

# Poverty Issue and the Entrepreneurial Engagement of Small Scale Enterprises in Nigeria: An Empirical Study

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## Abstract

This study focuses on poverty issue and the entrepreneurial engagement of small scale enterprises in Nigeria. The study also attempts to empirically investigate the entrepreneurial engagement of small scale enterprises in relation to poverty in Nigeria, and the relationship between unemployment and poverty. The research sample comprised of 326 determined using Taro Yamane method based on the study's universe of 1754. Data for this study were collected from selected 100 SMEs that have existed for at least five years in manufacturing, service, food processing, textile and agricultural industries in Nigeria before the period of this survey. In data collection, this study used cluster sampling techniques, and used simple random sampling techniques to select its required sample for the universe. Data collected were analyzed using descriptive statistics, regression and correlation analysis (SPSS version 17.0). The findings indicate a strong positive correlation ( $r = 0.746$ ) between entrepreneurship through SMEs and poverty level, and a significant positive correlation ( $r = 0.640$ ) between unemployment and poverty in Nigeria. The study concludes that the increasing entrepreneurial activities and the concomitant increase in the level of the variables (poverty and unemployment) in Nigeria are indicators of abnormalities in entrepreneurial practices which demand a very urgent attention of economic experts. The study therefore recommends that the entrepreneurial practices of SME owner-managers should be diagnosed and addressed because, many of them are driven by the necessity of entrepreneurship rather than the passion in it; and that the government should support SMEs adequately for jobs creation.

**Keywords:** Entrepreneurial Practices, Poverty, Unemployment, Economic Growth, Jobs Creation

## 1. Introduction

It has become apparent in developing countries like Nigeria that the development of SMEs is strategic to vibrant economic growth and development. Recently, according to Katua (2014), the role of SMEs in economic development and employment creation has occupied most of the discussions among government, policy makers, academicians/ researchers/ scholars and economists in Kenya and other countries. In Kenya, small and micro enterprises contributed over 50 percent of new jobs created in the year 2005 (Michael et al., 2009). In Morocco, 93% of firms are SMEs and account for 38% of production, 33% investment, 30% export and 46% employment (Etuk, Etuk and Baghebo, 2014). In Nigeria, despite all sorts of data regarding the economic contribution of SMEs, the authenticity is doubtful due to the fact that many SMEs are yet to be registered, and operate from the hidden, some operate from the living room, some are found in critical remote areas, and others have no specific locations. However, the variations in what constitute SMEs in different countries make it extremely difficult to have a generally acceptable definition of SMEs in the business world today. For instance, a small business in the developed economies of countries like Japan, Germany and United States of America (USA), may be a medium or large-scaled business in a developing economy like Nigeria (Etuk, Etuk and Baghebo 2014). Regardless of SMEs scope or nature, a number of literature (Olusegun, Olaoye and Abdulrahman, 2015; Ogbo and Nwachukwu, 2012; Eze and Okpala, 2015) have demonstrated that they are engine rooms for growth and society development. Over the past two decades, SMEs have begun to gain significant attention in Nigeria as a tool for economic turnaround. It is crystal clear that SMEs' role in economic developmental process around the globe is highly commendable. The potentials and role efficacy of SMEs have received a considerable empirical attention in the Nigerian economic context. A number of studies have been conducted to examine these potentials and roles of Small and Medium Enterprises on Economic Growth and Development of Nigeria. For example, the findings from previous studies (Akingunola, 2011; Safiriyu and Njogo, 2012; Muritala et al., 2012; Zacheus and Adepoju, 2014; Eze and Okpala, 2015) demonstrated that Small and Medium Enterprises constitute the major brain behind the economic growth of Nigeria. Cook and Nisxon (2000) stressed that interest in the role of small and medium-sized enterprises (SMEs) in the development process continues to be in the forefront of policy debates in developing countries. Consequently, governments and NGOs are becoming more sensitive to the need to create a friendly business climate, supportive of the needs of the SMEs, particularly in the developing nations (Abdul-kemi, 2014). No wonder Eniola (2014) argued that the importance of SMEs in the reduction of poverty and increase in employment is globally recognized and acknowledged in developing economies. It is in this regard that Ibitoye, Atoyebi and Sufian (2015) defined entrepreneurship as a process undertaken by the government to reduce the level of poverty in the economy. There understanding about the potentials of entrepreneurship premised on the Nigerian factors. It is befuddling to note that inspite of the geometric growth rate of SMEs in Nigeria, poverty has also increased at almost the same proportional dimension. This tends to the missing link between rate of

development and that of success, and leads to the question of the drive behind engagement in SMEs, between passion and unavoidable necessity. Though, there is no conclusive statistical evidence to resolve the argument that poverty serves as a driving force that engineers the kind of entrepreneurship practiced by Nigerians.

### 1.1 Objectives of the Study

The main objective of this study is to empirically investigate the entrepreneurial engagement of small scale enterprises in relation to poverty in Nigeria. Thus, the specific objectives of the study is to

- i. Investigate the influence of demographic characteristics of SME owner-managers on entrepreneurial activities in Nigeria.
- ii. Investigate the relationship between entrepreneurship development through SMEs and poverty reduction in Nigeria.
- iii. Investigate the relationship between unemployment and poverty in Nigeria.

### 1.2 Hypotheses of the Study

- H1: The demographic characteristics of SME owner-managers have influence on entrepreneurial activities in Nigeria.  
 H2: There is a positive significant relationship between entrepreneurship development through SMEs and poverty in Nigeria.  
 H3: There is a positive relationship between unemployment and poverty in Nigeria.

## 2. Literature Review

### 2.1 Small and Medium Scale Enterprise Defined

Currently, according to Omar, Arokiasamy and Ismail (2009) and Hooi (2006), there is no accepted worldwide definition of SMEs. The varying definitions given to SMEs by experts, scholars and government are based on their perception about specific economic factors such as finance, productivity, employability and the worth of asset. Ali, Rashid and Khan (2014) added that SMEs have been defined by different economists differently but they have been recognized as an important potential sector for generation of employment opportunities and major contributor of livelihood for the poor class. However, the major considerable criteria for the definition of SMEs in the Nigerian context are employment, start-up capital amount and asset in monetary value.

S/N	Size Category	Employment	Assets (=N= Million) (excl. land and buildings)
1	Micro enterprises	Less than 10	Less than 5
2	Small enterprises	10 to 49	5 to less than 50
3	Medium enterprises	50 to 199	50 to less than 500

Source: SMEDAN and National Bureau of Statistics (2013)

SMEDAN and National Bureau of Statistics (2013) elaborated further that:

- i. Micro Enterprises are those enterprises whose total assets (excluding land and buildings) are less than Five Million Naira with a workforce not exceeding ten employees.
- ii. Small Enterprises are those enterprises whose total assets (excluding land and building) are above Five Million Naira but not exceeding Fifty Million Naira with a total workforce of above ten, but not exceeding forty-nine employees.
- iii. Medium Enterprises are those enterprises with total assets (excluding land and building) are above Fifty Million Naira, but not exceeding Five Hundred Million Naira with a total workforce of between 50 and 199 employees.

Meanwhile, Lawal, Ajonbadi and Otokiti (2014) argued that SMEs in Nigeria are heterogeneous. This is factual because, some SMEs make Local ethanol drinks called *Paraga* or *Ogogoro*, processed foods such as *Akamu* or *tapioca*, weaved *Aso Oke* and many others, with the start-up capital of as low as 25 dollars. Thus, SMEs are found in food processing, manufacturing, textile, agricultural and service industries in Nigeria.

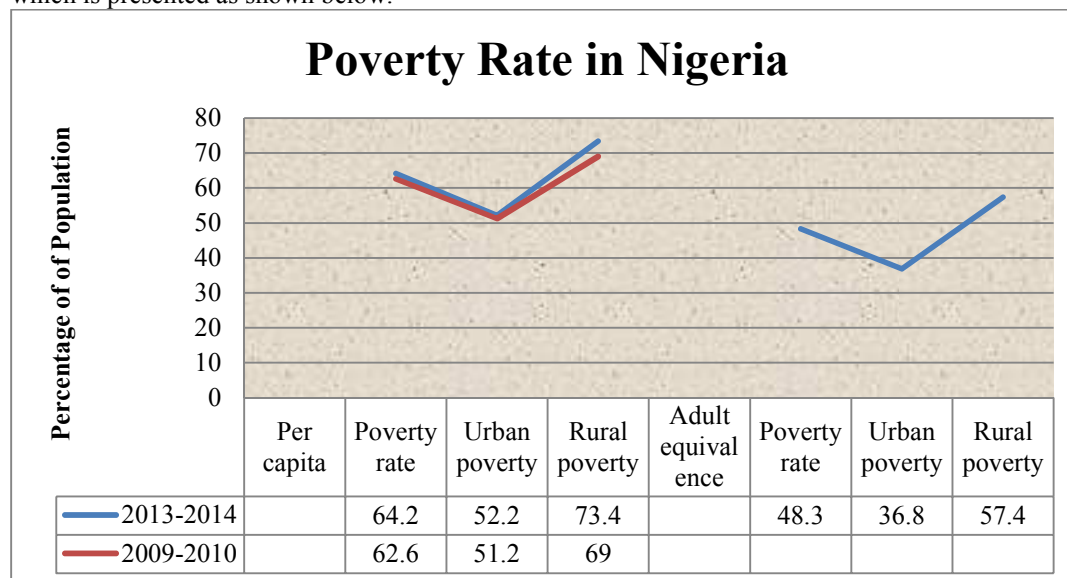
### 2.2 Poverty Issue

Poverty is the state of deficiency in basic needs. Adofu and Akoji (2013) observed that poverty is one of the major challenges facing developing and underdeveloped countries of the world. Mbam and Nwibo (2013) noted that the proportion of Nigerians living below the poverty line of one dollar a day has increased dramatically during the last two decades. Supporting the assertion, Adofu and Akoji (2013) stated that:

*Records from the Bureau of statistics show that about 67% of Nigerians live below the poverty line. The data further reveals that only 50% of the population has access to safe drinking water, while 38% cannot avail themselves of primary health care. It is estimated that about 70% of Nigerians consume less than 1/3 of the minimum protein and vitamin intake due to low purchasing power. These statistics shows the very depth of poverty in*

*Nigeria. It is dehumanizing and can be rated as a killer disease which has assumed an epidemic state.*

In a more elaborate way, the World Bank reported the case of poverty rate in Nigeria (2009-2010; 2013-2014) which is presented as shown below:



Adopted from: World Bank report (2013). *Nigeria Economic Report*.

More importantly, Ajegi (2002) had observed that the poverty situation in Nigeria has indeed assumed a crisis dimension. This made Haruna (2002) to reach a conclusion that poverty is more than lack of income.

### 2.3 The Relevance of Small and Medium Scale Enterprise

With evidence, the countries of the world have come to realize that SMEs are cardinal to economic and development process around the globe. Some advanced economies have succeeded because SMEs form a fundamental part of the economy, comprising over 98% of total establishments and contributing to over 65% of employment as well as over 50% of the gross domestic product ([smeinfo.com](http://smeinfo.com)). Ogbo and Nwachukwu (2012) asserted that more than 90% of all enterprises are within the SME sub-sector of many developed countries while 80% of the total industrial labour force in Japan, 50% in Germany and 46% in USA small businesses contribute nearly 39% of the country's national income. Katua (2014) also stressed that the economic growth in these developed countries such as Japan, Korea, Taiwan and many others, was significantly generated by SME activities. In Nigeria, the economic contribution of SMEs are yet to be measured in whole because many of small businesses carry out their entrepreneurial activities in hidden manners due to weak start-up capital, tax and the fear of government agencies obliged to investigate business registrations and activities. But within the context of the economy, SMEs have taken over the creation of jobs and the availability of variety of goods for human conveniences. For instance, research has shown that SMEs accounts for more than 95% of all productive activities (besides oil and agriculture) with the capacity to employ over 70% of the work force as well as the ability to contribute about 70% to GDP (Ubom, 2006; Ojo 2006). Significantly, Ali et al. (2014) noted that SMEs increase productivity growth in the economy, and increased productivity growth plays an important role for public welfare and reduction in poverty. SMEs are crucial to the economic growth process and play an important role in the country's overall production network ([smeinfo.com](http://smeinfo.com)).

The continuous geometric increase of surviving SMEs in Nigeria has become a motivational apparatus for the unemployed, particularly the youth and graduates of this present time. Thus, the idea of starting and nurturing small businesses has logically induced a colossal numbers of youth to decline social and economic crimes in Nigeria. This is evident with the increasing number of youth and graduates venturing in creative or innovative entrepreneurial activities which require small start-up funds on a small scale basis. Instead of engaging in moral decadence, such as theft, prostitution, bunkering and smuggling; they invest their precious time in economically viable rewarding activities. Indirectly, SMEs are capable of establishing a relationship between two silos (the economic chain and the moral standard) in the society.

### 2.4 Establishing the Fact-Based Link between SMEs and Poverty

Logically, the rationale behind the crusade of SMEs by the world government and economic experts is in the zeal to reduce poverty around the globe. Poverty is viewed as one of the prime factors of societal and economic development problems. Sokoto and Abdullahi (2013) consider vibrant SMEs as being crucial in solving

multivariate socio-economic problems in developing economies including unemployment, low growth and poverty. Following this tenet, Olusegun, Olaoye and Abdulrahman (2015) considered SMEs to be the engine for society development. The study conducted by Ogbo And Nwachukwu (2012) reveals that SMEs represent a veritable vehicle for the achievement of national economic objectives of employment generation and poverty reduction at low investment cost as well as the development of entrepreneurial capabilities including indigenous technology. In addition, several other researches have been conducted on entrepreneurship development through SMEs and the problem of high level of poverty and deteriorating economic growth rate (Agboli and Ukaegbu, 2006; Abimbola and Agboola, 2011; Thaddeus, 2012; Oyelola et al., 2013), but little attention has been directed towards determining the extent at which entrepreneurship development through SMEs stimulates poverty reduction in Nigeria.

According to Normah (2007) the concentration of SMEs has a close relationship with the dominant economic activities. Kayanula and Quartey (2000) posited that the development of SMEs helps the economies to grow in the long run. Meanwhile, Muritala, Awolaja and Bako (2012) stressed that some proponents of SMEs argued that SMEs expansion boosts employment more than large firm growth because SMEs are more labour intensive thereby subsidizing SMEs may represent a poverty alleviation tools, by promoting SMEs and individual countries and the international community at large can make progress towards the main goal of halving poverty level by year 2020 i.e to reduce poverty by half and becoming among 20 largest World Economies (Nigeria Vision 20:2020). In their empirical survey, Gebremarian, Gebremedhin and Jackson (2004) analyzed the relationship between development of small scale business, growth and incidence of poverty in West Virginia, and found a strong negative relationship between small scale business and the incidence of poverty. In their study, Etuk, Etuk and Baghebo, (2014) pinpointed that poverty can then be reduced since subsistence enterprises are said to represent the vast majority of SMEs in developing countries. These induce the investigation into the influence of SMEs entrepreneurial activities on poverty level under the Nigerian economic context.

A number of literature in previous studies has identified factors affecting SMEs' growth and expansion such as competition, finance, technology, and so on (Nafiu, Sule and Orugun, 2014; Abdul-kemi, 2014; Ogbo and Nwachukwu, 2012). SMEs face a lot of challenges that substantially hinder their progress, growth and subsequently their contribution to economic development (Katua, 2014). These factors when accumulated aggravate the level of poverty bedeviling the growth and expansion of entrepreneurial activities of SMEs indirectly or directly in Nigeria. Similarly, Idam (2014) pinpointed that the relationship between financial resources and entrepreneurship development has however become controversial in recent times. From the Nigerian economic situation, it is observed that poverty has a moribund with unemployment as outrightly explicit from the public outcry during salary payment delay. According to Igbo (2006) poverty associated with unemployment has resulted to high incidence of different type of social ills like armed robbery, rape, political thuggery, assassination, human trafficking, car snatching, abortion, unwanted pregnancy etc. In his study, Katua (2014) discovered that there is a high correlation between the degree of poverty hunger, unemployment, economic well being /standard of living of the citizens of countries and the degree of vibrancy of the respective country's SMEs. The appriori expectation is that vibrant SMEs influence the relationship between poverty and unemployment (that is, a change in unemployment condition established by SMEs will bring about proportional effect on poverty line). Thus, poverty is observed to be a covariate of unemployment.

### **3. Research Methodology**

This study used survey research method. More so, survey design was useful due to its ability to predict behaviour and assist researchers in collecting identical information concerning all the cases in a sample (Aldridge & Levine, 2001). The study used structured questionnaires to facilitate this survey research. The questionnaire used for this study was designed, having three sections (section one captured the biodata of respondents; section two measured responses on a five point Likert scale, and section three systematically induced factual responses with the simple "Yes, No and Not sure option". The study adopted the Cronbach's alpha to enhance the reliability of the instrument, and determined its validity through pilot test technique. Reliability demonstrates the level of consistency of a set of item in measuring the study variables (Cooper & Schinder, 2001; Field, 2005). This reliability test showcases individual perception regarding the variables under study. However, Cronbach's alpha of entrepreneurship development (through SMEs), poverty, and unemployment for this present study was 0.83, 0.74, and 0.94 respectively. Thus, the instruments were considered reliable for data collection.

Data for this study were collected from selected 100 SMEs that have existed for at least five years in manufacturing, service, food processing, textile and agricultural industries in Nigeria before the period of this survey. Alexander, Davern and Stevenson (2010) opined that five years is often used as a yardstick for survival by demographers (to permit greater balancing of statistical power of test). The population of this study was made up of 1754 potential respondents. The sample size of 326 was determined for the study using Taro Yamane method as shown below:

$$n = \frac{N}{1 + N(e)^2}$$

where n= sample size; N= population of the study; e= error estimated at 5% (0.05).

$$n = \frac{1754}{1 + 1754(0.05)^2} = \frac{1754}{1 + 1754(0.0025)} = \frac{1754}{1 + 4.385} = \frac{1754}{5.385} = 326 \text{ approximately}$$

Furthermore, the study adopted cluster sampling techniques, and used simple random sampling techniques to select its required sample for the universes. These techniques are considered appropriate for the study based on the fact that the surveyed SMEs have special locations in Nigeria. The study employed the service of fifteen trained research assistants to facilitate and enhance the quality of this research. This study thus analyzed the data collected with descriptive method and tested the hypotheses with ordinary regression and correlation model from SPSS version 17.

#### 4. Data Presentation And Analysis

**Table I: Questionnaire Administration**

Questionnaire	Frequency	Percentage
<i>Retrieve</i>	319	97.9
<i>Not Retrieved</i>	7	2.1
<b>Total</b>	<b>326</b>	<b>100</b>

**Source:** Field Survey, 2016

Table I shows the total questionnaires administered to be 326 (100%); 319 questionnaires (97.9%) were retrieved and 7 questionnaires (2.1%) were not retrieved. This study therefore based analysis on the number of questionnaires retrieved.

**Table II: Demographic Characteristics of the Respondents**

Variables	Frequency	Percentage
<b>Age</b>		
0 – 20	52	16.3
20 – 40	118	37.0
40 – 60	93	29.2
60 – 80	37	11.6
80 & above	19	6.0
<b>Total</b>	<b>319</b>	<b>100</b>
<b>Sex</b>		
<i>Male</i>	190	59.6
<i>Female</i>	129	40.4
<b>Total</b>	<b>319</b>	<b>100</b>
<b>Marital Status</b>		
<i>Single</i>	82	25.7
<i>Married</i>	156	48.9
<i>Divorce</i>	81	25.4
<b>Total</b>	<b>319</b>	<b>100</b>
<b>Educational Qualification</b>		
<i>FSLC</i>	26	8.2
<i>SSCE</i>	76	23.8
<i>NCE / OND / DIPLOMA</i>	104	32.6
<i>HND / BSC</i>	98	30.7
<i>MSC &amp; above</i>	15	4.7
<b>Total</b>	<b>319</b>	<b>100</b>

**Source:** Field Survey, 2016

Table II above shows that 52 respondents (16.3%) fall within the age range of 0 to 20; 118 respondents (37.0%) fall within the age range of 20 to 40; 93 respondents (29.2%) fall within the age range of 40 to 60; 37 respondents

(11.6%) fall within the age range of 60 to 80; and 19 respondents (6.0%) fall within the age range of 80 and above. From the table, 190 respondents (59.6%) were male; and 129 respondents (40.4%) were female.

The table also shows that 82 respondents (25.7%) were single; 156 respondents (48.9%) were married; and 81 respondents (25.4%) were divorced.

Finally, the table shows that 26 respondents (8.2%) reported that they hold first school leaving certificate; 76 respondents (23.8%) hold Senior School Certificate; 104 respondents (32.6%) hold National Certificate (or its equivalent); 98 respondents (30.7%) hold higher National Diploma/ Bachelor of Science Certificate; and 15 respondents (4.7%) hold Master of Science (or its equivalent) and above.

**Table III: Summary of regression analysis regarding sex, age, educational qualification and marital status**

Predictor	Explained	Co-efficient	S.E $\beta$	Value of R <sup>2</sup>	Value of Statistics (ANOVA)
Sex	EA	.836	.029	.697	366.817
Age	EA	.587	.034	.342	166.223
Edu .Qualificat ion	EA	.701	.037	.488	152.317
Marital Status	EA	.145	.199	.018	6.764

Note: Significant at the 0.01 level; N = 319; EA = Entrepreneurial Activities.

From Table III above, it is observed that 69.7% of the variation in entrepreneurial activities is explained by sex. The presence of unexplained variation suggests that there are other predictor variables which affect variations in entrepreneurial activities in Nigeria. The co-efficient (0.836,  $p=0.01$ ) shows that an increase in the number of a particular sex will lead to about 83.6% increase in the level of entrepreneurial activities in the area. With the very high value of ANOVA (366.817,  $p=0.01$ ), we can therefore uphold that sex has strong influence on entrepreneurial activities in Nigeria.

From the table, it is also observed that 34.2% of the variance in entrepreneurial activities is explained by age. This is a weak predictor, given that 65.8% of variation in entrepreneurial activities is explained by other strong variables. Given the high value of ANOVA (166.223,  $p=0.01$ ), we can deduce that age has a weak influence on entrepreneurial activities in Nigeria.

The table above also shows that 48.8% of the variations in entrepreneurial activities are explained by educational qualification. The variation indicates that educational qualification is a weak predictor. Given that the ANOVA value is 152.317,  $p=0.01$ ; we therefore deduce that educational qualification has a weak influence on entrepreneurial activities in Nigeria.

Finally, the table shows that 1.8% of the variation in entrepreneurial activities is explained by marital status. This is extremely a poor predictor, and has little or no influence on entrepreneurial activities. Given that the ANOVA value (6.764,  $p < 0.05$ ), we therefore uphold that marital status cannot influence entrepreneurial activities in Nigeria.

**Table IV: Responses on entrepreneurship development through SMEs, the level of unemployment and poverty in Nigeria**

Question	Frequency			Mean Score	Cutoff Point
	INC (%)	STA (%)	DEC (%)		
1. Entrepreneurship Development through SMEs in Nigeria	196 (61.4)	64 (20.1)	59 (18.5)	2.429	2.050
2. The level of unemployment in Nigeria	209 (65.5)	27 (8.5)	83 (26.0)	2.395	2.050
3. The level of poverty in Nigeria	246 (77.1)	36 (11.3)	37 (11.6)	2.655	2.050

Source: Field Survey, 2016

Note: INC- Increase; STA- Static; DEC- Decrease; Significant at 0.05 level; Cut off Point = Mean + e

The table IV (Q1) shows that the mean score of 2.429, which is greater than the cut-off point of 2.050 (that is, mean score- 2.429 > cut-off point - 2.050). This made the empirical verification of the statement "entrepreneurship has witnessed development through SMEs in Nigeria" to be a fact, since the mean score is greater than the cut-off point. Thus, we deduce that the statement holds ground to a reasonable extent.

It is also observed that in the table IV (Q2) the mean score of 2.395 is greater than the cut-off point of 2.050 (that is, mean score- 2.395 > cut-off point - 2.050). Given the highest percentage (65.5%) of respondents with the opinion that Nigerians witness increasing unemployment periodically, this proves valid based on the empirical verification showing higher mean score. We therefore accept that the statement is factual to a reasonable extent.

Lastly, the table IV (Q3) depicts that the mean score of 2.655 is also greater than the cut-off point of 2.050 (that is, mean score- 2.655 > cut-off point - 2.050). The empirical verification validates the position of the highest percentage of respondents (77.1%) stating that Nigerians witness increasing level of poverty on a regular

basis. We also accept this statement to be factual to a reasonable extent.

**Table V: Means, Standard Deviations, Reliabilities, and Correlations between Variables**

Variables	Mean	Standard Deviation	$\beta$	Correlations		
				1	2	3
1. <i>Entrepreneurship</i>	1.5705	0.78541	0.83	1		
2. <i>Unemployment</i>	1.6050	0.87277	0.94	0.738 **	1	
3. <i>Poverty</i>	1.3448	0.67774	0.74	0.746 **	0.640 **	1

**Source:** Field Survey, 2016

**Note:** \*\*. Correlation is significant at the 0.01 level (2-tailed); N = 319

Table V shows that there is a positive correlation (strong) between entrepreneurship development through SMEs and poverty level in Nigeria ( $r = 0.746$ ,  $p < 0.01$ ); while a significant positive correlation was discovered between unemployment and poverty in Nigeria ( $r = 0.640$ ,  $p < 0.01$ ). In the light of these results, the second and third hypotheses are supported. Thus, there is a significant positive relationship between entrepreneurship development through SMEs and poverty in Nigeria. In addition, there is a significant positive relationship between unemployment and poverty in Nigeria.

#### 4.1 Discussion of Findings

This present study discovered that the majority of business owners in Nigeria are made up of youth. This may be as a result of increasing awareness regarding the necessity of entrepreneurship, and intervention programmes established by the government and other stakeholders to revive the economy. The empirical analysis of this study shows that age has very weak influencing power on entrepreneurial activities in Nigeria. The implication of this is that well designed entrepreneurship policies and programmes can stimulate Nigerians across all age-bracket to be active participant in the economy.

The study found that male sex is more active in entrepreneurship than their female counterpart. This finding takes a step further on the study of Adofu and Akoji (2013) who found that males are more involved in entrepreneurship skill acquisition than the female. Findings from a study of Nigerian women business owners showed that a high self-concept regarding their role in business and a commitment to business can help women to become more successful entrepreneurs (Ehigie and Umoren, 2003). However, empirical result of this study affirms that sex has strong influence on entrepreneurial activities. This implies that the male sex has higher contributory tendency in entrepreneurship and economy in Nigeria.

This present study discovered that Nigerian business environment is gradually witnessing disappearance of illiteracy. But empirical verification proves that this has a weak influence on entrepreneurial activities in Nigeria. The implication of this is that at the long run, entrepreneurship may still witness a very slow strategic growth and development in Nigeria. This is because; strategic growth and development require a distinctive level of entrepreneurship education.

This study found that a positive relationship exist between entrepreneurship development through SMEs and poverty in Nigeria. This implies that SMEs are yet to match up with their potentials, particularly, in the area of poverty reduction in Nigeria. Similarly, the study conducted by Oba and Onuoha (2013) found that failure to conform to the *apriori* expectation is basically an indication of poor performance of the SMEs. In their study, Okoye-Nebo, Iloanya, Uduze (2014) also affirmed that low performance and inefficiency characterize small business particularly in assessing its role on economic growth and development. We observed that the poverty level in Nigeria leaves no iota of optimism based on the ironical situation of entrepreneurial practice by entrepreneurs. The growing abnormality in “what is observed” rather than “what should be” is an indication that there is no realistic expectation with respect to poverty alleviation in Nigeria.

This present study found that a significant positive relationship exists between unemployment and poverty in Nigeria. This aligns with finding of the study by Oba and Onuoha (2013) which reflect that SMEs GDP shows a significant relationship with employment level proxied for poverty reduction in Nigeria. This implies that poverty is a function of unemployment. This confirms the statement of Okoye-Nebo, Iloanya, Uduze (2014) that extreme hunger and poverty are being necessitated by unemployment. In addition, recent study conducted by Kayode-Adedeji and Agwu (2015) also identified unemployment as one of the key determinants of poverty in Nigeria. Thus, this study refutes the finding of Edom, Inah and Emori (2015) that there is no significant relationship between unemployment rate and poverty reduction in Nigeria.

#### 5 Conclusion

A well designed entrepreneurship policies and programmes are needed to boost the morale of Nigerians across all age-brackets to be active participant in the economy. This is subject to the fact that the present economic situation

is the survival of the fittest. Both male and female of different age groups now perceive engagement in entrepreneurial practices as the best alternative for survival. However, the male sex's higher contributory tendency in entrepreneurship and economy in Nigeria may be as a result of gender imbalance, intelligence quotient and glass ceiling by the Nigerians' popular tradition. These also play active role in the observed ugly trends in the acquisition of knowledge in Nigeria. It must be noted that entrepreneurship will continue to witness a very slow strategic growth and development in Nigeria where a distinctive level of entrepreneurship education seems to be disappearing or inadequate.

Paradoxically, SMEs are still struggling to match up with their potentials in Nigeria. This is the major reason why their impacts are still unfelt, and unemployment and poverty level appear to be on the increasing side in Nigeria. Though, a number of factors contributing to the strength of the two economic variables (unemployment and poverty) have been identified by researchers, but the increasing entrepreneurial activities and the concomitant increase in the level of the variables in Nigeria are indicator of abnormalities in entrepreneurial practices which demand a very urgent attention of economic experts. The fact remains that constant failure of SMEs to add up to existing jobs will often strengthen poverty in Nigeria.

### 5.1 Recommendations

The study therefore recommends that:

- i. The government should design a distinctive entrepreneurship policies and programmes that can boost the morale of Nigerians across all age-brackets to be active participant in the economy.
- ii. The Nigerian government should establish an intervention programme to address gender gap between male and female entrepreneurs in Nigeria. This is critical to entrepreneurship strategic growth and development in Nigeria.
- iii. The entrepreneurial practices of SME owner-managers should be diagnosed and addressed. This is because, many owner-managers are driven by the necessity of entrepreneurship rather than the passion in it; and that may account for the increasing poverty level alongside the increasing entrepreneurial activities in Nigeria.
- iv. The government should support SMEs adequately for job creation. Furthermore, the government should establish a force-ranking approach (where SMEs with particular amount of capital must possess minimum number of particular employees). This is because; failure of SMEs to create or add up to existing jobs often strengthens the level of poverty in Nigeria.

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