

Entrepreneurship Education and Informal Sector: Implications for Sustainable Economic Development

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DOI: <https://doi.org/10.51244/IJRSI.2023.10824>

Received: 17 August 2023; Accepted: 29 August 2023; Published: 25 September 2023

ABSTRACT

The paper examined the role of entrepreneurship education in sustainable economic development via the informal sector. Entrepreneurship education is a great force for any meaningful national development and individual survival in any economy. It is a part of the total educational system that involves the acquisition of skills, ideas and management abilities necessary for job creation. The paper concludes that effective entrepreneurship education and training could result to increased self employment in the informal sector, thereby leading to sustainable economic development. Consequently, it is recommended among other things that attempts be made by both the government and entrepreneurship educators to improve the curriculum of entrepreneurship education by emphasizing skills that are tailored toward self-employment in the informal sector.

Keywords: Entrepreneurship education, Entrepreneurship, informal sector, sustainable economic development

INTRODUCTION

The rate of unemployment in Nigeria has reached a worrisome level. Realizing this, the Federal Government of Nigeria initiated several measures and policies aimed at reducing poverty and unemployment among the masses particularly youths. One of such initiatives is entrepreneurship education. The need for entrepreneurship education in Nigeria becomes expedient in view of the rapid expansion of the educational system occasioned by the deregulation of education industry in 1999. Entrepreneurship education seeks to provide students with the knowledge, skills and motivation to encourage entrepreneurial success in a variety of settings. Variations of entrepreneurship education are offered at all levels of schooling from primary or secondary schools through graduate university programs, Wikipedia (2021).

Ojeifo (2013) defines entrepreneurship as the willingness and the ability of an individual or a firm or an organization to identify an environmental change and exploit such an opportunity to produce goods and services for public consumption. Entrepreneurship education has been revealed as an effective tool in building up entrepreneurship intention and innovation, thereby increasing the number of entrepreneurs and reducing the rate of unemployment. Similarly, Nwekeaku (2013), remarks that entrepreneurship education consists of three ingredients: creativity – creating all kinds of ideas; innovation – find value in selected ideas; and entrepreneurship – develop a business from the innovative idea.

Entrepreneurship education was set up in Nigeria as an instrument that will impact students with the knowledge, skills, and motivation required to realize an opportunity for social change in the community by creating jobs and adding economic and social value as well as stimulating responsibility and self-reliance among the youths of the 21st century. Entrepreneurship education was introduced into Nigeria educational system to provide the necessary skills, competence, understanding, and prepare the Nigerian graduate for

self-reliant, thereby contributing sustainable economic development. It stimulates students to start business venture without much or less stress. It is right to say that entrepreneurship education can potentially empowered young graduates to be self-employed after graduation.

Over the years, various governments in Nigeria have tried to design policies and programmes to encourage entrepreneurial ship and curb unemployment in the country. The outcomes of these policies and programmes have always been inconclusive (Awogbenle & Iwuamadi, 2010). The rate of unemployment among the Nigerian youths has reached a bothersome state. Identifying this challenge, the Federal Government of Nigeria has introduced several measures and policies aimed at reducing poverty and redundancy among the citizens predominantly youths through the informal sector. To achieve this, the Federal Government through National Universities Commission (NUC) and other regulatory bodies directed all tertiary institutions to include entrepreneurial studies in their curriculum. Entrepreneurship education and training entails the philosophy of self-reliance, such as creating a new cultural and productive environment, promoting new sets of attitudes and culture for the attainment of future challenges.

Despite all the intervention programmes of the government of Nigeria such as the National Directorate of Employment (NDE), Poverty Eradication Programme (PEP), National Economic Empowerment Development Strategy (NEEDS) and National Poverty Alleviation Programme (NAPEP), and so on, the rate of economic development via the formal and informal sector remains unabated. The challenges of the formal sector creating employment opportunities for the youths and graduates in the country prompted the government to introduce entrepreneurship.

Concept of Entrepreneurship Education

Entrepreneurship education, by its nature, has been found to precipitate employment generation, assist with the growth of the economy and the overall promotion of sustainable economic growth and development in a different nations (Raimi & Towobola, 2011).

Objectives of entrepreneurship education

The objectives of entrepreneurship education clearly shows that it is concerned with the development and survival of both the individual and society. In fact, it is a tool through which social, economic and political development could be achieved if it is properly planned, funded and implemented. According to Osuala (2010) the objectives of entrepreneurship education are :

1. To provide meaningful education for youth which could make them self-reliance and subsequently encourage them to drive profit and be self-independent
2. To provide graduates with the training and necessary support to help them establish a career in small and medium size business.
3. To provide graduates with training skills that will make them meet the manpower needs of the society.
4. To provide graduates with enough training in risk management to make uncertainty bearing possible and easy.
5. To stimulate industrial and economic growth of rural and less developed area.
6. To equip the youth with enough training that will make them creative and innovative in identifying new business opportunities.

From the above objectives, it is evident that this type of education if given all it deserves and properly implemented will produce eminence youths that will foster job creation and eliminate poverty through the informal sector in Nigeria. This could be realized when the youths are self-reliant by establishing their own business small/medium scale enterprises.

Concept of the Informal Sector in Nigeria

Central bank of Nigeria defines the informal sector as that which operates without binding official regulations, as well as one who operates under official regulations that do not compel rendition of official returns on its operations or production process.

An informal sector activity consists of enterprises which renders no account to any statutory bodies. Such enterprises comprise heterogeneous set of activities. Characteristically, the activities cover almost every field of economic activity, ranging from petty trading and personal services to informal construction, transport, money lending, manufacturing, and repairs. The operators are generally of low level of education, risk takers, and accommodating.

Heintz (2012) reviews three different approaches to informal sector, which, as he emphasizes, importantly have different policy implications:

1. enterprise-based approaches that try to distinguish informal from formal enterprises. Indicators used include: size; registration status; employer/enterprise social security contributions; legal form of organization and character of financial accounts; and legal entitlements and property rights.
2. Employment-based approaches that combine an enterprise- and jobs-based definition, recognizing that there can be formal employees in informal enterprises (i.e. self-employed) and informal employees in formal enterprises (i.e. lacking social protection).
3. Focus on illegal activities: individuals and enterprises that operate outside the law through, for example, tax evasion; violation of labour standards and laws; or trade and production of illicit goods and services.

Roles of the Informal Sector in a Developing Economy

In the significance of the informal sector in developing countries, many authors do highlight their economic role in stimulating the growth of the market economy, promoting a flexible labour market, stimulating productive activities, and absorbing retrenched labour from the formal sector. Others claim that informal labour has become a convenient means of pursuing the global agenda of privatisation and liberalisation (Amin, 2002).

Characteristics of the Informal Sector

Characteristics of the informal sector in general have been changing with recent developments in the economy and they include the following:

1. Entrepreneurs of illegal and unregistered enterprises seeking to avoid regulation and taxation.
2. It comprises mainly of unregistered business.
3. It comprises not only of informal enterprises but also of informal jobs, including employees of informal firms, casual day labourers, and domestic workers as well as industrial outworkers and other non-standard workers in both informal and formal firms.
4. It comprises mostly of street traders and very small-scale producers.

It is made up of a wide range of informal arrangements- both "resilient old forms" and "emerging new ones" (temporary and part-time jobs plus home-based work for high tech industries). Entrepreneurship in the informal sector therefore, reinforces the inequalities in the formal labour market.

Concept of Sustainable Development

The term 'development' has been defined as a comprehensive economic, social, cultural and political

process which aims at the constant improvement of the well-being of the entire population. According to Singh (2014), sustainable development means attaining a balance between environmental protection and human economic development and between the present and future needs. According to the author, it means equity in development and sectoral actions across space and time. It requires the integration of economic, social and environmental approaches towards development. Some of the required elements to achieve high rates of sustainable economic development are:

Environmental Management

The long term viability of the Nigerian economy depends on sustainable and responsible management of the environment. The march towards attaining sustainable economic development starts from ensuring environmental sustainability. Environmental sustainability is the maintenance of the integrity of different environmental media and systems to ensure that their functions and beneficial use are upheld for present and future generations.

Human Capital

One of the barriers to the strengthening of economic development is lack of entrepreneurial, marketing and management skills to take advantage of growth opportunities. A skilled workforce is an important foundation for sustainable economic development. A workforce that has acquired new knowledge and skills to increase their productivity and revenue generating potential is essential.. It takes a diversely skilled and qualified workforce that is well equipped to meet the demands of the economy if sustainable economic development is to be attained. Employment potentials of Nigerians need to be improved upon for increased access to and benefits from opportunities in the informal sector.

Developing the Informal Sector for Sustainable Development Through Entrepreneurship Education

The question is, how can the informal sector be developed, into a productive sector that offers career opportunities. In other words, how can the informal sector create productive jobs and offer decent working conditions to the large numbers of Nigerian youths that are currently crowding the labour market?

How to develop the informal sector?

Strategic options for engaging the informal sector for sustainable development through entrepreneurship education

1. Countries must adopt explicit policies that encourage the development of the informal sector.
2. Promotion of informal-formal economy linkages.
3. Provision of safety nets for informal workers.
4. Better measurement of informal production and employment and its contribution to economic growth.
5. Intensifying on entrepreneurship education

Studies often focus on different aspects of improving the informal sector. These aspects can be grouped in two (connected) categories. The first one expects the informal sector to be an important driver of sustainable economic development that generates jobs (including entrepreneurship), while the second approach focuses on improving rights and working conditions (including social protection) of informal workers.

Questions that address Entrepreneurship, Informal Sector and Sustainable Economic Development

1. What are the opportunities and challenges of formalizing the informal sector for entrepreneurial development in Nigeria?

2. What are the leading and/or lagging entrepreneurial-oriented sectors within the informal economy in Nigeria?
3. Is informality good or bad for Nigerian entrepreneurship?
4. Does size matter in the entrepreneurship performance of firms?
5. What role can entrepreneurial education play in bridging any real or perceived gaps between the formal and informal economy?

THEORETICAL FRAMEWORK

This study, anchored on Theory of Planned Behavior propounded by Ajzen (1985); Human Capital Theory by Becker (1962). The Theory of Planned Behavior is focused on how intents are transformed into measures. This theory is used as a device to explain the significance of entrepreneurial education in the conception and development of entrepreneurship intention, which is key to any individual's decision to becoming an entrepreneur. Human capital theory, on the other hand, argues that individual workers have a set of skills or abilities which they can improve or accumulate through training and education. It provides a structure for examining the impact of attained variables such as education, learning and experience on career outcomes; it was further developed on the postulation that entrepreneurial education can serve as a key determinant of resolution and providing benefit to specific ventures explicitly in informal sector that will lead to economic development.

REVIEW OF RELATED LITERATURE

Otoo, Ibro, Fulton and Lowenberg-Deboer (2012). highlight the popularity of the subject matter of entrepreneurship research in the Journal of African Business. This intellectual structure of entrepreneurship research shows the use of social networks as a management theory in the contextual settings of Ghana. According to Agi and Yellowe (2013) education is important to the development of human resources, impartation of appropriate skills, knowledge and attitude. It is the basis for transformation, industrialization and a high way to global knowledge economy. Relating to security, they further explained that education is regarded as a means of achieving culture of peace, gender equality and positive African values. It is therefore the understanding of many that education leads to national transformation and development, through reduction in poverty and to ensured peace and security. Williams and Kedir (2017) evaluated the links between starting up unregistered and future firm performance in Africa. The widespread assumption has been that firms starting up unregistered in the informal economy suffer from poor performance compared to those starting up registered and in the formal economy.

Kabongo (2019) spots out that although a number of works debate entrepreneurship, entrepreneurs, and small business enterprises, the financial performance of African public and private institutions is the subject of analysis of various most-cited papers. According to him, the most-studied themes could be grouped into 4 clusters – notably: Examination of the performance and infrastructure of the financial and banking institutions; Research on entrepreneurial opportunities and their implications for individual, organizational, and regional economic development; The competitiveness within the African market and the participation of African firms in global trade; and Analysis of organizations and institutions as primary units of economic and human development. Ibidunni, Mozie and Ayeni (2020), in their examination of the performance of informal SMEs and the contingent role of the business environment, used a survey research design based on data from 296 entrepreneurs who operate informal SMEs in Nigeria to conclude that entrepreneurial competencies, especially organizing, conceptual, learning, strategic, opportunity, and risk-taking competencies, are essential for achieving higher innovation performance. The study also points out that the entrepreneurship environment is becoming more endogenous as entrepreneurs, through their entrepreneurial competencies, have started to gain control over it.

According to Abefe-Balogun (2012), entrepreneurship education involves a dynamic process of creating

wealth through the process of creating something new and in the process assumes both attendant risks and rewards. Okereke and Okorofor (2011) assert that entrepreneurship education has been acknowledged world wide as a potent and viable tool for self-empowerment, job and wealth creation. To Atakpa (2011), entrepreneurship education is an aspect of education which equips an individual and create in the person the mindset to undertake the risk of venturing into something new by applying the knowledge and skills acquired in school. Uzuegbunam, Nambisan and Chen((2010), examined how entrepreneurial human capital affects the resource mobilization process in new ventures, specifically the likelihood of using informal ties (i.e. family and friends) in their hiring process. Building on human capital arguments, these authors theorized that the higher the entrepreneur's formal educational attainment, the greater the likelihood that they will go against the norm of hiring through informal ties. Ultimately the study highlights the need for entrepreneurship education with an emphasis on a regional management education drive. Olawolu and Kaegon (2012) confirm that entrepreneurship education prepares youths to be responsible and entering individuals who become entrepreneurs or entrepreneurial thinkers by exposing them in real life learning experiences where they will be required to think, take risks, manage circumstances and incidentally learn from the outcome.

Role of Entrepreneurship Education in Sustainable Economic Development via Informal Sector

Entrepreneurship education plays a vital role in the social, political and economic development of any nation. This is possible when jobs are created for the citizenry by establishing a lot of businesses that will accommodate the unemployed in Nigeria. A qualified graduate of entrepreneurship education would have acquired enough skills relevant to management of small business center. Specifically, it plays the following roles;

1. Creation of self-employment: An entrepreneur provides job for himself by establishing small business centre. This, according to Aiyeduso in Olorunmolu (2008) helps to reduce the problem of unemployment and other social vices in Nigeria. The entrepreneur does not only provide jobs/employment for himself alone, but provides for others too. This in turn helps the individual to increase per capital income hence improve standard living.
2. The Entrepreneur determines or identifies the specific wants of the people and the type of goods and services that will fulfill those wants most comfortable. Emeruwa (2005)
3. Asserted that the entrepreneur does not only identifies but mobilizes and organizes the resources to tap the opportunities by assisting men, materials, money and machines to explore the opportunity.
4. Through entrepreneurship education, utilization of local resources is made possible. The graduates of this specialized education set up their small/medium scale business, which will enable them to utilize the local resources available in their vicinity. The uses of local raw materials are discarded by products of large firms as primary input in their production processes.
5. Through entrepreneurship education, a pool of potential entrepreneurs who are well equipped with skills and technical know how to manage small/medium scale industries are produced. This will equally help in job creation. Through quality entrepreneurship education, Nigeria could produce a lot of entrepreneurs who could establish and manage businesses on their own.

Based on the above merits, entrepreneurship education could be used as major tool in sustainable economic development.

Challenges of Entrepreneurship Education in Nigeria

Quality entrepreneurship education could play a vital role in equipping individual with necessary intellectual capacity, skills and right type of work habit and attitude to be able to create jobs for the growth of the Nigeria economy. However, what is quite essential is the extent to which the entrepreneurship education programme can be implemented to realize these goals. These challenges have not enable Nigerian to enjoy

the benefits of this programme as expected. This limits the achievement of the millennium development goals (MDGs) in Nigeria. The challenges facing entrepreneurship education as human capital development (HCD) mechanism in Nigeria are multi-faceted.

The first is that entrepreneurship education curriculum is ineffectively implemented hence, the difficulty in achieving its goals neither could its curriculum objectives like other specialised education been translated into practical realities at the implementation stage for the benefits of learners because of insufficient experts in the field of entrepreneurship, absence of relevant text-books on entrepreneurship education/program, ineffective style of instruction, poor funding and insufficient teaching gadgets for practical-oriented training (Onyeachu, 2008).

Another key challenge effecting the growth of entrepreneurship education is inadequacy of competent lecturers in the field of entrepreneurship to make the course practically interesting and goal-oriented as opposed to too much focus theoretical instructions (Gabadeen & Raimi, 2012). The authors also identified poor funding of entrepreneurship education in particular and the education sector in general has been a serious challenge to entrepreneurship, both at the institutional level and the nation at large. This funding constraint has adversely affected the implementation of entrepreneurship education curricula, a fact attested to by National Universities Commission and counterpart supervisory agencies.

Other challenges at the level of policy and planning are identification of stakeholders and harmonization of efforts across different interest groups, together with the absence of social consensus on important policy issues. The infrastructure challenges that exist include absence of appropriate building and workshops to house equipment/materials, epileptic power supply and systematic irregularities inimical to small businesses.

CONCLUSIONS

The study showed the role entrepreneurship education plays in encouraging informal sector for sustainable economic development . There is no gainsay that entrepreneurship education boost both human capital development and creates employment opportunity for the in Nigeria. The study also stressed on the need to properly utilise effective teaching style by those who teach entrepreneurship education so that students upon graduation, will be equipped with the necessary skill to be self reliant. The researcher also suggested that special attention be paid to entrepreneurship education and training at university level.

RECOMMENDATIONS

Based on the observations made in the study, the following recommendations were made:

1. Government and entrepreneurship educators should improve the curriculum contents of entrepreneurship education to emphasize skills for self-employment.
2. Curriculum planners should renew the curriculum of entrepreneurship education regularly, to accommodate changes in the environment to meet the needs of the students.
3. The government should encourage informal sectors by giving financial incentives.

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