Poverty Reduction in Nigeria: The Role of Entrepreneurship Education

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Abstract
Poverty still remains a development issue that continues to capture the attention of the policy makers and international donor agencies. Nigeria is in a terrible paradox. The poverty appears as a contradiction considering the country’s immense wealth. The situation has also worsened despite the huge human and material resources that have been devoted to poverty reduction by the past and present governments. The paper discovered that there is no any reasonable success achieved so far. Almost all the poverty reduction strategies implemented so far have failed. There seems to be widespread recognition that entrepreneurship is the engine driving the economy and society of most nations by creating new industries, employment and wealth. It has also been argued that new venture creation holds the key to economic growth and development of a nation. The relevance of entrepreneurship education as an effective strategy for poverty reduction and employment creation was highlighted. Recent studies indicated that entrepreneurship education encourages the growth of new businesses, promotion of improved decision-making skills and the increase in technology transfer between education establishments and the market place. It is therefore recommended that entrepreneurship development programmes and other policy measures should be more vigorously pursued by government in order to accelerate economic growth and development as well as effective means of jobs creation, new ventures development and consequently poverty reduction.

Key words: Entrepreneurship, Entrepreneurship Education, Poverty Reduction Strategies, Jobs Creation and New Venture Development

1. Introduction

There is no universal definition of poverty. At same time, there is always the difficulty in deciding where to draw the line between the “poor” and the “non-poor”. According to the World Bank Report (2002), poverty is the inability to attain a minimum standard of living. The report constructed some indices based on a minimum level of consumption in order to show the practical aspect of poverty. These include lack of access to resources, lack of education and skills, poor health, malnutrition, lack of political freedom and voice, lack of shelter, poor access to water and sanitation, vulnerability to shocks, violence and crime, political discrimination and marginalization. Similarly, the United Nations Human Development (UNHD) has introduced the use of such other indices such as life expectancy, infant mortality rate, primary school enrolment ratio and number of persons per physician to measure poverty in a country (UNDP HDI:2002) as was cited by Ugoh and Ukpere (2009).

As Manning (2007:2) observe, rapid and sustained poverty reduction requires ‘pro-poor growth’, that is a pace and pattern of growth that enhances the ability of poor women and men to participate in, contribute to and benefit from growth. In essence, growth should be broad-based across sectors and regions and inclusive of the large part of the workforce that poor men and women make up. Also, policies for sustaining growth

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such as those aiming at strengthening institutional capacity, promoting democratic and effective governance should increase poor people’s incentives, opportunities and capabilities for employment so they can participate in and benefit from growth.

The conceptualization of poverty in terms of the risk and vulnerability of those that are poor has emerged at a time when poverty reduction has become an important aspect of the national economic and social policy mix in many developing countries. Indeed, poverty reduction programmes and policies when tied with growth enhancement policies are a high priority in national policy design in countries suffering from increasing population pressures and deteriorating living and economic conditions. Thus, there is an implied consensus in the literature that rapid and sustainable poverty reduction depends upon the interaction of a wide range of policy measures (Oyeranti and Olayiwola, 2005).

In developing countries today, the increasing rate of poverty, unemployment, corruption and so many other social vices have reached an alarming state and become worrisome to the government and to every well-meaning citizen. Everywhere in the world, entrepreneurship is seen as one of the most important solutions to unemployment, poverty and low economic growth. The creation of new ventures and growth of existing businesses are vital contributing factors to any economy. One way of enhancing the entrepreneurial activity in a country is by providing entrepreneurial training and education to potential and existing entrepreneurs.

2. Poverty Alleviation – From Theoretical Perspective

Most studies of poverty alleviation have adopted different theoretical underpinnings in order to find a workable solution to their subject matter. These theories include the underdevelopment/dependency theories, the vent for surplus theory, the theory of basic needs and the individual deficiencies theory. These theories were more concerned with alleviating poverty without giving due attention to its root cause (Muktar, 2011). The theory of cumulative and cyclical interdependencies is a very relevant and is used as the basic framework of the paper. According to (Mundal, 1957) as it cited by (Muktar, 2011) personal and community well-being are closely linked in a cascade of negative consequences, and that closure of a factory or other crises can lead to a cascade of personal and community problems including migration of people from a community. Thus the interdependence of factors creating poverty actually accelerates once a cycle of decline start. The lack of employment leads to lack of consumption and spending due to inadequate incomes, and to inadequate savings, which means which means that individual and government cannot invest in education and training (Brandshaw, 2006), identified education and training (entrepreneurship education) as one of the cycle-breaking efforts for poverty alleviating programme.

According to Hettne (2002) poverty is classified into five types. First, absolute poverty that occurs when human beings live in a state of deprivation due to meagre income or lack of access to basic human needs which include food, safe water, sanitation, health, shelter, education and information. Second, relative poverty defines poverty from a comparative point of view, i.e. poverty is not absolute but relative. Relative refers to the position of household or individual compared. It is measured in three ways: through the low income family statistics; through income and through disposable income. Third, chronic/structural means that poverty could be persistent on long term. It causes are more permanent and depend on a host of factors such as limited productive resources, lack of skill for gainful employment, vocational disadvantage or endemic socio-political and cultural factors. Fourth, conjectural transitory which means poverty is temporary or short term and cause mainly by factors such as natural or man-made disasters – wars and environmental degradation or structural changes induced by policy reforms which result in loss of employment, loss in value of real income assets, etc. Fifth, spatial/location means depending on geographical or regional spread and incidence. It involves urban squalor/poverty typified by the existence of ghettos, slums and shanties in metropolitan cities and characterized by environmental degradation, inadequate welfare services and social deprivations, low per-capita income, over-crowded accommodation, engagement in informal business, rural poverty characterized by poor conditions of living. Essence of the explanation is helpful in contrasting the poor and non-poor in a particular society. In fact, there is a common thread in all these varieties of poverty.
They point out that poverty is a general condition of deprivation and that consigns its victims to the level of their societies (Ugoh and Ukpere, 2009).

The employment situation constraints theory as profound by Ugoh and Ukpere (2009) who argued the poor are constrained by the fact of their situation, by low income, unemployment and the like, to act the way they do. He further argued that, the poor would readily change behaviour in response to new circumstances if one of the constraints of poverty were removed. The poor share the values of a society as a whole. The only difference is that they are unable to translate many of these values into reality and once the constraints of poverty are removed, the poor will have no difficulties adopting mainstream behavioural patterns and seizing available opportunities like education and training.

Most of the poverty alleviation measures in Nigeria are embedded in entrepreneurship the National Directorate of Employment (skills acquisitions and schools on Wheels) but have suffered several challenges culminating into their failure. In an attempt to alleviate poverty, entrepreneurship education and training were designed and included in the curriculum of tertiary institutions in Nigeria. In addition, training centres such as technical and vocational schools, apprenticeship centres were also established throughout the federation in order to absolve the unemployed with the view to reduce poverty. The likely impact of entrepreneurship training in poverty alleviating is by providing jobs and skills cannot be over emphasized.

3. The Extent of Poverty in Nigeria

Nigeria is blessed with mineral resources and rich in crude oil. Ironically, the citizens are hungry and poor in the abundance of plenty. The UNDP has classified the country as 141 poorest nations on human development index. In its report, Nigeria is considered one of the 20th poorest countries in the world with 70 percent of the population classified as poor and 54.4 percent living in absolute poverty (Ekugo, 2006). Available evidence shows that poverty has been a serious problem confronting the Nigerian nation since independence. Nigeria instead of advancing has lately degenerated into one of the poorest countries of the world. In fact, more and more people are becoming poorer every day. In 1960, the poverty level in the country was about 15 percent and by 1980 it reached to 28.1 percent. In 1985, the poverty level was 46.3 but dropped to 42.7 percent in 1992. Perhaps, the drop may not be unconnected to the coming elections slated to hold in 1993. Nonetheless, with the termination of the democratic processes by the military government, the poverty level rose to 43.6 percent in 1995. A year after, about 65 percent of the population were below poverty line, i.e., about 67.1 million Nigerians. In the 1999 and 2000 UN Development Report, Nigeria had degenerated further as 87 percent of the population were below poverty line and rated 154 on the world’s marginal poverty index out of 172 countries (Ekpu, 2004).

As observed, poverty in Nigeria has geographical perspective. According to the Nigeria’s Draft Report on Millennium Development Goals, the northern part of the country accounted for the higher incidence of poverty which largely predominated in the rural area. Specifically, the report showed that the rate of poverty was as high as 84 percent in states like Zamfara, Sokoto, Gombe and Bauchi during the period 1980 - 2004. In the southern part, poverty had increased between 1980-1996 but dropped in 2004, apart from the south-south zone that dropped in 1992. In fact, all states except Bayelsa had more than half of their population in poverty circle (Akintunde and Amaefule 2005). Comparatively, while poverty showed as high as 72.2 percent in the North-east, it has the lowest in the south-east with 26.7 percent. This confirmed the findings by the World Bank study in Nigeria which showed that there were differences between the north and south with more concentration of the poor in the northern zone (cited in National Bureau of statistics, 2005).

During the period between 1980-2004, the incidence of urban poverty also has been on the increase, an indication that poverty is not only seen in the rural areas but also coexisted in urban cities of the country. In 1980, poverty rose from 28.3 percent to 51.4 percent in 1985 but declined to 46.0 percent before it rose again to 69.3 percent in 1996 and fell to 63.3 percent in 2004 (Tomori, et al 2006), as reported and cited by by (Ugoh and Ukpere 2009).
The Absolute (Objective) Measure of Poverty to determine the extent of poverty in Nigeria. This method is otherwise known as Food Energy Intake measure of poverty. First you obtain the food basket of the poorest 40 percent of the population (using quintiles). Then compute the food expenditure that can give 3000 calorie per day based on the national food basket for the poorest 40 percent. With the application of adult equivalence per capita expenditure, you will obtain the amount in Naira that can be used to purchase food that will meet 3000 calorie. The addition of non-food component using average non-food expenditure of plus or minus 100 Households around the Core poverty line will give the objective (absolute) poverty measure. The total expenditure of food and non-food produce a poverty incidence of 60.2 percent or 89,096,000 Nigerians living in poverty. This measure is used for poverty headcount comparison across countries.

Dollar per Day: The application of dollar per day in the computation of poverty measure was achieved by adopting the World Bank 2002 of Purchasing Power Parity (PPP) which placed on US$1 to be equivalent to N46.2. When this figure was further adjusted to 2003 using CPI and the exchange rate it gave N59.2 to one US$1. When N59.2 per day is annualized, it gives a poverty incidence of 51.6 percent. In computing for 2009/2010, we used the exchange rate of Naira Nigeria to US$1 which stood at N150.00. When annualized, it gives a poverty incidence of 56.6%. NBS 2010.

Thus, the inflation rate which stood at 15 percent in 1960 had risen to 28 percent in 1980. In 1985, the figure was put at 46 percent. Seven years later, it came down to 43 percent only to shoot up to 66.4 percent in 1996. The federal government claimed to hack down the fleeting inflation rate from its awesome 54.4 percent in 2004 to 50 percent. It attributed the reduction in the trend to the institution of democracy and touted benefits of the economic reforms of the time (Duru 2008). As Soludo pointed out, the Nigeria’s per capita income had always been in the deficit since independence. However, between 1999 and 2005, it has risen to over 3 percent. He further said that the Gross Domestic Product had grown at 10.2 percent in 2003 as against an average of 2.9 percent in the immediate past decade while the nation’s external reserves stock had risen from US$ 7.68 billion to over $20 billion as at January 2005 (Punch 2005:9).

4. An Overview of Some Selected Poverty Alleviation Programmes

Poverty alleviation is one of the most difficult challenges facing any country in the developing world where, on the average, majority of the population is considered poor. Evidences in Nigeria shows that the number of those in poverty has continued to increase. For example the number of those in poverty increased from 27% in 1980 to 46% in 1985 and to 67% in 1996; by 1999 it increased to more than 70% (Ogwumike, 2001). Poverty alleviation programmes in Nigeria are means through which the government aims to revamp and reconstruct the economy. The high incidence of poverty in the country has made poverty alleviation strategies important policy options over the years with varying results. Poverty alleviation strategies ranging from Operation Feed the Nation of 1978, the Green Revolution of 1982, the Directorate of Foods Roads and Rural Infrastructures DFFRI, the National Directorate for Employment NDE, poverty alleviation programme, PAP up to the National Poverty Eradication Programme, NAPEP were all attempts made by various governments in the country to curb the menace.

Ilori (1999) categorized rural poverty related programmes into three: development programmes, palliative measures popularly known as the Social Dimension of Adjustment (SDA), and the sector-specific poverty related programmes. Examples of development programmes are: rural electrification schemes; rural banking scheme; and Operation Feed the Nation later named Green Revolution. Palliative measures include programmes such as the Directorate of Food, Roads and Rural Infrastructure (DFRRI), the National Directorate of Employment, and Family Support Programme. The major sector-specific poverty related programmes include the National Agricultural Land Development Programme (NALDA), micro credit schemes such as Peoples Bank, Community Bank etc. All the programme put together are meant to provide a catalytic impetus for the take-off and subsequent advancement of the rural areas towards:

a) Linking them to national and international economic systems;

b) Increasing rural household income;
c) Providing basic socio-economic and physical infrastructure;
d) Efficient resource allocation to shift attention and interest of the private sector towards investment in rural areas to enhance rural development; and,
e) Enhancing rural welfare.

Specifically, a number of government programmes initiated in the past, have aimed at improving basic services, infrastructure and housing facilities for the rural and urban population, extending access to credit farm inputs, and creating employment. Most of the programmes were, however, not specifically targeted towards the poor, though they affect them. There are specific multi-sector programmes (water and sanitation, environment, etc.) as well as sector-specific programmes in agriculture, health, education, transport, housing, finance, industry/manufacturing and nutrition. Some achievements have been recorded by these poverty-relation programmes in the areas of food crop production, agricultural and industrial extension services, primary health care, education enrolment, mass transit programme and financial sector services through the People’s Bank of Nigeria and Community Banks. However, the fact that the incidence of poverty remains very high, the existence of the various programmes notwithstanding, points to the ineffectiveness of the strategies and programmes.

5. The Role of Entrepreneurship in Jobs Creation and Poverty Reduction

There is much discussion about the possibility of developing entrepreneurs. Some biographies of successful entrepreneurs often read as if such people entered the word with an extraordinary generic endowment. But there are almost as many counter stories of those who hit on the entrepreneurial jackpot without the benefit of genetics. It is clear that these traits genetics do not fall any sensible pattern for start-up successes. Banfe, (1991) suggest that there is a serendipity of unpredictable events that does not have much to do with family heritage. Successful new ventures are as much the result of a driving entrepreneur with an abundance of luck and timing. The literature suggests that, on balance; it is also beneficial to gain work experience and get adequate education, this scenario will substantially enhance the probability of success. So, many factors are unrelated to genetics and support the counter paradigm that “entrepreneurs are often made, not born”.

Wiklund and Shepherd (2003), put forward that a positive correlation exists between education and business creation. Based on Timmons and Spinelli (2004) and others who are of the opinion that entrepreneurship can be learnt, Kuratko (2003) observes the decision by many tertiary institutions in Nigeria to design and implement relevant entrepreneurship teaching programme. Entrepreneurial training and education encourages Nigerian to become jobs creator rather than job seekers. It also equips them with skills for constant improvement and innovations in their undertaken. (Ogundele, 2004) observes that for the success of National Economic Empowerment and Development Strategy (NEEDS), Nigeria require a new development approach which will release the best in the nation human capital for the economic development effort. He argued that spiritual capitalism, which will involve among others calling out the best from every Nigerians. It will also involve individual self-development where individuals are the key driver in developing themselves. These will be capped by leadership with vision. One of the major thrusts of NEEDS is, growing the private sector, and this calls for massive training and development of indigenous entrepreneurs in Nigeria, hence the demand for refocusing on training programme more importantly on entrepreneurship he concluded.

A research in 2004 by the European Commission regards education as an important means to create a more entrepreneurial mind-set among young people and they assert that promoting entrepreneurial skills and attitudes provides benefits to society even beyond their application to new business ventures. In fact, there is a widespread idea that entrepreneurship education would generate more and better entrepreneurs than there have been in the past (Ronstadt, 1985) and that education would increase the chances of obtaining entrepreneurial success (Kirby, 2002). Entrepreneurship education encourages the growth of new businesses, exploiting the creative potential and depth of knowledge within higher education sector. De Faoite et al. (2003) found that entrepreneurship education contributes for (i) the integration of a variety of business
Entrepreneurship education is relevant in higher education curriculum once it teaches the fundamental of employment skills and how to start and run a business. Students gain experience in “creating” a business, sometimes in a stimulating environment or in the real market place. Examples of how this can be done include the availability of funds to help finance venture creation projects by students and support networks for entrepreneurial initiatives Paco, (2010).

However, a study conducted with the aim to test the notion that students who participated in entrepreneurship education course actually produced tangible outcomes. The number of new businesses, increases in sales turnover attributed to learned skills and incidences of career change from course participation, growing venture within an organisation and the strengths and weaknesses of the course as perceived by graduates is reported. At least some 22 new businesses have been started. A total of 300 questionnaires were distributed and 60% response rate recorded from Swinburne University of Technology, Australia. The research was reported and highlighted by Gillen and Powe (1994).

Another study was conducted by Kolvereid and Moen (1997) on the effectiveness of entrepreneurship education on students of Bodo Graduate school of Business, in Norway. A total of 720 questionnaires were distributed in which 51.8% responses were recorded. Their work suggested that exposure to entrepreneurship education is positively associated with new venture formation. The findings suggest that entrepreneurship, at least to some extent, is influence by the level of education and training.

Clark et al., 1984 conducted a study of undergraduates in North-America who have taken entrepreneurship course between 1978 and 1982. Data was collected via mail questionnaire and those who started ventures were interviewed by telephone. In total, 10.2 per cent of graduates started their own businesses subsequent to course completion. The findings of the study revealed that 75 percent of those who started ventures claim the entrepreneurship course had a large or very large impact on their decision TO new venture creation, cited by Shane, (2011).

The results presented above clearly give some justification to the emphasis placed on entrepreneurship education in many universities and business schools. The findings suggest that entrepreneurship, at least to some extent, is a function of factors which can be altered through education.

For many, the power of entrepreneurship and its importance in maintaining a growing and thriving economy, poverty reduction and employment creation is unquestionable. It is seen as the engine driving the economy of most nations, creating new industries, employment and wealth. Fiet, (2000) as cited by (Henry, et, al,. 2003) believes that the sustained interest in entrepreneurship is more than just a fad; rather it reflects an emerging economic environment created by the confluence of changes in the corporate world, new technology and emerging world markets. Policy makers and academics have recognise the very positive impact that new business creation can have on employment levels, poverty reduction, as well as the competitive advantages that small firms can have over large firms.

Entrepreneurship is not just a mere skill acquisition for acquisition sake. It is an acquisition of skills and ideas for the sake of creating employment for one’s-self and also for others. It also includes new venture development based on creativity. Entrepreneurship leads to the development of small, medium and sometimes large scale businesses based on creativity and innovation. The success of these businesses in turn helps in developing the nation. It also reduces poverty rate with visible increment of employment rate among the youths. However, entrepreneurship requires training.

Entrepreneurial programmes if properly planned and executed will ensure that the issue of self-employment and job creation will increase thereby reducing crime rate especially among the unemployed. Also, menaces and other anti- social behaviours usually visible due to youth unemployment and restiveness will be highly reduced. This reality is one of the greatest challenges facing the leadership of Nigeria.

The entrepreneurship programme is seen as a short term approach to the unemployment crises in order to cater for the out-of-school youth and the ever increasing number of jobless graduates. In the long run it
will bring desired result of growth and development. The entrepreneurship programme in Nigeria seeks to move youth entrepreneurship into the mainstream of the economy with growth oriented and sustainable businesses.

In summary, entrepreneurial firms make two indispensable contributions to the U.S. economy. First, they are an integral part of the renewal process that pervades and defines market economies. Entrepreneurial firms play a crucial role in the innovations that lead to technological change and productivity growth. In short, they are about change and competition because they change market structure. The U.S. economy is a dynamic organic entity always in the process of “becoming,” rather than an established one that has already arrived. It is about prospects for the future, not about the inheritance of the past (Kuratko & Hodgetts, 2004).

Second, entrepreneurial firms are the essential mechanism by which millions enter the economic and social mainstream of American society. Small businesses enable millions of people, including women, minorities, and immigrants, to access the American Dream. The greatest source the U.S. strength has always been the American Dream of economic growth, equal opportunities, and upward mobility. In this evolutionary process, entrepreneurship plays the crucial and indispensable role of providing the “social glue” that binds together both high-tech and “Main Street” activities (Small Business Administration, 1998).

6. Recommendations and Conclusion

The embarrassing contradiction of poverty in the midst of plenty in Nigeria suggests the compelling need for a serious and corrupt free poverty reduction strategy. The Institutional Framework for poverty alleviation in the country at all levels of government need to be revisited and completely overhauled. Strong political commitment is highly desirable in combating the menace of poverty.

Although the present government had done a lot in this direction by rationalizing some of the institutions involved. There is still need to look at the various laws and regulations governing assets ownership, access to the labour markets and government social programmes in education and health in particular.

This will pave the way for equal opportunities to all in these major aspects of poverty reduction process. Sustainable poverty reduction strategy should not focus narrowly on Social Welfare Measures. Rather asset redistribution and creation of incentive structures that can enhance the rate and pattern of economic growth should be seen as essential component. The present efforts of government and international agencies like UNDP, UNICEF etc. aimed at employment creation, provision of credits, skill acquisition, enhancing income earning opportunities of the vulnerable groups among others are very germane to poverty reduction. But they need to be properly focused on the poor. This as we have said earlier requires proper identification of the poor and their unsatisfied needs.

There is also the urgent for an effective and relevant skill acquisition through entrepreneurship education training in our schools. Provision of adequate vocational training centres to equipped youths in particular for self-employment, and facilitate maintenance of community level projects.

The activities of NDE need to be constantly appraised and effort should be made to link up more with both the informal sector where apprenticeship activities are carried out without proper basic structure of sustaining the apprentice when they finish learning the job, and the formal school system where individuals could acquire these skills as part of their educational programme.

However, it is a good thing that government had embarked on programmes that would alleviate the sufferings of the masses. There is a need to remove all the impediments that would create a cog in the wheel of the success of the programmes. Sure of the problems include corruption, ethnic clashes, secession ambition, and electoral malpractices among other vices that are agents of poverty in the country.

The government must play its constitutional role by providing an enabling environment through the provision of social and economic infrastructures capable of attracting new venture formations and development.
With the current expansion of higher institutions of learning in Nigeria, greater attention must be paid to the labour market prospect since imbalance has already been created by the demand and the supply of labour. Efforts must be intensified to produce relevant graduates.

There is also the need to device new modern teaching techniques in order to improve students’ competencies for example through problem based learning, industrial attachment and trainings. Relevant entrepreneurship education is the ultimate way of reversing the current trend poverty and unemployment. Higher learning institutions must be provided with adequate fund for the training of the young graduates with relevant skills and entrepreneurial competencies that can enhance new venture creation.

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