

THE IMPACT OF ENTREPRENEURSHIP PRACTICE ON POVERTY REDUCTION IN NIGERIA: EVIDENCE FROM OSUN STATE

Popoola Mufutau Akanmu

Doctoral student in Department of Business and Entrepreneurship School of Business and Governance, Kwara State University, Malete.

ABSTRACT

The main purpose was to examine and analyze the impact of entrepreneurship practices on poverty reduction in Osun State Nigeria. Data collection was done by direct interview used questionnaires, in-depth discussion with respondent, field note, and documentation. Bread making industry business owners are respondent in this study. Descriptive Statistics and Partial Least Square (PLS) analysis are method of data used. The finding revealed that entrepreneurship practices has highly significant effect on poverty reduction in Osun State Nigeria. Enterprise business operators are good but still needs to be optimized entrepreneurial mindset.

Keywords: *Entrepreneurship, poverty reduction, evidence.*

INTRODUCTION

1.1 BACKGROUND TO THE STUDY

Poverty is a household name in Nigeria despite various economic development policies designed to alleviate poverty through human capital development (Yahaya et al, 2011).

Omoh (2012) quoting the poverty data released by National Bureau of Statistics revealed that 112 million Nigeria representing 70 percent live below one dollar a day and British Broadcasting Corporation (BBC) 2012 agreed with this when it quoted poverty data at 112.47 million; stating that absolute poverty can be measured by those who can afford only the bare essentials.

Omoh is of the view that Nigeria appears to be in a poverty trap: a vicious circle that takes hard work and massive investment to break. According to Omoh, the population is rising faster than the economy can cater for, which is breeding poverty in Nigeria.

Poverty in any community is a serious setback to the economic, political, social and general development of the society. More so, in a society like ours characterized by low educational level, unskilled labor, wasteful lifestyle, non delivery of total quality policy package based on needs, policy leakages to non target population and traditional values and norms have all affected the performance of poverty alleviation initiatives. Emanating from the above, one can conclude that economic of Nigeria and most of developing countries are largely characterized and defined by the rate of poverty, hunger and employment subsisting in them.

It seems as if all strategies applied in the past to fight poverty proved ineffective, but the world seems to have found a most promising strategy through Entrepreneurship Practices.

1.2 STATEMENT OF RESEARCH PROBLEM

A good life is part of every man's dream. With indices of economic recession, unemployment, galloping inflation, dilapidated infrastructural facilities, weak exchange rate, poor governance, corruption and general insecurity among others. The most disturbing in the country for now is menace of poverty and one of the factors that led to the sudden rise of poverty among people has been attributed to the lack of entrepreneurial skills which can really create a sense of self sufficiency. There is perhaps no better period than now, to understand and appreciate the relevance of entrepreneurship as the engine room of economic growth and development of nations worldwide (Okwu, 2012).

1.3 OBJECTIVE OF THE STUDY

To determine and analyze the effect of entrepreneurship practice on poverty reduction in Osun State Nigeria.

1.4 RESEARCH QUESTION

To what extent can entrepreneurship practices influenced poverty reduction in Osun State Nigeria?

1.5 SCOPE OF THE STUDY

The scope of this study is limited to focus on business owners of Bread making industry in selected local government in Osun State.

2. LITERATURE REVIEW

Entrepreneurship Practices is the process , actions, activities behavior and sentiment employed by entrepreneurs who are showcase in their business dealings. (Ogundele 2016). Omisakin et al., 2016 explain that entrepreneurship practices has all activities employed by entrepreneurs in their business dealings. Anyakoha 2006, view Entrepreneurship Practices as business involves suitable people who take risk, identify business opportunities, acquire materials, plan, and implement actions that will achieve the business expectation.

Entrepreneurship Practices is an antidote to poverty reduction and job creation in an unstable economy and it require the combined efforts of individuals and government . It also results in job creation and employment opportunities.

2.1 CONCEPTUAL FRAMEWORK

According to the European Commission(2008), Entrepreneurship refers to an individual 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 objectives. Entrepreneurship is the process of designing, launching and running a new business , while the person who create these businesses are called entrepreneur. The concept of entrepreneurship is now very popular among people as a strategy of escaping poverty and creating enabling environment for socio economic expansion and productivity. The focus on entrepreneurship development in this 21st century is not just a theoretical approach but a development oriented action towards poverty reduction among rural and urban populace. Many developed nations have discovered the important of small and medium scale enterprises to their economies and have not wasted time in investing into the sub-sector.

According to the Global Entrepreneurship Monitor(GEM) report in 2008,it is concluded that there is exist relationship between entrepreneurship and poverty reduction which lead to economic development.

2.2 THEORETICAL FRAME WORK

This study is conducted under the guiding light of poverty theory which falls into one of the four perspectives as stated by Ogboru and Abiniku (2011). The four perspectives are:

The conservative, the Liberal Reformists, the Radical Structural and the Social Exclusion. The Conservative theory namely; individualistic and culture of poverty posit that the poor are responsible for their poverty. The Liberal Reformists' perspective which deals with situational theory of poverty is hinged on the fact that poverty results from experiences that individuals or group pass through. On their part, the radical Structural/Marxist perspective argued that capitalism produces poverty due to its exploitative syndrome. The social exclusion theory is predicated on poverty resulting from people who tend to be excluded from effective participation in a society's activities due to segregation. Entrepreneurship practices tends to emphasize the identification and assessment of skills, understanding of entrepreneurial process, all needed for alleviating poverty through the creation of new business and assessing other business opportunities thereby making entrepreneurs create an employment opportunities and not seekers of employment opportunities.

2.3 EMPIRICAL FRAMEWORK

Mulikat F.U and Sadiat I.A (2017) carried out research on effect of entrepreneurship on poverty reduction by using empirical fact from Sokoto State Nigeria. The use of primary data in terms of questionnaire were administered. The study showed that there is positive relationship between entrepreneurship and poverty reduction, that is, as the level of entrepreneurship rise, the rate of poverty reduced.

The study recommended the government in order to promote the level of entrepreneurship, provide fund, power and good transportation system as well as entrepreneurship skill programme within its policy framework.

Ibitoye O, Atoyebi K O, Sufian J B(2015) conducted research on Entrepreneurship and Poverty Reduction in Nigeria by way of empirical analysis, that is, the researcher adopted a stratified random sampling techniques, 500 entrepreneurs and apprenticeship were chosen from six recognize Local government of Lagos State. This result showed the positive relationship between entrepreneurship and poverty reduction.

I.Adofu and O.Akoji(2013) on their research study on alleviating poverty through the use of entrepreneurship skills acquisition in Kogi State Nigeria , showed that entrepreneurship can reduce poverty rate by the use of quantitative research approach. The result featured that the high rate of poverty in Nigeria which is rampant among the youth nowadays is caused by the inability to acquire entrepreneurship skill.

Ali Yassin & Abdel(2013) take an insight on the relationship between entrepreneurship development and poverty reduction at Banadir region in Somalia. Their study indicated that there was weak positive correlation between entrepreneurship development & poverty reduction. By way of analysis, sig or P-value was less enough suggesting that the two variables indicate that the computed R-value was -0.195.

3. METHODOLOGY

The target population of the study was business owner in Bread making industry in 30 local government in Osun State. A sample of six recognized local government in three senatorial district of Osun State were chosen; they are, Osogbo, Olorunda, Ilesha east, Ife south, Ede North and Ejigbo local government in Osun State. The study considered business owners of Bread making industry in the selected local government as the sampling frame from which 240 respondents were selected via enumeration and stratified sampling technique. The question was specifically designed to accomplish the objective of the study

Data is the collection of facts and figures relating to the population of study (Popoola 2014). The data used in this study is both primary and secondary sources. The primary data obtained through questionnaires and collected directly from the respondent businesses. Secondary data were extracted mainly from most current publication of

textbooks and related journal. These data are used to complement the data obtained in the field research through questionnaires. In this study, data collection was done by direct interview to using questionnaire, in-depth discussion with respondents, field notes and documentation.

Effective monitoring is done by observing the management of the work done by the respondent labor utilization, marketing and customer services. Descriptive analysis method used in this study. Descriptive statistical analysis techniques used include the value of the frequency distribution, the maximum and minimum value, the percentage value of each variable, the value of Average mean and Indicators Research. Also, PLS (Partial Least Square) is used to determined the Impact of Entrepreneurship Practices on Poverty Alleviation.

4. RESULTS AND DISCUSSION

4.1 Model testing was evaluated by looking at the value of the path, co efficient between variable influence of Independent variables (IV) Entrepreneurship Practices and dependent variable poverty reduction.

Based on PLS model outputs, model testing is done by looking at the path coefficient estimated value and the value of the critical point (t- statistic) were significant at $\alpha = 0.05$. The analysis result show below:

Table 1. Coefficient Independent Entrepreneurship Practices on Poverty Reduction

Effect between variable	Path Coefficient	t -statistic	t- critical	Result
EP(X) PR(Y)	0.272	2.487	1.97	Significant

Sources: PLS Processed, 2018

Description

E = Entrepreneurship Practices

PR= Poverty Reduction

Whereas;

Entrepreneurship practices is Independent Variable (X), Dependent variable is Poverty Reduction (Y).

$X = Y$.

Based on table 1 above, it can be seen that the entrepreneurship practices has positive and highly significant impact on poverty reduction in Osun State Nigeria. This evidence by the t- test statistic=2.482 =t – critical, namely 1.97 with path coefficient of 0.272.

Base on this, empirical evidence shows that the implementation of independent entrepreneurship practices which is run by businesses in Osun State Nigeria has been good, if observed dimension of attitudes to entrepreneurship practices, entrepreneurship motivation, entrepreneurial mindset.

Descriptive results shows that many as 66.7% of respondents business do not have access to capital from financial institutions Bank. Also, 91% of respondents entrepreneurs have not ever had the opportunity to follow training. Improving the competence of entrepreneurial businesses through training in order to reduce poverty is very essential. Increase in income generation to entrepreneurs will help to reduce poverty among business operators and this will pave way for new employment opportunities for job seekers.

4.2 DISCUSSION

Impact of Entrepreneurship Practice on Poverty Reduction

The results of this study found that Entrepreneurship Practices has great significant and positive effect on poverty reduction. The results support the research that has been done before by;

Mulikat and Sadiat 2017 in Sokoto State, Nigeria.

ABD AZIZ Muttalib et al., 2016 in Indonesia.

Ali Yasin (2013) in Somalia, and

I.Adofu & O.Okoji (2013) in Nigeria.

5. CONCLUSION AND RECOMMENDATION

5.1 Based on the results of this study and discussion, it can be show that entrepreneurship practices on business operators in Osun State is viable but still needs to be optimized entrepreneurial mindsets and competences. Also, entrepreneurship practice has great significant on poverty reduction. It shows that poverty reduction can be done through the effectiveness of entrepreneurship practices.

5.2 Having carefully embarked on this study, it is recommended that entrepreneurs should be assist through the provision of soft loan by providing better access to capital from bank and other financial institution. Also, government should formulate and introduce more entrepreneurship and vocational training centre to boost the entrepreneurial skills among the people in order to play the developmental roles in economic development.

Lastly, securities of life and properties , provision of infrastructural facilities like constant power supply, good health care services, good road and drinkable water among others should be guarantee by the federal state and local governments in Nigeria for better performance of entrepreneurs at reduced cost.

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