

## MACROECONOMIC EFFECT OF UNEMPLOYMENT, POVERTY AND INEQUALITY ON ENTREPRENEURSHIP: THE NIGERIA EXAMPLE (1983-2017)

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### ABSTRACT

*This study examined the macroeconomic effect of Unemployment, Poverty and Inequality on Entrepreneurship: The Nigeria Example (1983 – 2017). The objective of the study was to examine the role of entrepreneurship in the effective reduction of unemployment, poverty and inequality in Nigeria. The study relied on secondary data from the National Bureau of Statistics (NBS) and Central Bank of Nigeria (CBN) between 1983 and 2017. The study applied the Ordinary Least Square (OLS) statistical analysis technique. The finding revealed a direct relationship between Unemployment, Poverty and inequality on Entrepreneurship and concludes that the government can effectively target unemployment, poverty, and inequality by providing the right incentives to Entrepreneurs, and recommends the provision of credit facilities at reasonable cost, supporting infrastructure and the right policy instruments.*

**Keywords:** *Entrepreneurship; Unemployment; Poverty; Inequality*

### 1.0 Introduction

#### 1.1 Background to the Study

Unemployment, Poverty, and Inequality like inflation have been a long existed macroeconomic challenge or disequilibrium globally. Even worse is in the developing countries. Efforts to reduce these phenomena to a tolerable limit becomes imperative for its negative impact on the lives of the populace. There has been an increasing interest towards extending support to Entrepreneurs to allow them pursue legitimate economic diversification aimed at survival as well as improving their economic goals. Several schemes were advanced by government to provide the much needed support to this target group, but were characterized by problems such as poorly rooted policies, weak implementation, high default rates, interest rates obstacles, corruption and bias distributions (Johnson & Rogaly, 1997; and Morduch, 1999). Despite these efforts, Nigeria like India ranks amongst the nations with high poverty index. The needed support will enhance the production and consumption of goods and services by the poor and vulnerable in the society in the face of uncertainty and exit the poverty trap. Human capital development access such as education, health, land, credit, infrastructure, social networks etc. to the poor have been a major challenge.

With a population of nearly 200 million people, made up of over 250 ethnic groups, Nigeria ranks as the most populous black nation in the world (Nwosu, 2007). Of this population, over 60% is trapped in the net of unexplained unemployment, poverty and inequality due to poor economic policies and their implementation by successive governments. Shadare and Tunde (2012), noted that Economists world over are yet to come to a unison on the causes and panaceas for unemployment. The essence of the Keynesian explanation is that enterprises absorb too little labor because of poor aggregate consumption. The classical view was that unemployment was at will and natural market forces could cause equilibrium. The neo-classical theory opines that a natural

rate of unemployment exist, characterized by a given rate of technology, culture, individual preferences, and endowments. With flexible wages in a competitive labor market, wages adjust to clear the market and any unemployment that remains is at will. The latter view was that held by Milton Friedman and strongly influenced government policy in the early 1980s, but without success. There is no simple explanation and solution to the problems of unemployment, poverty, and inequality.

The objective of this study is to examine the impact of entrepreneurship as a panacea in reducing unemployment, poverty, and inequality in Nigeria.

## **1.2 Statement of the Problem**

Unemployment breeds poverty and inequality which is critical to economic growth and development especially in emerging economies. The phenomena of unemployment, poverty and inequality being experienced in the Nigeria constitute a peculiar problem to labor market and the economy as a whole. Fajana (2000), opines several causes of unemployment, poverty and inequality in Nigeria: previous unemployment status, poor manpower strategy and increase in educational infrastructures that have unduly raised the expectations of Nigerians, economic downturn, undue expatriate quota, erosion of dignity of labor, attitude to jobs in some locations as well as search pattern of the supply and demand for labor, application of capital intensive technology, huge rural-urban migration and formal-informal sectors ratios. Nwagwu (2014), opines that the informal sector can improve unemployment and poverty levels. The informal sector comprising of micro, small and medium enterprises (MSMEs) is the unpopular segment of the Nigerian economy where entrepreneurship is a subset of the assumption, thus follows that unemployment and poverty levels can be reduced through entrepreneurial development.

## **1.3 Motivation for the Study**

The increasing rise in unemployment resulting in high levels of poverty and inequality should be of great concern to Economists and other professionals in Nigeria. With a population of over 200million people and an Employment population of nearly 80.1million, the country's Unemployment rate as at second quarter (Q2), 2020 stands at 27.1 per cent from 23.2 percent of the third quarter (Q3) of 2018 and Underemployment rate of 28.6 per cent from 20.1 per cent within the same period, of which young people between the ages of 15 to 35 years constituting 48 per cent of the total figure (National Bureau of Statistics. NBS, 2020). These figures if not checked, could escalate beyond redemption. The concept of Entrepreneurship and its impact on economic growth is no longer in doubt. The study is both timely, appropriate, and significant giving the dwindling status of our revenue and aggregate demand as a country amidst natural and artificially induced recessions. With the recent global pandemic occasioned by the Corona Virus (Covid-19), Nigeria is bound to have its fair share of the negative impacts, which include job losses, fall in tax revenues, inflation, unstable exchange rates, declines in savings and investments amongst other macroeconomic gyrations. Nigeria economy is expected to shrink by 3.2% and a poverty rate increase from 40.1% in 2019 to 42.5%,dragging over 5million people into the poverty net in the year 2020. The country is still healing from the 2016 recession and may slip into the worst recession that may last another four decades if measures are not put in place to arrest it (Chaudhuri& Hernandez - World Bank, 2020). The study will bring on information to policy makers and all stakeholders on how entrepreneurship can effectively target unemployment, poverty, and inequality. It will also add to the existing stock of empirical literatures and pool of knowledge.

#### **1.4 Objectives of the Study**

The key objectives of the study are:

1. To examine if entrepreneurship is a panacea for the reduction of unemployment, poverty, and inequality in Nigeria.
2. To examine the relationship between entrepreneurship and unemployment, poverty, and inequality in Nigeria.

#### **1.5 Hypotheses of the study**

Ho1: Entrepreneurship is not a panacea for unemployment, poverty and inequality reduction

Ho2: There is no relationship between entrepreneurship and unemployment, poverty, and inequality.

### **2.0 Review of Related Literature**

#### **2.1 Conceptual Literature**

Unemployment is a state of fewer jobs witnessed by persons who belong to the labor force who are seen by themselves and by others as having the capability and capacity to work (Fajana, 2000). It is generally accepted that unemployment like inflation, is a sign of basic economic illness or macroeconomic disequilibrium. However difficult, is the right conceptualization of the subject. Early theories on the evolution, definition, and origin of unemployment centered round the distinction between voluntary and involuntary unemployment. Even the conceptualization of these categories has been a source of contention. Voluntary unemployment is said to exist when persons choose not to work or accept job for which they are qualified at the going wage rate and conditions probably because they have means of support other than employment. While involuntary unemployment exists when persons cannot obtain work even if they are willing to accept lower real wages or poorer conditions than similarly qualified workers who are currently in employment. The 8<sup>th</sup> International Conference of Labor Statisticians held in 1954 gave rise to an ILO definition concerning statistics of labor force, employment, and unemployment. It perceives the unemployment problem as having three dimensions. The first being determined by insufficient employment possibilities involving disguised or open unemployment. The second being characterized by insufficient income structure. Unemployment and poverty therefore constitute two different viewpoints of one and the same problem. Third dimension being marked by unproductive employment (under-utilization) of a considerable proportion of the working population. However, the latter overrides others without been identical with them. Subsequently in October, 1982 the 13<sup>th</sup> International Conference of Labor Statisticians adopted a new resolution concerning statistics of the economically active population, employment, unemployment and underemployment. The resolution defined the employed as person above a specific age who, during the reference period, were without work, and were seeking work. This appears similar to that of 1954, but with more amplifications and modification for a more accurate measurement of unemployment.

Unemployment is critical to inducing poverty and inequality in most nations. Past studies on unemployment, poverty and inequality in many developing economies have tended to ignore

the crucial role played by entrepreneurship in reducing unemployment, poverty, and inequality. (Falae, 1971, Bhalla 1973; Diejomaoh, 1979; Bear & Herve 1966; Bhagwati 1973; Diejomaoh and Orimolade 1971). This study aims at mitigating the menace of unemployment, poverty, and inequality in Nigeria. These previous literatures provide a departure for new studies on the subject matter.

### 2.1.1 Unemployment

The International Labor Organization (ILO) sees the unemployed as members of the population who are economically, socially and psychologically balanced without jobs but willing and ready to work, including those who have been displaced from their jobs or who left work at will. Morio and Zocizoum (1980) describes unemployment as jobs available for absorption whose contract of engagement has been terminated or been temporarily put on hold and who are without a job and requiring paid employment; persons with no previous work experience, together with persons who are in retirement, who were ready and willing to work during the specified time period and were seeking paid employment; persons without job and currently available for work who have made arrangements to start a new job at a date subsequent to the specified time period; and persons temporarily or indefinitely laid off without compensation. This implies that persons who are without paid jobs to earn decent living are unemployed. Unemployment is the broadest indicator of economic activity as reflected by the labor market.

In Nigeria's unemployment situation, the young inexperienced, but willing and energetic school graduate of all categories are the most impacted. This category of unemployed people forms a major part of the workforce, with frustration setting in from endless job search without a headway. Often times resulting to spiritual intervention and inordinate means to secure job placements. Morio and Zocizoum (1980), state that in developed economies, the criteria selection for the determination of value and employability of work potentials are separate from its constituent elements. Therefore, it is not the level of exposure, know how or training that result in a particular rating, but rather the operational criterion for the training; the ability to fill a given job more quickly, which determine the social value of such training on the market. The same seems to be true of all the constituent elements of work potential; they are classed according to the essential criterion of being operational. The sooner a work potential becomes productive, the more employable it is. This explains the place of entrepreneurship in developing economies.

#### 2.1.1.1 Variants of Unemployment

This may be categorized into two: Unemployment that results from deficient aggregate demand and all other unemployment due to frictions and labor market disequilibrium. The latter in turn is often divided into frictional, seasonal, real-wage, technological and cyclical unemployment.

- **Deficient demand Unemployment** arises when there is no sufficient aggregate demand to produce work for the entire labor force irrespective of training or deployment.
- **Frictional or Search Unemployment** occurs because it takes time and resources for workers to change jobs, be it will or not, even though suitable job vacancies exist and can be found without the worker having to adjust his broad occupational status or his reservation wage.
- **Structural Unemployment** exists when there is a mismatch between the unemployed and the available jobs in terms of geographic location, required skills or any other consideration.

- **Seasonal Unemployment** is viewed as unemployment arising due to high level of real wages.
- **Technological Unemployment** arises when machines replace men in the production process. This is popular in advance economies.
- **Cyclical Unemployment** is usually associated with the business cycle, especially recession and depression. This explains why some experts classify it as a variant of deficient-demand unemployment (Anyanwu, 1985; 1991)

#### 2.1.1.2 Possible Causes of Unemployment in Nigeria

- **Population increase** which is fast rising than employment spaces. With birth rate on the increase, death rate falling and a population growth rate between 2.5% and 3.0%, unemployment is bound to exist.
- **Rural-Urban Migration** occasioned by industrialization and neglecting traditional means of livelihood such as agriculture causing job disequilibrium
- **Tremendous Expansion in Educational Opportunities and Misdirected Investment in Human Capital** leading to rapid expansion at all levels of education, with a corresponding expansion in the labor market.
- **Continuous Shortfall in Foreign Exchange Earnings and the Resultant Fluctuations in the Capital Expenditure of Government** as a mono product economy relying on export earnings from Oil, with external shocks, earnings do fall leading to decline in investment and job opportunities.
- **Alien Influx** resulting from free movement within the region. These aliens often times shrink the employment space by accepting lower wages.
- **Global Economic Depression** occasioned by economic downturns as reflected in inflation, balance of payments deficits and debt burden, in trying to get out of these, the country embark on policies that reduce employment.
- **Premature retirements and lay-offs** arising from flimsy excuses is very prevalent in the country, thereby deepening the employment curve.
- **Activities of Multinationals** who often manufacture at home and come to Nigeria for hook-up, allowing for fewer engagement of persons.
- **Poor Fiscal and Monetary policies** are key policies of economic management in an economy. The former deals with revenue expectations and expenditure patterns, while the later defines money supply, cost and direction within a given period. Nigeria needs to generate more revenue and direct it appropriately. With the reliance on Crude petroleum export for foreign earnings and subsequent decline in price, her revenue profile has dwindled recently resulting in job losses from failing supply and demand interaction.

#### 2.1.1.3 Effects of Unemployment in Nigeria

- **Increase in Social vices and Crimes:** Frustrated unemployed persons could take to inordinate means of employment for survival.
- **Increase in Rural-Urban Migration:** Resulting in high turnover of eligible persons to the urban centers in search of non-existing jobs.
- **Brain Drain:** As a result in migration to more sophisticated climes in search of jobs, leaving the country ridden in sufficient but skill deficient labor.
- **Political Instability:** Occasioned by unemployed persons serving as recruits for disenchanting, disgruntled and revolutionary elements in the society.

- **Fall in National Output:** This according to ‘Okun’s Law’, a 1% fall in employment result to 3% fall in output. Thus, the existence of unemployment means that a nation cannot maximize the full potentials of her labor force.
- **High Dependency Ratio:** Arising as a result in pressure on the few working population for survival. A case of autonomous consumption, where able bodied persons consume without a defined means of income.
- **Decline in Standard of Living:** This arises from poverty and inequality induced unemployment.
- **Low Investment and Low National Income:** As a result of zero savings, investment will be eroded. Through the multiplier process, income will also be low, thus bringing about a situation of vicious cycle of poverty.
- **Increased Drain on Government Finances:** Through spending on poverty alleviation measures and other benefits, with a fall in tax revenues, government finances are often drained. The President Muhammadu Buhari lead All Progressive Congress (APC) party government has from inception in 2015 embarked on several social investment programmes aimed at reducing poverty and inequality to a tolerable limit, they include: The Growth Advancement and Empowerment Programme; Trader Money for traders; N-Power scheme for young school graduates between the ages of 18 and 35 years; Conditional Cash Transfer to the poor and vulnerable, Anchor Borrowers programme for farmers and input providers, the School Feeding programme in primary schools and the Targeted Credit Facility (TCF) to households and MSMEs as a result of the Covid-19 fallout amongst others. However, these programmes are being criticized for lack of transparency and reliable data base to justify the disbursements. Also, most of the programmes are hinged on interest free philosophy and like past intervention programmes, are expected to perform abysmally. Nigeria has a high turnover of policies, but have been poorly implemented.

### 2.1.2 Poverty and Inequality

World over and Nigeria in particular, poverty and inequality remains crucial despite economic success achieved in the 1950s to 60s and part of the 70s. Over the last decade Nigeria has one of the world’s highest Gross Domestic Product (GDP) rates averaging 7.4%, but steadily falling as a result of macroeconomic downturns occasioned by fall in commodity demands, external shocks, political instability and natural disasters. A well-developed economy with huge natural resources endowment where crude hydrocarbon Oil and Gas are the major earners of the country’s economy till date (Nwagwu, 2014; Okoro, 2014). Despite these, poverty, and inequality looms with impunity, defiling several macroeconomic remedies.

The United Nations Development Program (UNDP) describes poverty as that earning level that makes minimum nutritionally adequate diets and essential non-food requirements not possible. Poverty is grouped by UNDP into three broad categories as contained in the universally accepted definition to mean absolute poverty, relative and material poverty.

- **Absolute poverty** means the inability to provide such physiological subsistence (i.e. foods, shelter, clothing, potable water, safety, healthcare service, basic education, transportation and gainful employment) to the extent of being unable to protect human dignity. People

under this category receive meager income and their capacity to make savings is zero. Often times, belong to the autonomous consumption bracket.

- **Relative poverty** means inadequate income to enhance active participation in social activities to the extent that it limits the actualization of one's potentials. In this type of poverty, the minimum requirements of an individual are determined by caloric intake of square meters of shelter per person. Poverty here means inability of one to satisfy his basic social needs. Often times, making one feel less of a human (Inequality)
- **Material poverty** is the deprivation from ownership of physical assets such as cash crops, trees, land, animal husbandry, etc. (UNDP, 1994; Uzuegbunam, 2001). Poverty is relatively of the mind. One is however poor to the extent he/she thinks.

A man who cannot provide for his household due to lack of income generating employment is suffering from deprivation poverty, caused by skewed distribution of social benefits. Unarguably, unemployment, poverty and inequality are universal phenomena; it is not necessarily a peculiar characteristic of any particular segment of the society nor is it exclusive preserve of the poor developing economies. It however comes in varying degrees. As Eitzen (1980) succinctly observed, the United States of America (USA) occupies an enviable position in global economy and politics due to her level of prosperity occasioned by natural resources endowments, advanced technology, great war chest and a magnanimous donor to many developing countries, it has a very high Human Development Index (HDI) and a favorable Corruption Perception Index (CPI) ratings with strong supporting institutions and structures. Despite her brilliant economic performance, unemployment, poverty and inequality still exists. Denmark without such qualities has a better standard of living. It goes to show that parameters for measurement are not universal.

There is a school of thought that sees some people as poor because society has failed to provide equality in education; health services; wealth and income creation opportunities; corruption; prevalence of institutional discrimination against the minorities, poor and vulnerable; government inadequate policies and poor implementation; failure of private sector to provide sufficient job opportunities and the effect of technology which has rendered some jobs obsolete. To an extent, the victims of poverty may be absorbed from blame for their status; rather the inequities and skewed governance structure prevalent in Nigerian society are responsible. The causes of poverty are inequality in money and in opportunity (Osadume & Eko-Raphaels, 2019). On the contrary, some opposing views emanated from other school of thought that the poor are to be blamed for their plight because they are perceived to be lazy (Nwagwu, E.J. 2014). Poverty is seen by these scholars as the result of people being lazy, stupid, wasteful, indiscipline, imprudent, indulgence and immoral. While others are of the view that poverty has a bearing with destiny and a generational curse that is being passed on from one generation to another (Shadare & Tunde, 2012).

### 2.1.3 Entrepreneurship

Entrepreneurship with several definitions refers to a free or private enterprise that undermines risks and commences something novel (Adebayo & Jenyo, 2013). An entrepreneur owns, controls, and manages an enterprise for personal benefit. He pays current prices for the materials absorbed in the business process, for the use of factors, personal services he employs, for the capital he requires and creates value with these. The net residue of the annual receipts of the enterprise, after all costs have been paid, he retains for himself. However, let it be emphatically stated that entrepreneurship is different from micro, small, medium, or large businesses, though, it

could come in such business variants, but must imbibe newness or an addition to existing idea. It is not limited to any field of human endeavor, it is driven by the spirit to achieve, doing things better, to reach and to come with a new idea (Ottih, 2014). The Entrepreneur is an Organizer, Innovator, and a risk taker. Entrepreneurship is motivated by the need to fill a vacuum, lack, deprivation, gap, emptiness or wants. Entrepreneurship is about venture creation from existence or what is not in existence. It could be profit or non-profit driven (Ezirim, 2019). These principles and theories are also applicable to the indigenous entrepreneurs in Nigeria. In many developing economies, entrepreneurs are not provided with the enabling environment in order for them to thrive, despite their role as engine for economic development (Oji, 2016). This include the right policy direction and supervision, provision of capital formation and supporting infrastructure such as good roads, constant electricity supply, telecommunication, access to credits and foreign exchange at reasonable cost, advances, grants, and a host of others. Ease of doing business is still a very tall order.

The focus of this study therefore seeks to examine the impact of entrepreneurship as a panacea for the reduction of unemployment, poverty and inequality in the Nigeria.

### 2.1.4 Theoretical Framework

The Theory underpinning this study is the Resource-Based Entrepreneurship theory as propounded by Alvarez and Busenitz (2001). This theory emphasizes that access to resources by entrepreneurs is an important window for opportunity-based entrepreneurship and new venture growth. Aldrich (1999) stressed that the theory shows the importance of financial, social, and human resources and concludes that access to resources enhances the capacity of an individual to detect and act upon discovered opportunities (Davidson & Honing, 2003).

## 3.0 Materials and Methods

### 3.1 Research Design

This is an ex-post facto design that relied on secondary data from the National Bureau of Statistics (NBS) and Central Bank of Nigeria (CBN) between 1983 and 2017. The period was chosen for constituency and stability due to availability of data. The study applied the Ordinary Least Square (OLS) statistical analysis technique with its Best Linear Unbiased Estimates (BLUES) property.

### 3.2 Model Specification

The model used for the study is functionally presented as:

$$PVTI = f(ETPR) \quad \text{Eq. 1}$$

$$UNEMP = f(ETPR) \quad \text{Eq. 2}$$

Where:

|                 |   |                                      |
|-----------------|---|--------------------------------------|
| PVTI            | = | Poverty Level at the period          |
| UNEMP           | = | Unemployment Rate at the period      |
| ETPR            | = | Entrepreneurial Growth at the period |
| $\beta_1$       | = | Regression coefficients              |
| $a_0$           | = | Constant                             |
| $\varepsilon_1$ | = | Error term                           |

Equations 1& 2, can be translated into equations 3 and 4 as stated below:

$$PVTI_t = a_0 + \beta_1 ETPR_t + \varepsilon_t \quad \text{Eq.3}$$



$$UNEMP_t = a_0 + \beta_t ETPR_t + \varepsilon_t \quad Eq. 4$$

#### 4.0 Data Presentation and Analysis of Results

This section aims at discussing the results of the empirical analysis conducted and are presented in the following order. The summary statistics, correlation matrix, the goodness of fit test and t-ratio of the dependent variables.

#### 4.1 Summary of Statistics and Discussions of Findings

**Table 4.1: Summary Statistics for Unemployment (UNEMP)**

| Mean    | Std. Deviation | Min. Value | Max. Value | OBS. |
|---------|----------------|------------|------------|------|
| 17.2954 | 4.62169        | 49         | 954        | 35   |

Source: Author's computation, 2019

Table 4.1 shows the summary statistics for unemployment (UNEMP) during the said period. The results indicates that UNEMP recorded a mean and standard deviation values of 17.30 and 4.62 respectively. This implies that the mean can deviate from both sides by 17.3%. The minimum and maximum values reported during the period under review were 9.5% and 27.9%. This implies that the accounted level unemployment in the country was 9.5% which occurred in 1985 and highest is 27.9% 2017. This suggests that unemployment level when compared prior to 1985 increased geometrically. Unemployment level was reported in percentages.

**Table 4.2: Summary Statistics for Poverty (PVTI)**

| Mean    | Std. Deviation | Min. Value | Max. Value | OBS. |
|---------|----------------|------------|------------|------|
| 39.9151 | 17.55611       | 10.29      | 69.30      | 35   |

Source: Author's computation, 2019

Table 4.2 shows the summary statistics for Poverty (PVTI) level during the said period. The results indicate that PVTI recorded a mean and standard deviation values of 39.92 and 17.56 respectively. The high values of the mean and standard deviation suggests that the country had experienced augmented poverty in the past and in addition, it implies that the mean can deviate from both sides by 39.9%. The minimum and maximum values reported during the period were 10.29% and 69.30%. This implies that the lowest level of poverty was 10.29% which occurred in 2017 and highest is 69.30% in 1983. This suggests that poverty level was very high in time past but is gradually reducing in Nigeria. Poverty level was reported in percentages (%).

**Table 4.3: Correlation Matrix**

| Variable | ETPR  | PVTI  | UNEMP |
|----------|-------|-------|-------|
| ETPR     | 1.00  | -.357 | .643  |
| PVTI     | -.357 | 1.00  | -.301 |
| UNEMP    | .643  | -.301 | 1.00  |

Source: Author's computation, 2019

Table 4.3 presents the correlation analysis as the preliminary assessment of the relationship among the dependent and independent variables. The Pearson's correlation matrix shows the degree of correlation between the independent and dependent variables. This is to show the presence or absence of multi-collinearity between the variables. As suggested by Okoro (2014); Van *et al.* (2008), the Pearson's R between each pair of independent variables should not exceed 0.80; otherwise, independent variables with a coefficient in excess of 0.80 may be suspected of exhibiting multi-collinearity. The highest correlation as disclosed in the table is between unemployment and entrepreneurship with value of 0.643 which is below 0.80. This confirms the absence of multi-collinearity among the variables.

**Table 4.4: Goodness of fit through K Square**

| Model | R                 | R Square | Adjusted R Square | Std. Error of the Estimate | Durbin Watson |
|-------|-------------------|----------|-------------------|----------------------------|---------------|
| 1     | .980 <sup>a</sup> | .870     | .840              | 208.82657                  | .354          |

**Source: Author's computation, 2019**

Table 4.4 shows both Wand adjusted R<sup>2</sup>measures the fitness of the model i.e. they measure the proportion of the variation in dependent variable explained by the model. But since adjusted R<sup>2</sup>is the modification for the limitation of R', the value of the adjusted R<sup>2</sup>is considered to measure the fitness of the model. Thus, as it is shown above, the value of adjusted R<sup>2</sup>is .840, indicating that the independent variable in the model is explaining 84% variation on the dependent variables while the unexplained variation is just 16%. We can understand that the model is providing a good fit to the data. The result therefore suggests that entrepreneurship is a major factor that can mitigate unemployment, poverty, and inequality levels in Nigeria. The DW (.354) did not show support for first order serial correlation in the model.

**Table 4.5: T-Ratio for Unemployment (UNEMP)**

| Variable | Coefficients | t-statistic | Prob. |
|----------|--------------|-------------|-------|
| Constant | 188.445      | .081        | .093  |
| UNEMP    | 8.126        | 4.261       | .000  |

**Source: Author's computation, 2019**

Table 4.5 shows unemployment (UNEMP) (p-value = .000) was statistically significant at 5 percent or lower. This result reveal that unemployment level can be reduced through entrepreneurship in Nigeria.

**Table 4.6: T-Ratio for Poverty (PVTI)**

| Variable | Coefficients | t-statistic | Prob. |
|----------|--------------|-------------|-------|
| Constant | 188.445      | .081        | .093  |
| PVTI     | 2.138        | -1.299      | .000  |

**Source: Author's computation, 2019**

Table 4.6 indicates Poverty (p-value = .000) was statistically significant at 5 percent or lower. This shows that poverty level can be reduced through entrepreneurship.

## 5.0 Conclusion and Recommendations

The country can be on the path of prosperity and socio-economic inclusion if purposeful measures for the reduction of unemployment, poverty and inequality can be put in place. Current efforts are still far from commendation. With a population of over 200 million people and progressing, needs urgent and far reaching policies to upturn the current levels of these macroeconomic disequilibrium.

### 5.1 Conclusion

This study has been quite revealing. It exposes amongst others that one of the major ways through which government can reduce unemployment, poverty and inequality is through entrepreneurship. Finding also shows that the major causes of unemployment, poverty, and inequality areas a result of the government inability to empower her citizens and provide the enabling environment for entrepreneurs to thrive in Nigeria. The enabling environment include the provision of constant electricity supply, functional telecommunication services, good roads, loans and advances at reasonable costs and a host of others that are needed by the entrepreneurs.

### 5.2 Recommendations

The policy recommendations where based on the empirical result of this study, as follows: The government can effectively target unemployment, poverty, and inequality by providing the right incentives to Entrepreneurs, which include credit facilities at reasonable cost, supporting infrastructure and the right policy instruments to encourage entrepreneurship.

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