

EFFECT OF ENTREPRENEURIAL SKILLS ACQUISITION ON THE WELFARE OF AGRIBUSINESS HOUSEHOLDS IN ABIA STATE, NIGERIA

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Abstract

This study was undertaken to estimate the determinants of entrepreneurial skills acquisition among agribusiness households in the study area and determine the relationship between their skills and their household welfare. A multi stage sampling technique was employed in the selection of 80 households from 5 local government areas out of the 17 local government areas of the state. Primary source of data was obtained from using a set of questionnaire were administered on the respondents to obtain the needed data for the analysis with multiple regression and simple correlation. The results showed that sex, marital status, expenditure of the respondents had positive and significant effect on their entrepreneurial skills, while the respondents' age, access to credit and experience though had significant effects possessed negative signs on their entrepreneurial skills. The result also revealed that there was a positive relationship between entrepreneurial skills and entrepreneurs' welfare. It was therefore recommended that, Effective and adequate entrepreneurship policies that will help to equip agribusiness entrepreneurs with entrepreneurial skills should be put in place. Secondly, youths should be encouraged to acquire at least one skill or another as this will a go a long way in curbing the menace of unemployment which has risen so high in Nigeria. Thirdly, programmes on agribusiness should be developed while addressing factors that hinder its growth and development as a way of actualizing the current change agenda and economic diversification of the present federal government of Nigeria.

Key words: *agribusiness, acquisition, entrepreneurial skills, households, welfare*

INTRODUCTION

Entrepreneurs have been referred to as necessary prerequisite to mobilize capital, exploit natural resources and create markets to carry on trade [6]. They are agents who perform a vital role in the economic development of a country and are linked to the overall industrial development of any nation.

Entrepreneurship can be described as a creative and innovative response to the environment and situations, particularly economic environment. These responses can take place in such areas as social endeavour, business, industry, agriculture, education, social work, etc.

In Nigeria, the federal government both past and present has initiated several measures and policies to reduce the level of poverty among the citizens. One of such measures is

entrepreneurship which is aimed at reducing mass poverty and unemployment in the country.

For most countries the development of industry had depended a great deal on the role of private sector. Entrepreneurship has played a major role in this regard. [13] had noted that the promotion and development of entrepreneurial activities would aid the dispersal and diversification of economic activities and induce even development in a country. To [19]entrepreneurial development in Nigeria should be perceived as a catalyst to increase the rate of economic growth, create job opportunities, reduces import of manufactured goods and decrease the trade deficits that result from such imports.

Some authors including [8] had asserted that if Nigeria desire to move out of the disturbing high level of unemployment and ravaging

level of poverty, adequate attention must be given to the growth of entrepreneurship. To them, Nigeria still remains in the doldrums because of the combination of ignorance, low capacity building and lack of encouragement of entrepreneurship. Entrepreneurship, according to [12] is the process of emergence behaviour and performance of entrepreneur. Entrepreneurship education is a structured formal conveyance of entrepreneurial competencies, which in turn refers to the concepts, skills and mental awareness used by individuals during the process of starting and developing their growth-oriented ventures. Another view of entrepreneurship education is the term given to someone who has innovative ideas and transforms them to profitable activities [17]. Entrepreneurial orientation is the development of entrepreneurial skills, effective and efficient application of the skills in management of business to create a significant difference from other business, recognizing the skill and allowing it to function effectively. Several studies on entrepreneurship concentrate on the contribution of entrepreneurship to sustainable economic development, job creation, innovation and resource allocation, but there is a little attention on effect of entrepreneurship training and education on poverty alleviation in Nigeria. The study area Abia state seems to be more worrisome given that the commercial hub centre Aba, which is euphemistically referred to as the "Japan of Africa" is in the state.

The success of entrepreneur in business depends on many factors including training and education, but these are often negligible [14]. Also, most of the government efforts to reduce poverty in the country were not tailored towards entrepreneurship education and organization of training for the unemployed people in the society [14].

There are certain personal characteristics that may facilitate or inhibit individuals to pursue entrepreneurial activities. Although it is very difficult to measure certain qualities that may engender entrepreneurship, there are certain indicators such as, but is not limited to, education, age, wealth, and work experience. Individuals move into occupation that will

give the greatest returns on their talents [9]. In other words, the activities the most talented people choose have significant effect on their welfare. When talented people become entrepreneurs, they improve technology in the line of business they pursue and as a result, productivity and income grow, thereby improving the welfare of individuals in the country.

A key observations of many studies including, [4] and [11] is the inherent hierarchy of occupational choice according to which the most productive individuals become entrepreneurs, the next best choose self-employment, and the rest become workers or subsistence workers. At equilibrium, the lowest productive individuals are workers; individuals with intermediate productivity are informal entrepreneurs and those who are most productive are the formal entrepreneurs. This implies that the acquisition of entrepreneurial skills improves the welfare of individuals and families. As an entrepreneur, ideas and talents are enhanced and developed to become a reality, by so doing, jobs are created, in other words, the welfare of individuals in the country is influenced or affected positively.

Studies have shown that skill acquisition is the most critical factor in the utilization of entrepreneurship opportunity for self-employment [5]. There is a rich literature providing insights into the determinants of entrepreneurship and its economic returns. According to the expected utility theory, individuals choose self employment when they expect higher returns from doing so relative to wage-employment [21]. In contrast, according to the non-pecuniary benefits theory, people select into entrepreneurship even if the expected returns are lower, in search of non pecuniary benefits such as being their own boss [7]. However, entrepreneurs are not a homogenous group of individuals and the type of entrepreneurship engaged in may have a significant effect on the returns. Therefore, the objectives of this study is to ascertain the various entrepreneurial skills owned by the agribusiness entrepreneurs; estimate the determinants of entrepreneurial skills acquisition among the respondents in

the study area; and determine the relationship between the skills and the respondents' welfare.

MATERIALS AND METHODS

Study Area. The study area is Abia state, Nigeria. It is one of the 36 states in Nigeria and is located in the south eastern geographical zone of Nigeria. The capital is Umuahia and the major commercial city is Aba. Abia state was created on 27 August, 1991 from part of Imo state; it is one of the constituents of the Niger Delta region. Abia state consists of 17 local local government areas and they are; Aba north, Aba south, Arochukwu, Bende, Ikwuano, Isiala Ngwa north, Isiala Ngwa south, Isuikwato, Obingwa, Ohafia, Osioma Ngwa, Ugwunagbo, Ukwa west, Ukwa east, Umuahia north, Umuahia south, Umu Nneochi. Abia state lies within latitude 5°25'N and 7°30'E of the Greenwich meridian. Abia state consists of three senatorial districts, and they are; Abia south, Abia north and Abia central. According to the [10] Abia state has a population of 2,833,999 persons.

Abia state, occupies an area of 5,834 square kilometers, and is bounded on the north and northeast by the states of Anambra, Enugu, and Ebonyi. To the west of Abia is Imo state, to the south is River state. The climatic condition of Abia state could be as typically equatorial with two main seasons, which are the dry and rainy seasons. The main commercial centre of the state is Aba which is often times referred to as the "Japan of Africa" due to the entrepreneurial spirit of the people who are engaged in all kinds of trade. Besides oil exploration, farming also assumes the main occupation of the people. The state has a large number of youths with very few having what they do to earn a living. The relevance of the youths in the state necessitated the establishment of entrepreneurship programme in the state to aid youth employment.

Sampling Technique. The sampling technique that was adopted is the multi stage sampling technique. In the first stage, out of

17 local government areas, 5 local government areas were selected as a sample to represent the population. The local government areas were, Umuahia North, Ikwuano, Osioma Ngwa, Aba North and Aba South. In the second stage, two autonomous communities were randomly selected from each of the selected local government areas. In the third stage, two villages were randomly selected from each of the communities, making it a total of twenty villages. In the fourth stage, four individuals were included in the sample from the twenty villages, making it a total of 80 respondents. This was the sample size for the model sample.

Data Collection and Method of Data Analysis

This study employed primary source of data obtained from using a set of questionnaire administered to the respondents selected and employed simple descriptive statistics, simple correlation analysis and multiple regression in the analysis of the data collected.

Model Specification. The multiple regression analysis was employed to estimate the determinants of entrepreneurial skill acquisition among the respondents. The regression model is explicitly specified as follows:

$$Y = b_0 + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + b_5X_5 + b_6X_6 + b_7X_7 + b_8X_8 + b_9X_9 + e_i$$

where:

Y = entrepreneurial skills among the respondents

X_1 = Age (years)

X_2 = Sex (1 if male; 0 if otherwise)

X_3 = Marital status (1 if married; 0 if single)

X_4 = Household size (number)

X_5 = Level of formal education (years)

X_6 = Income (Naira)

X_7 = Expenditure (Naira)

X_8 = Access to credit (1 if any, 0 if otherwise)

X_9 = experience (years)

b_0 = Intercept

e_i = error term

The entrepreneurial skills were ranked with the aid of a 5 likert-type scale: very strong (5),

strong (4), neither strong nor weak (3), weak (2), very weak (1), and a mean score obtained which was later used as the dependent variable (Y) for each respondent.

Correlation analysis was employed to determine the relationship between the skills and the respondents' welfare. In this study, the respondents' welfare has been proxied per-capita consumption expenditure. Correlation may be defined as the degree of relationship or association between two or more variables.

Correlation (r_{xy}) is expressed as:

$$\frac{n(\sum XY) - (\sum X)(\sum Y)}{\sqrt{[n(\sum X^2) - (\sum X)^2][n(\sum Y^2) - (\sum Y)^2]}}$$

where:

X = mean deviation of the respondents with entrepreneurial skills

Y = mean deviation of the respondents' welfare

∑ = summation

RESULTS AND DISCUSSIONS

Various skills owned by the entrepreneurs in the Study Area. The various skills owned by the respondents in the study area are shown in Table 1.

Table 1. Distribution of various skills owned by the respondents in the study area

Entrepreneurial skills	Frequency	Percentage
Decision making initiative	55	45.8
Risk taking	33	27.5
Creative	45	35
Self-confidence	56	46.67
Management skill	52	43.3
Communication skill	44	36.7
Resilience	22	18.33
Self-motivation	46	38.33
Ability to organize	53	44.17
Perseverance	33	27.5

Source: Field Survey Data, 2016

*Multiple responses recorded

The various skills owned by the respondents in the study area are presented in Table 1 above. The Table 1 shows that majority (45.8%, 46.67%, 44.17%, 43.3%, and 40.8%) indicated that they can make good decisions, they have self-confidence, have the ability to organize management skills and have initiative to exploit new opportunities. The respondents in the study area also have the following entrepreneurial skills which includes; creativity (37.5%), self-motivation (38.33%), communication skill (36.67%), risk taking (27.5%), perseverance (27.5%) and the least of them, resilience (18.33%).

Estimates of the Determinants of Entrepreneurial Skills among the agribusiness entrepreneurs in the study area. The estimates of the determinants of entrepreneurial skills among the respondents in the study area are presented in Table 2.

Table 2. Double log Estimates of the Determinants of Entrepreneurial skill acquisition among agribusiness entrepreneurs in the study area

Variables	Coefficient	Std. Error	T values	Significance
Age	-0.144***	0.050	-2.884	0.000
Sex	0.044*	0.018	2.451	0.018
Marital status	0.082**	0.021	3.838	0.000
Household size	-0.012	0.023	-0.527	0.600
Education	0.022	0.076	0.292	0.771
Income	0.007	0.024	0.311	0.757
Expenditure	0.098**	0.029	3.374	0.002
Access to credit	-0.060*	0.025	-2.366	0.022
Experience	-0.073**	0.029	-2.517	0.009
Constant	1.733***	0.385	4.504	0.000
R ²	0.881			
F-ratio	308.866***			

***Significant at 1%, ** significant at 5 %, *significant at 10 %.

Source: Field Survey Data, 2016

The double log functional form was chosen as the lead equation out of the four functional forms because of some econometric considerations as, the size and magnitude of significant variables, the highest R² and the highest F-ratio. The result of the analysis in Table 2 showed an R² value of 0.881, which implied that 88.1% of the variation in the level of entrepreneurial skills of the respondents (agribusiness entrepreneurs) was explained by the independent variables considered in the model. The remaining

11.9% may be due to the absence of some variables not included in the model or as a result of error. The result also showed an F-ratio of 308.866 with a positive significance of 1% probability level. This confirmed the model as a good fit.

The result in Table 2 revealed that sex, marital status, expenditure of the respondents had positive and significant effect on their entrepreneurial skills, while the respondents' age, access to credit and experience do had a significant effect possessed negative signs on their entrepreneurial skills.

From the result, the coefficient of age was statistically significant at 1% probability level with a negative sign. This implies that as the age of the respondent's increases, the probability of acquiring skills for entrepreneurial activities decreases. Generally, skills are acquired within the youthful ages. At older ages, people may no longer have interests to acquire skills, probably because they feel they had spent a greater part of their lives; and therefore may not see or have any need for additional entrepreneurial skills. This result is in conformity with previous studies of [20, 18] which showed negative relationship.

Sex was statistically significant at 10% probability level with a positive sign. This implies that males are most likely to acquire these entrepreneurial skills for entrepreneurial activities than females do. This may probably be because female entrepreneurs in the study area were often underestimated, overlooked and most a times hindered from some of these activities due to cultural barriers such as male/female role definition that label women inherently inferior to men. This may also not be unconnected with the fact that male are the bread winners and in that consciousness will like to live up to expectations as the bread winners of the family. This is consistent with the findings of [2], that men are the bread winners and as such are more likely to engage in income generating activities.

Table 2 also indicated that marital status was statistically significant at 1% probability level with a positive sign. This implies that married entrepreneurs are more likely to acquire entrepreneurial skills for entrepreneurial

activities more than those that are single. This may probably be because of the weight of family responsibilities which leaves them with no choice than to acquire the entrepreneurial skills for entrepreneurial activities to be self-employed, thereby generating income for their personal and family needs. This result conforms to previous study of [16].

The coefficient of expenditure was statistically significant at 5% probability level also with a positive sign. Expenditure was used as a measure for welfare in the study. This implies that the more the acquisition of these skills, the higher the respondents' welfare. This goes to justify the position advanced by various scholars that entrepreneurial skill acquisitions actually improve individual welfare [1, 15, 3]. Furthermore, according to [2] individual standard of living after the entrepreneurial skill acquisition programme is at the average. Given this, it goes to show that the people can be able to afford the basic necessities.

Access to credit was statistically significant at 10% probability level with a negative sign. This implies that with increasing access to credits, the likelihood of skill acquisition reduces. Generally, people acquire skills to become independent and financially self reliant. However, access to credit may serve the same purpose. In the sense that with access to credit, one may embark on whatever venture of interest.

Experience of the respondents was statistically significant at 5% probability level with a negative sign. This implies that as the experience of the respondents increases, the probability of acquiring entrepreneurial skills for entrepreneurial activities decreases. An entrepreneur with reasonable number of years of experience in a chosen area may not see any need to acquire more entrepreneurial skills for his/ her entrepreneurial activities since they are well experienced in their various businesses and doing well in them.

Relationships between the Skills and the Respondents' Welfare

The relationship between the entrepreneurial skills and the respondents' welfare was analyzed using correlation analysis and this is presented in Table 3.

Table 3. Relationship between the skills and the respondents' welfare

Correlation	0.996***
Significance	0.000
N	80

Correlation is significant at 1 % level.

Source: Field Survey Data, 2016

The result in Table 3 revealed that there was a positive relationship between entrepreneurial skills and entrepreneurs' welfare. The expenditure of the respondents was used as a measure for the entrepreneurs' welfare. Based on the result, the relationship was significant at 1% level of probability. The result implies that the more skills the entrepreneurs' have, the higher the probability of attaining better welfare by their households. An entrepreneur with larger number of skills will have greater opportunities of being employed or have self-employment than those with fewer or not at all. Given this, the tendency to generate or earn better income to fend for him or herself and households is higher than when otherwise. This goes to justify the position advanced by various scholars that entrepreneurial skill acquisitions actually improve individual welfare [1, 15, 3].

CONCLUSIONS

Based on the major findings of this study, it has been concluded that the entrepreneurial skills have positive and significant effect on welfare of households. This could in one way or another offer employment to the teeming population of unemployed youths and by so doing reduce youth unemployment and poverty.

It is recommended that:

- (i) Effective and adequate entrepreneurship policies that will help to equip the youths and agribusiness entrepreneurs with entrepreneurial skills should be put in place. This policy should cover areas like training workshops and seminars from time to time to equip and update the entrepreneurs' skill base.
- (ii) Secondly, youths should be encouraged to acquire at least one skill or another as this will go a long way in curbing the menace of unemployment which has risen so high in Nigeria.

(iii) Thirdly, programmes on agribusiness should be developed while addressing factors that hinder its growth and development as a way of actualizing the current change agenda and economic diversification of the present federal government of Nigeria.

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