

# A STUDY ON THE IMPORTANCE OF ENTREPRENEURSHIP IN THE ECONOMIC DEVELOPMENT OF NIGERIA

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## ***Abstract***

*This analytical study investigated the importance of entrepreneurship in the economic development of Nigeria. A mixed approach of quantitative, qualitative and participatory methodologies were used for data collection, analysis and output. Primary data gathering strategy was purposefully aimed at connecting with community leaders at the grass-roots. Raw data were collected using survey method since they have the capacity to generate large amount of data which can be statistically analysed. A Sample frame of selected communities within the six geopolitical zones was randomly surveyed and initial pilot study of one community from each zone was used to test-run and inform decisions on the final strategy for the entire research project.*

## **Introduction**

The Nigerian economy has made tremendous progress in recent years, with a strong reserve, stable exchange rate, reduced inflation, a stronger financial (banking) sector, the second fastest growing telecommunication sector in the world, and impressive on-going GDP growth. The economic development is thus changing for the better with more opportunities for international partnerships and for Nigerians to take charge of their future and destiny. Nigeria, as part of the N-11, has

reflected improved economic fundamentals and her equity markets have generally performed well. However, more still needs to be done in terms of job creation and the development of Nigeria's Micro, Small and Medium-sized Enterprises (MSMEs) sector.

Around the globe, policy makers and academics agree that entrepreneurship is crucial to the progress and well-being of any society. Entrepreneurs create jobs: they drive and nurture innovation which speeds up structural changes in the economy. The Nigerian economy's prosperity is highly dependent on a vibrant entrepreneurship sector. With fewer work positions, job losses and fall in the oil price, the economy will benefit immensely from self-employment. Qualitative data provided as information in this paper can sway policy makers and the preference for social and economic reform (Barrett & Burgess, 2008). Such information, provide momentous solutions to managements, leaders or decision makers who develop strategic plans and are essentially the key drivers of change in the moral and political climate of any society (Cornelius, 2002). Consequently, the actions of policy makers have a profound effect on the way in which businesses operate (Campbell & Craig, 2005). This paper implies that the nation's economy's entrepreneurial capacity requires individuals who are willing to or who already have the ability and motivation for entrepreneurial activity; or that there are individuals who are ready to acquire the skills and motivation to start businesses, in addition to the government's role in providing the necessary enablers and positive perception about entrepreneurship.

Joseph Alois Schumpeter generally known as the 'father of entrepreneurship' saw entrepreneurship as a major factor of production. It is the catalyst of economic growth and revitalization. Entrepreneurship is a dynamic process of vision, change, and creation. It requires an application of energy and

passion towards the creation and implementation of new ideas and creative solutions (Kurato & Hodgetts, 2004). Essential ingredients of entrepreneurship include the willingness to take calculated risks – in terms of time, equity, or career; the ability to formulate an effective venture team; the creative skill to marshal needed; and fundamental skill of building solid business plan; and finally, the vision to recognise opportunity where others see chaos, contradiction, and confusion (Kurato & Hodgetts, 2004). Schumpeter (1936) and Drucker (1985) affirm that innovation is a fundamental part of entrepreneurship and when employees (or business owners) perform creatively, they suggest novel and useful products, ideas, or procedures that provide an organisation with raw material for subsequent development and implementation (Oldham and Cummings, 1996).

### **Problem Statement**

Our population consists of a vibrant youth populace in semi-urban communities. Traditionally, the main occupations in the communities are farming, palm cutting for palm oil and fishing. Following some few developments within the last two decades, most members of some of rural communities are now mainly civil servants, quarry operators and artisans in other trades. However, the increasing rate of unemployment in Nigeria in general, is a major concern to the Federal and state Governments. High rate of unemployment has been identified as one of the serious impediments to social and economic development in the Nigeria. With the Nigerian population estimated at a little over 170 million, the World Bank statistics in 2009 reported that about 40 million Nigerian youths were unemployed. According to Dr. Ismail Radwan, a senior economist with the World Bank, 50 million youths were underemployed and three million new job seekers join the unemployment category annually. In addition, the Lagos

Chamber of Commerce and Industry (LCCI) said the rate of unemployment in the Nigerian economy is currently one of the highest in the world, where over 50 per cent of the youths in urban and rural areas are unemployed. Lessons learned from the revolt in other African countries such as Algeria, Tunisia, and Egypt suggests that the problem of unemployed youths could be catastrophic if not swiftly and adequately addressed. Likewise, the army of unemployed youths and its relationship with militancy in the Niger Delta is an indication of the urgent need for more job creation and meaningful employment.

Further situation analysis from previous research reports such as the one on the Niger Delta shows that it is likened to a place of frustrated expectations and deep-rooted mistrust. Unprecedented restiveness which at times erupts to violence and long years of neglect and conflict has fostered a siege mentality. Especially among youths who feel they are condemned to a future without hope, and see conflict as a strategy to escape deprivation. Thus there is a disconnection between the acclaimed *wealth* of the oil rich region and level of poverty incidence. Empirical evidence from the National Bureau of Statistics is illustrated in Table 7.1.

The thirty-six states in Nigeria have been classified into six geopolitical zones, namely, the North Eastern Zone (NE), the North-Central Zone (NC), the Middle-Belt Zone (MB), the South-East Zone (SE), the South-West Zone (SW), and South-South Zone (SS) as shown in Figure 7.1. On this premise, a possible solution to the unemployment epidemic in these regions is first to have a good knowledge of the youth unemployment through empirical research such as this, and the development of entrepreneurial/employment opportunities and capacity which will lead to economic growth and sustainable development which are measurable in terms of numbers of job created, self-employment opportunities, Micro, Small and Medium-Sized Enterprises (SMEs) creation/growth,

community co-operative groups, self-help-groups (SHGs), created and other self-reliant ventures.

**Table 7.1 Incidence of Poverty in the Niger Delta Region from 1980 to 2004**

S/N	Country/State	1980	1985	1992	1996	2004
1.	Nigeria	28.1	46.3	42.7	65.6	54.4
2.	Edo/Delta	19.8	52.4	33.9	56.1	Delta 45.35; Edo 33.09
3.	Cross River	10.2	41.9	45.5	66.9	41.61
4.	Imo/Abia	14.4	33.1	49.9	56.2	Imo 27.39; Abia 22.37
5.	Ondo	24.9	47.3	46.6	71.6	42.15
6.	Rivers/Bayelsa	7.2	44.4	43.4	44.3	Rivers 29.09; Bayelsa 19.98

Source: National Bureau of Statistics

**Figure 7.2 Map of Nigeria showing the six geopolitical zones**



**Aim and Objectives of the study**

The aim of the study is to investigate the importance of entrepreneurship in the economic development of Nigeria. Specific objectives of the research are:

1. To review the problem of youth unemployment in Nigeria through the lenses of entrepreneurship
2. To identify existing level of entrepreneurial knowledge amongst youths in Nigeria
3. To develop a conceptual framework from literature review for understanding the relationship between entrepreneurship and economic development
4. To identify skills gap relevant to the growth and development of viable SMEs in Nigeria
5. To conduct a skills audit of youths in the six geopolitical zones of Nigeria
6. To conduct a skills gap analysis of youths in six geopolitical zones of Nigeria

Thus, the aim of the research links directly with the objectives of the investigation and forms the basis for the qualitative and quantitative methodological approach.

## **Review of related literature**

Thus, the high rate of unemployment has been identified as one of the serious impediments to social and economic progress in sub-Saharan African and Nigeria in particular. The International Labour Organisation (ILO) defines the unemployed as *number of economically active population who are without work but available for and seeking work, including people who have lost their jobs and those who have voluntarily left work*. However, the increasing rate of unemployment in the Niger Delta and Nigeria in general, is a major concern to both Federal, state governments and communities. High rate of unemployment have been identified as one of the serious impediments to social and economic progress in Nigeria. Chart 1 below has data from the National Bureau of Statistics (NBS) which reveals that the unemployment rate in Nigeria increased

from 5.8 percent in 2008 to 23.9 percent in 2012. With the Nigerian population estimated as a little over 170 million, the World Bank statistics in 2011 reported that several millions Nigerian youths were unemployed. Almost half of those who are unemployed live in urban areas and they are within the age group 15-24 years old. NBS report shows that 49 percent of those without jobs live in urban areas and the remaining 39.7 percent live in rural areas. The mass unemployment in Nigeria is a 'Goliath' against the anticipated economic growth and prosperity of Nigeria.

The 'mass unemployment' in Nigeria can be categorised as follows:

- (a) Unskilled labour force comprising of non-technical skilled and informal/vocational training
- (b) Low skilled labour force are those with partial formal education, partial informal/vocational education and technically skilled without formal education
- (c) High skilled labour force consists of graduate unemployment and high technically skilled manpower.

This acute problem is a result of the mismatch between the skills required in the Nigerian labour market (same as in most developing countries) and those available and acquired in the country's educational sector. The current educational system does not include the necessary '*employability and professional development*' proficiency (Evawoma-Enuku and Mgbor, 2005; Geo-Jaja, 2007). On the other hand, one may argue that Nigerian situation is truly not just the problem of 'capacity development' of our past or future graduates but scarcity of jobs. Moreover, when the graduates do have the required skills, there are usually no employment opportunities in Nigeria. More so, if Nigerian graduates have these desired skills; it will make

them highly competitive in the international markets. Economies around the world are facing a surge of economic depression and austerity, especially in Europe and America. So unavailability of jobs/employment is part of the unemployment problems which Nigeria and most developing countries encounter. However, graduates from Nigerian institutions lack the ‘entrepreneurial spirit and skills’ needed for self-employment and job creation.

In addition, it is fair to say that the problem of unemployment in Nigeria can be further attributed to inadequate government policies in the past and misconstrued monetary and fiscal policies such as the Structural Adjustment Programme (SAP) of 1986, the lack of labour market intelligence and the failure of Nigeria’s formal education system. This problem is further complicated by the inability of the formal education system to change, adapt and adjust to the transformation of the economy from a service focused economy to an industrial oriented one. As a result, it is obvious that an inadequate education system and inappropriate government policies does contribute to unemployment in Nigeria (Geo-Jaja, 2007). According to Mensah and Benedict (2010: 139) the:

*Hand-out strategies like social grants and free housing units help some of the poor in the short-term, they do not address the root causes of the problem and therefore cannot end poverty; empowering the poor through quality education and training, especially entrepreneurship training, to generate their own income may be a viable medium- to long-term strategy for reducing and eventually eradicating poverty.*



Reduction in unemployment will consequently reduce poverty in Nigeria. Table 2.2 below shows the real mean housed income in the six geopolitical zones of Nigeria. The summary of these zones were data collected and analysed over three years from 1997 to 1999.

**Table 7.2: Real Mean Household Income by Zones**

Zones	₦	1996/97 Mean (SE)	₦	1997/98 Mean (SE)	₦	1998/99 Mean (SE)	POOLED Mean (SE)
North East	5011	244.6 (20.7)	5639	92.95 (7.00)	4379	72.65 (1.78)	139.63 (7.74)
North Central	6003	139.07 (8.3)	6705	79.03 (2.21)	5220	83.04 (3.13)	99.82 (3.22)
Middle Belt	6974	384.15 (19.4)	7291	92.23 (2.2)	5624	102.38 (2.49)	209.28 (7.72)
South East	4884	97.75 (2.14)	5514	94.86 (1.76)	4030	101.44 (2.11)	96.94 (1.11)
South West	6018	117.06 (8.36)	7123	94.20 (1.14)	5712	99.26 (1.28)	100.43 (2.36)
South South	5881	100.97 (1.65)	6300	102.37 (5.49)	5277	100.11 (1.98)	101.49 (2.37)

*Source:* National Integrated Survey of Households (NISH) for 2007

The data on Figure 7.2 suggests that North East Nigeria is the poorest of all the six geopolitical zones in the country; in 1999 the real mean household income was 1.78. Could there be a likely correlation between the events in that region and their socio-economic conditions? Next to North East is the South South, which was 1.98 in the same year. In light of this, the top priority of the Millennium Development Goals (MDGs) as initiated by the United Nations (UN) is to actively pursue the reduction of global poverty by the year 2015. According to the Umoren (2009, p.1) MDGs number one target by year 2015 is to “reduce the population of the people living in extreme

*poverty by half*’. Nigeria’s plan for poverty reduction in line with MDGs objectives started with the establishment of National Economic Empowerment and Development Strategy (NEEDS) (Ado-Kurawa, 2008). The four major areas stipulated by NEEDS are: employment creation, poverty reduction, wealth creation and value reorientation. Unemployment and idle industrial capacity have raised poverty level in Nigeria from 42 per cent in 1992, 70 per cent in 1996 and currently put at above 70 per cent of the population (Umoren, A. 2009). According to Danesy (1998) a survey of Lagos state (former federal capital of Nigeria), revealed that poverty was about 90 per cent of the entire working population in the state. A report from the Federal Ministry of Education, Nigeria suggested that about 12 million children within the school age have dropped out of school. This set-back can be linked to poverty which is a contributing factor to the ever-increasing rate of unemployment in Nigeria (Umoren, 2009).

In addition, Nigeria’s over-dependence on ‘oil’ is unhealthy for Nigerian’s economy and has not been the solution to the ever increasing rate of poverty and income inequalities in different part of the country. In countries like Nigeria and Gabon, revenue from natural mineral resources such as ‘oil’ account for over 60 per cent of the nation’s GDP. Entrepreneurship will lower unemployment since it creates more jobs. The increase in employment rate will consequently foster the long expected ‘*national economic growth*’ through higher economic activities, high national and individual GDP, wealth creation and improved standard of living. More so entrepreneurship is a prerequisite for handling the challenges of industrialisation and Globalisation. Entrepreneurs attract foreign investors which lead to Foreign Direct Investments (FDIs) and international trading opportunities

Unemployment has been identified as the main cause of socio-economic tensions and violence rocking the country (Amaechi, 2011). When large number of youths are unemployed, their quest to survive may make them to become willing tools in the hands of maverick and disgruntled politicians who may want to use them for anti-social and clandestine activities (Okafor, 2011). They have also been used as local militants to attack, vandalize and destroy oil pipelines, lives and property in the Niger Delta region, armed robbery, youth bandits, and armed sects/groups in the north. Anti-social activities such as political thuggery, militancy, restiveness and other social vices are evident among the unemployed and jobless youths are real dangers to the stability of democracy in Nigeria (Okafor, 2011). As part of the seven point agenda of former President Musa YarAdua, the provision of employment to young graduates and other skilled workers has been identified as an agenda to be given urgent attention.

***Infrastructure in the Niger Delta as a case in point***

Otite (2010) states that with millions of barrels of oil harvested per day and yielding over 90 per cent income to Nigeria, the Niger Delta provides enough foreign exchange to sustain the country, yet the people in the region feel infuriated as their environment remains undeveloped with few or no infrastructure in health, schools, transportation, industries as well as Federal and State Government presence. According to Davis (2009), pervasive corruption within the government, oil companies and even some non-governmental organisations (NGOs) prevents the delivery of funds intended for infrastructure and community development in the rural areas. It has been identified that efforts by the Federal Government and Oil Companies to improve the quality of human lives and to provide infrastructural development have been insufficient to ameliorate the problems (Ugoh & Ukpere, 2010). There is no

doubt therefore that provision of basic amenities should be paramount in the Niger Delta and for better standard of living. Funds realised from oil exports should take care of providing for the people the necessary basic facilities required for human beings to thrive comfortably (Eboh, 2009).

Youths in the Niger Delta have become restive in their bid for greater control of their natural resources (Ugho & Ukpere, 2010). According to Otite (2010), the otherwise rightful agitation for an equitable deal from the Federal Government has been criminalized. These criminal activities include illegal oil bunkering, fire arms business, kidnapping and hostage taking, piracy and armed robbery. Also identified is that the militants are the unemployed youths disengaged by political elites who had used them as political thugs and general supporters during elections (Otite, 2010). Violence in the Niger Delta is estimated to have killed about 1000 persons a year between 1999 and 2004 on a par with conflicts in Columbia and Chechnya (Oyefusi, 2007). The violence in the region has led to disruptions of oil operations rising over the last 5-10 years. In the last few years, militant groups have kidnapped over 250 foreign oil workers and cut oil production by as much as one million barrel per day (Davis, 2009).

The rise in militancy among the youths in the Niger Delta has been fuelled by extreme poverty and underdevelopment, discontent with the international oil companies, oil spillage, environmental damage and corruption by Government officials which ensures that little development funding reaches host communities. Between 100,000 and 300,000 barrels of crude oil were stolen in Nigeria daily between 2003 and 2008, not including the incidence of excess lifting or cargo theft by licensed transporters and oil servicing companies (Davis, 2003). Sophisticated weapons are widely

available throughout the Niger Delta to militia groups, cults and gangs. Political godfathers and aspiring politicians have promoted and used gangs, cult groups, vigilantes and the militia group to exert power and influence (Davis, 2009).

***Implications of the Existing Crisis***

These impacts can have economic and security implications and the crisis have brought about serious security implication for the country as a result of increased criminal activities in Nigeria. This is manifested in the following ways:

- (i) **Confrontations with the Military:** The Nigerian Military, under the aegis of the Joint Task Force (JTF), have been fighting with the militants since 2006 when the Movement for the Emancipation of the Niger Delta (MEND) started its violent activities. MEND and other militia groups have been able to withstand the military in several clashes they have had. They have been able to do this because of their access to sophisticated weapons which they use in attacking oil platforms and facilities.
- (ii) **Kidnapping and hostage taking:** Kidnapping and hostage taking has become the other of the day with oil workers and individuals becoming the targets, thus worsening the security situation. According to the International Herald Tribune “oil companies find themselves in an uneasy position, stuck in a crisis that they, in a sense, helped to create. For years, human rights groups accused them of turning a blind eye to the corruption of Nigeria’s successive military regimes while damaging the environment in the delta”. Besides expatriates, individuals and even toddlers have been kidnapped by militants for ransoms. As a result of the prevailing insecurity in the Niger Delta, expatriates have been abandoning their work and relocating from the region.

- (iii) The Boko Haram crisis in the north east of Nigeria also has some of its link to poverty and youth unemployment amongst other issues.
- (iv) Illegal bunkering activities: The crisis has made illegal bunkering of oil to thrive, which is also the source of funds for the militants operating in the creeks of Niger Delta. According to a report of the Brussels based International Crisis Group, Nigeria loses about 70,000 to 300,000 barrels per day to illegal bunkering, which is the equivalent output of a small oil producing country (ICG, Africa Report No 118, 2006). Illegal bunkering has been a key source of funds for militant groups. Several militant warlords have either publicly or privately admitted to involvement as others said they consider the practice a defensible means of providing income for aggrieved and impoverished residents of oil producing communities. However, it must be noted that the activities of these bunkerers have become a serious threat to the security and well being of the Nigerian nation (EPU Research Papers, 2007).

## **Methodology**

A mixed approach of quantitative, qualitative and participatory methodologies was used for data collection, analysis and output. Primary data gathering strategy was purposefully aimed at connecting with community leaders at the grass-roots. Raw data were collected using survey method since they have the capacity to generate large amount of data which can be statistically analysed. A Sample frame of selected communities within the six geopolitical zones was randomly surveyed and initial pilot study of one community from each zone will be use to test-run and inform decisions on the final strategy for the entire research project. However, a mixed method approach with its qualitative component can provide detailed

perspectives of individuals or descriptions of processes, thereby ensuring a more comprehensive understanding of the phenomenon of interest. An overview of the proposed mixed method research strategy is presented in Table 7.1. This approach will help to investigate complex phenomena that are difficult to measure quantitatively, it will generate data necessary for a comprehensive understanding of a problem, and investigators can gain insights into potential causal mechanisms. Thus it will aid the development of sound quantitative measurement instruments and processes. Incontrovertibly, mixed methods provide unique contributions to outcomes of research

The research consultation process is based on the notion of participatory development which bridges the interrelated goals of development and the empowerment of people within the communities. We are of the opinion that development has to be designed to capture what the people themselves perceive to be their interests and needs. Participatory development, sometimes interchangeably called popular participation, is a process by which people take an active and influential part in shaping decisions that affect their lives (OECD, 1995: 8).

The problem of youth unemployment and proposed skills gap analysis in rural communities of the six geopolitical zones in Nigeria, calls for applied research strategy. The identification of rural community clusters will employ a field-based ethnographic mapping of each of the local government areas in the subject states. Collection of primary data on youth unemployment in the communities will employ a field survey of samples of youth arms of Community Development Councils (CDC). Finally, identification of skills gap in relevant industries within communities requires analysis of the structures of local economies and survey of employers in the key industries. Table 7.1 below provides suggested

methodological lenses for the key constructs in the study. Each construct will eventually be operationally defined.

**Table 7.1: Proposed Methodological Construct and Lens**

<b>Construct</b>	<b>Methodological Lens</b>
Rural Communities	Ethnography, Anthropology Existing Community Development Committees (CDCs) - Youth arm of the CDCs (Youth Presidents and Executives)
Youth Unemployment (Socio-economic conditions)	Social Entrepreneurship, Economics, Sociology
Skills Gap - Local Industrial Structure - Youths in the rural Communities	Organisational behaviour, Industrial Organisational characteristics, Strategic Management

## **Procedures**

Town and Country Structure: subdivision of the geopolitical zones in Nigeria into urban, town and rural settlements.

### ***Social Economy of the six geopolitical zones***

- Industrial Base
- Employment
- Income
- Demographics of specific rural and urban areas with the six geopolitical zones
  - Age



- Gender
- Education
- Socio-cultural Characteristics

**Table 7.2 Mixed Method overview**

S/N	Features	Quantitative Approach	Qualitative Approach
1.	Instrument	Questionnaires Part A – Unemployment Part B – Skills Gap	Interview Questions Part A – Top Management Part B – Community Interest
2.	Target Population	Youth	Existing MSMEs and Industries

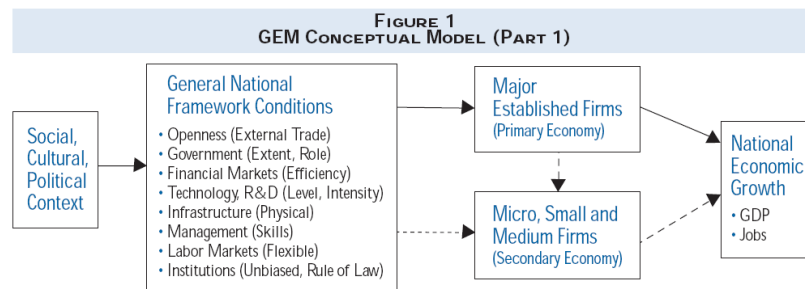
***Proposed Conceptual framework for the study***

The **Global Entrepreneurship Model (GEM)** research is to date the most reliable and valid report on global entrepreneurship. GEM has completed more than 12 annual surveys around the world which included over 80 economies in 13 years. In the most recent research in 2010, over 175,000 people and more than 3,000 experts were surveyed in 59 economies, a population sample which represented the most geographically and economically diverse group. This group (59 economies) is estimated at over 52 percent of the world's population and 84 percent of the world's GDP as at the time of the GEM research. The research was accomplished through an international network of national academic research teams with sponsorship by Babson College, USA and Universidad del Desarrollo, Chile. In the nations around the world, entrepreneurship is at the top of the social, political and economic agenda. The fundamental aim of GEM was to

understand how the entrepreneurial process operates and how it contributes to national economic growth. A major outcome of the GEM research is that there is a strong relationship between entrepreneurial activity and national economic growth. The GEM model provides a framework for a more comprehensive understanding of the entrepreneurial process in relation to job creation and increase in GDP.

*Part 1*

**The GEM conceptual model consists of three logical parts; ‘part 1’, ‘part 2’ and ‘the total process’.** Part 1 is depicted in Figure 1. It focuses on the General National Framework Conditions which enables major established firms and micro, small and medium size enterprises to thrive and make major contributions to national economic growth and prosperity.



**Figure 1: GEM Conceptual Model (Part 1)**

The major players in the General National Framework Conditions in Nigeria embrace the different aspects of the Federal Government of Nigeria (FGN). FGN and associated institutions are mainly responsible for ensuring that government policies in relation to domestic and international trade are fair, transparent (openness) and inclusive. The government’s role in the regulation of Nigerian financial markets for optimum efficiency: in the encouragement of

research and development in technology, renewable energy and high-tech ventures: in the provision of physical infrastructure: and in ensuring flexibility in the labour markets, amongst other conditions, cannot be underestimated within the Nigerian context.

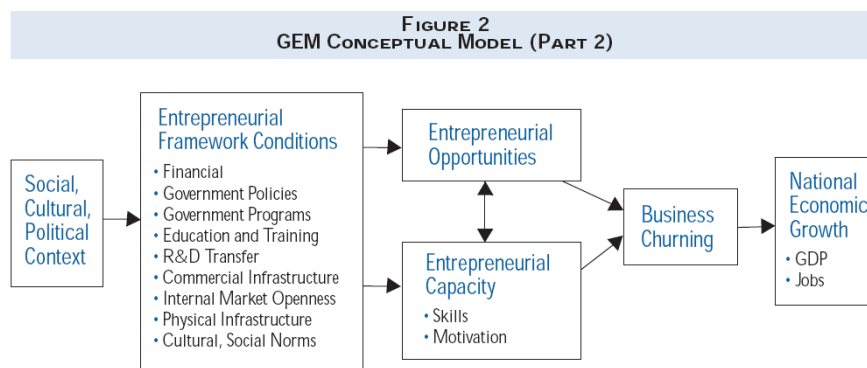
In addition, major established firms in Nigeria have a crucial role to play irrespective of their public or private ownership. The GEM research systematically assessed the level of start-up activity in relation to *nascent firms* and the prevalence of *new or young firms*. New or young firms are not necessarily business start-ups but those who have survived the start-up phase which is usually 1-3 years. A nascent firm or nascent entrepreneur is defined as a firm or person who runs an existing business but is trying to start a new enterprise, and expects to be the owner or part owner of the new firm, or who has been active in trying to start the new firm within a given financial year. Findings from GEM research shows that countries (such as Australia, Norway, USA, Brazil, Canada and Korea) that were more entrepreneurial than others had higher number of nascent firms and higher numbers of new firms. Such correlation suggests that new or young firms survived partly due to their relationship with nascent firms.

The rise of the Micro, Small and Medium-sized Enterprises (MSMEs) sector in any economy creates a conducive environment for business, secures employment for generations of people, and stimulates economic growth. Nurturing and sustaining MSMEs is the backbone of strengthening an economy of less developed and developing countries. As a result, the World Bank, the United Nations, the Organisation for Economic Co-operation and Development (OECD) and other international and regional institutions spend an enormous amount of effort and money in supporting initiatives for fostering global MSMEs partnerships worldwide

through infrastructure development, financial aid, legal and regulatory support, business incubation, and educational assistance for developing countries.

### Part 2

The part 2 of the GEM conceptual model is depicted in Figure 2. The prime focus of part 2 is the ‘*Entrepreneurial Framework Conditions*’. The entrepreneurial process also accounts for economic prosperity of countries and the process is modelled as shown and divided into two parallel sets of interrelated aspects namely entrepreneurial opportunities and entrepreneurial capacity. The level of entrepreneurial activity in most economies is driven by the **combination of entrepreneurial opportunities and skills** and the motivation to exploit those opportunities and skills. Such combination leads to the creation of new firms and the displacement of inefficient or outmoded existing firms. Dynamism occurs through the creation of new businesses and the exit of non-viable ones. Such in and out replacement of firms is referred to as ‘*business churning*’.



**Fig. 2: GEM Conceptual Model (Part 2).** Source: GEM, 2012

‘Financial’ as shown on the Entrepreneurial Framework Conditions (EFC), and indicates entrepreneurial financing,

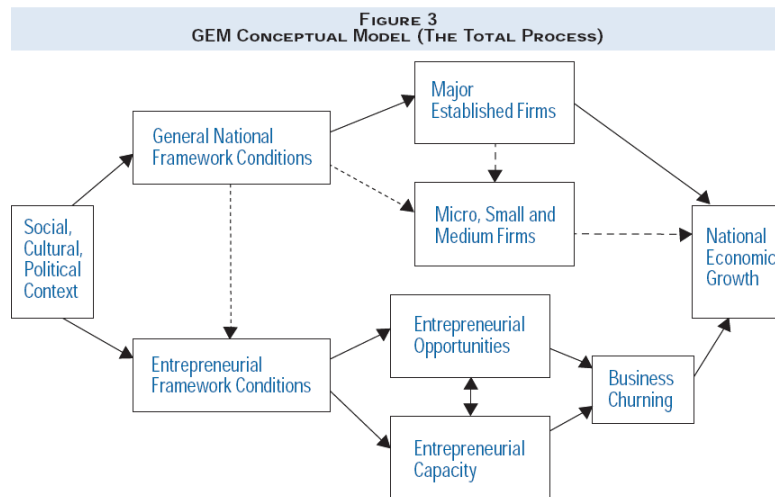
while government policies refers to anticipated public policies on entrepreneurial opportunities and capacity, especially through the development of the MSMEs sector in Nigeria. Generally, enterprise development comes in a variety of sizes, range of services, line of products and amount of contributions to an economy where a number of entrepreneurs are growing in significant relation to job creation and economic growth.

*The Total Process*

Figure 3 is the GEM conceptual model called the total process. It is a combination of part 1 and part 2 as shown in figure 3. The Nigerian business environment does require both the General National Framework Conditions (GNFC) and Entrepreneurial Framework Conditions (EFC).

*It is worth noting that the development of the MSMEs sector in Nigeria through entrepreneurial opportunities, entrepreneurial capacity and role of major established businesses/organisations as nascent firms is passionately and urgently prescribed as the antidote for the epidemic of unemployment.*

GNFC and EFC will boost business start-ups, create jobs, and foster business growth, expansion and competitiveness. The total process also implies that adopting the GEM conceptual model is not simply about the quantity of entrepreneurs (in terms of more entrepreneurs) but also the quality of entrepreneurs and their businesses. The Nigerian economy needs to increase the number of individuals involved in starting and growing innovative businesses which have potential for high growth and the potential to operate in international markets.



**Figure 3: GEM Conceptual Model (The Total Process)**

Source: GEM 2012

To sum up, the effective adoption of the GEM model in this research will enhance necessity motivation, build skills and encourage opportunity motivation for all Nigerians. It will ensure both entrepreneurial dynamism and stability. Key players in the Nigerian economy will also be able to learn from other economic peers in various parts of the globe and promote entrepreneurship in many forms. Together as a nation, it will be possible to promote an entrepreneurial mindset and kick start a national entrepreneurial culture/re-orientation across the entire population in Nigeria.

As proposed by GEM:

*“Entrepreneurs will need to rely on a wide variety of personal and professional support, creditors and investors, suppliers and customers*

*and so forth. These stakeholders need to be willing to support entrepreneurs, perhaps taking some risk along with them”*

The uniqueness of the demographic mix of the Nigerian population and the social and cultural of the GEM conceptual model is relevant to Nigeria will be adequately applied in this study.

### **Anticipated results**

The study will lead to the development of *entrepreneurial opportunities and capacity* which results in national economic growth in terms of job creation and increased Gross Domestic Product (GDP). There is a widespread recognition that entrepreneurship is the engine driving the economy and the society of most nations. It brings benefits at both the macro level of economic development and also at the micro level of employment generation, personal satisfaction and achievement. Active promotion of an *enterprise culture* which leads to job creation and subsequently facilitates economic growth and social welfare in communities.

Development of entrepreneurial opportunities and capacity can be achieved through entrepreneurship education. Emphatically, *“It has been acknowledged that entrepreneurship education helps ignites the artistic, creative, and perceptual aspects of entrepreneurship”* (Shepherd & Douglas, 1997). Broadly, it can be categorised as: (a) diversity and equality of access through formal and informal education which can be the underlining principles in skills acquisition and entrepreneurship education. It includes functional skills and creative aspects of learning. (b) Capacity building for all – training, re-training and mentoring. More so, training of existing business owners is important because the pressures of day-to-day management and the constraints of scarce resources force Small and Medium-sized Enterprise (SMEs) to adopt a

tactical rather than a strategic approach to challenges. Gray (2002), states that SME managers and entrepreneurs are more likely to show resistance to change. Such managers or business owners tend to operate on a 'reasonable person' basis, rather than on an informed and strict observance of regulations. Thus, the objectives of the entrepreneurial opportunities and capacity building are: (1) preparation for career success; (2) acquire entrepreneurial skills (3) job creation and self-reliance; (4) contribute positively to society.

The rise of micro, small and medium-sized enterprise (MSMEs) sector in any economy creates a conducive environment for business, secures employment for generations of people, and stimulates economic growth. Nurturing and sustaining MSMEs is the backbone of strengthening the economy of less developed and developing countries. As a result, the World Bank, United Nations, Organisation for Economic Co-operation and Development (OECD) and other international and regional institutions spend an enormous amount of effort and money in supporting initiatives for fostering global MSMEs partnership through infrastructure development, financial aid, legal and regulatory support, support with business incubation facilities and other related entrepreneurship education training/assistance for developing countries.

A cue from the Chinese and Arab economies suggests that it is beneficial to encourage a national tradition that has positive attitude towards entrepreneurship from home-based business ideas, emergence of family business and conglomerate firms. Such positive attitudes could maximize business potentials and build stronger businesses. Similarly, research on SMEs in Croatia conducted in 2002 and 2003 found that SMEs play an important role in modern economies based on knowledge and new technologies. As a result, the role of SMEs



in improving economic performance, reducing unemployment and promoting flexibility and innovation is highly significant. The United Nations Social Summit in Copenhagen and the United Nations Millennium Summit Declaration of 2001 called for a commitment to develop and implement strategies for decent and productive work for youth, recognising that it is a globally significant problem, with implications for persistent poverty, job instability, and social exclusion.

Accordingly, Carney (1998); Scoones (1998) approach to sustainable livelihood which affirms that economic growth should be grounded in several capital assets fundamental to the developments of communities. These include: natural, human, physical, social and financial capital. On this premise, Niger Delta communities can adopt a people-oriented approach which has these five capital assets development as its “sustainable livelihood framework”. For instance, the natural capital stems from natural resource stocks such as; land, water, wildlife, biodiversity, environmental resources of which useful outputs for livelihoods are derived. Some traditional occupations such as *agriculture*, need to be improved in the communities to attract youths. Agricultural ventures in our communities can absorb many labourers, create jobs, provided need food, create wealth and consequently transform our societies. MSMEs start-ups are expected to focus on naturally available local raw materials/products with their LGAs. There will be enormous possibilities for small and large scale industrial development abounds in terms of the abundance of raw materials in the region, which remain unrealized. In addition, social capital consists of social resources such as: networks, membership groups, relationships of trust, access to wider institutions of society, upon which people draw in pursuit of livelihoods. Existing Community Development Committees (CDCs) networks in various communities will be encouraged to

strengthen small cooperatives societies, Self Help Groups (SHG) and businesses.

In the adoption of social entrepreneurship approach to community development and transformation, Haugh (2005) describes social entrepreneurship as “*those activities associated with the perception of opportunities to create social value and the creation of social purpose organisations to pursue them*”. Haugh affirms that social enterprises adopt financially sustainable strategies to pursue and achieve social aims, and address a wide range of social problems, such as unemployment, low quality housing, youth restiveness, deprivation, poverty and social exclusion. This approach agrees with the notion of participatory development which bridges the interrelated goals of development and the empowerment of people within the communities. This paper supports the opinion that development has to be designed to capture what the people themselves perceive to be their interests and needs. Participatory development, sometimes interchangeably called popular participation, is a process by which people take an active and influential part in shaping decisions that affect their lives. (OECD, ‘1995). The importance of social entrepreneurship cannot be overemphasized, it is used to promote local development, define new goods and services, foster integration, create jobs, improve attractiveness of an industry and locality, empowerment and consolidation of local/community assets (ECOTEC, 2001).

Dees and Anderson (2003) found that the benefits of combining social purpose with enterprise have been found to include greater market responsiveness, efficiency, innovation and leveraging of resources. According to the OCED (2003), social entrepreneurship has been recognised as a potentially beneficial strategy for revitalizing disadvantage communities by improving the skills of the unemployed and facilitating their

return to work, business start-ups and self-reliance. As a result, social enterprises have become more entrepreneurial than other non-profit organisations (EMES, 1999). In Pearce (2003), enterprises might exploit identified market opportunities such in disadvantage communities such as: local development and regeneration through innovative workspace, business incubation, enterprise training programmes, business advice and support, local development and infrastructure regeneration. Then business opportunities such as providing leisure, recreation, housing, childcare, care for the elderly. These could also be services to the community in response to market demand, and creation of market-driven businesses that provide goods and services in direct competition with the public and private sectors. Notably, Hines and Thomas (2004) research revealed that social enterprises use different types of external support. Government support agencies were the most popular source, followed by informal networks and consultants.

The research objectives previously are directly linked with expected outcomes. Thus the following results are expected at progressive stages of the research.

Objective 1: To review the problem of youth unemployment in Nigeria through the lenses of entrepreneurship

*Expected Output 1: Empirical secondary data gathered from the initial desktop research will produce a unique database in addition to a rigorous and in-depth literature review output*

Objective 2: To identify existing level of entrepreneurial knowledge amongst youths in Nigeria

*Expected Output 2: At the pilot phase of the study an initial questionnaire design and interview questions will be produced based output 1*

Objective 3: To develop a conceptual framework for understanding the relationship between youth unemployment and identified skills gaps.

*Expected Output 2: An appropriate conceptual framework will be adopted and an extended model developed at the final stages of the research. For instance, 'the Global Entrepreneurship Monitor (GEM) Model' will be applied to this research. (see notes on GEM in the Methodology section)*

Objective 4: To identify skills gap relevant to the growth and development of viable SMEs in Nigeria

*Expected Output 4: Qualitative data from interviews of selected management/staff of identified communities which have direct or indirect link with communities will be produced. For instance, oil producing firms have exploration activities in communities within some LGAs in the regions. Similarly, agro-allied industries that have their major raw materials from specific communities or who deal with specific raw materials acquired from related communities or those with physical presence in these communities will be approached. In addition, quantitative data from questionnaires completed by youths in the communities will provide statistical evidence of skills gap in relevant industries within the communities researched. The proposed 'focus group' exercise through meetings with youth leaders and executives of CDCs in various communities will generate reliable qualitative data which will compliment the statistical evidence.*

Objective 5: To conduct a youth skills audit in the six geopolitical zones of Nigeria

*Expected Output 5: Analysis of quantitative and qualitative data gathered from objectives 1, 2 and 3 will produced information on skills gaps of youths.*

Objective 6: To conduct a youth skills gap analysis of the six geopolitical zones of Nigeria

*Expected Output 6: The output realised from objectives 6 will be further analysed using Statistical Package for Social Sciences (SPSS) software. The result will inform a people learning and development plan for the six geopolitical regions in Nigeria.*

**Other Expected Outputs are:**

7. Evidence from findings can stimulate public and private partnership for creation of youth employment in rural communities.
8. Promote bespoke skill acquisition programmes for economic empowerment in rural communities
9. Evidence from the research will inform policies and strategies aimed at poverty alleviation through increased employment, self dependence and lower unemployment rate.
10. Opportunities for Technical Vocational Education & Training (TVET)
11. Entrepreneurship Programmes with emphasis on job creation and skill acquisition for youths and women in rural communities.
12. General Micro, Small to Medium Sized Enterprises (MSMEs) development in the Niger Delta
13. Evidence from the research can lead to special entrepreneurship schemes for agricultural-based microenterprises in rural communities.
14. Opportunities for further collaboration with organisations and industries in fulfilling their Corporate Social Responsibilities (CSR).
15. Evidence can lead to creation of sustainable Social Entrepreneurship Ventures.

16. Opportunities for general capacity building programmes and consultancy services.

***Work plan for Monitoring and Evaluation (M&E)***

The research team for this project offers process and outcome strategies for evaluation. These strategies would be used to assess the quality, reliability of the survey techniques and instruments. The general effectiveness of the entire process will be considered and compliance with TETFund guidelines will be strictly ensured. This research will apply a Quality Assurance (QA) strategy following McAdam et al (1998), Research in Innovation Model as an integral part of the research's group M&E plan. This model includes;

1. Directing innovative businesses through strategic collaboration/partnership & networking
2. Developing creative capacity
3. Building innovative culture – organising for creativity
4. Managing learning for new ideas
5. Taking wise decisions

This innovation model serves as the *modus operandi* for the entire research project; it will be used to maintain a high quality service in the planning, process, implementation and evaluation of the group's operations.

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