

Participatory Rural Entrepreneurship Development for Grassroots Transformation: A Factor Analysis

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ABSTRACT The article identified crucial factors influencing participatory rural entrepreneurship development and employment promotion (PREDEP) amongst grassroots people in Lagos State, Nigeria. It specifically identified and analysed some selected socio-economic variables influencing people's participation in PREDEP; identified and analysed infrastructural and institutional factors associated with PREDEP; identified the constraints to PREDEP; and determined the appropriate ways of enhancing grassroots peoples' interest in PREDEP. The study was conducted in eight rural communities (selected from Badagry, Ibeju-Lekki, Epe and Ikorodu Local Government Areas) of Lagos State, using a multi-stage sampling procedure. A total of 320 respondents were sampled and interviewed, accordingly. Descriptive statistics (such as frequency counts, percentages, means and standard deviation) were used to summarise and describe the data. Factor analysis was employed to identify crucial factors influencing PREDEP. The result showed that most respondents (81.3%) were farmers and 50.0% were civil servants, indicating that majority of the respondents had between 1 and 2 jobs/businesses. About 60.0% were cooperators with just 16.3% being active members. Also, 46.0% rural entrepreneurs never employed more than 2 workers. Over 50.0% of the respondents preferred buying and selling to active production ventures. Non-availability of credit facilities and high cost of labour were major constraints to investment drive in rural communities. Seven crucial factors associated with PREDEP were social status ($\lambda=2.41$); personal experience ($\lambda=2.24$); infrastructure functionality ($\lambda=2.15$); and educational advantage ($\lambda=1.98$). Others are economic prowess ($\lambda=1.63$), institutional influence ($\lambda=1.35$), and information and project type ($\lambda=1.55$).

INTRODUCTION

Rural transformation is all about seeking to bring about improvement in the living condition of the farmer, the artisan, the tenant and the landless within the simple and rustic economies of the country-sides and urban slums (Kolawole, 2002). "Rural Development", in Chambers' (1983) view, "is a strategy to enable a specific group of people, poor rural women and men, to gain for themselves and their children more of what they want and need. It involves helping the poorest among those who seek a livelihood in the rural areas to demand and control more of the benefits of development".

The basis for employment generation and entrepreneurship development in rural areas, therefore, is to enhance the improvement of the living condition of the ruralites, and by that, stem rural-urban migration. "Migration is, however, primarily an indicator of a problem..." (SPORE, 2000). It is a natural phenomenon that "The poor look to the labour market, common property resources and non-farm enterprise" (Shepherd, 1998), and in a situation where rural non-farm

economy becomes stagnant, the result is "unemployment, out-migration (often of men), the urbanisation of poverty and the break-up of families ..." However, to tackle the problems of rural poverty and isolation, the grassroots people have important roles to play in capital mobilization, capital investment and reinvestment. Institutional support is very crucial, though. It is noteworthy to quickly point out "...That entrepreneurship development programme has various components such as financial assistance, training, technology, marketing, general research services, institutional brokering and raw materials and other inputs/services supply" (Goldmark and Rosengard, 1981). Government and community people must, therefore, work hand in hand to realise the goal of sustainable rural entrepreneurship development and employment promotion (PREDEP) for grassroots transformation. This means that ruralites must participate actively in development programmes. Participation, wrote Beal et al. (1972), means playing active, though not necessarily direct roles in community decisions, knowledge of local

issues, attendance of public meetings, related attempts to influence proposed measures through individual and group actions, belonging to groups and Committees, and financial contributions towards community programmes.

Agriculture and small-scale industries are primary employers of labour in rural communities. Examples of small scale industries which are prominent in rural areas are “blacksmithing, gold-smiting, watch repairing, bicycle repairing, basket weaving, barbing, palm wine tapping, cloth weaving, dyeing, food selling, carpentry, brick-laying, pot-making, leather works and drumming”. Even though found in urban areas, these industries are more prominent in the rural areas (Jibowo, 1992). It has, therefore, been acknowledged that the rural setting is an arena of many industries, which could be developed to contribute significantly to the national economy, just as “rural people are more frequently self-employed or family workers than urban people” (Jibowo, 1992).

What then are the factors, which are likely to encourage participatory rural entrepreneurship development and employment promotion (PREDEP)? These and other questions are addressed in the article.

The paper, therefore, identified the crucial factors influencing participatory rural entrepreneurship development and employment promotion (PREDEP) amongst grassroots people in Lagos State, Nigeria. It specifically identified and analysed selected socio-economic variables influencing people’s participation in entrepreneurship development and employment promotion; infrastructural and institutional factors associated with PREDEP; the constraints to PREDEP; and determined the appropriate ways of enhancing villagers’ interest in PREDEP;

METHODOLOGY

Area of Study: Four rural Local Government Areas (LGAs) of Lagos State, namely: *Badagry*; *Epe*, *Ibeju-Lekki*; and *Ikorodu* (CERUD, 2002) were studied. Lagos State has a total land area of 358,861 hectares or 3,577 square kilometers and is located in the southwestern part of Nigeria on the narrow coastal plain of the Bight of Benin. The State lies approximately between Longitudes 2°42’ and 3°22’ East of the Greenwich Meridian (London) and between latitudes 6°22’ and 6°42’

North of the equator.

It is bounded in the North and East by Ogun State of Nigeria, in the West by the Republic of Benin, and stretches over 180 kilometers along the Guinea Coast of the Bight of Benin on the Atlantic Ocean.

Sampling and Sample Size: The selection of four LGAs was purposive because of their ruralness. A multi-stage sampling technique was used in selecting eight (8) communities. The communities are: *Igbolode* and *Aivorji* (*Badagry* LGA); *Orimedu* and *Lekki* (*Ibeju Lekki* LGA); *Epe* and *Ejirin* (*Epe* LGA); and *Imota* and *Oriwu* (*Ikorodu* LGA). In each of the randomly selected communities, two (2) producer Co-operative societies were identified and purposively chosen. Also, from each of the Cooperatives, some members were randomly selected in addition to other respondents, which were randomly chosen within each of the communities.

In all, three hundred and twenty (320) respondents were investigated based on the population size and membership strength of the communities and Cooperatives, respectively, through the use of a set of validated and pretested, structured and unstructured interview schedules.

Measurement of Variables: The dependent variable (participation in PREDEP) was measured by the number of businesses/ventures, which a respondent had, and the total number of employees who worked for him. The independent variables were measured using socio-economic, institutional and infrastructural indices in the study. For instance; family size was measured directly by ascribing the total number of family members living together as the point for the respondent. A respondent who had five (5) members was ascribed five (5) points. The level of education was measured by the total number of years spent in school by the respondent. Also, the age of the respondent was measured by the total number of years he had lived etc. Institutional factors were measured by the availability of such facilities as postal services, financial institutions, health facilities and the roles of government in the promotion of rural entrepreneurship development. The functionality and or number of such facilities as road types, sources of water supply, electricity supply and market also measured infrastructure.

Data Analysis: Simple descriptive statistical techniques such as frequency counts, percentages, means and standard deviation were

used to describe and summarise the data collected. Factor analysis was used to determine the crucial factors associated with PREDEP. Principal component analysis was also used to identify the variables, which contributed to the existence of the identified factors. Factor analysis is all about variable reduction. "In a situation where there is a relatively large number of variables, measurement indicating an overlap suggests that there may be fewer and entirely new variables underlying large numbers" (Kolawole, 2002). The law of *Eigenvalue* greater than or equals to one (1) was used to extract principal components in the data. In the rotated factors matrix (see Table 1), the test of significance of the loadings was determined by the level of significance of the Pearson correlation coefficient. The critical value of the loading (L) at 0.05 (318) = 0.194. The principal components whose factor loadings were greater than or equal to one ($\lambda \geq 1$) were retained in the analysis.

λ is the summation of the squares of the significant loadings (ΣL^2) for each isolated factor.

RESULTS AND DISCUSSION

The major findings of the study are presented under socio-economic variables, infrastructure, institutional factors and the scope of rural investment/venture thus:

Socio- economic Variables: Detailed analysis revealed that 81.3 percent of the respondents was male while 18.8 percent was female. About 92.5 percent was ascribed to those who were married, and 7.5 percent to the widower. The average family size in the selected area was about 10 members and the average age of respondents was 41.23 years. Over 30.0 percent of the population had tertiary education and the average income of the respondents was ₦11,500:00k per month. Most (81.3%) respondents engaged in farming activities with a substantial proportion (50.0%) being civil servants, too. The average farm size of the folks was 1.65 hectares. Over 50.0 percent of the respondents were cosmopolitan and this was as a result of business transactions. Also, most respondents had contacts with the Ministry of Agriculture & Co-operatives (68.8%) and Ministry of Rural Development (67.5%). Majority (90.6%) of the interviewees got information through the radio. About 80.0 percent; 62.5 percent; and 62.5

percent received information through newspapers, television and agricultural extension services of Agricultural Development Authority, respectively. The study also revealed that about 60.1 percent of the population studied belonged to the Co-operative from which about 16.3 percent was actively involved. However, most members felt social and financial benefits were derived from the Co-operatives. It was also revealed that active cooperators were mostly involved in entrepreneurship activities such as fishing and fish processing, fish-net making, mat making, boat making, rice production and processing, palm-oil processing, coconut production and processing. It is important to note that most processing activities are through the use of local technologies.

Infrastructure : The study revealed that most landlocked communities and littorals were accessible. About 62.5 percent of the respondents admitted that their communities had both tarred and earth roads that were motorable. Water supply to rural communities was almost equally shared by Water Corporation (50.0%); Wells (43.8%); and streams (43.8%). National Electric Power Authority, NEPA, which accounted for about 68.8 percent of power supply was the major source of electricity supply to most rural communities. About 50.0 percent of market facilities were open stalls.

Institutional Factors: These are the sectoral factors or organisations which directly and indirectly influence the development of rural entrepreneurship. Analysis revealed that about 38.1 percent of the interviewees said postal services were available in their communities. Most communities in the rural areas had no banking facilities. However, maternity centres and traditional health centres were the major health facilities in most rural communities in Lagos State. A sizeable number (32.5%) affirmed that the State government had recently given loans to either individuals or CBOs.

Investment Scope: Data analysis revealed that most (75.0%) rural folks had between 1 and 2 jobs/businesses with a standard deviation of 1.29. The average number of employees in rural businesses was approximately three (3) workers with a standard deviation of 1.97. A larger percentage in the spread (38.8%) chose trading as most preferred out of about eight different anticipatory ventures identified. The anticipatory investments/ventures were: animal

husbandry; milling; transport business; trading; artisan work; fishing venture/cold storage; selling of groceries; and farming. The preference for trading over production ventures may not have been unconnected with its ability to yield quick returns when compared with the latter.

Major constraints to investment drive are lack of credit facilities (87.5%) and high labour cost (18.8%). Further investigation revealed that community people (75.0%) said all available projects were fully government-owned (where available) while about 25.0 percent said that government projects were not designed to be participatory. In-depth enquiries showed that community people would participate actively in PREDEP when they are fully involved in government initiated programmes.

Factor Analysis: Table 1 showed the results of *varimax* factor rotation pattern, with the variables that had high loadings on each of the seven factors extracted in the analysis. Table 2, however, revealed the seven (7) crucial factors extracted on the basis of the law of *Eigenvalue* greater than or equals to one (1). Also, the factors accounting for the variance greater than one (1) were considered. Factors extracted were labeled or named based on the: researcher's subjective interpretation of experiences from literature; and

joint explanation or interpretation of the meaning of the highly loaded variables on each factor (Farinde, 1995).

Principal component analysis was used to identify variables, which contributed to the existence of the seven (7) principal factors obtained in the study, and which influenced PREDEP in Lagos State, Nigeria.

Table 2 showed the seven (7) major factors derived with their latent roots as they associate with PREDEP. The values of the latent roots were obtained by adding the values of the squares of the significant loadings as shown in Table 1 (eL^2).

The factors extracted are: social status ($\lambda = 2.41$) personal experience ($\lambda = 2.24$) infrastructure availability and functionality ($\lambda = 2.15$), and educational advantage ($\lambda = 1.98$). Others are economic prowess ($\lambda = 1.63$), institutional influence ($\lambda = 1.35$), and information and project type ($\lambda = 1.55$).

The percentage variation and *Eigenvalue* of each contributing factor were also shown in Table 2. The percentage variations in the respondent's PREDEP (measured by the number of people employed by the individual, as influenced by the nature of his business) attributed to each of the factors were computed in a descending order of contribution as follows:

Table 1: Rotated factor matrix for respondents' socio-economic factors, infrastructure, and institutional factors associated with participatory rural entrepreneurship development and employment promotion (PREDEP).

Variable	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5	Factor 6	Factor 7
Marital status	-0.075	0.156	0.004	0.914*	-0.021	-0.010	0.002
Family size	0.077	0.819*	-0.167	0.125	-0.105	-0.343*	0.149
Age	0.027	0.857*	0.260*	0.115	0.058	-0.074	0.004
Education	0.242*	0.125	0.064	0.799*	0.131	0.237*	-0.024
Income	-0.016	-0.140	-0.085	0.233*	-0.537*	0.046	-0.231*
Occupation	0.219*	0.050	-0.026	0.293*	0.750*	0.201*	-0.103
Farm size	0.426*	0.701*	-0.186	0.149	0.230*	0.024	-0.119
Cosmopolitaness	0.796*	-0.037	-0.165	-0.189	0.191	0.174	0.050
Contact with Govt. Agencies	0.732*	-0.020	0.461*	0.199	0.075	-0.092	0.105
Information source	0.036	-0.098	-0.003	0.131	-0.124	0.071	0.899*
Association membership	0.831*	0.423*	0.065	-0.012	0.129	-0.035	-0.045
Road type	0.088	0.123	0.526*	-0.060	-0.078	0.010	0.434*
Water supply	0.195*	-0.411*	0.456*	0.046	0.495*	-0.261*	-0.055
Electricity	-0.095	-0.043	0.754*	0.351*	0.020	0.272*	0.117
Market facilities	0.082	0.048	0.824*	-0.155	0.164	0.115	-0.082
Postal service	-0.064	-0.031	0.364*	0.328*	0.182	0.576*	-0.194
Banking	-0.124	-0.127	0.100	0.147	0.028	0.811*	0.064
Health facilities	0.467*	-0.104	0.126	0.296*	0.585*	0.015	-0.093
Government roles	0.879*	0.022	0.107	0.117	-0.064	-0.215	0.081
Project type	0.059	0.119	0.007	-0.245*	-0.375*	-0.004	0.704*

Source: Field Survey, 2002

*SAll loadings (L) significant at $p < 0.05$

$\lambda = eL^2$

Social status (22.89%), personal experience (18.20%), infrastructure availability and functionality (10.65%), educational advantage (9.78%), economic prowess (7.01%), institutional influence (5.90%), and information and project type (4.93%).

The findings showed that social status, personal experience, infrastructure availability and functionality, educational advantage and economic prowess were mostly associated with PREDEP Institutional influence, and information and project type were also attributed to PREDEP, too.

About 79.36 percent of the variation in PREDEP was explained by the seven crucial factors. Only 20.64 percent of the variation was explained by some unknown factors. This relatively high value of the unknown factors may have been due to the influences of a myriad of indicators, which could not be individually isolated.

Table 2: Principal component analysis of independent variables (socio-economic factors, infrastructure and institutional factors) associated with participatory rural entrepreneurship development and employment promotion (PREDEP).

N/S	Factor Label Names	Eigen-value	% of variance	Cumulative % of variance
1.	Social status	4.808	22.89	22.89
2.	Personal experience	3.823	18.20	41.09
3.	Infrastructure functionality	2.237	10.65	51.74
4.	Educational advantage	2.054	9.78	61.52
5.	Economic prowess	1.471	7.01	68.53
6.	Institutional influence	1.240	5.90	74.43
7.	Information and project type	1.036	4.93	79.36
8.	Other unknown factors	-	20.64	100.00

Source: Field Survey, 2002

CONCLUSION AND RECOMMENDATIONS

The three major banes of (rural) development, which are unemployment, inequality and poverty, need to be thoroughly addressed to forestall rural-urban drift and rural isolation. Some crucial factors of rural entrepreneurship development and employment promotion such as infrastructure availability and functionality, education, accessibility to information and the economic well being of rural dwellers cannot be

underestimated. The institutional influence which galvanizes all other identified variables goes a long way in bringing about rural transformation. This, in a way, would help in reducing the wide gap of opportunities seemingly existing between rural and urban communities.

Based on the findings, therefore, the following recommendations are suggested:

- i. *Increased Synergy and Incentives for Organised Rural Groups:* Government needs to encourage the re-organisation and mobilisation of rural associations. This could be done by ensuring that those individuals who belong to standing financial associations such as the Co-operatives are given preference and better consideration in situation where development aids are given to rural communities. The enhancement of members' synergy encourages better performance and capital re-investment for employment generation.
- ii. *Provision of Functional and Sustainable Infrastructure:* Social and physical infrastructure (such as roads, electricity, market) that could re-invigorate rural cottage industries should be provided in every nook and cranny of rural communities. Apart from stemming rural-urban drift, such infrastructure would encourage business activities in terms of production and distribution.
- iii. *Establishment of Participatory Development Projects:* Government needs to put in place appropriate money-generating projects in various communities, with the involvement of the ruralites themselves. The conceptualisation, design, planning and execution of such projects must be all involving. Local farmers and cottage industrialists need be encouraged to be part of the decision-making process during project planning and implementation. This will no doubt encourage rural folks to identify with programmes of action, particularly when they are co-founders of such projects.

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