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Entrepreneurship as A Tool for Sustainable Employment

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ABSTRACT

This paper examined the role of entrepreneurship as a tool for sustainable employment, with emphasis on critical indicators such as job security, income and wages. Employing a quantitative approach, the study collected data from 250 questionnaires and utilised regression analysis to investigate the relationship. The findings of the study revealed an R square value of 82.1%, establishing a significant and strong correlation between entrepreneurship and sustainable employment, particularly through job security, and income and wages. In addition, the study incorporated ANOVA results with an F-value of 281.17 and a p-value below 0.001. The study concluded that entrepreneurship is a vital tool to drive sustainable employment, spur economic growth and development within the country.

Keywords: Entrepreneurship, Unemployment, Sustainable Employment, Nigeria.

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1. BACKGROUND TO THE STUDY

Unemployment and poverty pose significant challenges in Nigeria, with a vast population struggling to secure stable employment opportunities. Conventional avenues for employment such as the public sector and established industries, have proven inadequate to accommodate the rapidly increasing workforce, leading to the widespread unemployment and subsequently, high levels of poverty (Juliana et al., 2021).



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Recent study by the National Bureau of Statistics (NBS) estimates that an average of 133 million people, equivalent to 63% of the total population are living in extreme poverty. Additionally, there is an anticipated surge in unemployment rate to 37%, coupled with an increase in the poverty headcount to 45% for the year 2023 (Bailey, 2023). This translates to an alarming 59.60% of the 151 million Nigerian youth being unemployed. This challenge therefore calls for urgent need of innovation and entrepreneurship to pave the way for sustainable employment, skill development, job creation, economic growth, and advancements in human welfare.

To address the issue of unemployment, Nadabo & Salisu (2021) identified entrepreneurship as a strategic tool to foster sustainable employment, drive economic growth and development in Nigeria. Entrepreneurship involves creating value by identifying opportunities, organising resources, and managing risks. Entrepreneurship has played a pivotal role in transforming the employment landscape with small and medium-sized enterprises (SMEs) emergence as significant contributors to job security, employing over 84% of the country's workforce and contributing 48% to the country's GDP (Bailey, 2023).

Mokuolu & Oluwaleye (2023) established that SMEs have proven to be instrumental in employee skill development and income generation by creating more than 32 million job opportunities. These enterprises have filled the void left by the formal sector and government agencies by generating employment opportunities, especially for the youth. Entrepreneurship fosters a proactive approach, enabling individuals to create job opportunities, manage their businesses and create a stream of income and wages for others (Nakara et al., 2019)

1.1 Statement of Problem

Despite the pivotal role of entrepreneurship, the prevailing business environment in Nigeria, has not provided ample support to harness entrepreneurship potential fully. Traditionally, small business owners in Nigeria continually faced challenges such as access to capital, high interest rates, infrastructure gaps, inadequate power supply, and policy inconsistencies. More recently, the surge in fuel price, rising cost of living, currency floating and insecurity have emerged as additional major obstacle to the growth of entrepreneurship in the country. Operating within an environment characterised by high volatility, uncertainty, complexity, and ambiguity (VUCA) has had significant detrimental effect on sustainable employment in Nigeria. In a study conducted by NBS, most micro-enterprises in Nigeria, accounting for 64.5 percent, report a monthly turnover of less than ₦50,000, approximately 29.4 percent fall within the range of ₦50,000 to ₦300,000 in average monthly income, with the remaining segment having a monthly turnover between ₦600,000 to ₦900,000 (Kalejaiye, 2022).

Consequently, 1 out 10 micro enterprises can afford to pay salaries above ₦50,000 for new hires and often lacks financial capacity to allocate resources for essential skills development and training for their staff. Most importantly, many jobs created by entrepreneurs often offer limited benefits, and unstable job security. While this situation poses challenge to achieving sustainable employment in Nigeria, Nadabo & Salisu (2021) assert that entrepreneurship plays key role in enhancing employee skills, increased income level and job security. Despite recognising entrepreneurship's positive impact on employment, current research lacks in depth understanding of its connection to key sustainable employment indicators in Nigeria, such as job security, income, and wages.



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Therefore, this research seeks to examine entrepreneurship as a strategic tool for sustainable employment using indicators such as job security, income, and wages.

1.2 Objective

The main aim of this study is to examine entrepreneurship as a tool for sustainable employment with specific emphasis job security, and income and wages.

2. LITERATURE REVIEW

2.1 State of Entrepreneurship In Nigeria

A fundamental root of poverty in Nigeria is the prevalent lack of employment opportunities making it challenging for individuals to attain financial security and fulfil basic needs. Despite the substantial output of approximately 450,000 graduates annually from Nigeria's 159 polytechnics and 221 universities, the labour market remains unable to absorb this influx of skilled individuals. The job scarcity is persistent even for individuals with educational qualifications. However, unemployment has effectively been mitigated through entrepreneurship by providing avenues for income and wages as well as job security.

Entrepreneurship exhibited through Micro, Small and Medium Enterprises (MSMEs) constitute 96% of businesses, contributing to 48% of the national GDP, and employing 84% of the workforce (Mokuolu & Oluwaleye, 2023). This sector significantly alleviates poverty and fuels job security. Also, entrepreneurship has propelled employee engagement resulting in job satisfaction, increased income and wage level, leads to skill development of employee and contribute to long term job security.

During the COVID-19 pandemic, entrepreneurship was recognized by many Nigerians as a viable means to sustain their desired lifestyles. In support, the government mandated entrepreneurship studies in higher education and established programs like the Youth Entrepreneurship Development Programmes (YEDP) and the Development Bank of Nigeria (DBN) entrepreneurship training programme launched to provide capitals to start-ups and young entrepreneurs facing the financial constraint and high cost problem thereby resulting in creation of employment opportunities that foster job security, skill development and increase the income and wage level. In a similar vein, various non-governmental organisations like the Tony Elumelu Foundation have been providing support to entrepreneurs since 2015, offering a non-repayable seed capital of \$5,000 to each recipient.

This initiative has empowered over 18,000 African entrepreneurs, offers twelve-week business management training, access to seasoned mentors and membership in Africa's largest entrepreneurial ecosystem. Furthermore, the FATE Foundation's Aspiring Entrepreneurs Programme (AEP) has significantly contributed to the development of entrepreneurial leaders, assisting them in establishing prosperous and sustainable businesses. Over time, this programme has successfully graduated more than 5,348 entrepreneurs across 16 states in Nigeria, with ongoing process.



2.2 Entrepreneurship and Sustainable Employment

Sustainable employment refers to stable, long-term work opportunities that adequately meet the needs of employees, while ensuring economic stability, social well-being, and environmental balance, without compromising future generations' ability to meet their own needs (Pradhan et al.,2020). Lecuna (2019) asserts that entrepreneurship involves identifying, evaluating, and exploiting opportunities, often leading to the establishment of new businesses. The author noted that as these new ventures grow, they tend to hire more individuals, directly influencing job creation and overall sustainable employment.

Also, Pradhan et al. (2020) claimed that innovative entrepreneurial activities stimulate job growth, particularly in emerging sectors, contributing to sustainable employment patterns. In addition, the research study conducted by Juliana et al. (2021) on the impact of creativity and innovation on entrepreneurship employing 257 respondents in Nigeria established that entrepreneurship significantly foster sustainable employment. While it is undeniable that entrepreneurship contributes to job creation, Ferreira et al. (2019) established that it is essential to acknowledge that sustainable employment requires supportive policies and a conducive business environment. Similarly, Bachmann et al. (2020) claimed that a well-functioning financial system and regulatory environment designed to support entrepreneurial activities are key drivers of sustainable employment.

Based on this review, the following hypothesis is generated.

H₁: Entrepreneurship does not serve as a tool for sustainable employment

2.3 Entrepreneurship and Job Security

Job security encompasses the assurance employees have regarding the continuity of their employment without the fear of imminent termination, instilling a sense of stability and confidence in their current position within an organisation (Wang et al.,2021). Notably, SMEs, often born out of entrepreneurial ventures, play a significant role in job creation and contribute substantially to sustainable employment opportunities globally. These ventures are known for their agility and capacity to scale in response to market demands, generating a stable job market, and ensuring job security. In addition, Ferreira et al. (2019) argue that entrepreneurs cultivate a culture of inclusivity, employee engagement and collaboration, valuing their employees' contributions.

This approach to employee engagement often leads to higher job satisfaction, subsequently reducing turnover rates and enhancing job security. Essentially, entrepreneurs are often driven by the pursuit of long-term success and usually seek strategies to maintain operational efficiency and retain workforce over a long period of time. As such, as the businesses grow, they contribute to economic stability and promote sustainable employment. However, entrepreneurship can be dynamic, unpredictable and can also introduce job insecurity due to government policies or other internal issues. Start-ups and SMEs in Nigeria often face a higher failure rate due to limited capital and when these businesses fail, employees may experience layoffs and job instability (Saibu & Bello, 2019). Similarly, Wang et al. (2021) argue that entrepreneurs have the prerogative to downsize their businesses to meet the economic reality which could potentially result in job cuts. Therefore, entrepreneurship does not inherently guarantee job security and employees in such business may face high level of job insecurity.



Based on the review above, the below hypothesis is generated;

H₂: There is no significant relationship between entrepreneurship and job security.

2.4 Entrepreneurship and Income Level

Nadabo & Salisu (2021) established that entrepreneurial ventures serve as engines of economic growth, stimulating job creation and providing substantial financial rewards to individuals involved. Pradhan et al. (2020) noted that when entrepreneurs establish successful businesses, they generate wealth, both for themselves and their employees, thereby bolstering income levels and wages across the economy. Nakara et al. (2019) asserts that entrepreneurs often display a proactive approach in ensuring fair compensation for their workforce. They recognise that offering competitive wages is pivotal in attracting and retaining skilled talent. Additionally, Juliana et al. (2021) intellectualises that entrepreneurship promotes innovation and efficiency, leading to increase productivity and overall economic prosperity.

The authors' established that innovations birthed through entrepreneurial endeavours contribute to cost-effectiveness and enhanced competitiveness, resulting in higher profits for businesses. These enhanced profits, when shared appropriately with the employees, lead to improved wages and better income distribution, amplifying their economic well-being. However, Lecuna (2019) posits that entrepreneurship doesn't universally guarantee improved income and wages. The author claimed that the entrepreneurial ventures, particularly in their nascent stages, may struggle to generate significant profits and might face financial constraints resulting in challenge of offering competitive wages or income until the business stabilized and starts reaping consistent profits.

Based on the above review, the below hypothesis is generated as

H₃: Entrepreneurship does not significantly influence income levels and wages.

2.5 Challenges to Entrepreneurship and Sustainable Employment

The impediments to sustainable employment creation in Nigeria are quite vast, extending their influence across the nation, these obstacles are fundamental in understanding the challenge of entrepreneurship in the country: The deficient state of infrastructure across Nigeria poses a significant challenge, hindering the smooth operation and growth of entrepreneurial ventures. High electricity tariff, inconsistent power supply, high cost of fuel and transportation also compound to the issue of entrepreneurial sustainability. Also, there is insufficiency of robust and effective entrepreneurship training programs that equip aspiring entrepreneurs with the requisite skills and knowledge for sustainable job creation. Similarly, frequent changes in government policies present a formidable challenge, making it difficult for entrepreneurs to anticipate and adapt to shifting regulatory landscapes effectively.

3. RESEARCH METHODOLOGY

The methodology utilised for this study adopts a quantitative approach. A structured online questionnaire was designed utilizing Google Forms and distributed through links. A total of 263 questionnaires were collected, out of which 250 were accurately completed, resulting in a valid response rate of 95%.

The questionnaire was meticulously crafted to capture data pertinent to hypothesis testing, employing a five-point Likert scale ranging from Strongly disagree (1) to Strongly Agree (5). Data visualization was conducted using Excel Software to represent the findings effectively. Moreover, to analyse and establish the relationship between entrepreneurship and sustainable employment, Regression analysis was employed utilizing the Statistical Package for the Social Sciences (SPSS). This method was chosen to establish the correlations between the study variables. Similarly, the quantitative design and the use of questionnaire was employed to provide a robust foundation for precise data collection, analysis and interpretation aligning with the research objectives and ensuring a thorough investigation of the research topic.

4. DATA ANALYSIS

4.1 Sector Distribution of the Respondent

The chart below in Figure 1, illustrates the sector distribution of the respondent, showcasing a diverse representation across various status. Agribusiness sectors exist as the highest with 23% (58) followed by the manufacturing with 21% (52), and IT with 19% (47). Also, the e-commerce constitutes 16% (39) while the healthcare sector is observed to be 13% (32) and others makes up 9% (22). This shows that entrepreneurship cut across different phase of business sector.

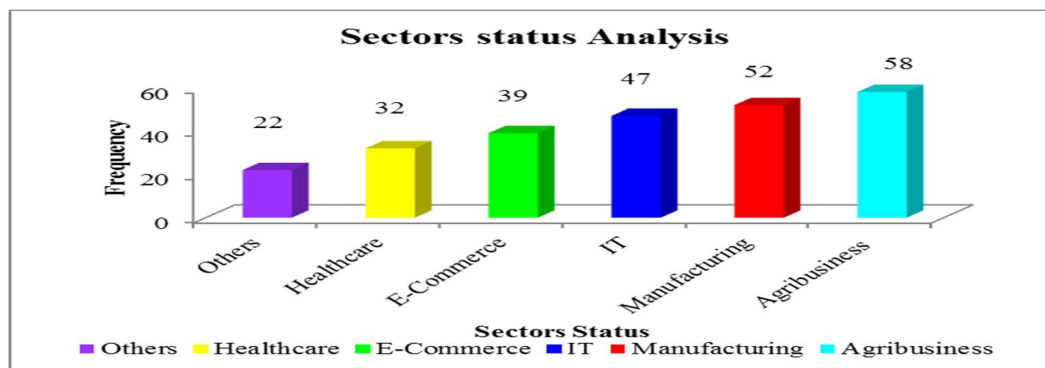


Figure 1: Sector Distribution

4.2 Entrepreneurship as a tool for sustainable employment

The visualization in Figure 2 shows the respondents' perceptions regarding the role of entrepreneurship as a tool for sustainable employment shows that substantial majority, 90.40% (50.80% agree and 39.60% strongly agree) held a positive view. Only a negligible proportion, 1.60% (4 respondents) expressed neutrality about the association. Conversely, a small but notable faction, 8% (20 respondents) held a negative view (Disagree and Strongly Disagree).

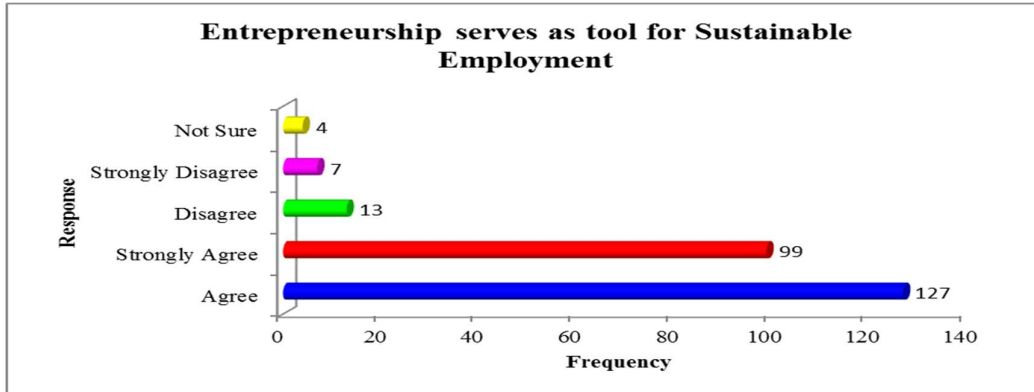


Figure 3: Entrepreneurship as a tool for sustainable employment

4.3 Relationship between Entrepreneurship and Job security.

The chart in Figure 3 below shows the relationship between entrepreneurship and job security. Accordingly, 44.40% (111) agree and 32.80% (82) strongly agree with the notion that entrepreneurship contributes positively to job security. Also, a minimal percentage of 4.8% (12) respondents' express neutrality while 14.40% representing 36 disagree and 3.60% (9) respondents strongly disagree with the view regarding entrepreneurship and job security.

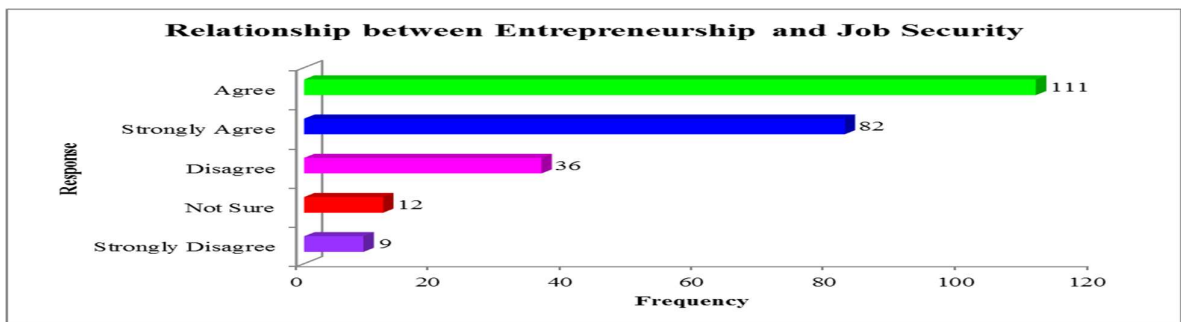


Figure 3: Entrepreneurship and Job Security relationship analysis

Source: Author's Computation

4.5 Entrepreneurship does significantly influence income levels and wages

Figure 4 below shows entrepreneurship contribution to income levels and wages shows that 126 (50.40%) agree and 95 (38%) strongly agree that entrepreneurship is the solution to generating income and wages for the people. Furthermore, a small proportion of respondents, 8 (3.2%), express neutrality and (12) 8.4% of respondents disagree with entrepreneurship's impact on income levels and wages while a small portion, 9 (3.6%) strongly disagreed.

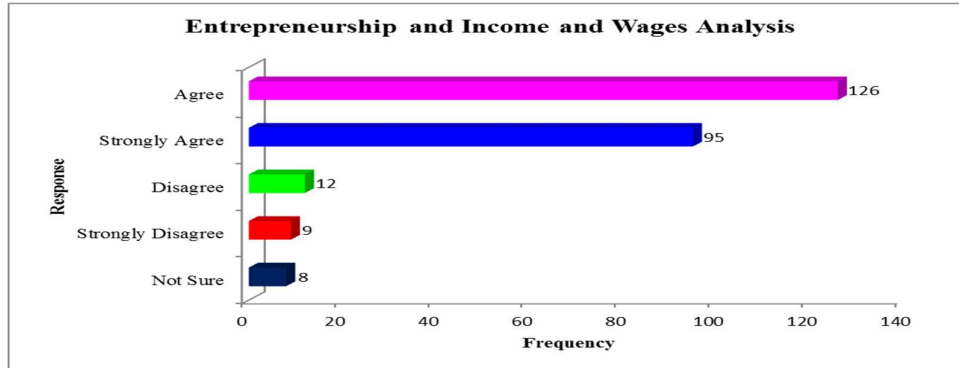


Figure 4: Entrepreneurship influence on Income and wages

4.6 Regression Analysis Section

Table 1: Regression Analysis

Regression Statistics				
Multiple R	R Square	Adjusted R Square	Standard Error	Observations
0.906162	0.821129	0.818208	30.83211	250

Table 2: ANOVA Analysis

ANOVA						
	Df	SS	MS	F	Significance F	
Regression	4	1069161	267290.2	281.175	2.77E-90	
Residual	245	232901.6	950.6188			
Total	249	1302063				
	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%
Intercept	-115.32	9.542238	-12.0852	1.1E-26	-134.115	-96.5245
Job Security	16.68146	8.54829	1.951439	0.052145	-0.15605	33.51898
Income and Wages	32.20531	8.131231	3.960693	9.8E-05	16.18927	48.22134
Sustainable Employment	20.98296	8.93682	2.347922	0.019675	3.380155	38.58576

From the data presented above in Table 1 and 2, the R Square value of 0.821 indicates that approximately 82.1% of the variation in sustainable employment can be explained by entrepreneurship variables, highlighting a strong relationship. The adjusted R Square, very close at 0.818, confirm the relationship. Also, the ANOVA results, with F-value of 281.17 is highly significant ($p < 0.001$), suggesting that the regression model is valid and not a result of chance. This therefore established that the null hypotheses generated in H1, H2, and H3 are rejected and hence established that entrepreneurship positively contribute to job security, helps in income and wages generation and overall leads to sustainable employment.



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This finding is consistent with the findings of Juliana et al. (2021) who established that entrepreneurship is a strategic tool to create sustainable employment when studying the impact of creativity and innovation on Entrepreneurial development using data from 257 respondents in Nigeria.

5. MAJOR FINDINGS

It is evident that entrepreneurship is perceived as a multi-dimensional tool for economic growth and individual development. The findings shows that entrepreneurship positively impact job security, leads to development of skills and result in income and wages generation. The study also found out that entrepreneurship contributes to employee engagement and foster sustainable employment. However, the findings also reveal that entrepreneurial endeavours require necessary support and resource, and addressing challenges like access to capital and infrastructure could further bolster the positive impacts of entrepreneurship on sustainable employment, job security, and income and skill development.

5.1 Concluding Remarks

This research established the relationship between entrepreneurship and sustainable employment, examining the impacts on job security, income and wages, and skill development. Entrepreneurship serves as a potent force propelling economic growth and individual financial prosperity. The positive response regarding entrepreneurship's profound influence on sustainable employment emphasizes the urgent need to cultivate an entrepreneurial ethics.

Therefore policymakers, stakeholders, and society should embrace entrepreneurship as a pivotal tool for economic advancement, skill development and individual empowerment. Also, this research concluded that there is a significant impact of entrepreneurship particularly regarding job security, income and wages and skill development. However, Government and private sector collaboration to invest in critical infrastructure, including power, transportation and internet connectivity is essential. Also, encouraging investments in renewable energy such as solar can help diversify the energy mix and improve availability. Also, establishing specialized funding schemes for entrepreneurs and creating working spaces can significantly improve access to finance and suitable work environment.

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