EFFECTS OF SOCIO-ECONOMIC EMPOWERMENT ON ENTREPRENEURIAL CAPACITY: A CASE STUDY OF AGRO-FIRMS IN ABA METROPOLIS, ABIA STATE, NIGERIA

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Abstract
This study aimed at ascertaining the effect of socio-economic empowerment on entrepreneurial capacity: a study of agro-firms in Aba metropolis, Abia state, Nigeria. The specific objectives includes: to determine the socio-economic characteristics of agro-based entrepreneurs; analyse the factors affecting the entrepreneurial capacity of agro-based entrepreneurs; analyse the factors affecting the socio-economic empowerment of agro-based entrepreneurs; analyse the relationship between socio-economic empowerment and entrepreneurial capacity of agro-based entrepreneurs; analyse the relationship between the entrepreneurial capacity, financial equity and debt of agro-based entrepreneurs. To achieve this, a sample size of 140 (one hundred and forty) agro-based entrepreneurs in Aba metropolis was chosen. Data presentation and analyses were done using simple descriptive statistics, probit regression and correlation analysis. Findings from the analysis showed that educational level, years of experience, income, labour force, raw materials, access to loan and customer base, initial capital, age and financial equity are all significant factors affecting the entrepreneurial capacity of agro-firms. There was also a strong positive relationship between socio-economic empowerment and entrepreneurial capacity. The study recommends that government empowerment programmes should be restructured, re-designed, and should centre on "participatory approach". This approach emphasizes the importance of involving the beneficiaries in all stages of the programme. This approach emphasizes the importance of involving the beneficiaries in all stages of the programme. There should be greater investment in human capital investment of youths. This implies that improvement in education, health and nutrition, employment opportunities, and social services, directly address the most important problem of poverty and reduces crime among youths. Government should also organize empowerment programmes so as to train and fund aspiring agro-based entrepreneurs. This would lead to self-sufficiency which is the object of today's government.

Keywords: Socio-Economic Empowerment, Entrepreneurial Capacity and Agro-Firms

Introduction
Entrepreneurship in Nigeria started when people in villages and farming communities produced more products than they need. As such, they had to exchange these surpluses with those who needed them within their immediate and neighbouring communities. The exchange of goods for goods or services was based on trade by barter initially, until commodity money was developed and used. Exchange encouraged specialization among producers, and the communities came to realize that they can concentrate on the areas of production they are best fitted. Consequent to this, the culture of entrepreneurship started in Nigeria (Raimi and Towobola, 2011). Entrepreneurship according to Wennekers and Thurik (1999), is the manifest ability and willingness of individuals to perceive new economic opportunities and seize these opportunities into the market. Hence, it can be conceived as the process which involves the efforts of an individual in identifying viable opportunities in a

business environment and obtaining and managing the resources needed to exploit those opportunities. Entrepreneurship makes entrepreneurs to derive great satisfaction from their entrepreneurial work. Being an entrepreneur offers far greater security than being an employee elsewhere. Entrepreneurship enables entrepreneurs to acquire wealth quickly and cushion themselves against financial insecurity (Blanchflower, 2000). Hisrich (2005), opined that entrepreneurship is increasingly recognized as an important driver of economic growth, productivity, innovation and employment and it is widely acceptable as a key aspect of economic dynamism. Transforming ideas into economic opportunities is the decisive issue of entrepreneurship. Entrepreneurship is an important and unlimited ability of human beings. Entrepreneurs are enterprising individuals who build capital through risk and/or initiatives. Management skill and strong team building abilities are needful for successful entrepreneurs (Ikanni, 2005).

The decision of individuals to become entrepreneurs is generally modeled in terms of utility maximization, where the economic returns from entrepreneurship are compared to returns of wage employment (Jovanovic and Glenn, 1994). Individual-specific characteristics such as risk aversion (Kihlstrom and Laffont, 1979), prior self-employment experience (Evans and Leighton, 1989), education, human capital, age and personality traits such as drive for achievement (Blanchflower and Meyer, 1994) are found to have an impact on an individual's entrepreneurship choice. Entrepreneurship development focuses on the individual who wishes to start or expand a business. Small and Medium Enterprises (SMEs) development focuses on developing the enterprise, whether or not it employs or is led by individuals who can be considered entrepreneurial. Agribusiness firms like industrial firms can be classified as micro or macro, small, medium and large scale agribusiness and entrepreneurship (Onwumere, 2010). Among others, Nigeria, one of the major oil producing countries in the world was recently classified to be one of the poorest countries. World Bank (2000), stated that poverty has increased dramatically with 65% of the population living below the poverty line as against 43% in 1992. It has been observed that there is no country in Africa whose deterioration in socio-economic status has been as severe as that of Nigeria, to the extent that within the last five years, half of the population is living below the poverty line (World Bank, 2000). The socio-economic status of the citizen has considerably affected the development and improvement of certain sectors. Recent times have witnessed a number of strategies, and activities like sharply expanded programmes, techniques and innovations in agricultural programmes in Nigeria in order to address the deteriorating socio-economic situation.

In Nigeria, small-scale businesses represent about 90% of the industrial sector in terms of the number of enterprises. They also account for 70% of national industrial employment if the threshold is set at 10-50 employees, contribute 10% of manufacturing output and a meager 1% of Gross Domestic Product (GDP) in 2001 (Ajayi, 2002). Similarly, they have also contributed significantly to economic development through employment, job creation and sustainable livelihood (NIPC, 2003). In spite of the major role, the significance and contributions of the small-scale enterprises to the national economy, this set of enterprises are still battling with many problems and certain constraints that exist in promoting their development and growth. Problems that hinder the advancement of small-scale enterprises are persistent low level technology, inadequate entrepreneurial skills of operators and the absence of an effective management technique. It is on this basis that the study seeks to analyze the effects of socio-economic empowerment on entrepreneurial capacity: a study of agro-firms in Aba metropolis, Abia state, Nigeria.

Methodology
This research work was carried out in Abia state, Nigeria. The survey sample includes 140 (one hundred and forty) respondents. Aba metropolis in Abia state was selected as the area to be studied. Some selected indigenous firms were studied and data obtained with the use of questionnaires. Three (3) agro-based firms in Aba metropolis were chosen. The firms were Alba Soap Industries Limited, Planet Oil and Beauty Based Industries all in Aba metropolis. These agro-based firms were selected based on their large involvement in the use of agro-based products/materials as well as their nearness to the researcher. Data presentation and analyses were done using simple descriptive statistics, probit regression and correlation analysis.

The probit regression model is implicitly stated as follows:
$$Y^* = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \beta_4 x_4 + \beta_5 x_5 + \beta_6 x_6 + \beta_7 x_7 + \beta_8 x_8 + \beta_9 x_9 + \beta_{10} x_{10} + \beta_{11} x_{11} + \beta_{12} x_{12} + \beta_{13} x_{13} + \beta_{14} x_{14} + \varepsilon$$
Where:
Y= entrepreneurial capacity (0= micro/small-scale entrepreneurs, 1=medium/large-scale entrepreneurs)
X_1= sex (0= female, 1= male)
X_2= age (years)
X_3= marital status (0= single, 1= married)
X_4= educational background (0 = informal, 1 = formal)
X_5= capital (₦)
X_6= size of labour (number)
X_7= availability of raw materials (1= available, 0= unavailable)
X_8= customer base (number)
X_9= household size (number of dependents)
X_{10}= years of experience
X_{11}= income (₦)
X_{12}= access to loan (1= yes, 0= no)
X_{13}= location (km)
X_{14}= financial equity (₦)
ε= error term
$$Y^* = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \beta_4 x_4 + \beta_5 x_5 + \beta_6 x_6 + \beta_7 x_7 + \beta_8 x_8 + \beta_9 x_9 + \beta_{10} x_{10} + \beta_{11} x_{11} + \beta_{12} x_{12} + \beta_{13} x_{13} + \beta_{14} x_{14} + \beta_{15} x_{15} + \varepsilon$$

Where:
Y= socio-economic empowerment (0= less socio-economically empowered, 1= highly socio-economically empowered)
X_1= sex (0= female, 1= male)
X_2= age (years)
X_3= marital status (0= single, 1= married)
X_4= educational level (1= Primary, 2= S.S.C.E, 3= OND/NCE, 4= B.Sc./HND, 5= M.Sc./PhD)
X_5= capital (₦)
X_6= size of labour (number)
X_7= availability of raw materials (1= available, 0= unavailable)
X_8= customer base (number)
X_9= household size (number of dependents)
X_{10}= years of experience
X_{11}= income (₦)

X_{12}= access to loan (1= yes, 0= no)
X_{13}= location (km)
X_{14}= technical know-how (1= yes, 0= no)
X_{15}= loan appropriation (1= well appropriated, 0= misappropriated)
ε= error term

The correlation coefficient   model was used to determine the relationship between socio-economic empowerment and entrepreneurial capacity of agro-based entrepreneurs in the study area and also the relationship existing between entrepreneurial capacity, financial equity and debt of agro-based entrepreneurs in the study area and it is stated below:

$$r = \frac{N\sum xy - (\sum x)(\sum y)}{\sqrt{[N\sum x^2 - (\sum x)^2][N\sum y^2 - (\sum y)^2]}}$$

Where:
r = correlation coefficient
y_1= entrepreneurial capacity (0= micro/small-scale entrepreneurs, 1=medium/large-scale entrepreneurs)
x_1= socio-economic empowerment (0= less socio-economically empowered, 1= highly socio-economically empowered)
y_2= entrepreneurial capacity (0= micro/small-scale entrepreneurs, 1= medium/large-scale entrepreneurs)
x_2= [equity (₦), debt (₦)]

Results and Discussion
Socio-Economic Characteristics of Agro-Based Entrepreneurs
Table (1) showed that 74% of the agro-based entrepreneurs are males, while the remaining 26% are females. This implies that more males are involved in agro-based entrepreneurship than their female counterparts. Majority of the respondents are within the adolescent age group as shown as follows 31% are within 35 to 45 years, 25% are within 45 to 55, 20% are within 55 to 65 while the remaining 9% are above 65 years of age. The result implies an adequate participation of mature minds that have agro-based entrepreneurship as livelihood option. Also, 27% of the respondents are single, 58% of the respondents are married, 10% are widowed, while the remaining 5% are divorced. This implies that more agro-based entrepreneurs are married indicating more hands for labour. Out of the 140 agro-based entrepreneurs, 2% had only primary education, 12% had secondary education, 23% had either NCE or OND, 46% had B.Sc., while the remaining 17% had M.Sc. certificates. The result showed that a vast majority of the agro-based entrepreneurs had adequate education and are enlightened enlightening. This will give the opportunity of better performance in their entrepreneurial activities. It is also noted that Khan, (2014) corroborated on the high propensity of socio-economic factors in enhancing entrepreneurial activities.

Factors Affecting the Entrepreneurial Capacity of Agro-Based Entrepreneurs
Age was significant at 10% probability level and positively related to entrepreneurial capacity. Thus, this indicates that as one increases in age, his entrepreneurial capacity also advances. This implies that a unit increase in age will bring about a 5.6 unit increase in entrepreneurial capacity. Educational background of the agro-based entrepreneurs was found to be statistically significant at the 1% probability level and positively related to entrepreneurial capacity. This implies that agro-based entrepreneurs with higher educational background tend to do more than their counterparts with lower educational background. Thus, a unit increase in level of education will bring about a 3.4

unit increase in entrepreneurial capacity. This result also corroborated Khan, (2014) and Onwumere (2008)

Years of experience was statistically significant at 1% probability level and positively related to entrepreneurial capacity. This implies that entrepreneurial capacity increases as an agro-based entrepreneur spends more years in his business. Thus, a unit increase in Years of experience will bring about a 2.1 unit increase in entrepreneurial capacity. Income was found to be statistically significant at 1% probability level and positively related to entrepreneurial capacity. This implies that entrepreneurial capacity would increase when the agro-based entrepreneur's income increases. Thus, a unit increase in income will bring about a 10.5 unit increase in entrepreneurial capacity. Labour force was statistically significant at 1% probability level and also positively related to entrepreneurial capacity. Thus, entrepreneurial capacity is dependent on the amount of labour employed by the agro-based entrepreneur. The positive relationship between entrepreneurial capacity and labour force indicates that where labour is increasingly available, entrepreneurial capacity tends to be high, and vice versa. This implies that a unit increase in labor force will bring about a 0.4 unit increase in entrepreneurial capacity. Financial equity was significant at 10% probability level and positively related to entrepreneurial capacity. This indicates that as more funds are committed into the business in the form of equity, it could lead to an increase in entrepreneurial capacity. Thus, a unit increase in financial equity will bring about a 22.1 unit increase in entrepreneurial capacity.

Factors Affecting the Socio-Economic Empowerment of Agro-Based Entrepreneurs
Age was significant at 5% probability level but negatively related to socio-economic empowerment of agro-based entrepreneurs. This possibly implies that socio-economic empowerment is a function of age. Thus, as an agro-based entrepreneur advances in age, his chances of getting empowered socio-economically declines. Such observation could mean that government is most interested in empowering the youths more than adults. Educational background of the agro-based entrepreneurs was found to be statistically significant at 1% probability level and positively related to socio-economic empowerment. This is in line with Onwumere (2008), who stated that one of the major constraints to piggery entrepreneurs' output is educational level of the piggery entrepreneurs. An increase in educational attainment would result to a corresponding increase in socio-economic empowerment. This accounts for the reason why graduates are encouraged and empowered to be agro-based entrepreneurs by the government. Years of experience of agro-based entrepreneurs was found to be statistically significant at 5% probability level but negatively related to socio-economic empowerment. It showed that socio-economic empowerment of agro-based entrepreneurs is not a result of how many years an entrepreneur has put into the agro-based entrepreneurship business. The result meant that people with little or no experience are empowered more. Income was found to be statistically significant at 10% probability level and positively related to socio-economic empowerment. This indicates that agro-based entrepreneurs with income sources can be empowered more than those without income sources.

Relationship between Socio-Economic Empowerment and Entrepreneurial Capacity of Agro-Based Entrepreneurs
The result showed that entrepreneurial capacity has a positive and strong relationship with socio-economic empowerment at 87%. P= 0.033 which is significant at 5% probability level. This implies that agro-based entrepreneurs could increase their entrepreneurial capacity when e socio-economic factors are properly in place, and this was in agreement with (Khan, 2014 and Evans and Leighton, 1989). This assertion is at 95% confidence level.

Relationship between the Entrepreneurial Capacity, Financial Equity and Debt of Agro-Based Entrepreneurs

The result showed that the value of correlation between debt and entrepreneurial capacity is -0.862 to which it can be said that these two variables have a strong but negative correlation and also statistically significant at 1% probability level. This means that a consistent rise in debt can impede entrepreneurial capacity. Similarly, a weak and negative relationship (-0.509) was found to exist between financial equity and debt. Such negative correlation indicates that an agro-based entrepreneur that incurs much debt will find it difficult to raise his financial equity in the business. The correlation between financial equity and debt was found to be significant at 1% probability level. It was also found that the correlation value between financial equity and entrepreneurial capacity was 0.710 and significant at 5% probability level. This showed that the two variables have a positive and direct relationship. A strong financial equity will lead to a strong entrepreneurial capacity.

Conclusion

It is observed from the result that based on the constructed index for measuring the level of socio-economic empowerment of agro-based entrepreneurs, a relatively low level of empowerment among the agro-based entrepreneurs in the state was revealed. Thus, agro-based entrepreneurs in agro-based industries in Abia state are not being adequately empowered by government. Findings from the analysis showed that educational level, years of experience, income, labour force, raw materials, access to loan and customer base, initial capital, age and financial equity are all significant factors affecting the entrepreneurial capacity of agro-firms. There was a strong positive relationship between socio-economic empowerment and entrepreneurial capacity. It is recommended that government empowerment programmes should be restructured, re-designed, and should centre on "participatory approach". This approach emphasizes the importance of involving the beneficiaries in all stages of the programme. Also, there should be greater investment in human capital investment of youths. This implies that improvement in education, health and nutrition, employment opportunities, shelter and social services, directly address the most important problem of poverty and reduction of crime among youths.

Table 1: Distribution of respondents according to socio-economic characteristics of agro-based entrepreneurs: n= 140

Item	Frequency	Percentage (%)
Sex		
Female	37	26
Male	103	74
Total	**140**	**100**
Age		
20 – 35	20	15
35 – 45	42	31
45 – 55	36	25
55 – 65	29	20
Above 65	13	9
Total	**140**	**100**
Marital Status		
Single	38	27
Married	80	58
Widow (er)	14	10
Divorced	8	5
Total	**140**	**100**
Qualification		
Primary	4	2
S.S.C.E	18	12
OND/NCE	31	23
B.Sc./HND	63	46
M.Sc./PhD	24	17
Total	**140**	**100**
Experience		
1 – 2	17	12
2 – 5	60	43
5 – 10	48	34
Above 10	15	11
Total	**140**	**100**
Income		
Below 20,000	13	9
20,000 - 50,000	38	27
50,000 - 100,000	69	50
Above 100,000	20	14
Total	**140**	**100**

Source: Field survey, 2015.

Table 2: Probit analysis showing factors affecting the entrepreneurial capacity of agro-based entrepreneurs

Variables	Coefficient	Std. Error	Z-value
Intercept	1.013	0.199	5.09
Sex	0.071	0.049	1.45
Age	0.056	0.022	2.55*
Marital Status	-0.024	0.004	-6.46***
Educational Level	0.034	0.009	3.78***
Years of Experience	0.021	0.005	4.20***
Income	0.105	0.022	4.77***
Household Size	-0.015	0.010	-1.50
Labour Force	0.004	0.001	5.77***
Initial Capital	0.081	0.024	3.38**
Raw Materials	0.067	0.014	4.79***
Access to Loan	0.009	0.002	4.50***
Customer Base	0.044	0.012	3.67***
Financial Equity	0.221	0.107	2.07*
Location	0.092	0.064	1.44
Chi-square Value	441.972		
DF	125		
P<0.005	0.000		
N	140		

Source: Field survey, 2015. ***= Significant at 1% level; **= Significant at 5% level; *= Significant at 10% level

Table 3: Probit analysis showing factors affecting the Socio-economic empowerment of agro-based entrepreneurs

Variables	Coefficient	Std. Error	Z-value
Intercept	0.500	0.080	6.25
Sex	-0.031	0.011	-2.82**
Age	-0.078	0.027	-2.89**
Marital Status	-0.059	0.019	-3.11**
Educational Level	0.040	0.009	4.44***
Years of Experience	-0.314	0.101	-3.12**
Income	0.217	0.110	1.97*
Household Size	-0.101	0.024	-4.21***
Capital	1.225	0.312	3.93***
Raw Materials	0.174	0.058	3.11**
Access to Loan	-0.088	0.021	-4.19***
Customer Base	0.061	0.044	1.39
Location	0.122	0.098	1.24
Technical Know-how	0.116	0.037	3.14**
Loan Appropriation	0.073	0.019	3.84***
Labour Force	0.005	0.004	1.25
Chi-square Value	211.114		
DF	121		
P<0.005	0.000		
N	140		

Source: Field survey, 2015. ***= Significant at 1% level; **= Significant at 5% level; *= Significant at 10% level

Table 4: Pearson correlation coefficient showing the relationship between socio-economic empowerment and entrepreneurial capacity of agro-based entrepreneurs

		Socio-Economic Empowerment	Entrepreneurial Capacity
Economic Empowerment	Pearson Correlation	1	0.869**
Entrepreneurial Capacity	Pearson Correlation	0.869**	1

Source: Field survey, 2015.
**= Significant at 0.05 level (2-tailed)

Table 5: Pearson correlation coefficient showing the relationship between entrepreneurial capacity, financial equity and debt of agro-based entrepreneurs

		Debt	Entrepreneurial Capacity	Financial Equity
Debt	Pearson Correlation	1	-0.862***	-0.509***
Entrepreneurial Capacity	Pearson Correlation	-0.862***	1	0.710**
Financial Equity	Pearson Correlation	-0.509***	0.710**	1

Source: Field survey, 2015.. ***= Significant at 0.01 level (2-tailed); **= Significant at 0.05 level (2-tailed)

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