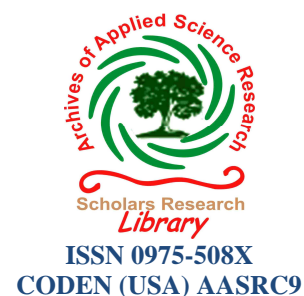




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Entrepreneurship and employment generation: The formal and informal sector perspectives

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ABSTRACT

Entrepreneurship and employment generation: the formal and informal sectors perspective is vital in the development of any economy, and it is a panacea for any country's unemployment surge. The biting wind of unemployment indeed is a socio-economic problem, with its associated vices having gone beyond one's imagination. Using the Chi-square statistical analysis, the correlation coefficient and the student "t" distribution, we extracted and assessed responses from 130 entrepreneurs based on the three research questions relating to funding, training and efficient use of funds. The result revealed that significant relationships exist between effective entrepreneurship administrations in terms of adequate training and the funding of entrepreneurship programmes and the efficient use of funds. It becomes apparent that any one of them taken into consideration is a factor that affects entrepreneurship development in the Nigerian economy. In a bid to help in solving these problems it is recommended among others that entrepreneurship activities be thoroughly examined and appraised accordingly to ensure quality in terms of knowledge and techniques. Proper training exercises should be mapped out for all categories of entrepreneurs in the formal and informal sectors, that entrepreneurial education be planned and implemented by the various government and non- government institutions. Particularly the young graduates should be encouraged to take up entrepreneurship as a means for job and wealth creation.

Key Words: Gainful employment, effective entrepreneurship training, efficient use of funds, employment opportunities, wealth creation

INTRODUCTION

The need and importance of this research on "Entrepreneurship and Employment Generation: The Formal and Informal Sector Perspectives" cannot be overemphasized.

The word entrepreneur is French, and literally translated, means "between-taker" or "go-between".

The entrepreneur's contribution to the total economic and social achievement therefore, calls for initiating possible strategies for building the needed capacities and proper management policies for effective co-ordination of resources towards inculcating the spirit of independence, enterprise, innovation and nationalism. According to the findings of Volery and Muller, allocating the necessary budgets and securing the cost of practical training would have effective impact on entrepreneurial education [1]. As opined by Simin Esgandari *et al* the use of increasing innovation and creation techniques such as mental stimulus, compulsory communication, arousing idea questions, patterning from nature leads to the increase of entrepreneurship and consequently the increase in social capital [2]. Dodd and Gotsis pointed out that development of entrepreneurial education is equally a function of social factors [3].

Entrepreneurial development is a self-reliant approach to economic strength, recovery and a new technique to both business organization as well as the public sector of the economy [7]. Development is now defined in terms of reduction or elimination of poverty and inequality and unemployment within a growing economy [4].

In the modern economy era, with its attendant changes in all facets – which encompasses unprecedented quest for wealth, housing, scientific method of management in place of the crude management style of intuitive judgment, competitive educational advancement, modern methods of production (mechanized farming), enlarged family and population figures, uncalculated attempts for increased and improved scientific and technological development, persistent quest for white-collar jobs, with less regard to agriculture and entrepreneurial development and its associated self-employment[6], wealth distribution and development, increased die-hard politicians and undemocratic processes, to mention but a few, so we have to think entrepreneurship development in both physical reality and state of mind in which a society through the combination of social, economic and institutional process secure the means of obtaining a better life. The specific components of a better life include sustenance, self esteem, and freedom from servitude [8].

MATERIALS AND METHODS

Materials were gathered through the primary and secondary methods through the use of questionnaires and books. The descriptive survey method is adopted to enable the researcher to obtain information from a representative sample of the target population. This study will be subjected to empirical analysis to see if a significant difference exists between trained and untrained entrepreneurs in entrepreneurial development and gainful employment in the Nigerian economy and whether there is significant relationship between effective entrepreneurial training and funding of entrepreneurship.

Sample

Random samples of 140 entrepreneurs with capital worth over =N=40,000.00(Forty thousand naira) were studied in Akwa Ibom State and Cross River State.

Instrumentation

The instrument of this study was a questionnaire designed by the researchers.

Questionnaire Administration

One hundred and eight (140) questionnaire forms were administered to respondents and one hundred (130) were returned.

Data Abstraction and Analytical Methodology

To ensure effective method of data analysis in relation to the result expected from a non-parametric statistical method such as the “chi-square test” (X^2) and the use of correlation coefficient and the student “t” distribution for the categorized variables, only statistical test of hypotheses assessing relationships between the variables of study: training, capital and funds management were extracted for analysis to achieve the best results.

RESULTS AND DISCUSSION

TABLE 1: Summary of data collection on categories of entrepreneurship

Entrepreneurship	Questionnaire issued	Returned	Not returned	% of return to % issued
A: PRODUCTION	50	50	0	100
B: MANUFACTURING	40	38	2	95
C: TRADING	20	17	3	85
D: SERVICE PROVISION	20	19	1	95
E: OTHERS	10	6	4	60
Total	140	130	10	92.86

Source: Field work

Research Question One:

Has entrepreneurship development any impact on gainful employment in Nigeria?

TABLE 2: Entrepreneurship development and impact on gainful employment

Categories	Questionnaires returned by respondents	Percentage returned	Yes	No
A	50	38.46	37.69	0.77
B	38	29.23	27.69	1.54
C	17	13.08	11.54	1.54
D	19	14.61	13.85	0.76
Others	6	4.62	3.85	0.77
Total	130	100	93.85	6.15

Source: Field Work

Research Question Two

Does lack of funding have a drawback to effective entrepreneurial training, preparation and business take off?

TABLE 3: Lack of funding as drawback to effective entrepreneurial training, preparation and business take off

Categories	Questionnaires returned	% returned	Yes	No
A	50	38.46	33.85	4.61
B	38	29.23	20.00	9.23
C	17	13.08	11.54	1.54
D	19	14.61	12.31	2.30
Others	6	4.62	3.85	0.77
Total	130	100	81.55	18.45

Source: Field work

From the TABLE 3, the explanation shows that a total of 130 questionnaires representing 100% were collected from the selected establishments under study, 81.55 were “yes” responses from the respondents while 18.45% represent “No”.

It shows that lack of training (technical, administrative and financial) and inadequate preparation is one of the outstanding drawbacks to successful entrepreneurship in Cross River and Akwa Ibom State.

Research Question 3:

Does efficient use of funds have any impact on entrepreneurial development and administration?

TABLE 4: Efficient use of funds and entrepreneurship development/ administration

Categories of entrepreneurs	Responses questionnaire returned	Percentage returned	% response	
			YES	NO
A	50	38.46	33.85	4.61
B	38	29.23	20.77	8.46
C	17	13.08	10.0	3.08
D	19	14.61	11.38	3.23
Others	6	4.62	3.85	0.77
Total	130	100	79.85	20.15

Source: Field Work

From the above TABLE we present explanations showing that a total of 130 questionnaire representing 100% were collected from selected enterprises under study, 79.85 percent showing a “yes” response while 20.15 percent was for “No”.

TABLE 5: Lack of funding, training and inefficient use of funds in entrepreneurial development

LACK OF FUNDING/TRAINING (TABLE 3)	A	B	C	D	OTHERS
Yes(Y)	33.85	20.00	11.54	12.31	3.85
No	4.61	9.23	1.54	2.30	0.77
INEFFICIENT USE OF FUNDS (TABLE 4)					
Yes (X)	33.85	20.77	10.00	11.38	3.85
No	4.61	8.46	3.08	3.23	0.77

Source: Field Work

The data presented above will be analyzed using simple techniques of variance. In calculating the variance, the difference between lack of training and adequate training of entrepreneurs will be shown. In a particular establishment, if the “No” response is greater than the “Yes” it indicates an unfavorable variance (v) if however, the “Yes” response is greater than “No” response, a favorable variance (f) arises.

TABLE 6: Calculation of variance of trained and untrained entrepreneurs due to lack of funds

ESTABLISHMENT	NO (1)	YES (2)	VARIANCE (2) - (1)
A	4.61	33.85	29.24 (f)
B	9.23	20.00	10.77 (f)
C	1.54	11.54	10.0 (f)
D	2.30	12.31	10.01 (f)
Others	0.77	3.85	3.08 (f)

Source: Field Work

Observation: Taking a close look at the TABLE 6 above, one will notice that in all the establishments, the variances were in favor of “yes”. This goes a long way to proving that lack of training and adequate preparation of entrepreneurs significantly affects entrepreneurial development in the two states: Akwa Ibom and Cross River State.

TABLE 7: Calculation of variance of adequate funding/availability of funds for effective entrepreneurship

CATEGORIES	NO (1)	YES (2)	VARIANCE (2) - (1)
A	4.61	33.85	29.24 (f)
B	8.46	20.77	12.31(f)
C	3.08	10.00	6.92 (f)
D	3.23	11.38	8.15 (f)
Others	0.77	3.85	3.08 (f)

Source: TABLE 4(Field Work September, 2009)

Observation: All the variances being favorable, give enough evidence that inadequate funding of entrepreneurship is one of the adverse effect of entrepreneurial development in the country.

TABLE 8: Summary of variance of yes/no responses

ESTABLISHMENT	NO (1)	YES (2)	VARIANCE (2) - (1)
A	9.22	67.7	58.48 (f)
B	9.94	40.77	30.83 (f)
C	2.31	21.54	19.23 (f)
D	1.52	23.69	22.17 (f)
Others	1.54	7.70	6.16 (f)
Total	24.53	161.14	136.87

Source: Field Work

Above TABLE 8 were derived from TABLE 6 and TABLE 7 respectively.

TABLE9: Inadequate training due to poor funding

INADEQUATE TRAINING DUE TO POOR FUNDING(RESEARCH QUESTION TWO)	A	B	C	D	OTHERS	TOTAL
Yes	33.85	20.00	11.54	12.31	3.85	81.55
No	4.61	9.23	1.54	2.30	0.77	18.45
Total	38.46	29.23	13.08	14.61	4.62	100

Source: Adopted from TABLE 6

Test of Hypothesis

Hypothesis One

There exists no significant difference between trained and untrained entrepreneurs in entrepreneurial development and efficiency.

TABLE 10: CHI-Square contingency values of untrained and trained entrepreneurs

Untrained entrepreneurs	A	B	C	D	Others
Observed	33.85	20.00	11.54	12.31	3.85
Expected	27.60	6.29	9.41	10.04	3.14
Trained entrepreneurs	A	B	C	D	Others
Observed	4.46	9.23	1.54	2.30	0.77
Expected	0.82	1.70	0.28	0.42	0.14

Source: Derived from chi-square calculation

To specify the calculations a TABLE will be formed and used below.

These estimated values can now be presented side by side with the observed values as presented in TABLE 11

TABLE 11: CALCULATED CHI SQUARE VALUES

Establishments	O	E	O-E	(O-E) ²	$\frac{(E-O)^2}{E}$
A	33.85	27.60	6.25	39.06	1.42
B	20.00	6.29	13.71	187.96	29.88
C	11.54	9.41	2.13	4.54	0.48
D	12.31	10.04	2.27	5.15	0.51
Others	3.85	3.14	0.71	0.50	0.16
E	4.46	0.82	3.64	13.25	16.16
F	9.23	1.70	7.53	56.70	33.35
G	1.54	0.28	1.26	1.59	5.68
H	2.30	0.42	1.88	3.53	8.40
Others	0.77	0.14	0.63	0.40	2.86
Total					$\Sigma 98.9$

From the TABLE 11, the calculated value of chi-square (X^2_c) = 98.90

STEP (III)

In this step, the researcher determines the total value of chi-square as the basis for comparison. To do this, the researcher first calculates the degree of freedom (v) and chooses a 0.05 level of significance.

The formula to determine the degree of freedom:

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

When R = No of rows in the observed data table and

C = No of columns in the observed data table

Using TABLE 9(Observed data table)

$$Df = (2 - 1)(5 - 1)$$

$$= (1)(4) = 4$$

We shall test the hypothesis at 5% level of significance and 4 degree of freedom using the chi-square distribution table, the critical value is 0.711. (This represents the value of chi-square distribution at significance level at 0.05).

Decision rule

The calculated value of chi-square (98.9) is greater than the critical value of (0.711) following our decision rule; the researcher therefore, accepts the alternative hypothesis and rejects the null hypothesis. That is, a significant difference exists between trained and untrained entrepreneurs in entrepreneurial development and efficiency.

Hypothesis Two

There is no significant relationship between effective entrepreneurial training and funding of entrepreneurship.

In testing the above hypothesis, research questions 2 and 3 were used. Both questions were stated in reverse to each other to enable the researcher ascertain from the respondents the connection between effective entrepreneurial training and adequate funding or the availability of funds/capital.

Effective management which is an attribute of good training do depend on funding or availability capital; simply put where there is inadequate funds, no proper or effective entrepreneurship can be achieved.

Thus the independent and dependent variables can be specified as follows:

Independent variable(x): Funding of entrepreneurship is a pre-requisite for effective administration of businesses. This is supported from research question 3.

Dependent variable(y): Effective entrepreneurial training is dependent on funds availability. This is supported by research question 2.

Going further, TABLE 12 shall be used in the test of hypothesis 2.

TABLE 12: Regression analysis of dependent and independent variables of study

Establishment	X	Y	XY	X ²	Y ²
A	33.85	33.85	1,145.82	1,145.82	1,145.82
B	20.77	20	415.40	400.00	400.00
C	10	11.54	115.4	100.00	431.39
D	11.38	12.31	140.09	129.50	151.54
Others	3.85	3.85	14.82	14.82	14.82
TOTAL	79.85	81.55	1,831.53	1,790.14	2,143.57

SOURCE: TABLE 11

Calculation of correlation coefficient

Where; n = 5 (Number of categories of entrepreneurship under study)

Given the formula

$$r = \frac{N\sum XY - (\sum x)(\sum y)}{\sqrt{[N\sum X^2 - (\sum x)^2][N\sum y^2 - (\sum y)^2]}}$$

By substituting values from the table above

$$r = \frac{5(1,831.53) - (79.85)(81.55)}{\sqrt{[5(1,790.14) - (79.85)^2][5(2,143.57) - (81.55)^2]}}$$

$$r = \frac{9,157.65 - 6,511.77}{\sqrt{(8,950.70 - 6,376.02)(10,717.85 - 6,650.40)}}$$

$$r = \frac{2,645.88}{\sqrt{(2,574.68)(4,067.45)}}$$

$$r = \frac{2,645.88}{\sqrt{10,472,382.12}}$$

$$r = \frac{2,645.88}{3,236.10}$$

$$r = 0.82$$

The above correlation will be tested using the student "t" distribution coefficient.

The formula for calculating tc is:

$$t = r \sqrt{\frac{1-r^2}{N-2}}$$

r = Correlation coefficient

n = No. of observation

By substituting the researcher then have:

$$tc = \frac{0.82}{\sqrt{\frac{1-0.82}{5-2}}}$$

$$= \frac{0.82}{\sqrt{\frac{0.18}{3}}}$$

$$\begin{aligned}
 &= \frac{0.82}{\sqrt{0.06}} \\
 &= \frac{0.82}{0.24} \\
 &= 3.42
 \end{aligned}$$

The table value of “t” (tt) referred to N-2 i.e. (5-2) or 3 degree of freedom and 5% level of significance is 2.353

DECISION

Since tc (3.42) is greater than tt (2.353) the research accept the alternative hypothesis.

Decision rule

In consideration of the fact that tc (3.42) is greater than the tt (2.353) the researcher accepts the alternative hypothesis. There is significant relationship between effective entrepreneurial administration and funding of entrepreneurship.

It becomes apparent that any one of them taken into consideration is a factor that affects entrepreneurial development in the Nigerian economy.

CONCLUSION

In this study a greater number of untrained entrepreneurs abound in the country and this to a greater extent perpetrated problems of entrepreneurial development.

The study has also revealed that, inadequate funding of entrepreneurial development projects and programs by the government are also one of the major aspects of negativity of entrepreneurship in the country.

Furthermore, the study also points out that almost all the entrepreneurs do not maintain proper accounting system and control so as to enhance effective entrepreneurial administration processes.

In addition, cases of undue political pressure and administrative squabbles have hindered free flow of information amongst entrepreneurs thereby preventing an all-round mobilization and orientation of entrepreneurs on government actions and program to encourage and sensitize them.

It was also revealed that almost all the entrepreneurs had no sound knowledge about the role of insurance in entrepreneurial development and administration. It was so pathetic to have noticed that most of them were out of businesses because of one disaster or another as no insurance cover or policy was taken against any of these disasters. These disasters ranged from employees fraud, fire, flood, burglary, charms, etc. which reasonable compensation in terms of indemnity, would have brought them back to their businesses if appropriate insurance policies had been taken against the above insurable risks.

The above mentioned factors were spotlighted as source of the many problems militating against effective entrepreneurial development and sustenance in the country.

Recommendations

- a. The first step of the series of recommendations to be offered shall critically center on the charges against management these days, and advise or recommend that management activities be examined, appraised accordingly to ensure proper and acceptable managerial qualities in terms of knowledge, techniques, policies, advice, planning, monitoring and balanced information dissemination, detailed checking for regularity in government laid-down policies, made possible by efficiency and value for resources meant for effective entrepreneurial development program implementation as could be made possible by continuous and routine checking and supervision and evaluation of projects. It is worthy to mention that a “plan” which conveys no targets for reducing poverty, unemployment and inequality can hardly be considered a development plan [5].
- b. The authorities of the National University Commission and that of the Technical Board for Technical Education should be properly funded so as to fully take up their responsibilities of formulating sound educational policies and accreditation of programs in the different departments in the nations universities and polytechnics so that entrepreneurial development will take it right place by being treated as a course itself. Entrepreneurship has to be seen as a source of economic development and its social role should be felt by properly educating our children in all levels of education so that the spirit of entrepreneurship can be inculcated in them.

- c. Techniques should be developed and employed by our economic planners to promote self-employment and employment generation in the country. There should be Technology incubation centers in all levels of government for the development of talents of our young people, for this will go a long way to improving the nation's technological entrepreneurship.
- d. There should be government intensive efforts in training and retraining exercises through courses, workshops, seminars, symposia, etc. these have to be done or arranged both externally and internally. More funds should be made available for external training programs for trainee's exposure and keen competition among their foreign counterparts.
- e. On the part of the citizens particularly the young graduates, they should accept, being self-employed and being job opportunities generators. By accepting to go entrepreneurially, apart from being gainfully employed and making money and offering employment opportunities for others, they will also actively involved in economic development and income generation and distribution thereby reducing poverty, enhancing economic growth, increase external reserves and of increase per capita income.
- f. Entrepreneurs should learn to be economic developers by making sure that the role of entrepreneurship is fostered. The different entrepreneurial processes of product-evolution iterative synthesis, ordinary innovation, technological innovation and breakthrough innovation have to be their daily strive and destination points.
- g. There should be a leveled play-ground for equal participation of whoever wants to go entrepreneurially. The government should be seen as an entrepreneurial innovator.
- There should be corporate entrepreneurship and there should be also independent entrepreneurship for a fair competition for all the participants.
- h. Our entrepreneurs have to be educated and be able to manage risks. The available risk management processes of identification, evaluation and measurement, treatment, administration of risk management processes and monitoring and reviewing of the process.

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