

Effective Entrepreneurship Skills in Reducing Unemployment through Small Business Innovation in Nigeria

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Abstract

This study has examined the effective entrepreneurship skills in reducing unemployment through small business innovation in Nigeria. The research design used for this research work was descriptive research design. The questionnaire was the instrument distributed to the participants. Frequencies, arithmetic means, standard deviations and t-statistics was used to analyze the data. The findings of the study showed that the contribution of entrepreneurship skills towards reducing unemployment in Nigeria include Improvement in the standard of living through innovation that led to introduction of high goods and services and conservation of foreign exchange as a result from reduced importation of machines and equipment, raw material and payment to foreign export. it was found also that there is significant relationship exists between effective entrepreneurial skills and unemployment in Nigeria. Base on the findings the following recommendations were made that multiple taxations system such as personal income tax, company tax, stamp duties and Valued Added Tax [VAT] should be control by the government and provision of infrastructure like stable electricity, good roads, free movement of production goods should be adequately improved in the country.

Keywords: Entrepreneurship, Skills, Unemployment, Business innovation, Nigeria

Introduction

The concept of entrepreneurship is nebulous and many academic disciplines have contributed their perspectives including business administration, sociology, economics and management (Stevenson, 1985). An economist views entrepreneurship in the context of the combination of resources, labor, materials, and other assets such that their value is greater together than individually. From a management perspective, entrepreneurship would entail the introduction of a change, an innovation, or a new order. To a business administrator, an entrepreneur would be analyzed as a person typically driven by the need to obtain or attain a specific goal, to experiment, to accomplish, or perhaps to escape the authority of others.

Akpoveta and Agbomah (2009) said the increasing incidence of youth employment particularly graduate unemployed in Nigeria has been associated with existing weakness in the nation's educational system which places more emphasis on paper qualification than functional or pragmatic education. This result in production of unemployable graduates not suited for the labour market. Damuchi (2012) capture the present manpower-labour market discrepancy and observed that the Nigeria educational system has failed to produce workers with adequate technical, cognitive and altitudinal skill require to meet labour demand. In order to correct this abnormally and tackle thee consequence of mass youth unemployment, the federal government of Nigeria in 1986 introduced the small scale industry and graduate employment scheme under the national Directorate of Employment (NDE). Aberu (2011) further stated that skill acquisition workshops and seminar are organized for unemployment graduates who are retrenched on the technicalities of starting and running small scale business (self-employed) such as the production of industrial starch and floor cassava, manufacture of soap, detergents, mobile phone repairs, maintenance, marketing etc. NDE granted loans to the beneficiaries to start project of their choice as well as becoming bosses of their own business [self-actualization].

Ada (2012) opines that if entrepreneurship skill is properly handled will produce entrepreneurs who would transform Nigeria technologically, economically, industrially, soci-politically and improve innovations in various areas of business. Okonji (2009) contributed that entrepreneur led to economic development, improvement in the standard of living through innovation, reduction in rural-urban shift, development of local technological base and conservation of foreign exchange. Otobu (2012) also observed that various programmes have been initiated in the past by both military and civilian administration in the country aimed of functional entrepreneurship, skill acquisition, job creation, poverty eradication/wealth creation, food adequacy, reduction of unemployment, youth empowerment and reduction of crime in the society.

Arize (2013) said the efforts made by both military, civilian and government agencies in achieving these objectives were all in vein, he attributed the failure to Nigeria's macro-economic environment is unhealthy and unstable for a virile entrepreneurship development due to the fear of failure by the people to take risk on

entrepreneurial activities, registration of business, multiple taxation system, and inadequate startup capital, lack of access to financial assistance, lack of infrastructure, diversification of funds by the authorizes in charge, reduction in the number of days required in the training by the participants. While an unstable and conducive political environment drives away investors that are planning to embark on entrepreneurial activities. In addition, government programmes are not designed to promote entrepreneurship, looking at the country – Nigeria, the level of infrastructural development provided by the government is still very low and this has been affecting to a very high extent the level of productivity and entrepreneurial activities in the country.

Statement of the problem

Nigeria's macro-economic environment is unhealthy and unstable for a virile entrepreneurship development due to the fear of failure by the people to take risk on entrepreneurial activities, registration of business, multiple taxation system, and inadequate startup capital, lack of access to financial assistance, lack of infrastructure, diversification of funds by the authorizes in charge, reduction in the number of days required in the training by the participants. While an unstable and conducive political environment drives away investors that are planning to embark on entrepreneurial activities. In addition, government programmes are not designed to promote entrepreneurship in Nigeria looking at the country – Nigeria, the level of infrastructural development provided by the government is still very low and this has been affecting to a very high extent the level of productivity and entrepreneurial activities in the country.

Objectives of the Study

The main objective is to examine the effective entrepreneurial skills in reducing unemployment through small business innovation in Nigeria.

Research questions

1. What are the effective roles of entrepreneurship in national development in Nigeria?
2. How the challenges of entrepreneur do affects small business innovation in Nigeria?

Research Hypotheses

The following hypotheses were made to guide the study.

H₀₁: There is no significant relationship between effective entrepreneurial skills and unemployment in Nigeria.

H₀₂: There is significant relationship between effective entrepreneurial skills and unemployment in Nigeria.

Review of Related literature

Entrepreneurship is the act of starting a company, arranging business deals and taking risks in order to make a profit through the education skills acquired. Another view of entrepreneurship education is the term given to someone who has innovative ideas and transforms them to profitable activities. Entrepreneurship can be described as "the process of bringing together creative and innovative ideas and coupling with management and organizational skills in order to combine people, money and resources to meet identified needs and create wealth. In the same vein, Caleb (2004) opined that entrepreneurship is a process of bringing together the factors of production, which include land, labour and capital so as to provide a product or service for public consumption. However, the operational definition of entrepreneurship is the willingness and ability of a person or persons to acquire educational skills to explore and exploit investment opportunities, establish and manage a successful business enterprise.

Entrepreneur can be defined as an innovating individual who has developed an ongoing business activity where none existed before. Meredith (1983) defined an entrepreneur as a person or persons who possesses the ability to recognize and evaluate business opportunities, assemble the necessary resources to take advantage of them and take appropriate action to ensure success. Entrepreneurs are people who constantly discover new markets and try to figure out how to supply those markets efficiently and make a profit. He is a person that searches for change, responds to change, and exploits change by converting change into business opportunity. Entrepreneurship skills are not just about teaching someone to run a business. It is all about encouraging creative thinking and promoting a strong sense of self-work and accountability. Through entrepreneurship education, students learn how to create a business, but they also learn a lot more. According to Shepherd and Douglas (1997), Entrepreneurship skill is the ability to envision and chart a course for a new business venture by combing information from the functional discipline and from the external environment in the context of the extra ordinary uncertainty and ambiguity which faces a new business venture.

Entrepreneurship according to Paul (2005) is structured to achieve the following objectives.

1. To offer functional education for the youth that will enable them to be self-employed and self-reliant.
2. Provide the youth graduates with adequate training that will enable them to be creative and innovative in identifying novel business opportunities.
3. To serve as a catalyst for economic growth and development and offer tertiary institution graduates with adequate training in risk management, to make certain bearing feasible.
5. To reduce high rule of poverty, create employment generation, and reduction in rural-urban migration.
6. Provide the young graduates with enough training and support that will enable them to establish a career in

small and medium sized businesses inculcate the spirit of perseverance in the youths and adults which will enable them to persist in any business venture they embark on and create smooth transition from traditional to a modern industrial economy.

Conceptual framework

According to Shepherd and Douglas (1997) defined Entrepreneurship education as the essence of entrepreneurship is the ability to envision and chart a course for a new business venture by combining information from the functional discipline and from the external environment in the context of the extra ordinary uncertainty and ambiguity which faces a new business venture. Entrepreneurship education can be, according to the distinction made by Laukkannen (2000) in Education “about” Entrepreneurship and education “for” entrepreneurship. The first is based on the construct and transference of knowledge about the field, while the second focuses on the learning experience and the development of competencies, skills, aptitudes and values. Therefore, the teaching methods used in each of these areas are not the same.

In order to achieve viable entrepreneurship skills that will enhance economic reliance in Nigeria, the following strategies according to Ayodele (2006) will help to alleviate the problem of entrepreneur as it affects small business innovation in Nigeria. This include genuine school work based learning incorporated in some studies as part of the national economic development strategies, Pool local public and private funds to create a small venture capital fund and School-based enterprises where students identify potential business, plan, create and operate small business using the school as mini-incubators and provide small business schools where interested students and community members can participate.

Objectives of Entrepreneurship

Entrepreneurship education according to Paul (2005) is structured to achieve the following objectives.

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2. Provide the youth graduates with adequate training that will enable them to be creative and innovative in identifying novel business opportunities.
3. To serve as a catalyst for economic growth and development.
4. Offer tertiary institution graduates with adequate training in risk management, to make certain bearing feasible.
5. To reduce high rule of poverty.
6. Create employment generation.
7. Reduction in rural-urban migration.
8. Provide the young graduates with enough training and support that will enable them to establish a career in small and medium sized businesses.
9. To inculcate the spirit of perseverance in the youths and adults which will enable them to persist in any business venture they embark on.
10. Create smooth transition from traditional to a modern industrial economy.

Research Methodology

Research Design

The research design used for this research work was descriptive research design. The essence of this was an attempt to investigate the effective entrepreneurial skills in reducing unemployment through small business innovation in Nigeria and also find the relationship between effective entrepreneurial skills and unemployment in Nigeria.

Population of the Study

The targeted population of the study includes all participants from Onitsha north and south LGA of Anambra state.

Sampling and Sampling Technique

The descriptive survey was utilized in this study. The sample consisted of 810 participants. The study sample comprised of Onitsha north and south LGA of Anambra state.

Instrument

A structured questionnaire consisting of sections A, B, and C developed by the researchers was used to elicit information from the participants. The questionnaire was structured on a 4-point Likert type scale (Strongly Agree, SA, =4, Agree = 3, Strongly Disagree SD = 2, Disagree =1). The questionnaires were distributed to the 810 participants. The researcher and one researcher assistant participated in the field administration and retrieval of the 810 questionnaires which took one weeks to complete.

Data analysis

Frequencies, arithmetic means and standard deviations were the statistical tools used to analyze the data. Also using an interval scale of 0.05 and a mean of 2.50 [i.e. 0.05 + 2.50], the cutoff point was fixed at 2.05. Therefore, items with means of 2.55 and above were considered as significant and below as not significant for research question one and two. The t-statistical analysis was used to determine the relationship between the dependent variable and the independent variable. At 0.05 level of significance.

Result

Research Questions 1: What is the contribution of entrepreneurship training towards reducing unemployment in Nigeria?

The data presented in Table 1 shows the contribution of entrepreneurship training towards reducing unemployment in Nigeria. The items were all accepted because the means were above 2.50 showing that they are all significant.

Research question two; How do the challenges of entrepreneur affect small business innovation in Nigeria?

The data presented in Table 1 shows the challenges of entrepreneur affect small business innovation in Nigeria. The items were all accepted because the means were above 2.50 showing that they are all significant.

Research Hypotheses 1

The exploit in this study progresses from the formulation of the following hypotheses.

H₀₁: There is no significant relationship between effective entrepreneurial skills and unemployment in Nigeria.

H₀₂: There is no significant relationship between effective entrepreneurial skills and unemployment in Nigeria.

Table 3: shows relationship between the effective entrepreneurial skills and unemployment in Nigeria.

Table 3 reveals that the difference in the variable in secondary schools. The result abstained from the analysis reveals that the values of t- statistics of 2.69 is greater than the t- table of 2.47 at 0.05 level of significant. Hence there is significant relationship between effective entrepreneurial skills and unemployment in Nigeria.

Discussion of Findings

The contribution of entrepreneurship training towards reducing unemployment in Nigeria was widely recognized and generally accepted because of the improvement in the standard of living through innovation that led to introduction of increase in goods and services and development of local technology base that help in transferring the much needed technology needed for the rapid development of the country. The results of this study confirms previous researches in Nigeria (Anyaku (2005), Gallie,(1962): and Imobighe, (2013) and conservation of foreign exchange as a result from reduced importation of machines and equipment, raw material and payment to foreign export. However the findings here corroborates the study of Mudiaga-Odje, (2008), and Ogwu, (2009)

The challenges of entrepreneur affect small business innovation in Nigeria. These challenges were due to multiple taxation system such as personal income tax, company tax, stamp duties and valued tax [VA] and no protection of business such as demolition of illegal structure due to sudden change in policy. The findings presented in table 2 are supportive of Akinsola (2007), Chukwu(2005) and Ifamuyiwa (2006). And lack of access to financial assistance since most of entrepreneurs did not have collateral and lack of infrastructure like unstable electricity, absence of good roads restricts movement of production goods were in line with (McLaughhn and Allen, 2002).

It was found in this study that a significant relationship exists between effective entrepreneurial skills and unemployment in Nigeria, this means that, there was a significant differences between effective entrepreneurial skills and unemployment in Nigeria. It reveals that the good entrepreneurship result in creation of small business due to labor intensive nature of the small business and improvement in the standard of living through innovation. This was in line with Cunningham (2009), Egwunyenga (2011) and Francis (2010), Weihrich (2012)

Conclusion

This study has examined the contribution of entrepreneurship skills towards reducing unemployment in Nigeria. These were seen in improvement in the standard of living and development of local technology base that help in transferring the much needed technology needed for the rapid development of the country

The challenges of entrepreneur affects small business innovation in Nigeria due to Multiple taxation system such as personal income tax, company tax, stamp duties and no protection of business such as demolition of illegal structure due to sudden change in policy and finally there is significant relationship exists between effective entrepreneurial skills and unemployment in Nigeria.

Recommendations

Based on the findings the following recommendations were made:

1. Multiple taxation system such as personal income tax, company tax, stamp duties and valued tax [VAT] should control the government
2. Provision of infrastructure like stable electricity, good roads, free movement of production goods should be adequately improved in the country
3. Federal Government of Nigeria should formulate policies that have bearing to effective transformation for National development.

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Table 1: the contribution of entrepreneurship training towards reducing unemployment in Nigeria

Items	SA	A	SD	D	Mean
Entrepreneurship result in creation of small business due to labor intensive nature of the small business.	300	100	200	210	2.60
Improvement in the standard of living through innovation led to introduction of high goods and services	600	50	100	60	3.47
Development of local technology base that help in transferring the much needed technology needed for the rapid development of the country students	600	-	110	100	3.36
Conservation of foreign exchange as a result from reduced importation of machines and equipment, raw material and payment to foreign export	300	100	200	210	2.60
It leads to economics to economic development through minimize in profit that flow into national income and improving the standard of living of the citizen of the country	99	507	104	100	.12

Table 2: the challenges of entrepreneur affect small business innovation in Nigeria

Items	SA	A	SD	D	Mean
Multiple taxation system such as personal income tax, company tax, stamp duties and valued tax [VAT]	312	400	48	50	3.20
No protection of business such as demolition of illegal structure due to sudden change in policy	350	254	200	56	3.23
Lack of access to financial assistance since most of entrepreneurs did not collateral	300	400	100	10	3.22
Lack of infrastructure like unstable electricity, absence of good roads restricts movement of production goods	503	89	103	115	3.21
The bureaucratic bolted necks and red taps which encourage corruption and long waiting period before business can be registered	312	400	48	50	3.20

Table 3; t– test analysis showing relationship between effective entrepreneurial skills and unemployment in Nigeria

Variable	number	means	standard deviation	df	t-calculated	t-critical
entrepreneurial skills	405	3.38	0.87	238	2.69	2.47
Unemployment	405	3.43	0.73			

P<0.05

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