

## **Bus Rapid Transit and Socioeconomic Condition of Bus Commuters in Lagos State**

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**Abstract:** Road transport is one of the most common means of transportation across the world. Bus transportation in Nigeria had witnessed many problems for the past decades considering the growing population with the attendant loss of lives and properties in most cities like Lagos in Nigeria. This paper focuses on the adequacy of services provided by Bus Rapid Transit (BRT) in Lagos State with respect to the extent to which it influences the socioeconomic conditions of bus commuters. It examines the effect of services rendered by BRT on cost reduction potential, income and safety. Multistage sampling technique was used to select 20 samples each from all respondents in all local government area in Lagos State to reach a total of three hundred and thirty (330) samples. The data collection instrument was the questionnaire which was validated. Data collected were analysed with the use of descriptive statistics such as means, percentages and standard deviation and inferential statistics such as regression and analysis of variance techniques. Findings showed that BRT services has reduced the cost of bus commuters and also increased safety and security thereby increasing the socioeconomic condition of Lagosians. The study recommends improvements in BRT services through the deployment of technology as it had been used in developed countries.

**Keywords:** Bus-Rapid Transit (BRT); Socio-economic; Mobility; Congestion; Safety and Security; Service Quality

**JEL Classification:** F00

### **1. Introduction**

Mobility is crucial to functionality of cities as it affects their socio-economic activities (Aworemi, Abdul-Azeez, Oyedokun & Adewoye, 2009; Raji & Waziri 2008). It is also a fact that the economic development of a nation is closely linked

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to its transport system. One of the hindrances to effective mobility is road traffic congestion, which according to Sanders (2015) has cost associated with 87606 crashes in work zones, 1200 deaths, 37476 injuries, 482 million hours lost in driver delays and 6.5 billion dollars lost time (Olagunju, 2015). In Lagos State mobility issues associated with congestion has been estimated to have drained 40% of the income of bus commuters (Mobereola, 2012). Traffic cost consumed 37 billion shillings annually in Nairobi city and about 570000 dollars daily (This is Africa, 2014; McGregor & Malingha, 2014). More so, congestion has cost Cairo, Egypt up to 8 billion dollars (World Bank, 2010; Olagunju, 2015).

Increasing urbanization, human activities and the resultant heavy dependence on road transportation warrants increase in the number of vehicles, of different categories, on the road, hence congestion. (Aworemi et al., 2009; Raji & Waziri 2008). More so, other factors that constituted to the difficulty of movements on major roads has been attributed to obstructions such as traffic crashes, broken down vehicles or certain land use activities located along these corridors, or sheer traffic volume exceeding the road network capacity during festive seasons and some other major activities (Raji & Waziri, 2008).

Over the years, Lagos has witnessed rising transport demand and road traffic which have led to increased congestion and delays (go-slow) occasioned by greater access to cars (as purchasing power of the middle-income classes has risen), access to credit, population growth and large supply of used cars; as well as poor quality of driving especially by those who drive commercial vehicles or transit vehicles. Traffic congestion in Lagos State affects both private car owners and public transport users and produces losses in terms of economic efficiency and other negative social effects like road accidents (Aworemi et al., 2009; Raji & Waziri 2008; Economic Intelligence Unit Ministry of Economic Planning and Budget, 2013).

A state agency responsible for traffic matters, traffic lights at certain junctions, road expansion, and alternative route creation are parts of government efforts to mitigate the effects of traffic congestion within all routes in the state. Other measures by the Lagos state government include the Bus Rapid Transit (BRT) initiative, the rail lines project and the introduction of a traffic radio to alert Lagosians on traffic issues (Aworemi et al, 2009; 2013).

The study focused on the Bus Rapid Transit (BRT) initiative, amongst efforts taken by the government of Lagos state. This is because road transport is the most common mode of transportation used by Lagosians on one hand; it is also the government's objective to solve the problems associated with immobility through the initiative on the other hand. Thus, according to Mobereola (2009) is possible to provide efficient service at low cost, high frequency, high speed, high occupation, high safety, and low emissions; provide adequate institutional and regulatory

framework; ensure significant socioeconomic benefits most especially for the low-income population; ensure maximum private expenditures and liability; enable minimum public expenditures and liability, and also ensure adequate mitigation of environmental and social impacts through the BRT system.

Adebambo & Adebayo (2009) state that a significant advantage of BRT over regular bus service is that BRT vehicles can carry more passengers than an ordinary bus and the marketing campaign for BRT has helped it to detach itself from the common stigmatism of old buses, and is beginning to pay-off with increases in ridership in Lagos Metropolis. However, the extent to which this has affected the socio-economic condition of Lagosians is still questionable because research has shown that issues of traffic congestion and inappropriate transportation management had socio-economic costs in Lagos (Economic Intelligence Unit Ministry of Economic Planning and Budget, 2013). Some of the socio-economic costs according to the study were: excess time delay to automobile users, excess time delay transit to public and private users, increased vehicle operating costs, excess accident externality costs, and excess vehicle emissions externality costs.

According to Adebisi (2011), traffic congestion in Lagos is caused partly by road users as they are known to be very impatient and lawless at obeying traffic rules. Very often huge traffic jams develop simply because a driver refuses to give way to another motorist. Additionally, most drivers do not acknowledge road signs because many do not know the meaning of different road signs like “U-Turn”, “One Way”, “Zebra Crossing” and so on (Economic Intelligence Unit Ministry of Economic Planning and Budget, 2013).

Road traffic congestion remains a global phenomenon that bedevils the cities of the world especially developing countries such as Lagos state, resulting in massive delay, unpredicted travel times, increased fuel consumption, man-hour and monetary loss (Olagunju, 2015; Ukpata & Etika, 2012). Moreover, record has shown that the government has made attempt in the past to approach this problem. Amongst these was the introduction of a Bus Rapid Transit (BRT) system (Olagunju, 2015).

The objective of the schemes is to relieve congestion, enhance mobility, and improve the environment especially with regard to air pollution in the Lagos metropolis (Kolawole, 2010). Other goal of Lagos state BRT tend towards developing a BRT system with the following characteristics: efficient service at low cost, high frequency, high speed, high occupation, high safety, and low emissions. Others are to provide; adequate institutional and regulatory framework, that has significant socioeconomic benefits especially for the low-income population (Mobereola, 2009).

However, the extent to which this initiative has affected the socioeconomic wellbeing of Lagosians such as safety, security, people mobility, income, wealth, cost reduction and business activities as a whole is questionable in such a time the cost of living is high in Lagos and in Nigeria as a whole owing to inflation and other macro-economic problems. Thus, this study examines the extent to which the BRT scheme has been able to impact on the socio-economic conditions of commuters of BRT in Lagos. It is expected that there should be a long lasting solution to traffic situation in Lagos and it should be under control especially because of its status as an evolving mega city. Ascertaining the efficacy of the existing BRT service is necessary and has strategic impacts on the citizens. Doing this in this study would provide more insights on critical areas of the services that need improvements, and aspects that should be abolished. This has strategic importance such as aligning the nature of the services with current population and projected rise on one hand, and looking into possible socioeconomic problems that might hold down opportunities for the state.

This study is important as it provides information that has positive socioeconomic implications in Lagos state. It is an attempt taken to examine how veritable services rendered by BRT have positively influence Lagosians. It reveals the extent to which BRT scheme introduced by the government on November 2007, through the Bola Ahmed Tinubu administration (Ehidiamen, 2015); has achieved its socioeconomic objectives in terms of cost reduction, income enhancement, security and safety, reduced congestion and facilitated mobility in Lagos.

### **Research Hypotheses**

The following are the null research hypotheses raised for the study:

Ho<sub>1</sub>: Safety and Security of Bus Commuters in Lagos is not significantly cushioned by the BRT Services in Lagos State;

Ho<sub>2</sub>: Mobility of Bus Commuters in Lagos is not significantly enhanced by the BRT Services in Lagos State;

Ho<sub>3</sub>: Perception of BRT Service Quality does differ significantly among income levels of Bus Commuters in Lagos State.

## **2. Literature Review**

This section describes the BRT scheme in terms of the requirements that makes up an appropriate and a more standardized BRT. Attempt was also made in this section to review various empirical perspectives as regards the socio-economic impacts of BRT. Theoretical justification of the BRT socioeconomic impacts was also explained.

**Bus Rapid Transit**

Bus Rapid Transit system is a mode of public transit in Lagos State in which its emergence or aim is to provides a unique opportunity to a changed negative perceptions regarding the traditional public transit in Lagos state (Adebambo & Adebayo, 2009). According to Mobereola (2009) the idea of BRT system was the subject of an open discussion with the BRT Steering Committee, chaired by the Commissioner for Transport, Mr. Muiz Banire, and composed of key stakeholders. The BRT initiative was established after feasibility study undertaken by the Integrated Transport Planning Limited (Mobereola, 2009). The study, which encompassed infrastructure, operations, and regulatory and institutional reform, was launched with the goal of developing a BRT system with the following characteristics such as efficient service (low cost, high frequency, high speed, high occupation, high safety, and low emissions), adequate institutional and regulatory framework and significant socioeconomic benefits. The BRT idea was assumed to be a flexible one, implying a systems-based approach to public transport, but defined by local user needs, context, and deliverability (Mobereola, 2009).

BRT combines the flexibility and low cost of bus service with the comfort, efficiency, cost-effectiveness and versatility of rail transportation system. The flexibility derives from the fact that BRT vehicles (e.g., buses, specialized BRT vehicles) can travel anywhere, where there is pavement and the fact that BRT basic service unit, a single vehicle, is relatively small compared to rail based rapid transit modes. BRT can operate with exclusive rights of way, quieter and cleaner vehicles, and rapid off-board fare collection, correct and attractive infrastructure and short dwell times. It is a hybrid transit service falling between traditional rail and bus modes. Any BRT have the following characteristics such as exclusive right of way, rapid boarding and alighting, clean, secure, and comfortable stations and terminals, fast and efficient fare collection, collection at stations or on board vehicles, effective regulations for bus operators, use of Intelligent Transportation Systems (ITS) transit priority at signalized intersections, integration with other modes of transportation and good customer service (Kolluru & Jain, 2015).

BRT provides higher quality services than traditional urban bus operations because of reduced travel and waiting times, increased service reliability, improved user experience as well as its contribution to an urban transport transformation. A good BRT system works well when it is integrated with other transport systems and an efficient “Park and Ride” facility which can compensate the feeder service, enabling people to use their private vehicles till the corridor (Kolluru & Jain, 2015). Lack of adequate junction capacity creates a bottleneck and a successful system requires some special measures like restricting certain movements of traffic at junctions, development of an intelligent signalling system to provide priority to buses. In addition, absence of adequate pedestrian crossing facilities fails to meet the safety of pedestrian (Kolluru & Jain, 2015).

### **BRT and Socio-Economic Condition of Bus Commuters**

Socio-economic condition can be described as the state or nature citizens of livelihood of a particular state. It is a measure of changes in social and economic conditions in a given society. Various policies made by the government of a nation are directed at improving socio-economic conditions of citizens. That is why the effectiveness of these policies is measured by changes in socio-economic conditions that occur with its implementation.

Adebiyi (2011) identified the major factor that has socio-economic effect on bus commuters in Lagos as congestion. The effects of congestion are in many fold; some directly affect the drivers' sense of wellbeing, be it times wasted sitting in a traffic queue and the changes in the behaviour of drivers. Such behaviour might include rude gestures, verbal insults, deliberately driving in an unsafe or threatening manner, or making threats. This can further lead to altercations, assaults, and collisions which result in injuries and even deaths (Adebiyi, 2011).

Greater Toronto Transport Authority (2008) categorised the costs of traffic congestion into five major clusters as excess time delay to automobile users, excess time delay transit to public and private users, increased vehicle operating costs, excess accident externality costs and excess vehicle externality cost. Costs of congestion result in a higher cost of business activity due to the direct increase in transportation costs; the adverse impact on the labour market, as higher commuting costs are manifested in higher wages and decreased demand for labour, which leads to a suboptimal allocation of labour resources. The end result is that overall economic output (measured by GDP) will be below the level that exists in the absence of congestion (Greater Toronto Transport Authority, 2008). Other effects include missed appointments, higher fuel bill, decreased productivity, and high degree of stress and so on (Economic Intelligence Unit Ministry of Economic Planning and Budget, 2013).

Asia LED Partnership Workshop (2014) in their reports states that socio-economic impact of BRT system by improving quality of life and the environment at the same time. Passenger travel times are reduced by moving BRT buses out of mixed traffic and into exclusive, segregated lanes. Effective traffic signal management and high-frequency bus service can help to minimize passenger waiting and transit times. BRT systems reduce Greenhouse Gas (GHG) emissions by reducing vehicle-kilometres travelled and replacing older technology and smaller vehicles with newer, cleaner, high-capacity BRT buses. More so, through higher quality of management, BRT systems take road safety issues into account such as providing pedestrian crossing, which help reduce the reduce the rate of road fatalities.

Thus, this study is justified by socio-economic theory which emphasizes how economic activity is affected and is shaped by social processes. In general, it analysed how societies progress, stagnate, or regress because of their local or

regional economy, or the global economy. It is concerned about the interaction of social and economic factors. The underpinning of the theory is on socio-economic development through improvement in socio-economic variables like social status, income, standard of living amongst others. Thus, the establishment of BRT was an attempt by Lagos state government to improve the socio-economic condition of Lagosians.

### **Factors Affecting Bus Rapid Transit**

Adebambo & Adebayo (2009) examine the impact of Bus Rapid Transit System on passengers' satisfaction in Lagos metropolis. Data was collected through the use of questionnaire which was administered using simple random sampling technique. Findings revealed that less than average of the passengers were satisfied with the BRT system while some were fully dissatisfied. The paper concluded that BRT can be a practical and technical alternative to highway reconstruction.

Similarly, Kolawole (2010) evaluates the impact of BRT in urban intra-city passenger movement in Lagos state. The study examines urban transportation situation in Nigeria with reference to Lagos state BRT within the two years of intensive operation along designated traffic corridors. It also examined the overall contribution of the Bus Rapid Transit in providing a lasting solution to problems of urban passenger operation in Lagos state coupled with an evaluation of its social and economic impact. The research was able to establish the rate of accident among the BRT buses to be infinitesimally low while the rate of susceptibility of BRT passengers to road traffic accident was equally low. Both were 0.000008 and 0.000006 respectively. The study further revealed that an annual average of 0.6 km mileage per passenger based on the level of BRT bus operation along the exiting traffic corridors.

Okuagbe, Adamu, Iyase & Owokolo (2015) examine the challenges faced by commuters using Bus Rapid Transit in Lagos. According to the observation from the survey, there are no much sex differences in the distribution of challenges faced by commuters using BRT. Result from the survey showed that the commuters' satisfaction in patronizing the BRT are mostly affected by security of the buses, reduced commuting time, attitude of the staff, the attitude as seen in the behaviour of the drivers, the prices charged as it affect the income of the commuters, and the present available routes. More so, adequate security at the buses and bus stops, availability of more buses, downward review of the prices charged and increase in the available routes are some recommendations that can help to address the challenges faced by commuters using BRT especially as means of conveying them to their workplaces (Okuagbe et al., 2015).

### 3. Research Methodology

The study adopts cross-sectional research design using quantitative research approach. Thus the population of study consist of commuters who boards BRT in Lagos state. The population of Lagos state is over nine million residents scattered in 20 Local Government Areas (LGAs). With the use of multistage sampling techniques a total of three hundred 330 bus commutes were selected from the population. The choice of 330 respondents for this study enabled the researcher to reach various local government areas, although not all levels, for the study as equal number of respondents were examined across all the various LGAs selected at random in order to ensure representativeness. About 10 LGAs were selected out of the 20 LGAs in Lagos state. More so, from the 10 LGAs at least 5 in different areas BRT bus-stops were considered for the survey. Simple random method was used in making selections from the various stages of the multi-stage sampling process. This method was used to pick the LGAs under the state level, the levels under the selected LGAs, and the respondents within the levels.

**Table 1. Multistage Sampling of Local Government Areas in Lagos State**

Selected LGAs in Lagos State	Area Selection In LGAs	Selected Location					Total
		A	B	C	D	E	
Mushin							
Oshod-IIsolo	Oshod-iIsolo	6	9	5	9	4	33
Ojo							
Ikorodu	Ikorodu	7	4	5	11	6	33
Surulere							
Agege	Agege	13	5	5	7	3	33
Ifako-Ijaiye							
Shomolu	Shomolu	10	8	5	4	6	33
Ikeja							
Apapa	Apapa	11	7	4	5	6	33
Lagos Island							
Kosofe	Kosofe	8	5	5	3	11	33
Epe							
Ajeromi-Ifelodun	Ajeromi-Ifelodun	7	11	6	5	4	33
Eti-Osa							
Ibeju-Lekki	Lekki	12	5	2	8	7	33
Lagos Mainland							
Amuwo-Odofin	Amuwo-Odofin	4	10	5	7	7	33
Alimosho							
Badagry	Badagry	9	5	8	7	4	33
TOTAL		87	69	50	66	58	330

*Source: Field Survey, 2017*



From Table 3.1. above, the multi stage sampling techniques was used to randomly select equal respondents who were bus commuters from the (15) local government to reach selected samples of three hundred and thirty (330) bus commuters in the state.

A closed ended questionnaire was designed and measured on a five point Likert’s Scale. Another psychometric tests carried out was the reliability. The result from the pilot test conducted showed a reliability result of 0.711 for the overall construct which implies high internal consistency, using Cronbach alpha. Descriptive statistics such as percentage tables were used to present the data, while inferential method such as Regression and Correlation test were used to test the hypotheses.

#### 4. Presentation and Analysis of Data

This section is the presentation and analysis of data collected during the study. In the analyses, variables described were BRT services adequacy and this was measured with proxies such as service quality, system performance and the deployment of technology. Also, the socio-economic impacts of BRT were assessed through its enhancement of mobility; cost reduction, safety/security. Furthermore, inferences were made through the assessment of the amount of relationships between BRT services and socio economic condition according to the study objectives. These are shown below.

##### Description of BRT Service Adequacy

**Table 2. Commuters Perception of Adequacy of BRT Services**

	N	Sum	Percentage (%)	Rank	Mean	Std. Deviation
BRT Service Quality	330	1203	52.4	1 <sup>st</sup>	3.65	.807
BRT System Performance	330	1305	35.1	2 <sup>nd</sup>	3.96	.720
Deployment of Technology in BRT	330	1205	12.5	3 <sup>rd</sup>	3.65	.897
Valid N (listwise)	330		100			
Total		3710				

*Source: Field Survey, 2017*

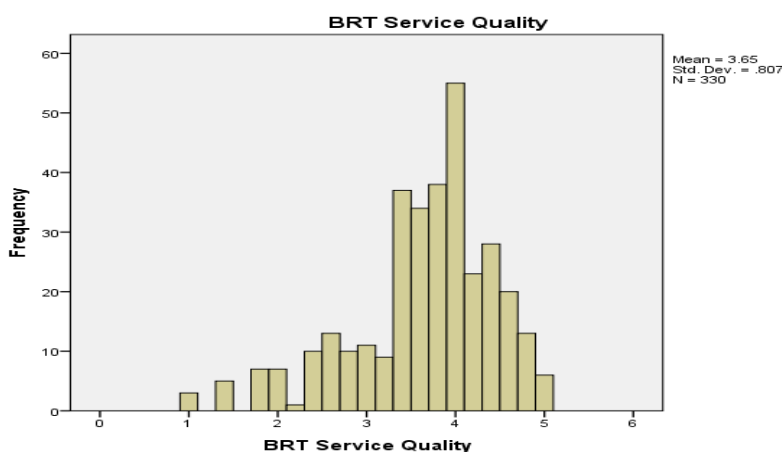
Table 4.1. shows that commuters’ perception of adequacy of BRT services with respect to services quality, system performance and the deployment of technology. From the table, BRT system performance was rated second highest among all other quality of adequate BRT services constituting 35.1% of the total response. This shows that BRT has provided adequate system performance to bus commuters. This can however be measured in terms of fast travel times, less time spent waiting on the queue, uninterrupted services and appropriate scheduling

system. The Table 4.1 also shows that BRT service quality scored the highest point at 52.44%. This has to do with the provision of prompt services, appearance of BRT personnel, and politeness of its employees, accurate and dependable services. Deployment of technology was rated lowest side with 12.5% showing that the state government need to work more on the deployment of technology in BRT. Thus result shows deficiency in the deployment of technology such as the use of smart cards, the use of traffic detectors, lack of in-built tracking systems, lack of surveillance cameras and lack of information signs at each bus-stop.

**Table 3. Commuters Perception of BRT Service Quality**

		BRT Service Quality
N	Valid	330
	Missing	34
Mean		3.65
Std. Deviation		.807

*Source, Field Survey, 2017*



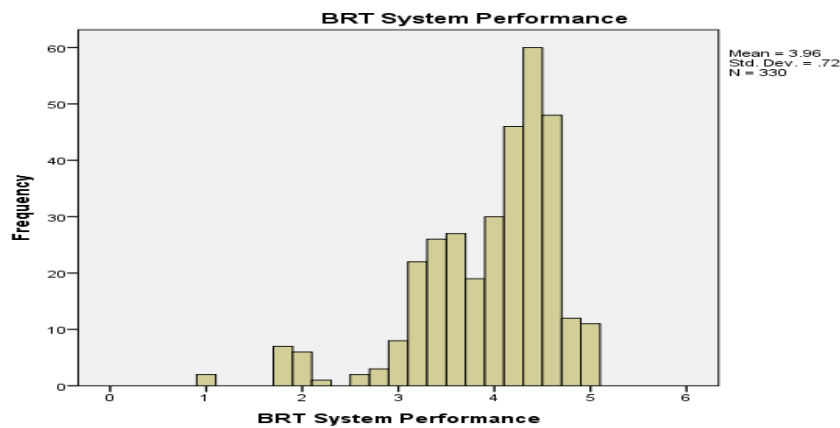
**Figure 1. BRT Service Quality**

The Table 4.2. and figure 4.1. show the bus commuters’ perception of BRT service quality in Lagos State Thus, with an average score on BRT service quality of 3.65 which has 44.5% rating, it shows that there are elements of quality services provided by BRT. The standard deviation was also found to be 0.807 which shows that respondents’ views are quite related and that variance is not much.

**Table 4. Commuters Perception of BRT System Performance**

		BRT System Performance
N	Valid	330
	Missing	34
Mean		3.96
Std. Deviation		.720

Source: Field Survey, 2017



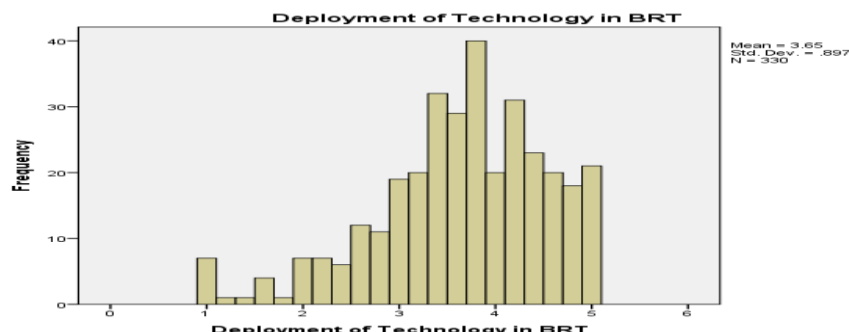
**Figure 2. BRT System Performance**

Table 4.3. and figure 4.2. show the bus commuters’ perception of BRT system performance in Lagos metropolis with an average score on BRT system performance of 3.96 which has 31.5% rating; it shows that there are elements of BRT system performance. The standard deviation was also found to be 0.720 which shows that respondent’s views are quite related and that variance is not much.

**Table 5. Commuters Perception of Deployment of Technology in BRT**

		Deployment of Technology in BRT
N	Valid	330
	Missing	34
Mean		3.65
Std. Deviation		.897

Source: Field Survey, 2017



**Figure 3. Deployment of Technology in BRT**

The Table 4.4. and figure 4.3. depict the deployment of Technology in BRT. Thus, with an average score on 3.65 which has 47.6% rating, it shows that there are elements of deployment of Technology in BRT. The standard deviation was also found to be 0.897 which shows that respondents’ views are quite related and that variance is not much.

**Description of Socio-Economic Impacts of BRT Scheme**

**Table 6. Descriptive Statistics on Socio-Economic Impacts of BRT on Bus Commuters**

	N	Sum	Percentage (%)	Rank	Mean	Std. Deviation
Mobility of Bus Commuters	330	1181	34.4	1 <sup>st</sup>	3.58	.790
Safety/Security of Bus Commuters	330	1148	33.4	2 <sup>nd</sup>	3.48	.814
Cost Reduction to Bus Commuters	330	1102	32.2	3 <sup>rd</sup>	3.34	.830
Valid N (listwise) Total	330	3431	100			

*Source: Field Survey, 2017*

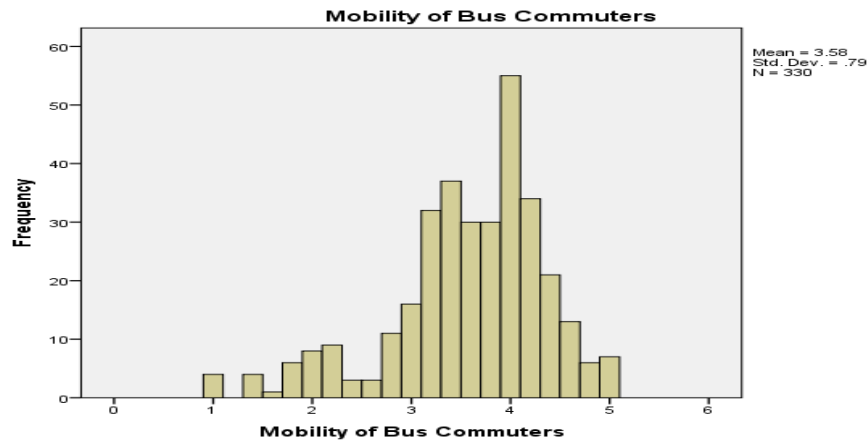
Table 4.5. shows commuters’ perception of socio-economic impacts of BRT scheme in terms of mobility, safety/security and cost reduction. From the table, mobility of bus commuters was rated highest among all others in terms of its timeliness, it easy routes and quick access to location and its reduction of travel distance constituting 34.4% of the total response. This shows that BRT has impacted mobility of bus commuters. The table also showed that safety/security of bus commuters scored the second highest point at 33.4%. This has to do with the commuters feeling of security, lack of car accident, easy travel, guaranteed safety and improved health. More so, cost reduction to bus commuters was rated lowest side with 32.2% showing that the impact of BRT on commuters cost reduction. Thus result shows that BRT low impact on cost reduction of bus

commuters as they incur less cost of transportation, medical costs, and other associated cost.

**Table 7. BRT impact on Mobility of Bus Commuters**

		Mobility of Bus Commuters
N	Valid	330
	Missing	34
Mean		3.58
Std. Deviation		.790

Source: Field Survey, 2017



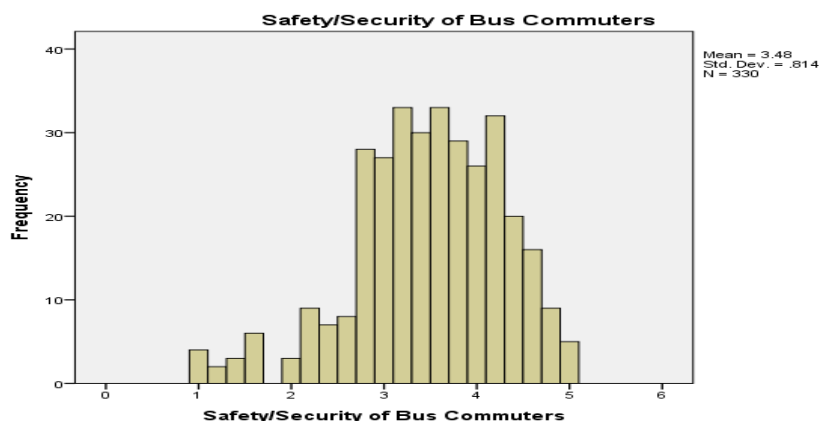
**Figure 4. Mobility of Bus Commuters**

The Table 4.6. and figure 4.4. show the mobility of bus commuters with respect to BRT services. Thus, with an average score on mobility of bus commuters of 3.58 which has 40.6% rating and it shows that mobility of bus commuters has been enhanced through BRT services, however, below average. The standard deviation was also found to be 0.790 which shows that respondents' views are quite related and that variance is not much.

**Table 8. BRT Impact on Safety/Security of Bus Commuters**

		Safety/Security of Bus Commuters
N	Valid	330
	Missing	34
Mean		3.48
Std. Deviation		.814

Source: Field Survey, 2017



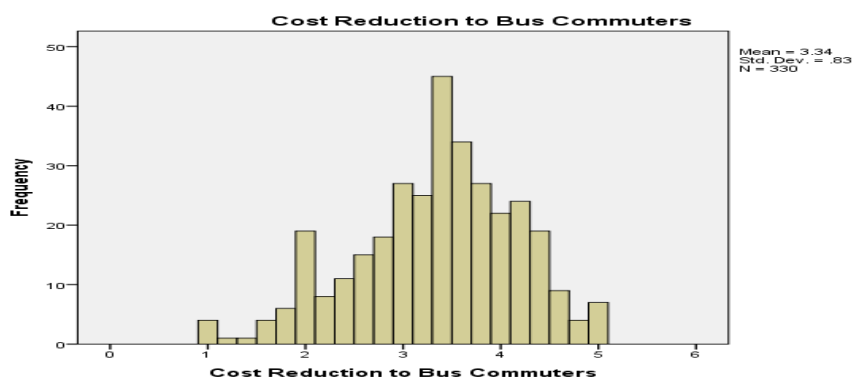
**Figure 5. Safety/Security of Bus Commuters**

The Table 4.7 and figure 4.5 depict the safety/security of bus commuters with respect to BRT services. Thus, with an average score on mobility of bus commuters of 3.48 which has 48.6% rating and it shows that safety/security of bus commuters was enhanced through BRT services, however, below average. The standard deviation was also found to be 0.814 which shows that respondents view are quite related and that variance is not much.

**Table 9. BRT impact on Cost Reduction of Bus Commuters**

		Cost Reduction to Bus Commuters
N	Valid	330
	Missing	34
Mean		3.34
Std. Deviation		.830

*Source: Field Survey, 2017*



**Figure 6. Cost Reduction of Bus Commuters**

**Test of Hypotheses**

**Table 10. Model Summary of Regression**

Model	R	R Square	Adjusted R Square		Std. Error of the Estimate	
1	.176 <sup>a</sup>	.031	.022		.805	
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	6.785	3	2.262	3.489	.016 <sup>b</sup>
	Residual	211.318	326	.648		
	Total	218.103	329			
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.821	.260		14.715	.000
	BRT Service Quality	-.064	.067	-.064	-.960	.338
	BRT System Performance	-.207	.093	-.183	-2.233	.026
	Deployment of Technology in BRT	.195	.068	.215	2.854	.005

a. Dependent Variable: Safety/Security of Bus Commuters  
 b. Predictors: (Constant), Deployment of Technology in BRT, BRT Service Quality, BRT System Performance

Table 4.9. shows that the R square value is 0.031 at a standard error of estimate of 0.805. The R square implies that the variables that were used to describe BRT service adequacy predicts safety/security of bus commuters by 3.1 %. They also shows that the sig. value = 0.016 < 0.05 which implies differences in prediction of safety/security of bus commuters by the variables of BRT service adequacy. The table further showed that 0.00 < 0.05 which also implies that there is a significant difference in safety/security of bus commuters by the variables that determines BRT service adequacy. Furthermore, the table showed that BRT service quality have negative prediction of safety/security of bus commuters in Lagos (t = -0.960; β = -0.064, sig = 0.338 > 0.05). More so, BRT system performance also appear to be a negative predictor of safety/security of bus commuters (t = -2.233; β = -2.07, sig = 0.026 < 0.05). However, deployment of technology in BRT appears to have positive prediction of safety/security of bus commuters (t = 2.854; β = 0.195, sig = 0.005 < 0.05). Based on the following result, it is therefore stated that safety and security of bus commuters is explained by BRT service adequacy. However, both BRT service quality and BRT system performance has negative prediction of safety and security of bus commuters, deployment of technology has positively explain safety and security of bus commuters in Lagos.

**Table 11. Model Summary of Regression**

Model	R	R Square	Adjusted R Square		Std. Error of the Estimate	
1	.141 <sup>a</sup>	.020	.011		.826	
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	4.516	3	1.505	2.207	.087 <sup>b</sup>
	Residual	222.336	326	.682		
	Total	226.852	329			
Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	3.097	.266		11.624	.000
	BRT Service Quality	-.033	.068	-.032	-.476	.634
	BRT System Performance	-.062	.095	-.053	-.648	.518
	Deployment of Technology in BRT	.166	.070	.179	2.374	.018
a. Dependent Variable: Cost Reduction to Bus Commuters						
b. Predictors: (Constant), Deployment of Technology in BRT, BRT Service Quality, BRT System Performance						

Table 4.10 shows that the R square value is 0.020 at a standard error of estimate of 0.826. The R square implies that the variables that were used to describe BRT service adequacy predicts cost reduction of bus commuters by 2.0 %. The table also shows that the sig. value = 0.087 > 0.05 which implies differences in prediction of cost reduction of bus commuters by the variables of BRT service adequacy. The table further showed that 0.00 < 0.05 which also implies that there is a significant difference in prediction of cost reduction of bus commuters by the variables that determines BRT service adequacy. More so, the variables showed that BRT service quality appears to have negative prediction of cost reduction of bus commuters in Lagos (t = -0.476;  $\beta$  = -0.033, sig = 0.634 > 0.05). Furthermore, BRT system performance also appear to be a negative predictor of cost reduction of bus commuters (t = -0.648;  $\beta$  = -0.062, sig = 0.518 > 0.05). However, deployment of technology in BRT appears to have positive prediction of cost reduction of bus commuters (t = 2.374;  $\beta$  = 0.166, sig = 0.018 < 0.05).

Based on the results it is therefore stated that cost reduction of bus commuters is explained by BRT service adequacy. However, both BRT service quality and BRT system performance had negative prediction of cost reduction of bus commuters, deployment of technology has positively explain cost reduction of bus commuters in Lagos.



**Table 12. Model Summary of Regression**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.093 <sup>a</sup>	.009	.000	.791		
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.777	3	.592	.948	.418 <sup>b</sup>
	Residual	203.777	326	.625		
	Total	205.554	329			
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.676	.255		14.415	.000
	BRT Service Quality	-.087	.066	-.089	-1.327	.185
	BRT System Performance	-.015	.091	-.013	-.160	.873
	Deployment of Technology in BRT	.076	.067	.086	1.129	.260

a. Dependent Variable: Mobility of Bus Commuters  
b. Predictors: (Constant), Deployment of Technology in BRT, BRT Service Quality, BRT System Performance

Table 4.11 shows that the R square value is 0.009 at a standard error of estimate of 0.791. The R square implies that the variables that were used to describe BRT service adequacy predicts mobility of bus commuters by 0.9 %. The table also shows that the sig. value = 0.418 >  $\alpha = 0.05$  which implies differences in prediction of mobility of bus commuters by the variables of BRT service adequacy. The table further showed that  $0.00 < 0.05$  which also implies that there is a significant difference in prediction of mobility of bus commuters by the variables that determines BRT service adequacy. Furthermore the table showed that BRT service quality appears to have negative prediction of mobility of bus commuters in Lagos ( $t = -1.327$ ;  $\beta = -0.087$ ,  $\text{sig} = 0.185 < 0.05$ ). More so, BRT system performance also appear to be a negative predictor of mobility of bus commuters ( $t = -0.160$ ;  $\beta = -0.015$ ,  $\text{sig} = 0.873 > 0.05$ ). However, deployment of technology in BRT appears to have positive prediction of mobility of bus commuters ( $t = 1.129$ ;  $\beta = 0.076$ ,  $\text{sig} = 0.260 < 0.05$ ).

Based on the result, it is therefore stated that mobility of bus commuters is explained by BRT service adequacy. However, both BRT service quality and BRT system performance had negative prediction of mobility of bus commuters, deployment of technology has positively explain mobility of bus commuters in Lagos.

**Table 12. ANOVA of Perception of BRT Service Quality between Income Earners**

BRT Service Quality					
	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	.623	3	.208	.317	.813
Within Groups	213.396	326	.655		
Total	214.020	329			

The ANOVA table 4.12 measures the differences in perception of service quality between commuters that earn various income levels. The table shows that ( $F = 0.317$ , and  $p$  value =  $0.813 > 0.05$ ). This implies that no significant differences in perception of service quality between commuters that earn various income levels.

**Table 13. ANOVA of Perception of Cost Reduction of Bus Commuters between Income Earners**

Cost Reduction to Bus Commuters					
	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	4.133	3	1.378	2.016	.111
Within Groups	222.719	326	.683		
Total	226.852	329			

The ANOVA table 4.13. measures the differences in perception of cost reduction between commuters that earn various income levels. The table shows that ( $F = 2.016$ , and  $p$  value =  $0.111 > 0.05$ ). This implies that no significant differences in perception of cost reduction between commuters that earn various income levels.

### Discussion of Findings

Major findings showed that safety and security of bus commuters is explained by BRT service adequacy. However, both BRT service quality and BRT system performance has negative prediction of safety and security of bus commuters. BRT service quality is measured by the extent to which an appropriate BRT system possesses such elements as commuters' perceived reliability, responsiveness, empathy, assurance and tangibility. Prediction shows a negative prediction of safety and security to bus commuters by service quality which calls for improvement in the quality of services provided by the bus transit administration. This is importance because findings imply that consumer perceived service quality is not effective enough to assure maximum safety and security.

Result shows that the deployment of technology has positively explained safety and security of bus commuters in Lagos state. The use of technology in BRT systems equally implies the adoption or introduction of intelligent transportation system to the services. Commuters' responses shows that their safety and security is highly predetermined by the use of intelligent transit or transport systems in BRTs. Intelligent transport system is characterized by the use of public transport

operations centre, passenger information sign, the building of a communication backbone, electronic payment system, traffic detector, surveillance cameras amongst others.

Also, BRT service quality and BRT system performance had negative prediction of cost reduction of bus commuters, deployment of BRT service has positively explain cost reduction of bus commuters in Lagos. Service quality of BRT has been explain above, however, BRT system performance deals with the travel time, its reliability, extent of service adherence, lack of service interruption, perceived image and identity and even perceived safety and security.

No significant differences in perception of service quality between commuters that earn various income levels. The implication of this is that various income earners who are bus commuters to the BRT scheme had similar evaluation of the nature of BRT service. The BRT service quality has on the other hand, been adjudged by bus commuters as not up to standard. Therefore, commuters who even earn a very high income might not be willing to pay more due to the perceived poor service quality, not to talk of the willingness to pay, by low income earners.

## **5. Conclusion and Recommendations**

The study has shown that a BRT service has socio-economic implication to bus commuters. Implications deduced from these findings were that bus commuters' assessment of BRT service quality and overall system performance has not largely impacted their socio-economic condition. Even, the absence of intelligent transportation system poses more risks to the security and safety of bus commuters in BRT. The, lack of BRT service adherence has been perceived equally amongst bus commuters with diverse income and consumption levels. Lack of quality services affects consumers' willingness to sacrifice or pay for certain services.

Contrary to the above, and in the assessment of the socio-economic impacts of BRT in intra-city passenger movement in Lagos state, Kolawole (2010) submitted positive socio-economic impacts in terms of low accident. However, this study extends by stating more risk to safety and security due to poor services and even lack of the implementation of intelligent transport system in the BRT services. Another conclusion is that low system performance affects the satisfaction of commuters in BRT and this result is similar to Okuagbe *et al.*, (2015) who showed that commuters' satisfaction in patronizing the BRT are mostly affected by security of the buses, reduced commuting time, attitude of the staff (the attitude as seen in the behaviour of the drivers), the prices charged as it affect the income of the commuters and the present available routes.

On the basis of the findings of this study, the followings recommendations were offered.

- i. For BRT to have positive socioeconomic impacts to bus commuters in terms of their safety and security, the administrators should improve on the use of technology. Bus commuters should be allowed to make payments through the use of smart phone. The use of surveillance cameras should be encouraged and in built vehicle tracking system;
- ii. The government should continue to subsidize the cost of boarding BRT in order to reduce spending by bus commuters. Efforts should be made to improve on maintenance of BRT vehicles to avoid or reduce the risk of accidents and improve commuters' mobility;
- iii. Efforts should be made to improve on BRT system performance in terms of ensuring fast travel times, the introduction of appropriate scheduling times and wider coverage.

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## Empirical Assessment of Social Motivation and Performance of Informal Entrepreneurs in Computer Village, Lagos State

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**Abstract:** The current upsurge of unemployment in Nigeria can be downplayed by entrepreneurship, an economic driver which reflects negatively on the adopted mono-economy of Nigeria with her dependence on oil rather than attaining a multi-diversification in all sectors. The informal entrepreneurship has proved its stance positively in curbing the unemployment issues in all sector and yet there seems to be an aggressive action taken towards its sustainability by the government and in this study, Nigeria. The study focuses on the need to understand the level of social drive in relationship to the performance attained by the informal entrepreneurs. In this regards, the propelling force to why the informal entrepreneur with governmental regulation have a positive performance and this was conducted in Computer village, Ikeja, Lagos. The explorative and causal research was adopted for the study. Survey research was considered appropriate for the study. 250 copies of questionnaire were distributed and 205 were returned depicting 82%. Analysis was done using the SPSS package and the hypothesis tested suggested that there is a significant relationship between social motivators and business competitiveness in the informal electronic market at 5 percent significant level, thereby accepting the alternate hypothesis. This study recommends that the place of family support has been noted to highly affect the motivation of the business and to this end, the basic support gotten from the government should be redesigned (i.e. schools, health), such that the remaining income will be used for expansion or transition while performance is primed.

**Keywords:** Social Motivation; Entrepreneurial Performance Informal Economy

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## **Background to the Study**

Entrepreneurship has been identified as the economic driver of a nation and reflects negatively on the adopted mono-economy of Nigeria, whose dependence on oil has constructively built this image rather than attaining its multi-diversification in other sectors, particularly in the private sector (Ugoani & Ibeenwo, 2015). It has been concluded via research (especially from the views of developed nations), that entrepreneurial organisation are set to drive a nation's economy with employment generation as the basic vine of their existence (Rasool, Gulzar & Naseer, 2012).

Thaddeus (2012) opines on the accuracy that the largest employer of labour, being the government of the involved nation is true but does not solve the re-occurrence of unemployment regardless of an attained good economy. Thus, showing that the government of any nation cannot singlehandedly attain high level of employment from governmental provision but rather engage in a structural entrepreneurial enhanced balance via policy intervention to ensure employment continuity amidst any form of disparity due to economy distress (Aven, 2012; Knight, 1921, 2012; Huang & Pearce, 2015).

The rightful identification of the risk element to work, brings about business growth and where missing, another search begins with the compliance of the situated environment. Therefore, an entrepreneur will not function without certain instruments in place, though he acts as the pivots for economic sustainability (Ugoani & Ibeenwo, 2015). This is further aided by resource allocation, motivation-related and institutional theories as discussed by Webb, Bruton, Tihanyi, & Ireland (2013) being the propagandas that strive entrepreneurs into informality in business practice.

## **Statement of Problem**

Like a hydra, the issue of unemployment has been a reoccurring problem in developing nation, which is neither strange nor new but greatly involving to all. The unemployment situation is constantly dealt with, though it never yields as it is caused by poor implementation and bad succession plan in the affairs of management when government transition is due and it is not bizarre to Nigeria (Thaddeus, 2012; Nwachukwu, 2012; Popoola, 2014; Adeoye, 2015). Nwachukwu (2012) stated the existence of agencies such as Nigerian Industrial development bank (NIDB), National Economic Construction Reconstruction Fund (NERFUND), Nigerian Agricultural and Cooperative Development Bank (NACDB), Bank of Industry (BO), Industrial Development Coordinating Centre (IDCC), People bank, Community banks, etc. were all birthed to aid in the demise of unemployment and bring about the growth and practices of existing and would-be entrepreneurs in

ensuring the robust growth of the economy in totality in Nigeria by creating more capable entrepreneurs. The intending objective has been marred by a various ill accomplice and is crowned by corruption, bad or no planning on the part of the existing or would-be entrepreneurs. In this regards various forms of entrepreneurs exist in every society and classified into formal and informal entrepreneurs.

The Nigerian experience of the would-be and practising entrepreneurs with the use survival tactics of informal employment is not new in occurrence, especially in the 21st century with relations to insincere policy coupled with its instability in the business environment alongside the dynamic government regulations which causes unemployment to thrive (Adeoye, 2015). It, therefore, does not come as a surprise that international Labour Organisation (2014) conjectured that the existence and patronization of the informal employment in the economy helps in kerbing the mitigating effects of unemployment, thus surging the problems that should have being born amidst the existing teething troubles.

This avoided mitigating effects by the practice of informality ranges from depression, anxiety, psychosomatic symptoms, low subjective well-being, and poor self-esteem (Paul & Moser, 2009). The avoidance of these mitigated effects might vanish established on the provision of the needed drive to pursue such dream. There is little empirical evidence on the motivational strategies involving determinism and free will of informal entrepreneurs' level of entrance in the economy and as such resulting in an upsurge performance.

Therefore, the need to provide an assessment of motivational, particularly in the view of social elements/drive, expressed in a form of a free will ought to be discard as it forms the entrepreneurs' existence, particularly the informal entrepreneur, which could be inform of the free will or a determined mind to explore another option that must be in place for the entrepreneur to exist and perform in the business of the informal entrepreneurs.

### **Research Objective**

The overall objective of the study is to examine the relationship between social Motivation and Performance of Informal Entrepreneurs. It is further decomposed into more specific objectives and they are to:

- I. Examine the socio-economic characteristics of entrepreneurs in the informal electronic market in Lagos Metropolis;
- II. Ascertain the extent to which social motivations can enhance business' performance in the informal electronics market in Lagos Metropolis.



## **Literature Review**

This section of the study reviews the relevant literature that is related to the research. The concepts relating to motivations, performance and informal entrepreneurship will be holistically studied and broken down into components. Relevant theories will be discussed.

## **The Informal Economy**

Using the Adopted definition of Informal economy by Webb, Bruton, Tihanyi, & Ireland (2013), informal economy is defined as concerned economic activities that are outside of formal institutional boundaries (illegal but lawful activities) yet fall within informal institutional boundaries (i.e., legitimate) (Webb, Tihanyi, Ireland & Sirmon, 2009 cited in (Webb et al, 2013)).

The informal sector is an avenue, where practising entrepreneurs use to boycott the due process that has been laid down by existing framework by the government in ensuring smooth running and monitoring of business activities.

It is established to ensure various ills existing in our society which prevent the attainment of an easy transition to a formal business operation or disprove the realism of an enabling environment are eradicated or reduced. In lieu of this, the way forward is for the entrepreneur/business owners to find a niche (Jugdev, 2008; Samila & Sorenson, 2011; Timmons, 2011).

In connection with Knight (1927, 2012) positing on the line of economic prosperity, the transcending agent is the entrepreneur, referred to as business operators. Knight (2012) propounds on the levels of risk, encountered which produces the profit/loss result via the rendered service(s) of scientific research and reduce the ills that uncertainty would have brought with it. It is pertinent to note that risk is associated with uncertainty which produces profit or loss (Knight, 2012; Huang & Pearce, 2015).

It is the interplay between risk and uncertainty on one hand and competition on the other, that calls for the incumbent and new entrepreneurs entrance, leading to an enormous variation in profitability across firms and for the same firms over time (Aven, 2012). This insight on the sources of profit has been instrumental in shaping modern economic theory and to the development of a useful understanding of probability, comes from the characteristics that are tied to the business activities which are ventured into.

## **Concept of Informal Sector**

The informal sector refers to that part of the economy where business activities that take place are legal but are not registered or monitored by the government

authorities for planning, tax remittance among many other reasons (ILO, 1973) cited in ILO (2014). With this explanation, the hidden activities that are clandestine are free from being called informal activities but strictly termed criminal activities.

While the definition of what an informal sector entails, ILO, (2002) cited in ILO (2014) recognised that it does not capture all the dimensions of the informal economy. It was also reflected in a more comprehensive definition at the 2002 International Labour conference to be an “all economic activities by workers and economic units that are in law or practice not covered or sufficiently covered by formal arrangements” (International Labour Conference, 2002) cited in (ILO, 2014). Some common working definitions in the literature are given below;

Feige (1994) and Schneider (2002), defined it as “all economic activities that contribute to the officially calculated/observed GDP but are currently unregistered”. Hartzenburg & Leimann (1992) preferred it to be an “all economic activities pursued without the sanction of the authorities; i.e. those not recorded in the national accounts.” Smith (1999) defines it as “market-based production of goods and services, legal and illegal that escapes detection in the official estimates of GDP.”

There are two main reasons why business operations are conducted within the informal sector and they are:

1. Coping strategies (survival activities);
2. Unofficial earning strategies (illegality in business) (World Bank, 2017).

Coping strategies: are techniques/ methods adopted by entrepreneurs to survive the current trends in the society that do not favour the business operations in the society. It also refers to survival business tactics for the business operator to survive as against engaging in social vices. They include casual jobs, temporary jobs, unpaid jobs, subsistence agriculture, multiple job holding (Philips Consulting, 2014).

Giles (1988) stated the unofficial earning strategies alias the illegality includes tax evasions, avoidance of regulations, and no registration of the company which houses the business activities. It is also possible that this section includes the underground activities crimes but in the course of this study, this is exempted but focused on the legality in the sector. Neuwirth, (2011), claimed the informal sector played an infamous role in the substance of MTN being the telecommunication market leader in Nigeria with the adoption of hawkers and street vendors as distribution agents.

The proper harvesting of the informal sector will relieve the burden placed on the formal sector which tend to restrict entrepreneurs from engaging in the formal sector, since the informal sector comes with 58% contribution (National Planning

Commission, 2013), but it is not documented hence the bulk of monetary contribution into the economy via tax from those entrepreneurs operating in the formal economy. The inability of the Nigerian government to harnessing it, comes as a result of the absence of synergy between the policy makers, the informal entrepreneurs and the business environment. The proper harmonisation of these three will aid in building a constructive model where the informal sector will be appreciated.

The electronics sector in the Nigeria has helped to improve all sphere of life in the Nigeria but with proper planning based on research, the electronics informal sector will achieve more. A properly designed Silicon Valley can be remodelled in the electronics informal sector in Nigeria with its ability of being a source of livelihoods for individuals, families, and communities with a design centred on indigenous custom and tradition on a sentimental choice to conducting business operations outside the formal sector.

### **Characteristics of Activities in the Informal Sector**

There are certain descriptions that are pertinent to an event, place, occurrence, etc. and in this respect, the informal sector must be identified with such qualities. The features exhibited in the informal sector include;

1. Small scale operation with individual or family ownership: The informal sector is individually owned and operated, generally for less than five years' duration (Yankson, 1992). It is possible that they are operated for more but consistency is noted to be less.
2. Ease of entry: The setup of a business in the informal sector is extremely easy with a major requirement of low capital being low, aside technology and regulatory requirements, thus making it easy for anybody at any time to set up a business in the sector (Somuah, 2011).
3. Reliance on locally available resources: The informal sector businesses lack the capacity to do an off-shore acquisition of resources, either material, financial or human since such business are small in size.
- 4 Labour intensive and adopted technology: Yankson (1992) postulated that the operators of informal sector businesses lack adequate financial resources and this could be different in a situation where the importation of advanced technology, is replaced with local technology. Thus, the absence in the sector heavily relies on labour for its production.
- 5 Unregulated and competitive market: the ILO (2000) cited in ILO (2014) posited that the acceptance of a combined effort of government and individuals is what is required to regulate the activities of the informal sector.

### **Schools of Thought**

ILO (2014) says informal economy has three competing schools of thought. They are:

**1. Dualists:** Prevalent in the 1970's, the informal activities were synchronised with the lack of sufficient modern jobs to mop up surplus labour (due to low economic growth and/or higher population growth). It was ascertained that informal activities comprised marginal activities distinct from formal activities and mostly included the poor and unemployed (ILO, 2014)

**2. Structuralists:** They assumed informal economy as a subordinated economic unit of firms (micro firms) and workers, existing to reduce the input and labour costs while increasing competition of large capitalist's firms. The modes and forms of production in both the formal and informal economies are supposedly held to co-exist and interdepend on each other. This nature of capitalist development, rather than a lack of growth, is what results in the growth of informal production relationships (Portes, Manuel, & Benton, 1989).

**3. Legalists:** Established by Hernando de Soto in the late 1980's and early 90's, brings the belief that micro enterprises rationally decide to participate informally in order to avoid the costs, time and effort of formal registration. The complex and time-consuming procedure associated with registration was noticed to favour large corporations rather than small and medium enterprises; therefore, it can be concluded that with government procedures being cumbersome and costly, informal micro enterprises will continue to exist (DeSoto, 1989).

### **Embedded Entrepreneurship in the Informal Sector**

Entrepreneurship is a phenomenon that has been accepted to have a global impacting resource in any nation where it is well practised and based on criteria which have to do with the implementation of the country economic policies (Ahmad & Seymour, 2008).

The prospect of all nations is in the development and sustainability of her populace and this comes at a price of opportunity discovery in lieu with resilience and innovation by the nation's entrepreneurs (Smit & Musango, 2015).

Thus, it is necessary that all nations give room for entrepreneurs to thrive in their business activities as this will have multiplying effects in the nation's growth via a developing commerce economy.

Hitherto, having a uniform definition of what entrepreneurship is, could be stifling but will be attempted (Brockhaus & Horowitz, 1986; Cole, 1969; Shave & Scott, 1991; William & Nadin, 2010).

Andersson, Curley, & Formica, (2010) was of the opinion that an entrepreneur is an independent agent with the adoption of set rules, consistency coupled with an attitude that searches for goal attainment which amongst others consists of growth and profitability. This, displays yarns of the involved individual(s) for a difference in a stipulated business operation along with success orientation on the undergone exploration.

Bula (2012) posited entrepreneurship as a multi-dimensional concept and this was based on the different views it had being given across the years of existence. These views range from the urge to define it via the two prominent school of thoughts; neo-classical and classical school of thoughts and thus making the revealing evidence that entrepreneurship cannot have a single definition due to the view(s) the theorist decides to make it portray.

Therefore, it can be agreed that there is no agreed definition of Entrepreneurship except partly acceptable views. The risk and profit attributes are therefore in agreement with the Schumpeterian models which clearly links risk taking and innovation with reward and inducements, thereby showcasing the effects in entrepreneurial activities via profit (Kanbur, 1979; Aghion & Howitt, 1997; Bula, 2012).

The criteria include psychological factors, education and experience of the intending or practising entrepreneur (Ahmad & Seymour, 2008) and with a rotational impact on the way entrepreneurship is being practised

### **Motivation Concepts**

According to Rudolph and Kleiner (1989), motivation is “an inner state that causes an individual to behave in a way that ensures the accomplishments of some goals”. It can also be defined as arousal, energizers, urges, aspirations, drives and peoples’ needs that induce or compel and maintain behaviour. Stoner et al (2002) refer to motivation as “human psychological characteristics that contribute to a person’s degree of commitment. It includes the factors that cause, channel and sustains an individual behaviour in a committed direction”. From this definition, motivation consist of the following characteristics:

1. An internal force that induces or energises behavior;
2. A goal which behaviour is directed to achieve; and
3. A sustained behavior.

Motivation is an unseen force that can be classified into intrinsic and extrinsic motivation. Intrinsic motivation arises from the satisfaction an employer derives from his or her job while extrinsic motivation comes from the compensation attached to job performance, such as a salary but Herzberg called extrinsic motivation a poor way to try to motivate someone (Obamiro, 2008).

### **The Motivation Process**

Motivation process starts with identifying or recognising an unsatisfied need or a deficiency that person experiences. For instance, an individual may feel the need for promotion or a better salary, food, companionship, and growth. A need is an internal state that creates tension in an individual who moves in a certain direction in searching for ways of satisfying it and after identification of unsatisfied need and different ways of satisfying it, the selection of one of these ways to satisfy the need and making the move towards the realisation of the need (goal-direction behaviour) (Dagmar, 2014). Tension disappears as soon as the needs are satisfied.

Therefore, the process theory of motivation argues that motivating people is a rational internal cognition process rather than an external process. This process approaches are not particularly concerned with the needs of people but concerned with the decision making process through which motivation takes place (Philips Consulting, 2014). The most popular process theory is expectancy theory.

### **Importance of Motivation**

According to Obamiro (2008), motivation helps managers to determine the employee's needs and wants at the workplace and with the identification of people's needs and wants, an appropriate reward system can be designed to satisfy these needs and wants. Furthermore, both short and long-term motivation will enhance business productivity and profitability while enhancing entrepreneur's morale at work. Then attainment of this will lead to job satisfaction and low staff turnover coupled with good given suggestions and opinions for improvement created by motivated individuals.

### **Motivation Views**

Over the years, many concepts of motivation have been propounded by scholars to describe how motivation affects work behaviour. The underlying principles guiding motivation are derived primarily from motivational theories having the Maslow's hierarchy of needs, Douglas McGregor theory X and theory Y, Frederick Herzberg's two-factor theory, McClellan's Achievement motivation theory and Victor Vroom's expectancy theory as the fundamental motivational theories.

For this study, the focus will be placed on Maslow's hierarchy of needs. This is because it has the basic explanation for the drive gotten by the informal entrepreneurs in exhibiting their business which is the basic build up. Motivation has been presented as a basic psychological and social process consisting of primary, general and secondary motives or drives, which is further broken into intrinsic and extrinsic motivators. In order to understand entrepreneurial behaviour, these basic motives must be recognised and studied.

**Needs (content) Theory**

The Needs theory focus on specific desires people want to satisfy with several theories on motivation to explain as a result of these needs. Dagmar (2014) said the underlying theory is the belief that an unsatisfied need creates tension and a state of disequilibrium, vis-à-vis results to restoring the balance of the goal identified that will satisfy the need and the selection of a behaviour pathway.

Gawel (1997) stated that Maslow posited that all behaviours are motivated by unsatisfied needs and as a result, people will be better motivated if their work experience satisfies their needs and wants. With the help of Abraham Maslow theory on motivation using the needs concept, distinguishing between primary needs, such as food, sleep, and other biological needs, and secondary psychological needs that are learned and vary by culture and by an individual becomes a requirement.

This is in necessary because a need becomes insignificant once it's satisfied as the higher needs to be met becomes dormant and in pursuit, as they become important (Gawel, 1997). Dagmar (2014) stated that in the hierarchical listing, the desires on higher needs becomes important and ties a higher sense of motivation since the lower needs have being met. Stephan, Hart, and Drews (2015) stated that different people may have different priorities, thus having an effect on the needs to be met and the ways to strategically get them.

The needs theory is believed to identify the particulars needs, individuals intend to get and how relevant they could be in the combination of resources to acquire it. These concepts are based on the idea that people are driven to meet basic needs that produce satisfaction. In this research, we start from the generally perceived inception of the motivation concept by Abraham Maslow, psychological concept.

**Maslow's Hierarchy of Needs: An Important Historical Contribution**

The most popular need theory of motivation was developed by Abraham H. Maslow in 1954. Maslow describes human need in form of hierarchy, ascending from the lowest to the highest needs by pointing out that when a need or set of needs is satisfied, it can no longer motivate someone.

Abraham Maslow in a classic paper outlined the elements of the overall theory of motivation, which was drawn chiefly from humanistic psychology and his clinical experience, said that a person's motivational needs could be arranged in a hierarchical manner. Maslow (1943) cited in Upadhyaya, (2014) noticed that his method was a radical departure from two standard psychological approaches to the study of human nature. This was the Freudian psychoanalytic school emphasis on people's destructive tendencies.

Maslow (1970) cited in Kaur (2013) gave a breakdown on the levels of needs that any human strives to get and they are:

1. **Physiological Needs:** these are the basic human needs such as the need for food, water, sex, etc. for sustaining human life. Satisfaction with this basic needs enables the individual to survive and the individual's behaviour is directed at satisfying the needs which can be tied to the reason behind the informal entrepreneur's existence as the basics needs that ought to be achieved are missing and thus, an option to survival is beckoned on.

2. **Safety and Security Need:** these are needs for freedom from fear, threat or danger. They also include the needs for safety and job security in the workplace. Most physiological and security needs are provided by an organisation through adequate wages or salaries which are used to acquire such things as cloth, food, and shelter.

3. **Social and Belongingness Needs:** these are concerned with establishing and maintaining relationships with other individuals. Social needs represent the need for love, friendship, affection, to belong to a group and be accepted by one's peers to be recognised, belong to workgroups or teams, and informal groups are means of satisfying social needs in the organisation.

4. **Esteem Needs:** These refer to needs for self-respect, self-confidence, and self-recognition, high status, and respect from others. These needs influence the development of various kinds of relationships based on adequacy, independence. The giving and receiving are indications of esteem and acceptance (Rue & Byars, 2005). Once these needs are met, they cease to be motivators and individual move to achieve the next highest needs.

5. **Self-Actualization Needs:** these are the highest needs in the order which refers to the desire for self – fulfilment of potential and personal growth both in the workplace and general life. It is concerned with the need for individuals to maximise their full potential in applying their skills and abilities.

### **Implications of Maslow's Theory to Informal Entrepreneurship**

The Maslow's theory identifies and arranges the needs of persons in the society as displayed in the hierarchy. It asserts lower needs must be satisfied before trying to satisfy the higher needs. In this light it can be assertive that the needs for informal entrepreneurs are expected to be in the basic needs platform and are found in the physiological needs. Possibly the identification of this needs will lead to the reduction or elimination of vices in the society.

Also, once a need is satisfied, it ceases to be a strong motivator. The criticisms against Maslow's theory is that it is not research based and it is questionable



whether human needs can be clearly arranged and satisfied in such hierarchy (Rue & Byars, 2005).

Maslow's suggestion of specific order of needs may not apply to everyone but in the case of the informal entrepreneurs, it sure will apply for the fundamental growth cause the requirement for physiological and socials need are general as the necessities that needs to be fulfilled are basic and as the created government regulation for business activities are for accountability not to ensure the basic survival or business continuity.

Thus, the ability for them to result into success led to mishap. This noticeable mishap by business opportunity detectors results into currency making chance for the informal entrepreneurs, where the sorted needs are found and created. Viewing the concept of the Maslow theory, the informal entrepreneurs can be linked with the psychological needs (i.e. food, shelter, sex and etc.) with possible influence from other needs and could be attributable to.

The attainment of needs brings forth a relationship between like minds and thus the social needs is considered, sprouting the informal entrepreneurship's growth.

#### **Implication of Theory of Planned Behavior to Informal Entrepreneurship**

The theory of planned behaviour was proposed by Icek Ajzen in 1985 in his article "From intentions to actions: A theory of planned behaviour and was birthed from the theory of reasoned action by him and Martin Fishbein in 1980" (Ajzen, 2006).

This theory was based on the evaluation of a particular suggested behaviour as positive (attitude), with the mindset that others want them to perform that behaviour (subjective norm), thereby resulting into a higher intention (motivations). A high correlation of attitudes and subjective norms to behavioural intention has been confirmed in many studies (Albarracín, 2001). though a counter argument was established in contradiction of the high relationship between behavioural intention and actual behaviour proposed, which came as a result of some of the established studies and because of circumstantial limitations, behavioural intention does not always lead to actual behaviour (Sniehotta, 2009).

Since behavioral intention cannot be the exclusive determinant of behavior where an individual's control over the behavior is incomplete, the theory of planned behavior was introduced by adding a new component, "perceived behavioral control" and thus, the theory was extended by the use of reasoned action to cover non-volitional behaviors for predicting behavioral intention and actual behavior. In recent times, a third factor was added, the perceived behavioural control and this refers to the degree to which a person believes the control over any behaviour can be done/gotten (Sniehotta, 2009).

Albarracín, (2001) stated that the theory of planned behaviour suggests that people are much more likely to enact certain behaviours when they feel that they can enact them successfully and this comes with an increased perceived behavioural control which has a mixture of two dimensions: self-efficacy and controllability (Krueger & Carsrud, 1993).

Ajzen (1980) cited in Ajzen (2006) defined the term “self-efficacy” to denote the level of difficulty that is required to perform the behavior, or one's belief in their own ability to succeed in performing the behavior while controllability refers to the outside factor and one's belief that personally have control over the performance of the behavior, or where controlled externally or uncontrollable factors. A scenario description of the above will be an individual with high behavioural control perspective will exhibit an increased confidence that are capable of performing the specific behaviour successfully.

With the help of Martin Fishbein, who was Ajzen colleagues, improved the theory and renamed it as the reasoned action approach. Further study of the self-efficacy under the planned behaviour brought about the need to add attitudes and subjective norms (since it brought about the theory of reasoned action) (Ajzen, 2006) An increasing number of scholars believed that motivation and goals of an entrepreneur will affect business performance in the informal sector (Gentry & Hubbard, 2005).

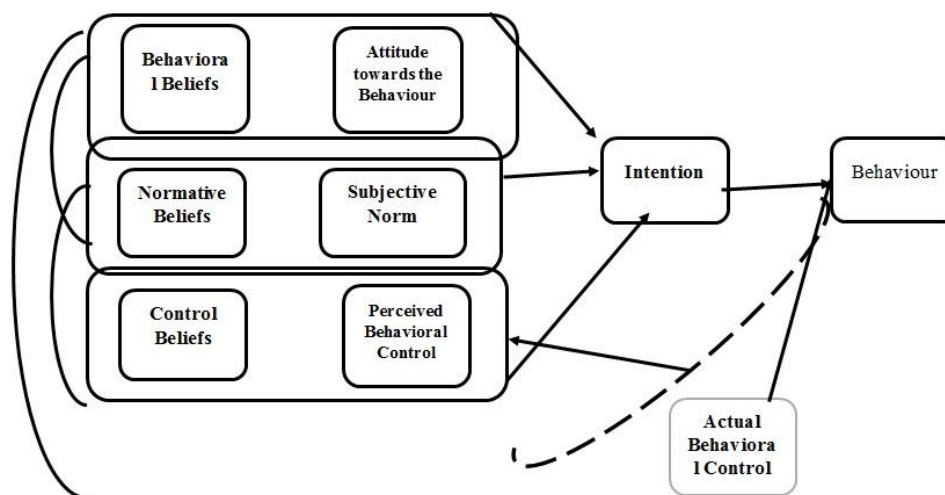


Figure 1. Icek Ajzen depiction of Theory of planned behavior (Ajzen, 2006)

## Methodology

The explorative and causal research was adopted for the study. Survey research was considered appropriate for the study as the population from the study covers

all the participants in the informal electronics market, computer village, Ikeja. Simple random technique was used to select the respondents. The selected market is focused on sales and rendering of services of electronics products. The data used for this study was obtained from both primary and secondary sources. The questionnaire used the 5-point Likert scale and SPSS version 21 in the assessment of relevant statistical analysis. In showing the relationship and effects between the variables, Anova and regression analysis was used.

**Analysis of Results and Discussion of Findings**

A total number of 250 copies of questionnaire was administered to informal entrepreneurs in computer village, Ikeja, Lagos, 205 were duly recovered for analysis which constitutes 82 percent while those unreturned or returned invalid were 45 (18%).

Table 1 presents the socio-economic characteristics of the informal entrepreneurs in the selected electronic markets in Lagos State metropolis. The result shows that electronic informal sector is dominated by male entrepreneurs (95%) and most of them are aged between 36 to 45 years (53%) with an average age of about 42 years. Among the 205 respondents, 118 (58%) are married, 80 (39%) are single and 7 (3%) reported others. This implied that an average male informal entrepreneur has a productive year of 42; as a result, they are strong enough to get engaged in labour activities that will bring in more money to take care of their household.

Furthermore, the educational status was divided into seven groups (see Table 1). The table reveals that larger proportions of the entrepreneurs (50%) don't possess the post-secondary education and went into electronic business as a means of survival (64%). Most of their business are aged less than 10 years (86%) and reported monthly income of ₦ 100,000 and less.

**Table 1. Descriptive Analysis of Socio-economic characteristics of Informal Entrepreneurs in Computer village (n = 205)**

Socio-economic characteristics	Frequency	Percentage (%)	
<b>Sex</b>			
Male	150	73	
Female	65	27	
<b>Age (years)</b>			
< 25	36	18	
26-35	109	53	
36-45	55	27	
≥ 45	5	02	

<b>Marital Status</b>			
Single	80	39	
Married	118	58	
Others	07	03	
<b>Age of Business</b>			
< 5	75	37	
5 – 9	100	49	
10 – 14	19	09	
≥ 15	11	05	
<b>Educational background</b>			
No formal education	14	07	
Primary education completed	78	38	
SSCE	103	50	
OND/NCE	02	01	
HND/BSc.	04	02	
MSc/MBA/M.Ed	-	-	
Others	04	02	
<b>Reason for setting up Business</b>			
Additional Income	71	35	
Survival	131	64	
Employment	-	-	
Others	3	01	
<b>Income Level (monthly)</b>			
≤ ₦ 50,000	47	23	
₦ 51,000 - ₦ 100,000	114	56	
₦ 101,000 - ₦ 200,000	33	16	
₦ 201,000 - ₦ 300,000	10	05	
≥ ₦ 301,000	-	-	

Source: Field Survey (2017)

**Table 2. Descriptive Analysis of social motivation of informal entrepreneurs**

S/N	Item	Mean
1	Need for value creation	4.3933
2	Age factor	4.1236
3	Family support	4.4719
4	Sustenance of social status	3.9551
5	Social Status improvement	3.3793
6	Educational background	2.7955
7	Social support from government	2.5955
8	Business Networking	4.4719

The motivation of an entrepreneur determines the success of such enterprise. Table 2 results revealed that entrepreneurs in the electronic market are motivated the need to create value for them, their age favours involvement in the informal sector,

insufficiency of their parent income, cordial relation with a registered business encourages their economic and survival needs.

**Hypothesis Testing**

**H<sub>1</sub>** : A significant relationship exist between social motivation and performance of informal entrepreneurs.

**Table 3. Social motivation and Performance**

Model Summary <sup>a</sup>						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.598 <sup>a</sup>	.562		.293	1.00428	
a. Predictors: (Constant), Need for value creation, Age factor Family support, Sustenance of social status, Social Status improvement, Social support from government b. Dependent Variable: Business Performance (Q8)						
ANOVA <sup>b</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	77.098	7	11.024	10.931	.000 <sup>a</sup>
	Residual	92.789	92	1.009		
	Total	136.887	99			
Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.113	.559		.202	.840
	Need for value creation	.624	.277	.208	2.253	.027
	Age factor	.046	.078	.038	.595	.553
	Need for Family support	.175	.073	.157	2.387	.018
	Sustenance of social status	-.078	.143	-.060	-.545	.587
	Social Status improvement	-.041	.069	-.039	-.593	.554
	Educational background	.088	.048	.122	1.839	.067

The motivation of an entrepreneur determines the success of such enterprise. Table 2 results revealed that entrepreneurs in the electronic market are motivated the need to create value for them, their age favours involvement in the informal sector,

insufficiency of their parent income, cordial relation with a registered business encourages their economic and survival needs.

The significant level of .018 depicted by the need for family support clearly shows the performance exhibited by informal entrepreneurs showing the effect of social motivation in the creation of the basic string for pushing the perceived and attainable performance of the informal entrepreneurs. The continuous flow gotten from the need for family support is propelled by the individual need for value creation. The reflection in the study showed a significant degree of .027 for the value creation and this possibly could explain the drive by informal entrepreneur's transit to formal business or improving their business operation. The presence of the 0.67 degrees of significance from the educational background reflects the effect of social motivation posits on the performance of the informal entrepreneurs as it shapes his business activities via value creation and futuristic planning.

The age factor displayed a coefficient of .046 which corresponded a negative significant of .553 and it was not let alone in the study as it reflected in the assessment of sustenance of social status and social status improvement, which displayed a coefficient of -.078 and -.041 respectively. This clearly shows that there is a transverse relationship between the need to sustain the social status and the ability to participant in an informal business activity. This means the higher the status of an individual, the lower the possibility of him participating in the informal sector and vice-verse.

The overall result in Table 3 reveals that social motivation (predictors) jointly explained 56 percent changes in the business competitive in the informal electronic market. Similarly, the ANOVA test suggests that there is a significant relationship between social motivators and business competitiveness in the informal electronic market at 5 percent significant level.

### **Discussion of Finding**

Findings from the study have shown a positive relationship between the informal electronics entrepreneur's performance and motivation. Therefore, the activities in the informal electronics sector has been legitimated by the majority of the populace and this has led to a better performance coupled better with the creation of a structure, (an association) that is legally acceptable with the prospect of being income generators in the Nigerian economy. This finding comes in alignment with Webb et al (2013) which calls for the framing of an agenda for the informal sector.

The continuous flow from the need for family support was noticed to have being propelled by the individual need for value creation. The reflection in the study showed a significant degree of .027 for the value creation and this possibly could explain the drive by informal entrepreneur's transit to formal business or improving their business operation. Aside the need to survive and be among like mind, the

requisite ability to add value was noticed during the course of the research to commensurate performance as it avoids stagnation and this tallies with the study of Huang and Pearce, (2015) on the need for value leading to better performance.

The presence of the 0.67 degrees of significance from the educational background reflected the effect of social motivation posits on the performance of the informal entrepreneurs as it shapes his business activities via value creation and futuristic planning and were all in sync with the axiom of Yusuff, (2013) on the relationship between entrepreneurial performance and family support.

Finally, social motivation was noted to have a positively enhanced business performance in the informal electronics market via the significant degree of .027 for the value creation and this explained the drive by informal entrepreneur's transiting to formal business or improving their business operation and the presence of the 0.67 degrees of significance from the educational background reflected the effect of social motivation on performance of the informal entrepreneur's business activities via value creation and futuristic planning. This findings tallies with Stephan, Uhlander, and Stride (2015), Williams and Martinez-Perez (2014) and Yusuff (2013) on the performance of entrepreneurs having a tie with educational background, ability to execute futuristic plans and improve business activities.

The findings also revealed that more often, it is the well-to-do and affluent people that possess the capability to mobilise resources for entrepreneurial processes, thus lending credence to informality as a matter of choice and this is not far from Jennings, Greenwood, Lounsbury, and Suddaby (2013) stand on why the informal economy stays as the bedrock of informality business practice.

### **Conclusion and Recommendation**

From the findings of the study, depicting a positive relationship between the informal electronics entrepreneur's performance and motivation, there is an evidence that the activities in the informal electronics sector has been legitimated by majority of the populace and this is the result shown from positive performance from the study. This explains why it is the Chiefs, Rulers and the influential men and women that are close to the seat of power that were entrepreneurs in Africa before colonisation. In lieu of this, the following recommendation are suggested:

1. In lieu of this, the need for value creation by informal entrepreneur will be truly harnessed when efforts are made in the provision of basic infrastructures at a relative low cost;
2. With the high mean depicted by the need for value creation, the need to have simple regulatory framework, will make it easier, friendly and encouraging to individual entrepreneurs in harnessing this;

3. The high proliferation of youth between the ages of 18 to 45 shows the informal economy is filled with able and likewise deep thinkers, who are lacking in the financial means but organization of financial assistance, seminars and developmental programs encouraged by government by subsidizing them will cause for a revolution in their current business;
4. This could be done by selection to business organization that are between the ages of 5 to 9, which means the basic trials periods are over;
5. The place of family support has been noted to highly affect the motivation of the business and to this end, the basic support gotten from the government should be redesigned (i.e. schools, health), such that the remaining income will be used for expansion or transition;
6. Due to the low social support from government, it is recommended that the government step up their game as they will end up creating an alienage which will enhance development by the creation of progressive researched policies;
7. Informal entrepreneurship should be tailored to the Nigerian cultural norms and values, which can be done by fashioning out homegrown entrepreneurial processes that suit local peculiarities based on the realities of their circumstances, natural resources, geographical location and culture, thus leading to sustenance of social status while performance is primed;
8. The knowledge from the study should be replicated in other markets by providing better-oriented views to fellow researchers on the constant role played by informal entrepreneurs in knowledge ascertainment while personally attaining a personal growth after surpassing survival in the society., which in totality will lead to a general social status improvement;

Further empirical studies across several sectors of the economy should be done to show commonality in making singularity decision (if any), in policy making for informal entrepreneurs/businesses.

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## Entrepreneurial Intention: South African Youth's Willingness to Start Tourism Businesses

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**Abstract:** Previous studies have recognised entrepreneurship as a tool capable of driving a nation's economy. This study explored tourism entrepreneurial intention of South African youth, and analysed relationships between entrepreneurship statements on the one hand, and entrepreneurial intention and entrepreneurial impact on the other hand. A questionnaire survey was used to collect data from simple-randomly selected 220 youth living in Mtubatuba Local Municipality, KwaZulu-Natal Province of South Africa. Descriptive, bivariate and multivariate data analyses yield information to address research objectives. Significant proportion of the youth have entrepreneurial intention, these youth want to solve problems, are willing to pursuing their dreams, have internal locus of control, have positive outlook, have the ability to identify opportunities, and above all have strong sense of empathy. South African Department of Labour needs to develop an operational plan to provide business education, entrepreneurial skills, and relevant support that can empower the youth to start their own businesses. This study validates the alignment of entrepreneurship roles to those of making a difference, innovation, leadership, and self-belief; and shares a positive outlook for the South African economy if the enabling political and economic conditions are created.

**Keywords:** entrepreneurial inclination; entrepreneurial intention; tourism entrepreneurship; youth entrepreneurship; sub-Saharan Africa

**JEL Classification:** L260; O550; R110

### 1. Introduction

African countries, including South Africa, aim to build strong economies that are globally competitive. Recent studies have recognised entrepreneurship as a tool capable of driving a nation's economy (Ezeuduji, 2017; Maziriri, Madinga & Lose, 2017; Chell, Spence, Perrini & Harris, 2016; Iwu, Ezeuduji, Eresia-Eke & Tengeh, 2016; Maziriri & Madinga, 2016; Ezeuduji, 2015; Rid, Ezeuduji & Pröbstl-Haider, 2014; Gree & Thurnik, 2003). Every nation in the world strives to decrease the

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unemployment level of its youth; and this can easily be achieved when the youth realise the importance of entrepreneurship as a driving force behind national and global economies. It is imperative that the youth should be able to identify business opportunities available in their regions and turn those opportunities into business venture.

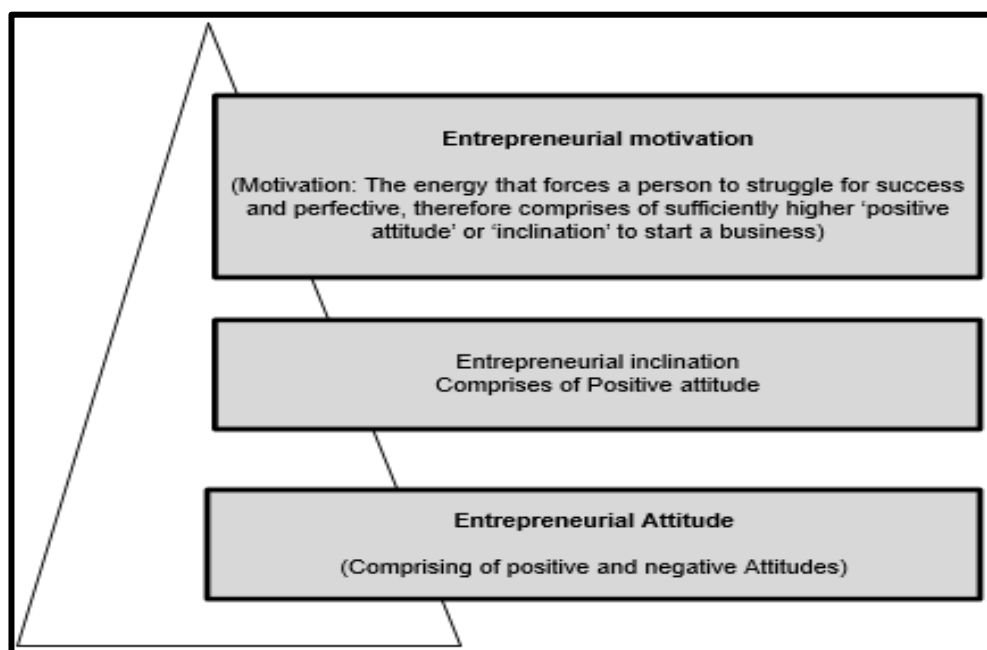
Mtubatuba Local Municipality in the KwaZulu-Natal Province of South Africa has Agriculture as its largest employment sector, however there is a great potential for expanding its tourism industry (especially eco-tourism), as its natural resources provide both public and private game and nature reserves, various accommodation establishments, restaurants and sporting facilities. One of the Local Economic Development objectives of this municipality is “to ensure poverty alleviation, shared wealth creation, community stability and raised standards of living through formal job creation, entrepreneurial activity, and Small, Medium and Micro Enterprises (SMME) development” (Mtubatuba Municipality, 2017). Other researchers have indicated that entrepreneurship is a significant component of the solution to Africa’s economic development issues (Maziriri & Madinga, 2016; Nchu, Tengeh & Hassan 2015; Olomi & Sinyamule, 2009). The Global Entrepreneurship Monitor report (GEM, 2014) noted that the entrepreneurial activity in South Africa is quite low compared to many countries in Africa. It is common knowledge that a prospective entrepreneur must not have the financial capital to kick-start his or her business, but should know how to get business funding. Owing to the fact that tourism business opportunities exist for the youth of Mtubatuba Local Municipality in the KwaZulu-Natal, this study will therefore assess the entrepreneurial intention of South African youth resident in this area and their mind-set, to start tourism business. It will also evaluate the youth’s perception of the impact entrepreneurship can have on their lives. This study places an age limit of 35 years for a respondent to be considered as a youth.

## **2. Literature Review**

Gwija et al. (2014) and Iwu et al. (2016) reported that the extent of entrepreneurial engagement in South Africa is considered to be very low due to lack of capital, poor business management ability and a general lack of infrastructural support. These notwithstanding, the entrepreneurial inclination of the youth plays important role in deciding their future entrepreneurial behaviour (Singh & Singh, 2016). In support of this statement, entrepreneurship is receiving more attention in the area of business research (Sandhu, Sidique & Riaz, 2011; Singh & Singh, 2016). Singh and Singh (2016) stated that seminars, conferences and workshops are being organised often in universities and other related organisations to inform the youth about entrepreneurial programmes. It is suggested that entrepreneurial intent is a primary predictor of future entrepreneurial behaviour (Singh & Singh, 2016).

Young people who are more mature and have greater job experience are more likely to be inclined towards entrepreneurship (Sandhu et al., 2011). They (Sandhu et al.) also suggested that the youth face various barriers such as lack of funds, fear of failure and lack of social networking that may hinder their entrepreneurial inclination. The barriers faced by these “young stars” also display different dimensions compared with barriers faced by existing entrepreneurs. Understanding these barriers and the relationship between entrepreneurial inclinations and the practicality of starting new businesses will assist policymakers in formulating new strategies. The following figure, put forward by Singh and Singh (2016), displays the relationship between entrepreneurial inclination and the practicality of starting new businesses (see Figure 1).

Lengyel (2015) alluded to the fact that there is a remarkable distinction between those who would like to be entrepreneurs and those who actually intend to be. The entrepreneurial potential means an inclination, a kind of openness, readiness to grasp a business opportunity, not necessarily a deliberate intention to become an entrepreneur (Lengyel, 2015). This is relevant as this study is concerned with entrepreneurial inclination.



**Figure 1. Entrepreneurial inclination hierarchy**

*Source: (Singh & Singh, 2016, p. 72)*

South African population, the youth inclusive, does not suffer from a lack of creative spirit, but suffer from a lack of business education and entrepreneurial

skills that can empower individuals in an enabling environment (Maziriri, Madinga & Lose, 2017; Maziriri & Madinga, 2016; Steenekamp, Van der Merwe & Athayde, 2011; Burger, Mahadea & Neil, 2004). Iwu et al. (2016) suggested that among other factors, the economic conditions and education system are the most important factors influencing the development of entrepreneurship in the world economy. Chenube, Saidu, Omumu and Omomoyesan (2011) posit that entrepreneurial inclination can be stimulated by a healthy education background, relevant work history, successful entrepreneurs as role models, moral-network support, and professional support network. These are variables that result in the success of the entrepreneurial process. So, youth's independent depends on entrepreneurial inclination and entrepreneurial education to enhance the success of the whole process of poverty reduction and job creation (Chenube et al., 2011). The study by Iwu et al. (2016) in South Africa, show that there is a growing entrepreneurial inclination among the educated youth (university students), however this study will explore the entrepreneurial intention of the South African youth, not focusing on their level of Western education. It will also compare the youth's willingness to start their own businesses and their level of agreement with entrepreneurship statements (meaning, inclination, enablers and barriers).

### **3. Research Method and Design**

Veal (2011) supports that when the nature of research questions requires individual and quantified responses, questionnaire survey is ideal to obtain information to answer the research questions or address research objectives. The authors used both respondent-completed and interviewer-completed structured questionnaire to gather information from 220 youth of Mtubatuba Local Municipality in the KwaZulu-Natal Province of South Africa, between January and April 2017. Interviewer-completed questionnaire method was used when the respondent cannot complete the questionnaire in English language. In this case, one of the researchers who is a local resident of this area translated the questionnaire in the local language, and completed the respondents' answers. Respondents were selected within their households (household survey) and on the streets (street survey) using simple random sampling technique. 220 questionnaires were handed-out, and 207 completed questionnaires were found usable for data analyses.

Questionnaire variables included youth profile (categorical variables), perceptions of entrepreneurship "meanings", perceptions of entrepreneurial inclinations, and enablers and barriers of starting tourism businesses (all ordinal variables, on a 5-point Likert scale: 1 – strongly agree, to 5 – strongly disagree). The ordinal variables originate from the literature study of this paper.

IBM's SPSS version 24 software was used for statistical analyses (IBM Corporation, 2016), where descriptive, bivariate and multivariate statistics were

conducted (at 95% confidence interval). Descriptive statistics generated percentage frequencies and mean scores of responses. Multivariate analysis used reliability test to check for the level of internal consistencies of variables used to explain different factors (perceptions of entrepreneurship ‘meanings’, perceptions of entrepreneurial inclinations, and enablers and barriers of starting tourism businesses). The use of Cronbach’s Alpha coefficient of between 0.5 and 0.7 is acceptable in social science research, to explain adequate consistency of variables (George & Mallery, 2003). However, Tavakol and Dennick (2011) stated that low Cronbach’s Alpha score may occur if there is a weak interrelationship amongst questionnaire variables used in the analysis, or when few variables are being used to explain a particular factor. The reliability test results in this study show that we used variables that are internally consistent to measure study factors.

Bivariate analysis (Pearson Chi-Square tests) checked relationships between entrepreneurship statements on the one hand, and entrepreneurial intention and entrepreneurial impact on the other hand. This test of relationship between categorical and ordinal variables, using Chi-Square test, was supported by Veal (2011).

#### 4. Results and Discussion

Results in Table 1 show that there was a fair distribution between males and females who were surveyed, as the researchers tried to create this balance. About 64% of the respondents were between the ages of 18 and 25, reflecting that the sample is relatively young. Fortunately, about 92% of the respondents have secondary or tertiary education, revealing that general educational level is not a significant barrier for South African youth population to embark on entrepreneurial process, especially when about 55% of the sample indicated that they have some Business Management or Entrepreneurship education.

**Table 1. Youth profile (N=207)**

<b>Variable</b>	<b>Category</b>	<b>Frequency (%)</b>
1.1 Gender	Male	50.5
	Female	49.5
1.2 Age group	18-25	64.0
	26-30	23.3
	31-35	12.7
1.3 Highest level of education attained	No western education	3.4
	Primary education	4.9
	Secondary education	54.4
	Tertiary education	37.3
1.4 Are you South African?	Yes	96.1
	No	3.9



1.5 Did you study any Business Management or Entrepreneurship course/programme?	Yes No	54.8 45.2
1.6 Would you want to start your own tourism business in the future?	Yes No	77.1 22.9
1.7 Do you think you are an entrepreneurial individual?	Yes No	65.3 34.7
1.8 Starting tourism business can change young people's life	Yes No	86.5 13.5

This study obtained quite interesting results as about 77% of the population have the intention to start their own businesses in the future, and about 65% of them see themselves as entrepreneurial individuals. As anticipated, much of the youth (about 87%) agree that entrepreneurship can change their lives. All these results support Iwu et al.'s (2016) findings. It is a reality that entrepreneurial intention may not always lead to one actually starting and managing his/her business, and many may start and eventually become unsuccessful due to internal or external factors. However, for a developing economy like South Africa, these results are positive.

Table 2 shows the mean scores of entrepreneurship statements made by the youth, where most of them tend to agree with most of the statements. The reliability tests conducted show internal consistencies among variables used to explain entrepreneurship factors. However, analysing the relationship between “willingness to start own business” and “positive impact of entrepreneurship on youth’s lives” on the one hand, and “entrepreneurship statements” on the other hand, also produced some interesting results in Table 2.

**Table 2. Entrepreneurship statements compared with entrepreneurial intention and impact (N=207)**

Perceptions of entrepreneurship “meanings” <sup>b</sup>	Mean	Compared with “willingness to start own business” and “impact on youth life” <sup>a</sup>
2.1. Being an entrepreneur means creating an own business;	1.77	** Those who believe starting tourism business can change young people’s life agree more;
2.2. Being an entrepreneur means organising and managing own business;	1.93	***Those willing to start own business in the future agree more; *** Those who believe starting tourism business can change young people’s life agree more;
2.3. Being an entrepreneur means taking risks;	2.44	N.S
2.4. Money is the only thing that an entrepreneur needs;	2.68	* Those who believe starting tourism business can change young people’s life agree more;

2.5. An entrepreneur is an inventor;	2.34	N.S
2.6. Being an entrepreneur means developing a new product or service;	2.26	N.S
2.7. Being an entrepreneur means increasing capital and wealth;	2.22	N.S
<b>Reliability Statistics (entrepreneurship "meanings"), Cronbach's Alpha = .552, N of Items = 7, Valid cases = 183 (88.4%), Excluded cases = 24(11.6%), Total = 207</b>		
<b>Perceptions of entrepreneurial inclinations</b>		
2.8. I am constantly on the lookout for new ways to improve my life;	1.88	N.S
2.9. I feel driven to make a difference in my community, and maybe in the world;	1.96	** Those who believe starting tourism business can change young people's life agree more;
2.10. Wherever I have been, I have been a powerful force for constructive change;	2.30	N.S
2.11. I enjoy facing and overcoming obstacles to my ideas;	2.05	N.S
2.12. Nothing is more exciting than seeing my ideas turn into reality;	1.83	N.S
2.13. If I see something that I do not like, I fix it;	1.89	** Those willing to start own business in the future agree more;
2.14. No matter what the odds, if I believe in something, I will make it happen;	1.93	N.S
2.15. I am always looking for better ways to do things;	1.80	** Those who believe starting tourism business can change young people's life agree more;
2.16. If I believe in an idea, no obstacle will prevent me from making it happen;	2.03	** Those willing to start own business in the future agree more;
2.17. When I have a problem, I tackle it head-on;	2.22	N.S
2.18. I am great at turning problems into opportunities;	2.18	N.S
2.19. I can spot a good opportunity long before others can;	2.16	N.S
2.20. If I see someone in trouble, I help out in any way I can	2.00	* Those willing to start own business in the future agree more

		* Those who believe starting tourism business can change young people's life agree more
<b>Reliability Statistics (entrepreneurial inclinations), Cronbach's Alpha =.845, N of Items = 13, Valid cases = 167 (80.7%), Excluded cases = 40(19.3%), Total = 207</b>		
<b>Enablers and barriers of starting tourism businesses</b>		
2.21. Belief systems within our society can hinder youth to start tourism businesses;	2.29	* Those willing to start own business in the future agree more.
2.22. Home background can hinder youth to start tourism businesses;	2.38	N.S
2.23. Lack of equipment and machinery can stop youth to start tourism businesses;	2.54	N.S
2.24. Lack of knowledge of support centres for entrepreneurs can stop youth to start tourism businesses;	2.41	N.S
2.25. Lack of education and training can hinder youth to start tourism businesses;	2.35	N.S
2.26. Not having business networks can hinder youth to start tourism businesses;	2.38	N.S
2.27. Hardships in obtaining start-up capital can hinder youth to start tourism businesses;	2.48	N.S
2.28. One's gender (male or female) influences the likelihood of starting tourism businesses;	2.82	N.S
2.29. I will have money to start a tourism business;	2.64	** Those willing to start own business in the future agree more; ** Those who believe starting tourism business can change young people's life agree more;
2.30. I know how to get money to start a small tourism business;	2.54	* Those willing to start own business in the future agree more;
2.31. I will have training support to start a small tourism business	2.53	**Those willing to start own business in the future agree more;
2.32. The hard work involved in managing one's business can hinder youth to start tourism businesses	2.54	N.S

*Reliability Statistics (enablers and barriers), Cronbach's Alpha = .762, N of Items = 12, Valid cases = 172 (83.1%), Excluded cases = 35 (16.9%), Total = 207*

<sup>a</sup> Pearson Chi-Square test significance. N.S, no significant results. \*,  $p < 0.05$ ; \*\*,  $p < 0.01$ ; \*\*\*,  $p < 0.000$ .

<sup>b</sup> Questionnaire were itemised along a 5-point Likert-type scale ranging from 1, Strongly agree; 2, Agree; 3, Neutral; 4, Disagree; 5, Strongly disagree.

Youth members willing to start their own businesses agree more than those who are not willing to start any business, to these statements: "If I see something that I do not like, I fix it"; "If I believe in an idea, no obstacle will prevent me from making it happen"; "If I see someone in trouble, I help out in any way I can"; "Belief systems within our society can hinder youth to start tourism businesses"; "I will have money to start a tourism business"; "I know how to get money to start a small tourism business"; and "I will have training support to start a small tourism business". This is enough evidence to posit that entrepreneurial intention has relationships with "solving problem and not talking about problems", "believing in one's dreams and pursuing them", "empathy towards others", "internal locus of control", "positive outlook", and "ability to identify opportunities". These will definitely form part of the positive energy and attitude discussed by Singh and Singh (2016) for entrepreneurial inclination and motivation.

In the same vein, youth members who agree to positive impact of entrepreneurship on youth's lives agree more to these statements: "I feel driven to make a difference in my community, and maybe in the world"; "I am always looking for better ways to do things"; "If I see someone in trouble, I help out in any way I can"; and "I will have money to start a tourism business". These results supply further empirical evidence that the role of entrepreneurship is valued in "making a difference in people's lives", "innovation", "leadership" and "self-belief". This is in support with previous studies that recognised entrepreneurship as a tool for driving a nation's economy (Maziriri, Madinga & Lose, 2017; Chell, Spence, Perrini, & Harris, 2016; Iwu, Ezeuduji, Eresia-Eke & Tengeh, 2016; Maziriri & Madinga, 2016; Gree & Thurnik, 2003).

## 5. Conclusion

Results presented in this paper are positive towards the future of the South African developing economy, as the youth do recognise the importance of entrepreneurship towards their nation's economic growth, and are willing to play active entrepreneurial roles toward sustaining the economy. The findings also indicate that youth who have entrepreneurial intention want to solve problems, believe in their dreams and are willing to pursuing them, have internal locus of control, positive outlook, the ability to identify opportunities, and above all want to also

help others. The study also found that the youth align the roles of entrepreneurship to those of making a difference, innovation, leadership and self-belief. It is imperative therefore that the South African Government through its Department of Labour develop an operational plan that will help in providing business education, entrepreneurial skills, and relevant support that can empower the youth to start their own businesses. This can only happen in a peaceful political and economic enabling environment.

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## **Towards an Integrated Management and Planning in the Romanian Black Sea Coastal Zones**

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**Abstract:** The socio-economic and “natural” systems are, to a variable extent, now locked in a co-evolutionary path, characterized by a joint determinism and complex feedback effects. The management of the coastal zones, including also modeling and assessment measures, should, be reoriented over time to properly capture the causes and consequences of the joint system changes as manifested in the coastal areas. This will require a collaborative work among a range of economical, environmental and social science disciplines. The pressures and the high instability are similar between the coast and the sea, in both senses (from the land to the sea and also from the sea to the land), being given by various factors as the strong winds, waves, storms, open sea, currents, as well well also the variability of temperatures, salinity, density, due to the Danube impact, etc. The influence of the rivers discharging into the Black Sea is important, while the coastal erosion, flooding, urbanization, tourism, naval industry have an impact on the coast and the sea environment. The Marine Spatial Planning Directive is appropriate in Romania to put in practice the similar tools, and practical approach from the coast to the maritime space. This paper aims to represent an useful starting point in the management of the coastal zones for both natural and social science research that would be seeked (by a more integrated modelling and assessment process) to better describe and understand the functioning of the ecosystems, that form the coastal interface, and in particular the filter effect is exerted on nutrients in response to the environmental pressures, both anthropogenic and non-anthropogenic - the climate change, land use/cover change, urbanization and effluent treatment from both point and non-point sources. For this it is necessary a broad analytical framework (rather than a specific model) in which to set a more detailed analysis.

**Keywords:** integrated coastal management; coastline change; risk analysis; Black Sea shore; marine spatial planning

**JEL Classification:** O32

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## 1. Introduction

For accomplishing the main objectives required for a sustainable development in the coastal areas, it is an issue of major signification to have strategic directions such as: conservation of the coastal environment, a good management of the risks and of the coastal vulnerabilities, and merging of the coastal environment with relevant economical considerations in the decision making. (Anton, Rusu, & Mateescu, 2017) At the international Conference on Coastal Systems Studies and Sustainable Development, organized by UNESCO, it has been noted that the modern industrialized development, associated with a significant population growth, have subjected the coastal environments to severe pressures and degradation through over-exploitation of the resources, various types of pollution that may lead to the destabilization of the coastal zones, as well as the global changes that are visible with higher intensity in the nearshore (Gasparotti, 2015). It has been also observed that it is an increasing spread of the modern-style regarding the industrialized development problems such as the congestion, pollution and high resource consumption within the coastal zone that contains some of the richest and most diverse resource areas of the planet (Gasparotti & Rusu, 2012).

At present, there are a variety of regulatory processes by which the licenses, permits and other authorizations have to be obtained for specific proposals or activities in the coastal areas, such as the transport, fisheries, or offshore drilling. Some regulators can impose restrictions on activities such as in the Danube Delta Biosphere Reserve marine area or the Vama Veche - 2 Mai Marine Protected Area (Ivan et al., 2012).

These regulatory regimes are changing over time due to the developments of the activities in the marine environment and the status of the marine ecosystem (for example the diminishing of the fish stocks due to the over fishing that implies restrictions on the fishery activities, exploration and extraction of the oil, buildings or extensions of the ports and other infrastructure measures). Some of these regulatory processes have a spatial dimension, in the sense that there are defined areas of the sea, where particular activities are promoted or restrained (JICA, 2007).

On 23 July 2014 it has been elaborated the DIRECTIVE 2014/89/EU of the European Parliament and the Council establishing a framework for Maritime Spatial Planning which entered into force in September 2014. The European Parliament and the Council have also, under discussion and debate a proposal for establishing a framework for maritime spatial planning and integrated coastal management, launched on 12 March 2013, at present being provisory (Onea & Rusu, 2014).

Based on these two important documents, important objectives and steps for *maritime spatial plans and integrated coastal management strategies* have been



underlined, applicable to all EU countries and seas. They are mainly (Onea et al., 2015):

- The member states will be required to establish and implement maritime spatial plans and integrated coastal management strategies.
- Maritime spatial plans should map the actual and potential spatial and temporal distribution of maritime activities in marine waters.
- The integrated coastal management strategies that should contain an inventory of the existing measures applied in coastal zones and an analysis of the need for additional actions in the appropriate management of the activities in coastal zones.
- The plans and strategies need to be mutually coordinated and to be reviewed at least every 6 years.
- All relevant stakeholders and authorities should be appropriately consulted on the draft plans and strategies and should have access to the available results once.

Plans and strategies must be based on the best available data, which should be collected through the use of existing instruments established in other EU initiatives.

- Member States must cooperate with the third countries to ensure that all plans and strategies are appropriate in coastal and marine regions.
- Plans and strategies must be subject to the applicable procedures for strategic environmental assessments.
- Member States should designate the authority or authorities to implement the Directive and report to the Commission on the implementation of the Directive on a regular basis (Onea & Rusu, 2016).

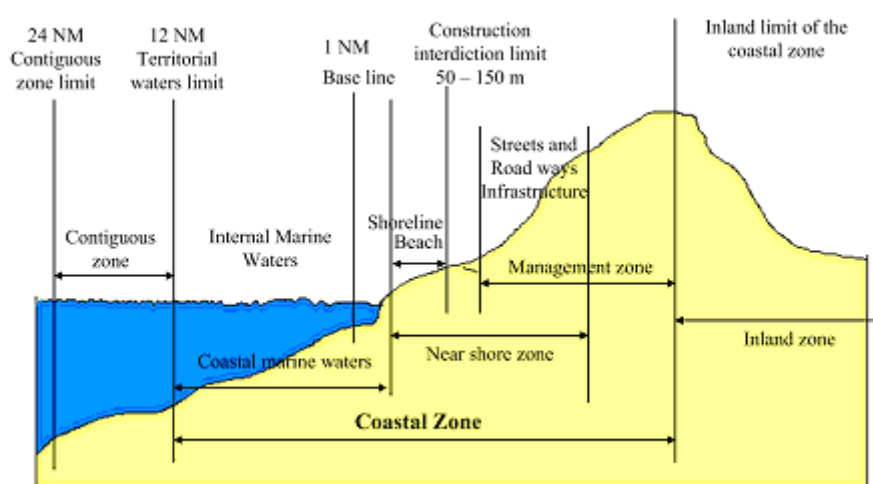
## **2. Current Situation of the Integrated Management and the Maritime Spatial Planning Framework in Romania**

In Romania, the delineation is made according to the Governmental Emergency Ordinance no. 202/2002 regarding the coastal zone management approved with further modification and amendments through the Law no. 280/2003, and in compliance with the methodology concerning the public domain delineation of the state in the coastal zone, since 7 April 2004.

One of the first questions that are affiliated with the management process of the integrated coast is: “How far into the inland and how far from the shore to the sea must the coastal zone expand”. Even if in Romania the coastal zone is officially defined, for the planning and scientific reasons, in Europe it is considered to stretch 12 nautical miles in the territorial sea and a strip of 10 km inland, so it may include the most of the large coastal cities (Fig. 1) (Rusu, 2014).

The discussions about this region, in the national and international political documents as the coastal zone may be characterized and determined using the following criteria: physic-geographic, geologic, social, cultural, ecosystem, economic, administrative and legislative. (Zanopol et al, 2014)

If till now this delineation hasn't been done, in the present the aim is to have a more stable precision on the principles regarding the delineation and definition of the coastal zone as well as the assertion about the measurements for its integrity assurance (Rusu & Măcuță, 2009).



**Figura 1. The coastal zone elements**

The coastal system vulnerability is specifically determined by the coastline sectors, where the intervention of human activities is or isn't directly felt: the littoral that is evolving in a natural regime and the littoral that is constructed. Here the constructions have been developed in time. The hydro-technical coastal structures and the installations made for the economic activities, as for example: ports, similar structures or adjacent, and for the development and protection of the coastal zone: seawall, revetment, bulkhead and consolidation (Rusu et al, 2014).

The coast line is considered the essential aspect of the determination process. In this case, Article 9 of the Methodology/07.04.2004 states the following: From the technical point of view, in the coastal zone the delimitation of the public domain of the state will be based on the configuration position and the surface measurements located on both banks Of the shore. "Based on the above-mentioned aspects, the following functional areas may be declared including areas of interest" (Anton et al., 2017):

**1. Coastal dry land:**

1. Protected DDBR zones;
2. Historical monuments: ancient castles;
3. Industrial/harbor zones: Midia, Constanta South-Agigea, Mangalia;
4. Tourist zones: Mamaia, Mangalia resorts;
5. Agricultural/forest zones: Agigea, Eforie South, Tuzla, Costinesti, 23 August, Comorova Forest, Limanu;
6. Residential arias: Coastal municipal incorporated space;
7. Military zones: Corbu and Mamaia Sat firing ranges.

**2. Coastal marine zones:**

1. Reserves: Vama Veche Underwater Reserve;
2. Oil extractions and underwater pipes: Midia continental shelf;
3. Transport sea routs: for the 3 ports;
4. Industrial fishing zones: on the whole coast - some have passive fishing, others active;
5. Tourist navigation: Tomis, Belona, Costinesti and Mangalia ports;
6. Military navigation: Mangalia and Constanta ports;
7. Zones with an economic potential that have a series of explicit conflicts of interest, in the economic activities and in the coastline ecosystem component;
8. Harvesting grounds for mollusks: Shellfish Directive (Rusu, 2010).

Likewise, based on the criteria of using and managing (Fig. 2), the coastal zone will be classified into the following functional zones that can be relatively delineated to the coastline position (Article 9 of the Methodology/07.04.2004 (Rusu & Ivan, 2010):

a) In the northern sector:

- Terrestrial zone;
- Strictly protected areas;
- Buffer areas;
- Economic zones.

b) In the southern sector:

- Terrestrial zone;

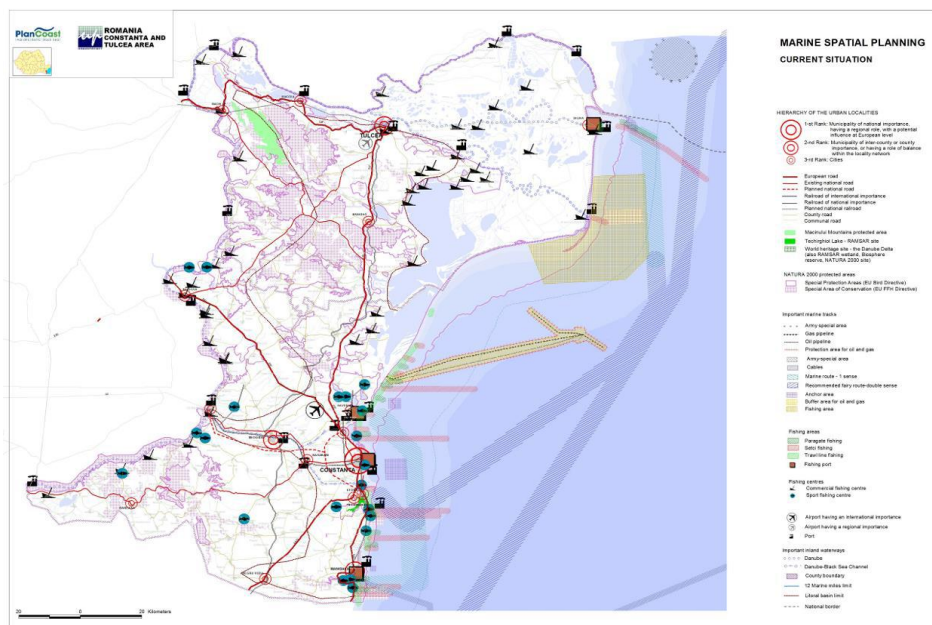
- Tourist beaches;
- Undeveloped beaches that include dunes and sand vegetation;
- Cliff zones;
- Natural reserves.

c) In the southern sector:

- Land-sea interface zones;
- Ports and related constructions;
- Hydro technical constructions - submerged and emerged for the coastline protection;
- Work consolidating cliffs.

d) In the northern and southern sector:

- Marine zone;
- Waterways and harbors;
- Military sector for specific mission - exercises for vessels;
- Shellfish farms.



**Figure 2. Integrated Maritime Map (PlanCoast) (Source: Urban-INCERC Bucharest and NIMRD Constanta, 2007)**

Different kinds of approaches for the spatial planning and integrated management in the aim of planning methods are presented in the following diagram (Fig. 3) (Rusu et al, 2014).

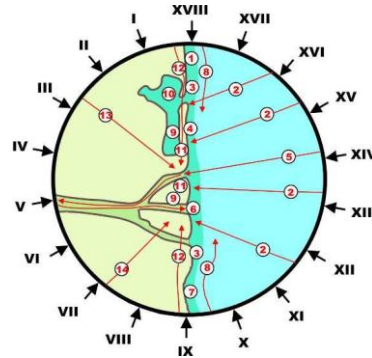


Figure 3. An example about the interaction of natural and anthropogenic factors in the coastal zone of the Black Sea

Table 1. Legend for Figure 3

Natural factors assessment		Anthropogenic factors assessment		
1. High diversity, number and biomass of vegetation and animals in the contour (boundary) biotopes of the sea	8. Wintering and feeding migration of young fish along the coast.	I. Industry	VIII. Night entertainment facilities on shore	XVI. Ecological control
2. Spawning migration of fish from the high sea towards the coast	9. High number and biomass of organisms in limans, lagoons and river deltas	II. Agriculture	IX. Extraction of living resources	XVII. Ecological education and upbringing
3. Feeding of young fish at coasts	10. Feeding of sea fish and their fry in limans and lagoons	III. Cattle farming	XI. Artificial reefs	XVIII. Complex management of the coastal zone
4. Feeding of adult fish at the coast	11. Nesting of colonial and other bird species in river deltas and limans	IV. Fishery	XII. Sea transport	
5. Spawning migration of transitory fish from the sea into rivers	12. Seasonal migration of birds having their stay in the coastal zone	V. Hydraulic power industry	XIII. Dumping	

<b>6. Passage of young fish from rivers into deltas and in the coastal zone of the sea</b>	13. Striving of land birds to the coastal zone	VI. Municipal facilities		
<b>7. Wintering migration of adult fish along the coast</b>	14. Striving of land mammals to the coastal zone	VII. Resorts	XV. Coast protection	

The structure of the economic activities in the coastal areas is covering the marine and offshore zones, but also the inland activities (Table 2).

**Table 2. The structure of the economic activities related to the coastal zone**

Main Fields		Activities
1	Marine transportation	Services for the passenger and cargo fleet, port facilities and land-based infrastructure
2	Offshore operations	Activities pursued on the fleet, at floating factories, in fishing ports, canneries and fish breeding
3	Sea industrial cycles	Development of the raw resources of the shelf and the World Ocean
4	By-port industrial production	Industrial processing of the export and import raw materials
5	Recreation	Services for the resort and recreation industries and public tourist facilities
6	Export/import and technical activities	Formation of special economic zones, joint entrepreneurship and establishment of technopolitan sites and technological parks

The consideration of the impact of the anthropogenic factors evaluation permitted, for the beginning, to focus the attention on various activities, uses and impact factors on the coastal and marine ecology. There were registered the following fields of the activities and their impacts (Table 3) (Gasparotti, 2015).

**Table 3. Fields of the activities and their impacts on the sea and coast**

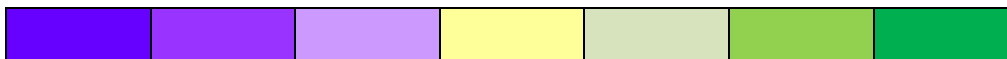
IDENTIFIED FIELD	CORRESPONDING ACTIVITIES
Industry	- pollution with sewage containing chemical and radioactive substances
Agriculture	- pollution with organic and mineral substances, pesticides in water and soil, soil erosion, sea bottom silting, eutrophication
Cattle Farming	- pollution with sewage, eutrophication
Fishery	- genetic degradation of natural populations resulting from release

	into water bodies of the breed which was obtained by crossing closely related fish
Hydraulic Power Industry	- obstacles for spawning migration of transitory fish
Municipal Facilities	- pollution with sewage and storm waters, microbial contamination
Resorts	- pollution with sewage water, microbial contamination
Night entertainment facilities on shore	- noise and light pollution of the coastal zone
Extraction of living resources	- reduction of the numbers of the individual populations of industrially extracted species
Extraction of mineral resources	- ruination of bottom communities, bottom silting
Artificial reef construction	- increase of the number of attachable plants and animals, spreading of filtering organisms
Sea transport	- ruination of the costal bottom communities, advent of alien species
Dumping	- ruination and destruction of bottom communities, bottom silting
Coastal protection	- worse habitat conditions, establishment of stagnation sites in the coastal zone
Environmental protection	- positive consequences
Ecological control	- positive consequences
Ecological education and upbringing	- positive consequences
Complex management of the coastal zone	- positive consequences

Taking into consideration all these activities and their impacts on the sea and the coast, it can be created a matrix of expert assessments concerning the ecological processes and conflicts in the coastal stretch of the Black Sea (Rusu, 2015).

**Table 4. Consolidated matrix of the expert assessments concerning the ecological processes and conflicts in the coastal stretch of the Black Sea**

**LEGEND:**



Effects: 1- extremely negative; 2- negative; 3- rather negative, than positive; 4- undefined; 5- rather positive, than negative; 6- positive; 7- extremely positive.

Factors: I. Industry, II. Agriculture, III. Fishery, IV. Marine shipping, V. Communal services, VI. Coast protection, VII. Hydro power engineering, VIII. Resorts, tourism, IX. Nature conservation, X. Environmental education.

Consequences Causes	Changes in habitation conditions							Biological and general changes							
	Salinity	Currents	Transparency	Pollution	Trophic status	Bottom sediments	Oxygen	Restlessness	Quantity	Diversity	Bottom hypoxia	Stock	Health hazard	Food quality	Aesthetic quality
Bioresources extraction															
Mineral extraction															
Industrial effluent disposal															
Chemicalization															
Soil erosion															
Agricultural effluent disposal															
Residual forage															
Inbreeding															
Development of ports															
Dredging, damping															
Ballast waters disposal															
Ship wrecks															
Municipal effluent disposal															
Rainfall effluent disposal															
Beach widening															
Hydraulic works															
Dams															
Reservoirs															
Resorts development															
Domestic effluent disposal															
Sports, entertainment															
Devipt of protected areas															
Environmetal control															
Artificial reefs															
Lectures															
Extracurricular education															
Books, posters, films															
Integrated coastal zone management															

The comparative analysis of the existing measures and the results obtained led to identifying other important needs, under the institutional, environmental and social aspects (Gasparotti & Rusu, 2012):

- Institutional needs:
  - The need for legal support frameworks;
  - The need for capacity development;
  - The need for inter-sector decision-making;
  - The need to address multi-use conflict through MSP;



- The need for stakeholder-based planning.
- Environmental needs:
  - the catalytic role of the MSP for sustainable development;
  - The need to address multiple cumulative impacts.
- Social needs:
  - MSP complements traditional management approaches;
  - Reconciliation of top-down plans, which are planned on a large scale, with bottom-up management at the highest level and more localized (Gasparotti & Rusu, 2012).

The intersectoral approach between the economy and the coastal environment is only sustainable if the risks are low. (Table 5) (Zanopol et al, 2014)

**Table 5. Necessity of risks, avoiding according with a significant necessity of investments in infrastructure (Zanopol et al, 2014)**

SUBJECTS	OPPORTUNITIES	RISKS
Energy and Pipelines	New pipelines Fossil fuel development Marine renewables Regional development	Increased the oil transportation and Bosphorus strait constraints Environmental damage associated with the new energy transport Need for effective communication Infrastructure development
Transport	Growth of shipping Development of ferry services Short sea shipping Cruise activity New infrastructure Gas and oil shipping Leisure development	Substandard for shipping and maritime accidents Administrative barriers for shipping
Environment	Improved monitoring and communication Implementation of EU regulations and regional agreements	Eutrophication Nutrient enrichment Marine living resources biodiversity
Economic Use	services related to the energy transport infrastructure development agriculture development increased tourism	low investments in the infrastructure administrative barriers environmental pressures caused by land use

### 3. Conclusions

The economic activities of the municipalities along the Black Sea have a particular significance for the protecting the sea and coastal environments. On the other hand, the economic use of the coastal zone quite often denies the opportunities for some other activities. The construction of the coastal highways also limits the development of the coastal tourism and wildlife reserves. The construction of the hotels on the beach in the immediate vicinity of the shore puts a burden of waste from the human activities on the environment, on the quality of the beach and usually deteriorate coastal waters.

An integrated approach for the coastal area is required to ensure that the Romanian coastal zone is environmentally and economically sustainable, as stated in the National Plan for the Integrated Coastal Zone Management (draft emission 2006-2007), which is the main document concerning the Romanian ICZM strategy. This allows the coordination of multiple and often contradictory interests. It also provides directions for the desired developments in the most important economic sectors of the coastal zone (agriculture, tourism, industry, infrastructure, international trade and fisheries), taking into account the need to protect the environment.

The strategy herewith proposed also is considered as a long-term policy document, taking into account the highest social, economic and ecological benefits for the present and future generations. Relevant elements of the Romanian long-term strategy should be translated into medium-term policies and short-term action plans for the relevant sector agencies in a coordinated and integrated manner. Furthermore, a long-term perspective, in order to preserve the environmental, cultural and heritage appeals, is taken into account in the sustainable development.

### 4. Acknowledgement

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## Performance of Small and Medium Enterprises in Lagos State: The Implications of Finance

Abosede Julius Adebisi<sup>1</sup>, Hassan Ally Banjo<sup>2</sup>, Oko-Oza Omonze Regin<sup>3</sup>

**Abstract:** The main aim of this study is to examine the impact of finance on the performance of small and medium enterprises in Lagos State. The research design adopted for this study is survey research design. Data analysis and hypotheses test from 250 SME owners and operators using Pearson correlation and regression analysis indicate that, there is a relationship between SME finance and business performance. Limited information on loan qualification criteria and high interest rate mostly pose challenge to SMEs in their quest to access finance. Results also show there is significant relationship between financial management practices and the performance of SMEs. Sequel to findings of the study, it is recommended that government Flexible arrangements should be put in place for SMEs in Lagos State to enable them access fund. Government should find way to encourage financial institution to lend to SMEs by providing guarantees, interest rate subsidies and other incentives

**Keywords:** SMEs; Finance; Financial management; Performance

**JEL Classification:** L32

### 1. Introduction

SMEs are generally regarded as the engine of economic growth in developing economies (Agwu & Emeti, 2013) and developed nations (Alese, 2017). Specifically, Alese (2017) argues that this argument stems from the realization that almost all countries that have focused on SMEs sector have ended up in the significant reduction in poverty level and its attendant enhancement in the quality and standard of living, reduction in crime rate, increase in per capita income as well as rapid growth in national output among other salutary effects.

Similarly, small and medium enterprises (SMEs) have been largely acknowledged as the oil required for lubricating the engine of socio-economic transformation of

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any nation (Odah, 2005). Small enterprises are vital for economic development because they encourage entrepreneurship, generate employment, reduce poverty and provide suitable livelihood (Rogers, 2002) The SME sector is strategically positioned to absorb up to 80% of jobs, improve per capita income, increase value addition to raw materials supply, improve export earnings and step up capacity utilization in key industries.

However, despite the deluge of studies on the SME sector in Nigeria and Lagos specifically, few studies have critically investigated effect of how finance when acquired are used on the performance of SME since the skills needed to set up a business is not same as those needed to run a business (Edward, 2012). Most of the existing studies often focus on Commercial Banks' Credit and SMEs Development (Dada, 2014), impact of micro-finance on small scale business (Ashamu, 2014); effect of SMe financing on economic development (Taiwo, Falohun & Agwu, 2016) among others. hence the need desire to understudy the impact of finance on business performance of small and medium scale businesses in Lagos state as case study. Specifically, the study examines the relationship between entrepreneur's level of access to credit facilities and business performance, relationship between financial management ability of an entrepreneur and business performance and ascertain if there is a correlation between entrepreneur's limited sources of finance and degree of business success.

## **2. Literature Review**

Nigerian businessmen and women are innovative in assessing opportunities and in the ability to nearly as effective in product innovation. They tend to concentrate on the rapid adoption and imitation of foreign innovation and know-how. For example most manufacturers usually make products based on foreign brand label under license. As to technology, most of the machinery used in production are imported from developed economy and developing countries like United State, and Hong Kong respectively. This may explain the difficulty of Nigerian SMEs in the manufacturing to diversify from the traditional methods of production

In the past, Nigeria concentrated producing a limited range of highly labor-intensive goods such as textiles plastic etc. It is quite true that Research and development (R & D) is not common with small size firms. They prefer rapid imitation of new imported technology as a more viable and economic alternative. Thus, many manufacturers prefer to stay in industries where R & D are not important.

Moreover, the skills and processes needed to grow a business are different from those needed to start a business. In fact, Edward (2012) asserts that many entrepreneurs had poor hiring processes, poor financial management; problems

having difficult conversations with employees; underestimated the power of culture; and made many hiring mistakes when trying to build a growth-management team.

To create an enabling environment for growth, the Federal Government of Nigeria over the decades has put in place different kind of institutional frame work to promote small scale enterprises in the country. These include the establishment of industrial development centers (IDCS), the small scale industries credit scheme, credit guidelines to financial institution, working for yourself/entrepreneurship development programme (WFYP/EDP) National Economic Reconstruction Fund and others.

Financial assistance to small business sector is also available in the form of credit scheme i.e. Small Scale and Medium Industries Credit Scheme (SSIC), Small Scale Enterprises loan Scheme (SMES). In 1999 Banker's committee came up with the Small and Medium Industries Equity Investment Scheme (SMIEIS). Through this, banks were mandated to set aside 10 percent of their profit before tax for the purpose of equity financing of small and medium enterprises.

However, the major challenge facing small and medium enterprises operators is lack of finance (Owualah, 1999). Lack of capital, has been identified as the most serious problems of establishing and running small and medium enterprises. Many operators face this challenge and are often constrained to rely on personal and family funds to carry out their business. Where there is need to expand and huge sums of money is required, these SMEs lack the collateral security with which they can approach commercial or microfinance banks for assistance.

According to Onyeiwu (2012), empirical evidence shows that in Nigeria, the level of external finance for the SMEs i.e. bank loan and equity is very low. Drawing from a Survey of SMEs conducted by World Bank between 2006 and 2007 and using four developing countries, namely Nigeria, Brazil, India and South Africa as example, it is evident that Nigerian SMEs are starved of necessary funds which can propel them into better performance. To this end, micro-finance banks are set up to alleviate poverty and also to serve as a platform for promoting entrepreneurial development (Akinbola, Ogunnaike & Tijani, 2013).

In Nigeria, funds for financing small businesses can be sourced from personal savings, loans and grants from relatives, friends and business associates. These sources entail little or no legal formalities. Nigerian banking industry (commercial, agricultural and investment banks) muster funds from government and international financing agencies, like World Bank, using Central Bank of Nigeria (CBN) as the arrow head Okafor & Onebunne ( 2012). Such funds are normally geared towards development and establishment of small firms. Most often the funds are available to SMEs through equity participation and venture capital activities. Banks also lend money to businesses ranging from short-term overdraft

facilities to medium and long-term loans and advances. According to Okafor & Onebunne (2012), the terms and conditions for accessing funds of this nature are spelt out against each credit type. There is an allegation that large firms dominate bank's loan portfolio, because they often provide adequate and qualitative financial information about their past and current operations and can better articulate future plans of their business to support loan demands (Mumbula, 2002). Moreover, they provide better collateral than small firms (Okafor, 2008). Since small businesses are perceived as risky borrowers, fund providers attempt to minimize credit risk exposure when dealing with them by offering small amount of loans rather than full financing, at very high cost.

The assumption made by discovery theory concerning the nature of entrepreneurs follows directly from its assumption about the nature of opportunities. Since opportunities are created by exogenous events in an industry or market and since these opportunities are objective and thus, in principle, observable, then everyone associated with that industry or market should be aware of the opportunities.

The theory is premised on three important assumptions: (1) Opportunities exist independent of the entrepreneurs, (2) that the nature of entrepreneurs differs in some important ways from non-entrepreneurs and (3) the nature of the decision making context is very risky. The general assumption of the discovery theory is that the goal of entrepreneurs is to form and exploit opportunities (Shane & Venkataraman, 2000).

Shane (2003) noted that technological changes, political and regulatory changes, and social and demographic changes are the examples of the kinds of events that can disrupt the competitive equilibrium that exists in a market or industry, thereby forming opportunities.

The discovery theory is based on realist assumptions in the philosophy of science which assumed that opportunities, like mountains, exist as real and objective phenomena, independent of the actions or perceptions of entrepreneurs, just waiting to be discovered and exploited (McKelvey, 1999). Thus, to explain why entrepreneurs associated with an industry or market are willing and able to exploit opportunities while non-entrepreneurs are not, discovery theory must necessarily assume that entrepreneurs who discover opportunities are significantly different from others in their ability to either see opportunities or, once they are seen, to exploit these opportunities ( Kirzner, 1997; Shane, 2003).

However, unlike discovery theory, creation theory believes that the nature of opportunities do not exist independent of entrepreneurs. It depends on the level of the individual's evolutionary level of thinking. More so, the nature of entrepreneurs may or may not differ from non-entrepreneurs and that the decision making context is highly uncertain. Thus, it holds that opportunities do not necessarily evolve out of pre-existing industries or markets (Dosi, 1988). The term "search" has little or

no meaning in creation theory since that implies entrepreneurs attempting to discover opportunities that already exist. In creation theory, entrepreneurs do not search; they act, and observe how consumers and markets respond to their actions and in fact, entrepreneur's actions are the essential source of these opportunities but rather, they build the mountains

Kayode & Alfred (2014) investigated the determinants of capacity of SMEs in employment creation in Lagos State, Nigeria. Using population of registered small and medium scale businesses in Lagos, State and a sample 260 SMEs, it was found that sources of capital among other factors is significant in determining both income generation and employment generation potential of the SMEs in Lagos.

In a similar study, Bello, Robert and Iliyasu, (2015) assessed the effect of entrepreneurial skills management and funding on small and medium enterprises in Northern Nigeria. 300 SMEs were drawn from three states (Kaduna, Bauchi, and Niger) from the manufacturing sector of Northern Nigeria. The result of the study indicated that funding has significant influence on the performances of SMEs in northern Nigeria and accounts for 42.8% of the variations in the performances of SMEs. This result is in agreement with the works of Evbuomwan, Ikpi, Okoruwa, & Akinyosoye (2013) and Onakoya, Onakoya, Jimi-Salami, & Odedairo, (2013).

**Hypothesis One:** There is no significant relationship between entrepreneur's level of access to credit facilities and business performance.

**Hypothesis Two:** There is no relationship between financial management ability of an entrepreneur and the success of business performance, in Lagos State, Nigeria.

**Hypothesis Three:** There is no correlation between entrepreneur's limited sources of finance and degree of business success.

### 3. Methods

The research design adopted for this study was survey research design. The study is focused on 11,663 SMEs in Lagos according to NBS (2013). Using Yamane's sample determination method as given below, a total of 387 SMEs were selected as

$$\text{sample for the study. Sample Size (n)} = \frac{N}{1 + N(e^2)}$$

Where N =Total Population, e = significant (error Margin) and

1 = Constant. Significant error of 5% (0.05) was applied.

Consequently, questionnaire was adopted as research instrument to elicit data from the operators of the SMEs.



#### 4. Data Analysis and Hypotheses Test

##### Test of Hypotheses

In the course of this research work, three hypotheses were tested. Findings and conclusion from the analyzed data, hypotheses are tested at 0.05 level of significance.

##### Hypothesis One

**H<sub>0</sub>:** There is no significant relationship between SMEs level of access to credit facilities and business performance

The summary of the Pearson Correlation analysis of hypotheses one is presented below.

**Table 1. Pearson’s Correlation Showing relationship between entrepreneur’s Level of Access to Credit Facilities and Business Performance**

		Entrepreneur’s Level of Access to Credit Facilities	Entrepreneurs Business Performance
Entrepreneur’s Level of Access to Credit Facilities	Pearson Correlation Sig. (2-tailed) N	1 250	518** 000 250
Entrepreneurs Business Performance	Pearson Correlation Sig. (2-tailed) N	.518** .000 250	1 250

\* Correlation is significant at the 0.05 level

As evident from the above table, result revealed that the calculated correlation coefficient  $r = 0.518$  at 0.05 significant level. Since the calculated  $r$  value is greater than the tabulated  $r$  value, the null hypothesis is rejected while the alternative hypothesis is accepted with the conclusion to the effect that there is a significant relationship between entrepreneur’s level of access to credit facilities and business performance. The interpretation of this finding is that an improvement in the entrepreneur’s level of access to credit facilities would likely lead to about 51.8% proportional increase in business performance.

### Hypothesis Two

**Table 2. Pearson's Correlation Showing relationship between financial management ability and Business Performance**

		<b>Financial Management Ability</b>	<b>Entrepreneurs Business Performance</b>
Financial Management Ability	Pearson Correlation Sig. (2-tailed) N	1 250	429** 000 250
Entrepreneurs Business Performance	Pearson Correlation Sig. (2-tailed) N	429** 000 250	1 250

\* Correlation is significant at the 0.05 level

*Source: SPSS Version 20*

From the summary of the Pearson correlation of financial management and SME performance above, result revealed that the calculated correlation coefficient  $r = 0.429$  at 0.05 significant level is positive and significant. Since the calculated  $r$  value is greater than the tabulated  $r$  value, again the null hypothesis is rejected while the alternative hypothesis is accepted with the conclusion that "there is a significant relationship between financial management ability and business performance. The interpretation of this finding is that an improvement in the financial management ability would likely lead to about 42.9% proportional increase in business performance.

### Hypothesis three

**H<sub>0</sub>:** There is no correlation between entrepreneurs' limited sources of finance and degree of business success.

In testing the third hypothesis, regression analysis was employed to estimate the predicting power of access to finance on business performance of SMEs in Lagos state as well as the significance of the influence.

**Table 3. Regression analysis of limited access to finance and business performance****Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.933 <sup>a</sup>	.870	.870	.98503

a. Predictors: (Constant), risk\_taking\_ability

Source: Field Survey, 2016

Table 3 above shows the result of the regression analysis of the impact of limited access to finance on business performance of SMEs in Lagos. The linear regression estimated the coefficients of the linear equation, involving one independent variable that best predict the value of the dependent variable. The dependent variable is business performance while the independent variable is access to finance. In like manner, results of the linear regression showed that the regression coefficient (R) and the coefficient of determination ( $R^2$ ) is 870. This means that, a positive and linear relationship exist between the dependent and independent variables. In addition, the totality of the access to finance can explain about 87% of the variation on the business performance while the remaining 13% is due to unexplained or the factors not measured in this model.

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.358	.192		1.862	.064
	risk_taking_ability	.958	.023	.933	40.763	.000

a. Dependent Variable: Business\_performance

Source: Field Survey, 2016

The coefficients of the model of the T-test revealed that, at 0.05 level of significance, relationship between limited access to finance and business performance ( $t = 40.763, 0.00, P < 0.05$ ) there is statistically significant

ANOVA<sup>b</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1612.271	1	1612.271	1661.659	.000 <sup>a</sup>
	Residual	240.629	248	.970		
	Total	1852.900	249			

a. Predictors: (Constant), risk\_taking\_ability

b. Dependent Variable: Business\_performance

The analysis of variance (ANOVA) performed on the regression model yielded an F-value of 1661.659 which was also significant at ( $p < 0.05$ ). This implies that performance of Small and medium scale enterprise is a function of access to finance.

#### 4.1. Discussion of Findings

Analyses of the responses to the research questions indicated that the surveyed SMEs have limited access to funds. For example, about 192 of the surveyed SMEs representing about 67% still fund their businesses with donations from family and friends just as about 70% of the businesses indicated that they have limited information on loan qualification criteria. More importantly, high interest rate, according to the respondents, pose challenge to their access to finance.

It was also hypothesized in this study that, there is no significant relationship between access to credit facilities and business performance. On the contrary, it was found that there is significant relationship between access to credit facilities and business performance ( $r=0.518$   $p < 0.00$ ) of SMEs in Lagos State. Thus, the issues involved in understanding funding gaps are complex. It is not easy to disentangle whether a drop in the amount of funding results from low demand or contraction in funding supply. The explanation of the latter, which has dominated the policy discussion, is often rooted in market failure: the fixed costs of screening and monitoring smaller/younger businesses, which are more informational opaque, may be prohibitively high. The resulting information asymmetries may give rise to problems of adverse selection and/or moral hazard leading to credit rationing (Stiglitz & Weiss, 1981). In these circumstances, funding may only be available where the entrepreneur has some track record Petersen & Rajan (1994) or can demonstrate commitment to the business, such as through providing collateral Bester (1985). Recent developments in credit scoring have helped lower the fixed costs of lending and reduce reliance on collateral, thereby improving small firms' access to finance (Allen, De Long, & Saunders, 2004). Indeed, improvements in the credit information infrastructure might be expected to help the flow of finance to SMEs and overcome some of the asymmetries.

Furthermore, by analyzing data for the second hypotheses, we found that, there is indeed a significant relationship between financial management ability and business performance of the surveyed SMEs in Lagos ( $r=0.429$ ,  $p< 0.00$ ). This suggests that.

## 5. Conclusions and Recommendations

There is a positive and significant relationship between SME's access to credit facility and business performance. Financial management practices have significant impact on the performance of SMEs in Lagos. Thus, availability of funds can help SMEs acquire appropriate technology and also expand operations and scale of their businesses. By such expansion, the gain economies of scale and learning curve thereby increasing their profit margins. Since financial management practices are also capable of substantially influencing their performance, access to finance, not only debt of equities giving rise to the right mixture of debt and equity as cost of finance may weigh down the business and also limit investment opportunities the business can explore. Consequently, flexible arrangements should be put in place for SMEs in Lagos State to enable them access investable funds. Even though state governments and non-governmental organisations sometimes give non-institutionalized credits to small businesses particularly those who have undergone their skill acquisition trainings, such funds are usually too meagre to fund promotional expenses of starting a business. More so, seminars and workshops which will improve SMEs entrepreneurs' managerial capabilities be emphasized by both Government and other relevant agencies and institutions that are major stakeholders in SMEs development in Nigeria. Again, SMEs should maintain proper accounting record and not just to maintain accounting records but introduction of financial management into funding activities will go along way for judicious use of scarce fund and lay a solid ground to obtain finance either at the money or capital markets. Finally, SMEs and entrepreneurs alike should stop shying away from admission of angel investors.

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