

# The Contribution of Entrepreneurship on Wealth Creation in Rural Areas of Northern Taraba State

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**Abstract:** Entrepreneurship is a key strategy for wealth generation in every economy. Some rural regions in Nigeria are underdeveloped, but not because there aren't any small enterprises there to make money; rather, it's because they can't make use of the entrepreneurial know-how that already exists there. In order to raise the standard of living in rural parts of Taraba state's northern region, this study focused on the contributions of entrepreneurship makes on the production of wealth and jobs. The population of this study was composed of a random sample of all small scale enterprises registered with (SMEDAN) in northern Taraba state. Small businesses operating in three out of the six local government areas in northern Taraba State were specifically chosen for the study using both purposive and simple random selection to choose the respondents. The sample size for the study, which included 231 small-scale enterprises operating in the Lau, Karim Lamido, and Zing local government areas of the state, was determined using Taro Yamane's formula of 1967spondents. The function of entrepreneurship in wealth development was investigated using both primary and secondary data. A questionnaire and interviews served as the study's data-gathering tools. For data analysis and hypothesis testing, respectively, descriptive statistics and chi-square were used. The study finds out that there is clear relationship between entrepreneurship and wealth creation in rural areas of Taraba State. It's was concluded that, to improve the standard of living of rural dwellers, government need to double its effort by providing more support to small and medium scale businesses operators in rural areas.

**Key Words:** Entrepreneurships, Wealth creation, and rural areas.

## INTRODUCTION

Entrepreneurship is a key factor in the economic growth and development of developing nations (Ahmad, 2019). Given its importance in economic development and consequent employment creation, entrepreneurship is a crucial topic of concern for many policymakers. Entrepreneurs are viewed as change agents who spur economic innovation. There is therefore a broad consensus that entrepreneurship must be encouraged as a means of bringing about economic change (Williams and Michael, 2012).

The depth of entrepreneurial growth within a society has substantially influenced the level of economic development that society has experienced. Entrepreneurs have historically changed the path of global economic history.

Wealth can be created through entrepreneurship, which helped open up employment prospects for young people living in rural areas who previously had no way to make a living. One way rural residents can build wealth and have normal urban lives is through entrepreneurship (Angel, 2017).

Not only does entrepreneurship contribute to wealth generation, but it also helps the economy of a country expand and thrive. However, disregard for entrepreneurship expertise in society, particularly in rural regions, the unemployment rate in Taraba State is increasing in a geometric progression.

The main goals of the entrepreneurship program, as opined by (Ebiringa, 2011), are to increase wealth and level of living through making goods and services accessible. As a result, entrepreneurship development is a crucial weapon for economic change. Uncertainty exists on how much of the aforementioned contributes to increased wealth and a higher level of living. ( Sule et al., 2019)

## PROBLEM STATEMENT

Taraba North's rural residents primarily rely on one seasonal stream of income to make ends meet. Meaning that if someone spends everything they earned during the farming season, their hands must be kept tight while they wait for the following season, which implies they will be out of work till the following season. This seasonal industry is constantly plagued by one issue or another, such as draughts, price fluctuations, inflation on agricultural equipment, etc.

The issue of insecurity in the state's rural areas, which nearly prevented many people from visiting their farmlands, is one of the key difficulties that makes this study necessary. Since employment is a tool used to quantify wealth generation, the current trend prevents wealth from being created (khan, 2017). A number of residents in Taraba North's rural areas lost their source of income as a result of the absence of farming operations.

This study is carried out to ascertain if rural residents may generate incomes after diversifying from farming to small business, as well as whether they can amass wealth and raise their standard of living.

### **OBJECTIVE OF THE STUDY**

The primary goal of this study is to determine the impact of entrepreneurship on wealth creation in rural areas of Northern Taraba. Other focused goals that contribute to the achievement of the overarching goal include:

- To determine whether entrepreneurship has a substantial impact on the creation of jobs in rural areas of Northern Taraba State.
- To assess how entrepreneurship affects the standard of living in Northern Taraba State's rural communities.

### **SIGNIFICANCE OF THE STUDY**

The study of this nature will be of utmost benefits to the rural dwellers in Taraba North who have aims to create new business and generate profit for wealth creation, the study will also be beneficial to local authorities and the state government to introduce the entrepreneurship program to rural areas in order to cut rural-urban migration in the state.

Hence, the study will assist law makers to come up with policies that are friendly to entrepreneurship activities in the entire state. The study will also serve as guide to other researchers who have interest on the same area of study.

### **RESEARCH QUESTION**

To achieve the above objectives, the following research questions were answered:

- How can entrepreneurship activities generate employment in rural areas of Northern Taraba State?
- How can entrepreneurship activities impact on the standard of living in rural areas of Taraba North?

### **RESEARCH HYPOTHESIS**

The study formulates the following hypothesis to be tested:

- [H0]<sub>1</sub>: Entrepreneurship has no role to play on employment generation in rural areas of northern Taraba state.
- [H0]<sub>2</sub>: Entrepreneurship has no impact on the standard of living of rural areas in northern Taraba state.

### **SCOPE OF THE STUDY**

The study is on the role of entrepreneurship on wealth creation, and the study targets rural dwellers running small scale businesses in the northern part of the state who registered with small and medium enterprises development agency of Nigeria (SMEDAN). The study will select small businesses in three

local government areas in northern part of the state that will give equal chance of any of the small business registered to be taken for the study.

## **LITERATURE REVIEW**

### **CONCEPT OF ENTREPRENEURSHIP**

Different authors in the subject have given different definitions of entrepreneurship. Joseph Schumpeter (1939) defined entrepreneurship as the capacity to transform an original thought into a profitable business innovation.

According to Jean Baptiste Say (1832), entrepreneurship is the transfer of economic resources from a sector with low productivity to one with high production and higher output. According to him, entrepreneurs change or transform values by creating something fresh and innovative.

"The willingness and ability of an individual or group of individuals to search for investment opportunities, establish, and run a business unit successfully" is the definition of entrepreneurship.

Gregory, D. (1998) views the concept of entrepreneurship as having a lot to do with how various organizational functions are carried out for effective operation. These include the following:

- Spotting potential business possibilities.
- Selecting a business opportunity from the ones that are offered.
- Choosing the best way to organize your firm and how to combine your resources to get the most out of them are both important decisions.
- Effective leadership, employee inspiration, coordination, and monitoring e. Assume risk of various dimensions, etc.

Another definition of entrepreneurship is "the process of generating ideas and venturing into business, taking risk, and making the best possible use of opportunities created by dynamic environment for profit purpose." Entrepreneurship demands doing, not just thinking (Angel, 2017).

### **RESOURCES OF ENTREPRENEURSHIP**

#### **HUMAN RESOURCES**

Energy: Having a high amount of energy depends on being in good health. Basic requirements include enough nourishment, rest, and exercise. An individual's energy level is strongly influenced by their own attitudes. People that accomplish a lot typically have a good outlook and goals to keep them motivated. E. Ghani and others (2011)

When a person learns how to perform a task properly, they develop skills. Anyone who is prepared to put in the necessary work can learn new talents. Skills can be divided into three categories: everyday practical skills like writing clearly or completing housework; professional skills that allow one to perform a specific job; and extracurricular talents like dance, painting, or sports. By properly honing your skills, you can improve your life.

#### **PERSONAL TOUCH**

This refers to the attention given to the business venture by the owner (entrepreneur). This could be in form of advice, suggestions on the best way to do things or given personal attention to the business which serves as prime competitive advantage.

#### **ECONOMIC RESOURCES**

Money: In order to get the goods and services that business owners desire, money is required. Employment is one of the main ways people make money. What future needs, wants, and security money will provide can be used to determine its true value, according to Bönthe (2009).

Equipment: Useful tools might be as basic as a paper clip or a little knife. It could be a phone that the phone company installed, a microwave with digital electronic controls, or a handheld computer. Any piece

of equipment's worth is based on how effectively it is used. Even the best machinery is unable to reason or act independently.

Utilizing entrepreneurial possibilities may involve:

- Creating a business plan
- Recruiting of personnel
- Acquisition of needed resources
- Providing leadership
- Risk aversion.

## **ENTREPRENEURSHIP ECOSYSTEM**

The entrepreneurship ecosystem is a peculiar system of interdependent actors and relations that directly or indirectly supports the emergence and expansion of new businesses (Robert, 2008).

Governments, schools, universities, the private sector, families and friends, investors, banks, entrepreneurs, social leaders, research centers, labor representatives, students, international aids agencies, etc. are examples of the organizations and people that represent these components and are referred to as "entrepreneurship stakeholders" (stam, 2015).

Entrepreneurial ecosystems have the power to both accelerate stable economies' economic growth and act as the main driver in saving economies that have seen a precipitous collapse. A model that motivates the person while also taking into account social circumstances that are outside of the individual's control is necessary. A single perspective is necessitated because the individual's personality and behavior, political and legal system, social mores are intertwined with the national culture from which they originate (Lee and Peterson 2000)

Environment Model One of the major conclusions from this study is the necessity for an entrepreneurial model that takes into account all the elements that might make an enterprise successful or unsuccessful. The study of their influence within a single framework allows for a systematic understanding of the factors that support and restrict entrepreneurship, despite the fact that the components by themselves may be readily accepted as obvious factors contributing to the success or failure of an entrepreneurial effort. Figure 1 shows a conceptual framework for the entrepreneurial ecosystem. The eco system model was created using a framework of eight support systems and a number of variables that affect how one support system is structured (Bönte, W. 2011).

- Moral support consists of the role played by the entrepreneur's father, mother, sibling, spouse, In-laws, relatives, European Journal of Business and Management.
- Financial support comes from the immediate family, Banks, Venture Capitalists, friends, relatives, in-laws, educational institutions, angel investors, and small investors from the capital market, foreign financial institutions, government bodies and credit from suppliers.
- Network support refers to organizations like The Indus Entrepreneurs (TiE), National Entrepreneurship Network (NEN), and Confederation of Indian Industry (CII). It includes specific industry associations, alumni associations, online social networking sites like Facebook, LinkedIn, friends, network of suppliers and distributors.
- Government support emanates from clusters like Small Industries Development Corporation (SIDCO), educational programs from Micro Small and Medium Enterprises (MSME), incentives, incubation centers, infrastructure facilities, awards and legal procedures.
- Technology support is provided by government funded incubation centers, new technology developed in educational institutions, imported technology know-how, talent pool available locally.
- Market support refers to the opportunities in the market, reports from government and trade associations, support of suppliers, loyal customers. Acceptance of the product on consignment by the intermediaries, trade shows and exhibitions.



- Social support in the form of awards from trade associations, acceptance of venture failure, and exposure by media. Social respect bestowed on the entrepreneur also counts as social support.
- Environmental support includes availability of natural resources and climatic conditions.

## **THE RELATIONSHIP BETWEEN ENTREPRENEURSHIP AND SMALL SCALE BUSINESSES**

Most entrepreneurial ventures start out as a small scale business, not all small businesses are entrepreneurial in the strict sense of the term. Many of our local small business are offering existing product or services and are not aiming for growth, but an entrepreneurial ventures offered an innovative products or services and aiming to become a company John, (2017).

## **ENTREPRENEURSHIP VERSUS WEALTH CREATION**

Longtime sources of wealth generation and accumulation for investments and savings include entrepreneurship. Because having more wealth frequently results in having more income, it is expected that wealth and income will be positively connected. In fact, people make investments in a variety of assets in order to generate returns or income, such as when financial assets increase in value or provide dividends (lovy and Hoffer 2010). Entrepreneurs always start their enterprises with the intention of earning money that will be saved up and invested for the purpose of creating wealth.

Why wealth creation is important for rural economic development

Suzane, (2020) states that, residents in rural areas should have access to a thriving economy that meets local needs. When farming activities in rural regions stop producing more money due to insecurity and other issues, entrepreneurship is crucial to their well-being. Wealth determines a person's potential for income and consumption; therefore efforts to successfully create and use wealth are necessary for long-term solutions to poverty (Kirzner, 2015).

## **RURAL ENTREPRENEURSHIP**

According to Stahopoulos et al. (2004), rural entrepreneurship is the process of generating new business initiatives that lead to the creation of new employment prospects in rural areas.

Similarly, Osuagwu (2006), rural entrepreneurship refers to the establishment of new businesses in rural areas that offer novel products or services, tap into untapped markets, or make use of cutting-edge technology.

## **IMPORTANCE OF RURAL ENTREPRENEURSHIP**

- Employment generation
- Wealth creation
- Poverty reduction/eradication
- Reduction in rural urban migration
- Raises standard of living
- Rural development and capital formation
- Increase in production level

## **PROBLEMS OF RURAL ENTREPRENEURSHIP**

### **START-UP FUNDS**

Capital is one aspect contributing to the weak situation of the rural economy. Private firms, operate at a subsistence level since their owners lack the resources to buy the required supplies (Akpan (1994).

### **A LACK OF INFRASTRUCTURE**

The biggest obstacle to rural entrepreneurship's growth is this. Infrastructure includes things like a good road system, electricity, water, and communication, as well as schools and hospitals (Hamisu, 2010).

## **GOVERNMENTAL MEASURES**

Some rules make it difficult for new firms to survive, particularly in rural areas.

## **ILLITERACY**

The affairs of new businesses in rural areas are impacted by a lack of clear knowledge of rural opportunities.

## **EMPIRICAL REVIEW**

According to John and Reeder (2019), we have developed a conceptual framework that emphasizes how the process of wealth creation is dynamic, highly context-dependent, and subject to significant uncertainty. This framework takes into account these various forms of wealth and the complex ways that they interact to influence the decisions of households, communities, and other stakeholders. The ethanol industry's recent growth illustrates that "one-size-fits-all" program or policy prescriptions for various rural contexts are likely to be ineffective. Even the most well-laid-out development plans can be affected by unforeseen shifts in the social and economic environment or unexpected reactions to innovations.

In a study on the impact of entrepreneurship on rural wealth creation, Amadi (2013) discovered that it is designed to allow traditional businesses in traditional industrial sectors, which are notorious for having low added value, operating under unfavorable productivity, competitiveness, and attractiveness conditions, and acting incoherently, to enter world-class value systems, an economic cycle of increasing returns, and share the rewards of the new economy.

According to Sule Jaafaru Garba and colleagues' (2017) research, entrepreneurship is a real tool for the health of every economy in the contemporary day. Many young people, elderly workers, and recent graduates will find gainful employment if entrepreneurial development is given the necessary attention in an economy. This will lower the unemployment rate and its concomitant societal issues, such as armed robbery, white collar crimes, and the like. By consuming a piece of an expanding supply, entrepreneurship helps the labor market. By doing this, they have made a significant contribution to raising the living standards of Taraba state residents and reducing the rate of rising unemployment.

## **METHODOLOGY**

In addressing the objective of this research work, the study employed the used of both qualitative and quantitative data. The qualitative data support the quantitative data in the analysis and the findings. The study made use of primary and secondary sources of data, the major instruments that used for the collection of primary data are questionnaire, and unstructured interview.

While data from SMEDAN report 2013-2018 of registered small scale businesses operated in Northern Taraba state was used for secondary sources of data, and those businesses are formed into three categories based on the local government of operation from the zone which includes; Karim lamido, Lau, and zing local government areas.

The entrepreneurial businesses that will be used is to be taken based on the sample that would be calculated using Taro yemani's formular of (1967).The study will make use of both purposive and simple random sampling in selecting the respondents. Descriptive statistics and chi-square will be used for analysing the data and test of hypotheses respectively. The study will make use of primary and secondary data to investigate the role of entrepreneurship on wealth creation. And questionnaire and interview will use as the instrument for data collection for the study.

The population of the study comprised the total number of small scale businesses operating in the northern part of the state that registered with (SMEDAN) in the state from 2013 to 2018. Purposive sampling method was employed where three (3) out of six (6) local government areas in northern part

were selected, after which Taro Yamane’s formular was used in determining the representative population.

Table one (1): Number of small scale businesses that registered

Serial no.	Local government areas	Number registered
1	Lau local government area	150
2	Karim lamido local government area	207
3	Zing local government area	193
Total		550

Source: SMEDAN report 2018

Determination of sample size using Taro Yamane’s formular of 1967

$$n = \frac{N}{1+N(e)^2}$$

Where n= sample size

N= population

e= level of precision or tolerance error (.05)

$$n = \frac{550}{1+550(0.05)^2} = 231$$

Therefore the sample size of 231 been used for the study, in which 27% of the sample comes from lau, while 38% from karim lamido, and 35% from zing.

Table two (2): Distribution of questionnaire based on local government areas.

Serial no.	Local government areas	Number of questionnaire
1	Lau local government area	62
2	Karim lamido local government area	89
3	Zing local government area	80
Total		231

## DATA PRESENTATION/ANALYSIS AND DISCUSSION OF FINDINGS

The researchers distribute 231 questionnaires in ten rural areas of Northern Taraba state where 207 were returned and only 199 was filled correctly, 9 were damaged on the process. On this regards, the analysis considered on 199 questionnaires that were filled correctly and returned. Majority of the rural entrepreneurs were male who comprises 65% of the population, and most of them fall in the age range of 30-39 years moreover they are mostly sole traders.

The data was computed or presented using LIKERT 5 point scale method in the below table.

S.No	Statements	Options					Mean response
		SD 1	D 2	N 3	A 4	SA 5	
1	Q5 Profit making	0	0	2	76	121	4.6
2	Q6 Business progress	0	2	0	165	32	4.1
3	Q7 Employment generation	0	0	5	102	92	4.4
4	Q8 Lackof support	0	0	0	150	49	4.3
5	Q9 Family responsibility	2	10	2	140	45	4.1
6	Q10 Ability for donations	20	13	20	106	40	3.6
7	Q11 Life improvement	0	5	20	150	24	3.9
8	Q12 Support others to start business	0	0	32	152	15	3.9
9	Q13 Increase <u>entrepren</u> . Know how	0	0	0	185	14	4.1
10	Q14 Investment in other business	10	9	120	50	10	3.2
11	Q15 Growing of savings	0	0	13	175	11	3.9
12	Q16 Continuity of the business	0	0	0	150	49	4.3

SOURCE: Authors computation, 2023

In view of the above presentation, it has clearly realized that 65% of the respondent are positivist about the questions asked, while 35% remain to be neutral on other statements based on Q10 and Q14.

### TEST OF HYPOTHESIS

In order to achieve the objective of this research work the following hypothesis were test against the procedural alternative using chi-square ( $X^2$ ).

**Decision Rule:** if the calculated chi-square is greater than the table value at 5% level of significance, then the null hypothesis will be rejected and accept the alternative.

H<sub>0</sub>: There is no relationship between entrepreneurship and employment generation in rural areas of Taraba state.

Table four (4): Chi-square table

Cells	Of	ef	(of - ef)	(of - ef) <sup>2</sup>	$\frac{(of - ef)^2}{ef}$
1	197	195	2	4	0.02
2	197	170	-27	729	4.3
3	194	195	-1	1	0.005
4	199	180	19	361	2.005
5	0	195	0	0	0
6	2	1.8	0.2	0.04	0.02
7	5	19	-14	196	10.3
8	0	1.8	0	0	0
Total					16.65

Degree of freedom

$$DF=(C-1)(R-1)$$

$$C=2, R=4$$

$$\text{Therefore our } df= (2-1)(4-1)=3$$



Then the critical value is 7.3 which is less than the computed chi-square of 16.65.

Since the calculated chi-square is greater than the critical value ( $16.65 > 7.3$ ) at 5% level of significance, then the null hypothesis was rejected there is a clear relationship between entrepreneurship and job creation in rural areas of northern Taraba state.

On another hand, the computed chi-square for the second hypothesis is greater than the table value ( $11.8 > 4.3$ ), that indicated that there is a linkage between entrepreneurship and living standard of rural dwellers in northern Taraba state.

Other variables of utmost important in this study is the level need of support by the government to local entrepreneurs as to encourage more of their effort toward economic development because 80% of the respondents shows the need for technical and other support from the government.

## CONCLUSION

The study concludes that there is a powerful relationship entrepreneurship and standard of living in rural areas through employment generation and support from the government. Rural entrepreneurs in northern Taraba state are facing a lots of challenges in the dozens of opportunities, which start from financial support, friendly government policy, technical support, mentorship, etc.

It's no doubt that entrepreneurship plays an outstanding role in boosting the economy of any country. But rural entrepreneurs in northern Taraba are left behind in the state of destitution where there is enough opportunities to create more employment.

## RECOMMENDATION

The study recommends the following:

- Government at local, state, and federal level should make provision for the clear support of this category of entrepreneurs in other to create more employment in the country.
- Policy makers should comes up with friendly policies that will support the effort of rural entrepreneurs in their operations.
- Small scale business holders in rural areas are to create a close relationship among them in other to share ideas on the success of their businesses.
- Road networks should be in a state of maintenance to avoid delay in distribution of rural products to the urban areas.
- Supporting agencies should make more effort in encouraging the rural entrepreneurs so as to achieve the desired goals.

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