

# Entrepreneurship Skills Development as an Economic Empowerment and Poverty Reduction Strategy in Nigeria

ABDULLAHI, Sani Alhaji Ph.D  
Department of Business Administration,  
Ahmadu Bello University, Zaria

## Abstract

*The level of poverty in Nigeria today is quite disturbing as it has assumed an alarming proportion. Both the quantitative and qualitative measurements attest to the growing incidence and depth of poverty in the country. Entrepreneurship skills development and the formation new small businesses are now more than ever before considered as veritable tools of reducing poverty and unquestionably engines of economic growth and innovation. This paper has therefore attempted to explore the contribution of entrepreneurship in reducing the incidence of poverty in Nigeria. The data for this work was obtained purely from secondary sources. The paper is based on review empirical works that focused on the impact of entrepreneurship development on job creation, employment generation, economic empowerment and poverty reduction. The data collected was presented, discussed analysed using descriptive and historical methods of research analysis. The paper concluded that micro entrepreneurship especially through small businesses has undoubtedly contributed immensely to job creation and employment generation, economic*

*empowerment and poverty reduction both in the developed and African societies. Unfortunately, in Nigeria public policies directing education, economic empowerment, poverty reduction and overall economic growth and development do not seriously and frantically aimed at developing entrepreneurship. Furthermore, there is the complete absence of the "social climate" postulated by Schumpeter's theory, which is a necessary pre-requisite for functional Entrepreneurship Development. It is therefore recommended that given the importance of entrepreneurship in the attainment of sustainable growth and development, it is imperative that special centres are created and specifically entrusted with the responsibilities of assisting individuals develop the skills, knowledge, and general competencies for managing challenges. The "graduates" should then be empowered with seed capital and technical assistance as well as follow up services to insure their projects succeed. As the society advances in complexity, the functionality of entrepreneurship becomes more dynamic so as to meet up with societal needs.*

## **Introduction**

The increased significance that the international community attaches to human development and democracy, has no doubt compelled Nigeria to establish democratic structures as well as take the incidence of poverty as an agenda to be tackled in order to promote good governance. When the democratic government took off in May 1999, it inherited an economy that is characterized with: declining capacity utilization in the real sector, poor performance of major infrastructural facilities, large budget deficit, rising level of unemployment and inflation. In addition, the economy had grave problems of import dependence, reliance on a single commodity (oil), weak industrial base, low level of agricultural production, a weak private sector, high external debt overhang, inefficient public utilities, low quality of social services and an unacceptable rate of unemployment. These factors according to Akanji (2000) compounded and encouraged the prevalence of poverty in the economy. However, banking on the belief that there is a significant relationship between democratic governance and peoples welfare and quality of life, it was expected that the period 1999–2007 which was a period marking the return to democratic rule would witness remarkable improvement in peoples quality of life by way of reducing poverty and increasing human development.

Unfortunately this situation which would have been transformed for the general good of all is now turned into a deteriorating economic environment characterised by wide spread poverty (70% of Nigerians are in this class), disappointingly deteriorating infrastructure resulting in poor service delivery, low industrial capacity utilization and high unemployment.

The level of poverty in Nigeria today is quite disturbing as it has assumed an alarming proportion. Both the quantitative and qualitative measurements attest to the growing incidence and depth of poverty in the country. This situation however, presents a paradox considering the vast

human and physical resources that the country is endowed with. It is even more disturbing that despite the huge human and material resources that have been devoted to poverty reduction by successive governments, no noticeable success has been achieved in this direction (Okunmadewa et al 2005:2). A quantitative poverty assessment survey conducted by the Federal Office of Statistics in 1999 over a 16 year period (1980–1996), shows that the incidence of poverty rose drastically between 1980 and 1985 on one hand and between 1992 and 1996 on the other, but decreased between 1985 and 1992. By 1996, 67.1 million people were in poverty with an incidence of poverty of 65.5 percent. The bitter reality of the Nigerian poverty situation according to NISER (2003) is that more than 40 percent of Nigerians live in conditions of extreme poverty. More disturbing is the fact that between 1999 and 2007 the incidence of poverty rose to about 70.5%. This is in spite of the fact that the period has gone down in history as the time when Nigeria recorded a monumental increase in revenue and external reserve level.

Although Nigeria was at one time characterized by such inefficiencies, it has recently pursued entrepreneurship encouragement policies. In Nigeria the state-owned enterprises traditionally clogged business opportunities and state restrictions prevented entrepreneurs from entering the market. However, in the mid-1980s, Nigeria introduced some structural economic reforms, abolished policies and structures which prevented entry into certain industries, and opened up its markets to competition from domestic and foreign entrepreneurs. Additionally, lower taxes and increased price ceilings have increased the incentives to entrepreneurs. Though, Nigeria is still plagued by many development challenges, "preliminary evidence suggests a favourable response by the private sector to the new entrepreneurial opportunities thus created" (Elkan, 1988).

Sherief (2004:4) posit that entrepreneurial activity

and new firm formation are unquestionably considered engines of economic growth and innovation (Baumol, 1990; Murphy, Shleifer and Vishny, 1991). As such, they are among the ultimate determinants of the large regional differences in economic performance. The importance of new firm formation for growth has been recognized since Schumpeter (1934). According to the Global Entrepreneurship Monitor Report (2000), about 70 percent of an area's economic performance and well being is dependent upon how entrepreneurial the area's economy is.

Entrepreneurial orientation should be based on stimulating local entrepreneurial talent and subsequent growth of indigenous companies. This in turn would create jobs and add economic value to a nation, and at the same time it will keep scarce resources within the community. According to Petrin (1992), for countries to accelerate economic development in their rural areas, it is necessary to build up the critical mass of first generation entrepreneurs. Petrin (1994) affirms that development is now being linked more and more to entrepreneurship. Entrepreneurship stands as a vehicle to improve the quality of life for individuals, families and communities and to sustain a healthy economy and environment. This paper therefore examines micro entrepreneurship as a powerful strategy with which to combat poverty. Poverty is found almost everywhere, both in developed as well as developing countries. However, it radiates to the developing countries to a greater extent than the developed countries. Poverty may be considered a by-product of structural problems within the economy and society. The root cause of poverty is structural as has to do with economic policies and the nature of the economic system as a whole. The findings from poverty studies suggest it is multifaceted and that there is no clear consensus as to its root causes.

Poverty, in this discussion, means living on less than this dollar per day or "the inadequacy of

opportunities for access to education, health, transport ... and productive employment" (Le France et al. 2000:17).

### **Objectives of the Study**

It is against this background that this study seeks to examine the impact of entrepreneurship development on economic empowerment and poverty reduction with particular reference to the Nigerian people and the economy. This paper also examines the link between entrepreneurial spirit, education and regional variation in incidence of poverty in Nigeria.

### **Methodology**

The data for this work was obtained purely from secondary sources. The paper is based on review empirical works that focused on the impact of entrepreneurship development on job creation, employment generation, economic empowerment and poverty reduction. This was done through an examination and analysis of the concept and theories of entrepreneurship, relevant documents on the concept and incidence of poverty in Nigeria; articles in journals, magazines, newspapers, NEEDS I & II documents, National Bureau of Statistics reports and a host of others. The data collected were presented, discussed analysed using descriptive and historical methods of research analysis.

### **The Concept of Entrepreneurship**

The term "entrepreneur" was first introduced by the early 18th century French economist Richard Cantillon who defines the entrepreneur as the "agent who buys means of production at certain prices in order to combine them" into a new product (Schumpeter, 1951 and Burnett, 2000). Say (1950), added to Cantillon's definition by including the idea that entrepreneurs had to be leaders claiming that an entrepreneur is one who brings other people together in order to build a single productive organism (Schumpeter, 1951 and Burnett, 2000).

The word entrepreneur originated from the French

word, "entreprendre", which means "to undertake". In a business context, it means to start a business. The Merriam-Webster Dictionary presents the definition of an entrepreneur as one who organizes, manages and assumes the risks of a business or organisation. Organisational structure is the framework within which managerial and operating tasks are performed. The development of a sound structure generally has a high priority in the thinking of executives, explained Albers (1974:63). (An Austrian economist), Joseph Schumpeter's definition of entrepreneurship placed emphasis on innovation; such as:

- new product;
- new production method;
- new market;
- new forms of organisation.

Wealth is created when such innovation results in new demand. From this viewpoint, one can define the function of the entrepreneur as one of combining various input factors in an innovative manner to generate value to the customer in the hope that this value will exceed the cost of input factors, thus generating superior returns that result in the creation of wealth. For Drucker (1970), entrepreneurship is about taking risk. The behaviour of the entrepreneur reflects a kind of person willing to put his or her career and financial security on the line and take a risk in the name of an idea, spending much time as well as capital on an uncertain venture.

Badi, et al (2006:13) define entrepreneur as a person with vision, original idea, decision making and daring to try. The entrepreneur is also an investor who brings in new ideas, new commodities, new processes and encourages his team in the new activities. For Scarborough and Zimmerer (2000:4) an entrepreneur is "a person who creates a new business in the face of risk and uncertainty for the purpose of achieving profit and growth by identifying opportunities and assembling the necessary resources to capitalize on them". Along the same line, entrepreneur is

further defined as "the originator of a new business venture and a new organization for that venture" (Stoner, Freeman & Gilbert 2004:159).

Gana (2001:5), define entrepreneurship as 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. Though Gana's definition was based on the managerial perspective, it is important to mention that the entrepreneur has certain personality traits which influence his behaviour (psychologists view). He also lives in a society (sociologist view) and he is obviously affected by the economic opportunities and government incentives economist view). Gana (2001) therefore cautioned that any attempt to describe the entrepreneur against only one dimension will be inadequate and would not give a holistic view of who the entrepreneur is.

According to Burnett (2000:1), throughout the theoretical history of entrepreneurship, scholars from multiple disciplines in the social sciences have grappled with a diverse set of interpretations and definitions to conceptualize this abstract idea. Over time, "some writers have identified entrepreneurship with the function of uncertainty-bearing, others with the coordination of productive resources, others with the introduction of innovation, and still others with the provision of capital" (Hoselitz, 1952). Burnett (2000:1), then concluded that even though certain themes continually resurface throughout the history of entrepreneurship theory, presently there is no single definition of entrepreneurship that is accepted by all or that is applicable in every economy.

Mbaegbu reported that Inegbenebor and Osaze (1999:193) have differentiated various grades of entrepreneurs on a continuum from craftsman entrepreneurs to opportunistic entrepreneurs. According to Inegbenebor, the craftsman entrepreneur generally establishes his own self

employed business which could be a micro enterprise or a small/medium enterprise. The number of outside people he employs depends on the size of the enterprise. The opportunistic entrepreneur on the other hand has the potential of establishing a business and growing it into a large scale bureaucratic corporation employing hundreds of people.

Thus, our most appropriate and adopted definition is a combination of three different definitions, wherein, entrepreneurship can be defined as a force that mobilizes other resources to meet unmet market demand. (Jones and Sakong, 1980); the ability to create and build something from practically nothing. (Timmons, 1989) the process of creating value by pulling together a unique package of resources to exploit an opportunity. (Stevenson, et al, 1985)

Mbaegbu (2008) submitted that there is, therefore, no "one-best" definition for the entrepreneur. He however stated that, "anyone who creates a business, establishes it, and nurses it to growth and profitability or takes over an existing business because the founder is dead or has sold it, or who inherited it and continues to build and innovate on it, or a man who runs a franchise, qualifies as an entrepreneur in our usage" (Nwachukwu, 1990). The bottom line is career in self-employment and profiting from self employment. We are therefore adopting and operationalising the combined definition of "entrepreneurship" for the purpose of this paper.

#### **The Case for Micro-Entrepreneurs and Small Scale Businesses**

It is mistakenly believed that anyone who manages a large company is an entrepreneur. However, many managers of large companies simply carry out decisions taken by higher-ranking executives. These managers are not entrepreneurs because they do not have final control over the company and they do not make decisions that involve risking the company's resources. On the other hand, many of the nation's entrepreneurs run small businesses, including

restaurants, convenience stores, and farms. These individuals are true entrepreneurs because entrepreneurship involves not merely the organization and management of a business, but also an individual's willingness to accept risks in order to make a profit.

There is an entrepreneurial dynamism of the micro-entrepreneurs that can be translated into decent jobs for the poor (Maloney 2002:66) while at the same time providing a package for the poor that includes independence and flexibility. Micro entrepreneurship also takes into account the issue of savings both at the firm's level and at the personal level. It must be pointed out however that there must be conditions in the environment that would facilitate the growth of these micro entrepreneurs. But, as pointed out by Batra et al. (2002), some of the obstacles to their development are tax and regulatory constraints; finance, corruption and governance. In addition to the above mentioned concerns, small and medium enterprises play a central role in economic growth and poverty in developing countries, particularly in countries that are experiencing transition economies. (Weber 2000). One of the biggest problems facing small and medium size firms is the question of adaptation to an ever-changing environment. Globalization presents a fresh set of challenges and opportunities for small-scale firms (Hallberg and Konishi 2000:238).

Osteryoung and Newman (1993) suggested that a small business be defined as a business in which there is no public negotiability of common stock and the owners must personally guarantee any existing or planned financing. A small business is here defined as an enterprise established and managed by an individual for the principal purpose of furthering personal goals. The business must be the primary source of income and will consume the majority of one's time and resources. The owner perceives the business as an extension of her or his personality, intricately bound with family needs and desires".

### **Entrepreneurial Characteristics and Skills**

Kilby (1971) likened the search for an entrepreneur to the hunt for the heffalump and those who study entrepreneurship to the characters in the Winnie-the-Pooh story in the Milne's famous 1926 children's stories book (Burnett, 2000). Hull, Bosley and Udell (1980) cemented the tradition of entrepreneurs as heffalumps in their early work on entrepreneurial personalities and the analogy has become part of the folklore of entrepreneurship research. As literary minded entrepreneurship researchers recall, the heffalump was a large and important creature. Every one of the characters claims to know about the heffalump and reported having seen it, each individual described it differently and they disagree on his particularities. Thus there is only limited consensus about the defining characteristics of entrepreneurship

Wilken, (1979) and Burnett, (2000) submit that almost all business professionals and economists are familiar with entrepreneurs and have some understanding about the important role that they play in promoting economic growth and development. Nonetheless, there is little agreement over the genuine characteristics of entrepreneurs, and a complete understanding of their behavior is yet to develop. Thus, like the Heffalump, the entrepreneur remains a well-known but largely mysterious creature.

Burnett, (2000:3) argued that throughout the evolution of entrepreneurship theory, different scholars have posited different characteristics that they believe are common among most entrepreneurs and that by combining the different disparate theories, a generalized set of entrepreneurship qualities can be developed. In general, entrepreneurs are risk-bearers, coordinators and organizers, gap-fillers, leaders, and innovators or creative imitators. Although this list of characteristics is by no means fully comprehensive, it can help explain why some people become entrepreneurs while others do not. Thus, by encouraging these qualities and abilities, governments can theoretically alter their country's

supply of domestic entrepreneurship.

According to Gana (2001:15) the characterization of the entrepreneur must be done within the multiple perspectives from which the entrepreneur is seen. He then outlined the following as the most important characteristics of the entrepreneur; Self Confidence; Risk Bearing; Result Orientation; Drive and Energy; Innovation and Creativity; Leadership; Personal Responsibility and Taking Initiative. Although prior research has debated whether entrepreneurial characteristics are innate, recent findings support the idea that psychological attributes associated with entrepreneurship can be culturally and experientially acquired (Gorman et al., 1997). Meredith et al (1991) recognized the following characteristics, self-confidence, task-result orientation, leadership, risk taking, originality and future orientation. Kourilsky (1980) suggested the following as the most relevant: need for achievement; creativity and initiative; risk-taking and setting objectives; self-confidence and internal locus of control; need for independence and autonomy; motivation, energy and commitment; and persistence.

According to Gorman et al. (1997) propensity toward entrepreneurship is associated with several personal characteristics: values and attitudes, personal goals, creativity, risk-taking propensity, and locus of control. Of the personal characteristics, McClelland (1961) proposed achievement motivation, risk taking and locus of control as important characteristics. However, Robinson et al (1991) argued that self-esteem and innovation are more prominent in entrepreneurs than the need for achievement.

Entrepreneurs have certain specific qualities and abilities that can be developed by individuals. In other words, entrepreneurship is not the exclusive property of those who are gifted with certain qualities at birth rather is something that can be developed and acquired. A number of techniques have been developed and used both to identify

entrepreneurs and to induce entrepreneurial qualities or at least to reveal them when they are hidden. However, every individual is unique in terms of experiences, style, situation and goals. All these factors collectively determine ones attitude towards being entrepreneurial.

**Theories of Entrepreneurship**

According to Mbaegbu (2008), various theories have been advanced to explain the nature of entrepreneurship and the factors or variables that drive entrepreneurship in a given society. Some of the reputable ones are:

**Schumpeter's Theory**

According to Meir & Baldwin (1986), this approach was developed by David Alois Schumpeter in 1934. The theory identified innovation as a function specific to all entrepreneurs, suggesting that the entrepreneur undertakes new combinations of the existing factors of production in any of the following ways:

- the introduction of a new good
- the use of a new method of production
- the opening up of a new market
- the exploitation of a new source of raw
- Material supply
- the reorganization of any industry.

In the Schumpeterian general theory, economic development occurs through a dynamic process of boom and depression (Business cycle) and therefore, economic development in the Schumpeterian model is an uneven and disharmonious process that ebbs and flows like the waves at the seaside. The determinants of entrepreneurship in the model according to Higgins (1978) can be symbolically summarized as follows:

$E = E(Rx)$ .....(1)

$x = x(R/w)$ .....(2)

Where E = supply of entrepreneurship  
R = profit (return on investment)

x = social climate

w = wage level

R/w = Ratio of profit to wages

Therefore the supply of entrepreneurship by this equation is a function of the rate of profit and the "social climate". Which means a vibrant profitable economy encourages entrepreneurship while a depressed economy discourages entrepreneurship. Mbaegbu (2008) explained that the social climate includes the educational system, the social values, the class structure, the nature and extent of prestige and other rewards that accompany business success, and the attitude of society towards business success (Higgins 1978:94). By this theory a pragmatic philosophy of education that is qualitative and purposeful, that encourages skills acquisition, self-reliance and self-employment will increase the pool of entrepreneurship.

**Druker's Creative Imitation Theory**

According to Druker (1985) entrepreneurs in LDCs are not truly innovators in the traditional Schumpeterian sense. They rarely produce brand new products rather they imitate the products and production processes that have been invented mostly by the developed countries. To Druker, therefore, entrepreneurship in LDCs is "Creative Imitation". This takes place when the imitators better understand how an innovation can be applied, used or sold in their particular market niches, to wit, their own countries and neighbours. Mbaegbu (2008) opined that in Nigeria this brand of entrepreneurship abound in the South East the Ibos as revealed by Nafziger (1967) & Harris, (1967). These brands of entrepreneurs imitate and adapt products of innovation. To Druker what underscores entrepreneurship is change "The entrepreneur always searches for change, responds to it and exploits it as an opportunity" (Druker, 1986:27).

**The Economic Survival Theory**

This theory posits that entrepreneurship is prevalent among people affected by political

upheavals or people victimized by discrimination or oppressed by marginalization. Thus it is possible for people who have lost their jobs to corporate downsizing to become entrepreneurs. They do this not by choice but by sheer will to survive. Mbaegbu (2008) argued that having lost their means of livelihood these people now channel their creative energies to entrepreneurship, usually after the initial period of inertia and despondency. A phenomenon that Gilder (1981) refers to as the movement from poverty to wealth.

#### **Inkele's and Smith's Need to Improve Theory**

Mbaegbu (2008) reported that Inkeles and Smith (1975) have identified disposition to accept new ideas and try new methods, a time sense that makes a person more interested in the present and future than in the past as attitudes which directly or indirectly affect entrepreneurship development. Meir (1976) collaborated on this theory by arguing that entrepreneurs show more exploratory behaviour than other persons. They are continually researching the environment on how to move forward.

In Nigeria the Ibo race is cited as correlating these attributes with greater success in economic activity as the Igbos travel to any part of the world for material success (Meir, 1976:553). Harbison and Myers (1964) had reported a correlation as high as 0.82 between the level of entrepreneurial activity and education. With regard to the effect of family structure Onwuejeogwu (1987) has demonstrated how the influence of the extended family system in apprenticeship training among the Igbo has impacted positively on entrepreneurship development among the people: A successful business man picks up a nephew or a young cousin and puts him under internship for some years in his own line of business until he is able to free lace on his own with seed (Mbaegbu, 2008).

#### **Kirzner's Theory of "Entrepreneurial Alertness"**

Kirzner (1984) focuses on "entrepreneurial alertness" to available but as yet unnoticed opportunities. The essence of alertness theory is that some one is endowed with the trait to recognize something others have failed to recognize; that there is an opportunity waiting to be exploited. Kirzner believes that this alertness is a trait successful entrepreneurs have.

#### **Concept of Poverty and Incidence of Poverty in Nigeria**

Poverty Profile of Nigeria published National Bureau of Statistic in 2006, exposed the magnitude of and the trend in poverty in Nigeria as well as the characteristics of the poor. Poverty level in Nigeria was painted as extremely high, with about two thirds of the population below the poverty line.

By basic need definition, poverty is deprivation of material requirements for minimally acceptable fulfillment of human needs, including food. This concept of deprivation goes well beyond the lack of private income. It includes the need for basic health and education and essential services that have to be provided by the community to prevent people from falling into poverty. It also recognizes the need for employment and participation in social and economic affairs.

The needs are great. According to World Bank reports (2004 and 2006), an estimated 1.3 billion people survive on less than the equivalent of US\$1 a day. But there are other needs, equally basic and sometimes even more so. Nearly a billion people are illiterates, well over a billion people lack access to safe water. Some 840 million go hungry or face food insecurity. And nearly a third of the people in the least developed countries-most of which in Sub-Saharan Africa-are not expected to survive to age 50. Sub-Saharan Africa has the highest proportion of people in-and the fastest growing in-economic poverty. Some 220 million people in the region are income-poor. Indeed, the

Sub-Saharan African countries are poverty stricken and it is estimated that by year 2010, half the people of Sub-Saharan Africa will be in income poverty if nothing positive is done.

According to Akanji (2000) the concept of poverty has been defined in absolute sense in the literature as "a situation where a population or a section of the population is able to meet only its bare subsistence essentials of food, clothing and shelter in order to maintain minimum standard of living". This concept has also been defined empirically by fixing a measurement of poverty in what is termed poverty line. The poverty line as estimated by the Federal Office of Statistics (FOS) is based on the level of per capita income or consumption of individuals or house holds within a region or country. The poverty line is also defined as the cut off living standard level below which a person is classified as poor.

According to the World Bank (1996), poverty can be described as hunger, lack of shelter, being sick and not being able to see a doctor and not being able to go to school. It is also not knowing how to read, not being able to speak properly, not having a job, having serious fear for the future, and living one day at a time. It is losing a child to illness brought about by unclean water. And lastly, but by no means exhaustively, it is powerlessness, lack of representation and freedom.

Garba (2006:2) posit that the most commonly used method of measuring poverty by the World Bank is based on incomes or consumption levels. A person is considered poor if his or her consumption or income level falls below some minimum level necessary to meet basic needs. This minimum level is usually called the "poverty line." This "...line" however varies across time and societies. Each country uses lines that are appropriate to its level of development, societal norms and values.

In Nigeria, the National Bureau of Statistics (NBS) uses the following two lines relative to the

standard of living in Nigeria:

- a moderate poverty line equivalent to two thirds of the mean per capita expenditure; and
- a core poverty line, equivalent to one third of The mean per capita expenditure.

These lines were used in assessment of poverty by the Bureau to separate households for classification into one of three mutually exclusive groups (core poor, moderately poor or non-poor).

The world's per capita income as at 2003 was \$7,140. Compared to this, Nigeria's per capita income of \$290 makes the country one of the poorest in the world. This, sadly, placed our beloved nation in the ranks of Togo (\$270), Rwanda (\$220), and Mali (\$210). Consequently, the World Development Report (WDR) of 1990 using 1985 dollar purchasing power parity fixed the upper limit of the poverty line at US\$370 income per capita as a cut off for absolute poverty while those below are considered poor. Those below US\$275 are considered very poor.

However, the use of micro-dimension (income and consumption) to determine poverty level has been found inadequate. WDR report of 1990 considered this and suggested expansion of indicators of poverty to include health, life expectancy, access to clean water, education, general welfare within the system encompassing good governance. It is only when you have good governance that social welfare becomes the concern of the managers of the economy. Englama et al (1997) aptly summarised the concept of poverty in both relative and absolute terms as a "state where an individual is not able to cater adequately for his/her basic needs of food, clothing and shelter, ... meet social and economic obligations, lacks gainful employment, skills, assets and self-esteem; and has limited access to social and economic infrastructures such as education, health, portable water, and sanitation, and as a result has limited chance of advancing his/her welfare to the limit of his/her capabilities".

The evaluation of incidence of poverty is crucial having established that the empirical framework for measuring poverty is through the poverty line. Indeed various analysts in the development field are increasingly conscious of the role of these indicators in the process of evaluating developments. These indicators are inadequate infrastructural amenities, environmental degradation, educational status, health status, food production, investment/GDP ratios, price level stability, debt/GDP ratio etc.

#### **Poverty Reduction as an Agenda in Nigeria**

Okunmadewa et al (2005), posit that Poverty is increasingly being recognised as both a policy and economic problem in Nigeria. This according to them was stressed by the Interim Poverty Reduction Strategy Paper in Nigeria as well as the Poverty and Vulnerability Assessment of the country. However, they argued that the official documents only provide trends and profile of poverty and vulnerability in Nigeria, but failed to investigate the determinants of poverty. They then concluded that understanding the determinants of poverty is critical for policy analysis and the design of effective poverty reduction strategies.

Omonona (2000) and Olaniyan (2002) studies investigated the determinants of poverty in Nigeria but do not explicitly consider capabilities as determinants of poverty despite the fact that capabilities dictate the state of deprivation and poverty among households. Okunmadewa et al (2005:2), reported that one important consensus in the literature on poverty is that, poverty is a rural phenomenon (World Bank, 1990; Fields, 2000). A collaborative research on poverty by AERC discovers that poverty is concentrated among rural population in Nigeria and it is everywhere higher than urban poverty (Okojie et al 2001). This implies that the rural communities in Nigeria are the worst hit by poverty. Unfortunately, the importance of the rural poor is not always understood, partly because the urban poor even though in the minority, are more visible and more vocal than their rural counterparts.

Incidentally, Okunmadewa et al (2005) argues, the rural sector is the predominant sector in the Nigerian economy. As it plays some fundamental roles, which include job creation at relatively low unit costs, and thus remains the most important growth priority of the country.

According to Okunmadewa et al (2005), the importance of unequal access to opportunities, assets, income and expenditure cannot be over emphasised as it plays important roles in reducing poverty and spurring the economy to long-term development. In Nigeria the poor are not just the rich with less money, but are the poorest of the poor. Households are not only poor; they also suffer from vast inequality in incomes, in assets (including education and health status), in control over public resources, and in access to essential services as well as pervasive insecurity (World Bank, 2000).

Studies conducted by the World Bank Task Force on Poverty have identified the following as the main causes of poverty: Inadequate access to employment opportunities; Inadequate physical assets, such as land and capital, and minimal access by the poor to credit even on a small scale; Inadequate access to the means of supporting rural development in poor regions; Inadequate access to markets where the poor can sell goods and services; Low endowment of human capital; Destruction of natural resources, leading to environmental degradation and reduced productivity; Inadequate access to assistance for those living at the margin and those victimized by transitory poverty and Lack of inclusive participation; which is the failure to include the poor in the process of designing development programs.

Studies conducted by the National Bureau of Statistics (NBS) in 1980, 1985, 1992, 1996 and 2006 revealed that although poverty had become pervasive in all zones of the country, the Northern zones maintain a disproportionate share. Occupationally, farming or agriculture had the

highest incidence of poverty. With respect to education, the studies report that the lower the level of education the higher the incidence of poverty, and that the level of poverty within different educational groups increased. The study also found that households headed by those with no formal education had the highest consistent contribution to total poverty in Nigeria.

#### **Contribution of Entrepreneurship & Small Businesses to Job Creation and Employment**

According to Mbaegbu (2008) one of the goals of economic development strategies pursued by successive Nigerian Governments has been the reduction of poverty through job creation. *Ipsa facto*, many government policies over the years for the achievement of the laudable objective have been based on the development of indigenous entrepreneurship. He argued that the model is simple in the sense that when you develop entrepreneurship and create jobs; you increase purchasing power and demand for goods and services. Then, you create employment of resources and flood the market with goods and services to reduce inflation, create wealth and eradicate poverty.

Other countries that have used the entrepreneurship strategy for employment generation, poverty reduction and economic growth include: the US in the 1980s; Chile through the "Chicago boys". In South East Asia, there is the case of the "Asian tigers": Hong Kong, Singapore, Taiwan and South Korea, rising from poverty to riches, a development that has stunned the world.

The use of entrepreneurial development to generate employment, economically empower the people; reduce poverty and propel economic growth was postulated by Friedman (1953) based on an earlier General Theory of Employment by Keynes in 1936. The economic policy direction encapsulated in the Nigeria Economic Empowerment and Development Strategy (NEEDS) I & II has entrepreneurship

development as its focal point. Entrepreneurship development aims at equipping the youth and school leavers especially the graduates of tertiary institutions with skills to create jobs for themselves and other people instead of hunting for non-existing jobs from the public sector.

Iguisi (2008) posit that large firms have been downsizing employment in order to maintain Competitiveness. By contrast, it has been small businesses that have created more jobs worldwide. (Davis, Haltiwanger and Schuh, 1996a and 1996b). He argued that between 1976 and 1986, micro entrepreneurship through small businesses have created 1.3 million jobs in the U.S.A. while the number of large manufacturing jobs actually decreased by 100,000 (Audretsch, 1995). Subsequently, between 1987 and 1992, small businesses created 5.8 million new jobs in the United States. Within the same period under review, large companies recorded a net loss of 2.3 million jobs. Iguisi (2008) further explained that most recently, between 1990 and 1995, small businesses with fewer than 10 employees experienced a 17.68 percent increase in employment, while firms with at least 500 employees' experiences an increase in employment of 4.79 percent (Acs and Armington, 1998).

The propensity for new small businesses to create more of jobs and economically empower the people there by reducing incidence of poverty is not restricted to the United States. In a related study Konings (1995) found that for the United Kingdom there is a negative relationship between job creation and plant size and a positive relationship between gross job destruction and plant size. The significance of this is that small businesses are creating the bulk of new jobs in the United Kingdom (Hughes, 1993).

Iguisi (2008) reported that a study conducted by Robson and Gallagher (1994) show that about one-third of all new employment in the UK between 1971 and 1981 was in businesses with

fewer than 10 employees. While between 1982 and 1992 almost one-half of all jobs were actually created by such small and new businesses. Hughes (1993) provides evidence suggesting that this was partly as a result of downsizing by the large firms in the economy, and partly due to actual expansion of economic activity contributed by small businesses. According to Bais et al (1997), Canada shares the same experience. A study by Baldwin and Picot (1995) has found virtually identical results for Canada.

Bais et al (1997) also reported that there were 768,000 jobs lost in the Netherlands between 1990 and 1994, yet unemployment did not drastically increase during this decade because 973,000 new jobs were created by existing and new small businesses in the ratio of 44 percent and 56 percent respectively. Thus, new small businesses in the Netherlands have largely provided the net job growth of 205,000 new jobs. The combined effect of these and other similar studies as well as the general conclusion there from, is that remarkably robust - small businesses have created most of the new jobs in Europe and North America.

The situation in Africa is not in any way sharply different. Micro entrepreneurship through Small business formation has been uniquely contributing to African economy as well. What is different however between the African experience and that of Europe and America is the number, rate of growth and innovations by the micro entrepreneurs and entrepreneurship. While this

situation creates some concerns on the need support rapid entrepreneurship development in Africa in order to reduce the level of poverty in the continent, the case of Nigeria appears to be more worrisome as suggested by table 1.

Iguisi (2008) submitted that small businesses have become important economic factors in the struggle against poverty and Under-development in most parts of Africa. This development he added, is taking place in response to the continuing economic crisis and ensuing political and economic reforms of the 21st century. He then concluded that a great number of the local population are now eking out a living from their own entrepreneurial efforts in what can be called small scale business activities with greater intensity to combat the growing economic crisis and deterioration in their standard of living.

#### **Analysis of the Link between Entrepreneurial Spirit, Education and Incidence of Poverty in Nigeria**

Poverty in Nigeria is systematic and is engendered by the nature and character of the economic system in operation. We have observed that globally various countries have been able to grow their economy at high rates. Unfortunately, in Nigeria, we have not been able to grow the economy at a sufficient rate to generate employment and reduce poverty.

It should however be appreciated here that public sector employment everywhere in the world offers an insignificant solution to the overall problem of unemployment. It is the formal and informal private sectors which ultimately hold the key to

Table 1: Share of micro entrepreneurship in employment creation in some African countries

<i>Country</i>	<i>% share of micro entrepreneurship in total wage employment</i>
<i>Sierra Leone</i>	95
<i>Ghana</i>	85
<i>Zambia</i>	84
<i>Uganda</i>	62
<i>Kenya</i>	59
<i>Tanzania</i>	57
<i>Zimbabwe</i>	53
<i>Nigeria</i>	48

the problem of unemployment. Lack of appropriate skills required, even in an otherwise booming economy, could lead to serious unemployment in any country. Lack of skills has been a major source of poverty among the Nigerian population. We must also recognize the issue of population growth. Nigeria's population is estimated at 140 million and growing at about 3.0 percent per annum. Without being able to grow the economy at a rate ahead of population growth rate an economy must expect growing poverty or at best declining per capital income.

Bad governance must also be mentioned as a major cause of poverty in Nigeria. Even in situations of sound economic policies bad governance always make it impossible for a country to derive the benefits of such policies. Given the resources available to governments over the years, there is no justification for the high rate of unemployment, poverty, hunger, disease, infant and maternal mortality, and high illiteracy. In Nigeria, governance has been characterized by incompetence, official corruption, poor prioritization of policies which often result in misapplication of scarce resources leading to non-provision of essential social and economic infrastructure.

Statistics from various sources and a number of studies carried out by national and international agencies have given us sufficient basis to assess, as accurately as possible, the incidence of poverty in Nigeria. These studies, especially in the last

two decades show that the incidence of poverty is increasing both in scope and severity among Nigerians. Poverty trends in Nigeria suggests that while only about 27 percent of the population was poor in 1980, the proportion rose to over 65 percent in 1996. From 1999 to date, there has been considerable disagreement between the government of Nigeria and some international agencies on the true poverty profile of Nigeria. Most international data put the national average of poverty in Nigeria at 70 percent by the year 2004. The official average for the nation has been put at 56 percent. However, the most recent profile given by the Governor of the Central Bank of Nigeria (CBN) speaks volumes of the reality of the current poverty situation in the country. The CBN report has shown significant variation between the various sections of the country as well as between occupational/social groups. Also, studies conducted by the National Bureau of Statistics (NBS) in 1980, 1985, 1992, 1996 and 2006 revealed that although poverty had become pervasive in all zones of the country, the Northern zones maintain a disproportionate share, as shown by tables 1, 2 and 3. The report went on to say that poverty is a phenomenon of the Northern States of Nigeria where a state-by-state analysis shows that up to 95 percent of all the people in Jigawa State fit the official classification of poor as indicated by table 2, and that while the official national average is put at 56 percent, the average for the 19 Northern States constitute 76 percent of the total landmass of Nigeria, and 56 percent of its 140 million people.

Table 1: Showing Poverty Index, Population and Revenue Allocation for South-East Zone

State	1996 Proj. Population	2006 Population	% Change	Poverty Index '96	Poverty Index '06	% Change	Revenue Collected from Federation Account
Abia	2,609,384	2,833,999	4.75	56.20	22.27	-152.36	120,635,138,944.30
Anambra	3,228,053	4,182,032	22.81	51.00	20.11	-153.61	130,173,100,335.15
Enveyi		2,173,301		51.00	43.33	-17.70	83,057,464,583.39
Imo	3,641,193	3,257,298	-11.79	51.00	31.12	-63.88	100,417,210,430.28
Iwo	2,869,241	3,934,899	27.08	56.20	27.39	-105.18	133,407,024,267.17
<b>Total</b>							<b>567,689,938,400.00</b>

Source: National Bureau of Statistics: Social Statistics in Nigeria 2006

On reasons why the South-East Zone has better statistics relative to the other Zones (North-West and South-West), explanation can be found in Druker's Creative Imitation Theory, Mbaegbu (2008) conclusion that in Nigeria this brand of entrepreneurship abound in the South East the Ibos as revealed by Nafziger (1967) & Harris, (1967). These brands of entrepreneurs imitate and adapt products of innovation. The culture of the people of the South-East towards entrepreneurship is also a very strong factor. The Ibos are every where always searching opportunity, responds to it and exploits it.

entrepreneurship is a function of the rate of profit and the "social climate". The social climate includes the educational system, the social values, the class structure, the nature and extent of prestige and other rewards that accompany business success, and the attitude of society towards business success (Higgins 1978:94). By this theory a pragmatic philosophy of education that is qualitative and purposeful, that encourages skills acquisition; self-reliance and self-employment will increase the pool of entrepreneurship. This we believed is the advantage that the South-west has over the North-West

According to Schumpeter's Theory the supply of

Table I: Showing Poverty Index, Population and Revenue Allocation for South-West Zone

State	1996 Proj. Population	2006 Population	% Change	Poverty Index '96	Poverty Index '06	% Change	Revenue Collected from Federation Account
Ekiti		2,384,212		71.60	42.27	-69.39	87,387,716,597.45
Lagos	6,608,668	9,013,534	26.68	53.00	63.58	16.64	197,954,803,839.59
Ogun	2,693,888	3,728,098	27.74	69.90	31.73	-120.30	134,425,209,151.58
Ondo	4,369,526	3,441,024	-26.98	71.60	42.14	-69.91	165,256,737,645.11
Osun	2,491,207	3,423,536	27.23	58.70	32.35	-81.45	143,515,540,078.20
Oyo	3,985,575	5,591,589	28.72	58.70	24.08	-143.77	180,299,777,409.37
<b>Total</b>							<b>908,839,784,500.00</b>

Source: National Bureau of Statistics: Social Statistics in Nigeria 2006

Table III: Showing Poverty Index, Population and Revenue Allocation for North-West Zone

State	1996 Proj. Population	2006 Population	% Change	Poverty Index '96	Poverty Index 2006	% Change	Revenue Collected from Federation Account
Jigawa	3,319,302	4,348,649	23.67	71.00	95.07	25.32	130,746,055,417.66
Kaduna	4,242,999	6,066,562	25.11	67.70	59.24	-34.75	154,170,363,655.19
Kano	6,707,193	9,583,682	28.52	71.00	61.29	-15.84	219,379,235,939.75
Kastina	4,332,351	5,792,578	25.21	71.70	71.06	-9.34	166,840,477,748.34
Kebbi	2,387,718	3,238,628	26.27	83.60	89.65	6.75	116,656,387,022.77
Sokoto	5,160,655	3,696,999	-39.57	83.90	76.81	-9.23	146,035,617,161.64
Zamfara		3,229,846		83.90	80.93	-3.67	125,661,300,185.71
<b>Total</b>							<b>1,059,488,632,000.00</b>

Source: National Bureau of Statistics: Social Statistics in Nigeria 2006

Table IV: Showing Poverty Trends by Zones

Zone	Poverty Level 1996	Poverty Level 2006
South-East	53.5	26.7
South-South	58.2	35.1
South-West	60.9	43.0
North- Central	64.7	67.0
North-West	77.2	71.1
North-East	70.1	72.2

Source: National Bureau of Statistics 2006

Studies conducted by the National Bureau of Statistics (NBS) in 1980, 1985, 1992, 1996 and 2006 revealed that occupationally, farming or agriculture had the highest incidence of poverty. With respect to education, the studies reported that the lower the level of education the higher the incidence of poverty, and that the level of poverty within different educational groups increased. The study also found that households headed by those with no formal education had the highest consistent contribution to total poverty in Nigeria. The high illiteracy rate, low entrepreneurship spirit associated with the North-West Zone relative to the other Zones, and the fact that subsistence agriculture is the dominant occupation of the people of the region could significantly account for the high incidence of poverty in the Zone. In other words, the "social climate" which the Schumpeter's Theory propounds as necessary for entrepreneurship to thrive is lacking. Its obviously not resource advantage because the total revenue collected by the North-West zone from 1999- 2006 was more than what was collected by the South-East and South-West zones as indicated by tables I, II, III.

#### Conclusion

From the forgoing review and discussion, it can be safely concluded that micro entrepreneurship especially through small businesses have contributed immensely to job creation and

employment generation, economic empowerment and poverty reduction both in the developed and African societies.

Unfortunately, going through the multiple public policies providing education, economic empowerment, poverty reduction and overall economic growth and development, one hardly sees any serious policy and frantic efforts aimed at developing entrepreneurship in Nigeria. Contrary to what is obtainable in other countries, Ekpenyong, (1989) posit that the Entrepreneurship Development Institute of India (EDI-I) selects through appropriate psychological test budding entrepreneurs who are then trained in entrepreneurship skills. The "graduates" are then empowered with seed capital and technical assistance as well as follow up services to insure their projects succeed. They are not pushed out to the labour market to hunt for non existing jobs like members of the N.Y.S.C. on discharge (Mbaebga, 2008). Nigerian policy makers have not seriously addressed the issue of training and development of entrepreneurs as postulated by the different entrepreneurial theories and models.

There is also the problem of policy summersault, policy inconsistency and lack of coordination of policy directives. Furthermore, there is the complete absence of the "social climate" postulated by Schumpeter's theory, which is a

necessary pre-requisite for functional Entrepreneurship Development.

The overall thesis of this paper is that there is a significant relationship between group culture (ethnic, tribal or family), entrepreneurship spirit/development and incidence of poverty in Nigeria. There is therefore the need for a more comprehensive research work in this regard.

#### Recommendations

- (1) Given the importance of entrepreneurship in the attainment of sustainable growth and development, it is imperative that special centres are created and specifically entrusted with the responsibilities of assisting individuals develop the skills, knowledge, and general competencies for managing challenges. As the society advances in complexity, the functionality of entrepreneurship becomes more dynamic so as to meet up with societal needs.
- (2) Government policies at all levels should be focused and well coordinated. If our development policies were well focused, coordinated and directed, we would have had positive correlation between efforts and results and our resource endowment would have had significant impact on the quality of life of people.
- (3) Promoting entrepreneurial development and capacity should start with inculcating the attitude of risk taking, and willingness to take the chance of making mistakes in the face of criticisms. This also extends to adopting the beliefs that failure is not fatal, but a vital element of learning and progressive environment. The essence of this is to minimize or eliminate fear of failure that is a traditional mind-set that retards achievement efforts. A successful attainment of the aforesaid creates a supportive work environment that encourages individuals to experiment with ideas. This is one major easy way of creating entrepreneurs.
- (4) Since the effectiveness of any form of entrepreneurship hinges so much on an individual's (entrepreneur's) competencies. It is very necessary that individuals should learn/have adequate skills and knowledge or even co-opt assistance in these when embarking on tasking projects. Competencies help an entrepreneur to have insights into his programme and the strategies therein.
- (5) The "social climate" postulated by Schumpeter which by and large is missing or at least not in order should be fixed and the training of entrepreneurs should be seriously addressed by our policy makers.
- (6) Alleviating poverty in Nigeria requires real revolution and government must make deliberate efforts to make fundamental shift from the status quo of consuming savings, to creating wealth, make the people creative and productive as well to move them out of the vicious cycle of poverty.
- (7) The much talked about Democracy and Good Governance must be concretized. Anti corruption agencies in the country should be restructured and the fight against corruption must be total, pursued with vigour, greater commitment, political will as well as sincerity of purpose. We must create a new mindset of serving the nation rather than looting the nation.
- (8) Support the development and maintenance of a transparent and stable economic and regulatory environment conducive to efficient private sector activities.

- (9) There is also the need to develop entrepreneurial skills in our youth especially fresh graduates of institution of higher learning rather than job seekers. Researches have shown that the existing curriculum of entrepreneurial studies is defective and non functional. Efforts must be made to review in line with current realities.

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