



Factors Associated With Entrepreneurship Development among Graduates in Abuja Municipal Area Council

¹T. Alabi

(tope.alabi@uniabuja.edu.ng)

¹U. J. Salami

(usmanjsalami@gmail.com)

¹Department of Sociology, University of Abuja, Abuja, Nigeria

Abstract

This study examines various factors associated with entrepreneurship development as it examines the perception of unemployed graduates on entrepreneurship in AMAC. The sample size of 395 was derived using Taro Yamane Statistical Formula. The study employed cluster sampling in the selection of respondents as 350 questionnaires were administered and 45 respondents interviewed. The quantitative data (obtained through questionnaire) was analyzed using simple statistical percentages while the qualitative data (derived from interview) was analyzed in narrative and descriptive form. Beside chi-square, contingency was used to determine significant test. The research findings demonstrated that skills development whether domestic, business, agriculture, technical and computer will facilitate job creation though, negative displacement factors like unemployment, job insecurity, etc tend to encourage entrepreneurship. On the other hand, the study further revealed that lack of fund, entrepreneurial skill, policy inconsistency, inadequate infrastructure, innovative ideas and risk are factors preventing entrepreneurship. The study proffers recommendations that entrepreneurial trainings should be provided by experienced entrepreneur or qualified consultants to provide expertise knowledge and mentorship, development of skills should be encouraged as skill acquisition centres is developed in all twelve (12) political wards in AMAC for easy accessibility. AMAC and Ministry of Federal Capital Territory (MFCT) should collaborate with Bank of Industry (BOI) to provide credit facilities to interested graduates to enhance more participation in entrepreneurship and government should embark on infrastructure development to reduce unit cost of production in AMAC particularly in satellite communities.

Keywords: Entrepreneurship, Graduates, Unemployment, Wealth, Job Creation

1. Introduction

Technological innovation driven by scientific research has led to radical social and economic changes. Companies like Apple, Face book, Cisco and Genen tech, all derived their success in part due to the innovative application of technology (Igwe, 2017). On a general note, entrepreneurship provides the creative force of economic development because entrepreneurs initiate economic and industrial change by creating new goods and services, new firms and innovative solutions to local and global needs. And in no lesser note, entrepreneurship plays a vital role in the expansion of opportunity and unpacks



individual initiative and creativity (Adofu & Akoji, 2013). From the entrepreneurial epicenter of Silicon Valley (Intel, Apple, Facebook, Youtube, to mention but few) to emerging entrepreneurial centers around the world, new venture creation and innovation are the driving forces of progress for mankind (Weihrich, Cannice & Koontz, 2010, Adeshina, 2013).

2. Literature Review

Entrepreneurship is contextualized within three central underlying dimension; innovation, risk taking and creativity. According to Dollinger (2008), innovation is the specific function of entrepreneurship. It is the means by which entrepreneur either creates new wealth producing resource or endows existing resources with enhanced potential for reacting wealth. Additionally, innovation describes how entrepreneurs search for new opportunities or the way in which ideas are brought to profitable conclusion. The test of innovation lies in its success in the marketplace of ideas. Risk-taking describes the willingness of entrepreneurs to commit significant resources to opportunities that are calculated to succeed. While creativity of individual contributes to the overall competitive advantage within organizational settings (Fillis & Rentscher, 2010). Ogundele and Akingbade (2012) describes the entire entrepreneurial process as involving all the function, activities and action associated with perceiving opportunities and creating organization to pursue them. However, Pinelli (2015) admit that the process perspective comprises of two sub-processes; discovery and exploitation processes. Discovery focus on the conceptual side of business development and exploitation refers to the action side. Moreover, extant research on entrepreneurship as a process focuses on the understanding of the mechanisms of each phase of the entrepreneurial process such as idea, opportunity, recognition, opportunity evaluation and opportunity exploitation.

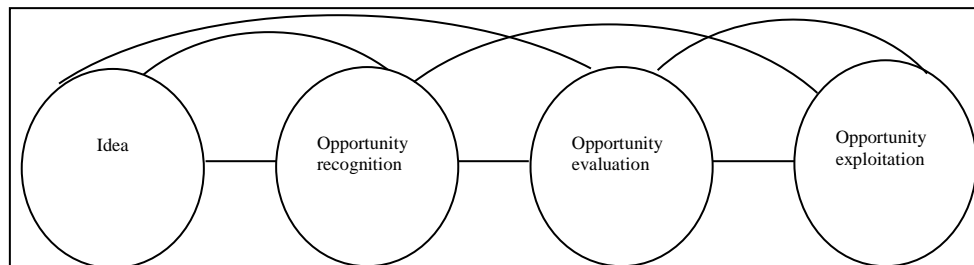


Figure 1: The Entrepreneurial Process

From figure 1, above, the illustration depicts how entrepreneurs transit through the different phases of entrepreneurial process. Entrepreneurial action may commence with the evolution of ideas as prominent within the creation perspective of opportunities or may take off with the scanning of the environment for opportunities, the identification of the opportunity to be pursued, and the evaluation of the feasibility of the new venture



(Dollinger, 2008; Pinelli, 2015). As such the desire to start a business may be externally stimulated decision or an internal search for business opportunities.

Dolinger (2008) summarizes entrepreneurial function from the definition and conceptual discussion of entrepreneurship, thus; searching for and discovering new information, translating new information into new markets techniques and goods, seeking and discovering economic opportunities, evaluating economic opportunities, harnessing the financial resources necessary for the enterprise, making time-binding arrangements, making ultimate responsibility for the management of the enterprise, being responsible for the motivational system within the firm, providing leadership for the work group and taking the risk of uncertainty. Entrepreneurship can either be developed or learnt. Wickham (2001) as cited in Adeleke (2016) maintains that the entrepreneurial spirit is sine qua non to the success of entrepreneurship. He highlights the characteristics as follows: ability to make decision, self-confidence and ability to carry through any task. courage to overcome failure, persistent in problem solving, focus goal setting and total involvement, risk bearing, initiative and personal responsibility, possession of leadership potential and traits, ability for effective organization and management and motivation to enhance achievement. Adeleke *et al.* (2008) identify the contributions of entrepreneurship development, namely: employment generation, promotion of effective use of indigenous resources, fostering innovation and change, promotion of better living standard, engaging in productive activities that contribute to income and gross domestic product.

However, Dollinger (2008) identifies push as well as pull factors that serve as impetus for entrepreneurship. The factors include but not limited to: negative displacement, that is, the marginalization of individuals or group from the core of society, being between things, for example, between student life and a career, positive push, for example, career path that offers entrepreneurial opportunities and positive pull, for example, mentors and partners encouraging the individual. Essentially, two factors are said to work drawing the individual from the conventional labour pool to entrepreneurship, namely pull and push factors (Wickham, 2001). Pull factors are factors that encourage managers to become entrepreneurs by virtue of the attractiveness of the available options. These factors include but not limited to: the financial reward of entrepreneurship, freedom to work for one's self, the freedom to pursue a personal innovation and a desire to gain the social standing achieved by entrepreneurs. Whereas, push factors comprise external "negative displacements" factor otherwise those that encourage entrepreneurship because they make conventional options less attractive. It includes the following; being unemployed in the established economy, job insecurity (being demoted, transferred or sacked), the inability to pursue a personal innovation in a conventional job, career limitations and setbacks in a conventional job, being a "misfit" in an established organization. Boland and Griffin (2015) advance that push factors are more persuasive in engineering entrepreneurial events than pull factors.



On the risk factors associated with entrepreneurship, Akhuemonkhan and Raimi (2013) describe entrepreneurial risk as the result of insecurity that exists due to the fact that the success of market penetration can never be fully determined beforehand. Hence, risk can be described as the possibility of innovation having an unwanted result. Equally, Asaju, Arorome and Anylo (2014) consider risk as the conflict situation where in the entrepreneur will find himself. Hence, all risk variables must be studied in depth with regards to the potential reward that may result. According to the scholars, a successful entrepreneur is one who capitalizes on the constructive effect of the conflict situation that originates when risk is taken. In addition, Bokhori, Alothmany and Magbool (2012) distinguish between uncertainty and risk, noting that the entrepreneur manages uncertainty by means of analyzing and evaluating risk possibilities to be encountered in the future. The duo contended that the calculated nature of managing uncertainty and risk is largely dependent on the vagaries of “chance”, “luck”, and “timing”. The projection of certain economic climates are not as predictable as in the past (for example, exchange rates, interest rates, inflation, etcetera), all making the risk evaluation process especially for the start-up entrepreneur extremely strenuous. However, Omoluabi, Akintunde and Ishiaka (2018) in their opportunity evaluation model, expound the possible risks that may occur in entrepreneurship which include; *Time Risk*:- The time implication of taking a new idea through the product development phase until it could be considered right for the market. *Investment Risk*:- This means the cost of establishing the new venture. The entrepreneur needs access to enough capital to enable the new venture survive to a reasonable extent. *Technical Risk*:- All technical aspects associated with product development process are considered with the final product having to satisfy the set technical quality standards. And *Competitive Risk*:- The possibility exists that competitors could be offering the same or comparable products in the market. The would be entrepreneur should research on the existing market advantage of the competitor as well as its existing distribution system, selling power and established relationship within the market place.

For the action factors influencing entrepreneurship; Entrepreneurial motivations are those factors that boost individuals to become successful entrepreneurs. Entrepreneurs as innovators are people who create new combinations of these factors and then present them to the market for assessment by consumers (Wickham, 2001). Besides, the entrepreneur exists in a state of tension between the actual the possible. The tension is manifested in three dimensions; the financial, the personal, and the social (Ogundele & Akingbade, 2012). Scholars of entrepreneurship according to Siyan, (2005) highlights three recurring motivations for entrepreneurship which are high desire for independence, high need for achievement, and passion for work. Tende (2013) advances further that people’s personalities and motivations will influence the likelihood that they will exploit entrepreneurial opportunities; as such some people with particular kinds of motivations will exploit opportunities that others will not. However, Weihrich, *et al.* (2010) identify ten action factors of entrepreneurs which were supported by other scholars. *Individuals who make a Significant Difference*:- Entrepreneurs transform hazy ideas into reality. They



refused to accept the status quo and believe that they can be the facts. The entrepreneur does not only possess marketing skills and interpersonal skills but also communication skills. *Creative and Innovative:-* Creativity and innovation are the universal marks of the entrepreneur. Creativity is the thinking process involved in producing an idea or a concept that is new, original, useful and satisfying to its creator or to someone else. While, innovation is the process of applying new and creative idea to a product, service or method of operations. It involves implementing the new idea generated through creativity (Tende, 2013). *Entrepreneurs Spot and Exploit Opportunities:-* Entrepreneurs have “eagle eyes” for spotting opportunities. They discover opportunities in what others see as nothing. They are able to synthesis available information and clarify patterns that escape others.

Entrepreneurs find the resources required to exploit opportunities:- Boland & Griffin (2015) believe that entrepreneurs consciously must employ resources in a disciplined way to exploit identified opportunities. Often the required resources may not be within the immediate reach of the entrepreneur but he will stop at nothing at getting the resources. They are experts at exploiting contacts and sources, begging, stealing and borrowing when necessary. *Entrepreneurs are Good Social Networks:-* Entrepreneurs know where to find resources as good networkers, who to get connected to and how to control business. *Entrepreneurs are Determined in the Face of Adversity:-* The entrepreneurs is an over comer who resolve problems under pressure. It has the ability to weather through the storms of the business world. *Customers First Mentality:-* Consciously or unconsciously, entrepreneurs put the customer first. They try as much as possible to make the customer the centre of their business. *Entrepreneurs Create Capital:-* Through creativity and innovation, resources acquisition, control of business, networking and other action factors help in the creation of financial and social capital by the Entrepreneur. Sometimes, Entrepreneurs may not have these resources but they have the ability to gather it from those who have it. *Management of Risk:-* Entrepreneurs take the risk of nurturing a business with little or no chance of surviving. Without this characteristic, business ideas will never come to limelight. However, calculated risk taking should be the emphasis, not shallow risk. *Entrepreneurs have Control of the Business:-* Entrepreneurs are usually in control of their business as they develop key indicators to alert them of danger and try to act accordingly. And depending on the kind of venture created, the entrepreneur should have technical expertise about production techniques and marketing (Igwe, 2017).

3. Methodology

This study was carried out in Abuja Municipal Area Council. The target population of the study comprised of unemployed graduates in Abuja Municipal Area Council and the study estimated 34,638 graduates in AMAC. From this estimation, samples of three Hundred and Ninety-Five (395) respondents were involved in the study using Taro Yamme formular. Forty-five (45) respondents were interviewed while questionnaire was distributed among Three Hundred and Fifty (350) respondents. Cluster sampling was employed in the selection of respondents from different locations in AMAC. The study utilized primary and secondary source of data using quantitative and qualitative method of data collection.



4. Results

Table 1. Distribution of Respondents on how the potential skills of unemployed graduates could be identified and encouraged in entrepreneurship.

Variable	Frequency	Percentages (%)
Skills acquisition and start-up capital	116	37.2
Training plus soft loans	84	27.9
Business establishment through mentorship	58	18.6
Internship scheme and stipend	51	16.3
Total	312	100

Source: Field Survey, 2018.

In Table 1 presents the finding of a survey study of graduate entrepreneurial activities in FCT Abuja, from the study it was observed that 37.2% of respondents identified skills acquisition and start-up capital, 27.9% of respondent opined training plus soft loan, 18.6% admits business establishment through mentorship. Whereas 16.3% opted for internship scheme and stipend. This implies that the skill of unemployed graduates can be identified and encouraged from skills acquisition and startup capital, training plus soft loans, then business establishment via mentorship and lastly internship scheme. Furthermore, in an interview with the informant, a head of section (HOS) information and public affairs) Abuja Municipal Area Council (AMAC). He point out that:

“AMAC administration engages in the effective training of manpower (graduates and non-graduates) in entrepreneurship” (IDI, 2018).

The trainees acquired skill acquisition in three (3) different centres in AMAC for job creation and empowerment, namely:

“Skill acquisition centres at Jiwa, Karu and Sherreti to cater for the needs of the unemployed. It is a prototype for skills acquisition (IDI, 2018).

He further added that, equipment’s such as computer, sewing machine, financial grant etc are given to graduates of entrepreneurial skill acquisition to establish their business or venture and generate income and create job.

Table 2: Distribution of respondents on factors that encouraged entrepreneurship among graduates

Variable	Frequency	Percentages (%)
Unemployment	111	35.6
Job insecurity	82	26.3
Personal innovation	64	20.5
Career limitation	55	17.6
Total	312	100

Source: Field Survey, 2018

Data in Table 2 indicated that 35.6% of the respondents identified unemployment as the factor that encouraged entrepreneurship among graduates, 26.3% suggests job insecurity,



17.6% opined career limitations, whereas 20.5% admits personal innovation as boost into entrepreneurship. This implies that negative displacements factors otherwise encouraged entrepreneurship because they make conventional options less attractive. Furthermore, a participant in the course of the interview remark that:

“There are certain factors that engineer entrepreneurial activity or event in a given locality, namely joblessness” (IDI, 2018).

Table 3: Distribution of Respondents on the Development Level of Entrepreneurship among unemployed graduates.

Level of Entrepreneurship	Frequency	Percentages (%)
Weak	141	45.2
Moderate	107	34.3
Good	64	20.5
Total	312	100

Source: Field Survey, 2018

Table 3 evaluates the level of entrepreneurship development among graduates to create jobs. 45.2% rated the input “weak”, 34.3% opted for “moderate” whereas, 20.5% of the sample evaluated “Good”. This connotes that the involvement of unemployed graduates in entrepreneurship is weak. They need to embrace entrepreneurship as a viable alternative to white collar job which is already overpopulated. In agreement with the above findings, the general consensus among most participants during interview was that, a culture of entrepreneurship through innovation and creativity should be supported by training and financial grant to encourage more unemployed graduates willing to go into entrepreneurship development.

Table 4: Response on innovative ideas, risk and funds as factors hindering entrepreneurship among graduates in AMAC.

Variable	Frequency	Percentages (%)
Strongly	75	24.0
Agreed	139	44.6
Strongly disagreed	21	6.7
Disagreed	77	24.7
Total	312	100

Source: Field Survey, 2018

The data in Table 4 shows that 68.6% of the respondents believed that innovative ideas, risk and funds are factors preventing entrepreneurship among graduates in AMAC and 31.4% opposed to this view. This implies that the unemployed graduates are deficient in entrepreneurial skills and know-how in becoming entrepreneurs instead of job seekers. This finding crystallizes the factors hindering entrepreneurship among graduates in AMAC as identified during the interview, namely; lack of funds, fear of the unknown (risk management), etc



5. Conclusion and recommendation

The study revealed that the major submission among most participants was that a culture of entrepreneurship through innovation and creativity should be supported by training and financial grant to encourage these graduates to delve into entrepreneurship. This finding corroborates the findings of Ogundele *et al.* (2012) and Omoluabi *et al.* (2018) who examined graduate participation in entrepreneurship. The finding of the study has provided a good framework for the understanding of the practice of entrepreneurship in AMAC. Statistically, the consensus among the respondents, literature assessment and document analysis in AMAC case study has demonstrated that the push and pull factors has motivated unemployed graduates to embrace entrepreneurship (Dollinger, 2008; Wickham, 2001). On the level of entrepreneurship development among unemployed graduates, it was investigated and found that the level of entrepreneurship activities among these graduates is “Weak” IQ. value of association though some respondents hold the opinion that entrepreneurship is a viable alternative to job creation. This finding is similar to the study conducted by Ali and Ali (2013) with the significant value of 0.195 to show the correlation between entrepreneurship and poverty reduction. More so, the study further revealed that lack of fund, lack of entrepreneurial skills, policy inconsistency by government and inadequate infrastructure are factors inhibiting entrepreneurship. On the other hand, innovative ideas and risk also deter many graduates from embracing entrepreneurship. Besides this finding is in Tandem with the results discovered by Igwe (2017) when he identified and examined the factors constraining the growth and survival of SMEs in Nigeria. He found that the major constraints are lack of financial support, corruption, poor and inadequate infrastructure, lack of training and experience in insufficient profits.

Based on the findings of this study, the following recommendations are made: Abuja Municipal Area Council (AMAC) and Ministry of Federal Capital Territory (MFCT) should collaborate with the bank of industry (BOI), SMEDAN and NDE to provide credit facilitates as collateral free loans to interested graduates to enhance more entrepreneurship. Government should embark on infrastructure development especially in areas where small and medium scale industries are set-up. It will reduce unit cost of production. Entrepreneurial trainings should be provided by qualified and experienced entrepreneurs or consultants so as to provide expertise knowledge and mentoring on small and medium enterprises in AMAC. Development of skill from entrepreneurial training should be encouraged. In this regard, a more comprehensive skill acquisition programmes and centers should be developed in all twelve (12) political wards in Abuja Municipal Area Council (AMAC) for easy accessibility. There should be deliberate effort to create employment opportunities via the establishment of small and medium scale industries by developing tax incentive to encourage job creation across industries and sectors.



References

- Adeleke, A. (2016). *Entrepreneurship Development: A practical approach*. Lagos: peace print and packaging.
- Adeleke, A. Ogundele O.J.K & Oyenuga, O.V (2008). *Business Policy and Strategy*. Lagos: Concepts Publications.
- Adesina, O. S. (2013) Unemployment and Security Challenges in Nigeria. *International Journal of Humanities and Social Science*, 3(7)
- Adofu I. & Akoji, O. (2013). Alleviating poverty through the use of entrepreneurship skill acquisition in Kogi State, Nigeria. *International open Journal of Economics*, 1, 14-23.
- Akhuemonkhan, I. & Raimi, L. (2013). Entrepreneurship education and employment stimulation in Nigeria. *Journal of Studies in Social Science*, 3.
- Ali, D. A. H. & Ali. A.Y.S (2013) "Entrepreneurship development and poverty reduction: Empirical Survey from Somalia. *American International Journal of Social Science*, 2, 108-113.
- Asaju, K. Arome, S. & Anylo, S. (2014). The rising rate of unemployment in Nigeria. The Socio-economic and Political Implication. *Global Business and Economic Research Journal*, 3 (2); 12-32, available online at www.journal.globejournal.org.
- Bokhori, A. Alothmany, N. & Magbool, S. (2012), Entrepreneurship and unemployment in the kingdom of Saudi Arabia. Working paper, the first Saudi scientific conference of faculty of Economics and Administration, National Economy: challenges and opportunities, 7-9 may. Retrieved from www.researchgate.net
- Boland T. & Griffin R. (2015). *The Sociology of Unemployment*. Manchester: Manchester University Press.
- Bruton, G. P & Ketchen Jr, D. J (2013) "Entrepreneurship as a solution to poverty", *Journal of Business Venturing*. 28, 683-689.
- Dollinger, M. J. (2008). *Entrepreneurship: Strategies and Resources*. Lombard III: Marsh Publications.
- Federal republic of Nigeria. National Bureau of Statistics (2017). Annual report and annual Abstract of Statistics, Abuja. (Available at www.nigeriastat.gov.ng).
- Fillis I. & Rentschler R. (2010). The Role of Creativity in Entrepreneurship. *Journal of Enterprising Culture*, 18 (1) 49-81
- Goodale, J.C, Kuratko, D.F, Hornsby, J.S & Covin, J.G (2011). Operational management and corporate entrepreneurship: the operating effect of operations control on the antecedents of corporate entrepreneurial activity in relation to innovation performance. *Journal of Operations Management*, 29(1), 116-127.
- Igwe, S.C (2017). *Entrepreneurship: Theories and Perspectives*. Port Harcourt: Faith Digital press.
- International Labour Organization (2007). *Global Employment Trends*. Geneva: International Labour Office.
- Iwayemi, A. (2013). Youth unemployment in Nigeria-Challenges and way forward. Paper presented at the World Bank Regional Workshop on Youth. Abuja. July 23-



24. National Directorate of employment -NDE (2016) Registration for Job Seeker and Skills Training. Wuse zone I Abuja-FCT.
- Ogundele, O. & Akingbade, W. A (2012). Entrepreneurship Training And Education as strategic tools for Poverty Alleviation in Nigeria. *American International Journal of Contemporary Research*, 2, 148 - 156
- Okafor, E. E. (2011). Youth Unemployment and Implication for Stability of Democratic in Nigeria. *Journal of Sustainable Development in African* 13 (1): 358 -373.
- Omoluabi E. T; Akintunde, O.A & Isiaka, S.B (2018). Impact of Entrepreneurial performance on job creation in small and medium enterprises in Abuja Municipal Area Council. *Nigerian Journal of Management Studies*, 18(2), 55-65.
- Omotosho, J.A (2009). Problems and counselling needs of unemployed youths in Nigeria. *The Open Area Studies Journal*.
- Pinelli, M. (2015). Can Entrepreneurship solve the youth unemployment crisis? World Economic Forum Annual meeting in Dalian, China. 11 Sept. 2015. retrieve from www.weforum.org
- Shane S. & Coutler (2006). *A General Theory of Entrepreneurship*. Cheltenham: London Macmillan publishers
- Shapero, A. & Sokol, L. (1982). The Social Dimensions of Entrepreneurship, in Kent, C.A section D.L Vespe, K.H (Eds). *Encyclopedia of Entrepreneurship*, 72-90 Englewood Cliffs, N.J : Prentice Hall.
- Siyan, P. (2005). *Introduction to Economic Analysis* 2nd edition, Kaduna: Joyce publishers.
- Stevenson H.H (1997). *The six Dimensions of Entrepreneurship* in Barley S. & Muzyka D.F (Eds), *mastering enterprise*: London: Financial Time Pitman Publishing.
- Tende, S.B.A (2013). Government Initiatives toward Entrepreneurship Development in Nigeria. *Global Journal of Business Research*, Vol. 8, PP 109-120.
- United Nations Economic Commission for Africa, (2005). *Meeting Youth Unemployment* Head on. www.uneca.org
- Wehrich, H. Cannice, M.C & Koontz, H. (2010). *Management: A Global and Entrepreneurial Perspective* 13 Edition. New Delhi: Tata McGraw Hill Education Private Limited.
- Wickham, P.A (2001). *Strategic Entrepreneurship: A Decision Making Approach to New Venture Creation and Management* Essex: Pearson Education.