



## ENTREPRENEURSHIP IN SMALL AND MEDIUM ENTERPRISES: A CATALYST FOR CAPACITY BUILDING AND SUSTAINABLE YOUTHS EMPLOYMENT GENERATION IN THE FEDERAL CAPITAL TERRITORY, ABUJA, NIGERIA



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### ABSTRACT

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This study investigated whether entrepreneurship in Small and Medium Enterprises (SMEs) can be a facilitator for capacity building and sustainable youth's employment generation in the Federal Capital Territory, Abuja, Nigeria. The study used the survey research design. A structured questionnaire was employed for the collection of data. The views of 100 SMEs entrepreneur selected through the purposive sampling technique were elicited on whether entrepreneurship in SMEs can promote capacity building and sustainable youth's employment generation in Abuja. The results showed that that entrepreneurship in SMEs can facilitate capacity building and sustain employment generation among youths in Abuja. However, the study revealed that entrepreneurship in SMEs can contribute effectively to the provision of capacity building and sustainable job for youths in Abuja. The finding revealed that access to finance was identified as the greatest barrier facing SMEs entrepreneur in the generation of sustainable employment for youths. Furthermore, the main channels through which SMEs entrepreneur create job for youths in the study area were becoming drivers of innovation and becoming the engine of economic growth. The results showed that entrepreneurship in SMEs is a catalyst for capacity building and sustainable youth's employment generation in the Federal Capital Territory, Abuja. The study, therefore, recommends that: besides the microfinance banks, entrepreneurship development banks should be established with a view to providing fund to support SMEs and other enterprises in general and the government should provide the enabling environment for SMEs entrepreneur to thrive.

**Contribution/ Originality:** This study is one of very few studies that contributed in a novel way to the existing literature on entrepreneurship and employment generation by specifically concentrating on Abuja. It has the capacity of unlocking the untapped potentials of youths thereby reversing the consequences of high youth unemployment on Nigeria's development.

## 1. INTRODUCTION

The issue of job creation, youth employment and youth empowerment are some of the key factors working against the realization of central goals of the government in the direction of targets of development as entrenched in the medium-term Economic Recovery and Growth Plan (ERGP) and Vision 20:2020 of the Federal Republic of

Nigeria. According to [Fmoyd \(2007\)](#). Youths are one of the greatest assets that any nation can have. Not only are they potentially and actually the greatest investment of a country's development. Young women and men are, in particular, recognized as a vital resource whose prospects are inextricably tied to that of their country. They are the valued possession of any nation or region. Without them, there can be no future. They are the centre of reconstruction and development. They serve as a good measure of the extent to which a country can reproduce as well as sustain itself. The extent of their vitality, responsible conduct, and roles in society is positively correlated with the development of their country ([Fmoyd, 2007](#)).

It was in acknowledgement of the critical role of the youths and their place in the process of development that made the United Nations in its Conference on Sustainable Development Rio+20 in 2012 with the objective of agreeing on a new set of global Sustainable Development Goals (SDGs) that will be the benchmark for sustainable development in the globe after 2015 decide that the eight pillars of SDGs will be to "promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all by 2030" ([Osborn et al., 2015](#)).

An account by Peace Child International in 2016 revealed that the number of registered youths unemployed is 75 million. Besides, they stated that in the next ten years, the number of youths that will be in the job market will be 600 million. However, the number of jobs that will be in store for them will be only 200 million. Besides, they noted that the number of youths that are not in education, employment or training at present is 620 million ([Peace Child International, 2016](#)). They contended that the number of jobs and livelihoods that need to be created globally to engage those without employment presently and youths that will come of age in the next 15 years is 600 million.

Entrepreneurship is progressively becoming fashionable as a panacea for employment generation and reduces inducement for the youth to resort to drug and alcohol abuse, or violent extremism, armed robbery, prostitution, drug trafficking and conflict. To confirm this, [UNECA \(2002\)](#) observed that if gainfully and productively employed, the youths are a possible source of economic growth and social development but if not meaningfully employed could be a resource for devastating social tension and conflict. Entrepreneurship builds the capacity of the youths in peace and decision making, enterprise, skill, conflict-resolution, agriculture, among others. It is an engine of innovation, economic growth and development (see ([Audretsch and Thurik, 2000](#); [Carree et al., 2002](#); [Carree and Thurik, 2005](#); [Van Stel et al., 2005](#); [Thurik et al., 2008](#))). Besides, [Schumpeter \(1934\)](#), [Baumol \(1996\)](#) and [Mair and Marti \(2009\)](#) observed that entrepreneurial activity steers the creation of job and economic growth. In the contention of [De Kok et al. \(2013\)](#) Small and Medium Enterprises are the leading provider of job globally. This is the situation in developing countries where the number of employees engaged by Micro, Small and Medium Enterprises (MSMEs) is higher than those in bigger firms. Hence, they are the pillar of economic development. Employment provides autonomy to idle youths who ordinarily may resort to violence.

Having experienced positive economic growth without employment for some years now, entrepreneurship in SMEs as an alternative viable option for generating youth employment in the face of the alarming unemployment rate in Nigeria is now undeniable or compelling. Based on indicators, the issue of experiencing positive economic growth in numerous African countries without generating adequate and corresponding decent opportunities for employment for the youths was corroborated by [Uneca \(2011\)](#) and [AfDB OECD UNDP UNECA \(2012\)](#). Hence, unemployment among youths remains a challenge of development in some African countries. Evidence from Nigeria affirms that SMEs is a central part of the government's process of renewal and regeneration. The establishment of Small Industries Development Agency (SIDA) for the provision of vital assistance to SMEs points to this. The Microfinance Policy, Regulatory and Supervisory Framework for Nigeria was instituted in this regard.

Two-thirds of all global employment is accounted for by SMEs ([International Labour Organization, 2017](#)). However, the capacity of these SMEs entrepreneurs to reduce poverty, contribute to Gross Domestic Product (GDP) and generate sustainable employment for youths are hampered by several constraints internal and external to individual SMEs such as government regulations, physical infrastructures, business support services, and access

to finance. To reduce unemployment and improve the socio-economic welfare of the citizenry, successive governments in Nigeria initiated the following measures: National Youth Policy; Third National Development Plan; Better Life Programme; Fourth National Development Plan; National Poverty Eradication Programme (NAPEP); National Directorate of Employment (NDE); the Industrial Training Fund (ITF); Work-for-Yourself Programme (WYP); Federal Ministry of Science and Technology's Technology Business Incubation Centres (TBICs); National Employment Policy; Small and Medium Enterprise Development Agency of Nigeria (SMEDAN); Youth Enterprise with Innovation in Nigeria (YouWin); Youth Empowerment in Agricultural Programme; Seven-Point Agenda; Subsidy Reinvestment and Empowerment Programme (SURE-P); National Enterprise Development Programme (NEDEP); Graduate Internship Scheme (GIS); National Economic Empowerment and Development Strategy (NEEDS); Industrial Development Centres; Entrepreneurship Development Studies in Universities; Microfinance Banks (MFBs); Small and Medium Scale Enterprises Loan Scheme; and the Small and Medium Industry Equity Investment Scheme (SMEEIS).

Some of these measures registered some successes while others failed. There has been no effort to look at entrepreneurship in SMEs as an instrument that could facilitate capacity building and sustain employment generation for youths in the Federal Capital Territory, Abuja, in the face of the high level of unemployment regardless of its vital role as a vehicle for job creation, economic growth and development. Therefore, to the best of our knowledge, this is the first attempt to look at it from the perspective of the youth with a special focus on SMEs. This research gap will be tackled by this study. Based on the above, the fundamental capacity of entrepreneurship in SMEs to exploit individual's ability for wealth creation and attainment of higher managerial efficiency; creativity and resourcefulness; attain realistic equilibrium between risks and returns in practically all instances of deployments of resources; and generate job, particularly in a period that majority of the governments in the African continent is "right-sizing" makes it the best alternative for sustainable economic growth and development in Nigeria in particular and African in general.

It is against this setting that this paper intends to examine the relationship between entrepreneurship in SMEs and employment generation among the youths in Abuja. Hence, the questions that come to mind are: whether entrepreneurship in SMEs can be employed as a tool for employment generation among the youths in FCT, Abuja? What is the efficacy of entrepreneurship in SMEs in the provision of capacity building and sustainable job for youths in FCT, Abuja? What are the avenues through which SMEs entrepreneurs create employment for youths in FCT, Abuja? What are the barriers faced by SMEs entrepreneurs in generating sustainable employment for youths in FCT, Abuja?

The main objective of this paper is to investigate empirically the link between entrepreneurship in SMEs, capacity building and sustainable youths' employment generation in FCT, Abuja. Specifically, the study will identify the avenues through which SMEs entrepreneurs create employment for youths in Abuja and the barriers faced by SMEs entrepreneurs in the generation of sustainable employment for youths in FCT, Abuja.

The rest of the paper is ordered as follows: section two dwells on literature review and theoretical framework, the methodology is discussed in section three. Section four dwells on data presentation, analysis and discussion whereas the conclusion and recommendations are discussed in section five.

## **2. LITERATURE REVIEW AND THEORETICAL FRAMEWORK**

### *2.1. Conceptual Issues*

#### *2.1.1. Conceptual Definition of Youth*

The definition of youths varies globally. In the contention of the [United Nations \(1992\)](#) young people between the ages of 15 and 24 years make up the youths. As observed by [Fmoyd \(2008\)](#) the United Nations and others use the age range of 15-24 for statistical purposes but then again this division is too restricted for countries like Nigeria in several circumstances. Nevertheless, the international standard of 15-24 years is adhered to by the National

Bureau of Statistics (NBS) in terms of the data range. The meaning of youth has continued to change in reaction to oscillating economic, political and socio-cultural state of affairs. The meaning of youth has been simplified by age. It is imperative to note that the definition of youth is determined by each country in reaction to national situations. Besides Guinea Bissau, Madagascar, Senegal and Togo, young people in the age range of 18-35 years are considered as youths in Nigeria. This is depicted in Table 1. This definition reflects the historical, current socio-economic and political circumstances and experiences on the ground. Thirty years is regarded as the upper limit for youths in the National Youth Service Corps (NYSC).

Table-1. Definitions of youth by age range.

Definition of youth	Countries	Total number of countries
15-25	Angola	1
15-35	Benin, Burkina Faso, Eritrea, Ghana, Lesotho, Mali, Mozambique, Rwanda, Sierra Leone, Tanzania, Uganda	11
15-30	Chad, Kenya	2
15-29	Ethiopia	1
14-24	Cape Verde	1
14-35	Gambia, South Africa	2
14-25	Malawi	1
14-30	Niger	1
16-30	Namibia	1
18-35	Guinea Bissau, Madagascar, Nigeria, Senegal, Togo	5
10-29	Botswana	1
15-25	Zambia	1
12-30	Swaziland	1
12-25	Australia	1
15-40	Malaysia	1
15-24	United Nations	1
None	Burundi, Comoros, Congo, Guinea	4
No information	Cameroon, Democratic Republic of Congo, Zimbabwe	3
Total		39

Source: White and Kenyon (2001) and Fmoyd (2008).

### 2.1.2. Concept of Entrepreneurship

In the contention of Moberg (2014) far-reaching conceptual confusion and vagueness in definition typify the entrepreneurship field of research. This can be confirmed by a review study by Morris (1998) for five years on the conceptual definition of entrepreneurship in journals and textbooks. Seventy-seven various definitions of this phenomenon were discovered in this research. However, as a result of the multidisciplinary nature of entrepreneurship, Landstrom (2005) argued that the superfluity of definitions is normal. Despite the unending wealth of research in the field of entrepreneurship, it lacks a universally acceptable definition. Hence, this phenomenon lacks a consensus in terms of definition. As observed by Gedeon (2010) historical reference to entrepreneurship dates back to classical economics, where the entrepreneur was categorized amid the inputs of production. A plethora of definition that is diverse has been developed over time. Irrespective of the absence of a universally acceptable definition for the phenomenon, numerous individuals have propagated their perception about this term. It is imperative to set off with the first definition to completely appreciate the notion of entrepreneurship.

The phenomenon of entrepreneurship was first alluded to by Richard Cantillon in the eighteenth century (see for instance (Kilby, 1971; Carland *et al.*, 1984; Leite, 2002)). Entrepreneurship was first used by Cantillon. However, in the Cantillon belief, entrepreneurship was allotted a position in the economic process first by Jean-Baptiste Say. Even though the original or ground-breaking work on entrepreneurship was by Cantillon (1755) and Say (1803) without doubt, the founding father of entrepreneurship is the economic thinker known as Joseph Schumpeter (Landstrom, 2005). According to Schumpeter (1934) "entrepreneur is an innovator who breaks an existing state of

equilibrium to create progress” (as cited in [Tung \(2011\)](#)). [Schumpeter \(1934\)](#) sees entrepreneurship “as a progression of change where innovation is the most very important function of the entrepreneur” (as cited in [Ayogu and Ogadimma \(2015\)](#)). He observed that entrepreneurship is a function to combine the inputs of production into a producing organism. His contention was to explain the role of entrepreneurship and innovation in economic development. He noted that the entrepreneur moves the economy to a new equilibrium level from its preceding one through the ushering in of new products, new production techniques, new markets, new sources of supply and new industrial combinations. Hence, the institution of new combinations moves the economy to a new equilibrium level. The process of creative destruction commences with the institution of new combinations.

This is the opinions of [Foss and Klein \(2012\)](#) and [Landstrom \(2005\)](#) is when new forms of value creation substitute’s old knowledge and organizational techniques which will in the sphere of time be imitated by competitors. In the contention of Adam Smith, entrepreneurship was a prospector capitalist, a supplier of working as a manager, intervening between the labour and the customer. As observed by [Moberg \(2014\)](#), Adam Smith, argued that the notion of entrepreneurship is muddled with capitalism, whose purpose was a build-up of capital and delivery of resources for entrepreneurs. A central role was allocated to entrepreneurship in the economic development process first by Schumpeter. Entrepreneurship is fundamentally a creative activity in the Schumpeterian scheme. The entrepreneur is the innovator that initiates something new in the country. He contended that entrepreneurs are not the simple owners of capital but business leaders. They have foresight, drive and talent, can detect opportunities and speedily exploit them.

As indicated by [Acs et al. \(2008\)](#) entrepreneurship is an important mechanism for economic development through innovation, employment and welfare effects. As stated by [Anokhin et al. \(2008\)](#) entrepreneurship is recognized as a channel through which economies can develop. Also, they opined that it is another means for tackling poverty and stimulating economic development. The challenges of development and increasing levels of poverty formed the platform for this definition. Furthermore, it is a route through which opportunities are noticed and taken up by people to create value that results to the production of new products through the adoption of innovation employing available resources ([Gartner, 1989; Stevenson and Jarillo, 1990; Churchill, 1992](#)). [Anyanwu \(2010\)](#) established that “entrepreneurship is the imagination, development, and realization of own objectives and visions in a competition determined environment” (p.49).

Additionally, [Gedeon \(2010\)](#) viewed entrepreneurship as a multi-directional term that is similar in meaning. [Ossai \(2008\)](#) echoed that entrepreneurship is “the process of creating some new or different values by developing the necessary time, assuming the accompanying financial, psychic and social risks, and receiving the resulting rewards of most personal satisfaction” (as cited in [Muogbo and John-Akamelu \(2018\)](#)). According to [Ahmad \(2013\)](#) “entrepreneurship is a process through which opportunities to create new future goods and services are discovered, evaluated and explored”. Entrepreneurship is the formation of new formal and informal business ventures ([Global Entrepreneurship Monitor, 2005](#)). As vigorously propounded by [Kuratko and Audretsch \(2009\)](#) entrepreneurship is globally recognized as a catalyst for economic growth and in the views of [Acs and Audretsch \(2010\)](#) the formations of regional businesses determine to a great extent the prosperity of every homeland. In the opinion of [United Nations Development Program \(2010\)](#) entrepreneurship is the transformation of a business idea into a new venture through private ingenuity to develop and expand a current enterprise with high potentials for growth. As was observed by [Ahmad and Hoffman \(2008\)](#) entrepreneurship was described by the Organization for Economic Cooperation and Development (OECD) as “human action in pursuit of new products, processes, or markets”, whereas it was labelled by the World Bank as “commercial activities in the formal sector” (as cited in [Badal \(2010\)](#)). As was cited in [Reynolds et al. \(1993\)](#) entrepreneurship was defined by Global Entrepreneurship Monitor (GEM) as “any attempt at new business or new venture creation such as self-employment, a new business organization, or the expansion of an existing business, by an individual, a team of individuals or an established business” (p.3). This study will depend on this definition as a working definition.



## 2.2. Nexus between Entrepreneurship and Employment Generation

Numerous literature worldwide has explored the relationship between entrepreneurship and employment generation with various results and abstractions. For instance, [Adenutsi \(2009\)](#) used current literature relevant to their study to examine the role of entrepreneurship in the creation of job, reduction of poverty, generation of income and empowerment in low-income countries. This study contended that entrepreneurship promotes economic growth and development through the creation of job, reduction in poverty and income empowerment in a country. In a like manner, [Oghojafor et al. \(2011\)](#) explored the efficacy of social entrepreneurship in the provision of profitable employment for teeming youths in urban communities of Nigeria. Employing the Kolmogorov-Smirnov goodness-of-fit test and survey research design on a sample of 200 entrepreneurs in Lagos metropolis, selected through the random sampling technique, the results showed that unemployment among youths in urban communities of Nigeria has been reduced significantly by social entrepreneurship.

[Enu-Kwesi and Asitik \(2012\)](#) employed descriptive statistics to investigate the relationship between youth enterprise and the unemployment situation in the Ajumako-Enyan-Essiam District (AEED) in the Central Region of Ghana. The findings showed that most of the youths were self-employed in informal micro-enterprises. Others were unemployed or underemployed. However, there were entrepreneurial opportunities in the district but there were mandatory entrepreneurship training programmes that the youths were amply occupied with. The study concluded, that irrespective of the entrepreneurial potentials of the youths, their low educational accomplishment became a snag to entrepreneurship training programmes.

In a related study that investigated the role of entrepreneurship in stimulating wealth and job creation in Nigeria, [Igwe et al. \(2013\)](#) employed information from existing literature to explore the roles of entrepreneurship in wealth and job creation in Nigeria and arrived at the following deductions: development of capable entrepreneurial labour force in areas of competitive and comparative advantage is imperative for the creation of enabling environment for investment and enterprises that generates wealth. The sorry state of the economy was attributed to corruption, inadequate infrastructure and incoherence policies among others.

[Acquah et al. \(2013\)](#) explored the relationship between entrepreneurship and employment generation with a focus on the formal and informal sectors. Employing the Chi-square statistics, Correlation technique and survey research design on a sample of 130 entrepreneurs in Akwa Ibom State and Cross River State, selected through the random sampling technique, the results showed that there is a significant relationship between trained and untrained entrepreneurs in entrepreneurial development and efficiency. Also, a significant relationship was found between effective entrepreneurial training and funding of entrepreneurship.

Furthermore, [Asad et al. \(2014\)](#) examined the association between entrepreneurship development and unemployment reduction in Pakistan. Employing regression methodology, the findings revealed a negative relationship between the unemployment rate and entrepreneurship development. Hence, they concluded that a low level of entrepreneurial development was related to the high rate of unemployment in Pakistan. [Nwabufo and Mamman \(2015\)](#) examined the relationships between entrepreneurship and unemployment reduction in Nigeria. Using existing literature relevant to the study, the results showed that the problem of youth unemployment can be addressed with entrepreneurship education. Furthermore, the study stressed that youths in higher institutions of learning should offer courses in entrepreneurship to equip them with the necessary skills and knowledge to become self-reliant through SMEs initiatives.

In another similar study, [Ugoanni and Ibeenwo \(2015\)](#) in a related study employed survey research design and Pearson's Product Moment Correlation technique to examine the relationship between entrepreneurship development and employment generation in Nigeria. Based on the data analysis carried out using the Statistical Package for the Social Sciences, the results revealed a very strong positive association between entrepreneurship development and employment generation in Nigeria. [Ighiebemhe and Nma \(2015\)](#) utilized the descriptive research design and descriptive statistics to examine the awareness level of empowerment among Masters Students of

Babcock University and its resultant effect on economic development. The results showed that majority of the students were aware that empowerment was a tool for economic development. Also, there was important variation in the awareness of the students concerning the positive effect of empowerment on the people.

In Nigeria, [Danjuma et al. \(2016\)](#) used primarily current literature germane to the subject matter of this study to explore the role of entrepreneurship in employment generation, poverty reduction and economic development. The results showed that entrepreneurship boosts employment, reduces poverty and promotes economic development. In a like manner, [Obunike \(2016\)](#) used descriptive research design to explore the relationship between entrepreneurship, SMEs and employment creation in Ebonyi State, Nigeria. The results showed that entrepreneurship drives SMEs and employment generation. Also, the study revealed that dearth of access to finance is a key problem affecting the employment creation roles of SMEs. Other main factors influencing the responsibilities of SMEs in employment generation were low infrastructural development and lack of support from the government.

Furthermore, in another study, [Asogwa and Dim \(2016\)](#) examined the relationship between entrepreneurship development and unemployment reduction in Anambra State, Nigeria. Utilizing the Pearson's Product Moment Correlation technique and Analysis of Variance technique (ANOVA) on a sample of 150 youths from selected Local Government Areas in Anambra State, selected through the convenience sampling technique, the results showed a positive and significant relationship between entrepreneurship training and unemployment reduction in Anambra State. Also, the results revealed a positive and significant relationship between entrepreneurship traits and unemployment reduction. Furthermore, a positive and significant relationship was noticed between entrepreneurship empowerment and unemployment reduction. Additionally, entrepreneurship is confronted with challenges that affect the reduction of unemployment in Anambra state.

Similarly, [Adepoju \(2016\)](#) utilized descriptive statistics and Ordinary Least Square (OLS) methodology to investigate the relationship between numerous government entrepreneurship intervention programmes and employment generation amid youths in Osun state. Besides, the study explored several entrepreneurship intervention programmes instituted by the government to create employment among youths. Furthermore, it determined the challenges that prevent youths from accessing these programmes. The findings revealed that most of the youths were aware of the intervention programmes and benefited from it. Besides, the vocational and skills intervention programmes contributed greatly to the creation of ventures. However, knowledge and financial intervention programmes also contributed to the creation of ventures. Furthermore, the findings revealed that inadequate relevant information was the main challenge of micro-scale entrepreneurs in gaining access to intervention programmes. On the other hand, disloyalty to the serving political party was the least challenge that can prevent the citizens from gaining access to the intervention programmes. The findings further showed that survival of venture had no significant relationships with services intervention, vocation and skill intervention and financial intervention programmes. Nevertheless, knowledge intervention programme exerted a significant relationship with the survival of venture. Besides, entrepreneurship intervention programmes of the government had a significant relationship with the creation of the venture.

Another similar study by [Justin et al. \(2016\)](#) examined the relationship between entrepreneurship and employment growth throughout European regions. Utilizing regression methodology, the results revealed that the formation of a new firm had a positive effect on the employment growth of regions. Besides, the results showed that employment growth is promoted by a greater number of high-growth firms in the region. Furthermore, it was noticed that regions with higher Gross Domestic Product (GDP) growth rates and more specialization in the industry experienced higher growth in employment respectively. Nevertheless, lower levels of growth in employment were experienced in regions with a higher concentration of existing institutions. Once these factors were controlled, it was noticed that educational attainment of a region did not bring forth the growth of

employment. The positive association between entrepreneurship and growth of employment implies that increased employment throughout European regions can result from promoting entrepreneurship.

Furthermore, and in another similar study, [Oseni \(2017\)](#) adopted the descriptive research design, correlation analysis and OLS methodology to investigate the relationship between administration of entrepreneurship policy and employment generation in South-West, Nigeria from 2004 and 2014. The results showed a positive and significant relationship between government entrepreneurship policies for the reduction of unemployment on one hand and entrepreneurship development and employment generation on the other hand. Furthermore, the result of the correlation analysis revealed a positive and significant relationship between entrepreneurship education and entrepreneurship development. This result will encourage prospective entrepreneurs and hence serve as a viable tool for addressing unemployment in Nigeria.

[Adeniran \(2017\)](#) adopted a descriptive research design to explore the relationship between entrepreneurial development and employment generation in Oyo state of Nigeria. The study intended to measure the capability of Small and Medium Enterprises (SMEs) in the generation of employment in Oyo State. Using descriptive statistics and OLS methodology on a sample of 455 SMEs selected from 4000 registered SMEs using the [Cochran \(1977\)](#) the results showed that there was a significant relationship between vocational skills acquisition and self-employment. Besides, a significant relationship was found between managerial skills acquisition and formation of business partnership. Furthermore, a significant relationship was found between technical skills acquisition and formation of the family business through inheriting enterprises. Besides, a significant relationship was found between employment training programmes of government and self-employment. Also, barbing, business center, bakery, and petty trading SMEs owners in Oyo State created more employment openings than other SMEs owners. Hence, SMEs in Oyo state created employment openings through their vocational skills activities.

Another similar study by [Oyefesobi et al. \(2018\)](#) examined the efficacy of entrepreneurial skills attainment as an instrument for employment generation amid polytechnic graduates in Nigeria to establish the position of higher education in entrepreneurial skills acquisition in the generation of employment. Utilizing the multiple regression methodology and survey research design on a sample of 647 Batch B, Stream two, Corp members from public polytechnics in Southwest, selected through the multi-stage sampling technique, the results showed that the stand of higher education in entrepreneurship has no important influence on employment generation. Nevertheless, the rest of the results showed that acquisition of entrepreneurial skills boosts job orientation, job creation and self-employment.

[Muogbo and John-Akamelu \(2018\)](#) investigated the impact of entrepreneurial skills in curtailing youth unemployment in Nigeria with a focus on ABC Transport Company in Anambra State. Employing descriptive statistics, Chi-square test and survey research design on a sample of 160 respondents from selected workers of ABC Transport Company in Awka and ABC Transport Company Limited members, the findings showed the possibilities of youth unemployment in Anambra state being checked through entrepreneurship development.

Relying on empirical knowledge and documented materials, [Diraditsile and Maphula \(2018\)](#) tried to investigate whether entrepreneurship development can be employed as an instrument for tackling youth unemployment in Botswana. The study argued that if entrepreneurship development centers in Botswana were created to reduce poverty, soft loans should be made accessible to the youths within a reasonable time as a consequence. It maintained that in contemporary time, the assessment and appraisal of youth entrepreneurship initiatives take a long time. Hence, as a result of the impatient nature of youths, the opportunity would be lost by the time the projects are approved. Thus, it was noticed that youth entrepreneurship development had exerted a very low impact on youth unemployment reduction in Botswana. Using a selection of Small Scale Businesses in Anambra State, [Okafor \(2019\)](#) utilized survey research design, descriptive statistics and Chi-square test to investigate entrepreneurship development as a channel for reducing unemployment in Nigeria. The results revealed that the rate of unemployment in Nigeria is affected by relevant educational institutions and other entrepreneurial training centers.



Dappa and Onuoha (2019) in another related study investigated the relationship between entrepreneurship development programmes and employment generation in Bonny Local Government Area of Rivers State, Nigeria. Employing descriptive research design and Spearman's Rank Correlation technique on a sample of 103 entrepreneurs selected through the 1970 Krejcie and Morgan table of sample size determination, the results showed that formal and informal employments results through entrepreneurship development programmes like Youth Enterprise with Innovation in Nigeria (YouWIN) and those organized by the National Directorate of Employment (NDE). The data were analyzed with version 21 of SPSS.

After an extensive review of wealth of relevant literature on entrepreneurship and employment generation (see (Adenutsi, 2009; Oghojafor *et al.*, 2011; Enu-Kwesi and Asitik, 2012; Acquah *et al.*, 2013; Igwe *et al.*, 2013; Asad *et al.*, 2014; Ighiebemhe and Nma, 2015; Nwabufo and Mamman, 2015; Ugoanni and Ibeenwo, 2015; Adepoju, 2016; Asogwa and Dim, 2016; Justin *et al.*, 2016; Obunike, 2016; Adeniran, 2017; Oseni, 2017; Diraditsile and Maphula, 2018; Muogbo and John-Akamelu, 2018; Oyefesobi *et al.*, 2018; Dappa and Onuoha, 2019; Okafor, 2019)) there was no evidence of a study, let alone a depth research on entrepreneurship in SMEs as an engine for facilitating capacity building and sustainable youths employment generation in the context of the Federal Capital Territory (FCT), Abuja. Hence, from the theoretical and empirical point of view, the topic has not received attention to the best of our knowledge. Therefore, this study intends to fill this research gap by investigating whether entrepreneurship in SMEs can be used as a tool for the promotion of capacity building and sustainable youth's employment generation in FCT, Abuja.

### 2.3. Theoretical Framework

Numerous models have been employed by scholars in different scientific disciplines to explain the entrepreneurship phenomenon. The diverse theories that were utilized in the literature with regard to entrepreneurship consist of the economic theory of entrepreneurship, psychological theory of entrepreneurship, sociological theory of entrepreneurship, innovation theory of entrepreneurship, Max Weber's theory of entrepreneurial growth, opportunity-based entrepreneurship theory, Hagen's theory of entrepreneurship, expose theory of entrepreneurship, Resource-based entrepreneurship theory, risk-bearing theory of Knight and Ronald Burt's theory of entrepreneurship. The innovation theory of entrepreneurship first promoted in 1934 by Joseph Schumpeter and risk-bearing theory of Knight will complement each other in forming the theoretical foundation for this study. This is because the Schumpeterian view applies to develop countries where innovation, a strategic element in entrepreneurship is desirable and needs to be encouraged. The two theories will present strong theoretical support for examining whether entrepreneurship is a catalyst for sustainable youth employment generation.

This provides a strong theoretical underpinning for studying the role of the entrepreneurial process in driving employment growth at a regional level. The human agent was first positioned at the core of the economic development process by Joseph Schumpeter. The innovation theory of entrepreneurship showed how economic development can be attained through the execution of new combinations of means of production. As observed by Schumpeter (1934) innovation entails the initiation of a new product(s), launching new production method(s), beginning a new market, getting new sources of supply for raw materials and new forms of industrial organization. Hence, entrepreneurship is seen as a catalyst that interrupts that static relationship of interdependence among the sectors in the economy to initiate and sustain the economic development process.

In terms of economic function, the entrepreneur is the principal mover in the process of economic development with the ability to create or execute new combinations. The means of production are propelled into markets that were not previously exploited by the actions of the entrepreneur (Ibru, 2007). It is worth noting that he is followed into these new markets by other producers. Schumpeter distinguished between "an inventor and an innovator". New methods and materials of production are unearthed by an inventor. However, an innovator uses the inventions

to get things done or make new combinations. In Schumpeter's view, the entrepreneur does not create things but has an innovative way of using what has already been created (Szaban and Skrzek-Lubasinska, 2018). Creative destruction is activated by the entrepreneur in the process of blending or joining existing inventions resulting in new industries just as previous ones are occasionally destroyed.

Furthermore, Schumpeter made a distinction between replicative entrepreneurs and innovative entrepreneurs. In his view, small businesses akin to previous small businesses are created by the replicative entrepreneur. Nevertheless, the innovative entrepreneur changes the current way of accomplishing things. The position of this research is that replicative businessmen may be self-employed but are not entrepreneurs. The five cases of innovative activities through which the entrepreneur uses a new combination of means of production in the view of Schumpeter (1911) are institution of a new product or service, launching of a new technique of production, the opening of a new market, acquisition of a new source of raw materials or intermediate goods supply and the execution of the new organization of any industry such as the formation or splitting of a monopoly status. As was observed by Schumpeter (1934) the major motivation for entrepreneurship are the vision and drive to unearth a private kingdom, the drive to overcome and the pride of inventing. However, Schumpeter's formulation on entrepreneurship can be interpreted as the aspiration for authority and sovereignty, the resolve to succeed and the joy of accomplishment.

The innovation theory of entrepreneurship has some shortcomings. The rate at which innovative functions were stressed in this theory made it a one-sided theory. Besides, the theory paid no attention to the risk-taking function of the entrepreneur and organization parts of entrepreneurship. Again, the absence of an enabling environment for the pursuance of innovation activities and leadership such as the need for private property will hinder the Schumpeterian entrepreneur from executing his function. The realization of the importance of the risk-taking function in entrepreneurship which was not recognized by the Schumpeterian innovative theory led to the inclusion of the risk-bearing theory of Knight as a supporting theory besides the Schumpeter model of innovation. This is premised on the fact that the development of a new combination of inputs of production by the entrepreneur will involve ample risk. Hence, any attempt by an entrepreneur in Nigeria to embark on entrepreneurship in SMEs to build capacities and facilitate sustainable youth employment generation will be subjected to sufficient risk.

Risk-taking is a constituent of entrepreneurship. In the view of Prof. Knight and John Stuart Mill, risk-taking is a critical role of entrepreneurs. As observed by Oladunjoye *et al.* (2011) the risk-taking theory sees entrepreneurship as a mindset of taking calculated risk or chance. Besides, they stated that there is a positive relationship between an individual's ability to take risk and increase in the rate of entrepreneurship activities. As observed by Knight (1921) entrepreneurial activities are characterized by personal uncertainty and risk as a result of the inevitability of taking action with imperfect information and market uncertainty. In the contention of this theory, entrepreneurship is met for individuals with the ability to take a risk. Hence, when an individual's ability to take risk increases, there will be an increase in the degree of entrepreneurship activities. According to this theory, the risks undertaken by the entrepreneur account for the profits earned. The theory noted that if a business involves a high level of risk, the profit that accrues to it will be great. Raimi and Adeleke (2010) as cited in Oladunjoye *et al.* (2011) opined that the traits of innovations, creativity, strategic thinking, constructive engagement and risk-taking are utilized by individuals with propensities to take high risk for development of entrepreneurship.

Hence, as a result of the enterprising will to innovate championed by this theory, the entrepreneurs' create and invest in new profit opportunities in SMEs through the launching of a new product or service, employment of a new technique of production, opening of a new market for products or services, getting new sources of supply for raw materials or semi-finished goods and the utilization of new organizational form within SMEs. These new combinations will trigger the "Schumpeterian effect" (pull effect). This is the process by which the unemployment situation in the economy is reduced through entrepreneurship activities (Oladunjoye *et al.*, 2011). Research evidence from some scholars showed that there is a negative relationship between unemployment and starting up of new

firms (see (Audretsch and Fritsch, 1994; Garofoli, 1994)). However, the results of research from other scholars revealed a negative association between unemployment and the rate of entrepreneurial activities (see (Lucas Jr, 1978; Jovanovic, 1982)).

Here, low propensity to establish enterprises results in a high unemployment rate. This results from the lack of capacity to start and sustain a new business and low level of skills, knowledge and experience on the part of the unemployed. Again, in the contention of Audretsch (1995) when the culture of entrepreneurship is low among people, high unemployment levels and dwindling economic growth becomes inevitable. The exploitation of profit opportunities in SMEs will shift the production possibility curve outwards. It stirs the economy from an economically and/or technologically inefficient point towards more economically and/or technologically efficient point. This results to increase in productivity and economic growth. Increase in innovative investments in SMEs will activate investment leading to employment generation in the country. The army of unemployed youths in the country will benefit from this and a change in investment will lead to economic growth through the multiplier process. If economic growth is sustained, the investment will be sustained resulting in sustainable employment in the economy.

### 3. METHODOLOGY

The study made use of a descriptive research design. The primary and secondary sources of data collection were utilized for the study. A structured questionnaire was employed for the collection of primary data. However, relevant existing literature on the relationship between entrepreneurship and employment generation was the basis for the desk research. The SMEs in the Local Councils that comprise the FCT formed the population of the study. These are the Abuja Municipal Area Council, Bwari Area Council, Abaji Area Council, Kwali Area Council, Gwagwalada Area Council and Kuje Area Council. The study utilized the purposive sampling technique. There are 2690 SMEs in the Federal Capital Territory, Abuja (see Smedan (2013)). From 2690 SMEs in FCT, 100 SMEs were purposively selected for this study. Questionnaires were administered to chosen SMEs owners in FCT, Abuja to extract their views on whether entrepreneurship in SMEs can be used as an instrument for the stimulation of capacity building and sustainable youth's employment generation in FCT, Abuja. The analysis of data was executed through the Statistical Package for Social Sciences (SPSS). The analysis of the collected data was carried out through descriptive statistics.

### 4. DATA PRESENTATION, ANALYSIS AND DISCUSSION OF RESULTS

The demographic characteristics of the respondents is shown in Table 2. It revealed that 33 or 33% of the respondents were in the age range of 18-28 years, 42 or 42% of them were in the age range of 29-39 years, 22 or 22% of them were in the age range of 40-50 years, while merely 3 or 3% of them were in the age range of 51 years and above. Looking at their gender, 72 or 72% were male while 28 or 28% were female. In terms of their marital status, 34 or 34% of them were single, 14 or 14% of them were engaged to be married, 51 or 51% of them were married, 1 or 1% of them were widowed while 0 or 0% of them were separated/divorced. Concerning their education, 7 or 7% of them had Primary School education, 27 or 27% of them had Secondary School education, 13 or 13% of them had Technical and Vocational education while 53 or 53% of them had University or higher education. In terms of business experience, 42 or 42% of them had less than 5 years, 44 or 44% of them had between 5 and 10 years, 9 or 9% of them had between 16 and 20 years whereas 5 or 5% of them had over 20 years. In terms of nature of organization, 32 or 32% of them were Private Limited Companies, 3 or 3% of them were in Partnership, 54 or 54% of them were in Sole Proprietorship whereas 11 or 11% of them were in Family Owned Business.

Table-2. Demographic characteristics of respondents.

Variable	Items	Frequency	Percentage (%)
Age	18-28 years	33	33.0
	29-39 years	42	42.0
	40-50 years	22	22.0
	51 years and above	3	3.0
	<b>Total</b>	100	100.0
Gender	Male	72	72.0
	Female	28	28.0
	<b>Total</b>	100	100.0
Marital status	Single	34	34.0
	Engaged to be married	14	14.0
	Married	51	51.0
	Widowed	1	1.0
	Separated/Divorced	0	0.0
	<b>Total</b>	100	100.0
Education	Primary school	7	7.0
	Secondary school	27	27.0
	Technical & vocational education	13	13.0
	University or higher education	53	53.0
	<b>Total</b>	100	100.0
Business experience	Less than 5 years	42	42.0
	Between 5 and 10 years	44	44.0
	Between 16 and 20 years	9	9.0
	Over 20 years	5	5.0
	<b>Total</b>	100	100.0
Nature of organization	Private limited company	32	32.0
	Partnership	3	3.0
	Sole proprietorship	54	54.0
	Family owned business	11	11.0
	<b>Total</b>	100	100.0

Source: Field survey, 2019.

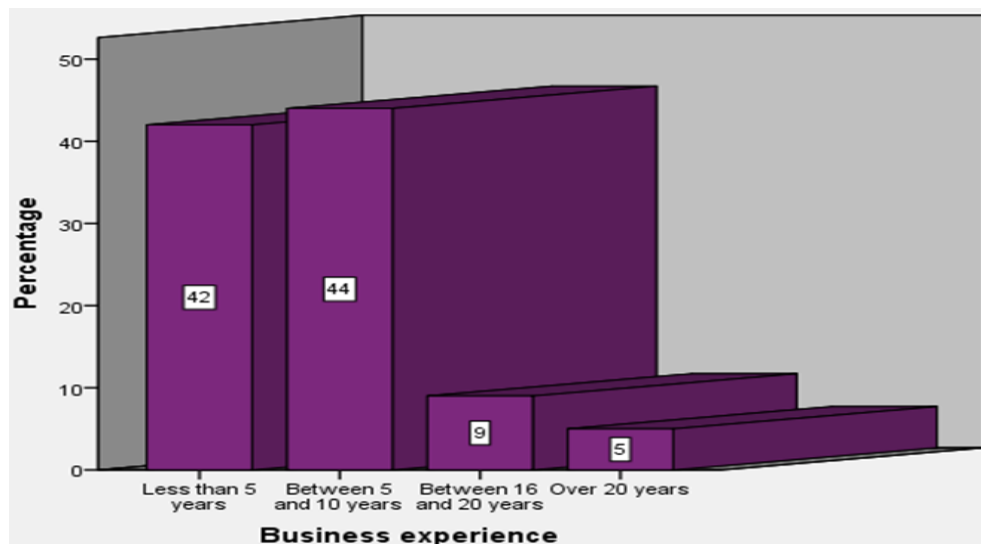
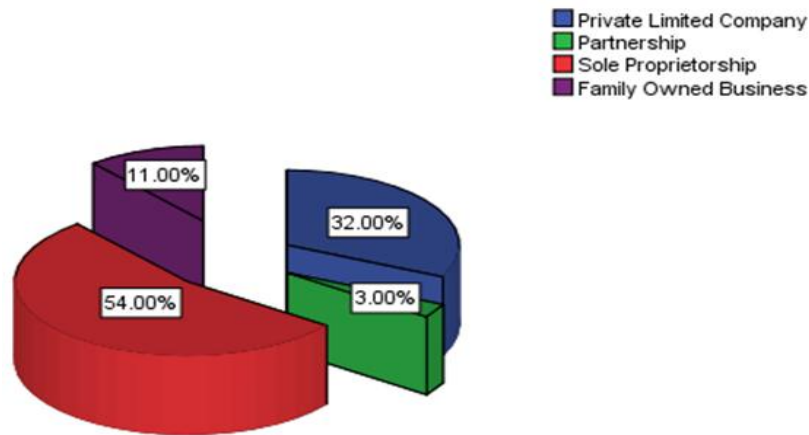


Figure-1. Percentage distribution of respondents based on business experience.

Source: Extract from statistical package for social sciences based on field survey, 2019.

Figure 1 revealed the graphical representation of the business experience of the respondents. Those whose business experience was less than 5 years were 42 (42 per cent); between 5 and 10 years were 44 (44 per cent); between 16 and 20 years were 9 (9 per cent) while over 20 years were 5 (5 per cent). The information indicates that the majority of the respondents had business experience of between 5 and 10 years.



**Figure-2.** Percentage distribution of respondents based on the nature of the organization.  
 Source: Extract from statistical package for social sciences based on field survey, 2019.

Figure 2 showed that 54 respondents representing 54 per cent of the sample size were in Sole Proprietorship, 32 respondents representing 32 per cent of the sample size were in Private Limited Company, 11 respondents representing 11 per cent of the sample size were in Family Owned while 3 respondents representing 3 per cent of the sample size were in Partnership. Majority of the respondents were in Sole Proprietorship.

**Table-3.** Distribution of respondents based on the awareness that entrepreneurship in SMEs can facilitate capacity building and sustain employment generation among youths in Abuja.

Opinion	Frequency	Percentage (%)
Agree	97	97.0
Disagree	1	1.0
Don't know	2	2.0
Total	100	100.0

Source: Field survey, 2019.

Evidence from Table 3 revealed that 97% of the respondents were aware that entrepreneurship in SMEs can facilitate capacity building and sustain employment generation for youths in Abuja. However, 1% of them were not aware that entrepreneurship in SMEs can facilitate capacity building and sustain employment generation for youths in Abuja. On the other hand, 2% of them lacked the knowledge on the awareness and role played by entrepreneurship in SMEs in promoting capacity building and sustaining employment generation among youths in Abuja.

**Table-4.** Distribution of respondents based on whether entrepreneurship in SMEs can contribute effectively to the provision of capacity building and sustainable job for youths in Abuja.

Opinion	Frequency	Percentage (%)
Agree	97	97.0
Disagree	2	2.0
Don't know	1	1.0
Total	100	100.0

Source: Field survey, 2019.

Evidence from Table 4 showed that 97% of the respondents agreed that entrepreneurship in SMEs can contribute effectively in the provision of capacity building and sustainable job for youths in Abuja. Nevertheless, 2% of them disagreed with the view. Besides, 1% of them lacked the knowledge on whether entrepreneurship in SMEs can contribute effectively in the provision of capacity building and sustainable job for youths in Abuja.



**Table-5.** Distribution of respondents based on the barriers faced by SMEs entrepreneur in the generation of sustainable employment for youths in Abuja.

Opinion	Most important (X5)	Important (X4)	Neutral (X3)	Less important (X2)	Least important (X1)	Sum	Mean
Access to finance	380	60	12	4	3	459	4.59
Government regulations	180	152	39	24	1	396	3.96
Access to market	220	128	45	16	1	410	4.10
Infrastructural facilities	205	132	51	16	1	405	4.05
Research and business information	165	172	45	16	1	399	3.99
Education, skills and training	255	140	30	8	0	433	4.33
Mentorship and government assistance	235	128	33	14	3	413	4.13
Inadequate planning	170	104	51	22	12	359	3.59
Poor marketing and branding	145	128	63	16	10	362	3.62

Source: Field survey, 2019.

The barriers faced by SMEs entrepreneur in the generation of sustainable employment for youths in Abuja is depicted in Table 5. Nine barriers were pinpointed and built into the questionnaire and the respondents were asked to indicate the option that suits their opinion. A 5-point Likert type scale from “5= most important” to “1=least important” was used to measure the degree of importance of barriers stated in the questionnaire.

The decision on each opinion was based on 3.00, the mean of five points rating scale. The decision on each view was based on the true limits of real numbers. Since the average of a five points rating scale tallies with the agreed or possessed opinion, 2.50, the lower limit of 3.00 point was utilized to establish whether SMEs entrepreneur agreed based on the numerous rankings that the item was a barrier facing SMEs entrepreneur in the area of employment generation for youths in Abuja. An opinion with a mean rating of 2.50 and above was regarded as agreed or possessed. On the other hand, opinions with a mean rating of less than 2.50 were regarded as not agreed or not possessed.

**Table-6.** Consensus opinions of respondents based on the barriers faced by SMEs entrepreneur in the generation of sustainable employment for youths in Abuja.

Opinion	Sum	Mean	Interpretation (Consensus opinion)
Access to finance	459	4.59	Agree
Government regulations	396	3.96	Agree
Access to market	410	4.10	Agree
Infrastructural facilities	405	4.05	Agree
Research and business information	399	3.99	Agree
Education, skills and training	433	4.33	Agree
Mentorship and government assistance	413	4.13	Agree
Inadequate planning	359	3.59	Agree
Poor marketing and branding	362	3.62	Agree

Source: Field survey, 2019.

The finding in Table 6 revealed that access to finance was the greatest barrier facing SMEs entrepreneur in the generation of sustainable employment for youths. It has the highest frequency of 459 with a mean score of 4.59, this is followed by education, skills and training with a mean score of 4.33, then mentorship and government assistance with a mean score of 4.13 and access to market and infrastructural facilities with a mean score of 4.10 and 4.05 respectively. All the opinion were rated above a mean score of 3.00. Hence, all the respondents agreed that there were barriers facing SMEs entrepreneur in the areas of job creation for youths in Abuja.

**Table-7.** Distribution of respondents based on avenues through which SMEs entrepreneur create employment for youths in Abuja.

Opinion	Most important (X5)	Important (X4)	Neutral (X3)	Less important (X2)	Least important (X1)	Sum	Mean
Becoming drivers of innovation	310	108	27	2	1	448	4.48
Becoming the engine of economic growth	275	152	21	0	0	448	4.48
Enhancement of competition	160	160	54	16	2	392	3.92
Research and development	230	160	30	8	0	428	4.28
Improvement in productivity	245	128	51	4	0	428	4.28
Development of local technological base or advancement in technology	255	148	18	12	0	433	4.33
Mobilization of domestic savings for investment	220	144	39	14	0	417	4.17
Skills acquisition	275	140	18	4	2	439	4.39
Wealth creation	265	136	24	2	4	431	4.31

Source: Field survey, 2019.

In Table 7, a scale was established to determine the avenues through which SMEs entrepreneur can create employment for youths in Abuja. The factors were derived as a result of in-depth interviews and participant observation. The scale ranges from 5 to 1, where “5= most important” and “1= least important”. The main channel through which SMEs entrepreneur create job in the study area were becoming drivers of innovation with a mean score of 4.48, becoming engine of economic growth with a mean score of 4.48, skills acquisition with a mean score of 4.39, development of local technological base or advancement of technology with a mean score of 4.33, wealth creation with a mean score of 4.31, research and development with a mean score of 4.28, improvement in productivity with a mean score of 4.28 and mobilization of domestic savings with a mean score of 4.17 (Table 8). All the opinion was rated above a mean score of 3.00. Therefore, all the respondents agreed that there were avenues through which SMEs entrepreneur create job for youths in Abuja.

**Table-8.** Consensus opinions of respondents based on avenues through which SMEs entrepreneur create employment for youths in Abuja.

Opinion	Sum	Mean	Interpretation (Consensus opinion)
Becoming drivers of innovation	448	4.48	Agree
Becoming engine of economic growth	448	4.48	Agree
Enhancement of competition	392	3.92	Agree
Research and development	428	4.28	Agree
Improvement in productivity	428	4.28	Agree
Development of local technological base or advancement in technology	433	4.33	Agree
Mobilization of domestic savings for investment	417	4.17	Agree
Skills acquisition	439	4.39	Agree
Wealth creation	431	4.31	Agree

Source: Field survey, 2019.

## 5. CONCLUSION AND RECOMMENDATIONS

There is no denying it that a revolution in entrepreneurship is a sine qua non for capacity building, creation of employment, and sustainable social and economic development of the world. The finding of the study showed that entrepreneurship in SMEs can facilitate capacity building and sustain employment generation among youths in

Abuja. Besides, the study revealed that entrepreneurship in SMEs can contribute effectively to the provision of capacity building and sustainable job for youths in Abuja. The finding revealed that access to finance was the greatest barrier facing SMEs entrepreneur in the generation of sustainable employment for youths. Furthermore, the main channel through which SMEs entrepreneur create job in the study area were becoming drivers of innovation and becoming the engine of economic growth. Access to finance; government regulations; access to market; infrastructural facilities; research and business information; education, skills and training; mentorship and government assistance; inadequate planning; and poor marketing and branding were identified as barriers facing SMEs entrepreneur in the generation of employment for youths in Abuja. Besides, becoming drivers of innovation; becoming the engine of economic growth; enhancement of competition; research and development; improvement in productivity; development of local technological base or advancement in technology; mobilization of domestic savings for investment; skills acquisition; and wealth creation were identified as avenues through which SMEs entrepreneur create job for youths in Abuja. Based on these findings, entrepreneurship in SMEs was confirmed to be a catalyst for capacity building and sustainable youth's employment generation in the Federal Capital Territory, Abuja. Owing to prostitution, armed robbery, drug trafficking, human trafficking, civil conflicts, militancy among Nigerian youths and socially delinquent behaviour stemming from the crisis of youth employment, the need to put in place an efficient national response to the challenge of youth employment has become compelling. Furthermore, entrepreneurship can be a real instrument for the attainment of the eight pillars of the SDGs if adequately endorsed. Based on these findings, the following recommendations were proposed:

- a. Besides the microfinance banks, entrepreneurship development banks should be established to provide the fund to support SMEs and other enterprises in general.
- b. The government should establish structures and procedure for the spread of entrepreneurship in Universities in Nigeria; the government should mobilize external funds from development partners for the execution of development programmes targeted at the youths.
- c. The government should invest heavily in the development of infrastructures to serve as a platform for skills cultivation and acquisition.
- d. The government should develop an all-inclusive approach to the promotion of SMEs entrepreneur through several agencies to improve on the performance of the few existing agencies bedeviled by lack of funds and expertise.
- e. The government should provide the enabling environment for SMEs entrepreneur to thrive.
- f. The needed counterpart funding for the execution of donor-assisted development programmes and activities for youths should be provided by the Federal, State and Local Governments.
- g. SMEs entrepreneur should increase research and development on sound technologies in partnership with the institutions of higher learning drawing upon indigenous knowledge where applicable.
- h. The government should support training on every aspect of enterprise management.
- i. There is the need for SMEs entrepreneur engaged in sustainable development activities to be supported by multilateral and bilateral financial aid institutions.
- j. [Ibru \(2007\)](#) suggested that "large businesses and industries should consider establishing partnership schemes with SMEs to help facilitate the exchange of experience in managerial skills, market development and technological know-how, where appropriate, with the assistance of international organizations" (p. 21).

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