

Effect of Entrepreneurship on Employment Generation and Crime Reduction: A Focus on Small and Medium Scale Ventures in Aba Metropolis, Abia State Nigeria

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Abstract

This work examined the effect of entrepreneurship on employment generation and crime reduction. The unemployment and crime rate in the country made this investigation very necessary. The objectives of the study were; to ascertain the extent of the relationship between entrepreneurship and employment generation and to determine the level of relationship between entrepreneurship and crime reduction. To achieve the objectives, a survey research design was adopted. The techniques employed in analyzing the data were descriptive statistics and the spearman rank correlation coefficient. The results indicated that there is a significant relationship between entrepreneurship and employment generation. It was also found that a moderate positive relationship exists between entrepreneurship and crime reduction. Based on the findings, the study concluded that entrepreneurship has an effect on employment generation and crime reduction. It was recommended among others that the government should encourage entrepreneurship in Nigeria considering its positive impact on employment generation because if there are out spring of small and medium scale ventures, it will help to curtail the rate of unemployment and crime in the country.

Keywords: Entrepreneurship, Employment generation, crime reduction

Introduction

A nation's ability to generate a steady stream of business opportunities can only come about when its people take to entrepreneurial activities. A good entrepreneur can create a strong economy, and at the same time, reduce the crime rate in the country. They are an important facet of industrial growth and development of a nation. According to Harper (2003), entrepreneurship is the main mechanism that creates wealth. Surprisingly, the role of entrepreneurship in national development has attracted less professional interest than the role of other factors, such as the accumulation of physical capital, expansion of the labour force, research and development, technological progress and education. Entrepreneurship is something we ignore at our peril.

Entrepreneurship is pertinent to the analysis of how new ideas or 'recipes' for reconfiguring objects in the material and social world can be harnessed to enhance a nation's wealth. In the longer term, a country's economic progress depends on its ability to increase the value of what it produces with its resource base (people, land and capital). The point cannot be over emphasized, however, that neither the ends to which these resources are put nor the means for achieving these ends (i.e., the set of resources and how they are used) are given or fixed are results of entrepreneurial choices and are open to the entrepreneurial initiative. Individual entrepreneurs and entrepreneurial teams bring to light the resources, technologies and trading opportunities that make economic development possible. Indeed, whenever entrepreneurs are the first to discover the availability and potential economic value of new resources, they are in effect bringing those resources into existence in economic terms (Kirzner, 2009).

Nigeria as a country, has numerous business and investment potentials due to the abundant, vibrant and dynamic human and natural resources it possesses. The performance and effectiveness of entrepreneurs in the country as an instrument of economic growth and development has long been under scrutiny. This intense scrutiny has been against the backdrop of the low performance and inefficiency that characterized small business particularly in assessing its role in economic growth, job creation and crime reduction. Entrepreneurship activities and innovative ingenuity in Nigeria have developed enterprises in areas such as agriculture/agro-allied, solid minerals, transportation, information and telecom, hospitality and tourism

business, building and construction but not as expected. Anyadike, Emeh and Ukah (2012) express that these human and natural resources notwithstanding, Nigeria seems to be among the poorest countries in the world with the highest rates of youth unemployment in sub-Sahara Africa, despite its alleged strong economic growth. In respect of the above situation, it seems the government has done little to reduce the misery and frustrations of its citizens. This has foisted a state of hopelessness on the majority of young and old people who have resorted to any means including crime, to succeed in life. Furthermore, the young resort to vices because they are not gainfully engaged. In other words, they are unemployed, not because they lack the qualification but because the system seems to be crippled politically, economically, socio-culturally and even religiously (Anyadike, Emeh and Ukah, 2012). The need for entrepreneurship development in the country today is necessitated by the fact that entrepreneurship development seems to be a major factor in economic growth, development and crime reduction and also the permanent cure for extreme hunger and poverty necessitated by unemployment.

Statement of the Problem

Nigeria is a country that is rich in both human and material resources but it is painful to see that even in the midst of abundant resources, the citizens find it difficult to thrive independently (economically) or been self-reliant, the over-dependence on white-collar jobs is increasing on a daily bases. Potential Nigeria entrepreneurs go through many hardships when trying to access credit for their businesses. Though there is a wide range of financial institutions that offer business loans, they usually charge high interest rates with severe collateral deterring aspiring entrepreneurs. Some authors have argued that entrepreneurship brings about employment generation and development of an economy yet bank lending rates are still high deterring potential entrepreneurs who would have help in creating employment, reducing crime rate and driving economic development in the country. Furthermore, insecurity of lives and properties makes it difficult to run a successful venture, the crime rate in Nigeria seems to have grown so high that the country has become a den of kidnapping because of the unemployment. It is against this background that this study is set to find out if entrepreneurship brings about employment generation and crime reduction in Nigeria, a focus on small and medium scale ventures in Aba Metropolis, Abia State.

Objectives of the Study

The broad objective of this study is to examine the effect of entrepreneurship on employment generation and crime reduction in Nigeria.

The specific objectives of this study include;

1. To ascertain the extent of the relationship between entrepreneurship and employment generation
2. To determine the level of the relationship between entrepreneurship and crime reduction.

Research Questions

1. What is the extent of the relationship between entrepreneurship and employment generation?
2. What is the level of relationship between entrepreneurship and crime reduction?

Hypotheses

H₀₁: There is no significant relationship between entrepreneurship and employment generation.

H₀₂: There is no significant relationship between entrepreneurship and crime reduction.

Review of Related Literature

Small and medium-scale enterprises are privately owned organizations set-up for the purposes of rendering or producing goods and services for profit motives. The criteria for classifying business enterprises under SMEs differ from country to country (Aremu & Adeyemi, 2011). The identifiable and predominant criteria across the globe include the size of capital invested, number of staff or employees, size of turnover or sales volumes and value of assets (Ezeh, 1999). There is no consensus as to the exact number of employees, size of capital employed, sales volumes or value of assets that qualify a business enterprise as SME. Therefore the study adopted the definition of Small and Medium Industries Equity Investment Scheme (SMIEIS) to bridge this gap. SMIEIS defines SMEs as those “enterprises with a total capital employed not less than ₦1.5 million, but not exceeding ₦200 million, including working capital, but excluding the cost of land and/ or with a staff strength of not less than 10 and not more than 300 (Obamuyi, 2007).

In the view of Olutunla (2001), the word entrepreneurship is derived from the French word ‘‘entreprendre’’ meaning to ‘‘undertake’’. To this end, an entrepreneur is someone that creates business. But as noted by Zimmerer and Scarborough (2006), although the creation of business is certainly an important facet of entrepreneurship, it is not the complete picture. An entrepreneur is a person that brings in overall change through innovation for the maximum social good and human value. Entrepreneurs accelerate personal, economic as well as human development and are visionary, integrated being with outstanding leadership qualities with a desire to excel; they give top priority to research and development and always works for the well-being of the society. Aruwa (2004) and Adejumo (2001) posit that entrepreneurship is about taking the risk; it is the process of creating new values that did not previously exist; it is the practice of starting a new organization, especially new business; it involves the creation of new wealth through the implementation of new concepts. Carter (2006) expressed that what entrepreneurs have in common is not personality traits but a commitment to innovation. For innovation to occur the entrepreneur must have not only talent, ingenuity and knowledge but he must as well be hardworking, focused and purposeful.

Allawadi (2010) sees entrepreneurship as the process of creating something different with value by devoting the necessary time, effort, social risk and receiving the rewards of monetary and personal satisfaction. Development in entrepreneurship is sometimes seen as arising from three sources, namely; the contributions of economic writers and thinkers on the role of the entrepreneurs in economic development and the application of economic theory; psychological trait approach on personality characteristics of the entrepreneurs and social, behavioral approach which stresses the influence of social environment as well as personality trait. Furthermore, Soyibo (2006) identified some characteristics of habitual entrepreneurs to include; pursue of opportunities with economics discipline, not been alert to spot opportunities but to act on it; pursue of best opportunities while avoiding severally option, disciplined about the number of projects they pursue and go after a tightly controlled portfolio of opportunities in different stages of development; they focus specifically on adaptive execution, rather than analyzing new ideas to death; people with entrepreneurial mindset execute yet they are adaptable to change direction as the real opportunity and the best way to exploit it evolves; engage the energy of everyone in their domain; involve many people, inside and outside the organization in the pursuit of an opportunity and create, sustain networks of relationship rather than going alone, making the most of the intellectual and other resources people have to offer and helping people achieve their goals.

Entrepreneurship Opportunities in Nigeria Economy: The Way Forward

Most good business opportunities do not suddenly appear, but rather result from an entrepreneur’s alertness to possibilities or, in some cases, the establishment of mechanisms that identify potential opportunities. Most entrepreneurs do not have formal mechanisms for identifying business opportunities, some sources that are often fruitful include consumers and business associates, members of the distribution system, and technical people. Often, consumer, such as business associates purchasing products to fit a certain lifestyle, is the best source of ideas for a new venture. Many businesses started as a result of complain about poor quality or high cost of the product or service by the consumers. Many other entrepreneurs have identified business opportunities through a discussion with a retailer, wholesaler, or manufacturer’s representative. Technically oriented individuals often conceptualize business opportunities when working on other projects. According to the Nigeria small and medium scale enterprises toolkit, developing a business idea is a matter of creating a vision, leveraging your strength and determining what the market needs. From these three ideas, you might begin to ask some questions and the answers to those questions will pave the way for you to start a business.

Theoretical Framework

This section provides an overview of two theoretical perspectives suggested by literature in relation to entrepreneurship, which provide an explanation for the study.

Inkele’s and Smith’s need to improve the theory

Mbaegbu (2015) also reported that Inkeles and Smith (2015) had identified disposition to accept new ideas and try new methods, a time sense that makes a person more interested in the present and future than in the past as altitudes which directly or indirectly affect entrepreneurship development. Meir (2016) collaborated on this

theory by arguing that entrepreneurs show more exploratory behavior than other persons. They are continually scanning the environment on how to move forward. In Nigeria, the southeastern people are cited as correlating these attributes with greater success in economic activity as they travel to any part of the world for material success (Meir, 2016). A successful businessman picks up a nephew or a young cousin and puts him under an internship for some years in his own line of business until he is able to freelance on his own with the seed (Mbaegbu, 2015).

The economic survival theory

This theory posits that entrepreneurship is prevalent among people affected by political upheavals or people victimized by discrimination or oppressed by marginalization. Thus it is possible for people who have lost their jobs to corporate downsizing to become entrepreneurs. They do this not by choice but by sheer will to survive. Mbaegbu (2013) argued that having lost their means of livelihood, these people now channel their creative energies to entrepreneurship, usually after the initial period of inertia and despondency a phenomenon that Gilder (1981) refers to as the movement from poverty to wealth. The above theory is therefore relevant to this study in the light that Nigeria as a country today sits at the precipice of political disintegration arising out of the present state of economic disconnect and unease, occasioned by unmitigated unemployment level of poverty among her people and other unpalatable socio-economic imbalances such as crime and kidnappings. To grapple with the loss of jobs caused by lower capacity utilization, factory closure, forced migration, many Nigerians have adopted this economic survival Model for sustenance. Since the jobs are not in existence or negligible in quantity compared to the influx, entrepreneurial endeavor by people has become the only visible alternative. It is noteworthy that the average Nigerian and government at all level including those of Abia State have come to this reality, and therefore, set different machineries in motion to formulate several programmes to promote entrepreneurial development in the State towards increasing employment generation and poverty/crime reduction, such as Enyimba City Project in Aba by the Abia State government.

Empirical Review

Nwachukwu and Ogbo (2012) carried out research on the role of entrepreneurship in economic development: The Nigerian perspective. The aim of their study was to develop and analyze the contributions of entrepreneurship in economic development through SME development in Nigeria. A total of 1000 SMEs were randomly selected from a cross-section of a population of all SMEs spread around some states of Nigeria. The hypotheses of the research which were tested at 0.05 level of significance using chi-square statistics hinged on identifying the greatest problem which SMEs face in Nigeria. The study found that SMEs have played and continue to play significant roles in the growth, development and industrialization of many economies in the world. The researchers' concluded that promoters of SMEs should thus ensure the availability or possessions of managerial capacity and acumen before pursuing financial resources for the development of the respective enterprise.

Similarly, Riti and Kamah (2015) researched entrepreneurship, employment and sustainable development in Nigeria: The study investigated the potency of entrepreneurship to generate employment, thus, underscoring the quintessence, significance and relevance of this sub-sector in the sustainable development of any given economy. The objective of the study was to examine entrepreneurship, employment and sustainable development in Nigeria. Data were sourced from the Central Bank Statistical Bulletin, National Bureau of Statistics, World Development Indicators and CIA Fact Sheet and other institutional publications to provide an empirical basis for the study spanned from 1980-2013. The methodology adopted in the research was the use of co-integration and Vector Error Correction Mechanism (VECM) which established the long-run and short-run estimates of the parameters. On the long-run estimates, employment (LEMPL) and average capacity utilization (LCAP) are found to be statistically significant implying that employment and capacity utilization can be generated through entrepreneurship for sustainable development. Industrial Production Index (LINPI) on the other hand, is wrongly signed implying that it does not contribute to LHDI (sustainable development) for the period under review. The short-run estimates also show the significance of the parameters with respect to LEMPL and LINPI. The error correction mechanism (ECM) is rightly signed and significant. It shows that the

speed of adjustment of the model from short-run distortions to long-run equilibrium is about 12.7%. The diagnostic tests of unit root showed that the variables are integrated of order one. This means that though individually the variables are non-stationary, a linear combination of the variables was stationary, hence they are co-integrated. Based on the findings, the study recommends that if the Nigerian government must revitalize its economy, reduce unemployment progressively, and generate more employment opportunities for sustainable development, a paradigm shift in policy that is critical to effective entrepreneurship development becomes imperative. This can be done by building more capacity utilization and the creation of enabling an environment for industries to thrive.

Adeoye (2015) examined the effect of entrepreneurship on economy growth and development in Nigeria. The study discussed the evolution and current development of principles and practice of entrepreneurship in Nigeria. It also examines the effect of entrepreneurship in fostering economic growth and development. The methodology adopted was the narrative-textual case study (NTCS) method, which is preferred because of the absence of sequential data related to entrepreneurship and sustainable economic growth in Nigeria. However, interviews were also conducted. The study made use of simple percentages, graph and charts in analyzing and interpreting the collated secondary data. The study reported that Nigeria's economy has continued to grow over the last decade- with the real GDP growth rate hovering around 7%. It was also deduced from the study that entrepreneurship could enhance economic growth and development primarily by generating employment and foster the growth of micro, small and medium enterprises in Nigeria. The researcher recommends that there should be proper policy coordination and policy stability, reforms in the educational curriculum to prepare students for self-reliance, and fixing the power sector-Nigeria's basic infrastructure. When flourishing micro, small and medium enterprises (MSMEs) is created, gainful employment will be created, wealth created will be distributed evenly and the economy is developed.

Pelagia (2015) carried out a study on the role of entrepreneurship in combating youth unemployment and societal crime in Tanzania which is an African country. The study examined the relationship between crime and youth unemployment on the one hand and crime and entrepreneurship on the other hand. The review of literature has shown the existence of a big relationship between unemployment and crime practices, as drawn from sociological control and social strain theories and empirical studies. It further shows that the problem of unemployment can be reduced with youth engaging in entrepreneurship practices as a means of creating employment and in turn, lessen the problem of crime. The study made use of a review of the literature, where various published and unpublished documents were visited. The documents covered the period between 1990 to the year 2015.

Summary of Review of Related Literature

Entrepreneurship is essential for rapid and sustained growth and development of every nation. It creates the required manpower and skills necessary for accelerated growth, reduce unemployment and poverty. It is therefore strategic and wise for Nigeria to assign a significant and increasing role to entrepreneurship in their effort to revamp the economy. Furthermore, from the empirical review, it was found that; studies reviewed made use of secondary data expects one that adopts the use of primary data. Furthermore, one of the studies reviewed adopted a theoretical approach and was carried out in Tanzania. Therefore, in other to close these identified gaps, the present study was carried out in Aba Metropolis, Abia State Nigeria, using small and medium scale ventures.

Methodology

A structured questionnaire was used to elicited information from employees of selected small and small and medium scale ventures in Aba Metropolis, Aba Abia Nigeria. The population of the study was one hundred and twenty one (121) and Taro Yamane formula was used to derive the sample size, which is ninety-three (93). Bowley's formula was used to determine the number of questionnaires administered to each strata. An instrument made up of eleven (11) items was subjected to reliability test using the cronbach's alpha and the result revealed:

Reliability Statistics	
Cronbach's Alpha	N of Items
.708	11

Again, the Spearman rank correlation coefficient in SPSS (statistical package for social sciences) was used in the testing the hypotheses.

Results

A total of ninety-three copies of the questionnaire were administered and fully retrieved. This represents a one hundred percent response rate. The mean weighting of responses gathered from the questionnaire was computed and interpreted from the data and are presented in tables.

Research Question One: What is the extent of the relationship between entrepreneurship and employment generation?

Table 1: Result showing correlation analysis between entrepreneurship and employment generation

Variables	N	Mean	Standard Deviation	Correlation Coefficient	p-value	Decision
Entrepreneurship	93	3.18	1.01	0.830	0.000	Reject the null hypothesis
employment generation	93	3.10	1.064			

Source: field survey, 2019.

Table 1 presents the correlation analysis between entrepreneurship and employment generation in Aba Metropolis, Abia State Nigeria. The result reports that there is a strong and positive relationship existing between entrepreneurship and employment generation in Aba Metropolis, Abia State Nigeria. The relationship between these variables is evident in a correlation coefficient of 0.830 indicating about 83% level of relationship. The result further reported that enterprising ventures are springing up in Aba Metropolis to a great extent as the mean result account for 3.18. It is also presented that the employment generation rate in Aba Metropolis is high as the resulting account for a mean of 3.10. This result indicates that the high rate of entrepreneurship could also lead to a high rate of employment generation, of which the relationship said to be existing is reported to be 83%.

Hypothesis 1: There is no significant relationship between entrepreneurship and employment generation.

Table 1 also presents the p-value result showing if a significant relationship exists between entrepreneurship and employment generation. The result has disclosed a correlation coefficient of 0.830 with a p-value of 0.000 which was less than 0.05 significance level. We therefore, rejected the H_0 and concluded that there is a significant relationship between entrepreneurship and employment generation. This is to say that statistically, entrepreneurship has significantly influenced the rate of employment generation in Aba Metropolis, Abia State Nigeria.

Research Question Two: What is the level of relationship between entrepreneurship and crime reduction?

Table 2: Correlation Analysis between entrepreneurship and crime reduction

Variables	N	Mean	Standard Deviation	Correlation Coefficient	p-value	Decision
Entrepreneurship	93	3.18	1.01	0.462	0.000	Reject the null hypothesis
Crime reduction	93	2.96	0.999			

Source: field survey, 2019.

Table 2 presents the correlation analysis between entrepreneurship and crime reduction in Aba Metropolis, Abia State Nigeria. The result reports that a fair and positive relationship exists between entrepreneurship and crime

reduction. The positive and fair relationship existing between these variables is evident in a correlation coefficient (or index) of 0.462 indicating about 46.2% level of relationship existing. The result further reported a high rate of enterprising ventures springing up in Aba Metropolis as the mean result account for 3.18. This leading to a moderate significant crime reduction rate in Aba Metropolis as the resulting account for a mean of 2.96. This result indicates that a high rate of entrepreneurship could lead to a fairly or moderate reduction in crime as the relationship is said to be about 46.2%.

Hypothesis 2: There is no significant relationship between entrepreneurship and crime reduction.

Table 2 also presents the p-value result showing if a significant relationship exists between entrepreneurship and crime reduction. The result has disclosed a correlation coefficient of 0.462 with a p-value of 0.000, which was less than 0.05 significance level, indicating a moderate positive relationship between entrepreneurship and crime reduction. This is to say that statistically, entrepreneurship has moderately reduced the rate of crime in Aba Metropolis, Abia State Nigeria.

Discussion of Findings

The study established that there is a significant relationship between entrepreneurship and employment generation. This supports the finding of the study carried out by Adeoye (2015) which states that entrepreneurship enhanced economic growth and development primarily by generating employment. This is also in line with the finding of the study carried out by Riti and Kamah (2015) which revealed that the potency of entrepreneurship to generate employment is statistically significant. Furthermore, the study revealed that there is a moderate positive relationship between entrepreneurship and crime reduction.

Conclusion

Based on the findings, the study concluded that there is a significant relationship between entrepreneurship and employment generation; this means the more enterprises spring up in a location the more employment opportunities. Furthermore, the study also concluded that there is a moderate positive relationship between entrepreneurship and crime reduction; the assumption here is; the more ventures in a location the lower the crime in such an area.

Recommendations

1. The government should encourage entrepreneurship in Nigeria considering its positive impact on employment generation because if there are out spring of small and medium scale ventures, it will help to curtail the rate of unemployment in the country.
2. Government should also encourage the youths to get involved in entrepreneurship in other to reduce the crime rate in the country by making available loans at a low interest rate.

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