

Alleviating Poverty through Youth and Women Entrepreneurship Developments

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Abstract

The main purpose of this paper is to determine the relationship between youth and women entrepreneurship development and poverty alleviation. The study applied descriptive research design by using questionnaire and interview to collect the data from the small business owners. The study also applied Simple linear Regression model (LRM) where the variables are qualitative in nature by using dummy variables to correlate entrepreneurship development and poverty alleviation through income by using entrepreneurial training/education as independent variable and income as dependent variable. The study found a significant positive relationship between entrepreneurial training/education and income generation. The study indicated holding other factors constant, the provision of entrepreneurial training increases 20.4% of the income of the entrepreneurs which leads to the poverty alleviation. The study also revealed that financial challenges, inadequate capital and lack of startup fund are the major challenges faced by the youth and women entrepreneurs. Lack of entrepreneurial training, inability to distinguish between revenue and profit, lack of business strategy, lack of proper bookkeeping and inadequate market research are another major challenges faced by the small business owners who did not attend any entrepreneurial skill training and education. Lack of copyright protection is also another challenge faced by some entrepreneurs. The study concludes that the entrepreneurship development creates business opportunities and trains people with innovative enterprise skills to grasp the opportunities for starting new entrepreneurial activities, also the provision of entrepreneurial skill training increases the income of the business owners. Therefore, the study recommends that the Federal Government of Somalia Should develop SMEs Administration Centers to help and provide entrepreneurial training on youth and women. It also recommends that the Commercial Banks should establish micro-finance companies to give credits to small business owners as well as young and women entrepreneurs. The FGS also should develop copyright protection policy to protect and encourage young and women entrepreneurs.

Keywords: youth and women entrepreneurship developments, income, poverty alleviation

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1. Introduction

Entrepreneurship is defined as the identification of a new business opportunities and the mobilization of economic resources to initiate a new business or regenerate an existing business, under the conditions of risks and uncertainties, for the purpose of making profits under private ownership (Adenutsi, 2009).

Entrepreneurship is a process undertaken by the government to reduce the level of poverty in the economy. It also encompasses creating innovation, promoting new sets of attitudes and culture for the attainment of future challenges (Arogundade, 20011).

Entrepreneurship development refers to the process of enhancing entrepreneurial skills and knowledge through structured training and institutional building programs focused on individuals who wish to start or expand a business (Mwatsika 2015).

Entrepreneurship development contributes to poverty alleviation when it creates employment through the startup of new entrepreneurship or the expansion of existing ones and they increases social wealth by creating new markets, new industries, new technology, new institutional forms, new jobs and net increases in real productivity, increases income which culminates in higher standards of living for the population (Simon, 2005).

Poverty

Poverty is a state of absolute economic deprivation in which the individual cannot independently have access to the basic human life-sustaining essentials such as food, clothing, protection, and shelter (Shariff, 2010). Poverty means the lack of income or shortage of assets; the lack of competence (Singer, 2006)

Poverty is one of the major challenges facing developing and underdeveloped countries of the world. It is a common problem for all developing and underdeveloped countries of the world. Although the level and extent of poverty is different within and across the nations, it still remains the major obstacle to the optimum utilization of human resources for both social and economic development of the nations.

Poverty in Somalia

According to The Socio Economic Survey carried out with support from UNDP and the World Bank in (2002) shows 43% of the total population were estimated to be living in extreme poverty (defined as US\$1 per day in

PPP), and 73% were estimated to be living on less than \$2 per day.

The National Development Plan of Somalia citing The 2016 High Frequency Survey indicates that around 51% of the population lives in poverty while the poverty situation is worse in the IDP camps where 70% is estimated to live in poverty.

The nature of poverty in Somalia, as elsewhere in Africa, is multi-dimensional and complex. But One of the core dimensions and causes of poverty in the context of Somalia is the presence of conflict, Natural Disasters, Human displacement, inequalities, regional and social disparities and the lack of opportunities for the nation's youth (NDP,2020).

Somalia attempts to eradicate the poverty in 2063 as other nations in Africa and the other world as SDGs in 2030. therefore, The federal government of Somalia with help of its international partners including USAID conducted many Entrepreneurship development programs intended to alleviate poverty, also The Next Economy program made possible by the Dutch Ministry of Foreign Affairs to empower youth in Nigeria, Mali, Somalia to unleash their talents, build their confidence and improve the skills they need for a successful career in a job or as an entrepreneur was implemented together with their local partners such as IITE-SIMAD UNIVERSITY, IFTIN foundation and SOS-Somalia to accommodate the diverse ambitious of young people and women entering the labor market, and they offered different programs in (2015-2019) and now continued for another four years with The Next Economy, phase 2 (2020-2023). Therefore, this study intends to look at how youth and women entrepreneurship developments contribute to the poverty alleviation in Somalia

2. The Objectives of the Study

The objectives of this study are:

1. To examine the contribution of Small businesses to the poverty Alleviation.
2. To identify the challenges faced by Somali entrepreneurs during the establishment or expanding their businesses.
3. To determine the contribution of entrepreneurship education and training to the Poverty Alleviation.

3. Review of Literature

Simon, (2005) conducted research on Entrepreneurship development and stated that entrepreneurship development contributes to poverty reduction when it creates employment through the establishment of new startups or the expansion of existing ones and they increases social wealth by creating new markets, new industries, new technology, new institutional forms, new jobs and net increases in real productivity, increases income which culminates in higher standards of living for the population.

Mohammad, Abul et al (2014).Conducted research on Entrepreneurship and poverty alleviation and discovered that entrepreneurship education and training creates enormous business opportunities and trains people with innovative enterprise skills to grasp the opportunities for starting new entrepreneurial activities.

Ahmed, (2019) a graduate student from SNU, conducted research on the challenges and opportunities of SMEs in Somalia among the sample of 269 respondents, the research was based on primary data, The study found that the lack of or insufficient financial resources and the Incompetent entrepreneurial skills ware some of the major challenges hindering the businesses from progressing.

Osman, (2020) conducted survey on sample of 80 respondents and most respondents representing 55% indicated that the entrepreneurship education and training improves entrepreneurial competence and skills which enhance employment opportunity. Also the study showed that the most respondents agreed that the small and medium enterprises contribute to the income generation for the family and youth.

Abubakar, et al. in (2011) by using an illustrative case study they examined the participation of graduate entrepreneurship in perspective of human capital development – education, training and research to meet the Millennium Development Goals (MDGs) in Nigeria. They found that knowledge creation lies at the heart of entrepreneurship development in developing economies is based on human capital development.

4. Research Methodology

This study applied descriptive research design by using questionnaire and interview to collect the data from 92 respondents from the small business owners, who did not get any entrepreneurship education/training and entrepreneurs who have attained entrepreneurial education and training and the beneficiaries of the next economy program. The study also applied Regression model where the variables are qualitative in nature by using dummy variables that are essentially nominal scale variables which have no particular numerical values but can be quantified by creating so-called dummy variables, which take values of 0 and 1, 0 indicating the absence of an attribute and 1 indicating its presence to correlate the entrepreneurship development and poverty alleviation by using entrepreneurial skill training/education as independent variable while income was dependent variable.

$$Y = \beta_1 + \beta_2 X_1 + \mu_i \dots \dots \dots (1:0)$$

Where:

Y= Income

β_1 = intercept or constant

β_2 = slope coefficients

X_1 = Entrepreneurship training/education

$X_1 = 1$ means received the entrepreneurial skill training/education

$X_1 = 0$ means not received the entrepreneurial skill training/education

The slope coefficients β_2 represent how much entrepreneurial skill training and education reduce poverty through Increase income in excess of benchmark β_1 (not provided entrepreneurship training/education).

5. Results and Discussions

5.1 Results

About 92 respondents from the small business owners, who did not get any entrepreneurship education/training and entrepreneurs who have attained entrepreneurial education and training and the beneficiaries of the next economy program have responded to the questionnaire. A summary of the responses of participants was presented in Tables below.

Descriptive Statistics have been applied to know the relative frequency and proportionate distribution among demographic variables. Data obtained has been presented in Tables below.

Figure 1: Gender of the respondents

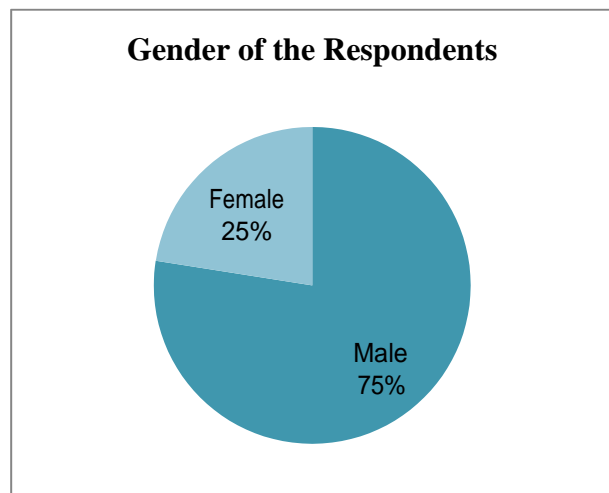


Table 1: Gender of the respondents

Value	Frequency	Percentage
Male	69	75%
Female	23	25%
Total	92	100%

As shown in table 1, the majority of the respondents representing (75%) of the respondents were male, while (25%) of the respondents were female. This indicates that the women normally participate business. Therefore women should be great beneficiaries for entrepreneurship development projects.

Figure 2: Age of the Respondents

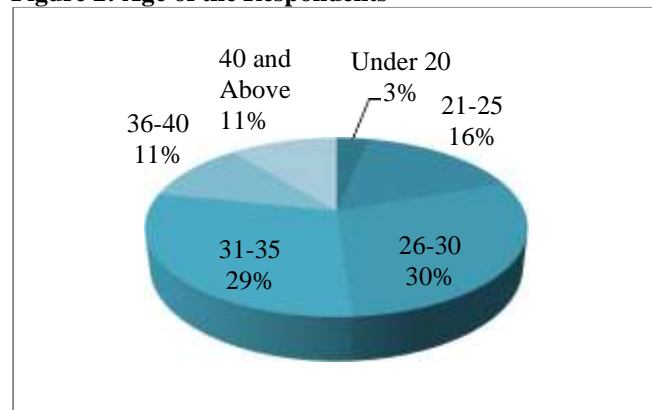


Table 2: Age of the respondents

Value	Frequency	Percentage
Under 20	3	3%
21- 25	15	16%
26-30	27	30%
31-35	27	29%
36-40	10	11%
40 and above	10	11%

The figure 2: shows that 27 respondents representing 30% fall within the age brackets 26-30 years and another 27 respondents representing 30% fall within the age brackets 31-35 years, and 15 respondents representing 16% were 21-25years old. The data showed that majority of the respondents who participated the study fall between 21- 35 years. This means the majority of the respondents were youth.

Figure 3: Marital Statuses of the Respondents.

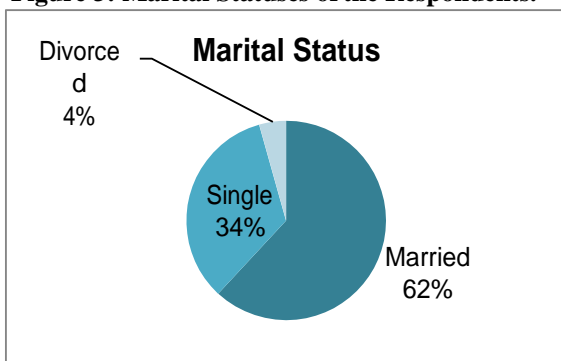
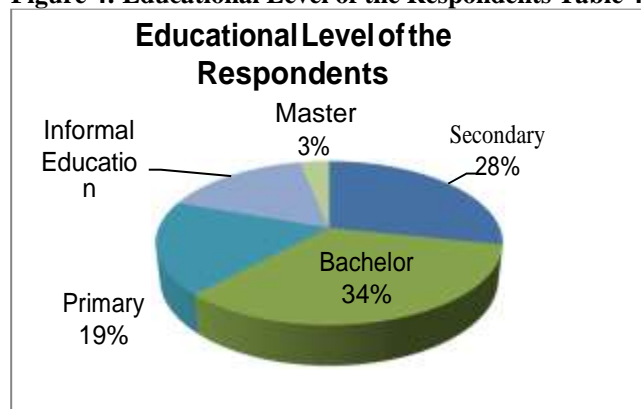


Table 3: Marital Statuses of the Respondents

Value	Frequency	Percentage
Married	57	62%
Single	31	34%
Divorced	4	4%

Figure 3 depicts the marital status of respondents who participated in the study to show the status of the respondents who actively involved in the study. A close look at the figure shows that 62% of the respondents fall within the marriage status; and 34 % fall within the single. The data shows that majority of the participants were married.

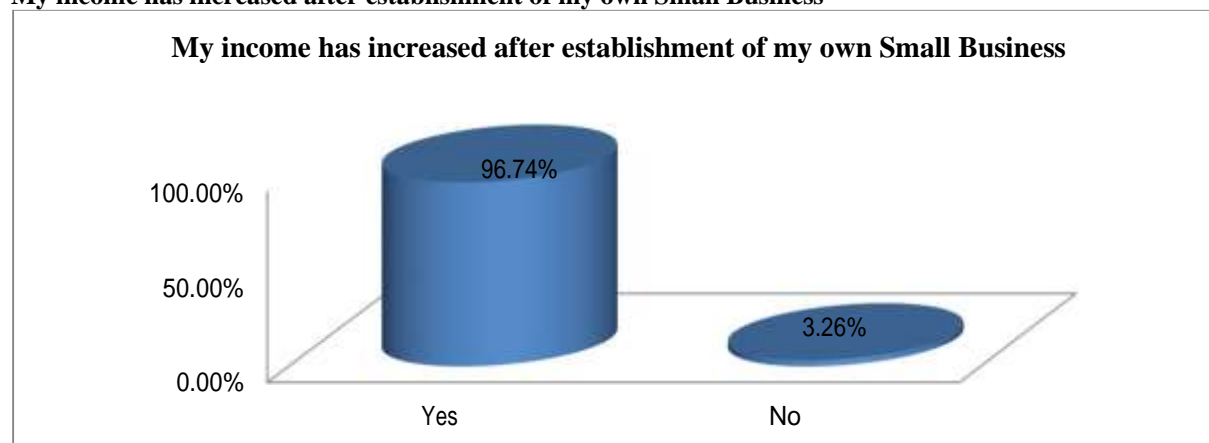
Figure 4: Educational Level of the Respondents Table 4: Educational Level of the Respondents



Value	Frequency	Percentage
A. Informal Education	15	16%
B. Primary	17	19%
C. Secondary	26	28%
D. Bachelor	31	34%
E. Master	3	3%

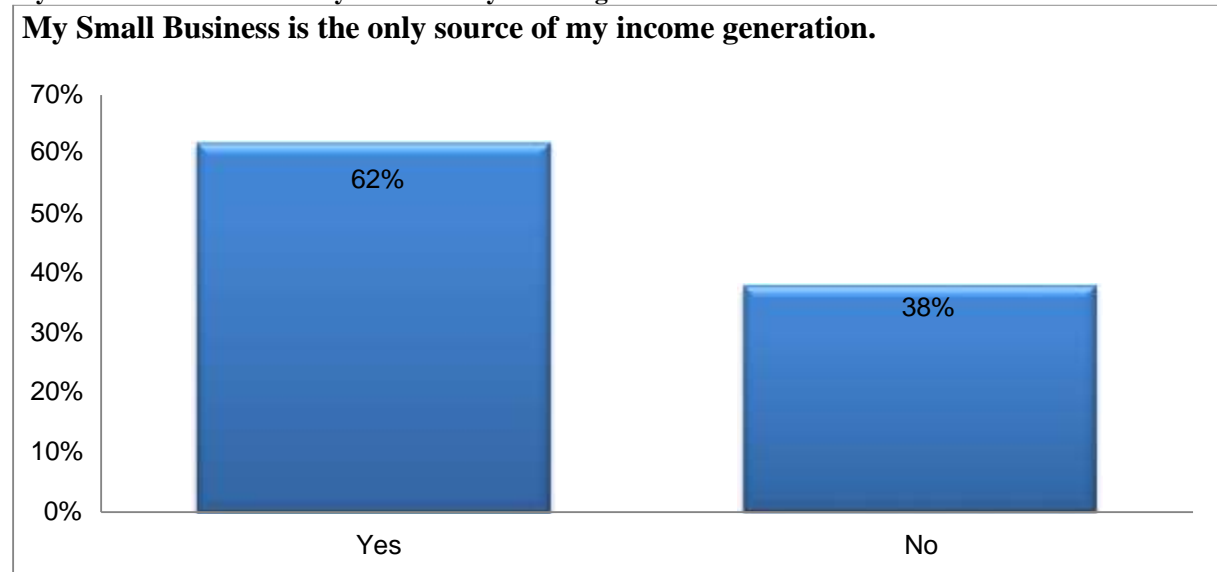
The study sought to establish the level of education of the participants. 26 of the respondents representing 28% were secondary level while 31 respondents representing 34% were Bachelor level, and 17 of the respondents representing 19% were Primary level and 15 respondents representing 16% had informal education.

My income has increased after establishment of my own Small Business



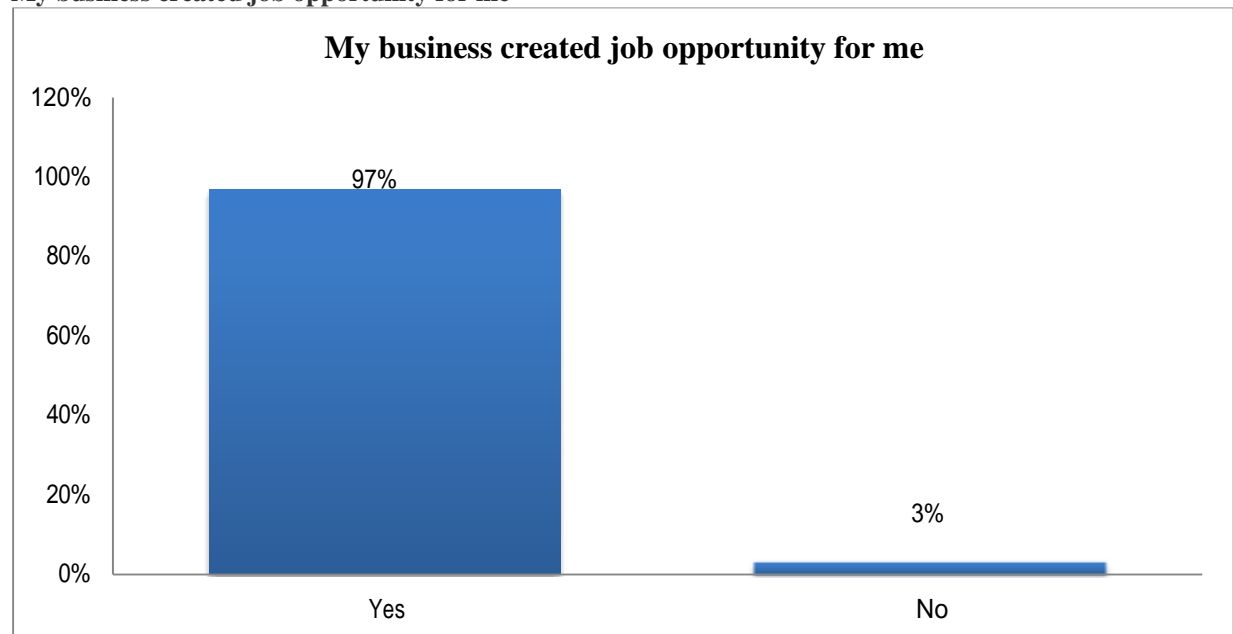
Participants were asked to show if their income has increased after the establishment of their own business, 96.74% of the respondents indicated that their income has increased after the establishment of their own business while 3.26% of them showed that their income did not change after the establishment of their own business. Therefore, this study shows that the establishment of small business is a factor that contributes to the income generation which leads to the poverty reduction.

My Small Business is the only source of my income generation.



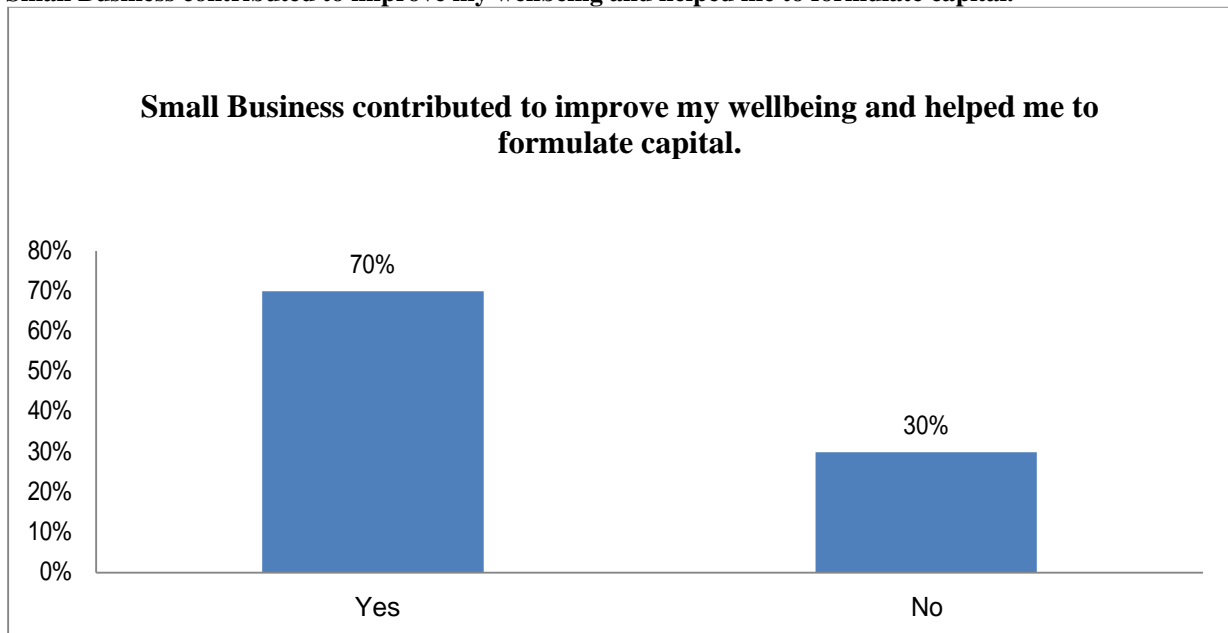
According to the above figure, the study shows that small business is the only source of income generation for the majority of the respondents since 62% of them indicated that their small business is their only source of income generation. Although 38% showed that they have other sources of income.

My business created job opportunity for me



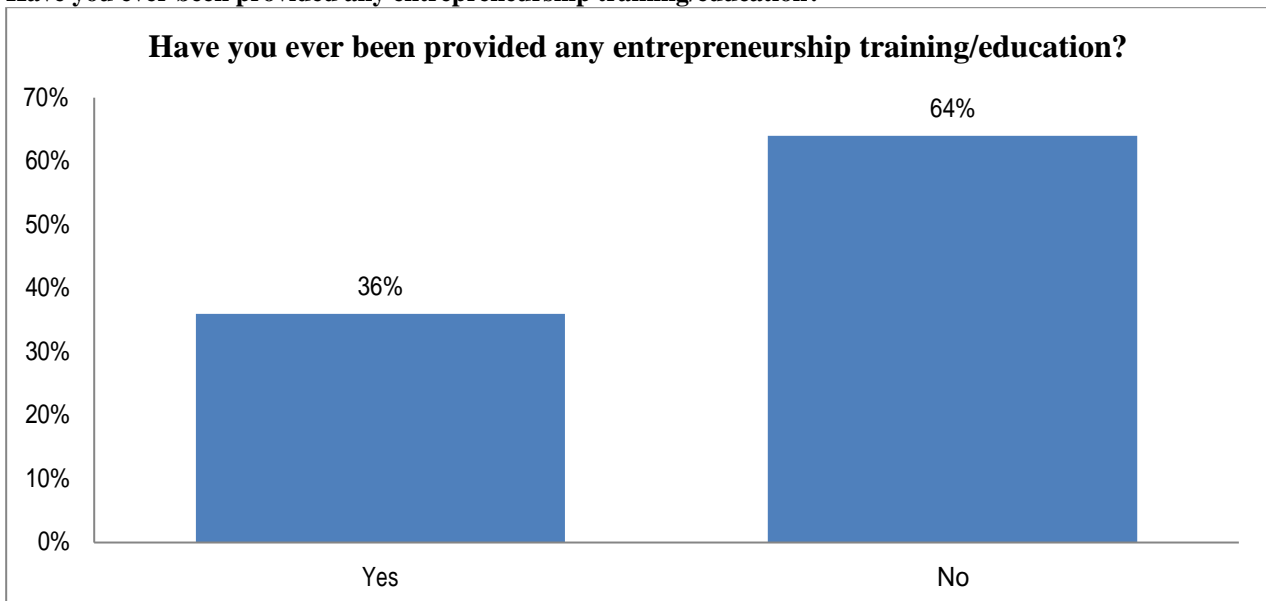
The study showed that the establishment of small business is a job opportunity for the youth and women in general since 97% of the respondents indicated that their own small business created job opportunity for them.

Small Business contributed to improve my wellbeing and helped me to formulate capital.



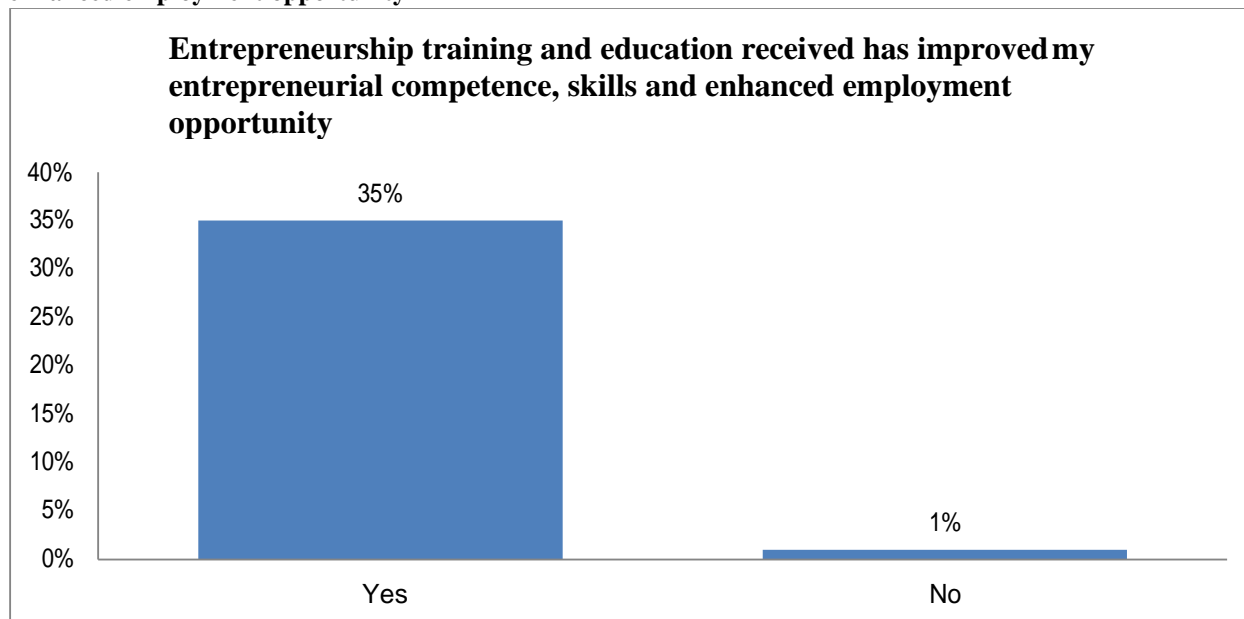
Participants were asked to show if their Small Business contributed to improve their wellbeing and helped them to formulate capital. 70% of the respondents indicated that their small business contributed to improve their wellbeing and helped them to formulate some capital while 30% of them showed that they did not formulate any capital from their small business.

Have you ever been provided any entrepreneurship training/education?



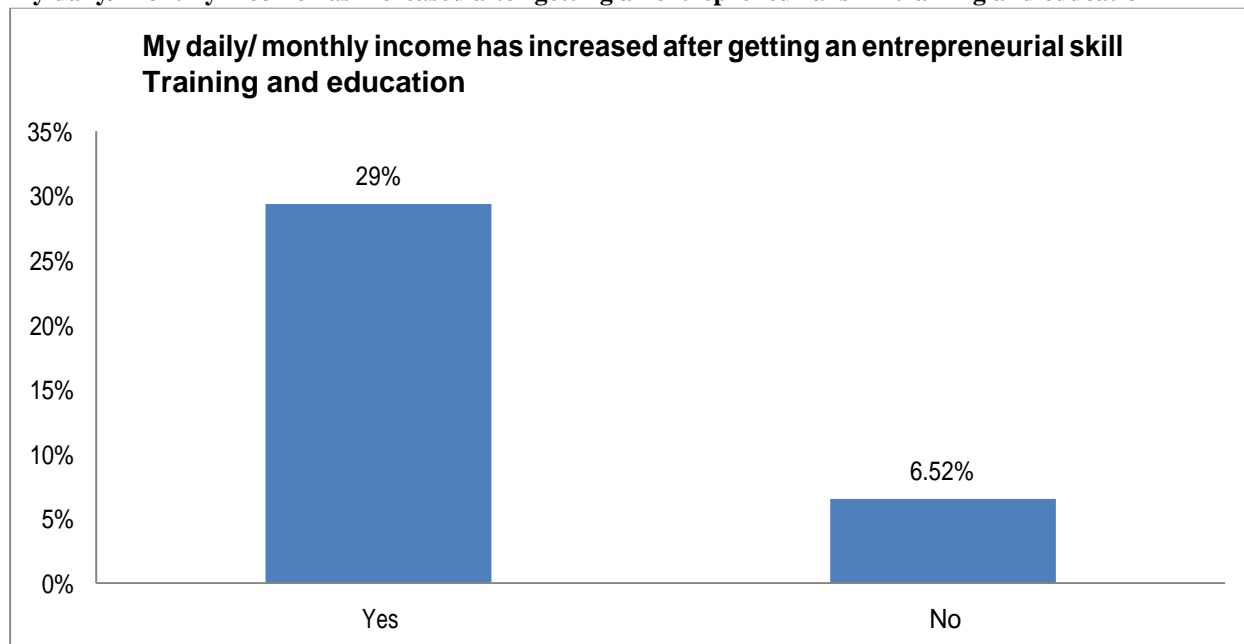
The above figure shows that 64% of the respondents did not get any entrepreneurship training and education, though 36% of the respondents indicated that they have been provided entrepreneurship training and education. This means the majority of the respondents were small business owners who did not get any entrepreneurial training and education but established their own business.

Entrepreneurship training and education received has improved my entrepreneurial competence, skills and enhanced employment opportunity



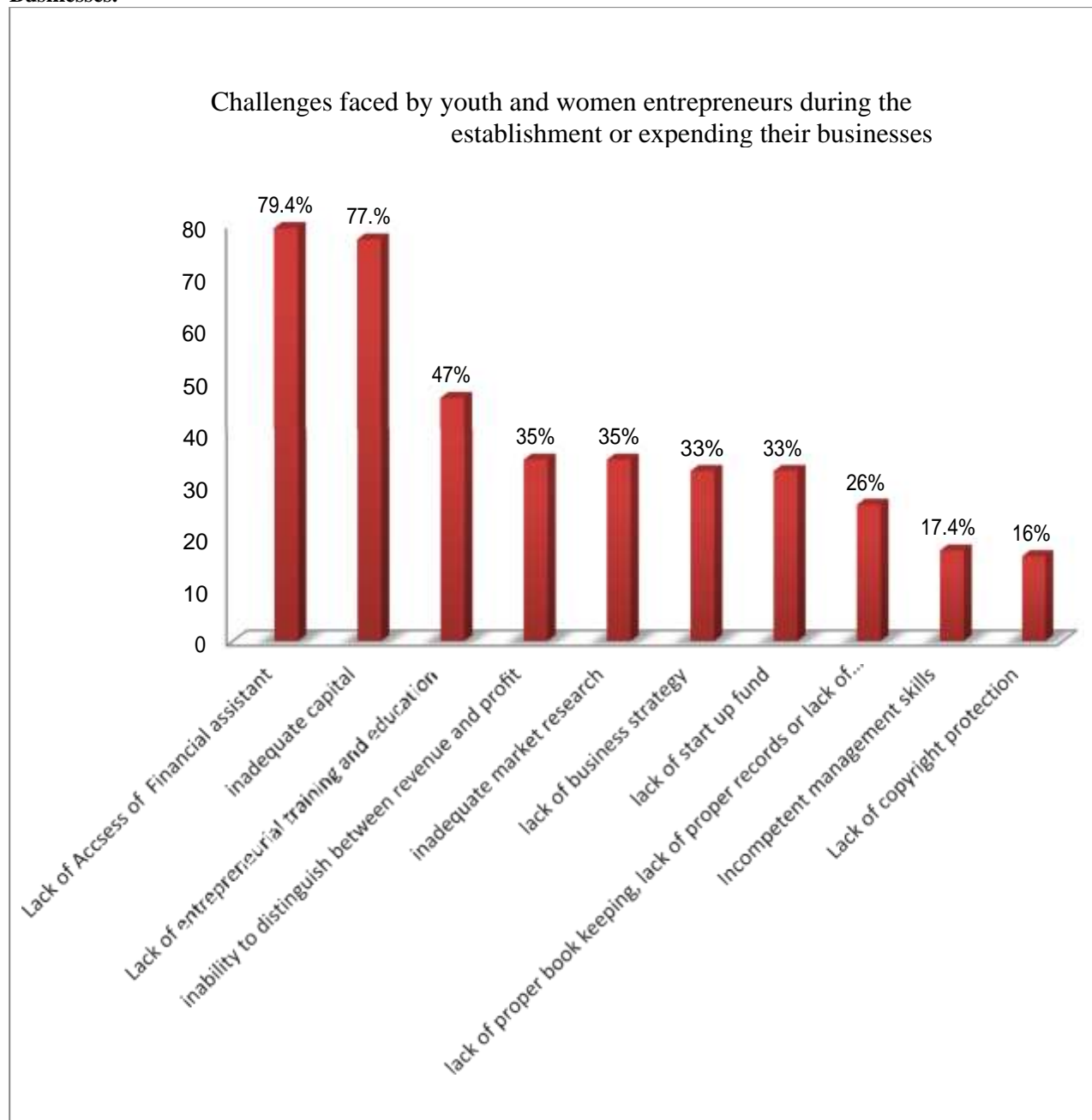
Majority of the respondents representing 35% who have obtained entrepreneurial training showed that entrepreneurship training and education received has improved their entrepreneurial competence, skills and equipped them with good ideas of creating new ventures.

My daily/ monthly income has increased after getting an entrepreneurial skill training and education



The majority of the respondents also showed that their daily/ monthly income has increased after getting an entrepreneurial skill training/education. This means provision of entrepreneurial skill training increases the income of the business owners which leads to the poverty reduction.

Challenges Faced By Youth and Women Entrepreneurs during the Establishment or Expanding their Businesses.



The above figure shows that the lack of financial access, inadequate capital and lack of startup fund are the major challenges faced by the entrepreneurs who have got entrepreneurship training and those who did not get it. Lack of entrepreneurial training, inability to distinguish between revenue and profit, lack of business strategy, lack of proper book keeping, lack of proper records or lack of any records at all, and inadequate market research are also considered major challenges faced by the entrepreneurs who did not get any entrepreneurial skill training/education. Incompetent management skills and Lack of copyright protection are also other challenges faced by some entrepreneurs.

The Relationship between Entrepreneurship Training/education And Income Generation Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					
					R Change	Square Change	F Change	df1	df2	Sig. Change
1	.451 ^a	.204	.200	103.171	.204	50.629	1	198	.000	

a. Predictors: (Constant), Entrepreneurship training

Coefficients

Model		Unstandardized Coefficients		Standardized	T	Sig
		B	Std. Error	Coefficients		
				Beta		
1	(Constant)	167.162	12.511		13.361	.000
	Entrepreneurship training	109.581	15.400	.451	7.115	.000

a. Dependent Variable: Income

The study applied linear regression model (LRM) where the variables are qualitative in nature by using dummy variables to correlate the entrepreneurship development and Poverty Alleviation through income by using entrepreneurial skill training/education as independent variable while income was dependent variable by employing Cross sectional data developed by IFTIN foundation and the researcher.

Model Specification

$$Y = \beta_1 + \beta_2 X_1 + \mu_i \dots \dots \dots (1:0)$$

$$Y = 167 + 110X_1 + \mu_i \dots \dots \dots (2:0)$$

Where:

Y= Income

β_1 = intercept or constant

β_2 = slope coefficients

X_1 = Entrepreneurship training/education

$X_1 = 1$ means received the Entrepreneurial skill training/education

$X_1 = 0$ means not received the Entrepreneurial skill training/education

The slope coefficients β_2 represent how much entrepreneurial skill training and education reduce poverty through increase income in excess of benchmark β_1 (not provided entrepreneurship training/education).

The study shows holding other factors constant, the average income of the entrepreneurs without provision of entrepreneurial skill training and education is \$167 and the average income for the entrepreneurs who have obtained entrepreneurial skill training and education is \$ 276.7. This means provision of entrepreneurial skill training and education increases \$110 on the average income of the entrepreneurs. In another words holding other factors constant, the provision of entrepreneurial training and education increases the income of the entrepreneurs which leads to the poverty alleviation.

The above table also shows the relationship between youth and women entrepreneurship development especially entrepreneurial training and individual income. The study found a significant positive relationship between youth and women entrepreneurship training and income generation [$r=0.451$, $p=.000$ at 5%]. The study also looked at the coefficient of determination and revealed that the entrepreneurship training/education contributes to 20.4% of increase in income which leads to the poverty alleviation.

5.2 Discussions

This study is consistent with study conducted by Osman (2020) on entrepreneurship development and poverty reduction in Somalia particularly Benadir region through primary data collected from different organizations such as small and medium enterprises, technological innovation centers and vocational educational training schools through structured questionnaire and found significant positive moderate relationship between entrepreneurship education and training, Small and Medium Enterprises, technological innovation and poverty reduction [$r=0.593$, $p=.000$]. He also looked at the coefficient of determination and revealed that the entrepreneurship development contributes to 35.2% of poverty reduction. This study is also in line with another study conducted by Ali, (2013) on the relationship between entrepreneurship development and poverty reduction at Benadir region in Somalia by adopting Correlational research design comprised of 80 participants of micro and small enterprises revealing ($r=.195$.) weak positive correlation between entrepreneurship development and poverty reduction.

6. Conclusions

Based on the findings, the study concluded that entrepreneurship development creates business opportunities and trains people with innovative enterprise skills to grasp the opportunities for starting new entrepreneurial activities, also the provision of entrepreneurial skill training increases the income of the business owners leading to the poverty reduction. The study also concludes that there is a significant positive relationship between youth and women entrepreneurship training/education and income generation meaning that an increase in provision of entrepreneurship training/education increases income of the entrepreneurs and leads to the poverty reduction.

7. Recommendations

Based on the finding and the conclusions, the following recommendations were made:

1. The Federal Government of Somalia and the federal member states should develop small and medium Business Administration Centers to help youth and women entrepreneurs, micro, small and medium enterprises.
2. The FGS and federal member states should provide training on youth and women entrepreneurs and the owners of micro, small and medium enterprises.
3. FGS should develop National youth entrepreneurship policy and copy right protection policy to encourage innovation and protect youth and women entrepreneurs 'intellectual property.
4. Commercial Banks should establish microfinance companies to give credits to small businesses and young and women entrepreneurs.
5. The International development organizations and their local partners should organize Crowd-funding platforms to ask for support from and help entrepreneurs create everything needed to run a crowd-funding campaign to raise money.
6. The International development organizations and their local partners should organize platforms to meet entrepreneurs with venture capitalists and Angel investors.

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