

Self-Employment as a Strategy for Poverty Reduction: Empirical Evidence from Benue State

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Abstract

This study was carried out to investigate the place of self-employment on the reduction of poverty in Benue State. The study adopted a multistage sampling procedure in which three Local Government Areas, one from each of the three senatorial districts in the state were selected in the first stage, and 150 (50 from each Local Government Areas) respondents were purposively sampled to form the population of study. Data were collected with the use of structured questionnaire and analyzed using qualitative statistical tools (simple percentages and tables) and quantitative tool of Logistic Regression Model to estimate the impact of self-employment on poverty reduction. It was found out that self-employment is a veritable strategy for poverty reduction in the economy of the State. The study also found out that while self-employment has significantly helped in poverty reduction, its impact has not been able to translate to the desired higher living standards as measured by specific socioeconomic variables that are expected to show higher living standards among households. It was also found that the growth of self-employment in the area is hampered by a number of factors including absence and poor electricity supply, poor patronage, multiple levies from the government, lack of funds, etc. The study therefore recommends amongst other things that government, NGOs or groups join hands in promoting the growth of self-employment via provision of electricity, encouraging the consumption of locally made products, granting soft loans with little or zero interest rate, for government to reduce the rate of levies imposed on them, etc. This will guarantee speedy alleviation of poverty in the State and Nigeria as a whole.

1.1 Introduction

The growth of entrepreneurship has risen in recent years primarily due to the relationship that exist between entrepreneurial activity and economic development. In the same vein, Baumol (1996) avers that entrepreneurial activity drives economic growth and job creation. New firms are thought to create new employment opportunities (Parker and Johnson, 1996; Ashcroft and Love, 1996). New firms are also thought to be involved significantly in innovative activities which are a key transmission mechanism between the creation of knowledge and economic growth (Audretsch, et al 2007). In addition, self-employment is an important occupational option for many in the labor force.

In this direction, Evans and Leighton, (1989) reports that self-employment accounts for approximately a tenth of all employed workers in United States. The perceived economic importance of entrepreneurial activity has thus spawned extensive research attempting to understand the characteristics of potential entrepreneurs, and the process of transition into entrepreneurship vis-à-vis reduction of poverty.

Self-employment is one of the most pronounced changes of economic growth throughout the world (Devine, 1994). In the United State of America, the proportion of the labor force reported as self-employed increased by 31 percent from 1975 to 1990, reversing what had been a long-term downward trend. In addition, there has been growing interest in “small business” as a source of economic growth in industrialized countries as well as interest in self-employment as a source of growth in less developed countries (House, 1993). Self-employment is also viewed by some as a vehicle to exit from poverty; and a viable alternative to unemployment for displaced workers (Balkin, 1989; US Department of Labor, 1992).

Consequently, several economies of the world, Nigeria inclusive have discovered the place of self-employment as a crucial way of curbing the crisis of unemployment and hence stimulating economic growth and development, the reason why a wide range of programs to support the course have been initiated.

Specifically, in Nigeria, every government embarks on one form of poverty reduction strategy or the other. However, the question that remained unanswered is the extent to which these programs have impacted on the targeted population. Recent studies on poverty reduction strategies and programs indicates that considerable gap exist between the target objective-self employment as a poverty reduction strategy. It seems that the efforts of various governments are ineffective and therefore not much has been achieved in the pursuit to maximally tap its benefits. For instance, the poverty reduction program, Poverty Alleviation Program (NAPEP); its impact does not seem to justify the huge financial allocation to it. Due to its minimal impacts on employment creation, poverty reduction and the growth of the national economy, many of the unemployed have no choice but to choose to self-employment opportunities in the informal sector of the economy. The informal sector has thus become a major provider of employment especially in developing and transitional economies (Khotkina, 2007). It is on this ground that this work seeks to examine the impact of self-employment as a poverty reduction strategy in Benue State, majoring the work on some selected firms in Obi, Makurdi and Katsina-Ala Local Government Areas of the State. In this direction, the study raises the following research questions.

1. What are the socio-economic characteristics of self-employees in Benue State?
2. How has self-employment impacted on poverty reduction in Benue State?
3. What are the challenges inhibiting self-employment potentials in the State?

The study shall investigate the null hypothesis that Self-employment does not reduce poverty.

The work is sub-divided into five sections; the introductory section, literature review section, the methodology of the study, data presentation and analysis, lastly, summary of major findings, recommendations and conclusion.

2.1 Conceptual Framework

2.1.1 Concept of Poverty

Poverty manifests itself in various form and context. It is induced by variety of causes and mechanisms. To adequately tackle the problem of poverty, a clear understanding of its causes and manifestations must be obtained.

In this sense, Olu and Ade (1999), describes poverty as a living condition in which an entity is faced with economic, social, political, cultural and environmental deprivation. This definition implies that poverty is a state of involuntary deprivation to which a person, household or nation can be subjected. This furthermore points to the fact that individuals and nations alike suffer poverty. Operating from the view point of Dike (2009), he viewed poverty in the following ways;

- i. Poverty as a result of lack of or impaired access to productive resources.
- ii. Poverty as lack of access to basic needs/goods.
- iii. Poverty as a result of exclusive mechanism.
- iv. Poverty as the outcome of inefficient use of common resources:

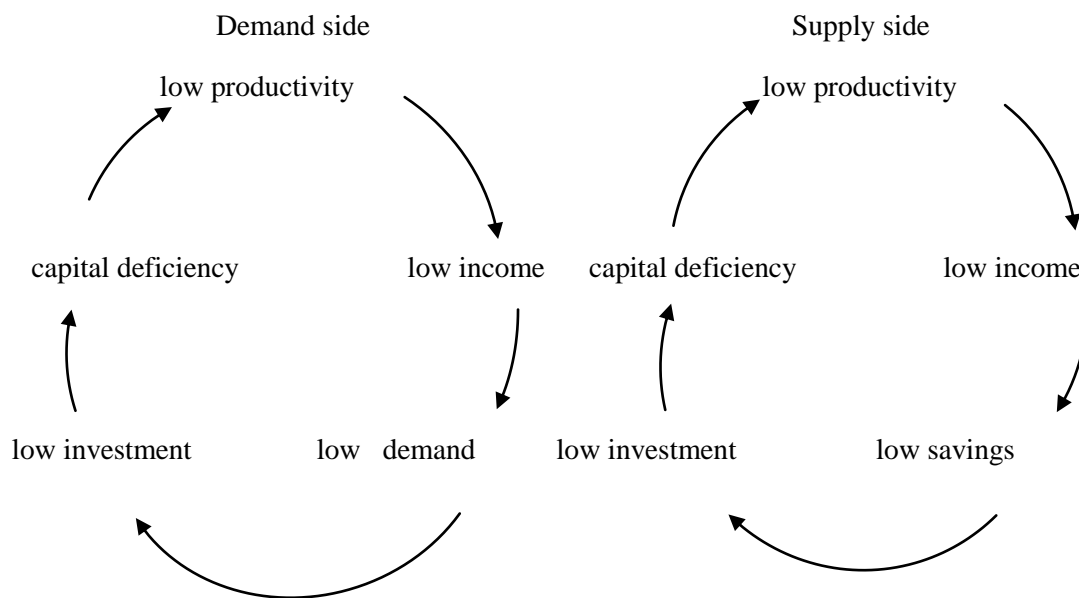
Dike's description of poverty still points to the fact that, the concept of poverty relates to inadequacy of life's necessities and other privileges that make substance comfortable.

2.1.2 Types of poverty

Balogun (1999) accepts Anyanwu (2004) characterization of the poverty in terms of degree and types. Accordingly, Onyeso (2004) sums the perceptions of poverty into two extremes: absolute and relative poverty. He sees absolute poverty as identified when the consumption of an individual or household is below minimum acceptable standard that is globally acceptable; as the situation in which a person lacks those basic things of life (necessities) such as shelter, food, to mention a few. On the other hand, he considers relative poverty as a situation where a person or household whose provision possession of goods is lower than that of other persons; it is a situation in which a person lacks the necessary resources to enable him participates in the normal and desirable pattern of life that exists within a given society as well as the time period.

Poverty is also classified as chronic or transitory (Anyanwu, 2004). He sees a chronically poor person as one who is poor throughout a sample period while poverty suffered only at sometimes is called transitory. Oladumni (2009) thus summarize poverty as not having enough to eat, lack of portable water, poor sanitation, mal-nutrition, squalor, high infant mortality rate, low life expectancy, poor environmental condition, low level of productive assets, capital deficiency, low income and demand as a result of vicious circle of poverty, general lack of economic and developmental infrastructure and inactive participation in decision making process, either as it affects the individual or national arena, be it management or political.

Equally, Nurkse (1953) avers that, Less Developed Countries (LDCs) are caught under this concept of vicious circle of poverty because they are capital deficient resulting in low productivity, low income, low demand, low investment and capital deficiency all on the demand side and supply side respectively. Below is the diagrammatical expression of vicious circle of poverty put forward by Nurkse,



According to Nurkse (1953), the reactions on both diagrams boils down to low capital formation in the Less Developed Countries (LDCs) which again has inhibiting tendency on the development and growth process in the underdeveloped countries like Nigeria.

2.1.3 Concept of self-employment

One of the pressing problems in the developing countries, Nigeria to be specific today stems from lack of employment (Hirschmen 1982 cited in Aayongo, 2009).

The term employment implies to have ones services rendered in other to be paid later on terms previously agreed upon by both parties. Self-employment on the other hand means to be both an employee and the employer of oneself; one renders and controls services (Aayongo, 2009).

In Nigeria, it is very imperative to know that most crucial challenges facing the economy today is the formulation and implementation of effective policy measure that will drastically reduce unemployment and poverty. Giving the grave implication of this phenomenon in an economy, it is apparently clear no country would allow this episode to uninterruptedly proceed without mitigation.

There is need for adequate training and skills development program in other to make workers employable and to earn reasonable income. The major policy test of labor surplus economy should be how to generate employment through self-employment. The literature on poverty reduction strongly suggests that the adoption of self-employment schemes has the advantage so significantly mitigating poverty. However not much attention has been paid to self-employment schemes despite the rising rate of unemployment and the poor state of public finance in Nigeria (CBN, 2010)

2.1.4 Concepts of Poverty Reduction

Basically, poverty be it at individual or national levels cannot be totally eradicated, rather it can be minimized because “poverty is demonstrated by our mental, physical, emotional, religious and cultural state of being” (Avenger, 2005). He thus describes poverty as a universal phenomenon. Since poverty can only be reduced or ameliorated, there is a room for well designed poverty reduction programs to address the root causes as well as the impact symptoms and manifestation of poverty.

Todaro (1982) and most recently the World Bank (2010) articulates two policy options for reducing poverty; policies affecting economic growth and demand for labor and policies affecting the accumulation and usual sustainability of assets. The work contends that policies affecting economic growth and demand for labor usually involves correcting factor price distortions which emanates from excise duties such as tariffs, taxes, subsidies, quantitative restrictions and price controls which are biased against rural poor, while employment and sustainability of assets are those designed to modify the side distribution of income such as, progressive taxes in favor of the poor to take advantage of economic opportunities.

Thirwall (1999) likened poverty reduction to sustainable (national) development because “development is not a cluster of benefits, which a needy country simply acquires, but it is an indigenous process that should rely primarily on the strength and resources of the country.

However, Illori (1999) argues that, although the level of poverty is a manifestation of the state of underdevelopment, the two are not synonymous, and so national development and poverty reduction cannot be equated. He avers that some developmental projects instead of being anti-poverty are heartily anti-poor.

The latter argument could win more argument in economic literature owing to the fact that any development projects should therefore, desirably aim at poverty reduction.

2.2 Theoretical Framework

This sub-section reflects on theories that attempt to explain some basic technicalities of poverty and apparent issues of employment in many nations. The first two dwell more on poverty while the remaining two attempts to explain employment.

2.2.1. Human development index approach

Due to the deficiencies in these various approaches, the United State adopts a universal rod known as the human development index (HDI). The HDI is an index for measuring development based on longevity, knowledge and standard of living. The averages taken on these measures are used to draw some estimates given as international bench marks. Any result below 0.5 is considered low in human development while results ranging between 0.50-0.79 and 0.80-1.0 are considered medium and high human development respectively.

This approach is heavily criticized due to its attempts to capture the complex realities about human welfare and deprivations in one simple number using the indicators that do not even sufficiently capture the total condition (Jhingan, 1997).

2.2.2 The Cultural Theory of Poverty

This theory is slightly more sophisticated version of the individualistic failing's theory. This time, it is not the individual that is to be blame but the individual culture. To this theory, cultural constraints such as beliefs, values, attitude and general pattern of behavior are what causes poverty or at least help to keep people in their poverty. Few example of these constraints include having negative view towards western education such as (Boko Haram) negative ideology against western knowledge due to beliefs, cultural values and beliefs that are anti-technological development, the same way farmers in the traditional sector are receptive to change in the modern system of farming which is mechanized farming, anti-social and anti-economic transformation.

2.2.3 The Classical Theory

This theory asserts that an economy will always be at full-employment state because the demand for labor will always equal to the supply of labor at the prevailing wage rate. If for any reason, there is an increase in labor supply, the money wage would fall and more workers will be employed and vice-versa. Thus, in the classical sense, there will be no involuntary employment. With the emergence of the great depression in the 1930's in the United States of America, characterized by wild spread of unemployment, the classical theory became suspected.

2.2.4 The Human Capital Development Theory

This theory was brought to the limelight by Ravillion, (1994). This theory is associated with a conscious and continuous process of acquiring and increasing the number of people with the requisite knowledge, educational skills and experience and political development of a country.

Human capital theorists have established that basic literacy enhances the productivity of workers, in low skilled occupations. The proponents, shuts, Becker and Mercer see human beings as the stock of economically productive human capabilities with investments in human beings (Babalola, 2000 in Ngutsav, 2005).

2.3 Literature Review

Poverty is a global phenomenon which threatens the survival of mankind. This informed the United Nations declarations of 1996 as the international year for eradication of poverty. The United Nations also set up various targets to be meeting internationally in the fight against poverty (Mnena, 2001 cited in CBN, 2003).

Although poverty is a worldwide phenomenon, Olayemi (1995) observes that Nigeria is one of the poorest countries in the world. The Federal Office of Statistics (2001) also reports that about 67% of Nigerians are living below the poverty line. Thus Ukpong (2009) articulates that the poor in Nigeria are

still widely considered worse-off as many indicators reflecting the ability to provide for physical subsistence for upliftment of human dignity are below expectation.

The World Bank poverty taskforce, as documented on its report on sub-Saharan Africa (which includes Nigeria) identifies the factors that are the root causes of poverty in the sub-region to include inadequate access to employment facilities, inadequate physical assets such as land and capital and minimal access by the poor to credit even on a small basis, inadequate access to markets where the poor can sell their goods and services, low endowment of human capital, destruction of natural resources leading to environmental degradation and reduce productivity, inadequate access to assistance for those living at the margin and those victimized by transitory poverty, and lack of participation, failure to draw the poor into the design of development programs (Olayemi, 1995).

Accordingly, Ukpong (1999) observes that Nigeria has a high population of poor people; incidences of poverty are yet more glaring among poorly educated rural and urban dwellers, illiterates, the aged women (especially widows, unmarried mothers). Data from Federal Office of Statistics (FOS) amplifies this view that poverty level among the rural dweller increased from 14.8 percent in 1985 to 15.8 percent in 1992. While the moderately poor decreased during the period, the percentage of the core poor in the urban centers increased from 7.5 in 1985 to 10.7 in 1992, while those in moderated poor bracket dropped from 30.3 percent in 1985 to 26.8 percent in 1992.

To further buttress this fact, the human development value for Nigeria was 0.400 and 0.394 in 1996 and 1997 respectively. This placed Nigeria with human development index ranking of 137 and 141 countries in those years respectively. The ranking placed Nigeria below the following Africa countries; Lesotho, Equatorial Guinea, Kenya, Cameroon, Ghana, Congo, Zimbabwe, Namibia (Oladumi, 1999).

The obvious deduction from the above scenario is that Nigerians in general, are becoming increasingly impoverished.

A summary of the Federal Office Of Statistics (FOS) as cited in Akiri (2005) ascribes that out of a total number of 1,100,000 graduates produced by about 149 tertiary institutions in 1996/1997 academic year, only a paltry number of 100,000 (10%) were able to served formal (gainful) employments, while the rest were left in the labor market either unemployed or underemployed.

Analysis by educational status suggests that the people who have been hit hard by unemployment have been mainly those without formal educational training and without qualified certificates; the numbers of Nigerians reported as “non-schooling” accounted for 22.6 and 65.4 percent of the unemployed in 1974 and 1976 respectively (CBN, 2003).

The incidence of underemployment or disguised unemployment has also been acknowledged as a serious constraint to economic progress. This constraint has contributed significantly to the widening gap between the reported and unemployment figure in Nigeria. In 1984 for example, 7.1 and 21.1 percent were recorded for the rural and urban areas respectively, rising to 11.2 and 28.7 percent respectively, in 1992 to 5.8 and 16.0 percent by 2000 (Ibid)

2.4.1 Poverty Incidence in Benue State.

YEAR	EXTREMELY POOR	MODERATE POOR	NON POOR
1980	1%	21%	77%

1985	14%	29%	57.5%
1992	15%	26%	59%
1996	25%	39%	59%
2000	22%	41%	62%
2003	20%	49%	51%
2005	21%	31%	49%
2007	13%	28%	58%
2009	9%	65%	26%
2011	6%	75%	19%

Source: BENSEED, 2011.

2.4.2 Effect of Poverty on Benue State Economy

The prevalence of poverty has serious devastating effects on Benue State both at the individuals and state levels. The lack of access to resources by individuals has led to a state of powerlessness, helplessness, despair and inability to subsist and protect oneself against economic shocks, social economic, cultural and political discrimination (BENSEEDS, 2005).

The poverty prevalent in the state has also generated ignorance and other negative development among indigenes; including wide spread of unemployment and high rate of people living with HIV/AIDS as a result of prostitution as an alternative to white collar-jobs; most recently, cultism and political thugry in which our bad political heavyweight used to disrupt the peace of our dear state (Benue). This is partly because most families cannot afford to train their children in school beyond primary school level, and civil service jobs on the other hand are not enough to cater for the surge population. Even those who are in active services at the local and state levels are not encouraged by the government of the day, as the executive governor of the State still embarks on salary/wage slices, this act of inhuman and wickedness is keeping this State in the state of limbo and waterloo. This then makes illiteracy, poverty and other inconveniences to prevail. The forgone incidence calls for a proactive strategy to tackle the poverty problem in the state.

To support the hypothesis that self-employment is a good vehicle for poverty reduction strategy, several studies have used a cross-sectional data and consequently argue that self-employment such as tailoring (fashion designing), industry or private companies, hotels, schools, small scale business, supermarket etc. has reduced poverty.

2.5 Theoretical link

The work is situated within the Cultural Theory of Poverty and the Human Capital Development Theory of Employment. On this note, the Cultural Theory of Poverty sees cultural beliefs and values as paramount to economic development while the human capital development theory of unemployment emphasizes on acquisition of enhanced employment potential as a way of reducing poverty. This is because, the theories makes strong case for self-employment as a poverty reduction strategy as they advocate for the adoption of such beliefs and values that promotes economic development; and to ensure conscious and continuous acquisition of requisite knowledge, educational skills, experience and political development which would make labor more productive.

These therefore suggests that labor put forth a fresh and positive attitude towards self-employment by acquiring more skills and withdrawing itself from the lingering culture of attaching undue affinity to beliefs and values that does not promote economic development.

3.0 METHODOLOGY

3.1 Area of Study

The study was carried out in Benue State. The state is made up of 23 local governments with three senatorial districts or zones. The primary occupation of the indigenes is farming. The predominant tribes are Tiv, Idoma and Igede. The state co-habits other tribes such as Hausa, Igbo, Fulani, Yoruba, Ijwa, among others.

3.2 Sampling Procedure

The study employed multi-stage sampling techniques. First, three Local Governments (Obi, Makurdi and Katsina-Ala), one from each of the three Senatorial District were purposively selected. The second stage involved random selection of 50 persons per Local Government Area making a total of 150 respondents.

5.3 Method of Data Analysis

The data collected for this study was analyzed using descriptive statistics percentages and tables. Logistic Regression model was used to estimate the factors that impacts poverty.

The general form of the logistic regression model adopted is;

$$\text{Ln}\left(\frac{P_i}{1-P_i}\right) = Z = \alpha + \beta \sum_{i=0}^n X_i + U_i$$

Where Z-denotes qualitative variable poor/non-poor in the study (meaning poverty not reduced/poverty reduced);

X_i -denotes the characteristic vector(s) of a respondent;

U_i -is the error term.

Ln= natural log of the dichotomous variable

$\left(\frac{P_i}{1-P_i}\right)$ = odds ratio

$\beta \sum_{i=0}^n X_i$ = summation of the variables with their corresponding parameters (β) to be estimated

The model is stated explicitly as;

$POVS = \beta_0 + \beta_1 AH_1 + \beta_2 BS_2 + \beta_3 HT_3 + \beta_4 AC_4 + \beta_5 SAGS_5 + \beta_6 LER_6 + \beta_7 DR_7 + \beta_8 NMPD_8 + U$

Where, POVS is dependent variable (poverty status), calculated as;

$POVS = \frac{\text{Average Annual Income of a household from tailoring service (s)}}{\text{Total Number of Days in a year (365 days)}}$

If the result is less than 1.5 dollars naira equivalent, it means the household is poor in which case we assign 1, and if the result is 1.5 dollars and above naira equivalent, it means the respondent is non-poor in which case we assign 0.

Note: 1.5 dollars naira equivalent will be assumed to be (N295.5) that is, \$1:N197

AH₁ = Access to improved Health/medical services (1 if a respondent visits maternity, clinic, specialist and general hospital, 0 if otherwise not)

BS₂ = Business Size in average number of clothes sewn per day

HT₃ = House Type (1 if zinc roof and cemented walls/floor, 0 if otherwise)

AC₄ = Access to Clothing (1 if at least one new cloth is purchased in a year, 0 if otherwise)

SAGS₅ = School Age children Going to School (1 if no school age child going to school, 0 if otherwise)

LER₆ = Level of Education of the Respondent (1 if a respondent attain at least secondary school, 0 if otherwise)

DR₇ = Dependency Ratio (number of persons a respondent sponsors in school or other forms of training)

NMPD₈ = Number of Meals taken Per Day (1 if three times meal a day, 0 if otherwise)

β_0 = Intercept of the model

$\beta_1 - \beta_8$ = Parameters

U = the error term.

3.8.1 A Priori Expectations

The a priori expectations about the coefficients of the variables are that $\beta_1, \beta_2, \beta_3, \beta_4, \beta_6,$ and β_8 should be negative reflecting an inverse relationship between benefiting from self-employment and the poverty status because they should reduce poverty; or put differently, their availability are likely to show that living standard is better/poverty is reduced, while β_5 and β_7 are expected to have positive sign because they have the potential to increase spending and reduce living standards. Put in another way, β_5 and β_7 being positive explains that there are more mouths to be catered for by the respondent and therefore will have adverse effect on his/her personal welfare.

4.1 Data Presentation and Analysis

Table 1: Distribution of questionnaires by Location

Locations	No. of questionnaires distributed	No. of questionnaires returned	Percentage returned
Obi	50	46	30.66%
Makurdi	50	47	31.33%
Katsina-Ala	50	45	30.00%
Total	150	138	91.99%

Source: Field Survey, 2016.

Table 1 shows that of the total 150 questionnaires administered, 138 of them denoting 91.99% were returned. This result shows that the questionnaires administered were adequately retrieved.

Table 2: Sex distribution of the respondents

Sex	No. of responses	Percentages
Male	52	37.68%
Female	86	62.32%

Total	138	100%
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Source: Field Survey, 2016.

Table 2 reveals that 52 respondents representing 37.68% of the total number of respondents are males while 86 respondents representing 62.32% are females indicating that more females are involved in the study than the male counterpart.

Table 5: Family size of the respondents

Family size	No. of responses	Percentages
0-4	76	55.07%
5 and above	62	48.93%
Total	138	100%

Source: Field Survey, 2016.

Table 5 reveals that 76 respondents denoting 55.07% of the total number of respondents fall within 0-4 family size bracket, while 62 respondents representing 48.93% constitute the 5 and above family size bracket of the total number of respondents. This implies that 0-4 family size constitutes the largest family size of the respondents, and that most respondents are from families that have members other than themselves.

Table 6: Educational status of the respondents

Educational Status	No. of responses	Percentages
Primary	33	23.91%
Secondary	38	27.54%
A' level	17	12.32%
No Formal Educational	18	13.04%
Others	32	23.19%
Total	138	100%

Source: Field Survey, 2016.

Table 6 unveils that 33 respondents representing 23.91% of the total number of respondents are primary school leavers, 38 denoting 27.54% are secondary school certificate holders, 17 respondents representing 12.32% are A' level certificate holders while 18 and 32 representing 13.04% and 23.19% of the total number of respondents are those with no formal education and others respectively. Those who fall within the status of others specified to have acquired some specialized training in areas like computer appreciation, apprenticeship skills in one of weaving and knitting, etc. This result means that larger

number of respondents is secondary school certificate holders. Also, on general note, implying that a very large number of respondents have at least one educational qualification or other.

Table 8: Distribution of Annual Income among Tailors in the previous twelve months

Range of Income	No. Of Respondents	Percentage
< 30,000	11	7.97%
30,000-59,999	53	38.41%
60,000 – 99,999	17	12.32%
100,000 – 120,000	48	34.78%
> 120,000	9	6.52%
Total	138	100

Source: *Field Survey, 2016.*

From the information in Table 8, we see that majority of the respondents (58.70%) earned incomes less than ₦100, 000 per annum, while 41.30% of the respondents earn above ₦100, 000 per annum. This would place most of the respondents live below N295.5 per day and the rest of them (41.30%) above it. The implication of these earned incomes is that while tailoring improved the income level of the respondents, it is yet to make a good number of them live above poverty line.

We must make a note at this point that though it may be possible to query the correctness of this information, since people are likely to give false information, in this sort of investigations, the researcher used average monthly revenue profiles (which are more likely to present truer pictures) as a control and the results were matched in about 60% of the cases.

Again, we sought to inquire, based on self perception, the respondents' opinion on whether they were poor or non- poor. Table 9 gives the summary of the responses.

A self assessment may or may not be correct but is an indicator of a person's self esteem and sense of achievement or success at a business venture. These perceptions are based on the ability to meet basic needs of feeding their families three times a day, sending children to good schools, accessing medical services when need arises, having a roof over their heads and decent clothes to wear among others.

Table 9: Self-Perception of Respondents on whether they are poor or non-poor

Perception	No. of responses	Percentages
Poor	92	66.67%
Non-Poor	46	33.33%
Total	138	100%

Source: *Field Survey, 2016.*

Among the respondents, 66.67% still consider themselves to be poor while 33.33% do not. Comparing this result with the results from the previous income analysis where about 60% are below and 40% above the poverty line, we see that the respondents feel worse than they actually are.

In reaction to why they think they are poor, among other things, they supplied the following responses; inability to feed as expected, inability to access necessary medical facilities, inability to pay and or promptly pay their children's school fees, inability to acquire quality personal clothes, inability to build personal apartment. A further inquiry on whether self-employment is a veritable tool for poverty reduction provides us with results presented in table 10 below.

Table 10: Presentation of Responses on whether self-employment is a veritable tool for poverty reduction or not

Options	No. of Responses	Percentages
Yes	94	68.12%
No	16	11.60%
Undecided	28	20.28%
Total	138	100%

Source: *Field Survey, 2016.*

Table 10 reveals that, 68.12% of the respondents believe that self-employment is a veritable tool for poverty reduction, while 11.60% and 20.28% do not believe and are undecided of the place of self-employment in poverty reduction respectively. The result unveils that self-employment is a veritable tool for poverty reduction.

4.2 Test of Hypothesis

The null hypothesis set in the introductory chapter was tested using the logistic regression analysis. The model set out to test whether the probability of being poor reduces with being self-employed, or put differently, whether self-employment has impacted significantly on poverty reduction. The results have been extracted from Appendix II and are presented in Table 11 below.

Table 11: Results of the Logistic Regression on the Model

Variables	Coefficient	SE	Sig	Exp (B)
Constant	3.876	1.586	0.014	48.249
AH ₁	-6.219	1.447	0.000	0.002
BS ₂	-0.732	0.399	0.037	0.481
HT ₃	0.877	0.663	0.186	2.403
AC ₄	-1.184	0.722	0.011	0.306
SAGS ₅	0.995	0.703	0.157	2.705
LER ₆	-3.760	1.100	0.001	0.023
DR ₇	1.583	0.906	0.080	4.871
NMPD ₈	-.832	0.661	0.208	0.435

Source: *Authors' computation using SPSS 20*

In addition to this table, the other results that the regression gave in describing the overall performance of the model are discussed (See Appendix II for details). The beginning Block 0 classification that shows the classification accuracy of our dependent variable within our sample's variability is 58.7% correct. The Wald statistic of 4.131 shows that the outcomes, poor and non poor in the beginning Block 0 are statistically different from each other, meaning that the number of people who are either poor or non poor within our sampling variability are not equal. The omnibus tests of model coefficients are set to test the hypothesis of whether there is at least some predictive capacity in the regression equation. With a chi square value of 117.845, which is statistically significant, we can feel confident that the model has something to say. More so, on the predictive capacity of the model, the test reports that the -2 Log likelihood which works like the chi square but is considered more accurate for a logistic regression read 69.268^a, and it rates the model's performance highly. The more conventional R², the Nagelkerke R square is 0.774 while the Cox and Snell R square give 0.574. Even though within the logistic set up, they are regarded as pseudo R squares, their values are usually good indicators. Measured on two different scales, the results imply that the explanatory power of the model lies between 57.4 to 77.4 percent. The Block 1 classification of the dependent variable from the sample on estimation increased from 58.7% to 88.4%, meaning that we have increased the classification accuracy of the model by about 30 percentage points.

From the results, the coefficients on AH₁, BS₂, SAGS₅, LER₆, and NMPD₈ have signs in accordance with the a priori expectation, while HT₃, AC₄, and DR₇ do not. Comparing beta coefficients with their standard errors, the coefficients on AH₁, BS₂, AC₄, and LER₆, are significant while the rest (HT₃, DR₇, SAGS₅ and NMPD₈) are not.

The coefficient on AH₁ is -6.219, which can be interpreted to mean that access to good medical services reduces the probability of being poor by about 621.9%. More importantly, inspecting the odds ratio, we see that access to good medical services will make an individual 0.002 times less likely to be poor. Of course, as popularly alluded to, health is wealth.

Examining the other variables in the equation, the coefficient (-0.732) of business size (BS₂) carrying a negative sign is explained in terms of the fact that, the larger the size of a household business in terms of the number of clothes sewn per day, the more likely his level of income and hence, the less likely to be poor. This will reduce the probability of being poor by 73.2%. Equally, the odds ratio explains that large business size is likely to make a household 0.481 times less poor. The unstandardised beta weight carrying a positive sign on SAGS₅ is an indication that households with school age children going to school are more likely to be poor as much of their limited income will be spent on the children's school fees and other requirements of their schools. In fact, inspecting the odds ratios shows that having school age children going to school makes one 2.705 times more likely to be poor, while having some educational qualification (LER₆) makes one 0.023 times less likely to be poor.

The beta weight on NMPD₈ (-0.832) confirms that healthy/good feeding is likely to reduce the household poverty level by 83.2%. The odds ratios on it (NMPD₈) buttresses that adequate feeding will make a household 0.435 times less likely to be poor. On the other hand, having access to new clothes (AC₄), good house type (HT₃) and having dependants (DR₇) defies our a priori expectation. This may not be unconnected with the fact that: for access to new clothes (AC₄), respondents spend their meager incomes on buying clothing materials to sew and cover their nakedness at the expense of other basic needs, and therefore negate the ideal impact of clothing on poverty reduction; for house type, some of these houses occupied by most respondents were rented apartment which are therefore costs (burden) to them; and for dependants, they probably make some little earnings and contribute to the welfare of the household.

When income is sufficient to provide better living conditions; feeding on balanced diet, having access to quality health services, and education, and clothing adequately, living in better and bigger houses with

more rooms, expansion of one's firm hence to employ the unemployed, etc, poverty is likely to be reduced. Self-employment is a way of acquiring income for livelihood. However, incomes are not an end in themselves and so until an income is sufficient to provide the basic goods, a person is still poor.

Conclusively, on this study, the evidence from this sample leads us to reject the null hypothesis and accept the alternative that self-employment significantly reduces the likelihood of being poor. In other words, self-employment has positively impacted on the reduction of poverty among the self-employed people significantly. The foregone discussion affirms that self-employment is instrumental to poverty reduction.

With respect to the challenges inhibiting self-employment potentials in the study area, the responses varyingly supplied and sieved include; lack of electricity and or erratic electricity supply, lack of sufficient funds to start and expand business, poor patronage of local products, high and multiple levies from the government and high PHCN tariff in the face of poor supply, current rise in cost of petrol etc. Of these responses which were common to a large number of respondents, electricity and rising petrol cost per litre issues rated most worrisome to the progress of tailoring potential (as it is generally a challenge to the growth of businesses) in the locality.

5. Major Findings and Conclusion

After having investigated the place of self-employment on poverty reduction, the study has found out that self-employment is a veritable tool for poverty reduction. The result of the logistic regression affirms that, self-employment contributes significantly to poverty reduction in Benue State. However, the impact has not been able to translate to the desired higher living standards as measured by specific socioeconomic variables that are expected to show higher living standards among households. The study equally revealed that lack of funds, absence and poor electricity supply, multiple levies from the government, poor demand for their products, among others are the major problems facing self-employment potential in the area.

In this sense, the study recommends some possible ways to mitigate the problems facing self-employment potentials in the area to include the need of government and Non Government Organizations (NGOs), groups and individuals to create awareness on the importance of self-employment, hence for people to venture into training for one and provide soft loans with little or zero interest; to encourage people on the need to patronized local made products (i.e promotion of made in Nigeria products); electrifying the areas yet to be electrified and ensuring regular power supply; for government to encourage them by reducing the rate of multiple levies imposed on them, etc.

In the face of dwindling in the oil prices and the consequent low allocation from the federation account, the need for diversification of the economy via promotion of self-employment vis-à-vis local production is paramount. There is therefore a dire and urgent need for government, policy makers, and private individuals to join hands in putting in place adequate measures that will facilitate the growth of businesses in the state, hence to alleviate the economy from its poor state.

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Appendix i

Instruction: please fill or tick where appropriate.

Section A

Respondent personal profile

1. Gender: **(a)** Male **(b)** Female
2. Age : (a) 15-24 years (b) 25-34 years (c) 35-45 (C) 45 and above
3. Marital Status: (a)Single (b) Married (c) separated (d) divorced (e) widowed
4. Educational status : (a) Primary (b) Secondary (c) A’ level (d) None (e) Others (please specify)-----
5. Number in household (a) non (b) 1-5 (c) 5 and above

Section B

1. Are you self-employed? (a) Yes (b) No (c) Undecided
2. Year in which the business venture was established_____
3. What is the nature of household headship?
 Male [], Female []
4. Please supply information to help us learn about your economic activities

Sources of income for the household you are part of	Weekly Estimate	Monthly Estimate
Income from the household head		
Income from other family members that contribute to sustaining the household		

Gifts from other family members, friends of the household		
Other sources (specify if possible)		

5. Nature of living house (a) thatch house (b) Tenement house (c) flat (d) Storey Building (e) others (specify)-----
6. How many children of school age are in your household?
6. The number of children of school age going to school is? <3 [], 3-5 [], >5[]
7. How close is the nearest health centre to you?
<30 mins [], >30 mins [], Estimate Mileage/Kilometre_____
8. Are you able to access medical services when you are in need of any? (a) Yes (b) NO
9. Do you think that you and your household are poor?
10. What is/ are the reasons for your answer in no. 9?
i-----ii-----

11. How much do you earn per day from your business? (a) Less than #300 (b) about 300-500 (c) 500-1000 (d) 1000-1500 (e) if not the above, specify.....
12. How many clothes are you able to acquire for yourself (personal use) in a year? (a) non (b) one (c) more than one
13. In your view, has your involvement in business improved your living standard? (a) Yes (b) No
14. If yes in 13 above, in what way(s)? (a) area of feeding (b) area of housing and accommodation (b) medical treatment (d) all of the above
15. How many meals do you take per day? (a) one time (b) two times (c) three times (d) others (specify)--

16. Who do you think is to blame for poverty? The poor for been lazy (b) the individual culture that keeps him in poverty (c) the government for failing in her responsibility.
17. Do you consider self employment as a veritable tool for poverty reduction? (a) yes (b) No (c) to some extend
18. How in your opinion can self-employment be made possible in your area to help reduced poverty in the area? (a) organize seminar/ workshop (b) supply necessary equipment (c) invite some expert to put them through (d) give appropriate loans (e) subsidizes machines and other related facilities (f) all of the above
19. What are the challenges inhibiting your business potentials in your locality? i-----
-----ii-----iii. -----

20. In what ways have you attempted to proffer solution to these challenges? i.-----
-----ii.-----iii.-----
-----23. Suggest a way you think Government can proffer solution to
these challenges i.-----ii.-----
-----iii.-----

APPENDIX II

Case Processing Summary

Unweighted Cases ^a		N	Percent
	Included in Analysis	138	100.0
Selected Cases	Missing Cases	0	.0
	Total	138	100.0
Unselected Cases		0	.0
Total		138	100.0

a. If weight is in effect, see classification table for the total number of cases.

Dependent Variable Encoding

Original Value	Internal Value
non poor	0
poor	1

Categorical Variables Codings

		Frequency	Parameter coding
			(1)
number of meals taken per day	less than 3 times	61	1.000
	eats 3 times per day	77	.000
respondent house type	if otherwise not	66	1.000
	if zinc roof and cemented	72	.000
access to clothing	if otherwise none	62	1.000
	if atleast a new cloth per year	76	.000
School age children going to	if non going to schoo	61	1.000

school	it atleast one school age going to school	77	.000
level of education of the respondent	if below secondary edu	55	1.000
	if atleast secondary school or equivalent	83	.000
level or number of dependants	if otherwise none	65	1.000
	if atleast one dependant does not	73	.000
access to health services	respondents visits medical centers	63	1.000
		75	.000

Block 0: Beginning Block

Classification Table^{a,b}

	Observed	Predicted		
		incidence of poverty		Percentage Correct
		non poor	poor	
Step 0	incidence of poverty non poor	81	0	100.0
	poor	57	0	.0
	Overall Percentage			58.7

a. Constant is included in the model.

b. The cut value is .500

Variables in the Equation

	B	S.E.	Wald	df	Sig.	Exp(B)
Step 0 Constant	-.351	.173	4.131	1	.042	.704

Variables not in the Equation

	Score	df	Sig.	
Step 0 Variables	AH(1)	75.424	1	.000
	HT(1)	.065	1	.798
	AC(1)	8.953	1	.003
	SAGS(1)	.078	1	.779
	LER(1)	53.519	1	.000
	DR(1)	.003	1	.958
	BS	12.072	1	.001
	NMPD(1)	21.102	1	.000
Overall Statistics	84.555	8	.000	

Block 1: Method = Enter

Omnibus Tests of Model Coefficients

	Chi-square	df	Sig.
Step	117.845	8	.000
Step 1 Block	117.845	8	.000
Model	117.845	8	.000

Model Summary

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	69.268 ^a	.574	.774

a. Estimation terminated at iteration number 7 because parameter estimates changed by less than .001.

Hosmer and Lemeshow Test

Step	Chi-square	Df	Sig.
1	3.198	8	.921

Contingency Table for Hosmer and Lemeshow Test

	incidence of poverty = non poor		incidence of poverty = poor		Total	
	Observed	Expected	Observed	Expected		
Step 1	1	14	13.996	0	.004	14
	2	14	13.985	0	.015	14
	3	14	13.951	0	.049	14
	4	14	13.782	0	.218	14
	5	12	12.195	2	1.805	14
	6	6	6.670	9	8.330	15
	7	5	3.206	9	10.794	14
	8	2	1.856	12	12.144	14
	9	0	1.020	14	12.980	14
	10	0	.339	11	10.661	11

Classification Table^a

	Observed	Predicted		
		incidence of poverty		Percentage Correct
		non poor	poor	
Step 1	incidence of poverty non poor	70	11	86.4
	incidence of poverty poor	5	52	91.2
	Overall Percentage			88.4

a. The cut value is .500

Variables in the Equation

	B	S.E.	Wald	df	Sig.	Exp(B)	95% C.I. for EXP(B)		
							Lower	Upper	
Step 1 ^a	AH(1)	-6.219	1.447	18.477	1	.000	.002	.000	.034
	HT(1)	.877	.663	1.748	1	.186	2.403	.655	8.818
	AC(1)	1.583	.906	3.056	1	.080	4.871	.825	28.748

SAGS(1)	.995	.703	2.006	1	.157	2.705	.682	10.720
LER(1)	-3.760	1.100	11.687	1	.001	.023	.003	.201
DR(1)	-1.184	.722	2.686	1	.101	.306	.074	1.261
BS	-.732	.399	3.365	1	.067	.481	.220	1.051
NMPD(1)	-.832	.661	1.584	1	.208	.435	.119	1.590
Constant	3.876	1.586	5.976	1	.014	48.249		

a. Variable(s) entered on step 1: AH, HT, AC, SAGS, LER, DR, BS, NMPD.