

**THE ROLE OF ENTREPRENEURSHIP IN POVERTY
AND CRIME ALLEVIATION**

PRESENTED BY

**ENGR. DR. ELIZABETH JUMOKE ETERIGHO, FNSE,
FNSChE**

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Introduction

There is no universal definition of poverty. At same time, there is always the difficulty in deciding where to draw the line between the “poor” and the so-called “non-poor”. According to the World Bank Report (2002), poverty is the inability to attain a minimum standard of living. According to Hettne (2012), poverty is classified into five types. The first is absolute poverty; this 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, shelter, health, and education. Secondly, relative poverty, it defines poverty from a comparative point of view, i.e. poverty is not absolute but relative. Relative refers to the position of household or individual compared. It is measured in three ways: through income; through the low-income family statistics and through disposable income. The third is chronic/structural poverty, which means that poverty could be persistent on long term. Its causes are more permanent and depend on many factors such as limited productive resources, lack of skill for gainful employment, endemic socio-political and cultural factors. Fourthly is hypothetical transitory :-which means poverty is temporary and cause mainly by natural or man-made disasters, structural changes induced by policy reforms or wars and environmental degradation which result in loss of employment, loss in value of real income assets, etc. The Fifth type of poverty is spatial/location means depending on geographical or regional spread and occurrence. It involves urban filth/poverty characterized by the existence of ghettos, slums and shanties in metropolitan cities and characterized by environmental degradation, low per-capita income, inadequate welfare services and social deprivations, over-crowded accommodation, engagement in informal business, rural poverty characterized by poor conditions of living. There is a common thread in all these varieties of poverty, they points out that poverty is a general condition of deprivation and that relegates its victims to the level of their societies (UNDP HDI:2012).

Poverty remains a development issue that continues to capture the attention of the policy makers and international donor agencies. Nigeria is in a terrible paradox. The poverty appears as a contradiction considering the country’s immense wealth. The situation has also worsened despite the huge human and material resources that have been devoted to poverty reduction by the past and present governments. Nigeria is blessed with mineral resources and rich in crude oil. Ironically, the citizens are hungry and poor in the abundance of plenty. The UNDP had classified Nigeria as 141 poorest nations on human development index. In its report, she is considered one of the 20th poorest countries in the world with 75 percent of her population as poor and 55 percent living in absolute poverty (Ekugo, 2006). According to the Nigerian’s Draft Report on Millennium Development Goals, poverty in Nigeria has geographical perspective. The northern part of the country accounted for the higher incidence of poverty, which largely predominated in the rural area. In developing countries today, the increasing rate of poverty, unemployment, crime and so many other social vices have reached an alarming state and become worrisome to every well-meaning citizen.

Most studies of poverty alleviation have adopted different theoretical underpinnings in order to find a workable solution to poverty. Majority of the poverty alleviation measures in Nigeria are embedded in entrepreneurship the National Directorate of Employment (skills acquisitions and school on Wheels) but they have suffered several challenges culminating into their failure.

Everywhere in the world, entrepreneurship is seen as one of the most important solutions to unemployment, poverty and low economic growth. The creation of new ventures and growth of existing businesses are vital contributing factors to any economy. One way of enhancing the entrepreneurial activity in a country is by providing entrepreneurial training and education to potential and existing entrepreneurs

The concept of entrepreneurship was first established in the 1700s, and the meaning has been evolving ever since. Many simply equate it with starting one's own business. However, most scholars believed it is more than that. To some, an entrepreneur is one who is willing to bear the risk of a new venture if there is a significant chance for profit. Others emphasize the entrepreneur's role as an innovator who markets his innovation. Other opinion say that entrepreneurs develop new goods or processes that the market has demand for but are not currently being supplied. Entrepreneur can also be viewed as a person that wants to works for himself; it is sometimes synonymous with self-employment. The entrepreneur carries out "new combinations," for the creation of new and better business. Entrepreneurship therefore, is more than simply "starting a business." It is a process through which individuals **identify opportunities, allocate resources, and create value**. This creation of value is often through the identification of unsatisfied needs or through the identification of opportunities for change. It is the act of being an entrepreneur which is seen as "one who undertakes innovations with finance and business insight in an effort to transform innovations into economic goods hence entrepreneurs see "problems" as "opportunities,"

Entrepreneurship therefore by implication is the act of being an entrepreneur, it involves all the activities and function undertaken by an entrepreneur. Entrepreneurship is believed to provide an important avenue for individuals to advance up the income ladder. For some, it may provide a better route than paid employment, while for others, who may be disadvantaged when pursuing paid employment; it may provide the only route of income. Entrepreneurs are charged with the responsibility of innovating new products, better production method, creation of markets and managing the production process. They are briefly engaged in wealth creation.

WHY BECOME AN ENTREPRENEUR

1. Entrepreneurship creates an opportunity for a person to contribute. Most new entrepreneurs help the local economy. A few through their innovations contribute to the society as a whole.
2. Entrepreneurs are their own bosses they make the decisions, they choose whom to do business with and what work they will do. They decide what hours to work, as well as what to pay and whether to take vacations or not.
3. It provides the ability to be involved in the total operation of the business, from concept to design and creation, from sales to business operations and customer response.
4. Entrepreneurship offers a greater possibility of achieving significant financial rewards than working for someone else.
5. It offers the prestige of being the person in charge.
6. It gives an individual the opportunity to build equity, which can be kept, sold, or passed on to the next generation.

Roles of Entrepreneurship to Economic Development:

Employment Generation/Reduction of Unemployment

The process of entrepreneurship activity reduces unemployment situation in the economy. It has been observed that, unemployment is negatively related to new-firm startups, that is, as new businesses are established employment of resources is stimulated and unemployment reduces significantly. In the same vein, it was noted that high unemployment in the society is associated with a low degree of entrepreneurial activities, that is, where propensity to set up enterprises is low; the rate of unemployment would be very high. The implication of the above assertions is that those who are unemployed tend to remain so because they possess lower endowments of human capital and entrepreneurial talents required to start and sustain new firms to keep them going. A low rate of entrepreneurship culture and skills in any society may be a consequence of the low economic growth, which also reflects higher levels of unemployment.

Wealth Creation and Poverty Reduction

Entrepreneurship enables individuals to use their potentials and energies to create wealth through the creation of goods and services. Poverty is a condition of living that is characterized by lack of the basic necessities of life. One of the major cause of poverty is unemployment and since entrepreneurship is preoccupied with employment generation, then by extension the generation of employment will therefore reduce the level of poverty. Wealth if created will definitely reduce the incidence of poverty by empowering the citizens and increasing their access to basic necessities of life (e.g food, clothing, shelter, security and education).

Reduction in Rural - Urban Migration: The escalating problems of urban unemployment and population congestion owing to the rapid rural urban drift due to white collar jobs find its ultimate solution in the restoration of a proper balance between urban and rural economic opportunity. Rural entrepreneurial activity in generating employment is the link achieving this balance.

Reduction of Crime Rate: It is strongly believed that unemployment is responsible largely for the level of social complication of armed robbery, political thuggery, drugs peddling, prostitution, moneylaundering, currency counterfeiting, e-mail swindle, and other such related crimes. When individuals are unable to satisfy their needs, most often, frustration occurs. These frustrations breed fraudulent practices. Employment generation therefore, will reduce the level of frustration and consequently, crime rate.

Raising the Standard of Living: entrepreneurship through job and wealth creation raises the standard of living of people. Owing to higher income earning and availability of disposable income, they can therefore, afford the necessities of life such as housing, clothing and food, education, good health care delivery, etc.

Rural Development: Rural enterprises through employment generation stimulate development and the achievement of a meaningful level of broad economic development in rural areas. It decreases inequality in distribution of rural income and reduces urban-rural imbalances in income and economic opportunities.

Encourages Capital Formation: One factor responsible for the poor state of an economy is low capital formation. When individuals are employed, they can afford to save out of their disposable income. Entrepreneurs can therefore, facilitate the use of these savings thereby stimulating capital formation, which is the engine of economic growth and development.

Skills Acquisition and Increase in the Level of Productivity

Employment generated by entrepreneurship can be a training ground where individual acquires and develops skills for creativity leading to a general increase in the level of productivity.

Characteristics of an Entrepreneur

1. **Creativity:** this is the spark that drives the development of new products or services or ways to do business. It is the push for innovation and improvement. It is continuous learning, questioning, and thinking outside of the box.
2. **Dedication:** this is motivation to work hard. Planning and ideas must be joined by hard work to succeed. Dedication makes it happen.
3. **Determination:** is the extremely strong desire to achieve success. It includes persistence and the ability to bounce back after rough times. For the true entrepreneur, money is not the motivation. Success is the motivator; money is the reward.
4. **Flexibility:** is the ability to move quickly in response to changing market needs. It is being true to a dream while also being mindful of market realities.
5. **Leadership:** is the ability to create rules and to set goals. It is the capacity to follow through to see that rules are followed and goals are accomplished.
6. **Passion:** this is what gets entrepreneurs started and keeps them there. It gives entrepreneurs the ability to convince others to believe in their vision. It can't substitute for planning, but it will help to stay focused and to get others to look at their plans.
7. **Self-confidence:** this comes from thorough planning, which reduces uncertainty and the level of risk. It also comes from expertise. Self-confidence gives the entrepreneur the ability to listen without being easily swayed or intimidated.
8. **Smartness:** it consists of common sense joined with knowledge or experience in a related business or endeavour. The former gives person good instincts, the latter, expertise. Many people have smarts they don't recognize. Education and life experiences all contribute to smartness.

Every entrepreneur has these qualities in different degrees. However if a person lacks one or more, then they can be learned. Or, someone can be hired who has strengths that the entrepreneur lacks. The most important strategy is to be aware of strengths and to build on it.

Conclusion

Almost all the poverty reduction strategies implemented so far have failed. There seems to be widespread recognition that entrepreneurship is the engine driving the economy and society of most nations. Entrepreneurship has been recognized as an important Economic activity that is involved in providing unique product and process of doing things, it is the act of being an entrepreneur and have been playing the role of employment generation, wealth creation, poverty alleviation among others, it

is therefore considered to be the engine for growth and development especially in developing countries like Nigeria. It has also been argued that new venture creation holds the key to economic growth and development of a nation. The relevance of entrepreneurship education as an effective strategy for poverty and crime reduction as well as employment creation cannot be over emphasized. Recent studies indicated that entrepreneurship education encourages the growth of new businesses, promotion of improved decision-making skills and the increase in technology transfer between education establishments and the market place. It is therefore recommended that entrepreneurship development programmes and other policy measures should be more vigorously pursued by government in order to accelerate economic growth and development as well as effective means of jobs creation, new ventures development and consequently poverty reduction. Based on its central role in economic development, respective governments, non governmental organizations, community based organizations and other stake holders should promote its development in order to reap its full benefits