

The effect of entrepreneurship on poverty reduction: Empirical evidence from Sokoto State - Nigeria

Mulikat Folashade Usman, Sadat Ibn Adam

Department of Business Administration Faculty of Management Sciences Usmanu Danfodiyo University, Sokoto – Nigeria

Abstract

This study was carried out to empirically evaluate the effect of entrepreneurship on poverty reduction in Sokoto State of Nigeria. Primary data were obtained using the instrument of questionnaire which was administered on 300 respondents comprising 233 entrepreneurs and 67 non-entrepreneurs. The Chi-Square Test of Independence and Spearman's Rank Correlation were used as the main statistical tools of data analysis. The results of chi-square analysis indicated that entrepreneurship lifted 86% of the sampled entrepreneurs out of poverty. Although a significant positive relationship was found to exist between entrepreneurship and poverty reduction – meaning that as the level of entrepreneurship went up the rate of poverty reduced – the relationship was found to be weak with the value of correlation coefficient being 0.177. The study recommends that government should provide support funds, power and good transportation system as well as entrepreneurship skills programmes within its policy framework in order to boost the level of entrepreneurship and thus reduce the level of poverty in the State. Government should not only intensify the level of awareness of the benefits of entrepreneurship to the generality of its people but also provide the enabling environment for entrepreneurial activities to thrive in the State.

Keywords: entrepreneurship, poverty, reduction, evidence, evaluation

Introduction

As the scourge of poverty continues to bite harder in the wake of globalization, dwindling oil revenues and economic recession especially in many developing countries, many studies like those of Wujung and Mbella (2014) ^[26], Ilemona (2013) ^[11], Ali and Ali (2013) ^[4] and Stephen (2012) ^[23] etc. seem to be pointing to entrepreneurship as an intervention strategy for mitigating the challenge of poverty. Only recently Nigeria was described in a United Nations report, according to Daily Post's publication of 5th September, 2016, as one of the poorest countries in the world with over 80 million or 64% of her population (of over 175 million people) living below the poverty line. Similarly, Sokoto State has in recent years been described by the National Bureau of Statistics as the poorest State in Nigeria with 81.2% poverty rate, according to Vanguard's publication of 6th January, 2013. Statistics also show that the rate of unemployment in Nigeria rose from 7.54% in the first quarter of 2015 to a dismal 12.1% by the first quarter of 2016 (National Bureau of Statistics, 2016).

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, Stephen (2012) ^[23] 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 (Stephen, 2012) ^[23].

Although the present study does not attempt to project

entrepreneurship as a panacea for Nigeria's poverty woes, however, it does recognise that entrepreneurship holds a dimension of intervention that has yet to be explored in the country's fight against poverty. The study therefore seeks to empirically investigate the potentials of entrepreneurship in creating a path out of poverty in Sokoto State of Nigeria. Although Ogundele, Akingbade and Akinlabi (2012) ^[17], in their study, show that entrepreneurship is one of the measures embraced by the Nigerian Government over the years to reduce mass poverty and unemployment in the country, it is pertinent to empirically establish the relationship between entrepreneurship development and poverty alleviation in Sokoto State of Nigeria, and that is the thrust of this work. Both registered and non-registered businesses in Sokoto State constitute entrepreneurial presence as proxy in this work.

Statement of the Research Problem

Poverty reduction is the most difficult challenge facing Nigeria and its people and the greatest obstacle to pursuit of sustainable socioeconomic growth (Oghojafor *et al.*, 2011) ^[16]. There have been quite a number of poverty alleviation programmes introduced by the government before and after the Structural Adjustment Programme era and some of these programmes have had the flavour of entrepreneurial endeavours. However, available statistics and extant literature show that these schemes have yielded little or no meaningful results (Suleiman and Wan, 2015) ^[24] as the rates of poverty in the country have continued to increase. Adeyemi and Lanrewaju (2014) ^[2] reveal that "the position that entrepreneurship is a bulwark (protection) against poor economic growth, poverty, frustration and social exclusion appears to be getting widely accepted in most countries across the world." In fact, many studies (for example, Kareem, 2015; Bruton and Ketchen, 2013; Ali and Ali, 2013; Ilemona, 2013; Oghojafor *et al.*, 2011 and Gebremariam, 2004, etc.) ^[12, 6, 4, 11]

^{16, 8]} have continued to expound on the role of entrepreneurship in tackling the challenge of poverty. All these studies have, with different study methodologies and study areas as well as different study periods, showed in the affirmative that there exists a positive association between entrepreneurship and poverty reduction. However, what constitutes poverty in Lagos State of Nigeria or any other place for that matter may be largely different from that of Sokoto State. The gaps of regions, periods and methodology are observed in all the studies reviewed. It is therefore pertinent to capture the realities of the peculiarities of entrepreneurship-poverty nexus that exist in Sokoto State of Nigeria using measures of both descriptive and inferential statistics including correlation, chi-square and percentages, etc. This will not only bridge the gaps of methods of analysis, study areas and periods, but also broaden the horizon of all stakeholders on the relationship between entrepreneurship and poverty alleviation. This study will therefore capture the socioeconomic characteristics of entrepreneurs in Sokoto State and also verify if there are enough evidence to conclude that entrepreneurship reduces the rate of poverty in Sokoto State.

Research Questions

Two research questions are considered in this study:

1. What constitute the common socioeconomic characteristics of both entrepreneurs and non-entrepreneurs in Sokoto State and how many of them live in extreme poverty?
2. Is there sufficient evidence to suggest that entrepreneurial endeavours reduce the rates of poverty in Sokoto State?

Aim and Objectives

The aim of this study is to assess the impact of entrepreneurship on poverty reduction in Sokoto State of Nigeria. The specific objectives are:

1. To statistically examine the socio-economic characteristics of the entrepreneurs viz-a-viz those of non-entrepreneurs in Sokoto State.
2. To empirically determine the relationship between entrepreneurship and poverty reduction in Sokoto State.

Statement of Hypothesis

The hypothesis to be tested is stated in the null (H₀) and alternative (H₁) forms as follows:

- H₀:** There is no sufficient evidence to show that entrepreneurship reduces the level of poverty in Sokoto State.
- H₁:** There is sufficient evidence to show that entrepreneurship reduces the level of poverty in Sokoto State.

A Priori Expectation

Our *a priori* expectation is that there is a significant positive relationship between entrepreneurship and poverty reduction.

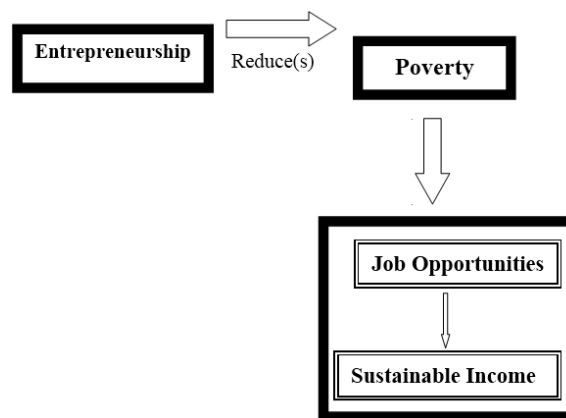
Literature Review

Conceptual Framework on Poverty and Entrepreneurship

The rising levels of poverty and unemployment in Nigeria have become bothersome not only to the government but also to every goodhearted citizen. In fact, almost everywhere in the world, there appears to be a research consensus that

entrepreneurship provides one of the most effective answers to the nagging problems of unemployment, poverty and low economic growth. But what do poverty and entrepreneurship mean and what is the nexus between them in the context of our research?

The conceptual framework for our study is hinged on the notion that entrepreneurship, which engenders self-employment, creates job opportunities, which raise the level of income, which then reduces the level of poverty.



Source: Author’s conception

Fig 1: Conceptual model showing the relationship between entrepreneurship and poverty reduction in Sokoto State, Nigeria.

Concept and Definitions of Poverty

There is no universally accepted definition of poverty perhaps because it’s pretty hard to draw the line between the “poor” and the “non-poor” (Suleiman and Wan, 2015) ^[24] or the “haves” and the “have-nots” in different parts of the world; however, there are operational definitions. As was cited by Suleiman and Wan (2015) ^[24], the World Bank Report (2002) describes poverty as the inability to attain a minimum standard of living. The report constructed some indices based on a minimum level of consumption in order to show the practical aspect of poverty. These include lack of access to resources, lack of education and skills, poor health, malnutrition, lack of political freedom and voice, lack of shelter, poor access to water and sanitation, vulnerability to shocks, violence and crime, political discrimination and marginalization.

Poverty is widely understood as the condition of living on an income below a certain minimum threshold. The World Bank defines those living on under US\$2 a day as living in poverty, and those living on under US\$1.25 as living in extreme poverty internationally (Chen and Ravallion, 2008) ^[7]. This is the concept adopted in the present study.

However, many researchers have adopted a broader definition of poverty as the inability to meet basic material needs which include food, water, clothing, shelter, education, health as well as environmental requirement, such as air, serenity and basic non-material needs such as political and community participation, identity, dignity etc. (Ajakaiye, 2001).

Poverty can be categorised into three namely: absolute poverty, relative poverty and subjective poverty (Nweze and Ojowu, 2002 as cited in Olayinka, Olusegun, and Babatunde, 2015). Absolute poverty is a situation where an individual is constrained with limited financial resources and he is unable to meet his/her basic needs of life such as food, clothes,

shelter and health. This is in consonance with the submission of Hettne (2002) that absolute poverty occurs when human beings live in a state of deprivation due to meagre income or lack of access to basic human needs which include food, safe water, sanitation, health, shelter, education and information. Relative poverty is a situation where an individual's income is less than the average income of the population in the society being considered (Nweze and Ojowu, 2002). Whereas, subjective poverty, according to Haralambos and Holborn (2004), is based on the individual's perception about his/her standard of living. This feeling of being poor is a subject of the absolute minimum standing of living.

Theories of Poverty

Adeyemi and Lanrewaju (2014) ^[2] examined four propounded theories of poverty, viz. the Necessity Theory, the Individual-Attributes Theory, the Natural-Circumstantial Theory and the Power Theory. For the purpose of this study, however, two of these theories deemed relevant to our work are reviewed.

The Individual-Attributes Theory: this theory reacts on the view that the poor in the society are the architects of their own conditions. According to this theory, the position of an individual in the income and wealth continuum is dependent on the individual's motivation, aptitudes and ability. This implies that an individual's ability and willingness to venture into business ultimately affects their poverty or wealth condition. The Natural-Circumstantial Theories have more to do with causes of poverty. According to these theories, explanatory variables responsible for poverty include geographical location and natural endowment of the individual's environment, unemployment, old age etc. This theory directly relates to some of the socioeconomic characteristics measured in this work including age, location and entrepreneurial ventures.

Concept and Definitions of Entrepreneurship

For Hisrich (2015), entrepreneurship is 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) ^[6] define 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.

In the submission of Hafizullah *et al* (2012) entrepreneurship means bringing and implementing novel ideas or modifying the old ones to bring innovations into businesses that have the ability to create value. Entrepreneurship also refers to the general trend of setting up new enterprises in a society (Nawaz, 2009; Begum, 1993).

In the words of Timmons *et al.* (1989), "entrepreneurship is the process of creating and building something of value from practically nothing. That is, it is the process of creating or seizing an opportunity and pursuing it regardless of the resources currently controlled.

Entrepreneurship and Poverty Reduction: Empirical Review

Quite a number of studies have confirmed a positive

association between entrepreneurship and a rise in the standard of living and quality of life (Abimbola, 2004), and this is in consonance with our *a priori* expectation of a positive relationship between entrepreneurship and poverty reduction. In a study, cited by Wujung and Mbella (2014) ^[26], of microfinance institutions, Khandker (2006) demonstrates that, "indirectly, entrepreneurship is the key to poverty reduction not just for beneficiaries but also through positive externalities to the rest of the society."

In her empirical study, Shrestha (2004) investigated the impact of Micro and Small Enterprises, supported by the Micro-Enterprise Development Programme (MEDEP) on a number of targets including poverty reduction, in Nepal. She found that the poor through micro enterprises achieved significant increases in income of between 50 percent and 100 percent with an overall average of income increment of about 50 per cent. The report mentioned that total income before MEDEP intervention was about \$69 per year and after intervention it rose to about \$105. In terms of job creation, the study found micro enterprises creating total employment for about 8, 139 persons i.e. an average of about 1.3 persons per entrepreneur. Using basic needs approach to evaluating poverty, Shrestha (2004) found that households that were incapable of meeting these needs before MEDEP intervention, were financially empowered through micro-entrepreneurship to do so (Adeyemi and Lanrewaju, 2014) ^[2]. The drawback of this study is that standard statistical methods of data analysis such as correlation, chi-square and t-test, etc. we're not deployed in the analysis.

In another empirical study, Gebremariam (2004) ^[8], using the ordinary least square regression analysis, examines the role of small entrepreneurial businesses in economic growth and poverty alleviation in West Virginia, USA. A strong inverse relationship was found to exist between the incidence of poverty and small business and economic growth. Thus, the empirical result establishes the linkage between small business, economic growth and the incidence of poverty. The result of this study does agree with our *a priori* expectation of a positive relationship between entrepreneurship and poverty reduction. In other words, as small businesses grow the incidence of poverty decreases. However, the study was conducted in a developed country, and the outcome cannot be used to model the realities in Sokoto State or Nigeria as a whole.

In another empirical research, Olayinka, Olusegun and Babatunde (2015) examined the impact of entrepreneurship training and education on poverty reduction in Nigeria. The researcher adopted a stratified random sampling technique in which 500 entrepreneurs and apprenticeships were chosen from six recognized Local Government in Lagos State. The best linear unbiased estimator was used to test the relationship between entrepreneurship training and poverty reduction in Nigeria. The result of their findings suggests that there exists a positive and significant relationship between entrepreneurship and poverty reduction and this was confirmed by the value of R^2 known as the coefficient of determination. The study was conducted in Lagos State whose socioeconomic characteristics are much different from those of Sokoto State. Besides, some descriptive and statistics like correlation and chi-square were not employed in the research.

Kareem (2015) ^[12] in his empirical study of the relationship

between entrepreneurship and poverty alleviation also concludes that there is a significant relationship between entrepreneurship and poverty alleviation at 1% probability level.

Methodology

This study assesses the impact of entrepreneurship on poverty reduction essentially among entrepreneurs in Sokoto State, Nigeria. The target population for this study comprised of entrepreneurs and non-entrepreneurs in Sokoto metropolis. The study adopted the descriptive survey research design. Primary data was sourced through a sample survey which involved the use of a well-structured questionnaire.

The research questionnaire was administered by the researcher on the target population using the *Convenience Sampling* technique. The 300 sample respondents of the study comprised of 233 entrepreneurs and 67 non-entrepreneurs. Our focus was on the entrepreneurs. Both registered and non-registered businesses were used to proxy entrepreneurial presence. Poverty was defined based on the individual's daily income, and those whose income fell below one dollar per day were considered to be living in extreme poverty.

The study employed Chi-Square Test of Independence and Correlation Analysis for testing and validating the research hypothesis raised in the study.

Method of Data Analysis

Chi-Square Test of Independence

To examine the research hypothesis, a chi-square analysis was conducted. The chi-square is an appropriate statistical test when the purpose of the research is to examine the relationship between two nominal level variables.

To evaluate significance of the results, the calculated chi-square coefficient (χ^2) and the critical value coefficient are usually compared. When the calculated value is larger than the critical value, with an alpha of .050, the null hypothesis will be rejected (suggesting a significant relationship). In order to determine the degrees of freedom for a chi-square, it is necessary to use the following equation:

$$df = (r - 1) (c - 1)$$

The r value equals the number of rows, and the c value equals the number of columns. In order for a chi-square to run correctly, several conditions and assumptions must be met. The data must be random samples of multinomial mutually exclusive distribution and the expected frequencies should not be too small. As a traditional precautionary measure in chi-square examination, the expected frequencies below five should not account for more than 20% of the cells, and there should be no cells with an expected frequency of less than one. If the expected cell frequencies are less than 5, Yates continuity correction will be used to test for significance (if it is a 2x2 chi square), as it is a more conservative statistic. However, in this study, the necessary assumptions and conditions were met.

Spearman's Rank Correlation

To examine the research hypothesis, a Spearman's Rank correlation was conducted to assess the relationship between entrepreneurship and poverty reduction. Spearman Rank correlations are appropriate analysis when one or both variables are ordinal. The correlation is a bivariate measure of

association (or strength) of the relationship between two variables, and the magnitude of that relationship. The correlation coefficient (r), varies from 0 (no relationship) to 1 (perfect linear relationship) or -1 (perfect negative linear relationship). Positive coefficients indicate a direct relationship: as one variable increases, the other variable also increases. Negative correlation coefficients indicate an indirect relationship: as one variable increases, the other variable decreases. As a nonparametric test, the assumptions of the Pearson's product-moment correlation (including normality and homoscedasticity) do not apply to the Spearman correlation.

Results and Discussion

Descriptive Statistics

The descriptive statistics show the socioeconomic characteristics of the respondents.

Analysis of Demographic and Socioeconomic Characteristics of Respondents

The analysis of respondent's data shows that 63% of respondents were male while 37% were female. This shows that there were more males than females in the sample. Also, 52% of respondents were married, 42.7% single, 2.3% widows and 3% divorced. This implies majority of respondents were married.

Further analysis reveals that 10.7% of respondents were below 20 years of age; 40.3% were between 20 – 30 years of age; 29.3% were between 31 – 40 years of age; whereas 19.7% were aged 40 years and above. In addition, 4.7% respondents had no formal education, 10.7% had primary school education 18.7% had secondary school education while 65.7% were holders of HND/B.Sc./ NCE. This implies that the majority of the respondents are well educated.

Inferential Statistics

The inferential statistics show the results of testing the hypothesis whether there is sufficient evidence to suggest that entrepreneurship reduces poverty.

Results of Chi-Square Test of Independence

A Chi-Square Test of Independence was conducted to examine whether Entrepreneurship and Poverty were independent. There were two levels in the measurement of Entrepreneurship:

- 1 (for yes) and
- 0 (for no).

There were four levels in the measurement of Poverty:

- 4 (for daily income above N1,000.00),
- 3 (for daily income between N600.00 and N1,000.00),
- 2 (for daily income between N350.00 and N500.00), and
- 1 (for daily income of N300.00 or less).

Prior to conducting the analysis, the assumption of adequate cell size was assessed, which requires all cells to have expected values greater than zero and 80% of cells to have expected values of at least five (McHugh, 2013). All cells had expected values greater than zero, indicating that the first condition was met. A total of 100.00% of the cells had expected frequencies of at least five, indicating that the second condition was met.

The results of the Chi-square test were significant, $\chi^2(3) = 13.46, p = .004$, suggesting that Entrepreneurship and Poverty Reduction are related to each other. The following level combinations had observed values that were greater than their

expected values: 1:4, 1:3, 1:2, and 0:1. The following level combinations had observed values that were less than their expected values: 0:4, 0:3, 0:2, and 1:1. Table 1 presents the results of the Chi-square test.

Table 1: Observed and Expected Frequencies by Entrepreneurship and Poverty Reduction

Entrepreneurship	Poverty			
	4	3	2	1
1	95 [89.27]	49 [48.46]	51 [49.31]	32 [39.96]
0	10 [15.73]	8 [8.54]	7 [8.69]	15 [7.04]

Source: Author’s Computation (2016) using Intellectus Statistics Software Version 1.01

Note. $\chi^2(3) = 13.46, p = .004$. Items in brackets represent expected cell frequencies.

A more detailed chi-square analysis is shown below in Table 2:

Table 2: Entrepreneurship * What is the daily net income realized from your entrepreneurs business? (Poverty) Crosstabulation

			What is the daily net income realized from your entrepreneurs business? (Poverty)				Total
			#300 or Less	Between #350 and #500	Between #600 and #1000	Above #1000	
Entrepreneurship	No	Count	15	7	8	10	40
		% within Entrepreneurship	37.5%	17.5%	20.0%	25.0%	100.0%
		% within What is the daily net income realized from your entrepreneurs business?	31.9%	12.1%	14.0%	9.5%	15.0%
		% of Total	5.6%	2.6%	3.0%	3.7%	15.0%
	Yes	Count	32	51	49	95	227
		% within Entrepreneurship	14.1%	22.5%	21.6%	41.9%	100.0%
		% within What is the daily net income realized from your entrepreneurs business?	68.1%	87.9%	86.0%	90.5%	85.0%
		% of Total	12.0%	19.1%	18.4%	35.6%	85.0%
Total	Count	47	58	57	105	267	
	% within Entrepreneurship	17.6%	21.7%	21.3%	39.3%	100.0%	
	% within What is the daily net income realized from your entrepreneurs business?	100.0%	100.0%	100.0%	100.0%	100.0%	
	% of Total	17.6%	21.7%	21.3%	39.3%	100.0%	

Source: Author’s Computation (2016) using SPSS Version 22.00

As at the time of this study the exchange rate in Nigeria was found to oscillate within the neighbourhood of N316.43/\$1. From Table 2 above, 22.5% of entrepreneurs sampled earned a daily income of between N350 and N500. The percentage of entrepreneurs who earned between N600 and N1000 stood at 21.6%; whereas, 41.9% of the sampled entrepreneurs earned above N1000 on a daily basis. Only 14.1% of sampled entrepreneurs earned N300 or below as against the 37.5% of their non-entrepreneur counterparts.

Since our study adopts the World Bank’s definition of those living on under US\$2 a day as living in poverty, and those living on under US\$1.25 as living in extreme poverty internationally (as indicated in Chen and Ravallion, 2008) [7], the result of our analysis shows that entrepreneurship lifted 63.5% (i.e. 21.6+41.9) of the sampled entrepreneurs out of poverty, earning a daily income of over 2\$ from their entrepreneurship business. Moreover, when the threshold of the World Bank’s extreme poverty is considered in the context of our analysis, we could empirically say that entrepreneurship lifted 86% (i.e. 22.5+21.6+41.9) of the sampled entrepreneurs out of poverty. And for what is more, as indicated in our analysis in Table 2, 14.1% of the sampled entrepreneurs were found to be living in extreme poverty (earning even less than \$1 a day) as against 37.5% of non-entrepreneurs who were found to be living in extreme poverty

(earning even less than \$1 a day).

Apparently, from the chi-square analysis above, there is sufficient empirical evidence to show entrepreneurship reduces the level of poverty in Sokoto State. That means that the null hypothesis stated in paragraph is rejected and the *a priori* expectation is met.

Results of Spearman’s Rank Correlation

A Spearman’s Rank correlation analysis was used to investigate the relationship between entrepreneurship and poverty. The null hypothesis for the correlation states that there is no linear relationship between entrepreneurship and poverty. The alternative hypothesis states that there is a linear relationship between the entrepreneurship and poverty. Note that the correlation is usually used to assess the linear relationship between variables.

Based on the conventional definition of effect size for correlations [ignoring the sign], where 0.10to 0.29 is small [weak correlation], 0.30 to 0.49 is medium [moderate correlation], and 0.50 to 1.00 is large [strong correlation], there was a weak correlation between entrepreneurship and poverty, having showed a value of 0.177 which is small. In the study as shown in Table 3 below, entrepreneurship was found to be significantly positively correlated with poverty, $r(298) = .177, p < 0.01$.

Table 3: Correlation between Entrepreneurship and Poverty

	1	2	Sig. (2-tailed)
1. Entrepreneurship	-	.177**	.004
2. Poverty	.177**	-	

Source: Author’s Computation (2016) using SPSS Version 22.00
 ** p <0.01

Since the result of correlation analysis indicates a significant positive relationship between entrepreneurship and poverty reduction, we also reject the null hypothesis of no relationship in Paragraph 1.4 of this work. The weak correlation however only shows that entrepreneurship is not a panacea for poverty reduction in Sokoto State, Nigeria. Besides, the result of weak correlation also indicates that the level of entrepreneurship in Sokoto State has yet to be improved in order to effectively reduce poverty.

In order to corroborate above results, when asked if their entrepreneurship business has helped them to stay out of poverty, 72.7% of respondents answered in the affirmative as shown in the

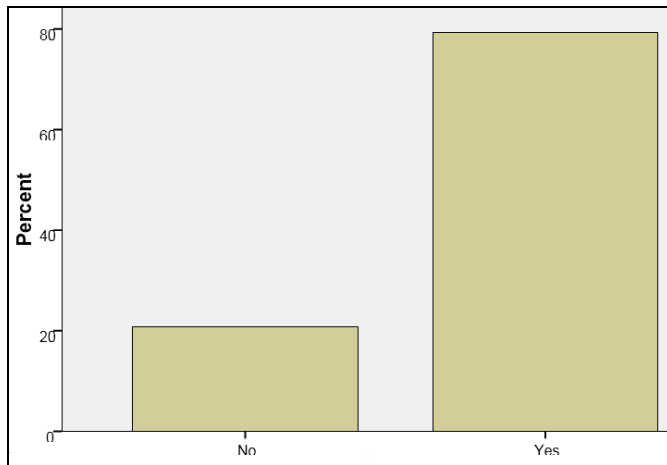


Fig 1: bar chart

Figure 2
Has your entrepreneurship business helped you to stay out of poverty?

Similarly, when asked if they think generally that entrepreneurship business can provide enough income to beat poverty, 73.7% of respondents also answered in the affirmative as indicated in the

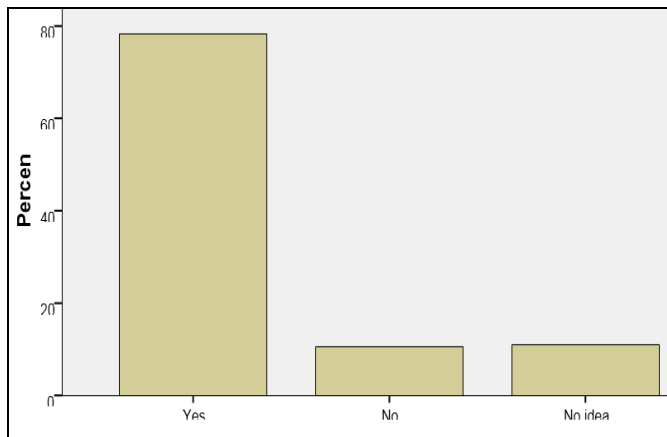


Fig 2: bar chart

Do you think that entrepreneurship business can provide enough income to beat poverty?

Again, when asked if they are able to afford basic necessities like food, cloth and shelter, 74.7% of the respondents also answered in the affirmative as indicated in the

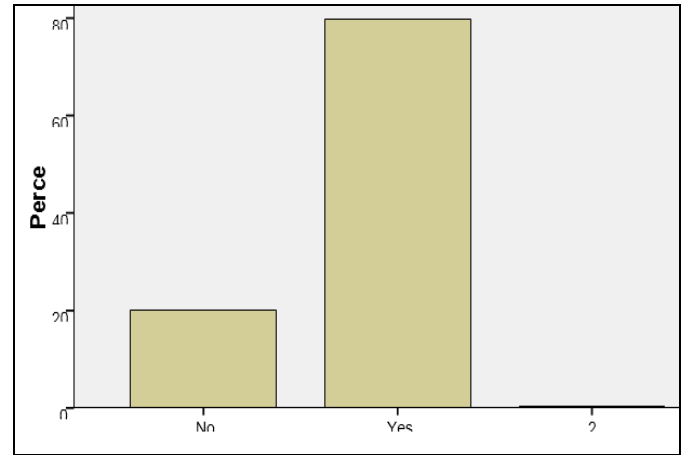


Fig 3: bar chart

Conclusion

Results of chi-square and correlation analyses provided empirical evidence to show that entrepreneurship reduces the level of poverty in Sokoto State of Nigeria. In fact, the result of our chi-square analysis indicated that entrepreneurship lifted 86% of the sampled entrepreneurs out of poverty. Although the results also indicated that 14% of the sampled entrepreneurs lived in extreme poverty with an income of less than one dollar per day, the situation was no better for non-entrepreneurs as 37.5% of the sampled non-entrepreneurs were found to be living in extreme poverty with an income of less than one dollar per day.

The result of our correlation analysis showed that although there is a significant positive relationship between entrepreneurship and poverty reduction. The relationship was however found to be weak with the value of correlation coefficient being 0.177. This directly corroborates the position of this study that “entrepreneurship is not a panacea for Nigeria’s poverty woes” as highlighted in Paragraph 1. The results of our empirical analyses were also corroborated by the analysis of the information provided by our respondents on the effect of entrepreneurship on poverty reduction in Sokoto State of Nigeria.

Some of the challenges facing entrepreneurial endeavours in Sokoto State as indicated by the respondents include inadequate funding, lack of power supply/cost of fuel as well as poor transportation system.

However, the limitation of this study is that only respondents within Sokoto metropolis, and 300 in number, were sampled. The respondents were mostly into small and medium scale businesses. Therefore, further research might include a more robust sample size spread across the entire State. Again, apart from entrepreneurship, other variables like level of education, household size, GDP, exchange rate and inflation rate also have an effect on the level of poverty. Therefore, further research might want to investigate the contributory effects of such variables in the analysis of poverty, possibly, using multiple regression and other relevant methods of data analysis.

Recommendations

It has been clearly shown that entrepreneurship carries a huge potential as an intervention strategy for poverty reduction. In fact, this study has empirically shown that entrepreneurship could possibly lift eighty-six out of a hundred people in Sokoto State out of poverty. Based on this and other results of findings especially the submissions of the respondents, the study recommends that the Government of Sokoto State should encourage entrepreneurial endeavours by providing funds, power and good transportation system as well as entrepreneurship skills programmes within its policy framework in order to boost the level of entrepreneurship and thus reduce the level of poverty in the State. More so, the State Government should not only intensify the level of awareness of the benefits of entrepreneurship to the generality of its people but also provide the enabling environment for entrepreneurial activities to thrive in the State.

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