

Creativity Role of Entrepreneurs in Poverty Reduction among Micro and Small Enterprises in Plateau State, Nigeria

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Abstract: *Micro and small enterprise sector are major employers of labour in most countries of the world either in the formal or informal sectors. Entrepreneurial characteristic role of creativity in poverty reduction among micro and small enterprises have led to increased income generation in both developed and developing nations of the world. Developed countries of the world were able to achieve development due to the successful roles of entrepreneurs in micro and small enterprises. Nigeria one of the most populous countries in Africa, has over half of its population living on less than one dollar per day. This study aimed at establishing creativity role of entrepreneurs in poverty reduction among micro and small enterprises in Plateau State Nigeria. Descriptive and inferential research designed anchored this study. The study population comprised of registered micro and small enterprises (MSEs) in Plateau State, Nigeria. The sample size comprised of 342 respondents selected through hyper – geometric distribution. A standard questionnaire with both closed and open ended questions was administered. The findings of this study revealed that creativity role of entrepreneurs in MSEs played significant role in poverty reduction in Nigeria. The study concluded that MSEs that are creative have high probability of survival and creative MSEs performed better than those that are not. The study recommended among others that micro and small enterprises should be creative and proactive they should engage in research and development and explore new markets among others.*

Keywords: Creativity, entrepreneurs, micro and small enterprises, poverty reduction

1. Introduction

The role of entrepreneurial owners of micro and small enterprise in creativity had been acknowledged as spring board for sustainable economic development. Apart from their contribution in increasing the per capita income and output, micro and small enterprises (MSEs) also creates employment opportunities and reduce poverty. Entrepreneurial roles of micro and small enterprise owners play important role in job creation, income generation and have boosted many economies.

All over the world, micro and small enterprises are recognized as the engine room for growth of modern economies. Nigeria's Vision 2020 (2009) reported that in United Kingdom (UK) MSE sector is well developed and provides 54.1 per cent of employment and contributing over 50 per cent of the country's annual gross domestic product (GDP). There are 3.7 million micro and small enterprises in UK representing one enterprise for every ten people of working age.

Considering the vital roles played by micro and small enterprises sector, the Nigerian government initiated numerous programmes and policies for MSEs development. According to Oni and Daniya (2012) government implemented economic programmes of switching from capital intensive and large scale industrial projects which was based on the philosophy of import substitution strategies to small and medium scale enterprises which have better prospects for developing domestic economy thereby generating the required goods and services. However, it is worth mentioning that entrepreneurs can only be successful if they are creative. Creativity is the ability to create. According to Okpera

(2007) creativity refers to bringing something into existence, to invent into a new form or produce through imaginative skill. Micro and small enterprises that are creative produce goods and render services and receive payment on those services, such payment are income to the entrepreneur. Income generated from micro and small enterprise sector are used for further creative production and also for consumption thus improving the standard of living of entrepreneur and the employee.

Micro and small entrepreneurs create jobs and pull many out of poverty, since income is generated from its activities. The role of entrepreneurs in thinking of new idea and new products leads the enterprise to realize profit from its products and services. Contributing, Bowale and Akuilo (2012) posited that micro and small enterprise sector entrepreneurship raises income to the owners and employees. Similarly, Okpera (2007) opined that the income generated is made possible through the ability to or otherwise bring into existence something new, or new method or device by means of creativity. Despite the important role of creative entrepreneurs in poverty reduction among micro and small enterprises, the sector has performed dismally in Nigeria. Contributing, Oba and Onuoha (2013) stressed that the poor performance of MSEs in Nigeria has added to the high level of poverty, unemployment and low standard of living.

1.1 Statement of the Problem

The roles of micro and small enterprises in reducing unemployment and poverty have long been acknowledged in Nigeria, most studies focused on the influence of small business performance, MSEs as income generating firms and job creators, Small and medium scale enterprises

performance and poverty reduction in Nigeria. According to Afolabi (2015) micro and small enterprises has the propensity to drive an economy, but in Nigeria the situation is different, in spite of the important role of micro and small enterprise sector in economic growth and development and in reducing poverty, the sector has performed dismal in Nigeria. The sector has been left for those who could not secure jobs or those who retire from service and it is seen as ordinary business that can be established by anybody without acquiring any skill. This practice has resulted in failure of most MSEs in Nigeria. According to Vision 2020 (2009) Nigeria's MSEs under performs in contribution to GDP when compared to other countries, in 2006 MSEs in Nigeria contributed only 10 per cent to GDP while the sector contributed 50 per cent to GDP in US, UK and Japan respectively. It is against this backdrop that this study seeks to bridge the knowledge gap by determining creativity role of entrepreneurs in poverty reduction among micro and small enterprises in Plateau State, Nigeria.

1.2 Objective of the Study

The objective of this study is to establish creativity role of entrepreneurs in poverty reduction among micro and small enterprises in Plateau State, Nigeria.

1.3 Hypothesis

Creativity in micro and small enterprise sector do not play a role in poverty reduction in Plateau State, Nigeria.

2. Literature Review

2.1 Theoretical Framework

There are a lot of theories that relate to entrepreneurship study, but the point of understanding is how the theory relates to the study. Creativity role of entrepreneurs has to do with the psychological theory. Psychological theory was put forward by David McClelland a Psychologist and emeritus Professor of Harvard who offers that entrepreneurs possess a need for achievement that drives their ability. Also Julian Rotter put forward a locus of control theory that people with a strong internal locus of control believe their actions can influence the world and research supports most entrepreneurs possesses trait. According to the psychological theory, entrepreneurship gets a boost when society has sufficient supply of individuals with necessary psychological characteristics. Psychological theory of entrepreneurship focuses on the individual and the mental or emotional elements that drive individuals entrepreneurially (Landstrom, 1998).

The psychological characteristics of entrepreneurs are the need for achievement, foresight and ability to face challenges. These characteristics are developed during the upbringing of the individual and are geared toward achieving self – reliance and excellence. Coon (2004) defined personality traits as stable qualities that a person shows in most situations and that they are enduring inborn qualities or potentials of the individual that naturally make him an entrepreneur. The role of creativity in micro and

small enterprise sector in poverty reduction forms the psychological theory of entrepreneurship. The individual in line with his need for achievement decides to think of opportunities and take risk in creativity by thinking differently, thus exhibiting the psychological theory of entrepreneurship. Micro and small enterprises therefore arises from the entrepreneur's ability in thinking and taking risk of committing his resources into business with a clear hope that he will succeed. The relevance of this theory to the study is that it helps in understanding what motivates the entrepreneurs in micro and small enterprises sector to start business. Individuals in the society that have developed an entrepreneurial mindset explore entrepreneurial opportunities.

2.2 Empirical Review

The role of micro and small enterprises in poverty reduction in Nigeria has been studied empirically by scholars. Adebayo and Nassar (2014) conducted a study sample of 383 enterprises within Ibadan metropolis in Nigeria. The result indicated that individuals in micro and small business entrepreneurship earn more than \$1.25 dollar (N200:00 naira) per day, this is possible due to creativity role. The study found that the impact of income generated by MSEs could have been more pronounced but for some socio – economic, infrastructural and management challenges. Similarly, Muritala, Awolaja and Bako (2012) carried a sample survey study of 200 SMEs from five local governments of Ogun State, Nigeria. The result revealed that majority of the SMEs surveyed realizes profits of between N100,000 and N1million naira per annum. The income accrued from the business has lifted many out of poverty. In another study, Ogbuabor, Malaolu and Elias (2013) carried a study among burnt bricklayers in Benue State, Nigeria, 200 burnt bricklayers were selected, and the result showed that bricklaying business leads to job creation, income generation and poverty reduction among owners. Countries with high rate of small industrial enterprises have succeeded in making income distribution (both regionally and functionally) more equitable.

3. Methodology

The study adopted the descriptive survey design as it has maximum reliability and protection of reducing the possibility of personal bias. According to Mugenda and Mugenda (2003) descriptive research design determines and reports the way things are. The population of study will comprised all MSEs in Plateau State, Nigeria registered with Ministry of Commerce and Industry, Jos, Plateau State. The population of study was 3,120 MSEs in Plateau State, Nigeria registered with Ministry of Commerce and Industry, Plateau State. Report of 2015 on MSEs from Plateau State Ministry of Commerce and Industry showed that the MSEs are in the following category: manufacturing 420, trading 1,630 and services/others 1070 (MoC&I, 2015).

3.1 Sampling Technique and Sample Size

According to Bryman and Bell (2011) sampling is an element of data collection and is defined by a fragment or

section of the population that is selected for the research process. The sample formula for small (hyper – geometric) populations is shown as follows:

$$n = \frac{NZ^2 p q}{(E^2 (N - 1) + Z^2 p q)}$$

Where: n = Is the required sample size

N = Is the population size (3,120 MSEs)

Z = Is the level of confidence of the sample size (set at 95% thus Z = 1.96.

P and q = are the population proportions (each set to 0.5)

E = sets the accuracy of the sample proportions (set to 0.05)

$$\text{Hence: } \frac{3,120 \times 1.96^2 \times 0.5 \times 0.5}{[0.05^2 (3120 - 1) + 1.96^2 \times 0.5 \times 0.5]}$$

$$n = \frac{2,996.448}{8.7579}$$

$$= 342.14$$

The final sample size will comprised of 342 respondents (MSEs)

3.2 Data Collection

The instrument for data collection was a structured questionnaire with both closed and open ended questions which was administered to 342 MSEs sampled for the study.

4. Results and Discussion

4.1 Data Presentation

The study administered 342 questionnaires to sampled MSEs for the study, however only 310 questionnaires were duly filled and returned. This constituted 91% response rate which is adequate. The study uses percentages, mean and standard deviation to describe the data. Descriptive analysis was done based on the research objective that is to determine the role of creativity in poverty reduction among micro and small enterprise owners in Plateau State, Nigeria. The findings of descriptive statistics are presented in table

The study sought to determine whether entrepreneurial MSE owners always explore opportunities, thinking of new ways of doing things. The findings in table 1 shows that 38.1% of the respondents strongly agreed, 36.1% agreed, 13.5% of the respondents were neutral while 6.8% and 5.5% of the respondents strongly disagreed and disagreed respectively. The results further showed that the statement had a mean of 3.93 which confirmed that majority of the respondents agreed and strongly agreed with the statement. The standard deviation of 1.16 implied that the response varied slightly from the mean. These findings implied that majority of the MSEs were creative in terms of finding new ways to carry business. From the table it could be observed that a similar scenario was obtained from the remaining statements. It therefore means that creativity role in micro and small enterprise sector leads to income generation for entrepreneurs. According to Bowale and Akuilo (2012) micro and small enterprise sector entrepreneurship raises income to the owners and employees. Collaborating this fact, Okpara (2007) posited that the income generated is made possible through the ability to otherwise bring into existence something new, or new method or device by means of creativity.

Table 1: Descriptive Result for Creativity and Poverty Reduction

	SD	D	N	A	SA	Mean	S.Dev
Entrepreneurial MSE owners always explore opportunities, thinking of new ways of doing things.	6.8%	5.5%	13.5%	36.1%	38.1%	3.93	1.16
MSE sector has really raised income for individuals who have the entrepreneurial mindset.	6.1%	5.2%	13.9%	33.2%	41.6%	3.99	1.15
Entrepreneurial MSE owners are proactive efficient in allocation of resources thus succeeding in business	7.4%	7.7%	13.2%	31.0%	40.6%	3.90	1.23
Being resourceful and not thinking of how to produce or develop new products are values of MSE entrepreneurs	5.2%	8.7%	11.6%	36.8%	37.7%	3.93	1.14
MSE sector has not improved the standard of living of many Nigerians	5.2%	7.1%	11.9%	31.9%	43.9%	4.02	1.14
MSE sector has help in reducing the gap between the rich and the poor among creative entrepreneurs	6.1%	7.1%	11.9%	40.3%	34.5%	3.90	1.14

Similarly, inferential statistics was carried out; correlation test was conducted to test the association between independent and dependent variables. According to Kothari (2014) the importance of correlation is to

determine the extent to which changes in the value of an attribute is associated with changes in another attribute. The test was carried based on the objective of the study. The findings of correlation test are presented in table 2.

Table 2: Correlation Result for Creativity and Poverty Reduction

		Creativity	Poverty Reduction
Creativity	Pearson correlation	1	0.814
	Sig. (2 - tailed)		0.000
	N	310	310
Poverty Reduction	Pearson correlation	0.814	1
	Sig. (2 - tailed)	0.000	
	N	310	310

** Correlation is significant at the 0.01 level (2 – tailed)

The result of correlation analysis indicated that creativity had a strong positive significant correlation with poverty reduction among micro and small enterprises $r = 0.814$, $p = 0.000$). The findings imply that increase in creativity would result in increase in poverty reduction among MSE owners. The findings of this study imply that creativity role in micro and small enterprise sector leads to income generation for entrepreneurs. The findings concur with that of Papadaki and Chami (2002) who opined that individuals who have certain characteristics associated with productivity are more likely to become entrepreneurs than those who have fewer. An individual chooses to

create a new business so as to maximize his expected utility.

The regression result was also conducted to determine the statistical relationship between two or more variables. ANOVA was also used as a procedure for testing the difference among different groups of data for homogeneity. The study employed regression model to ascertain the relationship between creativity and poverty reduction among micro and small enterprises in Plateau State, Nigeria. The findings are presented in table 3, 4 and 5 respectively.

Table 3: Model summary for Creativity and Poverty Reduction

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.814	0.662	0.661	0.40022

a. Predictors: (constant), creativity

The result showed that creativity has significant association with poverty reduction among micro and small enterprises in Plateau State, Nigeria, ($R = 0.814$). The

result further revealed that creativity accounted for 66.2% of variation in poverty reduction among micro and small enterprises in Plateau State, Nigeria.

Table 4: ANOVA Result for Creativity and Poverty Reduction

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	96.702	1	96.702	603.740	.000
	Residual	49.333	308	.160		
	Total	146.036	309			

a. Dependent variable: Poverty Reduction

b. Predictors: (constant), Creativity

The results of ANOVA in table 4 indicate that creativity was a significant predictor variable of poverty reduction among micro and small enterprises in Plateau State, Nigeria. This is indicated by the F – statistic results ($F =$

603.740, $p = 0.000$) indicating that the model used to link the independent variable and dependent variable was statistically significant.

Table 5: Coefficients Result for Creativity and Poverty Reduction

	β	Std. Error	Beta	t	Sig
(Constant)	1.157	0.116		9.972	0.000
Creativity	0.709	0.029	0.814	24.571	0.000

a. Dependent variable: Poverty Reduction

The regression coefficient of creativity was at ($\beta = 0.709$, $p = 0.000$, < 0.05) showed a statistically significant relationship between creativity and poverty reduction among micro and small enterprises in Plateau State, Nigeria. Hence the study findings concluded that creativity significantly affect poverty reduction among micro and small enterprises in Plateau State, Nigeria. The

regression coefficient of 0.709 obtained in this case implies that a unit increase in creativity will lead to 0.709 units increase in poverty reduction among micro and small enterprises in Plateau State, Nigeria. The study also conducted a multivariate regression analysis to test the joint relationship of the variables.

Table 6: Coefficient for Multivariate Regression Analysis

	β	Std. Error	Beta	t	Sig.
Constant	0.567	0.117		4.838	0.000
Creativity	0.241	0.052	0.277	4.668	0.000

a. Dependent variable: Poverty Reduction

The model $Y = \beta_0 + \beta_1 X_i + \epsilon$

Poverty Reduction = $0.567 + 0.241$ (Creativity) + ϵ

4.2 Hypothesis Testing/Findings

The study used the findings of the multivariate regression in hypothesis testing. Linear regression was conducted at 95 per cent confidence level ($\alpha = 0.05$).

Ho: Creativity in micro and small enterprise sector do not play significant role in poverty reduction in Plateau state, Nigeria.

The coefficient of creativity was ($\beta = 0.241$, $p = 0.000 < 0.05$) shows a statistically significant relationship between creativity in micro and small enterprise sector and poverty reduction in Nigeria. Hence, the study rejected Ho at $\alpha = 0.05$ and concluded that creativity in micro and small enterprise sector played a significant role in poverty reduction in Nigeria. The regression coefficient of 0.241 obtained in this case implies that a unit increase of creativity in micro and small enterprise sector variable

would lead to 0.241 unit increase in poverty reduction in Nigeria. The findings of this study concur with Okpara (2007) who posited that income generated is made possible through the ability or otherwise bring something into existence something new or new method or device by means of creativity.

5. Conclusion and Recommendation

5.1 Conclusion

The findings of this study revealed that entrepreneurial characteristic of creativity among micro and small enterprises played significant role in poverty reduction in plateau State, Nigeria. The study therefore concluded that micro and small enterprises owners must think out the box to ensure success in their business operations. Creativity in business is a key component in maneuvering competitive business environment and ensuring that the entrepreneurs remain afloat of the competitors. The study also concluded that MSEs that are creative have high

probability of survival as compared to those that are not. Employing creativity in MSEs sector will boost performance and guarantees poverty reduction.

5.2 Recommendations

Based on the findings of the study, the following recommendations are necessary:

- i. Micro and small enterprises should be creative and proactive, always seeking for opportunities to explore or add value to an existing method.
- ii. Micro and small enterprise entrepreneurs must engage in research and development, as doing that will help them in knowing the current happenings in the global market. Through research they can be able to make discoveries and introduce new products in the market.
- iii. Entrepreneurial micro and small enterprises should see where others have fail as a place to explore and seek to succeed. Failure is the beginning of success for entrepreneurial MSEs, therefore entrepreneurial MSEs should venture into an area that nobody has done before.

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