Utilization Entrepreneurship for Job Creation, Poverty Reduction and National Development

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Abstract

Entrepreneurship has become a tool for uplifting nations and improving their socio-economic development for the benefit of all citizens. This has worked for Western capitalist economies and the newly industrialized countries (NICs). In Africa there is less reliance on entrepreneurship as an engine of economic growth and development which has led to unemployment pervasive poverty and underdevelopment. The paper examined how entrepreneurship can help to speed up socio-economic development in Nigeria and reduce reliance on unsuccessful Western backed neo-liberal development strategies. The data of the study were sourced from array of both published and unpublished materials such as textbook, journal papers, newspapers, magazines, conference papers and seminar papers and internet material. The paper argues that Nigeria cannot develop without utilizing entrepreneurship as the cornerstone of its development strategy. Furthermore, the paper sees entrepreneurship as crucial to developing indigenous capacity in technology, manufacturing and export trade. It recommends development and implementation of local solutions to developmental problems, effective implementation of development policies, and credit provision to local entrepreneurs and creation an enabling environment for production and trade, and capacity development of Nigerian youth through technical and vocational training.

Keywords: Entrepreneurship; Job creation; Poverty reduction; National development.

1. Introduction

Development strategies in Africa tend to focus on government (the public sector) and strict implementation of Bretton Woods’s institutions inspired and supervised development strategies and policies. The role of entrepreneurship and its ability to create jobs, significantly reduce poverty and impact positively on national development is often neglected. Entrepreneurship helps the economy through job creation, local consumption stimulation and production in addition, to positively impacting economic growth and development, increasing foreign exchange earnings through export of goods and services and higher national tax income revenue from enterprises and income earners. It is therefore, regrettable that developing the entrepreneurial capacity of the average citizen and operating environment have never been factored into or harnessed as critical factors in national development.

The neglect of entrepreneurship and its awesome potential contribution to the economy has affected Nigeria negatively because its benefits have not been accruing to the national economy since independence (Igwe, 2011). In contrast, nations such as Japan, China, USA, India, Malaysia, Indonesia, Brazil and Singapore have been able to harness the power of entrepreneurship to transform their nations. Nigeria and most African countries continue to focus on externally imposed policies that are not working. There is therefore, the need for a change of strategy through the adoption of better alternative paths to socio-economic progress which can effectively tackle the ever increasing challenges of unemployment, poverty and underdevelopment in Nigeria.

According to Ki-Moon (2009), youth unemployment in sub-Saharan Africa is 21% and globally it is 14.4%. “Unemployment constitutes a problem not only to economies, economists, policy and decision makers, government, financial analysts, the general public, political office holders but the social sciences” (Momodu, 2009). Unemployment (as it applies to labor) is the number of persons, within the working age bracket who are willing and able to work at the prevailing wage rate but, cannot find any which can be voluntary and involuntary.

In the Nigerian context unemployment rate is defined as the percentage of persons among the labour force (18-65 years) excluding students and those medically fit available for work but did not find work (Offor, 2009). Unemployment refers to those working zero hours and earning zero income. In Nigeria today, graduate unemployment has taken a new dimension in Nigeria (Abubakar, 2011). A World Bank study (2009) found out that one out of every five (5) adults in Nigeria is unemployed and just one out of every ten (10) university graduates gets a job after graduation. In Nigeria for instance in 2005, 2006, 2007 and 2008, the average unemployment rate stood at

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Entrepreneurship has the capacity to deal with issue of unemployment, poverty and underdevelopment by its very nature which incorporates self-discovery, self-reliance, creativity, innovation and adaptation. The human development index of Nigeria (HDI) which is 152 Human Development Report (2003), is to say the least quite appalling especially given the fact that poverty is one of the major reasons for such a dismal rating with a majority of the population living at the economic margins of society. It is imperative that a solution be found fast before the solution gets out of hand. The poverty rate in Nigeria is a major contemporary issue and it has consequence on crime, social order and stability.

It is therefore, the intention of this treatise to propose a shift from the Neo-liberal Washington consensus dependent economic strategies to strategies of self-reliance and the promotion of entrepreneurship as a vehicle for job creation, poverty reduction and national development.

2. Methodology
The study relied on secondary sources of data which are obtained from an array of published and unpublished information from Government publications and from reports obtained from other authors, thereby adopting the usage content analysis for discussion.

3. Dimensions and Relationship between Unemployment, Poverty and Underdevelopment

Absolute poverty refers to the lack of the minimum physical requirements of a person or a household for existence, and it is to the extent that those affected are no longer in a positioning lead a life of hammer dignity. Unemployment, poverty and underdevelopment have different dimensions and generally impact negatively on the quality of life and development status of a nation country with high rating on the UNDP’s human development index have low rates of unemployment and poverty. We can therefore safely assume that high incidence of poverty and unemployment rates are indicators of underdevelopment in a country.

Unemployment poverty and underdevelopment are all linked in different ways as they all affect and reinforce one another. For instance when more jobs are available there is more income, more consumption, better life choices, more taxes for infrastructural and social development. It can therefore be suggested that employment reduces poverty and enhances development while unemployment increases poverty and negatively impacts national development. A situation in which the unemployment rate is four percent (4%) or less is generally viewed as full employment (Niemi, 1980).

Unemployment is one of the key issues in the challenging agenda of most governments. This is because of its multiple developmental role as the failure or success of government is being more and more determined by the state of the labour market, that is whether or not her citizens are being put it productive employment. A productive job is a means to earn a living. It also provides the wherewithal for a meaningful life of self-actualization. The reason for emphasis on employment as a developmental tool is because it is one of the most significant channels through which growth translates into sustainable poverty reduction (Damachi, 2011).

The Nigerian unemployment situation is further exacerbated by import dependency and low industrial capacity utilization. Nigeria today imports all manner of things such as tooth picks, batteries, spoons, forks, textile materials, plates, automobiles, fertilizers, petrol, chalk, paint food among other things that can be effectively and adequately utilized. Nigeria today imports all manner of things such as tooth picks, batteries, spoons, forks, textile materials, plates, automobiles, fertilizers, petrol, chalk, paint food among other things that can be effectively and adequately produced in Nigeria. The product petroleum economic which led to the neglect of agriculture is the major culprit behind the massive unemployment seen in Nigeria today. Besides other contributory factors such as corruption, nepotism, mismanagement and neo-liberal economic policies such as the structural adjustment programme (SAP). Unemployment is also a major factor in the high incidence of urban poverty as can be seen from the lives of squalor in the shims of Nigerian cities such as Lagos, Abuja and Port-Harcourt. Rural unemployment is also a challenge due to smaller farm holdings as hereditary land is shared among successive generations and during the long dry season.

Almost 50 percent of the people in sub-Saharan Africa today find themselves with an income of above 1.25 dollars a day, observers not. This ambiguous circumstance still prevails 70 years after the founding of the World Bank (and its various development and intervention programmes in Africa) (Cylke, 2012). While the picture sometimes painted is that, Africa is growing economically, the African Development Bank observed that in 50 years (at current growth and developmental rates), one third of Africa’s population will still be living with an income below 1.25 dollars a day and another 10 percent living between 1.23 and 2 dollars a day (Cylke, 2012).

Another dimension of unemployment is underdevelopment where one does a job and earns very little compared to what he or she is capable of doing for better income. Unemployment can also be viewed from the context of its types which include: disguised unemployment, frictional unemployment, cyclical unemployment, structural unemployment and technological unemployment.

In contrast to America which has become a society dependent on white and blue collar jobs and a nation of large scale global conglomerates and transnational corporations. The Chinese and other South East Asian models of development use entrepreneurship through self-employment, micro, small and medium scale enterprise (MSMEs) as a better option for income generation, wealth redistribution and sustainable wealth creation for the majority. China for example using the vehicle of entrepreneurial development has been able to lift hundreds of millions of people out of poverty with a few decades. Today’s china has become the manufacturing and production center of the world and consequently it has the highest number of new billionaires in the world.
At present Nigeria does not benefit from the inherent advantages derived from local capacity utilization and maximization due to poor entrepreneurship development. This is made worse by globalization which ensures that only those countries that invest in entrepreneurial development are able to integrate themselves better in the global system and to effectively responds to the challenges poses by globalization (Igwe, 2011). Nigeria at present is economically weak due to inadequate domestic economic capacity and social infrastructure model to boot the country’s productivity, growth and competitiveness (Igwe, 2011) this not surprising at all because the dependency syndrome makes developing countries such as Nigeria hinterlands of metropoles or centers of capitalism in Europe and North America (Rodney, 1972).

Ikechukwu (2017) support this view as he identifies five key mechanisms by which the wealth of the developing countries and their productive potentials are siphoned off which are control over capital, control over pattern of investment, domination of market relations, decisive bargaining power in the labour market, and political clout. This in essence means that an indigenous solution to the socio-economic quagmire Nigeria finds itself today can only be found in the local home grown solution of nurturing and maximization of the creative potential of Nigerians through entrepreneurship.

It is then possible to infer that, as long as the current Western stereotyped neo-liberal, Washington consequences of socio-economic development strategies are not re-assessed re-shaped and re-conceptualized. Progress in the direction of solving African problems including poverty and unemployment will be very slow or fail to materialize altogether with so much negative consequences on African nations (including Nigeria) stability, security and development. Unemployment and low entrepreneurship development in Nigeria represents a great wastage of human and natural resources. Development can only be achieved I Nigeria where the idea of entrepreneurship and self-reliance is adopted, utilized and supported by the government on a massive scale. This will bring about a critical mass of millions of self-reliant, highly creative, innovative and visionary taweny entrepreneurs who will create wealth and provide jobs. Imagine what will obtain in the national socio-economic landscape if entrepreneurship creates up to 50 Aliko Dangotes’ within one to five decades (10-50 years).

In China, the decade from 1979-1988 witnessed among economists and policy makers an unprecedented willingness to depart from the traditional dogmatic interpretations of socialism and to enter into a discourse aimed at promoting economic reforms and development (Hsu, 1991). It is my view therefore, that long held dogmatic beliefs and theories sometimes have to change and respond in a flexible manner to face current challenges, guide and incentivize development targets and objectives.

Ikoku (1980), asserts that, self-reliance in its general sense means the right and ability to set one’s own goals and then realizing them as much as possible through one’s own efforts under development which ordinarily refers to a situation to a situation where the economic, social and political condition of a nation are at their rudimentary stage of development Anyebe (2008). Can only be changed through a paradigm shift from externally induced strategies such as Structural Adjustment Programme (SAP) and Millennium Development Goals (MDGs) to strategies of self-reliance through entrepreneurship is a viable option for Nigeria to create jobs, reduce poverty and enhance national development.

3.1. Advantages of Entrepreneurship in Solving the Poverty Problem in Nigeria

Current thinking looks to micro enterprise development as a major tool to reduce poverty. Development specialists have emphasized the informal (entrepreneurial) sectors importance as a creative of jobs and an incubator of small and medium enterprises. In this view, the informal sector is a giant sponge, absorbing much of the shock of periodic economic contraction by soaking up excess labour and by proving second incomes to individuals whose real incomes have been eroded by inflation and public cutbacks. In addition, very small enterprises often are viewed as training grounds for prospective formal business owners (who are notably in short supply in Africa countries) (Wester and Fidler, 1996). Entrepreneurship has many advantages and another major one that will benefit Nigeria and other African countries is the transformation of the rural peasant small holder farmer into an agricultural entrepreneur. This in my view is a critical element and a sure foundation of poverty eradication in rural communities in Nigeria.

According to Achimugu (2009), the importance of SMES (entrepreneurships endeavors) can be visualized in three areas of human development as well as growth of the economy. This is in the areas of:

a. Employment generation;

b. Wealth creation and;

c. Poverty alleviation

Achimugu (2009), further asserts that, development in any facet must start from somewhere; industrial development is not an exception. Agricultural development stated from peasant farming and primitive farming implements. So also social development started from family in reactions, and extended to societal level as we experience today. Therefore, the industrial take-off of Nigeria for Nigeria to join the league of industrial nations must start from small and medium enterprises. As no industrial take-off, not even the industrial revolution in Europe can claim that the mass production of goods was through multinational corporations it was started by indigenous small scale enterprises.

Poverty alleviation programs should be capable of producing gainful employment for the teeming unemployed youths in Nigeria. This in my view can only be achieved rapidly and sustainably through entrepreneurship. He further states that, the provision of entrepreneurship is another giant slued in developing the individual and combating poverty. Medium and small scale enterprises are entrepreneurial activities which are at the heart of
employment generation and poverty eradication to any given economy. According to Irimiya (2015) the benefits of entrepreneurship to the society include:

1. It fosters increased production of goods and services
2. Job creation
3. Provides new innovation and new technology
4. Provide for competitiveness
5. Wealth creation
6. Source of income and profit

The obvious advantage entrepreneurship has is that it is an answer to the dependency paradigm inspired strategies of development. Which are generally capital intensive without which benefit to Nigerians. Entrepreneurship is a function of self-realization, self-reliance and the need for self-actualization. It generally leads to independence of the individual, community and nation rather than increased dependence on foreign countries and external factors. The self-reliance paradigm which advocates entrepreneurship endeavors is an inside-out (locally generated) not outside - in strategy (Western generated) strategy of change and development (Shanghai et al., 2019).

Tony Elumelu the founder of the Tony Elumelu Foundation (TEF) speaking at the global entrepreneurship network summit (2015), in Ethiopia stated that, in Africa entrepreneurship has been missing across the continent and entrepreneurship lift people permanently out of poverty and creates social wealth. At an earlier event in Washington DC, USA, Elumelu proposed a new entrepreneur led development model for Africa. At the same event president Barrack Obama is quoted to have stated that, “entrepreneurship empowers people to no longer be subject to aid agencies, but to be part of something to pursue their dreams.

Entrepreneurs can change the world, one idea at a time”. It is time to utilize fresh ideas for African development as it is often said that there is “nothing more powerful than an idea whose time has come”. The idea being championed by the likes of transformation supports the self-reliance paradigm being put forward by development experts across the globe. Attached to entrepreneurship are three (3) variables of functionality, sustainability and self-reliance which are core functions of vocational education (Federal Republic of Nigeria, 2004). Entrepreneurship therefore can be effectively developed such as Business Apprenticeship and Training Centers (BATCs), technical colleges, polytechnics and universities.

The social and economic importance of entrepreneurship cannot be over stated when one considers how entrepreneurship has transformed countries like china, Singapore, Thailand, Taiwan, brazil and India within a few decades. We can begin to appreciate its obvious advantages and transformative power.

4. Results

Nigeria at present is underdeveloped; it is a nation with a very high population, weak governance system and poor infrastructure. In spite of the obvious challenges facing it, Nigeria is a nation with the potential to lead Africa and become a world power. It is my view that one major tool for achieving development in Nigeria is entrepreneurship.

Entrepreneurship can do a lot for Nigeria including utilizing its vast human resources, engage unemployed youth, utilize idle resources, develop agriculture, maximize the advantage of a large market, training future business leaders, solving as foundation for future large scale business e.g. the Dangote conglomerate. Independence was fought for (in Africa) with the hope that with political freedom there will be better life economically and socially in the form of improved material conditions of life through better wages and prices of agricultural and other commodities, access to education and health care etc. hopes and aspirations were soon to be cached by the post-colonial state and rulers but when the educated elite assumed power, they became more interested in advancing their narrow class interest at the expense of the rest of people.

The effects of the unfulfilled promises today, manifest themselves in the form of pervasive poverty, unemployment and underdevelopment, and deprivation especially among the youth (Abubakar, 2011). The reasons given for the unfulfilled aspirations and promises of dependent Africa nations are twofold, one is the function of the development paradigm imposed on Africa by the west and the second has to do with the privatization of the state and the resources it controls by the ruling class and their hunger on. These two combined to integrate Africa into the international network of wealth and privilege rather than promote development and the welfare of the people of Africa (Ikechukwu, 2017).

Entrepreneurship is very critical at this stage in Africa’s development because it is a veritable vehicle of development which has the potential to carry everybody along thereby ensuring an all-inclusive development that impacts the lives of the poor. It is also able to create wealth for all. There is a general consensus on the debilitating effects of the structural adjustment programme (SAP) among which is the shrinking of employment opportunities for all active labour force in Africa, but the hardest hit are the youth (Abubakar, 2011). Hsu (1991), recognized four strategies of economic development employed by China to achieve its correct state of development. They are; efficiency and quality, agricultural development, industrial development, open poor policy and trade strategy. It is clear that only entrepreneurship can harness a countries productive potential fast, efficiently, equitably and sustainably. Hence the ultimate criterion of socialism according to the new view (in China between 1979-1988) is what is workable in Chinas socialist development that is, what will best develop Chinas “productive forces” and not what is laid sown in classical Marxism or the soviet experience (Hsu, 1991).

From China’s experience, it is clear that laws are made for man’s development, prosperity and wellbeing and not the other way round. Western societies have achieved development and a high standard of living. They can therefore decide to defend fixed paradigms, outdated theories, laws and principles as their life objectives and
obligations. But for developing countries such as Nigeria there is a need to be flexible and critically review all the theories to fit our ultimate pressing needs and objectives which include dealing with poverty and achieving development.

The millennium development goals have come and gone; now there is talk of an adoption of sustainable development goals (SDGs) from 2016 to 2030. The question is can African countries; Nigeria inclusive achieved any real development with the present development strategy that promotes dependency? At current levels of productivity competitiveness, technology, corruption and a weakened state apparatus. It is my view that Nigeria cannot achieve any real, enduring, sustainable and all-inclusive development without taking a look at what self-actualization and self-reliance strategies can do for us.

5. Discussion

A very important angle that makes entrepreneurship critical to a developing country like Nigeria is that it is a vehicle for self-employment, job income generation, wealth creation, skill development, local capacity utilization, economic growth and expansion. In this view therefore, entrepreneurship can become the faster creator of employment and facilitator of speedy development. Since a productive job is a means to earn a living. It also provides the where withal for a meaningful life of self-actualization. The reason for emphasis on employment as a developmental tool is because it is one of the most significant channels through which growth translates into sustainable poverty reduction (Damachi, 2011).

Entrepreneurs being innovators, risk bearers and hopefully the drivers of African development in the 21st century need to be supported and given the necessary conditions to thrive and succeed in their endeavours so that both the people and the State can benefit from the jobs, wealth, tax revenue and development they create. Entrepreneurship which is the willingness and capability of individuals to empress initiative in creative ways and to take the necessary for success is necessary for innovation and enterprise to thrive in a modern economy (Timsina, 2019). Therefore the entrepreneurism (entrepreneurship ability) of our people must be developed to enhanced economic growth and development in Nigeria.

The importance of small scale industries or Entrepreneurial ventures (EVs) cannot be over emphasized. Without the small scale industries, large scale industrial cannot survive. It is small scale industries (EVs) that formed the solid foundation of industrial giants like the United States of America, Japan, Korea and Thailand (Timsina, 2019). Entrepreneurship is first of all a way of thinking and skill that finds expression in entrepreneurial ventures. It is therefore very essential for the nation to encourage, develop and sustain this type of activity because of its countless advantages to the nation. In recent times in this country, governments (Federal and State) have championed the campaign for individuals, most especially the unemployed ones to become creative and stop searching for jobs that are not there. Rather they should start thinking of how to get themselves involved in doing one thing or the other on their own and therefore create employment for themselves, and if possible employ other people. Making this possible will march the nation towards its long awaited industrial take-off (Timsina, 2019). This is not possible without an enabling environment which encourages and support entrepreneurial activities and ventures. Enhancement of entrepreneurship needs policy and governance reform, technology development through research and development, innovation, micro finance, cooperatives, transformation of agriculture into a business, vocational and technical education, technology transfer, entrepreneurship training and capacity development, charge of thinking from job seeking to self-employment, reward system for successful entrepreneurs, venture capital and equity funding, import restriction and protection of local industries etc.

In today’s world, the role of science and technology (S & T) in national development cannot be compromised. Several nations of the world have demonstrated how quickly science and technology can bring about transformations in national status (Okoye, 2000). However, the impact of science and technology in Nigeria is yet to be pronounced because research and development efforts within the country do not sufficiently translate into needs-based solutions. The present research and development in Nigeria is the old paradigm (academies focus and oriented). A new paradigm which is based on joining of science, technology and innovation is presented. Until science and technology capabilities are effectively diffused through innovations, the benefits derivable from science and technology are not equally realized an economy and an effective national innovation system (NIS) coupled with entrepreneurship is required for this to happen.

Government is not the solution to the developmental problems of Africa but it is a critical stakeholder. Therefore reforming the face of governance by improving and strengthening the capacity of the State and changing the incentives that shape the behavior of state actors and qualitative citizens participation is procured as the answer to the continents under development problems. Therefore, to create an enabling environment for entrepreneurship activities to thrive and implement to the later public policies on micro, small and medium scale enterprises, it is necessary to improve the effectiveness of State actors and institutions because most of the time policies appear only on paper without proper and effective implementation.

In addition funding and credit facilities should be made available to budding entrepreneurs. This will help greatly because most young and promising citizens are full of creative and innovative ideas but lack capital, financing and credit. This is because no one is willing to give them a chance by extending credit to them. Business is a highly strategic endeavour and it is highly competitive. Therefore the government should organize capacity development training particularly for entrepreneurs to increase their capacity to succeed in the business world.
6. Conclusion

Development is linked to local capacity utilization income generation, gross domestic product increase, improved tax revenue, savings and level of employment. It is important that we appreciate that development is achieved from the environment and not transferred from developed countries through development aid or Bretton woods institutions through loans, grants and externally developed policies.

Therefore, this paper have critically examined the issue suggests that:

1. Given the clear example of the development strategies of China, Singapore, India, Thailand etc. which show us that entrepreneurship if well developed and managed can transform a country within a reasonable time period. Nigeria needs effective implementation of change/development programmes or initiatives such as SAP, NERPAD, MDGs, FADAMA I & II, ATA (2011-2015), Vision 2020 and the proposed sustainable development goals 2030 (SDG 2030).

2. Nigeria as a country cannot develop until its developmental needs are met by indigenous solutions anchored on self-reliance and entrepreneurship and fully implemented.

3. The entrepreneurial capacity of Nigerian youth should be developed through technical and vocational training to tap the energies and labour of millions of jobless youth who are wasting away due to lack of opportunity and capacity

4. Credit facilities and the necessary conditions should be put in place to support and nurture indigenous enterprises.

References


