

ENTREPRENEURSHIP AS A TOOL FOR POVERTY REDUCTION IN NIGERIA

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Abstract

This paper focuses on entrepreneurship as a tool for poverty reduction in Nigeria. Joblessness has become a national challenge to the growth and development of nations. In Nigeria where graduates or school leavers are seen moving on the streets because they are unable to secure jobs, there have been calls for the revitalization of our educational system in the direction of entrepreneurial education which can positively engage school leavers, provide employment opportunities and also reduce poverty. Essentially, the paper looks at the concept of entrepreneurship, entrepreneurship education and its importance, poverty and its causes, poverty reduction through government and private sectors. On the basis of these, recommendations were made.

Keywords: Entrepreneurship, entrepreneurship education, poverty reduction, development opportunities

Introduction

Nigeria is a great country with vast human and material resources. It is estimated that the population of the country was about 125 million in 2001 (National Planning Commission (NPC, 2004). This figure is nearly one-quarter of sub-Saharan Africa's population. Social and economic conditions in Nigeria today present a startling paradox. This is to say that, in spite of the rich endowment of natural and human resources most people in Nigeria live below the poverty line. The NPC (2004) states that seven out of every ten Nigerians live on less than one dollar a day. This paints a lurid picture of the living standard of the people. Although revenues from crude oil have been increasing over the years, Nigerians have been experiencing overwhelming poverty. The manifestation of poverty in terms of unemployment has resulted in high incidence of various forms of social ills such as armed robbery, rape, house-breaking, political thuggery, car snatching, assassination, kidnapping, human trafficking and diseases including HIV/AIDS. There are various independent rates at more than 30 percent of the labour force with high rate of

unemployment among graduates from tertiary institutions (Federal Office of Statistics. FOS), 1999).

No nation has ever survived successive high rates of unemployment because of the attendant waste of human resource which it breeds (Igbo, 2004). Nigeria's future prosperity is a function of producing youths who are well prepared and well-equipped as well as adults with saleable skills which can enable them become gainfully employed or self-employed. Such a system should be provided for entrepreneurship education geared towards the production of potential entrepreneurs, hence, poverty reduction.

Concept of Entrepreneurship

The concept of entrepreneurship was first established in the early 1700s. Ever since then, its definition has continued to evolve. The term comes from the French verb "entreprendre" and the German word "Unternehmen" both of which mean, "to undertake" (Anderson, 2005). In a business context, it means "to start a business" (QuickMBA.com, 2004). There are varied definitions of entrepreneurship. For instance,



according to (Ghana, 2001), entrepreneurship is the willingness and ability of an individual to seek out investment opportunities in an environment and be able to establish and run an enterprise successfully based on the identified opportunities.

According to Hisrich and Peters (2002), entrepreneurship is a dynamic process of creating incremental wealth. The wealth created by individuals who assume the major risks in terms of equity, time and career commitment or provide value for some service may or may not be new or unique but value must somehow be infused by the entrepreneur by receiving and locating the necessary skills and resources. Carton et al (1998) cited the following definitions:

- Grave and Hofer (1991) defined the entrepreneurial process as involving all the functions, activities and actions associated with the perceiving of opportunities and the creation of organization to pursue them.
- Schumpeter (1934) defined it as the "carrying out of new combinations enterprise"...

A more comprehensive, adequate and operational definition was by Carton et al. (1998) as follows: "Entrepreneurship is the pursuit of a discontinuous opportunity involving the creation of an organization for the participants". For Carton and his associates, entrepreneurship is the means by which new organizations are formed with their resultant job and wealth creations. This definition implies that the organization must provide goods and services to society. According to Kuratko (2003), entrepreneurship is a dynamic process of vision, change and creation. It requires an application of energy and passion towards the creation and implementation of new ideas and creative solutions. For Kuratko, entrepreneurship is more than the mere creation of business. It is an integrated concept that permeates an individual business in an innovative manner.

According to Dejardin (2000), Schumpeter's definition places emphasis on innovation and describes this innovation activity by distinguishing five cases as follows:

- The introduction of new good (product) or a new quality of a good, which the consumers are not yet familiar with.
- The introduction of a new method of production that is not yet tested by experience in the branch of manufacturing concerned, which need by no means, be founded upon discovery scientifically new, and can also exist in a new way of handling a community commercially.
- The opening of a new market into which the particular branch of manufacturing in a country, the production in question, has not previously entered, whether or not it has existed before.
- The conquest of a new source of supply of raw material or half manufacture of goods irrespective of whether this source already exists or whether it has first to be created.
- The carrying out of the new organization of any industry, like the creation of a monopoly position or the breaking up of a monopoly position.

Kimani (2004) defines entrepreneurship as the process of creating business enterprise capable of entering new or established markets by deploying resource and people in a unique way.

In summary, there are some basic elements in all these definitions. They include: creation of an organization, job, wealth and innovation.

All the definitions of entrepreneurship above point to creativity, innovation and wealth creation for the purpose of reducing unemployment. It follows that entrepreneurship helps government by reducing the employment burden of the citizenry. Besides the fact that entrepreneurship reduces unemployment, hence, poverty, in public outfits where government is in charge, skills acquired through entrepreneurship increase

proficiency vis-à-vis output and the attendant quality.

Entrepreneurship Education

Entrepreneurship education is the process of acquiring the knowledge, attitudes and skills of entrepreneurship. Such education should be able to produce self-reliant job creators and not job seekers. It should be able to equip individuals for creative problem solving and innovation.

Entrepreneurship education is a form of education which makes humans to be responsive to their personal, families and national needs and aspirations. Entrepreneurship competencies carry with it the concept of skills and mental awareness which are needed to understand the functioning of an already existing business. Entrepreneurship education is about developing attitudes, behaviours and capacities at the individual level. It is also about the application of those skills and attitudes that can take many forms during an individual's career, creating a range of long-term benefits to society and the economy. The concept of entrepreneurship education according to Anbo (2011) is associated with various activities herein stated but not limited to the following:

Innovation, creativity, risk taking, visionary, initiative, focus, determination, team spirit, resourcefulness, financial control, self-confidence, versatility, knowledgeable, dynamic thinking, optimum disposition, originality, people-oriented, flexible in decision, response to suggestions and criticism, need, achievement driven, profit-oriented, persistent and persevering, energy for hard work, adjustment to challenges and future looking.

Poverty Reduction

Poverty reduction is a term that describes the promotion of economic growth that will permanently lift as many people as possible over a poverty line. Poverty is the state of human beings who are poor. That is, they have

little or no material means of surviving-food, shelter, clothes, health care, education, and other physical means of living and improving one's life. Some definitions of poverty are relative rather than absolute. Poverty reduction would not be considered to apply to measures which result in absolute decreases in living standards, but technically lift people out of poverty.

Poverty reduction measures like those promoted by Henry George in his economic classic, *Progress and poverty*, are those that raise, or are intended to raise, enabling the poor to create wealth for themselves as a means for ending poverty forever. In modern times, various economists within the Georgism movement propose measures like the land value tax to enhance access by all to the natural world.

Some people undertake voluntary poverty due to religious or philosophical beliefs. For example, Christian Monks and Nuns take a "vow of poverty" by which they renounce luxury. Poverty reduction measures have no role with regard to voluntary poverty.

Poverty reduction measures and other attempts to change the economies of modern hunter-gatherers are not addressed in this article. Hunter-gatherers, also called "foragers", live off wild plants and animals. For example, the Hadza people of Tanzania and the Bushmen of southern Africa. Theirs is a special case in which their poverty relative to the developed countries is intertwined with their traditional way of life. Governmental attempts to modernise the economies of the Hadza people, the Bushmen, and other hunter-gatherers have resulted in political, legal and cultural controversies, and as a result, met with failures.

Poverty occurs in both developing and developed countries. While poverty is much more widespread in developing countries, both types of countries undertake poverty reduction measures.

Poverty has historically been accepted in some parts of the world as inevitable as non-industrialized economies produce very

little while populations grow almost as fast making wealth scarce. Geoffrey Parker wrote that "In Antwerp and Lyon, two of the largest cities in western Europe, by 1600, three-quarters of the total population were too poor to pay taxes, and therefore likely to need relief in times of crisis". Poverty reduction has been largely reduced as a result of overall economic growth. Food shortages were common before modern agricultural technology and in places that lack them today, such technology include nitrogen fertilizers, pesticides and irrigation methods. The dawn of industrial revolution led to high economic growth, eliminating mass poverty in what is now considered the developed world. World GDP per person quintupled during the 20th century. In 1820, 75% of humanity lived on less than a dollar a day, while in 2001, only about 20% did.

Today, continued economic development is constrained by the lack of economic freedoms. Economic liberalization requires extending property rights to the poor, especially to land. Financial services, notably savings, can be made accessible to the poor through technology, such as mobile banking. Insufficient institutions, corruption and political instability can also discourage investment. Aids and government support in health, education and infrastructure help growth by increasing human and physical capital.

Poverty reduction also involves improving the living conditions of people who are already poor. Aid, particularly in medical and scientific areas such as the Green Revolution and the eradication of smallpox., is essential in providing better lives. Problems with today's development aids include the high proportion of tied aid, which mandates receiving nations to buy products, often more expensive, originating only from donor countries. Nevertheless, some believe (Peter Singer in his book "The Life You Can Save") that small change in the way each of us in affluent nations lives could solve world poverty.

Importance of Entrepreneurship Education

Entrepreneurship is a key driver of an economy. Wealth and a high majority of jobs are created by small businesses started by entrepreneurially-minded individuals, many of whom go on to create big businesses. People that are exposed have more opportunity to exercise creative freedoms, higher self-esteem, and an overall greater sense of control over their own lives. As a result, many experienced business people, political leaders, economists, and educators believe that fostering a robust entrepreneurial culture will maximize individual and collective socio-economic success in a local, national and global scale. It is with this in mind that National Standard Entrepreneurship Education was developed to prepare youths and adults to succeed in an entrepreneurial economy.

Entrepreneurship education is a life-long learning process starting as early as elementary school and progressing through all levels of education including adult education. The standards and their framework for teachers are used in building appropriate objectives, learning activities and assessments for their target audience. Using this framework, students would have progressively more challenging educational activities, experiences that would enable them to develop the insight needed to discover and create entrepreneurial opportunities, and the expertise to successfully start and manage their own business to take advantage of this opportunity.

Entrepreneurial Activity for Poverty Reduction

The international community is committed to achieving the Millennium Development Goals (MDGs) by 2015, and in particular, to halving the proportion of the world's poor whose income is less than one dollar a day. The reduction of poverty through productive activities supports the efforts of developing countries in addressing this challenge. It also

addresses the closely related MDG of promoting gender equality and empowering women as effective ways to combat poverty, hunger and diseases.

As the primary driver of economic growth and employment creation, the private sector has a central role in poverty reduction and the achievement of the MDGs. Private sector led industrial development plays a significant role in bringing about the much needed structural changes that can set the economies of poor countries on a path of sustainable economic growth. Industry provides a seedbed for entrepreneurship, promotes business investment, fosters technological upgrading and dynamism, improves human skills and creates skilled jobs, and through intersectoral linkages, establishes the foundation for both agriculture and services to expand. All these factors contribute to sustained productivity improvements that can ensure pro-poor outcomes and contribute to increased living standards in poor countries.

Governments have a strong interest and a key role in regulating and facilitating the development of the private sector. At the same time, governments play a key role in ensuring that economic growth provides opportunities for the poor to engage in productive activities. In this context, the public sector must promote a policy and institutional environment that enables the private sector to flourish and become an effective driver of sustainable and inclusive growth.

To increase the impact of the development of the private sector on the reduction of poverty, United Nations Industrial Development Organization (UNIDO) will support the efforts of developing countries to improve the business environment and lay the policy and institutional foundations for the development of a vibrant private sector. It will promote domestic entrepreneurship and in particular, development of the entrepreneurial skills of disadvantaged groups. Furthermore, it will link domestic enterprises to international

investment and technology flows and facilitate access to resources and support services that small and medium enterprises (SMEs) require to become more competitive. Innovation, entrepreneurship and competition are more important sources of productivity growth that, with appropriate policy and incentive structures, can bring about pro-poor market outcomes in the form of more sustainable jobs and incomes as well as affordable goods and services.

In Nigeria, local SMEs are responsible for most of the economic activities that support productivity enhancement and poverty reduction. This is particularly the case with the agriculture-based economies to poverty reduction while at the same time enhancing productivity. In this context, building up and strengthening productive capacities through development of SMEs in competitive sectors takes a central role. The provision of affordable energy for productive use and income generation as well as the production of sustainable production in poor communities are essential elements of any sustainable economic development.

Conclusion and Recommendations

This paper has been able to look at the significance of entrepreneurship education in poverty reduction at both national and global levels. It is important to mention that in the real sense of poverty reduction, there must be little or no trace of unemployment. This implies that with or without government efforts in the provision of employment, individuals should be self-employed based on what their skills can lead them to do. However, the stand of this paper is that even when the individuals can acquire developmental skills for self-empowerment, the government and if possible, corporate organizations can give aids or grants for adequate growth by providing an enabling environment for the purpose of worthwhile poverty reduction through entrepreneurship education, this paper recommends as follows:

- Government should give proper

support in health, education and infrastructure which helps growth by increasing human and physical capital.

- Government should also improve in medical and scientific areas, so as to provide better lives as witnessed with Green Revolution and eradication of smallpox.
- Government should give loan to farmers to enable them produce more goods which can serve as raw materials.
- Government should create employment opportunities for graduates.
- There is need to design unique and challenging curricula that will produce graduates geared towards self-employment. Of concern is the lack of depth in skill.
- There is need to start building entrepreneurial culture in students. This can be done through experience. The present industrial training (IT) programme is a step in the right direction. Studies have shown that two-thirds of African entrepreneurs come from homes where someone has owned a business.
- Education should be in the direction of recipients being employers and not employees
- Private sector should improve in providing more industries to enable graduates to obtain jobs thereby reducing unemployment.

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