

## **The Impact of Rural Enterprise Development on Income and Employment Generation: The case of Rivers State, Nigeria.**

Wege Lenu<sup>1</sup>, Nwikiabeh Lekue<sup>2</sup>, Naenwi M-Epbari<sup>3</sup>, Zugbee, Sirah<sup>4</sup> ·

*1 & 2 (Department of Business Management and Finance Rivers State Polytechnic, Bori Rivers State, Nigeria).*

*2 & 3 (Department of Banking and Finance Rivers State Polytechnic, Bori Rivers State, Nigeria).*

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**Abstract:** *This study attempt to examine the impact of rural enterprise development on income and employment generation in Nigeria (with Rivers State as a case study). Using purposive sampling technique, 12 rural communities were selected from 6 Local Government Areas in the study area while 25 copies of the questionnaire were distributed from each of the 12 communities selected making it a total of 250 respondents. The descriptive method of data analysis was used in analyzing the primary data collected. Result from the study among other things shows that high level of illiteracy among respondents which has its impact on respondent effort to access finance with the attendant effect on rural enterprise. The five selected occupation areas of enterprise revealed were farming, crafts, trades, medicine, and production. The farmers were reported to have more challenge especially with funding, bad roads and cost of tools. Mechanization of agriculture has been discovered to help increase output and enhance the rural enterprise. The study therefore concludes that exploration and improvement of rural enterprises will bring about increased opportunities for employment creation and income generation among the rural populace in the study area.*

**Keywords:** *Enterprise development, economy, employment, income, impact.*

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### **I. Introduction**

Per capita income, life expectancy and GDP are factors that go together to prove the level of development of any country. To generate income, one needs to engage in an activity that will yield the income. One of such activities is employment in either public or private parastatal. Nigeria has been reported with low levels of per capita and life expectancy, which is obviously as a result of employment challenges facing the nation.

Many unemployed youths are everywhere both in the rural and urban areas, while many of the employed are under employed leading to low income even while they work. Thus, the issue of income and employment generation has attracted serious attention both at the government, private and research quarters; but how this is achieved according to [1] and [2] in relation to the population of the unemployed remains the greater challenge and the focus of the present study.

Nevertheless, unemployment is a serious challenge to the Nigerian government and its populace. Despite the many effort to address the issue, all effort yields little or no result, with the population of unemployed youths increasing as the years go by [3]. This has led researchers into looking for solutions at places that has not been much explored, one of which is the rural enterprise. All over the world the rural enterprise has attracted so much attention as many countries are exploring it to see how much developing it will help in solving the unemployment problem and alleviating poverty through income generation [4][5]. [5] reports that about 70% of Africa's poor live in the rural area, Nigeria inclusive. He furthered that 70% of the Nigerian people are found in the rural area. And these rural dwellers engage in many activities for survival, from production to services, agriculture to marketing. But the level at which these activities are done and the success recorded is an issue of consideration.

Many areas have been explored to tackle the problems of income and unemployment among the rural populace, yet the level of poverty and unemployment recorded in the rural areas is still high, the push of rural to urban centers by the youth and even older individuals still persist [6][7], then we can agree that much is yet to be done. As a possible alternative solution to the problems of income and employment generation, this research paper is looking at the impact of the rural enterprise on income and employment generation in Rivers State. Majorly, this paper shall be looking at the impact of rural enterprise development on income and employment generation in Nigeria. It shall consider specifically, policy issues on unemployment and employment generation, rural enterprise development in Nigeria and possible areas of investment opportunities in rural enterprise.

### **II. Challenges Of Rural Enterprise Development**

One common and already made answer an average Nigerian will give as to the challenges of rural enterprise development is 'corruption'. This appears to be the fact looking at the efforts that has been put in

place by different governments and even private and international bodies, at alleviating the plight of the rural populace. Yet the truth is that some other factors cannot be dismissed except proven unrelated. Some of these challenges as identified by researchers include:

### **2.1 Poor Planning, Implementation and Monitoring:**

Setting of objectives, identifying scopes and limitations, challenges and financial requirements are all planning factors that researchers have identified that has not always been covered by these programmes, for instance, the rural housing scheme by governor Peter Odili has been seen as a failure as reported by [7], because it failed to consider how much such project is needed in the area, and how much of the rural populace can afford the house.

Poor implementation and monitoring, when the policies establishing the programmes use wonderful terms and painted words, yet the implementation is left in the hands of selfish individuals with little or no understanding of how to execute the programme. They end up mismanaging the funds and delivering programmes and projects that do not stand the test of time. These programmes are rarely monitored or wrong reports are delivered yet on the tables of 'figure heads' who are not even ready to read them [8][9][7].

### **2.2 Access and Management of Funds:**

The rural enterprise has been identified to fail because they mostly lack access to funds [10]. [7] assert that the rural housing scheme in Rivers state for instance failed because of lack of funding. They furthered that since some of these programmes and projects are politically motivated, it can be embarked upon even when there is no sufficient fund for it which result in its abandonment especially at the expiration of the tenure of the initiator. This political undertone to these projects is what will as well lead to the mismanagement of funds even in the hands of the rural entrepreneurs. When the funds are delivered in the hands of political thugs who don't really have any entrepreneurial plan neither do they live in the rural areas, just as a compensation for political support, the result is mismanagement [11][12][9].

### **2.3 Infrastructural Development:**

The government has yet a lot to do in infrastructural development in the rural areas as some of these areas don't even have electricity power supply or good water. [13] argued that if the vision 2020 must be achieved, the government must work on the unsteady power supply especially faced in the rural areas. Apart from Power and Water, Roads, Information and Communication Technologies (ICT) are other necessary infrastructures that have been identified as hindrances to the development of rural enterprise in Nigeria and Rivers state in particular [14][15][16].

### **2.4 Corruption:**

This is another serious challenge to the rural enterprise development which comes in different ways that will not be exhausted here. Some urban dwellers can hijack the funds meant for rural entrepreneurs just because they have access to the information and connections with those who disburse the fund. Moreover, the contractors handling some rural projects may have performed badly and in order to cover up for their low standard of work will result to influence the monitors sent to inspect their projects [7].

## **III. Methodology**

The study uses both primary and secondary data gathered from respondents and official statistics respectively. The research was carried out in the rural areas of the wet land Niger Delta – Rivers State Nigeria. Rivers State is one of the 36 states of Nigeria, with 23 Local Government Areas (L.G.As.) most of which are rural. The study purposively selected one L.G.A. from each of six (6) clusters (Ogoni, Ogba, Etche, Kalabari, Ikwere and Igbani), based mainly on rural features. From the selected L.G.As, two (2) communities were systematically selected to make a total of twelve (12) communities. Using the snowball sampling, twenty five (25) copies of questionnaires were distributed in each of the communities selected in the following order: 5 to each of farmers, craftsmen/women, traders, medicine practitioners and producers. The choice of the snowball method was as a result of no recorded report of how to locate those engaged in each of the enterprise listed; so the need for direction from any of them gotten was considered necessary. This led to the distribution of 250 copies of questionnaire to respondents through the help of trained research assistants. The descriptive method of data analysis was used in analyzing the primary data collected.

## **IV. Data Analysis And Discussion**

Out of the 250 questionnaires served, 233 were found useful and therefore the data collected from their responses were analysed as follows:

**Table 1: Socio-economic characteristics of the Respondents**

CHARACTERISTICS	NO. OF RESPONDENTS	PERCENTAGE
<b>GENDER</b>		
Male	104	44.6
Female	129	55.4
<b>AGE</b>		
Below 15	3	1.3
15 – 34	104	44.6
35 – 54	98	42.1
55 – 74	21	9.0
75 and above	7	3.0
<b>MARITAL STATUS</b>		
Single	98	42.0
Married	128	54.9
Widowed	7	3.0
None	-	0
<b>FAMILY SIZE</b>		
1 – 5	90	38.6
6 – 10	109	46.8
11 and above	32	13.7
None	2	0.9
<b>EDUCATION LEVEL</b>		
Primary	89	38.2
Secondary	94	40.3
Tertiary	30	12.8
None	20	8.5

Source: Fieldwork, 2015.

Table 1 shows the socio-economic characteristics of the respondents. The table shows that more females were involved in the study with 55.4% compared to 44.6% of their male counterpart. More of the respondents were in the age bracket 15-54 with 44.6% followed by those in age bracket 35-54 with 42.1%, this is probably because this is the active age bracket and since the sampling method used in selecting them was purposive using their occupation, it follows that only those who had one occupation or the other was selected. We had more married people among the respondents 54.9% followed by the single with 42.0%. Those with family size of 6-10 were more with 46.8% followed by those of 1-5 with 38.6%. There were more secondary school leavers with 40.3% followed by primary school leavers who had 38.2% we had only 12.8% of the respondents who went through the tertiary institution, may be because others are gone to the urban centers in search of white collar jobs. We still had 8.5% who indicated no education qualifications, indicating they might not have gone through any type of formal education. This goes to say that more should be done in fighting illiteracy which definitely will have its own impact in limiting government's effort in developing rural enterprise.

**Table 2: Showing selected types of occupation, distribution with income level and employment status.**

Types of occupation	No of respondents	%	Average income per annum (in million naira)	%
<b>Farmers</b>	92	39.5	1.260,000	13.5
Employers	74		1.368,000	
Employees	18		0.350,000	
<b>Craftsmen/Women</b>	25	10.7	1.940,000	20.7
Employers	11		1.145,000	
Employees	14		0.892,000	
<b>Traders</b>	81	34.8	2.100,000	22.5
Employers	70		2.120,000	
Employees	11		0.250,000	
<b>Medicine Practitioners</b>	12	5.2	2.160,000	23.1
Employers	7		2.104,000	
Employees	5		1.304,000	
<b>Producers</b>	23	9.9	1.890,000	20.2
Employers	12		1.830,000	
Employees	11		1.103,000	

Source: Fieldwork, 2015.

Table 2 shows the distribution of the selected types of occupation among the respondents, together with the number of employers and employees, as well as the income per annum of respondents in each of these occupation groups. The table shows that most of the respondents are farmers with 39.5% followed by traders and craftsmen/women with 34.8 and 10.7% respectively. The table also shows that the farmers employ more labour followed by craftsmen and women. This may be as a result of the fact that farmers use their family

members as labour, and these family members don't really see themselves as owners but employees while the craftsmen/women engage apprentices mostly as labour. The medicine practitioners which included both orthodox and trade medicine, were not much consisting only 5.2% probably because of the special training or skill required which could not be attained by majority. Yet, in comparison with the number of respondents in this group and other groups, one could say they employ more; which is to say that if explored and exploited, it could generate more employment opportunities.

On the income level, it was discovered that the medicine practitioners earned more with 23.1% which may be as a result of less competition and the nature of their profession which have to do with human life. This is closely followed by traders and craftsmen/women with 22.5 and 20.7% respectively. The farmers have the lowest level of income with 13.5% which may be as a result of non-mechanized farming practiced in these areas as well as little or no record keeping which makes the farmers not really know their actual income per annum.

**Table 3: Perceived challenges to rural enterprise**

Challenges \ Occupation	lack of funds	bad road	cost of tools/ equipment	level of education	low product demand
Farmers	220	217	211	76	34
Craftsmen/women	98	206	230	103	97
Traders	206	229	34	45	78
Medicine practitioners	219	198	206	198	23
Producers	189	197	223	198	65

Source: Fieldwork, 2015.

Table 3 shows the response to some perceived challenges to rural enterprise development in Rivers State. The five selected occupation areas of enterprise are farming, crafts, trades, medicine, and production. The farmers are reported to have more challenge especially with funding, bad roads and cost of tools. Mechanization of agriculture has been discovered to help increase output. But farmers in these rural areas may not afford most of these machines as they reported. When they harvest their products, taking it to the market becomes a challenge because of bad roads, they end up paying higher transport fare than normal. 230 of the respondents responded positive to the cost of tools and equipments being the challenge of craftsmen/women, bad road is also their challenge, as well as level of education. The traders are reported to be challenged by lack of funds and bad roads. Transportation is one of the major requirements of trading since goods must be transported from one location to the other for sales; therefore bad road affects them badly. The medicine practitioners are reported to face much challenge with cost of equipments in addition to lack of funds. The producers have challenges with cost of equipment and level of education.

## V. Conclusion

Rural enterprise is tool for improving undeveloped economies, hence, international and national bodies, agencies of development as well as non-governmental organizations should plunged deeply into rural enterprise programmes and projects. Any country that is yet to join in the enforcement of rural enterprise plans and formulation is yet to join in the economic development move. This is due largely to the fact that the exploration of rural population and resources will enable the attainment of an improved economy and development.

Rural enterprise, being the mainstay of the rural populace therefore, needs as much attention as it could get. This study has discovered that in the study area, they are rural enterprises (farming, trading, crafts, medicine, and production), and this enterprises have some level of income that accrues to them and this shows that concerted effort to improve on them, will enhance the livelihood of the study area. It is therefore our submission that income and employment generation will no longer be an issue in the study area if rural enterprise is developed. Hence, more opportunities will be created and income generation and employment opportunities will improve significantly.

## VI. Recommendations

Considering the fact that a great part of the people living in the rural areas are poor, yet have potentials that can make the nation grow economically. These people lack information and support that can take them to the level of putting these potential to use. The development of the rural enterprise is the means through which this can be achieved. Therefore from the findings, this study recommends as follows:

1. There is the need for an environment that favours investment in the rural areas. Microfinance services should be encouraged at the rural areas, and some subsidy granted to investors who are interested in the rural enterprise.
2. Infrastructural development should be encouraged at the rural level. The government should build more long lasting roads that connect communities, rural areas to urban towns.
3. There is need to create initiatives that will help develop the business skills of the rural people, connecting them to markets and market information which will help them tailor their production towards meeting the market demands.
4. The government can work with the microfinance sub sector and give grants to farmers, traders, craftsmen/women, producers etc. This scheme should be made exclusive to rural enterprise.
5. Education is necessary for whatever venture anybody intends to go into. Therefore, education should be encouraged not only for the young ones, but adult education should be made easy, interesting and affordable so as to encourage the rural entrepreneurs to see the need why they should acquire education.

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