively few number of owners of small firms are innovative, change oriented and seek out new business opportunities. This can be linked to the entrepreneurial orientation of the manager or owner. Organizations that accepted change and viewed it in a positive light were more likely to grow than their counterparts who were afraid of change. Although Davidsson had this belief, researchers such as; (Onetti, Zucchella, Jones and McDougall-Covin, 2012) found no direct link between the willingness of the firm to grow and actual future growth of the firm. This study shows us that technology based firms face a number of challenges and these challenges are what affect the growth of new technology based firms into medium technology based firms.

### **Schematic Model Capturing Technology based firm Challenges**



Source: Authors' own conceptualization.

## **MATERIALS AND METHOD**

The study adopted the cross-sectional longitudinal research design with a mixture of descriptive, survey and ex-post-facto research design. The survey is suitable in recitation of large populations,

being cost effective coupled with its ability of high information accessibility. Consequently, very large samples are feasible, making the results statistically significant even when analyzing multiple variables (Anderson 2010). Inferential and descriptive statistical analysis were used for different aspects of the study in relation to the internal and external challenges of technology based firms in Nigeria (Lou, Cao, Zhang & Ahn., 2017). The study was designed to combine primary survey – based data from headquarters of five top-technology based companies in Lagos metropolis with secondary information from Ebsco online data base and past researches on topics related to this work.

The choice of Lagos is due its proximity and strategic locations of large technology based companies from where a purposive selection of the top five technology based firms were selected for the study but due to the stipulations of the organizations and lack of adequate time, only two of the top technology firms were eventually used. The total of the five firms gave a total of 366 employees as the sample size, but the two selected firms gave a total of 175 employees. Therefore, a total of 175 employees were randomly sampled. According to Hair, Black, Babin and Anderson (2010) it was argued that 100 to 200 questionnaires are suitable enough for a large population.

Data analysis was performed using the Statistical Package for Social Sciences (SPSS) version 22.0. The comprehensive nature of the package provided opportunity to extract exhaustively all desired information and statistics. Data were disaggregated by companies possibly to show inherent variations among various characteristics of the two companies sampled. The hypotheses formulated were tested using multiple regression analysis. Overall, data were segregated by companies to show variations that are existing among some selected variables. Content validity of the questionnaire was used to enhance the review of questionnaire items used by previous researchers while the face validity was attained by experts re-examining the instrument and relevant adjustment implemented. The coefficient alpha ( $\alpha$ ) or Cronbach's alpha was used to measure the internal consistency of the data.

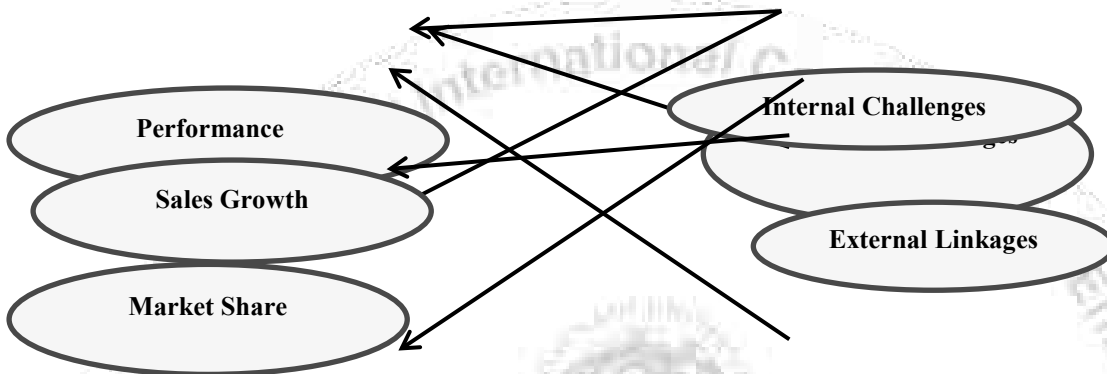
### **Research Model**

Both the independent (X) (Challenges of technological firms) and dependent (Y) constructs (performance) of the study were represented by several variables as denoted below.

The model hypothesized that  $Y=f(x)$ , Where  $Y$  = Dependent variable and  $X$  = Independent variable

The  $X$  and  $Y$  are broken down as follows:

$Y = (y_1, y_2 \dots y_n)$  where we have  $Y^1 =$  Profitability,  $Y^2 =$  Sales growth,  $Y^3 =$  Market share. Similarly,  $x = (x_1, x_2 \dots x_n)$  where:  $X^1 =$  Internal challenges,  $X^2 =$  External challenges and  $X^3 =$  External linkages



Source: Authors' conceptualization.

## ANALYSIS AND FINDINGS

### Hypothesis One

$H_0$ : Internal challenges have no impact on the performance of technology based firms

$H_a$ : Internal challenges have an impact on the performance of technology based firms

### ANOVA<sup>b</sup>

| Model |            | Sum of Squares | Df  | Mean Square | F      | Sig.              |
|-------|------------|----------------|-----|-------------|--------|-------------------|
| 1     | Regression | 29.295         | 9   | 3.255       | 11.109 | .000 <sup>a</sup> |
|       | Residual   | 43.892         | 150 | .293        |        |                   |
|       | Total      | 73.188         | 159 |             |        |                   |

a. Predictors: (Constant), quali, aggre, inno, react, fina, capa, auto, risk, Attitu

b. Dependent Variable: perf

Source: Author's Field Survey Result (2017)

The F-value is the Mean Square Regression (3.255) divided by the Mean Square Residual (0.293), yielding  $F=11.109$ . From the results, the model in this table is statistically significant (Sig =.000) and hence the null hypothesis should be rejected. Therefore, internal challenges have significant effect on the performance of technology based firms at  $F = 11.109$ . Hence, the alternative hypothesis is accepted.

## Hypothesis Two

H<sub>0</sub>2: External characteristics do not affect the performance of technology based firms

H<sub>a</sub>2: External characteristics have an effect on the performance of technology based firms

### ANOVA<sup>b</sup>

| Model |            | Sum of Squares | Df  | Mean Square | F      | Sig.              |
|-------|------------|----------------|-----|-------------|--------|-------------------|
| 1     | Regression | 17.617         | 3   | 5.872       | 16.494 | .000 <sup>a</sup> |
|       | Residual   | 55.570         | 156 | .356        |        |                   |
|       | Total      | 73.188         | 159 |             |        |                   |

a. Predictors: (Constant), dyna, advan, compe

b. Dependent Variable: perf

Source: Author's Field Survey Result (2017)

The F-value is the Mean Square Regression (5.872) divided by the Mean Square Residual (0.356), yielding F=16.494. From the results, the model in this table is statistically significant (Sig =.000) and hence the null hypothesis should be rejected. Therefore, external characteristics has significant effect on the performance of technology based firms at F = 16.494. Hence, the alternative hypothesis is accepted.

## Hypothesis Three

H<sub>0</sub>3: External linkages have no influence on the performance of technology based firms

H<sub>a</sub>3: External linkages have an influence on the performance of technology based firms

### ANOVA<sup>b</sup>

| Model |            | Sum of Squares | Df  | Mean Square | F      | Sig.              |
|-------|------------|----------------|-----|-------------|--------|-------------------|
| 1     | Regression | 21.372         | 2   | 10.686      | 32.382 | .000 <sup>a</sup> |
|       | Residual   | 51.815         | 157 | .330        |        |                   |
|       | Total      | 73.188         | 159 |             |        |                   |

a. Predictors: (Constant), sponsor, partner

b. Dependent Variable: perf

Source: Author's Field Survey Result (2017)

The F-value is the Mean Square Regression (10.686) divided by the Mean Square Residual (0.330), yielding F=32.382. From the results, the model in this table is statistically significant (Sig =.000) and hence the null hypothesis should be rejected. Therefore, external linkages influence the performance of technology based firms at F = 32.382. Hence, the alternative hypothesis is accepted.

### Results of Model Analysis

| Proposed Relationship | Hypothesis     | Coefficient | T -Statistics | Rejected/Accepted |
|-----------------------|----------------|-------------|---------------|-------------------|
| IC→T                  | H <sub>1</sub> | .234        | 1.312         | Accepted          |
|                       |                | .019        | 3.339         | Accepted          |
| EC→T                  | H <sub>2</sub> | .249        | 3.308         | Accepted          |
|                       |                | .329        | 4.592         | Accepted          |
| EL→T                  | H <sub>3</sub> | .453        | 6.626         | Accepted          |
|                       |                | .223        | 3.271         | Accepted          |

### DISCUSSION OF FINDINGS

The findings from Hypothesis one showed that internal environment has a significant effect on performance of technology based firms. This is in line with the study of Onetti, Zucchella, Jones and McDougall-Covin, (2012) who argued that high level of innovativeness, risk taking and proactiveness may not lead to a significant increase in sales growth during their first two years, but after the first two years, it tends to have a significant impact. Subsequently Hypothesis two indicated that external environment has a significant effect on performance of technology based firms. This aligns with the study of Lee, Lee and Pennings (2008) which showed that the challenges in the internal environment and external networks of technology based firms have a major impact on the firms overall performance. In the same vein, hypothesis three revealed that external linkages influence the performance of technology based firms. This supports the study of Saemundsson (1999) which showed that companies that were aligned to venture capital companies were found to be impacted significantly

### SUMMARY AND CONCLUSION

In this study, the authors examined the challenges of technology based firms. The possible challenges of these firms were explored. In addition, both the internal and external environment of these firms was evaluated and the findings showcased the level of contributions of each these environmental factors. Based on the findings of this study, it can be concluded that internal challenges especially the level of entrepreneurial orientation of the firm as well as the external environment and external linkages affect the performance of technology based firms.

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# INNOVATION: ICT ADOPTION AND CROP PRODUCTION IN NIGERIA

Ejemeyovwi Jeremiah, Akhighbemidu Adesuwa,, Agharevba Wisdom\*, Arome Victor, Akaraiwe Onyeka, Ogunlusi Temioluwaseye, Owuama Ihuoma.

*Department of Economics and Development Studies, College of Business and Social Sciences, Covenant University, Ota, Ogun State, Nigeria*

*\*Department of Accounting, College of Business and Social Sciences, Covenant University, Ota, Ogun State, Nigeria*

## **Abstract**

*The use of Information and Communication Technology (ICT) in crop production is still relatively new in Nigeria. An observation of the statistics on ICT adoption and crop production with the exploration of the application of the theoretical prescriptions of the Diffusion model (in terms of innovation) to crop production suggests a strong positive association. This study empirically examines the degree of association between crop production and ICT adoption in Nigeria using Pairwise correlation methodology. The results showed that mobile cell subscription and internet usage indicated a high positive degree of association with crop production while fixed telephone lines indicated a weak but positive correlation with crop production. The study postulates that Crop production can be achieved by increasing the utilisation of ICTs in the Crop production value-chain process and the recommendation from the study was to encourage the use of ICTs through government and private sector investment in the agric sector development to reduce the cost of acquisition of ICTs by crop producers and farmers.*

**Key Words:** *ICT adoption, Crop production, Correlation Analysis*

## **INTRODUCTION**

Smart Agriculture/ E-agriculture comprise of the use and development of ICT for agriculture purposes. E-Agriculture started in developed economies, and is now being closely followed by developing economies but is growing at a slow rate (Goyal and González-Velosa, 2012). E – agriculture has been proven to increase agricultural output by improving product quality, providing full information for product pricing, enabling the collection of agricultural data more efficiently, improving soil testing techniques, improving marketing (e-commerce), easy sorting and record keeping, and so on.

Goal two of the Sustainable Development Goals (SDG) which was enacted in 2015 is to end hunger, achieve food security, improved nutrition and promote sustainable agriculture in the world. To achieve this goal, strategies would have to be put in place by countries especially in the developing part of the

world to meet up the 2030 deadline. To achieve sustainable agriculture in this modern age, the application of Information and Communication Technology (ICT) cannot be under-utilized. Agriculture plays a significant role in economic and social development in most less-developed and developing countries. Agriculture faces a range of modern and serious challenges, particularly in developing countries exposed to price shocks, climate change, and continued deficiencies in infrastructure in rural areas. Adequate dissemination of detailed information is a necessary condition for improvement of all areas of agriculture (Zhang, Wang & Duan, 2016). Empirical research also suggests that ICT has a positive impact on the development of any nation.

ICTs are being referred to as General Purpose Technologies (GPTs) by economists (Atkinson, 2009). GPTs are technologies that cut across all sectors of the economy and are known to have practical usefulness in those sectors. ICTs have been found to increase productivity and output, reduce cost of transportation and many other benefits. According to World Bank Report (2009), there was a 1.3 percent growth increase with every 10 percent rise in the speed of internet connection. Rational thinkers as human beings would prefer to engage in activities that would yield highest levels of utility. Information and Communication Technology (ICT) found its way into Nigeria territory few decades ago. Its dominance and influence on the economy of the country cannot be overemphasized. Research has shown that ICT has the largest market in Nigeria among other African countries (Ayo *et al.*, 2010) capitalizing on her giant population. ICT is widely embraced and acceptable due to the availability and affordability of its infrastructure, which is springing up fast (Seyed and Seyed, 2012). The argument for developing countries to globalize is important and is designed to enhance access to foreign capital, improved technology in order to enhance the prospect for larger markets (Alege and Osabuohien, 2013). The continued increase in globalization and integration of food markets has intensified competition and efficacy in the agriculture sector, and has brought unique opportunities to include more smallholders into supply chains.

Despite the fact that studies have shown e-agriculture increases total agriculture output in developed countries and the fact that Nigeria has the required labour to carry out such great agriculture exploit coupled with one of the highest arable fertile land for growing crops, Nigeria still relies partly on the importation of some agricultural products to combat food insecurity. Many studies in relation to information and communication technology on agricultural productivity have been conducted in Nigeria, but few of them have attempted to provide a comprehensive review and analysis of different information dissemination models and their effects on agricultural productivity in Nigeria using quantitative secondary data. Hence, this study intends to determine the degree of association between ICT adoption and agricultural productivity (Crop Production) in Nigeria.

Consequently, the immediate research questions include: is ICT adoption associated with crop production in Nigeria? What should be the immediate policy agenda for Nigeria in implementing the

use of ICT in agriculture? The main objectives of this paper are to provide statistical analysis of ICT adoption and crop production variables in Nigeria, determine the degree of association of ICT adoption (in terms of mobile cell subscription, internet usage and fixed telephone lines) and crop production in Nigeria.

## LITERATURE REVIEW

ICT adoption is now raising much interest among economists. Literature is starting to witness a large body of theoretical and empirical debate on ICT and Economic growth (Ghosh, 2016; Imbert & Papp, 2015; Muralidharan, Niehans & Sukthankar, 2014; Jack & Suri, 2011), Inclusive growth (Ejemeyovwi & Osabuohien, 2017). Some researchers investigated ICT penetration on specific subsectors and sectors like the banking sector (Osabuohien, 2008), How Institutions matter in terms of Technological Utilisation in Africa (Efobi & Osabuohien, 2015), The challenges and opportunities in Technological Diffusion and Economic Progress in Africa (Osabuohien & Efobi, 2012), ICT and Productivity (Ark et al, 2002; Daveri, 2002; Jorgenson 2003), ICT and Agriculture (Aker & Fafchamps, 2010; Armstrong. & Gandhi, 2012; Asenso-Okyere and Mekonnen, 2012; Sangbuapuan, 2012; Chavula, 2013; Salampasis, & Theodoridis, 2013; Vosough *et al*, 2015; Zhang, *et al*, 2016). The use of ICT in agriculture can bring changes to the poor and needy areas in an economy such as food security (Kumar & Sankarakumar, 2012). ICTs have inclusive advantage accumulation, information storage and dissemination; makes things easier and faster (Chisita, 2010). Mobile technology could be used to overcome problems related to physical distance and mobility of people, allowing them to enlarge areas of practices and maintain connections outside the immediate space of their homes, work, other local areas and increase access to timely and relevant information (Brown *et al* 2001; Katz, 2003; Ling and Pedersen, 2005; Asongu *et al*, 2016)

Empirical evidence shows that ICT has a positive impact on Agricultural output. Most of the works used primary data which involves the use of questionnaires for data collection (Ogbomo and Ogbomo, 2008; Hassan *et al*, 2011; Chukwunonso *et al*, 2012; Ramli *et al*, 2013; Okwusi *et al*, 2009). Nwabueze & Ozioko (2011) put forward that ICT has been proven to be the engine of growth in the 21st century. It has found its place in many sectors in West African economies and its importance cannot be over emphasized.

ICT could be used to carry out agricultural financial transactions. The e-wallet innovation in Nigeria is a way of using SMS to order and pay for seeds and fertilizers. Financial transactions are even made cheaper with the use of ICT as discount rates are given. This makes agricultural transactions timely, effective and easier. A study carried out revealed that ICT is a veritable tool and requirement for agricultural and rural transformation even though it is not widely accessed by farmers in these communities. It was recommended that information and communication technology facilities be made

available in most rural localities in the state such as internet facilities, overhead projector, and the Agricultural extension staff should be properly trained in this area to be able to train farmers using ICT facilities (Ugboh & Tibi, 2008). Labour, as well as capital and technology have a direct relationship with total agricultural output. From the results in the analysis done on the role of ICT on Agriculture in West Africa; labour and capital were elastic. This implies that, for any change in Labour and Capital, agricultural output increases more than proportionately. These results were statistically significant (Akimuda, 2014).

The effect of utilization of ICT for agricultural transformation on socio-economic characteristics of farmers in south-eastern Nigeria was carried out. Structured interview was administered on 270 respondents in the study area. Data analysis was by the use of multiple regressions. Findings revealed that Age, education, marital status and income significantly influenced utilization of ICT for agricultural information by farmers. It was recommended that efforts should be made by Federal, State and Local Governments to provide adequate ICT resources in both urban and rural areas (Okwusi *et al*, 2009).

ICT helps to provide pricing information, production and agriculture extension and demand information through knowledge availability, (Awuor, *et al*, 2013). Pricing Information here refer to Information on selling such as market availability, retention price, selling price, dealers, ware house; production and agriculture extension information include funding, credit, awareness about crops, pollution control, pest and disease control, new farming techniques, quality enhancement. Demand information consists of crop variety, land use, soil health, soil nutrients, requirement, irrigation, Weather report. Knowledge availability includes dedicated website, emails, SMS, Voice calls/customer care agents, tele-center, E-learning/training. Some other ways in which ICT can help tackle key challenges in agricultural value chain development, are Pricing and weather information systems, applications to help buyers manage transactions with the thousands of small – scale farmers who supply to them, Mobile banking and apps that facilitate quick payments, Initiatives to expand the reach of farm extension services through phones, radio, internet, personal computers, or text messaging (sms) campaign for enabling environment.

Wide ICT adoption leads to improved value chain interaction, financial Inclusion, increased research and development for increased productivity. The value chain consists of the various users from development/production stage to the distribution stage to the consumption stage. The problem of frictions (imperfect information) between the various components of the value chain will be reduced drastically. ICT serves as a platform for the instantaneous interaction across wide distances without any physical barrier. ICT empowers the value chain members with nearer and safe access to finance, credit facilities, on-the-spot transaction, and so on. ICT assists in delivering research and development

by connecting experts on food production, on-the-spot sharing of information of latest world practices on crop production.

However, ICT has its limitations in a country like Nigeria. Some of the limitations are high cost of adoption of internet facilities, internet enabled smart phones; high level of illiteracy and language disparity, relatively low ICT Investment and Infrastructure, relatively, inconsistent electricity and energy availability, the creation of room for organised criminal activities such as hacking and Cybercrime activities, fear of loss of huge amount of money due to online fraudulent activities.

### Methodology

The method of estimation used for this research is the Pairwise correlation method to determine the degree of association existing between the two variables involved in the research (Gujarati, 2009) - ICT adoption and Crop Production in Nigeria. The data used for this research is secondary time-series data for Nigeria (1985 – 2014; 30 years)

**TABLE 1.1: Table showing the Variables and their Corresponding Definitions**

| Variables  | Definitions  | Data Sources   |
|--|--|--|
| Total Crop Production (Y).<br>(dependent variable) | This is the total number of crops produced (value added) in Nigerian (Tonnes).       | Nigerian Bureau of Statistics and Central Bank of Nigeria(CBN) |
| Internet Users (NOIU) ( $\beta_1$ )                | This is the total number of people that utilise internet in Nigeria                  | World Development Indicators (WDI)                             |
| Mobile Cell Phone Users (MCS) ( $\beta_2$ )        | This is the total number of mobile cell phone Subscription in Nigeria.               | World Development Indicators (WDI)                             |
| Capital (GFCF) ( $\beta_3$ )                       | This is the total amount of investment in the economy in terms of fixed and variable | World Development Indicators (WDI)                             |

The Theories underpinning this paper are the diffusion theory of innovation (Rogers, 1962) and search theory. The diffusion theory of innovation was proposed by Everett Rogers (1962). The theory proposes that four factors are responsible for the spread of a new idea: the innovation, communication channels, time and a social system. This theory applies to this research on ICT adoption and crop production because innovation has been established as a criterion for increase in productivity overtime as propounded by Schum Peter in the Schumpeterian growth theory. Innovation could be in terms of



To convert the model to linear form, the explicit form of the model is therefore transformed by taking the log of the values, we have:

$$LY = \beta_0 + \beta_1 LLab_t + \beta_2 LGfcf_t + \beta_3 LNoiu_t + \beta_4 LMcs_t + \beta_5 LFxtl_t + \mu_t \quad (3)$$

Where:

$\beta_0$  is the intercept and  $\beta_1, \beta_2, \beta_3$  and  $\beta_4$  are the parameters to be estimated; subscript 't' is the time period.

Y in this model is the dependent variable which is the total agricultural output, K is capital, L is labour and we have ICT captured by the variables NCP which is total number of cellular phone users and NIU which is number of internet users. The stochastic term there is represented by  $\mu$  which covers all variables not included in the model.

The Apriori expectations are the facts which should be a confirmation of the exogenous growth model which propounds that productivity increases with more investment in technology. The Exogenous theory implies that there is a direct relationship between agricultural output and ICT. Labour is expected to have a direct positive relationship with total agricultural output hence; the coefficient carries a positive sign,  $\beta_1 > 0$ . Capital is expected to have a direct positive relationship with total agricultural output. The coefficient carries a positive sign.  $B_2 > 0$ . Number of internet users' apriori expected coefficient here has a positive sign meaning an increase in number of internet users brings about an increase in total agricultural output and vice versa. This means that, the coefficient would be  $\beta_3 > 0$ . Number of mobile phone users' apriori expected coefficient is to have a positive sign. Meaning that, an increase in number of phone users brings about an increase in total agricultural output hence,  $\beta_4 > 0$ . The stochastic term,  $\mu$ , cannot be estimated because it is expected to be normally distributed with mean of zero and also has a constant variance. Therefore,  $\beta_1, \beta_2, \beta_3, \beta_4, > 0$

### Analysis, Results and Discussions.

The research was based upon the diffusion theory of innovation and search theory. This model explained growth and included labour, capital and an exogenous factor, information and communication technology as variables that can affect output. The correlation results are shown below in Table 1.2:

#### A. Correlation results

**Table 1.2: Pairwise Correlation Coefficient**

| VARIABLES | LCRPD | FXTL | LMCS | LNOIU |
|-----------|-------|------|------|-------|
|-----------|-------|------|------|-------|

|       |      |      |      |      |
|-------|------|------|------|------|
| LCRPD | 1.00 | 0.35 | 0.85 | 0.92 |
| LFXTL | 0.35 | 1.00 | 0.62 | 0.57 |
| LMCS  | 0.85 | 0.62 | 1.00 | 0.98 |
| LNOIU | 0.92 | 0.57 | 0.98 | 1.00 |

*B. By authors; Package: Eviews9*

Correlation analysis is used to check for the degree of association that exists between two variables. This implies that if two variables are positively highly correlated, an increase in one of the variables will likely be associated with an increase in the second variable. The correlation results between information and communication technology adoption and crop production show that:

- a.** Mobile cell phone subscription has a strong positive correlation (0.85) with Crop production in Nigeria. This implies that an increase in the use of Mobile cell phones is associated with an increase in crop production overtime. The use of mobile cell phone should be encouraged and furthermore, the utilization of mobile cell phones in Agriculture should be encouraged.
- b.** Number of Internet users also has a strong positive correlation (0.92) with crop production in Nigeria. This implies that an increase in the number of internet users is associated with an increase in Crop production overtime. Furthermore, the use of the internet for the purpose of agriculture should be encouraged.
- c.** The Number of Fixed Telephone Lines was seen to have a weak positive correlation (0.35) exists with crop production in Nigeria. This implies that an increase in the number of fixed telephone lines is associated with a positive but not significant increase in crop production overtime. However, the use of fixed telephones should be encouraged for agricultural use.

Information and Communication Technology could be used as a very effective medium to harness this potential as applied by many developed & developing countries. Zimbabwe (e-Hurudza phones), India (Reuters Market Light), Zambia (prepaid voucher, MRIAgro), Kenya (M-Pesa, iCow), Ghana (mFarms) have made use of ICT innovations and have had increased agricultural outputs. India for example; the Reuters Market Light (RML) has improved farmers' productivity by 14-16 percent with farmers selling even more profitably (IFPRI, 2002).

ICT adoption could lead to productivity through spontaneous information dissemination which reduces the information asymmetry (information variance) between the different users at the various sides (supply and demand) of each value chain that exists in the agriculture sector and markets (financial market – to access funds and know current financial policies; labour market – supply and demand; foreign exchange market – to be updated with the exchange rate information, and so on) in



an economy. Secondly, access to ICT reduces transaction costs associated with the markets (i.e. savings in time and travel) and assist in the expansion of market boundaries (Aker and Fafchamps, 2010; Asongu *et al* 2016). M-pesa in Kenya is an example of the utilisation of ICT in agriculture. M-Pesa is a mobile phone-based money transfer, financing and micro financing service used for handling financial transactions easily with a mobile device. ICT adoption by people involved in crop production will increase productivity overtime and economic growth.

### **Conclusion and Recommendation**

This paper examined the relationship in terms of degree of association between mobile cell subscription, internet usage, fixed telephone lines and crop production in Nigeria. The results from this research show that ICT adoption has a significant role in association with crop production process. More specifically, mobile cell subscription and internet usage indicated a high positive correlation with crop production while fixed telephone lines indicated a weak but positive correlation with crop production.

Therefore, the recommendations based on the findings are:

- 1.** Subsidies and price regulations should be provided on the prices of ICT tools such as smart phones, internet subscriptions, and so on, to make them readily available for farmers. Many farmers involved in crop production, especially the small scale ones are living below the poverty line and would rather not spend their money on ICT equipments. Most of these farmers are traditional in nature, and to convince them to use available ICT tools, these tools must either be given to them freely or prices should be reduced by subsidy considerably.
- 2.** The government and private sectors should invest more in ICT infrastructure with focus on the agricultural sector for improvement to enable the use of ICT tools such as mobile applications, real time connection for sharing information.

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# INTRAPRENEURSHIP PRACTICES AND PRODUCT COMPETITIVENESS IN THE NOODLES INDUSTRY: A STUDY OF MINIMIE NOODLES

Ogundele, T. O., Ogunnaike, O. O (Ph.D.) , Taiye, T.B (Ph.D.) , Ngozi, N.

## *Abstract*

*The significance of intrapreneurial practices in contemporary business environment is becoming a major area of focus for organization. This is because intrapreneurship is an innovatory system of fast-moving innovations within big establishments to exhibit their entrepreneurial gift. Intrapreneuring can be define as a system in which new products or processes are established by producing an entrepreneurial philosophy within a prevailing organization. The purpose of the study is to establish link within intrapreneurship practices and product competitiveness within the Noodles industry using Minimie Noodles as a study. The study focused basically on secondary data gotten from different archival sources. Findings reveal that there is relationship between intrapreneurial practices and product competitiveness. The authors therefore, recommend among others that organizations should focus on training and investing on the employees who take risks and also bring about innovative product.*

**Keywords:** *intrapreneurship, innovation, Competitiveness, venture, intrapreneurs, project, product/service.*

## **INTRODUCTION**

The study in the arena of entrepreneurship in past era had progressively focused on entrepreneurship within the borders of existing company. Stevenson, Roberts, and Grousback, (1985) defines entrepreneurship as building standards by carting together an exceptional array of assets to use an opportunity. This, according to Kowilsky (1995), involves prospect acknowledgement, mobilization of assets, establishment and administration of trade. This sub-field of entrepreneurship investigation is known as intrapreneurship ‘or corporate entrepreneurship’. The facts is essential for company as applying it will quicken administrative development, worth, rebirth as well as it assist to safe the firms existence in the trade (Zahra, 1991). These two definitions show that there are various types of intrapreneurship (Colvin & Miles, 1999). However, they all share innovation as main issue. Intrapreneurship —as a device assist organization to shift itself within industries and markets, or the driven field in which the company contends (Heinonen & Korvela, 2003). The idea came in as an official acknowledgment of entrepreneurship as input of personnel in standard company through the workings of Gifford and Elizabeth Pinchot who devised the term in 1978 and later ascribed to Gifford Pinchot III by Norman Macrae in the April 17, 1982 issue of the Economist.

Pinchotts (1985) refers to intrapreneur as somebody who has business skills and practices them inside an organization, rather than taking off a trade of his or her own. According to the 2nd edition of the Encyclopedia of Business, intrapreneurs regularly move beyond their boundaries of operation,

offering priceless assistance in bringing changes in all phases of their organization, assist established organization to apply policies and procedures that will bring about new invention or introduce new products or service. Intrapreneurship refers to creativities by personnel in establishments to bring about new trade accomplishments (Kanter, 1988, Lumpkin, 2007). Intrapreneurship relates to individual within different level, pre-emptive job-related creativities of specific personnel (Pinchotts, 1985).

Intrapreneurship is a unique type of free enterprise which entails various main features with this complete thought, such as enterprise move, chase of prospect, and some component of 'novelty' (Antoncic & Antoncic, 2011). Major endeavors related to intrapreneurship include insightful prospect, knowledge initiation, designing a new product, inner alliance building, and urging management, resource attainment, preparation and organizing. Main intrapreneurship attitudes are individual creativity, active material search, thinking outside the box, expression, advocating, ownership, finding a way, and some degree of risk taking (Kanter, 1988; Lumpkin, 2007). Evidences have shown that intrapreneurship assist managers to refurbish as well as invigorate their trades, to invent and boost their overall trade running (Kuratko, Montagno & Hornsby, 1990; Antoncic & Hisrich, 1990).

As mentioned by (Menzel, 2008; Antoncic & Antoncic, 2011) intrapreneurship can be explained base on two ranks: organization and individual level. In the last three ages, intrapreneurship had been more recognized as an essential component in administrative improvement and as an instrument of administration as well as an action of specific personnel. Menzel (2008) refers to the two ranks as the "underlying conflict of intrapreneurship": main encounter among the individual and organizational height.

Globalization had led to more strong competition between industrial firms, with increase in customer demands, firms seek competitive advantage by manufacturing more valued features products, such as product flexibility, delivery reliability or product quality, (Baines and Langfield-Smith, 2003). The company in question had been a company who had capitalized on the intrapreneurship concept to enhance good competition in the midst of falling market share. The intrapreneurship concept gave birth to minimie as a major brand to fight competition which had proven more successful than expected. Against this background, the study seeks to conceptualize how intrapreneurship practices can influence product competitiveness.

## **LITERATURE REVIEW**

Considering the fast moving commercial and business environs, company contest for customers, income, market share with goods and services that satisfy customer. Worldwide competition has brought about high-tech changes whereby consumers are challenging for unique quality services/products with lesser prices (Raduan, Jegak, Haslinda, and Alimin 2009). More so, this improved rate of worldwide rivalry had led to fall in product life cycle and too much emphasis being

placed on organizational skills and establishment of competitive advantage which is believed to give them an advantage over other competitors. There are many purposes a firm would like to achieve these days, to attain a competitive advantage place and enhance their organization's performance in relative to that of their competitors (Raduan, Jegak, Haslinda, and Alimin 2009). It is therefore, essential for business establishments to understand the link among the organization's inner strengths and weaknesses, possible effects on their company competitive advantage and performance. Importantly, organization needs to decide on the type of competitive advantage and the scope it seeks to attain.

### **INTRAPRENEURSHIP**

Recently, the importance of intrapreneurship within an organization are becoming more glaring and recognized. The aim is to develop novel course within company with the purpose of exploiting new opportunity that will promote commercial value and improvement of performances (Bushra, Zehra & Ahsan-ul-Haq, 2011). To achieve better performance, firm must allow employees who are entrepreneur to recognize and implement product, process or service invention in marketplaces (Bushra *et al.*, 2011). Intrapreneurs are usually momentarily self-motivated, logical individuals who are at ease with creative changes within the confines of a firm in pursuit of an inventive service or product (Bushra *et al.*, 2011). Christos and Georgia, (2011) defines intrapreneurship as the innovations produced internally within the organization. In the argument (Zahra, 2004) defined intrapreneurship as "the process of creating new business within established firms to improve organizational profitability and enhance a company's competitive position or the strategic renewal of existing business". The term intrapreneurs was mentioned first by Gifford Pinchot in the late 1980's as persons who take responsibility for modelling invention within firm and also defined intrapreneurs as "person who focuses on innovation and creativity and who transforms a dream or an idea into a profitable venture, by operating within the organizational environment." (Arslan Cevher 2011).

As mentioned by Menzel (2008) also in Antoncic and Antoncic (2011) intrapreneurship can be explained based on two ranks: the firm and the single height. Studies reveal that intrapreneurship can be considered as a vibrant business strategy (Romero-Martínez, Fernández-Rodríguez, & Vázquez-Inchausti, 2010; Zahra, 2004), an element that assists to withstand competitiveness and advance achievement (Aktan & Bulut, 2008; Douglas & Fitzsimmons, 2009; Molina & Callahan, 2009 in Farhad; Idris; and Karimi 2011). According to Farhad, Idris and Karimi (2011) Intrapreneurship as "the process of uncovering and developing an opportunity to create value through innovation and seizing that opportunity without regard to either resources or the location of the entrepreneur in a new or existing company". Bushra, *et al.* (2011) viewed intrapreneurship as "a way of exciting innovation within the company using the creative talent of the workforce by providing them the needed wherewithal and freedom to act within the organization" Bornman (1992) settles with the proposal

that outline conception of intrapreneurship will permit managers to predict new improvements likely to be disturbing their firm. Intrapreneurship is initiated in well-known firms for the reason of gain making, tactical regeneration, nurturing inventions, gathering information of upcoming income flow and global achievement (Hornsby 2002; in Peter, Simon and Wim (2013). Many factors have played roles for the development and expansion of the concept. Kuratko and Hodgetts (2000) mentioned some of them as follows: rapid increase in the number of the existing and new competitors, rapid changes in technology, the desire to make better effectiveness and production, serious increases in the amount of spending, some intelligent and bright people's leaving their organizations and becoming entrepreneurs of small businesses, international competition and the shrinking of fundamental organizations.

According to Christos and Georgia, (2011) intrapreneurship can be said in two forms: new scheme making among prevailing firm and the change of administrations via tactical renewal. In the equal line of disagreement, Zahra defined intrapreneurship as "the process of creating new business within established firms to improve organizational profitability and enhance a company's competitive position or the strategic renewal of existing business". Furthermore, Morris and Kuratko (2002); Christos and Georgia, (2011) identified three scopes of intrapreneurship, such as innovation, risk taking and Proactiveness. Roohangiz (2011) proportions of intrapreneurship includes four concepts as Innovativeness, Proactiveness, Threat taking and Competitive Assertiveness. Lumpkin and Dess (1996) in Farhad *et al.*, (2011) asserted that competitive assertiveness is when an organization dares and contends with its competitors in order to be a visible and leading firm among its players. Competitive assertiveness "refers to a firm's propensity to challenge directly and intensely with its competitors to achieve entry or improve position, that is, to outperform industry rivals in the marketplace" (Lumpkin & Dess (1996) in Farhad *et al.*, (2011).

The role of organizational factors in building intrapreneurship is important. As it takes domicile within firms, the role of administrative variables such as (i)structure of organizational (ii) firm culture (iii) support of management (iv) recognition and reward, and (v) availability of resource is crucial to establish intrapreneurship in education firms (Ireland, Covin, & Kuratko, 2009; Wood, 2008; Zahra, 2004). Noor, Aizzat and Siti Zainal (2012) also stressed and recognized five organizational design that would nurture intrapreneurship: (i) support of management, (ii) work choice, (iii) reinforcement, reward (iv) readiness of time and (v) administrative borders. According to Eesley and Longenecker (2006); Hill (2003) and Cevher (2011) Intrapreneurship obstacles can be classified into four key titles;

- i. Opposition to Change:** Entities often oppose change for the purpose that they have already financed, and fear of wasting asset, because the impending is not familiar and failure could possibly endanger personal prestige and respect.



ii. Inherent Nature of Large Organizations: company characterized with poor message and physical silos by the flow of valuable info prevent Intrapreneurship activities. In an old-style company culture, the ideal is to: “follow the instructions given; do not make any mistakes; do not fail; do not take the initiative but wait for instructions; stay within your turf; and protect your backside. This restrictive environment is of course not conducive to creativity, flexibility, independence, and risk taking - the jargon of intrapreneurs”.

iii. Lack of Entrepreneurial Ability: to understand the intrapreneurship in a firm it is important to possess entrepreneurial affinity and capacity. If this is lacking, then it can be seen as obstacle to intrapreneurship.

iv. Unsuitable Compensation Methods: “Organizations that are replete with unhealthy political activity, infighting, and uncooperative organizational members have a very difficult time bringing out the best in people to create better business performance.”

### **PRODUCT COMPETITIVENESS**

*Product Competitiveness* relates to the efficacy of a firm organization in the marketplace compare to organizations that offer related products or services (Porter, M.E. (1985). Originally, competitiveness is the firm’s capability to provide products that are more or less comparable to competitors and to stay in business to have the capability to exploit existing market chances and create new markets (Porter, M.E. (1985). A company is said to have a competitive advantage “If it is able to create more economic value than the marginal (breakeven) competitor” (Peteraf & Barney, 2003), and situated to maintain such a benefit when dividing devices hamper competitors from getting key assets (Rumelt, 1984). Businesses become competitive through innovation. Invention can include technical inputs to the goods or to the manufacturing process, which eventually results in increasing the return (OECD. 1997). Competition among organizations is getting stiffer daily because of several administrative and environmental causes such as globalization, deregulation, growing worldwide and indigenous competition, and modern know-hows (Akman & Yilmaz, 2008). Invention may be referred to as a central achievement element in an increasingly competitiveness in this multifaceted location. The process of inventing can generate a company with the ability to encapsulate large degree of marketplace share or develop an all-round modern market prospect which allows company to generate supernormal profits. The low reaction of players to the invention tactics will bring about competitive advantage to the company (Lim, 2010). The key to productively contending is to define what consumers want and then give directions toward satisfying or surpassing customer need. Innovation tactic is that aspect of strategy which concern importantly with the growth of a firm via the creation of modern processes, products, services, or company concepts. An innovation strategy then turn into an idea of how to utilize the creation of modern products, processes, services, or company concepts to achieve definite goals and purposes (Abbing, 2010). More significantly, to enhance development, to create and nurture performance in such a vibrant and moving environment, the only way out is to be

innovative Cottam, A., Ensor, J. & Band, C. (2001). In such a compound environments, innovation is a key strategic tool to achieve a competitive advantage Gardaker, G, Ahmed, P. K. & Graham, G. (1998). Porter (1996) states: “Strategy is the creation of a unique and valuable position, involving a different set of activities.” The importance of tactical placing is to select events which produce greater income different from competitors’ thereby producing *competitive advantage* that is *viable*. In fact, Saloner; Shepard & Podolny (2001) mean that the main risk to the sustainability of an economical advantage is that competitors could analyze, replicate to make outdated the economic advantage.

### **Porter’s (1980) Model**

Porter’s (1980) model of generic strategies discourses experts who has the investigative skill for acquiring understanding of organization players. The “practitioners” infers “managers seeking to improve the performance of their businesses, development of differentiated product, advisors to managers, teachers of management, security and analysts or other observers trying to understand and forecast business success or failure, or government officials seeking to understand competition in order to formulate public policy” (Porter, 1980). In short, an obvious procedure for tactic making could decide an organization future competitive power to produce an insistent greater rate of income above competitors by building a supportable competitive advantage. To contend positively in the future, an organization must consider an appropriate competitive advantage among cost leadership, differentiation and focus strategy. Within this framework of the overall generic strategy, company may practically pursue that strategic options he considered okay.

i) Cost leadership Strategy- when an organization discovers and make use of all bases of cost benefit and aims at becoming a low-cost manufacturer, can be said to pursue a sustainable cost leadership strategy. The tactic stresses efficacy by manufacturing high quantity of consistent products which the organization hopes to take advantage of economies of scales. Sustaining this tactic needs a constant pursuit for cost reductions in all areas of the business.

ii) Differentiation Strategy- an organization aiming to be exceptional business along some range of goods or services commonly valued by customers can be said to have incorporated differentiation strategy.

iii) Focus Strategy- When a company pursues a thin competitive space, picks a section or collection of sections in the business and adjusts its tactic in serving them to the segregation of all, the strategy can be termed focus strategy.

A company location in an organization is determined by the selection of its competitive advantage and its selection of competitive latitude. Economical scope differentiates between company aiming wide industrial sectors and firms focusing on a thin section. According to Porter attaining competitive advantage needs company to create and select the kind of space of its competitive advantage along with its inherent risk. The relevance of this theory to the study is in the fact, that organization pursuing

to be exceptional in the industry along some lengths of its service or product that are broadly cherished by customers is said to have accepted differentiation strategy via intrapreneurship.

## **LINK BETWEEN INTRAPRENEURSHIP AND PRODUCT COMPETITIVENESS IN THE STUDY AREA**

### **Strategies and Tactics Used to Fight Competition and Sustain Market Share of the Study Area.**

To meet these challenges, the company developed several strategies to fight competition and sustain its market share. Base on the market research carried out, the company decided to come up with a quality, safe product that will be able to compete favorably with other competitive product in the market with emphasis on low cost (low cost strategy) and less attention to profit on the short term. To achieve this, the following strategy were adopted:

- i). Formation of strong research and development brainstorming team (COO at the Centre) -emphasis on quality and customer satisfaction.
- ii). Reorganization of sales and marketing team
- iii). Continuous cost control across all cadres and areas in the company,
- iv). Increase in productivity and development of competitive product
- v). Backward integration.

The first experience was the drop in sales. Market survey unfold high price effect compare to other products thus a shift to low cost products on the part of the consumers. Through this findings and the strong input from an employee through the CEO suggestion box, the research and development along with the marketing team commenced research into another entire new low cost products different from the existing one but with no significant taste difference. These result in a new formulation for both the noodle blocks, seasoning and the packaging. The existing pillar of backward integration made this possible with in a very short time as it makes availability and control of material cost possible, remove various bureaucratic bottlenecks etc. Product market sampling was done, the result shows about 80% satisfaction on the part of the customers with little or no complaint. Base on this facts and figures, the sales and marketing team was reorganized by separating sales outlet from that of the existing, formation of new sales and marketing team to handle sales and marketing of minimie, new set of distributors for the distribution of minimie noodles, less or zero advertisement and restriction of existing product distributor from distributing minimie noodles. The new structure allowed the sales and marketing team to be focused, improved communications, and empowered to meet customer needs.

On cost reduction and increasing productivity, the company embark on factory automation, buying new set of modern high speed machines, acquiring factory's, joint ventures in area that relate to the raw material, six sigma implementation, strong and well-coordinated internal on the job training,

setting new quantitative incentivized standard. Based on statistics gathered in the study area, the sales increase moved sporadically as shown in the Table 3.1.

Table 3.1: Product Competitiveness Contribution Data

| Intrapreneurs product in-view contribution data |               |                  |                  |
|---|---------------|------------------|------------------|
|   | 2014          | 2015             | 2016             |
| Sales-Other Products(ctns)                      | 20,358,386.00 | 18,451,763.87    | 17,320,938       |
| Sales-Products in-view(ctns)                    | 0             | 2,833,089.00     | 4,650,264.00     |
| Volumes sales contribution(#)                   | 0             | 2,833,089,000.00 | 4,650,264,000.00 |

Source: Noodles industry

From 2015, the company through this product have added millions of cartons that have contributed billions of naira to the sales volume of the organization. This have led to increase in product line, bottom line improvement, sustained leading market shares, reduce the effect of new and existing competitors which were achieved through the application of intrapreneurship practices within the organization.

### Conclusion

Company should distinguish themselves from other actors in the marketplace. Most cases, foremost organization unceasingly utilize intrapreneurial practices to bring about product competitiveness through innovative tactics to produce an advantage over their competitors. It has been established in the study based on the statistical data that there is a relationship between intrapreneurship practices and product competitiveness.

### Managerial Implications

The study has revealed there is relationship between intrapreneurial practices and product competitiveness in the study area. This impact has contributed immensely to the growth and development which has positioned the organization in such a way that the wind of competition is suppressed. In –view of this, managers need to:

1. Take cognizance of intrapreneurs within their organization
2. Build intrapreneurs data base
3. Base on the data, draw out a training and development program that will help to enhance the in-built capacity of the intrapreneurs which will bring about growth and diversification of the business, exploit underuse assets in novel ways and get rid of non-core doings
4. Put in place system that will help to satisfy, motivate and retain bright intrapreneurs who take risks and bring about innovative product.

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# EFFORT OF INDUSTRIAL TRAINING FUND IN DEVELOPING ENTREPRENEURIAL SKILLS AMONG YOUTHS IN NIGERIA: EVIDENCE FROM KWARA STATE

KADIRI, Ismaila Bolarinwa, Ph.D.<sup>1</sup> & \*ALIYU, Mustapha Olanrewaju<sup>2</sup>

<sup>1</sup>*Department of Business Administration, University of Ilorin, Ilorin, Nigeria*  
[bolakadiri@yahoo.com](mailto:bolakadiri@yahoo.com)

<sup>2</sup>*\*Department of Industrial Relations & Personnel Management, University of Ilorin, Ilorin, Nigeria*  
[aliyu.om@unilorin.edu.ng](mailto:aliyu.om@unilorin.edu.ng)

## **Abstract**

Youth development is seen as the most important formation of any proficient economy. The Industrial Training Fund (ITF) was established by the government to transform and put idle hands, entrepreneurs, workers etc. into productive use. This will in turn contribute significantly to the economic development of a developing economy in terms of wealth and employment creation. Despite the formation of this parastatal, the rate of youth unemployment in Nigeria is on a high alarming rate. The study emphasized on the Effort of Industrial Training Fund (ITF) in Developing Entrepreneurial Skills among Youths in Kwara state. Extant literature were reviewed on the subject matter. This study adopted an exploratory research method, data collection instrument used for this study were questionnaire and interview. Simple percentages were used in expressing the responses asked in the questionnaire and data were analyzed for easy comprehension. From the findings, it is discovered that ITF provide assistance to the Youths in the state and yet the youths have not been frequently assisted by the ITF in developing their entrepreneurial skills. Based on the conclusion drawn, the study therefore recommends that government should provide ITF with more funds to be able to run the establishment effectively and efficiently as they are engaged in more than youth skills development. This way, they can be able to meet the needs of the Youths together with other development functions.

**Keywords:** Industrial Training Fund (ITF), Youth, career development, unemployment, entrepreneurial, self-employed, Federal Government of Nigeria, Kwara State.

## **1.0 INTRODUCTION**

Youth is a period of acquiring experiences, growing up and actualizing ones fantasies. it is a time when young people prepare for the family, work, and citizenship roles of adulthood. In developed or developing nations, youths are regarded as the “tomorrow’s leaders” and are expected to be energetic, innovative and creative. For any nation or society to continue growing and developing, it requires more of youth input in providing alternative means of job. Youth development is seen as the most important formation of any proficient economy. Youth development is a process that prepares all young people, including those with disabilities, to meet the challenges of adolescence and adulthood by building on their capabilities and strengths by addressing a full range of developmental needs (Edelman, 2004). Youth development has gained prominence as a movement (Pittman, Irby, & Ferber, 2000) serving as a unifying theme for a wide range of discussions and actions aimed at shaping policy



as well as practice. Meanwhile, development for capacity building is central to sustaining economic growth and development, because unlike technology that can easily be imitated, human capital is the greatest asset of any amenable society. Sanusi (2002) said a capacity building entails investment in human capital i.e. innovative youths, institutions and practices necessary to enhance human skills, overhaul institutions and improve procedures and systems.

Over the years, Federal Government of Nigeria (FGN) has been so concerned over youth development/empowerment and how they can improve on their entrepreneurial capability to provide a solid basis for their growing up. Franco & Haase (2009) maintained that entrepreneurs view as continual learners and Baruah (2005) sees entrepreneurs as individuals who are continually looking for opportunities to start, grow their own businesses. Individuals are attracted to entrepreneurship by a number of powerful incentives such as profit, independence, a satisfying way of life among many others. The need for youth development influenced the Federal Government's decision in establishing Industrial Training Fund (ITF) 1971 to cater for the training needs of youths across the nation (Talabi, 2012). Since periods of its formation, ITF has been organizing and sponsoring training programmes, encouraging involvement of various cadre or categories of people in the society, such as employers, particularly small employers, in the organization and development of training exercises that would lead to the production of entrepreneurial and highly-skilled manpower to man various economic affairs of the country (Talabi, 2012).

Despite the establishment of this parastatal, the rate of youth unemployment in Nigeria is on high alarming rate. There has been perpetual underemployment in the traditional rural and urban sectors, shortage of manpower with the critical skills and knowledge in almost all sectors of the Nigerian economy. Meanwhile, not every youth has the capability or brain to withstand the pressure, some are good in reading and writing, others would rather want practical development; therefore, the need for entrepreneurial workshop, training and development arise. However, if these ever-growing youthful population are harnessed, trained and developed entrepreneurially, they will not only cater for their immediate need but also contribute to the nation's economy.

In view of the above, the study aimed at examining the effort of ITF in developing youths entrepreneurially, with specific reference to Kwara state.

## **LITERATURE REVIEW**

### **The Concept of Youths?**

Arazu (2008), Chukwuemeka, Okoye, Muo, & Anazodo (2012), Ukachukwu & Iheriohanma (2013) used the National Youth Corps Decree as bases for classification of youth. They opined that it has been agreed as a matter of convenience that 30 years of age which feature is the National Youth Service Corps Decree should be the limiting age for youth in Nigeria. According to Wiki (2016); Franco & Haase (2009) youth is a person who is 16 years of age, or less than 24 years of age.

Britannica Encyclopedia (2009), Encarta (2009) defined youth as the time of life when one is young; especially the period between childhood and adulthood or the early period of existence, growth, or development. In the words, Harding (2006) said there are more youths in the world now than ever before and they are concentrated in developing countries. Rouda & Kusy (1999) argued that, youth is a relational concept because it exists and has meaning largely in relation to the concept of adulthood. And that the concept of youth, as idealized and institutionalized supposes eventual arrival at the status of adulthood.

Meanwhile, Allen & Unwin (1999) cited in Sanusi (2002) has drawn out series of features that distinct youth from adult. They are as tabled below;

### **The Concept of Development**

Beardwell and Helen (2001) view development as the process of becoming increasingly complex, more elaborate and differentiated by virtue of learning and maturation. Rouda & Kusy (1995) sees development as the acquisition of knowledge, competencies and skills, and adopting behaviors that improve performance in current jobs, including: adult learning theory and applications, instructional systems design, train-the-trainer programs, and instructional strategies and methods. Onwubiko (2008), opined that development is the process of changing rules for detecting, interpreting, predicting and acting on information. He noted that, development happens when we have experiences that tell us that our current rules are inadequate for accomplishing whatever goals we might have. In respect to the above definitions, majority of the youths are seen and perceived as fast learners, thus, whatever they are developed or trained in, easily sticks. Thus, developing youths should be a major priority for government of any given economy.

### **The Concept of Entrepreneurship**

Many scholars have written widely on entrepreneurship and its potency to generate employment, thus, attached less significance and relevance of this phenomenon in the development of any given economy. An entrepreneur can be said to be someone who is very innovative; creative; can locate and take advantage of opportunities; can within the twinkle of an eye make something that looks impossible very possible with ease; etc. Harding (2006) defining what it means to be an entrepreneur is no easy task; he contends that one must define the concept from the ground up. Developed and developing nations recently encourage entrepreneurship among students and graduates of higher education institutions or strengthen their willingness to undertake some kind of enterprising projects. Dermol (2011) stressed that it seems that in the higher education environment, entrepreneurial learning is an important mechanism for strengthening enterprising behavior of students, or for encouraging them to enter into self-employment or entrepreneurship. It facilitates the acquisition of appropriate competences as well as strengthens the entrepreneurial intentions. Entrepreneurship according to Nkechi, Ikechuwu & Okechukwu (2012) is more than simply starting a business. They asserted that, "it is a process through which individuals identify opportunities, allocate resources, and

create value. Akpoyomare & Elliot (2011) defined entrepreneurship as the process of creating a business. This is achieved through the generation of greater employment opportunities, the development of local technological base, import substitution and sources of foreign exchange earnings. But noted by Zimmerer and Scarborough (2006), although the creation of business is certainly an important facet of entrepreneurship, it is not the complete picture. The characteristics of seeking opportunities, taking risks beyond security and having the tenacity to push an idea through to reality combine into special perspectives that permeate entrepreneurs.

### **An Overview of Youth Development in Nigeria**

Nigeria is a country with great business and investment potential, much of which lies in its abundant human and natural resources. Tapping from these resources requires the ability to nurture useful and economically viable entrepreneurial endeavors and empowering youth to lead such efforts. Despite this difficult situation and the clear need for change, the government has done little to reduce the misery and frustrations of its citizens, fostering hopelessness in the majority of young people who have resorted to any means, including crime, to succeed in life. Onwubiko, (2008) said two approaches are used for entrepreneurship development in Nigeria. One of them is concerned with the provision of generous credit facilities for small-scale industrialists with the aim of giving these entrepreneurs seed money. The second approach was the establishment of a training institution known as the Industrial Development Centre (IDC). The center's purpose is to provide resources for on-the-job training of entrepreneurs in various aspects of industrial management especially those in the informal sector, such as petty traders, artisans, or farmers. Unfortunately, these initiatives failed to achieve desired results (Onwubiko, 2008).

Nigerian youths would have been better-off given if they were developed intellectually and entrepreneurially. Given the abundant resources owned by Nigeria, developing the youth should be a smooth run, but due to poor administration and mirage promises of developing the youth by the government. Onwubiko (2008) however, have identified some systematic barriers to youth development in Nigeria;

- a. **Low Standard of Education:** Education is a crucial factor in preparing and empowering young entrepreneurs with business-related skills. Unfortunately, the role of education in preparing young people to become agents of change has largely been ignored in Nigeria. Year after year, education quality declines. The country has also experienced a mass exodus of qualified teachers due to lack of proper incentives.
- b. **Government Policies:** Government policies, or the lack thereof has been a major bane of education in Nigeria. Schools are not adequately funded, equipped, or managed to bring out students' potential. Most of the time, students stay home due to strikes called by teachers. Most people in government send their children abroad for their education, neglecting the

urgent need for reforms. The result is a workforce lacking in the skills and confidence needed for a better quality of life in Nigeria.

- c. **Inadequate Training:** The absence of adequate training for students that would help them become future business and community leaders is a regrettable consequence of poor education. The educational curriculum in Nigeria focuses heavily on theory without a corresponding practical approach. As a result, most employers are compelled to retrain their young employees due to their lack of basic workplace skills. Where some practical training is offered, it is usually directed at the employees of larger companies that can afford the exorbitant fees charged by the training institutions. With little or no money to spare, most young people miss these opportunities to equip themselves for leadership roles, resulting in low morale, inefficiency, and lack of confidence.
- d. **Lack of Proper Technology:** Technology has the potential to improve quality of life and economic performance. When youth do not have the knowledge or skills to use the latest technology, it affects their outlook on life. It is surprising that in an age when computers and the internet are taken for granted in so many parts of the world, the reverse is the case in Nigeria. The internet and other Information and Communications Technology (ICT) infrastructure are not available in rural areas, where the majority of the Nigerian youth reside. This situation denies them an alternative means of skill acquisition, information access, and other advantages.
- e. **Other Economic, Social, and Political Factors:** There are other elements that play a role in stifling the dreams and aspirations of the Nigerian youth. Economic factors such as policy reversals, high and double taxation, difficulty in procuring business licenses, high inflation, and unstable exchange rates are some concern areas for potential entrepreneurs. Registering businesses is also incredibly difficult. Politically, some of the government's policies favor friends and associates; especially when it comes to awarding government contracts and other benefits, cronyism is widespread. The resulting social malaise from systemic corruption dissuades many people from venturing into business.

### **Components of Youth Development**

Youth development involves adjustments to changes in the self (e.g., pertinent to puberty, cognitive and emotional characteristics, and social expectations), and also to alterations in family and peer group relations, and often to institutional changes as well (e.g., regarding the structure of the schools within which adolescents are enrolled or opportunities or rules for community service) (Lerner & Galambos, 1998). Components of youth development as noted by Chukwuemeka et al. (2012) include the following;

- i. Youth employment: employment opportunities should be provided by the ruling elites to gainfully employ and empower the youths who incidentally are the future leaders. Where there

is insufficient paid employment, the ruling petit-bourgeoisies should create enabling environment to sustain entrepreneurship and operation of small scale ventures.

- ii. Youth education and training: education is one of the major indicators of measuring development. Therefore youth training programs including vocational training through talent/skill assessment inventory.
- iii. Entrepreneurship skill acquisition should be inculcated in the educational curriculum to cut across all specter of educational system in order to position the youths in act of management, analysis and effective operation of business.
- iv. Research, evaluation and publication of such researches, especially those that relate to skill acquisition would foster youth development.
- v. Liaising with state youth departments and international organizations
- vi. National Youth Award Scheme
- vii. International youth exchange program
- viii. Youth holiday program
- ix. National youth camps and
- x. Coordinating activities of national voluntary youth organizations.
- xi. Youth mobilization: political and social mobilization agencies should be set up and their services should be complemented by non-governmental organizations. They will handle youth mobilization, business and political education.

### **Youth Unemployment in Nigeria**

There is no gainsaying that Nigerian society is facing all forms of social disorder arising from youth unemployment Chukwuemeka (2009). Everyday, there are reports of robbery burglary, car snatching, forgery, impersonation, rape, kidnapping and other vices. There is a general belief that most of the acts are carried out by unemployed youths and youths that are not stable in their employment. In most of our streets and public places, the unemployed youths wander-about. This is mostly because they find themselves without any means of livelihood. In the circumstances, the alternative is to device some means to survive. Chine (2003) opines that youths are generally and rightfully referred to as the leaders of tomorrow. Consequently, every rational society with responsible and selfless leadership has constitutional arrangements whereby young ones are guided to imbibe the moral, social, economic and political value orientations of that society. The need for youth development becomes even more urgent when one considers the fact that Nigeria is presently immersed in a protracted and unprecedented crisis of under-development (Iheriohanma, 2009). One cannot fail to notice that in the various societies which make up the Nigerian nation, the youths find themselves subjected to severe disadvantages. These disadvantages include illiteracy, inadequacy of skills, varying degrees of unemployment and under-employment, embarrassing dependence on extended family and friends,

health related problems, poor access to start-off capital, etc. There is also exposure to corrupt influences which usually lead them to participate in violent crimes and thuggery (Iheriohanma, 2009).

### **Industrial Training Fund (ITF)**

The Industrial Training Fund was established by Decree No. 47 of 8th October, 1971, with the aim of promoting and encouraging the acquisition of skills in industry and commerce with a view to generating a pool of indigenous manpower sufficient to meet the needs of the economy. It was the first of the three Manpower Training and Development Agencies created by the Federal Military Government during the Second National Development Plan period (1970 – 1974). The other two include the Nigerian Council for Management Development (NCMD) and the Administrative Staff College of Nigeria (ASCON). The vision of ITF is to be the foremost skills training and development organization in Nigeria and one of the best in the world while the mission is to set and regulate training standards and offer direct training intervention in industrial and commercial skills training and development using a corps of highly competent professional staff, modern techniques and technology. The objective for which the Fund was established has been pursued vigorously and efficaciously. In the four decades of its existence, the ITF has not only raised training consciousness in the economy, but has also helped in generating a crops of skilled indigenous manpower which has been manning and managing various sectors of the national economy.

Over the years, pursuant to its statutory responsibility, the ITF has expanded its structures, developed training programmes, reviewed its strategies, operations and services in order to meet the expanding, and changing demands for skilled manpower in the economy. Beginning as a Parastatal “B” in 1971, headed by a Director, the ITF became a Parastatal “A” in 1981, with a Director-General as the Chief Executive under the aegis of the Ministry of Industry. The Fund has a 13 member Governing Council and operates with 6 Departments and 3 Units at the Headquarters, 27 Area Offices, 2 Skills Training Centres, and a Centre for Industrial Training Excellence. As part of its responsibilities, the ITF provides Direct Training, Vocational and Apprentice Training,

Research and Consultancy Services, Reimbursement of up to 60% Levy paid by employers of labour registered with it, and administers the Students Industrial Work Experience Scheme (SIWES). It also provides human resource development information and training technology service to industry and commerce to enhance their manpower capacity and in-house training delivery effort. The main thrust of ITF programmes and services is to stimulate human performance, improve productivity, and induce value-added production in industry and commerce. Through its SIWES and Vocational and Apprentice Training Programmes, the Fund also builds capacity for graduates and youth self-employment, in the context of Small Scale Industrialization, in the economy. The ITF Reimbursement Scheme was established to motivate and encourage contributing employers to train and re-train their employees. The Scheme provides that a maximum of 60% of levy be paid to up-to-date levy contributors who satisfy laid down conditions for claiming Reimbursement.

The aims and objectives of the Reimbursement Scheme are to ensure that: training activities are spread to all levels of workers in organizations; Employers training programmes are relevant and effective; training programmes are properly implemented and evaluated. Functions of industrial Training Fund (ITF) include; Engineering and Technology Training; Management and Supervisory Training; Industrial Productivity and Efficiency (In-plant) Training; Safety Training; Computer Training; Vocational and Apprentice Training; Applied Research and Methodology Services & Training; Training in Accounting & Financial Management; Training in Secretarial and Modern Office Management; Training in Poverty Alleviation and Self Employment; Training in Instructional Technology; Train the Trainer Programmes; Placement of Students in Engineering and Allied Fields on Industrial Work (Shopfloor) Experience; Advisory and Management Consulting.

#### **Sources of Revenue for Industrial Training Fund**

The Decree establishing the ITF stipulates that employers should contribute 3% of their turnover, whichever was greater to the ITF as mandatory training levy. It also provides for subvention from the Federal Government. The Amendment Decree No. 37 issued on 10th September, 1973 reduced employers' rate of levy to 2%. This was further reduced to 1% of annual payroll, since 1975 (calendar year). The penalty for non-payment of levy within the time prescribed (not later than 1st April of the following year) is equal to 5% of the amount unpaid each month or part of the month after 1st April each year in addition to full payment of the outstanding levy.

#### **Reimbursement and Grants Schemes**

The Reimbursement and Grants Scheme of the ITF was inceptioned in July, 1973. Under the Scheme, the Fund bears part of the cost of workers/employees training and further education by providing grants for courses undertaken. The Decree which established the Fund, gave its Governing Council the power to allow a maximum reimbursement of sixty percent (60%) of an employers' contribution for each year. The scheme has been revised from time-to-time. The fifth Grants scheme is now in operation. Once the conditions for paying reimbursement are fulfilled, prompt payments are always effected. The aim of the Grants and Reimbursement Scheme is to encourage employers to train their staff in accordance with the needs of the various industries or group of industries. Employers are therefore, urged to intensify efforts to improve the quality of their manpower through appropriate and approved training programmes.

There is no gainsaying that ITF has contributed and still contributing immensely to Employee training and development in Nigerian Industries. Appraising the institution, therefore, will not be out of place in view of its prominent contributions to human resource/organizational development in the most populous black nation called Nigeria.

## **METHODOLOGY**

For the purpose of this study, a total of one hundred (100) youths in Kwara state were used to represent the study population. This study is an exploratory research. This is because it investigates a context which has been less researched and possess less justified theory. Also, the study aimed to fully describe and deeply understand the unique situation of the public through gathering the perceptions of key stakeholders in the sector. Both qualitative and quantitative research paradigms were adopted. It however become imperative to adopt the mostly qualitative paradigm due to the inductive philosophy it tends to achieve through the ability to generalize the behavior of the case context in order to proffer practicable recommendations for the effectiveness of youths in Nigeria. For better and a much acceptable responses, the data collection instrument used for this study were questionnaire and interview. Simple percentages were used in expressing the responses asked in the questionnaire and data were analyzed for easy comprehension. The group of responses with the highest frequency was chosen as the representative of the generality of the vast population.

## **DISCUSSION OF THE FINDINGS**

Out of 100 copies of the questionnaire distributed to respondents, 92 were attempted. Nine (9) were not properly filled or not fit for study. Hence, a total of 83 questionnaires properly filled were used for analysis. Meanwhile from the total of 83 respondents, 5 respondents represented staff of Industrial Training Fund, Kwara state, and other 78 respondents were youths.

### **Responses from Youths**

Responses on whether the respondents know and understand what Industrial Training Fund (ITF) means. From the data gathered, 62(79%) of the respondents acknowledged they have heard of ITF and actually know what it means, while 16(21%) says they have not heard of it neither do they know what it means.

### *Functions/Responsibilities of ITF in Kwara State*

The major responses are as stated below;

- i. To provide assistance to people who are willing to do business but don't have the capital;
- ii. To train people who are willing to engage in creative and innovative activities;
- iii. To empower the Youths;
- iv. To train Youths in the state.

The question on the opinion of the youths of their knowledge on the level of involvement of Kwara Youths in Entrepreneurial activities. Given the data obtained, 12(15%) of the respondents say the youth are entrepreneurially engaged, 9(12%) noted that they are engaged to a Large extent. Meanwhile 23(29%) of the respondents noted that the youths are entrepreneurially engaged, while 16(21%) of the respondents say they are engaged to a very little extent. However, 18(23%) says the



youth are not entrepreneurially engaged. Given this analysis, it can be concluded Kwara state youths are on the average entrepreneurially engaged as 23(29%) of the respondents have noted.

The responses on if the ITF in Kwara State assist the Youths in their quest to be entrepreneurially independent; from the responses gathered, 41(53%) of the respondents noted that the ITF does assist the youth to be entrepreneurially independent, while 37(47%) of the respondents says the ITF does not assist the youth to be entrepreneurially independent. Thus, it can be saying that Kwara State ITF provides assistance to the youths in the state to be entrepreneurially independent as 55% of the respondents acknowledged that the ITF provides assistance to the youths in the State.

#### *Programmes Organized by the ITF on Youth Entrepreneurship*

The respondents however noted the following;

- i. Annual lectures on new inventions and how to become more engage in economic activities
- ii. Seminars/workshops on innovative and creative skills;
- iii. Training sessions on monthly bases for those still lacking perfect knowledge of their trades.
- iv. Occasional tour or excursion to see what we can learn from other states

#### *Suggestions for the ITF by the Youth for Improvement*

- i. Annual competition to motivate youths to be more involve in entrepreneurial activities
- ii. Provision of adequate funds for the youths to purchase the modern equipments for their works
- iii. Organization of more training session in conjunction with experts

#### **Responses from ITF Staff**

A total of five (5) ITF staff were used for this work. Responses gathered from them on their activities/functions in the state are as analyzed below;

Responses on the question if there is any provision for support to youths in Kwara State? Total of 5(100%) of the respondents noted that there is provision for youths support, development within the state. The responses however is similar to the response from the youths that there are been assisted by ITF to develop entrepreneurially. Responses on the extent to which the assistance is been provided to the Youths in the state. From the responses gathered, it shows that the youths are often attended to as 5(100%) of the respondents noted. Meanwhile, this response differs from the perception of the youths as more than half of the youths noted that they either occasionally or do not support them. When inquired of the level to which the establishment has covered the state in terms of youth development, the respondents are almost at per as 2(40%) of the respondents says they have covered very wide area in the state while 3(60%) of the respondents noted that they have covered wide area in the state.

### *Forms of Programs Organized by ITF in Kwara State*

The respondents commented on the kind of programmes organized by the Unit in developing the youths entrepreneurially as follow:

- i. Seminars for youth entrepreneurs in the state
- ii. Training for youths interested in entrepreneurial activities in the state
- iii. Excursion for vast exposure of the youths in the state
- iv. Exhibition of their individual innovations or capacity in regional organized competitions.

*Responses on what they think can improve their work activity as it concern the youth and the state in general. The respondents however listed the three main suggestions as follow:*

- i. Provision of adequate funds to the unit;
- ii. Proper motivation of the staff working in the establishment;
- iii. Provision of modern day tools, facilities and equipment to enhance productivity.

### **CONCLUSION AND RECOMMENDATIONS**

Youths are on the rise in numbers in Kwara state as it can be visibly seen everywhere. However, these youths are most of the times found in all sorts of unworthy acts. From the discussion of findings, it is discovered that ITF provide assistance to the Youths in the state but the youths have not been frequently assisted by the ITF in developing their entrepreneurial skills. Based on the conclusion the following recommendation are thereby proffered;

- i. Government should provide ITF Kwara state with more funds to be able to run the establishment effectively and efficiently as they are engaged in more than youth skill development. This way, they can be able to meet the needs of the Youths together with other development functions;
- ii. Being entrepreneurial makes one versatile and most of all a jack of many trade. Youths who are entrepreneurial should be allowed to see more of other creative and innovative works of entrepreneurial minds as theirs which will make them more exposed to other ways of doing things better. To this end, Youths in Kwara State should be exposed more via organizing seminars and workshops to enlighten them and however brush up their entrepreneurial capabilities;
- iii. Electricity generation should be stabilized. It follows that when formulating power/energy policies, all the stakeholders ought to come together to ensure that areas of problems are addressed and those involved in the implementation need to have the technical knowhow required.

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## ENTREPRENEURIAL SKILL ACQUISITION AS A FACILITATOR OF SELF-EMPLOYABILITY AMONG NIGERIAN YOUTHS.

<sup>1</sup>Efe-Imafidon Emmanuel. O, \* Department of Business Management, Covenant University, Ota, Ogun State Nigeria.

<sup>2</sup>Ade-Adeniji Oluwakemi, Department of Business Management, Covenant University, Ota, Ogun State Nigeria

<sup>3</sup>Umukoro Ewomazino, Department of Business Management, Covenant University, Ota, Ogun State Nigeria

<sup>4</sup>Ajitemisan Mercy, Department of Business Management, Covenant University, Ota, Ogun State Nigeria

### **Abstract**

*Objective of this research is to present argument in favor of the concept of entrepreneurial skill acquisition as a panacea for unemployment among youths in Nigeria. Based on a conceptual analysis, the study examines strategic industries in which youths should focus efforts in developing innovative skills that can stimulate self employment, create jobs and enhance economic growth and development. The outcome from this research will guide efforts of youths and government towards strategic areas that can promote entrepreneurial practices in Nigeria. The implication of the research to Nigerian youth showed that there are presently strategic industrial sector in Nigeria that contribute to the GDP asides the Oil Sector. The researcher recommended among other things that facilitators of entrepreneurial skill training and workshop program, must ensure that skill being taught to the youth match the requirements of the strategic industries in Nigeria.*

**Keywords:** *Entrepreneurial skill acquisition, Entrepreneurship Self-Employment, Unemployment, Nigeria.*

### **16 INTRODUCTION**

In the world today, unemployment remains one of the toughest nut to crack and the Nigerian economy is not left out. Claudia, Christoph, Mariangels and Diego (2009), in their study cited ILO (2008) and UN (2007), respectively that “today’s world contains an estimated 1.2 billion young people aged between 15 and 24 years (an increase of 17% compared to 1995), that is 24.7% of the world’s working-age population and about 87% of them live in developing economies.” Information from the International Labour Organisation (ILO) on whose recommendation most countries in the world unemployment methodology is based including Nigeria, asserts that 201 million people globally are unemployed and that this may rise to 219 million by 2019. “With 8 million Nigerians technically unemployed (not including the remaining 14.4million underemployed), this means four percent of the world’s unemployed population are Nigerians (punchng, 2017). The data from the International Labour Organization (ILO) in 2004 report revealed that youth (18-30) make up nearly half (47 per cent) of the world unemployed population. According to Odia and Odia, (2013) the unemployment rate of Nigeria was put at about 19.7% above world average of 14.2% by the World Bank, with 41.6% unemployment rate reported for youth in the 18 to 24 years age bracket. Lemo (2013) opined that, given the Nigerian youth unemployment situation, entrepreneurship remains the viable option to

become self-employed, reduce unemployment, poverty and empower the youths to develop their businesses, pursue their dreams and contribute to overall productive capacity and national economic growth and development. Therefore entrepreneurial skill acquisition has become an essential bail out for youth self employability and the attainment of economic development (Musa, Wuritka & Zipporah, 2005). Existing literature such as Omoruyi and Osunde, (2004), Maigida, Saba and Namkere (2013), Paul, (2017), have discussed entrepreneurial skill acquisition from a concept exposition perspective without necessarily pointing out the strategic industries of the Nigerian economy which the youth can acquire necessary entrepreneurial skills in for facilitating their self-employability. In this research work entrepreneurial skill acquisition is defined as acquiring knowledge and expertise in skills that enhance the entrepreneur's personal livelihood through their involvement in enduring business startups, that can further enhance employment opportunities, and promoting economic development and growth. Therefore this research is focused on examining entrepreneurial skill acquisition as a facilitator of self-employability among Nigerian youth.

## **17 LITERATURE REVIEW**

### **The Concept of Entrepreneurial Skill Acquisition**

According to Maigida, Saba and Namkere (2013), It is no news that the world has become private sector driven, and economic prosperity in the 21<sup>st</sup> century requires the possession of entrepreneurial skills to function. And entrepreneurial skill acquisition can be defined not just about acquiring skill but acquiring knowledge and driving towards enterprise in skills that enhance personal livelihood through enduring business startups, enhancing employment opportunities, and promoting economic development and growth.

According to Nkechi, EJ and Okechukwu (2012) Entrepreneurial success depends on an entrepreneurial ability to identify opportunity in the environment, take initiatives towards desirable change and ensure value based solution in the market place. Uzochuwu, Lilian and Chidiebere (2015), Tijani-Alawiye (2004), observed that entrepreneurs successfully run innovative enterprises, nurture them to grow and sustain them, with a view to achieving broad socio-economic development goals. In essence entrepreneurs through entrepreneurial development such as in skill acquisition create job opportunities or become self employed.

### **Entrepreneurial Skill Acquisition and Self Employability in Nigeria**

Entrepreneurial Skill acquisition, is a veritable vehicle in promoting self employability. This has become a part of the policy thrust of the Nigerian Government. Beginning with the Directorate of Food, Roads and Rural Infrastructure (DEFRI), National Directorate of Employment (NDE), the People's Bank of Nigeria were established by the government of General Ibrahim Badamasi Babangida, and now the National Empowerment and Development Strategy (NEEDS), established by

president Olusegun Obasanjo are some other entrepreneurial Programmes that were intended to promote self employment and reduce the massive unemployment of Nigerian youth in the country (Maigida, Saba & Namkere, 2013). According to Odiya and Odiya (2013), “entrepreneurial skills acquisition can be obtained through various avenues such as: attending entrepreneurial training classes, development programmes, seminars, workshops, etc. universities, job rotation, special (intensive) training, article ship or apprenticeship, organizational learning, R & D Institutions, consultants, national and international agencies and bodies ,non-governmental organizations (NGOs) and professional bodies.” That is to say once these training have been obtained by the Nigerian youth from the various avenues as stated above this would help them acquire the necessary skill to be self employed. Ogundele, Akingbade and Akinlabi (2012), cited Mullins (2010), that training is the process of systematically acquiring job related knowledge, skill and attitude in order to perform with effectiveness and efficiency specific tasks in an organization. Maigida, Saba and Namkere (2013), Competencies of individual’s entrepreneurial skill acquisition in Technical Vocational Education and Training (TVET) are structured in a way to lead the beneficiaries’ to self-employment, economic self-sufficiency, and employment generation through short or long-term training and many African countries including Nigeria have been made to realize that training in TVET is necessary to alleviate poverty and foster self employability through skill acquisition. TVET can be described as any form of education whose primary purpose is to prepare beneficiaries for gainful employment in an occupation or group of occupations. In a study of entrepreneurship development and growth of enterprises in Nigeria, it was revealed that several policy interventions in Nigeria that was aimed at increasing entrepreneurship development via small and medium scale enterprises have not been successful but rather areas were building in-country entrepreneurial capacity should have taking place, entrepreneurs have been found to be distribution agents of imported products (Ebiringa 2012). There is need for the government and the organized private sector to employ more efforts to support for entrepreneurial training programs in tertiary education system.

On the need to reduce unemployment through entrepreneurship in Pakistan. It was found out that the regression results reflected high rate of unemployment has been associated with low level of entrepreneurial development in economy of Pakistan, (Asad, Ali & Islam 2014). Entrepreneurial training and education encourages Nigerian youth to become jobs creator rather than job seekers. It also equips them with skills for constant improvement and innovations in their undertaken. The skill for entrepreneurial acquisition leading to self-employability can be classified into three main areas; Technical skills, Business management, Personal entrepreneurial skills. Technical skills involve such things as writing, listening, oral presentation, organizing, coaching, being a team player, and technical know-how. Business management skills include those areas involved in starting, developing and managing an enterprise. The personal entrepreneurial skills differentiate an entrepreneur from a manager. Skills included in this classification are inner control (discipline), risk-taking, being

innovative, being change-oriented, being persistent, and being a visionary leader among others, (Osuagwu 2006) cited in the work of (Ogundele, Akingbade & Akinlabi). In the work of Maigida, Saba & Namkere (2013) and Sekenu (2004). The only way to empower the youth is to encourage them in acquiring adequate and qualitative entrepreneurial skill in order to make them job creators and self-employed. Maigida, Saba and Namkere, further opined that entrepreneurship skills could help the youth acquire the mind set and know-how necessary to make self-employment or viable career option.

### **Identifying Strategic Industries in Nigeria Economy**

Strategic industry in Nigeria's economy is viewed as industries that contribute the most to Nigeria's GDP, consistently over the past, say 5 years. Nigeria is the 10th largest producer of oil in the world, and third in Africa. The oil sector supplies 95% of foreign exchange earnings and over 90% of total exports. Despite all of these there are still some strategic industries in the Nigerian economy that have contributed to the country's gross domestic product (GDP) and are surviving in the prevailing recession, in which the Nigerian youth can acquire entrepreneurial skill and become self employed. The International Monetary Fund (2016), listed Nigeria, among other countries of the world, as an emerging market and developing economy. Nigeria's Economic Recovery Growth Plan (ERGP), (2017), reflects the need for youth to build and acquire skill interventions, producing on made in Nigeria goods in areas such as youth dominated sectors which are in the, agriculture, industry, and services which will also improve growth and diversification of the economy through their acquired skills in these sectors, thus making themselves entrepreneurial and self-employed, further reducing unemployment and under-employment in the nation. The Nigeria's ERGP (2017), reflects that in implementing the plan, the government will work closely with businesses to deepen their investment in the agriculture, industry and service sectors, and support the private sector to become the engine of national growth and development. This further shows that there are sectors in the Nigerian economy that are very the strategic to the Nigeria economy, which must be identified for necessary skills to be acquired by youth in the sectors operating in Nigeria. The following tables 1, 2, 3 and 4 below where information gotten from The Nigerian Bureau of Statistics from the past 5 years that shows the strategic industries identified in Nigeria and its contributions to GDP.

**Table 1 The Strategic Industries In Nigeria**

| <b>IND. TYPE</b> | <b>AGRICULTURE</b>   | <b>INDUSTRY</b>                 | <b>SERVICES</b>  |
|------------------|----------------------|---------------------------------|--|
| <b>S/N</b>       |                      |                                 |  |
| 1                | Crop Production      | Mining And Quarrying            | Electricity, Gas, Steam and Air Conditioning Supply      |
| 2                | Livestock Production | Crude Petroleum and Natural Gas | Water Supply, Sewerage, Waste Management and Remediation |
| 3                | Forestry             | Coal Mining                     | Trade  |
| 4                | Fishing              | Metal Ores                      | Construction   |
| 5                |                      | Quarrying and Other Mining      | Accommodation and Food Services                          |
| 6                |                      | Oil Refining                    | Transportation And Storage                               |
| 7                |                      | Cement                          | Road Transport   |
| 8                |                      | Food, Beverage and Tobacco      | Rail Transport And Pipelines                             |
| 9                |                      | Textile, Apparel and Footwear   | Water Transport  |
| 10               |                      | Wood and Wood Products          | Air Transport  |
| 11               |                      | Pulp, Paper and Paper Product   | Transport Services                                       |
| 12               |                      | Chemical and Pharmaceutical Pr  | Post and Courier Services                                |
| 13               |                      | Non-Metalic Product             | Information and Communication                            |
| 14               |                      | Plastic and Rubber Products     | Telecommunication and Information Services               |
| 15               |                      | Electrical And Electrical       | Publishing   |
| 16               |                      | Basic Metal, Iron and Steel     | Motion Picture and Sound, Recording                      |
| 17               |                      | Motor Vehicles and Assemble     | Broadcasting   |
| 18               |                      | Other Manufacturing             | Arts Entertainment and Recreation                        |
| 19               |                      |                                 | Finance and Insurance Services                           |
| 20               |                      |                                 | Financial Institutions                                   |
| 21               |                      |                                 | Insurance  |
| 22               |                      |                                 | Real Estate  |
| 23               |                      |                                 | Professional Scientific and Technical, Services          |
| 24               |                      |                                 | Administrative and Support Services                      |
| 25               |                      |                                 | Public Administration                                    |
| 26               |                      |                                 | Education  |
| 27               |                      |                                 | Human Health and Social Services                         |
| 28               |                      |                                 | Other Service Activities                                 |

Source: National Bureau of Statistics (2016)



According to the National Bureau of Statistics there are two major sectors in Nigeria and these sectors are; the oil sector and the non-oil sector. Table 1 shows industries that are available within the Nigerian economy in the non-oil sector and how these industries are very strategic to her economy through their annual contributes and growth to the GDP of the Nigerian economy. The strategic industries as given above are what the youth should look out for to acquire necessary skills in, in order to facilitate their self-employment

**Table 2 Annual Growth Rate of The Two Major Sectors in Nigeria Economy.**

| S/N | MAJOR SECTORS       | 2012  | 2013   | 2014  | 2015   | 2016   |
|-----|---------------------|-------|--------|-------|--------|--------|
| 1.  | Non-Oil Growth Rate | 5.81  | 8.42   | 7.18  | 3.75   | -0.22  |
| 2.  | Oil Growth Rate     | -4.95 | -13.07 | -1.32 | -5.445 | -13.65 |

**Source: National Bureau of Statistics (2016)**

In Table 2. above it reflects the GDP of the Nigerian economy which are from two major sources which includes the oil sector and the non-oil sector. Table 2 shows that the annual growth of this two major sectors, which reflects that in 2012 the non-oil experienced 5.81% annual growth rate, and in 2013 the annual growth rate was 8.42, and in 2014 the annual growth reflected 7.18% and in 2015 the growth was 3.75 while in 2016 it was -0.22%, in comparing the non-oil sector to the performance of the oil growth the table shows that the non-oil sector performed better than the oil growth rate, even though both sectors experienced fluctuations.

**Table 3 Annual Real Contributions Rate By Sector % Year On Year On**

| S\N | NON-OIL SECTORS | 2012  | 2013  | 2014  | 2015  | 2016  |
|-----|-----------------|-------|-------|-------|-------|-------|
| 1   | AGRICULTURE     | 23.91 | 23.33 | 22.91 | 23.11 | 24.43 |
| 2   | INDUSTRIES      | 25.61 | 22.81 | 24.93 | 23.71 | 22.02 |
| 3   | SERVICES        | 50.48 | 53.86 | 52.16 | 53.18 | 53.55 |
|     | TOTAL           | 100   | 100   | 100   | 100   | 100   |

**Table 4 Annual Real Growth Rate by Sector % Year on Year on**

| S/N | NON-OIL SECTORS | 2012 | 2013 | 2014 | 2015  | 2016  |
|-----|-----------------|------|------|------|-------|-------|
| 1.  | AGRICULTURE     | 6.70 | 2.94 | 4.27 | 3.72  | 4.11  |
| 2.  | INDUSTRIES      | 2.43 | 2.16 | 6.76 | -2.24 | -8.53 |
| 3.  | SERVICES        | 3.97 | 8.38 | 6.85 | 4.78  | -0.82 |

**Source: National Bureau Of Statistics (2016)**

According to table 3 and table 4 respectively, it reflects that the non-oil sector comprises of three major sectors such as the Agricultural sector, the Industrial and the Service Sector. The annual real contributions and growth of these three major sectors to GDP in the past 5 years that is, from 2012-2016 in the table above. The table shows that all the three major sectors in the non-oil sector experienced ups and downs in their annual contributions to GDP over the past 5 years which also reflected in their growth rate. According to NBS (2012) one of the cause of the ups and downs in agriculture was as a result of floods. Agriculture in 2012 contributed to the annual GDP at 23.91%, in 2013 it reflected 22.33% in its annual contribution to GDP, in 2014 the annual contributions was 22.91%, in 2015 it had 23.11% as its annual contributions, while in 2016 it reflected 24.43%. Agriculture also experienced an annual growth rate of 6.70 % in 2012, 2.94% in 2013, 4.27% in 2014, 3.72% in 2015, and 4.11% in 2016.

The Industrial sector is another major sector that has so many strategic industries within it, the industrial sector like the agricultural sector has also experienced ups and downs in its contributions to the annual GDP of the Nigerian economy. In 2012 its annual contribution to the GDP was 25.61%, which was greater than that 2013 annual contributions which had 22.81% in 2013, it further contributed to the annual GDP at 24.93% in 2014, which is an increase in compared to the previous year 2013 and in 2015 the annual contribution to GDP was 23.71% which was a decreased compared to in 2014, while in 2016 its annual contribution was 22.02% which was a further decrease compared the previous year 2015. The industrial annual growth rate in 2012 experienced up to 2.43% growth , in 2013 it experienced 2.16% annual growth rate, in 2014 it experienced 6.76% annual growth rate ,in 2015 it experienced a negative growth rate of -2.24% , while in 2016 it experienced a negative growth rate of -8.53%. Despite these fluctuations in the growth rate above the youth should see more than these fluctuations because these percentage of the annual contributions and growth rate is a pointer that there is more to be achieved and reflects more opportunity in among the activities within the industrial sector.

The service industry, this is another strategic industry in the Nigerian economy as a result of its annual contributions to GDP, which cannot also be over looked even if there are fluctuations in its annual

contributions. In 2012 the annual contributions to GDP was 50.48% which was higher in 2013 which projected 53.86% as its annual contribution to GDP. While in 2014 its annual contribution to GDP was 52.16% which reflects decrease in contribution to GDP compared to 2013, and in 2015 its annual contribution to GDP was 53.18% reflecting an increase compared to year 2014, while in 2016 the annual contribution recorded was 53.55% which was an increase compared to the previous year. Furthermore the annual growth of the service industry in 2012 experienced 3.97% annual growth rate, in 2013 the annual growth rate increase to 8.38%, and in 2014 the annual growth rate fell to 6.85%, and further decreased to 4.78% annual growth rate in 2015, while in 2016 it had a negative annual growth of -0.82%.

### **THE IMPLICATION OF THE RESEARCH TO NIGERIAN YOUTH**

There are presently strategic industrial sector in Nigeria under the non- oil sector which also contributes to the GDP asides the Oil Sector. The non-oil sector comprises of sub-sectors such as Agricultural, Industrial and Service sectors.

In agriculture it is made up of four sub-activities, namely: Crop Production, Livestock, Forestry and Fishing. These sub-activities are strategic to the agricultural sector so therefore youth should look into these sector to acquire skill to facilitate their self-employability in Nigeria.

In the industrial sector, there are 13 activities in the manufacturing and allied activities which makes up the category of industrial sector. It is comprised of Oil Refining, Cement, Food, Beverages and Tobacco; Textile, Apparel, and Footwear; Wood and Wood products; Pulp Paper and Paper products; Chemical and Pharmaceutical products; Non-metallic Products, Plastic and Rubber products, Electrical and Electronic, Basic Metal and Iron and Steel; Motor Vehicles and Assembly; and Other Manufacturing which was what drove the growth of this sector in different years within 2012 and 2016. Skills should therefore be acquired by youths in this sector to facilitate their self-employability which at a long run affects the annual growth rate of the manufacturing industry positively in Nigeria. The annual contributions and annual growth to GDP were as a result of activities from strategic industry within the service sector such as trade , construction, accommodation and food services, transportation and storage, information and communication , arts entertainment and recreation, finance and insurance services, real estate, professional scientific and technical e.tc. Therefore youths in Nigeria must endeavor to look at these activities within these sectors and acquire a skill in it to facilitate self-employability.

Furthermore in the service sector the annual contributions and annual growth to GDP were as a result of activities from strategic industry within the service sector such as trade , construction, accommodation and food services, transportation and storage, information and communication , arts entertainment and recreation, finance and insurance services, real estate, professional scientific and

technical e.tc. Therefore youths in Nigeria must endeavor to look at these activities within these sectors and acquire a skill in it to facilitate self-employability.

## **CONCLUSION**

Every Nigerian youth stands the chance to be self employed and must be encourage not to take entrepreneurial skill acquisition for granted. As reflected in this work there are opportunities for youth in the non-oil sector of the Nigerian economy which is made up of major sectors with strategic industrial activities such as in the Agricultural, Industry and service sectors., and acquiring entrepreneurial skills in them will be the key in facilitating their self-employability. Youth must also endeavor to build in themselves the entrepreneurial traits and characteristics such as passion, perseverance, persistence and willingness to work hard which will give any individual what it takes to operate a successful going concern.

## **RECOMMENDATIONS**

The following recommendations are made on how to achieve entrepreneurial skill acquisition as a facilitator of self-employability among Nigerian youths.

1. The government should establish more entrepreneurial training and workshop programs that would serve as a guide for the youth in the acquisition of entrepreneurial skill in other to facilitate their self-employability.
2. Government should ensure that the created entrepreneurial training and workshop fees are affordable.
3. Government should ensure that fair policies are put in place in other to encourage the youths involvement in the acquisition of entrepreneurial skills.
4. Facilitators of the entrepreneurial skill training and workshop program, must ensure that skill being taught to the youth match the requirements of the strategic industries.
5. Youth must be able to maintain entrepreneurial characteristics and traits so as to be successful.
6. Youth must be encouraged to read and seek for information so as to assist in their quest for entrepreneurial skills.

By following the above recommendation vigorously and carefully by Nigerian youths and through support in various forms of encouragement from the government and facilitators in entrepreneurial skill centre, it would lead to mass self-employability.

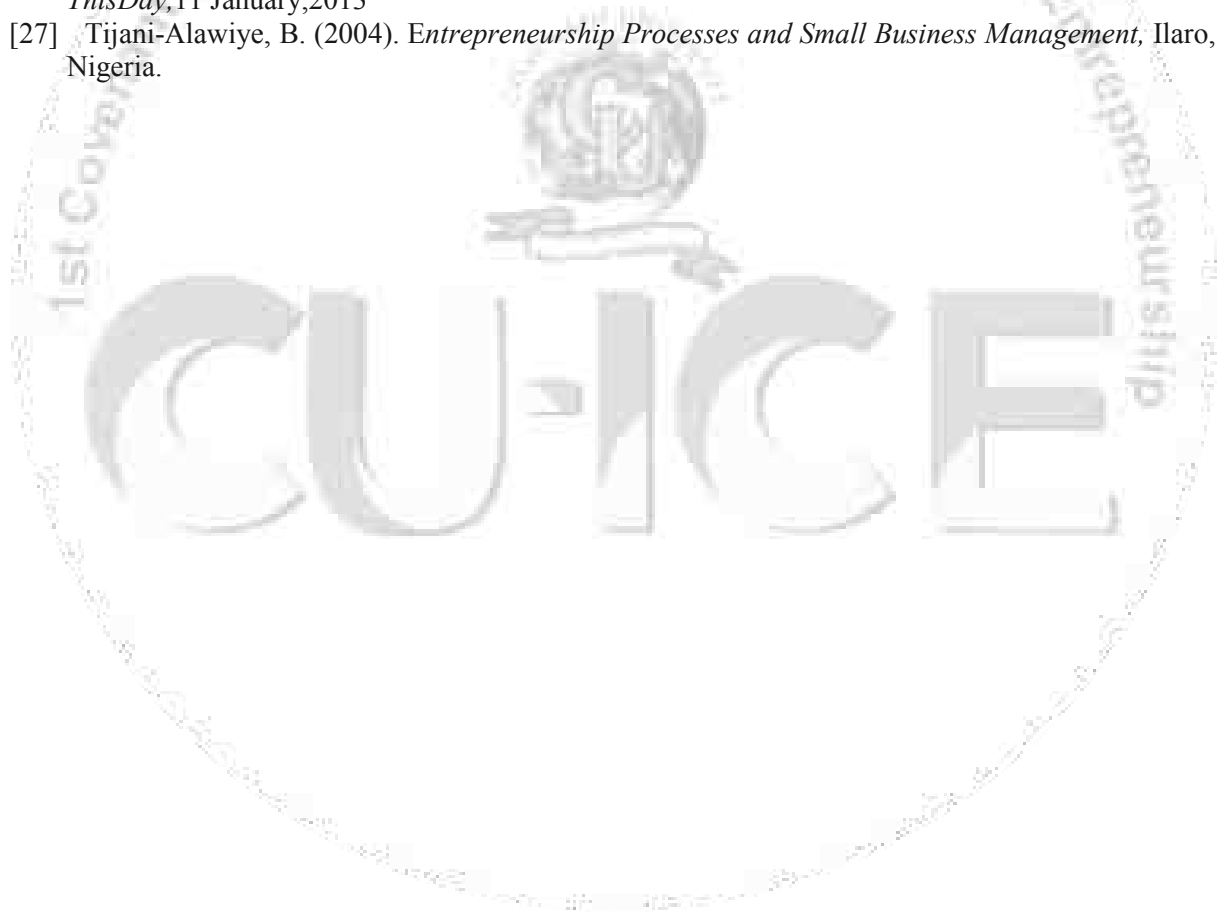
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# COMPETITIVE ADVANTAGE AND SMES PERFORMACE SELECTED STUDY IN IFE-NORTH LOCAL GOVERNMENT, OSUN STATE

ADEYEMI OMOLADE SUNDAY<sup>1\*</sup>, ADEYEMI KAYODE SAMUEL<sup>2</sup>, ADEYEMI  
OLUWATOYIN DAMILOLA<sup>3</sup>, ADEKANMI ADEREMI DANIEL<sup>4</sup>

<sup>1</sup>Department of Business Administration, Oduduwa University, Nigeria; <sup>3</sup>Department of Business  
Administration, Leadcity University, Nigeria; <sup>4</sup>Department of Accounting, Oduduwa University,  
Nigeria.

<sup>1</sup>[Omolade\\_adeyemi@yahoo.com](mailto:Omolade_adeyemi@yahoo.com) 08062658028\*, <sup>2</sup>[Katy\\_79@yahoo.com](mailto:Katy_79@yahoo.com),

<sup>4</sup>[adekanmiaderemi2000@gmail.com](mailto:adekanmiaderemi2000@gmail.com)

## **Abstract**

*The study examines competitive advantage and performance in some selected small and medium enterprises in Ife-North local government at Osun State, Nigeria with a view to determine, how SMEs react to rivalry and also how SMEs react to competitive advantage. Primary Source of data was employed for the study. Questionnaire was administered on owners of SMEs in Ife-North LGA in Osun State. Descriptive statistics was used to achieve the objectives and test hypothesis. Simple Random sampling techniques was used to arrive at sample size at 100 SMEs owners in the study area. The variables measure includes: Service Quality, Business Performance, Competitive Advantage. The findings shows that there is strong relationship between competitive advantage and SMEs performance at 0.718 coefficient. The ANOVA is significant at 0.008 which is less than 0.05. The study concluded that there is positive significant effect of competitive advantage and performance of SMEs in the Study Area. The study recommended that SMESs in the study area should endeavor to invest in ICT and embark on backward integration strategy.*

*Keywords: competitive advantage, resource-based view, Small and Medium Enterprise, performance.*

## **INTRODUCTION**

There has been a belief among economists and others that natural resources are a blessing which means that countries richly endowed with natural resources have an advantage over countries that are not. Natural resources endowments have helped many countries to grow and diversify, in part by providing a basis for developing associated technologies and capital goods industries (Gaitan and Roe 2005; Ding and Field 2004). That is why people moved to where natural resources were abundant<sup>1</sup> - for example to Australia and to oil-rich countries in the Middle East.

Since the end of World War II, the picture has been changed. Natural resources are less often a blessing. Many countries including Iraq, Nigeria, and many other mineral wealthy countries have not translated into economic and social well-being for the majority of the population (Sachs and Warner 2001). The Dutch disease<sup>2</sup> is perhaps the most well-known effect of natural resource rents on the real

economy. Another problem, of resource-rich economies is volatility, with cycles of boom and bust. Unless a resource-rich economy has a large non-resource based tradable sector to begin with, the uncertainty associated with cycles of boom and bust can reinforce a downward cycle (Gylfason and Zoega 2001).

The question raises is why there is a difference in performance across resource-rich countries. Successful management of a natural resource calls for a combination of policies and institutions. On the economic policy side, counter-cyclical stabilization policies have a critical role to play, as do policies that maintain the competitiveness. On the institutional front, institutions such as transparency, and checks and balances on the use of rents, that increase the costs of nonproductive activities can help countries to move away from rent-seeking equilibrium to more dynamic, diversified and growing economies (Toman 2003).

The competitive advantage as a conceptual framework is discussed. Additionally, the research problem, objective, questions and hypotheses are described with an overview to the contents of the discussion.

### **Competitive Advantage**

The importance of the service sector is reflected in its increasing contribution to many national economies. Although there are many economists who used the concept of competitive advantage before Porter, Porter's work (1979, 1980, 1985, and 1990) is still the starting point for any discussion of competitive advantage (Jones 2003). Straub and Klein (2001) and Barney (2002) argue that the term of competitive advantage did not appear in Porter's work until the year 1985, whereas Caves (1984), Day (1984), Spence (1984) and Barney (1986) used the term around the same times as Porter while Penrose (1959) and Ansoff (1965) used the concept of competitive advantage before that time.

### **Research Problem**

When understanding the concept of competitive advantage, Michel Porter has laid a clear foundation as the evolution of the competitive advantage is a function of the way the firm organizes and manages the activities. Organizations create value through these activities. He explained that the competitive advantage can be gained by offering more value to the customers than competitors (Passemard and Kleiner, 2000). The fundamental question in business is how firms achieve and sustain competitive advantage. Another distinct class of approaches emphasizes building competitive advantage through capturing entrepreneurial rents stemming from fundamental firm level efficiency advantages. These approaches have their roots in a much older discussion of corporate strengths and weaknesses; they have taken on new life as evidence suggests that firms build enduring advantages only through efficiency and effectiveness, and as developments in organizational economics and the study of technological and organizational change become applied to strategy question. Small businesses can also achieve product differentiation by providing service offerings that other, larger business may not



offer or provide effectively. These services could include product delivery and installation, repair or warranty work, and even customer training. At the same time when some larger companies begin to scale back these types of services or begin to charge higher prices for them, smaller businesses could develop competitive advantage by means of offering these services. This study therefore, sought to investigate competitive advantage and SMEs performance in Nigeria.

### **Research Objectives**

The broad objective of the research is to discuss competitive advantage and its effect on Small and Medium Enterprise (SMEs) performance. These factors are determined from Porter's diamond (1990), and Porter's five competitive forces (1979, 1980, 1985).

The specific objective is:

- To analyze the impact of the ICT on the competitiveness of SMEs.
- To analyze rivalry among SMEs in a LGA
- To analyze how small business, react to competitiveness

### **Research Questions**

This research work provide answer to the following questions;

- How does SMEs react to competitive advantage?
- How does rivalry among SMEs affect product performances?
- How can the SMEs benefit from the ICT in order improve their competitive advantage?

### **Hypotheses**

In view of the aforementioned questions, the research examines the following hypotheses:

- H<sub>1</sub>: Higher the service quality greater the competitive advantage in service providing SMEs.
- H<sub>2</sub>: Service quality is positively related to business performance.
- H<sub>3</sub>: Higher the competitive advantage better the business performance of service providing SMEs.

## **LITERATURE REVIEW**

### **Competitive Advantage as a Conceptual Framework**

Competitiveness, as explained by Porter (1990), can be defined at three levels: firm, industry and nation. Measures of the competitiveness at the firm level include firm's profitability, firm's exports, and market share (JMOP 2003). Measures of the competitiveness at the industry level include the firms' profitability, the industry's trade balance, and the balance of outbound and inbound foreign

direct investment (JMOP 2003). While at the national level, competitiveness means the citizens' ability to achieve a high and constantly rising standard of living. A high and rising standard of living for all nationals can be sustained by the continuous improvement of productivity (Porter 1990).

### **Porter's Five Forces**

Porter (1979, 1980, 1985) explains the existence of the above-normal profit as an indicator of the firm's competitive advantage. His starting point was the "Structure Conduct-Performance (SCP)" paradigm (Van Gils 2000). In this paradigm, the industry structure determines the firm's conduct (e.g. pricing, advertising), which in turn determines the economic performance. Porter interpreted this line of thought by substituting conduct with strategy, and argued that the firm performance is dependent on the industry structure. Porter (1985) explains that the industry structure is relatively stable, but can change over the time as an industry evolves and the strength of the five competitive forces varies from one industry to another. The five forces determine the industry profitability because they influence the price, cost, and the required investment of the firms in an industry. These competitive forces are the entry of new competitors, the threat of substitutes, the bargaining power of buyers, the bargaining power of suppliers, and the rivalry among the existing competitors (Porter 1979).

#### **❖ Generic Strategies**

Porter (1979, 1980) determines three generic strategies firms can possess: the cost leadership, differentiation and focus. Sources of cost advantage, likely to be rare, include learning-curve economies, differential low-cost access to factors of production, and technology. Firms can differentiate their products in different ways: product features, linkages between functions, timing, location, product mix, links with other firms, product customization, product complexity, consumer marketing, distribution channels, service and support, and reputation. Firms focus on a particular market niche, and company resources are devoted to maintain market leadership in that niche.

The extent of the ICT threats will be dependent on the particular market a firm operates in. Generally the threats seem to be greatest for firms currently sell through retail distributors and have products that can be readily delivered to customers across the Internet or via parcel courier (Chaffey 2002).

#### **❖ Value Chain**

The value chain describes the full range of activities which are required to bring a product or service from conception, through the different phases of production, delivery to final consumer, and final disposal after use (Porter 1985). Competitive advantage grows out of the way as firms organize and perform discrete activities. The performed activities, when competing within a particular industry, can be grouped into categories, as these activities can be divided broadly into primary activities and support activities. Primary activities are those involved in the ongoing production, marketing,

delivery, and servicing of the product whereas support activities are those that provide purchased inputs, technology, human resources or the overall infrastructure functions supporting the other activities (Porter 1985). Some of the strengths of value chain analysis are:

- Benchmarking the strengths and weaknesses of the SMEs.
- Highlighting the systemic interconnectedness of individual enterprises and linking in the chain. The SMEs can be interconnected in two main ways, either horizontally (with other SMEs, producing similar products) or vertically in value chains.
- Throwing light on the manner in which producers are connected to global markets. This is particularly the problem for the SMEs, since by their size, they are required to sell through intermediaries.

The SMEs in developing countries often find themselves in a double bind through participating in global value chains. These SMEs suffer from a real technology deficit in the broad sense. Developing economy SMEs often simply do not have access to the necessary resources, equipment, materials and professional management skills. Thus, the impact of globalization on the SMEs in developing countries is thus ambiguous. It opens up opportunities to benefit from integrating into global value chains. On the other hand, it raises the barriers to entry into the global value chains.

The ICT enables value networks to be created that enable the value chain to be dynamically updated in response to marketplace variables. As well, the value chain can be revised by disaggregation or re-aggregation. Disaggregation may involve outsourcing inside activities to external parties.

### **Definitions of Competitive Advantage**

Competitiveness of a firm is its capacity to achieve its targets. These targets are likely to be expressed in a variety of terms depending on the context (Barney 2002). Within a macroeconomic perspective, a competitive firm develops and sustains a level of performance that contributes to the Gross Domestic Product (GDP), employment opportunities, and the wealth of the people. From an entrepreneurial perspective, a competitive firm needs to survive in the market and to achieve market share and profitability. The success of a competitive firm can be measured by both objective and subjective criteria. Objective criteria include return on investment, market share, profit and sales revenue, while subjective criteria include enhanced reputation with customers, suppliers, and competitors, and improve quality of delivered services (Barney 2002).

Barney (2002) discusses four approaches to measure the firm's competitiveness. These measurements are firm's survival, stakeholder approach, simple accounting measures, and adjusted accounting measures. Feurer and Chaharbaghi (1994) measure competitiveness quantitatively by profit, ability to raise capital and cash flow in terms of liquidity status. Soliman (1998) adds cost, quality, delivery

dependability, flexibility and innovation as factors formulating such a competitive position. M. Porter (1985) indicates that a firm experiences a competitive advantage when "its actions in an industry create economic value and when few competing firms are engaging in similar actions." De Wit and Meyer (1999), Buffam (2000), and Christensen (2001) indicate that a firm has a competitive advantage when it has the means to edge out rivals when competing for the favor of customers.

Barney (2002) explains that a firm experiences a competitive parity when the firm's action creates economic value applied in several other firms engaging in a similar action. An important goal of a business enterprise is to optimize shareholders returns. However, optimizing short-term profitability does not necessarily ensure optimal shareholders returns since shareholder value represents the net present value of expected future earnings. One of the techniques that reflect the shareholders return is the concept of the Balanced Score Card (BSC) as an indicator for the firm's competitive advantage.

## **THEORETICAL FRAMEWORK**

Resource-based theories of strategy have become increasingly influential in the recent years and most writers take their inspiration from the work of Penrose (Foss 1997; Rangone 1999). Whereas Porter (1980) intended to see the competitiveness of the firm as a result of its market position, resource-based theorists do claim that if firms within an industry are doing well, the reason for this is their core competencies. Core competencies are the collective learning in the organization, especially how to coordinate diverse production skills and integrate multiple streams of technologies as explained by Prahalad and Hamel (1990).

Prahalad and Hamel (1990) focus on the resources, capabilities and competences of the organization as the source of competitive advantage rather than the environment, as in the traditional approach. Edith Penrose, in her work 'The Theory of the Growth of the Firm (1959) is often credited with the idea of the resource-based view. Also the work of Philip Selznick (1957) stressed the role of distinctive competences and Alfred Chandler (1962) demonstrated the importance of organizational structure in the utilization of a firm's resources. Wernerfelt (1984), and Rumelt (1997) adopt the resource-based view. Senge (1990) and Argyris (1994) stress the acquisition of competences through internal mechanisms of individual and collective learning, while Hamel and Prahalad emphasize strategic tools like alliances, licensing, mergers and acquisitions.

A study of the SMEs in the Netherlands adopted a resource-based approach to identify the source of competitive advantage in a sample of 63 firms representing manufacturing and service sectors (Tilley and Tonge 2003). According to this study, "front runners" were distinguished from "back members" by the way in which they combined three sets of competencies: market, technological and organizational. Wickham (2001) also apply the resource-based theory in their analysis of competitive advantage in entrepreneurial firms.

The resource-based theory becomes more and more subject of critique under the pressure of globalization. Some of these critiques are:

- The most important problem to the resource-based view is the lack of a clear and coherent treatment of dynamics; it does not theorize the mechanisms underlying the creation of new resources (Barney 2002).
- The theory may be criticized for being tautological. This approach is one-sided and thus in danger of neglecting the environment which is still critical to the organizations' survival (Van Gils 2000).
- The application of the resource-based approach to the strategic management of the small firms has been limited. Rangone (1999) argues that the application of the resource-based approach to small firms has to take account of small-firm characteristics.

Using the value chain as the conceptual framework, Bretherton and Chaston (2005) show how small and medium-sized wineries use their resources and how they access other resources by using strategic alliances. The wineries have engaged in strategic alliances, rather than structural ties, at various stages of the value chain, to gain access to scarce resources and capabilities. There is clear evidence that the over-performers have had access to adequate resources, which has led to sustainable competitive advantage and superior performance.

## **METHODOLOGY**

### **Area of Study**

This study is conducted in Ife–North Local Government Area of Osun State, where Obafemi Awolowo University is situated.

### **Research Design**

The study uses both the descriptive statistics and inferential statistics to establish the relationship between competitive advantage and SMEs performance in the study area.

### **Population of the Study**

The target population of the study focuses on all SMEs in Ife – North LGA, Osun state, Nigeria

### **Sample Size and Sampling Procedure**

The sample size is made up of 100 SMEs owners in the study area. The SMEs owners were selected from the over 250 SMEs

## Sources of Data Collection

Both primary and secondary data were collected. The study made use of questionnaire research survey method.

## Measurement of Variables

According to the above research framework, service quality, competitive advantage and the business performance are the main constructs. In order to measure each of these variables five-point likert scale statements ranging from strongly agree to strongly disagree were used based on the prevailing literature. Indicators to measure service quality were adopted from the model developed by Parasuraman et al. (1985) as cited by Barbara (2010), Daniel and Berinyuy (2010), Pauline and Pauric (1999).

**Table 1: Indicators of Service Quality**

| Variable       | Indicators   |
|----------------|--|
| Reliability    | The firm performs its services without errors.<br>Firm services are performed within the promised time.<br>Firm employees show sincere concern in solving my problems<br>The firm correctly performs a service from the very first time.<br>The firm performs a service exactly as promised. |
| Responsiveness | Employees quickly respond to my requests.<br>Employees are always willing to help.<br>Employees are quick in eliminating potential errors.<br>In the firm I do not spent much time waiting in line.<br>Assurance   |
| Assurance      | Firm employees tell me exactly when a service will be performed.<br>Employees are trustworthy.<br>Employees are kind and polite.<br>Employees are knowledgeable enough to reliably respond to my questions.  |
| Empathy        | Employees know to advise me what would be the most proper service for my specific needs.<br>The firm considers my wishes and needs.<br>Employees show understanding of my specific needs.  |
| Tangibles      | Offices are visually appealing<br>The firm has modern-looking technical equipment.<br>Employees are suitably dressed and neat, considering the work they perform.  |

Source: Personal Survey, 2017

**Table 2: Indicators of Competitive Advantage**

| Variable               | Indicators   |
|------------------------|--|
| Price/cost             | We offer competitive prices.<br>We are able to offer prices as low or lower than our competitors.  |
| Quality                | We are able to compete based on quality.<br>We offer products that are highly reliable.<br>We offer products that are very durable.<br>We offer high quality products to our customer.     |
| Delivery dependability | We deliver the kind of products needed.<br>We deliver customer order on time.<br>We provide dependable delivery  |
| Product innovation     | We provide customized products.<br>We alter our product offerings to meet client needs<br>We respond well to customer demand for “new” features.   |
| Time to market         | We deliver product to market quickly<br>We are first in the market in introducing new products.<br>We have time-to-market lower than industry average<br>We have fast product development. |

**Source: Personal Survey, 2017**

### Analysis and Results

Business performance was measured using trend of annual sales, annual profits, employee growth, market share and the investment to the business over the last three years from 2012-2016. Therefore, the owner/managers were asked to indicate the trend of each of these indicators during last three years as “Highly increased”, “Increased”, “Moderate”, “Decreased” and “Highly decreased” using 5-point scale. Following table shows the no. of establishments and the persons engaged in service providing SMEs in Ile Ife, Osun State of Nigeria. In order to test the hypotheses in this study Ile Ife district was selected due to higher no. of establishments. Therefore, the operational population for the study consists of service providing SMEs in Ile Ife district in where the no. of employees serving from 3 to 20.

**Table 3: Classification of respondents Businesses**

| District   | Small (3-10)          |                       | Medium (11-30)        |                       |                     |
|------------|-----------------------|-----------------------|-----------------------|-----------------------|---------------------|
|            | No. of establishments | Persons Engaged (No.) | No. of establishments | Persons Engaged (No.) | Total establishment |
| Ile Ife    | 50                    | 20                    | 30                    | 77                    | 80                  |
| Inside OAU | 55                    | 60                    | 15                    | 22                    | 70                  |
| Sabo Area  | 52                    | 22                    | 5                     | 30                    | 57                  |

**Source: Personal Survey, 2017**

Data were collected through a structured questionnaire mailed to owner/managers of all the SMEs in Ile Ibe and its environment. There were 125 completed and usable questionnaires representing 16.8% response rate. Further, the data will be analyzed using both descriptive and inferential statistical methods.

### Regression

**Table 4: Variables Entered/Removed<sup>a</sup>**

| Model | Variables Entered  | Variables Removed | Method |
|-------|--|-------------------|--------|
| 1     | respondent cost reduction, respondent response question on focus leadership, respondents response to area of major threats, di, respondent response to infrastructure availability question, respondent response to sophisticated customer question, respondent customer satisfaction, respondent response question on differentiated, respondent response to economic question, respondent response to area of no threat <sup>b</sup> |                   | Enter  |

a. Dependent Variable: respondent market share

b. All requested variables entered.

**Table 5: Model Summary**

| Model | R                 | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|-------------------|----------|-------------------|----------------------------|
| 1     | .718 <sup>a</sup> | .516     | .349              | .835                       |



a. Predictors: (Constant), respondent cost reduction, respondent response question on focus leadership, respondents response to area of major threats, di, respondent response to infrastructure availability question, respondent response to sophisticated customer question, respondent customer satisfaction, respondent response question on differentiated, respondent response to economic question, respondent response to area of no threat

**Table 6: ANOVA<sup>a</sup>**

| Model |            | Sum of Squares | df | Mean Square | F     | Sig.              |
|-------|------------|----------------|----|-------------|-------|-------------------|
| 1     | Regression | 21.561         | 10 | 2.156       | 3.093 | .008 <sup>b</sup> |
|       | Residual   | 20.214         | 29 | .697        |       |                   |
|       | Total      | 41.775         | 39 |             |       |                   |

a. Dependent Variable: respondent market share

**Table 7: Coefficients<sup>a</sup>**

| Model |   | Unstandardized Coefficients |            | Standardized Coefficients | t     | Sig. |
|-------|---|-----------------------------|------------|---------------------------|-------|------|
|       |   | B                           | Std. Error | Beta                      |       |      |
| 1     | (Constant)  | -.470                       | 1.503      |                           | -.313 | .757 |
|       | respondent response to economic question                    | -.022                       | .106       | -.032                     | -.207 | .837 |
|       | respondent response to infrastructure availability question | -.099                       | .119       | -.135                     | -.833 | .412 |
|       | respondent response to sophisticated customer question      | .116                        | .106       | .160                      | 1.092 | .284 |
|       | respondents response to area of major threats               | -.066                       | .205       | -.051                     | -.322 | .750 |
|       | Di  | .120                        | .209       | .081                      | .573  | .571 |
|       | respondent response to area of no threat                    | .280                        | .206       | .225                      | 1.358 | .185 |
|       | respondent response question on differentiated              | -.052                       | .187       | -.040                     | -.276 | .785 |
|       | respondent response question on focus leadership            | -.079                       | .183       | -.061                     | -.434 | .667 |
|       | respondent customer satisfaction                            | .343                        | .178       | .280                      | 1.923 | .064 |
|       | respondent cost reduction                                   | .660                        | .185       | .556                      | 3.569 | .001 |

a. Dependent Variable: respondent market share

## Discussion

Factor analysis was conducted for the Service quality and Competitive Advantage using principal component method (factor extraction with Varimax rotation). The results showed that Kaiser-Meyer-Olkin (KMO) measure of sample adequacy is greater than 0.5 and the significance values of Bartlett's Test of Sphericity equal to 0.000. Cronbach's alpha was used to measure the internal consistency among indicators and the Cronbach's alpha values for the Service quality and Competitive Advantage and the business performance were greater than 0.7.

**Table 8: Service Quality and competitive advantage in service providing SMEs**

|                 |                     | Competitive Advantage | Price/cost | Quality | Delivery dependability | Product innovation | Time to market |
|-----------------|---------------------|-----------------------|------------|---------|------------------------|--------------------|----------------|
| Service Quality | Pearson Correlation | .785                  | .783**     | .495**  | .798**                 | .789**             | .611**         |
|                 | Sig. (2-tailed)     | .000                  | .000       | .000    | .000                   | .000               | .000           |
|                 | N                   | 125                   | 125        | 125     | 125                    | 125                | 125            |

**\*\*.** Correlation is significant at the 0.01 level (2-tailed).

### Source: Survey data (2015)

According to the table no.8, Pearson correlation values between Service quality and competitive advantage are .000 (less than 0.005) and the correlation is significant at 0.01 level of significance proving that there is a strong and positive correlation between Service quality and competitive advantage. Accordingly, supports the hypothesis H<sub>1</sub>: Higher the service quality greater the competitive advantage in service providing SMEs.

**Table 9: Service quality and Business Performance.**

|                 |                     | Business Performance | Annual sales during last three years | Annual profits during last three years | Employee growth during last three years | Market share growth during last three years | Investment to the business |
|-----------------|---------------------|----------------------|--------------------------------------|--|---|---|----------------------------|
| Service Quality | Pearson Correlation | .685                 | .743**                               | .545**                                 | .672**                                  | .686**                                      | .704**                     |
|                 | Sig. (2-tailed)     | .000                 | .000                                 | .000                                   | .000                                    | .000  | .000                       |
|                 | N                   | 125                  | 125                                  | 125                                    | 125                                     | 125   | 125                        |

**\*\* Correlation is significant at the 0.01 level (2-tailed).**

**Source: Survey data (2015)**

According to the above table, Pearson correlation values between Service Quality and overall business performance and the each indicator of Business Performance shows .000 (less than 0.005) supporting the hypothesis H<sub>2</sub>: Service quality is positively related to business performance.

**Table 10: Service quality and Business performance.**

|                       |                     | Business Performance | Annual sales during last three years | Annual profits during last three years | Employee growth during last three years | Market share growth during last three years | Investment to the business |
|-----------------------|---------------------|----------------------|--------------------------------------|--|---|---|----------------------------|
| Competitive Advantage | Pearson Correlation | .802                 | .688**                               | .745**                                 | .625**                                  | .762**                                      | .744**                     |
|                       | Sig. (2-tailed)     | .000                 | .000                                 | .000                                   | .000                                    | .000  | .000                       |
|                       | N                   | 125                  | 125                                  | 125                                    | 125                                     | 125   | 125                        |

**\*\* Correlation is significant at the 0.01 level (2-tailed).**

**Source: Survey data (2017)**

According to the above table, Pearson correlation values between Competitive advantage and the overall business performance and each indicator of Business Performance shows .000 (less than 0.005). It is significant at 0.01 level of significance supporting the hypothesis H<sub>3</sub>: Higher the competitive advantage better the business performance of service providing SMEs.

### **Recommendation**

The study recommends that small business owners should be trained more on using strategic management tools such as SWOT analysis, BCG matrix etc. to be able to advance the performance of their business and also to make use of expert in strategic management.

### **CONCLUSION**

This paper intends to review the existing literature about the service quality, competitive advantage and the business performance. Further, it focuses on how the businesses are offering service quality to gain competitive advantage and to ensure business performance. In order to address the above relationship, the hypotheses are derived based on the empirical evidences of the service quality literature. The study has selected the service providing SMEs in Colombo district in order to test the above hypotheses. The results of the data analysis showed that all the hypotheses are supported at 0.01 level of significance. The results provide meaningful insight for the owner/managers of service providing SMEs in Ile Ife and its environment highlighting the importance of adhering to service quality. As long as they improve the level of service quality they can achieve greater competitive advantage and higher business performance in the long run, which in turn ensures the survival of the SMEs too.

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# MODERATING EFFECT OF TRAINING TRANSFER ON THE DETERMINANTS OF ENTREPRENEURIAL PERFORMANCE AMONG MICRO, SMALL AND MEDIUM ENTERPRISES (MSMEs) OWNERS IN LAGOS STATE, NIGERIA

KABIRU ISHOLA GENTY<sup>1</sup> & OLUFEMI KAYODE AWE<sup>1</sup>  
Lagos State University, Ojo Lagos Nigeria  
Industrial Relations & Personnel Management Department<sup>1</sup>  
[ishola.genty@lasu.edu.ng](mailto:ishola.genty@lasu.edu.ng), [kayode\\_awe@gmail.com](mailto:kayode_awe@gmail.com)

## **Abstract**

*This study examines the moderating effect of training transfer on the determinants of entrepreneurial performance among micro, small and medium enterprises (MSMEs) owners in Lagos State, Nigeria. The study adopted a quantitative approach using a cross-sectional descriptive survey while Cochran (1977) formula for sample size determination was used to calculate for the sample size. Structural Equation Modelling (SEM) approach and Multi-Group Analysis are utilised to test the stated research hypothesis. Prior to full utilisation of the model, the researcher ensure the model meet the acceptable goodness-of-fit indices:  $X^2$  (CMIN) = 387.238 (DF = 196), Relative  $X^2$  (CMIN/DF) = 1.976, AGFI = .870, GFI = .899, CFI = .939, IFI = .939, TLI = .928 and RMSEA = .056. The structural model revealed that the relationship between personal qualities, business competencies, and environmental factors are moderated by training transfer in the study with measurement residual  $X^2$  greater than unconstrained  $X^2$  based on model comparison output  $\Delta X^2$  (CMIN) = 140.931;  $\Delta df$  = 57;  $p$  = .000. Therefore, there is a presence of moderation effect of training transfer on the determinants of entrepreneurial performance in the overall model.*

**Keywords:** Business Competencies, Environmental Factors, Entrepreneurial performance, Nigeria, Personal Qualities and Training Transfer.

## **Introduction**

There exist a number of factors that are important and influential in impacting the emergence, practice, training development and performance of the entrepreneurs, particularly among the micro, small and medium enterprises (MSMEs) owners and the entrepreneurial businesses general. Many studies have attested to the central importance of the environmental or contextual factors including family, cultural, social economic, political, psychological and technological acting independently or in combination to shape the performance of business owners (Genty, Idris, Wahat, & Kadir, 2015; Hisrich, 2008; Ibeh, 2004; Ogundele & Opeifa, 2003).

In Nigeria, and Lagos State in particular despite the significance and contributions of micro, small and medium enterprises to the national economy, many problems and constraints still exist in promoting their development and growth which in variably affect the performance of the owners. This, in turn led to the dwindling in the number of MSMEs in Nigeria (Genty & Khairuddin, 2014). The declines were attributed to poor personal traits of entrepreneurs in Nigeria, under developed human resources, and the harsh operating business environment (Adebisi & Oni, 2012; Eneh, 2010). In addition, MSMEs failures particularly in emerging economies has been attributed to lack of preparedness as a result of inaccurate entrepreneurial training transfer and lack of basic education on entrepreneur skills (Ishola, Idris, & Akmaliah, 2014).

However, no particular literature at the time of conducting this study observed the moderating influence or effect of training and development transfer on the determinants of entrepreneurial performance. Therefore, this study take up the responsibility of establishing the moderating effect of training transfer on the relationship between business competencies, environmental factors, and personal qualities of MSMEs owners on their performance in Nigeria.

## **Review of Relevant Literature and Theoretical Framework**

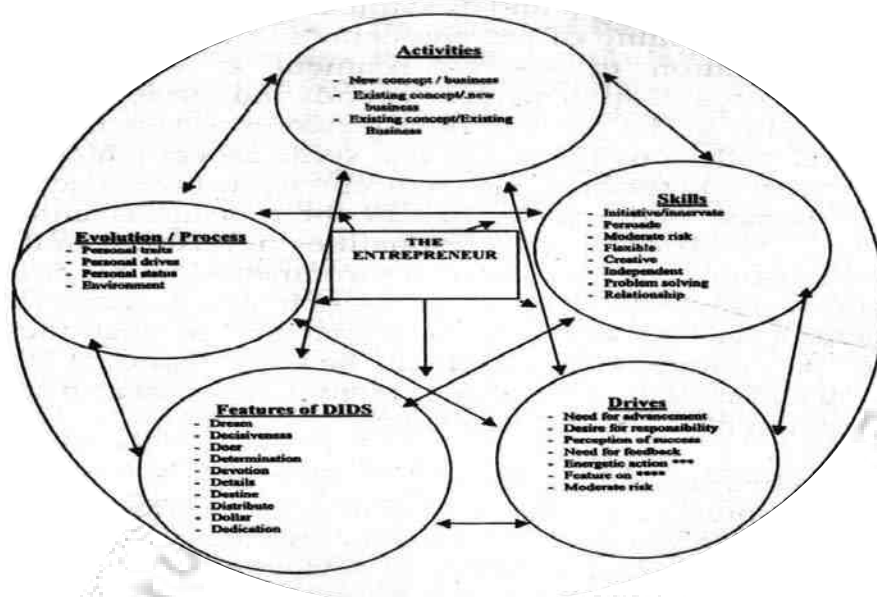
### **Determinants of Entrepreneurial Performance**

Several theories which can be described as psychological, sociological, cultural, economic, political and historical have been developed to explain the path of emergence, behaviours and performance of the entrepreneur, as well as the impact of environmental influences on the process of entrepreneurship. The environment as operationally defined, refers to the external and internal factors that affect and interface the emergence of individual MSMEs business owners and entrepreneurial organizational activities, in terms of vision, mission, strategies, decision system, performance and competitiveness. The psychological theory emphasizes the personality traits such as need for achievement, power, desire for accomplishment, personal locus of control, flexibility, thriftiness, risk taking and ability to perceive opportunities and threats (Dr.Siong-Hoy, Chong & Wendy Ming-yen, 2007; Drucker, 1985; Miron & McClelland, 1979).

The socio cultural theory sees entrepreneurship as a role and its development as a function of forming society and characteristics with culture. Such cultural environments have aided entrepreneurship by providing for business ideas, valuable information, resources, opportunities, social relations network and other supports that directly and positively influence the process not emergence, behaviours and performance of the entrepreneurship. For the economic theory, the entrepreneurship is the man who perceives business opportunities and takes advantage of scarce resources and the structure of economic incentives available in the market which have influence the emergence, behaviours and performance of the entrepreneur (Schumpeter 1943, Drucker 1985). The historical theory considers the past historical events as independent variables on emergence and performance of the entrepreneurship (Akeredolu-Ale, 1975; Hisrich, 2008).

The development theory deals with occupational choice and development of entrepreneurial skills, which includes training designs and transfer of skills and competencies in opportunity awareness of relevant public, technology, market and dealing with government agencies at micro level. Here, attitudinal and behaviour changes, motivation, education, human capital development and work experience and orientation act as determinants of effective entrepreneurship (Akeredolu-Ale, 1975; Hisrich, 2008). The experiential theory emphasis the varied exposure of the individual in a social, occupational and other environment that enables the entrepreneur acquire skills knowledge and insist to run organisation successful (Global Entrepreneurship Monitor (GEM), 2015; Ibeh, 2003; Kilby, 1971; Unger, 2006). In the same vein, the managerial theory focuses on the perception of market opportunities, managerial and operation skills, strategic management practices all with direct positive influence on the part of the entrepreneurship process (Kabiru Ishola Genty & Khairuddin Idirs, 2014; Kilby, 1971; Osuagwu, 2001). The innovation theory consider the development of new products services and ideas thus giving enterprises forms of producing capacity (Schumpeter 1943 Drucker 1985, Kilby 1965).

## Model of entrepreneurial process for personality skills and development



**Figure 1**

**Source:** Developed by Ogundele O.J.K et.al “entrepreneurship and environment” in Folarin B.A and Ogundele J.K edited *environment value and policies in Nigeria A book of readings*.

The above is a model of the entrepreneurial process that focuses on developing relevant personal traits and skills in the entrepreneurs or business owners. There are five broad categories of such personal levels skills shown in Figure 1. The relevant issues, activities, skills drives, are ten sets of Ds, and the evolution of the individuals. Each of these five categories has several elements which if properly developed and transferred in the entrepreneurs and business owners will make them effective achievers. The evolution process clearly brings out the relevance of the environment in that can be simulated in training and the development of the entrepreneurial personality. In essence the activities, skills, drives, personal status are all affected by the transfer of training and acquire skills and competences undertaking in similar entrepreneurial environment.

Sánchez (2013) refers to entrepreneurial training as entrepreneurship programmes that focus on the teaching of basic entrepreneurial skills, practice, business plan and the interaction of these components with practitioners in order to improve competencies and intentions of becoming business owners. Therefore, entrepreneurs and business owner are agents of economic, social and technological changes in society. They are business leaders who are concerned with exploiting business opportunity for profits and economic development. A nation that values human capital development must establish and organised training and development programmes that will churn out large number of entrepreneurs. They should be equipped with relevant and adequate attributes, skills and competencies for initiating and managing their businesses efficiently and effectively.

Training is concerned with the appropriate design implementation, acquisition and transfer of skills, specific knowledge, attitudinal changes techniques for competencies and business process as well as development experiences, which are required to perform particular jobs, production or services (Idris, Azril, Shaffril, Silva, & Man, 2013; Nwanaka & Samuel, 2011). Thus, it involves systematic process of training and growth, through which the individuals and business owner gain, apply and effectively transfer skills. Knowledge insight and attitude to manage work structures and business enterprises effectively with consequential effects on business and national economic growth are development (Genty et al., 2015).

Ladzani & van Vuuren (2002) argued that all organisation irrespective of its size need training for its employees, in order to meet up with the rapid changing circumstances especially the small business. Doing so could help owner/managers of small business to learn how to approach certain problems,



save time and money as well as become aware of certain rules and procedures to overcome difficulties. The scholars posit that useful training might include motivational, business, and entrepreneurial skills training but pointed out that majority of the training institutions only conduct training on one area without necessarily looking at the transfer of the training.

### **Transfer of training**

Transfer of Training' has been defined as the effective and unending application of the knowledge and skills gained by the trainee during and after training to their jobs. There are two facets to the transfer of training. The first is application that is the trainees immediately applies all that they have learnt in training to their jobs, while the second is the practice that is with practice on the job, the trainees' level of skill will increase (Friensen, kaye and Associates, 2009). Initial research on the transfer of learning was steered by theories that accentuated the likeness between conditions of learning and conditions of transfer.

Training transfer is grounded on three major adult learning theories namely self-directed, situated cognition, and transformational learning (Toll, 2004). These three theories of adult education gave the basic principles and practices that need to be followed to enhance transfer learning efforts. Adult learning theories are typically addressing the learner, the context, and the learning process (Chen, 2003; Toll, 2004; Zhang, 2012). Self-directed learning theory supports the importance of individual learner's characteristics whereby the learner's autonomy, motivation, attitudes and experience are acknowledged. Self-directed learning is characterised with learner-centred training programme design where learner acquired knowledge, skills and attitudes by doing itself. That is, allows for autonomous learning through introvert and extrovert mechanisms as well as recognise the significance importance of the socio-cultural or organisational context of learning (Huang, 2010).

Transfer of training has also been categorized in terms of 'near transfer' and 'far transfer'. Near transfer of skills and knowledge talks about the replication of the earlier assimilated knowledge and skills in all identical circumstances based on Thorndike's theory of 'identical elements' while 'far transfer' is otherwise. One of the foremost glitch organizations are faced with today is the failure of employees transferring the training they have acquired to their workplace / works setting. In this study, however, there is scanty research on training transfer in the context of entrepreneurship studies. Surprisingly, no empirical study has been able to systematically investigate the moderating effect of training transfer on the relationship between the determinants and entrepreneurial performance in Nigeria context. Thus, this study hypothesised that:

*H<sub>0</sub>: Training transfer moderate the relationship between personal qualities, business competencies, and environmental factors on entrepreneurial performance among the manufacturing micro, small and medium enterprises (MSMEs) owners in Lagos state, Nigeria.*

### **Theoretical Framework**

From the resource-based view of strategic management perspective, it is evident that firm-specific factors such as human capital are important in determine firm performance (Iakovleva, 2002). However, there are mixed results on firm performance from individual, organisational, and environmental level of analysis. Thus, using the constructs such as personal qualities, business competencies, and environmental munificence factors in determine entrepreneurial performance might be inconclusive or rather yield mixed findings. Therefore, the key to every entrepreneurial performance supposed to come from human resource and the entrepreneurs themselves (Rosli & Mahmood, 2013). This is because human resources provides a rare and incomparable source of competitive advantage and firm performance than other resource-based views (Busenitz & Barney, 1997). Similarly, human beings are at the centre stage of any organisation to achieve its goals and objectives, irrespective of the firm size, structure, strategies and other organisational level of analysis adopted.

Therefore, the significant of training cannot be underestimated in entrepreneurial performance debate. In today's knowledge-economy, creativity and capacity of entrepreneurs makes them to compete favourably. Thus, these creativity and capability can be acquired and improved through education,

training and experience which can eventually lead to firm performance. The lack of training transfer has been attributed to trainees characteristics, training design and delivery, and work environment influences (Baldwin & Ford, 1988). Therefore, there is serious need for human resource development researchers and practitioners to focus on designing intervention programmes that will support individual, team and organisational performance as a core issue of HRD (Burke & Hutchins, 2007).

### **Methodology**

In this study, descriptive survey research design was adopted to elicit for data among the registered 1,195 existing micro, small and medium enterprises (MSMEs) owners in Lagos State, Nigeria (NBS/SMEDAN, 2010). In the study because the population of MSMEs owners is known, Cochran (1977) formulae was utilised which estimated the sample size to 437 MSMEs. This figure was proportionately distributed among the 5 divisions in Lagos State namely Ikeja, Badagry, Ikorodu, Lagos Island and Epe.

A multistage cluster sampling techniques was employed to draw a representative sample size. The method is the combination of stratified and cluster sampling techniques as well as the involvement of simple random. The researchers ensure that the participants are the founder or CEO of the MSMEs in order to elicit for first-hand information. Five instruments were adopted and used in the study to measure the constructs under study. An instrument developed by Chu, Hung M., Orhan Kara (2008) was used to measure entrepreneurial performance, while a modified scale of Entrepreneurial Attitude and Orientations (EAO) design by Robinson et al. (1991) was used to measure personal qualities. Similarly, Maharati & Nazemi (2012) instrument on competencies was adopted and used to measure business competencies in the study, meanwhile modified version of environmental munificence factor developed by Tang (2008) was adapted to measure environmental factors. Finally, the moderator which is 'training transfer' was measured with the adapted scale of Learning Transfer System Inventory (LTSI) developed by Holton III et al. (2000).

All the instruments are in 5 Likert scale ranging from strongly disagreed to strongly agree. The Cronbach Alpha reliability of the instruments was above cut-off point 0.7. The questionnaires were administered to the respondents for a period of four months. Three hundred and fifty questionnaires were returned, of which 307 were considered valid and usable for the analysis representing 70.3%. Collected demographic data were analysed descriptively with SPSS version 22.0 while the stated research hypothesis was tested inferentially with the aid of Structural Equation Modelling (SEM). The next subheading discusses the data analysis in details.

### **Analysis and Results**

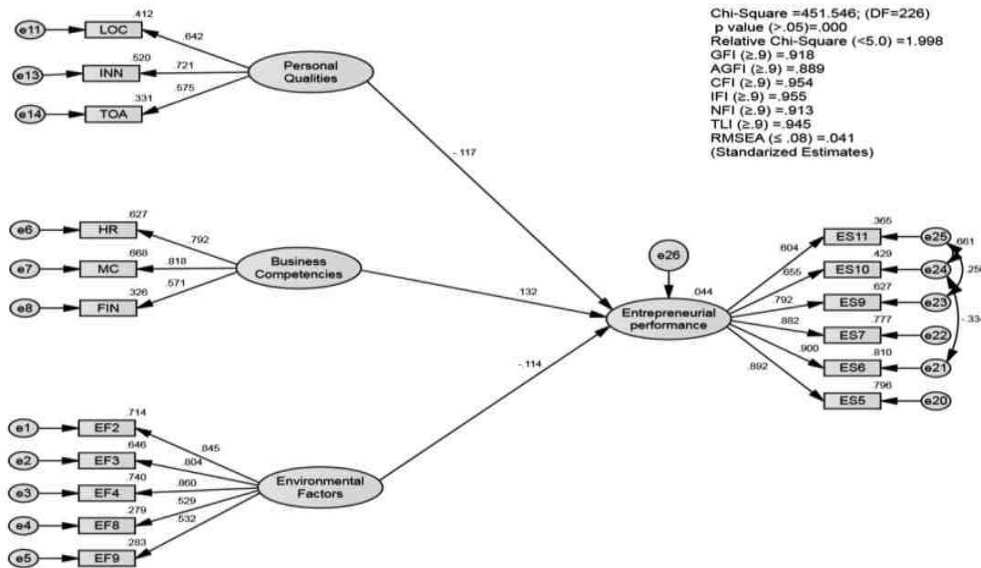
#### **Test for Presence of Moderation**

A moderator is a variable that alters the strength of the causal relationship between independent and dependent variable (Baron & Kenny, 1986). In structural equation modelling (SEM) the test of a moderator is done through Multi-Group Analysis whereby data are split into groups based on the moderator. In this study, the moderator is 'training transfer' which involves splitting the data into group of entrepreneurs that have 'Low level training transfer' and group with 'High level training transfer'. According to Hair et al. (2010), Multi-Group Analysis can test moderation effects of the moderator in two different ways namely the overall model and the individual paths.

The overall model is the first step to test the moderation effect on the structural model, that is, to establish that there is presence of moderation effect of the moderator variable on the overall model. To test for the moderation effect on the individual paths on the other hands involves the establishment of moderator on individual paths. However, six (6) models are created during the establishment of moderation effects namely unconstrained, measurement weight, structural weight, structural covariance, structural residuals, and measurement residuals. This study however, adopted Hair et al. (2010) criteria to analyse the moderating effect of training transfer on the determinants of entrepreneurial performance namely personal qualities, business competencies, and environmental munificence factors.

### Testing of Research Hypothesis

Figure 2 below illustrated the fit indices of the structural model for testing the moderation effects of training transfer on the determinants of entrepreneurial performance. Based on the recommendation of Hair et al. (2010) that if any 3 or 4 of the Goodness-of-fit indices are within the threshold then the entire model is fit and the model is acceptable for further analysis because the data fit the study structural model. The relative chi-squares for both measurement residual and unconstrained models are less than 5.0, the CFIs and the TLIs are greater than 0.9 while the RMSEAs are less or equal to 0.08. Thus, the structural models meet more than four (4) goodness-of-fit indices as recommended by



**Figure 2 : The overall structural path model for group 1 (High level Training Transfer)**

**Note:** LOC= Locus of control; INN= Innovativeness; TOA= Tolerance of ambiguity; HR= Human resource competency; MC= Marketing competency; FIN= Financial management competency; EF= Environmental Munificence factors; TOT= Training Transfer; and ES= Entrepreneurial performance.

The table 1 below indicated that the measurement residual  $X^2$  is greater than unconstrained  $X^2$  based on  $\Delta X^2$  (CMIN) = 10.925;  $\Delta df = 40$ ;  $p = .000$  but the unconstrained model was found to be better than measurement residual model because of other indices. Therefore, there is the presence of moderation effect of training transfer on the determinants of entrepreneurial performance in the overall model. Thus, the researchers should reject  $H_0$  which says: “*Training transfer does not moderate the relationship between personal qualities, business competencies and environmental munificence factors on entrepreneurial performance among the manufacturing micro, small and medium enterprises (MSMEs) owners in Lagos State, Nigeria*”.

This implies that training transfer moderates the relationship between personal qualities, business competencies and environmental factors on entrepreneurial performance among the manufacturing micro, small and medium enterprises (MSMEs) owners in Lagos State, Nigeria. Thus, once the moderation effect was established, the study is interested in determining in which group (high level training transfer group or low level training transfer group) is the moderating effect more pronounced on the relationship between the determinant variables and entrepreneurial performance.

**Table 1: The Moderation Test Result using Training Transfer Group Data**

| Indices  | Measurement | Unconstrained | Chi-Square    | Result on   | Hypothesis    |
|--|-------------|---------------|---------------|-------------|---------------|
|  | Residuals   | Model         | Difference    | Moderation  | Result        |
| Chi-Square (X <sup>2</sup> )   | 462.471     | 451.546       | <b>10.925</b> | Significant | Not Supported |
| p values   | .000        | .000          |               |             |               |
| DF   | 266         | 226           | <b>40</b>     |             |               |
| GFI  | 0.916       | 0.918         |               |             |               |
| CFI  | 0.960       | 0.954         |               |             |               |
| TLI  | 0.959       | 0.945         |               |             |               |
| RMSEA  | 0.035       | 0.041         |               |             |               |
| Relative Chi-square (CMIN/DF)  | 1.739       | 1.998         |               |             |               |
| H <sub>0</sub> : Training transfer does not moderate the relationship between personal qualities, business competencies and environmental factors on entrepreneurial performance among the manufacturing micro, small and medium enterprises (MSMEs) owners in Lagos State, Nigeria. |             |               |               |             | NOT SUPPORTED |

### Testing the Moderating Effect of Training Transfer on the Determinants of Entrepreneurial Performance.

The relationship between personal qualities and entrepreneurial performance when moderated by training transfer reveals that the entrepreneurs that have 'high level training transfer' ( $\beta = -.117, p = .099$ ) while entrepreneurs who have 'low level training transfer' ( $\beta = -.073, p = .318$ ). The group with high level training transfer was non-significant at 0.05 level of significance, at the same time the group with low level training transfer too was also insignificant. Therefore, there is absence of moderation in the relationship between personal qualities and entrepreneurial performance. This violated Hair et al. (2010) decision criteria. The researcher concludes that training transfer does not moderate the relationship between personal qualities and entrepreneurial performance among the manufacturing MSMEs owners in Lagos State, Nigeria.

The relationship between business competencies and entrepreneurial performance was examined with moderated effect of training transfer in this study. Entrepreneurs that have higher level training transfer reveals ( $\beta = .132, p = .045$ ) while entrepreneurs that have low level of training transfer shows ( $\beta = -.135, p = .049$ ). According to Hair et al. (2010) rule, the beta ( $\beta$ ) for both groups were significant but the group with high level training transfer was positive while the group with low level training transfer was negative. Therefore, the study concluded that the relationship between business competencies and entrepreneurial performance was moderated by training transfer.

Finally, the structural model shows that the standardized coefficient of environmental munificence factors on entrepreneurial performance was not moderated by training transfer. An Indication that training transfer does not moderate the relationship between environmental munificence factors and entrepreneurial performance. Therefore, the relationship between environmental munificence factors

and entrepreneurial performance as illustrated in table 2 below depicts that entrepreneurs group with high level training transfer has ( $\beta = -.114$ ,  $p = .068$ ) while entrepreneurs group who have low level training transfer has ( $\beta = .026$ ,  $p = .690$ ). Though both groups Beta ( $\beta$ ) values are negative and positive respectively but the significant levels of the groups does not meet Hair et al. (2010) rule, therefore, training transfer does not act as a moderator in this relationship.

**Table 2: Results of Moderation Test of Training Transfer on the Relationship between the Determinants and Entrepreneurial Performance**

| Constructs                   | B     | $\beta$ | p    |
|------------------------------|-------|---------|------|
| <b>Personal Qualities</b>    |       |         |      |
| High Training Transfer       | -.171 | -.117   | .099 |
| Low Training Transfer        | -.091 | -.073   | .318 |
| <b>Business Competencies</b> |       |         |      |
| High Training Transfer       | .177  | .132    | .045 |
| Low Training Transfer        | -.151 | -.135   | .049 |
| <b>Environmental Factors</b> |       |         |      |
| High Training Transfer       | -.094 | -.114   | .068 |
| Low Training Transfer        | .018  | .026    | .690 |

### Conclusion

In this study, the moderating role of training transfer was examined on entrepreneurial performance determinants such as personal qualities, business competencies, and environmental munificence factors. Though, the moderating effect of the training transfer on the relationship between personal qualities, business competencies, and environmental munificence factors has not been established, particularly in developing economies such as Nigeria. This finding found support in the work of Nikandrou, Brinia, & Bereri (2009) on trainee perception of training transfer: an empirical analysis. This was attributed to the fact that personal qualities are psychological traits which has to do with feelings and perceptions of individual entrepreneurs that are very difficult to imitate and acquire according to these scholars because individual personality traits are inherent.

The relationship between business competencies and entrepreneurial performance was also examined in this study with moderation effect of training transfer. The study reveals that training transfer moderate the relationship between business competencies and entrepreneurial performance. The present study finding support the work of Yusuf (1995) on the critical success factors for small business success among South pacific entrepreneurs. The scholar found out that good management skills or competencies are significant to small business success among south pacific entrepreneurs. This was attributed to availability of management experience and managerial talent among the indigenous and non-indigenous entrepreneurs in South pacific based on training undergone which in turn was transfer to the SMEs.

With regards to environmental munificence factors and entrepreneurial performance, the moderating effect of training transfer was non-significant. This is an indication that there is no moderation of training transfer on the relationship between environmental munificence factors and entrepreneurial performance. Surprisingly, many studies on entrepreneurial performance relationship using the environment as a moderator have found significant effects of environmental munificence factors on entrepreneurial performance (Erofeev, 2002; Tang, 2008; Yaghoob, Rose, & Kumar, 2011). This was not found in the present study.

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# NIGERIAN ENTREPRENEURS AND THEIR INTELLECTUAL PROPERTIES – A PERSPECTIVE VIEW

Adekola Tolulope Anthony<sup>1</sup>, Otekunrin Adegbola<sup>2</sup>

<sup>1</sup>*Department of Business Studies Landmark University, Omu Aran, Kwara State Nigeria*

<sup>2</sup>*Director, Centre for Entrepreneurship studies, Landmark University Omu Aran, Kwara State Nigeria*

## Abstract

*Intellectual property rights are rights conferred by statutes on an individual or a corporate body with respect to the product of his intellect, guaranteeing the exclusive control of the exploitation of his work for a period of time. It is evident that Nigeria is yet to fully utilize the benefit of having a robust intellectual property rights protection system that is able to revamp her dwindling economy and also protect the interest of Entrepreneurs. This has in no small measure hampered the nation's intellectual potentials. For the purpose this paper, major emphasis is on the Trademarks which is of paramount interest to Entrepreneurs. The procedure for safeguarding intellectual properties in Nigeria is critically appraised and the paper identifies some lacuna in the provisions of the Law. The paper employs the methodology policy and statutory analysis. It is recommended in this paper that there should be an automation of the systems in all Intellectual Property registration offices and their harmonization with the platforms of regulatory bodies including but not limited to the Corporate Affairs Commission, Nigeria Copyright Commission, Patents and Designs Registry, Trade Mark Registry, Standard Organization of Nigeria and National Agency for Food and Drug Administration and Control.*

Keywords– Intellectual property, Entrepreneurs, Trademarks

## INTRODUCTION

Intellectual Property Rights (IPRs) are classified into different rights ranging from copyright, trademark, industrial designs, and patents, Utility Model, Plant and Animal Varieties, amongst others. In today's global marketplace, the protection of innovative ideas has become an essential tool for the progress of any commercial enterprise. Essentially, IP rights are exclusive proprietary rights granted by law to the owners thereof, over intangible assets which are innovative products of the brain or the mind, as opposed to personal or real properties. Intellectual Property (IP) Law therefore encompasses the body of rules and regulations governing the creation, acquisition and protection of the foregoing rights as well as adjudication over allegations of their infringements. Concrete efforts at developing the Nigeria's indigenous IP regime began to materialize shortly after the country attained independence in the early 1960s and have remained a work-in-progress till date. The World Intellectual Property Organization ("WIPO") elucidates the concept of IP more by stating that "IP refers to creations of the mind, such as inventions; literary and artistic works; designs; and symbols, names and images used in commerce ... IP is protected in law by, for example, patents, copyright and trademarks, which enable people to earn recognition or financial benefit from what they invent or create. By striking the right balance between the interests of innovators and the wider public interest, the IP system aims to foster an environment in which



creativity and innovation can flourish". This paper will focus on Trademarks which is of great importance to Entrepreneurs in Nigeria.

### **CONCEPTUALISING TRADEMARKS**

Trademark connotes any word, phrase, or symbol used by manufacturers or sellers to identify their goods and distinguish them from the goods of others. Trademarks help consumers identify goods they have used and enjoyed in the past. Cornish, W. R (2003). Trademarks also allow consumers to avoid goods and services that they dislike. Examples of well-known trademarks include Coca-Cola for soft drinks, Kodak for film, and Nike for footwear. When trademarks are used to identify services, such as hotel chains or restaurants, they are sometimes called service marks. The overall appearance of a product's packaging is known as trade dress.

Most countries of the world legally protect trademarks, service marks, and trade dress. Trademark law is one branch of the larger legal field known as intellectual property, which also includes copyright and patent law. Because consumers often continue to buy products they trust, well-known trademarks can be extremely valuable. For example, experts in trademark law estimate that the value of the Coca-Cola trademark is more than \$40 billion Schechter, Roger E. (2008).

Throughout history, makers of goods have put their names or other marks on things they produce. Items such as medieval swords and ancient Chinese pottery were marked with identifiable symbols so buyers could trace their origin and determine their quality. Before the 20th century, trademarks were usually symbols or pictures rather than words, since many people in the world could not read. Formal legal disputes over trademarks arose as far back as the early 17th century in England.

As trade increased in the 19th century, many countries adopted laws recognizing the legal rights of trademark owners. These laws prohibited other sellers from using similar marks that might confuse the public about the source of a product Abbott, Frederick M. (2005). Congress passed the first federal trademark law in the United States in 1870 and has made major revisions in the law since then. The current U.S. trademark statute, the Lanham Act, was enacted in 1946. The first international agreement dealing with trademark law was a treaty known as the Paris Convention. Adopted in 1883, it required members to recognize the trademark rights of foreign producers Archibugi, D. and Fillipetti, A. (2010).

Most nations of the world, including Canada and the United States, are members of the Paris Convention. In 1994 most countries, again including Canada and the United States, signed another significant treaty dealing with international trademark law. This agreement, called the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS), strengthened legal protections for trademarks around the world.

## **EMPERICAL REVIEW**

This paper reviews the works of two experts in Intellectual property rights. Olugbenga Ajani Olatunji (2016) noted that since trademarks are crucial to the promotion of trade and economic development, it is no surprise that most developed countries often update their trade mark laws to reflect modern trends. He noted that the same thing cannot be said of trade mark laws of many developing countries such as Nigeria where, for example, marks are regulated by the Trade Marks Act (NTMA) 1965, this being a replica of the UK Trade Marks Act 1938 (UKTMA 1938). He observed that as detailed as the 1938 UK Act was, scholarly opinion agreed that it was poorly drafted and deficient in many respects. This deficiency was wholly inherited by Nigeria. Fifty years after enactment, the NTMA remains unamended. He stated that this legislative inertia prompted his article to discuss and analyse some salient but deficient provisions of the NTMA, with a view to drawing the attention of foreign trade mark proprietors to the position of the NTMA on selected issues of importance.

**Uche Nwokocho (2012)** stated that the need for an impressive development of Intellectual Property rights is conditioned on some factors being put in place which includes: Proper review and amendment of IP laws in Nigeria; Provision and maintenance of basic infrastructure ; Financing of Research and Development (R&D); Regular training of IP personnel to be up-to-date with international best practice; Ratification, careful operation of and participation in Treaties of WIPO and WTO on IPRs; The introduction and adequate implementation of collective system of royalty; Appointment of IP experts and professionals to key offices to implement policies; Application and enforcement of local content rules in respect IP; Zero tolerance of fakes by all stakeholders; effective prosecution of Counterfeiters; Cooperation among industry practitioners; and public-private partnership.

## **GENERAL LEGAL AND INSTITUTIONAL FRAMEWORKS FOR IP IN NIGERIA**

Some of the laws governing IP rights and protection in Nigeria include:

- A. Copyright Act (as amended), Cap. C28, Laws of the Federation of Nigeria 2004
- B. Patents and Designs Act, Cap. P2, Laws of the Federation of Nigeria 2004
- C. Trade Marks Act, Cap. T13, Laws of the Federation of Nigeria 2004
- D. Merchandise Marks Act, Cap. M10, Laws of the Federation of Nigeria 2004
- E. Trade Malpractices (Miscellaneous Offences) Act, Cap. T12, Laws of the Federation of Nigeria 2004

There are also certain international IP regimes in the form of treaties that have been ratified by Nigeria, such as the Paris Convention for the Protection of Industrial Property (ratified in September 1963); the Berne Convention (1986); the Rome Convention (Performers, Producers of Phonograms and Broadcasting Organizations – ratified in October 1993); the Patent Law Treaty (ratified in April 2005) and the Patent Cooperation Treaty (ratified in May

2005). However, not all existing and important IP related treaties have been implemented in accordance with the provisions of section 12(1) of the Constitution of the Federal Republic of Nigeria (1999) (as amended). Section 12(1) states that No treaty between the Federation and any other country shall have the force of law to the extent to which any such treaty has been enacted into law by the National Assembly. Although Nigeria has ratified many Intellectual property treaties but many of such treaties have not been ratified. This flies in the face of the substantial commitment demonstrated by the country over the years to multilateral efforts aimed at developing and protecting the rights of IP owners globally, exemplified in the country's membership of the WIPO (since 1993) and the World Trade Organization ("WTO") (since 1995).

Whilst there is currently no special body with the mandate to generally oversee the various IP regimes in Nigeria, certain industry-specific institutions and regulations have over the years been established to govern IP in the country. These include the following:

- A. ***The Trademarks, Patents and Designs Registry*** – established pursuant to the Trade Marks Act and the Patents and Designs Act, under the Federal Ministry of Commerce to regulate the filing of trademarks, industrial designs as well as grant of patents in Nigeria;
- B. ***The Nigerian Copyright Commission ("NCC")*** – established under the Copyright Act regulates creative activities such as music, publishing, artistic and literary works. Among the laudable achievement of the NCC in its bid to enhance copyright owner's rights is the issuance of the Copyright (Collective Management Organizations) Regulations 2007 and licensing of Collective Management Organizations to engage in collective management of copyright; issuance of the Copyright (Optical Discs Plants) Regulations 2006, which regulates all disc manufacturing companies in Nigeria by requiring them to compulsorily register with the NCC after meeting certain specified conditions for operation;
- C. ***The Nigerian Broadcasting Commission ("NBC")*** – established under the National Broadcasting Commission Act (Cap. NII, LFN 2004) and vested with the responsibilities of regulating and controlling broadcasting rights, licenses and assignments in Nigeria;
- D. ***National Office for Technology Acquisition and Promotion ("NOTAP")*** – established under the NOTAP Act (Cap. N62, LFN 2004) to register technical service agreements, technology transfers and know-how agreements between Nigerian and non-Nigerian parties. Business enterprises need technology to produce goods and services. The technology may be developed informally by the company or acquired from other companies within or outside the country. Technology that is acquired may come in different forms It may be in the form of:
  - (i) capital goods such as plant and machinery;
  - (ii) industrial Property rights in the form of patents, trademarks and brand;
  - (iii) unpatented process know-how which is often a closely guarded secret;
  - (iv) accumulated experience and skills possessed by companies that render

consultancy Service and technical services.

**E. *The National Agency For Food And Drug Administration And Control (NAFDAC)***

This agency was established by Decree No. 15 of 1993. It took over the functions of control and regulation of food, drugs, cosmetics, medical devices, bottled water from the Department of Food and Drugs Administration (FDAC) of the Federal Ministry of Health. The primary responsibility of NAFDAC is to promote and protect public health by regulating the importation, manufacture, distribution, advertisement and sale of processed foods, drugs, cosmetics, medical devices, bottled or packaged water, and chemicals. Some of the functions of NAFDAC which are directly relevant to business enterprises engaged in the importation, manufacture, distribution, advertisement and sale of food, drugs, cosmetics bottled water and chemicals are as follows: It undertakes the registration of products in the categories listed above. No business, enterprise is allowed to offer for sale to the public any regulated product until it has been registered with NAFDAC and the safety, efficacy and quality of the product assured. It determines the standard specifications, regulations and guidelines for the production, importation, distribution, advertisement and sale of food, drugs, cosmetics, medical devices, bottled water and chemicals.

**F. *Standard Organization of Nigeria:*** A large number of companies produce different products in Nigeria or import them from other countries. As may be expected, the quality of such products varies significantly. The Standards Organization of Nigeria (SON) was established to ensure that products of Nigerian industries and those imported meet national and international standards. In particular, SON has responsibility to ensure that substandard *and* poor quality products are not distributed *for* use in Nigeria.

Several other private (non-governmental) initiatives have also been formed to support the above government agencies in the facilitation and enhancement of IP rights, such as the following:

- I. Intellectual Property Lawyers Association of Nigeria (IPLAN);
- II. The Nigerian local Chapter of the International Association for the Protection of Intellectual Property (AIPPI);
- III. Anti-Counterfeiting Collaboration (ACC) of Nigeria;
- IV. The Performing Musicians Association of Nigeria (PMAN);
- V. Copyrights' Collecting Societies – associations of copyright owners established pursuant to and licensed under the Copyright (Collective Management Organizations) Regulations 2007 with the principal objectives of negotiation and granting of licenses, collecting and distributing of royalties in respect of copyright works; and the
- VI. Federation of Intellectual Property Owners (FIPO).

There is now a cross reference with the Trademark Office to check true ownership of marks attached to the product to be registered. This practice has helped to keep off agents who attempt to

register marks belonging to foreign brand owners. Standard Organization of Nigeria (SON) collaborates with NAFDAC to ensure that substandard products are not brought into the country. Unlike NAFDAC, SON is empowered to monitor non-edible products. The National Office for Technology Acquisition and Promotion (NOTAP) is charged with the registration of agreements involving the transfer of technology and Technical Service Agreements (TSAs). The NOTAP Act makes it mandatory for parties to subject the agreement to Nigerian law. Parties are to use skills available in Nigeria and may only offer jobs to foreigners in area of specialized skills not found within Nigeria. In this case, training of local staff by the investor/franchisor will be required. Nigerian Communications Commission (NCC) collaborates with the SON to check influx of fake telephone handsets into Nigeria. To achieve this, NCC issues Type Approval licenses to genuine manufacturers. Therefore any consignment not covered by this license is treated as substandard and the same will be confiscated.

### **TRADEMARKS REGISTRATION IN NIGERIA**

The Trademarks Act, Chapter T13 Laws of the Federation of Nigeria 2004 (the “Trademarks Act”) governs the registration of Trademarks in Nigeria. The regulations made pursuant to the Trademarks Act, spells out the procedure for the registration of trademarks in Nigeria. The requirements includes submitting a formal application to the Registrar of Trademarks (the “Registrar”). The Registrar will issue an Acknowledgement Form upon receiving the application, after which the application will be sent for examination. The essence of the examination is to ensure that the Registrar is satisfied that no similar mark has been accepted/registered. When this conditions are fulfilled an Acceptance Letter will be issued and if the application does not, however, meet the requisite registration requirements, a Refusal Notice will be issued.

A registered mark will be listed for advertisement in the Trademarks Journal one it has been accepted for registration at the Commercial Law Department – Industrial Property Office Registry, the Federal Ministry of Trade and Investment (the “Trademarks Registry”). Where no objection is filed against a published application at the expiration of two (2) months, the final registration/sealing fees will be payable. Thereafter, unless the Registrar had accepted the trademark in error, the Registrar will issue the applicant with a Certificate of Registration of the trademark. A trademark, when registered, shall be registered as of the date of the application for registration, and that date will be taken, for the purposes of the Trademarks Act, to be the date of registration.

The registration of a trademark is valid for a period of seven years, but may be renewed from time to time in accordance with the provisions of the Trademarks Act. In the event of any

individual filing an objection within the two (2) month opposition period, these objections would have to be resolved, in order to complete the registration process. In order to resolve such objections, the objections must be responded to by the applicant and the nature and cost of this response will depend on the nature of the objection filed.

On the whole, the registration of a person as proprietor of a trademark of any goods shall, if valid, give or be deemed to have given to that person the exclusive right to the use of the trademark in relation to those goods. On the other hand, Nigerian law provides that a trademark can be registered only for goods or classes of goods in respect of which the owner of the mark has acquired or intends to acquire a reputation for dealing in within Nigeria.

Following the valid registration of a trademark, the owner of the trademark will be entitled to enjoy the benefits of registration under the Trademarks Act. In effect, the owner can bring an action in the federal High Court (See Section 251 of the 1999 Constitution of the Federal Republic of Nigeria) for infringement of the trademark and obtain remedies to prevent future infringement.

#### **CHALLENGES OF INTELLECTUAL PROPERTIES IN NIGERIA**

Despite the various efforts made at strengthening IP rights and protection in Nigeria, challenges remain. Common infringements take the form of piracy, counterfeiting, unauthorized/unlicensed use and unfair competition. These activities violate the proprietary rights of IP owners to reap the benefits of their inventions and hence, hamper the growth and development of intellectualism, innovation and the entire creative industry.

Infringement of IP rights also has negative implications on the overall economy as it obstructs genuine investments by both domestic and foreign investors, hinders job creation and causes loss of tax revenues to the government. Socially, widespread IP violations corrupt the cultural values and batter the national image of a country.

#### **POSSIBLE SOLUTIONS**

Enhancing IPR protection and enforcement in Nigeria will have to begin, essentially, with the development of an IP policy that recognizes the importance of a robust and virile IPR legal framework to National developmental aspiration, particularly as regards science and technology and trade and industry. This step will then have to be followed by an inclusive reform, involving the identification of the critical problems bedeviling the administration of this creative sector of the economy as well as and the development of regulatory frameworks governing the sector which seek to address the identified critical problems as well as use IP as a vehicle of technical and industrial development and avenue for wealth and job creation.

As Nigeria increasingly becomes an important economic hub both in the West African sub-region and in the African continent as a whole, protection of the rights subsisting in IPs

created in the country is not only strategic to the nation's current drive to develop its non-oil sector but also central to its overall economic growth and development goals. Accordingly, there must be initiation of purposeful collaborations, going forward, between the government and the private sector organisations to identify, dialogue, and develop viable solution-frameworks to the problems of IPR infringements in Nigeria.

The administration of Industrial Property (trademarks, patents and industrial designs) is marred with difficulties in the country in terms of registration, protection and enforcement.

Intellectual Property laws protect the interests of creators by giving them proprietary rights (Intellectual Property Rights (IPRs)) over their creations. Infringement of IPRs undermines genuine investment in creativity, innovation and knowledge. Invariably, the granting of exclusive proprietary rights (usually in consideration of the disclosure of the creation), creates an incentive for creators to develop, produce, and distribute new and genuine goods and services for commercial purpose.

Notably, in countries where IPR holders are not protected under a clearly defined and efficiently administered intellectual property legal and policy framework, the economy bears the brunt of such inadequacies in terms of undeveloped potentials, hindered capacity for job creation (direct and indirect) and low international competitiveness. This, together with poor education system, comatose power system and unfavourable fiscal system accounts for stagnant growth of Nigeria's industrial development. Reform efforts that are needed to strengthen IPRs in Nigeria will therefore necessarily have to holistically address the challenges identified, in the areas of registration, protection, enhancement and enforcement.

Ordinarily, trademarks, patented inventions and registered designs are incorporeal hereditaments with beneficial ownership rights in the holders. The exclusive rights granted to the proprietors of these incorporeal hereditaments, enable them to control the use of the intellectual property in which the rights subsist. Statutorily, exploitation of all or any of their rights by third parties must be with the permission of the proprietors, by way of licenses or assignments, usually upon provision by the relevant third party, of valuable consideration. However, registration of these industrial property rights is necessary for the proprietors to enjoy exclusive rights over them.

Registration of industrial property is hampered by an archaic and not very efficient administrative system in Nigeria, creating a disincentive to personal and corporate investment in creativity and invention, with the overall negative impact on human and economic development. Essentially, the most visible challenges are:

- **Outdated Laws:** Most of Nigeria's IP laws are old and out of sync with the trends in the 21st Century global market place. For instance, the Trade Marks Act was enacted in 1967 (and even then, was a re-enactment of the UK's 1938 Trade Marks Act) while the Patents and Designs Act was in 1971. Current laws fail to contemplate, and therefore do not provide

means, for protecting new developments and innovations in industrial property. Stakeholders have repeatedly pointed out the fact that in other advanced climes (like in Britain from where most of Nigerian IP legislation took their roots), reforms of the laws have been carried out severally to enhance IPR protection, eliminate onerous statutory provisions and ensure conformity with new innovations.

**Administrative Bottlenecks at the Trademarks, Patents and Designs Registry (“Registry”):** Since inception in 1967, the Registry has been riddled with several problems including but not limited to (i) lack of adequate funding; (ii) inadequate space for its operations; (iii) lack of well trained personnel; (iv) lack of an electronic database. All these have resulted in a disorganized filing system whereby IP files get mislaid or lost, an unduly protracted IP registration process (some trademark applications are known to have been registered well after the expiration of the seven (7) years initial validity period of their registration) and opposition process, lack of qualitative rulings issued by the Registry, and lack of funding to efficiently and effectively run the Registry.

- Nigeria is yet to take full benefits of multilateral efforts: The country is not a member of some prominent multilateral organizations that provide for regional and international registration of IPRs, such as the Harare-based African Regional Intellectual Property Organisation (“ARIPO”); the Yaoundé-based Organisation Africaine de la Propriété Intellectuelle (“OAPI”); and the Geneva-based International Patent Cooperation Union (“IPCU”) formed based on the 1970 Washington Treaty – the Patent Cooperation Treaty (PCT). Neither has it ratified in accordance with Section 12 of the 1999 Constitution, recent intellectual property treaties and conventions to which it is signatory.

- Regulatory conflicts and lacunae: There is a lack of coordination among various agencies whose regulatory functions impact IPRs in the country which largely make holders of registered IPRs or their licensees easily vulnerable to infringement. A ready example is the lack of common data bank or depository for regulatory alliance, among relevant government agencies and departments charged with the registration of business, commercial transactions and IPRs. For instance, while the Companies and Allied Matters Act (“CAMA”), (Cap. C20, LFN 2004), prohibits the registration of a company or business by a name which would violate, or is similar to, any existing trade mark registered in Nigeria without the consent of the owner of the trade mark; there are no mechanisms for data synergy between the Corporate Affairs Commission (“CAC”) and the Trade Marks Registry, to ensure efficient enforcement of the prohibition. Also, there is no similar provision in the Trade Marks Act. Another example is the Notice of Acceptance of trademark which is accepted by the National Agency for Food and Drug Administration and Control (“NAFDAC”) as one of the documents for registration of a regulated product. However, where such trademark has been successfully opposed pursuant to the Trade Marks Act, there is usually no communication to NAFDAC.



• Challenge of IPR enforcement: A very serious challenge facing IPR owners in Nigeria is the lack of an efficiently deterrent enforcement system. It appears that reforming our IP legislation alone may not achieve optimum results in protecting IPR holders, except the mechanism for enforcing the law is equally enhanced. Law enforcement agents, particularly the Nigerian Police Force and the Nigeria Customs Service, need to be more empowered to carry out their policing and prosecution functions. Experience shows that insufficient finance, inadequate or obsolete equipment and lack of up-to-date skills in the use of modern technologies among the rank and file of officers; prevent the various efforts being made in combating IPR infringement from achieving desired results.

• Dearth of Judicial Precedent in IP: There is also a dearth of IP cases in the country and this indicates that more effort needs to be made among the sector stakeholders (particularly IP lawyers, judges, judicial bodies, law teachers and law reform commissions, regulatory bodies and the general populace) towards developing Nigerian jurisprudence in this area. This problem is also exacerbated by the inadequate numbers of competent judges skilled in IP laws in the nation's judiciary.

#### **LESSONS FROM OTHER JURISDICTIONS**

There are lessons to be learnt by Nigeria from emerging markets such as China and India, where IP has contributed immensely to the harnessing of talents; development of technical know-how; specialization in the production and exportation of modern technologies and overall growth and development of the economy.

In a 2015 Working Document by the European Commission (Brussels, 1.7.2015 SWD [2015] 132 final), studying the IP regimes in about 40 countries that have trade-relationships with European Union (EU) members; both China and India were rated high in Countries' Ranking for the development of "solid and predictable IPR frameworks that create environments conducive to innovation and sustainable growth and offer effective enforcement".

In China, a political declaration was made at the 18th Chinese Communist Party Convention in 2013 which reinforces trade and IP in general and incorporates them into the Chinese national development plan. Prior to this, the nation adopted in June 2008 a National IP Strategy ("NIPS") which was later, in March 2011, complemented by the 12th Five Year Plan with the objective of developing China into an innovative country. In pursuance of these objectives, major reforms of the legal and adjudicatory frameworks for IP in China have recently taken place and are still on-going. To this end, three specialized IP courts were created in 2014 in Beijing, Shanghai and Guangzhou.

The progress achieved so far through China's policy measures has enhanced significantly, the country's clear national goal of becoming an innovation economy by 2020.

Also as reported of India in the referred European Commission's paper, landmark improvements have been noticed in India's IPR regime; particularly since the country joined,

in 2013, the international trade mark system's Madrid Protocol. There have been major reforms recently in the administration of IPR in India such as the introduction of a "comprehensive e-filing services, customs services' enforcement, co-operation between various enforcement departments, improved IPR awareness amongst officials, digitalization of the operations of the Indian Patent Office, and hiring of additional patent examiners."

These efforts have strengthened IPR protection and enforcement in India such that today, Indian police will often take enforcement action on their own initiative where there are perceived or reported cases of IPR infringement while the courts are more efficient and effective in dealing with rights-enforcement suits.

## **RECOMMENDATIONS**

Firstly, the whole framework of IPR administration requires overhauling. The current state where the Trademarks, Patents and Designs Registry still operates manual record system, and is managed as an underfunded appendage of the Ministry of Commerce and Investment must be addressed immediately. Leading Intellectual Property Offices ("IPOs") are not organized the way the Nigerian IPO is currently organized and this may explain the poor state of things in Nigeria, compared to those other countries.

The second approach is the review of the legal framework and the legislation constituting the legal framework, not only to make substantive provisions for the rights of creators but also to provide an efficient enforcement and deterrent system for the protection of those rights. Such enforcement system will involve granting relevant law enforcement agencies, particularly the Nigerian Police Force and the Nigeria Customs Service, necessary powers to carry out their policing and prosecution functions. Instances where they may conduct a raid should be clearly delineated and the process for obtaining a search and seizure order should be significantly simplified.

The underlying problem that the foregoing, however, identifies is the dearth of an IP policy for the nation. Successive Governments have failed to understand the critical role that the protection and enhancement of IPR plays in the achievement of the industrial and commercial development of a country.

Automation of the systems in all IP registration offices and their harmonization with the platforms of all regulatory bodies for trade, business and investments in Nigeria; including but not limited to the Corporate Affairs Commission, Nigeria Copyright Commission, Patents and Designs Registry, Trade Mark Registry, SON, NOTAP, CBN, NCS, FIRS, and NAFDAC must be ensured. This will have the effect of creating a common database for these bodies. In like manner, it is also suggested that NOTAP and NITDA should be merged while the various laws constituting the IP framework should be revised to ensure that areas of overlap are

addressed and that they complement one another rather than contradict or intrude into the purview of one another.

Financial autonomy for law enforcement agencies and the judiciary with adequate staff training with latest technology for both must also be put in place. Reforms of old IP laws and enactment of new ones in line with modern bilateral and multilateral treaties such as the TRIPS Agreement must be carried out. Finally, further amendment of the Constitution of the Federal Republic of Nigeria, 1999 (as amended) to create constitutionally recognized, specialized IP courts to handle IP-related matters must be looked into by the legislative arm.

## CONCLUSION

At a time when Oil, the nation's principal source of foreign exchange earnings, is facing a precarious future the time to transform the nation from a traditional commodities-based and import-driven economy, to a knowledge-economy exporting expertise, talents, value-added products and tech-savvy inventions is ripe. This accounts for the current national agitation for a developed and self-reliant economy, buoyed by diversification and the need to safeguard the intellectual property rights of inventors and creators to attract foreign investment.

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# MANAGEMENT CONTROLS AND SMALL SCALE ENTERPRISE'S (SSES) PROFITABILITY IN OGUN STATE, NIGERIA

Olusanmi Olamide (ACA) and Oguejiofor Ogechukwu Anastasia  
Department of Accounting, Covenant University, Nigeria  
olamide.olusanmi@covenantuniversity.edu.ng; ogechukwu.oguejiofor@cu.stu.edu.ng

## **Abstract**

*The attainment or otherwise of the primary objective of business, which is profitability is dependent on the effectiveness of controls inherent in its processes. The most susceptible to the misuse of resources due to lack of controls are the small scale enterprises (SSE). This leads to the death of seven out of every ten SSE established in their first two years. This study examined the effect of management controls of SSEs on their profitability. The use ordinary least square regression was employed in testing the research hypothesis formulated. Survey data was collected through the use of questionnaires. The study observed that internal control system has a positive significant effect on the financial performance of SSEs. The study therefore concludes that the establishment of controls such as preventive, corrective and detective controls forestalls organizations profit from leaks.*

**Key Words:** Management Control, Small Scale Enterprise, Primary Business Objective

## **1.0 Introduction**

The attainment or otherwise of the primary objective of business, which is profitability, is dependent on the effectiveness of controls inherent in its processes. This implies that big and small organizations, profit oriented and non-profit oriented organizations, corporate and informal organizations, schools and religious organization and any institutions that intends to actualize organizational objective(s) must institute an effective means of safeguarding her assets, curbing employee's excesses and a feedback mechanism that provides reasonable assurance of the resourceful utilization of organizations resources. The described process can simply be called management control or internal controls. According to Treba 2003; Brennan & Soloman, 2008 internal control serves as veritable tool to drive and realize organizational missions and objectives. In continuance Mawanda (2008), asserts that the establishment and implementation of controls within organizational processes consistently leads to improved financial performance.

However, due to poor reporting structure, absence of organizational hierarchy, neglect of instituted corporate governance codes, employee permissiveness without adequate checks, consistent prevalence of inaccuracy, inability to separate business purse from owners purse and general sloppiness in a business makes SSEs most susceptible to the misuse of resources, thus the lack of management controls becomes obvious and mostly leads to the death of such organization. More specifically, statistics from Small Business Advocacy (2011) states that seven out of 10 new employer firms survive at least the first 2 years, half at least 5 years, a third at least 10 years, and a quarter stay in business 15 years or more various reasons could be adjudged for the death of such small businesses although not mentioned by the institute, this study posits that chief amongst these reasons is control inadequacy. However, several excuses to validate the lack of internal control amongst SSEs such as smallness of the business, fewer hands to manage the business and increase in the running cost of business have been put forward in defense of non-implementation of a functional management control system amongst SSEs (Putra, 2009). Hence, this study seeks to investigate the role of internal control on the financial performance of small scale enterprises in Ogun state Nigeria.

## **Literature Review**

Management controls are those procedures, policies, rules and regulations established by an enterprise to ensure the efficient utilization of scarce resources on a daily basis. According to The Committee of

Sponsoring Organization (COSO, 2013) management control is defined as a process effected by an entity's board of directors, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories: i. Effectiveness and efficiency of operations. ii. Reliability of financial reporting iii. Compliance with applicable laws and regulations. According to Millichamp, (2002), internal control system is the total system of controls, financial and otherwise, recognized by the management in order to carry on the business of the enterprise in a logical and efficient manner, ensure loyalty to management policies, safeguard the asset and secure as far as possible the completeness and accuracy of the records. Similarly, Izedonmi, (2002) defined internal control as those procedures, rules and regulations established within an enterprise to ensure the efficient utilization of scarce resources of the organization and to prevent and detect potential danger among other things.

### **Taxonomy of Internal Control**

The sum of all management control activities can be categorized under three main heading: preventive, detective and corrective controls. The categorization has been used in this study to examine the effective and efficient use of organizations resources so as to result in profit amongst SSEs. They are hereby discussed:

- 1. Preventive Controls:** Preventive controls are controls that are used to discourage errors and irregularities from happening. They are also used to ensure that the departmental objectives are being met. Examples of preventive controls are; Segregation of duties, Approval, authorization and verification, Security of assets amongst others.
- 2. Detective Controls:** Detective controls are controls that used to discover errors or irregularities after they have occurred. It also monitors the activities in order to identify instances where the procedures were not followed. Examples; Performance review of budget/ forecast to determine extent of variation and financial reconciliation activities amongst others
- 3. Corrective Controls:** Corrective controls are controls that help to restore the system back to its normal state. For example; an organization may suggest a full restoration of a system from backup tapes after incidence of deliberate fire outbreak (arson).

### **Small Scale Enterprises**

According to Small and Medium Enterprises Development Agency of Nigeria (SMEDAN), small enterprises can be defined as those businesses that have a work force of 10 and do not exceed 49 employees and their total asset are above five million naira (N5m) but does not exceed fifty million naira (N50m). Small scale enterprises are at the heart of stimulating economic development and improving the overall economic climate of the country. This makes such businesses indispensable in the economic development equation (Thomas & Norman , 2006).

The benefits of having functional clusters of small scale businesses are numerous to mention. They include but not limited to the following: They improve the economic climate of any country by adding to the GDP. They incur lower overhead cost thereby making entry into business easy for any prospective trader. Lower cost will result in lower prices for consumers. Small scale businesses build better and personal relationships with customers, suppliers and employees. They are inventive and innovative, thus, they introduce newer products that uniquely meet the needs of customers. They are more efficient and enduring during times of economic crisis. They constitute an effective way of expanding the manufacturing sector and a formidable approach to country-wide industrialization. They are an effective avenue of increasing the quality of life of the masses by providing opportunities for small investments, labor engagement and sustained supply-chain (Keskin, Senturk, Sungur, & Kiris, 2010).

## Management Control and Financial Performance of SSEs

The implementation of an internal control systems as well as internal audit practice is expected to improve financial performance (Jensen, 2003). Thus, this study examined the body of literature to ascertain the impact of preventive, detective and corrective controls on the financial performance of SSEs. Whittington and Pany (2001) in their book principle of auditing and other assurance services affirms that various control practices put in place by an organization significantly impacts on the organizations performance positively.

### Research Methodology

The population of the study is the owners and managers of small scale businesses in Ogun State. We investigated management control issue using detective, preventive and corrective controls as the taxonomy. The study adopted a survey research design to elicit the opinions of owner-managers in Ogun state based on closed ended structured questionnaire on the taxonomy of control as described in the literature review section of this study. The study utilized the judgmental sampling technique in the administration of the questionnaire.

Three research hypotheses were formulated and stated in their null form:

$H_0^1$  Establishing preventive control measures have no significant effect on the financial performance of small scale enterprises

$H_0^2$  Instituting corrective control actions have no significant effect on the financial performance of small scale enterprises

$H_0^3$  Introducing detective control processes have no significant effect on the financial performance of small scale enterprises

Percentage analysis and weighted mean were used for the descriptive statistics while regression statistics were used for inferential analysis, at 1% significant level. The study utilized statistical software named Statistical Package for Social Science in analyzing the data. The regression model for the study is:

$$FP = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

Where:

FP- Financial performance,  $\beta_0$  – Constant,  $X_1$ - Preventive control,  $X_2$ - Corrective control,  $X_3$ - Detective control,  $\varepsilon$  - Error Term

### Analysis and Discussion

Table 1: Summary of Regression Analysis Results

| S/N | Regression Analysis Model Summary | R                 | R-Square | Adjusted R-square | F- Value | Std. Error of the Estimate |
|-----|-----------------------------------|-------------------|----------|-------------------|----------|----------------------------|
| 1.  | <b>Preventive Control</b>         | .347              | .120     | .110              | 12.179   | .36275                     |
| 2.  | <b>Detective Control</b>          | .333 <sup>a</sup> | .111     | .101              | 11.068   | .36476                     |
| 3.  | <b>Corrective Control</b>         | .339 <sup>a</sup> | .115     | .105              | 11.559   | .36387                     |

- 1. Preventive Control:** The model summary shows that there exist a relationship between preventive control measure and the financial performance of SSEs as explained by  $r$  of .347. However, the R- square reveals that there are more factors that influence the outcome of firm's profitability but only 12% of those factors are explained by establishing preventive control measures as captured in this study. The results from the table denote that the model is statistically significant with a significance level at 0.001, with an F- value of 12.179. Hence, this study posits that we accept the alternate hypothesis and reject the null hypothesis.

2. **Detective Control:** The model summary shows that there exist a relationship between introducing detective control processes and the financial performance of SSEs as explained by  $r$  of .333. However, the  $R$ - square reveals that there are more factors that influence the outcome of firm's profitability amongst SSEs but only 11% of those factors are explained by introducing detective control processes as captured in this study. The results from the table denote that the model is statistically significant with a significance level at 0.001, with an  $F$ -value of 11.068. Hence, this study posits that we accept the alternate hypothesis and reject the null hypothesis. This implies that the reinforcement of proactive detective processes would forestall "immaterial" leaks from the profit which in the long-run can ground an organisation.
3. **Corrective Control:** The model summary shows that there exist a relationship between Instituting corrective control actions and the financial performance of SSEs as explained by  $r$  of .339. However, the  $R$ - square reveals that there are more factors that influence the outcome of firm's profitability but only 11.5% of those factors are explained by Instituting corrective control actions as captured in this study. The results from the table denote that the model is statistically significant with a significance level at 0.001, with an  $F$ - value of 11.559. Hence, this study posits that we accept the alternate hypothesis and reject the null hypothesis. This implies that as various SSEs institute tougher corrective actions it would impact on the organisations going concern positively.

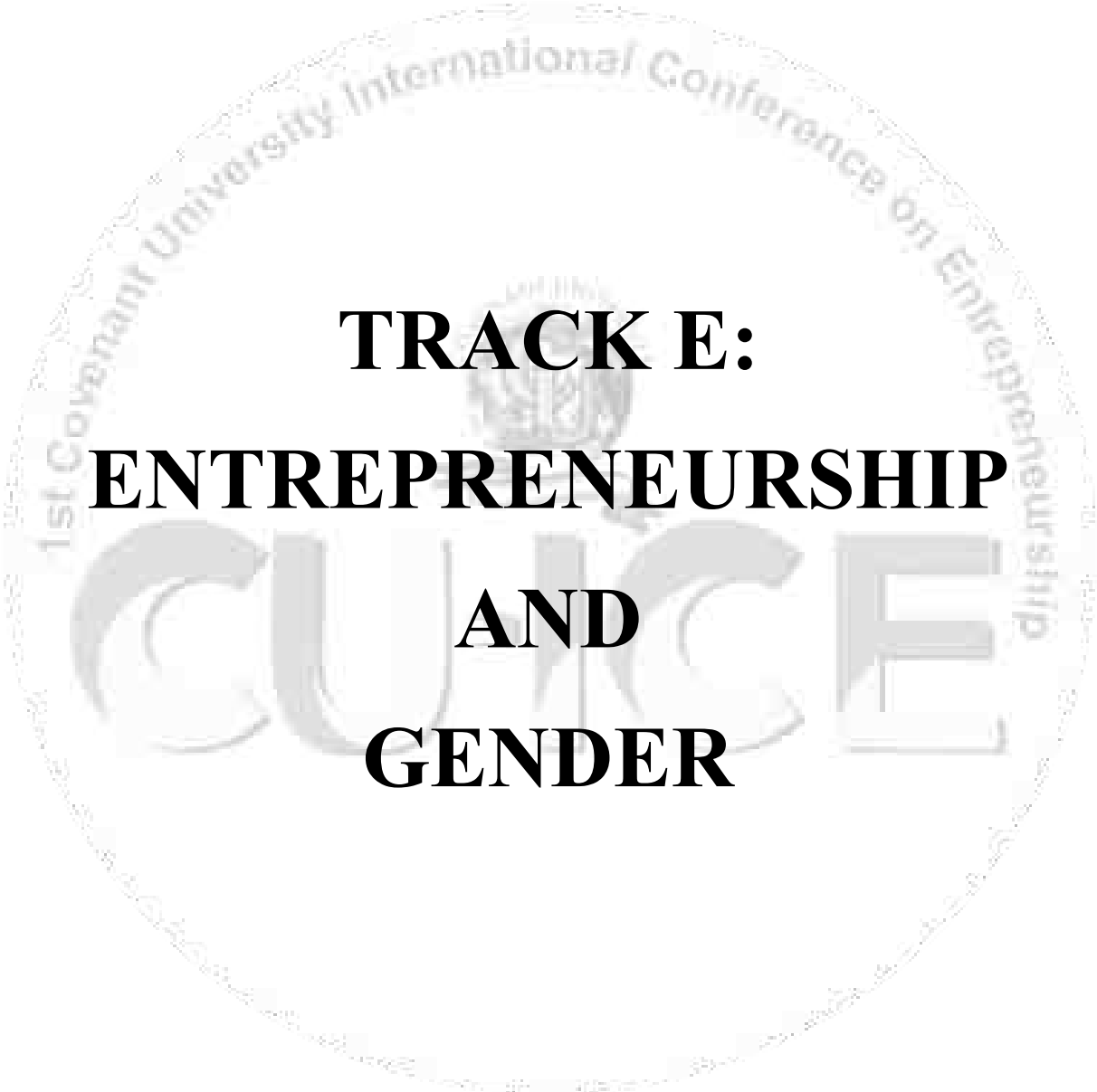
### Conclusion

The absence of an effective internal control system opens up an organization to potential threat of fraudulent activities, in order to prevent the occurrence of fraud, which will lead to loss of financial and non-financial asset of a business, it is essential that an effective internal control system be implemented because this has a positive effect on financial performance. The findings of the study suggested that internal control especially preventive control, detective control and corrective control are significant areas, where owners or managers of small scale enterprises, should give great attention to in order to improve their financial status.



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**TRACK E:  
ENTREPRENEURSHIP  
AND  
GENDER**

# EXPLORING FAMILY CULTURE OF INFLUENCE, COMMITMENT AND VALUES IN FAMILY BUSINESSES: THE GENDER FACTOR

**Bamidele Wale-Oshinowo PhD**

*Department of Business Administration, University of Lagos*

**Email:** [bamidele\\_oshinowo@yahoo.co.uk](mailto:bamidele_oshinowo@yahoo.co.uk); [bwale-oshinowo@unilag.edu.ng](mailto:bwale-oshinowo@unilag.edu.ng)

## **Abstract**

*This paper provides a review of key literature in the field of family business and identifies the need to examine family culture as a key component of family involvement in a firm. It further considers the role of gender in enhancing family culture in small family businesses. The argument in the literature is that the presence of a strong family culture in a firm would enhance its strategic position and flexibility (Zahra, Hayton, Neubaum, Dibrell, and Craig, 2008). Strategic flexibility, a term that is usually associated with strategic decision making, would position a firm to respond proactively to unpredictable changes in their environment and this would in turn lead to a competitive advantage for the firm (Chakravarthy, 1986). To this end, we propose that the presence of family culture in family firms may therefore be important for their growth and survival while also having a significant effect on their performance. Drawing on the Resource-Based View theory, this paper seeks to contribute to the literature by examining the presence of family culture of commitment and values in small family businesses; and its influence on gender using an under-researched context, Nigeria. Employing the quantitative approach, the study finds that all our sampled 237 family firms showed a high level of family in them. However, the more interesting finding is the stronger influence of women in promoting family culture despite the significant difference between the population of men and women owners/managers in the sampled firms.*

**Keywords:** family firms; family culture; gender; competitive advantage

## **INTRODUCTION**

Family businesses are the most popular form of organisations in the economic landscape of major economies of the world (Morck & Yeung, 2004). They are also known to have transcended centuries in large economies such as Japan, the United Kingdom, Germany and the United States of America. Historically, 90% of all businesses in existence globally started out as a family firm (Colli et al., 2003). Therefore, they play a significant role in the world economy today (Astrachan, 2010) by providing the platform to understand the mind of an entrepreneur and what influences new venture creation (Aldrich and Cliff, 2003). More recently, several studies especially in the western literature have established both theoretically and empirically the direct relevance of family businesses to the economies and social lifestyles of the West (Westhead and Cowling, 1998; Zahra, 2003; Aldrich and Cliff, 2003; Zahra, 2005).

The development and scholarly contribution to family business research has however not received the requisite attention in Africa; which is both interesting and surprising despite the traditional roles of the family institution in almost every sector of most countries in the of the continent. More importantly, the harsh and dynamic business landscape of most developing economies in Africa such as Nigeria has now made it of important consequence for businesses to be more strategic and innovative in their approach to decision-making and deployment of firm resources in order to achieve and maintain an advantageous edge over competitors within the global economy. In general, family firms would be

more challenged in these locations because of their complex systematic make-up which predisposes them to peculiar internal factors. Such internal factors include: conflict among family members, succession issues, low propensity towards change, favouritism, nepotism, imbalance between personal and professional issue, and many more complexities. Therefore, in order to stay relevant in their various industries and also remain competitive globally, it is highly critical for family firms within developing countries in Africa to discover, develop, and engage strategic resources, especially those that occur naturally to them. Effectively and efficiently allocating these tangible and intangible strategic resources would enable them harness the opportunities within their business environment adequately for their growth and ultimate survival.

### **Objectives and Focus**

Over two decades of family business research has produced several papers on family involvement in form of ownership, management, governance or control and succession (Chrisman, Chua & Sharma, 2003). Although much still remains to be done on these topics, one key part of family involvement that has not received the requisite attention in family business research is family culture (Denison, Lief, & Ward, 2004). There has been a range of studies depicting the culture of family firms in metaphoric ways but there is still a dearth of literature giving nuances to 'culture of the family behind the firm' and how this differentiates them from non-family firms. Noteworthy is the recurring trend in the literature, where most studies focus on culture at the organisational level, thus investigating organisational culture (Barney, 1986; Zahra, Hayton & Salvato, 2004; Chadwick, Barnett, & Dwyer, 2008; Chirico and Nordqvist, 2010). Only very few have examined culture of the family behind the firm and how this impacts on the organisation (Denison et al., 2004; Zahra et al., 2008; Brice, 2013; Craig, Dibrell & Garrett, 2014). The importance of family culture lies in its potential to wield a strong influence on the perception, activities, decisions and actions of individual family members within the family firm (Zahra et al., 2008).

Consequently, taking these key points into cognisance, it is important for more studies to explore the discourse of family culture in a firm at the family level, and specific lines of enquiry could be investigating family culture: as a source of competitive advantage for family firms; causal factors linking family culture to firm performance and how family culture influences the strategic orientations of family firms, etc. In a bid to add robustness to the theories of family of the family firm by further highlighting its uniqueness and distinctiveness from non-family firms, this study attempts to explore the phenomenon of family culture within a newer research context. The choice of this research location is hinged on postulation that most businesses in this region are clustered around families thus it provides a richer platform to investigate the cultural concept, the nuances given to it and how it influences the performance of firms that has significant family

involvement (FI). Based on the foregoing, this paper therefore seeks answers to the following questions:

- i. is family culture inherent in family businesses?
- ii. what role does gender play in promoting family culture in a family business?

## **Theory and Hypothesis**

### **Defining Family Business**

Family business research 'FBR' is still a relatively new, if compared to more established fields such as management, small business research and entrepreneurship. Therefore, theories guiding FBR is still evolving. However, one clear area of convergence in the family business literature is that family involvement in a business is the major distinctive factor that differentiates family businesses from non-family businesses (NFBs). Consequently, defining family business depends largely on identifying, understanding and explaining the key components of family involvement in a business and how this would differentiate firms with such involvement from those with diverse ownership. Consequently, both theoretical and operational approaches are required to effectively do this for there to be a significant contribution to the 'theory of the family firm'. To address this gap, Chua, Chrisman and Sharma (1999:25) in their seminal paper on defining family business, introduced family business as "a business governed and/or managed with the intention to shape and pursue the vision of the business held by a dominant coalition controlled by members of the same family or a small number of families in a manner that is potentially sustainable across generations of the family or families". Although, this definition provides a sound theoretical approach to understanding the distinctiveness of family firms, the field requires more applicable operational components that are measurable across cultures and other contexts. Further developments on the definitional issues of family business was presented by Chrisman, Chua, & Steier, (2005b) in their review of the important trends in family business research by proposing two approaches (components-of-involvement and essence) observed from their extensive review of the literature. They distinguished between these two approaches by presenting the components-of-involvement approach as a sufficient condition to define family business, while the essence approach was introduced as only a necessary condition in doing this (Chrisman et al., 2005b). The authors identified the following as key elements of the components-of-involvement approach: family ownership, family management; and family control; in defining a family business. While in the essence approach, they presented more restrictive characteristics of what constitutes a family firm: a) family influence on the firm's strategy; b) family's vision, intention to keep control of the firm and subsequently hand this over to the next generation; c) behaviour of the family firm; and d) lastly distinctive familiness (Kraiczy, 2013). This study however follows both the operational and theoretical approaches to defining family business by proposing a more inclusive

definition which identifies the components and essence of family involvement by including family culture, which could influence the strategy, vision, and behaviour of family firms, while simultaneously distinguishing them from non-family businesses. The inclusion of family culture (which depicts the culture of the family behind the firm) would serve to measure the particularistic factors that shape families behind businesses across different communities, countries and continents across the world.

### **Components of Family Involvement**

This section discusses the components of family involvement as identified in the FBR literature and the proposed FI component, family culture.

#### **Ownership**

Ownership of a firm by an entity is defined by the controlling shares held by that entity; in other words, a firm is said to be owned by an entity that holds its controlling shares. The entity could be an individual, group of people, holding company or state (Chakrabarty, 2009). Ownership is one of the key mechanisms required to control a firm internally (Jensen and Meckling, 1976) and externally through manoeuvring of the firm's resources. It has the potential to significantly influence the strategy, behaviour, and performance of that firm. In practise, the economic behaviour of a firm is greatly influenced by the majority shareholder(s). Ownership is therefore represented in this paper either by the number of shares an individual or a family has in a firm; or the percentage of shareholding or voting rights held by a group.

In the context of family ownership of a firm however, there is a lot of debate with regards to scope; for example, would ownership be restricted to the nuclear family only (Westhead and Cowling, 1998), or would there be a consideration for extended families; and/or partnership of families (Davis, 1983)? Chua et al., (1999) suggests a downplay of the ownership component due to the divergent views on the scope of family ownership and also in their attempt to proffer a more universal approach to the definition and measurement of family involvement in a business.

#### **Management**

Existing models of organisation provides a clear distinction between ownership and management (Morris et al., 1997). A family-managed company refers to a family descent acting as the Chief Executive Officer of a company (Miller and Le Breton-Miller, 2006). A widely accepted view in the literature is that a family business should be family-owned and family-managed (Villalonga and Amit 2006). Although family-managed firms also represent a significant proportion of definitions given in the literature to what a family business represents (Chua et al., 1999); but most authors disagree that family-managed firms alone is sufficient to represent family business. In general, although,

management is one of key components of family involvement in a firm but it is usually combined with family ownership before the firm can be accepted to be a family business (Chua et al., 1999).

### **Governance**

Governance is defined as the organisation of strategic leadership and control of a firm (Klein, 2010). The scope of governance in a firm comprises of four roles: control, strategic, service and resource-dependent (Heuvel, Gils, & Voordeckers, 2006). This is distinguished from the role of management which centres on organising, co-ordinating activities of an organisation in accordance with clearly stated policies and well defined objectives (Drucker, 1973). The management team usually works under the direction of the Board of Directors (Heuvel et.al. 2006). Therefore, it is suggested that “governance dimension of family involvement supersedes the management dimension of involvement”.

### **Succession**

Succession is sometimes considered to be the most essential component of family involvement in a business (Chua et al., 1999). This is because the continued existence of family firms is hinged on the ability of the founders or owners to transfer the ownership and sometimes management of their business to the next generation (Klein, Astrachan, & Smyrniotis, 2005). Hence it is a goal which occupies the top on the list of most family business owners (Sharma, Chrisman & Chua, 2003). Succession is therefore defined as the process through which a firm is transferred from one generation to another (Morris, Williams, Allen, & Avila, 1997).

### **Family Culture**

Family culture is still an evolving research area with a dearth of literature in the field of family business. Organisational culture, on the other hand, has been the toast of academic enquiry, especially within the field of management because of its link to the survival of firms. In both entrepreneurship and management literatures, organisational culture is posited as an important strategic resource for firms to gain competitive advantage (Zahra et al., 2004; Dyer, 1988). This is backed by empirical researches which produce positive outcomes while investigating the association between organisational culture and superior firm performance (Barney, 1996).

Culture was described by Hofstede and Hofstede (2005) as the software of the mind. According to these authors, culture is a collective phenomenon which is shared with people within the same social environment (Hofstede and Hofstede 2005). At the national level, culture is made up of the underlying value systems that are specific to a society which prompts individuals within that society to behave in certain ways (Hofstede, 1994). Within an organisation, culture is explained as

the coherent patterns of beliefs and values that represent acceptable solutions to major organisational problems (Zahra et al., 2004). At the family level, culture refers to a cumulative set of assumptions that a family holds which guide their belief systems (Dyer, 1988). In this paper, the focus is on culture at the family level due to the dearth of literature on same.

Family culture sheds light on certain aspects of culture such as values (Koiranen, 2002). Values answer the question of what is important to one; and core values are the deep-seated pervasive standards that influence almost every aspect of one's life (one's moral judgements, responses to others, commitments to personal and organisational goals (Dumas and Blodgett, 1999:210).

The central assumption in this paper is that when a family gets involved with a firm, there is a possibility that the business would be guided by the same principles, and values embedded in the family (Zahra et al., 2004). These conditions that family cultures create in a firm with family involvement would help shape the behaviour of family firms distinctively from those with diverse involvement. Understanding the culture of the family behind a firm and how this shapes the behaviour, decision-making process, performance and growth of a firm would further aid the understanding of the synergy between the firm and the family.

### **Family Culture in Nigerian Small Businesses**

Nigeria, this study location, is a country of diverse ethnic groups and cultures (Mbakogu, 2002). The three dominant ethnic groups in Nigeria are Yoruba, Igbo and Hausa-Fulani, while the other ethnic groups are classified as the minority group. Ethnic groups are defined as a group with a common identity that distinguishes them from others (Ukoha, 2005). Cultural practices differ in each ethnic group in Nigeria. However, these cultural practices are mainly made up of symbols, rituals and heroes as described by Hofstede and Hofstede (2005). Values, the core tenet of culture which captures basic human behaviour, knowledge, commitment (Aronoff and Ward, 1995) may also differ slightly among the different groups in Nigeria. This is due to the huge diversity in traditional beliefs in the three major ethnic groups and other minority groups in the country. However, drawing from the theoretical review of culture by Hofstede and Hofstede (2005), this paper would be X-raying culture of Nigerian families based on what is perceived to be the country's national culture. The premise for this is predicated upon the general assumption that there would be similar cultural values and beliefs that collectively shapes the citizens of the country.

Consequently, based on the conceptual review of culture by Hofstede and Hofstede (2005) and a review of other literature on the national culture of Nigeria, the country's dominant cultural practices may be described as follows:

- i. Large Power Distance: In large-power distance societies, power is based on tradition or family, charisma and the ability to use force.



- ii. **Collectivism:** In collectivist societies, opinions are predetermined by group membership, and collectivist interests prevail over individual interests. Harmony and consensus in the society are considered to be paramount. The extended family system which is peculiar to African societies depicts their collectivist nature. The extended family is a combination of two or more nuclear families in which their relationship is biological, social and economical (Nafziger, 1969). Resources are usually pulled together for the benefit of all (and not for the benefit of one).
- iii. **Masculinity:** Nigeria was ranked as being in between these two cultural traits (masculinity and femininity) but more towards masculinity. In masculine societies, challenge, earnings, recognition and advancement are important. Men are expected to be ambitious, assertive and tough while women are supposed to be tender and take care of responsibilities. Gender inequality is high in such societies. Recent statistical figures and empirical evidences from Nigeria suggest that the country is still plagued with a high level of gender inequality across all levels, from family to national (British Council Nigeria, 2012).
- iv. **Short-term Orientation:** The findings recorded in the book by Hofstede and Hofstede (2005) rank Nigeria as a country with short-term orientation. In their book, short term orientation is defined as the fostering of virtues related to the past, present and with particular, respect for tradition, preservation of face and fulfilling of social obligations.

Based on the above, it can be argued that the diverse ethnic groups in Nigeria would draw their major cultural practices from the country's national culture and this in turn would have an effect on families and individuals within the country. Nigerians are generally known for the values they place on family (both nuclear and extended). The country's cultural values and traditional beliefs place a high regard on the patriarch of the family and what 'he' stands for. Values such as trust, loyalty, togetherness, respect, preserving one's family heritage and maintaining a good name through honesty and high integrity; are fundamental tenets taught to children in families and primary schools.

Therefore, the proposed scale chosen to measure family culture among Nigerian family businesses was adapted based on the wordings of the items. These capture some of the basic tenets surrounding the country's predominant cultural practices. Furthermore, the F-PEC scale originally developed by Astrachan, Klein and Smyrnios (2002), has been validated and re-validated in the family business literature (Klein, Astrachan, & Smyrnios, 2005; Holt, Rutherford, & Kuratko, 2010). The multi-dimensionality of the scale was also confirmed by Zahra, Hayton, Neubaum, Dibrell, and Craig (2008) and Cliff and Jennings (2005). Consequently, the culture sub-scale of the FPEC scale is considered to be an appropriate well-tested reliable scale to measure family culture in small family businesses in terms of family influence, commitment, values, loyalty, and trust. Therefore, it is assumed that:

Hypothesis 1: The mean scores collected from the sampled family businesses for all the items on the culture scale will be higher than average mean score of 3.5; which depicts a high level of family culture in these firms

### **Women in Family Businesses**

Although, there is an increasing interest on female entrepreneurs in the entrepreneurship literature, researches into the activities of women in family businesses are still scarce. The general assumption is that the activities of women are more related to the family than the business owned and/or managed by that family (Ward & Sorenson, 1989). Despite this significant gap, very few mainstream FBR has paid the requisite attention to the activities of women in the business side of the family. The close synergy between 'the family' and 'the business' could lead to the invisibility of women and their activities in growing these businesses. Women play diverse roles within the family such as wives, mothers, daughters, mothers-in-law, and grandmother. Therefore, their participation indirectly in business decision-making, planning, mediators, nurturers and other important functions might go unnoticed and unacknowledged; hence the need to increase formal investigations reviewing the activities of women in family business growth. Therefore, this paper proposes:

Hypothesis 2: Family businesses owned and managed by women would display a higher level of family culture than those managed by men

### **METHODOLOGY**

We collected data from 237 family businesses operating in Lagos. These respondents were selected through a simple random sampling procedure from the data acquired from the Lagos office of Small and Medium Enterprises Development Agency of Nigeria (SMEDAN). The focus on Lagos was predicated upon the fact that it is the commercial centre of Nigeria, hence, it houses businesses owned and managed by families that have emigrated from around the nation.

Family culture is the main independent variable in this research. Due to the multidimensionality of the F-PEC Scale (Cliff and Jennings, 2005; Chrisman, Chua, & Kellermanns, 2009), the culture subscale of the F-PEC scale was extracted and adapted to measure family culture in this paper (Astrachan et al., 2002). F-PEC scale is a well-tested and used construct in family business literature for assessing family influence on a firm in a continuous scale (Klein et al., 2005; Rutherford et al., 2008; Zahra et al., 2008; Holt et al., 2010); hence, the choice of the culture subscale as the appropriate measuring scale to empirically assess family's influence with regards to culture within a new research context.

## RESULTS

### Demographics

The study sample consists of 237 family business owners and/or managers of which 70% were male and 30% female. Table 1 below reports some basic demographics on the sampled businesses.

This statistics of the male and female respondents recorded in this study is similar with the findings of some studies conducted in major cities in Nigeria (Lagos inclusive). Okpara (2011) reports 60% male and 40% female respondents; and Woldie, Leighton, & Adesua (2008) reports 74.8% male and 25.2% female respondents in their respective studies on small businesses or SMEs within this research context. The above trend indicates a wide disparity in the ratio of male and female participation in entrepreneurial activities as business founders, owners and/or managers. The study sample also shows a good mix of businesses types. It is however noteworthy to mention that there is no high-technology based business in the mix. This may be because of precedence as explained in the literature that most family businesses engage in more traditional businesses such as farming, small-scale manufacturing and other related businesses in developing countries (Jorissen, Laveren, Martens, & Reheul, 2005). The paper also adopts the recent criteria specified by the National Bureau of Statistics' (NBS) and Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) in differentiating between micro, small and medium scale enterprises (NBS and SMEDAN, 2010). Micro enterprises are defined as those enterprises with a workforce of less than 10; small enterprises are those enterprises with a total workforce of between 10 and 49 employees; while medium enterprises are those enterprises with a total workforce of between 50 and 199 employees (NBS and SMEDAN, 2010).

As Table 4.2 shows, majority (89.5%) of the sampled firms are businesses with a workforce of between 10 and 49 employees and are therefore small businesses. The remaining 10.5% are businesses with a workforce of between 50 and 199 employees and are therefore medium-scale businesses (NBS and SMEDAN 2010). This finding is similar to that reported by Woldie et al., (2008) on small and medium scale enterprises in Nigeria. Woldie et al.'s finding also showed a significant gap between small-sized (77.2%) and medium-sized firms (22.8%) in their study sample; thus supporting that the finding of this paper is not unusual within the research context

**Table 1: Descriptive Statistics of Respondents**

| N = 237                          |                                       | FREQUENCIES |       |        |       |
|----------------------------------|---------------------------------------|-------------|-------|--------|-------|
| VARIABLE                         |                                       | Male        |       | Female |       |
|                                  |                                       | N           | %     |        |       |
| <b>SEX</b>                       |                                       | 166         | 70%   | 71     | 30%   |
| <b>AGE</b>                       | ≤25years                              | 4           | 1.7%  | 2      | 0.8%  |
|                                  | 26 – 35years                          | 35          | 14.8% | 9      | 3.8%  |
|                                  | 36 – 45years                          | 56          | 23.6% | 37     | 15.6% |
|                                  | 46 – 55years                          | 54          | 22.8% | 19     | 8.0%  |
|                                  | 56 – 65years                          | 11          | 4.6%  | 4      | 1.7%  |
|                                  | >65years                              | 6           | 2.5%  | 0      | 0.0%  |
| <b>ETHNICGROUP</b>               | Yoruba                                | 49          | 20.7% | 39     | 16.5% |
|                                  | Igbo                                  | 34          | 14.3% | 3      | 1.3%  |
|                                  | Hausa                                 | 51          | 21.5% | 18     | 7.6%  |
|                                  | Others                                | 32          | 13.5% | 11     | 4.6%  |
| <b>EDUCATIONAL QUALIFICATION</b> | Did no go to school                   | 21          | 8.9%  | 3      | 1.3%  |
|                                  | First School Leaving * Cert.          | 7           | 3.0%  | 3      | 1.3%  |
|                                  | Junior Secondary School * Cert.       | 3           | 1.3%  | 1      | 0.4%  |
|                                  | Senior Secondary School * Cert.       | 18          | 7.6%  | 2      | 0.8%  |
|                                  | Ordinary Diploma or Technical * Cert. | 20          | 8.4%  | 4      | 1.7%  |
|                                  | University Degree or HND              | 55          | 23.2% | 35     | 14.8% |
|                                  | Masters' Degree or MBA                | 42          | 17.7% | 23     | 9.7%  |
| <b>POSITION IN THE BUSINESS</b>  | Owner                                 | 58          | 24.5% | 21     | 8.9%  |
|                                  | Manager                               | 33          | 13.9% | 12     | 5.1%  |
|                                  | Owner/Manager                         | 75          | 31.6% | 38     | 16.0% |
| <b>NUMBER OF EMPLOYEES</b>       | 10 – 49 (Small Businesses)            | 147         | 62.0% | 65     | 27.5% |
|                                  | 50 – 199 (Medium-Sized Businesses)    | 19          | 8.0%  | 8      | 2.5%  |
| <b>BUSINESS LEGAL STATUS</b>     | Sole Proprietorship                   | 93          |       | 39.2%  |       |
|                                  | Partnership                           | 7           |       | 3.0%   |       |
|                                  | Limited Liability Company             | 102         |       | 43.0%  |       |
|                                  | Unregistered                          | 35          |       | 14.8%  |       |
| <b>INDUSTRY ANALYSIS</b>         | Manufacturing                         | 46          |       | 19.4%  |       |
|                                  | Trading                               | 72          |       | 30.4%  |       |
|                                  | Services                              | 119         |       | 50.2%  |       |

### Family Culture

Table 2 below shows the descriptive statistics of the family culture scale based on the responses from the 237 respondents.

17.1.1 TABLE 2: Descriptive Statistics - Family Culture Measurement Scale

| Family Culture N=237  | Mean | Rank | Min | Max | SD   |
|---|------|------|-----|-----|------|
| Your family has influence on this business  | 6.3  | 3    | 4   | 7   | 1.03 |
| Your family members share similar values  | 5.9  | 7    | 3   | 7   | 1.10 |
| Your family and business share similar values   | 5.8  | 8    | 3   | 7   | 1.15 |
| Your family members are willing to put in a great deal of effort beyond that is normally expected in other to help the family business to be successful | 6.4  | 2    | 4   | 7   | 0.87 |
| You and your family support the family business in discussions with friends, employees and other family members.  | 6.2  | 4    | 4   | 7   | 0.93 |
| You and your family feel loyalty towards the business   | 6.5  | 1    | 4   | 7   | 0.78 |
| You and your family find that your values are compatible with those of the business   | 6.0  | 6    | 3   | 7   | 0.99 |
| You and your family members are proud to tell others that you are part of the family business   | 6.5  | 1    | 4   | 7   | 0.81 |
| There is so much to be gained by participating with the family business on a long term basis  | 6.2  | 4    | 4   | 7   | 0.94 |
| You and your family members agree with the family business' goals, plans and policies   | 6.1  | 5    | 4   | 7   | 0.97 |
| You and your family members really care about the fate of the family business   | 6.5  | 9    | 3   | 7   | 0.76 |
| Deciding to be involved with the family business has a positive influence on your life  | 6.3  | 3    | 3   | 7   | 0.90 |
| You understand and support your family's decisions regarding the future of the family business  | 6.4  | 2    | 4   | 7   | 0.81 |

Family culture is argued as one of the most important defining elements of family influence on a business. In actual terms, family culture is considered to be an essential factor that determines organisational behaviour; and the alignment of family goals to the organisation's goals (Holt et al., 2010; Lumpkin, Martin, Vaughn., 2008; Rutherford, Kuratko, Holt, 2008; Bertrand and Schoar, 2006; Zahra et al., 2004; Klein et al., 2005; Astrachan et al., 2002). Nevertheless, the question is how strong is the presence of family culture in a family owned and/or managed business? This is one of the questions that this paper is set to address. The well-defined and tested culture sub-scale of the FPEC Scale developed by Astrachan, Klein and Smyrnois (2002) and further validated, first by Klein, Astrachan and Smyrnois (2005) and second by Holt, Rutherford and Kuratko (2010) is used to measure family culture in this paper.

However, the initial 5-point Likert scale used by Astrachan et al. (2002) is replaced with a 7-point Likert-scale for more variability in the responses solicited from the respondents. Furthermore, a few early researchers have suggested that the 7-point scale may be more reliable than the 5-point scale for this present study (Coleman, Nabekura, & Lichtman, 1997) because the latter has been found to generate stronger correlations with t-test results (Lewis, 1993). Generally, in the wider literature, the seven-point scale enjoys more empirical support on its reliability although; the five-point scale is more popular (Preston & Colman, 2000). More important and relevant to this study is

wider usage of the 7-point scale in family business research (Zellweger, Kellermanns, Chrisman, & Chua, 2012; Stewart and Hitt, 2012; Hienerth and Kessler, 2006; Fletcher, 2002). The anchors on the 7-point likert scale used are: '1 for strongly disagree; and 7 for strongly agree'. The remaining numbers between '1 and 7', though not indicated on the questionnaires were explained as follows: '2 and 3' means disagree; 4 stands for neutral; 5 and 6 for agree. Table 1 below shows the culture scale and the relevant descriptive statistics. The statistics presented below shows that none of the 13 culture items has a mean value below 5.5. This suggests that family culture is an important measure of family involvement in a family business.

The two most important items with the highest mean value of 6.5 are: 'you and your family feel loyalty towards the business; and 'you and your family members are proud to tell others that you are part of the family business.' These two items suggest the presence of strong loyalty of family members towards the firm that they are involved in. The next two items that rank 'second highest' on the list of importance are: 'putting in a great of effort to ensure the success of the family business'; and 'understanding and supporting the family's decision regarding the future of the family business. These two items are described by Lumpkin et al. (2008) as part of a strong family tradition and loyalty in their family orientation scale. It is also important to note that the high mean score of item 1 (6.3)- 'your family has influence on this business'; placed significant emphasis on the importance of family influence in shaping the behaviour of the firm and it is the main argument of this paper.

### **Inferential Statistics - Independent Sample t-Tests**

Nigeria, being a dominantly patriarchal society in terms of traditional beliefs and practices, the role of women in formal businesses are seldom acknowledged or noticed. Therefore, investigating the level of family culture in family firms based on the gender of whom the founder, owner and/or manager is, would further broaden the current insights on the role of women in businesses with family involvement. In most communities in Nigeria, transferring business ownership or control to women is not widely acceptable. Most founders or business owners would normally follow the norm of transferring their business interests, ownership or control to the oldest male child (Makama, 2013).

In this regard, to compare the level of family culture in businesses owned and/or managed by men with that of women in the same position, an independent-sample t-test was conducted to evaluate the null hypothesis that there is no difference in the level of family culture present in the family firms based on the gender of the founder, owner and/or manager. The question asked at this point is 'do the level of family culture in a firm differs in terms male and female ownership or management of that firm?' The importance of this investigation is premised on the established importance of family culture in fostering the strategic flexibility of family businesses (Zahra et al., 2008); and firm

performance (Brice, 2013). Therefore, examining the factors that promote family culture in family firms is considered to be an important line of research investigation. Independent t-test was considered to be the most appropriate tool for this analysis because it enables you compare the average values of two different groups based on the assumption that any observed difference is unlikely to have occurred due to a random chance in sample selection.

The initial descriptive analysis produces the following figures for means and standard deviation of the two groups: Male (mean=6.1717, SD=0.6374, n=166); and Female (mean=6.3357, SD=0.5371, n=71). According to the analysis of means, the female-led family-involved businesses with a mean of 6.3 have a slightly higher level of family culture than the male-led group (the mean for this group is 6.2).

The assumption of normality was evaluated using skewness statistics and the values generated for both groups (male= -1.0 and female= -1.1) were within the acceptable +1 and -1 range, suggesting no outliers in either group. Thus, the assumption of normality is met and found tenable for both gender groups. The assumption of homogeneity of variances was tested and is found tenable using Levene's test,  $F(1, 235) = 1.523$ ,  $t = -1.898$ ,  $p = 0.218$ . The t-test is significant at both 90% and 95% confidence interval with a p value of 0.05. These results suggest that the level of family culture differs according to the gender of who is leading a family business. Specifically, the outcome of this analysis suggests when women are leading a family business; the level of family culture in that business might be higher despite the huge disparity between the numbers of male owned and/or managed family businesses (70%) and those owned and/or managed by women (30%).

### **Discussion/Conclusion**

Family culture is an important valuable resource that shares a similar influence on a family firm like the already established components of family involvement in the family business literature namely: ownership, management, succession and governance. Furthermore, it is the exegesis of this paper that family culture might indeed be an idiosyncratic organisational process that propels distinct behavioural phenomenon in family businesses. Family cultural traits such as trust, loyalty, harmony, identifying family members with the family business, defending the family business, creating contacts for the business and being committed to the family's goals for the business, which are deeply rooted in the Nigerian culture are shown to be important resources for family businesses to possess in order to survive in the Nigerian economic environment.

The outcome of this study shows a significant presence of family culture in family owned enterprises, with the least mean figure of the items measuring family culture as '5.8', on a seven-point scale. Furthermore, the findings showing a significant higher level of family culture occurring in firms owned and/or managed by women when compared with those owned and/or managed by men, is

another important investigation in this study. Traditionally, in patriarchal societies like Nigeria, the role of women remains invisible in formal business enterprises; therefore, outcomes such as these would help shed more light on the importance of women beyond their traditional activities within the family. Furthermore, despite, the huge disparity in the sample size composition of male and female owners and managers, the significance and positive finding is an indication that women should be given more visible and defined leadership roles with family firms. This is also more important because, almost all families are headed by men in this region and this role is oftentimes transferred into their various business concerns thus making women and their activities almost invisible (Lyman, Salganicoff, & Hollander, (1985). Hence, it is necessary for FBR scholars and practitioners to start considering reversing the order that places women in background roles.

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# WOMEN ENTREPRENEURSHIP DEVELOPMENT AND WOMEN EMPOWERMENT IN ABEOKUTA SOUTH LOCAL GOVERNMENT, OGUN STATE.

Obadeyi, J.A<sup>1\*</sup>, Oba- Abimbola, A.D<sup>2</sup>, Oladejo Moruf O.<sup>3</sup>

<sup>1</sup>*Department of Accounting & Finance, Elizade University, Ilara –Mokin, Ondo State.*

<sup>2</sup>*School of Business and Management Studies, Moshood Abiola Polytechnic, Ogun State.*

<sup>3</sup>*Department of Management and Accounting, Faculty of Management Sciences, Ladoke Akintola University of Technology, Ogbomoso.*

Corresponding Author: james.obadeyi@elizadeuniversity.edu.ng

## **Abstract**

*There is a tremendous increase in the number of women who are now interested in becoming small business owners, starting up a business of their own. Women entrepreneurship in the informal sector has remained untapped source of job creation, business and financial opportunities, innovations and economic development globally. In view of this, the paper is examining the role of entrepreneurship development in enhancing women empowerment within Abeokuta South Local Government of Ogun State. Both qualitative and quantitative research methods were adopted. The study made use of primary data that was collected through structured questionnaire; and it was administered to two hundred and ten (210) female micro finance banks' customers who were selected through purposive sampling. Analysis of the data gathered was carried out using descriptive and multiple linear regression analysis with the aid of Statistical Package for Social Sciences (SPSS) version 20.0. The result showed that women entrepreneurs were faced with various challenges such as capital, gender differences, meeting family needs etc. The paper concludes that entrepreneurship development will have a great impact on women empowerment if the society can bridge male-female education gap, create opportunity to access fund and improve on infrastructural facilities, such as power supply and good road networks.*

**Keywords:** Women entrepreneurship, Business development, Job creation, Small businesses, Nigeria

## **INTRODUCTION**

The number of women operating personal business is increasing globally, and the main reason may be due to either opportunity or necessity. There are evidences to suggest a significant increase in women entrepreneurship. One consequence of this is that women are a relatively new group of entrepreneurs compared with men, which means that they are more likely to run younger businesses. However, the lower socioeconomic status of women has meant that they are less likely to afford or access ICTs, resulting in fewer benefits from using ICTs to support their entrepreneurial activities. Furthermore, access to public internet points, provided through business centres, are not always women-friendly in terms of hours of operation. Women in entrepreneurship has been largely neglected in the society. There is a lower participation level in entrepreneurship than men but they also generally choose to start and manage firms in different industries than men tend to do. The industries are retail, cottage, cloth weaving and other service industries) chosen by women are often perceived as being less important to economic development and growth than high-technology and manufacturing.

In Nigeria, where the public sector's role for women employment is diminishing and where private sector careers are not encouraged and thoroughly supported, women look to establish and grow businesses themselves. Entrepreneurship is known to be the fulcrum of economic growth and development, innovation and job creation in different economies of the world. Entrepreneurship is further characterized as the transformation of ideas into socio-economic opportunities and tendency of being a risk lover (Hisrich, 2005; Suresh, David and Chris, 2012). Entrepreneurship plays major role

in the discovery of knowledge and transforming into future goods and services through industrial innovations.

Therefore, women entrepreneurship may be regarded as a framework that allows women to organise all the factors of production, undertake risks, and create employment opportunities to others. Women entrepreneurs represent more than one-third of all businesses operating in the formal economy globally, characterized with micro/mini and small enterprises, with little potential for growth. Apart from being under-represented in enterprises of all sizes, the bigger the firm the less likely it is to be headed by a woman.

Women-owned businesses already contribute significantly to the world economy, and their number has grown over time. These firms represent a significant share of employment generation and economic growth potential. This contributes significantly to development beyond enterprise growth and turnover numbers (Akande & Ojokuku, 2008).

However, investing in women is one of the most effective means of increasing equality and promoting inclusive and sustainable economic growth. Investments in women-initiative programmes can achieve significant ripple effects for development, since women generally spend more of their income on the health, and well-being of families. Women entrepreneurs are responsible to make provision for family and societal needs, investing greatly in information, communication and technology.

### **Statement of Problem**

The women in entrepreneurship, considering the informal sub-sector, have been completely neglected in the society. The women participation rate in entrepreneurship is completely at very low rate compared with men. The common industries involve by women include catering, retail, education, tailoring, health care, cottage, gari-processing, weaving, palm oil, palm cannel business services etc. It is believed that these industries chosen by women are often regarded as being less important which could not help to achieve economic growth due to its mini proportions. While the effort of women in developing entrepreneurial orientations necessary for successful entrepreneurship faces serious impediments from institutional and informal practices, far less has been done empirically to examine the relationship between women entrepreneurial orientation and its influence on the level of performance to achieve sustainability especially in the Nigerian context.

The existence of market failure discriminating against women's possibility to become entrepreneurs and their possibility to become successful entrepreneurs. But in a true sense of it, women are better at making key financial decisions that impact the household such as a child's education. Lack of qualitative and quantitative information/data prevents the ability to determine the profile of women entrepreneurs (i.e. demographic information). This makes it difficult to assist in determining and promoting awareness of the significant roles of women entrepreneurs in the economy. Immediately a

business is established, finance may be more difficult for women entrepreneurs to raise than for their men counterparts, because of the greater difficulties that women face in penetrating informal financial networks. The under-listed questions require answers in the course of the study;

- i. What are the problems faced by women entrepreneurship?
- ii. What are the factors that can assist women entrepreneurship to achieve sustainable development?
- iii. What are the women entrepreneurship initiatives?

### **Research Objective**

The main objective was determining Women Entrepreneurship Initiatives: A panacea for sustainable development in Nigeria. The specific objectives include;

- i. To examine the challenges faced by women entrepreneurship in achieving sustainable development in Nigeria.
- ii. To identify the factors that can assist women entrepreneurship in achieving sustainable development.
- iii. To determine the women entrepreneurship initiatives.

### **Research Hypothesis**

It is however hypothesized that;

Ho: Women entrepreneurship initiatives has no significant contribution to sustainable development in Nigeria.

### **LITERATURE REVIEW**

Entrepreneurs are the foundation for innovation, economic growth and development, and creation of job opportunities. Empowering women worldwide and investing in their futures can help drive growth in the global economy and promote economic vitality and security (Ingrid, 2014). Networks play an important role in helping entrepreneurs gain advice, form partnerships, secure financing, and access qualified management and employees. The Women's Entrepreneurship Development (WED) programme works with partners to increase economic opportunities for women entrepreneurs by supporting them via strengthening the enterprises via the creation of conducive environment for women's entrepreneurship business to thrive; and strengthening the institutional capacity of banks and non-banks financial institutions to provide service to meet the financial needs of women entrepreneurs.

Information and Communications Technology (ICT) is at an increasing rate to provide new opportunities for entrepreneurs to access market information, communicate with customers

and provide a new channel for buying and selling products. In particular, the global explosion in technologies in Nigeria has led to increase and affordable opportunity to technology. Carter (2000) in 'Gender and Enterprise' concluded that there was need for support schemes for enterprise development through credit unions and mutual guarantee schemes involving women entrepreneurs, to cover administrative costs and/or contributions to the capital base of the business enterprises. Carmen (2013) in 'women, entrepreneurship and the opportunity to promote development and businesses' claimed that women entrepreneurs help to identify opportunities to promote women's entrepreneurship in order to harness this untapped potential. OECD (2004) in the work, 'women's entrepreneurship: issues and policies' claimed that there exists a market failure discriminating against women's possibility to become entrepreneurs and their possibility to become successful entrepreneurs. This market failure needs to be addressed by policy makers so that the economic potential of this group can be fully utilised.

Global Entrepreneurship Monitor (2013) argued that the poorer a country, the more likely that women's entrepreneurship is driven by necessity. Regardless of gender, entrepreneurial activity is typically higher in low- and middle-income countries than in high-income countries. One characteristic of small scale enterprises that contrasts to that of larger business is the relative larger presence of women as enterprise owners.

In Nigeria, at least one-third of small scale business operators are thought to be women Isidore, Norsiah, and Razli, (2010) and over the past few years, the place of women in entrepreneurial activities has been recognized as an important and untapped source of economic growth. Women entrepreneurs create new jobs for themselves and others and by being different in gender also provide society with different solutions to management, organizational problems as well the exploitation of entrepreneurial opportunities (Gebremeskel, Tesfa, Gebremedhin, and Randall 2004).

In recognition of the significance of women entrepreneurship, a wide range of donor and national government programmes has targeted them and supported their entry into the sector. These programmes have included training and enterprise support, the establishment of micro-credit programmes aimed specifically at women, and support for business development agencies so that in turn they may provide appropriate and gender aware support for women as clients (Akanji, 2006).

Despite the crucial role of women entrepreneurs in the economic development of families and the nation, it is however, noticed that women have low entrepreneurial orientation in terms of risk-taking abilities, innovativeness, pro-activeness and competitive abilities compared to their male counterpart. This particular deficiency in women's entrepreneurial abilities may actually have a significant effect on their level of performance (Brana, 2008).

Women in entrepreneurship possess dual characteristics (for instance, they are firstly women and secondly entrepreneurs). Therefore, women entrepreneurs possess characteristics which include



adaptability, innovativeness/creativity (Crisp and Turner,2007), strength and internal focus of control (Akanji, 2006), ability to think and reason fast and endure (Shane,2003), managerial skill, accountability and credit risk (Akanji, 2006). Factors that motivate women entrepreneurs have been identified to include, limits on their earnings and advancement (Mpango and Mushi,2000); (Cheston and Kuhn, 2002), need to improve quality of life (Brana, 2008), desire to earn more income, growth and innovation (Colvin and Slevin, 2004), desire for independence, risk-taking propensity (Dess and Lumpkin, 1996), education, freedom, job flexibility and previous experience (Wouter and Tom,2008). Both for men and women-run enterprises, the right motive should be the first determining factor before entering into a small business. Such motives include: money, achievement and learning opportunity (Colvin and Slevin, 2004). In a similar study, Mpango and Mushi, (2000) in their study of 180 women-operated small businesses in Hong Kong added that the need for business growth and social advancement as vital motives for successful entrepreneurship. Especially female-run enterprise, possession of adequate skills for entrepreneurial orientation is very crucial.

Wouter and Tom, (2008) supported this fact and concluded that entrepreneurial orientations, risk taking propensity, innovativeness and proactive competitiveness, networking to get market information, customer information, finance and strategic planning were the prerequisites for small business success of women-run enterprises. Some level of education is another sustainable indicator for women entrepreneurship. Swieczek&Thanhha (2003) found that when classroom theoretical knowledge are supported with practical business education/training through internships, the operating skills of female entrepreneurs are greatly enhanced in the small businesses. While Brana (2008) emphasized that the vital role entrepreneurship plays in economic development of a country is necessary in terms of blending theoretical background with practical industrial skills. Brana further suggested that self-drive, commitment and creativity were needed for business success.

Glover, (2008) found that the value of training/knowledge given to entrepreneur varies from one venture to another, and that growth and performance of small scale businesses are influenced by the personality and abilities of the entrepreneurs especially in female-run business. Ability to network (connections with outside parties providing finance and with social groups) is another characteristic of a successful woman entrepreneur. A number of other researchers also made similar findings regarding the orientations or characteristics requisite for successful women entrepreneurship to achieve sustainable development (Ekpenyong and Nyong,1992; Chowdhury, 2004; Akande and Ojokuku, 2008) what is unclear from these literature on skills is a consensus about which skills are most important for women entrepreneurs in developing micro and small business. For instance, the Orisanaye, (2000) skill typology included three skill categories: technical, human, and conceptual. This typology was extended by Herron (2004) to include organizational skills and industrial skills categories. He however, narrowed the skills under each category such that under the human skills category, leadership skills and networking skills were considered most important. Under conceptual

skills, separate categories for administrative skill and entrepreneurial skill were provided. Other indicators of team skills included major in college, highest degree, and current functional area drawn from David and Nicholas's (2006) work on top management teams.

### **Women Entrepreneurship Initiatives**

- i. Women's Mentoring Programs, which pair women (mentees) with leadership (mentors), to include virtual workshops and provide networking tips to help ensure the advancement of women. Mentorship, advisors and a support community as a leading challenge to their ability to start or stay in business. A robust and collaborative network is critical to business success, regardless of gender. Interaction, mentorship engagement and information exchange in an environment designed to promote the significance of social capital, for our community of entrepreneurs.
- ii. Technology involvement. A designated workspace in a technologically-advanced environment, designed to foster business growth and sustainability for women entrepreneurs. Technology resources via the Microsoft partnership to amplify the businesses' traction and global connectivity.
- iii. Access to Training, Re-training and Finance. Women entrepreneurs have access to affordable training, coaching and financial services enabling them to launch and grow businesses. Training initiatives is committed to sharing resources, creating strategic alliances and advancing professional opportunities for women entrepreneurs.
- iv. A community designed to support the engagement, interaction and collaboration with fellow women entrepreneurs in a supportive environment.
- v. Entrepreneurial Networking. A network of expert, seasoned mentors and consultants from the business and entrepreneurship communities serving in an advisory board capacity to other women entrepreneurs for sustainable development.

### **Women Entrepreneurship–Opportunities and Challenges**

The development of emerging economies of countries worldwide is due to the increasing participation of women in entrepreneurial activities because half of businesses is owned by women. The gender biasedness often prevents entrepreneurial potentials by providing skills, knowledge, adoptability and sensitizing them towards socio-economic status in the society (Carmen, 2013). A woman who can face challenges, adventures and an urge to become economically independent can transform in to an 'Entrepreneur'. A woman entrepreneur can contribute positive values to the family, community and the society. Globally women are indulging from teaching to technical areas. Women entrepreneurs are growing and intruding into the male dominated arena as garment manufactures, farm owners, business women with many commodities, establishing firms like, milk centers, petty shops etc., (Padmayathi, 2011).

- i. Financial constraints (High collateral requirements; lack of assets; lack of information on financial products and services; perceived risk by financial institutions to lend to women-associated business etc.).
- ii. Legal, institutional and business environment constraints (Risk of harassment or corruption; lengthy registration, licensing, or permit process; weak property rights; lack of information on formalization process etc.).
- iii. Other constraints (Limited participation in networks; limited skills /experience outside of traditional or female sectors; mobility restrictions; lack of access and knowledge of ICT; low education; lack of childcare & higher burden of household responsibility; limited participation in business networks etc.).

The women entrepreneurs may be classified into four groups according to their activities as **Cultivators:** Cultivating (a) Organic vegetables, (b) Fruits (c) Flowers, (d) Leaf Vegetables (e) Oil seeds. **Sellers:** Selling (a) vegetables, (b) fruits, (c) nuts, (d) flowers leafy vegetables, (e) yam, (f) cassava, (g) food vendors. **Manufactures:** manufacture palm oil, making beads, cottage, and cakes. **Managers:** Petty Shops, Bakery etc.

### **Sustainable Development**

Sustainable development of women entrepreneurs is challenging. Women entrepreneurship remains the solution to these challenges. Most businesses and organizations create significant social value in the form of employment, improvements of working conditions, competitive environments, goods and services that people either need or desire. The significance of women entrepreneurship development in Nigeria include; development of individual's economic and financial self-reliance; to promote personal and social initiatives like awareness creation; propagate social networking; build self- confidence and discipline; employment empowerment; promoting standard of living etc. World Bank (2004) claimed that economic growth is essential in order to achieve the Millennium Development Goals, and achieving the goal for reducing income poverty. The global apex bank further expatiate that many services that contribute to health and education are failing poor people. The main reason for this failure appears to be the fact that public spending effectively does not reach the poor, and even if it does, service provision is inefficient and of inadequate quality.

### **METHODOLOGY**

This section focuses on the research methods and source of data that is adopted in the study. The primary data was used in the study. The primary data was collected through structured questionnaire administered to sample of two hundred and ten (210) female micro finance banks' customers who were selected through purposive sampling within Abeokuta South Local Government, Ogun State,

Nigeria. Analysis of the data gathered was carried out using descriptive and multiple linear regression analysis with the aid of Statistical Package for Social Sciences (SPSS) version 20.0

## ANALYSIS

### Descriptive Analysis

**Table I: Perceptions of Challenges faced by women entrepreneurship.**

| Variables   | Mean | Rank |
|---|------|------|
| <b>Women Entrepreneurship Challenges (Overall)</b>                  | 9.65 |      |
| Limited access to funds   | 3.51 | 1    |
| Lack of developed infrastructure (electricity, transportation etc.) | 3.27 | 2    |
| Illiteracy  | 2.87 | 3    |

**Source:** Researcher's compilation 2016

**Table II: Perceptions of identifying Considerable Factors to aid Women Entrepreneurship Development**

| Variables   | Mean  | Rank |
|---|-------|------|
| <b>Factors to aid Women Entrepreneurship Development (overall)</b>    | 14.39 |      |
| Identify lucrative markets with potential for growth and job creation | 2.51  | 4    |
| Good government policies on women entrepreneurship                    | 2.97  | 3    |
| Easy access to funding  | 3.25  | 1    |
| Support gender – sensitivity  | 2.46  | 5    |
| Encourage women micro – entrepreneur                                  | 3.20  | 2    |

**Source:** Researcher's compilation 2016

**Table III: Perceptions of Women entrepreneurship Initiatives for Sustainable Development**

| Variables   | Mean  | Rank |
|---|-------|------|
| <b>Women entrepreneurship Initiatives for Sustainable Development (overall)</b> | 15.33 |      |
| Entrepreneurs Networking  | 3.52  | 1    |
| Technology development  | 3.21  | 2    |
| Mentoring Programmes  | 2.87  | 4    |
| Women forum and workshop  | 2.71  | 5    |
| Access to Training, Re-training and Finance                                     | 3.02  | 3    |

**Source:** Researcher's compilation 2016

## Regression Analysis

**Table IV: Regression Analysis Table**

| Model Summary                              |                   |          |                 |   |                            |
|--|-------------------|----------|-----------------|---|----------------------------|
| Model                                      | R                 | R Square | Adjusted Square | R | Std. Error of the Estimate |
| 1  | .769 <sup>a</sup> | .592     | .589            |   | .52422                     |
| a. Predictors: (Constant), ACCF, INFD, LIT |                   |          |                 |   |                            |

**Source:** Researcher's compilation 2016

From the model summary table above, the value of R Square (0.592, measuring goodness of fit) is high and it shows that the regression model is fit. The adjusted R Square (0.589) indicates that the model; access to fund, infrastructural development and literacy level explain 58.9% of the variation in women empowerment.

**Table V: ANOVA Table**

| ANOVA <sup>a</sup>                         |            |                |     |             |         |                   |
|--|------------|----------------|-----|-------------|---------|-------------------|
| Model                                      |            | Sum of Squares | Df  | Mean Square | F       | Sig.              |
| 1  | Regression | 371.345        | 7   | 53.049      | 193.045 | .000 <sup>b</sup> |
|  | Residual   | 255.842        | 931 | .275        |         |                   |
|  | Total      | 627.187        | 938 |             |         |                   |
| a. Dependent Variable: WE                  |            |                |     |             |         |                   |
| b. Predictors: (Constant), ACCF, INFD, LIT |            |                |     |             |         |                   |

**Source:** Researcher's compilation 2016

To assess the statistical significance of the results of the R Square explained the above table. It is necessary to look in the above ANOVA table. From the table, the F-Statistics (193.045) is high and the P-value (0.000) is less than 0.05 which all together indicates that overall impact of the independent variables on the dependent variable is significant.

**Table VI: Coefficients<sup>a</sup> Table**

| Coefficients <sup>a</sup> |            |                             |            |                           |       |      |
|---------------------------|------------|-----------------------------|------------|---------------------------|-------|------|
| Model                     |            | Unstandardized Coefficients |            | Standardized Coefficients | t     | Sig. |
|                           |            | B                           | Std. Error | Beta                      |       |      |
| 1                         | (Constant) | .498                        | .075       |                           | 6.641 | .000 |
|                           | ACCF       | .108                        | .028       | .115                      | 3.859 | .000 |
|                           | INFD       | .120                        | .024       | .162                      | 4.950 | .000 |
|                           | LIT        | .226                        | .031       | .248                      | 7.337 | .000 |
| a. Dependent Variable: WE |            |                             |            |                           |       |      |

**Source:** Researcher's compilation 2016

The above regression table is to show magnitude of the impact of each of the independent variables on the dependent variable. Looking at the column titled “Beta” in the above table, the Beta coefficient value for access to fund, infrastructural development and literacy level are 0.108, 0.120 and 0.226 respectively. This can be demonstrated below:

$$WE = \beta_0 + \beta_1ACCF + \beta_2INFD + \beta_3LIT + e$$

Estimated regression line:  $WE = 0.498 + 0.108ACCF + 0.120INFD + 0.226LIT$

***Interpretations:***

$\beta_0$  (the intercept coefficient) = 0.498 meaning when all the explanatory variables are zero the level of women empowerment within the local government will be 0.498.

*The sign of  $\beta_0$  is positive i.e.  $> 0$  which is consistent with a priori expectation.*

$\beta_1$  (the coefficient of ACCF) = 0.108 meaning that any unit change in access to fund results in 0.108 unit increase in women empowerment.

*The sign of  $\beta_1$ :* The coefficient of ACCF is positive i.e.  $> 0$ . This conforms to a priori expectation of a positive relationship between the dependent and explanatory variable, indicating direct or positive relationship between access to fund and women empowerment.

*The sign of  $\beta_2$ :* The coefficient of INFD is positive i.e.  $> 0$ . This conforms to a priori expectation of a positive relationship between the dependent and explanatory variable, indicating direct or positive relationship between infrastructural development and women empowerment.

*The sign of  $\beta_3$ :* The coefficient of LIT is positive i.e.  $> 0$ . This conforms to a priori expectation of a positive relationship between the dependent and explanatory variable, indicating direct or positive relationship between literacy level and women empowerment.

$R^2$ : The result indicates a ‘good fit’ in the statistical sense given that  $R^2 = 0.592$  and the adjusted R-square a better measure is 0.589 indicating that 58.9 percent variation in the dependent variable is explained by the explanatory variable.

*Statistical Significance:* The coefficient of ACCF is statistically significant even at 1 per cent level of significance. This is because the t-statistic for the coefficient of ACCF is 3.859 i.e. high and the probability of error is 0.000 i.e. very low. The intercept coefficient is also statistically significant because it has high t-statistic (6.641) or very low probability of error (0.000). The coefficient of INFD is statistically significant at 1 per cent level of significance. This is because the t-statistic for the coefficient of INFD is 4.950 i.e. high and the probability of error is 0.000 i.e. very low. Also, the coefficient of LIT is statistically significant at 1 per cent level of significance. This is because the t-statistic is 7.337 i.e. high and the probability of error is 0.000 i.e. very low.

The overall statistic is significant at 1 per cent level of significance; since F-statistic of 193.045 is very high and the associated probability of error 0.000 is very low.

## **FINDINGS**

- i. Access to fund, infrastructural development and literacy level have significant impact on women empowerment in Abeokuta South Local Government. This implies that entrepreneurship development will not be able to bring about women empowerment in the absence of adequate access to fund, good infrastructural facility and women literacy within the society.
- ii. Women entrepreneurs are faced with various challenges such as capital, gender differences, meeting family needs, lack of technological initiatives and innovations etc.
- iii. To achieve sustainable business development in Nigeria, entrepreneurship initiatives (i.e. entrepreneurial networking, mentoring programmes, training and re-training etc.) of women entrepreneurs must continuously be encouraged by government agencies and ministries.
- iv. Women entrepreneurship creates employment opportunities in Nigeria.
- v. Women entrepreneurs involve in different businesses (i.e. selling of food items; operating petty shops; cottage, fishing, tailoring etc.).
- vi. Women entrepreneurship constitutes half of the global population.

## **Conclusion**

The study concluded that entrepreneurship development will have a great impact on women empowerment if the society can bridge male-female education gap, create opportunity to access fund and improve on infrastructural facilities such as power supply, good road network and others. Women education mentoring programmes along the lines of those reported for young entrepreneurs would be beneficial for women entrepreneurs, particularly those wanting to develop their businesses. Again, these programmes should use successful women entrepreneurs as mentors, where possible. Supporting women entrepreneurs' associations can improve advocacy and services for women entrepreneurs. Women entrepreneurs can be particularly motivated and effective at protecting the environment and promoting green business opportunities. The problems of women at the domestic front can be solved with the help family members who can share the women's responsibilities. Also, most women in the town have a lower formal bank account penetration than men (i.e. financial inclusion).

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# ANALYSIS OF ENTREPRENEURIAL ACTIVITIES OF THE SECLUDED MUSLIM WOMEN IN KEBBI STATE, NIGERIA

GUNU, Umar Ph.D<sup>1</sup>, OMOLEKAN, O.J.<sup>2</sup>, GALADIMA, H.<sup>3</sup>

<sup>1&2</sup>Department of Business Administration, Faculty of Management Sciences,  
University of Ilorin

<sup>3</sup> Kebbi State Polytechnic, Benin – Kebbi, Kebbi State

## **Abstract**

*Secluded Muslim women were frequently perceived as oppressed, objects of pity, subjugated people with marginal and counterproductive statuses in economic role in the society. Female seclusions are seen as a terrible restriction of human liberty, especially in contributing to the economic development of any nation. In spite of these notions, the preponderance of evidence from some northern Nigeria states shows that most of these women engage in one entrepreneurial activity or the other. This paper examines the contributions of the entrepreneurial activities of the secluded Muslim women to the economic development of Nigeria; and evaluates the hurdles that limit the realization of the entrepreneurial potentials of the secluded women. Survey research design was adopted for the study. Stratify and purposive sampling techniques were used where the researcher divided Kebbi State into four strata based on the emirates divisions in the state and purposively focus on the headquarters of these emirates where seclusion practices are predominant. The population of secluded Muslim women as at the 2004 population census was given as 4000 out of which 400 were selected as sample using Roscoe's (1975) 10% rule of thumb. Structured questionnaire was used to elicit information from the respondents with the help of trained female research assistants. Cross tabulation and multiple regression analysis were used to test the formulated hypotheses. The results of the findings show that secluded Muslim women entrepreneurial activities contribute significantly to the economy development of the state and that secluded women have a personal drive for business activities. The study concluded that there are social, financial and regulatory hurdles that hinder the realization of entrepreneurial potentials of these women. The study recommended that adequate and periodic training, provision of interest free loan and enhance marketability of their output will increase their entrepreneurial potentials.*

**Key words:** Secluded Muslim women, Entrepreneurial activities, Economic development

## **INTRODUCTION**

In the last two decades, women entrepreneurship represents a vast untapped source of innovation, job creation and economic growth in the developing countries. Women entrepreneurs create new jobs for themselves and others through exploitation of entrepreneurial opportunities. Notwithstanding, they still represent a minority of all entrepreneurs. The barriers to women's entrepreneurship are enormous as they were face with obstacles in accessing credit, training, networks and information, as well as legal and policy constraints (Bandura, 1999). The World Economic Forum shows little progress in narrowing the economic gap between women and men. This is evidence by the increase initiatives promotion of women's entrepreneurship driven by both the private and public sector.

In addition to the lack of gender sensitive policies and their underdevelopment as well as economic sectors dominated by men and family commitments borne by women in most of the countries, it is clear that women entrepreneurship is followed by numerous factors that significantly limit or slow down its development (DeMartino, 2003). Women are generally perceived as unequal players in the economic arena. Compared to men entrepreneurs, women often have unequal status and credibility (Greene, 1998). In the pursuit of self – realization as well as accomplishments, women have usually had to fight a little harder, stand a little taller and indeed endure a little longer so as to achieve goals in many areas, particularly in the corporate world (Osolor, 2012).

Secluded Muslim women are frequently perceived as holding marginal and counterproductive statuses in their societies and less productive in the economic development due to their seclusion nature (Zakariya, 2001). The role of secluded Muslim women reinforces the idea of gender asymmetry (Coles, 1991). Hills (1982) study of rural Hausa women in northern Nigeria describes female

seclusion as a terrible restriction of human liberty. In contrast, Callaway (1987) is of the view that female subordination is not unique to northern Nigeria but is universal to all cultures.

In view of these misconceptions, the role of women in the Islamic society can only be extirpated by differentiating between the teachings of Islam as a religion and a way of life, and local customs and traditions which are often conceived as part of it (Almunajjed, 1997). The preponderance of evidence in Kebbi State and from the cultural practice of the people of the state does not show that assertions about female subjugation are valid. Women from the Islamic point of view are considered equal to men in legal, political, economic and social life. This implies that despite the obvious biological difference both men and women are spiritually equal in Islam.

Although seclusion may influence the form and nature of women's participation in entrepreneurship, it does not cut them off from the political, economic, religious and artistic aspects of life (Zakaria, 2001). This study examines entrepreneurial activities of the secluded Muslim women in Kebbi State, Nigeria.

On the basis of the above, this paper seeks to address the following questions:

- i. To what extent are the contributions of the secluded Muslim women to entrepreneurial activities in Nigeria?
- ii. What are the hurdles inhibiting the realizations of entrepreneurial potentials of the secluded Muslim women?

### **Objectives of the study**

The main objective of this study is to critically analyze the entrepreneurship activities of the secluded Muslim women to the economic development in developing nations. Specifically, the study intends to achieve the following, to;

- i. examines the contributions of the entrepreneurial activities of the secluded Muslim women in Nigeria; and
- ii. evaluates the hurdles that limit the realization of the entrepreneurial potentials of the secluded women.

### **Hypotheses of the study**

Ho<sub>1</sub>: secluded Muslim women do not contribute to the entrepreneurial activities in Nigeria

Ho<sub>2</sub>: there are no hurdles to the realisation of the entrepreneurial potentials of secluded women

## **LITERATURE REVIEW**

### **Concept of Entrepreneurship**

Entrepreneurship is a dynamic activity which helps the entrepreneur to bring changes in the process of production, innovation in production, new usage of materials, creator of market etc. it is a mental attitude to foresee risk and uncertainty with a view to achieve certain strong motive and it also means doing something in a new and effective manner (Poornima, 2012). Entrepreneurship is the process of identifying business opportunities and gathering the necessary resources to initiate a successful business activity also, entrepreneurship is the act whereby the owner or manager of a business enterprise takes initiative, assumes risk in order to make a profit (Ilesanmi, 2012). Entrepreneurship involves starting a business and maintaining an active role in its management. Entrepreneurship is input that, using its know-how and innovative ability and accepting the related risks, combines the other three inputs labor, land or other natural resources, and capital for the purpose of making a return over and above the returns of these inputs. This extra return is profit. According to Joseph (2012) an

entrepreneur is the economic agent who unites all means of production, land of one, the labor of another and the capital of yet another and thus produces a product. Nairr (2012) view entrepreneur as an agent who buys factors of production at certain prices in order to combine them into a product with a view to selling it at uncertain prices in future.

### **Nature of Entrepreneurial women**

Entrepreneurial women are women owning and running their own business venture (Sabrina 2010). Today the number of women owning business is on the increasing trends. The three characteristics necessary to becoming an entrepreneur - dissatisfaction, energy and insight - are now becoming surface in working women, with dramatic results (Wadha, 2010). Women entrepreneurs often have extraordinary energy. They are generally action oriented and they can be categorized in the following five broad categories:

*Affluent entrepreneurs:* These are daughters, daughters –in-laws and wives of reach business families who have financial and other resource backing to take any business risks. Many of them start enterprise in interior decoration, beauty parlor, restaurants, book publishing, magazines, film distribution and the like. The family supports in many ways to take care of their responsibilities with lesser efforts and strains. Moreover their sustenance is not entirely dependent upon their new enterprise (Robb, 2014).

*Pull factors:* In this category the town and city based women take up some assignments or enterprises as a challenge. They take it up as an adventure to do something new and be economically independent. Generally they take up small and medium type industries where risk factors are too small. This category consists of educated women with or without work experience. They are likely to take financial assistance from banks and other sources (Coleman, 2014).

*Push factors:* This category of women takes up some business activity to overcome financial difficulties. The family situation forces them to develop existing family business or start something new to improve the economic lot of the family. This category is small and normally widows and single women are in this category (Stangler, 2014).

*Rural entrepreneurs:* Women in rural sector try to start something suiting to their resources and knowledge. In this category we find dairy products, pickles, fruit juices, papads and jaggery making. They would like to work in areas where minimum usage of telephone, transport and monetary transaction is involved. They ensure that their enterprise is of minimum risk and need least organizing skill (Stangler, 2014).

*Self employed entrepreneurs:* There are women from poor and very poor category of society and rely on their own efforts for sustenance. Majority of them are from villages and towns. The examples are vegetable and fruit vendors, broom making, wax candle making, laundry services, knitting work, tailoring firm etc. These are tiny and small enterprises which women find convenient to manage (Cole, 2014).

The above categorization shows that majority of the entrepreneurs are aiming for sustenance earning and lesser category is in taking up challenges. In Nigerian socio-economic environment we can only expect slow growth in this area. Our rural sector and many backward states are having poor level of literacy and tradition bound women are more in this category.

### **Seclusion and the Entrepreneurial Woman**

Puritanical Islam is a combination of simplicity with strict orthodoxy. In its ideological manifestations it deals with total submission to Allah and adherence to the teachings of the Qur-an, Hadith and the Sunnah or traditions of the Prophet. Submission to the will of God encompasses all human activity, including the economy. Thus, Islamic economic rationality is based on the simple philosophy that economic pursuits must not violate religious norms. As such, a woman maintains the religious rules, work within the confines of the home and still be very productive within society (Zakaria, 2001).

The tremendous scholarly contributions of Aisha, the wife of the prophet, to the Islamic literacy world were basically produced at home. Similarly, in northern Nigeria the daughters of Sheik Usman Danfodio, Khadija and Nana Asma'u are known to have made scholarly contributions to the religion of Islam. Muslim women have full control over their capital resources and they are, therefore, not disadvantaged in their economic pursuits by seclusion (Zakaria, 2001). The history of Islam shows that Khadija, the first wife of the Prophet, was a prosperous woman who operated her own caravan business in Mecca in the seventh century (Almunajjed, 1997). Wealthy Muslim women in the early years of Islam often delegated responsibilities to males on economic matters that required extensive travels and absences from home and intimate interaction with other non-family male counterparts. In spite of this, a woman can be sole trustee of her business without the need for intermediaries. Secluded Muslim women have made tremendous contributions to their societies since time immemorial (Almunajjed, 1997).

Islamic and Hausa cultural ethics discourage idleness. Thus, a woman in her child bearing years without a trade is an anomaly, so too an old woman without her own financial resources is an object of pity (Coles, & Mack, 1991). Muslim society is not only aware of but positively encourages the productive entrepreneurial activities of women in the home. Successful merchants and male consanguine often spawn the household trading activities of spouses and other female members of the family. The female quest for personal income further encourages petty trading and other entrepreneurial activities in the households (Zakaria, 2001).

Although seclusion may influence the form and nature of women's participation in entrepreneurial activities, it does not cut them off from totally from being entrepreneurs at home (Coles, & mack, 1991). The participation of women in entrepreneurship depends on whether the economy is shrinking or expanding (Frishman, 1991). Coles (1991) study showed that 80% of Secluded Muslim women had an occupation or Sana'a. Nearly half of the women interviewed by Coles had multiple income-generating activities which included the sale of fried groundnut cakes, noodle, spices, cap weaving etc (Coles, 1991). In recent times, secluded women who engage in small scale soap-making and plastic bag manufacturing hire male workers to help them in their productive activities (Zakaria, 2001).

Secluded house wives often relieve men of the main burden of household chores by giving them enough time for their economic activities. Although the profit margins through petty household trading may be small, secluded women are sometimes able to accumulate substantial capital through shrewd spending. Economically successful secluded women sometimes provide cash for their spouses and embark upon the Hajj or sponsor their spouses' pilgrimage trips on the hajj. Their earnings form a substantial part of the subsistence need of the family, and the make hidden socio-economic contributions as wives, mothers and guardians of households which are often unremunerated (Glucksmann, 1995). Through hidden activities in the informal sector, secluded women can bypass not just the formal economy but even the markets (Zakaria, 2001). Seclusion does not imply that Muslim women are passive consumers or have no choice in determining the course of their development. To a large extent, they do. Like their male counterparts, most secluded women pursue their entrepreneurial activities with an air of assiduity. Despite their adherence to seclusion norms, Muslim women especially in Kano sometimes do have international business connections (Zakaria, 2001).

The productive but concealed entrepreneurial activities of secluded women are particularly common and it offers a substantial contribution to Nigerian economy. In estimating the value of hidden entrepreneurial activities, Frishman (1991) provides data in his study to demonstrate that the contributions of at least 100,000 women engaged in hidden trade in northern Nigeria is comparable to the total industrial wage bill. Thus, Schidkrou (1986) argues that the economic impact of the contribution of secluded Muslim women to social change is substantial and should not be underestimated.

In spite of this, studies of Islamic societies frequently overlook the contributions made by secluded women to economic development. Many concealed women economies go unnoticed or unrecorded and remain excluded from economic analyses (Frishman, 1991). Women's domestic activities have been officially omitted under the United Nations labor force data (UN 1975).

### **The Home Business Model**

Women's family responsibilities often clash with their entrepreneurial goals. Thus, it is highly necessary to balance both of these sides of women's lives- business aspirations and family responsibilities. According to a school of thought, women have been designed to be home makers and men, home builders. The saying that the place of the woman is in the home has drawn a lot of opposition and outcry from women all over the world who believe that women can and should be given the chance to explore their chances in their chosen paths and careers (Gramher, 2011). Because women are instrumental to the growth and development of human beings who in turn make up society, there has been tussle over whether they do belong solely to the confines of the home; bringing up children and molding characters or to the corporate world taking up roles and handling responsibilities (Bruin, 2013).

On the other hand, though we all understand the need for women to take care for children, women are afraid of being abandoned after they make the decision to stay at home. A survey carried out among young contemporary women shows that the majority of them prefer to be out in the corporate world fending for themselves rather than having to depend solely on their husbands or the men in their lives for sustenance (Osolor, 2012). In order to balance the need to work and to stay home, an economic viable option was introduced known as cottage industry. A woman can put her skills and expertise to use from home earning a fair income and at the same time keeping close tabs on the welfare of her home. It is possible to be economically relevant and still be a content woman fulfilling her traditional role of raising a healthy family- healthy in both mind and body. This must begin first with an acceptance of the fact that the responsibility of home making is respectable, vital to human and societal development and not a punishment at all. It is a duty most associated with the woman. It is not a degrading at all neither is it something to be ashamed of (Osolor, 2012).

The home based businesses have benefits such as personal freedom, strengthening of family ties, increase in productivity, job security, reduced stress, competitive advantage and financial benefits. Given these benefits and more, the trend toward home-made businesses is clearly just beginning (Perera, 2011).

### **Theoretical Review**

#### **Personality and Sociological Theory**

This study adopts the use of personality and sociological theories to underpin its findings, personality theory focus on identifying innate traits and link those traits to a greater propensity to be a successful entrepreneur while sociological theory view entrepreneurship success as a function of sociological characteristics of particular markets as determinant of business success and failure as changes evolves in the society. Thus, past researches indicated that, personality and sociological theories provide the theoretical validity for the conduct of this study which established that it is feasible to study the entrepreneurial activities of the secluded Muslim women in Kebbi state.

#### **Empirical Review**

Daniya (2014) reviewed the economic activities of Hausa women in Sokoto State, Northern Nigeria in his work comparative analysis of the economic activities of Hausa Muslim women before and after independence. Daniya argued that the economic activities of the Hausa Muslim women is moving with time because there are a lot of modernizations of most of those economic activities to conform with the present business demands. He further argued that, the changes in time and environment does

not affect the economic potentials of the Muslim Hausa women in Sokoto State. It was found that, most of the economic activities of the Hausa Muslim women have been tailored to suit the call of the time.

Farouk (2013) examines the role of Men in the business success of women in Sokoto, Kebbi and Zamfara States. It was found out that the women in those states have potentials for entrepreneurial growth and achievement when supported by their spouses. It was further discovered in that study that the extent to which a woman entrepreneur succeed depends heavily on the willingness of her husband to assist in her entrepreneurial pursuit. Many women were found failing in their businesses in the study area as a result of lack of cooperation from their spouses.

Zakaria (2001) conducted a research on the secluded Hausa Muslim women as entrepreneurs at home and argues that secluded Muslim women should not be frequently perceived as oppressed and subjugated people with marginal, or even counterproductive, economic role in the society. He further argues that the Muslim Hausa women in Northern Nigeria, through hidden economic activities in their households, can bypass the open market and contribute significantly to the economic progress of the society. His research was conducted on the basis of the comparison between Muslim and non-Muslim women that Islam does not inhibit economic activities of Muslim Hausa women. Differences between Muslim and non-Muslim women were found. While strictly secluded Muslim women were hardly found in factories, they contributed to the economy by involving themselves in the hidden informal economic sector.

## **METHODOLOGY**

Survey research design was adopted for this study. The population comprises of all Muslim women that practice seclusion in Kebbi State which are estimated at 4000 according to the Kebbi State Bureau of Statistics (2014). The researchers divides the State into four (4) based on the emirates divisions in the state, namely Yauri, Zuru, Argungu and Gwandu emirates. This is because the practice of seclusion is highly concentrated in the major local government of such emirates which are also the major towns in the state. The study determines its sample size by adopting Roscoe's (1975) 10% rule of thumb (i.e. 400). Hence, 100 respondents were selected from each of the four major towns. Purposive sampling technique was used to select only those women that are in seclusion and also those that engaged in entrepreneurial activities. Questionnaires were administered directly to the secluded women of the sampled major towns in Kebbi State through female research assistants who were free to enter into the secluded women houses. The choice of research assistants was necessary because the researchers were males, who cannot interact freely with those secluded women. Four (4) research assistants were recruited and trained from each of the major towns who have idea on the nature of seclusion and how it is practiced as well as the business activities of the secluded Muslim women. The research assistants' helps to administer the questionnaire, interpret and translate the questions to those women who cannot read and write and returned same to the researchers. The analysis of data for this work involves the use of descriptive statistics by cross tabulation of the data and the use of multiple regression analysis to test the formulated hypotheses through the use of Statistical Product & Service Solution software formerly known as Statistical Packages for Social Science (SPSS) Software.

## **DATA PRESENTATION AND ANALYSIS**

Table 1: Social and Demographic characteristics of respondents

|     |             | <b>F</b> | <b>%</b> |
|-----|-------------|----------|----------|
| Age | 15-20 Years | 88       | 22       |
|     | 21-25 Years | 76       | 19       |

|   |                     |     |       |
|---|---------------------|-----|-------|
|   | 26-30 Years         | 75  | 18.75 |
|   | 31-40 Years         | 114 | 28.5  |
|   | Above 40 Years      | 47  | 11.75 |
| Marital Experience                                    | Less than one year  | 24  | 6     |
|   | One to Four years   | 36  | 9     |
|   | Five to Ten years   | 97  | 24.25 |
|   | Eleven to Fifteen   | 153 | 38.25 |
|   | Above Fifteen years | 90  | 22.5  |
| How many wives do your husband has?                   | One wife            | 43  | 10.75 |
|   | Two wives           | 87  | 21.75 |
|   | Three wives         | 112 | 28    |
|   | Four wives          | 158 | 39.5  |
|   | More than Four      | 0   | 0     |
| If more than one, what is your position in the house? | First wife          | 53  | 13.25 |
|   | Second wife         | 67  | 16.75 |
|   | Third wife          | 180 | 45    |
|   | Fourth wife         | 100 | 25    |
|   | Others              | 0   | 0     |

Source: Researcher's fieldwork, 2016

Table 1 above revealed that majority of the respondent was still very young, agile and economically active to the society. They were serious minded people and have the ability to run around in pursuant of set goals and objectives. Most secluded women were married, home managers and responsible people who have the ability to cope with polygamy and balance their home and business challenges.

Table 2: Entrepreneurial Activities

| Question                                  | Activities                         | F  | %     |
|---|------------------------------------|----|-------|
| What kind of business are you engaged in? | Agriculture                        | 50 | 12.5  |
|   | Distribution and Dealership        | 28 | 7     |
|   | Business Commercial                | 29 | 7.25  |
|   | Confectionaries                    | 20 | 5     |
|   | Event Management                   | 6  | 1.5   |
|   | Livestock                          | 23 | 5.75  |
|   | Laundry Services                   | 30 | 7.5   |
|   | Processing                         | 28 | 7     |
|   | Soft Drinks                        | 30 | 7.5   |
|   | General Merchandize                | 13 | 3.25  |
|   | Food and Catering                  | 52 | 13    |
|   | Local Source (Daddawa)             | 43 | 10.75 |
|   | Hair dressing and Plaiting (kitso) | 32 | 8     |
|   | Manufacturing                      | 12 | 3     |
| Others                                    | 4                                  | 1  |       |

Source: Researcher's fieldwork, 2016

The respondents sampled in the table 2 above engaged in series of activities ranging from Agriculture to Manufacturing. Majority were found in the Food and catering business followed by Agriculture and Local source (daddawa) business. This may be as a result of the fact that most of these businesses do



not required physical contact with their consumer as most of them were prevented from interacting with some set of people especially men.

**Table 3: Economy contributions of secluded Muslim women entrepreneurs**

|   |                                     | <b>F</b> | <b>%</b> |
|---|-------------------------------------|----------|----------|
| What is your average income per month?                                  | Less than one thousand naira        | 3        | 0.75     |
|   | One to ten thousand naira           | 12       | 3        |
|   | Eleven to twenty thousand naira     | 31       | 7.75     |
|   | Twenty one to Thirty thousand naira | 98       | 24.5     |
|   | Above thirty one thousand naira     | 256      | 64       |
| What is the worth (capital) of your business?                           | Less than ten thousand naira        | 14       | 3.5      |
|   | Ten to twenty thousand naira        | 39       | 9.75     |
|   | Twenty one to forty thousand naira  | 50       | 12.5     |
|   | Forty one to fifty thousand naira   | 65       | 16.25    |
|   | Above fifty thousand naira          | 232      | 58       |
| How many people do you have working with/under you?                     | Less than two                       | 125      | 31.25    |
|   | Two to four                         | 100      | 25       |
|   | Five to Seven                       | 50       | 12.5     |
|   | Eight and above                     | 25       | 6.25     |
| Do you think your business contribute to Nigeria's economy development? | Not at all                          | 11       | 2.75     |
|   | To a little extent                  | 21       | 5.25     |
|   | To an average extent                | 21       | 5.25     |
|   | To a large extent                   | 96       | 24       |
|   | To a very large extent              | 251      | 62.7     |

Source: Researcher's fieldwork, 2016

Table 3 above revealed that most of the secluded Muslim women earn more than one dollar per day which by implication, majority leave above poverty line as stated by human development indices commonly used to define poverty in the light of life expectancy, illiteracy, lack of clean and portable water, sanitation and others. The estimated worth of their businesses on average is more than fifty thousand naira. This is the minimum requirement based on the CBN definition of Small and Medium Enterprise (SMEs), by implication, majority of these secluded Muslim women entrepreneurial activities can be classified under Micro Small and Medium Enterprises (MSMEs) or SMEs. One of the benefits of SMEs is employment generation, the activities of these secluded women create jobs for people to earn a living. To a very large extent, the entrepreneurial activities of the secluded women contribute to the economy development of the nation.

**Table 4: Entrepreneurial challenges of secluded Muslim women**

|  |                                       | <b>F</b> | <b>%</b> |
|--|---------------------------------------|----------|----------|
| What kind of problem hinders your entrepreneurial desire and performance | Regulatory/cultural & social problems | 65       | 16.25    |
|  | Financial problems                    | 203      | 50.75    |
|  | Marketing problems                    | 130      | 32.5     |
|  | None of the above                     | 0        | 0        |
|  | All of the above                      | 2        | 0.5      |

|   |                                |     |       |
|---|--------------------------------|-----|-------|
| To what extent does seclusion inhibits your entrepreneurial desire?                                 | Not at all                     | 204 | 51    |
|   | To a little extent             | 40  | 10    |
|   | To an average extent           | 75  | 18.75 |
|   | To a large extent              | 61  | 15.25 |
|   | To a very large extent         | 20  | 5     |
| What is the major source of financing your business?  | Personal savings (Adashe)      | 104 | 26    |
|   | Contributions (Asusu)          | 119 | 29.75 |
|   | Borrowing                      | 62  | 15.5  |
|   | Spouse's support               | 113 | 28.25 |
|   | Others                         | 02  | 0.5   |
| What specific marketing problem do you encounter?   | Competition                    | 160 | 40    |
|   | Distribution                   | 170 | 42.5  |
|   | Buying                         | 35  | 8.75  |
|   | Standardization                | 33  | 8.25  |
|   | Pricing                        | 02  | 0.5   |
| What kind of entrepreneurial support do you require from the government as a secluded Muslim woman? | Financial support              | 186 | 46.5  |
|   | Legislative support            | 158 | 39.5  |
|   | Training and Capacity building | 49  | 12.25 |
|   | Equipment                      | 5   | 1.25  |
|   | Others                         | 2   | 0.5   |

Source: Researcher's fieldwork, 2016

Challenges encounter by secluded Muslim women were financial, marketing, regulatory/cultural and social problems. Based on the sampled respondents, seclusion does not inhibit their entrepreneurial desire. Their major sources of finance comes from either personal savings or support from relatives. This might have hindered their growth and expansion. Due to secluded nature of the sample respondents, distributions of their products followed by competition were the major marketing problem encountered. Financial and favourable legislative support was required from government to put secluded Muslim women entrepreneurial activities in the lime light.

### Test of Hypotheses

#### Hypothesis one

Ho<sub>1</sub>: secluded Muslim women do not contribute to the entrepreneurial activities in Nigeria

In testing this hypothesis, the demographic characteristics of secluded Muslim women were cross tabulated with the entrepreneurial activities to determine the association and relationship that exist between the two major construct.

**Table 5: Crosstab**

| <b>Age*Entrepreneurial activities</b>                | Value     | Asymp. Sig. (2 sided) |
|--|-----------|-----------------------|
| Pearson Chi – Square                                 | 1425.085* | .000                  |
| Likelihood Ratio                                     | 1149.407  | .000                  |
| Linear-by-Linear Association                         | 379.265   | .000                  |
| Pearson's R  | .975      | .000                  |
| Spearman Correlation                                 | .975      | .000                  |
| N of Valid Cases                                     | 400       |                       |
| <b>Marital Experience*Entrepreneurial activities</b> |           |                       |
| Pearson Chi – Square                                 | 1141.987* | .000                  |
| Likelihood Ratio                                     | 1021.837  | .000                  |

|   |           |      |
|---|-----------|------|
| Linear-by-Linear Association                  | 340.406   | .000 |
| Pearson's R                                   | .924      | .000 |
| Spearman Correlation                          | .958      | .000 |
| N of Valid Cases                              | 400       |      |
| <b>Family Size*Entrepreneurial activities</b> |           |      |
| Pearson Chi – Square                          | 1092.676* | .000 |
| Likelihood Ratio                              | 972.407   | .000 |
| Linear-by-Linear Association                  | 364.847   | .000 |
| Pearson's R                                   | .956      | .000 |
| Spearman Correlation                          | .952      | .000 |
| N of Valid Cases                              | 400       |      |

Source: SPSS Printout, 2016

The cross tabulation showing the association between the personal attributes and entrepreneurship activities of the secluded women, the analysis revealed that all the three personal attributes of the respondents has a positive association and relationship with the entrepreneurial activities practice by the sampled respondents with the Pearson chi square of 1425.085, 1141.987 and 1092.676 and a p-value of less than 0.05 for age, marital experience and family size respectively. With this, there is a positive association between age and the kind of entrepreneurial activities the secluded women engaged in. Age is a deciding factor in the choice of business activity. This is supported by a Pearson correlation and Spearman correlation of 97.5% with a p-value 0.000 which implies a positive high correlation between sampled age and the entrepreneurship activity of secluded Muslim women.

Family size is another attributes that influence entrepreneurial activities secluded Muslim women. The analysis revealed that the size of the family influence the decision on entrepreneurial activities the secluded women engaged in. This is supported by 95.7% and 95.2% for Pearson correlation and Spearman rank correlation respectively. This implies that there is a relationship between family size and the kind of entrepreneurial activities they engaged in. Marital Experience also has positive relationship with entrepreneurial activities with a Pearson correlation of 92.4% and 95.8% Spearman correlation. In all, the findings revealed that personal attributes of the secluded women contribute to their choice of entrepreneurship activities which in turn has a positive effect on the macro economy. Since all the p-value is less than 0.05, the null hypothesis is rejected and alternative hypothesis is accepted i.e. secluded Muslim women contribute to the entrepreneurial activities in Nigeria.

### Hypothesis two

Ho<sub>2</sub>: there are no hurdles to the realisation of the entrepreneurial potentials of secluded women

In order to evaluate the hurdles to the realization of the entrepreneurial potentials of secluded Muslim women, variables such as regulatory problem, financial problem, socio-cultural problem, marketing problem and poor governmental support were the variables considered for the analysis

**Table 6: Coefficients <sup>a</sup>**

| Model |                        | Unstandardized Coefficients |            | Standardized Coefficients | t      | Sig. |
|-------|------------------------|-----------------------------|------------|---------------------------|--------|------|
|       |                        | B                           | Std. Error | Beta                      |        |      |
| 1     | (Constant)             | 2.980                       | .271       |                           | 11.015 | .000 |
|       | Regulatory problem     | -.141                       | .050       | -.163                     | -2.838 | .005 |
|       | Financial problem      | .353                        | .041       | .406                      | 8.626  | .001 |
|       | Socio-cultural problem | .306                        | .035       | .376                      | 8.820  | .000 |
|       | Marketing problem      | -.269                       | .044       | -.320                     | -6.053 | .000 |
|       | Poor govt. support     | .108                        | .034       | .130                      | 3.204  | .001 |

R = .725<sup>a</sup>  
R Square = .526  
Adjusted R Square = .520  
F ratio = 87.441  
Sig. = .000

Predictors: (Constant), Regulatory problem, Financial problem, Socio-cultural problem, Marketing problem, Poor governmental support

a. Dependent Variable: entrepreneurial activities

Source: SPSS printout, 2016

The analysis in the table-6 revealed that, the co-efficient of the correlation(r) is given as 0.725. This figure indicates that there is a high positive relationship between the identified entrepreneurial potentials and secluded women entrepreneurial activities. It as well indicates that any movement or increment in the indentified hurdles also brings about movement in the same direction in entrepreneurial activities. The r-square which measures the coefficient of determination gave a result of 0.526. This which indicates that identified entrepreneurial potential impediments such as regulatory problem, financial problem, socio-cultural problem, marketing problem and poor governmental support explains about 52.6% of the variance in secluded Muslim women entrepreneurial activities while the remaining 47.4% is explained by some other variables.

The standardized coefficient of each of the variables (regulatory problem ( $\beta = -.163$ ), financial problem ( $\beta = .406$ ), socio-cultural problem ( $\beta = .376$ ), marketing problem ( $\beta = -.320$ ), and poor governmental support ( $\beta = .130$ )). This implies that all the hurdles identified were statistically significant to the realization of secluded Muslim women entrepreneurial potentials. The findings revealed that regulatory and marketing problems have negative coefficients which imply that the effects of these variables are minima in hindering entrepreneurial potentials of the secluded women.

The F statistics which shows the group significance of the variables shows that all the explanatory variables are jointly statistically significant in explaining the change in the entrepreneurial activities give the calculated F sat of 87.441 which is greater than the tabulated value of 2.46. Also, since the p value is less than 0.05, the null hypothesis is rejected while alternative hypothesis which says there are hurdles to the realisation of the entrepreneurial potentials of secluded women is accepted.

## DISCUSSION OF FINDINGS

The majority of the secluded Muslim women workforce was with the age group of 40 years and above at 28.5 percent. An assessment on these determinants discovered that human capital development should be further enhanced to attract younger entrepreneurs, like in terms of incentives and entrepreneurial skills for younger Muslim women graduates to be involved in entrepreneurship. The findings of hypothesis one revealed that, personal attributes such as Age requirements, marital experience, and size of the family among others contribute to the willingness of secluded Muslim women to engage in entrepreneurial activities in Kebbi state. The implication of this is that, if more secluded women are to participate in entrepreneurship at younger age, there is a need to emphasize on acquiring better training, create a drive for achievement and encourage them to acquire relevant experience. These findings agree with the findings of Kuzilwa (2005), and Musa & Adewale (2015) who have acknowledged the roles of professional experience and training as a means of promoting entrepreneurship especially among female genders coming rightly from youthful age.

The findings of hypothesis two revealed that, certain factors militate against the growth of the secluded Muslim women entrepreneurship in the study area. These factors include the following;

regulatory problems, poor access to finance, work-family interface, gender-based violence and lack of governmental support. The most prominent challenges among these are access to finance and socio-cultural problem. As demonstrated in the regression table above, they both have the highest beta values of 0.353 and 0.306 respectively. The implication of this was that if the government wants to promote the entrepreneurial activities of the secluded Muslim women, there is a need to address all these factors with more emphases on finance and socio-cultural balance. This supports the findings of Kadiri (2012), Mazanai & Fatoki (2012), and Gbandi & Amisah (2014) who found out that poor access to finance is a major constraint to entrepreneurial activities in Nigeria and ditto for women entrepreneurship.

## CONCLUSION AND RECOMMENDATIONS

The evidence from Kebbi state shows that seclusion does not imply that in Islam women are inferior to men; we found no evidence that seclusion has inhibited the entrepreneurial activities of the secluded Muslim women in Kebbi State. Despite their adherence to seclusion norms, the secluded Muslim women in Kebbi State were found to be significantly engaged in entrepreneurial activities.

Based on the findings, the study concluded that, Seclusion does not inhibit the entrepreneurial potentials of the Secluded Muslim women, the secluded Muslim women through their hidden business activities at home contribute to entrepreneurial activities of the State which make some of them to leave above the poverty of \$1.5 per day. Besides, some problems such as financial, social and regulatory hurdles, marketing etc. hinders the realization of the full entrepreneurial potentials of the secluded Muslim women in Kebbi State

In view of the findings that emerged from this study, the following recommendations were made;

- a) That in order to achieve significant positive contribution of the entrepreneurial activities of the secluded Muslim women, government should create enabling environment for both existing and intending secluded Muslim women entrepreneurs, this can be done through improvement of infrastructural facilities and provision of logistic support.
- b) Government should promulgate laws consonant with Islamic practice to address the social and regulatory hurdles that hinders the realization of the entrepreneurial potentials of the secluded Muslim women in the state and also provide financial support in order to address the financial constraints facing his group of entrepreneurs as well provide support to surmount the marketing challenges faced by the secluded Muslim women entrepreneurs.

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## PROMOTING ENTREPRENEURIAL SKILLS THROUGH THE VISUAL ARTS TOWARDS GENDER EQUALITY IN NIGERIA

Princess Theresa Iyase-Odozi (M.A. Art-Education)  
Creative Arts Department, University of Lagos.  
Email: iyaseodozi@gmail.com

### *Abstract*

*This paper explores the various ways in which entrepreneurial skills could serve as a potent vehicle in promoting gender equality through the visual arts. Specifically, it discusses the causes of gender disparity and how the development of entrepreneurial skills by women in visual arts activities could empower them through enhanced self-employment opportunities and incomes, thereby reducing gender inequality in the sector. The methodology is based on the use of bibliographic studies and the application of two theories considered suitable for this study, namely, the Operational Meta-Theory of Empowerment and the Social Transformation Including Women in Africa (STIWA) Theory. This study reveals the significance and benefits of acquiring entrepreneurial skills, particularly through visual arts activities, as a way of empowering women and reducing gender disparity in the Sector. It also makes recommendations on the ways in which this outcome could be realised and the roles of various stakeholders.*

*Keywords: Entrepreneurship, Visual Arts, Empowerment & Gender Equality/ Imbalance.*

### **Introduction**

Gender inequality or imbalance is a global phenomenon and Nigeria is no exception. It is linked to the subject of women empowerment not only because they are both topical issues but also because they are negatively correlated.

In the last decade or so, the effectiveness of Visual Arts has been enhanced through art education but the need to introduce entrepreneurial education and skills in programmes for empowering women and the girl-child has been stressed. For instance, Amsami laments that “professional Nigerian visual artists pass through universities without acquiring entrepreneurial skills. As a result those not gifted to pursue interests in academia may not fare well in the labour market” (Amsami, 2014). Also, Ikponwonsa notes that countless Nigerian youths within the Country are unemployed, yet the problem of joblessness can effectively be tackled through the development of practical skills in Fine and Applied Arts and entrepreneurial skills to manage it (Ikponmwonsa).

Meanwhile, some visual art empowerment centres have begun to introduce entrepreneurial skills in their workshops as a means of equipping participants with the mind-set and qualities that ensure successful and sustainable self-employment. A case in point is the Nike Centre for Arts and Culture (NCAC) (Iyase-Odozi, 2016).

Gender imbalance or inequality in the Nigerian visual arts sector has been a topical issue for years in both academic and professional circles. Nigeria has produced many professional female visual artists, including the renowned and budding, in different areas of specialisation. Also, every year, our Universities turn out brilliant female visual artists. Despite these efforts, gender imbalance persists in the visual arts sector. Thus, this paper discusses remedies and identifies the various skills in visual arts that could be profitably exploited and sustained by adopting an entrepreneurial mind-set.

Furthermore, it explores how the use of entrepreneurial skills through visual arts activities by women could improve their lives. Some of these creative artistic skills that could help in empowering women and the girl-child are highlighted. Again, since it is generally accepted that entrepreneurs are either made or born, it is reasonable to assume that the male artists differ from the female artists in some respects, implying that certain skills would be the preserve of women. However, for women to

succeed, it is necessary that they have certain qualities as well, such as good education, experience and the willingness to share ownership of their business (Burns, 2005).

## Some Conceptual and Leading Issues

### Entrepreneurship

Entrepreneurship is a term broadly used to describe the transformation of an innovation into sustainable enterprise that generates value. It could also be conceived as “education for entrepreneurship, which is the exposure to, and understanding of, the skills, knowledge and process of innovation and new venture creation (Burns, 2005).” Yet another perspective of entrepreneurship is to see it as “an individual’s ability to turn ideas into action. It includes creativity, innovation and risk-taking as well as the ability to plan and manage projects in order to achieve results.” Entrepreneurs use innovation to create change and exploit opportunity for the purpose of making profits (Burns, 2005). Making profits and money propels the learning of entrepreneurial skills. Entrepreneurial skills are the various offerings or talents, which individuals can deploy to achieve financial independence.

Properly considered, from the artist’s perspective, entrepreneurship is a way of making business out of what you do, that is, being able to turn every artistic skill into a business or money-making venture. Furthermore, it means not only enhancing the opportunities for paid and self-employment but also becoming self-reliant. Of course, money is a vehicle to take you to your desires; therefore, it is imperative to survey the market, analyse the findings and determine what is mostly needed in relation to your specific skills. In this connection, it is to be understood that in Visual Arts, there are skills and there are skills, for some skills or crafts are more lucrative than the others. These qualities, as they relate to women, explain the successes of Visual Art Empowerment (VAEs) Initiatives/Centres in empowering women.

### Qualities of a good Entrepreneur

It is asserted that the attributes of most entrepreneurs include: having a ‘can-do-spirit’; confidence, motivation and self-discipline to succeed; ability to overcome uncertainty, fear, and self-doubt; and measured risk-taking. Furthermore, to become a good entrepreneur entails having: a profitable, secure, enjoyable work-style and mental ability, human relations skills; high-achievement drive; and creativity. Above all, it requires being opportunistic and able to spot new trends, build relationships and networks and communicate effectively; get the world to take you seriously and having resiliency and the ability to deal with failure.

### **VISUAL ARTS: Background, Activities & Prime-movers and Offerings of VAEs**

During the 20<sup>th</sup> century, the visual art sector produced some Nigerian female artists who excelled as prime movers, such as Clara Ugbodaga, Ladi Kwali and Nike Okundaye. It all started with the struggle for Nigerian art relevance. The women were involved in the various workshops during the pre-colonial era organised by the European writers who trained some Nigerian female artists. The Suleja pottery workshop produced Ladi Kwali, who became a foremost lady potter in Nigeria. In Ogunwo’s review of Ladi Kwali’s works, he asserts that “her pottery were phenomenal and they formed the repertoire of the exhibition during Nigeria’s Independence celebrations in 1960. Ladi Kwali’s career and successes underscore the canon to gauge mastery in the Nigerian Visual arts space. These include dexterity, prolificacy and recognition. Ladi Kwali’s career got to the peak on this tripod” (Ogunwo, 20015). Subsequently, some female artists emerged in Nigeria such as Nike Okundaye of Nike Centre for Arts and Culture, who took the art of tie & dye to a higher level of



mastery and eventually, became a name to be reckoned with in the visual art sector, both locally and internationally.

### **Visual Arts**

There are various perspectives to the understanding of Art. Art is not just a thing of beauty or the image but the total concept of a work of art; art is a process (Gombrich, 1989). Art is not merely a thing or a process of production through expression of one's ideas but cuts across all disciplines and is an integral component of everyday life (Ifeagwu, 2002). Properly considered, it is what a person does and creates with their hands physically. Visual arts as a course, rejuvenates creativity in a diverse manner because well trained visual artists explore and experiment constantly in line with the changing society. It also alleviates poverty and creates job opportunities (Awogbade, 2012).

Visual arts is present in everything we do and serves to please our senses and as a tool subject which helps us to develop the ability to accommodate and respect each other as well as accept other people's view. It helps individuals develop their aesthetic awareness (Awogbade, 2012). In relation to empowerment initiatives, Visual arts activities have helped to develop skills through regular practice and improved the lives of many disadvantaged groups in the society.

### Background to Visual Art Empowerment

In Nigeria, visual art empowerment centres emerged partly for the purpose of helping disadvantaged people to acquire skills and become self-reliant, by 'bringing-out' the power in them and make you 'stand-out' in the society, particularly, women and the girl-child. These initiatives are broadly in line with both national and international efforts.

Women have always made valuable contributions as craftswomen/artisans in the production of household utensils, earthenware, cosmetics, aesthetic potteries, and sacred and ceremonial objects for their families or the community. The focus on women in empowerment initiatives is warranted because they are among the most vulnerable, needy and marginalised groups in society. Also, as posited by La Duke, if more attention is given to women, female power would be regarded as power to determine the lots of future generations (LaDuke, 1991).

It has been established both through theory and practice that visual arts are a potent means of empowering women and the girl-child through art-related programmes. Indeed, several visual-art-empowerment initiatives have significantly impacted women, the youths and other needy individuals through their various programmes. These visual art empowerment institutions, variously called: skill acquisition/enhancement centres; vocational centres; workshop/training centres; innovation enterprise institutions; foundations; have grown both in number and scope of activities. They have been promoted by both public and private sector operators to achieve various objectives which are inspired by either philanthropic or business motives.

### The role of some Selected VAECs and their Prime Movers

The visual art empowerment centres emerged as art centres created to fill educational gaps for those who desire to acquire skills but could not have direct access to art institutions. They are visualised as art centres where various artistic and entrepreneurial skills could be attained. A survey of these Centres reveals that most of them were established by trained artists, mostly women who became the prime-movers.

The prime movers of these visual art empowerment centres are either in the academics or studio practice and have undergone art training either through the traditional knowledge system or the western educational system (academic). They include: Nike Okundaye of Nike Centre for Arts & Culture NCAC; Princess Iyase-Odozi of GreenHouse Art Empowerment Centre GHAEC; Peju Layiwola of Women & Youth Art Foundation and Juliet Ezenwa Maja-Pearce of Yemaja Art Centre. These visual artists, who became empowerment initiators, established visual art empowerment centres to demonstrate their passion to uplift Nigerian women and the less-privileged and marginalised groups in the society. Basically, these visual art empowerment centres are established to empower and teach various entrepreneurial skills as well as bring artists or producers under the rubric of collective productions of entrepreneurial-art works that serve both aesthetic values and utilitarian purposes.

### **Visual Art Activities**

Over the years, Universities have graduated thousands of both female and male artists either through Creative Arts or Fine and Applied Arts departments. However, without understanding the basics of entrepreneurship and entrepreneurial skills, the chances of these graduates for paid or self-employment are rather limited. Thus, it is highly desirable that entrepreneurship be introduced as a course of study in tertiary institutions and integrated in the curriculum for visual arts.

Complementing the efforts of art institutions, the visual art empowerment centres have trained thousands of women in arts and crafts and encouraged many of them to start their own small scale or cottage businesses. The findings of an academic study indicate that all creative art activities consist of both two-dimensional and three-dimensional skills (Ogboji & Ezeugwu, 2014) that facilitate entrepreneurial skill acquisition and provide opportunities for wealth creation. The creative art activities include: painting in interior decoration, poster designing and portrait painting, sculpture, ceramics, and pottery. Also, creative arts help in the training of people to acquire some manipulative skills useful in making art works which could be readily sold e.g. posters, tie and dye, etc. (Ogboji B. A., 2008).

### Visual Art Offerings

The typical indigenous arts and crafts skills which were propagated through the traditional knowledge system include the following (Ikpakronyi, 2004), (Iyase Odozi, 2016):

- a. Sculpture: religious effigies,
- b. Ceramics: the making of pots, plates and earthenware (Pottery)
- c. Painting: shrines/ altars, clay pots, portraitures.
- d. Graphic designs printing, posters, lettering, printing and advertising
- e. Body decorations: painting with white chalk, tattoo & body-art
- f. Weaving: baskets, mats, hand fan, and cloth fabric.
- g. Embroidering: The royal beaded-cloth,
- h. Textile: tie & dye, designing & sewing
- i. Leather work: production of pillows, beds, chairs and household items.
- j. Bead making: necklaces/bands, dresses, shoes, jewelleryes and general adornment carried out by women.

These creative artistic handiwork-crafts could be used for both personal and commercial purposes. The moment any of these skills are deployed for mass production of items for public use such works achieve a lucrative level of entrepreneurship.

The three areas of focus, which are identified as very lucrative creative art activities, are:

- a) **TEXTILE MAKING & PRODUCTION:** This is a two-dimensional aspect of visual arts which deals with fabrics, cloth or textile materials, and include the processes of tying, dyeing and batik-making and sewing-in fabric in decorations and embroidery. To expand and modernise this area, would entail the introduction of automation for dye making and the production/ weaving of cotton into fabrics.
- b) **SCULPTURE:** Three (3) dimensional areas which relate to carvings in wood of various objects for different purposes, including the production of moulds for companies and individuals (draughtsmanship) and the critical intricate skilful area of casting. Casting can be done in bronze, ivory, brass or cement.
- c) **POTTERY/CERAMICS:** This is also a three (3) dimensional area of art which involves the art of casting and moulding ceramics in pottery/glazed wares. Finished works are mostly fired at high temperature in a kiln that makes it terracotta or glazed works; they are mostly inorganic, non-metallic rocks and minerals. These works of art are in two types: those for house-hold use and those for industrial purposes. These items could be used in the mass-production of household ceramic wares, such as plates, spoons, tea-cups, saucers, flower-vases, decorative & cooking pots, water vessels, figurines, earthen-ware (*ikoko*). The industrial purposes give way to the production of outdoor & indoor glazed tiles, toilet seats/bowl, and wash-basins and fired clay for roofing, including bricks for building houses.



**Nike Okundaye, an Artist, Textile Designer and an Empowerment Icon**



Figure 2: TEXTILE MAKING AND PRODUCTION

**Another dimension to Textile: Fashion design**



**SCULPTURAL PIECES  
(for both outdoor and indoor)**

Figure 3: SCULPTURAL WORKS



For  
historical  
and  
aesthetical  
purposes



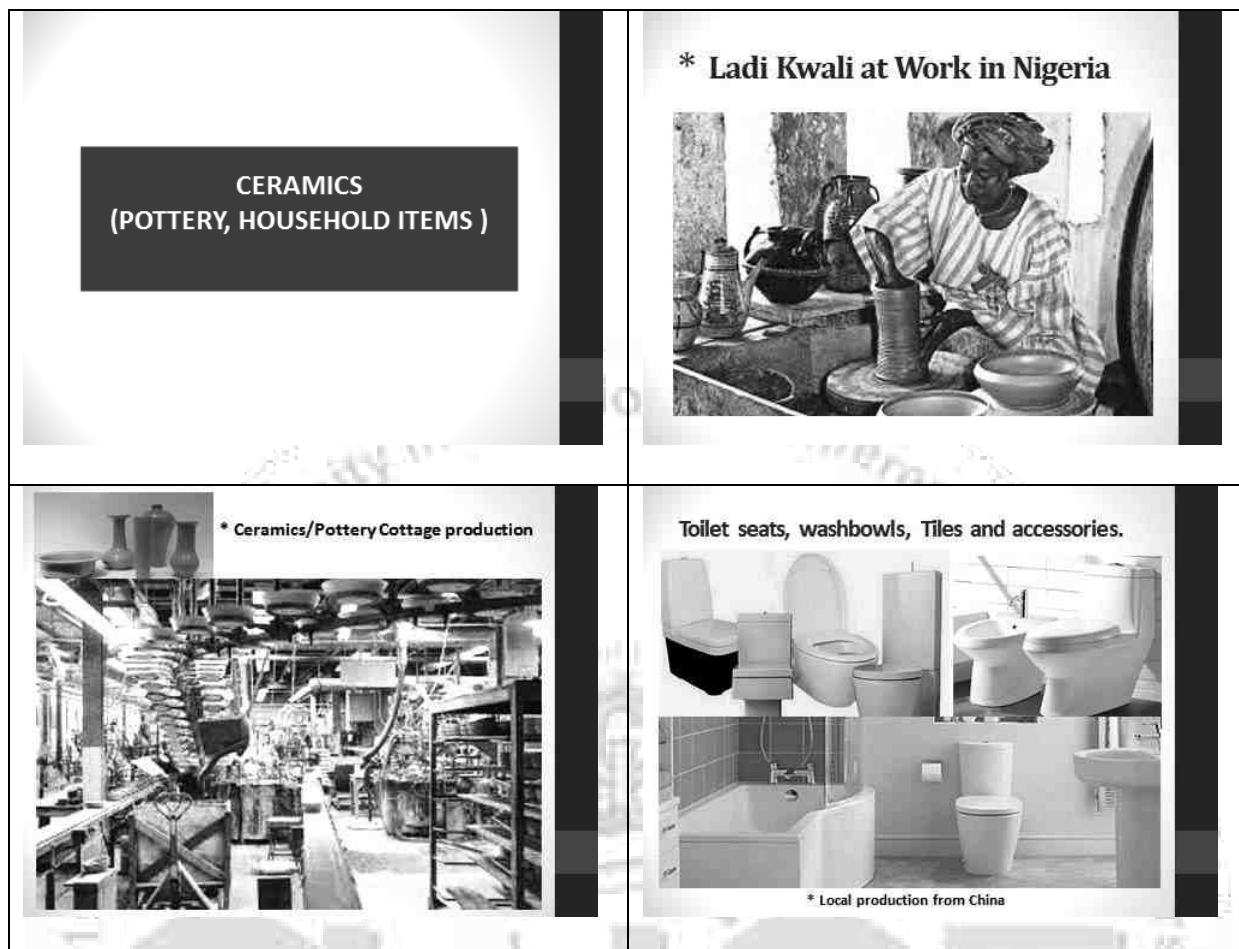


Figure 4: CERAMICS ITEMS

However, in Nigeria, visual arts have not been fully appreciated by both the public and private sectors and so much is left for further development. Presently, with the collapse of oil prices and the prevailing enormous challenges in Nigeria, undue dependence on importation of goods cannot be sustained; therefore, the need to look inward is imperative. From a study carried out on Nike Okundaye and her Empowerment Centre, it was established that textile design as in tie & dye production, had emerged as a very lucrative business and deploying entrepreneurial skills in its management would help women become more self-reliant and promote economic freedom.

#### Understanding the Significance and Benefits of Acquiring Visual-Arts based Entrepreneurial Skills

Entrepreneurship is important because it has become a leading issue across all disciplines, particularly as a means of creating employment opportunities and promoting self-reliance. Visual art-based entrepreneurial skills are influenced by the needs of the environment, the types of raw materials found the use of some of which could reduce the cost of production as in the case of waste to wealth.

The benefits of acquiring entrepreneurial skills by women may be highlighted as follows:

- Having entrepreneurial skills can positively impact learners at all levels in a wide area of contexts – secondary and university levels and informal and traditional vocations.
- Encourage risk-taking and learning from failures in ways that are rewarding.
- Promote self-worth, self-reliance and creativity.
- Help people make money and thereby achieve financial freedom

- Achieving art security.

## The Theoretical Foundation

The two theories considered suitable for this paper are: the Operational Meta-Theory of Empowerment and the Social Transformation Including Women in Africa (STIWA) Theory.

The Operational Meta-Theory seeks to translate an abstract construct into “a practical tool of intervention”. The theory holds that empowerment encompasses the transition from powerlessness to more control in life and as a change in both human activity and social structure. Powerlessness is a social phenomenon that has structural aspects which are rooted in the power relations and the disempowering practices that originate in the social systems (Sadan, 2004 & 2012).

The Operational Meta-Theory of Empowerment is considered relevant to the subject of this paper because both empowerment and entrepreneurship are interconnected and working together would serve to promote gender equality which is our focus in this study.

STIWA is a form of feminist theory. It places the researcher in an informed position to analyse the relationships between gender equality and securing women and the girl-child’s rights in the society in a way. The theory seeks the transformation of the society that fully integrates women and asserts that this is the responsibility of both men and women. STIWA is about the inclusion of African women in the contemporary social and political transformation of Africa. Women have to participate as co-partners in social transformation and feminism is the business of both men and women anywhere and in Africa (Ogundipe-Leslie, 1994). The relevance of this theory is that it is designed to discuss the issue of women, their needs and aspirations in the context of strategies and social integration into the society which evolved from the indigenous culture. It also stresses the need for women to engage men in their quest for gender equality and social transformation.

STIWA is seen in the emergence and success of some Nigerian female artists who have excelled either in the academia, studio practice and visual art empowerment initiatives, such as, Nike Okundaye of Nike Centre for Arts & Culture (NCAC), Princess Theresa Iyase-Odozi of GreenHouse Art Empowerment Centre, Peju Layiwola of Women and Youth Art Foundation, and Juliet Ezenwa Maja-Pearce of Yemaja Art Centre. The close collaboration and partnership with their husbands largely explain their successes in the above initiatives.

In juxtaposition, the two above theories complement each other on the issue of individual and community empowerment and in explaining the emergence and success of various visual art empowerment initiatives. Furthermore, these two theories are being deployed to link abstract constructs to the practical world of women and the girl-child empowerment and the promotion of gender equality in the Visual Art Sector. Their relevance becomes clearer when we come to emerging issues and recommendations.

## GENDER INEQUALITY IN THE VISUAL ARTS: **Concepts, Causes and Manifestations**

### Concepts

Gender inequality (or disparity) refers to unequal treatment or perception of individuals based on their sex. Gender disparity is a global phenomenon and exists despite concerted national and international action taken towards promoting gender equality. For instance, currently only 4 out of over 135 nations

have achieved gender equality (Nake-Murray). It is clear that in Nigeria, gender disparity prevails in all sectors and that the paternalistic predilections overwhelm the visual art sector.

### **Causes of gender disparity**

The causes of gender disparity in Nigerian visual arts sector may be highlighted as follows:

- The cumulative effects of cultural beliefs and traditions in various Nigerian societies which give undue preference to male as against female children.
- The extended family system which encourages undue dependence of women on family members, friends, extended relations and, if married, their husbands.
- The wrong role models and perverse incentives - some women look up to and associate with people who pursue short cuts to wealth and fame but ultimately fail in their quest.
- Marriage is a major factor in terms of competing priorities and distractions it causes as well as the destabilising effects of failed marriages, which impact more heavily on women than men, and limit their progress.
- Child-bearing responsibilities which tend to engender low level of aspirations and limit the professional development and achievements of women. The more children women have, the less they tend to accomplish as practising artists because of the increased time devoted to caring for the children. Thus, the time to practise, hone their skills and produce works of art becomes greatly reduced.
- Lack of adequate academic qualifications and professional exposure to artistic skills tends to foster incompetence and lack of confidence in some Nigerian female artists who are thereby excluded from exhibitions. This operates, like a vicious circle, with lack of education leading to lack of participation which causes lack of visibility and exposure, thereby limiting their opportunities and achievements!
- Absence of viable professional partnerships and collaborations among Nigerian female artists hinders their individual and collective achievements.

### **Manifestations**

The manifestations of gender disparity or discrimination include the following:

- Low participation rates of female artists relative to male artists in group and solo exhibitions, arising from various factors, including: lack of awareness of some of the events; and the prevalence of skewed patronage and rewards in favour of male artists, etc. Furthermore, there is gradual disappearance of All-Female art exhibitions.
- Disparity in both enrolments of visual art students at various academic levels and graduate turnouts, with female artists trailing the male artists at every level.
- Apparent acceptance by some women that they are second-class and that their professional career ends when their married life begins (Garkida, 2004).

### **Recommendations and the roles of various stakeholders.**

Promoting gender equality in the visual art sector by deploying entrepreneurial skills through visual art activities is achievable provided the key stakeholders play their individual and collective roles. The responsibilities of the respective stakeholders may be highlighted as follows:

- i. Government
  - Promotion of entrepreneurial education in schools at all levels and introducing it as a subject in the curriculum for visual arts.
  - Providing adequate funding for entrepreneurial education at all levels in schools, including engagement of subject matter teachers/experts in entrepreneurship.
  - Putting in place an enabling environment for the sector.
- ii. Professional Bodies: National Gallery of Art (NGA), Art Galleries Association of Nigeria (AGAN), Society of Nigerian Artist (SNA), Visual Artists Society of Nigeria (VASON), Guild of Professional Fine Artists (GPFA).
  - Mounting sensitization/awareness programmes on the need for entrepreneurial skills.
  - Mounting exhibitions.
  - Promoting the establishment of Art schools with entrepreneurial education as a key area of focus.
  - Empowering young Nigerian Artists through initiating formal programmes for coaching and mentoring in entrepreneurship.
- iii. Empowerment Centres and Vocational Schools should promote entrepreneurial skills in their various offerings and training programmes.
- iv. The Organised Private Sector  
(Banks, Oil companies, Multinationals and big Nigerian corporates)  
Should give more meaningful support for the Arts and funding for entrepreneurship educational as part of their corporate social responsibility programmes.
- v. Embassies/International Organizations
  - Organising technical and financial support for Nigerian female artists and facilitating their exposure to entrepreneurial skills.
- vi. Individual Artists Nigerian Female Artists
  - Female artists should become more entrepreneurial in their approach to professional work and thereby become more self-reliant.
  - Increased networking: Increased and purposeful networking by female artists through the various social media, and participation in workshops, seminars, conferences and exhibitions would increase their visibility and open up new opportunities for making money and becoming self-reliant.
  - Women should avoid the “Blame-Game” and face fresh challenges that would help them grow in order to strengthen them.

## Conclusion

Entrepreneurship has become a leading issue in the last decade across all disciplines and professions, particularly as a means of creating employment opportunities and promoting self-reliance. Indeed, having entrepreneurial skills can positively impact learners at all levels and activities – Secondary and University levels, informal activities and traditional vocations. The benefits include: encouraging risk-taking and learning from failures; creativity; and helping people to make money and remain in business.



Accordingly, it has been advocated that entrepreneurship should not only be introduced in school curricula as a course of study but also encouraged in the training programmes offered by informal institutions and workshops. Furthermore, entrepreneurship and empowerment initiatives are interconnected in the sense that they can be deployed together to promote gender equality through the visual arts. Some visual art activities have been identified as very lucrative and applying entrepreneurial skills to drive them would make them profitable and promote self-relevance. These activities include Textile-making and production, sculpting and pottery/ceramics.

Achieving gender equality in the visual arts sector is seen by many as highly desirable and deploying entrepreneurial skills through visual activities would facilitate the achievement of that goal, by creating opportunities for paid and self-employment by women and enhancing their self-reliance and confidence. However, this outcome is possible only if the key stakeholders play their individual and collective roles as highlighted in this paper.

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