

## Entrepreneurship Training and Poverty Reduction in Kano State, Nigeria

KUDIRAT IBRAHIM ADEBISI  
Kampala International University, Uganda

**Abstract.** The purpose of this study was to investigate the effect of entrepreneurship training on poverty reduction in Kano State, Nigeria. The study was guided by the following hypotheses: i) there is a significant effect of technical skills on poverty reduction in Kano State, Nigeria; and there is a significant effect of management skills on poverty reduction in Kano State, Nigeria. The study had a sample size of 255 respondents. However, 198 respondents actually participated in the study. The study employed cross-sectional survey design. The main research instrument was questionnaires. Data was analyzed using Pearson correlation coefficient and regression analysis. The study found that technical skills had a positive and significant effect poverty reduction ( $r=.405^{**}$ ,  $p<0.01$ ); and that management skills also had a positive and significant effect on poverty reduction ( $r=.250^{**}$ ,  $p<0.01$ ). The study recommended continuous training of the NAPEP beneficiaries to equip them with technical and managerial skills.

**Keywords:** Entrepreneurship training, poverty reduction, Kano State, Nigeria

### 1. Introduction

Poverty is a global phenomenon that affects socio-economic and political aspects of lives of about 2 billion people across the globe (Umar, Abdullah, & Wahi, 2016). It afflicts people in various depths and levels, at different times and phases of existence. There is no nation that is absolutely free from poverty (Atkinson, 2016). The main difference is the intensity and prevalence of this malaise. Nations in sub-Saharan Africa, South Asia and Latin America are currently with the highest level of poverty and consequently with the

lowest level of socio-economic development. They also have the highest level of social insecurity, violence, unrest and generally unacceptable low standard of living (Atkinson, 2016).

In the case of Nigeria, poverty has been on the rise since 1980s with the subsequent rise in the population. For instance, according to the National Bureau of Statistics (NBS, 2010), out of 65 million people, 17.1 million were poor in 1980, in 1985, the population increased to 75 million and the number of the poor doubled to 34.7 million, similarly in 1992, the population was 91.5 million and the poor were estimated at 39.2 million. Furthermore, the NBS (2010) reported that in 1996, the population was 102.3 million and the poor consisted of 67.1 million, while in 2004, the population increased to 126.3 million and the poor as well increased to 68.7% and in 2010, the population was estimated at 163 million and the poor were 112.47 million. The NBS (2010) report further indicated that 38.3% of the poorest people were from rural while 29.5% were from urban setting.

In order to bring better understanding of what poverty is all about, the Central Bank of Nigeria (1999:1) viewed poverty as “a state where an individual is not able to cater adequately for his or her basic needs of food, clothing and shelter; is unable to meet social and economic obligations, lacks gainful employment, skills, assets and self-esteem; and has limited access to social and economic infrastructure such as education, health, portable water, and sanitation; and consequently, has limited chance of advancing his or her welfare to the limit of his or her capabilities”.

The governments of Nigeria in the past regimes attempted to reduce poverty through several alleviation programmes but to no avail (Agwu & Kadiri, 2014). According to Baghebo and Emmanuel (2015), poverty

reduction programmes in Nigeria are means through which the government aims to revamp and reconstruct the economy. The high incidence of poverty in the country has made poverty reduction strategies important policy options over the years with varying results. Poverty reduction strategies ranging from Operation Feed the Nation of 1978, the Green revolution of 1982, the directorate of Foods, Roads and Rural Infrastructures (DFRI) of 1986, the National Directorate for Employment (NDE) of 1986, Poverty Alleviation Programme (PAP) of 2000, up to the National Poverty Eradication Programme (NAPEP) of 2001, were all attempts made by various governments in the country to curb the menace of poverty (Baghebo & Emmanuel, 2015).

Despite the aforementioned efforts, the scourge of poverty is still rampant in Nigeria. Giving the breakdown of the trend of poverty rates in the country, the National Bureau of Statistics laments that the magnitude of the people below the poverty line has increased tremendously despite the fact that Nigerian economy is ironically growing (NBS, 2012). Furthermore, recent studies on the subject of poverty and its reduction agencies in different States in Nigeria as well as programmes indicate that considerable gap exists between the target objective – alleviating or eradicating poverty – and achievement (Ijaiya et al. 2011; Mustapha, 2011; Abdu 2012; Sylvester & Ekpenyong, 2014; Baghebo & Emmanuel, 2015).

According to National Bureau of Statistics (2016), poverty is high in most States in Nigeria because of the high unemployment level which stands at 12.1%. Apparently, more than ever, Nigeria is in dire need of more jobs to lift her people out of poverty and governments alone cannot provide these jobs. Hence, the role of entrepreneurship in job creation and poverty reduction cannot be disregarded. In his submission, Silvinski (2012) reveals that a substantial number of academic studies posit that entrepreneurial endeavours can help move people out of poverty, whether they start their own business – like a food truck or a hair salon – or whether they are hired by an entrepreneur. Indeed, higher average rates of entrepreneurship in a State correspond to bigger declines in poverty; in fact, every 1 percentage point increase in entrepreneurship corresponds to a 2 percent decrease in the poverty rate (Silvinski, 2012). However, entrepreneurship cannot be possible without entrepreneurship training. This is because, entrepreneurship training will bring about entrepreneurship skills such as technical and business skills which will help their business to be successful and thrive even in bad economic times. This study was an

investigation on the effect of entrepreneurship training on poverty reduction in Bichi local government, Nigeria.

## 2. Problem Statement

There is high poverty level in Kano State. According to NBS (2012) those who are living in extreme poverty in Kano State are 8.8% compared to its neighbors Katsina (5.3%), Jigawa (5.5%), Bauchi (4.9%) and Kaduna State (4.3%). Furthermore, report by NBS (2012) show that poverty in Kano state has been on the increase since 2003 to date. *The government over the years initiated several poverty alleviation programmes such as Poverty Alleviation Programme (PAP), National Poverty Eradication Programme (NAPEP), Youth empowerment scheme (YES) etc.* However, several of these programmes did not succeed because of high corruption level, poor programming, and poor targeting of beneficiaries among others (Ogun, 2010; Sylvester & Ekpenyong, 2014). In addition, the government also embarked on training the beneficiaries of these poverty reduction programmes with entrepreneurial skills but their success has been limited (Usman and Adam, 2017). It is against this background this study investigated the impact of entrepreneurship training on the poverty reduction in Bichi local government. Entrepreneurship training was limited to technical and management skills.

## 3. Hypothesis

There is a significant effect of technical skills on poverty reduction in Kano State, Nigeria.

There is a significant effect of management skills on poverty reduction in Kano State, Nigeria.

## 4. Literature Review

### 4.1 Entrepreneurship Training

Hisrich (2015) defined entrepreneurship as the process of creating something new with value by devoting the necessary time and effort, assuming the accompanying financial, psychic, and social risks, and receiving the resulting rewards of monetary and personal satisfaction and independence. Bruton and Ketchen (2013) defined entrepreneurship as the identification of a new business opportunities and the mobilization of economic resources to initiate a new business or regenerate an existing business, under the conditions of risks and

uncertainties, for the purpose of making profits under private ownership.

Entrepreneurship training is the impartation of skills and knowledge on an entrepreneur before s/he embarks on a business venture. In this study, the entrepreneurship training skills were limited to technical and business management skills.

#### **4.2 The Effect of Technical Skills on Poverty Reduction**

Technical skills involve such things as writing, listening, oral presentation, organizing, coaching, being a team player, and technical know-how. Technical skills also refer to the talent and expertise a person possesses to perform a certain job or task. Technical skills are those abilities acquired through learning and practice. They are often job or task specific; in other words, a particular skill set or proficiency required to perform a specific job or task (Mullins, 2010).

Technical skill is important because it saves one a lot of spending on unnecessary repair and maintenance of one's machineries and other business equipments. Therefore, a business that spends less and saves more is highly likely to improve and the income level will also increase hence improvement in the standard of living and eventual reduction in poverty in one's household. (Alberti, et al., 2014).

#### **4.3 The Effect of Management Skills on Poverty Reduction**

Management skills include those areas involved in starting, developing and managing an enterprise. Being an entrepreneur means you are your own manager, as well as a manager of others. Your skills need to be extensive in order for you to be successful. An entrepreneur should be able to effectively manage people, a budget, operations and in some instances, investors. This requires someone with a multi-tasking work style who can plan for both the short- and long-term goals of his business (*McQuerrey, 2015*).

A successful entrepreneur must be able to make wise decisions about how he uses his time, continually evaluating and prioritizing tasks according to relevance and importance. This type of time management includes short- and long-range planning and the ability to participate in economic forecasting and market research. This implies that when his/her business succeeds, he will be able to get out of poverty (Arogundade, 2011).

#### **4.4 Poverty Reduction**

Poverty is one of the most difficult challenges facing any country in developing world where, on the average, majority of the population is considered poor. Although the Nigeria economic report released in July 2014 by the World Bank put poverty rate at 33.1% for a country with massive wealth and a huge population to support commerce. The report seems inconsistent with reality. The World Bank report indicated that income inequality worsened from 0.43 to 0.49 between 2004 and 2009. The report further revealed that, the depth and severity of poverty was more in the rural than in the urban (World Bank, 2010).

Oluwatayo (2008) assert that one of the main effects of poverty is poor health, as is reflected in Nigeria's high infant mortality and low life expectancy. Poor people in Nigeria face several health issues as they lack basic health amenities and competent medical practitioners. Abiola and Olaopa (2008) states that the scourge of poverty in Nigeria is an incontrovertible fact, which results in hunger, ignorance, malnutrition, disease, unemployment, poor access to credit facilities, and low life expectancy as well as a general level of human hopelessness.

According to Ucha (2010), there are several causes of poverty in Nigeria which include but not limited to corruption, bad governance, debt overhang, unemployment, low productivity, burgeoning population growth, globalisation, poor education system, inequality, unfocused government policies, oil dependency, lack of effective skills training etc. This implies that Nigeria, amidst her endowment with valuable natural resources can only boast of a greater percentage of impoverished Nigerians.

This study measured poverty reduction using income expenditure. A report by NBS (2012) showed a high degree of disparity on expenditure pattern. For instance, the poorest per capita expenditures were 4,291.00 on food and 3,520.00 on non-food, while the least poor per capita expenditures were 29,489.00 on food and 39,543.00 on non-food. The urban households expended more on food and non-food compared with rural households. The urban households' per capita household expenditure on non-food almost doubled that of the rural households. The figures were 25,101.00 and 13,058.00 respectively. The per capita household expenditures on food were 18,099.00 and 16,568.00 in urban and rural areas respectively which still showed higher expenditure in urban areas. The rural households expended more of their income on food.

**4.5 Theoretical Review**

This study was guided by the Individualistic Theory of Poverty by O’Donnel (1997). This theory is viewed from the angle of the individual’s inability to be productive so as to get out of poverty. The theory emphasizes on the fact that the poor were poor because they did not work hard, they squandered money on gambling, drinking and unnecessary luxuries and they had disorder of family life. They had no ambitions, no inner call for work, were fatalistic and suffered an ‘intractable in-educability’. This theory is founded on self-help and survival in which case those who work hard succeed while, the weak fail to succeed giving rise to the non-poor and the poor respectively. The poor person is poor because his behaviour has made him so. The poor under this condition may remain poor except if the society is not able to increase his/her income significantly through deliberate efforts aimed at pulling him out of poverty (Archibong, 1997). Programmes established in Nigeria in line with this theory are: poverty alleviation programme (PAP) and the on-going national poverty eradication programme (NAPEP). This is because these two programmes have been characterized by payment of stipends (in the case of PAP) and granting of loans to individuals under NAPEP.

**4.6 Empirical Studies**

Muttalib et al. (2016) carried out a study on the effect of entrepreneurship on poverty reduction in Southeast Sulawesi and found that entrepreneurship had significant effect on poverty reduction. Furthermore, the study showed that enterprise business actors in implementation have been good but still needs to be optimized entrepreneurial competencies. This means

that poverty reduction can be done through the development of entrepreneurship.

Similarly, Kareem (2015) carried out a study on the impact of entrepreneurship on poverty alleviation in Nigeria using descriptive correlational design and found a significant relationship between entrepreneurship and poverty alleviation at 1% probability level.

In addition, a study by Shaeikh and Hafiez (2013) on entrepreneurship development and poverty reduction in Somalia using correlation research design and 80 participants found weak positive relationship between entrepreneurship development and poverty reductions significant at 0.01 level of significance.

**5. Methodology**

This study was carried out in Kano State but specifically from seven local governments, namely: Bichi, Doguwa, Gwale, Nasarawa, Tudun Wada, Kura, and Kano Municipal. The study targeted 100 beneficiaries of NAPEP from each State, hence making a total of 700 target population. Solven’s formula was used to determine the sample size:

$n = \frac{N}{1+N(\alpha)^2}$ ; Where n=sample size, N=target population,  $\alpha=0.05$  level of significance. The sample size was 255 respondents; however, 198 managed to participate in the study, giving a participation rate of 78%.

This study employed a cross-sectional research design because it allows for the study of the population at one specific time and the difference between the individual groups within the population to be compared (Creswell, 2014). The study also used quantitative approach where questionnaire was the main research instrument. The study used inferential statistics to establish the effects of the IV on the DV. Here, Pearson correlation coefficient and regression analysis were done.

**6. Findings**

Table 1: The effect of technical skills on poverty reduction (n=198)

		Technical skills		Poverty Reduction					
Technical skills		Pearson Correlation	1	.405**					
		Sig. (2-tailed)		.000					
		N	198	198					
Poverty Reduction		Pearson Correlation	.405**	1					
		Sig. (2-tailed)	.000						
		N	198	198					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.405*	.164	.160	.69424	.164	38.552	1	196	.000

a. Predictors: (Constant), Technical skills

\*\* . Correlation is significant at the 0.01 level (2-tailed).

The findings presented in Table 1 revealed a positive and significant association between technical skills and poverty reduction ( $r=.405^{**}$ ,  $p<0.01$ ). Therefore the alternative hypothesis that there was a significant effect of technical skills on poverty reduction was upheld. Furthermore, the study established that technical skills could explain 16% variance in poverty reduction (Adjusted R Square=0.160).

Table 2: The Effect of Management Skills on Poverty Reduction (n=198)

		Management skills		Poverty reduction					
Management skills	Pearson Correlation	1		.250**					
	Sig. (2-tailed)			.000					
	N	198		198					
Poverty reduction	Pearson Correlation	.250**		1					
	Sig. (2-tailed)	.000							
	N	198		198					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
1	.250 <sup>a</sup>	.062	.058	.73534	R Square Change	F Change	df1	df2	Sig. F Change
					.062	13.063	1	196	.000

a. Predictors: (Constant), management skills

\*\* . Correlation is significant at the 0.01 level (2-tailed).

The presentation in table 2 revealed a positive and significant association between management skills and poverty reduction ( $r=.250^{**}$ ,  $p<0.01$ ). Therefore the alternative hypothesis that management skills had a significant effect on poverty reduction was upheld. In addition, the study found out that management skills could explain 5.8% variance in poverty reduction (Adjusted R Square=0.058).

Table 3: The Relationship Between Entrepreneurship Training and Poverty Reduction

		Entrepreneurship training		Poverty reduction					
Entrepreneurship training	Pearson Correlation	1		.372**					
	Sig. (2-tailed)			.000					
	N	198		198					
Poverty reduction	Pearson Correlation	.372**		1					
	Sig. (2-tailed)	.000							
	N	198		198					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
1	.372 <sup>a</sup>	.138	.134	.70494	R Square Change	F Change	df1	df2	Sig. F Change
					.138	31.483	1	196	.000

a. Predictors: (Constant), Entrepreneurship training

\*\* . Correlation is significant at the 0.01 level (2-tailed).

The presentation in table 3 revealed that entrepreneurship training and poverty reduction has a positive and significant relationship ( $r=.372^{**}$ ,  $p<0.01$ ). This implies that a positive improvement in entrepreneurship training will cause an equal improvement in poverty reduction. Furthermore, entrepreneurship training explains 13.4% variance in poverty reduction (Adjusted R Square=0.134).

Table 4: Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.726	.332		5.205	.000
Technical skills	.438	.089	.383	4.908	.000
Management skills	.046	.088	.041	.529	.597

a. Dependent Variable: poverty reduction

Table 4 revealed that the model was a best fit for poverty reduction ( $p=0.000$ ). However, management skills was found not to significantly fit in the model ( $p>0.01$ ); only technical skills was found to significantly fit in the model

( $p < 0.01$ ). Furthermore, the study found that every single change in technical skills could cause a variance of 38.3% in poverty reduction (Beta=0.383).

## 7. Discussions

The results of the study revealed a positive and significant relationship between entrepreneurship training and poverty reduction ( $r = .372^{**}$ ,  $p < 0.01$ ). This implies that entrepreneurship training is important in contributing to reduction. This study agrees with that of Muttalib et al. 2016; Kareem 2015; Shaeikh and Hafiez 2013) who in their studies found positive and significant relationships between entrepreneurship and poverty reduction. This is true because entrepreneurship training helps in imparting skills and knowledge into the lives of entrepreneurs. Therefore having technical and management skills attained through entrepreneurship training helps one to establish a business which can strive through bad economic times. In other words, a successful business implies that an entrepreneur's income level will increase. This signifies that when the income level increases, one will be able to afford basic needs such as well dieted food, clothing, shelter, education, medication, and access to clean water. In short, it will mean that poverty in his/her household has reduced to a certain extent. However, if people do not participate in entrepreneurial activities, then they will be vulnerable to poverty if they cannot get jobs that can earn them salary or wages.

## 8. Recommendations

There is need for the government to encourage continuous training and education on life skills of NAPEP beneficiaries; such skills could include business management skills, technical skills, and marketing skills. Such skills would help the businesses started and operated by the NAPEP beneficiaries to thrive even in bad economic times.

Furthermore, the government of Nigeria should emphasize youth participation in entrepreneurship to reduce their level of vulnerability and help them to be more productive in life. This can be done by encouraging the youth to join vocational training institutes that provide hands-on training and life skills.

The government can accomplish this by financially supporting students with tuitions and offering bursaries. This will help the youth to be equipped with the necessary skills that can help them to start and manage their own businesses.

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