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Effect of Entrepreneurship Development on Job Creation for Nigeria Youths

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Abstract:

The study investigates the effect of entrepreneurship development on job creation for Nigerian youths. Specifically, the study will look at the relationship between entrepreneurship development and job creation. The study focused on how entrepreneurship orientation, entrepreneurship education and self-efficacy supports job creation for youths. To overcome this problem (unemployment), youths in the country should engage in entrepreneurship activities so that it can make them self-reliant. The entrepreneur is the person or innovator that uses the existing process to challenge the norms and combined the new resources and methods of commerce. From this study, there will be a need to cover the gap found in this emigrant literature and then developed a conceptual framework (figure 1) from which it proposed the propositions. The aim purpose of this conceptual framework is to provide a theoretical ground for job creation for youth. The proposed framework was adopted based on the past empirical and theoretical studies in order to contribute to the body of knowledge and cover the gap in the field of literature. From the proposed framework, this study calls researcher to empirically examine the proposed propositions in order to develop and strengthen understanding in entrepreneurship development on how it create jobs for youths.

Keywords: entrepreneurship orientation; entrepreneurship education; self-efficacy; job creation and entrepreneurship development.

1. Introduction

Throughout the last decades, entrepreneurship as an area of research have enticed researchers, policy makers and agencies. The main reason for the high interest in it, is the increasing need for entrepreneurs that have put more effort in creating new ideas and making such that these ideas are put into profitable businesses that would boost the country's economic development (Turker & Selcuk, 2009). Additional reasons for the growing concern about the issue of entrepreneurship include poverty and the rising rate of unemployment among youths that have become clear during the post economic decline era of the early 1980's; this decline or slowdown in the recognition of the capacity in a small and medium business and the agricultural market activities that provide a widespread employment and job opportunities to check unemployment and eradicate poverty (Alarape, 2009). One hundred years ago, entrepreneurship was vital for the understanding of economic development. Today, regardless of the global recession, the entrepreneurs are still enjoying all over the world according to a recent survey made by *Economist* magazine (2009). The changing aspects of the process can be enormously different subject to the institutional context and the level of economic development within and across countries. It is generally known today that entrepreneurship is the backbone of every developed economy in the world and it gives an opportunity for job creation to people that have great ideas towards it but lack financial capability to support their ideas and implement it.

Researches have proofed it that entrepreneurship development in any country provides great hopes to create more jobs, saving and investment and indeed contribute to the economic development. The mere absence of such enterprise or failure to give them the necessary policy-attention they deserve usually results in dire economic and social problem for a country (Aruwa, 2004). Nevertheless, the challenges faced by most developing countries in the world today is on how to involve their teeming youths in advantageously employed. The growing rate of unemployment among the graduate youths as a result of delays in getting jobs that harmonized their professions and expectations has therefore become the core goal of intense to both academicians as well as manager evaluation (Aliman & Jalal, 2013). Moreover, an irregularity that exists between the ratio in demand for labor and the total number of graduates that are seeking for jobs also grounds to a strong level in the rate of unemployed youth (Ismail, 2011). Earlier, before the advent of colonial rule, unemployment was a rare phenomenon in Nigeria because the people were highly entrepreneurial and productively engaged, mostly in agricultural activities. However, the emergence of colonial administration in Nigeria introduced formal education, which enabled people to have the opportunity of being employed in the civil service after graduation. As such, the system of administration destroyed self-reliance, self-employment and entrepreneurial skills of Nigerians as they became permanently dependent on the colonial masters (Raimi and Adeleke, 2010). This has led to massive unemployment and craze in the contemporary times for

ready-made jobs. This craze reached its height in the 1990's, leading to a phenomenal increase in the number of graduates seeking paid employment in the civil service and in the private sector of the Nigerian economy.

This raises a number of policy issues and makes the policy maker to be primarily interested in what determine the supply of entrepreneurs and in the means that can be used to expand it. The reintroduction of democracy in Nigeria in 1999 has ushered in a new regime of economic reforms that have focused on providing a conducive macroeconomic environment within which the private sector can flourish. The reform agenda of the Government has put a lot of emphasis on liberalization, deregulation and privatization on the one hand, while at the same time providing economic empowerment through the National Economic Empowerment Development Strategy (NEEDS). One of the cardinal objectives of NEEDS is empowerment through capacity building and access to resources. Entrepreneurship development was found to be a vehicle through which such objectives could be achieved. Government, in response to the alarming increase in the graduate unemployment rate, introduced entrepreneurial training in the undergraduate programs of Nigerian Universities and other tertiary institutions. Although literacy, numeracy and negotiation ability are basic life skills; entrepreneurial skills and education taught at university could have a positive impact on entrepreneurial trait of undergraduates of Nigerian universities. The constraints that impede entrepreneurs in Nigeria include political, poor infrastructure, high production costs, and non conducive business environment. In addition, entrepreneurial development is hindered by specific constraints such as limited access to key resources i.e. credit, information. However, the Nigeria National Bureau of statistic (NBS) stated that the unemployment rate in Nigeria is 23.9% in 2011 and was estimated last in 2014 at 29.5%. With this raising statistic of unemployment among the youth, it will be of great advantage to engage the youths in the entrepreneurship. This will go a long way in reducing the percent of unemployed youths and equally raise the GDP of the Nation. Currently, Nigeria is ranked 37th in the world largest economy with (GDP of \$283Million) and in 2020 it is projected to be among the top twenty countries in the world. (National Bureau of statistic 2014).

Job creation has developed into serious economic issue facing youth in today's world. Concern over employment problems and worrier over the views for solving the succeed all over the world. Most American youths earn money by engaging in business. Business can be referred as the buying and selling of goods and product services to earn profit. A person who makes a living from working for someone business can be called an employee in the business. But all employees have one common thing, they all start under someone and do not own a business of theirs. From there, some gradually develop interest to start and owned their business, and even work for themselves. In this case, both owners and employees can be called Entrepreneur. (Omoluabi, 2014). Job Creation as an entrepreneur can be said to be a function where an individual put in is the mental ability to learn and think of the lacking business in an environment, the ability to supply or provide to the environment, what will satisfy their needs, this is what makes an individual job creator or an entrepreneur. (Omoluabi, 2014). Entrepreneurship is more than just running a business. It involves an approach to life, thinking of what a person can-do. How even, if a person can start is own business, that means he/she can do anything (Steve, 2006). Entrepreneurship is becoming an everyday exhortation. Economists, academics, policymakers, and even students from university are talking about it. Workshops, Seminars and conferences are organized across the world every year with emphasized on the significance of entrepreneurship development to individual, society and country (Matlay and Westhead 2005). Entrepreneurship is the process of undertaking business opportunities through riskier condition. It is the creation of something new by devoting valuable time and effort with financial and physical risk to get monetary rewards towards personal independence and satisfaction. The Entrepreneur is the person or innovator that uses the existing process to challenge the norms and combined the new resources and methods of commerce (Shah & Ali, 2011). Furthermore, governments as well as researchers supposed that entrepreneurship is highly significant in the improvement the economics of both the developed and the developing countries (Keilbach, Tamvada, & Audretsch, 2008). Thus, this makes most of the policymakers to focus on the inspiring and the motivating of entrepreneurship as it is closely associated with the innovation and the contributes towards high economic growth through wealth creation and job for the youths (Orhan & Scott, 2001).

2. Problem Statement

The idea for the establishment of the National Directorate of Employment (NDE) was conceived with special emphasis to create employment for Nigeria youths through self-reliance and entrepreneurship (Gana, 2005). However the trend of unemployment in Nigeria has persisted like a re-occurring disease. Thus, commanding National concern. Therefore, attempts to investigate the challenges and prospects as well as the impacts of entrepreneurship development in reversing the trend of unemployment in Nigeria especially at this period of economic competition and globalization. Thus, the aim of the study is to focus on how jobs can be created for youths through entrepreneurial activities which are uncertain or which have been overlooked by the past studies in the emigrant literature.

3. Job Creation

Job creation refers to as the willingness of a person to execute entrepreneurial behavior, to involve in entrepreneurial activities, or to be self-reliant (Dohse & Walter, 2010). An individual may possess certain qualities or having potentiality of being an entrepreneur, but he may not make any conversion to entrepreneurial activities unless he/ she has such intention (Ismail et al., 2009). To date, various studies were conducted on job creation. However, the debates still continues on which, among the theories is comprehensive because their focuses of study and attributes varies in one way or the other. For example, the psychological approach concentrated on some personality attributes/traits as determinant factors of intention to be self-employed, these include; risk taking, goal oriented, high

need of achievement, internal locus of control, etc. (Bygrave, 1989; Ferreira, Raposo, Rodrigues, Dinis, & do Paço, 2012). Therefore, it can be any form of activity that can make one engage and be self-reliant.

4. Entrepreneurship Orientation

According to (Covin & Wales, 2011), observe that the theoretical foundation of entrepreneurship orientation (EO) was built upon can be traced back from the effort of Mintzberg (1973), Khandwalla (1976, 1977, Miller and Friesen (1982), Covin and Slevin (1989) and Lumpkin and Dess (1996). Mintzberg (1973) recommends three strategy making models as the entrepreneurial, the planning and the adaptive. As part of this development, the concept of entrepreneurship orientation (EO) has far back been a central focus in research within the area of entrepreneurship (Covin & Wales, 2012). Thus, entrepreneurship orientation is putting into action, decision and ability to take a risk for monetary benefits. They also pointed out that entrepreneurship orientation (EO) does not have one universally agreed definition (Covin & Wales, 2011). (Wu, 2009) describes the entrepreneurship orientation (EO) with three dimensions to attribute of entrepreneurial as risks taking, proactive and innovative. According to (Bolton & Lane, 2012; Rauch, Wiklund, Lumpkin & Frese, 2009) all agreed that the concept of entrepreneurship orientation (EO) can be applied both to the individual and also organization. Furthermore, (Rauch, Wiklund, Lumpkin, & Frese, 2009) also defined entrepreneurship orientation (EO) as a “strategy-making processes which provide the basis for entrepreneurial actions and decisions for an organization”. Entrepreneurship orientation (EO) was associated with five common characteristics which are willing to take risks, proactiveness, competitive aggressiveness, innovation and autonomy (Bolton & Lane, 2012; Fillis, 2010 & Rauch et al., 2009).

5. Entrepreneurship Education

Entrepreneurship education started as a response to the failures in technical and vocational education and training (TVET) and school-to-work programs in acquiring employment for youths that graduated. Human capital approaches to TVET and formal education, stress the development of skills and knowledge for employment, concentrating on educational inputs, whereas current policy and research has shifted the consideration to the creation of jobs to address issues of the high rate of unemployment among educated youth (Adams, 2011). With the development of the concept of entrepreneurial education has been associated with the work of (Sánchez, 2010) where he defined from the individual level. So, beside knowledge and skills in business, entrepreneurship education is mainly about the development of certain beliefs, values and attitudes, with the aim to get students to really consider entrepreneurship as an attraction and a valid alternative to paid employment or unemployment. Education can be said to be the key that leads to national development. This is because education lead to the unlocks of the economic potentials in the people; equips individuals and empowers the society in the participate in and value of the national economy, which provides the basis which is needed for the transformation and enables economic development. Education is an important tool for the sustainability and job creation (Aluwong, 2010).

Entrepreneurship education can be said to be part of the educational system which involves skills acquisition, management abilities and ideas that necessitate the creation of jobs (Maina, 2014). He also added that, an entrepreneur encourages employment rather than looking to be employed. Therefore, embracing on this form of education will help in providing all the necessary resources needed in term of development. This perception draws consideration to the importance of developing the capabilities and social supports that will enable the individuals living in high poverty to pursue entrepreneurship as the valued choice rather than inevitability in the absence of substitute earning opportunities (Gries and Naudé, 2011).

6. Self-Efficacy

The word self-efficacy developed from the effort of Bandura (1977) the theory of social learning, which denotes as to the individual's belief in regards to his or her capacity or ability to perform a specific task. Similarly, Bandura (1982) have defined the word self-efficacy as a specific task construct, this means that an individual can have self-efficacy indefinite area or field. An example of self-efficacy can be from a particular individual with high specification in a field or area but could be low in some domain. Bandura (1977) has argued that self-efficacy should be focused on a specific context and activity domain. The more task-specific one can make the measurement of self-efficacy, the better the predictive role efficacy is likely to play in research on the task specific outcomes of interest (Bandura 1977; McGee et al. 2009). However, individual's self-efficacy principles can lead to intention and job creation as to perform an action. It also can be applied to study an individual's and forecast the entrepreneurial behavior optima and as well as determination (Olakitan, 2014). McGee et al (2009) defined the concept of self-efficacy, particularly entrepreneurial self-efficacy as an important predecessor that lead to new venture intention and job creation. Also, from the work (Drnovšek, et al., 2010). Entrepreneurial self-efficacy is a significant concept that interprets and realize the successful entrepreneurs. The term self-efficacy was viewed by some literatures as the power or ability to produce a preferred effect and are believed as an essential factor that motivated, entrepreneurial activities (Urbano, & Guerrero, 2011; Sánchez, 2011). This state is very vital to the determinants of a successful entrepreneurial behavior which is called self-efficacy. This specifies that, individuals with an entrepreneurial self-efficacy have the capability and potentials to engaging in an entrepreneurial activity (Pihie&Bagheri, 2011).

From this study, the will be a need to cover the gap found in this emigrant literature (which have been discussed above), the study, then developed a conceptual framework (figure 1) from which it proposed the following propositions:

- Proposition 1: There is a positive relationship between entrepreneurial orientation and job creation.
- Proposition 2: There is a positive relationship between entrepreneurship education and job creation among youths.
- Proposition 3: There is a positive relationship between self-efficacy and job creation.

The results show that, the three independent variables have a positive and significant influence on youths in regards to job creation as adopted from the

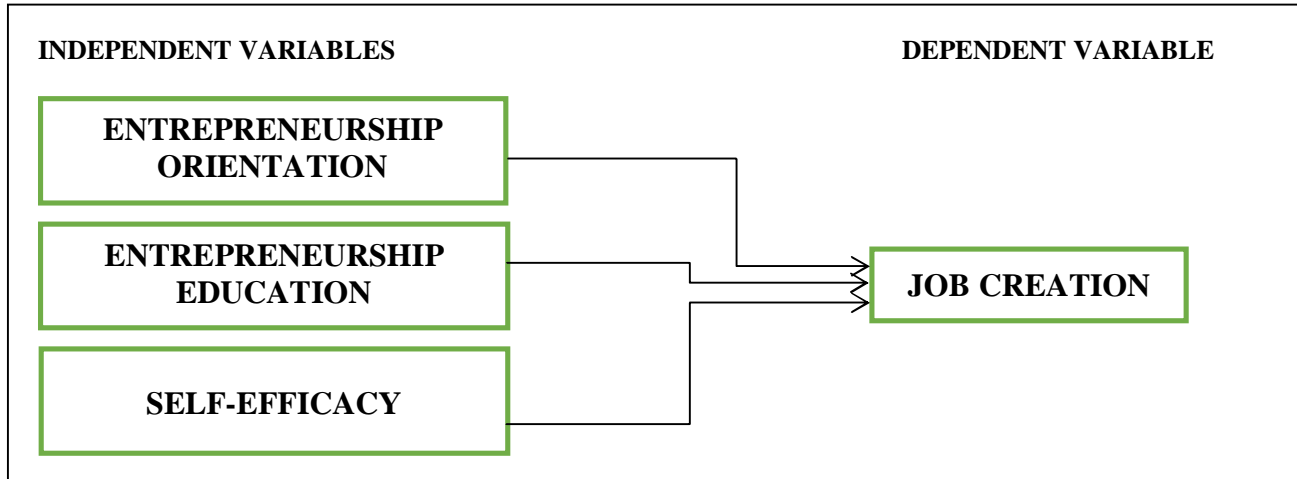


Figure 1. Conceptual Framework

Source: Liñán & Chen, 2009, Bolton & Lane (2012), Fatoki (2014), Li, Huang, Tsai, 2009

7. Conclusion and Future Research Directions

Unemployment among the youths has become a universal problem facing all most all the developing countries, which Nigeria is not inclusive. To overcome this problem, youths in such countries should engage in entrepreneurship activities so that it can make them self-reliant. In Nigeria precisely, the government has introduced some many policies which aimed at eradicating poverty through self-employment among the youths. These policies include the introduction of entrepreneurial education as part of higher institution's curriculum. Regardless of the effort made by the government, youths in larger number remain unemployed. This paper suggests that entrepreneurship development is the suitable program to solve the hitches of unemployment. With entrepreneurship development activities, jobs can be created for the youths because no government of any country, both developing and under developing that can create jobs for youths without entrepreneurship. Entrepreneurship development is a valuable factor that supports production and should be seen clearly as one valuable factor of production too like (land, labor and capital). This conceptual paper helps in examining the factors that lead to job creation among youths in Nigeria. The variables used are entrepreneurial orientation, entrepreneurial education and self-efficacy. Furthermore, this study is relevant to Nigeria government and as well as the Ministry of Education in the design of their policies which will encourage the youths in entrepreneurial mindset.

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